

SVM UK GROWTH FUND

Formerly known as SVM UK100 Select Fund

Short Report

Period to June 2010



Investment Objectives

The objective of this Fund is to achieve above average capital growth over the medium to long-term (although short-term investment opportunities will also be considered) and it aims to outperform the FTSE All-Share Index.

Risk Profile

The Fund is exposed to market risk as it invests mainly in companies listed on the London Stock Exchange. The Fund holds a concentrated portfolio of around 30–40 companies and is exposed to stockmarket fluctuations.

Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares).

The following distribution was accumulated over the last accounting period.

Income		
	31/12/09 pence per share	31/12/08 pence per share
UK Growth A Class	0.7839	0.5839
UK Growth B Class	2.1253	1.6237

Total Expense Ratio (TER)

The TER shows the annualised operating expenses of the Fund. It does not include transaction expenses.

Fund Total Expense Ratio (p.a.)	Class A Shares	Class B Shares
UK Growth Fund	1.93%	1.18%

Total Expense Ratio = Total Annualised Expenses / Average Net Asset Value over 6 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 2010 Report and Accounts. The figures are intended to provide an indication of the Total Expense Ratio and will vary from year to year.

Fund Performance					
Percentage growth for each year to last quarter end	30/06/05 30/06/06	30/06/06 30/06/07	30/06/07 30/06/08	30/06/08 30/06/09	30/06/09 30/06/10
UK Growth	+21.7	+20.7	+2.3	-22.3	+21.3

Source: Lipper Hindsight, mid to mid, UK net. Past performance should not be seen as an indication of future performance. All performance data refers to the A (retail) share class.

Comparative Tables

Net Asset Values			
	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 30/06/10			
UK Growth A class	9,354	177.1	5,280,483
UK Growth B class	164	184.6	89,042
As at 31/12/09			
UK Growth A class	7,531	183.6	4,101,663
UK Growth B class	205	190.3	107,528

Share Price Performance			
	Highest share price in pence	Lowest share price per pence	Price as at period end
During period to 30/06/10			
UK Growth A class	205.8	169.1	177.9
UK Growth B class	213.6	175.2	184.9
During period to 31/12/09			
UK Growth A class	191.3	122.0	185.1
UK Growth B class	197.8	125.6	191.7












Top 10 Holdings: 30/06/10 %

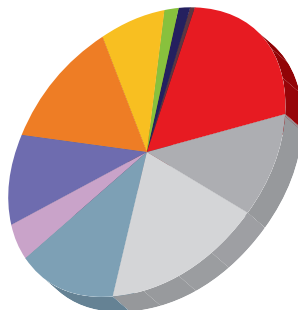
Arm Holdings	3.7
Burberry	3.6
Xstrata	3.3
Lloyds Banking Group	3.3
Cairn Energy	3.0
Randgold Resources	2.9
Barclays Bank	2.7
Autonomy Corporation PLC	2.6
Shire Pharmaceuticals	2.6
ITV Television	2.6
Total	30.4

Top 10 Holdings: 31/12/09 %

Xstrata	5.7
Tullow Oil	4.3
Kazakhmys	4.2
Prudential	4.1
HSBC	4.1
Afren	4.0
Vedanta Resources	3.5
Man	3.4
Antofagasta	3.3
Petropavlovsk	3.1
Total	39.7

Sector Analysis

	30/06/10	31/12/09
 Basic Materials	20.6%	27.4%
 Consumer Goods	10.9%	8.1%
 Consumer Services	17.2%	7.4%
 Financials	13.1%	18.2%
 Healthcare	4.7%	3.7%
 Industrials	10.2%	6.5%
 Oil & Gas	12.9%	20.5%
 Technology	7.6%	5.6%
 Telecommunications	1.6%	–
 Utilities	1.5%	1.1%
 Net Current Assets	(0.3)%	1.5%



Fund Managers



Margaret Lawson



Colin McLean

Stockmarket performance was disappointing during the period with the FTSE down 7.4%. Our Fund outperformed the index falling 3.9%. Concerns over slowing economic momentum in the Global economy resulted in increased volatility as investors became more uncertain about the economic outlook.

The impact of the fiscal stimulus and the boost from the inventory restocking cycle delivered strong GDP growth in the first half of 2010. It is our opinion that beneficial tailwinds in 2009, such as lower commodity costs will become headwinds for the corporate sector in the second half of 2010 as growth momentum slows and the economy stabilises.

However we do not believe there will be a double dip. Strong balance sheets and good cash flow will provide a private sector stimulus unleashing a boom in capital investment. Increasing levels of M & A activity also point to a more optimistic outlook. On the downside, consumer activity and job creation, traditional drivers of economic growth have been weak. Equity valuations are attractive. Corporates have

high cash balances, and equity weighting for a large number of institutions are at the lower end of the benchmark, all factors which will support an equity market rally.

Despite the uncertain economic background a number of our holdings returned a stellar performance. Our focus on growth plays that offer structural and strategic advantages such as Arm, Burberry, Compass and Autonomy outperformed significantly over the period. Our confidence in the attractions of Cadbury Schweppes was rewarded by a bid by Kraft. SSL was also bid for by Reckitt Benckiser at a 33% bid premium.

The portfolio is positioned for further recovery in resources, technology and selected industrial and miscellaneous growth stocks. Typically the majority of our portfolio holdings have international interests, low leverage and strong franchises. A number of businesses such as Croda, Johnson Matthey and Shire Pharmaceuticals are likely to continue to beat market expectations, with the market underestimating the strength of their market position.

There are still risks to the global economy however we are confident that our portfolio with its focus on growth supported by strong fundamentals and a flexible approach will deliver outperformance.

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Further Information

Further information about the share price and activities of the Fund together with related product literature and further information on the Manager can be found on our website at www.svmonline.co.uk

Report and Accounts

This document is a short report for a sub-fund of the SVM Funds ICVC taken from the Report and Accounts for the period ending 30 June 2010. The Long Form version of the Report and Accounts is available on written request to the Marketing Department, SVM Asset Management Limited, 7 Castle Street, Edinburgh EH2 3AH or by email to info@svmonline.co.uk

Investment Warning

Past performance should not be seen as an indication of future performance. The value of an investment may fall as well as rise and investors may not get back the amount originally invested.

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