

SVM All Europe SRI Fund Short Report

Period to 30 June 2007



Key Objectives

The investment 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 World Europe Index. The Fund will adopt a positive engagement approach towards investment and enter into meaningful and consistent dialogue with companies to ensure investors in the Fund have their assets working effectively.

Risk Profile

The Fund is exposed to market and currency risks as it invests in European companies. It also invests in companies outside the FTSE 100 Index which can be less liquid and may carry greater risk and volatility. The Fund is exposed to Sterling and a variety of European currencies as well as stockmarket fluctuations. The fund does not actively hedge the currency risk of the portfolio.

Distribution

XD date: 31 December

Payment date: 30 April

(Accumulation shares)

The following distribution was accumulated over the last accounting period.

Income	
	31/12/06 pence per share
All Europe SRI A class	Nil
All Europe SRI B class	Nil

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
All Europe SRI Fund	1.78 %	1.28 %

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

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 2007 Interim 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

The SVM All Europe SRI Fund was launched on 31 October 2006. The Financial Services Authority's rules on financial promotions do not permit the publication of past performance information unless it exists for the previous 12 months.

Information on share prices and monthly factsheets giving portfolio and fund information can be found at www.svmonline.co.uk

Comparative Tables

Net Asset Values

	Net asset value of shares £'000	Net asset value in pence per share	Shares in issue
As at 30/06/07			
All Europe SRI A class	304	124.59	244,014
All Europe SRI B class	302	126.85	237,799
As at 31/12/06			
All Europe SRI A class	19	105.99	17,717
All Europe SRI B class	209	106.33	196,946

Share Price Performance

	Highest share price in pence	Lowest share price in pence	Price as at period end
During period to 30/06/07			
All Europe SRI A class	128.60	105.00	123.30
All Europe SRI B class	129.20	105.40	123.90
During period to 31/12/06			
All Europe SRI A class	106.6	99.96	106.40
All Europe SRI B class	106.9	99.96	106.70












Top 10 Holdings: 30/06/07 %

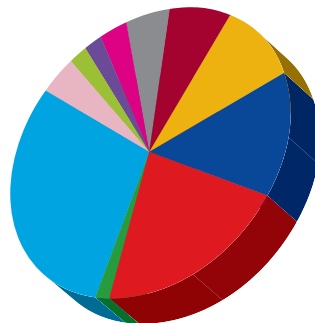
European Goldfields	4.2%
Babcock	3.5%
Baywa	3.1%
Sechillienne-Sedec	3.0%
Kloeckner	2.7%
British Airways	2.5%
Impresa	2.5%
Tullow Oil	2.4%
Ringkjoebing Landobank	2.3%
Norkom	2.3%

Top 10 Holdings: 31/12/06 %

Kloeckner	3.0%
Aberdeen Asset Management	2.9%
CRH	2.8%
International Power	2.8%
Brisa Auto Estradas	2.8%
Whitbread	2.7%
Intertek Testing	2.7%
TNT	2.6%
TK Development	2.6%
Unicredito Italiano	2.6%

Sector Analysis

	30/06/07	31/12/06
 Basic Materials	7.7%	6.9%
 Consumer Goods	10.5%	10.4%
 Consumer Services	13.8%	11.8%
 Financials	20.4%	22.5%
 Healthcare	1.5%	0.0%
 Industrials	30.3%	30.8%
 Oil & Gas	4.1%	7.7%
 Technology	1.8%	2.0%
 Telecommunications	1.9%	0.0%
 Utilities	3.0%	6.1%
 Net Current Assets	5.0%	1.8%



Fund Managers



Neil Veitch



Hugh Cuthbert

The first half of 2007 was characterised by strong European markets as investors reacted positively to the improving European economy. There was however considerable divergence at country level with the higher beta markets of Scandinavia and Germany significantly outperforming others such as the UK and Italy. The Fund substantially outperformed the index over the period. It was especially pleasing to see that the Fund's performance was driven entirely by stock selection and not asset allocation as we are overweight in an under performing UK market.

The biggest contributor to performance was the German industrial, Klöeckner, which saw ongoing earnings upgrades. UK consumer electronic company, Pace Micro Technology, was another positive performer. The company is benefiting from strong demand for its products and improved operational performance. Other notable performers included: Semapa, a Portuguese investment company; Fiat, the Italian automaker; and MTU Aero Engines, the German aerospace company. The Fund endured disappointing performances from British Airways, Barratt Development and Seabird Exploration. With the exception of the latter we remain committed holders and have added to our positions.

Despite four years of strong gains we believe that the outlook for equities remains positive with valuations reasonable and global growth robust.

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 Interim Report and Accounts for the period ending 30 June 2007. 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 e-mail 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. Investing in smaller companies may increase the volatility of your investment. Currency movements may cause the value of your investment to fall as well as rise.

Contacts

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