

SVM UK Alpha Fund Short Report

Year to 31 December 2007



Investment Objective

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. It 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 stockmarket fluctuations.

Distribution

XD date: 31 December

Payment date: 30 April (Accumulation shares)

The following distribution was accumulated over the last accounting period.

Income		
	31/12/07 pence per share	31/12/06 pence per share
UK Alpha A class	0.7522	0.8678
UK Alpha B class	1.7760	1.4720

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 Alpha Fund	1.74 %	1.06 %

Total Expense Ratio = Total Annualised Expenses / Average Net Asset Value over 12 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 31 December 2007 Report and Accounts. The figures are intended to provide an indication of the Total Expenses Ratio and will vary from year to year.

Fund Performance

Percentage growth for each year to last quarter end	30/09/05 (launch) 31/12/05	31/12/05 31/12/06	31/12/06 31/12/07
UK Alpha	+7.7	+25.3	+7.8

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 31/12/07			
UK Alpha A class	6,518	143.96	4,527,602
UK Alpha B class	14,251	145.84	9,770,835
As at 31/12/06			
UK Alpha A class	6,381	134.40	4,747,501
UK Alpha B class	12,714	135.19	9,404,593

Share Price Performance

	Highest share price in pence	Lowest share price in pence	Price as at period end
During period to 31/12/07			
UK Alpha A class	160.1	131.5	145.4
UK Alpha B class	162.0	132.4	147.3
During period to 31/12/06			
UK Alpha A class	135.0	107.1	134.9
UK Alpha B class	135.8	107.4	135.7












Top 10 Holdings: 31/12/07 %

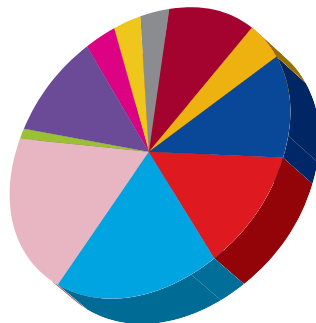
BG	5.7%
BP	5.1%
BT	3.9%
Unilver	3.4%
Morrison (Wm) Supermarkets	3.4%
BHP Billiton	3.3%
BAE Systems	3.2%
Serco	3.2%
Cable & Wireless	3.2%
Tullow Oil	3.0%

Top 10 Holdings: 31/12/06 %

BG	4.2%
Scott Wilson	3.5%
Legal & General	3.4%
Aberdeen Asset Management	3.3%
Whitbread	3.3%
International Power	3.3%
Sondex	3.1%
Royal Bank of Scotland	3.1%
Prudential	3.0%
Wolseley	3.0%

Sector Analysis

	31/12/07	31/12/06
 Basic Materials	10.4%	7.6%
 Consumer Goods	4.8%	4.8%
 Consumer Services	11.4%	12.5%
 Financials	11.6%	27.1%
 Industrials	17.8%	23.8%
 Oil & Gas	18.7%	10.7%
 Technology	1.2%	0.0%
 Telecommunications	10.1%	1.5%
 Utilities	3.0%	4.9%
 Overseas	3.0%	6.0%
 Net Current Assets	3.0%	1.1%



Fund Manager



Hector Kilpatrick

The FTSE All-Share index enjoyed a fifth consecutive year of positive returns in 2007, rising 5.3%. Unlike last year when the mid and small cap indices led the market upwards, during 2007 only the FTSE 100 posted a positive return (+7.4%). The mid and small cap indices fell 3.7% and 17.9% respectively. The Fund returned 7.8%.

The year was marked by considerably increased volatility. There was a significant divergence of performances at the sector level. Thus, the bank, real estate and general retail sectors were particularly poor, falling 17%, 37% and 23% respectively. On a more positive note, the oil & gas, basic materials and tobacco sectors rose 23%, 52% and 38% respectively.

The Fund benefited from selling down its property and housebuilding weightings half way through the year, whilst remaining significantly underweight the bank and general retail sectors. Furthermore, an overweight position in resources helped performance.

Stocks that performed well in the fund included British Gas, BHP Billiton, AMEC and Weir Group which all rose by more than 40%. The Fund suffered one horror story, Jarvis, the rail contractor, warned late in the year that problem contracts would seriously impact profitability, and the stock fell steeply as a result.

The credit binge of the last few years will take time to unwind, despite central bank actions. In this environment, profits will be harder to come by. The Fund, therefore, remains significantly underweight financials and consumer related sectors, whilst being overweight the resources, utilities and support services sectors.

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 31 December 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.

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