

SVM UK Alpha Fund

Short Report

Period to 30 June 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		
	31/12/06 pence per share	31/12/05 pence per share
UK Alpha A class	0.8678	0.1589
UK Alpha B class	1.4720	0.1445

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	1.64 %	1.08 %

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 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) 30/06/06	30/06/06 30/06/07
UK Alpha	+14.3	+28.2

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 30/06/07			
UK Alpha A class	6,288	146.25	4,299,507
UK Alpha B class	13,798	147.04	9,383,227
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 30/06/07			
UK Alpha A class	152.10	131.50	146.50
UK Alpha B class	153.40	132.40	147.30
During period to 31/12/06			
UK Alpha A class	135.00	107.10	134.90
UK Alpha B class	135.80	107.40	135.70













Top 10 Holdings: 30/06/07 %

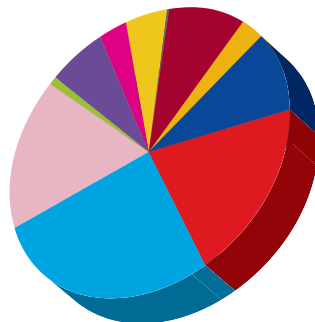
BG	5.5%
BHP Billiton	3.5%
Amec	3.4%
Scott Wilson	3.3%
Morrison (Wm) Supermarkets	3.2%
Weir	3.2%
Sondex	3.2%
Baywa	3.2%
BT	3.1%
Pace Micro	3.0%

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

	30/06/07	31/12/06
 Basic Materials	9.7%	7.6%
 Consumer Goods	3.0%	4.8%
 Consumer Services	9.9%	12.5%
 Financials	18.6%	27.1%
 Healthcare	0.0%	0.0%
 Industrials	27.3%	23.8%
 Oil & Gas	16.6%	10.7%
 Technology	0.9%	0.0%
 Telecommunications	6.1%	1.5%
 Utilities	3.0%	4.9%
 Overseas	4.7%	6.0%
 Net Current Assets	0.2%	1.1%



Fund Manager



Hector Kilpatrick

Equities performed well during the first half of the year, returning 7.6%*. Company results were generally positive and merger & acquisition activity was high. Volatility continued to be a feature and a significant sell-off was endured at the end of February amid concerns that the Chinese and American economies may be slowing.

The Fund benefited from being overweight in the Basic Industries and General Industrials sectors, and underweight in the Pharmaceuticals and Banks sectors. On the debit side, being overweight in Insurance and underweight in Tobacco did not help performance.

The Fund's holdings in BHP Billiton, Jubilee Platinum and Kirkland Lake Gold all substantially outperformed as a feared rout in commodity prices did not materialise. Weir Group continued to perform strongly due to a combination of robust end markets, operating leverage and excellent acquisitions.

British Airways performed poorly as the Open Skies treaty agreement with the US and the announcement of a price fixing cartel investigation took the markets by surprise. Greene King also suffered as speculation that it would separate into an operating company and property company dissipated.

Since the end of June, equity markets have sold off sharply on the back of problems in US sub-prime and collateralized debt markets. It is too early to say whether this will spread deeper into other markets and the broader economy however, we take comfort in the fact that equity valuations remain attractive and balance sheets are not stretched. As ever, in such an environment careful stock picking remains critical.

*Source; Citigroup UK Market Review July 2007

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.

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