

SVM Cautious Managed Fund

Short Report



Period to 30 June 2009

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).

Risk Profile

The Fund is exposed to currency and market risks as it invests in global funds. The Fund is exposed to Sterling and a variety of global 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	
	31/12/08 pence per share
Cautious Managed A class	Nil
Cautious Managed B class	0.1545

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

Cautious Managed Fund

1.68 %

1.13 %

Total Expense Ratio = Total Annual 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 2009 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	15/05/08 (launch) 30/06/08	30/06/08 30/06/09
Cautious Managed	+1.4	-21.4

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 30/06/09			
Cautious Managed A class	5,484	78.30	7,003,308
Cautious Managed B class	190	78.55	242,403
As at 31/12/08			
Cautious Managed A class	5,994	69.46	8,629,027
Cautious Managed B class	204	69.67	292,081

Share Price Performance

	Highest share price in pence	Lowest share price in pence	Price as at period end
During period to 30/06/09			
Cautious Managed A class	81.10	68.28	79.67
Cautious Managed B class	81.59	68.57	80.13
During period to 31/12/08			
Cautious Managed A class	102.4	70.35	71.14
Cautious Managed B class	102.3	70.55	71.35

Top 10 Holdings: 30/06/09

%









UK Treasury 2.5% Index-Linked 17/07/24	9.0
South African Property Opportunities	8.6
Acheron Portfolio 'A'	6.6
Quorum Oil & Gas Technology Preference	5.7
F&C Private Equity Trust	4.8
Blackrock Mercury World Mining Trust	4.8
FRM Credit Alpha Preference	4.8
Reo Securities 0% Div Preference	3.7
Castle Asia Preference	3.6
Trading Emissions	3.5
Total	55.1

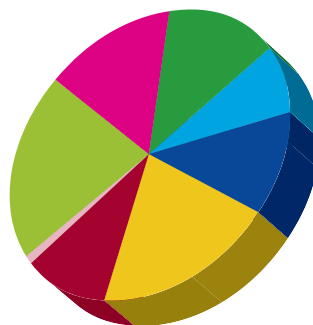
Top 10 Holdings: 31/12/08

%

Acheron Portfolio Corp	10.5
Allianz Dresdner Endow. Policy Tst 2010	9.4
South African Property Opportunities	6.6
Quorum Oil & Gas	5.9
Real Estate Opportunities ZDP	5.4
Indochina Capital Vietnam	5.1
Ecofin Water & Power Opportunities	4.6
KGR Absolute Return PCC	3.0
Utilico Emerging Markets	2.9
FRM Credit Alpha	2.9
Total	56.3

Sector Analysis

	30/06/09	31/12/08
 Hedge	14.3%	31.2%
 Private Equity	8.3%	3.8%
 Property	11.1%	9.5%
 Resources	19.1%	12.8%
 Specialist Funds	11.0%	17.6%
 Special Situations	1.1%	0.9%
 Cash	21.1%	24.2%
 Bonds	14.0%	–



Fund Managers



Donald Robertson



Colin McLean

Compared to the challenges of 2008, the first half of 2009 proved to be a blessed relief with global stockmarkets posting modest rises. However, it would be wrong to suggest that it had all been plain sailing. In the first three months we experienced a continuation of the previous year's weakness culminating in hitting multi-year lows at the start of March. Subsequently, markets recovered from what proved to be a grossly over-sold position. In a volatile environment, stockmarkets are akin to pendulums, swinging between positive to negative extremes. Undoubtedly, one extreme was reached in March and the pendulum has subsequently moved the other way as investor risk appetite has recovered.

In conjunction with these stockmarket moves, currencies have again been instrumental in investment

decision making. As the markets fell, investors sought safe havens with the US Dollar being the principal beneficiary at the expense of the weaker currencies, principally Sterling. This trend reversed with Sterling strengthening as confidence returned. Similarly, emerging markets disproportionately suffered as investors incorrectly viewed them as being more affected by the global economic downturn. Paradoxically, these economies are more prudently managed and as such have ridden out the recession better than their more indebted mature competitors. Recently, emerging markets have resumed their out-performance.

As a fund of funds, the 2009 trend of discount narrowing has been particularly welcome especially after the ballooning of discounts in the second half of 2008. We believe that this trend will continue for the foreseeable future. The Fund has been positioned accordingly and has remained as fully invested as the Fund's restrictions allow. The Fund retains its broad thematic approach, remains cautiously positioned and should continue to benefit from the gradual global economic recovery.

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 2009. 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. Currency movement may cause the value of your investment to fall as well as rise.

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