

SVM UK Alpha 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) 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		
	31/12/08 pence per share	31/12/07 pence per share
UK Alpha A class	1.1529	0.7522
UK Alpha B class	2.0985	1.7760

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	1.78 %	1.03 %

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 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	30/09/05 (launch) 30/06/06	30/06/06 30/06/07	30/06/07 30/06/08	30/06/08 30/06/09
UK Alpha	+14.3	+28.2	-13.0	-22.0

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			
UK Alpha A class	4,156	99.48	4,177,403
UK Alpha B class	7,000	101.6	6,890,725
As at 31/12/08			
UK Alpha A class	4,106	98.63	4,162,922
UK Alpha B class	6,908	100.7	6,862,356

Share Price Performance

	Highest share price in pence	Lowest share price in pence	Price as at period end
During period to 30/06/09			
UK Alpha A class	104.8	81.82	99.51
UK Alpha B class	107.4	83.65	102.0
During period to 31/12/08			
UK Alpha A class	146.4	82.92	98.79
UK Alpha B class	148.3	84.52	100.8













Top 10 Holdings: 30/06/09 %

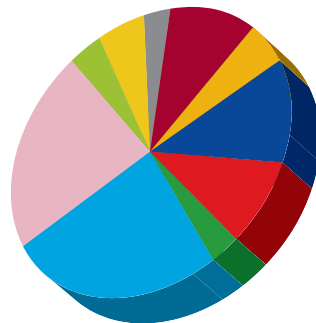
Royal Dutch Shell 'B'	6.0
British Petroleum	4.9
Compass	4.7
BAE Systems	4.6
Tullow Oil	4.1
Morgan Crucible	3.5
Pace	3.4
Inchcape	3.2
Arcelormittal	3.2
Afren	3.2
Total	40.8

Top 10 Holdings: 31/12/08 %

BP	6.3
BAE Systems	5.2
Royal Dutch Shell	4.9
Sercu Group	4.3
HSBC Holdings	3.9
Vodafone Group	3.8
AstraZeneca	3.8
BAT Industries	3.7
Imperial Tobacco Group	3.4
Compass Group	3.3
Total	42.7

Sector Analysis

	30/06/09	31/12/08
 Basic Materials	11.0%	2.0%
 Consumer Goods	5.4%	9.4%
 Consumer Services	12.2%	13.5%
 Financials	8.7%	7.9%
 Healthcare	3.0%	7.0%
 Industrials	25.8%	19.1%
 Oil & Gas	22.2%	17.7%
 Technology	3.4%	1.7%
 Telecommunications	–	5.3%
 Utilities	–	5.6%
 Overseas	5.4%	3.0%
 Net Current Assets	2.9%	7.8%



Fund Manager



Hector Kilpatrick

The FTSE All-Share index returned 0.8% during the first half of 2009. This figure masks significant volatility, which can be separated into two periods. The first period involved a very sharp equity market sell-off to early March (down nearly 20%). From there, the markets rallied sharply.

Equities sold off during the first period as financials produced very poor year end reports. Governments were forced to intervene and numerous banks were either fully or partially nationalised.

In March, the US announced several significant initiatives designed to improve confidence in the banking system and announced a policy shift to quantitative easing. This allied to news flow from the banks that Q1 trading had been strong helped settle the markets.

The market rallied sharply during the second quarter as investors started to believe that policymakers had done enough to stabilise the global economy. This resulted in indicators of financial stress improving markedly. With continued Chinese demand and increased speculative activity, copper and oil prices rose sharply.

The Fund struggled during the first quarter, however performance improved markedly during the second quarter as the hope of economic stabilisation/recovery filtered into the market. The Fund has benefited recently from its overweight positions in oil and gas, basic materials and capital goods stocks.

During the forthcoming quarters an economic recovery of sorts will take hold, due to consumer end demand being bolstered by extraordinarily loose monetary conditions and the highly synchronised destocking cycle reversing. Year on year comparisons will get easier as the year progresses. Beyond this, caution will be required as capital expenditure cycle weakness will persist and monetary and fiscal policy will have to be tightened.

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. Investing in smaller companies may increase the volatility of your investment.

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