



**SVM UK Active Fund plc**

Interim Report 30 September 2007

*“SVM UK Active Fund aims to achieve superior returns by actively managing a portfolio of principally UK listed companies that offer attractively priced growth.”*

# Chairman's Statement

Over the six months under review, SVM UK Active Fund's net asset value per share decreased by 5.5 per cent compared to a rise in the FTSE All-Share of 1.0 per cent and the share price decreased by 7.5 per cent. Since the end of the review period, there has been some recovery in relative performance. Over the five years to 30 September 2007, on a total return basis, the Company's share price has increased by 141 per cent compared to a 117 per cent rise in the FTSE All-Share.

During the period under review, the Company's exposure to some resource businesses adversely affected performance, particularly over the summer months. The major oil companies and telecoms shares that the Company owns were also out of favour during the period, but since then our patience has been rewarded with good trading results and performance. The best performances were spread across a range of sectors, with gains of 20 per cent or more by Kirkland Lake Gold, Vodafone, Babcock International and Pace Micro Technology. There was a cash bid for Kimberley Diamonds.

New investments have been made in Weir Group, Heritage Oil, Central Rand Gold and Tullow Oil. In resources, investments are diversified including major oil companies and some smaller ones, which we believe can add to reserves and production and are

financed to deliver this. Metals and mining exposure emphasise gold and precious metals. Gold mining businesses represent 13 per cent of the portfolio. We believe that a weak US dollar will encourage higher gold prices.

We believe that problems in the US housing sector and the credit markets will slow UK economic growth. The portfolio has been positioned to reflect these concerns, with low exposure to financials and consumer cyclical businesses and an emphasis on businesses with a more stable outlook and good cash generation. The Company has reduced stockmarket exposure and currently holds 10 per cent in cash. The Company is taking advantage of its ability to hedge some specific risks; and this flexibility is assisting active management of the portfolio. The Company retains above average exposure to resources, telecoms and utilities.

Since 1999, the Board has implemented a vigorous re-purchase programme. The four million shares held in treasury were cancelled during the period under review.

Mark Powell  
Chairman

26 November 2007

# Unaudited Accounts

<b>Income Statement</b>	<b>6 months 30 September 2007 £000</b>	<b>6 months 30 September 2006 £000</b>
<b>Revenue Return</b>		
Income	1,134	875
Interest charge allocated to revenue	(302)	(198)
Management fees allocated to revenue	(196)	(182)
Other expenses allocated to revenue	(88)	(84)
Net revenue return after tax	<b>548</b>	411
<b>Capital return</b>		
Net losses on investments	(3,882)	(5,791)
Interest charge allocated to capital	(302)	(198)
Management fees allocated to capital	(196)	(182)
Net capital return after tax	<b>(4,380)</b>	(6,171)
<b>Total return after tax</b>	<b>(3,832)</b>	(5,760)
<b>Return per ordinary share</b>		
Revenue	1.46p	0.97p
Capital	(11.70p)	(14.50p)
<b>Total</b>	<b>(10.24p)</b>	(13.53p)

<b>Cash Flow Statement</b>	<b>6 months 30 September 2007 £000</b>	<b>6 months 30 September 2006 £000</b>
Net cash flow from operating activities	402	109
Returns on investment and servicing of finance	(604)	(396)
Purchases/(sales) of fixed asset investments	11,723	664
Equity dividends paid	(1,113)	(1,139)
Financing (shares purchased for cancellation)	–	(8,017)
Movement in cash	<b>10,408</b>	(8,779)

# Unaudited Group Accounts

Balance Sheet	30 September 2007 £000	31 March 2007 £000	30 September 2006 £000
Investments at fair value through profit or loss	92,850	107,901	87,994
Net current liabilities	(7,994)	(18,100)	(13,134)
<b>Ordinary shareholders' funds</b>	<b>84,856</b>	<b>89,801</b>	<b>74,860</b>
Shares in issue (000s)	37,427	37,427	37,427
<b>Net asset value per ordinary share</b>	<b>226.72p</b>	<b>239.93p</b>	<b>200.02p</b>

## Notes

1. These are not full accounts in terms of the Companies Act 1985. Audited accounts for the year to 31 March 2005 which were unqualified, have been lodged with the Registrar of Companies.
2. Investment management fees and bank overdraft interest have been allocated 50 per cent to revenue and 50 per cent to capital (2006 – 50 per cent to revenue and 50 per cent to capital).

# Investment Portfolio

Company	Valuation £000	Total Assets %
1 BG Group	5,641	6.6
2 BT Group	4,593	5.4
3 International Power	4,512	5.3
4 BP	4,450	5.2
5 Vodafone Group	4,163	4.9
6 Griffin Mining	3,510	4.2
7 Novae Group	3,499	4.1
8 Cable & Wireless	3,242	3.8
9 Compass Group	3,120	3.7
10 Royal Dutch Shell	2,920	3.5
<b>Ten largest investments</b>	<b>39,650</b>	<b>46.7</b>
<b>Other investments</b>	<b>53,200</b>	<b>62.7</b>
<b>Total investments</b>	<b>92,850</b>	<b>109.4</b>

# Company Information

## Directors

G M Powell (Chairman)

F C Carr

J E F Lloyd

C W McLean

## Investment Managers, Secretaries and Registered Office

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## Registered Number

SC149809