

SVM UK Opportunities Fund

The Fund's aim is to achieve medium to long-term capital growth by investing principally in UK Companies listed on the London Stock Exchange and other permitted securities.

July 2014 | Share Class A

Figures as at 30 June 2014



Fund Managers



Neil Veitch
Fund Manager

Industry Experience: 17

Years at SVM: 8

Appointed: 23/01/2006



Craig Jeruzal
Deputy Fund Manager

Industry Experience: 9

Years at SVM: 7

Appointed: 01/01/2014

Monthly Fund Commentary

Equities struggled to make progress over the month as markets continue to be buffeted by a raft of contradictory data. Your fund declined 2.5% versus the FTSE-All Share that declined 1.3%.

Attempting to 'trade' the data – as many macro-oriented hedge funds have recently discovered – is fraught with difficulty. In an economic environment characterised by unconventional monetary and fiscal policies, effectively distinguishing the 'signal' from the 'noise' is particularly challenging. Despite the apparent contradictions in much of the data, we continue to believe that the global economy is slowly recovering. Nevertheless, considerable uncertainty remains and rational individuals can draw valid, yet contradictory, conclusions from the same data-set.

More so than ever we think it is important for investors to think probabilistically and focus on risk-control. That does not mean, however, simply buying mega-cap low-beta stocks. While such a strategy would have rewarded investors over the last six months, we believe many of these companies can more accurately be described as 'expensive but not so defensive'. We would rather control risk by running higher than average cash levels. Such a strategy will result in a more esoteric portfolio but one which should produce superior returns over the longer term. As always our success, or otherwise, will be determined by the strength of our stock-picking as opposed to any asset allocation call.

At a stock-specific level the fund enjoyed strong performances from Bellway, FDM Group, and Ithaca Energy. No sector epitomises the economic uncertainty more than the housebuilders. Bulls point to an elongated cycle and strong cash generation; bears focus on peak cycle conditions and a likely de-rating. We adhere to an 'everything in moderation' policy (both professionally and socially) and believe that Bellway offers an attractive mix of growth and valuation. New issue, FDM Group, enjoyed a strong market debut. The company has an impressive track record and we are optimistic this will continue. Ithaca Energy rose as the latest flow-test from their Greater Stella field exceeded expectations. The main disappointments were Lufthansa and Flybe. The former announced that profitability would be below expectations for a variety of reasons, not least intense competition on Asian routes out of Europe. We have exited our position for a small overall loss. In the aftermath of this news, and a profit warning by Jet2, Flybe's share price has come under pressure. We retain a strong belief in the company's competitive position and the ability of CEO, Saad Hammad, to improve profitability and have added to our holding.

Positions were initiated in Faroe Petroleum, FDM Group, and Allied Minds. Holdings in Lufthansa, Clariant, DS Smith, and Amerisur were exited.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 20 March 2000

Benchmark Index:
FTSE All-Share Index

IMA Sector: UK All Companies

Type of Shares: Accumulation
XD Date: 31 December
Pay Date: 30 April

Fund Size: £112.4m

Fund Price:
Share Class A 359.40p
Share Class B 392.10p

Fund Charges:

	Initial	OCF*
Share Class A	5.25%	1.85%
Share Class B	0.00%	1.10%

* Ongoing Charges Figure includes Annual Management Charge and additional expenses.

Minimum Investment:

	Initial	Subsequent
Share Class A	£1,000	£200
Share Class B	£250,000**	£200

** Discounted to £1,000 for Professional Advisers

Availability:

Direct/ISA	Cofunds
FundsNetwork	Transact
Skandia	Standard Life Wrap
Canada Life	L & G Bond & Pension
Canada Life Int'l	

Ratings:



Source & Copyright: CITYWIRE. Neil Veitch is A rated by Citywire for his 3 year risk adjusted performance for the period 30/06/2011 - 30/06/2014.



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Past performance is not a guide to future performance. All financial instruments involve a degree of risk. The value of your investments and the income from them can go down as well as up and you may not get back the amount originally invested.

HAWK-EYED STOCKPICKERS

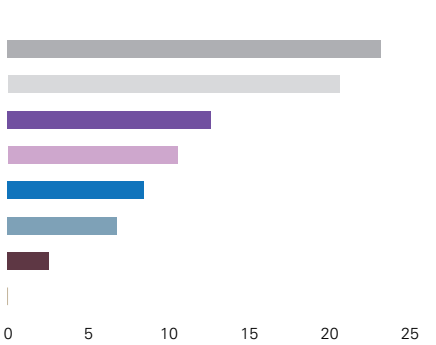
Portfolio Analysis

Risk Baskets

To help understand the overall balance of the portfolio, stocks are allocated to one of eight risk groups: defensive, cyclical, stable financial, unstable financial, consumer cyclical, oil & gas, mining and finally technology. Most of these groups are self explanatory but financials deserve some clarity. All financials are inherently unstable, but in the main Lloyd's underwriters and General Insurers take less balance sheet risk as so are relatively more stable than Banks or Life Assurers.

Seeing the portfolio broken down into these categories allows an understanding of how aggressive or defensive the overall portfolio is, and where risk is being taken.

	(Net %)
Cyclical	23.2
Unstable Financials	20.7
Defensive	12.7
Technology	10.6
Consumer Cyclical	8.5
Oil & Gas	6.8
Stable Financials	2.6
Mining	0.0



Cyclical: 23.2%		(%)
GKN	4.4	
Norcros	3.4	
Polypipe Group	2.6	
Johnson Service Group	2.6	
United Business Media	2.1	

Unstable Financials: 20.7%		(%)
Prudential	5.0	
HSBC Holdings	4.7	
Lloyds Banking Group	4.4	
Danske Bank	3.4	
Barclays Bank	1.1	

Defensive: 12.7%		(%)
GlaxoSmithKline	2.8	
BT Group	2.1	
AstraZeneca	2.0	
Verizon Communications	2.0	
Vodafone Group	1.7	

Technology: 10.6%		(%)
Innovation Group	4.0	
Micro Focus	4.0	
FDM Group	2.5	

Consumer Cyclical: 8.5%		(%)
BMW	3.6	
Mitchells & Butlers	2.0	
Flybe	1.9	
McColl's Retail Group	1.4	
Daily Mail & Gen Tst	1.1	

Oil & Gas: 6.8%		(%)
Salamander Energy	2.0	
Faroe Petroleum	1.8	
Ithaca Energy	1.7	
Hurricane Energy	0.5	
Trinity Exploration	0.4	

Stable Financials: 2.6%		(%)
Amlin	2.1	
Allied Minds	1.1	

Mining: 0.0%		(%)
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This Month's Featured Stock

Faroe Petroleum

Faroe Petroleum is an independent oil and gas group focused on exploration, appraisal and production in Norway, the Atlantic Margin, and the North Sea. Over the past four years, the company has managed to more than triple production whilst growing its reserve base seven-fold.

Although Faroe's exploration success rate over the last 18 months has been mixed, the company's recent discovery at the Pil field in Norway could prove to be the most significant in its history. Not only has the drilling discovered oil in areas where gas was expected; but it is believed that reservoir could be far greater than had originally been anticipated. Further testing is ongoing, which

should result in a positive revision of initial estimates. Since the discovery is close to existing infrastructure, the time to first production could be as little as 2 years. Simply put, exciting discoveries like Pil are the reason smaller exploration companies risk their capital in search for oil.

With larger international companies refocusing their strategy, it is a buyer's market for mature North Sea assets. Faroe has taken advantage of this (with the assistance of a significantly over-subscribed capital raise) and recently purchased a package of UK assets from Tullow Oil, allowing them to maximise the value of UK tax losses in their existing portfolio. With a strong balance sheet,

material upside from existing assets, and a sizeable and growing reserve base; we believe that Faroe's stock is considerably undervalued.

Stock Analysis

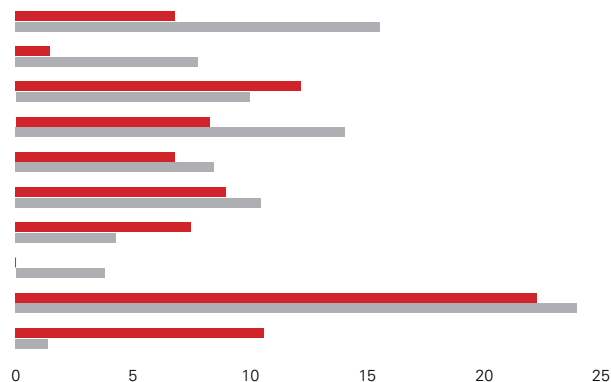
Top 10 Holdings	(%)
Prudential	5.0
HSBC Holdings	4.7
Lloyds Banking Group	4.4
GKN	4.4
Innovation Group	4.0
Micro Focus	4.0
BMW	3.6
Danske Bank	3.4
Norcros	3.4
GlaxoSmithKline	2.8
Total	39.7

Size Analysis	(%)
Large Cap	40.5
Med/Mid 250	24.0
Small/Small Cap	35.5

Sector Analysis

Fund vs FTSE All-Share (%)

	Gross	Long	Net	Index
Oil & Gas	6.8	6.8	6.8	15.6
Basic Materials	1.5	1.5	1.5	7.8
Industrials	13.7	12.9	12.2	10.0
Consumer Goods	11.3	9.8	8.3	14.1
Health Care	6.8	6.8	6.8	8.5
Consumer Services	13.8	11.4	9.0	10.5
Telecommunications	7.5	7.5	7.5	4.3
Utilities	0.0	0.0	0.0	3.8
Financials	25.3	23.8	22.3	24.0
Technology	10.6	10.6	10.6	1.4



Market Capitalisation Analysis

Fund vs FTSE All-Share (%)

		Fund	Index
FTSE 100	Top 20	23.4	52.1
	Next 30	-0.2	19.5
	Next 50	3.5	10.9
FTSE Mid 250	First 125	12.1	10.4
	Second 125	3.4	4.1
	Rest All-Share	14.5	3.0
	Non All-Share	28.4	0.0



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ISIN:

A Share Class GB0032064304

B Share Class GB0032084815

MEX:

A Share Class SXUOR

B Share Class SXUOI

SEDOL:

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B Share Class 3208481

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Fund Performance to 30/06/2014

Cumulative Performance, % change

	One month	2014 yr to date	One year	Three years	Five years	Since launch*
SVM UK Opportunities Fund A	-2.5	-1.8	12.9	34.5	144.0	322.8
FTSE All-Share Index	-1.3	1.6	13.1	29.2	96.7	83.2
IMA UK All Companies Sector	-1.8	-0.3	13.7	34.2	102.7	105.9

Source: Lipper, as at 30/06/2014, A Share Class, GBP, UK net tax with net income reinvested and no initial charges.

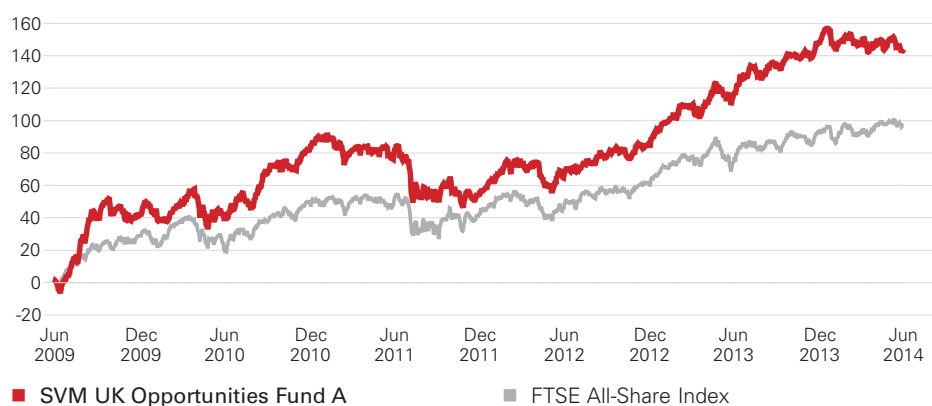
*The Fund was launched on 20 March 2000.

Percentage growth year on year to 30 June

	2014	2013	2012	2011	2010
SVM UK Opportunities Fund A	12.9	29.5	-8.0	29.3	40.3
FTSE All-Share Index	13.1	17.9	-3.1	25.6	21.1
Performance Difference	-0.2	+11.6	-4.9	+3.7	+19.2

Source: Lipper, as at 30/06/2014, A Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 30/06/2014, A Share Class, GBP, UK net tax with net income reinvested and no initial charges.

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Past performance is not a guide to future performance.

The value of your investments and the income from them can go down as well as up and you may not get back the amount originally invested.

All potential investors should consider the risk factors that are relevant to the Fund.

The Fund is to be considered a medium to long term investment option.

The Fund incurs the following key risks:

In the event a preliminary charge is levied and an Investor then redeems the investment shortly after investing, they may not get back the original amount due to the initial charges; regardless of any market movements. Tax treatment can change at any time without notice and is beyond control of the Fund. The Fund is exposed to credit and settlement risk in its dealings with Counter Parties in day to day business. This may result in a loss to the Fund if a Counter Party business fails. Due to global and UK market fluctuations trading may become difficult and the Fund may not be able to realise some of the investments it has made nor may prices be readily available that are a reliable indication of value of the investments. Expenses incurred by the Fund that are chargeable can reduce income and restrain the capital growth of the Fund. Currency movements may cause the value of your investment to fall as well as rise. The Fund uses Contracts for Difference (CFDs) as part of the investment strategy; this can increase the risk profile and volatility of the Fund. Further details are in the Prospectus.