

# SVM ALL EUROPE SRI FUND

## Short Report

Period to 30 June 2013



### Key Objectives

The investment 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 World Europe Index. The Fund will adopt a positive engagement approach towards investment and enter into meaningful and consistent dialogue with companies to ensure investors in the Fund have their assets working effectively.

### Risk Profile

The Fund is exposed to market and currency risks as it invests in European companies. It also 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 Sterling and a variety of European 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		
	31/12/12 pence per share	31/12/11 pence per share
All Europe SRI A Class	0.6863	0.3097
All Europe SRI B Class	1.8468	1.3129

### Ongoing Charges Figure (OCF)

The OCF shows the annualised operating expenses of the Fund.

Fund Ongoing Charges Figure (p.a.)	Class A Shares	Class B Shares
All Europe SRI Fund	2.00%	1.25%

Ongoing Charges Figure = Total Annualised Expenses/Average Net Asset Value over 12 months X 100

The above figures were calculated by SVM Asset Management using data sourced from the 30 June 2013 Report and Accounts. The figures are intended to provide an indication of the Ongoing Charges Figure and will vary from year to year.

Fund Performance					
Percentage growth for each year to last quarter end	30/06/08 30/06/09	30/06/09 30/06/10	30/06/10 30/06/11	30/06/11 30/06/12	30/06/12 30/06/13
All Europe SRI	-14.4	25.9	36.1	-10.9	24.1

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 30/06/13			
All Europe SRI A Class	8,678	183.9	4,719,859
All Europe SRI B Class	4,087	193.4	2,113,231
As at 31/12/12			
All Europe SRI A Class	7,896	162.0	4,874,023
All Europe SRI B Class	1,962	169.7	1,155,770

Share Price Performance			
	Highest share price in pence	Lowest share price per share	Price as at period end
During period to 30/06/13			
All Europe SRI A Class	194.6	165.6	184.4
All Europe SRI B Class	204.4	173.5	193.9
During period to 31/12/12			
All Europe SRI A Class	163.1	139.2	162.8
All Europe SRI B Class	170.9	145.2	170.6

### Top 10 Holdings: 30/06/13

%

William Hill	5.1
GKN	4.8
Invensys	4.5
Innovation	4.3
Volvo	4.1
Stada Arzneimittel	4.1
Vodafone	3.9
Danske Bank	3.6
HSBC Holdings	3.5
Partnership Assurance	3.2
Total	41.1

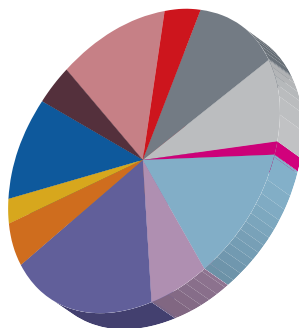
### Top 10 Holdings: 31/12/12

%

William Hill	3.9
Kerry Group	3.8
Elsevier-NV	3.8
GKN	3.7
Innovation Group	3.6
Salamander Energy	3.6
Invensys	3.5
Silverdell	3.4
HSBC Holdings	3.0
Huhtamaki	2.7
Total	34.9

## Sector Analysis

	30/06/13	31/12/12
■ <b>Basic Materials</b>	<b>4.7%</b>	3.5%
■ <b>Consumer Goods</b>	<b>11.5%</b>	14.4%
■ <b>Consumer Services</b>	<b>9.4%</b>	15.5%
■ <b>Engineering</b>	<b>1.6%</b>	–
■ <b>Financials</b>	<b>13.0%</b>	4.8%
■ <b>Health Care</b>	<b>6.5%</b>	4.1%
■ <b>Industrials</b>	<b>18.9%</b>	18.0%
■ <b>Oil &amp; Gas</b>	<b>5.2%</b>	15.5%
■ <b>Real Estate</b>	<b>2.7%</b>	3.7%
■ <b>Technology</b>	<b>10.6%</b>	10.3%
■ <b>Telecommunications</b>	<b>3.9%</b>	2.5%
■ <b>Utilities</b>	–	2.4%
■ <b>Net Current Assets</b>	<b>12.0%</b>	5.3%



## Fund Managers



**Neil Veitch**



**Hugh Cuthbert**

### Market Review

European equities made slight progress during the six months under review – albeit returns in GBP were better – as the equity risk premium continued to decline. Investors were encouraged by an on-going improvement in the US economy, allied with continued stability in Europe. Surprisingly for a cyclical bull market, the advance was led by the more ‘defensive’ sectors where valuations have perhaps been most impacted by central bank action. The recent turbulence in global financial markets illustrates the impact unconventional monetary policy has had on equity markets. Late in the period the Federal Reserve announced that it would begin to reduce (taper) its level of asset purchases earlier than the markets previously anticipated. The Federal Reserve asserts that tapering is only the first step along a very long road to a more ‘normalised’ monetary policy. However, the significant distortions across all asset classes brought about by such a policy, and its unprecedented nature, suggest that markets may well take time to adjust. As a consequence, volatility will likely remain high. Nonetheless, investors should remember that this change of policy has been brought about by an improvement in the global economic environment.

### Portfolio Review

The fund outperformed the benchmark during the review period due to positive stock selection and an overweight position in the UK. At a stock specific level, our UK holdings, including Johnson Service, Norcros, and William Hill, outperformed. Both Johnson Service and Norcros benefitted from excellent operational performance, alongside reduced competition and improved industry pricing. William Hill, the UK’s largest bookmaker, continued its transition towards an internet gaming business by making a number of acquisitions including that of Sportingbet Plc. With the contribution from internet gaming continuing to increase, we think the shares can make further progress.

The main detractors to performance were the fund’s oil and gas positions, which were under pressure as investors fretted over the long-term outlook for the oil price. While the development of unconventional hydrocarbon resources has potentially significant implications – not least for the attractiveness of the US as a manufacturing location – we remain unconvinced that it dramatically alters the longer-term dynamics of the energy sector.

A reduction in defensive positions as they reached our price targets was the main change in the portfolio. Conversely, the financial weighting was increased.

### Outlook

Despite the strong performance of equities over the last twelve months, we continue to believe that equities are the most attractive asset class and that markets can grind higher. We remain overweight cyclical sectors and underweight defensives, where we think valuations are most stretched.

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## 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](http://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 2013. 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 email to [info@svmonline.co.uk](mailto: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 movements may cause the value of your investment to fall as well as rise. Investing in smaller companies may increase the volatility of your investment.

## Contacts

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