

SVM Funds ICVC

Annual Report

31 December 2018

# SVM Funds ICVC

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## **The Company**

SVM Funds ICVC

*Head Office:*

7 Castle Street

Edinburgh

EH2 3AH

Authorised and regulated by the Financial Conduct Authority.

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## **Authorised Corporate Director (ACD) and Investment Manager**

SVM Asset Management Limited

*Head Office:*

7 Castle Street

Edinburgh

EH2 3AH

Incorporated in United Kingdom under registered number SC125817.

Authorised and regulated by the Financial Conduct Authority and a member of the Investment Association.

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## **Custodian**

State Street Bank and Trust Company

*Registered Office:*

20 Churchill Place

Canary Wharf

London

E14 5HJ

*Correspondence Address:*

Quartermile 3, 10 Nightingale Way

Edinburgh

EH3 9EG

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## **Depositary**

State Street Trustees Limited

*Registered Office:*

20 Churchill Place

Canary Wharf

London

E14 5HJ

*Correspondence Address:*

Quartermile 3, 10 Nightingale Way

Edinburgh

EH3 9EG

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Authorised and regulated by the Financial Conduct Authority.

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## **Registrar**

DST Financial Services International Limited

*Registered Office:*

DST House

St. Nicholas Lane

Basildon

SS15 5FS

United Kingdom

Authorised and regulated by the Financial Conduct Authority.

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## **Independent Auditor**

Scott-Moncrieff

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

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## Authorised Corporate Director's Report

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We present our Annual Report for the SVM Funds ICVC ('the ICVC' or the 'Funds') for the year ended 31 December 2018.

2018 was a challenging year for the funds, against a background of a weak year for major stockmarkets. In the second half of the year, in particular, global investors became more concerned about trade friction between the US and China, and Brexit. Sentiment drove domestically-focused UK shares and the Pound to low levels. Outside the UK, there was concern about the impact of rising US interest rates and lower global currencies growth. The Funds differ from stockmarket indices and will at times deviate from them. However, the Funds' longer term track record demonstrated the value of the strategy and the Manager's process.

The performance of the funds for each of the last five years is shown in the table below.

Percentage growth for 12 months to	31/12/14 %	31/12/15 %	31/12/16 %	31/12/17 %	31/12/18 %
All Europe SRI Fund	(2.5)	13.7	9.3	18.3	(17.2)
Continental Europe Fund	1.2	17.0	13.0	17.0	(12.6)
UK Growth Fund	(2.3)	19.8	(3.6)	23.7	(16.2)
UK Opportunities Fund	(2.6)	18.5	7.8	13.7	(12.4)
World Equity Fund	5.1	7.3	21.1	12.0	(13.6)

Source: Lipper Hindsight, mid to mid, UK net, to 31 December 2018. Figures are for the A share class.

Information on share prices and monthly factsheets for each of the sub-funds giving stock, performance and market information can be found at [www.svmonline.co.uk](http://www.svmonline.co.uk)

SVM Asset Management Limited ('the Manager') is incorporated in United Kingdom under registered number 125817 and is authorised and regulated by the Financial Conduct Authority.

### Authorised Status

The ICVC is an investment company with variable capital incorporated in United Kingdom and registered under the OEIC Regulations with the Financial Conduct Authority ("FCA") and has its head office at 7 Castle Street, Edinburgh EH2 3AH. It has an umbrella structure and each sub-fund is invested as a Securities Scheme which complies with the FCA's Collective Investment Schemes Sourcebook ("COLL") Rules.

The Instrument of Incorporation of the ICVC permits the scheme to operate as a UCITS scheme which complies with COLL. The Prospectus is dated 28 December 2018.

Shareholders are not liable for the debts of the ICVC.

This report covers the year ending 31 December 2018 including the financial statements which show the financial position of each of the sub-funds.

### About the ICVC

The ICVC is valued on a daily basis and currently has five active Funds, all of which have two share classes. The share classes are subject to different charging structures and subscription limits. All shares are single priced. Details of the Funds and the share classes are contained in the Prospectus. Copies of the Prospectus, Supplementary Information Document, Key Investor Information Document and Instrument of Incorporation can be obtained from the Authorised Corporate Director (ACD).

**Remuneration**

SVM Asset Management Limited ('the Manager') is the Investment Manager and the Authorised Corporate Director of the Company. Staff providing services to the Manager are subject to the SVM Remuneration Policy which reflects the remuneration requirements of the UCITS V Directive. It is available through the website [www.svmonline.co.uk](http://www.svmonline.co.uk) and is updated periodically to reflect changes to the policy.

Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting period. Under the UCITS V Directive, the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year (2018), split into fixed and variable remuneration as set out in the table below. The average number of staff during the year was 21.

	<b>Total Remuneration £000</b>
Total staff of the Manager	2,040
Of which:	
Fixed remuneration	1,650
Variable remuneration	390
Identified code staff of the Manager <sup>(1)</sup>	1,115
Of which:	
Senior management	602
Other identified staff	513

(1) Identified code staff are those whose activities have a material impact on the risk profile of the Company or the Manager.

**Share Class Information and Expenses Cap**

Each fund has Class A Shares (retail) and Class B Shares (institutional) available for subscription. The annual management fees of the ACD borne by, and the level at which the ACD has agreed to cap the expenses for the year ended 31 December 2018 of, the share classes are given in the following table:

Percentage charge per share class	Annual Fee		Expense Cap	
	A	B	A	B
All Europe SRI Fund	1.50	0.75	1.98	1.23
Continental Europe Fund	1.50	0.75	1.98	1.23
UK Growth Fund	1.50	0.75	1.98	1.23
UK Opportunities Fund	1.50	0.75	1.98	1.23
World Equity Fund	1.50	0.75	1.98	1.23

**Rights on Winding Up**

All classes of shares have the same rights on winding up.

**Prospectus Changes**

- The Prospectus was updated during the year to update the DST fee tariff.

A copy of the Prospectus is available on request.

### Risks

If you invest in the ICVC you should be aware that there are certain risks involved:

- Your investment can be affected by changing conditions on the stockmarkets in which the ICVC invests. Both the value of your investment and any revenue the ICVC may pay, may go down as well as up.
- You are not certain to make a profit and you may make a loss.
- Past performance should not be seen as an indication of future performance.
- If the ICVC invests in overseas securities it may be affected by currency fluctuations. These can have a negative or positive impact on the value of your investment.
- The effect of the initial charge means that, even in the absence of a fall in the share price, if you sell your shares after a short period you may not get back the amount originally invested. You should therefore regard your investment as medium to long term.
- Tax rates, as well as the tax treatment of the ICVC, could change at any time in the future.

Further information on the risks associated with investing in the ICVC can be found in the Prospectus.

The ACD has expressed its own views and opinions in this Report and these may change. None of the views expressed in this Report should be construed as advice to buy or sell a particular investment.

**SVM Asset Management Limited**  
6 March 2019

## Statement of the Authorised Corporate Director's Responsibilities

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The FCA Collective Investment Schemes rules (COLL) require the ACD to prepare Financial Statements for each annual and interim accounting period, which give a true and fair view of the financial position of the ICVC and of its net revenue/expense and the net capital gains/losses for the year/period.

In preparing the Financial Statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to the Financial Statements of Authorised Funds;
- keep proper accounting records which enable it to demonstrate that the financial statements comply with the above requirements;
- take reasonable steps for the prevention and detection of fraud and irregularities; and
- prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the company will continue in operation.

The ACD is responsible for the management of the ICVC in accordance with the Instrument of Incorporation, the Prospectus and COLL.

## Report of the Authorised Corporate Director

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The Annual Report and Financial Statements have been approved and signed on behalf of the ACD by :

**Colin W McLean**  
Director

**Margaret Lawson**  
Director

**SVM Asset Management Limited**  
Authorised Corporate Director  
6 March 2019

# Statement of Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Shareholders of the SVM Funds ICVC

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for the year ended 31 December 2018

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the COLL, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

## Report of the Depositary

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Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- has carried out the creation, cancellation and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the COLL and, where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company; and
- has observed the investment and borrowing powers and restrictions applicable to the Company.

**State Street Trustees Limited**

6 March 2019



# Independent Auditor's Report to the Members of SVM Funds ICVC

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for the year ended 31 December 2018

## Opinion

We have audited the financial statements of SVM Funds ICVC (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes, and the Distribution Table for each sub-fund. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association in May 2014, the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority and the Instrument of Incorporation.

In our opinion the financial statements:

- give a true and fair view of the financial position of each sub-fund at 31 December 2018 and the net revenue and the net capital gains or losses of the scheme property of each sub-fund for the year ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice: "Financial Statements of Authorised Funds", the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Authorised Corporate Director's (ACD) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The ACD is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- we have received all the information and explanation which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

for the year ended 31 December 2018

## Responsibilities of the ACD and Depositary

As explained more fully in the Depositary's Responsibilities Statement on page 6 and ACD's Responsibilities Statement set out on page 5, the Depositary is responsible for safeguarding the property of the Company and the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

This report is made solely to the Company's shareholders, as a body, pursuant to Paragraph 4.5.12 R of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**For and on behalf of Scott-Moncrieff, Statutory Auditor**

Exchange Place 3

Seemple Street

Edinburgh

EH3 8BL

6 March 2019

# Notes to the Financial Statements

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as at 31 December 2018

## 1. Accounting and distribution policies

The accounting policies are applicable to the aggregated and individual sub-fund financial statements.

- (a) The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the revised Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Association (IA) in May 2014, in compliance with FRS 102 and United Kingdom Generally Accepted Accounting Practice.

The financial statements have been prepared on a going concern basis.

- (b) Dividends receivable from equity and non equity shares are credited to revenue, net of attributable tax credits, when the security is quoted ex-dividend. Dividends on unquoted stocks are credited to revenue when the dividend is received. Interest on debt securities is recognised on an effective interest basis. Bank interest is recognised on an accrual basis. Distributions receivable from onshore Collective Investment Schemes are recognised when the security is quoted ex-dividend. Distributions from Offshore Collective Investment Schemes are recognised at its ex-dividend date and any additional reported income is recognised on the underlying funds reporting date. Equalisation on accumulations do not form part of the distribution.
- (c) Dividends from the UK Real Estate Investment Trusts ("REITs") are recognised as distributable revenue when the securities are quoted ex-dividend.
- (d) Special dividends and the proceeds from share buy-backs are reviewed on a case by case basis in determining whether the amount is capital or revenue in nature.
- (e) Underwriting commission is recognised when the issue takes place. Where the sub-fund is required to take up some or all of the shares underwritten, an appropriate proportion of the commission earned is deducted from the cost of those shares.
- (f) All expenses, including management expenses, are dealt with on an accruals basis and charged against revenue except for dealing costs which are charged against capital.
- (g) All listed investments have been valued at bid market prices at 12 noon on 31 December 2018. Collective Investment Schemes have been valued at the last sale price available at the valuation point. Unlisted investments are valued at fair value by the ACD, based on the latest available information, principally net asset value, and with reference to the Institutional Private Equity and Venture Capital Valuation Guidelines.
- (h) The ACD has agreed to cap the expenses of the sub-funds as described on page 3. Any reimbursement due back to the Funds is calculated and accrued on a daily basis and is shown as a deduction to expenses in note 4.
- (i) All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates ruling on that date.
- (j) The charge for taxation is 20% of revenue less expenses, and is based on the results for the year. In general, the tax accounting treatment follows that of the principal amount. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the ACD considers it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.
- (k) Where appropriate, certain permitted transactions such as derivatives or forward foreign currency transactions are used for efficient portfolio management and investment purposes. Revenue and expenses derived from the derivative instruments such as Contracts for Difference ("CFDs") are included in the statement of total return. Returns on derivative instruments are recognised as either revenue or capital depending on the nature and circumstances of each particular case. Any CFD positions open at the year end are reflected in the Balance Sheet at their marked to market value.
- (l) The distribution policy of the sub-funds is to accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.
- (m) The allocation of revenue and expenses (including taxation) to each share class is based on the proportion of a Fund's assets attributable to each share class on the day the revenue is earned or the expense is incurred. The ACD's periodic charge is allocated on a share class specific basis.
- (n) Dividends received as shares (scrip/stock dividends), to the extent that the value of such dividends is equal to the cash dividends, are treated as revenue. This revenue forms part of any distribution. In the case of enhanced scrip dividends, the amount by which such dividends exceed the cash dividends is treated as capital and does not form part of the distribution.
- (o) Equalisation applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of income included in the purchase of group 2 shares and is refunded to the shareholders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

# All Europe SRI Fund

## Authorised Fund Manager's Report

for the year ended 31 December 2018

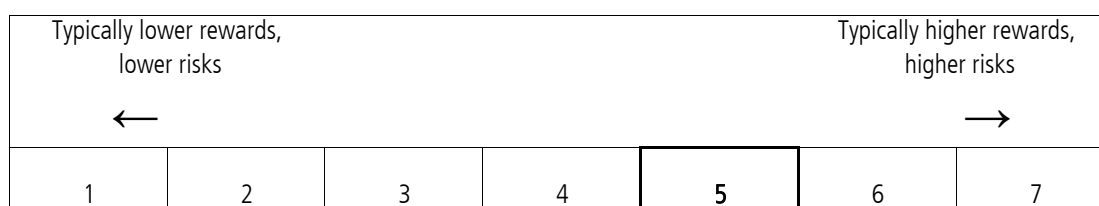
### Investment Objective and Policy

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 World Europe Index (or any successor index).

This Fund will invest principally in securities which are dealt in or traded on all European Eligible Securities Markets. From time to time, when particular opportunities are identified, or the ACD considers it appropriate, this Fund may invest in securities which are dealt in or traded on other Eligible Securities Markets or which are otherwise permitted for this Fund.

Whilst focused on profitability and investor returns, the ACD is also aware of the social and environmental aspects of its investments. Although the Fund may negatively screen out some companies the approach is one of positive screening and actively engaging with the management of investee companies. Information on this strategy is available from the ACD on request and is also available on the ACD's website at [www.svmonline.co.uk](http://www.svmonline.co.uk).

### Synthetic Risk and Reward Indicator



This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- The effect of currency movements can be significant where investments are denominated in currencies other than Sterling and may adversely affect the value of your investment.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.
- The Fund may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus.

### Investment Review

Performance	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %	31/12/17 to 31/12/18 %
All Europe SRI Fund	(2.5)	13.7	9.3	18.3	(17.2)

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2018.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

**Market Review**

The year began positively with global equity markets buoyed by positive economic data and rising earnings forecasts. Brexit, however, continued to overshadow the UK market. This trend continued through the first half of the year as robust economic growth in the US allied to a resilient European economy offset a slowdown in emerging markets. Investor sentiment, however, deteriorated through the second half of the year. European economic data weakened, political risks resurfaced, and hopes of a Brexit solution were dashed. The portfolio is very different from the market and will therefore at times deviate from it.

The fund returned -17.2% versus the FTSE Europe that returned -9.4% and the average fund that returned -10.7%. Over three, five and ten years the fund has returned +7.0%, +18.7%, and +237.2% versus the FTSE Europe which has returned +25.4%, +30.0%, and +117.0%.

Despite the deterioration in investor sentiment and market pullback, we continue to believe that the significant imbalances in the real economy or financial sector that typically emerge at the end of the cycle are not currently apparent. Demand in most parts of the world, particularly in the US, remains robust, although the US will slow this year. China is also slowing, but we believe that its government still has levers at its disposal. Globally, the fall in the oil price and in the US Dollar will stimulate, and central banks will adjust policy accordingly. In the UK, the weaker pound boosts exporters and will in time encourage international investors and corporate takeovers. Brexit uncertainty remains but the UK economy is resilient and UK stocks are already trading at a sizeable discount to their international peers.

**Portfolio Review**

At a stock level, Creo Medical, a medtech device company was the largest positive contributor to fund performance. The company has developed pioneering equipment for use in the emerging field of surgical endoscopy. The company's tools offer the potential to dramatically improve patient pathways for many serious conditions. The fund also benefited from a pick-up in M&A activity with Faroe Petroleum being acquired at a significant premium to its undisturbed share prices and Greencore selling off its US operations. If share prices remain subdued we would expect to see further acquisition activity. Glaxosmithkline and Novartis rose as operational performance at both businesses improved. Auto-exposed stocks such as Melrose, Hella, Jost. and TI Fluid Systems have fallen markedly in the past couple of months but remain fundamentally sound businesses. The impact on the portfolio from the decline in the auto stocks was compounded by a savage derating of many cyclical stocks such as Covestro, Lanxess and Synthomer. Each of these businesses is cyclical but all have strong balance sheets and excellent market positions. Nonetheless, it would be naïve to not expect some downgrades to forecasts for those stocks most exposed to the economic cycle as purchasing managers defer orders. We expect, however, these to be near the magnitude of the share price declines seen. We believe that once the market works its way through these downgrades, stocks are well placed to recover. Political risks will remain but the economic backdrop will be very similar to what we have seen over the last 4-5 years with a series of short mini-cycles. Investors need to internalise this and not be thrown off course by the volatility in the stock market.

**Outlook**

The pullback in stock markets has been indiscriminate but this can afford opportunities to buy stocks at a significant discount to their intrinsic value. We remain constructive on equities and have used the pullback as an opportunity to add to some of our highest conviction holdings. We believe the portfolio offers a very attractive risk vs reward profile at current levels although volatility may remain elevated as investors seek to discern the strength of the global economy.

SVM Asset Management Limited

January 2019

Past performance is not a guide to future performance. The value of shares and the income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.

# All Europe SRI Fund

## Portfolio Statement

as at 31 December 2018

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (6.94%*)</b>		<b>2,121</b>	<b>9.26</b>
Covestro	18,000	698	3.05
LANXESS	17,200	624	2.72
Synthomer	223,600	799	3.49
<b>CONSUMER GOODS (2.64%*)</b>		<b>1,688</b>	<b>7.37</b>
JOST - Werke	22,559	531	2.32
TI Fluid Systems	312,000	522	2.28
Unilever	15,000	635	2.77
<b>CONSUMER SERVICES (6.93%*)</b>		<b>1,294</b>	<b>5.65</b>
Hollywood Bowl	200,000	438	1.91
Wizz Air	30,600	856	3.74
<b>FINANCIALS (23.20%*)</b>		<b>4,226</b>	<b>18.46</b>
Arix Bioscience	115,717	191	0.84
AXA	50,000	846	3.70
Bank of Ireland	48,000	211	0.92
Barclays	145,000	217	0.95
Charter Court Financial Services	213,541	532	2.32
Legal & General	235,000	545	2.38
Lloyds Banking	1,200,000	619	2.70
Prudential	76,000	1,065	4.65
<b>HEALTH CARE (3.39%*)</b>		<b>438</b>	<b>1.91</b>
Creo Medical	225,724	438	1.91
<b>INDUSTRIALS (28.42%*)</b>		<b>7,398</b>	<b>32.31</b>
Alpha Financial Markets Consulting	358,480	789	3.45
Ashtead	21,250	347	1.51
Biffa	264,617	520	2.27
Forterra	367,496	823	3.59
HELLA	12,291	384	1.68
IWG	90,000	186	0.81
John Menzies	100,000	510	2.23
Melrose Industries	380,000	616	2.69
Norcros	621,416	1,206	5.27
Panalpina Welttransport	4,500	467	2.04
Rexel	40,000	332	1.45
RPC	60,563	391	1.71
Smurfit Kappa	30,000	613	2.68
STO Preference Shares	2,900	214	0.93
<b>OIL &amp; GAS (1.76%*‡)</b>		<b>702</b>	<b>3.07</b>
Faroe Petroleum	479,043	702	3.07
<b>TECHNOLOGY (7.83%*)</b>		<b>439</b>	<b>1.92</b>
SDL	94,139	439	1.92
<b>TELECOMMUNICATIONS (4.23%*)</b>		<b>761</b>	<b>3.32</b>
Orange	60,000	761	3.32

# All Europe SRI Fund

## Portfolio Statement

(continued)

as at 31 December 2018

	Holdings	Market Value £000	Total Net Assets %
<b>UTILITIES (0.33%*‡)</b>		125	0.55
Simec Atlantis Energy	544,196	125	0.55
<b>Portfolio of investments</b>		<b>19,192</b>	<b>83.82</b>
<b>Net other assets (14.33%*)</b>		<b>3,706</b>	<b>16.18</b>
<b>Total net assets</b>		<b>22,898</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.

\* Comparative figures shown in brackets relate to 31 December 2017.

‡ Since the previous report the Industry Sector Classification headings have been updated by data providers. Where the portfolio statement shows Industry Sectors, the new sector names have been reflected in the report in respect of the current holdings and comparative holdings have been restated where appropriate.

## All Europe SRI Fund

### Material Portfolio Changes

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for the year ended 31 December 2018

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Ashtead	1,162	Infineon Technologies	1,144
LANXESS	1,058	RPC	1,080
Covestro	1,040	Novartis	1,001
HELLA	966	British Land	999
JOST - Werke	938	Clariant	951
Alpha Financial Markets Consulting	862	GlaxoSmithKline	895
Novartis	857	Avast	773
Avast	797	Vonovia	676
Smurfit Kappa	771	Ashtead	615
Unilever	671	Galenica	578



# All Europe SRI Fund

## Comparative table

as at 31 December 2018

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	300.07	253.39	232.67
Return before operating charges*	(47.08)	52.30	25.39
Operating charges	(5.76)	(5.62)	(4.67)
Return after operating charges*	(52.84)	46.68	20.72
Distributions on accumulation shares	(0.82)	(1.33)	(1.55)
Retained distributions on accumulation shares	0.82	1.33	1.55
Closing net asset value per share	247.23	300.07	253.39
*after direct transaction costs of:	0.65	0.81	0.86
<b>Performance</b>			
Return after charges	(17.61%)	18.42%	8.91%
<b>Other information</b>			
Closing net asset value (£'000)	1,289	1,780	1,630
Closing number of shares	521,150	593,208	643,205
Operating charges (ongoing charges figure)	1.98%	1.98%	1.98%
Direct transaction costs	0.23%	0.29%	0.37%
<b>Prices</b>			
Highest share price	307.50	303.40	256.20
Lowest share price	248.10	256.20	206.80
Price at year end	251.00	303.00	256.20

# All Europe SRI Fund

## Comparative table

(continued)

as at 31 December 2018

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	329.51	276.33	250.75
Return before operating charges*	(51.16)	56.99	28.68
Operating charges	(3.90)	(3.81)	(3.10)
Return after operating charges*	(55.06)	53.18	25.58
Distributions on accumulation shares	(3.20)	(3.73)	(3.70)
Retained distributions on accumulation shares	3.20	3.73	3.70
Closing net asset value per share	274.45	329.51	276.33
*after direct transaction costs of:	0.71	0.88	0.93
<b>Performance</b>			
Return after charges	(16.71%)	19.25%	10.20%
<b>Other information</b>			
Closing net asset value (£'000)	21,609	24,966	19,764
Closing number of shares	7,873,743	7,576,749	7,152,590
Operating charges (ongoing charges figure)	1.23%	1.23%	1.23%
Direct transaction costs	0.23%	0.29%	0.37%
<b>Prices</b>			
Highest share price	336.30	329.90	276.80
Lowest share price	272.00	276.80	221.90
Price at year end	275.20	329.80	276.80

## All Europe SRI Fund

### Statement of Total Return

for the year ended 31 December 2018

	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(4,935)		3,917
Revenue	3	645		608	
Expenses	4	(351)		(311)	
Interest payable and similar charges		(16)		(7)	
Net revenue before taxation		278		290	
Taxation	5	(19)		(8)	
Net revenue after taxation			259		282
<b>Total return before distribution</b>			<b>(4,676)</b>		<b>4,199</b>
Distribution	6		(259)		(282)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(4,935)</b>		<b>3,917</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	Year Ended 31 December 2018		Year Ended 31 December 2017	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>26,746</b>		<b>21,394</b>
Amounts receivable on creation of shares	3,130		3,268	
Less: Amounts payable on cancellation of shares	(2,299)		(2,124)	
		831		1,144
Change in net assets attributable to shareholders from investment activities		(4,935)		3,917
Retained distribution on accumulation shares		256		291
<b>Closing net assets attributable to shareholders</b>		<b>22,898</b>		<b>26,746</b>

*Notes to the Financial Statements are on pages 19 to 23.*

# All Europe SRI Fund

## Balance Sheet

as at 31 December 2018

	Notes	31/12/18 £000	31/12/17 £000
<b>Fixed Assets</b>			
Investments		<u>19,192</u>	<u>22,913</u>
<b>Current assets:</b>			
Debtors	7	79	161
Cash and bank balances		<u>3,723</u>	<u>3,725</u>
<b>Total assets</b>		<u><b>22,994</b></u>	<u><b>26,799</b></u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	8	<u>(96)</u>	<u>(53)</u>
<b>Total liabilities</b>		<u><b>(96)</b></u>	<u><b>(53)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>22,898</b></u>	<u><b>26,746</b></u>

*Notes to the Financial Statements are on pages 19 to 23.*

# All Europe SRI Fund

## Notes to the Financial Statements

as at 31 December 2018

### 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Non-derivative securities	(5,001)	4,024
Forward foreign exchange currency contracts	2	(6)
Currency gains/(losses)	51	(97)
Handling charges	13	(4)
Net capital (losses)/gains	(4,935)	3,917

### 3. Revenue

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
UK dividends	406	392
Overseas non-taxable revenue	228	172
Property revenue from UK REITs - PID	11	44
Total revenue	645	608

### 4. Expenses

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	214	194
Registration fees	85	64
	299	258
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	18	18
Safe custody fees	2	1
	20	19
<b>Other expenses:</b>		
Administration fee	32	32
Audit fee	9	8
Printing, publishing and postage fees	1	1
Other expenses	8	22
	50	63
Expenses rebate*	(18)	(29)
	351	311

\*The ACD has agreed to cap the expenses as described in the ACD's report (see page 3).

as at 31 December 2018

**5. Taxation**

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	19	8
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:		
Net revenue before taxation	278	290
Corporation tax of 20% (2017: 20%)	56	58
<b>Effects of:</b>		
UK dividends*	(81)	(79)
Overseas non-taxable revenue*	(46)	(34)
Movement in excess management expenses	71	55
Irrecoverable overseas tax	19	8
Current tax charge for year (note 5a)	19	8

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £415,703 (31/12/17: £344,705) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Final	256	291
Add: Revenue deducted on cancellation of shares	18	12
Deduct: Revenue received on creation of shares	(15)	(21)
Net distribution for the year	259	282

*Details of the distribution per share is set out in the Distribution Tables on page 24.*

**7. Debtors**

	31/12/18 £000	31/12/17 £000
Amounts receivable for issue of shares	17	77
Accrued revenue	40	55
Accrued expenses rebate due from ACD*	5	3
Overseas tax recoverable	17	26
Total debtors	79	161

\*This is a related party (see note 9).

as at 31 December 2018

**8. Creditors**

	31/12/18	31/12/17
	£000	£000
Amounts payable for cancellation of shares	31	11
Accrued ACD's periodic charge*	16	17
Accrued depositary fee	2	1
Accrued other expenses	47	24
Total creditors	<u>96</u>	<u>53</u>

\*This is a related party (see note 9).

**9. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £14,699 (31/12/17: £66,229) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to the ACD, or its associates are shown in note 4. Amounts due to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees and ACD rebates are disclosed in note 4, with £11,172 (31/12/17: £13,406) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £1,529 (31/12/17: £1,430) due at the year end.

**Shares held by associates of the ACD**

On 31 December 2018, the shares held by the ACD as a percentage of the Fund's shares were:

	% held	
	31/12/18	31/12/17
Share Class B - Accumulation:	1.5%	1.7%
At the balance sheet date the following shareholders held more than 20% of the shares in the fund:		
	31/12/18	31/12/17
Pershing Nominees Limited	25.6%	23.4%

**10. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation	1.50
Share Class B - Accumulation	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 15 to 16.

The distribution per share class is given in the Distribution Tables on page 24.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/17	01/01/18 to 31/12/18		31/12/18
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	593,208	22,368	(94,426)	- 521,150
Share Class B - Accumulation	7,576,749	966,537	(669,543)	- 7,873,743
Total	<u>8,169,957</u>	<u>988,905</u>	<u>(763,969)</u>	<u>- 8,394,893</u>

as at 31 December 2018

## 11. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments (31/12/17: £nil) and no contingent liabilities (31/12/17: £nil).

## 12. Financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 10. The risks inherent in the sub-fund's investment portfolio are as follows:

### (a) Currency risk

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

Currency	Currency exposure	Currency exposure
	31/12/18	31/12/17
	£000	£000
Euro	9,478	8,326
Swiss franc	480	1,544
Total	<u>9,958</u>	<u>9,870</u>

The possible effects on fair value and cash flows that could arise as a result of changes in currencies are taken into account when making investment decisions.

### (b) Interest rate risk profile of financial assets and liabilities

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £3,723,111 (31/12/17: holding £3,724,804) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

### (c) Liquidity risk

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

### (d) Market price risk and fair value of financial assets and liabilities

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

### (e) Counterparty risk

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depositary receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.



as at 31 December 2018

**13. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Equities	14,736	12,768	13,516	14,600
<b>Commissions</b>				
Equities	14	20	(13)	(29)
<b>Taxes</b>				
Equities	33	22	-	-
Total costs	47	42	(13)	(29)
<b>Total net trades in the year after transaction costs</b>	<b>14,783</b>	<b>12,810</b>	<b>13,503</b>	<b>14,571</b>

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
<b>Commissions</b>				
Equities	0.10	0.16	0.10	0.20
<b>Taxes</b>				
Equities	0.22	0.17	-	-

Total transaction cost expressed as a percentage of average net asset value.

	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
Commissions	0.11	0.20
Taxes	0.12	0.09
Total costs	0.23	0.29

Average portfolio dealing spread.

The average portfolio dealing spread at the balance sheet date was 0.80% (31/12/2017: 0.32%).

**14. Fair value**

Valuation technique	31/12/18		31/12/17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	19,192	-	22,913	-
Level 2	-	-	-	-
Level 3	-	-	-	-
Total fair value	19,192	-	22,913	-

Level 1: The unadjusted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# All Europe SRI Fund

## Distribution Tables

for the year ended 31 December 2018

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased on or between 1 January 2018 and 31 December 2018

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
Group 1 Final	(p) 0.8170	(p) -	(p) 0.8170	(p) 1.3316
Group 2 Final	(p) -	(p) 0.8170	(p) 0.8170	(p) 1.3316

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
Group 1 Final	(p) 3.1985	(p) -	(p) 3.1985	(p) 3.7315
Group 2 Final	(p) 1.5940	(p) 1.6045	(p) 3.1985	(p) 3.7315

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, is received as franked investment income.

Final - 0.00% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

# Continental Europe Fund

## Authorised Fund Manager's Report

for the year ended 31 December 2018

### Investment Objective and Policy

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 World Europe ex UK Index (an index which aims to cover 85% of the market capitalisation of listed stocks on European stock markets excluding the UK).

This Fund will invest principally in securities dealt in or traded on European Eligible Securities Markets. From time to time, when particular opportunities are identified, or the ACD considers it appropriate, this Fund may invest in securities which are dealt in or traded on other Eligible Securities Markets or which are otherwise permitted for this Fund.

### Synthetic Risk and Reward Indicator

Typically lower rewards, lower risks				Typically higher rewards, higher risks		
←				→		
1	2	3	4	<b>5</b>	6	7

This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- The effect of currency movements can be significant where investments are denominated in currencies other than Sterling and may adversely affect the value of your investment.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio. The Fund may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus.

### Investment Review

Performance	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %	31/12/17 to 31/12/18 %
Continental Europe Fund	1.2	17.0	13.0	17.0	(12.6)

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2018.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

**Market Review**

2018 was marked by a number of geopolitical events which, when combined with questions surrounding the longevity of the current economic cycle, led to dramatic falls for European equities. The year had got off to a resilient start buoyed by almost universally positive macroeconomic numbers including both unemployment within the Eurozone area and continued strong industrial output for Germany. But as is so often the case European politics slowly but surely took centre-stage as the Italian general election surprised with an eventual win for both the Northern League and 5 Star parties who managed to cobble together a shaky coalition. Just as Mario Draghi was setting his stall for an end to quantitative easing and a turnaround for interest rates Europe's stability was once again threatened by its restless periphery. Though worrying and damaging for the Italian stock market in particular, other markets were also starting to falter not least Turkey where a diplomatic spat over jailed American pastor Andrew Brunson threatened not only relations between the two nations but laid bare Turkey's economic malaise against an ever strengthening dollar. But perhaps most significant of all, and certainly the most potentially damaging, was the continued war of words between the US and China over trade, where continued tit for tat announcements over tariff impositions perhaps did the most to threaten global economic stability and hence the stock market turmoil. By the end of the period the Italian tensions appeared to have lessened with an amicable agreement with the EU over budget deficits for the coming years but despite much rhetoric no end could be seen for US/China trade relations. In the UK a similar impasse was ongoing over Brexit. Almost predictably with this level of uncertainty, global growth appeared to falter not just in Europe and elsewhere but also in China where the trade dispute appeared to cause the most concern. Even in the US where the economy remained strong the Federal reserve began to waiver over its previously announced interest rate path clearly concerned by developments elsewhere.

**Portfolio Review**

The portfolio underperformed the index with a fall of -12.61%. As the strength of the economic cycle was questioned cyclicals were the obvious casualties with stocks such as chemicals maker Covestro and truck parts manufacturer Jost Werke among the hardest hit. Few of these industrials have yet to see a tangible impact on their business from the economic headwinds which the stock market appears to be anticipating. The exception was Covestro which issued a profits warning as customer demand began to wane and costs increased as a shortage of rain in Germany meant transportation on the Rhine was curtailed. With a generally high beta, and in many cases an earnings stream directly linked to capital markets, financials struggled in this environment. We reduced our exposure earlier in the year to this sector but exposure to banks such as BNP and ING still impacted performance. French global insurer Axa was particularly badly hit as their acquisition of XL Group was badly received. We have met with Axa management and view the acquisition in a favorable light. Our holding in Danske Bank was sold as their money laundering issues became impossible to quantify. On a positive note a number of stocks provided double digit returns including Metsa Board, Scout 24, Schoeller-Bleckmann and one of our largest holdings Schibsted. In total we sold 8 positions outright with 7 new holdings introduced.

**Outlook**

The level of uncertainty over global economic growth and political stability have seen a marked rise over the course of 2018 and has been met with a predictable response by stock markets with many stocks and sectors being savagely hit. It's clear that the rate of economic growth has slowed though this is not wholly unexpected at this stage of the economic cycle. The key now is to assess if this is indeed a slowing in growth or a more serious economic decline leading to a more impactful recession. At the same time, we need to determine the extent to which these scenarios are already reflected in today's stock prices. There is certainly an argument to be made that the former has already been priced whereas the latter would likely cause more pain. While the results of Brexit and the US/China trade spat will clearly be important factors, so too will upcoming company results and management commentaries which should help us assess the damage done to underlying economies and their growth prospects. Our cash balance puts us in a good position to capitalize upon any opportunities that have or will arise giving us some flexibility to navigate this uncertain situation.

SVM Asset Management Limited

January 2019

Past performance is not a guide to future performance. The value of shares and the income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.

# Continental Europe Fund

## Portfolio Statement

as at 31 December 2018

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (9.22%*)</b>		<b>256</b>	<b>1.45</b>
Covestro	6,603	256	1.45
<b>CONSUMER GOODS (0.00%*)</b>		<b>262</b>	<b>1.49</b>
Pirelli	52,276	262	1.49
<b>CONSUMER SERVICES (13.67%*)</b>		<b>2,042</b>	<b>11.59</b>
Dustin	134,742	858	4.87
Schibsted	40,117	949	5.39
Sixt Preference Shares	5,490	235	1.33
<b>FINANCIALS (24.73%*)</b>		<b>4,802</b>	<b>27.25</b>
AXA	56,400	954	5.41
BNP Paribas	7,399	261	1.48
Hypoport	1,350	179	1.02
ING	51,570	434	2.46
LEG Immobilien	5,950	489	2.78
Mediobanca	55,936	369	2.09
mutares	35,294	286	1.62
Partners	1,021	484	2.75
PATRIZIA Immobilien	37,566	562	3.19
Ringkjoebing Landbobank	12,988	530	3.01
S IMMO	19,452	254	1.44
<b>HEALTH CARE (4.41%*)</b>		<b>1,322</b>	<b>7.50</b>
Novartis	9,605	642	3.64
Roche	2,330	451	2.56
Sedana Medical	33,921	229	1.30
<b>INDUSTRIALS (16.22%*)</b>		<b>1,261</b>	<b>7.16</b>
HELLA	9,510	297	1.69
JOST - Werke	12,466	294	1.67
Leonardo	59,610	409	2.32
Stef	3,850	261	1.48
<b>OIL &amp; GAS (7.16%*)</b>		<b>879</b>	<b>4.99</b>
Royal Dutch Shell	19,902	458	2.60
TOTAL	10,117	421	2.39
<b>TECHNOLOGY (8.24%*)</b>		<b>1,949</b>	<b>11.06</b>
Allgeier	36,809	819	4.65
ALSO	3,265	290	1.64
Scout24	14,080	504	2.86
SeSa	16,270	336	1.91
<b>TELECOMMUNICATIONS (6.53%*)</b>		<b>1,556</b>	<b>8.83</b>
Orange	62,020	786	4.46
United Internet	22,435	770	4.37
<b>UTILITIES (0.00%*)</b>		<b>234</b>	<b>1.33</b>
Energiekontor	19,948	234	1.33
<b>Portfolio of investments</b>		<b>14,563</b>	<b>82.65</b>
<b>Net other assets (9.82%*)</b>		<b>3,058</b>	<b>17.35</b>
<b>Total net assets</b>		<b>17,621</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.

\* Comparative figures shown in brackets relate to 31 December 2017.

## Continental Europe Fund

### Material Portfolio Changes

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for the year ended 31 December 2018

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Allgeier	947	Metsa Board	1,007
LEG Immobilien	539	HELLA	764
Ringkjoebing Landbobank	531	Mediobanca	658
KONGSBERG	443	Stef	592
Pirelli	339	Schoeller-Bleckmann Oilfield Equipment	592
S IMMO	310	Cairo Communication	569
United Internet	309	Schibsted	495
Sedana Medical	288	JOST - Werke	447
Energiekontor	256	Danske Bank	445
Hypoport	215	Huhtamaki	428

# Continental Europe Fund

## Comparative table

as at 31 December 2018

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	530.32	453.42	401.22
Return before operating charges*	(56.76)	86.92	60.38
Operating charges	(10.32)	(10.02)	(8.18)
Return after operating charges*	(67.08)	76.90	52.20
Distributions on accumulation shares	(3.08)	(3.56)	(3.42)
Retained distributions on accumulation shares	3.08	3.56	3.42
Closing net asset value per share	463.24	530.32	453.42
*after direct transaction costs of:	0.33	0.64	0.62
<b>Performance</b>			
Return after charges	(12.65%)	16.96%	13.01%
<b>Other information</b>			
Closing net asset value (£'000)	7,922	10,557	10,310
Closing number of shares	1,710,190	1,990,662	2,273,817
Operating charges (ongoing charges figure)	1.98%	1.98%	1.98%
Direct transaction costs	0.06%	0.13%	0.15%
<b>Prices</b>			
Highest share price	557.60	544.10	454.10
Lowest share price	459.60	451.40	345.80
Price at year end	464.20	531.20	454.10

# Continental Europe Fund

## Comparative table

(continued)

as at 31 December 2018

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	593.46	503.65	442.17
Return before operating charges*	(63.89)	96.79	67.07
Operating charges	(7.20)	(6.98)	(5.59)
Return after operating charges*	(71.09)	89.81	61.48
Distributions on accumulation shares	(7.62)	(8.16)	(7.31)
Retained distributions on accumulation shares	7.62	8.16	7.31
Closing net asset value per share	522.37	593.46	503.65
*after direct transaction costs of:	0.37	0.72	0.68
<b>Performance</b>			
Return after charges	(11.98%)	17.83%	13.90%
<b>Other information</b>			
Closing net asset value (£'000)	9,699	12,965	12,241
Closing number of shares	1,856,654	2,184,729	2,430,354
Operating charges (ongoing charges figure)	1.23%	1.23%	1.23%
Direct transaction costs	0.06%	0.13%	0.15%
<b>Prices</b>			
Highest share price	623.60	607.50	503.70
Lowest share price	517.40	501.30	381.00
Price at year end	522.60	593.90	503.70



## Continental Europe Fund

### Statement of Total Return

for the year ended 31 December 2018

	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(2,735)		3,616
Revenue	3	609		696	
Expenses	4	(339)		(381)	
Interest payable and similar charges		(4)		-	
Net revenue before taxation		266		315	
Taxation	5	(55)		(34)	
Net revenue after taxation			211		281
<b>Total return before distribution</b>			<b>(2,524)</b>		<b>3,897</b>
Distribution	6		(211)		(281)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(2,735)</b>		<b>3,616</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	Year Ended 31 December 2018		Year Ended 31 December 2017	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>23,522</b>		<b>22,551</b>
Amounts receivable on creation of shares	1,321		3,513	
Less: Amounts payable on cancellation of shares	(4,681)		(6,407)	
		(3,360)		(2,894)
Change in net assets attributable to shareholders from investment activities		(2,735)		3,616
Retained distribution on accumulation shares		194		249
<b>Closing net assets attributable to shareholders</b>		<b>17,621</b>		<b>23,522</b>

*Notes to the Financial Statements are on pages 33 to 37.*

# Continental Europe Fund

## Balance Sheet

as at 31 December 2018

	Notes	31/12/18 £000	31/12/17 £000
<b>Fixed Assets</b>			
Investments		<u>14,563</u>	<u>21,213</u>
<b>Current assets:</b>			
Debtors	7	67	87
Cash and bank balances		<u>3,136</u>	<u>2,284</u>
<b>Total assets</b>		<u><b>17,766</b></u>	<u><b>23,584</b></u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Other creditors	8	<u>(145)</u>	<u>(62)</u>
<b>Total liabilities</b>		<u><b>(145)</b></u>	<u><b>(62)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>17,621</b></u>	<u><b>23,522</b></u>

*Notes to the Financial Statements are on pages 33 to 37.*

# Continental Europe Fund

## Notes to the Financial Statements

as at 31 December 2018

### 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Non-derivative securities	(2,708)	3,615
Forward foreign exchange currency contracts	1	-
Currency (losses)/gains	(44)	5
Handling charges	16	(4)
Net capital (losses)/gains	(2,735)	3,616

### 3. Revenue

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Overseas taxable revenue	(1)	13
Overseas non-taxable revenue	606	683
Overseas scrip dividends	4	-
Total revenue	609	696

### 4. Expenses

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	233	263
Registration fees	61	61
	294	324
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	18	18
Safe custody fees	4	5
	22	23
<b>Other expenses:</b>		
Administration fee	32	32
Audit fee	9	8
Printing, publishing and postage fees	1	1
Other expenses	7	22
	49	63
Expenses rebate*	(26)	(29)
	339	381

\*The ACD has agreed to cap the expenses as described in the ACD's report (see page 3).

as at 31 December 2018

**5. Taxation**

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	55	34
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:		
Net revenue before taxation	266	315
Corporation tax of 20% (2017: 20%)	53	63
<b>Effects of:</b>		
Non-taxable scrip dividends	(1)	-
Overseas non-taxable revenue*	(121)	(137)
Movement in excess management expenses	69	74
Irrecoverable overseas tax	55	34
Current tax charge for year (note 5a)	55	34

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £586,387 (31/12/17: £517,611) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Final	194	249
Add: Revenue deducted on cancellation of shares	24	56
Deduct: Revenue received on creation of shares	(7)	(24)
Net distribution for the year	211	281

Details of the distribution per share is set out in the Distribution Tables on page 38.

**7. Debtors**

	31/12/18 £000	31/12/17 £000
Amounts receivable for issue of shares	5	14
Accrued revenue	6	7
Accrued expenses rebate due from ACD*	4	4
Overseas tax recoverable	52	62
Total debtors	67	87

\*This is a related party (see note 9).

as at 31 December 2018

**8. Creditors**

	31/12/18	31/12/17
	£000	£000
Amounts payable for cancellation of shares	81	16
Accrued ACD's periodic charge*	17	20
Accrued depositary fee	1	1
Accrued other expenses	46	25
Total creditors	<u>145</u>	<u>62</u>

\*This is a related party (see note 9).

**9. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £75,279 (31/12/17: £1,040) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to the ACD, or its associates are shown in note 4. Amounts due to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees and ACD rebates are disclosed in note 4, with £12,482 (31/12/17: £15,893) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £1,529 (31/12/17: £1,430) due at the year end.

At the balance sheet date the following shareholders held more than 20% of the shares in the fund:

	31/12/18	31/12/17
Canada Life Limited	19.4%	32.6%

**10. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation	1.50
Share Class B - Accumulation	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 29 to 30.

The distribution per share class is given in the Distribution Tables on page 38.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/17	01/01/18 to 31/12/18		31/12/18	
	Opening shares in issue	Creations	Cancellations	Shares converted	Closing shares in issue
Share Class A - Accumulation	1,990,662	56,918	(337,390)	-	1,710,190
Share Class B - Accumulation	2,184,729	174,189	(502,264)	-	1,856,654
Total	<u>4,175,391</u>	<u>231,107</u>	<u>(839,654)</u>	<u>-</u>	<u>3,566,844</u>

**11. Capital commitments and contingent liabilities**

On 31 December 2018, the Fund had no capital commitments (31/12/17: £nil) and no contingent liabilities (31/12/17: £nil).

as at 31 December 2018

## 12. Financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 25. The risks inherent in the sub-fund's investment portfolio are as follows:

### (a) Currency risk

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

Currency	Currency exposure	Currency exposure
	31/12/18	31/12/17
	£000	£000
Danish krone	544	681
Euro	12,830	16,393
Norwegian krone	950	1,056
Swedish krona	1,087	862
Swiss franc	1,887	2,290
Total	<u>17,298</u>	<u>21,282</u>

The possible effects on fair value and cash flows that could arise as a result of changes in currencies are taken into account when making investment decisions.

### (b) Interest rate risk profile of financial assets and liabilities

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £3,135,811 (31/12/17: holding £2,284,430) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

### (c) Liquidity risk

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

### (d) Market price risk and fair value of financial assets and liabilities

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

### (e) Counterparty risk

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depositary receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.

as at 31 December 2018

**13. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Equities	4,946	6,039	8,901	9,823
<b>Commissions</b>				
Equities	5	11	(8)	(19)
<b>Taxes</b>				
Equities	-	2	-	-
Total costs	5	13	(8)	(19)
<b>Total net trades in the year after transaction costs</b>	<b>4,951</b>	<b>6,052</b>	<b>8,893</b>	<b>9,804</b>

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
<b>Commissions</b>				
Equities	0.10	0.18	0.09	0.19
<b>Taxes</b>				
Equities	-	0.03	-	-

Total transaction cost expressed as a percentage of average net asset value.

	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
Commissions	0.06	0.12
Taxes	-	0.01
Total costs	0.06	0.13

Average portfolio dealing spread.

The average portfolio dealing spread at the balance sheet date was 0.29% (31/12/2017: 0.15%).

**14. Fair value**

Valuation technique	31/12/18		31/12/17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	14,563	-	21,213	-
Level 2	-	-	-	-
Level 3	-	-	-	-
Total fair value	14,563	-	21,213	-

Level 1: The unadjusted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# Continental Europe Fund

## Distribution Tables

for the year ended 31 December 2018

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased on or between 1 January 2018 and 31 December 2018

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
Group 1 Final	(p) 3.0756	(p) -	(p) 3.0756	(p) 3.5627
Group 2 Final	(p) 2.3607	(p) 0.7149	(p) 3.0756	(p) 3.5627

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
Group 1 Final	(p) 7.6209	(p) -	(p) 7.6209	(p) 8.1565
Group 2 Final	(p) 3.6309	(p) 3.9900	(p) 7.6209	(p) 8.1565

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, is received as franked investment income.

Final - 0.00% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.



## Authorised Fund Manager's Report

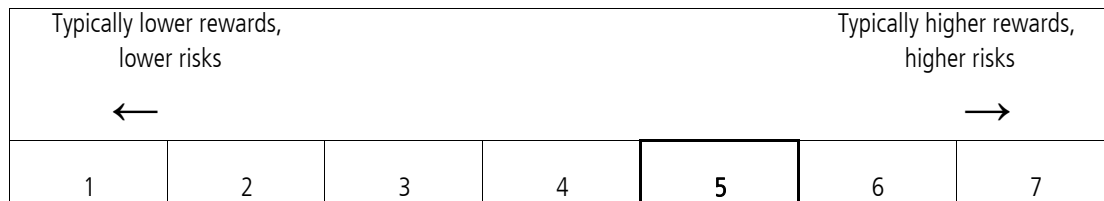
for the year ended 31 December 2018

### Investment Objective and Policy

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 (or any successor index).

This Fund will invest principally in securities listed on the London Stock Exchange. From time to time, when particular opportunities are identified, or the ACD considers it appropriate, this Fund may invest in securities which are dealt in or traded on the London Stock Exchange but outside the FTSE 100 Index or which are otherwise permitted for this Fund.

### Synthetic Risk and Reward Indicator



This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- Currency movements may cause the value of your investment to fall as well as rise.
- The Fund uses Contracts for Difference (CFDs) for efficient portfolio management (EPM) purposes. This may create gearing and could lead to greater fluctuations in the Net Asset Value of the Fund. Full details on EPM can be found in Appendix A of the Prospectus.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.
- The Fund is exposed to credit and settlement risk through its dealings with Counter Parties. If a Counter Party business fails, the Fund may incur losses.

### Investment Review

Performance	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %	31/12/17 to 31/12/18 %
UK Growth Fund	(2.3)	19.8	(3.6)	23.7	(16.2)

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2018.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

**Market Review**

World stock markets were weak in the year under review. Between September and December, in particular, global investors became more concerned about trade friction between the US and China, and the risks to the UK and European Union of a disorderly Brexit. There was also concern about the impact on the rest of the world of a rise in US interest rates. However, the UK economy itself proved resilient, and most portfolio companies reported good trading.

Sentiment has driven domestically-focused UK shares and the Pound itself down to low levels. International investors are likely to return at some stage to what is a major global economy, and a stock market with many companies growing internationally. The lower level of the Pound will assist UK exporters.

The Fund has a growth-oriented portfolio based on fundamental analysis. The forces favouring growth businesses have been in place for more than 20 years. In contrast, the biggest global companies have been more impacted by disinflation and, more recently, disruption. This trend seems likely to continue despite the recent uptick in inflation, due to ongoing technology change and global competition. There have been periods of reversal of this pattern, particularly in 2012 and 2016, but the Fund has rebounded on each occasion.

**Portfolio Review**

The portfolio is very different from the FTSE All-Share Index and will therefore at times deviate from it. However, the Fund's longer term track record demonstrates the value of the strategy and the Manager's process. The Fund tends to be less cyclically exposed, but has been hit by the unique circumstances of Brexit coming at the time of a global slowdown. Market moves now are more extreme, as regulation has reduced the capital available in financial institutions and market-makers that previously cushioned moves.

Over the 12 months, the SVM UK Growth Fund performance ("A" share class) was -16.2%, compared to a return for the IA UK All Companies Sector average of -11.1% and -9.5% for the FTSE All-Share Index. Over five years, the SVM UK Growth Fund ("A" share class) has returned 17.1% versus 20.3% for the IA UK All Companies Sector average and 22.1% for the FTSE All-Share Index.\*

Over the 12 month period under review, there were good contributions to performance from Burford Capital, Draper Esprit, Keystone Law, Ocado Group and insurer, Hiscox. Litigation finance specialist, Burford, announced additional funding that should enhance profits. Ocado gained on its distribution partnership with US retailer, Kroger, following agreements in the UK and France. Ocado could achieve further distribution partnerships in a number of other countries using its proprietary technology, and in June, was promoted to the FTSE 100 Index. Draper Esprit invests in private equity across the UK and Europe, with an emphasis on technology and e-commerce.

The main disappointments in the period were Micro Focus, ASOS, Ryanair and GVC Holdings. GVC acquired Ladbrokes Coral in March 2018. Growth in the US should more than offset any UK weakness.

During the 12 months under review, the portfolio emphasis on travel was unhelpful, with airline shares particularly weak. The nature of this sector is changing, with airlines such as Ryanair and Wizz Air making better use of customer data and moving to market other travel services. Capacity has also tightened following the withdrawal of a number of smaller operators such as Monarch. Most travel and leisure companies in the portfolio are reporting good results.

New portfolio investments were made in property fund Workspace Group, and financial consulting group, Alpha FMC. Additional investment was made in petrol filling station operator, Applegreen, which has taken over management of UK motorway services business, Welcome Break, with the aim of improving profitability by enhancing customer service. To fund these investments, sales were made of Hutchison China Meditech, Quiz and Breedon.

**Outlook**

As 2019 progresses, the UK stock market might be better placed than some others. International investors have significantly withdrawn from British shares since the Brexit referendum. The global economy will experience slower growth in 2019 but a recession appears unlikely.

The Fund focuses on individual business prospects. The economic background is favourable for portfolio companies and meetings with company managements continue to be positive. The UK Growth Fund emphasises exposure to economic growth in the UK, including several that indirectly will benefit from growth internationally.

(\*Source: Lipper as at 31 December 2018, A Share Class, GBP, UK net tax with net income reinvested and no initial charges. The Fund was launched on 20 March 2000)

SVM Asset Management Limited

January 2019

Past performance is not a guide to future performance. The value of shares and the income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.

# UK Growth Fund

## Portfolio Statement

as at 31 December 2018

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (6.93%*)</b>		<b>8,740</b>	<b>4.90</b>
Croda International	89,044	4,181	2.34
Mondi	86,500	1,416	0.79
Rio Tinto	40,700	1,532	0.86
Synthomer	450,857	1,611	0.91
<b>CONSUMER GOODS (11.83%*)</b>		<b>16,432</b>	<b>9.21</b>
Associated British Foods	30,000	617	0.35
Codemasters	135,000	212	0.12
Cranswick	115,235	3,033	1.70
Fevertree Drinks	156,081	3,418	1.91
Hilton Food	236,500	2,128	1.19
Kerry	59,680	4,574	2.56
Reckitt Benckiser	8,468	508	0.29
SuperDry	30,000	138	0.08
Ted Baker	117,000	1,804	1.01
<b>CONSUMER SERVICES (24.72%*)</b>		<b>40,628</b>	<b>22.76</b>
4imprint	30,000	550	0.31
Applegreen	860,026	4,266	2.39
Ascential	439,852	1,650	0.92
ASOS	18,795	428	0.24
Cineworld	535,474	1,389	0.78
Dalata Hotel	541,000	2,305	1.29
Dignity	80,122	551	0.31
easyJet	118,600	1,323	0.74
GVC	576,700	3,855	2.16
Hostelworld	555,705	1,083	0.61
J Sainsbury	635,500	1,683	0.94
JD Sports Fashion	808,150	2,803	1.57
Just Eat	106,000	625	0.35
Ocado	346,500	2,736	1.53
On the Beach	575,000	1,935	1.08
Paddy Power Betfair	23,484	1,493	0.84
Ryanair	245,500	2,377	1.33
SSP	847,096	5,492	3.08
TUI	84,000	945	0.53
Wizz Air	112,200	3,139	1.76
<b>FINANCIALS (14.95%*)</b>		<b>44,073</b>	<b>24.69</b>
Aquis Exchange	200,000	1,120	0.63
Beazley	1,086,000	5,479	3.08
Burford Capital	317,050	5,212	2.92
Derwent London**	31,740	902	0.51
Draper Esprit	480,000	2,520	1.41
GVC Contingent Value Rights	200,000	23	0.01
Hargreaves Lansdown	75,000	1,376	0.77
Hiscox	167,000	2,682	1.50
K3 Capital	846,364	2,234	1.25
London Stock Exchange	82,545	3,339	1.87
LondonMetric Property**	452,000	786	0.44
Manolete Partners	232,885	449	0.25
Mortgage Advice Bureau	439,100	2,204	1.23
OneSavings Bank	385,500	1,342	0.75
Plus500	72,200	986	0.55

## Portfolio Statement

(continued)

as at 31 December 2018

	Holdings	Market Value £000	Total Net Assets %
Prudential	175,100	2,455	1.38
Segro**	232,000	1,364	0.76
Sigma Capital	1,366,000	1,735	0.97
St. Modwen Properties	153,621	609	0.34
Syncona	744,500	1,992	1.12
UNITE**	551,298	4,438	2.49
Workspace**	104,370	826	0.46
<b>HEALTH CARE (6.87%*)</b>		<b>7,035</b>	<b>3.94</b>
Clinigen Healthcare	85,000	640	0.36
Dechra Pharmaceuticals	150,700	3,113	1.74
Indivior	310,000	354	0.20
UDG Healthcare	488,000	2,928	1.64
<b>INDUSTRIALS (21.48%*)</b>		<b>38,847</b>	<b>21.76</b>
AB Dynamics	101,638	1,403	0.79
Alpha Financial Markets Consulting	1,321,460	2,907	1.63
Ashtead	110,850	1,811	1.01
Boku	1,197,000	802	0.45
DCC	73,859	4,383	2.46
Diploma	100,000	1,214	0.68
discoverIE	511,546	1,821	1.02
DS Smith	303,545	902	0.51
Experian	137,500	2,609	1.46
Hill & Smith	86,108	1,030	0.58
HomeServe	241,362	2,083	1.17
John Menzies	87,000	444	0.25
Johnson Service	3,205,353	3,757	2.10
Keystone Law	806,000	2,789	1.55
Keywords Studios	213,554	2,285	1.28
Premier Technical Services	875,500	1,191	0.67
Renishaw	40,000	1,686	0.94
Rentokil Initial	798,000	2,661	1.49
Restore	180,910	581	0.33
Severfield	600,000	414	0.23
Weir	119,750	1,554	0.87
XP Power	25,000	520	0.29
<b>OIL &amp; GAS (0.34%*)</b>		<b>2,090</b>	<b>1.17</b>
Hunting	323,000	1,528	0.86
Petrofac	117,400	562	0.31
<b>TECHNOLOGY (6.45%*)</b>		<b>9,162</b>	<b>5.13</b>
Blue Prism	152,217	1,796	1.00
FDM	282,000	2,104	1.18
GBG	50,000	212	0.12
Ideagen	998,725	1,219	0.68
IMImobile	839,469	1,964	1.10
Kainos	318,364	1,267	0.71
WANdisco	124,538	600	0.34
<b>TELECOMMUNICATIONS (1.24%*)</b>		<b>2,426</b>	<b>1.36</b>
Gamma Communications	332,288	2,426	1.36

# UK Growth Fund

## Portfolio Statement

(continued)

as at 31 December 2018

	Holdings	Market Value £000	Total Net Assets %
<b>DERIVATIVES (0.55%*)</b>		<b>(1,806)</b>	<b>(1.01)</b>
<b>CONTRACTS FOR DIFFERENCE</b>			
British American Tobacco - CFD	30,000	(585)	(0.33)
CD Project - CFD	65,200	(409)	(0.23)
Melrose - CFD	915,000	(593)	(0.33)
Onesavings Bank - CFD	370,000	(207)	(0.12)
Oxford Instruments - CFD	30,091	24	0.01
Reckitt Benckiser - CFD	10,350	8	0.01
Rio Tinto - CFD	38,400	(91)	(0.05)
Watkin Jones - CFD	1,572,222	47	0.03
<b>Portfolio of investments<sup>^</sup></b>		<b>167,627</b>	<b>93.91</b>
<b>Net other assets (4.64%*)</b>		<b>10,862</b>	<b>6.09</b>
<b>Total net assets</b>		<b>178,489</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

\* Comparative figures shown in brackets relate to 31 December 2017.

\*\* Real Estate Investment Trust (REIT).

<sup>^</sup> Including investment liabilities of £1,884,715.

## UK Growth Fund

### Material Portfolio Changes

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for the year ended 31 December 2018

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
IMImobile	3,044	Hutchison China MediTech	2,725
Hunting	2,815	Micro Focus International	2,180
Mortgage Advice Bureau	2,693	Randgold Resources	2,095
Experian	2,598	Prudential	1,746
K3 Capital	2,485	Ryanair	1,725
Ocado	2,367	Sophos	1,609
Hiscox	2,358	Victoria	1,472
Keystone Law	2,325	eve Sleep	1,405
Draper Esprit	2,195	Breedon	1,374
J Sainsbury	2,155	lbstock	1,332

## UK Growth Fund

### Comparative table

as at 31 December 2018

#### Net Asset Value and Ongoing Charges Figure

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	476.18	385.55	396.81
Return before operating charges*	(71.94)	98.42	(4.60)
Operating charges	(8.31)	(7.79)	(6.66)
Return after operating charges*	(80.25)	90.63	(11.26)
Distributions on accumulation shares	(0.72)	(1.30)	(1.71)
Retained distributions on accumulation shares	0.72	1.30	1.71
Closing net asset value per share	395.93	476.18	385.55
*after direct transaction costs of:	0.66	1.04	1.03
<b>Performance</b>			
Return after charges	(16.85%)	23.51%	(2.84%)
<b>Other information</b>			
Closing net asset value (£'000)	11,204	14,607	16,278
Closing number of shares	2,829,925	3,067,471	4,221,913
Operating charges (ongoing charges figure)	1.77%	1.80%	1.77%
Direct transaction costs	0.14%	0.24%	0.27%
<b>Prices</b>			
Highest share price	506.50	478.40	401.50
Lowest share price	395.80	386.70	337.50
Price at year end	399.60	478.40	386.70

# UK Growth Fund

## Comparative table

(continued)

as at 31 December 2018

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	525.28	421.87	430.47
Return before operating charges*	(79.19)	108.44	(4.41)
Operating charges	(5.25)	(5.03)	(4.19)
Return after operating charges*	(84.44)	103.41	(8.60)
Distributions on accumulation shares	(4.72)	(4.98)	(4.92)
Retained distributions on accumulation shares	4.72	4.98	4.92
Closing net asset value per share	440.84	525.28	421.87
*after direct transaction costs of:	0.72	1.14	1.12
<b>Performance</b>			
Return after charges	(16.08%)	24.51%	(2.00%)
<b>Other information</b>			
Closing net asset value (£'000)	167,285	158,076	129,795
Closing number of shares	37,946,761	30,093,954	30,766,812
Operating charges (ongoing charges figure)	1.02%	1.06%	1.02%
Direct transaction costs	0.14%	0.24%	0.27%
<b>Prices</b>			
Highest share price	559.50	526.20	437.50
Lowest share price	438.60	422.20	367.00
Price at year end	442.80	526.20	422.20



## UK Growth Fund

### Statement of Total Return

for the year ended 31 December 2018

	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(36,897)		32,241
Revenue	3	3,872		3,385	
Expenses	4	(2,061)		(1,729)	
Interest payable and similar charges		(192)		(137)	
Net revenue before taxation		1,619		1,519	
Taxation	5	(19)		2	
Net revenue after taxation			1,600		1,521
<b>Total return before distribution</b>			<b>(35,297)</b>		<b>33,762</b>
Distribution	6		(1,600)		(1,521)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(36,897)</b>		<b>32,241</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	Year Ended 31 December 2018		Year Ended 31 December 2017	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>172,683</b>		<b>146,073</b>
Amounts receivable on creation of shares	55,189		15,885	
Less: Amounts payable on cancellation of shares	(14,297)		(23,054)	
		40,892		(7,169)
Change in net assets attributable to shareholders from investment activities		(36,897)		32,241
Retained distribution on accumulation shares		1,811		1,538
<b>Closing net assets attributable to shareholders</b>		<b>178,489</b>		<b>172,683</b>

Notes to the Financial Statements are on pages 49 to 54.

# UK Growth Fund

## Balance Sheet

as at 31 December 2018

	Notes	31/12/18 £000	31/12/17 £000
<b>Fixed Assets</b>			
Investments		<u>169,512</u>	<u>165,178</u>
<b>Current assets:</b>			
Debtors	7	405	1,391
Cash and bank balances	8	<u>10,707</u>	<u>7,147</u>
<b>Total assets</b>		<u><b>180,624</b></u>	<u><b>173,716</b></u>
<b>Liabilities:</b>			
Investment liabilities		<u>(1,885)</u>	<u>(505)</u>
<b>Creditors:</b>			
Bank overdrafts		(29)	-
Other creditors	9	<u>(221)</u>	<u>(528)</u>
<b>Total other liabilities</b>		<u><b>(250)</b></u>	<u><b>(528)</b></u>
<b>Total liabilities</b>		<u><b>(2,135)</b></u>	<u><b>(1,033)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>178,489</b></u>	<u><b>172,683</b></u>

*Notes to the Financial Statements are on pages 49 to 54.*

## Notes to the Financial Statements

as at 31 December 2018

## 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

## 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Non-derivative securities	(34,219)	32,115
Derivative contracts	(2,683)	131
Currency (losses)/gains	(6)	1
Handling charges	11	(6)
Net capital (losses)/gains	(36,897)	32,241

## 3. Revenue

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
UK dividends	2,494	2,222
Overseas taxable revenue	-	2
Overseas non-taxable revenue	734	707
Property revenue from UK REITs - PID	204	165
Property revenue from UK REITs - Non PID	59	59
Bank interest	2	-
Revenue from CFDs	379	230
Total revenue	3,872	3,385

## 4. Expenses

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	1,548	1,264
Registration fees	351	236
	1,899	1,500

**Payable to the Depositary, associates of the Depositary, and agents of either of them:**

Depositary's fees	63	52
Safe custody fees	2	1
	65	53

**Other expenses:**

Administration fee	41	39
Audit fee	9	8
Printing, publishing and postage fees	1	1
Other expenses	46	128
	97	176
	2,061	1,729

as at 31 December 2018

**5. Taxation**

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	19	(2)
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:		
Net revenue before taxation	1,619	1,519
Corporation tax of 20% (2017: 20%)	324	304
<b>Effects of:</b>		
UK dividends*	(499)	(444)
Overseas non-taxable revenue*	(147)	(141)
Movement in excess management expenses	334	293
Irrecoverable overseas tax	19	(2)
Property revenue from UK REITs - Non PID	(12)	(12)
Current tax charge for year (note 5a)	19	(2)

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,025,701 (31/12/17: £1,692,092) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Final	1,811	1,538
Add: Revenue deducted on cancellation of shares	130	112
Deduct: Revenue received on creation of shares	(341)	(129)
Net distribution for the year	1,600	1,521

Details of the distribution per share is set out in the Distribution Tables on page 55.

**7. Debtors**

	31/12/18 £000	31/12/17 £000
Amounts receivable for issue of shares	271	1,323
Accrued revenue	121	68
Dilution levy receivable	1	-
Overseas tax recoverable	12	-
Total debtors	405	1,391

## Notes to the Financial Statements

(continued)

as at 31 December 2018

**8. Cash and bank balances**

	31/12/18	31/12/17
	£000	£000
Cash and bank balances	6,395	5,972
Amounts held at futures clearing houses and brokers	4,312	1,175
<b>Total cash and bank balances</b>	<b>10,707</b>	<b>7,147</b>

**9. Creditors**

	31/12/18	31/12/17
	£000	£000
Purchases awaiting settlement	-	375
Amounts payable for cancellation of shares	12	3
Accrued ACD's periodic charge*	124	106
Accrued depositary fee	5	4
Accrued other expenses	80	40
<b>Total creditors</b>	<b>221</b>	<b>528</b>

\*This is a related party (see note 10).

**10. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £258,893 (31/12/17: £1,320,757) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to the ACD, or its associates are shown in note 4. Amounts due to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees and ACD rebates are disclosed in note 4, with £123,879 (31/12/17: £106,111) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £5,090 (31/12/17: £4,347) due at the year end.

At the balance sheet date the following shareholders held more than 20% of the shares in the fund:

	31/12/18	31/12/17
Pendragon Group Pension Scheme	17.1%	29.0%

**11. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation	1.50
Share Class B - Accumulation	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 45 to 46.

The distribution per share class is given in the Distribution Tables on page 55.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/17	01/01/18 to 31/12/18		31/12/18
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	3,067,471	229,566	(467,112)	- 2,829,925
Share Class B - Accumulation	30,093,954	10,497,808	(2,645,001)	- 37,946,761
<b>Total</b>	<b>33,161,425</b>	<b>10,727,374</b>	<b>(3,112,113)</b>	<b>- 40,776,686</b>

as at 31 December 2018

## 12. Capital commitments and contingent liabilities

On 31 December 2018, the Fund had no capital commitments (31/12/17: £nil) and no contingent liabilities (31/12/17: £nil).

## 13. Financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 39. The risks inherent in the sub-fund's investment portfolio are as follows:

The UK Growth Fund utilises CFDs for effective portfolio management (EPM). The benefit of CFDs is that the Fund can gain exposure to price movements in underlying securities by making a margin payment rather than paying the full amount for the investment. This may result in the fund being leveraged beyond the net asset value and hence market movements may have a greater impact on the fund in this scenario. The use of derivatives may lead to an increase in the fund's volatility and may also increase counterparty risk within the fund. The UK Growth Fund restricts its exposure to counterparty risk on derivative instruments by trading via an International Swap Derivative Association (ISDA) Master Agreement with derivative counterparties.

Under CFDs the Fund has long positions with exposure to underlying securities with a total market value of £11,037,551 (31/12/17: £12,061,113). The counterparty is UBS AG. The Fund currently has a cash collateral position of £4,283,618 (31/12/17: £1,175,639) on deposit.

### (a) Currency risk

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

Currency	Currency exposure	Currency exposure
	31/12/18	31/12/17
	£000	£000
Euro	9,259	11,786
Polish zloty	(438)	-
US dollar	8	-
Total	<u>8,829</u>	<u>11,786</u>

### (b) Interest rate risk profile of financial assets and liabilities

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £6,394,717 (31/12/17: holding £5,971,920) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depository.

The Fund holds net cash at futures brokers of £4,283,618 (31/12/17: cash £1,175,639), whose rates are determined by reference to rates supplied by the broker.

### (c) Liquidity risk

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

### (d) Market price risk and fair value of financial assets and liabilities

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

as at 31 December 2018

*(e) Counterparty risk*

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depository receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.

Certain transactions in securities that the sub-funds enter into expose them to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The sub-funds only buy and sell investments and trades CFD's through brokers which have been approved by the ACD as an acceptable counterparty; the broker through which CFD's are transacted requires a cash margin to be maintained with them as collateral for those positions. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' credit ratings are reviewed.

**14. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Equities	69,785	51,445	30,052	62,405
<b>Commissions</b>				
Equities	72	92	(36)	(117)
Collective Investment Schemes	3	-	-	-
<b>Taxes</b>				
Equities	157	160	-	-
Total costs	232	252	(36)	(117)
<b>Total net trades in the year after transaction costs</b>	<b>70,017</b>	<b>51,697</b>	<b>30,016</b>	<b>62,288</b>

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
<b>Commissions</b>				
Equities	0.10	0.18	0.12	0.19
<b>Taxes</b>				
Equities	0.22	0.31	-	-

Total transaction cost expressed as a percentage of average net asset value.

	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
Commissions	0.06	0.14
Taxes	0.08	0.10
Total costs	0.14	0.24

Average portfolio dealing spread.

The average portfolio dealing spread at the balance sheet date was 1.01% (31/12/2017: 0.41%).

as at 31 December 2018

## 15. Fair value

Valuation technique	31/12/18		31/12/17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	169,433	-	163,715	-
Level 2	79	(1,885)	1,463	(505)
Level 3	-	-	-	-
Total fair value	169,512	(1,885)	165,178	(505)

Level 1: The unadjusted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.



## UK Growth Fund

### Distribution Tables

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for the year ended 31 December 2018

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased on or between 1 January 2018 and 31 December 2018

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
Group 1 Final	(p) 0.7231	(p) -	(p) 0.7231	(p) 1.3028
Group 2 Final	(p) -	(p) 0.7231	(p) 0.7231	(p) 1.3028

#### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
Group 1 Final	(p) 4.7177	(p) -	(p) 4.7177	(p) 4.9765
Group 2 Final	(p) 1.5749	(p) 3.1428	(p) 4.7177	(p) 4.9765

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

#### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, is received as franked investment income.

Final - 0.00% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

# UK Opportunities Fund

## Authorised Fund Manager's Report

for the year ended 31 December 2018

### Investment Objective and Policy

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 (or any successor index).

The Fund will seek to invest in the full range of opportunities available to it, which will include shares on the Alternative Investment Market. The Fund also will seek to generate returns regardless of market capitalisation.

The Fund will invest principally in securities of UK companies listed on the London Stock Exchange. From time to time, when particular opportunities are identified, or the ACD considers it appropriate, this Fund may invest in other permitted transferable securities.

### Synthetic Risk and Reward Indicator

Typically lower rewards, lower risks ←				Typically higher rewards, higher risks →		
1	2	3	4	5	6	7

This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- Currency movements may cause the value of your investment to fall as well as rise.
- The Fund uses Contracts for Difference (CFDs) for efficient portfolio management (EPM) purposes. This may create gearing and could lead to greater fluctuations in the Net Asset Value of the Fund. Full details on EPM can be found in Appendix A of the Prospectus.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.
- The Fund is exposed to credit and settlement risk through its dealings with Counter Parties. If a Counter Party business fails, the Fund may incur losses.

### Investment Review

Performance	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %	31/12/17 to 31/12/18 %
UK Opportunities Fund	(2.6)	18.5	7.8	13.7	(12.4)

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2018.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

**Market Review**

The year began positively with global equity markets buoyed by positive economic data and rising earnings forecasts. Brexit, however, continued to overshadow the UK market. This trend continued through the first half of the year as robust economic growth in the US allied to a resilient European economy offset a slowdown in emerging markets. Investor sentiment, however, deteriorated through the second half of the year. European economic data weakened, political risks resurfaced, and hopes of a Brexit solution were dashed. The portfolio is very different from the market and will therefore at times deviate from it.

The fund returned -12.4% versus the FTSE All-Share that returned -9.5% and the average fund that returned -11.1%. Over three, five and ten years the fund has returned +7.4%, +23.9%, and +335.8% versus the FTSE All-Share which has returned 19.5%, 22.1%, and 138.4%.

Despite the deterioration in investor sentiment and market pullback, we continue to believe that the significant imbalances in the real economy or financial sector that typically emerge at the end of the cycle are not currently apparent. Demand in most parts of the world, particularly in the US, remains robust, although the US will slow this year. China is also slowing, but we believe that its government still has levers at its disposal. Globally, the fall in the oil price and in the US Dollar will stimulate, and central banks will adjust policy accordingly. In the UK, the weaker pound boosts exporters and will in time encourage international investors and corporate takeovers. Brexit uncertainty remains but the UK economy is resilient and UK stocks are already trading at a sizeable discount to their international peers.

**Portfolio Review**

At a stock level, Creo Medical, a medtech device company was the largest positive contributor to fund performance. The company has developed pioneering equipment for use in the emerging field of surgical endoscopy. The company's tools offer the potential to dramatically improve patient pathways for many serious conditions. The fund also benefited from a pick-up in M&A activity with Faroe Petroleum, GKN and Fenner being acquired at significant premiums to their undisturbed shares prices. If share prices remain subdued we would expect to see further acquisition activity. BP and Glaxosmithkline performed well as operational performance at both businesses improved. Our low-cost airlines, Ryanair and Wizz Air, have underperformed as fears over the impact of rising fuel prices, market overcapacity, and (in Ryanair's case specifically) industrial action increased. Our view is that in the long-run the oil price move is beneficial for Ryanair and Wizz Air. Weaker competitors, such as Norwegian, do not have the same ability to hedge fuel costs and indeed are now often having to pay cash on delivery. We still believe that the European airline industry is on a long-term consolidation path, that Ryanair and Wizz Air are the cost-leaders, and that both stocks offer significant long-term upside. Auto-exposed stocks such as Melrose and TI Fluid Systems have fallen markedly in the past couple of months.

**Outlook**

The pullback in stock markets has been indiscriminate but this can afford opportunities to buy stocks at a significant discount to their intrinsic value. We remain constructive on equities and have used the pullback as an opportunity to add to some of our highest conviction holdings. We believe the portfolio offers a very attractive risk vs reward profile at current levels although volatility may remain elevated as investors seek to discern the strength of the global economy.

SVM Asset Management Limited

January 2019

Past performance is not a guide to future performance. The value of shares and the income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.

# UK Opportunities Fund

## Portfolio Statement

as at 31 December 2018

	Holdings	Market Value £000	Total Net Assets %
<b>UNITED KINGDOM (78.21%*)</b>		<b>105,973</b>	<b>65.29</b>
<b>BASIC MATERIALS (4.40%*)</b>		<b>5,204</b>	<b>3.21</b>
Synthomer	1,455,997	5,204	3.21
<b>CONSUMER GOODS (4.39%*)</b>		<b>6,883</b>	<b>4.24</b>
Team17	1,428,383	2,714	1.67
TI Fluid Systems	1,950,000	3,260	2.01
Venture Life	2,114,000	909	0.56
<b>CONSUMER SERVICES (6.71%*)</b>		<b>8,390</b>	<b>5.17</b>
Arena Events	2,318,000	1,321	0.81
Hollywood Bowl	729,550	1,598	0.99
Informa	768,252	4,826	2.97
Marshall Motor	423,994	645	0.40
<b>FINANCIALS (15.13%*)</b>		<b>20,570</b>	<b>12.67</b>
Aquis Exchange	320,921	1,797	1.11
Arden Partners	812,500	228	0.14
Arix Bioscience	912,383	1,505	0.93
Charter Court Financial Services	968,669	2,412	1.48
John Laing	598,268	1,990	1.23
Lloyds Banking	10,230,000	5,278	3.25
Prudential	525,000	7,360	4.53
<b>FIXED INCOME (6.15%*)</b>		-	-
<b>HEALTH CARE (0.42%*)</b>		<b>3,594</b>	<b>2.21</b>
Creo Medical	1,852,683	3,594	2.21
<b>INDUSTRIALS (28.23%*)</b>		<b>41,606</b>	<b>25.64</b>
Alpha Financial Markets Consulting	2,453,491	5,398	3.33
Balfour Beatty	1,240,000	3,078	1.90
Biffa	1,710,554	3,363	2.07
Bodycote	360,000	2,605	1.61
Essentra	1,241,683	4,259	2.62
Forterra	2,538,373	5,686	3.50
John Menzies	806,554	4,113	2.54
Melrose Industries	4,135,432	6,703	4.13
Norcros	3,299,710	6,401	3.94
<b>NON-EQUITY INVESTMENT INSTRUMENT (0.00%)</b>		-	-
Savannah Petroleum Warrants 09/02/2019	1,278,500	-	-
<b>OIL &amp; GAS (4.17%*)</b>		<b>19,726</b>	<b>12.15</b>
BP	1,760,000	8,775	5.40
Energean Oil & Gas	377,574	2,341	1.44
Faroe Petroleum	3,318,694	4,865	3.00
Hurricane Energy	1,902,102	831	0.51
Jersey Oil & Gas	730,454	1,169	0.72
Pantheon Resources	899,497	141	0.09
Savannah Petroleum	5,942,000	1,604	0.99
<b>TECHNOLOGY (1.92%*)</b>		-	-
<b>TELECOMMUNICATION (3.85%*)</b>		-	-
<b>UTILITIES (2.84%*)</b>		-	-

# UK Opportunities Fund

## Portfolio Statement

(continued)

as at 31 December 2018

	Holdings	Market Value £000	Total Net Assets %
<b>AUSTRALIA (0.00%*)</b>		<b>205</b>	<b>0.13</b>
Harvest Minerals	2,162,162	205	0.13
<b>CANADA (0.00%*)</b>		<b>1,982</b>	<b>1.22</b>
Jadestone Energy	5,828,735	1,982	1.22
<b>IRELAND (4.53%*)</b>		<b>14,711</b>	<b>9.07</b>
DCC	124,705	7,401	4.56
Ryanair	755,000	7,310	4.51
<b>ISLE OF MAN (0.00%*)</b>		<b>5,926</b>	<b>3.65</b>
GVC	850,000	5,682	3.50
Petro Matad	10,849,614	244	0.15
<b>SINGAPORE (0.63%*)</b>		<b>474</b>	<b>0.29</b>
Simec Atlantis Energy	2,059,931	474	0.29
<b>DERIVATIVES (1.83%*)</b>		<b>(5,907)</b>	<b>(3.64)</b>
<b>CONTRACTS FOR DIFFERENCE</b>			
Ashtead Group - CFD	92,500	(421)	(0.26)
Barclays - CFD	1,047,500	(548)	(0.34)
Bca Marketplace - CFD†	200,000	(11)	(0.01)
Berkeley - CFD†	65,000	(85)	(0.05)
Boohoo.Com - CFD†	400,000	(21)	(0.01)
Colruyt - CFD†	46,000	(643)	(0.40)
Elis - CFD†	30,000	73	0.04
Grenkeleasing - CFD†	24,000	201	0.13
Halma - CFD†	175,000	(441)	(0.27)
Hikma Pharmaceuticals - CFD†	20,000	(8)	-
Howden Joinery - CFD†	400,000	27	0.02
Iwg - CFD	1,016,000	(478)	(0.29)
Jd Sports Fashion - CFD	650,000	80	0.05
Just Retirement - CFD	1,150,000	(547)	(0.34)
Legal & General - CFD	1,560,000	(501)	(0.31)
Lookers - CFD	975,000	(169)	(0.10)
Newriver Reit - CFD†	300,000	313	0.19
Rpc - CFD	547,889	(923)	(0.57)
Sdl - CFD	694,867	68	0.04
Spirax Sarco Engineering - CFD†	32,786	(203)	(0.13)
Tesco - CFD	3,140,000	(1,179)	(0.73)
Wizz Air - CFD	204,400	(491)	(0.30)
<b>Portfolio of investments<sup>^</sup></b>		<b>123,364</b>	<b>76.01</b>
<b>Net other assets (14.80%*)</b>		<b>38,935</b>	<b>23.99</b>
<b>Total net assets</b>		<b>162,299</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.  
Derivatives can be exchange traded or Over the Counter (OTC) contracts.

\* Comparative figures shown in brackets relate to 31 December 2017.

† Short positions

<sup>^</sup> Including investment liabilities of £6,668,831.

## UK Opportunities Fund

### Material Portfolio Changes

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for the year ended 31 December 2018

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
BP	10,160	United Kingdom Treasury Bill 0% 11/06/2018	9,993
DCC	9,372	GlaxoSmithKline	7,455
GVC	7,998	Gamma Communications	5,148
GlaxoSmithKline	7,419	Avast	5,065
Avast	5,223	ContourGlobal	4,010
Essentra	3,799	Fenner	3,933
Ryanair	2,829	Bodycote	3,728
Bodycote	2,775	BT	3,450
Team17	2,400	Arrow Global	3,334
Greencore	2,296	Greencore	3,130

# UK Opportunities Fund

## Comparative table

as at 31 December 2018

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	514.95	453.07	420.33
Return before operating charges*	(57.80)	70.75	40.22
Operating charges	(9.21)	(8.87)	(7.48)
Return after operating charges*	(67.01)	61.88	32.74
Distributions on accumulation shares	(2.52)	(4.65)	(3.44)
Retained distributions on accumulation shares	2.52	4.65	3.44
Closing net asset value per share	447.94	514.95	453.07
*after direct transaction costs of:	1.44	1.57	0.91
<b>Performance</b>			
Return after charges	(13.01%)	13.66%	7.79%
<b>Other information</b>			
Closing net asset value (£'000)	26,158	31,745	29,849
Closing number of shares	5,839,768	6,164,727	6,588,159
Operating charges (ongoing charges figure)	1.78%	1.82%	1.79%
Direct transaction costs	0.28%	0.32%	0.22%
<b>Prices</b>			
Highest share price	562.90	517.80	454.80
Lowest share price	444.60	452.60	373.60
Price at year end	451.30	517.20	454.80

# UK Opportunities Fund

## Comparative table

(continued)

as at 31 December 2018

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	578.38	505.15	464.71
Return before operating charges*	(64.85)	79.05	45.25
Operating charges	(5.98)	(5.82)	(4.81)
Return after operating charges*	(70.83)	73.23	40.44
Distributions on accumulation shares	(7.24)	(9.26)	(7.34)
Retained distributions on accumulation shares	7.24	9.26	7.34
Closing net asset value per share	507.55	578.38	505.15
*after direct transaction costs of:	1.62	1.76	1.01
<b>Performance</b>			
Return after charges	(12.24%)	14.50%	8.70%
<b>Other information</b>			
Closing net asset value (£'000)	136,141	130,442	115,157
Closing number of shares	26,823,062	22,552,936	22,796,479
Operating charges (ongoing charges figure)	1.03%	1.07%	1.04%
Direct transaction costs	0.28%	0.32%	0.22%
<b>Prices</b>			
Highest share price	632.60	579.30	505.60
Lowest share price	501.70	503.40	412.60
Price at year end	509.30	579.30	505.60



## UK Opportunities Fund

### Statement of Total Return

for the year ended 31 December 2018

	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(25,096)		18,208
Revenue	3	4,761		5,113	
Expenses	4	(2,011)		(1,858)	
Interest payable and similar charges		<u>(863)</u>		<u>(860)</u>	
Net revenue before taxation		1,887		2,395	
Taxation	5	<u>(8)</u>		<u>(2)</u>	
Net revenue after taxation			<u>1,879</u>		<u>2,393</u>
<b>Total return before distribution</b>			<b>(23,217)</b>		<b>20,601</b>
Distribution	6		<u>(1,879)</u>		<u>(2,393)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<b><u>(25,096)</u></b>		<b><u>18,208</u></b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	Year Ended 31 December 2018		Year Ended 31 December 2017	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>162,187</b>		<b>145,006</b>
Amounts receivable on creation of shares	36,522		8,416	
Less: Amounts payable on cancellation of shares	<u>(13,403)</u>		<u>(11,819)</u>	
		23,119		(3,403)
Change in net assets attributable to shareholders from investment activities		(25,096)		18,208
Retained distribution on accumulation shares		<u>2,089</u>		<u>2,376</u>
<b>Closing net assets attributable to shareholders</b>		<b><u>162,299</u></b>		<b><u>162,187</u></b>

*Notes to the Financial Statements are on pages 65 to 70.*

# UK Opportunities Fund

## Balance Sheet

as at 31 December 2018

	Notes	31/12/18 £000	31/12/17 £000
<b>Fixed Assets</b>			
Investments		<u>130,033</u>	<u>140,444</u>
<b>Current assets:</b>			
Debtors	7	426	402
Cash and bank balances	8	<u>39,511</u>	<u>24,189</u>
<b>Total assets</b>		<u><b>169,970</b></u>	<u><b>165,035</b></u>
<b>Liabilities:</b>			
Investment liabilities		<u>(6,669)</u>	<u>(2,257)</u>
<b>Creditors:</b>			
Bank overdrafts		(755)	(415)
Other creditors	9	<u>(247)</u>	<u>(176)</u>
<b>Total other liabilities</b>		<u><b>(1,002)</b></u>	<u><b>(591)</b></u>
<b>Total liabilities</b>		<u><b>(7,671)</b></u>	<u><b>(2,848)</b></u>
<b>Net assets attributable to shareholders</b>		<u><b>162,299</b></u>	<u><b>162,187</b></u>

*Notes to the Financial Statements are on pages 65 to 70.*

# UK Opportunities Fund

## Notes to the Financial Statements

as at 31 December 2018

### 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/01/18 to 31/12/18	01/01/17 to 31/12/17
	£000	£000
Non-derivative securities	(19,623)	18,918
Derivative contracts	(5,825)	(140)
Forward foreign exchange currency contracts	8	-
Currency gains/(losses)	336	(552)
Handling charges	8	(18)
<b>Net capital (losses)/gains</b>	<b>(25,096)</b>	<b>18,208</b>

### 3. Revenue

	01/01/18 to 31/12/18	01/01/17 to 31/12/17
	£000	£000
UK dividends	3,249	2,829
Overseas non-taxable revenue	442	113
Bank interest	7	1
Interest on debt securities	12	(4)
Revenue from CFDs	1,051	2,174
<b>Total revenue</b>	<b>4,761</b>	<b>5,113</b>

### 4. Expenses

	01/01/18 to 31/12/18	01/01/17 to 31/12/17
	£000	£000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	1,537	1,386
Registration fees	322	245
	<b>1,859</b>	<b>1,631</b>

#### **Payable to the Depositary, associates of the Depositary, and agents of either of them:**

Depositary's fees	57	52
Safe custody fees	2	2
	<b>59</b>	<b>54</b>

#### **Other expenses:**

Administration fee	40	39
Audit fee	9	8
Printing, publishing and postage fees	1	1
Other expenses	43	125
	<b>93</b>	<b>173</b>
	<b>2,011</b>	<b>1,858</b>

as at 31 December 2018

**5. Taxation**

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	8	2
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:		
Net revenue before taxation	1,887	2,395
Corporation tax of 20% (2017: 20%)	377	479
<b>Effects of:</b>		
UK dividends*	(650)	(566)
Overseas non-taxable revenue*	(88)	(23)
Movement in excess management expenses	361	110
Irrecoverable overseas tax	8	2
Current tax charge for year (note 5a)	8	2

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,553,600 (31/12/17: £2,192,772) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Final	2,089	2,376
Add: Revenue deducted on cancellation of shares	139	96
Deduct: Revenue received on creation of shares	(349)	(79)
Net distribution for the year	1,879	2,393

Details of the distribution per share is set out in the Distribution Tables on page 71.

**7. Debtors**

	31/12/18 £000	31/12/17 £000
Amounts receivable for issue of shares	189	68
Accrued revenue	236	333
Overseas tax recoverable	1	1
Total debtors	426	402

**8. Cash and bank balances**

	31/12/18 £000	31/12/17 £000
Cash and bank balances	24,557	11,108
Amounts held at futures clearing houses and brokers	14,954	13,081
Total cash and bank balances	39,511	24,189

as at 31 December 2018

**9. Creditors**

	31/12/18	31/12/17
	£000	£000
Amounts payable for cancellation of shares	40	13
Accrued ACD's periodic charge*	123	113
Accrued depositary fee	5	4
Accrued other expenses	79	46
Total creditors	<u>247</u>	<u>176</u>

\*This is a related party (see note 10).

**10. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £149,299 (31/12/17: £54,467) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to the ACD, or its associates are shown in note 4. Amounts due to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees and ACD rebates are disclosed in note 4, with £123,166 (31/12/17: £113,388) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £4,715 (31/12/17: £4,246) due at the year end.

**11. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation	1.50
Share Class B - Accumulation	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 61 to 62.

The distribution per share class is given in the Distribution Tables on page 71.

All share classes have the same rights on winding up.

Reconciliation of the share movement in the year:

	31/12/17	01/01/18 to 31/12/18		31/12/18
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	6,164,727	308,750	(633,709)	-
Share Class B - Accumulation	22,552,936	6,202,362	(1,932,236)	-
Total	<u>28,717,663</u>	<u>6,511,112</u>	<u>(2,565,945)</u>	<u>-</u>
				<u>32,662,830</u>

**12. Capital commitments and contingent liabilities**

On 31 December 2018, the Fund had no capital commitments (31/12/17: £nil) and no contingent liabilities (31/12/17: £nil).

as at 31 December 2018

**13. Financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 56. The risks inherent in the sub-fund's investment portfolio are as follows:

The UK Opportunities Fund utilises CFDs for effective portfolio management (EPM). The benefit of CFDs is that the Fund can gain exposure to price movements in underlying securities by making a margin payment rather than paying the full amount for the investment. This may result in the fund being leveraged beyond the net asset value and hence market movements may have a greater impact on the fund in this scenario. The use of derivatives may lead to an increase in the fund's volatility and may also increase counterparty risk within the fund. The UK Opportunities Fund restricts its exposure to counterparty risk on derivative instruments by trading via an International Swap Derivative Association (ISDA) Master Agreement with derivative counterparties.

Under CFDs the Fund has long positions with exposure to underlying securities with a total market value of £31,551,442 (31/12/17: £67,414,333) and short positions with an exposure to underlying securities with a total market value of £15,037,278 (31/12/17: £12,600,263). The counterparty is UBS AG. The Fund currently has a cash collateral position of £14,199,309 (31/12/17: £13,081,089) on deposit.

*(a) Currency risk*

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

	Currency exposure 31/12/18	Currency exposure 31/12/17
Currency	£000	£000
Danish krone	1,191	1,189
Euro	6,186	6,978
Swiss franc	233	238
US dollar	6,111	5,680
Total	<u>13,721</u>	<u>14,085</u>

The possible effects on fair value and cash flows that could arise as a result of changes in currencies are taken into account when making investment decisions.

*(b) Interest rate risk profile of financial assets and liabilities*

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £24,556,472 (31/12/17: holding £10,693,299) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund holds net cash at futures brokers of £14,199,305 (31/12/17: cash £13,081,089), whose rates are determined by reference to rates supplied by the broker.

*(c) Liquidity risk*

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

as at 31 December 2018

*(d) Market price risk and fair value of financial assets and liabilities*

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

*(e) Counterparty risk*

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depository receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.

Certain transactions in securities that the sub-funds enter into expose them to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its responsibilities. The sub-funds only buy and sell investments and trades CFD's through brokers which have been approved by the ACD as an acceptable counterparty; the broker through which CFD's are transacted requires a cash margin to be maintained with them as collateral for those positions. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' credit ratings are reviewed.

**14. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Equities	89,951	77,730	66,777	64,284
Bonds	-	29,977	9,998	45,000
Trades in the year before transaction costs	89,951	107,707	76,775	109,284
<b>Commissions</b>				
Equities	53	91	(72)	(129)
Bonds	-	15	(5)	-
Total commissions	53	106	(77)	(129)
<b>Taxes</b>				
Equities	352	262	-	-
Bonds	-	-	-	-
Total taxes	352	262	-	-
Total costs	405	368	(77)	(129)
<b>Total net trades in the year after transaction costs</b>	<b>90,356</b>	<b>108,075</b>	<b>76,698</b>	<b>109,155</b>

as at 31 December 2018

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
<b>Commissions</b>				
Equities	0.06	0.12	0.11	0.20
Bonds	-	0.05	0.05	-
<b>Taxes</b>				
Equities	0.39	0.34	-	-
Bonds	-	-	-	-

Total transaction cost expressed as a percentage of average net asset value.

	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
Commissions	0.07	0.15
Taxes	0.21	0.17
<b>Total costs</b>	<b>0.28</b>	<b>0.32</b>

Average portfolio dealing spread.

The average portfolio dealing spread at the balance sheet date was 1.09% (31/12/2017: 0.50%).

**15. Fair value**

Valuation technique	31/12/18		31/12/17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	129,271	-	135,223	-
Level 2	762	(6,669)	5,221	(2,257)
Level 3	-	-	-	-
<b>Total fair value</b>	<b>130,033</b>	<b>(6,669)</b>	<b>140,444</b>	<b>(2,257)</b>

Level 1: The unadjusted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.



# UK Opportunities Fund

## Distribution Tables

for the year ended 31 December 2018

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased on or between 1 January 2018 and 31 December 2018

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
Group 1 Final	(p) 2.5159	(p) -	(p) 2.5159	(p) 4.6545
Group 2 Final	(p) 0.7097	(p) 1.8062	(p) 2.5159	(p) 4.6545

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
Group 1 Final	(p) 7.2411	(p) -	(p) 7.2411	(p) 9.2606
Group 2 Final	(p) 2.1134	(p) 5.1277	(p) 7.2411	(p) 9.2606

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, is received as franked investment income.

Final - 0.00% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

# World Equity Fund

## Authorised Fund Manager's Report

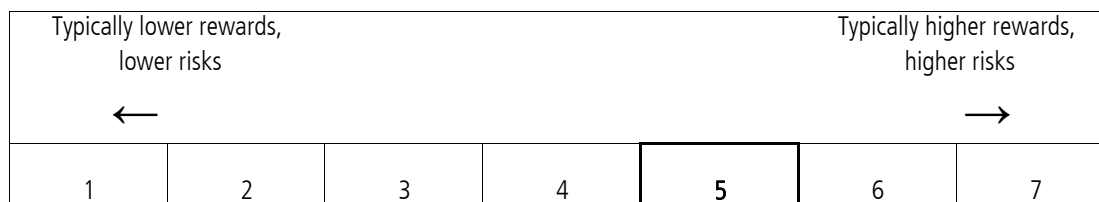
for the year ended 31 December 2018

### Investment Objective and Policy

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 its peers in the IA Global Growth Sector.

The Fund will invest in a portfolio of global equities and other equity related instruments such as Exchange Traded Funds.

### Synthetic Risk and Reward Indicator



This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

### The following risks are relevant for this Fund:

- The Fund should generally be regarded as a longer term investment. The price of shares in the Fund can go down as well as up and is not guaranteed.
- Currency movements may cause the value of your investment to fall as well as rise.
- The Fund is exposed to currency risk. The Fund may use currency management techniques, including hedging and entering into derivative contracts, for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus.
- Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio.
- The Fund is exposed to credit and settlement risk through its dealings with Counter Parties. If a Counter Party business fails, the Fund may incur losses.
- The Fund may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus.

### Investment Review

Performance	31/12/13 to 31/12/14 %	31/12/14 to 31/12/15 %	31/12/15 to 31/12/16 %	31/12/16 to 31/12/17 %	31/12/17 to 31/12/18 %
World Equity Fund	5.1	7.3	21.1	12.0	(13.6)

Source: Lipper Hindsight, mid to mid, UK net to 31 December 2018.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

**Market Review**

The year began positively with global equity markets buoyed by positive economic data and rising earnings forecasts. Brexit, however, continued to overshadow the UK market. This trend continued through the first half of the year as robust economic growth in the US allied to a resilient European economy offset a slowdown in emerging markets. Investor sentiment, however, deteriorated through the second half of the year. European economic data weakened, political risks resurfaced, and hopes of a Brexit solution were dashed. The portfolio is very different from the market and will therefore at times deviate from it. The fund returned -13.6% versus the average fund that returned -6.0%.

Despite the deterioration in investor sentiment and market pullback, we continue to believe that the significant imbalances in the real economy or financial sector that typically emerge at the end of the cycle are not currently apparent. Demand in most parts of the world, particularly in the US, remains robust, although the US will slow this year. China is also slowing, but we believe that its government still has levers at its disposal. Globally, the fall in the oil price and in the US Dollar will stimulate, and central banks will adjust policy accordingly. In the UK, the weaker pound boosts exporters and will in time encourage international investors and corporate takeovers. Brexit uncertainty remains but the UK economy is resilient and UK stocks are already trading at a sizeable discount to their international peers.

**Portfolio Review**

International payments company, Visa, was the largest contributor to performance. The shares gained as results came in ahead of expectations and the investors sought exposure to the longer-term growth of digital payments. Microsoft was another significant contributor to fund performance. The shares rose as the company continued to benefit from the operational leverage in its hosting business alongside strong trading at its other businesses. Luxfer gained as the operational improvement plan put in place by its new management team began to deliver.

Our low-cost airlines, Ryanair and Wizz Air, have underperformed as fears over the impact of rising fuel prices, market overcapacity, and (in Ryanair's case specifically) industrial action increased. Our view is that in the long-run the oil price move is beneficial for Ryanair and Wizz Air. Weaker competitors, such as Norwegian, do not have the same ability to hedge fuel costs and indeed are now often having to pay cash on delivery. We still believe that the European airline industry is on a long-term consolidation path, that Ryanair and Wizz Air are the cost-leaders, and that both stocks offer significant long-term upside. Auto-exposed stocks such as Melrose and TI Fluid Systems have fallen markedly in the past couple of months. The impact on the portfolio from the decline in the auto stocks was compounded by a savage derating of many cyclical stocks such as Denka, Ashtead and Synthomer. Each of these businesses is cyclical but have strong balance sheets and excellent market positions. Nonetheless, it would be naïve to not expect some downgrades to forecasts for some of the stocks most exposed to the economic cycle as purchasing managers defer orders but not to the extent to which the share prices have fallen. We believe that once the market works its way through these downgrades, stocks are well placed to recover. Political risks will remain but the economic backdrop will be very similar to what we have seen over the last 4-5 years with a series of short mini-cycles. Investors need to internalise this and not be thrown off course by the volatility in the stock market.

**Outlook**

The pullback in stock markets has been indiscriminate but this can afford opportunities to buy stocks at a significant discount to their intrinsic value. We remain constructive on equities and have used the pullback as an opportunity to add to some of our highest conviction holdings. We believe the portfolio offers a very attractive risk vs reward profile at current levels although volatility may remain elevated as investors seek to discern the strength of the global economy.

SVM Asset Management Limited

January 2019

Past performance is not a guide to future performance. The value of shares and the income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.

# World Equity Fund

## Portfolio Statement

as at 31 December 2018

	Holdings	Market Value £000	Total Net Assets %
<b>UNITED KINGDOM (27.79%*)</b>		<b>7,082</b>	<b>35.15</b>
Alpha Financial Markets Consulting	303,528	668	3.32
Arix Bioscience	166,900	275	1.37
Ashtead	20,500	335	1.66
Creo Medical	50,000	97	0.48
Essentra	135,000	463	2.30
Faroe Petroleum	200,000	293	1.45
Forterra	153,501	344	1.71
Luxfer	101,700	1,356	6.73
Melrose Industries	240,000	389	1.93
Prudential	52,600	738	3.66
RPC	66,567	430	2.13
Synthomer	213,162	762	3.78
Team17	193,340	367	1.82
TI Fluid Systems	338,000	565	2.81
<b>AUSTRALIA (0.43%*)</b>		<b>33</b>	<b>0.16</b>
Bionomics	592,337	33	0.16
<b>CANADA (0.00%*)</b>		<b>860</b>	<b>4.27</b>
Canadian Pacific Railway	4,380	607	3.01
Jadestone Energy	744,500	253	1.26
<b>CAYMAN ISLANDS (1.22%*)</b>		<b>392</b>	<b>1.95</b>
JHL Biotech	250,000	392	1.95
<b>GERMANY (0.00%*)</b>		<b>232</b>	<b>1.15</b>
Covestro	6,000	232	1.15
<b>HONG KONG (5.67%*)</b>		<b>1,302</b>	<b>6.46</b>
AIA	200,240	1,302	6.46
<b>INDONESIA (1.22%*)</b>		<b>332</b>	<b>1.65</b>
Link Net	1,250,000	332	1.65
<b>IRELAND (1.76%*)</b>		<b>678</b>	<b>3.37</b>
Ryanair	70,100	678	3.37
<b>ISLE OF MAN (2.72%*)</b>		<b>615</b>	<b>3.05</b>
GVC	92,000	615	3.05
<b>JAPAN (16.17%*)</b>		<b>1,770</b>	<b>8.79</b>
Denka	26,300	581	2.88
Hitachi	39,190	819	4.07
Tosoh	36,350	370	1.84
<b>JERSEY (3.58%*)</b>		<b>858</b>	<b>4.26</b>
Wizz Air	30,680	858	4.26
<b>SOUTH KOREA (4.33%*)</b>		<b>707</b>	<b>3.51</b>
SK Hynix	16,660	707	3.51
<b>SWITZERLAND (0.00%*)</b>		<b>331</b>	<b>1.64</b>
IWG	160,000	331	1.64
<b>UNITED STATES (30.35%*)</b>		<b>4,864</b>	<b>24.14</b>
Allergan	5,803	604	3.00
Alphabet	2,054	1,684	8.36
Delta Air Lines	25,230	991	4.92
Microsoft	20,160	1,585	7.86

# World Equity Fund

## Portfolio Statement

(continued)

as at 31 December 2018

	Market Value £000	Total Net Assets %
<b>DERIVATIVES (0.09%*)</b>	<b>(86)</b>	<b>(0.42)</b>
<b>CROSS CURRENCY FORWARDS**</b>		
Bought USD5,500,000 for JPY613,085,000 Settlement 20/03/2019	(86)	(0.42)
<b>Portfolio of investments^</b>	<b>19,970</b>	<b>99.13</b>
<b>Net other assets (4.85%*)</b>	<b>176</b>	<b>0.87</b>
<b>Total net assets</b>	<b>20,146</b>	<b>100.00</b>

All investments held are listed on Regulated Exchanges, unless otherwise stated.

\* Comparative figures shown in brackets relate to 31 December 2017.

\*\* Cross Currency foreign exchange contracts are not listed.

^ Including investment liabilities of £85,741.

	Total Net Assets %	Total Net Assets %
	31/12/18	31/12/17
<b>SECTOR ANALYSIS</b>		
Basic Materials	9.6	8.8
Consumer Goods	4.6	4.0
Consumer Services	15.6	12.0
Financials	11.5	18.3
Health Care	5.6	3.7
Industrials	28.5	20.3
Oil & Gas	2.7	1.9
Technology	21.4	26.2
Derivatives	(0.4)	(0.1)
<b>Net other assets (4.85%*)</b>	<b>0.9</b>	<b>4.9</b>
<b>Total net assets</b>	<b>100.0</b>	<b>100.0</b>

## World Equity Fund

### Material Portfolio Changes

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for the year ended 31 December 2018

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Microsoft	1,730	Visa	2,164
Ashtead	1,270	Microsoft	1,795
Applied Materials	1,146	RPC	1,222
Prudential	1,090	Applied Materials	1,084
Avast	856	Oracle	964
Canadian Pacific Railway	789	Lloyds Banking	839
IWG	759	Avast	830
Alpha Financial Markets Consulting	727	Facebook	815
Essentra	612	Hess	798
Ryanair	576	Ashtead	750

# World Equity Fund

## Comparative table

as at 31 December 2018

### Net Asset Value and Ongoing Charges Figure

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	299.92	267.97	221.69
Return before operating charges*	(35.17)	37.66	50.72
Operating charges	(5.88)	(5.71)	(4.44)
Return after operating charges*	(41.05)	31.95	46.28
Distributions on accumulation shares	-	-	-
Retained distributions on accumulation shares	-	-	-
Closing net asset value per share	258.87	299.92	267.97
*after direct transaction costs of:	0.62	0.63	0.64
<b>Performance</b>			
Return after charges	(13.69%)	11.92%	20.88%
<b>Other information</b>			
Closing net asset value (£'000)	1,980	2,482	2,584
Closing number of shares	764,717	827,487	964,509
Operating charges (ongoing charges figure)	1.98%	1.98%	1.96%
Direct transaction costs	0.21%	0.22%	0.28%
<b>Prices</b>			
Highest share price	323.20	304.50	271.60
Lowest share price	257.30	267.20	193.90
Price at year end	260.30	301.10	268.90

# World Equity Fund

## Comparative table

(continued)

as at 31 December 2018

	Final 31/12/18 (p)	Final 31/12/17 (p)	Final 31/12/16 (p)
<b>Share Class B - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	329.06	291.75	239.06
Return before operating charges*	(38.74)	41.19	55.69
Operating charges	(4.02)	(3.88)	(3.00)
Return after operating charges*	(42.76)	37.31	52.69
Distributions on accumulation shares	(1.47)	(1.42)	(1.64)
Retained distributions on accumulation shares	1.47	1.42	1.64
Closing net asset value per share	286.30	329.06	291.75
*after direct transaction costs of:	0.68	0.69	0.70
<b>Performance</b>			
Return after charges	(12.99%)	12.79%	22.04%
<b>Other information</b>			
Closing net asset value (£'000)	18,166	28,142	27,511
Closing number of shares	6,345,390	8,552,324	9,429,482
Operating charges (ongoing charges figure)	1.23%	1.23%	1.21%
Direct transaction costs	0.21%	0.22%	0.28%
<b>Prices</b>			
Highest share price	355.20	332.70	294.80
Lowest share price	283.50	290.70	209.20
Price at year end	286.90	329.40	291.90



## World Equity Fund

### Statement of Total Return

for the year ended 31 December 2018

	Notes	Year Ended 31 December 2018		Year Ended 31 December 2017	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(3,329)		3,490
Revenue	3	511		539	
Expenses	4	(370)		(389)	
Interest payable and similar charges		(1)		(1)	
Net revenue before taxation		140		149	
Taxation	5	(27)		(31)	
Net revenue after taxation			113		118
<b>Total return before distribution</b>			<b>(3,216)</b>		<b>3,608</b>
Distribution	6		(120)		(125)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(3,336)</b>		<b>3,483</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2018

	Year Ended 31 December 2018		Year Ended 31 December 2017	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>30,624</b>		<b>30,095</b>
Amounts receivable on creation of shares	750		1,078	
Less: Amounts payable on cancellation of shares	(7,985)		(4,154)	
		(7,235)		(3,076)
Change in net assets attributable to shareholders from investment activities		(3,336)		3,483
Retained distribution on accumulation shares		93		122
<b>Closing net assets attributable to shareholders</b>		<b>20,146</b>		<b>30,624</b>

*Notes to the Financial Statements are on pages 81 to 86.*

# World Equity Fund

## Balance Sheet

as at 31 December 2018

	Notes	31/12/18 £000	31/12/17 £000
<b>Fixed Assets</b>			
Investments		<u>20,056</u>	<u>29,171</u>
<b>Current assets:</b>			
Debtors	8	13	22
Cash and bank balances		<u>284</u>	<u>1,569</u>
<b>Total assets</b>		<u><b>20,353</b></u>	<u><b>30,762</b></u>
<b>Liabilities:</b>			
Investment liabilities		<u>(86)</u>	<u>(32)</u>
<b>Creditors:</b>			
Other creditors	9	<u>(121)</u>	<u>(106)</u>
<b>Total other liabilities</b>		<u><b>(121)</b></u>	<u><b>(106)</b></u>
<b>Total liabilities</b>		<u><b>(207)</b></u>	<u><b>(138)</b></u>
<b>Net assets attributable to shareholders</b>		<u><u><b>20,146</b></u></u>	<u><u><b>30,624</b></u></u>

*Notes to the Financial Statements are on pages 81 to 86.*

# World Equity Fund

## Notes to the Financial Statements

as at 31 December 2018

### 1. Accounting basis and policies

Please see page 9 for accounting basis and policies.

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Non-derivative securities	(3,244)	4,105
Forward foreign exchange currency contracts	(90)	(410)
Currency losses	(17)	(201)
Handling charges	22	(4)
Net capital (losses)/gains	<u>(3,329)</u>	<u>3,490</u>

### 3. Revenue

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
UK dividends	229	226
Overseas taxable revenue	(1)	4
Overseas non-taxable revenue	278	308
Bank interest	5	1
Total revenue	<u>511</u>	<u>539</u>

### 4. Expenses

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	232	244
Registration fees	67	62
	<u>299</u>	<u>306</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	18	18
Safe custody fees	2	2
	<u>20</u>	<u>20</u>
<b>Other expenses:</b>		
Administration fee	32	32
Audit fee	9	8
Printing, publishing and postage fees	1	1
Other expenses	12	32
	<u>54</u>	<u>73</u>
Expenses rebate*	(3)	(10)
	<u>370</u>	<u>389</u>

\*The ACD has agreed to cap the expenses as described in the ACD's report (see page 3).

as at 31 December 2018

**5. Taxation**

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
<b>(a) Analysis of charge in year:</b>		
Irrecoverable overseas tax	27	31
<b>(b) Factors affecting current tax charge for the year:</b>		
The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2017: 20%). The differences are explained below:		
Net revenue before taxation	140	149
Corporation tax of 20% (2017: 20%)	28	30
<b>Effects of:</b>		
UK dividends*	(46)	(45)
Overseas non-taxable revenue*	(56)	(62)
Movement in excess management expenses	74	77
Irrecoverable overseas tax	27	31
Current tax charge for year (note 5a)	27	31

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £748,448 (31/12/17: £675,022) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Final	93	122
Add: Revenue deducted on cancellation of shares	29	5
Deduct: Revenue received on creation of shares	(2)	(2)
Net distribution for the year	120	125

Details of the distribution per share is set out in the Distribution Tables on page 87.

**7. Movement between net revenue and net distribution**

	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Net revenue after taxation	113	118
Share class A shortfall funded from capital	7	7
Net distribution for the year	120	125

as at 31 December 2018

**8. Debtors**

	31/12/18	31/12/17
	£000	£000
Amounts receivable for issue of shares	2	1
Accrued revenue	7	18
Accrued expenses rebate due from ACD*	4	3
Total debtors	<u>13</u>	<u>22</u>

\*This is a related party (see note 10).

**9. Creditors**

	31/12/18	31/12/17
	£000	£000
Amounts payable for cancellation of shares	57	61
Accrued ACD's periodic charge*	16	20
Accrued depositary fee	2	1
Accrued other expenses	46	24
Total creditors	<u>121</u>	<u>106</u>

\*This is a related party (see note 10).

**10. Related party transactions**

SVM Asset Management Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

The ACD acts as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders, with £55,431 (31/12/17: £59,914) due in respect of share transactions at the year end. Details of the ACD's periodic charge and the expense rebate paid to the ACD, or its associates are shown in note 4. Amounts due to the ACD in respect of these transactions at the year end are included in the Balance Sheet.

Amounts paid to SVM Asset Management Limited in respect of ACD fees and ACD rebates are disclosed in note 4, with £12,160 (31/12/17: £16,773) due at the year end.

Amounts paid to SVM Asset Management Limited in respect of the Depositary are disclosed in note 4, with £1,529 (31/12/17: £1,430) due at the year end.

At the balance sheet date the following shareholders held more than 20% of the shares in the fund:

	31/12/18	31/12/17
The Bank of New York (Nominees) Limited	36.0%	nil%
HSBC Global Custody Nominees (UK) Ltd	nil%	42.7%

**11. Share classes**

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation	1.50
Share Class B - Accumulation	0.75

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 77 to 78.

The distribution per share class is given in the Distribution Tables on page 87.

All share classes have the same rights on winding up.

as at 31 December 2018

Reconciliation of the share movement in the year:

	31/12/17	01/01/18 to 31/12/18		31/12/18
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class A - Accumulation	827,487	12,639	(75,409)	- 764,717
Share Class B - Accumulation	8,552,324	216,807	(2,423,741)	- 6,345,390
Total	9,379,811	229,446	(2,499,150)	- 7,110,107

**12. Capital commitments and contingent liabilities**

On 31 December 2018, the Fund had no capital commitments (31/12/17: £nil) and no contingent liabilities (31/12/17: £nil).

**13. Financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 72. The risks inherent in the sub-fund's investment portfolio are as follows:

*(a) Currency risk*

Foreign currency risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

As at 31 December the sub-fund had the following net currency exposure (excluding sterling):

Currency	Currency exposure 31/12/18 £000	Currency exposure 31/12/17 £000
Australian dollar	33	132
Canadian dollar	1	-
Euro	911	539
Hong Kong dollar	1,302	1,736
Indonesian rupiah	332	376
Japanese yen	(2,607)	895
South Korean won	707	1,328
Taiwanese dollar	392	373
US dollar	11,302	19,820
Total	12,373	25,199

The possible effects on fair value and cash flows that could arise as a result of changes in currencies are taken into account when making investment decisions.

*(b) Interest rate risk profile of financial assets and liabilities*

Interest rate risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in interest rates.

The sub-fund's net cash holding of £284,026 (31/12/17: holding £1,568,880) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

*(c) Liquidity risk*

Liquidity risk is the risk of low market liquidity, through reduced trading volumes, affecting the ability of the sub-fund to trade financial instruments at values previously indicated by financial brokers.

The main liability of each sub-fund is the redemption of any shares that investors wish to sell. Assets of a sub-fund may need to be sold if insufficient cash is available to finance such redemptions. It is therefore important to ensure that the sub-fund's assets comprise mainly readily realisable securities.

Applying the FCA's definition of liquid assets, the ACD monitors the liquidity composition of the sub-funds on a real-time basis to ensure liquidity remains within management limits. This is further reviewed by the Compliance department on a regular basis and reported to the fund managers weekly.

as at 31 December 2018

*(d) Market price risk and fair value of financial assets and liabilities*

Market price risk is the risk that the value of the sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-funds hold. It represents the potential loss the sub-fund might suffer through holding market positions in the face of price movements. The sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the authorised corporate director in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the rules of the COLL mitigates the risk of excessive exposure to any particular type of security or issuer.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

*(e) Counterparty risk*

Counterparty risk is the risk that a party to a financial instrument will fail to discharge an obligation or commitment it has entered into.

The largest counterparty risk is with State Steet Bank and Trust Company, the ICVC's custodian and banker, who holds the sub-fund's investments and maintains the bank accounts. Bankruptcy or insolvency of State Steet Bank and Trust Company may cause the sub-fund's rights with respect to securities and cash held by the custodian to be delayed or limited.

The Depository receives and reviews an annual report on the internal controls in place at State Steet Bank and Trust Company.

**14. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000	01/01/18 to 31/12/18 £000	01/01/17 to 31/12/17 £000
Equities	12,594	11,991	18,519	16,198
<b>Commissions</b>				
Equities	11	21	(19)	(29)
<b>Taxes</b>				
Equities	26	13	(3)	(3)
Total costs	37	34	(22)	(32)
<b>Total net trades in the year after transaction costs</b>	<b>12,631</b>	<b>12,025</b>	<b>18,497</b>	<b>16,166</b>

Total transaction cost expressed as a percentage of asset type cost.

	Purchases		Sales	
	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
<b>Commissions</b>				
Equities	0.09	0.18	0.10	0.18
<b>Taxes</b>				
Equities	0.21	0.11	0.02	0.02

Total transaction cost expressed as a percentage of average net asset value.

	01/01/18 to 31/12/18 %	01/01/17 to 31/12/17 %
Commissions	0.11	0.17
Taxes	0.10	0.05
Total costs	0.21	0.22

Average portfolio dealing spread.

The average portfolio dealing spread at the balance sheet date was 0.46% (31/12/2017: 0.23%).

Where the authorised fund manager believes the spread on the balance sheet date is not representative of the typical spread throughout the year, this fact should be disclosed.

as at 31 December 2018

## 15. Fair value

Valuation technique	31/12/18		31/12/17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	20,056	-	29,167	-
Level 2	-	(86)	4	(32)
Level 3	-	-	-	-
Total fair value	20,056	(86)	29,171	(32)

Level 1: The unadjusted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.



# World Equity Fund

## Distribution Tables

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for the year ended 31 December 2018

### Distribution in pence per share

Group 1 Final Shares purchased prior to 1 January 2018

Group 2 Final Shares purchased on or between 1 January 2018 and 31 December 2018

### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
There is no distribution in respect of the current and prior periods.				

### Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable on 30/04/19	Distributions paid on 30/04/18
Group 1	(p)	(p)	(p)	(p)
Final	1.4651	-	1.4651	1.4233
Group 2	(p)	(p)	(p)	(p)
Final	0.6023	0.8628	1.4651	1.4233

A shareholder receives this distribution, excluding equalisation, as follows:

Final - 100% of the distribution is a dividend distribution.

Final - 0.00% of the distribution is an interest distribution.

### Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, is received as franked investment income.

Final - 0.00% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

## General Information

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### About OEICs

The SVM Funds ICVC (the "ICVC") is an umbrella Open Ended Investment Company ("OEIC"). An OEIC is a collective investment vehicle with variable capital. Investments in OEIC funds are pooled with those of other investors. This means investments can be spread across a far wider range of securities, helping investors to spread the risk to their money. The ICVC has separate sub-funds. Each sub-fund is managed in accordance with the investment objectives set out in the Prospectus and the FCA Collective Investment Schemes sourcebook ("COLL").

It should be remembered that the value of your shares will be affected by fluctuations in the relevant markets and foreign currency exchange rates (where applicable) and may, therefore, go down as well as up. You should view your investment over the medium to long-term.

Please contact us on 0845 358 1100 for more information. We may record and monitor calls to help us improve our service.

All sub-funds are classified as schemes which comply with Chapter 5 of the COLL sourcebook.

The base currency of the Company is Sterling.

### Shares

The Company currently offers 2 share classes; Class A and Class B. Each share class has a different ACD fee.

### Prices and Dealing Times

The price used for either the purchase or sale of shares is normally the next price calculated after your instructions are received and accepted at our Edinburgh Office. Advisers have no authority to guarantee applications or prices.

The latest prices are obtainable from the Dealing Desk on 0845 066 1110.

Shares may be bought or sold between 9.00am and 5.00pm on Mondays to Fridays inclusive.

### Protected Cell Regime

The ICVC has adopted a 'protected cell regime' which means that the liabilities of each sub-fund are now segregated from the other sub-funds, so the debts of each sub-fund cannot therefore be passed to another. This has the benefit of providing stronger investor protection.

### Cross Holdings

There were no cross holdings between sub-funds in SVM ICVC as at 31 December 2018.

### Prospectus

The Prospectus, which is available from the ACD free of charge, outlines how the ICVC is managed and gives details of the types of assets in which each sub-fund may invest. The Prospectus and (where applicable) the Instrument of Incorporation have been amended during the year to 31 December 2018 (as noted in the ACD's Report). Full terms and conditions are available from the ACD.

### Personal Taxation

Unless your shares are held within an ISA, if you sell your shares or switch your shares to a different sub-fund, this is treated as a disposal for Capital Gains Tax purposes. Tax rules can change. The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.

Shareholders are recommended to consult with their professional tax advisors if they are in any doubt about their position.

### Queries

If you have any queries about the operation of your sub-fund you should in the first instance contact the ACD. Please supply details of your holding (including surname, initials and account number).