Annual Report
30 September 2012

SVM Global Fund plc

SVM Global Fund exploits global opportunities to provide long-term growth – providing shareholders with a diversified international multi-strategy portfolio and unique access to specialist funds including hedge and private equity.

Contents

Highlights

- Net asset value per share on a total return basis fell by 12.2% in the year
- Since launch, the net asset value has risen by 663% compared to 343% for the benchmark (total return)
- The portfolio continues to focus on specialist funds and deep value

Financial Highlights	**30 September 2012**	30 September 2011	% Change
Capital return:			
Net asset value	**279.83p**	320.85p	–12.8
Share price	**253.50p**	289.50p	–12.4
FTSE World Index	**350.71**	306.74	+14.3
Discount	**9.4%**	9.8%	
Ongoing charges ratio*	**0.93%**	0.91%	
Incentive fees	**–**	–	

Historical record Year to 30 September	NAV per share (p)	Share price (p)	Revenue return per share (p)	Dividend per share (p)
2005	289.50	274.50	0.75	2.25
2006	353.30	355.75	1.05	1.25
2007	426.81	420.00	1.05	1.25
2008	328.46	319.50	2.20	1.75
2009	291.66	259.75	2.18	2.00
2010	319.06	264.50	0.78	1.00
2011	320.85	289.50	2.33	2.00
2012	**279.83**	**253.50**	**2.01**	**2.00**

Total Return to 30 September 2012	1 Year	3 Years	5 Years	10 Years	Since Launch
Net Asset Value	–12.2%	–2.5%	–32.4%	95.9%	663.1%
FTSE World Index	17.7%	23.9%	17.7%	133.9%	343.0%

*Ongoing Charges represents the management fee and all other operating expenses, excluding finance costs, expressed as a percentage of the average monthly net asset values during the year. The Ongoing Charges figure is calculated in accordance with guidance issued by the AIC in May 2012 and replaces the Total Expense Ratio published in previous years. The figures for 2011 have been recalculated in line with the Ongoing Charges methodology.

Chairman's statement

It has been a very disappointing year for SVM Global. The net asset value of the shares has declined by 12.2% against a rise in the benchmark of 17.7%. This is in sharp contrast to the previous year's increase of 0.6% against a benchmark fall of 7.0%.

Review

Nevertheless over a five year period the performance has been deteriorating, with the NAV dropping by 32.4% against a 17.7% rise in the benchmark. This year's fall has contributed significantly to the five year underperformance.

Against this background the share price discount has widened to 13.8% at the time of writing, reflecting investors' dissatisfaction with the Fund's medium term record. The main performance weakness during the year occurred in some of the less liquid specialist funds, where the process of extracting value has been delayed.

Despite the 2012 results, the board believe that there is investor enthusiasm for a Fund with SVM Global's strategy and policy. Its access to special situations – including hedge and private equity funds – offers investors a rare vehicle to exploit global opportunities for long term growth. They also believe that the current portfolio, if accompanied by diligent management, has the potential to deliver good shareholder returns.

Additional problems in the Fund emerged at the beginning of September.

On 31 August the Managers, SVM Asset Management, informed the independent directors that the Fund's co-manager, Donald Robertson, had resigned. Colin McLean immediately took over as sole investment manager.

As a result of his change in roles the board determined that it was appropriate for Colin McLean, as sole manager, to step down as a director.

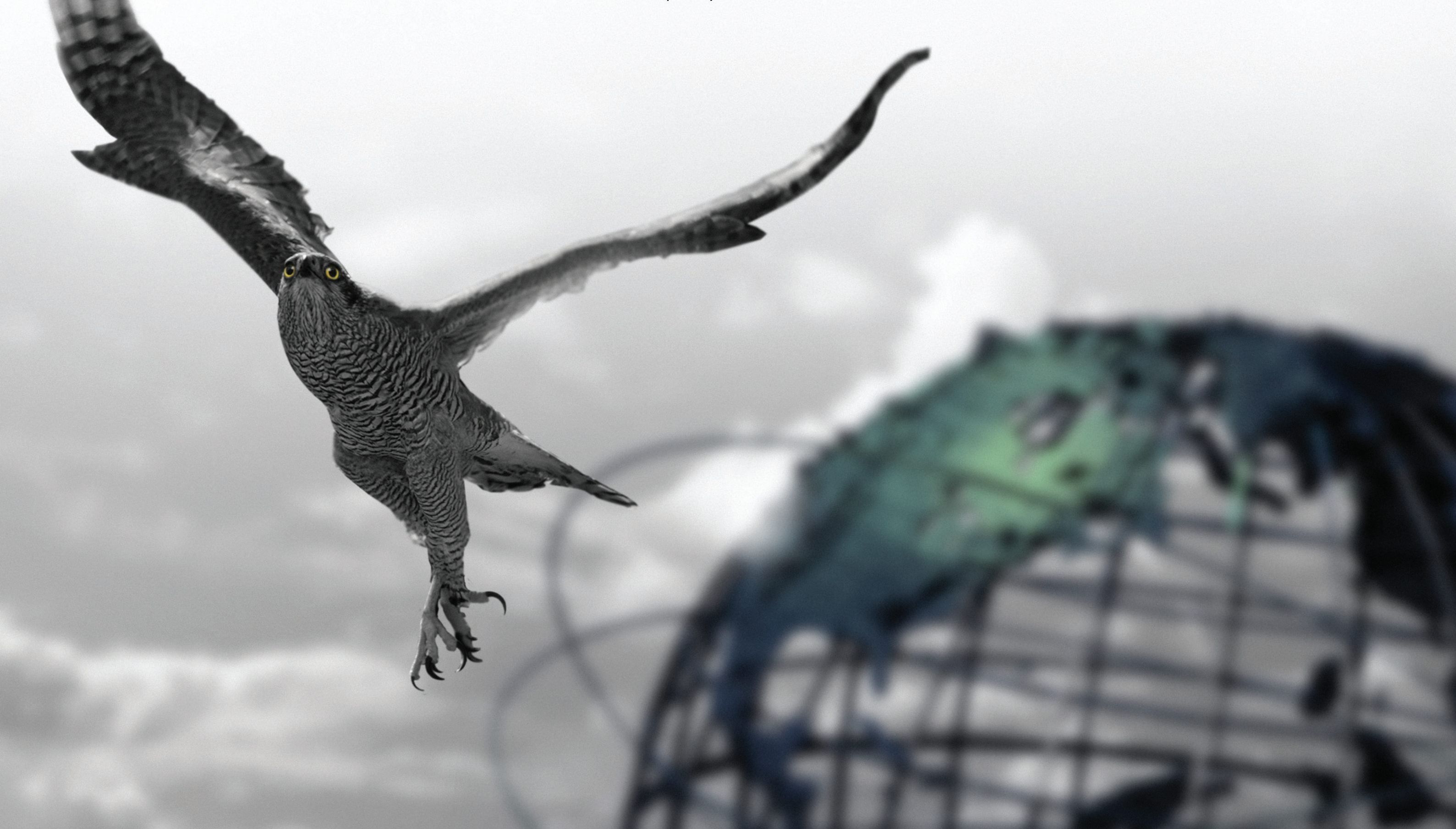
Immediately following this, a review – initiated by SVM – led to a writedown on the less liquid assets where realisation of the underlying value was deemed to be delayed or uncertain. As a result of this review the NAV of the fund fell by 13%, reflecting a reduction in the adjudged value of specific investments (6.5%), currency adjustments (2%) and an overstatement of the value of the portfolio due to an accounting error (4.5%) which arose subsequent to the last external audit.

The independent directors launched an immediate in-depth investigation of the circumstances surrounding both the departure of Donald Robertson and the fall in the NAV. We engaged independent accountants PWC to report to us specifically on the valuation process, the associated control environment and to analyse the writedown in the NAV. Following a review of the process used by management, their conclusions corroborate the integrity of the September 30 valuation, but also raised a number of rectifiable control, process and accounting issues.

Parallel to this investigation, as Chairman I immediately joined with other independent Board members and advisers to meet a large number of investors individually, to hear their views and to insist that we were considering all options. An intensive series of meetings were held over several weeks.

After these soundings and the circumstances referred to above, the Board concluded that the management of the Company's portfolio should be put out to tender with immediate effect. The Board invited indications of interest from managers who:

- could demonstrate an excellent performance record as well as relevant experience in the deep value and more illiquid positions held within the portfolio;
- have proven experience in management of investment trusts, including the ability to market the trust and generate third party demand;



- brought forward credible proposals for providing liquidity in the Company's shares and for discount management.

Managers tendering could propose changes to the existing investment objective and policy of the Fund, but the key characteristics of the existing objective and policy should be retained.

The Board will establish a short list of candidates as soon as possible.
A competitive pitch will be arranged for early in the new year.

The Board has resolved that shareholders will be given an opportunity to endorse the outcome at the Company's Annual General Meeting to be held in the first quarter of 2013.

The Board also reports that in light of PWC's findings and our own soundings the following measures have been put in place:

- We have, by agreement, amended the notice period on the investment management agreement with SVM to three months (instead of a year) starting on 1 August 2013.
- We are putting the SVM Global external audit out to tender. This is in line with good corporate governance.
- All directors will stand for re-election at the upcoming AGM.
- We have required SVM to carry out the recommendations arising from PWC's review of the controls, valuations and procedures.

We discussed with investors – and among ourselves – the option of winding up the Fund. There was little appetite for an early voluntary liquidation, but there was a unanimous demand for better returns. While the directors are convinced that there is demand among investors for a Fund with SVM Global's approach and philosophy, we are aware that unless there is an improvement in performance it will not fulfil that role.

Buybacks

A total of 4,694,000 shares were repurchased with a value of £13.0m during the period from 1 October 2011 to 30 September 2012.

The Board is deeply concerned at the wide discount to net asset value of the Company's shares. We will actively repurchase shares in the market where it is in the interests of shareholders.

Dividend

The directors intend to declare a dividend of 2p per share. Our policy is one of continued determination to achieve capital growth. We normally aim to pay the minimum dividend consistent with maintaining our investment trust status. This year's payment is in line with our long term dividend policy.

Outlook

The coming months will be important for SVM Global. Your independent Board are committed to ensuring that we make decisions in the best interests of shareholders as a whole. It is our ambition to restore outperformance to investors by appointing a fund manager with the right qualifications and vision to beat the benchmark and narrow the discount. We believe that we have already taken the right steps to set us on the road to achieving this.

Shane Ross TD
Chairman

20 December 2012

Managers' review

SVM Global Fund manager

Colin McLean

Fund Manager & Managing Director of SVM Asset Management

Colin McLean has over 30 years' of investment experience. Prior to establishing SVM Asset Management in 1990 he held senior positions at three major financial institutions, latterly as Managing Director of Templeton International's European operations. Colin has been manager of SVM Global Fund since launch in 1991 and has extensive experience of investing in specialist investment funds across a variety of asset classes. He has had particular responsibility for the Fund's activist approach in a number of deep value investments. Colin's personal investment in SVM Global Fund represents more than 1% of the issued shares.

Themes Analysis

Themes

- *Specialist Funds: 67%*
- *Deep Value: 24%*
- *Thematic Investments: 9%*

Strategy

The Fund invests in specialist funds, including an allocation to hedge investing. Specialist funds and deep value investments represent 90% of the portfolio, giving access to investment opportunities globally in a portfolio that is complementary to mainstream strategies; and which would be difficult for many investors to gain access to. The Fund focuses on emerging markets, where historically growth has been greater than in the mature economies. The Fund also emphasises single country funds rather than regional exposure, to allow better targeting of opportunities.

The Managers current focus is on improving liquidity within the Fund, taking an activist stance to release value. This will give flexibility and the potential to implement robust discount control via share buy backs. The Fund has a long history of investing in and extracting value from funds with wide discounts, and the portfolio includes many investments where catalysts are expected to release value. Realignment of the portfolio should be achieved via higher prices in the deep value investments, without sales at deeply discounted levels.

"The Managers' current focus is on improving liquidity within the Fund, taking a more aggressive activist stance to release value"

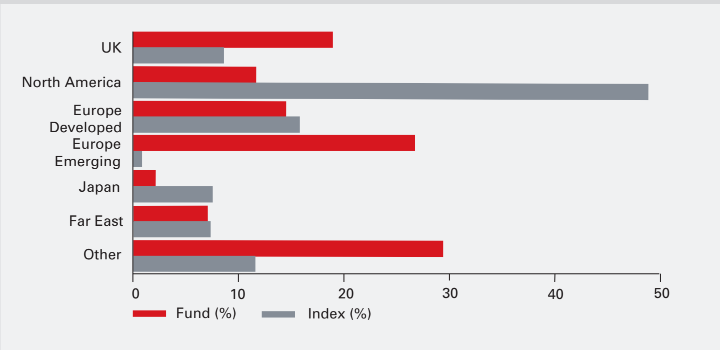
Overview of the Year

Over the 12 months to 30 September 2012, SVM Global Fund had a very poor year, with a tight credit environment around the world hitting fund liquidations and reducing investor interest in less liquid positions. Funds dependent on flotations, or making realisations of private equity or real estate, were particularly badly impacted. Over the year, the Fund's NAV fell 12.2% against a benchmark return of 17.7%. As 2012 progressed, there was an increasing risk appetite in the market, reflecting hopes of monetary stimulation in the US, Europe and China. However, the optimism did not initially feed through into second-line stocks, particularly in alternative asset classes. It takes time before confidence filters through to smaller companies and funds.

Colin McLean took over responsibilities from the co-manager on 31 August 2012, whilst continuing to manage the investment areas he always covered, which included a day-to-day focus on asset allocation, the hedge fund investments, and some of the exposure to longer standing specialist funds and mature markets. These areas have been helpful to the Fund, but the overall performance weakness has been in the less liquid positions. Some of these investments are specialist funds where the process of extracting value has been much delayed, often due to the background environment of bank deleveraging. This has reduced lending for buyers of property and private equity assets. Liquidity in this type of fund has reduced this year, which is why the Managers have now made some changes to the portfolio.

A number of write-downs were made in less liquid positions where realisation is delayed or uncertain. However despite recent problems the Fund will continue to emphasise specialist funds in emerging markets, focusing on managers operating in niches with value opportunities and where the managers themselves have an edge. The portfolio has many positions with discounts to underlying assets in excess of 20%, and some much greater. A number of the funds such as Northern Investors Company and South African Property Opportunities, now have new management incentivisation that should see value released.

Geographic analysis



Deep value opportunities

A key portfolio theme in recent years has been investing in opportunities at a substantial discount to underlying value. This category covers discounts to intrinsic value of 20% and more, with some investments such as Eurovestech at a discount estimated by the Managers to exceed 50%.

Eurovestech returned capital in September 2012, but at the same time de-listed to reduce costs and simplify further capital return. Its sale of 40% in KSS Fuels was at a 38% premium to carrying value. To date, Eurovestech has returned 7.5p per share via capital distributions. Further realisation is expected within the next few months. The de-listing by Eurovestech took the Fund's total exposure to unquoted companies to 21% of the portfolio, over half of which is represented by Eurovestech and Baring Vostok Investments. The Managers are currently working to achieve further realisations from unquoted companies.

Unquoted investment, Zouk Solar Opportunities Fund, is now in realisation mode and is returning capital. Zouk's managers believe that realisation of its solar installations and wind farms have the potential to deliver a total return of 70% or more, and its five year life is scheduled to end in mid 2013. The largest part of this impact will come with the disposal of the UK business, which could see much of your Fund's investment returned early in 2013, with subsequent asset sales by Zouk delivering additional profit.

South African Property Opportunities is continuing to make realisations, but still stands at a wide discount. We believe its management is now incentivised to focus on shareholder value. Ceiba invests in Cuba, and plans to apply for a listing of its shares in Toronto. Northern Investors Company is a private equity investment trust, and is now structured with management incentivisation for an orderly realisation and we believe this will deliver higher returns. 22% of the company's share capital was repurchased for cancellation in December 2011. This was done by tender, and a further return will be made before the end of 2012. In October 2012, Baker Steel Resources Trust successfully floated its largest investment, Ivanplats, which represents almost 35% of Baker Steel's net asset value. Further flotation and realisations are likely in 2013, which could add significantly to overall asset value at Baker Steel.

There are signs that some deeply discounted investments, such as Cambium Timber, are attracting opportunistic buyers. Other deeply discounted positions include Geiger Counter, Trading Emissions and Low Carbon Accelerator. Exposure to Treasury China Trust was reduced; it did not meet its target of property realisation in the first half of the year.

Significant deep value investments

Zouk Solar Opportunities Fund
Eurovestech
Ecofin Water & Power
Strategic Equity Capital
Cambium Global Timberland
South African Property Opportunities

Specialist funds

The Fund has above average exposure to emerging markets; it has lower exposure than its benchmark to the mature markets of North America and Europe, where investment trusts tend to be highly rated with little discount narrowing opportunity. In the US and Europe, our emphasis is on identifying specific specialist fund opportunities, such as Century Capital Partners, SW Mitchell Small Cap Fund and Jupiter European Opportunities Trust, which offer well managed exposure in these areas with the potential to add value. Each of these funds has a specific area of market focus or investment style.

Historically, the Fund has been overweight in exposure to Russia and Eastern Europe, benefitting from less efficient markets and an on-going privatisation process. There was generally good progress in the Russian investments. Profits are being taken now in some of these investments, which will involve partial redemptions in Firebird New Russia Fund and Firebird Republic Fund. The position in Prosperity Voskhod Fund was submitted for its annual tender, with just over 10% of the holding realised at a narrow discount in this way.

The Fund's largest individual investment, in Baring Vostok Investments, is now mature and in its liquidation phase. Baring Vostok's largest investment, Russian internet search business, Yandex, which has a listing on Nasdaq, recovered from its year's lows in June. Despite the fact that Yandex has performed strongly and represents a large part of Baring Vostok, there has been no upward revision in valuation to recognise that. Value should emerge as Baring Vostok sells.

The Fund's underweight position in US Dollars versus its benchmark has been reduced over the past year. It has also been helpful over the past year to have relatively low exposure to China, which is moving its economy from emphasing infrastructure investment to greater focus on domestic consumption. There are still problems in China's bank sector. The Fund does not currently have investments in India, but this is kept under active review.

The larger listed investments had mixed performance. Active investor, Oryx, markedly narrowed its discount as it recommenced a buy back. This investment trust focuses on actively managed investment in small and mid-sized quoteds and unquoteds in the UK and US. However, its discount remains high, and we believe that this has potential to narrow further, helped by underlying portfolio performance and the appointment of a new broker. Jupiter European Opportunities Trust performed well and saw its discount narrow significantly. Blackrock World Mining Trust was weak during the year, reflecting market concerns on resources. However, it has an excellent long term record of performance in this sector, with the potential to narrow its current discount. Century Capital Partners IV specialises in private equity investments in the US insurance sector. Century is in its harvesting phase, when the rewards from its early investment should see gains returned to investors.

New investments were made in Eclectica Fund and Eclectica Credit Fund, both managed by Hugh Hendry. Eclectica Credit is closed to new investors, and implements a strategy that will benefit if China's exports slow.

Specialist Funds

Baring Vostok Investments
Blackrock World Mining
Jupiter European Opportunities Fund
Oryx International Growth Fund
Ceiba Investments
Firebird New Republics Fund
Prosperity Voskhod Fund
Century Capital Partners IV
Firebird New Russia Fund

Activist investment

The Fund has a long history of investing in and extracting value from funds with wide discounts. The Managers have moved to a more aggressive activist approach to ensure that value is realised for shareholders. The Fund received cash in from a tender in Henderson Private Equity Fund and from liquidation of Hamon Asian iTech Fund, and there were several other capital distributions. A number of investments are in the process of winding-up or liquidating, which will achieve cash returns and capture underlying discounts to value.

Summary

Global growth is low, but does represent a gradual recovery from 2008. Many emerging markets are in a strong position, with sound banking sectors and little indebtedness. In the US, banking sector problems have been largely resolved, with prices re-set in domestic and commercial property. This contrasts with the UK and European position. In the US, there are signs that stimulation is lifting the housing, construction and retail sectors. US stocks exposed to this are at above historic averages, but valuations are less extreme in European listed global businesses.

In the Eurozone, monetary stimulation is likely given the sharp deleveraging in Southern Europe. In Europe, this money printing seems likely to feed into prime assets, including global equities and prime property. There is potential for markets to progress with further stimulation and gradual global recovery. The portfolio includes many investments at large discounts, where catalysts are expected to release value.

Outlook

There are current opportunities to improve portfolio liquidity via share buy backs, capital return and tenders. The Fund emphasises positions that involve strong manager incentives to return value to shareholders, or, where the size of the Fund's investment allows it to encourage underlying value to be recognised. The portfolio includes many investments at large discounts, where catalysts are expected to release value. There is potential for markets to progress with further stimulation and gradual global recovery.

Investment portfolio

as at 30 September 2012

Stock	Cost 2012 £000	Valuation 2012 £000	% of Net Assets	Valuation 2011 £000
1 Baring Vostok Investments*	343	10,669	7.9	10,416
2 Gold Bullion Securities†	6,485	7,530	5.6	7,167
3 Black Rock World Mining†	3,058	6,803	5.0	7,079
4 Jupiter European Investment Trust†	5,314	6,024	4.5	4,428
5 Oryx International Growth	5,741	5,686	4.2	4,225
6 Firebird Republics Fund*	881	5,483	4.1	5,027
7 Ceiba Investments*	4,930	5,309	3.9	6,592
8 ETFS Physical Silver†	5,558	5,200	3.8	4,759
9 Firebird New Russia Fund*	744	4,839	3.6	4,400
10 Century Capital Partners LP IV*	2,896	4,726	3.5	4,877
Ten largest investments	**35,950**	**62,269**	**46.1**	
11 Prosperity Voskhod Fund	3,364	4,723	3.5	5,601
12 Maya Market Neutral Fund*	5,135	4,688	3.5	–
13 Value Partners China Greenchip*	1,141	4,447	3.3	5,151
14 Zouk Solar Opportunities*	4,255	3,991	3.0	4,725
15 City Natural Resources Trust	1,260	3,668	2.7	5,329
16 Eurovestech*	–	3,661	2.7	7,615
17 JPMorgan Russian Securities†	1,403	3,230	2.4	4,934
18 Metage Emerging Markets Opportunities*	1,362	3,041	2.2	3,301
19 ASM Asian Recovery Fund*	1,205	2,919	2.2	2,709
20 Prospect Japan	3,795	2,873	2.1	4,225
Twenty largest investments	**58,870**	**99,510**	**73.7**	
21 SW Mitchell Small Cap European*	2,486	2,820	2.1	2,669
22 Strategic Equity Capital	2,808	2,572	1.9	2,150
23 Ecofin Water & Power Opportunities†	2,523	2,454	1.8	2,875
24 Tag Immobilien	2,169	2,408	1.8	1,843
25 IP Brazil Fund A*	1,248	2,301	1.7	3,873
26 Ukrainian Investment Fund*	3,378	2,167	1.6	4,363
27 Buena Vista Latin American CULS*	1,831	2,167	1.6	2,246
28 Cambium Global Timberland	5,000	2,000	1.5	2,700
29 South African Property Opportunities	3,777	1,944	1.4	2,228
30 Amber Trust*	1,495	1,929	1.4	3,200
Thirty largest investments	**85,585**	**122,272**	**90.5**	
Other investments (inc CFD margin)	31,845	3,769	2.7	
Total investments	**117,430**	**126,041**	**93.2**	
Net current assets		**9,160**	**6.8**	
		135,201	**100.0**	

All investments are equity investments and those marked with an asterisk are unlisted. Contracts for Differences are marked with a †

Further information is given in note 7 on page 35.

Shareholder information

The SVM website remains the best source of information about the Fund. Over recent years, there have been a number of initiatives which have been added to improve shareholder access and the quality of reporting and marketing. These initiatives attract new investors and keep existing shareholders informed.

The fund webpage is easy to access within the Manager's website www.svmonline.co.uk and provides detailed information on the fund.

The Fund's latest share price is updated daily and gives access to historical share price data since launch in 1991. An interactive charting tool allows investors to view the performance record over fixed time periods or dates of their choice.

There is no longer any requirement to post the Fund's half yearly report to shareholders. It is made available on the website together with all other information we publish for the Fund, including copies of its financial statements. The maintenance and integrity of the website maintained for the Fund is the responsibility of the Directors; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Comprehensive monthly factsheets are produced with the Managers' commentary, portfolio analysis, featured stock, fund performance, sector breakdowns, and current hedging and gearing status.

In order to improve access to the Manager's views, quarterly video interviews are conducted and posted online together with written transcripts.

The Fund distributes monthly updates by email to a number of intermediaries. It is also possible for shareholders and other interested parties to subscribe to this. To do so, please email your request to info@svmonline.co.uk.

At SVM, we aim to achieve a superior investment performance through careful stockpicking and analysis. Whether we are researching for our long or long/short funds we undertake proprietary, in-depth analysis in order to identify the true value of a company or fund. As pure equity specialists, we focus our expertise on investing in UK and European companies as well as global investment funds.

Investing in SVM Global Fund

There are a variety of ways to invest in the Fund. Shares can be easily traded on the London Stock Exchange. However, regular savings and tax free wrappers are also available:

- SVM Investment Trust Savings Scheme accepts minimum lump sum investment from £200 and monthly savings from £50. Investments can be made as gifts for children or other adults. Dividends can be reinvested at no dealing cost.
- SVM ISA allows investors to save tax free up to £11,280 per annum. The minimum lump sum investment is £1,000 or regular savings from £50 per month.
- SVM Saving Scheme for Children is a low cost option available to any adult who wants to invest for children. The minimum lump sum accepted is £200 and monthly savings start from as little as £25.

For more information or brochures call 0800 0199 440. Alternatively, application packs can be downloaded from www.svmonline.co.uk.

Board of directors

Shane P N Ross TD (Chairman)

Daniel H Hodson

Graham Fuller

Peter J Hulse

Shane P N Ross TD (Chairman)

Shane Ross is an independent member of the Lower House of the Irish Parliament, and previously a member of the Irish Senate (Upper House of Parliament). He has been chairman of two Dublin stockbroking firms and is currently a director of New Russia Fund and Baring Hedge Select Fund. He was the business editor of the Sunday Independent, Ireland's biggest-selling Sunday newspaper. He was appointed in 2001 and is due for re-election at the forthcoming AGM.

Daniel H Hodson (Senior non-executive Director and Audit Committee Chairman)

Daniel Hodson was until recently Chairman of the Design and Artists Copyright Society and of the University of Winchester as well as being a director of a number of private companies and not for profit organisations. Previously he was Group Finance Director of Unigate, Finance Director of Nationwide Building Society and Chief Executive of LIFFE. He was appointed in 2004 and is due for re-election at the forthcoming AGM.

Graham Fuller

Graham Fuller, a member of UKSIP, is a founder partner of PSigma Asset Management. He is a Fellow of the Institute of Chartered Accountants and most recently spent 11 years leading the segregated pension team at Newton Investment Management. Prior to that, he worked at Credit Suisse and de Zoete and Bevan. He was appointed in 2008 and is due for re-election at the forthcoming AGM.

Peter J Hulse

Peter Hulse is a consultant to Contiga Capital Management. Previously he was an executive director of Jupiter Asset Management Limited, where he was responsible for managing socially responsible assets in the UK. He has been a professional investment manager since 1969. He was appointed in 2001 and is due for re-election at the forthcoming AGM.

Colin W McLean

Colin McLean was a Director during the year to 30 September 2012 and resigned on 3 October 2012.

Report of the directors

The Directors submit their Report and Accounts for the year to 30 September 2012.

Principal activity and status

The Fund, Registered Number SC15905 is an Investment Company as defined in Section 833 of the Companies Act 2006. The Fund has been approved by the HM Revenue & Customs as an investment trust under Section 1158/1159 of the Corporate Taxes Act 2010 for the year to 30 September 2011. In the opinion of the Directors, the Fund has subsequently conducted its affairs so as to enable it to seek such approval for the year ending 30 September 2012.

New regulations for obtaining and retaining investment trust status have been published by HM Revenue & Customs and are effective for all accounting periods commencing on or after 1 January 2012. An application for approval as an investment trust must be made within 90 days after the end of the first accounting period of the Fund following implementation of the new regime. The first accounting period affected by the new regulations is the year ended 30 September 2013 and therefore the application must be made by 29 December 2013. If the application is accepted, the Fund will be treated as an investment trust company for that period and for each subsequent accounting period, subject to there being no subsequent serious breaches of the regulations.

Results

The post tax loss for the year to 30 September 2012 of £20,851,000 (2011 – return of £1,215,000) has been transferred to reserves. A final dividend of 2 pence per share (2011 – 2 pence) has been declared.

Investment objective

The objective of the Fund is to achieve long-term growth through a diversified international multi-strategy portfolio and unique access to specialist funds including hedge and private equity. Its aim is to outperform the FTSE World Index on a total return basis.

Investment policy

The Fund aims to achieve its objective and to diversify risk by investing in shares, investment funds, exchange traded funds, contracts for difference, warrants and related instruments, controlled by a number of limits on exposures. Appropriate guidelines for the management of the investments, gearing and financial instruments have been established by the Board of Directors.

Although the Fund's benchmark is a broad global market index, pursuit of the investment objective may involve significant exposure to markets under-represented in the benchmark index. In addition, this may involve exposure to unlisted investments and companies with principal listings overseas. There are no maximum limits imposed in relation to any deviation from the benchmark index or the geographical weightings.

The portfolio comprises investments which the Managers believe offer long term growth potential, typically over a three to five year horizon. Investments may include specialist funds, hedge funds, property funds, private equity funds, exchange traded funds, UK and overseas equities and contracts for difference.

A number of portfolio limits address the need for diversification in pursuing the Fund's investment objective, including holding a minimum number of 30 investments. No individual investment should normally exceed 12% of the portfolio total and exposure to unlisted companies will not normally exceed 10% of the portfolio; this exposure was 21% at 30 September 2012 and the managers are working to reduce this (see page 8). Investments in hedge funds are limited to a maximum of 30% of net assets.

The normal exposure limits described above are expressed in terms of the value of individual holdings and the total portfolio at market value and, accordingly, can move outside the ranges set out above for reasons outwith the control of the Board and Managers. Maximum exposures can potentially be 100%. It is the aim of the risk management process to mitigate the potential risk arising from such extreme events.

The Managers regularly monitor the sectors and themes of the portfolio as described more fully in their Review on pages 6 to 10.

The Fund has the ability to borrow money to enhance returns. This gearing can enhance benefits to shareholders, but if the market falls, losses may be greater. The level of gearing is closely monitored and the Board intends that this should not normally exceed 20%. Borrowing is normally on a short term basis to ensure maximum flexibility but the Fund may also commit to longer term borrowing. The Fund may also sell part of the portfolio and hold cash on deposit or invest in other securities or related instruments when the Manager believes it appropriate in certain market conditions.

The Board has granted the Managers a limited authority to invest in Contracts for Differences (''CFDs'') (long positions) and similar instruments as an alternative to holding actual stocks. This means that the gross cost of investment is not incurred. The total effect of such gearing (bank borrowings plus the gross exposure of long positions less any hedging) will not normally exceed 20% of the Fund's net asset value. The use of CFDs can involve counterparty credit risk exposure.

The Fund may also make use of hedging as an additional investment tool. To help reduce the potential for stockmarket weakness to impact the portfolio adversely, the Board has granted the Managers limited authority to hedge risks, within specified limits. Such hedging (short positions) may be conducted through CFDs or other index instruments and will not normally exceed 20% of net assets. Hedging can be used to facilitate adjustment of the portfolio. It aids flexibility and can allow exposure to a sector to be reduced with less disruption to the underlying long term portfolio. However, in a rising stockmarket, this may impact performance. Additional limits have also been set on individual hedging to assist risk control.

The Fund does not generally invest in fixed rate securities, except where it has substantial cash resources. In this situation, the Fund has typically held short dated UK Government Securities.

Business review

A review of the business during the year is set out on pages 6 to 10.

The Fund is an investment trust quoted on the London Stock Exchange and is required to comply with the Companies Act, the UK Listing Rules and applicable accounting standards. In addition to the formal annual and interim accounts, the Fund publishes weekly asset values and monthly factsheets.

The Fund's investment policy is to invest in a diversified unconstrained portfolio of equities and collective investment funds and related investments using a multi-strategy approach. Full details of the portfolio and its management are included in the Managers' Review. Although the objective is for long term growth, the Managers believe that outperformance in the short term is also important for the control of the Fund's discount. The performance and the level of the discount, as detailed on page 1, are the two primary key performance indicators for the Fund and the Board assesses these on a quarterly basis. The factsheets and the website carry further information on these indicators.

Principal risks

The principal risks facing the Fund are market related and include market price, foreign exchange, interest, liquidity and credit risk. An explanation of these risks and how they are mitigated is detailed in Note 13 to the Accounts.

Some of the Fund's investments are in funds, some of which are unquoted, exposed to less developed markets and may be seen as carrying a higher degree of risk. We believe that these risks are mitigated through portfolio diversification, in-depth analysis, and the experience of the Managers and a rigorous internal control culture. The use of Contacts for Difference can involve counterparty risk exposure. Further information on the internal controls operated for the Fund is detailed in the Report of the Directors on pages 20 to 21. Additional risks faced by the Fund are summarised below:

Investment strategy – The performance of the portfolio may not match the performance of the benchmark through divergent geographic, sector or stock selection. In addition, the Fund may be affected by economic conditions. The Managers have a clearly defined investment philosophy and manage a broadly diversified portfolio to mitigate this risk.

Discount – The level of the discount varies depending upon performance, market sentiment and investor appetite. The Fund has the ability to issue and purchase shares which can reduce discount volatility.

Regulatory/Operational – Failure to comply with applicable legal and regulatory requirements could lead to a suspension of the Fund's shares, fines or a qualified audit report. A breach of Section 1158/1159 CTA 2010 could lead to the Fund being subject to corporation tax on realised capital gains. Failure of the Managers or third party service providers could prevent accurate reporting and monitoring of the Fund's financial position. The Managers have many years of experience in managing investment trusts.

The Board regularly considers the risks associated with the Fund and receives both formal and regular reports from the Managers and third party service providers addressing these risks.

Directors

The Directors who held office during the year and their beneficial interests in the Ordinary Shares of the Fund were:

	30 Sept. 2012	30 Sept. 2011
S P N Ross	**130,625**	130,625
G M Fuller	**10,000**	10,000
D H Hodson	**30,121**	30,121
P J Hulse	**12,500**	12,500
C W McLean*	**589,580**	589,580

*Mr C W McLean resigned as a Director on 3 October 2012.

There have been no changes in the Directors' interests between 30 September 2012 and 14 December 2012.

Messrs S P N Ross and P J Hulse retire in accordance with the UK Corporate Governance Code and, G M Fuller retires in accordance with the Fund's Articles of Association; they all, being eligible, offer themselves for re-election at the Annual General Meeting. They have extensive and considerable investment management and financial services experience. The Board recommends their re-election to shareholders.

The Board has considered the Financial Reporting Council's Guidance on Board Effectiveness and has concluded that the current composition of the Board, based on feedback from the performance evaluation process, provides effective leadership of the Fund and collectively promotes its success.

Each Director has a letter of appointment, details of which are on page 22.

Management

SVM Asset Management Limited provides investment management and secretarial services to the Fund in return for which they are paid a fee, payable quarterly in advance, equivalent to 0.715% per annum of the Fund's total assets less current liabilities (2011 – same). In addition, SVM Asset Management Limited is entitled to an incentive fee of 10 per cent of achieved outperformance of the Fund's benchmark index, FTSE World Index, on a six monthly in arrears basis subject to a high water mark. No incentive fee was paid in respect of the year to 30 September 2012 or the previous year.

The Board acknowledges the UK Stewardship Code (''the Code'') and has discussed its recommendations with the Managers. The Managers comply with the Code which can be accessed on the Fund's website at www.svmonline.co.uk

The Management and Nomination Committee assesses the Managers' performance on an on-going basis and each year meets to conduct a formal evaluation of the Managers. It assesses the resources made available by the Managers, the results and investment performance in relation to objectives and also the additional services provided by the Managers to the Fund.

The Committee reviews the appropriateness of the Managers' contract annually. In carrying out its review, the Committee considered the past investment performance and the Managers' capability and resources to deliver superior future performance. It also considered the length of the notice period of the investment management contract and the fees payable, together with the standards of other services provided which include secretarial, accounting, marketing and risk monitoring.

Following the latest review, the arrangements with regard to termination of the Management Agreement have been amended, effectively to reduce the notice period under the Agreement to three months from 1 August 2013. To the extent that the contract may be terminated by the Fund prior to that date, compensation will be payable to the Managers on the unexpired portion of the contract, calculated to 31 October 2013. No compensation is payable in respect of any period post 31 October 2013 for termination prior to 1 August 2013. If terminated after this date three months' compensation will be payable.

It is the Board's opinion that the continuing appointment of the Managers on the amended terms is in the best interest of the shareholders.

Financial instruments

The Fund's financial instruments comprise the investment portfolio, cash at bank and on deposit, bank overdrafts and debtors and creditors that arise directly from operations. The main risks that the Fund faces from its financial instruments are disclosed in Note 13 to the financial statements.

Creditors payment policy

The Fund's policy is to agree and make suppliers aware of payment terms prior to the transacting of business. The Fund has and will continue to operate this policy. The Fund did not have any trade creditors outstanding at the year end.

Substantial shareholdings

At 30 September 2012, the Fund had received notification of the following holdings of voting rights (under the FSA's Disclosure and Transparency Rules):

Name	Number of Shares	Percentage of Issued Shares
1607 Capital Partners, LLC	2,631,000	5.4%
Lloyds Banking Group plc	3,582,354	7.4%
MAM Funds plc	3,665,000	7.6%
Investec Wealth & Investment Ltd	2,815,476	5.8%
Brewin Dolphin Ltd	2,444,215	5.1%

On 2 October 2012 the Fund received notification that MAM Funds plc has increased its holding to 7,285,000 shares (15.1% of issued shares).

Directors' authority to allot shares and disapply pre-emption rights

The Board are currently authorised to allot new shares or re-issue treasury shares up to an aggregate amount of £598,569. The proposal to renew this authority is set out in resolutions 8 to 11 of the Notice of the Annual General Meeting.

The Board will only issue new shares or sell treasury shares pursuant to this authority if they believe it is advantageous to the Fund's existing shareholders to do so.

Directors' authority to buy back shares

During the year, 4,636,000 ordinary 25p shares were bought back and cancelled for a cash consideration of £12,847,000. In addition, 58,000 shares were bought back for a consideration of £147,000 and held in treasury at 30 September 2012. Since 1 October 2012 these treasury shares have been cancelled and a further 430,000 shares bought back for cancellation at a cost of £1,042,000. The current authority of the Fund to make market purchases of up to 15 per cent of the issued ordinary shares expires at the end of the Annual General Meeting and Special Resolution 11, as set out in the Notice of the Annual General Meeting, seeks renewal of such authority until the next Annual General Meeting. The price paid for shares will not be less than the nominal value of 25 pence per share nor more than 105 per cent of the average of the market value of the shares for the five business days before the shares are purchased. This power will only be exercised if, in the opinion of the Board, a purchase would be in the best interests of the shareholders as a whole. Any shares purchased under this authority will either be cancelled within 12 months or held in treasury for future re-sale in appropriate market conditions.

Going concern

The Directors believe that, having considered the Company's investment objective (see p14), risk management and capital management policies (see note 13 to the accounts on pages 37 to 40), the nature of the portfolio and expenditure projections, that the Company has adequate resources and an appropriate financial structure in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Corporate governance

The Board has had in place throughout the year the procedures necessary to ensure compliance with the Financial Reporting Council Combined Code of Best Practice (''the UK Corporate Governance Code'' issued in 2010) except as noted below. In addition, the Fund has complied throughout the year with the provisions of the AIC Code of Corporate Governance. Therefore, those issues on which the Fund does not report in detail are excluded because the Board deems them to be irrelevant to the Fund as explained in the AIC Code.

The Directors confirm that the Fund has complied with the requirements to be headed by an effective Board to lead and control the Fund. The Fund is an investment trust and not a trading company and, as such, there is no requirement for a Chief Executive Officer (Code A.2.1).

Mr D Hodson has acted as senior non-executive Director throughout the year. Until 3 October 2012, the Board comprised five non-executive Directors, four of whom were independent of the Managers and free from all business or other relationships that could interfere with the exercise of their independent judgement. Mr C W McLean, as a director and shareholder of SVM Asset Management Limited, was not regarded as independent. Mr McLean resigned on 3 October 2012.

Whilst the Directors are not appointed for specific terms, as required by the UK Corporate Governance Code, all the Directors must submit themselves for re-election by the shareholders at least every three years and are not entitled to compensation if they are not re-elected to office. Directors who have served more than nine years are re-elected annually.

Since all Directors are non-executive, the Fund is not required to comply with the principles in section D of the UK Corporate Governance Code in respect of executive Directors' remuneration. Directors may seek independent advice at the expense of the Fund.

During the year there were four Board and four Committee meetings (two Audit and two Management and Nominations). All Directors attended all relevant meetings.

The Directors complete an annual self-assessment of their individual and collective performances by discussion on a range of issues in order to ensure that they are acting in the best interests of the Fund and its shareholders. Each Director continues to be regarded as effective and committed to the Fund.

The Managers maintain regular contact with the Fund's shareholders, particularly institutional shareholders, and report regularly to the Board on shareholder relations. In addition, the Board uses an annual meeting in London as a forum for shareholders to meet and discuss issues with the Board and the Managers.

The Board has defined the scope of the Managers' Responsibilities, including the principal operating issues such as hedging, gearing and share buy backs. Details of the limits set on key areas of risk are set out in the Financial Instruments disclosure in Note 13 to the Financial Statements.

The Managers have adopted the statement of principles set out by the Institutional Shareholders' Committee on The Responsibilities of Institutional Shareholders and Agents.

The Fund usually exercises its voting powers at general meetings of investee companies. The Fund does not operate a fixed policy when voting but treats each case on merit.

The Board recognises that corporate, social, environmental and ethical responsibility enables good sustainable business growth and can have positive implications for shareholder value. The Board believes that encouraging companies to recognise these responsibilities is best achieved with a dialogue and actively aiming to encourage best practice. The Board believes that long term growth is compatible with ethical behaviour and environmental responsibility in all its forms, as would be recognised by a large majority of the shareholders to whom we are answerable within the law.

Information about securities carrying voting rights

The following information is disclosed in accordance with the FSA's Disclosure and Transparency Rules:

- The Fund's capital structure and voting rights are summarised on page 36

- Details of the substantial shareholders in the Fund are listed on page 18
- The rules concerning the appointment and replacement of Directors are contained in the Fund's Articles of Association and are discussed on page 22
- Details of the powers of the Directors including powers to issue or buy back the Fund's shares are disclosed above.
- There are: no restrictions concerning the transfer of securities in the Fund; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Fund; and no agreements which the Fund is party to that might affect its control following a successful takeover bid.
- There are no agreements between the Fund and its Directors concerning compensation for loss of office.

Committees

The Board has adopted a schedule of matters specifically reserved to itself for decision and, in relation to certain matters, two Committees have been established. The Chairman of both Committees is Mr D H Hodson. The terms of reference of both Committees are available from the Managers upon request.

Management and Nomination Committee

The Management and Nomination Committee which comprises all of the independent Directors, and for which a quorum is any two of the independent Directors meets at least once a year. Its remit includes such matters as reviewing all contracts for services delivered to the Fund (eg by the Auditor and the Managers), reviewing and recommending new appointments to the Board and fixing the remuneration of the Directors.

Audit Committee

The Audit Committee, which comprises all of the independent Directors, and for which a quorum is any two of the independent Directors meets at least twice a year. Its remit includes the review of the Fund's financial position, internal controls, scope and results of the audit and its cost effectiveness and the independence and objectivity of auditors. The Committee must also satisfy itself that the Fund's published financial statements represent a true and fair view of the position. The Fund's Auditor is invited to attend the meeting. The Auditor does not provide any non-audit services other than tax services, for which they were paid £6,000 (2011 – £3,000) during the year. Notwithstanding this, the Committee has concluded that the Auditor is independent.

The Committee considers annually the need for an internal audit function. It believes such a function is unnecessary as the Fund has no employees and subcontracts its business to third parties, the principal one of which is SVM Asset Management Limited.

Internal control and financial reporting

The Board, in conjunction with the Managers, has in place a process for identifying, evaluating and managing the significant risks faced by the Fund. This process, which accords with the Turnbull guidance, has been in place for the whole year and up to the date of approval of the financial statements. The Board is responsible for establishing and maintaining the Fund's system of internal control and reviewing its effectiveness on an annual basis. Internal control systems are designed to meet the particular needs of the company concerned and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

The principal elements of the Fund's system of internal controls and the process applied by the Board in reviewing its effectiveness are:

- Clearly documented contractual arrangements with service providers
- Annual review by the Board of the internal control reports of service providers
- Consideration by the Board of the latest Review of Internal Controls of the Manager
- Quarterly Board meetings to review performance, investment policy, strategy and shareholder relations
- Regular updating by the Managers on key risks and control developments.

In September, SVM undertook a thorough review of the market value of SVM Global Fund's portfolio including a rigorous reappraisal of less liquid stocks and a reduction in net asset value. A number of write-downs were made in less liquid positions where realisation is delayed or uncertain. The Board engaged an independent firm of accountants to investigate and report on the issues and review the Managers' processes in this area.

As a result of this work the Board is satisfied that no losses have been suffered by the Fund. The Managers took immediate steps to ensure controls conform to best practice. The cost of the investigation and related work has been borne by the Managers.

The Board meets every quarter to review the business of the Fund and to consider the matters specifically reserved for it to decide upon. At these meetings, the Directors review investment performance of the Fund compared to its benchmark index and in relation to comparable investment trusts. The Directors also review the Fund's activities over the preceding quarter to ensure it adheres to its investment policy, or if it is considered appropriate, to authorise or make recommendations to the shareholders regarding any material change to that policy.

The Board is satisfied that it is supplied in a timely manner with information to enable it to discharge its duties.

The Board has engaged external firms to undertake the investment management, secretarial and custodial activities of the Fund. There are clearly documented contractual arrangements between the Fund and these organisations which define the areas where the Board has delegated authority to them. The Board receives reports on at least an annual basis detailing the internal control objectives and procedures adopted by each organisation. Each report has been reviewed by the respective organisation's auditors. The Board's examination of these reports allows it to assess the effectiveness of the internal systems of financial control which affect the Fund.

Compliance statement

Except as noted above, the Fund has complied with the applicable provisions of the UK Corporate Governance Code during the year and up to the date of the approval of the financial statements.

Auditor

Ernst & Young LLP have expressed their willingness to continue in office as the Fund's Auditor and a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

By Order of the Board,

SVM Asset Management Limited
Secretaries
Edinburgh

20 December 2012

Directors' remuneration report

The Board has prepared this Report in accordance with the requirements of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Fund's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the report on pages 25 and 26.

Remuneration committee

At 30 September 2012, the Fund had five non-executive Directors, as detailed on page 13, four of whom were independent. The Management and Nominations Committee, comprising the independent non-executive Directors, fulfils the function of a Remuneration Committee in addition to its nominations functions. The Board has appointed SVM Asset Management Limited as Company Secretaries to provide advice when the Management and Nomination Committee considers the level of Directors' fees. The Management and Nominations Committee carries out a review of the level of Directors' fees on an annual basis. In addition, SVM Asset Management Limited provides investment management and administration services to the Fund.

Policy on directors' fees

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure, and have similar investment objectives. It is the intention that this policy will continue for the forthcoming year. The fees for the year to 30 September 2012 were £22,500 for the Chairman, £18,000 for the senior non-executive Director and £15,000 for the other Directors. The fees were last increased in 2007.

The fees for the non-executive Directors are determined within the limits set out in the Fund's Articles of Association and shareholder approval in a general meeting would be required to change these limits. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

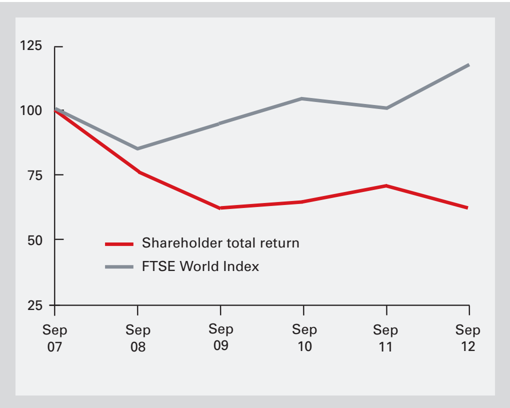
Directors' service contracts

It is the Board's policy that none of the Directors has a service contract. However, the terms of their engagement are set out in letters of appointment. The years of appointment and future re-election of each Director are detailed on page 13. The terms of their appointment provide that a Director shall retire and be subject to re-appointment at the first Annual General Meeting following their appointment. Subsequently, Directors are obliged to retire by rotation, and, if they wish, to offer themselves for re-election, at least every three years thereafter. There is a 3 month notice period and the Fund reserves the right to make a payment in lieu of notice.

The Board's policy on tenure is to review actively whether Directors with service of nine years or more should be re-nominated, whilst ensuring that the process of refreshing the Board does not compromise a balance of experience, age, length of service and skills. The Management and Nomination Committee recommends to the Board candidates for nomination as Directors. The Committee selects candidates with the aim of ensuring that the Board comprises a broad spread of experience and knowledge and, where appropriate, actively searches for candidates.

Company performance

The graph below compares the total return (assuming all dividends are reinvested) to Ordinary Shareholders for the last five financial years, to the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE World Index is calculated. The Index has been chosen as it represents a comparable broad equity market index and is the Fund's benchmark index.



Directors' emoluments for the year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Fees 2012 £	Fees 2011 £
S P N Ross	**22,500**	22,500
G M Fuller	**15,000**	15,000
D H Hodson	**18,000**	18,000
P J Hulse	**15,000**	15,000
T G Arthur *	–	3,750
C W McLean	–	–
	70,500	74,250

* date of retirement 30 December 2011

Mr C W McLean is a director and shareholder of SVM Asset Management Limited and has agreed to waive his entitlement to Directors' emoluments in the form of a fee of £15,000.

By Order of the Board,

SVM Asset Management Limited
Secretaries
Edinburgh

20 December 2012

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report of the Directors and the financial statements in accordance with applicable laws and regulations.

Company law requires directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Fund and of the profit of the Fund for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time the financial position of the Fund and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the website maintained for the Company is the responsibility of the Directors; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statements

Each of the Directors confirm to the best of his knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit of the Fund; and
- The Chairman's Statement, Managers' Review and the Report of the Directors include a fair review of the development and performance of the business and the position of the Fund together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to the Auditor

Each Director of the Fund confirms that:

- So far as each Director is aware, there is no information needed by the Auditor in connection with preparing its audit of which the Auditor is unaware; and
- Each Director has taken all the steps that he ought to have taken to make himself aware of any such information and to establish that the Auditor is aware of that information.

On behalf of the Board

Shane Ross

Chairman

20 December 2012

Independent auditor's report

to the Members of SVM Global Fund plc

We have audited the financial statements of SVM Global Fund plc for the year ended 30 September 2012 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Fund's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Fund's members 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 Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements on page 24, the Directors are responsible for the preparation of the Annual Report and the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the fund's affairs as at 30 September 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following: Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement on page 18, in relation to going concern;
- the part of the Corporate Governance Statement relating to the fund's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Susan Dawe
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Edinburgh

20 December 2012

Income statement

for the year to 30 September 2012

	Notes	Revenue £000	Capital £000	Total £000
Net losses on investments at fair value through profit or loss	*7*	–	(20,423)	(20,423)
Exchange differences		–	7	7
Net losses on investments		–	(20,416)	(20,416)
Investment income	*1*	1,474	–	1,474
Investment management fees	*2*	(113)	(1,011)	(1,124)
Other expenses	*3*	(290)	(24)	(314)
Return/(loss) before interest and taxation		1,071	(21,451)	(20,380)
Finance costs – bank overdraft interest		(47)	(424)	(471)
Return/(loss) on ordinary activities before taxation		1,024	(21,875)	(20,851)
Taxation	*4*	–	–	–
Return/(loss) attributable to ordinary shareholders	*6*	1,024	(21,875)	(20,851)
Return/(loss) per Ordinary Share	*6*	2.01p	(42.89p)	(40.88p)

The Total column of this statement is the profit and loss account of the Fund. All revenue and capital items are derived from continuing operations. No operations were acquired or discontinued in the year. A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Fund have been reflected in the above statement.

The Accounting Policies and the Notes on pages 32 to 40 form part of these Accounts

Income statement

for the year to 30 September 2011

	Notes	Revenue £000	Capital £000	Total £000
Net gains on investments at fair value through profit or loss	*7*	–	1,458	1,458
Exchange differences		–	131	131
Net gains on investments		–	1,589	1,589
Investment income	*1*	1,712	–	1,712
Investment management fees	*2*	(133)	(1,201)	(1,334)
Other expenses	*3*	(290)	(69)	(359)
Return before interest and taxation		1,289	319	1,608
Finance costs – bank overdraft interest		(39)	(354)	(393)
Return on ordinary activities before taxation		1,250	(35)	1,215
Taxation	*4*	–	–	–
Return attributable to ordinary shareholders	*6*	1,250	(35)	1,215
Return per Ordinary Share	*6*	2.33p	(0.07p)	2.26p

The Total column of this statement is the profit and loss account of the Fund. All revenue and capital items are derived from continuing operations. No operations were acquired or discontinued in the year. A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Fund have been reflected in the above statement.

The Accounting Policies and the Notes on pages 32 to 40 form part of these Accounts

Balance sheet

as at 30 September 2012

	Notes	**2012 £000**	2011 £000
Fixed Assets			
Investments at fair value through profit or loss	*7*	**126,041**	169,442
Current Assets			
Cash at bank		**9,283**	3,144
Debtors	*8*	**3,007**	1,035
Total current assets		**12,290**	4,179
Creditors: amounts falling due within one year	*9*	**(3,130)**	(3,539)
Net current assets		**9,160**	640
Total assets less current liabilities		**135,201**	170,082
Capital and Reserves			
Share capital	*10*	**12,093**	13,252
Share premium		**10,966**	10,966
Capital redemption reserve		**6,360**	5,201
Capital reserve		**104,501**	139,370
Revenue reserve		**1,281**	1,293
Equity shareholders' funds		**135,201**	170,082
Net asset value per Ordinary Share	*6*	**279.83p**	320.85p

Approved and authorised for issue by the Board of Directors on 20 December 2012 and signed on its behalf by Shane Ross, Chairman.

The Accounting Policies and the Notes on pages 32 to 40 form part of these Accounts

Reconciliation of movements in shareholders' funds

for the year to 30 September 2012

	Share capital £000	Share premium £000	Special reserve £000	Capital redemption reserve £000	Capital reserve £000	Revenue reserve £000
As at 1 October 2011	**13,252**	**10,966**	**–**	**5,201**	**139,370**	**1,293**
Return attributable to shareholders	**–**	**–**	**–**	**–**	**(21,875)**	**1,024**
Ordinary dividends	**–**	**–**	**–**	**–**	**–**	**(1,036)**
Share buy backs	**(1,159)**	**–**	**–**	**1,159**	**(12,994)**	**–**
As at 30 September 2012	**12,093**	**10,966**	**–**	**6,360**	**104,501**	**1,281**

For the year to 30 September 2011

	Share capital £000	Share premium £000	Special reserve £000	Capital redemption reserve £000	Capital reserve £000	Revenue reserve £000
As at 1 October 2010	14,274	10,966	139	4,179	142,265	580
Return attributable to shareholders	–	–	–	–	(35)	1,250
Ordinary dividends	–	–	–	–	–	(537)
Share buy backs	(1,022)	–	(139)	1,022	(2,860)	–
As at 30 September 2011	13,252	10,966	–	5,201	139,370	1,293

The Accounting Policies and the Notes on pages 32 to 40 form part of these Accounts

Cash flow statement

for the year to 30 September 2012

	2012 £000	2011 £000
Reconciliation of revenue before interest and taxation to net cash flows from operating activities		
(Loss)/return before interest and taxation	(20,380)	1,608
Losses/(gains) on investments	20,416	(1,589)
Transaction costs	24	69
Movement in creditors	515	(53)
Movement in debtors	(1,396)	68
Net cash (outflow)/inflow from operating activities	(821)	103
Returns on investment and servicing of finance		
Finance costs paid	(471)	(393)
Capital expenditure and financial investment		
Purchases of fixed asset investments	(14,899)	(15,999)
Sales of fixed asset investments	36,556	18,970
	21,657	2,971
Equity dividends paid	(1,036)	(537)
Net cash inflow before financing	19,329	2,144
Financing		
Share buy backs	(12,994)	(2,999)
Increase/(decrease) in cash	6,335	(855)
Reconciliation of net cash flow to movement in net cash		
Movement in cash in the year	6,335	(855)
Net cash at start of the year	575	1,299
Exchange differences	7	131
Net cash at end of the year	6,917	575

Net cash comprises cash held at bank and overdraft balances

The Accounting Policies and the Notes on pages 32 to 40 form part of these Accounts

Accounting policies

Basis of preparation
The accounts are prepared in accordance with UK Generally Accepted Accounting Practice (''GAAP'') and with the 2009 Statement of Recommended Practice ''Financial Statements of Investment Trust and Venture Capital Companies'' (''SORP'').

Income
Investment income is included in the Income Statement on an ex-dividend basis. Deposit interest is included on an accruals basis.

Expenses and interest
Expenses and interest payable are dealt with on an accruals basis.

Investment management fees and finance costs
The investment management fee and bank overdraft interest paid have been allocated 10% to revenue and 90% to capital. The allocation is in line with the Board's expected long-term split of returns, in the form of income and capital gains respectively, from the investment portfolio. The incentive fee, where payable, has been allocated 100% to capital. The terms of the investment management agreement are detailed in the Report of the Directors on page 17.

Taxation
The taxation charge represents the sum of current and deferred taxation. Current taxation is based on the results showing in the accounts and is calculated using the prevailing taxation rates. Deferred taxation is accounted for in respect of all material timing differences to the extent that it is probable that an asset or liability will crystallise. Timing differences are differences arising between the Fund's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

Investments
The Fund's investments have been categorised as ''fair value through profit or loss''.

All investments are held at fair value. For listed investments, this is deemed to be quoted bid prices as at 30 September 2012. Contracts for Differences are synthetic equities and valued with reference to the investment's underlying bid price. Unlisted investments are valued at fair value based on the latest available information, principally net asset value, and with reference to the International Private Equity and Venture Capital Valuation Guidelines.

All changes in fair value and transaction costs on the acquisition and disposal of portfolio investments are included in the Income Statement as a capital item.

Purchases and sales of investments are accounted for on the trade date.

Use of estimates
The preparation of financial statements requires the Fund to make judgements, estimates and assumptions that affect amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. However, the nature of estimation means that the actual outcomes could differ from those estimates, possible significantly. The estimates and underlying assumptions are reviewed on an ongoing basis. The judgements relate to the fair value of unlisted investments where there is no appropriate market price.

Foreign currencies
Assets and liabilities in foreign currencies are converted at the year end exchange rates. Foreign currency transactions are translated at the exchange rate on the transaction date. Exchange differences are dealt with as either revenue or capital items depending on the nature of the exchange gain or loss.

Capital reserve
Gains and losses on realisations of fixed asset investments, and transaction costs, together with appropriate exchange differences, are dealt with in this reserve. All incentive fees, a portion of the investment management fee and finance costs, together with any tax relief, is also taken to this reserve. Increases and decreases in the valuation of fixed asset investments are dealt with in this reserve. The cost of share buybacks is also charged directly to this reserve.

Notes to the accounts

	2012 £000	2011 £000
1. Investment income		
Income from equity shares and securities –		
UK investment income	**851**	820
Overseas income	**623**	892
	1,474	1,712
2. Investment management fees		
Revenue		
Investment management fee	**113**	133
Capital		
Investment management fee	**1,011**	1,201
Incentive fee	**–**	–
	1,011	1,201
Total	**1,124**	1,334
3. Other expenses		
Revenue		
General expenses	**190**	191
Directors' fees	**71**	74
Auditor's remuneration – audit services*	**23**	22
– taxation services	**6**	3
	290	290
Capital		
Transaction costs	**24**	69
Total	**314**	359

*These figures include VAT. Fees for audit services excluding VAT were £20,000 (2011 – £18,000).

	2012 £000	2011 £000
4. Taxation		
(Loss)/return on ordinary activities before taxation	**(20,851)**	1,215
The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are noted below:		
Corporation tax 25% (2011 – 27%)	**(5,213)**	328
Non-taxable dividends	**(237)**	(376)
Non-taxable losses on investments	**5,884**	(250)
Disallowed expenses	**6**	–
Movement in unutilised management expenses	**(440)**	298
Total taxation charge for the year	**–**	–

The Fund is subject to taxation on gains arising from the realisation of investments in non-qualifying offshore funds but is otherwise exempt from taxation on capital gains. Excess management expenses are available to be offset against future taxable profits including any profits on the disposal of interests in non-qualifying offshore funds. The position as at the year end is as follows:

Excess management expenses	**18,562**	20,321
Unrealised appreciation on non qualifying offshore funds	**(14,216)**	(17,250)
Excess management expenses	**4,346**	3,071

No deferred tax asset on excess management expenses has been recognised as they are unlikely to be utilised against taxable profits in future periods.

5. Dividends

2011 final dividend 2.00p (2010 – 1.00p)	**1,036**	537

The proposed final dividend of 2p per share is subject to shareholder approval at the Annual General Meeting and has not been included as a liability in these financial statements. This dividend of £959,000 (2011: £1,036,000) is the basis on which the requirements of Section 1158 of the Corporation Taxes Act 2011 are considered. The revenue available for distribution by way of dividend for the year is £1,024,000 (2011: £1,250,000).

6. Returns per share

Returns per share are based on a weighted average of 51,007,688 (2011 – 53,669,820) ordinary shares in issue during the year.

Total return per share is based on the total loss for the year of £20,851,000 (2011 – gain of £1,215,000).

Capital return per share is based on the net capital loss for the year of £21,875,000 (2011 – £35,000).

Revenue return per share is based on revenue after taxation for the year of £1,024,000 (2011 – £1,250,000).

The net asset values per share are based on the net assets of £135,201,000 (2011 – £170,082,000) divided by the number of shares in issue, excluding treasury shares, at the year end of 48,315,546 (2011 – 53,009,546).

			2012 £000	2011 £000
7. Fixed assets – Investments at fair value through profit or loss				
Listed investments			51,069	98,222
Unlisted investments			74,972	71,220
			126,041	169,442
	Listed £000	Unlisted £000	Total £000	
Valuation as at 1 October	98,222	71,220	169,442	170,467
Investment holding (losses)/gains as at 1 October	(431)	23,012	22,581	22,192
Cost as at 1 October	98,653	48,208	146,861	148,275
Reclassification during year	(21,389)	21,389	–	–
Purchases of investments at cost	6,853	7,957	14,810	16,890
Proceeds from sale of investments	(17,660)	(20,128)	(37,788)	(19,373)
Net (losses)/gains on sale of investments	(8,244)	1,791	(6,453)	1,069
Cost as at 30 September	58,213	59,217	117,430	146,861
Investment holding (losses)/gains as at 30 September	(7,144)	15,755	8,611	22,581
Valuation as at 30 September	51,069	74,972	126,041	169,442
Net (loss)/gain on sale of investments	(8,244)	1,791	(6,453)	1,069
Reclassification during year	(5,008)	5,008	–	–
Movement in investment holding gains	(1,705)	(12,265)	(13,970)	389
Total (losses)/gains on investments	(14,957)	(5,466)	(20,423)	1,458

Transaction costs
Fixed asset investments are categorised as ''financial assets at fair value through profit or loss''. Transaction costs on the acquisition and disposal of portfolio investments are charged to Capital Reserve.
In the year to 30 September 2012 these costs amounted to £24,000 (acquisitions £6,000 and disposals £18,000).
In the year to 30 September 2011 these costs amounted to £69,000 (acquisitions £39,000 and disposals £30,000).

	2012 £000	2011 £000
8. Debtors		
Dividends due but not received	–	150
Due from brokers	1,459	883
Payments in advance for investment purchases	1,542	–
Taxation recoverable within one year	6	2
	3,007	1,035

	2012 £000	2011 £000
9. Creditors: amounts falling due within one year		
Bank overdraft	**2,366**	2,569
Amount due under CFDs	**–**	638
Due to brokers	**209**	292
Other creditors	**555**	40
	3,130	3,539

10. Share capital

Authorised		
63,739,320 ordinary 25p shares	**15,935**	15,935
Allotted, issued and fully paid 48,373,470 (2011 – 53,009,546) ordinary 25p shares	**12,093**	13,252

Every shareholder has the right to one vote for each share held.

Of the above shares in issue, the movements in the ordinary 25p shares held in treasury were as follows:

As at start of year: nil shares (2011 – 3,060,000)	**–**	765
Purchased during the year: 3,076,000 (2011 – 300,000)	**769**	75
Cancelled during the year: 3,018,000 shares (2011 – 3,360,000)	**(755)**	(840)
As at end of year: 58,000 (2011 – nil)	**14**	–

1,618,000 shares (2011 – 725,000) were bought back for immediate cancellation during the year at a cost of £4,513,000 (2011 – £2,190,000). The consideration for the shares bought back for treasury and then cancelled was £8,334,000 (2011 – £809,000). The consideration for shares held in treasury for the year was £147,000 (2011 – £nil).

11. Substantial interests

Interests of 20% or more of equity share capital (all ordinary shares).

Company	Country of incorporation and operation	Year end	% of class and equity held	Aggregate capital and reserves £000	Post tax losses £000	Dividends received £000	Valuation £000
Armadillo Investments (in liquidation)	Guernsey	31.12.06*	25.0	9,827	(41)	–	132
Maya Market Neutral Fund	Malta/Edinburgh	N/A†	100.0	4,688	–	–	4,688

* the latest unaudited accounts.
† the fund was launched during 2012, these figures are as at 30 September 2012.

12. Financial information on significant unlisted investments

In accordance with the Listing Rules, the following information is provided for the unlisted investments in the Fund's ten largest investments.

Company	Business	Earnings per share p	Dividend per share p	Dividend cover %	Net assets attributable £000
Baring Vostock Investments	Investment Company	(222.0)	–	–	9,458
Firebird Republics Fund	Investment Company	770.0	–	–	7,007
Ceiba Investments	Investment Company	8.0	–	–	6,795
Firebird New Russia Fund	Investment Company	3,547.0	–	–	4,325
Century Capital Partners LP IV*	Investment Company	N/A	–	–	4,489

*Century Capital Partners is a limited partnership and so no earnings per share figure is available.

The above investments are held at net asset value which is fair value. There is no requirement to provide for any diminution in value.

13. Financial instruments

Risk Management

The major risks inherent within the Fund are market price risk, foreign currency risk, liquidity risk, interest rate risk and credit risk. The Fund has an established environment for the management of these risks which are continually monitored by the Managers. Appropriate guidelines for the management of the Fund's financial instruments and gearing have been established by the Board of Directors. Specifically, effective gearing and liquidity are targeted to fall between 0 and 20% of total assets. The Fund does not use currency hedging nor is there a material use of derivatives within its portfolio.

Market risk exists where there are changes in share prices, equity valuations, interest rates and the liquidity of financial instruments. The Fund addresses this risk by owning a diversified portfolio of investments covering a range of market capitalisation, sectors and geographic regions. Market price risk management is part of the fund management process and is typical of equity related investment. The portfolio is managed so as to minimise the effects of adverse price movements and results from detailed and continuing analysis with an objective of maximising overall returns to shareholders.

Liquidity risk exists where the Fund is a forced seller of its investments at times where there may not be sufficient demand for these assets. Although some holdings are unlisted or trade on illiquid markets and are by their nature less liquid than larger companies, the Fund maintains a long term investment view and is rarely required to sell its investments in a forced manner. In addition, the Fund maintains an overdraft facility to ensure that the Fund is not a forced seller of its investments.

Interest rate risk exists where the returns generated from the investments are less than the cost of borrowing. This risk has been mitigated by operating with a relatively small level of gearing at most times. The level will only be increased where an opportunity exists to add to net asset value performance.

Credit risk exists where a counterparty fails to discharge an obligation or commitment entered into with the Fund. The Managers monitor counterparty risk as part of the overall investment management process. This risk is reduced by using counterparties that are substantial, well financed organisations which are reviewed on a regular basis. Most investment transactions are conducted on-market and are delivery versus payment. The Fund's principal counterparties are bankers Bank of New York Mellon and CFD provider UBS. The Managers only use for trade execution broker organisations that are authorised by the Financial Services Authority.

Sensitivity analysis

The following table details the impact on returns and net assets of the Fund to changes in the principal drivers of performance, namely investment returns, foreign currencies and interest rates. The calculations are based on the balances at the respective balance sheet dates and are not representative of the year as a whole.

13. Financial instruments (continued)

Risk Management

	2012 £000	2011 £000
Investment portfolio		
10% increase in price of investments	**12,604**	16,944
10% decrease in price of investments	**(12,604)**	(16,944)
Other assets/liabilities		
Interest rate +0.5%	**46**	4
Interest rate –0.5%	**(46)**	(4)
Foreign currency		
US Dollar strengthens by 5% against Sterling	**3,365**	2,920
US Dollar weakens by 5% against Sterling	**(3,365)**	(2,920)
Euro strengthens by 5% against Sterling	**434**	689
Euro weakens by 5% against Sterling	**(434)**	(689)

Financial instruments

The Fund's investment policy is to hold investments and cash balances with gearing being provided by a bank overdraft. All financial assets and liabilities are carried at fair value. The fair value is the same as the carrying value of all financial assets and liabilities.

The Fund has the following foreign currency exposures.

	2012 £000	2011 £000
Fixed asset investments		
– US Dollar	**68,423**	87,941
– Euro	**9,754**	14,560
– Hong Kong Dollar	**4,447**	–
– Singapore Dollar	**1,483**	3,946
– Yen	**–**	1,795
Bank/(overdraft)		
– US Dollar	**2,250**	112
– Singapore Dollar	**28**	184
– Euro	**(644)**	(87)
Debtors		
– US Dollar	**2,009**	883
– Singapore Dollar	**886**	–
Exchange rate		
– US Dollar	**1.615**	1.558
– Euro	**1.253**	1.164
– Yen	**125.970**	120.090
– Hong Kong Dollar	**12.524**	12.133
– Singapore Dollar	**1.984**	2.037

Where appropriate, gearing is utilised in order to enhance net asset value. The Fund does not invest in fixed rate securities other than where the Fund has substantial cash resources. In this situation, the Fund has typically held short dated UK Government Securities. No such securities were held in the year. Investments, which comprise mainly equity investments, are valued as detailed in the Fund's accounting policies.

13. Financial instruments (continued)

Financial instruments

The Fund only operates short term gearing, which combined with the use of CFDs, is limited to 20% of gross assets. Borrowing is undertaken through an unsecured variable rate bank overdraft with interest being charged based on prevailing interest rates. Short term debtors and creditors are excluded from disclosure except currency disclosures. The fair value is not materially different from the carrying value of all financial assets and liabilities as disclosed in notes 7, 8 and 9.

Classification of financial instruments

	2012 £000	2011 £000
Level 1	**40,145**	87,973
Level 2	**51,073**	10,249
Level 3	**34,823**	71,220

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. These are principally CFDs, where the price is based on the underlying quoted investment price, or investments in funds where the price is based on valuations provided by the funds' administrators.

Level 3 reflects financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by unobservable inputs. These include monthly priced funds and quarterly priced limited partnerships.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Valuation as at 1 October	87,973	10,249	71,220	169,442
Investment holding (losses)/gains as at 1 October	(6,296)	5,865	23,012	22,581
Cost as at 1 October	94,269	4,384	48,208	146,861
Reclassification during year	(21,389)	19,480	1,909	–
Purchases of investments at cost	5,767	8,470	573	14,810
Proceeds from sale of investments	(15,891)	(7,284)	(14,613)	(37,788)
Net (losses)/gains on sale of investments	(8,466)	2,509	(496)	(6,453)
Cost as at 30 September	54,290	27,559	35,581	117,430
Investment holding (losses)/gains as at 30 September	(14,145)	23,514	(758)	8,611
Valuation as at 30 September	40,145	51,073	34,823	126,041

The gains and losses included in the above table have all been included within (losses)/gains on investments in the Income Statement on page 27. The directors believe that the use of reasonable possible alternative assumptions for its Level 3 holdings would not result in a valuation significantly different from the valuation included in these financial statements. (For comparative figures, please see note 7).

The Board has granted the Managers a limited authority to invest in Contracts for Difference (''CFD'') to achieve some degree of gearing and/or hedging without incurring the gross cost of investment.

13. Financial instruments (continued)

Classification of financial instruments

The Board requires the Manager to operate within certain risk ranges of normal exposure, as detailed in the Report of the Directors and Managers' Review. The following table details the CFD positions.

	2012 £000	2011 £000
Number of holdings (2012 – 7, 2011 – 7)		
Net exposure – all long	33,157	30,836
Unrealised gains	7,002	5,865

Contractual maturity analysis

Creditors		
– due not later than one month	(3,130)	(3,539)

Cash flows payable under financial liabilities by remaining contractual liabilities are as stated above.

Maximum credit risk analysis

As at the year end the Fund's maximum credit risk exposure was as follows:

Bank	9,283	3,144
Dividends due but not received	–	150
Due from brokers	1,459	883
Payments in advance for investment purchases	1,542	–
Taxation recoverable	6	2
	12,290	4,179

Capital management policies

The Fund's management objectives are to provide shareholders with long term capital growth.

	2012 £000	2011 £000
Capital and reserves:		
Share capital	12,093	13,252
Share premium	10,966	10,966
Capital redemption reserve	6,360	5,201
Capital reserve	104,501	139,370
Revenue reserve	1,281	1,293
Total shareholders' funds	135,201	170,082

The Fund's objectives for managing capital are detailed in the Report of the Directors and have been complied with throughout the year. The Fund normally restricts effective gearing to 20% of net assets, maintains a minimum share capital of £50,000 (as a public company) and adheres to the capital restrictions imposed by relevant company and tax legislation.

14. Related parties

The following are considered related parties: The Board of Directors and SVM Asset Management.

There are no transactions with the Board other than remuneration for services as Directors as disclosed in the Directors' Remuneration Report on pages 22 and 23, and as set out in note 3 to the accounts. The Directors' shareholdings are detailed on page 16.

Transactions between the Fund and SVM Asset Management are detailed in note 2 and in the Report of the Directors on page 17.

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SVM Global Fund plc will be held at The City of London Club, 19 Old Broad Street, London EC2N 1DS on 11 March 2013 at 2 pm for the following purposes:

Ordinary Business – Ordinary Resolutions

1. That the report and accounts for the year ended 30 September 2012, the Directors' Report, the Directors' Remuneration Report and the Independent Auditor's Report be received.

2. That the Directors' Remuneration Report for the year ended 30 September 2012 be approved.

3. That a final dividend of 2p per share be declared.

4. That Mr S P N Ross TD be re-elected as a Director.

5. That Mr G M Fuller be re-elected as a Director.

6. That Mr P J Hulse be re-elected as a Director.

7. That Mr D H Hodson be re-elected as a Director.

8. That Ernst & Young LLP be re-appointed as Auditor of the Fund to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Fund and that their remuneration be fixed by the Directors.

9. That, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (''the Act'') to exercise all the powers of the Fund to allot ordinary shares in the Fund (''shares'') and to grant rights to subscribe for shares up to an aggregate nominal amount of £598,569 (representing 5% of current ISC), such authority to expire 15 months from the date on which this resolution is passed, or if earlier, at the conclusion of the next annual general meeting of the Fund, unless previously revoked, varied or extended by the Fund in general meeting, save that the Fund may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

Ordinary Business – Special Resolutions

10. That, the Directors be given the general power to allot shares for cash pursuant to the authority conferred by Resolution 8 above under section 570 of the Act as if section 561(1) of the Act did not apply to such allotment provided that the power shall be limited to the allotment of shares up to an aggregate nominal amount of £598,569 representing approximately 5% of the nominal value of the issued share capital of the Fund. This power expires at the conclusion of the next Annual General Meeting of the Fund after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Fund may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

11. That, the Directors be given the general power to allot shares for cash by way of a sale of treasury shares under section 570 of the Act as if section 561(1) of the Act did not apply to such allotment provided that the power shall be limited to the allotment of shares up to an aggregate nominal amount of £598,569 (representing approximately 5% of the

nominal value of the issued share capital of the Fund). This power:

(a) expires at the conclusion of the next Annual General Meeting of the Fund after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Fund may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

12. That in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Fund be generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of shares in the Fund provided that:

(a) The maximum aggregate number of shares hereby authorised to be purchased is less than 15% of the issued share capital as at the date this resolution is passed;

(b) The minimum price which may be paid for a share shall be 25 pence;

(c) The maximum price (excluding expenses) which may be paid for a share shall be not more than the higher of;

(i) 5% above the average closing price on the London Stock Exchange for the shares over the five business days immediately preceding the date of purchase;

(ii) The higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(d) Unless renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Fund or 7 April 2014 if earlier, save that the Fund may prior to such expiry, enter into a contract to purchase shares under such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of shares pursuant to any such contract.

By order of the Board
SVM Asset Management Limited
Secretaries

20 December 2012

Notes:

1. Under Section 324 of the Companies Act 2006, a member of the Fund is entitled to appoint one or more persons as his proxy to exercise all or any of his rights to attend, speak and vote at a meeting of the Fund, provided that each proxy is appointed to exercise the rights attached to different shares held by him.

2. A form of proxy for use by shareholders is enclosed with this document. Proxies must be lodged with the Fund's registrars, Computershare Investor Services plc at the address noted on the form, not less than 48 hours (excluding non-working days) before the time appointed for the meeting, together with any Power of Attorney or other authority under which the proxy is signed. Completion of the form of proxy will not prevent a shareholder from attending the meeting and voting in person.

3. To be entitled to attend and vote at the Annual General Meeting, shareholders must be registered in the Register of Members two days (excluding non-working days) before the meeting (or any adjournment thereof). Changes to the Register after the relevant deadline shall be disregarded in determining the rights of any persons to attend and vote at the Meeting.

4. To facilitate voting by corporate representatives at the meeting, arrangements will be put in place so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

5. The members of the Fund may require the Fund to publish, on its website, a statement which is also to be posted to the auditor setting out any matter relating to the audit of the Fund's accounts, including the auditors report and the conduct of the audit. The Fund will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Fund or at least 100 members who have a relevant right to vote and hold shares in the Fund on which there has been paid up an average sum per member of at least £100.

6. As at 14 December 2012, the latest practicable date prior to the publication of this document, the Fund's issued share capital was 47,885,525 Ordinary Shares each carrying one vote per share.

7. Any person holding 3% of the total voting rights in the Fund who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

8. Information regarding the Annual General Meeting, including information required by Section 311A of the Act is available on our website on www.svmonline.co.uk

9. No Director has a service contract with the Fund.

10. Under section 319A of the Companies Act 2006, the Fund must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless;
    (a) Answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
    (b) The answer has already been given on a website in the form of an answer to a question; or
    (c) It is undesirable in the interests of the Fund or the good order of the meeting that the question be answered.

11. A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a ''Nominated Person'') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

12. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a ''CREST Proxy Instruction'') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent ID 3RA50 by the latest time for receipt of proxy appointments specified in Note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

    CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.

    It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

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