SVM UK EMERGING FUND PLC
(the "Fund")
ANNUAL FINANCIAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2023

The Board is pleased to announce the Annual Financial Results for the year ended 31 March 2023. The full Annual Report and Financial Statements, Notice of Annual General Meeting and Form of Proxy will be posted to shareholders and be available shortly on the Manager's website at www.svmonline.co.uk

Copies of the Annual Report will be submitted to the FCA's National Storage Mechanism and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism in due course.

HIGHLIGHTS

- Over the 12 months to 31 March 2023, net asset value per share fell 17.3% to 93.03p compared to a return of -1.9% in the chosen comparator, the IA UK Companies Sector Average Index.
- Over the five years to 31 March 2023, net asset value per share has fallen 17.0% and the share price 27.2%, against the comparator index return of +18.6%.
- Small and medium sized companies lagged the FTSE 100 over the period.
- A number of portfolio companies attracted takeovers and bid approaches, indicating share prices have fallen below underlying business value.
- At 30 June 2023, net asset value per share was 91.82p.

Financial Highlights	**Year to 31 March 2023**	Year to 31 March 2022
Total Return performance:		
Net Asset Value total return*	**-17.3%**	-10.0%
Share Price total return*	**-25.1%**	-12.1%
Comparator Index (IA UK All Companies Sector Average Index since 1 October 2013**)	**-1.9%**	5.4%

	31 March 2023	31 March 2022	% Change
Capital Return performance:			
Net asset value (p)	**93.03**	112.51	-17.3%
Share price (p)	**65.50**	87.50	-25.1%
MSCI UK Investable Market Index***	**2,093.18**	2,032.66	3.0%
Discount*	**29.6%**	22.2%	
Gearing*	**9.3%**	16.1%	
Ongoing Charges ratio:*			
Investment management fees	**0.68%**	0.86%	
Other operating expenses	**2.32%**	1.78%	
Total	**3.00%**	2.64%	

Total Return to 31 March 2023 (%)	1 Year	3 Years	5 Years	10 Years	Launch (2000)
Net Asset Value	-17.3%	13.6%	-17.0%	78.6%	-4.1%
Comparator Index**	-1.9%	42.6%	18.6%	73.8%	-13.3%

*Alternative Performance Measures (APM). For a definition of terms see Glossary of Terms and Alternative Performance Measures in the AFS
**The comparator index for the Fund is the IA UK All Companies Sector Average.
*** The MSCI UK Investable Market Index is a representative index of the UK Equity Market.

INVESTMENT OBJECTIVE

The investment objective of the Fund is long term capital growth from investments in smaller UK companies. Its aim is to outperform the IA UK All Companies Sector Average Index on a total return basis.

CHAIRMAN'S STATEMENT

Over the 12 months to 31 March 2023, the Company's net asset value fell 17.3% to 93.03p per share, compared to a return of -1.9% in the chosen comparator, the IA UK All Companies Sector Average Index. Over the 12 months, the share price fell by 25.1%. Over the five years to 31 March 2023, net asset value has fallen 17.0% and the share price 27.2%, against the IA UK All Companies Sector Average return of 18.6%. The Company's net asset value decreased slightly in the three months since the year end to 91.82p at 30 June 2023 (total return, FE fundinfo, IA UK All Companies Sector Average for comparison purposes).

Review of the year

Over the 12 months under review, inflation remained high due to the impact of the Ukraine conflict and supply pressures. Weakness relative to other major stockmarkets has brought UK equities - on a range of measures – to a significant valuation gap with the rest of the world. The September 2022 low in the Pound coincided with a peak in pessimism. Since then, the Pound has rebounded over 10% versus the US Dollar. A possible improvement in inflation as the year progresses should restore some confidence. A lessening of trade frictions, as new agreements are negotiated, should help the UK in the coming 12 months.

Although there has been some recovery from the UK's gilt and currency panic of September 2022, politics still weigh on domestic UK shares. Many sound and growing UK businesses were neglected as investors focused on large companies within the global sectors.

The 12 months under review saw a significant gap between the performance of the largest UK listed companies, represented in the FTSE100, and that of smaller and medium sized businesses typical of SVM UK Emerging Fund. The FTSE100 Index materially outperformed the FTSE250 that represents medium sized companies. Over the medium and longer term, the medium sized companies, which tend to be more exposed to the domestic UK economy and the Pound, have shown more growth and stockmarket performance. However, 2022 was a significant setback to that trend.

The strongest contributions to performance over the period were from 4Imprint Group, Flutter Entertainment, Beazley, Ideagen and Games Workshop. Laggards included Kin and Carta, Inspecs Group, Hilton Food Group, Dechra Pharmaceuticals and Dianomi. New investments included Grafton Group, Segro and Serco Group. Additional investment was made in Howden Joinery, Treatt and Dechra Pharmaceuticals. To fund these purchases Global Data, Gamma Communications and On The Beach were sold. DiscoverIE announced the acquisition of Magnasphere, a US designer and manufacturer of magnetic sensors and switches that has the potential to enhance earnings. Games Workshop announced a partnership with Amazon to develop TV and film content with Warhammer IP.

Ideagen was taken over by HG Capital and Aveva was acquired by Schneider Electric. Kape Technologies agreed a cash offer from Unikmind and Dechra Pharmaceuticals has attracted a bid approach from Swedish private equity firm, EQT. This interest in some smaller and medium sized British businesses by corporate investors and private equity may point to share prices having fallen below real business value.

Annual General Meeting

The Annual General Meeting will be held on Friday 8 September 2023 at SVM's offices in Edinburgh. At the last General Meeting, shareholders approved powers for the Company to issue shares and to buy back for cancellation, or to hold in treasury. Your Board has directed the Manager to implement this arrangement, operating within Board guidelines and approvals. This aims to improve liquidity in our shares, and your Board does not expect this overall to be dilutive to shareholders.

On 31 October 2022, SVM Asset Management Limited, being the Investment Manager to SVM UK Emerging Investment Trust plc, was acquired by River and Mercantile Holdings Limited, a subsidiary of AssetCo plc, a UK listed company.

Outlook

Inflation should fall over the next 12 months and supply pressures should be moderate. Consumer sectors in particular appear to be beating expectations.

The Board and Manager are committed to investing in a responsible manner and the Manager embeds Environmental, Social and Governance (ESG) considerations into the research and analysis as part of the investment process.

The portfolio focuses on resilient growing businesses, with low exposure to commodities, oil and banks. The Fund remains fully invested with some additional gearing.

Peter Dicks
Chairman

26 July 2023

MANAGER'S REVIEW

Whilst there are currently no operational changes to note, SVM Asset Management Limited, being the Investment Manager to SVM UK Emerging Investment Trust plc, was acquired by River and Mercantile Holdings Limited, a subsidiary of AssetCo plc, a UK listed company on 31 October 2022.

Summary

The year under review was an extremely difficult period for UK growth investing, particularly for funds emphasising smaller and medium sized companies. The index averages conceal just how much of the returns for the period came from a narrow group of global sectors; energy, basic materials and healthcare.

UK equities have rallied from a low point in September 2022. But since March 2023 there has been some weakness in banks over concern about the health of the banking system. This stemmed from bank failures in the US and Credit Suisse in Europe. There is no portfolio exposure to banks. Although the sector is well capitalised, competition for deposits could adversely impact net interest margins.

In contrast to 2008, the financial sector does not appear to pose a systemic risk. Large financial institutions are much better capitalised than at any point in the last 40 years. Bank share prices, however, are likely to remain volatile in the near-term and subject to changes in prevailing sentiment.

Commentary from portfolio companies continues to be generally positive. Demand is typically flat, but order books and sentiment are reasonably robust. Earnings forecasts appear to have been cut to a level where there is more upside than downside risk to current year results. Nevertheless, UK business confidence remains fragile. UK inflation was expected to peak in early 2023 but has remained stubbornly over 10%.

Bank problems are just one early sign of a growing liquidity squeeze. This may see investors put more value on cash generative, profitable businesses. Easy money has propped-up some poor business models for a number of years. As losses mount, many early stage growth businesses have cut back on marketing and other costs to extend their cash runway. And some older declining businesses, trapped within a high cost structure, have allowed debt to pile up. The Fund is focused on well-funded proven business models.

Portfolio review and investment strategy

Portfolio changes during the 12 months under review emphasised improving underlying liquidity. The Fund is closed-end, and accordingly can take a longer term view on investments which are taking time to grow to a size that attracts institutional investor interest. Regulatory change, covering both portfolio risk and the way in which stockbroking research is conducted, mean that the size at which companies begin to attract broader research coverage and gain a wider audience, is now at a higher level of market capitalisation. Companies that are not included in one of the major indices lack natural buyers and shares can fall sharply on any delay or disappointment. This increases the risk profile of some of the smallest companies outside the FTSE All-Share Index. Portfolio reinvestment was in medium sized and smaller companies with near term prospects of moving into the Index or those already included.

The key for growth investors is to find cash generative growth businesses where a strong moat or service differentiation helps to protect profit margins. Businesses with good cash conversion can reinvest for further growth. Sustainable long term growth in a business usually requires consistently good stewardship of capital. This takes time to evidence, and can often be missed or undervalued by investors. Those quality businesses should now be better placed for recovery.

The weakness of some consumer shares in particular does not reflect the potential for competition to ease and prospects improve. Some of that competition represents takeovers by private equity that have saddled acquired businesses with debt, limiting their ability to compete. Established businesses benefit from an environment with less discounting and a slower pace of innovation. Effectively, the cost of capital for early stage businesses has risen, helping businesses that are inherently cash generative and able to fund their own growth.

An example in the portfolio of a consumer business emerging strongly from pandemic disruption is Jet2, now the UK's largest tour operator. It has benefited from the recovery by refunding customers promptly and in operating a vertically integrated business, controlling its own fleet and seat supply. The disappearance of some capacity from the industry, as competitors cut back, has reduced competition and favours a model focusing on customer experience and value for money. Jet2's balance sheet has given it the strength to order fleet replacement and is working to improve sustainability. After a difficult three years, this consumer business is now growing strongly.

The Manager's approach to investing integrates environmental, social and governance (ESG) analysis into its day-to-day investment activities, and this, combined with an active engagement approach, seeks to influence change and encourage better practices from the companies in which it invests. Companies with successful business models are usually transparent in their accounting and reporting policies and communicate their strategy. Resilience in a business often comes from its strength within a niche. Key to the opportunity that the Manager sees in investment is an ability to generate returns greater than cost of capital and to ensure that stewardship of assets is focused on this aspect.

Top 5 Contributors to Absolute Performance (%)		**Bottom Contributors to Absolute Performance (%)**	
Company name	**Contribution**	**Company name**	**Contribution**
4IMPRINT GROUP	3.39	KIN AND CARTA	-1.85
FLUTTER ENTER	1.07	INSPECS GROUP	-1.43
BEAZLEY GROUP	1.01	HILTON FOOD GROUP	-1.38
IDEAGEN	0.77	DECHRA PHARMACEUTICALS	-1.37
GAMES WORKSHOP GROUP	0.69	DIANOMI	-1.30

Outlook

We can expect a rise in real interest costs that accompanies widening credit spreads and falling inflation. Over the next 12 months the Bank of

England interest rate is likely to fall, but real borrowing costs of many businesses could rise. This would negatively expose indebted businesses that have not focused on strong cashflow.

The global economy continues to be resilient. Supply chain risks continue, although labour scarcity may ease as unemployment picks up, but these risks are more acute in manufacturing sectors. In consumer sectors, safety probably lies with businesses that are leaders in their area or which can defend margins through innovation. Currently, consumer sectors have been significantly derated, in contrast to technology and industrials.

The portfolio emphasises exposure to businesses with strong competitive positions and potential for organic growth.

Sector analysis*	**%**		**Listing***	**%**		**Market Capitalisation***	**%**
Industrials	24.4		Main Market	71.8		Mid	40.0
Consumer Discretionary	20.0		AIM	28.2		Small	38.7
Information Technology	16.7		Other	-		Large	21.3
Financials	13.5						
Communication Services	8.8						
Healthcare	7.2						
Real Estate	5.5						
Consumer Staples	2.9						
Materials	1.0						
*Analysis is of gross exposure							

Colin McLean
Investment Director & Chief Investment Officer
SVM Asset Management

26 July 2023

INVESTMENT PORTFOLIO
as at 31 March 2023

Stock	**Market Exposure 2023 £000**	% of Net Assets	Market Exposure 2022 £000
4Imprint Group	335	6.0	266
Alpha FX Group	321	5.8	378
Watches of Switzerland Group*	229	4.1	319
Unite Group	192	3.4	233
Beazley Group	187	3.4	132
JD Sports Fashion*	167	3.0	139
Dechra Pharmaceuticals	166	3.0	243
Rentokil Initial	164	2.9	146
Ashtead Group	155	2.8	99
Howden Joinery Group	154	2.37	84
Ten largest investments	**2,070**	**37.1**	
Kape Technologies	150	2.7	204
Jet2	150	2.7	131
Flutter Entertainment*	145	2.6	64
Games Workshop Group	140	2.5	105
Experian	133	2.4	148
Oxford Instruments	125	2.2	105
FDM Group Holdings	119	2.1	175
Kainos Group	119	2.1	113
Keystone Law Group	115	2.1	157
Impax Asset Management Group	111	2.0	140
Twenty largest investments	**3,377**	**60.5**	
Serco Group	110	2.0	-
Hilton Food Group	102	1.8	182
Renishaw*	93	1.7	88
Computacentre	89	1.6	123
Renew	86	1.5	87
Instem	85	1.5	99
Autotrader Group	81	1.5	138
XP Power	81	1.5	81
DiscoverIE Group	79	1.4	103
Entain*	79	1.4	-
Thirty largest investments	**4,262**	**76.4**	

Other investments (31 holdings)	1,490	26.7	
Total investments	**5,752**	**103.1**	
CFD positions	**(892)**	**(16.0)**	
CFD unrealised gains	**22**	**0.4**	
Net current assets	**695**	**12.5**	
Net assets	**5,577**	**100.0**	

*Includes CFDs.
Market exposure for equity investments held is the same as fair value and for CFDs held is the market value of the underlying shares to which the portfolio is exposed via the contract. The investment portfolio is grossed up to include CFDs and the net CFD position is then deducted in arriving at the net asset total. Further information is given in note 6 to the Financial Statements. A full portfolio listing as at 31 March 2023 is detailed on the website.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors carry out a robust assessment of the Company's emerging and principal risks including reviewing the policies implemented for identifying and managing the principal risks faced by the Fund.

Many of the Fund's investments are in small companies and may be seen as carrying a higher degree of risk than their larger counterparts. These risks are mitigated through portfolio diversification, in-depth company analysis, the experience of the Manager and a rigorous internal control culture. Further information on the internal controls operated for the Fund is detailed in the Report of the Directors.

The principal risks facing the Fund relate to the investment in financial instruments and include market, liquidity, credit and interest rate risk. An explanation of these risks and how they are mitigated is explained further under "Financial". Additional risks faced by the Fund are summarised below.

Emerging risks – are risks that could have a future impact on the Fund. The Board considers that emerging risks exacerbate existing identified risks e.g. market risk, rather than themselves being new risks. Whilst there were no new specific emerging risks added to the risk register during the year, certain other risks have continued to develop or recede, with the conflict between Russia and the Ukraine and resulting strains of Covid-19 being respective examples which continue to be considered. The Board recognise the impact of inflationary pressures and rising interest rates as established risks, rather than emerging risks. The risks increased during the year.

Investment strategy – The risk that an inappropriate investment strategy may lead to the Fund underperforming its comparator, for example in terms of stock selection, asset allocation or gearing. The Board has given the Manager a clearly defined investment mandate which incorporates various risk limits regarding levels of borrowing and the use of derivatives. The Manager invests in a diversified portfolio of holdings and monitors performance with respect to the comparator. The Board regularly reviews the Fund's investment mandate and long term strategy. This is a stable risk.

Discount – The risk that a disproportionate widening of discount in comparison to the Fund's peers may result in loss of value for shareholders. The discount varies depending upon performance, market sentiment and investor appetite. The Board regularly reviews the discount and the Fund operates a share buy-back programme. The Board acknowledge the discount rate has widened and, by virtue of that in isolation, assess that the associated risk has increased during the year.

Accounting, Legal and Regulatory – 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. In order to qualify as an investment trust the Fund must comply with section 1158 of the Corporation Tax Act 2010 ("CTA"). Failure to do so may result in the Fund losing investment trust status and being subject to corporation tax on realised gains within the Fund's portfolio. The Manager monitors movements in investments, income and expenditure to ensure compliance with the provisions contained in section 1158. Breaches of other regulations, including the Companies Act 2006, the Listing Rules of the UK Listing Authority or the Disclosure and Transparency Rules of the UK Listing Authority, could lead to regulatory and reputational damage. The Board relies on the Manager and its professional advisers to ensure compliance with section 1158 CTA, Companies Act 2006 and the United Kingdom Listing Authority Rules. This is a stable risk.

Operational – The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Fund has no employees and relies upon the services provided by third parties. The Manager has comprehensive internal controls and processes in place to mitigate operational risks. Risk controls are monitored by their assigned owner with oversight from the Manager's risk and compliance function as part of the Manager's risk & control framework, which is reviewed at least annually. This is a stable risk.

Corporate Governance and Shareholder Relations – Details of the Fund's compliance with corporate governance best practice, including information on relations with shareholders, are set out in the Directors' Statement on Corporate Governance. This is a stable risk.

Financial – The Fund's investment activities expose it to a variety of financial risks including:

Market risk
The risk that the Fund may suffer a loss arising from adverse movements in the fair value or future cash flows of an investment. Market risks include changes to market prices, interest rates and currency movements. The Fund invests in a diversified portfolio of holdings covering a range of sectors. The Manager conducts continuing analysis of holdings and their market prices with an objective of maximising returns to shareholders. Asset allocation, stock selection and market movements are reported to the Board on a regular basis. This risk is variable, which is assessed by

the Board and the Manager throughout the year and is considered as broadly stable.

Liquidity risk
The risk that the Fund may encounter difficultly in meeting obligations associated with financial liabilities. The Fund is permitted to invest in shares traded on AIM or similar markets; these tend to be in companies that are smaller in size and by their nature less liquid than larger companies. The Manager conducts continuing analysis of the liquidity profile of the portfolio and the Fund maintains an overdraft facility to ensure that it is not a forced seller of investments. This risk is variable, which is assessed by the Board and the Manager throughout the year and is considered as broadly stable.

Credit risk
The risk that the counterparty to a transaction fails to discharge its obligation or commitment to the transaction resulting in a loss to the Fund. Investment transactions are entered into using brokers that are on the Manager's approved list, the credit ratings of which are reviewed periodically in addition to an annual review by the Manager's board of directors. The Fund's principal bankers are State Street Bank & Trust Company, the main broker for CFDs is UBS and other approved execution broker organisations authorised by the Financial Conduct Authority. This is a stable risk.

Interest rate risk
The risk that interest rate movements may affect the level of income receivable on cash deposits. At most times the Fund operates with relatively low levels of bank gearing, this has and will only be increased where an opportunity exists to substantially add to the net asset value performance. The Board note the increase in interest rates but assess the risk as stable.

The Board seeks to mitigate and manage these risks through continuous review, policy setting and enforcement of contractual obligations. The Board receives both formal and informal reports from the Manager and third party service providers addressing these risks. The Board believes the Fund has a relatively low risk profile as it has a simple capital structure; invests principally in UK quoted companies; does not use derivatives other than CFDs and uses well established and creditworthy counterparties.

The capital structure comprises only ordinary shares that rank equally. Each share carries one vote at general meetings.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Fund's performance, business model and strategy.

The Directors each confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and gain or loss of the Fund and;
- the Strategic Report includes 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.

By Order of the Board
Peter Dicks
Chairman

26 July 2023

Income statement

for the year to 31 March 2023

	Notes	**Revenue £000**	**Capital £000**	**Total £000**
Net loss on investments at fair value	6	**-**	**(1,065)**	**(1,065)**
Income	1	**104**	**-**	**104**
Investment management fees	2	**-**	**(42)**	**(42)**
Other expenses	3	**(143)**	**-**	**(143)**
Loss before finance costs and taxation		**(39)**	**(1,107)**	**(1,146)**
Finance costs		**(22)**	**-**	**(22)**
Loss on ordinary activities before taxation		**(61)**	**(1,107)**	**(1,168)**
Taxation	4	**-**	**-**	**-**
Loss attributable to ordinary shareholders		**(61)**	**(1,107)**	**(1,168)**
Loss per Ordinary Share	5	**(1.02)p**	**(18.46)p**	**(19.48)p**

for the year to 31 March 2022

	Notes	Revenue £000	Capital £000	Total £000
Net loss on investments at fair value	6	**-**	**(641)**	**(641)**
Income	1	**94**	**-**	**94**
Investment management fees	2	**-**	**(61)**	**(61)**
Other expenses	3	**(127)**	**-**	**(127)**
Loss before finance costs and taxation		**(33)**	**(702)**	**(735)**
Finance costs		**(14)**	**-**	**(14)**
Loss on ordinary activities before taxation		**(110)**	**2,695**	**2,585**
Taxation	4	**-**	**-**	**-**
Loss attributable to ordinary shareholders		**(47)**	**(702)**	**(749)**
Loss per Ordinary Share	5	**(0.78)p**	**(11.71)p**	**(12.49)p**

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 Comprehensive Income is not required as all gains and losses of the Fund have been reflected in the above statement.

Balance sheet
as at 31 March 2023

	Notes	2023 £000	2022 £000
Fixed Assets			
Investments at fair value through profit or loss	6	**4,882**	6,408
Current Assets			
Debtors	7	**897**	720
Cash at bank and on deposit		**375**	53
Total current assets		**1,272**	773
Creditors: amounts falling due within one year	8	**(577)**	(436)
Net current assets		**695**	337
Total assets less current liabilities		**5,577**	6,745
Capital and Reserves			
Share capital	9	**300**	300
Share premium		**314**	314
Special reserve		**5,136**	5,136
Capital redemption reserve		**27**	27
Capital reserve		**394**	1,501
Revenue reserve		**(594)**	(533)
Equity shareholders' funds		**5,577**	6,745
Net asset value per Ordinary Share	5	**93.03p**	112.51p

Approved and authorised for issue by the Board of Directors on 26 July 2023 and signed on its behalf by Peter Dicks, Chairman.

Statement of Changes in Equity
for the year to 31 March 2023

	Share capital £000	Share premium £000	Special reserve £000*	Capital redemption reserve £000	Capital reserve £000	Revenue reserve £000*	Total £000
As at 1 April 2022	**300**	**314**	**5,136**	**27**	**1,501**	**(533)**	**6,745**

Loss attributable to shareholders	**-**	**-**	**-**	**-**	**(1,107)**	**(61)**	**(1,168)**
As at 31 March 2023	**300**	**314**	**5,136**	**27**	**394**	**(594)**	**5,577**

for the year to 31 March 2022

	Share capital £000	Share premium £000	Special reserve £000*	Capital redemption reserve £000	Capital reserve £000	Revenue reserve £000*	Total £000
As at 1 April 2021	300	314	5,136	27	2,203	(486)	7,494
Loss attributable to shareholders	-	-	-	-	(702)	(47)	(749)
As at 31 March 2022	300	314	5,136	27	1,501	(533)	6,745

*Distributable reserves at 31 March 2023 were £4,542,000 (2022: £4,603,000).

Accounting policies

Basis of preparation
The Financial Statements are prepared under the historical cost convention, modified to include the revaluation of fixed asset investments which are recorded at fair value, in accordance with FRS 102, the "Financial Reporting Standard applicable in the UK and Republic of Ireland" and under the AIC's Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP) issued in July 2022. The Directors have also prepared the Financial Statements on a going concern
basis and have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of these Financial Statements. In making their assessment the Directors have reviewed income and expenditure projections, reviewed the liquidity of the investment portfolio and considered the Company's ability to meet liabilities as they fall due. This conclusion also takes in to account the Directors' assessment of the continuing risks emerging from the pandemic and conflict in Ukraine. The Company is exempt from presenting a Cash Flow Statement as a Statement of Changes in Equity is presented and substantially all of the Company's investment are highly liquid and are carried at market value.

Significant judgements and estimates
Preparation of financial statements can require management to make significant judgements and estimates. There are no significant judgements or sources of estimation uncertainty the Board considers need to be disclosed.

Income
Dividend income is included in the Income Statement on an ex-dividend basis and includes dividends on both direct equity investments and synthetic equity holdings via Contracts for Differences. Special dividends are recorded on an ex-dividend basis and allocated to revenue or capital in line with the underlying commercial circumstances of the dividend payment. Interest receivable on bank balances is included in the Income Statement on an accruals basis.

Expenses and interest
Expenses and interest payable are dealt with on an accruals basis. All expenses other than investment management fees are charged to revenue.

Investment management fees
Investment management fees are allocated 100 per cent to capital. The allocation is in line with the Board's expected long-term return from the investment portfolio. The terms of the investment management agreement are detailed in the Report of the Directors.

Taxation
Current tax is provided at the amounts expected to be paid or received. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date measured on an undiscounted basis and based on enacted or substantively enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered probable that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the taxable profits and the results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Investments
The 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 at bid prices. A Contract for Difference (CFD) is a synthetic equity comprising of a future contract to either purchase or sell a specific asset at a specified future date for a specified price. The Company can hold long and short positions in CFDs which are held at fair value, based on the bid prices of the underlying securities in respect of long positions, and the offer prices of the underlying securities in respect of short positions. Profits and losses on CFDs are recognised in the Income Statement as capital gains or losses on investments at fair value. Dividends and interest on CFDs are included in the revenue income. The year end fair value of CFD positions which are assets is included in fixed asset investments, whilst the year end fair value of CFD positions which are liabilities is included within current liabilities in Note 8. Balances with

brokers in respect of margin calls are included within debtors in Note 7. Unlisted investments are valued at fair value based on the latest available information and with reference to International Private Equity and Venture Capital Valuation Guidelines issued in December 2022.

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 trade date.

Financial instruments
In addition to the investment transactions described above, basic financial instruments are entered into that result in recognition of other financial assets and liabilities, such as investment income due but not received, other debtors and other creditors. These financial instruments are receivable and payable within one year and are stated at cost less impairment.

Foreign currency translation
Transactions involving foreign currencies are converted at the rate ruling as at the date of the transaction. Sterling is the functional currency of the Fund and all foreign currency monetary assets and liabilities are retranslated into Sterling at the rate ruling on the financial reporting date.

Capital reserve
Gains and losses on realisations of fixed asset investments, and transactions costs, together with appropriate exchange differences, are accounted for within this reserve. All investment management fees, together with any tax relief, are also taken to this reserve. Increases and decreases in the valuation of fixed asset investments are recognised in this reserve.

Special reserve
On 29 June 2001, the court approved the redesignation of the Share Premium Account, at that date, as a fully distributable Special Reserve.

Capital redemption reserve.
This reserve represents the nominal value of own shares bought back.

Revenue reserve
Retained revenue profits and losses are accounted for in this fully distributable reserve.

Share Capital
This account represents allotted, issued and fully paid up shares of 5p each.

Share Premium
This account represents the value received for issuing shares in excess of the nominal value of 5p per share.

Notes to the financial statements

1. Income

	2023 £000	2022 £000
Income from shares and securities		
– dividends	**103**	94
– interest	**1**	-
	104	94

2. Investment Management Fees

Investment Management Fees	**42**	61

3. Other expenses

Revenue		
General expenses	**79**	69
Directors' fees	**25**	25
Auditor's remuneration	**39**	33
	143	127

4. Taxation

Current taxation	**-**	-
Deferred taxation	**-**	-
Total taxation charge for the year	**-**	-

The tax assessed for the year is different from the standard small company rate of corporation tax in the UK. The differences are noted below:

Loss on ordinary activities before taxation	**(1,168)**	(749)
Corporation tax (19%, 2022 – 19%)	**(222)**	(142)
Effects of:		
Non taxable UK dividends	**(15)**	(14)
Losses on CFD	**25**	60
Non taxable investment gains/(losses) in capital	**177**	(62)
Non taxable overseas dividends	**(1)**	(1)
Movement in deferred tax rate on excess management charges	**(11)**	(11)
Movement in unutilised management expenses and NTLR deficits	**47**	46
Total taxation charge for the year	**-**	-

At 31 March 2023, the Fund had unutilised management expenses and non trade loan relationship ("NTLR") deficits of £1,824,000 (2022 – £1,637,000).

A deferred tax asset of £456,000 (2022 - £409,000) has not been recognised on unutilised management expenses as it is unlikely that there would be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

5. Returns per share

Returns per share are based on a weighted average of 5,995,000 (2022 – 5,995,000) ordinary shares in issue during the year.
Total return per share is based on the total loss for the year of £1,168,000 (2022 – loss of £749,000).
Capital return per share is based on the net capital loss for the year of £1,107,000 (2022 – loss of £702,000).
Revenue return per share is based on the revenue loss after taxation for the year of £61,000 (2022 – loss of £47,000).
The net asset value per share is based on the net assets of the Fund of £5,577,000 (2022 – £6,745,000) divided by the number of shares in issue at the year end as shown in note 9.

6. Investments at fair value through profit or loss

			2023 £000	2022 £000
Listed investments and CFDs			**4,882**	6,408
Unlisted investments			**-**	-
Valuation as at end of year			**4,882**	6,408
	Listed £000	**Unlisted £000**	**Total £000**	Total £000
Opening book cost	**4,953**	**140**	**5,093**	5,068
Opening investment holding gains/(losses)	**1,455**	**(140)**	**1,315**	2,530
Opening fair value*	**6,408**	**-**	**6,408**	7,598
Analysis of transactions made during the year				
Purchase at cost	**494**	**19**	**513**	1,374
Sales proceeds received**	**(1,106)**	**-**	**(1,106)**	(2,237)
Losses on investments***	**(914)**	**(19)**	**(933)**	(327)
Closing fair value	**4,882**	**-**	**4,882**	6,408
Closing book cost	**3,944**	**159**	**4,103**	5,093
Closing investment holding gains/(losses)	**938**	**(159)**	**779**	1,315
Closing fair value	**4,882**	**-**	**4,882**	6,408
Losses on investments	**(914)**	**(19)**	**(933)**	(327)
Movement in CFD current liability	**(132)**	**-**	**(132)**	(314)
Net losses on investments at fair value	**(1,046)**	**(19)**	**(1,065)**	(641)

The transaction costs in acquiring investments during the year were £3,000 (2022: £3,000). For disposals, transaction costs were £2,000 (2022: £2,000).
The company received £1,106,000 (2022 £2,237,000) from investments sold in the year. The book cost of these investments when they were purchased was £1,503,000 (2022 £1,349,000). These investments have been revalued over time and, until they were sold, any unrealised gains/losses were included in the fair value of the investments.
* Opening fair value of £6,408,000 includes £0 of CFD gains
** Sale proceeds received of £1,106,000 includes a negative balance of £68,000 in relation to CFDs.
*** Losses on investments of £933,000 includes a balance of £68,000 in relation to losses on CFDs

7. Debtors

	2023 £000	2022 £000
Investment income receivable	**13**	6
Amounts receivable relating to CFDs – being cash held at Broker	**868**	699
Prepayments	**13**	13
Taxation	**3**	2
	897	720

8. Creditors: amounts falling due within one year

	2023	2022

	£000	£000
Amounts due relating to CFDs – being losses on CFD contracts	**507**	375
Due to SVM Asset Management Limited	**10**	13
Other creditors	**60**	48
	577	436

9. Share capital

Allotted, issued and fully paid		
6,005,000 ordinary 5p shares (2022 – 6,005,000)	**300**	300

As at the date of publication of this document, there was no change in the issued share capital and each ordinary share carries one vote, other than the 10,000 shares held in treasury which carry no voting rights.

During the year no Ordinary Shares were brought back.

10. Financial instruments

Risk Management

The Fund's investment policy is to hold investments, CFDs and cash balances with gearing being provided by the use of CFDs and a bank overdraft. 100% (2022: 100%) of the Fund's net asset value is held in investments that are denominated in Sterling and are carried at fair value. Where appropriate, gearing can be utilised in order to enhance net asset value. It does not invest in short dated fixed rate securities other than where it has substantial cash resources. Fixed rate securities held at 31 March 2023 were valued at £nil (2022 – £nil). Investments, which comprise principally equity investments, are valued as detailed in the accounting policies.

The Fund only operates short term gearing, which is limited to 30 per cent of gross assets and is undertaken through an unsecured variable rate bank overdraft and the use of CFDs. The comparator rate which determines the interest received on Sterling cash balances or paid on bank overdrafts is the bank base rate which was 4.25% as at 31 March 2023 (2022 – 0.75%). There are no undrawn committed borrowing facilities. Short-term debtors and creditors are excluded from disclosure.

The Fund does not hold any (2022: nil%) of the total net asset value in investments with direct foreign currency exposure and is consequently not currency hedged. Financial information on the investment portfolio is detailed in note 6.

The major risks inherent within the Fund are market risk, liquidity risk, credit risk and interest rate risk. It has an established environment for the management of these risks which are continually monitored by the Manager. Appropriate guidelines for the management of its financial instruments and gearing have been established by the Board of Directors. It has no foreign currency assets and therefore does not use currency hedging. It does not use derivatives within the portfolio with the exception of CFDs.

Market risk

The risk that the Fund may suffer a loss arising from adverse movements in the fair value or future cash flows of an investment. Market risks include changes to market prices, interest rates and currency movements. The Fund invests in a diversified portfolio of holdings covering a range of sectors. The Manager conducts continuing analysis of holdings and their market prices with an objective of maximising returns to shareholders. Asset allocation, stock selection and market movements are reported to the Board on a regular basis.

Liquidity risk

The risk that the Fund may encounter difficultly in meeting obligations associated with financial liabilities. The Fund is permitted to invest in shares traded on AIM or similar markets; these tend to be in companies that are smaller in size and by their nature less liquid than larger companies. The Manager conducts continuing analysis of the liquidity profile of the portfolio and the Fund maintains an overdraft facility to ensure that it is not a forced seller of investments.

Credit risk

The risk that the counterparty to a transaction fails to discharge its obligation or commitment to the transaction resulting in a loss to the Fund. Investment transactions are entered into using brokers that are on the Manager's approved list, the credit ratings of which are reviewed periodically in addition to an annual review by the Manager's board of directors. The Fund's principal bankers are State Street Bank & Trust Company, the main broker for CFDs is UBS and other approved execution broker organisations authorised by the Financial Conduct Authority.

Interest rate risk

The risk that interest rate movements may affect the level of income receivable on cash deposits. At most times the Fund operates with relatively low levels of bank gearing, this has and will only be increased where an opportunity exists to substantially add to the net asset value performance.

11. The financial information contained within this announcement does not constitute statutory accounts as defined in sections 434 and 435 of the Companies Act 2006. The results for the years ended 31 March 2023 and 2022 are an abridged version of the statutory accounts for those years. The Auditor has reported on the 2023 and 2022 accounts, their reports for both years were unqualified and did not contain a statement under section 498 of the Companies Act 2006. Statutory accounts for 2022 have been filed with the Registrar of Companies and those for 2023 will be delivered in due course.

12. The Annual Report and Accounts for the year ended 31 March 2023 will be mailed to shareholders shortly and copies will be available from the Manager's website www.svmonline.co.uk and the Fund's registered office at 7 Castle Street, Edinburgh, EH2 3AH.

The Annual General Meeting of the Fund will be held at 9.00 a.m. on Friday 8 September 2023 at 7 Castle Street, Edinburgh, EH2 3AH.

For further information, please contact:

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26 July 2023