

Annual Report
31 March 2014



SVM UK Emerging Fund plc



The investment objective of SVM UK Emerging Fund PLC (the “Fund” or the “Company”) is long term capital growth from investments in smaller UK companies. Its aim is to outperform the IMA UK All Companies Sector Average Index on a total return basis.

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Highlights

- Strong outperformance against benchmark index over the year
- Net asset value total return was +37.2% for the year compared to +17.1% for the benchmark index
- Share price rise of +34.3% for the year
- New objective and benchmark index approved by shareholders during the year
- Re-alignment of portfolio focusing on more liquid, dividend-paying growth businesses

Financial Highlights

	Year to 31 March 2014	Year to 31 March 2013
Total Return performance:		
Net Asset Value total return	+37.2%	-24.6%
Share Share Price total return	+34.3%	-21.8%
Benchmark Index (IMA UK All Companies Sector Average Index since 1 October 2013*)	+17.1%	-7.3%

	31 March 2014	31 March 2013	% Change
Capital Return performance:			
Net asset value (p)	73.93	53.90	+37.2%
Share price (p)	57.75	43.00	+34.3%
FTSE All-Share Index	3,556	3,381	+5.2%
Discount	21.9%	20.2%	
Ongoing Charges ratio:			
Investment management fees**	—	—	
Other operating expenses	1.6%	2.9%	

Total Return to 31 March 2014 (%)	1 Year	3 Years	5 Years	Remit Change 2004	Launch (2000)
Net Asset Value	+37.2	-15.4	+65.3	+129.8	-23.8
Benchmark Index*	+17.1	-3.5	+115.3	+1.3	-41.6

*The benchmark index for the Fund was changed to the IMA UK All Companies Sector Average Index from 1 October 2013 prior to which the FTSE AIM Index was used.

**The Manager has waived its management fees for the year to 31 March 2014 and 2013.

Chairman's statement



- Over the 12 months, net asset value increased by 37% and share price by 34% compared to a return of 17% in the benchmark.
- Performance helped by portfolio re-alignment following shareholder approval of revised investment objective.
- Shareholders approved new benchmark index; IMA UK All Companies Sector Average Index, total return.
- Increased emphasis on more liquid, dividend-paying growth businesses.

Over the 12 months to 31 March 2014, the net asset value per share increased by 37.2% to 73.93p, compared to a gain of 17.1% in the benchmark. The benchmark was changed with effect from 1 October 2013 to the IMA UK All Companies Sector Average Index, following a shareholder vote. For the year under review, the benchmark comparison is with the previous index to 30 September 2013 and the new benchmark subsequently. Over the 12 months, the share price gained 34.3%.

Performance was helped by maintaining a fully invested position, in expectation of a strong recovery by the UK economy. Over the past year, the UK economy steadily strengthened, with notable recovery in housing that broadened into other

consumer and services sectors, making it one of the fastest growing Western economies. In my Statement last year, I commented on the tough financing environment for smaller companies and I am pleased to report the position has markedly improved since. The emphasis of the portfolio on businesses in the UK consumer sector, and property and technology has also assisted performance.

Review of the year

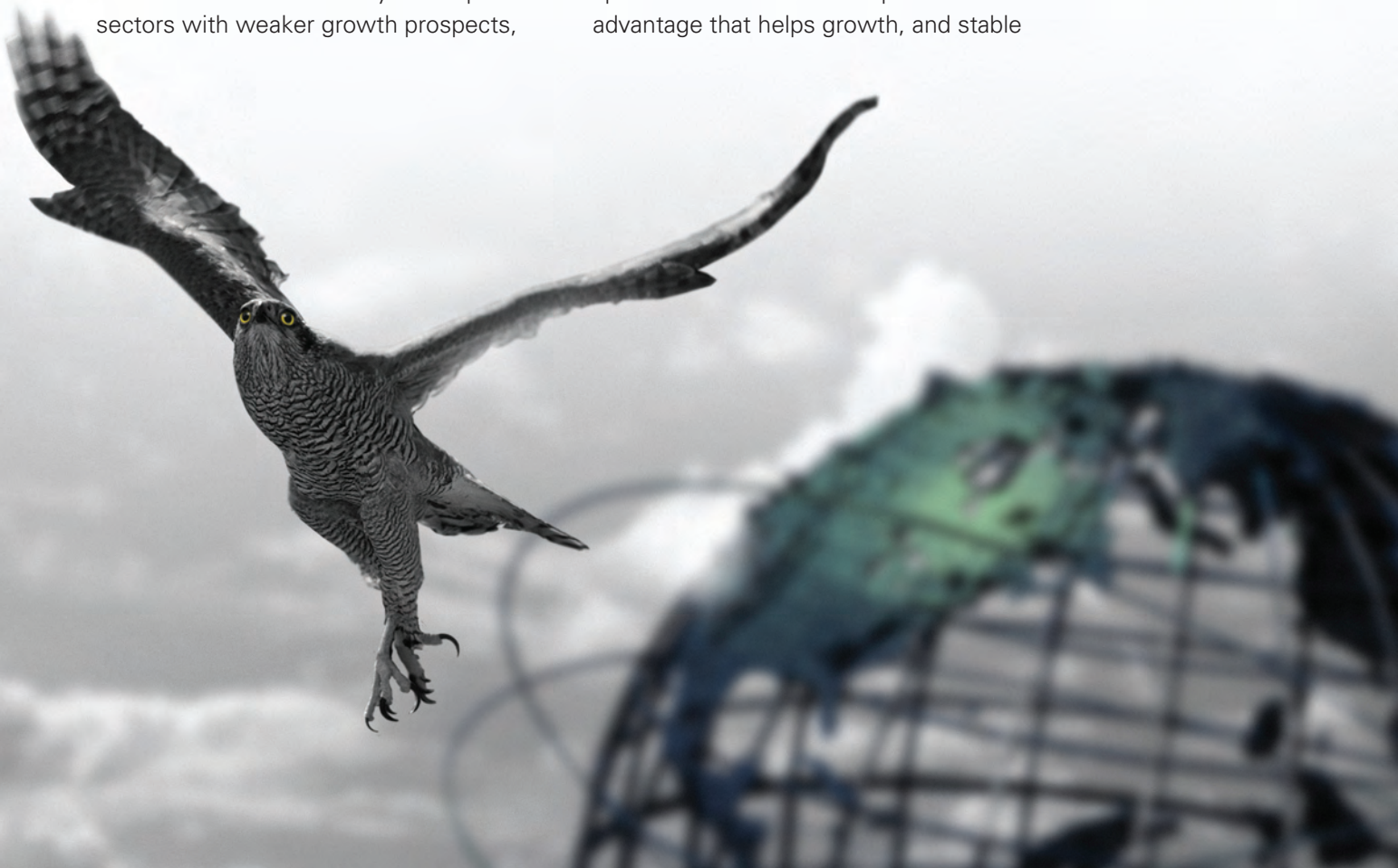
Last year, the portfolio was re-aligned to emphasise businesses with an exposure to global growth or the potential to progress by a degree of innovation and self-help. Many of these businesses have performed well over the past year, as consumer confidence returned and credit conditions eased. Over the 12 month period, there were good contributions to performance from Ted Baker, Thomas Cook, Mar City, Sports Direct and ASOS. These businesses benefited from strengthening consumer confidence and effective management. Property businesses in the portfolio also contributed, including Grainger Trust, Workspace Group and Unite Group. Computer aided design business, Delcam, attracted a takeover bid which achieved a good profit for the Fund. As merger and acquisition activity recovers, some of the portfolio businesses could be attractive targets for international groups. The main disappointments during the year were defence group Manroy, and Hurricane Energy. Both of these investments were

sold. Sales were also made of other unquoted investments, and the Hydrodec loan stock was repaid. This means that the portfolio now includes just one unquoted investment, Claremont Partners, representing 2.4% of the Fund's net asset value.

Consumer services - including retailers, media, travel and pub groups - gained from a recovery in pay levels and house prices, boosting consumer confidence. The Fund continues to have relatively low exposure to sectors with weaker growth prospects,

such as utilities, oil and mining. Despite some good performance in the banking sector, we anticipate returns to disappoint as capital is rebuilt, and our exposure to this sector remains low.

Despite the recovery in pay levels, there are still constraints on UK consumer spending. However, a number of retail and leisure businesses have re-focused and are being helped by lower competition. The portfolio emphasises businesses with a specialisation or other competitive advantage that helps growth, and stable



profit margins. With low financing costs, businesses such as Johnson Service Group, Thomas Cook, ITV and Trinity Mirror Group, can pay down debt, restructure or participate in merger and acquisition activity to enhance earnings. We expect continued stimulus for the UK economy, particularly in house building and small business lending, encouraging growth in the regions. Additional measures to address the risk of deflation are also likely.

Equity valuations are attractive relative to other asset classes. Overall, the global economy continues to grow, offering a favourable background for equities. Central Bank policy in both the UK and Eurozone is now focused on maintaining low interest rates and assisting the bank sector. Returns on cash deposits and bonds will remain very low, and so equities that offer growth and attractive dividend yields are being sought by investors.

Your Board continues to work to improve liquidity in the Fund's shares. We believe

that the improved underlying portfolio liquidity should help to maintain a lower discount. This will be kept under review.

Outlook

The Fund's portfolio emphasises growing small and medium sized businesses. The Fund is positioned to benefit from continued recovery in the UK economy, focused on attractive equity valuations. Its aim remains to deliver long term capital growth, lower volatility and superior absolute and relative returns. The Board and the Manager believe that it is well placed to continue to deliver on these aims.

Alternative Investment Fund Managers Directive

The Board has considered the implications of the Alternative Investment Fund Managers Directive. Recognising the size of the Fund, and the relative simplicity of its structure and investment objective, the Board has concluded that the Fund should seek authorisation as an internally managed

Alternative Investment Fund, where the Board act as a Small Registered UK Alternative Investment Fund Manager. This will involve registration with the Financial Conduct Authority. Risk management and portfolio management activities will be

delegated to the current manager, SVM Asset Management, with appropriate Board oversight measures put in place.

Peter Dicks
Chairman

4 July 2014



Manager's review

Summary

Following re-alignment of the portfolio in late 2012, the year under review saw the changes bear fruit. The re-investment into businesses with superior growth prospects, lower risk and greater liquidity, assisted performance. This was helped by a sharp recovery in the UK economy, beating expectations and helping consumer sectors in particular. The portfolio also had low exposure to areas such as mining that were adversely impacted by stresses in emerging markets that were a feature of 2013.

Over the 12 months, the portfolio emphasised retailers, technology, industrials, business services and property. The relatively small size of the Fund affords portfolio flexibility, and allows investment to be made in growing businesses. The Fund includes companies in AIM, smaller companies and medium sized businesses, but has low exposure to the very smallest businesses. There is also no investment in the very largest FTSE 100 companies, which typically have lower growth, and are now more challenged by disinflation. The investment process involves fundamental research via company meetings, combined with the identification of a catalyst to achieve

recognition of value. Within SVM Asset Management, Colin McLean and Margaret Lawson continue to have day-to-day responsibility for the investment management of the Fund.

Contributors to performance

The most significant contributions to performance came from the consumer sector, including travel and retail. Two businesses with strong brands and expanding footprint, Ted Baker and SuperGroup, performed well as the market recognised growth prospects. Strong brands offer some protection against deflationary pressure, and both these businesses have growth strategies with good management. Thomas Cook gained as new management continued to restructure the business, and succeeded in raising new capital, reducing risk. Sports Direct also rose as its UK competition was much reduced, and it made progress with its expansion plans in Europe.

The property investments in the portfolio – Grainger, Quintain Estates, Workspace and Unite - focus on effective management teams, typically focusing on niches or other specialisation. These progressed as yields



remained low, making returns from property attractive, and the bank sector resolved some legacy property problems. Grainger is a residential property company and Quintain focuses on London commercial and residential real estate. Workspace provides tailored business premises for early stage businesses in London, and Unite specialises in student residential accommodation throughout the UK. We believe the sector offers further growth potential.

The Fund also has above average exposure to technology, including businesses specialising in computer aided design, big data and cloud services. Computer aided design company, Delcam, accepted a bid in January 2014 from US software group, Autodesk. With high business taxation in the US, many American headquartered corporations are looking to make related acquisitions overseas, and we believe this will encourage more bids for UK technology companies.

Unquoteds

Portfolio exposure to unquoted investments has been steadily reduced. The year under review opened with three holdings representing more than 15% of the Fund. In

October 2013, the unsecured loan stock of Hydrodec Group was repaid in full. It paid an 8% coupon, providing income to the Fund. However, dividends within the listed investments in the portfolio are growing. Hurricane Energy was sold after it listed early in 2014. The remaining unquoted investment, Claremont Partners, represents 2.4% of the Fund, and is valued at a 15% discount to cost. Claremont has gaming licence applications in the US, and also owns land in Taiwan. The Managers do not plan to make any new unquoted investments in the current year.

Portfolio Changes

The consumer and property investments reported earlier represent core portfolio holdings, along with a number of industrial and business services investments exposed to the recovering global economy. A number of changes have been made to the portfolio in 2014, to take profits in some smaller company holdings that had performed particularly strongly, and re-invest in a number of medium sized companies at attractive valuations. New investments include St James Place, Hargreaves Lansdown and Whitbread.

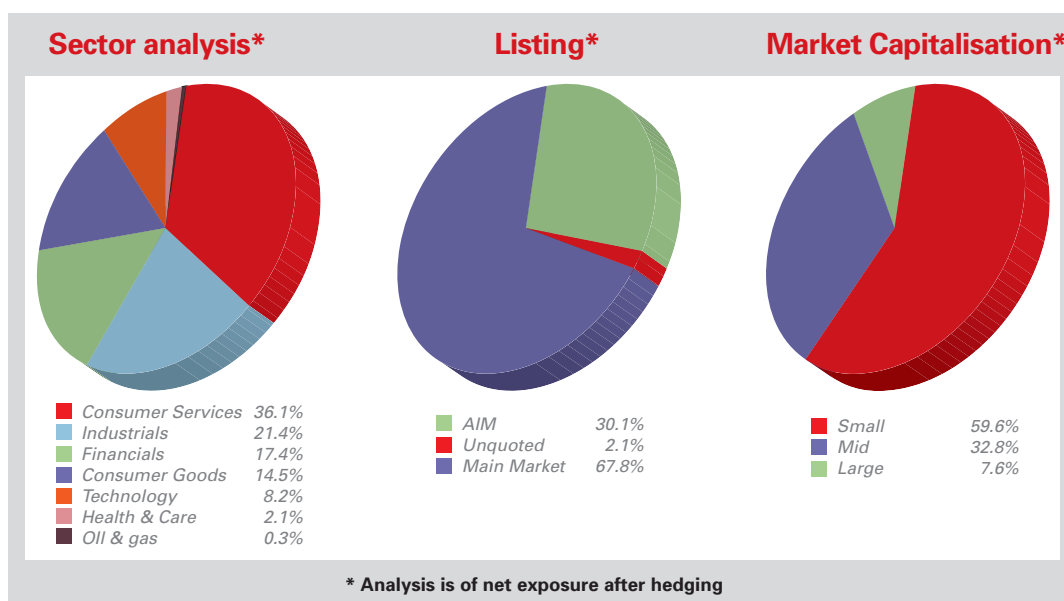
Outlook

Recovery in the US, Eurozone and UK continues to exceed most forecasts. The IMF growth forecast for the UK this year of 2.9% is the highest of any advanced economy. Many UK-listed international companies are also benefiting from the recovery in the global economy.

The Pound was strong during the year, helped by economic recovery, with markets believing that further stimulation might be deferred. However, inflation remains extremely low and is running below the Bank of England's 2% target. If this persists, further stimulation is likely. A number of portfolio investments should gain from stimulation in Europe. There is also some indirect exposure to the US economy, which continues to recover. We

believe there is also potential for recovery globally in capital investment, and a number of portfolio companies should benefit as business confidence grows.

Your Fund remains fully invested, reflecting the potential for dividend growth, share re-ratings, and for self-help in many portfolio companies. The portfolio emphasises consumer sectors, property, technology and business services. Overall, a strengthening UK economy and the prospect of growth in the global economy offer a favourable background for UK equities.



Investment portfolio

as at 31 March 2014

Stock	Cost 2014 £000	Valuation 2014 £000	% of Net Assets	Valuation 2013 £000
1 Ted Baker	93	215	4.8	130
2 Unite Group	120	178	4.0	163
3 Thomas Cook	85	172	3.9	76
4 ITV Television	60	163	3.7	75
5 ASOS	90	155	3.5	–
6 Workspace	66	145	3.3	83
7 Grainger Trust	82	145	3.3	81
8 Sports Direct	62	128	2.9	64
9 Johnson Services	81	127	2.9	87
10 Telford Homes	88	120	2.7	–
Ten largest investments	827	1,548	35.0	
11 Benchmark Holdings	70	107	2.4	–
12 Hays	76	107	2.4	53
13 Claremont Partners Ltd*	125	106	2.4	106
14 RPS Group	103	103	2.3	–
15 Photo-Me International	109	100	2.3	–
16 GVC Holdings	66	98	2.2	69
17 Quintain Estates	62	97	2.2	63
18 Playtech	59	95	2.1	88
19 Convivality Retail	84	94	2.1	–
20 Mears Group	72	94	2.1	–
Twenty largest investments	1,653	2,549	57.5	
21 Mar City	49	88	2.0	–
22 XAAR	81	88	2.0	–
23 Fusionex International	81	81	1.8	–
24 Tribal Group	37	77	1.7	98
25 M&C Saatchi	66	77	1.7	–
26 Ryanair	70	77	1.7	–
27 DSG International	31	69	1.6	47
28 Iomart Group	71	64	1.4	–
29 Pace	36	63	1.4	–
30 Numis Corporation	53	62	1.4	–
Thirty largest investments	2,228	3,295	74.2	
Other investments (39 holdings)	1,297	1,126	25.4	
Total investments	3,525	4,421	99.6	
Net current assets		18	0.4	
Net Assets		4,439	100.0	

Investments are UK equity listed investments except those marked with an asterisk which are unlisted. Further information is given in note 5 to the financial statements. A full portfolio listing as at 31 March 2014 is detailed on the website.

Strategic Report

The Directors submit the Strategic Report for the year to 31 March 2014. The information set out on pages 2 to 13, including the Chairman's Statement and the Manager's Review, forms part of the Strategic Report.

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 IMA UK All Companies Sector Average Index on a total return basis.

Investment policy and Gearing policy

The Fund aims to achieve its objective and to diversify risk by investing in shares 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. Limits are expressed as percentages of shareholders' funds, measured at market value.

Although the benchmark is the IMA UK All Companies Sector Average Index, the pursuit of the investment objective may involve exposure to companies on various exchanges and to unlisted investments. A high conviction investment approach is employed, which can involve strong sector or thematic positions.

No individual investment will exceed 10% of the portfolio on acquisition. Total exposure to unlisted shares is also limited to a maximum of 25% of the portfolio and has historically been less.

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, including the use of derivatives, is closely monitored and the Board has set an upper limit of 30% of net assets. Borrowing is normally on a short term basis to ensure maximum flexibility but it may also commit to longer term borrowing. It may also sell parts of the share portfolio and hold cash or other securities when there may be a greater risk of falling stock markets.

The Board has granted the Manager 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) is limited to 30% of the Fund's net asset value. Additional limits have also been set on individual hedging to assist risk control. The use of CFDs can involve counterparty credit risk.

The Fund may also make use of hedging as an additional investment tool. To help reduce the potential for stock market weakness to adversely impact the portfolio, the Board has granted the Manager limited authority to hedge risks, within specified limits and to a maximum of 15% of the total portfolio. Such hedging (short positions) may be conducted through CFDs or other index instruments. Hedging can be used to facilitate adjustment of the portfolio at a time of economic uncertainty or increased risk. 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.

The Fund does not normally invest in fixed rate securities other than securities that are convertible into equity. However, the Fund may invest in short dated Government Securities as an alternative to holding cash.

Strategy and Business Model

The Fund is an investment trust which invests in accordance with its objective and investment policy as set out above. It has no employees and outsources the management of its investment portfolio to the Manager, SVM Asset Management Limited. The Board of the Fund is ultimately responsible for the stewardship of the Company's affairs and risks, acting in the interests of shareholders.

The Fund is required to comply with the Companies Act, the UK Listing Rules and applicable accounting standards. In addition to

the formal annual financial statements, interim accounts and interim management statements, it publishes monthly asset values and quarterly factsheets.

Key Performance Indicators

The Directors consider a number of key performance indicators ("KPIs") to measure the Fund's success in achieving its objectives. The KPIs used to measure the performance and development of the Fund are the Net Asset Value ("NAV") and share price performance and the rating. The Board assesses these on a regular basis. Further information on these indicators is detailed in the Highlights page, Chairman's Statement, the Manager's website www.svmonline.co.uk and quarterly factsheets. The Board also reviews the performance of the Fund against its peers.

Historical record Year to 31 March	NAV per share (p)	Share price (p)	Total Return (p)	Rating Discount/(premium)
2006	49.45	45.00	14.32	9.0%
2007	63.57	62.50	14.12	1.7%
2008	65.50	67.50	1.93	-3.1%
2009	44.73	31.00	(20.77)	30.7%
2010	68.53	50.00	23.80	27.0%
2011	87.36	63.00	18.83	27.9%
2012	71.47	55.00	(15.89)	23.0%
2013	53.90	43.00	(17.57)	20.2%
2014	73.93	57.75	20.03	21.9%

Results

The total gain for the year of £1,202,000 (2013: loss of £1,055,000) has been transferred to reserves. No dividend has been declared. The net asset value total return was 37.2% for the year. At 31 March 2014, the net asset value per share had increased to 73.93p and the share price had increased to 57.75p. The Chairman's statement and Manager's review include a review of the main developments during the year.

Portfolio Analysis

A detailed analysis of the Fund's portfolio is provided on the page entitled 'Investment Portfolio'.

Principal Risks and Uncertainties

The Directors review policies 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 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 in note 9 to the financial statements. Additional risks faced by the Fund are summarised below:

Investment strategy – The risk that an inappropriate investment strategy may lead to the Fund underperforming its benchmark, for example in terms of stock selection, asset allocation or gearing. The Board have 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 benchmark. The Board regularly reviews the Fund's investment mandate and long term strategy.

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.

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 UKLA Rules.

Operational – The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Like most other Investment Trusts, 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. These are regularly monitored and are reviewed to give assurance regarding the effective operation of the controls.

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.

Financial – The Fund's investment activities expose it to a variety of financial risks including market, credit and interest rate risk. These risks are explained in note 9 to the financial statements. 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.

Directors and Employees and Gender Representation

The Directors of the Fund at 31 March 2014, all of whom held office throughout the year, are set out on the page entitled 'Board of Directors' which contains biographies. The Board consists of 3 male Directors. The Fund does not have any employees.

Social, Community and Human Rights Issues

As an investment trust, the Fund has no direct responsibilities in respect of these matters, however, the Directors recognise that encouraging investee companies to recognise these responsibilities can have positive implications for shareholder value. Further information on governance responsibilities, including environmental, is included in the Directors' Statement on Corporate Governance contained in the Directors' Report.

Future Prospects

The Board's main focus is to achieve long term capital growth. The future performance of the Fund is dependent on the success of the investment strategy and the performance of economic and financial markets. The current outlook for the Fund is referred to in the Chairman's Statement and Manager's Review. The Board's intention is that the Fund will continue to pursue its investment objective and stated investment policy.

By Order of the Board,

SVM Asset Management Limited
Company Secretary

4 July 2014

Board of Directors



Peter Dicks (Chairman)



Richard Bernstein



Anthony Puckridge

Peter Dicks (Chairman)

Peter Dicks was a founder and director of Abingworth plc which, between 1973 and 1992, specialised in making venture capital investments in the USA and the UK. He is currently a director of Graphite Enterprise Trust plc, Private Equity Investor plc, Unicorn AIM VCT plc, Mears Group plc, Foresight VCT range of funds and a number of other quoted and unquoted companies. Mr Dicks has served on the Board for over nine years and stands for annual re-election.

Richard Bernstein

Richard Bernstein, a chartered accountant, is the founder and Chief Executive of Eurovestech plc, an AIM listed investment fund, investing in technology and internet related businesses, which he founded in 2000. Between 1994 and 1996, he ran his own specialist research house, Amber Analysis, which provided a risk management service for UK institutions. From 1996 until 1999, he was an equities analyst at Schroder Securities Limited. He has considerable investment experience with listed investments. Since 2008, Richard has been the Investment Adviser to Crystal Amber Fund. Richard has served on the Board for over nine years and stands for annual re-election.

Anthony Puckridge

Anthony Puckridge is a director of NW Brown and Company Limited, a broadly diversified financial business where he founded the investment management division. Prior to joining NW Brown, he was a director of Lazard Brothers & Co Limited where at various times he managed and advised pension funds, was in charge of both the US and smaller companies investments and was responsible for a series of funds involved in making venture capital investments. He is an Associate of UKSIP and a Member of the Securities Institute. Mr Puckridge has served on the Board for over nine years and stands for annual re-election.

Report of the directors

The Directors submit the Annual Report and Financial Statements for the year to 31 March 2014.

Principal activity Status and Review

The Fund is an Investment Company as defined in Section 833 of the Companies Act 2006 (company number: SC211841). It is not a close company for taxation purposes. It has been approved by HM Revenue & Customs as an investment trust for accounting periods commencing on or after 31 March 2012 subject to the Fund continuing to meet the eligibility conditions in section 1158 of Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 1 Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999). In the opinion of the Directors, the Fund has subsequently conducted its affairs so as to enable it to continue to obtain such approval.

Directors

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

	31 March 2014	31 March 2013
P F Dicks	250,000	150,000
R P Bernstein	120,000	120,000
A Puckridge	40,000	40,000

There have been no changes in the Directors' interests between 31 March 2014 and 4 July 2014.

Each Director has a letter of appointment, details of which are noted in the Directors' Remuneration Report.

Each Director, having served for more than nine years, will offer himself for re-election at

the Annual General Meeting. The Board considers that each Director is independent, despite having served on the Board for more than nine years and have demonstrated their independence through integrity and a robust contribution. The Board is of the view that length of service does not necessarily compromise the independence or contribution of directors of an investment trust, where continuity and experience can add significantly to the strength of the Board. The Board considers the long service of the Directors as an asset and recommends their individual re-election to shareholders.

Management

SVM Asset Management Limited provides investment management and secretarial services to the Fund. These services can be terminated without compensation at any time by giving one year's notice or an immediate payment of a year's fees in lieu of notice. The Manager is entitled to a fee for these services, payable quarterly in arrears, equivalent to 0.825 per cent per annum of the total assets of the Fund less current liabilities. In addition, SVM Asset Management Limited is entitled to an incentive fee of 15 per cent of achieved outperformance of the Fund's benchmark index, on a six monthly basis in arrears when the net asset value of the Fund exceeds 100p. In view of the size of the Fund, the Manager has waived its management fees for the years to 31 March 2014 and 2013. No incentive fee was paid or due in respect of the years to 31 March 2014 or 31 March 2013.

The Management and Nomination Committee assess the Manager's performance on an ongoing basis and meet each year to conduct a formal evaluation of the Manager. It assesses the resources made available by the Manager, the results and investment performance in relation to the Fund's

objectives and also the additional services provided by the Manager to the Fund.

The Committee has reviewed the Manager's contract. In carrying out its review, it considered the past investment performance and the Manager's 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 standard of other services provided which include secretarial, accounting, marketing and risk monitoring. Following this review, it is the Directors' opinion that the continuing appointment of the Manager on the terms agreed is in the best interests of the shareholders.

Substantial shareholdings

As at 4 July 2014, the following interests in excess of 3 per cent of the issued ordinary shares of the Fund had been reported:

	Number of Shares held	Percentage held
SVM Asset Management Limited*	1,679,000	28.0%
C W McLean*	309,000	5.1%
Alexander Moffat & Co WS	305,000	5.1%
Peter Dicks	250,000	4.2%

*The reported shareholding of C W McLean is also included in the reported shareholding of SVM Asset Management Limited.

Financial instruments

The Fund's financial instruments comprise the investment portfolio (including the use of

CFDs), 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 9 to the financial statements.

Share Capital

The rights and obligations attaching to the Funds ordinary shares are set out in the Fund's Articles of Association. The ordinary shares carry the right to receive any dividends and have one voting right per share. There are no restrictions on voting rights of the shares or the transfer of shares, and there are no shares that carry specific rights with respect to control of the Fund.

Directors' authority to issue shares

The Directors are currently authorised to allot ordinary shares up to an aggregate nominal amount of £300,000 and renewal of this authority and the authority to sell shares held in treasury is set out in Resolutions 8 and 9 of the Notice of the Annual General Meeting.

The Directors will only issue 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

The current authority of the Fund to make market purchases of up to 15% of the issued ordinary shares expires on the conclusion of this year's Annual General Meeting. Resolution 10, as set out in the Notice of the Annual General Meeting, seeks renewal of this authority until the Annual General Meeting in 2015. The price paid for shares will not be less than the nominal value of 5 pence per share nor more than 5% above the

average of the market values of these shares for the five business days before the shares are purchased. This power will only be exercised if, in the opinion of the Directors, a repurchase would be in the best interests of the shareholders as a whole.

Any shares purchased under this authority will either be cancelled or held in treasury for future re-sale in appropriate market conditions.

Going concern

The Board, having made appropriate enquiries, has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements. At the Annual General Meeting to be convened in 2015 and every five years thereafter, shareholders will be given the opportunity to decide on the future of the Fund. In assessing whether it is a going concern, the Board has reviewed the cash flow forecasts for the foreseeable future. In addition, the Board has considered the current cash position and the overall financial position of the Fund. For these reasons, the Board considers that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

Directors' Statement on Corporate Governance

The Board of Directors considers that the Fund has complied with the recommendations of the AIC's Code of Corporate Governance and the provisions of the Financial Reporting Council's UK Corporate Governance Code (the "Code") that are relevant to the Fund throughout the year except as noted below:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

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's Code of Corporate Governance.

The Directors confirm that the Fund has complied with the requirement to be headed by an effective Board to lead and control it. The Fund is an investment trust and not a trading company and, as such, there is no requirement for a Chief Executive Officer. The Board consists solely of non-executive Directors. Mr Peter Dicks is the Chairman and Mr Anthony Puckridge is the Senior Independent Director. All Directors are considered by the Board to be independent of the Manager and free from all business or other relationships that could interfere with the exercise of their independent judgement.

Whilst the Directors are not appointed for specific terms, as required by the Code, all the Directors must submit themselves for re-election by the shareholders annually and are not entitled to compensation if they are not re-elected to office.

Since all Directors are non-executive, the Fund is not required to comply with the principles of the Code in respect of executive Directors' remuneration. Directors may seek independent professional advice if necessary, at the expense of the Fund.

The Directors conduct an annual self-assessment of their collective and individual performances on a range of issues to review the effectiveness of the Board, the Committees and individual Directors in order to ensure that they are acting in the best interests of the Fund and its shareholders. In

addition, the performance of the Chairman is evaluated by the other Directors. Having reviewed these assessments, it is the Board's opinion that each Director's performance continues to be effective and to demonstrate commitment to their role.

The table below sets out the number of Board meetings, Audit Committee and, Management and Nomination Committee meetings held during the year and the meetings attended by each Director.

The Manager maintains regular contact with the Fund's shareholders, particularly institutional shareholders, and reports regularly to the Board on shareholder relations. In addition, the Board uses the Annual General Meeting as a forum for shareholders to meet and discuss issues with the Board and the Manager.

A management agreement between the Fund and the Manager sets out the matters over which the Manager has authority and the limits over which Board approval must be sought. All other matters, including corporate strategy, investment policy, corporate governance procedures, risk management and principal operating issues such as hedging, gearing, share issuance and buy backs are reserved for the approval of the Board. Details of the limits set on the key areas are set out in the Financial Instruments disclosures in note 9 to the financial statements.

The Fund usually exercises its voting powers at general meetings of investee companies. It does not operate a fixed policy when voting but treats each case on merit. The Manager has adopted the statement of principles set out by the Institutional Shareholders' Committee on the Responsibilities of Institutional Shareholders and Agents.

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 dialogue and actively aiming to encourage best practice. The Board notes the Manager's statement of compliance with the UK Stewardship Code issued by the Financial Reporting Council in July 2010, which can be found on the Manager's website www.svmonline.co.uk

Each Director has a statutory duty to avoid a situation where they (and connected persons) have, or could have, a direct or indirect interest which conflicts, or may conflict, with the interests of the Fund. The Board has in place procedures for identifying and dealing with conflicts or potential conflicts. No actual or potential conflicts were identified during the year.

Amendment of the Fund's Articles of Association requires a special resolution to be passed by shareholders.

	Board	Audit Committee	Management and Nomination Committee
Number of meetings held in year	4	2	2
P F Dicks	4	2	2
R P Bernstein	4	2	2
A Puckridge	4	2	2

Committees

The Board has adopted a formal schedule of matters specifically reserved to itself for decision and, in relation to certain matters, two committees (the Audit Committee, and the Management and Nomination Committee) have been established. Each of the committees comprises all of the Directors. The Board considers that it is appropriate for all Directors to be members of these committees, given the size and composition of the Board.

Both committees are chaired by the Senior Independent Director. The terms of reference of both committees are available for inspection on request from the Managers. Further information on the role of the Audit Committee is set out in the Audit Committee Report.

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, reviewing and recommending new appointments to the Board and fixing the remuneration of the Directors. In considering appointments to the Board, the Management and Nomination Committee takes into account the ongoing requirements of the Fund and the need to have a balance of skills, experience, diversity (including gender), and independence and knowledge of the Fund and, where appropriate, actively searches for candidates. All appointments are based on merit and therefore no diversity targets have been set against which to report.

Disclosure of information to the Auditor

As required by section 418 of the Companies Act 2006 each Director of the Fund confirms that:

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

Auditor

Following a tender exercise, the Board appointed Scott-Moncrieff as Auditor during the year. Scott-Moncrieff, has expressed their willingness to continue in office as the Fund's Auditor and a resolution proposing their appointment and authorising the Directors to determine their remuneration for the ensuing year will be proposed at the forthcoming Annual General Meeting.

Internal control and financial reporting

The Board is responsible for establishing and maintaining the Fund's system of internal control and reviewing its effectiveness. The UK Corporate Governance Code states that the review should cover all material controls, including financial, operational and compliance controls. The Board, in conjunction with the Manager, has established a process for identifying, evaluating and managing the significant risks faced by the Fund. This process is subject to regular review by the Board and accords with the Financial Reporting Council guidance. The process has been in place for the year under review and up to the date of these financial statements. Internal control systems are designed to meet the particular needs of the Fund 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 documentation.
- Quarterly Board meetings to review performance, investment policy, strategy and shareholder relations.
- Regular updating by the Manager on key risks and control developments.

The Board meets every quarter to review the overall 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 its activities over the preceding quarter to ensure it adheres to its investment policy or, if it is considered appropriate, to authorise any 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, administration, 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. The Board's review of these reports allows it to assess the effectiveness of the internal systems of financial control which affect the Fund.

Greenhouse Gas Emissions

As the Board has engaged external firms to undertake the investment management, secretarial, accounting and custody activities of the Fund, the Fund has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Directors' Indemnity

The Company's Articles of Association provide, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour.

Compliance statement

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

By Order of the Board,

SVM Asset Management Limited
Company Secretary

4 July 2014

Directors' remuneration report

The Board has prepared this report in accordance with the requirements of the Companies Act 2006. It comprises the Directors' Remuneration Policy Report and the Annual Report on Directors' Remuneration.

The Directors' Remuneration Policy Report will be put to shareholders at the forthcoming Annual General Meeting and, if passed, will apply until it is next put to shareholders for approval, which must be at intervals of not less than three years. The Annual Report on Directors' Remuneration will be put to shareholders at the forthcoming Annual General Meeting and annually thereafter.

The law requires the Auditor to audit certain aspects of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on the page entitled 'Independent auditor's report'.

DIRECTORS' REMUNERATION POLICY REPORT

Directors' remuneration - Statement by the Chairman

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. In addition, a number of other factors are considered, including the time commitment required, the level of skills and experience required and any specific responsibilities of Directors. There were no changes to the policy during the year and it is the intention that this policy will continue for the three year period ending at the Annual General Meeting in 2017.

The fees for the non-executive Directors are determined within the limits set out in the

Fund's Articles of Association. The current limit is £75,000 in aggregate per annum and shareholder approval in a general meeting would be required to change this limit. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes, compensation for loss of office or other benefits.

Directors' appointment and tenure

All Directors were originally appointed at the Fund's inception in 2000 and all Directors have a letter of appointment. These letters are kept and are available for inspection at the Fund's registered office. The terms of their appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting following their appointment. Directors are thereafter 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 on early termination of appointment. None of the Directors has a service contract with the Fund.

The Board's policy of 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 seeks candidates with the aim of ensuring that the Board comprises a broad spread of experience and knowledge and, where appropriate, actively searches for candidates. New appointments will receive induction training and spend time with representatives of the Manager. The Fund's policy is to encourage Directors to keep up to date with industry developments relevant to the Fund.

ANNUAL REPORT ON DIRECTORS' REMUNERATION**Remuneration committee**

The Fund has three non-executive Directors as detailed on the 'Board of Directors' page, all of whom are independent. The Management and Nomination Committee, comprising of all the Directors, fulfils the function of a Remuneration Committee in addition to its nominations functions. The Board has appointed SVM Asset Management Limited as Company Secretary to provide information when the Management and Nomination Committee consider the level of Directors' fees. The Directors are independent of SVM Asset Management Limited and SVM Asset Management Limited receives no additional fees for the provision of this information. The Management and Nomination Committee carries out a review of the level of Directors' fees on an annual basis. In addition, SVM Asset Management Limited provides investment management, administration and secretarial services to the Fund.

Relative Importance of Spend on Directors' Remuneration

The table below shows the actual expenditure during the year in relation to Directors' remuneration, operating expenses and shareholder distributions. Due to the size of the Fund, the Manager has waived its management fee and the Directors have waived their entitlement to half their fees until further notice.

	2014 £	2013 £	Change %
Directors' total remuneration	17,500	17,500	—
Operating Expenses	55,500	90,500	-38.7%
Dividends paid to shareholders	Nil	Nil	—

Directors' Shareholdings (audited)

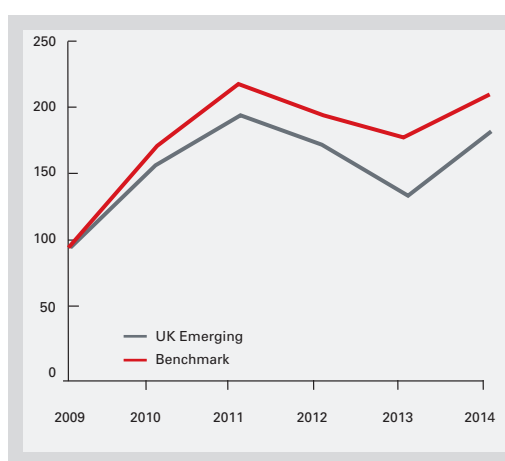
The Directors who held office during the year and their beneficial interests in the ordinary shares of the Fund were:

	31 March 2014 £	31 March 2013 £
P F Dicks	250,000	150,000
R P Bernstein	120,000	120,000
A Puckridge	40,000	40,000

There have been no changes in the Directors' interests between 31 March 2014 and 4 July 2014. The Board has not adopted a policy whereby Directors are required to own shares in the Fund.

Fund performance

The graph below compares the share price total return (assuming all dividends are reinvested) to Ordinary Shareholders for the last five years (to 31 March 2014) 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 IMA UK All Companies Sector Average Index (prior to 1 October 2013 the FTSE AIM Index) is calculated. The Index has been chosen as it represents the Fund's benchmark.



Directors' emoluments for the year (audited)

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

	Fees 2014 £	Fees 2013 £
P F Dicks	7,500	7,500
R P Bernstein	5,000	5,000
A Puckridge	5,000	5,000
Total	17,500	17,500

Future Policy Table

Based on the current level of fees, Directors' remuneration for the forthcoming financial year would be as follows:

	Fees 2015 £	Fees 2014 £
P F Dicks	7,500	7,500
R P Bernstein	5,000	5,000
A Puckridge	5,000	5,000
Total	17,500	17,500

The Fund has not received any views from its Shareholders in respect of the level of Directors' remuneration.

Voting at Annual General Meeting

At the Fund's last Annual General Meeting, held on 13 September 2013, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 March 2013. 98.34% of votes were in favour of the resolution and 1.66% were against.

Ordinary resolutions for the approval of this report and the Directors' Remuneration Policy Report will be put to the members at the forthcoming Annual General Meeting.

By Order of the Board,

SVM Asset Management Limited

Company Secretary
Edinburgh

4 July 2014

Audit Committee Report

Composition and Role

The Audit Committee, which comprises all of the independent Directors, meets at least twice a year. All Directors have the requisite financial experience to sit on this committee. Terms of reference set out the role of the Audit Committee. Its role is to review the Fund's financial position, internal controls, scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor.

The Audit Committee must also satisfy itself that the Annual Report and Financial Statements are fair, balanced and reasonable. The auditor is invited to attend such meetings and report on the results of the audit.

The Audit 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 the Manager.

External Audit

The Audit Committee met on two occasions during the year. In the course of its duties, the committee had direct access to Scott-Moncrieff and senior members of the Manager's team. Amongst other things, the Audit Committee considered and reviewed the following matters and reported thereon to the Board:

- annual results announcements, and annual and half-yearly reports and financial statements;
- accounting policies of the Fund;
- principal risks faced by the Fund and the effectiveness of the Fund's internal control environment;
- internal controls operated by the Manager;

- effectiveness of the audit process and related non-audit services and the independence and objectivity of Scott-Moncrieff, their re-appointment, remuneration and terms of engagement;
- policy on the engagement of Scott-Moncrieff to supply non-audit services; and
- implications of proposed new accounting standards and regulatory changes.

As part of its review of the scope and results of the audit, the Audit Committee considered Scott-Moncrieff's plan for the audit of the financial statements for the year ended 31 March 2014. At the conclusion of the audit Scott-Moncrieff did not highlight any issues to the Audit Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. Scott-Moncrieff issued an unqualified audit report.

In evaluating the effectiveness of the external audit process, the Audit Committee has taken into consideration the standing, skills and experience of Scott-Moncrieff and the audit team. Working closely with the Manager the Audit Committee considered and evaluated Scott-Moncrieff's planning, scope and execution of the audit.

Significant Issues considered by the Audit Committee

In relation to the 2014 Annual Report and Financial Statements, the Audit Committee considered a number of issues in relation to the financial statements. The key risk areas identified and how these were addressed were as follows:

- **The accuracy of the valuation of the investment portfolio.**
Listed investments are valued using stock exchange prices provided by a third party

pricing vendor. CFDs are valued with reference to the investment's underlying bid prices using stock exchange prices provided by a third party pricing vendor. Unlisted investments are valued at fair value based on the latest information available and recommendations from the Fair Value pricing committee of the Manager. The Board reviews portfolio valuations and also relies on controls operated by the Manager in respect of pricing.

- **Misappropriation of the Company's investments or other assets.**

The Audit Committee reviews reports from service providers on key controls over the assets of the Fund, including the reconciliation of the Fund's records with those of the custodian of the Fund's assets.

- **Revenue Recognition**

The Board reviews revenue forecasts and receives explanations from the Manager regarding movements from previous forecasts.

Auditor Appointment and Tenure

The auditor appointment was last put out to tender in 2013 and after a thorough tender process Scott-Moncrieff was appointed as auditor in place of the incumbent auditor for the audit in respect of the year to 31 March 2014. Based on its review of the effectiveness of Scott-Moncrieff, the Audit Committee has recommended the continuing appointment of Scott-Moncrieff to the Board. Scott-Moncrieff's performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

Non-Audit Services

The auditor has not provided any non-audit services to the Fund other than tax compliance services, for which they are paid £2,000 per annum. Notwithstanding these, the Audit Committee has concluded that the auditor is objective and independent. The Audit Committee will continue to monitor on an annual basis the level of non-audit work carried out by the auditor.

Mr Anthony Puckridge

Chairman of Audit Committee

4 July 2014

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors prepared 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 its gain or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Fund will continue in business

The Directors are responsible for keeping adequate 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 Directors have delegated responsibility to the Manager for the maintenance and integrity of the Fund's corporate and financial information included on the Manager's website. 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.

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

4 July 2014

Independent auditor's report

to the members of SVM UK Emerging Fund plc

We have audited the financial statements of SVM UK Emerging Fund plc for the year ended 31 March 2014, which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes. 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 Company'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 Company'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 Company and the Company'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 on page 26, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided at the Financial Reporting Council's website at frc.org.uk/apb/scope/private.cfm.

Our assessment of risks of material misstatement

We identified the following risks that we believe have the greatest impact on the audit strategy:

- investment portfolio valuation;
- revenue recognition; and
- misappropriation of company assets.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the level of error that would change the opinion of the reader of the financial statements.

When establishing our overall audit strategy, we determined the level of uncorrected misstatement that would be material for the financial statements as a whole to be £44,000, which is 1% of net assets (net assets being a key performance indicator for investors in the Company).

Materiality for revenue transactions was determined to be £4,000, as we believe readers of the financial statements will be more sensitive to variances in the revenue account.

We agreed with the Audit Committee that we would report to them individual and extrapolated errors in excess of a threshold of £2,000, as well as differences below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit

The way in which we scoped our audit in order to address the assessed risks of material misstatement was as follows:

- The holdings and valuations of all investments were reconciled to the custodian report. A sample of year end valuations were agreed to appropriate external sources.
- The income recorded for a sample of securities was checked to appropriate external sources. A sample of investment disposals was agreed to contract notes to ensure these were recorded correctly.
- We reviewed the accounting records for any significant transactions that were outside the normal course of business.

The Audit Committee's consideration of these risks is set out on pages 24 and 25.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepting Accounting Practice; and
- have been prepared in accordance with 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;
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure and Transparency rules sourcebook issued by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and share capital structure) 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 International Standards in Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept and 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 return; 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 17 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the Corporate Governance Code specified for our review; and

- certain elements of the report to the shareholders by the Board on Directors' remuneration.

Gareth Magee

(Senior Statutory Auditor)

For and on behalf of Scott-Moncrieff,

Statutory Auditor

Exchange Place 3

Semple St

Edinburgh

EH3 8BL

4 July 2014

Income statement

for the year to 31 March 2014

	Notes	Revenue £000	Capital £000	Total £000
Net gain on investments at fair value				
Profit or loss	5	–	1,205	1,205
Income	1	83	–	83
Investment management fees		–	–	–
Other expenses	2	(62)	(11)	(73)
Gain before finance costs and taxation		21	1,194	1,215
Finance costs		(13)	–	(13)
Gain on ordinary activities before taxation		8	1,194	1,202
Taxation	3	–	–	–
Gain attributable to ordinary shareholders		8	1,194	1,202
Gain per Ordinary Share	4	0.14p	19.89p	20.03p

for the year to 31 March 2013

	Notes	Revenue £000	Capital £000	Total £000
Net losses on investments at fair value through profit or loss	5	–	(991)	(991)
Income	1	50	–	50
Investment management fees		–	–	–
Other expenses	2	(96)	(12)	(108)
Loss before finance costs and taxation		(46)	(1,003)	(1,049)
Finance costs		(6)	–	(6)
Loss on ordinary activities before taxation		(52)	(1,003)	(1,055)
Taxation	3	–	–	–
Loss attributable to ordinary shareholders		(52)	(1,003)	(1,055)
Loss per Ordinary Share	4	(0.86p)	(16.71p)	(17.57p)

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 34 to 40 form part of these Financial Statements

Balance sheet

as at 31 March 2014

	Notes	2014 £000	2013 £000
Fixed Assets			
Investments at fair value through profit or loss	5	4,421	3,248
Current Assets			
Debtors	6	48	14
Cash at bank and on deposit		58	186
Total current assets		106	200
Creditors: amounts falling due within one year	7	(88)	(211)
Net current assets		18	(11)
Total assets less current liabilities		4,439	3,237
Capital and Reserves			
Share capital	8	300	300
Share premium		314	314
Special reserve		5,144	5,144
Capital redemption reserve		27	27
Capital reserve		(733)	(1,927)
Revenue reserve		(613)	(621)
Equity shareholders' funds		4,439	3,237
Net asset value per Ordinary Share	4	73.93p	53.90p

Approved and authorised for issue by the Board of Directors on 4 July 2014 and signed on its behalf by Peter Dicks, Chairman.

Company registered number: SC211841

*The Accounting Policies
and the Notes on
pages 34 to 40 form
part of these Financial
Statements*

Reconciliation of movements in shareholders' funds

for the year to 31 March 2014

	Share capital £000	Share premium £000	Special reserve £000	Capital redemption reserve £000	Capital reserve £000	Revenue reserve £000
As at 1 April 2013	300	314	5,144	27	(1,927)	(621)
Gain attributable to shareholders	–	–	–	–	1,194	8
As at 31 March 2014	300	314	5,144	27	(733)	(613)

For the year to 31 March 2013

	Share capital £000	Share premium £000	Special reserve £000	Capital redemption reserve £000	Capital reserve £000	Revenue reserve £000
As at 1 April 2012	300	314	5,144	27	(924)	(569)
Loss attributable to shareholders	–	–	–	–	(1,003)	(52)
As at 31 March 2013	300	314	5,144	27	(1,927)	(621)

The Accounting Policies and the Notes on pages 34 to 40 form part of these Financial Statements

Cash flow statement

for the year to 31 March 2014

	2014 £000	2013 £000
Reconciliation of gain before finance costs and taxation to net operating cash flows		
Gain/(Loss) before finance costs and taxation	1,215	(1,049)
(Gains)/Losses on investments	(1,205)	991
Transaction costs	11	12
Movement in debtors	(34)	1
Movement in creditors	13	(422)
Net cash outflow from operating activities	–	(467)
Taxation		
Taxation recovered	–	–
Loss on investment and servicing of finance		
Finance costs	(13)	(6)
Capital expenditure and financial investment		
Purchases of fixed asset investments	(3,516)	(3,198)
Sales of fixed asset investments	3,401	3,011
	(115)	(187)
Movement in cash	(128)	(660)
Reconciliation of net cash flow to movement in net cash		
Movement in cash in the year	(128)	(660)
Net cash as at start of the year	186	846
Net cash as at end of the year	58	186

*The Accounting Policies
and the Notes on
pages 34 to 40 form
part of these Financial
Statements*

Accounting policies

Basis of preparation

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice ("GAAP") and with the 2009 Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP").

Income

Income is included in the Income Statement on an ex-dividend basis. Income on fixed interest securities is included on an effective interest rate 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

Investment management fees, if any, are allocated 100 per cent to capital. The allocation is in line with the Board's expected long-term return from the investment portfolio. Due to the size of the Fund, the Manager has waived its management fee. The terms of the investment management agreement are detailed in the Report of the Directors.

Taxation

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 tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not 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 as at 31 March 2014. Contracts for Differences are synthetic equities and are valued with reference to the investment's underlying bid prices. 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.

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.

Capital reserve

Gains and losses on realisations of fixed asset investments, and transactions costs, together with appropriate exchange differences, are dealt with in this reserve. All incentive fees and investment management fees, 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.

Notes to the financial statements

	2014 £000	2013 £000
1. Income		
Income from UK listed shares and securities		
– dividends	63	34
– interest	20	16
	83	50

2. Other expenses

Revenue		
General expenses	30	39
Directors' fees†	18	22
Auditor's remuneration – audit services	12	23
– taxation services	2	12
	62	96

† The Directors' fees in respect of the year ended 31 March 2013 were £18,000. The figure for 2013 includes an adjustment for an under accrual at 31 March 2012 of £4,000.

Capital

Transaction costs – acquisitions	5	6
– disposals	6	6
	11	12

3. Taxation

Current taxation	–	–
Deferred taxation	–	–
Total taxation for the year	–	–
Gain/(Loss) on ordinary activities before taxation	1,202	(1,055)

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:

Corporation tax (20%, 2013 – 20%)	240	(211)
Non taxable UK dividends	(13)	(7)
Non taxable investment gains/(losses) in capital	(239)	201
Movement in unutilised management expenses and NTLR deficits	12	17
Total taxation charge for the year	–	–

At 31 March 2014, the Fund had unutilised management expenses and non trade loan relationship ("NTLR") deficits of £900,000 (2013 – £850,000).

A deferred tax asset of £180,000 has not been recognised on the 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.

4. Returns per share

Returns per share are based on a weighted average of 6,005,000 (2013 – 6,005,000) ordinary shares in issue during the year.

Total return per share is based on the total gain for the year of £1,202,000 (2013 – loss of £1,055,000).

Capital return per share is based on the net capital gain for the year of £1,194,000 (2013 – loss of £1,003,000).

Revenue return per share is based on the revenue gain after taxation for the year of £8,000 (2013 – loss of £52,000).

The net asset value per share is based on the net assets of the Fund of £4,439,000 (2013 – £3,237,000) divided by the number of shares in issue at the year end as shown in note 8.

	2014	2013
	£000	£000

5. Investments at fair value through profit or loss

Listed investments	4,315	3,062
Unlisted investments	106	186
Valuation as at end of year	4,421	3,248

	Listed	Unlisted	Total	
	£000	£000	£000	
Valuation as at start of year	3,052	196	3,248	4,064
Investment holding losses as at start of year	(216)	(391)	(607)	(1,175)
Cost as at start of year	3,268	587	3,855	5,239
Purchases of investments at cost	3,366	-	3,366	3,192
Proceeds from sale of investments	(3,372)	(34)	(3,406)	(3,017)
Transfers	-	-	-	-
Net loss on sale of investments	(222)	(68)	(290)	(1,559)
Cost as at end of year	3,040	485	3,525	3,855
Investment holding gains/(losses) as at end of year	1,275	(379)	896	(607)
Valuation as at end of year	4,315	106	4,421	3,248
Net loss on sale of investments	(222)	(68)	(290)	(1,559)
Movement in investment holding gains	1,497	(2)	1,495	568
Total gain/(loss) on investments	1,275	(70)	1,205	(991)

	2014	2013
	£000	£000

6. Debtors

Investment income due but not received	4	6
Amounts receivable relating to CFDs	37	-
Taxation	7	8
	48	14

	2014 £000	2013 £000
7. Creditors: amounts falling due within one year		
Amounts due relating to CFDs	8	164
Other creditors	80	47
	88	211

8. Share capital

Authorised

100,000,000 ordinary 5p shares (2013 – same)	5,000	5,000
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Allotted, issued and fully paid

6,005,000 ordinary 5p shares (2013 – same)	300	300
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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.

9. Financial instruments

Risk Management

The Fund's investment policy is to hold investments, CFDs and cash balances with gearing being provided by a bank overdraft. All financial instruments are denominated in Sterling and are carried at fair value. The fair value is the same as the carrying value of all financial assets and liabilities. 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 2014 were valued at £nil (2013 – £250,000). 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 benchmark rate which determines the interest received on Sterling cash balances or paid on bank overdrafts is the bank base rate which was 0.5% as at 31 March 2014 (2013 – 0.5%). There are no undrawn committed borrowing facilities. Short-term debtors and creditors are excluded from disclosure.

The Fund does not have any foreign currency exposure and is consequently not currency hedged. Financial information on the investment portfolio is detailed in note 5.

	2014 £000	2013 £000
<i>Classification of financial instruments</i>		
Level 1	4,134	2,690
Level 2	181	202
Level 3 – 6 investments (2013 – 8)	106	356

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 includes only data from observable markets. The CFD positions are the sole Level 2 investments for 2014 (2013 – CFD positions and Hurricane Exploration valued at £90,000).

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

9. Financial instruments (continued)

The movements within level 3 investments were as follows:

	2014 £000	2013 £000
Balance as at start of year	356	783
Purchases of investments at cost	–	–
Proceeds from sale of investments	(250)	(90)
Net losses on sale of investments	–	(110)
Transfers from level 1	–	–
Movement in investment holding gains	–	(227)
Balance as at end of year	106	356

The Board has granted the Manager a limited authority to invest in CFDs to achieve some degree of gearing and/or hedging without incurring the gross cost of investment. The Board requires the Manager to operate within certain risk limits, as detailed in the Report of the Directors. The following table details the CFD positions:

Number of holdings (2014 – 10 ; 2013 – 8)

Gross exposure	899	581
Net exposure (one short position in 2013)	899	289
Unrealised gains	181	55
Unrealised losses	8	212

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 difficulty 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.

9. Financial instruments (continued)

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 gearing, this has and will only be increased where an opportunity exists to substantially add to the net asset value performance.

Sensitivity analysis

The following table details the impact on net asset value and return per share of the Fund to changes in the two principal drivers of performance, namely investment returns 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.

	2014	2013
	£000	£000
Investment portfolio		
5% increase	+4.3p	+2.7p
5% decrease	-4.3p	-2.7p
Other assets/liabilities		
Interest rate 0.5% increase	-	-
Interest rate 0.5% decrease	-	-
Maximum credit risk analysis		
As at the year end, the Fund's maximum credit risk exposure was as follows:		
Bank	58	186
Amounts receivable relating to CFDs	37	-
Investment income due but not received	4	6
Taxation	7	8
	106	200

9. Financial instruments (continued)*Contractual maturity analysis*

	Due not later than 1 month £000	Due between 3 and 12 months £000	2014 Total £000
Bank	58	-	58
Debtors	5	43	48
Creditors	(88)	-	(88)
Net liquidity	(25)	43	18

	Due not later than 1 month £000	Due between 3 and 12 months £000	2013 Total £000
Bank	186	-	186
Debtors	5	9	14
Creditors	(211)	-	(211)
Net liquidity	(20)	9	(11)

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

Capital management policies

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

	2014 £000	2013 £000
Capital and reserves:		
Share capital	300	300
Share premium	314	314
Special reserve	5,144	5,144
Capital redemption reserve	27	27
Capital reserve	(733)	(1,927)
Revenue reserve	(613)	(621)
Total shareholders' funds	4,439	3,237

The Fund's objectives for managing capital are detailed in the Report of the Directors and have been complied with throughout the year. It normally restricts gearing to 30% of net assets, maintaining a minimum share capital of £50,000 (as a public company) and adheres to the capital restrictions imposed by relevant company and tax legislation.

10. Related parties

The Management section of the Report of the Directors sets out the services provided by the Manager to the Fund and fees earned. The share interests of the Manager in the Fund are set out in the Substantial shareholdings section of the Report of the Directors. C W McLean is managing director of SVM Asset Management Limited.

There are no transactions with Directors other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report and note 2. Shareholdings of Directors are also set out in the Directors' Remuneration Report.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of SVM UK Emerging Fund plc will be held at the offices of SVM Asset Management, 7 Castle Street, Edinburgh, EH2 3AH on Friday, 12 September 2014 at 9.30 am for the following purposes:

Ordinary Business – Ordinary Resolutions

1. That the financial statements for the year to 31 March 2014, the Directors' Report and the Independent Auditor's Report be received.
2. That the Directors' Remuneration Policy Report as contained in the Directors' Remuneration Report for the year to 31 March 2014 be approved.
3. That the Annual Report on Directors' Remuneration as contained in the Directors' Remuneration Report for the year to 31 March 2014 be approved.
4. That Mr P Dicks be re-appointed as a Director.
5. That Mr R Bernstein be re-appointed as a Director.
6. That Mr A Puckridge be re-appointed as a Director.
7. That Scott-Moncrieff be appointed as Auditor of the Fund to hold office until the conclusion of the next AGM and that their remuneration be fixed by the Directors.
8. That, in substitution for any existing authority under the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be

and are hereby generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Fund to allot shares in the Fund and to grant rights to subscribe for shares up to an aggregate nominal amount of £300,000 representing approximately 100% of the nominal value of the initial share capital of the Fund. This authority is to expire 15 months from the date on which this resolution is passed or, if earlier, at the conclusion of the annual general meeting of the Fund to be held in 2015 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 shares to be allotted after the expiry of such authority and the Directors may allot shares in pursuance of such an offer or agreement as if such authority had not expired.

Ordinary Business – Special Resolutions

9. That, the Directors be given the general power to allot shares in the Fund for cash either pursuant to the authority conferred by Resolution 8 or by way of a sale of treasury shares, 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 £300,000 representing approximately 100% 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 shares to be allotted after such expiry and the Directors may allot shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

- (b) revokes and replaces all unexercised powers previously granted to the Directors to allot shares as if section 561 of the Act did not apply but without prejudice to any allotment of shares already made or agreed to be made pursuant to such authorities.

10. 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 of the Act) of shares of 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 5 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 15 months from the passing of this Resolution, whichever is the 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
Company Secretary

4 July 2014

Notes:

1. Under Section 324 of the Companies Act 2006, a member of the Fund is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at a meeting of the Fund, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member.
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 preclude you from attending the meeting and voting in person. Attendance by non-shareholders will be at the discretion of the Fund.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered on the Register of Members at close of business on 10 September 2014 are entitled to attend and/or vote at the meeting. If the meeting is adjourned, to be entitled to attend and vote at the adjourned meeting, members must be entered on the Register of Members 48 hours (excluding non-working days) before the time fixed for the adjourned meeting.
4. The letters of appointment of the directors are available for inspection at the Fund's registered office during normal business hours and at the AGM (for 15 minutes prior to the meeting and during the meeting).
5. 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 for the same corporate shareholder 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.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using 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 UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Fund's registrar (ID number 3RA50) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment.

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 Application Host) from which the Fund's registrar 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 UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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 provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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

7. The members of the Fund may require the Fund to publish, on its website, a statement setting out any matter relating to the audit of its financial statements, including the auditor's report and the conduct of the audit. It 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. Such requests should be made in writing and must state your full name and address and be sent to the Fund at 7 Castle Street, Edinburgh EH2 3AH.
8. As at 4 July 2014, the latest practicable date prior to the publication of this document, the Fund's issued share capital was 6,005,000 Ordinary Shares of 5p each. Each ordinary share carries the right to one vote at a general meeting of the Fund and, therefore the total number of voting rights in the Fund as at 4 July 2014 is 6,005,000.
9. 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.
10. A copy of this notice, which the Fund is required by Section 311A of the Act to publish on a website in advance of the meeting is available on the Manager's website on www.svmonline.co.uk
11. 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.

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's 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.

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.

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

The Fund distributes quarterly 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 superior investment performance through careful stock picking 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. This strategy has ensured that we have achieved superior investment returns for a broad range of clients – both institutional and private investors. As pure equity specialists, we focus our expertise on investing in UK and European companies as well as global investment funds.

Investing in SVM UK Emerging Fund plc

Shares can be easily traded on the London Stock Exchange

Investors wishing to purchase shares in the Fund or sell all or part of their existing holding may do so through a stockbroker or their other financial adviser. Most banks also offer this service. It is also possible to trade the Company's shares through many of the online dealing service providers.

The SVM Investment Trust Savings Scheme (the 'Savings Scheme') is being terminated and it will no longer be possible to hold shares in the Fund through the Savings Scheme. All investors in the Savings Scheme have been written to setting out their options in respect of this termination.

For more information the Manager can be contacted on **0131 226 7660** or alternatively information is available on the website: www.svmonline.co.uk. The Manager is not permitted to give you financial or tax advice. If you are in any doubt please consult your financial adviser.

Corporate information

Investment Manager, Secretary and Registered Office

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Web: www.svmonline.co.uk

Administrators of Savings Scheme/ISA

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Registrars

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Custodians

State Street Bank & Trust Company

Registered Number

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