

SVG Investment Funds (Dublin) plc

SVG UK Alpha Fund

SVG UK Focus Fund

SVG European Focus Fund

Annual Report December 2008

 **SVG Investment Managers**

Company information

Directors of the Company

Andrew Williams
Kevin Kelly*
Conor Killeen*
Jonathan Quigley*

Investment Manager

SVG Investment Managers Limited
61 Aldwych
London WC2B 4AE
United Kingdom

Registered Office

George's Court
54-62 Townsend Street
Dublin 2
Ireland

Fund Administrator, Registrar and Company Secretary

Northern Trust International Fund Administration Services (Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2
Ireland
For general information Tel +353 1 670 0660

Custodian

Northern Trust Fiduciary Services (Ireland) Limited
George's Court,
54-62 Townsend Street
Dublin 2
Ireland

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Irish Legal Advisers

A&L Goodbody Solicitors
25/28 North Wall Quay
International Financial Services Centre
Dublin 1
Ireland

Company Number

373644

*Directors independent of the Investment Manager

| Contents | |
|---|-----|
| Company information | IFC |
| Investment strategy | 1 |
| Financial highlights | 2 |
| Investment manager's reports: | |
| SVG UK Alpha Fund | 5 |
| SVG UK Focus Fund | 6 |
| SVG European Focus Fund | 8 |
| Portfolio statements: | |
| SVG UK Alpha Fund | 10 |
| SVG UK Focus Fund | 14 |
| SVG European Focus Fund | 18 |
| Unaudited schedule of significant portfolio movements | 20 |
| Report of the Directors | 23 |
| Independent auditors' report | 24 |
| Custodian's report | 25 |
| Balance sheet | 26 |
| Profit and loss account | 28 |
| Statement of changes in assets attributable to holders of redeemable participating shares | 30 |
| Comparative statement of changes in net assets attributable to holders of redeemable participating shares | 31 |
| Notes to the financial statements | 32 |
| Notice of Annual General Meeting | 45 |
| Form of Proxy | 46 |

All figures are shown in GB Pounds Sterling '£' unless stated otherwise.

Investment strategy

SVG UK Alpha Fund

The aim of the Fund is to maximise returns for investors, predominantly through capital growth, by investing in quoted equities using private equity techniques.

The Fund will invest in no more than 60 companies that are publicly listed on the UK stock market.

SVG UK Focus Fund

The aim of the Fund is to maximise returns for investors, predominantly through capital growth, by investing in quoted equities using private equity techniques.

The Fund will invest in no more than 35 companies that are publicly listed on the UK stock market.

The Fund will only make investments in companies that it believes have the potential to produce an absolute return of at least 15% p.a.

SVG European Focus Fund

The aim of the Fund is to maximise returns for investors, predominately through capital growth, by investing in quoted equities using private equity techniques.

The Fund aims to primarily invest in the equity of a maximum of 35 Companies publicly quoted on any of the stock markets of EEA member states, excluding the UK.

The Fund may also invest up to 20% of its net assets in the equity of Companies publicly quoted outside of the EEA and in the UK.

Financial highlights

| SVG UK Alpha Fund | Net asset value ('NAV') per share | Dividend per share |
|---------------------------------|-----------------------------------|--------------------|
| R Class | £5.125 | 18.1p |
| A Class | £5.051 | 16.0p |
| Number of holdings in portfolio | | 32 |

SVG UK Alpha Fund Performance (since inception)



| SVG UK Focus Fund | Net asset value ("NAV") per share | Dividend per share |
|---------------------------------|-----------------------------------|--------------------|
| I Class | £8.788 | 16.6p |
| A Class | £8.669 | – |
| Number of holdings in portfolio | | 26 |

**SVG UK Focus Fund
Performance (since inception)**



| SVG European Focus Fund | Net asset value ('NAV') per share | Dividend per share |
|---------------------------------|-----------------------------------|--------------------|
| R Class | €4.576 | €0.025 |
| A Class | €4.576 | €0.026 |
| Number of holdings in portfolio | | 26 |

SVG European Focus Fund Performance (since inception)



Investment manager's report

For the year ended 31 December 2008

SVG UK Alpha Fund

Manager's review

The UK stock market started 2008 in the midst of a worldwide banking crisis and facing increasingly weak economic data from Europe, China and the US. The FTSE 100 registered its worst quarter on record in Q1, declining -10.5%. This set the tone for what was to become one of the worst years for equity markets in financial history. A continuing stream of worrying economic data, rights issues, profit warnings and write-downs, particularly from the property and financial sectors, weighed on market sentiment through the middle of the year. However it was not until September that the real extent of the financial crisis became prominently visible.

Following the failures of large financial institutions in the US, a global credit crisis rapidly evolved, with deflation, sharp reductions in global trade and large declines in market values of equities and commodity prices worldwide. Despite globally coordinated rate cuts, generous bail out packages for the financial sector, tumbling commodity prices and post election optimism; it did not prevent the final quarter of 2008 being a bad end to a difficult year. The Fund ended the year down -45.4% for both the A Class and R Class Shares respectively.

2008 saw a de-rating of all risk assets and the FTSE All-Share Index ended the year down -29.9%. However, this masked a more severe underlying picture with the median stock in the UK declining -52.6% in 2008. Looking back over the year, it is clear that the principle factor behind the fall in the portfolio's value was the continued de-rating of equities, and in particular smaller companies, which suffered their worst performance since 1974. The Smaller Companies (ex Investment Trusts) Index ended the year down -50.1% and now trades on a price to earnings ratio of 7.1x and a yield of 5.3%.

From an operational perspective the portfolio performed well, delivering actual earnings growth well in excess of the market and maintaining a much better profile of forecast earnings. While there were a small number of companies that performed genuinely badly over the period, predominantly due to the impact of tighter credit conditions on their balance sheets, these were not significantly greater in number than in years of positive performance. We believe that the extreme conditions of the fourth quarter are not sustainable, and as the dust settles the intrinsic value of the portfolio will become apparent.

Performance review

The Fund reported a decrease in net assets per share of -45.42% to £5.05 for the A class shares and -45.36% to £5.13 for the R class shares over the year. This can be compared to a return of -29.93% for the FTSE All-Share Index.

| Share class | 12 months to 31 December 2008 | Annualised since inception (date) | Beta (monthly) |
|----------------------|-------------------------------------|---|-------------------|
| A Class | -45.42% | -6.40% | 0.64 |
| R Class | -45.36% | -6.20% | 0.64 |
| FTSE All-Share Index | -29.93% | +2.77% | 1.00 |

Sector selection was positive over the year. On a relative basis, the Fund benefited from a high exposure to pharmaceutical and mobile telecommunications stocks and minimal exposure to mining and banking sectors. However, this was more than offset by the Fund's significant exposure to smaller companies, which suffered their worst performance since 1974, with the Smaller Companies (ex-Investment Companies) Index declining -50.1%.

On a stock level, notable positive attribution came from **AstraZeneca**, **Filtronic** and **British Energy**. **AstraZeneca** benefited

from a growing appreciation of its defensive qualities, improving its earnings and cash returns over the period; **Filtronic** completed its asset disposal program, realising value for shareholders and returning the proceeds via means of a special dividend; and **British Energy** was the subject of an agreed takeover deal by EDF.

The largest negative attributions came from companies either caught up in general market volatility, or impacted by concerns regarding their balance sheets. **Mecom**, the European regional newspaper business, saw a brutal fall in its share price due to worries over its debt financing. While the company is highly geared, it is asset backed, and should be able to make disposals and/or renegotiate sensible banking terms.

TT Electronics, the electronics and electrical supplier, also suffered from concerns over its end markets. While the company is subject to downgrades, we believe TT Electronics balance sheet is sufficient to weather the current cyclical downturn and it remains an undervalued cyclical asset with good medium term growth prospects and attractive intellectual property.

Raymarine, the marine equipment manufacturer and distributor, which had been the subject of interest from both trade and private equity buyers as recently as May, suffered as takeover talks ended and the company subsequently announced a profit warning, caught out by a catastrophic and rapid decline in the marine leisure industry.

Portfolio review

The Fund was 96.8% invested at the end of the period with investments in 32 companies. The top ten holdings accounted for 59.8% of NAV.

The Fund made investments in seven new companies over the year, three of which were in the second half: **Burberry**, **3i** and **Lloyds TSB**.

Burberry is an internationally branded luxury goods company. Despite popular perception, the group has limited exposure to the UK high street, which accounts for a small minority of group sales. Medium term, it is well placed to grow through under penetrated markets and new business segments. The business has a strong balance sheet and cash flows, and relatively low operational gearing. The valuation, which compares very favourably with branded product company transactions, is on a very low price to cash flow and high dividend yield.

The Fund made an opportunistic investment in **3i Group**, as the company reached a discount to net assets which we believe is too deep. As at 30 September 2008 the company had cash on its balance sheet of £668m with debt repayment, £337m, not due until Q4 2010. 3i is invested in a diverse range of businesses and geographies. At year end, the company traded at a discount greater than 70% to its published September 2008 NAV. Historically, quoted private equity companies have typically traded between a 30% discount to 10% premium to their NAV's. We expect this discount to close as general concerns regarding gearing abate.

Having benefited from zero exposure to banks over the period, the Fund made a small investment in **Lloyds TSB**. While acknowledging the UK banking system is facing severe conditions at present, we believe the bank should benefit in the long term from synergies extracted through its merger with HBOS.

The Fund sold its holdings in two companies in the second half of the year: **British Energy** and **Raymarine**. Following a lengthy bidding process, EDF announced an agreed takeover offer for British Energy in Q3 for 774p per share. It was reassuring to see that even in this investment environment, our investment style leads us to companies that are likely to be acquired by trade or financial buyers. The Fund sold the investment for 1.2x cost.

Raymarine, while we believe that the brand remains valuable, the company's high level of debt going in to a protracted market downturn and the lack of catalyst for a turnaround in its market compelled us to sell our holding.

Market outlook and strategy

2008 was the third worst year in 80 years of history for UK equities. Concerns regarding earnings, balance sheets and financing in the wake of a savage global downturn and liquidity crisis led investors to seek safe havens in government bonds and defensive equities pushing down yields. Cash levels also rose to unprecedented levels with an estimated 40% of US mutual fund assets held on deposit at year end, highlighting investor nervousness.

However, despite the bleak economic outlook there are a number of reasons to be optimistic for 2009. Firstly, the valuation of the portfolio, and indeed the market, is very low by historical standards on most metrics. December was the worst month for 12 month forward earnings downgrades ever, with analysts cumulatively cutting estimates by a further 15%. We expect market earnings to fall in aggregate between 30% to 50% through the cycle.

Assuming a 40% peak to trough fall, this would imply a further 18% cut to analyst earnings driving the PE ratio from 8.6x at year end to 10.5x. This is not expensive relative to history and allows for the possibility of a re-rating. Not only have portfolio earnings proved more robust than the market, the Fund is also cheaper on historical valuation metrics. The free cash flow yields from our underlying investments remain high and combined with long term prospective growth, is a compelling investment opportunity.

Secondly, 'value' investments and smaller companies have never previously underperformed for extended periods and have tended to come strongly back into favour after periods of weakness, such as the one which we are currently witnessing. Smaller companies have now underperformed the broader market for two years in a row.

Finally, as the credit markets slowly return to normality we are likely to see the re-emergence of corporate activity, led by trade and private equity buyers, which will benefit from our investment style.

SVG Investment Managers is committed to its private equity based investment methodology, identifying quality companies through a rigorous due diligence process. We believe that current market conditions provide an exceptional opportunity for equity investors over the medium term.

SVG Investment Managers Limited

January 2009

SVG UK Focus Fund

Manager's review

The UK stock market started 2008 in the midst of a worldwide banking crisis and facing increasingly weak economic data from Europe, China and the US. The FTSE 100 registered its worst quarter on record in Q1, declining -10.5%. This set the tone for what was to become one of the worst years for equity markets in financial history. A continuing stream of worrying economic data, rights issues, profit warnings and write-downs, particularly from the property and financial sectors, weighed on market sentiment through the middle of the year. However, it was not until September that the real extent of the financial crisis became prominently visible.

Following the failures of large financial institutions in the US, a global credit crisis rapidly evolved, with deflation, sharp declines in global trade and large reductions in market values of equities and commodity prices worldwide. Despite globally coordinated rate cuts, generous bail out packages for the financial sector, tumbling commodity prices and post election optimism; it did not prevent the final quarter of 2008 being a bad end to a difficult year. The Fund ended the year down -42.8% for the A Class Shares and -42.4% for the I Class Shares.

2008 saw a de-rating of all 'risk assets' and the FTSE All-Share Index ended the year down -29.9%. However, this masked a more severe underlying picture with the median stock in the UK declining -52.6% in 2008. Looking back over the year, it is clear that the principle factor behind the fall in the portfolio's value was the continued de-rating of equities, and in particular smaller companies, which suffered their worst performance since 1974. The Smaller Companies (ex Investment Trusts) Index ended the year down -50.1% and now trades on a price to earnings ratio of 7.1x and a yield of 5.3%.

From an operational perspective the portfolio performed well, delivering actual earnings growth well in excess of the market and maintaining a much better profile of forecast earnings. While there were a small number of companies that performed genuinely badly over the period, predominantly due to the impact of tighter credit conditions on their balance sheets, these were not significantly greater in number than in years of positive performance. We believe that the extreme conditions of the fourth quarter are not sustainable, and as the dust settles the intrinsic value of the portfolio will become apparent.

Performance review

The Fund reported a decrease in net assets per share of -42.8% to £8.67 for the A class shares and -42.4% to £8.79 for the I class shares over the year. This can be compared to a return of -29.9% for the FTSE All-Share Index.

| Share class | 12 months to 31 December 2008 | Annualised since inception (date) | Beta (monthly) |
|----------------------|-------------------------------------|---|-------------------|
| A Class | -42.81% | -2.54% | 0.67 |
| I Class | -42.38% | -2.01% | 0.67 |
| FTSE All-Share Index | -29.93% | +5.05% | 1.00 |

Sector selection was positive over the year. On a relative basis, the Fund benefited from a high exposure to pharmaceutical and mobile telecommunications stocks and minimal exposure to mining and banking sectors. However, this was more than offset by the Fund's significant exposure to smaller companies, which suffered their worst performance since 1974, with the Smaller Companies (ex-Investment Companies) Index declining -50.1%.

On a stock level, notable positive attribution came from **RPC** and **British Energy**. **RPC** was involved in corporate restructuring

following shareholder pressure. This resulted in the appointment of a new Chairman, a positive strategic review and outlook statement which were well received by the market. These assets should generate a greater return on capital over the medium term and the valuation is very low compared to historic transaction comparables.

Following a lengthy bidding process, EDF announced an agreed takeover offer for **British Energy** in Q3 for 774p per share. The market for mergers and acquisitions (M&A) clearly dried up from Q2 onwards during 2008. Despite this, the portfolio maintained its high exposure to such M&A with the takeover of Northgate Information Solutions and British Energy.

The largest negative attributions came from companies either caught up in general market volatility, or impacted by concerns regarding their balance sheets. **Mecom**, the European regional newspaper business, saw a significant fall in its share price due to worries over its debt financing. While the company is highly geared, it is asset backed, and should be able to make disposals and/or renegotiate sensible banking terms.

Entertainment Rights, after shareholder pressure and under new management, it became clear that due to aggressive accounting policies the true state of the underlying business had been misrepresented. This resulted in the company being unable to service its existing levels of debt and breach covenants. The company is in on-going discussions with bankers and is currently in takeover talks.

Redstone's share price fell significantly on the back of earnings downgrades and fears over the debt on its balance sheet; despite this level being only 1.5x debt/EBITDA. The Investment Manager has had close contact with the company and understand that bank arrangements have been renegotiated and that the company has significantly reduced its cost base. Since year end the share price has rebounded mitigating some of the underperformance.

Portfolio review

The Fund was 87.4% invested at the end of the period with investments in 26 companies. The top ten holdings accounted for 60.9% of NAV.

New Investments

The Fund made investments in six new companies over the year, four of which were in the second half: **Burberry**, **Lloyds TSB**, **SVG Capital** and **AstraZeneca**.

Burberry is an internationally branded luxury goods company. Despite popular perception, the group has limited exposure to the UK high street, which accounts for a small minority of group sales. Medium term, it is well placed to grow through under penetrated markets and new business segments. The business has a strong balance sheet and cash flows, and relatively low operational gearing. The valuation, which compares very favourably with branded product company transactions, is on a very low price to cash flow and high dividend yield.

Having benefited from zero exposure to banks over the period, the Fund made a small investment in **Lloyds TSB**. While acknowledging the UK banking system is facing severe conditions at present, we believe the bank should benefit long term from synergies extracted through its merger with HBOS to become the dominant force in UK banking over the long term. The capital structure remains highly geared and as such, the Fund's position will remain limited.

The Fund made an opportunistic investment in **SVG Capital**, as the company reached a discount to net assets which we believe is too deep. We remain confident in Permira's ability to add value to its investments over the long term in addition to value being generated from SVG Capital's fund management business.

The Fund looked to build a position in **AstraZeneca**. The company appeared significantly undervalued based on our private equity based metrics, given its growth prospects and robust cash flow. However, this holding was sold later following strong performance that prevented the Fund from building a significant position.

Realisations

The Fund sold its holdings in four companies in the second half of the year: **BT Group**, **Evolution**, **WPP** and **AstraZeneca**.

The Fund disposed of its small residual holding in **BT Group** having realised the majority of the investment in 2007. The company's ability to maintain its EBITDA growth and service its pension fund is a concern. The Fund's investment in BT Group has been one of our longest held, and over its lifetime has delivered more than 1.5x our initial investment.

Evolution Group and **WPP** were sold as we believe the companies ratings are increasingly at risk from market conditions and we see better valuation opportunities elsewhere.

AstraZeneca as discussed above, was sold following a period of strong performance which prevented the Fund from building a material position.

Market outlook and strategy

2008 was the third worst year in 80 years of history for UK equities. Concerns regarding earnings, balance sheets and financing in the wake of a savage global downturn and liquidity crisis led investors to seek safe haven in government bonds and defensive equities pushing down yields. Cash levels also rose to unprecedented levels with an estimated 40% of US mutual fund assets held on deposit at year end, highlighting investor nervousness.

However, despite the bleak economic outlook there are a number of reasons to be optimistic for 2009. Firstly, the valuation of the portfolio, and indeed the market, is very low by historical standards on most metrics. December was the worst month for 12 month forward earnings downgrades ever with analysts cumulatively cutting estimates by a further 15%. We expect market earnings to fall in aggregate between 30% to 50% through the cycle. Assuming a 40% peak to trough fall, this would imply a further 18% cut to analyst earnings driving the PE ratio from 8.6x at year end to 10.5x. This is not expensive relative to history and allows for the possibility of a re-rating. Not only have portfolio earnings proved more robust than the market, the Fund is also cheaper on historical valuation metrics. The free cash flow yields from our underlying investments remain high and prospective growth is a compelling investment opportunity.

Secondly, 'value' investments and smaller companies have never previously underperformed for extended periods and have tended to come strongly back into favour after periods of weakness such as the one which we are currently witnessing. Smaller companies have now underperformed the broader market for two years in a row.

Finally, as the credit markets slowly return to normality we are likely to see the re-emergence of corporate activity, led by trade and private equity buyers, which will benefit our investment style.

SVG Investment Managers is committed to its private equity based investment methodology, identifying quality companies through a rigorous due diligence process. We believe that current market conditions provide an exceptional opportunity for equity investors over the medium term.

SVG Investment Managers Limited

January 2009

SVG European Focus Fund

Manager's review

2008 was the first calendar year for the SVG European Focus Fund. It has not been a good year for the Fund or for investing in equities in general. 2008 marked the worst return for equity markets since the Great Depression of the 1930's. The Fund has fared even worse given its value bias and investments in financials. Over the year, the European benchmark has lost -42.3% whilst the Fund has lost -53.3%.

Economic and market sentiment collapsed in 2008, with many commentators now forecasting a full blown global economic depression. Stock market valuations have similarly plummeted and whilst value has proven no support in the short-term, valuations are now at levels not seen for a generation. Governments around the globe are now galvanised in providing an unprecedented level of fiscal and monetary stimulus to bolster global economic growth. We remain committed to our long-term investment philosophy. Historical precedent has taught us that these current times of turmoil will pass. It is our firm belief that we are now approaching the nadir of the market and the economic storm and equities can rebound sharply from here. The Fund has continued to invest its cash to be almost fully invested at the year end. It has progressively bought into its holdings, lowering its average in price and built up its positions in the decimated sector that is European financials. The Fund is now well positioned for a stock market and economic recovery. The Fund remains committed to its policy of distributing all income at the end of the year.

Performance review

The Fund reported a decrease in net assets per share of -53.3% to €4.58 for the A class shares and -53.3% to €4.58 for the R class shares over the year. This can be compared to a return of -42.3% for the FTSE World Series Europe ex UK Total Return Index.

| Share class | 12 months to 31 December 2008 | Annualised since inception (date) | Beta (monthly) |
|---|-------------------------------------|---|-------------------|
| A Class | -53.31% | -46.33% | 0.76 |
| R Class | -53.31% | -46.33% | 0.76 |
| FTSE World Series Europe ex UK Index | -42.26% | -36.52% | 1.00 |

Some of our core holdings, principally in the telecommunications and pharmaceutical sectors, have held up relatively well; supported by their low valuations and defensive cash flow characteristics.

Mecom was the largest negative attributing investment, principally due to the fact that it is a geared company with cyclical cash flows. In the current environment, concerns have arisen over its ability to remain within its banking covenants. It is actively seeking disposals of certain assets and if one of these can be made, we believe there is significant upside in its share price. In addition, we were too early in building our exposure to financials and were caught out by the freezing of the inter-bank market, which has hit our holdings in **Fortis**, **Hypo Real Estate** and **ING** hard.

In fact, our positions in **Fortis** and **Hypo Real Estate** account for all of our underperformance versus the benchmark. We believed that these stocks were offering exceptional value and that they had sound balance sheets given the write-offs they had already taken in the first half of 2008. However, as the global financial crisis deepened, the wholesale financial markets froze. This left those banks that relied on the capital markets for liquidity in trouble. This has forced these banks to seek short-term support from their national governments to shore up balance sheets and provide liquidity. This has led to a collapse in their equity values as shareholders were diluted or faced wholesale or partial nationalisation. We are still in the midst of this process with equity

investors now in a state of complete panic around financials. We believe that those financial institutions that weather the current capital market storm and avoid full blown nationalisation, do offer the potential for tremendous upside to the equity shareholders. No economic recovery can begin until the banks, the transmission mechanism for passing on these historically low interest rates, are repaired. Hence, we believe that any market recovery will be led by the banks and that this is a prerequisite for economic recovery.

Portfolio review

The Fund was 99% invested at the end of the period with investments in 25 companies. The top ten holdings accounted for 58.4% of NAV.

New Investments

The Fund made investments in six new companies over the year, four of which were in the financials sector.

UBS is the global leader in private banking. It has one of the strongest capital ratios of any bank and has the lowest exposure to corporate credit defaults. They took actions early to address their exposure to asset backed securities which turned sour in 2008. It has throughout its history, traded at a significant valuation premium based on price-to-book value ratios to its sector, but its recent issues led to a share price collapse and this premium has disappeared. Ultimately, we believe in the quality and durability of UBS's private banking franchise and that this will be the primary driver of profitability and rating in the future.

Fortis was one of Europe's largest bank assurers in Europe.

However, given its disastrous acquisition of ABN Amro, it had the most stretched capital ratios. This has led to intervention from the Dutch and Belgium domestic governments to break up the group and partly nationalise these assurers. It remains unclear what value will be left for shareholders after these actions. Shareholders are striving to restore some of this lost value and the outcome remains uncertain.

Hypo Real Estate was forced to seek financial assistance from the German financial bodies to provide short-term liquidity. Shareholders (which include JC Flowers) have so far not been diluted and yet the shares trade at 0.1x price-to-book value. The market remains concerned that significant dilution will occur, but if this is the extent of the public intervention, there should be significant upside in the shares.

Deutsche Bank has so far avoided much of the financial turmoil that has affected other banks, though its share price has suffered all the same. We are supportive of its efforts to acquire Postbank and provide itself with an important and strong retail deposit based in its domestic market. Deutsche Bank is expected to be one of the survivors that will emerge stronger, following this market dislocation and given the capacity reductions which we have seen from investment banking. Deutsche Bank is well placed to capitalise on this over the medium-term.

Heineken is a global leader within the brewing industry. It has strong defensive cash flows plus a good profile of country exposure and is not highly leveraged. Following the acquisition of Scottish and Newcastle and the falling stock market, its share price was marked down and this has given us the opportunity to acquire a first class global franchise at a historically low valuation.

Remy Cointreau has similarly been sold off given its positions in branded luxury cognacs and champagnes. Whilst we acknowledge that end demand will weaken, the decline in its share price and valuation more than reflect this.

Realisations

The Fund sold its holdings in **Continental** following the tender offer by Schaeffler for Continental. The holding was sold as we felt that the acquisition of a blocking minority was to the detriment of

existing minority shareholders whose interests were not well aligned with Schaeffler's. In addition, the bid price now fully reflected Continental's medium-term earnings prospects.

Market outlook and strategy

Despite the undoubted difficulties of 2008, we remain optimistic about the potential for the Fund in 2009. Whilst the economic news flow remains negative there are signs in the capital markets that things are starting to turn. In the debt markets, a degree of normalisation has already occurred with risk premiums coming down in a number of areas. The stock market is a discounting mechanism and it will rebound ahead of any perceived economic recovery. Having emerged from one of the worst years in financial history, we believe that stock markets are poised to record spectacular gains. It is in these periods when the greatest returns to equity investors can be made. Whilst many investors remain on the sidelines, we are fully invested and have assembled a portfolio that will respond well to any stock market recovery. We did suffer in the market rout in the second half of 2008, but we remain committed to our long-term investment approach and disciplined investment process. We are confident that this will bear results in 2009.

SVG Investment Managers Limited

January 2009

Portfolio Statement

As at 31 December 2008

| SVG UK Alpha Fund | | | | |
|--|------------------|---------------|--------------|----------|
| Equities | Nominal Holdings | Base Currency | Fair Value £ | % of Nav |
| Apparel | | | | |
| Burberry Group | 45,659 | GBP | 101,249 | 2.33 |
| Construction & materials | | | | |
| Lupus Capital | 388,918 | GBP | 58,338 | 1.34 |
| Electricity | | | | |
| National Grid | 33,757 | GBP | 230,898 | 5.32 |
| Electronic & electrical equipment | | | | |
| TT electronics | 259,940 | GBP | 89,679 | 2.06 |
| Equity investment instruments | | | | |
| HgCapital Trust | 10,335 | GBP | 68,418 | 1.57 |
| Partners Group Global Opportunities | 30,797 | EUR | 68,483 | 1.58 |
| | | | 136,901 | 3.15 |
| Financial services | | | | |
| 3i Group | 11,496 | GBP | 31,269 | 0.72 |
| Lloyds TSB Group | 56,790 | GBP | 71,499 | 1.65 |
| Royal Bank of Scotland Group | 182,245 | GBP | 89,664 | 2.06 |
| | | | 192,432 | 4.43 |
| Fixed line telecommunications | | | | |
| Cable & Wireless | 139,266 | GBP | 216,280 | 4.98 |
| KCOM Group | 1,443,520 | GBP | 187,658 | 4.32 |
| | | | 403,938 | 9.30 |
| Food & drug retailers | | | | |
| Thorntons | 175,529 | GBP | 166,752 | 3.84 |
| General industrials | | | | |
| Hornby | 103,955 | GBP | 98,757 | 2.27 |
| RPC Group | 99,546 | GBP | 167,735 | 3.86 |
| | | | 266,492 | 6.13 |
| Health care equipment & services | | | | |
| Nestor Healthcare Group | 300,260 | GBP | 61,553 | 1.42 |
| Industrial engineering | | | | |
| Melrose | 176,079 | GBP | 150,548 | 3.47 |
| Renold | 268,325 | GBP | 67,081 | 1.54 |
| | | | 217,629 | 5.01 |
| Industrial transportation | | | | |
| BBA Aviation | 30,651 | GBP | 21,149 | 0.49 |
| Media | | | | |
| Daily Mail & General Trust | 75,614 | GBP | 204,158 | 4.70 |
| Mecom Group | 1,207,465 | GBP | 9,056 | 0.21 |
| Pinewood Shepperton | 57,513 | GBP | 60,389 | 1.39 |
| WPP Group | 70,338 | GBP | 279,242 | 6.43 |
| | | | 552,845 | 12.73 |
| Mobile telecommunications | | | | |
| Vodafone Group | 277,497 | GBP | 385,582 | 8.88 |
| Pharmaceuticals & biotechnology | | | | |
| AstraZeneca | 12,683 | GBP | 355,885 | 8.20 |
| GlaxoSmithKline | 27,326 | GBP | 350,593 | 8.07 |
| | | | 706,478 | 16.27 |

| SVG UK Alpha Fund | | | | |
|--|------------------|---------------|------------------|---------------|
| Equities | Nominal Holdings | Base Currency | Fair Value £ | % of Nav |
| Software & computer services | | | | |
| Intec Telecom Systems | 654,878 | GBP | 173,543 | 3.99 |
| Kewill Systems | 304,692 | GBP | 140,158 | 3.23 |
| Redstone | 295,297 | GBP | 14,765 | 0.34 |
| | | | 328,466 | 7.56 |
| Support services | | | | |
| 4imprint Group | 53,590 | GBP | 77,705 | 1.79 |
| Technology hardware & equipment | | | | |
| Filtronic | 146,856 | GBP | 34,511 | 0.80 |
| Spirent Communications | 326,876 | GBP | 116,858 | 2.69 |
| | | | 151,369 | 3.49 |
| Travel & leisure | | | | |
| Silverjet* | 297,564 | GBP | – | – |
| Total equities | | | 4,149,455 | 95.54 |
| Total investments at fair value through profit or loss | | | 4,149,455 | 95.54 |
| Cash deposits | | | 123,146 | 2.83 |
| Other net assets | | | 70,621 | 1.63 |
| Total net assets attributable to holders of redeemable participating shares | | | 4,343,222 | 100.00 |

* Silverjet went into liquidation and this security's value has been written down to zero as at 5 June 2008.

Portfolio Statement

As at 31 December 2007

| SVG UK Alpha Fund | | | | |
|--|------------------|---------------|--------------|----------|
| Equities | Nominal Holdings | Base Currency | Fair Value £ | % of Nav |
| Construction & materials | | | | |
| Lupus Capital | 162,090 | GBP | 151,554 | 1.77 |
| Electricity | | | | |
| British Energy Group | 33,484 | GBP | 182,823 | 2.14 |
| National Grid | 33,757 | GBP | 281,533 | 3.30 |
| | | | 464,356 | 5.44 |
| Electronic & electrical equipment | | | | |
| Raymarine | 99,237 | GBP | 277,616 | 3.25 |
| TT electronics | 186,960 | GBP | 210,797 | 2.47 |
| | | | 488,413 | 5.72 |
| Equity investment instruments | | | | |
| HgCapital Trust | 53,350 | GBP | 413,463 | 4.84 |
| Food & drug retailers | | | | |
| Thorntons | 175,529 | GBP | 301,910 | 3.53 |
| Fixed line telecommunications | | | | |
| Cable & Wireless | 162,918 | GBP | 302,865 | 3.55 |
| KCOM Group | 458,170 | GBP | 246,266 | 2.88 |
| | | | 549,131 | 6.43 |
| General industrials | | | | |
| RPC Group | 99,546 | GBP | 210,042 | 2.46 |
| Health care equipment & services | | | | |
| Nestor Healthcare Group | 300,260 | GBP | 102,088 | 1.19 |
| Industrial engineering | | | | |
| Melrose | 100,617 | GBP | 156,711 | 1.83 |
| Renold | 254,814 | GBP | 231,881 | 2.71 |
| | | | 388,592 | 4.54 |
| Media | | | | |
| Daily Mail & General Trust | 72,705 | GBP | 360,980 | 4.22 |
| Entertainment Rights | 1,092,915 | GBP | 166,670 | 1.95 |
| Mecom Group | 651,752 | GBP | 329,135 | 3.85 |
| Pinewood Shepperton | 117,268 | GBP | 267,078 | 3.13 |
| WPP Group | 70,338 | GBP | 454,032 | 5.31 |
| | | | 1,577,895 | 18.46 |
| Mobile telecommunications | | | | |
| Vodafone Group | 277,497 | GBP | 520,862 | 6.10 |
| Nonlife insurance | | | | |
| Royal & SunAlliance Insurance Group | 109,112 | GBP | 161,704 | 1.89 |

| SVG UK Alpha Fund | | | | |
|--|------------------|---------------|------------------|---------------|
| Equities | Nominal Holdings | Base Currency | Fair Value £ | % of Nav |
| Pharmaceuticals & biotechnology | | | | |
| AstraZeneca | 12,513 | GBP | 270,656 | 3.17 |
| GlaxoSmithKline | 38,967 | GBP | 497,998 | 5.83 |
| | | | 768,654 | 9.00 |
| Software & computer services | | | | |
| Intec Telecom Systems | 534,113 | GBP | 236,345 | 2.77 |
| Kewill Systems | 291,692 | GBP | 236,271 | 2.77 |
| Redstone | 295,297 | GBP | 194,896 | 2.28 |
| | | | 667,512 | 7.82 |
| Support services | | | | |
| 4imprint Group | 53,590 | GBP | 109,859 | 1.29 |
| Pinnacle Staffing Group | 682,839 | GBP | 17,071 | 0.20 |
| | | | 126,930 | 1.49 |
| Technology hardware & equipment | | | | |
| Filtronic | 183,517 | GBP | 322,072 | 3.77 |
| Spirent Communications | 458,528 | GBP | 284,287 | 3.33 |
| | | | 606,359 | 7.10 |
| Travel & leisure | | | | |
| Compass Group | 61,529 | GBP | 189,817 | 2.22 |
| Silverjet | 327,697 | GBP | 154,017 | 1.80 |
| | | | 343,834 | 4.02 |
| Total equities | | | 7,843,299 | 91.80 |
| Total investments at fair value through profit or loss | | | 7,843,299 | 91.80 |
| Cash deposits | | | 633,835 | 7.42 |
| Other net assets | | | 66,885 | 0.78 |
| Total net assets attributable to holders of redeemable participating shares | | | 8,544,019 | 100.00 |

All investments are transferable securities admitted to an official stock exchange listing.

Portfolio Statement

As at 31 December 2008

| SVG UK Focus Fund | | | | |
|--|------------------|---------------|--------------|----------|
| Equities | Nominal Holdings | Base Currency | Fair Value £ | % of Nav |
| Apparel | | | | |
| Burberry Group | 628,119 | GBP | 1,392,854 | 2.18 |
| Lambert Howarth Group* | 1,333,000 | GBP | – | – |
| | | | 1,392,854 | 2.18 |
| Electricity | | | | |
| British Energy Group | 329,615 | GBP | 2,539,684 | 3.98 |
| National Grid | 286,703 | GBP | 1,961,049 | 3.08 |
| | | | 4,500,733 | 7.06 |
| Equity investment instruments | | | | |
| 3i Quoted Private Equity | 4,386,320 | GBP | 2,302,818 | 3.62 |
| Partners Group Global Opportunities | 461,402 | EUR | 1,026,016 | 1.61 |
| SVG Capital | 230,845 | GBP | 205,452 | 0.32 |
| | | | 3,534,286 | 5.55 |
| Financial services | | | | |
| 3i Group | 127,060 | GBP | 345,603 | 0.54 |
| Lloyds TSB Group | 1,275,590 | GBP | 1,605,968 | 2.52 |
| | | | 1,951,571 | 3.06 |
| Fixed line telecommunications | | | | |
| Cable & Wireless | 2,180,968 | GBP | 3,387,043 | 5.32 |
| KCOM Group | 14,727,596 | GBP | 1,914,587 | 3.00 |
| | | | 5,301,630 | 8.32 |
| General industrials | | | | |
| RPC Group | 3,286,062 | GBP | 5,537,014 | 8.69 |
| Industrial engineering | | | | |
| Melrose | 1,610,051 | GBP | 1,376,594 | 2.16 |
| Industrial transportation | | | | |
| BBA Aviation | 2,034,496 | GBP | 1,403,802 | 2.20 |
| Media | | | | |
| Daily Mail & General Trust | 612,702 | GBP | 1,654,295 | 2.60 |
| Entertainment Rights | 44,545,127 | GBP | 244,999 | 0.38 |
| Mecom Group | 15,747,255 | GBP | 118,104 | 0.19 |
| Pinewood Shepperton | 2,659,382 | GBP | 2,792,351 | 4.38 |
| | | | 4,809,749 | 7.55 |
| Mobile telecommunications | | | | |
| Vodafone Group | 3,735,671 | GBP | 5,190,715 | 8.15 |
| Pharmaceuticals & biotechnology | | | | |
| GlaxoSmithKline | 362,707 | GBP | 4,653,531 | 7.30 |
| Software & computer services | | | | |
| Intec Telecom Systems | 15,153,206 | GBP | 4,015,600 | 6.30 |
| Redstone | 8,428,529 | GBP | 421,426 | 0.66 |
| | | | 4,437,026 | 6.96 |

* The Lambert Howarth Group has gone into administration and this security's value has been written down to zero as at 17 January 2008.

SVG UK Focus Fund

| Equities | Nominal Holdings | Base Currency | Fair Value £ | % of Nav |
|--|------------------|---------------|-------------------|---------------|
| Support services | | | | |
| 4imprint Group | 2,464,410 | GBP | 3,573,395 | 5.61 |
| Communis | 7,688,796 | GBP | 3,421,514 | 5.37 |
| | | | 6,994,909 | 10.98 |
| Technology, hardware & equipment | | | | |
| Filtronic | 3,861,400 | GBP | 907,429 | 1.42 |
| Spirent Communications | 10,318,090 | GBP | 3,688,717 | 5.79 |
| | | | 4,596,146 | 7.21 |
| Total equities | | | 55,680,560 | 87.37 |
| Total investments at fair value through profit or loss | | | 55,680,560 | 87.37 |
| Cash deposits | | | 6,935,981 | 10.88 |
| Other net assets | | | 1,114,083 | 1.75 |
| Total net assets attributable to holders of redeemable participating shares | | | 63,730,624 | 100.00 |

Portfolio Statement

As at 31 December 2007

| SVG UK Focus Fund | | | | |
|--------------------------------------|------------------|---------------|--------------|----------|
| Equities | Nominal Holdings | Base Currency | Fair Value £ | % of Nav |
| Apparel | | | | |
| Lambert Howarth Group* | 1,333,000 | GBP | 246,605 | 0.14 |
| Electricity | | | | |
| British Energy Group | 1,591,417 | GBP | 8,689,137 | 4.84 |
| National Grid | 755,243 | GBP | 6,298,727 | 3.51 |
| | | | 14,987,864 | 8.35 |
| Equity investment instruments | | | | |
| 3i Quoted Private Equity | 2,283,000 | GBP | 2,031,870 | 1.13 |
| Fixed line telecommunications | | | | |
| BT Group | 1,582,034 | GBP | 4,314,998 | 2.41 |
| Cable & Wireless | 6,194,732 | GBP | 11,516,007 | 6.42 |
| KCOM Group | 11,291,482 | GBP | 6,069,172 | 3.38 |
| | | | 21,900,177 | 12.21 |
| General financial | | | | |
| Evolution Group | 5,310,009 | GBP | 6,425,111 | 3.58 |
| General industrials | | | | |
| RPC Group | 2,894,472 | GBP | 6,107,336 | 3.40 |
| Industrial engineering | | | | |
| Melrose | 2,213,439 | GBP | 3,447,431 | 1.92 |
| Industrial transportation | | | | |
| BBA Aviation | 2,699,483 | GBP | 5,452,956 | 3.04 |
| Nonlife insurance | | | | |
| Royal & SunAlliance Insurance Group | 2,711,112 | GBP | 4,017,868 | 2.24 |
| Media | | | | |
| Daily Mail & General Trust | 1,245,667 | GBP | 6,184,737 | 3.45 |
| Mecom Group | 12,248,070 | GBP | 6,185,275 | 3.45 |
| Entertainment Rights | 30,884,583 | GBP | 4,709,899 | 2.63 |
| Pinewood Shepperton | 3,105,054 | GBP | 7,071,760 | 3.94 |
| WPP Group | 1,535,195 | GBP | 9,909,684 | 5.52 |
| | | | 34,061,355 | 18.99 |

* The Lambert Howarth Group has gone into administration and this security's value has been written down to zero post year end.

| SVG UK Focus Fund | | | | |
|--|------------------|---------------|--------------------|---------------|
| Equities | Nominal Holdings | Base Currency | Fair Value £ | % of Nav |
| Mobile telecommunications | | | | |
| Vodafone Group | 7,727,013 | GBP | 14,503,603 | 8.08 |
| Pharmaceuticals & biotechnology | | | | |
| GlaxoSmithKline | 543,453 | GBP | 6,945,329 | 3.87 |
| Software & computer services | | | | |
| Intec Telecom Systems | 13,311,118 | GBP | 5,890,170 | 3.28 |
| Northgate Information Solutions | 6,975,090 | GBP | 6,434,521 | 3.59 |
| Redstone | 7,538,989 | GBP | 4,975,733 | 2.77 |
| | | | 17,300,424 | 9.64 |
| Support services | | | | |
| 4imprint Group | 2,226,410 | GBP | 4,564,141 | 2.54 |
| Communis | 7,434,928 | GBP | 5,315,974 | 2.96 |
| | | | 9,880,115 | 5.50 |
| Technology, hardware & equipment | | | | |
| Filtronic | 3,869,175 | GBP | 6,790,402 | 3.79 |
| Spirent Communications | 19,062,556 | GBP | 11,818,785 | 6.59 |
| | | | 18,609,187 | 10.38 |
| Travel & leisure | | | | |
| Compass Group | 2,458,610 | GBP | 7,584,812 | 4.23 |
| Total equities | | | 173,502,043 | 78.24 |
| Total investments at fair value through profit or loss | | | 173,502,043 | 96.70 |
| Cash deposits | | | 6,894,676 | 3.84 |
| Other net liabilities | | | (973,166) | (0.54) |
| Total net assets attributable to holders of redeemable participating shares | | | 179,423,553 | 100.00 |

All investments are transferable securities admitted to an official stock exchange listing.

Portfolio Statement

As at 31 December 2008

| SVG European Focus Fund | | | | |
|--|------------------|---------------|------------------|---------------|
| Equities | Nominal Holdings | Base Currency | Fair Value € | % of Nav |
| Automobiles & parts | | | | |
| Bayerische Motoren Werke | 6,965 | EUR | 152,429 | 3.23 |
| Peugeot | 9,041 | EUR | 109,848 | 2.32 |
| | | | 262,277 | 5.55 |
| Financial services | | | | |
| Deutsche Bank | 6,900 | EUR | 192,890 | 4.08 |
| ENR Russia Invest | 11,619 | CHF | 204,187 | 4.32 |
| Fortis | 64,400 | EUR | 59,763 | 1.27 |
| Fortis Rights* | 64,400 | EUR | – | – |
| Hypo Real Estate Holding | 50,135 | EUR | 149,904 | 3.17 |
| KKR Private Equity Investors | 32,574 | USD | 82,018 | 1.74 |
| UBS | 40,800 | CHF | 407,035 | 8.61 |
| | | | 1,095,797 | 23.19 |
| Food & drug retailers | | | | |
| Heineken | 5,500 | EUR | 120,450 | 2.55 |
| Remy Cointreau | 5,000 | EUR | 147,500 | 3.12 |
| | | | 267,950 | 5.67 |
| Health care | | | | |
| Sanofi-Aventis | 6,644 | EUR | 301,637 | 6.39 |
| Sorin | 183,931 | EUR | 85,987 | 1.82 |
| | | | 387,624 | 8.21 |
| Industrial goods & services | | | | |
| Deutsche Post | 23,124 | EUR | 273,557 | 5.79 |
| European Aeronautic Defence and Space | 23,730 | EUR | 284,641 | 6.03 |
| | | | 558,198 | 11.82 |
| Insurance | | | | |
| ING Groep | 33,350 | EUR | 244,456 | 5.17 |
| Media | | | | |
| Mecom Group | 1,320,293 | GBP | 10,242 | 0.22 |
| Mediaset | 75,318 | EUR | 305,038 | 6.46 |
| Mondo TV | 45,565 | EUR | 149,111 | 3.15 |
| Vivendi | 10,548 | EUR | 245,399 | 5.19 |
| | | | 709,790 | 15.02 |
| Personal & household goods | | | | |
| Christian Dior | 3,514 | EUR | 137,222 | 2.91 |
| Technology | | | | |
| Alcatel-Lucent | 94,000 | EUR | 144,102 | 3.05 |
| Atos Origin | 9,018 | EUR | 160,295 | 3.39 |
| | | | 304,397 | 6.44 |
| Telecommunications | | | | |
| Deutsche Telekom | 31,818 | EUR | 341,407 | 7.22 |
| France Telecom | 10,100 | EUR | 201,596 | 4.27 |
| | | | 543,003 | 11.49 |
| Travel & leisure | | | | |
| Deutsche Lufthansa | 14,400 | EUR | 163,512 | 3.46 |
| Total equities | | | 4,674,226 | 98.93 |
| Total investments at fair value through profit or loss | | | 4,674,226 | 98.93 |
| Cash deposits | | | 87,233 | 1.85 |
| Other net liabilities | | | (36,667) | (0.78) |
| Total net assets attributable to holders of redeemable participating shares | | | 4,724,792 | 100.00 |

*The rights represent a potential distribution that the Belgian state will make to shareholders in 2014.

All investments are transferable securities admitted to an official stock exchange listing.

Portfolio Statement

As at 31 December 2007

| SVG European Focus Fund | | | | |
|--|------------------|---------------|------------------|---------------|
| Equities | Nominal Holdings | Base Currency | Fair Value € | % of Nav |
| Automobiles & parts | | | | |
| Bayerische Motoren Werke | 6,965 | EUR | 297,475 | 2.99 |
| Continental | 2,200 | EUR | 195,250 | 1.96 |
| Peugeot | 3,441 | EUR | 178,417 | 1.80 |
| | | | 671,142 | 6.75 |
| Financial services | | | | |
| ENR Russia Invest | 12,832 | CHF | 246,139 | 2.47 |
| KKR Private Equity Investors | 16,574 | USD | 205,184 | 2.06 |
| | | | 451,323 | 4.53 |
| Health care | | | | |
| Sanofi-Aventis | 8,344 | EUR | 525,505 | 5.28 |
| Sorin | 183,931 | EUR | 246,100 | 2.47 |
| | | | 771,605 | 7.75 |
| Industrial goods & services | | | | |
| European Aeronautic Defence and Space | 23,730 | EUR | 517,551 | 5.20 |
| Deutsche Post | 17,874 | EUR | 416,822 | 4.19 |
| | | | 934,373 | 9.39 |
| Insurance | | | | |
| ING Groep | 7,700 | EUR | 205,975 | 2.07 |
| Media | | | | |
| Mecom Group | 748,030 | GBP | 514,319 | 5.17 |
| Mediaset | 76,818 | EUR | 529,660 | 5.32 |
| Mondo TV | 38,984 | EUR | 444,418 | 4.47 |
| Vivendi | 10,098 | EUR | 316,774 | 3.18 |
| | | | 1,805,171 | 18.14 |
| Personal & household goods | | | | |
| Christian Dior | 2,364 | EUR | 212,169 | 2.13 |
| Technology | | | | |
| Alcatel-Lucent | 38,000 | EUR | 187,720 | 1.89 |
| Atos Origin | 5,518 | EUR | 194,178 | 1.95 |
| | | | 381,898 | 3.84 |
| Telecommunications | | | | |
| Deutsche Telekom | 52,368 | EUR | 787,091 | 7.91 |
| France Telecom | 17,000 | EUR | 418,540 | 4.20 |
| | | | 1,205,631 | 12.11 |
| Travel & leisure | | | | |
| Deutsche Lufthansa | 10,900 | EUR | 198,162 | 2.00 |
| Total equities | | | 6,837,449 | 68.71 |
| Total investments at fair value through profit or loss | | | 6,837,449 | 68.71 |
| Cash deposits | | | 3,156,556 | 31.70 |
| Other net liabilities | | | (40,470) | (0.41) |
| Total net assets attributable to holders of redeemable participating shares | | | 9,953,535 | 100.00 |

All investments are transferable securities admitted to an official stock exchange listing.

The SVG European Focus Fund launched on the 28 September 2007.

Unaudited schedule of significant portfolio movements

For the year ended 31 December 2008

| SVG UK Alpha Fund | | | |
|-------------------------------------|---------------|--------------------------------------|-------------------|
| Purchases | Cost £'000 | Sales | Proceeds £'000 |
| 3i Group | 313 | HgCapital Trust | 371 |
| Royal Bank of Scotland Group | 295 | British Energy Group | 246 |
| Lloyds TSB Group | 278 | Compass Group | 214 |
| BBA Aviation | 185 | Lloyds TSB Group | 167 |
| KCOM Group | 171 | Cable & Wireless | 165 |
| Mecom Group | 170 | Royal & Sun Alliance Insurance Group | 151 |
| Partners Group Global Opportunities | 166 | GlaxoSmithKline | 141 |
| Burberry Group | 159 | 3i Group | 140 |
| Hornby | 158 | Pinewood Shepperton | 124 |
| TT electronics | 138 | AstraZeneca | 118 |
| Lupus Capital | 138 | Spirent Communications | 102 |
| Cable & Wireless | 127 | TT electronics | 86 |
| Melrose | 109 | BBA Aviation | 73 |
| AstraZeneca | 108 | Filtronic | 32 |
| Intec Telecom Systems | 41 | Pinnacle Staffing Group | 24 |
| Raymarine | 33 | Raymarine | 17 |
| Daily Mail & General Trust | 15 | Entertainment Rights | 7 |
| Kewill Systems | 11 | Silverjet | 4 |
| Renold | 10 | | |

Unaudited schedule of significant portfolio movements continued

| SVG UK Focus Fund | | | |
|-------------------------------------|---------------|---------------------------------|-------------------|
| Purchases | Cost £'000 | Sales | Proceeds £'000 |
| Melrose | 3,685 | British Energy Group | 8,964 |
| Mecom Group | 3,153 | WPP Group | 8,237 |
| Lloyds TSB Group | 2,637 | Compass Group | 8,132 |
| Partners Group Global Opportunities | 2,626 | Northgate Information Solutions | 6,578 |
| Raymarine | 2,569 | Cable & Wireless | 6,363 |
| Burberry Group | 2,096 | Spirent Communications | 5,887 |
| BBA Aviation | 1,978 | Evolution Group | 5,496 |
| National Grid | 1,841 | Vodafone Group | 5,263 |
| AstraZeneca | 1,683 | National Grid | 5,245 |
| 3i Group | 1,527 | Royal & Sun Alliance | 3,722 |
| 3i Quoted Private Equity | 1,385 | Melrose | 3,397 |
| Daily Mail & General Trust | 1,365 | Daily Mail & General Trust | 3,338 |
| SVG Capital | 1,334 | BT Group | 2,889 |
| Kcom Group | 1,142 | GlaxoSmithKline | 2,204 |
| Entertainment Rights | 1,122 | BBA Aviation | 2,023 |
| Intec Telecom Systems | 795 | AstraZeneca | 1,850 |
| RPC Group | 564 | Pinewood Shepperton | 692 |
| Redstone | 486 | Mecom Group | 606 |
| 4imprint Group | 480 | 3i Group | 454 |
| Communis | 103 | Raymarine | 315 |

SVG European Focus Fund

| Purchases | Cost €'000 | Sales | Proceeds €'000 |
|------------------------------|---------------|-----------------------|-------------------|
| Fortis | 653 | Deutsche Telekom | 217 |
| Hypo Real Estate Holding | 606 | France Telecom | 198 |
| UBS | 567 | Continental | 160 |
| ING Groep | 405 | Sanofi-Aventis | 113 |
| Deutsche Bank | 323 | Vivendi | 108 |
| Mecom Group | 184 | Deutsche Post | 62 |
| Alcatel-Lucent | 166 | Mediaset | 45 |
| Heineken | 163 | ENR Russia Investment | 24 |
| Remy Cointreau | 155 | | |
| Deutsche Post | 133 | | |
| Vivendi | 133 | | |
| Peugeot | 129 | | |
| KKR Private Equity Investors | 120 | | |
| Atos Origin | 106 | | |
| Christian Dior | 74 | | |
| France Telecom | 60 | | |
| Mondo TV | 54 | | |
| Deutsche Lufthansa | 37 | | |
| Sanofi-Aventis | 36 | | |
| Mediaset | 35 | | |

Report of the Directors

For the year ended 31 December 2008

The Directors of SVG Investment Funds (Dublin) plc (the "Company") present the Annual Report and audited Financial Statements of the Company for the year ended 31 December 2008.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish Company Law requires the Directors to prepare Financial Statements for each financial year, which give a true and fair view of the state of the affairs of the Company and of the profit or loss for that year. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2006. They are also responsible for safeguarding the assets of the Company and in fulfilment of this responsibility, they have entrusted the assets of the Company to a Custodian for safekeeping in accordance with the Memorandum and Articles of Association. The Directors are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Basis of presentation

The format and certain wording of the Financial Statements has been adapted from those contained in the Companies (Amendment) Act, 1986, to one that, in the opinion of the Directors, more appropriately reflects the nature of the Company's business as an investment fund.

Review of business

The Company was incorporated on 17 July 2003 under the laws of the Republic of Ireland as an open ended umbrella type investment company with variable capital and limited liability in which different Funds may be created from time to time. The Company is authorised by the Financial Regulator as an Investment Company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 (as amended) and commenced operations on 5 August 2003. The Company is listed on the Irish Stock Exchange. The general investment objective of the Company is to invest in publicly listed equities to maximise definite returns. A commentary on the Company's performance for the year is included in the Investment Manager's reports.

Risk management objectives and policies

The principal risks and uncertainties faced by the Company are market price risk, foreign currency risk, liquidity risk and credit risk, which are outlined in Note 7.

Directors' statement on proper books of account

The measures taken by Directors to secure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The proper books of account of the Company are maintained by Northern Trust International Fund Administration Services (Ireland) Limited, at Georges Court, 54-62 Townsend Street, Dublin 2, Ireland.

Transactions involving Directors

There were no contracts or agreements of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act, 1990, at any time during the year, other than those set out in Note 9 to the Financial Statements.

Revenue

The results of operations for the year are set out in the profit and loss account.

Directors' Interests in shares of the company

No Director, nor the Company Secretary, had any beneficial interest in the shares of the Company throughout the year.

Distributions

For details of dividends declared in respect of the year ended 31 December 2008 see Note 18.

Independent auditors

The independent auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Directors

There were no appointments or resignations during the year. The Directors of the Company at 31 December 2008 are stated on page 2.

Subsequent events

There have been no events subsequent to the year end, which will impact on the Financial Statements for the year ended 31 December 2008.

On behalf of the Board:

Kevin Kelly Jonathan Quigley

8 April 2009

Independent auditors' report

to the members of SVG Investment Funds (Dublin) plc (the "Company")

We have audited the Company's Financial Statements for the year ended 31 December 2008 which comprise the balance sheet, the profit and loss account, the statement of changes in net assets attributable to holders of redeemable participating shares, the portfolio statements and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Financial Statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, (as amended). We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the Company has kept proper books of account; and
- whether the Directors' report is consistent with the Financial Statements.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not disclosed and where practicable, include such information in our report.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion the Financial Statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs at 31 December 2008 and of its results for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, (as amended).

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company's Financial Statements are in agreement with the books of account.

In our opinion the information given in the Directors' report is consistent with the Financial Statements.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Dublin

15 April 2009

Custodian's report to the Shareholders

We have enquired into the conduct of the SVG Investment Funds (Dublin) Plc ('the Company') for the year ended 31 December 2008, in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Financial Regulator's UCITS Notice 4, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Financial Regulator's UCITS Notice 4. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, as amended, ('the Regulations'); and
- (ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the Regulations.

Northern Trust Fiduciary Services (Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2

8 April 2009

Balance sheet

As at 31 December 2008

| | Notes | SVG UK Alpha Fund as at 31 December 2008 £ | SVG UK Focus Fund as at 31 December 2008 £ | SVG European Focus Fund as at 31 December 2008 € | Total as at 31 December 2008 £ |
|--|-------|--|--|--|--------------------------------|
| Current assets | | | | | |
| Financial assets at fair value through profit or loss | 2 | 4,149,455 | 55,680,560 | 4,674,226 | 64,349,167 |
| Debtors: amounts falling due within one year | 3 | 45,971 | 730,316 | 102 | 776,386 |
| Cash at bank | 4 | 123,146 | 6,935,981 | 87,233 | 7,143,466 |
| Total current assets | | 4,318,572 | 63,346,857 | 4,761,561 | 72,269,019 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 5 | (30,719) | (443,132) | (50,561) | (522,735) |
| Total liabilities (excluding net assets attributable to holders of redeemable participating shares) | | (30,719) | (443,132) | (50,561) | (522,735) |
| Net assets attributable to holders of redeemable participating shares at bid market prices | | 4,287,853 | 62,903,725 | 4,711,000 | 71,746,284 |
| Adjustment from bid market prices to last traded market prices | 17 | 55,369 | 826,899 | 13,792 | 895,602 |
| Net assets attributable to holders of redeemable participating shares | | 4,343,222 | 63,730,624 | 4,724,792 | 72,641,886 |
| Redeemable participating shares outstanding | 6 | | | | |
| I Class | | – | 6,906,536 | – | |
| A Class | | 420,912 | 350,102 | 525,393 | |
| R Class | | 432,615 | – | 507,031 | |
| Net asset value per redeemable participating share | | | | | |
| I Class | | – | 8.788 | – | |
| A Class | | 5.051 | 8.669 | 4.576 | |
| R Class | | 5.125 | – | 4.576 | |

On behalf of the Board:

Kevin Kelly

Jonathan Quigley

8 April 2009

8 April 2009

The accompanying notes form an integral part of these Financial Statements

Comparative balance sheet

As at 31 December 2007

| | Notes | SVG UK Alpha Fund as at 31 December 2007 £ | SVG UK Focus Fund as at 31 December 2007 £ | SVG European Focus Fund as at 31 December 2007 € | Total as at 31 December 2007 £ |
|--|-------|--|--|--|--------------------------------|
| Current assets | | | | | |
| Financial assets at fair value through profit or loss | 2 | 7,843,299 | 173,502,043 | 6,837,449 | 186,367,243 |
| Debtors: amounts falling due within one year | 3 | 38,190 | 1,211,960 | 6,260 | 1,254,748 |
| Cash at bank | 4 | 633,835 | 6,894,676 | 3,156,556 | 9,846,907 |
| Total current assets | | 8,515,324 | 181,608,679 | 10,000,265 | 197,468,898 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 5 | (28,553) | (3,253,216) | (55,673) | (3,322,659) |
| Total liabilities (excluding net assets attributable to holders of redeemable participating shares) | | (28,553) | (3,253,216) | (55,673) | (3,322,659) |
| Net assets attributable to holders of redeemable participating shares at bid market prices | | | | | |
| | | 8,486,771 | 178,355,463 | 9,944,592 | 194,146,239 |
| Adjustment from bid market prices to last traded market prices | 17 | 57,248 | 1,068,090 | 8,943 | 1,131,906 |
| Net assets attributable to holders of redeemable participating shares | | 8,544,019 | 179,423,553 | 9,953,535 | 195,278,145 |
| Redeemable participating shares outstanding | | | | | |
| | 6 | | | | |
| I Class | | – | 9,907,615 | – | |
| A Class | | 482,058 | 1,799,881 | 507,039 | |
| R Class | | 432,615 | – | 507,031 | |
| Net asset value per redeemable participating share | | | | | |
| I Class | | – | 15.356 | – | |
| A Class | | 9.255 | 15.157 | 9.815 | |
| R Class | | 9.437 | – | 9.815 | |

The accompanying notes form an integral part of these Financial Statements

Profit and loss account

For the year ended 31 December 2008

| | Notes | SVG UK Alpha Fund for the year ended 31 December 2008 £ | SVG UK Focus Fund for the year ended 31 December 2008 £ | SVG European Focus Fund for the year ended 31 December 2008 € | Total for the year ended 31 December 2008 £ |
|---|-------|---|---|---|---|
| Investment income | 2 | | | | |
| Dividend income | | 547,980 | 10,153,451 | 214,902 | 10,872,651 |
| Deposit interest | | 9,105 | 242,564 | 74,718 | 311,200 |
| Net fair value loss on financial assets and liabilities at fair value through profit or loss | | (4,137,121) | (68,749,081) | (5,379,746) | (77,172,439) |
| Total investment loss | | (3,580,036) | (58,353,066) | (5,090,126) | (65,988,588) |
| Expenses | 2 | | | | |
| Investment management fee | 10 | (43,446) | (966,717) | (112,592) | (1,099,869) |
| Administration fees | 10 | (43,846) | (174,888) | (42,885) | (252,902) |
| Custodian's fee | 10 | (23,365) | (85,763) | (14,222) | (120,459) |
| Preliminary expenses | 10 | – | – | (15,043) | (11,985) |
| Operating expenses | 10 | (9,525) | (66,985) | (39,588) | (108,051) |
| Audit fee | | (10,164) | (12,705) | (12,758) | (33,034) |
| Directors' fees | | (1,340) | (19,659) | (1,457) | (22,160) |
| Total operating expenses | | (131,686) | (1,326,717) | (238,545) | (1,648,460) |
| Net loss before finance costs | | (3,711,722) | (59,679,783) | (5,328,671) | (67,637,048) |
| Finance costs | | | | | |
| Distributions | 18 | (20,187) | (926,303) | – | (946,490) |
| Net income equalisation | 2 | (11,933) | (1,977,076) | 1,208 | (1,988,047) |
| Total finance costs | | (32,120) | (2,903,379) | 1,208 | (2,934,537) |
| Loss for the financial year | | (3,743,842) | (62,583,162) | (5,327,463) | (70,571,585) |
| Withholding tax on dividends | | – | – | (41,497) | (33,062) |
| Operating loss | | (3,743,842) | (62,583,162) | (5,368,960) | (70,604,647) |
| Adjustments from bid market prices to last traded market prices | 17 | (1,879) | (241,191) | 4,849 | (239,207) |
| Decrease in net assets for the period attributable to holders of redeemable participating shares from operations | | (3,745,721) | (62,824,353) | (5,364,111) | (70,843,855) |

Gains and losses arose solely from continuing operations. There were no gains or losses other than those dealt with through the profit and loss account.

On behalf of the Board:

Kevin Kelly

Jonathan Quigley

8 April 2009

8 April 2009

The accompanying notes form an integral part of these Financial Statements

Comparative profit and loss account

For the year ended 31 December 2007

| | Notes | SVG UK Alpha Fund for the year ended 31 December 2007 £ | SVG UK Focus Fund for the year ended 31 December 2007 £ | SVG European Focus Fund* for the period ended 31 December 2007 € | Total for the year ended 31 December 2007 £ |
|---|-------|---|---|--|---|
| Investment income | 2 | | | | |
| Dividend income | | 158,661 | 4,971,740 | 1,040 | 5,131,165 |
| Deposit interest | | 11,139 | 234,581 | 38,945 | 274,324 |
| Net fair value loss on financial assets and liabilities at fair value through profit or loss | | (1,496,217) | (21,331,008) | (178,975) | (22,958,677) |
| Total investment loss | | (1,326,417) | (16,124,687) | (138,990) | (17,553,188) |
| Expenses | 2 | | | | |
| Performance fee | 10 | (46,532) | (1,994,237) | – | (2,040,769) |
| Investment management fee | 10 | (46,925) | (1,856,129) | (37,068) | (1,930,279) |
| Administration fees | 10 | (40,603) | (258,087) | (9,074) | (305,355) |
| Custodian's fee | 10 | (17,772) | (114,782) | (3,025) | (134,776) |
| Preliminary expenses | 10 | 22,598 | – | (3,781) | 19,821 |
| Operating expenses | 10 | (15,558) | (24,361) | (3,256) | (42,310) |
| Audit fee | | (1,488) | (25,233) | (755) | (27,276) |
| Directors' fees | | (896) | (15,198) | (1,254) | (17,015) |
| Total operating expenses | | (147,176) | (4,288,027) | (58,213) | (4,477,959) |
| Net (loss) before finance costs | | (1,473,593) | (20,412,714) | (197,203) | (22,031,147) |
| Finance costs | | | | | |
| Distributions | 18 | (63,894) | – | – | (63,894) |
| Net income equalisation | 2 | – | (33,485) | – | (33,485) |
| Total finance costs | | (63,894) | (33,485) | – | (97,379) |
| Loss for the financial year | | (1,537,487) | (20,446,199) | (197,203) | (22,128,526) |
| Withholding tax on dividends | | – | – | (260) | (191) |
| Operating loss | | (1,537,487) | (20,446,199) | (197,463) | (22,128,717) |
| Adjustments from bid market prices to last traded market prices | 17 | 25,550 | (269,293) | 8,943 | (237,175) |
| Decrease in net assets for the year attributable to holders of redeemable participating shares from operations | | (1,511,937) | (20,715,492) | (188,520) | (22,365,892) |

Gains and losses arose solely from continuing operations. There were no gains or losses other than those dealt with through the profit and loss account.

*Date of commencement of operations to the period ended 31 December 2007.

Statement of changes in assets attributable to holders of redeemable participating shares

For the year ended 31 December 2008

| | SVG UK Alpha Fund for the year ended 31 December 2008 £ | SVG UK Focus Fund for the year ended 31 December 2008 £ | SVG European Focus Fund for the year ended 31 December 2008 € | Total for the year ended 31 December 2008 £ |
|---|---|---|---|---|
| Net assets attributable to holders of redeemable participating shares at the beginning of the year | 8,544,019 | 179,423,553 | 9,953,535 | 195,278,145 |
| Notional exchange adjustment | – | – | – | 1,400,371 |
| Redeemable participating share transactions | | | | |
| Issue of redeemable participating shares for the period | 59,824 | 6,739,255 | 135,368 | 6,929,956 |
| Redemption of redeemable participating shares for the period | (514,900) | (59,607,831) | – | (60,122,731) |
| Net (decrease)/increase in net assets from redeemable participating share transactions | (455,076) | (52,868,576) | 135,368 | (53,192,775) |
| Net decrease in net assets for the period attributable to holders of redeemable participating shares from operations | (3,745,721) | (62,824,353) | (5,364,111) | (70,843,855) |
| Net assets attributable to holders of redeemable participating shares at end of period | 4,343,222 | 63,730,624 | 4,724,792 | 72,641,886 |

The accompanying notes form an integral part of these Financial Statements

Comparative statement of changes in net assets attributable to holders of redeemable participating shares

For the year ended 31 December 2007

| | SVG UK Alpha Fund for the year ended 31 December 2007 £ | SVG UK Focus Fund for the year ended 31 December 2007 £ | SVG European Focus Fund* for the year ended 31 December 2007 € | Total for the year ended 31 December 2007 £ |
|---|---|---|--|---|
| Net assets attributable to holders of redeemable participating shares at the beginning of the period | 4,745,663 | 227,596,493 | – | 232,342,156 |
| Notional exchange adjustment | – | – | – | – |
| Redeemable participating share transactions | | | | |
| Issue of redeemable participating shares for the period | 6,271,847 | 2,588,957 | 10,142,055 | 16,309,840 |
| Redemption of redeemable participating shares for the period | (961,554) | (30,046,405) | – | (31,007,959) |
| Net decrease in net assets from redeemable participating share transactions | 5,310,293 | (27,457,448) | 10,142,055 | (14,698,119) |
| Net decrease in net assets for the year attributable to holders of redeemable participating shares from operations | (1,511,937) | (20,715,492) | (188,520) | (22,365,892) |
| Net assets attributable to holders of redeemable participating shares at end of period | 8,544,019 | 179,423,553 | 9,953,535 | 195,278,145 |

*For the period 28 September 2007 (date of commencement of operations) to 31 December 2007.

Notes to the financial statements

For the year ended 31 December 2008

1. General

SVG Investment Funds (Dublin) plc (the "Company") was incorporated on 17 July 2003 under the laws of the Republic of Ireland as an open-ended umbrella type investment company with variable capital and limited liability in which different Funds may be created from time to time. The Company is authorised by the Financial Regulator as an Investment Company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended).

Three sub-Funds have been launched since incorporation. SVG UK Focus Fund (the "Fund") commenced operation on 5 August 2003, with the general objective to invest in publicly listed equities to maximise absolute returns. There are two classes of redeemable participating shares available, I Class and A Class. They are intended for institutional and high net worth investors respectively.

SVG UK Alpha Fund (the "Fund") was launched 24 March 2006. There are two classes of redeemable participating shares available, Class A and Class R. They are intended for institutional and high net worth investors respectively.

SVG European Focus Fund (the "Fund") was launched on the 28 September 2007. There are two classes of redeemable participating shares available, Class A and Class R. They are intended for institutional and high net worth investors respectively.

2. Reporting financial performance

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

Basis of preparation

The Financial Statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, (as amended). Accounting standards generally accepted in Ireland in preparing Financial Statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board ("ASB").

The format and certain wordings of the Financial Statements has been adapted from those contained in the Companies (Amendment) Act, 1986 and FRS 3 "Reporting Financial Performance" so that, in the opinion of the directors, they more appropriately reflect the nature of the Company's business as investment funds.

The Company has availed of the exemption available to open-ended investment funds under FRS 1 not to prepare a Cash Flow Statement.

Historical cost convention

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

Foreign exchange translation

Items included in the Company's Financial Statements are measured using currencies of the primary economic environment in which the sub-Funds operate (the "functional currencies").

(a) Functional currency

The functional currency for the UK Alpha Fund and UK Focus Fund is the GB Pound Sterling ("£") as their investments are denominated in £ and the share dealing transactions are carried out in £. The functional currency of the European Focus Fund is the Euro ("€") as its investments are denominated in € and its share dealing transactions are carried out in €. The presentation currency of the Company is £.

(b) Transactions and balances – foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Proceeds from subscriptions and amounts paid on redemption of redeemable participating shares are translated at actual rates.

Investments at fair value through profit or loss

(a) Classification

The Company classifies its investments in equity securities, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors at fair value through profit or loss at inception. Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. These financial assets are expected to be realised within 12 months of the balance sheet date.

(b) Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

2. Reporting financial performance (continued)**(c) Measurement**

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the profit and loss account. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the profit and loss account within interest income using the effective interest method. Distribution income from financial assets at fair value through profit or loss is recognised in the profit and loss account within distribution income when the Company's right to receive payments is established.

(d) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price.

Investment transactions

Investment transactions are accounted for on a trade date basis. Profits and losses on the disposal of investments are calculated by reference to the net proceeds received on disposal and the average cost attributable to those investments, and are included in the profit and loss account.

Income from investments

Income arising on investments is accounted for on an ex-dividend basis. Dividend income is shown gross of any withholding taxes which are disclosed separately in the profit and loss account and net of any tax credits. Bank interest income is accounted for using the effective interest basis.

Cash and other liquid assets

Cash and other liquid assets were valued at their face value with interest accrued, where applicable, as at the close of business on 31 December 2008, as this is when the Company's net asset value per redeemable participating share is calculated as per the Company's prospectus.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition origination. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Redeemable participating shares

The Company issues redeemable shares, which are redeemable at the holder's option and are classified as financial liabilities. Redeemable shares can be put back to the Company at any time for cash equal to a proportionate share of the Company's net asset value. The redeemable share is carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the share back to the Company.

Redeemable shares are issued and redeemed at the holder's option at prices based on the Fund's net assets value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of redeemable shares with the total number of outstanding redeemable shares. In accordance with the provisions of the Company's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

All issued redeemable shares are fully paid and have been admitted to the official listing of the Irish Stock Exchange. The Company's capital is represented by these redeemable shares with no par value and with each carrying one vote. They are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per share on the redemption date. The Company has no restrictions or specific capital requirements on the subscriptions and redemptions of shares. The relevant movements are shown on the statement of changes in net assets attributable to participating shareholder.

Operating expenses

The Company is responsible for all normal operating expenses including audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments.

Distribution

It is the intention of the Board of Directors to declare a dividend annually. Proposed distributions to holders of redeemable participating shares are classified as finance costs and accounted for in the profit and loss account when they are ratified by the Board of Directors.

Net Income Equalisation

Income equalisation is accrued income included in the price of redeemable participating shares purchased and redeemed during the accounting year. The subscription price of redeemable participating shares is deemed to include an equalisation payment calculated by reference to the accrued income of the relevant Fund and the first distribution in respect of any redeemable participating share will include a payment of capital usually equal to the amount of such equalisation payment. The redemption price of each redeemable participating share will also include an equalisation payment in respect of the accrued income of the relevant Fund up to the date of redemption.

3 Debtors

| | SVG UK Alpha Fund 31 December 2008 £ | SVG UK Focus Fund 31 December 2008 £ | SVG European Focus Fund 31 December 2008 € | Total 31 December 2008 £ |
|---|--|--|--|-----------------------------------|
| Amounts falling due within one year: | | | | |
| Subscriptions receivable | – | 103,780 | – | 103,780 |
| Dividends receivable | 45,851 | 606,329 | – | 652,180 |
| Bank interest receivable | 120 | 6,546 | 102 | 6,765 |
| Other receivables | – | 13,661 | – | 13,661 |
| | 45,971 | 730,316 | 102 | 776,386 |
| | SVG UK Alpha Fund 31 December 2007 £ | SVG UK Focus Fund 31 December 2007 £ | SVG European Focus Fund 31 December 2007 € | Total 31 December 2007 £ |
| Amounts falling due within one year: | | | | |
| Receivable for securities sold | – | 284,572 | – | 284,572 |
| Dividends receivable | 37,544 | 904,434 | – | 941,978 |
| Bank interest receivable | 646 | 22,954 | 6,260 | 28,198 |
| | 38,190 | 1,211,960 | 6,260 | 1,254,748 |

4. Cash

| | SVG UK Alpha Fund 31 December 2008 £ | SVG UK Focus Fund 31 December 2008 £ | SVG European Focus Fund 31 December 2008 € | Total 31 December 2008 £ |
|-----------------------------------|--|--|--|-----------------------------------|
| Northern Trust (Guernsey) Limited | 123,146 | 4,764,341 | 87,327 | 4,971,917 |
| BNP Paribas | – | 2,171,640 | (94) | 2,171,549 |
| | 123,146 | 6,935,981 | 87,233 | 7,143,466 |
| | SVG UK Alpha Fund 31 December 2007 £ | SVG UK Focus Fund 31 December 2007 £ | SVG European Focus Fund 31 December 2007 € | Total 31 December 2007 £ |
| Northern Trust (Guernsey) Limited | 633,835 | 6,894,676 | 156,556 | 7,643,497 |
| BNP Paribas | – | – | 3,000,000 | 2,203,410 |
| | 633,835 | 6,894,676 | 3,156,556 | 9,846,907 |

5. Creditors

| | SVG UK Alpha Fund 31 December 2008 £ | SVG UK Focus Fund 31 December 2008 £ | SVG European Focus Fund 31 December 2008 € | Total 31 December 2008 £ |
|---|--|--|--|-----------------------------------|
| Amounts falling due within one year: | | | | |
| Investment management fee payable | (7,233) | (139,361) | (19,363) | (165,315) |
| Redemptions payable | – | (75,960) | – | (75,960) |
| Sundry creditors | (7,646) | (78,794) | (31,198) | (116,603) |
| Payable for securities purchased | (15,840) | (149,017) | – | (164,857) |
| | (30,719) | (443,132) | (50,561) | (522,735) |
| Amounts falling due within one year: | | | | |
| Investment management fee payable | (14,119) | (394,629) | (37,068) | (435,973) |
| Redemptions payable | – | (1,834,926) | – | (1,834,926) |
| Sundry creditors | (5,467) | (76,133) | (18,605) | (95,265) |
| Payable for securities purchased | (8,967) | (947,528) | – | (956,495) |
| | (28,553) | (3,253,216) | (55,673) | (3,322,659) |

6. Share Capital**Subscriber Shares**

The Company has an authorised share capital of two Subscriber Shares of Euro 1.00 each. As at 31 December 2008, there were two fully paid up Subscriber Shares issued for the purpose of the incorporation of the Company which are beneficially owned by the Investment Manager. Subscriber Shares do not entitle the holders to any dividend and on a winding up entitle the holder to receive the amount paid up thereon, but not otherwise to participate in the assets of the Company. The Subscriber Shares do not form part of the net asset value of the Company and are thus disclosed in the Financial Statements by way of this note only. In the opinion of the directors this disclosure reflects the nature of the Company's business as investment funds.

Redeemable participating shares

The Company has an authorised share capital of 1,000,000,000,000,000 redeemable participating shares of no par value of which the SVG UK Alpha Fund had 420,912 (2007: 482,058) A Class redeemable participating shares and 432,615 (2007: 432,615) and R Class redeemable participating shares, the SVG UK Focus Fund had 6,906,536 (2007: 9,907,615) I Class redeemable participating shares and 350,102 (2007: 1,799,881) A Class redeemable participating shares and the SVG European Focus Fund had 525,393 (2007: 507,039) A Class redeemable participating shares and 507,031 (2007: 507,031) and R Class redeemable participating shares in issue at 31 December 2008.

The issued redeemable participating share capital is at all times equal to the net asset value of the Fund. Redeemable participating shares are redeemable at the shareholders' option and are classified as financial liabilities.

6. Share Capital continued

The movement in the number of redeemable participating shares was as follows:

Redeemable participating shares

| | | |
|-------------------------|--------------------------------|--------------------------------|
| SVG UK Alpha Fund | A Class 31 December 2008 | R Class 31 December 2008 |
| At beginning of year | 482,058 | 432,615 |
| Issued | 7,050 | – |
| Redeemed | (68,196) | – |
| At 31 December 2008 | 420,912 | 432,615 |
| SVG UK Alpha Fund | A Class 31 December 2007 | R Class 31 December 2007 |
| At beginning of year | 450,874 | 975 |
| Issued | 120,672 | 431,640 |
| Redeemed | (89,488) | – |
| At 31 December 2007 | 482,058 | 432,615 |
| SVG UK Focus Fund | I Class 31 December 2008 | A Class 31 December 2008 |
| At beginning of year | 9,907,615 | 1,799,881 |
| Issued | 516,908 | 12,134 |
| Redeemed | (3,517,987) | (1,461,913) |
| At 31 December 2008 | 6,906,536 | 350,102 |
| SVG UK Focus Fund | I Class 31 December 2007 | A Class 31 December 2007 |
| At beginning of year | 11,050,284 | 2,287,944 |
| Issued | 64,845 | 82,001 |
| Redeemed | (1,207,514) | (570,064) |
| At 31 December 2007 | 9,907,615 | 1,799,881 |
| SVG European Focus Fund | A Class 31 December 2008 | R Class 31 December 2008 |
| At beginning of year | 507,039 | 507,031 |
| Issued | 18,354 | – |
| Redeemed | – | – |
| At 31 December 2008 | 525,393 | 507,031 |
| SVG European Focus Fund | A Class 31 December 2007 | R Class 31 December 2007 |
| At beginning of year | – | – |
| Issued | 507,039 | 507,031 |
| Redeemed | – | – |
| At 31 December 2007 | 507,039 | 507,031 |

7. Financial risk management

Investment objective and policies

The investment objective of the SVG UK Alpha Fund is to maximise returns for investors predominantly through capital growth. The Fund aims to invest in the equity of a maximum of 60 companies publicly listed on the UK Stock market, at any time, primarily in the FTSE All-Share Index, the FTSE MID 250 Index, FTSE Small-Cap Index, the FTSE AIM and FTSE Fledgling indices.

The investment objective of the SVG UK Focus Fund is to maximise returns for investors, predominantly through capital growth. The Fund aims to invest in the equity of 25 to 35 Companies publicly listed on the UK stock market at any time, primarily in the FTSE All-Share Index, the FTSE MID 250, FTSE Small-Cap Index and FTSE AIM indices.

The investment objective of the SVG European Focus Fund is to maximize returns for investors, predominately through capital growth. The Fund aims to primarily invest in the equity of a maximum of 35 Companies publicly quoted on any of the stock markets of EEA member states, excluding the UK. The Fund may also invest up to 20% of its net assets in the equity of companies publicly quoted outside of the EEA and in the UK.

Strategy in using financial instruments

The Funds are exposed to a variety of financial risks in pursuing their stated investment objectives and policies. These risks are defined in FRS 29 as including credit risk, liquidity risk and market risk (which in turn includes currency risk, interest rate risk and other price risk). The Funds take exposure to certain of these risks to generate investment returns on their portfolios, although these risks can also potentially result in a reduction in the Fund(s) assets. The Investment Manager will use its best endeavours to minimise the potentially adverse effects of these risks on the Funds performance where it can do so while still managing the investments of the Funds in ways that are consistent with each Funds' investment objectives and policies.

The risks, and the measures adopted by the Company for managing these risks, are detailed below.

Market price risk

Market price risk is defined in FRS 29 as the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices.

The SVG UK Alpha Fund, SVG UK Focus Fund and SVG European Focus Fund's assets consist principally of equities and equity related securities.

The values of these instruments are determined by market forces and there is accordingly a risk that market prices can change in a way that is adverse to a Fund's performance.

The Funds have adopted a number of investment restrictions which are set out in the individual Funds' supplements to the Company's prospectus and which limits the exposure of the Funds to adverse changes in the price of any individual financial asset. In accordance with Company policy, the Investment Manager monitors the Funds positions on a daily basis and reports regularly to the Board of Directors. The Board reviews the information on each Funds' overall market exposure provided by the Investment Manager at its periodic meetings.

In addition, the Investment Manager manages the exposure of the portfolios to the risk of adverse changes in the general level of market prices through adhering to its formal risk management process, which includes the use of systems and technology to monitor overall market and position risk on a daily basis.

The maximum risk arising from an investment in a financial instrument is determined by the fair value of the financial instruments, or in the case of certain derivative(s) the nominal value of the underlying assets, except for short positions in derivatives and securities where the loss may potentially be unlimited.

As at 31 December 2008 and 31 December 2007, the overall market exposure for each Fund was as per the Portfolio Statements.

At 31 December 2008, market price risks defined by FRS 29 applying to each Fund are affected by two main components: changes in market prices and currency exchange rates. FRS 29 requires a sensitivity analysis showing how the net asset values of the Funds would be affected by changes in these factors.

Market price and currency exchange rate movements primarily affect the fair values of equity securities and related instruments held on account for each Fund.

The SVG UK Alpha Fund is 95.5% (2007: 91.8%) directly invested in UK equities and the SVG UK Focus Fund is 87.4% (2007: 96.7%) directly invested in UK equities. The FTSE All Share Index is the best representation of UK equity markets and as such it can be used as a basis for sensitivity analysis for the SVG UK Alpha Fund and the SVG UK Focus Fund. The SVG European Focus Fund is 98.9% (2007: 68.7%) directly invested in European equities and as such the FTSE World Series Europe ex UK Index is the best representation of European equity markets and as such it can be used as a basis for sensitivity analysis for the SVG European Focus Fund. Over long term periods the FTSE All-Share Index has historically experienced volatility of approximately 9.6% and the MSCI Europe ex UK Index has historically experienced volatility of 12.9%. If we assume that historic experience persists then we can use these levels of volatility as a starting point for sensitivity analysis.

7. Financial risk management (continued)

The following table is included in accordance with the requirements of FRS 29 to show the sensitivity of each Fund.

| | Net asset value 31 December 2008 | % Increase/ (decrease) | Effect of Increase/ decrease |
|-------------------------------|--|---------------------------|------------------------------------|
| As at 31 December 2008 | | | |
| SVG UK Alpha Fund | £4,343,222 | 9.6% | +/- £494,502 |
| SVG UK Focus Fund | £63,730,624 | 9.6% | +/- £6,714,659 |
| SVG European Focus Fund | €4,724,792 | 12.9% | +/- €691,171 |
| | Net asset value 31 December 2007 | % Increase/ (decrease) | Effect of Increase/ decrease |
| As at 31 December 2007 | | | |
| SVG UK Alpha Fund | £8,544,019 | 9.6% | +/- £752,967 |
| SVG UK Focus Fund | £179,423,553 | 9.6% | +/- £16,656,247 |
| SVG European Focus Fund | €9,953,535 | 12.9% | +/- €882,241 |

Some limitations of sensitivity analysis are;

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

Currency risk

Currency risk is defined in FRS 29 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The European Focus Fund (the "Fund"), is exposed to currency risk as the assets and liabilities of the Fund may be denominated in a currency other than the functional currency of that Fund, which is the Euro. SVG UK Alpha Fund and SVG UK Focus Fund have no exposure to currency risk.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset. The Investment Manager may attempt to mitigate these risks through the use of financial derivative instruments.

In accordance with Company policy, the Investment Manager monitors the Fund's currency exposure on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on any significant exposures at its periodic meetings.

At 31 December 2008 each Fund's currency exposure was as follows:

| | Foreign currency monetary assets €'000 | Foreign currency monetary liabilities €'000 | Net foreign currency monetary assets €'000 |
|--------------------------------|---|--|---|
| SVG European Focus Fund | | | |
| Swiss Franc | 611 | – | 611 |
| Sterling | 10 | – | 10 |
| US Dollar | 82 | – | 82 |
| | 703 | – | 703 |

At 31 December 2007 each Fund's currency exposure was as follows:

| | Foreign currency monetary assets €'000 | Foreign currency monetary liabilities €'000 | Net foreign currency monetary assets €'000s |
|--------------------------------|---|--|--|
| SVG European Focus Fund | | | |
| Swiss franc | 246 | – | 246 |
| Sterling | 514 | – | 514 |
| US Dollar | 206 | – | 206 |
| | 966 | – | 966 |

7. Financial risk management (continued)

Interest rate risk

The majority of the SVG UK Alpha Fund, SVG UK Focus Fund and SVG European Focus Fund financial assets and liabilities are non-interest bearing and any excess cash and cash equivalents are invested at short term market interest rates. As a result, the Funds are not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates.

Credit risk

Credit risk is defined in FRS 29 as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As the Company invests primarily in publicly traded equity securities the Company is not exposed to credit risk from these positions. However, the Company will be exposed to a credit risk on parties with whom it trades and will bear the risk of settlement default. The Company minimises concentrations of credit risk by undertaking transactions with a large number of regulated counterparties on recognised and reputable exchanges. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Company is exposed to credit risk on cash and investment balances held with the Custodian. The Investment Manager regularly reviews concentrations of credit risk.

Transactions in securities are generally settled or paid for on delivery, or cleared through the appropriate clearing system for the market on which the securities are traded. The risk of default is not considered to be material, as delivery of securities sold is only made once the Custodian has received confirmation of payment. Payment is also only made on a purchase once confirmation of delivery of the securities has been received by the Custodian. The trade will fail if either party fails to deliver the required confirmations.

At 31 December 2008 and 31 December 2007, none of the Funds' financial assets were past due or impaired.

In accordance with the Company's policy, the Investment Manager monitors each Funds credit exposure on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on significant exposures at its periodic meetings.

Transactions in securities are generally settled or paid for on delivery, or cleared through the appropriate clearing system for the market on which the securities are traded. The risk of default is not considered to be material, as delivery of securities sold is only made once the Custodian has received confirmation of payment. Payment is also only made on a purchase once confirmation of delivery of the securities has been received by the Custodian. The trade will fail if either party fails to deliver the required confirmations.

In addition, the Company's securities are maintained by the custodian in segregated accounts. Thus in the event of insolvency or bankruptcy of the custodian, the Company's assets are segregated and protected and this further reduces counterparty risk. The Company will, however, be exposed to the credit risk of the custodian, or any depository used by the custodian, in relation to the Company's cash held by the custodian. In event of the insolvency or bankruptcy of the custodian, the Company will be treated as a general creditor of the custodian in relation to cash holdings of the Company.

Liquidity risk

Liquidity risk is defined in FRS 29 specifically as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Funds are exposed to daily cash redemptions of redeemable participating shares. The Funds invest the majority of their assets in securities and other instruments that are traded on an active market and which are considered to be liquid as under normal market conditions they can be readily disposed of in the event that cash needs to be raised to meet redemptions or to pay expenses.

In accordance with Company policy, the Investment Manager monitors the Funds' liquidity on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on significant exposures at its periodic meetings.

At 31 December 2008 and 31 December 2007, the Funds all held liquid assets that could be disposed of in less than one month. All the Funds' liabilities had maturities of up to one month.

8. Soft commission

There were no soft commission arrangements in place during the year.

9. Related party disclosures

The Company operates under an investment management agreement with SVG Investment Managers Limited. All fees in relation to the Investment Manager are disclosed separately in the profit and loss account. The outstanding amounts at the year end were Investment Management Fees £165,315 (2007: £435,973). Jonathan Quigley is a director of the Administrator and Andrew Williams is a director of the Investment Manager.

Alan MacKay is a member of the Strategic Advisory Board of the Investment Manager and is also a partner in 3i Group in which the Company has invested per the table below. Ken Minton is also a member of the Strategic Advisory Board of the Investment Manager and is chairman of 4imprint in which the Company has invested per the table below.

| | SVG UK Alpha Fund 31 December 2008 % of NAV | SVG UK Focus Fund 31 December 2008 % of NAV | SVG UK Alpha Fund 31 December 2007 % of NAV | SVG UK Focus Fund 31 December 2007 % of NAV |
|--------------------------|---|---|---|---|
| 3i Group | 0.72 | 0.54 | – | – |
| 3i Quoted Private Equity | – | 3.62 | – | 1.13 |
| 4imprint Group | 1.79 | 5.61 | 1.29 | 2.54 |
| SVG Capital | – | 0.32 | – | – |

The following shareholders held in excess of 10% of total share holdings at the year end.

SVG UK Alpha Fund Class A

| Name | 31 December 2008 | | 31 December 2007 | |
|-------------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | Number of shares held | As a % of total shares held | Number of shares held | As a % of total shares held |
| CITCO Global Custody NY NV – Cash | 217,652.00 | 51.71 | 248,797.68 | 51.61 |
| CITCO Global Custody DY NV – ZHV | – | – | 69,840.55 | 14.49 |
| SVG Capital plc | 99,999.00 | 23.76 | 99,999.00 | 20.74 |
| Smith & Williamson Nominees Limited | 49,024.51 | 11.65 | – | – |

SVG UK Alpha Fund Class R

| Name | 31 December 2008 | | 31 December 2007 | |
|-----------------|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | Number of shares held | As a % of total shares held | Number of shares held | As a % of total shares held |
| SVG Capital plc | 431,295.75 | 99.70 | 431,295.75 | 99.70 |

SVG UK Focus Fund Class A

| Name | 31 December 2008 | | 31 December 2007 | |
|------------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | Number of shares held | As a % of total shares held | Number of shares held | As a % of total shares held |
| Schroder & Co Bank AG Zurich | 314,317.43 | 89.78 | 1,757,041.19 | 97.62 |

SVG UK Focus Fund Class I

| Name | 31 December 2008 | | 31 December 2007 | |
|--|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | Number of shares held | As a % of total shares held | Number of shares held | As a % of total shares held |
| GAM SVG UK Focus Fund Inc | 5,513,659.74 | 79.83 | 7,744,050.64 | 78.16 |
| Persimmon Plc Pension and Life Assurance | – | – | 997,248.97 | 10.07 |

SVG European Focus Fund Class A

| Name | 31 December 2008 | | 31 December 2007 | |
|-----------------|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | Number of shares held | As a % of total shares held | Number of shares held | As a % of total shares held |
| SVG Capital plc | 500,000.00 | 95.17 | 500,000.00 | 98.61 |

SVG European Focus Fund Class R

| Name | 31 December 2008 | | 31 December 2007 | |
|-----------------|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | Number of shares held | As a % of total shares held | Number of shares held | As a % of total shares held |
| SVG Capital plc | 500,000.00 | 98.61 | 500,000.00 | 98.61 |

10. Fees & other expenses**Investment manager fees**

The Investment Manager is entitled to receive from the Company an aggregate annual fee of 0.65% in respect of the A Class and R Class of redeemable participating Shares for SVG UK Alpha Fund, and 0.75% and 1.25% in respect of the I Class and A Class of redeemable participating Shares, respectively for SVG UK Focus Fund, and 1.50% and 1.50% in respect of the A Class and R Class of redeemable participating shares in respect of the SVG European Focus Fund, together with reasonable costs and expenses incurred by the Investment Manager in the performance of their duties. The Investment Management fees for the year split by redeemable participating share classes were as follows:

| | |
|---|---|
| SVG UK Alpha Fund A Class £22,057 (2007: £31,364) | SVG UK Alpha Fund R Class £21,389 (2007: £15,561) |
| SVG UK Focus Fund I Class £864,927 (2007: £464,026) | SVG UK Focus Fund A Class £101,790 (2007: £1,392,103) |
| SVG European Focus Fund A Class €56,773 (2007: £18,534) | SVG European Focus Fund R Class €55,819 (2007: £18,534) |

Performance fees

The Investment Manager, in addition to the aggregate annual fee, is entitled to receive a performance fee in aggregate equal to 15% of the amount by which the performance of each class of redeemable participating share exceeds the benchmark. The performance fee is payable on a quarterly basis.

In relation to the A Class Shares of the SVG UK Alpha Fund the benchmark value per share for the purposes of the performance fee calculation will be the higher of: (a) the benchmark value per share on the previous quarterly payment date increased by 1.25% and (b) the net asset value per share on the previous quarterly payment date increased by 1.25%. For the purposes of the first calculation of the fee, the starting point for the value per share is the initial issue price.

In relation to the R Class Shares of the SVG UK Alpha Fund the benchmark value per R Class Shares for the purposes of the performance fee calculation will be the net asset value per share on previous quarter payment date increased by the growth of value of the FTSE All-Share Total Return Index over the performance period. However, no performance fee will be paid unless net asset value per R Class Shares at the end of a payment date shall be higher than the previous highest out performance since inception net asset value per R Class Share at any payment date.

For the SVG UK Focus Fund, the benchmark value per share for the purposes of the performance fee calculation will be the higher of: (a) the benchmark value per share on the previous quarterly payment date increased by 1.25% and (b) the net asset value per share on the previous quarterly payment date increased by 1.25%. For the purposes of the first calculation of the fee, the starting point for the value per share is the initial issue price.

In relation to the Class A Shares of the SVG European Focus Fund, the benchmark value per redeemable participating share for the purposes of the performance fee calculation will be the higher of: (a) the benchmark value per share on the previous quarterly payment date increased by 1.25% and (b) the net asset value per share on the previous quarterly payment date increased by 1.25%. For the purposes of the first calculation of the fee, the starting point for the value per share is the initial issue price.

In relation to the R Class Shares of the SVG European Focus Fund, the benchmark value per R Class Shares for the purposes of the performance fee calculation will be the net asset value per share on previous quarter payment date increased by the growth of the FTSE World Series Europe ex UK Total Return Index over the performance period.

However, no performance fee will be paid unless the net asset value per R Class Shares at the end of a payment date shall be higher than the previous highest out performance since inception net asset value per R Class Share at any payment date.

Administration fees

The Administrator is entitled to receive from the Company an annual fee accrued daily and paid monthly in arrears, of 0.125% on the first £100 million of the net asset value of each of the SVG UK Alpha Fund and the SVG UK Focus Fund, 0.10% of the next £100 million of the net asset value of each of the Funds; and 0.085% of the balance of the net asset value of each of the SVG UK Alpha and SVG UK Focus Funds, subject to a minimum monthly fee of £2,000 for the first 12 months of the life of each of the Sub Funds and £3,500 per month thereafter. The Administrator will be entitled to receive from the Company an annual fee accrued daily and paid monthly in arrears, of 0.125% on the first €150 million of the net asset value of the SVG European Focus Fund, 0.10% of the next €150 million of the net asset value of the Fund; and 0.085% of the balance of the net asset value of the SVG European Focus Fund, subject to a minimum monthly fee of €3,000 for the first 12 months of the life of the SVG European Focus Fund and €5,000 per month thereafter.

Custodian fees

The Custodian is entitled to receive from the Company an annual custody fee accrued daily and paid monthly in arrears of 0.05% per annum on the first £100 million of the net assets of each of the SVG UK Alpha Fund and SVG UK Focus Fund; 0.04% on the next £100 million of the net assets of each of the SVG UK Alpha Fund and SVG UK Focus Fund; and 0.03% on the remainder of the net asset value thereafter, subject to a minimum monthly fee of £750 per month for the first 12 months and £1,000 per month thereafter. The Custodian is also entitled to receive transaction fees of £50 per transaction, together with reimbursement of the reasonable out of pocket expenses incurred by the Custodian in the performance of its duties as Custodian of the SVG UK Alpha Fund and SVG UK Focus Fund. The Custodian will be entitled to receive from the Company an annual custody fee accrued daily and paid monthly in arrears of 0.05% per annum on the first €150 million of the net asset value of the Fund; 0.04% on the next €150 million of the net asset value of the SVG European Focus Fund and 0.03% on the remainder of the net asset value of the SVG European Focus Fund thereafter, subject to a minimum monthly fee of €1,000 per month for the first 12 months and €1,500 per month thereafter. The Custodian will also be entitled to receive transaction fees of €75 per transaction, together with reimbursement of the reasonable out-of-pocket expenses incurred by the Custodian in the performance of its duties as Custodian of the SVG European Focus Fund.

Other expenses

In addition, the Company will pay certain other costs and expenses incurred in its operation, including, without limitation, taxes, expenses for legal, auditing, company secretarial and consulting services, promotional expenses, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest, brokerage costs and all professional fees and expenses incurred in connection therewith and the costs of the publication of the net asset value of the company and per share. The Company will also pay the costs, charges and expenses (including the fees of the legal advisers) in relation to the preparation of the prospectus and all other documents and matters relating to or concerning such offering and any other fees, charges and expenses on the creation and issue of the shares and all Stock Exchange listing fees.

10. Fees & other expenses (continued)**Preliminary expenses**

The cost of establishing the SVG European Focus Fund obtaining authorisation from any authority, obtaining approval for listing and of the listing fees, the fees of the Administrator and Custodian for all preparatory work undertaken by them prior to the establishment of the Fund, filing fees, the preparation and printing of the Supplement, marketing costs and the fees of all professionals relating to it amounted to €15,043 (2007: €3,781).

11. Taxation

Under current law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis it is not chargeable to Irish tax on its income or capital gains.

However, Irish tax can arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to shareholders or any encashment, redemption cancellation or transfer of shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- (i) a shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, appropriate valid declaration in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended is held by the Company; and
- (ii) certain exempted Irish Investors, tax resident shareholders, who have provided the Company with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gain are received and such taxes may not be recoverable by the Company or its Shareholders.

12. Net asset value per redeemable participating share

The net asset value per redeemable participating share for each fund at the year end date is determined by dividing the value of the net assets of each fund by the total number of redeemable participating shares in issue at the year end.

13. Exchange rates

| | Year ending 31 December 2008 to £ | Year ending 31 December 2007 to £ |
|-----|--|--|
| CHF | 1.5286 | 1.6553 |
| EUR | 1.0343 | 1.3615 |
| USD | 1.4479 | 1.9621 |

14. UK distributor status

The Company has received certification as a distributing fund for the purpose of Chapter V of Part XVII of the UK Income & Companies Taxes Act 1998 for the year ended 31 December 2007. The Directors intend to apply for such status in respect of all subsequent accounting periods.

15. Financial derivative instruments

During the year, no such instruments were utilised.

16. Comparative statistics

| | Unaudited 31 December 2008 £ | Audited 31 December 2007 £ | Audited 31 December 2006 £ |
|--|---------------------------------------|-------------------------------------|-------------------------------------|
| SVG UK Alpha Fund | | | |
| Net asset value | 4,343,222 | 8,544,019 | 4,745,663 |
| Net asset value per redeemable participating share – A Class | 5.051 | 9.255 | 10.503 |
| Net asset value per redeemable participating share – R Class | 5.125 | 9.437 | 10.527 |
| SVG UK Focus Fund | | | |
| Net asset value | 63,730,624 | 179,423,553 | 227,596,493 |
| Net asset value per redeemable participating share – I Class | 8.788 | 15.356 | 17.085 |
| Net asset value per redeemable participating share – A Class | 8.669 | 15.157 | 16.960 |
| SVG European Focus Fund | | | |
| Net asset value | 4,724,792 | 9,953,535 | N/A |
| Net asset value per redeemable participating share – A Class | 4.576 | 9.815 | N/A |
| Net asset value per redeemable participating share – R Class | 4.576 | 9.815 | N/A |

17. Adjustment from bid market prices to last traded market prices

In accordance with the provisions of the prospectus dated 20 August 2004 as amended, listed investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per redeemable participating share for subscriptions and redemptions and for various fee calculations. However, as stated in Note 2 the accounting policy of the Company for the purpose of compliance with FRS 26 and for reporting purpose is to value its investments at the relevant bid market prices on the balance sheet date. As at 31 December 2008, the difference between the valuation methodology indicated in the prospectus and the valuation stated in the balance sheet results in a decrease in value of investment by £55,369 (£57,248) for SVG UK Alpha Fund, £826,899 (2007: £1,086,090) for SVG UK Focus Fund €13,792 (€8,943) for SVG European Focus Fund.

Net assets attributable to holders of redeemable participating shares represent a liability in the balance sheet, carried at the redemption amount that would be payable at the balance sheet date if the shareholder exercised the right to redeem the redeemable participating share to the Company. Consequently, the differences described above adjust the carrying amount of the net assets attributable to holders of redeemable participating shares and are recognised in the profit and loss account. The cumulative differences are included as "Adjustments from bid market prices to last traded market prices" on the balance sheet.

18. Distribution**SVG UK Alpha Fund**

A Class and R Class declared the following distributions on 2 January 2009.

| 2009 | Date declared | Date of payment | Rate per share GBP £ | No. of shares | Amount GBP £ | Relevant period |
|---------|---------------|-----------------|----------------------|---------------|--------------|------------------------|
| A Class | 02/01/2009 | 06/05/2009 | 0.160 | 420,912 | 67,479 | 01-Jan-08 to 31-Dec-08 |
| R Class | 02/01/2009 | 06/05/2009 | 0.181 | 432,615 | 78,116 | 01-Jan-08 to 31-Dec-08 |
| | | | | | 145,595 | |

A Class and R Class declared the following distributions on 2 January 2008.

| 2008 | Date declared | Date of payment | Rate per share GBP £ | No. of shares | Amount GBP £ | Relevant period |
|---------|---------------|-----------------|----------------------|---------------|--------------|------------------------|
| A Class | 02/01/2008 | 02/05/2008 | 0.047 | 432,615 | 20,187 | 01-Jan-07 to 31-Dec-07 |
| | | | | | 20,187 | |

SVG UK Focus Fund

The A Class and I Class declared the following distributions on 2 January 2009.

| 2009 | Date declared | Date of payment | Rate per share GBP £ | No. of shares | Amount GBP £ | Relevant period |
|---------|---------------|-----------------|----------------------|---------------|--------------|------------------------|
| I Class | 02/01/2009 | 06/05/2009 | 0.166 | 6,906,536 | 1,145,967 | 01-Jan-08 to 31-Dec-08 |
| | | | | | 1,145,967 | |

The A Class and I Class declared the following distributions on 2 January 2008.

| 2008 | Date declared | Date of payment | Rate per share GBP £ | No. of shares | Amount GBP £ | Relevant period |
|---------|---------------|-----------------|----------------------|---------------|--------------|------------------------|
| I Class | 02/01/2008 | 02/05/2008 | 0.093 | 9,907,615 | 926,303 | 01-Jan-07 to 31-Dec-07 |
| | | | | | 926,303 | |

SVG European Focus Fund

A Class and R Class declared the following distributions on 2 January 2009.

| 2009 | Date declared | Date of payment | Rate per share EUR € | No. of shares | Amount EUR € | Relevant period |
|---------|---------------|-----------------|----------------------|---------------|--------------|------------------------|
| A Class | 02/01/2009 | 06/05/2009 | 0.026 | 525,393 | 13,437 | 01-Jan-08 to 31-Dec-08 |
| R Class | 02/01/2009 | 06/05/2009 | 0.025 | 507,031 | 12,897 | 01-Jan-08 to 31-Dec-08 |
| | | | | | 26,334 | |

2008

No distributions were paid in 2008.

19. Subsequent events

There were no subsequent events to note.

20. Approval of Financial Statements

The Financial Statements were approved by The Board of Directors on 8 April 2009.

Notice of Annual General Meeting

To: The Shareholders of SVG Investment Funds (Dublin) plc:

NOTICE is hereby given that the Annual General Meeting of the Shareholders of SVG Investment Funds (Dublin) plc (the "Company") will be held at George's Court, 54-62 Townsend Street, Dublin 2 on Tuesday, 30 June 2009 at 11.00 a.m.

AGENDA

1. Report and Accounts

To receive the Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2008.

2. Re-appointment of Auditors

To re-appoint PricewaterhouseCoopers as the Auditors of the Company.

3. Auditors' Remuneration

To authorise the Directors to fix the Auditors' remuneration.

4. Approval of Final Dividend Declaration

To approve the following final dividends declared on 2 January 2009, in respect of the financial year ending 31 December 2008, to shareholders registered at the close of business on 31 December 2008:

| Fund | Share Class | Rate per Share GBP£ |
|-------------------|-------------|---------------------|
| SVG UK Alpha Fund | A Class | 0.160 |
| | R Class | 0.181 |
| SVG UK Focus Fund | I Class | 0.166 |

| Fund | Share Class | Rate per Share EUR € |
|-------------------------|-------------|----------------------|
| SVG European Focus Fund | A Class | 0.026 |
| | R Class | 0.025 |

By Order of the Board



For and on behalf of Northern
Trust International Fund Administration Services (Ireland)
Limited as Secretary

Registered Office:

George's Court
54-56 Townsend Street
Dublin 2

Dated the 22nd day of April 2009

NOTE

Every member entitled to attend, speak and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A body corporate may appoint an authorised person to attend, speak and vote on its behalf. A proxy or an authorised representative need not be a member of the company.

Form of Proxy

I/We, _____
of _____ or
being Members of the above Company hereby appoint _____
failing him/her,

Ms. Aoife Ní Riain of Northern Trust International Fund Administration Services (Ireland) Limited, or failing her, Ms. Margaret Bergin of Northern Trust International Fund Administration Services (Ireland) Limited, or failing her, Ms. Áine Kingston of Northern Trust International Fund Administration Services (Ireland) Limited, or failing her, Ms. Caroline Sweeney of Northern Trust International Fund Administration Services (Ireland) Limited or failing her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30 June 2009, and at any adjournment thereof.

Please indicate with an X in the spaces below how you wish your vote(s) to be cast. Unless otherwise instructed, the proxy will vote as he/she thinks fit.

| Resolution: | For | Against |
|--|--------------------------|--------------------------|
| 1. To receive the Annual Report and Audited Financial Statements of the Company for the year ended 31 December 2008. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. To re-appoint PricewaterhouseCoopers as the Auditors of the Company. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To authorise the Directors to fix the Auditors' remuneration. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To approve the following final dividends declared on 2 January 2009, in respect of the financial year ending 31 December 2008, to shareholders registered at the close of business on 31 December 2008: | <input type="checkbox"/> | <input type="checkbox"/> |

| Fund | Share Class | Rate per Share GBP £ |
|-------------------|-------------|----------------------|
| SVG UK Alpha Fund | Class A | 0.160 |
| | Class R | 0.181 |
| SVG UK Focus Fund | Class I | 0.166 |

| Fund | Share Class | Rate per Share EUR € |
|-------------------------|-------------|----------------------|
| SVG European Focus Fund | Class A | 0.026 |
| | Class R | 0.025 |

Signed: _____ Date: _____

Please return to:
Northern Trust International Fund Administration Services
(Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2
Ireland

Attention:
Aoife Ní Riain

Form of Proxy

Notes

1. This instrument of proxy, to be valid, must be sent by post so as to arrive, or be lodged, at the address printed below before the time fixed for the meeting.
2. In the case of a corporate shareholder, this instrument may be either under its Common Seal or under the hand of an officer or attorney authorised in that behalf.
3. If you wish to appoint a proxy other than the Chairman of the meeting, please insert his/her name and address and delete "the Chairman of the meeting".
4. If this instrument is signed and returned without any indication of how the person appointed proxy shall vote, he will exercise his discretion as to how he votes and whether or not he abstains from voting.
5. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority should be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. The address to which the proxy forms should be returned is:

Northern Trust International Fund Administration Services (Ireland) Limited
George's Court
54-62 Townsend Street
Dublin 2
Ireland

Attention: Aoife Ní Riain
7. Proxy forms may be returned in the first instance by fax to +353 1 542 2920 but the original should be forwarded by mail to the address shown at 6 above.

