



SARACEN INVESTMENT FUNDS ICVC

**Audited Annual Report & Financial Statements
for the year ended 31 December 2008**

SARACEN INVESTMENT FUNDS ICVC

Directory

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Independent Auditors :

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FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	% Change	31 December 2008	31 December 2007
Fund Size (NAV)		£79.21 million	£208.23 million
Published Price per Alpha Share	- 44.6	149.05 pence	269.14 pence
Published Price per Beta Share	- 44.3	229.94 pence	413.14 pence
FTSE All-Share Index*	- 29.9	2,759.58	3,938.25

PERFORMANCE FROM 8 MARCH 1999 to 31 DECEMBER 2008

	% Change	31 December 2008	8 March 1999
Fund Size (NAV)		£79.21 million	£3.25 million
Published Price per Alpha Share	+117.0	149.05 pence	68.68 pence†
Published Price per Beta Share	+129.9	229.94 pence	100.00 pence
FTSE All-Share Index*	+5.1	2,759.58	2,624.55††

* Total Return Index

† A notional price that reflects the potential position of the Alpha Shares had they been created at the same time as the Beta Shares on 8 March 1999

†† Closing Index on Friday, 5 March 1999

SARACEN INVESTMENT FUNDS ICVC

Authorised Corporate Director's Investment Report

SARACEN GROWTH FUND

Saracen Fund Managers Limited, the Authorised Corporate Director (ACD) of Saracen Investment Funds ICVC (the Company), is pleased to present the Annual Report and Financial Statements of the Company for the year to 31 December 2008.

This report has been prepared to comply with the disclosure requirements of the Statement of Recommended Practice (SORP) relating to the Financial Statements of Authorised Funds, as issued by the Investment Management Association (IMA) in December 2005.

Constitution

Saracen Investment Funds ICVC is an Open Ended Investment Company (OEIC), with variable capital, constituted under Regulation 14 (authorisation) of the OEIC Regulations 2001. During the period covered by this Report, it was governed by the Collective Investment Schemes Sourcebook (COLL). It was incorporated on 19 January 1999 in Scotland under Registered Number SI000005. The Company is structured as an umbrella company in that different funds may be established from time to time by the ACD with the approval of the Financial Services Authority. The Company has two Sub-Funds – Saracen Growth Fund (SGF) and Saracen Special Situations Fund (SSS). As a Sub-Fund is not a separate legal entity, if the assets attributable to any Sub-Fund are insufficient to meet its liabilities, the shortfall might have to be met out of the assets attributable to one or more other Sub-Funds of the umbrella company. Shareholders are not liable for the debts of the Company. The property of SGF is invested as if it belongs to the 'Umbrella Company' category specified by the Financial Services Authority. For the current period, SSS has not actively invested and, therefore, no aggregated Financial Statements have been prepared. At 31 December 2008, the share price of SSS was £1.00 and there were 100 shares in issue.

In the following pages you will find a review of the initial authorised Sub-Fund, SGF, which was launched on 22 February 1999, with the first day's trading in the Beta Shares beginning 8 March 1999. Alpha Shares were first issued on 8 February 2000. You will also find a review of the second Sub-Fund, SSS.

Investment Objective & Policy

During the period covered by this Report, the investment objective and policy of SGF was as set out below.

The investment objective of SGF is to achieve a long term total return on the invested assets at a higher rate than the total return on the FTSE All-Share Index (ASI). To meet this objective, the ACD carefully selects and invests in a diversified portfolio of primarily United Kingdom equity securities that provide the potential for long term growth. SGF may also invest in certain overseas securities and may, from time to time, hold liquid assets such as cash or short term money market instruments in the circumstances permitted by the Financial Services Authority Regulations. In most cases this is likely to occur only where the ACD considers that equity share prices have become overvalued.

The ACD employs a value-based approach, using both quantitative and qualitative techniques to achieve the above objective. Risk is carefully controlled through diversification and rigorous analysis.

Authorised Corporate Director's Investment Report (Continued)

Investment Review

As years go, 2008 was one of the worst that market participants have experienced. We wrote in last year's Review that the chances were the UK would avoid a recession, however, this proved to be incorrect. Like many commentators, we underestimated the effects on the real economy of the massive leverage in the financial system, the severe problems in the global banking system and the adverse impact this would have on UK Companies.

Although the first six months of the period under review resulted in Saracen Growth Fund outperforming the FTSE All Share Index (Total Return), the benchmark index itself produced a negative return. As the second half of the period under review progressed, it became clear how dire the situation was for the UK economy and equities.

The sub-prime crisis resulted in a major credit contraction and, ultimately, to the demise of several of the largest and best known banks in the world. Liquidity virtually dried up and governments throughout the world were forced to attempt to halt the crisis and stimulate economies principally by Central Banks lowering interest rates and pumping money into the system.

The effect on equity markets was little short of catastrophic and the benchmark index declined 29.9%, while the Alpha shares decreased by 44.6% and the Beta shares decreased by 44.3%. The reasons for this underperformance will be explained in greater detail below, as will why we think Saracen Growth is very well positioned for the future.

Portfolio Review

To begin, we would like to explain what worked for the Fund last year, followed by a more detailed explanation of what contributed to the underperformance. Firstly, your Fund had no exposure for most of the period to the banking sector. Towards the end of the year, however, we had dipped a toe in the water (with hindsight we were too early) and had taken a small holding in HBOS in anticipation of its takeover by Lloyds TSB. Secondly your Fund had no exposure to housebuilders and a very underweight stance in general retail as we believed, correctly, that the above sectors were overvalued given the deteriorating economic background. As Saracen Growth Fund had no exposure to these sectors, you would be right in asking what adversely affected investment performance in the second half of the year and, more particularly, the last quarter of the period under review.

Many of the top performers in the portfolio in the first half of the year produced negative returns which were worse than the decline in the benchmark index during the second half. The majority of these poorly performing shares were some of the largest companies in the UK, a number of which were the Fund's principal holdings. This included, for example, Xstrata, BT, Weir Group, International Power, Imperial Tobacco, BP, Royal Dutch Shell and Vodafone. We think you will agree that a number of the above companies would not have been in the frame as large underperformers at the beginning of the period under review. In fact, many of the above named companies outperformed in the first half of last year, and then underperformed to a greater extent in the second half. We believed (and still do) that most of these companies are inexpensive but investment fundamentals did not seem to matter last year as many investment managers were forced sellers of highly liquid shares to meet investor redemptions.

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Authorised Corporate Director's Investment Report (Continued)

On a more positive note, the Fund benefited from the takeover of Scottish & Newcastle by the consortium of Carlsberg and Heineken and by the sale of Lonmin at a profit prior to the demise of the bid from Xstrata. The investment in Connaught was sold at a substantial premium to the original purchase price with the money reinvested in Mears Group. Both companies compete in the social housing arena but we believe the investment rating of Mears is more attractive.

Prospects

Last year was a dreadful year for UK equity fund managers and their clients. Forecasts made on almost anything e.g. oil prices, Sterling, the economy, even halfway through the year, proved to be almost useless as a tool in valuation models. Even now we believe that equity analysts' forecasts for corporate earnings are too high given the poor outlook for the UK economy. Therefore, the question uppermost in investors' minds is why invest in UK equities?

It is very easy to continue to be pessimistic on UK equities when we are bombarded by negative newsflow in the media. It should be remembered, however, that it was less than nine months ago when the newsflow was virtually all positive. The media generally reflects the current mood of investors and focuses principally on what has happened rather than attempting to look forward on what may happen in the future. It would be foolish of us to ignore the negative news on the economy, house prices, credit conditions, oil prices, Sterling, unemployment etc but these factors are known. Furthermore, investor confidence is at rock bottom, with investment in Government and Corporate bonds and gold being preferred over equities. This risk aversion is perhaps understandable given the shocks to the financial system but will it provide investors with good return in the next three to five years? We think not.

Markets are pricing in deflation over the medium to long term but given that the UK Government is prepared to print money to help solve the present crisis, our fear would be that over any reasonable time horizon, inflation will be the enemy of investors, not deflation. Given this scenario, above average investment returns are likely to be achieved by investing in real assets such as equities.

The fear of many investors is that the market will take another lurch downwards and, at present, this fear far outweighs the prospect of a sharp rise in UK equity markets. Make no mistake, there is an abundance of cash sitting on the sidelines potentially available for investment in UK equities. In our opinion, it will be impossible for any investor, including ourselves, to call the bottom of the market. What we do know, however, is that fundamentals will reassert themselves and given that several of the Fund's principal holdings are selling on ridiculously inexpensive ratings, the rise in the UK equity market will probably surprise many investors.

Stockmarkets tend to look beyond current conditions or in the vernacular, bull markets climb a wall of worry. We leave you with the very sensible quote from the legendary US investor, Warren Buffet – "Be fearful when others are greedy, and greedy when others are fearful".

Once again, fellow shareholders, thank you for your support. It is very much appreciated.

27 March 2009

**SARACEN INVESTMENT FUNDS ICVC
SARACEN SPECIAL SITUATIONS FUND**

Net Asset Value Per Share, Performance Record and Comparative Tables

Net Asset Value per Share

The net asset values for the annual accounting dates listed below are :

<i>Accounting Undivided Date</i>	<i>Total Net Asset Value £</i>	<i>Net Assets per Alpha Share p</i>	<i>Number of Undivided Alpha Shares in Issue</i>	<i>Net Assets per Beta Share p</i>	<i>Number of Beta Shares in Issue</i>
31/12/2004	19,154,570	166.46	1,154,742	250.66	6,874,735
31/12/2005	35,428,409	203.93	2,736,573	308.62	9,671,325
31/12/2006	114,802,444	264.43	4,973,050	403.88	25,169,174
31/12/2007	208,234,732	267.80	11,349,674	411.07	43,262,642
31/12/2008	79,209,737	146.61	7,434,714	226.17	30,202,168

Both classes of share are accumulation shares. Further details are contained in General Information on pages 31-33.

Accumulation Record

<i>Calendar Year</i>	<i>NET INCOME</i>	
	<i>Alpha Share per Share</i>	<i>Beta Share per Share</i>
	<i>p</i>	<i>p</i>
2004	0.2000	1.5800
2005	0.8100	2.5600
2006	0.5265	3.1838
2007	2.1616	5.4399
2008	3.2051	6.6391

Capital Record

Alpha Shares were first issued on 8 February 2000 at £1, while Beta shares were first issued at £1 on 22 February 1999. Prices below are published prices.

<i>Calendar Year</i>	<i>ALPHA SHARES</i>		<i>BETA SHARES</i>	
	<i>Highest Price</i>	<i>Lowest Price</i>	<i>Highest Price</i>	<i>Lowest Price</i>
	<i>p</i>	<i>p</i>	<i>p</i>	<i>p</i>
2004	166.49	122.95	250.72	184.14
2005	203.89	166.58	308.55	250.87
2006	267.16	206.96	404.04	313.20
2007	294.38	259.87	451.50	398.17
2008	270.72	140.29	415.59	216.31

Total Expense Ratios

	<i>Alpha Share</i>	<i>Beta Share</i>
01/01/07 - 31/12/07	1.70%	1.20%
01/01/08 - 31/12/08	1.71%	1.21%

A Total Expense Ratio is a figure representing all operating charges and expenses as a percentage of the Fund's value. It includes the annual management fee as well as all the administrative costs incurred by the Fund.

SARACEN INVESTMENT FUNDS ICVC

Net Asset Value Per Share, Performance Record and Comparative Tables

Net Asset Value per Share

The net asset values for the accounting dates since launch are:

<i>Accounting Year</i>	<i>Total Net Asset Value</i> £	<i>Net Assets per Share</i> p	<i>Number of Undivided Shares in Issue</i>
2004	100	100.00	100
2005	100	100.00	100
2006	100	100.00	100
2007	100	100.00	100
2008	100	100.00	100

Accumulation Record

<i>Calendar Year</i>	<i>Net Income per Share*</i> (pence)
2004	nil
2005	nil
2006	nil
2007	nil
2008	nil

* Invested at 1 July 2003

Capital Record

Shares were first issued 1 July 2003 at £1.

<i>Calendar Year</i>	<i>Highest Price</i> p	<i>Lowest Price</i> p
2004	100.00	100.00
2005	100.00	100.00
2006	100.00	100.00
2007	100.00	100.00
2008	100.00	100.00

Total Expense Ratios

	<i>Share</i>
01/01/07 - 31/12/07	0.00%
01/01/08 - 31/12/08	0.00%

A Total Expense Ratio is a figure representing all operating charges and expenses as a percentage of the Fund's value. It includes the annual management fee as well as all the administrative costs incurred by the Fund.

SARACEN INVESTMENT FUNDS ICVC

Statement of the Authorised Corporate Director's (ACD's) Responsibilities

The Authorised Corporate Director ("ACD") is responsible for preparing the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Services Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each annual accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) ("UK GAAP") and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" ("SORP") issued by Investment Management Association ("IMA") in December 2005; and
- give a true and fair view of the financial position of the Company and each of its sub-funds as at the end of that period and the net income and the net gains or losses on the property of the Company and each of its sub-funds for that period.

In preparing those financial statements, the ACD is required to:

- select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the applicable IMA SORP and UK GAAP. The ACD is also responsible for the system of internal controls safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditors are unaware; and
- the ACD has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information.

SARACEN INVESTMENT FUNDS ICVC

Statement of the Depositary's Responsibilities

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it. It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the COLL Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations) and the Company's Instrument of Incorporation, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers of the Company.

Report of the Depositary

In our opinion, during the period under review, we confirm that in all material respects the Company has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income, in accordance with the rules in the COLL Sourcebook and, where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company, and has observed the investment and borrowing powers and restrictions applicable to the Company.

For and on behalf of

BNY Mellon Trust & Depositary (UK) Limited

Depositary of Saracen Investment Funds ICVC

27 March 2009

SARACEN INVESTMENT FUNDS ICVC

Independent Auditors' Report to the Shareholders of Saracen Investment Funds ICVC

We have audited the financial statements of Saracen Investment Funds ICVC (the "Company") for the year ended 31 December 2008 which comprise for Saracen Growth Fund, the Statement of Total Return, the Statement of Change in Shareholders' Net Assets, the Portfolio Statement, the Balance Sheet, the Summary of Material Portfolio Changes and the related notes 1 to 19 and for Saracen Special Situations Fund, the Statement of Change in Shareholders' Net Assets and the Balance Sheet. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of the Depositary, the Authorised Corporate Director (ACD) and the Auditors

As described in the Statement of Depositary's Responsibilities and the Statement of ACD's Responsibilities, the Depositary is responsible for safeguarding the property of the Company and the ACD is responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association in December 2005, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and the requirements of the Collective Investment Schemes Sourcebook.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds", the Collective Investment Schemes Sourcebook and the Instrument of Incorporation. We also report to you whether, in our opinion, proper accounting records for the company and the sub funds have been kept, whether the financial statements are in agreement with the accounting records, whether we have received all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purpose of our audit and whether the ACD's Report as required by COLL 4.5.9R is consistent with the financial statements.

We read the other information contained in the Annual Report as described in the contents section, 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 further information outside the Annual Report.

SARACEN INVESTMENT FUNDS ICVC

Independent Auditors' Report to the Shareholders of Saracen Investment Funds ICVC (continued)

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 ACD 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 United Kingdom Generally Accepted Accounting Practice, of the financial position of the Saracen Growth Fund and the Saracen Special Situations Fund as at 31 December 2008 and of the net income and the net losses on the property of the Saracen Growth Fund for the year ended 31 December 2008;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds", the Collective Investment Schemes Sourcebook and the Instrument of Incorporation;
- proper accounting records for the Company and the Sub-funds have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information given in the ACD's Report for the year ended 31 December 2008 is consistent with the financial statements.

Deloitte LLP
Chartered Accountants and Registered Auditors
Glasgow, United Kingdom

27 March 2009

SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND

Statement of Total Return for the year ended 31 December 2008

		<i>31.12.2008</i>		<i>31.12.2007</i>	
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Net losses on investments during the year	2	(88,645,894)		(3,287,920)	
Income	3	4,958,649		4,609,336	
Expenses	4	(2,038,282)		(2,294,331)	
Finance costs: Interest	6	(3,834)		–	
Net income before taxation		2,916,533		2,315,005	
Taxation	5	(24,243)		(18,566)	
Net income after taxation		2,892,290		2,296,439	
Total return before distributions		(85,753,604)		(991,481)	
Finance costs: Distributions	6	(2,893,850)		(2,304,397)	
Change in net assets attributable to shareholders		<u>(88,647,454)</u>		<u>(3,295,878)</u>	

Statement of Change in Shareholders' Net Assets for the year ended 31 December 2008

		<i>31.12.2008</i>		<i>31.12.2007</i>	
		<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Net assets at the start of the year		208,234,732		114,802,444	
Movement due to sales/repurchases of shares:					
Amounts receivable on issue of shares		23,530,568		111,054,156	
Less: Amounts payable on cancellation of shares		(66,395,748)		(16,793,404)	
		(42,865,180)		94,260,752	
Dilution levy charged		371,119		–	
Stamp duty reserve tax		(126,922)		(131,365)	
Change in net assets attributable to shareholders (see Statement of Total Return above)		(88,647,454)		(3,295,878)	
Retained distribution on Accumulation shares		2,243,442		2,598,779	
Net assets at the end of the year		<u>79,209,737</u>		<u>208,234,732</u>	

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Portfolio Statement as at 31 December 2008

<i>Investments</i>	<i>Holding</i>	<i>Bid Market Value</i> £	<i>% of Total</i> <i>Net Assets</i>
United Kingdom – 96.51% (92.95%)			
Aerospace & Defence – 0.00% (0.48%)			
		—	—
Banks – 2.06% (0.00%)			
HBOS	2,367,000	1,633,230	2.06
HBOS <i>Rights</i>	3,275,691	—	—
		1,633,230	2.06
Beverages – 0.00% (2.57%)			
		—	—
Chemicals – 0.00% (0.47%)			
Renova Energy	2,535,000	—	—
Construction & Materials – 2.60% (5.87%)			
Low & Bonar	1,500,000	480,000	0.61
Romag Holdings	2,545,575	1,578,257	1.99
		2,058,257	2.60
Electricity – 0.00% (4.98%)			
		—	—
Electronic & Electrical Equipment – 4.65% (7.22%)			
Microemissive Displays Group	1,680,000	—	—
Oxford Instruments	1,450,000	2,131,500	2.69
Sabien Technology Group	1,008,850	70,619	0.09
Servocell Group	1,121,111	—	—
Zytronic	1,323,289	1,482,084	1.87
		3,684,203	4.65
Equity Investment Instruments – 0.00% (0.10%)			
		—	—
Fixed Line Telecommunications – 4.66% (4.57%)			
BT Group	2,733,000	3,695,016	4.66
General Financial – 2.62% (1.72%)			
City of London Investment	937,500	1,284,375	1.62
Close Brothers Group	75,846	399,708	0.51
Midas Capital	1,108,100	387,835	0.49
		2,071,918	2.62

SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND

Portfolio Statement as at 31 December 2008

<i>Investments</i>	<i> Holding</i>	<i> Bid Market Value</i> £	<i> % of Total</i> <i> Net Assets</i> %
General Retailers – 2.05% (0.17%)			
Marks & Spencer Group	761,000	1,626,638	2.05
Industrial Engineering – 5.52% (4.85%)			
Hill & Smith Holdings	468,000	936,000	1.18
Weir Group (The)	1,108,190	3,435,389	4.34
		4,371,389	5.52
Media – 0.59% (0.89%)			
STV Group	614,527	467,041	0.59
Mobile Telecommunications – 8.37% (4.78%)			
Vodafone Group	4,772,000	6,630,694	8.37
Mining – 7.91% (11.18%)			
Anglo Pacific Group	2,361,000	2,301,975	2.91
China Goldmines	4,771,980	1,097,555	1.39
Firestone Diamonds	855,000	162,450	0.20
Ormonde Mining	19,200,000	691,200	0.87
Xstrata	314,666	2,013,862	2.54
		6,267,042	7.91
Non Life Insurance – 0.00% (3.83%)			
		–	–
Oil & Gas Producers – 25.71% (13.60%)			
BG Group	391,000	3,739,915	4.72
BP	1,285,855	6,757,168	8.53
JKX Oil & Gas	300,000	552,750	0.70
Melrose Resources	366,771	689,529	0.87
Resaca Exploitation	880,000	158,400	0.20
Royal Dutch Shell ‘B’	368,511	6,353,130	8.02
Tullow Oil	323,000	2,115,650	2.67
		20,366,542	25.71
Oil Equipment, Services & Distribution – 1.54% (0.61%)			
Plexus Holdings	3,380,000	1,216,800	1.54
Personal Goods – 0.00% (0.04%)			
		–	–

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Portfolio Statement as at 31 December 2008

<i>Investments</i>	<i> Holding</i>	<i> Bid Market Value</i> £	<i> % of Total</i> <i> Net Assets</i> %
Pharmaceuticals & Biotechnology – 5.26% (1.99%)			
GlaxoSmithKline	324,500	4,163,335	5.26
Real Estate Investment & Services – 0.30% (0.28%)			
Unite Group	170,000	238,425	0.30
Real Estate Investment Trusts – 2.54% (1.84%)			
Hammerson	169,994	909,468	1.15
Segro	446,307	1,102,378	1.39
		2,011,846	2.54
Software & Computer Services – 7.32% (1.59%)			
IndigoVision Group	395,000	948,000	1.20
Invensys	2,830,500	4,848,647	6.12
		5,796,647	7.32
Support Services – 4.67% (9.00%)			
bGlobal	1,900,000	218,500	0.28
Hyder Consulting	1,068,135	1,324,487	1.67
Mears Group	550,000	1,441,000	1.82
SIG	401,005	715,794	0.90
		3,699,781	4.67
Technology Hardware & Equipment – 1.34% (2.10%)			
Concurrent Technologies	3,993,545	1,058,289	1.34
Tobacco – 4.65% (6.31%)			
Imperial Tobacco Group	201,500	3,683,420	4.65
Travel & Leisure – 2.15% (1.91%)			
Domino's Pizza UK & Ireland	350,000	581,000	0.73
Goals Soccer Centres	520,000	769,600	0.97
Individual Restaurant Company	1,771,343	354,269	0.45
		1,704,869	2.15
Portfolio of investments		76,445,382	96.51
Net other assets		2,764,355	3.49
Net assets		79,209,737	100.00

The percentages in brackets show the equivalent sector distribution at 31 December 2007.

All investments are in ordinary shares listed on recognised stock exchanges.

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Balance Sheet as at 31 December 2008

	<i>Notes</i>	<i>31.12.2008</i>		<i>31.12.2007</i>	
		£	£	£	£
Assets					
Portfolio of investments			76,445,382		193,555,622
Other assets					
Debtors	8	894,878		771,422	
Cash and bank balances	9	2,045,910		14,229,208	
Total other assets			2,940,788		15,000,630
Total assets			79,386,170		208,556,252
Liabilities					
Other liabilities					
Creditors	10	(176,433)		(321,520)	
Total other liabilities			(176,433)		(321,520)
Total liabilities			(176,433)		(321,520)
Net assets attributable to shareholders			79,209,737		208,234,732

Notes to the Financial Statements are on pages 19 to 27.

Certification of the Financial Statements by Directors of the Authorised Corporate Director

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes Sourcebook issued by the Financial Services Authority, we hereby certify the Report on behalf of the ACD, Saracen Fund Managers Limited.

J C Fisher (Director)
Saracen Fund Managers Limited
Authorised Corporate Director
27 March 2009

J C Spence (Director)
Saracen Fund Managers Limited
Authorised Corporate Director
27 March 2009

SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND

Summary of Material Portfolio Changes for the year ended 31 December 2008

<i>Major purchases</i>	<i>Cost £</i>	<i>Major sales</i>	<i>Proceeds £</i>
Marks & Spencer Group	4,575,897	RSA Insurance Group	7,053,632
BG Group	4,064,053	International Power	6,967,823
HBOS	3,476,439	Connaught	6,370,434
City of London Investment	3,021,001	Scottish & Newcastle	5,800,000
Lloyds TSB Group	2,465,150	Imperial Tobacco Group	4,603,066
BP	2,019,795	BP	4,269,699
Mears Group	1,639,888	Hamworthy Kse	2,495,172
Royal Bank of Scotland Group (The)	1,503,482	Royal Dutch Shell 'B'	2,250,766
Lonmin	1,496,317	Romag Holdings	2,058,804
SMG	1,387,168	Lloyds TSB Group	1,649,935
Hill & Smith Holdings	1,343,138	Lonmin	1,533,981
Resaca Exploitation	1,144,000	Imperial Energy	1,523,184
Royal Dutch Shell 'B'	1,005,948	May Gurney Integrated Services	1,379,197
Domino's Pizza UK & Ireland	673,849	Royal Dutch Shell 'A'	1,310,807
Weir Group (The)	595,138	Marks & Spencer Group	1,234,288
Low & Bonar	555,362	Imperial Tobacco Group NPR	1,227,050
Ormonde Mining	504,000	Vodafone Group	1,121,902
Vodafone Group	493,788	BT Group	1,025,698
Imperial Energy	411,744	HBOS	982,408
SIG	399,503	Huveaux	889,973
Other Purchases	688,309	Other Sales	6,180,496
Total purchases for the year (note 17)	<u>£33,463,969</u>	Total sales for the year (note 17)	<u>£61,928,315</u>

Note : The Summary of Material Portfolio Changes identifies those purchases exceeding 2% of the net assets of the SGF at the beginning of the accounting period, subject to a minimum disclosure of the 20 largest purchases and sales.

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Notes to the Financial Statements

1 Accounting Policies

(a) Basis of accounting

The Financial Statements have been prepared on a going concern basis, in accordance with UK GAAP under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds, issued by the Investment Management Association (IMA) in December 2005.

(b) Recognition of income

Dividends from UK equities and preference stocks declared ex-dividend up to the accounting date are shown net of tax charges; dividends on overseas investments are shown gross. Bank and other interest receivable is included on an accruals basis. Underwriting commission is taken to income and recognised when the issue takes place, except where the Sub-Funds are required to take up some or all of those shares underwritten, in which case the appropriate proportion is deducted from the cost of those shares.

(c) Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as income based on the market value of the investments on the day they are quoted ex-dividend. Any enhancement above the cash dividend is treated as a capital gain on the investment. Special dividends are treated as either income or a repayment of capital depending on the facts of each particular case.

(d) Treatment of expenses

All expenses (other than SDRT arising on the issue and cancellation of shares in the Company) are charged against income and deducted for the purpose of calculating the distribution.

(e) Allocation of income and expenses to multiple share classes

All distributable income, expenses and tax will be allocated to the share class in respect of which it was earned or incurred except where it cannot be considered attributable to one share class, when it is normally allocated pro-rata to the value of the net assets attributable to each share class.

(f) Taxation/Deferred Taxation

The charge to Corporation Tax is based on the income of the Sub-Fund. Deferred Tax is provided for in full on all temporary timing differences where the accounting and taxation treatments differ and the difference has originated but not reversed by the balance sheet date. Currently enacted tax rates are used in the determination of deferred tax.

(g) Distribution/accumulation policy

Income produced from the underlying investments of the Sub-Fund accumulates during each accounting period. If at the end of the annual accounting period, income exceeds expenses, the net income is available to be allocated to shareholders in accordance with the Regulations. As solely accumulation shares are available, no cash distributions are made. Instead, the income available for distribution is reinvested and reflected in the price of a share.

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Notes to the Financial Statements (Continued)

1 Accounting Policies (Continued)

(h) Valuation of Investments

All Investments are valued at their fair value as at close of business on 31 December 2008, being the last working day of the accounting year. The fair value for non-derivative securities is bid-market price. All financial assets and liabilities are stated at their fair value.

(i) Exchange rates

Transactions in foreign currencies are recorded into Sterling at the rate ruling at the date of the transaction. Assets and liabilities expressed in foreign currencies at the end of the accounting year are translated into Sterling at the closing exchange rates ruling on that date.

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Notes to the Financial Statements (Continued)

2 Net Losses on Investments

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
The net losses on investments during the year comprise:		
Non-derivative securities	(88,645,894)	(3,287,920)
Net losses on investments	<u>(88,645,894)</u>	<u>(3,287,920)</u>

3 Income

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
UK dividends	4,393,867	3,539,571
Unfranked dividends	258,612	114,253
Bank interest	306,170	955,512
Total income	<u>4,958,649</u>	<u>4,609,336</u>

4 Expenses

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,707,056	1,941,479
Database fees	15,000	11,250
Expenses	20,681	16,201
	<u>1,742,737</u>	<u>1,968,930</u>
Payable to the Depositary, associates of the Depositary and agents of either of them :		
Depositary's fees	56,984	57,702
Transaction charges	1,570	4,435
Safe custody and other bank charges	13,252	25,191
	<u>71,806</u>	<u>87,328</u>

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Notes to the Financial Statements (Continued)

4 Expenses (continued)

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
Other expenses :		
Audit fee	7,510	13,768
FSA fee	–	659
Registration fees	31,526	40,676
Price publication	7,790	7,741
Accounting fee	177,089	175,614
Legal & professional fees	–	16,576
Tax fee	556	881
Printing & typesetting fees	(732)	1,408
VAT refund from HMRC	–	(19,250)
	<u>223,739</u>	<u>238,073</u>
Total expenses	<u>2,038,282</u>	<u>2,294,331</u>

5 Taxation

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	24,243	18,566
Total taxation	<u>24,243</u>	<u>18,566</u>

b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised fund (20%) (31.12.07 : 20%) for the reasons explained below:

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
Net income before taxation	2,916,533	2,315,005
Corporation tax at 20%	583,307	463,001
Effect of :		
UK dividends	(878,773)	(707,914)
Movement in income accruals	3,547	(3,547)
Expenses not deductible for tax purposes	314	887
Unrelieved excess management expenses	291,605	247,573
Corporation tax charge	–	–
Higher tax rates on overseas earnings	24,243	18,566
Current tax charge for the year (note 5a)	<u>24,243</u>	<u>18,566</u>

SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND

Notes to the Financial Statements (Continued)

5 Taxation (continued)

c) Deferred Tax

At 31 December 2008 the Fund had in relation to surplus management expenses a potential deferred tax asset of £813,504 (2007 : £521,799). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised in the current or prior years.

6 Finance Costs

Distributions

The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares, and comprise:

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
Final	2,243,442	2,598,779
	<u>2,243,442</u>	<u>2,598,779</u>
Add: Income deducted on cancellation of shares	783,907	114,016
Deduct: Income received on issue of shares	(133,499)	(408,398)
	<u>2,893,850</u>	<u>2,304,397</u>
Net distributions for the year	2,893,850	2,304,397
Interest	3,834	–
	<u>2,897,684</u>	<u>2,304,397</u>

Details of the distribution per Share are set out in the Distribution Statement on page 28.

7 Movement between Net Income and Distribution

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
Net income after taxation	2,892,290	2,296,439
Expenses charged to Capital :		
Legal fees	–	3,525
Transaction charges	1,570	4,435
	<u>1,570</u>	<u>7,960</u>
Income brought forward	9	7
Income carried forward	(20)	(9)
	<u>2,893,849</u>	<u>2,304,397</u>
Net distributions for the year	2,893,849	2,304,397

Income is distributed on an annual basis.

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Notes to the Financial Statements (Continued)

8 Debtors

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
Amounts receivable for issue of shares	109,497	255,208
Accrued income :		
UK dividends	564,190	478,082
Overseas dividends	–	17,732
	<u>564,190</u>	<u>495,814</u>
Dilution Levy	163,360	–
Other prepaid expenses	1,259	1,259
Taxation recoverable:		
Overseas withholding tax	<u>56,572</u>	<u>19,141</u>
Total debtors	<u><u>894,878</u></u>	<u><u>771,422</u></u>

9 Cash and bank balances

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
Capital bank balances	296,274	11,769,816
Income bank balances	<u>1,749,636</u>	<u>2,459,392</u>
Total cash and bank balance	<u><u>2,045,910</u></u>	<u><u>14,229,208</u></u>

10 Creditors

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
Amounts payable for cancellation of shares	40,836	22,521
Accrued expenses	130,316	291,269
Taxation payable:		
Overseas tax	–	2,660
Stamp duty reserve tax	<u>5,281</u>	<u>5,070</u>
	<u>5,281</u>	<u>7,730</u>
Total creditors	<u><u>176,433</u></u>	<u><u>321,520</u></u>

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Notes to the Financial Statements (Continued)

11 Equalisation

This applies only to shares purchased during the distribution period (Group 2 shares). It is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

12 Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the Balance Sheet date (31 December 2007 : none).

13 Post Balance Sheet events

There were no material post balance sheet events which have a bearing on the understanding of the Financial Statements (31 December 2007 : none).

14 Related Party transactions

Saracen Fund Managers Limited, as authorised corporate director (ACD), is a related party, and acts as principal in respect of all transactions of shares in the Company. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of change in shareholders’ net assets.

Management fees paid to the ACD are shown in note 4. The balance due to the ACD at the year end in respect of the periodic charge was £75,896 (31 December 2007 : £189,590) and in respect of expenses was £21,837 (31 December 2007 : £23,500).

Depository fees, Safe Custody fees and Transaction charges paid to The Bank of New York Trust and Depository Company Limited are shown in note 4. The balance due to the Depository at the year end in respect of these fees was £4,716 (31 December 2007 : £16,277).

In addition, SGF receives interest on bank balances held by the Depository. The amounts received are shown in note 3, of which £nil (31 December 2007 : £nil) remains receivable at the year end.

The Managing Director and Principal Investment Manager of Saracen Fund Managers Limited, Jim Fisher, held shares in each of the Sub-Funds as follows :

	31 December 2008	31 December 2007
Saracen Growth Fund – Beta Shares	2.37%	1.81%
Saracen Special Situations Fund	100.00%	100.00%

15 Derivatives and other Financial Instruments

In pursuing its investment objectives, set out on page 4, SGF may hold a number of financial instruments which comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations. For example, in respect of sales and purchases of securities awaiting settlement, amounts receivable for issue, and payable for cancellation of shares, and debtors for accrued income.

The company holds no derivatives that would impact the value of the Company significantly.

SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND

Notes to the Financial Statements (Continued)

16 Risks of Financial Instruments

Market risk – the primary risk facing SGF is market risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movement. The ACD's policies for managing the market risk are summarised below and have been applied throughout the year.

The investment portfolio of SGF is exposed to market price fluctuations, which are monitored daily by the ACD in pursuit of the investment objective and policy set out on page 4. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Regulations mitigates the risk of excessive exposure to any particular type of security or issuer.

Currency Exposures – SGF has little exposure to foreign currency risk. The principal area where foreign currency risk could impact is in the movement of exchange rates affecting income received in a foreign currency and converted into Sterling on the day of receipt.

Sterling is the functional currency of SGF. All of SGF's net assets of £79,209,737 (31 December 2007 : £208,234,732) were denominated in Sterling with the effect that the Balance Sheet and the Statement of Total Return could not be significantly affected by exchange rate translation movements.

Liquidity risk – the main liability of SGF is the redemption of any shares that investors wish to sell. The assets comprise readily realisable securities, which can be easily sold. There are no borrowings or borrowing facilities, or unlisted securities and, therefore, there is little exposure to liquidity risk.

Credit risk – certain transactions in securities which SGF enters into expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after SGF has fulfilled its responsibilities.

SGF only buys and sells investments through stockbrokers that have been approved by the ACD as an acceptable counter-party. These are reviewed on an ongoing basis.

Interest rate risk profile of financial assets and financial liabilities – SGF has little exposure to interest rate risk. Exposure comes from cash deposits that are on floating rates.

Fair value of financial assets and financial liabilities – there is no material difference between the value of the financial assets and liabilities as shown on the Balance Sheet, and their fair value.

No derivatives have been used by SGF during the year to 31 December 2008 (31 December 2007 : nil).

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

Notes to the Financial Statements (Continued)

17 Portfolio Transaction Costs

	£	31.12.2008
		£
Analysis of total purchase costs		
Purchases in the year before transaction costs		33,245,437
Transaction costs:		
Commissions	62,712	
Other charges	155,820	
	<u> </u>	
Total purchase costs		<u>218,532</u>
Gross purchases total		<u><u>33,463,969</u></u>
Analysis of total sale costs		
Gross sales before transaction costs		62,050,660
Transaction costs:		
Commissions	(120,755)	
Other transaction costs	(1,590)	
	<u> </u>	
Total sale costs		<u>(122,345)</u>
Total sales net of transaction costs		<u><u>61,928,315</u></u>

18 Dilution Levy

The policy of SGF is not to charge a dilution levy other than (a) where SGF is in continual decline, (b) on SGF experiencing large levels of net sales relative to its size, (c) on large deals, defined as any deal over £50,000, or, (d) in any other instance at the discretion of the ACD.

19 Share Classes and Types

SGF has two Share Classes available, Alpha Shares and Beta Shares. The Share Classes differ in their charging structures and levels of minimum shareholdings. Details of the charging structures are set out in General Information on page 31.

SGF has only Accumulation Shares available in each Share Class.

All distributable income, expenses and tax will be allocated to the Share Class in respect of which it was earned or incurred except where it cannot be considered attributable to any one Share Class, when it is normally allocated pro-rata to the value of the net assets attributable to each Share Class.

In the event of the winding up of SGF, both Share Classes have equal rights attached to them.

**SARACEN INVESTMENT FUNDS ICVC
SARACEN GROWTH FUND**

**Distribution Statement
for the year ended 31 December 2008**

	<i>Net Income</i>	<i>Equalisation</i>	<i>31 March 2008 Distribution Payable</i>	<i>31 March 2007 Distribution Paid</i>
Alpha Shares				
Group 1	3.2051	—	3.2051	2.1616
Group 2	2.1411	1.0640	3.2051	2.1616

	<i>Net Income</i>	<i>Equalisation</i>	<i>31 March 2009 Allocation</i>	<i>31 March 2008 Allocated</i>
Beta Shares				
Group 1	6.6391	-	6.6391	5.4399
Group 2	4.7909	1.8482	6.6391	5.4399

Group 1 - Shares purchased prior to 1 January 2008

Group 2 - Shares purchased on or after 1 January 2008 and on or before 31 December 2008

Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued income included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

**SARACEN INVESTMENT FUNDS ICVC
SARACEN SPECIAL SITUATIONS FUND**

Statement of Total Return for the year ended 31 December 2008

The Depositary currently holds £100 in a non-interest bearing account.

There were no income or expenses and no investment gains or losses recognised by Saracen Special Situations Fund (SSS) for the period 1 January 2008 to 31 December 2008 (2007 : nil), therefore no Statement of Total Return has been shown.

There were no other costs associated with SSS.

Statement of change in shareholders' net assets for the year ended 31 December 2008

	<i>31.12.2008</i>	<i>31.12.2007</i>
	<i>£</i>	<i>£</i>
Net assets at the start of the year	100	100
Movement due to sales and repurchases of shares :	—	—
	<hr/>	<hr/>
Net assets at the end of the year	<u>100</u>	<u>100</u>

No investment purchases or sales have been made by SSS in the year, therefore no Portfolio Statement or Summary of Material Portfolio Changes has been shown.

**SARACEN INVESTMENT FUNDS ICVC
SARACEN SPECIAL SITUATIONS FUND**

Balance Sheet as at 31 December 2008

	<i>31.12.2008</i>	<i>31.12.2007</i>
	£	£
ASSETS		
Cash and bank balances	100	100
Total assets	<u>100</u>	<u>100</u>
LIABILITIES		
Creditors	–	–
Net assets attributable to shareholders	<u>100</u>	<u>100</u>

The accounting policies shown on pages 19 and 20, relating to Saracen Growth Fund also relate to Saracen Special Situations Fund. No notes to these Financial Statements are shown.

Certification of the Financial Statements by Directors of the Authorised Corporate Director

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes Sourcebook issued by the Financial Services Authority, we hereby certify the Report on behalf of the ACD, Saracen Fund Managers Limited.

J C Fisher (Director)
Saracen Fund Managers Limited
Authorised Corporate Director
27 March 2009

J C Spence (Director)
Saracen Fund Managers Limited
Authorised Corporate Director
27 March 2009

SARACEN INVESTMENT FUNDS ICVC

General Information

Saracen Growth Fund

Incorporation Date :	19 January 1999		
Launch Date :	22 February 1999		
First Day Trading :	Alpha Shares	–	8 February 2000
	Beta Shares	–	8 March 1999
Accounting Periods :	Interim	–	30 June
	Final	–	31 December
Distribution Dates :	Final	–	31 March
Minimum Initial Investment :	Alpha Shares	–	£1,000
	Beta Shares	–	£250,000
Minimum Follow-On Investment :	Alpha Shares	–	£250
	Beta Shares	–	£10,000
Annual Management Charges :	Alpha Shares	–	1.5%
	Beta Shares	–	1.0%

The preliminary charge on the Alpha Shares is 5% and up to 5% on the Beta Shares. The Prospectus allows for the annual management charge to be increased up to a maximum of 3% for Alpha Shares and 2% for Beta Shares, subject to giving shareholders 90 days written notice.

Share Prices

The price quoted for SGF is determined by reference to the underlying market value of the net assets of SGF at the valuation point.

SGF is normally valued at 10.00 am each day for the purpose of determining the share price.

With the agreement of the Depositary, SGF may be valued at other times.

Dealing in shares

Shares may be bought and sold on any business day by application in writing to Saracen Fund Managers Limited, c/o **2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT** or by telephone on **0845 922 0044** between 9.00 am and 5.30 pm. All transactions will be dealt on a forward pricing basis, i.e. at the next valuation point following receipt of your application.

Contract notes are issued for all purchases and sales of shares and will be posted within 24 hours of the next valuation point following receipt of your application.

SARACEN INVESTMENT FUNDS ICVC

General Information (Continued)

The shares of Saracen Growth Fund are non-certificated.

Shares may be sold back to the ACD at any time at the price applicable at the valuation point following receipt of instructions.

You will receive a contract note setting out the details and a cheque will normally be issued within four business days of receipt of the signed form of renunciation.

Saracen Growth Fund is valued on a mid market basis, with daily single prices appearing in the FT Managed Funds Services section of the Financial Times and on the IMA's website (www.investmentuk.org).

A Word of Warning

The price of shares and also the income from them can go down as well as up, and you may get back less than you invested. Stock market prices can decrease as well as increase, as a result of which the investment in an open ended investment company must be regarded as long-term, and is not suitable for money which may be required at short notice.

Past performance is not a guide to future performance. Neither income nor capital are guaranteed. Dealing charges and the bid/offer spread on the underlying securities in the Sub-Fund could have the effect that investors would not achieve the indicative returns stated. Changes in exchange rates may also cause the value of investments to go down as well as up.

Cancellation Rights

Cancellation rights may arise under the Financial Services Regulations. If you decide to cancel your contract during the 14 days after the date on which you receive a cancellation notice from us, and the value of your investment has declined at the time we receive your completed cancellation notice, you will not receive a full refund of your investment and an amount equal to any decline in value will be deducted from the sum you originally invested.

Taxation

Income

Income earned by shareholders from SGF is liable to UK Income Tax at the rate applicable for the individual shareholders. Tax Certificates will be issued annually on or around 31 March and will disclose a credit for Income Tax purposes. The Tax Credit is 10% of the grossed-up dividend and is not reclaimable. The aggregate of the distribution and the tax credit will be included in the shareholder's total income for Income Tax purposes. Shareholders liable to the starting rate or basic rate only will have no further liability to Income Tax on a distribution. There will be a further liability to Income Tax for higher rate taxpayers.

SARACEN INVESTMENT FUNDS ICVC

General Information (Continued)

Capital Gains

There is no tax on capital gains within SGF. Gains realised on disposal of shares by shareholders who are ordinarily resident in the UK for taxation purposes may be liable to Capital Gains Tax.

All taxation information in this Report is based on current legislation and may be subject to change. Any tax reliefs referred to are those currently applying. Their value depends on the individual circumstances of the investor and all investors are advised to seek tax advice from their advisers. The Company is not in a position to give tax advice.

Reports and Prospectus

Copies of the Prospectus and the Annual and Interim Report and Financial Statements may be obtained from the ACD at the address shown at the beginning of this Report. The half-yearly Report and Financial Statements will be prepared for the six months period to 30 June 2009 and will be available at the end of August 2009.

Commission

Commission is payable to authorised intermediaries, rates are available on request and details are set out on the contract note.

Stamp Duty Reserve Tax

From 6 February 2000, the surrender of shares to the ACD became subject to Stamp Duty Reserve Tax. This is a tax levied each time a share is surrendered.

In accordance with the Regulations, Stamp Duty Reserve Tax payable on shares surrendered to the ACD is charged to SGF and is included within the price of a share. The effect of this policy on the share price is not significant.