



**Saracen Investment Funds
ICVC**

Interim Unaudited Report and Financial Statements
30 June 2009

AUTHORISED CORPORATE DIRECTOR ('ACD')
Saracen Fund Managers Limited
Burlington House
183 Bath House
Glasgow G2 4HU
(Authorised and regulated by the Financial Services Authority)

DIRECTORS OF THE ACD
James Clelland Fisher
John Cameron Spence

INVESTMENT MANAGER
Saracen Fund Managers Limited
Burlington House
183 Bath House
Glasgow G2 4HU
(Authorised and regulated by the Financial Services Authority)

DEPOSITARY
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(Authorised and regulated by the Financial Services Authority)

INDEPENDENT AUDITORS
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Lomond House
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AUTHORISED STATUS

Saracen Investment Funds ICVC is an open-ended investment company incorporated in Scotland under registered number SI000005 and authorised by the Financial Services Authority with effect from 19 January 1999.

It is a UCITS scheme and the base currency of each fund is sterling.

Shareholders are not liable for the debts of the Company.

DIRECTORS' STATEMENT

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
26 August 2009

J C Spence (Director)
Saracen Fund Managers Limited
Authorised Corporate Director
26 August 2009

SARACEN GROWTH FUND
INVESTMENT MANAGER'S REPORT
 FOR THE HALF YEAR ENDED 30 JUNE 2009

FINANCIAL HIGHLIGHTS

PERFORMANCE

Following a torrid six months in the world's stockmarkets during the latter part of 2008, we are pleased to report that your Fund has produced a much improved performance in the first six months of this year. During the period to the end of June 2009, the Alpha Shares produced a relative outperformance of the total return on the FTSE All Share Index of 2.7% while the Beta Shares outperformed by 3.0%. The absolute total return on the FTSE All Share Index over the same period was 0.8%. The six months in question were extremely volatile especially when looking at the divergence in performance between the FTSE Small Cap which returned 22.7%, the FTSE 250 which returned 18.4% and the FTSE 100 which had a negative return of 1.6%. At the period end the size of the Fund was £58.5m.

ACTIVITY

As always we continued our strategy of buy and hold although we took the decision to exit some stocks during the period and replace them with several new holdings. Amongst the stocks sold were our holdings in the Real Estate sector, namely Hammerson, Segro and Unite. We believed rights issues were required to shore up balance sheets and this, indeed, proved to be the case with Hammerson and Segro coming to the market seeking further funds. The entire holding in Domino's Pizza was realised at a substantial profit after a period of meaningful outperformance.

New positions were taken in Aggreko, AstraZeneca, Greene King and the staffing company, Healthcare Locums. Aggreko is a company which we have long admired but believed that the shares were fully valued. This, however, changed in the recent market turmoil where many shares were indiscriminately sold and, as a result, we purchased a holding in the company.

OUTLOOK

It is, as always, difficult to predict what will happen to the market on a 6 to 12 month basis. Looking at the economy, it is too early to say whether we will experience a V or a W shaped recovery although the perceived wisdom appears to be favouring the latter. It is possible for stockmarkets to perform well even when the news remains generally downbeat. Stockmarkets historically tend to rise approximately 9 months before any sustainable signs of improvement in the wider economy and as the outlook improves this should provide confidence to the market.

Thank you, once again, fellow shareholders for your continuing support.

FOR THE HALF YEAR ENDED 30 JUNE 2009

	Change (%)	30.06.09	31.12.08
Fund Size (NAV)		£58.50 million	£79.21 million
Published Price per Alpha Share	+3.6	154.41 pence	149.05 pence
Published Price per Beta Share	+3.8	238.79 pence	229.94 pence
FTSE All-Share Index*	+0.8	2,781.88	2,759.58

SARACEN GROWTH FUND
Investment Manager's Report (continued)

PERFORMANCE FROM 8 MARCH 1999 TO 30 JUNE 2009

	Change (%)	30.06.09	08.03.99
Fund Size (NAV)		£58.50 million	£3.25 million
Published Price per Alpha Share	+124.8	154.41 pence	68.68 pence†
Published Price per Beta Share	+138.8	238.79 pence	100.00 pence
FTSE All-Share Index*	+6.0	2,781.88	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 FUND MANAGERS LIMITED
 July 2009

FUND INFORMATION

PERFORMANCE RECORD

Alpha shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2004	166.49	122.95	0.2000
2005	203.89	166.58	0.8100
2006	267.16	206.96	0.5265
2007	294.38	259.87	2.1616
2008	270.72	140.29	3.2051
2009*	159.11	125.23	–

Beta shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share P
2004	250.72	184.14	1.5800
2005	308.55	250.87	2.5600
2006	404.04	313.20	3.1838
2007	451.50	398.17	5.4399
2008	415.59	216.31	6.6391
2009*	245.47	193.36	–

* To 30 June 2009.

NET ASSET VALUE PER SHARE

Date	Share Class	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.12.06	Alpha	13,150,226	4,973,050	264.43
	Beta	101,652,218	25,169,174	403.88
31.12.07	Alpha	30,393,951	11,349,674	267.80
	Beta	177,840,781	43,262,642	411.07
31.12.08	Alpha	10,900,120	7,434,714	146.61
	Beta	68,309,617	30,202,168	226.17
30.06.09	Alpha	9,334,301	6,173,950	151.19
	Beta	49,167,376	21,028,532	233.81

SARACEN GROWTH FUND

Fund Information (continued)

TOTAL EXPENSE RATIO

Expense Type	30.06.09		31.12.08	
	%		%	
	Alpha	Beta	Alpha	Beta
ACD's periodic charge	1.50	1.00	1.50	1.00
Other expenses	0.21	0.21	0.21	0.21
Total expense ratio	1.71	1.21	1.71	1.21

The Total Expense Ratio represents the total expenses of the Fund, excluding transaction costs, interest payable and expenses of a capital nature, expressed as a percentage of the average net assets during the accounting period.

Other expenses include fees payable to the depositary and auditors, printing and publication costs, registration fees and safe custody and other related bank charges.

PORTFOLIO TURNOVER RATE

	30.06.09	31.12.08
	%	%
Portfolio turnover rate	45.04	3.45

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading over a twelve month period. The PTR is calculated by taking the total transactions in securities by the Fund, less the total transactions in shares in the Fund, expressed as a percentage of the average net assets during the preceding twelve month period.

PORTFOLIO STATEMENT
AS AT 30 JUNE 2009

Holding	Portfolio of Investments	Value £	Total Net Assets	
			30.06.09 %	31.12.08 %
UNITED KINGDOM				
AEROSPACE & DEFENCE				
400,000	BAE Systems	1,354,000	2.31	
50,000	Chemring Group	1,084,500	1.86	
		<u>2,438,500</u>	<u>4.17</u>	-
BANKS				
2,230,800	Lloyds Banking Group	<u>1,559,552</u>	<u>2.67</u>	2.06
CHEMICALS				
2,535,000	Renova Energy	-	-	-
CONSTRUCTION & MATERIALS				
5,243,090	Low & Bonar	524,250	0.90	
2,545,575	Romag Holdings	890,951	1.52	
		<u>1,415,201</u>	<u>2.42</u>	2.60
ELECTRONIC & ELECTRICAL EQUIPMENT				
430,000	Chloride Group	650,375	1.11	
1,680,000	Microemissive Displays Group*	-	-	
1,121,111	Servocell Group*	-	-	
823,289	Zytronic	1,333,728	2.28	
		<u>1,984,103</u>	<u>3.39</u>	4.65
FINANCIAL SERVICES				
787,500	City of London Investment	<u>1,693,125</u>	<u>2.89</u>	2.62
FIXED LINE COMMUNICATIONS				
2,287,000	BT Group	<u>2,321,305</u>	<u>3.97</u>	4.66
GENERAL RETAILERS				
		-	-	2.05
INDUSTRIAL ENGINEERING				
468,000	Hill & Smith Holdings	1,076,400	1.84	
713,734	Weir Group (The)	3,297,451	5.64	
		<u>4,373,851</u>	<u>7.48</u>	5.52

SARACEN GROWTH FUND

Portfolio Statement (continued)

Holding	Portfolio of Investments	Value £	Total Net Assets	
			30.06.09 %	31.12.08 %
	MEDIA			
614,527	STV Group	365,644	0.63	0.59
	MOBILE TELECOMMUNICATIONS			
2,507,700	Vodafone Group	2,939,024	5.02	8.37
	MINING			
967,562	Anglo Pacific Group	1,373,938	2.35	
4,421,980	China Goldmines	840,176	1.44	
19,200,000	Ormonde Mining	960,000	1.64	
250,489	Xstrata	1,646,464	2.81	
		4,820,578	8.24	7.91
	NON-LIFE INSURANCE			
350,000	Brit Insurance Holdings	660,625	1.13	–
	OIL & GAS PRODUCERS			
332,352	BG Group	3,383,343	5.78	
798,745	BP	3,816,004	6.52	
1,030,000	Resaca Exploitation	257,500	0.44	
220,365	Royal Dutch Shell 'B'	3,360,566	5.75	
246,900	Tullow Oil	2,309,750	3.95	
		13,127,163	22.44	25.71
	OIL EQUIPMENT, SERVICES & DISTRIBUTION			
3,380,000	Plexus Holdings	1,250,600	2.14	1.54
	PHARMACEUTICALS & BIOTECHNOLOGY			
103,500	AstraZeneca	2,763,968	4.72	
254,500	GlaxoSmithKline	2,719,333	4.65	
		5,483,301	9.37	5.26
	REAL ESTATE INVESTMENT & SERVICES			
		–	–	0.30
	REAL ESTATE INVESTMENT TRUSTS			
		–	–	2.54

Holding	Portfolio of Investments	Value £	Total Net Assets	
			30.06.09 %	31.12.08 %
	SOFTWARE & COMPUTER SERVICES			
305,000	Indigovision Group	1,174,250	2.00	
1,369,500	Invensys	3,057,409	5.23	
		<u>4,231,659</u>	<u>7.23</u>	7.32
	SUPPORT SERVICES			
169,290	Aggreko	877,769	1.50	
650,000	Healthcare Locums	1,241,500	2.12	
550,000	Mears Group	1,248,500	2.14	
		<u>3,367,769</u>	<u>5.76</u>	4.67
	TECHNOLOGY HARDWARE & EQUIPMENT			
2,446,045	Concurrent Technologies	<u>782,734</u>	<u>1.34</u>	1.34
	TOBACCO			
147,750	Imperial Tobacco Group	<u>2,330,018</u>	<u>3.98</u>	4.65
	TRAVEL & LEISURE			
190,000	Greene King	<u>734,825</u>	<u>1.25</u>	2.15
	Portfolio of investments	55,879,577	95.52	96.51
	Net other assets	<u>2,622,100</u>	<u>4.48</u>	3.49
	Net assets	<u>58,501,677</u>	<u>100.00</u>	100.00

All investments are in ordinary shares unless stated otherwise.

* Suspended security.

SARACEN GROWTH FUND
 PORTFOLIO CHANGES
 FOR THE HALF YEAR ENDED 30 JUNE 2009

Total purchases for the half year **£10,461,428**

Purchases	Cost £
AstraZeneca	2,785,337
BAE Systems	1,556,262
Chemring Group	1,004,493
Healthcare Locums	808,671
Aggreko	802,860
Greene King	786,289
Brit Insurance Holdings	673,999
Chloride Group	671,709
Brookwell	566,011
Low & Bonar	400,825
Lloyds Banking Group	350,468
Resaca Exploitation	33,066
Oxford Instruments	21,438

Total sales for the half year **£31,620,121**

Major sales	Proceeds £
Vodafone Group	2,855,387
Invensys	2,626,252
Royal Dutch Shell 'B'	2,391,355
BP	2,268,743
Marks & Spencer Group	2,226,402
Oxford Instruments	1,980,703
Weir Group (The)	1,948,243
Anglo Pacific Group	1,543,555
Hyder Consulting	1,373,770
Imperial Tobacco Group	825,576
Xstrata <i>rights</i>	804,184
GlaxoSmithKline	800,842
Domino's Pizza UK & Ireland	773,417
BG Group	651,162
JKX Oil & Gas	636,724
Melrose Resources	636,266
Tullow Oil	622,408
Goals Soccer Centres	601,389
Hammerson	561,859
Zytronic	538,379

The portfolio changes represent all of the purchases and the 20 largest sales during the half year.

SARACEN GROWTH FUND
INTERIM FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE HALF YEAR ENDED 30 JUNE 2009

	30.06.09		30.06.08	
	£	£	£	£
Income:				
Net capital gains/(losses)		592,108		(13,948,703)
Revenue	1,269,498		2,732,244	
Expenses	(437,268)		(1,192,648)	
Finance costs: Interest	(66)		(3,834)	
Net revenue before taxation	832,164		1,535,762	
Taxation	(19,609)		(13,005)	
Net revenue after taxation		812,555		1,522,757
Total return before distributions		1,404,663		(12,425,946)
Finance costs: Distributions		-		-
Change in net assets attributable to shareholders from investment activities		1,404,663		(12,425,946)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE HALF YEAR ENDED 30 JUNE 2009

	30.06.09		30.06.08	
	£	£	£	£
Opening net assets attributable to shareholders		79,209,737		208,234,732
Amounts receivable on issue of shares	582,731		16,353,551	
Amounts payable on cancellation of shares	(22,944,421)		(32,466,090)	
		(22,361,690)		(16,112,539)
Dilution levy charged	256,418		68,019	
Stamp duty reserve tax	(7,451)		(85,867)	
Change in net assets attributable to shareholders from investment activities	1,404,663		(12,425,946)	
Closing net assets attributable to shareholders		58,501,677		179,678,399

The above statement shows the comparative closing net assets at 30 June 2008 whereas the current accounting period commenced 1 January 2009.

Comparative figures have been restated for the presentation changes following the adoption of the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008 (see Note 1).

BALANCE SHEET
AS AT 30 JUNE 2009

	30.06.09		31.12.08	
	£	£	£	£
ASSETS				
Investment assets		55,879,577		76,445,382
Other assets				
Debtors	481,583		894,878	
Cash and bank balances	<u>2,348,812</u>		<u>2,045,910</u>	
Total other assets		2,830,395		2,940,788
		<u> </u>		<u> </u>
Total assets		<u>58,709,972</u>		<u>79,386,170</u>
LIABILITIES				
Investment liabilities				
Other liabilities				
Creditors	<u>(208,295)</u>		<u>(176,433)</u>	
Total other liabilities		(208,295)		(176,433)
		<u> </u>		<u> </u>
Total liabilities		<u>(208,295)</u>		<u>(176,433)</u>
Net assets attributable to shareholders		<u>58,501,677</u>		<u>79,209,737</u>

SARACEN GROWTH FUND
NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008 and are described in those annual financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Authorised Funds issued by the Investment Management Association in November 2008.

During the half year the Company adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains/losses and transaction charges are now classified as capital gains/losses.

**SARACEN SPECIAL SITUATIONS FUND
FUND INFORMATION**

PERFORMANCE RECORD

Accumulation shares

Calendar Year	Highest Price P	Lowest Price P	Distribution per share 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	–
2009*	100.00	100.00	–

* To 31 January 2009.

NET ASSET VALUE PER SHARE

Date	Net Asset Value £	Shares in Issue	Net Asset Value pence per share
31.12.06	100	100	100
31.12.07	100	100	100
31.12.08	100	100	100
30.06.09	100	100	100

TOTAL EXPENSE RATIO

Expense Type	30.06.09 %	31.12.08 %
ACD's periodic charge	–	–
Other expenses	–	–
Total expense ratio	–	–

The Total Expense Ratio represents the total expenses of the Fund, excluding transaction costs, interest payable and expenses of a capital nature, expressed as a percentage of the average net assets during the accounting period.

Other expenses include fees payable to the depositary and auditors, printing and publication costs, registration fees and safe custody and other related bank charges.

SARACEN SPECIAL SITUATIONS FUND
 INTERIM FINANCIAL STATEMENTS
 STATEMENT OF TOTAL RETURN
 FOR THE HALF YEAR ENDED 30 JUNE 2009

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 2009 to 30 June 2009 (2008 : nil), therefore no Statement of Total Return has been shown.

There were no other costs associated with SSS.

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
 FOR THE HALF YEAR ENDED 30 JUNE 2009

	30.06.09	30.06.08
	£	£
Net assets at the start of the half year	100	100
<i>Movement due to sales/repurchases of shares:</i>	—	—
Net assets at the end of the half 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.

BALANCE SHEET
AS AT 30 JUNE 2009

	30.06.08	31.12.08
	£	£
ASSETS		
Investment 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 page 18, relating to Saracen Growth Fund also relate to Saracen Special Situations Fund.

GENERAL INFORMATION

Head Office: Burlington House, 183 Bath Street, Glasgow G2 4HU.

Address for Service: The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

Base Currency: The base currency of the Company is pounds sterling. Each sub-fund and share class is designated in pounds sterling.

Share Capital: The maximum share capital of the Company is £20,000,000,000 and the minimum share capital of the Company is £100.

Shares in the Company have no par value. The share capital of the Company equals the Net Asset Value of SGF and SSS, and any other fund or funds established by the Company.

STRUCTURE OF THE COMPANY

As at the date of this document, the Company has two funds, Saracen Growth Fund and Saracen Special Situations Fund. As at the date of this document, Saracen Growth Fund is the only active sub-fund of the Company. Subject to the COLL Sourcebook different funds may be established from time to time by the Company, with the approval of the FSA and the agreement of the Depositary. On the introduction of a new fund or class of Share, a revised prospectus will be prepared, setting out the relevant details of each fund or class of Share.

The assets of each Fund will be treated as separate from every other Fund, and will be invested in accordance with the investment objective and investment policy applicable to the relevant Fund.

CLASSES OF SHARES

The Company can issue different classes of shares in respect of any sub-fund.

Holders of Income shares are entitled to be paid the income attributable to such shares, in respect of each annual or interim accounting period.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

VALUATION POINT

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 10.00am each day for the purpose of determining the share price.

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

BUYING AND SELLING 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 9.00am and 5.30pm. 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.

PRICES

The most recent prices of shares are available on the website of the Investment Management Association at www.investmentuk.org under the heading Saracen Fund Managers or by calling 0845 922 0044 during the ACD's normal business hours.

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