SVS CH Special Mandates Fund

Annual Long Report

for the year ended 30 September 2016

Contents

SVS CH Special Mandates Fund

Report of the Authorised Corporate Director ("the ACD")

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited) as ACD presents herewith the Annual Long Report ("the Report") for SVS CH Special Mandates Fund for the year ended 30 September 2016.

SVS CH Special Mandates Fund ("the Company") is an authorised open-ended investment company with variable capital ("ICVC") further to an authorisation order dated 8 November 2007. The Company is incorporated under registration number IC000588. It is a non-UCITS retail scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ("COLL") and the Investment Funds sourcebook ("FUND"), as issued and amended by the Financial Conduct Authority ("FCA"). As the Company is a non-UCITS retail scheme, the ACD also acts as Alternative Investment Fund Manager ("AIFM") in order to comply with the Alternative Investment Fund Manager's Directive ("AIFMD").

The Company has been set up as an umbrella company. Provision exists for an unlimited number of sub-funds to be included within the umbrella and additional sub-funds may be established by the ACD with the agreement of the Depositary and the approval of the FCA. The shareholders are not liable for the debts of the Company. A sub-fund is not a legal entity. The sub-funds represent segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and will not be available for any such purpose.

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 which are readily realisable and, accordingly, the Company has adequate financial resource 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 Company has no Directors other than the ACD.

The base currency of the Company is UK sterling.

The Instrument of Incorporation can be inspected at the offices of the ACD.

Copies of the Prospectus and Key Investor Information Document ("KIID") are available free of charge from the ACD.

Sub-funds

There are currently two sub-funds available in the Company:

SVS Church House Tenax Absolute Return Strategies Fund	- A income and accumulation shares
	- B income and accumulation shares
	- C income and accumulation shares

As at 30 September 2016, there is no investment in the C income share class.

SVS Church House Deep Value Investment Fund	- A accumulation shares
	- B accumulation shares

Cross holdings

At the balance sheet date the following shares in SVS CH Special Mandates - Deep Value Investments Fund were held by a second sub-fund in the umbrella.

	Sub-Fund	Holding
SVS CH Special Mandates - Deep Value Investments Fund	SVS Church House Tenax Absolute Return Strategies Fund	525,000

Authorised Corporate Director's report (continued)

Investment objective and policy

The investment objective and policy of each sub-fund is disclosed within the Investment Adviser's report of the individual sub-funds.

Changes affecting the Company in the year

There were no fundamental or significant changes to the Company in the year.

On 29 January 2016, BNY Mellon & Depositary (UK) Limited resigned as Depositary of the Company and on 30 January 2016, National Westminster Bank Plc Trustee and Depositary Services was appointed.

Following their intention to gradually wind down the activity in their registered firm, KPMG Audit Plc resigned as auditor during the period and an alternative entity, KPMG LLP, became the auditor. There is no impact on the terms on which the auditor was retained. KPMG LLP have expressed their willingness to continue in office and the ACD has consented to their re-appointment.

On 1 November 2016, the ACD's periodic charge changed as per below.

Funds under management	New arrangement	Previous arrangement
	%	%
<£50 million	0.150	-
£50 million to <£100 million	0.125	-
< £100 million	-	0.150
£100 million to <£150 million	0.100	0.125
£150 million to <£200 million	0.080	0.100
on the remaining balance	0.050	0.080

Further information in relation to the Company is illustrated on page 65.

In accordance with the requirements of the Collective Investment Schemes sourcebook and the Investment Funds sourcebook, as issued and amended by the Financial Conduct Authority, we hereby certify the Report on behalf of the ACD, Smith & Williamson Fund Administration Limited.

J. Gordon

Director
Smith & Williamson Fund Administration Limited
13 January 2017

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook ("COLL") and The Investment Funds sourcebook ("FUND") requires the ACD to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the Company as at the end of the financial period and of its net revenue and the net capital gains on the property of the Company for the year. In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice: “Financial Statements of UK Authorised Funds” issued by the Investment Association (“the IA”) in May 2014;
- follow generally accepted United Kingdom accounting principles (UK accounting standards and applicable law) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus, COLL and FUND.

Report of the Depositary to the shareholders of SVS CH Special Mandates Fund

Depositary's responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the "OEIC Regulations"), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

(i) 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 Regulations, the Scheme documents of the Company and,

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc
Trustee and Depositary Services
13 January 2017

Independent auditor's report to the shareholders of SVS CH Special Mandates Fund ('the Company')

We have audited the financial statements of the Company for the year ended 30 September 2016 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on page 2 and the accounting policies set out on pages 7 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Authorised Corporate Director ("the ACD"), Smith & Williamson Fund Administration Limited and Auditor

As explained more fully in the Statement of ACD's Responsibilities set out on page 4 the ACD is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of each of the sub-funds as at 30 September 2016 and of the net revenue/deficit of revenue and the net capital gains on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Opinion on other matters prescribed by the COLL Rules

In our opinion the information given in the Authorised Corporate Director's report is consistent with the financial statements.

We have received all the information and explanations which we consider necessary for the purposes of our audit.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

Philip Merchant
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
13 January 2017

The accounting policies relate to the sub-funds within the Company.

a *Basis of accounting*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). No recognition or measurement changes has occurred as a result of the adoption of FRS 102. They have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds ("the SORP") issued by The Investment Association in May 2014. Previously the financial statements were prepared in accordance with the SORP issued in 2010. As a result of this change the aggregation of financial statements will no longer be required for umbrella funds. The changes in the SORP are presentational and have no impact on the current or prior year net asset value.

The sub-funds have elected to early adopt the amendments to FRS 102 in respect of the fair value hierarchy disclosure requirements for financial instruments held at fair value as permitted for authorised funds.

As described in the ACD's report, the ACD continues to adopt the going concern basis in the preparation of the accounts.

b *Valuation of investments*

The purchase and sale of investments are included up to close of business on 30 September 2016.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 30 September 2016 with reference to quoted bid prices from reliable external sources.

Collective investment schemes are valued at the bid price for dual priced funds and at the single price for single priced funds.

Collective investment schemes also operated by the ACD are valued at cancellation price for dual priced funds and at the single price for single priced funds.

Structured products are valued at fair value and calculated by an independent source.

Where an observable market price is unreliable or does not exist, investments are valued at the ACD's best estimate of the amount that would be received from an immediate transfer at arm's length.

c *Foreign exchange*

The base currency of the sub-funds is UK sterling which is taken to be the sub-funds' functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements of the individual sub-funds.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

d *Revenue*

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Dividends from unquoted equity shares are recognised when declared.

Distributions from collective investment schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation on distributions from collective investment schemes is deducted from the cost of the investment and does not form part of the sub-funds' distributions.

d *Revenue (continued)*

Distributions from collective investment schemes which are re-invested on behalf of the sub-funds are recognised as revenue on the date the securities are quoted ex-dividend and form part of the sub-funds' distributions.

Distributions from reporting offshore funds is recognised as revenue when the reported distribution rate is available and forms part of the sub-funds' distributions.

Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case.

Interest on bank deposits and short term deposits is recognised on an accruals basis.

Interest on debt securities is recognised on an effective yield basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the sub-funds. The amortised amounts are accounted for as revenue or as an expense and form part of the distributable revenue of the sub-funds.

e *Expenses*

All expenses are charged to the sub-funds against revenue, other than those relating to the purchase and sale of investments.

Bank interest paid is charged to revenue of the sub-funds.

f *Allocation of revenue and expenses to multiple share classes*

All revenue and expenses which are directly attributable to a particular share class are allocated to that class. All revenue and expenses which are attributable to the sub-funds are allocated to the sub-funds and are normally allocated across the share classes pro rata to the net asset value of each class on a daily basis.

g *Taxation*

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 30 September 2016 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

When a disposal of a holding in a non-reporting offshore fund is made, any gain is an offshore income gain and tax will be charged to capital. There may be instances where tax relief is due to revenue for the utilisation of excess management expenses.

h *Efficient portfolio management*

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for efficient portfolio management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

i *Dilution levy*

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

j *Distribution policies*

i *Basis of distribution*

SVS Church House Tenax Absolute Return Strategies Fund - all classes

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income shares are paid to shareholders. Distributions attributable to accumulation shares are re-invested in the sub-fund on behalf of the shareholders.

SVS Church House Deep Value Investment Fund - all classes

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to accumulation shares are re-invested in the sub-fund on behalf of the shareholders.

ii *Unclaimed distributions*

Distributions to shareholders outstanding after 6 years are taken to the capital property of the sub-funds.

iii *Revenue*

All revenue is included in the final distribution with reference to policy d.

iv *Expenses*

Expenses incurred against the revenue of the sub-funds are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy e.

v *Equalisation*

Group 2 shares are shares purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 shares. Equalisation is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes. Equalisation per share is disclosed in the Distribution table.

vi *Revenue deficit*

SVS Church House Deep Value Investment Fund - A accumulation share class

As expenses exceed the revenue of A Accumulation share class no distribution will be made and the revenue deficit will be met by the capital property of the A Accumulation share class.

SVS Church House Tenax Absolute Return Strategies Fund

Investment Adviser's report

Investment objective and policy

The sub-fund has an absolute return objective, aiming to achieve positive returns over rolling twelve-month periods at lower levels of volatility than experienced in traditional balanced funds. Please note: capital invested in the sub-fund is at risk, there is no guarantee that a positive return will be achieved over a rolling twelve-month, or any other, period.

The sub-fund is broadly diversified across asset classes with limits on exposure to different classes, wherever possible seeking low correlation of returns between the classes and low volatility in the sub-fund's overall value. The sub-fund is prepared to hold high proportions in cash and other lower-risk assets in pursuit of the objective.

The sub-fund may invest in the following asset classes: transferable securities (including fixed interest securities, government securities, equities, and holdings in quoted funds and quoted property companies), money market instruments, units or shares in collective investment schemes (including interests in alternative investment funds and 'hedge funds'), and cash deposits. No more than 10% of the sub-fund's total assets may be invested in collective investment schemes.

Derivatives may be employed in the pursuit of the investment objectives of the sub-fund for both investment purposes and for the purposes of efficient portfolio management. Using derivatives and forward transactions for investment purposes may increase the volatility of a sub-fund and increase or reduce the risk profile of a sub-fund.

The sub-fund will not invest directly in immovables or gold.

Investment performance

Performance* to 30 September 2016	1 year	3 years	5 years
SVS Church House Tenax Absolute Return Strategies Fund 'A' accumulation	+7.6%	+15.5%	+29.0%
SVS Church House Tenax Absolute Return Strategies Fund 'B' accumulation	+7.9%	+16.5%	+30.9%
Annual Volatility**	3.1%	2.8%	2.9%

* Percentage change in bid price of accumulation shares

** Volatility is the annual standard deviation of monthly returns expressed as a percentage.

Source: Bloomberg.

Investment activities

As ever with this portfolio, it is hard to write about many of the holdings in a way that might make them sound remotely interesting. Much of the portfolio is invested in short-dated treasury bonds and floating rate notes, which are appropriately low risk and provide a steady return, but are not riveting to write or read about. Having this secure core of low risk investments does bring advantages in other ways, such as being able to respond rapidly to opportunities in other (possibly racier) asset classes. In each section of the portfolio, defined by a broad and sub-asset class, we seek to find core long-term investments, and then supplement these with opportunities at the margin.

We added the CMS Linked Quanto Reverse Convertible Note 5.75% 01/06/2017 to the portfolio, which are a hedge against rising US interest rates, issued by The Royal Bank of Canada.

The proportion of the portfolio invested in Floating Rate Notes (FRNs), remains the largest slice, acting as a hedge against an increase in interest rates and a reliable income stream in the current low rate environment. Keeping the proportion up to our desired weighting, we have added the following FRNs; Bank of Nova Scotia 0.78125% 02/11/2017, Canadian Imperial Bank of Commerce 0.89963% 11/03/2019, Swedbank 0.582750% 02/04/2018 and, more prosaically, Lloyds Bank 0.95938% 14/01/2019 and Lloyds Bank 2.02656% 22/03/2017.

Investment Adviser's report (continued)

Investment activities (continued)

The fixed interest proportion is broadly unchanged over the period but, underlying this, we were active. A number of companies are tendering to buy-in older (more expensive) debt issues; this was the case with RSA Insurance Group and National Grid Electricity Transmission Index Linked 2.983% 08/07/2018.

We also sold Electricite de France 5.25% Perpetual and SSE 5.625% Perpetual, along with Tesco 6.125% 24/02/2022 that had provided us with good returns. New fixed interest exposure includes European Investment Bank 3.25% 07/12/2016, European Investment Bank 0.63719% 25/05/2018 and GE Capital UK Funding Unlimited 4.125% 28/09/2017 and Shaftesbury Carnaby 2.487% 30/09/2031.

The top fifteen holdings are rather dominated by the Treasury and FRN positions, though some infrastructure and equity investments do make the lower part of the list.

We have reduced Central London property exposure again. Property is a volatile asset class at present, reflecting the shifting post-Brexit mood in markets. Equity exposure is also lower.

Top 15 holdings as at 30 September 2016	
UK Treasury Gilt 1% 07/09/2017	7.6%
UK Treasury Bill 0% 12/12/2016	6.1%
European Investment Bank 3.25% 07/12/2016	3.0%
European Investment Bank 0.84063% 17/02/2020	1.5%
UK Treasury Gilt 1.75% 22/01/2017	1.5%
CMS Linked Quanto Reverse Convertible Note 5.75% 01/06/2017	1.5%
Bank of Nova Scotia 0.78125% 02/11/2017	1.5%
Coventry Building Society 0.88875% 17/03/2020	1.4%
Statoil ASA 1.107% 15/05/2018	1.4%
Waverton Investment Funds SICAV - Waverton European Capital Growth Fund	1.4%
GCP Infrastructure	1.4%
International Public Partnerships	1.3%
SVS Church House Esk Global Equity Fund	1.3%
MedicX Fund	1.3%
Caledonia Investments	1.3%

Investment strategy and outlook

A calmer summer period and buoyant share prices have left many asking why the stock market is up when the Governor of the Bank of England (BOE) is so gloomy and we face uncertainty on a number of fronts. The answer is that the stock market and the economy are not the same, particularly the domestic economy. The major companies that comprise the bulk of the market benefit from weaker sterling.

Equally, the media is now fixated on Brexit and the uncertainty that this brings. It is hard to predict whether we will end up with a hard, soft or merely malleable Brexit, but we do expect both sides to compromise as it is in their interests so to do and, to repeat what we said in July 2016: compromise is what Europe does when threatened and the EU is the product of many previous crises and compromises.

The BOE has cut base interest rates and is operating in the market, buying gilts and corporate fixed interest securities again (quantitative easing), just as it did after the financial crisis. Their aim is to get more money into the economy and encourage spending. We are not sure that this is necessary, feeling that it is sending out the wrong signals to an economy that is actually doing just fine. The Bank is hinting, and economists are expecting, a further cut in the base rate, to practically nothing, in November 2016. What is the point?

Investment Adviser's report (continued)

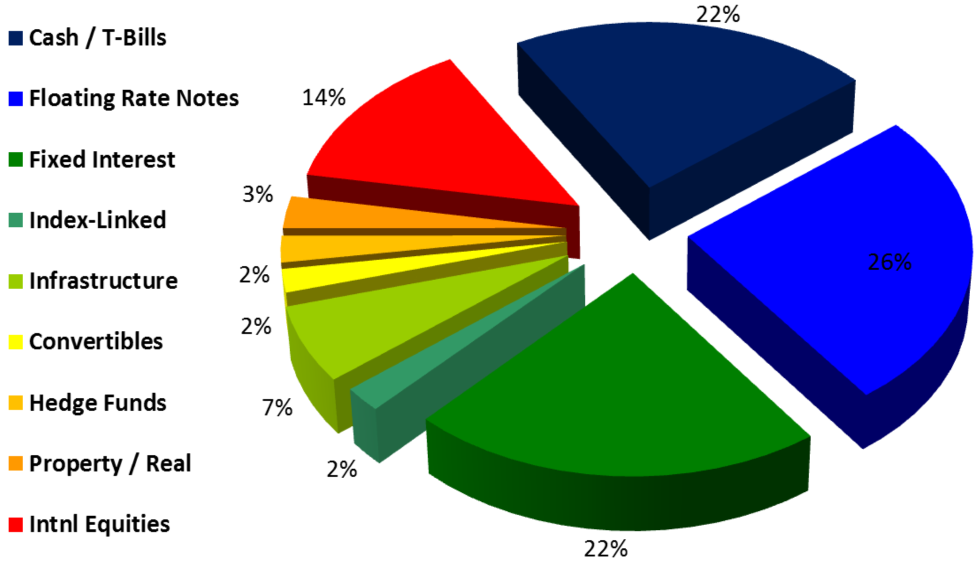
Investment strategy and outlook (continued)

Sterling has borne the brunt of recent concerns, undermined by belligerent party conference speeches along with the Bank's utterances and actions. We suspect that we have probably seen the worst of the falls for now, if only because 'forecasters' now seem to be united in their expectations for a further fall (in itself that is probably a foolish thing to say, currencies are notoriously fickle). What is clear is that it is way past time for some political/budgetary action to stimulate the economy (even more true for Europe), and to stop relying on Central Bank actions. The non-decision for a new airport runway in the South East does not bode well.

The Americans have delayed increasing their base interest rates again and, in Europe, Mario Draghi is pressing on with 'easy money'. While the desire to re-energise growth is laudable, there is an increasing risk of a jump in inflation and accompanying trauma in bond markets.

The SVS Church House Tenax Absolute Return Strategies Fund seeks absolute returns at a low level of volatility. In pursuit of this, we continue to hold a diverse portfolio of investments across ten major asset classes. This pie chart shows the disposition broken into nine classes to illustrate the Fund's asset allocation:

SVS Church House Tenax Absolute Return Strategies Fund – Asset Allocation – 30 September 2016



Source: Church House Investments Limited

As of the end of September 2016, there was an unusually high proportion in Treasury Bills, partially reflecting recent flows into the portfolio, but also a view that the next few months are likely to present better opportunities in some asset classes.

Church House Investments Limited
27 October 2016

Portfolio statement

as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities 64.94% (62.06%)			
AAA to AA* 37.86% (27.41%)			
Abbey National Treasury Services 0.88975% 20/01/2017 ^	£700,000	700,301	1.06
Abbey National Treasury Services 0.81125% 29/05/2018 ^	£600,000	599,760	0.91
Bank of Nova Scotia 0.78125% 02/11/2017 ^	£965,000	964,276	1.46
Barclays Bank 0.78125% 15/09/2017 ^	£522,000	522,000	0.79
Canadian Imperial Bank of Commerce 0.78063% 15/01/2018 ^	£500,000	498,990	0.76
Canadian Imperial Bank of Commerce 0.89963% 11/03/2019 ^	£500,000	502,810	0.76
Commonwealth Bank of Australia 0.88938% 24/01/2018 ^	£500,000	500,715	0.76
Coventry Building Society 0.88875% 17/03/2020 ^	£950,000	947,606	1.44
European Investment Bank 0.83938% 16/04/2019 ^	£750,000	753,630	1.14
European Investment Bank 0.84063% 17/02/2020 ^	£1,000,000	1,002,760	1.52
European Investment Bank 3.25% 07/12/2016	£1,996,100	2,006,320	3.04
European Investment Bank 0.63719% 25/05/2018 ^	£500,000	502,000	0.76
GE Capital UK Funding Unlimited 4.125% 28/09/2017	£500,000	516,069	0.78
Leeds Building Society 0.85906% 09/02/2018 ^	£750,000	750,878	1.14
Lloyds Bank 0.95938% 14/01/2019 ^	£750,000	751,575	1.14
Lloyds Bank 2.02656% 22/03/2017 ^	£600,000	604,212	0.92
Nationwide Building Society 0.78938% 27/04/2018 ^	£500,000	500,085	0.76
Nationwide Building Society 0.78938% 17/07/2017 ^	£700,000	700,140	1.06
Stadshypotek 0.87063% 17/08/2018 ^	£500,000	500,565	0.76
Toronto-Dominion Bank 0.96938% 19/01/2018 ^	£500,000	499,570	0.76
Total Capital International 0.8875% 01/07/2019 ^	£611,000	607,963	0.92
UK Treasury Gilt 1.75% 22/01/2017	£1,000,000	1,004,800	1.52
UK Treasury Gilt 1% 07/09/2017	£5,000,000	5,038,750	7.64
UK Treasury Bill 0% 12/12/2016	£4,000,000	3,998,320	6.06
		24,974,095	37.86
AA- to A+* 2.45% (5.16%)			
Royal Bank of Canada 0.98844% 04/06/2019 ^	£700,000	696,682	1.05
Statoil ASA 1.107% 15/05/2018 ^	£1,200,000	921,607	1.40
		1,618,289	2.45
A to A-* 7.00% (6.84%)			
Barclays Bank 2% 13/05/2020 ^	£150,000	152,250	0.23
Close Brothers Group 6.5% 10/02/2017	£390,000	397,094	0.60
Goldman Sachs Group 1.83385% 15/09/2020 ^	$1,000,000	773,661	1.17
Goldman Sachs Group 2.1% 08/09/2021 ^	$500,000	515,000	0.78
Heathrow Funding Index Linked 3.334% 09/12/2039 ^	£100,000	237,448	0.36
Morgan Stanley 1.8986% 25/04/2018 ^	$414,000	322,050	0.49
National Grid Electricity Transmission Index Linked 2.983% 08/07/2018 ^	£100,000	161,393	0.24
Segro 6.75% 23/02/2024	£500,000	672,270	1.02
Segro 5.5% 20/06/2018	£260,000	278,985	0.43
Standard Chartered 5.125% 06/06/2034 ^	£750,000	734,486	1.11
Wales & West Utilities Finance 2.496% 22/08/2035 ^	£200,000	375,658	0.57
		4,620,295	7.00

Portfolio statement (continued)
as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities (continued)			
BBB+ to BBB* 5.09% (7.71%)			
Aviva 5.125% 04/06/2050 ^	£250,000	257,945	0.39
BG Energy Capital 6.5% 30/11/2072 ^	£516,000	543,778	0.82
JPMorgan Chase 1.07094% 30/05/2017 ^	£700,000	697,354	1.06
RSA Insurance Group 9.375% 20/05/2039 ^	£136,000	158,727	0.24
RSA Insurance Group 6.701% 12/07/2017 ^	£422,000	434,284	0.66
SSE 3.875% Perpetual ^	£700,000	703,925	1.07
Whitbread Group 3.375% 16/10/2025	£500,000	554,110	0.85
		3,350,123	5.09
BBB- and below* 11.54% (14.94%)			
Barclays Bank 3.25% 19/07/2017 ^	£250,000	253,375	0.38
Derwent London Capital No 2 1.125% 24/07/2019 Convertible	£400,000	416,880	0.63
Heathrow Finance 7.125% 01/03/2017	£350,000	358,155	0.54
InterContinental Hotels Group 3.75% 14/08/2025	£425,000	480,784	0.73
John Lewis 8.375% 08/04/2019	£375,000	437,156	0.66
Johnston Press Bond 8.625% 01/06/2019	£250,000	137,500	0.21
Lloyds Bank 1.75% 19/06/2020 ^	£300,000	289,140	0.44
NGG Finance 5.625% 18/06/2073 ^	£500,000	560,780	0.85
Old Mutual 8% 03/06/2021	£400,000	458,500	0.69
Old Mutual 7.875% 03/11/2025	£500,000	565,450	0.86
Petropavlovsk 2010 9% 18/03/2020 Convertible	$188,000	146,969	0.22
PHP Finance 4.25% 20/05/2019	£300,000	345,624	0.52
Rl Finance Bonds No 3 6.125% 13/11/2028 ^	£650,000	704,624	1.07
Rocket Internet 3% 22/07/2022	€ 500,000	375,205	0.57
Rothesay Life 8% 30/10/2025	€ 500,000	522,350	0.79
Tesco 1.982% 24/03/2036 ^	£500,000	628,420	0.95
Travis Perkins 4.5% 07/09/2023	£600,000	609,000	0.92
Tullow Oil 6.25% 15/04/2022	£500,000	337,952	0.51
		7,627,864	11.54
Default 0.00% (0.00%)			
Lehman Brothers Treasury 0% 01/06/2009**	£300,000	-	-
Unrated 1.00% (0.00%)			
Shaftesbury Carnaby 2.487% 30/09/2031	£450,000	447,552	0.68
Swedbank 0.582750% 02/04/2018	£210,000	210,032	0.32
		657,584	1.00
Total debt securities		42,848,250	64.94

Portfolio statement (continued)
as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Equities 19.47% (24.64%)			
Equities - United Kingdom 17.86% (22.98%)			
Equities - incorporated in the United Kingdom 5.63% (7.19%)			
Oil & Gas 0.00% (0.34%)		-	-
Travel & Leisure 0.33% (0.50%)			
Millennium & Copthorne Hotels	50,000	217,500	0.33
Financial Services 5.30% (6.35%)			
Aberforth Geared Income Trust	250,000	387,500	0.59
BlackRock World Mining Trust	200,000	603,000	0.91
Caledonia Investments	35,500	867,975	1.32
ICG Enterprise Trust plc	120,000	763,200	1.16
Polar Capital Global Financials Trust Subscription Shares ***	50,000	1,450	-
RIT Capital Partners	50,000	872,500	1.32
		3,495,625	5.30
Total equities incorporated in the United Kingdom		3,713,125	5.63
Equities - incorporated outwith the United Kingdom 12.23% (15.79%)			
Basic Resources 0.00% (0.19%)		-	-
Real Estate 2.33% (2.88%)			
MedicX Fund	1,000,000	880,000	1.33
Target Healthcare REIT	600,000	657,000	1.00
		1,537,000	2.33
Financial Services 9.90% (12.72%)			
Acorn Income Fund	250,000	339,375	0.51
Duet Real Estate Finance	350,000	21,525	0.03
GCP Infrastructure Investments	676,746	890,598	1.35
HICL Infrastructure	500,000	848,000	1.29
International Public Partnerships	562,500	867,375	1.31
John Laing Infrastructure Fund	667,000	859,096	1.30
NB Private Equity Partners 'A'	95,000	819,092	1.24
NB Private Equity Partners Preference Share	355,280	375,709	0.57
Renewables Infrastructure Group	625,000	661,250	1.00
Terra Catalyst Fund	193,031	193,031	0.29
Zebedee Growth Fund	9,027	669,345	1.01
		6,544,396	9.90
Total equities incorporated outwith the United Kingdom		8,081,396	12.23
Total equities - United Kingdom		11,794,521	17.86
Equities - North America 1.61% (1.66%)			
Berkshire Hathaway 'B'	7,300	811,486	1.23
Brookfield Infrastructure Partners	3	80	0.00
Jardine Strategic Holdings	10,000	251,193	0.38
Total equities - North America		1,062,759	1.61
Total equities		12,857,280	19.47

Portfolio statement (continued)
as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Structured Products 3.36% (2.30%)			
Barclays Bank FTSE 100 warrant 09/02/2017	250,000	365,129	0.55
Barclays Bank S&P 500 Dynamic Vix Tracker 30/03/2022	500,000	184,938	0.28
CMS Linked Quanto Reverse Convertible Note 5.75% 01/06/2017	1,000,000	977,371	1.48
Royal Bank of Canada FTSE 100 & S&P 500 13/12/2021 preference share	650,000	691,517	1.05
Total structured products		2,218,955	3.36
Collective Investment Schemes 6.92% (6.70%)			
UK Authorised Collective Investment Schemes 3.54% (3.47%)			
SVS Church House Special Mandates - Deep Value Investments Fund #	525,000	603,750	0.91
SVS Church House Investment Grade Fixed Interest Fund #	730,000	856,290	1.30
SVS Church House Esk Global Equity Fund #	390,000	879,840	1.33
Total UK authorised collective investment schemes		2,339,880	3.54
Offshore Collective Investment Schemes 3.38% (3.23%)			
Boost Gilts 10Y 3x Short Daily ETP	10,000	505,700	0.77
Odey Investments - Odey Naver Fund	11,000	815,135	1.24
Waverton Investment Funds SICAV - Waverton European Capital Growth Fund	531,556	903,645	1.37
Total offshore collective investment schemes		2,224,480	3.38
Total collective investment schemes		4,564,360	6.92
Portfolio of investments		62,488,845	94.69
Other net assets		3,502,413	5.31
Total net assets		65,991,258	100.00

The comparative figures in brackets are as at 30 September 2015.

* Grouped by credit rating - source: Interactive Data and Bloomberg.

** Lehman Brothers Treasury is in default and is included in the portfolio of investments with no value.

*** Polar Capital Global Financials Trust Subscription Shares will be redeemable for one ordinary share on 31 July 2017 at 115p per share.

Related party securities managed within the same corporate body as the Investment Adviser, Church House Investments Limited and the ACD, St Vincent St Fund Administration (a trading name of Smith & Williamson Fund Administration Limited).

^ Variable interest rate security

United Kingdom equities are grouped in accordance with the Industry Classification Benchmark.

The Industry Classification Benchmark (ICB) is a joint product of FTSE International Limited and Dow Jones & Company, Inc. and has been licensed for use. "FTSE" is a trade and service mark of London Stock Exchange and the Financial Times Limited. "Dow Jones" and "DJ" are trade and service marks of Dow Jones & Company Inc. FTSE and Dow Jones do not accept any liability to any person for any loss or damage arising out of any error omission in the ICB.

Risk and reward profile

The risk and reward profile relates to all share classes.

The risk and reward indicator table demonstrates where the sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the sub-fund. The shaded area in the table below shows the sub-fund's ranking on the risk and reward indicator.

Typically lower rewards, lower risk						Typically higher rewards, higher risk
1	2	3	4	5	6	7

The sub-fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the sub-fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to the future.

Where the sub-fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where the sub-fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of this sub-fund.

Alternative investment strategies give themselves significant discretion in valuing securities. There may be liquidity constraints and the extent to which an investee fund's securities are valued by independent sources are factors which could impact on the sub-fund's valuation.

The sub-fund is entitled to use derivative instruments for efficient portfolio management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

For further information please refer to the Key Investor Information Document ("KIID").

For full details on risk factors for the sub-fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the sub-fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the sub-fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

A income shares launched on 30 January 2015 at 139.9p per share

A accumulation shares launched on 22 November 2007 at 100.0p per share

	A income		A accumulation		
	2016	2015^	2016	2015	2014
	p	p	p	p	p
Change in net assets per share					
Opening net asset value per share	137.04	139.90	138.27	135.82	128.54
Return before operating charges	12.04	0.39	12.17	4.25	9.01
Operating charges	1.80	1.81	1.82	1.80	1.73
Return after operating charges *	10.24	(1.42)	10.35	2.45	7.28
Distributions on income share **	1.50	1.44	-	-	-
Closing net asset value per share	145.78	137.04	148.62	138.27	135.82
Retained distributions on accumulation shares **	-	-	1.48	1.76	2.26
* after direct transaction costs of:	0.06	0.04	0.05	0.05	0.04
Performance					
Return after charges	7.47%	(1.02%)	7.49%	1.80%	5.66%
Other information					
Closing net asset value (£)	3,431,093	1,294,999	20,416,235	17,349,327	16,620,099
Closing number of shares	2,353,619	944,967	13,736,867	12,547,165	12,236,868
Ongoing charges	1.27%	1.29%	1.27%	1.29%	1.30%
Direct transaction costs	0.04%	0.03%	0.04%	0.03%	0.03%
Prices					
Highest share price (p)	146.90	142.00	149.10	142.20	136.70
Lowest share price (p)	136.40	138.20	137.60	134.70	128.90

** rounded to two decimal places.

^ Annualised based on the expenses incurred during the period 30 January 2015 to 30 September 2015.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Comparative table (continued)

B income shares launched on 28 November 2014 at 141.4p per share

B accumulation shares launched on 22 November 2007 at 100.0p per share

	B income		B accumulation		
	2016	2015^	2016	2015	2014
	p		p		p
Change in net assets per share					
Opening net asset value per share	139.80	141.40	141.89	138.96	131.14
Return before operating charges	12.16	2.13	12.39	4.25	9.09
Operating charges	1.31	1.32	1.34	1.32	1.27
Return after operating charges *	10.85	0.81	11.05	2.93	7.82
Distributions on income share **	1.91	2.41	-	-	-
Closing net asset value per share	148.74	139.80	152.94	141.89	138.96
Retained distributions on accumulation shares **	-	-	1.94	2.22	2.69
* after direct transaction costs of:	0.05	0.05	0.05	0.05	0.04
Performance					
Return after charges	7.76%	0.57%	7.79%	2.11%	5.96%
Other information					
Closing net asset value (£)	3,581,770	2,181,195	29,238,338	24,386,969	17,099,244
Closing number of shares	2,408,119	1,560,235	19,116,814	17,187,440	12,304,996
Ongoing charges	0.91%	0.92%	0.91%	0.92%	0.94%
Direct transaction costs	0.04%	0.04%	0.03%	0.03%	0.03%
Prices					
Highest share price (p)	150.0	145.6	153.5	145.7	139.8
Lowest share price (p)	139.3	140.6	141.4	137.8	131.5

** rounded to two decimal places.

^ Annualised based on the expenses incurred during the period 28 November 2015 to 30 September 2015.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Comparative table (continued)

C accumulation shares launched on 23 January 2015 at 143.3p per share

	C accumulation	
	2016	2015^
	p	p
Change in net assets per share		
Opening net asset value per share	142.08	143.30
Return before operating charges	12.36	(0.11)
Operating charges	1.14	1.11
Return after operating charges *	11.22	(1.22)
Distributions on income share **	-	-
Closing net asset value per share	153.30	142.08
Retained distributions on accumulation shares **	2.10	1.74
* after direct transaction costs of:	0.05	0.04
Performance		
Return after charges	7.90%	(0.85%)
Other information		
Closing net asset value (£)	9,323,822	3,253,863
Closing number of shares	6,082,155	2,290,197
Ongoing charges	0.77%	0.77%
Direct transaction costs	0.10%	0.11%
Prices		
Highest share price (p)	153.80	145.80
Lowest share price (p)	141.60	100.00

** rounded to two decimal places.

^ Annualised based on the expenses incurred during the period 23 January 2015 to 30 September 2015.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Ongoing charges figure

The ongoing charges figure ("OCF") provides investors with a clearer picture of the total annual costs in running a collective investment scheme. The OCF consists principally of the ACD's periodic charge and the Investment Adviser's fee which are included in the annual management charge, but also includes the costs for other services paid.

A accumulation	30.09.16	30.09.15
Annual management charge	1.19%	1.20%
Other expenses	0.08%	0.09%
Ongoing charges figure	1.27%	1.29%

B accumulation	30.09.16	30.09.15
Annual management charge	0.83%	0.83%
Other expenses	0.08%	0.09%
Ongoing charges figure	0.91%	0.92%

C accumulation	30.09.16	30.09.15^
Annual management charge	0.69%	0.68%
Other expenses	0.08%	0.09%
Ongoing charges figure	0.77%	0.77%

A income	30.09.16	30.09.15^^
Annual management charge	1.19%	1.20%
Other expenses	0.08%	0.09%
Ongoing charges figure	1.27%	1.29%

B income	30.09.16	30.09.15^^^
Annual management charge	0.83%	0.83%
Other expenses	0.08%	0.09%
Ongoing charges figure	0.91%	0.92%

^ Annualised based on the expenses incurred during the period 23 January 2015 to 30 September 2015.

^^ Annualised based on the expenses incurred during the period 30 January 2015 to 30 September 2015.

^^^ Annualised based on the expenses incurred during the period 28 November 2014 to 30 September 2015.

As the percentage holding in collective investment schemes amounts to less than 10%, no synthetic OCF is included in the Ongoing charges figure in the current year.

Please note the ongoing charges figure is indicative of the charges which the share classes may incur in a year as it is calculated on historical data.

Financial statements - SVS Church House Tenax Absolute Return Strategies Fund

Statement of total return
for the year ended 30 September 2016

	Notes	2016		2015	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		3,422,691		(97,398)
Revenue	3	1,286,283		1,099,398	
Expenses	4	(560,671)		(448,108)	
Net revenue before taxation		725,612		651,290	
Taxation	5	(81,526)		(73,344)	
Net revenue after taxation			644,086		577,946
Total return before distributions			4,066,777		480,548
Distributions	6		(659,204)		(594,882)
Change in net assets attributable to shareholders from investment activities			3,407,573		(114,334)

Statement of change in net assets attributable to shareholders
for the year ended 30 September 2016

	2016		2015	
	£	£	£	£
Opening net assets attributable to shareholders		48,466,353		33,719,343
Amounts receivable on issue of shares	18,675,970		16,941,939	
Amounts payable on cancellation of shares	(5,191,946)		(2,686,291)	
		13,484,024		14,255,648
Stamp duty reserve tax		63		-
Change in net assets attributable to shareholders from investment activities		3,407,573		(114,334)
Retained distributions on accumulation shares		633,245		605,696
Closing net assets attributable to shareholders		65,991,258		48,466,353

Balance sheet
as at 30 September 2016

	Notes	2016	2015
		£	£
Assets:			
Fixed assets:			
Investments		62,488,845	46,380,860
Current assets:			
Debtors	7	391,678	302,846
Cash and bank balances	8	8,398,968	2,045,763
Total assets		71,279,491	48,729,469
Liabilities:			
Creditors:			
Distribution payable	6	(35,057)	(27,820)
Other creditors	9	(5,253,176)	(235,296)
Total liabilities		(5,288,233)	(263,116)
Net assets attributable to shareholders		65,991,258	48,466,353

Notes to the financial statements
for the year ended 30 September 2016

1. Accounting policies

   The accounting policies are disclosed on pages 7 to 9.

2. Net capital gains / (losses)

	2016	2015
	£	£
Non-derivative securities - realised gains	1,137,098	285,273
Non-derivative securities - movement in unrealised gains / (losses)	2,207,536	(381,121)
Derivative contracts - realised losses	-	(30,872)
Derivative contracts - movement in unrealised gains	107,342	-
Currency (losses) / gains	(27,936)	30,783
Transaction charges	(1,349)	(1,461)
Total net capital gains / (losses)	3,422,691	(97,398)

Unrealised gains/losses are disclosed as the movement in unrealised gains/losses on investments between the prior year and the current year. Where realised gains/losses on investments include unrealised gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains/losses.

3. Revenue

	2016	2015
	£	£
Franked revenue	119,049	87,488
Unfranked revenue	29,852	35,445
Overseas revenue	290,441	286,614
Interest on debt securities	846,892	689,851
Bank and deposit interest	49	-
Total revenue	1,286,283	1,099,398

4. Expenses

	2016	2015
	£	£
Payable to the ACD and associates		
Annual management charge	518,015	411,412
Registration fees	694	546
	518,709	411,958
Payable to the Depositary		
Depositary fees	20,634	19,281
Other expenses:		
Audit fee	6,120	5,700
Safe custody fees	10,255	6,813
Bank interest	823	20
FCA fee	60	136
Platform charges	3,770	-
Legal fee	300	4,200
	21,328	16,869
Total expenses	560,671	448,108

Notes to the financial statements (continued)

for the year ended 30 September 2016

5. Taxation

	2016	2015
	£	£
a. Analysis of the tax charge for the year		
UK corporation tax	63,284	56,277
Overseas tax withheld	3,155	58
Total current taxation	66,439	56,335
Deferred tax - origination and reversal of timing differences (note 5c)	15,087	17,009
Total taxation (note 5b)	81,526	73,344

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2015: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2015: 20%). The differences are explained below:

	2016	2015
	£	£
Net revenue before taxation	725,612	651,290
Corporation tax @ 20%	145,122	130,258
Effects of:		
Franked revenue	(23,810)	(17,498)
Overseas revenue	(58,088)	(57,323)
Overseas tax withheld	3,155	58
Expenses not deductible for tax purposes	60	840
Deferred tax charge	15,087	17,009
Total taxation (note 5a)	81,526	73,344

c. Provision for deferred taxation

	£	£
Opening provision	26,647	9,638
Deferred tax charge (note 5a)	15,087	17,009
Closing provision	41,734	26,647

6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2016	2015
	£	£
Interim income distribution	37,345	13,797
Interim accumulation distribution	323,809	252,241
Final income distribution	35,057	27,820
Final accumulation distribution	309,436	353,455
	705,647	647,313
Equalisation:		
Amounts deducted on cancellation of shares	17,145	10,383
Amounts added on issue of shares	(63,453)	(65,405)
Net equalisation on conversions	(135)	2,591
Total net distributions	659,204	594,882

Notes to the financial statements (continued)

for the year ended 30 September 2016

6. Distributions (continued)

Reconciliation between net revenue and distributions:	2016	2015
	£	£
Net revenue after taxation per Statement of total return	644,086	577,946
Undistributed revenue brought forward	136	63
Deferred taxation	15,087	17,009
Undistributed revenue carried forward	(105)	(136)
Distributions	659,204	594,882

Details of the distribution per share are disclosed in the Distribution table.

7. Debtors	2016	2015
	£	£
Amounts receivable on issue of shares	25,067	36,651
Accrued revenue	366,578	265,376
Prepaid expenses	33	819
Total debtors	391,678	302,846

8. Cash and bank balances	2016	2015
	£	£
Total cash and bank balances	8,398,968	2,045,763

9. Other creditors	2016	2015
	£	£
Amounts payable on cancellation of shares	18,387	147,085
Purchases awaiting settlement	5,124,517	-
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	-	590
Other expenses:		
Depositary fees	-	147
Safe custody fees	3,758	1,910
Audit fee	6,120	5,700
FCA fee	-	68
Transaction charges	446	329
	10,324	8,154
Total accrued expenses	10,324	8,744
Corporation tax payable	58,214	52,820
Deferred tax	41,734	26,647
Total other creditors	5,253,176	235,296

Notes to the financial statements (continued)

for the year ended 30 September 2016

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

11. Share classes

The sub-fund currently has five share classes with current investment; A income, A accumulation, B income, B accumulation and C accumulation.

The following reflects the change in shares in issue for each share class in the year:

	A income
Opening shares in issue	944,967
Total shares issued in the year	1,452,149
Total shares cancelled in the year	(32,181)
Total shares converted in the year	(11,316)
Closing shares in issue	2,353,619

	A accumulation
Opening shares in issue	12,547,165
Total shares issued in the year	1,777,217
Total shares cancelled in the year	(566,666)
Total shares converted in the year	(20,849)
Closing shares in issue	13,736,867

	B income
Opening shares in issue	1,560,235
Total shares issued in the year	877,604
Total shares cancelled in the year	(245,864)
Total shares converted in the year	216,144
Closing shares in issue	2,408,119

	B accumulation
Opening shares in issue	17,187,440
Total shares issued in the year	4,962,553
Total shares cancelled in the year	(1,540,314)
Total shares converted in the year	(1,492,865)
Closing shares in issue	19,116,814

	C Accumulation
Opening shares in issue	2,290,197
Total shares issued in the year	3,707,590
Total shares cancelled in the year	1,311,028
Total shares converted in the year	(1,226,660)
Closing shares in issue	6,082,155

Notes to the financial statements (continued)

for the year ended 30 September 2016

11. Share classes (continued)

The annual management charge for each share class is as follows:

A income	1.25%
A accumulation	1.25%
B income	0.875%
B accumulation	0.875%
C accumulation	0.75%

The annual management charge is calculated on the net asset value of the share classes excluding the value of securities managed by the Investment Adviser.

The annual management charge includes the ACD's periodic charge and Investment Adviser's fee.

Further information in respect of the return per share is disclosed in the Comparative table.

The ACD's periodic charge is 0.15% of the net asset value of the sub-fund per annum. The Investment Adviser's fee is the remainder of the annual management charge after payment of the ACD's periodic charge.

On the winding up of a sub-fund all the assets of the sub-fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each class has the same rights on winding up.

12. Related party transactions

Smith & Williamson Fund Administration Limited, as ACD, is a related party due to its ability to act in respect of the operations of the sub-fund.

The ACD acts as principal in respect of all transactions of shares in the sub-fund. The aggregate monies received and paid through the issue and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders.

Amounts payable to the ACD and its associates are disclosed in note 4.

A director of the ACD, the Investment Adviser or a body corporate within the same group as the ACD or Investment Adviser may have significant influence over the financial and operating policies of the sub-fund and as such is deemed to be a related party.

	2016	2015
Church House Investments Limited	61.37%	70.10%

A shareholder with a holding in excess of 20% of the value of the sub-fund may be able to exercise significant influence over the financial and operating policies of the sub-fund with reference to shareholders' voting rights at general meetings and as such is deemed to be a related party.

Parties with an interest in excess of 20% of the sub-fund are as follows:

	2016	2015
Church House Investments Limited	61.37%	70.10%

Notes to the financial statements (continued)

for the year ended 30 September 2016

12. Related party transactions (continued)

The following securities held in the portfolio of investments are related parties as they are managed within the same corporate body as the Investment Adviser:

Security	Holding 2016	Holding 2015
SVS Church House Special Mandates - Deep Value Investments Fund	525,000	325,000
SVS Church House Investment Grade Fixed Interest Fund	730,000	615,000
SVS Church House Esk Global Equity Fund	390,000	355,000

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A income share has increased from 145.78p to 147.92p, the A accumulation shares have increased from 148.62p to 150.81p, the B income shares have increased from 148.74p to 151.04p, the B accumulation shares have increased from 152.94p to 155.31p and the C accumulation shares have increased from 153.30p to 155.70p as at 9 January 2017. This movement takes into account routine transactions but also reflects the market movements of recent months.

Notes to the financial statements (continued)

for the year ended 30 September 2016

14. Transaction costs

a Direct transaction costs (continued)

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

	2016	% of purchases by asset class	2015	% of purchases by asset class
Purchases:	£		£	
Equities - purchases before transaction costs	3,719,565		4,300,940	
Commission	3,608	0.10%	9,847	0.23%
Taxes	11,554	0.31%	3,134	0.07%
Total direct transaction costs - equities	15,162	0.41%	12,981	0.30%
Equities - purchases after direct transaction costs	3,734,727		4,313,921	
Bonds - purchases *	29,297,430		20,644,116	
Collective investment schemes - purchases *	1,148,421		1,238,980	
Structured products - purchases *	1,000,000		-	
Total purchases after direct transaction costs	35,180,578		26,197,017	
Capital events^	82,031		-	

* No direct transaction costs were incurred in these transactions

^ The total purchases exclude capital events as there were no direct transaction costs charged in these transactions.

Notes to the financial statements (continued)

for the year ended 30 September 2016

14. Transaction costs (continued)

a Direct transaction costs (continued)

Sales:	2016 £	% of sales by asset class	2015 £	% of sales by asset class
Equities - sales before transaction costs	3,639,018		2,660,982	
Commission	(3,690)	0.10%	(1,658)	0.06%
Taxes	(3)	0.00%	(2)	0.00%
Total direct transaction costs - equities	(3,693)	0.10%	(1,660)	0.06%
Equities - sales after direct transaction costs	3,635,325		2,659,322	
Bonds - sales before transaction costs	17,499,581		7,473,241	
Taxes	(1)	0.00%	-	0.00%
Total direct transaction costs - Bonds	(1)	0.00%	-	0.00%
Bonds - sales after direct transaction costs	17,499,580		7,473,241	
Collective investment schemes - sales *	323,802		-	
Total sales after direct transaction costs	21,458,707		10,132,563	
Capital events^	1,045,029		509,479	

* No direct transaction costs were incurred in these transactions

^ The total sales exclude capital events as there were no direct transaction costs charged in these transactions.

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the sub-fund's average net asset value in the year:

	2016 £	% of average net asset value	2015 £	% of average net asset value
Commission	7,298	0.01%	11,505	0.03%
Taxes	11,558	0.02%	3,136	0.01%

b Average portfolio dealing spread

The average dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.47% (2015: 0.60%).

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies

In pursuing the sub-fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the sub-fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the sub-fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements; other price risk, currency risk, and interest rate risk.

(i) Other price risk

The sub-fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main element of the portfolio of investments which is exposed to this risk is equities which are disclosed in the Portfolio statement.

This risk is generally regarded as consisting of two elements; stock specific risk and market risk. Through these two factors, the sub-fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the sub-fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

Forward currency contracts are used to help the sub-fund achieve its investment objective as stated in the Prospectus. The ACD monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The sub-fund had no significant exposure to foreign currency in the year.

The foreign currency risk profile of the sub-fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2016	£	£	£
Euro	375,205	-	375,205
US dollar	6,057,030	694	6,057,724
Total foreign currency exposure	6,432,235	694	6,432,929

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk (continued)

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2015	£	£	£
Euro	358,880	2,103	360,983
US dollar	5,154,044	17,058	5,171,102
Total foreign currency exposure	5,512,924	19,161	5,532,085

(iii) Interest rate risk

Interest rate risk is the risk that the value of the sub-fund's investments will fluctuate as a result of interest rate changes.

During the year the sub-fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

The sub-fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts have been utilised in the period to hedge the exposure to interest rate risk.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2016	£	£	£	£	£	£
UK sterling	26,068,522	-	22,297,731	16,480,309	(5,288,233)	59,558,329
Euro	375,205	-	-	-	-	375,205
US dollar	2,020,841	-	484,921	3,551,962	-	6,057,724
	28,464,568	-	22,782,652	20,032,271	(5,288,233)	65,991,258

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies

a Market risk (continued)

(iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2015	£	£	£	£	£	£
UK sterling	21,224,772	-	8,856,979	13,115,633	(263,116)	42,934,268
Euro	-	-	358,880	2,103	-	360,983
US dollar	1,557,726	-	126,262	3,487,114	-	5,171,102
	22,782,498	-	9,342,121	16,604,850	(263,116)	48,466,353

b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the sub-fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the sub-fund. The sub-fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and are dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors, and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Portfolio statement.

The sub-fund holds cash and cash deposits with financial institutions which potentially exposes the sub-fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the sub-fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the sub-fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The sub-fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the sub-fund may not be able to immediately sell such securities.

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies (continued)

c Liquidity risk (continued)

The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The dearth of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the ACD's ability to execute substantial deals.

To reduce liquidity risk the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the sub-fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the sub-fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the sub-fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts these are payable in less than one year.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the sub-fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

Valuation technique	Investment assets 2016	Investment liabilities 2016
	£	£
Quoted prices in active markets	18,735,735	-
Inputs other than quoted prices that are observable	41,532,705	-
Inputs are unobservable and market data is unavailable*	2,220,405	-
	62,488,845	-

*Polar Capital Global Financials Trust Subscription Shares will be redeemable for one ordinary share on 31 July 2017 at 115p per share.

Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

Valuation technique	Investment assets 2015	Investment liabilities 2015
	£	£
Quoted prices in active markets	18,229,912	-
Inputs other than quoted prices that are observable	19,680,485	-
Inputs are unobservable and market data is unavailable	8,470,463	-
	46,380,860	-

Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies (continued)

e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

f Derivatives

The sub-fund may employ derivatives with the aim of reducing the sub-fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with efficient portfolio management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the sub-fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the commitment method with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the sub-fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the sub-fund at any given time and may not exceed 100% of the net asset value of the property of the sub-fund.

In the year the sub-fund had exposure to derivatives embedded in structured products. On a daily basis, exposure is calculated in UK sterling using the commitment method with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the sub-fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in a sub-fund at any given time and may not exceed 100% of the net asset value of the property of the sub-fund.

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

In the year, the sub-fund held structured products with embedded derivatives. Exposure created by underlying derivatives is monitored by the ACD as well as the rating of the issuer of the structured product. A third party is used to verify the prices of the structured products.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the sub-fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the sub-fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The sub-fund may transact in derivative contracts which potentially exposes the sub-fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

(ii) Leverage

There have been no leveraging arrangements in the year.

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies (continued)

f Derivatives (continued)

(iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a sub-fund through the use of financial derivative instruments, including derivatives with embedded assets.

Investment	Gross exposure value £	% of the total net asset value
Barclays Bank FTSE 100 warrant 09/02/2017	365,082	0.55%
Barclays Bank S&P 500 Dynamic Vix Tracker 30/03/2022	220,612	0.33%
Polar Capital Global Financials Trust Subscription Shares	27,117	0.04%
Derwent London Capital No 2 1.125% 24/07/2019 Convertible	170,099	0.26%
Royal Bank of Canada 5.75% 01/06/2017	1,000,000	1.52%
Petropavlovsk 2010 9% 18/03/2020 Convertible	104,216	0.16%
Royal Bank of Canada FTSE 100 & S&P 500 13/12/2021 preference share	687,886	1.04%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 30 September 2016

Distributions on A income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.16	group 1	interim	0.873	-	0.873	0.480
31.05.16	group 2	interim	0.333	0.540	0.873	0.480
30.11.16	group 1	final	0.628	-	0.628	0.961
30.11.16	group 2	final	0.335	0.293	0.628	0.961

Distributions on A accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.16	group 1	interim	0.850	-	0.850	0.803
31.05.16	group 2	interim	0.427	0.423	0.850	0.803
30.11.16	group 1	final	0.627	-	0.627	0.952
30.11.16	group 2	final	0.373	0.254	0.627	0.952

Equalisation

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

Accumulation distributions

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

Interim distribution:

Group 1 Shares purchased before 1 October 2015

Group 2 Shares purchased 1 October 2015 to 31 March 2016

Final distribution:

Group 1 Shares purchased before 1 April 2016

Group 2 Shares purchased 1 April 2016 to 30 September 2016

Distribution table (continued)
for the year ended 30 September 2016

Distributions on B income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.16	group 1	interim	1.071	-	1.071	1.208
31.05.16	group 2	interim	0.502	0.569	1.071	1.208
30.11.16	group 1	final	0.842	-	0.842	1.201
30.11.16	group 2	final	0.484	0.358	0.842	1.201

Distributions on B accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.16	group 1	interim	1.076	-	1.076	1.023
31.05.16	group 2	interim	0.714	0.362	1.076	1.023
30.11.16	group 1	final	0.863	-	0.863	1.194
30.11.16	group 2	final	0.228	0.635	0.863	1.194

Distributions on C accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.16	group 1	interim	1.137	-	1.137	0.480
31.05.16	group 2	interim	0.582	0.555	1.137	0.480
30.11.16	group 1	final	0.959	-	0.959	1.257
30.11.16	group 2	final	0.466	0.493	0.959	1.257

Equalisation

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

Accumulation distributions

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

Interim distribution:

Group 1	Shares purchased before 1 October 2015
Group 2	Shares purchased 1 October 2015 to 31 March 2016

Final distribution:

Group 1	Shares purchased before 1 April 2016
Group 2	Shares purchased 1 April 2016 to 30 September 2016

SVS Church House Deep Value Investment Fund

Investment Adviser's report

Investment objective and policy

The sub-fund has an objective of long-term capital growth from a concentrated portfolio of equity investments; income distributions (if any) are likely to be low. Over the long-term, the objective is to provide positive returns irrespective of the UK equity market; no attempt will be made to track, or perform relative to, the UK equity market. Long-term in this context means five years or more.

Capital invested in the sub-fund is at risk, there is no guarantee that a positive return will be achieved over a five year period, or any other time period. With such a concentrated portfolio of (typically) smaller company investments, volatility in the sub-fund's asset value is likely to be high.

The sub-fund will invest in the shares of companies that exhibit 'deep value' characteristics i.e. that exhibit balance sheet strength relative to their market capitalisation. To provide a margin of safety, the sub-fund seeks to identify companies that have traded profitably in the past and can realistically be expected to be able to return to profitability.

The sub-fund will have a concentrated portfolio; the number of investments is unlikely to exceed thirty at any one time. During periods when no suitable investments are identified the sub-fund may be substantially liquid for sustained periods; such liquidity may be maintained in cash deposits, UK Treasury bills and other short-dated UK Government securities.

The sub-fund will not invest more than 7% of its total assets in the securities of any one company or group at the time the investment is made. Primarily it will consider investment opportunities in companies admitted to trading on the London Stock Exchange and AIM, but up to thirty per cent of total assets may also be invested in companies listed overseas, principally in Western Europe and North America. No more than 10% of the sub-fund's total assets may be invested in collective investment schemes.

The sub-fund will, at all times, invest and manage its assets in a manner that is consistent with spreading investment risk and in accordance with its published investment policy.

It is the intention that derivatives and forward transactions will only be used for efficient portfolio management. The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

Investment performance

Performance	1 year to 30 September 2016	Launch to 30 September 2016
SVS Church House Deep Value Investment Fund Accumulation	11.2%	14.2%

Source: Bloomberg.

Investment activities

These comments refer to the latter six months of the sub-fund's year as we reported on the first six months in April 2016. SVS Church House Deep Value Investment Fund portfolio remained positive over the quarter up to June 2016, despite a difficult period for smaller companies generally. The volatility in the markets has thrown-up some opportunities and cash in the portfolio was lower.

The quarter saw the Japanese company, Sanshin Electronics, return to the portfolio after the switch-back performance of the Japanese stock market led to a 40% fall in their stock price. Having sold the previous holding in the autumn, it was quite surprising to see their stock back at an attractive 'net-net' value again.

Hornbeck Offshore Services, which provides transport for US offshore oil and gas rigs, released first quarter results, showing a small pre-tax loss and that a further number of ships had been "stacked" (temporarily taken out of service). However, the company's balance sheet remains in a strong position and capable of dealing with the downturn in the oil industry. In a similar vein, we added further to Thalassa Holdings, which provides seismic services to the industry, and met their management (the chairman is also buying further stock in the company).

Investment Adviser's report (continued)

Investment activities (continued)

Disappointingly, Norcon announced their intention to de-list from the market while their majority shareholder made an offer to buy shares from those not wishing to remain in an un-listed company. We have sold our holding and expressed our view to their chairman at this action at a time when their restructuring was starting to show positive results, profitability re-established and the outlook positive.

Late in the quarter, the market disruption threw up some opportunities as prices fell sharply in a number of areas. We have acquired holdings in two house-builders: Bovis Homes Group (incredibly their shares had fallen 40%) and Telford Homes.

This led into early acquisitions during July 2016 in two UK-focused property companies: Great Portland Estates and McKay Securities. Like the UK housebuilders acquired at the end of June, property companies faced severe pressure on their share prices after the Brexit vote. Shares in both companies dropped to such an extent that we could purchase at a 30% discount to the property valuations on their balance sheets. The two new investments in the UK housebuilders, Bovis Homes Group and Telford Homes, have behaved well so far.

BP Marsh & Partners issued a statement relating to a possible sale of one of their investee companies, Besso Insurance Group, which represents 27% of their net assets. Despite a subsequent rise in BP Marsh & Partners share price, they are still trading at a discount to net assets and we would prefer to hold this unique company for the longer term.

Among other top fifteen holdings: PV Crystalox Solar reported good half-year results (though a repeat is not expected in the second half). Their share price appreciated as management repeated the possibility of trade arbitration in their favour (expected by spring 2017) - a settlement that could be material to the company. H&T Group produced positive results, as did Hargreaves Services and Richardson Electronics (an American company). In contrast, results from London Capital Group Holdings showed continuing losses. We have sold half of the position in Pro Global Insurance Solutions, having reached “priced to perfection” levels.

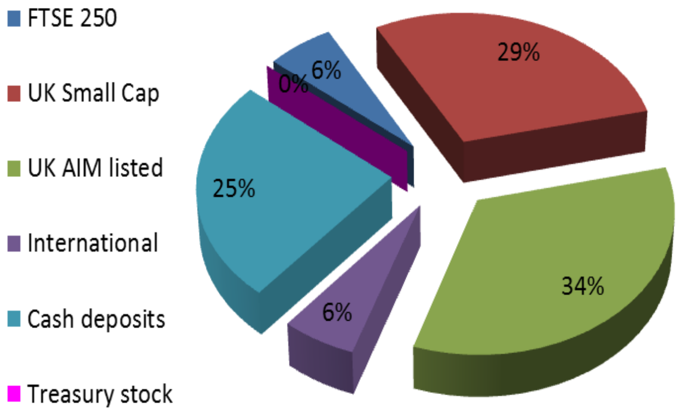
Top 15 as at 30 September 2016	
PV Crystalox Solar	9.2%
Record	7.2%
H&T Group	6.9%
BP Marsh & Partners	6.5%
Hydrogen Group	6.5%
Bovis Homes Group	5.6%
McKay Securities	5.1%
Enteq Upstream	4.0%
Telford Homes	3.9%
Catalyst Media Group	3.7%
Hargreaves Services	3.6%
IndigoVision Group	3.6%
Walker Crips Group	3.4%
Thalassa Holdings	3.0%
Panmure Gordon	2.9%

Investment Adviser's report (continued)

Investment strategy and outlook

The sub-fund holds a concentrated portfolio of equities (typically 20/25 holdings) that exhibit 'deep value' characteristics. Principally, these will be listed in London but up to 30% may be invested overseas. The pie chart below shows the disposition of assets in the sub-fund at the end of September; the proportions invested in UK Small Cap and Mid 250 stocks have grown following a series of acquisitions in the aftermath of the Brexit vote:

SVS Church House Deep Value Investment Fund – Disposition of Assets – 30 September 2016



Source: Church House Investments Limited

Church House Investments Limited
27 October 2016

Portfolio statement

as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities 0.00% (22.27%)			
AAA to AA* 0.00% (22.27%)		-	-
Equities 98.57% (72.42%)			
Equities - United Kingdom 89.51% (59.82%)			
Equities - incorporated in the United Kingdom 81.44% (49.41%)			
Basic Resources 1.36% (2.77%)			
Ambrian	4,750,000	106,875	1.36
Financial Services 27.80% (24.92%)			
BP Marsh & Partners	270,000	513,000	6.52
H&T Group	234,877	541,391	6.88
London Capital Group Holdings	2,140,000	64,200	0.82
Panmure Gordon	500,000	230,000	2.93
Record	2,318,815	568,110	7.22
Walker Crips Group	600,000	270,000	3.43
		2,186,701	27.80
Food & Beverage 0.00% (0.40%)		-	-
Industrial Goods & Services 10.09% (0.00%)			
Hargreaves Services	150,000	285,750	3.64
Hydrogen Group	1,450,000	507,500	6.45
		793,250	10.09
Insurance 0.95% (0.55%)			
Pro Global Insurance Solutions	500,000	75,000	0.95
Media 3.71% (2.00%)			
Catalyst Media Group	400,000	292,000	3.71
Oil & Gas 13.55% (5.38%)			
Enteq Upstream	2,005,000	310,775	3.95
JKX Oil & Gas	200,000	35,000	0.45
PV Crystalox Solar	4,000,000	720,000	9.15
		1,065,775	13.55
Personal & Household Goods 10.78% (9.24%)			
Bovis Homes Group	50,000	437,000	5.56
Havelock Europa	1,125,000	106,875	1.36
Telford Homes	100,000	304,000	3.86
		847,875	10.78

Portfolio statement (continued)
as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated in the United Kingdom (continued)			
Real Estate 7.55% (0.00%)			
Great Portland Estates	30,000	189,750	2.41
McKay Securities	200,000	404,000	5.14
		593,750	7.55
Retail 0.00% (2.38%)		-	-
Technology 3.61% (0.00%)			
IndigoVision Group	175,000	283,500	3.61
Travel & Leisure 2.04% (1.77%)			
Coretx Holdings	500,000	160,000	2.04
Total equities incorporated in the United Kingdom		6,404,726	81.44
Equities - incorporated outwith the United Kingdom 8.07% (10.41%)			
Financial Services 0.00% (1.53%)		-	-
Industrial Goods & Services 2.43% (5.78%)			
Redt Energy	1,700,000	191,250	2.43
Oil & Gas 5.64% (3.10%)			
Lamprell	300,000	207,000	2.63
Thalassa Holdings	675,000	236,250	3.01
		443,250	5.64
Total equities incorporated outwith the United Kingdom		634,500	8.07
Total equities - United Kingdom		7,039,226	89.51
Equities - Europe 0.00% (0.95%)		-	-
Equities - Israel 1.50% (3.88%)			
MTI Wireless Edge	550,000	118,250	1.50
Equities - Japan 2.63% (1.72%)			
Nippon Antenna	10,300	41,656	0.53
Sanshin Electronics	25,000	164,965	2.10
Total equities - Japan		206,621	2.63

Portfolio statement (continued)
as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - United States 4.93% (6.05%)			
CDI	2,443	10,664	0.13
Hornbeck Offshore Services	40,000	169,053	2.15
Richardson Electronics	40,001	208,165	2.65
Total equities - United States		387,882	4.93
Total equities		7,751,979	98.57
Portfolio of investments		7,751,979	98.57
Other net assets		112,266	1.43
Total net assets		7,864,245	100.00

The comparative figures in brackets are as at 30 September 2015.

* Grouped by credit rating - source: Interactive Data and Bloomberg.

United Kingdom equities are grouped in accordance with the Industry Classification Benchmark.

The Industry Classification Benchmark (ICB) is a joint product of FTSE International Limited and Dow Jones & Company, Inc. and has been licensed for use. "FTSE" is a trade and service mark of London Stock Exchange and the Financial Times Limited. "Dow Jones" and "DJ" are trade and service marks of Dow Jones & Company Inc. FTSE and Dow Jones do not accept any liability to any person for any loss or damage arising out of any error omission in the ICB.

Risk and reward profile

The risk and reward profile relates to all share classes.

The risk and reward indicator table demonstrates where the sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the sub-fund. The shaded area in the table below shows the sub-fund's ranking on the risk and reward indicator.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

The sub-fund is in a higher category because the price of its investments have risen and fallen frequently and more dramatically than some other types of investment. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the sub-fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to the future.

Where the sub-fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond’s market value.

Where investments are made in smaller company shares, these may be riskier as they can be more difficult to buy and sell. Their share prices may also move up and down more than larger companies.

The sub-fund is entitled to use derivative instruments for efficient portfolio management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

For further information please refer to the Key Investor Information Document ("KIID").

For full details on risk factors for the sub-fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the sub-fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the sub-fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

A accumulation shares launched on 29 February 2012 at 100.0p per share

B accumulation shares launched on 27 November 2014 at 120.5p per share

	A accumulation			B accumulation	
	2016	2015	2014	2016	2015^
	p	p	p	p	p
Change in net assets per share					
Opening net asset value per share	100.44	119.81	117.34	100.75	120.50
Return before operating charges	13.86	(17.78)	4.27	13.96	(18.60)
Operating charges	1.59	1.59	1.80	1.20	1.15
Return after operating charges *	12.27	(19.37)	2.47	12.76	(19.75)
Closing net asset value per share	112.71	100.44	119.81	113.51	100.75
Retained distributions on accumulation shares**	-	-	-	0.26	0.34
* after direct transaction costs of:	0.18	0.10	0.13	0.18	0.10
Performance					
Return after charges	12.22%	(16.17%)	2.10%	12.67%	(16.39%)
Other information					
Closing net asset value (£)	6,025,276	7,697,794	9,895,446	1,838,969	1,317,364
Closing number of shares	5,345,955	7,664,436	8,259,279	1,620,134	1,307,493
Ongoing charges	1.48%	1.41%	1.41%	1.11%	1.04%
Direct transaction costs	0.17%	0.09%	0.10%	0.17%	0.09%
Prices					
Highest share price (p)	116.00	121.80	139.90	116.80	121.60
Lowest share price (p)	97.65	109.10	116.30	98.10	102.50

** rounded to two decimal places.

^ Annualised based on the expenses incurred during the period 27 November 2014 to 30 September 2015.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Ongoing charges figure

The ongoing charges figure ("OCF") provides investors with a clearer picture of the total annual costs in running a collective investment scheme. The OCF consists principally of the ACD's periodic charge and the Investment Adviser's fee which are included in the annual management charge, but also includes the costs for other services paid.

A accumulation	30.09.16	30.09.15
Annual management charge	1.25%	1.25%
Other expenses	0.23%	0.16%
Ongoing charges figure	1.48%	1.41%

B accumulation	30.09.16	30.09.15^
Annual management charge	0.88%	0.88%
Other expenses	0.23%	0.16%
Ongoing charges figure	1.11%	1.04%

^ Annualised based on the expenses incurred during the period 27 November 2014 to 30 September 2015.

Please note the ongoing charges figure is indicative of the charges which the share classes may incur in a year as it is calculated on historical data.

Financial statements - SVS Church House Deep Value Investment Fund

Statement of total return
for the year ended 30 September 2016

	Notes	2016		2015	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		1,165,484		(1,708,170)
Revenue	3	133,050		148,743	
Expenses	4	(138,587)		(133,822)	
Net (expense) / revenue before taxation		(5,537)		14,921	
Taxation	5	(4,628)		(13,630)	
Net (expense) / revenue after taxation			(10,165)		1,291
Total return before distributions			1,155,319		(1,706,879)
Distributions	6		(3,748)		(2,142)
Change in net assets attributable to shareholders from investment activities			1,151,571		(1,709,021)

Statement of change in net assets attributable to shareholders
for the year ended 30 September 2016

	2016		2015	
	£	£	£	£
Opening net assets attributable to shareholders		9,015,158		9,895,446
Amounts receivable on issue of shares	741,428		1,617,078	
Amounts payable on cancellation of shares	(3,048,006)		(791,816)	
		(2,306,578)		825,262
Change in net assets attributable to shareholders from investment activities		1,151,571		(1,709,021)
Retained distributions on accumulation shares		4,094		3,471
Closing net assets attributable to shareholders		7,864,245		9,015,158

Balance sheet
as at 30 September 2016

	Notes	2016	2015
		£	£
Assets:			
Fixed assets:			
Investments		7,751,979	8,536,665
Current assets:			
Debtors	7	19,480	18,222
Cash and bank balances	8	2,594,017	466,629
Total assets		10,365,476	9,021,516
Liabilities:			
Creditors:			
Other creditors	9	(2,501,231)	(6,358)
Total liabilities		(2,501,231)	(6,358)
Net assets attributable to shareholders		7,864,245	9,015,158

Notes to the financial statements

for the year ended 30 September 2016

1. Accounting policies

The accounting policies are disclosed on pages 7 to 9.

2. Net capital gains / (losses)

	2016	2015
	£	£
Non-derivative securities - realised gains	362,034	185,734
Non-derivative securities - movement in unrealised gains / (losses)	814,690	(1,890,232)
Currency losses	(10,426)	(2,930)
Transaction charges	(814)	(742)
Total net capital gains / (losses)	1,165,484	(1,708,170)

Unrealised gains/losses are disclosed as the movement in unrealised gains/losses on investments between the prior year and the current year. Where realised gains/losses on investments include unrealised gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains/losses.

3. Revenue

	2016	2015
	£	£
Franked revenue	103,778	95,380
Overseas revenue	19,426	47,179
Interest on debt securities	9,846	6,184
Total revenue	133,050	148,743

4. Expenses

	2016	2015
	£	£
Payable to the ACD and associates		
Annual management charge	116,938	119,934
Registration fees	381	329
	117,319	120,263
Payable to the Depositary		
Depositary fees	8,505	6,000
Other expenses:		
Audit fee	6,120	4,980
Safe custody fees	3,064	1,836
Bank interest	-	7
FCA fee	60	136
Platform charges	369	-
Publication fee	1,560	-
Legal fee	1,590	600
	12,763	7,559
Total expenses	138,587	133,822

Notes to the financial statements (continued)

for the year ended 30 September 2016

5. Taxation

	2016	2015
	£	£
a. Analysis of the tax charge for the year		
Overseas tax withheld	4,628	13,630
Total taxation (note 5b)	4,628	13,630

b. Factors affecting the tax charge for the year

The tax assessed for the year is higher (2015: higher) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2015: 20%). The differences are explained below:

	2016	2015
	£	£
Net (expense) / revenue before taxation	(5,537)	14,921
Corporation tax @ 20%	(1,107)	2,984
Effects of:		
Franked revenue	(20,756)	(19,076)
Overseas revenue	(3,885)	(9,435)
Overseas tax withheld	4,628	13,630
Expenses not deductible for tax purposes	318	120
Excess management expenses	25,430	25,407
Total taxation (note 5a)	4,628	13,630

c. Provision for deferred taxation

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £113,673 (2015: £88,243).

6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2016	2015
	£	£
Interim accumulation distribution	400	307
Final accumulation distribution	3,694	3,164
	4,094	3,471
Equalisation:		
Amounts deducted on cancellation of shares	43	635
Amounts added on issue of shares	(380)	(1,127)
Net equalisation on conversions	(9)	(837)
Total net distributions	3,748	2,142

Notes to the financial statements (continued)
for the year ended 30 September 2016

6. Distributions (continued)

Reconciliation between net (expense) / revenue and distributions:	2016	2015
	£	£
Net (expense) / revenue after taxation per Statement of total return	(10,165)	1,291
Undistributed revenue brought forward	8	-
Revenue shortfall transferred from capital	13,907	859
Undistributed revenue carried forward	(2)	(8)
Distributions	3,748	2,142

Details of the distribution per share are disclosed in the Distribution table.

7. Debtors	2016	2015
	£	£
Amounts receivable on issue of shares	177	88
Accrued revenue	19,271	17,814
Prepaid expenses	32	320
Total debtors	19,480	18,222

8. Cash and bank balances	2016	2015
	£	£
Total cash and bank balances	2,594,017	466,629

9. Other creditors	2016	2015
	£	£
Amounts payable on cancellation of shares	2,493,839	-
Accrued expenses:		
Safe custody fees	1,139	429
Audit fee	6,120	5,700
FCA fee	-	67
Transaction charges	133	162
	7,392	6,358
Total accrued expenses	7,392	6,358
Total other creditors	2,501,231	6,358

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

11. Share classes

The sub-fund currently has two share classes; A accumulation and B accumulation.

The following reflects the change in shares in issue for each share class in the year:

	A accumulation
Opening shares in issue	7,664,436
Total shares issued in the year	369,586
Total shares cancelled in the year	(2,680,853)
Total shares converted in the year	(7,214)
Closing shares in issue	5,345,955

Notes to the financial statements (continued)
for the year ended 30 September 2016

11. Share classes (continued)

	B accumulation
Opening shares in issue	1,307,493
Total shares issued in the year	328,159
Total shares cancelled in the year	(22,702)
Total shares converted in the year	7,184
Closing shares in issue	1,620,134

The annual management charge for each share class is as follows:

A accumulation	1.25%
B accumulation	0.875%

The annual management charge includes the ACD's period charge and the Investment Adviser's fee.

Further information in respect of the return per share is disclosed in the Comparative table.

The ACD's periodic charge is 0.15% of the net asset value if the sub-fund per annum. The Investment Adviser's fee is the remainder of the annual management charge after payment of the ACD's periodic charge.

On the winding up of a sub-fund all the assets of the sub-fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each class has the same rights on winding up.

12. Related party transactions

Smith & Williamson Fund Administration Limited, as ACD, is a related party due to its ability to act in respect of the operations of the sub-fund.

The ACD acts as principal in respect of all transactions of shares in the sub-fund. The aggregate monies received and paid through the issue and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders.

Amounts payable to the ACD and its associates are disclosed in note 4.

A director of the ACD, the Investment Adviser or a body corporate within the same group as the ACD or Investment Adviser may have significant influence over the financial and operating policies of the sub-fund and as such is deemed to be a related party.

	2016	2015
Church House Investments Limited	49.27%	39.99%

A shareholder with a holding in excess of 20% of the value of the sub-fund may be able to exercise significant influence over the financial and operating policies of the sub-fund with reference to shareholders' voting rights at general meetings and as such is deemed to be a related party.

Parties with an interest in excess of 20% of the sub-fund are as follows:

	2016	2015
Church House Investments Limited	49.27%	39.99%
Bank of New York (Nominees) Limited	20.62%	13.77%
vB Global Holdings Limited	-	24.33%

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A accumulation shares has increased from 112.71p to 127.83p and the B accumulation shares has increased from 113.51p to 128.93p as at 9 January 2017. This movement takes into account routine transactions but also reflects the market movements of recent months.

Notes to the financial statements (continued)

for the year ended 30 September 2016

14. Transaction costs

a Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

	2016	% of purchases by asset class	2015	% of purchases by asset class
Purchases:	£		£	
Equities - purchases before transaction costs	3,180,529		2,287,226	
Commission	5,861	0.18%	5,975	0.26%
Taxes	4,917	0.15%	215	0.01%
Total direct transaction costs - equities	10,778	0.34%	6,190	0.27%
Equities - purchases after direct transaction costs	3,191,307		2,293,416	
Bonds - purchases*	5,075,000		2,013,600	
Total purchases after direct transaction costs	8,266,307		4,307,016	

* No direct transaction costs were incurred in these transactions.

	2016	% of sales by asset class	2015	% of sales by asset class
Sales:	£		£	
Equities - sales before transaction costs	3,142,633		1,756,900	
Commission	(5,786)	0.18%	(2,897)	0.17%
Taxes	(8)	0.00%	-	-
Total direct transaction costs - equities	(5,794)	0.18%	(2,897)	0.17%
Equities - sales after direct transaction costs	3,136,839		1,754,003	
Bonds - sales*	7,047,215		1,003,570	
Total sales after direct transaction costs	10,184,054		2,757,573	
Capital events^	-		459,000	

* No direct transaction costs were incurred in these transactions.

^ The total sales exclude capital events as there were no direct transaction costs charged in these transactions.

Notes to the financial statements (continued)

for the year ended 30 September 2016

14. Transaction costs (continued)

Summary of direct transaction costs

No direct transaction costs were incurred in the purchase and sale of investments.

The following represents the total of each type of transaction cost, expressed as a percentage of the sub-fund's average net asset value in the year:

	2016	% of average net asset value	2015	% of average net asset value
	£		£	
Commission	11,647	0.12%	8,872	0.09%
Taxes	4,925	0.05%	215	0.00%

b Average portfolio dealing spread

The average dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 3.80% (2015: 4.19%).

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies

In pursuing the sub-fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the sub-fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the sub-fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements; other price risk, currency risk, and interest rate risk.

(i) Other price risk

The sub-fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main element of the portfolio of investments which is exposed to this risk is equities which are disclosed in the Portfolio statement.

This risk is generally regarded as consisting of two elements; stock specific risk and market risk. Through these two factors, the sub-fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the sub-fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

The foreign currency risk profile of the sub-fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2016	£	£	£
Euro	116,516	-	116,516
US dollar	387,882	-	387,882
Japanese yen	206,621	1,710	208,331
Total foreign currency exposure	711,019	1,710	712,729

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk (continued)

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2015	£	£	£
Euro	85,814	-	85,814
US dollar	545,479	-	545,479
Japanese yen	155,471	1,738	157,209
Total foreign currency exposure	786,764	1,738	788,502

(iii) Interest rate risk

Interest rate risk is the risk that the value of the sub-fund's investments will fluctuate as a result of interest rate changes.

During the year the sub-fund's direct exposure to interest rates consisted of cash and bank balances.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The sub-fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

There is no exposure to interest bearing securities at the balance sheet date.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2016	£	£	£	£	£	£
UK sterling	2,477,501	-	-	7,175,246	(2,501,231)	7,151,516
Euro	116,516	-	-	-	-	116,516
US dollar	-	-	-	387,882	-	387,882
Japanese yen	-	-	-	208,331	-	208,331
	2,594,017	-	-	7,771,459	(2,501,231)	7,864,245

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2015	£	£	£	£	£	£
UK sterling	466,629	-	2,008,059	5,758,326	(6,358)	8,226,656
Euro	-	-	-	85,814	-	85,814
US dollar	-	-	-	545,479	-	545,479
Japanese yen	-	-	-	157,209	-	157,209
	466,629	-	2,008,059	6,546,828	(6,358)	9,015,158

b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the sub-fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the sub-fund. The sub-fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The sub-fund holds cash and cash deposits with financial institutions which potentially exposes the sub-fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the sub-fund of default.

c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the sub-fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The sub-fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the sub-fund may not be able to immediately sell such securities.

The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The dearth of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the ACD's ability to execute substantial deals.

To reduce liquidity risk the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the sub-fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the sub-fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the sub-fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts these are payable in less than one year.

Notes to the financial statements (continued)
for the year ended 30 September 2016

15. Risk management policies (continued)

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the sub-fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

Valuation technique	Investment assets 2016 £	Investment liabilities 2016 £
Quoted prices in active markets	7,751,979	-
Inputs other than quoted prices that are observable	-	-
Inputs are unobservable and market data is unavailable	-	-
	7,751,979	-

Valuation technique	Investment assets 2015 £	Investment liabilities 2015 £
Quoted prices in active markets	8,536,665	-
Inputs other than quoted prices that are observable	-	-
Inputs are unobservable and market data is unavailable	-	-
	8,536,665	-

e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

f Derivatives

The sub-fund may employ derivatives with the aim of reducing the sub-fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with efficient portfolio management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the sub-fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

During the year there were no derivative transactions.

Notes to the financial statements (continued)

for the year ended 30 September 2016

15. Risk management policies (continued)

f Derivatives (continued)

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the sub-fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the sub-fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The sub-fund may transact in derivative contracts which potentially exposes the sub-fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

(ii) Leverage

There have been no leveraging arrangements in the year.

(iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a sub-fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date there is no global exposure to derivatives.

There have been no collateral arrangements in the year.

Distribution table

for the year ended 30 September 2016

Distributions on B accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.16	group 1	interim	0.027	-	0.027	0.099
31.05.16	group 2	interim	-	0.027	0.027	0.099
30.11.16	group 1	final	0.228	-	0.228	0.242
30.11.16	group 2	final	0.127	0.101	0.228	0.242

There were no distributions allocated in respect of A accumulation shares in the year as expenses exceed the revenue of the share class.

Equalisation

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

Accumulation distributions

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

Interim distribution:

Group 1	Shares purchased before 1 October 2015
Group 2	Shares purchased 1 October 2015 to 31 March 2016

Final distribution:

Group 1	Shares purchased before 1 April 2016
Group 2	Shares purchased 1 April 2016 to 30 September 2016

Remuneration

Remuneration code disclosure

The remuneration committee is responsible for setting the remuneration policy for all partners, directors and employees within the Smith & Williamson Group including individuals designated as Material Risk Takers under the FCA and PRA Remuneration Code and the AIFMD and UCITS V Remuneration Codes. The remuneration policy is designed to be compliant with each code and provides a framework to attract, retain and reward partners, directors and employees and to foster and support prudent risk management, with particular attention to conduct risk.

Remuneration committee

The remuneration committee report contained in the Smith & Williamson Report and Financial Statements for the year ended 30 April (available at http://www.smith.williamson.co.uk/media-events/publications/) includes details of the applicable remuneration policy. The remuneration committee, which comprises six non-executive directors, is governed by formal terms of reference, which are reviewed and agreed annually by the board. The committee meets on average 4 times during a year.

Remuneration policy

The overall policy is designed to promote the long term success of the group. The main principles of the remuneration policy are:

- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices
- to align remuneration with the strategy and performance of the business
- to foster and support conduct and behaviours which are in line with our culture and values
- to maintain a sound risk management framework
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking
- to comply with all relevant regulatory requirements.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. When setting variable remuneration, supervisors and managers take into account Risk and Compliance data in relation to any breaches or issues with respect to compliance, treating customers fairly (TCF), conduct risk, professional indemnity (PI) issues or complaints and the cost of correcting errors.

Remuneration systems

The committee reviews all partners' and directors' fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a deferred option plan, Matching Share Plan, Executive Long Term Incentive Plan (LTIP) and an Investment Management LTIP.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of directors and employees typically comprises of a salary with benefits including pension scheme, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners and directors are also eligible to participate, at the invitation of the remuneration committee, in the equity incentive plans described above.

When considering variable remuneration for the executive directors, the committee takes account of overall business profit for the group and divisions, the achievement of both financial and non-financial objectives (including adherence to the principles of TCF, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 30 April. The remuneration committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be deferred under the Executive Long Term Incentive Plan.

Remuneration (continued)

Aggregate Quantitative Information - AIFMD

The total amount of remuneration paid by Smith & Williamson Fund Administration Limited (SWFAL) is nil as SWFAL has no employees. However, a number of employees have remuneration costs recharged to SWFAL and the annualised remuneration for these 73 employees is £2,953,573, of which £2,753,724 is fixed remuneration. This is based on the annualised salary and benefits as at 30 April 2016, and any variable remuneration awarded for the year ending 30 April 2016. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed below.

Smith & Williamson reviews its MRTs at least annually, and identifies individual roles that can materially affect the risk of SWFAL or any of the AIFs it manages. These individuals are employed by and provide services to other companies in the Smith & Williamson group. It is difficult to apportion remuneration for these individuals in respect of their duties to SWFAL and its AIFs. For this reason, the aggregate total remuneration awarded for the financial year 2015-16 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for SWFAL (£000)	Financial Year ending 30 April 2016				
		Variable			
	Fixed	Cash	Equity	Total	No. MRTs
Senior Management	£2,678	£1,784	£339	£4,801	17
Other MRTs	£1,208	£787	£162	£2,157	11
Total	£3,886	£2,571	£501	£6,958	28

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed/allocated semi-annually on 31 May (interim) and 30 November (final). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 October	final
	1 April	interim
Reporting dates:	30 September	annual
	31 March	interim

Shareholders will receive a short report within four months of the annual reporting date and within two months of the interim reporting date.

Buying and selling shares

The property of the sub-funds is valued at 12 noon Monday to Friday where these days are business days, with the exception of Christmas Eve and New Year's Eve or a bank holiday in England and Wales, or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary; and prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

	Minimum initial investment and minimum holding value	Minimum subsequent investment
SVS Church House Tenax Absolute Return Strategies Fund:		
Share classes available for investment		
A income and accumulation shares	£5,000	£5,000
B income and accumulation shares	£100,000	£100,000
C income and accumulation shares	£1,000,000	£1,000,000
SVS Church House Deep Value Investment Fund:		
Share classes available for investment		
A accumulation shares	£5,000	£1,000
B accumulation shares	£100,000	£100,000

The price of shares and the estimated yield of the sub-fund's are published on the following website: www.fundlistings.com or may be obtained from the ACD by calling 0141 222 1150.

Management charges

SVS Church House Tenax Absolute Return Strategies Fund:

The annual management charge is 1.25% per annum for A shares, 0.875% per annum for B shares and 0.75% per annum for C shares, excluding the value of the securities managed by the Investment Adviser.

The ACD's periodic charge is 0.15% of the net asset value if the sub-fund per annum. The Investment Adviser's fee is the remainder of the annual management charge after payment of the ACD's periodic charge.

The annual management charge includes the ACD's periodic charge and the Investment Adviser's fee.

SVS Church House Deep Value Investment Fund:

The annual management charge is 1.25% per annum for A accumulation shares, and 0.875% per annum for B accumulation shares.

The ACD's periodic charge is 0.15% of the net asset value if the sub-fund per annum. The Investment Adviser's fee is the remainder of the annual management charge after payment of the ACD's periodic charge.

The annual management charge includes the ACD's periodic charge and the Investment Adviser's fee.

Further information (continued)

Capital Gains Tax

Authorised collective investment schemes, such as the Company are exempt from capital gains tax.

You may be liable to capital gains tax when you sell all or some of your shares if your total gains in the relevant tax year exceed the annual exemption. For the tax year 2016/2017, the first £11,100 of any gains is exempt for UK individuals and certain companies.

If investors are in any doubt as to their taxation position they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

Any references in this report to other investments held within the Company should not be read as a recommendation to the investor to buy or sell, but are included as illustrations only. This is not an offer nor a solicitation to buy or sell any investment referred to in this document. The issuer and its affiliates and/or their officers, directors and employees may own or have positions in any investment mentioned herein or any investment related thereto and from time to time may add to or dispose of any such investment. The contents of this document are based upon sources of information believed to be reliable but no guarantee, warranty or representation, express or implied, is given to their accuracy or completeness.

Appointments

Authorised Corporate Director ("ACD") and Registered office

St Vincent St Fund Administration (a trading name of Smith & Williamson Fund Administration Limited)
25 Moorgate
London EC2R 6AY
Telephone: 020 7131 4000
Authorised and regulated by the Financial Conduct Authority

Administrator and Registrar

St Vincent St Fund Administration (a trading name of Smith & Williamson Fund Administration Limited)
206 St. Vincent Street
Glasgow G2 5SG
Telephone: 0141 222 1151 (Registration)
0141 222 1150 (Dealing)
Authorised and regulated by the Financial Conduct Authority

Directors of the ACD

David Cobb
Giles Murphy
Jocelyn Dalrymple
Kevin Stopps
Paul Wyse
Peter Maher
Susan Shaw
James Gordon - appointed 21 January 2016
Grant Hotson - appointed 22 August 2016
Tas Quayum - appointed 22 August 2016
Sheridan Lees - resigned 3 February 2016
Tim Lyford - resigned 31 March 2016
Jeremy Boadle - resigned 31 October 2016

Investment Adviser

Church House Investments Limited
York House
6 Coldharbour
Sherborne
Dorset DT9 4JW
Authorised and regulated by the Financial Conduct Authority

Depositary

BNY Mellon Trust & Depositary (UK) Limited - to 29 January 2016
The Bank of New York Mellon Centre
160 Queen Victoria Street
London EC4V 4LA
Authorised and regulated by the Financial Conduct Authority

Appointments (continued)

Depositary (continued)

National Westminster Bank Plc - from 30 January 2016
Trustee and Depositary Services
Younger Building
1st Floor
3 Redheughs Avenue
Edinburgh EH12 9RH

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG