

SVS CH Special Mandates Fund

Annual Report

for the year ended 30 September 2017

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SVS CH Special Mandates Fund

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

St Vincent St Fund Administration Limited (a trading name of Smith & Williamson Fund Administration Limited), as ACD hereby presents the Annual Report ("the Report") for SVS CH Special Mandates Fund for the year ended 30 September 2017.

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 published by the Financial Conduct Authority ("FCA"). As the Company is a non-UCITS retail scheme, the ACD also acts as Alternative Investment 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 claims 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 resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The Company has no Directors other than the ACD.

The shareholders are not liable for the debts of the Company.

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 the Key Investor Information Document ("KIID") are available on request 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

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 SVS Church House Tenax Absolute Return Strategies Fund.

Sub-fund	Sub-fund	Holding
SVS CH Special Mandates - Deep Value Investments Fund	SVS Church House Tenax Absolute Return Strategies Fund	970,000

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

On 7 August 2017, the dilution levy threshold in SVS Church House Tenax Absolute Return Strategies Fund was changed from 'not applied' to 5%.

On 7 August 2017, the dilution levy threshold in SVS Church House Deep Value Investments Fund was changed from 'not applied' to 1%.

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 70.

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

B McLean

Director

Smith & Williamson Fund Administration Limited

10 January 2018

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook ("the COLL Rules") and The Investment Funds sourcebook ("FUND"), published by the FCA require the Authorised Corporate Director ("ACD") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains on the property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds published by the Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and 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 Authorised Corporate Director ("the ACD") 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 ACD:

- (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, and 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
10 January 2018

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

Opinion

We have audited the financial statements of the Company for the year ended 30 September 2017 which comprise the Statements of Total Return, the Statements of Change 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 8 to 10.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the sub-funds as at 30 September 2017 and of the net revenue and the net capital gains on the property 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Authorised Corporate Director (Smith & Williamson Fund Administration Limited) is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Authorised Corporate Director's Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following 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.

Authorised Corporate Director's responsibilities

As explained more fully in their statement set out on page 4, the Authorised Corporate Director is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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') published 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.

Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
10 January 2018

Accounting policies of SVS CH Special Mandates Fund for the year ended 30 September 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") and in accordance with the Statement of Recommended Practice for UK Authorised Funds ("the SORP") published by The Investment Association in May 2014. The Company has 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 29 September 2017.

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 29 September 2017 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.

Derivatives are valued at the price which would be required to close out the contract at the balance sheet date.

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 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.

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

Accounting policies of SVS CH Special Mandates Fund (continued)

for the year ended 30 September 2017

d Revenue (continued)

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 2017 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.

Accounting policies of SVS CH Special Mandates Fund (continued)
for the year ended 30 September 2017

j Distribution policies

i Basis of distribution

SVS Church House Tenax Absolute Return Strategies Fund

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 CH Special Mandates - Deep Value Investments Fund

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.

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 2017	1 Year	3 Years	5 Years
SVS Church House Tenax Absolute Return Strategies Fund A accumulation	+3.00%	+121.6%	+26.2%
SVS Church House Tenax Absolute Return Strategies Fund B accumulation	+3.3%	+13.6%	+28.1%
Annual Volatility** 'A' shares	1.6%	2.5%	2.7%
Three-month £ LIBOR	0.33%	0.56%	0.60%

Source: Bloomberg, Smith & Williamson Fund Administration Limited.

* Percentage change in bid price of accumulation shares.

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

Investment activities

The SVS Church House Tenax Absolute Return Strategies Fund has continued to receive significant in-flows over the year, now sitting at £150.5m, having more than doubled in size over the year. Accordingly, the volume of transactions has been quite high as we invest the new funds. The comments below refer to the latter six months of the sub-fund's year as we reported on the first six months in April.

Top 15 holdings as at 30 September 2017	
United Kingdom Gilt 1.25% 22/07/2018	10.63%
European Investment Bank 1.5% 01/02/2019	3.34%
Barclays Bank 0.5115% 22/05/2020	1.98%
European Investment Bank 1.375% 15/01/2018	1.98%
Santander UK 0.55213% 05/05/2020	1.39%
Bank of Nova Scotia 0.74344% 14/01/2019	1.32%
Coventry Building Society 0.63256% 17/03/2020	1.32%
European Investment Bank 0.53025% 25/05/2018	1.32%
European Investment Bank 0.53088% 17/02/2020	1.32%
Province of Ontario Canada 0.37213% 10/11/2020	1.32%
Royal Bank of Scotland 0.53963% 15/05/2020	1.32%
ABN AMRO Bank 0.77744% 30/11/2018	1.32%
Nordea Eiendomskreditt 0.71344% 14/01/2019	1.26%
European Investment Bank 0.54469% 16/04/2019	1.16%
Lloyds Bank 0.59469% 16/01/2020	1.16%

Investment Adviser's report (continued)

Investment activities (continued)

The sub-fund's top holdings reflect the weighting in high quality floating rate notes (FRNs), which still dominate the list interspersed with a few of the short-dated fixed interest holdings (essentially cash alternatives). FRNs remain as one of our favoured areas at present and many of the transactions have been in this area, maintaining the weighting and re-investing funds from maturing notes. We have also retained a position in a few USD FRNs, new this last quarter is a holding in AP Moller - Maersk 3.42389% 16/03/2021. The proportion held in short-dated conventional fixed interest stock is steady, notable this time was an addition to our holding in John Lewis 8.375% 08/04/2019. Direct exposure to equities is lower but we have been adding to other higher risk assets.

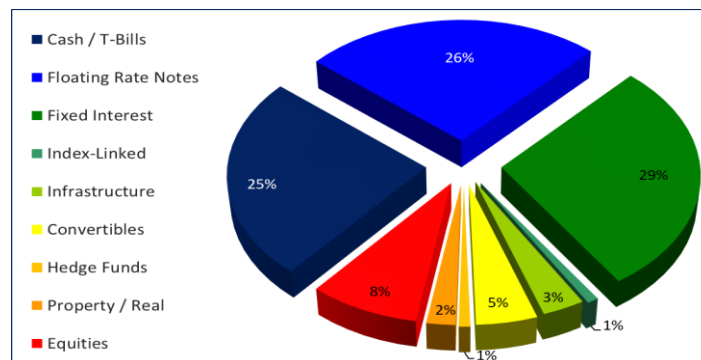
We have added further to the positions in convertible loan stocks, which we consider to be particularly suitable for the sub-fund's portfolio. One recent example being an issue from Orange 0.375% 27/06/2021, the French telecoms company. This bond is convertible into British Telecom stock (Orange own around 4% of British Telecom) until 2021 - an interesting proposition as British Telecom have performed so poorly over the past eighteen months.

Investment strategy and outlook

With UK interest rates still at 0.25% in October 2017, while inflation nudges 4%, an absolute return portfolio like SVS Church House Tenax Absolute Return Strategies Fund faces an interesting conundrum: where to go to find a respectable return without taking on undue risk. For the present, our solution is to build on a core of FRNs holdings, where the interest paid will increase if interest rates generally are ever allowed back up, and short-dated fixed interest holdings, where we are not exposed to the mounting risk in other fixed interest investments. Beyond this, we have a highly diversified portfolio across other assets. Pleasingly, we have been able to buy some convertible holdings recently and can find value in some areas of commercial property.

The sub-fund's disposition at the end of the period (shown in the pie chart below) is still at the highly cautious end of the spectrum as we distrust the current structure of interest rates. The conundrum that we set out above, interest rates being at multi-year lows and markedly below the current rate of inflation leaving few opportunities to earn a reasonable return without taking on undue risk, remains in place. The slight increase in interest rates at the (very) short end has eased the problem of cash management, which was rapidly heading towards negative interest rates - still the case in much of Europe.

SVS Church House Absolute Return Strategies Fund - Asset Allocation 30 September 2017



Source: Church House Investments Limited

The political and geo-political risk background doesn't get any easier, if anything, it seems to be getting worse. North Korean belligerence and President Trump's response to it are centre stage, now we have the unfortunate decision not to 're-certify' the Iran nuclear treaty. Domestic politics has not been encouraging to watch, while Europe has seen Chancellor Merkel's power diminished, a constitutional crisis developing in Spain and another brewing in Italy (not to mention Brexit, which is a problem for them too).

Stock markets have, largely, remained calm, notably in America which has continued to reach new high levels. Our market has not made any progress over the past six months; beside the political risks, it has been uncertain about the rise in sterling. We suspect that markets should continue to shake-off worries over North Korea as long as China and America appear to be cooperating and there is no actual military action.

The UK economy has slowed and this may persist for a few months, but the rest of the world is showing buoyant growth and, barring a complete political melt-down, this should lift us as we move into next year. Unfortunately, inflation is still picking up at a time when wage growth is stuck around 2%, a rotten mix and one that leads (understandably) to social unrest, not to mention the risk of Messrs Corbyn and McDonnell.

Investment Adviser's report (continued)

Investment strategy and outlook (continued)

The Bank of England appears likely to raise rates (slightly) before the end of the year and the European Central Bank is talking about tapering its programme. It is time to get out of first gear, emergency funding should be for crises only, not a permanent life support system.

Church House Investments Limited

October 2017

Summary of portfolio changes for the year ended 30 September 2017

The below represents the major purchases and the major sales in the year to reflect a clearer picture of the major investment activities.

	Cost £
Purchases	
UK Treasury Gilt 1.25% 22/07/2018	16,130,800
UK Treasury Gilt 0% 25/09/2017	9,999,080
UK Treasury Gilt 0% 07/08/2017	9,998,915
European Investment Bank 1.5% 01/02/2019	5,063,600
UK Treasury Gilt 0% 21/04/2017	4,999,753
European Investment Bank 1.375% 15/01/2018	3,028,890
UK Treasury Bill 0% 31/01/2017	2,999,549
Santander UK 0.55213% 05/05/2020	2,103,518
Bank of Nova Scotia 0.74344% 14/01/2019	2,010,930
Royal Bank of Scotland 0.53963% 15/05/2020	2,002,025
Province of Ontario Canada 0.37213% 10/11/2020	2,000,145
Nordea Eiendoms kreditt 0.71344% 14/01/2019	1,910,730
Bank of America 7.75% 30/04/2018	1,605,000
JPMorgan Chase 2.21444% 25/01/2018	1,552,487
Lloyds Bank 0.47844% 19/01/2018	1,511,326
Toronto-Dominion Bank 0.76544% 01/02/2019	1,509,204
Orange 0.375% 27/06/2021	1,507,252
Barclays Bank 0.5115% 22/05/2020	1,503,590
Goldman Sachs International 0% BDS 19/02/18	1,500,800
Barclays Bank Index Linked GTD 22/05/2020	1,500,000
	Proceeds £
Sales	
UK Treasury Gilt 0% 07/08/2017	10,000,000
UK Treasury Gilt 0% 25/09/2017	10,000,000
UK Treasury Gilt 1% 07/09/2017	5,000,000
UK Treasury Gilt 0% 21/04/2017	5,000,000
UK Treasury Bill 0% 12/12/2016	4,000,000
UK Treasury Bill 0% 31/01/2017	3,000,000
European Investment Bank 3.25% 07/12/2016	1,996,100
JPMorgan Chase 0.81669% 30/05/2017	1,700,000
GE Capital UK Funding Unlimited - 4.125% 28/09/2017	1,500,000
UK Treasury Gilt 1.75% 22/01/2017	1,000,000
Royal Bank of Canada 5.75% 01/06/2017	1,000,000
Statoil ASA 1.107% 15/05/2018	987,460
Goldman Sachs Group 1.5372% 15/09/2020	829,672
Odey Investments - Odey Naver Fund	796,873
Mellon Capital III 1.875% 05/09/2066	750,000
Abbey National Treasury Services 0.88975% 20/01/2017	700,000
Nationwide Building Society 0.55663% 17/07/2017	700,000
Renewables Infrastructure Group	662,121
Lloyds Bank 2.02656% 22/03/2017	600,000
Tritax Big Box REIT	589,817

Portfolio statement

as at 30 September 2017

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities* 69.71% (64.94%)			
Aaa to Aa2* 42.91% (37.86%)			
Australia & New Zealand Banking Group 0.78088% 11/02/2019 ^	£270,000	271,503	0.18
Bank of Montreal 0.49806% 20/07/2020 ^	£1,500,000	1,502,205	0.99
Bank of Nova Scotia 0.47806% 02/11/2017 ^	£1,065,000	1,065,074	0.70
Bank of Nova Scotia 0.74344% 14/01/2019 ^	£2,000,000	2,009,520	1.32
Barclays Bank 0.5115% 22/05/2020 ^	£3,000,000	3,007,140	1.98
Canadian Imperial Bank of Commerce 0.48469% 15/01/2018 ^	£500,000	500,215	0.33
Canadian Imperial Bank of Commerce 0.72656% 10/01/2022 ^	£1,000,000	1,006,910	0.66
Canadian Imperial Bank of Commerce 0.80669% 11/03/2019 ^	£500,000	503,210	0.33
Commonwealth Bank of Australia 0.58931% 24/01/2018 ^	£500,000	500,390	0.33
Coventry Building Society 0.63256% 17/03/2020 ^	£1,990,000	1,997,940	1.32
Deutsche Pfandbriefbank 0.84594% 13/01/2020 ^	£1,000,000	1,003,520	0.66
European Investment Bank 0.53025% 25/05/2018 ^	£2,000,000	2,003,200	1.32
European Investment Bank 0.53088% 17/02/2020 ^	£2,000,000	2,007,100	1.32
European Investment Bank 0.54469% 16/04/2019 ^	£1,750,000	1,756,667	1.16
European Investment Bank 1.375% 15/01/2018	£3,000,000	3,008,730	1.98
European Investment Bank 1.5% 01/02/2019	£5,000,000	5,060,525	3.34
Leeds Building Society 0.55213% 09/02/2018 ^	£1,750,000	1,751,347	1.15
Lloyds Bank 0.47844% 19/01/2018 ^	£1,510,000	1,510,770	1.00
Lloyds Bank 0.59469% 16/01/2020 ^	£1,750,000	1,756,510	1.16
Lloyds Bank 0.66344% 14/01/2019 ^	£1,600,000	1,606,384	1.06
Nationwide Building Society 0.48588% 27/04/2018 ^	£850,000	850,705	0.56
Nationwide Building Society 0.76681% 25/04/2019 ^	£1,200,000	1,207,356	0.80
Nordea Eiendomskreditt 0.71344% 14/01/2019 ^	£1,900,000	1,908,075	1.26
Province of Ontario Canada 0.37213% 10/11/2020 ^	£2,000,000	1,999,880	1.32
Royal Bank of Scotland 0.53963% 15/05/2020 ^	£2,000,000	2,006,320	1.32
Santander UK 0.49838% 29/05/2018 ^	£1,200,000	1,201,296	0.79
Santander UK 0.55213% 05/05/2020 ^	£2,100,000	2,106,951	1.39
Skandinaviska Enskilda Banken 0.6815% 19/11/2018 ^	£400,000	401,624	0.26
Stadshypotek 0.56088% 17/08/2018 ^	£800,000	801,528	0.53
Swedbank 0.53563% 02/04/2018 ^	£210,000	210,126	0.14
Swedbank Hypotek 0.66613% 29/10/2018 ^	£440,000	441,557	0.29
Toronto-Dominion Bank 0.76544% 01/02/2019 ^	£1,500,000	1,507,785	1.00
Toronto-Dominion Bank 0.66844% 19/01/2018 ^	£500,000	500,370	0.33
UK Treasury Gilt 1.25% 22/07/2018	£16,000,000	16,110,400	10.63
		<u>65,082,833</u>	<u>42.91</u>

Portfolio statement (continued)

as at 30 September 2017

	Nominal value or holding	Market value £	% of total net assets
Investment			
Debt securities (continued)			
Aa3 to A1 5.86% (2.45%)			
ABN AMRO Bank 0.77744% 30/11/2018 ^	£2,000,000	2,006,280	1.32
BMW International Investment 0.58469% 17/07/2019 ^	£1,500,000	1,499,970	0.99
Close Brothers Finance 2.75% 19/10/2026	£1,140,000	1,175,819	0.78
Nationwide Building Society 0.63281 06/06/2019 ^	£1,000,000	1,000,740	0.66
Royal Bank of Canada 0.67781 04/06/2019 ^	£700,000	701,673	0.46
Total Capital International 0.63563 01/07/2019 ^	£791,000	792,353	0.52
Total Capital 3.875% 14/12/2018	£939,000	972,588	0.64
TOTAL 0.5% 02/12/2022 Convertible	\$1,000,000	751,910	0.49
		8,901,333	5.86
A2 to A3 1.99% (7.00%)			
AstraZeneca 1.93722% 10/06/2022 ^	\$1,000,000	742,628	0.49
Hongkong & Shanghai Banking Corp 1.5% Perpetual ^	\$1,000,000	617,710	0.41
JPMorgan Chase 2.21444% 25/01/2018 ^	\$2,000,000	1,493,534	0.98
National Grid Electricity Transmission Index Linked 2.983% 08/07/2018 ^	£100,000	160,850	0.11
		3,014,722	1.99
Baa1 to Baa2 3.91% (5.09%)			
Aviva 4.375% 12/09/2049 ^	£800,000	817,888	0.54
Aviva 5.125% 04/06/2050 ^	£250,000	270,005	0.18
Bank of America 7.75% 30/04/2018	£1,500,000	1,558,950	1.03
National Grid North America 0.9% 02/11/2020	£1,000,000	998,500	0.66
RI Finance Bonds No 3 6.125% 13/11/2028	£650,000	745,270	0.49
SSE 3.875% Perpetual ^	£700,000	724,438	0.48
Standard Chartered 5.125% 06/06/2034	£750,000	816,489	0.53
		5,931,540	3.91
Baa3 and below 15.04% (12.54%)			
AP Moller - Maersk 3.42389% 16/03/2021 ^	\$1,000,000	773,428	0.51
Barclays Bank 2% 13/05/2020 ^	£150,000	148,125	0.10
British Land 2.375% 14/09/2029	£900,000	865,638	0.57
Centrica 5.25% 10/04/2075 ^	£1,000,000	1,065,867	0.70
Danske Bank 0.835% 04/10/2018 ^	£400,000	401,156	0.26
Derwent London Capital No 2 1.125% 24/07/2019 Convertible	£1,000,000	1,043,160	0.69
Goldman Sachs 2.1% 08/09/2021	£500,000	509,700	0.34
Heathrow Funding Index Linked 3.334% 09/12/2039 ^	£100,000	225,643	0.15
InterContinental Hotels Group 3.75% 14/08/2025	£425,000	463,039	0.31
John Lewis 8.375% 08/04/2019	£1,125,000	1,237,365	0.82
Lloyds Bank 1.75% 19/06/2020 ^	£300,000	302,508	0.20
National Westminster Bank 1.75% Perpetual ^	\$1,000,000	632,617	0.42
NGG Finance 5.625% 18/06/2073 ^	£1,000,000	1,130,050	0.75
Nordea Bank 1.625% Perpetual ^	\$1,000,000	634,480	0.42
Old Mutual 8% 03/06/2021	£400,000	459,048	0.30
Orange 0.375% 27/06/2021	£1,500,000	1,503,000	0.99
Pennon Group 2.875% ^	£800,000	804,832	0.53
Petropavlovsk 2010 9% 18/03/2020 Convertible	\$188,000	169,202	0.11

Portfolio statement (continued)

as at 30 September 2017

	Nominal value or holding	Market value £	% of total net assets
Investment			
Debt securities (continued)			
Baa3 and below (continued)			
Phoenix Group 4.125% 20/07/2022	£1,100,000	1,156,474	0.76
Remgro Jersey GBP 2.625% 22/03/2021	£700,000	687,750	0.45
Rocket Internet 3% 22/07/2022	€ 1,000,000	899,859	0.59
Rothsay Life 8% 30/10/2025	£635,000	732,568	0.48
Segro 6.75% 23/02/2024	£500,000	643,047	0.42
Shaftesbury Carnaby 2.487% 30/09/2031	£450,000	435,137	0.29
Shaftesbury Chinatown 2.348% 30/09/2027	£1,400,000	1,363,782	0.90
Society of Lloyd's 4.875% 07/02/2047 ^	£500,000	539,700	0.36
St Modwen Properties Securities Jersey 2.875% 06/03/2019	£1,000,000	999,500	0.66
Tesco 1.982% 24/03/2036 ^	£500,000	659,310	0.43
Travis Perkins 4.5% 07/09/2023	£1,000,000	1,046,250	0.69
Tullow Oil 6.25% 15/04/2022	\$500,000	360,955	0.24
Wales & West Utilities Finance 2.496% 22/08/2035 ^	£200,000	377,697	0.25
Whitbread Group 3.375% 16/10/2025	£500,000	524,607	0.35
		<u>22,795,494</u>	<u>15.04</u>
Default 0.00% (0.00%)			
Lehman Brothers Treasury 0% 01/06/2009**	£300,000	-	-
		<u>105,725,922</u>	<u>69.71</u>
Total debt securities			
Equities 11.60% (19.47%)			
Equities - United Kingdom 10.58% (17.86%)			
Equities - incorporated in the United Kingdom 4.69% (5.63%)			
Travel & Leisure 0.15% (0.33%)			
Millennium & Copthorne Hotels	50,000	222,700	0.15
Real Estate 0.91% (0.00%)			
Great Portland Estates	50,000	305,000	0.20
Land Securities Group	56,250	546,469	0.36
Triple Point Social Housing Reit	515,331	524,349	0.35
		<u>1,375,818</u>	<u>0.91</u>
Financial Services 3.63% (5.30%)			
Aberforth Split Level Income Trust	814,945	849,580	0.56
BlackRock World Mining Trust	200,000	723,500	0.48
Caledonia Investments	45,500	1,220,310	0.80
ICG Enterprise Trust	140,000	1,047,200	0.69
Montanaro UK Smaller Companies Investment Trust	56,000	313,600	0.21
RIT Capital Partners Fund	70,000	1,357,300	0.89
		<u>5,511,490</u>	<u>3.63</u>
Total equities incorporated in the United Kingdom		<u>7,110,008</u>	<u>4.69</u>

Portfolio statement (continued)

as at 30 September 2017

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - incorporated outwith the United Kingdom 5.89% (12.23%)			
Real Estate 1.26% (2.33%)			
MedicX Fund	1,150,000	1,046,500	0.69
Target Healthcare REIT	750,000	870,000	0.57
		<u>1,916,500</u>	<u>1.26</u>
Financial Services 4.63% (9.90%)			
Acorn Income Fund	250,000	361,250	0.24
Duet Real Estate Finance***	350,000	-	-
GCP Infrastructure Investments	1,250,000	1,576,250	1.04
HICL Infrastructure	952,727	1,486,254	0.98
International Public Partnerships	687,106	1,082,879	0.71
John Laing Infrastructure Fund	667,000	861,097	0.57
NB Private Equity Partners Fund	120,000	1,190,400	0.78
NB Private Equity Partners Fund preference shares	383,308	413,973	0.27
Terra Catalyst Fund	193,031	48,258	0.04
		<u>7,020,361</u>	<u>4.63</u>
Total equities - incorporated outwith the United Kingdom		<u>8,936,861</u>	<u>5.89</u>
Total equities - United Kingdom		<u>16,046,869</u>	<u>10.58</u>
Equities - North America 1.02% (1.61%)			
Berkshire Hathaway 'B'	9,000	1,228,666	0.81
Brookfield Infrastructure Partners	3	96	0.00
Jardine Strategic Holdings	10,000	320,650	0.21
Total equities - North America		<u>1,549,412</u>	<u>1.02</u>
Total equities		<u>17,596,281</u>	<u>11.60</u>
Structured Products 4.00% (3.36%)			
Barclays Bank S&P 500 Dynamic Vix Tracker 30/03/2022	500,000	139,185	0.09
Goldman Sachs International 0% BDS 19/02/18	1,500,000	1,527,680	1.01
JP Morgan 1-Year GBP Interest Rate Linked Note	1,500,000	1,535,709	1.01
JP Morgan 4.85% IDX/LKD 11/04/18 GBP	1,000,000	1,034,307	0.68
Royal Bank of Canada 4.3% 29/11/2017	1,000,000	1,015,354	0.67
Royal Bank of Canada FTSE 100 & S&P 500 13/12/2021 preference share	650,000	811,486	0.54
Total structured products		<u>6,063,721</u>	<u>4.00</u>

Portfolio statement (continued)

as at 30 September 2017

	Nominal value or holding	Market value £	% of total net assets
Investment			
Collective Investment Schemes 5.09% (6.92%)			
UK Authorised Collective Investment Schemes 3.18% (3.54%)			
SVS Church House Special Mandates - Deep Value Investments Fund #	970,000	1,454,030	0.96
SVS Church House Esk Global Equity Fund #	645,000	1,691,190	1.12
SVS Church House Investment Grade Fixed Interest Fund #	1,450,000	1,683,450	1.10
Total UK authorised collective investment schemes		<u>4,828,670</u>	<u>3.18</u>
Offshore Collective Investment Schemes 1.91% (3.38%)			
BANOR Sicav - North America Long Short Equity	1,167	1,335,205	0.88
Boost Gilts 10Y 3x Short Daily ETP	10,000	520,300	0.34
Waverton Investment Funds SICAV - Waverton European Capital Growth Fund	531,556	1,036,534	0.69
Total offshore collective investment schemes		<u>2,892,039</u>	<u>1.91</u>
Total collective investment schemes		<u>7,720,709</u>	<u>5.09</u>
Portfolio of investments		137,106,633	90.40
Other net assets		14,562,993	9.60
Total net assets		<u>151,669,626</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 30 September 2016.

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

** Lehman Brothers Treasury 0% 01/06/2009 is in default and is included in the portfolio of investments with no value.

*** Duet Real Estate Finance is in liquidation and is included in the portfolio of investments with no value.

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

^Variable interest 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 is representative of 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.

Investment trusts and closed ended funds may borrow to purchase additional investments. This can increase returns when stock markets rise but will magnify losses when markets fall.

The value of an investment trust or a closed-ended fund moves in line with stock market demand and its unit/share price may be less than or more than the net value of the investments it holds.

The sub-fund is entitled to use derivative instruments for efficient portfolio management and investment purposes. 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.

Zeros and synthetic zeros may not be able to deliver their specified returns if there are large markets falls and may not return some or all of the original capital invested. This could significantly impact investment performance.

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		
	2017	2016	2015	2017	2016	2015
	p	p	p	p	p	p
Change in net assets per share						
Opening net asset value per share	145.78	137.04	139.90	148.62	138.27	135.82
Return before operating charges	6.45	12.04	0.39	6.61	12.17	4.25
Operating charges	(1.84)	(1.80)	(1.81)	(1.91)	(1.82)	(1.80)
Return after operating charges *	4.61	10.24	(1.42)	4.70	10.35	2.45
Distributions [^]	(0.80)	(1.50)	(1.44)	(0.78)	(1.48)	(1.76)
Retained distributions on accumulation shares [^]	-	-	-	0.78	1.48	1.76
Closing net asset value per share	149.59	145.78	137.04	153.32	148.62	138.27
* after direct transaction costs of:	0.03	0.06	0.04	0.03	0.05	0.05
Performance						
Return after charges	3.16%	7.47%	(1.02%)	3.16%	7.49%	1.80%
Other information						
Closing net asset value (£)	7,281,851	3,431,093	1,294,999	24,619,202	20,416,235	17,349,327
Closing number of shares	4,867,776	2,353,619	944,967	16,057,620	13,736,867	12,547,165
Ongoing charges	1.27%	1.27%	1.29% ^{^^}	1.27%	1.27%	1.29%
Direct transaction costs	0.02%	0.04%	0.03%	0.02%	0.04%	0.03%
Prices						
Highest share price (p)	150.9	146.9	142.0	154.3	149.1	142.2
Lowest share price (p)	146.3	136.4	138.2	149.1	137.6	134.7

[^] Rounded to 2 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		
	2017 p	2016	2015 p	2017 p	2016	2015 p
Change in net assets per share						
Opening net asset value per share	148.74	139.80	141.40	152.96	141.89	138.96
Return before operating charges	6.44	12.16	2.13	6.67	12.40	4.25
Operating charges	(1.24)	(1.31)	(1.32)	(1.39)	(1.34)	(1.32)
Return after operating charges *	5.20	10.85	0.81	5.28	11.06	2.93
Distributions [^]	(1.29)	(1.91)	(2.41)	(1.27)	(1.94)	(2.22)
Retained distributions on accumulation shares [^]	-	-	-	1.27	1.94	2.22
Closing net asset value per share	152.65	148.74	139.80	158.24	152.96	141.89
* after direct transaction costs of:	0.03	0.05	0.05	0.03	0.05	0.05
Performance						
Return after charges	3.50%	7.76%	0.57%	3.45%	7.79%	2.11%
Other information						
Closing net asset value (£)	26,319,264	3,581,770	2,181,195	45,317,761	29,238,338	24,386,969
Closing number of shares	17,241,637	2,408,119	1,560,235	28,639,715	19,116,814	17,187,440
Operating charges	0.91%	0.91%	0.92% ^{^^}	0.91%	0.91%	0.92%
Direct transaction costs	0.02%	0.04%	0.03%	0.02%	0.04%	0.03%
Prices						
Highest share price (p)	154.2	150.0	145.6	159.2	153.5	145.7
Lowest share price (p)	149.3	139.3	140.6	153.5	141.4	137.8

[^] Rounded to 2 decimal places.

^{^^} Annualised based on the expenses incurred during the period 28 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.

Comparative table (continued)

C income shares launched on 31 October 2016 at 150.3p per share.

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

	C income	C accumulation		
	2017 p	2017 p	2016 p	2015 p
Change in net assets per share				
Opening net asset value per share	150.30	153.30	142.08	143.30
Return before operating charges	4.70	6.62	12.36	(0.11)
Operating charges	(1.09)	(1.16)	(1.14)	(1.11)
Return after operating charges *	3.61	5.46	11.22	(1.22)
Distributions [^]	(1.27)	(1.45)	(2.10)	(1.74)
Retained distributions on accumulation shares [^]	-	1.45	2.10	1.74
Closing net asset value per share	152.64	158.76	153.30	142.08
* after direct transaction costs of:	0.03	0.03	0.05	0.04
Performance				
Return after charges	2.40%	3.56%	7.90%	(0.85%)
Other information				
Closing net asset value (£)	5,053,852	43,077,696	9,323,822	3,253,863
Closing number of shares	3,310,930	27,133,500	6,082,155	2,290,197
Operating charges	0.79% ^{^^^}	0.79%	0.77%	0.77%
Direct transaction costs	0.02%	0.02%	0.04%	0.03%
Prices				
Highest share price (p)	154.3	159.8	153.8	145.8
Lowest share price (p)	149.2	153.9	141.6	100.0

[^] Rounded to 2 decimal places.

^{^^} 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 31 October 2016 to 30 September 2017.

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 ongoing charges figure 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	30.09.17	30.09.16
Annual management charge	1.21%	1.19%
Other expenses	0.06%	0.08%
Ongoing charges figure	<u>1.27%</u>	<u>1.27%</u>
B accumulation	30.09.17	30.09.16
Annual management charge	0.85%	0.83%
Other expenses	0.06%	0.08%
Ongoing charges figure	<u>0.91%</u>	<u>0.91%</u>
C accumulation	30.09.17	30.09.16
Annual management charge	0.73%	0.69%
Other expenses	0.06%	0.08%
Ongoing charges figure	<u>0.79%</u>	<u>0.77%</u>
A income	30.09.17	30.09.16
Annual management charge	1.21%	1.19%
Other expenses	0.06%	0.08%
Ongoing charges figure	<u>1.27%</u>	<u>1.27%</u>
B income	30.09.17	30.09.16
Annual management charge	0.85%	0.83%
Other expenses	0.06%	0.08%
Ongoing charges figure	<u>0.91%</u>	<u>0.91%</u>
C income	30.09.17 [^]	
Annual management charge	0.73%	
Other expenses	0.06%	
Ongoing charges figure	<u>0.79%</u>	

[^] Annualised based on the expenses incurred during the period 31 October 2016 to 30 September 2017.

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 2017

	Notes	2017		2016	
		£	£	£	£
Income:					
Net capital gains	2		1,824,407		3,422,691
Revenue	3	1,722,177		1,286,283	
Expenses	4	<u>(932,315)</u>		<u>(560,671)</u>	
Net revenue before taxation		789,862		725,612	
Taxation	5	<u>(46,586)</u>		<u>(81,526)</u>	
Net revenue after taxation			<u>743,276</u>		<u>644,086</u>
Total return before distributions			2,567,683		4,066,777
Distributions	6		(739,960)		(659,204)
Change in net assets attributable to shareholders from investment activities			<u><u>1,827,723</u></u>		<u><u>3,407,573</u></u>

Statement of change in net assets attributable to shareholders

for the year ended 30 September 2017

		2017		2016	
		£	£	£	£
Opening net assets attributable to shareholders			65,991,258		48,466,353
Amounts receivable on issue of shares		92,358,307		18,675,970	
Amounts payable on cancellation of shares		<u>(9,237,732)</u>		<u>(5,191,946)</u>	
			83,120,575		13,484,024
Stamp duty reserve tax			-		63
Change in net assets attributable to shareholders from investment activities			1,827,723		3,407,573
Retained distributions on accumulation shares			730,070		633,245
Closing net assets attributable to shareholders			<u><u>151,669,626</u></u>		<u><u>65,991,258</u></u>

Balance sheet
as at 30 September 2017

	Notes	2017 £	2016 £
Assets:			
Fixed assets:			
Investments		137,106,633	62,488,845
Current assets:			
Debtors	7	1,488,721	391,678
Cash and bank balances	8	14,406,415	8,398,968
Total assets		<u>153,001,769</u>	<u>71,279,491</u>
Liabilities:			
Creditors:			
Distribution payable		(143,245)	(35,057)
Other creditors	9	(1,188,898)	(5,253,176)
Total liabilities		<u>(1,332,143)</u>	<u>(5,288,233)</u>
Net assets attributable to shareholders		<u><u>151,669,626</u></u>	<u><u>65,991,258</u></u>

Notes to the financial statements
for the year ended 30 September 2017

1. Accounting policies

The accounting policies are disclosed on pages 8 to 10.

2. Net capital gains	2017	2016
	£	£
Non-derivative securities - realised gains	881,547	1,137,098
Non-derivative securities - movement in unrealised gains	773,232	2,207,536
Derivative contracts - realised gains	116,250	-
Derivative contracts - movement in unrealised gains	93,965	107,342
Currency losses	(34,560)	(27,936)
Transaction charges	(6,027)	(1,349)
Total net capital gains	<u>1,824,407</u>	<u>3,422,691</u>

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 gain/(loss) is included in unrealised gains/(losses).

3. Revenue	2017	2016
	£	£
Franked revenue	224,911	119,049
Unfranked revenue	71,569	29,852
Overseas revenue	316,432	290,441
Interest on debt securities	1,109,247	846,892
Bank and deposit interest	18	49
Total revenue	<u>1,722,177</u>	<u>1,286,283</u>

4. Expenses	2017	2016
	£	£
Payable to the ACD and associates		
Annual management charge	880,679	518,015
Registration fees	1,176	694
	<u>881,855</u>	<u>518,709</u>
Payable to the Depository		
Depository fees	<u>29,494</u>	<u>20,634</u>
Other expenses:		
Audit fee	5,940	6,120
Safe custody fees	2,589	10,255
Bank interest	1,486	823
FCA fee	65	60
KIID production fee	1,278	-
Platform charges	9,608	3,770
Legal fee	-	300
	<u>20,966</u>	<u>21,328</u>
Total expenses	<u>932,315</u>	<u>560,671</u>

Notes to the financial statements (continued)
for the year ended 30 September 2017

5. Taxation	2017	2016
	£	£
<i>a. Analysis of the tax charge for the year</i>		
UK corporation tax	88,380	63,284
Overseas tax withheld	-	3,155
Adjustment in respect of prior years	(60)	-
Total current taxation (note 5b)	<u>88,320</u>	<u>66,439</u>
Deferred tax - origination and reversal of timing differences (note 5c)	(41,734)	15,087
Total taxation (note 5b)	<u><u>46,586</u></u>	<u><u>81,526</u></u>

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2016: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Net revenue before taxation	<u>789,862</u>	<u>725,612</u>
Corporation tax @ 20%	157,972	145,122
Effects of:		
Franked revenue	(44,982)	(23,810)
Overseas revenue	(63,286)	(58,088)
Overseas tax withheld	-	3,155
Expenses not deductible for tax purposes	-	60
Offshore income gains	38,676	-
Deferred taxation	(41,734)	15,087
Adjustment in respect of prior years	(60)	-
Total taxation (note 5a)	<u><u>46,586</u></u>	<u><u>81,526</u></u>

c. Provision for deferred taxation

	2017	2016
	£	£
Opening provision	41,734	26,647
Movement (note 5a)	(41,734)	15,087
Closing provision	<u><u>-</u></u>	<u><u>41,734</u></u>

Notes to the financial statements (continued)

for the year ended 30 September 2017

6. Distributions

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

	2017	2016
	£	£
Interim income distribution	55,058	37,345
Interim accumulation distribution	323,378	323,809
Final income distribution	143,245	35,057
Final accumulation distribution	406,692	309,436
	<u>928,373</u>	<u>705,647</u>
Equalisation:		
Amounts deducted on cancellation of shares	19,233	17,145
Amounts added on issue of shares	(205,410)	(63,453)
Net equalisation on conversions	(2,236)	(135)
Total net distributions	<u>739,960</u>	<u>659,204</u>

Reconciliation between net revenue and distributions:

	2017	2016
	£	£
Net revenue after taxation per Statement of total return	743,276	644,086
Undistributed revenue brought forward	105	136
Corporation tax	37,140	-
Deferred taxation	(41,734)	15,087
Capital tax relief	1,538	-
Undistributed revenue carried forward	(365)	(105)
Distributions	<u>739,960</u>	<u>659,204</u>

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

7. Debtors

	2017	2016
	£	£
Amounts receivable on issue of shares	838,901	25,067
Accrued revenue	644,164	366,578
Recoverable overseas withholding tax	5,229	-
Prepaid expenses	427	33
Total debtors	<u>1,488,721</u>	<u>391,678</u>

8. Cash and bank balances

	2017	2016
	£	£
Total cash and bank balances	<u>14,406,415</u>	<u>8,398,968</u>

Notes to the financial statements (continued)
for the year ended 30 September 2017

9. Other creditors	2017	2016
	£	£
Amounts payable on cancellation of shares	43,244	18,387
Purchases awaiting settlement	1,047,815	5,124,517
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	3,684	-
Registration fees	5	-
	<u>3,689</u>	<u>-</u>
Other expenses:		
Depositary fees	120	-
Safe custody fees	1,407	3,758
Audit fee	5,940	6,120
FCA fee	33	-
Transaction charges	249	446
	<u>7,749</u>	<u>10,324</u>
Total accrued expenses	<u>11,438</u>	<u>10,324</u>
Corporation tax payable	86,401	58,214
Deferred tax	-	41,734
Total other creditors	<u><u>1,188,898</u></u>	<u><u>5,253,176</u></u>

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 six share classes with current investment; A income, A accumulation, B income, B accumulation, C income 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	2,353,619
Total shares issued in the year	2,801,384
Total shares cancelled in the year	(262,301)
Total shares converted in the year	(24,926)
Closing shares in issue	<u><u>4,867,776</u></u>
	A accumulation
Opening shares in issue	13,736,867
Total shares issued in the year	3,358,841
Total shares cancelled in the year	(1,010,737)
Total shares converted in the year	(27,351)
Closing shares in issue	<u><u>16,057,620</u></u>

Notes to the financial statements (continued)

for the year ended 30 September 2017

11. Share classes (continued)

	B income
Opening shares in issue	2,408,119
Total shares issued in the year	15,249,903
Total shares cancelled in the year	(280,370)
Total shares converted in the year	(136,015)
Closing shares in issue	<u>17,241,637</u>
	B accumulation
Opening shares in issue	19,116,814
Total shares issued in the year	16,690,096
Total shares cancelled in the year	(4,211,740)
Total shares converted in the year	(2,955,455)
Closing shares in issue	<u>28,639,715</u>
	C income
Opening shares in issue	-
Total shares issued in the year	3,172,506
Total shares cancelled in the year	(67,169)
Total shares converted in the year	205,593
Closing shares in issue	<u>3,310,930</u>
	C accumulation
Opening shares in issue	6,082,155
Total shares issued in the year	18,230,157
Total shares cancelled in the year	(107,515)
Total shares converted in the year	2,928,703
Closing shares in issue	<u>27,133,500</u>

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 income	0.75%
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 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% on the first £50m, 0.125% on the next £50m, 0.1% on the next £50m, 0.08% on the next £50m and 0.05% on any remaining balance, subject to a minimum of £38,000 per annum. The remainder of the annual management charge is paid to the Investment Adviser.

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 share class has the same rights on winding up.

Notes to the financial statements (continued)

for the year ended 30 September 2017

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 of the sub-fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

A director of the ACD, the Investment Adviser or a body corporate within the same group as the ACD or Investment Adviser with a holding in excess of 20%, may have significant influence over the financial and operating policies of the sub-fund and as such is deemed to be a related party.

	2017	2016
Church House Investments Limited	41.57%	61.37%

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:

	2017	2016
Church House Investments Limited	41.57%	61.37%

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

Security	Holding 2017	Holding 2016
SVS Church House Special Mandates - Deep Value Investments Fund	970,000	525,000
SVS Church House Investment Grade Fixed Interest Fund	1,450,000	730,000
SVS Church House Esk Global Equity Fund	645,000	390,000

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A income share has increased from 149.59p to 150.68p, the A accumulation shares have increased from 153.32p to 154.43p, the B income shares have increased from 152.65p to 153.88p, the B accumulation shares have increased from 158.24p to 159.50p, C income shares have increased from 152.64p to 153.95p, and the C accumulation shares have increased from 158.76p to 160.10p as at 8 January 2018. 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 2017

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.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	2017	% of	2016	% of
	£	purchases	£	purchases
Purchases:		by asset		by asset
		class		class
Equities - purchases before transaction costs	7,150,189		3,719,565	
Commission	3,521	0.05%	3,608	0.10%
Taxes	12,590	0.18%	11,554	0.31%
Total direct transaction costs - Equities	16,111	0.23%	15,162	0.41%
Equities - purchases after direct transaction costs	7,166,300		3,734,727	
Bonds - purchases before transaction costs	115,045,469		29,297,430	
Commission	5	0.00%	-	-
Total direct transaction costs - Bonds	5	0.00%	-	-
Bonds - purchases after direct transaction costs	115,045,474		29,297,430	
Collective investment schemes *	3,380,110		1,148,421	
Structured products *	5,000,800		1,000,000	
Total purchases after direct transaction costs	130,592,684		35,180,578	
Capital events^	152,229		82,031	

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

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 30 September 2017

14. Transaction costs (continued)

a Direct transaction costs (continued)

	2017	% of sales by asset class	2016	% of sales by asset class
Sales:	£		£	
Equities - sales before transaction costs	<u>2,399,716</u>		<u>3,639,018</u>	
Commission	(4,239)	0.18%	(3,690)	0.10%
Taxes	-	-	(3)	0.00%
Total direct transaction costs - Equities	<u>(4,239)</u>	0.18%	<u>(3,693)</u>	0.10%
Equities - sales after direct transaction costs	<u>2,395,477</u>		<u>3,635,325</u>	
Bonds - sales before transaction costs	<u>52,326,167</u>		<u>17,499,581</u>	
Commission	(1)	0.00%	-	-
Taxes	-	-	(1)	0.00%
Total direct transaction costs - Bonds	<u>(1)</u>	0.00%	<u>(1)</u>	0.00%
Bonds - sales after direct transaction costs	<u>52,326,166</u>		<u>17,499,580</u>	
Collective investment schemes*	<u>796,873</u>		<u>323,802</u>	
Structured products*	<u>1,366,250</u>		<u>-</u>	
Total sales after direct transaction costs	<u>56,884,766</u>		<u>21,458,707</u>	
Capital events [^]	<u>942,410</u>		<u>1,045,029</u>	

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

* No direct transaction costs were incurred 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:

	2017	% of average net asset value	2016	% of average net asset value
	£		£	
Commission	7,766	0.01%	7,298	0.01%
Taxes	12,590	0.01%	11,558	0.02%

b Average portfolio dealing spread

The average portfolio 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 0.32% (2016: 0.47%).

Notes to the financial statements (continued)

for the year ended 30 September 2017

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 bonds 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.

At 30 September 2017, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to the shareholder of the sub-fund would increase or decrease by approximately £1,265,850 (2016: £871,082).

(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
	£	£	£
2017			
Euro	899,839	5,229	905,068
US dollar	8,211,233	741	8,211,974
Total foreign currency exposure	<u>9,111,072</u>	<u>5,970</u>	<u>9,117,042</u>

Notes to the financial statements (continued)

for the year ended 30 September 2017

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
2016	£	£	£
Euro	375,205	-	375,205
US dollar	6,057,030	694	6,057,724
Total foreign currency exposure	<u>6,432,235</u>	<u>694</u>	<u>6,432,929</u>

At 30 September 2017, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to the shareholder of the sub-fund would increase or decrease by approximately £455,882 (2016: £321,646).

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

At 30 September 2017, if interest rates increased or decreased by 25 basis points, with all other variables remaining constant, then the net assets attributable to the shareholder of the sub-fund would increase or decrease by approximately £441,944 (2016: £263,181).

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
2017	£	£	£	£	£	£
Euro	-	(20)	899,859	5,229	-	905,068
UK sterling	68,713,036	-	46,046,488	29,125,203	(1,332,143)	142,552,584
US dollar	5,240,568	-	1,282,067	1,689,339	-	8,211,974
	<u>73,953,604</u>	<u>(20)</u>	<u>48,228,414</u>	<u>30,819,771</u>	<u>(1,332,143)</u>	<u>151,669,626</u>

Notes to the financial statements (continued)

for the year ended 30 September 2017

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
2016	£	£	£	£	£	£
Euro	375,205	-	-	-	-	375,205
UK sterling	26,068,522	-	22,297,731	16,480,309	(5,288,233)	59,558,329
US dollar	2,020,841	-	484,921	3,551,962	-	6,057,724
	<u>28,464,568</u>	<u>-</u>	<u>22,782,652</u>	<u>20,032,271</u>	<u>(5,288,233)</u>	<u>65,991,258</u>

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 2017

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	Investment
	assets	liabilities
	2017	2017
	£	£
Quoted prices	31,971,502	-
Observable market data	99,071,410	-
Unobservable data**	6,063,721	-
	<u>137,106,633</u>	<u>-</u>

**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	Investment
	assets	liabilities
	2016	2016
	£	£
Quoted prices*	18,735,735	-
Observable market data	41,532,705	-
Unobservable data**	2,220,405	-
	<u>62,488,845</u>	<u>-</u>

* Polar Capital Global Financials Trust Subscription Shares were redeemed 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.

Notes to the financial statements (continued)

for the year ended 30 September 2017

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 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 2017

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.

At the balance sheet date the global exposure is as follows:

	Gross exposure value £	% of the total net asset value
Investment		
Structured Products		
Barclays Bank S&P 500 Dynamic Vix Tracker 30/03/2022	139,185	0.09%
Goldman Sachs International 0% BDS 19/02/18	1,527,680	1.01%
JP Morgan 1-Year GBP Interest Rate Linked Note	1,535,709	1.01%
JP Morgan 4.85% IDX/LKD 11/04/18 GBP	1,034,307	0.68%
Royal Bank of Canada 4.3% 29/11/2017	1,015,354	0.67%
Royal Bank of Canada FTSE 100 & S&P 500 13/12/2021 preference share	811,486	0.54%
Convertible bonds		
Derwent London Capital No 2 1.125% 24/07/2019 Convertible	1,043,160	0.69%
Petropavlovsk 2010 9% 18/03/2020 Convertible	169,202	0.11%
TOTAL 0.5% 02/12/2022 Convertible	751,910	0.49%

There have been no collateral arrangements in the year.

Distribution table*for the year ended 30 September 2017***Distributions on A income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.17	group 1	interim	0.466	-	0.466	0.873
31.05.17	group 2	interim	0.186	0.280	0.466	0.873
30.11.17	group 1	final	0.331	-	0.331	0.628
30.11.17	group 2	final	0.199	0.132	0.331	0.628

Distributions on A accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.17	group 1	interim	0.446	-	0.446	0.850
31.05.17	group 2	interim	0.211	0.235	0.446	0.850
30.11.17	group 1	final	0.337	-	0.337	0.627
30.11.17	group 2	final	0.161	0.176	0.337	0.627

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 distributions:

- Group 1 Shares purchased before 1 October 2016
 Group 2 Shares purchased 1 October 2016 to 31 March 2017

Final distributions:

- Group 1 Shares purchased before 1 April 2017
 Group 2 Shares purchased 1 April 2017 to 30 September 2017

Distribution table (continued)*for the year ended 30 September 2017***Distributions on B income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.17	group 1	interim	0.677	-	0.677	1.071
31.05.17	group 2	interim	0.252	0.425	0.677	1.071
30.11.17	group 1	final	0.611	-	0.611	0.842
30.11.17	group 2	final	0.269	0.342	0.611	0.842

Distributions on B accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.17	group 1	interim	0.687	-	0.687	1.076
31.05.17	group 2	interim	0.243	0.444	0.687	1.076
30.11.17	group 1	final	0.584	-	0.584	0.863
30.11.17	group 2	final	0.313	0.271	0.584	0.863

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 distributions:

- Group 1 Shares purchased before 1 October 2016
- Group 2 Shares purchased 1 October 2016 to 31 March 2017

Final distributions:

- Group 1 Shares purchased before 1 April 2017
- Group 2 Shares purchased 1 April 2017 to 30 September 2017

Distribution table (continued)*for the year ended 30 September 2017***Distributions on C income shares in pence per share**

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year
31.05.17	group 1	interim	0.616	-	0.616
31.05.17	group 2	interim	0.325	0.291	0.616
30.11.17	group 1	final	0.658	-	0.658
30.11.17	group 2	final	0.363	0.295	0.658

Distributions on C accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.17	group 1	interim	0.771	-	0.771	1.137
31.05.17	group 2	interim	0.313	0.458	0.771	1.137
30.11.17	group 1	final	0.683	-	0.683	0.959
30.11.17	group 2	final	0.322	0.361	0.683	0.959

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 distributions:

- Group 1 Shares purchased before 1 October 2016
 Group 2 Shares purchased 1 October 2016 to 31 March 2017

Final distributions:

- Group 1 Shares purchased before 1 April 2017
 Group 2 Shares purchased 1 April 2017 to 30 September 2017

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 over	1 year to 30 September 2017	3 years to 30 September 2017	5 years to 30 September 2017
SVS Church House Deep Value Investment Fund 'A' accumulation	+29.8%	+21.5%	+55.3%

Source: Bloomberg, based on close of business mid price on 29 September 2017.

Investment activities

The comments below refer to the latter six months of the sub-fund's year as we reported on the first six months in April 2017. The SVS Church House Deep Value Investment Fund portfolio has had a good six months.

Land Securities Group, a FTSE 100 property company, joined the list of property holdings. Trading at a 30% discount to net asset value, it has a strong balance sheet and a development programme that is reaching its end. All of the commercial property holdings (British Land, Great Portland Estates, Land Securities Group and McKay Securities), released results during May 2017. The principal message from these companies was one of resilience, combined with caution for the immediate outlook (Brexit!).

The only other new position undertaken during the latter six months was in Stanley Gibbons Group, well known to philatelists everywhere. This company has had a disastrous few years following a series of botched acquisitions (including Mallett, a previous holding in the portfolio). Their share price has collapsed from a high of 287p in 2014 to current levels around 10p, and, after extensive corporate restructuring, the stock is interesting again.

Investment Adviser's report (continued)

Investment activities (continued)

In July 2017, we sold the position in Bovis Homes Group, originally acquired after the Brexit vote last year. Having made a significant gain since then, we are happy to have booked some profits; the outlook for the industry will inevitably change. We are holding the position in the other house builder, Telford Homes, as their business model is different and has a more predictable revenue stream. July also saw completion of the takeover of Panmure Gordon.

August 2017 saw a sharp appreciation in Thalassa Holdings on the back of their announcement that a third party was interested in acquiring one of their operating divisions, WGP Group, for \$30m. This would be attractive, the market capitalisation of Thalassa Holdings itself is only £19m.

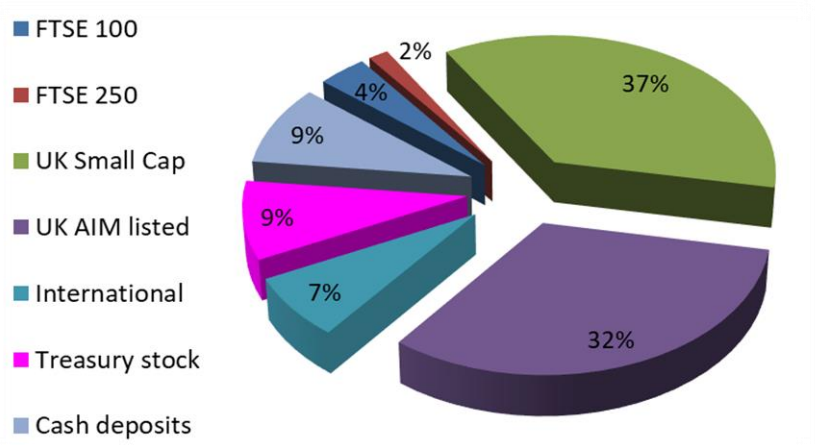
We added to the holding in Hornbeck Offshore Services in August 2017, bringing them into the list of top holdings for the first time. September saw a strong rally in Hornbeck Offshore Services, their asset value continues to be a multiple of the current share price, we hope that this gets to be recognised. Otherwise, the leading trio of Record, BP Marsh & Partners and H&T Group performed well. We (still) await the outcome of the arbitration hearing involving PV Crystalox Solar and one of its suppliers. Elsewhere, we would like to identify some "bargains" in the oil services sector, after a long downturn it is showing some early signs of life again, the search for deep value goes on.

Top 15 holdings as at 30 September 2017	
Record	9.43%
UK Treasury Gilt 1.25% 22/07/2018	9.07%
PV Crystalox Solar	7.70%
H&T Group	6.90%
BP Marsh & Partners	6.69%
Thalassa Holdings	4.67%
Hargreaves Services	4.51%
McKay Securities	3.93%
Hydrogen Group	3.92%
Telford Homes	3.58%
Enteq Upstream	3.44%
IndigoVision Group	3.21%
Hornbeck Offshore Services	2.69%
Sanshin Electronics	2.49%
Walker Crips Group	2.49%

Investment strategy and outlook

The pie chart below shows the disposition of assets in the sub-fund at the end of September 2017; 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 2017



Source: Church House Investments Limited

Investment Adviser's report (continued)

Investment strategy and outlook (continued)

The political and geo-political risk background doesn't get any easier, if anything, it seems to be getting worse. North Korean belligerence and President Trump's response to it are centre stage, now we have the unfortunate decision not to 're-certify' the Iran nuclear treaty. Domestic politics has not been encouraging to watch, while Europe has seen Chancellor Merkel's power diminished, a constitutional crisis developing in Spain and another brewing in Italy (not to mention Brexit, which is a problem for them too).

Stock markets have, largely, remained calm, notably in America, which has continued to reach new high levels. Our market has not made any progress over the past six months; beside the political risks, it has been uncertain about the rise in sterling. We suspect that markets could continue to shake-off worries over North Korea as long as China and America appear to be cooperating and there is no actual military action.

The UK economy has slowed and this may persist for a few months, but the rest of the world is showing buoyant growth and, barring a complete political melt-down, this should lift us as we move into next year. Unfortunately, inflation is still picking up at a time when wage growth is stuck around 2%, a rotten mix and one that leads (understandably) to social unrest, not to mention the risk of Messrs Corbyn and McDonnell. The Bank of England appears likely to raise interest rates (slightly) before the end of the year and the European Central Bank is talking about tapering its programme. It is time to get out of first gear, emergency funding should be for crises only, not a permanent life support system.

Church House Investments Limited

October 2017

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Portfolio changes

for the year ended 30 September 2017

The below represents the total purchases and the total sales in the year to reflect a clearer picture of the investment activities.

	Cost
	£
Purchases	
UK Treasury Gilt 1.25% 22/07/2018	1,009,300
British Land	235,838
Land Securities Group	218,350
Hornbeck Offshore Services	161,531
Stanley Gibbons Group	128,761
BP Marsh & Partners	106,463
IndigoVision Group	20,292

	Proceeds
	£
Sales	
Bovis Homes Group	503,032
Catalyst Media Group	279,439
Coretx Holdings	163,796
Record	103,619
PV Crystalox Solar	102,032
Ambrian	95,430
London Capital Group Holdings	64,694
JKX Oil & Gas	32,534
Thalassa Holdings	32,435
Pro Global Insurance Solutions	14,969
CDI	14,651

Portfolio statement

as at 30 September 2017

	Nominal value or holding	Market value £	% of total net assets
Investment			
Debt securities* 9.07% (0.00%)			
Aaa to Aa2 9.07% (0.00%)			
UK Treasury Gilt 1.25% 22/07/2018	£1,000,000	1,006,900	9.07
Total debt securities		<u>1,006,900</u>	<u>9.07</u>
Equities 80.96% (98.57%)			
Equities - United Kingdom 72.16% (89.51%)			
Equities - incorporated in the United Kingdom 62.15% (81.44%)			
Oil & Gas 11.14% (13.55%)			
Enteq Upstream	2,005,000	380,950	3.44
PV Crystalox Solar	3,525,000	854,813	7.70
		<u>1,235,763</u>	<u>11.14</u>
Basic Resources 0.00% (1.36%)		-	-
Industrial Goods & Services 8.43% (10.09%)			
Hargreaves Services	150,000	501,000	4.51
Hydrogen Group	1,450,000	435,000	3.92
		<u>936,000</u>	<u>8.43</u>
Personal & Household Goods 4.09% (10.78%)			
Havelock Europa	1,125,000	56,250	0.51
Telford Homes	100,000	397,000	3.58
		<u>453,250</u>	<u>4.09</u>
Media 0.00% (3.71%)		-	-
Travel & Leisure 0.00% (2.04%)		-	-
Insurance 0.47% (0.95%)			
Pro Global Insurance Solutions	400,000	52,000	0.47
Real Estate 9.30% (7.55%)			
British Land	40,000	240,400	2.16
Great Portland Estates	28,500	173,850	1.57
Land Securities Group	18,750	182,156	1.64
McKay Securities	200,000	436,000	3.93
		<u>1,032,406</u>	<u>9.30</u>
Financial Services 25.51% (27.80%)			
BP Marsh & Partners	320,000	742,400	6.69
H&T Group	234,877	765,699	6.90
Record	2,073,392	1,047,063	9.43
Walker Crips Group	600,000	276,000	2.49
		<u>2,831,162</u>	<u>25.51</u>
Technology 3.21% (3.61%)			
IndigoVision Group	187,500	356,250	3.21
Total equities - incorporated in the United Kingdom		<u>6,896,831</u>	<u>62.15</u>

Portfolio statement (continued)

as at 30 September 2017

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - United Kingdom (continued)			
Equities - incorporated outwith the United Kingdom 10.01% (8.07%)			
Oil & Gas 7.06% (5.64%)			
Lamprell	300,000	265,500	2.39
Thalassa Holdings	625,000	518,750	4.67
		<u>784,250</u>	<u>7.06</u>
Industrial Goods & Services 1.73% (2.43%)			
Redt Energy	1,830,769	192,231	1.73
Retail 1.22% (0.00%)			
Stanley Gibbons Group	1,500,000	135,000	1.22
Total equities incorporated outwith the United Kingdom		<u>1,111,481</u>	<u>10.01</u>
Total equities - United Kingdom		<u>8,008,312</u>	<u>72.16</u>
Equities - Israel 1.64% (1.50%)			
MTI Wireless Edge	550,000	181,500	1.64
Total equities - Israel		<u>181,500</u>	<u>1.64</u>
Equities - Japan 2.87% (2.63%)			
Nippon Antenna	10,300	41,944	0.38
Sanshin Electronics	25,000	276,117	2.49
Total equities - Japan		<u>318,061</u>	<u>2.87</u>
Equities - United States 4.29% (4.93%)			
Hornbeck Offshore Services	100,000	298,886	2.69
Richardson Electronics	40,001	177,994	1.60
Total equities - United States		<u>476,880</u>	<u>4.29</u>
Total equities		<u>8,984,753</u>	<u>80.96</u>
Portfolio of investments		9,991,653	90.03
Other net assets		1,106,192	9.97
Total net assets		<u>11,097,845</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 30 September 2016.

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

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

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Risk and reward profile

The risk and reward profile is representative of 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 or 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 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.

Exposure to the risks associated with property investment, include but are not limited to, fluctuations in land prices, construction costs, interest rates, inflation and property yields, changes in taxation, legislation changes in landlord and tenant legislation, environmental factors, and changes in the supply and demand for property.

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.

The price of natural resources may be subject to sudden, unexpected and substantial fluctuations. This may lead to significant declines in the values of any companies developing these resources in which the sub-fund invests and significantly impact investment performance.

The sub-fund may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the sub-fund's value than if it held a larger number of investments.

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		
	2017 p	2016 p	2015 p	2017 p	2016 p	2015 p
Change in net assets per share						
Opening net asset value per share	112.71	100.44	119.81	113.51	100.75	120.50
Return before operating charges	35.17	13.86	(17.78)	35.49	13.96	(18.60)
Operating charges	(1.96)	(1.59)	(1.59)	(1.42)	(1.20)	(1.15)
Return after operating charges *	33.21	12.27	(19.37)	34.07	12.76	(19.75)
Distributions [^]	(1.16)	-	-	(1.74)	(0.26)	(0.34)
Retained distributions on accumulation shares [^]	1.16	-	-	1.74	0.26	0.34
Closing net asset value per share	145.92	112.71	100.44	147.58	113.51	100.75
* after direct transaction costs of:	0.09	0.18	0.10	0.09	0.18	0.10
Performance						
Return after charges	29.46%	12.22%	(16.17%)	30.01%	12.67%	(16.39%)
Other information						
Closing net asset value (£)	7,915,224	6,025,276	7,697,794	3,182,621	1,838,969	1,317,364
Closing number of shares	5,424,247	5,345,955	7,664,436	2,156,578	1,620,134	1,307,493
Ongoing charges	1.44%	1.48%	1.41%	1.07%	1.11%	1.04% ^{^^}
Direct transaction costs	0.07%	0.17%	0.09%	0.07%	0.17%	0.09%
Prices						
Highest share price (p)	148.6	116.0	121.8	150.3	116.8	121.6
Lowest share price (p)	115.2	97.7	109.1	116.0	98.1	102.5

[^] Rounded to 2 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 ongoing charges figure 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	30.09.17	30.09.16
Annual management charge	1.25%	1.25%
Other expenses	0.19%	0.23%
Ongoing charges figure	<u>1.44%</u>	<u>1.48%</u>
B accumulation	30.09.17	30.09.16
Annual management charge	0.88%	0.88%
Other expenses	0.19%	0.23%
Ongoing charges figure	<u>1.07%</u>	<u>1.11%</u>

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 2017

	Notes	2017		2016	
		£	£	£	£
Income:					
Net capital gains	2		2,258,611		1,165,484
Revenue	3	226,146		133,050	
Expenses	4	<u>(127,925)</u>		<u>(138,587)</u>	
Net revenue / (expense) before taxation		98,221		(5,537)	
Taxation	5	<u>(2,590)</u>		<u>(4,628)</u>	
Net revenue / (expense) after taxation			<u>95,631</u>		<u>(10,165)</u>
Total return before distributions			2,354,242		1,155,319
Distributions	6		(95,599)		(3,748)
Change in net assets attributable to shareholders from investment activities			<u>2,258,643</u>		<u>1,151,571</u>

Statement of change in net assets attributable to shareholders

for the year ended 30 September 2017

	2017		2016	
	£	£	£	£
Opening net assets attributable to shareholders		7,864,245		9,015,158
Amounts receivable on issue of shares	1,297,831		741,428	
Amounts payable on cancellation of shares	<u>(422,033)</u>		<u>(3,048,006)</u>	
		875,798		(2,306,578)
Change in net assets attributable to shareholders from investment activities		2,258,643		1,151,571
Retained distributions on accumulation shares		99,159		4,094
Closing net assets attributable to shareholders		<u>11,097,845</u>		<u>7,864,245</u>

Balance sheet
as at 30 September 2017

	Notes	2017 £	2016 £
Assets:			
Fixed assets:			
Investments		9,991,653	7,751,979
Current assets:			
Debtors	7	35,621	19,480
Cash and bank balances	8	1,077,000	2,594,017
Total assets		<u>11,104,274</u>	<u>10,365,476</u>
Liabilities:			
Creditors:			
Other creditors	9	(6,429)	(2,501,231)
Total liabilities		<u>(6,429)</u>	<u>(2,501,231)</u>
Net assets attributable to shareholders		<u><u>11,097,845</u></u>	<u><u>7,864,245</u></u>

Notes to the financial statements

for the year ended 30 September 2017

1. Accounting policies

The accounting policies are disclosed on pages 8 to 10.

2. Net capital gains

	2017	2016
	£	£
Non-derivative securities - realised (losses) / gains	(1,158,028)	362,034
Non-derivative securities - movement in unrealised gains	3,414,872	814,690
Currency gains / (losses)	3,852	(10,426)
Transaction charges	(2,085)	(814)
Total net capital gains	<u>2,258,611</u>	<u>1,165,484</u>

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 gain/(loss) is included in unrealised gains/(losses).

3. Revenue

	2017	2016
	£	£
Franked revenue	194,930	103,778
Unfranked revenue	13,084	-
Overseas revenue	17,656	19,426
Interest on debt securities	468	9,846
Bank and deposit interest	8	-
Total revenue	<u>226,146</u>	<u>133,050</u>

4. Expenses

	2017	2016
	£	£
Payable to the ACD and associates		
Annual management charge	111,962	116,938
Registration fees	390	381
	<u>112,352</u>	<u>117,319</u>
Payable to the Depositary		
Depositary fees	8,994	8,505
Other expenses:		
Audit fee	5,940	6,120
Safe custody fees	(883)	3,064
Bank interest	38	-
FCA fee	65	60
KIID production fee	852	-
Platform charges	567	369
Publication fee	-	1,560
Legal fee	-	1,590
	<u>6,579</u>	<u>12,763</u>
Total expenses	<u>127,925</u>	<u>138,587</u>

5. Taxation

	2017	2016
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Overseas tax withheld	2,590	4,628
Total taxation (note 5b)	<u>2,590</u>	<u>4,628</u>

Notes to the financial statements (continued)

for the year ended 30 September 2017

5. Taxation (continued)

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2016: higher) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Net revenue / (expense) before taxation	<u>98,221</u>	<u>(5,537)</u>
Corporation tax @ 20%	19,644	(1,107)
Effects of:		
Franked revenue	(38,986)	(20,756)
Overseas revenue	(3,531)	(3,885)
Overseas tax withheld	2,590	4,628
Expenses not deductible for tax purposes	-	318
Excess management expenses	<u>22,873</u>	<u>25,430</u>
Total taxation (note 5a)	<u>2,590</u>	<u>4,628</u>

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 £136,546 (2016: £113,673).

6. Distributions

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

	2017	2016
	£	£
Interim accumulation distribution	8,476	400
Final accumulation distribution	<u>90,683</u>	<u>3,694</u>
	99,159	4,094
Equalisation:		
Amounts deducted on cancellation of shares	616	43
Amounts added on issue of shares	(4,184)	(380)
Net equalisation on conversions	8	(9)
Total net distributions	<u>95,599</u>	<u>3,748</u>

Reconciliation between net revenue / (expense) and distributions:

	2017	2016
	£	£
Net revenue / (expense) after taxation per Statement of total return	95,631	(10,165)
Undistributed revenue brought forward	2	8
Revenue shortfall transferred from capital	-	13,907
Undistributed revenue carried forward	(34)	(2)
Distributions	<u>95,599</u>	<u>3,748</u>

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

Notes to the financial statements (continued)
for the year ended 30 September 2017

7. Debtors	2017	2016
	£	£
Amounts receivable on issue of shares	650	177
Accrued revenue	34,687	19,271
Prepaid expenses	284	32
Total debtors	<u>35,621</u>	<u>19,480</u>
8. Cash and bank balances	2017	2016
	£	£
Total cash and bank balances	<u>1,077,000</u>	<u>2,594,017</u>
9. Other creditors	2017	2016
	£	£
Amounts payable on cancellation of shares	-	2,493,839
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	353	-
Registration fees	1	-
	<u>354</u>	<u>-</u>
Other expenses:		
Depository fees	25	-
Safe custody fees	51	1,139
Audit fee	5,940	6,120
FCA fee	33	-
Transaction charges	26	133
	<u>6,075</u>	<u>7,392</u>
Total accrued expenses	<u>6,429</u>	<u>7,392</u>
Total other creditors	<u>6,429</u>	<u>2,501,231</u>

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	5,345,955
Total shares issued in the year	331,592
Total shares cancelled in the year	(257,735)
Total shares converted in the year	4,435
Closing shares in issue	<u>5,424,247</u>

Notes to the financial statements (continued)

for the year ended 30 September 2017

11. Share classes (continued)

	B accumulation
Opening shares in issue	1,620,134
Total shares issued in the year	605,476
Total shares cancelled in the year	(64,644)
Total shares converted in the year	(4,388)
Closing shares in issue	<u>2,156,578</u>

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 periodic charge and the Investment Adviser's fee.

The ACD's periodic charge is 0.15% on the first £50m, 0.125% on the next £50m, 0.1% on the next £50m, 0.08% on the next £50m and 0.05% on any remaining balance, subject to a minimum of £38,000 per annum. The remainder of the annual management charge is paid to the Investment Adviser.

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

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 share 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 of the sub-fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

A director of the ACD, the Investment Adviser or a body corporate within the same group as the ACD or Investment Adviser with a holding in excess of 20%, may have significant influence over the financial and operating policies of the sub-fund and as such is deemed to be a related party.

	2017	2016
Church House Investments Limited	45.57%	49.27%

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:

	2017	2016
Church House Investments Limited	45.57%	49.27%
Bank of New York (Nominees) Limited	24.54%	20.62%

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A accumulation shares have decreased from 145.92p to 141.64p and the B accumulation shares have decreased from 147.58p to 143.40p as at 8 January 2018. 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 2017

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.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	2017	% of purchases by asset class	2016	% of purchases by asset class
Purchases:	£		£	
Equities - purchases before transaction costs	<u>867,537</u>		<u>3,180,529</u>	
Commission	1,440	0.17%	5,861	0.18%
Taxes	2,258	0.26%	4,917	0.15%
Total direct transaction costs - Equities	<u>3,698</u>	0.43%	<u>10,778</u>	0.33%
Equities - purchases after direct transaction costs	<u>871,235</u>		<u>3,191,307</u>	
Bonds - purchases*	<u>1,009,300</u>		<u>5,075,000</u>	
Total purchases after direct transaction costs	<u>1,880,535</u>		<u>8,266,307</u>	
Capital events^	<u>10,462</u>		<u>-</u>	

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

* No direct transaction costs were incurred in these transactions.

	2017	% of sales by asset class	2016	% of sales by asset class
Sales:	£		£	
Equities - sales before transaction costs	<u>1,409,397</u>		<u>3,142,633</u>	
Commission	(2,765)	0.20%	(5,786)	0.18%
Taxes	(1)	0.00%	(8)	0.00%
Total direct transaction costs - Equities	<u>(2,766)</u>	0.20%	<u>(5,794)</u>	0.18%
Equities - sales after direct transaction costs	<u>1,406,631</u>		<u>3,136,839</u>	
Bonds - sales*	<u>-</u>		<u>7,047,215</u>	
Total sales after direct transaction costs	<u>1,406,631</u>		<u>10,184,054</u>	
Capital events^	<u>500,000</u>		<u>-</u>	

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

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 30 September 2017

14. Transaction costs (continued)

a Direct transaction costs (continued)

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:

	2017	% of average net asset value	2016	% of average net asset value
	£		£	
Commission	4,205	0.04%	11,647	0.12%
Taxes	2,259	0.02%	4,925	0.05%

b Average portfolio dealing spread

The average portfolio 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 3.54% (2016: 3.80%).

Notes to the financial statements (continued)

for the year ended 30 September 2017

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.

At 30 September 2017, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to the shareholder of the sub-fund would increase or decrease by approximately £449,238 (2016: £387,599).

(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
	£	£	£
2017			
Japanese yen	318,061	1,490	319,551
US dollar	476,880	-	476,880
Total foreign currency exposure	794,941	1,490	796,431

Notes to the financial statements (continued)

for the year ended 30 September 2017

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
2016	£	£	£
Euro	116,516	-	116,516
Japanese yen	206,621	1,710	208,331
US dollar	387,882	-	387,882
Total foreign currency exposure	<u>711,019</u>	<u>1,710</u>	<u>712,729</u>

At 30 September 2017, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to the shareholder of the sub-fund would increase or decrease by approximately £39,822 (2016: £35,636).

(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 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.

In the event of change in interest rates, there would be no material impact upon the assets of the sub-fund.

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 are not used to hedge against 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
2017	£	£	£	£	£	£
UK sterling	1,077,000	-	1,006,900	8,223,945	(6,429)	10,301,416
Japanese yen	-	-	-	319,551	-	319,551
US dollar	-	-	-	476,880	-	476,880
	<u>1,077,000</u>	<u>-</u>	<u>1,006,900</u>	<u>9,020,376</u>	<u>(6,429)</u>	<u>11,097,847</u>

Notes to the financial statements (continued)

for the year ended 30 September 2017

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
2016	£	£	£	£	£	£
UK sterling	2,477,501	-	-	7,175,246	(2,501,231)	7,151,516
Euro	116,516	-	-	-	-	116,516
Japanese yen	-	-	-	208,331	-	208,331
US dollar	-	-	-	387,882	-	387,882
	<u>2,594,017</u>	<u>-</u>	<u>-</u>	<u>7,771,459</u>	<u>(2,501,231)</u>	<u>7,864,245</u>

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 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.

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.

Notes to the financial statements (continued)

for the year ended 30 September 2017

15. Risk management policies (continued)

c Liquidity risk (continued)

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.

	Investment assets 2017 £	Investment liabilities 2017 £
Valuation technique		
Quoted prices	9,991,653	-
Observable market data	-	-
Unobservable data	-	-
	<u>9,991,653</u>	<u>-</u>
	Investment assets 2016 £	Investment liabilities 2016 £
Valuation technique		
Quoted prices	7,751,979	-
Observable market data	-	-
Unobservable data	-	-
	<u>7,751,979</u>	<u>-</u>

No securities in the portfolio of investments are valued using valuation techniques.

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.

Notes to the financial statements (continued)

for the year ended 30 September 2017

15. Risk management policies (continued)

f Derivatives (continued)

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.

(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 2017

Distributions on A accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.17	group 1	interim	0.046	-	0.046	-
31.05.17	group 2	interim	0.035	0.011	0.046	-
30.11.17	group 1	final	1.114	-	1.114	-
30.11.17	group 2	final	0.691	0.423	1.114	-

Distributions on B accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.17	group 1	interim	0.340	-	0.340	0.027
31.05.17	group 2	interim	0.160	0.180	0.340	0.027
30.11.17	group 1	final	1.403	-	1.403	0.228
30.11.17	group 2	final	0.730	0.673	1.403	0.228

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 distributions:

- Group 1 Shares purchased before 1 October 2016
- Group 2 Shares purchased 1 October 2016 to 31 March 2017

Final distributions:

- Group 1 Shares purchased before 1 April 2017
- Group 2 Shares purchased 1 April 2017 to 30 September 2017

Remuneration

Remuneration code disclosure

The remuneration committee is responsible for setting remuneration policy for all partners, directors and employees within the Smith and Williamson Group including individuals designated as Material Risk Takers under the Remuneration Code. The remuneration policy is designed to be compliant with the Code and provides a framework to attract, retain, motivate and reward partners, directors and employees. The overall policy is designed to promote the long-term success of the group and to support prudent risk management, with particular attention to conduct risk.

Remuneration committee

The remuneration committee report contained in pages 39-41 of the Smith & Williamson Report and Financial Statements for the year ended 30 April 2017 (available <http://smithandwilliamson.com/about-us/financial-reports>) includes details on the remuneration policy. The remuneration committee comprises five non-executive directors and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met five times during 2016-17.

Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices
- 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
- to align incentive plans with the business strategy and shareholder interests.

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. As part of a “balanced scorecard” approach to variable remuneration non-financial criteria including compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

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, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

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 employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

The committee approved the introduction of a new Equity Matching Plan for partners, and the continuation of the existing Matching Share Plan for employees. The purpose of the plans is to reward individual performance and to encourage wider share ownership.

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 treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 30 April 2017. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

Remuneration (continued)

Aggregate Quantitative Information

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 72 employees is £2,924,504, of which £2,705,376 is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in SWFAL as at 30 April 2017. Any variable remuneration is awarded for the year ending 30 April 2017. 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. 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. For this reason, the aggregate total remuneration awarded for the financial year 2016-17 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 2017			
	Fixed	Variable		Total	No. MRTs
		Cash	Equity		
Senior Management	£2,929	£1,776	£580	£5,285	16
Other MRTs	£1,476	£872	£184	£2,532	11
Total	£4,405	£2,648	£764	£7,817	27

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed/allocated semi-annually on 30 November (final) and 31 May (interim). 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

Buying and selling shares

The property of the sub-funds is valued at 12 noon on every business day, 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:		
<i>share classes available for investment</i>		
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:		
<i>share classes available for investment</i>		
A Accumulation shares	£5,000	£1,000
B Accumulation shares	£100,000	£100,000

The minimum investments may be waived by the ACD at its discretion.

Prices of shares and the estimated yield of the share classes of the sub-funds are published on the following website: www.fundlistings.com or may be obtained from the ACD by calling 0141 222 1151.

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 holdings managed by the Investment Adviser.

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 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 2017/2018, the first £11,300 (2016/2017 £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 ("the 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

Grant Hotson

Tas Quayum

James Gordon

Brian McLean - appointed 17 February 2017

Investment Adviser

Church House Investments Limited

York House

6 Coldharbour

Sherborne

Dorset DT9 4JW

Authorised and regulated by the Financial Conduct Authority

Depository

National Westminster Bank Plc

Trustee and Depository 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