

SVS CH Special Mandates Fund

Interim Short Report

for the six months ended 31 March 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 Interim Short Report for SVS CH Special Mandates Fund ("the Company") for the six months ended 31 March 2017.

#### Risk disclosure

The main risks which may affect the assets and liabilities of the sub-funds, either directly or indirectly through its underlying holdings, are market risk, liquidity risk, credit risk and fair value of financial assets and financial liabilities. The ACD has processes in place to mitigate these risks.

Where the sub-funds have exposure to derivatives, global exposure is calculated and monitored daily using the commitment method with netting applied where appropriate.

The ACD monitors the investment activity of the Investment Adviser to ensure the investment activity is consistent with the investment objectives and the investment and borrowing powers which are laid out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities and their fair value.

For further information please refer to the Prospectus or the Interim Long Report.

More information about the activities and performance of the sub-funds for this and previous periods can be obtained from the ACD.

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

The Interim Long Report is available on request 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

#### Investment objective and policy

The investment objectives and policies of the sub-funds are disclosed in the Investment Adviser's report of the individual sub-funds.

#### Changes affecting the Company in the period

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

## 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 31 March 2017	31 March 2017	30 September 2016	Change
SVS Church House Tenax Absolute Return Strategies Fund 'A' accumulation	152.30	149.10	+2.1%
SVS Church House Tenax Absolute Return Strategies Fund 'B' accumulation	157.00	153.40	+2.3%
Annual Volatility**	2.6%	2.6%	

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.

Over this period, the three-month London Interbank Offered Rate (LIBOR) moved in a narrow range between a low point 0.34% (31/03/17) and high point of 0.40% (31/10/16).

#### Investment activities

Over the first quarter of the sub-fund's year (the final calendar quarter of 2016), the proportions held in different asset classes did not change significantly and we maintained the high allocation to Floating Rate Notes (FRN). We added a hedge for the existing fixed interest holdings to the portfolio: the CMS Linked Quanto Reverse Convertible Note 5.75% 01/06/2017. These bear some explanation (CMS = Constant Maturity Swaps). These instruments pay a good return while ten-year interest rates (swap rates) are steady or rising.

## Investment Adviser's report (continued)

## Investment activities (continued)

Top 15 holdings as at 31 March 2017	
UK Treasury Gilt 1% 07/09/2017	5.4%
UK Treasury Gilt 0% 21/04/2017	5.3%
European Investment Bank 1.375% 15/01/2018	3.2%
European Investment Bank 0.60838% 17/02/2020	2.2%
European Investment Bank 0.60369% 25/05/2018	2.1%
European Investment Bank 0.60663% 16/04/2019	1.9%
Leeds Building Society 0.63113% 09/02/2018	1.9%
JPMorgan Chase 0.81669% 30/05/2017	1.8%
Lloyds Bank 0.65633% 16/01/2020	1.7%
GE Capital UK Funding Unlimited 4.125% 28/09/2017	1.6%
Lloyds Bank 0.54525% 19/01/2018	1.6%
ABN AMRO Bank 0.8565% 30/11/2018	1.1%
Coventry Building Society 0.64438% 17/03/2020	1.6%
Goldman Sachs International 4.25% BDS 19/02/2018	1.6%
HICL Infrastructure	1.4%

Source: Bloomberg, Smith & Williamson Fund Administration Limited.

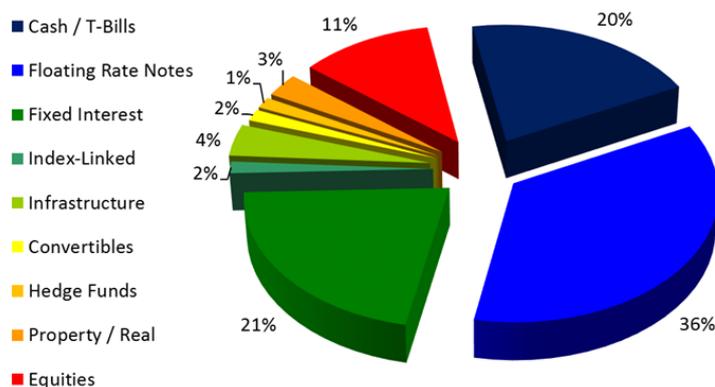
Moving to the first quarter of 2017; the proportion of the portfolio allocated to FRN continues to be the largest slice of the pie. We remain of the view that the structure of interest rates in the UK is wrong and being held artificially low by the Bank of England; the interest rate paid on an FRN will 'float' upwards in the event of an increase in rates generally, protecting the capital value of the notes.

The majority of the transactions in the portfolio have been purchases but there have been some sales. This quarter, these have principally been where we were concerned by deteriorating credit quality of an issuer (e.g. Old Mutual, Johnston Press) or responding to a corporate tender (e.g. RSA Insurance). With so many short-dated holdings in the portfolio at the moment, we also have regular maturities.

The top fifteen holdings reflect the cash management in the portfolio with almost all being short-dated bonds and FRN. HICL Infrastructure is about the only exception to this. We supported their recent Placing and Open Offer at which they raised a further £260m, after a further meeting with their management.

## Investment strategy and outlook

SVS Church House Tenax Absolute Return Strategies Fund seeks absolute returns at a low level of volatility. In pursuit of this, we continue to hold a diverse portfolio of investments across asset classes. The pie chart shows the disposition among the asset classes at the end of the period:



Source: Church House Investments Limited

## Investment Adviser's report (continued)

### Investment strategy and outlook (continued)

Geopolitical events have pushed their way to the fore over the past couple of months. As is well known, President Trump's bombing of the Al Shayrat airfield in Syria ratcheted-up tensions in the region between the US and Russia, while North Korea's belligerence raised fears of China becoming embroiled in a new Far Eastern conflict, which could drag in South Korea and Japan.

Politics of the more domestic variety was always going to be a feature of 2017 and this has now taken a fresh turn with Prime Minister May's call for an early General Election. The run-in to the French Presidential Election appears to have been interminable, we hope that Macron can clear the hurdle of the first round, at least we should know this result shortly. It is hard to recall a time when we have had French, German and UK elections in such a short period. Lurking in the background is the possibility of further Italian plebiscites after the failure of Renzi's Constitutional Reform Referendum in December. Italy still has the ability to upset the European Union apple cart (assuming that Macron has cleared the first French round, if not, France will do it).

Income yields on fixed interest stocks in the UK and Europe have fallen back to extremely low levels, apparently priced to discount disaster (economic or political). Of course, these interest rates are distorted by central bank interference in the markets so we don't actually know what 'true' levels would be. By contrast, equity markets have remained buoyant and reflect the expectation of continuing economic recovery.

Church House Investments Limited

28 April 2017

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## Fund information

### Distributions and reporting dates

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

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

### Buying and selling shares

The property of the sub-fund 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
<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

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

Prices of shares and the estimated yield of the sub-fund are published on the following website: [www.fundlistings.com](http://www.fundlistings.com) or may be obtained from the ACD by calling 0141 222 1151.

### Management charges

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.

## Risk and reward profile

The risk and reward profile relates to all share classes in the sub-fund.

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. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

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

## Performance information

Number of shares in issue	31.03.17	30.09.16	30.09.15	30.09.14
A accumulation	14,996,143	13,736,867	12,547,165	12,236,868
B accumulation	25,195,963	19,116,814	17,187,440	12,304,996
C accumulation	10,816,937	6,082,155	2,290,197	-
A income	4,287,343	2,353,619	944,967	-
B income	3,950,511	2,408,119	1,560,235	-
C income	1,352,956	-	-	-
Net Asset Value (NAV)	£	£	£	£
Total NAV of the sub-fund	93,706,063	65,991,258	48,466,353	33,719,343
NAV attributable to A accumulation shareholders	22,804,521	20,416,235	17,349,327	16,620,099
NAV attributable to B accumulation shareholders	39,483,523	29,238,338	24,386,969	17,099,244
NAV attributable to C accumulation shareholders	16,996,448	9,323,822	3,253,863	-
NAV attributable to A income shareholders	6,375,010	3,431,093	1,294,999	-
NAV attributable to B income shareholders	5,993,768	3,581,770	2,181,195	-
NAV attributable to C income shareholders	2,052,793	-	-	-
Net asset value per share (based on bid value) ^	p	p	p	p
A accumulation	152.1	148.6	138.3	135.8
B accumulation	156.7	152.9	141.9	139.0
C accumulation	157.1	153.3	142.1	-
A income	148.7	145.8	137.0	-
B income	151.7	148.7	139.8	-
C income	151.7	-	-	-

^ The net asset value per share excludes the value of the income distributions payable.

A accumulation and B accumulation shares were first issued at 100.0p per share on 22 November 2007.

B income shares were first issued at 141.4p per share on 28 November 2014.

C accumulation shares were first traded at 143.3p per share on 23 January 2015.

A income shares were first traded at 139.9p per share on 30 January 2015.

C income shares were first issued at 100.0p per share on 31 October 2016.

## Performance information (continued)

## Highest and lowest prices and distributions

		Distribution per share	Highest price	Lowest price
		p	p	p
Financial year to 30 September				
2014	A accumulation	2.263	136.7	128.9
2014	B accumulation	2.693	139.8	131.5
2015	A accumulation	1.756	142.2	134.7
2015	B accumulation	2.217	145.7	137.8
2015**	C accumulation	1.738	145.8	100.0
2015***	A income	1.442	142.0	138.2
2015*	B income	2.409	145.6	140.6
2016	A accumulation	1.477	149.1	137.6
2016	B accumulation	1.939	153.5	141.4
2016	C accumulation	2.096	153.8	141.6
2016	A income	1.501	146.9	136.4
2016	B income	1.913	150.0	139.3
Financial period to 31 March 2017	A accumulation	0.446	152.6	149.1
Financial period to 31 March 2017	B accumulation	0.687	157.2	153.5
Financial period to 31 March 2017	C accumulation	0.771	157.7	153.9
Financial period to 31 March 2017	A income	0.466	149.7	146.3
Financial period to 31 March 2017	B income	0.677	152.9	149.3
Financial period to 31 March 2017	C income	0.616	152.9	100.0

\* from 28 November 2014

\*\* from 23 January 2015

\*\*\* from 30 January 2015

## Summary of the distributions in the current financial period and prior financial year

## A accumulation

Allocation date	p	Allocation date	p
31.05.17	0.446	31.05.16	0.850
		30.11.16	0.627

## B accumulation

Allocation date	p	Allocation date	p
31.05.17	0.687	31.05.16	1.076
		30.11.16	0.863

## C accumulation

Allocation date	p	Allocation date	p
31.05.17	0.771	31.05.16	1.137
		30.11.16	0.959

## A income

Payment date	p	Payment date	p
31.05.17	0.466	31.05.16	0.873
		30.11.16	0.628

## B income

Payment date	p	Payment date	p
31.05.17	0.677	31.05.16	1.071
		30.11.16	0.842

## C income

Payment date	p
31.05.17	0.616

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	31.03.17 <sup>^</sup>	30.09.16
Annual management charge	1.21%	1.19%
Other expenses	0.05%	0.08%
Ongoing charges figure	<u>1.26%</u>	<u>1.27%</u>
B accumulation	31.03.17 <sup>^</sup>	30.09.16
Annual management charge	0.84%	0.83%
Other expenses	0.05%	0.08%
Ongoing charges figure	<u>0.89%</u>	<u>0.91%</u>
C accumulation	31.03.17 <sup>^</sup>	30.09.16
Annual management charge	0.72%	0.69%
Other expenses	0.05%	0.08%
Ongoing charges figure	<u>0.77%</u>	<u>0.77%</u>
A income	31.03.17 <sup>^</sup>	30.09.16
Annual management charge	1.21%	1.19%
Other expenses	0.05%	0.08%
Ongoing charges figure	<u>1.26%</u>	<u>1.27%</u>
B income	31.03.17 <sup>^</sup>	30.09.16
Annual management charge	0.84%	0.83%
Other expenses	0.05%	0.08%
Ongoing charges figure	<u>0.89%</u>	<u>0.91%</u>
C income	31.03.17 <sup>^^</sup>	
Annual management charge	0.72%	
Other expenses	0.05%	
Ongoing charges figure	<u>0.77%</u>	

<sup>^</sup> Annualised based on the expenses incurred during the period 1 October 2016 to 31 March 2017.

<sup>^^</sup> Annualised based on the expenses incurred during the period 31 October 2016 to 31 March 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.

## Portfolio information

## Portfolio by asset class and geographical spread

Investment Type	Percentage of the total net assets as at 31.03.17	Percentage of the total net assets as at 30.09.16
Debt securities: *		
AAA to AA	40.09%	37.86%
AA- to A+	5.18%	2.45%
A to A-	0.98%	7.00%
BBB+ to BBB	4.42%	5.09%
BBB- and below	13.25%	11.54%
Unrated*	0.98%	1.00%
Total debt securities	64.90%	64.94%
Equities:		
United Kingdom	13.20%	17.86%
North America	1.40%	1.61%
Total equities	14.60%	19.47%
UK Authorised Collective Investment Schemes	3.26%	3.54%
Offshore Collective Investment Schemes	1.54%	3.38%
Total Collective Investment Schemes	4.80%	6.92%
Structured products	4.21%	3.36%
	88.51%	94.69%
Other net assets	11.49%	5.31%
Total net assets	100.00%	100.00%

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

## Major ten holdings at the end of the current period

Holding	Percentage of the total net assets as at 31.03.17
UK Treasury Gilt 1% 07/09/2017	5.36%
UK Treasury Gilt 0% 21/04/2017	5.34%
European Investment Bank 1.375% 15/01/2018	3.23%
European Investment Bank 0.60838% 17/02/2020	2.15%
European Investment Bank 0.60369% 25/05/2018	2.14%
European Investment Bank 0.60663% 16/04/2019	1.88%
Leeds Building Society 0.63113% 09/02/2018	1.87%
JPMorgan Chase 0.81669% 30/05/2017	1.81%
Lloyds Bank 0.65633% 16/01/2020	1.71%
GE Capital UK Funding Unlimited 4.125% 28/09/2017	1.63%

## Portfolio information (continued)

## Major ten holdings at the end of the previous year

Holding	Percentage of the total net assets as at 30.09.16
UK Treasury Gilt 1% 07/09/2017	7.64%
UK Treasury Bill 0% 12/12/2016	6.06%
European Investment Bank 3.25% 07/12/2016	3.04%
European Investment Bank 0.84063% 17/02/2020	1.52%
UK Treasury Gilt 1.75% 22/01/2017	1.52%
CMS Linked Quanto Reverse Convertible Note 5.75% 01/06/2017	1.48%
Bank of Nova Scotia 0.78125% 02/11/2017	1.46%
Coventry Building Society 0.88875% 17/03/2020	1.44%
Statoil ASA 1.107% 15/05/2018	1.40%
Waverton Investment Funds SICAV - Waverton European Capital Growth Fund	1.37%

## 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	31 March 2017	30 September 2016	% Change*
SVS Church House Deep Value Investment Fund 'A' accumulation	137.3	114.2	+20.2%

Source: Bloomberg, Smith & Williamson Fund Administration Limited.

\*percentage change in bid price of accumulation shares

#### Investment activities

The table shows the top fifteen holdings in the SVS Church House Deep Value Investments Fund at 31 March 2017. Altogether, there were 26 holdings.

In the final quarter of 2017, UK markets benefitted from the devaluation of UK sterling, particularly against the US dollar. H&T Group, a beneficiary of US dollar strength, notified the market in early November that they expect profits for the year to be ahead of expectations. BP Marsh & Partners released its interim results, showing a further increase in net asset value per share, and more recently, it has announced the sale of its stake in Besso Insurance.

Elsewhere, we added to the holding in Hornbeck Offshore Services, which, though highly volatile, stood at a large discount to the value of their assets. In the same area, Enteq Upstream's management told us that, while they were still suffering from low oil prices, they were seeing the first 'rays of light at the end of the tunnel'. Ambrian announced the closure of their metals trading business; they will now concentrate on industrial activities. All rather unsatisfactory, we have sold our remaining holding.

At the start of 2017, we established a new position in British Land, the UK focused FTSE 100 Index property company, in January. Not long ago, their shares traded at a premium to underlying net asset value; however, since the Brexit vote, the share price has shown a significant decline. We bought the shares at a discount of over 30% to their net asset value, backed-up by a strong balance sheet and an attractive dividend yield of 5%.

## Investment Adviser's report (continued)

### Investment activities (continued)

The house-builders in the portfolio have had a favourable period on the back of their post-Brexit vote turmoil. Telford Homes progressed and March saw two prospective bids for Bovis Homes from Galliford Try and Redrow. March also brought a recommended bid for Panmure Gordon from a newly formed consortium made up of its largest shareholder and a group run by Bob Diamond, the ex-Barclays chief. We have accepted this bid, the investment was made on the basis that we expected consolidation in this sector, which has been the case.

Record is still at the top of the list despite our chipping away at this holding as it rises; 10% is our upper limit for a single holding. Their trading update in January read well. We still await the result of arbitration negotiations for PV Crystalox Solar. H&T Group also released a trading update in January; they expect full year profits to be marginally ahead of expectations.

We have been increasing the holding in IndigoVision Group, but it is slow work and hard to find sellers. We sold the remaining small position in London Capital Group Holdings. Sanshin Electronics, one of the two Japanese holdings in the portfolio, had a particularly strong quarter.

Top 15 as at 31 March 2017	
Record	10.0%
PV Crystalox Solar	7.2%
H&T Group	7.0%
BP Marsh & Partners	5.5%
Hydrogen Group	5.3%
Hargreaves Services	5.2%
Panmure Gordon	5.0%
Enteq Upstream	4.8%
Bovis Homes Group	4.4%
McKay Securities	4.4%
Thalassa Holdings	4.0%
Telford Homes	3.8%
IndigoVision Group	3.5%
Lamprell	3.4%
British Land	2.5%

### Investment strategy and outlook

The sub-fund has had a strong six months, and continued its performance into 2017 as patience in deploying capital at opportune moments is coming to fruition. We continue to seek new opportunities and are awaiting materialistic situations to occur in the portfolio's holdings. The strategy for the sub-fund is unchanged: the aim is to invest in companies which exhibit 'deep value' characteristics, where the market value of the company has sunk below realistic valuations, ideally below the value of their working capital (a 'net-net' valuation). We also consider companies trading at a discount to net asset value. Up to 30% of the portfolio may also be invested overseas in other Organisation for Economic Co-operation and Development economies, meaning, in practise, the major European markets, North America and Japan.

Church House Investments Limited  
28 April 2017

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## Fund information

### Distributions and reporting dates

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

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

### Buying and selling shares

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

<i>Share classes available for investment</i>	Minimum initial investment and minimum holding value	Minimum subsequent investment
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 sub-fund are published on the following website: [www.fundlistings.com](http://www.fundlistings.com) or may be obtained from the ACD by calling 0141 222 1151.

### Management charges

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.

## Risk and reward profile

The risk and reward profile relates to all share classes in the sub-fund.

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 period.

## Performance information

Number of shares in issue	31.03.17	30.09.16	30.09.15	30.09.14
A accumulation	5,269,366	5,345,955	7,664,436	8,259,279
B accumulation	1,780,143	1,620,134	1,307,493	-
Net Asset Value (NAV)	£	£	£	£
Total NAV of sub-fund	9,614,445	7,864,245	9,015,158	9,895,446
NAV attributable to A accumulation shareholders	7,169,561	6,025,276	7,697,794	9,895,446
NAV attributable to B accumulation shareholders	2,444,884	1,838,969	1,317,364	-
Net asset value per share (based on bid value)	p	p	p	p
A accumulation	136.1	112.7	100.4	119.8
B accumulation	137.3	113.5	100.8	-

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

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

## Highest and lowest prices and distributions

Financial year to 30 September		Distribution per share p	Highest price p	Lowest price p
2014	A accumulation	-	139.9	116.3
2015	A accumulation	-	121.8	109.1
2015 *	B accumulation	0.341	121.6	102.5
2016	A accumulation	-	116.0	97.65
2016	B accumulation	0.255	116.8	98.10
Financial period to 31 March 2017	A accumulation	0.046	138.3	115.2
Financial period to 31 March 2017	B accumulation	0.340	139.6	116.0

\* from 27 November 2014 to 30 September 2015.

## Summary of the distributions in the current financial period and prior financial year

A accumulation			
Allocation date	p	Allocation date	p
31.05.17	0.046	31.05.16	-
		30.11.16	-
B accumulation			
Allocation date	p	Allocation date	p
31.05.17	0.340	31.05.16	0.027
		30.11.16	0.228

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 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	31.03.17	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	31.03.17	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>

^ Annualised based on the expenses incurred during the period 1 October 2016 to 31 March 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.

## Portfolio information

## Portfolio by asset class and geographical spread

Investment Type	Percentage of the total net assets as at 31.03.17	Percentage of the total net assets as at 30.09.16
Equities:		
United Kingdom	9.03%	89.51%
Israel	0.00%	1.50%
Japan	0.45%	2.63%
United States	2.22%	4.93%
Total Equities	11.70%	98.57%
	11.70%	98.57%
Other net assets	93.64%	1.43%
Total net assets	105.34%	100.00%

## Major ten holdings at the end of the current period

Holding	Percentage of the total net assets as at 31.03.17
Record	10.03%
PV Crystalox Solar	7.24%
H&T Group	7.01%
BP Marsh & Partners	5.48%
Hydrogen Group	5.28%
Hargreaves Services	5.23%
Panmure Gordon	5.04%
Enteq Upstream	4.80%
Bovis Homes Group	4.39%
McKay Securities	4.37%

## Major ten holdings at the end of the previous year

Holding	Percentage of the total net assets as at 30.09.16
PV Crystalox Solar	9.15%
Record	7.22%
H&T Group	6.88%
BP Marsh & Partners	6.52%
Hydrogen Group	6.45%
Bovis Homes Group	5.56%
McKay Securities	5.14%
Enteq Upstream	3.95%
Telford Homes	3.86%
Catalyst Media Group	3.71%

## 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 1151 (Dealing)

Authorised and regulated by the Financial Conduct Authority

### Directors of the ACD

David Cobb

Giles Murphy

Grant Hotson

James Gordon

Jocelyn Dalrymple

Kevin Stopps

Paul Wyse

Peter Maher

Susan Shaw

Tas Quayum

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

### Depositary

National Westminster Bank Plc

Trustee and Depositary Services

Younger Building

1st Floor

3 Redheughs Avenue

Edinburgh EH12 9RH

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

### Auditor

KPMG LLP

Saltire Court

20 Castle Terrace

Edinburgh EH1 2EG