

SVS Church House Balanced Equity Income Fund

Interim Short Report

for the six months ended 30 September 2016

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SVS Church House Balanced Equity Income Fund

Report of the Manager

Smith & Williamson Fund Administration Limited as Manager hereby presents the Interim Short Report for SVS Church House Balanced Equity Income Fund ("the Fund") for the six months ended 30 September 2016.

Risk disclosure

The main risks which may affect the assets and liabilities of the Fund, 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 Manager has processes in place to mitigate these risks.

Where the Fund has exposure to derivatives, global exposure is calculated and monitored daily using the commitment method with netting applied where appropriate.

The Manager 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 Fund for this and previous periods can be obtained from the Manager.

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

The Interim Long Report is available on request from the Manager.

Investment objective and policy

The objective of the Fund is to provide investors with medium to long-term capital growth, with income, through investment in a portfolio of UK equities. The portfolio will be mainly UK equities, selected for their value and income prospects, but a proportion of the portfolio will be invested in index-linked and other fixed interest securities and listed investment companies.

Changes affecting the Fund in the period

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

Subsequent to the balance sheet date, on 1 November 2016, the Manager'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

SVS Church House Balanced Equity Income Fund Investment Adviser's report

Investment performance (source: Bloomberg)

Capital performance* over:	Six months to 30.09.16	Three Years to 30.09.16	Five Years to 30.09.16
SVS Church House Balanced Equity Income Fund	+7.5%	+8.7%	+35.2%

* Percentage change in bid price of income units

Investment Activity

Over the course of the three months to the end of June, the SVS Church House Balanced Equity Income Fund had been more in the eye of the Brexit storm. More cheerfully, the dividend paid from the portfolio at the end of May showed another increase year-on-year, so income is holding up well.

There were no changes to the holdings in the oil & gas sector, while among basic materials companies, we began to build up the holding in Croda International again. We reduced the holding in Bunzl at the end of the period, after a tripling in their share price over the past five years. The holdings in the healthcare sectors are unchanged, while we added to Diageo and Berkeley Group in the consumer goods area. In the retail sector of consumer services, we sold the disappointing holding in N Brown Group but added to Marks & Spencer Group and initiated a new position in Next, whose shares have also suffered markedly over the past six months.

The top fifteen holdings, shown below, are little changed from June although strong performance from Sage Group and a recovery in BHP Billiton bring them to the fore in place of two of the infrastructure holdings. Most of the activity over the period involved incremental changes to existing investments.

Top 15 holdings - 30 September 2016

GlaxoSmithKline	4.8%
Royal Dutch Shell 'B'	4.7%
HSBC Holdings	4.0%
AstraZeneca	3.5%
Imperial Tobacco Group	2.8%
RELX	2.7%
Unilever	2.6%
BP	2.5%
Smith & Nephew	2.2%
Diageo	2.2%
Standard Life Investment Property Income Trust	2.0%
Babcock International Group	1.9%
National Grid	1.8%
BHP Billiton	1.8%
Sage Group	1.7%

This Fund also had a position in ARM Holdings, which is in the process of being bought by Softbank Group, leaving us with Sage Group as the only technology-related stock. Accesso Technology Group is a new addition, as is Craneware, though this latter appears in the Healthcare sector as its business is involved in software and database analysis tools for American hospitals. Clinigen Group is another new addition in Healthcare, helping to balance the major company holdings in GlaxoSmithKline, AstraZeneca and Smith & Nephew.

Having added to Croda International, the specialty chemicals company, in late June, we sold this holding after a strong period over the rest of the summer. Among the Industrial sectors, we reduced Bunzl again but added to Howden Joinery Group. We also added to the holding in soft drink supplier Britvic, in the Consumer Goods area, while in Consumer Services, we reduced exposure to Next while adding to J Sainsbury.

There was just one transaction in the fixed interest section of the portfolio. National Grid tendered for a number of their debt instruments and we accepted their (generous) offer for our holding of Index-Linked stock due 2022.

Investment Adviser's report (continued)

Investment strategy

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

Equally, the media is now fixated on Brexit and the uncertainty that this brings. I do not know whether we may end up with a hard, soft or merely malleable Brexit, but I do expect both sides to compromise as it is in their interests so to do and, to repeat what I said in July: compromise is what Europe does when threatened and the European Union is the product of many previous crises and compromises.

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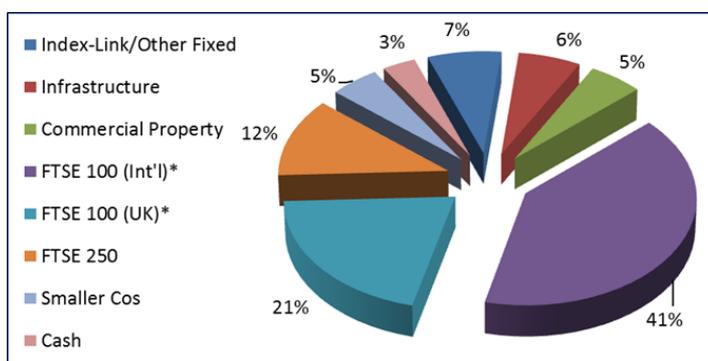
Sterling has borne the brunt of recent concerns, undermined by belligerent Party Conference speeches along with the Bank's utterances and actions. I suspect that we have probably seen the worst of the falls for now, if only because 'forecasters' now seem to be united in their expectations for a further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

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

The SVS Church House Balanced Equity Income Fund is principally invested in UK equities, but a proportion (typically around 15%) is invested in Index-Linked, other fixed interest securities and infrastructure investment companies. Equities listed overseas may be included to a limited extent. We aim to achieve the Fund's objectives at levels of volatility lower than the UK equity market generally.

The pie chart below illustrates the disposition of the Fund at the end of the period:

SVS Church House Balanced Equity Income Fund - Disposition of Assets - 30 September 2016



Source: Church House Investments Limited

*FTSE100 (International) - our definition, FTSE 100 companies with more than 75% of sales overseas.

Church House Investments Limited
October 2016

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Risk and reward profile

The risk and reward profile relates to all unit classes in the Fund.

The risk and reward indicator table demonstrates where the 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 Fund. The shaded area in the table below shows the 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 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 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 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.

Investment trusts 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 moves in line with stock market demand and its share price may be less than or more than the net value of the investments it holds.

The 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 Fund.

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

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

For full details on risk factors for the Fund, please refer to the Prospectus.

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

Fund information

Distributions and reporting dates

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

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

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

Buying and selling shares

The property of the Fund is valued at 12 noon on each business day. The price of units are calculated as at that time. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

The price of units and the estimated yield of the unit classes are published on the following website: www.fundlistings.com or may be obtained from the Manager by calling 0141 222 1150.

A units income and A units accumulation

The minimum initial investment is £5,000. The minimum subsequent investment is £5,000. The Manager reserves the right to terminate holdings where the value is less than £3,000.

B units income and B units accumulation

The minimum initial investment is £100,000. The minimum subsequent investment is £100,000. The Manager reserves the right to terminate holdings where the value is less than £100,000.

Management charges

There is no initial charge applied on the purchase of units.

A units income and A units accumulation

Annual management charge : 1.50% per annum

B units income and B units accumulation

Annual management charge : 0.875% per annum

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

The Manager's periodic charge is 0.15% on the first £100 million of funds under management, 0.125% from £100 million to £150 million, 0.10% from £150 million to £200 million and 0.08% on the balance. The surplus is paid on to the Investment Adviser by the Manager.

Performance information

Number of units in issue	30.09.16	31.03.16	31.03.15	31.03.16
A units income	21,329,135	20,766,970	20,426,033	20,073,243
A units accumulation	1,242,598	1,274,404	1,653,848	1,659,098
B units income	531,508	424,755	n/a	n/a
B units accumulation	564,104	504,336	n/a	n/a
Net Asset Value (NAV)	£	£	£	£
Total NAV of the Fund	43,104,109	38,748,060	39,141,591	36,962,866
NAV attributable to A units income	37,620,470	33,989,484	35,319,414	33,421,950
NAV attributable to A units accumulation	3,098,053	2,891,508	3,822,177	3,540,916
NAV attributable to B units income	958,161	709,364	n/a	n/a
NAV attributable to B units accumulation	1,427,425	1,157,704	n/a	n/a
Net asset value per unit (based on bid value) ^	p	p	p	p
A units income	176.4	163.7	172.9	166.5
A units accumulation	249.3	226.9	231.1	213.4
B units income	180.3	167.0	n/a	n/a
B units accumulation	253.0	229.6	n/a	n/a

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

Highest and lowest prices and distributions

Financial year ended 31 March		Distribution per unit p	Highest offer price p	Lowest bid price p
2014	A units income	5.489	183.5	153.9
2014	A units accumulation	6.914	233.8	192.3
2015	A units income	5.834	181.1	155.3
2015	A units accumulation	7.602	238.6	204.6
2016	A units income	5.975	180.0	152.1
2016	A units accumulation	8.056	240.6	207.7
2016*	B units income	4.774	172.2	155.3
2016*	B units accumulation	6.416	236.7	210.0
Financial period to 30 September 2016	A units income	3.475	182.3	158.4
Financial period to 30 September 2016	A units accumulation	4.817	252.7	219.6
Financial period to 30 September 2016	B units income	3.830	186.5	161.8
Financial period to 30 September 2016	B units accumulation	5.259	256.3	222.5

* from 23 June 2015 to 31 March 2016.

Performance information (continued)

Distributions in the current period and prior year:

A units income

Payment date	p	Payment date	p
30.11.16	3.475	30.11.15	3.467
		31.05.16	2.508

A units accumulation

Allocation date	p	Allocation date	p
30.11.16	4.817	30.11.15	4.633
		31.05.16	3.423

B units income

Payment date	p	Payment date	p
30.11.16	3.830	30.11.15	1.940
		31.05.16	2.834

B units accumulation

Allocation date	p	Allocation date	p
30.11.16	5.259	30.11.15	2.581
		31.05.16	3.835

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 Manager'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 units income	30.09.16 [^]	31.03.16
Annual management charge	1.50%	1.50%
Other expenses	0.08%	0.08%
Ongoing charges figure	<u>1.58%</u>	<u>1.58%</u>
A units accumulation	30.09.16 [^]	31.03.16
Annual management charge	1.50%	1.50%
Other expenses	0.08%	0.08%
Ongoing charges figure	<u>1.58%</u>	<u>1.58%</u>
B units income	30.09.16 [^]	31.03.16 ^{^^}
Annual management charge	0.88%	0.88%
Other expenses	0.08%	0.08%
Ongoing charges figure	<u>0.96%</u>	<u>0.96%</u>
B units accumulation	30.09.16 [^]	31.03.16 ^{^^}
Annual management charge	0.88%	0.88%
Other expenses	0.08%	0.08%
Ongoing charges figure	<u>0.96%</u>	<u>0.96%</u>

[^] Annualised based on the expenses incurred during the period 1 April 2016 to 30 September 2016.

^{^^} Annualised based on the expenses incurred during the period 23 June 2015 to 31 March 2016.

Please note the ongoing charges figure is indicative of the charges which the unit 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 30.09.16	Percentage of the total net assets as at 31.03.16
Debt securities denominated in UK sterling*		
AAA to AA+	1.60%	2.95%
A to A-	2.47%	2.62%
BBB+ to BBB	2.45%	2.50%
BBB- and below	1.99%	1.11%
Total debt securities	8.51%	9.18%
Equities:		
United Kingdom	83.95%	84.72%
Netherlands	2.72%	2.66%
United States	1.39%	1.46%
Total Equities	88.06%	88.84%
	96.57%	98.02%
Other net assets	3.43%	1.98%
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 30.09.16
GlaxoSmithKline	4.76%
Royal Dutch Shell 'B'	4.63%
HSBC Holdings	4.03%
AstraZeneca	3.19%
Imperial Tobacco Group	2.77%
RELX	2.72%
Unilever	2.54%
BP	2.51%
Smith & Nephew	2.16%
Diageo	2.15%

Major ten holdings at the end of the previous year

Holding	Percentage of the total net assets as at 31.03.16
GlaxoSmithKline	4.54%
Royal Dutch Shell 'B'	4.39%
HSBC Holdings	3.36%
Imperial Tobacco Group	2.99%
AstraZeneca	2.77%
Standard Life Investment Property Income Trust	2.67%
RELX	2.66%
Unilever	2.44%
Smith & Nephew	2.22%
BP	2.17%

Appointments

Manager and Registered office

St Vincent Street Fund Administration (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 Street Fund Administration (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 Manager

David Cobb

Giles Murphy

Jocelyn Dalrymple

Kevin Stopps

Paul Wyse

Peter Maher

Susan Shaw

James Gordon

Grant Hotson - appointed 22 August 2016

Tas Quayum - appointed 22 August 2016

Jeremy Boadle - resigned 31 October 2016

Investment Adviser

Church House Investments Limited

York House

6 Coldharbour

Sherborne

Dorset DT9 4JW

Authorised and regulated by the Financial Conduct Authority

Trustee

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