

SVS Church House Esk Global Equity Fund

Annual Short Report

for the year ended 30 September 2016

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SVS Church House Esk Global Equity Fund

Report of the Manager

Smith & Williamson Fund Administration Limited as Manager (trading as St Vincent St Fund Administration) presents herewith the Annual Short Report for SVS Church House Esk Global Equity Fund ("the Fund") for the year 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 Advisers 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 Annual 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 on request free of charge from the Manager.

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

Investment objective and policy

The objective of the Fund is to achieve medium to long-term capital growth from a portfolio of transferable securities. The income yield on the portfolio is likely to be low. The portfolio will comprise of direct equity investments and listed investment companies. Investments in other collective investment schemes, fixed interest securities, including index-linked and convertible issues and preference shares may also be included from time to time. The portfolio will be diversified. It is expected that investments will be listed in London but the outlook is international so investments may also be undertaken on recognized exchanges overseas. There are no specific geographic limitations imposed.

Changes affecting the Fund in the year

Subsequent to the year end, effective from 1 November 2016, the Manager's periodic charge has decreased from 0.15% on the first £100m, 0.125% on the next £50m, 0.1% on the next £50m and 0.8% on any remaining balance to 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 £16,500 per annum.

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

SVS Church House Esk Global Equity Fund

Investment Adviser's report

Investment activity

These comments refer to the latter six months of the Fund's year as we reported on the first six months in April. Over the course of the three months to the end of June, we received a mix of cash and new shares in Shire, which we are retaining following the takeover of Baxalta by Shire. Also in health care, we added further to the holding of Illumina and established a new holding in Cigna. Cigna is an American health insurer that also provides managed care services. In common with many such companies in America, it has been something of a political football and their share price has weakened markedly (despite being the subject of a bid from Anthem Inc., another health benefits company).

Transactions in European listed stocks have all been purchases, principally topping-up existing holdings, though we did establish one new position in Danske Bank, the Danish banking group. We topped-up the holdings in Christian Dior, Nestlé and Roche Holding in early April. Latterly, we also topped-up the holdings in Unilever, SAP and Rio Tinto.

Just one change to the Far Eastern part of the portfolio: we acquired a new holding in SoftBank Group, a Japanese company.

| Top 15 Holdings - 30 September 2016 | | | | | |
|-------------------------------------|-------|----------------------------|-------|------------------|-------|
| Stryker | 2.80% | SAP | 2.35% | Nestle | 2.17% |
| Alphabet | 2.77% | Jardine Strategic Holdings | 2.25% | Christian Dior | 2.16% |
| Apple | 2.53% | Berkshire Hathaway | 2.24% | Roche Holding | 2.14% |
| Anheuser-Busch InBev | 2.48% | Johnson & Johnson | 2.24% | McDonald's | 1.98% |
| Microsoft | 2.48% | Investor 'B' | 2.20% | Everest Re Group | 1.96% |

There were relatively few changes to the portfolio during the quarter up to the end of September. Among the American companies, we sold the small holding in Hornbeck Offshore Services to consolidate into a larger holding in Helmerich & Payne, both being oil services companies. Monster Beverage, which produces energy drinks, is a new holding. Coca-Cola acquired a 17% holding in Monster Beverage in summer 2014 while transferring its own energy drinks business to Monster. Lastly in this region, we added to Microsoft, recognising their strong position in the 'cloud'.

This portfolio is also about to lose its holding in SABMiller. Rather conveniently, shares in Heineken, which we have been watching for a while, slipped back in September giving us an opportunity to initiate a holding.

Royal Dutch Shell 'A' has gone from this portfolio altogether, while we have established a new position in the French company, Technip, which designs and builds offshore facilities for oil companies. We have also added further to the holding in the container shipping company AP Moeller-Maersk, which, increasingly, is looking like the 'last man standing' in this field and has announced a separation of its energy operations.

Investment performance

| Performance* over : | One year | Three years | Five years |
|---|----------|-------------|------------|
| SVS Church House Esk Global Equity Fund | +22.6% | +33.1% | +82.9% |

* Percentage change in bid price of A income units (excluding income distributions)

| Backup price data: | 30/09/16 | 30/09/15 | 30/09/13 | 30/09/11 |
|---|----------|----------|----------|----------|
| SVS Church House Esk Global Equity Fund | 225.1 | 183.6 | 169.1 | 123.1 |

Source: Bloomberg

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.

Investment Adviser's report (continued)

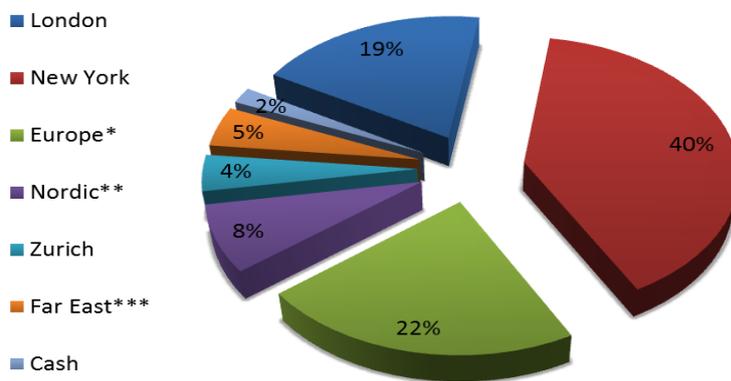
Investment strategy (continued)

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 Fund has increased its exposure to emerging markets directly with the American Depository Receipt of Brazil's Ambev (although we retain some exposure via some of the major companies in the portfolio, like Unilever, SABMiller, McDonald's and the pharmaceutical companies), and no direct exposure to China, utilising SoftBank Group's sizeable holding of Alibaba Group.

SVS Church House Esk Global Equity Fund - Disposition by Listing - 30 September 2016



Source: Church House Investments Limited

*Amsterdam, Paris, Frankfurt,

**Copenhagen, Oslo, Stockholm,

***Singapore, Tokyo

Church House Investments Limited

October 2016

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.

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.

Where the 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 the Fund.

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.

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.

Investments in emerging markets may involve greater risks due to political and economic instability and underdeveloped markets and systems. This means your money may be at greater risk of loss.

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 year.

Fund information

Distributions and reporting dates

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

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

The property of the Fund is valued at 12 noon every business day, and prices 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.

A income and A accumulation

The minimum initial investment in the Fund is £50,000. The minimum subsequent investment is £25,000. The Manager reserves the right to terminate holdings where the value is less than £50,000.

B income and B accumulation

The minimum initial investment in the Fund 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.

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

Management charges

The Manager may impose a charge on the purchase of units. The preliminary charge is 5.5%.

A income and A accumulation

The annual management charge is 1.25% per annum and is based on the net asset value of the Fund less the market value of collectives managed by the Investment Adviser. The Investment Adviser's fee and the Manager's periodic charge are included in the annual management charge.

B income and B accumulation

The annual management charge is 0.875% per annum and is based on the net asset value of the Fund less the market value of collectives managed by the Investment Adviser. The Investment Adviser's fee and the Manager's periodic charge are included in the annual management charge.

The Manager's periodic charge is 0.15% on the first £100m, 0.125% on the next £50m, 0.1% on the next £50m and 0.8% on any remaining balance, subject to a minimum of £16,500 per annum. The remainder of the annual management charge is paid to the Investment Adviser.

Performance information

| | | | |
|---|------------|------------|------------|
| Number of units in issue | 30.09.16 | 30.09.15 | 30.09.14 |
| A income | 8,929,711 | 7,795,927 | 7,656,993 |
| A accumulation | 2,202 | - | - |
| B income | 543,859 | 475,334 | - |
| B accumulation | 408,512 | 345,430 | - |
| Net Asset Value (NAV) | £ | £ | £ |
| Total NAV of the Fund | 22,372,895 | 15,843,274 | 14,109,540 |
| NAV attributable to A income unitholders | 20,191,951 | 14,327,694 | 14,109,540 |
| NAV attributable to A accumulation unitholders | 5,015 | - | - |
| NAV attributable to B income unitholders | 1,229,926 | 873,521 | - |
| NAV attributable to B accumulation unitholders | 946,003 | 642,059 | - |
| Net asset value per unit (based on bid value) ^ | p | p | p |
| A income | 226.1 | 183.8 | 184.3 |
| A accumulation | 227.8 | - | - |
| B income | 226.1 | 183.8 | - |
| B accumulation | 231.6 | 185.9 | - |

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

A income units were first issued at 100.0p per unit on 25 October 1996.

A accumulation units were first traded at 226.1p per unit on 28 September 2016.

B income units were first traded at 193.4p per unit on 27 November 2014.

B accumulation units were first traded at 197.5p per unit on 23 June 2015.

Highest and lowest prices and distributions

| | | Distribution per unit p | Highest offer price p | Lowest bid price p |
|---------|----------------|-------------------------------|-----------------------------|--------------------------|
| 2014 | A income | 1.232 | 199.6 | 165.8 |
| 2015 | A income | 1.924 | 219.3 | 174.1 |
| 2015* | B income | 2.563 | 219.4 | 180.0 |
| 2015** | B accumulation | 0.637 | 213.1 | 180.5 |
| 2016 | A income | 1.904 | 241.7 | 180.1 |
| 2016*** | A accumulation | 0.061 | 241.5 | 225.7 |
| 2016 | B income | 2.652 | 242.1 | 180.4 |
| 2016 | B accumulation | 2.687 | 246.3 | 182.4 |

* for the period 27 November 2014 to 30 September 2015.

** for the period 23 June 2015 to 30 September 2015.

*** for the period 28 September 2016 to 30 September 2016.

Performance information (continued)

Summary of the distributions in the current and prior year

A income

| Payment date | p | Payment date | p |
|--------------|-------|--------------|-------|
| 31.05.16 | 0.810 | 31.05.15 | 0.730 |
| 30.11.16 | 1.094 | 30.11.15 | 1.194 |

A accumulation

| Allocation date | p | Allocation date | p |
|-----------------|-------|-----------------|-----|
| 31.05.16 | n/a | 31.05.15 | n/a |
| 30.11.16 | 0.061 | 30.11.15 | n/a |

B income

| Payment date | p | Payment date | p |
|--------------|-------|--------------|-------|
| 31.05.16 | 1.163 | 31.05.15 | 0.979 |
| 30.11.16 | 1.489 | 30.11.15 | 1.584 |

B accumulation

| Allocation date | p | Allocation date | p |
|-----------------|-------|-----------------|-------|
| 31.05.16 | 1.179 | 31.05.15 | n/a |
| 30.11.16 | 1.508 | 30.11.15 | 0.637 |

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 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 income | 30.09.16 | 30.09.15 |
| Annual management charge | 1.22% | 1.23% |
| Other expenses | 0.12% | 0.12% |
| Ongoing charges figure | <u>1.34%</u> | <u>1.35%</u> |
| A accumulation | 30.09.16* | |
| Annual management charge | ..** | |
| Other expenses | 0.12% | |
| Ongoing charges figure | <u>0.12%</u> | |
| B income | 30.09.16 | 30.09.15 [^] |
| Annual management charge | 0.85% | 0.84% |
| Other expenses | 0.12% | 0.12% |
| Ongoing charges figure | <u>0.97%</u> | <u>0.96%</u> |
| B accumulation | 30.09.16 | 30.09.15 ^{^^} |
| Annual management charge | 0.85% | 0.72% |
| Other expenses | 0.12% | 0.12% |
| Ongoing charges figure | <u>0.97%</u> | <u>0.84%</u> |

* Annualised based on the expenses incurred during the period 28 September 2016 to 30 September 2016.

** There has been no annual management charge for A accumulation units in the period 28 September 2016 to 30 September 2016.

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

^{^^} Annualised based on the expenses incurred during the period 23 June 2015 to 30 September 2015.

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 30.09.15 |
|---|---|---|
| Debt securities denominated in euro*: BBB- and below | 1.01% | 1.36% |
| Total debt securities | 1.01% | 1.36% |
| Equities: | | |
| United Kingdom | 19.49% | 27.36% |
| Belgium | 2.48% | 2.21% |
| Denmark | 5.81% | 2.86% |
| France | 8.34% | 7.48% |
| Germany | 3.63% | 1.61% |
| Netherlands | 5.32% | 1.92% |
| Spain | 1.48% | 1.72% |
| Sweden | 2.20% | 2.50% |
| Switzerland | 4.31% | 7.29% |
| North America | 36.59% | 35.71% |
| Asia Pacific | 2.25% | 1.67% |
| Japan | 2.49% | 2.03% |
| South America | 1.57% | - |
| Total equities | 95.96% | 94.36% |
| UK authorised collective investment schemes | 1.07% | 1.36% |
| Total collective investment schemes | 1.07% | 1.36% |
| | 98.04% | 97.08% |
| Other net assets | 1.96% | 2.92% |
| 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 year

| Holding | Percentage of the total net assets as at 30.09.16 |
|----------------------------|---|
| Stryker | 2.80% |
| Alphabet | 2.77% |
| Apple | 2.53% |
| Anheuser-Busch InBev | 2.48% |
| Microsoft | 2.48% |
| SAP | 2.35% |
| Jardine Strategic Holdings | 2.25% |
| Berkshire Hathaway | 2.24% |
| Johnson & Johnson | 2.24% |
| Investor 'B' | 2.20% |

Portfolio information (continued)

Major ten holdings at the end of the previous year

| Holding | Percentage of the total net assets as at 30.09.15 |
|-----------------------|---|
| Stryker | 2.74% |
| Google 'A' | 2.65% |
| Wells Fargo | 2.57% |
| Investor 'B' | 2.50% |
| Berkshire Hathaway | 2.44% |
| Roche Holding | 2.41% |
| SABMiller | 2.36% |
| Shaftesbury | 2.31% |
| Apple | 2.30% |
| Caledonia Investments | 2.24% |

Appointments

Manager and Registered office

St Vincent St 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 St 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)

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Directors of the Manager

David Cobb

Giles Murphy

Jocelyn Dalrymple

Kevin Stopps

Paul Wyse

Peter Maher

Susan Shaw

James Gordon - appointed 21 January 2016

Sheridan Lees - resigned 3 February 2016

Tim Lyford - resigned 31 March 2016

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

Shelbourne

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