

SVS Church House Esk Global Equity Fund

Interim Short Report

for the six months ended 31 March 2017

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## SVS Church House Esk Global Equity Fund

### Report of the Manager

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited) as Manager presents herewith the Interim Short Report for SVS Church House Esk Global Equity Fund ("the Fund") for the six months ended 31 March 2017.

#### 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 on request free of charge 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 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 period

Effective from 1 November 2016, the Manager's periodic charge changed 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.

## SVS Church House Esk Global Equity Fund

### Investment Adviser's report

#### Investment performance

Performance* over six months:	31/03/17	30/09/16	Change
SVS Church House Esk Global Equity Fund	252.1	225.1	+12%

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

Source: Bloomberg

#### Investment activity

Over the final calendar quarter of 2016, the proportion of investments in the SVS Church House Esk Global Equity Fund's portfolio that are listed in London continued to shrink following weaker sterling post-Brexit, stock sales and additions to the holdings listed overseas. UK companies that have gone altogether are Babcock International Group, Schroders and Shaftesbury. Among the weaker European sectors that have provided us with opportunities: Heineken fell quite significantly allowing us to build-up our holding, Unilever followed a similar path and we added to this holding at the same time. Pharmaceutical companies also suffered and we added to the holding in Grifols, the Spanish company and world leader in blood plasma products.

New holdings in the portfolio over the final quarter of 2016 include: Palo Alto Networks, a Californian company providing network security, an area that we feel will only become more important; T Rowe Price Group is an American investment management company; and Baidu, the Chinese equivalent of Google.

In the first quarter of 2017, the New York and London listed slices of this pie have both shrunk by around 2% while the European and Far Eastern slices have grown over the quarter.

Gone from the American holdings are the remaining Verizon Communications, which were not making progress in an increasingly competitive market. We also reduced the holding in the re-insurance company, Everest Re Group, after a strong period. The only addition was to Mondelez International, which was volatile around the time of the on/off bid for Unilever; it has also been considered to be a potential target for Kraft Heinz. We would like the opportunity to add further to Mondelez, whose brands include many famous names: Cadbury, Oreo, Milka et al.

Top 15 Holdings - 31 March 2017					
Apple	2.93%	Christian Dior	2.56%	Johnson & Johnson	2.15%
Stryker	2.90%	Berkshire Hathaway	2.35%	Wells Fargo	2.10%
Alphabet	2.66%	Unilever	2.35%	McDonald's	2.04%
Jardine Strategic Holdings	2.64%	Investor 'B'	2.32%	Roche Holding	2.01%
Microsoft	2.59%	SAP	2.31%	Societe Generale	2.00%

Apple has overtaken Stryker at the top of this list after their strong quarter. Jardine Strategic Holdings also moved close to the top of the list, possibly encouraged by their recent inclusion in the MSCI World Index.

A new holding for the portfolio is Fresenius Medical Care, a German company and the world leader in the provision of kidney dialysis services. Their shares have marked time over the past two years; weakness during February and March gave us the opportunity to establish a holding. Among the remaining UK listed holdings, we sold Halma, which jumped in early February, and added modestly to BHP Billiton at the end of the period.

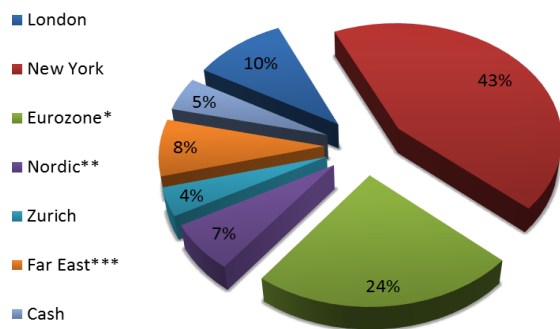
## Investment Adviser's report (continued)

### Investment strategy and outlook

With over 40% of the portfolio in US listed companies and many of the rest reporting in US dollar, SVS Church House Esk Global Equity Fund has benefitted from the weakness of sterling versus the US dollar over the last six months. The Fund closed the period with cash at around 5% of overall value. We continue to look for investments in quality companies with international reach at reasonable valuations.

Exposure to the Far East has grown by almost a quarter to 8% of the Fund's portfolio.

### SVS Church House Esk Global Equity Fund - Disposition by Listing - 31 March 2017



Source: Church House Investments Limited

\*Amsterdam, Paris, Frankfurt

\*\*Copenhagen, Oslo, Stockholm,

\*\*\*Singapore, Tokyo

Church House Investments Limited

April 2017

## 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.

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 fund invests and significantly impact investment performance.

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 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

### Buying and selling units

The property of the Fund is valued at 12 noon 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 Manager and the Trustee, 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. The Manager may waive the minimum levels at its discretion.

#### *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. The Manager may waive the minimum levels at its discretion.

Prices of units and the estimated yield of the Fund are published on the following website: [www.fundlistings.com](http://www.fundlistings.com) or may be obtained by calling 0141 222 1151.

### Management charges

The Manager may impose a charge on the purchase of units. The preliminary charge is 5.5% of the value of each unit. The Manager may waive or discount the preliminary charge at its discretion.

#### *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 £50m, 0.125% on the next £50m, 0.1% on the next £50m and 0.08% on the next £50m and 0.05% 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	31.03.17	30.09.16	30.09.15	30.09.14
A income	9,077,986	8,929,711	7,795,927	7,656,993
A accumulation	2,202	2,202	-	-
B income	580,288	543,859	475,334	-
B accumulation	465,960	408,512	345,430	-
Net Asset Value (NAV)	£	£	£	£
Total NAV of the Fund	25,459,139	22,372,895	15,843,274	14,109,540
NAV attributable to A income unitholders	22,793,080	20,191,951	14,327,694	14,109,540
NAV attributable to A accumulation unitholders	5,581	5,015	-	-
NAV attributable to B income unitholders	1,457,288	1,229,926	873,521	-
NAV attributable to B accumulation unitholders	1,203,190	946,003	642,059	-
Net asset value per unit (based on bid value) ^	p	p	p	p
A income	251.1	226.1	183.8	184.3
A accumulation	253.5	227.8	-	-
B income	251.1	226.1	183.8	-
B accumulation	258.2	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

Financial year to 30 September		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
Financial period to 31 March 2017	A income	0.589	271.5	224.3
Financial period to 31 March 2017	A accumulation	0.569	273.5	225.9
Financial period to 31 March 2017	B income	1.027	272.0	224.5
Financial period to 31 March 2017	B accumulation	1.060	278.5	229.9

\* from 27 November 2014 to 30 September 2015

\*\* from 23 June 2015 to 30 September 2015

\*\*\* from 28 September 2016 to 30 September 2016



## Performance information (continued)

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

#### A income

Payment date	p	Payment date	p
31.05.17	0.589	31.05.16	0.810
		30.11.16	1.094

#### A accumulation

Allocation date	p	Allocation date	p
31.05.17	0.569	31.05.16	n/a
		30.11.16	0.061

#### B income

Payment date	p	Payment date	p
31.05.17	1.027	31.05.16	1.163
		30.11.16	1.489

#### B accumulation

Allocation date	p	Allocation date	p
31.05.17	1.060	31.05.16	1.179
		30.11.16	1.508

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	31.03.17 <sup>^</sup>	30.09.16
Annual management charge	1.24%	1.22%
Other expenses	0.08%	0.12%
Ongoing charges figure	<u>1.32%</u>	<u>1.34%</u>
A accumulation	31.03.17 <sup>^</sup>	30.09.16 <sup>*</sup>
Annual management charge	1.24%	-**
Other expenses	0.08%	0.12%
Ongoing charges figure	<u>1.32%</u>	<u>0.12%</u>
B income	31.03.17 <sup>^</sup>	30.09.16
Annual management charge	0.86%	0.85%
Other expenses	0.08%	0.12%
Ongoing charges figure	<u>0.94%</u>	<u>0.97%</u>
B accumulation	31.03.17 <sup>^</sup>	30.09.16
Annual management charge	0.86%	0.85%
Other expenses	0.08%	0.12%
Ongoing charges figure	<u>0.94%</u>	<u>0.97%</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 28 September 2016 to 30 September 2016.

<sup>\*\*</sup> There has been no annual management charge for A accumulation units in the period 28 September 2016 to 30 September 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 31.03.17	Percentage of the total net assets as at 30.09.16
Debt securities*: BBB- and below - denominated in euro	0.92%	1.01%
Total debt securities	0.92%	1.01%
Equities:		
United Kingdom	14.83%	19.49%
Belgium	1.90%	2.48%
Denmark	4.30%	5.81%
France	7.80%	8.34%
Germany	5.13%	3.63%
Netherlands	6.02%	5.32%
Spain	1.93%	1.48%
Sweden	2.32%	2.20%
Switzerland	3.94%	4.31%
North America	35.78%	36.59%
Asia Pacific	2.64%	2.25%
Japan	5.18%	2.49%
South America	1.36%	1.57%
Total equities	93.13%	95.96%
UK authorised collective investment schemes	1.00%	1.07%
Total collective investment schemes	1.00%	1.07%
	95.05%	98.04%
Other net assets	4.95%	1.96%
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
Apple	2.93%
Stryker	2.90%
Alphabet	2.66%
Jardine Strategic Holdings	2.64%
Microsoft	2.59%
Christian Dior	2.56%
Berkshire Hathaway	2.35%
Unilever	2.35%
Investor 'B'	2.32%
SAP	2.31%

## 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
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%

## 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)

Authorised and regulated by the Financial Conduct Authority

### Directors of the Manager

David Cobb

Giles Murphy

Grant Hotson

James Gordon

Jocelyn Dalrymple

Kevin Stopps

Paul Wyse

Peter Maher

Susan Shaw

Tas Quayum

Jeremy Boadle - resigned 31 October 2016

Brian McLean - appointed 17 February 2017

### Investment Adviser

Church House Investments Limited

York House

6 Coldharbour

Sherborne

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### 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