

SVS Church House Investment Grade Fixed Interest Fund

Interim Long Report

for the six months ended 30 September 2016

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## SVS Church House Investment Grade Fixed Interest Fund Report of the Manager

Smith & Williamson Fund Administration Limited as Manager presents herewith the Interim Long Report ("the Report") for SVS Church House Investment Grade Fixed Interest Fund for the six months ended 30 September 2016.

SVS Church House Investment Grade Fixed Interest Fund ("the Trust" or "the Fund") is an authorised unit trust scheme further to an authorisation order dated 1 December 2000 and is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ("COLL"), as issued and amended by the Financial Conduct Authority ("FCA").

The Manager is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Fund consist predominantly of securities which are readily realisable and, accordingly, the Fund has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The base currency of the Company is UK sterling.

The Trust Deed can be inspected at the offices of the Manager.

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

### Investment objective and policy

The objective of the Fund is to secure a high level of income through investment principally in investment grade corporate bonds, United Kingdom Government Gilts and supra-national issues. The Fund may also invest in other higher income securities such as preference shares and infrastructure funds and other interest bearing securities such as Treasury bills. The Fund also seeks to hedge the interest rate or credit risk in the portfolio through the use of derivative instruments.

### 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

Further information in relation to the Fund is illustrated on page 17.

In accordance with the requirements of the Collective Investment Schemes sourcebook as issued and amended by the Financial Conduct Authority, we hereby certify the Report on behalf of the Manager, Smith & Williamson Fund Administration Limited.

K. Stopps

P. Maher

Director

Smith & Williamson Fund Administration Limited

30 November 2016

**Accounting policies of SVS Church House Investment Grade Fixed Interest Fund (unaudited)**  
*for the six months ended 30 September 2016*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and have been prepared in accordance with the Statement of Recommended Practice for UK Authorised Funds ("the SORP") issued by The Investment Association in May 2014.

The accounting policies applied are consistent with these of the annual financial statements for the year ended 31 March 2016 and are described in those annual financial statements.

As described in the Manager's report, the Manager continues to adopt the going concern basis in the preparation of the accounts.

## SVS Church House Investment Grade Fixed Interest 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 Investment Grade Fixed Interest Fund	4.10%	5.70%	14.10%
iBoxx Stg AA Corp 5-15 year	6.90%	13.20%	22.70%

\* Percentage change in bid price of income units

### Investment activities

This table provides an overall analysis of the SVS Church House Investment Grade Fixed Interest Fund portfolio at the beginning and end of the period:

SVS Church House Investment Grade Fixed Interest Fund	September 2016	June 2016
Short-dated Securities (less than 5 years)	56%	58%
Medium-dated Securities (5 to 15 years)	37%	36%
Long-dated Securities (over 15 years)	7%	6%
Duration of Portfolio (Macaulay)	4.2	4
Volatility* (past year)	2.90%	2.10%
Number of Holdings	113	111
Gross Yield	2.50%	2.90%
Net Yield	2.00%	2.30%
Portfolio Value	£251m	£236m

\* Annual standard deviation of monthly returns expressed as a percentage

### Top 15 Holdings 30 September 2016

UK Treasury Gilt 2% 22/07/2020	3.0%
Goldman Sachs Group 7.25% 10/04/2028	2.9%
SSE 3.875% perpetual	2.4%
UK Treasury Gilt 4.75% 07/03/2020	2.3%
UK Treasury Gilt 4.5% 07/03/2019	2.2%
Barclays Bank 10% 21/05/2021	2.1%
Standard Chartered 5.125% 06/06/2034	2.0%
Heathrow Funding 6% 20/03/2020	1.9%
JPMorgan Chase 0.82875% 30/05/2017	1.7%
UK Treasury Gilt 5% 07/03/2018	1.7%
Citigroup 5.15% 21/05/2026	1.6%
Vodafone Group 8.125% 26/11/2018	1.6%
Coventry Building Society 0.67875% 17/03/2020	1.5%
International Public Partnerships	1.4%
Australia & New Zealand Banking Group 0.88563% 11/02/2019	1.4%

Our response to current conditions is to maintain a high proportion in floating rate and short-dated investments. 28% of the portfolio is invested in high quality floating rate notes, where the interest rate paid rises and falls with prevailing rates, protecting the capital invested. A further 29% of the portfolio is invested in short-dated bonds, which mature over the course of the next five years. This, again, reduces capital volatility and will, hopefully, release capital at a better time.

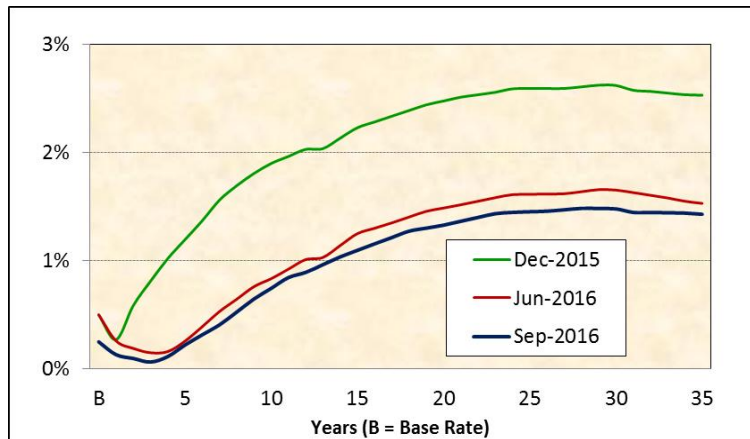
The portfolio's top fifteen holdings are dominated by short dated gilts, used as a cash alternative following strong fund inflows. The Goldman Sachs Group 7.25% 10/04/2028 was bought during the latest quarter, following its wide trading to the rest of the yield curve.

## Investment Adviser's report (continued)

### Investment strategy and outlook

On 4 August, the Bank of England's Monetary Policy Committee (MPC) followed-on from Governor Carney's gloomy utterances at the beginning of July and cut the Bank Base Rate to one quarter of one per cent. At the same time, they increased the quantitative easing (QE) programme by £70bn. Our chart of UK interest rates below shows that the Bank had succeeded in pushing rates lower for all maturities:

UK (Government) Interest Rates - (The Yield Curve)



Source: Church House Investments Limited

Suddenly the 'I' word is everywhere you look. It has taken a remarkable length of time for some people to wake up to the fact that we could be facing the reality of a dose of inflation. One would have thought that the steep fall in sterling would have pushed it into investors' minds before now. It seems to have taken another leg down in sterling and another media blitzed 'flash crash', sorry, 'flash crash' (otherwise known as thin markets, although the effect was extreme) to shake a little of the complacency, which is palpably out there, regarding inflation. Low inflation expectations have become so universally entrenched that it will only take a modest tick-up in headline rates for people to sit up and notice. This also helps to explain why, after eight years of zero interest rate policy, investors have forgotten that the trigger, and maybe the necessity, for Central Bank tightening does not necessarily have to be from a position of strength, i.e., hiking to combat elevated/more normal levels of growth, but could instead be for more unfriendly reasons, such as defending a debased currency in the face of uncontrolled inflation (potentially leading to the dreaded 'stagflation'). As mentioned before, extreme loose monetary policy was enacted to deal with an emergency, but this emergency is over. We know we are now looking at reduced levels of growth (not least a potentially self-inflicted one in the UK) and the way to tackle this has surely moved on from endless QE (QE Infinity anyone?) and negative rates, which we have seen do more harm than good. Fiscal measures have to be explored even if they result in roads to nowhere.

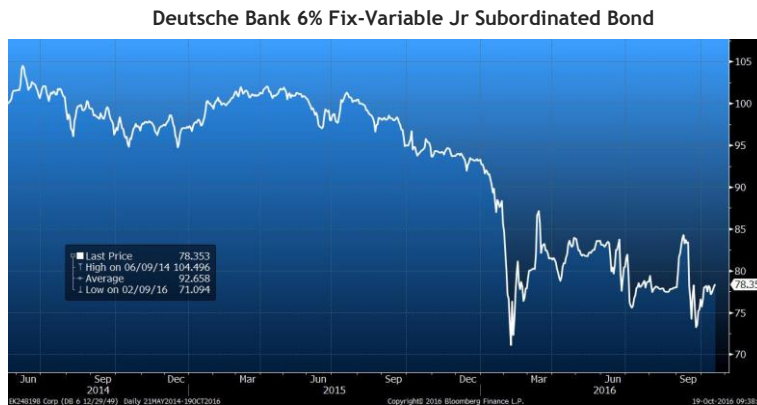
As the Bank cranked-up its renewed programme of QE, its August announcements look now to be even more ill-conceived, ill-judged and ill timed. Cutting rates by 0.25% has a negligible effect and a mooted further 0.15% would achieve nothing. Buying gilts when yields are already on their knees seems pointless. Buying corporate bonds now, in a functioning market when spreads were already narrow enough, even before tightening in anticipation of the bond buying scheme, seems pointless too.

The last time the Asset Purchase Facility bought corporate bonds was when the market was not functioning properly; why not keep this up the Bank's sleeve for when it might be needed, rather than buying bonds from foreign corporates? The list of bonds eligible for purchase by our Central Bank include: Apple, AT&T, Amgen, Daimler, EDF, EoN, McDonalds, Moeller Maersk, Pepsi... you get the picture. These companies might issue bonds in sterling but they are not UK companies and we remain baffled as to why they are included on the list. Indeed, none of the names on the list have had any trouble issuing into the market at advantageous borrowing terms (which the scheme aims to lower) to them, rather than the investor. Whatever the validity of the scheme, the Bank had no trouble buying stock; they bought over £1bn in the first two operations, around three times the level expected.

## Investment Adviser's report (continued)

### Investment strategy and outlook (continued)

The second Deutsche Bank scare of the year unsettled financials although the effect was more contained than in February. The most marked effect was in the Additional Tier 1 segment of Bank Capital, we do not invest here. To give an idea of the volatility in this sector, look at this chart of a Deutsche AT1 note since issue:



Source: Bloomberg

We wait to see what the final size of the Department of Justice (DoJ's) fine will be but, whatever the size, the ability of European Banking institutions to generate profits remains severely limited. Look at the US banks recent strong numbers for a stark comparison.

We have also seen a recent trend for companies to tender for existing higher coupon bonds to replace them with much cheaper new issuance. Completely understandable and the recent tender by widely held issuer National Grid was on generous terms. However, the tender included a popular index linked bond, due to be replaced in their new issuance, which was then dropped to widespread dismay.

Regarding Brexit, observations are that, as recent economic numbers have been steady, complacency seems to have increased even more regarding any long-term effects, yet we haven't even started the process. In particular, the attitude towards the financial sector of our economy potentially losing a large swathe of employment to other European Centres seems arrogant and misplaced. Fears of a 'hard' Brexit (it doesn't appear that the EU thinks there is any other type) aided the fall in sterling and gilts followed suit with ten-year yields more than doubling from their August lows. Credit spreads widened in a fairly orderly fashion, before we give the Bank too much credit for this, bear in mind that the market was perfectly orderly before they started.

Church House Investments Limited  
October 2016

## Summary of material portfolio changes

for the six months ended 30 September 2016

	Cost		Proceeds
Purchases	£	Sales	£
UK Treasury Gilt 2% 22/07/2020	12,729,370	UK Treasury Gilt 2% 22/07/2020	5,375,500
Goldman Sachs Group 7.25% 10/04/2028	7,023,900	UK Treasury Gilt 4% 07/09/2016	4,052,130
Yorkshire Building Society 3.5% 21/04/2026	2,984,550	UK Treasury Gilt 5% 07/03/2018	3,332,921
Standard Chartered 5.125% 06/06/2034	2,723,180	BG Energy Capital 6.5% 30/11/2072	3,155,190
Barclays Bank 10% 21/05/2021	2,580,420	Siemens Financieringsmaatschappij	
National Grid Gas Finance 2.125% 22/09/2028	2,490,700	6.125% 14/09/2066	1,769,786
Aviva 4.375% 12/09/2049	2,477,330	RSA Insurance Group 9.375% 20/05/2039	1,617,050
Nationwide Building Society		Scottish Widows 5.5% 16/06/2023	1,554,500
1.0035% 25/04/2019	2,250,000	National Grid Electricity Transmission	
UK Treasury Gilt 5% 07/03/2018	2,147,400	4% 08/06/2027	1,268,350
Wells Fargo 2% 28/07/2025	2,000,160	UK Treasury Gilt 4.75% 07/03/2020	1,154,550
SSE 3.875% perpetual**	1,963,000	Gatwick Funding 4.625% 27/03/2034	1,145,260
Australia & New Zealand Banking Group		European Investment Bank 0.79% 22/02/2017	1,001,440
0.88563% 11/02/2019	1,501,350	Electricite de France 6% perpetual	932,500
Bank of America 7% 31/07/2028	1,369,180	Linde Finance 8.125% 14/07/2066	758,123
Citigroup 5.15% 21/05/2026	1,175,930	National Grid Gas Index Linked	
Digital Stout Holding 4.75% 13/10/2023	1,082,550	4.875% 14/12/2022	634,377
Lloyds Bank 0.82313% 18/07/2019	997,030	Bank of Scotland 9.375% 15/05/2021	633,125
Next 3.625% 18/05/2028	996,270	Barclays Bank 4.25% 12/01/2022	573,290
Babcock International 1.875% 05/10/20126	990,770	Greene King 0% 31/12/2200	405,916
GE Capital UK Funding Unlimited		RAC Bond 4.565% 06/06/2023	302,640
4.125% 13/09/2023	574,017	BG Energy Capital 5.125% 07/12/2017	264,750
Greene King 0% 31/12/2200	400,000	International Public Partnerships	238,037

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



## Portfolio statement

as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities 94.56% (92.30%)			
AAA to AA * 35.52% (37.16%)			
Australia & New Zealand Banking Group 0.88563% 11/02/2019**	£3,500,000	3,514,210	1.40
Bank of Scotland 4.875% 20/12/2024	£1,500,000	1,918,615	0.77
Barclays Bank 0.57188% 15/09/2017**	£1,700,000	1,700,000	0.68
Barclays Bank 0.57875% 12/02/2018**	£2,100,000	2,096,031	0.84
Canadian Imperial Bank of Commerce 0.89963% 11/03/2019**	£2,000,000	2,011,240	0.80
Clydesdale Bank 4.625% 08/06/2026	£1,250,000	1,599,504	0.64
Commonwealth Bank of Australia 0.8235% 24/01/2018**	£2,065,000	2,067,953	0.83
Commonwealth Bank of Australia 1.2235% 26/10/2018**	£2,000,000	2,007,900	0.80
Coventry Building Society 0.67875% 17/03/2020**	£3,750,000	3,740,550	1.49
Coventry Building Society 4.625% 19/04/2018	£800,000	848,928	0.34
European Investment Bank 0.5875% 21/05/2021**	£2,000,000	1,997,900	0.80
European Investment Bank 0.63313% 17/02/2020**	£2,000,000	2,005,520	0.80
European Investment Bank 0.77313% 16/04/2019**	£1,920,000	1,929,293	0.77
European Investment Bank 8.75% 25/08/2017	£2,600,000	2,795,156	1.12
KFW 5.625% 25/08/2017	£1,650,000	1,727,302	0.69
Leeds Building Society 0.65625% 09/02/2018**	£2,250,000	2,252,632	0.90
Leeds Building Society 4.25% 17/12/2018	£500,000	539,120	0.22
Lloyds Bank 0.82313% 18/07/2019**	£1,000,000	999,970	0.40
Lloyds Bank 0.8635% 14/01/2019**	£2,000,000	2,004,200	0.80
Lloyds Bank 5.125% 07/03/2025	£2,500,000	3,251,900	1.30
Lloyds Bank 6% 08/02/2029	£500,000	741,729	0.30
Nationwide Building Society 0.70763% 27/04/2018**	£2,000,000	2,000,340	0.80
Nationwide Building Society 0.72313% 17/07/2017**	£2,080,000	2,080,416	0.83
Nationwide Building Society 1.0035% 25/04/2019**	£2,250,000	2,260,980	0.90
Royal Bank of Canada 0.80325% 20/07/2018**	£2,000,000	2,001,480	0.80
Royal Bank of Scotland 5.125% 13/01/2024	£1,500,000	1,911,135	0.76
Santander UK 0.61% 29/05/2018**	£2,000,000	1,999,200	0.80
Santander UK 0.82325% 20/01/2017**	£2,000,000	2,000,860	0.80
Santander UK 5.125% 14/04/2021	£1,000,000	1,188,437	0.47
Skandinaviska Enskilda Banken 0.7875% 19/11/2018**	£2,000,000	2,006,540	0.80
Stadshypotek 0.66313% 17/08/2018**	£2,000,000	2,002,260	0.80
Swedbank Hypotek 0.87388% 29/10/2018**	£2,000,000	2,004,420	0.80
Toronto-Dominion Bank 0.97344% 01/02/2019**	£2,000,000	2,007,260	0.80
UK Treasury Gilt 2% 22/07/2020	£7,000,000	7,479,500	2.99
UK Treasury Gilt 4.5% 07/03/2019	£5,000,000	5,538,500	2.21
UK Treasury Gilt 4.75% 07/03/2020	£5,000,000	5,794,500	2.32
UK Treasury Gilt 5% 07/03/2018	£4,000,000	4,280,800	1.71
Wellcome Trust Finance 4.75% 28/05/2021	£500,000	596,372	0.24
		88,902,653	35.52

## Portfolio statement (continued)

as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
AA- to A+* 8.19% (6.47%)			
BG Energy Capital 5.125% 01/12/2025	£750,000	970,827	0.39
GE Capital UK Funding Unlimited 4.125% 13/09/2023	£1,506,000	1,804,202	0.72
HSBC Bank 5% 20/03/2023**	£1,792,000	1,867,746	0.75
HSBC Holdings 5.75% 20/12/2027	£1,599,000	1,893,820	0.76
ING Bank 0.79% 27/11/2017**	£2,000,000	1,998,620	0.80
Royal Bank of Canada 0.77925% 04/06/2019**	£2,000,000	1,990,520	0.79
Royal Bank of Canada 1.20219% 09/10/2018**	£2,000,000	2,008,000	0.80
Total Capital International 0.68275% 01/07/2019**	£3,050,000	3,034,841	1.21
Wells Fargo 2% 28/07/2025	£2,000,000	2,014,220	0.80
Westpac Banking 0.74% 28/11/2017**	£1,500,000	1,498,815	0.60
Westpac Securities 0.84275% 02/10/2017**	£1,400,000	1,400,980	0.57
		20,482,591	8.19
A to A- * 24.06% (20.24%)			
Bank of America 7% 31/07/2028	£2,250,000	3,245,213	1.30
Barclays Bank 10% 21/05/2021	£4,000,000	5,149,712	2.06
Barclays Bank 2% 13/05/2020**	£1,350,000	1,370,250	0.55
BG Energy Capital 6.5% 30/11/2072**	£1,350,000	1,422,676	0.57
Citigroup 5.15% 21/05/2026	£3,250,000	4,053,920	1.62
Close Brothers Finance 3.875% 27/06/2021	£2,000,000	2,211,948	0.88
Close Brothers Group 6.5% 10/02/2017	£3,172,000	3,229,699	1.29
Daimler 2.125% 07/06/2022	£1,500,000	1,591,110	0.64
Daimler 2.375% 16/12/2021	£3,000,000	3,210,450	1.28
Goldman Sachs Group 7.25% 10/04/2028	£5,000,000	7,240,235	2.89
Hammerson 3.5% 27/10/2025	£2,000,000	2,208,642	0.88
Heathrow Funding 5.225% 15/02/2023	£500,000	612,714	0.24
Heathrow Funding 6.75% 03/12/2026	£1,500,000	2,171,004	0.87
JPMorgan Chase 0.82875% 30/05/2017**	£4,350,000	4,333,557	1.74
National Grid Gas Finance 2.125% 22/09/2028	£2,500,000	2,570,800	1.03
Rio Tinto Finance 4% 11/12/2029	£2,000,000	2,403,402	0.96
Scottish Widows 5.5% 16/06/2023	£2,500,000	2,714,320	1.08
Standard Chartered 5.125% 06/06/2034	£5,000,000	4,896,575	1.96
Thames Water Utilities Cayman Finance 4% 19/06/2025	£1,500,000	1,808,503	0.72
Wessex Water Services Finance 4% 24/09/2021	£450,000	513,029	0.20
Yorkshire Building Society 3.5% 21/04/2026	£3,000,000	3,262,440	1.30
		60,220,199	24.06

## Portfolio statement (continued)

as at 30 September 2016

Investment	Nominal value or holding	Market value £	% of total net assets
BBB+ to BBB * 15.45% (17.09%)			
Amgen 4% 13/09/2029	£1,000,000	1,201,801	0.48
AP Moeller - Maersk 4% 04/04/2025	£3,011,000	3,315,141	1.32
Aviva 4.375% 12/09/2049**	£2,500,000	2,459,775	0.98
Aviva 5.125% 04/06/2050**	£2,000,000	2,063,560	0.83
Aviva 6.125% perpetual**	£1,500,000	1,602,280	0.64
Aviva 6.625% 03/06/2041**	£500,000	555,424	0.22
BUPA Finance 6.125% perpetual**	£500,000	546,188	0.22
Centrica 5.25% 10/04/2075**	£3,013,000	3,106,002	1.24
Digital Stout Holding 4.75% 13/10/2023	£2,000,000	2,299,980	0.92
Eastern Power Networks 4.75% 30/09/2021	£1,500,000	1,762,873	0.70
Fidelity International 7.125% 13/02/2024	£2,000,000	2,551,610	1.02
Heathrow Funding 6% 20/03/2020	£4,200,000	4,840,303	1.94
Legal & General Group 10% 23/07/2041**	£2,000,000	2,611,630	1.04
London Power Networks 5.125% 31/03/2023	£500,000	615,966	0.25
Next 3.625% 18/05/2028	£1,000,000	1,094,394	0.44
RSA Insurance Group 9.375% 20/05/2039**	£987,000	1,151,936	0.46
Scotland Gas Networks 3.25% 08/03/2027	£1,350,000	1,535,274	0.61
SSE 8.375% 20/11/2028	£250,000	418,936	0.17
Vodafone Group 8.125% 26/11/2018	£3,500,000	4,034,898	1.61
Western Power Distribution West Midlands 6% 09/05/2025**	£500,000	676,724	0.27
Yorkshire Water Services Bradford Finance 6% 24/04/2025**	£211,000	216,123	0.09
		38,660,818	15.45
BBB- and below * 11.34% (11.34%)			
Babcock International Group 1.875% 05/10/2026	£1,000,000	993,500	0.40
Barclays Bank 3.25% 19/07/2017**	£250,000	253,375	0.10
Goldman Sachs Group 2.1% 08/09/2021**	£2,000,000	2,060,000	0.82
J Sainsbury 6.5% perpetual**	£2,000,000	2,131,980	0.85
John Lewis 6.125% 21/01/2025	£1,400,000	1,784,734	0.71
John Lewis 8.375% 08/04/2019	£2,450,000	2,856,087	1.14
Liverpool Victoria Friendly Society 6.5% 22/05/2043**	£1,500,000	1,484,517	0.59
Lloyds Bank 1.75% 19/06/2020**	£1,300,000	1,252,940	0.51
NGG Finance 5.625% 18/06/2073**	£2,500,000	2,803,900	1.12
Northumbrian Water Finance 6.88% 06/02/2023	£2,000,000	2,663,926	1.07
Orange 5.875% perpetual**	£1,500,000	1,623,825	0.65
Rothsay Life 8% 30/10/2025	£2,000,000	2,089,400	0.83
SSE 3.875% perpetual**	£6,000,000	6,033,642	2.41
Temple Bar Investment Trust 9.875% 31/12/2017	£100,000	108,959	0.04
Thames Water Utilities Cayman Finance 5.375% 21/07/2025**	£250,000	257,738	0.10
		28,398,523	11.34

## Portfolio statement (continued)

as at 30 September 2016

	Nominal value or holding	Market value £	% of total net assets
Investment			
Default 0.00% (0.00%)			
Cattles 6.875% 17/01/2014***	£250,000	-	-
Total debt securities		<u>236,664,784</u>	<u>94.56</u>
Equities 4.95% (4.92%)			
Equities - incorporated outwith the United Kingdom 4.95% (4.92%)			
GCP Infrastructure Investments	2,600,630	3,422,429	1.37
HICL Infrastructure	1,750,998	2,969,693	1.19
International Public Partnerships	2,212,500	3,411,675	1.36
John Laing Infrastructure Fund	2,000,000	2,576,000	1.03
Total equities - incorporated outwith the United Kingdom		<u>12,379,797</u>	<u>4.95</u>
Portfolio of investments		249,044,581	99.51
Other net assets		1,228,906	0.49
Total net assets		<u>250,273,487</u>	<u>100.00</u>

The comparative figures in brackets are as at 31 March 2016.

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

\*\* Variable interest security

\*\*\* Cattles 6.875% 17/01/2014 is valued at zero as it is in default.

Total purchases in the period: £51,391,638

Total sales in the period: £30,469,434

## Risk and reward profile

The Risk and Reward profile relates to both 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.



The 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 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.

There is a risk that bond issuers may fail to meet 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.

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.

## Performance information

Number of units in issue	30.09.16	31.03.16	31.03.15	31.03.14
Income units	200,231,086	188,628,378	145,383,891	98,374,134
Accumulation units	10,356,588	9,227,310	9,130,765	8,427,482
Net Asset Value (NAV)	£	£	£	£
Total NAV of the Fund	250,273,487	226,160,476	181,773,911	120,837,447
NAV attributable to income unitholders	233,295,592	211,730,012	167,436,371	108,506,670
NAV attributable to accumulation unitholders	16,977,895	14,430,464	14,337,540	12,330,777
Net asset value per unit (based on bid value) ^	p	p	p	p
Income units	116.5	112.2	115.2	110.3
Accumulation units	163.9	156.4	157.0	146.3

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

## Highest and lowest prices and distributions

		Distribution per unit p	Highest offer price p	Lowest bid price p
Financial year to 31 March				
2014	Income units	3.170	122.9	108.9
2014	Accumulation units	4.140	158.8	141.4
2015	Income units	2.840	122.6	110.4
2015	Accumulation units	3.817	166.3	146.8
2016	Income units	2.445	121.7	110.6
2016	Accumulation units	3.359	165.9	153.4
Financial period to 30 September 2016	Income units	1.139	124.3	112.1
Financial period to 30 September 2016	Accumulation units	1.590	174.1	155.5

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

Income units			
Payment date	p	Payment date	p
31.08.16	0.566	31.08.15	0.652
30.11.16	0.573	30.11.15	0.606
		29.02.16	0.618
		31.05.16	0.569
Accumulation units			
Allocation date	p	Allocation date	p
31.08.16	0.788	31.08.15	0.888
30.11.16	0.802	30.11.15	0.831
		29.02.16	0.852
		31.05.16	0.788

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.

	30.09.16 <sup>^</sup>	31.03.16
Annual management charge	0.77%	0.79%
Other expenses	0.04%	0.05%
Ongoing charges figure	<u>0.81%</u>	<u>0.84%</u>

<sup>^</sup> Annualised based on the expenses incurred during the period 1 April 2016 to 30 September 2016.

Please note the ongoing charges figure is indicative of the charges which the Fund may incur in a year as it is calculated on historical data.

## Financial statements - SVS Church House Investment Grade Fixed Interest Fund (unaudited)

### Statement of total return (unaudited)

for the six months ended 30 September 2016

	1 April 2016 to 30 September 2016		1 April 2015 to 30 September 2015	
	£	£	£	£
Income:				
Net capital gains / (losses)		9,241,354		(4,770,999)
Revenue	3,454,323		3,015,541	
Expenses	<u>(1,001,171)</u>		<u>(815,895)</u>	
Net revenue before taxation	2,453,152		2,199,646	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>2,453,152</u>		<u>2,199,646</u>
Total return before distributions		11,694,506		(2,571,353)
Distributions		(2,952,595)		(2,607,768)
Change in net assets attributable to unitholders from investment activities		<u>8,741,911</u>		<u>(5,179,121)</u>

### Statement of change in net assets attributable to unitholders (unaudited)

for the six months ended 30 September 2016

	1 April 2016 to 30 September 2016		1 April 2015 to 30 September 2015	
	£	£	£	£
Opening net assets attributable to unitholders		226,160,476 *		181,773,911
Amounts receivable on issue of units	21,376,504		20,409,777	
Amounts payable on cancellation of units	<u>(6,167,671)</u>		<u>(1,899,759)</u>	
		15,208,833		18,510,018
Stamp duty reserve tax		2,323		-
Change in net assets attributable to unitholders from investment activities		8,741,911		(5,179,121)
Retained distributions on accumulation units		159,625		161,965
Unclaimed distributions		319		-
Closing net assets attributable to unitholders		<u>250,273,487</u>		<u>195,266,773 *</u>

\*The opening net assets in the current period do not equal the closing net assets in the comparative period as they are not consecutive periods.



## Balance sheet (unaudited)

as at 30 September 2016

	30 September 2016	31 March 2016
	£	£
Assets:		
Fixed assets:		
Investments	249,044,581	219,870,514
Current assets:		
Debtors	3,602,930	6,369,927
Cash and bank balances	447,609	4,982,231
Total assets	<u>253,095,120</u>	<u>231,222,672</u>
Liabilities:		
Creditors:		
Distribution payable	(1,147,324)	(1,073,295)
Other creditors	(1,674,309)	(3,988,901)
Total liabilities	<u>(2,821,633)</u>	<u>(5,062,196)</u>
Net assets attributable to unitholders	<u>250,273,487</u>	<u>226,160,476</u>

## Further information

### Distributions and reporting dates

Where net revenue is available it will be distributed/allocated quarterly on 31 May (final), 31 August (quarter 1), 30 November (interim) and the last day in February (quarter 3). In the event of a distribution, unitholders will receive a tax voucher.

XD dates:	1 April	final
	1 July	quarter 1
	1 October	interim
	1 January	quarter 3

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 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.

The minimum initial investment in the Fund 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.

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 from the Manager by calling 0141 222 1150.

### Management charges

The Manager is permitted to include a preliminary charge in the price of the units. The preliminary charge is 5%.

The annual management charge is 1.25% on the first £25 million of funds under management and 0.75% thereafter. 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.

### Capital Gains Tax

Authorised collective investment schemes, such as the Fund are exempt from capital gains tax.

You may be liable to capital gains tax when you sell all or some of your shares if your total gains in the relevant tax year exceed the annual exemption. For the tax year 2016/2017, the first £11,100 of any gains is exempt for UK individuals and certain companies.

If investors are in any doubt as to their taxation position they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

Any references in this report to other investments held within the Fund should not be read as a recommendation to the investor to buy or sell, but are included as illustrations only. This is not an offer nor a solicitation to buy or sell any investment referred to in this document. The issuer and its affiliates and/or their officers, directors and employees may own or have positions in any investment mentioned herein or any investment related thereto and from time to time may add to or dispose of any such investment. The contents of this document are based upon sources of information believed to be reliable but no guarantee, warranty or representation, express or implied, is given to their accuracy or completeness.

## Appointments

### 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  
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