

SVS Church House Investment Grade Fixed Interest Fund

Annual Long Report

for the year ended 31 March 2016

Contents

	Page
Report of the Manager	2
Statement of the Manager's responsibilities	3
Report of the Trustee to the unitholders of SVS Church House Investment Grade Fixed Interest Fund	4
Independent Auditor's report to the unitholders of SVS Church House Investment Grade Fixed Interest Fund	5
Accounting policies for SVS Church House Investment Grade Fixed Interest Fund	6
Investment Adviser's report	9
Portfolio statement	11
Risk and reward profile	15
Comparative table	16
Ongoing charges figure	17
Financial statements:	
Statement of total return	18
Statement of change in net assets attributable to unitholders	18
Balance sheet	19
Notes to the financial statements	20
Distribution table	30
Further information	31
Appointments	32

SVS Church House Investment Grade Fixed Interest Fund

Report of the Manager

Smith & Williamson Fund Administration Limited as Manager hereby presents the Annual Long Report ("the Report") for SVS Church House Investment Grade Fixed Interest Fund for the year ended 31 March 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 the Key Investor Information Document ("KIID") are available on request free of charge from the Manager.

Investment objective and policy

The objective of the Trust 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 Trust 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 Trust also seeks to hedge the interest rate or credit risk in the portfolio through the use of derivative instruments.

Remuneration

In accordance with COLL 4.5.7R (7) The Authorised Fund Manager ("AFM") is required to make disclosures of remuneration paid to staff and UCITS remuneration code staff by the AFM and a description of how the remuneration has been calculated. COLL 4.5.7A G allows the relevant disclosure not to be included in these accounts as the first full performance period of the AFM is not complete and the required information is therefore not currently available.

Changes affecting the Fund in the year

Following their intention to gradually wind down the activity in their registered firm, KPMG Audit Plc resigned as auditor during the period 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.

On 29 January 2016, BNY Mellon & Depository (UK) Limited resigned as Trustee of the Trust and on 30 January 2016, National Westminster Bank Plc Trustee and Depository Services was appointed.

Further information in relation to the Fund is illustrated on page 31.

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.

J. Boadle

P. Maher

Directors

Smith & Williamson Fund Administration Limited

20 July 2016

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook ("COLL") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the Fund as at the end of the financial period and of its net revenue and the net capital losses on the property of the Fund for the year. In preparing the financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Association ("the IA") in May 2014;
- follow generally accepted United Kingdom accounting principles (UK accounting standards and applicable law) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager is responsible for the management of the Fund in accordance with the Trust Deed, the Prospectus and COLL.

Report of the Trustee to the unitholders of SVS Church House Investment Grade Fixed Interest Fund

Trustee's responsibilities

The Trustee is responsible for the safekeeping of all the property of the Trust (other than tangible movable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook ("the Regulations"), the Trust Deed and Prospectus, in relation to the pricing of, and dealings in, units in the Trust; the application of income of the Trust; and the investment and borrowing powers of the Trust.

Report of the Trustee to the unitholders of SVS Church House Investment Grade Fixed Interest Fund

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations, the Trust Deed and Prospectus, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust.

National Westminster Bank Plc
Trustee and Depositary Services
20 July 2016

Independent Auditor's report to the unitholders of SVS Church House Investment Grade Fixed Interest Fund ("the Trust")

We have audited the financial statements of the Trust for the year ended 31 March 2016 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and the Distribution Table and the accounting policies set out on pages 6 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Manager Smith & Williamson Fund Administration Limited and Auditor

As explained more fully in the Statement of Manager's responsibilities set out on page 3 the Manager is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Trust as at 31 March 2016 and of the net revenue and the net capital losses on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

Opinion on other matters prescribed by the COLL Rules

In our opinion the information given in the Manager's report is consistent with the financial statements.

We have received all the information and explanations which we consider necessary for the purposes of our audit.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept; or
- the financial statements are not in agreement with the accounting records.

Philip Merchant
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
20 July 2016

Accounting policies for
SVS Church House Investment Grade Fixed Interest Fund
for the year ended 31 March 2016

a Basis of accounting

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"). No recognition or measurement changes have occurred as a result of the adoption of FRS 102. They have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds ("the SORP") issued by The Investment Association in May 2014. Previously the financial statements were prepared in accordance with the SORP issued in 2010. The changes in the SORP are presentational and have no impact on the current or prior year net asset value.

The Fund has elected to early adopt the amendments to FRS 102 in respect of the fair value hierarchy disclosure requirements for financial instruments held at fair value as permitted for authorised funds.

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

b Valuation of investments

The purchase and sale of investments are included up to close of business on 31 March 2016.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

Investments are stated at their fair value at balance sheet date. In determining fair value, the valuation point is global close of business on 31 March 2016 with reference to quoted bid prices from reliable external sources.

Where an observable market price is unreliable or does not exist, investments are valued at the Manager's best estimate of the amount that would be received from an immediate transfer at arm's length.

c Foreign exchange

The base currency of the Fund is UK sterling which is taken to be the Fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in notes 2 of the notes to the financial statements.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

d Revenue

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Dividends from unquoted equity shares are recognised when declared.

Interest on bank deposits and short term deposits is recognised on an accruals basis.

Interest on debt securities is recognised on an effective yield basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. The amortised amounts are accounted for as revenue or as an expense and form part of the distributable revenue of the Fund.

e Expenses

All expenses, with the exception of those expenses directly related to the purchase and sale of securities, which are charged to the capital property of the Fund, are charged to revenue and 50% of these expenses are reallocated to capital, net of any tax effect for distribution purposes only.

Accounting policies for
SVS Church House Investment Grade Fixed Interest Fund (continued)
for the year ended 31 March 2016

f Allocation of revenue and expenses to multiple unit classes

All revenue and expenses which are directly attributable to a particular unit class are allocated to that class. All revenue and expenses which are attributable to the Fund are allocated to the Fund and are normally allocated across the unit classes pro rata to the net asset value of each class on a daily basis.

g Taxation

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 31 March 2016 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

h Efficient portfolio management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for efficient portfolio management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

i Dilution levy

The need to charge a dilution levy will depend on the volume of sales or redemptions. The Manager may charge a discretionary dilution levy on the sale and redemption of units if, in its opinion, the existing unitholders (for sales) or remaining unitholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all unitholders and potential unitholders. Please refer to the Prospectus for further information.

j Distribution policies

i Basis of distribution

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income units are paid to unitholders. Distributions attributable to accumulation units are re-invested in the Fund on behalf of the unitholders.

ii Unclaimed distributions

Distributions to unitholders outstanding after 6 years are taken to the capital property of the Fund.

iii Revenue

All revenue is included in the final distribution with reference to the accounting policies for revenue disclosed in note 1d.

iv Expenses

Expenses incurred against the revenue of the Fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to the accounting policies in note 1e.

Accounting policies for
SVS Church House Investment Grade Fixed Interest Fund (continued)
for the year ended 31 March 2016

j Distribution policies (continued)

v Equalisation

Group 2 units are units purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 units. Equalisation is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholders but must be deducted from the cost of units for capital gains tax purposes. Equalisation per unit is disclosed in the Distribution table.

SVS Church House Investment Grade Fixed Interest Fund Investment Adviser's report

Investment performance

Capital performance* over:	One year to 31.03.16	Three years to 31.03.16	Five years to 31.03.16
SVS Church House Investment Grade Fixed Interest Fund	-2.70%	1.20%	9.50%
iBoxx Stg AA Corp 5-15 year	1.70%	1.40%	12.80%

* Percentage change in bid price of income units

Source: Bloomberg

Investment activities

We reported in October on activity in the first half of the year so these comments cover the latter six months of the Fund's year. Here are the statistics for our core fixed interest portfolio, which remained calm and little moved by the shenanigans in January and February. The portfolio's stance is still at the cautious end of the spectrum, the key statistics are shown below:

SVS Church House Investment Grade Fixed Interest Fund	March 2016
Short-dated Securities (less than 5 years)	57%
Medium-dated Securities (5 to 15 years)	36%
Long-dated Securities (over 15 years)	6%
Duration of Portfolio (Macaulay)	3.6
Volatility* (past year)	2.40%
Number of Holdings	120
Portfolio Value	£225m

* Annual standard deviation of monthly returns expressed as a percentage

Top 15 Holdings 31 March 2016

UK Treasury 4.75% 07/03/2020	3.10%
UK Treasury 4.5% 07/03/2019	2.50%
UK Treasury 5% 07/03/2018	2.50%
Heathrow Funding 6% 20/03/2020	2.10%
BG Energy Capital 5.125% 07/12/2017	2.00%
JPMorgan Chase 1.07094% 30/05/2017	1.90%
Scottish Widows 5.5% 16/06/2023	1.80%
Vodafone Group 8.125% 26/11/2018	1.80%
UK Treasury 4% 07/09/2016	1.80%
SSE 3.875% perpetual	1.70%
Coventry Building Society 0.88875% 17/03/2020	1.70%
International Public Partnerships	1.50%
Close Brothers Group 6.5% 10/02/2017	1.50%
Lloyds Bank 5.125% 07/03/2025	1.40%
AP Moeller - Maersk 4% 04/04/2025	1.40%

The Fund's portfolio is well diversified in the asset class. Here are the top fifteen holdings by value at the end of March. Principally, the gilt holdings form part of the liquidity and cash management within the portfolio.

Gone from the list of the top fifteen holdings in the portfolio recently are the AT&T 2017 bonds and the EDF 6% hybrid, which were both sold in March. The holdings in BAA (Heathrow) Funding 6% 2020 and Scottish Widows 5.5% 2023 are more prominent as we added to both holdings.

Investment Adviser's report (continued)

Investment activities (continued)

New to the list is the Vodafone 8.125% 2018 issue, along with one of the infrastructure holdings, International Public Partnerships, which appears by virtue of good performance. By the end of the quarter, floating rate note holdings accounted for circa thirty per cent of the portfolio, reflecting our cautious view on the current rating environment.

Investment strategy and outlook

Brexit uncertainty has increased and concern for the outlook for sterling is mirrored in the cost of hedging using currency options, now higher than before the General Election and the Scottish Referendum. Sterling has fallen 11% so far on a trade-weighted basis, whilst the cost of insuring HM Government's debt (via UK Sovereign CDS), has doubled since the start of the year.

Every man and his dog are now coming out with conflicting in/out scenario projections but the best must be Gus O'Donnell's example of Greenland (withdrawing from the EEC pre EU), taking more than three years to negotiate a single trade agreement, their only one in fact, regarding their own fishing rights. No-one knows the consequences of an exit for certain; Article 50 of the Lisbon Treaty, which allows for an exit from the EU, has never been utilised before and it would give us only two years for renegotiation. One thing we can be fairly certain of is that Frankfurt and Paris would do their level best to wrest away the City's financial crown.

Back in the world of Central Bank inanity and bloated balance sheets, maybe it is beginning to dawn on some that negative interest rates are not the answer and simply don't work; all they achieve is destruction of profits of the very banking sector that they are trying to encourage to lend. The European Central Bank (ECB) delivered a new, bigger than expected, package of QE measures on top of further tinkering with interest rates. Mario Draghi stated there was no alternative and was proud of his 'impressive, very strong' actions, which change their emphasis from negative rates (whose efficacy is unsubstantiated), to credit easing. Their bond-buying programme will now run at €80bn per month from €60bn and has been widened to include some corporate bonds in a new asset purchase programme.

Rumblings of inflation in the US have picked up a little and we saw an unexpected increase in the core rate. Whether this leads to action from Fed. Chairman Janet Yellen remains to be seen, but the reasons for postponing rate hikes this year so far have abated as we have seen stability in risk assets, along with the pick-up in energy prices. The UK also saw a tick-up in inflation numbers, immediately dismissed by some as a one-off. We wait to see if this is correct as the effects of sterling's devaluation feed through, along with wage growth edging up and a still firm broader housing market.

We have not yet seen the expected rush to issue new debt in euro from US corporates materialise, but we have seen a few decent issues in sterling, some of which have even offered a decent New Issue Premium. As mentioned, the euro is the currency of choice for issuance at present and borrowers have rushed to catch up, pricing a record amount for the quarter, helped by whoppers such as AB Inbev's €13bn multi-tranche issue, part of the funding for their proposed purchase of SAB Miller.

Church House Investments Limited

April 2016

Portfolio statement

as at 31 March 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities 92.30% (94.26%)			
AAA to AA * 37.16% (37.24%)			
Abbey National Treasury Services 0.81125% 29/05/2018**	£2,000,000	1,995,600	0.88
Abbey National Treasury Services 0.88975% 20/01/2017**	£2,000,000	2,000,140	0.89
Abbey National Treasury Services 5.125% 14/04/2021	£1,000,000	1,160,965	0.51
Australia & New Zealand Banking Group 1.091% 11/02/2019**	£2,000,000	2,000,000	0.88
Bank of Scotland 4.875% 20/12/2024	£1,500,000	1,799,347	0.80
Barclays Bank 0.77975% 12/02/2018**	£2,000,000	1,989,520	0.88
Barclays Bank 0.78125% 15/09/2017**	£1,700,000	1,696,770	0.75
Barclays Bank 4.25% 12/01/2022	£500,000	566,251	0.25
Canadian Imperial Bank of Commerce 1.11063% 11/03/2019**	£2,000,000	2,000,000	0.88
Clydesdale Bank 4.625% 08/06/2026	£1,250,000	1,486,888	0.66
Commonwealth Bank of Australia 0.88938% 24/01/2018**	£2,065,000	2,062,047	0.91
Commonwealth Bank of Australia 1.28938% 26/10/2018**	£2,000,000	1,997,320	0.88
Coventry Building Society 0.88875% 17/03/2020**	£3,750,000	3,732,000	1.65
Coventry Building Society 4.625% 19/04/2018	£800,000	857,694	0.38
European Investment Bank 0.79% 21/05/2021**	£2,000,000	1,970,660	0.87
European Investment Bank 0.79% 22/02/2017**	£1,000,000	1,001,010	0.44
European Investment Bank 0.83938% 16/04/2019**	£1,920,000	1,919,424	0.85
European Investment Bank 0.84063% 17/02/2020**	£2,000,000	1,987,620	0.88
European Investment Bank 8.75% 25/08/2017	£2,600,000	2,882,706	1.28
KFW 5.625% 25/08/2017	£1,650,000	1,759,515	0.78
Leeds Building Society 0.85906% 09/02/2018**	£2,250,000	2,244,690	0.99
Leeds Building Society 4.25% 17/12/2018	£500,000	541,344	0.24
Lloyds Bank 0.95938% 14/01/2019**	£2,000,000	1,998,340	0.88
Lloyds Bank 5.125% 07/03/2025	£2,500,000	3,068,270	1.36
Lloyds Bank 6% 08/02/2029	£500,000	682,783	0.30
Nationwide Building Society 0.78938% 17/07/2017**	£2,080,000	2,078,128	0.92
Nationwide Building Society 0.78938% 27/04/2018**	£2,000,000	1,993,780	0.88
Royal Bank of Canada 0.86975% 20/07/2018**	£2,000,000	1,993,080	0.88
Royal Bank of Scotland 5.125% 13/01/2024	£1,500,000	1,806,348	0.80
Skandinaviska Enskilda Banken 0.99063% 19/11/2018**	£2,000,000	1,997,920	0.88
Stadshypotek 0.87063% 17/08/2018**	£2,000,000	1,992,880	0.88
Swedbank Hypotek 0.96938% 29/10/2018**	£2,000,000	1,997,960	0.88
Toronto-Dominion Bank 1.07094% 01/02/2019**	£2,000,000	2,002,200	0.89
UK Treasury Gilt 4% 07/09/2016	£4,000,000	4,061,360	1.80
UK Treasury Gilt 4.5% 07/03/2019	£5,000,000	5,594,500	2.47
UK Treasury Gilt 4.75% 07/03/2020	£6,000,000	6,963,000	3.08
UK Treasury Gilt 5% 07/03/2018	£5,110,000	5,574,090	2.47
Wellcome Trust Finance 4.75% 28/05/2021	£500,000	584,166	0.26
		<u>84,040,316</u>	<u>37.16</u>

Portfolio statement (continued)

as at 31 March 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities (continued)			
AA- to A+ * 6.47% (6.40%)			
BG Energy Capital 5.125% 01/12/2025	£750,000	887,948	0.39
BG Energy Capital 5.125% 07/12/2017	£250,000	264,316	0.12
HSBC Bank 5% 20/03/2023**	£1,792,000	1,855,311	0.82
HSBC Holdings 5.75% 20/12/2027	£1,599,000	1,746,031	0.77
Royal Bank of Canada 0.98844% 04/06/2019**	£2,000,000	1,978,940	0.88
Royal Bank of Canada 1.28938% 09/10/2018**	£2,000,000	1,997,280	0.88
Total Capital International 0.8875% 01/07/2019**	£3,050,000	3,011,326	1.33
Westpac Banking 0.94125% 28/11/2017**	£1,500,000	1,496,955	0.66
Westpac Securities 1.04688% 02/10/2017**	£1,400,000	1,398,320	0.62
		<u>14,636,427</u>	<u>6.47</u>
A to A- * 20.24% (14.45%)			
Bank of America 7% 31/07/2028	£1,250,000	1,709,404	0.75
Bank of Scotland 9.375% 15/05/2021	£500,000	626,165	0.28
Barclays Bank 10% 21/05/2021	£2,000,000	2,509,580	1.11
BG Energy Capital 6.5% 30/11/2072**	£4,350,000	4,562,280	2.02
Citigroup 5.15% 21/05/2026	£2,250,000	2,633,125	1.16
Close Brothers Finance 3.875% 27/06/2021	£2,000,000	2,100,580	0.93
Close Brothers Group 6.5% 10/02/2017	£3,172,000	3,294,693	1.46
Daimler 2.125% 07/06/2022	£1,500,000	1,498,455	0.66
Daimler 2.375% 16/12/2021	£3,000,000	3,036,330	1.34
GE Capital UK Funding 4.125% 13/09/2023	£1,000,000	1,125,242	0.50
Hammerson 3.5% 27/10/2025	£2,000,000	2,049,504	0.91
Heathrow Funding 5.225% 15/02/2023	£500,000	582,083	0.26
Heathrow Funding 6.75% 03/12/2026	£1,500,000	2,021,184	0.89
ING Bank 0.99125% 27/11/2017**	£2,000,000	1,993,980	0.88
JPMorgan Chase 1.07094% 30/05/2017**	£4,350,000	4,309,371	1.90
National Grid Electricity Transmission 4% 08/06/2027	£1,000,000	1,121,482	0.50
National Grid Gas Index Linked 4.1875% 14/12/2022**	£300,000	590,850	0.26
Rio Tinto Finance 4% 11/12/2029	£2,000,000	2,033,276	0.90
Scottish Widows 5.5% 16/06/2023	£4,000,000	4,067,820	1.80
Standard Chartered 5.125% 06/06/2034	£2,000,000	1,771,140	0.78
Thames Water Utilities Cayman Finance 4% 19/06/2025	£1,500,000	1,644,582	0.73
Wessex Water Services Finance 4% 24/09/2021	£450,000	492,953	0.22
		<u>45,774,079</u>	<u>20.24</u>

Portfolio statement (continued)

as at 31 March 2016

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities (continued)			
BBB+ to BBB * 17.09% (27.98%)			
Amgen 4% 13/09/2029	£1,000,000	1,062,877	0.47
AP Moeller - Maersk 4% 04/04/2025	£3,011,000	3,030,400	1.34
Aviva 5.125% 04/06/2050**	£2,000,000	1,827,040	0.81
Aviva 6.125% perpetual**	£1,500,000	1,518,050	0.67
Aviva 6.625% 03/06/2041**	£500,000	537,663	0.24
Barclays Bank 1.5625% perpetual**	£250,000	158,125	0.07
BUPA Finance 6.125% perpetual**	£500,000	526,275	0.23
Centrica 5.25% 10/04/2075**	£3,013,000	2,721,893	1.20
Digital Stout Holding 4.75% 13/10/2023	£1,000,000	1,069,543	0.47
Eastern Power Networks 4.75% 30/09/2021	£1,500,000	1,699,336	0.75
Electricite de France 6% perpetual**	£1,000,000	908,175	0.40
Fidelity International 7.125% 13/02/2024	£2,000,000	2,423,632	1.07
Gatwick Funding 4.625% 27/03/2034	£1,000,000	1,124,979	0.50
Heathrow Funding 6% 20/03/2020	£4,200,000	4,743,782	2.10
Legal & General Group 10% 23/07/2041**	£2,000,000	2,532,974	1.12
Linde Finance 8.125% 14/07/2066**	£750,000	760,830	0.34
London Power Networks 5.125% 31/03/2023	£500,000	579,969	0.26
RSA Insurance Group 9.375% 20/05/2039**	£2,350,000	2,732,164	1.21
Scotland Gas Networks 3.25% 08/03/2027	£1,350,000	1,369,710	0.60
Siemens Financieringsmaatschappij 6.125% 14/09/2066**	£1,754,000	1,771,505	0.78
SSE 8.375% 20/11/2028	£250,000	377,557	0.17
Thames Water Utilities Cayman Finance 5.375% 21/07/2025**	£250,000	258,852	0.11
Vodafone Group 8.125% 26/11/2018	£3,500,000	4,064,567	1.80
Western Power Distribution West Midlands 6% 09/05/2025	£500,000	626,499	0.28
Yorkshire Water Services Bradford Finance 6% 24/04/2025**	£211,000	219,074	0.10
		<u>38,645,471</u>	<u>17.09</u>
BBB- and below * 11.34% (8.19%)			
Barclays Bank 2% 13/05/2020**	£1,350,000	1,335,150	0.59
Barclays Bank 3.25% 19/07/2017**	£250,000	254,750	0.11
Goldman Sachs Group 2.1% 08/09/2021**	£2,000,000	1,987,600	0.88
J Sainsbury 6.5% perpetual**	£2,000,000	2,057,460	0.91
John Lewis 6.125% 21/01/2025	£1,400,000	1,679,860	0.74
John Lewis 8.375% 08/04/2019	£2,450,000	2,887,056	1.28
Liverpool Victoria Friendly Society 6.5% 22/05/2043**	£1,500,000	1,429,651	0.63
Lloyds Bank 1.75% 19/06/2020**	£1,300,000	1,284,673	0.57
Northumbrian Water Finance 6.875% 06/02/2023	£2,000,000	2,526,724	1.12
NGG Finance 5.625% 18/06/2073**	£2,500,000	2,586,162	1.14
Orange 5.875% perpetual**	£1,500,000	1,509,750	0.67
Rothesay Life 8% 30/10/2025	£2,000,000	2,042,780	0.90
SSE 3.875% perpetual**	£4,000,000	3,836,492	1.70
Temple Bar Investment Trust 9.875% 31/12/2017	£100,000	113,544	0.05
Witan Investment Trust 8.5% 01/10/2016	£100,000	102,984	0.05
		<u>25,634,636</u>	<u>11.34</u>

Portfolio statement (continued)

as at 31 March 2016

	Nominal value or holding	Market value £	% of total net assets
Investment			
Debt securities (continued)			
Default 0.00% (0.00%)			
Cattles 6.875% 17/01/2014***	£250,000	-	-
Total debt securities		208,730,929	92.30
Equities 4.92% (4.94%)			
Equities - incorporated outwith the United Kingdom 4.92% (4.94%)			
GCP Infrastructure Investments	2,385,630	2,798,344	1.24
HICL Infrastructure	1,750,998	2,787,589	1.23
International Public Partnerships	2,362,500	3,394,912	1.50
John Laing Infrastructure Fund	1,790,000	2,158,740	0.95
Total equities - incorporated outwith the United Kingdom		11,139,585	4.92
Portfolio of investments		219,870,514	97.22
Other net assets		6,289,962	2.78
Total net assets		226,160,476	100.00

All investment are quoted securities unless otherwise stated.

The comparative figures in brackets are as at 31 March 2015.

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

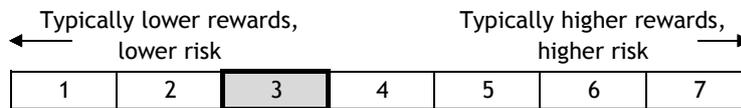
** Variable interest rate security.

*** Cattles 6.785% 17/01/2014 is valued at zero as it is in default.

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 year.

Comparative table

The following disclosures give a unitholder an indication of the performance of a unit in the Fund. It also discloses the operating charges and direct transaction costs applied to each unit. Operating charges are those charges incurred in operating the Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

Income units launched on 1 December 2000 at 100.0p per unit

Accumulation units launched on 1 December 2000 at 100.0p per unit

	Income			Accumulation		
	2016 p	2015 p	2014 p	2016 p	2015 p	2014 p
Change in net assets per unit						
Opening net asset value per unit	115.17	110.30	113.23	157.02	146.32	145.18
Return before operating charges	0.57	8.81	1.38	0.81	12.20	2.66
Operating charges	1.04	1.10	1.14	1.44	1.50	1.52
Return after operating charges *	(0.47)	7.71	0.24	(0.63)	10.70	1.14
Distributions on income units**	2.45	2.84	3.17	-	-	-
Closing net asset value per unit	112.25	115.17	110.30	156.39	157.02	146.32
Retained distributions on accumulation units**	-	-	-	3.36	3.82	4.14
* after direct transaction costs of:	0.00	0.00	0.00	0.00	0.00	0.00
Performance						
Return after charges	(0.41%)	6.99%	0.21%	(0.40%)	7.32%	0.78%
Other information						
Closing net asset value (£)	211,730,012	167,436,371	108,506,670	14,430,464	14,337,540	12,330,777
Closing number of units	188,628,378	145,383,891	98,374,134	9,227,310	9,130,765	8,427,482
Ongoing charges	0.84%	0.86%	0.92%	0.84%	0.86%	0.92%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Prices						
Highest offer price (p)	121.7	122.6	122.9	165.9	166.3	158.8
Lowest bid price (p)	110.6	110.4	108.9	153.4	146.8	141.4

** rounded to 2 decimal places.

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.

	31.03.16	31.03.15
Annual management charge	0.79%	0.80%
Other expenses	0.05%	0.06%
Ongoing charges figure	<u>0.84%</u>	<u>0.86%</u>

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

Statement of total return

for the year ended 31 March 2016

	Notes	2016		2015	
		£	£	£	£
Income:					
Net capital (losses) / gains	2		(4,095,527)		6,741,154
Revenue	3	6,269,449		5,212,049	
Expenses	4	<u>(1,718,420)</u>		<u>(1,301,911)</u>	
Net revenue before taxation		4,551,029		3,910,138	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>4,551,029</u>		<u>3,910,138</u>
Total return before distributions			455,502		10,651,292
Distributions	6		(5,408,746)		(4,559,886)
Change in net assets attributable to unitholders from investment activities			<u>(4,953,244)</u>		<u>6,091,406</u>

Statement of change in net assets attributable to unitholders

for the year ended 31 March 2016

		2016		2015	
		£	£	£	£
Opening net assets attributable to unitholders			181,773,911		120,837,447
Amounts receivable on issue of units		52,747,549		57,150,812	
Amounts payable on cancellation of units		<u>(3,723,221)</u>		<u>(2,635,723)</u>	
			49,024,328		54,515,089
Stamp duty reserve tax			-		(3)
Change in net assets attributable to unitholders from investment activities			(4,953,244)		6,091,406
Retained distributions on accumulation units			315,481		329,972
Closing net assets attributable to unitholders			<u>226,160,476</u>		<u>181,773,911</u>

Balance sheet
as at 31 March 2016

	Notes	2016 £	2015 £
Assets:			
Fixed assets:			
Investments		219,870,514	180,326,394
Current assets:			
Debtors	7	6,369,927	3,700,943
Cash and bank balances	8	4,982,231	1,207,288
Total assets		<u>231,222,672</u>	<u>185,234,625</u>
Liabilities:			
Creditors:			
Distribution payable	6	(1,073,295)	(873,757)
Other creditors	9	(3,988,901)	(2,586,957)
Total liabilities		<u>(5,062,196)</u>	<u>(3,460,714)</u>
Net assets attributable to unitholders		<u>226,160,476</u>	<u>181,773,911</u>

Notes to the financial statements

for the year ended 31 March 2016

1. Accounting policies

The accounting policies are disclosed on pages 6 to 8.

2. Net capital (losses) / gains	2016	2015
	£	£
Non-derivative securities - realised (losses) / gains	(67,912)	4,333,931
Non-derivative securities - movement in unrealised (losses) / gains	(4,026,556)	2,408,661
Transaction charges	(1,059)	(1,438)
Total net capital (losses) / gains	<u>(4,095,527)</u>	<u>6,741,154</u>

Unrealised gains/losses are disclosed as the movement in unrealised gains/losses on investments between the prior year and the current year. Where realised gains/losses on investments include unrealised gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised losses/gains.

3. Revenue	2016	2015
	£	£
Overseas revenue	564,143	347,246
Interest on debt securities	5,703,992	4,864,749
Bank and deposit interest	1,314	54
Total revenue	<u>6,269,449</u>	<u>5,212,049</u>

4. Expenses	2016	2015
	£	£
Payable to the Manager and associates		
Annual management charge	261,802	1,011,912
Investment management fees	1,361,662	205,730
Registration fees	1,770	3,479
	<u>1,625,234</u>	<u>1,221,121</u>
Payable to the Trustee		
Trustee fees	61,634	54,578
Safe custody fees	16,153	14,772
	<u>77,787</u>	<u>69,350</u>
Other expenses:		
Audit fee	7,920	7,200
Safe custody fees	3,666	-
Bank interest	2,559	1,155
FCA fee	96	136
KIID production fee	558	549
Legal fee	600	2,400
	<u>15,399</u>	<u>11,440</u>
Total expenses	<u>1,718,420</u>	<u>1,301,911</u>

Notes to the financial statements (continued)

for the year ended 31 March 2016

5. Taxation	2016	2015
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Total taxation	-	-
<i>b. Factors affecting the tax charge for the year</i>		
The tax assessed for the year is lower (2015: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2015: 20%). The differences are explained below:		
	2016	2015
	£	£
Net revenue before taxation	4,551,029	3,910,138
Corporation tax @ 20%	910,206	782,028
Effects of:		
Tax deducted on interest distributions	(910,283)	(781,901)
Expenses not deductible for tax purposes	120	-
Movement in short term timing differences	(43)	(127)
Current taxation (note 5a)	-	-

6. Distributions

The distributions take account of revenue added on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2016	2015
	£	£
Quarter 1 income distribution	999,805	858,898
Quarter 1 accumulation distribution	82,954	91,301
Interim income distribution	976,347	879,089
Interim accumulation distribution	79,011	85,185
Quarter 3 income distribution	1,092,790	873,254
Quarter 3 accumulation distribution	80,805	79,070
Final income distribution	1,073,295	873,757
Final accumulation distribution	72,711	74,416
Tax payable on interest distributions	1,081,749	911,977
	5,539,467	4,726,947
Equalisation:		
Amounts deducted on cancellation of units	11,599	7,561
Amounts added on issue of units	(142,320)	(174,622)
Total net distributions	5,408,746	4,559,886

Notes to the financial statements (continued)
for the year ended 31 March 2016

6. Distributions (continued)

Reconciliation between net revenue and distributions:	2016	2015
	£	£
Net revenue after taxation per Statement of total return	4,551,029	3,910,138
Undistributed revenue brought forward	1,250	620
Expenses paid from capital	857,930	650,378
Undistributed revenue carried forward	(1,463)	(1,250)
Distributions	<u>5,408,746</u>	<u>4,559,886</u>

Details of the distribution per unit are disclosed in the Distribution table.

7. Debtors

	2016	2015
	£	£
Amounts receivable on issue of units	2,654,536	900,821
Sales awaiting settlement	412,854	301,003
Accrued revenue	<u>3,302,537</u>	<u>2,499,119</u>
Total debtors	<u>6,369,927</u>	<u>3,700,943</u>

8. Cash and bank balances

	2016	2015
	£	£
Total cash and bank balances	<u>4,982,231</u>	<u>1,207,288</u>

9. Other creditors

	2016	2015
	£	£
Amounts payable on cancellation of units	1,684	23,578
Purchases awaiting settlement	3,494,730	2,169,741
Accrued expenses:		
Payable to the Manager		
Registration fees	<u>444</u>	<u>-</u>
Other expenses:		
Safe custody fees	1,894	1,543
Audit fee	7,920	7,200
KIID production fee	139	137
Transaction charges	<u>144</u>	<u>165</u>
	<u>10,097</u>	<u>9,045</u>
Total accrued expenses	<u>10,541</u>	<u>9,045</u>
Income tax payable	<u>481,946</u>	<u>384,593</u>
Total other creditors	<u>3,988,901</u>	<u>2,586,957</u>

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

Notes to the financial statements (continued)

for the year ended 31 March 2016

11. Unit classes

The Fund currently has two unit classes; Income and Accumulation.

The following reflects the change in units in issue for each unit class in the year:

	Income
Opening units in issue	145,383,891
Total units issued in the year	45,052,827
Total units cancelled in the year	<u>(1,808,340)</u>
Closing units in issue	<u>188,628,378</u>
	Accumulation
Opening units in issue	9,130,765
Total units issued in the year	1,189,474
Total units cancelled in the year	<u>(1,092,929)</u>
Closing units in issue	<u>9,227,310</u>

The Fund currently has two types of unit; income and accumulation.

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 and 0.10% on the balance. The surplus is paid on to the Investment Adviser by the Manager.

Further information in respect of the return per unit is disclosed in the Comparative table.

12. Related party transactions

Smith & Williamson Fund Administration Limited, as Manager is a related party due to its ability to act in respect of the operations of the Fund.

The Manager acts as principal in respect of all transactions of units in the Fund. The aggregate monies received and paid through the creation and cancellation of units are disclosed in the Statement of change in net assets attributable to unitholders.

Amounts payable to the Manager and its associates are disclosed in note 4. The amount due to the Manager and its associates at the balance sheet date is disclosed in note 9.

A director of the Manager, the Investment Adviser or a body corporate within the same group as the Manager or Investment Adviser may have significant influence over the financial and operating policies of the Fund and as such are deemed to be related parties.

	2016	2015
Church House Investments Ltd	18.27%	24.02%
Smith & Williamson Nominees Ltd	0.12%	0.14%

A unitholder with a holding in excess of 20% of the value of the Fund may be able to exercise significant influence over the financial and operating policies of the Fund with reference to unitholders' voting rights at general meetings and as such is deemed to be a related party.

Parties with an interest in excess of 20% of the Fund are as follows:

	2016	2015
Church House Investments Ltd	18.27%	24.02%
COFUNDS Nominees Ltd	31.87%	-

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per income unit has increased from 112.2p to 113.7p and the accumulation unit has increased from 156.4p to 158.5p as at 28 June 2016. This movement takes into account routine transactions but also reflects the market movements of recent months.

Notes to the financial statements (continued)

for the year ended 31 March 2016

14. Transaction costs

a Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	2016	% of purchases by asset class	2015	% of purchases by asset class
Purchases:	£		£	
Equities - purchases before transaction costs	<u>1,732,063</u>		<u>3,273,738</u>	
Commission	1,517	0.09%	3,800	0.12%
Taxes	1	0.00%	-	-
Total direct transaction costs - equities	<u>1,518</u>	0.09%	<u>3,800</u>	0.12%
Equities - purchases after direct transaction costs	<u>1,733,581</u>		<u>3,277,538</u>	
Bonds - purchases*	<u>89,729,209</u>		<u>99,732,958</u>	
Total purchases after direct transaction costs	<u>91,462,790</u>		<u>103,010,496</u>	
Capital events [^]	<u>344,531</u>		<u>-</u>	

[^] The total purchases exclude capital events as there were no direct transaction costs charged in these transactions.

* No direct transaction costs were incurred in these transactions.

	2016	% of sales by asset class	2015	% of sales by asset class
Sales:	£		£	
Equities - sales before transaction costs	<u>-</u>		<u>648,353</u>	
Commission	-	-	(1,298)	0.20%
Total direct transaction costs - equities	<u>-</u>	-	<u>(1,298)</u>	0.20%
Equities - sales after direct transaction costs	<u>-</u>		<u>647,055</u>	
Bonds - sales*	<u>46,741,727</u>		<u>45,603,745</u>	
Total sales after direct transaction costs	<u>46,741,727</u>		<u>46,250,800</u>	

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 31 March 2016

14. Transaction costs (continued)

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year:

	2016	% of average net asset value	2015	% of average net asset value
	£		£	
Commission	1,517	0.00%	5,098	0.00%
Taxes	1	0.00%	-	-

b Average portfolio dealing spread

The average dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.49% (2015: 0.43%).

Notes to the financial statements (continued)

for the year ended 31 March 2016

15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the Manager as being the main risks from the Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the Manager's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the Manager, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements; other price risk, currency risk, and interest rate risk.

(i) Other price risk

The Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main element of the portfolio of investments which is exposed to this risk is equities which are disclosed in the Portfolio statement.

This risk is generally regarded as consisting of two elements; stock specific risk and market risk. Through these two factors, the Fund is exposed to price fluctuations, which are monitored by the Manager in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

Forward currency contracts are used to help the Fund achieve its investment objective as stated in the Prospectus. The Manager monitors the exposure to these contracts to ensure they are in keeping with the investment objective.

The Fund had no significant exposure to foreign currency in the year.

(iii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes.

During the year the Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

The Fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Notes to the financial statements (continued)

for the year ended 31 March 2016

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk (continued)

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2016	£	£	£	£	£	£
UK sterling	105,582,241	-	108,130,919	17,509,512	(5,062,196)	226,160,476
	<u>105,582,241</u>	<u>-</u>	<u>108,130,919</u>	<u>17,509,512</u>	<u>(5,062,196)</u>	<u>226,160,476</u>

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2015	£	£	£	£	£	£
UK sterling	82,514,391	-	90,034,610	12,685,624	(3,460,714)	181,773,911
	<u>82,514,391</u>	<u>-</u>	<u>90,034,610</u>	<u>12,685,624</u>	<u>(3,460,714)</u>	<u>181,773,911</u>

b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Trustee has appointed the custodian to provide custody services for the assets of the Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Fund. The Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and are dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors, and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the portfolio of investments.

The Fund holds cash and cash deposits with financial institutions which potentially exposes the Fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the Fund of default.

c Liquidity risk

A significant risk is the cancellation of units which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of units at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in units in the Fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

Notes to the financial statements (continued)

for the year ended 31 March 2016

15. Risk management policies (continued)

c Liquidity risk (continued)

To reduce liquidity risk the Manager will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts these are payable in less than one year.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the Manager to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

Valuation technique	Investment assets 2016 £	Investment liabilities 2016 £
Quoted prices in active markets*	33,332,536	-
Inputs other than quoted prices that are observable	186,537,978	-
Inputs are unobservable and market data is unavailable	-	-
	<u>219,870,514</u>	<u>-</u>

*Included within quoted prices in active markets are UK treasury bonds with a value of £22,192,950. These are deemed to be suitably liquid to class within quoted price in active markets.

Valuation technique	Investment assets 2015 £	Investment liabilities 2015 £
Quoted prices in active markets*	32,074,850	-
Inputs other than quoted prices that are observable	148,251,544	-
Inputs are unobservable and market data is unavailable	-	-
	<u>180,326,394</u>	<u>-</u>

*Included within quoted prices in active markets are UK treasury bonds with a value of £23,090,169. These are deemed to be suitably liquid to class within quoted price in active markets.

The following securities are valued in the portfolio of investments using valuation techniques:

Cattles 6.875% 17/01/2014: The fair value pricing committee feels that it is appropriate to value the shares at nil value due to the fund being in default.

Notes to the financial statements (continued)

for the year ended 31 March 2016

15. Risk management policies (continued)

e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

f Derivatives

The Fund may employ derivatives with the aim of reducing the Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with efficient portfolio management.

The Manager monitors that any exposure is covered globally to ensure adequate cover is available to meet the Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

During the year there were no derivative transactions.

(i) Counterparties

The Fund may transact in derivative contracts which potentially exposes the Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Trustee.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

(ii) Leverage

There have been no leveraging arrangements in the year.

(iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a Fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date there is no global exposure to derivatives.

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 March 2016

Interest distribution on income units in pence per unit

Payment date	Unit type	Distribution type	Gross revenue	Income tax at 20%	Net interest distribution	Equalisation	Distribution current year	Distribution prior year
31.08.15	group 1	quarter 1	0.815	0.163	0.652	-	0.652	0.816
31.08.15	group 2	quarter 1	0.401	0.080	0.321	0.331	0.652	0.816
30.11.15	group 1	interim	0.758	0.152	0.606	-	0.606	0.765
30.11.15	group 2	interim	0.360	0.072	0.288	0.318	0.606	0.765
29.02.16	group 1	quarter 3	0.773	0.155	0.618	-	0.618	0.658
29.02.16	group 2	quarter 3	0.486	0.097	0.389	0.229	0.618	0.658
31.05.16	group 1	final	0.711	0.142	0.569	-	0.569	0.601
31.05.16	group 2	final	0.243	0.049	0.194	0.375	0.569	0.601

Interest distribution on accumulation units in pence per unit

Allocation date	Unit type	Distribution type	Gross revenue	Income tax at 20%	Net interest distribution	Equalisation	Distribution current year	Distribution prior year
31.08.15	group 1	quarter 1	1.110	0.222	0.888	-	0.888	1.085
31.08.15	group 2	quarter 1	0.424	0.085	0.339	0.549	0.888	1.085
30.11.15	group 1	interim	1.039	0.208	0.831	-	0.831	1.025
30.11.15	group 2	interim	0.634	0.127	0.507	0.324	0.831	1.025
29.02.16	group 1	quarter 3	1.065	0.213	0.852	-	0.852	0.892
29.02.16	group 2	quarter 3	0.425	0.085	0.340	0.512	0.852	0.892
31.05.16	group 1	final	0.985	0.197	0.788	-	0.788	0.815
31.05.16	group 2	final	0.326	0.065	0.261	0.527	0.788	0.815

Equalisation

Equalisation applies only to group 2 units. It is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholder but must be deducted from the cost of units for capital gains tax purposes.

Accumulation distributions

Holders of accumulation units should add the distributions received thereon to the cost of the units for capital gains tax purposes.

Quarter 1 distributions:

Group 1 Units purchased before 1 April 2015

Group 2 Units purchased 1 April 2015 to 30 June 2015

Interim distributions:

Group 1 Units purchased before 1 July 2015

Group 2 Units purchased 1 July to 30 September 2015

Quarter 3 distributions:

Group 1 Units purchased before 1 October 2015

Group 2 Units purchased 1 October 2015 to 31 December 2015

Final distributions:

Group 1 Units purchased before 1 January 2016

Group 2 Units purchased 1 January 2016 to 31 March 2016

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed 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 units

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 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 and 0.10% 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 units if your total gains in the relevant tax year exceed the annual exemption. For the tax year 2016/2017 £11,100 (2015/2016: £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

Giles Murphy

Jeremy Boadle

Kevin Stopps

Paul Wyse

Jocelyn Dalrymple

David Cobb

Susan Shaw

Peter Maher - appointed 5 May 2015

James Gordon - appointed 21 January 2016

Sheridan Lees - resigned 3 February 2016

Tim Lyford - resigned 31 March 2016

Investment Adviser

Church House Investments Limited

York House

6 Coldharbour

Sherborne

Dorset DT9 4JW

Authorised and regulated by the Financial Conduct Authority

Trustee - resigned 29 January 2016

BNY Mellon Trust & Depositary (UK) Limited

160 Queen Victoria Street

London EC4V 4LA

Authorised and regulated by the Financial Conduct Authority

Appointments (continued)

Trustee - appointed 30 January 2016

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