SVS Church House Investment Grade Fixed Interest Fund

Annual Report

for the year ended 31 March 2018

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SVS Church House Investment Grade Fixed Interest Fund

Report of the Manager

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited), as Manager, presents herewith the Annual Report for SVS Church House Investment Grade Fixed Interest Fund for the year ended 31 March 2018.

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 published 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 Fund 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 year

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

Further information in relation to the Fund is illustrated on page 37.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the Annual Report on behalf of the Manager, Smith & Williamson Fund Administration Limited.

B. McLean J. Gordon
Directors
Smith & Williamson Fund Administration Limited
13 July 2018

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook ("COLL") published by the FCA, require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net revenue and net capital losses on the property of the Trust for the year.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds published by The Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust 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 ('the Trust')

Trustee's responsibilities

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Scheme are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's revenue is applied in accordance with the Regulations; and
- the instructions of the Manager are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the Regulations and the Scheme documents; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

National Westminster Bank Plc
Trustee and Depositary Services
13 July 2018

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

Opinion

We have audited the financial statements of the Trust for the year ended 31 March 2018 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables and the accounting policies set out on pages 7 to 8.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 31 March 2018 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 UK Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Manager (Smith & Williamson Fund Administration Limited) is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Manager's Report for the financial year is consistent with the financial statements.

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.

Manager's responsibilities

As explained more fully in their statement set out on page 3, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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') published 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.

Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
13 July 2018

Accounting policies of SVS Church House Investment Grade Fixed Interest Fund

for the year ended 31 March 2018

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") and in accordance with the Statement of Recommended Practice for UK Authorised Funds ("the SORP") published by The Investment Association in May 2014.

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 29 March 2018, being the last business day.

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 the balance sheet date. In determining fair value, the valuation point is global close of business on 29 March 2018 with reference to quoted bid prices from reliable external sources.

Collective investment schemes are valued at the bid price for dual priced funds and at the single price for single priced funds.

Structured products are valued at fair value and calculated by an independent source.

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 note 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.

Distributions from collective investment schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation on distributions from collective investment schemes is deducted from the cost of the investment and does not form part of the Fund's distribution.

Distributions from collective investment schemes which are re-invested on behalf of the Fund are recognised as revenue on the date the securities are quoted ex-dividend and form part of the Fund's distribution.

Distributions from reporting offshore funds are recognised as revenue when the reported distribution rate is available and forms part of the Fund's distribution.

Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case.

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.

Bank interest paid is charged to revenue.

f 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 2018 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.

g 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.

h 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 policy d.

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 policy e.

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 Manager's report

Investment performance (source: Bloomberg)

Capital performance* over:	1 year to 31.03.18	3 years to 31.03.18	5 years to 31.03.18
SVS Church House Investment Grade Fixed Interest Fund	-1.50%	-1.00%	0.50%

* Percentage change in bid price on a net asset value (nav) to nav basis of income units to 12pm on 29 March 2018.

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. 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 2018**
Short-dated Securities (less than 5 years)	60%
Medium-dated Securities (5 to 15 years)	36%
Long-dated Securities (over 15 years)	4%
Duration of Portfolio	3.1
Volatility* (past year)	1.80%
Number of Holdings	111
Yield	2.10%
Portfolio Value	£295m

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

The Fund's portfolio is well diversified in the asset class. Here are the top fifteen holdings by value at the end of March.

Top 15 Holdings 31 March 2018	
Goldman Sachs Group 7.25% 10/04/2028	2.80%
UK Treasury Gilt 1.75% 22/07/2019	2.41%
Santander UK 0.77444% 16/11/2022	2.20%
UK Treasury Gilt 4.75% 07/03/2020	2.19%
Royal Bank of Scotland 0.80663% 15/05/2020	2.12%
Citigroup 5.15% 21/05/2026	1.89%
Heathrow Funding 6% 20/03/2020	1.84%
AP Moller - Maersk 4% 04/04/2025	1.80%
Close Brothers Finance 2.75% 19/10/2026	1.72%
RBC CMS Linked Reverse Convertible Notes 28/06/2019	1.71%
Lloyds Bank 0.82156% 16/01/2020	1.70%
ABN AMRO Bank 1.08163% 30/11/2018	1.70%
Royal Bank of Canada 0.82994% 08/12/2022	1.70%
Northumbrian Water Finance 6.875% 06/02/2023	1.66%
Barclays Bank 10% 21/05/2021	1.65%

The top holdings in the portfolio will largely be familiar, interspersed with some Treasury stock, which forms part of the short-term cash management. The Santander UK 0.77444% 16/11/2022 is a recent issue that came to market in November last year. The term 'covered' means that this note is covered by a defined pool of assets. In this case, 288,459 UK residential mortgages with an average loan-to-value of 47.25%. This has the benefit of conferring a triple A status (the highest) on the note.

Overall, the portfolio continues to have a short-dated profile, with a significant investment in floating rate and hedged investments in anticipation of higher interest rates in due course.

Investment Manager's report (continued)

Investment strategy and outlook

Equity markets came to their senses after the froth in January, the subsequent correction saw a sell-off culminating in a neat intraday spike down in the S&P 500 Index to bounce off its 200-day moving average. Interestingly, measures of US Treasury market volatility, notably the MOVE Index, which had plumbed all-time lows for the second half of 2017, began to climb a full two weeks before measures of stock volatility, such as the Vix, spiked to two-year highs. Investment Grade credit spread indices, having spent January at tight levels not seen since the end of 2007, widened out, but only to October's levels. More damage was felt in High Yield, which saw significant outflows and a more pronounced unravelling (widening of spreads). This led to some comment that High Yield overall might now offer some kind of value, we beg to differ. What this bodes for the rest of the year is questionable, but indices quickly found a level and the volatility has been more contained over the quarter than one might have imagined, especially in the light of recent events.

The 'geopolitical risk' word count has escalated as several situations combined to give risk assets plenty to think about. Any lingering complacency has evaporated, to be replaced with abundant conspiracy theories. Sanctions on Russia, as well as some of her leading 'business figures', has eventually had a profound effect. Some of their largest public companies are now subject to stringent sanctions to the extent that they are blocked in Bloomberg 'no information available'. Seismic movements have also been felt in Russian-related debt markets with significant gapping-out of spreads. We remain bemused by the appetite for the recent issue of thirty-year Russian Government debt on 30 March (after sanctions had been enacted), well subscribed and now off 8%. Half of this was taken by UK institutional investors, presumably Emerging Market index huggers. With masterly timing, various Credit Rating Agencies have just upgraded a number of local Russian regions to Investment Grade.

President Trump, on the other hand, has his own ways of injecting volatility by threatening trade wars and tariffs on most of the US's trading partners, apparently "trade wars are good and easy to win". Whilst a lot of the rhetoric will turn out to be just that, there is enough substance to worry about and tit-for-tat escalation could be very damaging.

US v China has the potential to escalate, but it is not in either country's interest and the US needs China to buy its debt (especially when the Congressional Budget Office has forecast the US budget deficit rising to $1tn!). Whilst this situation is important, at the moment it is not as significant as it appears; in the grand scheme of things the total trade affected so far is miniscule. That said, spreads widening between US LIBOR and Overnight Index Swaps, a sign of stress, would seem to reflect a degree of worry in credit markets.

Lots of market signals have been given out by the Chairman and members of the Federal Reserve, but, overwhelmingly, the message is that they will stick to the plan and the Federal Open Market Committee (FOMC) is in a 'sweet spot' regarding rate hikes; let's hope this turns out to be the case. New Federal Reserve Chairman Powell quickly established his credentials with another hike and is unlikely to stray from the steady rise to near 4% over this year and next. This rate path and the reduction of the Fed's colossal balance sheet appears to be being well handled and communicated by the Fed as markets, so far, are taking it in their stride.

Strong job numbers in the UK and even signs of wage growth (backed up by a loosening of governmental purse strings) has given the Bank of England (BoE) plenty to think about. The slight moderation in inflation numbers does not deflect from the fact that the Monetary Policy Committee (MPC) needs to embark on a rate-hiking cycle. The last decision saw two members voting for an immediate hike and, for anyone not listening, Governor Carney is becoming more vocal in providing firm guidance. May is now priced-in for the first real hike in a decade and sterling rates derivatives are discounting 1% of hikes by the end of 2019. The emergency levels that the base rate sits at is clearly incompatible with the underlying strength of the UK economy, despite the floundering around and convulsions of our political establishment regarding Brexit, which remain pitiful. When a transition period agreement is hailed as some kind of major victory, whilst there are no details of a deal to actually transition to one, leaves one wondering, as one does on hearing so much attention being paid to minor peripheral issues, when the big issues have less than a year to be agreed.

Meanwhile, the BoE says a tight labour market is holding back growth. This may be true but also might prove to be inflationary, weak quarter 1 numbers are entirely understandable given weather-related influences. As a May hike in rates is priced in, UK assets would now be disappointed if the normalisation process was not started. With a startling statement of the obvious, the BoE said that they were worried that many were borrowing too much and gearing in too heavily because rates were low; we think they can take responsibility for that. Separately ring-fenced UK banks are now in being, this is a good move.

Investment Manager's report (continued)

Investment strategy and outlook (continued)

Aviva, the trusty life insurer, attempted a smash-and-grab on its preference shareholders by hiding in its results statement a plan to redeem its Preference shares at par, apparently acting in the best interests of its shareholders. But this action was completely ignoring corporate capital structure and putting the rights of ordinary shareholders above debtholders. This caused a collapse in the whole ‘pref’ market despite other issuers distancing themselves. Aviva have since reversed their decision but damage has been done and lawyers will do well out of it.

Despite some meaningful widening in credit spreads, the primary market continues to function efficiently, if not in the interest of investors. Every single fixed coupon new issue in Sterling bar one that has come in the last six weeks is trading wider (cheaper) than issue. We have avoided them all and embraced new floating rate issuance instead. Moves upward in LIBOR(S) remain notable and conjecture about what flattening yield curves mean may prove to be meaningless given the level of Central Bank distortion to get them to where they were in the first place.

Church House Investments Limited
1 May 2018

Summary of portfolio changes

for the year ended 31 March 2018

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

Purchases:	Cost £
UK Treasury Gilt 1.75% 22/07/2019	8,116,560
Royal Bank of Scotland 0.80663% 15/05/2020	6,264,040
UK Treasury Gilt 4.75% 07/03/2020	5,438,550
UK Treasury Gilt 5% 07/03/2018	5,183,700
Royal Bank of Canada FRN 08/12/2022	5,000,000
RBC CMS Linked Reverse Convertible Notes 28/06/2019	5,000,000
Santander UK FRN 16/11/2022	4,002,000
Segro 2.375% 11/10/2029	3,927,700
Santander UK 0.55213% 05/05/2020	3,610,683
Bank of Montreal 0.73294% 20/07/2020	3,500,000
JP Morgan 1-Year GBP Interest Rate Linked Note (in GBP) 27/06/2018	3,500,000
Barclays 2.375% 06/10/2023	3,491,425
TSB Bank FRN 07/12/2022	3,250,000
UK Treasury Gilt 1.25% 22/07/2018	3,027,750
National Bank of Canada 1.05306% 27/09/2021	3,020,880
Barclays FRN 09/01/2023	3,000,000
Toronto-Dominion Bank FRN 30/01/2023	3,000,000
Lloyds Bank FRN 27/03/2023	3,000,000
General Motors Financial 2.25% 06/09/2024	2,995,050
Northumbrian Water Finance 6.875% 06/02/2023	2,511,160

Sales:	Proceeds £
UK Treasury Gilt 5% 07/03/2018	5,103,010
Royal Bank of Canada CMS Linked Reverse Convertible Notes 29/11/2017	5,000,000
Standard Chartered 5.125% 06/06/2034	4,402,640
JPMorgan Chase 0.81669% 30/05/2017	4,350,000
SSE 3.875% perpetual	4,066,900
ING Bank 0.75369% 27/11/2017	4,000,000
Santander UK 0.55213% 05/05/2020	3,616,176
Vodafone Group 5.375% 05/12/2017	3,514,700
Nationwide Building Society 0.55663% 17/07/2017	3,480,000
Centrica 5.25% 10/04/2075	3,174,949
UK Treasury Gilt 1.25% 22/07/2018	3,013,380
General Motors 2.25% 06/09/2024	2,997,330
John Lewis 6.125% 21/01/2025	2,942,976
John Lewis 8.375% 08/04/2019	2,724,405
European Investment Bank 8.75% 25/08/2017	2,667,418
UK Treasury Gilt 4.5% 07/03/2019	2,648,615
Leeds Building Society 0.63113% 09/02/2018	2,250,000
Commonwealth Bank of Australia 0.66338% 24/01/2018	2,115,000
Barclays Bank 0.55206% 12/02/2018	2,100,000
Barclays 3.125% 17/01/2024	2,061,420

Portfolio statement
as at 31 March 2018

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities 89.75% (89.52%)			
Aaa to Aa2* 38.03% (31.86%)			
Australia & New Zealand Banking Group 1.03569% 11/02/2019**	£3,500,000	3,513,090	1.19
Bank of Montreal 0.73294% 20/07/2020**	£3,500,000	3,505,250	1.19
Bank of Nova Scotia 0.97125% 14/01/2019**	£2,000,000	2,006,080	0.68
Bank of Scotland 4.875% 20/12/2024	£1,500,000	1,794,762	0.61
Barclays Bank 0.74131% 09/01/2023**	£3,000,000	2,996,970	1.02
Barclays Bank 0.7935% 22/05/2020**	£2,000,000	2,003,820	0.68
Canadian Imperial Bank of Commerce 0.95269% 10/01/2022**	£3,500,000	3,525,795	1.20
Canadian Imperial Bank of Commerce 1.12206% 11/03/2019 **	£2,000,000	2,008,500	0.68
Clydesdale Bank 4.625% 08/06/2026	£1,250,000	1,507,153	0.51
Coventry Building Society 0.91432% 17/03/2020**	£3,750,000	3,761,400	1.28
European Investment Bank 0.75563% 21/05/2021**	£2,000,000	2,011,380	0.68
Leeds Building Society 4.25% 17/12/2018	£500,000	512,405	0.17
Lloyds Bank 0.82156% 16/01/2020**	£5,000,000	5,014,700	1.70
Lloyds Bank 0.82194% 18/07/2019**	£1,000,000	1,002,870	0.34
Lloyds Bank 0.93306% 27/03/2023**	£3,000,000	2,999,340	1.02
Lloyds Bank 5.125% 07/03/2025	£2,500,000	3,048,587	1.03
Lloyds Bank 6% 08/02/2029	£500,000	688,755	0.23
National Bank of Canada 1.05306% 27/09/2021**	£3,000,000	3,018,300	1.02
Nationwide Building Society 0.72794% 27/04/2018**	£2,000,000	2,000,060	0.68
Nationwide Building Society 1.00819% 25/04/2019**	£2,744,000	2,755,525	0.93
Nordea Eiendomskreditt 0.94188% 30/03/2020**	£2,000,000	1,999,820	0.68
Royal Bank of Canada 0.80294% 20/07/2018**	£2,400,000	2,401,680	0.81
Royal Bank of Canada 0.82994% 08/12/2022**	£5,000,000	4,999,000	1.70
Royal Bank of Scotland 0.80663% 15/05/2020**	£6,250,000	6,264,500	2.12
Royal Bank of Scotland 5.125% 13/01/2024	£1,500,000	1,785,585	0.61
Santander UK 0.77444% 16/11/2022**	£6,500,000	6,495,775	2.20
Santander UK 0.80163% 29/05/2018**	£2,000,000	2,000,500	0.68
Skandinaviska Enskilda Banken 0.94975% 19/11/2018**	£2,000,000	2,004,460	0.68
Stadshypotek 0.73944% 11/01/2023**	£2,000,000	1,997,120	0.68
Stadshypotek 0.82975% 17/08/2018**	£2,000,000	2,001,740	0.68
Swedbank Hypotek 0.90794% 29/10/2018**	£2,000,000	2,003,820	0.68
Toronto-Dominion Bank 0.7445% 30/01/2023**	£3,000,000	2,998,170	1.02
Toronto-Dominion Bank 1.00231% 01/02/2019**	£4,000,000	4,013,520	1.36
TSB Bank 0.84106% 07/12/2022**	£3,250,000	3,250,845	1.10
UK Treasury Gilt 1.75% 22/07/2019	£7,000,000	7,093,100	2.41
UK Treasury Gilt 2% 22/07/2020	£1,000,000	1,026,800	0.35
UK Treasury Gilt 4.5% 07/03/2019	£3,000,000	3,105,900	1.05
UK Treasury Gilt 4.75% 07/03/2020	£6,000,000	6,458,400	2.19
Wellcome Trust Finance 4.75% 28/05/2021	£500,000	552,323	0.19
		112,127,800	38.03

Portfolio statement (continued)
as at 31 March 2018

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities (continued)			
Aa3 to A1* 8.23% (9.16%)			
ABN AMRO Bank 1.08163% 30/11/2018**	£5,000,000	5,011,550	1.70
Close Brothers Finance 2.75% 19/10/2026	£5,010,000	5,078,386	1.72
Close Brothers Finance 3.875% 27/06/2021	£2,000,000	2,120,300	0.72
Commonwealth Bank of Australia 1.22819% 26/10/2018**	£2,000,000	2,006,820	0.68
Nationwide Building Society 0.94623% 06/06/2019**	£2,500,000	2,503,575	0.85
Procter & Gamble 1.375% 03/05/2025	£500,000	483,455	0.16
Royal Bank of Canada 0.98893% 04/06/2019**	£2,000,000	2,005,840	0.68
Royal Bank of Canada 1.22131% 09/10/2018**	£2,000,000	2,006,300	0.68
Total Capital International 1.02287% 01/07/2019**	£3,050,000	3,054,911	1.04
		24,271,137	8.23
A2 to A3* 12.84% (9.79%)			
Aviva 6.125% perpetual**	£1,500,000	1,649,812	0.56
Aviva 4.375% 12/09/2049**	£4,000,000	4,021,960	1.37
Aviva 5.125% 04/06/2050**	£2,000,000	2,120,182	0.72
Aviva 6.625% 03/06/2041**	£500,000	556,876	0.19
Bank of America 5.5% 04/12/2019	£2,000,000	2,135,028	0.72
Bank of America 7% 31/07/2028	£2,250,000	3,118,122	1.06
BUPA Finance 6.125% perpetual**	£500,000	537,559	0.18
Close Brothers Group 4.25% 24/01/2027	£1,835,000	1,908,198	0.65
GE Capital UK Funding Unlimited 4.125% 13/09/2023	£1,506,000	1,652,666	0.56
Goldman Sachs Group 7.25% 10/04/2028	£6,000,000	8,262,210	2.80
HSBC Holdings 5.75% 20/12/2027	£1,599,000	1,925,757	0.65
Lloyds Banking Group 2.25% 16/10/2024	£2,000,000	1,958,460	0.66
Rio Tinto Finance 4% 11/12/2029	£2,000,000	2,305,946	0.78
SSE 8.375% 20/11/2028	£250,000	377,510	0.13
Thames Water Utilities Cayman Finance 4% 19/06/2025	£1,500,000	1,653,378	0.56
Wessex Water Services Finance 4% 24/09/2021	£450,000	485,370	0.17
Yorkshire Building Society 3.5% 21/04/2026	£3,000,000	3,181,380	1.08
		37,850,414	12.84
Baa1 to Baa2* 15.14% (23.01%)			
AP Moller - Maersk 4% 04/04/2025	£5,011,000	5,315,674	1.80
Barclays 2.375% 06/10/2023**	£3,500,000	3,463,180	1.17
BUPA Finance 2% 05/04/2024	£1,000,000	988,010	0.34
Cadent Finance 1.125% 22/09/2021	£230,000	225,931	0.08
Cadent Finance 2.125% 22/09/2028	£2,500,000	2,360,175	0.80
Citigroup 5.15% 21/05/2026	£4,683,000	5,560,341	1.89
Credit Suisse Group 2.125% 12/09/2025**	£2,000,000	1,940,700	0.66
Digital Stout Holding 4.75% 13/10/2023	£3,000,000	3,329,265	1.13
Eastern Power Networks 4.75% 30/09/2021	£1,500,000	1,656,660	0.56

Portfolio statement (continued)
as at 31 March 2018

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities (continued)			
Baa1 to Baa2* (continued)			
Fidelity International 7.125% 13/02/2024	£2,000,000	2,455,856	0.83
Hammerson 3.5% 27/10/2025	£2,000,000	2,092,334	0.71
Legal & General Group 10% 23/07/2041**	£2,000,000	2,473,032	0.84
London Power Networks 5.125% 31/03/2023	£500,000	574,911	0.20
Scotland Gas Networks 3.25% 08/03/2027	£1,350,000	1,416,231	0.48
Scottish Widows 5.5% 16/06/2023	£3,500,000	3,863,618	1.31
SSE 3.875% perpetual**	£4,000,000	4,105,200	1.39
Western Power Distribution West Midlands 6% 09/05/2025**	£500,000	617,899	0.21
Yorkshire Building Society 3.375% 13/09/2028**	£2,250,000	2,194,448	0.74
		44,633,465	15.14
Baa3 to unrated* 15.51% (15.70%)			
Barclays Bank 10% 21/05/2021	£4,000,000	4,864,676	1.65
Barclays Bank 2% 13/05/2020**	£1,350,000	1,326,375	0.45
BG Energy Capital 5.125% 01/12/2025	£750,000	912,691	0.31
British Land 2.375% 14/09/2029	£2,500,000	2,393,350	0.81
Danske Bank 1.2118% 04/10/2018**	£1,000,000	1,001,510	0.34
Goldman Sachs Group 2.1% 08/09/2021**	£2,000,000	2,007,800	0.68
Heathrow Funding 5.225% 15/02/2023	£500,000	575,545	0.20
Heathrow Funding 6% 20/03/2020	£5,000,000	5,415,670	1.84
Heathrow Funding 6.75% 03/12/2026	£1,500,000	1,971,820	0.67
J Sainsbury 6.5% perpetual**	£3,000,000	3,232,740	1.10
Liverpool Victoria Friendly Society 6.5% 22/05/2043**	£1,500,000	1,659,588	0.56
Lloyds Bank 1.75% 19/06/2020**	£1,300,000	1,306,240	0.44
National Express Group 2.5% 11/11/2023	£1,400,000	1,393,280	0.47
Northumbrian Water Finance 6.875% 06/02/2023	£4,000,000	4,890,172	1.66
Orange 5.875% perpetual**	£3,700,000	4,070,185	1.38
Rothesay Life 8% 30/10/2025	£2,000,000	2,411,900	0.82
Segro 2.375% 11/10/2029	£4,000,000	3,879,640	1.32
Shaftesbury Chinatown 2.348% 30/09/2027	£2,500,000	2,385,375	0.81
		45,698,557	15.51
Default 0.00% (0.00%)			
Cattles 6.875% 17/01/2014***	£250,000	-	-
Total debt securities		264,581,373	89.75

Portfolio statement (continued)
as at 31 March 2018

Investment	Nominal value or holding	Market value £	% of total net assets
Equities 3.54% (4.13%)			
Equities - incorporated outwith the United Kingdom 3.54% (4.13%)			
GCP Infrastructure Investments	3,338,680	3,919,610	1.33
HICL Infrastructure	1,984,390	2,694,802	0.91
International Public Partnerships	2,137,500	2,975,400	1.01
John Laing Infrastructure Fund	750,000	844,500	0.29
Total equities - incorporated outwith the United Kingdom		10,434,312	3.54
Offshore Collective Investment Schemes 0.85% (0.80%)			
Boost Gilts 10Y 3x Short Daily	50,000	2,510,000	0.85
Structured products 3.93% (3.86%)			
JP Morgan 1-Year GBP Interest Rate Linked Note (in GBP) 11/04/2018	3,000,000	3,003,913	1.02
JP Morgan 1-Year GBP Interest Rate Linked Note (in GBP) 27/06/2018	3,500,000	3,533,503	1.20
RBC CMS Linked Reverse Convertible Notes 28/06/2019	5,000,000	5,043,469	1.71
Total structured products		11,580,885	3.93
Portfolio of investments		289,106,570	98.07
Other net assets		5,693,440	1.93
Total net assets		294,800,010	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 March 2017.

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

** Variable interest 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.

← Typically lower rewards, lower risk — Typically higher rewards, higher risk →

1	2	**3**	4	5	6	7

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 performance.

Where the Fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

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		
	2018	2017^^	2016^^	2018	2017^^	2016^^
	p	p	p	p	p	p
Change in net assets per unit						
Opening net asset value per unit	115.60	112.25	115.17	164.30	156.39	157.02
Return before operating charges	1.93	7.11	1.18	2.74	9.94	1.65
Operating charges	(1.04)	(1.03)	(1.04)	(1.50)	(1.46)	(1.44)
Return after operating charges *	0.89	6.08	0.14	1.24	8.48	0.21
Distributions^	(2.38)	(2.73)	(3.06)	(3.40)	(3.82)	(4.20)
Retained distributions on accumulation units^	-	-	-	3.40	3.25	3.36
Closing net asset value per unit	114.11	115.60	112.25	165.54	164.30	156.39
Performance						
Return after charges	0.77%	5.42%	0.12%	0.75%	5.42%	0.13%
Other information						
Closing net asset value (£)	277,520,399	237,631,778	211,730,012	17,279,611	17,891,919	14,430,464
Closing number of units	243,210,264	205,568,508	188,628,378	10,438,625	10,889,848	9,227,310
Ongoing charges	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Prices						
Highest offer price (p)	123.5	124.3	121.7	176.8	174.1	165.9
Lowest bid price (p)	114.3	112.1	110.6	164.3	155.5	153.4

^ Rounded to 2 decimal places.

^^ Prior year distributions to 31 December 2016 were paid net of income tax. Under the Finance Act 2017 there is no longer a requirement to deduct income tax from interest distributions paying after 6 April 2017.

Investments carry risk. Past performance is not a guide to future performance. Investors may not get back the amount invested.

Ongoing charges figure

The ongoing charges figure ("OCF") provides investors with a clearer picture of the total annual costs in running a collective investment scheme. The ongoing charges figure consists principally of the Manager's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid.

	31.03.18	31.05.17
Annual management charge	0.80%	0.80%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.84%	0.84%

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 2018

	Notes	2018		2017	
		£	£	£	£
Income:					
Net capital (losses) / gains	2		(2,983,863)		7,789,574
Revenue	3	6,859,150		6,831,275	
Expenses	4	(2,314,671)		(2,056,031)	
Net revenue before taxation		4,544,479		4,775,244	
Taxation	5	-		-	
Net revenue after taxation			4,544,479		4,775,244
Total return before distributions			1,560,616		12,564,818
Distributions	6		(5,700,291)		(5,802,417)
Change in net assets attributable to unitholders from investment activities			(4,139,675)		6,762,401

Statement of change in net assets attributable to unitholders
for the year ended 31 March 2018

	2018		2017	
	£	£	£	£
Opening net assets attributable to unitholders		255,523,697		226,160,476
Amounts receivable on issue of units	52,437,080		36,140,721	
Amounts payable on cancellation of units	(9,379,897)		(13,881,309)	
		43,057,183		22,259,412
Stamp duty reserve tax		-		2,323
Change in net assets attributable to unitholders from investment activities		(4,139,675)		6,762,401
Retained distributions on accumulation units		358,805		338,299
Unclaimed distributions		-		786
Closing net assets attributable to unitholders		294,800,010		255,523,697

Balance sheet
as at 31 March 2018

	Notes	2018	2017
		£	£
Assets:			
Fixed assets:			
Investments		289,106,570	251,196,523
Current assets:			
Debtors	7	3,514,313	4,757,449
Cash and bank balances	8	5,735,592	5,340,217
Total assets		298,356,475	261,294,189
Liabilities:			
Creditors:			
Distribution payable		(1,359,545)	(1,371,142)
Other creditors	9	(2,196,920)	(4,399,350)
Total liabilities		(3,556,465)	(5,770,492)
Net assets attributable to unitholders		294,800,010	255,523,697

Notes to the financial statements

for the year ended 31 March 2018

1. Accounting policies

   The accounting policies are disclosed on pages 7 to 8.

2. Net capital (losses) / gains

	2018	2017
	£	£
Non-derivative securities - realised gains	1,773,307	1,866,984
Non-derivative securities - movement in unrealised (losses) / gains	(4,969,155)	6,042,067
Derivative contracts - movement in unrealised gains / (losses)	217,019	(118,218)
Transaction charges	(5,034)	(1,259)
Total net capital (losses) / gains	(2,983,863)	7,789,574

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 gain/(loss) is included in unrealised gains/(losses).

3. Revenue

	2018	2017
	£	£
Overseas revenue	528,193	579,395
Interest on debt securities	6,326,567	6,251,880
Bank and deposit interest	4,390	-
Total revenue	6,859,150	6,831,275

4. Expenses

	2018	2017
	£	£
Payable to the Manager and associates		
Annual management charge	2,207,406	1,956,526
Registration fees	2,070	1,798
	2,209,476	1,958,324
Payable to the Trustee		
Trustee fees	74,137	66,102
Other expenses:		
Audit fee	8,520	7,740
Safe custody fees	21,426	19,769
Bank interest	42	3,476
FCA fee	55	65
KIID production fee	857	555
Legal fee	158	-
	31,058	31,605
Total expenses	2,314,671	2,056,031

Notes to the financial statements (continued)

for the year ended 31 March 2018

5. Taxation

	2018	2017
	£	£
a. Analysis of the tax charge for the year		
Total taxation (note 5b)	-	-

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2017: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2017: 20%). The differences are explained below:

	2018	2017
	£	£
Net revenue before taxation	4,544,479	4,775,244
Corporation tax @ 20%	908,896	955,049
Effects of:		
Tax deductible interest distributions	(908,595)	(955,228)
Movement in short term timing differences	(301)	179
Total 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:

	2018	2017
	£	£
Quarter 1 income distribution	1,332,186	1,099,182
Quarter 1 accumulation distribution	93,172	76,565
Interim income distribution	1,411,513	1,147,324
Interim accumulation distribution	95,567	83,060
Quarter 3 income distribution	1,348,733	1,039,593
Quarter 3 accumulation distribution	85,826	76,092
Final income distribution	1,359,545	1,371,142
Final accumulation distribution	84,240	102,582
Tax payable on interest distributions	-	866,184
	5,810,782	5,861,724
Equalisation:		
Amounts deducted on cancellation of units	24,167	40,747
Amounts added on issue of units	(134,658)	(100,054)
Total net distributions	5,700,291	5,802,417

Notes to the financial statements (continued)
for the year ended 31 March 2018

6. Distributions (continued)

Reconciliation between net revenue and distributions:	2018	2017
	£	£
Net revenue after taxation per Statement of total return	4,544,479	4,775,244
Undistributed revenue brought forward	568	1,463
Expenses paid from capital	1,157,315	1,026,278
Undistributed revenue carried forward	(2,071)	(568)
Distributions	5,700,291	5,802,417

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

7. Debtors

	2018	2017
	£	£
Amounts receivable on issue of units	497,217	239,892
Sales awaiting settlement	-	1,170,513
Accrued revenue	3,016,953	3,347,044
Prepaid expenses	143	-
Total debtors	3,514,313	4,757,449

8. Cash and bank balances

	2018	2017
	£	£
Total cash and bank balances	5,735,592	5,340,217

9. Other creditors

	2018	2017
	£	£
Amounts payable on cancellation of units	169,186	182,936
Purchases awaiting settlement	2,002,361	3,992,100
Accrued expenses:		
Payable to the Manager and associates		
Annual management charge	12,867	-
Registration fees	15	-
	12,882	-
Other expenses:		
Trustee fees	431	-
Safe custody fees	3,698	14,868
Audit fee	8,280	7,740
KIID production fee	-	139
Transaction charges	82	803
	12,491	23,550
Total accrued expenses	25,373	23,550
Income tax payable	-	200,764
Total other creditors	2,196,920	4,399,350

10. Commitments and contingent liabilities

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

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	205,568,508
Total units issued in the year	43,200,437
Total units cancelled in the year	(5,558,681)
Closing units in issue	243,210,264

	Accumulation
Opening units in issue	10,889,848
Total units issued in the year	1,332,408
Total units cancelled in the year	(1,783,631)
Closing units in issue	10,438,625

For the year ended 31 March 2018, the annual management charge for both unit classes is 0.80%. The annual management charge includes the Manager's periodic charge and the Investment Manager's fee.

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

On the winding up of a Fund all the assets of the Fund will be realised and apportioned to the unit classes in relation to the net asset value on the closure date. Unitholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each unit class has the same rights on winding up.

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 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:

	2018	2017
Minister Nominees Limited*	32.16%	-
COFUNDS Nominees Limited	0.02%	27.51%

* Transfer of ownshership from COFUNDS Nominees Limited to Minster Nominees Limited.

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per income unit has decreased from 114.1p to 113.6p and the accumulation unit has increased from 165.4p to 165.7p as at 11 July 2018. 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 2018

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:

	2018	% of purchases by asset class	2017	% of purchases by asset class
Purchases:	£		£	
Equities - purchases before transaction costs	1,973,873		3,214,662	
Commission	1,106	0.06%	568	0.02%
Total direct transaction costs - Equities	1,106	0.06%	568	0.02%
Equities - purchases after direct transaction costs	1,974,979		3,215,230	
Bonds - purchases*	125,835,906		93,644,318	
Collective investment schemes - purchases*	516,800		-	
Structured products - purchases*	8,500,000		10,000,000	
Total purchases after direct transaction costs	136,827,685		106,859,548	
Capital events^	281,250		126,548	

* No direct transaction costs were incurred in these transactions.

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

14. Transaction costs (continued)

a Direct transaction costs (continued)

Sales:	2018 £	% of sales by asset class	2017 £	% of sales by asset class
Equities - sales before transaction costs	855,245		2,640,770	
Commission	(1,417)	0.17%	(5,288)	0.20%
Taxes	(2)	0.00%	-	-
Total direct transaction costs - Equities	(1,419)	0.17%	(5,288)	0.20%
Equities - sales after direct transaction costs	853,826		2,635,482	
Bonds - sales*	86,725,996		78,977,610	
Structured products - purchases*	7,000,000		-	
Total sales after direct transaction costs	94,579,822		81,613,092	
Capital events^	669		15,630	

* No direct transaction costs were incurred in these transactions.

^ The total sales exclude the apital events as there were no direct transaction costs charged in these transactions.

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:

	2018 £	% of average net asset value	2017 £	% of average net asset value
Commission	2,523	0.00%	5,856	0.00%
Taxes	2	0.00%	-	-

b Average portfolio dealing spread

The average portfolio 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 0.31% (2017: 0.38%).

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.

At 31 March 2018, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £647,216 (2017: £628,860).

(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.

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.

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk (continued)

At 31 March 2018, if interest rates increased or decreased by 25 basis points, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £2,123,445 (2017: £2,034,701).

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

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
2018	£	£	£	£	£	£
UK sterling	145,163,902	-	136,733,948	16,458,625	(3,556,465)	294,800,010
	145,163,902	-	136,733,948	16,458,625	(3,556,465)	294,800,010

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2017	£	£	£	£	£	£
UK sterling	118,950,116	-	125,009,419	17,334,654	(5,770,492)	255,523,697
	118,950,116	-	125,009,419	17,334,654	(5,770,492)	255,523,697

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 statement.

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.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

15. Risk management policies (continued)

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.

The Fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the Fund may not be able to immediately sell such securities.

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.

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 2018 £	Investment liabilities 2018 £
Quoted prices	27,522,612	-
Observable market data	250,003,073	-
Unobservable data	11,580,885	-
	289,106,570	-

Valuation technique	Investment assets 2017 £	Investment liabilities 2017 £
Quoted prices	20,758,305	-
Observable market data	220,574,353	-
Unobservable data	9,863,865	-
	251,196,523	-

Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The Manager engages a third party to provide valuations for these investments.

The following security is valued in the portfolio of investments using a valuation technique:

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.

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.

In the year the Fund had exposure to derivatives embedded in structured products. On a daily basis, exposure is calculated in UK sterling using the commitment method with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in a Fund at any given time and may not exceed 100% of the net asset value of the property of the Fund.

In the year, the Fund held structured products with embedded derivatives. Exposure created by underlying derivatives is monitored by the unit class as well as the rating of the issuer of the structured product. A third party is used to verify the prices of the structured products.

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.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the Fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the Fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

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 significant leveraging arrangements in the year.

15. Risk management policies (continued)

f Derivatives (continued)

(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 the global exposure is as follows:

	Gross exposure value £	% of the total net asset value
Investment		
JP Morgan 1-Year GBP Interest Rate Linked Note (in GBP) 11/04/2018	3,003,913	1.02%
JP Morgan 1-Year GBP Interest Rate Linked Note (in GBP) 27/06/2018	3,533,503	1.20%
RBC CMS Linked Reverse Convertible Notes 28/06/2019	5,043,469	1.71%

There have been no collateral arrangements in the year.

Distribution table
for the year ended 31 March 2018

Distributions on income units in pence per unit

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.08.17	group 1	quarter 1	0.624	-	0.624	0.566^
31.08.17	group 2	quarter 1	0.298	0.326	0.624	0.566^
30.11.17	group 1	interim	0.624	-	0.624	0.573^
30.11.17	group 2	interim	0.327	0.297	0.624	0.573^
28.02.18	group 1	quarter 3	0.571	-	0.571	0.508^
28.02.18	group 2	quarter 3	0.313	0.258	0.571	0.508^
31.05.18	group 1	final	0.559	-	0.559	0.667
31.05.18	group 2	final	0.258	0.301	0.559	0.667

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.

^ Prior year distributions to 31 December 2016 were paid net of income tax. Under the Finance Act 2017 there is no longer a requirement to deduct income tax from interest distributions paying after 6 April 2017.

Quarter 1 distribution:

Group 1	Units purchased before 1 April 2017
Group 2	Units purchased 1 April 2017 to 30 June 2017

Interim distribution:

Group 1	Units purchased before 1 July 2017
Group 2	Units purchased 1 July 2017 to 30 September 2017

Quarter 3 distribution:

Group 1	Units purchased before 1 October 2017
Group 2	Units purchased 1 October 2017 to 31 December 2017

Final distribution:

Group 1	Units purchased before 1 January 2018
Group 2	Units purchased 1 January 2018 to 31 March 2018

Distribution table (continued)

for the year ended 31 March 2018

Distributions on accumulation units in pence per unit

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.08.17	group 1	quarter 1	0.886	-	0.886	0.788^
31.08.17	group 2	quarter 1	0.465	0.421	0.886	0.788^
30.11.17	group 1	interim	0.891	-	0.891	0.802^
30.11.17	group 2	interim	0.481	0.410	0.891	0.802^
28.02.18	group 1	quarter 3	0.820	-	0.820	0.714^
28.02.18	group 2	quarter 3	0.474	0.346	0.820	0.714^
31.05.18	group 1	final	0.807	-	0.807	0.942
31.05.18	group 2	final	0.477	0.330	0.807	0.942

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.

^ Prior year distributions to 31 December 2016 were paid net of income tax. Under the Finance Act 2017 there is no longer a requirement to deduct income tax from interest distributions paying after 6 April 2017.

Quarter 1 distribution:

Group 1	Units purchased before 1 April 2017
Group 2	Units purchased 1 April 2017 to 30 June 2017

Interim distribution:

Group 1	Units purchased before 1 July 2017
Group 2	Units purchased 1 July 2017 to 30 September 2017

Quarter 3 distribution:

Group 1	Units purchased before 1 October 2017
Group 2	Units purchased 1 October 2017 to 31 December 2017

Final distribution:

Group 1	Units purchased before 1 January 2018
Group 2	Units purchased 1 January 2018 to 31 March 2018

Remuneration

Remuneration code disclosure

The remuneration committee is responsible for setting remuneration policy for all partners, directors and employees within the Smith and Williamson Group including individuals designated as Material Risk Takers under the Remuneration Code. The remuneration policy is designed to be compliant with the Code and provides a framework to attract, retain, motivate and reward partners, directors and employees. The overall policy is designed to promote the long-term success of the group and to support prudent risk management, with particular attention to conduct risk.

Remuneration committee

The remuneration committee report contained in pages 39-41 of the Smith & Williamson Report and Financial Statements for the year ended 30 April 2017 (available http://smithandwilliamson.com/about-us/financial-reports) includes details on the remuneration policy. The remuneration committee comprises five non-executive directors and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met five times during 2016-17.

Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices
- to foster and support conduct and behaviours which are in line with our culture and values
- to maintain a sound risk management framework
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking
- to comply with all relevant regulatory requirements
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a “balanced scorecard” approach to variable remuneration non-financial criteria including compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

Remuneration systems

The committee reviews all partners' and directors' fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a deferred option plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

The committee approved the introduction of a new Equity Matching Plan for partners, and the continuation of the existing Matching Share Plan for employees. The purpose of the plans is to reward individual performance and to encourage wider share ownership.

When considering variable remuneration for the executive directors, the committee takes account of overall business profit for the group and divisions, the achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 30 April 2017. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

Remuneration (continued)

Aggregate Quantitative Information

The total amount of remuneration paid by Smith & Williamson Fund Administration Limited (SWFAL) is nil as SWFAL has no employees. However, a number of employees have remuneration costs recharged to SWFAL and the annualised remuneration for these 72 employees is £2,924,504, of which £2,705,376 is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in SWFAL as at 30 April 2017. Any variable remuneration is awarded for the year ending 30 April 2017. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed below.

Smith & Williamson reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Smith & Williamson group. It is difficult to apportion remuneration for these individuals in respect of their duties to SWFAL. For this reason, the aggregate total remuneration awarded for the financial year 2016-17 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for SWFAL (£000)	Financial Year ending 30 April 2017				
		Variable			
	Fixed	Cash	Equity	Total	No. MRTs
Senior Management	£2,929	£1,776	£580	£5,285	16
Other MRTs	£1,476	£872	£184	£2,532	11
Total	£4,405	£2,648	£764	£7,817	27

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

Buying and selling units

The property of the Fund is valued at 12 noon on each business day with the exception of a bank holiday in England and Wales, or the last business day prior to these days annually where the valuation maybe carried out at a time agreed in advance between the Manager and the Trustee; and the prices of the Fund 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. The Manager may waive the minimum levels at its discretion.

The Manager may impose a charge on the purchase of units in each class. The preliminary charge is 5%. The Manager may waive or discount the initial charge at its discretion.

Prices of units and the estimated yield of the unit classes are published on the following website:
www.fundlistings.com or may be obtained by calling 0141 222 1151.

Appointments

Manager and Registered office

St Vincent St Fund Administration (a 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 (a 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

Brian McLean
David Cobb
Grant Hotson
James Gordon
Kevin Stopps
Paul Wyse
Giles Murphy - resigned 30 May 2018
Jocelyn Dalrymple - resigned 30 May 2018
Peter Maher - resigned 30 May 2018
Susan Shaw - resigned 30 May 2018
Tas Quayum - resigned 30 May 2018

Investment Manager

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
2nd Floor
Drummond House
1 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