

SVS Church House UK Managed Growth Fund

Annual Short Report

for the year ended 31 March 2017

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SVS Church House UK Managed Growth Fund

Report of the Manager

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited), as Manager, presents herewith the Annual Short Report for SVS Church House UK Managed Growth Fund for the year ended 31 March 2017.

Risk disclosure

The main risks which may affect the assets and liabilities of the Fund, either directly or indirectly through its underlying holdings, are market risk, liquidity risk, credit risk and fair value of financial assets and financial liabilities. The Manager has processes in place to mitigate these risks.

Where the Fund has exposure to derivatives, global exposure is calculated and monitored daily using the commitment method with netting applied where appropriate.

The Manager monitors the investment activity of the Investment Adviser to ensure the investment activity is consistent with the investment objectives and the investment and borrowing powers which are laid out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities and their fair value.

For further information please refer to the Prospectus or the Annual Long Report.

More information about the activities and performance of the Fund for this and previous periods can be obtained from the Manager.

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

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

Investment objective and policy

The objective of the Fund is to provide investors with medium to long-term capital growth through an investment in a portfolio of UK equities. The Fund also seeks to manage growth with the option of investing a proportion of the portfolio in fixed interest securities, preference shares, listed investment funds and overseas securities.

Changes affecting the Fund in the year

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

On 1 November 2016, the Manager's periodic charge changed as per the below.

Funds under management	New arrangement	Previous arrangement
	%	%
<£50 million	0.150	-
£50 million to <£100 million	0.125	-
< £100 million	-	0.150
£100 million to <£150 million	0.100	0.125
£150 million to <£200 million	0.080	0.100
on the remaining balance	0.050	0.080

SVS Church House UK Managed Growth Fund Investment Adviser's report

Investment performance

Capital performance* over:	One year to 31.03.17	Three years to 31.03.17	Five years to 31.03.17
SVS Church House UK Managed Growth Fund	19.6%	22.7%	56.6%

* Percentage change in bid price of income units to 12pm on 31 March 2017.

Source: Bloomberg, Smith & Williamson.

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.

Over the final quarter of 2016, the 'international' allocation shrunk a shade following a reduction in the holding in JPMorgan Chase and sale of Novo Nordisk. JP Morgan, in common with most American banks, had jumped after the Presidential Election; combined with the weakness in sterling, a reduction was in order. On this side of the Atlantic, we added to the positions in Barclays and Lloyds Banking Group. At the end of October, Novo Nordisk released a dour statement with their figures and talk of reassessing long-term targets, redundancies and a challenging market environment. Quite reluctantly, we sold the shares; we hope this does not turn out to be folly.

UK investments represent a larger proportion following the UK bank purchases mentioned above and a further addition to the holding in Wm Morrison Supermarkets, which has built on a recovery from the depths of summer 2016.

The first quarter of 2017 was a quiet period for the portfolio, with turnover at the lowest level for some time. Volatility in the price of units in the Fund is now matching the lowest levels since we started operating it in 2000.

Looking around the sectors: we remain under-weight in the oil & gas sector but expect to take up our rights to new shares in Tullow Oil and have held on to our position in John Wood Group, following their bid for Amec Foster Wheeler. In basic materials, we added to the holding in BHP Billiton late in the period but have not changed any of the Industrials holdings during a quarter when the sector returned to favour. Halma produced good figures and returned to being the largest holding in the portfolio.

Top 15 Holdings 31 March 2017

Halma	2.9%
BP	2.9%
RELX	2.8%
HSBC Holdings	2.8%
Microsoft	2.7%
Unilever	2.7%
Barclays	2.6%
Smith & Nephew	2.5%
Reckitt Benckiser Group	2.5%
Royal Dutch Shell 'B'	2.4%
JPMorgan Chase	2.4%
BHP Billiton	2.3%
Alphabet	2.3%
Prudential	2.3%
Berkshire Hathaway	2.3%

Investment Adviser's report (continued)

Investment activities (continued)

The consumer goods sectors provided good returns for us this quarter, notably from the holding in Unilever, which we have left unchanged. Berkeley Group Holdings has had a good quarter, while Anheuser-Busch Inbev and Monster Beverage have been dull.

Among consumer services sectors, we reduced Wm Morrison Supermarkets when their shares jumped to our first target level in January. We sold the disappointing holding in Pets at Home Group in favour of an addition to SuperGroup (Superdry is their trading name), which had, once again, produced excellent sales figures. We have continued to avoid the telecoms and utility sectors and left the technology holdings unchanged.

Among the financial sectors, the banks have been dull, but the life assurance and re-insurance holdings have done particularly well. Concerned with lower re-insurance rates, we reduced the holding in Everest Re Group after a strong period since June last year.

Investment strategy and outlook

Geopolitical events have pushed their way to the fore over the past couple of months. As is well known, President Trump's bombing of the Al Shayrat airfield in Syria ratcheted-up tensions in the region and between the US and Russia, while North Korea's belligerence raised fears of China becoming embroiled in a new Far Eastern conflict, which could drag in South Korea and Japan.

Politics of the more domestic variety was always going to be a feature of 2017 and this has now taken a fresh turn with Prime Minister May's call for an early general election. The run-in to the French presidential election appears to have been interminable, we hope that M Macron can clear the hurdle of the first round, at least we should know this result shortly. It is hard to recall a time when we have had French, German and UK elections in such a short period. Lurking in the background is the possibility of further Italian plebiscites after the failure of M Renzi's Constitutional Reform Referendum in December. Italy still has the ability to upset the European Union apple cart (assuming that M Macron has cleared the first French round, if not, France may do it).

At least it appears that the risk of an international trade war has been averted after the talks between Presidents Trump and Xi Jinping at Mar-a-Lago seemed to be more collaborative than combative. Let's hope that President Xi can also apply an appropriate dose of restraint to North Korea. Meanwhile, and it feels like an afterthought at the moment, world economic growth is going rather well and European and American growth is noticeably improving, with no obvious economic threat. Note also that the International Monetary Fund has just increased its forecast for UK economic growth again, along with an increase for world economic growth.

Income yields on fixed interest stocks in the UK and Europe have fallen back to extremely low levels, apparently priced to discount disaster (economic or political). Of course, these interest rates are distorted by central bank interference in the markets so we don't actually know what 'true' levels would be. By contrast, equity markets have remained buoyant and reflect the expectation of continuing economic recovery.

Church House Investments Limited
28 April 2017

Risk and reward profile

The risk and reward profile is relevant to all unit classes in the Fund.

The risk and reward indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the risk and reward indicator.

← Typically lower rewards, lower risk			Typically higher rewards, higher risk →			
1	2	3	4	5	6	7

The Fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the Fund and any income from it can go down as well as up and is not guaranteed. Investors may not get back the amount invested. Past performance is not a guide to the future.

Where investments are made in smaller company shares, these may be riskier as they can be more difficult to buy and sell. Their share prices may also move up and down more than larger companies.

The price of natural resources may be subject to sudden, unexpected and substantial fluctuations. This may lead to significant declines in the values of any companies developing these resources in which the Fund invests and significantly impact investment performance.

For further information please refer to the Key Investor Information Document ("KIID").

For full details on risk factors for the Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the year.

Fund information

Distributions and reporting dates

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

XD dates:	1 April	final
	1 October	interim
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 Christmas Eve and New Year's Eve or a bank holiday in England and Wales, or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee. The price 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.

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 ACD by calling 0141 222 1151.

Management charges

There is no initial charge applied on the purchase of units.

A units income and A units accumulation

Annual management charge : 1.50% per annum

B units income and B units accumulation

Annual management charge : 0.875% per annum

The annual management charge is calculated on the net asset value of the unit classes excluding the value of securities managed by the Investment Adviser and includes the Manager's periodic charge and Investment Adviser's fee.

The Manager's periodic charge is as follows, subject to a minimum of £33,000 per annum:

Funds under management	Manager's periodic %
<£50 million	0.150
£50 million to <£100 million	0.125
£100 million to <£150 million	0.100
£150 million to <£200 million	0.080
on the remaining balance	0.050

The Investment Adviser's fee is the remainder of the annual management charge after payment of the Manager's periodic charge.

Performance information

Number of units in issue	31.03.17	31.03.16	31.03.15
A units income	30,204,805	30,485,946	30,962,876
A units accumulation	3,080,216	3,374,166	4,481,092
B units income	584,521	478,603	-
B units accumulation	1,510,927	1,266,724	-
Net Asset Value (NAV)	£	£	£
Total NAV of the Fund	59,192,653	49,604,592	51,630,280
NAV attributable to A units income unitholders	49,364,559	41,572,084	44,274,997
NAV attributable to A units accumulation unitholders	5,910,827	5,343,466	7,355,283
NAV attributable to B units income unitholders	964,617	658,808	-
NAV attributable to B units accumulation unitholders	2,952,650	2,030,234	-
Net asset value per unit (based on bid value) ^	p	p	p
A units income	163.4	136.4	143.0
A units accumulation	191.9	158.4	164.1
B units income	165.0	137.7	-
B units accumulation	195.4	160.3	-

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

A units income and A units accumulation launched on 10 May 2000 at 100.0p per unit.

B units accumulation launched on 23 June 2015 at 166.1p per unit.

B units income launched on 24 June 2015 at 145.0p per unit.

Highest and lowest prices and distributions

Financial year ended 31 March		Distribution per unit p	Highest offer price p	Lowest bid price p
2015	A units income	1.519	147.8	126.4
2015	A units accumulation	1.728	169.0	144.5
2016	A units income	1.567	150.0	122.8
2016	A units accumulation	1.812	172.2	142.0
2016*	B units income	1.860	146.9	124.3
2016**	B units accumulation	2.171	169.0	143.6
2017	A units income	1.735	167.6	133.9
2017	A units accumulation	2.016	196.0	155.5
2017	B units income	2.694	169.7	135.3
2017	B units accumulation	3.198	199.6	157.5

* from 24 June 2015 to 31 March 2016.

** from 23 June 2015 to 31 March 2016.

Performance information (continued)

Summary of the distributions in the current and prior financial year

A units income

Payment date	p	Payment date	p
30.11.16	1.143	30.11.15	0.920
31.05.17	0.592	31.05.16	0.647

A units accumulation

Allocation date	p	Allocation date	p
30.11.16	1.324	30.11.15	1.056
31.05.17	0.692	31.05.16	0.756

B units income

Payment date	p	Payment date	p
30.11.16	1.602	30.11.15	0.810
31.05.17	1.092	31.05.16	1.050

B units accumulation

Allocation date	p	Allocation date	p
30.11.16	1.902	30.11.15	0.955
31.05.17	1.296	31.05.16	1.216

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

Ongoing charges figure

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

A units income	31.03.17	31.03.16
Annual management charge	1.47%	1.48%
Other expenses	0.06%	0.08%
Ongoing charges figure	<u>1.53%</u>	<u>1.56%</u>
A units accumulation	31.03.17	31.03.16
Annual management charge	1.47%	1.48%
Other expenses	0.06%	0.08%
Ongoing charges figure	<u>1.53%</u>	<u>1.56%</u>
B units income	31.03.17	31.03.16 [^]
Annual management charge	0.86%	0.86%
Other expenses	0.06%	0.08%
Ongoing charges figure	<u>0.92%</u>	<u>0.94%</u>
B units accumulation	31.03.17	31.03.16 ^{^^}
Annual management charge	0.86%	0.86%
Other expenses	0.06%	0.08%
Ongoing charges figure	<u>0.92%</u>	<u>0.94%</u>

[^] Annualised based on the expenses incurred during the period 24 June 2015 to 31 March 2016.

^{^^} Annualised based on the expenses incurred during the period 23 June 2015 to 31 March 2016.

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

Portfolio information

Portfolio by asset class and geographical spread

Investment Type	Percentage of the total net assets as at 31.03.17	Percentage of the total net assets as at 31.03.16
Equities:		
United Kingdom	68.12%	69.65%
Belgium	2.23%	2.62%
Denmark	0.00%	2.67%
Netherlands	2.76%	2.70%
Sweden	1.60%	1.39%
Switzerland	2.07%	2.08%
United States	12.71%	11.93%
Bermuda	1.90%	2.21%
Total Equities	91.39%	95.25%
UK Authorised Collective Investment Schemes	1.62%	1.50%
Total Collective Investment Schemes	1.62%	1.50%
	93.01%	96.75%
Other net assets	6.99%	3.25%
Total net assets	100.00%	100.00%

Major ten holdings at the end of the current year

Holding	Percentage of the total net assets as at 31.03.17
Halma	2.94%
BP	2.86%
RELX	2.76%
HSBC Holdings	2.75%
Microsoft	2.67%
Unilever	2.66%
Barclays	2.63%
Smith & Nephew	2.46%
Reckitt Benckiser Group	2.46%
Royal Dutch Shell 'B'	2.40%

Major ten holdings at the end of the previous year

Holding	Percentage of the total net assets as at 31.03.16
Royal Dutch Shell 'B'	3.77%
Halma	3.12%
HSBC Holdings	3.06%
RELX	2.70%
Novo Nordisk	2.67%
Anheuser-Busch InBev	2.62%
BP	2.47%
Lloyds Banking Group	2.33%
Smith & Nephew	2.31%
Shaftesbury	2.30%

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)

328.908 0141 222 1150 (Dealing)

Authorised and regulated by the Financial Conduct Authority

Directors of the Manager

Giles Murphy

Kevin Stopps

Paul Wyse

Jocelyn Dalrymple

David Cobb

Susan Shaw

Peter Maher

James Gordon

Grant Hotson - appointed 22 August 2016

Tas Quayum - appointed 22 August 2016

Brian McLean - appointed 17 February 2017

Jeremy Boadle - resigned 31 October 2016

Investment Adviser

Church House Investments Limited

York House

6 Coldharbour

Sherborne

Dorset DT9 4JW

Authorised and regulated by the Financial Conduct Authority

Trustee

National Westminster Bank Plc

Trustee and Depositary Services

Younger Building

1st Floor

3 Redheughs Avenue

Edinburgh EH12 9RH

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Auditor

KPMG LLP

Saltire Court

20 Castle Terrace

Edinburgh EH1 2EG