

SVS Church House Investment Grade Fixed Interest Fund

Interim Report

for the six months ended 30 September 2019

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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 Interim Report for SVS Church House Investment Grade Fixed Interest Fund for the six months ended 30 September 2019.

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.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. As Manager we have applied appropriate accounting policies consistently, supported by reasonable and prudent judgements and estimates. However, as Manager we are unable to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.

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

#### Changes affecting the Fund in the period

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

Further information in relation to the Fund is illustrated on page 18.

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

B. McLean

J. Gordon

Directors

Smith & Williamson Fund Administration Limited

28 November 2019

**Accounting policies of SVS Church House Investment Grade Fixed Interest Fund (unaudited)**  
*for the six months ended 30 September 2019*

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.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2019 and are described in those annual financial statements.

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

## Investment Manager's report

### Investment performance

Capital performance* over:	6 months	3 years	5 years
SVS Church House Investment Grade Fixed Interest Fund	+1.3%	-1.4%	+2.6%

\*Percentage change in bid price on a net asset value (nav) to nav basis of income units.

Source: Bloomberg.

### Investment activities

The gilt and triple-A rated holdings in the SVS Church House Investment Grade Fixed Interest Fund's portfolio have increased further as a proportion of the portfolio, while the duration (the time to maturity adjusted for interest payments) remains low:

SVS Church House Investment Grade Fixed Interest Fund	September 2019	June 2019
Short-dated Securities (less than 7 years)	75.9%	74.3%
Medium-dated Securities (7 to 15 years)	20.3%	21.9%
Long-dated Securities (over 15 years)	3.7%	3.8%
Duration of Portfolio	3.1	3.1
Volatility (past year)	1.4%	1.5%
Number of Holdings	104	106
Yield	2.1%	2.1%
Portfolio Value	£358m	£349m

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

The top fifteen holdings have a familiar look about them, dominated by high grade floating rate notes (FRN) and Treasury stock (Gilts). There are two new holdings in the list, both AAA-rated, covered, floating rate notes. The first of these FRNs, from the Nationwide Building Society 1.156% 02/08/2022, pays interest at a rate of 43bp (0.43%) over Sterling Overnight Index Average (SONIA), maturing in August 2022, the second, from the Royal Bank of Canada 1.290757% 03/10/2024, pays at a rate of 58bp over SONIA, maturing in October 2024.

Top 15 Holdings 30 September 2019	
UK Treasury Gilt 4.75% 07/03/2020	3.70%
UK Treasury Gilt 2% 22/07/2020	3.67%
Coventry Building Society 1.3055% 13/11/2023	3.02%
Santander UK 1.1345% 20/09/2021	2.51%
Royal Bank of Canada 1.290757% 03/10/2024	2.51%
Goldman Sachs Group 7.25% 10/04/2028	2.36%
Lloyds Bank 1.1346% 13/09/2021	2.24%
Bank of America 7% 31/07/2028	2.10%
Nationwide Building Society 1.156% 02/08/2022	2.10%
Australia & New Zealand Banking Group 1.3857% 24/01/2022	1.97%
AP Moller - Maersk 4% 04/04/2025	1.83%
Yorkshire Building Society 1.3132% 19/11/2023	1.69%
Lloyds Bank 1.2807% 16/05/2024	1.68%
Citigroup 5.15% 21/05/2026	1.60%
Orange 5.875% Perpetual	1.60%

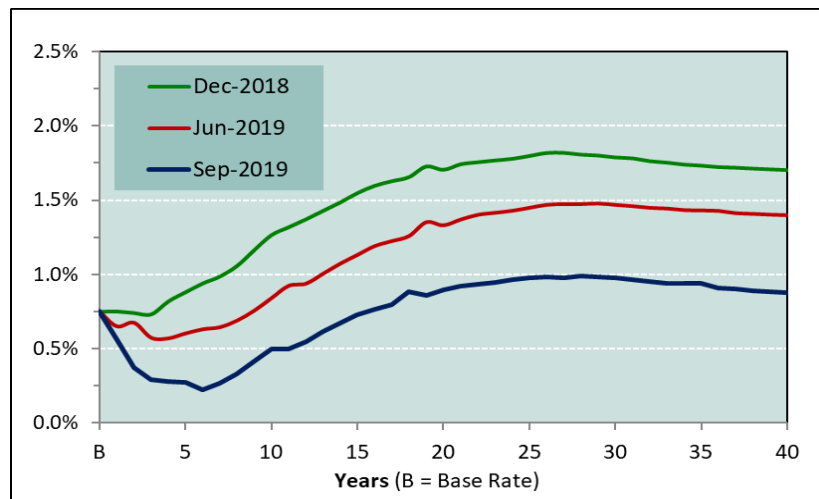
The Bank of England's (BoE) Monetary Policy Committee continues to hold the base rate at three quarters of one per cent, interest rates for longer time periods sank to their lowest ever<sup>1</sup> levels.

<sup>1</sup> The previous low point for long-term interest rates was in the period 1897-1898 when they fell to 2%. Over the past one hundred years, since the end of the First World War, they have averaged around 6%.

## Investment Manager's report (continued)

### Investment activities (continued)\*

UK interest rates (the income yield from Gilts) - The Yield Curve



The UK economy is slowing again, businesses are sitting on their hands awaiting developments. But it is not just companies that are holding back, indicators of consumer confidence are also weak. Institute for Supply Management surveys indicate that the services sector of the economy (the major part) is contracting now, the manufacturing sector has been shrinking for a while. Having said that, wages continue to grow at rates higher than inflation and unemployment remains at historically low levels. Inflation, on the reported figures, does not present a problem at the moment. Of course, this could all change over the next few months.

President Trump's bashing of the US Federal Reserve (Fed) has continued unabated, he just can't help himself, continuing to snipe at every opportunity. In August, after the Fed produced an 'insurance' cut of just one quarter of a percent in rates, rather than the larger cut that he thought he had bullied them into, he slapped further tariffs on the remaining \$300bn of Chinese imports, apparently in a fit of pique, causing yet more market consternation. The President's re-election polling took a hit and he has subsequently delayed these measures. The impact of the 'Trade War' has begun to be felt directly by US producers, farmers in particular, exports of corn and soy to China have collapsed. A concern that does not appear to have been thought through is that as Chinese exports to the US reduce, they won't have the same surplus levels of US dollars swilling around that they are used to parking in US Treasuries (US Government debt).

Despite movements in yields pricing-in a difficult outlook, recession in the US is not assured and the macro outlook is not as dire as some would predict. In the light of Central Bank purchases of government debt, taking too many cues from the shape of yield curves seems incorrect. Credit spreads do not reflect a cautious outlook either, they continue to trade close to their narrowest premiums to government yields. Quite possibly, markets got ahead of themselves over the summer from an interest rate perspective, aided by thin holiday period liquidity and investors moving to ever longer-dated bonds. This embraces a level of potential risk and volatility that the underlying client/investor base will not be expecting. There was some discussion about whether the Fed might issue 100-year bonds, not a great investment (unless you are the issuer/borrower). This, rather neatly, coincided with a regular Argentinian blow-up, halving the value of their 100-year bond, which was issued in 2017 on a 7.9% yield to maturity at 90c, it is now trading at 45c.

\*Source: Church House Investments Limited, Bloomberg.

## Investment Manager's report (continued)

### Investment activities (continued)\*

The BoE owns a third of all Gilts through its own asset purchase programme, so, again, it is hard to ascribe too much validity to the shape of our yield curve. Governor Carney continues to rule out negative rates and has a difficult path to tread with our own 'special' situation. Gilts do remain potentially vulnerable to foreign selling as around 28% of the stock of Gilts is held by foreign investors. BoE Deputy Governor Dave Ramsden stated that a resolution to our daunting political problem, whether by the Guy Fawkes deadline or not, would open the door to interest rate hikes. As Gilt yields rose again in late September, the ten-year yield more than doubled from its (possible) inflection low point of 33bp (0.33%), the duration risk embraced by some over the summer came home to roost, the fundamental risk inherent in low coupon long dated bonds has not changed. A second blow to the Gilt market was the Chancellor's decision to accelerate the process of reforming inflation indices to bring the Retail Price Index into line with the Consumer Price Index by 2030. Index-linked gilts due to mature after this date fell sharply, with the 2068 issue down 10%, over 50 points of capital, in a straight line.

The Fed delivered a second 'hawkish' cut in rates in September. Since the Federal Open Market Committee (FOMC) remains sharply divided over the necessity and depth of cuts it might be fair to assume that President Trump's bullying tweets were the casting vote. "Boneheads" and "Jay Powell and the Fed fail again, no guts", is the quality of his view on monetary policy. The President's comment that Fed Chairman Powell's job "is safe" possibly reveals that he is unaware that he does not actually have the power to sack him.

Several factors converged in the US overnight money market prompting 'repo' rates to spike five-fold to near 10%. It was evident that the Fed was not in control for a while, until they implemented a \$75bn per day reverse repo facility until mid-October. This has restored order for the moment, but with two week repos doubly oversubscribed, the calm is uneasy. US Treasury volatility is at a four-year high and it remains necessary for the Fed to provide liquidity through repos. Their overnight repo facility has now been extended to at least November 4th and eight term repo facilities are also being put in place. There are expectations that at their next meeting, the Fed will announce that they will recommence expanding their balance sheet, but not necessarily label it as quantitative easing. There is also widespread concern that the Fed has been politicised by Trump pressure, although they assure this is not the case. Thankfully, one or two members of the FOMC remain vocal in contradicting some of the President's more random and absurd claims and requests.

Nothing has blown the primary market, where companies and governments borrow new money, off course however, and records continue to be broken as we cruised with ease through fiscal year 2018 total issuance levels across all currencies: €391bn and £37.2bn over the year to end-September, with one week alone seeing \$74bn in new issues. We are beginning to see some price discipline from investors and issue sizes at the final price have continued to trend lower down to 1.5-2X from 2-5X previously, i.e. people are pulling orders if deals get too expensive. A senior non-preferred £200m issue from Metrobank failed, despite offering 7.5%, serving to illustrate that some investors remember that credit risk does still exist, the existing Metro 5.5% issue fell sharply. September was the busiest month ever for issuance. Some has been attractive but others have been hard to summon up much enthusiasm for, e.g. MassMutual, a strong credit, came to the sterling market paying investors 1.375% for the privilege of lending them funds for seven years. Enel also came with a deal offering coupons linked to environmental, social and governance targets, a first. Metro Bank tried again after their failed issue with another senior non-preferred deal that did succeed, but this time carried a coupon of 9.5%. Bank of Ireland, who had quietly pulled a subordinated deal in September to "ensure successful execution for both the issuer and investors" also returned successfully, but also had to pay a higher coupon. Credit spreads have remained relatively stable over the quarter, not far off the tights for the year, remarkable in the face of widespread uncertainty.

\*Source: Church House Investments Limited, Bloomberg.

Church House Investments Limited  
28 October 2019

## Portfolio changes

for the six months ended 30 September 2019

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

	Cost
	£
Purchases:	
UK Treasury Gilt 2% 22/07/2020	13,185,270
UK Treasury Gilt 4.75% 07/03/2020	10,240,200
Royal Bank of Canada 1.290757% 03/10/2024	9,000,000
Nationwide Building Society 1.156% 02/08/2022	7,500,000
Lloyds Bank 1.2807% 16/05/2024	6,000,000
Tesco Personal Finance Group 3.5% 25/07/2025	5,172,361
Toronto-Dominion Bank 1.18074% 24/06/2022	5,000,970
Export Development Canada 1.0207% 29/05/2024	5,000,000
Coventry Building Society 1.31071% 13/11/2023	4,023,202
Virgin Money 1.4107% 22/03/2024	3,019,410
Rothesay Life 5.5% 17/09/2029	2,982,480
Berkshire Hathaway Finance 2.375% 19/06/2039	2,460,875
Euroclear Bank 1.25% 30/09/2024	2,295,331
Digital Stout Holding 3.75% 17/10/2030	2,041,700
Marks & Spencer 3.25% 10/07/2027	1,989,160
Next 3% 26/09/2025	997,840
Rio Tinto Finance 4% 11/12/2029	829,129
Rothesay Life 8% 30/10/2025	173,250
	<u>81,911,178</u>
	Proceeds
	£
Sales:	
UK Treasury Gilt 4.75% 07/03/2020	7,161,084
Bank of Scotland 9.375% 15/05/2021	6,391,336
National Westminster Bank 1.12988% 15/05/2020	6,257,937
Asian Development Bank 0.956% 12/10/2023	5,496,700
Close Brothers Finance 2.75% 19/10/2026	5,221,350
European Investment Bank 1.0543% 29/06/2023	5,016,300
RBC CMS Linked Reverse Convertible Notes 28/06/2019	5,000,000
Toronto-Dominion Bank 1.11313% 07/06/2021	4,002,800
Coventry Building Society 1.146% 17/03/2020	3,754,913
Total Capital International 1.14088% 01/07/2019	3,050,000
European Investment Bank 0.986% 10/01/2022	3,005,550
Nationwide Building Society 1.39938% 25/04/2020	2,744,000
Nationwide Building Society 1.19438% 06/06/2019	2,500,000
Vodafone Group 4.875% 03/10/2078	2,065,200
Royal Bank of Canada 1.24925% 04/06/2019	2,000,000
HSBC Holdings 5.75% 20/12/2027	1,973,822
National Westminster Bank 5.125% 13/01/2024	1,775,250
Next 3% 26/09/2025	1,005,230
Lloyds Bank 1.2275% 18/07/2019	1,000,000
	<u>69,421,472</u>



## Portfolio statement

as at 30 September 2019

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* 95.01% (93.62%)			
Aaa to Aa2 39.78% (39.94%)			
Australia & New Zealand Banking Group 1.39048% 24/01/2022**	£7,000,000	7,037,100	1.97
Bank of Montreal 0.98263% 20/07/2020**	£4,500,000	4,501,755	1.26
Bank of Nova Scotia 1.138% 30/09/2021**	£2,300,000	2,304,071	0.64
Bank of Scotland 4.875% 20/12/2024	£1,500,000	1,792,584	0.50
Barclays Bank UK 0.99088% 22/05/2020**	£2,000,000	2,001,380	0.56
Berkshire Hathaway Finance 2.375% 19/06/2039	£2,500,000	2,691,000	0.75
Canadian Imperial Bank of Commerce 1.20575% 10/01/2022**	£3,500,000	3,508,715	0.98
Clydesdale Bank 4.625% 08/06/2026	£1,250,000	1,545,831	0.43
Coventry Building Society 1.31071% 13/11/2023**	£10,750,000	10,801,385	3.02
European Investment Bank 0.96413% 21/05/2021**	£2,000,000	2,005,200	0.56
Export Development Canada 1.0207% 29/05/2024**	£5,000,000	4,999,050	1.40
International Bank for Reconstruction & Development 0.9501% 04/10/2023**	£5,000,000	4,997,050	1.40
Landesbank Baden-Wuerttemberg 1.03538% 18/05/2021**	£2,000,000	2,000,020	0.56
Lloyds Bank 5.125% 07/03/2025	£2,500,000	3,043,753	0.85
Lloyds Bank 1.14062% 13/09/2021**	£8,000,000	8,003,040	2.24
Lloyds Bank 1.3104% 14/01/2022**	£3,000,000	3,010,950	0.84
Lloyds Bank 1.2807% 16/05/2024**	£6,000,000	6,005,460	1.68
National Bank of Canada 1.13088% 27/09/2021**	£3,000,000	3,005,370	0.84
National Westminster Bank 1.310739% 22/03/2023**	£4,000,000	4,018,680	1.12
Nationwide Building Society 1.4603% 10/01/2024**	£4,000,000	4,038,000	1.13
Nordea Eiendoms kreditt 1.008% 30/03/2020**	£2,000,000	2,000,680	0.56
Santander UK 1.1407% 20/09/2021**	£9,000,000	9,002,160	2.51
Santander UK 1.4407% 12/02/2024**	£4,000,000	4,025,320	1.12
Toronto-Dominion Bank 1.18074% 24/06/2022**	£5,000,000	5,001,800	1.40
TSB Bank 1.5807% 15/02/2024**	£5,000,000	5,049,050	1.41
UK Treasury Gilt 4.75% 07/03/2020	£13,000,000	13,230,100	3.70
UK Treasury Gilt 2% 22/07/2020	£13,000,000	13,150,800	3.67
Virgin Money 1.4107% 22/03/2024**	£3,000,000	3,018,930	0.84
Wellcome Trust Finance 4.75% 28/05/2021	£500,000	531,444	0.15
Yorkshire Building Society 1.3107% 19/11/2023**	£6,000,000	6,032,940	1.69
		<u>142,353,618</u>	<u>39.78</u>
Aa3 to A1 1.39% (4.61%)			
ABN AMRO Bank 1.10488% 29/05/2020**	£2,900,000	2,900,290	0.81
Close Brothers Finance 3.875% 27/06/2021	£2,000,000	2,090,340	0.58
Close Brothers Finance 2.75% 19/10/2026	£10,000	10,575	0.00
		<u>5,001,205</u>	<u>1.39</u>

## Portfolio statement (continued)

as at 30 September 2019

	Nominal value or holding	Market value £	% of total net assets
Debt securities (continued)			
A2 to A3 15.34% (15.97%)			
Aviva 6.125% Perpetual**	£1,500,000	1,605,940	0.45
Aviva 6.625% 03/06/2041**	£1,500,000	1,617,270	0.45
Aviva 4.375% 12/09/2049**	£4,000,000	4,264,720	1.19
Aviva 5.125% 04/06/2050**	£2,000,000	2,267,272	0.63
Bank of America 7% 31/07/2028	£5,250,000	7,508,298	2.10
BUPA Finance 6.125% Perpetual**	£500,000	518,437	0.14
BUPA Finance 2% 05/04/2024	£3,000,000	3,073,740	0.86
Citigroup 5.15% 21/05/2026	£4,683,000	5,742,810	1.60
Close Brothers Group 2.75% 26/04/2023	£2,000,000	2,082,020	0.58
Close Brothers Group 4.25% 24/01/2027**	£1,835,000	1,927,557	0.54
Goldman Sachs Group 7.25% 10/04/2028	£6,000,000	8,439,132	2.36
Goldman Sachs Group 3.125% 25/07/2029	£3,000,000	3,262,320	0.91
Legal & General Group 10% 23/07/2041**	£2,000,000	2,296,780	0.64
Prudential 5.625% 20/10/2051**	£3,000,000	3,436,710	0.96
Rio Tinto Finance 4% 11/12/2029	£2,700,000	3,352,738	0.94
Thames Water Utilities Finance 4% 19/06/2025	£1,500,000	1,688,568	0.47
Vinci 2.25% 15/03/2027	£1,300,000	1,381,900	0.39
Wessex Water Services Finance 4% 24/09/2021	£450,000	475,594	0.13
		<u>54,941,806</u>	<u>15.34</u>
Baa1 to Baa2 12.43% (12.49%)			
Cadent Finance 1.125% 22/09/2021	£230,000	230,488	0.06
Cadent Finance 2.125% 22/09/2028	£2,500,000	2,556,925	0.71
Credit Suisse Group 2.125% 12/09/2025**	£2,000,000	2,028,780	0.57
Digital Stout Holding 3.75% 17/10/2030	£4,000,000	4,490,400	1.26
Digital Stout Holding 4.75% 13/10/2023	£3,000,000	3,362,739	0.94
Eastern Power Networks 4.75% 30/09/2021	£1,500,000	1,609,302	0.45
Fidelity International 7.125% 13/02/2024	£2,445,000	3,012,986	0.84
Glencore Finance Europe 3.125% 26/03/2026	£3,500,000	3,577,350	1.00
Hammerson 3.5% 27/10/2025	£2,000,000	2,010,560	0.56
HSBC Bank 6.5% 07/07/2023	£1,000,000	1,171,442	0.33
Investec Bank 4.25% 24/07/2028**	£2,500,000	2,550,450	0.71
Leeds Building Society 3.75% 25/04/2029**	£2,000,000	2,028,400	0.57
London Power Networks 5.125% 31/03/2023	£500,000	569,170	0.16
National Express Group 2.5% 11/11/2023	£1,400,000	1,447,180	0.40
Scotland Gas Networks 3.25% 08/03/2027	£1,350,000	1,504,723	0.42
Scottish Widows 5.5% 16/06/2023	£3,500,000	3,909,003	1.09
SSE 8.375% 20/11/2028	£250,000	378,344	0.11
Tesco Personal Finance Group 3.5% 25/07/2025	£5,155,000	5,235,830	1.47
Western Power Distribution West Midlands 6% 09/05/2025	£500,000	618,395	0.17
Yorkshire Building Society 3.375% 13/09/2028**	£2,250,000	2,190,060	0.61
		<u>44,482,527</u>	<u>12.43</u>

## Portfolio statement (continued)

as at 30 September 2019

	Nominal value or holding	Market value £	% of total net assets
Debt securities (continued)			
Baa3 to unrated 26.07% (20.61%)			
AA Bond 4.875% 31/07/2024	£2,500,000	2,487,675	0.69
AP Moller - Maersk 4% 04/04/2025	£6,011,000	6,539,752	1.83
Barclays Bank 2% 13/05/2020**	£1,350,000	1,357,155	0.38
Barclays 2.375% 06/10/2023**	£3,500,000	3,526,810	0.99
BG Energy Capital 5.125% 01/12/2025	£750,000	929,180	0.26
British Land 2.375% 14/09/2029	£2,500,000	2,572,975	0.72
CYBG 4% 25/09/2026**	£3,000,000	3,032,790	0.85
Euroclear Bank 1.25% 30/09/2024	£2,300,000	2,304,922	0.64
Goldman Sachs Group 2.1% 08/09/2021**	£2,000,000	2,017,000	0.56
Heathrow Funding 5.225% 15/02/2023	£500,000	568,991	0.16
Heathrow Funding 6.75% 03/12/2026	£2,629,000	3,543,655	0.99
Heathrow Funding 6% 20/03/2020	£5,000,000	5,106,100	1.43
J Sainsbury 6.5% Perpetual	£3,000,000	3,121,500	0.87
Liverpool Victoria Friendly Society 6.5% 22/05/2043**	£1,500,000	1,680,914	0.47
Lloyds Bank 1.75% 19/06/2020**	£1,300,000	1,304,602	0.36
Marks & Spencer 3.25% 10/07/2027	£2,000,000	1,979,780	0.55
Nationwide Building Society 1.156% 02/08/2022**	£7,500,000	7,499,625	2.10
Northumbrian Water Finance 6.875% 06/02/2023	£4,000,000	4,757,820	1.33
Orange 5.875% Perpetual**	£5,255,000	5,714,813	1.60
Phoenix Group Holdings 5.75% Perpetual**	£3,000,000	2,683,200	0.75
Rothesay Life 8% 30/10/2025	£4,190,000	4,914,996	1.37
Rothesay Life 6.875% Perpetual**	£4,000,000	3,818,760	1.07
Rothesay Life 5.5% 17/09/2029**	£3,000,000	3,079,440	0.86
Royal Bank of Canada 1.290757% 03/10/2024**	£9,000,000	8,997,300	2.51
Segro 2.375% 11/10/2029	£4,000,000	4,218,680	1.18
Shaftesbury Chinatown 2.348% 30/09/2027	£2,500,000	2,558,025	0.71
SSE 3.875% Perpetual**	£3,000,000	3,021,318	0.84
		<u>93,337,778</u>	<u>26.07</u>
Default 0.00% (0.00%)			
Cattles 7.875% 17/01/2014***	£250,000	-	-
		<u>340,116,934</u>	<u>95.01</u>
Total debt securities			
Closed-Ended Funds 3.02% (3.12%)			
Closed-Ended Funds - incorporated in the United Kingdom 0.92 % (0.00%)			
HICL Infrastructure	1,984,390	3,298,056	0.92
Total closed-ended funds - incorporated in the United Kingdom		<u>3,298,056</u>	<u>0.92</u>
Total UK closed-ended funds			
Closed-Ended Funds - incorporated outwith the United Kingdom 2.10% (3.12%)			
GCP Infrastructure Investments	3,338,680	4,226,769	1.18
International Public Partnerships	2,137,500	3,287,475	0.92
Total closed-ended funds - incorporated outwith the United Kingdom		<u>7,514,244</u>	<u>2.10</u>
Total closed-ended funds			
		<u>10,812,300</u>	<u>3.02</u>

## Portfolio statement (continued)

as at 30 September 2019

	Nominal value or holding	Market value £	% of total net assets
Investment			
Offshore Collective Investment Schemes 0.51% (0.63%)			
Boost Gilts 10Y 3x Short Daily	50,000	1,810,000	0.51
Structured Products 1.10% (2.96%)			
RBC CMS Linked Reverse Convertible Notes 09/04/2020	5,000,000	3,933,625	1.10
Portfolio of investments		356,672,859	96.11
Other net liabilities		1,276,924	0.36
<b>Total net assets</b>		<b>357,949,783</b>	<b>96.47</b>

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 2019.

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

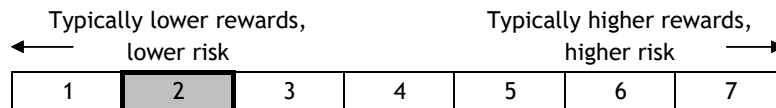
\*\* Variable interest security.

\*\*\* Cattles 7.785% 17/01/2014 is valued at zero as it is in default.

## Risk and reward profile

The risk and reward profile is representative of all unit classes.

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



The Fund is in the lowest category because the price of its investments have been relatively stable. 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 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 KIID.

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

During the period, the risk and reward indicator changed from 3 to 2.

## Performance information

Number of units in issue	30.09.19	31.03.19	31.03.18	31.03.17
Income	234,660,485	225,063,466	243,210,264	205,568,508
Accumulation	13,555,658	12,705,767	10,438,625	10,889,848
XL Institutional Income	55,711,202	54,126,422	-	-
Net Asset Value (NAV)	£	£	£	£
Total NAV of the Fund	357,949,783	339,130,200	294,800,010	255,523,697
NAV attributable to Income unitholders	270,130,335	255,912,996	277,520,399	237,631,778
NAV attributable to Accumulation unitholders	23,386,395	21,413,459	17,279,611	17,891,919
NAV attributable to XL Institutional Income unitholders	64,433,053	61,803,745	-	-
Net asset value per unit (based on bid value) ^	p	p	p	p
Income	115.1	113.7	114.1	115.6
Accumulation	172.5	168.5	165.5	164.3
XL Institutional Income	115.7	114.2	-	-

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

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

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

XL Institutional Income units launched on 1 November 2018 at 113.7p per unit.

### Highest and lowest prices and distributions

Financial year to 31 March		Distribution per unit p	Highest offer price p	Lowest bid price p
2017	Income	2.726	124.3	112.1
2017	Accumulation	3.822	174.1	155.5
2018	Income	2.378	123.5	114.3
2018	Accumulation	3.404	176.8	164.3
2019	Income	2.446	120.7	111.9
2019	Accumulation	3.575	177.4	164.7
2019*	XL Institutional Income	1.122	120.9	112.3
Financial period to 30 September 2019	Income	1.274	121.9	113.7
Financial period to 30 September 2019	Accumulation	1.894	181.7	168.5
Financial period to 30 September 2019	XL Institutional Income	1.335	122.5	114.2

\* From 1 November 2018 to 31 March 2019.

## Performance information (continued)

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

Income			
Payment date	p	Payment date	p
31.08.19	0.627	31.08.18	0.594
30.11.19	0.647	30.11.18	0.604
		28.02.19	0.629
		31.05.19	0.619
Accumulation			
Allocation date	p	Allocation date	p
31.08.19	0.928	31.08.18	0.861
30.11.19	0.966	30.11.18	0.880
		28.02.19	0.923
		31.05.19	0.911
XL Institutional Income			
Payment date	p	Payment date	p
31.08.19	0.656	28.02.19	0.473
30.11.19	0.679	31.05.19	0.649

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 OCF 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.

Income and Accumulation	30.09.19 <sup>^</sup>	31.03.19
Annual management charge	0.79%	0.79%
Other expenses	0.04%	0.04%
Ongoing charges figure	<u>0.83%</u>	<u>0.83%</u>
XL Institutional Income	30.09.19 <sup>^</sup>	31.03.19
Annual management charge	0.60%	0.60%
Other expenses	0.04%	0.04%
Ongoing charges figure	<u>0.64%</u>	<u>0.64%</u>

<sup>^</sup> Annualised based on the expenses incurred during the period 1 April 2019 to 30 September 2019.

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



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

### Statement of total return (unaudited)

for the six months ended 30 September 2019

	1 April 2019 to 30 September 2019		1 April 2018 to 30 September 2018	
	£	£	£	£
Income:				
Net capital gains / (losses)		4,863,306		(2,090,458)
Revenue	4,603,972		3,821,921	
Expenses	<u>(1,393,037)</u>		<u>(1,261,787)</u>	
Net revenue before taxation	3,210,935		2,560,134	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>3,210,935</u>		<u>2,560,134</u>
Total return before distributions		8,074,241		469,676
Distributions		(3,907,142)		(3,192,193)
Change in net assets attributable to unitholders from investment activities		<u>4,167,099</u>		<u>(2,722,517)</u>

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

for the six months ended 30 September 2019

	1 April 2019 to 30 September 2019		1 April 2018 to 30 September 2018	
	£	£	£	£
Opening net assets attributable to unitholders		339,130,200 *		294,800,010
Amounts receivable on issue of units	26,436,765		21,349,009	
Amounts payable on cancellation of units	<u>(12,035,228)</u>		<u>(6,118,828)</u>	
		14,401,537		15,230,181
Change in net assets attributable to unitholders from investment activities		4,167,099		(2,722,517)
Retained distributions on accumulation units		250,947		197,451
Closing net assets attributable to unitholders		<u>357,949,783</u>		<u>307,505,125 *</u>

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

## Balance sheet (unaudited)

as at 30 September 2019

	30 September 2019	31 March 2019
	£	£
Assets:		
Fixed assets:		
Investments	356,672,859	340,254,485
Current assets:		
Debtors	9,362,308	6,101,919
Cash and bank balances	3,407,396	280,102
Total assets	<u>369,442,563</u>	<u>346,636,506</u>
Liabilities:		
Creditors:		
Distribution payable	(1,896,532)	(1,744,423)
Other creditors	(9,596,248)	(5,761,883)
Total liabilities	<u>(11,492,780)</u>	<u>(7,506,306)</u>
Net assets attributable to unitholders	<u>357,949,783</u>	<u>339,130,200</u>

## Further information

### Distributions and reporting dates

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

XD dates:	1 April	final
	1 July	quarter 1
	1 October	interim
	1 January	quarter 3
Reporting dates:	31 March	annual
	30 September	interim

### 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; 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.

#### Income units and Accumulation units

The minimum initial investment in these unit classes 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 sale of units to investors, which is based on the amount invested by the prospective investor. The preliminary charge is 5% of the value of each unit.

#### XL Institutional Income units and XL Institutional Accumulation units

The minimum initial investment in these unit classes is £50,000,000. The minimum subsequent investment is £5,000. The Manager reserves the right to terminate holdings where the value is less than £50,000,000. The Manager may waive the minimum levels at its discretion.

The Manager may impose a charge on the sale of units to investors, which is based on the amount invested by the prospective investor. The preliminary charge is 5% of the value of each unit.

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

### Benchmark

Unitholders may compare the performance of the Trust against the ICE BofAML 7-10 Years AA Sterling Corporate & Collateralised Index and the IA £ Corporate Bond sector.

Comparison of the Trust's performance against IA £ Corporate Bond sector will give unitholders an indication of how the Trust is performing against other similar funds in this peer group sector. The Manager has selected ICE BofAML 7-10 Years AA Sterling Corporate & Collateralised Index as a comparator benchmark as the Manager believes it best reflects the asset allocation of the Trust.

The benchmarks are not targets for the Trust, nor is the Trust constrained by the benchmarks.

The benchmarks produced the following performance<sup>^</sup> over the period from 1 April 2019 to 30 September 2019:

ICE BofAML 7-10 Years AA Sterling Corporate & Collateralised Index	4.33%
IA £ Corporate Bond sector	5.47%

The Fund produced the following performance<sup>^</sup> per the income unit class over the period from 1 April 2019 to 30 September 2019, based on Cumulative Returns:

Income	2.42%
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<sup>^</sup>Source: Morningstar

## 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  
James Gordon  
Kevin Stopps  
Paul Wyse

### Non-Executive Directors of the Manager

Dean Buckley  
Linda Robinson  
Victoria Muir

### Investment Manager

Church House Investments Limited  
York House  
6 Coldharbour  
Sherborne  
Dorset DT9 4JW  
Authorised and regulated by the Financial Conduct Authority

### Trustee

NatWest Trustee & Depositary Services Limited  
2nd Floor  
Drummond House  
1 Redheughs Avenue  
Edinburgh EH12 9RH  
Authorised and regulated by the Financial Conduct Authority

### Auditor

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG