SVS Church House Balanced Equity Income Fund

Annual Report

for the year ended 31 March 2019

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SVS Church House Balanced Equity Income 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 Balanced Equity Income Fund for the year ended 31 March 2019.

SVS Church House Balanced Equity Income Fund ('the Trust' or 'the Fund') is an authorised unit trust scheme further to an authorisation order dated 22 January 2002 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 provide investors with medium to long-term capital growth, with income, through investment in a portfolio of UK equities. The portfolio will be mainly UK equities, selected for their value and income prospects, but a proportion of the portfolio will be invested in index-linked and other fixed interest securities and listed investment companies.

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.

Royal Bank of Scotland Group transferred its Trustee and Depositary Services business from National Westminster Bank Plc to NatWest Trustee & Depositary Services Limited on 29 October 2018.

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.

J. Gordon B. McLean
Directors
Smith & Williamson Fund Administration Limited
11 July 2019

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook ('COLL') published by the FCA, requires 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 gains 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 Balanced Equity Income Fund

Trustee's responsibilities

The Trustee must ensure that the Fund 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 Fund and its investors.

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

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund 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 Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund'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 Fund is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Fund.

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

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

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

NatWest Trustee & Depositary Services Limited
11 July 2019

Independent Auditor's report to the unitholders of SVS Church House Balanced Equity Income Fund ('the Trust')

Opinion

We have audited the financial statements of the Trust for the year ended 31 March 2019 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 Table for the Trust and the accounting policies set out on pages 7 and 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 2019 and of the net revenue and the net capital gains 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future prospects and performance.

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. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Trust's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Manager (Smith & Williamson Fund Administration Limited) has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease their operations, and as they have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

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 a year from the date of approval of the financial statements. In our evaluation of the Manager's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Independent Auditor's report to the unitholders of SVS Church House Balanced Equity Income Fund (continued)

Other information

The Manager 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 the Manager's Report 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
11 July 2019

Accounting policies of SVS Church House Balanced Equity Income Fund

for the year ended 31 March 2019

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 2019, 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 2019 with reference to quoted bid prices from reliable external sources.

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

c Foreign exchange

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

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

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, other than those relating to the purchase and sale of investments, are charged to revenue then 50% of these expenses are reallocated to capital, net of any tax effect.

f Allocation of revenue and expenses to multiple unit classes

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

Accounting policies of SVS Church House Balanced Equity Income Fund (continued)

for the year ended 31 March 2019

g *Taxation*

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

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

Deferred taxation is provided in full on timing differences that result in an obligation at 31 March 2019 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

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

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

h *Efficient Portfolio Management*

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

i *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 relevant class 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 Balanced Equity Income Fund

Investment Manager's report

Investment performance

Capital Performance over:	One Year	Three Years	Five Years
CH Balanced Equity Income Fund 'A Income'	+7.1%	+13.5%	+11.2%

Source: Bloomberg, based on bid prices at 12pm.

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 2018, The Balanced Equity Income portfolio suffered with the equity market though the index-linked and other 'balancing' investments helped to dampen its volatility. Over the course of 2018, it has markedly out-performed the principal UK equity indices while providing a growing income.

Within the portfolio, we added to a number of equity holdings as the market fell but closed the position in Royal Mail after their poor figures and depressingly poor statement. Additions were made to the holdings in DS Smith, the corrugated packaging services company, to BT Group, to Micro Focus International, who continue (sensibly) to buy-in their own stock, and to BB Healthcare Trust. We also added modestly to several of the financials: Close Brothers Group, Lloyds Banking Group and Schroders.

Moving into the first quarter of 2019, following the takeover of John Laing Infrastructure, we initiated a new position in BBGI SICAV (Bilfinger Berger Global Infrastructure) and added to the existing holding in GCP Infrastructure Investments. In a similar vein, we established a new position in SDCL Energy Efficiency Income Trust, which came to market in November and topped-up the holding in Target Healthcare REIT. There were no changes to the index-linked and other fixed interest holdings, the 'fixed' element here being largely floating rate.

The property sector has markedly improved over the quarter, notably Standard Life Investment Property Income Trust. We had an interesting catch-up meeting with Jason Baggaley, who has managed this specialist property company for many years, at the end of January. In the same sector, we had a bid for MedicX Fund, which invests in primary healthcare properties (doctors' surgeries principally), from its larger rival Primary Health Properties (PHP), which lifted the MedicX share price back to the highs of 2016/17. This was approved by shareholders in March and, having held both companies, we now have a larger holding in PHP. Staying with the property investments, we added a new position in the London specialist property company, Shaftesbury, (all of whose assets are within walking distance of our London offices). We also took up our entitlement to a placing of new stock in Tritax Big Box REIT, whose enormous warehouses are one of the few growth areas in property at the moment.

We added further to the holding in Croda International in February, when their share price dipped and to Imperial Brands, which had suffered a big fall since last September. We had an opportunity to add to the holding in Sensyne Health, the healthcare software company, and to BT Group.

Top 15 Holdings - 29 March 2019	
Royal Dutch Shell 'B'	3.89%
GlaxoSmithKline	3.56%
HSBC Holdings	3.05%
Diageo	2.63%
BP	2.59%
Unilever	2.54%
BHP Group	2.47%
RELX	2.47%
AstraZeneca	2.19%
Rio Tinto	2.18%
Halma	2.08%
Smith & Nephew	2.03%
Sage Group	2.00%
Imperial Brands	1.87%
Civitas Social Housing	1.79%

Investment Manager's report (continued)

Investment strategy and outlook

After the tribulations of the last three months of 2018, stock markets regained some poise over the first quarter of this year. The big 'macro' concerns that were creating such problems did, mostly, appear to be addressed: America's central bank, the Federal Reserve, did halt its round of interest rate increases and spoke of being more 'accommodative' this year, while the Americans and Chinese do appear to be making (slow) progress towards a new trade agreement.

China's economy is picking-up again (it hadn't really slowed down that much) and US employment tells of an economy that is not as weak as the Gross Domestic Product figures might suggest – awful winter weather and five weeks of a government shut-down played havoc with the statistics. Reports from the luxury goods companies tell of strong demand, LVMH (Louis Vuitton Moet Hennessy) has just reported that the environment was "buoyant" despite geopolitical uncertainties. It can't be that bad in China if they are busy buying Louis Vuitton luggage and quaffing champagne cocktails.

Meanwhile, our economy is defying the political paralysis and continues to grow, though European economies do not present such a benign picture. The next six weeks will provide a lot more information from companies as to how they have weathered the volatility and we can certainly expect some varied reports. The European Central Bank faces a difficult period as the eight year tenure of its President, Mario Draghi, comes to an end, along with two other members of its six-strong executive board. Expect political meddling and risk (perceived or otherwise) from changes in policy and to its status as 'the guardian of the euro'.

This period has, again, under-scored the on-going conundrum of interest rates v. riskier investments, such as ordinary shares. Over the last few weeks of March, interest rates fell back again: in the UK, ten-year rates fell to 1%, while in Germany, the equivalent rate was negative! It is hard to justify this by comparison to the dividend yield on ordinary shares. The conundrum remains, interest rates this low suggest serious economic slowdown, while stock markets do not. The whole picture remains distorted by the actions of central banks over the last few years and the inaction of politicians. Our view remains that interest rates are much too low and that this is where the correction needs to take place.

Despite a seemingly endless series of 'meaningful' votes, we do not appear to be any nearer to knowing what Brexit might actually mean (clearly it does not mean Brexit). Now we have an extension to (no)where? The Prime Minister does not appear to be in charge of much, having lost control of her party and Parliament, while her cabinet's support is dubious. How embarrassing.

Church House Investments Limited
30 April 2019

Summary of portfolio changes

for the year ended 31 March 2019

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

Purchases:	Cost £
SDCL Energy Efficiency Income Trust	750,000
Sensyne Health	695,996
DS Smith	533,517
BBGI SICAV	526,891
Phoenix Group Holdings 5.75% Perpetual	460,500
National Grid 1.25% 06/10/2021	458,049
Schroders	379,037
Croda International	288,235
Shaftesbury	263,532
Micro Focus International	250,829
SSE	238,612
BT Group	226,924
Sage Group	201,293
Clinigen Group	188,723
BHP Group	153,586
Greggs	153,534
Lloyds Banking Group	148,878
BB Healthcare Trust	136,000
Imperial Brands	130,764
Dairy Crest Group	123,263

Sales:	Proceeds £
accesso Technology Group	531,650
Lloyds Bank 1.12306% 14/01/2019	500,000
AstraZeneca	396,795
UBM	396,131
Royal Mail	352,023
Primary Health Properties	301,804
Craneware	276,943

Portfolio statement

as at 31 March 2019

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities* 8.30% (8.76%)			
Aaa to Aa2 3.12% (4.66%)			
National Westminster Bank 1.12988% 15/05/2020**	£1,000,000	1,000,910	1.78
UK Treasury Index Linked 4.125% 22/07/2030**	£200,000	750,894	1.34
		1,751,804	3.12
A2 to A3 1.85% (0.97%)			
Anglian Water Services Financing 4.125% 28/07/2020**	£250,000	457,095	0.81
Southern Water Services Finance 3.706% 31/03/2034**	£218,000	584,155	1.04
		1,041,250	1.85
Baa1 to Baa2 0.83% (1.15%)			
National Grid 1.25% 06/10/2021**	£366,000	468,147	0.83
Baa3 and below 2.50% (1.98%)			
Heathrow Funding 3.334% 09/12/2039**	£250,000	588,647	1.05
Phoenix Group Holdings 5.75% Perpetual**	£500,000	424,105	0.76
Shaftesbury Carnaby 2.487% 30/09/2031	£400,000	385,620	0.69
		1,398,372	2.50
Total debt securities		4,659,573	8.30
Convertible Debentures 0.00% (0.94%)		-	-
Equities 87.87% (87.21%)			
Equities - United Kingdom 87.87% (84.60%)			
Equities - incorporated in the United Kingdom 81.01% (74.30%)			
Oil & Gas 6.48% (6.90%)			
BP	260,000	1,451,840	2.59
Royal Dutch Shell 'B'	90,000	2,185,200	3.89
		3,637,040	6.48
Chemicals 1.44% (0.96%)			
Croda International	16,000	806,080	1.44
Basic Resources 4.65% (3.99%)			
BHP Group	75,000	1,386,450	2.47
Rio Tinto	27,500	1,226,638	2.18
		2,613,088	4.65
Industrial Goods & Services 7.81% (8.81%)			
Babcock International Group	90,000	444,150	0.79
BAE Systems	125,000	602,750	1.07
Bunzl	30,000	759,600	1.35
DS Smith	125,000	419,375	0.75
Halma	70,000	1,169,700	2.08
Howden Joinery Group	100,000	485,300	0.87
Meggitt	100,000	502,800	0.90
		4,383,675	7.81

Portfolio statement (continued)

as at 31 March 2019

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated in the United Kingdom (continued)			
Food & Beverage 4.73% (3.98%)			
Britvic	75,000	713,625	1.27
Dairy Crest Group	75,000	465,750	0.83
Diageo	47,000	1,474,860	2.63
		2,654,235	4.73
Personal & Household Goods 7.28% (7.78%)			
Berkeley Group Holdings	22,000	811,580	1.45
Imperial Brands	40,000	1,049,800	1.87
Reckitt Benckiser Group	12,500	797,750	1.42
Unilever	32,500	1,428,375	2.54
		4,087,505	7.28
Health Care 10.17% (9.49%)			
AstraZeneca	20,000	1,227,000	2.19
Clinigen Group	70,000	648,550	1.15
GlaxoSmithKline	125,000	1,995,500	3.56
Sensyne Health	400,000	696,000	1.24
Smith & Nephew	75,000	1,141,875	2.03
		5,708,925	10.17
Retail 3.27% (2.80%)			
Greggs	50,000	916,500	1.63
J Sainsbury	200,000	471,400	0.84
Marks & Spencer Group	160,000	446,240	0.80
		1,834,140	3.27
Media 2.47% (0.00%)			
RELX	84,590	1,386,387	2.47
Travel & Leisure 1.61% (1.52%)			
Compass Group	50,000	901,750	1.61
Telecommunications 1.94% (2.17%)			
BT Group	300,000	668,700	1.19
Vodafone Group	300,000	419,160	0.75
		1,087,860	1.94
Utilities 2.55% (2.66%)			
Centrica	175,000	199,762	0.35
Ceravision^	750,000	-	-
National Grid	75,000	638,100	1.14
SSE	50,000	593,250	1.06
		1,431,112	2.55

Portfolio statement (continued)

as at 31 March 2019

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated in the United Kingdom (continued)			
Banks 6.69% (7.98%)			
Barclays	300,000	463,980	0.83
Close Brothers Group	55,000	800,250	1.43
HSBC Holdings	275,000	1,714,075	3.05
Lloyds Banking Group	1,250,000	776,500	1.38
		3,754,805	6.69
Insurance 3.89% (3.06%)			
Aviva	165,000	680,295	1.21
Legal & General Group	250,000	688,000	1.23
Phoenix Group Holdings	120,000	813,000	1.45
		2,181,295	3.89
Real Estate 5.54% (3.75%)			
Civitas Social Housing	1,047,211	1,005,323	1.79
Primary Health Properties	700,000	905,800	1.61
Shaftesbury	30,000	264,000	0.47
Triple Point Social Housing REIT	440,148	446,750	0.80
Tritax Big Box REIT	339,130	486,991	0.87
		3,108,864	5.54
Financial Services 5.37% (3.59%)			
Aberforth Split Level Income Trust	900,000	765,000	1.36
BB Healthcare Trust	500,000	677,500	1.21
Schroders	30,000	810,000	1.44
SDCL Energy Efficiency Income Trust	750,000	765,000	1.36
		3,017,500	5.37
Technology 5.12% (4.86%)			
Craneware	40,000	956,000	1.70
Micro Focus International	40,000	798,400	1.42
Sage Group	160,000	1,121,600	2.00
		2,876,000	5.12
Total equities - incorporated in the United Kingdom		45,470,261	81.01
Equities - incorporated outwith the United Kingdom 6.86% (10.30%)			
Media 0.00% (0.78%)		-	-
Insurance 0.00% (1.26%)		-	-
Real Estate 3.17% (4.29%)			
Standard Life Investment Property Income Trust	1,100,000	991,100	1.76
Target Healthcare REIT	690,909	794,545	1.41
		1,785,645	3.17

Portfolio statement (continued)
as at 31 March 2019

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated outwith the United Kingdom (continued)			
Financial Services 3.69% (3.97%)			
BBGI SICAV	350,000	532,000	0.95
GCP Infrastructure Investments	600,000	757,200	1.35
HICL Infrastructure	500,000	779,500	1.39
ULTra PRT^	2,620	-	-
		2,068,700	3.69
Total equities - incorporated outwith the United Kingdom		3,854,345	6.86
Total equities - United Kingdom		49,324,606	87.87
Equities - Europe 0.00% (2.61%)			
Equities - Netherlands 0.00% (2.61%)		-	-
Total equities		49,324,606	87.87
Portfolio of investments		53,984,179	96.17
Other net assets		2,147,707	3.83
Total net assets		56,131,886	100.00

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

The comparative figures in brackets are as at 31 March 2018.

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

** Variable interest security.

^Ceravision and ULTraPRT: The fair value pricing committee considers it appropriate to include the securities in the portfolio of investments with no value. The value is based on the sufficient doubt over the continued viability of the businesses.

United Kingdom equities are grouped in accordance with the Industry Classification Benchmark.

The Industry Classification Benchmark (ICB) is a joint product of FTSE International Limited and Dow Jones & Company, Inc. and has been licensed for use. "FTSE" is a trade and service mark of London Stock Exchange and the Financial Times Limited. "Dow Jones" and "DJ" are trade and service marks of Dow Jones & Company Inc. FTSE and Dow Jones do not accept any liability to any person for any loss or damage arising out of any error omission in the ICB.

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.

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 future performance.

Exposure to the risks associated with property investment, include but are not limited to, fluctuations in land prices, construction costs, interest rates, inflation and property yields, changes in taxation, legislation changes in landlord and tenant legislation, environmental factors, and changes in the supply and demand for property.

Where the Fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the Fund.

Investment trusts and closed ended funds may borrow to purchase additional investments. This can increase returns when stock markets rise but will magnify losses when markets fall.

The value of an investment trust or a closed-ended fund moves in line with stock market demand and its unit/share price may be less than or more than the net value of the investments it holds.

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 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.

A units income and A units accumulation were launched on 22 January 2002 at 100.0p per unit.

	A units income			A units accumulation		
	2019	2018	2017	2019	2018	2017
	p	p	p	p	p	p
Change in net assets per unit						
Opening net asset value per unit	173.52	180.81	163.66	256.79	259.33	226.89
Return before operating charges	21.94	1.20	26.01	32.57	1.58	36.25
Operating charges	(2.86)	(2.85)	(2.72)	(4.29)	(4.12)	(3.81)
Return after operating charges *	19.08	(1.65)	23.29	28.28	(2.54)	32.44
Distributions^	(5.96)	(5.64)	(6.14)	(8.89)	(8.15)	(8.58)
Retained distributions on accumulation units^	-	-	-	8.89	8.15	8.58
Closing net asset value per unit	186.64	173.52	180.81	285.07	256.79	259.33
* after direct transaction costs of:	0.09	0.08	0.09	0.14	0.12	0.13
Performance						
Return after charges	11.00%	(0.91%)	14.23%	11.01%	(0.98%)	14.30%
Other information						
Closing net asset value (£)	46,039,191	40,449,180	39,144,315	3,456,223	3,230,458	3,175,927
Closing number of units	24,667,595	23,311,256	21,649,676	1,212,420	1,257,999	1,224,649
Operating charges	1.56%	1.55%	1.57%	1.56%	1.55%	1.57%
Direct transaction costs	0.05%	0.05%	0.06%	0.05%	0.05%	0.06%
Prices						
Highest offer unit price (p)	193.0	190.3	185.8	288.2	277.7	262.6
Lowest bid unit price (p)	171.5	173.3	158.4	254.4	252.9	219.6

^ Rounded to 2 decimal places.

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

Comparative table (continued)

B units income launched on 23 June 2015 at 175.9p per unit.

B units accumulation launched on 23 June 2015 at 235.0p per unit.

	B units income			B units accumulation		
	2019	2018	2017	2019	2018	2017
	p	p	p	p	p	p
Change in net assets per unit						
Opening net asset value per unit	178.21	185.09	167.01	263.11	264.04	229.55
Return before operating charges	22.58	1.23	26.57	33.45	1.57	36.78
Operating charges	(1.76)	(1.72)	(1.65)	(2.58)	(2.50)	(2.29)
Return after operating charges*	20.82	(0.49)	24.92	30.87	(0.93)	34.49
Distributions^	(6.71)	(6.39)	(6.84)	(10.01)	(9.18)	(9.49)
Retained distributions on accumulation units^	-	-	-	10.01	9.18	9.49
Closing net asset value per unit	192.32	178.21	185.09	293.98	263.11	264.04
* after direct transaction costs of:	0.09	0.08	0.10	0.14	0.12	0.13
Performance						
Return after charges	11.68%	(0.26%)	14.92%	11.73%	(0.35%)	15.03%
Other information						
Closing net asset value (£)	2,287,726	1,927,164	1,105,460	4,348,746	2,193,117	1,710,947
Closing number of units	1,189,512	1,081,430	597,242	1,479,287	833,538	647,996
Operating charges	0.94%	0.93%	0.95%	0.94%	0.93%	0.95%
Direct transaction costs	0.05%	0.05%	0.06%	0.05%	0.05%	0.06%
Prices						
Highest offer unit price (p)	198.6	195.5	190.5	297.1	284.2	267.3
Lowest bid unit price (p)	176.5	178.2	161.8	260.6	259.0	222.5

^ Rounded to 2 decimal places.

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

Ongoing charges figure

The ongoing charges figure ('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.

A units income	31.03.19	31.03.18
Annual management charge	1.50%	1.50%
Other expenses	0.06%	0.05%
Ongoing charges figure	1.56%	1.55%

A units accumulation	31.03.19	31.03.18
Annual management charge	1.50%	1.50%
Other expenses	0.06%	0.05%
Ongoing charges figure	1.56%	1.55%

B units income	31.03.19	31.03.18
Annual management charge	0.88%	0.88%
Other expenses	0.06%	0.05%
Ongoing charges figure	0.94%	0.93%

B units accumulation	31.03.19	31.03.18
Annual management charge	0.88%	0.88%
Other expenses	0.06%	0.05%
Ongoing charges figure	0.94%	0.93%

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

Financial statements - SVS Church House Balanced Equity Income Fund

Statement of total return
for the year ended 31 March 2019

	Notes	2019		2018	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		4,072,308		(1,682,132)
Revenue	3	2,124,329		1,847,256	
Expenses	4	(784,387)		(719,909)	
Net revenue before taxation		1,339,942		1,127,347	
Taxation	5	(3,400)		(3,209)	
Net revenue after taxation			1,336,542		1,124,138
Total return before distributions			5,408,850		(557,994)
Distributions	6		(1,727,815)		(1,484,090)
Change in net assets attributable to unitholders from investment activities			3,681,035		(2,042,084)

Statement of change in net assets attributable to unitholders
for the year ended 31 March 2019

	2019		2018	
	£	£	£	£
Opening net assets attributable to unitholders		47,799,919		45,136,649
Amounts receivable on issue of units	6,625,280		6,107,034	
Amounts payable on cancellation of units	(2,217,571)		(1,575,349)	
		4,407,709		4,531,685
Change in net assets attributable to unitholders from investment activities		3,681,035		(2,042,084)
Retained distributions on accumulation units		243,223		173,669
Closing net assets attributable to unitholders		56,131,886		47,799,919

Balance sheet
as at 31 March 2019

	Notes	2019	2018
		£	£
Assets:			
Fixed assets:			
Investments		53,984,179	46,323,865
Current assets:			
Debtors	7	514,935	362,944
Cash and bank balances	8	2,440,228	1,867,454
Total assets		56,939,342	48,554,263
Liabilities:			
Creditors:			
Distribution payable		(663,109)	(602,978)
Other creditors	9	(144,347)	(151,366)
Total liabilities		(807,456)	(754,344)
Net assets attributable to unitholders		56,131,886	47,799,919

Notes to the financial statements

for the year ended 31 March 2019

1. Accounting policies

   The accounting policies are disclosed on pages 7 and 8.

2. Net capital gains / (losses)

	2019	2018
	£	£
Non-derivative securities - realised gains	379,816	11,668
Non-derivative securities - movement in unrealised gains / (losses)	3,585,729	(1,747,598)
Capital special dividend	110,123	59,063
Transaction charges	(3,360)	(5,265)
Total net capital gains / (losses)	4,072,308	(1,682,132)

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

	2019	2018
	£	£
UK revenue	1,649,060	1,459,488
Unfranked revenue	152,812	93,288
Overseas revenue	194,757	184,844
Interest on debt securities	126,257	109,605
Bank and deposit interest	1,443	31
Total revenue	2,124,329	1,847,256

4. Expenses

	2019	2018
	£	£
Payable to the Manager and associates		
Annual management charge	756,709	697,418
Registration fees	290	311
	756,999	697,729
Payable to the Trustee		
Trustee fees	17,318	15,870
Other expenses:		
Audit fee	6,330	6,180
Non-executive directors' fees	350	-
Safe custody fees	1,925	(771)
FCA fee	323	55
KIID production fee	1,142	1,236
Platform charges	-	(390)
	10,070	6,310
Total expenses	784,387	719,909

5. Taxation

	2019	2018
	£	£
a. Analysis of the tax charge for the year		
Overseas tax withheld	3,400	3,209
Total taxation (note 5b)	3,400	3,209

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2018: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2018: 20%). The differences are explained below:

	2019	2018
	£	£
Net revenue before taxation	1,339,942	1,127,347
Corporation tax @ 20%	267,988	225,469
Effects of:		
UK revenue	(329,812)	(291,897)
Overseas revenue	(38,951)	(36,969)
Overseas tax withheld	3,400	3,209
Excess management expenses	100,775	103,397
Total taxation (note 5a)	3,400	3,209

c. Provision for deferred taxation

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £1,086,625 (2018: £985,850).

6. Distributions

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

	2019	2018
	£	£
Interim income distribution	854,980	746,514
Interim accumulation distribution	131,806	94,353
Final income distribution	663,109	602,978
Final accumulation distribution	111,417	79,316
	1,761,312	1,523,161
Equalisation:		
Amounts deducted on cancellation of units	16,974	11,342
Amounts added on issue of units	(50,299)	(50,429)
Net equalisation on conversions	(172)	16
Total net distributions	1,727,815	1,484,090

Reconciliation between net revenue and distributions:	2019	2018
	£	£
Net revenue after taxation per Statement of total return	1,336,542	1,124,138
Undistributed revenue brought forward	135	133
Expenses paid from capital	392,193	359,954
Marginal tax relief	(882)	-
Undistributed revenue carried forward	(173)	(135)
Distributions	1,727,815	1,484,090

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

Notes to the financial statements (continued)
for the year ended 31 March 2019

7. Debtors

	2019	2018
	£	£
Amounts receivable on issue of units	173,982	145,108
Accrued revenue	283,055	211,703
Recoverable overseas withholding tax	6,191	4,608
Prepaid expenses	-	857
Accrued capital special dividend	50,476	-
Recoverable income tax	1,231	668
Total debtors	514,935	362,944

8. Cash and bank balances

	2019	2018
	£	£
Total cash and bank balances	2,440,228	1,867,454

9. Other creditors

	2019	2018
	£	£
Amounts payable on cancellation of units	132,022	28,767
Purchases awaiting settlement	-	112,176
Accrued expenses:		
Payable to the Manager and associates		
Annual management charge	4,438	3,844
Registration fees	2	2
	4,440	3,846
Other expenses:		
Trustee fees	103	88
Safe custody fees	471	296
Audit fee	6,330	6,180
FCA fee	272	-
KIID production fee	286	-
Non-executive directors’ fees	350	-
Transaction charges	73	13
	7,885	6,577
Total accrued expenses	12,325	10,423
Total other creditors	144,347	151,366

10. Commitments and contingent liabilities

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

Notes to the financial statements (continued)

for the year ended 31 March 2019

11. Unit classes

The Fund currently has four unit classes: A units income, A units accumulation, B units income and B units accumulation.

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

	A units income
Opening units in issue	23,311,256
Total units issued in the year	2,327,941
Total units cancelled in the year	(871,798)
Total units converted in the year	(99,804)
Closing units in issue	24,667,595

	A units accumulation
Opening units in issue	1,257,999
Total units issued in the year	7,584
Total units cancelled in the year	(49,077)
Total units converted in the year	(4,086)
Closing units in issue	1,212,420

	B units income
Opening units in issue	1,081,430
Total units issued in the year	197,152
Total units cancelled in the year	(135,723)
Total units converted in the year	46,653
Closing units in issue	1,189,512

	B units accumulation
Opening units in issue	833,538
Total units issued in the year	694,644
Total units cancelled in the year	(86,234)
Total units converted in the year	37,339
Closing units in issue	1,479,287

For the year ended 31 March 2019, the annual management charge for each unit class is as follows:

A units income	1.50%
A units accumulation	1.50%
B units income	0.88%
B units accumulation	0.88%

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.

12. Related party transactions (continued)

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:

	2019	2018
Church House Investments Ltd	90.86%	93.84%

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A units income has increased from 186.6p to 190.9p, A units accumulation has increased from 285.1p to 291.6p, B units income has increased from 192.3p to 197.1p and B units accumulation has increased from 294.0p to 301.2p as at 10 July 2019. This movement takes into account routine transactions but also reflects the market movements of recent months.

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:

	Purchases before transaction costs	Commission		Taxes		Financial transaction tax		Purchases after transaction costs
2019	£	£	%	£	%	£	%	£
Equities	5,915,851	4,521	0.08%	18,723	0.32%	1	0.00%	5,939,096
Bonds*	918,549	-	-	-	-	-	-	918,549
Total	6,834,400	4,521	0.08%	18,723	0.32%	1	-	6,857,645

	Purchases before transaction costs	Commission		Taxes		Financial transaction tax		Purchases after transaction costs
2018	£	£	%	£	%	£	%	£
Equities	4,180,485	4,384	0.10%	16,564	0.39%	1	0.00%	4,201,434
Bonds*	1,556,507	-	-	-	-	-	-	1,556,507
Total	5,736,992	4,384	0.10%	16,564	0.39%	1	-	5,757,941

* No direct transaction costs were incurred in these transactions.

Capital events amount of £798,000 (2018: £929,923) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

14. Transaction costs

a Direct transaction costs (continued)

2019	Sales before transaction costs £	Commission £	Commission %	Taxes £	Taxes %	Financial transaction tax £	Financial transaction tax %	Sales after transaction costs £
Equities	2,258,414	(3,066)	0.14%	(2)	0.00%	-	-	2,255,346
Bonds*	500,000	-	-	-	-	-	-	500,000
Total	2,758,414	(3,066)	0.14%	(2)	0.00%	-	-	2,755,346

2018	Sales before transaction costs £	Commission £	Commission %	Taxes £	Taxes %	Financial transaction tax £	Financial transaction tax %	Sales after transaction costs £
Equities	845,340	(1,051)	0.12%	-	-	-	-	844,289
Bonds*	500,000	-	-	-	-	-	-	500,000
Total	1,345,340	(1,051)	0.12%	-	-	-	-	1,344,289

* No direct transaction costs were incurred in these transactions.

Capital events amount of £375,727 (2018: £357,500) is excluded from the total sales 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:

2019	£	% of average net asset value
Commission	7,587	0.01%
Taxes	18,725	0.04%
Financial transaction tax	1	0.00%

2018	£	% of average net asset value
Commission	5,435	0.01%
Taxes	16,564	0.04%
Financial transaction tax	1	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 0.29% (2018: 0.37%).

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 2019, 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 of the Fund would increase or decrease by approximately £2,466,230 (2018: £2,084,291).

(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 foreign currency risk profile of the Fund's financial instruments and cash holdings at the balance sheet date is as follows:

2019	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
Euro	1,386,387	6,191	1,392,578
US dollar	-	44,319	44,319
Total foreign currency exposure	1,386,387	50,510	1,436,897

2018	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
Euro	1,248,159	4,608	1,252,767
Total foreign currency exposure	1,248,159	4,608	1,252,767

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk (continued)

At 31 March 2019, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £71,845 (2018: £62,638).

(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.

In the event of a change in interest rates, there would be no material impact upon the net assets of the Fund.

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

Derivative contracts are not used to hedge against the exposure to interest rate risk.

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
2019	£	£	£	£	£	£
Euro	-	-	-	1,392,578	-	1,392,578
UK sterling	6,714,181	-	385,620	48,402,644	(807,456)	54,694,989
US dollar	-	-	-	44,319	-	44,319
	6,714,181	-	385,620	49,839,541	(807,456)	56,131,886

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2018	£	£	£	£	£	£
Euro	-	-	-	1,252,767	-	1,252,767
UK sterling	5,672,112	-	833,380	40,796,004	(754,344)	46,547,152
	5,672,112	-	833,380	42,048,771	(754,344)	47,799,919

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.

15. Risk management policies (continued)

b Credit risk (continued)

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 is 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.

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 2019 £	Investment liabilities 2019 £
Quoted prices	50,075,500	-
Observable market data	3,908,679	-
Unobservable data	-	-
	53,984,179	-

15. Risk management policies (continued)

d Fair value of financial assets and financial liabilities (continued)

Valuation technique	Investment assets 2018 £	Investment liabilities 2018 £
Quoted prices	42,408,687	-
Observable market data	3,915,178	-
Unobservable data	-	-
	46,323,865	-

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

Ceravision and ULTraPRT: The fair value pricing committee considers it appropriate to include the securities in the portfolio of investments with no value. The value is based on the sufficient doubt over the continued viability of the businesses.

e Assets subject to special arrangements arising from their illiquid nature

The following assets held in the portfolio of investments are subject to special arrangements arising from their illiquid nature:

	2019 % of the total net asset value	2018 % of the total net asset value
Ceravision	0.00%	0.00%
ULTraPRT	0.00%	0.00%
Total	0.00%	0.00%

f Derivatives

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

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

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

During the year there were no derivative transactions.

(i) Counterparties

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.

15. Risk management policies (continued)

f Derivatives (continued)

(ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

There have been no leveraging arrangements in the year.

(iii) Global exposure

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

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

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 March 2019

Distributions on A units income in pence per unit

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.11.18	group 1	interim	3.416	-	3.416	3.182
30.11.18	group 2	interim	2.126	1.290	3.416	3.182
31.05.19	group 1	final	2.548	-	2.548	2.456
31.05.19	group 2	final	1.588	0.960	2.548	2.456

Distributions on A units accumulation in pence per unit

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.11.18	group 1	interim	5.054	-	5.054	4.565
30.11.18	group 2	interim	4.220	0.834	5.054	4.565
31.05.19	group 1	final	3.837	-	3.837	3.587
31.05.19	group 2	final	1.992	1.845	3.837	3.587

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.

Interim distribution:

Group 1	Units purchased before 1 April 2018
Group 2	Units purchased 1 April 2018 to 30 September 2018

Final distribution:

Group 1	Units purchased before 1 October 2018
Group 2	Units purchased 1 October 2018 to 31 March 2019

Distribution table (continued)

for the year ended 31 March 2019

Distributions on B units income in pence per unit

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.11.18	group 1	interim	3.799	-	3.799	3.573
30.11.18	group 2	interim	1.978	1.821	3.799	3.573
31.05.19	group 1	final	2.907	-	2.907	2.816
31.05.19	group 2	final	2.076	0.831	2.907	2.816

Distributions on B units accumulation in pence per unit

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.11.18	group 1	interim	5.621	-	5.621	5.080
30.11.18	group 2	interim	2.756	2.865	5.621	5.080
31.05.19	group 1	final	4.387	-	4.387	4.102
31.05.19	group 2	final	2.594	1.793	4.387	4.102

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.

Interim distribution:

Group 1	Units purchased before 1 April 2018
Group 2	Units purchased 1 April 2018 to 30 September 2018

Final distribution:

Group 1	Units purchased before 1 October 2018
Group 2	Units purchased 1 October 2018 to 31 March 2019

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 58-61 of the Smith & Williamson Report and Financial Statements for the year ended 30 April 2018 (available https://smithandwilliamson.com/en/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 eight times during 2017-18.

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, but not limited to, 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.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, 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 2018. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

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 78 employees is £3,741,023 of which £3,391,428 is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in SWFAL as at 30 April 2018. Any variable remuneration is awarded for the year ending 30 April 2018. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed on the next page.

Remuneration (continued)

Aggregate quantitative information (continued)

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 2017-18 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 2018				
		Variable			
	Fixed	Cash	Equity	Total	No. MRTs
Senior Management	£2,906	£1,872	£563	£5,341	15
Other MRTs	£1,506	£864	£186	£2,556	11
Total	£4,412	£2,736	£749	£7,897	26

Investment Manager

The Manager delegates the management of the Fund's portfolio of investments to Church House Investments Limited and pays to Church House Investments Limited, out of the Manager's annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. Church House Investments Limited are compliant with the Capital Requirements Directive regarding remuneration and therefore Church House Investments Limited staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed/allocated 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.

A units income and A units accumulation
The minimum initial investment 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.

B units income and B units accumulation
The minimum initial investment is £100,000. The minimum subsequent investment is £100,000. The Manager reserves the right to terminate holdings where the value is less than £100,000. The manager may waive the minimum levels at its discretion.

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

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 (trading name of Smith & Williamson Fund Administration Limited)
25 Moorgate
London EC2R 6AY
Telephone: 020 7131 4000
Authorised and regulated by the Financial Conduct Authority

Administrator and Registrar
St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited)
206 St. Vincent Street
Glasgow G2 5SG
Telephone: 0141 222 1151 (Registration)
0141 222 1150 (Dealing)
Authorised and regulated by the Financial Conduct Authority

Directors of the Manager
Brian McLean
David Cobb
James Gordon
Kevin Stopps
Paul Wyse
Grant Hotson - resigned 11 March 2019

Non-Executive Directors of the Manager
Dean Buckley
Linda Robinson
Victoria Muir

Investment Manager
Church House Investments Limited
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Sherborne
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Authorised and regulated by the Financial Conduct Authority

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2nd Floor
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Auditor
KPMG LLP
Saltire Court
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Edinburgh EH1 2EG