

SVS Church House Esk Global Equity Fund

Annual Report

for the year ended 30 September 2018

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SVS Church House Esk Global Equity 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 Esk Global Equity Fund for the year ended 30 September 2018.

SVS Church House Esk Global Equity Fund ("the Trust" or "the Fund") is an authorised unit trust scheme further to an authorisation order dated 25 October 1996 and is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ("COLL"), as published by the Financial Conduct Authority ("FCA").

The Manager is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Fund consist predominantly of securities which are readily realisable and, accordingly, the Fund has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The base currency of the Fund is UK sterling.

The Trust Deed can be inspected at the offices of the Manager.

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

Investment objective and policy

The objective of the Fund is to achieve medium to long-term capital growth from a portfolio of transferable securities. The income yield on the portfolio is likely to be low. The portfolio will comprise of direct equity investments and listed investment companies. Investments in other collective investment schemes, fixed interest securities, including index-linked and convertible issues and preference shares may also be included from time to time. The portfolio will be diversified. It is expected that investments will be listed in London but the outlook is international so investments may also be undertaken on recognised exchanges overseas. There are no specific geographic limitations imposed.

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 38.

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.

B. McLean

J. Gordon

Directors

Smith & Williamson Fund Administration Limited

13 December 2018

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 Esk Global Equity 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 Authorised Fund Manager ("AFM") 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 AFM:

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

NatWest Trustee & Depositary Services Limited
13 December 2018

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

Opinion

We have audited the financial statements of the Trust for the year ended 30 September 2018 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes, Distribution Table and the accounting policies set out on pages 7 to 8.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 30 September 2018 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.

Going concern

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

Other information

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

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

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Manager's Report 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.

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

Auditor's responsibilities

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

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

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

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

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

Accounting policies of SVS Church House Esk Global Equity Fund

for the year ended 30 September 2018

a *Basis of accounting*

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014.

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

b *Valuation of investments*

The purchase and sale of investments are included up to close of business on 28 September 2018, being the last business day.

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

Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 28 September 2018 with reference to quoted bid prices from reliable external sources.

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

Collective investment schemes also operated by the Manager are valued at cancellation price for dual priced funds and at the single price for single priced funds.

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.

Dividends from unquoted equity shares are recognised when declared.

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

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

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.

e *Expenses*

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue.

Bank interest paid is charged to revenue.

Accounting policies of SVS Church House Esk Global Equity Fund (continued)

for the year ended 30 September 2018

f Allocation of revenue and expenses to multiple unit classes

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

g Taxation

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

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

Deferred taxation is provided in full on timing differences that result in an obligation at 30 September 2018 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

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

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

When a disposal of a holding in a non-reporting offshore fund is made, any gain is an offshore income gain and tax will be charged to capital. There may be instances where tax relief is due to revenue for the utilisation of excess management expenses.

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 Fund on behalf of the unitholders.

ii Unclaimed distributions

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

iii Revenue

All revenue is included in the final distribution with reference to policy d.

iv Expenses

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

v Equalisation

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

Investment Manager's report

Investment performance *

Performance over:	One year	Three years	Five years
SVS Church House Esk Global Equity Fund	+9.1%	+55.4%	+68.8%

* Percentage change in bid price of A income units (excluding income distributions). Source: Smith & Williamson Fund Administration Ltd.

Backup price data **	28/09/18	29/09/17	30/09/15	30/09/13
SVS Church House Esk Global Equity Fund	285.4	261.6	183.6	169.1

** Source: Bloomberg

Investment activities ^

These comments refer to the latter six months of the Fund's year as we reported on the first six months in April.

The SVS Church House Esk Global Equity Fund's financial year began quietly. In April we sold the small remaining holding in BB Biotech to reinvest in an increased weighting in Roche Holding, where we saw good value. May was much more active with a number of changes and three new holdings. Consumer staples have weakened, largely in response to the increase in rates, and we took the opportunity to add to holdings in Mondelez International and Monster Beverage, though the latter's (impressive) reported growth rate was deemed to be disappointing. In the consumer discretionary area we closed the small position in Walt Disney, concerned by the protracted bidding for media assets, while establishing an initial position in Royal Caribbean Cruises. The cruise lines have been significantly de-rated over the past six months, concerned by rising oil prices and possible over-capacity in the industry; at these levels, we think Royal Caribbean Cruises offers good value. In the same broad sector, we also established an initial position in General Motors, attracted by the lowly rating, un-sung progress in electric vehicles, and ability to ramp production.

After a busy period in May, there were only two transactions in the portfolio in June. SoftBank Group (also a portfolio company) agreed to invest \$2.25bn in General Motors' 'driverless' subsidiary, Cruise Automation. General Motor's share price had spiked at the beginning of the month following this announcement, climbing by almost 20% by mid-month. A subsequent pull-back as worries mounted over car/trade wars gave us the opportunity to add to the position. June was a poor month for most of the financial sectors, late in the month we added to Prudential where we await news as to the timing of the spin-off of M&G Prudential that was announced in March.

At the start of the second quarter of the Fund's year we trimmed our holding in L'Oréal, a great company but its prospects were fully reflected in its share price, while adding to the Swedish Industrivarden, as we continued to see value in this holding company. August was busier, we took the profit from the holding in Shire, not wishing to take highly-g geared Takeda Pharmaceutical Company paper, and sold the rump holding in BB Biotech. We also took the profit from the small holding in Take-Two Interactive Software, switching to a new holding in Activision Blizzard. Closing August with higher-than-usual levels of cash (around 8%), we had the opportunity to add to a number of holdings as many markets sank over the first two weeks of September: BHP Billiton, BASF and TOTAL (which we added to again late in the month) in the materials and oil sectors, Unilever, Nestle and Anheuser-Busch InBev among the staples and Morgan Stanley in financials.

Christian Dior has been an excellent investment for us, but with so little stock left as 'free float' we have now switched across into the parent LVMH Moët Hennessy Louis Vuitton. We closed the position in Danske Bank, concerned with investigations into their Estonian branch, while adding to the existing holding in the Japanese bank Sumitomo Mitsui Financial Group. Banks, of course, should be beneficiaries of rising rates in a benign economic environment. Finally, we switched out of HSBC Holdings into Standard Chartered, which looks significantly cheaper and in much better shape now, yet has performed abysmally.

Top 15 Holdings - 30 September 2018			
Microsoft	3.12%	Mondelez International	2.10%
Stryker	3.08%	Unilever	2.09%
Illumina	2.76%	Muenchener Rueckversicherungs-Gesellschaft	2.08%
Nestle	2.36%	Standard Chartered	2.03%
LVMH Moët Hennessy Louis Vuitton	2.33%	Berkshire Hathaway	2.01%
Roche Holding	2.29%	Sumitomo Mitsui Financial Group	2.01%
Alphabet	2.27%		
TOTAL	2.19%		
Apple	2.12%		

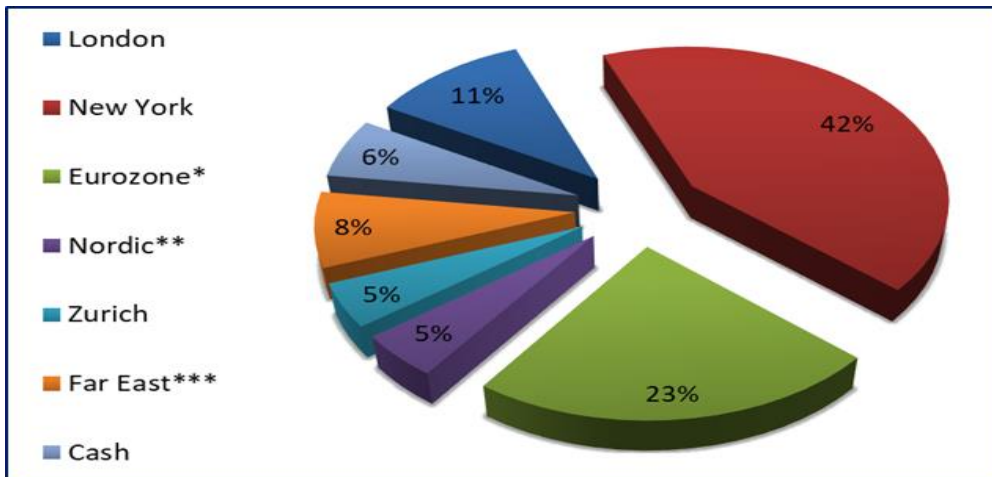
^ Source: Church House Investments Limited and Bloomberg.

Investment Manager's report (continued)

Investment strategy and outlook

The overall pie chart of the holdings by country of listing shows the recent increase in eurozone and US-listed investments:

SVS Church House Esk Global Equity Fund - Disposition by Listing - 30 September 2018 ^^



* Amsterdam, Paris, Frankfurt

** Copenhagen, Oslo, Stockholm

*** Singapore, Tokyo

^^ Source: Church House Investments Limited

A relatively benign third quarter of the year has quickly turned into an unpleasant start to the fourth quarter. The various economic and political worries that have been a factor for some while now, combined to tip sentiment over the edge, and stock markets in London, New York and Frankfurt have all fallen by around 7% since the beginning of the month. The proximate cause was a further increase in American interest rates at a time when the Chinese economic expansion appears to be slowing again and the new Italian Government produced an incautious budget. Domestically, of course, we also have the interminable Brexit negotiations to contend with.

Church House Investments Limited

30 October 2018

Summary of portfolio changes for the year ended 30 September 2018

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

	Cost
	£
Purchases:	
LVMH Moet Hennessy Louis Vuitton	958,448
Standard Chartered	807,370
Morgan Stanley	778,352
Mobius Investment Trust	700,000
Industrivarden	608,278
BASF	602,667
General Motors	580,522
Take-Two Interactive Software	438,387
Nestle	430,528
Activision Blizzard	416,860
Anheuser-Busch InBev	388,095
Royal Caribbean Cruises	359,299
Sumitomo Mitsui Financial Group	355,107
Roche Holding	330,252
Affiliated Managers Group	303,049
TOTAL	266,847
Rio Tinto	260,327
AP Moller - Maersk	254,692
Unilever	213,028
SoftBank Group	199,052
	Proceeds
	£
Sales:	
Christian Dior	820,923
Shire	687,281
HSBC Holdings	661,692
PayPal Holdings	639,311
Wells Fargo	587,747
Rocket Internet 3% 22/07/2022	541,443
AP Moller - Maersk	537,657
Take-Two Interactive Software	505,372
Danske Bank	496,832
L'Oreal	456,819
BB Biotech	330,216
Walt Disney	301,111
Palo Alto Networks	213,293
Apple	210,498
Alphabet	163,196
T Rowe Price Group	137,539

Portfolio statement

as at 30 September 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Debt securities* 0.00% (1.67%)		-	-
Equities 92.76% (92.02%)			
Equities - United Kingdom 15.93% (14.99%)			
Equities - incorporated in the United Kingdom 11.61% (8.32%)			
Basic Resources 3.54% (2.76%)			
BHP Billiton	40,000	668,480	1.64
Rio Tinto	20,000	776,000	1.90
		<u>1,444,480</u>	<u>3.54</u>
Media 1.50% (0.00%)			
RELX	38,000	612,292	1.50
Banks 2.03% (2.28%)			
Standard Chartered	130,000	827,320	2.03
Insurance 1.72% (1.93%)			
Prudential	40,000	703,800	1.72
Financial Services 2.82% (1.35%)			
Caledonia Investments	16,250	450,125	1.10
Mobius Investment Trust	700,000	700,000	1.72
Ceravision **	130,000	-	-
ULTra PRT ***	280	-	-
		<u>1,150,125</u>	<u>2.82</u>
Total equities - incorporated in the United Kingdom		<u>4,738,017</u>	<u>11.61</u>
Equities - incorporated outwith the United Kingdom 4.32% (6.67%)			
Industrial Goods & Services 1.36% (1.99%)			
Jardine Strategic Holdings	20,000	556,727	1.36
Healthcare 0.00% (1.41%)		-	-
Insurance 1.89% (1.84%)			
Everest Re Group	4,400	770,882	1.89
Technology 1.07% (1.43%)			
Baidu	2,500	438,403	1.07
Total equities - incorporated outwith the United Kingdom		<u>1,766,012</u>	<u>4.32</u>
Total equities - United Kingdom		<u>6,504,029</u>	<u>15.93</u>
Equities - Europe 31.25% (34.95%)			
Equities - Belgium 1.97% (1.93%)			
Anheuser-Busch InBev	12,000	803,777	1.97

Portfolio statement (continued)

as at 30 September 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - Europe (continued)			
Equities - Denmark 1.45% (4.82%)			
Novozymes	14,000	<u>589,764</u>	<u>1.45</u>
Equities - France 6.94% (7.54%)			
L'Oreal	2,500	462,501	1.13
LVMH Moet Hennessy Louis Vuitton	3,500	949,586	2.33
Societe Generale	16,000	526,730	1.29
TOTAL	18,000	<u>895,270</u>	<u>2.19</u>
Total equities - France		<u>2,834,087</u>	<u>6.94</u>
Equities - Germany 7.27% (6.41%)			
BASF	10,000	681,660	1.67
Fresenius Medical Care	8,000	632,333	1.55
Muenchener Rueckversicherungs-Gesellschaft	5,000	849,069	2.08
SAP	8,500	804,498	1.97
Total equities - Germany		<u>2,967,560</u>	<u>7.27</u>
Equities - Netherlands 3.94% (5.95%)			
Heineken	10,500	755,304	1.85
Unilever	20,000	854,458	2.09
Total equities - Netherlands		<u>1,609,762</u>	<u>3.94</u>
Equities - Spain 1.75% (2.02%)			
Grifols	33,000	<u>713,085</u>	<u>1.75</u>
Equities - Sweden 3.28% (2.27%)			
Industrivarden	36,705	626,665	1.54
Investor	20,000	709,134	1.74
Total equities - Sweden		<u>1,335,799</u>	<u>3.28</u>
Equities - Switzerland 4.65% (4.01%)			
Nestle	15,000	963,260	2.36
Roche Holding	5,000	933,035	2.29
Total equities - Switzerland		<u>1,896,295</u>	<u>4.65</u>
Total equities - Europe		<u>12,750,129</u>	<u>31.25</u>

Portfolio statement (continued)

as at 30 September 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - North America 37.36% (35.24%)			
Activision Blizzard	7,500	478,567	1.17
Affiliated Managers Group	5,000	524,712	1.29
Alphabet	1,000	925,923	2.27
Apple	5,000	865,611	2.12
Berkshire Hathaway	5,000	820,942	2.01
Exxon Mobil	11,000	717,166	1.76
General Motors	20,000	516,238	1.27
Helmerich & Payne	8,500	448,123	1.10
Illumina	4,000	1,125,724	2.76
Johnson & Johnson	7,500	794,544	1.95
McDonald's	5,000	641,386	1.57
Microsoft	14,500	1,272,704	3.12
Mondelez International	26,000	856,532	2.10
Monster Beverage	12,500	558,644	1.37
Morgan Stanley	20,000	714,083	1.75
Nordson	2,000	213,044	0.52
Oracle	17,500	691,787	1.70
PACCAR	11,500	601,258	1.47
Palo Alto Networks	4,600	794,528	1.95
Stryker	9,250	1,260,335	3.08
T Rowe Price Group	5,000	418,619	1.03
Total equities - North America		<u>15,240,470</u>	<u>37.36</u>
Equities - Japan 6.48% (5.70%)			
Bridgestone	13,500	391,181	0.96
SoftBank Group	10,000	774,031	1.90
Sumitomo Mitsui Financial Group	26,500	820,294	2.01
Toyota Industries	14,500	656,863	1.61
Total equities - Japan		<u>2,642,369</u>	<u>6.48</u>
Equities - Liberia 1.10% (0.00%)			
Royal Caribbean Cruises	4,500	448,430	1.10
Equities - South America 0.64% (1.14%)			
Ambev	75,000	262,260	0.64
Total equities		<u>37,847,687</u>	<u>92.76</u>

Portfolio statement (continued)

as at 30 September 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Offshore Collective Investment Schemes 0.70% (0.85%)			
SVS Church House Deep Value Investment Fund #	185,000	285,640	0.70
Total collective investment schemes		<u>285,640</u>	<u>0.70</u>
<hr/>			
Portfolio of investments		38,133,327	93.46
Other net assets		2,669,829	6.54
<hr/>			
Total net assets		<u>40,803,156</u>	<u>100.00</u>

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 30 September 2017.

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

** Ceravision: The fair value pricing committee assesses that it is appropriate to value the shares at £nil based on recent information available regarding the low likelihood of realising any investment return.

*** ULTra PRT: The fair value pricing committee assesses that it is appropriate to value the shares at £nil based on recent information available regarding the low likelihood of realising any investment return.

Related party security managed within the same corporate body as the Manager, St Vincent St Fund Administration (a trading name of Smith & Williamson Fund Administration Limited) and managed by the Investment Manager Church House Investments Limited.

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

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

The price of gold or other 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.

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.

The Fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

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

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

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

Comparative table

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

A income units were first issued at 100.0p per unit on 25 October 1996.

A accumulation units were first traded at 226.1p per unit on 28 September 2016.

	A Income			A Accumulation		
	2018 p	2017 p	2016 p	2018 p	2017 p	2016** p
Change in net assets per unit						
Opening net asset value per unit	261.23	226.12	183.78	264.91	227.75	226.15
Return before operating charges	28.69	40.11	46.96	29.10	40.43	1.87
Operating charges	(3.92)	(3.26)	(2.72)	(3.20)	(3.27)	***0.27)
Return after operating charges *	24.77	36.85	44.24	25.90	37.16	1.60
Distributions [^]	(1.60)	(1.74)	(1.90)	(2.29)	(1.75)	(0.06)
Retained distributions on accumulation units [^]	-	-	-	2.29	1.75	0.06
Closing net asset value per unit	284.40	261.23	226.12	290.81	264.91	227.75
* after direct transaction costs of:	0.21	0.27	0.15	0.40	0.29	-
Performance						
Return after charges	9.48%	16.30%	24.07%	9.78%	16.32%	0.71%
Other information						
Closing net asset value (£)	12,036,736	25,301,564	20,191,951	191,073	16,157	5,015
Closing number of units	4,232,298	9,685,629	8,929,711	65,704	6,099	2,202
Operating charges	1.33%	1.32%	1.34%	1.33%	1.32%	***0.12%
Direct transaction costs	0.08%	0.10%	0.07%	0.08%	0.10%	-
Prices						
Highest offer unit price (p)	305.3	284.2	241.7	310.7	286.9	241.5
Lowest bid unit price (p)	250.6	224.3	180.1	254.6	225.9	225.7

[^] Rounded to 2 decimal places.

** for the period 28 September 2016 to 30 September 2016.

*** There was no annual management charge for A accumulation units in the period 28 September 2016 to 30 September 2016.

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

Comparative table (continued)

B income units were first traded at 193.4p per unit on 27 November 2014.

B accumulation units were first traded at 197.5p per unit on 23 June 2015.

	B Income			B Accumulation		
	2018	2017	2016	2018	2017	2016
	p	p	p	p	p	p
Change in net assets per unit						
Opening net asset value per unit	261.31	226.15	183.77	270.33	231.57	185.87
Return before operating charges	28.79	40.12	47.00	29.89	41.17	47.70
Operating charges	(2.44)	(2.22)	(1.97)	(2.60)	(2.41)	(2.00)
Return after operating charges*	26.35	37.90	45.03	27.29	38.76	45.70
Distributions [^]	(3.06)	(2.74)	(2.65)	(3.10)	(2.73)	(2.69)
Retained distributions on accumulation units [^]	-	-	-	3.10	2.73	2.69
Closing net asset value per unit	284.60	261.31	226.15	297.62	270.33	231.57
* after direct transaction costs of:	0.22	0.34	0.15	0.24	0.28	0.15
Performance						
Return after charges	10.08%	16.76%	24.50%	10.10%	16.74%	24.59%
Other information						
Closing net asset value (£)	25,815,001	5,671,462	1,229,926	2,760,346	1,317,150	946,003
Closing number of units	9,070,667	2,170,399	543,859	927,475	487,232	408,512
Operating charges	0.95%	0.95%	0.97%	0.95%	0.95%	0.97%
Direct transaction costs	0.08%	0.10%	0.07%	0.08%	0.10%	0.07%
Prices						
Highest offer unit price (p)	306.0	284.8	242.1	317.9	292.7	246.3
Lowest bid unit price (p)	251.6	224.5	180.4	260.2	229.9	182.4

[^] Rounded to 2 decimal places.

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

Ongoing charges figure

The ongoing charges figure ("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.

The Investment Manager's fee excludes any holdings within the portfolio of investments that are managed by the Investment Manager, Church House Investments Limited.

A income	30.09.18	30.09.17
Annual management charge	1.25%	1.24%
Other expenses	0.08%	0.08%
Ongoing charges figure	<u>1.33%</u>	<u>1.32%</u>
A accumulation	30.09.18	30.09.17
Annual management charge	1.25%	1.24%
Other expenses	0.08%	0.08%
Ongoing charges figure	<u>1.33%</u>	<u>1.32%</u>
B income	30.09.18	30.09.17
Annual management charge	0.87%	0.87%
Other expenses	0.08%	0.08%
Ongoing charges figure	<u>0.95%</u>	<u>0.95%</u>
B accumulation	30.09.18	30.09.17
Annual management charge	0.87%	0.87%
Other expenses	0.08%	0.08%
Ongoing charges figure	<u>0.95%</u>	<u>0.95%</u>

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

Financial statements - SVS Church House Esk Global Equity Fund

Statement of total return

for the year ended 30 September 2018

	Notes	2018		2017	
		£	£	£	£
Income:					
Net capital gains	2		3,138,768		3,497,118
Revenue	3	829,426		580,041	
Expenses	4	<u>(390,347)</u>		<u>(330,316)</u>	
Net revenue before taxation		439,079		249,725	
Taxation	5	<u>(82,776)</u>		<u>(53,049)</u>	
Net revenue after taxation			<u>356,303</u>		<u>196,676</u>
Total return before distributions			3,495,071		3,693,794
Distributions	6		(356,289)		(196,701)
Change in net assets attributable to unitholders from investment activities			<u>3,138,782</u>		<u>3,497,093</u>

Statement of change in net assets attributable to unitholders

for the year ended 30 September 2018

	2018		2017	
	£	£	£	£
Opening net assets attributable to unitholders		32,306,333		22,372,895
Amounts receivable on issue of units	6,076,440		7,253,144	
Amounts payable on cancellation of units	<u>(745,789)</u>		<u>(829,965)</u>	
		5,330,651		6,423,179
Change in net assets attributable to unitholders from investment activities		3,138,782		3,497,093
Retained distributions on accumulation units		27,390		13,166
Closing net assets attributable to unitholders		<u>40,803,156</u>		<u>32,306,333</u>

Balance sheet
as at 30 September 2018

	Notes	2018 £	2017 £
Assets:			
Fixed assets:			
Investments		38,133,327	30,542,723
Current assets:			
Debtors	7	205,028	126,213
Cash and bank balances	8	3,641,728	1,812,198
Total assets		<u>41,980,083</u>	<u>32,481,134</u>
Liabilities:			
Creditors:			
Distribution payable		(222,440)	(148,467)
Other creditors	9	(954,487)	(26,334)
Total liabilities		<u>(1,176,927)</u>	<u>(174,801)</u>
Net assets attributable to unitholders		<u>40,803,156</u>	<u>32,306,333</u>

Notes to the financial statements

for the year ended 30 September 2018

1. Accounting policies

The accounting policies are disclosed on pages 7 to 8.

2. Net capital gains

	2018	2017
	£	£
Non-derivative securities - realised gains	1,537,466	1,531,980
Non-derivative securities - movement in unrealised gains	1,634,107	1,975,443
Currency losses	(28,501)	(6,465)
Transaction charges	(4,304)	(3,840)
Total net capital gains	<u>3,138,768</u>	<u>3,497,118</u>

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

3. Revenue

	2018	2017
	£	£
UK revenue	146,080	126,546
Overseas revenue	663,879	440,743
Interest on debt securities	18,395	12,683
Bank and deposit interest	1,072	69
Total revenue	<u>829,426</u>	<u>580,041</u>

4. Expenses

	2018	2017
	£	£
Payable to the Manager and associates		
Annual management charge	357,258	307,709
Registration fees	573	498
	<u>357,831</u>	<u>308,207</u>
Payable to the Trustee		
Trustee fees	<u>11,863</u>	<u>8,756</u>
Other expenses:		
Audit fee	6,180	5,940
Safe custody fees	3,124	399
Bank interest	10,160	5,819
FCA fee	48	65
KIID production fee	1,141	1,130
	<u>20,653</u>	<u>13,353</u>
Total expenses	<u>390,347</u>	<u>330,316</u>

Notes to the financial statements (continued)

for the year ended 30 September 2018

5. Taxation

	2018	2017
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Overseas tax withheld	82,776	53,049
Total taxation (note 5b)	<u>82,776</u>	<u>53,049</u>

b. Factors affecting the tax charge for the year

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

	2018	2017
	£	£
Net revenue before taxation	<u>439,079</u>	<u>249,725</u>
Corporation tax @ 20%	87,816	49,945
Effects of:		
UK revenue	(29,216)	(25,309)
Unfranked revenue	(131,898)	(87,458)
Overseas tax withheld	82,776	53,049
Excess management expenses	73,298	62,942
Adjustment in respect of prior years	-	(120)
Total taxation (note 5a)	<u>82,776</u>	<u>53,049</u>

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 £449,910 (2017: £376,612).

6. Distributions

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

	2018	2017
	£	£
Interim income distribution	118,486	59,429
Interim accumulation distribution	8,502	4,952
Final income distribution	222,440	148,467
Final accumulation distribution	<u>18,888</u>	<u>8,214</u>
	368,316	221,062
Equalisation:		
Amounts deducted on cancellation of units	2,352	1,572
Amounts added on issue of units	(13,552)	(25,960)
Net equalisation on conversions	<u>(827)</u>	<u>27</u>
Total net distributions	<u>356,289</u>	<u>196,701</u>

Notes to the financial statements (continued)
for the year ended 30 September 2018

6. Distributions (continued)

Reconciliation between net revenue and distributions:	2018	2017
	£	£
Net revenue after taxation per Statement of total return	356,303	196,676
Undistributed revenue brought forward	38	63
Undistributed revenue carried forward	(52)	(38)
Distributions	<u>356,289</u>	<u>196,701</u>

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

7. Debtors

	2018	2017
	£	£
Amounts receivable on issue of units	108,800	62,492
Accrued revenue	38,011	30,554
Recoverable overseas withholding tax	57,906	32,883
Prepaid expenses	311	284
	<u>205,028</u>	<u>126,213</u>

8. Cash and bank balances

	2018	2017
	£	£
Total cash and bank balances	<u>3,641,728</u>	<u>1,812,198</u>

9. Other creditors

	2018	2017
	£	£
Amounts payable on cancellation of units	11,693	18,500
Purchases awaiting settlement	901,729	-
Currency trades outstanding	1,786	-
Accrued expenses:		
Payable to the Manager and associates		
Annual management charge	32,226	1,028
Registration fees	4	2
	<u>32,230</u>	<u>1,030</u>
Other expenses:		
Trustee fees	74	29
Safe custody fees	538	408
Audit fee	6,180	5,940
FCA fee	-	33
Transaction charges	257	394
	<u>7,049</u>	<u>6,804</u>
Total accrued expenses	<u>39,279</u>	<u>7,834</u>
Total other creditors	<u>954,487</u>	<u>26,334</u>

Notes to the financial statements (continued)

for the year ended 30 September 2018

10. Commitments and contingent liabilities

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

11. Unit classes

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

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

	A Income
Opening units in issue	9,685,629
Total units issued in the year	553,582
Total units cancelled in the year	(77,813)
Total units converted in the year	(5,929,100)
Closing units in issue	<u>4,232,298</u>
	A Accumulation
Opening units in issue	6,099
Total units issued in the year	54,266
Total units cancelled in the year	(337)
Total units converted in the year	5,676
Closing units in issue	<u>65,704</u>
	B Income
Opening units in issue	2,170,399
Total units issued in the year	1,122,133
Total units cancelled in the year	(148,725)
Total units converted in the year	5,926,860
Closing units in issue	<u>9,070,667</u>
	B Accumulation
Opening units in issue	487,232
Total units issued in the year	492,634
Total units cancelled in the year	(46,831)
Total units converted in the year	(5,560)
Closing units in issue	<u>927,475</u>

For the year ended 30 September 2018, the annual management charge for each unit class is as follows:

A income and A accumulation	1.25%
B income and B accumulation	0.87%

The annual management charge includes the Manager's periodic charge and the Investment Manager's fee.

The Investment Manager's fee excludes any holdings within the portfolio of investments that are managed by the Investment Manager, Church House Investments Limited.

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.

Notes to the financial statements (continued)

for the year ended 30 September 2018

12. Related party transactions

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

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

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

The following securities held in the portfolio of investments are related parties as they are managed within the same corporate body as the Manager:

	Holding 2018	Holding 2017
SVS Church House Deep Value Investment Fund	185,000	185,000

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

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

	2018	2017
Caytrust Finance Company Limited	42%	48%
Church House Investments Limited	39%	41%

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A income unit has decreased from 284.4p to 263.8p, per A accumulation unit has decreased from 290.8p to 269.8p, per B income units has decreased from 284.6p to 264.2p and per B accumulation unit has decreased from 297.6p to 276.3p as at 10 December 2018. 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:

2018	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£		£	%	£	%	£	%	£
Equities	11,681,968		12,126	0.10%	9,389	0.08%	798	0.01%	11,704,281
Total	11,681,968		12,126	0.10%	9,389	0.08%	798	0.01%	11,704,281

Notes to the financial statements (continued)

for the year ended 30 September 2018

14. Transaction costs (continued)

a Direct transaction costs (continued)

	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2017									
Equities	9,498,087	14,960	0.16%	6,368	0.07%	797	0.01%	9,520,212	
Bonds *	258,032	-	-	-	-	-	-	258,032	
Total	9,756,119	14,960	0.16%	6,368	0.07%	797	0.01%	9,778,244	

* No direct transaction costs were incurred in these transactions.

Capital events amount of £nil (2017: £34,500) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2018									
Equities	6,756,347	(6,806)	0.10%	(54)	0.00%	-	-	6,749,487	
Bonds *	541,443	-	-	-	-	-	-	541,443	
Total	7,297,790	(6,806)	0.10%	(54)	0.00%	-	-	7,290,930	

* No direct transaction costs were incurred in these transactions.

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2017									
Equities	3,796,666	(6,784)	0.18%	(28)	0.00%	-	-	3,789,854	
Collective investment schemes *	30,475	-	-	-	-	-	-	30,475	
Total	3,827,141	(6,784)	0.18%	(28)	0.00%	-	-	3,820,329	

* No direct transaction costs were incurred in these transactions.

Capital events amount of £nil (2017: £893,381) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

Notes to the financial statements (continued)

for the year ended 30 September 2018

14. Transaction costs (continued)

a Direct transaction costs (continued)

Summary of direct transaction costs

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

	2018	% of average net asset value	2017	% of average net asset value
	£		£	
Commission	18,932	0.05%	21,744	0.08%
Taxes	9,443	0.03%	6,396	0.02%
Financial transaction tax	798	0.00%	797	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 0.05% (2017: 0.10%).

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 30 September 2018, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £1,906,666 (2017: £1,500,140).

Notes to the financial statements (continued)

for the year ended 30 September 2018

15. Risk management policies (continued)

a Market risk (continued)

(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:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
2018			
Danish Krone	1,086,102	12,161	1,098,263
Euro	10,062,686	52,467	10,115,153
Japanese yen	2,675,225	(185,296)	2,489,929
Swedish krona	1,778,901	-	1,778,901
Swiss franc	2,255,938	-	2,255,938
US dollar	18,009,859	11,125	18,020,984
Total foreign currency exposure	<u>35,868,711</u>	<u>(109,543)</u>	<u>35,759,168</u>

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
2017			
Danish Krone	1,558,268	6,543	1,564,811
Euro	8,260,889	31,306	8,292,195
Japanese yen	1,971,731	13,721	1,985,452
Swedish krona	733,814	-	733,814
Swiss franc	1,610,132	-	1,610,132
US dollar	13,927,375	6,643	13,934,018
Total foreign currency exposure	<u>28,062,209</u>	<u>58,213</u>	<u>28,120,422</u>

At 30 September 2018, 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 £1,787,958 (2017: £1,406,021).

Notes to the financial statements (continued)

for the year ended 30 September 2018

15. Risk management policies (continued)

a Market risk (continued)

(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.

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

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
	£	£	£	£	£	£
2018						
Danish krone	496,338	-	-	601,925	-	1,098,263
Euro	522,123	-	-	9,593,030	-	10,115,153
Japanese yen	32,855	-	-	2,660,589	(203,515)	2,489,929
Swedish krona	443,102	-	-	1,335,799	-	1,778,901
Swiss franc	359,643	-	-	1,896,295	-	2,255,938
UK sterling	1,494,979	-	-	4,522,421	(973,412)	5,043,988
US dollar	292,688	-	-	17,728,296	-	18,020,984
	<u>3,641,728</u>	<u>-</u>	<u>-</u>	<u>38,338,355</u>	<u>(1,176,927)</u>	<u>40,803,156</u>

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
	£	£	£	£	£	£
2017						
Danish krone	-	-	-	1,564,811	-	1,564,811
Euro	17,079	-	539,915	7,735,201	-	8,292,195
Japanese yen	130,467	-	-	1,854,985	-	1,985,452
Swedish krona	-	-	-	733,814	-	733,814
Swiss franc	317,522	-	-	1,292,610	-	1,610,132
UK sterling	1,326,492	-	-	3,034,220	(174,801)	4,185,911
US dollar	20,638	-	-	13,913,380	-	13,934,018
	<u>1,812,198</u>	<u>-</u>	<u>539,915</u>	<u>30,129,021</u>	<u>(174,801)</u>	<u>32,306,333</u>

Notes to the financial statements (continued)

for the year ended 30 September 2018

15. Risk management policies (continued)

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.

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.

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

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

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.

	Investment assets	Investment liabilities
Valuation technique	2018	2018
	£	£
Quoted prices	37,847,687	-
Observable market data	285,640	-
Unobservable data	-	-
	<u>38,133,327</u>	<u>-</u>

Notes to the financial statements (continued)

for the year ended 30 September 2018

15. Risk management policies (continued)

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

Valuation technique	Investment assets	Investment liabilities
	2017	2017
	£	£
Quoted prices	29,728,638	-
Observable market data	814,085	-
Unobservable data	-	-
	<u>30,542,723</u>	<u>-</u>

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

Ceravision: The fair value pricing committee feels that it is appropriate to value the units at £nil as the stock lacks a public market listing and there is no identifiable market over which to realise any value of the holding.

ULtra PRT: The fair value pricing committee feels that it is appropriate to value the units at £nil as the stock lacks a public market listing and there is no identifiable market over which to realise any value of the holding.

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:

	2018	2017
	% of the total net asset value	% of the total net asset value
Ceravision	-	-
Ultra PRT	-	-
Total	<u>-</u>	<u>-</u>

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.

Notes to the financial statements (continued)

for the year ended 30 September 2018

15. Risk management policies (continued)

f Derivatives (continued)

(ii) Leverage

There have been no significant 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 30 September 2018

Distributions on A income units in pence per unit

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.18	group 1	interim	0.281	-	0.281	0.589
31.05.18	group 2	interim	0.261	0.020	0.281	0.589
30.11.18	group 1	final	1.323	-	1.323	1.149
30.11.18	group 2	final	0.629	0.694	1.323	1.149

Distributions on A accumulation units in pence per unit

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.18	group 1	interim	0.790	-	0.790	0.569
31.05.18	group 2	interim	0.790	-	0.790	0.569
30.11.18	group 1	final	1.503	-	1.503	1.182
30.11.18	group 2	final	0.291	1.212	1.503	1.182

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 October 2017
- Group 2 Units purchased 1 October 2017 to 31 March 2018

Final distribution:

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

Distribution table (continued)

for the year ended 30 September 2018

Distributions on B income units in pence per unit

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.18	group 1	interim	1.222	-	1.222	1.027
31.05.18	group 2	interim	0.976	0.246	1.222	1.027
30.11.18	group 1	final	1.835	-	1.835	1.713
30.11.18	group 2	final	0.344	1.491	1.835	1.713

Distributions on B accumulation units in pence per unit

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.18	group 1	interim	1.170	-	1.170	1.060
31.05.18	group 2	interim	1.011	0.159	1.170	1.060
30.11.18	group 1	final	1.930	-	1.930	1.671
30.11.18	group 2	final	0.801	1.129	1.930	1.671

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 October 2017
- Group 2 Units purchased 1 October 2017 to 31 March 2018

Final distribution:

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

Remuneration

Remuneration code disclosure

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

Remuneration committee

The remuneration committee report contained in pages 58-61 of the Smith & Williamson Report and Financial Statements for the year ended 30 April 2018 (available <http://smithandwilliamson.com/about-us/financial-reports>) includes details on the remuneration policy. The remuneration committee comprises five non-executive directors and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met 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				
	Fixed	Variable		Total	No. MRTs
		Cash	Equity		
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 Company's liquid assets 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 liquid portfolio at each valuation point. 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 on 30 November (final) and 31 May (interim). In the event of a distribution, unitholders will receive a tax voucher.

XD dates:	1 October	final
	1 April	interim
Reporting dates:	30 September	annual
	31 March	interim

Buying and selling units

The property of the Fund is valued at 12 noon on each dealing 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 prices of units are calculated as at that time. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

A income and A accumulation

The minimum initial investment in the Fund is £50,000. The minimum subsequent investment is £25,000. The Manager reserves the right to terminate holdings where the value is less than £50,000.

B income and B accumulation

The minimum initial investment in the Fund 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.

The Manager may impose a charge on the purchase of units. The preliminary charge is 5.5%. The Manager may waive or discount the preliminary charge at its discretion.

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

Appointments

Manager and Registered office

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

Administrator and Registrar

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

Directors of the Manager

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

Non-Executive Directors of the Manager

Dean Buckley - appointed 29 August 2018
Victoria Muir - appointed 29 August 2018
Linda Robinson - appointed 29 August 2018

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