Smith & Williamson

S&W Kennox Strategic Value Fund

Annual Report

for the year ended 30 September 2021

Contents

S&W Kennox Strategic Value Fund

Report of the Authorised Corporate Director ('ACD')

Smith & Williamson Fund Administration Limited, as ACD, presents herewith the Annual Report for S&W Kennox Strategic Value Fund for the year ended 30 September 2021.

S&W Kennox Strategic Value Fund ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 29 May 2008. The Company is incorporated under registration number IC000644. It 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 ACD 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 Company consist predominantly of securities which are readily realisable and, accordingly, the Company 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 EU-UK Trade and Cooperation Agreement concluded between the EU and the UK sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights.

The Trade and Cooperation Agreement was signed on 30 December 2020, was applied provisionally as of 1 January 2021 and entered into force on 1 May 2021. As at the date of this report, the economic impacts of Brexit and of the Trade and Cooperation Agreement remain uncertain.

The shareholders are not liable for the debts of the Company.

The Company has no Directors other than the ACD.

The Instrument of Incorporation can be inspected at the offices of the ACD.

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

Investment objective and policy

The Company aims to provide capital growth over 10 year periods.

The Company is actively managed and will invest at least 80% in a concentrated portfolio of global equities. The Company may invest anywhere in the world, in any industry or sector.

The concentrated portfolio of global equities will be made up of equities that may provide, in the Investment Manager's opinion, strategic value. These will be opportunities which have business franchises that are currently trading at a significant discount to the Investment Manager's appraisal of their fair value.

As part of its investment process, the Investment Manager integrates environmental, social and governance ('ESG') factors into its routine analysis to assess whether the companies in which it invests are managed and behave responsibly. The Investment Manager uses its own research as well as external ESG data from specialist providers to carry out this assessment. As a result, the Company will only invest in equities of companies which, in the Investment Manager's opinion, are aligned with the aim to make an overall positive contribution to society and/or the environment in alignment with the Investment Manager's ESG criteria. If the Investment Manager assesses that a company or an industry causes significant net harm to the environment and/or society, and in the Investment Manager's opinion will not contribute to or enable improvements to environmental or societal needs, they will not invest in those equities.

The Company may also hold up to 20% in cash.

To the extent that the Company is not fully invested in global equities and cash, it may also invest in other transferable securities, collective investment schemes, warrants, money markets instruments and deposits

Report of the Authorised Corporate Director (continued)

Changes affecting the Company in the year

The investment policy and objective updated on 26 July 2021. All shareholders were notified of the change. On the same date the Professional class name changed to P Class and the Institutional class name changed to I class.

Further information in relation to the Company is illustrated on page 43.

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 ACD, Smith & Williamson Fund Administration Limited.

Brian McLean
Director
Smith & Williamson Fund Administration Limited
31 January 2022

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook ('COLL') published by the FCA, requires the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains on the property of the Company for the year.

In preparing the financial statements the ACD 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 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company'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 Company 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;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Company's information on the ACD's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COLL also requires the ACD to carry out an Assessment of Value on the Company and publish this assessment within the Annual Report.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus and COLL.

Assessment of Value - S&W Kennox Strategic Value Fund

In line with the provisions contained within COLL 6.6.20R, the Board of Smith & Williamson Fund Administration Limited ('SWFAL') as Authorised Corporate Director ('ACD') has carried out an Assessment of Value for S&W Kennox Strategic Value Fund ('the Fund'). Furthermore, the rules require that SWFAL publishes these assessments.

A high-level summary of the outcome of SWFAL's rigorous review of the Fund for the year ending 30 September 2021, using the seven criteria set by the FCA is set out below:

Share Class[1]	Class P Shares	Class I Shares	Class A Shares
1. Quality of Service	🟢	🟢	🟢
2. Performance	🟡	🟡	🟡
3. ACD Costs	🟡	🟢	🟢
4. Economies of Scale	🟢	🟢	🟢
5. Comparable Market Rates	🟡	🟡	🟡
6. Comparable Services	🟢	🟢	🟢
7. Classes of Shares	🟢	🟢	🟢
Overall Rating	🟡	🟡	🟡

SWFAL has adopted a traffic light system to show how it rated the Fund:

🟢 On balance, the Board believes the Fund is delivering value to shareholders, with no material issues noted.

🟡 On balance, the Board believes the Fund is delivering value to shareholders, but may require some actions.

🔴 On balance, the Board believes the Fund has not delivered value to shareholders and significant remedial action is now planned by the Board.

How SWFAL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

SWFAL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all the funds' Assessments of Value. Ultimately the assessment will be subject to scrutiny by the Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the Board prior to communicating to investors if the Fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the SWFAL AVC has separately considered, the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

SWFAL believes the Assessment of Value can make it easier for investors to both evaluate whether the Fund is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

(1) Quality of service – the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;

(2) Performance – how the Fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;

(3) ACD costs – the fairness and value of the Fund's costs, including entry and exit fees, early redemption fees, administration charges;

(4) Economies of scale – how costs have been or can be reduced as a result of increased assets-under-management ('AUM'), and whether or not those savings have been passed on to investors;

(5) Comparable market rates – how the costs of the Fund compare with others in the marketplace;

(6) Comparable services – how the charges applied to the Fund compare with those of other funds administered by SWFAL;

(7) Classes of shares – the appropriateness of the classes of shares in the Fund for investors.

[1] The 'Professional' and 'Institutional' classes were renamed the 'P' and 'I' classes with effect from 26 July 2021.

Assessment of Value - S&W Kennox Strategic Value Fund (continued)

1. Quality of Service

What was assessed in this section?

Internal Factors

SWFAL, as ACD, has overall responsibility for the Fund. The Board assessed, amongst other things: the day-to-day administration of the Fund; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of shares; the calculation of income and distribution payments; the maintenance of accounting and other records; the preparation of annual audited and half-yearly Report & Accounts; the review of tax provisions and submission of tax computations to HMRC; the maintenance of the register of shareholders; and the dealing and settlement arrangements. SWFAL delegates the investment management of the Fund to an Investment Management firm.

The Board reviewed information provided by SWFAL's control functions on the adequacy of its internal services, including governance, operations and monitoring. Elements important to the client experience such as the timely payment of settlement and distribution monies were also reviewed. Over the past year, SWFAL has been audited by internal and external auditors, the Fund's Depositary and various SWFAL delegated investment managers.

External Factors

The Board assessed the delegate's skills, processes, experience, level of breaches and complaints. Also considered were any results from service review meetings as well as the annual due diligence performed by SWFAL on the delegated Investment Manager, Kennox Asset Management Limited ('Kennox'), where consideration was given to, amongst other things, the delegate's controls around the Fund's liquidity management.

The Board also considered the nature, extent and quality of administrative and shareholder services performed under separate agreements covering depositary services, custodians, as well as services provided with regard to both audit and legal functions.

What was the outcome of the assessment?

Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on SWFAL during the year. In addition, SWFAL has performed its own independent analysis, using automated systems, of the Fund's liquidity. The Board concluded that SWFAL had carried out its duties diligently.

External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefitted and should continue to benefit the Fund and its shareholders.

Were there any follow up actions?

There were no follow-up actions.

2. Performance

What was assessed in this section?

The Board reviewed the performance of the Fund, after the deduction of all payments out of the scheme property as set out in the Prospectus. Performance, against its benchmark, was considered over appropriate timescales having regard to the Fund's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk had been taken.

Investment Objective

The objective of the Fund is to provide capital growth over 10-year periods by investing in a concentrated portfolio of global equities. With effect from 26 July 2021, the investment policy was amended to confirm Kennox's strategy relating to ESG (Environmental, Social, and Governance) investing.

Benchmark

As ACD, SWFAL is required to explain in a fund's scheme documentation why a benchmark is being used or alternatively explain how investors should assess performance of a fund in the absence of a benchmark.

The ACD selected the MSCI World Value Index (Gross), the MSCI World Index (Gross) and the IA Global Sector, which are comparators. A 'comparator' benchmark is an index or similar factor against which an investment manager invites investors to compare a fund's performance. Details of how the Fund has performed against its comparator benchmarks over various timescales can be found on the next page. The Fund however does not track, nor is it constrained by, a benchmark. Instead, Kennox expect their non-consensus stocks to deliver non-correlated returns.

Assessment of Value - S&W Kennox Strategic Value Fund (continued)

2. Performance (continued)

Benchmark (continued)

Cumulative Performance (%) — Cumulative Performance as at 31/08/2021

	1 Year	3 Years	5 Years	01/09/2011 to 31/08/2021
S&W Kennox Strategic Value Fund Class A income	11.80%	-1.39%	8.04%	
S&W Kennox Strategic Value Fund Class A accumulation	11.77%	-1.36%	8.11%	
S&W Kennox Strategic Value Fund Class I income	11.49%	-2.00%	6.95%	66.40%
S&W Kennox Strategic Value Fund Class I accumulation	11.54%	-1.99%	6.96%	
S&W Kennox Strategic Value Fund Class P income	11.17%	-2.93%	5.28%	61.11%
S&W Kennox Strategic Value Fund Class P accumulation	11.13%	-2.89%	5.35%	
MSCI World Value Index (Gross)	23.82%	14.52%	43.40%	180.33%
MSCI World Index (Gross)	24.55%	40.02%	83.91%	271.75%
IA Global Sector	24.33%	40.30%	79.39%	212.89%

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but FE fundinfo neither warrants, represents nor guarantees the contents of the information, nor does FE fundinfo accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

Performance is calculated net of fees.

Class A income and accumulation, Class P and I accumulation launched April 2013.

Past performance is not a guide to future performance.

What was the outcome of the assessment?

The Fund is unconstrained, with no benchmark, geographic, sector or other restrictions and is highly concentrated with low portfolio turnover.

When compared against peer funds, the Fund's strategy is unique. The Fund has a strong focus on risk (i.e., lower volatility than global markets) and as a result its performance is expected to bear little resemblance to market returns.

The Fund has produced the majority of its relative outperformance (against global indices) in market drawdowns and mainly positive returns in upward moving markets.

Kennox has an environmental, social and governance ('ESG') approach whereby if a company or an industry causes significant net harm to the environment and/or society, and in the Investment Manager's opinion will not contribute to or enable improvements to environmental or societal needs, they will not invest in those equities.

The Board acknowledged that the Fund does possess certain characteristics that may prove attractive to shareholders, particularly in times of market stress. The Board also noted that the Fund had looked to have entered into a period of recovery over the last year. Once all was considered, and its falling 10-year rolling returns, it was the opinion of the Board that performance had been such that they felt it warranted an Amber rating.

The Board found that the Fund is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months.

Were there any follow up actions?

Kennox remain committed to providing a distinctive portfolio that will deliver uncorrelated returns, and the Board will continue to monitor its performance.

3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflected the services provided. This included investment management fees, annual management charge ('AMC'), Depositary fees and audit fees.

The charges should be transparent and understandable to the investor, with no hidden costs.

What was the outcome of the assessment?

The Board received and considered information about each of the Fund's costs, and concluded that, with the exception of the Investment Management fee on the P class, they were fair, reasonable and provided on a competitive basis.

Were there any follow up actions?

The Board noted that the investment management fee within the P class was at the high end of market levels. The investment manager has undertaken to conduct a review of the fee in this share class.

Assessment of Value - S&W Kennox Strategic Value Fund (continued)

4. Economies of Scale

What was assessed in this section?

The Board reviewed each separate fee structure and the AUM of the Fund to examine the effect on the Fund to potential and existing investors should it increase or decrease in value.

What was the outcome of the assessment?

The investment management fees are a fixed percentage for each share class, meaning that there are no opportunities for savings going forward in this respect should the Fund grow in size. The tiered ACD fee structure in place allows for savings going forward should the Fund grow in size.

Were there any follow up actions?

There were no follow-up actions required.

5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges figure ('OCF') of the Fund, and how those charges affect its returns.

The OCF's of the Fund were compared against the 'market rate' of similar external funds.

What was the outcome of the assessment?

The Board noted that the OCF in each share class was at the high end of market levels.

Note that SWFAL has not charged an entry fee, exit fee or any other event-based fees on this Fund.

Were there any follow up actions?

The Board felt that the distinctive investment philosophy and benchmark agnostic approach taken together with the boutique nature of the investment manager would result in a higher OCF. The investment manager has undertaken to conduct a review of the fee structure.

6. Comparable Services

What was assessed in this section?

The Board compared the Fund's OCF with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were no other SWFAL administered funds displaying similar characteristics with which to make a meaningful comparison.

Were there any follow up actions?

There were no follow-up actions required.

7. Classes of Shares

What was assessed in this section?

The Board reviewed the Fund's set-up to ensure that where there are multiple share classes, shareholders were in the correct share class given the size of their holding. Also considered was the price of one share class against that of other share classes within the same Fund, as well as the points of differentiation between share classes.

What was the outcome of the assessment?

There are three share classes in the Fund. SWFAL conducted a review of all shareholders on the registers and, from the data available, are confident that shareholders were in the correct share class.

Were there any follow up actions?

There were no follow-up actions required.

Assessment of Value - S&W Kennox Strategic Value Fund (continued)

Overall Assessment of Value

Notwithstanding the cost issues raised in sections 3 and 5 and the ongoing performance issues, the Board were of the opinion that S&W Kennox Strategic Value Fund had been of value to shareholders, albeit the Fund is amber rated overall.

Dean Buckley
Chairman of the Board of Smith & Williamson Fund Administration Limited
29 January 2022

Consumer Feedback

On reviewing this Assessment of Value report, we would welcome feedback from investors via our short questionnaire which can be found online:

https://smithandwilliamson.com/en/services/fund-administration/assessment-of-value/

Investors views are invaluable to the development and delivery of this report.

Should you be unable to access the questionnaire online please contact us directly on 0141 222 1151 and we will provide you with a paper copy of the questionnaire.

Report of the Depositary to the shareholders of S&W Kennox Strategic Value Fund

Depositary's responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

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

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

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

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

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

NatWest Trustee and Depositary Services Limited
31 January 2022

Independent Auditor's report to the shareholders of S&W Kennox Strategic Value Fund

Opinion

We have audited the financial statements of S&W Kennox Strategic Value Fund (the 'Company') for the year ended 30 September 2021 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company at 30 September 2021 and of the net revenue and the net capital gains on the property of the Company for the year then ended; and
- have been properly prepared in accordance with the IA Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described further in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Collective Investment Schemes Sourcebook

In our opinion, based on the work undertaken in the course of the audit:

- Proper accounting records for the Company have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the Authorised Corporate Director's report for the year is consistent with the financial statements.

Independent Auditor's report to the shareholders of S&W Kennox Strategic Value Fund ('continued')

Responsibilities of the Authorised Corporate Director

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 4, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal controls as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company'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 the Authorised Corporate Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities , including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice including Financial Reporting Standard 102 and the IA Statement of Recommended Practice for Authorised Funds.
- the Financial Conduct Authority's Collective Investment Schemes Sourcebook.
- the Company's Prospectus

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of the Authorised Corporate Director. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and the Company's breaches register.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how the Authorised Corporate Director was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how the Authorised Corporate Director oversees the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity and reviewing judgements made by the Authorised Corporate Director in its calculation of accounting estimates for potential management bias; and
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders 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 Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL
31 January 2022

Accounting policies of S&W Kennox Strategic Value Fund

for the year ended 30 September 2021

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 and amended June 2017.

The ACD has considered the impact of the emergence and spread of Covid-19 and potential implications on future operations of the Fund of reasonably possible downside scenarios. The ACD has considered a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the ACD is satisfied the Fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b Valuation of investments

The purchase and sale of investments are included up to close of business on 30 September 2021.

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 30 September 2021 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 ACD'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 on an accrual basis.

Bank interest paid is charged to revenue.

f Allocation of revenue and expenses to multiple share classes

All revenue and expenses which are directly attributable to a particular share 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 share 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 2021 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 Dilution adjustment

A dilution adjustment is an adjustment to the share price which is determined by the ACD in accordance with the COLL Sourcebook. The ACD may make a dilution adjustment to the price of a share (which means that the price of a share is above or below that which would have resulted from mid-market valuation) for the purposes of reducing dilution in the Fund (or to recover an amount which it has already paid or is reasonably expected to pay in the future) in relation to the issue or cancellation of shares. Please refer to the Prospectus for further information.

j 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 shares are paid to shareholders. Distributions attributable to accumulation shares are re-invested in the relevant class on behalf of the shareholders.

ii Unclaimed distributions

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

Investment Manager's report

Investment performance

The Fund returned 16.6%[1] over the twelve-month period. The Fund does not track a benchmark. Below, for comparative purposes only, are the respective performances of the MSCI World Index, MSCI World Value Index and IA Global Index over the period[2]. We would expect that Fund weightings (geographic, sector and market cap) may vary considerably from each of these comparators.

The greatest contribution to the Fund's performance was made by our four energy stocks which collectively contributed +9.8%[3]. Most notably Royal Dutch Shell 'B' share price rose 83%[4] over the period while BP, Equinor and Exxon Mobil's three rose between 60% and 76%[4]. At 30 September 2021, these four companies made up approximately 20% of our portfolio. It seems that investors and markets are coming to the realisation that there might be a significant tightening of the supply of oil and gas that the world continues to need. With each of our energy majors trading low earnings multiples, these holdings are both essential for our society's smooth functioning and also exceptional investments. We still view them as a major source of opportunity.

Quadient was also a strong performer returning 74%[4] and contributing +2.6%[3] to performance, the largest single company contribution after Equinor and Royal Dutch Shell 'B'. It announced a good set of results for the full year 2020 and in half 1 of this year, given the circumstances with the pandemic, and the market is now beginning to appreciate how cautious earnings expectations and inexpensive the shares were. Progress continues with the refocus of the business into growing areas of digital customer communication while their core mail business remains profitable.

The other largest contributor to performance for the 12 months was Metropole Television. Its share price increased by 81%[4] and helped it contribute +1.8%[3] towards the Fund's performance. It announced strong results and included a significant increase in the dividend. After the recent rise the shares still trade with a yield of over 8% and has net cash on the balance sheet.

Investment activities

The Fund is comprised of equities listed on stock exchanges worldwide and cash. At the end of September 2021, cash represented 1.9% of the Fund and there were 28 holdings.

During the 12 months we reduced our cash position from 11%. The reduction in cash was largely spread across our holdings, reflecting the high conviction we have in these companies. We increased our holding slightly more than proportionally in those companies whose share prices seemed to move excessively in 2020, for example Royal Dutch Shell 'B' and Singapore Telecommunications. We also added a new position in Stella International Holdings, a pan-Asian footwear manufacturer specialising in high quality shoes for luxury brands and with exposure to the fast-growing luxury athletic shoe trend. In the toughest of environments, with many orders postponed, Stella International Holdings expects to be around breakeven for the year. A rock-solid balance sheet (net cash, and with positive cash flow generation even in a difficult year) ensures they will make it through this tough period.

There was a notable reduction in our position in the two insurers we own; Admiral Group and Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen. Both have performed strongly, not just in the last year but over the last decade. Their share price moves meant they traded on sustainable earnings multiples that were higher than we were comfortable with, while we are also concerned that their investment returns may not be as strong in the future.

Investment strategy and outlook

Our strategy, as always, is to search out undervalued stocks and build a balanced portfolio in order to protect and to increase the buying power of our clients' capital over the long term.

Finding stocks that are differentiated from what has recently driven the markets enables performance independent of market direction. We diminish risk through selecting high quality stocks that have little or no net debt and are trading at rational multiples of their long-term earnings potential. The Fund is not reliant on bull or bear markets, nor on continuing economic growth.

[1] Source: Bloomberg, Class A accumulation shares based on 12pm bid prices as at 30 September 2021.

[2] 12-month performance to 30 September 2021: IA Global Index, +23.1% [source: Morningstar]; MSCI World Index, +24.1% [source: Bloomberg]; MSCI World Value Index, 27.2% [source: Bloomberg]

[3] Source: Contribution data calculated by Morningstar.

[4] Source: Individual company return data sourced from Bloomberg in sterling (unless otherwise stated), including the impact of dividends paid.

Investment strategy and outlook (continued)

At Kennox Asset Management Limited, we do not deviate from our well-defined buy/sell discipline which keeps our valuation metrics reasonably constant and at a significant discount to the market over time.

Kennox Asset Management Limited
13 October 2021

Summary of portfolio changes

for the year ended 30 September 2021

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

Purchases:	Cost £
Stella International Holdings	1,603,147
BP	990,127
Royal Dutch Shell 'B'	984,329
China Mobile	511,633
Singapore Telecommunications	508,837
Exxon Mobil	502,816
Yamana Gold	445,066
	5,545,955

Sales:	Proceeds £
Newmont	3,929,669
Quadient	2,736,645
Fukuda Denshi	2,552,976
Royal Dutch Shell 'B'	2,491,623
Equinor	2,468,686
Admiral Group	2,420,162
Newcrest Mining	2,179,947
BP	2,129,719
China Mobile	2,046,596
Swisscom	1,839,195
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	1,538,965
Western Union	1,500,147
Texwinca Holdings	1,442,429
Star Micronics	1,410,328
GlaxoSmithKline	1,399,894
Singapore Telecommunications	1,377,853
Yamana Gold	1,269,359
Metropole Television	1,186,550
Canon Marketing Japan	1,106,612
Koninklijke KPN	1,091,931

Portfolio statement

as at 30 September 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Equities 100.91% (88.83%)			
Equities - United Kingdom 31.46% (22.79%)			
Equities - incorporated in the United Kingdom 20.10% (16.71%)			
Energy 11.17% (6.08%)			
BP	956,000	3,252,790	5.10
Royal Dutch Shell 'B'	234,580	3,869,632	6.07
		7,122,422	11.17
Consumer Staples 3.54% (4.00%)			
Tesco	890,798	2,256,391	3.54
Health Care 3.49% (3.73%)			
GlaxoSmithKline	158,298	2,221,554	3.49
Financials 1.90% (2.90%)			
Admiral Group	39,064	1,214,109	1.90
Total equities - incorporated in the United Kingdom		12,814,476	20.10
Equities - incorporated outwith the United Kingdom 11.36% (6.08%)			
Consumer Discretionary 11.36% (6.08%)			
Fujikon Industrial Holdings	18,034,000	1,546,302	2.43
Stella International Holdings	1,803,500	1,704,462	2.68
Texwinca Holdings	15,508,000	2,334,385	3.66
Yue Yuen Industrial Holdings	1,102,500	1,653,267	2.59
Total equities - incorporated outwith the United Kingdom		7,238,416	11.36
Total equities - United Kingdom		20,052,892	31.46
Equities - Europe 24.12% (18.98%)			
Equities - France 8.64% (5.52%)			
Metropole Television	145,535	2,244,100	3.52
Quadient	182,864	3,259,787	5.12
Total equities - France		5,503,887	8.64
Equities - Germany 2.48% (2.87%)			
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	7,721	1,579,439	2.48
Equities - Netherlands 3.20% (2.39%)			
Koninklijke KPN	874,030	2,039,616	3.20

Portfolio statement (continued)

as at 30 September 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - Europe (continued)			
Equities - Norway 6.02% (4.04%)			
Equinor	202,944	3,834,711	6.02
Equities - Switzerland 3.78% (4.16%)			
Swisscom	5,645	2,411,848	3.78
Total equities - Europe		15,369,501	24.12
Equities - North America 15.83% (17.90%)			
Equities - Canada 3.19% (3.99%)			
Yamana Gold	695,000	2,030,296	3.19
Equities - United States 12.64% (13.91%)			
Exxon Mobil	48,600	2,119,751	3.33
Newmont Goldcorp	95,700	3,853,267	6.04
Western Union	139,200	2,086,426	3.27
Total equities - United States		8,059,444	12.64
Total equities - North America		10,089,740	15.83
Equities - Asia 22.82% (21.34%)			
Equities - Hong Kong 6.24% (5.61%)			
China Mobile	565,500	2,526,766	3.97
Tradelink Electronic Commerce	13,462,000	1,449,265	2.27
Total equities - Hong Kong		3,976,031	6.24
Equities - Japan 12.35% (12.11%)			
Canon Marketing Japan	123,550	2,137,703	3.35
Fukuda Denshi	35,700	2,306,560	3.62
Star Micronics	202,900	2,095,865	3.29
Taisho Pharmaceutical Holdings	30,800	1,334,838	2.09
Total equities - Japan		7,874,966	12.35
Equities - Singapore 4.23% (3.62%)			
Singapore Telecommunications	2,005,900	2,695,646	4.23
Total equities - Asia		14,546,643	22.82

Portfolio statement (continued)

as at 30 September 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - Oceania 6.68% (7.82%)			
Equities - Australia 3.38% (5.61%)			
Newcrest Mining	178,654	2,157,324	3.38
Equities - New Zealand 3.30% (2.21%)			
SKY Network Television	2,105,001	2,100,101	3.30
Total equities - Ocenia		4,257,425	6.68
Total equities		64,316,201	100.91
Portfolio of investments		64,316,201	100.91
Other net liabilities		(577,819)	(0.91)
Total net assets		63,738,382	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 30 September 2020.

United Kingdom equities are grouped in accordance with Global Industry Classification Standard ('GICS').

GICS was developed by and is the exclusive property and a service mark of MSCI Inc. ('MSCI') and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ('S&P') and is licensed for use by Smith & Williamson Services Ltd. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Risk and reward profile

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/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.

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 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 may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund’s value than if it held a larger number of investments.

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 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 shareholder an indication of the performance of a share in the Fund. It also discloses the operating charges and direct transaction costs applied to each share. 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.

	P income*			I income*		
	2021	2020	2019	2021	2020	2019
	p	p	p	p	p	p
Change in net assets per share						
Opening net asset value per share	101.80	124.11	129.75	102.81	125.38	131.08
Return before operating charges	18.21	(18.64)	(0.81)	18.40	(18.86)	(0.81)
Operating charges	(1.72)	(1.68)	(1.82)	(1.40)	(1.35)	(1.46)
Return after operating charges *	16.49	(20.32)	(2.63)	17.00	(20.21)	(2.27)
Distributions^	(2.61)	(1.99)	(3.01)	(2.98)	(2.36)	(3.43)
Closing net asset value per share	115.68	101.80	124.11	116.83	102.81	125.38
* after direct transaction costs of:	0.06	0.06	0.02	0.06	0.07	0.02
Performance						
Return after charges	16.20%	(16.37%)	(2.03%)	16.54%	(16.12%)	(1.73%)
Other information						
Closing net asset value (£)	4,108,364	3,878,104	7,387,736	20,689,463	21,248,080	26,129,350
Closing number of shares	3,551,537	3,809,620	5,952,594	17,709,325	20,667,515	20,840,687
Operating charges^^	1.53%	1.47%	1.45%	1.23%	1.17%	1.15%
Direct transaction costs	0.05%	0.06%	0.02%	0.05%	0.06%	0.02%
Prices						
Highest share price (p)	118.9	126.1	130.1	120.2	127.5	131.4
Lowest share price (p)	98.72	93.80	120.9	99.72	94.90	122.3

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD'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. It is indicative of the charges which the share classes may incur in a year as it is calculated on historical data.

* On 26 July 2021 the Professional Class name changed to P Class and the Institutional Class name changed to I class.

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

Comparative table (continued)

	Class A income			P accumulation*		
	2021	2020	2019	2021	2020	2019
	p	p	p	p	p	p
Change in net assets per share						
Opening net asset value per share	102.79	125.37	131.03	119.46	142.84	145.80
Return before operating charges	18.39	(18.86)	(0.83)	21.39	(21.41)	(0.91)
Operating charges	(1.16)	(1.13)	(1.20)	(2.01)	(1.97)	(2.05)
Return after operating charges*	17.23	(19.99)	(2.03)	19.38	(23.38)	(2.96)
Distributions^	(3.20)	(2.59)	(3.63)	(3.07)	(2.30)	(3.40)
Retained distributions on accumulation shares^	-	-	-	3.07	2.30	3.40
Closing net asset value per share	116.82	102.79	125.37	138.84	119.46	142.84
* after direct transaction costs of:	0.06	0.07	0.02	0.08	0.08	0.02
Performance						
Return after charges	16.76%	(15.94%)	(1.55%)	16.22%	(16.37%)	(2.03%)
Other information						
Closing net asset value (£)	24,625,325	45,613,743	114,588,890	675,316	1,151,150	3,006,791
Closing number of shares	21,080,021	44,375,436	91,397,432	486,396	963,614	2,105,002
Operating charges^^	1.03%	0.97%	0.95%	1.53%	1.47%	1.45%
Direct transaction costs	0.05%	0.06%	0.02%	0.05%	0.06%	0.02%
Prices						
Highest share price (p)	120.3	127.6	131.4	140.1	145.1	146.2
Lowest share price (p)	99.72	94.99	122.3	115.9	108.0	135.9

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD'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. It is indicative of the charges which the share classes may incur in a year as it is calculated on historical data.

* On 26 July 2021 the Professional Class name changed to P Class and the Institutional Class name changed to I class.

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Comparative table (continued)

	I accumulation*			Class A accumulation		
	2021	2020	2019	2021	2020	2019
	p	p	p	p	p	p
Change in net assets per share						
Opening net asset value per share	123.60	147.34	149.94	125.32	149.08	151.40
Return before operating charges	22.17	(22.16)	(0.93)	22.46	(22.40)	(0.93)
Operating charges	(1.69)	(1.58)	(1.67)	(1.42)	(1.36)	(1.39)
Return after operating charges *	20.48	(23.74)	(2.60)	21.04	(23.76)	(2.32)
Distributions^	(3.58)	(2.79)	(3.94)	(3.92)	(3.10)	(4.28)
Retained distributions on accumulation shares^	3.58	2.79	3.94	3.92	3.10	4.28
Closing net asset value per share	144.08	123.60	147.34	146.36	125.32	149.08
* after direct transaction costs of:	0.07	0.06	0.02	0.08	0.09	0.02
Performance						
Return after charges	16.57%	(16.11%)	(1.73%)	16.79%	(15.94%)	(1.53%)
Other information						
Closing net asset value (£)	6,011,856	13,303,024	17,270,768	7,628,058	16,260,285	47,730,750
Closing number of shares	4,172,516	10,762,633	11,721,651	5,211,981	12,974,923	32,016,324
Operating charges^^	1.23%	1.17%	1.15%	1.03%	0.95%	0.95%
Direct transaction costs	0.05%	0.06%	0.02%	0.05%	0.06%	0.02%
Prices						
Highest share price (p)	145.4	149.8	150.4	147.7	151.8	151.6
Lowest share price (p)	119.9	111.5	139.8	121.6	141.3	137.2

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD'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. It is indicative of the charges which the share classes may incur in a year as it is calculated on historical data.

* On 26 July 2021 the Professional Class name changed to P Class and the Institutional Class name changed to I class.

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

Financial statements - S&W Kennox Strategic Value Fund

Statement of total return

for the year ended 30 September 2021

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		12,719,659		(33,610,074)
Revenue	3	3,363,433		4,982,675	
Expenses	4	(1,023,602)		(1,661,725)	
Net revenue before taxation		2,339,831		3,320,950	
Taxation	5	(128,448)		(270,678)	
Net revenue after taxation			2,211,383		3,050,272
Total return before distributions			14,931,042		(30,559,802)
Distributions	6		(2,211,563)		(3,050,176)
Change in net assets attributable to shareholders from investment activities			12,719,479		(33,609,978)

Statement of change in net assets attributable to shareholders

for the year ended 30 September 2021

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		101,454,386		216,114,285
Amounts receivable on issue of shares	7,054,607		6,132,787	
Amounts payable on cancellation of shares	(57,966,158)		(87,952,656)	
		(50,911,551)		(81,819,869)
Change in net assets attributable to shareholders from investment activities		12,719,479		(33,609,978)
Retained distributions on accumulation shares		476,068		769,286
Unclaimed distributions		-		662
Closing net assets attributable to shareholders		63,738,382		101,454,386

Balance sheet

as at 30 September 2021

	Notes	2021	2020
		£	£
Assets:			
Fixed assets:			
Investments		64,316,201	90,124,638
Current assets:			
Debtors	7	916,625	2,554,304
Cash and bank balances	8	2,267,736	10,457,659
Total assets		67,500,562	103,136,601
Liabilities:			
Creditors:			
Bank overdrafts	8	(52)	-
Distribution payable		(997,539)	(1,230,596)
Other creditors	9	(2,764,589)	(112,400)
Total liabilities		(3,762,180)	(1,342,996)
Net assets attributable to shareholders		63,738,382	101,793,605

Notes to the financial statements

for the year ended 30 September 2021

1. Accounting policies

The accounting policies are disclosed on pages 14 and 15.

2. Net capital gains / (losses)

	2021	2020
	£	£
Non-derivative securities - realised (losses) / gains	(3,337,226)	575,230
Non-derivative securities - movement in unrealised gains / (losses)	15,427,217	(33,612,118)
Currency losses	(222,077)	(554,634)
Forward currency contracts	(865)	(9,202)
Capital special dividend	861,902	-
Transaction charges	(9,292)	(9,350)
Total net capital gains / (losses)	12,719,659	(33,610,074)

3. Revenue

	2021	2020
	£	£
UK revenue	765,399	1,585,134
Overseas revenue	2,590,185	3,306,043
Interest on debt securities	-	14,764
Bank and deposit interest	7,419	-
Time deposit interest	430	76,734
Total revenue	3,363,433	4,982,675

4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
ACD's periodic charge	130,020	179,687
Investment manager's fees	815,287	1,340,967
	945,307	1,520,654
Payable to the Depositary		
Depositary fees	32,226	50,120
Other expenses:		
Audit fee	6,626	6,600
Non-executive directors' fees	1,069	618
Safe custody fees	7,791	10,811
Bank interest	16,976	65,882
FCA fee	2,624	2,613
KIID production fee	1,713	1,713
Listing fee	2,370	2,714
Legal fee	6,900	-
	46,069	90,951
Total expenses	1,023,602	1,661,725

5. Taxation

	2021	2020
	£	£
a. Analysis of the tax charge for the year		
Overseas tax withheld	128,448	270,678
Total taxation (note 5b)	128,448	270,678

5. Taxation (continued)

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2020: 20%). The differences are explained below:

	2021 £	2020 £
Net revenue before taxation	2,339,831	3,320,950
Corporation tax @ 20%	467,966	664,190
Effects of:		
UK revenue	(153,080)	(317,027)
Overseas revenue	(518,037)	(661,208)
Overseas tax withheld	128,448	270,678
Excess management expenses	203,151	314,045
Total taxation (note 5a)	128,448	270,678

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 £4,041,145 (2020: £3,837,994).

6. Distributions

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

	2021 £	2020 £
Interim P income distribution	17,744	18,403
Interim I income distribution	137,101	135,954
Interim class A income distribution	222,747	401,073
Interim P accumulation distribution	5,331	5,054
Interim I accumulation distribution	78,754	91,628
Interim class A accumulation distribution	108,090	150,283
Final P income distribution	75,079	58,935
Final I income distribution	409,794	356,928
Final class A income distribution	512,666	814,733
Final P accumulation distribution	12,121	17,229
Final I accumulation distribution	116,246	219,773
Final class A accumulation distribution	155,526	285,319
	1,851,199	2,555,312
Equalisation:		
Amounts deducted on cancellation of shares	392,772	511,904
Amounts added on issue of shares	(32,408)	(14,529)
Net equalisation on conversions	-	(2,511)
Total net distributions	2,211,563	3,050,176

6. Distributions (continued)	2021	2020
	£	£
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	2,211,383	3,050,272
Undistributed revenue brought forward	488	392
Undistributed revenue carried forward	(308)	(488)
Distributions	2,211,563	3,050,176

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

7. Debtors	2021	2020
	£	£
Amounts receivable on issue of shares	268,500	-
Sales awaiting settlement	217,963	1,895,116
Currency trades outstanding	-	5,391
Accrued revenue	329,607	251,325
Accrued capital special dividend	19,662	-
Recoverable overseas withholding tax	80,465	400,733
Prepaid expenses	428	1,739
Total debtors	916,625	2,554,304

8. Cash and bank balances	2021	2020
	£	£
Bank balances	2,267,736	6,976,842
Certificates of deposit	-	3,480,817
Cash and bank balances	2,267,736	10,457,659
Bank overdraft	(52)	-
Total cash and bank balances	2,267,684	10,457,659

9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	2,683,683	-
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	9,035	13,482
Investment management fees	55,844	86,477
	64,879	99,959

9. Other creditors (continued)

	2021	2020
	£	£
Other expenses:		
Depositary fees	2,164	3,491
Safe custody fees	1,157	1,458
Audit fee	6,626	6,600
Non-executive directors' fees	390	255
FCA fee	1,314	-
Listing fee	2,714	344
Transaction charges	1,662	293
	16,027	12,441
Total accrued expenses	80,906	112,400
Total other creditors	2,764,589	112,400

10. Commitments and contingent liabilities

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

11. Share classes

The following reflects the change in shares in issue in the year:

	P Income
Opening shares in issue	3,809,620
Total shares issued in the year	224,453
Total shares cancelled in the year	(482,536)
Closing shares in issue	3,551,537

	P Accumulation
Opening shares in issue	963,614
Total shares issued in the year	46,623
Total shares cancelled in the year	(523,841)
Closing shares in issue	486,396

	I Income
Opening shares in issue	20,667,515
Total shares issued in the year	2,660,959
Total shares cancelled in the year	(5,619,149)
Closing shares in issue	17,709,325

	I Accumulation
Opening shares in issue	10,762,633
Total shares issued in the year	1,749,353
Total shares cancelled in the year	(8,339,470)
Closing shares in issue	4,172,516

11. Share classes (continued)

	Class A Income
Opening shares in issue	44,375,436
Total shares issued in the year	1,229,978
Total shares cancelled in the year	(24,525,393)
Closing shares in issue	21,080,021

	Class A Accumulation
Opening shares in issue	12,974,923
Total shares issued in the year	6,640
Total shares cancelled in the year	(7,769,582)
Closing shares in issue	5,211,981

For the year ended 30 September 2021, the annual management charge is as follows:

P income:	1.45%
P accumulation:	1.45%
I income:	1.15%
I accumulation:	1.15%
Class A income:	0.95%
Class A accumulation:	0.95%

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

Further information in respect of the return per share 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 share classes in relation to the net asset value on the closure date. Shareholders 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 share class has the same rights on winding up.

12. Related party transactions

Smith & Williamson Fund Administration Limited, as ACD is a related party due to its ability to act in respect of the operations of the Fund.

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

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

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per P income share has increased from 115.7p to 116.8p, P accumulation share has increased from 138.8p to 140.2p, I income share has increased from 116.8p to 118.2p, I accumulation share has increased from 144.1p to 145.6p, Class A income share has increased from 116.8p to 118.2p and Class A accumulation share has increased from 146.4p to 148.4p as at 28 January 2022. 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		Purchases after transaction costs
2021	£	£	%	£	%	£
Equities	5,530,284	3,369	0.06%	12,302	0.22%	5,545,955
Total	5,530,284	3,369	0.06%	12,302	0.22%	5,545,955

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
2020	£	£	%	£	%	£
Equities	19,086,662	13,039	0.07%	19,079	0.10%	19,118,780
Total	19,086,662	13,039	0.07%	19,079	0.10%	19,118,780

	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
2021	£	£	%	£	%	£
Equities	43,632,869	(26,483)	0.06%	(6,465)	0.01%	43,599,921
Total	43,632,869	(26,483)	0.06%	(6,465)	0.01%	43,599,921

	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
2020	£	£	%	£	%	£
Equities	83,997,377	(45,846)	0.05%	(8,755)	0.01%	83,942,776
Total	83,997,377	(45,846)	0.05%	(8,755)	0.01%	83,942,776

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:

2021	£	% of average net asset value
Commission	29,852	0.03%
Taxes	18,767	0.02%

2020	£	% of average net asset value
Commission	58,885	0.04%
Taxes	27,834	0.02%

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 0.33% (2020: 0.48%).

15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD 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 ACD'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 ACD, 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 ACD 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 2021, 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 shareholders of the Fund would increase or decrease by approximately £3,215,810 (2020: £4,506,194).

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:

2021	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
Australian dollar	2,218,251	-	2,218,251
Canadian dollar	2,030,296	12,931	2,043,227
Euro	9,122,942	27,630	9,150,572
Hong Kong dollar	11,217,831	257,443	11,475,274
Japanese yen	7,874,966	30,492	7,905,458
New Zealand dollar	2,100,101	-	2,100,101
Norwegian krone	3,834,688	48,640	3,883,328
Singapore dollar	2,695,646	-	2,695,646
Swiss franc	2,411,819	-	2,411,819
US dollar	8,082,007	161,681	8,243,688
Total foreign currency exposure	51,588,547	538,817	52,127,364

2020	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
Australian dollar	5,689,135	156,574	5,845,709
Canadian dollar	4,047,590	111,473	4,159,063
Euro	10,936,824	156,113	11,092,937
Hong Kong dollar	11,865,450	151,214	12,016,664
Japanese yen	12,278,089	338,125	12,616,214
Korean won	2,246,627	-	2,246,627
Norwegian krone	4,101,340	434,992	4,536,332
Singapore dollar	3,675,762	99,598	3,775,360
Swiss franc	6,134,736	115,737	6,250,473
US dollar	20,519,913	359,365	20,879,278
Total foreign currency exposure	81,495,466	1,923,191	83,418,657

At 30 September 2021, 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 shareholders of the Fund would increase or decrease by approximately £2,606,368 (2020: £4,506,194).

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.

There is no exposure to interest bearing securities at the balance sheet date.

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 Depositary 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.

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 shares 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 shares 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 shares 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 ACD 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, 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.

15. Risk management policies (continued)

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 ACD 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.

Basis of valuation	Investment assets 2021 £	Investment liabilities 2021 £
Quoted prices	64,316,201	-
Observable market data	-	-
Unobservable data	-	-
	64,316,201	-

Basis of valuation	Investment assets 2020 £	Investment liabilities 2020 £
Quoted prices	90,123,884	-
Observable market data	754	-
Unobservable data	-	-
	90,124,638	-

No securities in the portfolio of investments are valued using valuation techniques.

e Assets subject to special arrangements arising from their illiquid nature

There are no assets held in the portfolio of investments which are subject to special arrangements arising from their illiquid nature.

f Derivatives

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

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

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

15. Risk management policies (continued)

f Derivatives (continued)

(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 Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

(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 30 September 2021

Distributions on P income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.21	group 1	interim	0.491	-	0.491	0.447
31.05.21	group 2	interim	0.110	0.381	0.491	0.447
30.11.21	group 1	final	2.114	-	2.114	1.547
30.11.21	group 2	final	1.009	1.105	2.114	1.547

Distributions on I income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.21	group 1	interim	0.661	-	0.661	0.635
31.05.21	group 2	interim	0.287	0.374	0.661	0.635
30.11.21	group 1	final	2.314	-	2.314	1.727
30.11.21	group 2	final	1.970	0.344	2.314	1.727

Distributions on Class A income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.21	group 1	interim	0.768	-	0.768	0.753
31.05.21	group 2	interim	0.428	0.340	0.768	0.753
30.11.21	group 1	final	2.432	-	2.432	1.836
30.11.21	group 2	final	1.529	0.903	2.432	1.836

Equalisation

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

Interim distributions:

Group 1	Shares purchased before 1 October 2020
Group 2	Shares purchased 1 October 2020 to 31 March 2021

Final distributions:

Group 1	Shares purchased before 1 April 2021
Group 2	Shares purchased 1 April 2021 to 30 September 2021

Distribution table (continued)

Distributions on P accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.21	group 1	interim	0.576	-	0.576	0.512
31.05.21	group 2	interim	0.472	0.104	0.576	0.512
30.11.21	group 1	final	2.492	-	2.492	1.788
30.11.21	group 2	final	0.276	2.216	2.492	1.788

Distributions on I accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.21	group 1	interim	0.797	-	0.797	0.746
31.05.21	group 2	interim	0.391	0.406	0.797	0.746
30.11.21	group 1	final	2.786	-	2.786	2.042
30.11.21	group 2	final	1.220	1.566	2.786	2.042

Distributions on Class A accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.05.21	group 1	interim	0.940	-	0.940	0.896
31.05.21	group 2	interim	0.441	0.499	0.940	0.896
30.11.21	group 1	final	2.984	-	2.984	2.199
30.11.21	group 2	final	1.957	1.027	2.984	2.199

Equalisation

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

Accumulation distributions

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

Interim distributions:

Group 1 Shares purchased before 1 October 2020

Group 2 Shares purchased 1 October 2020 to 31 March 2021

Final distributions:

Group 1 Shares purchased before 1 April 2021

Group 2 Shares purchased 1 April 2021 to 30 September 2021

Remuneration

Remuneration code disclosure

The remuneration committee is responsible for setting remuneration policy for all partners, directors and employees within the Smith & 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 comprises four non-executive directors[1] and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met eleven times during 2020-21[2].

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 2021. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

[1] Please note that the data provided for the independent non-executive directors is at 30 April 2021 after the merger of Tilney and Smith & Williamson to become Tilney Smith & Williamson.

[2] Between 1 May 2020 and 31 August 2020, there were 3 remuneration committee meetings held by legacy Smith & Williamson and 8 meetings held between 1 September 2020 and 30 April 2021 by the Tilney Smith & Williamson remuneration committee.

Remuneration (continued)

Aggregate quantitative information

The total amount of remuneration paid by Smith & Williamson Fund Administration Limited (SWFAL) is nil as SWFAL has no employees. However, a number of employees have remuneration costs recharged to SWFAL and the annualised remuneration for these 65 employees is £3million of which £2.5million is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in SWFAL as at 30 April 2021. Any variable remuneration is awarded for the year ending 30 April 2021. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed below.

Smith & Williamson reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Smith & Williamson group. It is difficult to apportion remuneration for these individuals in respect of their duties to SWFAL. For this reason, the aggregate total remuneration awarded for the financial year 2020-21 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	Financial Year ending 30 April 2021				
		Variable			
	Fixed	Cash	Equity	Total	No. MRTs
	£'000	£'000	£'000	£'000	
Senior Management	2,222	1,302	104	3,628	10
Other MRTs	1,448	523	34	2,005	9
Total	3,670	1,825	138	5,633	19

Note:

For Tilney individuals' salaries have been included for the period 1 September 2020 to 30 April 2021.

For Tilney individuals' bonuses have been included for the period 1 September 2020 to 31 December 2020.

Investment Manager

The ACD has appointed Kennox Asset Management Limited to provide investment management and related advisory services to the ACD. Kennox Asset Management Limited is paid a monthly fee out of the scheme property of S&W Kennox Strategic Value Fund which is calculated on the total value of the portfolio of investments at each valuation point. Kennox Asset Management Limited are compliant with the Capital Requirements Directive regarding remuneration and therefore Kennox Asset Management 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 30 November (final) and 31 May (interim). In the event of a distribution, shareholders will receive a tax voucher.

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

Buying and selling shares

The property of the Fund is valued at 12 noon every business day, with the exception of any 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 ACD and the Depositary, and prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

	Minimum initial investment*	Minimum subsequent investment	Minimum holding	Initial charge**
I income	£2,000,000	None	£20,000	5%
I accumulation	£2,000,000	None	£20,000	5%
P income	£20,000	None	£20,000	5%
P accumulation	£20,000	None	£20,000	5%
Class A income	£20,000,000	None	£20,000	5%
Class A accumulation	£20,000,000	None	£20,000	5%

* The minimum initial investment limits may be waived at the discretion of the ACD.

** The ACD may impose a charge on sale of shares to investors in which is based on the amount invested by the prospective investor. The preliminary charge is payable to the ACD. The preliminary charged may be waived by the ACD at its discretion.

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

Comparators

The ACD has selected the MSCI World Value Index, the MSCI World Index and the IA Global sector as comparators against which shareholders may compare the performance of the Company as it believes these best reflect the Company's asset allocation.

The indices/sectors are not targets for the Company, nor is the Company constrained by the indices/sectors.

Appointments

ACD and Registered office

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

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 ACD

Brian McLean
David Cobb - resigned 25 May 2021
James Gordon
Andrew Baddeley
Kevin Stopps - resigned 11 May 2021

Independent Non-Executive Directors of the ACD

Dean Buckley
Linda Robinson
Victoria Muir

Non-Executive Directors of the ACD

Paul Wyse
Kevin Stopps - appointed 11 May 2021 and resigned 1 October 2021

Investment Manager

Kennox Asset Management Limited
23 Melville St
Edinburgh EH3 7PE
Authorised and regulated by the Financial Conduct Authority

Depositary

NatWest Trustee and Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
Edinburgh EH12 1HQ
Authorised and regulated by the Financial Conduct Authority

Auditor

Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL