

SVS CH Special Mandates Fund

Annual Report

for the year ended 30 September 2021

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SVS CH Special Mandates Fund

Report of the Authorised Corporate Director ('ACD')

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited), as ACD, presents herewith the Annual Report for SVS CH Special Mandates Fund for the year ended 30 September 2021.

SVS CH Special Mandates Fund ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 8 November 2007. The Company is incorporated under registration number IC000588. 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 Company has been set up as an umbrella company. Provision exists for an unlimited number of sub-funds to be included within the umbrella and additional sub-funds may be established by the ACD with the agreement of the Depositary and the approval of the FCA. The sub-funds represent segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and shall not be available for any such purpose.

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.

Sub-funds

There are currently two sub-funds available in the Company:

SVS Church House Tenax Absolute Return Strategies Fund	- A Shares Income and Accumulation - B Shares Income and Accumulation - C Shares Income and Accumulation
SVS Church House UK Smaller Companies Fund	- A Shares Accumulation - B Shares Accumulation

Cross holdings

At the balance sheet date SVS Church House Tenax Absolute Return Strategies Fund held 1,919,000 shares in SVS Church House UK Smaller Companies Fund.

Report of the Authorised Corporate Director (continued)

Changes affecting the Company in the year

Further information in relation to the Company is illustrated on page 67.

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

19 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 in a report. This is available at <https://smithandwilliamson.com/media/9842/aov-checklist-svs-church-house-funds-final-statement.pdf>

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

Report of the Depositary to the shareholders of SVS CH Special Mandates 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') and 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
19 January 2022

Independent Auditor's report to the shareholders of SVS CH Special Mandates Fund

Opinion

We have audited the financial statements of SVS CH Special Mandates Fund ('the Company') for the year ended 30 September 2021 which comprise the Statements of Total Return, Statements of Change in Net Assets Attributable to Shareholders, Balance Sheets, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Tables for each of the Company's sub-funds. 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 each of the sub-funds at 30 September 2021 and of the net revenue and the net capital gains on the property of each of the sub-funds 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.

Opinion 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 SVS CH Special Mandates Fund ('continued')

Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's responsibilities 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 control 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.

Independent Auditor's report to the shareholders of SVS CH Special Mandates Fund ('continued')

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
19 January 2022

Accounting policies of SVS CH Special Mandates 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 in June 2017.

The ACD has considered the impact of the emergence and spread of Covid-19 and potential implications on future operations of the Company and its sub-funds of reasonably possible downside scenarios. The ACD has considered a detailed assessment of the Company and its sub-funds' ability to meet their liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the sub-funds continue to be open for trading and the ACD is satisfied the sub-funds have 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.

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

Collective investment schemes within the portfolio are valued at the most recent published price prior to the close of business valuation on 30 September 2021.

Structured products are valued at fair value and calculated by an independent source.

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 sub-fund's is UK sterling which is taken to be the sub-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 of the individual sub-funds.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

d *Revenue*

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Dividends from unquoted equity shares are recognised when declared.

Zero dividend preference shares carry no entitlement to dividends but give a preferential right to receive a repayment of capital and a premium from the capital reserves of an investment company. Accordingly, the returns are recognised as capital and do not form part of the sub-fund's distribution.

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

Accounting policies of SVS CH Special Mandates Fund (continued)

for the year ended 30 September 2021

d Revenue (continued)

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

Distributions from reporting offshore funds are recognised as revenue when the reported distribution rate is available and forms part of the sub-fund's distribution.

Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case.

Interest on bank deposits and short term deposits is recognised on an accruals basis.

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 sub-fund. The amortised amounts are accounted for as revenue or as an expense and form part of the distributable revenue of the sub-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 sub-fund are allocated to the sub-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.

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

h Efficient Portfolio Management

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

Accounting policies of SVS CH Special Mandates Fund (continued)

for the year ended 30 September 2021

i Dilution levy

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

j Distribution policies

i Basis of distribution

SVS Church House Tenax Absolute Return Strategies Fund

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 sub-fund on behalf of the shareholders.

SVS Church House UK Smaller Companies Fund

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to accumulation shares are re-invested in the sub-fund on behalf of the shareholders.

ii Unclaimed distributions

Distributions to shareholders outstanding after 6 years are taken to the capital property of the sub-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 sub-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.

SVS Church House Tenax Absolute Return Strategies Fund

Investment Manager's report

Investment objective and policy

The sub-fund aims to provide an absolute return, aiming to achieve positive returns over rolling twelve-month periods at low levels of volatility (meaning changes in value of up to 5% per annum in normal market conditions).

Capital invested in the sub-fund is at risk and there is no guarantee that a positive return will be achieved over a rolling twelve-month, or any other period.

The sub-fund is actively managed and will gain a diverse exposure to a range of global asset classes. The sub-fund may at any one time be invested in one or more of the following: fixed interest securities, equities, other collective investment schemes, money market instruments, deposits, and cash and near cash. The sub-fund may invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of a sub-fund or one of its associates. No more than 10% of the sub-fund's total assets may be invested in collective investments schemes.

The Investment Manager has no fixed asset allocation for any asset class but will change the asset mix in the sub-fund from time to time, considering market conditions, in a way that, in the Investment Manager's view, is consistent with the sub-fund's aim to maintain a low level of volatility. As such, the sub-fund may hold high proportions in cash and other lower-risk assets such as cash, near cash, money market instruments and deposits.

The Investment Manager is not constrained by any particular asset allocation in respect of geography, industry or sector. The equities in which the sub-fund invests may be from companies anywhere in the world. The fixed interest securities may include floating rate notes, index linked or convertible securities.

Investment performance

Performance* over:	One Year	Three Years	Five Years
SVS Church House Tenax Absolute Return Strategies Fund A Accumulation	4.9%	7.2%	10.5%
SVS Church House Tenax Absolute Return Strategies Fund B Accumulation	5.2%	8.1%	12.2%
Annual Volatility** 'A' shares	2.9%	3.8%	3.1%

*Source: Bloomberg and Smith & Williamson Fund Administration Limited. Based on mid prices at 12pm.

**Volatility is the annual standard deviation of monthly returns expressed as a percentage.

Investment activities

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

The asset mix in our SVS Church House Tenax Absolute Return Strategies Fund over the third quarter has not shifted to any dramatic extent, overall it has been a quiet period for transactions. On balance, we continue to edge-up the proportion in floating rate notes at the expense of fixed interest and the overall life (duration is the correct terminology) edges steadily lower.

Our floating rate exposure dropped a shade at the outset as an LBBW (Landesbank Baden-Wuerttemberg) note that we had held since 2018 reached maturity. We re-built exposure with an addition to an existing note from Royal Bank of Canada, due in 2025. We were also happy to take a new floating-rate issue from the CPPIB (Canadian Pension Plan Investment Board), which came to market in June. This latter was particularly satisfactory as it enabled us to switch out of the same issuer's fixed rate 2029 issue (reducing our duration without changing the credit exposure).

We have taken a few new issues in 'ordinary' fixed interest securities. One from Natwest Group, due in 2031, but here we sold an equivalent higher coupon issue of theirs to fund the purchase. There was also a small issue from Virgin Money UK and one from the Danish utility Orsted, this latter being a 'green bond' whose payments are linked to their ability to reduce emissions.

Investment Manager's report (continued)

Investment activities (continued)

Within our infrastructure investments, it has been a good period for the energy storage and efficiency holdings, so we have reduced these marginally. We have recently held a catch-up meeting with the management of SDCL Energy Efficiency, who continue to impress. In a similar vein, we have been gradually selling-down our holding in the European warehousing logistics company, Tritax Eurobox, as this area has done well and is heading for 'fashionable'. We are more interested in some of the (still unloved) areas of property investment, notably central London offices and leisure. There also some interesting convertible securities in this area, notably the Derwent London convertible that we hold and the Capital & Counties convertible (into part of their stake in Shaftesbury), which we have been acquiring post this period end.

The equity exposure shows little change overall, though we have markedly reduced exposure to smaller companies, which have done well for us, in both the UK and internationally. Our focus is now much more on UK larger companies where we still think that there is value to be found, though we did take some stock in a placing of shares in Rathbone Bros recently (a mid-cap company), which we felt were attractively priced.

Into the fourth quarter and overall since the summer the asset mix of the portfolio remains relatively unchanged, though we have continued to add to floating rate holdings at the expense of fixed interest and there have been a number of transactions within the portfolio:

SVS Church House Tenax Absolute Return Strategies Fund - Allocation to Asset Classes

2021	31-Dec-20	31-Mar-21	30-Jun-21	30-Sep-21
Cash	3.0%	2.1%	3.4%	3.6%
Treasury / T-Bill	0.0%	0.0%	0.0%	0.0%
FRN (AAA)	31.1%	34.5%	35.2%	36.1%
Floating Rate	1.8%	1.7%	1.2%	1.2%
Fixed Interest	36.5%	33.3%	33.0%	31.6%
Index-Linked	1.0%	1.1%	1.3%	1.4%
Infrastructure	5.9%	5.9%	5.2%	5.4%
Convert / ZDP	7.9%	7.5%	7.4%	7.9%
Alternative / Hedge	0.8%	0.9%	0.9%	0.5%
Property / Real	2.4%	2.9%	2.8%	3.0%
Equity	9.6%	9.9%	9.6%	9.3%

Source: Church House

As above, we have continued to build our book of holdings in AAA-rated floating rate notes, still considering this to be the most attractive area in fixed interest (credit) at present - the rates paid on these bonds 'float' up with short-term interest rates. New to this area is a note from United Overseas Bank due in September 2026 and one from the Bank of Nova Scotia due in March 2025, while we have sold the Australia & New Zealand Banking FRN that was due in January next year.

Elsewhere in credit sectors, a 'cap and collar' note that we took from Goldman Sachs in 2014 reached maturity, and one of our 'perpetual' USD bonds from RBS, which we had acquired at 80c on the dollar in 2019, was repaid at par (100c). New to the portfolio are a small holding in Berkeley Group 2.5% 2031 stock (a 'green' issue) and Nordea Bank 1.625% 2032 stock, both of which were new issues, while gone is the longest-dated conventional holding, Diageo 1.25% 2033. In the convertibles area we added further to the holding in Capital & Counties 2% CNV (the issue that converts into part of their stake in Shaftesbury) and have added an initial holding in a recent new convertible issue from Delivery Hero of 2.125% stock, convertible until 2029.

Infrastructure has seen quite a lot of activity. Early August saw an opportunity to switch part of our HICL Infrastructure holding into a larger position in BBGI International, our preferred company in the space. We have reduced our exposure to Gresham House Energy Storage after a strong run, but have taken-up rights and increased our weighting to SDCL Energy Efficiency after meeting their management again (in person! quite a relief...). SDCL is now the second largest holding in this section of the portfolio.

Investment Manager's report (continued)

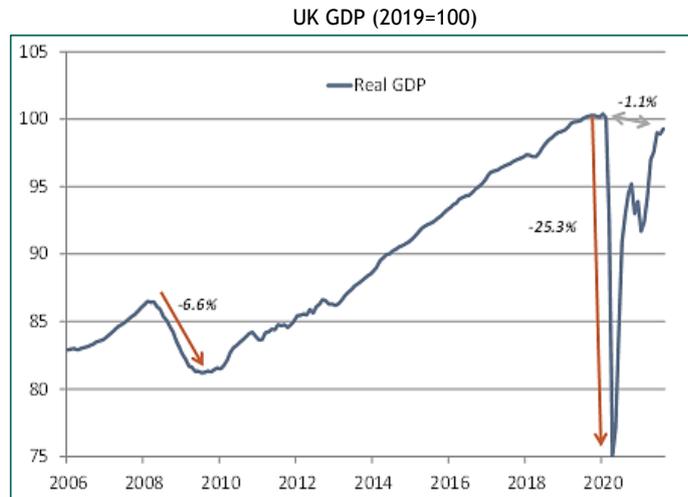
Investment activities (continued)

We have also been active in the property portion of the portfolio. We sold our holding in Target Healthcare over the last few days of July after a strong period for their shares, they subsequently conducted a fund raising (at lower levels) and we have partially re-instated the holding. Grainger conducted a placing of new shares at the beginning of September, which we used to establish a position in this company, and have subsequently added to the holding. We have also added further to Capital & Counties, owners of the Covent Garden estate in central London (along with a 25% stake in Shaftesbury), encouraged by the gradual return of tourists and theatre-goers to the West-End.

There has been less activity in equity, we have further reduced international holdings while adding modestly to UK exposure, adding to the holding in the London Stock Exchange Group early in the quarter. UK large cap equity represents the greatest proportion now. Berkeley Group is a recent new holding in this area, established when their equity fell back in early September (along with equity markets generally).

Investment strategy and outlook

Writing this page of our report in mid-October, we have just had the release of the economic growth figures for August. The Office for National Statistics (ONS) reported a 0.4% gain for August and slightly reduced the figure for July to -0.1% (picked up by the Today programme with some glee this morning). Here is the ONS' chart of progress, which does put the 2008/9 and aftermath in perspective, they estimate that UK activity in August was just 1.1% below the pre-pandemic January 2020 level:



Source: ONS, Berenberg

Trying to read too much into monthly GDP data is folly, particularly so at the moment, these figures have always been subject to 'revision'. The Jefferies' Economic Activity Radar (EAR) shows the economy running at 102% of pre-COVID levels. For comparison, the EAR for the US and Europe is running at 98% and 100% respectively.

The current round of supply shortages and raised energy prices will undoubtedly take the gloss of growth in the final quarter. These 'big picture' issues being made worse for us by our own particular Brexit-related problems, not to mention bouts of panic buying. Despite these issues, the backdrop still looks healthy, household finances are strong, businesses are keen to invest and to hire more staff, and the progress on vaccines has been extraordinary. So our feeling is that this is a case of growth deferred, lower in the fourth quarter of this year but higher in the first half of 2022 as global supply improves and the bottlenecks ease.

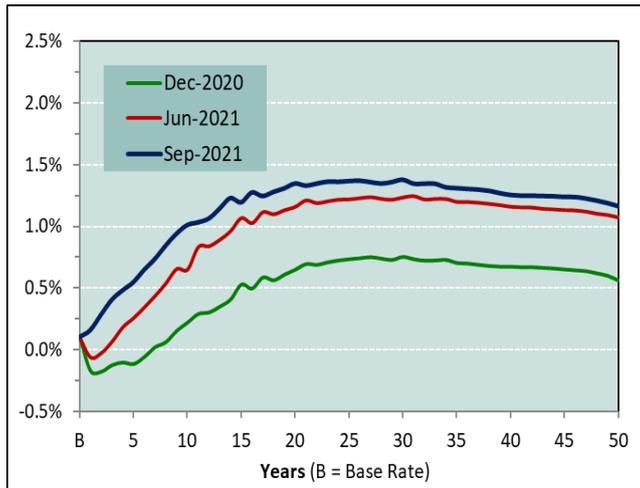
Ever reliable, the BBC is now pushing a 'winter of discontent' theme, hot on the heels of the petrol panic. Sadly, though we do have some extra, home grown problems to deal with, the transport and supply problems are everywhere. A re-run of the winter of 1978/9 under James Callaghan's administration is not likely.

Investment Manager's report (continued)

Investment strategy and outlook (continued)

The current bout of inflation and continuing economic recovery are beginning to be reflected in the (paltry) level of interest rates, which are moving up again after a summer lull. The ten-year rate has just moved back over 1%, hardly enticing with inflation where it is, but better than the one half of one per cent on offer in August. Rates for the short-term are all now back into positive territory. If (a big IF really) this carries on, it could mark the end of a very long-term trend to lower interest rates. The MPC is still holding base rates at 0.1%, but this looks unlikely to last long into the New Year (absent some frightful new COVID variant). We have extended our yield curve out to fifty years as the (excellent) Debt Management Office has sensibly been borrowing for these very long-term periods:

UK Interest Rates - The 'Yield Curve' (Base Rate and the income yield from Gilts)



Source: Church House, Bloomberg

Church House Investments Limited

26 November 2021

Summary of portfolio changes

for the year ended 30 September 2021

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

	Cost
	£
Purchases:	
Nationwide Building Society 0.4501% 24/02/2031	13,000,000
Bank of Nova Scotia 1.050009% 14/03/2025	11,294,870
European Investment Bank 1.0503% 18/01/2027	10,488,500
CPPIB Capital 1.300001% 15/06/2026	7,365,470
Royal Bank of Canada 0.52023% 30/01/2025	7,064,850
Royal Bank of Canada 0.629963% 03/10/2024	6,884,302
United Overseas Bank 1.04995% 21/09/2026	6,211,200
NatWest Group 2.105% 28/11/2031	6,000,000
JPMorgan Chase & Co 0.991% 28/04/2026	6,000,000
European Bank for Reconstruction & Development 1.0501% 20/11/2025	5,196,350
Lloyds Bank 0.4202% 03/02/2023	5,023,500
TSB Bank 0.419957% 22/06/2028	5,001,700
Capital & Counties 2% 30/03/2026	4,224,000
MPT Operating Partnership 2.5% 24/03/2026	3,997,480
Workspace Group 2.25% 11/03/2028	3,494,225
Heathrow Funding 2.625% 16/03/2028	3,482,780
Investec 2.625% 04/01/2032	2,992,380
Nordea Bank 1.625% 09/12/2032	2,991,690
Close Brothers Finance 1.625% 03/12/2030	2,969,550
Orsted 2.5% 18/02/2021	2,800,000
	Proceeds
	£
Sales:	
Nationwide Building Society 0.48463% 02/08/2022	13,069,940
CPPIB Capital 1.125% 14/12/2029	11,169,004
Santander UK 0.4815% 20/09/2021	11,000,000
Australia & New Zealand Banking Group 0.73541% 24/01/2022	8,018,320
Barclays 3.75% 22/11/2030	6,982,328
Tritax EuroBox	6,304,399
Southern Water Services Finance 2.375% 28/05/2028	6,203,400
Caledonia Investments	6,049,652
JPMorgan Chase & Co 0.991% 28/04/2026	6,004,800
Lloyds Bank 0.42459% 03/02/2023	5,022,500
International Bank for Reconstruction & Development 0.2973% 04/10/2023	5,011,600
National Grid North America 0.9% 02/11/2020	5,000,000
Landesbank Baden-Wuerttemberg 1.125% 08/12/2025	4,994,765
Orange 0.375% 27/06/2021	4,985,000
Metropolitan Life Global Funding 1.125% 15/12/2021	4,541,175
Natwest Group 3.622% 14/08/2030	4,267,960
Barclays Bank 10% 21/05/2021	4,119,210
Gresham House Energy Storage	3,993,159
Marks & Spencer 4.5% 10/07/2027	3,975,000
Clydesdale Bank 0.7515% 22/03/2024	3,962,751

Portfolio statement

as at 30 September 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities* 67.31% (68.49%)			
Aaa to Aa2 32.37% (33.57%)			
Asian Development Bank 0.3003% 12/10/2023**	£9,500,000	9,525,935	1.89
Bank of Nova Scotia 1.050009% 14/03/2025**	£11,000,000	11,290,290	2.24
Barclays Bank UK 0.5301% 15/05/2023**	£5,300,000	5,329,998	1.06
Canadian Imperial Bank of Commerce 0.50713% 10/01/2022**	£1,721,000	1,722,497	0.34
Canadian Imperial Bank of Commerce 0.5302% 28/10/2022**	£4,500,000	4,517,415	0.90
CPPIB Capital 1.300001% 15/06/2026**	£7,000,000	7,350,700	1.46
Deutsche Pfandbriefbank AG 1.04995% 29/09/2023**	£1,500,000	1,522,365	0.30
European Investment Bank 0.39% 12/03/2026**	£10,528,000	10,616,962	2.10
European Investment Bank 0.4% 29/06/2023**	£10,000,000	10,042,800	1.99
European Investment Bank 1.0503% 18/01/2027**	£10,000,000	10,435,000	2.07
Leeds Building Society 0.6703% 15/04/2023**	£8,100,000	8,160,426	1.62
Lloyds Bank 0.4202% 03/02/2023**	£5,000,000	5,016,000	0.99
National Australia Bank 0.5502% 04/02/2025**	£5,000,000	5,047,700	1.00
National Westminster Bank 0.649957% 22/03/2023**	£4,000,000	4,028,000	0.80
Nationwide Building Society 0.80034% 10/01/2024**	£4,000,000	4,054,640	0.80
Royal Bank of Canada 0.52023% 30/01/2025**	£7,000,000	7,055,370	1.40
Royal Bank of Canada 0.629963% 03/10/2024**	£15,800,000	15,968,112	3.17
Santander UK 0.7801% 12/02/2024**	£3,000,000	3,039,090	0.60
Toronto-Dominion Bank 0.52% 24/06/2022**	£11,850,000	11,882,588	2.36
TSB Bank 0.419957% 22/06/2028**	£5,000,000	4,999,500	0.99
TSB Bank 0.9201% 15/02/2024**	£5,000,000	5,079,450	1.01
United Overseas Bank 1.04995% 21/09/2026**	£6,000,000	6,203,880	1.23
Yorkshire Building Society 0.6501% 19/11/2023**	£10,250,000	10,345,427	2.05
		<u>163,234,145</u>	<u>32.37</u>
Aa3 to A1 2.45% (3.60%)			
Close Brothers Finance 1.625% 03/12/2030	£3,000,000	2,934,270	0.58
Lloyds Bank Corporate Markets 1.5% 23/06/2023	£3,000,000	3,043,200	0.60
Metropolitan Life Global Funding 0.625% 08/12/2027	£2,500,000	2,391,721	0.47
Siemens Financieringsmaatschappij 0.875% 05/06/2023	£4,000,000	4,019,400	0.80
		<u>12,388,591</u>	<u>2.45</u>
A2 to A3 5.59% (10.13%)			
AstraZeneca 0.73575% 10/06/2022**	\$1,000,000	744,352	0.15
Aviva 4% 03/06/2055**	£2,000,000	2,171,200	0.43
Aviva 4.375% 12/09/2049**	£800,000	892,520	0.18
Aviva 5.125% 04/06/2050**	£250,000	292,068	0.06
Aviva 6.125% Perpetual**	£470,000	491,664	0.10
Citigroup 1.678% 15/05/2024**	\$3,000,000	2,269,331	0.45
Diageo Finance 2.875% 27/03/2029	£3,000,000	3,304,620	0.65
GlaxoSmithKline Capital 1.25% 12/10/2028	£4,000,000	3,945,120	0.78
Hongkong & Shanghai Banking 0.375% Perpetual**	\$1,000,000	702,117	0.14

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

** Denotes a variable interest security.

Portfolio statement (continued)

as at 30 September 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities* (continued)			
A2 to A3 (continued)			
LBBW 1.5% 03/02/2025	£5,000,000	5,048,050	1.00
M&G 5.625% 20/10/2051**	£2,000,000	2,359,280	0.47
United Utilities Water Finance 0.875% 28/10/2029	£1,800,000	1,702,598	0.34
Volkswagen Financial Services 1.125% 18/09/2023	£2,000,000	2,004,060	0.40
Volkswagen Financial Services 4.25% 09/10/2025	£2,000,000	2,222,593	0.44
		<u>28,149,573</u>	<u>5.59</u>
Baa1 to Baa2 6.87% (6.45%)			
BAE Systems 3.4% 15/04/2030	\$1,000,000	796,530	0.16
Barclays 2.375% 06/10/2023**	£5,925,000	6,020,748	1.19
BP Capital Markets 3.25% Perpetual**	€5,000,000	4,586,703	0.91
Citigroup 5.875% 01/07/2024	£1,655,000	1,857,866	0.37
CK Hutchison Group Telecom Finance 2% 17/10/2027	£2,000,000	2,014,600	0.40
Credit Suisse Group 2.25% 09/06/2028**	£3,000,000	3,045,000	0.60
E.ON 1% 07/10/2025	€800,000	714,028	0.14
Investec 2.625% 04/01/2032**	£3,000,000	2,990,100	0.59
NatWest Group 2.105% 28/11/2031**	£6,000,000	5,993,280	1.19
Nordea Bank 1.625% 09/12/2032**	£3,000,000	2,936,250	0.58
RI Finance Bonds No 3 6.125% 13/11/2028	£650,000	796,944	0.16
Southern Gas Networks 1.25% 02/12/2031	£2,000,000	1,830,720	0.36
Virgin Money UK 4% 25/09/2026**	£1,000,000	1,086,900	0.22
		<u>34,669,669</u>	<u>6.87</u>
Baa3 and below 20.03% (14.74%)			
Anglian Water Osprey Financing 2% 31/07/2028	£2,300,000	2,285,496	0.45
Beazley Insurance 5.5% 10/09/2029	\$2,585,000	2,161,596	0.43
Berkeley Group 2.5% 11/08/2031	£2,000,000	1,939,777	0.38
British Land Co 2.375% 14/09/2029	£900,000	916,128	0.18
Bunzl Finance 1.5% 30/10/2030	£2,500,000	2,402,888	0.48
European Bank for Reconstruction & Development 1.0501% 20/11/2025**	£5,000,000	5,171,000	1.03
Grainger 3% 03/07/2030	£2,300,000	2,392,460	0.47
Heathrow Funding 2.625% 16/03/2028	£3,500,000	3,501,875	0.69
Heathrow Funding 2.75% 13/10/2029	£2,000,000	2,054,226	0.41
Heathrow Funding 3.334% 09/12/2039	£2,260,000	5,410,238	1.07
InterContinental Hotels Group 3.75% 14/08/2025	£2,925,000	3,137,949	0.62
John Lewis 6.125% 21/01/2025	£3,772,000	4,209,778	0.83
Legal & General Group 5.625% Perpetual**	£4,500,000	5,028,750	1.00
Marks & Spencer 3.75% 19/05/2026	£1,500,000	1,560,150	0.31
MPT Operating Partnership 2.5% 24/03/2026	£4,000,000	4,064,800	0.81
Nationwide Building Society 0.4501% 24/02/2031**	£13,000,000	13,017,550	2.58
NGG Finance 5.625% 18/06/2073**	£1,000,000	1,106,250	0.22

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

** Denotes a variable interest security.

Portfolio statement (continued)

as at 30 September 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities* (continued)			
Baa3 and below (continued)			
Orsted 2.5% 18/02/2031**	£2,800,000	2,756,264	0.55
Pension Insurance 3.625% 21/10/2032	£2,000,000	2,068,656	0.41
Rolls-Royce 5.75% 15/10/2027	£1,500,000	1,666,500	0.33
Rothesay Life 5.5% 17/09/2029**	£2,000,000	2,209,480	0.44
Rothesay Life 6.875% Perpetual**	£2,000,000	2,317,200	0.46
Rothesay Life 8% 30/10/2025	£1,285,000	1,598,142	0.32
Shaftesbury Chinatown 2.348% 30/09/2027	£3,000,000	3,022,200	0.60
Society of Lloyd's 4.875% 07/02/2047**	£3,278,000	3,707,385	0.74
SSE 3.74% Perpetual**	£6,000,000	6,183,240	1.23
Tesco Corporate Treasury Services 2.5% 02/05/2025	£3,000,000	3,132,480	0.62
Tesco 1.982% 24/03/2036	£550,000	1,154,576	0.23
Travis Perkins 3.75% 17/02/2026	£1,000,000	1,058,480	0.21
Virgin Money UK 2.625% 19/08/2031**	£1,500,000	1,508,735	0.30
Vodafone Group 4.875% 03/10/2078**	£4,000,000	4,305,000	0.85
Wales & West Utilities Finance 2.496% 22/08/2035	£200,000	444,838	0.09
Workspace Group 2.25% 11/03/2028	£3,500,000	3,475,780	0.69
		<u>100,969,867</u>	<u>20.03</u>
Total debt securities		<u>339,411,845</u>	<u>67.31</u>
Convertible Bonds 4.69% (5.17%)			
Amadeus IT Group 1.5% 09/04/2025	€2,000,000	2,273,291	0.45
Capital & Counties 2% 30/03/2026	£4,000,000	4,185,560	0.83
Cellnex Telecom 0.75% 20/11/2031	€2,000,000	1,687,739	0.33
Delivery Hero 2.125% 10/03/2029	€1,000,000	800,894	0.16
Derwent London Capital No 3 Jersey 1.5% 12/06/2025	£6,500,000	6,555,770	1.30
ELM BV for Swiss Re 3.25% 13/06/2024	\$3,000,000	2,369,118	0.47
Glencore Funding 0% 27/03/2025	\$4,000,000	2,957,926	0.59
Nexi SpA 1.75% 24/04/2027	€500,000	497,013	0.10
TotalEnergies 0.5% 02/12/2022	\$2,600,000	1,949,378	0.39
Trainline 1% 14/01/2026	£400,000	363,320	0.07
Total convertible bonds		<u>23,640,009</u>	<u>4.69</u>
Equities 6.85% (4.10%)			
Equities - United Kingdom 6.56% (3.41%)			
Consumer Discretionary 0.61% (0.24%)			
Berkeley Group	36,000	1,569,960	0.31
Compass Group	100,000	1,523,500	0.30
		<u>3,093,460</u>	<u>0.61</u>
Consumer Staples 1.06% (0.78%)			
Diageo	75,000	2,704,125	0.54
Unilever	66,000	2,643,300	0.52
		<u>5,347,425</u>	<u>1.06</u>

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

** Denotes a variable interest security.

Portfolio statement (continued)

as at 30 September 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Equities (continued)			
Equities - United Kingdom (continued)			
Health Care 0.95% (0.34%)			
AstraZeneca	25,000	2,239,000	0.44
Sensyne Health	639,017	926,575	0.18
Smith & Nephew	125,174	1,610,989	0.33
		<u>4,776,564</u>	<u>0.95</u>
Financials 1.75% (0.65%)			
Arix Bioscience	450,000	675,000	0.14
Barclays	1,500,000	2,844,000	0.56
London Stock Exchange Group	25,000	1,862,000	0.37
Rathbone Bros	40,000	806,000	0.16
Standard Chartered	600,000	2,616,000	0.52
		<u>8,803,000</u>	<u>1.75</u>
Real Estate 2.19% (1.40%)			
Capital & Counties	1,100,000	1,827,100	0.36
Grainger	150,000	457,500	0.09
Land Securities Group	831,221	5,793,610	1.15
Shaftesbury	414,012	2,519,263	0.50
Target Healthcare	377,500	432,615	0.09
		<u>11,030,088</u>	<u>2.19</u>
Total equities - United Kingdom		<u>33,050,537</u>	<u>6.56</u>
Equities - Sweden 0.29% (0.00%)			
Investor	65,000	1,040,895	0.21
VNV Global AB	48,023	427,872	0.08
Total Sweden		<u>1,468,767</u>	<u>0.29</u>
Equities - United States 0.00% (0.69%)			
Equities - Bermuda 0.00% (0.00%)			
Brookfield Infrastructure Partners	3	125	0.00
Equities - Rest of the World 0.00% (0.00%)			
Prime Infrastructure [^]	10	-	-
Total equities		<u>34,519,429</u>	<u>6.85</u>
Closed-Ended Funds 9.33% (12.37%)			
Closed-Ended Funds - incorporated in the United Kingdom 3.87% (7.45%)			
Aberforth Split Level Income Trust	3,544,945	4,041,237	0.80
Gresham House Energy Storage	3,500,000	4,340,000	0.86
HICL Infrastructure	1,583,329	2,637,826	0.52
ICG Enterprise Trust	81,000	947,700	0.19
SDCL Energy Efficiency	4,999,166	5,649,058	1.12
Triple Point Energy Efficiency Infrastructure Company	1,850,000	1,905,500	0.38
Total closed-ended funds - incorporated in the United Kingdom		<u>19,521,321</u>	<u>3.87</u>

[^] Prime Infrastructure: shares are included in the portfolio of investments with no value as the security is not tradable.

Portfolio statement (continued)

as at 30 September 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds (continued)			
Closed-Ended Funds - incorporated outwith the United Kingdom 4.18% (4.14%)			
Acorn Income Fund	720,000	1,166,400	0.23
Duet Real Estate Finance^^	350,000	-	-
GCP Infrastructure Investments	3,500,000	3,514,000	0.70
Hipgnosis Songs Fund	2,000,000	2,432,000	0.48
International Public Partnerships	1,610,058	2,608,294	0.52
NB Private Equity Partners	190,877	3,073,120	0.61
NB Private Equity Partners Zero Dividend Preference Share 30/09/2022	2,060,786	2,472,943	0.49
NB Private Equity Partners Zero Dividend Preference Share 30/10/2024	5,149,000	5,818,370	1.15
Terra Catalyst Fund^^^	193,031	-	-
Total closed-ended funds - incorporated outwith the United Kingdom		<u>21,085,127</u>	<u>4.18</u>
Overseas Closed-Ended Funds 1.28% (0.78%)			
BBGI International	3,704,124	<u>6,445,176</u>	<u>1.28</u>
Total closed-ended funds		<u>47,051,624</u>	<u>9.33</u>
Preference Shares 0.29% (0.28%)			
Polar Capital Global Healthcare Zero Dividend	1,325,000	<u>1,470,750</u>	<u>0.29</u>
Collective Investment Schemes 5.16% (4.17%)			
UK Authorised Collective Investment Schemes 4.70% (3.77%)			
SVS Church House Esk Global Equity Fund #	2,000,000	8,082,000	1.61
SVS Church House Investment Grade Fixed Interest Fund #	6,300,000	7,377,300	1.46
SVS Church House UK Equity Growth Z Inc #	1,735,000	3,725,045	0.74
SVS Church House UK Equity Growth Z Acc #	403,339	1,079,739	0.21
SVS Church House UK Smaller Companies Fund #	1,919,000	<u>3,440,767</u>	<u>0.68</u>
Total UK authorised collective investment schemes		<u>23,704,851</u>	<u>4.70</u>
Offshore Collective Investment Schemes 0.46% (0.40%)			
Waverton Investment Funds - Waverton European Capital Growth Fund	1,429,051	1,949,225	0.39
WisdomTree Gilts 10Y 3x Daily Short	10,000	<u>371,800</u>	<u>0.07</u>
Total offshore collective investment schemes		<u>2,321,025</u>	<u>0.46</u>
Total collective investment schemes		<u>26,025,876</u>	<u>5.16</u>

^^ Duet Real Estate Finance: The fair value pricing committee determined that it is appropriate to include the security in the portfolio of investments with no value as the security is in liquidation, with little prospect of a distribution to shareholders.

^^^ Terra Catalyst Fund: This is a delisted security and is valued by the fair value pricing committee at £nil (2020: £0.1564).

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

Portfolio statement (continued)

as at 30 September 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Structured Products 2.24% (2.27%)			
Goldman Sachs 5Y GBP Capped Floored Floater Note 07/06/2023*	5,000,000	5,053,960	1.00
JP Morgan Structured Products BV 1.2% 18/02/2026	5,000,000	5,292,934	1.05
Royal Bank of Canada 0% 13/12/2021	650,000	960,218	0.19
Total structured products		<u>11,307,112</u>	<u>2.24</u>
Portfolio of investments		483,426,645	95.87
Other net assets		20,847,988	4.13
Total net assets		<u>504,274,633</u>	<u>100.00</u>

* Denotes a variable interest security.

All investments are listed on recognised stock exchanges or are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

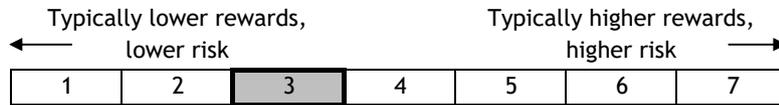
The comparative figures in brackets are as at 30 September 2020.

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 sub-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 sub-fund. The shaded area in the table below shows the sub-fund's ranking on the risk and reward indicator.



The sub-fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

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

Where the sub-fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

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

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

The sub-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 sub-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 sub-fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the sub-fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Income			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	151.21	150.51	149.47	156.75	155.30	153.56
Return before operating charges	9.39	3.59	3.57	9.74	3.74	3.67
Operating charges	(2.16)	(2.20)	(1.86)	(2.26)	(2.29)	(1.93)
Return after operating charges *	7.23	1.39	1.71	7.48	1.45	1.74
Distributions [^]	(0.92)	(0.69)	(0.67)	(0.95)	(0.70)	(0.67)
Retained distributions on accumulation shares [^]	-	-	-	0.95	0.70	0.67
Closing net asset value per share	157.52	151.21	150.51	164.23	156.75	155.30
* after direct transaction costs of:	0.04	0.06	0.04	0.04	0.06	0.04
Performance						
Return after charges	4.78%	0.92%	1.14%	4.77%	0.93%	1.13%
Other information						
Closing net asset value (£)	14,782,858	11,515,274	10,439,241	22,517,843	21,112,160	24,220,457
Closing number of shares	9,384,976	7,615,208	6,936,012	13,711,360	13,469,076	15,596,045
Operating charges ^{^^}	1.39%	1.47%	1.25%	1.39%	1.47%	1.25%
Direct transaction costs	0.03%	0.04%	0.03%	0.03%	0.04%	0.03%
Prices						
Highest share price (p)	159.7	153.0	151.6	166.0	157.8	156.1
Lowest share price (p)	151.7	142.4	147.6	157.2	146.9	151.7

[^] 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.

Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 2 July 2020, the synthetic OCF calculation has been expanded to include closed ended vehicles such as investment trusts.

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

Comparative table (continued)

	B Income			B Accumulation		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	154.28	153.57	152.52	163.18	161.21	158.94
Return before operating charges	9.46	3.56	3.53	10.02	3.76	3.70
Operating charges	(1.64)	(1.72)	(1.39)	(1.74)	(1.79)	(1.43)
Return after operating charges*	7.82	1.84	2.14	8.28	1.97	2.27
Distributions [^]	(1.39)	(1.13)	(1.09)	(1.47)	(1.20)	(1.16)
Retained distributions on accumulation shares [^]	-	-	-	1.47	1.20	1.16
Closing net asset value per share	160.71	154.28	153.57	171.46	163.18	161.21
* after direct transaction costs of:	0.04	0.06	0.04	0.04	0.06	0.04
Performance						
Return after charges	5.07%	1.20%	1.40%	5.07%	1.22%	1.43%
Other information						
Closing net asset value (£)	20,884,817	20,696,960	21,089,192	34,696,480	32,760,721	34,337,870
Closing number of shares	12,995,082	13,414,950	13,732,369	20,235,493	20,076,108	21,300,277
Operating charges ^{^^}	1.03%	1.11%	0.89%	1.03%	1.11%	0.89%
Direct transaction costs	0.03%	0.04%	0.03%	0.03%	0.04%	0.03%
Prices						
Highest share price (p)	163.1	156.2	154.8	173.3	164.3	161.9
Lowest share price (p)	154.8	145.5	150.8	163.7	152.7	157.1

[^] 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.

Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 2 July 2020, the synthetic OCF calculation has been expanded to include closed ended vehicles such as investment trusts.

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

Comparative table (continued)

	C Income			C Accumulation		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	154.28	153.57	152.51	164.29	162.14	159.66
Return before operating charges	9.43	3.52	3.49	10.05	3.74	3.68
Operating charges	(1.45)	(1.51)	(1.16)	(1.56)	(1.59)	(1.20)
Return after operating charges *	7.98	2.01	2.33	8.49	2.15	2.48
Distributions [^]	(1.55)	(1.30)	(1.27)	(1.64)	(1.37)	(1.35)
Retained distributions on accumulation shares [^]	-	-	-	1.64	1.37	1.35
Closing net asset value per share	160.71	154.28	153.57	172.78	164.29	162.14
* after direct transaction costs of:	0.04	0.06	0.04	0.04	0.07	0.04
Performance						
Return after charges	5.17%	1.31%	1.53%	5.17%	1.33%	1.55%
Other information						
Closing net asset value (£)	70,036,832	50,865,901	40,292,360	341,355,803	359,935,954	279,076,991
Closing number of shares	43,579,342	32,970,253	26,237,070	197,562,843	219,080,168	172,121,838
Operating charges ^{^^}	0.91%	0.99%	0.77%	0.91%	0.99%	0.77%
Direct transaction costs	0.03%	0.04%	0.03%	0.03%	0.04%	0.03%
Prices						
Highest share price (p)	163.2	156.3	154.9	174.6	165.4	162.8
Lowest share price (p)	154.8	145.6	150.8	164.8	153.7	157.9

[^] 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.

Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 2 July 2020, the synthetic OCF calculation has been expanded to include closed ended vehicles such as investment trusts.

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

Financial statements - SVS Church House Tenax Absolute Return Strategies Fund

Statement of total return

for the year ended 30 September 2021

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains	2		20,769,721		2,568,114
Revenue	3	9,269,031		7,867,411	
Expenses	4	<u>(4,065,770)</u>		<u>(3,697,050)</u>	
Net revenue before taxation		5,203,261		4,170,361	
Taxation	5	<u>(604,604)</u>		<u>(513,080)</u>	
Net revenue after taxation			<u>4,598,657</u>		<u>3,657,281</u>
Total return before distributions			25,368,378		6,225,395
Distributions	6		(4,597,843)		(3,657,708)
Change in net assets attributable to shareholders from investment activities			<u>20,770,535</u>		<u>2,567,687</u>

Statement of change in net assets attributable to shareholders

for the year ended 30 September 2021

		2021		2020	
		£	£	£	£
Opening net assets attributable to shareholders			496,886,970		409,456,111
Amounts receivable on issue of shares		101,369,680		170,060,618	
Amounts payable on cancellation of shares		<u>(118,424,771)</u>		<u>(88,420,188)</u>	
			(17,055,091)		81,640,430
Change in net assets attributable to shareholders from investment activities			20,770,535		2,567,687
Retained distributions on accumulation shares			3,672,219		3,222,742
Closing net assets attributable to shareholders			<u>504,274,633</u>		<u>496,886,970</u>

Balance sheet

as at 30 September 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		483,426,645	481,247,095
Current assets:			
Debtors	7	16,062,195	6,907,728
Cash and bank balances	8	11,036,850	14,523,287
Total assets		<u>510,525,690</u>	<u>502,678,110</u>
Liabilities:			
Creditors:			
Distribution payable		(496,388)	(353,000)
Other creditors	9	(5,754,669)	(5,438,140)
Total liabilities		<u>(6,251,057)</u>	<u>(5,791,140)</u>
Net assets attributable to shareholders		<u><u>504,274,633</u></u>	<u><u>496,886,970</u></u>

Notes to the financial statements

for the year ended 30 September 2021

1. Accounting policies

The accounting policies are disclosed on pages 9 to 11.

2. Net capital gains

	2021	2020
	£	£
Non-derivative securities - realised gains	10,473,789	343,854
Non-derivative securities - movement in unrealised gains	10,453,822	1,239,262
Derivative contracts - realised losses	-	(104,817)
Derivative contracts - movement in unrealised gains	8,391	1,149,530
Currency losses	(155,078)	(51,955)
Transaction charges	(11,203)	(7,760)
Total net capital gains	<u>20,769,721</u>	<u>2,568,114</u>

3. Revenue

	2021	2020
	£	£
UK revenue	1,272,453	1,060,052
Unfranked revenue	902,795	333,737
Overseas revenue	922,834	583,322
Interest on debt securities	6,170,243	5,887,373
Bank and deposit interest	706	2,927
Total revenue	<u>9,269,031</u>	<u>7,867,411</u>

4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
Annual management charge	3,836,467	3,495,908
Registration fees	2,853	2,778
	<u>3,839,320</u>	<u>3,498,686</u>
Payable to the Depositary		
Depositary fees	<u>127,808</u>	<u>115,564</u>
Other expenses:		
Audit fee	6,452	6,186
Non-executive directors' fees	1,069	618
Safe custody fees	32,795	28,738
Bank interest	14,781	9,049
FCA fee	5,814	4,494
KIID production fee	1,713	1,713
Platform charges	34,458	29,272
Publication fee	1,560	2,730
	<u>98,642</u>	<u>82,800</u>
Total expenses	<u>4,065,770</u>	<u>3,697,050</u>

5. Taxation

	2021	2020
	£	£
<i>a. Analysis of the tax charge for the year</i>		
UK corporation tax	601,595	505,397
Overseas tax withheld	3,009	4,098
Adjustment in respect of prior years	-	3,585
Total taxation (note 5b)	<u>604,604</u>	<u>513,080</u>

Notes to the financial statements (continued)

for the year ended 30 September 2021

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	<u>5,203,261</u>	<u>4,170,361</u>
Corporation tax @ 20%	1,040,652	834,072
Effects of:		
UK revenue	(254,491)	(212,010)
Overseas revenue	(184,566)	(116,665)
Overseas tax withheld	3,009	4,098
Adjustment in respect of prior years	-	3,585
Total taxation (note 5a)	<u>604,604</u>	<u>513,080</u>

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 income distribution	401,793	246,866
Interim accumulation distribution	1,746,563	1,375,551
Final income distribution	496,388	353,000
Final accumulation distribution	<u>1,925,656</u>	<u>1,847,191</u>
	4,570,400	3,822,608
Equalisation:		
Amounts deducted on cancellation of shares	275,495	186,954
Amounts added on issue of shares	(247,399)	(347,460)
Net equalisation on conversions	(653)	(4,394)
Total net distributions	<u>4,597,843</u>	<u>3,657,708</u>

Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	4,598,657	3,657,281
Undistributed revenue brought forward	937	1,364
Undistributed revenue carried forward	(1,751)	(937)
Distributions	<u>4,597,843</u>	<u>3,657,708</u>

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

7. Debtors

	2021	2020
	£	£
Amounts receivable on issue of shares	11,127,489	4,255,478
Sales awaiting settlement	2,328,931	-
Currency trades outstanding	700	-
Accrued revenue	2,590,268	2,628,666
Recoverable overseas withholding tax	14,379	20,253
Prepaid expenses	428	3,331
Total debtors	<u>16,062,195</u>	<u>6,907,728</u>

Notes to the financial statements (continued)

for the year ended 30 September 2021

8. Cash and bank balances	2021	2020
	£	£
Total cash and bank balances	<u>11,036,850</u>	<u>14,523,287</u>
9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	67,292	149,189
Purchases awaiting settlement	<u>5,366,466</u>	<u>4,996,250</u>
	5,433,758	5,145,439
Other expenses:		
Safe custody fees	5,441	5,198
Audit fee	6,452	6,426
Non-executive directors' fees	390	255
FCA fee	2,911	-
Publication fee	1,170	1,170
Platform charges	8,681	7,302
Transaction charges	273	170
Total accrued expenses	<u>25,318</u>	<u>20,521</u>
Corporation tax payable	<u>295,593</u>	<u>272,180</u>
Total other creditors	<u>5,754,669</u>	<u>5,438,140</u>

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:

	A Income
Opening shares in issue	7,615,208
Total shares issued in the year	2,169,207
Total shares cancelled in the year	(333,876)
Total shares converted in the year	(65,563)
Closing shares in issue	<u>9,384,976</u>
	A Accumulation
Opening shares in issue	13,469,076
Total shares issued in the year	1,877,959
Total shares cancelled in the year	(1,235,629)
Total shares converted in the year	(400,046)
Closing shares in issue	<u>13,711,360</u>
	B Income
Opening shares in issue	13,414,950
Total shares issued in the year	1,225,554
Total shares cancelled in the year	(1,739,567)
Total shares converted in the year	94,145
Closing shares in issue	<u>12,995,082</u>

Notes to the financial statements (continued)

for the year ended 30 September 2021

11. Share classes (continued)

	B Accumulation
Opening shares in issue	20,076,108
Total shares issued in the year	2,689,027
Total shares cancelled in the year	(2,583,248)
Total shares converted in the year	53,606
Closing shares in issue	<u>20,235,493</u>
	C Income
Opening shares in issue	32,970,253
Total shares issued in the year	21,785,789
Total shares cancelled in the year	(11,153,551)
Total shares converted in the year	(23,149)
Closing shares in issue	<u>43,579,342</u>
	C Accumulation
Opening shares in issue	219,080,168
Total shares issued in the year	31,398,179
Total shares cancelled in the year	(53,236,711)
Total shares converted in the year	321,207
Closing shares in issue	<u>197,562,843</u>

For the year ended 30 September 2021, the annual management charge for each share class is as follows:

A Income	1.20%
A Accumulation	1.20%
B Income	0.84%
B Accumulation	0.84%
C Income	0.72%
C Accumulation	0.72%

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

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

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a sub-fund all the assets of the sub-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

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

The ACD acts as principal in respect of all transactions of shares in the sub-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 sub-fund.

Amounts payable to the ACD and its associates are disclosed in note 4.

Notes to the financial statements (continued)

for the year ended 30 September 2021

12. Related party transactions (continued)

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

	2021 Holding	2020 Holding
SVS Church House Esk Global Equity Fund	2,000,000	2,200,000
SVS Church House Investment Grade Fixed Interest Fund	6,300,000	5,500,000
SVS Church House UK Equity Growth Fund Z Inc	1,735,000	1,000,000
SVS Church House UK Equity Growth Fund Z Acc	403,339	403,339
SVS Church House UK Smaller Companies Fund	1,919,000	1,850,000

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has decreased from 157.5p to 157.1p, the A Accumulation share has decreased from 164.2p to 163.8p, the net asset value per B Income share has decreased from 160.7p to 160.4p, the B Accumulation share has decreased from 171.5p to 171.2p, the net asset value per C Income share has decreased from 160.7p to 160.5p and the C Accumulation share has decreased from 172.8p to 172.5p at 18 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		Financial transaction tax		Purchases after transaction costs
2021	£	£	%	£	%	£	%	£
Equities	27,900,946	13,612	0.05%	71,777	0.26%	6,670	0.02%	27,993,005
Bonds*	148,062,290	-	-	-	-	-	-	148,062,290
Collective Investment Schemes*	2,640,161	-	-	-	-	-	-	2,640,161
Total	178,603,397	13,612	0.05%	71,777	0.26%	6,670	0.02%	178,695,456
	Purchases before transaction costs	Commission		Taxes		Financial transaction tax		Purchases after transaction costs
2020	£	£	%	£	%	£	%	£
Equities	51,533,258	22,967	0.04%	151,542	0.29%	-	-	51,707,767
Bonds	202,999,590	-	-	1	0.00%	-	-	202,999,591
Collective Investment Schemes*	3,983,260	-	-	-	-	-	-	3,983,260
Total	258,516,108	22,967	0.04%	151,543	0.29%	-	-	258,690,618

* No direct transaction costs were incurred in these transactions.

Capital events amount of £1,244,634 (2020: £nil) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

Notes to the financial statements (continued)

for the year ended 30 September 2021

14. Transaction costs (continued)

a Direct transaction costs (continued)

2021	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£
Equities	44,335,435	(35,056)	0.08%	(122)	0.00%	-	-	44,300,257
Bonds*	153,467,535	-	-	-	-	-	-	153,467,535
Collective Investment Schemes*	798,200	-	-	-	-	-	-	798,200
Total	198,601,170	(35,056)	0.08%	(122)	0.00%	-	-	198,565,992

2020	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£
Equities	9,303,993	(8,405)	0.09%	(2)	0.00%	-	-	9,295,586
Bonds*	160,146,847	-	-	-	-	-	-	160,146,847
Structured Products*	5,115,795	-	-	-	-	-	-	5,115,795
Total	174,566,635	(8,405)	0.09%	(2)	0.00%	-	-	174,558,228

* No direct transaction costs were incurred in these transactions.

Summary of direct transaction costs

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

2021	£	% of average net asset value
Commission	48,668	0.01%
Taxes	71,899	0.02%
Financial transaction tax	6,670	0.00%
2020	£	% of average net asset value
Commission	31,372	0.01%
Taxes	151,545	0.03%

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 0.43% (2020: 0.52%).

15. Risk management policies

In pursuing the sub-fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the sub-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.

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

a Market risk

Market risk is the risk that the value of the sub-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 sub-fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are equities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the sub-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 sub-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 sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £5,453,384 (2020: £5,196,127).

(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. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. 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 sub-fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency
	£	£	£
2021			
Danish krone	-	1,665	1,665
Euro	11,432,225	76,850	11,509,075
Swedish krona	1,468,767	(1,468,468)	299
US dollar	14,750,260	83,570	14,833,830
Total foreign currency exposure	<u>27,651,252</u>	<u>(1,306,383)</u>	<u>26,344,869</u>
	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency
	£	£	£
2020			
Danish krone	-	1,755	1,755
Euro	9,766,836	78,756	9,845,592
US dollar	22,104,931	107,645	22,212,576
Total foreign currency exposure	<u>31,871,767</u>	<u>188,156</u>	<u>32,059,923</u>

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 sub-fund would increase or decrease by approximately £1,317,243 (2020: £1,602,996).

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value of the sub-fund's investments will fluctuate as a result of interest rate changes.

During the year the sub-fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

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

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 30 September 2021, if interest rates increased or decreased by 25 basis points, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £3,842,323 (2020: £2,553,451).

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

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2021	£	£	£	£	£
Danish krone	-	-	1,665	-	1,665
Euro	5,459,260	5,972,965	76,850	-	11,509,075
Swedish krona	-	-	1,469,467	(1,469,168)	299
UK sterling	253,242,476	105,010,763	124,458,414	(4,781,889)	477,929,764
US dollar	4,515,587	7,276,622	3,041,621	-	14,833,830
	<u>263,217,323</u>	<u>118,260,350</u>	<u>129,048,017</u>	<u>(6,251,057)</u>	<u>504,274,633</u>

	Variable rate financial assets	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2020	£	£	£	£	£
Danish krone	-	-	1,755	-	1,755
Euro	6,220,850	3,545,986	78,756	-	9,845,592
UK sterling	242,407,700	120,104,032	108,106,455	(5,791,140)	464,827,047
US dollar	9,954,331	6,054,140	6,204,105	-	22,212,576
	<u>258,582,881</u>	<u>129,704,158</u>	<u>114,391,071</u>	<u>(5,791,140)</u>	<u>496,886,970</u>

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk.

The Depositary has appointed the custodian to provide custody services for the assets of the sub-fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the sub-fund. The sub-fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors, and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Portfolio statement.

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

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

c Liquidity risk

A significant risk is the cancellation of 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 sub-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 sub-fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the sub-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 sub-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 sub-fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the sub-fund to meet large redemptions (50% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the 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 sub-fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

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

	Investment assets	Investment liabilities
Basis of valuation	2021	2021
	£	£
Quoted prices	85,362,828	-
Observable market data	386,756,705	-
Unobservable data*	11,307,112	-
	<u>483,426,645</u>	<u>-</u>
	Investment assets	Investment liabilities
Basis of valuation	2020	2020
	£	£
Quoted prices	85,179,127	-
Observable market data	384,747,555	-
Unobservable data*	11,320,413	-
	<u>481,247,095</u>	<u>-</u>

* Structured product holdings in the portfolio statement are valued using valuation models where the inputs are unobservable. The ACD engages a third party to provide valuations for these investments.

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

Prime Infrastructure: shares are included in the portfolio of investments with no value as the security is not tradable.

Duet Real Estate Finance: The fair value pricing committee determined that it is appropriate to include the security in the portfolio of investments with no value as the security is in liquidation, with little prospect of a distribution to shareholders.

Terra Catalyst Fund: This is a delisted security and is valued by the fair value pricing committee at nil (2020: £0.1564).

e Assets subject to special arrangements arising from their illiquid nature

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

	2021	2020
	% of the total net asset value	% of the total net asset value
Prime Infrastructure	-	-
Duet Real Estate Finance	-	-
Terra Catalyst Fund	-	0.01%
Total	<u>-</u>	<u>0.01%</u>

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

f Derivatives

The sub-fund may employ derivatives with the aim of reducing the sub-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 sub-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 sub-fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the sub-fund at any given time and may not exceed 100% of the net asset value of the property of the sub-fund.

In the year the sub-fund had exposure to derivatives embedded in structured products and convertible bonds. 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 sub-fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in a sub-fund at any given time and may not exceed 100% of the net asset value of the property of the sub-fund.

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

In the year, the sub-fund held structured products with embedded derivatives. Exposure created by underlying derivatives is monitored by the ACD as well as the rating of the issuer of the structured product. A third party is used to verify the prices of the structured products.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

(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 sub-fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the sub-fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The sub-fund may transact in derivative contracts which potentially exposes the sub-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.

As at the balance sheet date, the leverage was 110.46%.

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

f Derivatives (continued)

(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 the global exposure is as follows:

	Gross exposure value £	% of the total net asset value
Investment		
Structured Products		
Goldman Sachs 5Y GBP Capped Floored Floater Note 07/06/2023	5,053,960	1.00%
JP Morgan Structured Products BV 1.2% 18/02/2026	5,292,934	1.05%
Royal Bank of Canada 0% 13/12/2021	960,218	0.19%
Convertible bonds		
Amadeus IT Group 1.5% 09/04/2025	1,093,007	0.22%
Capital & Counties Properties 2% 30/03/2026	1,992,181	0.40%
Cellnex Telecom 0.75% 20/11/2031	538,517	0.11%
Delivery Hero 2.125% 10/03/2029	804,703	0.16%
Derwent London Capital No 3 Jersey 1.5% 12/06/2025	36,086,011	7.16%
ELM BV for Swiss Re 3.25% 13/06/2024	454,531	0.09%
Glencore Funding 0% 27/03/2025	146,060	0.03%
TotalEnergies 0.5% 02/12/2022	124,582	0.02%
Trainline 1% 14/01/2026	174,649	0.03%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 30 September 2021

Distributions on A Income 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	0.430	-	0.430	0.278
31.05.21	group 2	interim	0.197	0.233	0.430	0.278
30.11.21	group 1	final	0.493	-	0.493	0.410
30.11.21	group 2	final	0.303	0.190	0.493	0.410

Distributions on A Accumulation 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	0.436	-	0.436	0.282
31.05.21	group 2	interim	0.198	0.238	0.436	0.282
30.11.21	group 1	final	0.509	-	0.509	0.419
30.11.21	group 2	final	0.341	0.168	0.509	0.419

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

Distribution table (continued)

for the year ended 30 September 2021

Distributions on B Income 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	0.653	-	0.653	0.497
31.05.21	group 2	interim	0.387	0.266	0.653	0.497
30.11.21	group 1	final	0.734	-	0.734	0.634
30.11.21	group 2	final	0.485	0.249	0.734	0.634

Distributions on B Accumulation 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	0.697	-	0.697	0.530
31.05.21	group 2	interim	0.359	0.338	0.697	0.530
30.11.21	group 1	final	0.775	-	0.775	0.670
30.11.21	group 2	final	0.456	0.319	0.775	0.670

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

Distribution table (continued)*for the year ended 30 September 2021***Distributions on C Income 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	0.731	-	0.731	0.577
31.05.21	group 2	interim	0.382	0.349	0.731	0.577
30.11.21	group 1	final	0.814	-	0.814	0.718
30.11.21	group 2	final	0.459	0.355	0.814	0.718

Distributions on C Accumulation 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	0.776	-	0.776	0.616
31.05.21	group 2	interim	0.394	0.382	0.776	0.616
30.11.21	group 1	final	0.860	-	0.860	0.756
30.11.21	group 2	final	0.398	0.462	0.860	0.756

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

SVS Church House UK Smaller Companies Fund

Investment Manager's report

Investment objective and policy

The aim of the sub-fund is to provide capital growth over the long term (at least five years).

The sub-fund is actively managed and the Manager does not track, and is not constrained by, any benchmark index.

At least 80% of the sub-fund's assets are invested in shares of UK smaller companies. UK companies are those incorporated or domiciled in the UK and smaller companies are defined by the Investment Manager as those with a market capitalisation of less than £2 billion at the time of purchase. The sub-fund may invest in any industry or sector.

Up to 20% of the sub-fund may be invested in other assets: the shares of companies with a market capitalisation of £2 billion or more, the shares of overseas companies (developed markets only), fixed interest securities, money market instruments and cash.

No more than 10% of the Sub-fund's total assets may be invested in collective investments schemes.

Investment performance

Performance* over:	One Year	Three Years	Five Years
CH UK Smaller Companies Fund 'A' Accumulation	40.90%	13.10%	52.90%
(CH Deep Value Investments until 24/8/20)			

*Source: Bloomberg and Smith & Williamson Fund Administration Limited. Based on mid prices at 12pm.

Investment activities

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

During the third quarter when markets were generally favourable for UK smaller companies, we were happy to keep portfolio activity to a minimum and to let the steady economic recovery that we are seeing work its magic. All of our portfolio companies have reported results in 2021 and the tone is overwhelmingly optimistic.

To cherry-pick examples from across a few sectors: house builder Bellway reported that housing reservations are up 51% on 2020 and are essentially back to pre-COVID levels; consumer review platform Trustpilot Group grew revenue by 31% and are on track to exceed the guidance given at their initial public offering (IPO) in March by a healthy margin; and pub company Young and Co.'s Brewery managed to get sales back to 85% of 2019 levels in the first few months of the year, when people were only allowed to use their pub gardens. Of course, we have not seen the end of COVID, but the economy has adapted and we are optimistic for continued good news ahead.

Top 15 Holdings - 30 September 2021**	
Liontrust Asset Management	5.2%
Ideagen	4.3%
Diploma	4.1%
Greggs	4.1%
Judges Scientific	4.0%
Somero Enterprises	3.9%
Softcat	3.8%
Brewin Dolphin	3.7%
Bellway	3.7%
Young & Co's Brewery	3.6%
Beazley	3.3%
Porvair	3.1%
Close Brothers Group	2.9%
RWS Holdings	2.8%
Trainline	2.8%

The technology sector had a rare period of underperformance after a strong 2020, we took this opportunity to add two new names to the Fund. The first was Kainos, this is a fast-growing business that we believe has a bright future. The second was Frontier Developments, who develop games such as Jurassic World Evolution and the upcoming Warhammer: Chaos Gate. Love it or hate it, gaming is a huge growth market, and Frontier Developments gives the Fund exposure, in addition to what we already have through Keywords Studios. Moving on to the Fund's fourth quarter, in August we added to our positions in Trustpilot Group and Fevertree Drinks. Trustpilot announced their first half-year results as a publicly-listed company and lifted their outlook, despite a slightly widened pre-tax loss in this period. With revenues growing at 31%, we remain confident in the business despite growing overheads. Management has now guided towards mid-20% revenue growth and the platform now has over 145m peer-to-peer reviews on its website, consolidating its position as the number one in its field.

**Source: Smith & Williamson Fund Administration Limited.

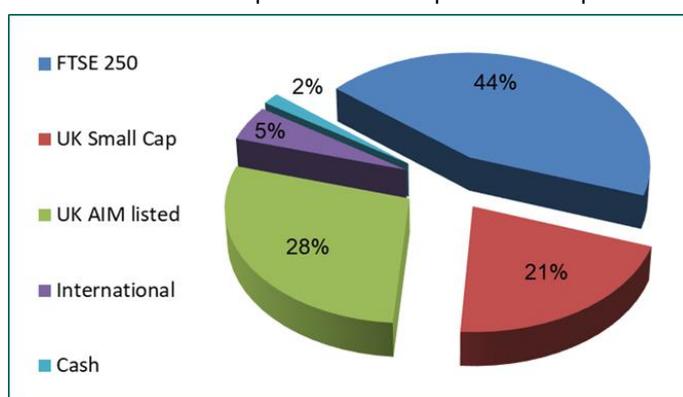
Investment Manager's report (continued)

Investment activities (continued)

In September, we added to our position in videogames developer Frontier Developments, the studio behind *Jurassic World Evolution* and *Planet Coaster* (the UK is a market-leader in video games development). Frontier is at the forefront of this charge, they reported a rise in profit and revenue for the year despite not releasing a major new game, along with a confident outlook statement. The pipeline includes the new *Warhammer* 40,000 game and their first official *Formula One* management game. We trimmed our position in big box distribution centre manager Tritax Eurobox to fund these purchases.

2021 has seen a glut of Initial Public Offerings (IPOs), we have followed many, but only taken part in two, Trustpilot Group and the recent IPO of Peel Hunt, a City of London broker. Peel Hunt is a UK focused investment bank operating primarily in the small and mid-cap space. What drew us to Peel Hunt was their relatively even revenue split between execution, research and investment banking in comparison to their peers. They have developed a market-leading, automated trading platform which executes close to half of all retail trades in the UK and are well positioned to benefit from any bounce back in UK markets.

CH UK Smaller Companies Fund - Disposition 30 September 2021



Source: Church House

Investment strategy and outlook

The third quarter of 2021 gradually became more uncomfortable as concerns mounted. First among these is inflation, which is proving to be stubborn and the Bank of England (and other central banks) are having to admit that it is proving less 'transitory' than they had been suggesting it would be. They are in the unenviable position of needing to bring forward the tapering of their monetary support, admit that base interest rates will need to rise next year, but not be too precipitate about it. In other words, achieving a balance between avoiding inflation getting embedded in expectations (and wage demands) and choking-off the recovery just as it gets going.

Possibly it was naïve to think that the world's economy could be switched off for eighteen months and expect everything to be just fine when we turn it all on again. As Berenberg's economists put it: "A rare combination of post-COVID-19 pent-up demand, severe supply shortages, high energy costs and temporary special factors have driven inflation on both sides of the Atlantic to well beyond what central banks and we had expected at the start of the year." It is most unfortunate that the surge in demand as economies come back to life has led to such a squeeze in energy prices. The UK is doing rather well replacing energy with renewables but, in common with many other countries, this means that we have under-invested in fossil-fuel supplies and are exposed to a surge in demand (particularly when the wind has been light).

In China, revelations as to the parlous state of their biggest property company, Evergrande Group, have dented their growth expectations. Evergrande has massive debts and appears to have been funding itself with sales of unbuilt properties. This has not been lost on the commodity markets where the price of iron ore has fallen sharply (in stark contrast to the energy markets). Stock markets have ceased their progress as all this has unfolded. In London, shares have not made any headway for the best part of six months and even the high-flying American markets have fallen back to late-June levels. On both sides of the Atlantic, markets have been getting more volatile again.

Investment Manager's report (continued)

Investment strategy and outlook (continued)

Depressing though this all may sound, much of it does have the feeling of problems that will pass. We expect that the supply chain problems will get sorted, it is in everyone's interest that they are, energy prices will reverse at some point (they are notoriously volatile). The central banks will probably be shown to be right about the jump in inflation being temporary just that their timing was rather awry, although they do still need to get interest rates back to more sensible levels. Meanwhile, it is plain to see our economy recovering (it is now running at higher levels than pre-COVID) and good news such as the development of a pill for COVID receive scant coverage.

We will continue to invest in high quality companies for the long-term being firmly of the belief that it is these companies that provide the best protection against inflation as well as the best long-term returns.

Church House Investments Limited

26 October 2021

Summary of portfolio changes

for the year ended 30 September 2021

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

	Cost
	£
Purchases:	
Avon Rubber	358,340
RWS Holdings	344,234
Softcat	286,787
Arix Bioscience	246,902
Frontier Developments	232,002
Beazley	226,933
Kainos	223,557
Trustpilot Group	214,549
Simulations Plus	168,827
GB Group	140,047
IntegraFin Holdings	124,771
Porvair	111,578
Redrow	105,183
Keywords Studios	103,305
Peel Hunt	102,600
Trainline	88,831
Liontrust Asset Management	77,835
Animalcare Group	61,193
Craneware	43,933
Strix Group	43,448
	Proceeds
	£
Sales:	
Aberforth Smaller Companies Trust	585,080
BP Marsh & Partners	378,866
Clinigen Group	294,318
Enteq Upstream	271,277
Tritax EuroBox	224,749
Gattaca	217,447
Hunting	216,684
Redrow	202,567
Plexus Holdings	171,127
Record	162,349
Arix Bioscience	132,590
MTI Wireless Edge	117,875
Animalcare Group	87,439
Brewin Dolphin	69,252
dotdigital group	15,352

Portfolio statement

as at 30 September 2021

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities 94.67 % (83.32%)			
Equities - United Kingdom 89.78% (79.39%)			
Equities - incorporated in the United Kingdom 86.44% (77.34%)			
Energy 1.15% (6.81%)			
Plexus Holdings	1,335,222	153,551	1.15
Industrials 15.74% (12.19%)			
Avon Rubber	12,000	233,040	1.75
Diploma	19,250	547,085	4.11
Havelock Europa*	1,125,000	-	-
Judges Scientific	7,000	526,400	3.95
Porvair	60,000	414,000	3.11
RWS Holdings	60,000	375,900	2.82
		2,096,425	15.74
Consumer Discretionary 15.61% (13.12%)			
Bellway	15,000	491,850	3.69
Greggs	18,411	542,756	4.08
Redrow	30,000	200,280	1.50
Trainline	105,000	368,550	2.77
Young & Co's Brewery	31,000	475,850	3.57
		2,079,286	15.61
Consumer Staples 6.56% (8.33%)			
A.G. Barr	50,000	258,500	1.94
Cranswick	10,000	357,200	2.68
Fevertree Drinks	11,078	257,785	1.94
		873,485	6.56
Health Care 4.23% (6.71%)			
Bioventix	7,000	273,000	2.05
Craneware	12,000	290,400	2.18
		563,400	4.23
Financials 18.56% (18.58%)			
Arix Bioscience	75,000	112,500	0.84
Beazley	115,000	436,080	3.27
Brewin Dolphin	130,000	495,300	3.72
Close Brothers Group	25,038	386,837	2.90
IntegraFin Holdings	67,500	350,325	2.63
Liontrust Asset Management	32,500	690,625	5.20
		2,471,667	18.56

*Havelock Europa - The fair value pricing committee determined that it is appropriate to include the security in the portfolio of investments with no value, as the security is in administration (subsequently dissolved on 9 October 2021).

Portfolio statement (continued)

as at 30 September 2021

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities (continued)			
Equities - incorporated in the United Kingdom (continued)			
Information Technology 15.89% (7.14%)			
GB Group	17,500	151,375	1.14
Ideagen	181,297	571,085	4.29
Kainos	16,000	300,320	2.25
Keywords Studios	9,000	262,080	1.97
Softcat	25,000	506,000	3.80
TT Electronics	125,000	324,375	2.44
		<u>2,115,235</u>	<u>15.89</u>
Communication Services 4.01% (0.00%)			
Frontier Developments	10,000	245,000	1.84
Trustpilot Group	75,000	289,200	2.17
		<u>534,200</u>	<u>4.01</u>
Real Estate 4.69% (4.46%)			
Big Yellow Group	21,500	299,710	2.25
Shaftesbury	53,493	325,505	2.44
		<u>625,215</u>	<u>4.69</u>
Total equities - incorporated in the United Kingdom		<u>11,512,464</u>	<u>86.44</u>
Equities - incorporated outwith the United Kingdom 3.34% (2.05%)			
Financials 0.78% (0.00%)			
Peel Hunt	45,000	104,400	0.78
Information Technology 2.56% (2.05%)			
Strix Group	100,000	341,500	2.56
Total equities - incorporated outwith the United Kingdom		<u>445,900</u>	<u>3.34</u>
Total equities - United Kingdom		<u>11,958,364</u>	<u>89.78</u>
Equities - Israel 0.00% (1.24%)		-	-
Equities - United States 4.89% (2.69%)			
Simulations Plus	4,500	131,828	0.99
Somero Enterprises	100,000	520,000	3.90
Total equities - United States		<u>651,828</u>	<u>4.89</u>
Total equities		<u>12,610,192</u>	<u>94.67</u>

Portfolio statement (continued)

as at 30 September 2021

	Nominal value or holding	Market value £	% of total net assets
Investment			
Closed-Ended Funds - United Kingdom 3.26% (9.20%)			
ICG Enterprise Trust	27,500	321,750	2.42
Tritax EuroBox	100,000	112,000	0.84
Total closed-ended funds - United Kingdom		<u>433,750</u>	<u>3.26</u>
Portfolio of investments		13,043,942	97.93
Other net assets		275,722	2.07
Total net assets		<u>13,319,664</u>	<u>100.00</u>

All investments are listed on recognised stock exchanges or 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 sub-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 sub-fund. The shaded area in the table below shows the sub-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 sub-fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

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

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

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

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

Where the sub-fund invests in less liquid investments, which may at times be hard to sell, there is a risk that there may be a delay in the investments being sold or the price at which they are sold may adversely affect the value of the sub-fund. In the event that there was insufficient liquidity in the sub-fund to meet requested redemption it may be necessary to suspend dealings in shares in the sub-fund. Investors may experience a delay or receive less than expected when selling their investment.

For further information please refer to the KIID.

For full details on risk factors for the sub-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 sub-fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the sub-fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A Accumulation			B 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	123.24	138.08	151.92	126.09	140.73	154.24
Return before operating charges	52.21	(12.66)	(11.81)	53.43	(12.90)	(12.00)
Operating charges	(2.25)	(2.18)	(2.03)	(1.71)	(1.74)	(1.51)
Return after operating charges *	49.96	(14.84)	(13.84)	51.72	(14.64)	(13.51)
Distributions [^]	(0.57)	(0.19)	(0.53)	(1.15)	(0.70)	(1.11)
Retained distributions on accumulation shares [^]	0.57	0.19	0.53	1.15	0.70	1.11
Closing net asset value per share	173.20	123.24	138.08	177.81	126.09	140.73
* after direct transaction costs of:	0.20	0.50	0.06	0.20	0.50	0.06
Performance						
Return after charges	40.54%	(10.75%)	(9.11%)	41.02%	(10.40%)	(8.76%)
Other information						
Closing net asset value (£)	7,443,510	4,389,197	6,622,873	5,876,154	5,089,907	5,281,197
Closing number of shares	4,297,618	3,561,367	4,796,294	3,304,690	4,036,838	3,752,679
Operating charges ^{^^}	1.47%	1.67%	1.42%	1.09%	1.30%	1.05%
Direct transaction costs	0.13%	0.37%	0.04%	0.13%	0.37%	0.04%
Prices						
Highest share price (p)	183.2	143.0	154.2	188.1	145.7	156.5
Lowest share price (p)	124.6	102.0	134.6	127.6	104.2	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.

Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the Fund (the synthetic 'OCF'). Following guidance issued by the Investment Association on 2 July 2020, the synthetic OCF calculation has been expanded to include closed ended vehicles such as investment trusts.

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

Financial statements - SVS Church House UK Smaller Companies Fund

Statement of total return

for the year ended 30 September 2021

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		3,783,197		(1,275,384)
Revenue	3	213,257		174,336	
Expenses	4	<u>(145,645)</u>		<u>(129,972)</u>	
Net revenue before taxation		67,612		44,364	
Taxation	5	<u>(4,275)</u>		<u>(6,035)</u>	
Net revenue after taxation			<u>63,337</u>		<u>38,329</u>
Total return before distributions			3,846,534		(1,237,055)
Distributions	6		(63,322)		(38,312)
Change in net assets attributable to shareholders from investment activities			<u>3,783,212</u>		<u>(1,275,367)</u>

Statement of change in net assets attributable to shareholders

for the year ended 30 September 2021

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		9,479,104		11,904,070
Amounts receivable on issue of shares	2,044,328		842,888	
Amounts payable on cancellation of shares	<u>(2,057,575)</u>		<u>(2,044,354)</u>	
		(13,247)		(1,201,466)
Dilution levy		7,898		15,510
Change in net assets attributable to shareholders from investment activities		3,783,212		(1,275,367)
Retained distributions on accumulation shares		62,697		36,357
Closing net assets attributable to shareholders		<u>13,319,664</u>		<u>9,479,104</u>

Balance sheet

as at 30 September 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		13,043,942	8,769,692
Current assets:			
Debtors	7	24,346	20,980
Cash and bank balances	8	267,671	927,087
Total assets		<u>13,335,959</u>	<u>9,717,759</u>
Liabilities:			
Creditors:			
Other creditors	9	(16,295)	(238,655)
Total liabilities		<u>(16,295)</u>	<u>(238,655)</u>
Net assets attributable to shareholders		<u><u>13,319,664</u></u>	<u><u>9,479,104</u></u>

Notes to the financial statements

for the year ended 30 September 2021

1. Accounting policies

The accounting policies are disclosed on pages 9 to 11.

2. Net capital gains / (losses)

	2021	2020
	£	£
Non-derivative securities - realised (losses) / gains	(121,502)	454,293
Non-derivative securities - movement in unrealised gains / (losses)	3,909,659	(1,723,988)
Currency losses	(391)	(2,457)
Transaction charges	(4,569)	(3,232)
Total net capital gains / (losses)	<u>3,783,197</u>	<u>(1,275,384)</u>

3. Revenue

	2021	2020
	£	£
UK revenue	162,759	108,614
Unfranked revenue	11,604	18,541
Overseas revenue	38,859	39,809
Interest on debt securities	-	7,065
Bank and deposit interest	35	307
Total revenue	<u>213,257</u>	<u>174,336</u>

4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
Annual management charge	125,174	109,570
Registration fees	337	345
	<u>125,511</u>	<u>109,915</u>
Payable to the Depositary		
Depositary fees	<u>8,994</u>	<u>9,006</u>
Other expenses:		
Audit fee	5,964	5,940
Non-executive directors' fees	1,069	618
Safe custody fees	366	277
Bank interest	88	-
FCA fee	208	193
KIID production fee	1,142	1,142
Platform charges	743	151
Publication fee	1,560	2,730
	<u>11,140</u>	<u>11,051</u>
Total expenses	<u>145,645</u>	<u>129,972</u>

Notes to the financial statements (continued)

for the year ended 30 September 2021

5. Taxation	2021 £	2020 £
<i>a. Analysis of the tax charge for the year</i>		
Overseas tax withheld	4,275	6,035
Total taxation (note 5b)	<u>4,275</u>	<u>6,035</u>

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	<u>67,612</u>	<u>44,364</u>
Corporation tax @ 20%	13,522	8,873
Effects of:		
UK revenue	(32,552)	(21,723)
Overseas revenue	(7,771)	(7,962)
Overseas tax withheld	4,275	6,035
Excess management expenses	26,801	20,812
Total taxation (note 5a)	<u>4,275</u>	<u>6,035</u>

c. Provision for deferred taxation

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £221,802 (2020: £195,001).

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 accumulation distribution	29,160	26,536
Final accumulation distribution	<u>33,537</u>	<u>9,821</u>
	62,697	36,357
Equalisation:		
Amounts deducted on cancellation of shares	4,963	3,164
Amounts added on issue of shares	(4,361)	(975)
Net equalisation on conversions	23	(234)
Total net distributions	<u>63,322</u>	<u>38,312</u>
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	63,337	38,329
Undistributed revenue brought forward	47	30
Undistributed revenue carried forward	(62)	(47)
Distributions	<u>63,322</u>	<u>38,312</u>

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

Notes to the financial statements (continued)

for the year ended 30 September 2021

7. Debtors	2021	2020
	£	£
Amounts receivable on issue of shares	2,047	3,836
Accrued revenue	22,013	16,754
Prepaid expenses	286	390
Total debtors	<u>24,346</u>	<u>20,980</u>
8. Cash and bank balances	2021	2020
	£	£
Total cash and bank balances	<u>267,671</u>	<u>927,087</u>
9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	8,348	2,745
Purchases awaiting settlement	-	228,045
Other expenses:		
Safe custody fees	68	38
Audit fee	5,964	5,940
Non-executive directors' fees	390	255
FCA fee	104	-
Publication fee	1,170	1,170
Platform charges	215	27
Transaction charges	36	435
Total accrued expenses	<u>7,947</u>	<u>7,865</u>
Total other creditors	<u>16,295</u>	<u>238,655</u>

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:

	A Accumulation
Opening shares in issue	3,561,367
Total shares issued in the year	1,048,181
Total shares cancelled in the year	(322,361)
Total shares converted in the year	10,431
Closing shares in issue	<u>4,297,618</u>
	B Accumulation
Opening shares in issue	4,036,838
Total shares issued in the year	282,886
Total shares cancelled in the year	(1,004,868)
Total shares converted in the year	(10,166)
Closing shares in issue	<u>3,304,690</u>

For the year ended 30 September 2021, the annual management charge for each share class is as follows:

A Accumulation	1.25%
B Accumulation	0.875%

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

Notes to the financial statements (continued)

for the year ended 30 September 2021

11. Share classes (continued)

Further information in respect of the return per share is disclosed in the Comparative table.

On the winding up of a sub-fund all the assets of the sub-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

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

The ACD acts as principal in respect of all transactions of shares in the sub-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 sub-fund.

Amounts payable to the ACD and its associates are disclosed in note 4.

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Accumulation share has decreased from 173.2p to 160.8p and the B Accumulation share has decreased from 177.8p to 165.3p as at 18 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		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2021									
Equities	3,549,121	2,588	0.07%	10,654	0.30%	2	0.00%	3,562,365	
Total	3,549,121	2,588	0.07%	10,654	0.30%	2	0.00%	3,562,365	
	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2020									
Equities	7,853,418	5,843	0.07%	27,230	0.35%	-	-	7,886,491	
Total	7,853,418	5,843	0.07%	27,230	0.35%	-	-	7,886,491	

Capital events amount of £70,808 (2020: £nil) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

Notes to the financial statements (continued)

for the year ended 30 September 2021

14. Transaction costs (continued)

a Direct transaction costs (continued)

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2021									
Equities	3,149,430	(2,430)	0.08%	(28)	0.00%	-	-	-	3,146,972
Total	3,149,430	(2,430)	0.08%	(28)	0.00%	-	-	-	3,146,972
	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2020									
Equities	6,687,611	(5,428)	0.08%	(6)	0.00%	-	-	-	6,682,177
Bonds*	2,415,336	-	-	-	-	-	-	-	2,415,336
Total	9,102,947	(5,428)	0.08%	(6)	0.00%	-	-	-	9,097,513

* No direct transaction costs were incurred in these transactions.

Summary of direct transaction costs

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

2021	£	% of average net asset value
Commission	5,018	0.04%
Taxes	10,682	0.09%
Financial transaction tax	2	0.00%
2020	£	% of average net asset value
Commission	11,271	0.11%
Taxes	27,236	0.26%

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 0.84% (2020: 1.97%).

15. Risk management policies

In pursuing the sub-fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the sub-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.

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

a Market risk

Market risk is the risk that the value of the sub-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 sub-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 and closed-ended funds 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 sub-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 sub-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 sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £652,197 (2020: £438,485).

(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. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. 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 sub-fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
2021			
US dollar	131,828	5,674	137,502
Total foreign currency exposure	131,828	5,674	137,502
	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
2020			
US dollar	-	16,240	16,240
Total foreign currency exposure	-	16,240	16,240

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 sub-fund would increase or decrease by approximately £6,875 (2020: £812).

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value of the sub-fund's investments will fluctuate as a result of interest rate changes.

During the year the sub-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 sub-fund.

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

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 sub-fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the sub-fund. The sub-fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

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

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 sub-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 sub-fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the sub-fund may not be able to immediately sell such securities.

The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria, and can make it difficult to establish accurate estimates of fundamental value. The dearth of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the ACD's ability to execute substantial deals.

To reduce liquidity risk the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the sub-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 sub-fund.

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

c Liquidity risk (continued)

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the sub-fund to meet large redemptions (50% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the 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 sub-fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets	Investment liabilities
Basis of valuation	2021	2021
	£	£
Quoted prices	13,043,942	-
Observable market data	-	-
Unobservable data*	-	-
	<u>13,043,942</u>	<u>-</u>
	Investment assets	Investment liabilities
Basis of valuation	2020	2020
	£	£
Quoted prices	8,769,692	-
Observable market data	-	-
Unobservable data*	-	-
	<u>8,769,692</u>	<u>-</u>

*The following security is valued in the portfolio of investments using a valuation technique:

Havelock Europa: The fair value pricing committee determined that it is appropriate to include the security in the portfolio of investments with no value, as the security is in administration (subsequently dissolved on 9 October 2021).

e Assets subject to special arrangements arising from their illiquid nature

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

	2021	2020
	% of the total net asset value	% of the total net asset value
Havelock Europa	0.00%	0.00%
Total	<u>0.00%</u>	<u>0.00%</u>

Notes to the financial statements (continued)

for the year ended 30 September 2021

15. Risk management policies (continued)

f Derivatives

The sub-fund may employ derivatives with the aim of reducing the sub-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 sub-fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

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

During the year there were no derivative transactions.

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the sub-fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the sub-fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The sub-fund may transact in derivative contracts which potentially exposes the sub-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

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 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	0.271	-	0.271	0.187
31.05.21	group 2	interim	-	0.271	0.271	0.187
30.11.21	group 1	final	0.299	-	0.299	0.006
30.11.21	group 2	final	0.027	0.272	0.299	0.006

Distributions on B 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	0.524	-	0.524	0.457
31.05.21	group 2	interim	0.088	0.436	0.524	0.457
30.11.21	group 1	final	0.626	-	0.626	0.238
30.11.21	group 2	final	0.179	0.447	0.626	0.238

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 report contained in the Smith & Williamson Report and Financial Statements for the period ended 31 December 2020 includes details on the remuneration policy. The remuneration committee comprises four non-executive directors¹ and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met eleven times during 2020-21².

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				
	Fixed £'000	Cash £'000	Equity £'000	Total £'000	No. MRTs
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 delegates the management of the Company's portfolio of investments to Church House Investments Limited and pays to Church House Investments Limited, out of the ACD's annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. Church House Investments Limited are compliant with the Capital Requirements Directive regarding remuneration and therefore Church House Investments Limited staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates

Where net revenue is available it will be paid/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 sub-funds are valued at 12 noon on each business day, with the exception of Christmas Eve and New Year's Eve or a bank holiday in England and Wales, or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the 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 and minimum holding value	Minimum subsequent investment
SVS Church House Tenax Absolute Return Strategies Fund:		
<i>share classes available for investment</i>		
A Shares Income and Accumulation	£5,000	£5,000
B Shares Income and Accumulation	£100,000	£100,000
C Shares Income and Accumulation	£1,000,000	£1,000,000

SVS Church House UK Smaller Companies Fund:

share classes available for investment

A Shares Accumulation	£5,000	£1,000
B Shares Accumulation	£100,000	£100,000

The minimum investments may be waived by the ACD at its discretion.

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

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.

Benchmark

SVS Church House Tenax Absolute Return Strategies Fund:

Shareholders may compare the performance of the sub-fund against its primary benchmark, the Bank of England SONIA Compounded Index.

SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. As the sub-fund aims to provide an absolute return, aiming to achieve positive returns over rolling twelve-month periods the ACD believes it is a meaningful benchmark to help shareholders assess the performance of the sub-fund.

Shareholders may also compare the performance of the sub-fund against the IA Targeted Absolute Return Sector. This will give shareholders an indication of how the sub-fund is performing against other similar funds in this peer group.

Shareholders may also compare the performance of the sub-fund against the FTSE 100 index. This will give shareholders an indication of how the sub-fund is performing against equity markets.

The benchmarks are not targets for the sub-fund, nor is the sub-fund constrained by the benchmarks.

SVS Church House UK Smaller Companies Fund:

Shareholders may compare the performance of the sub-fund against the FTSE All-Share Index and the FTSE Small Cap ex Investment Trusts Index.

The ACD has selected these comparator benchmarks as the ACD believes they best reflect the asset allocation of the sub-fund.

Further information (continued)

Benchmark (continued)

Comparison of the sub-fund's performance against these comparator benchmarks will give sub-fund holders an indication of how the sub-fund is performing.

The benchmarks are not targets for the sub-fund, nor is the sub-fund constrained by the benchmarks.

The comparative benchmark performance[^] and sub-fund performance[^] per share class (based on cumulative returns and mid-prices) over the period from 1 October 2020 to 30 September 2021, is as follows:

SVS Church House Tenax Absolute Return Strategies Fund:

SONIA Compounded Index	0.05%
IA Targeted Absolute Return Sector	6.48%
FTSE 100 TR	25.36%
A Income	4.91%
A Accumulation	4.90%
B Income	5.24%
B Accumulation	5.20%
C Income	5.28%
C Accumulation	5.28%

SVS Church House UK Smaller Companies Fund:

FTSE All-Share Index	27.89%
FTSE Small Cap ex Investment Trusts Index	72.45%
A Accumulation	40.92%
B Accumulation	41.52%

[^]Source: FE fundinfo

Appointments

ACD and Registered office

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

Administrator and Registrar

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

Directors of the ACD

Brian McLean
James Gordon
Andrew Baddeley - appointed 12 March 2021
David Cobb - resigned 25 May 2021
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

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

Depository

NatWest Trustee and Depository 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