

S&W Saltus Onshore Portfolios

Annual Report

for the year ended 28 February 2021

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## S&W Saltus Onshore Portfolios

### Report of the Authorised Corporate Director ('ACD')

Smith & Williamson Fund Administration Limited, as ACD, presents herewith the Annual Report for S&W Saltus Onshore Portfolios for the year ended 28 February 2021.

S&W Saltus Onshore Portfolios ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 2 January 2007. The Company is incorporated under registration number IC000507. It is a non-UCITS retail scheme ('NURS') complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND'), as published by the Financial Conduct Authority ('FCA'). As the Company is a NURS, the ACD also acts as Alternative Investment Fund Manager ('AIFM') in order to comply with the Alternative Investment Fund Manager's Directive ('AIFMD').

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 is provisionally applicable from 1 January 2021, after having been agreed by EU and UK negotiators on 24 December 2020. 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 base currency of the Company is UK sterling.

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 seven sub-funds available in the Company and the associated share classes are disclosed on page 197:

S&W Saltus Multi Asset Class Fund

S&W Saltus Wealth Fund

S&W Saltus Global Equity Fund

S&W Saltus Fixed Income Fund

S&W Saltus Real Return Fund

S&W Saltus Income Fund

S&W Saltus Growth Assets Fund

#### Cross holdings

During the year ended 28 February 2021, no sub-fund held shares of any other sub-fund in the umbrella.

#### Investment objective and policy

The investment objectives and policies of each sub-fund are disclosed within the Investment Manager's report of the individual sub-funds.

## Report of the Authorised Corporate Director (continued)

### Important Note from the ACD

The outbreak of Covid-19, declared by the World Health Organisation as a Public Health Emergency of International Concern on 30 January 2020, has caused disruption to businesses and economic activity. The ACD is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

### Changes affecting the Company in the year

KPMG LLP resigned as auditor and Johnston Carmichael LLP were appointed on 6 July 2020.

Further information in relation to the Company is illustrated on page 197.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook and the Investment Funds 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

30 June 2021

## Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook ('COLL') and the Investment Funds sourcebook ('FUND') published by the FCA, require 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/expense and net capital gains/losses 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;
- 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 these assessments within the Annual Report.

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

## Assessment of Value - S&W Saltus Multi Asset Class Fund

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

A high-level summary of the outcome of SWFAL's rigorous review of the sub-fund, at share class level, for the year ending 28 February 2021, using the seven criteria set by the FCA is set out below:

Criteria	*A Class	*Q Class	I Class	S Class	C Class	X Class
1. Quality of Service	●	●	●	●	●	●
2. Performance	●	●	●	●	●	●
3. ACD Costs	●	●	●	●	●	●
4. Economies of Scale	●	●	●	●	●	●
5. Comparable Market Rates	●	●	●	●	●	●
6. Comparable Services	●	●	●	●	●	●
7. Classes of Shares	●	●	●	●	●	●
Overall Rating	●	●	●	●	●	●

\* Both the A and Q share classes were merged into the I share class with effect from 26 February 2021.

SWFAL has adopted a traffic light system to show how it rated the sub-fund:

-  On balance, the Board believes the sub-fund is delivering value to shareholders, with no material issues noted.
-  On balance, the Board believes the sub-fund is delivering value to shareholders, but may require some actions.
-  On balance, the Board believes the sub-fund has not delivered value to shareholders and remedial action is now being undertaken by the Board.

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

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

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

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

The seven criteria are:

- (1) Quality of service - the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance - how the fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs - the fairness and value of the fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale - how costs have been or can be reduced as a result of increased Assets under Management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates - how the costs of the sub-fund compare with others in the marketplace;

## Assessment of Value - S&W Saltus Multi Asset Class Fund (continued)

- (6) Comparable services - how the charges applied to the sub-fund compare with those of other funds administered by SWFAL;
- (7) Classes of shares - the appropriateness of the classes of shares in the sub-fund for investors.

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

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

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

#### External Factors

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

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

What was the outcome of the assessment?

#### Internal Factors

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

#### External Factors

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

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

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

#### Investment Objectives

The objective of the sub-fund is to grow capital in excess of inflation (UK CPI) over a rolling 12-month period. Additionally, a volatility measurement of 1/3rd of the Investment Association UK All Companies sector, as measured over rolling 3-year periods, is in place as a means by which to monitor the stability of the portfolio.

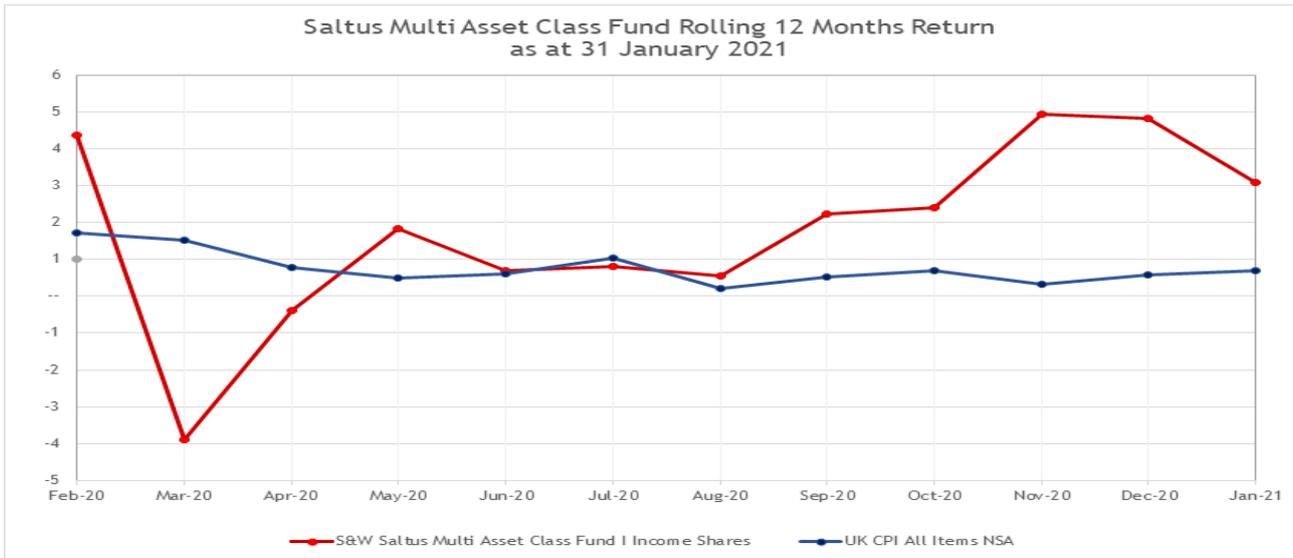
## Assessment of Value - S&W Saltus Multi Asset Class Fund (continued)

### 2. Performance (continued)

#### Benchmark

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

The benchmark for the sub-fund is to exceed the UK CPI (Consumer Price Index) over a rolling 12-month period. This is a 'target' benchmark which is an index or similar factor that is part of a target an investment manager has set for a fund's performance to match or exceed, which includes anything used for performance fee calculation. Details of how the sub-fund has performed against its target benchmark over various timescales can be found below.



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

Performance is calculated net of fees.

Past performance is not a guide to future performance.

What was the outcome of the assessment?

Following the closure of both the A and Q share classes, the sub-fund with the highest charges was the I class where analysis undertaken by SWFAL, to demonstrate the growth of capital in excess of inflation (UK CPI) over rolling twelve month periods, indicated that it had done so on 9 out of the last 12 monthly data samples. The three remaining share classes, all being cheaper than the I class, delivered superior performance to the I class.

This had been achieved whilst consistently operating within the volatility target of up to 1/3rd of the Investment Association UK All Companies sector volatility level, as measured over rolling 3-year periods. Once all was considered, the Board concluded that the sub-fund had met its objective.

Consideration was given to the risk metrics associated with the sub-fund which focus on, amongst other things, volatility and risk adjusted returns where SWFAL were comfortable that the outcomes were in line with expectations.

The Board found that the sub-fund was investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last twelve months.

Were there any follow up actions?

There were no follow-up actions required.

## Assessment of Value - S&W Saltus Multi Asset Class Fund (continued)

### 3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflect the services provided. This includes investment management fees, ACD's charge, Depository/Custodian fees, legal fees and audit fees.

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

What was the outcome of the assessment?

The Board observed that Saltus operate a unique model that includes a portfolio management fee within the OCF. This inflates the OCF and requires SWFAL to remove this notional fee so that each class can be compared on a like-for-like basis with other similarly run funds.

During last year's review it was considered that the A and Q share classes were an outlier within Saltus' model and a recommendation was made to close both classes. On 26 February 2021 both share classes were subsequently closed and shareholders moved to the I share class.

Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

The sub-fund is part of an umbrella structure consisting of seven sub-funds where there exists a tiering structure on the ACD fee based on the aggregated amount under management, meaning there are savings that can be realised should this increase going forward. Otherwise, the ancillary charges of the sub-fund, which represent 6 basis points, may fall as the size of the sub-fund grows and will offer some further opportunities for savings.

Were there any follow up actions?

There were no follow-up actions required.

### 5. Comparable Market Rates

What was assessed in this section?

The OCF for the share classes are:

- A share class, 2.39%<sup>1</sup>
- C share class, 1.69%<sup>1</sup>
- I share class, 1.89%<sup>1</sup>
- Q share class, 2.24%<sup>1</sup>
- S share class, 1.49%<sup>1</sup>
- X share class, 1.29%<sup>1</sup>

The A and Q classes were closed and shareholders moved to the I Class on 26 February 2021.

The Board reviewed the ongoing charges of the sub-fund, and how those charges affect the returns of the sub-fund. Funds with lower fees may offer better value than those with higher fees.

As mentioned in section 3, for the purposes of comparing against an appropriate peer group, the notional portfolio management fee has been removed from the OCF of all classes. The OCFs of the most expensive class and the cheapest class were then compared against the 'market rate' of similar externally managed funds.

<sup>1</sup> Figures at Interim report 31 August 2020

## Assessment of Value - S&W Saltus Multi Asset Class Fund (continued)

### 5. Comparable Market Rates (continued)

What was the outcome of the assessment?

The OCFs were found to compare favourably with those of similar externally managed funds.

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

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board compared the most expensive class and the cheapest class with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were too few SWFAL administered funds displaying the same characteristics as the S&W Saltus Multi Asset Class Fund with which to make a meaningful comparison.

Were there any follow up actions?

There were no follow-up actions required.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there are multiple share classes, shareholders are in the correct share class given the size of their holding.

What was the outcome of the assessment?

Prior to the sub-fund's year-end there were six share classes in existence. Following last year's assessment, it was concluded that both the A and Q share classes should be closed and shareholders merged into the I share class. This took effect on 26 February 2021.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

The SWFAL Board concluded that S&W Saltus Multi Asset Class Fund had provided value to shareholders.

Dean Buckley

Chairman of the Board of Smith & Williamson Fund Administration Limited

25 June 2021

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

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

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

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

## Assessment of Value - S&W Saltus Wealth Fund

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

A high-level summary of the outcome of SWFAL's rigorous review of the sub-fund, at share class level, for the year ending 28 February 2021, using the seven criteria set by the FCA is set out below:

Criteria	*A Class	*Q Class	I Class	S Class	C Class	X Class
1. Quality of Service	●	●	●	●	●	●
2. Performance	●	●	●	●	●	●
3. ACD Costs	●	●	●	●	●	●
4. Economies of Scale	●	●	●	●	●	●
5. Comparable Market Rates	●	●	●	●	●	●
6. Comparable Services	●	●	●	●	●	●
7. Classes of Shares	●	●	●	●	●	●
Overall Rating	●	●	●	●	●	●

\* Both the A and Q share classes were merged into the I share class with effect from 26 February 2021.

SWFAL has adopted a traffic light system to show how it rated the sub-fund:

- On balance, the Board believes the sub-fund is delivering value to shareholders, with no material issues noted.
- On balance, the Board believes the sub-fund is delivering value to shareholders, but may require some actions.
- On balance, the Board believes the sub-fund has not delivered value to shareholders and remedial action is now being undertaken by the Board.

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

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

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

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

The seven criteria are:

- (1) Quality of service - the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance - how the fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs - the fairness and value of the fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale - how costs have been or can be reduced as a result of increased Assets under Management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates - how the costs of the sub-fund compare with others in the marketplace;

## Assessment of Value - S&W Saltus Wealth Fund (continued)

- (6) Comparable services - how the charges applied to the sub-fund compare with those of other funds administered by SWFAL;
- (7) Classes of shares - the appropriateness of the classes of shares in the sub-fund for investors.

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

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

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

#### External Factors

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

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

What was the outcome of the assessment?

#### Internal Factors

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

#### External Factors

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

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

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

#### Investment Objectives

The objective of the sub-fund is to generate a return which is the higher of cash (measured by the Bank of England base rate) and inflation (as measured by UK Consumer Price Index 'UK CPI').

The sub-fund aims to achieve its objective with a target volatility of no more than 2/3rds of the Investment Association UK All Companies Sector over a rolling 3-year period irrespective of market conditions. The minimum recommended holding period is 3 years.

## Assessment of Value - S&W Saltus Wealth Fund (continued)

### 2. Performance (continued)

#### Benchmark

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

Both the benchmarks are targets. A 'target' benchmark is an index or similar factor that is part of a target a fund manager has set for a fund's performance to match or exceed, which includes anything used for performance fee calculation. Details of how the sub-fund has performed against its target benchmarks over various rolling periods can be found below.

#### Cumulative Total Return as at 31 January 2021

Description	1 Year	3 Year	5 Year	Since 04/03/2014
S&W Saltus Wealth Fund I Income Shares	5.64%	11.92%	34.57%	38.72%
UK CPI All Items NSA	0.70%	4.38%	9.45%	9.27%
UK Base Rate	0.17%	1.56%	2.26%	3.24%

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

Performance is calculated net of fees.

Past performance is not a guide to future performance.

#### What was the outcome of the assessment?

Following the closure of both the A and Q share classes, the sub-fund with the highest charges was the I class. The I class significantly outperformed both benchmarks, cash (as measured by the Bank of England base rate) and inflation (as measured by UK CPI), over the 1-year period and beyond. The three remaining share classes, all being cheaper than the I class, have all delivered superior performance to the I class.

The higher of the two benchmarks is UK CPI.

This has all been achieved whilst consistently operating within the target of no more than 2/3rds the volatility of the Investment Association UK All Companies Sector over a rolling 3-year period. Once all was considered, the Board concluded that the sub-fund's objective had been met and that it had been of value to the shareholders.

Consideration was given to the risk metrics associated with the sub-fund which focus on, amongst other things, volatility and risk adjusted returns where SWFAL were comfortable that the outcomes were in line with expectations.

The Board found that the sub-fund was investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last twelve months.

#### Were there any follow up actions?

There were no follow-up actions required.

### 3. ACD Costs

#### What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflect the services provided. This includes investment management fees, ACD's charge, Depository/Custodian fees, legal fees and audit fees.

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

#### What was the outcome of the assessment?

The Board observed that Saltus operate a unique model that includes a portfolio management fee within the OCF. This inflates the OCF and requires SWFAL to remove this notional fee so that each class can be compared on a like-for-like basis with other similarly run funds.

During last year's review it was considered that the A and Q share classes were an outlier within Saltus' model and a recommendation was made to close both classes. On 26 February 2021 both share classes were subsequently closed and shareholders moved to the I share class.

#### Were there any follow up actions?

There were no follow-up actions required.

## Assessment of Value - S&W Saltus Wealth Fund (continued)

### 4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

As SWFAL's business grows some fees may be negotiated onto better terms with any cost reductions achieved being passed on for the benefit of shareholders.

The sub-fund is part of an umbrella structure consisting of seven sub-funds where there exists a tiering structure on the ACD fee based on the aggregated amount under management, meaning there are savings that can be realised should this increase going forward. Otherwise, the ancillary charges of the sub-fund, which represent 6 basis points, may fall as the size of the sub-fund grows and will offer some further opportunities for savings.

Were there any follow up actions?

There were no follow-up actions required.

### 5. Comparable Market Rates

What was assessed in this section?

- A share class, 2.46%<sup>1</sup>
- C share class, 1.79%<sup>1</sup>
- I share class, 1.96%<sup>1</sup>
- Q share class, 2.31%<sup>1</sup>
- S share class, 1.56%<sup>1</sup>
- X share class, 1.36%<sup>1</sup>

The A and Q classes were closed and shareholders moved to the I Class on 26 February 2021.

The Board reviewed the ongoing charges of the sub-fund, and how those charges affect the returns of the sub-fund. Funds with lower fees may offer better value than those with higher fees.

As mentioned in section 3, for the purposes of comparing against an appropriate peer group, the notional portfolio management fee has been removed from the OCF of all classes. The OCFs of the most expensive class and the cheapest class were then compared against the 'market rate' of similar externally managed funds.

What was the outcome of the assessment?

The OCFs were found to compare favourably with those of similar externally managed funds.

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

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board compared the most expensive class and the cheapest class with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were no SWFAL administered funds displaying the same characteristics as the S&W Saltus Wealth Fund with which to make a meaningful comparison.

Were there any follow up actions?

There were no follow-up actions required.

<sup>1</sup> Figures at Interim report 31 August 2020

## Assessment of Value - S&W Saltus Wealth Fund (continued)

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there are multiple share classes, shareholders are in the correct share class given the size of their holding.

What was the outcome of the assessment?

Prior to the sub-fund's year-end there were six share classes in existence. Following last year's assessment, it was concluded that both the A and Q share classes should be closed and shareholders merged into the I class. This took effect on 26 February 2021.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

The SWFAL Board concluded that S&W Saltus Wealth Fund had provided value to shareholders.

Dean Buckley

Chairman of the Board of Smith & Williamson Fund Administration Limited

21 June 2021

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

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

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

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

## Assessment of Value - S&W Saltus Global Equity Fund

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

A high-level summary of the outcome of SWFAL's rigorous review of the sub-fund, at share class level, for the year ending 28 February 2021, using the seven criteria set by the FCA is set out below:

Criteria	*A Class	*Q Class	I Class	S Class	C Class	X Class
1. Quality of Service	●	●	●	●	●	●
2. Performance	●	●	●	●	●	●
3. ACD Costs	●	●	●	●	●	●
4. Economies of Scale	●	●	●	●	●	●
5. Comparable Market Rates	●	●	●	●	●	●
6. Comparable Services	●	●	●	●	●	●
7. Classes of Shares	●	●	●	●	●	●
Overall Rating	●	●	●	●	●	●

\* Both the A and Q share classes were merged into the I share class with effect from 26 February 2021.

SWFAL has adopted a traffic light system to show how it rated the sub-fund:

-  On balance, the Board believes the sub-fund is delivering value to shareholders, with no material issues noted.
-  On balance, the Board believes the sub-fund is delivering value to shareholders, but may require some actions.
-  On balance, the Board believes the sub-fund has not delivered value to shareholders and remedial action is now being undertaken by the Board.

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

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

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

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

The seven criteria are:

- (1) Quality of service - the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance - how the fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs - the fairness and value of the fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale - how costs have been or can be reduced as a result of increased Assets under Management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates - how the costs of the sub-fund compare with others in the marketplace;

## Assessment of Value - S&W Saltus Global Equity Fund (continued)

- (6) Comparable services - how the charges applied to the sub-fund compare with those of other funds administered by SWFAL;
- (7) Classes of shares - the appropriateness of the classes of shares in the sub-fund for investors.

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

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

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

#### External Factors

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

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

What was the outcome of the assessment?

#### Internal Factors

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

#### External Factors

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

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

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

#### Investment Objectives

The sub-fund seeks to achieve long term capital growth.

## Assessment of Value - S&W Saltus Global Equity Fund (continued)

### 2. Performance (continued)

#### Benchmark

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

The benchmark for the sub-fund is ARC Sterling Equity Risk PCI, which is a comparator. A 'comparator' benchmark is an index or similar factor against which an investment manager invites investors to compare a fund's performance. Details of how the sub-fund has performed against its comparator benchmark over various rolling periods can be found below.

#### Cumulative Performance (%) Cumulative Performance as at 31.01.2021

Instrument	Currency	1 Year	3 Years	5 Years	08.01.2014 to 29.01.2021
ARC Sterling Equity Risk PCI TR in GBP	GBP	6.50%	17.19%	52.89%	56.85%
S&W Saltus Global Equity Fund I Inc TR in GBP	GBX	8.60%	12.41%	49.49%	56.51%

#### Calendar Performance (%) Calendar Performance as at 31.12.20

Instrument	Currency	2020	2019	2018	2017	2016
ARC Sterling Equity Risk PCI TR in GBP	GBP	5.82%	18.04%	-6.50%	11.39%	13.73%
S&W Saltus Global Equity Fund I Inc TR in GBP	GBX	8.74%	12.56%	-8.15%	17.78%	7.28%

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

Performance is calculated net of fees.

Past performance is not a guide to future performance.

#### What was the outcome of the assessment?

The Board observed that the I class, the one incurring the highest charges after the closure of both the A class and Q class, had fared well against the comparator benchmark over the period since launch. The sub-fund did however endure a disappointing 2019 when compared against the benchmark and this had a detrimental impact on relative performance over both the 3-year and 5-year periods. Otherwise, relative returns over the last six calendar years have been a mixture of underperformance and outperformance with a largely neutral outcome over the entire period.

Both the S class and the C class, being cheaper than the I class, have delivered superior returns to the I class. Once all was considered, the Board took the view that the performance since launch was sufficient to attest that the sub-fund had met its objective of long term growth.

The Board found that the sub-fund was investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last twelve months.

#### Were there any follow up actions?

There were no follow-up actions required.

### 3. ACD Costs

#### What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflect the services provided. This includes investment management fees, ACD's charge, Depository/Custodian fees, legal fees and audit fees.

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

## Assessment of Value - S&W Saltus Global Equity Fund (continued)

### 3. ACD Costs (continued)

What was the outcome of the assessment?

The Board observed that Saltus operate a unique model that includes a portfolio management fee within the OCF. This inflates the OCF and requires SWFAL to remove this notional fee so that each class can be compared on a like-for-like basis with other similarly run funds.

During last year's review it was considered that the A and Q share classes were an outlier within Saltus' model and a recommendation was made to close both classes. On 26 February 2021 both share classes were subsequently closed and shareholders moved to the I share class.

Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

The sub-fund is part of an umbrella structure consisting of seven sub-funds where there exists a tiering structure on the ACD fee based on the aggregated amount under management, meaning there are savings that can be realised should this increase going forward. Additionally, the ancillary charges of the sub-fund, which represent 4 basis points, may fall as the size of the sub-fund grows and therefore offer some further opportunities for savings.

Were there any follow up actions?

There were no follow-up actions required.

### 5. Comparable Market Rates

What was assessed in this section?

The OCF for the share classes are:

- A share class, 2.47%<sup>1</sup>
- C share class, 1.77%<sup>1</sup>
- I share class, 1.97%<sup>1</sup>
- Q share class, 2.32%<sup>1</sup>
- S share class, 1.57%<sup>1</sup>
- X share class, 1.44%<sup>2</sup>

The A and Q classes were closed and shareholders moved to the I Class on 26 February 2021.

The Board reviewed the ongoing charges of the sub-fund, and how those charges affect the returns of the sub-fund. Funds with lower fees may offer better value than those with higher fees.

As mentioned in section 3, for the purposes of comparing against an appropriate peer group, the notional portfolio management fee has been removed from the OCF of all classes. The OCFs of the most expensive class and the cheapest class were then compared against the 'market rate' of similar externally managed funds.

What was the outcome of the assessment?

The OCFs were found to compare favourably with those of similar externally managed funds.

Were there any follow up actions?

There were no follow-up actions required.

<sup>1</sup> Figures at Interim report 31 August 2020

<sup>2</sup> Estimated OCF at launch 15 February 2021

## Assessment of Value - S&W Saltus Global Equity Fund (continued)

### 6. Comparable Services

What was assessed in this section?

The Board compared the most expensive class and the cheapest class with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were too few SWFAL administered funds displaying the same characteristics as the S&W Saltus Global Equity Fund with which to make a meaningful comparison.

Were there any follow up actions?

There were no follow-up actions required.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there are multiple share classes, shareholders are in the correct share class given the size of their holding.

What was the outcome of the assessment?

An X share class was launched on 15 February 2021. Prior to the sub-fund's year-end there were six share classes in existence. Following last year's assessment, it was concluded that both the A and Q share classes should be closed and shareholders merged into the I share class. This took effect on 26 February 2021.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

The SWFAL Board concluded that S&W Saltus Global Equity Fund had provided value to shareholders.

Dean Buckley

Chairman of the Board of Smith & Williamson Fund Administration Limited

25 June 2021

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

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

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

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

## Assessment of Value - S&W Saltus Fixed Income Fund

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

A high-level summary of the outcome of SWFAL's rigorous review of the sub-fund, at share class level, for the year ending 28 February 2021, using the seven criteria set by the FCA is set out below:

Criteria	*A Class	*Q Class	I Class	S Class	C Class	X Class
1. Quality of Service	●	●	●	●	●	●
2. Performance	●	●	●	●	●	●
3. ACD Costs	●	●	●	●	●	●
4. Economies of Scale	●	●	●	●	●	●
5. Comparable Market Rates	●	●	●	●	●	●
6. Comparable Services	●	●	●	●	●	●
7. Classes of Shares	●	●	●	●	●	●
Overall Rating	●	●	●	●	●	●

\* Both the A and Q share classes were merged into the I share class with effect from 26 February 2021.

SWFAL has adopted a traffic light system to show how it rated the sub-fund:

- On balance, the Board believes the sub-fund is delivering value to shareholders, with no material issues noted.
- On balance, the Board believes the sub-fund is delivering value to shareholders, but may require some actions.
- On balance, the Board believes the sub-fund has not delivered value to shareholders and remedial action is now being undertaken by the Board.

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

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

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

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

The seven criteria are:

- (1) Quality of service - the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance - how the fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs - the fairness and value of the fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale - how costs have been or can be reduced as a result of increased Assets under Management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates - how the costs of the sub-fund compare with others in the marketplace;

## Assessment of Value - S&W Saltus Fixed Income Fund (continued)

- (6) Comparable services - how the charges applied to the sub-fund compare with those of other funds administered by SWFAL;
- (7) Classes of shares - the appropriateness of the classes of shares in the sub-fund for investors.

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

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

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

#### External Factors

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

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

What was the outcome of the assessment?

#### Internal Factors

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

#### External Factors

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

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

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

#### Investment Objectives

The objective of the sub-fund is to generate a return which is the higher of cash (measured by the Bank of England base rate) and inflation (as measured by UK CPI), over a rolling 3-year period.

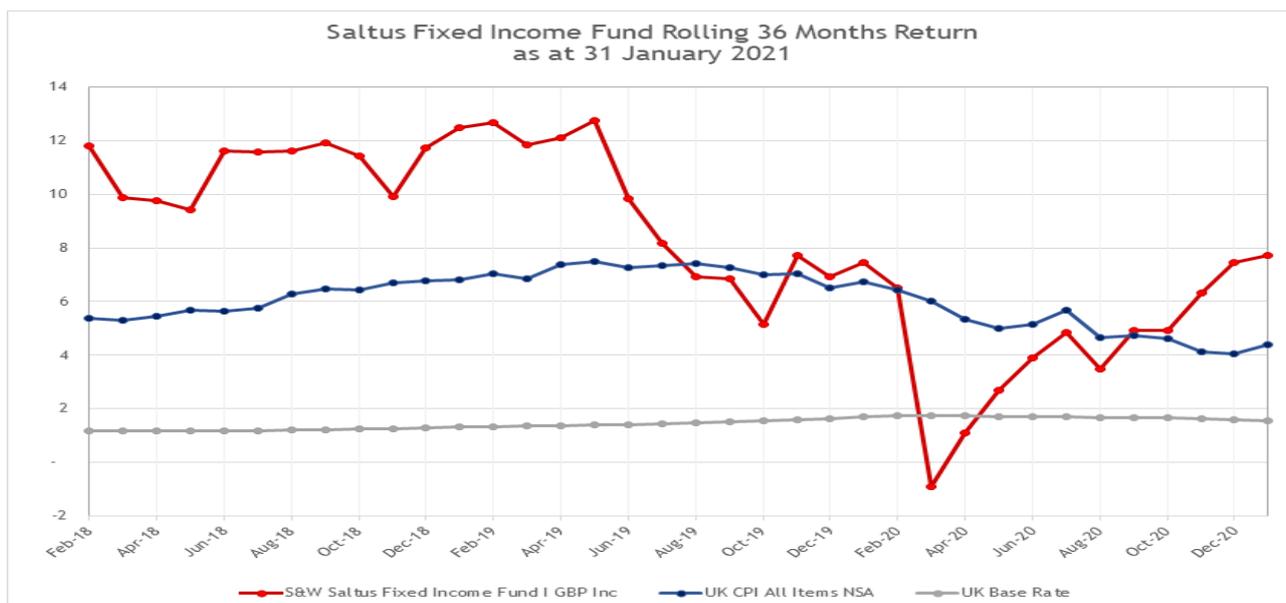
## Assessment of Value - S&W Saltus Fixed Income Fund (continued)

### 2. Performance (continued)

#### Benchmark

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

Both the benchmarks are targets. A 'target' benchmark is an index or similar factor that is part of a target a fund manager has set for a fund's performance to match or exceed, which includes anything used for performance fee calculation. Details of how the sub-fund has performed against its target benchmarks over various rolling periods can be found below.



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

Performance is calculated net of fees.

Past performance is not a guide to future performance.

The minimum recommended holding period is five years.

What was the outcome of the assessment?

The Board observed that the I class of the sub-fund had beaten its three-year UK CPI (Consumer Price Index) rolling return benchmark on 27 out of the 36 monthly data samples between February 2018 and January 2021. In respect of the Bank of England base rate rolling return benchmark, the I class had beaten that on 34 out of the 36 monthly data samples over the same period. On that basis, the Board concluded that the sub-fund's objective had been met and were further of the opinion that it had provided value to shareholders. The I class of the sub-fund is the class incurring the highest charges following the closure of the A class and Q class. Both the C class and S class, being cheaper than the I class, have delivered superior performance to the I class.

The UK CPI (Consumer Price Index) was the higher of the two benchmarks.

Consideration was given to the risk metrics associated with the sub-fund which focus on, amongst other things, volatility and risk adjusted returns where SWFAL were comfortable that the outcomes were in line with expectations.

The Board found that the sub-fund was investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last twelve months.

Were there any follow up actions?

There were no follow-up actions required.

## Assessment of Value - S&W Saltus Fixed Income Fund (continued)

### 3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflect the services provided. This includes investment management fees, ACD's charge, Depository/Custodian fees, legal fees and audit fees.

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

What was the outcome of the assessment?

The Board observed that Saltus operate a unique model that includes a portfolio management fee within the OCF. This inflates the OCF and requires SWFAL to remove this notional fee so that each class can be compared on a like-for-like basis with other similarly run funds.

During last year's review it was considered that the A and Q share classes were an outlier within Saltus' model and a recommendation was made to close both classes. On 26 February 2021 both share classes were subsequently closed and shareholders moved to the I share class.

Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

The sub-fund is part of an umbrella structure consisting of seven sub-funds where there exists a tiering structure on the ACD fee based on the aggregated amount under management, meaning there are savings that can be realised should this increase going forward. Otherwise, the ancillary costs of the sub-fund, which represent 5 basis points, may fall as the size of the sub-fund grows and if so, will offer some further opportunities for savings.

Were there any follow up actions?

There were no follow-up actions required.

### 5. Comparable Market Rates

What was assessed in this section?

The OCF for the share classes are:

- A share class, 2.37%<sup>1</sup>
- C share class, 1.73%<sup>1</sup>
- I share class, 1.93%<sup>1</sup>
- Q share class, 2.28%<sup>1</sup>
- S share class, 1.53%<sup>1</sup>
- X share class, 1.33%<sup>2</sup>

The A and Q classes were closed and shareholders moved to the I Class on 26 February 2021.

The X share class was launched on 15 February 2021.

The Board reviewed the ongoing charges of the sub-fund, and how those charges affect the returns of the sub-fund. Funds with lower fees may offer better value than those with higher fees.

As mentioned in section 3, for the purposes of comparing against an appropriate peer group, the notional portfolio management fee has been removed from the OCF of all classes. The OCFs of the most expensive class and the cheapest class were then compared against the 'market rate' of similar externally managed funds.

<sup>1</sup> Figures at Interim report 31 August 2020

<sup>2</sup> Estimated OCF at launch 15 February 2021

## Assessment of Value - S&W Saltus Fixed Income Fund (continued)

### 5. Comparable Market Rates (continued)

What was the outcome of the assessment?

There were too few similar externally managed funds with which to make a meaningful comparison.

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

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board compared the most expensive class and the cheapest class with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were no SWFAL administered funds displaying the same characteristics as the S&W Saltus Fixed Income Fund with which to make a meaningful comparison.

Were there any follow up actions?

There were no follow-up actions required.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there are multiple share classes, shareholders are in the correct share class given the size of their holding.

What was the outcome of the assessment?

An X share class was launched on 15 February 2021. Prior to the sub-fund's year-end there were six share classes in existence. Following last year's assessment, it was concluded that both the A and Q share classes should be closed and shareholders merged into the I share class. This took effect on 26 February 2021.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

The SWFAL Board concluded that S&W Saltus Fixed Income Fund had provided value to shareholders.

Dean Buckley

Chairman of the Board of Smith & Williamson Fund Administration Limited

25 June 2021

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

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

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

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

## Assessment of Value - S&W Saltus Real Return Fund

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

A high-level summary of the outcome of SWFAL's rigorous review of the sub-fund, at share class level, for the year ending 28 February 2021, using the seven criteria set by the FCA is set out below:

Criteria	*A Class	*Q Class	I Class	S Class	C Class	X Class
1. Quality of Service	●	●	●	●	●	●
2. Performance	●	●	●	●	●	●
3. ACD Costs	●	●	●	●	●	●
4. Economies of Scale	●	●	●	●	●	●
5. Comparable Market Rates	●	●	●	●	●	●
6. Comparable Services	●	●	●	●	●	●
7. Classes of Shares	●	●	●	●	●	●
Overall Rating	●	●	●	●	●	●

\* Both the A and Q share classes were merged into the I share class with effect from 26 February 2021.

SWFAL has adopted a traffic light system to show how it rated the sub-fund:

-  On balance, the Board believes the sub-fund is delivering value to shareholders, with no material issues noted.
-  On balance, the Board believes the sub-fund is delivering value to shareholders, but may require some actions.
-  On balance, the Board believes the sub-fund has not delivered value to shareholders and remedial action is now being undertaken by the Board.

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

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

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

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

The seven criteria are:

- (1) Quality of service - the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance - how the fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs - the fairness and value of the fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale - how costs have been or can be reduced as a result of increased Assets under Management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates - how the costs of the sub-fund compare with others in the marketplace;

## Assessment of Value - S&W Saltus Real Return Fund (continued)

- (6) Comparable services - how the charges applied to the sub-fund compare with those of other funds administered by SWFAL;
- (7) Classes of shares - the appropriateness of the classes of shares in the sub-fund for investors.

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

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

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

#### External Factors

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

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

What was the outcome of the assessment?

#### Internal Factors

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

#### External Factors

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

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

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

#### Investment Objectives

The objective of the sub-fund is to generate a return which is the higher of cash (measured by the Bank of England base rate) and inflation (as measured by UK CPI), over a rolling 3-year period.

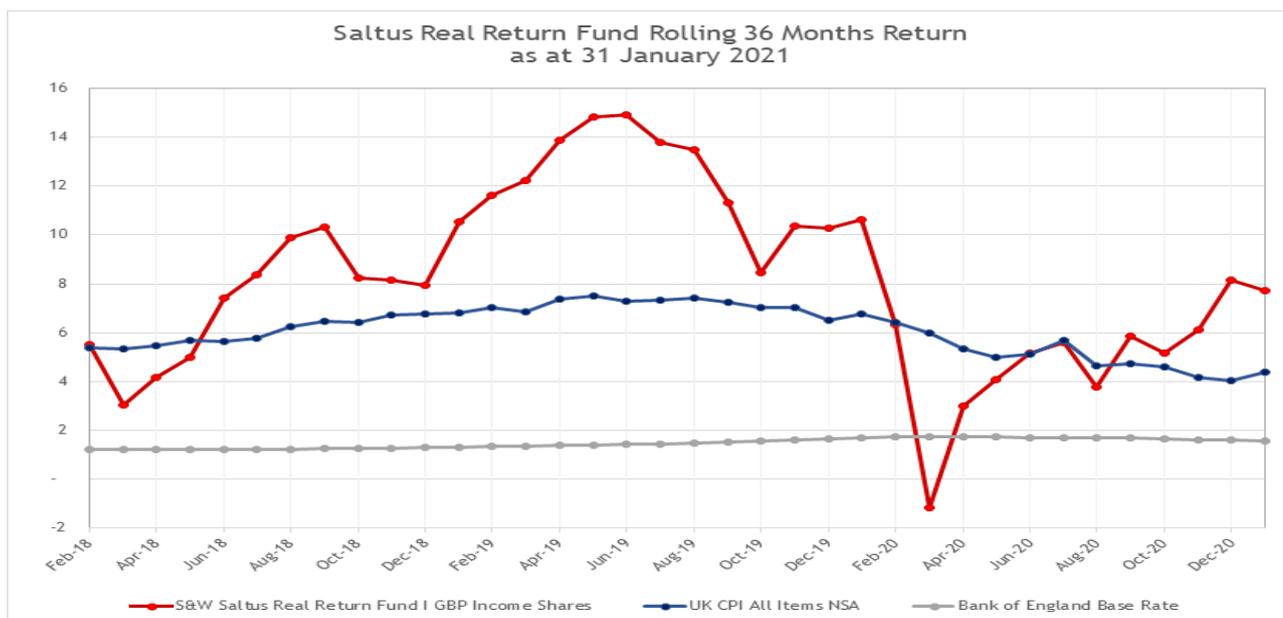
## Assessment of Value - S&W Saltus Real Return Fund (continued)

### 2. Performance (continued)

#### Benchmark

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

Both the benchmarks are targets. A 'target' benchmark is an index or similar factor that is part of a target a fund manager has set for a fund's performance to match or exceed, which includes anything used for performance fee calculation. Details of how the sub-fund has performed against its target benchmarks over various rolling periods can be found below.



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

Performance is calculated net of fees.

Past performance is not a guide to future performance.

The minimum recommended holding period is five years.

What was the outcome of the assessment?

The Board observed that the I class of the sub-fund had fallen below its three-year UK CPI (Consumer Price Index) rolling return benchmark on only 7 occasions out of 36 monthly data samples between February 2018 and January 2021. In respect of the Bank of England base rate rolling return benchmark, the I class had beaten that on 35 out of 36 monthly data samples. On that basis, the Board concluded that the sub-fund's objective had been met and they were further of the opinion that it had been of value to shareholders. The I class of the sub-fund is the one incurring the highest charges after the closure of the A class and the Q class meaning the performance of both the S class and the C class have been superior to the I class.

The UK CPI (Consumer Price Index) was the higher of the two benchmarks.

Consideration was given to the risk metrics associated with the sub-fund which focus on, amongst other things, volatility and risk adjusted returns where SWFAL were comfortable that the outcomes were in line with expectations.

The Board found that the sub-fund was investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last twelve months.

Were there any follow up actions?

There were no follow-up actions required.

## Assessment of Value - S&W Saltus Real Return Fund (continued)

### 3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflect the services provided. This includes investment management fees, ACD's charge, Depository/Custodian fees, legal fees and audit fees.

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

What was the outcome of the assessment?

The Board observed that Saltus operate a unique model that includes a portfolio management fee within the OCF. This inflates the OCF and requires SWFAL to remove this notional fee so that each class can be compared on a like-for-like basis with other similarly run funds.

During last year's review it was considered that the A and Q share classes were an outlier within Saltus' model and a recommendation was made to close both classes. On 26 February 2021 both share classes were subsequently closed and shareholders moved to the I share class.

Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

As SWFAL's business grows some fees may be negotiated onto better terms with any cost reductions achieved being passed on for the benefit of shareholders.

The sub-fund is part of an umbrella structure consisting of seven sub-funds where there exists a tiering structure on the ACD fee based on the aggregated amount under management, meaning there are savings that can be realised should this increase going forward. Otherwise, the ancillary charges of the sub-fund, which represent 5 basis points, may fall as the size of the sub-fund grows and will offer some further opportunities for savings.

Were there any follow up actions?

There were no follow-up actions required.

### 5. Comparable Market Rates

What was assessed in this section?

- A share class, 2.53%<sup>1</sup>
- C share class, 1.83%<sup>1</sup>
- I share class, 2.03%<sup>1</sup>
- Q share class, 2.38%<sup>1</sup>
- S share class, 1.63%<sup>1</sup>
- X share class, 1.45%<sup>2</sup>

The A and Q classes were closed and shareholders moved to the I Class on 26 February 2021.

The Board reviewed the ongoing charges of the sub-fund, and how those charges affect the returns of the sub-fund. Funds with lower fees may offer better value than those with higher fees.

As mentioned in section 3, for the purposes of comparing against an appropriate peer group, the notional portfolio management fee has been removed from the OCF of all classes. The OCFs of the most expensive class and the cheapest class were then compared against the 'market rate' of similar externally managed funds.

<sup>1</sup> Figures at Interim report 31 August 2020

<sup>2</sup> Estimated OCF at launch 15 February 2021

## Assessment of Value - S&W Saltus Real Return Fund (continued)

### 5. Comparable Market Rates (continued)

What was the outcome of the assessment?

The OCFs were found to compare favourably with those of similar externally managed funds.

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

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board compared the most expensive class and the cheapest class with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were no SWFAL administered funds displaying the same characteristics as the S&W Saltus Real Return Fund with which to make a meaningful comparison.

Were there any follow up actions?

There were no follow-up actions required.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there are multiple share classes, shareholders are in the correct share class given the size of their holding.

What was the outcome of the assessment?

An X share class was launched on 15 February 2021. Prior to the sub-fund's year-end there were six share classes in existence. Following last year's assessment, it was concluded that both the A and Q share classes should be closed and shareholders merged into the I share class. This took effect on 26 February 2021.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

The SWFAL Board concluded that S&W Saltus Real Return Fund had provided value to shareholders.

Dean Buckley

Chairman of the Board of Smith & Williamson Fund Administration Limited

21 June 2021

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

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

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

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

## Assessment of Value - S&W Saltus Income Fund

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

A high-level summary of the outcome of SWFAL's rigorous review of the sub-fund, at share class level, for the year ending 28 February 2021, using the seven criteria set by the FCA is set out below:

Criteria	*A Class	*Q Class	I Class	S Class	C Class
1. Quality of Service	●	●	●	●	●
2. Performance	●	●	●	●	●
3. ACD Costs	●	●	●	●	●
4. Economies of Scale	●	●	●	●	●
5. Comparable Market Rates	●	●	●	●	●
6. Comparable Services	●	●	●	●	●
7. Classes of Shares	●	●	●	●	●
Overall Rating	●	●	●	●	●

\* Both the A and Q share classes were merged into the I share class with effect from 26 February 2021.

SWFAL has adopted a traffic light system to show how it rated the sub-fund:

- On balance, the Board believes the sub-fund is delivering value to shareholders, with no material issues noted.
- On balance, the Board believes the sub-fund is delivering value to shareholders, but may require some actions.
- On balance, the Board believes the sub-fund has not delivered value to shareholders and remedial action is now being undertaken by the Board.

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

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

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

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

The seven criteria are:

- (1) Quality of service - the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance - how the fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs - the fairness and value of the fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale - how costs have been or can be reduced as a result of increased Assets under Management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates - how the costs of the sub-fund compare with others in the marketplace;

## Assessment of Value - S&W Saltus Income Fund (continued)

- (6) Comparable services - how the charges applied to the sub-fund compare with those of other funds administered by SWFAL;
- (7) Classes of shares - the appropriateness of the classes of shares in the sub-fund for investors.

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

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

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

#### External Factors

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

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

What was the outcome of the assessment?

#### Internal Factors

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

#### External Factors

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

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

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

#### Investment Objectives

The primary objective of the sub-fund is to prioritise an income flow for investors with some capital growth. The minimum recommended holding period is five years.

## Assessment of Value - S&W Saltus Income Fund (continued)

### 2. Performance (continued)

#### Benchmark

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

The benchmark for the sub-fund is the IA UK Equity and Bond Income sector, which is a comparator. A 'comparator' benchmark is an index or similar factor against which an investment manager invites investors to compare a fund's performance. Details of how the sub-fund has performed against its comparator benchmark over various rolling periods can be found below.

#### Cumulative Performance (%)

Cumulative Performance as at 31.01.2021

Instrument	Currency	1 Year	3 Years	5 Years	02.02.2015 to 29.01.2021
IA UK Equity & Bond Income TR in GBP	GBP	-6.90%	-0.45%	22.34%	19.26%
S&W Saltus Income Fund I Inc TR in GBP	GBP	-3.05%	0.66%	20.68%	18.25%

#### Calendar Performance (%)

Calendar Performance as at 31.12.20

Instrument	Currency	2020	2019	2018	2017	2016
IA UK Equity & Bond Income TR in GBP	GBP	-8.26%	16.57%	-7.56%	8.78%	10.56%
S&W Saltus Income Fund I Inc TR in GBP	GBP	-3.16%	11.89%	-6.84%	9.70%	6.05%

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

Performance is calculated net of fees.

Past performance is not a guide to future performance.

The minimum recommended holding period is five years.

#### Distributions - Calendar Performance as at 31.12.20

S&W Saltus Income Fund I Inc	2020	2019	2018	2017	2016
Dividends	4	4	4	4	4
Distribution (£)	0.0302	0.0389	0.039	0.0378	0.0387
Yields (%)	3.18	3.89	3.98	3.59	3.94

Historic Yield has been calculated by summing the dividends over the given period divided by the price on the final XD date for the period.

Dividend figures rebased in GBP, all distribution values are shown in their major currency unit.

#### What was the outcome of the assessment?

The sub-fund's objective is to prioritise an income flow for investors where it was noted by the Board that, with the exception of 2020, a yield well in excess of 3% had been paid out to shareholders over recent years. Relative performance was down slightly over the 5-year period and since launch however the Board acknowledged the year-on-year divergence from the benchmark that was apparent from the calendar year returns and the fact that the I class had outperformed in three out of those last five years.

The S class, being the only other class in existence since launch, is priced slightly cheaper than the I class and has performed better. Once all was considered, the Board were of the opinion that the sub-fund had met its objective.

Consideration was given to the risk metrics associated with the sub-fund which focus on, amongst other things, volatility and risk adjusted returns where SWFAL were comfortable that the outcomes were in line with expectations.

The Board found that the sub-fund was investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last twelve months.

#### Were there any follow up actions?

There were no follow-up actions required.

## Assessment of Value - S&W Saltus Income Fund (continued)

### 3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflect the services provided. This includes investment management fees, ACD's charge, Depository/Custodian fees, legal fees and audit fees.

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

What was the outcome of the assessment?

The Board observed that Saltus operate a unique model that includes a portfolio management fee within the OCF. This inflates the OCF and requires SWFAL to remove this notional fee so that each class can be compared on a like-for-like basis with other similarly run funds.

During last year's review it was considered that the A and Q share classes were an outlier within Saltus' model and a recommendation was made to close both classes. On 26 February 2021 both share classes were subsequently closed and shareholders moved to the I share class.

Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

The sub-fund is part of an umbrella structure consisting of seven sub-funds where there exists a tiering structure on the ACD fee based on the aggregated amount under management, meaning there are savings that can be realised should this increase going forward. Additionally, the ancillary charges of the sub-fund, which represent 16 basis points, may fall as the size of the sub-fund grows and if so could offer some further opportunities for savings.

Were there any follow up actions?

There were no follow-up actions required.

### 5. Comparable Market Rates

What was assessed in this section?

The OCF for the share classes are:

- A share class, 2.55%<sup>1</sup>
- C share class, 1.85%<sup>1</sup>
- I share class, 2.05%<sup>1</sup>
- Q share class, 2.40%<sup>1</sup>
- S share class, 1.65%<sup>1</sup>
- X share class, 1.45%<sup>2</sup>

The A and Q classes were closed and shareholders moved to the I Class on 26 February 2021.

The X share class was launched on 15 February 2021.

The C share class was launched on 1 August 2018.

The Board reviewed the ongoing charges of the sub-fund, and how those charges affect the returns of the sub-fund. Funds with lower fees may offer better value than those with higher fees.

As mentioned in section 3, for the purposes of comparing against an appropriate peer group, the notional portfolio management fee has been removed from the OCF of all classes. The OCFs of the most expensive class and the cheapest class were then compared against the 'market rate' of similar externally managed funds.

<sup>1</sup> Figures at Interim report 31 August 2020

<sup>2</sup> Estimated OCF at launch 15 February 2021

## Assessment of Value - S&W Saltus Income Fund (continued)

### 5. Comparable Market Rates (continued)

What was the outcome of the assessment?

The OCFs were found to compare favourably with those of similar externally managed funds.

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

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board compared the most expensive class and the cheapest class with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were no SWFAL administered funds displaying the same characteristics as the S&W Saltus Income Fund with which to make a meaningful comparison.

Were there any follow up actions?

There were no follow-up actions required.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there are multiple share classes, shareholders are in the correct share class given the size of their holding.

What was the outcome of the assessment?

An X share class was launched on 15 February 2021. Prior to the sub-fund's year-end there were six share classes in existence. Following last year's assessment, it was concluded that both the A and Q share classes should be closed and shareholders merged into the I share class. This took effect on 26 February 2021.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

The SWFAL Board concluded that S&W Saltus Income Fund had provided value to shareholders.

Dean Buckley

Chairman of the Board of Smith & Williamson Fund Administration Limited

25 June 2021

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

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

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

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

## Assessment of Value - S&W Saltus Growth Assets Fund

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

A high-level summary of the outcome of SWFAL's rigorous review of the sub-fund, at share class level, for the year ending 28 February 2021, using the seven criteria set by the FCA is set out below:

Criteria	*A Class	*Q Class	I Class	S Class	C Class	X Class
1. Quality of Service	●	●	●	●	●	●
2. Performance	●	●	●	●	●	●
3. ACD Costs	●	●	●	●	●	●
4. Economies of Scale	●	●	●	●	●	●
5. Comparable Market Rates	●	●	●	●	●	●
6. Comparable Services	●	●	●	●	●	●
7. Classes of Shares	●	●	●	●	●	●
Overall Rating	●	●	●	●	●	●

\* Both the A and Q share classes were merged into the I share class with effect from 26 February 2021.

SWFAL has adopted a traffic light system to show how it rated the sub-fund:

- On balance, the Board believes the sub-fund is delivering value to shareholders, with no material issues noted.
- On balance, the Board believes the sub-fund is delivering value to shareholders, but may require some actions.
- On balance, the Board believes the sub-fund has not delivered value to shareholders and remedial action is now being undertaken by the Board.

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

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

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

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

The seven criteria are:

- (1) Quality of service - the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance - how the fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs - the fairness and value of the fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale - how costs have been or can be reduced as a result of increased Assets under Management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates - how the costs of the sub-fund compare with others in the marketplace;

## Assessment of Value - S&W Saltus Growth Assets Fund (continued)

- (6) Comparable services - how the charges applied to the sub-fund compare with those of other funds administered by SWFAL;
- (7) Classes of shares - the appropriateness of the classes of shares in the sub-fund for investors.

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

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

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

#### External Factors

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

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

What was the outcome of the assessment?

#### Internal Factors

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

#### External Factors

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

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

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

#### Investment Objectives

The objective of the sub-fund is to prioritise capital growth for investors with the potential for some income flow over a rolling 3-year period.

## Assessment of Value - S&W Saltus Growth Assets Fund (continued)

### 2. Performance (continued)

#### Benchmark

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

The benchmark that has been agreed for the sub-fund is UK CPI (Consumer Price Index) +1%, which is a comparator benchmark. A 'comparator' benchmark is an index or similar factor against which an investment manager invites investors to compare a fund's performance. Details of how the sub-fund has performed against its comparator benchmark over various rolling periods can be found below.

Description	Cumulative Total Return as at 31 January 2021		
	1 Year	3 Year	Since 01.12.2017
S&W Saltus Growth Assets Fund I Shares	7.13%	11.26%	12.09%
UK CPI All Items NSA +1%	1.74%	7.56%	7.54%

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

Performance is calculated net of fees.

Past performance is not a guide to future performance.

#### What was the outcome of the assessment?

The sub-fund launched in December 2017. Following the closure of both the A and Q share classes, the sub-fund with the highest charges was the I class where analysis undertaken by SWFAL, to demonstrate the growth of capital over rolling 3-year periods, indicated that it had done so over both the 3-year periods since launch, ending 31 December 2020 and 31 January 2021, where the sub-fund returned 11.3% and 9.6% respectively. The two remaining share classes (C and S), both being cheaper than the I class, also fulfilled this element of the objective.

In line with the objective, income has been consistently generated since launch and paid out to shareholders. Once all was taken into consideration, the Board concluded that the sub-fund's objective had been met and that it had provided value to shareholders.

Consideration was given to the risk metrics associated with the sub-fund which focus on, amongst other things, volatility and risk adjusted returns where SWFAL were comfortable that the outcomes were in line with expectations.

The Board found that the sub-fund was investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last twelve months.

Were there any follow up actions?

There were no follow-up actions required.

### 3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflect the services provided. This includes investment management fees, ACD's charge, Depositary/Custodian fees, legal fees and audit fees.

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

What was the outcome of the assessment?

The Board observed that Saltus operate a unique model that includes a portfolio management fee within the OCF. This inflates the OCF and requires SWFAL to remove this notional fee so that each class can be compared on a like-for-like basis with other similarly run funds.

During last year's review it was considered that the A and Q share classes were an outlier within Saltus' model and a recommendation was made to close both classes. On 26 February 2021 both share classes were subsequently closed and shareholders moved to the I share class.

Were there any follow up actions?

There were no follow-up actions required.

## Assessment of Value - S&W Saltus Growth Assets Fund (continued)

### 4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

The sub-fund is part of an umbrella structure consisting of seven sub-funds where there exists a tiering structure on the ACD fee based on the aggregated amount under management, meaning there are savings that can be realised should this increase going forward. Otherwise, the ancillary charges of the sub-fund, which represent 5 basis points, may fall as the size of the sub-fund grows and if so, will offer some further opportunities for savings.

Were there any follow up actions?

There were no follow-up actions required.

### 5. Comparable Market Rates

What was assessed in this section?

The OCF for the share classes are:

- A share class, 2.48%<sup>1</sup>
- C share class, 1.86%<sup>1</sup>
- I share class, 2.06%<sup>1</sup>
- Q share class, 2.41%<sup>1</sup>
- S share class, 1.66%<sup>1</sup>
- X share class, 1.46%<sup>2</sup>

The A and Q classes were closed and shareholders moved to the I Class on 26 February 2021.

The X share class was launched on 15 February 2021.

The Board reviewed the ongoing charges of the sub-fund, and how those charges affect the returns of the sub-fund. Funds with lower fees may offer better value than those with higher fees.

As mentioned in section 3, for the purposes of comparing against an appropriate peer group, the notional portfolio management fee has been removed from the OCF of all classes. The OCFs of the most expensive class and the cheapest class were then compared against the 'market rate' of similar externally managed funds.

What was the outcome of the assessment?

The OCFs were found to compare favourably with those of similar externally managed funds.

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

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board compared the most expensive class and the cheapest class with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were too few SWFAL administered funds displaying the same characteristics as S&W Saltus Growth Assets Fund with which to make a meaningful comparison.

Were there any follow up actions?

There were no follow-up actions required.

<sup>1</sup> Figures at Interim report 31 August 2020

<sup>2</sup> Estimated OCF at launch 15 February 2021

## Assessment of Value - S&W Saltus Growth Assets Fund (continued)

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund's set-up to ensure that where there are multiple share classes, shareholders are in the correct share class given the size of their holding.

What was the outcome of the assessment?

An X share class was launched on 15 February 2021. Prior to the sub-fund's year-end there were six share classes in existence. Following last year's assessment, it was concluded that both the A and Q share classes should be closed and shareholders merged into the I share class. This took effect on 26 February 2021.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

The SWFAL Board concluded that S&W Saltus Growth Assets Fund had provided value to shareholders.

Dean Buckley

Chairman of the Board of Smith & Williamson Fund Administration Limited

25 June 2021

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

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

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

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

## Report of the Depositary to the shareholders of S&W Saltus Onshore Portfolios

### 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 Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's revenue is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ('AIFM') 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 AIFM:

- (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

30 June 2021

## Independent Auditor's report to the shareholders of S&W Saltus Onshore Portfolios

### Opinion

We have audited the financial statements of S&W Saltus Onshore Portfolios (the 'Company') for the year ended 28 February 2021 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet and the related Notes to the Financial Statements, including a summary of significant accounting policies and the Distribution Table 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 28 February 2021 and of the net revenue/expense and the net capital gains/losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to UK Authorised Funds and the COLL Rules.

### Basis for Opinion

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

### Conclusions Relating to Going Concern

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

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

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

### Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on Other Matters Prescribed by the COLL Regulations

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

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

## Independent Auditor's report to the shareholders of S&W Saltus Onshore Portfolios (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 5, 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authorised Corporate Director.
- Conclude on the appropriateness of the Authorised Corporate Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Explanation as to what extent the audit was 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed overleaf:

## Independent Auditor's report to the shareholders of S&W Saltus Onshore Portfolios (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

We assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements in the financial statements resulting from irregularities or fraud.

All engagement team members were briefed on relevant laws and regulations and potential fraud risks at the planning stage of the audit. However, the primary responsibility for the prevention and detection of fraud rest with the Authorised Corporate Director.

We evaluated management's incentives for fraudulent activity and determined the key risk of fraud to be management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation inappropriate journal entries to increase net revenue or to increase the net asset value.

We considered the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. The most significant risk in relation to non-compliance with laws and regulations was deemed to be compliance with the Collective Investment Schemes Sourcebook and the Company's Prospectus.

Audit procedures performed in response to these risks included:

- Evaluation of the control environment designed to prevent and detect irregularities which the Authorised Corporate Director has in place;
- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur around the key risks of valuation and ownership of investments, and revenue recognition;
- Review of material journal entries during the year;
- Review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity that may indicate management override in the Company's financial statements; and
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### 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  
30 June 2021

## Accounting policies of S&W Saltus Onshore Portfolios

for the year ended 28 February 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.

The ACD has considered the impact of the emergence and spread of Covid-19 and potential implications on future operations of the sub-funds of reasonably possible downside scenarios. The ACD has considered a detailed assessment of each sub-fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the 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 26 February 2021, being the last business day.

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

Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 26 February 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 26 February 2021.

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

Where an observable market price is unreliable or does not exist, investments are valued at the 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-funds is UK sterling which is taken to be the sub-funds 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 each sub-fund.

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

### d *Revenue*

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

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

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

Dividends from unquoted equity shares are recognised when declared.

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

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-funds' distribution.

## Accounting policies of S&W Saltus Onshore Portfolios (continued)

for the year ended 28 February 2021

### *d Revenue (continued)*

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

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

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

### *e Expenses*

In respect of all sub-funds, all expenses, other than those relating to the purchase and sale of investments, are charged to the relevant share class against revenue on an accruals basis and are then reallocated to capital, net of any tax effect.

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 28 February 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.

### *h Efficient Portfolio Management*

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

### *i Dilution adjustment*

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

## Accounting policies of S&W Saltus Onshore Portfolios (continued)

for the year ended 28 February 2021

### *j Distribution policies*

#### *i Basis of distribution*

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

#### *ii Unclaimed distributions*

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

## S&W Saltus Multi Asset Class Fund

### Investment Manager's report

#### Investment objective and policy

The objective of the sub-fund is to grow capital in excess of inflation (UK Consumer Price Index ('CPI')) over a rolling 12 month period.

The sub-fund aims to achieve its objective with a volatility of returns of up to 1/3rd of the Investment Association UK All Companies sector volatility level, as measured over rolling 3 year periods. Investors should note that their capital is at risk and that return and volatility goals are intended as target with no guarantee that they will be achieved over any time period.

The investment policy is to create a widely diversified portfolio of investments across multiple asset classes, geographies, styles and strategies. This will be achieved mainly through investment in other collective investment schemes, which themselves invest in transferable securities, currencies, gold and cash.

The sub-fund may also invest in transferable securities, deposits, money market instruments, gold and cash. In order to achieve the growth target, the Investment Manager may manage outside the expected volatility parameters.

#### Investment performance

Over the year the sub-fund delivered a total return of 4.45% (X accumulation shares, based on 5pm mid prices on 2 March 2020 and 26 February 2021) compared to a target benchmark return of 0.74% (UK CPI). Over a rolling three-year period the sub-fund delivered a total return of 10.04% compared to target benchmark returns of 4.41% (UK CPI). Sub-fund volatility over a rolling 3-year period was 34.13% of the benchmark (IA UK All Companies sector).

Source: Bloomberg.

#### Investment activities

The investment period will forever be defined by the impact of coronavirus on global markets and society, and by the aggressive response from central authorities to deal with impact. Some of the fastest and largest ever seen in the major asset classes occurred shortly after the sub-fund's financial year began. Dramatic moves in early March 2020 prompted huge intervention from central banks and governments with the end total of support well above \$20 trillion and still rising by the time of writing.

This response had its desired effect, with markets recovering sharply from late March 2020 over the summer, before accelerating in November upon the announcement of the successful Pfizer vaccine trial. By the end of the calendar year most assets had delivered positive returns and were in many cases looking overbought. The prospect of re-opening economies stoking inflationary pressures prompted a sharp rise in bond yields in early 2021, unnerving not only fixed income markets but also undermining widespread positive investor sentiment.

The key activity in the sub-fund came early in the financial year when cash was put to work in core positions. Additions were made to holdings in Federated Hermes Funds - Federated Hermes Unconstrained Credit Fund X GBP Accumulation, Artemis Strategic Bond Fund and Aviva Investors - Global Convertibles Absolute Return Fund, amongst others and the timing proved opportune as markets bottomed soon after. Later on exposure to Emerging Markets was altered by selling out of KLS Sloane Robinson Emerging Markets Fund for Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund and an index tracker for the region. A new position was added in Allianz UK & European Investment Funds - Allianz Strategic Bond Fund to reduce the correlation to global equity markets. Funding was generally from cash or reductions in UK index linked gilt exposure (on valuation grounds).

#### Investment strategy and outlook

There has been no change in the sub-fund's underlying investment strategy during the reporting period and we will continue to manage investments in line with the existing mandate.

The outlook from here is expected to be broadly positive but also volatile. The key unknown is how far the opening up of economies will accelerate inflationary pressures, which in turn could lead to repricing in global bond markets. Any rise in inflation should, we think, be largely transitory in nature, reflecting little more than a recovery to pre Covid-19 norms. The underlying pent up demand and ongoing policy support should be enough to offset this risk, but the path from here will undoubtedly continue to be volatile.

Saltus Partners LLP

1 April 2021

## Portfolio changes

for the year ended 28 February 2021

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

	Cost
	£
Purchases:	
Allianz UK & European Investment Funds - Allianz Strategic Bond Fund	2,500,000
Fidelity Investment Funds ICVC - Index US Fund	1,900,000
Legg Mason Funds ICVC - ClearBridge Global Infrastructure Income Fund X Income	1,140,000
Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund	750,000
Fidelity Investment Funds - Index Emerging Markets Fund	750,000
Artemis Strategic Bond Fund	570,000
Aviva Investors - Global Convertibles Absolute Return Fund	570,000
Federated Hermes Funds - Federated Hermes Unconstrained Credit Fund X GBP Accumulation	570,000
	Proceeds
	£
Sales:	
Artemis Funds Lux - US Extended Alpha	1,910,913
Allianz Index Linked Gilt Fund	1,799,120
Polar Capital Funds - UK Absolute Equity Fund	1,751,729
Legg Mason Global Funds - Legg Mason Western Asset Macro Opportunities Bond Fund	1,680,000
KLS Sloane Robinson Emerging Markets Fund	1,483,028
Schroder ISF Asian Total Return	1,264,733
Federated Hermes Funds - Federated Hermes Unconstrained Credit Fund X GBP Accumulation	1,200,000
DMS UCITS Platform ICAV - Latitude Horizon Fund	1,200,000
UBS Irl Investor Selection - Currency Allocation Return Strategy	1,120,000
BH Macro	969,570
Muzinich Funds - Global Tactical Credit Fund	877,000
Angel Oak Multi-Strategy Income UCITS Fund	750,000

## Portfolio statement

as at 28 February 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds 8.02% (7.16%)			
Closed-Ended Funds - incorporated in the United Kingdom 2.73% (2.11%)			
RIT Capital Partners	64,197	1,335,298	2.73
Closed-Ended Funds - incorporated outwith the United Kingdom 5.29% (5.05%)			
BH Macro	80,189	2,590,105	5.29
Total closed-ended funds		3,925,403	8.02
Collective Investment Schemes 82.44% (78.74%)			
UK Authorised Collective Investment Schemes 34.96% (18.03%)			
Allianz UK & European Investment Funds - Allianz Strategic Bond Fund	1,814,055	2,459,858	5.03
Artemis Strategic Bond Fund	3,722,383	2,171,266	4.44
Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund	80,412	917,498	1.88
Commercial Long Income Fund	2,221,875	2,358,298	4.82
Fidelity Investment Funds - Index Emerging Markets Fund	451,291	863,815	1.77
Fidelity Investment Funds ICVC - Index US Fund	1,506,741	2,122,395	4.34
Legg Mason Funds ICVC - ClearBridge Global Infrastructure Income Fund X Income	783,505	1,098,474	2.25
MI Chelverton UK Equity Income Fund	820,246	900,959	1.84
T Rowe Price Funds OEIC - Global Focused Growth Equity Fund	124,622	1,317,654	2.69
Trojan Investment Funds - Trojan Fund	1,033,290	2,888,251	5.90
Total UK authorised collective investment schemes		17,098,468	34.96
Offshore Collective Investment Schemes 47.48% (60.71%)			
Angel Oak Multi-Strategy Income UCITS Fund	25,296	2,971,630	6.08
Aviva Investors - Global Convertibles Absolute Return Fund	4,177	622,723	1.27
Capital Gearing Portfolio Fund	20,175	3,507,368	7.17
CG Portfolio Fund - Dollar Fund	15,059	1,552,682	3.17
DMS UCITS Platform ICAV - Latitude Horizon Fund	2,041,762	2,295,757	4.69
Federated Hermes Funds -			
Federated Hermes Unconstrained Credit Fund X GBP Accumulation	3,392,486	4,181,918	8.55
Fidelity Institutional Liquidity Fund - The Sterling Fund	6,536	6,536	0.01
Lazard Global Listed Infrastructure Equity Fund	796,305	1,519,191	3.11
Legg Mason Global Funds -			
Legg Mason Western Asset Macro Opportunities Bond Fund	9,963	1,282,457	2.62
Muzinich Funds - Global Tactical Credit Fund	23,624	2,411,992	4.93
SPARX Japan Fund B GBP Hedged Acc	9,007	1,415,930	2.89
UBS Irl Investor Selection - Currency Allocation Return Strategy	12,908	1,461,281	2.99
Total offshore collective investment schemes		23,229,465	47.48
Total collective investment schemes		40,327,933	82.44

## Portfolio statement (continued)

as at 28 February 2021

	Nominal value or holding	Market value £	% of total net assets
Investment			
Exchange Traded Commodities 5.58% (4.83%)			
WisdomTree Physical Gold	23,389	2,728,856	5.58
Portfolio of investments		46,982,192	96.04
Other net assets		1,938,558	3.96
Total net assets		48,920,750	100.00

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 29 February 2020.

## 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 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.

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

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

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

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

The price of gold or other resources may be subject to sudden, unexpected and substantial fluctuations. This may lead to significant declines in the values of any companies developing these resources in which the fund invests and significantly impact investment performance.

The 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.

During the year, the risk and reward indicator changed from 3 to 4.

## 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 <sup>^</sup> p	2020 p	2019 p	2021 <sup>^</sup> p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	67.92	66.14	66.88	81.91	78.90	79.14
Return before operating charges	4.06	4.20	1.43	5.38	4.97	1.70
Operating charges	(1.68)	(1.68)	(1.64)	(2.02)	(1.96)	(1.94)
Return after operating charges	2.38	2.52	(0.21)	3.36	3.01	(0.24)
Distributions <sup>^^</sup>	-	(0.74)	(0.53)	-	(0.88)	(0.63)
Retained distributions on accumulation shares <sup>^^</sup>	-	-	-	-	0.88	0.63
Closing net asset value per share	70.30	67.92	66.14	85.27	81.91	78.90
Performance						
Return after charges	3.50%	3.81%	(0.31%)	4.10%	3.81%	(0.30%)
Other information						
Closing net asset value (£)	-	1,623,806	28,125,664	-	606,352	1,156,331
Closing number of shares	-	2,390,830	42,525,727	-	740,235	1,465,606
Operating charges <sup>^^^</sup>	*2.45%	2.39%	2.44%	*2.45%	2.39%	2.44%
Prices						
Highest share price (p)	73.21	70.71	68.39	87.98	84.37	80.94
Lowest share price (p)	60.69	66.12	65.33	73.10	78.87	77.32

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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 may occur in a year as it is calculated on historical data.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\*Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 A Income and A Accumulation share classes closed and all holdings converted to I Income and I Accumulation share classes.

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

## Comparative table (continued)

	X Income			X 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	73.27	70.66	70.66	88.18	84.13	83.46
Return before operating charges	4.24	4.36	1.52	5.11	5.18	1.80
Operating charges	(1.00)	(0.95)	(0.95)	(1.21)	(1.13)	(1.13)
Return after operating charges	3.24	3.41	0.57	3.90	4.05	0.67
Distributions <sup>^</sup>	(1.08)	(0.80)	(0.57)	(1.29)	(0.95)	(0.67)
Retained distributions on accumulation shares <sup>^</sup>	-	-	-	1.29	0.95	0.67
Closing net asset value per share	75.43	73.27	70.66	92.08	88.18	84.13
Performance						
Return after charges	4.42%	4.83%	0.81%	4.42%	4.81%	0.80%
Other information						
Closing net asset value (£)	2,462,213	5,447,789	11,810,585	1,366,550	1,507,532	1,838,768
Closing number of shares	3,264,276	7,435,183	16,715,151	1,484,155	1,709,550	2,185,755
Operating charges <sup>^^</sup>	1.35%	1.29%	1.34%	1.35%	1.29%	1.34%
Prices						
Highest share price (p)	78.72	76.33	72.61	94.75	90.88	85.76
Lowest share price (p)	65.58	70.66	69.59	78.83	84.12	82.19

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> 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 may occur in a year as it is calculated on historical data.

<sup>^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

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## Comparative table (continued)

C accumulation shares launched on 21 August 2018 at 80.34p per share.

	I Income			C Accumulation		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 <sup>^</sup> p
Change in net assets per share						
Opening net asset value per share	71.18	68.98	69.40	82.81	79.26	80.34
Return before operating charges	4.23	4.34	1.50	4.84	4.94	0.26
Operating charges	(1.41)	(1.36)	(1.33)	(1.46)	(1.39)	(1.34)
Return after operating charges	2.82	2.98	0.17	3.38	3.55	(1.08)
Distributions <sup>^^</sup>	(1.04)	(0.78)	(0.59)	(1.21)	(0.89)	(0.36)
Retained distributions on accumulation shares <sup>^^</sup>	-	-	-	1.21	0.89	0.36
Closing net asset value per share	72.96	71.18	68.98	86.19	82.81	79.26
Performance						
Return after charges	3.96%	4.32%	0.24%	4.08%	4.48%	(1.34%)
Other information						
Closing net asset value (£)	19,201,483	14,833,962	5,382,516	2,033,820	5,857,844	683,005
Closing number of shares	26,318,025	20,841,338	7,803,055	2,359,773	7,073,945	861,731
Operating charges <sup>^^^</sup>	1.95%	1.89%	1.94%	1.75%	1.69%	*1.72%
Prices						
Highest share price (p)	76.17	74.13	71.13	88.72	85.33	80.58
Lowest share price (p)	63.66	68.97	68.09	73.99	79.24	77.53

<sup>^</sup> For the period 21 August 2018 to 28 February 2019.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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 may occur in a year as it is calculated on historical data.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\* Annualised based on the expenses incurred during the period 21 August 2018 to 28 February 2019.

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## Comparative table (continued)

Q income shares launched on 1 September 2018 at 67.89p per share.

S income shares launched on 3 October 2018 at 67.74p per share.

	Q Income			S Income		
	2021 <sup>^</sup> p	2020 p	2019 p	2021 p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	68.36	66.48	67.89	69.06	66.71	67.74
Return before operating charges	4.18	4.17	0.38	4.01	4.13	0.23
Operating charges	(1.58)	(1.54)	(1.49)	(1.09)	(1.03)	(1.01)
Return after operating charges	2.60	2.63	(1.11)	2.92	3.10	(0.78)
Distributions <sup>^^</sup>	-	(0.75)	(0.30)	(1.01)	(0.75)	(0.25)
Closing net asset value per share	70.96	68.36	66.48	70.97	69.06	66.71
Performance						
Return after charges	3.80%	3.96%	(1.63%)	4.23%	4.65%	(1.15%)
Other information						
Closing net asset value (£)	-	26,558,892	4,090,210	23,312,352	780,498	13,775
Closing number of shares	-	38,849,829	6,152,799	32,848,685	1,130,240	20,650
Operating charges <sup>^^^</sup>	***2.30%	2.24%	*2.27%	1.55%	1.49%	**1.52%
Prices						
Highest share price (p)	72.95	71.20	67.98	74.08	71.94	67.74
Lowest share price (p)	61.12	66.46	65.41	61.80	66.70	65.46

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\* Annualised based on the expenses incurred during the period 1 September 2018 to 28 February 2019.

\*\* Annualised based on the expenses incurred during the period 3 October 2018 to 28 February 2019.

\*\*\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 Q Income share class closed and all holdings converted to I Income share class.

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

## Comparative table (continued)

I accumulation shares launched on 26 February 2021 at 100.00p per share.

	I Accumulation
	2021
	p
Change in net assets per	
Opening net asset value per share	100.00
Return before operating charges	(0.09)
Operating charges	-
Return after operating charges	(0.09)
Distributions <sup>^</sup>	-
Retained distributions on accumulation shares <sup>^</sup>	-
Closing net asset value per	99.91
Performance	
Return after charges	-
Other information	
Closing net asset value (£)	544,332
Closing number of shares	544,812
Operating charges <sup>^^</sup>	*1.95%
Direct transaction costs	-
Prices	
Highest share price (p)	100.00
Lowest share price (p)	99.91

<sup>^</sup> For the period 26 February 2021 to 28 February 2021.

<sup>^^</sup> 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.

<sup>^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\* Annualised based on the expenses incurred during the period 26 February 2021 to 28 February 2021.

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

## Financial statements - S&amp;W Saltus Multi Asset Class Fund

## Statement of total return

*for the year ended 28 February 2021*

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains	2		1,734,667		2,262,276
Revenue	3	913,426		746,713	
Expenses	4	<u>(647,033)</u>		<u>(718,721)</u>	
Net revenue before taxation		266,393		27,992	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>266,393</u>		<u>27,992</u>
Total return before distributions			2,001,060		2,290,268
Distributions	6		(759,708)		(624,139)
Change in net assets attributable to shareholders from investment activities			<u>1,241,352</u>		<u>1,666,129</u>

## Statement of change in net assets attributable to shareholders

*for the year ended 28 February 2021*

		2021		2020	
		£	£	£	£
Opening net assets attributable to shareholders			57,216,675		53,100,854
Amounts receivable on issue of shares		7,169,377		15,252,906	
Amounts payable on cancellation of shares		<u>(16,754,507)</u>		<u>(12,889,081)</u>	
			(9,585,130)		2,363,825
Change in net assets attributable to shareholders from investment activities			1,241,352		1,666,129
Retained distributions on accumulation shares			47,853		85,867
Closing net assets attributable to shareholders			<u>48,920,750</u>		<u>57,216,675</u>

## Balance sheet

as at 28 February 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		46,982,192	51,912,948
Current assets:			
Debtors	7	110,189	189,015
Cash and cash equivalents	8	2,926,365	5,964,658
Total assets		<u>50,018,746</u>	<u>58,066,621</u>
Liabilities:			
Creditors:			
Distribution payable		(642,082)	(536,948)
Other creditors	9	(455,914)	(312,998)
Total liabilities		<u>(1,097,996)</u>	<u>(849,946)</u>
Net assets attributable to shareholders		<u><u>48,920,750</u></u>	<u><u>57,216,675</u></u>

## Notes to the financial statements

for the year ended 28 February 2021

## 1. Accounting policies

The accounting policies are disclosed on pages 45 to 47.

## 2. Net capital gains

	2021	2020
	£	£
Non-derivative securities - realised gains	1,238,275	417,837
Non-derivative securities - movement in unrealised gains	498,942	1,845,106
Currency gains	1,100	3,016
Transaction charges	(3,650)	(3,683)
Total net capital gains	<u>1,734,667</u>	<u>2,262,276</u>

## 3. Revenue

	2021	2020
	£	£
UK revenue	101,174	86,889
Unfranked revenue	123,150	112,450
Overseas revenue	685,863	538,152
Bank and deposit interest	527	4,081
Rebates from collective investment schemes	2,712	5,141
Total revenue	<u>913,426</u>	<u>746,713</u>

## 4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
ACD's periodic charge	52,314	61,112
Investment management fees	<u>564,975</u>	<u>625,134</u>
	<u>617,289</u>	<u>686,246</u>
Payable to the Depositary		
Depositary fees	<u>17,399</u>	<u>18,836</u>
Other expenses:		
Audit fee	5,940	6,570
Non-executive directors' fees	625	896
Safe custody fees	1,521	1,732
FCA fee	833	825
KIID production fee	<u>3,426</u>	<u>3,616</u>
	<u>12,345</u>	<u>13,639</u>
Total expenses	<u>647,033</u>	<u>718,721</u>

## 5. Taxation

	2021	2020
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Total taxation (note 5b)	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

for the year ended 28 February 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>266,393</u>	<u>27,992</u>
Corporation tax @ 20%	53,279	5,598
Effects of:		
UK revenue	(20,235)	(17,378)
Overseas revenue	(8,777)	(9,467)
Excess management expenses	-	27,968
Utilisation of excess management expenses	(24,267)	-
Adjustment in respect of prior years -		
unrealised gains on non reporting offshore funds	-	(6,721)
Total taxation (note 5a)	<u>-</u>	<u>-</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 £312,282 (2020: £336,549).

## 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
	£	£
Final income distribution	642,082	536,948
Final accumulation distribution	<u>47,853</u>	<u>85,867</u>
	689,935	622,815
Equalisation:		
Amounts deducted on cancellation of shares	107,112	57,883
Amounts added on issue of shares	(45,676)	(56,442)
Net equalisation on conversions	8,337	(117)
Total net distributions	<u>759,708</u>	<u>624,139</u>

## Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	266,393	27,992
Undistributed revenue brought forward	167	91
Expenses paid from capital	647,033	718,721
Marginal tax relief	(153,673)	(122,498)
Undistributed revenue carried forward	(212)	(167)
Distributions	<u>759,708</u>	<u>624,139</u>

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

7. Debtors	2021	2020
	£	£
Amounts receivable on issue of shares	72,788	141,614
Accrued revenue	23,587	38,209
Prepaid expenses	68	49
Recoverable income tax	13,746	8,459
Accrued rebates from collective investment schemes	-	684
Total debtors	<u>110,189</u>	<u>189,015</u>
8. Cash and cash equivalents	2021	2020
	£	£
Total cash and cash equivalents	<u>2,926,365</u>	<u>5,964,658</u>
9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	410,390	248,149
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	3,935	4,749
Investment management fees	<u>32,902</u>	<u>50,626</u>
	36,837	55,375
Other expenses:		
Depositary fees	1,381	1,523
Safe custody fees	246	266
Audit fee	5,940	6,570
Non-executive directors' fees	510	498
KIID production fee	571	571
Transaction charges	<u>39</u>	<u>46</u>
	8,687	9,474
Total accrued expenses	<u>45,524</u>	<u>64,849</u>
Total other creditors	<u>455,914</u>	<u>312,998</u>

## 10. Commitments and contingent liabilities

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 11. Share classes

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

	A Income
Opening shares in issue	2,390,830
Total shares issued in the year	20,755
Total shares cancelled in the year	(759,403)
Total shares converted in the year	<u>(1,652,182)</u>
Closing shares in issue	<u><u>-</u></u>
	A Accumulation
Opening shares in issue	740,235
Total shares issued in the year	3,642
Total shares cancelled in the year	(105,560)
Total shares converted in the year	<u>(638,317)</u>
Closing shares in issue	<u><u>-</u></u>
	X Income
Opening shares in issue	7,435,183
Total shares issued in the year	327,846
Total shares cancelled in the year	(4,516,250)
Total shares converted in the year	<u>17,497</u>
Closing shares in issue	<u><u>3,264,276</u></u>
	X Accumulation
Opening shares in issue	1,709,550
Total shares issued in the year	76,185
Total shares cancelled in the year	(291,692)
Total shares converted in the year	<u>(9,888)</u>
Closing shares in issue	<u><u>1,484,155</u></u>
	I Income
Opening shares in issue	20,841,338
Total shares issued in the year	5,443,585
Total shares cancelled in the year	(3,164,890)
Total shares converted in the year	<u>3,197,992</u>
Closing shares in issue	<u><u>26,318,025</u></u>
	C Accumulation
Opening shares in issue	7,073,945
Total shares issued in the year	519,308
Total shares cancelled in the year	(5,002,355)
Total shares converted in the year	<u>(231,125)</u>
Closing shares in issue	<u><u>2,359,773</u></u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 11. Share classes (continued)

	Q Income
Opening shares in issue	38,849,829
Total shares issued in the year	3,267,958
Total shares cancelled in the year	(7,235,455)
Total shares converted in the year	<u>(34,882,332)</u>
Closing shares in issue	<u>-</u>
	S Income
Opening shares in issue	1,130,240
Total shares issued in the year	411,146
Total shares cancelled in the year	(1,658,962)
Total shares converted in the year	<u>32,966,261</u>
Closing shares in issue	<u>32,848,685</u>
	I Accumulation
Opening shares in issue	-
Total shares converted in the year	<u>544,812</u>
Closing shares in issue	<u>544,812</u>

For the year ended 28 February 2021, the annual management charge for each share class is as follows:

A Income - until closure on 26 February 2021	1.60%
A Accumulation - until closure on 26 February 2021	1.60%
X Income	0.50%
X Accumulation	0.50%
I Income	1.10%
C Accumulation	0.90%
Q Income - until closure on 26 February 2021	1.45%
S Income	0.70%
I Accumulation	1.10%

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

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

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per X Income shares has increased from 75.43p to 78.63p, the X Accumulation shares has increased from 92.08p to 95.98p, the I Income shares has increased from 72.96p to 75.91p, the C Accumulation shares has increased from 86.19p to 89.73p, the S Income shares has increased from 70.97p to 73.93p and the I Accumulation shares has increased from 99.91p to 104.0p as at 25 June 2021. 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									
Collective Investment Schemes*	8,750,000	-	-	-	-	-	-	-	8,750,000
Total	8,750,000	-	-	-	-	-	-	-	8,750,000
	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2020									
Collective Investment Schemes*	6,350,076	-	-	-	-	-	-	-	6,350,076
Total	6,350,076	-	-	-	-	-	-	-	6,350,076
	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2021									
Equities	970,057	(485)	0.05%	(2)	0.00%	-	-	969,570	
Collective Investment Schemes*	15,036,530	-	-	-	-	-	-	15,036,530	
Total	16,006,587	(485)	0.05%	(2)	0.00%	-	-	16,006,100	

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

	Sales before transaction costs	Commission	Taxes	Financial transaction tax	Sales after transaction costs
2020	£	£	%	£	£
Collective Investment Schemes	7,484,864	(519)	0.01%	-	7,484,345
Total	7,484,864	(519)	0.01%	-	7,484,345

## 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	485	0.00%
Taxes	2	0.00%
2020	£	% of average net asset value
Commission	519	0.00%

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.18% (2020: 0.04%).

## 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.

## 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 closed-ended funds, exchange traded commodities 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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 15. Risk management policies (continued)

#### a Market risk (continued)

##### (i) Other price risk (continued)

At 28 February 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 £2,349,110 (2020: £2,595,647).

##### (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 sub-fund had no significant exposure to foreign currency in the year. The sub-fund has indirect exposure to currency risk as it invests in collective investment schemes.

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	2,796,605	-	2,796,605
Total foreign currency exposure	2,796,605	-	2,796,605
	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
2020			
US dollar	4,208,956	-	4,208,956
Total foreign currency exposure	4,208,956	-	4,208,956

At 28 February 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 £139,830 (2020: £210,448).

##### (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. The sub-fund has indirect exposure to interest rate risk as it invests in bond funds.

In the event of a change in interest rates, there would be no direct 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.

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

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

## Notes to the financial statements (continued)

for the year ended 28 February 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.

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.

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 and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

#### d Fair value of financial assets and financial liabilities

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

To ensure this, the fair value pricing committee is a body appointed by the 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.

Basis of valuation	Investment	Investment
	assets	liabilities
	2021	2021
	£	£
Quoted prices	6,654,259	-
Observable market data	40,327,933	-
Unobservable data	-	-
	<u>46,982,192</u>	<u>-</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

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

	Investment assets	Investment liabilities
Basis of valuation	2020	2020
	£	£
Quoted prices	6,861,751	-
Observable market data	45,051,197	-
Unobservable data	-	-
	<u>51,912,948</u>	<u>-</u>

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

## e Assets subject to special arrangements arising from their illiquid nature

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

## f Derivatives

The 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

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

There have been no leveraging arrangements in the year.

## (iii) Global exposure

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

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

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 28 February 2021

### Distribution on X Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.075	-	1.075	0.796
30.04.21	group 2	final	0.361	0.714	1.075	0.796

### Distribution on X Accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.294	-	1.294	0.949
30.04.21	group 2	final	0.182	1.112	1.294	0.949

### Distribution on I Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.042	-	1.042	0.776
30.04.21	group 2	final	0.408	0.634	1.042	0.776

### Distribution on C Accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.214	-	1.214	0.892
30.04.21	group 2	final	0.577	0.637	1.214	0.892

#### 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.

#### Final distributions:

- Group 1                      Shares purchased before 1 March 2020
- Group 2                      Shares purchased 1 March 2020 to 28 February 2021

## Distribution table (continued)

for the year ended 28 February 2021

## Distribution on S Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.013	-	1.013	0.752
30.04.21	group 2	final	0.082	0.931	1.013	0.752

## 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.

## Final distributions:

Group 1 Shares purchased before 1 March 2020

Group 2 Shares purchased 1 March 2020 to 28 February 2021

Distribution on I Accumulation shares in pence per share<sup>^</sup>

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	-	-	-	-
30.04.21	group 2	final	-	-	-	-

<sup>^</sup> I Accumulation share class launched on 26 February 2021.

## S&W Saltus Wealth Fund

### Investment Manager's report

#### Investment objective and policy

The objective of the sub-fund is to generate a return which is the higher of cash (measured by the Bank of England ('BoE') base rate) and inflation (as measured by UK Consumer Price Index ('CPI')). The sub-fund aims to achieve its objective with a target volatility of no more than 2/3rd of the Investment Association UK All Companies Sector volatility over a rolling 3 year period irrespective of market conditions.

Investors should note that their capital is at risk and that return and volatility goals are intended as target with no guarantee that they will be achieved over any time period.

The investment policy is to create a widely diversified portfolio of investments across multiple asset classes, geographies, styles and strategies. This will be achieved mainly through investment in other regulated collective investment schemes which themselves invest in transferable securities, currencies, gold and cash. The sub-fund may also invest in transferable securities and money market instruments. Derivatives may only be used for the purpose of Efficient Portfolio Management.

In order to achieve the growth target, the Investment Manager may manage outside the expected volatility parameters.

#### Investment performance

Over the year the sub-fund delivered a total return of 11.48% (X accumulation shares, based on 5pm mid prices on 2 March 2020 and 26 February 2021) compared to a target benchmark return of 0.74% (UK CPI) and 0.1% (BoE Base rate). Over a rolling three-year period the sub-fund delivered a total return of 14.18% compared to target benchmark returns of 4.41% (UK CPI) and 1.54% (BoE Base Rate). Sub-fund volatility over a rolling 3-year period was 51.27% (no more than 2/3rd of the Investment Association UK All Companies sector is a volatility measurement for the sub-fund by which to monitor the stability of its portfolio).

Source: Bloomberg.

#### Investment activities

The investment period will forever be defined by the impact of coronavirus on global markets and society, and by the aggressive response from central authorities to deal with impact. Some of the fastest and largest ever seen in the major asset classes occurred shortly after your sub-fund's financial year began. Dramatic moves in early March 2020 prompted huge intervention from central banks and governments with the end total of support well above \$20 trillion and still rising by the time of writing.

This response had its desired effect, with markets recovering sharply from late March 2020 over the summer, before accelerating in November upon the announcement of the successful Pfizer vaccine trial. By the end of the calendar year most assets had delivered positive returns and were in many cases looking overbought. The prospect of re-opening economies stoking inflationary pressures prompted a sharp rise in bond yields in early 2021, unnerving not only fixed income markets but also undermining widespread positive investor sentiment.

The key activity in the sub-fund came early in the financial year when cash was put to work in core risk positions. Additions were made to holdings in MI Chelverton UK Equity Income Fund, Fidelity Investment Funds ICVC - Asia Pacific Opportunities Fund and Aviva Investors - Global Convertibles Absolute Return Fund amongst others and the timing proved opportune as markets bottomed soon after. Later on exposure to Emerging Markets was altered by selling out of KLS Sloane Robinson Emerging Markets Fund for Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund and an index tracker for the region. A new position was added in Granahan US SMID Select Fund to up exposure to mid-size US equities. Funding was generally from cash or reductions in Artemis Funds Lux - US Extended Alpha and LF Lindsell Train UK Equity Fund.

#### Investment strategy and outlook

There has been no change in the sub-fund's underlying investment strategy during the reporting period and we will continue to manage investments in line with the existing mandate.

The outlook from here is expected to be broadly positive but also volatile. The key unknown is how far the opening up of economies will accelerate inflationary pressures, which in turn could lead to repricing in global bond markets. Any rise in inflation should, we think, be largely transitory in nature, reflecting little more than a recovery to pre Covid-19 norms. The underlying pent up demand and ongoing policy support should be enough to offset this risk, but the path from here will undoubtedly continue to be volatile.

Saltus Partners LLP

1 April 2021

## Portfolio changes

for the year ended 28 February 2021

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

	Cost
	£
Purchases:	
Fidelity Investment Funds ICVC - Index US Fund	5,100,000
Jupiter Asset Management Series - Jupiter Gold & Silver Fund	1,800,000
Fidelity Investment Funds ICVC - Asia Pacific Opportunities Fund	1,400,000
Aviva Investors - Global Convertibles Absolute Return Fund	900,000
Granahan US SMID Select Fund	810,000
Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund	800,000
Fidelity Investment Funds - Index Emerging Markets Fund	800,000
MI Chelverton UK Equity Income Fund	460,000
KLS Sloane Robinson Emerging Markets Fund	453,608
Liontrust UK Smaller Companies Fund	440,000
SPARX Japan Fund B GBP Hedged Acc	440,000
T Rowe Price Funds OEIC - Global Focused Growth Equity Fund	440,000
	Proceeds
	£
Sales:	
Artemis Funds Lux - US Extended Alpha	5,554,670
Polar Capital Funds - UK Absolute Equity Fund	2,908,220
DMS UCITS Platform ICAV - Latitude Horizon Fund	1,997,000
KLS Sloane Robinson Emerging Markets Fund	1,674,616
Legg Mason Global Funds - Legg Mason Western Asset Macro Opportunities Bond Fund	895,000
LF Lindsell Train UK Equity Fund	760,000
M&G Investment Funds 4 - Global Macro Bond Fund	645,000
T Rowe Price Funds OEIC - Global Focused Growth Equity Fund	540,000

## Portfolio statement

as at 28 February 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds - incorporated outwith the United Kingdom 3.66% (3.14%)			
BH Macro	55,022	1,777,211	3.66
Speymill Deutsche Immobilien*	400,000	-	-
Total closed-ended funds - incorporated outwith the United Kingdom		<u>1,777,211</u>	<u>3.66</u>
Collective Investment Schemes 86.14% (82.38%)			
UK Authorised Collective Investment Schemes 43.94% (22.66%)			
Artemis Strategic Bond Fund	1,664,661	970,997	2.00
Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund	85,772	978,664	2.02
Commercial Long Income Fund	515,378	547,022	1.13
Fidelity Investment Funds - Index Emerging Markets Fund	481,377	921,403	1.90
Fidelity Investment Funds ICVC - Asia Pacific Opportunities Fund	643,974	1,918,399	3.96
Fidelity Investment Funds ICVC - Index US Fund	4,044,409	5,696,955	11.74
LF Lindsell Train UK Equity Fund	549,377	1,788,605	3.69
Liontrust UK Smaller Companies Fund	28,889	552,497	1.14
M&G Investment Funds 4 - Global Macro Bond Fund	483,186	755,268	1.56
MI Chelverton UK Equity Income Fund	2,758,005	3,029,392	6.25
T Rowe Price Funds OEIC - Global Focused Growth Equity Fund	392,602	4,151,056	8.55
Total UK authorised collective investment schemes		<u>21,310,258</u>	<u>43.94</u>
Offshore Collective Investment Schemes 42.20% (59.72%)			
Angel Oak Multi-Strategy Income UCITS Fund	9,833	1,155,077	2.38
Aviva Investors - Global Convertibles Absolute Return Fund	6,595	983,247	2.03
Capital Gearing Portfolio Fund	8,096	1,407,490	2.90
DMS UCITS Platform ICAV - Latitude Horizon Fund	952,565	1,071,064	2.21
Federated Hermes Funds - Federated Hermes Unconstrained Credit Fund	2,190,192	2,699,850	5.57
Fidelity Institutional Liquidity Fund - The Sterling Fund	114	114	0.00
Granahan US SMID Select Fund	5,126	1,189,190	2.45
Jupiter Asset Management Series - Jupiter Gold & Silver Fund	79,612	1,669,851	3.44
KLS CDAM Global Opportunities Fund	15,320	1,303,245	2.69
Lazard Global Listed Infrastructure Equity Fund	567,270	1,082,237	2.23
Legg Mason Global Funds -			
Legg Mason Western Asset Macro Opportunities Bond Fund	12,316	1,585,362	3.27
Muzinich Funds - Global Tactical Credit Fund	11,505	1,174,634	2.42
SPARX Japan Fund	24,122	3,792,245	7.82
UBS Irl Investor Selection - Currency Allocation Return Strategy	11,953	1,353,175	2.79
Total offshore collective investment schemes		<u>20,466,781</u>	<u>42.20</u>
Total collective investment schemes		<u>41,777,039</u>	<u>86.14</u>

\* Trading in Speymill Deutsche Immobilien has been suspended and the security is included in the portfolio of investments with no value.

## Portfolio statement (continued)

as at 28 February 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Exchange Traded Commodities 3.81% (4.04%)			
WisdomTree Physical Gold	15,854	1,849,728	3.81
Portfolio of investments		45,403,978	93.61
Other net assets		3,097,974	6.39
<b>Total net assets</b>		<b>48,501,952</b>	<b>100.00</b>

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 29 February 2020.

## 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 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.

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

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

The price of gold or other resources may be subject to sudden, unexpected and substantial fluctuations. This may lead to significant declines in the values of any companies developing these resources in which the sub-fund invests and significantly impact investment performance.

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 <sup>^</sup> p	2020 p	2019 p	2021 <sup>^</sup> p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	119.29	117.42	120.99	136.72	132.93	135.47
Return before operating charges	14.99	6.36	0.79	17.43	7.24	0.89
Operating charges	(2.87)	(3.14)	(3.07)	(3.30)	(3.45)	(3.43)
Return after operating charges	12.12	3.22	(2.28)	14.13	3.79	(2.54)
Distributions <sup>^^</sup>	-	(1.35)	(1.29)	-	(1.54)	(1.44)
Retained distributions on accumulation shares <sup>^^</sup>	-	-	-	-	1.54	1.44
Closing net asset value per share	131.41	119.29	117.42	150.85	136.72	132.93
Performance						
Return after charges	10.16%	2.74%	(1.88%)	10.33%	2.85%	(1.87%)
Other information						
Closing net asset value (£)	-	354,580	14,281,132	-	192,341	487,900
Closing number of shares	-	297,253	12,162,124	-	140,687	367,047
Operating charges <sup>^^^</sup>	*2.39%	2.49%	2.55%	*2.39%	2.49%	2.55%
Prices						
Highest share price (p)	135.9	128.0	124.1	156.0	145.2	138.9
Lowest share price (p)	101.7	117.1	115.7	116.6	132.7	129.6

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 A Income and A Accumulation share classes closed. The A Income holdings converted to I Income share class and A Accumulation holdings converted to I Accumulation.

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

## Comparative table (continued)

	X Income			X 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	129.39	125.99	128.40	148.01	142.51	143.65
Return before operating charges	16.51	6.72	0.82	18.92	7.58	0.94
Operating charges	(1.69)	(1.85)	(1.86)	(1.95)	(2.08)	(2.08)
Return after operating charges	14.82	4.87	(1.04)	16.97	5.50	(1.14)
Distributions <sup>^</sup>	(1.36)	(1.47)	(1.37)	(1.56)	(1.66)	(1.54)
Retained distributions on accumulation shares <sup>^</sup>	-	-	-	1.56	1.66	1.54
Closing net asset value per share	142.85	129.39	125.99	164.98	148.01	142.51
Performance						
Return after charges	11.45%	3.87%	(0.81%)	11.47%	3.86%	(0.79%)
Other information						
Closing net asset value (£)	1,327,459	3,427,487	7,254,024	1,254,422	1,713,696	1,648,300
Closing number of shares	929,289	2,649,010	5,757,615	760,353	1,157,844	1,156,657
Operating charges <sup>^^</sup>	1.29%	1.39%	1.45%	1.29%	1.39%	1.45%
Prices						
Highest share price (p)	149.1	139.1	132.3	170.6	157.4	148.0
Lowest share price (p)	110.7	125.8	123.9	126.4	142.3	138.6

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> 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.

<sup>^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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)

	I Income			Q Income		
	2021 p	2020 p	2019 p	2021 <sup>^</sup> p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	125.16	122.50	125.59	122.75	120.54	124.03
Return before operating charges	16.06	6.65	0.78	16.09	6.56	0.79
Operating charges	(2.45)	(2.56)	(2.53)	(2.79)	(2.95)	(2.96)
Return after operating charges	13.61	4.09	(1.75)	13.30	3.61	(2.17)
Distributions <sup>^^</sup>	(1.32)	(1.43)	(1.34)	-	(1.40)	(1.32)
Closing net asset value per share	137.45	125.16	122.50	136.05	122.75	120.54
Performance						
Return after charges	10.87%	3.34%	(1.39%)	10.84%	2.99%	(1.75%)
Other information						
Closing net asset value (£)	19,502,073	6,990,487	4,189,396	-	19,745,708	13,577,758
Closing number of shares	14,188,980	5,585,097	3,419,822	-	16,085,901	11,263,672
Operating charges <sup>^^^</sup>	1.89%	1.99%	2.05%	*2.24%	2.34%	2.40%
Prices						
Highest share price (p)	143.5	134.6	129.1	140.7	132.0	127.3
Lowest share price (p)	107.0	122.3	120.6	104.8	120.4	118.8

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 Q Income share class closed and all holdings converted to I Income share class.

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

## Comparative table (continued)

S Income shares launched on 29 August 2018 at 138.60p per share.

C Accumulation shares launched on 1 September 2018 at 123.40p per share.

	S Income			C Accumulation		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 <sup>^</sup> p
Change in net assets per share						
Opening net asset value per share	121.41	118.51	138.60	123.33	119.17	123.40
Return before operating charges	15.59	6.34	(17.40)	15.81	6.40	(2.05)
Operating charges	(1.91)	(1.98)	(1.94)	(2.13)	(2.24)	(2.18)
Return after operating charges	13.68	4.36	(19.34)	13.68	4.16	(4.23)
Distributions <sup>^^</sup>	(1.28)	(1.46)	(0.75)	(1.30)	(1.39)	(0.59)
Closing net asset value per share	133.81	121.41	118.51	137.01	123.33	119.17
Performance						
Return after charges	11.27%	3.68%	(13.95%)	11.09%	3.49%	(3.43%)
Other information						
Closing net asset value (£)	25,271,474	2,810,126	430,442	1,004,905	11,068,647	2,656,331
Closing number of shares	18,886,553	2,314,583	363,220	733,430	8,975,014	2,229,095
Operating charges <sup>^^^</sup>	1.49%	1.59%	*1.63%	1.69%	1.79%	*1.83%
Prices						
Highest share price (p)	139.7	130.6	138.6	141.7	131.1	123.7
Lowest share price (p)	103.8	118.4	116.0	105.3	119.0	116.0

<sup>^</sup> For the period 1 September 2018 to 28 February 2019.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\* Annualised based on the expenses incurred during the period 29 August 2018 to 28 February 2019.

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## Comparative table (continued)

I Accumulation shares launched on 26 February 2021 at 100.00p per share.

	I Accumulation
	2021 <sup>^</sup>
	p
Change in net assets per share	
Opening net asset value per share	100.00
Return before operating charges	(0.07)
Operating charges	-
Return after operating charges	(0.07)
Distributions	-
Retained distributions on accumulation shares	-
Closing net asset value per share	99.93
Performance	
Return after charges	-
Other information	
Closing net asset value (£)	141,619
Closing number of shares	141,725
Operating charges <sup>^^</sup>	*1.89%
Prices	
Highest share price (p)	100.00
Lowest share price (p)	99.93

<sup>^</sup> For the period 26 February 2021 to 28 February 2021.

<sup>^^</sup> 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.

\* Annualised based on the expenses incurred during the period 26 February 2021 to 28 February 2021.

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

## Financial statements - S&amp;W Saltus Wealth Fund

## Statement of total return

*for the year ended 28 February 2021*

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains	2		4,732,362		1,442,870
Revenue	3	546,239		635,469	
Expenses	4	<u>(531,815)</u>		<u>(578,665)</u>	
Net revenue before taxation		14,424		56,804	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>14,424</u>		<u>56,804</u>
Total return before distributions			4,746,786		1,499,674
Distributions	6		(466,063)		(538,119)
Change in net assets attributable to shareholders from investment activities			<u>4,280,723</u>		<u>961,555</u>

## Statement of change in net assets attributable to shareholders

*for the year ended 28 February 2021*

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		46,303,072		44,525,283
Amounts receivable on issue of shares	10,095,231		14,787,612	
Amounts payable on cancellation of shares	<u>(12,198,448)</u>		<u>(14,117,274)</u>	
		(2,103,217)		670,338
Change in net assets attributable to shareholders from investment activities		4,280,723		961,555
Retained distributions on accumulation shares		21,374		145,896
Closing net assets attributable to shareholders		<u>48,501,952</u>		<u>46,303,072</u>

## Balance sheet

as at 28 February 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		45,403,978	41,468,675
Current assets:			
Debtors	7	313,528	168,655
Cash and cash equivalents	8	3,338,432	5,219,074
Total assets		<u>49,055,938</u>	<u>46,856,404</u>
Liabilities:			
Creditors:			
Distribution payable		(441,369)	(381,480)
Other creditors	9	(112,617)	(171,852)
Total liabilities		<u>(553,986)</u>	<u>(553,332)</u>
Net assets attributable to shareholders		<u><u>48,501,952</u></u>	<u><u>46,303,072</u></u>

## Notes to the financial statements

for the year ended 28 February 2021

## 1. Accounting policies

The accounting policies are disclosed on pages 45 and 47.

## 2. Net capital gains

	2021	2020
	£	£
Non-derivative securities - realised gains	1,158,795	815,600
Non-derivative securities - movement in unrealised gains	3,568,522	629,191
Currency gains	8,443	1,766
Transaction charges	(3,398)	(3,687)
Total net capital gains	<u>4,732,362</u>	<u>1,442,870</u>

## 3. Revenue

	2021	2020
	£	£
UK revenue	112,252	136,844
Unfranked revenue	51,150	102,668
Overseas revenue	374,561	381,117
Bank and deposit interest	459	3,256
Rebates from collective investment schemes	7,817	11,584
Total revenue	<u>546,239</u>	<u>635,469</u>

## 4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
ACD's periodic charge	45,010	51,322
Investment management fees	459,969	498,127
	<u>504,979</u>	<u>549,449</u>
Payable to the Depositary		
Depositary fees	15,117	16,002
Other expenses:		
Audit fee	5,670	6,570
Non-executive directors' fees	625	896
Safe custody fees	1,295	1,466
FCA fee	703	665
KIID production fee	3,426	3,617
	<u>11,719</u>	<u>13,214</u>
Total expenses	<u>531,815</u>	<u>578,665</u>

## 5. Taxation

	2021	2020
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Total taxation (note 5b)	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

for the year ended 28 February 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>14,424</u>	<u>56,804</u>
Corporation tax @ 20%	2,885	11,361
Effects of:		
UK revenue	(22,450)	(27,369)
Overseas revenue	(6,575)	(2,336)
Excess management expenses	26,140	32,492
Adjustment in respect of prior years -		
Unrealised gains on non reporting offshore funds	<u>-</u>	<u>(14,148)</u>
Total taxation (note 5a)	<u>-</u>	<u>-</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 £361,296 (2020: £335,156).

## 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 £
Final income distributions	441,369	381,480
Final accumulation distributions	<u>21,374</u>	<u>145,896</u>
	462,743	527,376
Equalisation:		
Amounts deducted on cancellation of shares	52,439	62,746
Amounts added on issue of shares	(50,761)	(50,612)
Net equalisation on conversions	<u>1,642</u>	<u>(1,391)</u>
Total net distributions	<u>466,063</u>	<u>538,119</u>

Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	14,424	56,804
Undistributed revenue brought forward	204	243
Expenses paid from capital	531,815	578,665
Marginal tax relief	(80,225)	(97,389)
Undistributed revenue carried forward	<u>(155)</u>	<u>(204)</u>
Distributions	<u>466,063</u>	<u>538,119</u>

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

7. Debtors	2021	2020
	£	£
Amounts receivable on issue of shares	287,257	113,564
Accrued revenue	23,090	49,224
Prepaid expenses	58	42
Recoverable income tax	3,123	3,830
Accrued rebates from collective investment schemes	-	1,995
Total debtors	<u>313,528</u>	<u>168,655</u>
8. Cash and cash equivalents	2021	2020
	£	£
Total cash and cash equivalents	<u>3,338,432</u>	<u>5,219,074</u>
9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	68,883	119,363
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	3,759	3,940
Investment management fees	31,646	39,348
	<u>35,405</u>	<u>43,288</u>
Other expenses:		
Depositary fees	1,351	1,276
Safe custody fees	223	227
Audit fee	5,670	6,570
Non-executive directors' fees	510	498
KIID production fee	571	571
Transaction charges	4	59
	<u>8,329</u>	<u>9,201</u>
Total accrued expenses	<u>43,734</u>	<u>52,489</u>
Total other creditors	<u>112,617</u>	<u>171,852</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	297,253
Total shares issued in the year	3,025
Total shares cancelled in the year	(117,880)
Total shares converted in the year	(182,398)
Closing shares in issue	<u>-</u>

Notes to the financial statements (continued)  
for the year ended 28 February 2021

## 11. Share classes (continued)

	A Accumulation
Opening shares in issue	140,687
Total shares issued in the year	69
Total shares cancelled in the year	(46,872)
Total shares converted in the year	(93,884)
Closing shares in issue	<u>-</u>
	X Income
Opening shares in issue	2,649,010
Total shares issued in the year	47,941
Total shares cancelled in the year	(1,777,549)
Total shares converted in the year	9,887
Closing shares in issue	<u>929,289</u>
	X Accumulation
Opening shares in issue	1,157,844
Total shares issued in the year	44,315
Total shares cancelled in the year	(429,925)
Total shares converted in the year	(11,881)
Closing shares in issue	<u>760,353</u>
	I Income
Opening shares in issue	5,585,097
Total shares issued in the year	4,381,226
Total shares cancelled in the year	(1,723,278)
Total shares converted in the year	5,945,935
Closing shares in issue	<u>14,188,980</u>
	Q Income
Opening shares in issue	16,085,901
Total shares issued in the year	1,701,370
Total shares cancelled in the year	(1,997,115)
Total shares converted in the year	(15,790,156)
Closing shares in issue	<u>-</u>
	S Income
Opening shares in issue	2,314,583
Total shares issued in the year	1,051,313
Total shares cancelled in the year	(1,095,702)
Total shares converted in the year	16,616,359
Closing shares in issue	<u>18,886,553</u>
	C Accumulation
Opening shares in issue	8,975,014
Total shares issued in the year	709,065
Total shares cancelled in the year	(2,371,988)
Total shares converted in the year	(6,578,661)
Closing shares in issue	<u>733,430</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 11. Share classes (continued)

	I Accumulation
Opening shares in issue	-
Total shares converted in the year	141,725
Closing shares in issue	<u>141,725</u>

For the year ended 28 February 2021, the annual management charge for each share class is as follows:

A Income - until closure on 26 February 2021	1.60%
A Accumulation - until closure on 26 February 2021	1.60%
X Income	0.50%
X Accumulation	0.50%
I Income	1.10%
Q Income - until closure on 26 February 2021	1.45%
S Income	0.70%
C Accumulation	0.90%
I Accumulation	1.10%

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

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

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

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per X Income share has increased from 142.9p to 149.68p, X Accumulation share has increased from 165.0p to 172.88p, I Income share has increased from 137.5p to 143.75p, I Accumulation share has increased from 99.9p to 104.53p, S Income share has increased from 133.8p to 140.13p and C Accumulation share has increased from 137.0p to 143.89p as at 25 June 2021. This movement takes into account routine transactions but also reflects the market movements of recent months.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 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									
Collective Investment Schemes*	13,843,608	-	-	-	-	-	-	-	13,843,608
Total	13,843,608	-	-	-	-	-	-	-	13,843,608

	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2020									
Collective Investment Schemes*	12,733,110	-	-	-	-	-	-	-	12,733,110
Total	12,733,110	-	-	-	-	-	-	-	12,733,110

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2021									
Collective Investment Schemes*	14,974,506	-	-	-	-	-	-	-	14,974,506
Total	14,974,506	-	-	-	-	-	-	-	14,974,506

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2020									
Collective Investment Schemes*	14,762,267	(571)	0.00%	-	-	-	-	-	14,761,696
Total	14,762,267	(571)	0.00%	-	-	-	-	-	14,761,696

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

Summary of direct transaction costs

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

2021	£	% of average net asset value
Commission	-	0.00%
2020	£	% of average net asset value
Commission	571	0.00%

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.15% (2020: 0.02%).

## 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.

## 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 closed-ended funds, exchange traded commodities 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 28 February 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 £2,270,199 (2020: £2,000,805).

## (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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

## a Market risk (continued)

## (ii) Currency risk (continued)

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

The sub-fund had no significant exposure to foreign currency in the year. The sub-fund has indirect exposure to currency risk as it invests in collective investment schemes.

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	3,193,623	-	3,193,623
Total foreign currency exposure	<u>3,193,623</u>	<u>-</u>	<u>3,193,623</u>
	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
2020			
US dollar	4,206,402	-	4,206,402
Total foreign currency exposure	<u>4,206,402</u>	<u>-</u>	<u>4,206,402</u>

At 28 February 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 £159,681 (2020: £210,320).

## (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 sub-fund has indirect exposure to interest rate risk as it invests in bond funds.

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 direct 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.

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

There is no direct 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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

## b Credit risk (continued)

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 and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

## d Fair value of financial assets and financial liabilities

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

To ensure this, the fair value pricing committee is a body appointed by the 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	3,626,939	-
Observable market data	41,777,039	-
Unobservable data*	-	-
	<u>45,403,978</u>	<u>-</u>

\* *Speymill Deutsche Immobilien*: The fair value pricing committee feels that it is appropriate to include the security in the portfolio of investments with no value as trading in the security is suspended.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

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

Basis of valuation	Investment assets	Investment liabilities
	2020	2020
	£	£
Quoted prices	3,325,073	-
Observable market data	38,143,602	-
Unobservable data*	-	-
	41,468,675	-

\* *Speymill Deutsche Immobilien*: The fair value pricing committee feels that it is appropriate to include the security in the portfolio of investments with no value as trading in the security is suspended.

## 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
Speymill Deutsche Immobilien	0.00%	0.00%
Total	0.00%	0.00%

## 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

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

There have been no leveraging arrangements in the year.

## Notes to the financial statements (continued)

*for the year ended 28 February 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 there is no global exposure to derivatives.

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 28 February 2021

### Distributions on X Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.362	-	1.362	1.470
30.04.21	group 2	final	0.944	0.418	1.362	1.470

### Distributions on X Accumulation in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.561	-	1.561	1.662
30.04.21	group 2	final	0.101	1.460	1.561	1.662

### Distributions on I Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.319	-	1.319	1.425
30.04.21	group 2	final	0.477	0.842	1.319	1.425

### Distributions on S Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.279	-	1.279	1.464
30.04.21	group 2	final	0.225	1.054	1.279	1.464

### 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.

### Final distributions:

- Group 1 Shares purchased before 1 March 2020
- Group 2 Shares purchased 1 March 2020 to 28 February 2021

## Distribution table (continued)

for the year ended 28 February 2021

## Distributions on C Accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.296	-	1.296	1.387
30.04.21	group 2	final	0.874	0.422	1.296	1.387

Distributions on I Accumulation shares in pence per share<sup>^</sup>

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	-	-	-	-
30.04.21	group 2	final	-	-	-	-

<sup>^</sup> I Accumulation share class launched on 26 February 2021.

## 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.

## Final distributions:

Group 1	Shares purchased before 1 March 2020
Group 2	Shares purchased 1 March 2020 to 28 February 2021

## S&W Saltus Global Equity Fund

### Investment Manager's report

#### Investment objective and policy

The objective of the sub-fund is to achieve long term capital growth.

The intention is for the sub-fund to be invested in equity markets mainly via collective investment schemes which themselves invest in transferable securities and currencies.

The sub-fund may also invest directly in transferable securities or indirectly in transferable securities through equity structured products.

The equity structured products referred to above will typically be medium term notes issued by investment banks that reflect the performance of zero coupon bonds, coupled with an option strategy.

The sub-fund may also invest in money market instruments.

It is the ACDs intention that derivatives and forward transactions will only be used for Efficient Portfolio Management.

#### Investment performance

Over the period the sub-fund delivered a total return of 18.84% (I accumulation shares, based on 5pm mid prices on 2 March 2020 and 26 February 2021). This compared to the comparative benchmark return of 14.08% (ARC Sterling Equity Risk PCI).

Source: Bloomberg.

#### Investment activities

The investment period will forever be defined by the impact of coronavirus on global markets and society, and by the aggressive response from central authorities to deal with impact. Some of the fastest and largest ever seen in the major asset classes occurred shortly after the sub-fund's financial year began. Dramatic moves in early March 2020 prompted huge intervention from central banks and governments with the end total of support well above \$20 trillion and still rising by the time of writing.

This response had its desired effect, with markets recovering sharply from late March 2020 over the summer, before accelerating in November upon the announcement of the successful Pfizer vaccine trial. By the end of the calendar year most assets had delivered positive returns and were in many cases looking overbought. The prospect of re-opening economies stoking inflationary pressures prompted a sharp rise in bond yields in early 2021, unnerving not only fixed income markets but also undermining widespread positive investor sentiment.

The key activity in the sub-fund came early in the financial year when cash was put to work in core risk positions, a process which continued steadily over the summer. Additions were made to holdings in LF Lindsell Train UK Equity Fund, T Rowe Price Funds OEIC - Global Focused Growth Equity Fund and the timing proved opportune as markets bottomed soon after. Later on exposures were altered on performance grounds with Artemis Global Income Fund being sold out and new positions added in TM RWC Global Equity Income Fund and Premier Miton European Opportunities Fund (the sub-fund's first ever exposure directly to European equities). Funding was generally from cash or reductions in underperformers such as Lazard Global Listed Infrastructure Equity Fund.

#### Investment strategy and outlook

There has been no change in the sub-fund's underlying investment strategy during the reporting period and we will continue to manage investments in line with the existing mandate.

The outlook from here is expected to be broadly positive but also volatile. The key unknown is how far the opening up of economies will accelerate inflationary pressures, which in turn could lead to repricing in global bond markets. Any rise in inflation should, we think, be largely transitory in nature, reflecting little more than a recovery to pre Covid-19 norms. The underlying pent up demand and ongoing policy support should be enough to offset this risk, but the path from here will undoubtedly continue to be volatile.

Saltus Partners LLP

1 April 2021

## Portfolio changes

for the year ended 28 February 2021

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

	Cost
	£
Purchases:	
Fidelity Investment Funds ICVC - Index US Fund	21,300,000
iShares MSCI World GBP Hedged UCITS ETF Acc	9,004,971
Premier Miton European Opportunities Fund	6,500,000
Jupiter Asset Management Series - Jupiter Gold & Silver Fund	6,000,000
Liontrust UK Smaller Companies Fund	4,500,000
TM RWC Global Equity Income Fund	4,500,000
Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund	4,000,000
iShares Core MSCI World UCITS ETF	3,933,548
T Rowe Price Funds OEIC - Global Focused Growth Equity Fund	3,850,000
Fidelity Investment Funds ICVC - Asia Pacific Opportunities Fund	3,700,000
Fidelity Investment Funds - Index Emerging Markets Fund	2,500,000
Granahan US SMID Select Fund	2,500,000
Lazard Global Listed Infrastructure Equity Fund	2,300,000
SPARX Japan Fund B GBP Hedged Acc	2,000,000
LF Lindsell Train UK Equity Fund	1,850,000
Artemis Funds Lux - US Extended Alpha	1,850,000
MI Chelverton UK Equity Income Fund	1,500,000
KLS Sloane Robinson Emerging Markets Fund	1,017,460
	Proceeds
	£
Sales:	
Artemis Funds Lux - US Extended Alpha	21,225,861
iShares Core MSCI World UCITS ETF	8,574,302
Polar Capital Funds - UK Absolute Equity Fund	7,648,258
KLS Sloane Robinson Emerging Markets Fund	6,960,948
Artemis Global Income Fund	5,392,996
MI Chelverton UK Equity Income Fund	4,000,000
Lazard Global Listed Infrastructure Equity Fund	3,000,000
Liontrust UK Smaller Companies Fund	1,500,000

## Portfolio statement

as at 28 February 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Collective Investment Schemes 94.09% (95.55%)			
UK Authorised Collective Investment Schemes 62.83% (38.94%)			
Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund	415,098	4,736,266	3.03
Fidelity Investment Funds - Index Emerging Markets Fund	1,504,302	2,879,385	1.84
Fidelity Investment Funds ICVC - Asia Pacific Opportunities Fund	4,798,094	14,293,523	9.15
Fidelity Investment Funds ICVC - Index US Fund	16,893,054	23,795,557	15.24
LF Lindsell Train UK Equity Fund	3,540,896	11,528,094	7.39
Liontrust UK Smaller Companies Fund	216,186	4,134,499	2.65
MI Chelverton UK Equity Income Fund	5,964,273	6,551,157	4.19
Premier Miton European Opportunities Fund	2,435,267	6,947,087	4.45
T Rowe Price Funds OEIC - Global Focused Growth Equity Fund	1,790,824	18,934,744	12.12
TM RWC Global Equity Income Fund	4,377,432	4,327,091	2.77
Total UK authorised collective investment schemes		<u>98,127,403</u>	<u>62.83</u>
Offshore Collective Investment Schemes 31.26% (56.61%)			
Fidelity Institutional Liquidity Fund - The Sterling Fund	12,298	12,298	0.01
Granahan US SMID Select Fund	21,576	5,005,177	3.20
iShares MSCI World GBP Hedged UCITS ETF Acc	160,000	10,872,000	6.96
Jupiter Asset Management Series - Jupiter Gold & Silver Fund	327,239	6,863,814	4.39
KLS CDAM Global Opportunities Fund	38,680	3,290,522	2.11
Lazard Global Listed Infrastructure Equity Fund	3,545,766	6,764,612	4.33
SPARX Japan Fund B GBP Hedged Acc	101,924	16,023,645	10.26
Total offshore collective investment schemes		<u>48,832,068</u>	<u>31.26</u>
Total collective investment schemes		<u>146,959,471</u>	<u>94.09</u>
Portfolio of investments		146,959,471	94.09
Other net assets		9,228,626	5.91
Total net assets		<u>156,188,097</u>	<u>100.00</u>

All investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 29 February 2020.

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

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

For further information please refer to the KIID.

For full details on risk factors for the sub-fund, please refer to the Prospectus.

During the year, the risk and reward indicator changed from 4 to 5.

## 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.

	I Income			I 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	148.60	147.70	153.94	166.73	164.20	169.35
Return before operating charges	30.80	5.45	(1.40)	34.50	6.06	(1.53)
Operating charges	(2.90)	(3.18)	(3.29)	(3.23)	(3.53)	(3.62)
Return after operating charges*	27.90	2.27	(4.69)	31.27	2.53	(5.15)
Distributions <sup>^</sup>	(0.83)	(1.37)	(1.55)	(0.93)	(1.52)	(1.71)
Retained distributions on accumulation shares <sup>^</sup>	-	-	-	0.93	1.52	1.71
Closing net asset value per share	175.67	148.60	147.70	198.00	166.73	164.20
* after direct transaction costs of:	0.01	0.06	-	0.01	0.06	-
Performance						
Return after charges	18.78%	1.54%	(3.05%)	18.75%	1.54%	(3.04%)
Other information						
Closing net asset value (£)	68,711,569	38,518,642	36,416,069	2,047,144	1,683,403	1,657,861
Closing number of shares	39,113,338	25,920,292	24,655,738	1,033,913	1,009,635	1,009,635
Operating charges <sup>^^</sup>	1.85%	2.04%	2.14%	1.85%	2.04%	2.14%
Direct transaction costs	0.01%	0.04%	-	0.01%	0.04%	-
Prices						
Highest share price (p)	184.5	166.3	163.3	207.0	184.9	179.7
Lowest share price (p)	119.4	147.5	143.8	134.1	164.0	158.2

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> 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.

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

## Comparative table (continued)

	S Income			Q Income		
	2021 p	2020 p	2019 p	2021 <sup>^</sup> p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	155.24	153.66	159.51	148.53	148.14	154.94
Return before operating charges	32.27	5.67	(1.46)	30.66	5.49	(1.37)
Operating charges	(2.43)	(2.66)	(2.77)	(3.35)	(3.73)	(3.87)
Return after operating charges	29.84	3.01	(4.23)	27.31	1.76	(5.24)
Distributions <sup>^^</sup>	(0.87)	(1.43)	(1.62)	-	(1.37)	(1.56)
Closing net asset value per share	184.21	155.24	153.66	175.84	148.53	148.14
* after direct transaction costs of:	0.01	0.06	-	0.02	0.06	-
Performance						
Return after charges	19.22%	1.96%	(2.65%)	18.39%	1.19%	(3.38%)
Other information						
Closing net asset value (£)	81,678,270	18,653,226	11,178,694	-	21,438,009	17,727,766
Closing number of shares	44,340,840	12,015,979	7,274,826	-	14,433,633	11,966,863
Operating charges <sup>^^^</sup>	1.45%	1.64%	1.74%	**2.20%	2.39%	2.49%
Direct transaction costs	0.01%	0.04%	-	0.01%	0.04%	-
Prices						
Highest share price (p)	193.5	173.7	169.6	183.8	166.3	164.1
Lowest share price (p)	124.8	153.5	149.5	119.4	147.9	144.3

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

\*\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 Q Income share class closed and all holdings converted to I Income share class.

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

## Comparative table (continued)

C Accumulation shares launched on 4 September 2018 at 162.80p per share.

	A Income			C Accumulation		
	2021 <sup>^</sup> p	2020 p	2019 p	2021 p	2020 p	2019 <sup>^</sup> p
Change in net assets per share						
Opening net asset value per share	147.71	147.55	154.55	152.29	149.66	162.80
Return before operating charges	29.78	5.46	(1.37)	31.53	5.54	(10.25)
Operating charges	(3.55)	(3.94)	(4.07)	(2.60)	(2.91)	(2.89)
Return after operating charges	26.23	1.52	(5.44)	28.93	2.63	(13.14)
Distributions <sup>^^</sup>	-	(1.36)	(1.56)	(0.85)	(1.39)	(1.00)
Retained distributions on accumulation shares <sup>^^</sup>	-	-	-	0.85	1.39	1.00
Closing net asset value per share	173.94	147.71	147.55	181.22	152.29	149.66
* after direct transaction costs of:	0.02	0.06	-	0.02	0.06	-
Performance						
Return after charges	17.76%	1.03%	(3.52%)	19.00%	1.76%	(8.07%)
Other information						
Closing net asset value (£)	-	12,995,808	8,437,667	3,751,114	7,243,482	3,292,061
Closing number of shares	-	8,798,230	5,718,594	2,069,887	4,756,514	2,199,699
Operating charges <sup>^^^</sup>	***2.35%	2.54%	2.64%	1.65%	1.84%	**1.92%
Direct transaction costs	0.01%	0.04%	-	0.01%	0.04%	-
Prices						
Highest share price (p)	181.9	165.3	163.6	189.4	168.9	162.8
Lowest share price (p)	118.7	147.3	143.8	122.5	149.5	144.1

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.<sup>^^</sup> Rounded to 2 decimal places.<sup>^^^</sup> 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.

\*\* Annualised based on the expenses incurred during the period 4 September 2018 to 28 February 2019.

\*\*\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 A Income share class closed and all holdings converted to I Income share class.

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

## Comparative table (continued)

A Accumulation shares launched on 1 October 2019 at 154.50p per share.

	A Accumulation	
	2021 <sup>^</sup> p	2020 <sup>^^</sup> p
Change in net assets per share		
Opening net asset value per share	149.05	154.50
Return before operating charges	(1.92)	(1.44)
Operating charges	(0.93)	(4.01)
Return after operating charges	(2.85)	(5.45)
Distributions <sup>^^^</sup>	-	(0.68)
Retained distributions on accumulation shares <sup>^^^</sup>	-	0.68
Closing net asset value per share	146.20	149.05
* after direct transaction costs of:	0.00	0.06
Performance		
Return after charges	(1.91%)	(3.53%)
Other information		
Closing net asset value (£)	-	1,732
Closing number of shares	-	1,162
Operating charges <sup>^^^^</sup>	***2.35%	**2.54%
Direct transaction costs	0.01%	0.04%
Prices		
Highest share price (p)	152.5	165.3
Lowest share price (p)	119.9	149.1

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^</sup> For the period 1 October 2019 to 28 February 2020.

<sup>^^^</sup> Rounded to 2 decimal places.

<sup>^^^^</sup> 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.

\*\* Annualised based on the expenses incurred during the period 1 October 2019 to 29 February 2020.

\*\*\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 A Accumulation share class closed and all holdings converted to I Accumulation share class.

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

## Financial statements - S&amp;W Saltus Global Equity Fund

## Statement of total return

*for the year ended 28 February 2021*

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains	2		26,215,433		768,860
Revenue	3	678,727		870,127	
Expenses	4	<u>(1,452,651)</u>		<u>(1,156,935)</u>	
Net expense before taxation		(773,924)		(286,808)	
Taxation	5	<u>-</u>		<u>-</u>	
Net expense after taxation			<u>(773,924)</u>		<u>(286,808)</u>
Total return before distributions			25,441,509		482,052
Distributions	6		(672,658)		(858,964)
Change in net assets attributable to shareholders from investment activities			<u>24,768,851</u>		<u>(376,912)</u>

## Statement of change in net assets attributable to shareholders

*for the year ended 28 February 2021*

		2021		2020	
		£	£	£	£
Opening net assets attributable to shareholders			100,534,302		78,710,118
Amounts receivable on issue of shares		107,737,751		33,797,730	
Amounts payable on cancellation of shares		<u>(76,880,099)</u>		<u>(11,677,961)</u>	
			30,857,652		22,119,769
Change in net assets attributable to shareholders from investment activities			24,768,851		(376,912)
Retained distributions on accumulation shares			27,292		81,327
Closing net assets attributable to shareholders			<u>156,188,097</u>		<u>100,534,302</u>

## Balance sheet

as at 28 February 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		146,959,471	96,063,743
Current assets:			
Debtors	7	2,059,657	327,416
Cash and cash equivalents	8	8,113,467	5,318,293
Total assets		<u>157,132,595</u>	<u>101,709,452</u>
Liabilities:			
Creditors:			
Distribution payable		(710,354)	(842,754)
Other creditors	9	(234,144)	(332,396)
Total liabilities		<u>(944,498)</u>	<u>(1,175,150)</u>
Net assets attributable to shareholders		<u><u>156,188,097</u></u>	<u><u>100,534,302</u></u>

## Notes to the financial statements

for the year ended 28 February 2021

## 1. Accounting policies

The accounting policies are disclosed on pages 45 to 47.

## 2. Net capital gains

	2021	2020
	£	£
Non-derivative securities - realised gains	5,585,017	1,044,037
Non-derivative securities - movement in unrealised gains / (losses)	20,610,037	(282,316)
Currency gains	25,701	11,108
Transaction charges	(5,322)	(3,969)
Total net capital gains	<u>26,215,433</u>	<u>768,860</u>

## 3. Revenue

	2021	2020
	£	£
UK revenue	482,113	732,455
Unfranked revenue	-	7,670
Overseas revenue	166,940	82,745
Bank and deposit interest	941	6,055
Rebates from collective investment schemes	28,733	41,202
Total revenue	<u>678,727</u>	<u>870,127</u>

## 4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
ACD's periodic charge	124,565	101,364
Investment management fees	1,275,546	1,010,816
	<u>1,400,111</u>	<u>1,112,180</u>
Payable to the Depositary		
Depositary fees	<u>38,010</u>	<u>30,201</u>
Other expenses:		
Audit fee	5,940	6,570
Non-executive directors' fees	624	896
Safe custody fees	3,673	2,919
FCA fee	1,438	1,219
KIID production fee	2,855	2,950
	<u>14,530</u>	<u>14,554</u>
Total expenses	<u>1,452,651</u>	<u>1,156,935</u>

## 5. Taxation

	2021	2020
	£	£
a. Analysis of the tax charge for the year		
Total taxation (note 5b)	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 5. Taxation (continued)

*b. Factors affecting the tax charge for the year*

The tax assessed for the year is higher (2020: higher) 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 expense before taxation	<u>(773,924)</u>	<u>(286,808)</u>
Corporation tax @ 20%	(154,785)	(57,362)
Effects of:		
UK revenue	(96,422)	(146,491)
Overseas revenue	(33,386)	(16,531)
Excess management expenses	284,593	261,693
Offshore income gains	<u>-</u>	<u>(41,309)</u>
Total taxation (note 5a)	<u>-</u>	<u>-</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 £1,192,798 (2020: £908,205).

## 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 £
Final income distribution	710,354	842,754
Final accumulation distribution	<u>27,292</u>	<u>81,327</u>
	737,646	924,081
Equalisation:		
Amounts deducted on cancellation of shares	63,113	43,766
Amounts added on issue of shares	(128,834)	(108,909)
Net equalisation on conversions	733	26
Total net distributions	<u>672,658</u>	<u>858,964</u>

## Reconciliation between net expense and distributions:

Net expense after taxation per Statement of total return	(773,924)	(286,808)
Undistributed revenue brought forward	450	288
Expenses paid from capital	1,452,651	1,156,935
Marginal tax relief	(5,938)	(11,001)
Undistributed revenue carried forward	(581)	(450)
Distributions	<u>672,658</u>	<u>858,964</u>

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

7. Debtors	2021	2020
	£	£
Amounts receivable on issue of shares	2,015,672	75,060
Accrued revenue	41,685	243,961
Prepaid expenses	121	71
Recoverable income tax	-	1,534
Accrued rebates from collective investment schemes	2,179	6,790
Total debtors	<u>2,059,657</u>	<u>327,416</u>
8. Cash and cash equivalents	2021	2020
	£	£
Total cash and cash equivalents	<u>8,113,467</u>	<u>5,318,293</u>
9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	106,889	221,549
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	11,899	8,779
Investment management fees	103,993	91,313
	<u>115,892</u>	<u>100,092</u>
Other expenses:		
Depositary fees	3,725	2,680
Safe custody fees	686	487
Audit fee	5,940	6,570
Non-executive directors' fees	510	498
KIID production fee	476	476
Transaction charges	26	44
	<u>11,363</u>	<u>10,755</u>
Total other creditors	<u>234,144</u>	<u>332,396</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:

	I Income
Opening shares in issue	25,920,292
Total shares issued in the year	24,580,124
Total shares cancelled in the year	(4,754,980)
Total shares converted in the year	(6,632,098)
Closing shares in issue	<u>39,113,338</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 11. Share classes (continued)

	I Accumulation
Opening shares in issue	1,009,635
Total shares issued in the year	71,712
Total shares cancelled in the year	(47,434)
Closing shares in issue	<u>1,033,913</u>
	S Income
Opening shares in issue	12,015,979
Total shares issued in the year	6,731,634
Total shares cancelled in the year	(3,705,616)
Total shares converted in the year	29,298,843
Closing shares in issue	<u>44,340,840</u>
	Q Income
Opening shares in issue	14,433,633
Total shares issued in the year	2,523,883
Total shares cancelled in the year	(3,278,693)
Total shares converted in the year	(13,678,823)
Closing shares in issue	<u>-</u>
	A Income
Opening shares in issue	8,798,230
Total shares issued in the year	1,162,518
Total shares cancelled in the year	(2,141,277)
Total shares converted in the year	(7,819,471)
Closing shares in issue	<u>-</u>
	C Accumulation
Opening shares in issue	4,756,514
Total shares issued in the year	488,685
Total shares cancelled in the year	(532,422)
Total shares converted in the year	(2,642,890)
Closing shares in issue	<u>2,069,887</u>
	A Accumulation
Opening shares in issue	1,162
Total shares cancelled in the year	(1,162)
Closing shares in issue	<u>-</u>

For the year ended 28 February 2021, the annual management charge for each share class is as follows:

I Income	1.10%
I Accumulation	1.10%
S Income	0.70%
Q Income - until closure on 26 February 2021	1.45%
A Income - until closure on 26 February 2021	1.60%
C Accumulation	0.90%
A Accumulation - until closure on 26 February 2021	1.60%

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 11. Share classes (continued)

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

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

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

### 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per I Income share has increased from 175.7p to 185.0p, I Accumulation share has increased from 198.0p to 208.5p, S Income share has increased from 184.2p to 194.2p and C Accumulation share has increased from 181.2p to 190.9p as at 25 June 2021. 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:

2021	Purchases before transaction costs		Commission		Taxes		Purchases after transaction costs	
	£	£	%	£	%	£	£	
Collective Investment Schemes	82,799,512	6,466	0.01%	1	0.00%	82,805,979		
Total	82,799,512	6,466	0.01%	1	0.00%	82,805,979		

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
	£	£	%	£	%	£
2020						
Collective Investment Schemes	57,439,967	1,825	0.00%	-	-	57,441,792
Total	57,439,967	1,825	0.00%	-	-	57,441,792

	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£
2021						
Collective Investment Schemes	58,306,653	(4,289)	0.01%	-	-	58,302,364
Total	58,306,653	(4,289)	0.01%	-	-	58,302,364

	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£
2020						
Collective Investment Schemes	37,189,544	(36,002)	0.10%	-	-	37,153,542
Total	37,189,544	(36,002)	0.10%	-	-	37,153,542

## 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:

	£	% of average net asset value
2021		
Commission	10,755	0.01%
Taxes	1	0.00%

	£	% of average net asset value
2020		
Commission	37,827	0.04%

## 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 0.09% (2020: 0.01%).

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 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.

## 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 exposed to this is 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 28 February 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 £7,347,974 (2020: £4,803,187).

## (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 sub-fund has indirect exposure to currency risk as it invests in collective investment schemes.

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	3,290,522	-	3,290,522
Total foreign currency exposure	<u>3,290,522</u>	<u>-</u>	<u>3,290,522</u>
	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2020	£	£	£
US dollar	8,432,298	-	8,432,298
Total foreign currency exposure	<u>8,432,298</u>	<u>-</u>	<u>8,432,298</u>

At 28 February 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 £164,526 (2020: £421,615).

## Notes to the financial statements (continued)

for the year ended 28 February 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 sub-fund has indirect exposure to interest rate risk as it invests in bond funds.

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 direct 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.

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

There is no direct 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.

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 and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies

## 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	10,872,000	-
Observable market data	136,087,471	-
Unobservable data	-	-
	<u>146,959,471</u>	<u>-</u>

	Investment assets	Investment liabilities
Basis of valuation	2020	2020
	£	£
Quoted prices	3,764,165	-
Observable market data	92,299,578	-
Unobservable data	-	-
	<u>96,063,743</u>	<u>-</u>

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

## e Assets subject to special arrangements arising from their illiquid nature

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

## f Derivatives

The 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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 15. Risk management policies

#### f Derivatives (continued)

##### (i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the 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 exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

There have been no leveraging arrangements in the year.

##### (iii) Global exposure

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

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

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 28 February 2021

### Distributions on I Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	0.831	-	0.831	1.367
30.04.21	group 2	final	0.410	0.421	0.831	1.367

### Distributions on I Accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	0.932	-	0.932	1.520
30.04.21	group 2	final	0.831	0.101	0.932	1.520

### Distributions on S Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	0.869	-	0.869	1.425
30.04.21	group 2	final	0.380	0.489	0.869	1.425

### Distributions on C Accumulation in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	0.853	-	0.853	1.387
30.04.21	group 2	final	0.501	0.352	0.853	1.387

### 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.

### Final distributions:

Group 1	Shares purchased before 1 March 2020
Group 2	Shares purchased 1 March 2020 to 28 February 2021

## S&W Saltus Fixed Income Fund

### Investment Manager's report

#### Investment objective and policy

The objective of the sub-fund is to generate a return which is the higher of cash (measured by the Bank of England ('BoE') base rate) and inflation (as measured by UK Consumer Price Index ('CPI')), over a rolling 3 year period.

Your capital is at risk and there is no guarantee that a positive return will be obtained over the rolling 3 year period, or any other time period.

The intention is for the sub-fund to be invested in bonds and currency predominantly via collective investment schemes.

The sub-fund may also invest in transferable securities and/or credit structured products, and money market instruments all of which will either directly or indirectly have exposure to bonds and currency markets.

It is the ACD's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management. The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

#### Investment performance

Over the year the sub-fund delivered a total return of 0.96% (I Income shares, based on 5pm mid prices on 2 March 2020 and 26 February 2021) compared to a target benchmark return of 0.74% (UK CPI) and 0.1% (BoE base rate). Over a rolling three-year period, the sub-fund delivered a total return of 6.75% compared to target benchmark returns of 4.41% (UK CPI) and 1.54% (BoE base rate).

Source: Bloomberg.

#### Investment activities

The investment period will forever be defined by the impact of coronavirus on global markets and society, and by the aggressive response from central authorities to deal with impact. Some of the fastest and largest ever seen in the major asset classes occurred shortly after the sub-fund's financial year began. Dramatic moves in early March 2020 prompted huge intervention from central banks and governments with the end total of support well above \$20 trillion and still rising by the time of writing.

This response had its desired effect, with markets recovering sharply from late March 2020 over the summer, before accelerating in November upon the announcement of the successful Pfizer vaccine trial. By the end of the calendar year most assets had delivered positive returns and were in many cases looking overbought. The prospect of re-opening economies stoking inflationary pressures prompted a sharp rise in bond yields in early 2021, unnerving not only fixed income markets but also undermining widespread positive investor sentiment.

The key activity in the sub-fund came early in the financial year when cash was put to work in core risk positions, a process which continued steadily over the summer. Additions were made to holdings in convertible bond managers Lazard Global Investment Funds - Lazard Rathmore Alternative Fund and Aviva Investors - Global Convertibles Absolute Return Fund. Funding was generally from cash or reductions in underperformers such as UBS Irl Investor Selection - Currency Allocation Return Strategy and Allianz Index Linked Gilt Fund (sold on valuation grounds). A new position in Allianz UK & European Investment Funds - Allianz Strategic Bond Fund was added to further diversify the sub-fund's exposures away from global equity markets.

#### Investment strategy and outlook

There has been no change in the sub-fund's underlying investment strategy during the reporting period and we will continue to manage investments in line with the existing mandate.

The outlook from here is expected to be broadly positive but also volatile. The key unknown is how far the opening up of economies will accelerate inflationary pressures, which in turn could lead to repricing in global bond markets. Any rise in inflation should, we think, be largely transitory in nature, reflecting little more than a recovery to pre Covid-19 norms. The underlying pent up demand and ongoing policy support should be enough to offset this risk, but the path from here will undoubtedly continue to be volatile.

Saltus Partners LLP

1 April 2021

## Portfolio changes

for the year ended 28 February 2021

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

	Cost £
Purchases:	
Allianz UK & European Investment Funds - Allianz Strategic Bond Fund	6,000,000
CG Portfolio Fund - Dollar Fund	3,800,000
M&G Investment Funds 4 - Global Macro Bond Fund	3,500,000
Lazard Global Investment Funds - Lazard Rathmore Alternative Fund	2,370,000
Muzinich Funds - Global Tactical Credit Fund	1,400,000
Aviva Investors - Global Convertibles Absolute Return Fund	770,000
	Proceeds £
Sales:	
Allianz Index Linked Gilt Fund	3,561,469
UBS Irl Investor Selection - Currency Allocation Return Strategy	3,149,945
M&G Investment Funds 4 - Global Macro Bond Fund	1,868,003
Legg Mason Global Funds - Legg Mason Western Asset Macro Opportunities Bond Fund	1,750,830

## Portfolio statement

as at 28 February 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Collective Investment Schemes 89.57% (94.90%)			
UK Authorised Collective Investment Schemes 26.86% (26.83%)			
Allianz UK & European Investment Funds - Allianz Strategic Bond Fund	4,359,308	5,911,222	6.53
Artemis Strategic Bond Fund	13,394,516	7,813,021	8.63
Commercial Long Income Fund	3,536,289	3,753,417	4.14
M&G Investment Funds 4 - Global Macro Bond Fund	4,377,001	6,841,691	7.56
Total UK authorised collective investment schemes		<u>24,319,351</u>	<u>26.86</u>
Offshore Collective Investment Schemes 62.71% (68.07%)			
Angel Oak Multi-Strategy Income UCITS Fund	56,000	6,578,616	7.27
Aviva Investors - Global Convertibles Absolute Return Fund	33,414	4,981,867	5.50
Barak Structured Trade Finance Segregated Portfolio	13,373	3,050,798	3.37
CG Portfolio Fund - Dollar Fund	70,722	7,292,177	8.06
Federated Hermes Funds -			
Federated Hermes Unconstrained Credit Fund X GBP Accumulation	11,440,267	14,102,417	15.58
Fidelity Institutional Liquidity Fund - The Sterling Fund	8,724	8,724	0.01
Lazard Global Investment Funds - Lazard Rathmore Alternative Fund	44,472	5,578,316	6.16
Legg Mason Global Funds -			
Legg Mason Western Asset Macro Opportunities Bond Fund	32,601	4,196,440	4.64
Muzinich Funds - Global Tactical Credit Fund	107,482	10,973,947	12.12
Total offshore collective investment schemes		<u>56,763,302</u>	<u>62.71</u>
Total collective investment schemes		<u>81,082,653</u>	<u>89.57</u>
Portfolio of investments		81,082,653	89.57
Other net assets		9,437,732	10.43
Total net assets		<u>90,520,385</u>	<u>100.00</u>

All investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 29 February 2020.

## 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 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.

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

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

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.

	I Income			S Income		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	122.12	117.91	120.48	126.18	121.35	123.50
Return before operating charges	3.41	9.47	1.89	3.54	9.75	1.95
Operating charges	(2.25)	(2.37)	(2.37)	(1.81)	(1.94)	(1.95)
Return after operating charges	1.16	7.10	(0.48)	1.73	7.81	-
Distributions <sup>^</sup>	(2.69)	(2.89)	(2.09)	(2.79)	(2.98)	(2.15)
Closing net asset value per share	120.59	122.12	117.91	125.12	126.18	121.35
Performance						
Return after charges	0.95%	6.02%	(0.40%)	1.37%	6.44%	0.00%
Other information						
Closing net asset value (£)	36,463,124	25,209,556	27,380,101	52,041,661	12,050,603	16,751,696
Closing number of shares	30,236,740	20,642,847	23,220,794	41,594,717	9,550,463	13,804,036
Operating charges <sup>^^</sup>	1.85%	1.93%	1.99%	1.45%	1.53%	1.59%
Prices						
Highest share price (p)	124.7	125.4	120.5	129.3	129.5	123.8
Lowest share price (p)	112.4	118.2	117.5	116.2	121.7	120.8

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> 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.

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

## Comparative table (continued)

	A Income			Q Income		
	2021 <sup>^</sup> p	2020 p	2019 p	2021 <sup>^</sup> p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	120.14	116.63	119.77	120.72	116.99	119.98
Return before operating charges	4.22	9.31	1.86	3.32	9.35	1.89
Operating charges	(2.66)	(2.95)	(2.93)	(2.63)	(2.76)	(2.79)
Return after operating charges	1.56	6.36	(1.07)	0.69	6.59	(0.90)
Distributions <sup>^^</sup>	-	(2.85)	(2.07)	-	(2.86)	(2.09)
Closing net asset value per share	121.70	120.14	116.63	121.41	120.72	116.99
Performance						
Return after charges	1.30%	5.45%	(0.89%)	0.57%	5.63%	(0.75%)
Other information						
Closing net asset value (£)	-	2,724,172	6,714,000	-	31,734,763	11,137,999
Closing number of shares	-	2,267,553	5,756,441	-	26,288,112	9,520,463
Operating charges <sup>^^^</sup>	*2.35%	2.43%	2.49%	*2.20%	2.28%	2.34%
Prices						
Highest share price (p)	122.1	123.3	119.6	122.9	123.9	119.8
Lowest share price (p)	110.6	116.9	116.3	111.1	117.3	116.6

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 A Income and Q Income share classes closed and all holdings converted to I Income share class.

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

## Comparative table (continued)

C Accumulation shares launched on 14 September 2018 at 117.90p per share.

## C Accumulation

	2021	2020	2019 <sup>^</sup>
	p	p	p
Change in net assets per share			
Opening net asset value per share	126.31	119.11	117.90
Return before operating charges	3.54	9.34	3.30
Operating charges	(2.07)	(2.14)	(2.09)
Return after operating charges	1.47	7.20	1.21
Distributions <sup>^^</sup>	(2.79)	(2.92)	(0.97)
Retained distributions on accumulation shares <sup>^^</sup>	2.79	2.92	0.97
Closing net asset value per share	127.78	126.31	119.11
Performance			
Return after charges	1.16%	6.04%	1.03%
Other information			
Closing net asset value (£)	2,015,600	4,598,607	1,066,761
Closing number of shares	1,577,455	3,640,808	895,588
Operating charges <sup>^^^</sup>	1.65%	1.73%	*1.77%
Prices			
Highest share price (p)	129.2	126.6	119.4
Lowest share price (p)	115.8	119.1	116.5

<sup>^</sup> For the period 14 September 2018 to 28 February 2019.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

\* Annualised based on the expenses incurred during the period 14 September 2018 to 28 February 2019.

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

## Financial statements - S&amp;W Saltus Fixed Income Fund

## Statement of total return

*for the year ended 28 February 2021*

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains	2		56,509		3,140,112
Revenue	3	1,827,713		1,726,347	
Expenses	4	<u>(970,640)</u>		<u>(885,752)</u>	
Net revenue before taxation		857,073		840,595	
Taxation	5	<u>(21,430)</u>		<u>(16,301)</u>	
Net revenue after taxation			<u>835,643</u>		<u>824,294</u>
Total return before distributions			892,152		3,964,406
Distributions	6		(1,806,306)		(1,709,862)
Change in net assets attributable to shareholders from investment activities			<u>(914,154)</u>		<u>2,254,544</u>

## Statement of change in net assets attributable to shareholders

*for the year ended 28 February 2021*

		2021		2020	
		£	£	£	£
Opening net assets attributable to shareholders			76,317,701		63,050,557
Amounts receivable on issue of shares		26,425,485		20,229,724	
Amounts payable on cancellation of shares		<u>(11,352,611)</u>		<u>(9,323,472)</u>	
			15,072,874		10,906,252
Change in net assets attributable to shareholders from investment activities			(914,154)		2,254,544
Retained distributions on accumulation shares			43,964		106,348
Closing net assets attributable to shareholders			<u>90,520,385</u>		<u>76,317,701</u>

## Balance sheet

as at 28 February 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		81,082,653	72,421,764
Current assets:			
Debtors	7	613,592	113,823
Cash and cash equivalents	8	11,007,633	5,756,018
Total assets		<u>92,703,878</u>	<u>78,291,605</u>
Liabilities:			
Creditors:			
Distribution payable		(1,973,520)	(1,699,505)
Other creditors	9	(209,973)	(274,399)
Total liabilities		<u>(2,183,493)</u>	<u>(1,973,904)</u>
Net assets attributable to shareholders		<u><u>90,520,385</u></u>	<u><u>76,317,701</u></u>

## Notes to the financial statements

for the year ended 28 February 2021

## 1. Accounting policies

The accounting policies are disclosed on pages 45 and 47.

## 2. Net capital gains

	2021	2020
	£	£
Non-derivative securities - realised gains	670,752	526,060
Non-derivative securities - movement in unrealised (losses) / gains	(611,121)	2,616,975
Transaction charges	(3,122)	(2,923)
Total net capital gains	<u>56,509</u>	<u>3,140,112</u>

## 3. Revenue

	2021	2020
	£	£
UK revenue	14,145	913
Unfranked revenue	350,894	445,958
Overseas revenue	1,461,686	1,273,877
Bank and deposit interest	988	5,599
Total revenue	<u>1,827,713</u>	<u>1,726,347</u>

## 4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
Annual management charge	81,515	75,139
Investment management fees	850,188	774,252
	<u>931,703</u>	<u>849,391</u>
Payable to the Depositary		
Depositary fees	<u>26,402</u>	<u>22,855</u>
Other expenses:		
Audit fee	5,670	6,570
Non-executive directors' fees	625	896
Safe custody fees	2,333	2,117
FCA fee	1,052	973
KIID production fee	2,855	2,950
	<u>12,535</u>	<u>13,506</u>
Total expenses	<u>970,640</u>	<u>885,752</u>

## 5. Taxation

	2021	2020
	£	£
<i>a. Analysis of the tax charge for the year</i>		
UK corporation tax	21,430	16,301
Total taxation (note 5b)	<u>21,430</u>	<u>16,301</u>

## Notes to the financial statements (continued)

for the year ended 28 February 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>857,073</u>	<u>840,595</u>
Corporation tax @ 20%	171,415	168,119
Effects of:		
UK revenue	(2,829)	-
Tax deductible interest distributions	(147,218)	(151,780)
Movement in short term timing differences	62	(38)
Total taxation (note 5a)	<u>21,430</u>	<u>16,301</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 £
Final income distribution	1,973,520	1,699,505
Final accumulation distribution	<u>43,964</u>	<u>106,348</u>
	2,017,484	1,805,853
Equalisation:		
Amounts deducted on cancellation of shares	106,191	61,935
Amounts added on issue of shares	(319,996)	(157,944)
Net equalisation on conversions	2,627	18
Total net distributions	<u>1,806,306</u>	<u>1,709,862</u>

## Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	835,643	824,294
Undistributed revenue brought forward	426	242
Expenses paid from capital	970,640	885,752
Undistributed revenue carried forward	(403)	(426)
Distributions	<u>1,806,306</u>	<u>1,709,862</u>

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

7. Debtors	2021	2020
	£	£
Amounts receivable on issue of shares	587,336	85,681
Accrued revenue	26,169	28,083
Prepaid expenses	87	59
Total debtors	<u>613,592</u>	<u>113,823</u>
8. Cash and cash equivalents	2021	2020
	£	£
Total cash and cash equivalents	<u>11,007,633</u>	<u>5,756,018</u>
9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	133,634	191,339
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	7,068	6,200
Investment management fees	<u>59,787</u>	<u>66,985</u>
	66,855	73,185
Other expenses:		
Depository fees	2,410	1,964
Safe custody fees	402	331
Audit fee	5,670	6,570
Non-executive directors' fees	510	498
KIID production fee	476	476
Transaction charges	<u>16</u>	<u>36</u>
	9,484	9,875
Total accrued expenses	<u>76,339</u>	<u>83,060</u>
Total other creditors	<u>209,973</u>	<u>274,399</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:

	I Income
Opening shares in issue	20,642,847
Total shares issued in the year	13,190,966
Total shares cancelled in the year	(4,032,708)
Total shares converted in the year	<u>435,635</u>
Closing shares in issue	<u>30,236,740</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 11. Share classes (continued)

	S Income
Opening shares in issue	9,550,463
Total shares issued in the year	5,407,739
Total shares cancelled in the year	(1,577,600)
Total shares converted in the year	28,214,115
Closing shares in issue	<u>41,594,717</u>
	A Income
Opening shares in issue	2,267,553
Total shares issued in the year	1,010,461
Total shares cancelled in the year	(481,423)
Total shares converted in the year	(2,796,591)
Closing shares in issue	<u>-</u>
	Q Income
Opening shares in issue	26,288,112
Total shares issued in the year	2,139,150
Total shares cancelled in the year	(3,121,041)
Total shares converted in the year	(25,306,221)
Closing shares in issue	<u>-</u>
	C Accumulation
Opening shares in issue	3,640,808
Total shares issued in the year	182,680
Total shares cancelled in the year	(305,858)
Total shares converted in the year	(1,940,175)
Closing shares in issue	<u>1,577,455</u>

For the year ended 28 February 2021, the annual management charge for each share class is as follows:

I Income	1.10%
S Income	0.70%
A Income - until closure on 26 February 2021	1.60%
Q Income - until closure on 26 February 2021	1.45%
C Accumulation	0.90%

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

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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 12. Related party transactions

Smith & Williamson Fund Administration Limited, as ACD is a related party due to its ability to act in respect of the operations of the 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. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per I Income share has increased from 120.6p to 120.7p, the S Income share has increased from 125.1p to 125.4p, and the C Accumulation share has increased from 127.8p to 128.0p as at 25 June 2021. 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								
Collective Investment Schemes*	17,840,000	-	-	-	-	-	-	17,840,000
Total	17,840,000	-	-	-	-	-	-	17,840,000
	Purchases before transaction costs	Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£
2020								
Collective Investment Schemes*	14,600,000	-	-	-	-	-	-	14,600,000
Total	14,600,000	-	-	-	-	-	-	14,600,000
	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£
2021								
Collective Investment Schemes*	10,330,247	-	-	-	-	-	-	10,330,247
Total	10,330,247	-	-	-	-	-	-	10,330,247

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2020									
Collective Investment Schemes	5,441,738	(1,149)	0.02%	-	-	-	-	-	5,440,589
Total	5,441,738	(1,149)	0.02%	-	-	-	-	-	5,440,589

## 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	-	0.00%
2020	£	% of average net asset value
Commission	1,149	0.00%

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.00% (2020: 0.00%).

## 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.

## 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 are 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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk (continued)

At 28 February 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 £4,054,132 (2020: £3,621,088).

## (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 sub-fund has indirect exposure to currency risk as it invests in collective investment schemes.

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	3,050,798	-	3,050,798
Total foreign currency exposure	3,050,798	-	3,050,798
	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
2020			
US dollar	3,476,166	-	3,476,166
Total foreign currency exposure	3,476,166	-	3,476,166

At 28 February 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 £152,540 (2020: £173,808).

## (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 sub-fund has indirect exposure to interest rate risk as it invests in bond funds.

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 direct 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.

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

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

## Notes to the financial statements (continued)

for the year ended 28 February 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.

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.

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 and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

#### d Fair value of financial assets and financial liabilities

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

To ensure this, the fair value pricing committee is a body appointed by the 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 2021	Investment liabilities 2021
Basis of valuation	£	£
Quoted prices	-	-
Observable market data	81,082,653	-
Unobservable data	-	-
	<u>81,082,653</u>	<u>-</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

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

Basis of valuation	Investment assets	Investment liabilities
	2020	2020
	£	£
Quoted prices	-	-
Observable market data	72,421,764	-
Unobservable data	-	-
	<u>72,421,764</u>	<u>-</u>

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

## e Assets subject to special arrangements arising from their illiquid nature

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

## f Derivatives

The 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.

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

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

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

There have been no leveraging arrangements in the year.

## (iii) Global exposure

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

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

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 28 February 2021

### Distributions on I Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	2.693	-	2.693	2.893
30.04.21	group 2	final	1.052	1.641	2.693	2.893

### Distributions on S Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	2.787	-	2.787	2.984
30.04.21	group 2	final	1.259	1.528	2.787	2.984

### Distributions on C Accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	2.787	-	2.787	2.921
30.04.21	group 2	final	1.853	0.934	2.787	2.921

#### 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.

#### Final distributions:

Group 1	Shares purchased before 1 March 2020
Group 2	Shares purchased 1 March 2020 to 28 February 2021

## S&W Saltus Real Return Fund

### Investment Manager's report

#### Investment objective and policy

The objective of the sub-fund is to generate a return which is the higher of cash (measured by the Bank of England ('BoE') base rate) and inflation (as measured by UK consumer price index ('CPI')), over a rolling 3 year period.

Your capital is at risk and there is no guarantee that a positive return will be obtained over the rolling 3 year period, or any other time period.

The investment policy is to create a widely diversified portfolio of investments across multiple asset classes, geographies, styles and strategies.

This will be achieved mainly through investment in other collective investment schemes which themselves invest in transferable securities, currencies, property, gold and cash.

The sub-fund may also invest in transferable securities, money market instruments, gold and cash.

Derivatives may be used for the purposes of Efficient Portfolio Management.

The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

#### Investment performance

Over the period the sub-fund delivered a total return of 0.03% (I Income shares, based on 5pm mid prices on 2 March 2020 and 26 February 2021) compared to a target benchmark return of 0.74% (UK CPI) and 0.1% (BoE Base rate). Over a rolling three-year period the sub-fund delivered a total return of 5.99% compared to target benchmark returns of 4.41% (UK CPI) and 1.54% (BoE Base Rate).

Source: Bloomberg.

#### Investment activities

The investment period will forever be defined by the impact of coronavirus on global markets and society, and by the aggressive response from central authorities to deal with impact. Some of the fastest and largest ever seen in the major asset classes occurred shortly after your sub-fund's financial year began. Dramatic moves in early March 2020 prompted huge intervention from central banks and governments with the end total of support well above \$20 trillion and still rising by the time of writing.

This response had its desired effect, with markets recovering sharply from late March 2020 over the summer, before accelerating in November upon the announcement of the successful Pfizer vaccine trial. By the end of the calendar year most assets had delivered positive returns and were in many cases looking overbought. The prospect of re-opening economies stoking inflationary pressures prompted a sharp rise in bond yields in early 2021, unnerving not only fixed income markets but also undermining widespread positive investor sentiment.

Activity was generally quiet for the year with the major changes centering around the build up of exposure to convertible bond arbitrage strategies via the purchasing of Lazard Global Investment Funds - Lazard Rathmore Alternative Fund and Aviva Investors - Global Convertibles Absolute Return Fund bond funds. Allianz Index Linked Gilt Fund was sold on valuation grounds and gold was traded actively. UBS Irl Investor Selection - Currency Allocation Return Strategy and Lazard Global Listed Infrastructure Equity Fund were sold on performance grounds and core position Trojan Investment Funds - Trojan Fund was topped up.

#### Investment strategy and outlook

There has been no change in your funds underlying investment strategy during the reporting period and we will continue to manage investments in line with the existing mandate.

The outlook from here is expected to be broadly positive but also volatile. The key unknown is how far the opening up of economies will accelerate inflationary pressures, which in turn could lead to repricing in global bond markets. Any rise in inflation should, we think, be largely transitory in nature, reflecting little more than a recovery to pre Covid-19 norms. The underlying pent up demand and ongoing policy support should be enough to offset this risk, but the path from here will undoubtedly continue to be volatile.

Saltus Partners LLP

1 April 2021

## Portfolio changes

for the year ended 28 February 2021

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

	Cost
	£
Purchases:	
Allianz UK & European Investment Funds - Allianz Strategic Bond Fund	5,700,000
iShares Physical Gold ETC	4,820,816
Fidelity Institutional Liquidity Fund - The Sterling Fund	4,000,000
Allianz Index Linked Gilt Fund	2,700,000
Aviva Investors - Global Convertibles Absolute Return Fund	2,620,000
Lazard Global Investment Funds - Lazard Rathmore Alternative Fund	2,620,000
CG Portfolio Fund - Dollar Fund	2,620,000
Trojan Investment Funds - Trojan Fund	1,165,000
DMS UCITS Platform ICAV - Latitude Horizon Fund	800,000

	Proceeds
	£
Sales:	
Schroder ISF Asian Total Return	4,073,244
Legg Mason Global Funds - Legg Mason Western Asset Macro Opportunities Bond Fu	3,835,387
Lazard Global Listed Infrastructure Equity Fund	3,533,993
WisdomTree Physical Gold	3,291,876
Allianz Index Linked Gilt Fund	2,732,318
Polar Capital Funds - UK Absolute Equity Fund	1,381,834
UBS Irl Investor Selection - Currency Allocation Return Strategy	1,200,000

## Portfolio statement

as at 28 February 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds 6.62% (6.13%)			
Closed-Ended Funds - incorporated in the United Kingdom 2.93% (2.87%)			
RIT Capital Partners	122,187	2,541,490	2.93
Closed-Ended Funds - incorporated outwith the United Kingdom 3.69% (3.26%)			
BH Macro	99,191	3,203,869	3.69
Total closed-ended funds		5,745,359	6.62
Collective Investment Schemes 78.88% (78.45%)			
UK Authorised Collective Investment Schemes 24.57% (17.92%)			
Allianz UK & European Investment Funds - Allianz Strategic Bond Fund	4,142,889	5,617,757	6.47
Commercial Long Income Fund	3,951,805	4,194,446	4.83
Legg Mason Funds ICVC -			
ClearBridge Global Infrastructure Income Fund X Income	2,579,849	3,616,949	4.16
Trojan Investment Funds - Trojan Fund	2,830,622	7,912,154	9.11
Total UK authorised collective investment schemes		21,341,306	24.57
Offshore Collective Investment Schemes 54.31% (60.53%)			
Angel Oak Multi-Strategy Income UCITS Fund	54,001	6,343,743	7.30
Aviva Investors - Global Convertibles Absolute Return Fund	18,796	2,802,402	3.23
Barak Structured Trade Finance Segregated Portfolio	15,602	3,538,621	4.07
Capital Gearing Portfolio Fund	27,000	4,693,950	5.41
CG Portfolio Fund - Dollar Fund	44,612	4,599,935	5.30
DMS UCITS Platform ICAV - Latitude Horizon Fund	7,747,710	8,711,525	10.03
Federated Hermes Funds -			
Federated Hermes Unconstrained Credit Fund X GBP Accumulation	3,356,858	4,137,999	4.76
Fidelity Institutional Liquidity Fund - The Sterling Fund	4,011,117	4,011,117	4.62
Kestrel Opportunities	208,351	1,242,764	1.43
Lazard Global Investment Funds - Lazard Rathmore Alternative Fund	24,282	3,045,846	3.51
UBS Irl Investor Selection - Currency Allocation Return Strategy	35,683	4,039,713	4.65
Total offshore collective investment schemes		47,167,615	54.31
Total collective investment schemes		68,508,921	78.88
Exchange Traded Commodities 9.54% (8.73%)			
iShares Physical Gold ETC	174,000	4,202,100	4.84
WisdomTree Physical Gold	35,000	4,083,542	4.70
Total exchange traded commodities		8,285,642	9.54
Portfolio of investments		82,539,922	95.04
Other net assets		4,316,381	4.97
Total net assets		86,856,303	100.01

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 29 February 2020.

## 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 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.

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

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

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

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

The price of gold or other resources may be subject to sudden, unexpected and substantial fluctuations. This may lead to significant declines in the values of any companies developing these resources in which the sub-fund invests and significantly impact investment performance.

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.

During the year, the risk and reward indicator changed from 3 to 4.

## 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.

	I Income			S Income		
	2021	2020	2019	2021	2020	2019
	p	p	p	p	p	p
Change in net assets per share						
Opening net asset value per share	116.15	111.28	111.82	118.79	113.38	113.47
Return before operating charges	2.50	8.60	3.10	2.53	8.75	3.16
Operating charges	(2.36)	(2.39)	(2.49)	(1.93)	(1.97)	(2.08)
Return after operating charges	0.14	6.21	0.61	0.60	6.78	1.08
Distributions <sup>^</sup>	(1.31)	(1.34)	(1.15)	(1.35)	(1.37)	(1.17)
Closing net asset value per share	114.98	116.15	111.28	118.04	118.79	113.38
* after direct transaction costs of:	0.01	-	-	0.00	-	-
Performance						
Return after charges	0.12%	5.58%	0.55%	0.51%	5.98%	0.95%
Other information						
Closing net asset value (£)	35,082,247	43,120,748	36,214,008	47,587,271	5,725,413	13,798,430
Closing number of shares	30,510,406	37,124,391	32,541,751	40,314,902	4,819,696	12,170,317
Operating charges <sup>^^</sup>	2.03%	2.05%	2.23%	1.63%	1.65%	1.83%
Direct transaction costs	0.01%	0.00%	0.00%	0.01%	0.00%	0.00%
Prices						
Highest share price (p)	119.7	121.0	114.2	122.8	123.7	116.1
Lowest share price (p)	106.2	111.5	110.1	108.7	113.6	111.9

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> 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.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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)

	A Income			Q Income		
	2021 <sup>^</sup> p	2020 p	2019 p	2021 <sup>^^</sup> p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	113.96	109.74	110.82	114.72	110.32	111.23
Return before operating charges	4.38	8.47	3.07	2.70	8.51	3.10
Operating charges	(2.60)	(2.93)	(3.02)	(2.71)	(2.78)	(2.87)
Return after operating charges	1.64	5.54	0.05	(0.02)	5.73	0.23
Distributions <sup>^^^</sup>	-	(1.32)	(1.13)	-	(1.33)	(1.14)
Closing net asset value per share	115.60	113.96	109.74	114.70	114.72	110.32
* after direct transaction costs of:	0.01	-	-	0.01	-	-
Performance						
Return after charges	1.44%	5.05%	0.05%	(0.02%)	5.19%	0.21%
Other information						
Closing net asset value (£)	-	14,487,306	5,825,004	-	6,451,963	10,557,864
Closing number of shares	-	12,712,320	5,307,834	-	5,624,271	9,570,624
Operating charges <sup>^^^^</sup>	**2.40%	2.55%	2.73%	***2.36%	2.40%	2.58%
Direct transaction costs	0.01%	0.00%	0.00%	0.01%	0.00%	0.00%
Prices						
Highest share price (p)	117.0	118.7	113.0	117.90	119.5	113.5
Lowest share price (p)	104.2	109.9	108.7	104.90	110.5	109.2

<sup>^</sup> For the period 1 March 2020 to 10 February 2021.

<sup>^^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^^</sup> Rounded to 2 decimal places.

<sup>^^^^</sup> 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.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\*\* Annualised based on the expenses incurred during the period 1 March 2020 to 10 February 2021.

\*\*\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 10 February the A Income share class closed and all holdings converted to I Income share class.

On 26 February the Q Income share class closed and all holdings converted to I Income share class.

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

## Comparative table (continued)

C Accumulation shares launched on 4 September 2018 at 111.30p per share.

	C Accumulation		
	2021	2020	2019 <sup>^</sup>
	p	p	p
Change in net assets per share			
Opening net asset value per share	117.66	111.26	111.30
Return before operating charges	2.51	8.56	2.19
Operating charges	(2.16)	(2.16)	(2.23)
Return after operating charges	0.35	6.40	(0.04)
Distributions <sup>^^</sup>	(1.33)	(1.34)	(0.52)
Retained distributions on accumulation shares <sup>^^</sup>	1.33	1.34	0.52
Closing net asset value per share	118.01	117.66	111.26
* after direct transaction costs of:	0.01	-	-
Performance			
Return after charges	0.30%	5.75%	(0.04%)
Other information			
Closing net asset value (£)	4,186,785	10,454,625	2,575,383
Closing number of shares	3,547,763	8,885,137	2,314,772
Operating charges <sup>^^^</sup>	1.83%	1.85%	**2.01%
Direct transaction costs	0.01%	0.00%	0.00%
Prices			
Highest share price (p)	121.5	121.2	112.2
Lowest share price (p)	107.6	111.4	108.9

<sup>^</sup> For the period 4 September 2018 to 28 February 2019.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\*\* Annualised based on the expenses incurred during the period 4 September 2018 to 28 February 2019.

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

## Financial statements - S&amp;W Saltus Real Return Fund

## Statement of total return

*for the year ended 28 February 2021*

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital (losses) / gains	2		(183,963)		3,845,401
Revenue	3	1,103,195		1,010,228	
Expenses	4	<u>(974,091)</u>		<u>(930,475)</u>	
Net revenue before taxation		129,104		79,753	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>129,104</u>		<u>79,753</u>
Total return before distributions			(54,859)		3,925,154
Distributions	6		(949,421)		(883,446)
Change in net assets attributable to shareholders from investment activities			<u>(1,004,280)</u>		<u>3,041,708</u>

## Statement of change in net assets attributable to shareholders

*for the year ended 28 February 2021*

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		80,240,055		68,970,689
Amounts receivable on issue of shares	20,025,503		17,580,124	
Amounts payable on cancellation of shares	<u>(12,452,196)</u>		<u>(9,471,882)</u>	
		7,573,307		8,108,242
Change in net assets attributable to shareholders from investment activities		(1,004,280)		3,041,708
Retained distributions on accumulation shares		47,221		119,416
Closing net assets attributable to shareholders		<u>86,856,303</u>		<u>80,240,055</u>

## Balance sheet

as at 28 February 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		82,539,922	74,869,722
Current assets:			
Debtors	7	436,231	182,605
Cash and cash equivalents	8	5,457,157	6,234,691
Total assets		<u>88,433,310</u>	<u>81,287,018</u>
Liabilities:			
Creditors:			
Distribution payable		(942,532)	(807,833)
Other creditors	9	(634,475)	(239,130)
Total liabilities		<u>(1,577,007)</u>	<u>(1,046,963)</u>
Net assets attributable to shareholders		<u><u>86,856,303</u></u>	<u><u>80,240,055</u></u>

## Notes to the financial statements

for the year ended 28 February 2021

## 1. Accounting policies

The accounting policies are disclosed on pages 45 to 47.

2. Net capital (losses) / gains	2021	2020
	£	£
Non-derivative securities - realised gains	2,348,404	232,281
Non-derivative securities - movement in unrealised (losses) / gains	(2,486,376)	3,628,059
Currency losses	(42,948)	(12,309)
Transaction charges	(3,043)	(2,630)
Total net capital (losses) / gains	<u>(183,963)</u>	<u>3,845,401</u>
3. Revenue	2021	2020
	£	£
UK revenue	229,569	253,461
Unfranked revenue	166,701	150,897
Overseas revenue	705,989	600,281
Bank and deposit interest	936	5,589
Total revenue	<u>1,103,195</u>	<u>1,010,228</u>
4. Expenses	2021	2020
	£	£
Payable to the ACD and associates		
ACD's periodic charge	83,011	81,010
Investment management fees	851,103	811,452
	<u>934,114</u>	<u>892,462</u>
Payable to the Depositary		
Depositary fees	<u>26,816</u>	<u>24,507</u>
Other expenses:		
Audit fee	5,940	6,570
Non-executive directors' fees	624	896
Safe custody fees	2,388	2,277
FCA fee	1,116	1,051
KIID production fee	3,093	2,712
	<u>13,161</u>	<u>13,506</u>
Total expenses	<u>974,091</u>	<u>930,475</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

5. Taxation	2021	2020
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Total taxation (note 5b)	-	-
<i>b. Factors affecting the tax charge for the year</i>		
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:		
Net revenue before taxation	129,104	79,753
Corporation tax @ 20%	25,821	15,951
Effects of:		
UK revenue	(45,914)	(50,692)
Overseas revenue	(20,990)	(24,588)
Excess management expenses	(44,086)	59,329
Offshore income gains	85,169	-
Total taxation (note 5a)	-	-
<i>c. Provision for deferred taxation</i>		

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 £416,353 (2020: £460,439).

## 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
	£	£
Final income distribution	942,532	807,833
Final accumulation distribution	47,221	119,416
	989,753	927,249
Equalisation:		
Amounts deducted on cancellation of shares	61,342	41,455
Amounts added on issue of shares	(102,677)	(85,349)
Net equalisation on conversions	1,003	91
Total net distributions	949,421	883,446
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	129,104	79,753
Undistributed revenue brought forward	174	158
Expenses paid from capital	974,091	930,475
Marginal tax relief	(153,734)	(126,766)
Undistributed revenue carried forward	(214)	(174)
Distributions	949,421	883,446

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

7. Debtors	2021	2020
	£	£
Amounts receivable on issue of shares	347,420	111,175
Accrued revenue	33,141	41,186
Prepaid expenses	92	64
Recoverable income tax	55,578	30,180
Total debtors	<u>436,231</u>	<u>182,605</u>
8. Cash and cash equivalents	2021	2020
	£	£
Total cash and cash equivalents	<u>5,457,157</u>	<u>6,234,691</u>
9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	560,271	153,218
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	6,905	6,583
Investment management fees	57,573	69,554
	<u>64,478</u>	<u>76,137</u>
Other expenses:		
Depositary fees	2,340	2,078
Safe custody fees	428	368
Audit fee	5,940	6,570
Non-executive directors' fees	510	498
KIID production fee	476	238
Transaction charges	32	23
	<u>9,726</u>	<u>9,775</u>
Total accrued expenses	<u>74,204</u>	<u>85,912</u>
Total other creditors	<u>634,475</u>	<u>239,130</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:

	I Income
Opening shares in issue	37,124,391
Total shares issued in the year	11,133,069
Total shares cancelled in the year	(4,977,797)
Total shares converted in the year	<u>(12,769,257)</u>
Closing shares in issue	<u>30,510,406</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 11. Share classes (continued)

	S Income
Opening shares in issue	4,819,696
Total shares issued in the year	3,855,272
Total shares cancelled in the year	(2,516,779)
Total shares converted in the year	34,156,713
Closing shares in issue	<u>40,314,902</u>
	A Income
Opening shares in issue	12,712,320
Total shares issued in the year	999,347
Total shares cancelled in the year	(1,691,178)
Total shares converted in the year	(12,020,489)
Closing shares in issue	<u>-</u>
	Q Income
Opening shares in issue	5,624,271
Total shares issued in the year	663,310
Total shares cancelled in the year	(1,229,603)
Total shares converted in the year	(5,057,978)
Closing shares in issue	<u>-</u>
	C Accumulation
Opening shares in issue	8,885,137
Total shares issued in the year	589,188
Total shares cancelled in the year	(458,505)
Total shares converted in the year	(5,468,057)
Closing shares in issue	<u>3,547,763</u>

For the year ended 28 February 2021, the annual management charge for each share class is as follows:

I Income	1.10%
S Income	0.70%
A Income - until closure on 10 February 2021	1.59%
Q Income - until closure on 26 February 2021	1.44%
C Accumulation	0.90%

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

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

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per I income share has increased from 115.0p to 119.1p, the S income share has increased from 118.0p to 122.4p and the net asset value per C accumulation share has increased from 118.0p to 122.3p as at 25 June 2021. 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									
Collective Investment Schemes*	22,225,000	-	-	-	-	-	-	-	22,225,000
Exchange Traded Commodities	4,818,407	2,409	0.05%	-	-	-	-	-	4,820,816
Total	27,043,407	2,409	0.05%	-	-	-	-	-	27,045,816

	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2020									
Collective Investment Schemes*	6,790,000	-	-	-	-	-	-	-	6,790,000
Exchange Traded Commodities	1,499,646	750	0.05%	-	-	-	-	-	1,500,396
Total	8,289,646	750	0.05%	-	-	-	-	-	8,290,396

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2021									
Collective Investment Schemes*	16,756,776	-	-	-	-	-	-	-	16,756,776
Exchange Traded Commodities	3,293,523	(1,647)	0.05%	-	-	-	-	-	3,291,876
Total	20,050,299	(1,647)	0.05%	-	-	-	-	-	20,048,652

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
2020	£	£	%	£	%	£	%	£
Collective Investment Schemes*	2,981,955	-	-	-	-	-	-	2,981,955
Exchange Traded Commodities	1,148,608	(574)	0.05%	-	-	-	-	1,148,034
<b>Total</b>	<b>4,130,563</b>	<b>(574)</b>	<b>0.05%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,129,989</b>

\* 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	4,056	0.01%
2020	£	% of average net asset value
Commission	1,324	0.00%

## b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.13% (2020: 0.04%).

## 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.

## 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 closed-ended funds, exchange traded commodities 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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk (continued)

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 28 February 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 £4,126,996 (2020: £3,743,486).

## (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 sub-fund has indirect exposure to currency risk as it invests in collective investment schemes.

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	7,622,163	-	7,622,163
Total foreign currency exposure	7,622,163	-	7,622,163
	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2020	£	£	£
US dollar	11,061,487	-	11,061,487
Total foreign currency exposure	11,061,487	-	11,061,487

At 28 February 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 £381,108 (2020: £553,074).

## (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. The sub-fund has indirect exposure to interest rate risk as it invests in bond funds.

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 15. Risk management policies (continued)

#### a Market risk (continued)

#### (iii) Interest rate risk (continued)

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 direct 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.

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 and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

#### d Fair value of financial assets and financial liabilities

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

To ensure this, the fair value pricing committee is a body appointed by the 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 28 February 2021

## 15. Risk management policies (continued)

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

Basis of valuation	Investment assets	Investment liabilities
	2021	2021
	£	£
Quoted prices	14,031,001	-
Observable market data	68,508,921	-
Unobservable data	-	-
	<u>82,539,922</u>	<u>-</u>
Basis of valuation	Investment assets	Investment liabilities
	2020	2020
	£	£
Quoted prices	11,929,050	-
Observable market data	62,940,672	-
Unobservable data	-	-
	<u>74,869,722</u>	<u>-</u>

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

## e Assets subject to special arrangements arising from their illiquid nature

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

## f Derivatives

The 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.

## Notes to the financial statements (continued)

*for the year ended 28 February 2021*

### 15. Risk management policies (continued)

#### f Derivatives (continued)

##### (ii) Leverage

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

There have been no leveraging arrangements in the year.

##### (iii) Global exposure

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

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

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 28 February 2021

### Distributions on I Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.312	-	1.312	1.344
30.04.21	group 2	final	0.657	0.655	1.312	1.344

### Distributions on S Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.345	-	1.345	1.371
30.04.21	group 2	final	0.647	0.698	1.345	1.371

### Distributions on C Accumulation shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.04.21	group 1	final	1.331	-	1.331	1.344
30.04.21	group 2	final	0.680	0.651	1.331	1.344

### 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.

### Final distributions:

- Group 1                Shares purchased before 1 March 2020
- Group 2                Shares purchased 1 March 2020 to 28 February 2021

## S&W Saltus Income Fund

### Investment Manager's report

#### Investment objective and policy

The primary objective of the sub-fund is to prioritise an income flow for investors with some capital growth. The intention is for the sub-fund to be invested in a broad range of investments predominantly via collective investment schemes. The sub-fund may also invest in transferable securities, money market instruments, gold and cash.

It is the ACD's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management. The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

#### Investment performance

Over the period the sub-fund delivered a return of 2.06% (I Income shares based, on 5pm mid prices on 28 February 2020 and 26 February 2021). This compared to a comparator benchmark performance of 1.76% (IA UK Equity & Bond Income sector).

Source: Bloomberg.

#### Investment activities

The investment period will forever be defined by the impact of coronavirus on global markets and society, and by the aggressive response from central authorities to deal with impact. Some of the fastest and largest ever seen in the major asset classes occurred shortly after the sub-fund's financial year began. Dramatic moves in early March 2020 prompted huge intervention from central banks and governments with the end total of support well above \$20 trillion and still rising by the time of writing.

This response had its desired effect, with markets recovering sharply from late March 2020 over the summer, before accelerating in November upon the announcement of the successful Pfizer vaccine trial. By the end of the calendar year most assets had delivered positive returns and were in many cases looking overbought. The prospect of re-opening economies stoking inflationary pressures prompted a sharp rise in bond yields in early 2021, unnerving not only fixed income markets but also undermining widespread positive investor sentiment.

The key activity in the sub-fund came early in the financial year when cash was put to work in core risk positions, a process which continued steadily over the summer. Additions were made to holdings in J O Hambro Capital Management UK Umbrella Fund - UK Equity Income Fund and Federated Hermes Funds - Federated Hermes Unconstrained Credit Fund X2 GBP Income. Later on exposures were altered with a new position added in TM RWC Global Equity Income Fund and a further new position added in Allianz UK & European Investment Funds - Allianz Strategic Bond Fund to broaden diversification. Funding was generally from cash.

#### Investment strategy and outlook

There has been no change in the sub-fund's underlying investment strategy during the reporting period and we will continue to manage investments in line with the existing mandate.

The outlook from here is expected to be broadly positive but also volatile. The key unknown is how far the opening up of economies will accelerate inflationary pressures, which in turn could lead to repricing in global bond markets. Any rise in inflation should, we think, be largely transitory in nature, reflecting little more than a recovery to pre Covid-19 norms. The underlying pent up demand and ongoing policy support should be enough to offset this risk, but the path from here will undoubtedly continue to be volatile.

Saltus Partners LLP

1 April 2021

## Portfolio changes

for the year ended 28 February 2021

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

	Cost
	£
Purchases:	
Muzinich Funds - Global Tactical Credit Fund	1,300,000
Legg Mason Global Funds - Legg Mason Western Asset Macro Opportunities Bond Fund	999,502
MI TwentyFour Investment Funds - Dynamic Bond Fund	564,000
TM RWC Global Equity Income Fund	550,000
Allianz UK & European Investment Funds - Allianz Strategic Bond Fund	500,000
Federated Hermes Funds - Federated Hermes Unconstrained Credit Fund X2 GBP Income	250,000
J O Hambro Capital Management UK Umbrella Fund - UK Equity Income Fund	107,000
Premier Miton UK Multi Cap Income Fund	107,000
	Proceeds
	£
Sales:	
Legg Mason Global Funds - Legg Mason Western Asset Macro Opportunities Bond Fund	999,502
Invesco Global Investment Series - Global Equity Income Fund	659,574
Artemis Global Income Fund	615,868
Artemis High Income Fund	550,570
Federated Hermes Funds - Federated Hermes Unconstrained Credit Fund X2 GBP Income	510,000
Polar Capital Funds - UK Absolute Equity Fund	490,382
Muzinich Funds - Global Tactical Credit Fund	420,000
UBS Irl Investor Selection - Currency Allocation Return Strategy	388,441
Legg Mason Global Funds - Legg Mason Western Asset Macro Opportunities Bond Fund	380,000
MI TwentyFour Investment Funds - Dynamic Bond Fund	260,000
Royal London Asset Management Bond Funds - Sterling Extra Yield Bond Fund	260,000
MI Chelverton UK Equity Income Fund	260,000
J O Hambro Capital Management UK Umbrella Fund - UK Equity Income Fund	260,000

## Portfolio statement

as at 28 February 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Collective Investment Schemes 85.79% (95.24%)			
UK Authorised Collective Investment Schemes 55.75% (58.22%)			
Allianz UK & European Investment Funds - Allianz Strategic Bond Fund	373,441	495,668	3.96
Commercial Long Income Fund	790,616	839,160	6.70
J O Hambro Capital Management UK Umbrella Fund - UK Equity Income Fund	519,854	903,507	7.22
Legg Mason Funds ICVC - ClearBridge Global Infrastructure Income Fund S Income	928,900	1,060,804	8.47
MI Chelverton UK Equity Income Fund	880,339	966,964	7.72
MI TwentyFour Investment Funds - Dynamic Bond Fund	9,363	1,068,640	8.54
Premier Miton UK Multi Cap Income Fund	530,154	1,115,391	8.91
TM RWC Global Equity Income Fund	537,158	529,423	4.23
Total UK authorised collective investment schemes		<u>6,979,557</u>	<u>55.75</u>
Offshore Collective Investment Schemes 30.04% (37.02%)			
Federated Hermes Funds -			
Federated Hermes Unconstrained Credit Fund X2 GBP Income	1,129,419	1,243,151	9.93
Legg Mason Global Funds -			
Legg Mason Western Asset Macro Opportunities Bond Fund	6,291	609,547	4.87
Muzinich Funds - Global Tactical Credit Fund	9,172	936,498	7.48
Royal London Asset Management Bond Funds - Sterling Extra Yield Bond Fund	845,422	971,813	7.76
Total offshore collective investment schemes		<u>3,761,009</u>	<u>30.04</u>
Total collective investment schemes		<u>10,740,566</u>	<u>85.79</u>
Portfolio of investments		10,740,566	85.79
Other net assets		1,779,242	14.21
<b>Total net assets</b>		<u><u>12,519,808</u></u>	<u><u>100.00</u></u>

All investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 29 February 2020.

## 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 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.

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

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

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.

	Q Income			A Income		
	2021 <sup>^</sup> p	2020 p	2019 p	2021 <sup>^</sup> p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	95.73	97.18	102.64	95.27	96.84	102.40
Return before operating charges	3.59	4.60	0.67	3.58	4.60	0.70
Operating charges	(2.02)	(2.39)	(2.44)	(2.15)	(2.53)	(2.58)
Return after operating charges	1.57	2.21	(1.77)	1.43	2.07	(1.88)
Distributions <sup>^^</sup>	(2.16)	(3.66)	(3.69)	(2.14)	(3.64)	(3.68)
Closing net asset value per share	95.14	95.73	97.18	94.56	95.27	96.84
Performance						
Return after charges	1.64%	2.27%	(1.72%)	1.50%	2.14%	(1.84%)
Other information						
Closing net asset value (£)	-	7,799,499	8,921,518	-	2,559,331	2,733,659
Closing number of shares	-	8,147,682	9,179,934	-	2,686,426	2,822,922
Operating charges <sup>^^^</sup>	*2.25%	2.40%	2.41%	*2.40%	2.55%	2.56%
Prices						
Highest share price (p)	97.07	102.6	105.3	96.60	102.1	105.0
Lowest share price (p)	77.14	96.56	94.35	76.76	96.10	94.03

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 Q Income and A Income share classes closed and all holdings converted to I Income share class.

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

## Comparative table (continued)

	I Income			S Income		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	97.16	98.36	103.59	98.79	99.69	104.66
Return before operating charges	3.58	4.53	0.61	3.60	4.55	0.51
Operating charges	(1.73)	(2.07)	(2.11)	(1.39)	(1.69)	(1.71)
Return after operating charges	1.85	2.46	(1.50)	2.21	2.86	(1.20)
Distributions <sup>^</sup>	(3.03)	(3.66)	(3.73)	(3.09)	(3.76)	(3.77)
Closing net asset value per share	95.98	97.16	98.36	97.91	98.79	99.69
Performance						
Return after charges	1.90%	2.50%	(1.45%)	2.24%	2.87%	(1.15%)
Other information						
Closing net asset value (£)	8,517,941	1,791,777	1,444,883	4,001,867	674,595	740,537
Closing number of shares	8,874,801	1,844,238	1,468,940	4,087,360	682,849	742,823
Operating charges <sup>^^</sup>	1.90%	2.05%	2.06%	1.50%	1.65%	1.66%
Prices						
Highest share price (p)	98.52	104.1	106.4	100.2	105.9	107.6
Lowest share price (p)	78.30	98.00	95.44	79.64	99.56	96.67

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> 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.

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

## Financial statements - S&amp;W Saltus Income Fund

## Statement of total return

for the year ended 28 February 2021

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		95,588		(4,342)
Revenue	3	495,555		567,848	
Expenses	4	<u>(190,055)</u>		<u>(212,991)</u>	
Net revenue before taxation		305,500		354,857	
Taxation	5	<u>(25,961)</u>		<u>(16,800)</u>	
Net revenue after taxation			<u>279,539</u>		<u>338,057</u>
Total return before distributions			375,127		333,715
Distributions	6		(431,521)		(508,461)
Change in net assets attributable to shareholders from investment activities			<u>(56,394)</u>		<u>(174,746)</u>

## Statement of change in net assets attributable to shareholders

for the year ended 28 February 2021

		2021		2020	
		£	£	£	£
Opening net assets attributable to shareholders			12,825,202		13,840,597
Amounts receivable on issue of shares		2,364,150		1,397,567	
Amounts payable on cancellation of shares		<u>(2,613,150)</u>		<u>(2,238,216)</u>	
			(249,000)		(840,649)
Change in net assets attributable to shareholders from investment activities			(56,394)		(174,746)
Closing net assets attributable to shareholders			<u>12,519,808</u>		<u>12,825,202</u>

**Balance sheet**  
as at 28 February 2021

	Notes	2021 £	2020 £
<b>Assets:</b>			
<b>Fixed assets:</b>			
Investments		10,740,566	12,215,240
<b>Current assets:</b>			
Debtors	7	1,653,841	77,029
Cash and cash equivalents	8	874,370	675,531
<b>Total assets</b>		<u>13,268,777</u>	<u>12,967,800</u>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		(109,877)	(110,007)
Other creditors	9	(639,092)	(32,591)
<b>Total liabilities</b>		<u>(748,969)</u>	<u>(142,598)</u>
<b>Net assets attributable to shareholders</b>		<u>12,519,808</u>	<u>12,825,202</u>

## Notes to the financial statements

for the year ended 28 February 2021

## 1. Accounting policies

The accounting policies are disclosed on pages 45 to 47.

## 2. Net capital gains / (losses)

	2021	2020
	£	£
Non-derivative securities - realised (losses) / gains	(26,843)	57,870
Non-derivative securities - movement in unrealised gains / (losses)	124,315	(60,522)
Transaction charges	(1,884)	(1,690)
Total net capital gains / (losses)	<u>95,588</u>	<u>(4,342)</u>

## 3. Revenue

	2021	2020
	£	£
UK revenue	175,694	270,855
Unfranked revenue	96,993	107,009
Overseas revenue	222,768	189,231
Bank and deposit interest	100	753
Total revenue	<u>495,555</u>	<u>567,848</u>

## 4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
ACD's periodic charge	12,705	14,646
Investment management fees	157,856	179,760
	<u>170,561</u>	<u>194,406</u>
Payable to the Depositary		
Depositary fees	<u>8,979</u>	<u>9,021</u>
Other expenses:		
Audit fee	6,426	6,570
Non-executive directors' fees	625	896
Safe custody fees	373	424
FCA fee	236	284
KIID production fee	2,855	2,950
Administration fee	-	(1,560)
	<u>10,515</u>	<u>9,564</u>
Total expenses	<u>190,055</u>	<u>212,991</u>

## 5. Taxation

	2021	2020
	£	£
<i>a. Analysis of the tax charge for the year</i>		
UK corporation tax	25,961	16,800
Total taxation (note 5b)	<u>25,961</u>	<u>16,800</u>

## Notes to the financial statements

for the year ended 28 February 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:

Net revenue before taxation	305,500	354,857
Corporation tax @ 20%	61,100	70,971
Effects of:		
UK revenue	(35,139)	(54,171)
Total taxation (note 5a)	25,961	16,800

## 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
	£	£
Quarter 1 income distribution	72,140	77,671
Interim income distribution	153,230	201,894
Quarter 3 income distribution	89,912	109,524
Final income distribution	109,877	110,007
	425,159	499,096
Equalisation:		
Amounts deducted on cancellation of shares	20,059	15,458
Amounts added on issue of shares	(13,703)	(6,093)
Net equalisation on conversions	6	-
Total net distributions	431,521	508,461
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	279,539	338,057
Undistributed revenue brought forward	43	53
Expenses paid from capital	190,055	212,991
Marginal tax relief	(38,012)	(42,597)
Undistributed revenue carried forward	(104)	(43)
Distributions	431,521	508,461

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

## 7. Debtors

	2021	2020
	£	£
Sales awaiting settlement	1,600,570	-
Accrued revenue	53,252	77,013
Prepaid expenses	19	16
Total debtors	1,653,841	77,029

Notes to the financial statements  
for the year ended 28 February 2021

8. Cash and cash equivalents	2021	2020
	£	£
Total cash and cash equivalents	<u>874,370</u>	<u>675,531</u>
9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	601,050	580
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	1,014	1,099
Investment management fees	<u>10,796</u>	<u>13,905</u>
	11,810	15,004
Other expenses:		
Depositary fees	740	713
Safe custody fees	63	64
Audit fee	6,426	6,570
Non-executive directors' fees	510	498
KIID production fee	476	476
Transaction charges	<u>55</u>	<u>27</u>
	8,270	8,348
Total accrued expenses	<u>20,080</u>	<u>23,352</u>
Corporation tax payable	<u>17,962</u>	<u>8,659</u>
Total other creditors	<u>639,092</u>	<u>32,591</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:

	Q Income
Opening shares in issue	8,147,682
Total shares issued in the year	518,028
Total shares cancelled in the year	(1,839,361)
Total shares converted in the year	<u>(6,826,349)</u>
Closing shares in issue	-
	A Income
Opening shares in issue	2,686,426
Total shares issued in the year	69,256
Total shares cancelled in the year	(91,787)
Total shares converted in the year	<u>(2,663,895)</u>
Closing shares in issue	-

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 11. Share classes (continued)

	I Income
Opening shares in issue	1,844,238
Total shares issued in the year	1,642,312
Total shares cancelled in the year	(856,168)
Total shares converted in the year	6,244,419
Closing shares in issue	<u>8,874,801</u>
	S Income
Opening shares in issue	682,849
Total shares issued in the year	471,258
Total shares cancelled in the year	(73,524)
Total shares converted in the year	3,006,777
Closing shares in issue	<u>4,087,360</u>

For the year ended 28 February 2021, the annual management charge for each share class is as follows:

Q Income - until closure on 26 February 2021	1.45%
A Income - until closure on 26 February 2021	1.60%
I Income	1.10%
S Income	0.70%

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

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

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

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per, I Income share has increased from 95.98p to 100.1p and S Income share has increased from 97.91p to 102.2p as at 25 June 2021. 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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

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.

No commission or taxes were incurred in the purchase and sale of investments.

	2021	2020
Purchases:	£	£
Collective Investment Schemes	<u>4,377,502</u>	<u>365,000</u>
Total	<u><u>4,377,502</u></u>	<u><u>365,000</u></u>
Sales:	£	£
Collective Investment Schemes	<u>6,054,337</u>	<u>1,306,000</u>
Total	<u><u>6,054,337</u></u>	<u><u>1,306,000</u></u>

## 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 0.00% (2020: 0.00%).

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.

## 15. Risk management policies

## 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 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 28 February 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 £537,028 (2020: £610,942).

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 15. Risk management policies (continued)

#### a Market risk (continued)

##### (ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. 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 sub-fund had no significant exposure to foreign currency in the year. The sub-fund has indirect exposure to currency risk as it invests in collective investment schemes.

##### (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 sub-fund has indirect exposure to interest rate risk as it invests in bond funds.

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 direct 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.

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

There is no direct 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.

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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

## c Liquidity risk (continued)

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 and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

## d Fair value of financial assets and financial liabilities

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

To ensure this, the fair value pricing committee is a body appointed by the 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.

Basis of valuation	Investment assets	Investment liabilities
	2021	2021
	£	£
Quoted prices	-	-
Observable market data	10,740,566	-
Unobservable data	-	-
	<u>10,740,566</u>	<u>-</u>
Basis of valuation	Investment assets	Investment liabilities
	2020	2020
	£	£
Quoted prices	-	-
Observable market data	12,215,240	-
Unobservable data	-	-
	<u>12,215,240</u>	<u>-</u>

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

## e Assets subject to special arrangements arising from their illiquid nature

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

## f Derivatives

The 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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 15. Risk management policies (continued)

#### f Derivatives (continued)

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

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

There have been no leveraging arrangements in the year.

#### (iii) Global exposure

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

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

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 28 February 2021

### Distributions on Q income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.20	group 1	quarter 1	0.472	-	0.472	0.559
31.07.20	group 2	quarter 1	-	0.472	0.472	0.559
31.10.20	group 1	interim	1.052	-	1.052	1.466
31.10.20	group 2	interim	0.247	0.805	1.052	1.466
31.01.21	group 1	quarter 3	0.633	-	0.633	0.814
31.01.21	group 2	quarter 3	-	0.633	0.633	0.814
30.04.21^	group 1	final	-	-	-	0.821
30.04.21^	group 2	final	-	-	-	0.821

### Distributions on A income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.20	group 1	quarter 1	0.469	-	0.469	0.557
31.07.20	group 2	quarter 1	0.354	0.115	0.469	0.557
31.10.20	group 1	interim	1.046	-	1.046	1.460
31.10.20	group 2	interim	0.243	0.803	1.046	1.460
31.01.21	group 1	quarter 3	0.629	-	0.629	0.800
31.01.21	group 2	quarter 3	-	0.629	0.629	0.800
30.04.21^	group 1	final	-	-	-	0.818
30.04.21^	group 2	final	-	-	-	0.818

#### 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.

#### Quarter 1 distributions:

Group 1 Shares purchased before 1 March 2020  
 Group 2 Shares purchased 1 March 2020 to 31 May 2020

#### Interim distributions:

Group 1 Shares purchased before 1 June 2020  
 Group 2 Shares purchased 1 June 2020 to 31 August 2020

#### Quarter 3 distributions:

Group 1 Shares purchased before 1 September 2020  
 Group 2 Shares purchased 1 September 2020 to 30 November 2020

^ As Q income and A income share classes closed and all holdings converted to I income share class on 26 February 2021 there is no final distribution for the period ending 28 February 2021 for the Q income and A income share classes.

## Distribution table (continued)

for the year ended 28 February 2021

## Distributions on I income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.20	group 1	quarter 1	0.479	-	0.479	0.566
31.07.20	group 2	quarter 1	0.028	0.451	0.479	0.566
31.10.20	group 1	interim	1.068	-	1.068	1.486
31.10.20	group 2	interim	0.727	0.341	1.068	1.486
31.01.21	group 1	quarter 3	0.644	-	0.644	0.774
31.01.21	group 2	quarter 3	0.644	-	0.644	0.774
30.04.21	group 1	final	0.842	-	0.842	0.833
30.04.21	group 2	final	0.005	0.837	0.842	0.833

## Distributions on S income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.20	group 1	quarter 1	0.488	-	0.488	0.574
31.07.20	group 2	quarter 1	0.028	0.460	0.488	0.574
31.10.20	group 1	interim	1.087	-	1.087	1.508
31.10.20	group 2	interim	0.255	0.832	1.087	1.508
31.01.21	group 1	quarter 3	0.656	-	0.656	0.828
31.01.21	group 2	quarter 3	0.656	-	0.656	0.828
30.04.21	group 1	final	0.860	-	0.860	0.846
30.04.21	group 2	final	0.014	0.846	0.860	0.846

## 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.

## Quarter 1 distributions:

- Group 1 Shares purchased before 1 March 2020  
 Group 2 Shares purchased 1 March 2020 to 31 May 2020

## Interim distributions:

- Group 1 Shares purchased before 1 June 2020  
 Group 2 Shares purchased 1 June 2020 to 31 August 2020

## Quarter 3 distributions:

- Group 1 Shares purchased before 1 September 2020  
 Group 2 Shares purchased 1 September 2020 to 30 November 2020

## Final distributions:

- Group 1 Shares purchased before 1 December 2020  
 Group 2 Shares purchased 1 December 2020 to 28 February 2021

## S&W Saltus Growth Assets Fund

### Investment Manager's report

#### Investment objective and policy

The objective of the sub-fund is to prioritise capital growth for investors with the potential for some income flow over a rolling 3 year period.

The sub-fund aims to achieve this goal by investing in a broad range of investments predominantly via other collective investment schemes which themselves invest in transferable securities, currencies, property, gold, and cash.

The sub-fund may also invest in transferable securities, money market instruments, investment trusts, gold, and cash.

The investment policy is to create a widely diversified portfolio of investments across multiple asset classes, geographies, styles, and strategies.

It is the ACD's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management.

The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund. Investors should note that their capital is at risk and that the investment objective is intended as target and not any form of guarantee.

#### Investment performance

Over the period the sub-fund delivered a return of 13.49% (I Income shares based, on 5pm mid prices on 28 February 2020 and 26 February 2021). This compares to a return of 1.75% from the comparator benchmark (UK CPI+1%).

Source: Bloomberg.

#### Investment activities

The investment period will forever be defined by the impact of coronavirus on global markets and society, and by the aggressive response from central authorities to deal with impact. Some of the fastest and largest ever seen in the major asset classes occurred shortly after the sub-fund's financial year began. Dramatic moves in early March 2020 prompted huge intervention from central banks and governments with the end total of support well above \$20 trillion and still rising by the time of writing.

This response had its desired effect, with markets recovering sharply from late March 2020 over the summer, before accelerating in November upon the announcement of the successful Pfizer vaccine trial. By the end of the calendar year most assets had delivered positive returns and were in many cases looking overbought. The prospect of re-opening economies stoking inflationary pressures prompted a sharp rise in bond yields in early 2021, unnerving not only fixed income markets but also undermining widespread positive investor sentiment.

The key activity in the sub-fund came early in the financial year when cash was put to work in core risk positions. Additions were made to holdings in MI Chelverton UK Equity Income Fund, T Rowe Price Funds OEIC - Global Focused Growth Equity Fund and Artemis Funds Lux - US Extended Alpha amongst others and the timing proved opportune as markets bottomed soon after. Later on exposure to Emerging Markets was altered by selling out of KLS Sloane Robinson Emerging Markets Fund upon a change in their fund governance. Lazard Global Investment Funds - Lazard Rathmore Alternative Fund was built up continually over the period given the excellent prospects for convertible bond arbitrage and funding was generally from cash or reductions in equity tracker exposure.

#### Investment strategy and outlook

There has been no change in the sub-fund's underlying investment strategy during the reporting period and we will continue to manage investments in line with the existing mandate.

The outlook from here is expected to be broadly positive but also volatile. The key unknown is how far the opening up of economies will accelerate inflationary pressures, which in turn could lead to repricing in global bond markets. Any rise in inflation should, we think, be largely transitory in nature, reflecting little more than a recovery to pre Covid-19 norms. The underlying pent up demand and ongoing policy support should be enough to offset this risk, but the path from here will undoubtedly continue to be volatile.

Saltus Partners LLP

1 April 2021

## Portfolio changes

for the year ended 28 February 2021

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

	Cost
Purchases:	£
Fidelity Investment Funds ICVC - Index US Fund	6,750,000
Lazard Global Investment Funds - Lazard Rathmore Alternative Fund	4,780,000
Premier Miton European Opportunities Fund	3,100,000
Baillie Gifford Overseas Growth Funds ICVC - Emerging Markets Growth Fund	2,750,000
Fidelity Investment Funds - Index Emerging Markets Fund	2,750,000
Federated Hermes Funds - Federated Hermes Unconstrained Credit Fund X GBP Accumulation	1,960,000
Granahan US SMID Select Fund	1,600,000
MI Chelverton UK Equity Income Fund	1,400,000
SPARX Japan Fund B GBP Hedged Acc	1,000,000
KLS Sloane Robinson Emerging Markets Fund	976,761
Angel Oak Multi-Strategy Income UCITS Fund	960,000
UBS Irl Investor Selection - Currency Allocation Return Strategy	900,000
Artemis Funds Lux - US Extended Alpha	800,000
Jupiter Asset Management Series - Jupiter Gold & Silver Fund	480,000
T Rowe Price Funds OEIC - Global Focused Growth Equity Fund	400,000
	Proceeds
Sales:	£
Artemis Funds Lux - US Extended Alpha	6,729,729
Polar Capital Funds - UK Absolute Equity Fund	3,400,247
KLS Sloane Robinson Emerging Markets Fund	2,844,586
MI Chelverton UK Equity Income Fund	2,400,000
iShares Core MSCI World UCITS ETF	1,558,966

## Portfolio statement

as at 28 February 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds - incorporated outwith the United Kingdom 0.29% (0.68%)			
Macau Property Opportunities Fund	323,608	218,435	0.29
Collective Investment Schemes 85.10% (88.78%)			
UK Authorised Collective Investment Schemes 34.99% (16.73%)			
Baillie Gifford Overseas Growth Funds ICVC			
- Emerging Markets Growth Fund	282,416	3,222,364	4.26
Commercial Long Income Fund	1,385,425	1,470,490	1.94
Fidelity Investment Funds - Index Emerging Markets Fund	1,603,695	3,069,633	4.05
Fidelity Investment Funds ICVC - Index US Fund	5,341,832	7,524,505	9.94
MI Chelverton UK Equity Income Fund	2,306,332	2,533,275	3.35
Premier Miton European Opportunities Fund	1,142,310	3,258,667	4.31
T Rowe Price Funds OEIC - Global Focused Growth Equity Fund	511,040	5,403,328	7.14
Total UK authorised collective investment schemes		26,482,262	34.99
Offshore Collective Investment Schemes 50.11% (72.05%)			
Angel Oak Multi-Strategy Income UCITS Fund	17,472	2,052,518	2.71
DMS UCITS Platform ICAV - Latitude Horizon Fund	3,725,225	4,188,643	5.53
Federated Hermes Funds			
- Federated Hermes Unconstrained Credit Fund X GBP Accumulation	3,743,637	4,614,782	6.10
Fidelity Institutional Liquidity Fund - The Sterling Fund	25,371	25,371	0.03
Granahan US SMID Select Fund	11,987	2,780,832	3.67
Jupiter Asset Management Series - Jupiter Gold & Silver Fund	165,536	3,472,092	4.59
KLS CDAM Global Opportunities Fund	27,000	2,296,883	3.04
Lazard Global Investment Funds - Lazard Rathmore Alternative Fund	47,676	5,980,140	7.90
Legg Mason Global Funds			
- Legg Mason Western Asset Macro Opportunities Bond Fund	32,053	4,125,919	5.45
SPARX Japan Fund B GBP Hedged Acc	30,072	4,727,595	6.25
UBS Irl Investor Selection - Currency Allocation Return Strategy	32,389	3,666,760	4.84
Total offshore collective investment schemes		37,931,535	50.11
Total collective investment schemes		64,413,797	85.10
Exchange Traded Commodities 2.78% (4.57%)			
WisdomTree Physical Gold	18,000	2,100,107	2.78
Portfolio of investments		66,732,339	88.17
Other net assets		8,957,350	11.83
Total net assets		75,689,689	100.00

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 29 February 2020.

## 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 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.

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

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

The price of gold or other resources may be subject to sudden, unexpected and substantial fluctuations. This may lead to significant declines in the values of any companies developing these resources in which the sub-fund invests and significantly impact investment performance.

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.

	I Income			S Income		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	142.84	141.72	145.05	144.08	142.40	145.34
Return before operating charges	22.07	5.32	0.46	22.15	5.31	0.24
Operating charges	(2.81)	(3.04)	(3.10)	(2.24)	(2.46)	(2.49)
Return after operating charges *	19.26	2.28	(2.64)	19.91	2.85	(2.25)
Distributions <sup>^</sup>	(0.89)	(1.16)	(0.69)	(0.89)	(1.17)	(0.69)
Closing net asset value per share	161.21	142.84	141.72	163.10	144.08	142.40
* after direct transaction costs of:	-	0.07	-	-	0.08	-
Performance						
Return after charges	13.48%	1.61%	(1.82%)	13.82%	2.00%	(1.55%)
Other information						
Closing net asset value (£)	29,844,455	18,058,056	16,491,079	45,629,193	11,302,239	4,775,617
Closing number of shares	18,512,261	12,642,309	11,636,227	27,976,054	7,844,241	3,353,655
Operating charges <sup>^^</sup>	1.89%	2.06%	2.13%	1.49%	1.66%	1.73%
Direct transaction costs	0.00%	0.05%	0.00%	0.00%	0.05%	0.00%
Prices						
Highest share price (p)	167.6	154.5	152.4	169.1	155.8	152.8
Lowest share price (p)	119.7	141.3	138.3	120.8	142.0	138.9

<sup>^</sup> Rounded to 2 decimal places.

<sup>^^</sup> 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.

<sup>^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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)

	Q Income			A Income		
	2021 <sup>^</sup> p	2020 p	2019 p	2021 <sup>^</sup> p	2020 p	2019 p
Change in net assets per share						
Opening net asset value per share	141.84	141.23	145.24	141.50	141.11	145.26
Return before operating charges	21.41	5.30	0.23	26.49	5.29	0.36
Operating charges	(3.25)	(3.53)	(3.56)	(3.29)	(3.74)	(3.83)
Return after operating charges *	18.16	1.77	(3.33)	23.20	1.55	(3.47)
Distributions <sup>^^</sup>	-	(1.16)	(0.68)	-	(1.16)	(0.68)
Closing net asset value per share	160.00	141.84	141.23	164.70	141.50	141.11
* after direct transaction costs of:	-	0.07	-	-	0.07	-
Performance						
Return after charges	12.80%	1.25%	(2.29%)	16.40%	1.10%	(2.39%)
Other information						
Closing net asset value (£)	-	10,608,243	8,056,976	-	5,994,849	2,870,928
Closing number of shares	-	7,479,168	5,704,775	-	4,236,603	2,034,504
Operating charges <sup>^^^</sup>	**2.24%	2.41%	2.48%	**2.39%	2.56%	2.63%
Direct transaction costs	0.00%	0.05%	0.00%	0.00%	0.05%	0.00%
Prices						
Highest share price (p)	165.4	153.4	152.2	164.7	153.1	152.2
Lowest share price (p)	118.8	140.8	137.9	118.5	140.7	137.8

<sup>^</sup> For the period 1 March 2020 to 26 February 2021.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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.

\*\* Annualised based on the expenses incurred during the period 1 March 2020 to 26 February 2021.

On 26 February 2021 Q Income and A Income share classes closed and all holdings converted to I Income share class.

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

## Comparative table (continued)

C accumulation launched on 27 September 2018 at 150.50p per share.

## C Accumulation

	2021	2020	2019 <sup>^</sup>
	p	p	p
Change in net assets per share			
Opening net asset value per share	144.79	142.28	150.50
Return before operating charges	22.33	5.26	(5.52)
Operating charges	(2.50)	(2.75)	(2.70)
Return after operating charges *	19.83	2.51	(8.22)
Distributions <sup>^^</sup>	(0.90)	(1.17)	(0.28)
Retained distributions on accumulation shares <sup>^^</sup>	0.90	1.17	0.28
Closing net asset value per share	164.62	144.79	142.28
* after direct transaction costs of:	-	0.08	-
Performance			
Return after charges	13.70%	1.76%	(5.46%)
Other information			
Closing net asset value (£)	216,041	552,428	187,132
Closing number of shares	131,233	381,534	131,528
Operating charges <sup>^^^</sup>	1.69%	1.86%	**1.91%
Direct transaction costs	0.00%	0.05%	0.00%
Prices			
Highest share price (p)	170.2	155.3	150.5
Lowest share price (p)	121.3	141.8	138.1

<sup>^</sup> For the period 27 September 2018 to 28 February 2019.

<sup>^^</sup> Rounded to 2 decimal places.

<sup>^^^</sup> 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.

<sup>^^^</sup> Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-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

\*\*Annualised based on the expenses incurred during the period 27 September 2018 to 28 February 2019.

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

## Financial statements - S&amp;W Saltus Growth Asset

## Statement of total return

*for the year ended 28 February 2021*

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains	2		9,027,535		336,689
Revenue	3	426,215		402,368	
Expenses	4	<u>(679,331)</u>		<u>(503,287)</u>	
Net expense before taxation		(253,116)		(100,919)	
Taxation	5	<u>-</u>		<u>-</u>	
Net expense after taxation			<u>(253,116)</u>		<u>(100,919)</u>
Total return before distributions			8,774,419		235,770
Distributions	6		(361,355)		(345,761)
Change in net assets attributable to shareholders from investment activities			<u>8,413,064</u>		<u>(109,991)</u>

## Statement of change in net assets attributable to shareholders

*for the year ended 28 February 2021*

		2021		2020	
		£	£	£	£
Opening net assets attributable to shareholders			46,515,815		32,381,732
Amounts receivable on issue of shares		27,741,801		18,926,910	
Amounts payable on cancellation of shares		<u>(6,982,173)</u>		<u>(4,687,296)</u>	
			20,759,628		14,239,614
Change in net assets attributable to shareholders from investment activities			8,413,064		(109,991)
Retained distributions on accumulation shares			1,182		4,460
Closing net assets attributable to shareholders			<u>75,689,689</u>		<u>46,515,815</u>

## Balance sheet

as at 28 February 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		66,732,339	43,737,030
Current assets:			
Debtors	7	1,392,854	142,552
Cash and cash equivalents	8	8,040,590	3,120,765
Total assets		<u>76,165,783</u>	<u>47,000,347</u>
Liabilities:			
Creditors:			
Distribution payable		(413,647)	(374,711)
Other creditors	9	(62,447)	(109,821)
Total liabilities		<u>(476,094)</u>	<u>(484,532)</u>
Net assets attributable to shareholders		<u><u>75,689,689</u></u>	<u><u>46,515,815</u></u>

## Notes to the financial statements

for the year ended 28 February 2021

### 1. Accounting policies

The accounting policies are disclosed on pages 45 to 47.

### 2. Net capital gains

	2021	2020
	£	£
Non-derivative securities - realised gains / (losses)	428,679	(781,164)
Non-derivative securities - movement in unrealised gains	8,612,868	1,164,055
Currency losses	(10,806)	(42,933)
Transaction charges	(3,206)	(3,269)
Total net capital gains	<u>9,027,535</u>	<u>336,689</u>

### 3. Revenue

	2021	2020
	£	£
UK revenue	91,784	20,710
Unfranked revenue	42,741	47,441
Overseas revenue	281,932	320,091
Bank and deposit interest	654	3,601
Rebates from collective investment schemes	9,104	10,525
Total revenue	<u>426,215</u>	<u>402,368</u>

### 4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
ACD's periodic charge	58,692	43,682
Investment management fees	589,575	434,250
	<u>648,267</u>	<u>477,932</u>
Payable to the Depositary		
Depositary fees	19,481	13,670
Other expenses:		
Audit fee	5,670	6,570
Non-executive directors' fees	625	896
Safe custody fees	1,702	1,329
FCA fee	660	437
KIID production fee	2,926	2,453
	<u>11,583</u>	<u>11,685</u>
Total expenses	<u>679,331</u>	<u>503,287</u>

### 5. Taxation

	2021	2020
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Total taxation (note 5b)	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 5. Taxation (continued)

*b. Factors affecting the tax charge for the year*

The tax assessed for the year is higher (2020: higher) 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 expense before taxation	<u>(253,116)</u>	<u>(100,919)</u>
Corporation tax @ 20%	(50,623)	(20,184)
Effects of:		
UK revenue	(18,357)	(4,142)
Overseas revenue	(2,012)	(19,652)
Excess management expenses	70,884	56,125
Adjustment in respect of prior years		
- change to taxable PAIF Income	<u>108</u>	<u>(12,147)</u>
Total taxation (note 5a)	<u>-</u>	<u>-</u>

*c. Provision for deferred taxation*

At the prior year end, a deferred tax asset was not been recognised in respect of timing differences relating to excess management expenses as there was insufficient evidence that the asset would be recovered. The amount of asset not recognised £195,997 (2020: £125,113).

## 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
	£	£
Final income distribution	413,647	374,711
Final accumulation distribution	<u>1,182</u>	<u>4,460</u>
	414,829	379,171
Equalisation:		
Amounts deducted on cancellation of shares	24,769	11,765
Amounts added on issue of shares	(80,418)	(45,174)
Net equalisation on conversions	<u>2,175</u>	<u>(1)</u>
Total net distributions	<u>361,355</u>	<u>345,761</u>
Reconciliation between net expense and distributions:		
Net expense after taxation per Statement of total return	(253,116)	(100,919)
Undistributed revenue brought forward	116	186
Expenses paid from capital	679,331	503,287
Marginal tax relief	(64,875)	(56,677)
Undistributed revenue carried forward	<u>(101)</u>	<u>(116)</u>
Distributions	<u>361,355</u>	<u>345,761</u>

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

7. Debtors	2021	2020
	£	£
Amounts receivable on issue of shares	1,358,559	60,930
Accrued revenue	26,371	70,515
Prepaid expenses	55	31
Recoverable income tax	7,869	9,056
Accrued rebates from collective investment schemes	-	2,020
Total debtors	<u>1,392,854</u>	<u>142,552</u>
8. Cash and cash equivalents	2021	2020
	£	£
Total cash and cash equivalents	<u>8,040,590</u>	<u>3,120,765</u>
9. Other creditors	2021	2020
	£	£
Amounts payable on cancellation of shares	-	56,116
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	5,674	3,925
Investment management fees	47,790	40,753
	<u>53,464</u>	<u>44,678</u>
Other expenses:		
Depositary fees	1,980	1,286
Safe custody fees	326	214
Audit fee	5,670	6,570
Non-executive directors' fees	510	498
KIID production fee	476	405
Transaction charges	21	54
	<u>8,983</u>	<u>9,027</u>
Total accrued expenses	<u>62,447</u>	<u>53,705</u>
Total other creditors	<u>62,447</u>	<u>109,821</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:

	I Income
Opening shares in issue	12,642,309
Total shares issued in the year	12,507,494
Total shares cancelled in the year	(2,091,041)
Total shares converted in the year	<u>(4,546,501)</u>
Closing shares in issue	<u>18,512,261</u>

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 11. Share classes

	S Income
Opening shares in issue	7,844,241
Total shares issued in the year	5,141,571
Total shares cancelled in the year	(1,236,992)
Total shares converted in the year	16,227,234
Closing shares in issue	<u>27,976,054</u>
	Q Income
Opening shares in issue	7,479,168
Total shares issued in the year	1,112,528
Total shares cancelled in the year	(740,901)
Total shares converted in the year	(7,850,795)
Closing shares in issue	<u>-</u>
	A Income
Opening shares in issue	4,236,603
Total shares issued in the year	262,007
Total shares cancelled in the year	(625,174)
Total shares converted in the year	(3,873,436)
Closing shares in issue	<u>-</u>
	C Accumulation
Opening shares in issue	381,534
Total shares issued in the year	9,434
Total shares cancelled in the year	(3,283)
Total shares converted in the year	(256,452)
Closing shares in issue	<u>131,233</u>

For the year ended 28 February 2021, the annual management charge for each share class is as follows:

I Income	1.10%
S Income	0.70%
Q Income - until closure on 26 February 2021	1.45%
A Income - until closure on 26 February 2021	1.60%
C Accumulation	0.90%

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

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

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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 12. Related party transactions (continued)

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

## 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per I Income share has increased from 161.2p to 166.1p, S Income share has increased from 163.1p to 168.3p and the C Accumulation share has increased from 164.6p to 169.7p as at 25 June 2021. 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		Purchases after transaction costs
	£	£	%	£
2021				
Collective Investment Schemes*	30,606,761	-	-	30,606,761
Total	30,606,761	-	-	30,606,761
	Purchases before transaction costs	Commission		Purchases after transaction costs
	£	£	%	£
2020				
Collective Investment Schemes	24,117,401	969	0.00%	24,118,370
Exchange Traded Commodities	4,071,097	2,036	0.05%	4,073,133
Total	28,188,498	3,005	0.05%	28,191,503
	Sales before transaction costs	Commission		Sales after transaction costs
	£	£	%	£
2021				
Collective Investment Schemes*	15,374,562	-	-	15,374,562
Exchange Traded Commodities	1,559,746	(780)	0.05%	1,558,966
Total	16,934,308	(780)	0.05%	16,933,528

\* No direct transaction costs were incurred in these transactions.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 14. Transaction costs (continued)

## a Direct transaction costs (continued)

	Sales before transaction costs	Commission		Sales after transaction costs
2020	£	£	%	£
Collective Investment Schemes	13,751,067	(15,984)	0.12%	13,735,083
Exchange Traded Commodities	2,217,559	(1,109)	0.05%	2,216,450
Total	15,968,626	(17,093)	0.17%	15,951,533

\* 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	780	0.00%
2020	£	% of average net asset value
Commission	20,098	0.05%

## 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 0.02% (2020: 0.07%).

## 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.

## 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 are closed-ended funds, collective investment schemes and exchange traded commodities.

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.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

## a Market risk (continued)

## (i) Other price risk (continued)

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 28 February 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 £3,336,617 (2020: £2,186,852).

## (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 sub-fund has indirect exposure to currency risk as it invests in collective investment schemes.

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	4,566,710	-	4,566,710
Total foreign currency exposure	4,566,710	-	4,566,710
	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
2020			
US dollar	6,067,148	-	6,067,148
Total foreign currency exposure	6,067,148	-	6,067,148

At 28 February 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 £228,336 (2020: £303,357).

## (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 sub-fund has indirect exposure to interest rate risk as it invests in bond funds.

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 direct material impact upon the net assets of the sub-fund.

## Notes to the financial statements (continued)

for the year ended 28 February 2021

### 15. Risk management policies (continued)

#### a Market risk (continued)

##### (iii) Interest rate risk (continued)

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.

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

There is no direct 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.

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 and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

#### d Fair value of financial assets and financial liabilities

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

## Notes to the financial statements (continued)

for the year ended 28 February 2021

## 15. Risk management policies (continued)

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

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	2,318,542	-
Observable market data	64,413,797	-
Unobservable data	-	-
	<u>66,732,339</u>	<u>-</u>
	Investment assets	Investment liabilities
Basis of valuation	2020	2020
	£	£
Quoted prices	4,038,305	-
Observable market data	39,698,725	-
Unobservable data	-	-
	<u>43,737,030</u>	<u>-</u>

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

## e Assets subject to special arrangements arising from their illiquid nature

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

## f Derivatives

The 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.

## Notes to the financial statements (continued)

*for the year ended 28 February 2021*

### 15. Risk management policies (continued)

#### f Derivatives (continued)

##### (i) Counterparties (continued)

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 exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

There have been no leveraging arrangements in the year.

##### (iii) Global exposure

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

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

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 28 February 2021

### Distribution on I Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior period
30.04.21	group 1	final	0.894	-	0.894	1.164
30.04.21	group 2	final	0.391	0.503	0.894	1.164

### Distribution on S Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior period
30.04.21	group 1	final	0.887	-	0.887	1.173
30.04.21	group 2	final	0.468	0.419	0.887	1.173

### Distribution on C Accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current period	Distribution prior period
30.04.21	group 1	final	0.901	-	0.901	1.169
30.04.21	group 2	final	0.666	0.235	0.901	1.169

### 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 distribution

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

### Final distributions:

Group 1	Shares purchased before 1 March 2020
Group 2	Shares purchased 1 March 2020 to 28 February 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 pages 46-49 of the Smith & Williamson Report and Financial Statements for the year ended 30 April 2020 (available <https://smithandwilliamson.com/en/about-us/financial-reports/>) includes details on the remuneration policy. The remuneration committee comprises five non-executive directors and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met seven times during 2019-20.

### Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices
- to foster and support conduct and behaviours which are in line with our culture and values
- to maintain a sound risk management framework
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking
- to comply with all relevant regulatory requirements
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a “balanced scorecard” approach to variable remuneration non-financial criteria including, but not limited to, compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

### Remuneration systems

The committee reviews all partners and directors fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a deferred option plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 30 April 2020. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

### Aggregate quantitative information

The total amount of remuneration paid by Smith & Williamson Fund Administration Limited (‘SWFAL’) is nil as SWFAL has no employees. However, a number of employees have remuneration costs recharged to SWFAL and the annualised remuneration for these 70 employees is £3,099,931 of which £2,863,541 is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in SWFAL as at 30 April 2020. Any variable remuneration is awarded for the year ending 30 April 2020. This information excludes any senior management or other Material Risk Takers (‘MRTs’) whose remuneration information is detailed on the next page.

## Remuneration (continued)

### Aggregate quantitative information (continued)

Smith & Williamson reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Smith & Williamson group. It is difficult to apportion remuneration for these individuals in respect of their duties to SWFAL. For this reason, the aggregate total remuneration awarded for the financial year 2019-20 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 2020				
	Fixed £'000	Variable		Total £'000	No. MRTs
		Cash £'000	Equity £'000		
Senior Management	1,846	2,411	-	4,257	9
Other MRTs	1,222	928	-	2,150	9
Total	3,068	3,339	-	6,407	18

### Investment Manager

The ACD has appointed Saltus Partners LLP to provide investment management and related advisory services to the ACD. Saltus Partners LLP is paid a monthly fee out of the scheme property of S&W Saltus Onshore Portfolios which is calculated on the total value of the portfolio of investments at each valuation point. Saltus Partners LLP are compliant with the Capital Requirements Directive regarding remuneration and therefore Saltus Partners LLP staff are covered by remuneration regulatory requirements.

## Further information

### Distributions and reporting dates

Where net revenue is available it will be distributed/allocated annually on 30 April (final) for all sub-funds except S&W Saltus Income Fund where net revenue is distributed quarterly on 31 July (quarter 1), 31 October (interim), 31 January (quarter 3) and 30 April (final). In the event of a distribution, shareholders will receive a tax voucher.

All sub-funds apart from S&W Saltus Income Fund:

XD dates: 1 March final

S&W Saltus Income Fund:

1 March final  
1 June quarter 1  
1 September interim  
1 December quarter 3

Reporting dates: Last day of February annual  
31 August interim

Last day of February annual  
31 August interim

### Buying and selling shares

The property of all sub-funds is valued at 5pm on every business day with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and Depositary, and the 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.

The minimum initial investment and holding, and the ACD's preliminary charge applicable to all sub-funds are as follows:

	X share class	I share class	S share class	C share class
Minimum initial investment and holding	£500,000	£250,000	£500,000	£400,000
ACD's preliminary charge	7.00%	7.00%	7.00%	7.00%

Prices of shares and the estimated yields of the share classes of each sub-fund are published on the following website: [www.trustnet.com](http://www.trustnet.com) or may be obtained by calling 0141 222 1151.

### Benchmarks

Shareholders may compare the performance of the sub-funds against the following benchmarks:

#### S&W Saltus Multi Asset Class Fund

UK Consumer Price Index ('CPI') is the target set for the sub-fund's performance to exceed over a rolling 12 months period.

The ACD has selected this target benchmark as the ACD believes it best reflects the target of returns above inflation over a rolling 12 months period.

1/3rd of the Investment Association ('IA') UK All Companies sector is a volatility measurement for the sub-fund by which to monitor the stability of its portfolio.

#### S&W Saltus Wealth Fund

UK CPI and Bank of England ('BoE') base rate are the targets set for the sub-fund's performance to exceed over a rolling 3 year period.

The ACD has selected these target benchmarks as the ACD believes they best reflect the target of returns above inflation over a rolling 3 year period.

2/3rd of the Investment Association UK All Companies sector is a volatility measurement for the sub-fund by which to monitor the stability of its portfolio.

## Further information (continued)

### Benchmarks (continued)

#### *S&W Saltus Global Equity Fund*

Shareholders may compare the performance of the sub-fund against the ARC Sterling Equity Risk PCI.

Comparison of the sub-fund's performance against this benchmark will give shareholders an indication of how the sub-fund is performing against an index based on the real performance numbers delivered to discretionary private clients by participating Investment Managers.

The benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

#### *S&W Saltus Fixed Income Fund and S&W Saltus Real Return Fund*

UK CPI and BoE base rate are the targets set for the sub-funds' performance to exceed over a rolling 3 year period.

The ACD has selected these target benchmarks as the ACD believes they best reflect the target of returns above inflation over a rolling 3 year period.

#### *S&W Saltus Income Fund*

Shareholders may compare the performance of the sub-fund against the IA UK Equity and Bond Income sector.

Comparison of the sub-fund's performance against this benchmark will give shareholders an indication of how the sub-fund is performing against other similar funds in this peer group sector. The ACD has selected this comparator benchmark as the ACD believes it best reflects the asset allocation of the sub-fund.

The benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

#### *Saltus Growth Assets Fund*

Shareholders may compare the performance of the sub-Fund against UK CPI +1%.

The ACD has selected this comparator benchmark as it reflects the absolute returns above inflation.

The benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

## Appointments

### ACD and Registered office

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

### Administrator and Registrar

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

### Directors of the ACD

Brian McLean  
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

Kevin Stopps - appointed 11 May 2021  
Paul Wyse

### Investment Manager

Saltus Partners LLP  
3700 Parkway  
Whiteley  
Fareham PO15 7AW  
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