Smith & Williamson

S&W Revera Fund

Annual Report

for the year ended 31 December 2021

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S&W Revera Fund
Report of the Authorised Corporate Director ('ACD')

Smith & Williamson Fund Administration Limited, as ACD, presents herewith the Annual Report for S&W Revera Fund for the year ended 31 December 2021.

S&W Revera Fund ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 12 August 2008. The Company is incorporated under registration number IC000692. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

The Company has been set up as an umbrella company. Provision exists for an unlimited number of sub-funds to be included within the umbrella and additional sub-funds may be established by the ACD with the agreement of the Depositary and the approval of the FCA. The sub-funds represent segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and shall not be available for any such purpose.

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

On 24 February 2022, Russian troops started invading Ukraine. In response, multiple jurisdictions have imposed economic sanctions on Russia and Belarus. In addition, a growing number of public and private companies have announced voluntary actions to curtail business activities with Russia and Belarus. As ACD we continue to monitor the events as they unfold. In particular, S&W Revera Fund does not have direct exposure to the Russian market.

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

The Company has no Directors other than the ACD.

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

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

Sub-funds

There is currently one sub-fund in the Company - S&W Revera UK Dynamic Fund.

Investment objective and policy - S&W Revera UK Dynamic Fund

The principal investment objective of the sub-fund is to achieve long term capital growth through investment in fully listed and AIM-quoted equities. Equities will be selected on the basis of their long term growth potential and strength of underlying cash flows. The Investment Manager will retain the flexibility to invest in investment grade fixed income securities when the outlook for equities is less positive.

The sub-fund may also invest in bonds, collective investment schemes, warrants, money market instruments, cash, deposits and other permitted investments. It is the ACD's intention that derivatives may be used only for hedging purposes using efficient portfolio management style techniques. The Fund may not invest in any immovable property or tangible movable property.

The sub-fund will be managed in a manner that maintains eligibility for the stocks and shares component of an individual savings account.

Report of the Authorised Corporate Director (continued)

Changes affecting the Company in the year

On 30 June 2021 the Net founder accumulation share class was closed and shareholders were converted to Net corporate accumulation shares.

Further information in relation to the Company is illustrated on page 40.

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the Annual Report on behalf of the ACD, Smith & Williamson Fund Administration Limited.

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

Statement of the Authorised Corporate Director's responsibilities

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

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds published by The Investment Association in May 2014 and amended in June 2017;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Company's information on the ACD's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COLL also requires the ACD to carry out an Assessment of Value on the sub-fund 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 and COLL.

Assessment of Value - S&W Revera UK Dynamic 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 the S&W Revera UK Dynamic 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 for the year ended 31 December 2021, using the seven criteria set by the FCA is set out below:

Criteria	Corporate share 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	●

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 action.
- ● On balance, the Board believes the sub-fund has not delivered value to shareholders and significant remedial action is now planned by the Board.

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

SWFAL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all the funds' Assessments of Value. Ultimately the assessments will be subject to scrutiny by the Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the Board prior to communicating to investors if the 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 sub-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 sub-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;

(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.

Assessment of Value - S&W Revera UK Dynamic Fund (continued)

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 investor 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 Depositary and various SWFAL delegated investment managers.

External Factors

The Board assessed the delegate's skills, processes, experience, level of breaches and complaints. Also considered were any results from service review meetings as well as the annual due diligence performed by SWFAL on the delegated Investment Manager, Revera Asset Management Limited, 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 depositary services, custodians, as well as services provided with regard to both audit and legal functions.

What was the outcome of the assessment?

Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on SWFAL during the year. In addition, SWFAL has performed its own independent analysis, using automated systems, of the 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 benefitted 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 its benchmark, was 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 Objective

The sub-fund seeks to achieve long term capital growth through investment in fully listed and AIM-quoted equities.

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 MSCI UK All Cap Index (Gross), 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 timescales can be found on the next page.

Assessment of Value - S&W Revera UK Dynamic Fund (continued)

2. Performance (continued)

Benchmark (continued)

Cumulative Returns to 30 November 2021

	1 Year	3 Years	5 Years	25/10/2013 to 30/11/2021
S&W Revera UK Dynamic Net corporate accumulation shares	8.81%	20.89%	31.64%	46.18%
MSCI UK All Cap Index (Gross)	17.80%	14.49%	27.55%	45.08%

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 has been calculated net of fees.

Past performance is not a guide to future performance.

What was the outcome of the assessment?

The Board assessed the performance of the sub-fund over its minimum recommended holding period of five years and observed that the sub-fund had performed ahead of its comparator benchmark, the MSCI UK All Cap Index (Gross), during that period.

Consideration was given to the risk metrics associated with the sub-fund which focused 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 is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months.

Were there any follow up actions?

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 reflected the services provided. This included investment management fees, annual management charge ('AMC'), Depositary/Custodian fees and audit fees.

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

What was the outcome of the assessment?

The Board received and considered information about each of the sub-fund's costs, and concluded that they were fair, reasonable and provided on a competitive basis.

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 to potential and existing investors should it increase or decrease in value.

What was the outcome of the assessment?

The AMC fee is a fixed percentage charge meaning there are no opportunities for savings going forward should the sub-fund grow in size.

The ancillary charges of the sub-fund represent 4 basis points[1]. Some of these costs are fixed and as the sub-fund grows in size it may result in a small reduction in the basis point cost of these services.

Were there any follow up actions?

There were no follow-up actions required.

5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges ('OCF') of the sub-fund, and how those charges affect the returns of the sub-fund.

The OCF of the sub-fund was compared against the 'market rate' of similar external funds.

[1] One basis point is equal to 1/100th of 1%, or 0.01%. Figure based on the interim report, 30 June 2021.

Assessment of Value - S&W Revera UK Dynamic Fund (continued)

5. Comparable Market Rates (continued)

What was the outcome of the assessment?
The OCF was 0.80%[2]. The OCF was found to be less expensive than 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 sub-fund's OCF with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?
The OCF was found to be less expensive than other SWFAL administered funds displaying similar characteristics.

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?
Following the closure of Net founder accumulation shares on 30 June 2021, there is only a single share class in the sub-fund, Net corporate accumulation shares, and therefore this part of the assessment does not apply.

Were there any follow up actions?
There were no follow-up actions required.

Overall Assessment of Value

The Board concluded that the S&W Revera UK Dynamic Fund had provided value to shareholders.

Dean Buckley
Chairman of the Board of Smith & Williamson Fund Administration Limited
9 March 2022

Consumer Feedback

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.

[2] Figures at interim report 30 June 2021.

Report of the Depositary to the shareholders of S&W Revera Fund

Depositary's responsibilities

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

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

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

The Depositary must ensure that:

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

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

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

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

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

NatWest Trustee and Depositary Services Limited
31 March 2022

Independent Auditor's report to the shareholders of S&W Revera Fund

Opinion

We have audited the financial statements of S&W Revera Fund (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements, including significant accounting policies and the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company at 31 December 2021 and of the net revenue and the net capital gains on the property of the Company for the year then ended; and
- have been properly prepared in accordance with the IA Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation.

Basis for Opinion

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

Conclusions Relating to Going Concern

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

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

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

Other Information

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

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Collective Investment Schemes Sourcebook

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

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

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

Responsibilities of the Authorised Corporate Director

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

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

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

Use of Our Report

This report is made solely to the Company’s shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes Sourcebook (‘the COLL Rules’) issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company’s shareholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

Accounting policies of S&W Revera Fund

for the year ended 31 December 2021

a Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments. They have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and in accordance with the Statement of Recommended Practice for UK Authorised Funds ('the SORP') published by The Investment Association in May 2014 and amended in June 2017.

The ACD has considered a detailed assessment of the 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-fund continues to be open for trading and the ACD is satisfied the sub-fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b Valuation of investments

The purchase and sale of investments are included up to close of business on 31 December 2021.

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

Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 31 December 2021 with reference to quoted bid prices from reliable external sources.

c Foreign exchange

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

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements.

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.

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

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

e Expenses

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

Bank interest paid is charged to revenue.

f Allocation of revenue and expenses to multiple share classes

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

g Taxation

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

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

Accounting policies of S&W Revera Fund (continued)

g Taxation (continued)

Deferred taxation is provided in full on timing differences that result in an obligation at 31 December 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.

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 levy

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

j Distribution policies

i Basis of distribution

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

ii Revenue

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

iii 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.

iv Equalisation

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

Investment Manager's report

Market review

It is something of an understatement to say the second half of 2021 did not play out entirely to script. The appreciation in share prices, at least some of which was attributable to rating expansion, had been indicating for a while that corporate earnings in the developed economies would show a strong recovery. However, investors hadn't budgeted for significant pressure on global supply chains, arising from a combination of shortages of key components and labour. This fed through to higher inflation and an expectation that central banks would be forced to raise interest rates in response. Finally, after several months during which the pandemic had exerted much less influence on the direction of financial markets, it returned to centre stage in the fourth quarter, as investors assessed the implications of the rapid spread of a new Covid-19 variant, named Omicron, on the global economy.

Twelve months ago, the US Federal Reserve's ('Fed') overriding objective was to contain the economic downside arising from the pandemic. Such has been the strength of the economic recovery that its mindset and messaging has evolved to managing inflation expectations and how best to effect the withdrawal of asset purchases and, ultimately, the transition to tighter monetary policy. Unlike many of its central bank peers, the Fed has a dual mandate encompassing both price stability and employment. At present, neither is exactly where it would want them to be. Jobs data, in terms of new hiring, has been encouraging and supports the view that the world's largest economy has responded positively to a combination of the Fed's highly accommodative monetary policy and an expansive Federal fiscal stance. The caveat is that there is an abundance of evidence that many businesses are struggling to fill vacancies, and helps explain why there is such concern that labour shortages will continue to act as a check on recovery. This is feeding through to higher wage rates as private sector firms drive up the price of labour. The view that the ending of furlough schemes would result in an increase in labour participation rates is not yet evident on the ground.

The flip side of strong growth has been a resurgence of inflation, with US readings hitting their highest level in 30 years (George Bush Senior for old school readers)[1]. Inflation has had more staying power than the Fed expected, adding substance to the fears that the world is entering a period where inflation becomes much harder to control. In addition to the issues over wage rates, persistent shortages of key components and increased shipping costs has led to significant price rises in a range of consumer goods, prices consumers appear willing to pay, given elevated savings rates. Former Bank of England Governor, Mark Carney, chipped in with a warning that if China maintained its 'zero Covid-19' policy, supply chain disruption and inflationary pressures were likely to persist[2]. Consensus thinking remains that inflationary pressures are temporary and will be resolved through increased supply and greater participation in the labour market, but perhaps with a lower level of conviction than earlier this year.

UK activity has proven to be more robust than initially feared, with businesses reconfiguring their operating models and households adapting behaviours in response to the pandemic. Unemployment did not reach the levels feared at the height of the pandemic, and the UK is experiencing similar upward pressure on wage rates, exacerbated by Brexit and Covid-19[3]. Like most developed world governments, the UK administration bowed to the necessity of higher public sector debt to support the more vulnerable areas of the economy during the pandemic and chancellor Rishi Sunak has limited room for manoeuvre. Higher National Insurance contributions from April 2022 are the first signs that Covid-19 may carry economic repercussions long after the medical emergency has passed. This, rising fuel bills and possibly higher borrowing costs represent a hurdle for UK consumers in 2022.

The Bank of England took the decision to start the process of raising interest rates in December[4], albeit most economists expect it to move slowly, with interest rates rising to perhaps 1.0% by the end of 2022. Much will depend on how the inflation scenario plays out.

We anticipate that 2021 will represent the peak of global growth for the current cycle and will be followed by lower, but still above trend, growth in 2022 and 2023 (trend growth is approximately 3.5%). Turning to individual equities, corporate capex appears to have generally held up and businesses appear well invested, allowing them to navigate the next leg of the recovery. Pricing power will be an important determinant of how businesses navigate the next 12-18 months. Hence, our portfolio is biased more towards companies which have a sustainable demand profile driven by the post pandemic trends, and less to those that will experience a bounce back in earnings because of lockdown easing but where 2022 comparatives may struggle.

[1] Consumer Price Index Summary - 2021 M12 Results (bls.gov).

[2] China's zero-Covid policy risks battering global economy, warns Mark Carney (telegraph.co.uk).

[3] Average weekly earnings in Great Britain - Office for National Statistics (ons.gov.uk).

[4] Bank Rate increased to 0.25% - December 2021 | Bank of England.

Investment Manager's report (continued)

Market review (continnued)

We are concerned by elevated multiples in a rising interest rate environment and a moderation of the admittedly unsustainable growth economic numbers being reported in 2021. We believe that the economic cycle has longer to run, principally because of reasonable consumer finances (despite the headwinds outlined above) and strong corporate balance sheets which will support hiring and investment. Accordingly, as long-term investors, we will remain focused on businesses which not only have attractive earnings profiles, but whose valuations are less vulnerable to rising interest rates.

Stocks[5]

We believe housebuilding will be a cornerstone of UK government policy to promote recovery. England has transitioned to the new Help to Buy scheme without any impact on reservation numbers. Long standing investment, Bellway, is well placed to benefit from solid, demographically-based, medium term demand for housing. Management anticipates a modest levelling out in selling prices and Bellway will remain a pure mid-market builder, ensuring that its products remain affordable and accessible to the average buyer when the Help to Buy support is eventually removed. It has already sold 80% of its projected volumes for the financial year to July 2022 and operating margins are expected to improve further, albeit they will still bear some of the ongoing burdens of supply chain inefficiencies and certain Covid-19 protocols. Over the longer term, Bellway has ambitions to materially increase the scale of its business, with an ultimate end-goal of delivering between 16,000 and 18,000 units per annum, compared with its current level of 10,000 units. We bought Crest Nicholson Holdings for its recovery potential which is now apparent in its results. Underlying margin progression appears to be on track and its balance sheet is materially stronger. For its financial year to October 2021 (yet to be reported at the time of writing), sales momentum has been strong and while there have been some input cost pressures, these are essentially netting off against realised house price inflation. Management believes that, after the process of normalisation of returns is complete, the next leg of the story will be one of volume growth, as Crest Nicholson Holdings operates in regions of the UK which desperately need an increase in the availability of new housing stock and, importantly, the government appears committed to planning reform.

Decorative paving business, Marshalls, is experiencing strong trading volumes helped by a healthy housing market and a customer demographic which, in financial terms, was left unscathed by the pandemic. We believe that current earnings projections do not reflect the strength of its forward orders, nor Marshalls' enhanced competitive position. A stronger than expected first half at brick manufacturer, Forterra, led to an upgrading of full year expectations, driven by the strong housing and construction market and a tightness in supply. Entering 2022, Forterra's volume growth may be subdued for a short period as new capacity comes on stream and some of its older, less efficient kilns are phased out. However, there will be tailwinds in the form of increased selling prices in 2022, which should see margins in bricks and block return to 2019 levels. With additional new capacity due to come on stream in 2023, there will be incremental underlying benefits to volumes and margins in the period 2023-25.

Retailer, Next, is currently experiencing a strong uplift in trading. Whilst this may not be sustained indefinitely, we believe one of Next's key strengths is its multi-faceted retailing approach. This encompasses its own stores and online offering, and its Total Platform service (covering areas such as warehousing, distribution, call centre services) which is open to third parties requiring an online presence. We consider Total Platform to be a central tenet of the investment case and one which we believe the investment community has overlooked. Allied to a financial risk profile which is reducing through lower balance sheet gearing and flexibility around its property portfolio, we believe Next is well placed to deliver continued growth.

Hilton Food Group faced tough comparatives, courtesy of the pandemic induced rise in volumes in the UK and Ireland in 2020, but it continues to make further encouraging progress. Growth had more of an Antipodean slant to it, and Australia and New Zealand are likely to provide the momentum over the next 12 months. Coupled with developments in vegetarian products which helps balance Hilton Food Group's red meat exposure and Sous Vide convenience business, we expect Hilton Food Group to maintain its commendable track record of earnings and cash generation.

[5] All factual information is sourced from individual company reports.

Investment Manager's report (continued)

Stocks[5] (continued)

It is worth reiterating the investment case for Legal & General Group ('L&G'). Since the end of the financial crisis (circa 2011), L&G has prioritised cash generation with the intention of turning that cash into attractive dividend pay-outs. Arguably, it was very successful, achieving dividend growth of 13.5% per annum over that period. Management's belief at the time was to demonstrate the dividend paying potential over a sustained period and, ceteris paribus, the shares would be re-rated accordingly. Despite the dividend track record, investors have continued to question the sustainability of the dividend. Management thinking has shifted, and L&G now accepts that investors place greater store in dividend security than dividend growth. Hence, L&G has reset its dividend growth aspirations for the next five years, which will now be low single digit. This will allow earnings cover to rebuild and capital to accumulate to underwrite growth in the Pensions Risk Transfer market. Given the shares' current yield, we believe there is considerable scope for re-rating. It is fair to say we were somewhat non plussed by the Abrdn, formerly Aberdeen Standard Life, strategy update and the investment is under review. In what was a difficult environment for retail and small business lending, Lloyds Banking Group's ('LBG') interims demonstrated the high-quality lending growth in the mortgage market and the strength of its balance sheet – the capital position remains very strong and stands at a level which leaves ample room for a return of capital, even allowing for regulatory headwinds and a prudent buffer. There is a significant opportunity in LBG's recent acquisition of the Embark platform, a direct to consumer and IFA platform which provides a suite of savings wrappers like SIPPs, ISAs and GIAs and has £35 billion of assets under administration. Short term momentum is positive and there is little valuation risk.

Hargreaves Lansdown's ('HL') share price has lagged the recovery in equity markets, despite its most recent results showing record new business inflows and increased trading activity in equities. The latter in particular has been viewed with suspicion as not being a sustainable source of medium-term profit growth, a concern that we wouldn't necessarily take issue with. We believe it is more important to recognise that HL has been going through a period of margin investment for the last three years. Post Covid-19, we believe there will be an acceleration of the key trends which were already shaping the savings market dynamics - increasing saving rates and greater adopting of digital solutions (hence the higher level of investment). With a lowering of the average customer age, the total lifetime value of the relationship is likely to be more than it has been historically. We do not believe this is captured in HL's rating.

Asset manager, Ashmore Group, which is predominantly exposed to Far Eastern debt markets has experienced a greater rate of fee margin attrition than we originally expected. This has undermined the growth that we have seen in the business and there is no evidence that this process is complete. If medium term inflation expectations pick up, this will pressurise bond yields, making it commensurately more difficult for Ashmore Group to attract new clients. We intend to exit the position.

Diageo's trading performance showed a strong sequential improvement in all regions compared to the first half of 2020 - North America, in particular, surpassed expectations. The pace of recovery is likely to be uneven, determined by the re-opening of hospitality and the level of disruption to international travel. Evidence to date supports our belief that businesses which have the marketing muscle to support their brands through the pandemic will emerge in a much stronger competitive position. Although not cheaply rated, and dealing with some ongoing Covid-19 challenges, we still believe Diageo can deliver sustainable long-term earnings growth.

Recruitment business, Hays, outlined expansion plans that are predominantly based on organic growth, backed by a highly cash generative business model. There are market opportunities in the form of structural changes in the German market and technology recruitment, in addition to the cyclical economic rebound. Hays offers high operational leverage with limited financial gearing and remains an attractive way of participating in the global economic growth in 2022. Any surplus capital will be returned to shareholders via special dividends.

GlaxoSmithKline remains on track to separate its business into its consumer products and pharmaceutical segments, the theory being that investors will place a higher value on the separate units than the combined entity. We believe that a lower dividend stream from the separate units is already priced in. On a medium-term view, the recent investment in pharma areas should start to deliver significant growth. Medica Group is recovering after lockdowns in 2020 led to a collapse in elective routine medical screens. Halting all non-urgent investigations and surgeries was one part of the NHS's attempt to control Covid-19 infection rates. However, the outlook into 2022 is much stronger as elective volumes have gradually improved as society has opened up, and the NHS has a funding settlement that will allow for accelerated treatment plans to address its backlog. Strategically, the level of interdependence between Medica Group and the NHS is likely to increase, strengthening Medica Group's competitive position over the medium term.

[5] All factual information is sourced from individual company reports.

Investment Manager's report (continued)

Stocks[5] (continued)

The current business environment offers more durable prospects in many of its end markets for test and measurement business, Spectris, whose products play an important role in sectors which are rapidly transforming. These include pharmaceuticals and cover areas such as vaccine development and onshoring research as customers look to increase supply chain robustness; the automotive industry through the wider adoption and commercialisation of electric vehicles; energy (renewables, the hydrogen economy) and mining (materials analysis). These diverse end markets, all of which face challenges to which Spectris can provide solutions, mean it should be able to continue growing as the current cycle matures. In addition, with a cash rich balance sheet, management is looking to augment growth through judicious use of mergers and acquisitions. Telephone network testing business, Spirent, continues to benefit both from increased investment in 5G infrastructure and the need for greater testing rigour, giving the step up in network complexity when compared to 4G. The outlook for 5G appears robust, with industry forecasts implying healthy growth in subscribers until 2025, and a commensurate increase in infrastructure spending. The 5G technology cycle looks set to run for much longer than originally anticipated, with the key change from previous cycles being that China is now a serious consumer of technology hardware and services. Oxford Instruments' ('Oxford') end markets continued to exhibit the robust underlying demand patterns which characterised the second half of 2020. Oxford addresses a range of uncorrelated and diverse end markets, including performance and energy consumption of electronic components using advanced material such as gallium arsenide, drug discovery, vehicle electrification, quantum computing and its order book provided evidence that spending looks set to grow in these areas. Importantly, funding from government agencies for research remained in place, and commercial customers face the same - if not greater - pressures to innovate and maintain their competitive edge.

Bodycote, which provides specialist metal heat treatment services, enjoyed a strong rebound in earnings as the global economy recovered. Further, it benefitted from previously instigated efficiency and restructuring measures. Whilst we are mindful of issues around component shortages constraining automotive production in particular, we believe Bodycote's exposure to growth in electric vehicle production in Europe and the Far East, its general industrial exposure (in particular as more customers look to outsource their heat treatment requirements to reduce emissions) and the likelihood of a recovery in aerospace volumes throughout 2022, will lead to strong earnings and margin progression. Gooch & Housego ('Gooch') continues to experience positive and sustained growth in industrial lasers and semiconductors as the global economy recovers, led by Asian markets, with Europe and the US sparking into life later in the year. The business has benefitted from China's desire to develop both an indigenous semiconductor manufacturing capability and a domestic life sciences sector. Gooch's manufacturing streamlining programme is largely complete, reducing the number of sites from 12 to 9, with the cost savings set to feed through into 2022 results. As the world looks to move beyond Covid-19, the end markets which Gooch addresses are likely to see increased spending through a combination of commercial innovation or government inspired infrastructure upgrades.

Defence technology business, QinetiQ Group, had a more difficult second half of 2021, stemming principally from a contract which has turned sour. Management maintain that it is a specific contract issue and carries no adverse implications for the rest of the business. We are awaiting further updates on the contract resolution before deciding whether to remain invested.

Although Sage Group's results to the end of September were fairly pedestrian, the outlook statement turned out to be much stronger than expected on several fronts. The first was the signal that the phase of investment in both the product suite, and sales and marketing was complete, and therefore Sage's operating margins should start to improve. Secondly, the roadmap as to how Sage Group would grow its top line was much more detailed and covered new products to address a broader range of business processes or provide customers with greater insights from their data. Thirdly, we consider Sage Group to be a business with a high degree of pricing power but which, recently, has chosen not to exercise that power. This looks set to change, adding to Sage's attractions in a more inflationary world.

Royal Dutch Shell 'B' ('RDS') remains shunned by a swathe of investors because of its fossil fuel activities. However, we believe there is a positive investment case. Firstly, the oil industry is either spending less on new fields or trying to recover oil from more technically challenging or hostile locations. As the global economy recovers, supply constraints will push oil prices higher. Despite the greening of the world, oil will continue to feature as a key enabler of global transport/energy for the foreseeable future. Secondly, RDS also recognises that it needs to change, and oil will form one component of a balanced energy portfolio and is deploying its considerable cashflows to build up a portfolio of renewable energy sources. We believe that at some point investors will recognise the changes in RDS earnings profile.

[5] All factual information is sourced from individual company reports.

Investment Manager's report (continued)

Stocks[5] (continued)

Rio Tinto's ('Rio') interim results showed a very strong earnings performance accompanied by a much higher than expected return of capital to investors, however it elicited a muted investor response. The shares were weak on fears of a slowdown in China and the knock-on impact on the iron ore price. We would expect some retrenchment in commodity prices but if the world is serious about greening it will require considerably more steel - for example if the use of hydrogen becomes mainstream. Therefore, the need for high quality iron ore will intensify over the next decade, and any current setbacks are blips rather than structural reverses. Rio's strong balance sheet endows it with enormous flexibility in terms of organic capital investment, returning surplus cash to investors or being able to acquire distressed players at advantageous prices.

Investment activities

The majority of trading activity occurred in the first half of the year and was covered in the interim report to 30 June 2021. The one exception was the initiation of a new investment in Whitbread in November, the intention being to build up to a full weighting in early 2022. Whitbread's attractions are threefold - its dominant position in the UK budget hotel sector through the Premier Inn brand; the growth opportunity from building out the Premier Inn concept in Germany; and the strength of its balance sheet which endows it with the financial flexibility to ride out lockdowns.

Risks

In our interim report, we were inclined to the view that inflation would prove transitory. It is fair to say the debate has moved on since then. Policy makers now accept that inflation will be a feature for longer. In an ideal world central banks would only alter policy settings when the real economy has healed but, thanks to rising inflation, central banks don't have that luxury. Hence, we now believe the risk of a policy error is commensurately higher and could occur in one of two ways. Firstly, through moving to higher rates just as component and labour shortages are correcting. History tells us that supply bottlenecks will ease through increased production, and shipping congestion will eventually clear. Such a move on rates would clearly stifle demand just at the wrong moment. Alternatively, if central banks maintain a stance which is too accommodating, an inflationary spiral may develop. For this to happen workers would need to incorporate higher inflation into their wage demands. The latter point was made recently by Fed staffer, Jeremy Rudd. He stated that there is neither theoretical nor empirical support for the idea that expectations influence inflation, instead arguing that when inflation crosses a certain threshold it becomes a key element in wage negotiations[6]. This helps to explain some of the wage-price spirals of the 1970s - the other significant contributory factor was undoubtedly the power of organised labour. For inflation to gain traction, we would argue that the labour market will have to overheat for an extended period. Much will depend on whether higher prices spark a wage/price spiral at which point central banks would be compelled to tighten policy much more aggressively. The waters are further muddied by elevated levels of government debt and the extent to which consumer confidence requires a stable housing market, which we believe constrains central banks' appetite and ability to push interest rates materially higher.

There was a time when financial markets were spooked by the prospect of either Ed Miliband or Jeremy Corbyn gaining access to the Bank of England's printing presses. With the ballooning of the UK government deficit to support the economy during the pandemic, corporate taxes are set to rise, to be followed next April by higher National Insurance (NI) contributions from the majority of the working population. Financial markets and most taxpayers knew this was inevitable, hence the somewhat resigned reaction. The UK government justified the NI increase on the grounds of funding being required to meet higher social care costs. As there is no social care plan in place this essentially obfuscates an electorally unpalatable tax hike. Despite the Chancellor's protests, this parliament's legacy is likely to be a move towards higher levels of taxation across the UK economy. Further, the rising cost of energy in the UK will eat into most households' discretionary income, once energy price caps are removed, albeit there are suggestions the government may introduce measures to alleviate at least some of this. At present investors are taking a relatively benign view of what is potentially a sharp drag on consumer spending from the second quarter of 2022 onwards.

The combination of shifting consumer preferences, regulatory measures and investor lobbying is driving governments and the corporate world down the road to decarbonise, with the goal of net zero emissions by 2050. There is no escaping the conclusion that both public (for example, the US infrastructure bill) and private sectors will invest heavily in green initiatives well into our forecast horizon. We recognise this will involve capital destruction in brown energy sectors such as oil, albeit this is tempered by the recognition that the global demand for oil is likely to match or exceed supply for a long period, given resource depletion and diminished new investment.

[5] All factual information is sourced from individual company reports.

[6] Why Do We Think That Inflation Expectations Matter for Inflation? (And Should We?) (federalreserve.gov)

Investment Manager's report (continued)

Risks (continued)

Politically, there is a lack of honesty or transparency as to the costs involved and who will ultimately bear them, which may result in often contradictory policies being pursued. Even if the direction is slightly unclear, we subscribe to the view that the world will move from brown to green. Under this scenario, we believe that miners have a key structural role to play in this energy transition, hence our investments in Rio Tinto and Anglo American. If the world is serious about greening it will require considerably more steel (higher demand for high quality iron ore) - for example if the use of hydrogen becomes a mainstream source of energy.

The emergence of the Omicron Covid-19 variant creates new uncertainties for central banks. Economies are arguably better placed to cope with new restrictions, having adapted and subsequently refined those early responses to find ways of maintaining activity in the face of high case rates and restrictions. Reimposing full ‘work from home’ lockdowns and restricting access to retail and hospitality venues would be difficult unless accompanied by the reintroduction of fiscal support, an approach for which the political will has undoubtedly diminished.

Investment strategy and outlook

The route back to economic normalisation has been strewn with more obstacles than we envisaged at the time of our Interim Report. In particular, the spectre of an inflationary spiral returning economies to the stagflation environment of the 1970s is exercising investors’ minds. Further, the risk of a miscalculation by central banks remains elevated, adding a further element of uncertainty. Covid-19 related disruptions remain a threat albeit we would argue this is at a diminished level.

Whilst these factors complicate the investment backdrop, we continue to believe that the current cycle has some way to run. This is reflected in the portfolio positioning and our continuing bias to businesses whose market positions which endow them with pricing power, and which are well financed, allowing them to ride out any bouts of turbulence.

Revera Asset Management Limited
25 January 2022

Portfolio changes

for the year ended 31 December 2021

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

Purchases:	Cost £
Bodycote	6,148,226
Anglo American	5,944,667
Sage Group	5,832,462
Hays	5,324,462
Gooch & Housego	4,784,936
Hargreaves Lansdown	2,418,205
GlaxoSmithKline	1,771,972
Whitbread	1,470,487
Spirent Communications	1,452,449
Forterra	1,339,323
Rio Tinto	997,251
John Wood Group	903,846
Crest Nicholson Holdings	854,534
Marshalls	772,209
QinetiQ Group	620,113
Ashmore Group	485,198
Hilton Food Group	197,597

Sales:	Proceeds £
Johnson Matthey	5,451,492
John Wood Group	5,450,064
Smiths Group	4,650,309
Bodycote	2,964,841
Next	1,537,683
Oxford Instruments	516,723

Portfolio statement

as at 31 December 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - United Kingdom 94.40% (92.38%)			
Energy 4.08% (8.93%)			
Royal Dutch Shell 'B'	380,000	6,165,120	4.08
Materials 14.86% (15.11%)			
Anglo American	200,000	6,032,000	3.99
Forterra	1,900,000	5,244,000	3.47
Marshalls	766,274	5,306,447	3.51
Rio Tinto	120,000	5,870,400	3.89
		22,452,847	14.86
Industrials 8.98% (7.91%)			
Bodycote	471,550	4,081,265	2.70
Hays	3,400,000	4,967,400	3.29
QinetiQ Group	1,700,000	4,522,000	2.99
		13,570,665	8.98
Consumer Discretionary 12.92% (13.69%)			
Bellway	180,000	6,004,800	3.97
Crest Nicholson Holdings	1,700,000	6,324,000	4.18
Next	70,000	5,705,000	3.78
Whitbread	50,000	1,497,000	0.99
		19,530,800	12.92
Consumer Staples 7.77% (7.93%)			
Diageo	165,000	6,659,400	4.41
Hilton Food Group	445,954	5,083,876	3.36
		11,743,276	7.77
Health Care 8.20% (6.71%)			
GlaxoSmithKline	400,000	6,426,400	4.25
Medica Group	3,700,000	5,975,500	3.95
		12,401,900	8.20
Financials 17.13% (19.70%)			
Abrdn	1,600,000	3,852,800	2.55
Ashmore Group	1,100,000	3,201,000	2.12
Hargreaves Lansdown	420,000	5,691,000	3.77
Legal & General Group	1,970,000	5,856,810	3.88
Lloyds Banking Group	15,200,000	7,265,600	4.81
		25,867,210	17.13

Portfolio statement (continued)

as at 31 December 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - United Kingdom (continued)			
Information Technology 20.46% (12.40%)			
Gooch & Housego	380,000	4,370,000	2.89
Oxford Instruments	267,500	7,035,250	4.66
Sage Group	850,000	7,247,100	4.80
Spectris	169,000	6,182,020	4.09
Spirent Communications	2,200,000	6,072,000	4.02
		30,906,370	20.46
Total equities - United Kingdom		142,638,188	94.40
Portfolio of investments		142,638,188	94.40
Other net assets		8,455,023	5.60
Total net assets		151,093,211	100.00

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

The comparative figures in brackets are as at 31 December 2020.

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

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

Risk and reward profile

The risk and reward indicator table demonstrates where the sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the sub-fund. The shaded area in the table below shows the sub-fund's ranking on the risk and reward indicator.

Typically lower rewards, lower risk					Typically higher rewards, higher risk	
1	2	3	4	5	**6**	7

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

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

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

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.

	Net founder accumulation shares			Net corporate accumulation shares		
	2021	2020	2019	2021	2020	2019
	p	p	p	p	p	p
Change in net assets per share						
Opening net asset value per share	204.13	231.70	174.37	209.53	236.63	177.17
Return before operating charges	19.51	(25.09)	59.95	25.83	(25.55)	61.09
Operating charges	(1.39)	(2.48)	(2.62)	(1.78)	(1.55)	(1.63)
Return after operating charges *	18.12	(27.57)	57.33	24.05	(27.10)	59.46
Distributions^	-	(1.69)	(4.06)	(5.58)	(2.71)	(5.20)
Retained distributions on accumulation shares^	-	1.69	4.06	5.58	2.71	5.20
Closing net asset value per share	222.25**	204.13	231.70	233.58	209.53	236.63
* after direct transaction costs of:	0.29	0.43	0.57	0.33	0.43	0.59
Performance						
Return after charges	8.88%	(11.90%)	32.88%	11.48%	(11.45%)	33.56%
Other information						
Closing net asset value (£)	-	16,734,266	19,035,339	151,093,211	102,826,242	106,577,309
Closing number of shares	-	8,197,919	8,215,523	64,686,217	49,074,285	45,040,034
Operating charges^^	-	1.30%	1.30%	0.79%	0.80%	0.80%
Direct transaction costs	-	0.22%	0.29%	0.15%	0.22%	0.29%
Published prices						
Highest share price (p)	229.7	233.8	233.5	242.8	238.8	238.5
Lowest share price (p)	204.8	148.6	173.4	210.3	151.9	176.2

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share classes may incur in a year as it is calculated on historical data.

** Up to the point of closure on 30 June 2021. All shareholders in the Net founder accumulation shares were converted to Net corporate accumulation shares on 30 June 2021.

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

Comparative table (continued)

	Net retail accumulation shares	
	2020	2019
	p	p
Change in net assets per share		
Opening net asset value per share	225.28	169.94
Return before operating charges	(5.69)	58.36
Operating charges	(0.29)	(3.02)
Return after operating charges*	(5.98)	55.34
Distributions^	-	(3.48)
Retained distributions on accumulation shares^	-	3.48
Closing net asset value per share	219.30**	225.28
* after direct transaction costs of:	-	0.56
Performance		
Return after charges	-	32.56%
Other information		
Closing net asset value (£)	-	2,016,066
Closing number of shares	-	894,928
Operating charges^^	-	1.55%
Direct transaction costs	-	0.29%
Published prices		
Highest share price (p)	227.3	227.0
Lowest share price (p)	219.2	169.0

** Up to the point of closure on 30 January 2020. All shareholders in the Net retail accumulation shares were converted to Net founder accumulation shares on 30 January 2020.

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure ('OCF'). The OCF consists principally of the ACD's periodic charge and the Investment Manager's fee which are included in the annual management charge, but also includes the costs for other services paid. It is indicative of the charges which the share classes may incur in a year as it is calculated on historical data.

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

Financial statements - S&W Revera UK Dynamic Fund

Statement of total return
for the year ended 31 December 2021

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		11,432,853		(15,912,056)
Revenue	3	4,697,006		2,383,326	
Expenses	4	(1,167,426)		(945,284)	
Net revenue before taxation		3,529,580		1,438,042	
Taxation	5	-		-	
Net revenue after taxation			3,529,580		1,438,042
Total return before distributions			14,962,433		(14,474,014)
Distributions	6		(3,529,347)		(1,438,296)
Change in net assets attributable to shareholders from investment activities			11,433,086		(15,912,310)

Statement of change in net assets attributable to shareholders
for the year ended 31 December 2021

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		119,560,508		127,628,714
Amounts receivable on issue of shares	23,100,576		13,956,491	
Amounts payable on cancellation of shares	(6,682,332)		(7,581,978)	
		16,418,244		6,374,513
Dilution levy		77,710		33,711
Change in net assets attributable to shareholders from investment activities		11,433,086		(15,912,310)
Retained distributions on accumulation shares		3,603,663		1,435,880
Closing net assets attributable to shareholders		151,093,211		119,560,508

Balance sheet
as at 31 December 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		142,638,188	110,454,948
Current assets:			
Debtors	7	322,778	222,694
Cash and bank balances	8	8,152,201	9,074,829
Total assets		151,113,167	119,752,471
Liabilities:			
Creditors:			
Other creditors	9	(19,956)	(191,963)
Total liabilities		(19,956)	(191,963)
Net assets attributable to shareholders		151,093,211	119,560,508

Notes to the financial statements
for the year ended 31 December 2021

1. Accounting policies
The accounting policies are disclosed on pages 13 and 14.

2. Net capital gains / (losses)

	2021	2020
	£	£
Non-derivative securities - realised gains / (losses)	2,860,581	(953,407)
Non-derivative securities - movement in unrealised gains / (losses)	8,575,834	(14,975,735)
Capital special dividend	-	21,320
Transaction charges	(3,562)	(4,234)
Total net capital gains / (losses)	11,432,853	(15,912,056)

3. Revenue

	2021	2020
	£	£
UK revenue	4,696,860	2,375,132
Bank and deposit interest	146	8,194
Total revenue	4,697,006	2,383,326

4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
Annual management charge	1,109,382	896,941
Payable to the Depositary		
Depositary fees	41,690	33,503
Other expenses:		
Audit fee	6,325	5,442
Non-executive directors' fees	1,150	622
Safe custody fees	4,402	2,764
FCA fee	1,552	1,561
KIID production fee	1,142	1,142
Listing fee	1,783	3,309
	16,354	14,840
Total expenses	1,167,426	945,284

5. Taxation

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

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	3,529,580	1,438,042
Corporation tax @ 20%	705,916	287,608
Effects of:		
UK revenue	(939,372)	(475,026)
Excess management expenses	233,456	187,418
Total taxation (note 5a)	-	-

Notes to the financial statements (continued)
for the year ended 31 December 2021

5. Taxation (continued)
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 £1,595,503 (2020: £1,362,047).

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

	2021	2020
	£	£
Interim accumulation distribution	1,422,444	727,913
Final accumulation distribution	2,181,219	707,967
	3,603,663	1,435,880
Equalisation:		
Amounts deducted on cancellation of shares	44,204	25,754
Amounts added on issue of shares	(76,775)	(23,338)
Net equalisation on conversions	(41,745)	-
Total net distributions	3,529,347	1,438,296

Reconciliation between net revenue and distributions:

Net revenue after taxation per Statement of total return	3,529,580	1,438,042
Undistributed revenue brought forward	95	349
Undistributed revenue carried forward	(328)	(95)
Distributions	3,529,347	1,438,296

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

7. Debtors

	2021	2020
	£	£
Amounts receivable on issue of shares	86,142	44,960
Accrued revenue	236,270	177,300
Prepaid expenses	366	434
Total debtors	322,778	222,694

8. Cash and bank balances

	2021	2020
	£	£
Total cash and bank balances	8,152,201	9,074,829

9. Other creditors

	2021	2020
	£	£
Amounts payable on cancellation of shares	9,514	102,820
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	-	81,006

Notes to the financial statements (continued)
for the year ended 31 December 2021

9. Other creditors (continued)

	2021 £	2020 £
Other expenses:		
Safe custody fees	746	460
Audit fee	6,325	6,300
Non-executive directors' fees	623	408
Publication fee	-	939
Listing fee	2,722	-
Transaction charges	26	30
	10,442	8,137
Total accrued expenses	10,442	89,143
Total other creditors	19,956	191,963

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:

	Net Founder accumulation shares
Opening shares in issue	8,197,919
Total shares issued in the year	30,409
Total shares cancelled in the year	(527,745)
Total shares converted in the year	(7,700,583)
Closing shares in issue	-

	Net Corporate accumulation shares
Opening shares in issue	49,074,285
Total shares issued in the year	10,552,519
Total shares cancelled in the year	(2,424,069)
Total shares converted in the year	7,483,482
Closing shares in issue	64,686,217

For the year ended 31 December 2021, the annual management charge is as follows:

Net corporate accumulation shares: 0.75%

The annual management charge of the Net founder accumulation shares was 1.25% up until the closure date 30 June 2021.

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

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

On the winding up of a 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 31 December 2021

13. Events after the balance sheet date

Subsequent to the year end, the net corporate accumulation share has decreased from 233.6p to 220.7p as at 29 March 2022. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
2021	£	£	%	£	%	£
Equities	41,110,404	25,747	0.06%	181,786	0.44%	41,317,937
Total	41,110,404	25,747	0.06%	181,786	0.44%	41,317,937

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
2020	£	£	%	£	%	£
Equities	40,755,440	24,702	0.06%	203,603	0.50%	40,983,745
Total	40,755,440	24,702	0.06%	203,603	0.50%	40,983,745

	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
2021	£	£	%	£	%	£
Equities	20,582,776	(11,651)	0.06%	(13)	0.00%	20,571,112
Total	20,582,776	(11,651)	0.06%	(13)	0.00%	20,571,112

	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
2020	£	£	%	£	%	£
Equities	21,122,770	(13,742)	0.07%	(35)	0.00%	21,108,993
Total	21,122,770	(13,742)	0.07%	(35)	0.00%	21,108,993

Capital events amount of £nil (2020: £9,795,049) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

Notes to the financial statements (continued)
for the year ended 31 December 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	37,398	0.03%
Taxes	181,799	0.12%

2020	£	% of average net asset value
Commission	38,444	0.03%
Taxes	203,638	0.19%

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 0.45% (2020: 0.33%).

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 is equities which are disclosed in the Portfolio statement.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the 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 31 December 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 £7,131,909 (2020: £5,522,747).

Notes to the financial statements (continued)
for the year ended 31 December 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.

(iii) Interest rate risk

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

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

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. In the event of a change in interest rates, there would be no material impact upon the net assets of the sub-fund. The sub-fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules. Derivative contracts are not used to hedge against the exposure to interest rate risk. There is no exposure to interest bearing securities at the balance sheet date.

b Credit risk

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

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

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

c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the sub-fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

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

To reduce liquidity risk the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the sub-fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the sub-fund.

Notes to the financial statements (continued)
for the year ended 31 December 2021

15. Risk management policies (continued)

c Liquidity risk (continued)

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the sub-fund to meet large redemptions, 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 2021 £	Investment liabilities 2021 £
Quoted prices	142,638,188	-
Observable market data	-	-
Unobservable data	-	-
	142,638,188	-

Basis of valuation	Investment assets 2020 £	Investment liabilities 2020 £
Quoted prices	110,454,948	-
Observable market data	-	-
Unobservable data	-	-
	110,454,948	-

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 31 December 2021

15. Risk management policies (continued)

f Derivatives (continued)

(i) Counterparties

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

The sub-fund may transact in derivative contracts which potentially exposes the sub-fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

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

(ii) Leverage

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

There have been no leveraging arrangements in the year.

(iii) Global exposure

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

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

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 December 2021

Distributions on Net founder accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.08.21*	group 1	interim	-	-	-	0.887
31.08.21*	group 2	interim	-	-	-	0.887
30.04.22*	group 1	final	-	-	-	0.806
30.04.22*	group 2	final	-	-	-	0.806

Distributions on Net corporate accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.08.21	group 1	interim	2.210	-	2.210	1.403
31.08.21	group 2	interim	1.699	0.511	2.210	1.403
30.04.22	group 1	final	3.372	-	3.372	1.308
30.04.22	group 2	final	1.177	2.195	3.372	1.308

Equalisation

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

Accumulation distributions

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

Interim distributions:

Group 1 Shares purchased before 1 January 2021
Group 2 Shares purchased 1 January 2021 to 30 June 2021

Final distributions:

Group 1 Shares purchased before 1 July 2021
Group 2 Shares purchased 1 July 2021 to 31 December 2021

* All shareholders in the Net founder accumulation shares were converted to Net corporate accumulation shares on 30 June 2021.

Remuneration

Remuneration code disclosure

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

Remuneration committee

The remuneration committee report contained in the Smith & Williamson Report and Financial Statements for the period ended 31 December 2020 includes details on the remuneration policy. The remuneration committee comprises four non-executive directors[1] and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met eleven times during 2020-21[2].

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices
- to foster and support conduct and behaviours which are in line with our culture and values
- to maintain a sound risk management framework
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking
- to comply with all relevant regulatory requirements
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a "balanced scorecard" approach to variable remuneration non-financial criteria including, but not limited to, compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

Remuneration systems

The committee reviews all partners and directors fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a deferred option plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 30 April 2021. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

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

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

Remuneration (continued)

Aggregate quantitative information

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

Smith & Williamson reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Smith & Williamson group. It is difficult to apportion remuneration for these individuals in respect of their duties to SWFAL. For this reason, the aggregate total remuneration awarded for the financial year 2020-21 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for SWFAL	Financial Year ending 30 April 2021				
		Variable			
	Fixed £'000	Cash £'000	Equity £'000	Total £'000	No. MRTs
Senior Management	2,222	1,302	104	3,628	10
Other MRTs	1,448	523	34	2,005	9
Total	3,670	1,825	138	5,633	19

Note
For Tilney individuals', salaries have been included for the period 1 September 2020 to 30 April 2021.
For Tilney individuals', bonuses have been included for the period 1 September 2020 to 31 December 2020.

Investment Manager

The ACD delegates the management of the Company's portfolio of assets to Revera Asset Management Limited and pays to Revera Asset Management Limited, out of the ACD's annual management charge, a monthly fee calculated on the total value of the portfolio of investments at the month end. Revera Asset Management Limited are compliant with the Capital Requirements Directive regarding remuneration and therefore Revera Asset Management Limited staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates

Where net revenue is available it will be allocated semi-annually on the 30 April (final) and 31 August (interim). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 January	final
	1 July	interim
Reporting dates:	31 December	annual
	30 June	interim

Buying and selling shares - S&W Revera UK Dynamic Fund

The property of the sub-fund is valued at 12 noon 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 the Depositary, and prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

The ACD may impose a charge on the sale of shares to investors which is based on the amount invested by the prospective investor. There is currently no preliminary charge applied to Corporate accumulation shares.

Share class	Minimum initial investment	Minimum subsequent investment	Minimum holding
Net corporate accumulation shares	£5,000,000	£25,000	£5,000,000

The preliminary charge, minimum initial investment, minimum subsequent investment and minimum holding may be waived in part or in full at the discretion of the ACD.

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

Benchmark

Shareholders may compare the performance of the sub-fund against the MSCI UK All Cap Index (Gross). The ACD has selected this comparator benchmark as it believes this benchmark best reflects the sub-fund's asset allocation.

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: 0207 131 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

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

Non-Executive Directors of the ACD
Paul Wyse
Kevin Stopps - resigned 1 October 2021

Investment Manager
Revera Asset Management Limited
8 Rutland Square
Edinburgh EH1 2AS
Authorised and regulated by the Financial Conduct Authority

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

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