

**CHARITY VALUE AND INCOME FUND**

**Interim Report and Accounts**

**as at 30 June 2011**

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# Charity Value And Income Fund

## Interim Report and Accounts for the six months ended 30 June 2011 (unaudited)

### Manager's report

Smith & Williamson Fund Administration Limited ("the Manager") presents herewith the interim long report ("the Report") for The Charity Value and Income Fund for the six months ended 30 June 2011.

Charity Value and Income Fund ("the Scheme" or "the Fund") is a Common Investment Fund established by a Scheme of the Charity Commission for England and Wales (the "Commission") dated 11 April 2007, made pursuant to the powers given to it by the Charities Act 1993, section 24. The registered charity number is 1119289. The Scheme is not an authorised unit trust within the meaning of the Financial Services and Markets Act 2000 ("FSMA"). The Scheme is operated by Smith & Williamson Fund Administration Limited ("the Manager") as an unregulated collective investment scheme in accordance with the Financial Services Authority ("the FSA") rules and customers investing in the Scheme may not therefore receive the full levels of protection available under FSMA.

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

The Trust Deed can be inspected at the Manager's office.

Copies of the Scheme Particulars are available free of charge from the Manager.

### Investment objective

The objective of the Fund is to achieve long-term capital and income growth through investment primarily in UK equities and convertible securities, with an above-average yield. The Fund may also from time to time invest in other securities, including UK government securities, other fixed interest securities and cash.

### Investment policy

The investments for the Fund will be made principally in UK companies listed on the London Stock Exchange, typically within the FTSE All Share Index or quoted on the Alternative Investment Market. As such, both income received from those investments and their capital valuation will be subject to fluctuation. However, the Investment Manager will endeavour to manage the portfolio in a way that leads to an increasing income year on year, and to invest in a portfolio whose volatility is not significantly different to that of the FTSE All Share Index. The Investment Manager's portfolios historically have tended to have volatility similar to that of the FTSE All Share Index.

### Changes in the period

There were no fundamental or significant changes to the Fund in the period.

Further information in relation to the Fund is illustrated on page 16.

In accordance with the requirements of COLL and the Trust Deed, we hereby approve the Report on behalf of Smith & Williamson Fund Administration Limited.

K. Stopps  
Directors  
Smith & Williamson Fund Administration Limited  
31 August 2011

G. Murphy

# Investment Adviser's report

## The Market

Investors have faced many challenges in the first half of 2011. First the floods in Australia, then the earthquakes in New Zealand and Japan. At the same time there were several uprisings in North Africa and the Middle East against totalitarian regimes. War began in Libya and is not yet resolved. Sovereign debt in Greece sank to junk bond status and the weaker countries in Euroland threatened the stability of the currency. Substantial assistance to Greece has again been necessary, from European nations and from the IMF. Economic growth worldwide has been weaker than expected six months ago. The price of oil has risen by 19% and food prices have risen sharply in response to poor harvests and growing populations.

Against these challenges world equity markets have been remarkably resilient. The FTSE World Index has risen by 0.4% for the sterling investor (3.6% in dollar terms). UK equities have risen slightly more, by 1.1%, measured by the FTSE All Share Index. Dividends on the Index have risen by 10% during the first half of this year and UK company reports have on the whole met expectations. Within the UK market there has been less divergence between the different indices than in the last few years; the Mid 250 and Small-cap Indices rose by 3.3% and 1.4% respectively. High yielding companies outperformed slightly with a rise of 2.5% in the FTSE High Yield Index.

## Portfolio

Our strategy for the portfolio continued to be defensive in sector and stock selection, reflecting uncertainties concerning the sustainability of the global recovery, the tensions in Europe and political challenges here in the UK. We have therefore underweighted the resource sectors of oils and mining and focused our holdings on companies with high percentages of overseas earnings exposed to the faster growing economies of the world. For those companies operating in the UK economy, we have concentrated on defensive business models in sustainable sectors, such as utilities, food retailing and soft drinks. We have retained a very low weighting in the banking sector, only holding HSBC Holdings.

In January we sold the holdings in HMV Group and Wincanton, which were both suffering from the effects of the bad weather in December and worsening trading backgrounds, and in February we sold the holding in Provident Financial in order to invest in Beazley, the specialist insurance underwriter. Forth Ports received a takeover bid from a private equity company and we sold the holding in the closing stages of the bid process. We sold National Grid in order to invest in John Wood Group.

We invested in seven new companies during the half year. In the industrial transport sector we bought UK Mail Group, which delivers mail, packets and parcels for business customers. We started an investment in Melrose, the engineering turnaround specialist company. We bought the recruitment company, Hays, partly financed by reducing the holding in Stthree. In leisure we invested in Cineworld Group, the leading cinema operator which is benefitting from the switch to digital technology. Late in the half year we bought new holdings in John Wood Group, the leading energy service company, and Inmarsat the satellite communications company.

## Investment performance

Over the half year as a whole the total return (including income) on the accumulation units was +4.4%\*, which compares with a total return on the FTSE All Share Index of 3.0%. Our large holdings in the industrial sectors continued to benefit performance, with significant rises in Croda (+17%), Halma (+15%) and Spectris (+21%). In support services Babcock rose by 25% and Interserve by 39%. These stocks contrasted with relative weakness in the consumer sectors such as Britvic(-16%), Marstons(-11%) and N Brown (-12%), though Go Ahead Group rose by 20%. Banks were generally weak and HSBC, our only holding in the banking sector, fell by 7%. Elsewhere in the financial sectors Legal and General was a strong feature with a rise of 21%.

\*Source: Smith & Williamson Fund Administration Ltd Bid to Bid Basis, net income reinvested.

## **Investment Adviser's report (continued)**

### **Investment strategy and outlook**

For 2011 as a whole we expect UK company dividends to rise by 15%; in the second half of the year the comparison with the same period of 2010 will benefit from the resumption of dividends earlier this year paid by BP. This will add to real growth of underlying dividends paid by companies. UK plc is very different from the UK economy, with more than half of profits arising from companies operating in overseas economies. In UK businesses many companies are finding opportunities for cost cutting or other 'self help' measures which are supporting the progress of profits. Growth in earnings from UK quoted companies this year is currently forecast at more than 15% and the implied price earnings ratio for 2011 is 10.5x compared to the long term average of 14x. We believe that the problems of sovereign debt, faltering economic growth, and the future of the euro are discounted in this rating of the UK market. With inflationary pressures continuing and very low gilt and cash yields, we expect that UK equities will again give the highest medium dated returns of the quoted asset classes, and give protection of the real value of capital and income.

### **Distribution**

Two quarterly distributions of 0.8p will be paid relating to the first half of 2011. These are the same as they were in 2010.

OLIM Limited  
11th July 2011

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

## Major purchases and sales (unaudited)

for the six months ended 30 June 2011

Purchases	Cost £	Sales	Proceeds £
BP	225,021	National Grid	155,730
Melrose	174,722	Provident Financial	117,399
Cineworld Group	149,135	Forth Ports	81,037
Beazley	139,114	BT Group	69,021
Inmarsat	130,432	Wincanton	44,401
Stobart Group	124,901	Spectris	39,520
John Wood Group	116,923	Sthree	37,534
HSBC Holdings	112,421	Stobart Group	34,081
Amlin	111,639	Amlin	24,550
United Utilities Group	111,279	HMV Group	21,538
Total purchases in the period	<u>2,655,061</u>	Total sales in the period	<u>624,810</u>

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

## Portfolio statement (unaudited)

as at 30 June 2011

	Holding	Market value £	% of total net assets
<b>Investment</b>			
<b>Equities 99.06% (98.18%)</b>			
<b>United Kingdom Equities 91.37% (93.99%)</b>			
<b>Banks 3.99% (3.78%)</b>			
HSBC Holdings	42,625	261,547	3.99
Total Banks		261,547	3.99
<b>Chemicals 1.55% (1.96%)</b>			
Croda International	5,400	101,520	1.55
Total Chemicals		101,520	1.55
<b>Financial Services 0.00% (2.35%)</b>			
<b>Food &amp; Beverage 7.78% (8.05%)</b>			
Dairy Crest Group	27,000	100,116	1.53
Britvic	43,500	170,477	2.60
Unilever	12,000	239,400	3.65
Total Food & Beverage		509,993	7.78
<b>Healthcare 4.17% (4.52%)</b>			
GlaxoSmithKline	20,650	273,406	4.17
Total Healthcare		273,406	4.17
<b>Industrial Goods &amp; Services 22.64% (21.93%)</b>			
Interserve	30,000	96,300	1.47
UK Mail Group	30,000	84,000	1.28
Spectris	18,000	284,580	4.34
Halma	41,000	169,043	2.58
Hays	50,000	51,100	0.78
Carillion	40,000	148,640	2.27
Babcock International Group	14,020	99,542	1.52
Stobart Group	100,000	143,000	2.18
Sthree	25,000	95,025	1.45
Smiths News	130,247	114,617	1.75
Melrose	55,000	197,560	3.02
Total Industrial Goods & Services		1,483,407	22.64
<b>Insurance 4.96% (3.79%)</b>			
Legal & General Group	150,000	175,500	2.68
Amlin	37,000	149,221	2.28
Total Insurance		324,721	4.96
<b>Media 2.34% (3.62%)</b>			
Reed Elsevier	27,499	153,582	2.34
Total Media		153,582	2.34

## Portfolio statement (continued)

as at 30 June 2011

	Holding	Market value £	% of total net assets
<b>Investment</b>			
<b>Mining 4.20% (4.58%)</b>			
BHP Billiton	4,500	109,125	1.67
Rio Tinto	3,762	165,772	2.53
Total Basic Resources		<u>274,897</u>	<u>4.20</u>
<b>Oil &amp; Gas 11.29% (8.63%)</b>			
BP	71,000	323,689	4.94
John Wood Group	19,000	121,600	1.86
Royal Dutch Shell 'B'	13,421	294,188	4.49
Total Oil & Gas		<u>739,477</u>	<u>11.29</u>
<b>Retail 5.95% (5.73%)</b>			
Tesco	52,000	206,154	3.15
N Brown Group	70,000	183,330	2.80
Total Retail		<u>389,484</u>	<u>5.95</u>
<b>Telecommunications 7.77% (7.75%)</b>			
BT Group	39,000	77,727	1.19
Inmarsat	22,000	120,670	1.84
Vodafone Group	189,625	310,795	4.74
Total Telecommunications		<u>509,192</u>	<u>7.77</u>
<b>Travel &amp; Leisure 9.28% (8.62%)</b>			
Go-Ahead Group	12,500	197,750	3.02
Restaurant Group	50,000	146,900	2.24
Cineworld Group	70,000	140,875	2.15
Marston's	120,000	122,520	1.87
Total Travel & Leisure		<u>608,045</u>	<u>9.28</u>
<b>Utilities 5.45% (8.68%)</b>			
Centrica	46,775	150,756	2.30
United Utilities Group	35,000	206,150	3.15
Total Utilities		<u>356,906</u>	<u>5.45</u>
Total United Kingdom Equities		<u>5,986,177</u>	<u>91.37</u>
<b>Europe Equities 7.69% (4.19%)</b>			
<b>Channel Islands 5.71% (4.19%)</b>			
Hansard Global	85,000	140,463	2.15
Informa	15,000	63,780	0.97
John Laing Infrastructure Fund	160,000	170,000	2.59
Total Channel Islands		<u>374,243</u>	<u>5.71</u>

## Portfolio statement (continued)

as at 30 June 2011

	Holding	Market value £	% of total net assets
<b>Investment</b>			
<b>Europe Equities (continued)</b>			
<b>Ireland 1.98% (0.00%)</b>			
Beazley	105,000	<u>129,255</u>	<u>1.98</u>
Total Ireland		<u>129,255</u>	<u>1.98</u>
Total Europe Equities		<u>503,498</u>	<u>7.69</u>
Total Equities		<u>6,489,675</u>	<u>99.06</u>
Total Portfolio of investments		6,489,675	99.06
Net current assets		61,753	0.94
<b>Total net assets</b>		<u>6,551,428</u>	<u>100.00</u>

All investments are quoted securities or regulated collective investment schemes unless otherwise stated.

The comparative percentage figures in brackets are as at 31 December 2010.

## Comparative table

	<b>30.06.11</b>	<b>31.12.10</b>	<b>31.12.09</b>	<b>31.12.08</b>
<b>Number of units in issue</b>	8,685,762	6,003,915	6,144,521	6,141,507
<b>Net Asset Value (NAV)</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Total NAV of Fund	6,551,428	4,427,338	4,107,893	3,029,604
NAV attributable to gross income unitholders	5,584,819	4,268,634	4,069,954	3,003,139
NAV attributable to gross accumulation unitholders	966,609	158,704	37,939	26,465
<b>Net asset value per unit (based on bid value)</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Gross income	75.43	73.74	66.90	49.30
Gross accumulation	90.95	86.84	75.10	52.40
<b>Quoted prices (based on bid value)</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Gross income	75.98	74.45	67.54	60.03
Gross accumulation	91.55	87.67	75.89	63.77

Gross income units were first issued at 100.0p on 6 June 2007.

Gross accumulation units were first issued at 100.0p on 6 June 2007.

### Performance record

Calendar year		Distribution per unit p	Highest offer price p	Lowest bid price p
2007*	Gross income	1.911	102.1	84.81
2007*	Gross accumulation	1.920	102.1	85.57
2008	Gross income	4.000	88.44	52.81
2008	Gross accumulation	4.200	90.24	56.10
2009	Gross income	3.200	67.63	47.07
2009	Gross accumulation	3.527	75.99	50.79
2010	Gross income	3.300	75.67	62.52
2010	Gross accumulation	3.819	89.11	72.58
2011**	Gross income	1.600	77.56	70.70
2011**	Gross accumulation	1.918	93.45	84.33

\* From launch on 6 June 2007 to 31 December 2007

\*\* To 30 June 2011

A distribution of 0.800p per unit will be paid to gross income unitholders and 0.964p per unit will be paid to gross accumulation holders on 31 August 2011.

### Total Expense Ratio (TER)

The TER provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The TER consists principally of the Annual Management Charge, but also includes the costs for other services paid.

	Period to 30.06.11*	Year to 31.12.10
Annual Management Charge	0.60%	0.59%
Other expenses	0.27%	0.26%
Total TER	<u>0.87%</u>	<u>0.85%</u>

\* Annualised based on the expenses incurred during the current period.

## Financial statements - Charity Value and Income Fund (unaudited)

### Statement of total return (unaudited)

for the six months ended 30 June 2011

	2011		2010	
	£	£	£	£
Income				
Net capital gains / (losses)		110,867		(178,974)
Revenue	158,551		105,139	
Expenses	<u>(23,508)</u>		<u>(18,231)</u>	
Net revenue before taxation	135,043		86,908	
Taxation	<u>(394)</u>		<u>-</u>	
Net revenue after taxation		<u>134,649</u>		<u>86,908</u>
<b>Total return before distributions</b>		245,516		(92,066)
Finance costs: Distributions		(130,155)		(98,526)
<b>Change in net assets attributable to unitholders from investment activities</b>		<u>115,361</u>		<u>(190,592)</u>

### Statement of change in net assets attributable to unitholders (unaudited)

for the six months ended 30 June 2011

	2011		2010	
	£	£	£	£
Opening net assets attributable to unitholders		4,427,338 *		4,107,893
Amounts receivable on issue of units	2,285,642		64,085	
Amounts payable on cancellation of units	<u>(297,297)</u>		<u>(88,925)</u>	
		1,988,345		(24,840)
Change in net assets attributable to unitholders from investment activities		115,361		(190,592)
Retained accumulation distributions		20,384		2,015
<b>Closing net assets attributable to unitholders</b>		<u>6,551,428</u>		<u>3,894,476 *</u>

\*The opening net assets in the current period do not equal the closing net assets in the comparative period as they are not consecutive periods.

## Balance sheet (unaudited)

as at 30 June 2011

	2011		2010	
	£	£	£	£
ASSETS:				
Investment assets		6,489,675		4,346,643
Debtors	63,864		26,249	
Cash and bank balances	<u>60,776</u>		<u>111,294</u>	
Total other assets		<u>124,640</u>		<u>137,543</u>
Total assets		<u>6,614,315</u>		<u>4,484,186</u>
LIABILITIES:				
Creditors	(3,653)		(4,750)	
Distribution payable on income units	<u>(59,234)</u>		<u>(52,098)</u>	
Total liabilities		<u>(62,887)</u>		<u>(56,848)</u>
<b>Net assets attributable to unitholders</b>		<u><u>6,551,428</u></u>		<u><u>4,427,338</u></u>

## Notes to the financial statements (unaudited) as at 30 June 2011

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds (the SORP) issued by the Investment Management Association (IMA) in October 2010. Previously the requirements for the Statement of Recommended Practice issued by the IMA in November 2008 had been applied. These changes are summarised below:

The October 2010 SORP details three conditions which if met cause a Fund's units to be classified as equity instruments. None of the Funds' units meet all of these conditions and as such have not been reclassified as equity instruments.

Portfolio turnover ratio disclosure is no longer required. The adoption of the October 2010 SORP did not result in any restatements to either the total return or net assets attributable to unitholders in either the current or preceding period.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010 and are described in those annual financial statements.

### 2 Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the Manager as being the main risks from the Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the Manager's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the Risk Committee who are a body appointed by the Manager who set the risk appetite and ensure continued compliance with the management of all known risks.

#### a Market risk

Market risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices which are governed by three elements; price risk, currency risk, and interest rate risk.

##### *(i) Price risk*

The Fund's exposure to price risk comprises mainly of movements in the holding of investment positions in the face of price movements.

This risk is generally regarded as consisting of two elements; stock specific risk and market risk. Through these two factors, the Fund is exposed to price fluctuations, which are monitored by the Manager in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Fund, spreading exposure in the portfolio of investments both globally and across sectors can mitigate market risk. Please refer to the Portfolio statement.

##### *(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 will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates.

##### *(iii) Interest rate risk profile of financial assets and liabilities*

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

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

#### b Credit risk

The Fund may find that companies in which it invests fail to settle their debts on a timely basis. The value of securities issued by such companies may fall as a result of the perceived increase in credit risk.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Fund, spreading exposure in the portfolio of investments both globally and across sectors can mitigate market risk. Please refer to the Portfolio statement.

## Notes to the financial statements (continued)

as at 30 June 2011

### 2 Risk management policies (continued)

#### c Liquidity risk

The main liability of the Fund is the cancellation of any units which investors may wish to sell. Securities may have to be sold in order to fund such cancellations should insufficient cash be held at the bank to meet this obligation. If there were significant requests for the redemption of units in the Fund at a time when a large proportion of the Fund's portfolio of investments were not easily tradeable due to market volumes or market conditions, then the Fund's ability to fund those redemptions would be impaired and it may be necessary to suspend dealings in units in the Fund.

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

#### d Counterparty risk

Transactions in securities entered into by the Fund 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.

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

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

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

To ensure this, the Fair Value Pricing Committee is a body appointed by the Manager who 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 Fund prices should the constituent investments be exposed to closed markets during general market volatility or instability.

**Distribution table (unaudited)**  
*for the six months ended 30 June 2011*

**Distributions on gross income units in pence per unit**

Distribution number 15

Group 1 : Units purchased prior to 1 January 2011

Group 2 : Units purchased on or after 1 January 2011 and before 1 April 2011

Payment date	Payment type	Net income 2011	Equalisation 2011	Distribution paid 2011	Distribution paid 2010
<b>Group 1</b>					
31.05.11	quarter	0.800	-	0.800	0.800
<b>Group 2</b>					
31.05.11	quarter	0.507	0.293	0.800	0.800

**Distributions on gross accumulation units in pence per unit**

Distribution number 15

Group 1 : Units purchased prior to 1 January 2011

Group 2 : Units purchased on or after 1 January 2011 and before 1 April 2011

Payment date	Payment type	Net income 2011	Equalisation 2011	Distribution paid 2011	Distribution paid 2010
<b>Group 1</b>					
31.05.11	quarter	0.954	-	0.954	0.910
<b>Group 2</b>					
31.05.11	quarter	0.580	0.374	0.954	0.910

**Distributions on gross income units in pence per unit**

Distribution number 16

Group 1 : Units purchased prior to 1 April 2011

Group 2 : Units purchased on or after 1 April 2011 and before 1 July 2011

Payment date	Payment type	Net income 2011	Equalisation 2011	Distribution payable 2011	Distribution paid 2010
<b>Group 1</b>					
31.08.11	interim	0.800	-	0.800	0.800
<b>Group 2</b>					
31.08.11	interim	0.797	0.003	0.800	0.800

## Distribution table (continued)

for the six months ended 30 June 2011

### Distributions on gross accumulation units in pence per unit

Distribution number 16

Group 1 : Units purchased prior to 1 April 2011

Group 2 : Units purchased on or after 1 April 2011 and before 1 July 2011

Payment date	Payment type	Net income 2011	Equalisation 2011	Distribution payable 2011	Distribution paid 2010
<b>Group 1</b>					
31.08.11	interim	0.964	-	0.964	0.919
<b>Group 2</b>					
31.08.11	interim	0.964	0.000	0.964	0.919

### Equalisation

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

### Accumulation distributions

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

## Further information

### Distributions

Where net revenue is available it will be distributed quarterly on 31 May (interim), 31 August (interim), 30 November (interim) and the last day of February (final). In the event of a distribution, shareholders will receive a tax voucher.

### Report and Accounts

Reporting dates:	31 December	final
	30 June	interim

Unitholders will receive a report of the accounts within four months of the final reporting date and within two months of the interim reporting date.

### Buying and selling shares

The Fund will be valued as though it was an authorised unit trust subject to the terms of the Financial Services Authority Collective Investment Schemes Sourcebook ("COLL sourcebook"). The property of the Fund is valued every business day at 12 noon and prices of units are calculated as at that time. Units can be bought at the offer price and sold at the bid price. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

The minimum holding of units in the Fund at any time in terms of value is currently £1,000. The minimum value of units in the Fund which may be the subject of any one sale or purchase is £1,000

Prices of units and the estimated yield of the Fund are published on the following website [www.investmentfunds.org.uk](http://www.investmentfunds.org.uk) or may be obtained by calling 0141 222 1150.

### Management charges

The Manager is entitled to receive and retain for its own use and benefit an initial charge to be included in the issue price of units. However, the Manager does not intend to make such a charge for the Fund at this time. Should the Manager make an initial charge in the future, this will not exceed 5%.

A periodic charge of 0.5% per annum is payable based on the net asset value of the Fund.

### Capital Gains Tax

As long as it is applied for charitable purposes, any income received by a unitholder from the Fund will not be subject to UK tax and a unitholder will be exempt from UK tax on chargeable gains on the disposal of its units. No tax will be deducted from income distributed by the Fund.

### Stamp Duty Reserve Tax (SDRT)

The Fund is a registered charity and is exempt from Stamp Duty/Stamp Duty Reserve Tax on purchases of securities, under legislation current at the date of the Report & Accounts. The tax treatment of Common Investment Funds may change if UK legislation and regulations and the UK tax regime are amended.

## Appointments

### Manager and Registered office

Smith & Williamson Fund Administration Limited  
25 Moorgate  
London EC2R 6AY  
Telephone: 020 7131 4000  
Authorised and regulated by the Financial Services 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 Services Authority

### Directors of the Manager

Giles Murphy  
Jeremy Boadle  
Michael Lea  
Gareth Pearce  
Kevin Stopps  
Paul Wyse  
Philip Moody  
Michael Fosberry - resigned 10 June 2011

### Investment adviser

OLIM Limited  
Pollen House  
10/12 Cork Street  
London W1S 3NP  
Authorised and regulated by the Financial Services Authority

### Trustee

BNY Mellon Trust & Depositary (UK) Limited  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London EC4V 4LA  
Authorised and regulated by the Financial Services Authority

### Auditor

Beavis Morgan Audit Limited  
Chartered Accountants and Statutory Auditors  
82 St John Street  
London EC1M 4JN