

SVS Albion OLIM UK Equity Income Fund

Interim Report

for the six months ended 31 May 2018

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SVS Albion OLIM UK Equity Income Fund

Report of the Manager

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited), as Manager, presents herewith the Interim Report for SVS Albion OLIM UK Equity Income Fund for the six months ended 31 May 2018.

SVS Albion OLIM UK Equity Income Fund ("the Trust" or "the Fund") is an authorised unit trust scheme further to an authorisation order dated 26 November 2001 and 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 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 Trust consist predominantly of securities which are readily realisable and, accordingly, the Trust has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

The base currency of the Fund is UK sterling.

The Trust Deed can be inspected at the offices of the Manager.

Copies of the Prospectus and Key Investor Information Document ("KIID") are available free of charge from the Manager.

Investment objective and policy

The objective of the Trust is to achieve a return based on a combination of income and capital over the long term.

The Trust aims to achieve its objective through investment primarily in UK equities.

The Manager may also from time to time invest in other transferable securities, including UK government securities and other fixed interest securities.

Changes affecting the Fund in the period

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

Effective from 1 June 2018:

- the Fund has launched four new unit classes: Y Income, Y Accumulation, Z Income and Z Accumulation, and
- the ongoing charges for all unit classes have been capped at 1%.

Further information in relation to the Fund is illustrated on page 15.

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

K. Stopps

Directors

Smith & Williamson Fund Administration Limited

30 July 2018

G. Hotson

Accounting policies of SVS Albion OLIM UK Equity Income Fund (unaudited)

for the six months ended 31 May 2018

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2017 and are described in those annual financial statements.

As described in the Manager's report, the Manager continues to adopt the going concern basis in the preparation of the accounts.

Investment Manager's report

Market review¹

In a volatile period for UK equities, the FTSE All Share Index rose by 4.7% overall in the six month period to the end of May 2018. The year 2017 closed on a strong note with a further rise in December, but at the beginning of 2018 our market retreated and in the first quarter of 2018 fell by nearly 8%, before recovering all the previous weakness in April and May to close our half year at the same level as at the end of December.

Changing expectations concerning the direction of interest rates affected market sentiment. At the beginning of the period there was much enthusiasm about synchronized global economic growth and expectations that the rate of growth would continue to strengthen in 2018. As we moved into 2018 the market became concerned about forecasts from the new Chairman of the Federal Reserve in America, who indicated that interest rates would rise further and more quickly than previous guidance, due to the strength of the US economy and the nearly full rate of employment. In the UK, the Governor of the Bank of England (BoE) also forecast that UK base rate would rise more quickly than previously thought. After a long and hard winter, which affected consumer spending and construction, the announcement that UK gross domestic product (GDP) growth was just 0.1% caused the BoE to review its interest rate guidance and an early increase in base rate is now no longer expected. With equities yielding 3.9% at the end of March and without the expectation of an early rise in interest rates, there was renewed enthusiasm for equity investment and by the end of May the UK equity market recovered back to the high levels at the start of 2018.

Within the overall market trend, large companies slightly outperformed the average; the FTSE 100 Index rose by 4.8% but the FTSE 250 Index of mid-sized companies rose by 4.5%. High yielding companies underperformed with a rise of 4.0%. In the currency markets the UK sterling rose against the US dollar in the middle of our half year, but after it became clear that interest rates were not going to rise in the near future, it fell again and over the six month period the UK sterling fell by 1.5% against the US dollar to \$1.33 and was unchanged against the euro at €1.14. Gilt yields were little changed and the total return on the FTSE Gilt All Stocks Index was +2.4%. The price of oil rose by 23% and ended the period at \$76 per barrel of Brent Crude.

Investment performance²

Towards the end of our half year, performance was affected by the collapse of Conviviality, which was 5.2% of our portfolio at the end of November after very strong performance throughout 2017. We bought it originally as a way of investing in the changing habits of consumer spending, as shoppers switched their bulk food and drink purchases from out of town superstores to on-line orders, with frequent local top ups at convenience stores. After the transformative acquisition of Matthew Clark, the largest UK independent drinks wholesaler, the financial systems ultimately proved inadequate, credit insurance was withdrawn and administrators were appointed

Overall, the total return on our portfolio over the half year was +1.3% compared with the FTSE All Share Index return of 6.6%, reversing the significant outperformance achieved in our last full year. In sector allocations, the absence of any tobacco holdings, the overweight position in pharmaceuticals and the underweighting in the bank sector benefitted performance. Negative contribution from sector allocation resulted from the underweighting in mining and overweight holdings in mobile telecommunications. In stock selection our portfolio benefitted from the performances of Beazley (+24%), Rotork (+31%), Dechra Pharmaceuticals (+27%) and Babcock International Group (+21%). Negative contribution was mainly Conviviality but N Brown Group (-25%) also penalised relative performance. The performance of the Fund since inception, at +247.3%, is well ahead of the FTSE All Share Index return of +192.2%

Investment activities

We reduced the holding in Cineworld Group in order to fund the purchase of the new shares, issued to buy Regal Entertainment, the second largest cinema chain in America. It was a substantial deal for Cineworld Group which doubled the market capitalisation of the company. We added to the existing holdings as we received new money into the Fund and bought a new investment in ITV, which was trading at an attractive yield of over 5% and a modest multiple of its earnings. Though advertising revenue is potentially under pressure from the structural shift towards digital platforms, the revenue from its archive and fees generated from streaming its programmes through new digital services are now generating overall growth for the company. At the end of our half year we were holding investments in 35 companies with approximately half of the overall value invested in mid and small sized companies.

Distribution

We maintained the interim distribution at 2.2p. The interim will be paid on 31 July 2018.

¹Source: Financial Times

²Source: St Vincent Street Fund Administration (trading name of Smith & Williamson Fund Administration Limited) and Financial Times

Investment Manager's report (continued)

Investment strategy and outlook¹

Globally, economic growth continues to maintain a steady rate of more than 3% and, with UK sterling back to depressed levels against the other main currencies, our companies are well placed to benefit from rising demand overseas. The negotiations for our exit from the European Union (EU) are now reaching a critical stage with severe challenges for our negotiating team both from the EU and from politicians here who remain opposed to the result of the referendum. We are mindful of the size of the UK economy, the fifth largest in the world, and believe that is in the interests of all in the eurozone as well as the UK to achieve reasonable trading terms when we finally leave.

The UK economy grew very slowly in the first quarter of 2018 but is expected to accelerate as the year progresses, though it is still likely to lag the growth of America and the eurozone. Inflation rose in 2017 to 3.2%, mainly due to the fall in UK sterling after the EU referendum. The inflation rate eased in the early months of 2018 but may rise again later in the year following the recent weakness in UK sterling against the US dollar and the rise in the oil price. The UK base rate is likely to rise in due course if the rate of inflation rises but ahead of the outcome of the Brexit negotiations and with a still cautious consumer, we do not expect an early rise in the rate. We believe that UK equities offer an attractive income yield, currently 3.6%, especially compared to ten year gilt yields of 1.3% and negligible rates of interest earned on bank deposits.

OLIM Limited

12 June 2018

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¹Source: Financial Times

Summary of portfolio changes

for the six months ended 31 May 2018

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

	Cost
Purchases:	£
Lloyds Banking Group	193,508
Crest Nicholson Holdings	179,223
ITV	159,955
GlaxoSmithKline	143,931
BP	124,010
Babcock International Group	123,946
Vodafone Group	117,436
Beazley	112,768
BT Group	110,569
Royal Dutch Shell 'B'	100,012
Prudential	93,144
British Land	92,646
Legal & General Group	83,470
Conviviality	81,285
Johnson Matthey	64,921
Croda International	60,405
Go-Ahead Group	49,967
N Brown Group	49,460
Halma	47,927
SThree	46,572
	Proceeds
Sale:	£
Cineworld Group	158,445

Portfolio statement

as at 31 May 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - United Kingdom 94.24% (98.61%)			
Oil & Gas 9.61% (8.68%)			
BP	160,300	922,847	5.28
Royal Dutch Shell 'B'	28,300	757,591	4.33
		<u>1,680,438</u>	<u>9.61</u>
Chemicals 5.04% (4.63%)			
Croda International	9,100	424,242	2.43
Johnson Matthey	13,000	456,300	2.61
		<u>880,542</u>	<u>5.04</u>
Basic Resources 2.23% (1.91%)			
BHP Billiton	12,000	207,360	1.19
Rio Tinto	4,300	182,320	1.04
		<u>389,680</u>	<u>2.23</u>
Industrial Goods & Services 16.40% (16.42%)			
Babcock International Group	60,000	499,560	2.86
Eddie Stobart Logistics	211,250	295,750	1.69
Halma	50,000	675,000	3.86
Rotork	140,000	466,900	2.67
Spectris	23,200	647,048	3.70
SThree	88,000	282,480	1.62
		<u>2,866,738</u>	<u>16.40</u>
Food & Beverage 1.88% (2.28%)			
Britvic	40,500	327,848	1.88
Personal & Household Goods 6.74% (7.12%)			
Crest Nicholson Holdings	90,500	398,200	2.28
Unilever	18,800	779,542	4.46
		<u>1,177,742</u>	<u>6.74</u>
Health Care 11.49% (10.41%)			
Dechra Pharmaceuticals	45,300	1,262,058	7.22
GlaxoSmithKline	49,000	746,662	4.27
		<u>2,008,720</u>	<u>11.49</u>

Portfolio statement (continued)

as at 31 May 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - United Kingdom (continued)			
Retail 1.20% (6.89%)			
Conviviality^	209,000	-	-
N Brown Group	102,000	210,324	1.20
		<u>210,324</u>	<u>1.20</u>
Media 4.15% (3.78%)			
Informa	71,875	563,788	3.22
ITV	100,000	162,600	0.93
		<u>726,388</u>	<u>4.15</u>
Travel & Leisure 6.49% (6.98%)			
Cineworld Group	175,000	445,900	2.55
Go-Ahead Group	21,200	356,372	2.04
Marston's	225,000	223,312	1.28
Restaurant Group	35,000	109,060	0.62
		<u>1,134,644</u>	<u>6.49</u>
Telecommunications 5.13% (5.87%)			
BT Group	132,000	270,402	1.55
Vodafone Group	326,818	626,902	3.58
		<u>897,304</u>	<u>5.13</u>
Utilities 4.09% (4.48%)			
Centrica	126,000	183,456	1.05
Pennon Group	35,400	264,367	1.51
United Utilities Group	34,500	267,651	1.53
		<u>715,474</u>	<u>4.09</u>
Banks 4.61% (4.48%)			
HSBC Holdings	60,000	432,360	2.47
Lloyds Banking Group	590,000	372,939	2.14
		<u>805,299</u>	<u>4.61</u>
Insurance 12.08% (11.77%)			
Beazley	147,500	880,575	5.04
Legal & General Group	220,100	593,830	3.40
Prudential	35,200	637,296	3.64
		<u>2,111,701</u>	<u>12.08</u>

Portfolio statement (continued)

as at 31 May 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - United Kingdom (continued)			
Real Estate 3.10% (2.91%)			
British Land	80,000	542,240	3.10
		<u>16,475,082</u>	<u>94.24</u>
Total equities - United Kingdom			
		<u>16,475,082</u>	<u>94.24</u>
Portfolio of investments		16,475,082	94.24
Other net assets		1,007,447	5.76
Total net assets		<u>17,482,529</u>	<u>100.00</u>

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

The comparative figures in brackets are as at 30 November 2017.

^ Conviviality has been suspended and is valued by the fair value pricing committee. Conviviality is reflected in the portfolio at nil value.

United Kingdom equities are grouped in accordance with the Industry Classification Benchmark.

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Total purchases in the period: £2,275,832

Total sales in the period: £158,445

Risk and reward profile

The risk and reward profile is representative of both unit classes.

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

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

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

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

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

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

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

For further information please refer to the Key Investor Information Document ("KIID").

For full details on risk factors for the Fund, please refer to the Prospectus.

There have been no changes to the risk and reward indicator in the period.

Performance information

Number of units in issue	31.05.18	30.11.17	30.11.16	30.11.15
X Income	5,184,731	3,685,343	2,923,550	2,936,106
X Accumulation	2,309,651	2,219,838	2,858,666	3,266,129
Net Asset Value (NAV)	£	£	£	£
Total NAV of the Fund	17,482,529	14,251,924	13,012,184	13,864,164
NAV attributable to X Income unitholders	9,493,555	6,708,558	4,719,972	4,763,760
NAV attributable to X Accumulation unitholders	7,988,974	7,543,366	8,292,212	9,100,404
Net asset value per unit (based on bid value)^	p	p	p	p
X Income	183.1	182.0	161.5	162.3
X Accumulation	345.9	339.8	290.1	278.6

^ The net asset value per unit excludes the value of the income distributions payable.

Highest and lowest prices and distributions

Financial year to 30 November		Distribution per unit	Highest offer price	Lowest bid price
		p	p	p
2015	X Income	6.331	175.1	150.6
2015	X Accumulation	10.533	289.5	249.0
2016	X Income	7.377	176.4	145.5
2016	X Accumulation	12.747	307.0	249.8
2017	X Income	7.058	192.1	159.6
2017	X Accumulation	12.759	349.4	286.8
Financial period to 31 May 2018	X Income	2.200	188.5	169.0
Financial period to 31 May 2018	X Accumulation	4.106	351.9	315.4

Summary of the distributions in the current financial period and prior financial year

X Income			
Payment date	p	Payment date	p
31.07.18	2.200	31.07.17	2.200
		31.01.18	4.858
X Accumulation			
Allocation date	p	Allocation date	p
31.07.18	4.106	31.07.17	6.359
		31.01.18	6.400

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

Ongoing charges figure

The ongoing charges figure provides investors with a clearer picture of the total annual costs in running a collective investment scheme. The ongoing charges figure consists principally of the Manager'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.

X Income	31.05.18 [^]	30.11.17
Annual management charge	1.00%	0.90%
Other expenses	0.12%	0.33%
Ongoing charges figure	<u>1.12%</u>	<u>1.23%</u>
X Accumulation	31.05.18 [^]	30.11.17
Annual management charge	1.00%	0.90%
Other expenses	0.12%	0.33%
Ongoing charges figure	<u>1.12%</u>	<u>1.23%</u>

[^] Annualised based on the expenses incurred during the period 1 December 2017 to 31 May 2018.

Please note the ongoing charges figure is indicative of the charges which the unit classes may incur in a year as it is calculated on historical data.

Financial statements - SVS Albion OLIM UK Equity Income Fund (unaudited)

Statement of total return (unaudited)

for the six months ended 31 May 2018

	1 December 2017 to 31 May 2018		1 December 2016 to 31 May 2017	
	£	£	£	£
Income:				
Net capital gains		83,235		1,878,836
Revenue	311,088		260,352	
Expenses	<u>(87,256)</u>		<u>(69,274)</u>	
Net revenue before taxation	223,832		191,078	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>223,832</u>		<u>191,078</u>
Total return before distributions		307,067		2,069,914
Distributions		(195,113)		(218,167)
Change in net assets attributable to unitholders from investment activities		<u>111,954</u>		<u>1,851,747</u>

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

for the six months ended 31 May 2018

	1 December 2017 to 31 May 2018		1 December 2016 to 31 May 2017	
	£	£	£	£
Opening net assets attributable to unitholders		14,251,924 *		13,012,184
Amounts receivable on issue of units	3,397,791		746,760	
Amounts payable on cancellation of units	<u>(373,974)</u>		<u>(1,946,602)</u>	
		3,023,817		(1,199,842)
Dilution adjustment		-		16,440
Change in net assets attributable to unitholders from investment activities		111,954		1,851,747
Retained distributions on accumulation units		94,834		150,124
Closing net assets attributable to unitholders		<u>17,482,529</u>		<u>13,830,653 *</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 31 May 2018

	31 May 2018	30 November 2017
	£	£
Assets:		
Fixed assets:		
Investments	16,475,082	14,053,203
Current assets:		
Debtors	124,377	50,712
Cash and bank balances	1,020,388	351,735
Total assets	<u>17,619,847</u>	<u>14,455,650</u>
Liabilities:		
Creditors:		
Distribution payable	(114,064)	(179,034)
Other creditors	(23,254)	(24,692)
Total liabilities	<u>(137,318)</u>	<u>(203,726)</u>
Net assets attributable to unitholders	<u>17,482,529</u>	<u>14,251,924</u>

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed/allocated semi-annually on 31 January (final) and 31 July (interim). In the event of a distribution, unitholders will receive a tax voucher.

XD dates:	1 December	final
	1 June	interim

Reporting dates:	30 November	annual
	31 May	interim

Buying and selling units

The property of the Fund is valued at 12 noon every business day, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee, and prices of units are calculated as at that time. 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 initial investment and minimum subsequent holding in the X unit classes is £1,000. Unless all units are redeemed, redemptions are subject to a minimum of £500. These limits may be waived at the discretion of the Manager.

The Manager may impose a charge on the sale of units to investors which is based on the amount invested by the prospective investor. There is currently no preliminary charge.

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

Appointments

Manager and Registered office

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

Administrator and Registrar

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

Directors of the Manager

Brian McLean
David Cobb
Grant Hotson
James Gordon
Kevin Stopps
Paul Wyse
Giles Murphy - resigned 30 May 2018
Jocelyn Dalrymple - resigned 30 May 2018
Peter Maher - resigned 30 May 2018
Susan Shaw - resigned 30 May 2018
Tas Quayum - resigned 30 May 2018

Investment Manager

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Authorised and regulated by the Financial Conduct Authority

Trustee

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Auditor

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