

SVS Albion OLIM UK Equity Income Fund

Annual Report

for the year ended 30 November 2017

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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 Annual Report ("the Report") for SVS Albion OLIM UK Equity Income Fund for the year ended 30 November 2017.

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 on request 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 year

On 31 May 2017, Close Asset Management (UK) Limited resigned as Manager, BNY Mellon Trust Depository (UK) Limited resigned as Trustee, and Deloitte LLP resigned as Auditor.

On 1 June 2017, St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited) was appointed as Manager, National Westminster Bank Plc was appointed as Trustee, and KPMG LLP was appointed as Auditor.

Further information in relation to the Fund is illustrated on page 31.

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 Manager, Smith & Williamson Fund Administration Limited.

B. McLean

J. Gordon

Directors

Smith & Williamson Fund Administration Limited

26 February 2018

## Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook published by the FCA, (“the COLL Rules”) require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net revenue and net capital gains on the property of the Trust for the year.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds published by The Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust and its 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 Trust 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; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust in accordance with the Trust Deed, the Prospectus and COLL.

## Report of the Trustee to the unitholders of SVS Albion OLIM UK Equity Income Fund

### Trustee's responsibilities

The Trustee must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Investment Funds sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that the cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to the transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

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

### Report of the Trustee to the unitholders of SVS Albion OLIM UK Equity Income Fund

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Fund.

National Westminster Bank Plc  
Trustee and Depositary Services  
26 February 2018

## Independent Auditor's report to the unitholders of SVS Albion OLIM UK Equity Income Fund ('the Trust')

### Opinion

We have audited the financial statements of the Trust for the year ended 30 November 2017 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Table for each of the unit classes listed on page 30 and the accounting policies set out on pages 7 to 8.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 30 November 2017 and of the net revenue and the net capital gains on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds, and the COLL Rules.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information

The Manager (Smith & Williamson Fund Administration Limited) is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Manager's Report for the financial year is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept; or
- the financial statements are not in agreement with the accounting records.

### Manager's responsibilities

As explained more fully in their statement set out on page 3, the Manager is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Trust'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 they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

## Independent Auditor's report to the unitholders of SVS Albion OLIM UK Equity Income Fund ('the Trust') (continued)

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') published by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders 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 Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG  
26 February 2018

## Accounting policies of SVS Albion OLIM UK Equity Income Fund

for the year ended 30 November 2017

### 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") issued by The Investment Association in May 2014. The Fund has elected to early adopt the amendments to FRS 102 in respect of the fair value hierarchy disclosure requirements for financial instruments held at fair value as permitted for authorised funds.

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

### b *Valuation of investments*

The purchase and sale of investments are included up to close of business on 30 November.

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

Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 30 November 2017 with reference to quoted bid prices from reliable external sources.

Where an observable market price is unreliable or does not exist, investments are valued at the Manager's best estimate of the amount that would be received from an immediate transfer at arm's length.

### c *Foreign exchange*

The base currency of the Fund is UK sterling which is taken to be the 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 the relevant unit class against revenue and are then reallocated to capital, net of any tax effect.

Bank interest paid is charged to revenue.

### f *Allocation of revenue and expenses to multiple unit classes*

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

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

### g *Taxation*

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

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

Deferred taxation is provided in full on timing differences that result in an obligation at 30 November 2017 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 *Dilution adjustment*

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

### i *Distribution policies*

#### *i Basis of distribution*

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

#### *ii Unclaimed distributions*

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

#### *iii Revenue*

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

#### *iv Expenses*

Expenses incurred against the revenue of the Fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy e.

#### *v Equalisation*

Group 2 units are units purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 units. Equalisation is the average amount of revenue 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. Equalisation per unit is disclosed in the Distribution table.

## Investment Manager's report

### Market review<sup>1</sup>

Equity markets continued to rise in the year to end November 2017. Over the year as a whole the FTSE All Share Index rose by 9.2% and, including income, the total return was +13.4%. Reversing the immediate post Brexit trend of outperformance by the largest companies, the FTSE 100 Index underperformed with a rise of 8.0% whilst the FTSE 250 Index of mid-sized companies rose by 13.7%. In bond markets, gilt yields were little changed over the year as a whole, though they dipped significantly during the year. At the end of May, ten year gilts yields had fallen from 1.4% to 1.1% but by the end of our year they had risen back to 1.3%. After the post Brexit fall in the sterling exchange rate, the pound sterling recovered by 8.4% against the US dollar to a closing level of \$1.35 but against the euro it continued to fall, closing at €1.14, a further fall of 3.7%. Oil and commodity prices rose over the year, reflecting a higher rate of global economic growth and a limit to the production of oil, agreed by the Organization of the Petroleum Exporting Countries, which better balanced the supply and demand for oil based energy.

The rise in the UK equity market all took place in the first half of our year, as attention was focussed on the accelerating pace of growth in global gross domestic product (GDP) in 2017. As the year progressed, statistics revealed a slowing rate of growth in the UK and rising inflation, primarily resulting from the fall in the sterling exchange rate in 2016. With wages generally growing at a slower rate than inflation, consumer spending came under pressure as the year progressed. The General Election and the loss of the overall majority by the Conservative Party created political uncertainty ahead of the Brexit negotiations, but failed to unnerve investors and our equity market remained at or near the highest levels. President Trump's words of aggression about the nuclear testing over Japan by Kim Jong-Un also failed to upset investors. Towards the end of our year, the pace of growth in UK GDP began to increase with 0.5% recorded for the quarter to end September and some evidence of recovering consumer confidence, despite the rate of inflation (Consumer Price Index) rising to 3.1% in November. The industrial and manufacturing areas of our economy continued to report rising demand, which demonstrated the benefit of the lower sterling exchange rate and rising economic activity in global markets.

### Investment performance<sup>2</sup>

Against the overall market total return of +13.4%, the total return on the Fund's units was +17.4%, measured by the change in the price of the accumulation units, calculated at the close of business at the end of November each year. Since the Trust was formed in January 2002, the total return on the units has been +242.8% compared with the total return on the FTSE All Share Index of +173.8%.

In sector allocations, our overweight holdings in Electronics, Non-Life Insurance and Personal Goods all benefitted relative performance though our overweight positions in Utilities and Fixed Line Telecoms were negative factors. In stock selection our large holdings in Dechra Pharmaceuticals (+73%) and Conviviality (+98%) were strong contributors to outperformance. In the relatively dull General Retail sector N Brown Group (+41%) outperformed and Beazley (+28%) added value in the Non-Life Insurance sector. Britvic (+41%), Halma (+36%) and Unilever (+30%) also contributed to the outperformance. These holdings strongly outweighed the negative factors, which included Babcock International Group (-27%) and Carillion (-93% to point of sale) in the Support Services Sector and Go-Ahead Group (-25%) and Marston's (-14%) in the Travel and Leisure sector.

### Investment activities

We sold our holding of Motorpoint, which initially performed poorly after its float in the spring of 2016. It was badly affected by the outcome of the European Union (EU) Referendum vote, which caused initial caution in the purchasing of cars by consumers. Later in 2016 it recovered significantly and we sold the holding in April. In July we sold the holding in Carillion immediately following the announcement of severe contract problems and cancellation of the company's dividend. The price subsequently fell very much further.

<sup>1</sup>Source: Financial Times

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

## Investment Manager's report (continued)

### Investment activities (continued)

We bought two new holdings during the year. British Land is the first property company we have invested in for several years. The property sector was hit hard in the aftermath of the EU Referendum and we bought British Land, which manages a high quality portfolio, split evenly between retail and office properties, at a 30% discount to historic Net Asset Value and a yield of 5%. We also subscribed for shares in Eddie Stobart Logistics in the placing of shares in April. Eddie Stobart Logistics provides logistics solutions for companies all over the UK in a growing range of industrial sectors, and has an increasing proportion of its business managing transport solutions for E commerce companies including Amazon.

### Distribution

We increased the interim distribution to 2.2p from 2.1p and the final distribution for our year will be 4.858p compared with a final distribution of 5.2771p last year, making a total for the year of 7.058p compared with 7.3771p for the year to November 2016. That year included a significant proportion of special dividends and this year's distribution is an increase of 11.5% compared with 6.3313p for the year to end November 2015. The final distribution will be paid on 31 January 2018.

### Investment strategy and outlook<sup>1</sup>

International tensions and internal politics continue to dominate the headlines. The USA and North Korea remain in verbal conflict with renewed missile testing at the end of our year. UK political tensions were eased with the release of the Budget in October and the agreement with the EU to start trade talks, but then increased again with the loss of the vote in Parliament to proceed with the EU negotiations. The increasing danger of a Marxist regime under the control of Jeremy Corbyn continues to overshadow UK politics. Inflation has risen in the UK to a level where the Governor of the Bank of England has to explain himself to the Treasury, though inflation is expected to ease in 2018. Wage growth is forecast to exceed the inflation rate next year, releasing the recent pressure on consumer spending.

Despite the tensions and uncertainties, our equity market has remained positive and steady. Equity investors have been reassured by the growth in equity dividends so far in 2017, which continue at a steady rate overall, despite some companies reporting difficulties. This is partly due to dollar dividends declared earlier in the year when the pound was lower against the US dollar, but also reflects steady growth in the majority who declare in sterling. Despite the rise in capital values of equities during the last year, the yield on the All Share Index has risen to its current level of 3.7%. Long-term investors may be able to withstand the possibility of capital volatility, while yields on equities maintain such a high premium over gilt yields. There have been some highly publicised problems amongst some high yielding companies in the equity income sector, but with careful stock selection, focussed amongst the smaller end of the market, we believe that our portfolio will continue to deliver steady and growing income.

OLIM Limited

18 December 2017

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<sup>1</sup>Source: Financial Times

## Summary of portfolio changes

for the year ended 30 November 2017

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

	Cost
	£
Purchases:	
British Land	404,945
Eddie Stobart Logistics	297,496
Lloyds Banking Group	200,808
Spectris	126,652
Marston's	102,042
Beazley	90,829
Babcock International Group	68,715
Vodafone Group	67,177
Johnson Matthey	66,421
Britvic	65,449
Go-Ahead Group	50,417
BP	43,134
Prudential	38,954
Royal Dutch Shell 'B'	37,638
Legal & General Group	35,517
Croda International	18,731
United Utilities Group	18,399
Pennon Group	16,259
Centrica	14,964

	Proceeds
	£
Sales:	
Spectris	261,397
Dechra Pharmaceuticals	226,876
Carillion	148,786
Motorpoint	133,884
BP	88,050
GlaxoSmithKline	84,365
Royal Dutch Shell 'B'	72,884
Vodafone Group	68,185
HSBC Holdings	67,274
Unilever	66,683
Informa	66,067
Conviviality	62,228
Prudential	62,165
Beazley	61,058
Cineworld Group	59,665
Legal & General Group	59,526
Rotork	51,841
Babcock International Group	46,041
Go-Ahead Group	43,860
Johnson Matthey	41,984

## Portfolio statement

as at 30 November 2017

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - United Kingdom 98.61% (98.27%)			
Oil & Gas 8.68% (9.25%)			
BP	135,300	661,752	4.64
Royal Dutch Shell 'B'	24,100	575,629	4.04
		<u>1,237,381</u>	<u>8.68</u>
Chemicals 4.63% (4.44%)			
Croda International	7,700	329,021	2.31
Johnson Matthey	10,900	330,270	2.32
		<u>659,291</u>	<u>4.63</u>
Basic Resources 1.91% (2.21%)			
BHP Billiton	9,000	121,005	0.85
Rio Tinto	4,300	150,564	1.06
		<u>271,569</u>	<u>1.91</u>
Industrial Goods & Services 16.42% (17.50%)			
Babcock International Group	41,000	285,155	2.00
Eddie Stobart Logistics	186,250	290,550	2.04
Halma	46,000	588,340	4.13
Rotork	140,000	361,900	2.54
Spectris	22,200	555,888	3.90
SThree	75,000	257,625	1.81
		<u>2,339,458</u>	<u>16.42</u>
Food & Beverage 2.28% (1.54%)			
Britvic	40,500	325,620	2.28
Personal & Household Goods 7.12% (6.94%)			
Crest Nicholson Holdings	54,500	274,407	1.93
Unilever	17,800	741,192	5.19
		<u>1,015,599</u>	<u>7.12</u>
Health Care 10.41% (10.88%)			
Dechra Pharmaceuticals	45,300	998,865	7.00
GlaxoSmithKline	38,000	486,020	3.41
		<u>1,484,885</u>	<u>10.41</u>
Retail 6.89% (5.56%)			
Conviviality	184,000	749,340	5.25
N Brown Group	83,000	234,060	1.64
		<u>983,400</u>	<u>6.89</u>
Media 3.78% (4.08%)			
Informa	71,875	538,344	3.78

## Portfolio statement (continued)

as at 30 November 2017

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - United Kingdom (continued)			
Travel & Leisure 6.98% (8.59%)			
Cineworld Group	65,500	359,922	2.53
Go-Ahead Group	17,900	277,987	1.95
Marston's	225,000	255,825	1.80
Restaurant Group	35,000	100,100	0.70
		<u>993,834</u>	<u>6.98</u>
Telecommunications 5.87% (6.82%)			
BT Group	87,000	226,766	1.59
Vodafone Group	271,818	609,552	4.28
		<u>836,318</u>	<u>5.87</u>
Utilities 4.48% (6.02%)			
Centrica	107,400	155,193	1.09
Pennon Group	30,300	240,582	1.69
United Utilities Group	29,500	241,900	1.70
		<u>637,675</u>	<u>4.48</u>
Banks 4.48% (3.41%)			
HSBC Holdings	60,000	440,400	3.09
Lloyds Banking Group	300,000	198,000	1.39
		<u>638,400</u>	<u>4.48</u>
Insurance 11.77% (11.03%)			
Beazley	126,100	615,242	4.32
Legal & General Group	188,000	502,148	3.52
Prudential	30,100	559,559	3.93
		<u>1,676,949</u>	<u>11.77</u>
Real Estate 2.91% (0.00%)			
British Land	66,000	414,480	2.91
		<u>414,480</u>	<u>2.91</u>
Total equities - United Kingdom		<u>14,053,203</u>	<u>98.61</u>
Portfolio of investments		14,053,203	98.61
Other net assets		198,721	1.39
Total net assets		<u>14,251,924</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 2016.

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

The Industry Classification Benchmark (ICB) is a joint product of FTSE International Limited and Dow Jones & Company, Inc. and has been licensed for use. "FTSE" is a trade and service mark of London Stock Exchange and the Financial Times Limited. "Dow Jones" and "DJ" are trade and service marks of Dow Jones & Company Inc. FTSE and Dow Jones do not accept any liability to any person for any loss or damage arising out of any error omission in the ICB.

## 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 the future.

This Fund may not be appropriate for investors who intend to withdraw their money within 5 years.

The Fund focuses on buying shares and as such you must be aware that investing in shares can result in loss of capital. Unexpected events outside of your control or negative developments within the company can significantly affect share prices and therefore, the value of your portfolio.

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 year.

## Comparative table

The following disclosures give a unitholder an indication of the performance of a unit in the Fund. It also discloses the operating charges and direct transaction costs applied to each unit. Operating charges are those charges incurred in operating the Fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	X Income			X Accumulation		
	2017	2016	2015	2017	2016	2015
	p	p	p	p	p	p
Change in net assets per unit						
Opening net asset value per unit	161.45	162.25	157.49	290.07	278.63	260.37
Return before operating charges	29.69	8.35	12.94	52.97	14.51	21.34
Operating charges	(2.05)	(1.77)	(1.85)	(3.22)	(3.07)	(3.08)
Return after operating charges *	27.64	6.58	11.09	49.75	11.44	18.26
Distributions <sup>^</sup>	(7.06)	(7.38)	(6.33)	(12.76)	(12.75)	(10.53)
Retained distributions on accumulation units <sup>^</sup>	-	-	-	12.76	12.75	10.53
Closing net asset value per unit	182.03	161.45	162.25	339.82	290.07	278.63
* after direct transaction costs of:	(0.19)	(0.15)	(0.04)	(0.28)	(0.25)	(0.02)
Performance						
Return after charges	17.12%	4.06%	7.04%	17.15%	4.11%	7.01%
Other information						
Closing net asset value (£)	6,708,558	4,719,972	4,763,760	7,543,366	8,292,212	9,100,404
Closing number of units	3,685,343	2,923,550	2,936,106	2,219,838	2,858,666	3,266,129
Operating charges	1.23%	1.09%	1.13%	1.23%	1.09%	1.13%
Direct transaction costs	0.11%	0.09%	0.02%	0.11%	0.09%	0.02%
Prices						
Highest offer unit price	192.1	176.4	175.1	349.4	307.0	289.5
Lowest bid unit price	159.6	145.5	150.6	286.8	249.8	249.0

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

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 ("OCF") 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.

The Fund has invested in collective investment schemes and the expenses incurred by these schemes in relation to the Fund are included in the ongoing charges calculation. This is known as 'Synthetic OCF'. The Synthetic OCF is calculated on the underlying collective investment schemes held within the Fund at the reporting date.

X Income	30.11.17	30.11.16
Annual management charge	0.90%	0.75%
Other expenses	0.33%	0.34%
Ongoing charges figure	<u>1.23%</u>	<u>1.09%</u>
X Accumulation	30.11.17	30.11.16
Annual management charge	0.90%	0.75%
Other expenses	0.33%	0.34%
Ongoing charges figure	<u>1.23%</u>	<u>1.09%</u>

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

### Statement of total return

for the year ended 30 November 2017

	Notes	2017		2016	
		£	£	£	£
Income:					
Net capital gains	2		1,706,805		50,829
Revenue	3	526,578		590,613	
Expenses	4	<u>(163,701)</u>		<u>(141,343)</u>	
Net revenue before taxation		362,877		449,270	
Taxation	5	<u>-</u>		<u>(311)</u>	
Net revenue after taxation			<u>362,877</u>		<u>448,959</u>
Total return before distributions			2,069,682		499,788
Distributions	6		(524,416)		(590,195)
Change in net assets attributable to unitholders from investment activities			<u>1,545,266</u>		<u>(90,407)</u>

### Statement of change in net assets attributable to unitholders

for the year ended 30 November 2017

		2017		2016	
		£	£	£	£
Opening net assets attributable to unitholders			13,012,184		13,864,164
Amounts receivable on issue of units		1,915,388		765,919	
Amounts payable on cancellation of units		<u>(2,513,108)</u>		<u>(1,886,604)</u>	
			(597,720)		(1,120,685)
Change in net assets attributable to unitholders from investment activities			1,545,266		(90,407)
Retained distributions on accumulation units			292,194		359,112
Closing net assets attributable to unitholders			<u>14,251,924</u>		<u>13,012,184</u>

## Balance sheet

as at 30 November 2017

	Notes	2017 £	2016 £
Assets:			
Fixed assets:			
Investments		14,053,203	12,787,246
Current assets:			
Debtors	7	50,712	59,946
Cash and bank balances	8	351,735	357,734
Total assets		<u>14,455,650</u>	<u>13,204,926</u>
Liabilities:			
Creditors:			
Distribution payable		(179,034)	(154,278)
Other creditors	9	(24,692)	(38,464)
Total liabilities		<u>(203,726)</u>	<u>(192,742)</u>
Net assets attributable to unitholders		<u>14,251,924</u>	<u>13,012,184</u>

## Notes to the financial statements

for the year ended 30 November 2017

### 1. Accounting policies

The accounting policies are disclosed on pages 7 to 8.

### 2. Net capital gains

	2017	2016
	£	£
Non-derivative securities - realised gains	578,044	821,873
Non-derivative securities - movement in unrealised gains / (losses)	1,130,531	(768,333)
Currency gains / (losses)	128	(849)
Transaction charges	(1,898)	(1,862)
Total net capital gains	<u>1,706,805</u>	<u>50,829</u>

Unrealised gains/(losses) are disclosed as the movement in unrealised gains/(losses) on investments between the prior year and the current year. Where realised gains/(losses) on investments include unrealised gains/(losses) arising in previous periods, a corresponding gain/(loss) is included in unrealised gains/(losses).

### 3. Revenue

	2017	2016
	£	£
Franked revenue	515,802	551,327
Unfranked revenue	10,657	-
Overseas revenue	-	38,750
Bank and deposit interest	119	536
Total revenue	<u>526,578</u>	<u>590,613</u>

### 4. Expenses

	2017	2016
	£	£
Payable to the Manager and associates		
Manager's periodic charge	68,894	98,208
Investment management fees	52,513	-
Registration fees	3,180	1,269
	<u>124,587</u>	<u>99,477</u>
Payable to the Trustee		
Trustee fees	<u>4,571</u>	<u>3,143</u>
Other expenses:		
Audit fee	5,918	8,339
Safe custody fees	584	285
Legal fees	14,228	3,009
FCA fee	184	344
Sundry expenses	-	804
Fund accounting fees	13,674	24,554
Distribution fees	-	597
KIID production fee	(1,099)	-
Accounts printing and postage	1,054	791
	<u>34,543</u>	<u>38,723</u>
Total expenses	<u>163,701</u>	<u>141,343</u>

Notes to the financial statements (continued)  
for the year ended 30 November 2017

5. Taxation	2017	2016
	£	£
<i>a. Analysis of the tax charge for the year</i>		
Overseas tax withheld	-	311
Total taxation (note 5b)	-	311

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

The tax assessed for the year is lower (2016: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Net revenue before taxation	362,877	449,270
Corporation tax @ 20%	72,575	89,854
Effects of:		
Franked revenue	(103,160)	(118,015)
Overseas tax withheld	-	311
Expenses not deductible for tax purposes	2,846	-
Excess management expenses	27,739	28,161
Total taxation (note 5a)	-	311

*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 £342,962 (2016: £315,223).

6. Distributions

The distributions take account of revenue added on the issue of units and revenue deducted on the cancellation of units, and comprise:

	2017	2016
	£	£
Interim income distribution	68,160	61,860
Interim accumulation distribution	150,124	184,442
Final income distribution	179,034	154,278
Final accumulation distribution	142,070	174,670
	539,388	575,250
Equalisation:		
Amounts deducted on cancellation of units	8,581	19,710
Amounts added on issue of units	(23,553)	(4,765)
Total net distributions	524,416	590,195

Reconciliation between net revenue and distributions:

	2017	2016
	£	£
Net revenue after taxation per Statement of total return	362,877	448,959
Expenses paid from capital	163,701	141,343
Marginal tax relief	(2,155)	(107)
Undistributed revenue carried forward	(7)	-
Distributions	524,416	590,195

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

Notes to the financial statements (continued)  
for the year ended 30 November 2017

7. Debtors	2017	2016
	£	£
Amounts receivable on issue of units	1,875	1,875
Accrued revenue	48,762	58,071
Prepaid expenses	75	-
Total debtors	<u>50,712</u>	<u>59,946</u>
8. Cash and bank balances	2017	2016
	£	£
Bank balances	351,735	357,734
Total cash and bank balances	<u>351,735</u>	<u>357,734</u>
9. Other creditors	2017	2016
	£	£
Accrued expenses:		
Payable to the Manager and associates		
Manager's periodic charge	3,288	8,103
Investment management fees	8,993	-
Registration fees	1,247	1,163
	<u>13,528</u>	<u>9,266</u>
Other expenses:		
Trustee fees	493	259
Safe custody fees	80	152
Audit fee	5,940	7,960
FCA fee	-	229
KIID production fee	1,041	2,141
Accounts printing and postage	-	281
Fund accounting fees	-	7,793
Legal fees	3,604	7,172
Distribution fees	-	3,211
Transaction charges	6	-
	<u>11,164</u>	<u>29,198</u>
Total other creditors	<u>24,692</u>	<u>38,464</u>
10. Commitments and contingent liabilities		

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

## Notes to the financial statements (continued)

for the year ended 30 November 2017

### 11. Unit classes

The Fund currently has two unit classes; X Income and X Accumulation.

The following reflects the change in units in issue for each unit class in the year:

	X Income
Opening units in issue	2,923,550
Total units issued in the year	926,899
Total units cancelled in the year	<u>(165,106)</u>
Closing units in issue	<u><u>3,685,343</u></u>

	X Accumulation
Opening units in issue	2,858,666
Total units issued in the year	78,153
Total units cancelled in the year	<u>(716,981)</u>
Closing units in issue	<u><u>2,219,838</u></u>

The annual management charge for the year ended 30 November 2017 is 0.90%. The annual management charge includes the Manager's periodic charge and the Investment Manager's fee.

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

On the winding up of a Fund all the assets of the Fund will be realised and apportioned to the unit classes in relation to the net asset value on the closure date. Unitholders 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 unit class has the same rights on winding up.

### 12. Related party transactions

Smith & Williamson Fund Administration Limited, as Manager is a related party due to its ability to act in respect of the operations of the Fund.

The Manager acts as principal in respect of all transactions of units in the Fund. The aggregate monies received and paid through the creation and cancellation of units are disclosed in the Statement of change in net assets attributable to unitholders.

Amounts payable to the Manager and its associates are disclosed in note 4. The amount due to the Manager and its associates at the balance sheet date is disclosed in note 9.

### 13. Events after the balance sheet date

Subsequent to the year end, the net asset value per X income unit has decreased from 182.0p to 176.0p and the X accumulation unit has decreased from 339.8p to 328.4p as at 22 February 2018. This movement takes into account routine transactions but also reflects the market movements of recent months.

## Notes to the financial statements (continued)

for the year ended 30 November 2017

### 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:

	2017	% of purchases by asset class	2016	% of purchases by asset class
Purchases:	£		£	
Equities - purchases before transaction costs	<u>1,754,218</u>		<u>1,262,999</u>	
Commission	3,255	0.18%	2,382	0.19%
Taxes	6,589	0.37%	5,963	0.47%
Financial transaction tax	485	0.03%	-	-
Total direct transaction costs - Equities	<u>10,329</u>	0.58%	<u>8,345</u>	0.66%
Equities - purchases after direct transaction costs	<u>1,764,547</u>		<u>1,271,344</u>	
Total purchases after direct transaction costs	<u>1,764,547</u>		<u>1,271,344</u>	
Sales:	2017	% of sales by asset class	2016	% of sales by asset class
	£		£	
Equities - sales before transaction costs	<u>2,211,752</u>		<u>3,145,009</u>	
Commission	(4,423)	0.20%	(3,418)	0.16%
Taxes	(40)	0.00%	(24)	0.00%
Total direct transaction costs - Equities	<u>(4,463)</u>	0.20%	<u>(3,442)</u>	0.16%
Equities - sales after direct transaction costs	<u>2,207,289</u>		<u>2,141,567</u>	
Total sales after direct transaction costs	<u>2,207,289</u>		<u>2,141,567</u>	

## Notes to the financial statements (continued)

for the year ended 30 November 2017

### 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 Fund's average net asset value in the year:

	2017	% of average net asset value	2016	% of average net asset value
	£		£	
Commission	7,678	0.06%	5,800	0.04%
Taxes	6,629	0.05%	5,987	0.05%
Financial transaction tax	485	0.00%	-	-

#### b Average portfolio dealing spread

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

The average portfolio dealing spread of the investments at the balance sheet date was 0.12% (2016: 0.05%).

## Notes to the financial statements (continued)

for the year ended 30 November 2017

### 15. 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, a body appointed by the Manager, 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 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 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 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 or geography can mitigate market risk.

At 30 November 2017, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to the unitholder would increase or decrease by approximately £702,660 (2016: £639,362).

#### (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. 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 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 Fund's investments will fluctuate as a result of interest rate changes.

During the year the 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 change in interest rates, there would be no material impact upon the assets of the Fund.

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

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

## Notes to the financial statements (continued)

for the year ended 30 November 2017

### 15. Risk management policies (continued)

#### b Credit risk

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

The Trustee has appointed the custodian to provide custody services for the assets of the Fund. There is a counterparty 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.

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

#### c Liquidity risk

A significant risk is the cancellation of units 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 units 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 units in the Fund.

To reduce liquidity risk the Manager will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the 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 Fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the Fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand. In the case of forward foreign currency contracts these are payable in less than one year.

#### 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 Manager 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 Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets 2017 £	Investment liabilities 2017 £
Valuation technique		
Quoted prices	14,053,203	-
Observable market data	-	-
Unobservable data	-	-
	<u>14,053,203</u>	<u>-</u>

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

## Notes to the financial statements (continued)

for the year ended 30 November 2017

### 15. Risk management policies (continued)

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

Valuation technique	Investment assets	Investment liabilities
	2016	2016
	£	£
Quoted prices	12,787,246	-
Observable market data	-	-
Unobservable data	-	-
	<u>12,787,246</u>	<u>-</u>

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

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

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

#### f Derivatives

The Fund may employ derivatives with the aim of reducing the Fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with efficient portfolio management.

The Manager monitors that any exposure is covered globally to ensure adequate cover is available to meet the 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.

During the year there were no derivative transactions.

#### (i) Counterparties

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

The Fund may transact in derivative contracts which potentially exposes the 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 Trustee.

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

#### (ii) Leverage

There have been no leveraging arrangements in the year.

#### (iii) Global exposure

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

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

There have been no collateral arrangements in the year.

## Distribution table

for the year ended 30 November 2017

Distributions on X income in pence per unit

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.17	group 1	interim	2.200	-	2.200	2.1000
31.07.17	group 2	interim	0.989	1.211	2.200	2.1000
31.01.18	group 1	final	4.858	-	4.858	5.2771
31.01.18	group 2	final	2.043	2.815	4.858	5.2771

Distributions on X accumulation in pence per unit

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.17	group 1	interim	6.359	-	6.359	6.6371
31.07.17	group 2	interim	3.137	3.222	6.359	6.6371
31.01.18	group 1	final	6.400	-	6.400	6.1102
31.01.18	group 2	final	3.385	3.015	6.400	6.1102

### Equalisation

Equalisation applies only to group 2 units. It is the average amount of revenue 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 unitholder 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.

### Interim distributions:

- Group 1 Units purchased before 1 December 2016
- Group 2 Units purchased 1 December 2016 to 31 May 2017

### Final distributions:

- Group 1 Units purchased before 1 June 2017
- Group 2 Units purchased 1 June 2017 to 30 November 2017

## Remuneration

### Remuneration code disclosure

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

### Remuneration committee

The remuneration committee report contained in pages 39-41 of the Smith & Williamson Report and Financial Statements for the year ended 30 April 2017 (available <http://smithandwilliamson.com/about-us/financial-reports>) includes details on the remuneration policy. The remuneration committee comprises five non-executive directors and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met five times during 2016-17.

### Remuneration policy

The main principles of the remuneration policy are:

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

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a “balanced scorecard” approach to variable remuneration non-financial criteria including 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.

The committee approved the introduction of a new Equity Matching Plan for partners, and the continuation of the existing Matching Share Plan for employees. The purpose of the plans is to reward individual performance and to encourage wider share ownership.

When considering variable remuneration for the executive directors, the committee takes account of overall business profit for the group and divisions, the 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 2017. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

## 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 72 employees is £2,924,504, of which £2,705,376 is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in SWFAL as at 30 April 2017. Any variable remuneration is awarded for the year ending 30 April 2017. 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 2016-17 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 (£000)		Financial Year ending 30 April 2017			
		Fixed	Variable		Total
		Cash	Equity		
Senior Management	£2,929	£1,776	£580	£5,285	16
Other MRTs	£1,476	£872	£184	£2,532	11
<b>Total</b>	<b>£4,405</b>	<b>£2,648</b>	<b>£764</b>	<b>£7,817</b>	<b>27</b>

## 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 in the Fund is £1,000. The minimum holding 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](http://www.fundlistings.com) or may be obtained by calling 0141 222 1151.

### Capital Gains Tax

Authorised collective investment schemes, such as the Fund are exempt from capital gains tax.

You may be liable to capital gains tax when you sell all or some of your units if your total gains in the relevant tax year exceed the annual exemption. For the tax year 2017/2018, the first £11,300 of any gains is exempt for UK individuals and certain companies.

If investors are in any doubt as to their taxation position they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

Any references in this report to other investments held within the Fund should not be read as a recommendation to the investor to buy or sell, but are included as illustrations only. This is not an offer nor a solicitation to buy or sell any investment referred to in this document. The issuer and its affiliates and/or their officers, directors and employees may own or have positions in any investment mentioned herein or any investment related thereto and from time to time may add to or dispose of any such investment. The contents of this document are based upon sources of information believed to be reliable but no guarantee, warranty or representation, express or implied, is given to their accuracy or completeness.

## Appointments

### Manager and Registered office - from 1 June 2017

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 - from 1 June 2017

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  
Giles Murphy  
Grant Hotson  
James Gordon  
Jocelyn Dalrymple  
Kevin Stopps  
Paul Wyse  
Peter Maher  
Susan Shaw  
Tas Quayum

### Investment Manager

OLIM Limited  
1 King's Arms Yard  
London EC2R 7AF  
Authorised and regulated by the Financial Conduct Authority

### Trustee - from 1 June 2017

National Westminster Bank Plc  
Trustee and Depositary Services  
Younger Building  
1st Floor  
3 Redheughs Avenue  
Edinburgh EH12 9RH  
Authorised by the Prudential Regulation Authority and  
regulated by the Financial Conduct Authority and  
the Prudential Regulation Authority

### Auditor

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG

### Manager and Registered office - to 31 May 2017

Close Asset Management (UK) Limited  
10 Crown Place  
London EC2A 4FT  
Authorised and regulated by the Financial Conduct Authority

### Administrator and Registrar - to 31 May 2017

The Bank of New York Mellon (International) Limited  
Capital House  
2 Festival Square  
Edinburgh EH3 9SU  
Authorised by the Prudential Regulation Authority and  
regulated by the Financial Conduct Authority and  
the Prudential Regulation Authority

### Trustee - to 31 May 2017

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 Conduct Authority