

SVS Albion OLIM UK Equity Income Fund

Annual Report

for the year ended 30 November 2018

Contents

Page

Report of the Manager	2
Statement of the Manager's responsibilities	3
Report of the Trustee to the unitholders of SVS Albion OLIM UK Equity Income Fund	4
Independent Auditor's report to the unitholders of SVS Albion OLIM UK Equity Income Fund	5
Accounting policies of SVS Albion OLIM UK Equity Income Fund	7
Investment Manager's report	9
Summary of portfolio changes	11
Portfolio statement	12
Risk and reward profile	15
Comparative table	16
Ongoing charges figure	17
Financial statements:	
Statement of total return	18
Statement of change in net assets attributable to unitholders	18
Balance sheet	19
Notes to the financial statements	20
Distribution table	29
Remuneration	30
Further information	32
Appointments	33

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 for SVS Albion OLIM UK Equity Income Fund for the year ended 30 November 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 Fund consist predominantly of securities which are readily realisable and, accordingly, the Fund 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.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. As Manager we have applied appropriate accounting policies consistently, supported by reasonable and prudent judgements and estimates. However, as Manager we are unable to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

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

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

Further information in relation to the Fund is illustrated on page 32.

Royal Bank of Scotland Group transferred its Trustee and Depositary Services business from National Westminster Bank Plc to NatWest Trustee & Depositary Services Limited on 29 October 2018.

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

28 February 2019

Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook ('COLL') published by the FCA, requires 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 losses 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the 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 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 cash of the Fund is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, 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 transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's revenue 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 consider 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 revenue in accordance with the Regulations and the Scheme documents, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Fund.

NatWest Trustee & Depositary Services Limited
28 February 2019

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 2018 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 the Trust and the accounting policies set out on pages 7 and 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 2018 and of the net revenue and the net capital losses 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Trust's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Trust's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Manager (Smith & Williamson Fund Administration Limited) has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease their operations, and as they have concluded that the Trust's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

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 a year from the date of approval of the financial statements. In our evaluation of the Manager's conclusions, we considered the inherent risks to the Trust's business model, including the impact of Brexit, and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

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

Other information

The Manager 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 the Manager's Report 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 4, 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.

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.

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

28 February 2019

Accounting policies of SVS Albion OLIM UK Equity Income Fund

for the year ended 30 November 2018

a *Basis of accounting*

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

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 2018.

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 2018 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.

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

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

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

e *Expenses*

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue then reallocated to capital, net of any tax effect.

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.

g *Taxation*

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

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

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

for the year ended 30 November 2018

g *Taxation (continued)*

Deferred taxation is provided in full on timing differences that result in an obligation at 30 November 2018 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.

SVS Albion OLIM UK Equity Income Fund

Investment Manager's report

Market Background¹

Equity markets generally fell in the year to 30 November 2018. The only market which rose during that period was America, where the S&P Index rose by 4.2%. European markets fell, with the DAX Index of German equities registering a fall of 13.5% and Emerging Markets, which were particularly volatile, were badly hit with a fall of 10.4%.

The UK market was also negatively affected and the FTSE All Share Index fell by 5.2%. Including dividends, the total return was -1.5%. The FTSE 100 Index of the largest companies was more resilient than the overall market, with a fall of 4.7% but small companies were hit hardest with a fall of 6.7% in the FTSE SmallCap Index. In fixed income markets, ten year gilt yields rose marginally to 1.4% over the year. The oil price was volatile during the year but ended November 2018 at \$59 per barrel of Brent crude, a fall of 5% over the year, but a fall of 31% from the high price of \$86 per barrel reached in October 2018. Commodity prices were also volatile and, over the year as a whole, the London Metal Exchange 3 month copper price fell by 8.3%. In the currency markets the dollar rose by 6% against the pound and the euro rose marginally against the pound.

The year 2017 closed with much optimism about the rising rate of global economic growth, generally described as 'synchronised global growth', targeted to rise by up to 4% this year and next. Late in 2017 the Federal Reserve in America raised interest rates and guided to further increases and in January 2018 the Bank of England (BoE) gave similar guidance, having already raised the Base Rate by 0.25% from its post Brexit low of 0.25%. Market sentiment was abruptly reversed by the prospect of further interest rate rises and equities fell heavily in the early months of 2018. During the winter, UK economic activity was affected by severe weather conditions, and in the spring the BoE reversed its earlier guidance of a further rise in the Base Rate. UK equities then reversed the falling trend of the early months of 2018 and, in the first half of our year, the market overall was unchanged. In the second half of our year sentiment was negatively affected by a series of events. In the UK, the earlier forecast of a rise in the Base Rate proved correct in August, when the BoE raised by 0.25% to 0.75%, the highest level since early 2009. For those companies which serve the UK economy, the growing uncertainty concerning the terms of Brexit, and political risks, which resulted from the dissension within the Conservative party about the Brexit deal, affected share prices. For UK listed companies which serve the global economy, the growing tensions between President Trump and the Chinese government over trading terms have affected the global outlook. In addition, the strength of the dollar has strained the resources of emerging economies with dollar denominated debt. The months of October and November saw heavy falls in most markets.

Investment performance²

The strong outperformance of the previous year was reversed in this year. Against the overall market total return of -1.5%, the total return on the Fund's units was -7.1%, measured by the change in the bid price of the accumulation units. Since the Fund Trust was formed in January 2002, the total return on accumulation units has been +218.4% compared with the total return on the FTSE All Share Index of +169.1%.

In sector allocations, the absence of investment in Tobacco companies benefitted relative performance, as did the underweighting in Banks. Overweight allocations to Non-Life Insurance and Chemicals were also beneficial. Our overweight holding in the Pharmaceutical sector was a negative factor in relative performance. In stock selection, the major reason for underperformance was due to the collapse of Conviviality in March. After strong performance in the previous year, Conviviality was 5% of the portfolio at the end of November 2017. Bought originally as a convenience retailer, the transformative acquisition of Matthew Clark resulted in its position as the largest UK independent drinks wholesaler. After the acquisition, the financial systems unfortunately proved inadequate, credit insurance was withdrawn and administrators were appointed. In the second half of our year performance was affected by the derating of Dechra Pharmaceuticals, which has been a strong contributor to outperformance over many years. The company continues to trade successfully but the price was affected by the general trend of underperformance by highly rated companies over the summer. Positive relative performance was recorded by Cineworld (+16%), Beazley (+17%) and Go Ahead (+18%).

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)

Portfolio¹

In July, before the derating of the company, we significantly reduced the holding in Dechra Pharmaceuticals, though it remains one of our largest holdings, at more than the ten times the original cost. We reduced Cineworld in order to take up the rights to the new shares, issued to fund the acquisition of Regal, the second largest US cinema chain. We sold the holding in N Brown, as the background to clothing sales grew more difficult and the dividend was reduced. We reduced the holding in Halma in order to buy a new holding in DS Smith, the packaging company which has a growing business in cardboard boxes. We added to all the holdings as new money was received and, in addition to DS Smith, we bought three other new companies during the year. ITV was trading on a high yield and attractive multiple, and has a growing revenue stream from its archive and its video streaming services. Devro, in the Food Producers sector, is the second largest global producer of casings for meat products, particularly sausage skins. Phoenix Group is a specialist closed life and pension fund consolidator. Its recent acquisition of Standard Life Aberdeen's life insurance assets was a transformative deal that extends its dividend profile and de-risks by product type. The stock was acquired at a valuation towards the bottom of its historic range. At the end of November we held investments in 37 companies with an average yield of 4.7%.

Distribution

We maintained the interim distribution at 2.200p and the final distribution for our year will be 4.834p, making a total for the year of 7.034p, marginally below last year's level of 7.058p. The final will be paid on 31 January 2019.

Investment outlook¹

International tensions and internal politics continue to dominate the headlines. The growing influence of China on the global economy continues to be challenged by President Trump and the recent arrest of Huawei's chief financial officer has increased the tensions between those countries. Forecasts for global growth in 2019 have begun to be reduced and are now expected to be below the current rate of growth of 3.7% across the world's economies. The UK economy is currently affected by major uncertainty about our future trading relationship with the European Union. The consequence of internal Conservative party disagreements about the terms of Brexit could destabilize the Prime Minister, her government and her party. The average yield on UK equities is now 4.2%, nearly four times the ten year gilt yield and with continuing dividend growth. Unemployment in the UK is the lowest for decades and wages are growing in real terms. There is currently a cloud of uncertainty overshadowing our economy and our future. As consumers approach the Christmas season, they have abandoned the High Street and on-line sales are also falling short of expectations. Clarity about our national future is necessary and then, with renewed confidence in our governance, investors here and overseas will return to our market, which is currently severely undervalued by all historic comparisons, both absolute and relative to other asset classes.

OLIM Limited

13 December 2018

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¹Source: Financial Times

Summary of portfolio changes

for the year ended 30 November 2018

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

	Cost
	£
Purchases:	
Devro	351,630
DS Smith	334,658
Royal Dutch Shell 'B'	308,831
BHP Group	297,466
Phoenix Group Holdings	279,126
Rio Tinto	269,281
Babcock International Group	252,916
Vodafone Group	239,683
Crest Nicholson Holdings	212,291
BP	203,339
Prudential	196,732
ITV	194,044
Lloyds Banking Group	193,508
Beazley	185,034
Legal & General Group	172,504
BT Group	151,231
GlaxoSmithKline	143,931
Johnson Matthey	138,874
Croda International	130,449
Marston's	120,104
	Proceeds
	£
Sales:	
Halma	317,624
Dechra Pharmaceuticals	282,454
Cineworld Group	158,445
N Brown Group	153,349

Portfolio statement

as at 30 November 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - United Kingdom 97.41% (98.61%)			
Equities - incorporated in the United Kingdom 96.01% (98.61%)			
Oil & Gas 10.08% (8.68%)			
BP	174,000	904,800	5.16
Royal Dutch Shell 'B'	36,000	862,380	4.92
		<u>1,767,180</u>	<u>10.08</u>
Chemicals 5.42% (4.63%)			
Croda International	10,500	511,980	2.92
Johnson Matthey	15,000	438,600	2.50
		<u>950,580</u>	<u>5.42</u>
Basic Resources 4.51% (1.91%)			
BHP Group	27,100	406,879	2.32
Rio Tinto	10,800	384,318	2.19
		<u>791,197</u>	<u>4.51</u>
Industrial Goods & Services 14.44% (16.42%)			
Babcock International Group	77,500	440,200	2.51
DS Smith	90,000	300,690	1.72
Eddie Stobart Logistics	211,250	238,713	1.36
Halma	25,000	343,000	1.96
Rotork	140,000	366,940	2.09
Spectris	23,200	555,408	3.17
SThree	100,000	286,000	1.63
		<u>2,530,951</u>	<u>14.44</u>
Food & Beverage 4.00% (2.28%)			
Britvic	45,000	385,200	2.20
Devro	175,000	315,000	1.80
		<u>700,200</u>	<u>4.00</u>
Personal & Household Goods 6.50% (7.12%)			
Crest Nicholson Holdings	100,000	342,200	1.95
Unilever	18,800	797,778	4.55
		<u>1,139,978</u>	<u>6.50</u>
Health Care 8.94% (10.41%)			
GlaxoSmithKline	49,000	794,290	4.53
Dechra Pharmaceuticals	35,800	772,564	4.41
		<u>1,566,854</u>	<u>8.94</u>
Retail 0.00% (6.89%)		-	-

Portfolio statement (continued)

as at 30 November 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - incorporated in the United Kingdom (continued)			
Media 4.31% (3.78%)			
Informa	84,375	581,344	3.32
ITV	120,000	174,240	0.99
		<u>755,584</u>	<u>4.31</u>
Travel & Leisure 7.64% (6.98%)			
Cineworld Group	175,000	482,650	2.75
Go-Ahead Group	21,200	365,488	2.09
Marston's	345,000	351,555	2.01
Restaurant Group	70,000	100,800	0.58
Restaurant Group Rights*	101,111	37,532	0.21
		<u>1,338,025</u>	<u>7.64</u>
Telecommunications 6.10% (5.87%)			
BT Group	150,000	392,850	2.24
Vodafone Group	400,000	675,760	3.86
		<u>1,068,610</u>	<u>6.10</u>
Utilities 4.56% (4.48%)			
Centrica	149,000	205,248	1.17
Pennon Group	40,900	294,480	1.68
United Utilities Group	39,400	299,440	1.71
		<u>799,168</u>	<u>4.56</u>
Banks 4.70% (4.48%)			
HSBC Holdings	75,000	498,000	2.84
Lloyds Banking Group	590,000	326,565	1.86
		<u>824,565</u>	<u>4.70</u>
Insurance 12.24% (11.77%)			
Beazley	160,000	894,400	5.10
Legal & General Group	253,500	620,061	3.54
Prudential	41,000	631,400	3.60
		<u>2,145,861</u>	<u>12.24</u>

Portfolio statement (continued)

as at 30 November 2018

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - incorporated in the United Kingdom (continued)			
Real Estate 2.57% (2.91%)			
British Land	80,000	451,040	2.57
Total equities - incorporated in the United Kingdom		16,829,793	96.01
Equities - incorporated outwith the United Kingdom 1.40% (0.00%)			
Insurance 1.40% (0.00%)			
Phoenix Group Holdings	40,900	244,991	1.40
Total equities - incorporated outwith the United Kingdom		244,991	1.40
Total equities - United Kingdom		17,074,784	97.41
Portfolio of investments		17,074,784	97.41
Other net assets		454,339	2.59
Total net assets		17,529,123	100.00

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.

* Rights issue from parent line to subscription line at a rate of 13 new shares for every 9 shares held. On 13 December 2018, shareholders can take up 1 new ordinary share for every 1 right held at a price of £1.085.

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 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 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		
	2018 p	2017 p	2016 p	2018 p	2017 p	2016 p
Change in net assets per unit						
Opening net asset value per unit	182.03	161.45	162.25	339.82	290.07	278.63
Return before operating charges	(9.62)	29.69	8.35	(18.26)	52.97	14.51
Operating charges	(1.74)	(2.05)	(1.77)	(3.30)	(3.22)	(3.07)
Return after operating charges *	(11.36)	27.64	6.58	(21.56)	49.75	11.44
Distributions [^]	(7.03)	(7.06)	(7.38)	(13.21)	(12.76)	(12.75)
Retained distributions on accumulation units [^]	-	-	-	13.21	12.76	12.75
Closing net asset value per unit	163.64	182.03	161.45	318.26	339.82	290.07
* after direct transaction costs of:	0.35	0.19	0.15	0.67	0.28	0.25
Performance						
Return after charges	(6.24%)	17.12%	4.06%	(6.34%)	17.15%	4.11%
Other information						
Closing net asset value (£)	10,697,678	6,708,558	4,719,972	6,831,445	7,543,366	8,292,212
Closing number of units	6,537,246	3,685,343	2,923,550	2,146,470	2,219,838	2,858,666
Operating charges	0.98%	1.23%	1.09%	0.98%	1.23%	1.09%
Direct transaction costs	0.20%	0.11%	0.09%	0.20%	0.11%	0.09%
Prices						
Highest unit price (p)	188.5	192.1	176.4	352.2	349.4	307.0
Lowest unit price (p)	163.6	159.6	145.5	309.0	286.8	249.8

[^] 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.

X Income	30.11.18	30.11.17
Annual management charge	0.88%	0.90%
Other expenses	0.10%	0.33%
Ongoing charges figure	<u>0.98%</u>	<u>1.23%</u>
X Accumulation	30.11.18	30.11.17
Annual management charge	0.88%	0.90%
Other expenses	0.10%	0.33%
Ongoing charges figure	<u>0.98%</u>	<u>1.23%</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 2018

	Notes	2018		2017	
		£	£	£	£
Income:					
Net capital (losses) / gains	2		(1,762,879)		1,706,805
Revenue	3	683,619		526,578	
Expenses	4	<u>(159,540)</u>		<u>(163,701)</u>	
Net revenue before taxation		524,079		362,877	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>524,079</u>		<u>362,877</u>
Total return before distributions			(1,238,800)		2,069,682
Distributions	6		(678,747)		(524,416)
Change in net assets attributable to unitholders from investment activities			<u>(1,917,547)</u>		<u>1,545,266</u>

Statement of change in net assets attributable to unitholders

for the year ended 30 November 2018

	2018		2017	
	£	£	£	£
Opening net assets attributable to unitholders		14,251,924		13,012,184
Amounts receivable on issue of units	6,373,356		1,915,388	
Amounts payable on cancellation of units	<u>(1,468,902)</u>		<u>(2,513,108)</u>	
		4,904,454		(597,720)
Change in net assets attributable to unitholders from investment activities		(1,917,547)		1,545,266
Retained distributions on accumulation units		290,292		292,194
Closing net assets attributable to unitholders		<u>17,529,123</u>		<u>14,251,924</u>

Balance sheet
as at 30 November 2018

	Notes	2018 £	2017 £
Assets:			
Fixed assets:			
Investments		17,074,784	14,053,203
Current assets:			
Debtors	7	71,621	50,712
Cash and bank balances	8	719,243	351,735
Total assets		<u>17,865,648</u>	<u>14,455,650</u>
Liabilities:			
Creditors:			
Distribution payable		(316,010)	(179,034)
Other creditors	9	(20,515)	(24,692)
Total liabilities		<u>(336,525)</u>	<u>(203,726)</u>
Net assets attributable to unitholders		<u>17,529,123</u>	<u>14,251,924</u>

Notes to the financial statements

for the year ended 30 November 2018

1. Accounting policies

The accounting policies are disclosed on pages 7 and 8.

2. Net capital (losses) / gains	2018	2017
	£	£
Non-derivative securities - realised gains	71,958	578,044
Non-derivative securities - movement in unrealised (losses) / gains	(1,831,705)	1,130,531
Currency gains	-	128
Transaction charges	(3,132)	(1,898)
Total net capital (losses) / gains	<u>(1,762,879)</u>	<u>1,706,805</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	2018	2017
	£	£
UK revenue	658,261	515,802
Unfranked revenue	23,646	10,657
Overseas revenue	1,235	-
Bank and deposit interest	477	119
Total revenue	<u>683,619</u>	<u>526,578</u>

4. Expenses	2018	2017
	£	£
Payable to the Manager and associates		
Manager's periodic charge	40,000	68,894
Investment management fees	110,156	52,513
Registration fees	1,253	3,180
	<u>151,409</u>	<u>124,587</u>
Payable to the Trustee		
Trustee fees	<u>7,504</u>	<u>4,571</u>
Other expenses:		
Audit fee	4,500	5,918
Safe custody fees	530	584
FCA fee	109	184
KIID production fee	(908)	(1,099)
Legal fee	(3,604)	14,228
Accounts printing and postage	-	1,054
Fund accounting fees	-	13,674
	<u>627</u>	<u>34,543</u>
Total expenses	<u>159,540</u>	<u>163,701</u>

5. Taxation	2018	2017
	£	£
a. Analysis of the tax charge for the year		
Total taxation (note 5b)	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

for the year ended 30 November 2018

5. Taxation (continued)

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2017: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2017: 20%). The differences are explained below:

	2018	2017
	£	£
Net revenue before taxation	<u>524,079</u>	<u>362,877</u>
Corporation tax @ 20%	104,816	72,575
Effects of:		
UK revenue	(131,652)	(103,160)
Overseas revenue	(247)	-
Expenses not deductible for tax purposes	(722)	2,846
Excess management expenses	<u>27,805</u>	<u>27,739</u>
Total taxation (note 5a)	<u>-</u>	<u>-</u>

c. Provision for deferred taxation

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £370,767 (2017: £342,962).

6. Distributions

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

	2018	2017
	£	£
Interim income distribution	114,064	68,160
Interim accumulation distribution	94,834	150,124
Final income distribution	316,010	179,034
Final accumulation distribution	<u>195,458</u>	<u>142,070</u>
	720,366	539,388
Equalisation:		
Amounts deducted on cancellation of units	27,679	8,581
Amounts added on issue of units	<u>(69,298)</u>	<u>(23,553)</u>
Total net distributions	<u>678,747</u>	<u>524,416</u>

Reconciliation between net revenue and distributions:

	2018	2017
	£	£
Net revenue after taxation per Statement of total return	524,079	362,877
Undistributed revenue brought forward	7	-
Expenses paid from capital	159,540	163,701
Marginal tax relief	(4,825)	(2,155)
Undistributed revenue carried forward	<u>(54)</u>	<u>(7)</u>
Distributions	<u>678,747</u>	<u>524,416</u>

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

Notes to the financial statements (continued)
for the year ended 30 November 2018

7. Debtors	2018	2017
	£	£
Amounts receivable on issue of units	175	1,875
Accrued revenue	71,417	48,762
Prepaid expenses	29	75
Total debtors	<u>71,621</u>	<u>50,712</u>
8. Cash and bank balances	2018	2017
	£	£
Total cash and bank balances	<u>719,243</u>	<u>351,735</u>
9. Other creditors	2018	2017
	£	£
Amounts payable on cancellation of units	66	-
Accrued expenses:		
Payable to the Manager and associates		
Manager's periodic charge	3,288	3,288
Investment management fees	10,961	8,993
Registration fees	-	1,247
	<u>14,249</u>	<u>13,528</u>
Other expenses:		
Trustee fees	740	493
Safe custody fees	99	80
Audit fee	5,340	5,940
KIID production fee	-	1,041
Legal fee	-	3,604
Transaction charges	21	6
	<u>6,200</u>	<u>11,164</u>
Total other creditors	<u>20,515</u>	<u>24,692</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 2018

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	3,685,343
Total units issued in the year	3,378,515
Total units cancelled in the year	<u>(526,612)</u>
Closing units in issue	<u>6,537,246</u>

	X Accumulation
Opening units in issue	2,219,838
Total units issued in the year	106,913
Total units cancelled in the year	<u>(180,281)</u>
Closing units in issue	<u>2,146,470</u>

The annual management charge for the year ended 30 November 2018 is 0.88%. 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 increased from 163.6p to 169.3p and the X accumulation unit has increased from 318.3p to 329.3p as at 25 February 2019. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

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

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

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

Notes to the financial statements (continued)

for the year ended 30 November 2018

14. Transaction costs (continued)

a Direct transaction costs (continued)

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

	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2018									
Equities	5,440,341	6,340	0.12%	25,204	0.46%	1,514	0.03%	5,473,399	
Total	5,440,341	6,340	0.12%	25,204	0.46%	1,514	0.03%	5,473,399	

	Purchases before transaction costs		Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£	
2017									
Equities	1,754,218	3,255	0.18%	6,589	0.37%	485	0.03%	1,764,547	
Total	1,754,218	3,255	0.18%	6,589	0.37%	485	0.03%	1,764,547	

Capital events amount of £219,800 (2017: £nil) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2018									
Equities	912,790	(913)	0.10%	(4)	0.00%	(1)	0.00%	911,872	
Total	912,790	(913)	0.10%	(4)	0.00%	(1)	0.00%	911,872	

	Sales before transaction costs		Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£	
2017									
Equities	2,211,752	(4,423)	0.20%	(40)	0.00%	-	-	2,207,289	
Total	2,211,752	(4,423)	0.20%	(40)	0.00%	-	-	2,207,289	

Notes to the financial statements (continued)

for the year ended 30 November 2018

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:

		% of average net asset value
2018	£	
Commission	7,253	0.04%
Taxes	25,208	0.15%
Financial transaction tax	1,515	0.01%

		% of average net asset value
2017	£	
Commission	7,678	0.06%
Taxes	6,629	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 0.13% (2017: 0.12%).

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 2018, 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 unitholders of the Fund would increase or decrease by approximately £853,739 (2017: £702,660).

Notes to the financial statements (continued)

for the year ended 30 November 2018

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. 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 a change in interest rates, there would be no material impact upon the net 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.

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

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

b Credit risk

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

The 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.

Notes to the financial statements (continued)

for the year ended 30 November 2018

15. Risk management policies (continued)

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.

Valuation technique	Investment assets	Investment liabilities
	2018	2018
	£	£
Quoted prices	17,074,784	-
Observable market data	-	-
Unobservable data	-	-
	<u>17,074,784</u>	<u>-</u>

Valuation technique	Investment assets	Investment liabilities
	2017	2017
	£	£
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.

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.

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

During the year there were no derivative transactions.

Notes to the financial statements (continued)

for the year ended 30 November 2018

15. Risk management policies (continued)

f Derivatives (continued)

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the 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 2018

Distributions on X income in pence per unit

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.18	group 1	interim	2.200	-	2.200	2.200
31.07.18	group 2	interim	1.228	0.972	2.200	2.200
31.01.19	group 1	final	4.834	-	4.834	4.858
31.01.19	group 2	final	1.760	3.074	4.834	4.858

Distributions on X accumulation in pence per unit

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
31.07.18	group 1	interim	4.106	-	4.106	6.359
31.07.18	group 2	interim	3.243	0.863	4.106	6.359
31.01.19	group 1	final	9.106	-	9.106	6.400
31.01.19	group 2	final	4.798	4.308	9.106	6.400

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 2017
- Group 2 Units purchased 1 December 2017 to 31 May 2018

Final distributions:

- Group 1 Units purchased before 1 June 2018
- Group 2 Units purchased 1 June 2018 to 30 November 2018

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 58-61 of the Smith & Williamson Report and Financial Statements for the year ended 30 April 2018 (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 eight times during 2017-18.

Remuneration policy

The main principles of the remuneration policy are:

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

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

Remuneration systems

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

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

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 30 April 2018. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

Aggregate quantitative information

The total amount of remuneration paid by Smith & Williamson Fund Administration Limited (SWFAL) is nil as SWFAL has no employees. However, a number of employees have remuneration costs recharged to SWFAL and the annualised remuneration for these 78 employees is £3,741,023 of which £3,391,428 is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in SWFAL as at 30 April 2018. Any variable remuneration is awarded for the year ending 30 April 2018. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed on the next page.

Remuneration (continued)

Aggregate quantitative information (continued)

Smith & Williamson reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Smith & Williamson group. It is difficult to apportion remuneration for these individuals in respect of their duties to SWFAL. For this reason, the aggregate total remuneration awarded for the financial year 2017-18 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 2018				
	Fixed	Variable		Total	No. MRTs
		Cash	Equity		
Senior Management	£2,906	£1,872	£563	£5,341	15
Other MRTs	£1,506	£864	£186	£2,556	11
Total	£4,412	£2,736	£749	£7,897	26

Investment Manager

The Manager delegates the management of the Fund's liquid assets to OLIM Limited and pays to OLIM Limited, out of the Manager's annual management charge, a monthly fee calculated on the total value of the portfolio of investments at each valuation point. OLIM Limited are compliant with the Capital Requirements Directive regarding remuneration and therefore OLIM Limited staff are covered by remuneration regulatory requirements.

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.

A regular saving plan of £50 per month is available for X income units.

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 (a 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 (a 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

Non-Executive Directors of the Manager

Dean Buckley - appointed 29 August 2018
Linda Robinson - appointed 29 August 2018
Victoria Muir - appointed 29 August 2018

Investment Manager

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

Trustee

NatWest Trustee & Depositary Services Limited
2nd Floor
Drummond House
1 Redheughs Avenue
Edinburgh EH12 9RH
Authorised and regulated by the Financial Conduct Authority

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG