

SVS Albion OLIM UK Equity Income Fund

Interim Report

for the six months ended 31 May 2019

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SVS Albion OLIM UK Equity Income Fund

Report of the Manager

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited), as Manager, presents herewith the Interim Report for SVS Albion OLIM UK Equity Income Fund for the six months ended 31 May 2019.

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 period

On 11 April 2019 the FCA approved the application to allow a controlled dividend flow to unitholders. Interim distributions will be made at the Manager's discretion, up to the maximum of the distributable income available for the period.

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

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

B. McLean

Directors

Smith & Williamson Fund Administration Limited

25 July 2019

J. Gordon

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

for the six months ended 31 May 2019

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2018 and are described in those annual financial statements.

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

Investment Manager's report

Market background¹

Worldwide, equity markets experienced considerable volatility in the six month period to the end of May 2019. In the last quarter of 2018 investors were concerned by the effect of the trade wars between President Trump and the Chinese authorities, with the imposition of tariffs on goods imported into the USA from China. Combined with the Federal Reserve's (Fed's) guidance that US interest rates would continue to rise, investors were faced with slowing global economic growth and rising interest rates. Emerging economies were particularly threatened by the rise in the dollar on the currency markets, with dollar denominated debt becoming an increasing burden. After heavy market falls in December, sentiment changed at the beginning of 2019, when the Fed's guidance about interest rate rises changed to a softer position. With growing evidence of slowing economic activity in China, continental Europe and America, fears of tighter monetary policies receded and equity investors returned to markets which had fallen substantially during 2018.

Over the six month period as a whole, the FTSE All-Share Index rose by 2.6% significantly more than the average rise of just 0.1% in world equity markets, despite the political chaos in the UK and the failure of the UK Government to deliver Brexit. Overseas equity markets were mixed with a modest fall in the US, which had outperformed significantly in 2018, and rises of 4% in the German DAX Index and 2% in emerging markets, which were both hard hit in 2018. In the UK, investors in gilts outperformed equity investors with average returns of just under 7%. In currency markets the pound fell slightly against the dollar and closed May at \$1.26 but the euro was unchanged and closed the period at €1.13 against the pound. The oil price was particularly volatile but overall rose by 7% to \$63 per barrel of Brent crude.

Within the UK market, large and mid-size companies rose in line with the FTSE All-Share Index rise of 2.6%. Small companies slightly outperformed larger companies with a rise of 3.2% in the level of the FTSE Small Companies Index. The FTSE 350 Higher Yield Index underperformed with a fall of 0.3% after some of the largest companies in the Index reported difficult trading conditions and some, including Marks and Spencer and Vodafone Group, reduced their dividends. Including income, the total return on the FTSE All-Share Index during the half year to end May was +4.9%.

Investment performance²

The total return on our portfolio was +4.4%, marginally lower than the return on the FTSE All-Share Index but above the average total return of 2.6% on higher yielding companies. In sector allocations the overweight holdings in Pharmaceuticals (Dechra Pharmaceuticals +26%) and Travel & Leisure (Go-Ahead Group +8%, Cineworld Group +7%, Marston's +5%) were beneficial but slightly outweighed by the negative sector allocations of Mobile Telecommunications (Vodafone Group -23%) and Fixed Line Telecommunications (BT Group -26%) In stock selection the portfolio benefitted from Devro (+21%), Informa (+12%) and Cineworld Group (+7%). Negative influences in stock selection included the small holding in Eddie Stobart Logistics (-28%) and ITV (-26%), where advertising revenues were negatively affected by Brexit and political turmoil. The performance of the Fund since inception of +232.4% remains well ahead of the FTSE All-Share Index return of 182.9%.

Portfolio¹

Towards the end of the half year we sold the holding in Centrica. We also sold the entire holding of Halma, which had performed strongly and was valued very highly by the market with a very low yield. We sold the holding in British Land due to its interests in retail properties, which are increasingly affected by the problems of its high street lessees. We had a steady inflow of new investment into the Fund during the half year and we added to almost all of the existing holdings. At the end of May we held shares in 34 companies with an average yield of 4.8%.

Distribution

We maintained the interim distribution at 2.2p. The interim distribution will be paid on 31 July 2019.

¹Source: Financial Times.

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

Investment Manager's report (continued)

Investment outlook¹

Since the acrimonious trade negotiations between America and China began in 2018 the pace of world economic growth has slowed from close to 4% in 2018 to current forecasts of 3.5% for 2019. There has been a sharp slowdown in parts of the eurozone, notably Germany, and UK growth continues at a slow pace of 1% to 1.5%. The current political uncertainties and the very poor early summer weather have cast a temporary cloud over an otherwise fairly robust UK consumer. With inflation remaining low, and unemployment levels reaching post WW2 low levels, and real wages rising, we expect some recovery in consumer spending from recent depressed levels. We hope for a stable government from a new Prime Minister and clarification on our future trading relationships with Europe and elsewhere in the world by the end of this year. When this happens, and unless a Corbyn led government slips through the chaos into government, we think that the significant undervaluation of our market will be widely recognized and corrected. The yield of 4.3% is historically a rare occurrence, especially in a period of low inflation, and is also an extremely stretched comparison with gilt yields which are now below 1% at the ten year maturity.

OLIM Limited

10 June 2019

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¹Source: Financial Times

Summary of portfolio changes

for the six months ended 31 May 2019

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

	Cost
Purchases:	£
Lloyds Banking Group	312,792
ITV	253,992
HSBC Holdings	246,956
Marston's	237,623
SThree	218,914
DS Smith	171,364
Devro	129,073
BP	117,552
Royal Dutch Shell 'B'	111,432
Beazley	62,881
BT Group	62,020
Phoenix Group Holdings	55,748
Dechra Pharmaceuticals	55,553
Legal & General Group	54,472
Unilever	51,947
Spectris	49,545
Prudential	49,255
GlaxoSmithKline	46,068
Vodafone Group	44,515
Informa	42,351
	Proceeds
Sales:	£
British Land	454,914
Halma	347,909
Centrica	142,886

Portfolio statement

as at 31 May 2019

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - United Kingdom 94.18% (97.41%)			
Equities - incorporated in the United Kingdom 94.18% (96.01%)			
Oil & Gas 9.99% (10.08%)			
BP	195,000	1,053,195	5.12
Royal Dutch Shell 'B'	40,500	1,001,768	4.87
		<u>2,054,963</u>	<u>9.99</u>
Chemicals 5.12% (5.42%)			
Croda International	10,982	556,238	2.70
Johnson Matthey	16,100	497,812	2.42
		<u>1,054,050</u>	<u>5.12</u>
Basic Resources 5.07% (4.51%)			
BHP Group	29,000	517,534	2.51
Rio Tinto	11,600	526,234	2.56
		<u>1,043,768</u>	<u>5.07</u>
Industrial Goods & Services 12.53% (14.44%)			
Babcock International Group	82,000	367,196	1.78
DS Smith	140,000	442,260	2.15
Eddie Stobart Logistics	225,000	182,250	0.89
Rotork	150,000	431,100	2.09
Spectris	25,000	620,500	3.01
SThree	177,000	536,310	2.61
		<u>2,579,616</u>	<u>12.53</u>
Food & Beverage 4.69% (4.00%)			
Britvic	48,000	426,960	2.07
Devro	250,000	538,750	2.62
		<u>965,710</u>	<u>4.69</u>
Personal & Household Goods 6.61% (6.50%)			
Crest Nicholson Holdings	107,000	392,262	1.91
Unilever	20,000	967,300	4.70
		<u>1,359,562</u>	<u>6.61</u>

Portfolio statement (continued)

as at 31 May 2019

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - incorporated in the United Kingdom (continued)			
Health Care 8.89% (8.94%)			
Dechra Pharmaceuticals	38,000	1,035,880	5.03
GlaxoSmithKline	52,000	793,936	3.86
		<u>1,829,816</u>	<u>8.89</u>
Media 5.02% (4.31%)			
Informa	90,000	698,940	3.40
ITV	311,000	333,081	1.62
		<u>1,032,021</u>	<u>5.02</u>
Travel & Leisure 8.97% (7.64%)			
Cineworld Group	187,000	553,894	2.69
Go-Ahead Group	22,500	420,525	2.04
Marston's	588,000	629,748	3.06
Restaurant Group	186,000	242,544	1.18
		<u>1,846,711</u>	<u>8.97</u>
Telecommunications 4.37% (6.10%)			
BT Group	177,000	342,955	1.67
Vodafone Group	430,000	556,506	2.70
		<u>899,461</u>	<u>4.37</u>
Utilities 3.20% (4.56%)			
Pennon Group	44,000	322,168	1.57
United Utilities Group	42,000	334,656	1.63
		<u>656,824</u>	<u>3.20</u>
Banks 6.68% (4.70%)			
HSBC Holdings	114,000	735,414	3.57
Lloyds Banking Group	1,118,000	640,167	3.11
		<u>1,375,581</u>	<u>6.68</u>

Portfolio statement (continued)

as at 31 May 2019

	Nominal value or holding	Market value £	% of total net assets
Investment			
Equities - incorporated in the United Kingdom (continued)			
Insurance 13.04% (12.24%)			
Beazley	172,000	961,480	4.67
Legal & General Group	272,500	699,235	3.40
Phoenix Group Holdings	49,100	329,461	1.60
Prudential	44,000	694,100	3.37
		<u>2,684,276</u>	<u>13.04</u>
Real Estate 0.00% (2.57%)		-	-
Total equities - incorporated in the United Kingdom		<u>19,382,359</u>	<u>94.18</u>
Equities - incorporated outwith the United Kingdom 0.00% (1.40%)		-	-
Total equities - United Kingdom		<u>19,382,359</u>	<u>94.18</u>
Portfolio of investments		19,382,359	94.18
Other net assets		1,197,284	5.82
Total net assets		<u>20,579,643</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 2018.

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

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Total purchases in the period:	£2,766,307
Total sales in the period:	£945,709

Risk and reward profile

The risk and reward profile relates to both unit classes in the Fund.

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 KIID.

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

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

Performance information

Number of units in issue	31.05.19	30.11.18	30.11.17	30.11.16
X Income	7,940,318	6,537,246	3,685,343	2,923,550
X Accumulation	2,160,238	2,146,470	2,219,838	2,858,666
Net Asset Value (NAV)	£	£	£	£
Total NAV of the Fund	20,579,643	17,529,123	14,251,924	13,012,184
NAV attributable to X Income unitholders	13,398,222	10,697,678	6,708,558	4,719,972
NAV attributable to X Accumulation unitholders	7,181,421	6,831,445	7,543,366	8,292,212
Net asset value per unit (based on bid value) ^	p	p	p	p
X Income	168.7	163.6	182.0	161.4
X Accumulation	332.4	318.3	339.8	290.1

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

Highest and lowest prices and distributions

		Distribution per unit	Highest price	Lowest price
Financial year to 30 November		p	p	p
2016	X Income	7.377	176.4	145.5
2016	X Accumulation	12.747	307.0	249.8
2017	X Income	7.058	192.1	159.6
2017	X Accumulation	12.759	349.4	286.8
2018	X Income	7.034	188.5	163.6
2018	X Accumulation	13.212	352.2	309.0
Financial period to 31 May 2019	X Income	2.200	177.7	152.5
Financial period to 31 May 2019	X Accumulation	4.278	345.5	296.5

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

X Income			
Payment date	p	Payment date	p
31.07.19	2.200	31.07.18	2.200
		31.01.19	4.834
X Accumulation			
Allocation date	p	Allocation date	p
31.07.19	4.278	31.07.18	4.106
		31.01.19	9.106

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	31.05.19 [^]	30.11.18
Annual management charge	0.86%	0.88%
Other expenses	0.12%	0.10%
Ongoing charges figure	<u>0.98%</u>	<u>0.98%</u>
X Accumulation	31.05.19 [^]	30.11.18
Annual management charge	0.86%	0.88%
Other expenses	0.12%	0.10%
Ongoing charges figure	<u>0.98%</u>	<u>0.98%</u>

[^] Annualised based on the expenses incurred during the period 1 December 2018 to 31 May 2019.

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

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

Statement of total return (unaudited)

for the six months ended 31 May 2019

	1 December 2018 to 31 May 2019		1 December 2017 to 31 May 2018	
	£	£	£	£
Income:				
Net capital gains		416,943		83,235
Revenue	472,325		311,088	
Expenses	<u>(91,029)</u>		<u>(87,256)</u>	
Net revenue before taxation	381,296		223,832	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>381,296</u>		<u>223,832</u>
Total return before distributions		798,239		307,067
Distributions		(244,760)		(195,113)
Change in net assets attributable to unitholders from investment activities		<u>553,479</u>		<u>111,954</u>

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

for the six months ended 31 May 2019

	1 December 2018 to 31 May 2019		1 December 2017 to 31 May 2018	
	£	£	£	£
Opening net assets attributable to unitholders		17,529,123 *		14,251,924
Amounts receivable on issue of units	2,487,670		3,397,791	
Amounts payable on cancellation of units	<u>(83,312)</u>		<u>(373,974)</u>	
		2,404,358		3,023,817
Change in net assets attributable to unitholders from investment activities		553,479		111,954
Retained distributions on accumulation units		92,415		94,834
Unclaimed distributions		268		-
Closing net assets attributable to unitholders		<u>20,579,643</u>		<u>17,482,529 *</u>

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

Balance sheet (unaudited)

as at 31 May 2019

	31 May 2019	30 November 2018
	£	£
Assets:		
Fixed assets:		
Investments	19,382,359	17,074,784
Current assets:		
Debtors	159,890	71,621
Cash and bank balances	1,228,995	719,243
Total assets	<u>20,771,244</u>	<u>17,865,648</u>
Liabilities:		
Creditors:		
Distribution payable	(174,687)	(316,010)
Other creditors	(16,914)	(20,515)
Total liabilities	<u>(191,601)</u>	<u>(336,525)</u>
Net assets attributable to unitholders	<u>20,579,643</u>	<u>17,529,123</u>

Further information

Distributions and reporting dates

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

XD dates:	1 December	final
	1 June	interim
Reporting dates:	30 November	annual
	31 May	interim

Buying and selling units

The property of the Fund is valued at 12 noon every business day, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee, and prices of units are calculated as at that time. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

The minimum initial investment and minimum subsequent holding in the X unit classes is £1,000. Unless all units are redeemed, redemptions are subject to a minimum of £500. These limits may be waived at the discretion of the Manager.

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

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

Appointments

Manager and Registered office

St Vincent St Fund Administration (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
James Gordon
Kevin Stopps
Paul Wyse
Grant Hotson - resigned 11 March 2019

Non-Executive Directors of the Manager

Dean Buckley
Linda Robinson
Victoria Muir

Investment Manager

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Authorised and regulated by the Financial Conduct Authority

Trustee

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