



true potential
investments

SVS True Potential Investments OEIC 2

Interim Report

for the six months ended 31 July 2020

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SVS True Potential Investments OEIC 2 Report of the Authorised Corporate Director ('ACD')

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited), as ACD, presents herewith the Interim Report for SVS True Potential Investments OEIC 2 for the six months ended 31 July 2020.

SVS True Potential Investments OEIC 2 ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 4 February 2015. The Company is incorporated under registration number IC001026. It 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 Company has been set up as an umbrella company. Provision exists for an unlimited number of sub-funds to be included within the umbrella and additional sub-funds may be established by the ACD with the agreement of the Depositary and the approval of the FCA. The sub-funds represent segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and shall not be available for any such purpose.

The ACD 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 Company consist predominantly of securities which are readily realisable and, accordingly, the Company 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 its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. As ACD we have applied appropriate accounting policies consistently, supported by reasonable and prudent judgements and estimates. However, as ACD 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 shareholders are not liable for the debts of the Company.

The Company has no Directors other than the ACD.

The base currency of the Company is UK sterling.

The Instrument of Incorporation can be inspected at the offices of the ACD.

Copies of the Prospectus and Key Investor Information Document ('KIID') are available on request free of charge from the ACD.

Cross holdings

In the period, no sub-fund held shares of any other sub-fund in the umbrella.

Investment objective and policy

The investment objective and policy of each sub-fund is disclosed within the Investment Manager's report of the individual sub-funds.

Sub-funds

There are currently three sub-funds available in the Company:

SVS TPI Balanced 3

SVS TPI Cautious 4

SVS TPI Cautious 5 Income

Important Note from the ACD

The outbreak of Covid-19, declared by the World Health Organisation as a Public Health Emergency of International Concern on 30 January 2020, has caused disruption to businesses and economic activity. The ACD is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

Report of the Authorised Corporate Director (continued)

Changes affecting the Company in the period

KPMG LLP resigned as auditor and Johnston Carmichael LLP was appointed on 6 July 2020.

Further information in relation to the Company is illustrated on page 30.

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 ACD, Smith & Williamson Fund Administration Limited.

Brian McLean
Director
Smith & Williamson Fund Administration Limited
30 September 2020

Accounting policies of SVS True Potential Investments OEIC 2 (unaudited) *for the six months ended 31 July 2020*

The accounting policies relate to the sub-funds within the Company.

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 31 January 2020 and are described in those annual financial statements.

The ACD has considered the impact of the emergence and spread of Covid-19 and potential implications on future operations of the sub-funds of reasonably possible downside scenarios. The ACD has considered a detailed assessment of the sub-funds' ability to meet their liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the sub-funds continue to be open for trading and the ACD is satisfied the sub-funds have adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

Investment Director's foreword and commentary

The Investment Manager's reports that follow are provided by True Potential Investments LLP appointed sub-delegate Schroder Investment Management Limited. Our sub-delegate operates with a similar philosophy to managing money across three different multi asset funds. SVS TPI Cautious 4 and SVS TPI Balanced 3 have the same underlying assets but are tilted differently to reflect their different risk orientation. SVS TPI Cautious 5 Income carries an income requirement. Our sub-delegate applies the same investment philosophy and approach but with a greater emphasis on yield and income sustainability available from each investment in the income sub-fund.

Our sub-delegate has continued to hold significant cash balances over the period and maintain a bias towards cyclical, value orientated equities. They have benefitted from a significant exposure to gold and gold mining equities.

Following the outbreak of Covid-19 which has affected the global economy they note the coordinated monetary and fiscal stimulus from international governments and central banks around the world. However, they are mindful that the nascent economic recovery could be disrupted by further outbreaks of the virus and that a setback in the economic revival witnessed so far could undermine financial markets which have, in many cases, recovered to the levels they were trading at before the outbreak.

Sterling declined 0.92% against the US dollar and 6.67% against the euro which meant the return from global equities over the period was marginally positive for UK sterling based investors, up 0.39%, with US equities (S&P500 Index) up 3.18% and emerging markets up 4.03%. The Fund has a substantial weighting to UK equities which substantially underperformed other developed markets, falling 17.51% over the period. This has impacted upon performance but was mitigated to a large extent by exposure to gold (up 25.45%) and gold mining equities which performed strongly.

The investment thesis continues to be based on a strong conviction that fixed income markets are fully valued. They anticipate that yields will rise and prices will fall. For this reason, our sub-delegate has preferred cash over bonds awaiting better opportunities to invest.

The sub-delegates Investment Managers preference for cash relative to bonds detracted from performance with UK gilts up 5.54% and global bonds gaining 6.17% in UK sterling terms over the period under review.

Looking ahead our sub-delegate Investment Managers continue to focus on equities as the favoured asset class on the basis of monetary policy remaining accommodative, and corporate earnings continuing to recover as global economic growth gathers momentum.

As we move forward, diversification continues to be paramount, together with the ability to be flexible and nimble around asset class positioning. Interest rates appear to remain low for the foreseeable future although opinions are divided upon whether inflation may surprise in response to the record levels of stimulus being mobilised to support economic recovery. We are confident our sub-delegate will be pro-active, adjusting positioning and dealing with uncertainty whilst consistently looking for opportunities.

Source: Bloomberg.

True Potential Investments LLP
26 August 2020

SVS TPI Balanced 3

Investment Manager's report

Investment objective and policy

The sub-fund seeks to deliver long term (five years plus) capital growth and income. The sub-fund will seek exposure, directly or indirectly, to a diversified portfolio of investments. This will be achieved through investment of at least 50% in other collective investment schemes and exchange traded funds that may have a bias towards multi-asset exposure (equities, fixed income securities and money market instruments) but may, at the Investment Manager's discretion, focus on other underlying assets from time to time. The sub-fund may hold up to 100% of its scheme property in collective investment vehicles.

The sub-fund may also invest directly in closed-ended funds, equities, bonds, exchange traded commodities, money market instruments, deposits, cash or near cash.

The sub-fund will have exposure to both United Kingdom and overseas markets. It may seek to protect capital through active asset allocation and the use of derivatives utilising Efficient Portfolio Management techniques where appropriate.

Derivatives and forward transactions may only be used for Efficient Portfolio Management. The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

Please be aware that there is no guarantee that the sub-fund will meet the investment objective, deliver a positive return or that capital will be preserved.

Investment performance

In the period from 1 February 2020 to 31 July 2020, the sub-fund's A Accumulation shares returned -4.7% (mid-to-mid, net of fees).

Source: Morningstar.

Investment activities*

2020 began as 2019 left off, with markets rising and 'Growth' strategies (emphasising companies growing faster than average) significantly outperforming Value strategies (emphasising securities cheaper than average) as investors continued to favour momentum. A stark change came in the second half of February, as attention turned to Covid-19 after a period of believing it was confined to a few select provinces in China.

The first leg down saw global equities fall across the board and investors flock to the safety of government bonds. Oil prices fell in tandem, then collapsed after Russia failed to co-operate with Organisation of the Petroleum Exporting Countries over discussions to cut production. This took stock markets down further, reinforced by a realisation that Covid-19 was growing into a global pandemic. US treasury yields fell below 1% across the curve for the first time, with the 10-year yield briefly under 0.5% having started the year at 1.9%.

Despite policy announcements from major central banks and talk of large-scale fiscal easing, stocks fell well into bear market territory, credit spreads blew out, and gold prices declined. The combination of a global funding squeeze, forced liquidations and margin calls sent businesses and investors scrambling for US dollar.

Then arrived the largest peacetime policy response in history.

This appeared to have the desired affect, as equity market returns in quarter 2 2020 score near the top of the record books. The S&P 500 Index, for example, finished June 40% higher than its March low, the best quarter since quarter 4 1998. In other asset classes, Gold delivered very strong returns, contributing encouragingly to portfolio performance.

Before looking at the drivers of the sub-fund's performance, it is worth reminding readers of the sub-fund's positioning coming into 2020. Our central view was that the global economy was gaining steam, with the positive growth differential that the US had enjoyed in the previous 18 months closing as activity in export-oriented nations such as Europe, Japan and China picked up. We expected this to stave off the deflationary fears that gripped markets in 2019, which given dislocated valuations across and within asset classes, presented an attractive risk/reward opportunity in some of the more cyclical segments of the markets. The sub-fund's exposure was steered away from funds holding expensive stocks and towards those invested in lesser favoured, more attractively valued shares - a preference for 'value' over 'growth'. Within bonds, the exposure was concentrated in lower duration assets, with hedging to mitigate interest rate risk. Concerns over bond valuations meant that we maintained a sizeable allocation to cash. Finally, the alternatives allocation was invested in (predominantly) market neutral strategies and gold.

* Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

Despite a difficult relative start to the year, caused largely by this emphasis on 'value' strategies, performance has picked up, driven in the main by gold, with positive attribution from Heptagon Fund - Kopernik Global All-Cap Equity Fund (up +36% in quarter 2), a fund added early in the year.

In the early part of this period we sold the holding in GAM Global Eclectic Equity Fund, whilst adding to gold and gold equities. Later we sold Heptagon Fund - Kopernik Global All-Cap Equity Fund (Investec) holding, after the fund manager left, and invested the proceeds into TM RWC UK Equity Income Fund. We also initiated a small holding in TM RWC UK Equity Income Fund, which had a strong second quarter (+47.3%).

*Source: Bloomberg.

Investment strategy and outlook

The strength of any economic recovery may be closely tied to news on the pandemic. With the UK reopening shops, pubs and restaurants, the government's stance toward balancing economic, social and healthcare risks is shifting. This follows similar developments in Europe, and the US is allowing greater freedom of movement and activity. As economies have gradually reopened, the number of coronavirus cases has increased. Importantly, however, the number of hospitalisations and deaths have risen at a less alarming rate. With a greater pool of data, governments are now better informed about how to manage the crisis. Our expectation is that economies could continue to open through the rest of 2020, albeit not fully, and with some disruption in sectors such as hospitality. Different countries will adopt different approaches, but a gradual normalisation looks set to kick-start an economic revival in quarter three and beyond.

Global policy settings are likely to remain highly accommodative. With the US presidential election later this year, the Trump administration will want to be both economically stimulative and market friendly. The Federal Reserve has also made clear that it will use its full range of tools to get the economy back on track. The European Commission has agreed a recovery fund with support from Germany and France, marking a shift in policy co-ordination across the bloc. This would supplement fiscal measures within each member state, and follows aggressive monetary support by the European Central Bank. This could prove game-changing for Europe.

We expect this pick-up in economic activity and supportive policy conditions to be helpful for stock markets, and more cyclical companies in particular (i.e. company stocks that follow the general economic cycle). This can be captured regionally, for instance through UK and Japan allocations. It can also be exploited stylistically, through value-oriented strategies. Our exposure to these areas is balanced by more defensive positions, such as gold and cash, as well as flexible credit and alternatives strategies.

A major outbreak of Covid-19 cases would likely be met with a return to strict controls. This would deflate the economic recovery. Even absent this, there is a risk of insolvencies spiking as funding programmes expire and deferrals on commercial rents fall due. Similarly, labour markets are beginning to show signs of weakening, as companies review their cost structure having amassed larger debt burdens through the crisis. As noted above, policymakers are taking unprecedented measures to support growth. Nonetheless, without visible earnings catalysts, lowly rated value shares may struggle. That said, there are other positions within the sub-fund that we would expect to provide a hedge to these risks, as they did earlier in the year.

In this stressed scenario, gold stands out. It has historically shown defensive qualities when the markets become risk-averse, while it offers both a hedge against inflation or against the onset of debt deflation. Higher precious metals prices should also be positive for gold equities. Gold miners are one of the few companies where analysts can confidently pencil in strong earnings growth in 2020. Furthermore, despite strong gains, valuations remain relatively attractive.

The possible economic and market outcomes are wide-ranging. However, if the economy is to recover over the next few years, as we consider likely, then statistically cheap segments of the market such as the more cyclical value stocks offer potential. As we look across the holdings in the portfolio, we are excited by their prospects and believe the sub-fund is well positioned to deliver.

Schroder Investment Management Limited
26 August 2020

Portfolio changes

for the six months ended 31 July 2020

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

| | Cost |
|---|-------------------|
| Purchases: | £ |
| TM RWC UK Equity Income Fund | 6,540,530 |
| Heptagon Fund - Kopernik Global All-Cap Equity Fund | 6,240,316 |
| Jupiter UK Special Situations Fund | 4,917,087 |
| Man International ICVC - Japan CoreAlpha | 4,890,950 |
| Schroder ISF Global Gold GBP | 1,934,212 |
| Ninety One Funds Series I - UK Special Situations Fund | 1,796,332 |
| Schroder Special Situations Fund - Sterling Liquidity Plus I Accumulation | 1,582,880 |
| iShares Physical Gold | 1,245,475 |
| Invesco European Equity Fund | 989,320 |
| Primo UCITS Platform ICAV - Miller Opportunity Fund | 707,966 |
| Majedie Asset Management Investment Fund - Majedie Asset Tortoise Fund | 652,335 |
| Schroder ISF Global Gold USD | 492,813 |
| Odey Swan Fund | 416,822 |
| MAN Funds - MAN GLG Japan CoreAlpha Equity | 329,693 |
| MAN UK ICVC - Man GLG UK Absolute Value Fund | 226,620 |
| | <u>32,963,351</u> |
| | Proceeds |
| Sales: | £ |
| GAM Global Eclectic Equity Fund | 12,485,971 |
| Ninety One Funds Series I - UK Special Situations Fund | 7,461,047 |
| Majedie Asset Management Investment Fund - Majedie Asset Tortoise Fund | 4,427,282 |
| Schroder Special Situations Fund - Sterling Liquidity Plus I Accumulation | 2,540,760 |
| MAN Funds - MAN GLG Japan CoreAlpha Equity | 2,535,923 |
| LF Majedie UK Equity Fund | 1,715,760 |
| Jupiter Absolute Return Fund | 1,601,710 |
| Jupiter UK Special Situations Fund | 1,585,870 |
| iShares Physical Gold | 1,493,922 |
| Man International ICVC - Japan CoreAlpha | 1,437,150 |
| Schroder ISF Global Gold USD | 1,394,153 |
| Invesco European Equity Fund | 1,383,900 |
| Artemis Global Emerging Markets Fund | 820,260 |
| Findlay Park American Fund | 712,794 |
| J O Hambro Capital Management Umbrella Fund - Global Opportunities Fund | 495,000 |
| Odey Swan Fund | 451,905 |
| Schroder ISF Global Gold GBP | 387,851 |
| MAN UK ICVC - Man GLG UK Absolute Value Fund | 236,400 |
| Morgan Stanley Investment Funds - Global Multi-Asset Opportunities Fund | 219,000 |
| | <u>43,386,658</u> |

Portfolio statement

as at 31 July 2020

| Investment | Nominal value or holding | Market value £ | % of total net assets |
|---|--------------------------------|----------------------|--------------------------|
| Collective Investment Schemes 92.13% (93.85%) | | | |
| UK Authorised Collective Investment Schemes 49.61% (59.74%) | | | |
| Artemis Global Emerging Markets Fund | 2,000,000 | 2,562,400 | 2.72 |
| BlackRock Emerging Markets Fund | 250,000 | 1,427,250 | 1.52 |
| Invesco European Equity Fund | 4,250,000 | 7,519,100 | 7.98 |
| Invesco Tactical Bond Fund | 510,000 | 636,072 | 0.68 |
| Jupiter Absolute Return Fund | 5,150,000 | 2,261,365 | 2.40 |
| Jupiter UK Special Situations Fund | 5,000,000 | 9,765,000 | 10.37 |
| LF Majedie UK Equity Fund | 750,000 | 927,750 | 0.98 |
| MAN UK ICVC - Man GLG UK Absolute Value Fund | 4,680,000 | 5,807,880 | 6.17 |
| Man International ICVC - Japan CoreAlpha | 5,500,000 | 9,053,000 | 9.61 |
| TM RWC UK Equity Income Fund | 9,500,000 | 6,760,200 | 7.18 |
| Total UK authorised collective investment schemes | | <u>46,720,017</u> | <u>49.61</u> |
| Offshore Collective Investment Schemes 42.52% (34.11%) | | | |
| Heptagon Fund - Kopernik Global All-Cap Equity Fund | 68,000 | 7,531,721 | 8.00 |
| Hermes Asia Ex-Japan Equity Fund | 190,000 | 475,874 | 0.51 |
| J O Hambro Capital Management Umbrella Fund - Global Opportunities Fund | 500,000 | 499,500 | 0.53 |
| Majedie Asset Management Investment Fund - Majedie Asset Tortoise Fund | 6,000,000 | 9,258,000 | 9.83 |
| MAN Funds - MAN GLG Japan CoreAlpha Equity | 14,000 | 1,866,620 | 1.98 |
| Morgan Stanley Investment Funds - Global Multi-Asset Opportunities Fund | 133,000 | 2,887,430 | 3.07 |
| Odey Swan Fund | 64,000 | 2,922,949 | 3.10 |
| Primo UCITS Platform ICAV - Miller Opportunity Fund | 3,500 | 912,769 | 0.97 |
| Schroder ISF Global Gold GBP | 92,000 | 9,673,358 | 10.27 |
| Schroder ISF Global Gold USD | 18,250 | 2,349,944 | 2.50 |
| Schroder Special Situations Fund - Sterling Liquidity Plus I Accumulation | 600 | 73,082 | 0.08 |
| Schroder Special Situations Fund - Sterling Liquidity Plus I Accumulation GBP | 13,000 | 1,583,440 | 1.68 |
| Total offshore collective investment schemes | | <u>40,034,687</u> | <u>42.52</u> |
| Total collective investment schemes | | <u>86,754,704</u> | <u>92.13</u> |
| Exchange Traded Commodities 5.93% (4.33%) | | | |
| iShares Physical Gold | 190,000 | 5,580,300 | 5.93 |
| Portfolio of investments | | 92,335,004 | 98.06 |
| Other net assets | | 1,830,453 | 1.94 |
| Total net assets | | <u>94,165,457</u> | <u>100.00</u> |

All investments are listed on recognised stock exchanges and are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 January 2020.

Risk and reward profile

The risk and reward profile relates to both share classes in the sub-fund.

The risk and reward indicator table demonstrates where the sub-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 sub-fund. The shaded area in the table below shows the sub-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 sub-fund is in a medium category because the price of its investments have risen or fallen to some extent. 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 sub-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 the sub-fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the sub-fund.

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

The price of gold or other 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 sub-fund invests and significantly impact investment performance.

The sub-fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the sub-fund, please refer to the Prospectus.

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

Performance information

| | | | | |
|--|------------|-------------|-------------|-------------|
| Number of shares in issue | 31.07.20 | 31.01.20 | 31.01.19 | 31.01.18 |
| A Income | 897,618 | 1,089,554 | 1,431,688 | 2,066,619 |
| A Accumulation | 83,956,739 | 92,462,393 | 102,414,679 | 174,532,683 |
| Net Asset Value (NAV) | £ | £ | £ | £ |
| Total NAV of the sub-fund | 94,165,457 | 108,915,448 | 117,154,400 | 203,060,527 |
| NAV attributable to A Income shareholders | 935,939 | 1,200,751 | 1,551,088 | 2,310,413 |
| NAV attributable to A Accumulation shareholders | 93,229,518 | 107,714,697 | 115,603,312 | 200,750,114 |
| Net asset value per share (based on bid value) ^ | p | p | p | p |
| A Income | 104.3 | 110.2 | 108.3 | 111.8 |
| A Accumulation | 111.0 | 116.5 | 112.9 | 115.0 |

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

Highest and lowest prices and distributions

| Financial year to 31 January | | Distribution per share | Highest price | Lowest price |
|----------------------------------|----------------|---------------------------|------------------|-----------------|
| | | p | p | p |
| 2018 | A Income | 1.118 | 114.9 | 109.1 |
| 2018 | A Accumulation | 1.141 | 117.7 | 111.1 |
| 2019 | A Income | 1.381 | 113.2 | 106.2 |
| 2019 | A Accumulation | 1.425 | 116.5 | 110.0 |
| 2020 | A Income | 1.617 | 115.4 | 106.4 |
| 2020 | A Accumulation | 1.690 | 121.3 | 110.9 |
| Financial period to 31 July 2020 | A Income | 0.805 | 111.2 | 86.13 |
| Financial period to 31 July 2020 | A Accumulation | 0.841 | 117.7 | 91.10 |

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

| | | | |
|-----------------|-------|-----------------|-------|
| A Income | | | |
| Payment date | p | Payment date | p |
| 30.09.20 | 0.805 | 30.09.19 | 1.021 |
| | | 31.03.20 | 0.596 |
| A Accumulation | | | |
| Allocation date | p | Allocation date | p |
| 30.09.20 | 0.841 | 30.09.19 | 1.065 |
| | | 31.03.20 | 0.625 |

Ongoing charges figure (OCF)

| | | |
|----------------|-----------------------|----------|
| | 31.07.20 [^] | 30.01.20 |
| A Income | 1.30% | 1.38% |
| A Accumulation | 1.30% | 1.38% |

[^] Annualised based on the expenses incurred during the period 1 February 2020 to 31 July 2020.

Please note the OCF is indicative of the charges which the share classes may incur in a year as it is calculated on historic data.

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

Financial statements - SVS TPI Balanced 3 (unaudited)

Statement of total return (unaudited)

for the six months ended 31 July 2020

| | 1 February 2020 to 31 July 2020 | | 1 February 2019 to 31 July 2019 | |
|---|------------------------------------|--------------------|------------------------------------|------------------|
| | £ | £ | £ | £ |
| Income: | | | | |
| Net capital (losses) / gains | | (4,387,768) | | 3,550,112 |
| Revenue | 713,327 | | 1,074,731 | |
| Expenses | <u>(296,858)</u> | | <u>(382,912)</u> | |
| Net revenue before taxation | 416,469 | | 691,819 | |
| Taxation | <u>-</u> | | <u>-</u> | |
| Net revenue after taxation | | <u>416,469</u> | | <u>691,819</u> |
| Total return before distributions | | (3,971,299) | | 4,241,931 |
| Distributions | | (695,688) | | (1,039,773) |
| Change in net assets attributable to shareholders from investment activities | | <u>(4,666,987)</u> | | <u>3,202,158</u> |

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

for the six months ended 31 July 2020

| | 1 February 2020 to 31 July 2020 | | 1 February 2019 to 31 July 2019 | |
|---|------------------------------------|-------------------|------------------------------------|----------------------|
| | £ | £ | £ | £ |
| Opening net assets attributable to shareholders | | 108,915,448 * | | 117,154,400 |
| Amounts receivable on issue of shares | 11,541,076 | | 13,680,386 | |
| Amounts payable on cancellation of shares | <u>(22,330,156)</u> | | <u>(34,588,686)</u> | |
| | | (10,789,080) | | (20,908,300) |
| Change in net assets attributable to shareholders from investment activities | | (4,666,987) | | 3,202,158 |
| Retained distributions on accumulation shares | | 706,076 | | 897,669 |
| Closing net assets attributable to shareholders | | <u>94,165,457</u> | | <u>100,345,927 *</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 July 2020

| | 31 July 2020 £ | 31 January 2020 £ |
|---|--------------------------|---------------------------|
| Assets: | | |
| Fixed assets: | | |
| Investments | 92,335,004 | 106,927,813 |
| Current assets: | | |
| Debtors | 1,586,352 | 486,087 |
| Cash and bank balances | 1,561,860 | 1,638,034 |
| Total assets | <u>95,483,216</u> | <u>109,051,934</u> |
| Liabilities: | | |
| Creditors: | | |
| Distribution payable | (7,226) | (6,494) |
| Other creditors | (1,310,533) | (129,992) |
| Total liabilities | <u>(1,317,759)</u> | <u>(136,486)</u> |
| Net assets attributable to shareholders | <u><u>94,165,457</u></u> | <u><u>108,915,448</u></u> |

SVS TPI Cautious 4

Investment Manager's report

Investment objective and policy

The sub-fund seeks to deliver long term capital growth over a rolling five-year period in excess of inflation (UK Consumer Price Index). There is no guarantee that the sub-fund will achieve a positive return over this, or any other, period and investors should be aware that their capital is at risk.

The sub-fund aims to achieve the investment objective from exposure, directly or indirectly, to a diversified portfolio of investments. Although the Investment Policy of the sub-fund is to invest at least 50% in collective investment schemes (that themselves may invest in equities, fixed income securities and money market instruments. These collective investment schemes are unlikely to have a bias towards any particular asset class, however this remains at the Investment Manager's discretion), the sub-fund can also invest directly in closed-ended funds, exchange traded commodities, money market instruments, deposits or near cash, and exchange traded funds. The sub-fund will have exposure to both United Kingdom and overseas markets and may utilise derivatives and forward transactions for the purposes of Efficient Portfolio Management.

The sub-fund may hold up to 100% of its scheme property in collective investment vehicles.

Derivatives and forward transactions may only be used for Efficient Portfolio Management. The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

Please be aware that there is no guarantee that the sub-fund will meet the investment objective, deliver a positive return or that capital will be preserved.

Investment performance

In the period from 1 February 2020 to 31 July 2020, the sub-fund's A Accumulation shares returned +1.3% (mid-to-mid, net of fees). The UK Consumer Price Index, as a measure of inflation, returned +0.4% over these six months.

Source: Morningstar.

Investment activities*

2020 began as 2019 left off, with markets rising and 'Growth' strategies (emphasising companies growing faster than average) significantly outperforming value strategies (emphasising securities cheaper than average) as investors continued to favour momentum. A stark change came in the second half of February, as attention turned to Covid-19 after a period of believing it was confined to a few select provinces in China.

The first leg down saw global equities fall across the board and investors flock to the safety of government bonds. Oil prices fell in tandem, then collapsed after Russia failed to co-operate with the Organisation of the Petroleum Exporting Countries over discussions to cut production. This took stock markets down further, reinforced by a realisation that Covid-19 was growing into a global pandemic. US treasury yields fell below 1% across the curve for the first time, with the 10-year yield briefly under 0.5% having started the year at 1.9%.

Despite policy announcements from major central banks and talk of large-scale fiscal easing, stocks fell well into bear market territory, credit spreads blew out, and gold prices declined. The combination of a global funding squeeze, forced liquidations and margin calls sent businesses and investors scrambling for US dollar.

Then arrived the largest peacetime policy response in history.

This appeared to have the desired affect, as equity market returns in quarter 2 score near the top of the record books. The S&P 500 Index, for example, finished June 40% higher than its March low, the best quarter since quarter 4 1998. In other asset classes, Gold delivered very strong returns, contributing encouragingly to portfolio performance.

Before looking at the drivers of the sub-fund's performance, it is worth reminding readers of the sub-fund's positioning coming into 2020. Our central view was that the global economy was gaining steam, with the positive growth differential that the US had enjoyed in the previous 18 months closing as activity in export-oriented nations such as Europe, Japan and China picked up. We expected this to stave off the deflationary fears that gripped markets in 2019, which given dislocated valuations across and within asset classes, presented an attractive risk/reward opportunity in some of the more cyclical segments of the markets. The sub-fund's exposure was steered away from funds holding expensive stocks and towards those invested in lesser favoured, more attractively valued shares - a preference for 'value' over 'growth'. Within bonds, the exposure was concentrated in lower duration assets, with hedging to mitigate interest rate risk. Concerns over bond valuations meant that we maintained a sizeable allocation to cash. Finally, the alternatives allocation was invested in (predominantly) market neutral strategies and gold.

* Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

Despite a difficult relative start to the year, caused largely by this emphasis on 'value' strategies, performance has picked up, driven in the main by gold. It is pleasing, given the challenges, to see a positive return over the six months, and one above inflation.

In the early part of this period we sold the holding in GAM Global Eclectic Equity Fund, whilst adding to gold and gold equities. Later we sold Ninety One Funds Series I - UK Special Situations Fund, after the Fund Manager left, and invested the proceeds into TM RWC UK Equity Income Fund. We took advantage of the volatility in fixed interest to add to the holding in Invesco Tactical Bond Fund. The Fund Managers repositioned the portfolio through the dislocations in March, adding new positions in financials and peripheral Europe having been very defensive at the start of the year.

* Source: Bloomberg.

Investment strategy and outlook

The strength of any economic recovery will be closely tied to news on the pandemic. With the UK reopening shops, pubs and restaurants, the government's stance toward balancing economic, social and healthcare risks is shifting. This follows similar developments in Europe, and the US is allowing greater freedom of movement and activity. As economies have gradually reopened, the number of coronavirus cases has increased. Importantly, however, the number of hospitalisations and deaths have risen at a less alarming rate. With a greater pool of data, governments are now better informed about how to manage the crisis. Our expectation is that economies will continue to open through the rest of 2020, albeit not fully, and with some disruption in sectors such as hospitality. Different countries will adopt different approaches, but a gradual normalisation looks set to kick-start an economic revival in quarter 3 and beyond.

Global policy settings are likely to remain highly accommodative. With the US presidential election later this year, the Trump administration will want to be both economically stimulative and market friendly. The Federal Reserve has also made clear that it will use its full range of tools to get the economy back on track. The European Commission has agreed a recovery fund with support from Germany and France, marking a shift in policy co-ordination across the bloc. This would supplement fiscal measures within each member state, and follows aggressive monetary support by the European Central Bank. This could prove game-changing for Europe.

We expect this pick-up in economic activity and supportive policy conditions to be helpful for stock markets, and more cyclical companies in particular (i.e. company stocks that follow the economic cycle). This can be captured regionally, for instance through UK and Japan allocations. It can also be exploited stylistically, through value-oriented strategies. Our exposure to these areas is balanced by more defensive positions, such as gold and cash, as well as flexible credit and alternatives strategies.

A major outbreak of coronavirus cases would likely be met with a return to strict controls. This would deflate the economic recovery. Even absent this, there is a risk of insolvencies spiking as funding programmes expire and deferrals on commercial rents fall due. Similarly, labour markets are beginning to show signs of weakening, as companies review their cost structure having amassed larger debt burdens through the crisis. As noted above, policymakers are taking unprecedented measures to support growth. Nonetheless, without visible earnings catalysts, lowly rated value shares may struggle. That said, there are other positions within the sub-fund that we would expect to provide a hedge to these risks, as they did earlier in the year.

In this stressed scenario, gold stands out. It has historically shown defensive qualities when the markets become risk-averse, while it offers both a hedge against inflation or against the onset of debt deflation. Higher precious metals prices should also be positive for gold equities. Gold miners are one of the few companies where analysts can confidently pencil in strong earnings growth in 2020. Furthermore, despite strong gains, valuations remain relatively attractive.

The possible economic and market outcomes are wide-ranging. However, if the economy is to recover over the next few years, as we consider likely, then statistically cheap segments of the market such as the more cyclical value stocks offer potential. As we look across the holdings in the portfolio, we are excited by their prospects and believe the sub-fund is well positioned to deliver.

Schroder Investment Management Limited
26 August 2020

Portfolio changes

for the six months ended 31 July 2020

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

| | Cost |
|---|-------------------|
| Purchases: | £ |
| Invesco Tactical Bond Fund | 8,367,210 |
| Jupiter UK Special Situations Fund | 8,206,059 |
| Heptagon Fund - Kopernik Global All-Cap Equity Fund | 7,922,469 |
| TM RWC UK Equity Income Fund | 7,275,600 |
| Schroder Special Situations Fund - Sterling Liquidity Plus I Accumulation | 4,867,600 |
| Man International ICVC - Japan CoreAlpha | 3,059,575 |
| Ninety One Funds Series I - UK Special Situations Fund | 2,377,163 |
| iShares Physical Gold | 1,490,133 |
| Morgan Stanley Investment Funds - Global Multi-Asset Opportunities Fund | 1,363,700 |
| Odey Swan Fund | 1,260,767 |
| Schroder ISF Global Gold GBP | 1,094,411 |
| Majedie Asset Management Investment Fund - Majedie Asset Tortoise Fund | 1,074,490 |
| Schroder ISF Global Gold USD | 407,347 |
| MAN UK ICVC - Man GLG UK Absolute Value Fund | 236,400 |
| | <u>49,002,924</u> |
| | Proceeds |
| | £ |
| Schroder Special Situations Fund - Sterling Liquidity Plus I Accumulation | 13,501,300 |
| GAM Global Eclectic Equity Fund | 10,858,862 |
| Ninety One Funds Series I - UK Special Situations Fund | 6,511,985 |
| JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund | 3,602,346 |
| RWC Funds Income Opportunities | 3,331,446 |
| Invesco Tactical Bond Fund | 2,710,280 |
| Majedie Asset Management Investment Fund - Majedie Asset Tortoise Fund | 1,713,885 |
| Schroder ISF Global Gold USD | 1,235,507 |
| Morgan Stanley Investment Funds - Global Multi-Asset Opportunities Fund | 1,146,000 |
| J O Hambro Capital Management Umbrella Fund - Global Opportunities Fund | 574,800 |
| Jupiter Absolute Return Fund | 478,000 |
| Man International ICVC - Japan CoreAlpha | 267,600 |
| Jupiter UK Special Situations Fund | 202,680 |
| | <u>46,134,691</u> |

Portfolio statement

as at 31 July 2020

| Investment | Nominal value or holding | Market value £ | % of total net assets |
|---|--------------------------------|----------------------|--------------------------|
| Collective Investment Schemes 90.51% (92.72%) | | | |
| UK Authorised Collective Investment Schemes 43.83% (43.21%) | | | |
| Invesco Tactical Bond Fund | 16,800,000 | 20,952,960 | 15.43 |
| Jupiter Absolute Return Fund | 9,500,000 | 4,171,450 | 3.07 |
| Jupiter UK Special Situations Fund | 6,100,000 | 11,913,300 | 8.78 |
| MAN UK ICVC - Man GLG UK Absolute Value Fund | 5,950,000 | 7,383,950 | 5.44 |
| Man International ICVC - Japan CoreAlpha | 4,300,000 | 7,077,800 | 5.21 |
| TM RWC UK Equity Income Fund | 11,250,000 | 8,005,500 | 5.90 |
| Total UK authorised collective investment schemes | | <u>59,504,960</u> | <u>43.83</u> |
| Offshore Collective Investment Schemes 46.68% (49.51%) | | | |
| Heptagon Fund - Kopernik Global All-Cap Equity Fund | 90,000 | 9,968,455 | 7.34 |
| Majedie Asset Management Investment Fund - Majedie Asset Tortoise Fund | 8,650,000 | 13,346,950 | 9.83 |
| Morgan Stanley Investment Funds - Global Multi-Asset Opportunities Fund | 227,000 | 4,928,170 | 3.63 |
| Odey Swan Fund | 130,000 | 5,937,239 | 4.37 |
| Schroder ISF Global Gold GBP | 99,750 | 10,488,234 | 7.73 |
| Schroder ISF Global Gold USD | 27,000 | 3,476,629 | 2.56 |
| Schroder Special Situations Fund - Sterling Liquidity Plus I Accumulation | 125,000 | 15,225,387 | 11.22 |
| Total offshore collective investment schemes | | <u>63,371,064</u> | <u>46.68</u> |
| Total collective investment schemes | | <u>122,876,024</u> | <u>90.51</u> |
| Exchange Traded Commodities 4.66% (2.79%) | | | |
| iShares Physical Gold | 215,000 | <u>6,314,550</u> | <u>4.66</u> |
| Portfolio of investments | | 129,190,574 | 95.17 |
| Other net assets | | 6,559,402 | 4.83 |
| Total net assets | | <u>135,749,976</u> | <u>100.00</u> |

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

The comparative figures in brackets are as at 31 January 2020.

Risk and reward profile

The risk and reward profile relates to both share classes in the sub-fund.

The risk and reward indicator table demonstrates where the sub-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 sub-fund. The shaded area in the table below shows the sub-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 sub-fund is in a medium category because the price of its investments have risen or fallen to some extent. 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 sub-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 the sub-fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where the sub-fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the sub-fund.

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

The price of gold or other 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 sub-fund invests and significantly impact investment performance.

The sub-fund may invest in securities not denominated in sterling, the value of your investments may be affected by changes in currency exchange rates.

For further information please refer to the KIID.

For full details on risk factors for the sub-fund, please refer to the Prospectus.

During the period, the risk and reward indicator changed from 3 to 4.

Performance information

| | | | | |
|--|-------------|-------------|------------|-------------|
| Number of shares in issue | 31.07.20 | 31.01.20 | 31.01.19 | 31.01.18 |
| A Income | 633,215 | 792,274 | 1,636,987 | 2,066,716 |
| A Accumulation | 123,163,390 | 120,266,907 | 90,637,774 | 141,230,630 |
| Net Asset Value (NAV) | £ | £ | £ | £ |
| Total NAV of the sub-fund | 135,749,976 | 130,966,300 | 97,856,815 | 151,095,870 |
| NAV attributable to A Income shareholders | 677,295 | 838,287 | 1,706,996 | 2,152,845 |
| NAV attributable to A Accumulation shareholders | 135,072,681 | 130,128,013 | 96,149,819 | 148,943,025 |
| Net asset value per share (based on bid value) ^ | p | p | p | p |
| A Income | 107.0 | 105.8 | 104.3 | 104.2 |
| A Accumulation | 109.7 | 108.2 | 106.1 | 105.5 |

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

Highest and lowest prices and distributions

| Financial year to 31 January | | Distribution per share | Highest price | Lowest price |
|----------------------------------|----------------|---------------------------|------------------|-----------------|
| | | p | p | p |
| 2018 | A Income | 0.441 | 106.4 | 104.5 |
| 2018 | A Accumulation | 0.464 | 107.3 | 105.3 |
| 2019 | A Income | 0.493 | 105.6 | 101.9 |
| 2019 | A Accumulation | 0.493 | 106.9 | 103.2 |
| 2020 | A Income | 0.561 | 108.7 | 102.6 |
| 2020 | A Accumulation | 0.586 | 110.9 | 104.3 |
| Financial period to 31 July 2020 | A Income | 0.288 | 109.8 | 92.41 |
| Financial period to 31 July 2020 | A Accumulation | 0.288 | 112.3 | 94.53 |

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

| | | | |
|-----------------|-------|-----------------|-------|
| A Income | | | |
| Payment date | p | Payment date | p |
| 30.09.20 | 0.288 | 30.09.19 | 0.344 |
| | | 31.03.20 | 0.217 |
| A Accumulation | | | |
| Allocation date | p | Allocation date | p |
| 30.09.20 | 0.288 | 30.09.19 | 0.359 |
| | | 31.03.20 | 0.227 |

Ongoing charge figure (OCF)

| | 31.07.20^^ | 31.01.20 |
|----------------|------------|----------|
| A Income | 1.22% | 1.21% |
| A Accumulation | 1.22% | 1.21% |

^^ Annualised based on the expenses incurred during the period 1 February 2020 to 31 July 2020.

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

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

Financial statements - SVS TPI Cautious 4 (unaudited)

Statement of total return (unaudited)

for the six months ended 31 July 2020

| | 1 February 2020 to 31 July 2020 | | 1 February 2019 to 31 July 2019 | |
|---|------------------------------------|-------------------------|------------------------------------|-------------------------|
| | £ | £ | £ | £ |
| Income: | | | | |
| Net capital gains | | 1,131,038 | | 1,704,807 |
| Revenue | 755,828 | | 718,542 | |
| Expenses | <u>(424,785)</u> | | <u>(353,595)</u> | |
| Net revenue before taxation | 331,043 | | 364,947 | |
| Taxation | <u>-</u> | | <u>-</u> | |
| Net revenue after taxation | | <u>331,043</u> | | <u>364,947</u> |
| Total return before distributions | | 1,462,081 | | 2,069,754 |
| Distributions | | (343,402) | | (372,290) |
| Change in net assets attributable to shareholders from investment activities | | <u><u>1,118,679</u></u> | | <u><u>1,697,464</u></u> |

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

for the six months ended 31 July 2020

| | 1 February 2020 to 31 July 2020 | | 1 February 2019 to 31 July 2019 | |
|---|------------------------------------|---------------------------|------------------------------------|-----------------------------|
| | £ | £ | £ | £ |
| Opening net assets attributable to shareholders | | 130,966,300 * | | 97,856,815 |
| Amounts receivable on issue of shares | 16,702,071 | | 15,864,958 | |
| Amounts payable on cancellation of shares | <u>(13,391,784)</u> | | <u>(591,369)</u> | |
| | | 3,310,287 | | 15,273,589 |
| Change in net assets attributable to shareholders from investment activities | | 1,118,679 | | 1,697,464 |
| Retained distributions on accumulation shares | | 354,710 | | 377,352 |
| Closing net assets attributable to shareholders | | <u><u>135,749,976</u></u> | | <u><u>115,205,220</u></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 July 2020

| | 31 July 2020 £ | 31 January 2020 £ |
|---|--------------------|----------------------|
| Assets: | | |
| Fixed assets: | | |
| Investments | 129,190,574 | 125,084,575 |
| Current assets: | | |
| Debtors | 989,620 | 867,015 |
| Cash and bank balances | 5,649,658 | 5,369,476 |
| Total assets | <u>135,829,852</u> | <u>131,321,066</u> |
| Liabilities: | | |
| Creditors: | | |
| Distribution payable | (1,824) | (1,719) |
| Other creditors | (78,052) | (353,047) |
| Total liabilities | <u>(79,876)</u> | <u>(354,766)</u> |
| Net assets attributable to shareholders | <u>135,749,976</u> | <u>130,966,300</u> |

SVS TPI Cautious 5 Income Investment Manager's report

Investment objective and policy

The sub-fund seeks to deliver a total return in excess of inflation (UK Consumer Price Index) over a rolling 5 year period with a focus on income. There is no guarantee that the sub-fund will achieve a positive return over this, or any other, period and investors should be aware that their capital is at risk. It should be noted that the long term total return that the sub-fund seeks to achieve will be net of fees.

The sub-fund aims to achieve the investment objective from exposure, directly or indirectly, to a diversified portfolio of investments. Although the investment policy of the sub-fund is to invest at least 80% in collective investment schemes (that themselves may invest in equities, fixed income securities and money market instruments. These collective investment schemes are unlikely to have a bias towards any particular asset class, however this remains at the Investment Manager's discretion), the sub-fund can also invest directly in closed-ended funds, exchange traded commodities, money market instruments, deposits or near cash, exchange traded funds. The sub-fund will have exposure to both United Kingdom and overseas markets and may utilise derivatives and forward transactions for the purposes of efficient portfolio management.

The sub-fund may also hold up to 100% of its scheme property in collective investment vehicles.

Derivatives and forward transactions may only be used for Efficient Portfolio Management. The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

Please be aware that there is no guarantee that the sub-fund will meet the investment objective, deliver a positive return or that capital will be preserved.

Investment performance

In the period from 1 February 2020 to 31 July 2020, the sub-fund's A Accumulation shares returned -6.2% (mid-to-mid, net of fees). The UK Consumer Price Index, as a measure of inflation, rose +0.4%.

Source: Morningstar.

Investment activities*

With global investment yields so low, it feels foolish to risk capital (not to mention take on liquidity risk) in an attempt to chase a higher yield. We are comfortable with the level being distributed, which is generated principally through the enhanced income strategies such as Schroder Income Maximiser and RWC Funds holdings which make up around 40% of the portfolio.

2020 began as 2019 left off, with markets rising and 'Growth' strategies (emphasising companies growing faster than average) significantly outperforming 'Value' strategies (emphasising securities cheaper than average) as investors continued to favour momentum. A stark change came in the second half of February, as attention turned to Covid-19 after a period of believing it was confined to a few select provinces in China.

The first leg down saw global equities fall across the board and investors flock to the safety of government bonds. Oil prices fell in tandem, then collapsed after Russia failed to co-operate with Organisation of the Petroleum Exporting Countries over discussions to cut production. This took stock markets down further, reinforced by a realisation that Covid-19 was growing into a global pandemic. US treasury yields fell below 1% across the curve for the first time, with the 10-year yield briefly under 0.5% having started the year at 1.9%.

Despite policy announcements from major central banks and talk of large-scale fiscal easing, stocks fell well into bear market territory, credit spreads blew out, and gold prices declined. The combination of a global funding squeeze, forced liquidations and margin calls sent businesses and investors scrambling for US dollar.

Then arrived the largest peacetime policy response in history.

This appeared to have the desired affect, as equity market returns in quarter two score near the top of the record books. The S&P 500 Index, for example, finished June 40% higher than its March low, the best quarter since quarter 4 1998. In other asset classes, gold delivered very strong returns, contributing encouragingly to portfolio performance.

* Source: Bloomberg.

Investment Manager's report (continued)

Investment activities* (continued)

Before looking at the drivers of the sub-fund's performance, it is worth reminding readers of the sub-fund's positioning coming into 2020. Our central view was that the global economy was gaining steam, with the positive growth differential that the US had enjoyed in the previous 18 months closing as activity in export-oriented nations such as Europe, Japan and China picked up. We expected this to stave off the deflationary fears that gripped markets in 2019, which given dislocated valuations across and within asset classes, presented an attractive risk/reward opportunity in some of the more cyclical segments of the markets. The sub-fund's exposure was steered away from funds holding expensive stocks and towards those invested in lesser favoured, more attractively valued shares - a preference for 'value' over 'growth'. Within bonds, the exposure was concentrated in lower duration assets, with hedging to mitigate interest rate risk. Concerns over bond valuations meant that we maintained a sizeable allocation to cash. Finally, the alternatives allocation was invested in (predominantly) market neutral strategies and gold.

Despite a difficult relative start to the year, caused largely by this emphasis on 'value' strategies, performance has picked up slightly, driven in the main by gold, with positive attribution from the holding in Invesco Tactical Bond Fund, which was increased in March. We also took advantage of the volatility in fixed interest to increase the holding in the Schroder Strategic Credit Fund. This increase in bonds brought the cash weighting down from just over 20% at the end of March to below 10%. We remain on the lookout for other opportunities in fixed interest.

* Source: Bloomberg.

Investment strategy and outlook

The strength of any economic recovery will be closely tied to news on the pandemic. With the UK reopening shops, pubs and restaurants, the government's stance toward balancing economic, social and healthcare risks is shifting. This follows similar developments in Europe, and the US is allowing greater freedom of movement and activity. As economies have gradually reopened, the number of coronavirus cases has increased. Importantly, however, the number of hospitalisations and deaths have risen at a less alarming rate. With a greater pool of data, governments are now better informed about how to manage the crisis. Our expectation is that economies will continue to open through the rest of 2020, albeit not fully, and with some disruption in sectors such as hospitality. Different countries will adopt different approaches, but a gradual normalisation looks set to kick-start an economic revival in quarter 3 and beyond.

Global policy settings are likely to remain highly accommodative. With the US presidential election later this year, the Trump administration will want to be both economically stimulative and market friendly. The Federal Reserve has also made clear that it will use its full range of tools to get the economy back on track. The European Commission has agreed a recovery fund with support from Germany and France, marking a shift in policy co-ordination across the bloc. This would supplement fiscal measures within each member state, and follows aggressive monetary support by the European Central Bank. This could prove game-changing for Europe.

We expect this pick-up in economic activity and supportive policy conditions to be helpful for stock markets, and more cyclical companies in particular. This can be captured regionally, for instance through UK and Japan allocations. It can also be exploited stylistically, through value-oriented strategies. The sub-fund's exposure to these areas is balanced by more defensive positions, such as gold and cash, as well as flexible credit and alternatives strategies.

A major outbreak of Covid-19 cases would likely be met with a return to strict controls. This would deflate the economic recovery. Even absent this, there is a risk of insolvencies spiking as funding programmes expire and deferrals on commercial rents fall due. Similarly, labour markets are beginning to show signs of weakening, as companies review their cost structure having amassed larger debt burdens through the crisis. As noted above, policymakers are taking unprecedented measures to support growth. Nonetheless, without visible earnings catalysts, lowly rated value shares may struggle. That said, there are other positions within the sub-fund that we would expect to provide a hedge to these risks, as they did earlier in the year.

In this stressed scenario, gold stands out. It has historically shown defensive qualities when the markets become risk-averse, while it offers both a hedge against inflation or against the onset of debt deflation. Higher precious metals prices should also be positive for gold equities. Gold miners are one of the few companies where analysts can confidently pencil in strong earnings growth in 2020. Furthermore, despite strong gains, valuations remain relatively attractive.

The possible economic and market outcomes are wide-ranging. However, if the economy is to recover over the next few years, as we consider likely, then statistically cheap segments of the market such as the more cyclical value stocks offer potential (i.e. stocks that tend to follow economic cycle). As we look across the holdings in the portfolio, we are excited by their prospects and believe the sub-fund is well positioned to deliver. However, it is a world of low yields where the income target remains challenging without taking more risk with shareholders' capital than we feel comfortable.

Portfolio changes

for the six months 31 July 2020

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

| | Cost |
|---|-------------------|
| Purchases: | £ |
| Invesco Tactical Bond Fund | 3,936,134 |
| RWC Funds - Enhanced Income Fund | 1,796,313 |
| RWC Funds - Global Enhanced Dividend Fund | 1,313,934 |
| Schroder Strategic Credit Fund | 1,089,980 |
| Schroder Income Maximiser | 504,850 |
| iShares Physical Gold | 496,415 |
| Jupiter Income Trust | 323,622 |
| Schroder ISF Global Gold GBP | 286,240 |
| Majedie Asset Management Investment Fund - Majedie Asset Tortoise Fund | 93,276 |
| | <u>9,840,764</u> |
| | Proceeds |
| Sales: | £ |
| Schroder Special Situations Fund - Sterling Liquidity Plus I Income | 6,871,500 |
| RWC Funds - Enhanced Income Fund | 2,452,516 |
| Majedie Asset Management Investment Fund - Majedie Asset Tortoise Fund | 1,818,262 |
| RWC Funds - Global Enhanced Dividend Fund | 1,794,944 |
| Schroder Strategic Credit Fund | 1,593,455 |
| Schroder Income Maximiser | 864,690 |
| PIMCO Select Funds - UK Income Bond Fund | 835,650 |
| iShares Physical Gold | 693,575 |
| Schroder ISF Global Gold USD | 635,684 |
| Schroder ISF Global Gold GBP | 621,345 |
| Morgan Stanley Investment Funds - Global Multi-Asset Opportunities Fund | 440,800 |
| Jupiter Income Trust | 259,870 |
| | <u>18,882,291</u> |

Portfolio statement

as at 31 July 2020

| Investment | Nominal value or holding | Market value £ | % of total net assets |
|---|--------------------------|--------------------------|-----------------------|
| Collective Investment Schemes 91.04% (94.15%) | | | |
| UK Authorised Collective Investment Schemes 31.28% (20.13%) | | | |
| Invesco Tactical Bond Fund | 3,350,000 | 4,178,120 | 10.66 |
| Jupiter Income Trust | 220,000 | 893,486 | 2.28 |
| Schroder Income Maximiser | 8,850,000 | 3,045,285 | 7.77 |
| Schroder Strategic Credit Fund | 4,500,000 | 4,142,700 | 10.57 |
| Total UK authorised collective investment schemes | | <u>12,259,591</u> | <u>31.28</u> |
| Offshore Collective Investment Schemes 59.76% (74.02%) | | | |
| Majedie Asset Management Investment Fund - Majedie Asset Tortoise Fund | 2,445,000 | 3,772,635 | 9.63 |
| Morgan Stanley Investment Funds - Global Multi-Asset Opportunities Fund | 44,000 | 955,240 | 2.44 |
| RWC Funds - Global Enhanced Dividend Fund | 90,000 | 6,921,540 | 17.67 |
| RWC Funds - Enhanced Income Fund | 120,500 | 7,291,443 | 18.61 |
| Schroder ISF Global Gold GBP | 15,000 | 1,577,178 | 4.03 |
| Schroder ISF Global Gold USD | 6,000 | 772,584 | 1.97 |
| Schroder Special Situations Fund - Sterling Liquidity Plus I Income | 20,000 | 2,117,932 | 5.41 |
| Total offshore collective investment schemes | | <u>23,408,552</u> | <u>59.76</u> |
| Total collective investment schemes | | <u>35,668,143</u> | <u>91.04</u> |
| Exchange Traded Commodities 3.99% (2.76%) | | | |
| iShares Physical Gold | 53,250 | 1,563,953 | 3.99 |
| Portfolio of investments | | 37,232,096 | 95.03 |
| Other net assets | | 1,949,057 | 4.97 |
| Total net assets | | <u><u>39,181,153</u></u> | <u><u>100.00</u></u> |

All investments are listed on recognised stock exchanges and are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The comparative figures in brackets are as at 31 January 2020.

Risk and reward profile

The risk and reward profile relates to both share classes in the sub-fund.

The risk and reward indicator table demonstrates where the sub-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 sub-fund. The shaded area in the table below shows the sub-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 sub-fund is in a medium category because the price of its investments have risen or fallen to some extent. 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 sub-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 the sub-fund invests in bonds, there is a risk the bond issuer may fail to meet its repayments. This is usually a greater risk for bonds that produce a higher level of income. Changes in interest rates, inflation and the creditworthiness of the bond issuer may also affect the bond's market value.

Where the sub-fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the sub-fund.

The sub-fund is entitled to use derivative instruments for Efficient Portfolio Management. Derivatives may not achieve their intended purpose. Their prices may move up or down significantly over relatively short periods of time which may result in losses greater than the amount paid. This could adversely impact the value of the sub-fund.

The organisation from which the sub-fund buys a derivative may fail to carry out its obligations, which could also cause losses to the sub-fund.

The price of gold or other 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 sub-fund invests and significantly impact investment performance.

For further information please refer to the KIID.

For full details on risk factors for the sub-fund, please refer to the Prospectus.

During the period, the risk and reward indicator changed from 3 to 4.

Performance information

| | | | | |
|--|------------|------------|------------|------------|
| Number of shares in issue | 31.07.20 | 31.01.20 | 31.01.19 | 31.01.18 |
| A Income | 17,355,971 | 21,410,510 | 17,669,412 | 17,620,786 |
| A Accumulation | 22,010,728 | 26,579,813 | 18,435,233 | 20,779,881 |
| Net Asset Value (NAV) | £ | £ | £ | £ |
| Total NAV of the sub-fund | 39,181,153 | 51,159,471 | 38,373,171 | 40,582,593 |
| NAV attributable to A Income shareholders | 15,811,266 | 21,091,923 | 17,754,388 | 17,864,385 |
| NAV attributable to A Accumulation shareholders | 23,369,887 | 30,067,548 | 20,618,783 | 22,718,208 |
| Net asset value per share (based on bid value) ^ | p | p | p | p |
| A Income | 91.10 | 98.51 | 100.5 | 101.4 |
| A Accumulation | 106.2 | 113.1 | 111.8 | 109.3 |

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

Highest and lowest prices and distributions

| Financial year to 31 January | | Distribution per share | Highest price | Lowest price |
|----------------------------------|----------------|---------------------------|------------------|-----------------|
| | | p | p | p |
| 2018 | A Income | 2.814 | 110.9 | 107.6 |
| 2018 | A Accumulation | 2.979 | 104.8 | 101.7 |
| 2019 | A Income | 3.241 | 104.1 | 99.27 |
| 2019 | A Accumulation | 3.536 | 112.9 | 107.0 |
| 2020 | A Income | 3.115 | 102.7 | 98.32 |
| 2020 | A Accumulation | 3.507 | 116.9 | 110.3 |
| Financial period to 31 July 2020 | A Income | 1.350 | 98.91 | 81.39 |
| Financial period to 31 July 2020 | A Accumulation | 1.556 | 113.6 | 93.45 |

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

| | | | |
|-----------------|-------|-----------------|-------|
| A Income | | | |
| Payment date | p | Payment date | p |
| 30.06.20 | 0.523 | 30.06.19 | 0.546 |
| 30.09.20 | 0.827 | 30.09.19 | 0.992 |
| | | 31.12.19 | 0.707 |
| | | 31.03.20 | 0.870 |
| A Accumulation | | | |
| Allocation date | p | Allocation date | p |
| 30.06.20 | 0.601 | 30.06.19 | 0.607 |
| 30.09.20 | 0.955 | 30.09.19 | 1.111 |
| | | 31.12.19 | 0.799 |
| | | 31.03.20 | 0.990 |

Ongoing charges figure (OCF)

| | 31.07.20 [^] | 30.01.20 |
|----------------|-----------------------|----------|
| A Income | 1.13% | 1.10% |
| A Accumulation | 1.13% | 1.10% |

[^] Annualised based on the expenses incurred during the period 1 February 2020 to 31 July 2020.

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

Investors should note that prior to 27 December 2019, the target benchmark for this sub-fund was to exceed UK CPI (Consumer Price Index) over a rolling 5 year period, together with an income target to provide an income distribution of 4% per annum.

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

Financial statements - SVS TPI Cautious 5 Income (unaudited)

Statement of total return (unaudited)

for the six months ended 31 July 2020

| | 1 February 2020 to 31 July 2020 | | 1 February 2019 to 31 July 2019 | |
|---|------------------------------------|---------------------------|------------------------------------|-------------------------|
| | £ | £ | £ | £ |
| Income: | | | | |
| Net capital losses | | (3,202,175) | | (1,686) |
| Revenue | 596,372 | | 665,649 | |
| Expenses | <u>(130,152)</u> | | <u>(130,413)</u> | |
| Net revenue before taxation | 466,220 | | 535,236 | |
| Taxation | <u>(16,357)</u> | | <u>(14,628)</u> | |
| Net revenue after taxation | | <u>449,863</u> | | <u>520,608</u> |
| Total return before distributions | | (2,752,312) | | 518,922 |
| Distributions | | (565,293) | | (635,128) |
| Change in net assets attributable to shareholders from investment activities | | <u><u>(3,317,605)</u></u> | | <u><u>(116,206)</u></u> |

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

for the six months ended 31 July 2020

| | 1 February 2020 to 31 July 2020 | | 1 February 2019 to 31 July 2019 | |
|---|------------------------------------|--------------------------|------------------------------------|----------------------------|
| | £ | £ | £ | £ |
| Opening net assets attributable to shareholders | | 51,159,471 * | | 38,373,171 |
| Amounts receivable on issue of shares | 5,031,302 | | 7,689,065 | |
| Amounts payable on cancellation of shares | <u>(14,034,135)</u> | | <u>(1,177,030)</u> | |
| | | (9,002,833) | | 6,512,035 |
| Change in net assets attributable to shareholders from investment activities | | (3,317,605) | | (116,206) |
| Retained distributions on accumulation shares | | 342,120 | | 363,402 |
| Closing net assets attributable to shareholders | | <u><u>39,181,153</u></u> | | <u><u>45,132,402</u></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 July 2020

| | 31 July 2020 £ | 31 January 2020 £ |
|---|--------------------------|--------------------------|
| Assets: | | |
| Fixed assets: | | |
| Investments | 37,232,096 | 49,580,656 |
| Current assets: | | |
| Debtors | 264,535 | 362,629 |
| Cash and bank balances | 1,927,089 | 1,708,190 |
| Total assets | <u>39,423,720</u> | <u>51,651,475</u> |
| Liabilities: | | |
| Creditors: | | |
| Distribution payable | (143,534) | (186,271) |
| Other creditors | (99,033) | (305,733) |
| Total liabilities | <u>(242,567)</u> | <u>(492,004)</u> |
| Net assets attributable to shareholders | <u><u>39,181,153</u></u> | <u><u>51,159,471</u></u> |

Further information

Distributions and reporting dates

Where net revenue is available it is distributed/allocated from the sub-funds as below. In the event of a distribution, shareholders will receive a tax voucher.

| | | | | | |
|-----------|---|--|--------------------------------|--|--|
| XD dates | 1 August 1 February | Interim Final | Payment/Allocation dates | 30 September 31 March | SVS TPI Balanced 3 SVS TPI Cautious 4 |
| XD dates | 1 May 1 August 1 November 1 February | Quarter 1 Interim Quarter 3 Final | Payment/Allocation dates | 30 June 30 September 31 December 31 March | SVS TPI Cautious 5 Income |
| Reporting | 31 January 31 July | Annual Interim | All sub-funds All sub-funds | | |

Buying and selling shares

The property of the sub-funds is valued at 5pm on each business day, and the prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

The minimum initial investment and holding apply to the sub-funds as follows:

| | Minimum initial Investment and holding |
|------------------------|---|
| A Income shares | £1 |
| A Accumulation shares | £1 |
| B Income shares* | £100,000 |
| B Accumulation shares* | £100,000 |

* Share class not currently available for investment.

The minimum initial and subsequent investment amounts, minimum holding requirements and the preliminary and redemption charges may be waived by the ACD at its discretion.

Prices of shares and the estimated yield of the share classes of the sub-funds are published on the following website: www.fundlistings.com or may be obtained by calling 0141 222 1151.

Benchmark

SVS TPI Balanced 3

The ACD would recommend that in order to measure whether or not the sub-fund has achieved its objective, shareholders should refer to the process of goal-setting provided by the Investment Manager, adopted at the shareholder level and visible to the shareholders through their online account or application.

SVS TPI Cautious 4

UK CPI (Consumer Price Index) is a good measure of inflation and is the target set for the sub-fund's performance to exceed over a rolling 5 year period.

The ACD has selected this target benchmark as the ACD believes it best reflects the target of returns above inflation over a rolling 5 year period.

SVS TPI Cautious 5 Income

UK CPI (Consumer Price Index) is a good measure of inflation and is the target set for the sub-fund's performance to exceed over a rolling 5 year period.

The ACD has selected this target benchmark as the ACD believes they best reflect the target of returns above inflation over a rolling 5 year period. Investors should note that prior to 27 December 2019, the target benchmark for this sub-fund was to exceed UK CPI (Consumer Price Index) over a rolling 5 year period, together with an income target to provide an income distribution of 4% per annum.

Appointments

ACD 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 ACD

Brian McLean
David Cobb
James Gordon
Kevin Stopps

Independent Non-Executive Directors of the ACD

Dean Buckley
Linda Robinson
Victoria Muir

Non-Executive Directors of the ACD

Paul Wyse

Investment Manager

True Potential Investments LLP
Newburn House
Gateway West
Newcastle Upon Tyne NE15 8NX
Authorised and regulated by the Financial Conduct Authority

Depository

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

Auditor

Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL