



true potential
investments

SVS True Potential Investments Fund

Annual Report

for the year ended 7 March 2020

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SVS True Potential Investments Fund Report of the Manager

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited), as Manager, presents herewith the Annual Report for SVS True Potential Investments Fund for the year ended 7 March 2020.

SVS True Potential Investments Fund ('the Trust' or 'the Fund') is an authorised umbrella unit trust scheme further to an authorisation order dated 3 November 2015 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').

There is currently one sub-fund in the Fund - SVS TPI Monthly Income 1.

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 its effects are subject to unprecedented levels of uncertainty of consequences, 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.

COLL requires the Manager to carry out an Assessment of Value on the Fund. This forms part of a composite report, with a reference date of 30 April, which was published by 31 August 2020. The Assessment of Value is available on the following website:

www.smithandwilliamson.com/en/services/fund-administration/literature/kiid-website/true-potential-investments-llp/.

Investment objective and policy - SVS TPI Monthly Income 1

The investment objective is to achieve regular income growth with prospects of capital growth. Income will be paid monthly where the level of income within the Fund allows.

The assets of the Fund are primarily invested in UK equities with the balance mainly in sterling denominated fixed interest securities with some limited exposure to non-sterling bonds. The Manager may invest in derivatives for Efficient Portfolio Management purposes in order to effectively manage exposures to currencies and underlying equity positions in the portfolio.

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

Please be aware that there is no guarantee that capital will be preserved.

Important Note from the Manager

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 Manager 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 Manager (continued)

Changes affecting the Fund in the year

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

Further information in relation to the Fund is illustrated on page 45.

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

Brian McLean

James Gordon

Directors

Smith & Williamson Fund Administration Limited

7 September 2020

Statement of the Manager's responsibilities

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

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds published by The Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.
- the maintenance and integrity of the Trust's information on the Manager's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Report of the Trustee to the unitholders of SVS True Potential Investments Fund

Trustee's responsibilities

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

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

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

The Trustee must ensure that:

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

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

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

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

Independent Auditor's report to the unitholders of SVS True Potential Investments Fund ('the Trust')

Opinion

We have audited the financial statements of SVS True Potential Investments Fund for the year ended 7 March 2020 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Unitholders, Balance Sheet, the related Notes to the Financial Statements, including a summary of significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust at 7 March 2020 and of the net revenue and the net capital losses on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to UK Authorised Funds and the COLL Rules.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described further in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The Manager is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the COLL Regulations

In our opinion, based on the work undertaken in the course of the audit:

- Proper accounting records for the Trust have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the Manager's report for the year is consistent with the financial statements.

Independent Auditor's report to the unitholders of SVS True Potential Investments Fund (continued)

Responsibilities of the Manager

As explained more fully in the Statement of the Manager's responsibilities set out on page 4, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's report to the unitholders of SVS True Potential Investments Fund (continued)

Use of Our Report

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes Sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Glasgow
7 September 2020

Accounting policies of SVS True Potential Investments Fund

for the year ended 7 March 2020

a *Basis of accounting*

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

The Manager has considered the impact of the emergence and spread of Covid-19 and potential implications on future operations of the Fund of reasonably possible downside scenarios. The Manager has considered a detailed assessment of the Fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the Fund continues to be open for trading and the Manager is satisfied the Fund has 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.

b *Valuation of investments*

The purchase and sale of investments are included up to close of business on 6 March 2020, being the last business day.

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

Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 6 March 2020 with reference to quoted bid prices from reliable external sources.

Derivatives are valued at the price which would be required to close out the contract at the balance sheet date.

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

c *Foreign exchange*

The base currency of the Fund is UK sterling which is taken to be the Fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

d *Revenue*

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

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

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

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

Interest on debt securities is recognised on an effective yield basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. The amortised amounts are accounted for as revenue or as an expense and form part of the distributable revenue of the Fund.

Underwriting commission is recognised as revenue on an accruals basis except when the Fund is required to take up some or all of the shares underwritten. In this case a proportion of the commission will be deducted from the cost of these shares.

Accounting policies of SVS True Potential Investments Fund (continued)

for the year ended 7 March 2020

e Expenses

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

Bank interest paid is charged to revenue.

f Allocation of revenue and expenses to multiple unit classes

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

g Taxation

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

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

Deferred taxation is provided in full on timing differences that result in an obligation at 7 March 2020 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

When a disposal of a holding in a non-reporting offshore fund is made, any gain is an offshore income gain and tax will be charged to capital.

h Efficient Portfolio Management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for Efficient Portfolio Management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

i Dilution adjustment

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

Accounting policies of SVS True Potential Investments Fund (continued)

for the year ended 7 March 2020

j Distribution policies

i Basis of distribution

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

Where a transfer is made between the revenue and capital of the same class it is acceptable not to take into account marginal tax relief in determining distribution. Marginal tax relief was not taken into account when calculating the distribution.

ii Unclaimed distributions

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

iii Revenue

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

iv Expenses

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

v Equalisation

Group 2 units are units purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 units. Equalisation is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholders but must be deducted from the cost of units for capital gains tax purposes. Equalisation per unit is disclosed in the Distribution table.

Investment Director's foreword and commentary

The investment report that follows is provided by True Potential Investments LLP for appointed sub-delegate Columbia Threadneedle. Our sub-delegate is responsible for managing the SVS TPI Monthly Income 1 fund aiming to provide an income stream that is paid monthly and with prospects for capital growth.

Asset exposure is obtained by a directly invested approach of UK equities and bonds. Within bonds, the sub-delegate also invests in overseas company debt, but denominated in UK sterling. Yield is constructed at the portfolio level which allows, on the equity side, a mix of more traditional income producing stocks, but also less mature stocks that may have more potential for growth. The sub-delegate also invests in companies where there is turnaround potential. This includes scope to resume paying dividends with future prospects for growth.

The year started well for equity markets overall buoyed by interest rate cuts from the Federal Reserve with investors taking the view that the market cycle was becoming ever elongated. Within the UK, Brexit initially dominated the headlines as 31 March 2019 came and went without resolution. Political risk again heightened in late '19 as the potential for a left of centre Labour government to gain power led by Jeremy Corbyn meant UK sterling volatility. Finally, the Covid-19 has brought uncertainty to the overall outlook, pushing down on the value of global stocks as investors digest how much of an effect this will have on the UK economy.

The UK overall underperformed other equity markets with its large weighting towards oil related securities and a continued appetite for more tech focussed stocks not really present in the UK index. Within fixed income, returns were very strong with both UK Gilts and credit registering double digit figures. Although UK sterling showed some volatility, overall at the end of the year, it had experienced little movement.

Against this backdrop the SVS TPI Monthly Income 1 fund recorded a positive return of +3.6% over the year (based on 5pm mid prices). Source: Bloomberg.

The strength of our sub-delegate lies within their robust investment process and ability to select income producing stocks with decent prospects for growth. Income sustainability is key for investors and, here at True Potential Investments LLP, we believe our sub-delegate will not take on extra risk simply to gain a higher yield and that they will stick with their stock picking process and philosophy.

True Potential Investments LLP
27 March 2020

Investment Manager's report

Investment performance

Within equities, sector positioning accounted for the majority of the outperformance. The underweight in energy was most beneficial as oil prices fell over the year, owing to a sharp decline in 2020 amid concerns that the Covid-19 outbreak could cripple demand. The overweight in industrials also added value; these stocks benefited from an uptick in sentiment following the UK general election. Stock selection was neutral in aggregate. Our successful choices in industrials and technology were offset by detraction from those in communication services and consumer staples.

The year saw bouts of equity-market volatility. This led investors to periodically eschew economically sensitive stocks, which proved beneficial for the Fund's defensive exposure, with notable stock-level contributors including Rentokil Initial and AstraZeneca. As significant overseas earners, both stocks also benefited from periods of weakness in UK sterling, induced by Brexit-related jitters. Well-received earnings updates also proved supportive. In AstraZeneca's case, reports of favourable progress in drug trials and news that certain treatments had received the green light from regulators were also beneficial.

Other positive contributors included Spirent Communications - which was among the domestically oriented stocks in the portfolio that gained from the post-election bounce in sentiment. The underweight in Royal Dutch Shell 'B' and zero weight in BP also added value.

Detractors included Imperial Brands and Pearson; both stocks were impacted by profit warnings. Imperial Brands cited that the increased regulatory rhetoric in the US against next-generation products could hurt revenues, and the impact was indeed visible in its full-year results. Pearson's profit warning was premised on sluggish textbook sales in its US higher education division. However, sales elsewhere in the business are resilient, and we feel that the revenue potential of these is being underestimated by the market. Pearson is also progressing in establishing a digital presence in US higher education, which should be supportive of overall revenues. The company's balance sheet remains strong.

Within fixed income, key contributors included holdings in Fidelity National Information Services 3.36% 21/05/2031, innogy Finance 6.25% 03/06/2030 and GE Capital UK Funding Unlimited 5.875% 18/01/2033.

Investment activities

Within equities, we took advantage of share-price weakness to top up some holdings, chiefly IML, Hays, Imperial Brands and BT Group.

Engineering firm IML has completed its business review sooner than expected and we are optimistic about its plans to reduce costs and raise margins.

Hays' shares and guidance have been pressured by Brexit-related uncertainty and the weak economic conditions in the eurozone. Nevertheless, the company is more diversified by business line and geography than ever before, while progress on its five-year strategic plan remains on track.

For Imperial Brands, though we have been disappointed by the soft numbers, we are encouraged by the appointment of Stefan Bomhard as the new CEO. Under his tenure, we feel that management should accelerate the move towards unlocking underappreciated shareholder value, given Mr Bomhard's strong record in buying back stock and making judicious disposals. Imperial Brands' combustible business remains robust, and the sale of the premium cigar business should result in significant optionality for deleveraging and/or investment.

We are positive about BT Group's investment in the rollout of the fibre-to-the-home network. The outlay is part of the telco's plans to target long-term growth and improve its relationship with the regulator, which should pave the way for BT Group to earn a reasonable return on its investment.

We profitably sold Cobham ahead of the completion of the company's takeover by US private-equity group Advent. The residual position in Rolls-Royce Holdings was also closed, to fund higher conviction ideas.

Within the fixed-income segment, we took part in a broad range of new issues, including two tranches each from Fidelity National Information Services 2.602% 21/05/2025 and Fidelity National Information Services 3.36% 21/05/2031, Fiserv 2.25% 01/07/2025 and, in its first-ever UK sterling deal, Berkshire Hathaway Finance 2.625% 19/06/2059. We also took part in offerings by AbbVie 2.95% 21/11/2026 Private Placement, AbbVie 3.2% 21/11/2029 Private Placement and LVMH Moët Hennessy Louis Vuitton 1.125% 11/02/2027, which issued bonds to finance acquisitions of Allergan and Tiffany & Co. respectively. In the secondary market, we initiated positions in LafargeHolcim Sterling Finance Netherlands 3% 12/05/2032, Rolls-Royce 3.375% 18/06/2026 and Aroundtown 3.25% 18/07/2027. Sales included Vonovia Finance 4.625% 08/04/2074, Clydesdale Bank 4.625% 08/06/2026, Bank of America 7% 31/07/2028, Bank of America 2.3% 25/07/2025, Bayer US Finance II 4.25% 15/12/2025 and ING Groep 3% 18/02/2026. Overall, the fixed-income segment of the portfolio retained a broadly neutral duration position and modest overweight exposure to credit-market risk.

Investment Manager's report (continued)

Investment strategy and outlook

Though uncertainties around Brexit still remain, the clarity around UK politics has considerably improved following the UK general election. This should underpin an overdue re-evaluation of the UK equity market, where relative valuations have languished at multi-decade lows for an extended period. Both UK domestically oriented companies and overseas earners have been impacted by negative sentiment around Brexit, and many of the latter carry very attractive valuations relative to their global peers. We are looking past the post-election 'sugar rush' towards opportunities created by a more sustained reappraisal of UK-listed companies.

In a broader context, the current financial system remains fragile - a situation which is unlikely to be remedied with ever more monetary easing or fiscal stimulus. Notably, the UK market has underperformed during the global sell-off this year despite lagging in recent years. This is partly a function of the heavy commodity weighting in the UK's benchmark index, but also symptomatic of the absence thus far of any rotation away from quality stocks or technology names globally. The wide range of valuations in equities is generating interesting opportunities, which we believe our portfolios are favourably positioned to take advantage of should any meaningful rotation start to take shape.

As patient, conviction investors, we will continue to avoid whipsaw momentum trades and instead concentrate on company fundamentals to target strong, risk-adjusted returns.

The investment grade market remains supported by low or negative interest rates and corporate bond purchases by the European Central Bank. Our expectation of low but positive Gross Domestic Product expansion this year remains a reasonable backdrop for investment, though we note the increased uncertainty that the Covid-19 brings to this outlook. Earnings remain reasonable but generally these are being utilised for the benefit of equity owners rather than for strengthening corporate balance sheets at a time of higher corporate leverage. Market valuations (or spreads) have improved somewhat given the widening seen in the last month. However, when placed in the context of the long term, this widening has not, as yet, brought spreads back to the average. Consequently, we remain relatively defensively positioned in terms of credit risk, as well as in terms of the issuers and sectors we prefer.

Threadneedle Asset Management Limited - a sub-delegate of True Potential Investments LLP

27 March 2020

Summary of portfolio changes

for the year ended 7 March 2020

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

	Cost
	£
Purchases:	
Imperial Brands	2,387,786
AstraZeneca	1,889,766
GlaxoSmithKline	1,493,989
Phoenix Group Holdings	1,162,230
BT Group	1,059,977
Wm Morrison Supermarkets	1,053,251
Rentokil Initial	956,561
Electrocomponents	941,773
UK Treasury Gilt 3.75% 07/09/2021	926,263
Hays	810,504
IMI	765,661
Spirent Communications	753,911
UK Treasury Gilt 0.875% 22/10/2029	744,711
Unilever	725,319
UK Treasury Gilt 1% 22/04/2024	703,107
3i Group	660,988
UK Treasury Gilt 2% 07/09/2025	657,228
Royal Dutch Shell 'B'	647,517
BAE Systems	617,997
RSA Insurance Group	616,369
	Proceeds
	£
Sales:	
Cobham	2,383,469
AstraZeneca	1,112,468
GlaxoSmithKline	759,003
UK Treasury Gilt 0.875% 22/10/2029	753,678
UK Treasury Gilt 1% 22/04/2024	707,708
UK Treasury Gilt 2% 07/09/2025	660,030
Electrocomponents	567,083
Rentokil Initial	534,042
Unilever	455,861
Anheuser-Busch InBev 2.25% 24/05/2029	450,314
Wm Morrison Supermarkets	442,767
UK Treasury Gilt 3.75% 07/09/2021	437,394
Royal Dutch Shell 'B'	432,792
RSA Insurance Group	421,675
Rolls-Royce Holdings	419,726
3i Group	406,116
Imperial Brands	393,847
Phoenix Group Holdings	368,141
Spirent Communications	337,451
RELX	332,506

Portfolio statement

as at 7 March 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* 22.11% (20.49%)			
Aaa to Aa2 0.98% (0.61%)			
Berkshire Hathaway Finance 2.625% 19/06/2059	£100,000	122,503	0.09
Broadgate Financing 4.821% 05/07/2033	£85,000	120,234	0.08
DNB Bank 1.375% 12/06/2023	£162,000	163,938	0.12
Kreditanstalt fuer Wiederaufbau 0.875% 15/03/2022	£50,000	50,481	0.04
Longstone Finance 4.791% 19/04/2030	£240,000	153,930	0.11
New York Life Global Funding 1.25% 17/12/2026	£100,000	101,854	0.07
Oxford University 2.544% 08/12/2117	£100,000	139,702	0.10
Trafford Centre Finance 1.41125% 28/07/2035**	£50,000	46,558	0.03
UK Treasury Gilt 3.75% 07/09/2021	£463,900	488,997	0.34
		1,388,197	0.98
Aa3 to A1 1.69% (0.44%)			
ABN AMRO Bank 2.375% 07/12/2021	£100,000	102,888	0.07
Banque Federative du Credit Mutuel 1.5% 07/10/2026	£200,000	201,128	0.14
BP Capital Markets 1.827% 08/09/2025	£108,000	111,826	0.08
BPCE 1.375% 23/12/2026	£200,000	199,582	0.14
Credit Agricole 1.25% 02/10/2024	£200,000	201,064	0.14
Lloyds Bank 6.5% 17/09/2040	£240,000	418,841	0.30
LVMH Moet Hennessy Louis Vuitton 1.125% 11/02/2027	£200,000	199,660	0.14
MassMutual Global Funding II 1.375% 15/12/2026	£100,000	101,964	0.07
Metropolitan Life Global Funding I 1.625% 21/09/2029	£100,000	102,714	0.07
Mitchells & Butlers Finance 5.574% 15/12/2030	£64,000	28,951	0.02
Motability Operations Group 2.375% 03/07/2039	£116,000	127,997	0.09
Telereal Securitisation 4.9741% 10/09/2027	£80,000	54,656	0.04
Telereal Securitisation 5.9478% 10/12/2031	£199,000	183,460	0.13
Total Capital International 1.66% 22/07/2026	£200,000	206,984	0.15
Unilever 1.5% 22/07/2026	£157,000	161,752	0.11
		2,403,467	1.69
A2 to A3 2.90% (4.03%)			
Anglian Water Services Financing 2.75% 26/10/2029	£101,000	112,639	0.08
Aviva 4.375% 12/09/2049**	£110,000	120,591	0.09
Aviva 6.625% 03/06/2041**	£193,000	205,344	0.15
AXA 5.625% 16/01/2054**	£100,000	123,091	0.09
Broadgate Financing 5.098% 05/04/2033	£90,000	103,848	0.07
BUPA Finance 2% 05/04/2024	£100,000	104,161	0.07
Citigroup 1.75% 23/10/2026	£100,000	100,980	0.07
Comcast 1.875% 20/02/2036	£100,000	102,625	0.07
Co-Operative Bank 4.75% 11/11/2021	£100,000	105,236	0.07
DWR Cymru Financing UK 6.015% 31/03/2028	£39,000	54,013	0.04
Electricite de France 5.125% 22/09/2050	£200,000	311,692	0.22
Electricite de France 5.5% 17/10/2041	£200,000	302,571	0.21

Portfolio statement (continued)

as at 7 March 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* (continued)			
A2 to A3 (continued)			
Honeywell International 0.75% 10/03/2032	€100,000	87,737	0.06
Legal & General Group 10% 23/07/2041**	£75,000	83,881	0.06
Legal & General Group 5.125% 14/11/2048**	£210,000	239,482	0.17
Legal & General Group 5.375% 27/10/2045**	£100,000	114,023	0.08
Legal & General Group 5.5% 27/06/2064**	£100,000	117,667	0.08
Mexico Government International Bond 5.625% 19/03/2114	£100,000	116,906	0.08
National Grid Electricity Transmission 2.75% 06/02/2035	£100,000	116,395	0.08
SGSP Australia Assets 3.25% 29/07/2026	\$200,000	165,765	0.12
Southern Gas Networks 4.875% 21/03/2029	£53,000	69,682	0.05
Sovereign Housing Capital 2.375% 04/11/2048	£100,000	115,049	0.08
Thames Water Utilities Finance 2.625% 24/01/2032	£245,000	264,723	0.19
United Utilities Water Finance 1.75% 10/02/2038	£100,000	101,026	0.07
Volkswagen International Finance 3.375% 16/11/2026	£100,000	108,279	0.08
Wells Fargo 2% 28/07/2025	£330,000	339,709	0.24
Wells Fargo 2.125% 24/09/2031	£100,000	103,233	0.07
Wells Fargo 2.5% 02/05/2029	£212,000	225,307	0.16
		4,115,655	2.90
Baa1 to Baa2 9.26% (7.85%)			
AbbVie 2.95% 21/11/2026 Private Placement	\$91,000	73,901	0.05
AbbVie 3.2% 21/11/2029 Private Placement	\$60,000	49,923	0.04
AbbVie 4.25% 21/11/2049 Private Placement	\$61,000	55,946	0.04
America Movil SAB de CV 6.375% 06/09/2073**	£100,000	101,875	0.07
American International Group 5% 26/04/2023	£150,000	167,887	0.12
Amgen 5.5% 07/12/2026	£100,000	126,194	0.09
Anheuser-Busch 4.7% 01/02/2036	\$214,000	203,114	0.14
Anheuser-Busch InBev 2.85% 25/05/2037	£60,000	65,998	0.05
APT Pipelines 3.5% 22/03/2030	£420,000	475,647	0.34
AT&T 4.25% 01/06/2043	£100,000	120,075	0.09
AT&T 4.375% 14/09/2029	£100,000	119,407	0.09
AT&T 5.5% 15/03/2027	£150,000	186,860	0.13
AT&T 7% 30/04/2040	£100,000	159,978	0.11
Barclays 2.375% 06/10/2023**	£100,000	101,750	0.07
BAT Capital 2.125% 15/08/2025	£250,000	254,500	0.18
BAT International Finance 6% 24/11/2034	£50,000	67,887	0.05
BHP Billiton Finance 6.5% 22/10/2077**	£200,000	222,718	0.16
BNP Paribas 1.875% 14/12/2027	£200,000	198,252	0.14
BPCE 5.25% 16/04/2029	£100,000	126,608	0.09
British Telecommunications 3.125% 21/11/2031	£145,000	157,347	0.11
BUPA Finance 5% 08/12/2026	£307,000	355,697	0.25
Cadent Finance 2.125% 22/09/2028	£320,000	333,926	0.24
Cadent Finance 2.625% 22/09/2038	£200,000	217,012	0.15

Portfolio statement (continued)

as at 7 March 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* (continued)			
Baa1 to Baa2 (continued)			
Cadent Finance 2.75% 22/09/2046	£100,000	109,797	0.08
CPI Property Group 2.75% 22/01/2028	£100,000	101,994	0.07
Deutsche Telekom International Finance 2.5% 10/10/2025	£143,000	151,980	0.11
Digital Stout Holding 3.3% 19/07/2029	£210,000	232,457	0.16
Digital Stout Holding 3.75% 17/10/2030	£100,000	115,281	0.08
E.ON International Finance 6.375% 07/06/2032	£165,000	244,271	0.17
Eversholt Funding 3.529% 07/08/2042	£200,000	229,660	0.16
Eversholt Funding 6.359% 02/12/2025	£100,000	124,461	0.09
Experian Finance 2.125% 27/09/2024	£140,000	147,035	0.10
Fidelity National Information Services 2.25% 03/12/2029	£100,000	103,824	0.07
Fidelity National Information Services 2.602% 21/05/2025	£101,000	107,486	0.08
Fidelity National Information Services 3.36% 21/05/2031	£417,000	475,743	0.34
Fiserv 2.25% 01/07/2025	£100,000	104,236	0.07
Fiserv 3% 01/07/2031	£352,000	387,732	0.27
GE Capital UK Funding Unlimited 5.875% 18/01/2033	£369,000	500,239	0.35
General Electric 2.125% 17/05/2037	€100,000	94,875	0.07
HSBC Bank 4.75% 24/03/2046	£150,000	194,351	0.14
HSBC Bank 5.375% 22/08/2033	£205,000	270,404	0.19
innogy Finance 6.25% 03/06/2030	£418,000	591,205	0.42
innogy Finance 6.5% 20/04/2021	£100,000	106,019	0.07
LafargeHolcim Sterling Finance Netherlands 3% 12/05/2032	£109,000	117,832	0.08
Lloyds Bank 7.625% 22/04/2025	£102,000	130,630	0.09
London Power Networks 2.625% 01/03/2029	£100,000	109,075	0.08
McDonald's 2.95% 15/03/2034	£100,000	113,538	0.08
Northern Gas Networks Finance 4.875% 30/06/2027	£166,000	208,137	0.15
Northumbrian Water Finance 2.375% 05/10/2027	£175,000	187,561	0.13
Orange 3.25% 15/01/2032	£100,000	114,375	0.08
Orange 8.125% 20/11/2028	£190,000	291,099	0.21
Porterbrook Rail Finance 4.625% 04/04/2029	£114,000	137,630	0.10
RELX Finance 0.875% 10/03/2032	€138,000	119,624	0.08
Rolls-Royce 3.375% 18/06/2026	£120,000	130,764	0.09
Royal Bank of Scotland Group 2.875% 19/09/2026**	£290,000	303,775	0.22
Royal Bank of Scotland Group 3.125% 28/03/2027**	£282,000	300,330	0.21
Santander UK 10.0625% Perpetual	£60,000	97,216	0.07
Scottish Hydro Electric Transmission 2.25% 27/09/2035	£200,000	211,548	0.15
Severn Trent Utilities Finance 3.625% 16/01/2026	£100,000	113,063	0.08
Severn Trent Utilities Finance 4.875% 24/01/2042	£100,000	153,819	0.11
Southern Gas Networks 3.1% 15/09/2036	£100,000	118,724	0.08
SP Transmission 2% 13/11/2031	£100,000	104,693	0.07
Telereal Securitisation 4.0902% 10/12/2033**	£236,000	244,213	0.17
UNITE Group 3.5% 15/10/2028	£100,000	112,609	0.08
Verizon Communications 2.5% 08/04/2031	£100,000	107,375	0.08
Verizon Communications 3.375% 27/10/2036	£120,000	143,359	0.10

Portfolio statement (continued)

as at 7 March 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* (continued)			
Baa1 to Baa2 (continued)			
Vodafone Group 3% 12/08/2056	£100,000	103,564	0.07
Welltower 4.8% 20/11/2028	£300,000	368,433	0.26
Western Power Distribution South West 5.75% 23/03/2040	£50,000	80,064	0.06
Western Power Distribution West Midlands 5.75% 16/04/2032	£250,000	355,680	0.25
Yorkshire Water Finance 1.75% 26/11/2026	£198,000	202,904	0.14
		13,117,186	9.26
Baa3 and below 7.28% (7.56%)			
ADLER Real Estate 3% 27/04/2026	€200,000	177,092	0.12
Akelius Residential Property 1.75% 07/02/2025	€165,000	151,775	0.11
Akelius Residential Property 2.375% 15/08/2025	£230,000	239,241	0.17
Anglian Water Services Financing 2.625% 15/06/2027	£100,000	103,466	0.07
Annington Funding 3.935% 12/07/2047	£100,000	125,783	0.09
Aroundtown 3% 16/10/2029	£140,000	150,310	0.11
Aroundtown 3.25% 18/07/2027	£110,000	120,450	0.09
Bacardi 4.7% 15/05/2028 Private Placement	\$200,000	178,439	0.13
Bank of Ireland 7.375% Perpetual**	€200,000	173,611	0.12
Barclays Bank 10% 21/05/2021	£72,000	79,261	0.06
Barclays Bank 5.75% 14/09/2026	£89,000	109,489	0.08
Becton Dickinson 3.02% 24/05/2025	£365,000	392,944	0.28
Bunzl Finance 2.25% 11/06/2025	£330,000	341,830	0.24
Discovery Communications 2.5% 20/09/2024	£100,000	103,725	0.07
DS Smith 0.875% 12/09/2026	€200,000	172,930	0.12
DS Smith 2.875% 26/07/2029	£100,000	106,780	0.08
Equinix 2.875% 01/02/2026	€100,000	89,722	0.06
First Hydro Finance 9% 31/07/2021	£210,000	232,260	0.16
Ford Motor Credit 4.535% 06/03/2025	£100,000	105,583	0.07
G4S International Finance 1.5% 02/06/2024	€105,000	93,746	0.07
G4S International Finance 1.875% 24/05/2025	€100,000	90,602	0.06
GKN Holdings 4.625% 12/05/2032	£200,000	208,340	0.15
GKN Holdings 5.375% 19/09/2022	£200,000	217,412	0.15
Global Switch Holdings 4.375% 13/12/2022	£212,000	230,389	0.16
Hastings Group Finance 3% 24/05/2025	£100,000	102,071	0.07
Heathrow Funding 2.75% 09/08/2049	£200,000	217,160	0.15
Heathrow Funding 6.45% 10/12/2031	£50,000	73,876	0.05
Home Group 3.125% 27/03/2043	£100,000	119,190	0.08
Imperial Brands Finance 4.875% 07/06/2032	£100,000	121,271	0.09
Imperial Brands Finance 5.5% 28/09/2026	£340,000	409,650	0.29
Imperial Brands Finance 8.125% 15/03/2024	£50,000	62,264	0.04
IQVIA 3.25% 15/03/2025	€120,000	104,539	0.07
Kraft Heinz Foods 4.125% 01/07/2027	£421,000	457,678	0.32
Land Securities Capital Markets 2.375% 29/03/2027	£255,000	274,984	0.19

Portfolio statement (continued)

as at 7 March 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Debt Securities* (continued)			
Baa3 and below (continued)			
Marks & Spencer 4.75% 12/06/2025	£100,000	111,899	0.08
Marston's Issuer 2.07238% 15/10/2027**	£70,000	64,925	0.05
NewRiver REIT 3.5% 07/03/2028	£250,000	257,977	0.18
NGG Finance 5.625% 18/06/2073**	£362,000	410,500	0.29
NIE Finance 2.5% 27/10/2025	£130,000	138,367	0.10
Noble Holding International 8.95% 01/04/2045	\$67,000	15,422	0.01
Northern Powergrid Yorkshire 2.5% 01/04/2025	£100,000	106,940	0.08
Pacific National Finance 5% 19/09/2023	£200,000	224,489	0.16
Pennon Group 2.875% Perpetual**	£100,000	100,000	0.07
Pension Insurance 5.625% 20/09/2030	£200,000	232,566	0.17
Petroleos Mexicanos 3.75% 16/11/2025	£80,000	78,000	0.06
Plains All American Pipeline 3.55% 15/12/2029	\$52,000	38,721	0.03
Plains All American Pipeline 4.65% 15/10/2025	\$158,000	132,415	0.09
Severn Trent Utilities Finance 6.125% 26/02/2024	£50,000	59,481	0.04
Syngenta Finance 5.182% 24/04/2028	\$200,000	174,653	0.12
Telefonica Europe 4.375% Perpetual**	€100,000	94,372	0.07
Tesco Property Finance 1 7.6227% 13/07/2039	£50,000	64,720	0.05
Tesco Property Finance 5 5.6611% 13/10/2041	£200,000	268,048	0.19
Tesco Property Finance 6 5.4111% 13/07/2044	£283,000	355,452	0.25
Thames Water Utilities Finance 2.375% 03/05/2023	£100,000	102,181	0.07
Time Warner Cable 5.75% 02/06/2031	£299,000	374,969	0.27
TSB Banking Group 5.75% 06/05/2026**	£100,000	103,170	0.07
UBS Group 7% Perpetual**	\$400,000	342,502	0.24
UNITE USAF II 3.921% 30/06/2025	£190,000	214,399	0.15
Virgin Money UK 3.125% 22/06/2025**	£100,000	102,081	0.07
Wales & West Utilities Finance 1.875% 28/05/2041	£100,000	99,537	0.07
Western Power Distribution 3.5% 16/10/2026	£100,000	109,630	0.08
		10,315,279	7.28
Total debt securities		31,339,784	22.11
Equities - United Kingdom 74.38% (78.11%)			
Equities - incorporated in the United Kingdom 71.46% (75.22%)			
Energy 1.74% (2.74%)			
Royal Dutch Shell 'B'	154,962	2,472,574	1.74
Materials 2.36% (2.94%)			
DS Smith	577,236	1,859,277	1.31
Johnson Matthey	62,065	1,490,801	1.05
		3,350,078	2.36

Portfolio statement (continued)

as at 7 March 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated in the United Kingdom (continued)			
Industrials 15.33% (15.56%)			
BAE Systems	453,104	2,705,937	1.91
Firstgroup	1,297,830	1,299,128	0.92
Hays	1,268,026	1,601,517	1.13
IMI	112,225	1,076,013	0.76
Melrose Industries	998,670	1,826,068	1.29
Morgan Advanced Materials	228,317	613,716	0.43
RELX	147,774	2,728,647	1.93
Rentokil Initial	1,103,368	5,513,530	3.89
Smiths Group	142,142	2,004,202	1.41
Stagecoach Group	1,005,007	1,144,703	0.81
Wincanton	491,188	1,203,411	0.85
		<u>21,716,872</u>	<u>15.33</u>
Consumer Discretionary 4.28% (4.92%)			
Compass Group	114,583	1,812,703	1.28
J D Wetherspoon	98,288	1,282,658	0.91
Marks & Spencer Group	1,133,600	1,747,444	1.23
Rank Group	508,537	1,220,489	0.86
		<u>6,063,294</u>	<u>4.28</u>
Consumer Staples 11.02% (11.91%)			
Imperial Brands	274,752	4,508,680	3.18
Tate & Lyle	287,904	2,031,451	1.43
Tesco	789,271	1,898,197	1.34
Unilever	81,059	3,527,282	2.49
Wm Morrison Supermarkets	1,974,936	3,658,569	2.58
		<u>15,624,179</u>	<u>11.02</u>
Health Care 11.68% (10.87%)			
AstraZeneca	141,549	10,250,979	7.23
GlaxoSmithKline	395,921	6,309,397	4.45
		<u>16,560,376</u>	<u>11.68</u>
Financials 10.68% (11.37%)			
3i Group	314,714	2,926,840	2.07
Chesnara	404,330	1,091,691	0.77
Legal & General Group	1,066,512	2,574,560	1.82
Phoenix Group Holdings	611,393	4,181,317	2.95
RSA Insurance Group	635,728	3,173,554	2.24
Secure Trust Bank	87,807	1,176,614	0.83
		<u>15,124,576</u>	<u>10.68</u>

Portfolio statement (continued)

as at 7 March 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated in the United Kingdom (continued)			
Information Technology 6.26% (5.50%)			
Electrocomponents	782,214	4,654,173	3.28
Spirent Communications	1,961,714	4,217,685	2.98
		<u>8,871,858</u>	<u>6.26</u>
Communication Services 3.89% (5.28%)			
BT Group	1,420,324	1,858,920	1.31
ITV	1,605,568	1,641,693	1.16
Pearson	362,282	2,012,114	1.42
		<u>5,512,727</u>	<u>3.89</u>
Utilities 2.98% (3.01%)			
Centrica	2,087,557	1,456,280	1.03
Pennon Group	171,056	1,937,209	1.37
United Utilities Group	84,626	823,411	0.58
		<u>4,216,900</u>	<u>2.98</u>
Real Estate 1.24% (1.12%)			
LondonMetric Property	820,931	1,763,360	1.24
		<u>101,276,794</u>	<u>71.46</u>
Total equities - incorporated in the United Kingdom			
Equities - incorporated outwith the United Kingdom 2.92% (2.89%)			
Industrials 1.54% (1.28%)			
Ferguson	32,692	2,188,403	1.54
Financials 1.38% (1.61%)			
Hiscox	163,370	1,953,905	1.38
		<u>4,142,308</u>	<u>2.92</u>
Equities - incorporated outwith the United Kingdom			
		<u>105,419,102</u>	<u>74.38</u>
Total equities - United Kingdom			
Closed-Ended Funds - incorporated outwith the United Kingdom 0.46% (0.60%)			
Sherborne Investors Guernsey B	861,988	73,269	0.05
Sherborne Investors Guernsey C	1,210,770	581,170	0.41
Total closed-ended funds - incorporated outwith the United Kingdom		<u>654,439</u>	<u>0.46</u>

Portfolio statement (continued)

as at 7 March 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Sell euro	-€1,692,218	(1,469,114)	
Buy UK sterling	£1,419,364	1,419,364	
		(49,750)	(0.03)
Sell US dollar	-\$1,871,157	(1,435,371)	
Buy UK sterling	£1,437,205	1,437,205	
		1,834	0.00
Forward currency contracts assets		1,834	0.00
Forward currency contracts liabilities		(49,750)	(0.03)
Total forward currency contracts		(47,916)	(0.03)
Investment assets		137,415,159	96.95
Investment liabilities		(49,750)	(0.03)
Portfolio of investments		137,365,409	96.92
Other net assets		4,369,375	3.08
Total net assets		141,734,784	100.00

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

The comparative figures in brackets are as at 7 March 2019.

* Grouped by credit rating - source: Interactive Data and Bloomberg.

** Denotes a variable interest security.

United Kingdom equities are grouped in accordance with Global Industry Classification Standard (GICS).

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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 the 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.

The 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 Fund.

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

For further information please refer to the KIID.

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

During the year, the risk and reward indicator changed from 4 to 5.

Comparative table

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

	A Income			A Accumulation		
	2020 p	2019 p	2018 p	2020 p	2019 p	2018 p
Change in net assets per unit						
Opening net asset value per unit	109.67	108.92	113.52	123.77	118.24	118.67
Return before operating charges	4.18	5.89	0.54	4.60	6.42	0.45
Operating charges	(0.82)	(0.81)	(0.83)	(0.94)	(0.89)	(0.88)
Return after operating charges *	3.36	5.08	(0.29)	3.66	5.53	(0.43)
Distributions [^]	(4.47)	(4.33)	(4.31)	(5.12)	(4.77)	(4.57)
Retained distributions on accumulation units [^]	-	-	-	5.12	4.77	4.57
Closing net asset value per unit	108.56	109.67	108.92	127.43	123.77	118.24
* after direct transaction costs of:	0.12	0.04	0.09	0.14	0.04	0.10
Performance						
Return after charges ^{^^}	3.06%	4.66%	(0.26%)	2.96%	4.68%	(0.36%)
Other information						
Closing net asset value (£)	66,109,341	65,605,282	62,547,031	75,625,443	58,123,157	57,739,886
Closing number of units	60,898,421	59,817,992	57,427,076	59,346,654	46,962,395	48,834,191
Operating charges ^{^^^}	0.72%	0.72%	0.72%	0.72%	0.72%	0.72%
Direct transaction costs	0.10%	0.03%	0.08%	0.10%	0.03%	0.08%
Prices						
Highest unit price (p)	121.5	118.9	119.6	140.9	131.1	125.7
Lowest unit price (p)	108.4	102.5	107.3	123.1	114.4	115.9

[^] Rounded to 2 decimal places.

^{^^}Based on close of business bid valuation.

^{^^^} The operating charges are represented by the Ongoing Charges Figure (OCF). The OCF 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. It is indicative of the charges which the unit 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 Monthly Income 1

Statement of total return
for the year ended 7 March 2020

	Notes	2020		2019	
		£	£	£	£
Income:					
Net capital (losses) / gains	2		(1,440,968)		1,829,525
Revenue	3	5,249,692		4,833,591	
Expenses	4	<u>(951,358)</u>		<u>(888,295)</u>	
Net revenue before taxation		4,298,334		3,945,296	
Taxation	5	<u>-</u>		<u>(919)</u>	
Net revenue after taxation			<u>4,298,334</u>		<u>3,944,377</u>
Total return before distributions			2,857,366		5,773,902
Distributions	6		(5,248,932)		(4,832,710)
Change in net assets attributable to unitholders from investment activities			<u>(2,391,566)</u>		<u>941,192</u>

Statement of change in net assets attributable to unitholders
for the year ended 7 March 2020

	2020		2019	
	£	£	£	£
Opening net assets attributable to unitholders		123,728,439		120,286,917
Amounts receivable on issue of units	45,926,943		16,540,284	
Amounts payable on cancellation of units	<u>(28,195,578)</u>		<u>(16,318,499)</u>	
		17,731,365		221,785
Change in net assets attributable to unitholders from investment activities		(2,391,566)		941,192
Retained distributions on accumulation units		2,666,546		2,278,545
Closing net assets attributable to unitholders		<u>141,734,784</u>		<u>123,728,439</u>

Balance sheet
as at 7 March 2020

	Notes	2020 £	2019 £
Assets:			
Fixed assets:			
Investments		137,415,159	122,812,810
Current assets:			
Debtors	7	1,756,821	1,484,250
Cash and bank balances	8	3,398,538	314,256
Total assets		142,570,518	124,611,316
Liabilities:			
Investment liabilities		(49,750)	-
Creditors:			
Bank overdrafts	8	-	(120,000)
Distribution payable		(430,552)	(345,748)
Other creditors	9	(355,432)	(417,129)
Total liabilities		(835,734)	(882,877)
Net assets attributable to unitholders		141,734,784	123,728,439

Notes to the financial statements

for the year ended 7 March 2020

1. Accounting policies

The accounting policies are disclosed on pages 9 to 11.

2. Net capital (losses) / gains	2020	2019
	£	£
Non-derivative securities - realised gains	1,890,989	1,031,409
Non-derivative securities - movement in unrealised (losses) / gains	(3,287,074)	575,909
Currency gains	17,296	29,247
Forward currency contracts	(72,047)	(24,571)
Capital special dividend	17,778	229,147
Compensation	2,472	-
Transaction charges	(10,382)	(11,616)
Total net capital (losses) / gains	<u>(1,440,968)</u>	<u>1,829,525</u>

3. Revenue	2020	2019
	£	£
UK revenue	4,372,092	3,703,340
Unfranked revenue	49,203	52,295
Overseas revenue	761	231,126
Interest on debt securities	826,003	839,804
Bank and deposit interest	1,633	710
Underwriting commission	-	6,316
Total revenue	<u>5,249,692</u>	<u>4,833,591</u>

4. Expenses	2020	2019
	£	£
Payable to the Manager and associates		
Annual management charge	<u>950,721</u>	<u>888,162</u>
Other expenses:		
Bank interest	<u>637</u>	<u>133</u>
Total expenses	<u>951,358</u>	<u>888,295</u>

The annual management charge includes the Manager's periodic charge, investment manager's fee and other permitted charges relating to the operation of the Fund.

The annual management charge included an audit fee of £7,140 (2019: £8,238).

5. Taxation	2020	2019
	£	£
<i>a. Analysis of the tax charge for the year</i>		
UK corporation tax	<u>-</u>	<u>919</u>
Total taxation (note 5b)	<u>-</u>	<u>919</u>

Notes to the financial statements (continued)

for the year ended 7 March 2020

5. Taxation (continued)

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2019: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2019: 20%). The differences are explained below:

	2020	2019
	£	£
Net revenue before taxation	<u>4,298,334</u>	<u>3,945,296</u>
Corporation tax @ 20%	859,667	789,059
Effects of: UK		
revenue Overseas	(874,419)	(740,668)
revenue	(152)	(46,225)
Excess management expenses	14,904	-
Utilisation of excess management expenses	<u>-</u>	<u>(1,247)</u>
Total taxation (note 5a)	<u>-</u>	<u>919</u>

c. Provision for deferred taxation

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £14,904 (2019: £nil).

6. Distributions

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

	2020	2019
	£	£
Month 1 income distribution	205,866	194,520
Month 1 accumulation distribution	182,773	176,179
Month 2 income distribution	209,369	206,136
Month 2 accumulation distribution	186,591	185,981
Month 3 income distribution	212,580	200,162
Month 3 accumulation distribution	192,174	179,929
Month 4 income distribution	201,752	199,405
Month 4 accumulation distribution	191,651	179,491
Month 5 income distribution	203,840	199,597
Month 5 accumulation distribution	200,698	179,066
Interim income distribution	203,482	200,710
Interim accumulation distribution	207,375	178,261
Month 7 income distribution	192,021	200,058
Month 7 accumulation distribution	193,800	180,148
Month 8 income distribution	192,516	200,028
Month 8 accumulation distribution	200,513	179,576
Month 9 income distribution	192,641	203,053
Month 9 accumulation distribution	204,433	179,934
Month 10 income distribution	192,812	204,340
Month 10 accumulation distribution	206,981	179,400
Month 11 income distribution	190,954	198,080
Month 11 accumulation distribution	209,947	175,794

Notes to the financial statements (continued)

for the year ended 7 March 2020

6. Distributions (continued)	2020	2019
	£	£
Final income distribution	430,552	345,748
Final accumulation distribution	489,610	304,786
	<u>5,294,931</u>	<u>4,830,382</u>
Equalisation:		
Amounts deducted on cancellation of units	148,110	66,113
Amounts added on issue of units	(194,109)	(63,785)
Total net distributions	<u>5,248,932</u>	<u>4,832,710</u>
Reconciliation between net revenue and distributions:	2020	2019
	£	£
Net revenue after taxation per Statement of total return	4,298,334	3,944,377
Undistributed revenue brought forward	475	646
Expenses paid from capital	950,721	888,162
Undistributed revenue carried forward	(598)	(475)
Distributions	<u>5,248,932</u>	<u>4,832,710</u>
Details of the distribution per unit are disclosed in the Distribution table.		
7. Debtors	2020	2019
	£	£
Amounts receivable on issue of units	470,943	238,729
Sales awaiting settlement	100,000	206,756
Accrued revenue	1,185,878	1,038,765
Total debtors	<u>1,756,821</u>	<u>1,484,250</u>
8. Cash and bank balances	2020	2019
	£	£
Bank balances	<u>3,398,538</u>	<u>314,256</u>
Collateral margins	<u>-</u>	<u>(120,000)</u>
Total cash and bank balances	<u>3,398,538</u>	<u>194,256</u>
9. Other creditors	2020	2019
	£	£
Amounts payable on cancellation of units	50,040	131,776
Purchases awaiting settlement	204,843	198,675
Currency trades outstanding	411	-
Accrued expenses:		
Payable to the Manager and associates		
Annual management charge	<u>98,979</u>	<u>84,632</u>

Notes to the financial statements (continued)

for the year ended 7 March 2020

9. Other creditors (continued)	2020	2019
	£	£
Accrued expenses (continued):		
Transaction charges	<u>1,159</u>	<u>1,127</u>
Total accrued expenses	<u>100,138</u>	<u>85,759</u>
Corporation tax payable	<u>-</u>	<u>919</u>
Total other creditors	<u><u>355,432</u></u>	<u><u>417,129</u></u>

10. Commitments and contingent liabilities

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

11. Unit classes

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

	A income
Opening units in issue	59,817,992
Total units issued in the year	14,133,399
Total units cancelled in the year	<u>(13,052,970)</u>
Closing units in issue	<u><u>60,898,421</u></u>
	A accumulation
Opening units in issue	46,962,395
Total units issued in the year	22,701,858
Total units cancelled in the year	<u>(10,317,599)</u>
Closing units in issue	<u><u>59,346,654</u></u>

For the year ended 7 March 2020, the annual management charge for each unit class is as follows:

A income	0.72%
A accumulation	0.72%

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

On the winding up of a Fund all the assets of the Fund will be realised and apportioned to the unit classes in relation to the net asset value on the closure date. Unitholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each unit class has the same rights on winding up.

12. Related party transactions

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

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

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

Notes to the financial statements (continued)

for the year ended 7 March 2020

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income unit has decreased from 108.6p to 102.4p and the A accumulation unit has decreased from 127.4p to 121.7p as at 3 September 2020. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

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

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

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

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

	Purchases before transaction costs		Commission		Taxes		Purchases after transaction costs
	£	£	%	£	%	£	
2020							
Equities	26,622,318	131,863	0.49%	1,487	0.01%	26,755,668	
Bonds	17,789,433	4	0.00%	-	-	17,789,437	
Total	44,411,751	131,867	0.49%	1,487	0.01%	44,545,105	
	Purchases before transaction costs		Commission		Taxes		Purchases after transaction costs
	£	£	%	£	%	£	
2019							
Equities	8,235,739	42,683	0.52%	39	0.00%	8,278,461	
Bonds*	9,967,931	-	-	-	-	9,967,931	
Total	18,203,670	42,683	0.52%	39	0.00%	18,246,392	

* No direct transaction costs were incurred in these transactions.

Capital events amount of £329,664 (2019: £1,231,022) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

Notes to the financial statements (continued)

for the year ended 7 March 2020

14. Transaction costs (continued)

a Direct transaction costs (continued)

	Sales before transaction costs		Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£	
2020							
Equities	14,759,447	(2,973)	0.02%	-	-	-	14,756,474
Bonds	13,837,262	-	-	(17)	0.00%	-	13,837,245
Total	28,596,709	(2,973)	0.02%	(17)	0.00%	-	28,593,719

	Sales before transaction costs		Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£	
2019							
Equities	6,713,339	(902)	0.01%	-	-	-	6,712,437
Bonds*	9,202,235	-	-	-	-	-	9,202,235
Total	15,915,574	(902)	0.01%	-	-	-	15,914,672

* No direct transaction costs were incurred in these transactions.

Capital events amount of £36,223 (2019: £396,708) is excluded from the total sales as there were no direct transaction costs charged in these transactions.

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the Fund's average net asset value in the year:

2020	£	% of average net asset value
Commission	134,840	0.10%
Taxes	1,504	0.00%

2019	£	% of average net asset value
Commission	43,585	0.03%
Taxes	39	0.00%

b Average portfolio dealing spread

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

The average portfolio dealing spread of the investments at the balance sheet date was 0.27% (2019: 0.26%).

Notes to the financial statements (continued)

for the year ended 7 March 2020

15. Risk management policies

In pursuing the Fund's investment objective, as set out in the Prospectus, the following are accepted by the Manager as being the main risks from the Fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the Manager's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the Manager, which sets the risk appetite and ensures continued compliance with the management of all known risks.

a Market risk

Market risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

(i) Other price risk

The Fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main element of the portfolio of investments which is exposed to this risk is equities which are disclosed in the Portfolio statement.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the Fund is exposed to price fluctuations, which are monitored by the Manager in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the Fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 7 March 2020, if the price of the investments held by the Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £5,303,677 (2019: £4,870,068).

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

The foreign currency risk profile of the Fund's financial instruments and cash holdings at the balance sheet date is as follows:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2020	£	£	£
Euro	1,405,472	(187,232)	1,218,240
US dollar	1,434,440	65,555	1,499,995
Total foreign currency exposure	<u>2,839,912</u>	<u>(121,677)</u>	<u>2,718,235</u>

Notes to the financial statements (continued)

for the year ended 7 March 2020

15. Risk management policies (continued)

a Market risk (continued)

(ii) Currency risk (continued)

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
2019			
Euro	2,163,476	-	2,163,476
US dollar	1,332,167	51,964	1,384,131
Total foreign currency exposure	<u>3,495,643</u>	<u>51,964</u>	<u>3,547,607</u>

At 7 March 2020, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £3,372 (2019: £1,245). Forward currency contracts are used to manage the portfolio exposure to currency movements.

(iii) Interest rate risk

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes.

During the year the Fund's direct exposure to interest rates consisted of cash and bank balances and interest bearing securities.

The amount of revenue receivable from floating rate securities and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 7 March 2020, if interest rates increased or decreased by 25 basis points, with all other variables remaining constant, then the net assets attributable to unitholders of the Fund would increase or decrease by approximately £616,117 (2019: £458,824).

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

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

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
	£	£	£	£	£	£
2020						
Euro	272,580	-	1,182,642	17,611	(254,593)	1,218,240
UK sterling	6,496,276	-	25,352,384	107,749,030	(581,141)	139,016,549
US dollar	346,141	-	1,088,299	65,555	-	1,499,995
	<u>7,114,997</u>	<u>-</u>	<u>27,623,325</u>	<u>107,832,196</u>	<u>(835,734)</u>	<u>141,734,784</u>

Notes to the financial statements (continued)

for the year ended 7 March 2020

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk (continued)

	Variable rate financial assets	Variable rate financial liabilities	Fixed rate financial assets	Non-interest bearing financial assets	Non-interest bearing financial liabilities	Total
2019	£	£	£	£	£	£
Euro	694,969	-	1,410,900	57,607	-	2,163,476
UK sterling	3,276,815	(120,000)	18,953,253	98,833,641	(762,877)	120,180,832
US dollar	465,461	-	837,819	80,851	-	1,384,131
	<u>4,437,245</u>	<u>(120,000)</u>	<u>21,201,972</u>	<u>98,972,099</u>	<u>(762,877)</u>	<u>123,728,439</u>

b Credit risk

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

The Trustee has appointed the custodian to provide custody services for the assets of the Fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the Fund. The Fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. The majority of debt securities held within the portfolio are investment grade bonds. These are made across a variety of industry sectors, and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Portfolio statement.

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

c Liquidity risk

A significant risk is the cancellation of units which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of units at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in units in the Fund.

To reduce liquidity risk the Manager will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the Fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the Fund.

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

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

Notes to the financial statements (continued)

for the year ended 7 March 2020

15. Risk management policies (continued)

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the Manager to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the Fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

	Investment assets 2020	Investment liabilities 2020
	£	£
Basis of valuation		
Quoted prices	106,562,538	-
Observable market data	30,852,621	(49,750)
Unobservable data	-	-
	<u>137,415,159</u>	<u>(49,750)</u>

	Investment assets 2019	Investment liabilities 2019
	£	£
Basis of valuation		
Quoted prices	97,584,529	-
Observable market data	25,228,281	-
Unobservable data	-	-
	<u>122,812,810</u>	<u>-</u>

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

e Assets subject to special arrangements arising from their illiquid nature

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

f Derivatives

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

The Manager monitors that any exposure is covered globally to ensure adequate cover is available to meet the Fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

In the year there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the Fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the Fund at any given time and may not exceed 100% of the net asset value of the property of the Fund.

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

Notes to the financial statements (continued)

for the year ended 7 March 2020

15. Risk management policies (continued)

f Derivatives (continued)

(i) Counterparties

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

The Fund may transact in derivative contracts which potentially exposes the Fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Trustee.

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

(ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

There have been no leveraging arrangements in the year.

(iii) Global exposure

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

At the balance sheet date the global exposure is as follows:

	Gross exposure value £	% of the total net asset value
Investment		
Forward Currency Contracts		
Value of short position - euro	1,469,114	1.04%
Value of short position - US dollar	1,435,371	1.01%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 7 March 2020

Distributions on A Income in pence per unit

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
04.05.19	group 1	month 1	0.342	-	0.342	0.334
04.05.19	group 2	month 1	0.144	0.198	0.342	0.334
04.06.19	group 1	month 2	0.342	-	0.342	0.350
04.06.19	group 2	month 2	0.087	0.255	0.342	0.350
04.07.19	group 1	month 3	0.342	-	0.342	0.342
04.07.19	group 2	month 3	-	0.342	0.342	0.342
04.08.19	group 1	month 4	0.342	-	0.342	0.342
04.08.19	group 2	month 4	-	0.342	0.342	0.342
04.09.19	group 1	month 5	0.342	-	0.342	0.342
04.09.19	group 2	month 5	-	0.342	0.342	0.342
04.10.19	group 1	interim	0.342	-	0.342	0.342
04.10.19	group 2	interim	-	0.342	0.342	0.342

Equalisation

Equalisation applies only to group 2 units. It is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholder but must be deducted from the cost of units for capital gains tax purposes.

Month 1 distribution:

Group 1 Units purchased before 8 March 2019
 Group 2 Units purchased 8 March 2019 to 7 April 2019

Month 2 distribution:

Group 1 Units purchased before 8 April 2019
 Group 2 Units purchased 8 April 2019 to 7 May 2019

Month 3 distribution:

Group 1 Units purchased before 8 May 2019
 Group 2 Units purchased 8 May 2019 to 7 June 2019

Month 4 distribution:

Group 1 Units purchased before 8 June 2019
 Group 2 Units purchased 8 June 2019 to 7 July 2019

Month 5 distribution:

Group 1 Units purchased before 8 July 2019
 Group 2 Units purchased 8 July 2019 to 7 August 2019

Interim distribution:

Group 1 Units purchased before 8 August 2019
 Group 2 Units purchased 8 August 2019 to 7 September 2019

Distribution table (continued)

for the year ended 7 March 2020

Distributions on A Income in pence per unit

Payment date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
04.11.19	group 1	month 7	0.342	-	0.342	0.342
04.11.19	group 2	month 7	-	0.342	0.342	0.342
04.12.19	group 1	month 8	0.342	-	0.342	0.342
04.12.19	group 2	month 8	-	0.342	0.342	0.342
04.01.20	group 1	month 9	0.342	-	0.342	0.342
04.01.20	group 2	month 9	-	0.342	0.342	0.342
04.02.20	group 1	month 10	0.342	-	0.342	0.342
04.02.20	group 2	month 10	-	0.342	0.342	0.342
04.03.20	group 1	month 11	0.342	-	0.342	0.331
04.03.20	group 2	month 11	-	0.342	0.342	0.331
04.04.20	group 1	final	0.707	-	0.707	0.578
04.04.20	group 2	final	0.287	0.420	0.707	0.578

Equalisation

Equalisation applies only to group 2 units. It is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholder but must be deducted from the cost of units for capital gains tax purposes.

Month 7 distribution:

Group 1 Units purchased before 8 September 2019

Group 2 Units purchased 8 September 2019 to 7 October 2019

Month 8 distribution:

Group 1 Units purchased before 8 October 2019

Group 2 Units purchased 8 October 2019 to 7 November 2019

Month 9 distribution:

Group 1 Units purchased before 8 November 2019

Group 2 Units purchased 8 November 2019 to 7 December 2019

Month 10 distribution:

Group 1 Units purchased before 8 December 2019

Group 2 Units purchased 8 December 2019 to 7 January 2020

Month 11 distribution:

Group 1 Units purchased before 8 January 2020

Group 2 Units purchased 8 January 2020 to 7 February 2020

Final distribution:

Group 1 Units purchased before 8 February 2020

Group 2 Units purchased 8 February 2020 to 7 March 2020

Distribution table (continued)

for the year ended 7 March 2020

Distributions on A Accumulation in pence per unit

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
04.05.19	group 1	month 1	0.386	-	0.386	0.361
04.05.19	group 2	month 1	0.203	0.183	0.386	0.361
04.06.19	group 1	month 2	0.386	-	0.386	0.381
04.06.19	group 2	month 2	0.047	0.339	0.386	0.381
04.07.19	group 1	month 3	0.388	-	0.388	0.373
04.07.19	group 2	month 3	-	0.388	0.388	0.373
04.08.19	group 1	month 4	0.388	-	0.388	0.374
04.08.19	group 2	month 4	-	0.388	0.388	0.374
04.09.19	group 1	month 5	0.389	-	0.389	0.375
04.09.19	group 2	month 5	-	0.389	0.389	0.375
04.10.19	group 1	interim	0.392	-	0.392	0.376
04.10.19	group 2	interim	-	0.392	0.392	0.376

Equalisation

Equalisation applies only to group 2 units. It is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholder but must be deducted from the cost of units for capital gains tax purposes.

Accumulation distributions

Holders of accumulation units should add the distributions received thereon to the cost of the units for capital gains tax purposes.

Month 1 distribution:

Group 1 Units purchased before 8 March 2019

Group 2 Units purchased 8 March 2019 to 7 April 2019

Month 2 distribution:

Group 1 Units purchased before 8 April 2019

Group 2 Units purchased 8 April 2019 to 7 May 2019

Month 3 distribution:

Group 1 Units purchased before 8 May 2019

Group 2 Units purchased 8 May 2019 to 7 June 2019

Month 4 distribution:

Group 1 Units purchased before 8 June 2019

Group 2 Units purchased 8 June 2019 to 7 July 2019

Month 5 distribution:

Group 1 Units purchased before 8 July 2019

Group 2 Units purchased 8 July 2019 to 7 August 2019

Interim distribution:

Group 1 Units purchased before 8 August 2019

Group 2 Units purchased 8 August 2019 to 7 September 2019

Distribution table (continued)

for the year ended 7 March 2020

Distributions on A Accumulation in pence per unit

Allocation date	Unit type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
04.11.19	group 1	month 7	0.392	-	0.392	0.377
04.11.19	group 2	month 7	-	0.392	0.392	0.377
04.12.19	group 1	month 8	0.393	-	0.393	0.378
04.12.19	group 2	month 8	-	0.393	0.393	0.378
04.01.20	group 1	month 9	0.394	-	0.394	0.379
04.01.20	group 2	month 9	-	0.394	0.394	0.379
04.02.20	group 1	month 10	0.395	-	0.395	0.380
04.02.20	group 2	month 10	-	0.395	0.395	0.380
04.03.20	group 1	month 11	0.395	-	0.395	0.370
04.03.20	group 2	month 11	-	0.395	0.395	0.370
04.04.20	group 1	final	0.825	-	0.825	0.649
04.04.20	group 2	final	0.342	0.483	0.825	0.649

Equalisation

Equalisation applies only to group 2 units. It is the average amount of revenue included in the purchase price of group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to income tax in the hands of the unitholder but must be deducted from the cost of units for capital gains tax purposes.

Accumulation distributions

Holders of accumulation units should add the distributions received thereon to the cost of the Units for capital gains tax purposes.

Month 7 distribution:

Group 1 Units purchased before 8 September 2019

Group 2 Units purchased 8 September 2019 to 7 October 2019

Month 8 distribution:

Group 1 Units purchased before 8 October 2019

Group 2 Units purchased 8 October 2019 to 7 November 2019

Month 9 distribution:

Group 1 Units purchased before 8 November 2019

Group 2 Units purchased 8 November 2019 to 7 December 2019

Month 10 distribution:

Group 1 Units purchased before 8 December 2019

Group 2 Units purchased 8 December 2019 to 7 January 2020

Month 11 distribution:

Group 1 Units purchased before 8 January 2020

Group 2 Units purchased 8 January 2020 to 7 February 2020

Final distribution:

Group 1 Units purchased before 8 February 2020

Group 2 Units purchased 8 February 2020 to 7 March 2020

Remuneration

Remuneration code disclosure

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

Remuneration committee

The remuneration committee report contained in pages 46-49 of the Smith & Williamson Report and Financial Statements for the year ended 30 April 2020 (available <https://smithandwilliamson.com/en/about-us/financial-reports/>) includes details on the remuneration policy. The remuneration committee comprises five non-executive directors and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met seven times during 2019-20.

Remuneration policy

The main principles of the remuneration policy are:

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

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

Remuneration systems

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

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

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 30 April 2020. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

Aggregate quantitative information

The total amount of remuneration paid by Smith & Williamson Fund Administration Limited (SWFAL) is nil as SWFAL has no employees. However, a number of employees have remuneration costs recharged to SWFAL and the annualised remuneration for these 70 employees is £3,099,931 of which £2,863,541 is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in SWFAL as at 30 April 2020. Any variable remuneration is awarded for the year ending 30 April 2020. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed on the next page.

Remuneration (continued)

Aggregate quantitative information (continued)

Smith & Williamson reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Smith & Williamson group. It is difficult to apportion remuneration for these individuals in respect of their duties to SWFAL. For this reason, the aggregate total remuneration awarded for the financial year 2019-20 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for SWFAL	Financial Year ending 30 April 2020				
	Fixed £'000	Variable		Total £'000	No. MRTs
		Cash £'000	Equity £'000		
Senior Management	1,846	2,411	-	4,257	9
Other MRTs	1,222	928	-	2,150	9
Total	3,068	3,339	-	6,407	18

Investment Manager

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

Further information

Distributions and reporting dates

Where net revenue is available it will be distributed on the 4th day of each month in the month following the accounting date. In the event of a distribution, unitholders will receive a tax voucher.

XD dates:	8 April	month 1
	8 May	month 2
	8 June	month 3
	8 July	month 4
	8 August	month 5
	8 September	interim
	8 October	month 7
	8 November	month 8
	8 December	month 9
	8 January	month 10
	8 February	month 11
	8 March	annual

Reporting dates:	7 September	interim
	7 March	annual

Buying and selling units

The property of the Fund is valued at 5pm every business day, with the exception of the last business day prior to any bank holiday in England and Wales where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee, and prices of units are calculated as at that time. Unit dealing is on a forward basis i.e. investors can buy and sell units at the next valuation point following receipt of the order.

The minimum initial investment in A income and A accumulation units is £1. The minimum subsequent investment is £1. The minimum holding is £1. 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. Currently no preliminary charge is applied to the purchase of units.

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

Benchmark

There is no stated benchmark for the Fund.

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 - resigned 8 December 2019

Independent Non-Executive Directors of the Manager

Dean Buckley

Linda Robinson

Victoria Muir

Non-Executive Directors of the Manager

Paul Wyse - appointed 9 December 2019

Investment Manager

True Potential Investments LLP

Newburn House

Gateway West

Newcastle Upon Tyne NE15 8NX

Authorised and regulated by the Financial Conduct Authority

Trustee

NatWest Trustee & Depositary Services Limited

2nd Floor

Drummond House

1 Redheughs Avenue

Edinburgh EH12 9RH

Authorised and regulated by the Financial Conduct Authority

Auditor

Johnston Carmichael LLP

Bishop's Court

29 Albyn Place

Aberdeen AB10 1YL