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In line with the provisions contained within COLL 6.6.20R, the Board of Smith & Williamson Fund Administration Limited ('SWFAL') as Authorised Corporate Director ('ACD'), has carried out an Assessment of Value for SVS Church House Tenax Absolute Return Strategies Fund ('the sub-fund'). Furthermore, the rules require that SWFAL publishes these assessments.

A high-level summary of the outcome of SWFAL's rigorous review of the sub-fund for the year ending 30 September 2020, using the seven criteria set by the FCA is set out below:

	A Shares	B Shares	C Shares
1. Quality of Service			
2. Performance			
3. ACD Costs			
4. Economies of Scale			
5. Comparable Market Rates			
6. Comparable Services			
7. Classes of Shares			
Overall Rating			

SWFAL has adopted a traffic light system to show how it rated the funds:

-  On balance, the Board believes the fund is delivering value to shareholders, with no material issues noted.
-  On balance, the Board believes the fund is delivering value to shareholders, but may require some actions.
-  On balance, the Board believes the fund has not delivered value and remedial action is now being undertaken.

How SWFAL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

SWFAL has created an Assessment of Value Committee ('AVC'), for the review, challenge and approval of all the funds' Assessments of Value. Ultimately the assessment will be subject to scrutiny by the SWFAL Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the SWFAL Board to finally communicate to investors if the fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the SWFAL AVC has separately considered, for each class of shares within the fund, the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

SWFAL believes the Assessment of Value can make it easier for investors to both evaluate whether the fund is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

- (1) Quality of service - the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;
- (2) Performance - how the fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;
- (3) ACD costs - the fairness and value of the fund's costs, including entry and exit fees, early redemption fees, administration charges;
- (4) Economies of scale - how costs have been or can be reduced as a result of increased Assets under Management ('AUM'), and whether or not those savings have been passed on to investors;
- (5) Comparable market rates - how the costs of the fund compare with others in the marketplace;
- (6) Comparable services - how the charges applied to the fund compare with those of other funds administered by SWFAL;
- (7) Classes of shares - the appropriateness of the classes of shares in the fund for investors.

## Assessment of Value - SVS Church House Tenax Absolute Return Strategies Fund (continued)

### 1. Quality of Service

What was assessed in this section?

#### Internal Factors

SWFAL, as ACD, has overall responsibility for the sub-fund. The Board assessed, amongst other things; the day-to-day administration of the sub-fund; the maintenance of the scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of shares; the calculation of income and distribution payments; the maintenance of accounting and other records; the preparation of annual audited and half-yearly Report & Accounts; the review of tax provisions and submission of tax computations to HMRC; the maintenance of the register of shareholders; the dealing and settlement arrangements. SWFAL delegates the investment management of the sub-fund to an Investment Management firm.

The Board reviewed information provided by SWFAL's control functions on the adequacy of its internal services, including governance, operations and monitoring. Elements important to the client experience such as the timely payment of settlement and distribution monies were also reviewed. Over the past year, SWFAL has been audited by internal and external auditors, the sub-fund's Depositary and various SWFAL delegated investment managers.

#### External Factors

The SWFAL Board assessed the skills, processes, experience, level of breaches and complaints. Also considered were any results from service review meetings as well as the annual due diligence performed by SWFAL on the delegated Investment Manager, Church House Investments Limited, ('Church House').

The Board also considered the nature, extent and quality of administrative and shareholder services performed under separate agreements covering depositary services, custodians, as well as services provided with regard to both audit and legal functions.

What was the outcome of the assessment?

#### Internal Factors

The Board recognised that all distribution and settlement monies were paid in a timely manner and that there were no significant findings as a result of the various audits performed on SWFAL during the year. The Board concluded that SWFAL carried out its duties diligently.

#### External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefited and should continue to benefit the sub-fund and shareholders.

Were there any follow up actions?

There were no follow-up actions required.

### 2. Performance

What was assessed in this section?

The Board reviewed the performance of the sub-fund, after the deduction of all payments out of the scheme property as set out in the Prospectus. Performance is considered over appropriate timescales having regard to the sub-fund's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk has been taken.

#### Investment Objectives

The sub-fund aims to provide an absolute return, aiming to achieve positive returns over rolling twelve-month periods at low levels of volatility (meaning changes in value of up to 5% per annum in normal market conditions).

#### Benchmark

The FCA introduced significant changes in relation to benchmarks in August 2019. As ACD, SWFAL was required to explain in a fund's scheme documentation why a benchmark is being used or alternatively explain how investors should assess performance of a fund in the absence of a benchmark.

The sub-fund's long-standing performance comparator benchmark was 3 Month LIBOR (London Inter-Bank Offer Rate). The FTSE 100 was added as a comparator during August 2019. Both were replaced by asset class benchmarks on 24 August 2020, as detailed below.

As the sub-fund is a multi-asset fund, the ACD now uses different benchmarks for comparison purposes according to the asset classes generally held by the sub-fund, including Government UK Gilt 2 Year Yield in respect of bonds and FTSE 100 TR in respect of equities.

## Assessment of Value - SVS Church House Tenax Absolute Return Strategies Fund (continued)

### 2. Performance (continued)

What was the outcome of the assessment?

The sub-fund was converted from a NURS (non-UCITS regulated scheme) to a UCITS (Undertaking for Collective Investment in Transferable Securities) on 24 August 2020. At this point the language used in the investment objective was altered to better reflect the asset class mix within the sub-fund.

The objective of the sub-fund is to achieve an absolute return with low levels of volatility over twelve month rolling periods and the Board observed that this was met on ten occasions out of twelve and as a result were of the opinion that the objective was being adhered to.

Consideration was given to the sub-fund's relative performance to the benchmarks noted above and the Board was satisfied that it provided value to the shareholders.

The Board found that the sub-fund is investing in the asset classes permitted by the investment policy and that there have been no breaches of the policy in the last 12 months.

Were there any follow up actions?

There were no follow-up actions required.

### 3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflect the services provided. This includes investment management fees, annual management charge, Depositary/Custodian fees, legal fees and audit fees.

What was the outcome of the assessment?

The Board observed that Church House operate a unique model, one that includes a notional in-house portfolio management fee that sits within the sub-fund's investment management fee. This has the effect of inflating the ongoing charges figure ('OCF') and as a result SWFAL sought to exclude this fee so that the sub-fund could be better compared on a like-for-like basis with other funds displaying similar characteristics. Once this was done the Board were able to conclude that each of the sub-fund's costs were fair, reasonable and provided on a competitive basis.

Were there any follow up actions?

There were no follow-up actions required.

### 4. Economies of Scale

What was assessed in this section?

The Board reviewed each separate fee structure and the AUM of the sub-fund to examine the effect on the sub-fund to potential and existing investors should the sub-fund increase or decrease in value.

What was the outcome of the assessment?

As the sub-fund's AUM grows, investors pay proportionally less for the fixed costs of running the sub-fund as SWFAL is able to negotiate better terms with its service providers. Similarly, as SWFAL's business grows and costs are distributed across more investors, the costs to each investor reduces. The Board continues to review the OCF of all funds to ensure they are appropriate.

Owing to the charging structure in place, i.e. fixed Annual Management Charge, there are minimal opportunities for savings going forward should the sub-fund continue to grow in size.

Were there any follow up actions?

There were no follow-up actions required.

### 5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges of the sub-fund and how those charges affect the returns of the sub-fund. Funds with lower fees may offer better value than those with higher fees.

The sub-fund's charges, or OCF, was compared against the external 'market rate' of equivalent funds.

Note that SWFAL has not charged an entry fee, exit fee or any other event-based fees on this sub-fund.

## Assessment of Value - SVS Church House Tenax Absolute Return Strategies Fund (continued)

### 5. Comparable Market Rates (continued)

What was the outcome of the assessment?

The sub-fund's charges were found to have compared favourably with those of similar externally managed funds.

Were there any follow up actions?

There were no follow-up actions required.

### 6. Comparable Services

What was assessed in this section?

The Board reviewed the OCF applied to the sub-fund with those of other funds administered by SWFAL having regard to size, investment objectives and policies.

What was the outcome of the assessment?

There were no other SWFAL administered funds displaying the same characteristics as the SVS Church House Tenax Absolute Return Strategies Fund.

Were there any follow up actions?

There were no follow-up actions required.

### 7. Classes of Shares

What was assessed in this section?

The Board reviewed the sub-fund set up to ensure that where there are multiple share classes, shareholders are in the correct share class given the size of their holding.

What was the outcome of the assessment?

In September 2020, in order to ensure shareholders were invested in the correct share classes, SWFAL conducted a review of named investors on the 'A' share class register. At the time of the review all shareholders were in the appropriate share class.

However, as SWFAL is unaware of the specific investment terms for any shareholder who invests directly through an Independent Financial Advisor or an investment platform SWFAL was unable to determine if there were any other shareholders that would be eligible for a move to the cheaper 'B' share class.

If you are in any doubt as to which class of share you hold and, additionally, if that holding is eligible to be moved to a cheaper share class then please contact your IFA or investment platform.

Were there any follow up actions?

There were no follow-up actions required.

### Overall Assessment of Value

The SWFAL Board concluded that the SVS Church House Tenax Absolute Return Strategies Fund had provided value to the shareholders.

Kevin Stopps

Chairman of the Board of Smith & Williamson Fund Administration Limited

29 January 2021

On reviewing this Assessment of Value report, we would welcome invaluable feedback from investors via our short questionnaire which can be found online;

<https://smithandwilliamson.com/en/services/fund-administration/assessment-of-value/>

Investors views are invaluable to the development and delivery of this report.

Should you be unable to access the questionnaire online please contact us directly on 0141 222 1151 and we will provide you with a paper copy of the questionnaire.