

SVS Church House Investment Grade Fixed Interest Fund

Interim Report

for the six months ended 30 September 2020

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## SVS Church House Investment Grade Fixed Interest Fund Report of the Manager

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited), as Manager, presents herewith the Interim Report for SVS Church House Investment Grade Fixed Interest Fund for the six months ended 30 September 2020.

SVS Church House Investment Grade Fixed Interest Fund ('the Trust' or 'the Fund') is an authorised unit trust scheme further to an authorisation order dated 1 December 2000 and is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook ('COLL'), as published by the Financial Conduct Authority ('FCA').

The Manager is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Fund consist predominantly of securities which are readily realisable and, accordingly, the Fund has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed.

Brexit is one of the most significant economic events for the UK, and 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.

### Investment objective and policy

The objective of the Fund is to secure a high level of income through investment principally in investment grade corporate bonds, United Kingdom Government Gilts and supra-national issues. The Fund may also invest in other higher income securities such as preference shares and infrastructure funds and other interest bearing securities such as Treasury bills. The Fund also seeks to hedge the interest rate or credit risk in the portfolio through the use of derivative instruments.

### 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.

### Changes affecting the Fund in the period

KPMG LLP resigned as auditor and Mazars LLP were appointed on 9 July 2020.

Further information in relation to the Fund is illustrated on page 17.

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

Brian McLean  
Directors  
Smith & Williamson Fund Administration Limited  
30 November 2020

James Gordon

**Accounting policies of SVS Church House Investment Grade Fixed Interest Fund (unaudited)**  
*for the six months ended 30 September 2020*

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2020 and are described in those annual financial statements.

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.

## Investment Manager's report

### Investment performance \*

|   | 6 Months | 3 Years | 5 Years |
|---|----------|---------|---------|
| SVS Church House Investment Grade Fixed Interest Fund | +6.6%    | +1.6%   | +4.7%   |

\* Percentage change in bid price of income units at 12pm to 30 September 2020.

Source: Bloomberg and Smith & Williamson Fund Administration Limited.

### Investment activities

After the (comparatively) dramatic activity of the second quarter, there has been much less of a seismic shift in SVS Church House Investment Grade Fixed Interest Fund portfolio this time. As illustrated in the table below the profile of the Fund has not changed much between June and September 2020.

| SVS Church House Investment Grade Fixed Interest Fund | September 2020 | June 2020 |
|---|----------------|-----------|
| Short-dated securities (less than 7 years)            | 51%            | 53%       |
| Medium-dated securities (7 to 15 years)               | 34%            | 33%       |
| Long-dated securities (over 15 years)                 | 15%            | 14%       |
| Duration of Portfolio                                 | 5.3            | 5.2       |
| Volatility (past year)                                | 6.10%          | 6.10%     |
| Number of Holdings                                    | 113            | 114       |
| Yield   | 2.20%          | 2.20%     |
| Portfolio Value                                       | £366m          | £360m     |

Volatility is annual standard deviation expressed as a percentage.

Jumping to the top of the list is the CPPIB Capital 1.125% 14/12/2029. Not a name that springs to mind, its parent is the Canadian Pension Plan Investment Board, which has a triple-A rating from all the rating agencies. The rest of the top fifteen is little changed, further down the list we sold GlaxoSmithKline Capital 1.25% 12/10/2028, Hammerson 3.5% 27/10/2025 and Legal & General 5.875% 24/03/2031, which had served their purpose, while adding to two of the infrastructure holdings: HICL Infrastructure and International Public Partnerships.

| Top 15 Holdings - 30 September 2020                       |       |
|---|-------|
| CPPIB Capital 1.125% 14/12/2029                           | 2.53% |
| Bank of America 7% 31/07/2028                             | 2.49% |
| Goldman Sachs Group 7.25% 10/04/2028                      | 2.32% |
| Australia & New Zealand Banking Group 0.73541% 24/01/2022 | 1.93% |
| Royal Bank of Canada 0.52492% 30/01/2025                  | 1.92% |
| GCP Infrastructure Investments                            | 1.85% |
| M&G 5.625% 20/10/2051                                     | 1.83% |
| AP Moller - Maersk 4% 04/04/2025                          | 1.82% |
| 3i Group 3.75% 05/06/2040                                 | 1.74% |
| Barclays 2.375% 06/10/2023                                | 1.72% |
| Southern Water Services Finance 2.375% 28/05/2028         | 1.68% |
| Yorkshire Building Society 0.6533% 19/11/2023             | 1.66% |
| Orange 5.875% Perpetual                                   | 1.59% |
| Citigroup 5.15% 21/05/2026                                | 1.55% |
| SSE 3.74% Perpetual                                       | 1.54% |

### Investment strategy and outlook

Our economy is recovering from the trough in April, despite the headlines of 'disappointing' growth in August. Overall, the third quarter is likely to show growth of around 17%, probably pointing towards an overall shrinkage in the economy of around 9% for the year as a whole. Of course, how this develops will be linked to the extent of further lock-downs and other anti-Covid-19 measures deployed.

## Investment Manager's report (continued)

### Investment strategy and outlook (continued)

Unemployment looks likely to be an increasing problem (depending on those Covid-19 measures) as we head towards year end, but these figures are distorted by the effect of the furlough scheme and its successor, the Job Support Scheme. Brexit negotiations seem likely to drag on (as they usually do). The UK side had attempted to impose a 15 October deadline, but now appear likely to suggest that sufficient progress has been made (except, of course, on fishing) to carry on negotiating. Let's hope that we don't have to prolong the agony too far beyond the beginning of 2021.

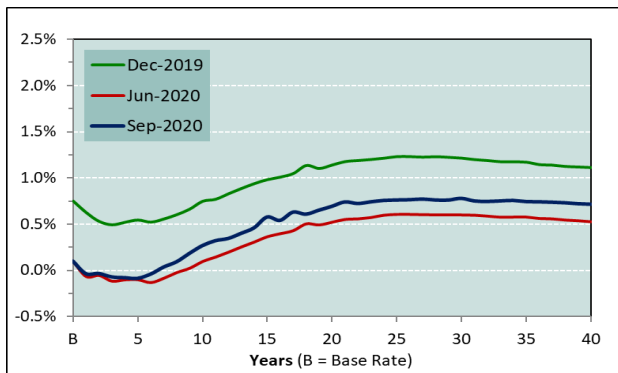
Inflation (Consumer Price Index measure) slumped to 0.2% over the summer, but, in turn, this was distorted by the (excellent) 'Eat Out to Help Out' scheme. Helpfully, the Bank's Monetary Policy Committee (MPC) tells us:

"The path of growth and inflation will depend on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union (EU) and the United Kingdom (UK). It will also depend on the responses of households, businesses and financial markets to these developments."

So that clears that up then.

UK base rates remain stuck at 0.1%, as they have been since mid-March, though the Bank of England continues to tease us with the possibility of negative interest rates and "the range of actions that could be taken to deliver its objectives". But they do stress that they have no intention to tighten monetary policy (essentially, raise interest rates) until there is "clear evidence that significant progress is being made". Short-term interest rates (out to five years) remain negative, rates for longer periods have edged a shade higher:

UK Interest Rates (the income yield from Gilts) - The Yield Curve<sup>^</sup>



<sup>^</sup>Source: Church House Investments Limited and Bloomberg.

|                   |                   |  |          |                                       |          |          |
|-------------------|-------------------|--|----------|---------------------------------------|----------|----------|
| Short-term:       | Base Rate<br>0.1% | 3-month London<br>InterBank Offered Rate<br>0.1% |          | Sterling Overnight Index Average 0.1% |          |          |
| Longer-term:      |                   |  |          |                                       |          |          |
| Gilt maturing in: | 2 years           | 5 years  | 10 years | 20 years                              | 30 years | 30 years |
| Yield**           | 0.0%              | -0.1%  | 0.2%     | 0.7%                                  | 0.8%     | 0.7%     |

Source: Bloomberg.

\*\*The yield to maturity, taking into account interest received and price paid.

As the US election takes centre stage, the likely result has become much clearer. Joe Biden's 'Blue Wave' appears to be gathering more support and the likelihood of a clear win would remove any justification for his opponent to dispute the final result. Whatever the outcome, this election is doing much (along with the past few years) to demean and dilute the respect previously held for the post of US President. Both sides have similar plans to provide the fiscal support needed by the US economy but, of course, differ on exact size and mode of execution, enabling plenty of political bickering to continue.

## Investment Manager's report (continued)

### Investment strategy and outlook (continued)

The EU/UK talks regarding 'the deal' continue to be painful, with no concrete progress; it still seems illogical that tiny industries remain a huge stumbling block but some of these divisions are historic and go back to way before the EU came into existence. As the virus reappears across Europe, it is apparent that complete lockdowns are to be avoided due to the severity of the economic damage that they inflict, but governments are certainly having a hard time getting their measures right or implemented. The number of people not surviving seems a more rational measure to focus on rather than the number that test positive.

The damage inflicted first time round shows up clearly in the numbers and, whichever way you look at it, double digit reductions in Gross Domestic Product (GDP) are dramatic. Forecasts by economists keep being readjusted, we're not sure that they have much value. The Bank's MPC certainly has a wide range of views and Governor Bailey has been rattling his toolbox again consulting banks on the effect of negative rates, quickly reiterating that he does not intend to actually implement them - we hope he consults building societies too. One MPC member maintains that negative rates have been a positive elsewhere, but we don't think the moribund banking systems of the Eurozone and Japan are evidence confirming that view.

Against this grim backdrop, credit markets remain well supported and the premium that companies need to pay over prevailing gilt interest rates to borrow money, the credit spread, touched new post-March low levels this month, before retreating a little. The primary market continues to produce a steady stream of new issues for investors to consider and 'difficult' names, such as Heathrow Funding and InterContinental Hotels, came to market and find strong support. Despite being poorly handled, a multi tranche 'high yield' issue from Rolls Royce Holdings received huge support (the UK sterling tranche attracting 350+ investing institutions and was, apparently, ten times over-subscribed). Just Group recently came to the market with a new issue that was apparently 'green', cue much market wonder as to how lower-tier capital for an insurance company qualifies for such an accolade. We did see an inaugural sustainable UK sterling bond from Enel with a coupon explicitly linked to future renewable capacity, if their renewable generation is below 60% at end December 2021 the coupon steps up by 0.25%.

The UK Gilt market continues to function efficiently and the cost of funding our national debt continues to decline. These are both important factors now that UK Public Sector Debt has climbed over £2 trillion, up £227 billion from a year ago. The Office for National Statistics stated that the end of July marked the first time that the UK's debt was more than its GDP (at 100.5%), since 1961.

Church House Investments Limited  
30 October 2020

## Summary of portfolio changes

for the six months ended 30 September 2020

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

|   | Cost      |
|---|-----------|
|   | £         |
| Purchases:  |           |
| CPPIB Capital 1.125% 14/12/2029                   | 9,116,666 |
| 3i Group 3.75% 05/06/2040                         | 5,960,760 |
| Southern Water Services Finance 2.375% 28/05/2028 | 5,950,800 |
| SSE 3.74% Perpetual                               | 5,497,910 |
| BP Capital Markets 4.25% Perpetual                | 5,000,000 |
| Eastern Power Networks 1.875% 01/06/2035          | 4,982,550 |
| GlaxoSmithKline Capital 1.625% 12/05/2035         | 4,973,750 |
| GlaxoSmithKline Capital 1.25% 12/10/2028          | 4,952,450 |
| Legal & General Group 5.625% Perpetual            | 4,512,000 |
| Eversholt Funding 2.742% 30/06/2040               | 4,000,000 |
| National Grid 1.125% 07/07/2028                   | 3,981,320 |
| Volkswagen Financial Services 4.25% 09/10/2025    | 3,975,200 |
| Siemens Finance 0.875% 05/06/2023                 | 3,787,878 |
| BAE Systems 4.125% 08/06/2022                     | 3,126,930 |
| Lloyds Bank Corporate Markets 1.5% 23/06/2023     | 2,996,130 |
| Phoenix Group Holdings 5.625% 28/04/2031          | 2,965,320 |
| United Utilities Water Finance 1.875% 03/06/2042  | 2,713,673 |
| Barclays 2.375% 06/10/2023                        | 2,645,742 |
| UK Treasury Gilt 1.5% 22/01/2021                  | 2,521,250 |
| Diageo Finance 1.25% 28/03/2033                   | 2,472,750 |

|  | Proceeds   |
|--|------------|
|  | £          |
| Sales:   |            |
| Coventry Building Society 0.92674% 13/11/2023          | 10,750,000 |
| UK Treasury Gilt 2% 22/07/2020                         | 10,015,000 |
| Lloyds Bank 0.5486% 13/09/2021                         | 8,008,000  |
| Nationwide Building Society 0.82425% 02/08/2022        | 7,476,750  |
| Lloyds Bank 0.86579% 16/05/2024                        | 5,999,400  |
| GlaxoSmithKline Capital 1.25% 12/10/2028               | 5,036,000  |
| Santander UK 0.4815% 20/09/2021                        | 4,998,750  |
| Royal Bank of Canada 0.630965% 03/10/2024              | 4,980,800  |
| RBC CMS Linked Reverse Convertible Notes 5% 09/04/2020 | 4,861,900  |
| National Grid 1.125% 07/07/2028                        | 4,061,040  |
| Siemens Finance 0.875% 05/06/2023                      | 3,821,090  |
| J Sainsbury 6.5% Perpetual                             | 3,100,000  |
| BUPA Finance 2% 05/04/2024                             | 3,070,920  |
| Lloyds Bank 1.13515% 14/01/2022                        | 3,011,400  |
| SSE 3.875% Perpetual                                   | 3,000,000  |
| National Australia Bank 0.5545% 04/02/2025             | 2,995,950  |
| ABN AMRO Bank 1.02275% 29/05/2020                      | 2,900,000  |
| AP Moller - Maersk 4% 04/04/2025                       | 2,494,225  |
| Nationwide Building Society 0.80679% 10/01/2024        | 2,032,600  |
| Barclays 0.965% 22/05/2020                             | 2,000,000  |



**Portfolio statement**  
as at 30 September 2020

| Investment  | Nominal value or holding | Market value<br>£ | % of total net assets |
|---|--------------------------|-------------------|-----------------------|
| <b>Debt Securities* 95.42% (88.73%)</b>                     |                          |                   |                       |
| <b>Aaa to Aa2 25.94% (38.05%)</b>                           |                          |                   |                       |
| Australia & New Zealand Banking Group 0.73541% 24/01/2022** | £7,000,000               | 7,044,030         | 1.93                  |
| Bank of Nova Scotia 0.44088% 30/09/2021**                   | £2,300,000               | 2,303,887         | 0.63                  |
| Bank of Scotland 4.875% 20/12/2024                          | £1,500,000               | 1,776,061         | 0.49                  |
| Berkshire Hathaway Finance 2.375% 19/06/2039                | £2,500,000               | 2,810,529         | 0.77                  |
| Canadian Imperial Bank of Commerce 0.52313% 10/01/2022**    | £3,500,000               | 3,508,330         | 0.96                  |
| Canadian Imperial Bank of Commerce 0.5351% 28/10/2022**     | £5,000,000               | 5,026,800         | 1.38                  |
| Clydesdale Bank 0.7515% 22/03/2024**                        | £3,000,000               | 3,035,940         | 0.83                  |
| Clydesdale Bank 4.625% 08/06/2026                           | £1,250,000               | 1,529,788         | 0.42                  |
| Coventry Building Society 0.57642% 15/01/2025**             | £1,500,000               | 1,509,810         | 0.41                  |
| CPPIB Capital 1.125% 14/12/2029                             | £9,000,000               | 9,239,940         | 2.53                  |
| European Investment Bank 1.054445% 08/09/2025**             | £2,000,000               | 2,074,760         | 0.57                  |
| Landesbank Baden-Wuerttemberg 0.34475% 18/05/2021**         | £2,000,000               | 2,001,300         | 0.55                  |
| Lloyds Bank 5.125% 07/03/2025                               | £2,500,000               | 3,010,585         | 0.82                  |
| National Australia Bank 0.5545% 04/02/2025**                | £2,000,000               | 2,011,720         | 0.55                  |
| National Bank of Canada 0.4315% 27/09/2021**                | £3,000,000               | 3,005,640         | 0.82                  |
| National Westminster Bank 0.651452% 22/03/2023**            | £4,000,000               | 4,034,840         | 1.10                  |
| Nationwide Building Society 0.80679% 10/01/2024**           | £2,000,000               | 2,030,100         | 0.56                  |
| Royal Bank of Canada 0.52492% 30/01/2025**                  | £7,000,000               | 7,027,790         | 1.92                  |
| Royal Bank of Canada 0.630965% 03/10/2024**                 | £5,000,000               | 5,039,850         | 1.38                  |
| Santander UK 0.4815% 20/09/2021**                           | £4,000,000               | 4,010,240         | 1.10                  |
| Santander UK 0.7838% 12/02/2024**                           | £4,000,000               | 4,055,280         | 1.11                  |
| Toronto-Dominion Bank 0.5213% 24/06/2022**                  | £5,000,000               | 5,019,850         | 1.37                  |
| TSB Bank 0.9234% 15/02/2024**                               | £5,000,000               | 5,083,400         | 1.39                  |
| UK Treasury Gilt 1.5% 22/01/2021                            | £2,000,000               | 2,009,000         | 0.55                  |
| Wellcome Trust Finance 4.75% 28/05/2021                     | £500,000                 | 514,225           | 0.14                  |
| Yorkshire Building Society 0.6533% 19/11/2023**             | £6,000,000               | 6,058,800         | 1.66                  |
|   |                          | <u>94,772,495</u> | <u>25.94</u>          |
| <b>Aa3 to A1 0.98% (1.40%)</b>                              |                          |                   |                       |
| Close Brothers Finance 3.875% 27/06/2021                    | £2,000,000               | 2,045,000         | 0.56                  |
| Close Brothers Finance 2.75% 19/10/2026                     | £10,000                  | 10,638            | 0.00                  |
| Lloyds Bank Corporate Markets 1.5% 23/06/2023               | £1,500,000               | 1,520,910         | 0.42                  |
|   |                          | <u>3,576,548</u>  | <u>0.98</u>           |
| <b>A2 to A3 24.46% (16.09%)</b>                             |                          |                   |                       |
| Aviva 4% 03/06/2055**                                       | £2,000,000               | 2,101,760         | 0.58                  |
| Aviva 4.375% 12/09/2049**                                   | £4,000,000               | 4,438,080         | 1.22                  |
| Aviva 5.125% 04/06/2050**                                   | £2,000,000               | 2,302,482         | 0.63                  |
| Aviva 6.125% Perpetual**                                    | £1,500,000               | 1,612,436         | 0.44                  |
| Aviva 6.625% 03/06/2041**                                   | £1,500,000               | 1,551,390         | 0.42                  |
| Bank of America 7% 31/07/2028                               | £6,400,000               | 9,076,947         | 2.49                  |

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

\*\* Denotes a variable interest security.

Portfolio statement (continued)  
as at 30 September 2020

| Investment   | Nominal<br>value or<br>holding | Market<br>value<br>£ | % of total<br>net assets |
|--|--------------------------------|----------------------|--------------------------|
| Debt Securities* (continued)                         |                                |                      |                          |
| A2 to A3 (continued)                                 |                                |                      |                          |
| BP Capital Markets 4.25% Perpetual**                 | £5,000,000                     | 5,237,500            | 1.43                     |
| Citigroup 5.15% 21/05/2026                           | £4,683,000                     | 5,676,461            | 1.55                     |
| Close Brothers Group 2.75% 26/04/2023                | £2,382,000                     | 2,467,752            | 0.68                     |
| Close Brothers Group 4.25% 24/01/2027**              | £1,835,000                     | 1,874,728            | 0.51                     |
| Diageo Finance 1.25% 28/03/2033                      | £2,500,000                     | 2,495,050            | 0.68                     |
| Diageo Finance 2.875% 27/03/2029                     | £3,000,000                     | 3,448,950            | 0.94                     |
| GlaxoSmithKline Capital 1.625% 12/05/2035            | £5,000,000                     | 5,100,790            | 1.40                     |
| Goldman Sachs Group 3.125% 25/07/2029                | £3,000,000                     | 3,393,630            | 0.93                     |
| Goldman Sachs Group 7.25% 10/04/2028                 | £6,000,000                     | 8,483,580            | 2.32                     |
| HSBC Holdings 3% 22/07/2028**                        | £2,500,000                     | 2,671,525            | 0.73                     |
| Legal & General Group 10% 23/07/2041**               | £2,000,000                     | 2,142,200            | 0.59                     |
| M&G 5.625% 20/10/2051**                              | £5,750,000                     | 6,684,375            | 1.83                     |
| National Grid Electricity Transmission 2% 17/04/2040 | £2,500,000                     | 2,640,800            | 0.72                     |
| Prudential 6.125% 19/12/2031                         | £2,584,000                     | 3,417,402            | 0.94                     |
| Rio Tinto Finance 4% 11/12/2029                      | £2,700,000                     | 3,373,906            | 0.92                     |
| United Utilities Water Finance 1.875% 03/06/2042     | £2,750,000                     | 2,857,690            | 0.78                     |
| Volkswagen Financial Services 1.125% 18/09/2023      | £1,800,000                     | 1,793,700            | 0.49                     |
| Volkswagen Financial Services 4.25% 09/10/2025       | £4,000,000                     | 4,522,780            | 1.24                     |
|  |                                | <u>89,365,914</u>    | <u>24.46</u>             |
| Baa1 to Baa2 21.70% (13.27%)                         |                                |                      |                          |
| 3i Group 3.75% 05/06/2040                            | £6,000,000                     | 6,367,920            | 1.74                     |
| BAE Systems 4.125% 08/06/2022                        | £3,000,000                     | 3,158,199            | 0.86                     |
| Barclays 2.375% 06/10/2023**                         | £6,146,000                     | 6,276,602            | 1.72                     |
| Burberry Group 1.125% 21/09/2025                     | £1,000,000                     | 991,829              | 0.27                     |
| Cadent Finance 1.125% 22/09/2021                     | £100,000                       | 100,469              | 0.03                     |
| Cadent Finance 2.125% 22/09/2028                     | £2,500,000                     | 2,633,025            | 0.72                     |
| CK Hutchison Group Telecom Finance 2% 17/10/2027     | £2,000,000                     | 2,060,740            | 0.56                     |
| Credit Suisse Group 2.125% 12/09/2025**              | £2,000,000                     | 2,064,840            | 0.56                     |
| Digital Stout Holding 4.75% 13/10/2023               | £3,000,000                     | 3,353,796            | 0.92                     |
| Direct Line Insurance Group 4% 05/06/2032            | £1,500,000                     | 1,653,825            | 0.45                     |
| Eastern Power Networks 1.875% 01/06/2035             | £5,000,000                     | 5,213,800            | 1.43                     |
| Eastern Power Networks 4.75% 30/09/2021              | £1,500,000                     | 1,561,494            | 0.43                     |
| Eversholt Funding 2.742% 30/06/2040**                | £4,000,000                     | 4,150,040            | 1.14                     |
| Experian Finance 0.739% 29/10/2025                   | £1,700,000                     | 1,698,980            | 0.47                     |
| Experian Finance 3.25% 07/04/2032                    | £2,000,000                     | 2,352,700            | 0.64                     |
| Fidelity International 7.125% 13/02/2024             | £2,995,000                     | 3,532,084            | 0.97                     |
| Glencore Finance Europe 3.125% 26/03/2026            | £3,500,000                     | 3,684,065            | 1.01                     |
| HSBC Bank 6.5% 07/07/2023                            | £1,000,000                     | 1,138,823            | 0.31                     |
| Investec Bank 4.25% 24/07/2028**                     | £2,500,000                     | 2,525,825            | 0.68                     |

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

\*\* Denotes a variable interest security.

Portfolio statement (continued)  
as at 30 September 2020

| Investment   | Nominal<br>value or<br>holding | Market<br>value<br>£ | % of total<br>net assets |
|--|--------------------------------|----------------------|--------------------------|
| Debt Securities* (continued)                             |                                |                      |                          |
| Baa1 to Baa2 (continued)                                 |                                |                      |                          |
| Leeds Building Society 3.75% 25/04/2029**                | £2,000,000                     | 2,066,300            | 0.57                     |
| London Power Networks 5.125% 31/03/2023                  | £500,000                       | 554,292              | 0.15                     |
| Scotland Gas Networks 3.25% 08/03/2027                   | £1,350,000                     | 1,521,463            | 0.42                     |
| Scottish Widows 5.5% 16/06/2023                          | £4,140,000                     | 4,553,917            | 1.25                     |
| Severn Trent Utilities Finance 2% 02/06/2040             | £1,200,000                     | 1,260,892            | 0.35                     |
| SSE 8.375% 20/11/2028                                    | £250,000                       | 382,616              | 0.10                     |
| Standard Chartered 5.125% 06/06/2034                     | £1,592,000                     | 1,844,179            | 0.50                     |
| Tesco Personal Finance Group 3.5% 25/07/2025             | £5,155,000                     | 5,383,212            | 1.47                     |
| Thames Water Utilities Finance 2.375% 22/04/2040         | £2,000,000                     | 2,062,922            | 0.56                     |
| Thames Water Utilities Finance 4% 19/06/2025             | £1,500,000                     | 1,699,962            | 0.47                     |
| Wessex Water Services Finance 4% 24/09/2021              | £450,000                       | 464,701              | 0.13                     |
| Western Power Distribution West Midlands 6% 09/05/2025** | £500,000                       | 614,663              | 0.17                     |
| Yorkshire Building Society 3.375% 13/09/2028**           | £2,250,000                     | 2,359,620            | 0.65                     |
|  |                                | <u>79,287,795</u>    | <u>21.70</u>             |
| Baa3 to unrated 22.34% (19.92%)                          |                                |                      |                          |
| AP Moller - Maersk 4% 04/04/2025                         | £6,126,000                     | 6,634,023            | 1.82                     |
| BG Energy Capital 5.125% 01/12/2025                      | £750,000                       | 926,133              | 0.25                     |
| British Land 2.375% 14/09/2029                           | £2,500,000                     | 2,540,275            | 0.70                     |
| Goldman Sachs Group 2.1% 08/09/2021**                    | £2,000,000                     | 2,017,200            | 0.55                     |
| Heathrow Funding 5.225% 15/02/2023                       | £500,000                       | 534,525              | 0.15                     |
| Heathrow Funding 6.75% 03/12/2026                        | £2,629,000                     | 3,236,993            | 0.89                     |
| Legal & General Group 5.625% Perpetual**                 | £4,500,000                     | 4,610,700            | 1.26                     |
| Liverpool Victoria Friendly Society 6.5% 22/05/2043**    | £1,500,000                     | 1,659,151            | 0.45                     |
| Northumbrian Water Finance 6.875% 06/02/2023             | £4,000,000                     | 4,565,068            | 1.25                     |
| Orange 5.875% Perpetual**                                | £5,530,000                     | 5,802,187            | 1.59                     |
| Pearson Funding 3.75% 04/06/2030                         | £1,000,000                     | 1,071,154            | 0.29                     |
| Pension Insurance 4.625% 07/05/2031                      | £1,500,000                     | 1,634,952            | 0.45                     |
| Phoenix Group Holdings 5.625% 28/04/2031                 | £3,000,000                     | 3,418,500            | 0.94                     |
| Phoenix Group Holdings 5.75% Perpetual**                 | £3,000,000                     | 2,998,500            | 0.82                     |
| Rothesay Life 5.5% 17/09/2029**                          | £3,400,000                     | 3,720,348            | 1.02                     |
| Rothesay Life 6.875% Perpetual**                         | £4,000,000                     | 4,252,040            | 1.16                     |
| Rothesay Life 8% 30/10/2025                              | £4,190,000                     | 5,205,614            | 1.42                     |
| Segro 2.375% 11/10/2029                                  | £4,000,000                     | 4,367,400            | 1.20                     |
| Shaftesbury Chinatown 2.348% 30/09/2027                  | £2,500,000                     | 2,459,525            | 0.67                     |
| Southern Water Services Finance 2.375% 28/05/2028        | £6,000,000                     | 6,156,900            | 1.68                     |
| SSE 3.74% Perpetual**                                    | £5,500,000                     | 5,618,877            | 1.54                     |
| Tesco Corporate Treasury Services 2.75% 27/04/2030       | £2,200,000                     | 2,335,190            | 0.64                     |
| Virgin Money UK 4% 25/09/2026**                          | £3,000,000                     | 3,094,620            | 0.85                     |
| Wales & West Utilities Finance 1.875% 28/05/2041         | £2,700,000                     | 2,739,339            | 0.75                     |
|  |                                | <u>81,599,214</u>    | <u>22.34</u>             |

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

\*\* Denotes a variable interest security.

Portfolio statement (continued)  
as at 30 September 2020

|  | Nominal<br>value or<br>holding | Market<br>value<br>£ | % of total<br>net assets |
|--|--------------------------------|----------------------|--------------------------|
| Investment   |                                |                      |                          |
| Debt securities* (continued)   |                                |                      |                          |
| Default 0.00% (0.00%)  |                                |                      |                          |
| Cattles 7.875% 17/01/2014***   | £250,000                       | -                    | -                        |
| Total debt securities  |                                | <u>348,601,966</u>   | <u>95.42</u>             |
| Closed-Ended Funds 4.34% (3.58%)   |                                |                      |                          |
| Closed-Ended Funds - incorporated in the United Kingdom 1.44% (0.92%)      |                                |                      |                          |
| HICL Infrastructure  | 3,175,000                      | <u>5,264,150</u>     | <u>1.44</u>              |
| Closed-Ended Funds - incorporated outwith the United Kingdom 2.90% (2.66%) |                                |                      |                          |
| GCP Infrastructure Investments   | 5,838,680                      | <u>6,749,514</u>     | <u>1.85</u>              |
| International Public Partnerships  | 2,387,500                      | <u>3,848,650</u>     | <u>1.05</u>              |
| Total closed-ended funds - incorporated outwith the United Kingdom         |                                | <u>10,598,164</u>    | <u>2.90</u>              |
| Total closed-ended funds   |                                | <u>15,862,314</u>    | <u>4.34</u>              |
| Offshore Collective Investment Schemes 0.44% (0.48%)                       |                                |                      |                          |
| WisdomTree Gilts 10Y 3x Daily Short  | 50,000                         | <u>1,623,000</u>     | <u>0.44</u>              |
| Structured Products 0.00% (1.43%)  |                                | -                    | -                        |
| Portfolio of investments   |                                | <u>366,087,280</u>   | <u>100.20</u>            |
| Other net liabilities  |                                | <u>(733,264)</u>     | <u>(0.20)</u>            |
| Total net assets   |                                | <u>365,354,016</u>   | <u>100.00</u>            |

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

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

|                                |              |
|--------------------------------|--------------|
| Total purchases in the period: | £116,092,848 |
| Total sales in the period:     | £103,072,801 |

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

\*\*\* Cattles 7.875% 17/01/2014 is valued at zero as it is in default.

## Risk and reward profile

The risk and reward profile is representative of all unit classes.

The risk and reward indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the risk and reward indicator.

|  |   |   |  |   |   |   |
|--|---|---|--|---|---|---|
| Typically lower rewards,<br>lower risk ← |   |   | Typically higher rewards,<br>higher risk → |   |   |   |
| 1  | 2 | 3 | 4  | 5 | 6 | 7 |

The Fund is in a medium category because the price of its investments have risen or fallen to some extent. The category shown is not guaranteed to remain unchanged and may shift over time. Even the lowest category does not mean a risk-free investment.

The price of the 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.

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

## Performance information

|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| Number of units in issue                                 | 30.09.20    | 31.03.20    | 31.03.19    | 31.03.18    |
| Income   | 237,314,436 | 243,993,458 | 225,063,466 | 243,210,264 |
| Accumulation   | 16,229,392  | 13,406,824  | 12,705,767  | 10,438,625  |
| XL Institutional Income*                                 | 49,331,008  | 54,429,219  | 54,126,422  | -           |
| Net Asset Value (NAV)                                    | £           | £           | £           | £           |
| Total NAV of the Fund                                    | 365,354,016 | 351,430,239 | 339,130,200 | 294,800,010 |
| NAV attributable to Income unitholders                   | 278,093,987 | 268,794,605 | 255,912,996 | 277,520,399 |
| NAV attributable to Accumulation unitholders             | 29,126,210  | 22,363,685  | 21,413,459  | 17,279,611  |
| NAV attributable to XL Institutional Income unitholders* | 58,133,819  | 60,271,949  | 61,803,745  | -           |
| Net asset value per unit (based on bid value)**          | p           | p           | p           | p           |
| Income   | 117.2       | 110.2       | 113.7       | 114.1       |
| Accumulation   | 179.5       | 166.8       | 168.5       | 165.5       |
| XL Institutional Income*                                 | 117.8       | 110.7       | 114.2       | -           |

\* XL Institutional Income units launched on 1 November 2018 at 113.7p per unit.

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

## Highest and lowest prices and distributions

| Financial year to 31 March            |                         | Distribution<br>per unit<br>p | Highest<br>offer price<br>p | Lowest<br>bid price<br>p |
|---------------------------------------|-------------------------|-------------------------------|-----------------------------|--------------------------|
| 2018                                  | Income                  | 2.378                         | 123.5                       | 114.3                    |
| 2018                                  | Accumulation            | 3.404                         | 176.8                       | 164.3                    |
| 2019                                  | Income                  | 2.446                         | 120.7                       | 111.9                    |
| 2019                                  | Accumulation            | 3.575                         | 177.4                       | 164.7                    |
| 2019 <sup>^</sup>                     | XL Institutional Income | 1.122                         | 120.9                       | 112.3                    |
| 2020                                  | Income                  | 2.440                         | 123.3                       | 108.3                    |
| 2020                                  | Accumulation            | 3.643                         | 185.7                       | 163.1                    |
| 2020                                  | XL Institutional Income | 2.560                         | 124.0                       | 108.9                    |
| Financial period to 30 September 2020 | Income                  | 1.315                         | 124.8                       | 110.3                    |
| Financial period to 30 September 2020 | Accumulation            | 2.009                         | 190.0                       | 167.0                    |
| Financial period to 30 September 2020 | XL Institutional Income | 1.378                         | 125.5                       | 110.9                    |

<sup>^</sup> From 1 November 2018 to 31 March 2019.

## Performance information (continued)

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

|                              |       |                       |          |
|------------------------------|-------|-----------------------|----------|
| Income                       |       |                       |          |
| Payment date                 | p     | Payment date          | p        |
| 31.08.20                     | 0.613 | 31.08.19              | 0.627    |
| 30.11.20                     | 0.702 | 30.11.19              | 0.647    |
|                              |       | 29.02.20              | 0.588    |
|                              |       | 31.05.20              | 0.578    |
| Accumulation                 |       |                       |          |
| Allocation date              | p     | Allocation date       | p        |
| 31.08.20                     | 0.930 | 31.08.19              | 0.928    |
| 30.11.20                     | 1.079 | 30.11.19              | 0.966    |
|                              |       | 29.02.20              | 0.879    |
|                              |       | 31.05.20              | 0.870    |
| XL Institutional Income      |       |                       |          |
| Payment date                 | p     | Payment date          | p        |
| 31.08.20                     | 0.644 | 31.08.19              | 0.656    |
| 30.11.20                     | 0.734 | 30.11.19              | 0.679    |
|                              |       | 29.02.20              | 0.617    |
|                              |       | 31.05.20              | 0.608    |
| Ongoing charges figure (OCF) |       |                       |          |
|                              |       | 30.09.20 <sup>^</sup> | 31.03.20 |
| Income                       |       | 0.83%                 | 0.83%    |
| Accumulation                 |       | 0.83%                 | 0.83%    |
| XL Institutional Income      |       | 0.64%                 | 0.64%    |

<sup>^</sup> Annualised based on the expenses incurred during the period 1 April 2020 to 30 September 2020.

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.

Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the Fund. Following PRIIPs regulation guidance issued by the Investment Association on 2 July 2020, the OCF has the additional requirement to include closed-ended vehicles, such as investment trusts.

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

## Financial statements - SVS Church House Investment Grade Fixed Interest Fund (unaudited)

### Statement of total return (unaudited)

for the six months ended 30 September 2020

|  | 1 April 2020 to<br>30 September 2020 |                   | 1 April 2019 to<br>30 September 2019 |                  |
|--|--------------------------------------|-------------------|--------------------------------------|------------------|
|  | £                                    | £                 | £                                    | £                |
| Income:  |                                      |                   |                                      |                  |
| Net capital gains  |                                      | 22,704,232        |                                      | 4,863,306        |
| Revenue  | 4,890,793                            |                   | 4,603,972                            |                  |
| Expenses   | <u>(1,453,987)</u>                   |                   | <u>(1,393,037)</u>                   |                  |
| Net revenue before taxation  | 3,436,806                            |                   | 3,210,935                            |                  |
| Taxation   | <u>-</u>                             |                   | <u>-</u>                             |                  |
| Net revenue after taxation   |                                      | <u>3,436,806</u>  |                                      | <u>3,210,935</u> |
| Total return before distributions  |                                      | 26,141,038        |                                      | 8,074,241        |
| Distributions  |                                      | (4,161,433)       |                                      | (3,907,142)      |
| Change in net assets attributable to unitholders<br>from investment activities |                                      | <u>21,979,605</u> |                                      | <u>4,167,099</u> |

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

for the six months ended 30 September 2020

|  | 1 April 2020 to<br>30 September 2020 |                    | 1 April 2019 to<br>30 September 2019 |                      |
|--|--------------------------------------|--------------------|--------------------------------------|----------------------|
|  | £                                    | £                  | £                                    | £                    |
| Opening net assets attributable to unitholders                                 |                                      | 351,430,239 *      |                                      | 339,130,200          |
| Amounts receivable on issue of units   | 20,110,514                           |                    | 26,436,765                           |                      |
| Amounts payable on cancellation of units                                       | <u>(28,463,642)</u>                  |                    | <u>(12,035,228)</u>                  |                      |
|  |                                      | (8,353,128)        |                                      | 14,401,537           |
| Change in net assets attributable to unitholders<br>from investment activities |                                      | 21,979,605         |                                      | 4,167,099            |
| Retained distributions on accumulation units                                   |                                      | 297,300            |                                      | 250,947              |
| Closing net assets attributable to unitholders                                 |                                      | <u>365,354,016</u> |                                      | <u>357,949,783 *</u> |

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



Balance sheet (unaudited)  
as at 30 September 2020

|  | 30 September 2020<br>£    | 31 March 2020<br>£        |
|--|---------------------------|---------------------------|
| Assets:                                |                           |                           |
| Fixed assets:                          |                           |                           |
| Investments                            | 366,087,280               | 331,110,077               |
| Current assets:                        |                           |                           |
| Debtors                                | 6,333,298                 | 7,458,276                 |
| Cash and bank balances                 | -                         | 17,061,541                |
| Total assets                           | <u>372,420,578</u>        | <u>355,629,894</u>        |
| Liabilities:                           |                           |                           |
| Creditors:                             |                           |                           |
| Bank overdrafts                        | (923,419)                 | -                         |
| Distribution payable                   | (2,028,037)               | (1,741,212)               |
| Other creditors                        | (4,115,106)               | (2,458,443)               |
| Total liabilities                      | <u>(7,066,562)</u>        | <u>(4,199,655)</u>        |
| Net assets attributable to unitholders | <u><u>365,354,016</u></u> | <u><u>351,430,239</u></u> |

## Further information

### Distributions and reporting dates

Where net revenue is available it will be distributed/allocated quarterly on 31 May (final), 31 August (quarter 1), 30 November (interim) and the last day in February (quarter 3). In the event of a distribution, unitholders will receive a tax voucher.

|                  |              |           |
|------------------|--------------|-----------|
| XD dates:        | 1 April      | final     |
|                  | 1 July       | quarter 1 |
|                  | 1 October    | interim   |
|                  | 1 January    | quarter 3 |
| Reporting dates: | 31 March     | annual    |
|                  | 30 September | interim   |

### Buying and selling units

The property of the Fund is valued at 12 noon on each business day with the exception of Christmas Eve and New Year's Eve or a bank holiday in England and Wales, or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee; and the prices of the Fund 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.

#### Income units and Accumulation units

The minimum initial investment in these unit classes is £5,000. The minimum subsequent investment is £5,000. The Manager reserves the right to terminate holdings where the value is less than £3,000. The Manager may waive the minimum levels at its discretion.

The Manager may impose a charge on the sale of units to investors, which is based on the amount invested by the prospective investor. The preliminary charge is 5% of the value of each unit.

#### XL Institutional Income units and XL Institutional Accumulation units

The minimum initial investment in these unit classes is £50,000,000. The minimum subsequent investment is £5,000. The Manager reserves the right to terminate holdings where the value is less than £50,000,000. The Manager may waive the minimum levels at its discretion.

The Manager may impose a charge on the sale of units to investors, which is based on the amount invested by the prospective investor. The preliminary charge is 5% of the value of each unit.

Prices of units and the estimated yield of the unit classes are published on the following website: [www.trustnet.com](http://www.trustnet.com) or may be obtained by calling 0141 222 1151.

### Benchmark

Unitholders may compare the performance of the Trust against the ICE BofAML 7-10 Years AA Sterling Corporate & Collateralised Index and the IA £ Corporate Bond sector.

Comparison of the Trust's performance against IA £ Corporate Bond sector will give unitholders an indication of how the Trust is performing against other similar funds in this peer group sector. The Manager has selected ICE BofAML 7-10 Years AA Sterling Corporate & Collateralised Index as a comparator benchmark as the Manager believes it best reflects the asset allocation of the Trust.

The benchmarks are not targets for the Trust, nor is the Trust constrained by the benchmarks.

The benchmarks produced the following performance<sup>^</sup> over the period from 1 April 2020 to 30 September 2020:

|  |       |
|--|-------|
| ICE BofAML 7-10 Years AA Sterling Corporate & Collateralised Index | 7.41% |
| IA £ Corporate Bond sector   | 8.47% |

The Fund produced the following performance<sup>^</sup> per the income unit class over the period from 1 April 2020 to 30 September 2020, based on Cumulative Returns:

|        |       |
|--------|-------|
| Income | 7.46% |
|--------|-------|

<sup>^</sup>Source: Morningstar

## 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

### Independent Non-Executive Directors of the Manager

Dean Buckley  
Linda Robinson  
Victoria Muir

### Non-Executive Directors of the Manager

Paul Wyse

### Investment Manager

Church House Investments Limited  
York House  
6 Coldharbour  
Sherborne  
Dorset DT9 4JW  
Authorised and regulated by the Financial Conduct Authority

### NatWest Trustee and Depositary Services Limited

House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh EH12 1HQ  
Authorised and regulated by the Financial Conduct Authority

### Auditor

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD