

Assessment of Value - SVS Church House Esk Global Equity Fund

In line with the provisions contained within COLL6.6.20R, the Board of Smith & Williamson Fund Administration Limited ('SWFAL') has carried out an Assessment of Value for the SVS Church House Esk Global Equity Fund ('the Fund'). Furthermore, the rules require that SWFAL publishes these assessments.

A high-level summary of the outcome of the latest Assessment of Value for the Fund is shown below:

1. Quality of Service	
2. Performance	
3. AFM Costs	
4. Economies of Scale	
5. Comparable Market Rates	
6. Comparable Services	
7. Classes of Units	
Overall Rating	

SWFAL has created an Assessment of Value committee, for the review, challenge and approval of all the funds' assessments of value, although ultimately the assessment will be subject to scrutiny by the SWFAL Board (which includes independent directors), before final sign-off by the chair of the SWFAL board.

In carrying out the assessment SWFAL must, separately for each class of units in a fund, consider the following seven criteria stipulated by the Regulator. SWFAL may consider other issues where appropriate. The seven criteria are:

1. Quality of Service

The Fund is managed by Church House Investments Limited ('Church House'). Church House was incorporated in 1997, has Assets Under Management ('AUM') of approximately £1bn. They are an independent, private company. The SWFAL Board reviewed and considered information regarding the quality of service provided by Church House in its role as the delegated Investment Manager. This information included, but was not limited to:

- the depth and quality of the Investment Manager's processes
- its background and experience
- capability and integrity of its senior management and other personnel
- the turnover rate of its key personnel
- its overall financial strength and stability and
- the continued development of the Investment Manager's structure designed to maintain and strengthen these qualities.

Consideration was also given to the risk governance structure and the nature, extent and quality of administration, compliance, and unitholder services provided by the Investment Manager to the Fund. Various policies including, but not restricted to, the delegate Investment Manager's Remuneration Policy, Best Execution Policy and Conflicts of Interest Policy were also taken into account.

With regard to the SWFAL Board's evaluation of the services provided by Church House, the SWFAL Board concluded that they were largely satisfied with the nature, extent and quality of the services provided by Church House and believes that they have provided a benefit to the Fund and its unitholders in terms of the rigour and security around the investment process. There is however currently a finding concerning Church House's day-to-day best execution oversight function, which has resulted in the amber rating for the quality of service provided by Church House. However, Church House is currently in the process of re-designing their procedure and policy which in time should allow for more rigorous analysis at the post trade stage.

SWFAL is responsible for the day-to-day administration of the scheme, maintenance of scheme documentation, valuing and pricing units, calculating income and distribution payments, maintaining accounting and other records, preparing annual audited and half-yearly report and accounts, providing a review of tax provisions and submitting tax computations to HMRC, maintaining a register of unitholders, dealing and settlement. SWFAL currently has £15bn AUM across 40 fund managers and 167 funds.

Assessment of Value - SVS Church House Esk Global Equity Fund (continued)

1. Quality of Service (continued)

SWFAL has been audited by various parties during the period, both internal and external auditors as well as the Fund's Depository and a number of Investment Managers, and there were no significant issues raised. The SWFAL Board also looked at the continued development of SWFAL and the enhancements to systems and controls designed to strengthen the governance and rigour around both the Fund and Investment Manager oversight. It was concluded that the services provided to the Fund were satisfactory.

All of the above was undertaken without any adverse outcomes and the introduction of Factset (financial information and analytical software) and Liquidmetrix (post trade analysis software) introduced in the last 12 months resulted in increased oversight of the Fund.

A similar review was undertaken of the Depository, which included their oversight of the Custodian, Auditors, Legal representatives and other ancillary services. There were no significant findings and therefore it is the SWFAL Board's opinion that an acceptable level of value is being derived from these service providers.

Due to the actions being taken by the Investment Manager to rectify the identified issue, despite the amber rating for the quality of service provided by the Investment Manager, the SWFAL Board concluded that the overall quality of service provided to unitholders met expectations.

2. Performance

With regard to the Fund's objective, and based on market data, it was noted the Fund performed well in absolute terms over 1, 3, 5 and 10 years. The Fund also stood up well when compared against its comparator benchmark, (the Investment Association Global sector) over the same period.

The Fund is being invested in the asset classes permitted by the investment policy and the SWFAL Board can confirm that there have been no breaches of this policy over the time period.

The SWFAL Board therefore concluded that the Fund's performance met expectation and that the Investment Manager's record in managing the Fund indicated that it continued to show benefit to the Fund and its unitholders.

3. Authorised Fund Manager Costs

The SWFAL Board has received and considered information regarding the Fund's cost base, and having considered the costs for each service provided to the Fund concluded that they are fair and reasonable and have been provided on a competitive basis.

4. Economies of Scale

Owing to the current charging structure in place, i.e. fixed Annual Management Charge, and the relatively small size of the Fund, there are limited opportunities for economies of scale going forward.

5. Comparable Market Rates

An external peer review comparison was undertaken, i.e. between the charges of the SVS Church House Esk Global Equity Fund and the "market rate" of equivalent services. Effectively a comparison between the charge of the Fund and that of similar funds. It was noted that the Fund compared favourably against other funds demonstrating the same characteristics.

There has not been an entry fee, exit fee or any event-based fees charged on this Fund.

6. Comparable Services

An internal peer review assessment was undertaken between the charges applied to the SVS Church House Esk Global Equity Fund and those of other funds managed by SWFAL having regard to size, investment objectives and policies. It was noted that the Fund was in line with other funds that demonstrated similar characteristics.

7. Classes of Units

This focusses on funds where there are multiple unit classes, ensuring that unitholders are in the correct unit class given the size of their holding. In the case of the Fund there are four unit classes in existence. An examination of the unit register confirmed that unitholders were in the correct unit classes and therefore this section of the assessment is not applicable to the Fund.

Overall conclusion

The SWFAL Board believes that, given the above information, the Fund met expectations and delivered good value to the unitholders.

Kevin Stopps

Chairman of the board of Smith & Williamson Fund Administration Limited

2 December 2019

Report of the Trustee to the unitholders of SVS Church House Esk Global Equity 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.

NatWest Trustee & Depositary Services Limited
29 January 2020