




















Assessment of Value - SVS Church House Esk Global Equity Fund

In line with the provisions contained within COLL 6.6.20R, the Board of Smith & Williamson Fund Administration Limited ('SWFAL') as the Authorised Fund Manager ('AFM'), has carried out an Assessment of Value for the SVS Church House Esk Global Equity Fund ('the Trust'). Furthermore, the rules require that SWFAL publishes these assessments.

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

	A units	B units
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 adopted a traffic light system to show how it rated the funds:

-  On balance, the Board believes the trust is delivering value to unitholders, with no material issues noted.
-  On balance, the Board believes the trust is delivering value to unitholders, 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 units 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) Authorised fund manager 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 units - the appropriateness of the classes of units in the fund for investors.

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

1. Quality of Service

What was assessed in this section?

Internal Factors

SWFAL, as AFM, has overall responsibility for the Trust. The Board assessed, amongst other things; the day-to-day administration of the Trust; the maintenance of scheme documentation (such as prospectuses and key investor information documents ('KIIDs')); the pricing and valuation of units; 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 submitting tax computations to HMRC; the maintenance of the register of unitholders; the dealing and settlement arrangements. SWFAL delegates the investment management of the Trust 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 Trustee 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 unitholder services performed under separate agreements covering trustee 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 Trust and its unitholders.

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 Trust, 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 Trust's investment objective, policy and strategy. The Board also considered whether an appropriate level of market risk has been taken.

Investment Objectives

The aim of the Fund is to provide capital growth over the long term (at least five years).

Benchmark

The FCA introduced significant changes in relation to benchmarks in August 2019.

As the AFM, SWFAL were required to explain in a Trust's scheme documentation why a benchmark is being used or alternatively explain how investors should assess performance of a Trust in the absence of a benchmark.

The benchmark that has been agreed for the Trust is the IA Global Sector, which is a comparator. A 'comparator' benchmark is an index or similar factor against which an investment manager invites investors to compare a Trust's performance. Details of how the Trust has performed against its comparator benchmark over various timescales can be found on the next page. The comparator benchmark was introduced during 2019 and has been backdated for illustrative purposes.

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

2. Performance (continued)

Cumulative Returns to 31 August 2020

Unit Classes	YTD	1 year	3 year	5 year	10 year
SVS Church House Esk Global Equity Fund A Accumulation Units	9.7%	10.7%	26.4%	82.4%	
SVS Church House Esk Global Equity Fund A Income Units	9.8%	10.8%	26.1%	83.6%	207.9%
SVS Church House Esk Global Equity Fund B Accumulation Units	10.0%	11.1%	27.7%	87.3%	
SVS Church House Esk Global Equity Fund B Income Units	10.1%	11.2%	27.8%	87.5%	
IA Global Sector	4.2%	6.4%	23.9%	76.7%	176.1%

You should be aware that past performance is not a guide to future performance.

Performance has been calculated net of fees.

Source: Morningstar

A Accumulation and B Classes launched June 2014.

What was the outcome of the assessment?

The Board observed that the Trust had performed better than its comparator benchmark over all periods of Cumulative Returns under observation and as a result were of the opinion that it had been of value to the unitholders.

The Board found that the Trust 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. Authorised Fund Manager 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 ('AMC'), Trustee/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 Trust's investment management fee. This has the effect of inflating the OCF and as a result SWFAL sought to exclude this fee so that the Trust 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 Trust's costs were fair, reasonable and provided on a competitive basis.

Were there any follow up actions?

There were no follow-up actions required.

What was assessed in this section?

The Board reviewed each separate fee structure and the assets under management ('AUM') of the Trust to examine the effect on the Trust to potential and existing investors should the Trust increase or decrease in value.

What was the outcome of the assessment?

As the Trust's AUM grows, investors pay proportionally less for the fixed costs of running the Trust 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 ongoing charges figure ('OCF') of all Trusts to ensure they are appropriate.

Due to the charging structure in place, i.e. fixed rate AMC, there are minimal opportunities for savings going forward should the Trust grow in size.

Were there any follow up actions?

There were no follow-up actions required.

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

5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges of the Trust, and how those charges affect the returns of the Trust. Trusts with lower fees may offer better value than those with higher fees.

The Trust's charges, or OCF, was compared against the external 'market rate' of equivalent Trusts.

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

What was the outcome of the assessment?

When taking into consideration the additional services provided by the Investment Manager, the Trust's charges were found to be in line with those of similar externally managed Trusts.

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 Trust with those of other Trusts 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 Esk Global Equity Fund.

Were there any follow up actions?

There were no follow-up actions required.

7. Classes of Units

What was assessed in this section?

The Board reviewed the Trust set up to ensure that where there are multiple unit classes, unitholders are in the correct unit class given the size of their holding.

What was the outcome of the assessment?

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

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

If you are in any doubt as to which class of unit you hold and, additionally, if that holding is eligible to be moved to a cheaper unit 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 SVS Church House Esk Global Equity Fund had provided value to the unitholders.

Kevin Stopps

Chairman of the Board of Smith & Williamson Fund Administration Limited

26 January 2021

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

Consumer Feedback

On reviewing this Assessment of Value report, we would welcome 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.