

Smith & Williamson Investment Funds ICVC

Interim Report

for the six months ended 5 October 2019

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## Smith & Williamson Investment Funds ICVC Report of the Authorised Corporate Director ('ACD')

Smith & Williamson Fund Administration Limited, as ACD, presents herewith the Interim Report for Smith & Williamson Investment Funds ICVC for the six months ended 5 October 2019.

Smith & Williamson Investment Funds ICVC ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 10 November 2003. The Company is incorporated under registration number IC000264. It 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 Company has been set up as an umbrella company. Provision exists for an unlimited number of sub-funds to be included within the umbrella and additional sub-funds may be established by the ACD with the agreement of the Depositary and the approval of the FCA. The sub-funds represent segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (indirectly or directly) the liabilities of claim against, any other person or body, and any other sub-fund and shall not be available for any such purpose.

The ACD 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 Company consist predominantly of securities which are readily realisable and, accordingly, the Company 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 at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. As ACD we have applied appropriate accounting policies consistently, supported by reasonable and prudent judgements and estimates. However, as ACD 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 shareholders are not liable for the debts of the Company.

The Company has no Directors other than the ACD.

The base currency of the Company is UK sterling.

The Instrument of Incorporation can be inspected at the offices of the ACD.

Copies of the Prospectus and Key Investor Information Document ('KIID') are available on request free of charge from the ACD.

### Sub-funds

There currently is one sub-fund in the Company - Smith & Williamson MM Endurance Balanced Fund.

### Investment objective and policy

To achieve long term capital growth and a reasonable income.

Investment will primarily be in UK and European regulated collective investment schemes. The Fund may also invest directly in transferable securities, closed-ended funds whose shares are listed on global exchanges in recognised markets, money market instruments, deposits and warrants. Derivative and forward transactions may be used by the Fund solely for the purposes of Efficient Portfolio Management.

## Report of the Authorised Corporate Director (continued)

### Changes affecting the Company in the period

There were no fundamental or significant changes to the Company in the period.

Further information in relation to the Company is illustrated on page 15.

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 ACD, Smith & Williamson Fund Administration Limited.

B. McLean

Director

Smith & Williamson Fund Administration Limited

4 December 2019

## Accounting policies of Smith & Williamson Investment Funds ICVC (unaudited)

*for the six months ended 5 October 2019*

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 5 April 2019 and are described in those annual financial statements.

As described in the ACD's report, the ACD continues to adopt the going concern basis in the preparation of the accounts.

## Investment Manager's report

### Investment performance\*

Over the six-month period the sub-fund's net asset value (NAV) ('B' income shares) rose by 1.78% (mid prices at 12pm) ranking it in the third quartile of its IA Mixed Investment 40-85% Shares sector peer group. The sub-fund underperformed the MSCI PIMFA Balanced Index (+3.55%).

Over the past three years the sub-fund's NAV has risen by 13.65%, ranking it in the third quartile of its IA Mixed Investment 40-85% Shares sector peer group. The sub-fund has also underperformed the MSCI PIMFA Balanced Index (+20.52%).

Over the past five years, the sub-fund's NAV has risen by 32.36% ranking it in the third quartile of its IA Mixed Investment 40-85% Shares sector peer group. The sub-fund also underperformed the MSCI PIMFA Balanced Index (+46.81%).

\* Source: Morningstar, NAV-NAV performance.

### Investment activities\*\*

In terms of its overall blend of assets, the sub-fund retained its preference for equities over bonds over the course of the six-month review period. The remainder of the sub-fund's assets are invested in hedge funds 3.1%, property 3.2%, private equity 4.5%, infrastructure 2.9% and cash 4.5%. We also continued to invest selectively in Emerging Markets. As with all our multi-manager funds, we seek to be diversified in terms of our asset class exposure so that the portfolio's performance is not solely driven by the wider directional moves in bond or equity markets.

In our UK equity exposure, we continued to focus on active equity managers who have a proven record of long-term outperformance. Favoured holdings here include Investec Fund Series i - UK Alpha Fund (a 6.7% holding at the end of September and our second-largest position overall as at that date) and LF Miton UK Multi Cap Income Fund (3.6% at the end of September). In the investment companies' space, we continued to invest in proven strategies such as Temple Bar Investment Trust; the latter's 'contrarian' approach has benefited from the rotation from 'momentum' to 'value' that was seen in the last few months of the review period. Overall, however, the market had a clear preference for growth and momentum over the period, and that did not suit our overall positioning in the UK. We are also wary of the high weights in large caps that prevail in the WMA indices. Our only activity here was to increase the position in Man GLG UK ICVC - Undervalued Assets Fund and Trojan Investment Funds - Trojan Income Fund towards the end of the period as we became more positive on the outlook for UK equities.

In the US, the sub-fund has remained focused on active open-ended strategies, such as the Artemis US Extended Alpha Fund (our largest individual position at the end of September 2019) and the UBS Investment Funds ICVC - US Equity Fund. We added to Robeco BP US Large Cap Equities over the period to increase our exposure to more of a value style of investing. In Europe we reduced both of our positions in BlackRock European Dynamic Fund and Janus Henderson European Focus Fund to increase our allocation in Emerging Market equities. Here we added to BlackRock Strategic Funds - Emerging Markets Equity Strategies Fund. In Japan both our investments in JPMorgan Fund ICVC - Japan Fund and Man International ICVC - Japan CoreAlpha were reduced to fund the aforementioned increase in US equities. In fixed income, we exited Vanguard USD Treasury Bond UCITS ETF and Lyxor Core US TIPS DR UCITS ETF, as we were concerned that given the very low level of US yields, our exposure here had essentially become an active view on currency markets. With UK sterling at lows against the US dollar, proceeds were partially recycled into AXA Fixed Interest Investment ICVC - Sterling Index Linked Bond Fund as well as increasing our allocation to cash.

In our 'alternative asset' sectors we retained exposure to a wide range of areas including hedge funds, private equity, property and infrastructure, as we believe these can offer diversification benefits when mainstream equity and bond markets are weakening.

\*\* Source: Smith & Williamson Fund Administration Ltd and FactSet.

### Investment strategy and outlook<sup>1</sup>

Some macroeconomic data has been sluggish of late. The latest US manufacturing Institute for Supply Management survey disappointed expectations and global trade volumes fell 0.4% in July from a year ago.

Part of the slowdown can be traced back to ongoing US China trade tensions, which have particularly affected the manufacturing and trade sector.

<sup>1</sup>Source: Smith & Williamson Investment Outlook, October 2019.

## Investment Manager's report (continued)

### Investment strategy and outlook (continued)<sup>1</sup>

While the equity market rally has looked through this weak macro data, the US 10-year Treasury yield is trading close to all-time lows. That suggests the bond market takes a more sombre view of the investment outlook. If the bond market is to be believed, the risk of a slowdown in the global economy has increased, and that could potentially put downward pressure on equities.

Nevertheless, equity investors could argue that global interest rate cuts and low inflation are already reflected in subdued bond yields and that they have yet to work through to the economy. The Smith & Williamson World Interest rate Indicator (WII), which is constructed to track shifts in interest rates by some of the world's largest central banks, concurs with this view. The WII shows that 62% of central banks are cutting interest rates. Given the relationship between the WII and the global manufacturing sector, there could be a recovery in global growth, which would sustain the equity rally.

As a cross-check, we see evidence that falling rates, led by the Federal Reserve, are filtering through to final demand. For instance, lower rates in the US has led to a notable pick-up in mortgage purchase applications, which are typically a lead indicator for housing market activity. Indeed, August housing starts rose at their fastest pace since mid-2007. Moreover, increased construction will have ripple effects that bolsters private demand: think of refurbishments and greater spending for the latest electronic gadgets as buyers move into new homes.

Aside from interest rates, consumption is supported by buoyant labour markets and improving wage growth. Despite ongoing uncertainty from Brexit and a potential general election before Christmas, the UK unemployment rate fell to its lowest rate for 50 years, and hourly earnings rose by more than 4% from a year ago, the first time that has happened since June 2008. Encouragingly, there are currently 812,000 job vacancies, suggesting plenty of hiring opportunities are being generated by the economy. Even in hard-pressed Germany, the unemployment rate has trended down to its lowest level since reunification in 1990. This combination of employment and wage gains lifts labour income and spending.

Rising wealth provides another layer of support for the consumer. US household assets have been boosted by rising stock, bond and property prices, while liabilities have declined as a share of disposable income. Rising assets and falling liabilities has lifted US household net wealth to nearly seven times annual take-home disposable income, close to a record high. Putting together financial resources available to consumers from wealth gains, take-home pay (wages after tax is deducted) and consumer credit, we have calculated a measure of real consumer purchasing power. From our estimates, US real consumer purchasing power is running at an annual rate of 4.5%, higher than current personal consumption growth of 2.6%. Not only does this metric suggest that consumers have the financial wherewithal to maintain their rate of expenditure, but it also points to upside in growth, provided shoppers remain confident enough to spend, rather than save.

In summary, while the bond market appears to project a sharp economic slowdown and geopolitical risks remain high, central bank interest rate cuts and consumer purchasing power continue to support the global economic expansion.

<sup>1</sup>Source: Smith & Williamson Investment Outlook, October 2019.

## Portfolio changes

for the six months ended 5 October 2019

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

|  | Cost             |
|--|------------------|
| Purchases:   | £                |
| AXA Fixed Interest Investment ICVC - Sterling Index Linked Bond Fund | 654,075          |
| BlackRock Strategic Funds - Emerging Markets Equity Strategies Fund  | 333,116          |
| Robeco BP US Large Cap Equities                                      | 226,956          |
| Man GLG UK ICVC - Undervalued Assets Fund                            | 76,450           |
| Trojan Investment Funds - Trojan Income Fund                         | 73,920           |
|  | <u>1,364,517</u> |
|  | Proceeds         |
| Sales:   | £                |
| Vanguard USD Treasury Bond UCITS ETF                                 | 869,991          |
| Lyxor Core US TIPS DR UCITS ETF                                      | 648,081          |
| Janus Henderson European Focus Fund                                  | 164,872          |
| BlackRock European Dynamic Fund                                      | 161,070          |
| JPMorgan Fund ICVC - Japan Fund                                      | 158,769          |
| Man International ICVC - Japan CoreAlpha                             | 67,414           |
|  | <u>2,070,197</u> |



## Portfolio statement

as at 5 October 2019

|  | Nominal<br>value or<br>holding | Market<br>value<br>£ | % of total<br>net assets |
|--|--------------------------------|----------------------|--------------------------|
| Investment   |                                |                      |                          |
| Equities 3.22% (3.16%)   |                                |                      |                          |
| Equities - United Kingdom 3.22% (3.16%)                                      |                                |                      |                          |
| Real Estate 3.22% (3.16%)  |                                |                      |                          |
| Empiric Student Property   | 1,118,571                      | 1,046,982            | 3.22                     |
| Total equities - incorporated in the United Kingdom                          |                                | <u>1,046,982</u>     | <u>3.22</u>              |
| Closed-Ended Funds 20.81% (21.32%)   |                                |                      |                          |
| Closed-Ended Funds - incorporated in the United Kingdom 7.39% (7.38%)        |                                |                      |                          |
| Gabelli Value Plus + Trust   | 600,000                        | 780,000              | 2.40                     |
| Temple Bar Investment Trust  | 89,000                         | 1,089,360            | 3.35                     |
| Utilico Emerging Markets Trust   | 224,500                        | 534,310              | 1.64                     |
| Total closed-ended funds - incorporated in the United Kingdom                |                                | <u>2,403,670</u>     | <u>7.39</u>              |
| Closed-Ended Funds - incorporated outwith the United Kingdom 10.50% (11.04%) |                                |                      |                          |
| BH Global  | 41,200                         | 632,420              | 1.94                     |
| Fair Oaks Income   | 781,355                        | 479,788              | 1.48                     |
| HarbourVest Global Private Equity  | 48,000                         | 830,400              | 2.55                     |
| Riverstone Energy  | 67,000                         | 353,090              | 1.09                     |
| Sequoia Economic Infrastructure Income Fund                                  | 775,500                        | 899,580              | 2.77                     |
| Syncona  | 100,000                        | 218,500              | 0.67                     |
| Total closed-ended funds - incorporated outwith the United Kingdom           |                                | <u>3,413,778</u>     | <u>10.50</u>             |
| Offshore Closed-Ended Funds 2.92% (2.90%)                                    |                                |                      |                          |
| BBGI SICAV Fund  | 594,620                        | 951,392              | 2.92                     |
| Invista European Real Estate Trust SICAF*                                    | 1,110,000                      | -                    | -                        |
| Total offshore closed-ended funds  |                                | <u>951,392</u>       | <u>2.92</u>              |
| Total closed-ended funds   |                                | <u>6,768,840</u>     | <u>20.81</u>             |
| Collective Investment Schemes 71.21% (72.32%)                                |                                |                      |                          |
| UK Authorised Collective Investment Schemes 54.63% (52.60%)                  |                                |                      |                          |
| Aberdeen Standard OEIC V - ASI Global Inflation-Linked Bond Fund             | 904,634                        | 1,483,600            | 4.56                     |
| Artemis US Extended Alpha Fund   | 1,102,492                      | 2,587,659            | 7.96                     |
| AXA Fixed Interest Investment ICVC - Sterling Index Linked Bond Fund         | 225,000                        | 750,375              | 2.31                     |
| BlackRock Corporate Bond Fund  | 884,389                        | 1,021,469            | 3.14                     |
| BlackRock European Dynamic Fund  | 524,000                        | 895,516              | 2.75                     |
| Investec Fund Series i - UK Alpha Fund                                       | 1,765,940                      | 2,183,055            | 6.71                     |
| Janus Henderson European Focus Fund  | 318,000                        | 737,761              | 2.27                     |
| Janus Henderson UK Absolute Return Fund                                      | 408,000                        | 677,688              | 2.08                     |
| JPMorgan Fund ICVC - Japan Fund  | 237,500                        | 699,675              | 2.15                     |
| LF Miton UK Multi Cap Income Fund  | 655,000                        | 1,171,402            | 3.60                     |
| Man GLG UK ICVC - Undervalued Assets Fund                                    | 1,232,804                      | 1,642,095            | 5.05                     |

## Portfolio statement (continued)

as at 5 October 2019

|   | Nominal<br>value or<br>holding | Market<br>value<br>£ | % of total<br>net assets |
|---|--------------------------------|----------------------|--------------------------|
| Investment  |                                |                      |                          |
| UK Authorised Collective Investment Schemes (continued)             |                                |                      |                          |
| Man International ICVC - Japan CoreAlpha                            | 364,500                        | 665,942              | 2.05                     |
| Trojan Investment Funds - Trojan Income Fund                        | 1,716,010                      | 1,768,691            | 5.44                     |
| UBS Investment Funds ICVC - US Equity Fund                          | 1,089,077                      | 1,485,393            | 4.56                     |
| Total UK authorised collective investment schemes                   |                                | <u>17,770,321</u>    | <u>54.63</u>             |
| Offshore Collective Investment Schemes 16.58% (19.72%)              |                                |                      |                          |
| BlackRock Strategic Funds - Emerging Markets Equity Strategies Fund | 7,000                          | 783,510              | 2.41                     |
| Fidelity Funds - Asian Smaller Companies Fund                       | 30,050                         | 826,976              | 2.54                     |
| Odey Swan Fund  | 7,550                          | 382,060              | 1.17                     |
| Robeco BP US Large Cap Equities                                     | 5,035                          | 1,042,995            | 3.21                     |
| RWC Funds Enhanced Income   | 16,000                         | 1,232,878            | 3.79                     |
| Schroder ISF Asian Total Return                                     | 3,150                          | 1,125,113            | 3.46                     |
| Total offshore collective investment schemes                        |                                | <u>5,393,532</u>     | <u>16.58</u>             |
| Total collective investment schemes                                 |                                | <u>23,163,853</u>    | <u>71.21</u>             |
| Portfolio of investments  |                                | 30,979,675           | 95.24                    |
| Other net assets  |                                | 1,546,838            | 4.76                     |
| Total net assets  |                                | <u>32,526,513</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 5 April 2019.

\* Invista European Real Estate Trust SICAF has been suspended from trading and the fair value pricing committee have priced this at zero.

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

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Smith & Williamson Services Ltd. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

## Risk and reward profile

The risk and reward indicator table demonstrates where the sub-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 sub-fund. The shaded area in the table below shows the sub-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 sub-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 sub-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 sub-fund invests into other investment funds, they may invest in different assets, countries or economic sectors and therefore have different risk profiles not in line with those of the sub-fund.

Investment trusts and closed ended funds may borrow to purchase additional investments. This can increase returns when stock markets rise but will magnify losses when markets fall.

The value of an investment trust or a closed-ended fund moves in line with stock market demand and its unit/share price may be less than or more than the net value of the investments it holds.

The sub-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 sub-fund.

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

For further information please refer to the KIID.

For full details on risk factors for the sub-fund, please refer to the Prospectus.

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

## Performance information

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Number of shares in issue                        | 05.10.19   | 05.04.19   | 05.04.18   | 05.04.17   |
| A income shares                                  | -          | -          | 8,023,723  | 8,385,671  |
| B income shares                                  | 22,312,548 | 22,599,093 | 9,936,594  | 9,936,616  |
| Net Asset Value (NAV)                            | £          | £          | £          | £          |
| Total NAV of the sub-fund                        | 32,526,513 | 32,433,764 | 32,286,469 | 33,397,766 |
| NAV attributable to A income shareholders        | -          | -          | 18,557,472 | 19,550,518 |
| NAV attributable to B income shareholders        | 32,526,513 | 32,433,764 | 13,728,997 | 13,847,248 |
| Net asset value per share (based on bid value) ^ | p          | p          | p          | p          |
| A income shares                                  | -          | -          | 231.3      | 233.1      |
| B income shares                                  | 145.8      | 143.5      | 138.2      | 139.4      |

^ The net asset value per share excludes the value of the income distributions payable.

## Highest and lowest prices and distributions

| Financial year to 5 April          |                 | Distribution<br>per share | Highest<br>price | Lowest<br>price |
|------------------------------------|-----------------|---------------------------|------------------|-----------------|
|                                    |                 | p                         | p                | p               |
| 2017                               | A income shares | 4.209                     | 239.0            | 202.3           |
| 2017                               | B income shares | 2.458                     | 142.9            | 121.3           |
| 2018                               | A income shares | 4.103                     | 249.5            | 232.6           |
| 2018                               | B income shares | 2.396                     | 149.1            | 139.1           |
| 2019                               | A income shares | -                         | 249.7            | 229.1           |
| 2019                               | B income shares | 2.352                     | 149.2            | 136.9           |
| Financial period to 5 October 2019 | A income shares | -                         | -                | -               |
| Financial period to 5 October 2019 | B income shares | -                         | 150.8            | 142.2           |

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

## Ongoing charges figure

The ongoing charges figure ('OCF') provides investors with a clearer picture of the total annual costs in running a collective investment scheme. The OCF consists principally of the ACD'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.

The sub-fund has invested in collective investment schemes and the expenses incurred by these schemes in relation to the sub-fund are included in the ongoing charges calculation. This is known as 'Synthetic OCF'. The Synthetic OCF is calculated on the underlying collective investment schemes held within the sub-fund at the reporting date.

|                          |                       |              |
|--------------------------|-----------------------|--------------|
| B income shares          | 05.10.19 <sup>^</sup> | 05.04.19     |
| Annual management charge | 0.75%                 | 0.75%        |
| Other expenses           | 0.07%                 | 0.06%        |
| Synthetic OCF            | 0.62%                 | 0.61%        |
| Ongoing charges figure   | <u>1.44%</u>          | <u>1.42%</u> |

<sup>^</sup> Annualised based on the expenses incurred during the period 6 April 2019 to 5 October 2019.

Please note the OCF is indicative of the charges which the sub-fund may incur in a year as it is calculated on historical data.

## Financial statements - Smith &amp; Williamson MM Endurance Balanced Fund (unaudited)

## Statement of total return (unaudited)

for the six months ended 5 October 2019

|   | 6 April 2019 to<br>5 October 2019 |                | 6 April 2018 to<br>5 October 2018 |                  |
|---|-----------------------------------|----------------|-----------------------------------|------------------|
|   | £                                 | £              | £                                 | £                |
| Income:   |                                   |                |                                   |                  |
| Net capital gains   |                                   | 233,773        |                                   | 1,556,477        |
| Revenue   | 417,430                           |                | 349,758                           |                  |
| Expenses  | <u>(133,667)</u>                  |                | <u>(128,556)</u>                  |                  |
| Net revenue before taxation   | 283,763                           |                | 221,202                           |                  |
| Taxation  | <u>-</u>                          |                | <u>(2,784)</u>                    |                  |
| Net revenue after taxation  |                                   | <u>283,763</u> |                                   | <u>218,418</u>   |
| Total return before distributions   |                                   | 517,536        |                                   | 1,774,895        |
| Distributions   |                                   | (1,262)        |                                   | (4,516)          |
| Change in net assets attributable to shareholders<br>from investment activities |                                   | <u>516,274</u> |                                   | <u>1,770,379</u> |

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

for the six months ended 5 October 2019

|   | 6 April 2019 to<br>5 October 2019 |                   | 6 April 2018 to<br>5 October 2018 |                     |
|---|-----------------------------------|-------------------|-----------------------------------|---------------------|
|   | £                                 | £                 | £                                 | £                   |
| Opening net assets attributable to shareholders                                 |                                   | 32,433,764 *      |                                   | 32,286,469          |
| Amounts receivable on issue of shares   | 500,707                           |                   | 141,853                           |                     |
| Amounts payable on cancellation of shares                                       | <u>(924,232)</u>                  |                   | <u>(814,969)</u>                  |                     |
|   |                                   | (423,525)         |                                   | (673,116)           |
| Change in net assets attributable to shareholders<br>from investment activities |                                   | 516,274           |                                   | 1,770,379           |
| Closing net assets attributable to shareholders                                 |                                   | <u>32,526,513</u> |                                   | <u>33,383,732 *</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 5 October 2019

|   | 5 October 2019<br>£      | 5 April 2019<br>£        |
|---|--------------------------|--------------------------|
| Assets:                                 |                          |                          |
| Fixed assets:                           |                          |                          |
| Investments                             | 30,979,675               | 31,397,233               |
| Current assets:                         |                          |                          |
| Debtors                                 | 159,033                  | 641,384                  |
| Cash and bank balances                  | 1,417,167                | 981,016                  |
| Total assets                            | <u>32,555,875</u>        | <u>33,019,633</u>        |
| Liabilities:                            |                          |                          |
| Creditors:                              |                          |                          |
| Distribution payable                    | -                        | (531,531)                |
| Other creditors                         | (29,362)                 | (54,338)                 |
| Total liabilities                       | <u>(29,362)</u>          | <u>(585,869)</u>         |
| Net assets attributable to shareholders | <u><u>32,526,513</u></u> | <u><u>32,433,764</u></u> |

## Further information

### Distributions and reporting dates

Where net revenue is available it will be distributed annually on 5 August. In the event of a distribution, shareholders will receive a tax voucher.

|                  |           |         |
|------------------|-----------|---------|
| XD dates:        | 6 April   | final   |
| Reporting dates: | 5 April   | annual  |
|                  | 5 October | interim |

### Buying and selling shares - Smith & Williamson MM Endurance Balanced Fund

The property of the sub-fund is valued at 12 noon on every business day, with the exception of any 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 ACD and the Depositary; and prices of shares are calculated as at that time. Share dealing is on a forward basis i.e. investors can buy and sell shares at the next valuation point following receipt of the order.

|                               |                 |
|-------------------------------|-----------------|
|                               | B income shares |
| Minimum initial investment    | £250,000        |
| Minimum subsequent investment | £5,000          |
| Minimum value of holdings     | £250,000        |

Prices of shares and the estimated yield of the sub-fund are published on the following website: [www.fundlistings.com](http://www.fundlistings.com) or may be obtained by calling 0141 222 1151.

### Benchmark

Shareholders may compare the performance of the sub-fund against the MSCI PIMFA Balanced Index and the IA Mixed Investment 40-85% Shares sector. Comparison of the sub-fund's performance against the IA Mixed Investment 40-85% Shares sector will give shareholders an indication of how the sub-fund is performing against other similar funds in this peer group sector. The ACD has selected the MSCI PIMFA Balanced Index as a comparator benchmark as the ACD believes it best reflects the asset allocation of the sub-fund.

These benchmarks are not targets for the sub-fund, nor is the sub-fund constrained by these benchmarks.



## Appointments

### ACD and Registered office

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

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 ACD

Brian McLean  
David Cobb  
James Gordon  
Kevin Stopps  
Paul Wyse

### Non-Executive Directors of the ACD

Dean Buckley  
Linda Robinson  
Victoria Muir

### Investment Manager

Smith & Williamson Investment Management LLP  
25 Moorgate  
London EC2R 6AY  
Authorised and regulated by the Financial Conduct Authority

### Depository

NatWest Trustee & Depository Services Limited  
2nd Floor  
Drummond House  
1 Redheughs Avenue  
Edinburgh EH12 9RH  
Authorised and regulated by the Financial Conduct Authority

### Auditor

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG