Smith & Williamson Investment Funds ICVC

Annual Report

for the year ended 5 April 2021

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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 Annual Report for Smith & Williamson Investment Funds ICVC for the year ended 5 April 2021.

Smith & Williamson Investment Funds ICVC ('the Company') 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.

The EU-UK Trade and Cooperation Agreement concluded between the EU and the UK sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights.

The Trade and Cooperation Agreement is provisionally applicable from 1 January 2021, after having been agreed by EU and UK negotiators on 24 December 2020. As at the date of this report, the economic impacts of Brexit and of the Trade and Cooperation Agreement remain uncertain.

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 ('the sub-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 sub-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 sub-fund solely for the purposes of Efficient Portfolio Management.

Important Note from the ACD

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 ACD 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.

Report of the Authorised Corporate Director (continued)

Changes affecting the Company in the year

On 1 December 2020, the Annual Management Charge was reduced from 0.75% to 0.70% . All shareholders were notified of the change.

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

Further information in relation to the Company is illustrated on page 40.

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

Brian McLean
Director
Smith & Williamson Fund Administration Limited
22 July 2021

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook ('COLL') published by the FCA, requires the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue and net capital gains on the property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds published by The Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- taking reasonable steps for the prevention and detection of fraud and irregularities; and
- the maintenance and integrity of the Company's information on the ACD's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COLL also requires the ACD to carry out an Assessment of Value on the Company and publish this assessment within the Annual Report.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus and COLL.

Assessment of Value - Smith & Williamson MM Endurance Balanced Fund

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

A high-level summary of the outcome of SWFAL's rigorous review of the sub-fund for the year ending 5 April 2021, using the seven criteria set by the FCA is set out below:

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

The previous Assessment of Value rated performance as red flagged with an overall rating of amber. The Board recognised the positive actions taken by the manager to improve performance in the last 12 months, which have resulted in performance improving to an amber rating with a green overall rating.

SWFAL has adopted a traffic light system to show how it rated the sub-fund:

On balance, the Board believes the sub-fund is delivering value to shareholders, with no material issues noted.

On balance, the Board believes the sub-fund is delivering value to shareholders, but may require some action.

On balance, the Board believes the sub-fund has not delivered value to shareholders and significant remedial action is now planned by the Board.

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 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 Board prior to communicating to investors if the sub-fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the SWFAL AVC has separately considered 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 sub-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 sub-fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;

(3) ACD costs – the fairness and value of the sub-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 sub-fund compare with others in the marketplace;

(6) Comparable services – how the charges applied to the sub-fund compare with those of other sub-funds administered by SWFAL;

(7) Classes of shares – the appropriateness of the classes of shares in the sub-fund for investors.

Assessment of Value - Smith & Williamson MM Endurance Balanced Fund (continued)

1. Quality of Service

What was assessed in this section?

Internal Factors

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

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

External Factors

The Board assessed the delegate's 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, Smith & Williamson Investment Management Limited (SWIM), where consideration was given to, amongst other things, the delegate's controls around the sub-fund's liquidity management.

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

What was the outcome of the assessment?

Internal Factors

The Board recognised that all distribution and settlement monies have been 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. In addition, SWFAL has performed its own independent analysis, using automated software, of the Trust's liquidity. 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 benefitted and should continue to benefit the sub-fund and its shareholders.

Were there any follow up actions?

There were no follow-up actions required.

2. Performance

What was assessed in this section?

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

Investment Objective

The sub-fund seeks to achieve long term capital growth and a reasonable income.

Benchmarks

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

Assessment of Value - Smith & Williamson MM Endurance Balanced Fund (continued)

2. Performance (continued)

Benchmark (continued)

The benchmarks for the sub-fund are the IA Mixed Investment 40-85% Shares sector and the MSCI PIMFA Balanced Index, which are comparators. A 'comparator' benchmark is an index or similar factor against which an investment manager invites investors to compare a fund's performance. Details of how the sub-fund has performed against both comparator benchmarks over various time periods can be found below.

Smith & Williamson MM Endurance Balanced Fund

Cumulative Performance (%)

Instrument	Currency	1y	3yrs	5yrs	28/02/2011 to 28/02/2021
IA Mixed Investment 40-85% Shares TR in GB	GBP	10.74	16.23	45.23	82.87
MSCI PIMFA Balanced TR in GB	GBP	7.07	14.70	45.47	96.12
Smith & Williamson - MM Endurance Balanced B Inc TR in GB	GBX	9.55	12.33	36.71	66.16

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but FE fundinfo neither warrants, represents nor guarantees the contents of the information, nor does FE fundinfo accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

Performance is calculated net of fees.

Past performance is not a guide to future performance.

The minimum recommended holding period is over 5 years.

What was the outcome of the assessment?

The Board were mindful of the Red status of this section from last year's assessment. They noted that significant measures had been taken by the Investment Manager in an attempt to turn the sub-fund's performance around and that over the last year the signs were encouraging. Also taken into account was the not insignificant amount of income paid out to shareholders over recent years.

However, the Board were of the opinion that it was too soon to conclude that the sub-fund had improved enough to warrant a green rating. Performance has still been underwhelming over the medium to long term and as a result an Amber rating was given with the sub-fund continuing to be closely monitored by SWFAL.

Consideration was given to the risk metrics associated with the sub-fund which focus on, amongst other things, volatility and risk adjusted returns where SWFAL were comfortable that the outcomes were in line with expectations.

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

Were there any follow up actions?

Performance would continue to be monitored as part of SWFAL's normal oversight process.

3. ACD Costs

What was assessed in this section?

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

The charges should be transparent and understandable to the investor, with no hidden costs.

What was the outcome of the assessment?

The Board received and considered information about each of the sub-fund costs, and concluded that they were fair, reasonable and provided on a competitive basis. They acknowledged the reduction in the investment management fee of 5 basis points in November of last year in recognition of the sub-fund's poor performance.

Were there any follow up actions?

There were no follow-up actions required.

Assessment of Value - Smith & Williamson MM Endurance Balanced Fund (continued)

4. Economies of Scale

What was assessed in this section?

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

What was the outcome of the assessment?

As SWFAL's business grows some fees may be negotiated onto better terms with any cost reductions achieved being passed on for the benefit of shareholders.

The AMC fee is a fixed percentage charge meaning there are no opportunities for savings going forward. However, the ancillary costs of the sub-fund, which represent 9 basis points[1], will fall proportionately as the size of the sub-fund grows and may offer some savings going forward.

Were there any follow up actions?

There were no follow up actions required.

5. Comparable Market Rates

What was assessed in this section?

The OCF has increased from 1.37%[2] at the previous year-end accounts, to 1.63%[3] at the latest interim accounts. This is due to the inclusion of the underlying costs of closed ended investments not previously required to be accounted for. The Board reviewed the ongoing charges of the sub-fund, and how those charges affect the returns. Funds with lower fees may offer better value than those with higher fees.

The OCF of the sub-fund was compared against the 'market rate' of similar external funds

What was the outcome of the assessment?

The OCF compared favourably with those of similar externally managed funds

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

Were there any follow up actions?

There were no follow-up actions required.

6. Comparable Services

What was assessed in this section?

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

What was the outcome of the assessment?

The OCF compared favourably with other SWFAL administered funds displaying similar characteristics.

Were there any follow up actions?

There were no follow up actions.

7. Classes of Shares

What was assessed in this section?

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

What was the outcome of the assessment?

There is only a single share class in the sub-fund, therefore this part of the assessment does not apply.

Were there any follow up actions?

There were no follow-up actions required.

[1] One basis point is equal to 1/100th of 1%, or 0.01%

[2] Figure as at annual report 5 April 2020.

[3] Figure as at interim report 5 October 2020.

Assessment of Value - Smith & Williamson MM Endurance Balanced Fund (continued)

Overall conclusion

The Board concluded that, notwithstanding the Amber rating for the performance section, Smith & Williamson MM Endurance Balanced Fund had provided value to shareholders.

Dean Buckley
Chairman of the Board of Smith and Williamson Fund Administration Limited
1 July 2021

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.

Report of the Depositary to the shareholders of Smith & Williamson Investment Funds ICVC

Depositary's responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's revenue is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ('ACD') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the ACD:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the Regulations and the Scheme documents of the Company, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited
22 July 2021

Independent Auditor's report to the shareholders of Smith & Williamson Investment Funds ICVC

Opinion

We have audited the financial statements of Smith & Williamson Investment Funds ICVC ('The Company') and the sub-fund, Smith & Williamson MM Endurance Balanced Fund for the year ended 5 April 2021 which comprise the sub-fund's Statement of total return, Statement of change in net assets attributable to shareholders, Balance sheet and notes to the financial statements including the Distribution table and a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association (the 'Statement of Recommended Practice for Authorised Funds'), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs and its sub-fund as at 5 April 2021 and of the net revenue and net capital gains of the sub-fund for the year then ended; and
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and its sub-fund ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Authorised Corporate Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Authorised Corporate Director has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Authorised Corporate Director.

We have nothing to report in respect of the following matters in relation to which the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Authorised Corporate Director

As explained more fully in the Statement of the Authorised Corporate Director's responsibilities set out on page 4, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Fund and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, corruption and fraud, money laundering, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Collective Investment Schemes Sourcebook and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Association.

We evaluated the Authorised Corporate Director's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the potential for manual journal entries to manipulate financial performance and bias through judgements and assumptions in significant accounting estimates, in particular in relation to valuation of investments.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Authorised Corporate Director their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Authorised Corporate Director on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

Independent Auditor's report to the shareholders of Smith & Williamson Investment Funds ICVC ('continued')

Auditor's responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Eames (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD
22 July 2021

Accounting policies of Smith & Williamson Investment Funds ICVC

for the year ended 5 April 2021

a *Basis of accounting*

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 ACD has considered the impact of the emergence and spread of Covid-19 and potential implications on future operations of the sub-fund of reasonably possible downside scenarios. The ACD has considered a detailed assessment of the sub-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 sub-fund continues to be open for trading and the ACD is satisfied the sub-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.

b *Valuation of investments*

The purchase and sale of investments are included up to close of business on 1 April 2021, being the last business day.

Purchases and sales of investments are recognised when a legally binding and unconditional right to obtain, or an obligation to deliver an asset arises.

Investments are stated at their fair value at the balance sheet date. In determining fair value, the valuation point is global close of business on 1 April 2021 with reference to quoted bid prices from reliable external sources.

Collective investment schemes are valued at the bid price for dual priced funds and at the single price for single priced funds.

Collective investment schemes within the portfolio are valued at the most recent published price prior to the close of business valuation on 1 April 2021.

Where an observable market price is unreliable or does not exist, investments are valued at the ACD's best estimate of the amount that would be received from an immediate transfer at arm's length.

c *Foreign exchange*

The base currency of the sub-fund is UK sterling which is taken to be the sub-fund's functional currency.

All transactions in foreign currencies are converted into sterling at the rates of exchange ruling at the dates of such transactions. The resulting exchange differences are disclosed in note 2 of the Notes to the financial statements.

Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate prevailing at the balance sheet date.

d *Revenue*

Revenue is recognised in the Statement of total return on the following basis:

Dividends from quoted equity instruments and non equity shares are recognised as revenue, net of attributable tax credits on the date when the securities are quoted ex-dividend.

Overseas dividends are recognised as revenue gross of any withholding tax and the tax consequences are recognised within the tax expense.

Dividends from unquoted equity shares are recognised when declared.

Distributions from collective investment schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation on distributions from collective investment schemes is deducted from the cost of the investment and does not form part of the sub-fund's distribution.

Distributions from collective investment schemes which are re-invested on behalf of the sub-fund are recognised as revenue on the date the securities are quoted ex-dividend and form part of the sub-fund's distribution.

Distributions from reporting offshore funds are recognised as revenue when the reported distribution rate is available and forms part of the sub-fund's distribution.

Interest on bank deposits and short term deposits is recognised on an accruals basis.

e Expenses

All expenses, other than those relating to the purchase and sale of investments, which are charged to the capital property of the sub-fund, are charged to revenue on an accruals basis then 50% of the annual management charge is reallocated to capital.

Bank interest paid is charged to revenue.

f Taxation

Tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

UK corporation tax is provided as amounts to be paid/recovered using the tax rates and laws that have been enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at 5 April 2021 to pay more or less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Provision for deferred tax assets are only made to the extent the timing differences are expected to be of future benefit.

All foreign dividend revenue is recognised as a gross amount which includes any withholding tax deducted at source. Where foreign tax is withheld in excess of the applicable treaty rate a tax debtor is recognised to the extent that the overpayment is considered recoverable.

When a disposal of a holding in a non-reporting offshore fund is made, any gain is an offshore income gain and tax will be charged to capital. There may be instances where tax relief is due to revenue for the utilisation of excess management expenses.

g Efficient Portfolio Management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts may be used for Efficient Portfolio Management purposes. Where such instruments are used to protect or enhance revenue, the revenue or expenses derived therefrom are included in the Statement of total return as revenue related items and form part of the distribution. Where such instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in the Statement of total return as capital related items.

h Dilution levy

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. Please refer to the Prospectus for further information.

i Distribution policies

i Basis of distribution

The distribution policy is to distribute all available revenue after deduction of expenses payable from revenue. Distributions attributable to income shares are paid to shareholders.

ii Unclaimed distributions

Distributions to shareholders outstanding after 6 years are taken to the capital property of the sub-fund.

iii Revenue

All revenue is included in the final distribution with reference to policy d.

i Distribution policies (continued)

iv Expenses

Expenses incurred against the revenue of the sub-fund are included in the final distribution, subject to any expense which may be transferred to capital for the purpose of calculating the distribution, with reference to policy e.

v Equalisation

Group 2 shares are shares purchased on or after the previous XD date and before the current XD date. Equalisation applies only to group 2 shares. Equalisation is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes. Equalisation per share is disclosed in the Distribution table.

Smith & Williamson MM Endurance Balanced
Investment Manager's report

Investment performance*

Over the twelve month period the sub-fund's Net Asset Value (NAV) (as measured by the 'B' income share class) rose by 32.31%, ranking it in the second quartile of its IA Mixed Investment 40-85% peer group (median sub-fund +28.44%). The sub-fund also outperformed the MSCI PIMFA Private Investor Balanced Index, which produced a performance of 26.12%.

Over the past three years the sub-fund's NAV has risen by 18.89%, ranking it in the third quartile of its IA Mixed Investment 40-85% peer group (median sub-fund +20.12%). The sub-fund has also underperformed the MSCI PIMFA Private Investor Balanced Index, which produced a performance of 20.04%.

Over the past five years, the sub-fund's NAV has risen by 38.12% ranking it in the third quartile of its IA Mixed Investment 40-85% peer group (median +44.12%). The sub-fund also underperformed the MSCI PIMFA Private Investor Balanced Index, which produced a performance of 48.17%.

* Source: Morningstar, NAV-NAV performance.

Investment activities

Over the year, the sub-fund continued to favour stocks (69.6% of NAV as at 30 March 2021) over bonds (14.0% of NAV as at the same date). The remainder of the sub-fund's assets are invested in infrastructure (2.4%), private equity (3.7%), hedge sub-funds (2.6%), gold (2.6%), property (2.5%) and cash (2.5%). As we have discussed in our previous reports, we seek to be diversified in terms of our asset class exposure so that the portfolio's performance is not driven solely by the wider directional moves in bond or equity markets.

In our UK equity exposure, we continued to favour active equity managers who have a proven record of delivering long-term outperformance. Our holdings here include Ninety One Funds Series I - UK Alpha Fund (formerly Investec, a 7.1% holding and our second largest position at the end of March 2021) and Trojan Investment Funds - Trojan Income Fund (the third largest position accounting for 6.2% of NAV at the same date). The ongoing Covid-19 pandemic and the UK's heavy reliance on the consumer to drive growth economic growth means that the outlook for many businesses remains extremely challenging. These are the conditions in which we would expect high-quality active managers to add value. Over the year our only trades here were to reduce the positions in Ninety One Funds Series I - UK Alpha Fund, Man GLG UK ICVC - Undervalued Assets Fund and RWC Funds Enhanced Income as part of a trimming of our overall equity allocation.

In the US, the sub-fund's allocation remained biased to active open-ended strategies, such as Artemis US Extended Alpha Fund (the sub-fund's largest position as at the end of March 2021), although we also have a sizeable position in an SPDR S&P 500 UCITS ETF passive sub-fund to gain cheap exposure to the market. We were pleased to see that after a long struggle to obtain an exit solution for all holders in Gabelli Value Plus + Trust, we will receive such an opportunity some time this summer. In absolute terms this position has been a success for the sub-fund, but has been more disappointing on a relative basis as its value style has failed to keep up with the growth driven market of recent years. After a period of strong performance from US equities, we reduced our positions in both Artemis US Extended Alpha Fund and SPDR S&P 500 UCITS ETF and retained a slight underweight to the US overall, primarily reflecting our valuation concerns. However, this exerted a drag on relative returns relative to the MSCI PIMFA Private Investor Balanced Index as very large capitalisation US stocks performed strongly.

In Europe we took some profits in BlackRock European Dynamic Fund on the back of strong performance. We also reduced our position in Janus Henderson European Focus Fund as part of a wider move to reduce the sub-fund's exposure towards Europe and overseas equities.

In Japan, we reduced our holding in JPMorgan Fund ICVC - Japan Fund following very strong performance since March's lows. We felt it prudent to lock in some gains and at the same time reduce our overall exposure to overseas equities. In Asia excluding Japan, we implemented a switch, selling our entire holding of Pacific Assets Trust and investing the proceeds into Ninety One Funds Series ii - Asia Pacific Franchise Fund. This utilises a quality-focused investment strategy and also enabled us to increase our exposure to a part of the world where valuations remain attractive relative to other equity regions. We also subsequently took profits from Schroder ISF Asian Total Return following a very strong run, as well as BlackRock Strategic Funds - Emerging Markets Equity Strategies Fund to temper our significant overweight to Asia and Emerging Markets.

Investment Manager's report (continued)

Investment activities (continued)

In Fixed Income, we have been working hard to mitigate the impact of the very low returns available on high-quality developed market government bonds. We also want to ensure that the sub-fund gets good value for money or ‘bang for its buck’ in this asset class. We therefore sold our entire holding of Aberdeen Standard OEIC V - ASI Global Inflation-Linked Bond Fund and invested the proceeds into a cheaper (and better performing) exchange-traded fund. We also exited BlackRock Corporate Bond Fund and switched into Artemis Corporate Bond Fund. The Artemis Fund is cheap (the annual management charge for the sub-fund is just 0.15%), is run by a manager we have known for a long time and has a minimum allocation of 80% to investment-grade debt.

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 to mainstream equity and bond markets. Here we also sought to minimise costs by switching our gold exposure into a cheaper share class of Xtrackers IE Physical Gold GBP Hedged ETC Securities (GBP hedged). We then took some profits on this holding in August as the price of gold surged through $2,000 per troy ounce as Covid-19 and other risks (not least the bitter US presidential election and the lack of progress on a trade deal between the UK and EU) began to ramp up. Due to ensuing weakness in the gold price we were then able to rebuild the allocation at lower levels, reflecting our long term positive outlook for the asset class. We also took some profits in HarbourVest Global Private Equity as we sought to reduce our exposure to our higher beta asset classes. Finally some profits were taken in our infrastructure holding, BBGI SICAV, as it traded at a historically high premium to net asset value.

Investment strategy and outlook

March brought the first anniversary of western governments announcing lockdowns due to the spread of Covid-19, throwing economies and financial markets into disarray. One year on, the pandemic continues to challenge the global recovery but stock markets have bounced back rapidly and economic growth is accelerating.

Reopening and Rotation - November’s positive vaccine news triggered a change in investor mindset towards the reopening of the global economy and a corresponding switch in market leadership. The “style rotation” in favour of previously unloved areas of the market has followed through into the new year. Growth and defensive sectors such as tech and healthcare were overshadowed by value and cyclical sectors such as financials, energy and materials. Over the year-to-date, value has outperformed growth significantly with the MSCI ACWI value index returning 9.2% in sterling terms and growth returning just -0.8%*.

In the UK, the Covid-19 vaccination drive made an auspicious start, with over 50% of the population having already received their first dose. This could provide a tailwind for the UK equity market, which has long underperformed its peers and consequently trades at a significant valuation discount. This was likely due in part to uncertainty around the Brexit arrangements and the inherent sectoral make-up of the equity market. The UK market has a high weighting to energy and financial stocks which were hit hard in the pandemic, as oil prices and interest rates fell. However, with a Free-Trade Agreement in goods negotiated with the EU and a rotation from growth to value, the UK has outperformed most major markets year-to-date.

The EU’s vaccine rollout has started more slowly. Politics, supply shortages and safety concerns have been an unhelpful distraction from progress. Sadly, Covid-19 cases are rising across continental Europe leading to the announcement of new lockdowns in Italy and extensions to existing lockdowns in Germany and France. A return to normality has been pushed back for the region but forward-looking survey data such as the Purchasing Managers Index is still showing signs of expansion and positive sentiment. As the vaccine rollout gets back on track, with support from the European Central Bank and fiscal policy, we expect growth prospects to accelerate over the coming months.

In the United States in January, the start of Joe Biden’s Presidency was somewhat overshadowed by riots on Capitol Hill but since the inauguration Biden has been quick to enact planned changes including a further $1.9tn stimulus package. This is on top of the $600bn package passed in December and brings the total fiscal stimulus for the US up to $5.7tn. Attention now turns to a $3tn+ infrastructure bill and planned corporation tax hikes. The US has also been making impressive strides with vaccine roll out. Biden has set a target for the economy to be back to normal by 4 July and pledged to vaccinate 200m people by the end of April. Recent positive lead indicators and economic data suggest a decent recovery and, coupled with further stimulus, has led to upward revisions to Gross Domestic Product (GDP) forecasts for 2021.

* Source: Refinitiv Datastream, data as at 31 March 2021

Investment Manager's report (continued)

Investment strategy and outlook (continued)

Emerging Market equities, in particular those in Asia, outperformed throughout 2020 due to the rapid re-opening of their economies. They also benefitted from lockdowns in western countries where consumers were still able to buy imported goods, boosting their manufacturing sectors. Furthermore, during a global economic recovery the USD tends to weaken, which benefits emerging markets by reducing the cost of servicing their dollar-denominated debt. Latin American equities outperformed in the value rotation, but Covid-19 cases remain high in the region, with little vaccination progress, so volatility seems likely to remain elevated.

Inflation Risks and Taper Tantrums?

Combined with enormous government fiscal stimulus there are some concerns that central banks are perhaps too complacent about inflation risks and that economies will overheat. A booming global economy might absorb excess capacity left over from the pandemic more quickly than expected leading to higher inflation that erodes real incomes and hinders output growth. It would also show that the Fed is behind the curve on interest rates and possibly lead to a broader market decline.

Central banks have also been subject to very close scrutiny recently as the risk of accommodative policy removal remains a key concern for investors. As the pace of the recovery continues, higher inflation expectations and fears of inflation overshoot have gone hand in hand. This is always a difficult tightrope act but, so far, the commentary remains incredibly dovish. Federal Reserve (Fed) Chair Jerome Powell has reiterated his patient stance, signalling that the Fed is in no hurry to either taper (reduce asset purchases) and/or lift interest rates. Powell also emphasised that the Fed believes this increase in inflation will be transitory. Andrew Bailey, the Bank of England Governor, has echoed the view from the Fed and provided guidance that no policy changes are expected until they see a sustainable rise in inflation and full employment.

While interest rates remain at record lows, US Treasury yields of 10-year maturity have risen from a trough of 0.6% to 1.7% today*. Warren Buffet, the American investor and CEO of Berkshire Hathaway, has described interest rates as having a gravitational effect on valuations. When interest rates are high, they can exert a big pull downwards on valuations, but when they are nothing, as they are now, valuations can be almost infinite. Even so, we believe there are probably three reasons to believe that any potential equity market vulnerability should be transitory.

First, US interest rates are still too low to cause a sharp economic slowdown. For instance, mortgage debt servicing costs (interest and principal) are at a historically low level of 4% of US take-home pay, suggesting favourable affordability to owning a home*. Furthermore, household aggregate net worth has recovered from rising equity and house prices to stand at a record 7.5 times disposable income*.

Second, the economic recovery should mitigate some risk related to an increase in the cost of borrowing. Growth remains supported by highly accommodative policy. The US has already legislated a new $1.9tn fiscal stimulus, with more to come. Given the extent of the fiscal stimulus, the OECD recently revised up its 2021 US real GDP growth target to 6.5% from its 3.3% forecast in December, which if realised would be the strongest growth rate since 1984*.

Third, Treasury yields tend to rise when growth expectations are rising which is good for equities. Looking back to 1990, there have been eight episodes of a sharp rise in US 10-year yields (defined as at least a 1% increase). Global equities gained in all those periods, with MSCI All-Country World Index rallying the most during June 2003 – June 2007 (+83.4%), as yields rose 2.1% points*.

In summary, this tug of war between stronger growth on one hand and higher rates on the other can be expected to be a source of market volatility. However, provided the rise in yields doesn't occur too quickly and reflects a return to growth, it is still a conducive backdrop to favour equities over bonds. We see specific opportunities in value-focused recovery themes as economies are opened-up again. These include non-US markets, like emerging markets (and particularly in Asia) and the UK.

* Source: Refinitiv Datastream, data as at 31 March 2021.

Investment Manager's report (continued)

Investment strategy and outlook (continued)

UK budget - Spend now, tax later!

On reflection, the only real surprise in UK Chancellor Rishi Sunak's well-trailed March budget was that tax increases would be postponed until 2023. Essentially, the Chancellor went against his political rhetoric at the virtual Tory party conference last autumn to balance the books after the pandemic. With the UK economy still constrained by lockdowns, more money is to be found to support growth. Some prominent government measures to support consumption include extending the residential stamp duty holiday threshold of the first £500,000 until June and the furlough scheme for workers until September. Business investment is also likely to be brought forward and boost growth thanks to a capital allowance that is 10 times as generous as it was in 2009*. Given this fiscal largesse, the OBR projects GDP growth of 7.3% in 2022 and for the economy to return to pre-Covid-19 levels by the middle of next year, 6 months earlier than its projections in November**.

In short, the chancellor chose to ensure that near-term economic support would be maintained, while ensuring the long-term sustainability of government finances. We expect this growth-friendly policy mix (at home and abroad) to be seen as a tailwind for UK equities and should offset concerns over the impact of sterling appreciation as a risk for owning UK stocks with a large proportion of international earnings.

In summary

Despite the challenges 2020 brought for the world economy, financial markets delivered strong returns as they bounced back. Positive vaccine news has led stock markets which were significant laggards in 2020, most notably the UK, to start to close the performance gap with their peers. While the development of mutated forms of the virus is a key risk to the global economic recovery, we remain optimistic on the outlook for equities. The highly accommodative monetary and fiscal policy environment should continue to support economies until a clear route out of the crisis is reached; low or near-zero interest rates are typically very supportive of long duration asset classes such as equities.

* Source: HSBC, Tough questions on World Maths Day, data as at 3 March 2021.
** Source: Office for Budget Responsibility, data as at 31 March 2021.

Smith & Williamson Investment Management LLP
27 April 2021

Summary of portfolio changes

for the year ended 5 April 2021

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

	Cost
Purchases:	£
Xtrackers II Global Inflation-Linked Bond UCITS	1,364,560
Artemis Corporate Bond Fund	1,028,242
Xtrackers IE Physical Gold GBP Hedged ETC Securities	900,248
Ninety One Funds Series ii - Asia Pacific Franchise Fund	443,000

	Proceeds
Sales:	£
Artemis US Extended Alpha Fund	1,591,423
Aberdeen Standard OEIC V - ASI Global Inflation-Linked Bond Fund	1,319,600
BlackRock Corporate Bond Fund	1,025,007
Man GLG UK ICVC - Undervalued Assets Fund	833,711
JPMorgan Fund ICVC - Japan Fund	811,814
Ninety One Funds Series 1 - UK Alpha Fund	791,909
Schroder ISF Asian Total Return	762,319
Xtrackers Physical Gold GBP Hedged	751,948
BlackRock European Dynamic Fund	701,114
SPDR S&P 500 UCITS ETF	655,566
Trojan Investment Funds - Trojan Income Fund	606,550
Artemis Corporate Bond Fund	560,584
RWC Funds Enhanced Income	556,270
BBGI SICAV Fund	546,518
LF Miton UK Multi Cap Income Fund	463,674
Xtrackers II Global Inflation-Linked Bond UCITS	451,324
Robeco BP US Large Cap Equities	368,151
BlackRock Strategic Funds - Emerging Markets Equity Strategies Fund	364,435
Temple Bar Investment Trust	351,482
Janus Henderson European Focus Fund	343,542

Portfolio statement

as at 5 April 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated in the United Kingdom 2.59% (2.22%)			
Real Estate 2.59% (2.22%)			
Empiric Student Property	639,999	517,119	2.59
Closed-Ended Funds 22.67% (21.72%)			
Closed-Ended Funds - United Kingdom 20.25% (17.91%)			
Closed-Ended Funds - incorporated in the United Kingdom 10.07% (8.66%)			
Gabelli Value Plus + Trust	400,000	636,000	3.18
Nippon Active Value Fund	276,667	312,634	1.56
Temple Bar Investment Trust	67,333	770,290	3.85
Utilico Emerging Markets Trust	149,667	294,844	1.48
Total closed-ended funds - incorporated in the United Kingdom		2,013,768	10.07
Closed-Ended Funds - incorporated outwith the United Kingdom 10.18% (9.25%)			
BH Global	27,467	520,500	2.60
Fair Oaks Income	520,903	236,203	1.18
HarbourVest Global Private Equity	23,000	460,000	2.30
Riverstone Energy	44,667	117,028	0.59
Sequoia Economic Infrastructure Income Fund	517,000	537,680	2.69
Syncona	66,667	164,334	0.82
Total closed-ended funds - incorporated outwith the United Kingdom		2,035,745	10.18
Total closed-ended funds - United Kingdom		4,049,513	20.25
Closed-Ended Funds - Luxembourg 2.42% (3.81%)			
BBGI SICAV	280,000	482,720	2.42
Invista European Real Estate Trust SICAF*	1,110,000	-	-
Total closed-ended funds - Luxembourg		482,720	2.42
Total closed-ended funds		4,532,233	22.67
Collective Investment Schemes 69.87% (69.56%)			
UK Authorised Collective Investment Schemes 46.24% (51.50%)			
Artemis Corporate Bond Fund	1,033,333	1,116,206	5.59
Artemis US Extended Alpha Fund	532,934	1,572,049	7.87
BlackRock European Dynamic Fund	208,667	506,852	2.54
Janus Henderson European Focus Fund	192,000	548,161	2.74
JPMorgan Fund ICVC - Japan Fund	110,667	421,420	2.11
Man GLG UK ICVC - Undervalued Assets Fund	821,869	1,088,154	5.45
Ninety One Funds Series i - UK Alpha Fund	1,134,667	1,437,623	7.19
Ninety One Funds Series ii - Asia Pacific Franchise Fund	266,667	334,774	1.68
Premier Miton UK Multi Cap Income Fund	436,667	956,563	4.79
Trojan Investment Funds - Trojan Income Fund	1,344,007	1,255,034	6.28
Total UK authorised collective investment schemes		9,236,836	46.24

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

Portfolio statement (continued)
as at 5 April 2021

Investment	Nominal value or holding	Market value £	% of total net assets
Offshore Collective Investment Schemes 23.63% (18.06%)			
BlackRock Strategic Funds - Emerging Markets Equity Strategies Fund	3,733	436,761	2.19
Robeco BP US Large Cap Equities	3,357	779,865	3.90
RWC Funds Enhanced Income	8,567	659,763	3.30
Schroder ISF Asian Total Return	1,563	733,304	3.67
SPDR S&P 500 UCITS ETF	4,150	1,200,676	6.01
Xtrackers II Global Inflation-Linked Bond UCITS ETF	33,333	911,658	4.56
Total offshore collective investment schemes		4,722,027	23.63
Total collective investment schemes		13,958,863	69.87
Exchange Traded Commodities 2.68% (2.68%)			
Xtrackers IE Physical Gold GBP Hedged ETC Securities	25,000	536,374	2.68
Portfolio of investments		19,544,589	97.81
Other net assets		437,034	2.19
Total net assets		19,981,623	100.00

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

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

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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, lower risk   Typically higher rewards, higher risk →

1	2	3	4	5	6	7

The sub-fund is in a higher category because the price of its investments have risen or fallen frequently and more dramatically than some other types of investment. 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 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.

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 year.

Comparative table

The following disclosures give a shareholder an indication of the performance of a share in the sub-fund. It also discloses the operating charges and direct transaction costs applied to each share. Operating charges are those charges incurred in operating the sub-fund and direct transaction costs are costs incurred when purchasing or selling securities in the portfolio of investments.

	A income	B income shares		
	2019#	2021	2020	2019
	p	p	p	p
Change in net assets per share				
Opening net asset value per share	231.28	117.82	143.52	138.17
Return before operating charges	4.11	41.30	(21.03)	9.73
Operating charges	(2.99)	(2.27)	(2.00)	(2.03)
Return after operating charges *	1.12	39.03	(23.03)	7.70
Distributions^	-	(1.72)	(2.67)	(2.35)
Closing net asset value per share	232.40	155.13	117.82	143.52
* after direct transaction costs of:	0.03	0.00	0.01	0.08
Performance				
Return after charges	-	33.13%	(16.05%)	5.57%
Other information				
Closing net asset value (£)	-	19,981,623	25,637,140	32,433,764
Closing number of shares	-	12,880,734	21,759,991	22,599,093
Operating charges^^	-	1.61%	1.37%	1.42%
Direct transaction costs	-	0.00%	0.01%	0.05%
Prices				
Highest share price (p)	249.7	157.1	153.8	149.2
Lowest share price (p)	229.1	119.0	115.3	136.9

Up to the point of closure on 8 January 2019. All shares in the A income share class were converted to the B income share class on 8 January 2019.

^ Rounded to 2 decimal places.

^^ The operating charges are represented by the Ongoing Charges Figure (‘OCF’). 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. It is indicative of the charges which the sub-fund 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 (the synthetic ‘OCF’). Following guidance issued by the Investment Association on 2 July 2020, the synthetic OCF calculation has been expanded 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 - Smith & Williamson Investment Funds ICVC

Statement of total return

for the year ended 5 April 2021

	Notes	2021		2020	
		£	£	£	£
Income:					
Net capital gains / (losses)	2		7,744,550		(5,467,281)
Revenue	3	493,142		737,153	
Expenses	4	(237,123)		(265,363)	
Net revenue before taxation		256,019		471,790	
Taxation	5	-		-	
Net revenue after taxation			256,019		471,790
Total return before distributions			8,000,569		(4,995,491)
Distributions	6		(361,161)		(593,585)
Change in net assets attributable to shareholders from investment activities			7,639,408		(5,589,076)

Statement of change in net assets attributable to shareholders

for the year ended 5 April 2021

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		25,637,140		32,433,764
Amounts receivable on issue of shares	153,136		567,034	
Amounts payable on cancellation of shares	(13,463,776)		(1,774,582)	
		(13,310,640)		(1,207,548)
Dilution levy		15,715		-
Change in net assets attributable to shareholders from investment activities		7,639,408		(5,589,076)
Closing net assets attributable to shareholders		19,981,623		25,637,140

Balance sheet
as at 5 April 2021

	Notes	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		19,544,589	24,658,268
Current assets:			
Debtors	7	81,215	596,741
Cash and bank balances	8	660,713	1,584,152
Total assets		20,286,517	26,839,161
Liabilities:			
Creditors:			
Distribution payable		(221,162)	(581,209)
Other creditors	9	(83,732)	(620,812)
Total liabilities		(304,894)	(1,202,021)
Net assets attributable to shareholders		19,981,623	25,637,140

Notes to the financial statements

for the year ended 5 April 2021

1. Accounting policies

   The accounting policies are disclosed on pages 14 to 16.

2. Net capital gains / (losses)

	2021	2020
	£	£
Non-derivative securities - realised gains	2,606,806	1,118,164
Non-derivative securities - movement in unrealised gains / (losses)	5,136,630	(6,574,276)
Currency gains / (losses)	2,014	(10,391)
Transaction charges	(900)	(778)
Total net capital gains / (losses)	7,744,550	(5,467,281)

3. Revenue

	2021	2020
	£	£
UK revenue	241,618	371,629
Unfranked revenue	40,079	76,177
Overseas revenue	211,445	287,040
Bank and deposit interest	-	2,307
Total revenue	493,142	737,153

4. Expenses

	2021	2020
	£	£
Payable to the ACD and associates		
Annual management charge	210,223	243,418
Registration fees	1,250	1,244
	211,473	244,662
Payable to the Depositary		
Depositary fees	9,657	10,730
Other expenses:		
Audit fee	11,430	6,570
Non-executive directors' fees	610	612
Safe custody fees	722	810
Bank interest	-	1
FCA fee	489	395
KIID production fee	106	290
Publication fee	-	1,293
Listing fee	2,636	-
	15,993	9,971
Total expenses	237,123	265,363

5. Taxation

	2021	2020
	£	£
a. Analysis of the tax charge for the year		
Total taxation (note 5b)	-	-

Notes to the financial statements (continued)

for the year ended 5 April 2021

5. Taxation (continued)

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2020: 20%). The differences are explained below:

	2021	2020
	£	£
Net revenue before taxation	256,019	471,790
Corporation tax @ 20%	51,204	94,358
Effects of:		
UK revenue	(48,324)	(74,326)
Overseas revenue	(35,129)	(46,041)
Excess management expenses	30,502	26,009
Offshore income gains	1,747	-
Total taxation (note 5a)	-	-

c. Provision for deferred taxation

At the year end, a deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses as there is insufficient evidence that the asset will be recovered. The amount of asset not recognised is £895,935 (2020: £865,433).

6. Distributions

The distributions take account of revenue added on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	2021	2020
	£	£
Final income distribution	221,162	581,209
Equalisation:		
Amounts deducted on cancellation of shares	140,330	13,976
Amounts added on issue of shares	(331)	(1,600)
Total net distributions	361,161	593,585
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	256,019	471,790
Undistributed revenue brought forward	116	203
Expenses paid from capital	105,111	121,709
Undistributed revenue carried forward	(85)	(116)
Distributions	361,161	593,586

Details of the distribution per share are disclosed in the Distribution table.

7. Debtors

	2021	2020
	£	£
Sales awaiting settlement	-	540,424
Accrued revenue	81,215	56,317
Total debtors	81,215	596,741

Notes to the financial statements (continued)

for the year ended 5 April 2021

8. Cash and bank balances

	2021	2020
	£	£
Bank balances	660,713	1,583,962
Cash on deposit	-	190
Total cash and bank balances	660,713	1,584,152

9. Other creditors

	2021	2020
	£	£
Amounts payable on cancellation of shares	55,472	41,508
Purchases awaiting settlement	-	548,446
Accrued expenses:		
Payable to the ACD and associates		
Annual management charge	15,798	21,196
Registration fees	17	17
	15,815	21,213
Other expenses:		
Depositary fees	952	953
Safe custody fees	129	141
Audit fee	9,000	6,570
Non-executive directors’ fees	570	572
FCA fee	7	5
KIID production fee	38	76
Publication fee	-	1,293
Listing fee	1,559	35
Transaction charges	190	-
	12,445	9,645
Total accrued expenses	28,260	30,858
Total other creditors	83,732	620,812

10. Commitments and contingent liabilities

At the balance sheet date there are no commitments or contingent liabilities.

11. Share classes

The following reflects the change in shares in issue in the year:

	B income shares
Opening shares in issue	21,759,991
Total shares issued in the year	112,679
Total shares cancelled in the year	(8,991,936)
Closing shares in issue	12,880,734

For the year ended 5 April 2021, the annual management charge is 0.73%. The annual management charge includes the ACD's periodic charge and the Investment Manager's fees.

Further information in respect of the return per share is disclosed in the Comparative table.

Notes to the financial statements (continued)

for the year ended 5 April 2021

12. Related party transactions

Smith & Williamson Fund Administration Limited, as ACD is a related party due to its ability to act in respect of the operations of the sub-fund.

The ACD acts as principal in respect of all transactions of shares in the sub-fund. The aggregate monies received and paid through the creation and cancellation of shares are disclosed in the Statement of change in net assets attributable to shareholders of the sub-fund.

Amounts payable to the ACD and its associates are disclosed in note 4. The amount due to the ACD and its associates at the balance sheet date is disclosed in note 9.

The Investment Manager, Smith & Williamson Investment Management LLP is a related party to the ACD as they are within the same corporate body.

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per income unit has increased from 155.1p to 160.29p as at 20 July 2021. This movement takes into account routine transactions but also reflects the market movements of recent months.

14. Transaction costs

a Direct transaction costs

Direct transaction costs include fees and commissions paid to agents, advisers, brokers and dealers; levies by regulatory agencies and security exchanges; and transfer taxes and duties.

Commission is a charge which is deducted from the proceeds of the sale of securities and added to the cost of the purchase of securities. This charge is a payment to agents, advisers, brokers and dealers in respect of their services in executing the trades.

Tax is payable on the purchase of securities in the United Kingdom. It may be the case that 'other taxes' will be charged on the purchase of securities in countries other than the United Kingdom.

The total purchases and sales and the related direct transaction costs incurred in these transactions are as follows:

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
2021	£	£	%	£	%	£
Equities*	900,248	-	-	-	-	900,248
Collective Investment Schemes*	2,835,802	-	-	-	-	2,835,802
Total	3,736,050	-	-	-	-	3,736,050

	Purchases before transaction costs	Commission		Taxes		Purchases after transaction costs
2020	£	£	%	£	%	£
Equities	903,299	-	-	2,445	0.27%	905,744
Collective Investment Schemes*	4,372,508	-	-	-	-	4,372,508
Exchange Traded Commodities*	665,511	-	-	-	-	665,511
Total	5,941,318	-	-	2,445	0.27%	5,943,763

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 5 April 2021

14. Transaction costs (continued)

a Direct transaction costs (continued)

2021	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£
Equities	3,481,640	-	-	(14)	0.00%	3,481,626
Collective Investment Schemes*	12,376,537	-	-	-	-	12,376,537
Exchange Traded Commodities*	751,948	-	-	-	-	751,948
Total	16,610,125	-	-	(14)	0.00%	16,610,111

2020	Sales before transaction costs	Commission		Taxes		Sales after transaction costs
	£	£	%	£	%	£
Equities	324,408	-	-	(2)	0.00%	324,406
Collective Investment Schemes*	6,938,191	-	-	-	-	6,938,191
Total	7,262,599	-	-	(2)	0.00%	7,262,597

* No direct transaction costs were incurred in these transactions.

Summary of direct transaction costs

The following represents the total of each type of transaction cost, expressed as a percentage of the sub-fund's average net asset value in the year:

2021	£	% of average net asset value
Taxes	14	0.00%

2020	£	% of average net asset value
Taxes	2,447	0.01%

b Average portfolio dealing spread

The average portfolio dealing spread is calculated as the difference between the bid and offer value of the portfolio as a percentage of the offer value.

The average portfolio dealing spread of the investments at the balance sheet date was 0.33% (2020: 0.72%).

15. Risk management policies

In pursuing the sub-fund's investment objective, as set out in the Prospectus, the following are accepted by the ACD as being the main risks from the sub-fund's holding of financial instruments, either directly or indirectly through its underlying holdings. These are presented with the ACD's policy for managing these risks. To ensure these risks are consistently and effectively managed these are continually reviewed by the risk committee, a body appointed by the ACD, which sets the risk appetite and ensures continued compliance with the management of all known risks.

Notes to the financial statements (continued)

for the year ended 5 April 2021

15. Risk management policies (continued)

a Market risk

Market risk is the risk that the value of the sub-fund's financial instruments will fluctuate as a result of changes in market prices and comprise three elements: other price risk, currency risk, and interest rate risk.

(i) Other price risk

The sub-fund's exposure to price risk comprises mainly of movements in the value of investment positions in the face of price movements.

The main elements of the portfolio of investments exposed to this risk are equities and collective investment schemes.

This risk is generally regarded as consisting of two elements: stock specific risk and market risk. Through these two factors, the sub-fund is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy.

Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective of the sub-fund, spreading exposure in the portfolio of investments both globally and across sectors or geography can mitigate market risk.

At 5 April 2021, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £977,229 (2020: £1,232,913).

(ii) Currency risk

Currency risk is the risk that the value of investments or future cash flows will fluctuate as a result of exchange rate movements. Investment in overseas securities or holdings of foreign currency cash will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates against sterling. Investments in UK securities investing in overseas securities will give rise to indirect exposure to currency risk. These fluctuations can also affect the profitability of some UK companies, and thus their market prices, as sterling's relative strength or weakness can affect export prospects, the value of overseas earnings in sterling terms, and the prices of imports sold in the UK.

Forward currency contracts may be used to manage the portfolio exposure to currency movements.

The foreign currency risk profile of the sub-fund's financial instruments and cash holdings at the balance sheet date is as follows:

2021	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
US dollar	1,016,068	-	1,016,068
Total foreign currency exposure	1,016,068	-	1,016,068

2020	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
	£	£	£
US dollar	932,219	-	932,219
Total foreign currency exposure	932,219	-	932,219

At 5 April 2021, if the value of sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £50,803 (2020: £46,611).

Notes to the financial statements (continued)

for the year ended 5 April 2021

15. Risk management policies (continued)

a Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value of the sub-fund's investments will fluctuate as a result of interest rate changes.

During the year the sub-fund's direct exposure to interest rates consisted of cash and bank balances.

The sub-fund also had indirect exposure to interest rates consisted of holdings in bond funds.

The amount of revenue receivable from bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.

In the event of a change in interest rates, there would be no material impact upon the net assets of the sub-fund.

The sub-fund would not in normal market conditions hold significant cash balances and would have limited borrowing capabilities as stipulated in the COLL rules.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

There is no exposure to interest bearing securities at the balance sheet date.

b Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk.

The Depositary has appointed the custodian to provide custody services for the assets of the sub-fund. There is a counterparty risk that the custodian could cease to be in a position to provide custody services to the sub-fund. The sub-fund's investments (excluding cash) are ring fenced hence the risk is considered to be negligible.

The sub-fund holds cash and cash deposits with financial institutions which potentially exposes the sub-fund to counterparty risk. The credit rating of the financial institution is taken into account so as to minimise the risk to the sub-fund of default.

Holdings in collective investment schemes are subject to direct credit risk. The exposure to pooled investment vehicles is unrated.

c Liquidity risk

A significant risk is the cancellation of shares which investors may wish to sell and that securities may have to be sold in order to fund such cancellations if insufficient cash is held at the bank to meet this obligation. If there were significant requests for the redemption of shares at a time when a large proportion of the portfolio of investments were not easily tradable due to market volumes or market conditions, the ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the sub-fund.

Investments in smaller companies at times may prove illiquid, as by their nature they tend to have relatively modest traded share capital. Shifts in investor sentiment, or the announcement of new price sensitive information, can provoke significant movement in share prices, and make dealing in any quantity difficult.

The sub-fund may also invest in securities that are not listed or traded on any stock exchange. In such situations the sub-fund may not be able to immediately sell such securities.

To reduce liquidity risk the ACD will ensure, in line with the limits stipulated within the COLL rules, a substantial portion of the sub-fund's assets consist of readily realisable securities. This is monitored on a monthly basis and reported to the Risk Committee together with historical outflows of the sub-fund.

In addition liquidity is subject to stress testing on an annual basis to assess the ability of the sub-fund to meet large redemptions (50% of the net asset value and 80% of the net asset value), while still being able to adhere to its objective guidelines and the FCA investment borrowing regulations.

All of the financial liabilities are payable on demand.

Notes to the financial statements (continued)
for the year ended 5 April 2021

15. Risk management policies (continued)

d Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

To ensure this, the fair value pricing committee is a body appointed by the ACD to analyse, review and vote on price adjustments/maintenance where no current secondary market exists and/or where there are potential liquidity issues that would affect the disposal of an asset. In addition, the committee may also consider adjustments to the sub-fund's price should the constituent investments be exposed to closed markets during general market volatility or instability.

Basis of valuation	Investment assets 2021 £	Investment liabilities 2021 £
Quoted prices	7,698,060	-
Observable market data	11,846,529	-
Unobservable data*	-	-
	19,544,589	-

Basis of valuation	Investment assets 2020 £	Investment liabilities 2020 £
Quoted prices	8,145,153	-
Observable market data	16,513,115	-
Unobservable data*	-	-
	24,658,268	-

*The following security is valued in the portfolio of investments using a valuation technique:

Invista European Real Estate Trust SICAF: The fair value pricing committee determined that it is appropriate to include the security in the portfolio of investments with no value as the security has been suspended from trading.

e Assets subject to special arrangements arising from their illiquid nature

The following asset held in the portfolio of investments is subject to special arrangements arising from their illiquid nature:

	2021 % of the total net asset value	2020 % of the total net asset value
Invista European Real Estate Trust SICAF	0.00%	0.00%

Notes to the financial statements (continued)

for the year ended 5 April 2021

15. Risk management policies (continued)

f Derivatives

The sub-fund may employ derivatives with the aim of reducing the sub-fund's risk profile, reducing costs or generating additional capital or revenue, in accordance with Efficient Portfolio Management.

The ACD monitors that any exposure is covered globally to ensure adequate cover is available to meet the sub-fund's total exposure, taking into account the value of the underlying investments, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

For certain derivative transactions cash margins may be required to be paid to the brokers with whom the trades were executed and settled. These balances are subject to daily reconciliations and are held by the broker in segregated cash accounts that are afforded client money protection.

Derivatives may be used for investment purposes and as a result could potentially impact upon the risk factors outlined above.

During the year there were no derivative transactions.

(i) Counterparties

Transactions in securities give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction. This risk is mitigated by the sub-fund using a range of brokers for security transactions, thereby diversifying the risk of exposure to any one broker. In addition the sub-fund will only transact with brokers who are subject to frequent reviews with whom transaction limits are set.

The sub-fund may transact in derivative contracts which potentially exposes the sub-fund to counterparty risk from the counterparty not settling their side of the contract. Transactions involving derivatives are entered into only with investment banks and brokers with appropriate and approved credit rating, which are regularly monitored. Forward currency transactions are only undertaken with the custodians appointed by the Depositary.

At the balance sheet date, there are no securities in the portfolio of investments subject to a repurchase agreement.

(ii) Leverage

The leverage is calculated as the sum of the net asset value and the incremental exposure generated through the use of derivatives (calculated in accordance with the commitment approach) divided by the net asset value.

There have been no leveraging arrangements in the year.

(iii) Global exposure

Global exposure is a measure designed to limit the leverage generated by a fund through the use of financial derivative instruments, including derivatives with embedded assets.

At the balance sheet date there is no global exposure to derivatives.

There have been no collateral arrangements in the year.

Distribution table

for the year ended 5 April 2021

Distributions on B income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
05.08.21	group 1	quarter 1	1.717	-	1.717	2.671
05.08.21	group 2	quarter 1	1.439	0.278	1.717	2.671

Equalisation

Equalisation applies only to group 2 shares. It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholder but must be deducted from the cost of shares for capital gains tax purposes.

Final distribution:

Group 1	Shares purchased before 6 April 2020
Group 2	Shares purchased 6 April 2020 to 5 April 2021

Remuneration

Remuneration code disclosure

The remuneration committee is responsible for setting remuneration policy for all partners, directors and employees within the Smith & Williamson Group including individuals designated as Material Risk Takers under the Remuneration Code. The remuneration policy is designed to be compliant with the Code and provides a framework to attract, retain, motivate and reward partners, directors and employees. The overall policy is designed to promote the long-term success of the group and to support prudent risk management, with particular attention to conduct risk.

Remuneration committee

The remuneration committee report contained in pages 46-49 of the Smith & Williamson Report and Financial Statements for the year ended 30 April 2020 (available https://smithandwilliamson.com/en/about-us/financial-reports/) includes details on the remuneration policy. The remuneration committee comprises five non-executive directors and is governed by formal terms of reference, which are reviewed and agreed by the board. The committee met seven times during 2019-20.

Remuneration policy

The main principles of the remuneration policy are:

- to align remuneration with the strategy and performance of the business
- to ensure that remuneration is set at an appropriate and competitive level taking into account market rates and practices
- to foster and support conduct and behaviours which are in line with our culture and values
- to maintain a sound risk management framework
- to ensure that the ratio between fixed and variable remuneration is appropriate and does not encourage excessive risk taking
- to comply with all relevant regulatory requirements
- to align incentive plans with the business strategy and shareholder interests.

The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy. As part of a “balanced scorecard” approach to variable remuneration non-financial criteria including, but not limited to, compliance and risk issues, client management, supervision, leadership and teamwork are considered alongside financial performance.

Remuneration systems

The committee reviews all partners and directors fixed and variable remuneration. In addition, it approves hurdles and awards in respect of equity incentive plans, namely a deferred option plan, Equity Matching Plan, Matching Share Plan, Executive Long Term Incentive Plan and an Investment Management Long Term Incentive Plan.

The remuneration of partners is made up of a fixed profit share, discretionary bonus profit share and non-discretionary bonus profit share. The remuneration of employees typically comprises of a salary with benefits including pension contribution, life assurance, permanent health insurance, private medical insurance, SAYE scheme and a discretionary bonus scheme. Partners, directors and associate directors are also eligible to participate, at the invitation of the committee, in the equity incentive plans described above.

When setting variable remuneration for the executive directors, the committee considers overall business profit for the group and divisions, achievement of both financial and non-financial objectives (including adherence to the principles of treating customers fairly, conduct risk, compliance and regulatory rules), personal performance and any other relevant policy of the board in respect of the year ended 30 April 2020. The committee agrees the individual allocation of variable remuneration and the proportion of that variable remuneration to be awarded as restricted shares.

Aggregate quantitative information

The total amount of remuneration paid by Smith & Williamson Fund Administration Limited (SWFAL) is nil as SWFAL has no employees. However, a number of employees have remuneration costs recharged to SWFAL and the annualised remuneration for these 70 employees is £3,099,931 of which £2,863,541 is fixed remuneration. This is based on the annualised salary and benefits for those identified as working in SWFAL as at 30 April 2020. Any variable remuneration is awarded for the year ending 30 April 2020. This information excludes any senior management or other Material Risk Takers (MRTs) whose remuneration information is detailed on the next page.

Remuneration (continued)

Aggregate quantitative information (continued)

Smith & Williamson reviews its MRTs at least annually. These individuals are employed by and provide services to other companies in the Smith & Williamson group. It is difficult to apportion remuneration for these individuals in respect of their duties to SWFAL. For this reason, the aggregate total remuneration awarded for the financial year 2019-20 for senior management and other MRTs detailed below has not been apportioned.

Table to show the aggregate remuneration split by Senior Management and other MRTs for SWFAL	Financial Year ending 30 April 2020				
		Variable			
	Fixed	Cash	Equity	Total	No. MRTs
	£'000	£'000	£'000	£'000	
Senior Management	1,846	2,411	-	4,257	9
Other MRTs	1,222	928	-	2,150	9
Total	3,068	3,339	-	6,407	18

Investment Manager

The ACD delegates the management of the Company's portfolio of investments to Smith & Williamson Investment Management LLP and pays to Smith & Williamson Investment Management LLP, out of the ACD's annual management charge, a monthly fee calculated on the total value of the portfolio of investments at each valuation point. Smith & Williamson Investment Management LLP are compliant with the Capital Requirements Directive regarding remuneration and therefore Smith & Williamson Investment Management LLP staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates - Smith & Williamson MM Endurance Balanced Fund

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.

	Minimum initial investment*	Minimum subsequent investment	Minimum value of holdings
Smith & Williamson MM Endurance Balanced Fund B Income	£250,000	£5,000	£250,000

* The minimum initial investment may be waived at the discretion of the ACD.

Prices of shares and the estimated yield of the sub-fund are published on the following website: www.trustnet.com or may be obtained by calling 0141 222 1151.

Benchmark - Smith & Williamson MM Endurance Balanced Fund

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 - resigned 25 May 2021
James Gordon
Kevin Stopps - resigned 11 May 2021
Andrew Baddeley – appointed 12 March 2021

Independent Non-Executive Directors of the ACD

Dean Buckley
Linda Robinson
Victoria Muir

Non-Executive Directors of the ACD

Paul Wyse
Kevin Stopps - appointed 11 May 2021

Investment Manager

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

Depositary

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