SVS Heritage Investment Fund

Annual Report

for the year ended 31 December 2020

Contents

SVS Heritage Investment Fund

Report of the Authorised Corporate Director ('ACD')

St Vincent St Fund Administration (trading name of Smith & Williamson Fund Administration Limited), as ACD, presents herewith the Annual Report for SVS Heritage Investment Fund for the year ended 31 December 2020.

SVS Heritage Investment Fund ('the Company' or 'the Fund') is an authorised open-ended investment company with variable capital ('ICVC') further to an authorisation order dated 14 November 2016. The Company is incorporated under registration number IC001076. 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

The Company currently has one sub-fund available for investment, SVS Heritage Balanced Portfolio Fund ('the sub-fund').

Investment objective and policy - SVS Heritage Balanced Portfolio Fund

The objective of the SVS Heritage Balanced Portfolio Fund is to achieve a total investment return (comprising of a balance of capital growth and income) over the long term (at least 5 years).

In the pursuit of the objective, the SVS Heritage Balanced Portfolio Fund will invest in equities, preference shares (including zero-dividend preference shares), subscription shares, eligible collective investment schemes, investment trusts & companies including Real Estate Investment Trusts, fixed interest securities including government, corporate and convertible bonds, money market instruments and cash or near cash instruments. The sub-fund may not necessarily invest in all assets listed.

There are no geographical restrictions on the countries of investment.

It is the ACD's intention that derivative and forward transactions may be used for Efficient Portfolio Management. The Company may only use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to Shareholders. The use of derivative and forward transactions for Efficient Portfolio Management is not intended to increase the risk profile of the sub-fund.

Report of the Authorised Corporate Director (continued)

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.

Changes affecting the Company in the year

KPMG LLP resigned as auditor and Johnston Carmichael LLP were appointed on 6 July 2020.

Further information in relation to the Company is illustrated on page 41.

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
30 April 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 losses 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 Fund 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 - SVS Heritage Balanced Portfolio 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 SVS Heritage Balanced Portfolio 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 31 December 2020, 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	

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 being planned.

How SWFAL assessed each of the seven criteria and the rating arrived at are discussed in greater detail on the following pages.

SWFAL has created an Assessment of Value Committee (‘AVC’), for the review, challenge and approval of all the funds’ Assessments of Value. Ultimately the assessment will be subject to scrutiny by the SWFAL Board (which includes independent directors) to ensure the outcomes of the assessments are clear and fair, before final sign-off by the chair of the SWFAL Board to finally communicate to investors if the fund has delivered value, and if not, where improvements need to be made.

In carrying out the assessment, the SWFAL AVC has separately considered the following seven criteria stipulated by the FCA. The Committee may also have considered other issues where it was deemed appropriate.

SWFAL believes the Assessment of Value can make it easier for investors to both evaluate whether the fund is providing them with value for money and make more informed decisions when choosing investments.

The seven criteria are:

(1) Quality of service – the quality of every aspect of the service provided, including, for example, accounting, administration, customer services and communications;

(2) Performance – how the fund performed, including whether it met targets and objectives, kept to relevant policy, followed relevant principles, kept to reasonable timescales;

(3) ACD costs – the fairness and value of the fund’s costs, including entry and exit fees, early redemption fees, administration charges;

(4) Economies of scale – how costs have been or can be reduced as a result of increased Assets under Management (‘AUM’), and whether or not those savings have been passed on to investors;

(5) Comparable market rates – how the costs of the fund compare with others in the marketplace;

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

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

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; 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 SWFAL Board assessed the skills, processes, experience, level of breaches and complaints. Also considered were any results from service review meetings as well as the annual due diligence performed by SWFAL on the delegated Investment Manager, Heritage Capital Management Limited ('Heritage'), 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 were paid in a timely manner and that there were no significant findings as a result of the various audits performed on SWFAL during the year. In addition, SWFAL performs its own independent analysis, using automated systems, of the sub-fund's liquidity. The Board concluded that SWFAL had carried out its duties diligently.

External Factors

The Board concluded that the nature, extent and quality of the services provided by the external parties have benefited and should continue to benefit the 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 its benchmark, is 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 has been taken.

Investment Objectives

The objective of the sub-fund is to achieve a total investment return (comprising of a balance of capital growth and income) over the long term (at least 5 years).

Benchmark

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

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

Assessment of Value - SVS Heritage Balanced Portfolio Fund (continued)

2. Performance (continued)

Benchmark (continued)

The benchmark that has been agreed for the sub-fund is the UK Consumer Price Index, which is a comparator. 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 its comparator benchmark over various timescales can be found below. The comparator benchmark was introduced during 2019 and has been backdated for illustrative purposes.

Cumulative Returns to 30 November 2020

Share Classes	YTD	1 Year	3 Year	Since Launch*
SVS Heritage Balanced Portfolio A in GB	-4.42%	-1.10%	10.67%	25.50%
UK Consumer Price Index TR in GB	0.37%	0.37%	4.11%	7.40%

Fund data provided by FE fundinfo and Factset. 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 has been calculated net of fees.

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

* Sub-fund launched 1 December 2016.

What was the outcome of the assessment?

The Board observed that the sub-fund had outperformed its comparator benchmark. Performance however had dipped over the course of 2020 owing to the effects of Covid-19 on world markets, the ramifications of which would not have impacted a benchmark of this nature to the same extent. All things considered, the Board were satisfied that the sub-fund's objective of total return in the period since launch had been achieved and concluded that it had provided value to shareholders.

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?

There were no follow-up actions required.

3. ACD Costs

What was assessed in this section?

The Board reviewed each separate charge to ensure that they were reasonable and reflect the services provided. This includes investment management fees, annual management charge ('AMC'), Depositary/Custodian fees, legal 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's costs and concluded that they were fair, reasonable and provided on a competitive basis.

Were there any follow up actions?

There were no follow-up actions required.

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 on potential and existing investors should the sub-fund increase or decrease in value.

Assessment of Value - SVS Heritage Balanced Portfolio Fund (continued)

4. Economies of Scale (continued)

What was the outcome of the assessment?

As the sub-fund's AUM grows, investors pay proportionally less for the fixed costs of running the sub-fund as SWFAL is able to negotiate better terms with its service providers. Similarly, as SWFAL's business grows and costs are distributed across more investors, the costs to each investor reduces. The Board continues to review the ongoing charges figure ('OCF') of all funds to ensure they are appropriate.

Both the investment management fee and the ACD fee are on a fixed percentage charge meaning there are minimal opportunities for savings going forward should the sub-fund grow in size.

Were there any follow up actions?

There were no follow-up actions required.

5. Comparable Market Rates

What was assessed in this section?

The Board reviewed the ongoing charges of the sub-fund and how those charges affect the returns of the sub-fund. 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 equivalent funds.

What was the outcome of the assessment?

The OCF is 1.31%[1]. The OCF was found to be marginally more expensive when compared to similar externally managed funds and as a result this section was given an Amber rating.

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 was no further action required as the Board took the view that there was nothing within the OCF that they felt was an excessive charge. Nevertheless, SWFAL will continue to monitor costs going forward.

6. Comparable Services

What was assessed in this section?

The Board reviewed 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?

There were too few SWFAL administered funds displaying the same characteristics as the SVS Heritage Balanced Portfolio Fund with which to make a comparison.

Were there any follow up actions?

There were no follow-up actions required.

7. Classes of Shares

What was assessed in this section?

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

What was the outcome of the assessment?

There is only one 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] Figure at interim report 30 June 2020.

Overall Assessment of Value

Notwithstanding the Amber rating given in Section 5, the SWFAL Board concluded that the SVS Heritage Balanced Portfolio Fund had provided value to shareholders.

Kevin Stopps
Chairman of the Board of Smith & Williamson Fund Administration Limited
16 April 2021

On reviewing this Assessment of Value report, we would welcome invaluable 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 SVS Heritage Investment Fund

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
30 April 2021

Independent Auditor's report to the shareholders of SVS Heritage Investment Fund

Opinion

We have audited the financial statements of the SVS Heritage Investment Fund (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements, including a summary of significant accounting policies and the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company at 31 December 2020 and of the net revenue and the net capital losses of the Company for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to UK Authorised Funds and the COLL Rules.

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 described further 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 ability to continue as a going concern for a period of at least 12 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 COLL Regulations

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

- Proper accounting records for Company have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the Authorised Corporate Director's report for the year is consistent with the financial statements.

Independent Auditor’s report to the shareholders of SVS Heritage Investment Fund (continued)

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 these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authorised Corporate Director.
- Conclude on the appropriateness of the Authorised Corporate Director’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed on the following page :

Independent Auditor's report to the shareholders of SVS Heritage Investment Fund (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

We assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements in the financial statements resulting from irregularities or fraud.

All engagement team members were briefed on relevant laws and regulations and potential fraud risks at the planning stage of the audit. However, the primary responsibility for the prevention and detection of fraud rest with the Authorised Corporate Director.

We evaluated management's incentives for fraudulent activity and determined the key risk of fraud to be management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation inappropriate journal entries to increase net revenue or to increase the net asset value.

We considered the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. The most significant risk in relation to non-compliance with laws and regulations was deemed to be compliance with the Collective Investment Schemes Sourcebook and the Company's Prospectus.

Audit procedures performed in response to these risks included:

- Evaluation of the control environment designed to prevent and detect irregularities which the Authorised Corporate Director has in place;
- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur around the key risks of valuation and ownership of investments, and revenue recognition;
- Review of material journal entries during the year;
- Review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity that may indicate management override in the Company's financial statements; and
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes Sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under 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.

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL
30 April 2021

Accounting policies of SVS Heritage Investment Fund

for the year ended 31 December 2020

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 Company and its sub-fund of reasonably possible downside scenarios. The ACD has considered a detailed assessment of the Company and its 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 31 December 2020.

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 31 December 2020 with reference to quoted bid prices from reliable external sources.

Derivatives are valued at the price which would be required to close out the contract at the balance sheet date.

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.

Zero dividend preference shares carry no entitlement to dividends but give a preferential right to receive a repayment of capital and a premium from the capital reserves of an investment company. Accordingly, the returns are recognised as capital and do not form part of the sub-fund's distribution.

Special dividends are treated as either revenue or a repayment of capital depending on the facts of each particular case.

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

Interest on debt securities is recognised on an effective yield basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the sub-fund. The amortised amounts are accounted for as revenue or as an expense and form part of the distributable revenue of the sub-fund.

Ordinary scrip dividends are recognised wholly as revenue on the basis of the market values of the shares on the date that they are quoted ex-dividend. Where an enhancement is offered the amount by which the market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is taken to capital. The ordinary element of scrip dividends is treated as revenue and forms part of the sub-fund's distributions.

e Expenses

All expenses, other than those relating to the purchase and sale of investments, are charged to revenue on an accruals basis.

Bank interest paid is charged to revenue.

f Allocation of revenue and expenses to multiple types of share

All revenue and expenses which are directly attributable to a particular share type are allocated to that type. All revenue and expenses which are attributable to the sub-fund are allocated to the sub-fund and are normally allocated across the share types pro rata to the net asset value of each type on a daily basis.

g 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 31 December 2020 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.

h 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.

i Dilution adjustment

A dilution adjustment is an adjustment to the share price which is determined by the ACD in accordance with the COLL Sourcebook. The ACD may make a dilution adjustment to the price of a share (which means that the price of a share is above or below that which would have resulted from mid-market valuation) for the purposes of reducing dilution in the sub-fund (or to recover an amount which it has already paid or is reasonably expected to pay in the future) in relation to the issue or cancellation of shares. Please refer to the Prospectus for further information.

j 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. Distributions attributable to accumulation shares are re-invested in the sub-fund on behalf of the shareholders.

ii Unclaimed distributions

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

j Distribution policies (continued)

iii Revenue

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

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.

Investment Manager's report

Investment performance*

	1 year	3 years	Inception (01.12.2016)
SVS Heritage Balanced Portfolio Fund (A Accumulation)	-1.52%	12.43%	29.30%
UK Consumer Price Index	0.93%	5.35%	8.36%

*Source: Smith & Williamson Fund Administration Limited (based on 10pm mid to mid prices).

Investment activities**

The SVS Heritage Balanced Portfolio Fund seeks to generate long-term capital growth at a lower risk than that associated with pure equity market investment through active management of a well diversified multi-asset portfolio. The sub-fund launched on 1 December 2016 and the portfolio structure and strategy is broadly in line with the existing larger offshore version of the sub-fund (the Guernsey regulated Heritage Managed Portfolio Fund that has a successful 20 year track record).

The small full year loss of 1.5% might give the impression that it was a fairly quiet year but it disguises the wild swings which saw the sub-fund having it's worst ever quarter at the start of the year as the Covid-19 pandemic led to panic in global markets, followed by a very strong recovery over the rest of the 2020 which culminated with the sub-fund ending the year with its best ever quarter with an increase of 10.8%. This unusually strong performance is mainly thanks to the very encouraging news about vaccines which has boosted investment markets around the world.

Virtually all of our holdings made positive contributions with the biggest gains tending to come from those shares that had been hardest hit by this year's pandemic, where the prospects for recovery are now much improved, and we also had a take-over bid for retirement house builder McCarthy & Stone.

Pleasingly, our best performer this year came from our largest holding, Computacenter, which was one of the beneficiaries of the pandemic as companies required significantly more IT support to help facilitate new working patterns for their employees.

Our property holdings also had a very strong final quarter, although the exceptions were the defensive healthcare funds as investors rotated away from the safe haven investments into those that stand to benefit more from a recovery. Finally, our higher yielding bonds and preference shares also enjoyed a good recovery which helped to reverse the weaker performance earlier in the year.

**Source: Thomson Reuters.

Investment strategy and outlook

Although the outlook remains uncertain, we believe that our portfolio of investments is well positioned to generate attractive returns for long-term investors, whilst our relatively defensive positioning should provide some protection against the risks of market weakness.

Heritage Capital Management Limited
20 January 2021

Summary of portfolio changes
for the year ended 31 December 2020

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

Purchases:	Cost £
Jupiter Fund Management 8.875% 27/07/2030	220,000
Secure Income REIT	219,421
Supermarket Income REIT	212,320
Conduit Holdings	211,553
Hipgnosis Songs Fund	183,184
UIL Finance Zero Dividend Preference Shares 31/10/2022	175,610
JZ Capital Partners Zero Dividend Preference Shares 2022	165,105
Santander UK 10.375% Perpetual	160,048
Lloyds Banking Group 9.25% Perpetual	158,474
Intermediate Capital Group 5% 24/03/2023	158,440
UIL Finance Zero Dividend Preference Shares 31/10/2024	155,489
Aviva 8.75% Perpetual	132,863
Phoenix Group Holdings 5.75% Perpetual	117,000
NB Private Equity Partners Zero Dividend Preference Shares 4.25% 30/10/2024	108,296
Computacenter	104,633
General Accident 7.875% Perpetual	104,119
esure Group 6.75% 19/12/2024	103,700
Hiscox 6.125% 24/11/2045	102,000
Marks & Spencer 4.25% 08/12/2023	95,750
Young & Co's Brewery	87,689

Sales:	Proceeds £
UIL Finance Zero Dividend Preference Share 31/10/2020	153,370
Phoenix Life 7.25% Perpetual	101,150
Principality Building Society 7% Perpetual	100,000
J Sainsbury 6.5% Perpetual	100,000
Bilby	10,804

Portfolio statement

as at 31 December 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Debt securities* 17.73% (13.61%)			
Baa3 and below 17.73% (13.61%)			
Aviva 8.75% Perpetual	£140,000	219,800	0.82
Brit Insurance Holdings 3.661% 09/12/2030**	£100,000	92,450	0.34
Co-Operative Group 11% 18/12/2025	£175,000	217,000	0.81
Coventry Building Society 12.125% Perpetual	£50,000	102,250	0.38
Coventry Building Society 6.875% Perpetual**	£200,000	220,256	0.82
Direct Line Insurance Group 4.75% Perpetual**	£400,000	402,000	1.50
Ecclesiastical Insurance Group 8.625% Perpetual	£50,000	79,000	0.29
esure Group 6.75% 19/12/2024	£200,000	211,678	0.79
General Accident 7.875% Perpetual	£80,000	108,800	0.41
Hiscox 6.125% 24/11/2045**	£200,000	232,067	0.86
Intermediate Capital Group 5% 24/03/2023	£175,000	184,646	0.69
International Personal Finance 7.75% 14/12/2023	£100,000	92,500	0.34
Jupiter Fund Management 8.875% 27/07/2030**	£200,000	222,258	0.83
Just Group 9% 26/10/2026	£100,000	124,800	0.46
Just Group 8.125% 26/10/2029	£150,000	170,874	0.64
Liverpool Victoria Friendly Society 6.5% 22/05/2043**	£100,000	110,847	0.41
Lloyds Banking Group 9.25% Perpetual	£223,500	328,098	1.22
Marks & Spencer 4.25% 08/12/2023	£100,000	104,547	0.39
Phoenix Group Holdings 5.75% Perpetual**	£200,000	212,780	0.79
Phoenix Group Holdings 6.625% 18/12/2025	£100,000	119,965	0.45
R.E.A. Finance BV 8.75% 31/08/2025	£150,000	115,224	0.43
R.E.A. Holdings 9% Perpetual	£250,000	198,750	0.74
Regional REIT 4.5% 06/08/2024	£50,000	48,500	0.18
Santander UK 10.375% Perpetual	£225,000	360,000	1.34
Standard Chartered 8.25% Perpetual	£150,000	204,300	0.76
Virgin Money UK 9.25% Perpetual**	£200,000	218,234	0.81
Wasps Finance 6.5% 13/05/2022	£100,000	62,600	0.23
Total debt securities		4,764,224	17.73
Convertible bonds 1.75% (2.03%)			
Aberdeen Standard Asia Focus 2.25% 31/05/2025	£161,892	157,534	0.59
AFH Financial Group 4% 30/07/2024	£30	135,000	0.50
JZ Capital Partners 6% 30/07/2021	£20,000	176,967	0.66
Total convertible bonds		469,501	1.75
Core Capital Deferred Shares 0.72% (0.75%)			
Nationwide Building Society 10.25%**	1,091	193,984	0.72
Convertible preference shares 0.00% (0.06%)		-	-

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

** Denotes a variable interest security.

Portfolio statement (continued)
as at 31 December 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - United Kingdom 32.07% (33.67%)			
Equities - incorporated in the United Kingdom 26.57% (26.99%)			
Energy 0.23% (0.47%)			
BP	12,000	30,576	0.11
Royal Dutch Shell 'B'	2,500	31,485	0.12
		62,061	0.23
Materials 1.13% (1.17%)			
BHP Group	6,000	115,500	0.43
Victrex	8,000	187,680	0.70
		303,180	1.13
Industrials 1.71% (2.21%)			
Air Partner	170,000	122,740	0.46
RELX	5,000	89,625	0.33
TClarke	260,000	248,040	0.92
		460,405	1.71
Consumer Discretionary 1.86% (1.67%)			
Bellway	4,750	140,362	0.52
Compass Group	7,000	95,410	0.36
Greggs	4,500	80,550	0.30
McCarthy & Stone	50,000	59,900	0.22
Vertu Motors	100,000	33,000	0.12
Young & Co's Brewery	12,000	91,200	0.34
		500,422	1.86
Consumer Staples 2.20% (2.11%)			
Associated British Foods	5,000	113,200	0.42
Diageo	3,000	86,340	0.32
Hotel Chocolat Group	20,000	83,000	0.31
J Sainsbury	15,000	33,825	0.13
Unilever	6,250	274,500	1.02
		590,865	2.20
Health Care 1.28% (1.06%)			
Animalcare Group	20,000	39,200	0.15
AstraZeneca	1,400	102,536	0.38
GlaxoSmithKline	15,000	201,300	0.75
		343,036	1.28
Financials 7.13% (8.09%)			
Aviva	45,000	146,340	0.54
Beazley	37,500	136,725	0.51
BP Marsh & Partners	70,000	180,600	0.67
Close Brothers Group	10,000	138,200	0.51
Direct Line Insurance Group	45,000	143,550	0.53
HSBC Holdings	32,500	123,110	0.46
Intermediate Capital Group	17,000	293,250	1.09

Portfolio statement (continued)
as at 31 December 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated in the United Kingdom (continued)			
Financials (continued)			
Legal & General Group	80,000	212,880	0.79
Lloyds Banking Group	325,000	118,430	0.44
M&G	20,000	39,590	0.15
Prudential	7,000	94,290	0.35
Saga PLC	5,185	13,118	0.05
Schroders	4,000	91,400	0.34
SDV Zero Dividend Preference Shares	72,902	80,192	0.30
Standard Chartered	15,000	69,870	0.26
Standard Life Aberdeen	13,125	36,921	0.14
		1,918,466	7.13
Information Technology 3.27% (2.22%)			
Computacenter	36,000	878,400	3.27
Communication Services 1.59% (2.08%)			
Bloomsbury Publishing	100,000	294,000	1.09
Daily Mail & General Trust	9,379	69,874	0.26
System1 Group	20,000	34,000	0.13
Vodafone Group	25,000	30,235	0.11
		428,109	1.59
Real Estate 6.17% (5.91%)			
Assura	375,000	286,875	1.07
CLS Holdings	100,000	223,500	0.83
Inland Zero Dividend Preference Shares 10/04/2024	100,000	158,000	0.59
Land Securities Group	22,500	151,425	0.56
Primary Health Properties	250,000	381,000	1.42
Secure Income REIT	80,000	240,000	0.89
Supermarket Income REIT	205,000	217,300	0.81
		1,658,100	6.17
Total equities - incorporated in the United Kingdom		7,143,044	26.57
Equities - incorporated outwith the United Kingdom 5.50% (6.68%)			
Industrials 0.45% (0.69%)			
Doric Nimrod Air Two	50,000	38,500	0.14
Ocean Wilsons Holdings	10,000	83,000	0.31
		121,500	0.45
Financials 2.64% (2.94%)			
Conduit Holdings	40,000	199,760	0.74
GLI Finance Zero Dividend Preference Shares	187,500	213,750	0.80
Hiscox	7,500	74,550	0.28
Lancashire Holdings	30,000	216,750	0.82
		704,810	2.64

Portfolio statement (continued)

as at 31 December 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Equities - incorporated outwith the United Kingdom (continued)			
Real Estate 2.41% (3.05%)			
Circle Property	100,000	177,000	0.66
Picton Property Income	300,000	225,300	0.84
Regional REIT	300,000	243,900	0.91
		646,200	2.41
Total equities - incorporated outwith the United Kingdom		1,472,510	5.50
Total equities -United Kingdom		8,615,554	32.07
Closed-Ended Funds 34.10% (34.77%)			
Closed-Ended Funds - incorporated in the United Kingdom 21.29% (23.94%)			
Aberdeen Japan Investment Trust	2,880	22,176	0.08
Aberdeen Standard Asia Focus	27,971	324,464	1.21
Aberforth Smaller Companies Trust	27,017	335,011	1.25
Alliance Trust	20,000	179,800	0.67
Asia Dragon Trust	31,067	162,791	0.61
AVI Global Trust	55,000	482,350	1.80
Baillie Gifford Japan Trust	15,000	164,700	0.61
Caledonia Investments	15,772	448,713	1.67
Dunedin Enterprise Investment Trust	42,543	138,690	0.52
Electra Private Equity	50,000	137,500	0.51
HgCapital Trust	150,000	456,000	1.70
HICL Infrastructure	250,000	433,000	1.61
ICG Enterprise Trust	40,000	380,800	1.42
Mobius Investment Trust	100,000	107,500	0.40
Murray Income Trust	50,000	413,000	1.54
North Atlantic Smaller Companies Investment Trust	10,000	370,000	1.38
Polar Capital Global Healthcare Trust	75,000	180,750	0.67
Templeton Emerging Markets Investment Trust	6,811	64,296	0.24
TR Property Investment Trust	85,000	348,500	1.30
Utilico Emerging Markets Trust	176,402	341,338	1.27
Worldwide Healthcare Trust	6,000	222,900	0.83
Total closed-ended funds - incorporated in the United Kingdom		5,714,279	21.29
Closed-Ended Funds - incorporated outwith the United Kingdom 12.81% (10.83%)			
Aberdeen Asian Income Fund	150,000	337,500	1.26
GCP Infrastructure Investments	150,000	163,200	0.61
Henderson Far East Income	100,000	325,000	1.21
Hipgnosis Songs Fund	150,000	185,250	0.69
JZ Capital Partners Zero Dividend Preference Shares 2022	50,000	140,000	0.52
NB Private Equity Partners Zero Dividend Preference Shares 4.25% 30/10/2024	200,000	214,000	0.80
Oakley Capital Investments	215,000	612,750	2.28
Real Estate Credit Investments	125,000	165,000	0.61
Renewables Infrastructure Group	249,220	317,008	1.18
TwentyFour Income Fund	200,000	210,000	0.78
TwentyFour Select Monthly Income Fund	125,000	110,500	0.41

Portfolio statement (continued)
as at 31 December 2020

Investment	Nominal value or holding	Market value £	% of total net assets
Closed-Ended Funds (continued)			
Closed-Ended Funds - incorporated outwith the United Kingdom (continued)			
UIL Finance Zero Dividend Preference Shares 31/10/2022	245,500	328,970	1.23
UIL Finance Zero Dividend Preference Shares 31/10/2024	151,000	173,650	0.65
UIL Finance Zero Dividend Preference Shares 31/10/2026	150,000	154,500	0.58
Total closed-ended funds - incorporated outwith the United Kingdom		3,437,328	12.81
Total closed-ended funds		9,151,607	34.10
Warrants 0.00% (0.00%)			
R.E.A. Holdings^	19,500	-	-
Portfolio of investments		23,194,870	86.37
Other net assets		3,659,177	13.63
Total net assets		26,854,047	100.00

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

The comparative figures in brackets are as at 31 December 2019.

^ R.E.A. Holdings is included in the portfolio of investments with no value as the exercise price is greater than the ordinary security price.

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

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

Risk and reward profile

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

Typically lower rewards, 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 and 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.

Exposure to the risks associated with property investment, include but are not limited to, fluctuations in land prices, construction costs, interest rates, inflation and property yields, changes in taxation, legislation changes in landlord and tenant legislation, environmental factors and changes in the supply and demand for property.

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.

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 shares launched on 3 July 2019 at 123.20p per share.

A Accumulation shares launched on 1 December 2016 at 100.00p per share.

	A Income		A Accumulation		
	2020	2019	2020	2019	2018
	p	p	p	p	p
Change in net assets per share					
Opening net asset value per share	129.63	123.20	130.68	110.46	114.39
Return before operating charges	(0.29)	9.15	(0.16)	21.84	(2.29)
Operating charges	(2.16)	(1.65)	(2.19)	(1.62)	(1.64)
Return after operating charges *	(2.45)	7.50	(2.35)	20.22	(3.93)
Distributions^	(2.24)	(1.07)	(2.28)	(2.36)	(2.51)
Retained distributions on accumulation shares^	-	-	2.28	2.36	2.51
Closing net asset value per share	124.94	129.63	128.33	130.68	110.46
* after direct transaction costs of:	0.06	0.05	0.06	0.08	0.10
Performance					
Return after charges	(1.89%)	6.09%	(1.80%)	18.31%	(3.44%)
Other information					
Closing net asset value (£)	645,013	669,240	26,209,034	23,335,910	16,694,384
Closing number of shares	516,261	516,261	20,422,394	17,857,435	15,113,914
Operating charges^^	*1.84%	^^^1.34%	*1.84%	1.34%	1.43%
Direct transaction costs	0.05%	0.06%	0.05%	0.06%	0.09%
Prices					
Highest share price (p)	131.3	131.5	132.4	131.5	118.5
Lowest share price (p)	96.43	120.2	97.20	110.8	110.2

^ 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 may occur in a year as it is calculated on historical data.

^^^ Annualised based on the expenses incurred during the period 3 July 2019 to 31 December 2019.

* Previously, the OCF included expenses incurred by underlying holdings of collective investment schemes in relation to the sub-fund (the synthetic OCF). Following guidance issued by the Investment Association on 2 July 2020, the synthetic OCF calculation has been expanded to include investment trusts.

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

Financial statements - SVS Heritage Balanced Portfolio Fund

Statement of total return

for the year ended 31 December 2020

	Notes	2020		2019	
		£	£	£	£
Income:					
Net capital (losses) / gains	2		(760,846)		2,954,075
Revenue	3	761,479		661,654	
Expenses	4	(305,959)		(270,015)	
Net revenue before taxation		455,520		391,639	
Taxation	5	-		(264)	
Net revenue after taxation			455,520		391,375
Total return before distributions			(305,326)		3,345,450
Distributions	6		(455,483)		(391,365)
Change in net assets attributable to shareholders from investment activities			(760,809)		2,954,085

Statement of change in net assets attributable to shareholders

for the year ended 31 December 2020

	2020		2019	
	£	£	£	£
Opening net assets attributable to shareholders		24,005,150		16,694,384
Amounts receivable on issue of shares	4,401,069		4,207,965	
Amounts payable on cancellation of shares	(1,247,122)		(251,985)	
		3,153,947		3,955,980
Change in net assets attributable to shareholders from investment activities		(760,809)		2,954,085
Retained distributions on accumulation shares		455,759		400,701
Closing net assets attributable to shareholders		26,854,047		24,005,150

Balance sheet
as at 31 December 2020

	Notes	2020	2019
		£	£
Assets:			
Fixed assets:			
Investments		23,194,870	20,377,978
Current assets:			
Debtors	7	399,931	96,048
Cash and bank balances	8	3,300,438	3,576,435
Total assets		26,895,239	24,050,461
Liabilities:			
Creditors:			
Distribution payable		(6,190)	(5,524)
Other creditors	9	(35,002)	(39,787)
Total liabilities		(41,192)	(45,311)
Net assets attributable to shareholders		26,854,047	24,005,150

Notes to the financial statements

for the year ended 31 December 2020

1. Accounting policies

   The accounting policies are disclosed on pages 14 to 16.

2. Net capital (losses) / gains

	2020	2019
	£	£
Non-derivative securities - realised gains	105,101	161,812
Non-derivative securities - movement in unrealised (losses) / gains	(865,802)	2,759,237
Capital special dividend	770	33,868
Transaction charges	(915)	(842)
Total net capital (losses) / gains	(760,846)	2,954,075

3. Revenue

	2020	2019
	£	£
UK revenue	313,799	325,507
Unfranked revenue	78,560	63,717
Overseas revenue	130,563	122,727
Interest on debt securities	232,960	149,506
Bank and deposit interest	85	197
Stock dividends	5,512	-
Total revenue	761,479	661,654

4. Expenses

	2020	2019
	£	£
Payable to the ACD and associates		
Annual management charge	45,000	45,000
Investment management fees	236,944	201,426
Registration fees	6,369	5,977
	288,313	252,403
Payable to the Depositary		
Depositary fees	9,000	9,000
Other expenses:		
Audit fee	6,300	6,330
Non-executive directors' fees	622	796
Safe custody fees	813	656
FCA fee	340	259
KIID production fee	571	571
	8,646	8,612
Total expenses	305,959	270,015

Notes to the financial statements (continued)
for the year ended 31 December 2020

5. Taxation

	2020	2019
	£	£
a. Analysis of the tax charge for the year		
Overseas tax withheld	-	264
Total taxation (note 5b)	-	264

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2019: lower) than the standard rate of UK corporation tax for an authorised collective investment scheme of 20% (2019: 20%). The differences are explained below:

	2020	2019
	£	£
Net revenue before taxation	455,520	391,639
Corporation tax @ 20%	91,104	78,328
Effects of:		
UK revenue	(63,862)	(65,101)
Overseas revenue	(22,018)	(20,381)
Overseas tax withheld	-	264
Excess management expenses	-	7,154
Utilisation of excess management expenses	(5,224)	-
Total taxation (note 5a)	-	264

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 £13,116 (2019: £18,340).

6. Distributions

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

	2020	2019
	£	£
Interim income distribution	5,354	-
Interim accumulation distribution	203,951	210,162
Final income distribution	6,190	5,524
Final accumulation distribution	251,808	190,539
	467,303	406,225
Equalisation:		
Amounts deducted on cancellation of shares	8,594	1,169
Amounts added on issue of shares	(20,414)	(16,029)
Total net distributions	455,483	391,365
Reconciliation between net revenue and distributions:		
Net revenue after taxation per Statement of total return	455,520	391,375
Undistributed revenue brought forward	13	3
Undistributed revenue carried forward	(50)	(13)
Distributions	455,483	391,365

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

Notes to the financial statements (continued)
for the year ended 31 December 2020

7. Debtors

	2020	2019
	£	£
Amounts receivable on issue of shares	305,000	79,428
Accrued revenue	93,517	-
Accrued capital special dividend	-	15,500
Recoverable overseas withholding tax	1,065	1,065
Prepaid expenses	92	55
Recoverable income tax	257	-
Total debtors	399,931	96,048

8. Cash and bank balances

	2020	2019
	£	£
Total cash and bank balances	3,300,438	3,576,435

9. Other creditors

	2020	2019
	£	£
Amounts payable on cancellation of shares	-	4,849
Accrued expenses:		
Payable to the ACD and associates		
ACD's periodic charge	3,811	3,945
Investment management fees	22,082	20,661
Registration fees	1,250	2,521
	27,143	27,127
Other expenses:		
Depositary fees	762	789
Safe custody fees	137	117
Audit fee	6,300	6,330
Non-executive directors' fees	408	398
Transaction charges	252	177
	7,859	7,811
Total accrued expenses	35,002	34,938
Total other creditors	35,002	39,787

10. Commitments and contingent liabilities

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

11. Share types

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

	A Income
Opening shares in issue	516,261
Closing shares in issue	516,261

	A Accumulation
Opening shares in issue	17,857,435
Total shares issued in the year	3,678,991
Total shares cancelled in the year	(1,114,032)
Closing shares in issue	20,422,394

Notes to the financial statements (continued)

for the year ended 31 December 2020

11. Share types (continued)

For the year ended 31 December 2020, the annual management charge for the A Income and A Accumulation share types is 1.19%.

The annual management charge includes the ACD's periodic charge and the Investment Management fees.

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

On the winding up of a sub-fund all the assets of the sub-fund will be realised and apportioned to the share classes in relation to the net asset value on the closure date. Shareholders will receive their respective share of the proceeds, net of liabilities and the expenses incurred in the termination in accordance with the FCA regulations. Each types of share has the same rights on winding up.

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.

13. Events after the balance sheet date

Subsequent to the year end, the net asset value per A Income share has increased from 124.9p to 133.0p and the A Accumulation share has increased from 128.3p to 136.7p as at 27 April 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		Financial transaction tax		Purchases after transaction costs
2020	£	£	%	£	%	£	%	£
Equities	3,694,650	2,544	0.07%	9,038	0.24%	-	-	3,706,232
Bonds*	929,105	-	-	-	-	-	-	929,105
Total	4,623,755	2,544	0.07%	9,038	0.24%	-	-	4,635,337

* No direct transaction costs were incurred in these transactions.

Notes to the financial statements (continued)

for the year ended 31 December 2020

14. Transaction costs (continued)

a Direct transaction costs (continued)

2019	Purchases before transaction costs	Commission		Taxes		Financial transaction tax		Purchases after transaction costs
	£	£	%	£	%	£	%	£
Equities	2,794,886	3,133	0.11%	9,395	0.33%	1	0.00%	2,807,415
Bonds*	1,392,120	-	-	-	-	-	-	1,392,120
Total	4,187,006	3,133	0.11%	9,395	0.33%	1	0.00%	4,199,535

* No direct transaction costs were incurred in these transactions.

Capital events amount of £8,845 (2019: £nil) is excluded from the total purchases as there were no direct transaction costs charged in these transactions.

2020	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£
Equities	164,184	(10)	0.01%	-	-	-	-	164,174
Bonds*	301,150	-	-	-	-	-	-	301,150
Total	465,334	(10)	0.01%	-	-	-	-	465,324

2019	Sales before transaction costs	Commission		Taxes		Financial transaction tax		Sales after transaction costs
	£	£	%	£	%	£	%	£
Equities	427,700	(360)	0.08%	(10)	0.00%	-	-	427,330
Bonds*	457,000	-	-	-	-	-	-	457,000
Total	884,700	(360)	0.08%	(10)	0.00%	-	-	884,330

* No direct transaction costs were incurred in these transactions.

Capital events amount of £600,738 (2019: £622,749) is excluded from the total sales as there were no direct transaction costs charged 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:

2020	£	% of average net asset value
Commission	2,554	0.01%
Taxes	9,038	0.04%

2019	£	% of average net asset value
Commission	3,493	0.02%
Taxes	9,405	0.04%
Financial transaction tax	1	0.00%

Notes to the financial statements (continued)

for the year ended 31 December 2020

14. Transaction costs (continued)

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 1.73% (2019: 1.07%).

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.

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 element of the portfolio of investments which is exposed to this risk is equities which are disclosed in the Portfolio statement.

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 31 December 2020, 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 £888,358 (2019: £785,040).

(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. 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:

	Financial instruments and cash holdings	Net debtors and creditors	Total net foreign currency exposure
2020	£	£	£
Euro	-	1,007	1,007
Total foreign currency exposure	-	1,007	1,007

Notes to the financial statements (continued)

for the year ended 31 December 2020

15. Risk management policies (continued)

(ii) Currency risk (continued)

2019	Financial instruments and cash holdings £	Net debtors and creditors £	Total net foreign currency exposure £
Euro	-	953	953
Total foreign currency exposure	-	953	953

At 31 December 2020, 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 (2019: £48).

(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 and interest bearing securities.

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

The value of interest bearing securities may be affected by changes in the interest rate environment, either globally or locally.

At 31 December 2020, if interest rates increased or decreased by 25 basis points, with all other variables remaining constant, then the net assets attributable to shareholders of the sub-fund would increase or decrease by approximately £91,806 (2019: £28,374).

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.

The interest rate risk profile of financial assets and liabilities at the balance sheet date is as follows:

2020	Variable rate financial assets £	Variable rate financial liabilities £	Fixed rate financial assets £	Non-interest bearing financial assets £	Non-interest bearing financial liabilities £	Total £
Euro	-	-	-	1,007	-	1,007
UK sterling	5,205,314	-	3,522,833	18,166,085	(41,192)	26,853,040
	5,205,314	-	3,522,833	18,167,092	(41,192)	26,854,047

2019	Variable rate financial assets £	Variable rate financial liabilities £	Fixed rate financial assets £	Non-interest bearing financial assets £	Non-interest bearing financial liabilities £	Total £
Euro	-	-	-	953	-	953
UK sterling	5,216,920	-	3,036,687	15,795,901	(45,311)	24,004,197
	5,216,920	-	3,036,687	15,796,854	(45,311)	24,005,150

Notes to the financial statements (continued)

for the year ended 31 December 2020

15. Risk management policies (continued)

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 and issuer 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.

In addition to the interest rate risk, bond investments are exposed to issuer risk which reflects the ability for the bond issuer to meet its obligations to pay interest and return the capital on the redemption date. Change in issuer risk will change the value of the investments and is dealt with further in note 15a. These are made across a variety of industry sectors, and geographical markets, so as to avoid concentrations of credit risk. A breakdown is provided in the Portfolio statement. The credit quality of the debt securities is disclosed in the Portfolio statement.

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.

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.

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.

Notes to the financial statements (continued)

for the year ended 31 December 2020

15. Risk management policies (continued)

d Fair value of financial assets and financial liabilities (continued)

Basis of valuation	Investment assets 2020	Investment liabilities 2020
	£	£
Quoted prices	17,767,161	-
Observable market data	5,427,709	-
Unobservable data*	-	-
	23,194,870	-

Basis of valuation	Investment assets 2019	Investment liabilities 2019
	£	£
Quoted prices	17,227,714	-
Observable market data	3,150,264	-
Unobservable data*	-	-
	20,377,978	-

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

R.E.A. Holdings is included in the portfolio of investments with no value as the exercise price is greater than the ordinary security price.

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 its illiquid nature:

	2020 % of the total net asset value	2019 % of the total net asset value
R.E.A. Holdings	-	-
Total	-	-

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.

In the year there was direct exposure to derivatives. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the sub-fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in the sub-fund at any given time and may not exceed 100% of the net asset value of the property of the sub-fund.

In the year the sub-fund had exposure to derivatives embedded in convertible bonds. On a daily basis, exposure is calculated in UK sterling using the commitment approach with netting applied where appropriate. The total global exposure figure is divided by the net asset value of the sub-fund to calculate the percentage global exposure. Global exposure is a risk mitigation technique that monitors the overall commitment to derivatives in a sub-fund at any given time and may not exceed 100% of the net asset value of the property of the sub-fund.

Notes to the financial statements (continued)

for the year ended 31 December 2020

15. Risk management policies (continued)

f Derivatives (continued)

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.

(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.

(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.

As at the balance sheet date, the leverage was 100.29%.

(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 the global exposure is as follows:

	Gross exposure value £	% of the total net asset value
Investment		
Convertible Bonds		
AFH Financial Group 4% 30/07/2024	77,823	0.29%
JZ Capital Partners 6% 30/07/2021	15	0.00%

There have been no collateral arrangements in the year.

Distribution table

for the year ended 31 December 2020

Distributions on A Income shares in pence per share

Payment date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.08.20	group 1	interim	1.037	-	1.037	-
30.08.20	group 2	interim	1.037	-	1.037	-
28.02.21	group 1	final	1.199	-	1.199	1.070
28.02.21	group 2	final	1.199	-	1.199	1.070

Distributions on A Accumulation shares in pence per share

Allocation date	Share type	Distribution type	Net revenue	Equalisation	Distribution current year	Distribution prior year
30.08.20	group 1	interim	1.046	-	1.046	1.291
30.08.20	group 2	interim	0.679	0.367	1.046	1.291
28.02.21	group 1	final	1.233	-	1.233	1.067
28.02.21	group 2	final	0.549	0.684	1.233	1.067

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.

Accumulation distributions

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

Interim distributions:

Group 1 Shares purchased before 1 January 2020

Group 2 Shares purchased 1 January 2020 to 30 June 2020

Final distributions:

Group 1 Shares purchased before 1 July 2020

Group 2 Shares purchased 1 July 2020 to 31 December 2020

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 has appointed Heritage Capital Management Limited to provide investment management and related advisory services to the ACD. Heritage Capital Management Limited is paid a monthly fee out of the scheme property of SVS Heritage Investment Fund which is calculated on the total value of the portfolio of investments at the month end. Heritage Capital Management Limited are compliant with the Capital Requirements Directive regarding remuneration and therefore Heritage Capital Management Limited staff are covered by remuneration regulatory requirements.

Further information

Distributions and reporting dates

Where net revenue is available it will be allocated semi-annually on the last day in February (final) and 30 August (interim). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 January	final
	1 July	interim
Reporting dates:	31 December	annual
	30 June	interim

Buying and selling shares - SVS Heritage Balanced Portfolio Fund

The property of the sub-fund is valued at 10pm every business day, and the prices of shares are calculated as at that time with the exception of the last Business Day prior to any bank holiday in England and Wales where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary. 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.

The minimum initial investment in the sub-fund is £10,000 and the minimum subsequent investment is £1,000. The minimum withdrawal is £1,000 provided the minimum value holding of £10,000 is maintained. The ACD reserves the right to terminate holdings where the value is less than £10,000. The ACD may waive the minimum levels at its discretion.

The ACD may impose a charge on the sale of shares to investors which is based on the amount invested by the prospective investor. The preliminary charge is 5% of the value of each share. The ACD may waive the preliminary charge wholly or partially at its discretion.

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

Benchmark

Shareholders may also compare the performance of the sub-fund against UK Consumer Price Index. The ACD has selected this comparator benchmark as it reflects the absolute returns above inflation.

The benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

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

Andrew Baddeley - appointed 12 March 2021
Brian McLean
David Cobb
James Gordon
Kevin Stopps

Independent Non-Executive Directors of the ACD

Dean Buckley
Linda Robinson
Victoria Muir

Non-Executive Directors of the ACD

Paul Wyse

Investment Manager

Heritage Capital Management Limited
Broadway House
Tothill Street
London SW1H 9NQ
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

Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen AB10 1YL