

S&W CH Special Mandates Fund

Interim Short Report

for the six months ended 31 March 2013

Contents

Page

Authorised Corporate Director's report

2

Sub-funds

- The Tenax Fund

4

- Deep Value Investments Fund

9

Appointments

13

S&W CH Special Mandates Fund

Authorised Corporate Director's report

The Authorised Corporate Director ("ACD") presents herewith the Interim Short Report ("the Report") for S&W CH Special Mandates Fund ("the Company") for the six months ended 31 March 2013.

Sub-funds

There are currently two sub-funds available in the Company:

The Tenax Fund - A accumulation shares
 - B accumulation shares

Deep Value Investments - accumulation shares

Risk disclosure

The main risks which may affect the assets and liabilities of the sub-funds, either directly or indirectly through their underlying holdings, are market risk, liquidity risk, credit risk and fair value of financial assets and financial liabilities. The ACD has processes in place to mitigate these risks.

The ACD monitors the investment activity of the Investment Adviser to ensure the investment activity is consistent with the investment objectives and the investment and borrowing powers which are laid out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities and their fair value.

For further information please refer to the Prospectus or the Interim Long Report.

More information about the activities and performance of the sub-funds for this period and previous periods can be obtained from the ACD.

The Prospectus and the Simplified Prospectus are available free of charge from the ACD.

The Interim Long Report is available on request from the ACD.

Investment objective and policy

The investment objectives and policy of each sub-fund is disclosed within the Investment Adviser's report of the individual sub-funds.

Distributions and reporting dates

Where net revenue is available it will be allocated semi-annually on 31 May (interim) and 30 November (final). In the event of a distribution, shareholders will receive a tax voucher.

XD dates:	1 October	final
	1 April	interim
Reporting dates:	30 September	annual
	31 March	interim

Shareholders will receive a short report within four months of the annual reporting date and within two months of the interim reporting date.

Buying and selling shares

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

	Minimum initial investment and minimum holding value	Minimum subsequent investment
The Tenax Fund:		
A accumulation shares	£50,000	£50,000
B accumulation shares	£1,000,000	£1,000,000
Deep Value Investments Fund:		
Accumulation shares	£5,000	£1,000

Prices of shares and the estimated yield of the sub-funds are published on the following website: www.fundlistings.com or may be obtained from the ACD by calling 0141 222 1150.

Management charges

The Tenax Fund:

When purchasing shares there is a preliminary charge of 5% of the value of each share.

The annual management charge is currently 1.25% for A accumulation shares and 0.875% for B accumulation shares.

The annual management charge includes the ACD's periodic charge and the Investment Adviser's fee.

The performance fee is 15% of outperformance of LIBOR plus 200 basis points for A accumulation shares and 15% of outperformance of LIBOR plus 250 basis points for B accumulation shares.

Authorised Corporate Director's report (continued)

Management charges (continued)

Deep Value Investments Fund:

When purchasing shares there is a preliminary charge of 5% of the value of each share.

The annual management charge is currently 1.25% per annum. There is presently one share class available - accumulation shares.

The annual management charge includes the ACD's periodic charge and the Investment Adviser's fee.

Changes affecting the Company in the period

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

The Tenax Fund

Investment Adviser's report

Investment objective and policy

The sub-fund is a multi asset class fund with an absolute return objective, which will apply in all market conditions. The sub-fund may invest in the following asset classes: transferable securities (including fixed interest securities, government securities, equities, and holdings in quoted funds and quoted property companies), money market instruments, units in collective investment schemes (including interests in hedge funds), derivatives and forward transactions, and cash deposits. The portfolio will be broadly diversified with limits on exposure to different asset classes wherever possible seeking low correlation of returns between these classes.

Derivatives may be employed in the pursuit of the investment objectives of the sub-fund for both investment purposes and for the purposes of efficient portfolio management. Using derivatives and forward transactions for investment purposes may increase the volatility of a sub-fund and increase or reduce the risk profile of a sub-fund.

The sub-fund will not invest directly in immovables or gold.

Investment performance

Performance over six months*	28/03/2013	28/09/2012	Change
The Tenax Fund 'A'	129.06	121.66	6.10%
The Tenax Fund 'B'	131.34	123.64	6.20%
Annual Volatility**	3.00%		

* Percentage change in bid price of accumulation shares

** Volatility is the annual standard deviation of monthly returns expressed as a percentage.

Over this period, the 3 month London Interbank Offered Rate (LIBOR), has varied from a high point of 0.592% at the beginning of the period, falling steadily to a March low of 0.507%.

Investment activities

We were not particularly active in the portfolio over the final calendar quarter of 2012 but there was a significant change in the reduction in total exposure to fixed interest from 31% in September to 26% at the end of December. Gone from the fixed interest area are the London Stock Exchange Group 9.125% 18/10/2019, the RSA Insurance Group 6.701% Perpetual and three of the zero dividend preference issues: Electra Private Equity Preference Shares, Ecofin Water & Power Opportunities Preference Shares and JP Morgan Private Equity Non-Cumulative Preference Share.

During the first three months of 2013, we added three new floating rate note ('FRN') holdings to the portfolio: Australia & New Zealand Banking Group 0.77563% 04/02/2016, JPMorgan Chase & Co 1.05125% 30/05/2017 and Sumitomo Mitsui Banking 1.05688% 18/03/2016. For anyone unfamiliar with FRNs, these pay a rate of interest that is linked to a market rate such as (the infamous) LIBOR. For example, the Swedbank 1.15563% 06/11/2015 FRN that we hold pays LIBOR plus 0.65%, currently a total of 1.2%, if rates (ever) go up again then the rate we get 'floats' up with LIBOR. The important point being that the capital value of these bonds will not suffer in the way that a bond that pays a fixed rate of interest would in the event of an increase in rates generally.

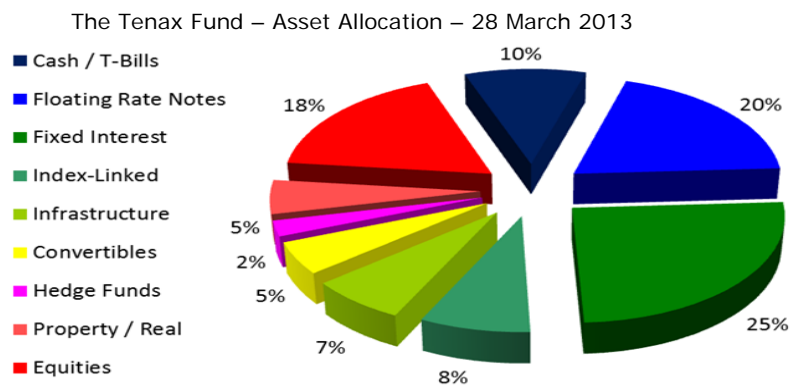
The asset allocation of the sub-fund is shown below and the top fifteen holdings. The portfolio is as diverse as ever, something that is best illustrated by the pie chart. The floating rate notes' slice of the pie has grown again, adding further caution to the low-volatility spread that is in place. Equity exposure in the sub-fund is a touch lower following sales of Schroder Japan Growth Fund and Church House Investment Deep Value, though we did add to the holding of RIT Capital Partners early in March when this stock appeared to be unduly depressed. We have recently switched part of the private equity exposure, taking the profit on Electra Private Equity (we retain the Electra convertible stock) and re-investing in Graphite Enterprise Trust. Among the fixed interest holdings, we sold the Anglian Water Osprey Financing 7% 31/01/2018 stock and acquired a new holding in Electra Private Equity 5% 29/12/2017 Convertible.

Top 15 as at 28 March 2013	
European Investment Bank 0.61% 19/02/2015	3.60%
Network Rail Infrastructure Finance Index Linked 1.75% 22/11/2027	2.90%
Berkshire Hathaway 'B'	2.40%
BH Global	2.40%
S&W Church House Investment Grade Fixed Interest Fund	2.20%
Caledonia Investments	2.00%
RIT Capital Partners	2.00%
Commonwealth Bank of Australia 1.20438% 20/01/2014	1.80%
Australia & New Zealand Banking Group 0.77563% 04/02/2016	1.80%
Kreditanstalt fuer Wiederaufbau 0.60688% 09/03/2015	1.80%
Sumitomo Mitsui Banking 1.05688% 18/03/2016	1.80%
HIICL Infrastructure	1.80%
John Laing Infrastructure Fund	1.70%
International Public Partnerships	1.60%
Graphite Enterprise Trust	1.50%

Investment Adviser's report (continued)

Investment strategy and outlook

The Tenax multi-asset-class portfolio seeks absolute returns at a low level of volatility. In pursuit of this, we continue to hold a diverse portfolio of investments across asset classes. The pie chart shows the disposition among the asset classes at the end of the period:



Church House Investments Limited
April 2013

Comparative table

Number of shares in issue	31.03.13	30.09.12	30.09.11	30.09.10
A accumulation	10,126,414	9,460,796	7,898,888	7,244,727
B accumulation	11,418,942	11,478,693	10,834,703	11,466,693
Net Asset Value (NAV)	£	£	£	£
Total NAV of Fund	27,965,410	25,558,464	21,742,535	21,632,740
NAV attributable to A accumulation shareholders	13,022,032	11,459,116	9,095,881	8,323,311
NAV attributable to B accumulation shareholders	14,943,378	14,099,348	12,646,654	13,309,429
Net asset value per share (based on bid value)	p	p	p	p
A accumulation	128.6	121.1	115.2	114.9
B accumulation	130.9	122.8	116.7	116.1

Shares were first issued on 22 November 2007.

Performance record

Calendar year		Distribution per share p	Highest price p	Lowest price p
2008	A accumulation	2.379	102.3	93.7
2008	B accumulation	2.673	102.6	94.1
2009	A accumulation	1.509	106.4	92.3
2009	B accumulation	1.878	107.1	92.8
2010	A accumulation	1.514	118.2	108.0
2010	B accumulation	1.823	119.6	108.8
2011	A accumulation	1.580	120.9	109.7
2011	B accumulation	2.010	122.5	111.0
2012	A accumulation	2.107	124.2	116.2
2012	B accumulation	2.446	126.3	117.9
2013*	A accumulation	0.984	129.1	124.0
2013*	B accumulation	1.182	131.5	126.1

* to 31 March 2013

On 31 May 2013 a distribution of 0.984p per share will be allocated to A accumulation shareholders and 1.182p per share allocated to B accumulation shareholders.

Distributions in the period and prior period

A accumulation	Allocation date 31.05.13	p 0.984	Allocation date 31.05.12	p 0.785
B accumulation	Allocation date 31.05.13	p 1.182	Allocation date 31.05.12	p 0.975

Total expense ratio (TER)

The total expense ratio provides investors with a clearer picture of the total annual costs in running a collective investment scheme. The TER consists principally of the ACD's periodic charge and Investment Adviser's fee which are included in the annual management charge, but also includes the costs for other services paid.

The Fund has invested in collective investment schemes and the expenses incurred by these schemes in relation to the Fund are included in the TER net of any rebate arrangements. This is known as 'Synthetic TER'.

A accumulation	31.03.13 [^]	30.09.12
Annual management charge	1.20%	1.19%
Other expenses	0.08%	0.10%
Synthetic TER	0.07%	0.08%
Total expense ratio	1.35%	1.37%

[^] annualised based on the expenses incurred during the period 1 October 2012 to 31 March 2013.

Comparative table (continued)

Total expense ratio (TER) (continued)

B accumulation	31.03.13 [^]	30.09.12
Annual management charge	0.84%	0.84%
Other expenses	0.09%	0.11%
Synthetic TER	0.07%	0.08%
Total expense ratio	1.00%	1.03%

[^] annualised based on the expenses incurred during the period 1 October 2012 to 31 March 2013.

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

Portfolio information

The following tables show the percentage of the sub-fund's assets and liabilities by investment and geographical classification at the end of the current period and prior year, and the major ten holdings in the sub-fund at the end of the current period and prior year.

Investment classification

Investment type	Percentage of the total net assets as at 31.03.13	Percentage of the total net assets as at 30.09.12
Debt securities:		
AAA to AA*	13.65%	13.81%
AA- to A+*	7.80%	3.74%
A to A-*	7.80%	9.09%
BBB+ to BBB*	9.21%	8.14%
BBB- and unrated*	12.96%	12.87%
Equities	32.26%	34.02%
Collective Investment Schemes	5.58%	7.33%
	89.26%	89.00%
Other net assets	10.74%	11.00%
Total net assets	100.00%	100.00%

*Grouped by credit rating and sourced from FT Interactive Data and Bloomberg.

Geographical classification

Region	Percentage of the total net assets as at 31.03.13	Percentage of the total net assets as at 30.09.12
Debt securities		
Denominated in UK sterling	47.01%	45.13%
Denominated in US dollar	4.41%	2.52%
Equities - United Kingdom	27.82%	30.37%
Equities - Europe	1.72%	1.52%
Equities - North America	2.72%	2.13%
UK Authorised Collective Investment Schemes	2.20%	2.35%
Offshore Collective Investment Schemes	3.38%	4.98%
	89.26%	89.00%
Other net assets	10.74%	11.00%
Total net assets	100.00%	100.00%

Major ten holdings at the end of the current period

Holding	Percentage of the total net assets as at 31.03.13
European Investment Bank 0.61% 19/02/2015	3.57%
Network Rail Infrastructure Finance Index Linked 1.75% 22/11/2027	2.87%
Berkshire Hathaway 'B'	2.44%
BH Global	2.37%
S&W Church House Investment Grade Fixed Interest Fund	2.20%
RIT Capital Partners	1.97%
Caledonia Investments	1.96%
Commonwealth Bank of Australia 1.20438% 20/01/2014	1.79%
Australia & New Zealand Banking Group 0.77563% 04/02/2016	1.79%
Kreditanstalt fuer Wiederaufbau 0.60688% 09/03/2015	1.79%

Major ten holdings as at the end of the prior year

Holding	Percentage of the total net assets as at 30.09.12
European Investment Bank 0.79875% 19/02/2015	3.89%
Network Rail Infrastructure Finance Index Linked 1.75% 22/11/2027	2.83%
BH Global	2.47%
S&W Church House Investment Grade Fixed Interest Fund	2.35%
Berkshire Hathaway 'B'	2.13%
Commonwealth Bank of Australia 1.48338% 20/01/2014	1.97%
Kreditanstalt fuer Wiederaufbau 0.77563% 09/03/2015	1.95%
RIT Capital Partners	1.79%
Church House Investment Deep Value	1.76%
Caledonia Investments	1.74%

Deep Value Investments Fund

Investment Adviser's report

Investment objective and policy

Long-term capital growth from a concentrated portfolio of equity investments; income distributions (if any) are likely to be low. Over the long-term, the objective is to provide positive returns irrespective of the UK equity market; no attempt will be made to track, or perform relative to, the UK equity market.

The sub-fund will invest in the shares of companies that exhibit 'deep value' characteristics i.e. that exhibit balance sheet strength relative to their market capitalisation. To provide a margin of safety, the sub-fund seeks to identify companies that have traded profitably in the past and can realistically be expected to be able to return to profitability.

The sub-fund will have a concentrated portfolio; the number of investments is unlikely to exceed thirty at any one time. During periods when no suitable investments are identified the sub-fund may be substantially liquid for sustained periods; such liquidity may be maintained in cash deposits, UK Treasury bills and other short-dated UK Government securities.

The sub-fund will not invest more than 7% of its total assets in the securities of any one company or group at the time the investment is made. Primarily it will consider investment opportunities in companies admitted to trading on the London Stock Exchange and AIM, but up to 30% of total assets may also be invested in companies listed overseas, principally in Western Europe and North America. No more than 10% of the sub-fund's total assets may be invested in collective investment schemes.

The sub-fund will, at all times, invest and manage its assets in a manner that is consistent with spreading investment risk and in accordance with its published investment policy.

It is the ACD's intention that derivatives and forward transactions will only be used for efficient portfolio management. The sub-fund may use derivatives and forward transactions for investment purposes on the giving of 60 days' notice to shareholders. The use of derivatives for investment purposes may alter the risk profile of the sub-fund.

Investment performance

Performance [^] :	28/03/2013	28/09/2012	Change
Deep Value Investments Fund	110.6	95.39	15.90%

Percentage change in bid price of income shares (excludes income)

[^] Source: Bloomberg

Investment activities

Over the final calendar quarter of 2012, London Capital Group Holding was added to the portfolio. This financial services company had seen its share price slide from over 350p in 2008 to levels around 37p, yet it has remained profitable and has a strong balance sheet. A trading update from the company, reporting subdued activity and a loss in the third quarter, knocked their shares and provided the opportunity.

Tanfield had to withdraw their IPO (Initial Public Offering) of Smiths Electric Vehicles, their electric vehicle subsidiary, in America. Concerned that they might now require further cash to fund their operations we have sold this holding. After a meeting with the Chief Financial Officer of Promethean World we have added to this holding.

There were positive announcements from French Connection, MJ Gleeson Group, PV Crystalox Solar and Record. French Connection announced that recent initiatives will have a positive impact on group profitability over the next two financial years. MJ Gleeson Group commented that they remain confident that the foundations for a strong and sustainable improvement in performance had been put in place. PV Crystalox Solar announced that they are looking to return cash to shareholders. Record's half-year report highlighted the gaining of new clients and further growth in cash balances.

Investment Adviser's report (continued)

Investment activities (continued)

The principal holdings in Deep Value Investments Fund's portfolio at the end of the period are shown below. These constitute the bulk of the portfolio; as always, it is highly concentrated (nineteen investments at the end of March). The holding in UK Treasury 8% 27/09/13 is there as a cash alternative, not a change in policy.

Top 15 as at 28 March 2013	
UK Treasury 8% 27/09/13	14.21%
M J Gleeson	9.30%
Record	8.78%
Barratt Developments	7.49%
PV Crystalox Solar	5.48%
London Capital Group	5.27%
Mallett	4.94%
East West Resources	4.72%
Bloomsbury Publishing	4.53%
Shaft Sinkers Holdings	4.39%
French Connection	4.21%
JKX Oil & Gas	3.33%
Norcon	2.55%
BP Marsh & Partners	2.43%
Promethean World	0.95%

Gone from the list altogether is Moss Bros, whose shares had risen strongly and reached 'priced to perfection' levels. BP Marsh & Partners stock rose after announcing the partial sale of Hyperion Insurance (the main reason why we had bought the stock), so we are now selling this holding. Following these sales, cash in hand stands at 16% plus the Treasury holding.

New to the portfolio is the delightfully named Shaft Sinkers Holdings, who construct vertical and incline shafts for mines and infrastructure projects.

We have also established new holdings in Pilat Media Global, Emblaze and Camellia but, so far, these are small positions to be added to if we get the opportunity.

London Capital Group Holdings (LCG's) has been what can best be described as volatile over the first quarter. Having initiated this position late in 2012 we added further to it in January; in February they announced that they were in discussions with several potential suitors and the shares jumped. These take-over talks were then terminated and the stock fell back again. Subsequently, we met LCG's management and came away with the view that it remains an interesting investment.

PV Crystalox Solar announced that they would return some of their cash to shareholders in June. At the level indicated this should equate to the price Deep Value Investments Fund paid for the stock; so we hope to be left with a debt-free company that should return to profitability in due course. The big American solar company, First Solar, has just released better than expected figures, so maybe this is not too distant a prospect.

Investment strategy and outlook

The strategy for the sub-fund is unchanged. The aim is to invest in companies which exhibit 'deep value' characteristics, where the market value of the company has sunk below realistic valuations, ideally below the value of their working capital, referred to as a net-net valuation. We also consider companies trading at a discount to net asset value.

Up to 30% of the portfolio may also be invested overseas in other Organisation for Economic Co-operation and Development (OECD) economies, meaning, in practise, the major European markets and North America. We are currently researching some American companies that may meet our criteria.

Church House Investments Limited
April 2013

Comparative table

Number of shares in issue	31.03.13	30.09.12
Accumulation	8,379,211	7,519,460
Net Asset Value (NAV)	£	£
Accumulation	9,116,714	7,059,880
Net asset value per share (based on bid value)	p	p
Accumulation	108.8	93.89
Quoted prices (based on mid value)	p	p
Accumulation	110.6	95.39

Shares were first issued at 100p on 29 February 2012

Performance record

Calendar year		Distribution per share p	Highest price p	Lowest price p
2012	Accumulation	0.027	107.6	93.86
2013*	Accumulation	-	113.9	106.5

* to 31 March 2013

Distributions in the period

As the expenses exceed the revenue in the period no distribution will be allocated to accumulation shareholders on 31 May 2013.

Total expense ratio (TER)

The total expense ratio provides investors with a clearer picture of the total annual costs in running a collective investment scheme. The TER consists principally of the ACD's periodic charge and Investment Adviser's fee which are included in the annual management charge, but also includes the costs for other services paid.

	31.03.13 [^]	30.09.12
Annual management charge	1.25%	1.25%
Other expenses	0.15%	0.46%
Total expense ratio	<u>1.40%</u>	<u>1.71%</u>

[^] Annualised based on the expenses incurred during the period 1 October 2012 to 31 March 2013.

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

Portfolio information

The following tables show the percentage of the sub-fund's assets and liabilities by investment and geographical classification at the end of the current period and prior year, and the major ten holdings in the sub-fund at the end of the current period and prior year.

Investment classification

Investment type	Percentage of the total net assets as at 31.03.13	Percentage of the total net assets as at 30.09.12
Debt Securities: AAA to AA*	14.21%	0.00%
Equities	70.43%	76.18%
Other net assets	15.36%	23.82%
Total net assets	100.00%	100.00%

*Grouped by credit rating and sourced from FT Interactive Data and Bloomberg.

Geographical classification

Region	Percentage of the total net assets as at 31.03.13	Percentage of the total net assets as at 30.09.12
Debt Securities - denominated in UK sterling	14.21%	0.00%
Equities - United Kingdom	70.43%	76.18%
Other net assets	15.36%	23.82%
Total net assets	100.00%	100.00%

Major ten holdings at the end of the current period

Holding	Percentage of the total net assets as at 31.03.13
UK Treasury 8% 27/09/13	14.21%
MJ Gleeson Group	9.30%
Record	8.78%
Barratt Developments	7.49%
PV Crystalox Solar	5.48%
London Capital Group Holdings	5.27%
Mallett	4.94%
East West Resources	4.72%
Bloomsbury Publishing	4.53%
Shaft Sinkers Holdings	4.39%

Major ten holdings as at the end of the prior year

Holding	Percentage of the total net assets as at 30.09.12
MJ Gleeson Group	10.21%
Mallett	8.27%
Bloomsbury Publishing	6.93%
Moss Brothers	6.80%
Record	6.11%
Barratt Developments	5.97%
East West Resources	5.60%
PV Crystalox Solar	5.30%
Tanfield	5.06%
Norcon	4.14%

Appointments

Authorised Corporate Director ("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

Giles Murphy
Jeremy Boadle
Michael Lea
Gareth Pearce
Kevin Stopps
Paul Wyse
Tim Lyford
Philip Moody
Jocelyn Dalrymple

Investment Adviser

Church House Investments Limited
3 Goldcroft
Yeovil
Somerset BA21 4DQ
Authorised and regulated by the Financial Conduct Authority

Depositary

BNY Mellon Trust & Depositary (UK) Limited
The Bank of New York Mellon Centre
160 Queen Victoria Street
London EC4V 4LA
Authorised and regulated by the Financial Conduct Authority

Auditor

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG