

SVS Church House Investment Grade Fixed Interest Fund

The Authorised Fund Manager of the Fund is: Smith & Williamson Fund Administration Limited

Fund Manager



Jeremy Wharton

Objective and Policy

The Fund is a 100% investment grade bond fund in the IA UK Corporate Bond sector. As a further quality control, the fund will always hold 25%-35% in AAA rated debt. The fund managers maintain a diverse portfolio in excess of 100 holdings and the focus is on high quality issuance which helps to maintain low volatility.

Within the bounds of investing in Investment Grade corporate bonds and UK Government Gilts, the fund is flexible in the underlying duration of its holdings and seeks to protect against both credit and interest rate risk.

Key Information

Bid price, Income / Accumulation	114.1p / 165.5p
Sector	Sterling Corporate Bond
Trust Type	Authorised unit trust / UCITS
Launch Date	December 2000
Dividend Payment	Feb, May, Aug & Nov
Minimum Subscription	£5,000
Yield	2.2%
Management Fee	0.80% OCF 0.84%
Fund Value	£304m
ISIN Number	Inc: GB0004743828 Acc: GB00B11DPK96
SEDOL No.	Inc: 0474382 Acc: B11DPK9

All prices and data in the Fact Sheet are as at 29 June 2018.

All fund performance data is based on the Inc shares and shown after the deduction of fees and charges. Yield data refers to the past 12 months and is based on a bid-basis.

The management fee is 1.25% on the first £25m then 0.80% thereafter.

Ongoing Charges Figure (OCF) based on accounts as at 31/03/2018.

Monthly Commentary

We are running out of adjectives to describe how Trump-like the 'Brexit' process has become: Chequers meetings, resignations, white papers, shameless politicians putting their own interests before those of their country, all amount to still no discernible progress. Despite this, we maintain the view that the UK economy has the strength and durability to weather this, however long it takes and in what form it ends up taking. There are various studies trying to quantify future and present effects of our situation on economic activity, with quite different outcomes, but mostly agreed that the effect is nothing as profound as some had feared.

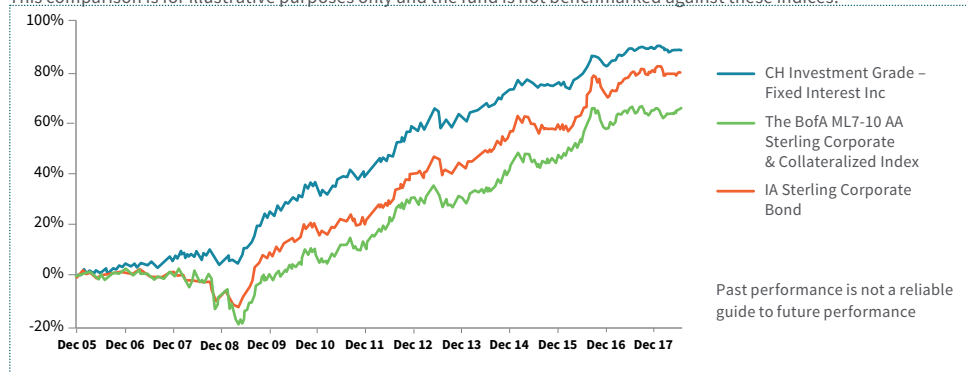
Money market rates have moved to not far off where they were at the end of April, discounting a hike in August so the MPC, again, has an opportunity to begin normalisation without upsetting markets. The opportunity should not be squandered by using the internal squabbles of one political party as an excuse.

Trade wars notched up again to a higher level as tariffs are slapped on back and forth. Trump managed to produce an internal US element to the proceedings threatening an iconic motorcycle manufacturer with penalties if they moved some production offshore to escape tariffs. China is unable to match tariff for tariff due to their trade imbalance with the US (which has emboldened Trump to threaten a tariff on all Chinese goods), but there is the small matter of their holding of \$1 Trillion US Government debt. If they begin to run this down in a meaningful way, this could be painful to the US in a way that would make any upside from a trade war seem negligible. Markets are beginning to get uncomfortable about the extent to which this could escalate and we have seen some volatility as a result.

Away from the limelight, credit markets function efficiently, credit spreads have swung about in a measured way but not enough to be unsettling and, having backed off the January tightness, are sitting at around the average spread for the last five years in both IG and Crossover credits. There have been more tenders for existing debt to be replaced by new, cheaper, termed-out offerings (good corporate management), which has helped underpin activity along with steady primary issuance.

Performance v. UK Indices

This comparison is for illustrative purposes only and the fund is not benchmarked against these indices.



Source: FE Analytics. Net Return Bid-Bid line chart (from 01 December 2005 to 29 June 2018) from UK IA universe.

Performance Summary (%)

	3m	1 yr	3yrs	10yrs
SVS Church House Investment Grade Fixed Interest Inc GTR in GB	0.05	-0.03	8.34	76.08
Sector: IA Sterling Corporate Bond GTR in GB	-0.19	0.58	14.65	83.51
Index: The BofA ML 7 10 Year AA Sterling Corporate & Collateralized TR in GB	0.75	1.18	15.24	69.62

Source: FE Analytics. Gross Total Return (net of fees, gross of tax) Bid-Bid month end (29 June 2018) performance table from UK Investment Association universe.

Calendar Year Total Returns (%)

	YTD	2017	2016	2015	2014	2013	2012
SVS Church House Investment Grade Fixed Interest Inc GTR in GB	-1.18	3.47	5.14	0.74	8.01	1.24	12.40

Source: FE Analytics. Gross Total Return (net of fees, gross of tax) Bid-Bid discrete calendar performance table, of SVS Church House Investment Grade Fixed Interest Fund from UK Investment Association universe.

Church House Investment Management

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Church House Investment Management is the trading name of Church House Investments Limited

Authorised and regulated by the Financial Conduct Authority

www.ch-investments.co.uk

Top Ten Holdings (%)
21.4% of Portfolio

Goldman Sachs Group 7.25% 2028	2.7%	Lloyds 9.375% 2021	2.0%
Bank of America 7% 2028	2.4%	SSE Hybrid 2049	2.0%
Santander Covered FRN 11/2022	2.2%	EIB 06/2023	2.0%
Treasury 4.75% 2020	2.1%	Orange SA Hybrid 2022/49	1.9%
RBS Covered 2020	2.1%	Citigroup 5.15% 2026	1.8%

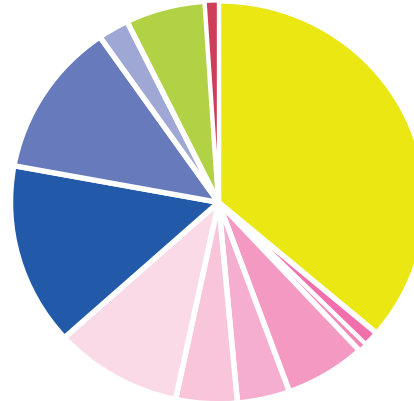
Disposition



Government Guaranteed	3.8%
Supranational	2.6%
Senior / Debenture	29.3%
Senior unsecured	39.9%
Un-subordinated	0.0%
Subordinated	15.1%
Lower tier	3.8%
Preferred & Ordinary	4.4%
Cash	1.0%

Source: Church House, Bloomberg

Rating Split (S&P / equivalent)



AAA	36.3%
AA+	1.2%
AA	0.7%
AA-	6.3%
A+	4.1%
A	4.8%
A-	10.0%
BBB+	14.6%
BBB	12.4%
BBB-	2.4%
Un-rated	6.2%
Cash	1.0%

LEARN MORE ABOUT THIS FUND

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EMAIL: salesupport@church-house.co.uk

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INVESTMENT RISK

Please note that the value of an investment in this fund and the income from it may go down as well as up and you may not get back your original investment. You should also be aware that past performance may not be a reliable guide to future performance.

IMPORTANT INFORMATION

This is a financial promotion for Professional Clients and/or distributors only. This is not intended as investment advice. You should read the Prospectus and the Key Investor Information Document (KIID) for each fund in which you want to invest. The Prospectus and KIID can be found at www.ch-investments.co.uk. All information prepared within has been prepared by Church House Investments Limited, York House, Sherborne, DT9 4JW. Authorised and regulated by the Financial Conduct Authority. This document should not be published in hard copy, electronic form, via the web or in any other medium accessible to the public unless authorised by Church House Investments to do so. No warranty is given as to the accuracy or completeness of this information and no liability is accepted for errors or omissions in such information. This document may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such an offer or solicitation is unlawful or unauthorised. To help us continually improve our service, and in the interest of security, we may monitor and/or record your telephone calls with us.