

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 (XD)	115.9p XD/166.5p
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	2.3%
Management Fee	0.75% OCF 0.81%
Fund Value	£285m
ISIN Number	Inc: GB0004743828 Acc: GB00B11DPK96
SEDOL No.	Inc: 0474382 Acc: B11DPK9

All prices and data in the Fact Sheet are as at 31 October 2017.

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 0.75% thereafter.

Ongoing Charges Figure (OCF) based on accounts as at 30/09/2016.

Monthly Commentary

The MPC duly delivered the expected generational move of 25bps, so we return from the unnecessary double emergency level to our previous emergency level whilst the level of asset purchases is maintained. Apparently, we look forward to one hike each November, I'm not sure the world works like that. The Gilt curve duly flattened to join the US Treasury curve as a central bank 'conundrum', i.e. rates markets remain distorted. The Federal Reserve is attempting to begin to tackle its balance sheet but, despite increasing signs of solid activity across the Eurozone, the ECB has no plans other than to continue to grow theirs. Some good analysis of the 'synchronised global recovery' gives us cause to maintain optimistic forecasts and some have future growth reaching 4%, the highest since 2010.

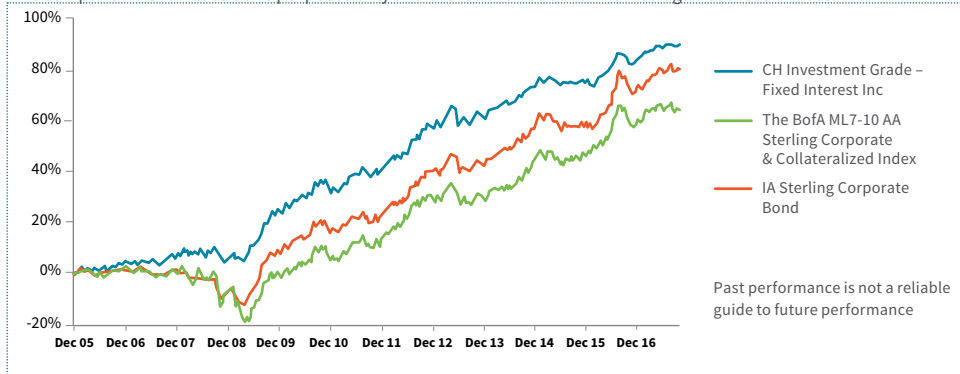
Finally, some volatility appeared in risk assets (helped along by US Tax reform expectations losing a little confidence). The first signs manifested themselves in credit and there was a sudden burst of high yield blow-ups to remind everyone that there is such a thing as credit risk. These casualties, whilst being contained, have significant effects on holders of their risk and the 'easy money' refinancing of anything with a pulse has taken a breather. Credit indices smartly reversed off their tights, but the moves, whilst they felt significant, remain small in the context of how far credit spreads have come, e.g. the Itraxx Main IG index has moved from 72 at the start of the year in to sub-50 and is now trading at c.53.

Capital markets continue to function however, with little pause in the primary market new issuance machine although investors are showing a shade more discernment and are balking at overtight initial prints. Some issues have performed poorly in secondary as a result. There have been a few casualties with issues being pulled both in credit and equity.

The UK political establishment remains in disarray and no progress at all has been made in any area of Brexit negotiations from what I can make out. The clock hasn't stopped and possibly will call time on Theresa May at some point, Labour have shamelessly adopted a 'strong and stable' pose. Thankfully, we have the aforementioned global uplift to bail us out.

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 31 October 2017) from UK IA universe.

Performance Summary (%)

	3m	1 yr	3yrs	10yrs
SVS Church House Investment Grade Fixed Interest Inc GTR in GB	-0.09	3.09	10.65	77.54
Sector: IA Sterling Corporate Bond GTR in GB	0.07	4.45	17.40	76.96
Index: The BofA ML 7 10 Year AA Sterling Corporate & Collateralized TR in GB	-0.47	3.32	17.01	61.64

Source: FE Analytics. Gross Total Return (net of fees, gross of tax) Bid-Bid month end (31 October 2017) performance table from UK Investment Association universe.

Calendar Year Total Returns (%)

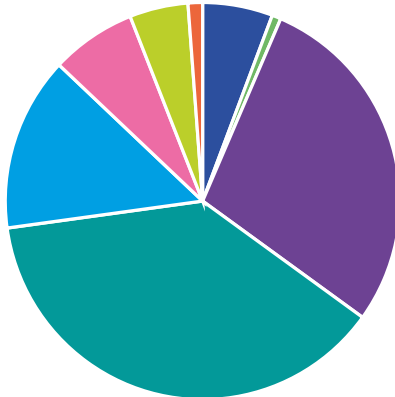
	YTD	2016	2015	2014	2013	2012
SVS Church House Investment Grade Fixed Interest Inc GTR in GB	2.83	5.14	0.74	8.01	1.24	12.40

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.

Top Ten Holdings (%)
18.8% of Portfolio

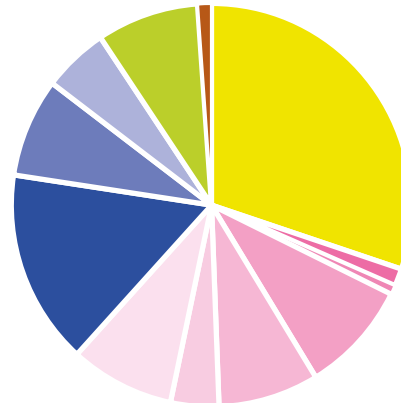
Goldman Sachs Group 7.25% 2028	2.5%	RBC GBP 10yr CMS RC	1.8%
RBS Covered 2020	2.2%	Lloyds FRN 2020	1.8%
BAA Funding LTD Class B 6% 2020	2.0%	ABN Amro Bank FRN 2018	1.8%
AP Moller-Maersk 4% 2025	1.9%	Citigroup 5.15% 2026	1.6%
Barclays Bank 10% 2021	1.8%	Treasury 4H 2019	1.5%

Disposition



Government Guaranteed	4.4%
Supranational	0.7%
Senior / Debenture	29.2%
Senior unsecured	38.8%
Un-subordinated	0.0%
Subordinated	13.7%
Lower tier	7.2%
Preferred & Ordinary	4.7%
Cash	1.1%

Rating Split (S&P / equivalent)



AAA	31.8%
AA+	1.3%
AA	0.7%
AA-	7.4%
A+	7.3%
A	3.7%
A-	9.7%
BBB+	15.5%
BBB	9.0%
BBB-	5.6%
Un-rated	6.8%
Cash	1.1%

Source: Church House, Bloomberg

LEARN MORE ABOUT THIS FUND

CALL: 0207 534 9877 and speak to our Sales Support Team
EMAIL: salesupport@church-house.co.uk

CALL: 0207 534 9879 for our Sales Director, Sam Liddle
EMAIL: s.liddle@church-house.co.uk

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

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