

SVS Church House Tenax Absolute Return Strategies Fund

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

Fund Managers



James Mahon



Jeremy Wharton

Objective and Policy

Tenax has an absolute return objective, aiming to achieve positive returns over rolling twelve-month periods at low levels of volatility. Capital invested in the Fund is at risk, there is no guarantee that a positive return will be achieved over a rolling twelve-month, or any other, period. The portfolio is diverse across asset classes; investments are principally direct (it is not a fund-of-funds) but other funds may be held to provide further diversification. The benchmark for the Fund is three-month £ LIBOR. Capital preservation is key; the Fund is prepared to hold high proportions in cash and other low-risk assets.

Key Information

A Share Class Min. investment £5,000
Management fee 1.21%
OCF 1.27%

B Share Class For investment advisers and intermediaries only
Management fee 0.85%
OCF 0.91%
Inc shares SEDOL: BNGY2T9
Inc shares ISIN: GB00BNGY2T93
Acc shares SEDOL: B28KSK1
Acc shares ISIN: GB00B28KSK12

B Share Price 159.4p (Acc)

Sector Targeted Absolute Return

Trust Type OEIC – Non-UCITS Retail Scheme

Launch Date November 2007

Dividend Payment May & November

Yield 0.80% (B Acc)

Fund Value £178m

All prices and data in the Fact Sheet are as at 29 December 2017.

All fund performance data is based on the B Acc shares and shown after the deduction of fees and charges. Yield data refers to the past 12 months.

Ongoing Charges Figure (OCF) based on accounts as at 30/09/2017.

Monthly Commentary

The Tenax Absolute Return Fund ended the year on a quietly upbeat note, recording its sixth straight year of positive returns. November 2017 marked the ten-year anniversary for the Fund and we are pleased with the low volatility returns that it has achieved over the period. On our preferred measure of positive rolling annual returns, the Fund has an 86.4% success rate since inception and volatility has remained low throughout. We look forward to the next ten years!

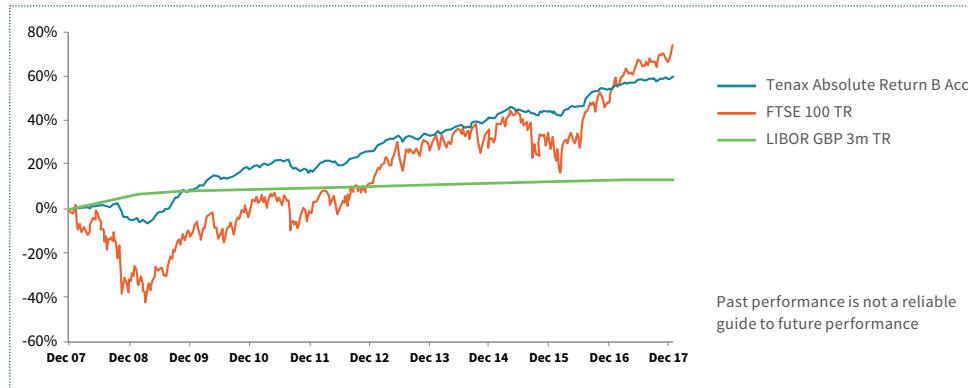
2017 was not always easy for an absolute return fund as interest rates across the yield spectrum sank to new lows and, in a number of markets, moved into negative-return territory. The turn of the year does appear to be heralding a (long overdue) re-think by some central banks and rates are picking up, let's hope that this continues. UK ten-year rates twice slipped below 1% during the summer and early autumn; now trading over 1.3%, the risk remains that they are still much too low. US ten-year rates are the ones to watch as 2018 gets going, they have moved back over 2.5%, much further and pundits will be declaring the end of the bull market for bonds.

Eurozone ten-year rates have picked-up with the bund yield back above 0.5%. Quite why there should be strong demand for new twenty-year Italian bonds as we head for an uncertain Italian election in March is a mystery. Two-year rates are still resolutely negative across the eurozone despite euro strength (building into the New Year), economic growth and a distinct change in tone from the ECB, nuts. At his most recent press conference, ECB President, Mario Draghi, pointedly and repeatedly referred to economic expansion rather than recovery: "We haven't used the word recovery, we use the word expansion".

Tenax is a multi-asset class fund and, just as low/negative bond yields have presented a conundrum, so have many of the higher-risk asset classes such as equities. There have been numerous occasions during the year when geo-political, UK political and corporate moves have pointed to a likely correction in equity markets. But despite this, volatility has remained low and there have not been any significant drops. With hindsight, we could have maintained a slightly higher-risk profile, but this was not obvious at the time! 2017 was a year when sticking to our principles was tested repeatedly, 2018 just might be shaping-up to a more interesting mix. Happy New Year!

Performance (B Shares) v. UK Indices (and other)

The comparison to FTSE 100 TR is for illustrative purposes only and the fund is not benchmarked against this index.



Source: FE Analytics. Total Return Nav-Nav line chart (from 01 December 2007 to 29 December 2017) from UK IA universe.

Performance Summary (%)

	3m	1 yr	3yrs	5yrs
SVS Church House Tenax Absolute Return Strategies B Acc	0.63	2.71	12.54	26.30
Index: FTSE 100 TR	5.02	11.95	31.54	57.24
Benchmark: LIBOR GBP 3 Months TR	0.12	0.36	1.44	2.51

Source: FE Analytics. Total Return Nav-Nav month end (29 December 2017) performance table from UK UT and OEICs universe.

Calendar Year Total Returns (%)

	YTD	2016	2015	2014	2013	2012
SVS Church House Tenax Absolute Return Strategies B Acc in GB	2.71	7.85	1.62	6.23	5.63	7.04

Source: FE Analytics. Total Return Nav-Nav discrete calendar performance table, of SVS Church House Tenax Absolute Return Strategies Fund (B Acc) from UK Investment Association universe.



Top Ten Holdings (%)

25.98% of Portfolio

Total number of holdings: **120**

UK Treasury 1.25% 2018	10.1%	RBC Covered FRN 12/2022	1.7%
EIB 1.125% 09/2021	2.9%	EIB 1.375% 01/2018	1.7%
EIB FRN 02/2020	1.7%	EIB FRN 04/2019	1.6%
RBS Covered FRN 05/2020	1.7%	Nordea Covered FRN 01/2019	1.4%
Barclays Covered FRN 05/2020	1.7%	Sparebanken Covered FRN 12/2022	1.4%

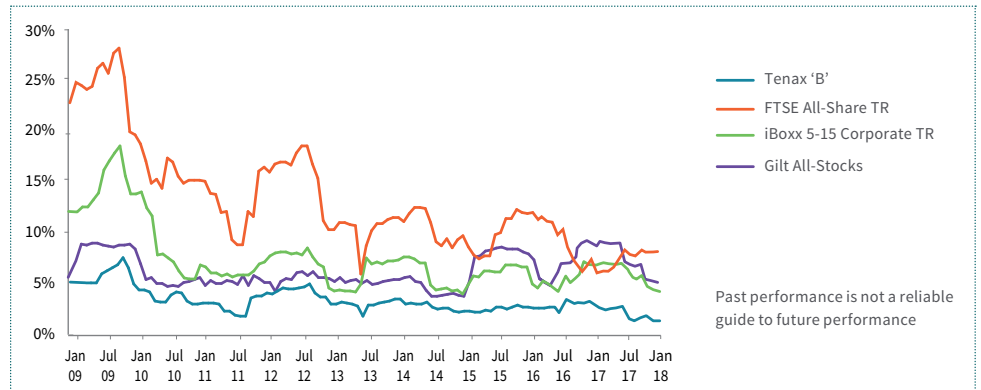
Disposition



Cash Deposits	11.2%
Treasury/T-Bills	13.7%
Floating Rate Notes	28.5%
Fixed Interest	27.5%
Index-Linked	0.8%
Infrastructure	3.1%
Convertibles	4.0%
Hedge Funds	0.7%
Property / Real	2.5%
Equities	7.9%

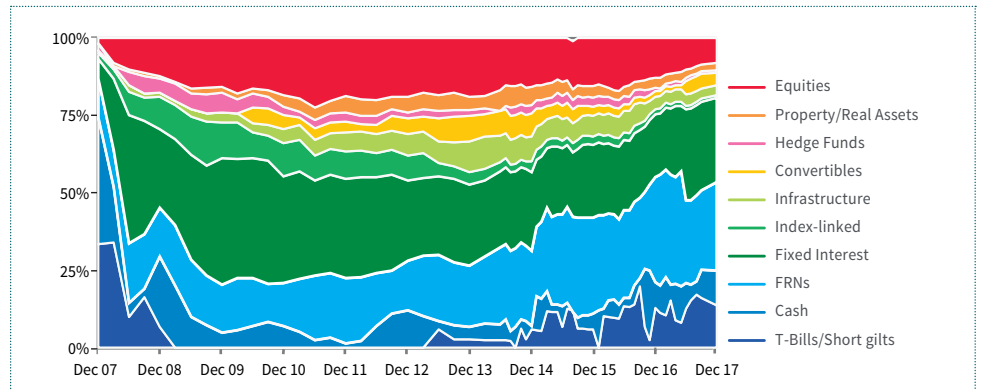
Source: Church House

Low Volatility Returns



Source: Church House, Bloomberg.

Asset Class Risk Profile as % of total VaR



Source: Church House.

LEARN MORE ABOUT THIS FUND

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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

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.