

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 159.2p (Acc)

Sector Targeted Absolute Return

Trust Type OEIC – Non-UCITS Retail Scheme

Launch Date November 2007

Dividend Payment May & November

Yield 0.58% (B Acc)

Fund Value £245m

All prices and data in the Fact Sheet are as at 28 September 2018.

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

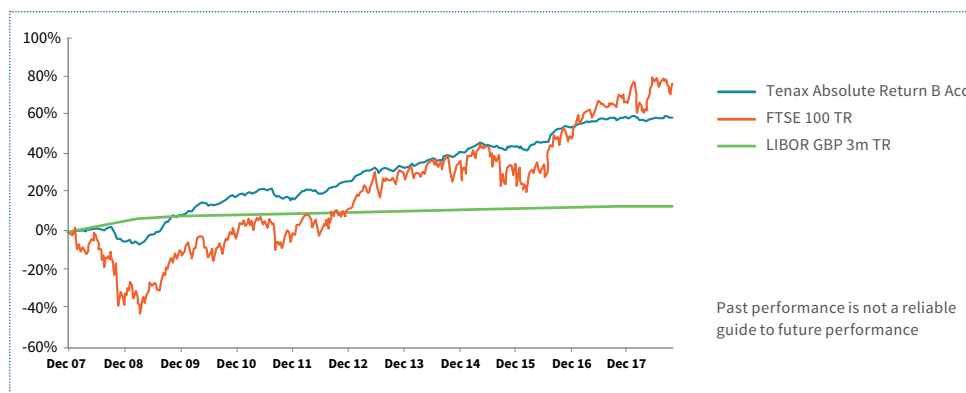
As Q3 comes to a close, ten-year bond yields have (finally) begun to move up. The US ten-year is over 3% again and the thirty-year (long bond) is moving too, so, despite recent concerns, the US yield curve is steepening again. The UK ten-year rose to 1.6%, even the German bund yield rose, moving back over 0.5%. The wild card here is Italian bond yields, which, after edging down a bit early in the month, are now moving over 3.25% (a level last seen in 2014) after their EU-shocking budget. Quite possibly, the EU faces a more serious threat from this quarter than from Brexit.

Equity market volatility was evident in UK and European markets. The first two weeks of September saw London stocks sink to a level around 10% from the high in May before staging a rally (which does not look that convincing) to close with a small positive. In contrast, US stocks were positive (again) and much less volatile, the best performance came from Japan, where stocks rallied in a much more convincing manner. The oil price broke up through \$80, putting yet more pressure on emerging markets and inflation generally, while foreign exchange markets were quieter.

The Tenax Fund had a busy month though its share price was little changed; over the quarter the share price rose 0.6%. We have continued to reduce exposure to instruments linked to LIBOR with maturities beyond 2021, something that we consider is not being taken seriously enough around the market. There have been several more successful issues of floating rate notes linked to SONIA, now extending beyond the supra-national issuers. We participated in offerings from **Lloyds Banking** and **Santander UK**, both of which now appear in the top ten holdings, in each case reducing other LIBOR-linked issues from these two banks. Rising rates and a more active primary market in September also gave us the opportunity to pick up some attractive conventional fixed interest holdings, particularly new hybrid issues from **Prudential**, **Rothsay Life** and **Vodafone**. In the equity proportion, still at the low end of our range, we reduced some UK small cap exposure while adding to international equities, maintaining our forex exposure.

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 28 September 2018) from UK IA universe.

Performance Summary (%)

	3m	1 yr	3yrs	5yrs
SVS Church House Tenax Absolute Return Strategies B Acc	0.57	0.51	11.72	21.04
Index: FTSE 100 TR	-0.85	5.88	39.09	40.44
Benchmark: LIBOR GBP 3 Months TR	0.19	0.62	1.51	2.63

Source: FE Analytics. Total Return Nav-Nav month end (28 September 2018) performance table from UK UT and OEICs universe.

Calendar Year Total Returns (%)

	YTD	2017	2016	2015	2014	2013
SVS Church House Tenax Absolute Return Strategies B Acc in GB	-0.31	2.71	7.85	1.62	6.23	5.63

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.



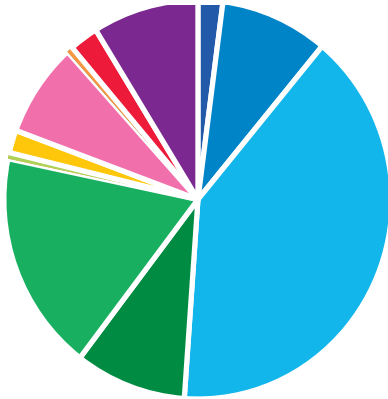
Top Ten Holdings (%)

30.4% of Portfolio

Total number of holdings: **131**

EIB FRN (SONIA) 06/2023	4.1%	UK Treasury Bond 12/10/2018	2.9%
IBRD FRN (SONIA) 10/2023	4.1%	Lloyds Float (SONIA) 09/2021	2.9%
Santander Float (SONIA) 09/2021	3.7%	GS Group Cap/Floor FRN 06/2023	2.1%
RBS Covered FRN 05/2020	3.3%	EIB FRN 02/2020	2.1%
EIB 0.625% 01/2020	3.3%	EIB FRN 04/2019	2.0%

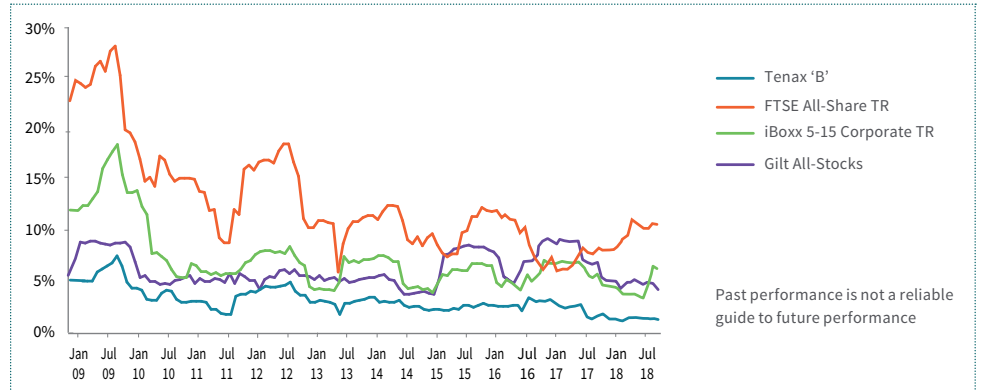
Disposition



Cash Deposits	2.1%
Treasury/T-Bills	9.0%
FRN (AAA)	40.1%
Floating Rate Notes	9.3%
Fixed Interest	17.9%
Index-Linked	0.5%
Infrastructure	1.8%
Convertibles	7.6%
Hedge Funds	0.5%
Property / Real	2.4%
Equities	8.8%

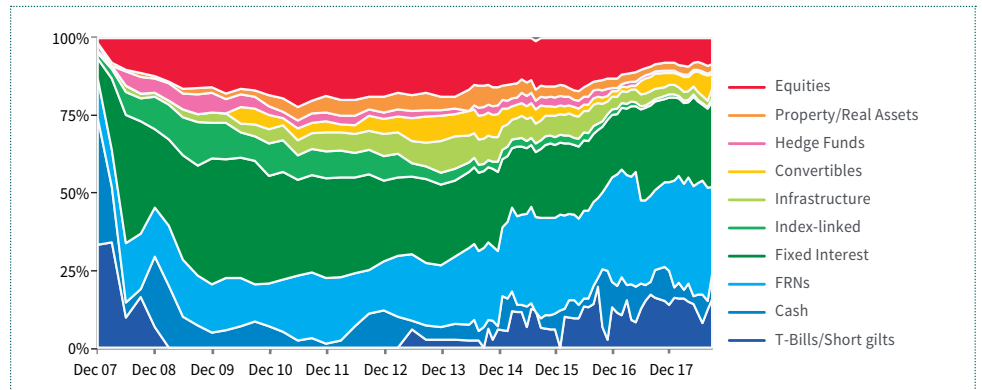
Source: Church House

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
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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.