

# SVS Church House UK Managed Growth Fund

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

## Fund Manager



**James Mahon**



**Rory Campbell-Lamerton**

## Monthly Commentary

Equity market volatility was back in evidence in UK stocks in September. The first two weeks of the month saw London stock prices resume the August fall and sink to a level around 10% down from the high in May. A rally ensued from the lows, which does not look that convincing, and the month closed with a small positive for the leaders, though small and mid-cap stocks were still negative. In contrast, US stocks were positive (again) and much less volatile.

Ten-year bond yields are moving up again generally and this could easily lead to renewed equity market weakness. The UK ten-year gilt yield rose to 1.6% and is moving higher in early October. It has long been our view that UK (and European) rates have been kept too low for too long. The US ten-year yield is over 3% again and the thirty-year (long bond) is moving too, so, despite recent concerns, the US yield curve is steepening again. Now we have a renewal of Italian concerns, where ten-year yields moved 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. The oil price broke up through \$80, putting yet more pressure on emerging markets and on inflation generally. Sterling is still volatile in response to Brexit negotiations but managed a modest rally against the dollar and euro.

The UK Managed Growth Fund had a positive month and was active in a number of areas. We opened the month with cash at elevated levels so had the opportunity to add to a number of holdings as the market fell: **Royal Dutch** in the oils, **Melrose** and **Rolls Royce** in the industrials, **Diageo** and **Reckitt Benckiser** in staples, **Schroder** and **Land Securities** in the financials. Amongst small caps, we reduced the holding in **Craneware**, which had performed exceptionally well, and the holding in **Strix Group**. On the other tack, we topped-up the holding in **ECO Animal Health** whose share price had been drifting down all year and, after reducing **Clinigen** in August, we had the opportunity to restore this as the company came to the market to raise fresh equity to fund two new acquisitions. We have also established a new position in the Fund with **Micro Focus International**, whose shares had fallen quite dramatically out of favour earlier in the year but now look rather interesting.

## Objective and Policy

The Fund invests principally in a portfolio of UK equities, focussed on FTSE 350 companies. Recognising the international nature of many companies listed in London, the Fund also invests in companies listed overseas (typically this represents 25%/30% of the portfolio). The objective is medium to long-term capital growth; income yield will be relatively low.

## Key Information

**A Share Class** Min. investment £5,000  
Management fee 1.48%  
OCF 1.53%  
Inc shares SEDOL: 0919924  
Inc shares ISIN: GB0009199240  
Acc shares SEDOL: B11DPN2  
Acc shares ISIN: GB00B11DPN28

**B Share Class** For investment advisers and intermediaries only  
Management fee 0.86%  
OCF 0.91%  
Inc shares SEDOL: BBNR85  
Inc shares ISIN: GB00BBNBR855  
Acc shares SEDOL: BBNR96  
Acc shares ISIN: GB00BBNBR962

**Bid price of Income Units** 186.0p (B)

**Sector** Flexible

**Trust Type** Authorised unit trust / UCITS

**Launch Date** July 2000

**Dividend Payments** May & Nov

**Yield** 0.93% (A Inc)

**Fund Value** £70m

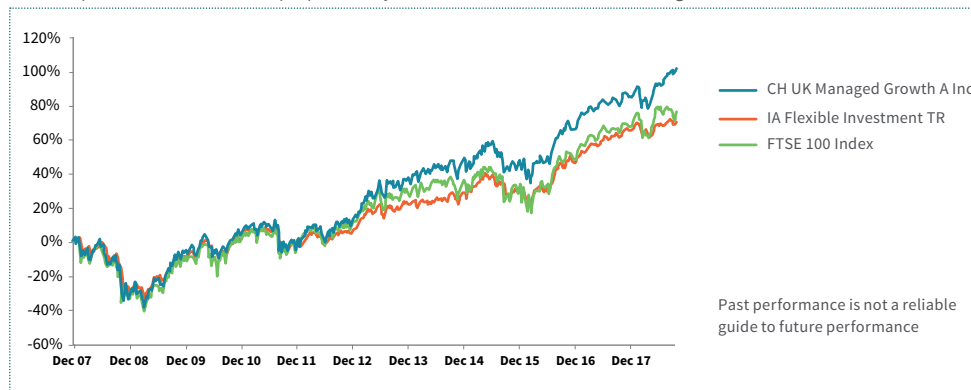
All prices and data in the Fact Sheet are as at 28 September 2018.

All fund performance data is based on the A 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.

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

## Performance (A Shares) v. UK Indices

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



Source: FE Analytics. Total Return Bid-Bid line chart (from 01 December 2007 to 28 September 2018) from UK IA universe.

## Performance Summary (%)

	3m	1 yr	3yrs	5yrs
SVS Church House UK Managed Growth A Inc TR	4.34	10.63	44.30	55.45
Index : FTSE 100 TR	-0.66	6.08	39.64	40.66
Sector : IA Flexible Investment TR	1.44	5.37	35.68	42.61

Source: FE Analytics. Total Return Bid-Bid month end (28 September 2018) performance table from UK Investment Association universe.

## Calendar Year Total Returns (%)

	YTD	2017	2016	2015	2014	2013
SVS Church House UK Managed Growth A Inc TR	6.80	9.09	17.63	1.69	5.21	21.92

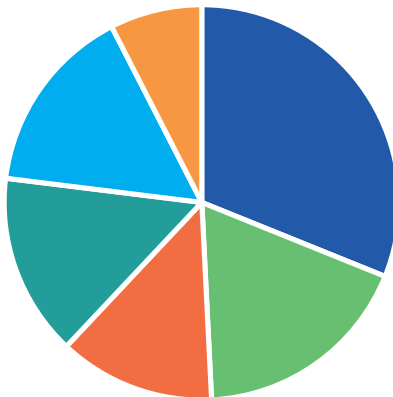
Source: FE Analytics. Total Return Bid-Bid discrete calendar performance table, of SVS Church House UK Managed Growth Fund (A Inc) from UK Investment Association universe.

**Top Ten Holdings (%)**  
**28.0% of Portfolio**

Total number of holdings: **46**  
Portfolio Beta: **0.89**

Microsoft Corp	3.7%	HSBC Holdings PLC	2.6%
Halma PLC	3.5%	Rio Tinto PLC	2.5%
BHP Billiton PLC	2.7%	Roche	2.5%
Diageo PLC	2.7%	Diploma PLC	2.5%
Smith & Nephew PLC	2.6%	Prudential PLC	2.5%

### Disposition



FTSE 100 (Int'l)*	31.1%
FTSE 100 (UK)	18.1%
FTSE 250	12.8%
Smaller Cos	14.9%
Listed Overseas	15.5%
Cash	7.5%

Source: Church House  
\*our definition: companies with more than 75% of sales overseas

### Sector Allocations



Oil Production	7.0%
Mining	7.3%
Industrials	13.2%
Staples	10.6%
Pharmaceuticals	13.8%
Discretionary	5.5%
Utilities	0.0%
Technology	9.9%
Financials	16.6%
Property	3.9%
Investment Companies	4.8%
Cash	7.5%

## LEARN MORE ABOUT THIS FUND

**CALL: 0207 534 9877 and speak to our Sales Support Team**  
**EMAIL: [salesupport@church-house.co.uk](mailto:salesupport@church-house.co.uk)**

**CALL: 0207 534 9879 for our Sales Director, Sam Liddle**  
**EMAIL: [s.liddle@church-house.co.uk](mailto: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](http://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.