




**Church House**  
**Quarterly Risk Profile**  
**Update Note**  
**Q1 2018**



## Summary

Fund	Weighted average asset allocation <sup>^</sup>	Latest historical asset allocation <sup>*</sup>	Comparable DT volatility <sup>†</sup>	Assigned risk profile	Status
<b>SVS Church House Tenax Absolute Return Strategies Fund</b>	3 (3)	2 (2)	2 (2)	<b>3</b>	

Our analysis indicates that the assigned risk profile remains appropriate.

We have reviewed again our original analysis of this Fund and the structure behind the process. Though the allocations of the Fund are within the DT 2 boundaries we remain comfortable with the assigned profile both based upon our expectations of a DT 2 Fund and the volatility targets of this Fund, which reach to the high end of DT 3.

We have based our review on the approach that was agreed at the start of the risk profiling service and used the DT capital market assumptions for Q1 2018. There have been no changes to the risk profile boundaries this quarter.

### Process

The methodology for profiling the Fund was largely based on an understanding of how risk is managed. As the risk target does not change on a quarterly basis, we would not expect our profile to change unless we perceived that the target and/or the DT boundary were breached.

( ) Analysis based on data to the end of September 2017 are shown in brackets.

<sup>^</sup> The weighted average approach incorporates the strategic asset allocation (if applicable) and the distribution of the historical asset allocations.

<sup>\*</sup> This column provides the position of the expected volatility based on the latest historical asset allocation (i.e. December 2017). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

<sup>†</sup> DT has a set of asset allocation models which are managed to operate within each profile's boundaries. This column compares the annualised rolling volatility of each solution to the DT models and shows which model has been closest since inception. The rolling volatility period in each instance is assessed based on the performance data provided.

Please see Appendix for the Red, Amber & Green status descriptions.

## Comments and notes from previous reviews

### Q4 2017

Our analysis indicates that the assigned risk profile remains appropriate.

We note that the ex-ante volatilities of the latest asset allocations of the Fund have declined below the assigned risk boundaries due to an increase in cash and short-dated bonds at the expense of equity holdings. We will maintain the green status for now and if next quarter the Fund continues to overweight cash and bonds, we will look to place the Fund on amber status pending discussions with the manager.

### Q4 2016 – Q2 2017

Our analysis indicates that the assigned risk profile remains appropriate.

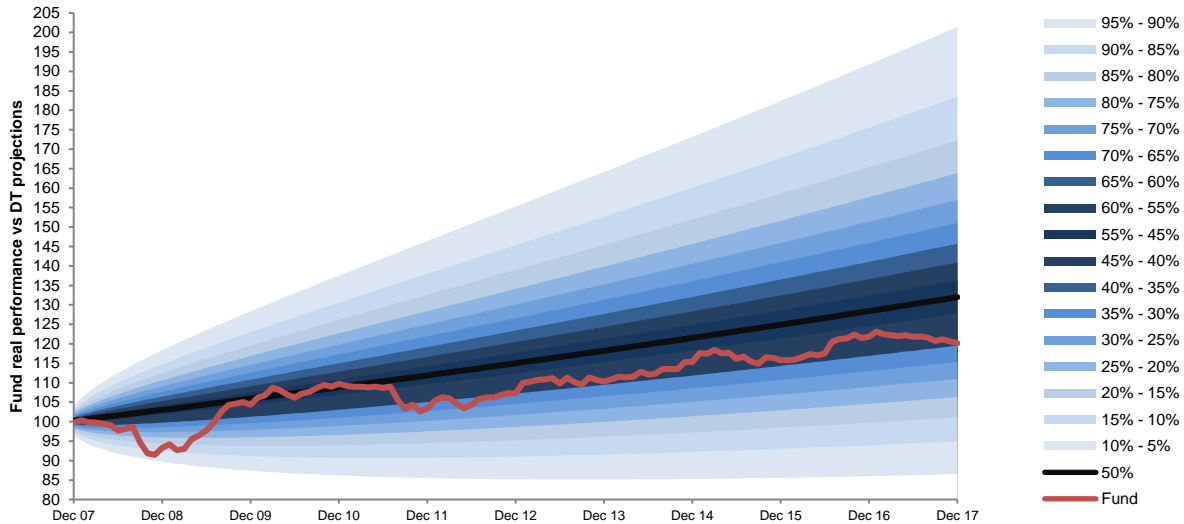
### Q2 2016

Our analysis indicates that the assigned risk profile remains appropriate.

The recent achieved volatility over 36 months is below the minimum expected volatility. However, over the long term, the Fund has been very close to the DT 2 & 3 boundary. In addition to this, the expected volatilities of the allocations remain safely within the DT 3 boundary; therefore, we are comfortable with the assigned profile.

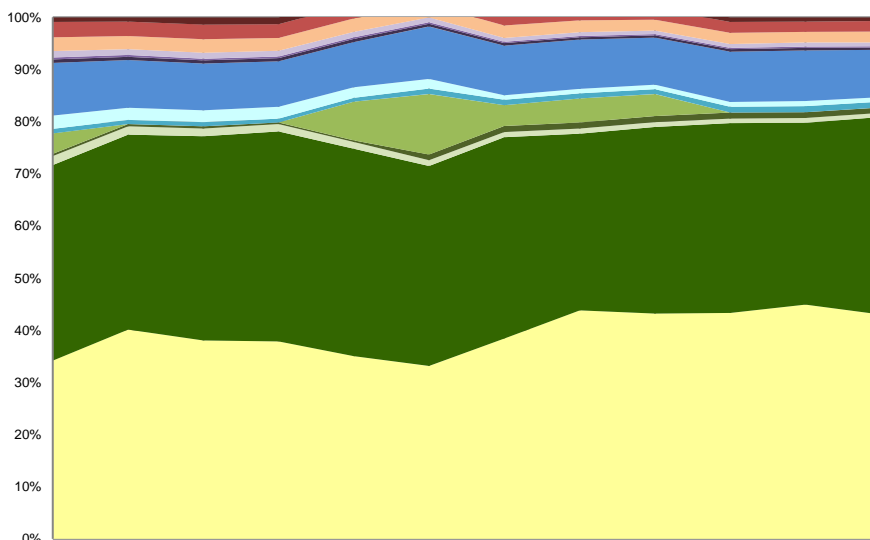
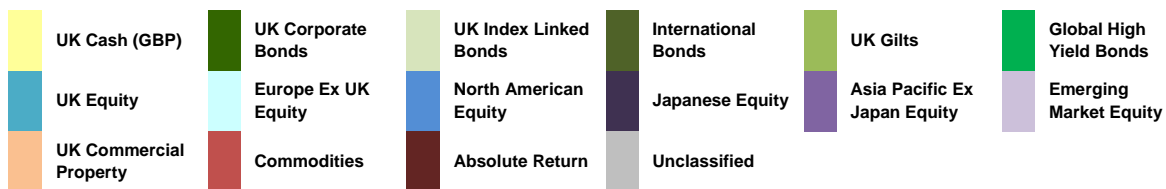
# Analysis of the SVS Church House Tenax Absolute Return Strategies Fund

## Confidence limits



The chart above shows the percentiles associated with the volatility expected of DT 3 risk profile. We have plotted the cumulative performance (in real terms) for the Fund against the percentiles. The chart shows that the Fund returns have remained comfortably within the confidence levels expected of DT 3.

## Asset allocations



**SVS Church House Tenax Absolute Return Strategies Fund**

The chart above illustrates the changes in asset allocations on a monthly basis for the Fund for the year to December 2017.

# Appendix

---

## Status descriptions

---



A **red** status indicates that the solution's current risk profile is no longer appropriate to the DT scale and that it will be changed at next quarter's review unless action is taken by the asset management team.

---



An **amber** status indicates that one or more of the measures considered may indicate the possibility of an alternative risk profile. This could be due to short-term tactical positioning within the solution or other market considerations and does not imply that the long term risk profile should necessarily change.

---



A **green** status indicates that the solution is in line with the assigned risk profile and no action is needed.

---

### Basis of Preparation and Use

You should not rely on this information in making an investment decision and it does not constitute a recommendation or advice in the selection of a specific investment or class of investments.

The analysis in this report has been based on data and information provided by Church House Investment Management as at 31 December 2017. Church House Investment Management is the trading name of Church House Investments Limited, authorised and regulated by the Financial Conduct Authority.

The information does not indicate a promise, forecast or illustration of future volatility or returns. The outputs represent a range of possible indications of volatility and returns for various collections of asset classes. Distribution Technology Ltd ("DT") is not liable for the data in respect of direct or consequential loss attaching to the use of or reliance upon this information.

DT does not warrant or claim that the information in this document or any associated form is compliant with obligations governing the provision of advice or the promotion of products as defined by the Financial Services Act.

### Copyright

Distribution Technology Ltd 2017 onwards. All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or any means, electronic or mechanical, including photocopying and recording for any purpose other than the purchaser's personal use without the written permission of DT.

### Source of information

Bank of England, Barclays Capital Inc., Bloomberg LLC, Heriot Watt University Gilt database, International Monetary Fund (IMF) and Office of National Statistics

### Publication date

04/04/2018

### Trademarks

DT may have patents or pending patent applications, trademarks, copyrights or other intellectual property rights covering subject matter in this document. The furnishing of this document does not give you any license to these patents, trademarks, copyrights or other intellectual property rights except as expressly provided in any written license agreement from DT.

All other companies and product names are trademarks or registered trademarks of their respective holders.

[www.dynamicplanner.com](http://www.dynamicplanner.com)