

# SVS Church House Tenax Absolute Return Strategies Fund

## Monthly Commentary

September, the end of the third quarter, and risk assets switched to 'looking on the bright side' after August's problems. Unfortunately, the beginning of October has reverted. Central banks provided support in September as the Federal Reserve did cut rates again, though the decision was split, and the ECB eased in front of the departure of Mario Draghi.

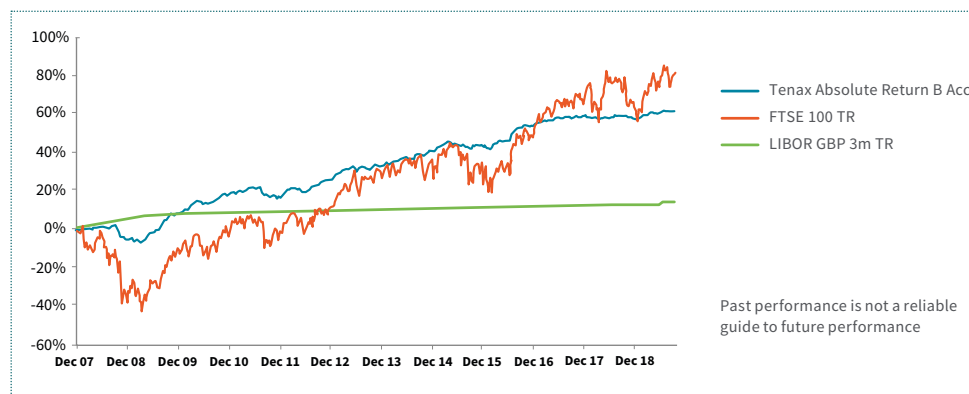
Bond markets were highly volatile. After the steep falls in rates in August, September started with further, rather nervy, falls, but then jumped. There is a reasonable case for thinking that 3rd September just might mark the lows for this rate cycle/highs for the UK gilt market. We shall see, such predictions can so easily become pie crust in the current febrile environment. Overlooked by most commentators was the turmoil in the UK index-linked market (notably the long end), as plans were (sort of) unveiled for replacing RPI.

Sterling rallied over the month but, unsurprisingly is getting very twitchy. The UK Parliament put a road block in the way of a 'no deal' Brexit, while the Supreme Court re-asserted the rule of law, but the PM says he won't extend beyond 31 October. The chances of an eleventh hour deal with the EU, in the time-honoured fashion, appear slim but... Congress moves to impeach the President, who accuses the Speaker of the House of treason, while Chinese Vice-President Liu He is due back in America for more trade talks, expectations are not high. Unsurprisingly, confidence and economic indicators generally turned lower again.

A relatively quiet month for transactions saw a modest increase in the Fund's share price. Activity in the primary market led to us taking two positions in new issues from **Euroclear Bank**, 1.25% stock 2024, and **Rothsay Life**, 5.5% stock 2024/9. The modest tick up in rates also gave us an opportunity to add to our existing **Tesco** 2.5% 2025 holding and establish a new position in **Barclays** 10% 2021. We participated in a good new AAA FRN issue from **Royal Bank of Canada** due in 2024, while adding to an existing FRN position from another of the Canadian banks, **CIBC**. Elsewhere it was light, we added to our holding in **Target Healthcare** at a placing that they undertook during the month, added to our **Derwent London** convertible, a scrap to one of the zero dividend preference holdings and picked up more stock in one of the private equity holdings.

## 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 30 September 2019) from UK IA universe.

## Performance Summary (%)

	3m	1 yr	3yrs	5yrs
SVS Church House Tenax Absolute Return Strategies B Acc	0.25	1.44	5.28	15.82
Index: FTSE 100 TR	1.23	3.48	22.07	37.15
Benchmark: LIBOR GBP 3 Months TR	0.19	0.82	1.79	2.93

Source: FE Analytics. Total Return Nav-Nav month end (30 September 2019) performance table from UK UT and OEICs universe.

## Calendar Year Total Returns (%)

	YTD	2018	2017	2016	2015	2014
SVS Church House Tenax Absolute Return Strategies B Acc in GB	2.80	-1.44	2.71	7.85	1.62	6.23

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.



## 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

<b>A Share Class</b>	Min. investment £5,000 Management fee 1.25% OCF 1.32%
<b>B Share Class</b>	For investment advisers and intermediaries only Management fee 0.875% OCF 0.96% Inc shares SEDOL: BNGY2T9 Inc shares ISIN: GB00BNGY2T93 Acc shares SEDOL: B28KSK1 Acc shares ISIN: GB00B28KSK12
<b>B Share Price</b>	161.5p (Acc) XD
<b>Sector</b>	Targeted Absolute Return
<b>Trust Type</b>	OEIC – Non-UCITS Retail Scheme
<b>Launch Date</b>	November 2007
<b>Dividend Payment</b>	May & November
<b>Yield</b>	0.64% (B Acc)
<b>Fund Value</b>	£408m

All prices and data in the Fact Sheet are as at 30 September 2019.

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 30/09/2018.

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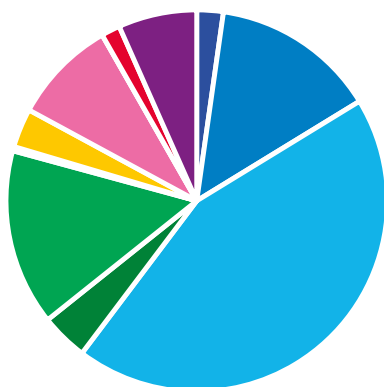
## Top Ten Holdings (%)

**28.1% of Portfolio**

Total number of holdings: **119**

UK Treasury 2% 07/2020	3.7%	EIB FRN (SONIA) 06/2023	2.5%
UK Treasury 4.75% 03/2020	3.7%	Coventry B/S (SONIA) 11/2023	2.5%
Toronto Dominion Cvd FRN (SONIA)	2.9%	Nationwide FRN (SONIA) 08/2022	2.5%
Santander Float (SONIA) 09/2021	2.6%	IBRD FRN (SONIA) 10/2023	2.5%
EIB FRN (SONIA) 03/2026	2.5%	UK T-Bill 28th Oct 2019	2.5%

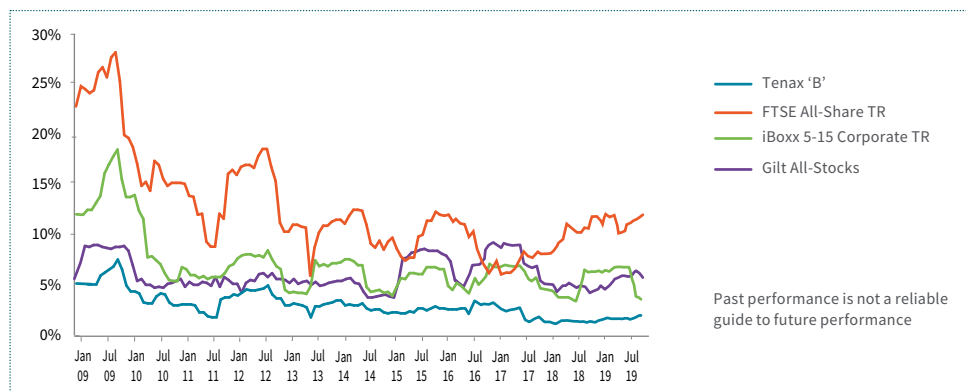
## Disposition



Cash Deposits	2.4%
Treasury/T-Bills	10.0%
FRN (AAA)	45.6%
Floating Rate Notes	3.9%
Fixed Interest	17.2%
Index-Linked	0.4%
Infrastructure	3.2%
Convertibles	8.9%
Hedge Funds	0.0%
Property / Real	1.7%
Equities	6.8%

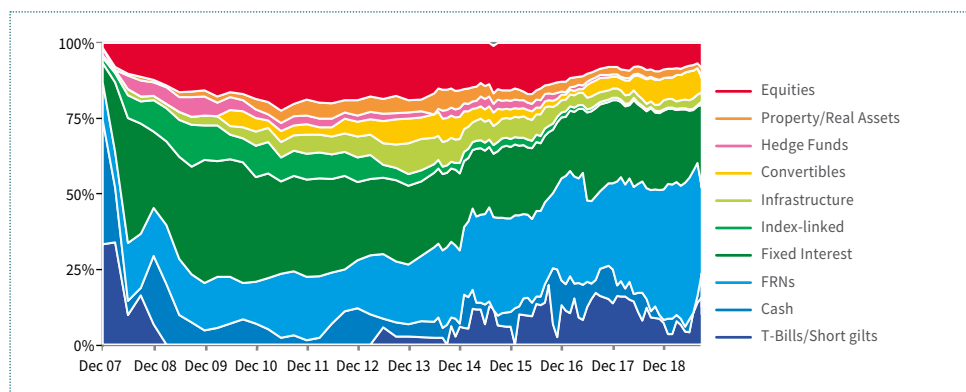
Source: Church House

## Low Volatility Returns



Source: Church House, Bloomberg.

## Asset Class Risk Profile as % of total VaR



Source: Church House.

## LEARN MORE ABOUT THIS FUND

**CALL: 0207 534 9877 and speak to  
our Sales Support Team**  
**EMAIL:**  
**salessupport@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

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.