

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 158.2p (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 £206m

All prices and data in the Fact Sheet are as at 31 May 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

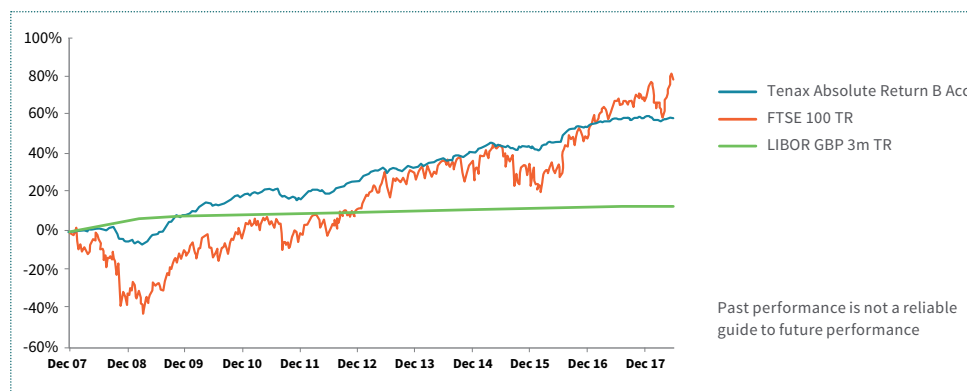
Another month dominated by political manoeuvres and the return of 'The Italian Question'. The proposal from the two Italian populist parties, the Northern League and the Five Star Movement (an odd alliance), of a euro-sceptic economist for finance minister caused a shudder; the threat of fresh elections following his rejection by the President brought another. Some calm was restored as the parties decided to proceed with the formation of a government anyway. The result was a sharp re-pricing of Italian bonds, taking the bond markets of the other Mediterranean countries with them, while the bond markets of the Northern European countries soared along with UK gilts and US Treasuries. Italian ten-year yields jumped to 3.1% (some might think this an overdue re-pricing), while German ten-year rates fell to 0.25% from 0.65% before the break. The volatile reaction was exacerbated by a lack of liquidity in European bonds, another unfortunate by-product of the ECB's policies.

The Fund's cautious stance kept it well insulated from the volatility. We were active in floating rate notes again: the repayment/maturity of a line of **EIB** floating rate notes that we had commenced buying in May 2016 was matched by the propitious launch of a new issue from another supranational, **The International Bank for Reconstruction & Development**, of FRNs due in May 2023. Also in the AAA space, we had the opportunity to roll on from a 2019 FRN issue from **Toronto Dominion** into a larger position in a new issue from the same name, due in 2021. Finally, we participated in a new three-year FRN issue from **LB Baden-Wuerttemberg**. We took one new issue position in an **ABN Amro** two-year FRN with a lower rating (S&P A, Moody's A1), while adding to an existing FRN position from **Royal Bank of Canada** with one year to run (rated AA-).

At the short end of the conventional fixed interest book, we added to the existing holding in **John Lewis** 8.375% 2019 and a new holding in **Glencore Finance** 6.5% 2019, while, a shade longer, we added to **Whitbread** 3.375% 2025. In **Phoenix Group** debt, we took an opportunity to switch from the holding of 4.125% 2022 paper to a bigger position the 5.375% 2027 issue. Phoenix Group equity has traded steadily in the period leading to their 7/15 rights issue. We established a position in a new zero dividend preference issue from **NB Private Equity Partners** where we have also been long-term holders of equity. We closed the small direct equity holding in **A.P. Moller-Maersk** after disappointing figures knocked the shares and triggered a sale from the portfolio. Also gone from equity is the rump of the holding in **RIT Capital Partners**, which had done well but is now trading too rich for us.

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 31 May 2018) from UK IA universe.

Performance Summary (%)

	3m	1 yr	3yrs	5yrs
SVS Church House Tenax Absolute Return Strategies B Acc	0.13	0.19	9.50	20.51
Index: FTSE 100 TR	7.96	7.25	27.45	44.97
Benchmark: LIBOR GBP 3 Months TR	0.17	0.48	1.46	2.56

Source: FE Analytics. Total Return Nav-Nav month end (31 May 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	-0.75	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.



SVS Church House Tenax

Absolute Return Strategies Fund

Top Ten Holdings (%)

31.0% of Portfolio

Total number of holdings: **125**

UK Treasury 1.25% 2018	7.9%	Toronto Dominion Cvd FRN 6/2021	2.5%
EIB 0.625% 01/2020	3.9%	GS Group Cap/Floor FRN 06/2023	2.5%
EIB FRN 02/2020	2.5%	IBRD FRN 05/2023	2.5%
EIB 1.125% 09/2021	2.5%	Santander Covered FRN 11/2022	2.3%
EIB FRN 04/2019	2.5%	Sparebanken Covered FRN 12/2022	2.2%

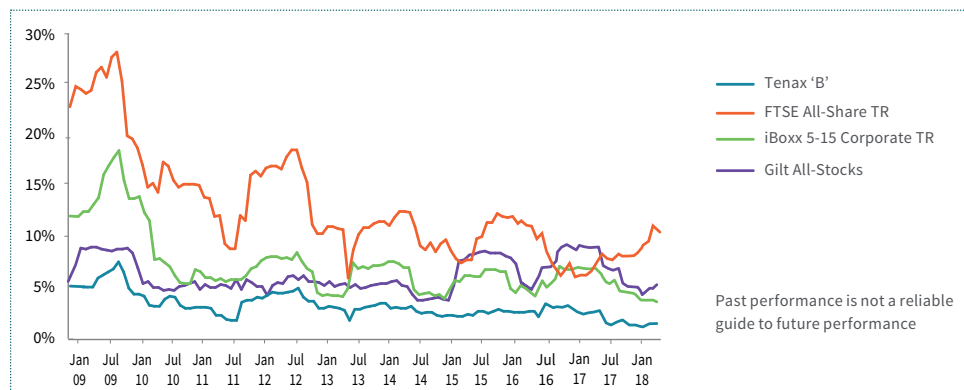
Disposition



Cash Deposits	2.5%
Treasury/T-Bills	14.2%
Floating Rate Notes	35.5%
Fixed Interest	28.8%
Index-Linked	0.7%
Infrastructure	2.6%
Convertibles	4.7%
Hedge Funds	0.6%
Property / Real	2.4%
Equities	7.9%

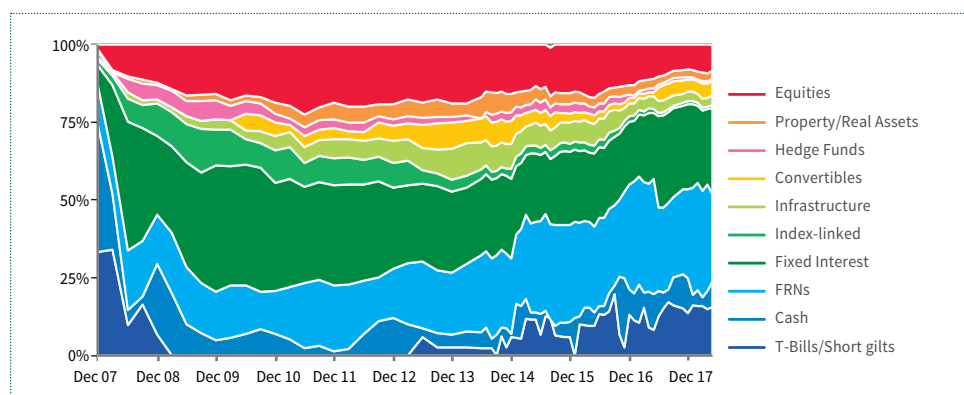
Source: Church House

Low Volatility Returns



Source: Church House, Bloomberg.

Asset Class Risk Profile as % of total VaR



Source: Church House.

LEARN MORE ABOUT THIS FUND

CALL: 0207 534 9877 and speak to our Sales Support Team
EMAIL: salesupport@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. 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.