

SVS Church House Tenax Absolute Return Strategies Fund

Monthly Commentary

July ended well for risk markets. The S&P 500 reached new highs towards the end of the month on the back of a better-than-expected reporting season and anticipating rate cuts from the Federal Reserve. The Fed duly delivered a quarter point cut to 2% in the fed funds rate, accompanied by a confident statement from Chairman Powell as to the health of the US economy (two FOMC members voted to maintain rates). Although this was not as much of a cut as some had hoped for, markets quickly recovered an early fall, buoyed by the Fed's confident tone.

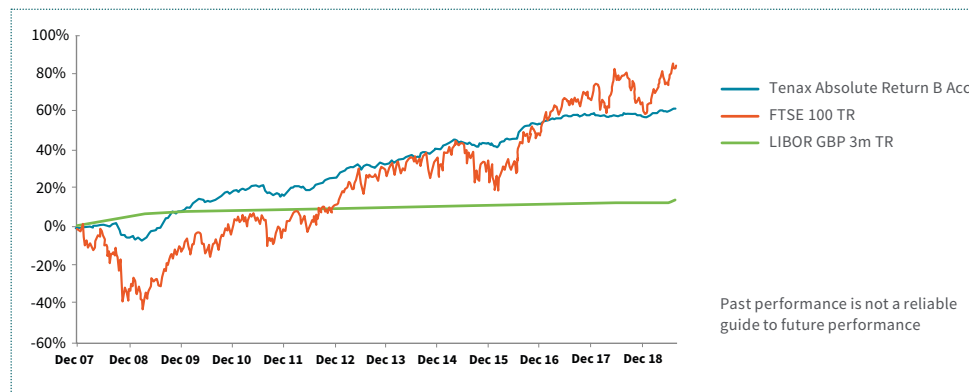
Unfortunately, President Trump was amongst those who had been calling for quicker cuts in rates by the Fed and lashed out at the Chinese with a further round of tariff impositions. The trade war was re-ignited and currency markets were 'weaponised' (ugh) as the US Treasury labelled China a 'currency manipulator'. Unsurprisingly, the first few days of August saw a 6% fall in the S&P 500. After a steady period in July, bond markets have responded sharply with steep falls in rates across the curve: most notably, German bund yields sank into negative territory right out to thirty years. This is beginning to feel like a bubble in fixed interest markets that could burst at any time.

The UK has a new Prime Minister and cabinet, attempting to bring some finality to Brexit. Whether this will succeed against a hostile Parliament is hard to tell. Depressingly, however this ends, the likelihood of a General Election at the end of the year is increasing all the time (Brenda from Bristol will be back in the news). Sterling is taking the pressure, falling back to the 2016 lows vs the US dollar and further vs the euro. A freely floating currency is a blessing at times like these and I wonder whether the falls we have already seen in sterling aren't going a long way towards taking the sting out of the dreaded hard Brexit.

The Fund had a positive month though there were fewer transactions with valuations looking somewhat stretched. Beside movements in our short-term Treasury holdings, we took a position in a new floating rate note (FRN) issue from the **Nationwide** (which was heavily over-subscribed), while reducing some **Lloyds** FRN exposure. We reduced credit exposure after the good run over the first half, selling our **Whitbread** 3.375% 2025 issue but added modestly to our position in the (rather out-of-favour) **RBS** US dollar FRNs. In the infrastructure area, we added further to our holding in **Gresham House Energy Storage**, while in equities we added some more UK financials exposure. We did sell out of our long-standing position in **Jardine Strategic Holdings**, concerned by developments in Hong Kong and the effects of the on-going trade war on their subsidiaries.

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 July 2019) from UK IA universe.

Performance Summary (%)

	3m	1 yr	3yrs	5yrs
SVS Church House Tenax Absolute Return Strategies B Acc	0.56	1.70	6.80	17.96
Index: FTSE 100 TR	3.24	2.28	27.61	37.45
Benchmark: LIBOR GBP 3 Months TR	0.20	0.83	1.74	2.90

Source: FE Analytics. Total Return Nav-Nav month end (31 July 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	2.99	-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

A Share Class	Min. investment £5,000 Management fee 1.25% OCF 1.32%
B Share Class	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 Share Price	161.8p (Acc)
Sector	Targeted Absolute Return
Trust Type	OEIC – Non-UCITS Retail Scheme
Launch Date	November 2007
Dividend Payment	May & November
Yield	0.64% (B Acc)
Fund Value	£384m

All prices and data in the Fact Sheet are as at 31 July 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 (%)

32.1% of Portfolio

Total number of holdings: **121**

UK Treasury 4.75% 03/2020	8.1%	Coventry B/S (SONIA) 11/2023	2.6%
Santander Float (SONIA) 09/2021	2.9%	Nationwide FRN (SONIA) 08/2022	2.6%
EIB FRN (SONIA) 03/2026	2.8%	IBRD FRN (SONIA) 10/2023	2.6%
UK Treasury 2% 07/2020	2.7%	Toronto Dominion Cvd FRN (SONIA)	2.6%
EIB FRN (SONIA) 06/2023	2.6%	ADB FRN (SONIA) 10/2023	2.5%

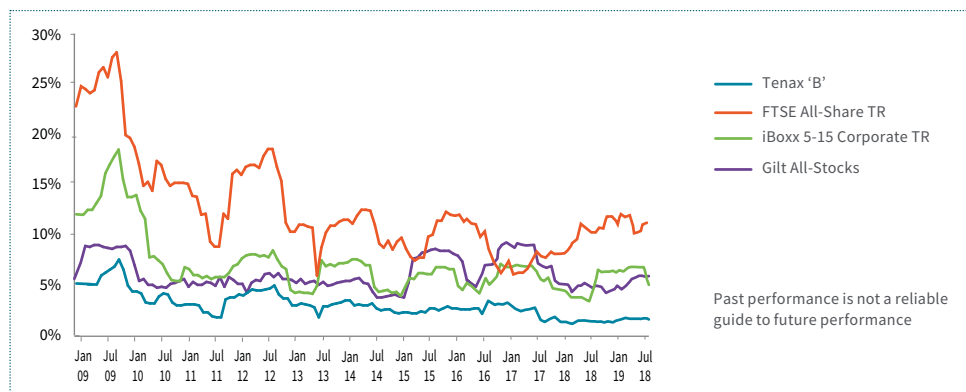
Disposition



Cash Deposits	0.0%
Treasury/T-Bills	10.4%
FRN (AAA)	47.2%
Floating Rate Notes	4.2%
Fixed Interest	16.0%
Index-Linked	0.4%
Infrastructure	3.4%
Convertibles	9.3%
Hedge Funds	0.0%
Property / Real	1.7%
Equities	7.4%

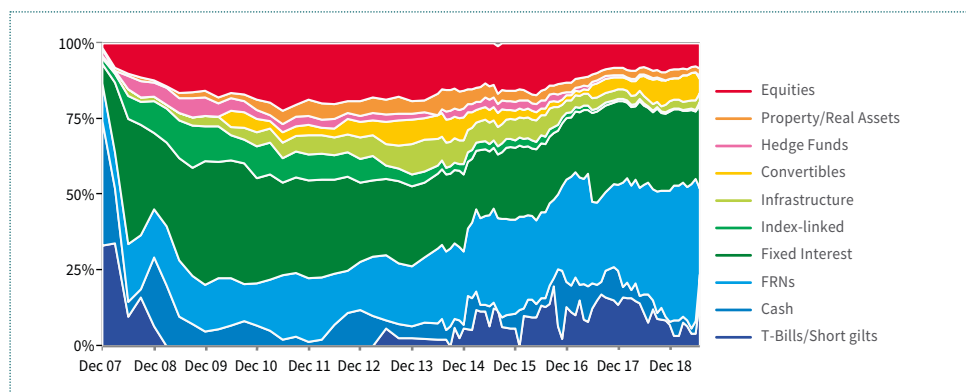
Source: Church House

Low Volatility Returns



Source: Church House, Bloomberg.

Asset Class Risk Profile as % of total VaR



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.