

SVS Church House Tenax Absolute Return Strategies Fund

Monthly Commentary

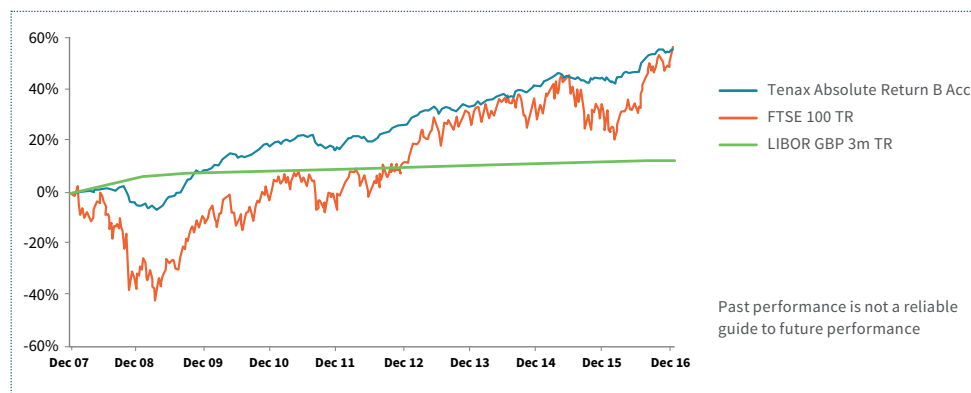
In January 2016, our comments were all around the economic funk that had taken hold in markets, characterised by sharp falls in commodity prices and stock markets. Looking back, one has a sense of 'what was all the fuss about?', as markets recovered and then moved ahead, while economic growth seems to have been re-established despite the political upheaval. The final quarter of the year provided another round of surprises; the most startling being the election of Donald Trump. American stocks reacted positively in the hope of tax cuts, policies to promote growth and less of a regulatory burden.

In December 2016, one year after the first tentative move, the US Federal Reserve woke up and increased base interest rates to three quarters of one per cent. Longer-term interest rates in America rose, as they did in most developed markets. Meanwhile, the Bank of England continues to sit on its hands, holding base rates at levels more suited to the 1930s. Against the backdrop of a growing UK economy and weak sterling, the risk is that inflation will surprise the Bank with its strength and 'emergency' rate increases might be required.

The Tenax Fund closed the year with a gain of 7.9% and annual volatility running at 3.0%. Most of the Fund's activity in December took place in short-dated cash instruments and floating rate notes, though we found a few opportunities in short/medium-dated credits. The overall stance at the year-end was cautious with floating rate instruments accounting for more than one third of the portfolio.

Performance (B Shares) v. UK Indices (and other)

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



Source: FE Analytics. Total Return Nav-Nav line chart (from 01 December 2007 to 30 December 2016) from UK IA universe.

Performance Summary (%)

	3m	1 yr	3yrs	5yrs
SVS Church House Tenax Absolute Return Strategies B Acc	1.17	7.85	16.43	31.64
Index: FTSE 100 TR	4.32	19.07	18.92	54.47
Index: LIBOR GBP 3 Months TR	0.10	0.50	1.62	3.00

Source: FE Analytics. Total Return Nav-Nav month end (30 December 2016) performance table from UK UT and OEICs universe.

Calendar Year Total Returns (%)

	2016	2015	2014	2013	2012
SVS Church House Tenax Absolute Return Strategies B Acc in GB	7.85	1.62	6.23	5.63	7.04

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.

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 1.25%
OCF 1.27%

B Share Class For investment advisers and intermediaries only
Management fee 0.875%
OCF 0.91%
Inc shares SEDOL: BNGY2T9
Inc shares ISIN: GB00BNGY2T93
Acc shares SEDOL: B28KSK1
Acc shares ISIN: GB00B28KSK12

B Share Price 155.2p (Acc)

Sector Targeted Absolute Return

Trust Type OEIC – Non-UCITS Retail Scheme

Launch Date November 2007

Dividend Payment May & November

Yield 1.26% (B Acc)

Fund Value £74.4m

All prices and data in the Fact Sheet are as at 30 December 2016.

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 and is based on a bid-basis.

Ongoing Charges Figure (OCF) based on accounts as at 30/09/2016.



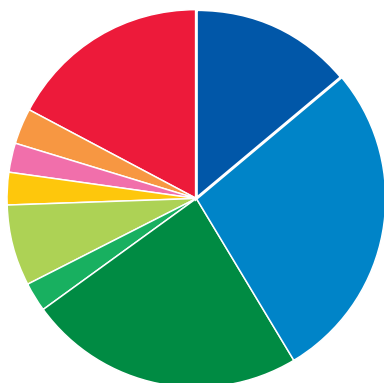
Top Ten Holdings (%)

27.7% of Portfolio

Total number of holdings: **104**

UK Treasury 1% 07/09/2017	6.8%	Leeds Covered 02/2018	2.4%
UK Treasury Bill 31/01/2017	4.1%	JPM LT11 05/2017	2.3%
EIB FRN 02/2020	2.7%	Nationwide Covered FRN 04/2019	1.5%
EIB FRN 05/2018	2.7%	CMS Linked Rev Conv 01/06/2017	1.4%
EIB FRN 04/2019	2.4%	UK Treasury 1.75% 22/01/2017	1.4%

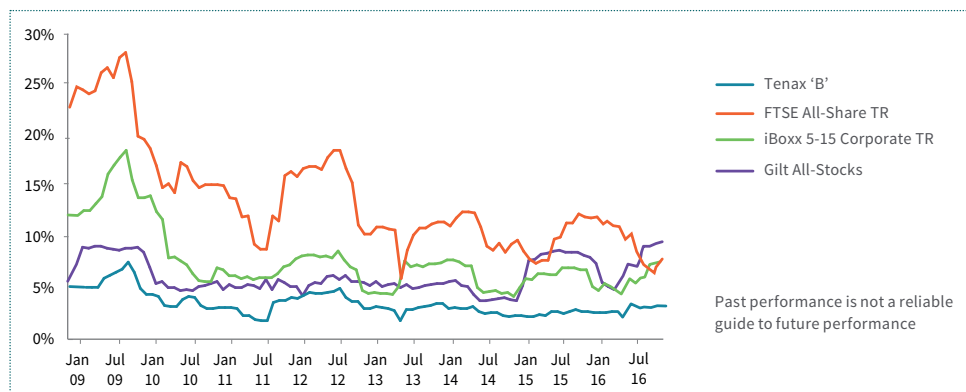
Disposition



Cash / T-Bills	21.3%
Floating Rate Notes	33.9%
Fixed Interest	20.2%
Index-Linked	1.7%
Infrastructure	4.1%
Convertibles	1.8%
Hedge Funds	1.0%
Property / Real	3.2%
Intn'l Equities	12.9%

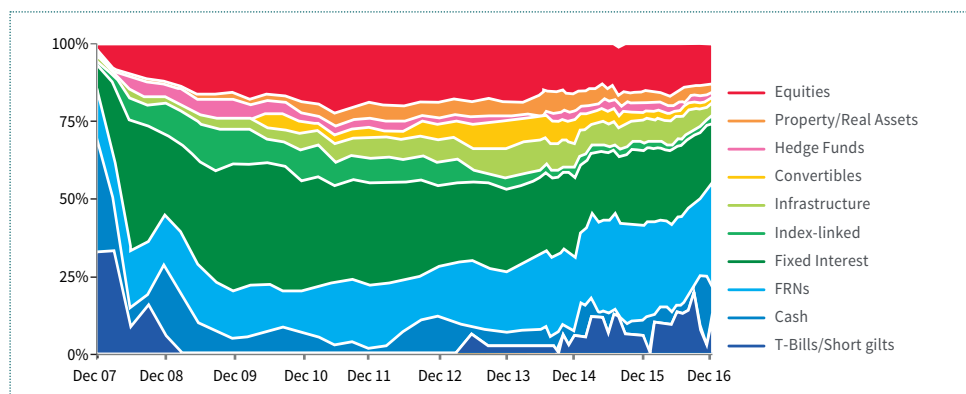
Source: Church House

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 Hamish Hill, Sales Support
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.