



*Church House Advantage*  
**Managed Portfolio Service**

Pathways  
to  
Prosperity



*A unique understanding*  
**of the best way forward**

## INTRODUCING ‘CHAMPS’ – THE CHURCH HOUSE ADVANTAGE MANAGED PORTFOLIO SERVICE

The Church House Advantage Managed Portfolio Service – or CHAMPS for short – makes professional investment management more accessible.

From as little as a £500 investment, CHAMPS includes a range of model portfolios designed to suit a variety of risk appetites and investment objectives. A straightforward solution it appeals to those investors and trustees who do not require the complexity and higher costs associated with a more tailored service.

Investment administration is provided by Parmenion Capital Partners and includes comprehensive online access. Individual investors benefit from access to a range of tax-efficient accounts, such as ISAs, SIPPs and offshore bonds, as well as for general investment accounts. In addition to those offered by Parmenion, there is a complimentary range of specialist providers.

This Managed Portfolio Service is supported by the Church House team of experienced investment managers, researchers and client service personnel, all of whom aim to meet the investment objectives and service needs of our clients.

### THE CHURCH HOUSE FUND RANGE

At Church House, we have developed a range of investment funds to match the needs and risk profiles of our clients. Fulfilling the role of portfolio ‘building blocks’, they are skilfully blended to provide an optimal balance of risk and reward for a range of investor objectives. The funds have long track records, with some launched soon after the business was established in 1999.

There are three clear advantages of utilising our own funds: greater control over investment risk and costs together with full transparency for clients over where their money is invested.

***Please remember that the value of your investments and the income from them may go down as well as up and you may get back less than you originally invested.***

### SMART INVESTING

At Church House, we believe that successful fund management is all about effective risk management. This forms part of an established investment philosophy, which also includes the following:

- Prioritising returns in line with expectations as opposed to performance
- Risk is defined as the permanent loss of capital
- Investing in companies is based on business fundamentals and value opportunities
- Money is invested with the same care and attention as if it were our own
- Minimising charges to maximise returns
- Following a proven risk framework for shaping diversified portfolios
- Targeting the returns people expect without the shocks they fear
- Full transparency down to the individual holdings within a portfolio



## THE BENEFITS OF CHAMPS AT A GLANCE

- No portfolio management fee levied by Church House
- No initial transaction charges from Parmenion
- No additional costs for a Parmenion Self Invested Personal Pension plan
- A range of portfolios designed to deliver specific investment objectives and reflect differing attitudes to risk
- Low minimum - £500 lump sum and regular monthly savings option from £50 per month
- Online access to your account from desktop, tablet and mobile
- Dynamic investment management ensures that portfolios are active in responding to market conditions
- Option to take a regular income from the portfolio or to focus on capital growth
- Ability to add or withdraw cash
- Quarterly valuation reports

## HOW THE PORTFOLIOS WORK

They are designed to meet a carefully defined range of seven investment objectives and risk profiles. Their categorisation below should help you to select the portfolio that is most appropriate for you.

The seven portfolio solutions on offer are as follows:

***Defensive Portfolio (Risk Level 2)*** – our most cautious portfolio, it aims to maintain the real value of an investors' capital so consequently growth is a low priority.

***Cautious Income Portfolio (Risk Level 3)*** – a low risk portfolio which has as its primary focus generating income from a cautiously invested portfolio, whilst seeking some capital growth.

***Income Portfolio (Risk Level 4)*** – is focused predominately on providing a consistent level of income with some capital growth, aiming to grow both at least in line with inflation.

***Income & Growth Portfolio (Risk Level 5)*** – is the moderate risk portfolio designed to provide a balance of capital growth and income. Often simply referred to as a 'Balanced' portfolio, capital returns could be boosted over the long-term if the investor opts to reinvest income.

***Equity Growth with Income Portfolio (Risk Level 6)*** – is the upper-end variant of a moderate risk portfolio targeting capital growth with income typically providing a lower proportion of the total return.

***Equity Growth Portfolio (Risk Level 7)*** – is the higher risk portfolio targeting long-term capital growth. Income is not a priority for this investor.

***Higher Risk Equity Growth Portfolio (Risk Level 8)*** – is the highest risk portfolio where the emphasis is on equities, the asset class that has the potential to deliver the best returns over the long term but at the expense of higher levels of volatility.

## INVESTMENT RISK

At Church House we define risk for our investors in terms of the potential for permanent or irretrievable loss of capital. The 'risk decision' drives the way we manage portfolios.

Each investor will have a different tolerance for investment risk, based upon his or her needs, outlook and experience. It is therefore important to establish a client's attitude to volatility, i.e. what will keep them awake at night. This helps us to limit or expand a client's exposure to riskier asset classes according to their preferences.

One of the main ways of managing risk is via what is known as 'asset allocation', or put simply, getting the right numbers of eggs into the right baskets. This means determining the spread between the principal investment asset classes of:

- **Cash** – bank deposits and cash equivalents
- **Fixed Interest Securities** – government bonds (Gilts), corporate bonds

- **Equities (ordinary shares)** – UK and Overseas equities, unquoted equities
- **Property (real estate)** – commercial (retail, office, industrial) and residential.

As discretionary fund managers, we concentrate on managing diversified portfolios of bonds, equities and cash, structured to spread risk and provide an optimal mix of income, growth or a combination of both, according to investment objectives. This is a robust investment strategy and, over the long-term, it has been proven that getting the fundamental asset allocation right is far more important than worrying about missing out on individual stocks.

It is important that clients understand the risks they are taking by investing their savings and the extent and type of risks, which their portfolios might be subject to.

See Page 9 for details of how Church House risk management works in practice.

## PORTFOLIO DETAILS

Breakdown of Church House Advantage Managed Portfolio Service. Current Net Income Yield and Current Disposition values are as at 31<sup>st</sup> December 2020.

Defensive Portfolio - CH Risk Level 2	
<b>Investment objective<sup>1</sup></b>	Maintain the real value of capital from a cautious portfolio where growth is a low priority
<b>Policy outline</b>	A diversified portfolio invested broadly 60%/75% in fixed interest and 15%/25% in equities and 5%/15% in other asset classes
<b>Current Net Income Yield</b>	1.60%
<b>CH Risk Level</b>	2 on a 1-10, low-high, scale of risk
<b>Relative Volatility<sup>2</sup> Objective</b>	Not to exceed 35% of FTSE 100 volatility <sup>3</sup> . Actual volatility normally expected to be in the range 25% – 35%

<b>Current Disposition of CH Funds</b>	Investment Grade Fixed Interest	30.0%
	Tenax Absolute Return Strategies	47.5%
	Balanced Equity Income	22.5%

### Cautious Income Portfolio - CH Risk Level 3

<b>Investment objective<sup>1</sup></b>	Income from a cautiously invested portfolio, seeking some capital growth but income and stability are most important
<b>Policy outline</b>	A diversified portfolio invested broadly 60%/80% in fixed interest and equivalent lower-risk securities and 20%/40% in equities (with a bias to income from UK)
<b>Current Net Income Yield</b>	2.10%
<b>CH Risk Level</b>	3 on a 1-10, low-high, scale of risk
<b>Relative Volatility<sup>2</sup> Objective</b>	Not to exceed 45% of FTSE 100 volatility <sup>3</sup> . Actual volatility normally expected to be in the range 35% – 40% p.a

<b>Current Disposition of CH Funds</b>	Investment Grade Fixed Interest	40.0%
	Tenax Absolute Return Strategies	15.0%
	UK Equity Growth	5.0%
	Balanced Equity Income	35.0%
	Esk Global Equity	5.0%

### Income Portfolio - CH Risk Level 4

<b>Investment objective<sup>1</sup></b>	Income with some capital growth, aiming to grow at least in line with inflation
<b>Policy outline</b>	A diversified portfolio invested broadly 40%/60% in fixed interest and equivalent securities and 40%/60% in equities (with a bias to the UK)
<b>Current Net Income Yield</b>	2.0%
<b>CH Risk Level</b>	4 on a 1-10, low-high, scale of risk
<b>Relative Volatility<sup>2</sup> Objective</b>	Not to exceed 60% of FTSE 100 volatility <sup>3</sup> . Actual volatility normally expected to be in the range 40% – 60% p.a

<b>Current Disposition of CH Funds</b>	Investment Grade Fixed Interest	30.0%
	Tenax Absolute Return Strategies	12.5%
	UK Equity Growth	12.5%
	Balanced Equity Income	36.0%
	Esk Global Equity	9.0%

<sup>1</sup>Medium to Long-term

<sup>2</sup>Volatility is the annual standard deviation of monthly returns expressed as a percentage.

<sup>3</sup>The objective is to maintain the relative volatility below the level stated. It is likely to move in a range as suggested though our preference is to err to the lower figure.

Income & Growth Portfolio - CH Risk Level 5	
<b>Investment objective<sup>1</sup></b>	A balance between capital growth and income at moderate risk
<b>Policy outline</b>	A diversified portfolio invested broadly 60%/75% in equities (including around 20% in international companies) and 25%/40% in fixed interest and equivalent securities
<b>Current Net Income Yield</b>	1.60%
<b>CH Risk Level</b>	5 on a 1-10, low-high, scale of risk
<b>Relative Volatility<sup>2</sup> Objective</b>	Not to exceed 70% of FTSE 100 volatility <sup>3</sup> . Actual volatility normally expected to be in the range 50% – 70% p.a

<b>Current Disposition of CH Funds</b>	Investment Grade Fixed Interest	20.0%
	Tenax Absolute Return Strategies	15.0%
	UK Equity Growth	28.0%
	Balanced Equity Income	24.0%
	Esk Global Equity	13.0%

Equity Growth with Income Portfolio - CH Risk Level 6	
<b>Investment objective<sup>1</sup></b>	Capital growth with some income
<b>Policy outline</b>	A diversified portfolio invested broadly 70%/80% in equities (including around 25% in international companies) and 20%/30% in fixed interest and equivalent securities
<b>Current Net Income Yield</b>	1.30%
<b>CH Risk Level</b>	6 on a 1-10, low-high, scale of risk
<b>Relative Volatility<sup>2</sup> Objective</b>	Not to exceed 85% of FTSE 100 volatility <sup>3</sup> . Actual volatility normally expected to be in the range 65% – 85% p.a

<b>Current Disposition of CH Funds</b>	Investment Grade Fixed Interest	10.0%
	Tenax Absolute Return Strategies	14.0%
	UK Equity Growth	29.0%
	Balanced Equity Income	20.0%
	UK Smaller Companies	5.0%
	Esk Global Equity	22.0%

<sup>1</sup>Medium to Long-term

<sup>2</sup>Volatility is the annual standard deviation of monthly returns expressed as a percentage.

<sup>3</sup>The objective is to maintain the relative volatility below the level stated. It is likely to move in a range as suggested though our preference is to err to the lower figure.

### Equity Growth Portfolio - CH Risk Level 7

<b>Investment objective<sup>1</sup></b>	Capital growth, income having a low priority
<b>Policy outline</b>	A diversified portfolio of equities. Expected to be invested at least 90% in equities including international investments and smaller companies
<b>Current Net Income Yield</b>	1.0%
<b>CH Risk Level</b>	7 on a 1-10, low-high, scale of risk
<b>Relative Volatility<sup>2</sup> Objective</b>	Not to exceed 95% of FTSE 100 volatility <sup>3</sup> . Actual volatility normally expected to be in the range 70% – 95% p.a

<b>Current Disposition of CH Funds</b>	Tenax Absolute Return Strategies	12.5%
	UK Equity Growth	40.0%
	Balanced Equity Income	10.0%
	UK Smaller Companies	7.5%
	Esk Global Equity	30%

### Higher-Risk Equity Portfolio - CH Risk Level 8

<b>Investment objective<sup>1</sup></b>	Capital growth at higher-risk
<b>Policy outline</b>	The portfolio is entirely invested in equities, listed in the UK and Overseas, including smaller companies
<b>Current Net Income Yield</b>	0.70%
<b>CH Risk Level</b>	8 on a 1-10, low-high, scale of risk
<b>Relative Volatility<sup>2</sup> Objective</b>	Not to exceed 105% of FTSE 100 volatility <sup>3</sup> . Actual volatility normally expected to be in the range 80% – 105% p.a

<b>Current Disposition of CH Funds</b>	Tenax Absolute Return Strategies	10.0%
	UK Equity Growth	35.0%
	UK Smaller Companies	10.0%
	Esk Global Equity	45.0%

<sup>1</sup>Medium to Long-term

<sup>2</sup>Volatility is the annual standard deviation of monthly returns expressed as a percentage.

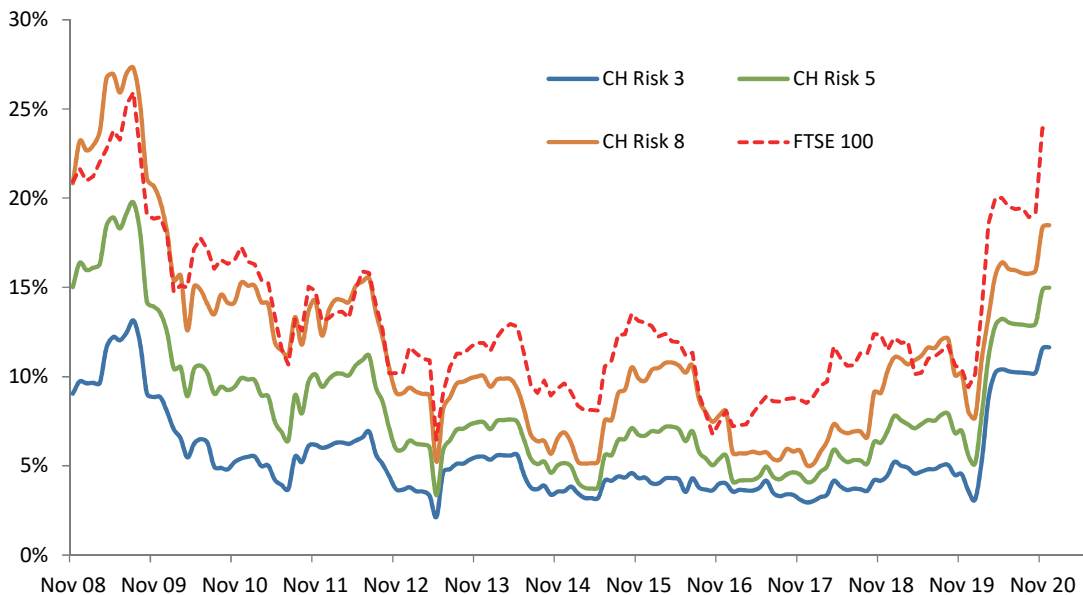
<sup>3</sup>The objective is to maintain the relative volatility below the level stated. It is likely to move in a range as suggested though our preference is to err to the lower figure.



# RISK MANAGEMENT AND PERFORMANCE TRACK RECORD

Volatility is not a proxy for intrinsic investment risk but the chart below illustrates the experienced volatility of three of our portfolios since November 2008 to December 2020.

## Rolling One-year Volatility at Rising Risk Levels

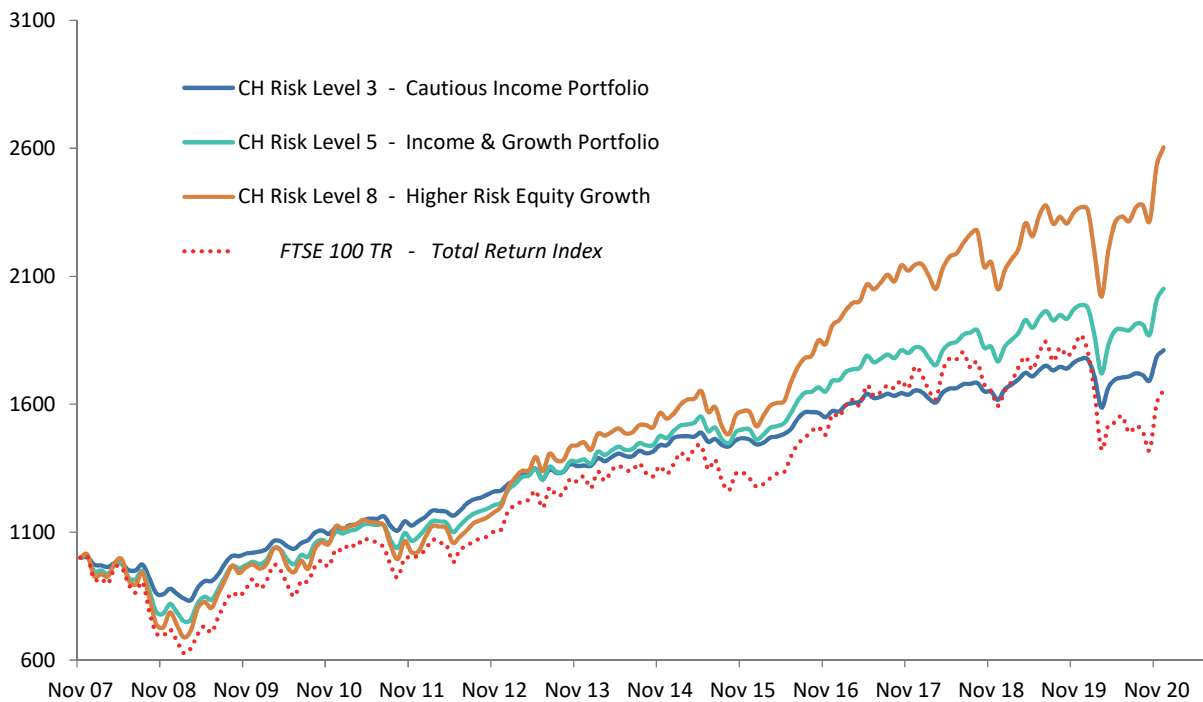


Past performance is not a reliable guide to future performance

Source: Church House, Bloomberg and FTSE International

Total returns (capital growth plus income re-invested) over the period November 2007 to December 2020.

## Performance (Total Return) at Rising Risk Levels



All performance is shown net of fund and portfolio management charges.

Source: Church House, Bloomberg and FTSE International

The information in these charts is believed to be reliable but Church House does not warrant its completeness or accuracy. Past performance is not a guide to future performance and it is not guaranteed.

# INVESTOR INFORMATION

## Minimum Investment Amount

CHAMPS is accessible to clients with as little as £500 to invest. We will also accept regular monthly savings from as low as £50 per month.

## Client Income Payment Options

Client income options are:

- Reinvest income: all income received will be reinvested
- Fixed income: you can choose to have a fixed monthly value paid out. This may use income and capital to meet the requirement
- All income paid: all dividends and interest received will be paid out each month.

Income payments are sent by electronic payment only. Payments are sent to a client's designated bank account.

## Account Types

The following accounts are available: Single, Joint, Trust, ISA, Junior ISA and SIPP.

## Investment options

- Lump sum cash investments
- Transfers of cash ISA and JISA
- Regular monthly savings by Direct Debit
- 'In-specie' transfers, to be sold and re-invested within CHAMPS model.

Payments can be remitted by cheque or electronic payment (BACS or CHAPS).

## Online Tools

Parmenion has developed an online client portal, which includes a range of online tools together with the ability to view portfolio records and access documents. The primary objective is to make things easy and keep clients informed.

## Risk Profiling

This is an exercise to ensure we correctly understand an investor's tolerance for risk, their capacity for loss and level of investment experience. Church House uses the Parmenion Edgcombe Risk Profiling software, which allows us to assess a client's tolerance and capacity for risk on a scale of 1 to 10 as the starting point to a discussion around investment risk. Risk profiling can be undertaken in conjunction with one of our Relationship Managers or online.

## Changes to Existing Portfolios

For existing portfolios, Parmenion takes instruction from Church House to make certain changes to client portfolios.

Examples include:

- Changing the investment solution/risk level
- Notification that a client is adding new monies.

## Client Reporting

Parmenion has an online client reporting module which includes the following reports:

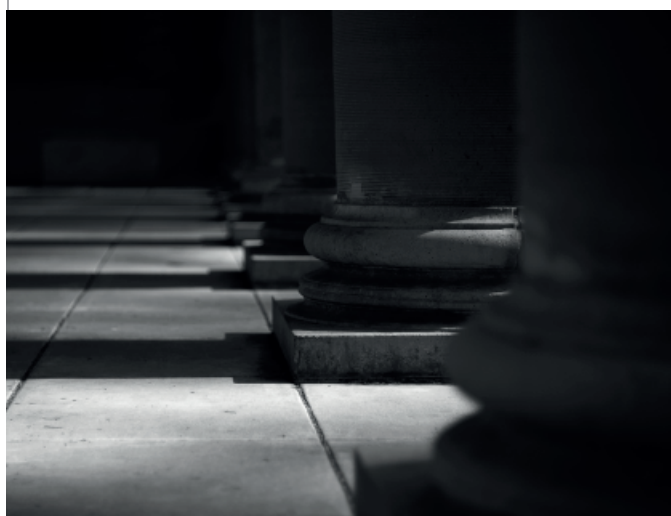
- Current valuations
- Historic/back-dated valuations
- Acquisitions and disposals
- Cash, income schedule and payment statements.

## Standard Charges

Please note that the charges below do not include any charges payable to any third-party such as specialist pension provider.

## Purchase Dealing Commission

Dealing commission is charged at 0.90% on purchases only. There is no dealing commission on the initial investment or on sales. Dealing commission is charged on additional investments, regular savings, fund switches and rebalances.



## Custody Charge

Custody charges are based on the following scale

Min Value	Max Value	Charge Rate
£0	£299,999.99	0.30%
£300,000.00	£599,999.99	0.25%
£600,000.00	£1,499,999.99	0.20%
£1,500,000.00	£50,000,000.00	0.15%

## Total Annual Charge

The Total Annual Charge (TAC) is the overall cost a client will pay to service their portfolio. This includes the fund Ongoing Charge Figure (OCF) and all external charges from Parmenion. The TAC does not include any dealing commissions or third-party wrapper costs.

An example of the costs incurred for a £10,000 CH Risk Level 5 portfolio is shown below:

## EXAMPLE CHARGES as at February 2021

An example of the costs incurred for a £10,000 investment in a General Investment Account based on the CH Risk Level 5 Income and Growth Portfolio. Funds are based on accumulation units and in addition to the invested assets there is a 1% allocation (£100) to cash for liquidity purposes. Individual fund costs are available on request.

Risk Level 5 Income & Growth	Current Disposition	Initial Charges	Charge	Annual Charges	Charge
SVS Church House Investment Grade Fixed Interest	20%	Initial Custodian Charge	0.00%	Fund Ongoing Charges	0.98%
SVS Church House Tenax Absolute Return Strategies	15%	Initial Adviser Charge	0.00%	Custody Charge	0.30%
SVS Church House UK Equity Growth	28%	Initial Custodian Dealing Charge	0.00%	DFM Charge (inc VAT)	0.00%
SVS Church House Balanced Equity Income	24%			Adviser Charge	0.00%
SVS Church House Esk Global Equity	13%				
	100%	Total Initial Charge	0.00%	Total Annual Charge	1.28%

*Other charges:* Ongoing custodian dealing charge of 0.90% and Fund Trading cost 0.06% (estimated cost of buying and selling investments held in the underlying funds)

## Administration and Security

The Church House Advantage Managed Portfolio Service is administered by Parmenion Capital Partners, who are authorised and regulated by the Financial Conduct Authority.

Client money and assets are kept apart from the assets and cash of the Parmenion business. All client money is, under UK regulation, held on statutory trust in segregated client bank accounts. Clients' investments are registered in the name of a separate nominee company (Parmenion Nominees Limited), to distinguish their ownership from the assets of Parmenion.



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#### Important Information

At Church House, our wealth managers offer restricted advice on a limited range of products and services, working with a limited number of providers, details of which are available. This enables us to focus on offering investment solutions that are best suited to our clients, an area in which we are experts. Including our own in-house funds in the design of our portfolio services provides an increased level of risk management and transparency over where our clients' money is invested. If you require a service without these limitations, or which is not offered by us, you should contact an independent financial adviser.

The value of investments and the income you get from them may fall as well as rise and there is no certainty that you will get back the amount of your original investment. You should also be aware that past performance may not be a reliable guide to future performance.

Church House Investment Management is a trading name of Church House Investments Limited, which is authorised and regulated by the Financial Conduct Authority (No. 190548)