



# VT Redlands Fixed Income Portfolio

November 2018

## Investment Objective

The objective of the VT Redlands Fixed Income Portfolio is to provide capital growth.

The Fund seeks to achieve its objective primarily by investing in collective investment vehicles (including for example collective investment schemes, exchange traded funds and investment trusts) which provide exposure to fixed income strategies and assets. The Fund may also invest in other collective investment schemes, transferable securities, bonds, money market instruments, deposits, cash and near cash.

There is no particular emphasis on any geographical area or industry sector.

## Commentary

One traditional signal from the global fixed income markets to help market participants foresee the next global recession is when the “yield curve” “inverts”. The yield curve is simply a series of measures that plot “time” and “yield”. The government issues lots of different amounts of debt at different coupon levels, with different lifespans. Some debt is offered to cover short term cash flow requirements, whilst other debt can be offered for many years. Last year for instance the Argentinean government issued debt with a 100-year life. One thing to remember though is that by and large, the debt offered has a defined time horizon, and therefore on a daily basis each piece of debt issued gets one day closer to final redemption.

The reason for this long-winded paragraph was to say that the shape of the yield curve is changing. The yield demanded by clients at any stage of the curve changes through the price of the bond. Being as the coupon is fixed, the price moves to compensate against fears – inflation, interest rates, time and so on and this changes the shape of the curve. It is known as a curve because simply the shorter the time frame, the less interest is usually demanded from investors as the payback time is closer. As time progresses, risks can increase and therefore the yield demanded subsequently increases too. When the curve inverts, the yield demanded in the short-term is higher than investing for the long term. At the moment, the curve in the US (the world’s largest treasury market) is quite flat, and this is obviously causing some consternation from the bond watchers. Now is not the time to be taking heroic investment decisions though at this stage of the economic cycle.

When the yield curve inverts, it doesn’t mean recession happens the next day; it has previously acted as a very good signal though and we are watching closely. It makes sense to both reduce risk, as well as invest with managers who have greater flexibility in their investment process to attain the best risk / reward profiles.

## Performance Summary as at 30 November 2018

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	SINCE INCEPTION DATE 7 JUNE 2017
<b>VT Redlands Fixed Income Portfolio</b>	-0.81%	-1.12%	-0.09%	-0.56%	-1.66%
<b>UM Fixed Interest – Global</b>	-0.30%	-0.32%	1.33%	0.80%	-0.22%

Source: Financial Express Analytics & Valu-Trac Investment Management Limited. All figures quoted are on a total return basis with income reinvested.

Past performance is not necessarily a guide to future performance

## Holdings

Artemis Strategic Bond MI Acc	4.4%
Baillie Gifford Corporate Bond B Acc	4.9%
BlackRock Corporate Bond D Acc	3.8%
Blackstone / GSO Loan Financing Ltd	2.7%
BNP Paribas Flexi I US Mortgage Priv H GBP Cap	2.0%
db x-track.II Barclays GIAGgBdUCITS ETF 2C USD Hgd	6.5%
Fair Oaks Income 2017	2.4%
Hermes Multi Strategy Credit F GBP Acc Hedged	3.9%
Invesco Perpetual GIBL Financial Cap Z Acc	3.7%
iShares Core Corp Bond UCITS ETF GBP (Dist)	9.0%
iShares Global Corp Bond UCITS ETF USD (Dist)	5.9%

M&G Emerging Markets Bond I Acc GBP	3.1%
PIMCO Sterling Short Maturity Source UCITS ETF	7.5%
Rathbone Ethical Bond Inst Acc	3.1%
Real Estate Credit Investments Ltd	2.8%
Royal London Short Duration Global High Yield Bond Z Acc	5.4%
Royal London Sterling Extra Yield Bond Z	3.0%
Sanlam Strategic Bond I GBP Acc	4.6%
SPDR Barclays Cap Sterling Corporate Bond ETF	5.9%
Starwood European Real Estate Finance Limited	3.1%
Vanguard Total International Bond Index Fund	8.2%
Cash	4.1%



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## Fund Information

Inception Date	7 June 2017
Number of Holdings	21
Fund Size	£44.4m
Ongoing Charge Figure *	0.60%
Estimated Yield**	2.96%
3 Year Annualised Volatility	---

\* The ongoing charges figure is based on expenses and the net asset value as at 31 August 2018. This figure may vary from year to year. It excludes portfolio transaction costs. The Funds annual report for each financial year will include detail on the exact charges made.

\*\* Based on the current portfolio weightings using the latest available data of the underlying funds. The yield is not guaranteed and may fluctuate.

## Fund Managers



**Richard Philbin** is Chief Investment Officer of Wellian Investment Solutions. He is one of the UK's best known multi-manager investors and previously AA rated by OBSR, Citywire and S&P. He is also the inventor of the highly regarded and publicised 'Traffic Light Analysis' system of assessing funds. Prior to Wellian, he was AXA Architas Multi Manager's Chief Investment Officer where he chaired the investment committee and helped the company go from a founding business to a top 5 player in the multi manager space in the UK with responsibility for assets of over £7 bn. Previously, Richard was Head of Multi Manager at F&C Investments. Whilst at F&C he launched the successful LifeStyle range of funds. Assets grew from £100m to over £1bn during his tenure.



**Alan Durrant** is Chief Executive Officer of Wellian Investment Solutions. Previous roles for Alan were Group Chief Investment Officer at The National Bank of Abu Dhabi (NBAD) and prior to NBAD, was Head of Asset Management at Gulf Finance House. Before moving to the Middle East, Alan was Chief Investment Officer at Skandia Investment Management and Chairman of the investment committee. During his tenure the firm won the Best MultiManager at the prestigious Money Marketing Awards in three consecutive years. Whilst at Skandia, Alan conceived and launched the popular Global Best Ideas and Asset Allocator ranges. Prior to Skandia, he was at Hargreaves Lansdown for 12 years, latterly as Investment Director.

## Wellian Investment Solutions

Wellian Investment Solutions is an award winning multi-manager investment management business. As a multi-manager business it specialises in identifying the very finest investment talent from around the world and then blending and combining these managers together to create robust, diversified portfolios. Wellian Investment Solutions have developed their own bespoke manager selection and asset allocation processes and also undertake extensive due diligence on all of the managers before including them in the Redlands Funds.

Wellian Investment Solutions is wholly owned by Harwood Wealth Management Group PLC (HWMG). HWMG is a business listed on the London Stock Exchange AIM market. As a listed business, HWMG is subject to the highest standards of corporate governance. At the most recent announcement (the Interim Accounts of April 2018), HWMG had Assets Under Influence in excess of £4bn.

## Important notes

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