



# VT SG UK Defined Return Assets Fund

## Monthly Report

30<sup>th</sup> November 2018

### Investment Objective & Investment Selection

The investment objective of the VT SG UK Defined Return Assets Fund is to generate capital growth over the long term.

The Fund will seek to achieve its objective primarily via exposure (indirectly by way of a swap) to a portfolio of defined return investments, namely twelve rolling up to six year autocalls (each of which will have a potential maturity date on a different calendar month each year) which are designed to provide a defined return if the FTSE 100 is at, or above, a predefined level on a specified date. Capital is at risk and there is no guarantee that a positive return will be achieved over a 12 month, or any, period.

See Overleaf for a strategy overview.

### Monthly Review

The Fund launched on 31<sup>st</sup> January 2018 at 100p and has risen since inception to a current NAV per share of 101.7577p. The Gross Redemption Yield (GRY) continues to increase and is currently 7.24% (up from 6.68% as at the end of October). The Fund remains ahead of the underlying FTSE index from the date of inception with the NAV per share continuing to reflect an absolute gain for the date of launch.

The November contract did not trigger at its observation point and remains in place for a further year. The December contract would require almost a 5% rally in the FTSE between the close of 30<sup>th</sup> November and the 5<sup>th</sup> December observation point to breach the strike level of 7,334.98.

The strike level of 7,334.98 is the level which each contract will have to exceed until the May 2019 observation point which has a 7,710.98 hurdle.

### Performance Measures

The Financial Conduct Authority regulations require performance data to be shown for a minimum of a 12 month period. As this fund has less than a one year performance track record we are unable to include fund performance information.

### Key Facts

<b>Sponsor</b>	Societe Generale
<b>NAV Per Share</b>	101.7577p
<b>Launch Date</b>	31 <sup>st</sup> January 2018
<b>Base Currency</b>	GBP
<b>Liquidity</b>	Daily
<b>Share Type</b>	Accumulation
<b>Initial Charge</b>	0%
<b>Annual Management Charge</b>	£30,000 per annum (chargeable to the fund) + 0.375%
<b>Minimum Subscription</b>	£5,000
<b>ISIN</b>	GB00BDZRYK47
<b>SEDOL</b>	BDZRYK4
<b>Bloomberg Code</b>	VTSGUAG LN
<b>IA Sector</b>	Specialist
<b>Pricing</b>	12:00 noon
<b>Dealing Deadline</b>	12:00 noon
<b>Dealing Line</b>	01343 880344
<b>Fax</b>	01343 880267
<b>Email</b>	sg@valu-trac.com

### Summary of Holdings

Asset Month Ref	Strike Level	Coupon	Strike Date	Next Autocall Date	Final Valuation Date	Assumed duration / time to knockout - years*	GRY*	Autocall Coupons					
								Autocall #1 (100% Level)	Autocall #2 (100% Level)	Autocall #3 (95% Level)	Autocall #4 (90% Level)	Autocall #5 (85% Level)	Autocall #6 (80% Level)
March	7334.98	7.15%**	05/02/18	05/03/19	06/03/23	1.26	7.61%	-	107.75%	114.90%	122.05%	129.20%	136.35%
April	7334.98	7.15%**	05/02/18	05/04/19	05/04/23	1.35	7.54%	-	108.34%	115.49%	122.64%	129.79%	136.94%
May	7710.98	6.00%	14/05/18	07/05/19	07/05/24	3.43	7.12%	106.00%	112.00%	118.00%	124.00%	130.00%	136.00%
June	7703.81	6.45%	12/06/18	05/06/19	05/06/24	3.52	7.22%	106.45%	112.90%	119.35%	125.80%	132.25%	138.70%
July	7661.87	6.61%	13/07/18	05/07/19	05/07/24	3.60	7.16%	106.61%	113.22%	119.83%	126.44%	133.05%	139.66%
August	7667.01	6.05%	10/08/18	05/08/19	05/08/24	3.68	6.92%	106.05%	112.10%	118.15%	124.20%	130.24%	136.30%
September	7273.54	6.97%	11/09/18	05/09/19	05/09/24	2.77	6.88%	106.97%	113.94%	120.91%	127.88%	134.85%	141.82%
October	7334.98	7.15%	05/02/18	07/10/19	05/10/23	1.85	7.35%	-	111.92%	119.07%	126.22%	133.37%	140.52%
November	7334.98	7.15%	05/02/18	05/11/19	06/11/23	1.93	7.30%	-	112.51%	119.66%	126.81%	133.96%	141.11%
December	7334.98	7.15%**	05/02/18	05/12/18	05/12/23	2.02	7.15%	105.96%	113.11%	120.26%	127.41%	134.56%	141.71%
January	7334.98	7.15%**	05/02/18	07/01/19	05/01/24	2.10	7.28%	106.55%	113.70%	120.85%	128.00%	135.15%	142.30%
February	7334.98	7.15%	05/02/18	05/02/19	05/02/24	2.19	7.32%	107.15%	114.30%	121.45%	128.60%	135.75%	142.90%

FUND

2.48

7.24%

\* per annum

\*\* pro rata

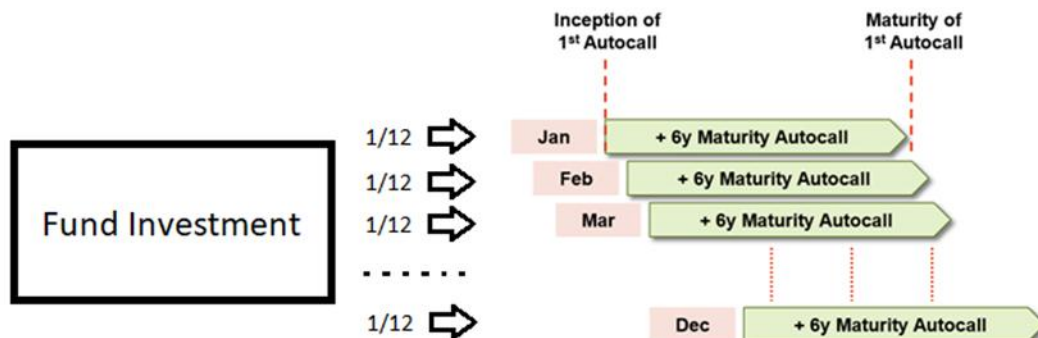
**Bold** Autocall Coupons are the current potential returns based on the level of the FTSE 100 as of the 30<sup>th</sup> November 2018.



### The Passive Defensive Investment Strategy

#### → 12 Equal Holdings – Staggered Monthly

An investment into the Fund gives investors **equal** exposure to 12 defined return investments, namely twelve rolling up to six year autocalls (each of which will have a potential maturity date on a different calendar month each year) which are designed to provide a defined return if the FTSE 100 is at, or above, a predefined level on a specified date. Capital is at risk and there is no guarantee that a positive return will be achieved. The objective over time is to ensure investors have diversity of investment timing, investment level and potential return.



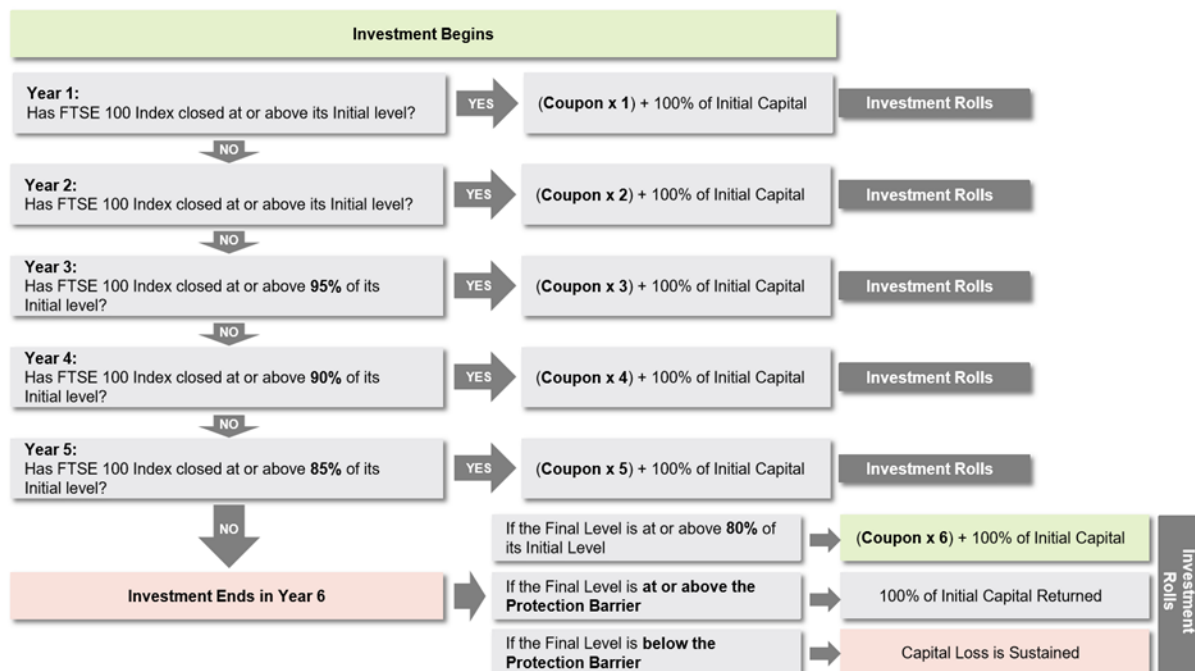
#### → Example defined return investment returns

Each defined return investment return is dependent on the performance of the FTSE 100 Index.

If, on an annual autocall date, the FTSE 100 Index closes at or above the required level the defined return investment will end and the capital and any accumulated return for each year that has elapsed since the defined return investment start date, will be automatically reinvested into a new defined return investment following the very same strategy, resetting the dates and market levels at that time.

If, however, the FTSE 100 Index closes below the required level on an annual autocall date, the defined return investment will continue to the next annual autocall date.

If, the FTSE 100 Index does not close at or above the required level over any of the six annual autocall dates, the defined return investment will mature, and a capital loss will be incurred should the FTSE level be below 60% of the defined return investment start date.





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### Performance Indicators

The table below is a snapshot of the current shape of the Fund.

Market Move	-20%	-10%	0%	10%	20%
Intrinsic Value (GBP)	0.9743	1.3254	1.1985	1.0936	1.0745
Avg Time to Maturity (yrs)	5.14	4.48	2.48	0.81	0.47
Gross Redemption Yield	-0.73%	6.29%	7.24%	44.72%	46.91%

#### → Intrinsic value

The intrinsic value is the aggregate terminal value of the Fund taking into account estimated fees over the relevant period (not accounting for additional value from future reinvestment).

#### → Average Time to Maturity

The table also shows the weighted average time to maturity of the investments held within the Fund. Currently this is 2.48 years because, at current market levels, all of the autocallable investments are likely to call within 1 to 3 years. This number gives the investor an idea of how long it will take for them to earn the expected GRY.

If the Market (The FTSE 100) moves up by 10%, then at present many of the 12 strategies would be set to mature sooner, and thus the Average Time To Maturity decreases.

#### → Gross Redemption Yield

The table above shows the current expected yield of the Fund taking into account estimated fees for certain movements in the underlying indices. For example, if markets do not move, we would expect the Fund to yield 7.24% given its current make-up.

If the Market (The FTSE 100) moves up by 10%, then the Average Time To Maturity decreases, and so does the Intrinsic Value (GBP), but combined this improves the Gross Redemption Yield considerably from 7.24% to 44.72%.

### Platforms



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