

VT AI-FUNDS Tactical High Yield Bond aims to consistently deliver an average 6-9% compound total return per annum over a 3-year rolling period.* It uses systematic tactical rules to smooth high yielding fixed income bonds.

INVESTMENT PROCESS

This unique multi-manager fund uses active smart beta to seek consistent positive risk reduced returns, through exposure to fixed income high yielding corporate bond funds in conjunction with systematic asset allocation. The fund invests into large high yielding (HY) collective investment schemes (CIS), across several management groups to provide daily liquidity and scalability. However, if Quantitative Analysis Service (QAS) signals that the HY market is weakening, the HY funds will be sold to protect the capital. To remove foreign exchange volatility, each CIS fund is hedged back to sterling. More details can be found on the dedicated website www.ai-funds.co.uk

TARGET MARKET

As the fund has low volatility compared to equities it could be used as a substitute for cash, absolute return, alts, property, strategic bond or high yield. Within a retirement portfolio it has been designed to be used as the withdrawal fund with daily liquidity. **

MARKET COMMENTARY

The take up of vaccinations has supported the market and spreads have tightened throughout the year. 2021 is on pace to be the lowest high yield default rate year since the global financial crisis.

FUND COMMENTARY

During 2020 the 'S' share class tactically switched twice; 40% into defensive money market funds on the 9th March and then 100% back into high yield at the low on 20th March. This helped the fund outperform all the other sterling hedged GBP high yield funds during the year as well as the US and European indices. Since then it has been fully invested in high yield funds.

During 2020 we also added allocation to Lord Abbett and Artemis. We also kept the tilt to US HY over Euro HY.

There were no shares in issue for the 'I' share class until the QAS signal at the low in March 2020. Since then the 'I' share class has risen 34.51%. The 'S' share class is up 14.51% from the launch.

The Investment Association have placed the fund in the 'Sterling Strategic Bond' sector. The fund was 2/84 over 2020 and 4/84 over 12 months.

FUND FACTS

Fund launch date	7 th October 2019
Fund type	OEIC
Fund manager	AI-FUNDS
Fund size	£6.3m
No of holdings	10
IA sector	IA Sterling Strategic Bond
Base currency	GBP
Valuation point	12 noon
Accounting dates	Final – 30 April Interim – 31 October
Indicative underlying CIS Yield	Between 4% and 7%
Indicative underlying CIS Duration	Between 2-4 years

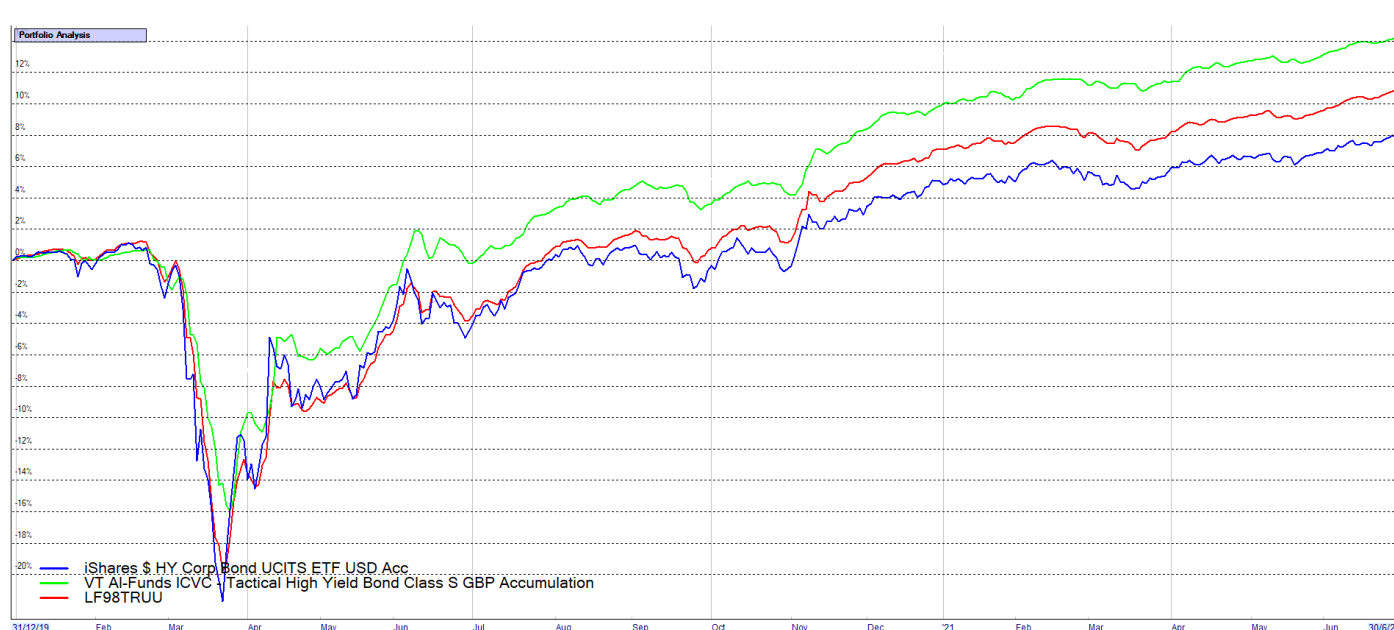
HOLDINGS

	%
Nomura Funds US High Yield Bond	15
Amundi Index Pioneer US High Yield Bond	13
Nomura Funds European High Yield Bond	13
JPM Global High Yield Bond	12
BNY Mellon US High Yield Beta	12
Legg Mason WA US High Yield Premier	11
Lord Abbett Global High Yield	9
Artemis Global High Yield	6
AXA Global High Yield Bond	5
Royal London Global High Yield Bond	1
Cash	3

* Capital is in fact at risk and there is no guarantee that a positive return will be achieved over a three year, or any, period.

** Details of the risk profile can be found in the Key Investor Information Document, available from www.valu-trac.com/ai

PERFORMANCE 31/12/2019 – 30/06/2021



Past performance is not necessarily a guide to future performance.

Source: Index data provided by QAS and fund data by Ionic Information Share Scope (Morningstar).

Performance has been shown against the Bloomberg Barclays US Corporate HY TR USD index (LF98TRUU) and HYG the iShares ETF. It can be seen that the ETF (blue) underperforms the index (red) as indices do not include fees or operating expenses and you cannot invest in them. The ETF is also more volatile. You will note that the fund went 40% into money market funds on 9th March 2020 but went 100% high yield 20th March 2020.

THE TEAM



+



=



AI-FUNDS Ltd is the trading name of an investment management company formed by the partnership between Quantitative Analysis Service, INC and Unbiased Portfolio Management Ltd. QAS provides uniquely calculated quantitative momentum ratings on a wide range of global investment instruments. QAS has been successfully providing institutional research using its tools drawn from “big data” science for over 40 years.

Why invest in VT AI-FUNDS Tactical High Yield Bond?

- ▲ A single fund to provide your fixed income needs
- ▲ Over 40 years of systematic experience
- ▲ Access to funds not easily available
- ▲ Diversification across very large fund management groups
- ▲ Liquidity, scalability and smoothing using multiple managers

SHARE CLASS DETAILS

SHARE CLASS	ISIN	SEDOL	ENTRY CHARGE	ONGOING CHARGES	SHARE PRICE
S Accumulation	GB00BKRSF562	BKRSF56	0%	0.98% *	114.51p
I Accumulation	GB00BKRSF679	BKRSF67	0%	1.08% *	134.51p

*The Investment Manager of the fund has undertaken to absorb any costs that would otherwise cause the fund to have ongoing charges in excess of 0.98% (S class) and 1.08% (I class).

WHERE TO INVEST



CONTACT DETAILS

Ian Hart
Investment Director

info@ai-funds.co.uk

020-8715-4004

www.ai-funds.co.uk

AI-FUNDS Limited
37 Dorset Road
London
SW19 3EZ

DISCLAIMER

WARNING: The information in this Report is presented using all reasonable skill, care and diligence and has been obtained from or is based on third party sources believed to be reliable but is not guaranteed as to its accuracy, completeness or timeliness, nor is it a complete statement or summary of any securities, markets or developments referred to. The information within this Report should not be regarded by recipients as a substitute for the exercise of their own judgement.

The information in this Report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient and is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. In the absence of detailed information about you, your circumstances or your investment portfolio, the information does not in any way constitute investment advice. If you have any doubt about any of the information presented, please consult your stockbroker, accountant, bank manager or other independent financial advisor.

Value of investments can fall as well as rise and you may not get back the amount you have invested. Income from an investment may fluctuate in money terms. If the investment involves exposure to a currency other than that in which acquisitions of the investments are invited, changes in the rates of exchange may cause the value of the investment to go up or down. Past performance is not necessarily a guide to future performance.

Any opinions expressed in this Report are subject to change without notice and AI-FUNDS is not under any obligation to update or keep current the information contained herein. Sources for all tables and graphs herein are Valu-Trac Investment Management Limited unless otherwise indicated.

The information provided is "as is" without any express or implied warranty of any kind including warranties of merchantability, non-infringement of intellectual property, or fitness for any purpose. Because some jurisdictions prohibit the exclusion or limitation of liability for consequential or incidental damages, the above limitation may not apply to you.

Users are therefore warned not to rely exclusively on the comments or conclusions within the Report but to carry out their own due diligence before making their own decisions.

Employees of AI-FUNDS, or individuals connected to them, may have or have had interests of long or short positions in, and may at any time make purchases and/or sales as principal or agent in, the relevant securities or related financial instruments discussed in this Report.

© 2021 AI-FUNDS. AI-FUNDS is a trading name of Unbiased Financial Group LLP, authorised and regulated by the Financial Conduct Authority (UK), registration number 726137. This status can be checked with the FCA on 0800 111 6768 or on the FCA website (UK). All rights reserved. No part of this Report may be reproduced or distributed in any manner without the written permission of AI-FUNDS.