

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 market has been driven by the view that strong nominal and real economic growth was intact, leading to expectations for strong corporate earnings in Q4 and a sense that the environment would continue for the first half of 2022. As inflation has gone higher than previously expected the Fed is tightening by increasing the taper of QE bond purchases and planning to increase rates. Looking forward, the market expects the default rate to stay low and an increase in the number of rising stars.

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 until 19th August 2021 when it switched into short dated CIS funds.

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 33.29%. The 'S' share class is up 13.54% from the launch.

The Investment Association have placed the fund in the 'Sterling Strategic Bond' sector. The fund is top quartile over 12 months with a FE risk score of only 24.

FUND FACTS

Fund launch date	7 th October 2019
Fund type	OEIC
Fund manager	AI-FUNDS
Fund size	£6.9m
No of holdings	6
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 1% and 2%
Indicative underlying CIS Duration	Between 1-3 years

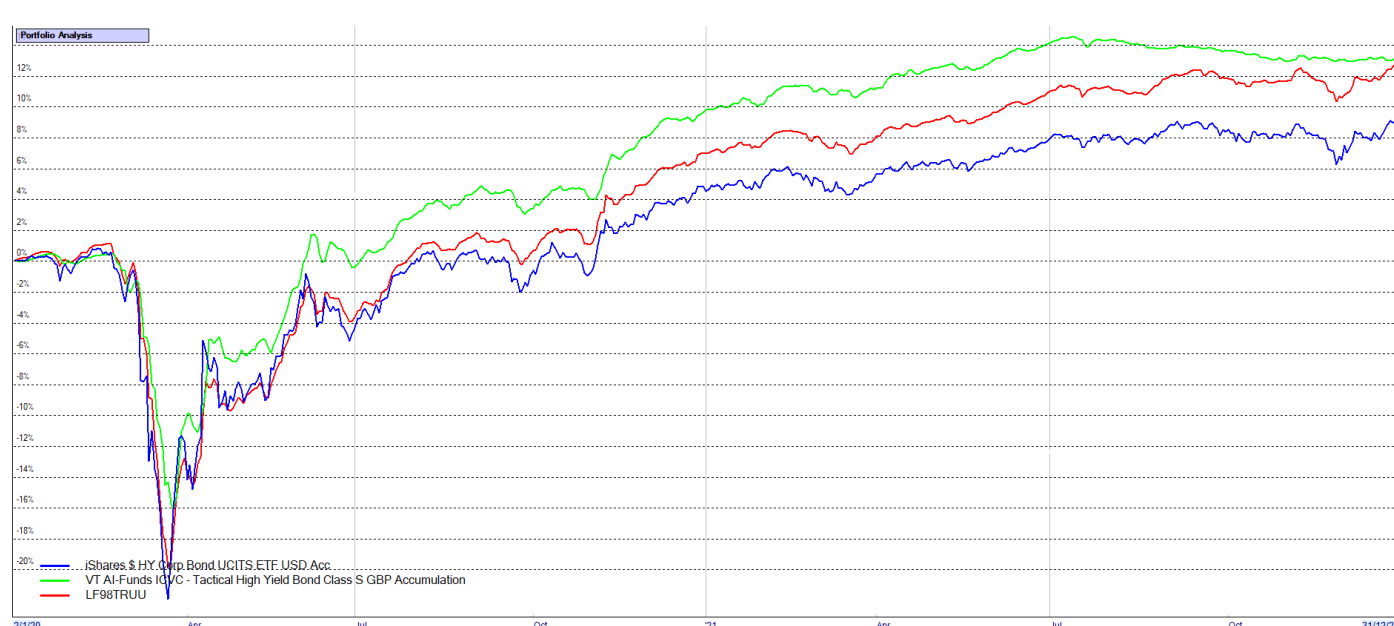
HOLDINGS

	%
Royal London Absolute Return Gov Bond	18
Dimensional Global Ultra Short Fixed Income	18
Fidelity Short Dated Corporate Bond	17
ASI Sterling Short Term Government Bond	17
Vanguard Global Short-Term Bond	12
Dimensional Global Short Dated Bond	9
Cash	9

* 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 – 31/12/2021



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) and 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. It switched into defensive regime 3 on the 19th August 2021.

THE TEAM



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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% *	114p
I Accumulation	GB00BKRSF679	BKRSF67	0%	1.08% *	133p

*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

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