

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

It has been a very challenging year for the fixed income market. With the US and UK central banks finally realising that inflation was not going to be transitory and therefore having to raise interest rates to combat inflationary pressures. Coupled with Russia's invasion of Ukraine impacting the price of energy and food, it has been a perfect storm.

FUND FACTS

Fund launch date	7 th October 2019
Fund type	OEIC
Fund manager	AI-FUNDS
Fund size	£8.5m
No of holdings	11
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 3%
Indicative underlying CIS Duration	Between 1-2 years

* 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

MARKET COMMENTARY (continued)

As base rates increased, bonds exposed to duration were badly affected. By contrast performance from the credit sector was positive as default rates remain low for the US and Europe.

Since the start of 2022 the US high yield credit spread has widened to 479 from 310 and high yield funds are down between 10 & 19%.

The short dated fixed income sector was the least affected sector; but as the central banks started raising rates even these funds are down between 0 & 7%.

FUND COMMENTARY

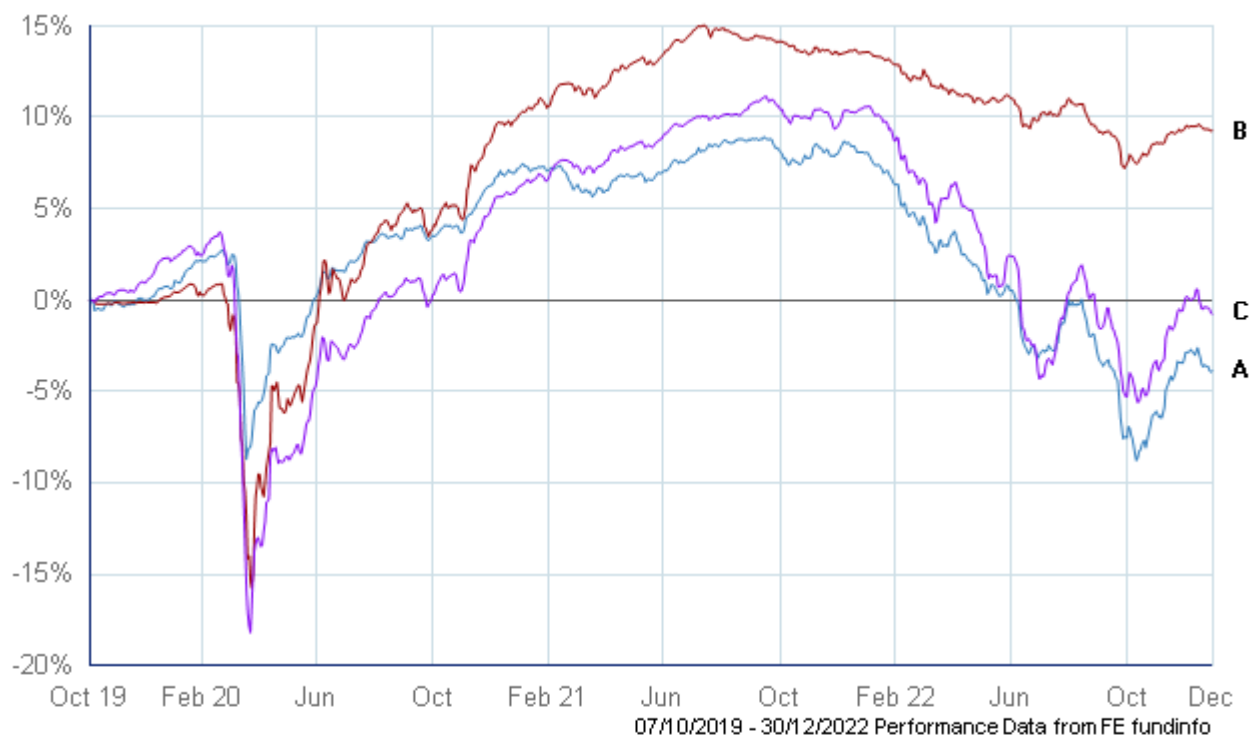
The fund switched into the shortest duration short dated CIS funds on 19th August 2021. We also kept the duration low by keeping new subscriptions in cash. During the period we invested into Lord Abbett Short Duration, LM Western Short Duration, Dimensional Global Core and UBAM AR LV to reduce the cash and improve diversification. We now have 25 defensive CIS funds that we can invest into, each with differing characteristics.

Since the start of the year the IA Sterling High Yield Sector is down 9.75%, the IA Sterling Strategic Bond Sector is down 11.70% and our fund is down only 3.78%. Over the year FE position the performance of the fund 8/86 with the volatility at 3/86 and 1st over 3 years within the IA Sterling Strategic Bond Sector. The FE fundinfo Risk Score has reduced down to 21 from 24.

HOLDINGS

	%
Royal London Absolute Return Gov Bond	15
Dimensional Global Ultra Short Fixed Income	14
ASI Sterling Short Term Government Bond	13
Fidelity Short Dated Corporate Bond	13
Vanguard Global Short-Term Bond	8
Dimensional Global Short Dated Bond	7
Lord Abbett Short Duration Income	4
LM WA Short Duration Blue Chip Bond	4
Dimensional Global Core Fixed Income	2
UBAM Absolute Return Low Vol Fixed Income	1
Cash	17

PERFORMANCE 7/10/2019 – 30/12/2022



Cumulative Performance		Discrete Performance	Annualised Performance	<input checked="" type="checkbox"/> Select All						
Key	Chart	Instrument	1m	3m	6m	1y	3y	5y	10y	Start of Data
B	<input checked="" type="checkbox"/>	VT AI-FUNDS Tactical High Yield Bond S	1.1%	1.7%	-0.4%	-2.1%	10.2%	-	-	10.5%
C	<input checked="" type="checkbox"/>	IA Sterling High Yield	3.5%	7.8%	2.7%	-4.1%	0.6%	9.2%	36.2%	322.4%
A	<input checked="" type="checkbox"/>	IA Sterling Strategic Bond	3.6%	7.2%	0.4%	-5.1%	-1.8%	6.6%	30.8%	394.3%

Performance values rebased to Pound Sterling.

Past performance is not necessarily a guide to future performance.
Source: FE Fundinfo 2022

Performance has been shown against the IA GBP Strategic Bond Sector (blue) and IA GBP High Yield Sector (purple).

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% *	109p
I Accumulation	GB00BKRSF679	BKRSF67	0%	1.08% *	128p

*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

advance
by embark

AEGON

AJBell
Investcentre

allfunds

ascentric

AVIVA for Advisers

CREDO
WEALTH

embark
platform

FundsNetwork

HARGREAVES
LANSDOWN

Hubwise

ii interactive
investor

BNY MELLON | PERSHING

Quilter Quilter
International

SEVEN
Investment Management

Adviserzone
Standard Life

transact

true potential

ZURICH

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