



# VT Chelsea Managed Balanced Growth

November 2022

VT CHELSEA  
Managed  
FUNDS



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## Fund information

Launch date	5 <sup>th</sup> June 2017
Size	£37.57m
Number of holdings	39
Share class & ISIN	VT Chelsea Managed Balanced Growth A Acc GBP GB00BF0NMX06
Initial charge	0%
Ongoing charges figure	1.16%

## Top 10 holdings

Fidelity Index US	7.28%
Invesco Physical Gold ETC	4.68%
Fidelity Global Special Situations	3.99%
T Rowe Price Global Focused Growth Equity	3.98%
Man GLG UK Absolute Value	3.93%
Fundsmith Equity	3.92%
iShares \$ TIPS UCITS ETF GBP Hgd Inc	3.39%
Greencoat UK Wind PLC	3.36%
Invesco US Treas Bd 7-10 Year UCITS ETF Dist	3.10%
Taylor Maritime Investments Ltd	3.07%

**VT Chelsea Managed Balanced Growth** aims to produce capital growth over the long term<sup>1</sup>, but with lower volatility than global equities. The fund has a target weighting of between 50% and 70% in UK and overseas equities,

**Fund commentary** It has been a turbulent few months to say the least. The government's mini-budget went down like a lead balloon. Tax cuts would have led to more inflation and more government borrowing. The result was a surge in UK bond yields (Gilts). The pound also fell heavily against the US dollar. Defined benefit pension funds were hit by margin calls from leveraged gilt positions. The Bank of England had to step in to stabilise the market. 30 year UK Gilt yields, which were around 1% at the start of the year, rose to over 5%. This rise in yields has hit bonds, equities, property, and alternatives assets. The political fallout forced the prime minister and chancellor to resign. The mini-budget has been largely scrapped and the gilt market has now calmed down. Yields have fallen back but still remain around 4%.

This is one of the worst years in history for bonds. The fund exposure has been relatively low. We have disliked the low yields on government and corporate bonds for a long time and only recently started to add more.

As government bond yields have risen rapidly, the alternative investment trust holdings have been hit, particularly real estate. Fortunately, we were aware of this potential danger. The fund fully exited positions in PRS REIT, AEW UK REIT, TR Property

although it may also invest in other assets including bonds, property, gold and targeted absolute return strategies. Exposure to assets will typically be via open-ended funds, investment trusts and exchange traded funds.

investment trust and LXI REIT. These were all sold, at a large profit before the major sell-off in gilts occurred. There has also been a substantial reduction to many of the other investment trust holdings. The ones which continue to be held have fallen heavily and thus the fund has slightly underperformed in the last month. However, many of these trusts are now trading on very wide discounts, in some cases as high as 50%.

There has continued to be a rotation back into bonds. It is now possible to get over 4% on a US 10 year bond. This position is also a risk diversifier and should do well if the global economy heads into recession. Inflation-protected government bonds have been added to the fund as they now offer close to a 2% real yield in the US. i.e. 2% on top of whatever inflation is. That seems like a pretty good deal in the current environment. The US to the UK is preferred as the yields are higher and inflation is expected to peak there first. The fund has also been adding exposure to investment grade corporate bonds via the Artemis Corporate Bond fund.

A bumpy road is expected over the next few months but we are delighted at some of the yields that can now be achieved. Despite the volatility we are excited for the future.

## Performance since launch (%)\*



## Cumulative performance

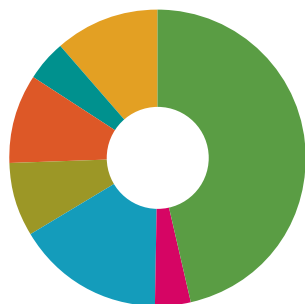
	1 year	3 years	5 years	Since launch
<b>Fund (%)</b>	-13.58	11.37	20.59	24.57
<b>IA Sector (%)</b>	-10.46	6.33	12.92	15.30

## Calendar year performance

	YTD	2021	2020	2019
<b>Fund (%)</b>	-14.89	16.24	7.82	15.30
<b>IA Sector (%)</b>	-12.03	10.94	5.32	15.78

Past performance is not a reliable guide to future returns. \*FE Funds Info 31/05/2022-31/10/2022 Total Return in Sterling. \*\*FE Funds Info 28/02/2022-31/10/2022 VT Chelsea Managed Balanced Growth vs IA Mixed Investment 40-85% Shares total return in sterling.

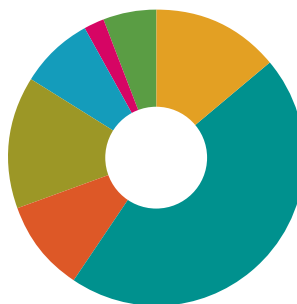
## Asset allocation (%)



Equity	46.53%
Targeted Absolute Return	3.93%
Fixed Interest	15.97%
Cash	8.20%
Property	9.57%
Gold and Silver	4.68%
Alternatives	11.13%
<b>Total</b>	<b>100.00%</b>

Data correct as at 31<sup>st</sup> October 2022. Figures may not add up to 100% due to rounding.

## Geographical equity allocation (%)



UK	14.14%
USA	45.37%
Asia Pacific ex Japan	10.20%
Europe ex UK	14.43%
Japan	7.97%
Emerging Markets ex Asia	2.19%
Other	5.70%
<b>Total</b>	<b>100.00%</b>

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- ✓ We'll try to access the underlying funds in the cheapest way possible, including some share classes not available to individual investors

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All performance data is sourced from FE Fund Info. Every effort is made to ensure the accuracy of any information provided but no assurances or warranties are given. Some performance differences between the fund and the sector average may arise because the fund performance is calculated at a different valuation point from the IA Sector.

The VT Chelsea Managed Funds are for investors who prefer to make their own investment decisions, without personal advice.

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