VT Chelsea Managed Cautious Growth

March 2023

VT CHELSEA Managed FUNDS

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Fund information

Launch date	5th June 2017
Size	£14.32m
Number of holdings	37
Share class & ISIN	VT Chelsea Managed Cautious Growth A Acc GB00BF0NMV81
Share class & ISIN	VT Chelsea Managed Cautious Growth A Inc GB00BF0NMW98
Indicated yield	2.68%
Income distribution	Half yearly††
Initial charge	0%
Ongoing charges figure	1.21%
Payment dates††	31st August, 28th February

Top 10 holdings

Fundsmith Equity	5.77%
Man GLG UK Absolute Value	5.51%
Liontrust Special Situations	5.12%
Invesco Physical Gold ETC	4.67%
Jupiter UK Special Situations	4.65%
Fidelity Global Dividend	4.57%
Fidelity Index US P Acc	3.77%
Greencoat UK Wind PLC	3.49%
iShares $ TIPS UCITS ETF GBP Hgd Inc	3.18%
FTF Martin Currie European Unconstrained	3.07%

VT Chelsea Managed Cautious Growth aims to produce capital growth over the long term, but with lower volatility than global equities†. The fund has a target weighting of between 40% and 50% in UK and overseas equities, 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.

Fund commentary* 2022 was one of the toughest years on record for investors, with virtually every asset class, be it bonds, stocks, property or alternatives, such as infrastructure, suffering losses. The FTSE 100, previously a laggard for many years, has been one of the few relative bright spots in an otherwise tough market.

Markets had a good start to 2023, optimistic that inflation would fall and that the global economy would avoid a serious recession. However, some of this optimism receded during February as inflation continued to remain stubbornly high. There is now talk that US interest rates may have to go as high as 6%. Such a high rate was unthinkable a year ago. The net result of this is that bond yields have risen back up, hitting the price of bonds and stocks.

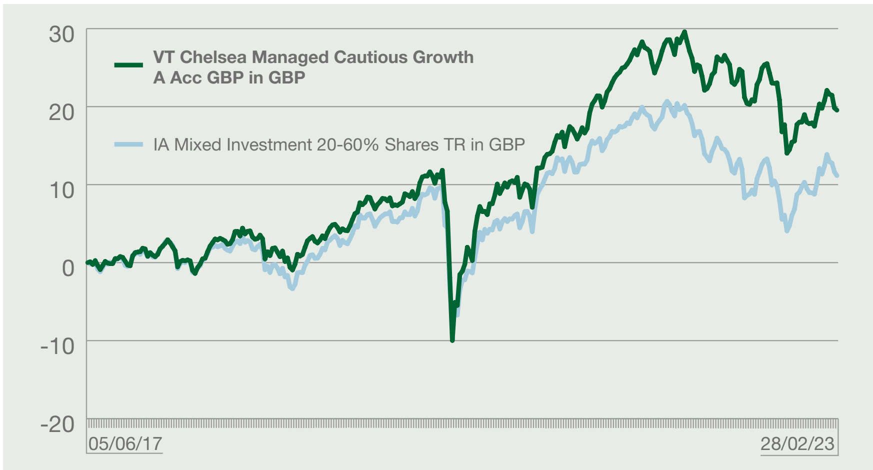
Higher interest rates have also had a dramatic impact on the Real Estate Investment Trust market. The fund's exposure is currently relatively low at 7.52%. Many previously unremarkable trusts have fallen 30 or 40% in the past nine months. Whilst in some cases there is good reason for this we are now finding some really exciting opportunities.

One new position is a trust which owns GP surgeries with long leases and very secure rental income. The trust was previously loved by the market and was expensive and the fund did not own it. Now the share price has collapsed and it is down 40% on higher interest rates, despite the fact the company continues to grow its rent and has locked in most of its debt at exceptionally low rates for over ten years. You can now buy this trust on a 6.5% dividend yield and we expect that dividend to grow in the future.

Some of the other specialist investment trusts have been hit hard by higher rates and are now trading on huge discounts, and in our view, offer some incredible value. In some cases investors have gone from euphoria a couple of years ago, to complete despair today, and we think this offers an opportunity. The fund has topped up some of the names hardest hit.

Although this difficult period of weak capital returns can be frustrating, it is giving us some great opportunities. We believe this period of weak markets and negative sentiment is setting the fund up for better returns in the future over the long term.

Performance since launch (%)**



Cumulative performance

	1 year	3 years	5 years	Since launch
Fund (%)	-2.72	10.93	18.67	19.54
IA Sector (%)	-2.88	6.07	10.52	11.15

Calendar year performance

	YTD	2022	2021	2020	2019
Fund (%)	1.76	-9.35	12.29	4.00	11.47
IA Sector (%)	2.19	-9.47	7.20	3.51	11.84

All data correct as at 28th February 2023.
†Long term is 5+ years.
††Investors may receive payment later, depending upon platform.

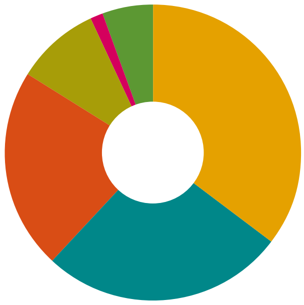
Past performance is not a reliable guide to future returns. *FE Funds Info 30/10/2022-28/02/2023 Total Return in Sterling. **FE Funds Info 05/06/2017-28/02/2023.

Asset allocation (%)

Equity	37.76%
Targeted Absolute Return	10.07%
Fixed Interest	22.79%
Cash	8.34%
Gold and Silver	4.67%
Alternatives	8.85%
Property	7.52%
Total	100.00%

Data correct as at 28th February 2023. Figures may not add up to 100% due to rounding.

Geographical equity allocation (%)



UK	35.40%
USA	26.78%
Europe ex UK	21.95%
Asia Pacific ex Japan	8.94%
Emerging Markets ex Asia	0.19%
Japan	1.20%
Other	5.54%
Total	100.00%

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- ✓ An easy portfolio. Invest in a range of assets globally with a single buy
- ✓ Chelsea's experienced research team looking after your investments
- ✓ Your portfolio will be adapted to take account of the prevailing market and economic climate
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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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