VT Chelsea Managed Cautious Growth

December 2021

VT CHELSEA Managed FUNDS

The Chelsea research team (L to R): James Yardley, Senior Research Analyst; Darius McDermott, Managing Director; Juliet Schooling Latter, Research Director; Ryan Lightfoot-Brown, Senior Research Analyst

Fund information

Launch date	5th June 2017
Size	£13.80m
Number of holdings	32
Share class & ISIN	VT Chelsea Managed Cautious Growth A Acc GB00BF0NMV81
Share class & ISIN	VT Chelsea Managed Cautious Growth A Inc GB00BF0NMW98
Indicated yield	2.00%
Income distribution	Half yearly††
Initial charge	0%
Ongoing charges figure	1.39%
Payment dates††	31st August, 28th February

Top 10 holdings

Fundsmith Equity	5.90%
Fidelity Global Dividend	5.80%
Man GLG UK Absolute Value	5.58%
Liontrust Special Situations	4.97%
Digital 9 Infrastructure	4.27%
Greencoat UK Wind PLC	4.20%
Jupiter UK Special Situations	3.83%
Legg Mason IF MC European Unconstrained	3.31%
Supermarket Income REIT PLC	3.15%
Vontobel TwentyFour Absolute Return Credit	3.04%

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* Is inflation transitory? Central banks have insisted it is. However, that changed recently when Federal Reserve (Fed) chair Jerome Powell said it was time to retire the word. In effect he was admitting the Fed had made a mistake and signalling that higher interest rates are coming to help tame inflation.

We've all become used to an era of cheap easy money. Some increase in interest rates is to be expected. It was necessary to take emergency action at the start of the pandemic but now much of the economy is returning to normal it makes sense to reverse these emergency measures. The market has already priced these rate rises in. It's only if rates rise faster than expected that there is cause for concern which could happen if inflation persists.

There is strong evidence for both sides of the inflation camp. On the one hand, shipping rates and some commodities have started falling suggesting inflation may be peaking. On the other hand some wages are rising. Many people have changed their lives since the pandemic started and a lot have retired and left the workforce. The result is a shortage of workers in many industries.

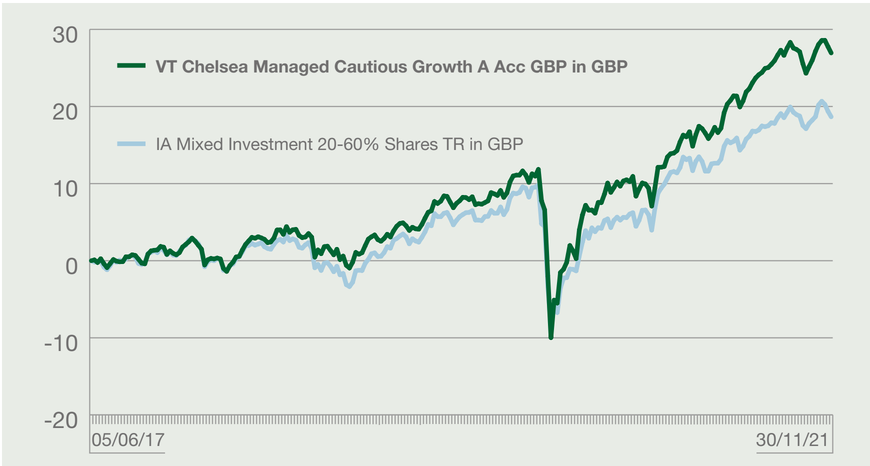
There is a mix of different fund styles in the portfolio which remains increasingly positioned towards growth. Technology is only becoming more disruptive whatever happens with inflation and we want to invest on the right side of that disruption. Unlike many other sectors tech doesn't suffer much from the rising input costs which come with higher inflation. Demand for semi-conductors is insatiable. The world simply can't keep up with the huge demand which has been accelerated by the boom in AI and datacentres.

Earlier this year, when tech was out of favour, the fund added a new position in Polar Capital Technology trust which was trading at a discount. It has performed well but the discount has persisted. A sign perhaps that the market is not as in love with tech stocks as many believe. The fund recently bought a new position in Life Science REIT. A property investment trust focused on investing in life science properties in London, Oxford and Cambridge. The pandemic has showed us just how important this industry is and unlike other jobs you can't take your lab home with you!

The traditional equity weighting has been reduced and the number of alternatives increased to help diversify the fund and hopefully build in some resilience.

Overall it has been another strong year with the fund up 10% in the first 11 months of the year, well ahead of the IA Mixed Investment 20-60% up 5.87%.* We look forward to many more investment opportunities in the new year.

Performance since launch (%)**



Cumulative performance

	1 year	3 years	5 years	Since launch
Fund (%)	12.74	25.09	-	26.94
IA Sector (%)	7.92	19.52	-	18.66

Calendar year performance

	YTD	2020	2019	2018
Fund (%)	10.00	4.00	11.47	-2.51
IA Sector (%)	5.87	3.51	11.84	-5.10

All data correct as at 30th November 2021.
†Long term is 5+ years.
††Investors may receive payment later, depending upon platform.

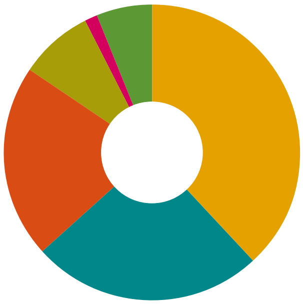
Past performance is not a reliable guide to future returns. *Source: FE Fund Info 01/01/2021-30/11/2021 total return in sterling. **FE Fund Info 05/06/2017-31/05/2021 VT Chelsea Managed Cautious Growth vs IA Mixed Investment 20-60% Shares total return in sterling.

Asset allocation (%)

	Equity	31.48%
	Targeted Absolute Return	12.75%
	Fixed Interest	16.08%
	Cash	7.89%
	Gold and Silver	2.39%
	Alternatives	10.79%
	Property	18.62%
	Total	100.00%

Data correct as at 30th November 2021. Figures may not add up to 100% due to rounding.

Geographical equity allocation (%)



	UK	38.10%
	USA	25.41%
	Europe ex UK	21.22%
	Asia Pacific ex Japan	7.98%
	Emerging Markets ex Asia	0.03%
	Japan	1.28%
	Other	5.99%
	Total	100.00%

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Why invest in VT Chelsea Managed Funds?

- ✓ 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
- ✓ You'll get exposure to some investments unearthed by our research team that might normally be hard for individual investors to buy
- ✓ 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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