



# VT SG UK Defined Return Assets Fund

## Monthly Report

31<sup>st</sup> October 2023

### Investment Objective & Investment Selection

The investment objective of the VT SG UK Defined Return Assets Fund is to generate capital growth over the long term.

The Fund will seek to achieve its objective primarily via exposure (indirectly by way of a swap) to a portfolio of defined return investments, namely twelve rolling up to six year autocalls (each of which will have a potential maturity date on a different calendar month each year) which are designed to provide a defined return if the FTSE 100 is at, or above, a predefined level on a specified date. Capital is at risk and there is no guarantee that a positive return will be achieved over a 12 month, or any, period.

### Monthly Review

During October, the Fund returned -1.34%, relatively surpassing the FTSE 100 Total Return Index which fell -3.69%.

The FTSE 100 Index fell during the month of October as the potential impact of higher interest rates affected sentiment, with the banking sector particularly hurt.

Despite the increased cost of borrowing to a 15 year high, the UK has so far avoided recession as the latest reported growth figures indicate that GDP in the UK grew by 0.2% in August, a recovery from the July figure which was revised down to -0.6%.

The indicated Gross Redemption Yield (GRY) at the end of October 2023 has decreased slightly to 7.97%. During the month, the October leg triggered with a new coupon of 6.95%, a healthy increase to the outgoing October coupon of 4.65%. At the time of writing the November leg is set to trigger.

Past performance is not necessarily a guide to future performance.

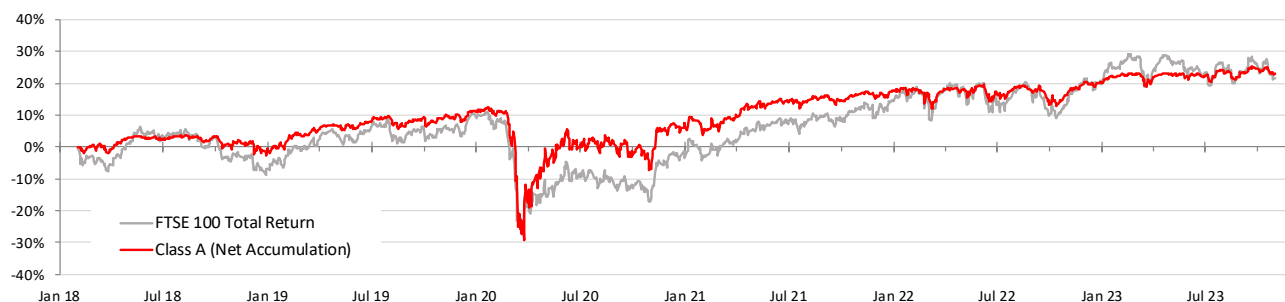
**See overleaf for a strategy overview.**

### Key Facts

<b>Sponsor</b>	Societe Generale
<b>NAV Per Share</b>	122.9998p
<b>Launch Date</b>	31 <sup>st</sup> January 2018
<b>Base Currency</b>	GBP
<b>Liquidity</b>	Daily
<b>Share Type</b>	Accumulation
<b>Initial Charge</b>	0%
<b>Annual Management Charge</b>	£35,578 per annum (chargeable to the fund) + 0.375%
<b>Minimum Subscription</b>	£5,000
<b>ISIN</b>	GB00BDZRYK47
<b>SEDOL</b>	BDZRYK4
<b>Bloomberg Code</b>	VTSGUAG LN
<b>IA Sector</b>	Specialist
<b>Pricing</b>	12:00 noon
<b>Dealing Deadline</b>	12:00 noon
<b>Dealing Line</b>	01343 880344
<b>Fax</b>	01343 880267
<b>Email</b>	sg@valu-trac.com

### Fund & FTSE 100 TR Performance

Period from 31<sup>st</sup> January 2018 to 31<sup>st</sup> October 2023



### Fund Performance Figures

Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018		0.57%	-1.25%	3.59%	0.03%	-0.30%	0.86%	-0.52%	0.53%	-2.71%	1.06%	-2.30%	-0.58%
2019	2.03%	2.07%	1.69%	1.58%	-0.67%	1.47%	1.81%	-2.15%	1.83%	-0.10%	0.93%	0.78%	11.78%
2020	-0.60%	-6.06%	-18.12%	17.37%	2.94%	-1.76%	-0.81%	1.15%	-2.99%	-5.03%	12.95%	1.35%	-3.98%
2021	-1.09%	1.69%	2.65%	2.23%	0.96%	0.67%	0.07%	1.10%	-0.78%	1.23%	-0.27%	1.39%	10.25%
2022	0.03%	-0.56%	1.12%	-0.36%	1.28%	-1.74%	0.76%	-0.64%	-3.46%	2.52%	3.18%	0.51%	2.50%
2023	1.50%	0.50%	-0.87%	0.81%	-0.94%	0.49%	1.55%	-0.64%	0.98%	-1.34%			2.01%

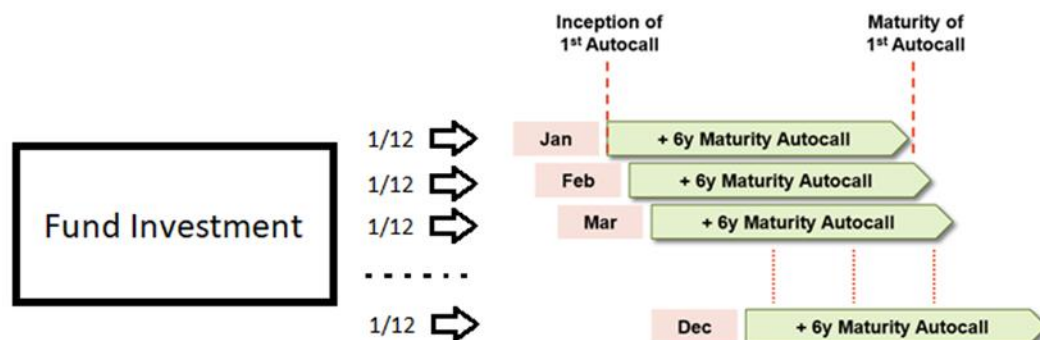
Past performance is not necessarily a guide to future performance. Source Valu-Trac Investment Management Limited.



### The Passive Defensive Investment Strategy

#### → 12 Equal Holdings – Staggered Monthly

An investment into the Fund gives investors **equal** exposure to 12 defined return investments, namely twelve rolling up to six year autocalls (each of which will have a potential maturity date on a different calendar month each year) which are designed to provide a defined return if the FTSE 100 is at, or above, a predefined level on a specified date. Capital is at risk and there is no guarantee that a positive return will be achieved. The objective over time is to ensure investors have diversity of investment timing, investment level and potential return.



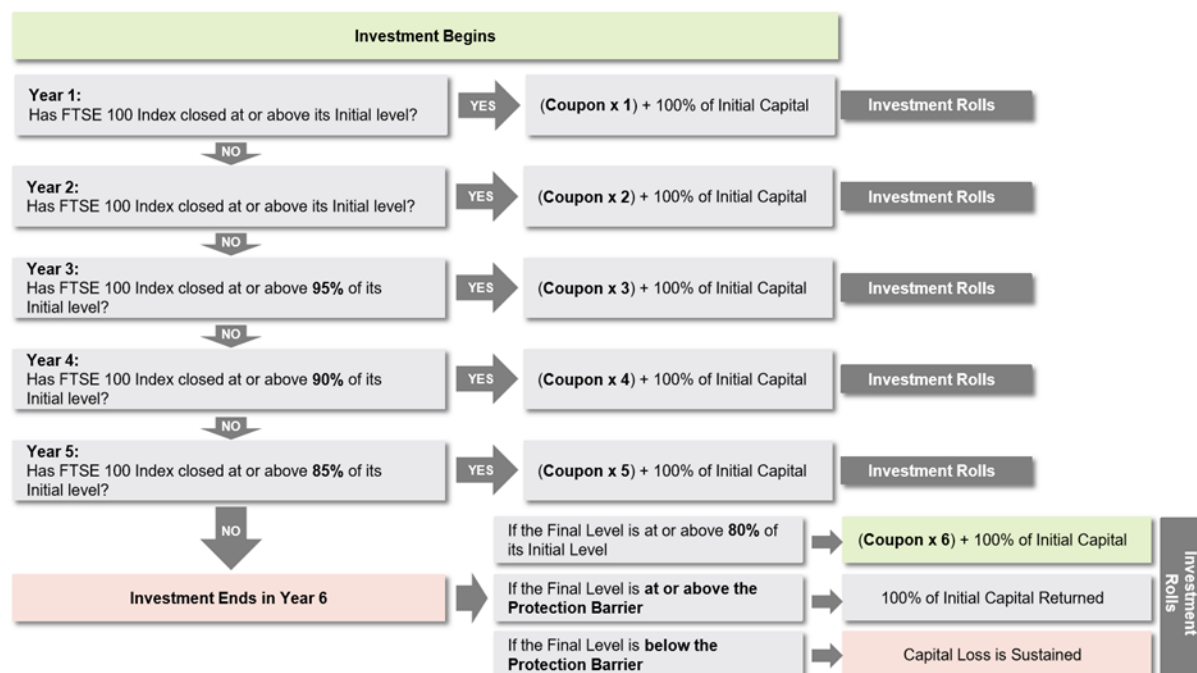
#### → Example defined return investment returns

Each defined return investment return is dependent on the performance of the FTSE 100 Index.

If, on an annual autocall date, the FTSE 100 Index closes at or above the required level the defined return investment will end and the capital and any accumulated return for each year that has elapsed since the defined return investment start date, will be automatically reinvested into a new defined return investment following the very same strategy, resetting the dates and market levels at that time.

If, however, the FTSE 100 Index closes below the required level on an annual autocall date, the defined return investment will continue to the next annual autocall date.

If, the FTSE 100 Index does not close at or above the required level over any of the six annual autocall dates, the defined return investment will mature, and a capital loss will be incurred should the FTSE level be below 60% (Protection Barrier) of the defined return investment start date.





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### Summary of Holdings

Asset Month Ref	Strike Level	Coupon	Strike Date	Next Autocall Date	Final Valuation Date	Assumed duration / time to knockout - years	GRY*	Autocall Coupons					
								Autocall #1 (100% Level)	Autocall #2 (100% Level)	Autocall #3 (95% Level)	Autocall #4 (90% Level)	Autocall #5 (85% Level)	Autocall #6 (80% Level)
January	7724.94	6.65%	09/01/23	05/01/24	05/01/29	3.18	7.52%	106.65%	113.30%	119.95%	126.60%	133.25%	139.90%
February	7885.17	6.20%	08/02/23	05/02/24	05/02/29	3.27	7.74%	106.20%	112.40%	118.60%	124.80%	131.00%	137.20%
March	7929.92	6.35%	08/03/23	05/03/24	05/03/29	3.35	7.81%	106.35%	112.70%	119.05%	125.40%	131.75%	138.10%
April	7785.72	6.35%	11/04/23	05/04/24	05/04/29	3.43	7.51%	106.35%	112.70%	119.05%	125.40%	131.75%	138.10%
May	7741.33	6.70%	10/05/23	07/05/24	08/05/29	3.51	7.55%	106.70%	113.40%	120.10%	126.80%	133.50%	140.20%
June	7624.34	7.30%	07/06/23	05/06/24	05/06/29	2.60	8.41%	107.30%	114.60%	121.90%	129.20%	136.50%	143.80%
July	7256.94	7.80%	07/07/23	05/07/24	05/07/29	0.68	12.60%	107.80%	115.60%	123.40%	131.20%	139.00%	146.80%
August	7618.6	6.40%	10/08/23	05/08/24	06/08/29	2.76	7.99%	106.40%	112.80%	119.20%	125.60%	132.00%	138.40%
September	7441.72	6.75%	07/09/23	05/09/24	05/09/29	2.85	7.85%	106.75%	113.50%	120.25%	127.00%	133.75%	140.50%
October	7492.21	6.95%	09/10/23	07/10/24	05/10/29	2.93	7.99%	106.95%	113.90%	120.85%	127.80%	134.75%	141.70%
November	7296.25	7.20%	09/11/22	06/11/23	06/11/28	0.02	134.91%	107.20%	114.40%	121.60%	128.80%	136.00%	143.20%
December	7489.19	6.77%	07/12/22	05/12/23	05/12/28	2.10	7.71%	106.77%	113.54%	120.31%	127.08%	133.85%	140.62%

FUND

2.56

7.97%

\* per annum

**Bold**

Autocall Coupons are the current potential returns based on the level of the FTSE 100 as of the 31<sup>st</sup> October 2023.

### Performance Indicators

The table below is a snapshot of the current shape of the Fund.

Market Move	-20%	-10%	0%	10%	20%
Intrinsic Value (GBP)	1.05	1.32	1.19	1.07	1.07
Avg Time to Maturity (yrs)	5.48	4.56	2.56	0.47	0.47
Gross Redemption Yield	1.22%	6.74%	7.97%	19.28%	19.28%

#### → Intrinsic value

The intrinsic value is the aggregate terminal value of the Fund taking into account estimated fees over the relevant period (not accounting for additional value from future reinvestment).

#### → Average Time to Maturity

The table also shows the weighted average time to maturity of the investments held within the Fund. Currently this is 2.56 years because, at current market levels, all of the autocallable investments are likely to call within 0 to 3 years. This number gives the investor an idea of how long it will take for them to earn the expected GRY.

If the Market (The FTSE 100) moves up by 10%, then at present many of the 12 strategies would be set to mature sooner, and thus the Average Time To Maturity decreases.

#### → Gross Redemption Yield

The table above shows the current expected yield of the Fund taking into account estimated fees for certain movements in the underlying indices. This yield is based on the Intrinsic Value and the Average Time to Maturity. For example, if markets do not move, we would expect the Fund to yield 7.97% given its current make-up.

If the Market (The FTSE 100) moves up by 10%, then the Average Time To Maturity decreases, and the Intrinsic Value (GBP) decreases, and combined this increases the Gross Redemption Yield from 7.97% to 19.28%.



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### Platforms



#### Disclaimer

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