VT Chelsea Managed Cautious Growth

March 2022

VT CHELSEA Managed FUNDS

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Fund information

Launch date	5th June 2017
Size	£13.57m
Number of holdings	33
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	0.94%
Payment dates[††]	31st August, 28th February

Top 10 holdings

Fundsmith Equity	5.80%
Fidelity Global Dividend	5.75%
Man GLG UK Absolute Value	5.51%
Digital 9 Infrastructure	5.33%
Liontrust Special Situations	4.73%
Greencoat UK Wind PLC	4.62%
Jupiter UK Special Situations	4.09%
Supermarket Income REIT PLC	3.20%
Life Science REIT plc	3.05%
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[*] It has been a difficult start to the year for stock markets. Inflation has proved to be far stickier than central banks had hoped and they are now being forced to take action quickly by raising interest rates.

The war in Ukraine has compounded the situation further. Although Russia and Ukraine make up a relatively small percentage of profits for most companies they are a big exporter of commodities. Removing these commodities from the market has caused a steep rise in the prices of oil, gas, wheat, nickel and many others. This has dashed the hopes that inflation might fall back relatively quickly.

Expectations of more interest rates rises this year has hit expensive growth and tech companies particularly hard. The good news is that many now look much better value. In addition, and most importantly, many companies continue to deliver fantastic results, despite the wider macroeconomic noise.

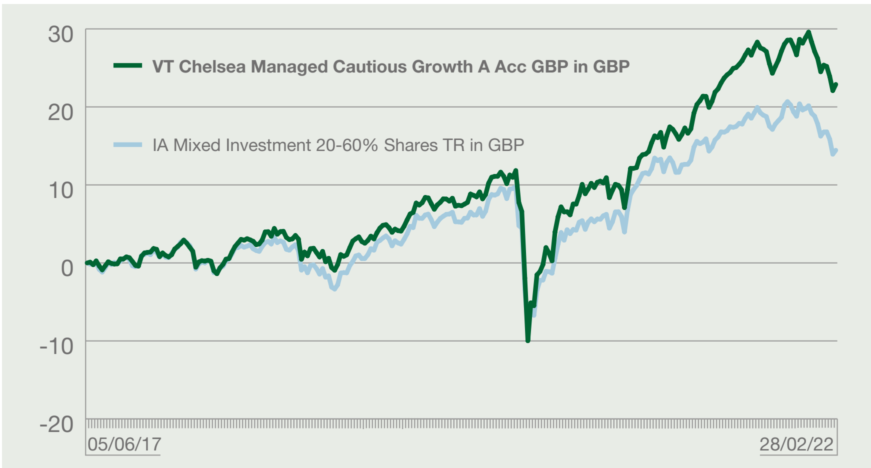
We have been reducing the equity weight in the portfolio and allocating capital to real asset specialist investment trusts. The weight to property investment trusts is now close to the highest it has ever been. These trusts are generally very specialist and linked to specific long-term themes. For example, we have positions in digital infrastructure, which comprises things like cell towers, undersea cables and data centres. Other positions include supermarkets, care homes, and logistics warehouses. These positions are generally backed by real assets and have good inflation protection.

Another position helping us with inflation is our renewable energy exposure. Our largest position is in Greencoat UK wind, which owns wind farms in the UK and continues to be an excellent performer. The trust has not hedged its power prices and has been a beneficiary of the huge increase in electricity prices we have seen recently.

Our growth equity positions have been the biggest detractors at the start of the year. However, we still believe that tech is only going to play a bigger role in the future, whatever interest rates might be. Is Amazon going to disappear because of higher inflation and interest rates? Will we all stop using Google? Will cloud computing reverse? We don't think so and many of these large cash-generative companies now trade at very reasonable valuations. In addition many of the investment trusts we hold with technology exposure trade on discounts greater than 10%. So we are getting exposure to these depressed companies at an additional 10% discount. As a result, we topped up our position in tech on the weakness.

Markets have had a very strong run over the past two years so a pullback is not surprising. With valuations now lower we are looking forward to finding more exciting investment opportunities in the future.

Performance since launch (%)[*]



Cumulative performance

	1 year	3 years	5 years	Since launch
Fund (%)	5.44	19.63	-	22.89
IA Sector (%)	2.55	14.03	-	14.45

Calendar year performance

	YTD	2021	2020	2019
Fund (%)	-5.17	12.29	4.00	11.47
IA Sector (%)	-4.74	7.20	3.51	11.84

All data correct as at 28th February 2022.
[†]Long term is 5+ years.
[††]Investors may receive payment later, depending upon platform.

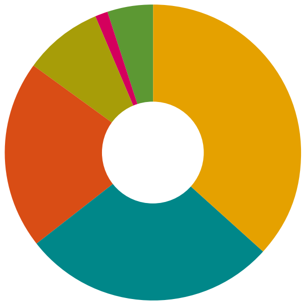
Past performance is not a reliable guide to future returns. *FE Fund Info 05/06/2017-28/02/2022 VT Chelsea Managed Cautious Growth vs IA Mixed Investment 20-60% Shares total return in sterling.

Asset allocation (%)

Equity	30.10%
Targeted Absolute Return	12.62%
Fixed Interest	13.58%
Cash	7.46%
Gold and Silver	2.39%
Alternatives	10.28%
Property	23.56%
Total	**100.00%**

Data correct as at 28th February 2022. Figures may not add up to 100% due to rounding.

Geographical equity allocation (%)



UK	36.83%
USA	27.81%
Europe ex UK	20.52%
Asia Pacific ex Japan	8.48%
Emerging Markets ex Asia	0.08%
Japan	1.33%
Other	4.94%
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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