



VT Chelsea Managed Cautious Growth

September 2023

VT CHELSEA
Managed
FUNDS



The Chelsea research team (L to R): Joss Murphy, Junior Research Analyst; Darius McDermott, Managing Director; Juliet Schooling, Research Director; James Yardley, Senior Research Analyst

Fund information

Launch date	5 th June 2017
Size	£13.92m
Number of holdings	36
Share class & ISIN	VT Chelsea Managed Cautious Growth A Acc GB00BF0NMV81
Share class & ISIN	VT Chelsea Managed Cautious Growth A Inc GB00BF0NMW98
Indicated yield	3.28%
Income distribution	Half yearly ^{††}
Initial charge	0%
Ongoing charges figure	1.23%
Payment dates ^{††}	31 st August, 28 th February

Top 10 holdings

Man GLG UK Absolute Value	5.81%
Liontrust Special Situations	4.90%
Fidelity Global Dividend	4.12%
Jupiter UK Special Situations	3.91%
Greencoat UK Wind PLC	3.75%
Invesco Physical Markets PLC	3.65%
iShares \$ TIPS UCITS ETF GBP Hgd Inc	3.51%
TB Evenlode Global Equity	3.10%
Polar Capital Technology Trust	3.10%
iShares \$ Treasury Bd 1-3yr UCITS ETF GBP Hgd Dist	3.09%

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 was a tough three months for the fund with a total return of -1.36% versus +0.55% for the IA Mixed Investment 20-60% sector.* During this period the fund increased its alternative investment trust exposure as this part of the market continued to sell-off. These trusts now offer incredible value but it has been painful in the short term. However, there may finally be light at the end of the tunnel.

As I write this in early September, the fund's holding in Round Hill Music has just been bid for at a 67% premium to the share price. This single-handedly added 1.07% to the value of the fund in one day and is not reflected in the figures quoted above or in the rest of the factsheet which only run to the end of August.

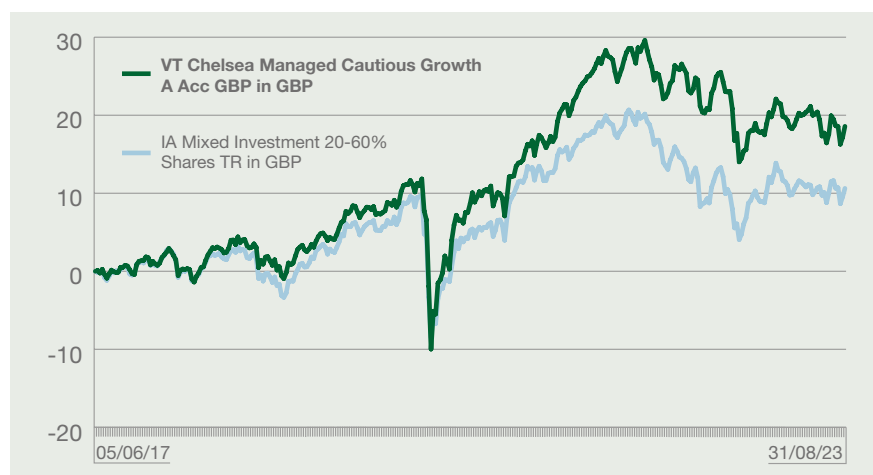
We wrote about the strength in the performance of Round Hill Music in the last factsheet and noted that despite its excellent performance it was trading on a 40% discount. For us it's been unsurprising that others have recognised the value. We think the bid for Round Hill highlights the incredible potential in the fund. The fund continues to hold exposure to music royalties via the Hipgnosis Songs trust, which is a relatively new holding, and also trades on a very wide discount.

There are a number of technical factors which are forcing some investors to sell their investment trusts holdings at the moment and this is pushing many of them to distressed levels. However, as the Round Hill bid demonstrates, there is private equity money on the sidelines which will act if things become cheap enough. Like Round Hill, many of the fund's investment trust holdings have grown their revenues, profits and dividends and yet their share prices have continued to fall. We expect more activity in the future.

The fund's equity holdings held up well in the period led by a strong 5% increase in Fidelity US Index. The renewable energy trusts in the fund all fell in the period despite the ongoing strength in power prices. Dividends remain high and are well supported by strong profits.

It has been an incredibly tough period for investors but we are now seeing some positive signs. Inflation looks to have peaked, although it remains stubborn. We are seeing cracks in the UK economy and we don't think interest rates can continue to rise much further. The fund continues to be patient and add to exciting opportunities on weakness.

Performance since launch (%)**



Cumulative performance

	1 year	3 years	5 years	Since launch
Fund (%)	-4.46	7.47	13.95	18.58
IA Sector (%)	-0.34	4.74	7.77	10.63

Calendar year performance

	YTD	2022	2021	2020	2019
Fund (%)	0.93	-9.35	12.29	4.00	11.47
IA Sector (%)	1.71	-9.47	7.20	3.51	11.84

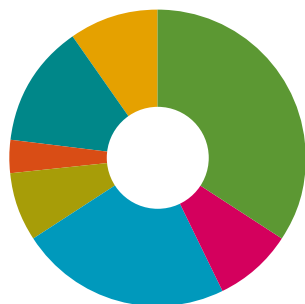
All data correct as at 31st August 2023.

[†]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 31/05/2023-31/08/2023 Total Return in Sterling. **FE Funds Info 05/06/2017-31/08/2023.

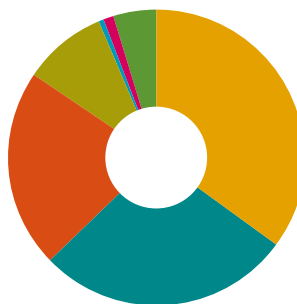
Asset allocation (%)



Equity	34.41%
Targeted Absolute Return	8.39%
Fixed Interest	23.06%
Cash	7.56%
Gold and Silver	3.65%
Alternatives	13.36%
Property	9.57%
Total	100.00%

Data correct as at 31st August 2023. Figures may not add up to 100% due to rounding.

Geographical equity allocation (%)



UK	35.27%
USA	27.63%
Europe ex UK	21.77%
Asia Pacific ex Japan	9.04%
Emerging Markets ex Asia	0.68%
Japan	1.05%
Other	4.55%
Total	100.00%

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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.

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