



# VT Chelsea Managed Cautious Growth

June 2020

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	5 <sup>th</sup> June 2017
Size	£8.56m
Number of holdings	25
Share class & ISIN	VT Chelsea Managed Cautious Growth A Acc GB00BFONMW81
Share class & ISIN	VT Chelsea Managed Cautious Growth A Inc GB00BFONMW98
Indicated yield	2.09%
Income distribution	Half yearly <sup>††</sup>
Initial charge	0%
Ongoing charges figure	1.26%
Payment dates <sup>††</sup>	31 <sup>st</sup> August, 28 <sup>th</sup> February

## Top 10 holdings

Man GLG UK Absolute Value	8.21%
Fundsmith Equity	8.09%
Liontrust Special Situations	6.44%
Fidelity Global Dividend	6.41%
JOHCM Global Opportunities	6.27%
Merian Gold & Silver	4.70%
Jupiter UK Special Situations	4.39%
Artemis Corporate Bond	4.37%
Vontobel TwentyFour Absolute Return Credit	3.68%
GCP Asset Backed Income	3.34%

## VT Chelsea Managed Cautious Growth

aims to produce capital growth over the long term, but with lower volatility than global equities<sup>†</sup>. 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** The fund fell -1.70% during the three month period, outperforming the IA Mixed Investment 20-60% Shares sector, which fell -2.26%.<sup>\*</sup> However, this certainly doesn't tell the full story. As the lockdown caused the global economy to shut down, the market panicked and we experienced one of the steepest falls in history.

The fall was much faster and more violent than anything during the great financial crisis. Our absolute return funds, some of which have the ability to short the market, held up well and reminded us why we hold them.

Our alternative investment trusts, which had previously been defensive, fell heavily.

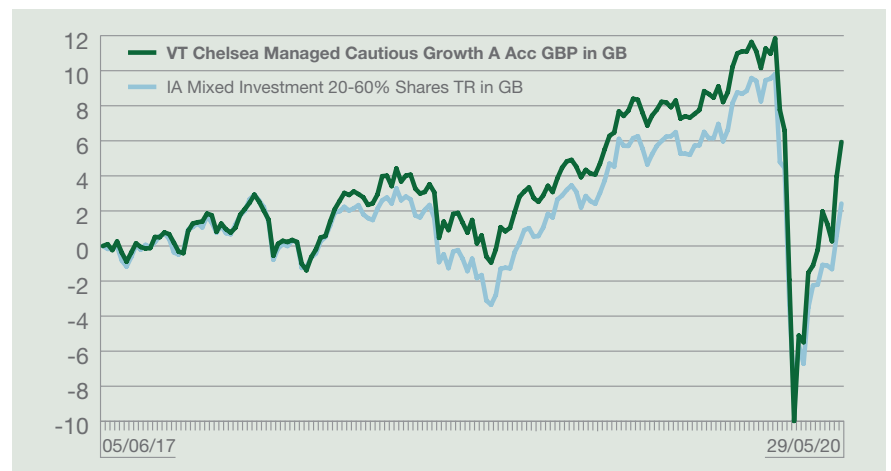
This made little sense. For example, renewable energy trusts, mostly dependent on government subsidies from power generation, were largely unaffected by the virus. The sun continued to shine and the wind continued to blow. Yet even so many

of these trusts fell over 40%. This provided us with some great opportunities and we were able to buy into some of these trusts at distressed levels locking into very high dividend yields.

Almost as extraordinary as the sell-off was the speed of the recovery. Governments and central banks provided unprecedented levels of support, and the market very quickly bounced back. We initiated a position in the Artemis Corporate Bond fund. Corporate bonds initially fell heavily providing us with a good entry point. They are a direct beneficiary from central bank support and this position has already done very well in a short space of time.

It's impossible to say where markets will go in the short term. There is no doubt we are going to suffer a very severe recession. However, with interest rates now close to zero many of the trusts and funds we see look good value for the long term.

## Performance since launch (%)\*\*



## Cumulative performance

	1 year	3 years	5 years	Since launch
Fund (%)	1.77	-	-	5.93
IA Sector (%)	0.01	-	-	2.42

## Calendar year performance

	YTD	2019	2018	2017
Fund (%)	-4.54	11.47	-2.51	-
IA Sector (%)	-5.41	11.84	-5.10	-

Past performance is not a reliable guide to future returns.

<sup>\*</sup>FE Analytics 29/02/2020-31/05/2020 total return in sterling

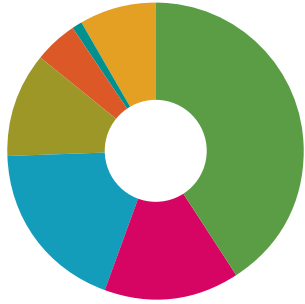
<sup>\*\*</sup>FE Analytics 29/02/2020-31/05/2020 VT Chelsea Managed Cautious Growth vs IA Mixed Investment 20-60% Shares total return in sterling

All data correct as at 31<sup>st</sup> May 2020.

<sup>†</sup>Long term is 5+ years.

<sup>††</sup>Investors may receive payment later, depending upon platform.

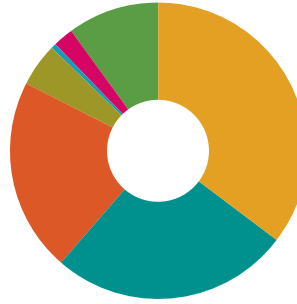
## Asset allocation (%)



Equity	40.91%
Targeted Absolute Return	14.88%
Fixed Interest	18.90%
Cash	11.19%
Gold and Silver	4.70%
Alternatives	1.25%
Property	8.17%
Total	100.00%

Data correct as at 31<sup>st</sup> May 2020. Figures may not add up to 100% due to rounding.

## Geographical equity allocation (%)



UK	35.46%
USA	26.19%
Europe ex UK	20.85%
Asia Pacific ex Japan	4.91%
Emerging Markets ex Asia	0.50%
Japan	2.14%
Other	9.93%
Total	100.00%

Data correct as at 31<sup>st</sup> May 2020. Figures may not add up to 100% due to rounding.

## 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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The VT Chelsea Managed Funds are for investors who prefer to make their own investment decisions, without personal advice.

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