

VT AI-FUNDS Tactical High Yield Bond aims to consistently deliver an average 6-9% compound total return per annum over a 3-year rolling period.* It uses systematic tactical rules to allocate between high yielding fixed income bonds and money market funds to defend capital.

INVESTMENT PROCESS

This unique multi-manager fund uses active smart beta to seek consistent positive risk reduced returns, through exposure to fixed income high yielding corporate bond funds in conjunction with systematic asset allocation. The fund invests into large high yielding (HY) collective investment schemes (CIS), across several management groups to provide daily liquidity and scalability. However, if Quantitative Analysis Service (QAS) signals that the HY market is weakening, the HY funds will be sold to defend the capital and switched into money market funds. To remove foreign exchange volatility, each CIS fund is hedged back to sterling. More details can be found on the dedicated website www.ai-funds.co.uk

TARGET MARKET

As the fund has low volatility compared to equities it could be used to improve diversification as a substitute for cash, absolute return, alts, property, strategic bond or high yield. High yielding corporate bonds provide higher income and better security than equities. Within a retirement portfolio it has been designed to be used as the withdrawal fund with daily liquidity. **

MARKET COMMENTARY

The central banks have hopefully paused raising rates. The Fed raised its policy rate to 5.5%, the European Central Bank raised the Depo rate to 4% and the BoE increased the bank rate to 5.25%.

The period has been dominated by the markets interpretation of what the central bank's monetary policy was to tackle inflation. Was it "higher for longer" or when will they pivot as the rate looks high in real terms.

Over the last quarter the market was adjusting to the prospects of a soft landing and high yield spreads tightened. Also, new issuance has been modest providing a positive background to the sector. Finally the HY market has been shrinking as rising stars have moved into the IG sector and therefore inflows have provided positive technical support.

FUND COMMENTARY

The fund switched out of the cautious shortest duration CIS funds on 3rd April 2023 into high yield CIS funds. We now have 27 risk-on CIS funds that we can invest into, each with differing characteristics. We also have 27 cautious funds, with varying lengths of duration and credit quality.

Since the start of the year the IA Sterling Strategic Bond Sector is up 7.8% and our fund is up 8.0%. Over last 3 years the IA Sterling Strategic Bond Sector is down 3.3% and our fund is up 7.4%. FE has calculated that the 3 year performance of the fund is 8/84, with the volatility of only 3/84. The FE fundinfo Risk Score is only 27 and FE has given the fund 5 crowns.

FUND FACTS

Fund launch date	7 th October 2019
Fund type	OEIC
Fund manager	AI-FUNDS
Fund size	£12.8m
No of holdings	24
IA sector	IA Sterling Strategic Bond
Base currency	GBP
Valuation point	12 noon
Accounting dates	Final – 30 April Interim – 31 October
Indicative underlying CIS Yield	Between 5% and 10%
Indicative underlying CIS Duration	Between 3-4 years

HOLDINGS

	%
BNY Mellon Efficient US High Yield Beta	15
JPM Global High Yield Bond	13
BNY Mellon Efficient US Fallen Angels Beta	8
PIMCO GIS US High Yield Bond	7
Nomura Funds Ireland US High Yield Bond	5
Legg Mason WA US High Yield Premier	5
Aegon High Yield Bond	4
PGIM Broad Market US High Yield Bond	4
Lord Abbett Global High Yield	3
UBAM Global High Yield Solution	3

* Capital is in fact at risk and there is no guarantee that a positive return will be achieved over a three year, or any, period.

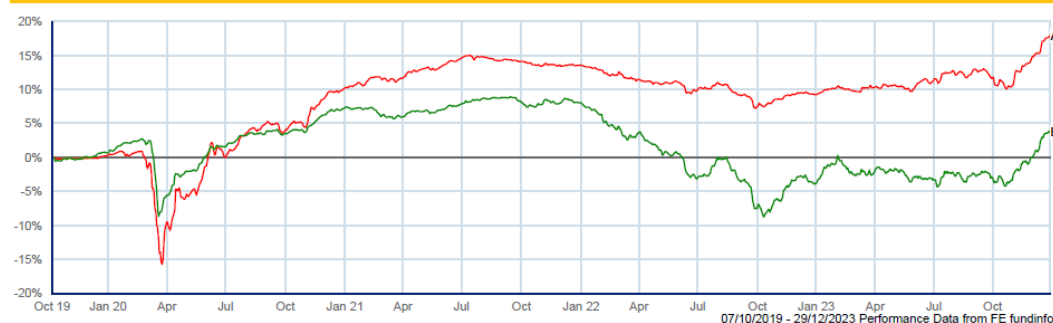
** Details of the risk profile can be found in the Key Investor Information Document, available from www.valu-trac.com/ai

CUMULATIVE GROWTH 7/10/2019 – 29/12/2023



Performance as at : January 01, 2024

Multi-Plot Charting



Cumulative performance		1m	3m	6m	1y	3y	5y	10y	Start of Data
A	VT AI-FUNDS Tactical High Yield Bond S	3.4%	5.7%	6.2%	8.0%	7.4%	-	-	18.0%
B	IA Sterling Strategic Bond	3.7%	6.7%	7.3%	7.8%	-3.3%	12.6%	31.4%	411.0%

Discrete performance		0-12m	12-24m	24-36m	36-48m	48-60m
A	VT AI-FUNDS Tactical High Yield Bond S	8.0%	-3.8%	3.3%	9.7%	-
B	IA Sterling Strategic Bond	7.8%	-11.0%	0.8%	6.6%	9.3%

Annualised Performance		1y	3y	5y	10y	Start of Data
A	VT AI-FUNDS Tactical High Yield Bond S	8.0%	2.4%	-	-	4.0%
B	IA Sterling Strategic Bond	7.8%	-1.1%	2.4%	2.8%	4.9%

Performance is on a net of fees basis, with gross income reinvested. Past performance is not necessarily a guide to future performance. Source: FE Fundinfo 2024. Performance has been shown against the IA GBP Strategic Bond Sector (green).

THE TEAM



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AI-FUNDS Ltd is the trading name of an investment management company formed by the partnership between Quantitative Analysis Service, INC and Unbiased Portfolio Management Ltd. QAS provides uniquely calculated quantitative momentum ratings on a wide range of global investment instruments. QAS has been successfully providing institutional research using its tools drawn from “big data” science for over 40 years.

Why invest in VT AI-FUNDS Tactical High Yield Bond?

- ▲ A single fund to provide your fixed income needs
- ▲ Over 40 years of systematic experience
- ▲ Access to funds not easily available
- ▲ Diversification across very large fund management groups
- ▲ Liquidity, scalability and smoothing using multiple managers

SHARE CLASS DETAILS

SHARE CLASS	ISIN	SEDOL	ENTRY CHARGE	ONGOING CHARGES	SHARE PRICE
S Accumulation	GB00BKRSF562	BKRSF56	0%	0.98% *	118p
I Accumulation	GB00BKRSF679	BKRSF67	0%	1.08% *	138p

*The Investment Manager of the fund has undertaken to absorb any costs that would otherwise cause the fund to have ongoing charges in excess of 0.98% (S class) and 1.08% (I class).

WHERE TO INVEST



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