

# VT ESPRIT TACTICAL INCOME



JAN 2022

## INVESTMENT OBJECTIVE:

The investment objective of the VT Esprit Tactical Income Fund is to achieve a distributable income of between 4 and 6% over a 5 year rolling period, while maintaining the Fund's capital value over the same period.

## MONTHLY COMMENTARY

### What happened in financial markets?

Bond yields moved sharply higher in response to a more hawkish Fed, prompting a sell-off in global equity markets. The biggest fallers were the S&P 500 and the Nasdaq given their high exposure to growth sectors such as technology and healthcare. Markets are now pricing in five Fed hikes this year, a big shift from December when just three were expected. Bond yields have also risen in the UK and Europe, and the Bank of England are expected to raise interest rates at their next meeting.

US stocks are the most expensive globally, which partly explains why they've fared worse than UK, European and Emerging Market equities so far this year. Non-US stock markets also have greater exposure to value sectors such as energy, banks and industrials, which are perceived as being better insulated from rising interest rates.

### What happened in the fund?

There was no activity in the fund this month.

### What is the outlook?

It usually takes a while for markets to digest the impact of rising bond yields, and equities usually experience a wobble before the first rate hike. The sharp increase in bond yields has probably run its course for now, and we expect markets to regain their composure. However, market volatility is likely to remain elevated until we have further clarity on growth and inflation.

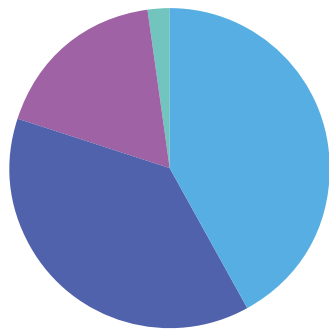
We don't think central banks will move as aggressively as financial markets are now pricing in. Firstly, growth will start to slow over the course of the year, albeit from very high levels. Secondly, inflation cannot continue rising at the same pace that it has been rising in recent months, and the supply side is finally catching up with demand. Finally, China is in the midst of a slowdown, and the authorities appear unwilling to take drastic action to reverse this in the short term.

## FUND INFORMATION

Launch date:	23/01/2018
Size:	£10.3M
Holdings:	16
Share class:	Income
ISIN:	GB00BF0Q2X94
Sedol:	BF0Q2X9
Benchmark:	UK RTMA Risk 3 - Moderate
IA Sector:	IA Flexible Investment
Yield:	3.88%
Initial charge:	0%
OCF:	1.64%

## PORTFOLIO BREAKDOWN - 31 JAN 22

### TARGET ASSET ALLOCATION



Equity Income	42%
Fixed Income	38%
Alternatives	18%
Cash	2%

### TOP 10 HOLDINGS

M&G Emerging Markets Bond	7%
Polar Capital European (Ex UK) Income	7%
Nomura Global Dynamic Bond	7%
Montanaro UK Income	7%
BNY Mellon Global High Yield Bond	7%
Gresham House UK Multi Cap Income	7%
Foresight UK Infrastructure	7%
TwentyFour Income	6%
Man GLG High Yield Opportunities	6%
JOHCM UK Equity Income	6%

## PERFORMANCE SINCE LAUNCH



The Performance shown for Esprit Tactical Income is the fund's Total Return.  
Past performance is not necessarily a guide to future performance.

23/01/18 to 31/01/22 Data from FE

## CUMULATIVE PERFORMANCE (%)

	6m	1y	3y	Since Inception*
VT Esprit Tactical Income	0.28	8.26	15.71	9.88
UK RTMA Risk 3 - Moderate	-1.12	4.02	16.67	12.89

\* 23/01/2018

## HOW TO INVEST

**HARGREAVES  
LANSDOWN**

**AJBell**  
Youinvest

**Hubwise**  
YOUR PLATFORM SOLUTION

**ascentric**

**fusion**

**transact**  
take control

**AEGON**

## WHY INVEST?

### Simplicity

A single fund to meet your investment needs

### Diversification

Access a range of asset classes, investment styles and geographies

### Actively managed

The fund will change as market conditions and the economic cycle evolves

### Expertise

The managers share 40 years investment experience

## IMPORTANT NOTICE

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