



VT Chelsea Managed Monthly Income

March 2022

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 th June 2017
Size	£38.87m
Number of holdings	37
Share class & ISIN	VT Chelsea Managed Monthly Income A Acc GB00BFONMS52
Share class & ISIN	VT Chelsea Managed Monthly Income A Inc GB00BFONMT69
Indicated yield	4.30%
Income distribution	Monthly ^{††}
Initial charge	0%
Ongoing charges figure	0.77%
Payment dates ^{††}	Monthly, last day of the month

Top 10 holdings

Digital 9 Infrastructure	5.32%
Greencoat UK Wind PLC	5.08%
FTF Clearbridge Global Infrastructure	4.85%
Taylor Maritime Investments Ltd	4.56%
BioPharma Credit PLC	4.50%
Fidelity Global Enhanced Income	4.47%
Impact Healthcare REIT PLC	4.07%
Man GLG High Yield Opportunities	3.98%
M&G Global Dividend	3.98%
Man GLG UK Income	3.95%

VT Chelsea Managed Monthly Income aims to produce monthly income with some capital growth over the long term, but with lower volatility than global equities[†]. The fund has a target weighting of between 40% and 60% 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. We are pleased that the fund has continued to outperform so far this year in a difficult environment.

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 rate rises this year has hit expensive growth and tech companies particularly hard. The good news is that many prices 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.

The fund has benefitted from having a greater weight to dividend-paying stocks relative to the more expensive growth end of the market. Funds such as FTF Clearbridge Global Infrastructure Income, Schroder Asian Income and M&G Global Dividend have all had an excellent start to the year and are roughly flat or down around 1%, significantly outperforming their peers and the wider market.

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 (%)	9.26	24.95	-	32.49
IA Sector (%)	2.55	14.03	-	14.45

Calendar year performance

	YTD	2021	2020	2019
Fund (%)	-4.09	13.84	1.96	17.11
IA Sector (%)	-4.74	7.20	3.51	11.84

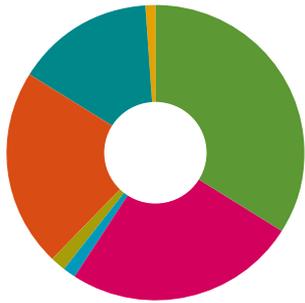
Past performance is not a reliable guide to future returns. *FE Fund Info 05/06/2017-28/02/2022 VT Chelsea Managed Monthly Income vs IA Mixed Investment 20-60% Shares total return in sterling.

All data correct as at 28th February 2022.

[†]Long term is 5+ years.

^{††}Investors may receive payment later, depending upon platform.

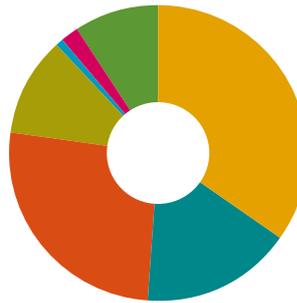
Asset allocation (%)



Equity	33.99%
Fixed Interest	25.26%
Targeted Absolute Return	1.42%
Cash	1.79%
Property	21.63%
Alternatives	14.93%
Gold and Silver	1.00%
Total	100.00%

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

Geographical equity allocation (%)



UK	34.88%
USA	16.49%
Europe ex UK	26.01%
Asia Pacific ex Japan	10.85%
Japan	0.78%
Emerging Markets ex Asia	1.87%
Other	9.13%
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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