

VT ESPRIT TACTICAL BALANCED



JAN 2024

INVESTMENT OBJECTIVE:

The investment objective of the VT Esprit Tactical Balanced fund is to achieve a level of investment return in excess of the benchmark over the longer term (5 years+). The fund will be actively managed in order to achieve its objective by investing in a globally diversified range of asset classes including equities, fixed income, money market instruments, cash, property and commodities.

MONTHLY COMMENTARY

What happened in financial markets?

Global equities were broadly unchanged in January, returning less than 1%. However, there were some notable shifts beneath the surface with the technology sector gaining 3% after reporting strong earnings. The healthcare sector also outperformed. Energy and mining companies underperformed in response to weaker global demand, led by China. Japan was the strongest regional market, followed by the US. Asia ex-Japan was the worst performing region, dragged lower by China's woes. Small cap lagged again.

Global bonds gave up some of their recent gains, falling by 0.5%, as financial markets saw the prospect of a US rate cut in March slip away in response to better economic data. The Fed also reiterated its desire to see inflation falling sustainably to 2%, before it was confident it could lower interest rates. Stronger than expected UK inflation saw gilts underperforming US government bonds, whilst European bond yields also shifted higher.

Rising geopolitical tensions pushed oil prices 6% higher, with global shipping routes being impacted by Houthi attacks on ships in the Red Sea. The US and UK responded by launching strikes on targets in Yemen. In response to higher bond yields, listed infrastructure fell 3% and listed real estate fell by 4%.

What is the outlook?

With inflation falling sharply across developed markets, central banks are well on their way towards their 2% inflation targets. However, there are some risks developing which may delay further disinflation progress. Shipping is being disrupted by attacks in the Red Sea, despite the intervention of the US and UK militaries, and companies are warning that higher freight costs may eventually show up in higher goods prices. In addition, there are signs that manufacturing activity is bottoming out in Europe, and reaccelerating in the US.

In recent weeks we've also had some pushback from central banks with respect to the number of interest rate cuts priced in for this year. Labour markets remain robust, wage growth is slightly higher than desired, and economic activity has remained resilient. The mindset therefore remains that they would rather err on the side of keeping rates too high for too long, especially after presiding over a period of high inflation over the past two years. The obvious risk with this approach is that by the time inflation is back to target, it may be too late to prevent a major slowdown or financial accident.

However, estimates of US GDP growth for the end of last year suggest that the US economy is a long way from recession. This has provided some comfort for equity markets, as has the current US earnings season. A continuation of this disinflationary growth environment should benefit both bonds and equities, which makes us wary of holding too much cash, despite higher interest rates.

FUND INFORMATION

Launch date:	23/01/2018
Size:	£172.8M
Holdings:	21
Share class:	Accumulation & Income
ISIN:	GB00BF0Q2T58 (Acc) GB00BN94M181 (Inc) GB00BQ2KRT70 (C Acc) GB00BQ2KRV92 (C Inc)
SEDOL:	BF0Q2T5 (Acc) BN94M18 (Inc) BQ2KRT7 (C Acc) BQ2KRV9 (C Inc)
IA Sector:	IA Mixed Investment 20-60% Shares
Yield¹:	2.22%
Initial charge:	0%
OCF²:	0.97% 0.72% (C)

WHY INVEST?

Simplicity

A single fund to meet your investment needs

Diversification

Access a range of asset classes, investment styles and geographies

Actively managed

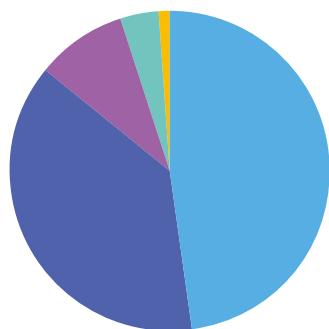
The fund will change as market conditions and the economic cycle evolves

Expertise

The managers share 40 years investment experience

PORTFOLIO BREAKDOWN - 31 JAN 2024

TARGET ASSET ALLOCATION



Equities	48%
Fixed Income	38%
Alternatives	9%
Money Markets	4%
Cash	1%

TOP 10 HOLDINGS

Fidelity US Index	9%
Amundi Global Aggregate 500m ETF	8%
L&G Short Dated Sterling Corporate Bond Index	7%
Lyxor US Treasury 3-7Y ETF	6%
iShares UK Equity Tracker	6%
iShares Corporate Bond Tracker	6%
AXA Global Strategic Bond	6%
L&G Global Emerging Markets	5%
iShares UK Gilts All Stocks Tracker	5%
Fidelity Japan Index	5%

PERFORMANCE SINCE LAUNCH



Past performance is not necessarily a guide to future performance.

23/01/18 to 31/01/24 Data from Morningstar

CUMULATIVE PERFORMANCE (%)

	3m	6m	1y	3y	5y
VT Esprit Tactical Balanced	6.44	3.29	2.90	2.52	18.86
IA Mixed Investment 20-60% Shares	7.20	3.68	3.31	2.57	15.49

DISCRETE CALENDAR YEAR

	YTD	2023	2022	2021	2020
VT Esprit Tactical Balanced	-0.26	6.00	-11.26	7.97	4.16
IA Mixed Investment 20-60% Shares	-0.39	6.84	-9.70	6.10	3.20

HOW TO INVEST

HARGREAVES
LANSDOWN

AJBell
Investcentre

Hubwise
YOUR PLATFORM SOLUTION

abrdn

ascentric

AEGON

transact
take control

AVIVA

fusion

Quilter

M&G wealth

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Past performance is not a guide to future returns. The value of an investment and any income from it can go down as well as up, so you may not get back the original amount invested. This document has been produced for information purposes only and does not constitute investment advice. You should read the Key Investor Information Document (KIID) before investing.

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¹Yield: The amount of income generated by a fund's investments in relation to the price shown as an annual percentage.

²OCF: The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the fund. It is made up of the Annual Management Charge (AMC), the underlying fund charges, and other operating costs.

Esprit Tactical Balanced: 031 - 0224