

VT ESPRIT TACTICAL BALANCED



AUG 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 markets?

The month began with a bang as weak US economic data and yen strength prompted an aggressive sell-off in Japanese equities, although few regional equity markets emerged unscathed. This bout of volatility was amplified by lower summer trading volumes. However, global equities regained their poise in the second half of August finishing the month 3% higher (in USD terms), and even Japan reversed most of its losses. Fears over rising US unemployment saw defensives rally, with sectors such as healthcare and consumer staples in demand.

A weak US jobs number was the main driver behind a bond rally as fears over a US recession and the resulting impact on global growth dragged yields lower. However, even as global equities recovered in the second half of August bond yields remained lower than at the start of the month. Oil prices falling by 5% over the month may have been a factor, as well as inflation data remaining well behaved, opening the door to a 0.50% cut in US interest rates in September.

The Bank of England cut UK interest rates to 5% in a finely balanced decision which saw the Banks Chief Economist vote against the Governor. With inflation receding rapidly in 2024 this seemed a sensible first step, even if services inflation remains too high for comfort. With UK growth improving, there may only be a short window of opportunity to lower rates further. Rises in the energy price cap will also put upward pressure on headline inflation over the rest of the year.

What is the outlook?

The Fed have confirmed they'll reduce US interest rates at their September meeting, although it remains to be seen whether they cut by 0.25% or 0.50%. Our money is on the former given that the US non-farm payrolls report on 6th September is unlikely to be weak enough to warrant a more forceful response from the Fed, although they've now placed the health of the labour market at the front and centre of their thinking.

However, we feel the market may once again have got ahead of itself and we do not believe that we're on the cusp of a major US slowdown. Indeed, we expect further disinflation without a recession, more commonly referred to as a 'soft landing'. As growth settles at a modest level, we should expect bond yields to stabilise around current levels as central banks reaffirm their slow and steady approach to rate cuts.

Sterling is the best performing G7 currency this year, and global institutions and investment banks are hastily revising up their UK growth forecasts. However, the Labour party have created a narrative that there is a black hole in the UK's public finances which needs addressing in October's budget. This approach risks damaging consumer confidence at a time when real wages are rising, and mortgage rates are falling. Higher CGT rates will also discourage the sort of entrepreneurship their growth ambitions require.

FUND INFORMATION

Launch date:	23/01/2018
Size:	£239.2M
Holdings:	25
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:	0% (Accumulation) 2.57% (Income)
Initial charge:	0%
OCF²:	0.72% (C) 0.97%

WHY INVEST?

Simplicity

A single fund to meet your investment needs

Diversification

Access a range of asset classes, investment styles and geographies

Actively managed

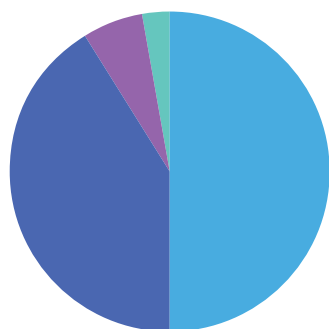
The fund will change as market conditions and the economic cycle evolves

Expertise

The managers share 40 years investment experience

PORTFOLIO BREAKDOWN - 31 AUG 2024

TARGET ASSET ALLOCATION



Equities	50%
Fixed Income	41.25%
Alternatives	6%
Cash	2.75%

TOP 10 HOLDINGS

iShares \$ Treasury Bond ETF	13%
SPDR S&P 500 ETF	9%
Amundi UK Government Bond ETF	8%
iShares UK Equity Index	6%
iShares Corporate Bond Tracker	6%
AXA Global Strategic Bond	5%
WisdomTree US Quality Dividend Growth ETF	5%
L&G Global Emerging Markets	5%
Amundi Prime Japan ETF	5%
L&G US Index	3%

PERFORMANCE SINCE LAUNCH



Past performance is not necessarily a guide to future performance.

23/01/18 to 31/08/24 Data from Morningstar

CUMULATIVE PERFORMANCE (%)

	3m	6m	1y	3y	5y
VT Esprit Tactical Balanced	3.54	6.03	11.48	0.85	16.38
IA Mixed Investment 20-60% Shares	2.05	4.65	10.05	1.77	14.06

DISCRETE CALENDAR YEAR

	YTD	2023	2022	2021	2020
VT Esprit Tactical Balanced	6.33	6.10	-11.26	7.97	4.16
IA Mixed Investment 20-60% Shares	5.45	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 - 0924