

VT ESPRIT TACTICAL BALANCED



JUL 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 returned 2% in July, although relatively modest moves in headline indices masked some major rotations within equity markets. The catalyst was US inflation falling faster than forecast in June, with the headline rate coming in at 3%, down from 3.3% in May. Lower bond yields and the prospect of a Fed cut in September sparked a significant rally in US small cap stocks, with market leadership shifting from growth to value. Tech was the biggest drag on the market, with financials, utilities and real estate amongst the outperformers.

Bond yields were broadly lower over the month as positive news on inflation, combined with some evidence that global economic conditions continue to moderate, prompted markets to price in further rate cuts by the major developed market central banks before the end of the year. The US dollar also weakened in response to lower US inflation and signs that the labour market was cooling. It was a mixed picture in real assets as gold rose 4%, oil fell 4% and industrial metal prices fell 6%. Listed infrastructure and real estate enjoyed gains of 4% and 6% respectively.

Labour's comfortable victory in the UK election helped extend the recovery of UK small and mid-cap stocks, which have greater exposure to the domestic economy than their large cap counterparts. UK equities are once again seeing inflows from international and institutional investors, enticed by a relatively stable political backdrop and an improving growth and inflation mix. Sterling, the best performing major currency this year, enjoyed further gains.

What is the outlook?

A packed economic calendar at the end of the month saw the Japanese central bank raise rates to 0.25%, the Fed all but confirmed a September rate cut, and the Bank of England reduced interest rates from 5.25% to 5% in a finely balanced decision. The Bank of England was careful not to let markets run away with the idea that this was the first in a quick succession of rate cuts, but we expect them to cut rates at least once more before the end of the year. Services inflation and wage growth remains problematic, but we expect further progress in each of these areas.

The US economy appears to be slowing, although a stronger-than-expected Q2 GDP report was at odds with recent economic data releases.

However, central banks have room for manoeuvre and a further deterioration in economic data, and the labour market in particular, will put pressure on the Fed to act more decisively in September with a larger 0.50% rate cut not out of the question.

The US earnings season has been mildly positive, despite some high-profile misses by Tesla and Microsoft. We now await Nvidia's results at the end of August for further evidence of the longevity, or otherwise, of the AI fuelled rally in semi-conductor stocks. Beyond the summer we have the distraction of the US presidential election, where the odds of a Trump presidency have fallen slightly in recent weeks.

FUND INFORMATION

Launch date:	23/01/2018
Size:	£232.1M
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
Yield ¹ :	0% (Accumulation) 2.57% (Income)
Initial charge:	0%
OCF ² :	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

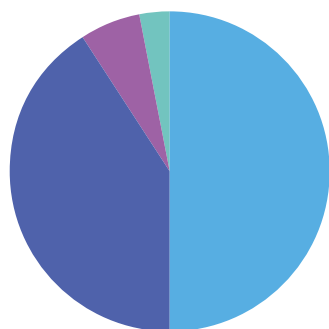
The fund will change as market conditions and the economic cycle evolves

Expertise

The managers share 40 years investment experience

PORTFOLIO BREAKDOWN - 31 JUL 2024

TARGET ASSET ALLOCATION



Equities	50%
Fixed Income	41%
Alternatives	6%
Cash	3%

TOP 10 HOLDINGS

iShares \$ Treasury Bond ETF	13%
SPDR S&P 500 ETF	10%
Amundi UK Government Bond ETF	8%
iShares Corporate Bond Tracker	6%
iShares UK Equity Index	6%
AXA Global Strategic Bond	5%
L&G Global Emerging Markets	5%
Amundi Prime Japan ETF	5%
WisdomTree US Quality Dividend Growth ETF	4%
L&G US Index	4%

PERFORMANCE SINCE LAUNCH



Past performance is not necessarily a guide to future performance.

23/01/18 to 31/07/24 Data from Morningstar

CUMULATIVE PERFORMANCE (%)

	3m	6m	1y	3y	5y
VT Esprit Tactical Balanced	3.22	5.61	9.21	1.99	14.47
IA Mixed Investment 20-60% Shares	2.88	5.15	9.02	3.21	12.92

DISCRETE CALENDAR YEAR

	YTD	2023	2022	2021	2020
VT Esprit Tactical Balanced	5.36	6.10	-11.26	7.97	4.16
IA Mixed Investment 20-60% Shares	4.78	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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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.

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