



VT Chelsea Managed Monthly Income

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 primarily invests in the UK and overseas equities, although it may also invest in other assets including bonds, indirect 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 was a disappointing three months for the fund with a total return of -0.64%, versus +1.75% for the IA Mixed Investment 20-60% Shares sector.*

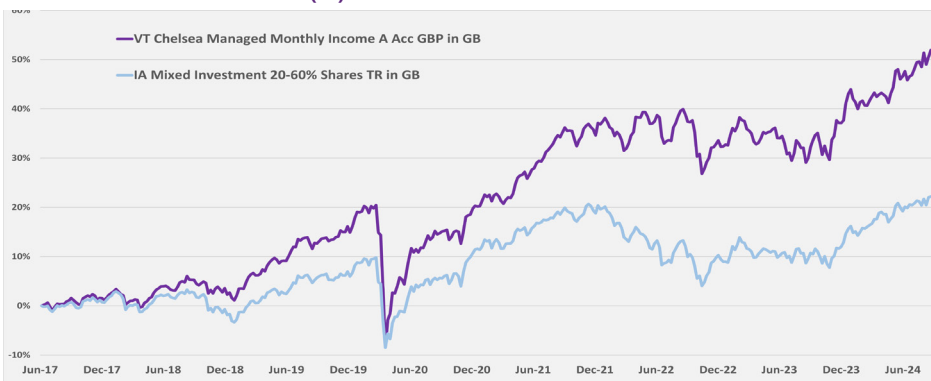
The combination of a Trump election victory and an aggressive high tax, high spend budget in the UK led to an increase in government bond yields. It also reduced hopes of future interest rate cuts next year. These higher bond yields hurt some of the fund's bond and alternative income positions.

The fund is also naturally underweight the United States, as it only yields a little over 1%. The US market did well following Trump's victory and this was a headwind to the fund's relative performance.

Regardless of short-term market moves, the fund continues to generate very good income and that is our main target. At the end of last year the fund increased its weight to alternative investment trusts which have been heavily out of favour. Some of these have struggled this year and their recovery has taken longer than we had expected but that is giving the fund some great opportunities to lock into some fantastic dividend yields.

The fund's largest position, Assura, reported good interim results. This real estate investment trust owns GP surgeries and some private hospitals, with most of its revenue backed by the NHS. Earnings were up, the dividend grew by 4% on the previous year and the dividend is fully covered by earnings.

Performance since launch (%)**



Past performance is not a reliable guide to future returns. The value of investments and income can fall as well as rise, so you could get back less than you invest.

Cumulative performance

	1 Year	3 Year	5 Year	Since launch
Fund (%)	10.23	12.16	30.13	51.09
IA Sector (%)	11.30	4.96	16.44	24.54

Calendar year performance

	YTD	2023	2022	2021	2020
Fund (%)	4.96	8.57	-4.02	13.84	1.96
IA Sector (%)	7.20	6.81	-9.47	7.20	3.51

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The trust yields around 8.5% and trades on over a 20% discount to its stated net asset value. Since 2015, the trust has increased its dividend every year from a starting point of 1.8p to 3.36p today.†

Despite this strong performance the trust's share price is down 17% year to date and 55% from its peak in 2020.^^ We are happy to be patient and for the fund to keep collecting its quarterly dividends.

SDCL Energy Efficiency Income trust has been one of the fund's worst performers year to date. Prior to its recent results it was down 23%.^^^ But there was nothing wrong with its results. The trust sold one of its largest assets in the period at a premium. Net cash flows of £35.8m came in above budget and more than fully covered the generous 12% dividend. The shares have subsequently rallied but remain on a 37% discount to its stated net asset value.^^^ The trust is planning to sell significant stakes in two of its businesses. First round bids are expected shortly with interest 'encouragingly high'.

The capital performance of the fund has been a little frustrating recently, but it has still returned over 10% over the past year including dividends.** One fund manager we saw recently said the valuation gap between the US and the UK was now by far the greatest he'd seen in his career. Whilst others focused on short-term numbers and panic out of perfectly good assets we are happy to pick them up at bargain prices and secure the long term-income of the fund. With high yields on offer, this is the best time to be an income investor in the past decade and we are excited for the future.



The Chelsea research team (L to R): Joss Murphy, Research Analyst; Darius McDermott, Managing Director; Juliet Schooling Latter, Research Director; James Yardley, Head of Investments

Fund information

Number of holdings	42
Size of fund (£m)	63.33
OCF	0.73%
Yield	5.99%
Payment dates	Monthly last day of the month

Top 10 holdings

Assura PLC	4.44%
Man GLG UK Income Professional	4.10%
GCP Infrastructure Investments Ltd	3.65%
Greencoat UK Wind PLC	3.61%
M&G Global Dividend	3.56%
Doric Nimrod Air Three Ltd	3.50%
WS Guinness Global Equity Income	3.33%
Supermarket Income REIT PLC	3.11%
FTF Clearbridge Global Infrastructure	3.08%
Man GLG Sterling Corporate Bond	3.07%

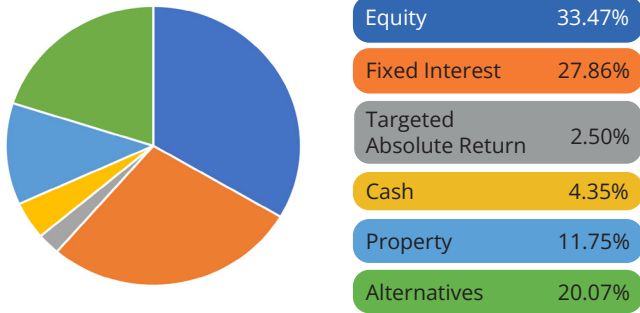
*FE Funds Info 31/08/2023-30/11/2024 VT Chelsea Managed Monthly Income vs IA Mixed Investment 20-60% Shares sector total return in sterling
†Long term is 5+ years

^Assura annual results presentation page 5 https://www.assurapl.com/sites/assura/files/annual-results-24/20240331_Assura_FY_Results_vF.pdf
^^ FE Funds Info Assura (AGR) Price return in sterling 31/12/2023-29/11/2024

^^^FE Funds Info SDCL Energy Efficiency Income Trust (SEIT) Price return in sterling 31/12/2023-28/11/2024
^^^ theaic.co.uk SDCL Energy Efficiency Income Trust 11/12/2024

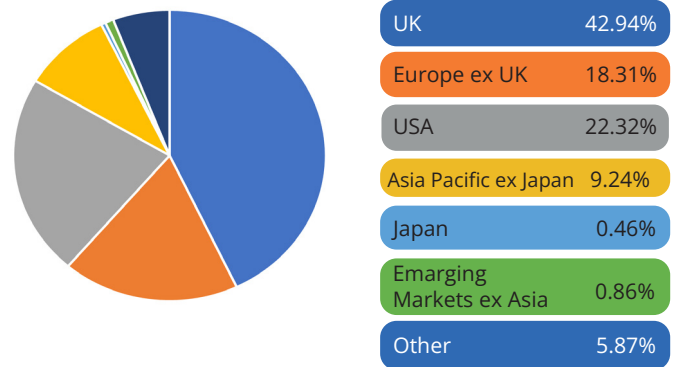
** FE Funds Info 06/06/2017-30/11/2024 VT Chelsea Managed Monthly Income total return in sterling

Asset allocation (%)



Data correct as at 30/11/2024. Figures may not add up to 100% due to rounding.

Geographical equity allocation (%)



Data correct as at 30/11/2024. Figures may not add up to 100% due to rounding.

Why invest in VT Chelsea Managed Funds?

- ✓ An easy portfolio. Invest in a range of assets globally with a single buy
- ✓ Chelsea's experienced research team looking after your investments
- ✓ Your portfolio will be adapted to take account of the prevailing market and economic climate
- ✓ You'll get exposure to some investments unearthed by our research team that might normally be hard for individual investors to buy
- ✓ We'll try to access the underlying funds in the cheapest way possible, including some share classes not available to individual investors

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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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