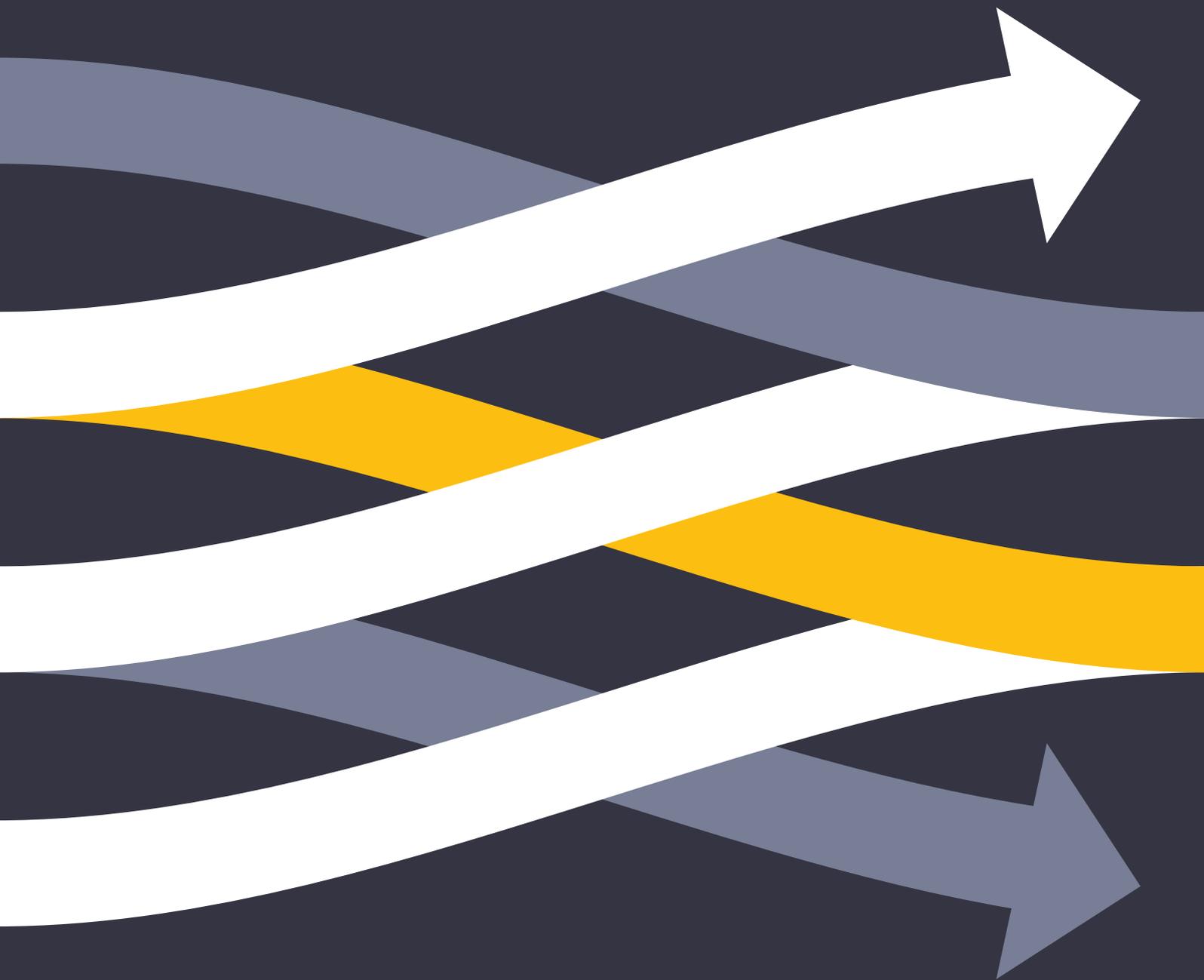


# Global Multi-Asset Fund Fund Update, Q1 2018

VT PEF Global Multi-Asset Fund

a sub-fund of VT Plain English Finance Funds ICVC

Class A - Accumulation Shares (ISIN: GB00BDZZSM84)



## FUND UPDATE

### — from the Investment Team

I am delighted to be writing this, our second quarterly fund update.

As I said in the last one of these back in January - Funds such as ours have a statutory obligation to provide semi-annual written updates but we will be providing them quarterly. I will write an update a few weeks after the end of each calendar quarter. Please expect them around late April (mid May this time around), July, October and January.

We will only *send* out updates by email every quarter but will post the fund's positions at the end of each month on the website. To explain: Each update we email out will show you the position of the fund in terms of which of the underlying assets it owns versus how much is held in cash or cash-equivalent risk-free assets for the *last trading day of the relevant quarter*.

Today, you can see this in the table on the next page. A green dot / spot indicates that the fund currently owns that asset, an orange one tells you that we are currently out of that particular asset and holding that percentage of the fund in cash or in one of our cash equivalent risk-free assets.

Once we launch our new look website (inching ever closer to being able to do this) - we will also be publishing these tables in the "Fund" section of the website at the *end of each calendar month* to cater for any investors who would like to have a more frequent record of how the fund is positioned.

As I have written before - one of the key ideas behind our fund is to **ignore all the 'noise'**. [Our fund](#) seeks to **mitigate risk** and **capture upside** by having exposure to a wide range of assets and regions of the world and by using rules-based trend following to decide when to be in or out of each of those assets.

**We do not try to second guess what financial markets** may or may not do based on the news, so there isn't much point in commenting on whatever Mr. Trump may or may have [had for breakfast](#) or on any other kind of similar nonsense such as how Brexit may or may not affect the UK economy (easy answer: Nobody knows - and I mean nobody - no matter which side of the debate they support. On which basis, I'm a big believer in ignoring the topic altogether and getting on with the things I can actually control).

#### The "Geoff Boycott" of Funds

Given the fund's stated aim - I was amused when one of our board directors described our fund as the "Geoff Boycott" of funds in a recent meeting. I confess I'm not the world's biggest

cricket fan but even I understood what he meant by this. For people who may not follow cricket much - Geoff Boycott was a very famous English batsman, active in the sixties, seventies and eighties. His signature approach to the game was to prioritise defending his wicket at all costs and only look to strike the ball when he felt it was safe and he had the highest chance of success with the least chance of being bowled or caught out.

This meant, in practice, that he could go for (very) long periods of time without scoring any runs and that it would take him a long time to build an innings and a high score. Although this approach was arguably rather boring to watch, the net result over a twenty-four-year career was that he "*...is the equal fifth-highest accumulator of first-class centuries in history, eighth in career runs and the first English player to average over 100 in a season (1971 and 1979).*"

The above is another version of Aesop's fable of the tortoise vs. the hare I suppose - and I have called our fund a "tortoise" of fund management before. The point I'm trying to make here is that we firmly believe that suffering periods where the fund may go sideways or even slightly down by virtue of having a large allocation to cash (as we have done in recent months) - is a small price to pay to avoid significant losses in those big crash years which can often result in giving up many years' worth of "sexier" gains.

Furthermore, if history is any guide, the asset allocation and trend-following overlay could well capture significant upside when financial markets are trending upwards (something they do for the majority of the time by the way) - meaning that, over time, the fund should do very significantly better than a cash ISA or savings account (in 2008, the strategy fell 6.6% given it was defensively positioned in cash but it was then up 21.4% in 2009 as the trend following methodology moved back into "risk" assets (shares etc...)). This gave a phenomenal overall performance vs. a significant proportion of other funds which got hammered in 2008, even if they were then up more than 21% in 2009 (being up more than 20% in 2009 wasn't much consolation if you were down 30-40% in 2008 as so many were). We very much hope the same will be true in the next few years.

(These numbers come from our back-tested performance information which you can see on page 18 of our [Fund Overview document](#)).



Andrew Craig  
INVESTMENT MANAGER  
London  
7th May, 2018

**VT PEF GLOBAL MULTI-ASSET FUND - ASSET STATUS**

● In asset ● Out of asset

| FUND                         |  | TARGET ALLOCATION (%) | STATUS Period End | SEDOL CODE |
|------------------------------|--|-----------------------|-------------------|------------|
| <b>Equity</b>                |  |                       |                   |            |
| <b>Developed Large</b>       |  |                       |                   |            |
| Europe ex UK                 | iShares Core EURO STOXX 50 UCITS ETF         | 4.0                   | ●                 | B4Z7940    |
| Japan                        | iShares Core MSCI Japan IMI UCITS ETF        | 4.0                   | ●                 | B4L61L2    |
| Pacific ex Japan             | iShares Core MSCI Pacific ex-Japan UCITS ETF | 4.0                   | ●                 | B580X30    |
| UK                           | iShares Core FTSE 100 UCITS ETF              | 4.0                   | ●                 | 0504245    |
| US                           | Vanguard S&P 500 UCITS ETF                   | 4.0                   | ●                 | B7NLJN4    |
| <b>Smart Beta</b>            |  |                       |                   |            |
| World Min Vol                | iShares EDGE MSCI WRLD MINVOL ETF USD ACC    | 5.0                   | ●                 | B8FHGS1    |
| <b>Emerging Large</b>        |  |                       |                   |            |
| EM World                     | iShares CORE EM IMI UCITS ETF USD (ACC)      | 5.0                   | ●                 | BKM4GY5    |
| EM Asia                      | SPDR MSCI EM ASIA UCITS ETF                  | 5.0                   | ●                 | B6WFJF2    |
| EM Eastern Europe            | SPDR MSCI EM EUROPE UCITS ETF                | 5.0                   | ●                 | B6WFJG3    |
| EM Latin America             | SPDR MSCI EM LATIN AMERICA UCITS ETF         | 5.0                   | ●                 | B6WFJH4    |
| <b>Fixed Income</b>          |  |                       |                   |            |
| <b>Corporate</b>             |  |                       |                   |            |
| \$ Corporate                 | iShares \$ Corp Bond UCITS ETF               | 6.0                   | ●                 | 3289594    |
| € Corporate                  | iShares Core € Corp Bond UCITS ETF           | 6.0                   | ●                 | B3F81R3    |
| £ Corporate                  | iShares Core £ Corp Bond UCITS ETF           | 6.0                   | ●                 | B00FV01    |
| <b>High Yield</b>            |  |                       |                   |            |
| € High Yield                 | iShares € High Yield Corp Bond UCITS ETF     | 6.0                   | ●                 | B66F475    |
| <b>Emerging</b>              |  |                       |                   |            |
| EM Government \$             | iShares J.P. Morgan \$ EM Bond UCITS ETF     | 6.0                   | ●                 | B2NPKV6    |
| <b>Alternatives</b>          |  |                       |                   |            |
| <b>Commodities</b>           |  |                       |                   |            |
| Agriculture                  | ETFS Agriculture                             | 2.5                   | ●                 | B15KYH6    |
| Energy                       | ETFS Energy                                  | 2.5                   | ●                 | B15KYB0    |
| Industrial Metals            | ETFS Industrial Metals                       | 2.5                   | ●                 | B15KYG5    |
| Gold                         | iShares Physical Gold ETC                    | 2.5                   | ●                 | B4R1D93    |
| <b>Real Estate</b>           |  |                       |                   |            |
| US                           | iShares US Property Yield UCITS ETF          | 2.5                   | ●                 | B1G5340    |
| UK                           | iShares UK Property UCITS ETF                | 2.5                   | ●                 | B1TXLS1    |
| Europe ex UK                 | iShares European Property Yield UCITS ETF    | 2.5                   | ●                 | B0M6328    |
| Asia                         | iShares Asia Property Yield UCITS ETF        | 2.5                   | ●                 | B1G5328    |
| <b>Infrastructure</b>        |  |                       |                   |            |
| Global                       | iShares Global Infrastructure UCITS ETF      | 5.0                   | ●                 | B1G5384    |
| <b>Cash Equivalent / RFA</b> |  |                       |                   |            |
| RFA1                         | DBX Sterling Cash UCITS ETF                  | 0.0                   | ●                 | B2PDKP2    |
| RFA2                         | Lyxor Smart Cash UCITS ETF C-GBP             | 0.0                   | ●                 | BY9D7D9    |
| RFA3                         | iShares UK Gilts 0-5YR ETF GBP               | 0.0                   | ●                 | B4WXJK7    |
| RFA4                         | Lyxor FTSE Actuaries UK Gilts 0-5Y           | 0.0                   | ●                 | BD6P6G7    |
| RFA5                         | iShares £ Ultrashort Bond UCITS ETF GBP      | 0.0                   | ●                 | BCRY644    |

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An English language prospectus for the VT PEF Global Multi-Asset Fund is available on request and via [www.plainenglishfinance.co.uk/funds](http://www.plainenglishfinance.co.uk/funds).

Investors should read this document in conjunction with the fund's Key Investor Information Document and the relevant application form before purchasing shares in the fund. Full details of each of the risks and aims for the fund can be

found in the Key Investor Information Document which are available from us or from the website [www.plainenglishfinance.co.uk/funds](http://www.plainenglishfinance.co.uk/funds)

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