

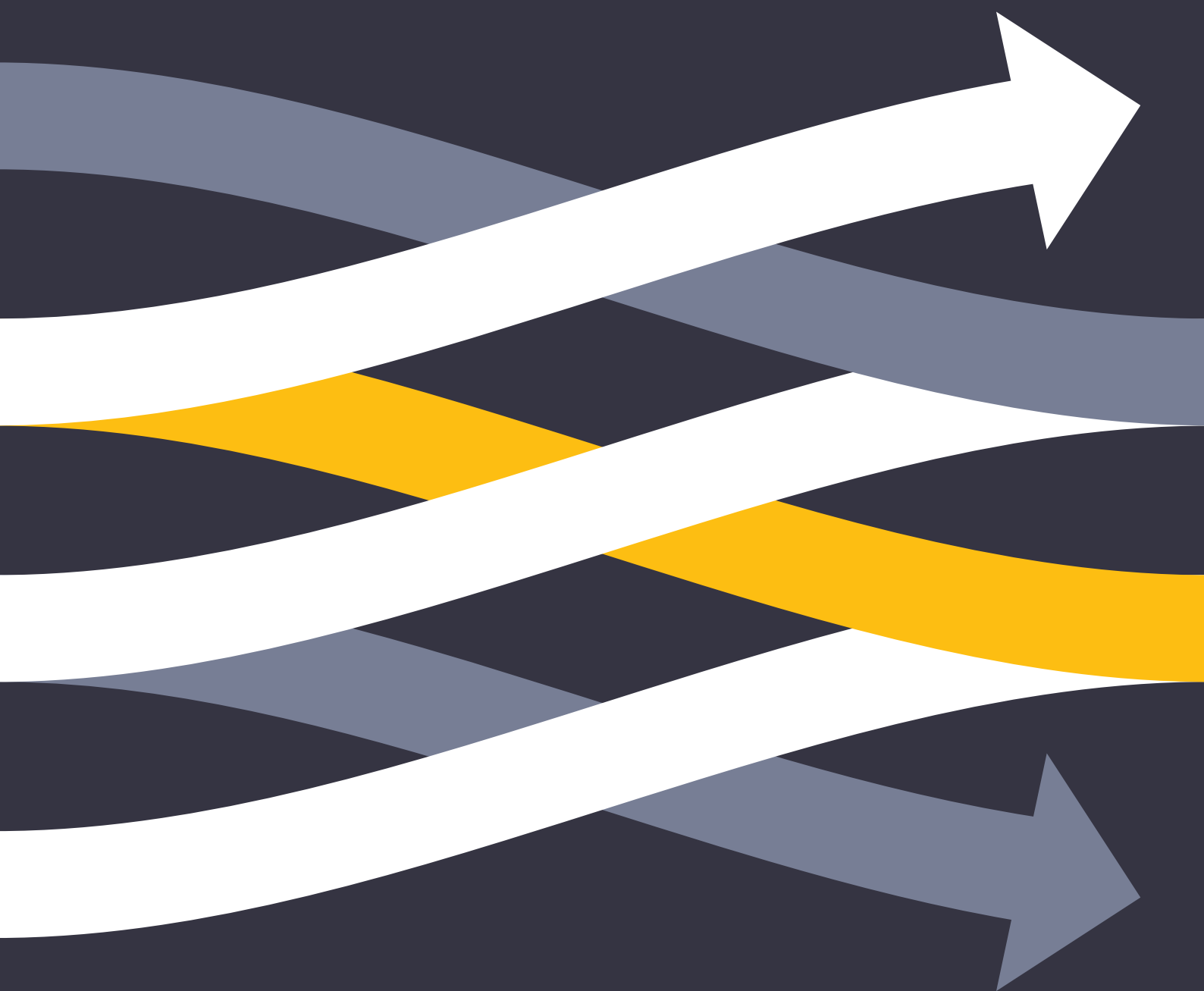
Global Multi-Asset Fund

Fund Update, Q4 2017

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*

Happy new year! I am delighted to be writing our first ever quarterly fund update document.

Funds such as ours have a statutory obligation to provide semi-annual updates. We will be providing them quarterly. We had considered publishing an update every month but felt this would be overkill. As I have written in the past, 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.

In our first fund update document last November I wrote: *“We do not try to second guess what financial markets may or may not do. For this reason, I feel that market commentary on where stock, bond and commodity markets may or may not go will generally be of little relevance unless something particularly extreme has happened...”*

In the weeks since then, I would contend that nothing extreme has happened (other than a speculative explosion in the price of various crypto-currencies – which is a topic for another day and largely irrelevant for our fund). In our November update I also wrote: *“...what we will include in these documents is the current position of the fund in terms of which of the underlying assets we currently own.”*

You can see this in the table on the next page. As a reminder – 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. You can see which of these risk free assets we are using to hold our cash at the bottom of the table.

One Newsflow Item: Two ETF changes in the Fund

Readers of our semi-regular emails will have seen a [piece](#) I wrote in mid-December on ETFs (Exchange Traded Funds). In the last paragraph of that piece I pointed out that we had just swapped two of our emerging markets equity funds for two larger, more liquid equivalent funds.

Specifically: From launch - where our model told us we should have exposure to Eastern European shares, we had elected to use a fund called the SPDR MSCI EM Europe UCITS ETF (ticker: EMEOL) to secure that exposure. Similarly, if our model told us we should own Latin American shares, we used a fund from the same provider called the SPDR MSCI EM Latin America UCITS ETF (ticker: LTAML).

In the middle of November, the provider of these funds (SPDR – which is the ETF business of a very large financial company called State Street) decide to de-list both of these funds. They had simply got to the point where each of the funds were too small to be economic for them to run as there was insufficient investor interest. (As ever – this timing looks amusing given how strong both markets have been since then. Eastern Europe and Latin America are both up around 12% in under two months since they made that decision).

Happily we didn’t miss out on this exposure just because SPDR’s funds closed down. As soon as we became aware that they were de-listing, we were able to pick two other funds to provide us with our exposure to Eastern Europe and Latin America. Specifically these were the iShares MSCI Eastern Europe Capped UCITS ETF (ticker: IEER.L) and the iShares MSCI EM Latin America UCITS ETF (ticker: LTAM.L), both of which you will see in the table on the next page.

We were able to buy these replacement funds within one day. I think this is another example of how robust the approach is. We didn’t have to skip a beat and were able to simply swap one ETF for another one to achieve essentially the same exposure, with no detrimental impact on the fund.

Other than this one change, I have not much more to report. We continue to run the fund precisely as set out in our [Fund Overview document](#) and you can see what our exposure is at present on the next page.

Before I sign off on this quarterly update, I would repeat something else I wrote back in November and remind the reader that, according to the FCA rules: *“...performance numbers must be based on and show complete 12-month periods”* (Source: [FCA handbook](#)).

We will not be permitted to include percentage performance numbers and pretty charts for the fund until October of this year. Until then, you can of course see how the fund is performing using your stockbroker’s website or by asking your IFA.

We can also point out that the fund’s launch price was 100p and the current price (as of Friday’s valuation just over three months later) is 102.8p.

As ever, my sincere thanks to anyone and everyone who has invested so far. It just remains for me and the Plain English Finance team to wish you the very best for 2018...



Andrew Craig
INVESTMENT MANAGER
London
14th January, 2018

VT PEF GLOBAL MULTI-ASSET FUND - ASSET STATUS

● In asset ● Out of asset

FUND		TARGET ALLOCATION (%)	STATUS CURRENT	SEDOL CODE
Equity				
Developed Large				
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
Emerging Large				
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
Smart Beta				
World Min Vol	iShares EDGE MSCI WRLD MINVOL ETF USD ACC	5.0	●	B8FHGS1
Fixed Income				
Corporate				
\$ 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
High Yield				
€ High Yield	iShares € High Yield Corp Bond UCITS ETF	6.0	●	B66F475
Emerging				
EM Government \$	iShares J.P. Morgan \$ EM Bond UCITS ETF	6.0	●	B2NPKV6
Alternatives				
Commodities				
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	●	B4RID93
Real Estate				
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
Infrastructure				
Global	iShares Global Infrastructure UCITS ETF	5.0	●	B1G5384
Cash Equivalent / RFA				
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.

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

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