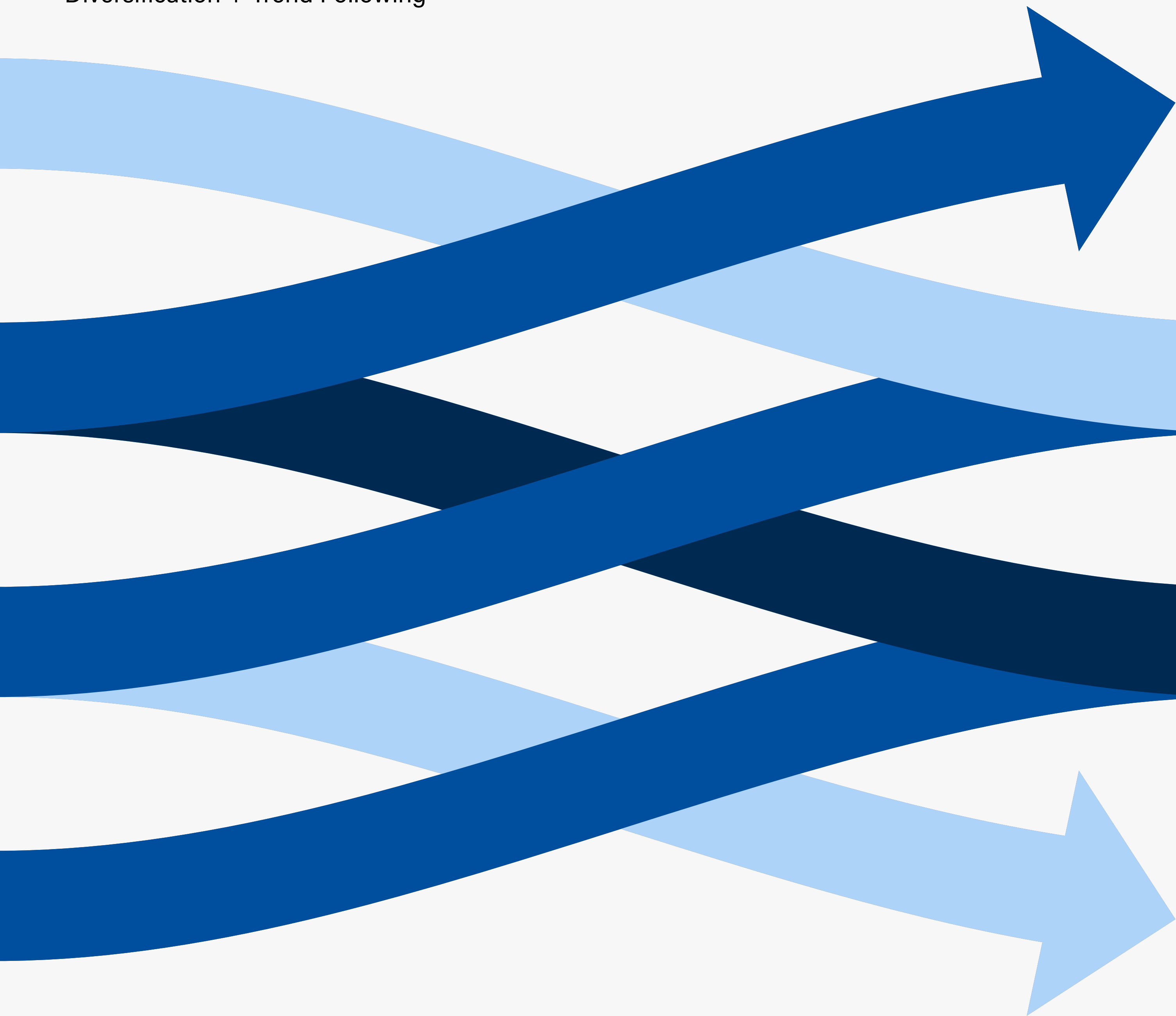
VT PEF Global Multi-Asset Fund

Fund Summary

THE PROBLEM:
Very low interest rates...

THE NEED:
Stock market returns but with much lower than stock market risk...

THE SOLUTION:
Diversification + Trend Following



A sub-fund of VT Plain English Finance Funds ICVC
Class A – Accumulation Shares (ISIN: GB00BDZZSM84)

PLAIN ENGLISH FINANCE

Version 1 – 2020/21

Below, we have highlighted a number of big problems faced by investors and why we believe the VT PEF Global Multi Asset Fund may be able to address them.

The Problem: Low / zero / negative interest rates.

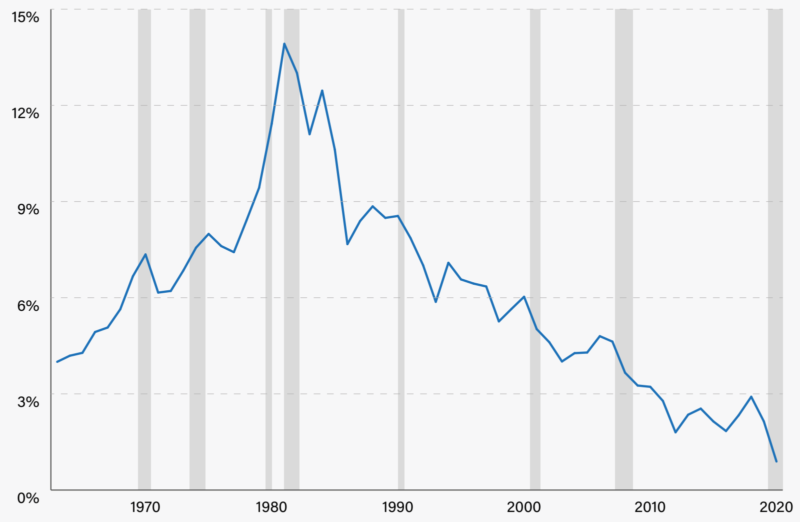


Figure 1.
10 Year Treasury Rate - 54 Year Historical Chart

Source:
MacroTrends.net

Grey bars show recession years.

Data as of: 06/12/20

Interest rates all over the world are at all-time lows. This means that...

— Returns on "lower risk" / "balanced" portfolios are too low in the accumulation phase.

— "Risk free" income at retirement is too low. (6% of £1m = £60,000 a year. 1% of £1m = £10,000).

Investors are forced to chase equity returns for sufficient capital growth in accumulation and sufficient income at retirement.

But – equities bring significant risk, particularly with markets at all-time highs.

...and a "triple threat" of risks the finance industry too seldom thinks about:

01. Psychological risk...

The risk that an individual gives up on investment entirely during a large crash (1999 / 2000 and 2007 to 2009 for example).

This locks in a large loss and means that individual will then never benefit from compounding meaningful returns. A disastrous result for millions of people...

02. The break-even fallacy...

A 100% gain is required to recover a 50% loss. Stock markets crash 50% or more every few years.

Anyone too heavily in equities then needs to make 100% or more to get back to square one. This is insufficiently well understood, particularly at the moment.

Downside protection is PARAMOUNT. It should be the number one goal for long term investors.

"Rule No.1: Never lose money. Rule No.2: Never forget rule No.1."
—Warren Buffett

This is far too rarely the focus – with disastrous results for investors across every cycle. We never learn.

03. Sequence Risk...

The biggest investment risk most people have never heard of...

Two assets with identical annualised returns and volatility give entirely different real-world outcomes depending on *when* in their life an individual experiences an equity market crash.

This can be a six- or even seven-figure difference.

The Need: "Stock market returns but with much lower than stock market risk..."

With interest rates near zero and stock markets at all-time highs, investors need stock market returns but with much lower risk and volatility, and a fraction of maximum drawdown (5-10% versus more than 50%).

— ***We consider very long-run stock market returns to be roughly 7.5%.*****

— ***Our back-tested annualised performance from January 2001 to August 2017 was 7.52%.***

Importantly, we would highlight how these returns were achieved. Compare the magnitude of the strongest 'up' years (green boxes), to the minimal drawdowns in 'down' years (orange boxes). This return profile is crucial for addressing the three risks presented on the previous page.

*2017 was only from Jan. to Aug., as the fund was launched on the 25th of September 2017.

Figure 2. **Simulated annual returns of the investment strategy from Jan. 2001 to Aug. 2017**

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	*2017
0.9%	-1.4%	19.6%	10.4%	23.7%	8.2%	10.1%	-6.3%	21.5%	9.2%	-2.8%	3.9%	3.0%	4.1%	-1.8%	22.4%	6.9%

Disclaimer
Simulated past performance is not necessarily a reliable indication of future performance.

Source:
Professors Andrew Clare, Steven Thomas & Dr. James Seaton

The Solution: The combination of two key investment techniques.

1. *TRUE* diversification:

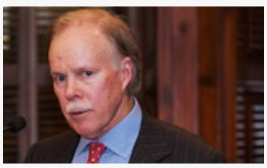
All major asset classes in all major regions of the world. The main asset classes: Shares, bonds, cash, property and commodities, respond differently to the various stages of an economic cycle: Growth, deflation, inflation, stagnation and so on. Diversifying by geography and by asset class significantly reduces risk and maximum draw down.

2. Formula-based trend following:

More than a century of evidence. Looking at financial data as far back as practicably possible (see S&P chart back to 1872 which follows), and across essentially all markets, academic research and real experience has shown that the positive or negative direction of any market is statistically more likely to continue than to reverse. Because of this, formula-based trend following improves returns and reduces volatility.

Combining these two approaches, we believe we have a product that could achieve stock market returns (of c. 7.5%) over the long run, but with much lower risk and a fraction of maximum drawdown (5-10% versus more than 50%).

We believe that the combination of both approaches is particularly attractive in the current market and interest rate environment.

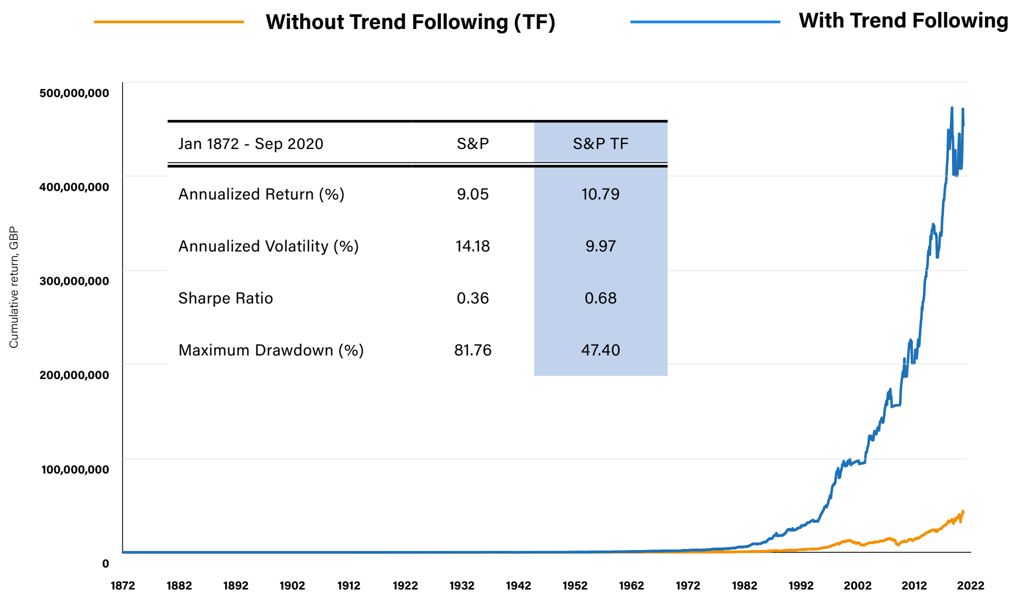


"The most powerful tool an investor has working for him or her is diversification. True diversification allows you to build portfolios with higher returns for the same risk. Most investors are far less diversified than they should be."
— Jack Meyer, Harvard University Endowment Fund

**Source: IG Index Limited

The Evidence: (For Trend Following)

The chart below shows the use of simple trend following going all the way back to 1872. This has improved annual performance by more than 2% a year, reduced volatility by over 4%, and reduced the maximum drawdown from 81.76% to 47.40%. (See numbers in blue box below [S&P TF]).



Jan 1872 - Sep 2020	S&P	S&P TF
Annualized Return (%)	9.05	10.79
Annualized Volatility (%)	14.18	9.97
Sharpe Ratio	0.36	0.68
Maximum Drawdown (%)	81.76	47.40

Figure 3:
S&P
1872 - 2020

Important disclaimer:
Past and simulated past performance is not a reliable indicator of future results.

Source:
Professors Andrew Clare, Steven Thomas & Dr. James Seaton

In our longer marketing document we show how the same approach works across all asset classes – and provide evidence from global equities, commodities and real estate.

Bringing it all together: Portfolio composition

Informed by these two main techniques (*true diversification and formula-based trend following*) – we have back tested a large universe of assets and trend following techniques to build a strategy that aims to generate consistent, meaningful returns, yet can minimise losses in those crash years we all dread.

This pie chart shows our broad portfolio composition, which includes our target allocation to developed and emerging equities (shares), various fixed income (bond) products, commodities, real-estate and infrastructure.

We would note that we are able to use large, liquid ETFs to gain exposure to all of these silos. The fund will therefore have negligible liquidity risk until it is very large indeed.

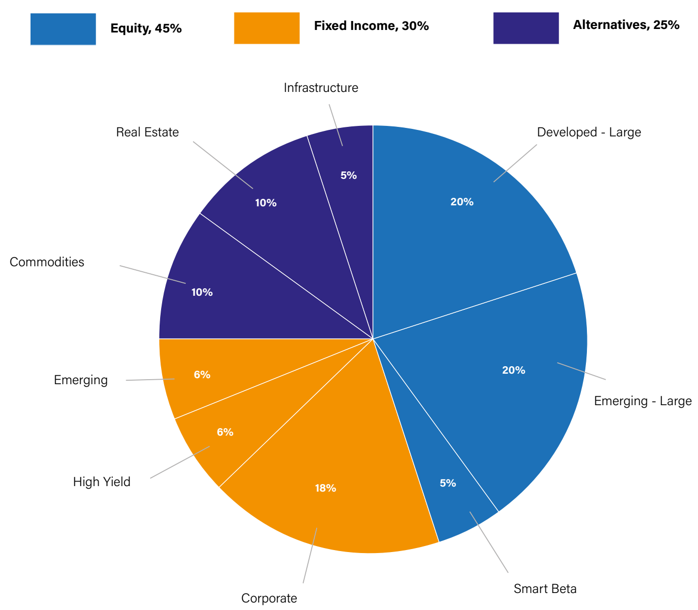
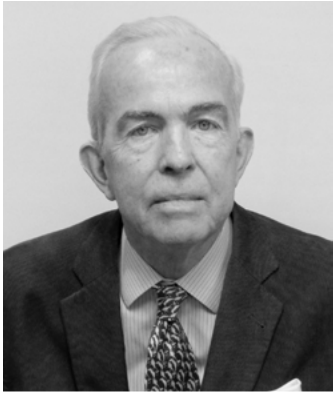


Figure 4:
Portfolio Composition

Source:
Professors Andrew Clare, Steven Thomas & Dr. James Seaton

The Team:

01. Andrew Craig – Founder and Investment Manager



02. Roderick Collins – Investment Manager

03. Professor Andrew Clare – Investment Consultant

04. Professor Steve Thomas – Investment Consultant

01. Andrew Craig
Director, Founder & Investment Manager

Andrew began his finance career at SBC Warburg in the late nineties. His book, "How to Own the World" has been No.1 rated on Amazon in categories such as Pensions, Investments and Personal Finance for much of the last few years and currently enjoys more than 2,000 reviews across Amazon and Goodreads. Since founding Plain English Finance in 2011, Andrew has appeared in many national and financial publications including: The Mail on Sunday, The Mirror, CityAM, The Spectator, Shares and MoneyWeek.

02. Roderick Collins Director & Investment Manager

Roderick has had a long and distinguished career in wealth management and has particular expertise in absolute return strategies. He was CEO of Matheson and Co private bank from 1985 to 2000. In addition to his role at Plain English Finance, Roderick has undertaken various non-executive directorships in his career and was previously a board Director of the J.P. Morgan Income & Capital Trust plc.

03. Professor Andrew Clare (Cass Business School)

Andrew is the Professor of Asset Management at Cass Business School in London. He was previously a Senior Research Manager in the Monetary Analysis wing of the Bank of England. He also spent three years working as the Financial Economist for Legal and General Investment Management (LGIM). Andrew is co-author of "The Trustee Guide to Investment" and in a survey published in 2007, he was ranked as the world's ninth most prolific finance author of the past fifty years.

04. Professor Steve Thomas (Cass Business School)

Steve is a member of the editorial board of the Journal of Business Finance and Accounting and in a recent review was ranked 11th in Europe for finance research. Since 1988 he has been consulting editor of a range of credit publications for FT Interactive Data. Steve is also an examiner for the Investment Management Certificate of the CFA UK, and author of their Official Training Manual.

Andrew Craig has published two best-selling books over the past 8 years. Both are available at Amazon in paperback, Kindle and audiobook versions.

"For anyone who wants to understand how to best use the tools available in the modern world to learn about becoming a successful investor..." **— The Metro**

Performance of the Fund since Launch

ANNUAL PERFORMANCE

The table below displays the annualised performance of the fund since launch.

NOTE 1
The table below is given in the format mandated by the FCA in "COBS 4.6.4A". This requires that an investment firm show five complete 12-month periods and, where fewer than five years are available, that this is clearly indicated. Hence why we have included two years of 'no data.'

Q4/2019 - Q3/2020	Q4/2018 - Q3/2019	Q4/2017 – Q3/2018	Q4/2016 – Q3/2017	Q4/2015 – Q3/2016
-6.8%	3.40%	-1.80%	NO DATA	NO DATA

Source:
Valu-Trac Investment Management Limited

MONTHLY PERFORMANCE

The table below shows the monthly performance of the strategy since launch in September 2017.

***NOTE 2**
September 2017 was only a partial month, as the fund was launched on the 25th of September 2017.

NOTE 3
You should find ongoing monthly performance numbers and the fund's performance against a wide variety of market benchmarks on your stock-broker or fund provider's website.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2017	-	-	-	-	-	-	-	-	-0.5*	1.6	-0.8	0.4	0.7
2018	1.2	-1.5	-1.9	0.4	0.1	-0.7	0.2	-0.4	-0.5	-1.8	-0.4	-1.3	-6.4
2019	0.9	-1.1	1.2	0.8	0.2	3.6	3	-1.3	-0.2	-2.2	0.2	-0.6	4.4
2020	-1.3	-3.2	-1.9	0.3	0.3	0.7	0.1	0.4	0.3	-1.1	3.1	1.3	-1.2
2021	-1.0	-0.6											

Source:
Valu-Trac Investment Management Limited

DISCLAIMER

Past Performance is not an indication of future performance. The value of investments and any income from them is not guaranteed and can go down as well as up depending on market movements. You may not get back original amount invested. Price total return performance figures are calculated on mid price to mid price with net income (dividends) reinvested and net of fees.

Important information

The VT PEF Global Multi Asset Fund is widely available on most of the UK's main investment platforms using the following identifier codes:

ISIN: GB00BDZZSM84
SEDOL: BDZZSM8
MEXID: WLJKH

CITICODE: O42K
Bloomberg Ticker: VTGMAAG
Lipper: LP68439582

Plain English Finance Limited has used all reasonable efforts to ensure the accuracy of the information contained in this communication at the date of publication.

The VT PEF Global Multi-Asset Fund is a sub-fund of the VT Plain English Finance Funds ICVC. An English language prospectus for the fund is available on request and via plainenglishfinance. co.uk/funds.

Investors should read this overview document in conjunction with the fund's Prospectus, Key Investor Information Document and the relevant application form before purchasing shares in the fund. Full details of the risks and aims for the fund can be found in the Prospectus and the Key Investor Information Document which is available from the website: plainenglishfinance.co.uk/funds.

Some of the figures in this marketing document refer to simulated past performance. Past performance is not a reliable indicator of future performance. The value of investments and any income from them may fall as well as rise, the return may increase or decrease as a result of currency fluctuations, and you may not get back the amount of your original investment.

The fund does not have a specific benchmark. However, the performance of the fund can be assessed by considering whether the objective is achieved (i.e. whether there has been capital growth over the medium to long term (3- 5 years)).

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