

### OVERVIEW

The VT Gravis Digital Infrastructure Income Fund (the "Fund") is a UK UCITS V OEIC.

The Fund:

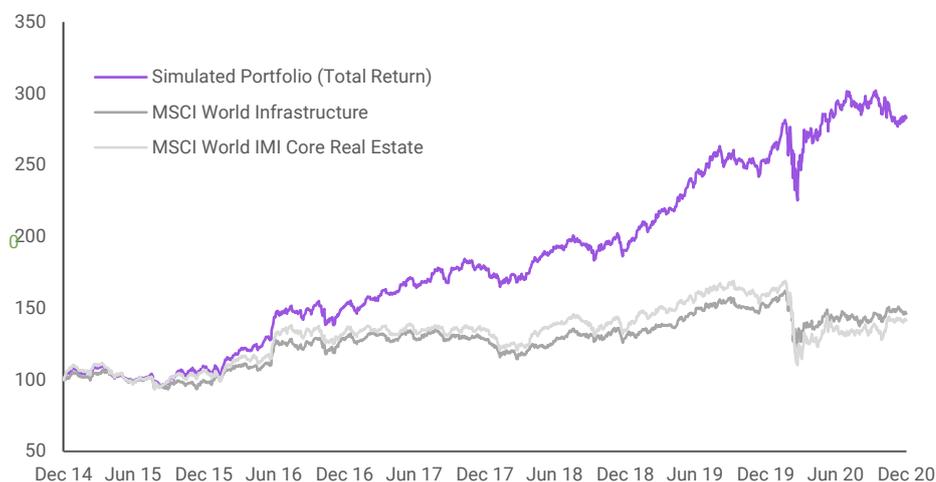
- invests in a diversified portfolio of transferrable securities listed in developed nations, which own the assets that are vital to the digital world such as communication towers, data centres, fibre optic networks and logistics facilities.
- has exposure to physical assets solely through investments in listed securities.
- will not invest in companies exposed to technologies such as software, semiconductors, satellites, payment systems, internet services, etc.

### FUND OBJECTIVES

- To achieve capital growth through market cycles<sup>1</sup>.
- The Fund invests in a diversified portfolio of transferrable securities including REITs, REOCs, collective investment schemes, equities and bonds, listed in developed nations.
- Aims to deliver regular income, expected to be c.3% per annum<sup>2</sup>.
- Fund operating costs capped at 0.8% p.a.<sup>3</sup>.

### SIMULATED PORTFOLIO PERFORMANCE<sup>4</sup>

Simulated Portfolio (Total Return after charges) 31.12.2014 – 31.12.2020



<sup>4</sup> Simulated past performance is not indicative of future performance, the value of your investment may go down as well as up.

The actual VT Gravis Digital Infrastructure Income Fund launched 31 May 2021. Performance data for the fund is not yet available for distribution and data shown for the periods given are for a simulated model portfolio. The simulated portfolio represents the universe of all identifiable stocks, as determined by the Fund Adviser. The universe is market cap weighted and selected to ensure compliance within UCITS rules. It was selected and re-screened and re-balanced every six months to retain companies that passed minimum liquidity constraints. The constituents of the launch portfolio were selected from this universe.

Company overview	
<b>Name</b>	VT Gravis Digital Infrastructure Income Fund
<b>Regulatory Status</b>	FCA Authorised UK UCITS V OEIC
<b>Sector</b>	IA Property Other
<b>Launch Date</b>	31 <sup>st</sup> May 2021
<b>Fund Size</b>	£25.31m
<b>Share Classes</b>	Income and Accumulation (£,\$,€,¥)
<b>Min. Investment</b>	C: £100   I: £10,000,000
<b>Net Asset Value per share as at 30 September 2021</b>	C Acc (£): 110.4054p C Inc (£): 109.5892p I Acc (£): 110.4653p I Inc (£): 109.6605p
<b>Capped fund operating charges<sup>3</sup></b>	0.8% (AMC & OCF)
<b>Dividends</b>	Quarterly
<b>Objectives</b>	3% dividend yield <sup>2</sup> Capital preservation Inflation protection
<b>Classification</b>	Non-complex
<b>Liquidity</b>	Daily dealing
<b>£ISINs</b>	C Acc: GB00BN2B4F43 C Inc: GB00BN2B4876 I Acc: GB00BN2B4R64 I Inc: GB00BN2B4L03

<sup>1</sup> We expect this to be a period of 7 years

<sup>2</sup> With regards to the launch price. This is an unofficial target and there is no guarantee that it will be achieved.

<sup>3</sup> The OCF (Ongoing Charges Figure) for all share classes is capped at the AMC (Annual Management Charge) and any costs in excess of the OCF/AMC are paid by the Investment Adviser.

### SIMULATED PORTFOLIO RETURNS<sup>4</sup>

#### DISCRETE ANNUAL RETURNS

	TOTAL RETURN	VOLATILITY	CORRELATION	2015	2016	2017	2018	2019	2020
Simulated portfolio (Total Return) GBP	183.52%	15.43%	-	8.8%	38.9%	18.3%	6.6%	32.0%	12.8%
MSCI World Infrastructure	46.22%	16.34%	0.78	-0.8%	28.8%	0.3%	0.6%	16.9%	-3.0%
MSCI World Core Real Estate	41.53%	14.95%	0.82	6.6%	24.7%	1.8%	-0.4%	17.8%	-10.8%

## FUND ADVISER'S REPORT

**"Focusing on specialist digital infrastructure companies with the potential to deliver growing dividends should position the Fund well regardless of whether inflationary pressures persist."**

Over the course of September 2021, the NAV of the Fund decreased from 115.7322p to 110.4054p (C Acc GBP), the first down month since launch. Despite this dip the Fund delivered positive performance for the third quarter, with the NAV up from 104.9842p to 110.4054p (C Acc GBP), a reflection of the strong positive investor sentiment towards the digitalisation mega trend to which the Fund is exposed. Since launch the Fund has significantly outperformed both the world infrastructure index<sup>1</sup>, which has increased by 1.63%, and the global real estate index<sup>2</sup> which has increased by 6.19%.

At the end of September, the Fund declared a quarterly distribution of 0.5313p (C Inc GBP), this is the second quarter-end distribution since launch. On an annualised basis this represents a potential yield of 2.13%. Three quarters of the Fund is invested in real estate investment trusts (REITs), to maintain their general tax-exempt status REITs are required to distribute the vast majority of their rental profits (e.g. 90% in the UK and USA). Over the past decade, reinvesting this income has created a significant compounding benefit for investors. While the appreciation in global real estate share prices has delivered a 7.30%<sup>3</sup> annualised return, the power of compounding income increases investor returns to 10.45%<sup>2</sup>.

During the month, several investments declared dividends. Within communication towers, American Tower (7.27% portfolio weight), the world's largest owner of wireless communications sites, declared a 3.1% dividend increase over the previous quarter and a 14.9% increase over the previous year's comparable quarterly dividend payment. The REIT has grown its dividend by more than 20% per annum, on average, since 2012. This impressive growth has been underpinned by the fixed percentage rent escalators included in its American leases, with average rental escalator of circa 3%, together with local inflation indexation included in its international leases.

Within data centres, Equinix (4.45% portfolio weight), the leading global owner of colocation data centres, declared a dividend which represents an increase of 7.9% on an annualised basis. This strong growth is the continuation of a trend that has seen Equinix's average annual dividend growth top 10% over the past five years.

The broad stock market sell-off in September reflected investor concerns about continuing supply disruptions and rising inflation. In the US (49.3% portfolio exposure by company listing), Federal Reserve officials expect inflation to run at 4.2% this year, up from 3.4% in June.

However, over the subsequent two years inflation is expected to fall back to 2.2%, little changed from the June outlook. Given that several central banks have highlighted upside risks to their inflation projections it is worth highlighting the presence of inflation linked leases within the portfolio.

Multi-year leases offer investors inflation protection in the form of contractual rental escalators. For example, Cellnex (2.69% portfolio weight), the specialist European tower operator, owns assets with typically more than 10 year average lease terms and 100% of their leases are either indexed-linked or contain fixed rental uplifts. Within e-commerce fulfilment infrastructure, Tritax Big Box (portfolio weight 2.54%) owns modern assets with a weighted unexpired lease term of 13 years. A high proportion of the critical digital infrastructure assets to which the Fund is exposed, circa 59%, have contractual rental escalators linked to either inflation or fixed uplifts.

In an inflationary environment REITs have an added financial advantage, their debt is typically fixed rate, whereas their income is growing. For the Fund, the average tenor of the debt is 6.5 years with a weighted average interest rate of only 2.1%. 84% of the debt issued by the companies within the Fund is either fixed or capped, potentially providing an additional layer of protection for investors.

Looking forward, the Investment Adviser believes that focusing on specialist infrastructure companies that own and develop assets underpinned by the powerful digitalisation mega trend, with the potential to deliver growing dividends, should position the Fund well regardless of whether inflationary pressures persist.

**Matthew Norris, CFA**  
Investment Adviser  
Gravis Advisory Ltd  
matthew.norris@graviscapital.com

<sup>1</sup> MSCI World Infrastructure GBP Index

<sup>2</sup> MSCI World IMI Core Real Estate Total Return GBP Index

<sup>3</sup> MSCI World IMI Core Real Estate GBP Index (price only)

### Investment Adviser

Gravis Advisory Limited is owned and managed by Gravis Capital Management Ltd ("Gravis").

Gravis Capital Management (GCM) was established in May 2008 as a specialist investor in property and infrastructure and now manages c.£4bn of assets in these sectors in the UK. GCM entered into a strategic partnership with ORIX Corporation in January 2021.

Gravis Advisory Limited is also the Investment Adviser to the c.£790m VT Gravis UK Infrastructure Income Fund, the c.£361m VT Gravis Clean Energy Income Fund and the c.£64m VT Gravis UK Listed Property Fund.

### Fund Advisers

**Matthew Norris** is lead adviser to the VT Gravis Digital Infrastructure Income Fund and the VT Gravis UK Listed Property Fund.

Matthew has over two decades investment management experience and has a specialist focus on real estate securities.

He was previously at Grosvenor with responsibility for investing in global real estate securities including the highly successful global logistics strategy. He joined Grosvenor from Fulcrum Asset Management and Buttonwood Capital Partners where he ran international equity strategies which incorporated exposure to real estate equities.

**George Nikolaou** is responsible for investment analysis and research, covering listed infrastructure and real estate. He joined Gravis in 2021 having spent 7 years working as a portfolio manager and analyst within the investment management sector. George has obtained a MSc Finance and Investment from the University of Durham and a BSc Economics from the University of Athens and is a CFA Charterholder.

### Sales Contacts

Cameron Gardner 07835 142763  
cameron.gardner@graviscapital.com

Ollie Matthews 07787 415151  
ollie.matthews@graviscapital.com

Robin Shepherd 07971 836433  
robin.shepherd@graviscapital.com

Nick Winder 07548 614184  
nick.winder@graviscapital.com

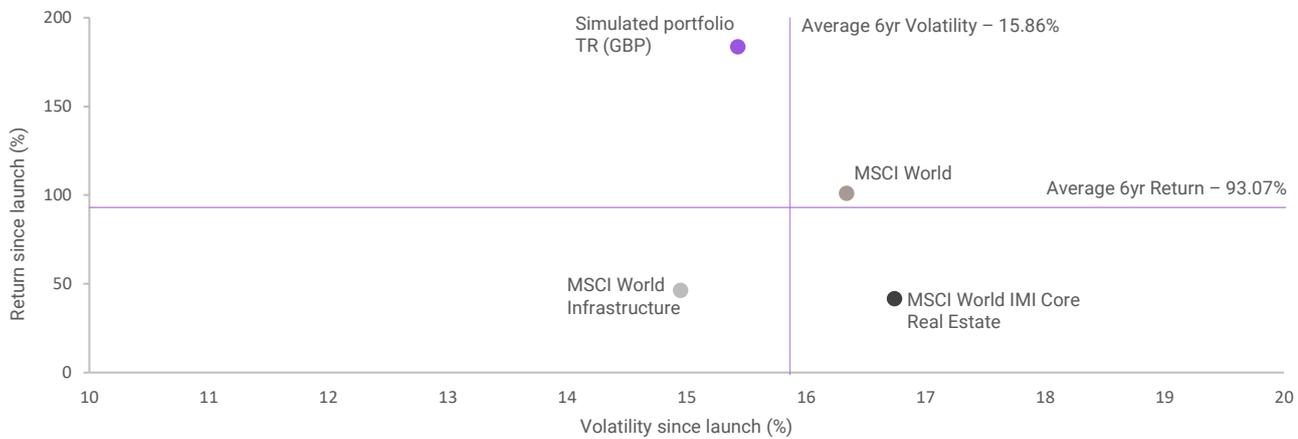
William MacLeod 07836 695442  
william.macleod@graviscapital.com

### Dealing

Valu-Trac 01343 880344  
Digitalinfrastructure@valu-trac.com

**SIMULATED 6 YEAR PERFORMANCE<sup>4</sup>**

6yr returns and volatility from 31.12.2014 to 31.12.2020 - Simulated portfolio vs MSCI World Infrastructure vs MSCI World IMI Core Real Estate vs MSCI World



	6yr Total Return	6yr Volatility
Simulated Portfolio	183.52%	12.48%
MSCI World Infrastructure	46.22%	11.78%
MSCI World IMI Core Real Estate	41.53%	12.66%
MSCI World	101.00%	12.95%

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**TOP 10 HOLDINGS**

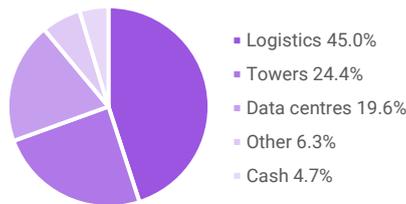
As at 30 September 2021

Company	Holding
American Tower Corp	7.27%
Prologis Inc	7.07%
Digital Realty Trust Inc	5.17%
Goodman Group	5.07%
SEGRO PLC	4.71%
SBA Communications Corp	4.70%
Equinix Inc	4.45%
Crown Castle International Corp	4.37%
Eastgroup Properties Inc	2.73%
Vantage Towers AG	2.72%

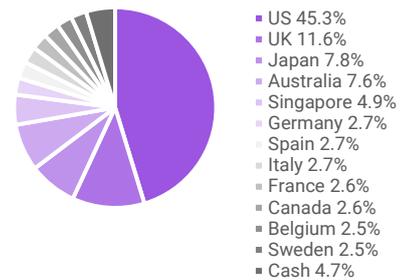
**PORTFOLIO CHARACTERISTICS**

As at 30 September 2021

**Sector breakdown**



**Geographic breakdown (by country of listing)**



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