VT UK Infrastructure Income Fund

Monthly factsheet

August 2016

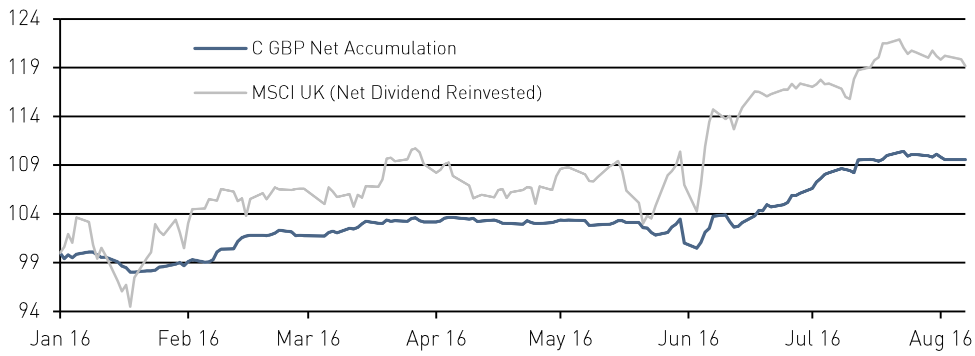
Overview

- To deliver a regular income expected to be 5% per annum[1]
- To preserve investors' capital throughout market cycles with the potential for capital growth and protection from inflation
- To provide investors with exposure to the UK listed infrastructure sector
- To offer investors exposure to a sector that is a vital part of the UK economy and is increasingly becoming a key component in any well-balanced investment portfolio

The VT UK Infrastructure Income Fund (the "Fund"), the first UK focused open ended infrastructure fund, launched in January 2016. It invests in UK listed Investment Companies, Equities and Bonds and is advised by GCP Advisory Limited.

Regulatory Status	FCA Authorised
Sector	IA Specialist
Fund Size	£47.84m
Share classes	Income & Accumulation Clean & Institutional
Charges[2]	C – 0.75% pa I – 0.65% pa
Min. investment	C – £1,000 I – £5,000,000
Dividends Aug 16	C Inc – 1.0992p I Inc – 1.1469p
Currencies	£, $, €
£ ISINs	C Acc: GB00BYVB3M28 C Inc: GB00BYVB3J98 I Acc: GB00BYVB3T96 I Inc: GB00BYVB3Q65

Performance chart Share class: C GBP Acc [25/1/16 – 31/8/16]



Returns

	Aug-16	3 Months	Since Inception	Volatility
VT UK Infrastructure Income Fund	1.22%	6.03%	9.55%	6.06%
MSCI UK	1.54%	10.29%	19.18%	18.26%

Past performance is not necessarily a guide to future performance
The fund launched on 25 January 2016.
Fund performance is illustrated by the C GBP Net Accumulation share class.

Top 10 holdings on 31st August 2016

GCP Infrastructure Investments Ltd	8.5%
Renewables Infrastructure Group Ltd	7.5%
Bluefield Solar Income Fund Ltd	7.2%
Greencoat UK Wind PLC	7.0%
John Laing Infrastructure Fund Ltd	5.9%
MedicX Fund Ltd	4.6%
SQN Asset Finance Income Fund Ltd	4.5%
HICL Infrastructure Company Ltd	4.4%
Target Healthcare REIT Ltd	4.4%
SSE PLC	4.0%

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1 – This is an unofficial target and there is no guarantee it will be achieved. Per annum by reference to launch price of £1.00 per unit, payable quarterly, two months in arrears
2 – The OCF (Ongoing Charges Figure) for all share classes will be capped at the AMC (Annual Management Charge) above until 31/12/18 and any costs in excess of the OCF/AMC will be paid by the Investment Adviser.

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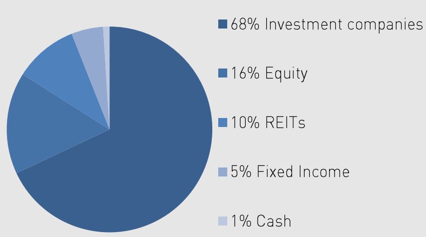
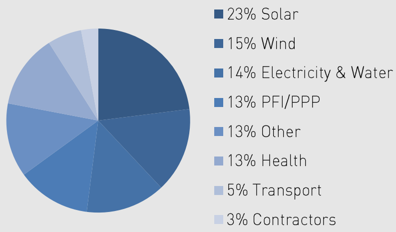
Sectors



Sources of Income



Available on the following platforms

AJ Bell	James Hay
Allfunds	Novia
Alliance Trust	Nucleus
Ascentric	Old Mutual (Skandia)
Aviva	Pershing
Axa Elevate	Raymond James
Cofunds	SEI
FNZ	Standard Life
Hargreaves Lansdown	Transact
	True Potential

Fund Adviser's Report

The month of August saw the hunt for yield continue, with 10 year gilt yields falling from 0.80% to 0.64%. The Fund performed well against this background, with the C Accumulation shares up 1.22%.

The bulk of the Fund returns came from the sector to which it has the largest allocation, namely the Infrastructure and Renewables Investment Companies. Of the 12 such securities which the Fund holds, 9 provided positive returns with the best gain being 4.67% whilst amongst the detractors the largest negative was a 1.1% fall.

Gains in the Infrastructure Investment Companies slowed, following a strong performance in 2016 and especially in July, as they reached high premium levels to their stated NAVs. That having been noted, with the move in Gilt yields during 2016, the long term fixed rate cash flows of the projects which these Companies own are extremely attractive to us as investors. Were the external valuers or the Boards of these companies to move their discount rates even part of the amount by which risk free rates have moved, then these premiums would look very different; we are not predicting that this will happen, but we are noting that as interpreting data is not as simple as it seems and there are good reasons for these premiums to persist.

By contrast, the Renewables Sector has been trading at around the underlying NAVs, a product of the change in Energy prices and the downward moves in Power Purchase Agreements for the approximately one third of generation which is not sold via FITs and ROCs and other long term government take off contracts - which we have written about before. During August the Fund's holdings here outperformed as investors sought their yield available at the lower Premiums to NAV. These funds will continue to perform well, but upside in their Premiums is somewhat limited over the coming months by the fact that they are almost all planning to expand and thus to raise equity capital for some time to come. The Fund will look to take advantage of this dynamic by buying allocations via these placements, which come at a discount to offered prices in the market.

In the case of the Funds bond and REIT holdings, both sectors provided modest positive returns with all three bonds providing a positive contribution.

In the case of the Equity holdings these were the only class of securities which registered a small loss for the Fund over the month, principally as a result of profit taking in two of the Fund holdings which have had a very strong performance in 2016.

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Disclaimer