



VT UK Infrastructure Income Fund

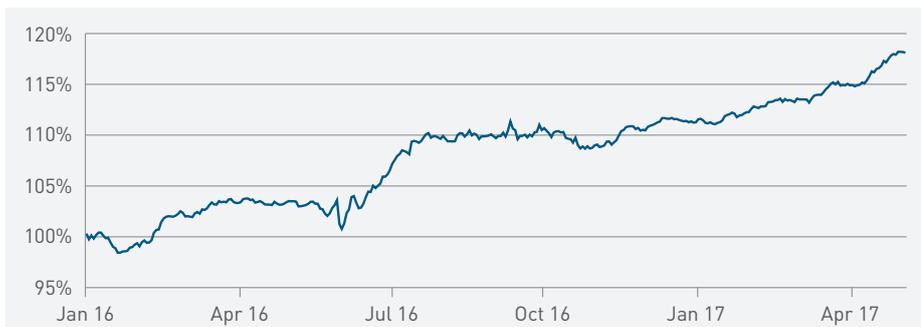
May 2017 Factsheet

Overview

- Deliver a regular income expected to be 5%¹ per annum
- Preserve investors' capital throughout market cycles with the potential for capital growth and protection from inflation
- Invests in UK Listed Securities including Investment Companies, Equities, Bonds and REITs
- Offers exposure to a vital sector for the UK's economy which is increasingly becoming a key component of any well-balanced investment portfolio

Performance chart

Share Class C GBP Acc [25/1/16 – 31/5/17]



Returns

	May 17	3 Months	6 Months	12 Months	Since Inception	Volatility
VT UK Infrastructure Income Fund	3.03%	5.00%	8.40%	14.93%	18.75%	4.96%
MSCI UK	4.85%	4.66%	13.05%	25.65%	35.78%	14.39%

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

Correlation, Performance and Volatility Comparison

25 January 2016 – 31 May 2017

	Correlation	Return	Volatility	Yield
VT UK Infrastructure Income Fund (C GBP Acc)	—	18.8%	5.0%	4.2%
MSCI UK	0.41	35.8%	14.4%	3.8%
MSCI World	-0.02	43.1%	12.7%	2.4%
MSCI Global Infrastructure	-0.06	32.6%	13.1%	4.0%
UK 10 Yr Gilts	-0.22	7.2%	7.1%	1.0%
MSCI World vs MSCI Global Infrastructure	0.82			

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, one month 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.
3. Published dividends are net of charges which are taken from income.

Regulatory Status	FCA Authorised
Sector	IA Specialist
Launch date	25th January 2016
Fund Size	£197.50m
Share classes	Income & Accumulation Clean & Institutional
Charges²	C: 0.75% pa I: 0.65% pa
Min. investment	C: £1,000 I: £5,000,000
Net Yield³ based on launch price of £1 from 25/1/16	C: 4.8878% I: 5.0848%
Turnover to 31 May 2017	3.93%
Dividend ex dates	end of Dec, Mar, June, Sept
Dividend pay dates	end of Jan, Apr, July, Oct
Currencies	£, \$, €
£ ISINs	C Acc: GB00BYVB3M28 C Inc: GB00BYVB3J98 I Acc: GB00BYVB3T96 I Inc: GB00BYVB3Q65

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Fund Adviser's Report

It is clear that there are still many opportunities in the general infrastructure sector.

The fund performed strongly in May, up 3.03% C Accumulation Class, with the gains based roughly equally on strength in its equity holdings (which represent less than 20% of the portfolio) and in the Closed End Investment Companies – "CEICs" (renewables and infrastructure focused) that account for approximately 67% of assets. In the equities, our shares in SSE, RMG and STOB each delivered in the order of 8% gains for the month.

The CEICs that form the bedrock of the Fund own highly sought after assets. These assets are long term cash flows with upward only inflation links, generated by core public sector projects. As we have regularly noted, the discount rates and inflation assumptions used by Boards and external valuers to assess the NAVs are generally conservative, meaning the market price – determined by investors who use their own valuation models – usually reflects a premium to NAV. In recent months we have seen some signs that the supply of the assets referred to above, which the CEICs aggregate, has slowed. In turn this has meant low issuance via placements which in its turn has meant that the ongoing demand for the assets by the end investors in the CEICs has pushed premiums above their historic levels. We are not as we write in a position to say if the slowing of the creation of the cash flow assets is cyclical or the start of a persistent trend; it is clear that there are less opportunities in the renewables sector as subsidies reduce, but equally clear that there are still many opportunities in the general infrastructure sector, as illustrated by Sequoia Economic Infrastructure Fund placing £160m of shares on 26th May and HICL announcing late in the month a placement scheduled for early June for between £205 and £260 million.

On 31st May our assessment of the portfolio of the Fund, at target weights and at prices prevailing on the day, showed a gross (pre fee) yield of 5.54%. This is somewhat below our desired target gross level of 5.75% – but we have no wish to take on more risk to increase the level, as we feel we would have to take a disproportionate amount and would not be fairly compensated by the increased reward. Again as often noted, our approach is to work in the market to achieve the higher yield levels the Fund seeks, by wherever possible buying in placements to improve upon the yield level; we bought £1.682m worth of Sequoia shares at a price of £1.06, a yield of 5.61% – compared with a trading level since the placement of c £1.1075 where the yield is 5.37%. We also bought significant amounts of Medicx Fund shares direct from the treasury of the issuer, at a saving to market prices for equivalent amounts, and we intend likewise to subscribe for HICL in June.

As such in summary we would note: (a) approximately half of our monthly gains came from stock positions – the gains by no means all came from the CEICs; (b) that valuations for the CEICs are generally a little high, and whilst they may fade a little with issuance, equally they may persist at higher levels than we have been used to given the quality of the assets they hold in a world where income is not getting easier to find; (c) the yield of the portfolio is still strong, and this is being achieved without any meaningful changes to the composition and without any increase in perceived risk; and (d) as ever we continue to work in the market to find value when purchasing securities.

Stephen West,
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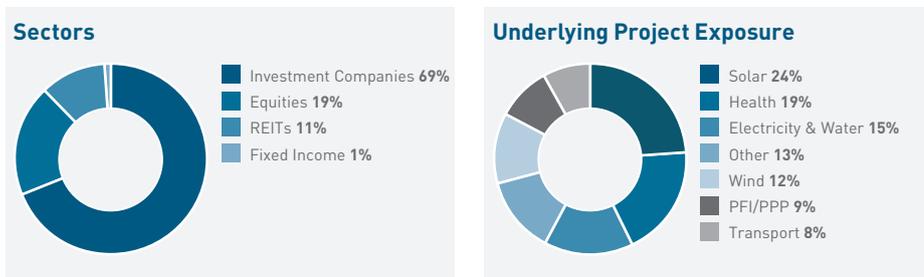
Dealing

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Portfolio



Top 10 holdings on 31 May 2017

Company	%
Bluefield Solar Income Fund Ltd	8.3
MedicX Fund Ltd	8.1
GCP Infrastructure Investments Ltd	8.0
Renewables Infrastructure Group Ltd	8.0
Foresight Solar Fund Ltd	4.7
John Laing Environmental Assets Group Ltd	4.5
NextEnergy Solar Fund Ltd	4.4
Greencoat UK Wind PLC	4.2
Stobart Group Ltd	4.2
National Grid PLC	4.1

Drawdowns

	Drawdown	Start	End	New High	Fund during Drawdown
Fund	-3.04%	29 Apr 16	27 Jun 16	04 Jul 16	—
MSCI UK	-8.81%	29 Jan 16	11 Feb 16	29 Feb 16	-1.84%
MSCI World	-7.54%	29 Jan 16	11 Feb 16	23 Feb 16	-1.84%
MSCI Global Infrastructure	-8.66%	17 Oct 16	14 Nov 16	30 Dec 16	-1.14%

Dividends

Dividends paid net of charges. Based on £1,000 invested since inception to 31 May 2017.

Dividends	May 16	Aug 16	Nov 16	Jan 17	Apr 17	Total Income	Total Return
UKIIF C GBP Income	£6.61	£10.99	£15.49	£12.85	£9.55	£55.49	£1,189.81
UKIIF I GBP Income	£8.03	£11.47	£16.00	£13.33	£10.05	£58.88	£1,190.79

Available on the following platforms

7IM	James Hay
Aegon	Novia
AJ Bell	Nucleus
Alex	Old Mutual (Skandia)
Allfunds	OM Wealth
Alliance Trust	Pershing
Ascentric	Prudential*
Aviva	Raymond James
Axa Elevate	SEB International
Canada Life (Dublin)*	Life (Dublin)*
Cofunds	SEI
FNZ	Standard Life
Fidelity	Stocktrade
FundsNetwork	Transact
James Brearley	True Potential

*Offshore Bond wrappers

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ISAs	QROPS
Charities	

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