VT Gravis UK Infrastructure Income Fund

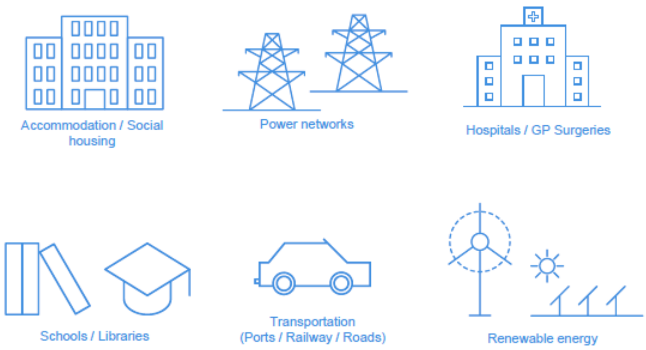
COVID-19 Update from the Fund Adviser

Fund Objectives

- Deliver a regular income expected to be 5%* per annum
- Preserve investors' capital throughout market cycles and protect from inflation, with the potential for capital growth
- Invest in GBP UK Listed securities including Investment Companies, Equities, Bonds and REITs
- Provide exposure to the UK listed infrastructure sector, a vital sector for the UK's economy, with a focus on long-dated, visible cash flows backed by government or a regulated framework

*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.

Infrastructure assets provide the services and facilities necessary for a society and economy to function successfully. They range from small single assets such as GP surgeries to projects as complex as Crossrail.



Valuations and COVID-19

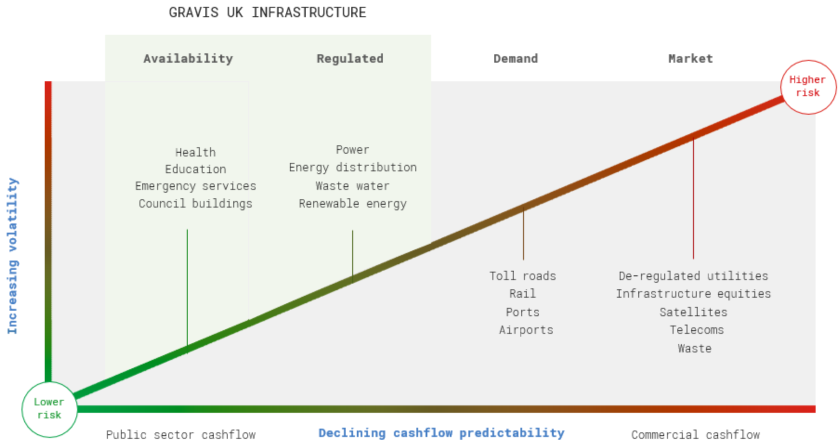
Share prices remain lower than before COVID-19 but there has been a significant and relatively broad-based recovery. We believe the recovery is warranted given the underlying resilience of the cash flows to which the companies are exposed and there has been some rationalisation among investors. The average premium of the portfolio at the end of April 2020 was 1.39%, and weighted average premium was 3.41%.

Listed Investment Company premiums on 30 April 2020

Company Name	Price	NAV	Premium/Discount
Bluefield Solar Income Fund Ltd	128.5	113.02	13.70%
GCP Student Living PLC	134.6	173.13	-22.25%
Foresight Solar Fund Limited	110	103.8	5.97%
GCP Asset Backed Income Fund Limited	87	99.93	-12.94%
GCP Infrastructure Investments	115	109.83	4.71%
HICL Infrastructure Fund Limited	164.8	157.8	4.44%
John Laing Environmental Assets Group Limited	112.5	101.8	10.51%
NextEnergy Solar Fund Limited	113	106.1	6.50%
Target Healthcare REIT Limited	108	108	0.00%
Renewables Infrastructure Group Limited	123.2	115	7.13%
Sequoia Economic Infrastructure Income Fund Ltd	99	96.69	2.39%
Greencoat UK WIND PLC	135.2	121.2	11.55%
Residential Secure Income PLC	94	106.9	-12.07%
Impact Healthcare REIT PLC	92.8	106.81	-13.12%
3I Infrastructure PLC	260	243.6	6.73%
Primary Health Properties PLC	154	107.9	42.72%
Gresham House Energy Storage Fund PLC	99.5	100.79	-1.28%
SDCL Energy Efficiency Income Trust PLC	100	99	1.01%
Tritax Big Box REIT PLC	120.6	151.06	-20.16%
RM Secured Direct Lending PLC	80	86.64	-7.66%
		Average	1.39%
		Portfolio Weighted Average	3.41%

Generally, when valuing closed-ended structures that use a discounted cash flow model we believe investors should focus on the expected return implied from a given share price, rather than arbitrary levels of premium/discount to NAV.

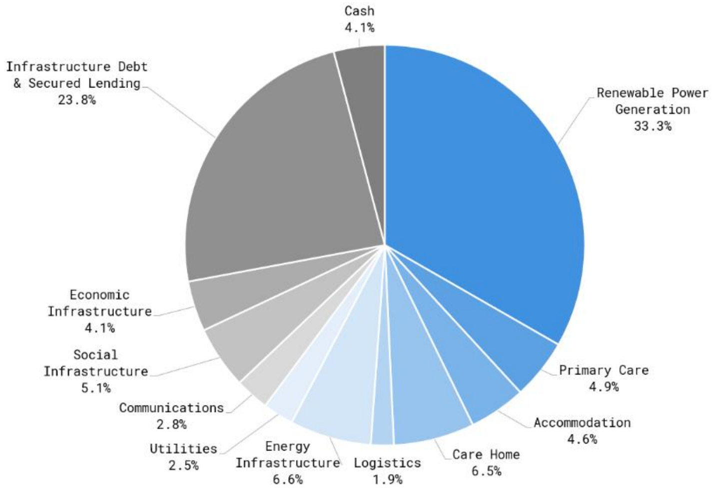
The resilience of cash flows



The Fund mainly invests in companies exposed to the types of cash flows located on the left-hand side of the graph above. Cash flows are long dated and backed by government or a regulated framework. This affords greater cash flow predictability and ultimately leads to lower volatility at share price level.

To achieve this the Fund is managed in line with various internal guidelines, including 75% government backed cash flows or within a regulated framework; a minimum of 80% must be invested in completed/operational assets; maximum of 20% of the Fund invested in 'demand' based projects which generate revenues per user, which is variable. Availability-based projects, such as hospitals and GP surgeries, generate revenues on a long term contractual basis.

These disciplines around portfolio construction gives rise to our confidence in the resilience of the Fund and its ability to perform during a recession. Exposures of the Fund, by sector, and an assessment of the impact of COVID-19 are shown below:



Gravis analysis, company data. As at 30 April 2020.

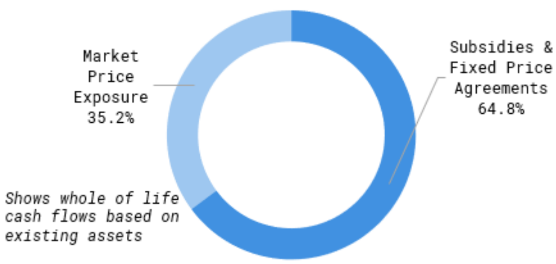
Underlying exposure – Renewable Power Generation - 33.3% exposure

Factor Sensitivity	Impact on NAV for +/- move in Factor	Impact Level	Near Term Direction of Factor
Power Prices	+/-	High	Down = -ve
Production (Energy Yield)	+/-	High	Up vs. budget = +ve
Discount Rate (long-term bond yields, secondary market valuations, political risk, asset de-risking)	-/+	High/Medium	Modest reduction = +ve
Inflation	+/-	Medium	Unchanged
Asset Life	+/-	Medium/Low	Incremental extensions = +ve
Value Enhancement Initiatives		Medium/Low	Favourable refinancing, PPA improvements, lower O&M costs

The table above shows some of the key sensitivities for renewable energy power generators and our near term expectations and possible outcomes these factors may have on asset valuations.

- Power prices – near term, UK electricity price forecasts have declined, caused by decreased demand; adjustments have been made to the near end of the power price curve, which has resulted in reductions to asset valuations. Over the longer term, power price expectations will oscillate, and we think various factors will positively impact power prices such as the decarbonisation and electrification of heating and transport and the reduction in conventional forms of baseload generation capacity under way. Fluctuations in valuations may occur but near term cash flows remain stable. In the near term a significant amount of the market price exposure is sold forward, giving additional cash flow visibility over the next 1-2 years. Companies fix prices at opportune times as part of an ongoing process and it is considered probable that they will be looking for a recovery or a period of firmer pricing (vs. today) before seeking to lock in more forward sales.

Portfolio Cash Flow Exposures from Renewable Energy



- Production – Greencoat UK Wind reported production levels approximately 20% over budget for Q1, a period which tends to contribute disproportionately to full year revenues and provides good read across for the performance of other UK wind power assets.
- Discount rate – generally in the near term we expect a modest reduction in the discount rate reflecting the falls in UK long term government bond yields, among other factors.
- Inflation – we do not anticipate any significant changes to the inflation expectations modelled by renewables companies.
- Asset life – asset life extension has recently been a driver of valuation uplift. We expect this to be more muted in future however some incremental extensions may occur which would be positive.

Underlying exposure – Property – 17.9% exposure

REITs which own Primary Care, Care Homes, Accommodation, and Logistics assets

- Primary Care facilities and Care Homes remain open, operational, and performing during this pandemic. The asset owners' ability to collect rents remains high and therefore, so is the ability to sustain their dividends. GP surgeries make up the majority of the Primary Care exposure and rents are government backed.
- Accommodation includes residential, social housing and student accommodation. There is very little impact of COVID-19 on rental collection from residential and social housing, which is funded by Local Authorities. The social distancing measures are impacting student accommodation, reducing their near term ability to collect rent. Operators in the sector have released students from the obligation to pay their final term's rent instalment. Fund holdings are well capitalised and the dividends have been reaffirmed.
- Logistics exposure represents business critical assets with high-quality underlying tenants, such as Amazon and Ocado, which are performing well during this pandemic. We expect some limited impact on dividends.

Underlying exposure – Energy Infrastructure, Utilities, Communications – 12% exposure

Energy Infrastructure, Utilities and Communications exposure is broadly unaffected by COVID-19.

- Utilities exposure includes energy transmission networks and water utilities operating within a regulated asset base model with dependable returns and income and we do not see a threat to dividends.
- Communications holdings benefit from subscription-based models which will be largely unaffected by the virus, or a recessionary environment. Retail revenue is well supported, although business revenue may be weaker. There is the potential to offset weaker business revenue with the provision of new services and opportunities to assist corporates working under the prevailing conditions.
- Energy storage assets comprise much of our Energy Infrastructure exposure. These assets are entirely unaffected by COVID-19 and uncorrelated to economic activity. They have recently reported solid operational performance due to asset optimisation, and we expect strong dividend growth.

Underlying exposure – Social Infrastructure – 5.1% exposure

- Social Infrastructure assets such as schools and hospitals tend to be contracted under a PFI/PPP framework and are generally availability-based cash flows backed by government. COVID-19 is not a risk to these cash flows and we consider political risk to be benign under a Conservative Government.
- The Fund has modest exposure to volume-based transport assets which have been impacted by travel restrictions. These assets are well capitalised and although reduced demand will clearly impact near term cash flows, they are generally in a good position.

Underlying exposure – Economic Infrastructure – 4.1% exposure

- Includes business-critical assets with a large portion of demand-based cash flows which are being impacted by COVID-19 with, for example, travel restrictions reducing activity for ground-handling assistance at airports.
- Generally, performance here is linked to GDP growth and broader economic activity however this exposure makes up a modest portion of the portfolio.
- Where the Fund is exposed to economically sensitive infrastructure, it is well capitalised; in the event of significant interruption to cash flows, there is scope for dividend support.

Underlying exposure – Infrastructure Debt and Secured Lending – 23.8% exposure

The exposure to debt and its rank in the capital structure provides a solid defence for the portfolio.

- Around 1/3 of this exposure is to government backed cash flows in the form of PFI/PPP contracts or subsidies. The political risk is benign and we believe this to be very secure income, unaffected by the current environment.
- The Fund has some exposure to direct corporate debt from good quality issuers. The counterparty risk is negligible and the default risk low. We expect continued receipt of coupons, and where relevant, principal repayments.
- Another 1/3 of this exposure is to a portfolio of highly diversified economic infrastructure debt. This is more demand-based and impacted by economic activity. Nevertheless, the position in the capital structure affords significant protection and equity buffers are high. We do not presently expect interest or principal repayments to be affected. There has been impact on the near term NAV, with credit spreads widening and mark to market adjustments. The environment is changing rapidly and we may see NAVs being marked up with the contraction in spreads which occurred over April.
- There is exposure to Secured Loans which are defensively positioned and short term in maturity. We have seen no disruption to payments from borrowers and no requests for deferral to payments. Mark to market adjustments are occurring causing short term impacts to NAVs; we think there is ample scope for these to be readjusted upwards in the near term.

Dividend reliability

The Fund targets a 5% net yield pa, which has been achieved in each full year since inception. At the start of 2020 we guided that achieving the yield objective based on the starting price at the beginning of the year would be challenging given strong capital performance. Generating income remains the key focus of the strategy.

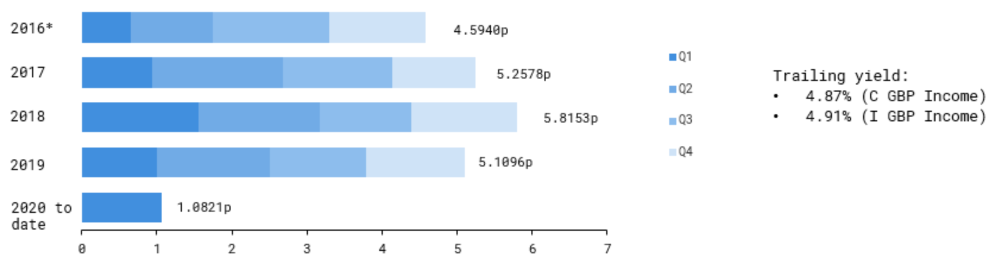
In spite of the current climate, we believe there is scope for special dividends to be paid by some portfolio companies which, if they transpire, will bolster the yield and assist greatly in achieving the 5% net yield objective.

We anticipate absolute distributions can grow year by year. The distribution declared in Q1 provides a strong foundation, being 6.6% higher than Q1 2019 (C GBP Income share class). We will actively seek ways to enhance the yield as we progress through the year.

DIVIDENDS

Quarterly since inception* – 30 April 2020

Dividends declared net of charges since inception to 30 April 2020 for C GBP Income share class



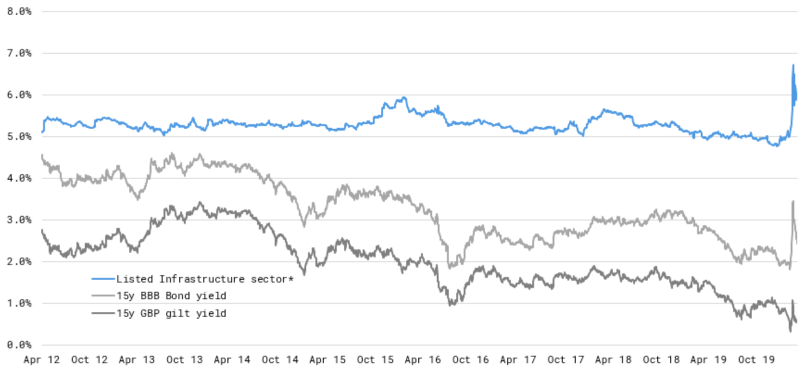
Note: * Part period from launch on 25 January 2016. Data as at 30 April 2020.

In the current environment of dividend cuts and suspensions it is important to highlight the Fund's dividend reliability:

- 91% of portfolio holdings by weight have reaffirmed or declared near term dividend targets in line with expectations.
- One company (around 2% by weight) has reduced its next quarterly dividend (a reduction of c.10%). It is considered possible this company could deliver a dividend in line with original expectations as the year progresses.
- The remaining exposure includes direct fixed income, which we expect to be unaffected by COVID-19 and some traditional equity exposure, companies that would not typically comment on dividends ahead of scheduled announcements.

Yield spread

Infrastructure yields typically range between c.5%-6% while corporate bond yields and gilt yields have oscillated to a greater extent and have tracked materially lower. The differential, or 'spread', remains considerable, particularly when compared to Gilts suggesting that infrastructure offers compelling value.



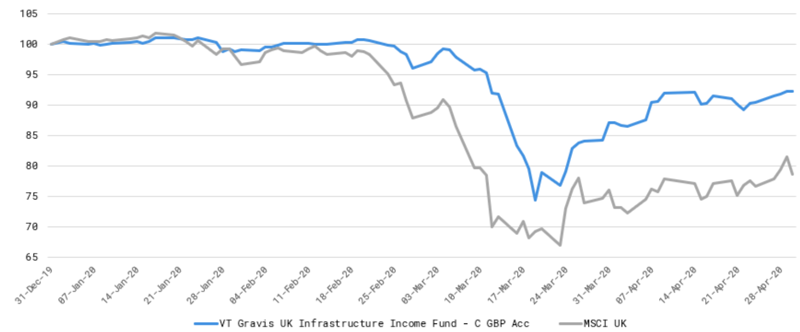
Source: Bloomberg L.P. *Comprises of a portfolio of large UK-listed infrastructure and renewable energy CEICs

How did the Fund perform during the recent sell off?

We expect the Fund to demonstrate low volatility, both in absolute terms and when compared to equities, and additionally to provide lower beta exposure. The Fund has achieved these aims since inception. The graph below shows how the Fund has behaved year-to-date.

The recent sell-off affected UK equities first, before permeating into more defensive sectors such as infrastructure. The Fund did not fall as heavily as equities (Fund -7.77% vs MSCI UK -21.44%). The Fund has not regained all of the lost ground, but it has quickly recovered a significant amount.

C GBP Net Accumulation & MSCI UK
31 December 2019 - 30 April 2020



Performance	April 20	Year To Date	12 months	36 months	Since Inception*	Volatility
VT Gravis UK Infra	5.85%	-7.77%	1.14%	13.04%	30.29%	9.50%
MSCI UK	3.36%	-21.44%	-18.15%	-9.00%	17.85%	16.75%

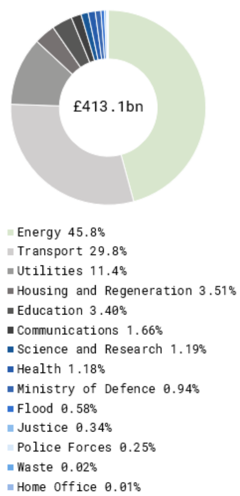
* Data as at 30 April 2020. Past performance is not necessarily a guide to future performance. Gravis UK INFRA performance is illustrated by the C GBP Net Accumulation share class.

Infrastructure pipeline

HM Government has a substantial pipeline of 684 planned infrastructure projects over the next 10 years in the UK.

Sector	No. of projects & programmes	Total (£bn)
Communications	11	£6.85
Education	21	£14.04
Energy	96	£189.19
Flood	28	£2.40
Health	22	£4.88
Home Office	2	£0.05
Housing and Regeneration	13	£14.49
Justice	33	£1.40
Ministry of Defence	39	£3.88
Police Forces	40	£1.04
Science and Research	21	£4.92
Transport	256	£122.90
Utilities	95	£46.98
Waste	5	£0.10
Grand Total	**684**	**£413.1bn**

1 https://www.gov.uk/government/publications/national-infrastructure-and-construction-pipeline-2018



We expect the Government to present a revised National Infrastructure Strategy which will bring opportunities in infrastructure to the private sector, whose involvement in the provision of finance is supported by the Conservative Government. It seems likely the involvement of the private sector will be particularly welcome as a boost to the economy post-pandemic. Regardless of whether this form of stimulus materialises, we expect portfolio companies to continue to source opportunities in the secondary market.

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