GRAVIS UK INFRA

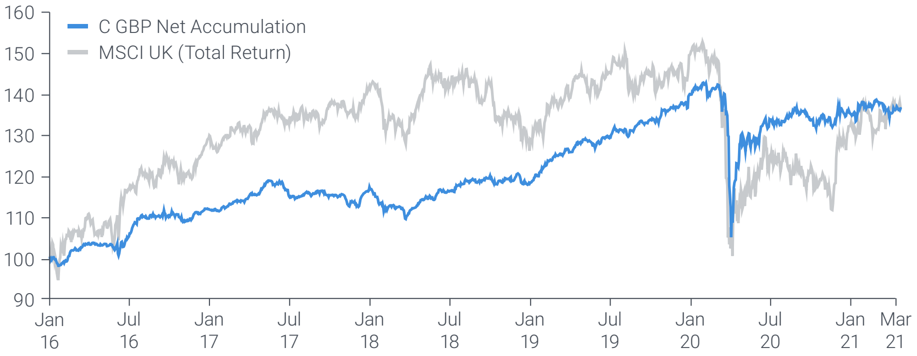
QUARTERLY FACTSHEET 31 MARCH 2021

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 GBP 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

VT Gravis UK Infrastructure Income Fund – C Acc GBP (Total Return after charges)
25/01/2016 – 31/03/2021



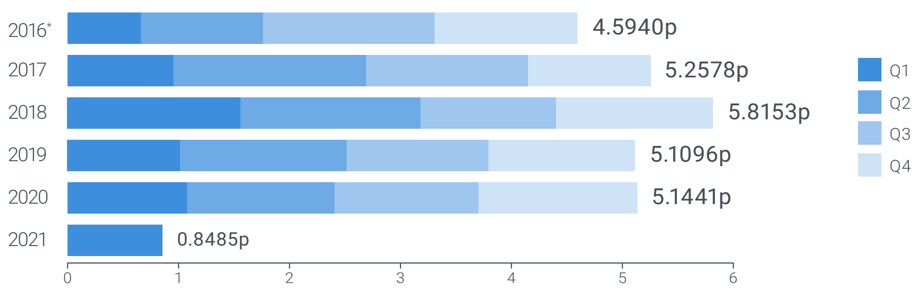
RETURNS

	MARCH 2021	3 MONTHS	12 MONTHS	36 MONTHS	SINCE INCEPTION	VOLATILITY
Gravis UK Infra Income	0.48%	-0.03%	10.88%	23.64%	36.48%	9.22%
MSCI UK	4.12%	5.21%	20.02%	4.51%	36.84%	17.33%

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.

DIVIDENDS

Dividends paid net of charges since inception to 31 March 2021 for C GBP Income share class.



* Part period from launch on 25 January 2016.

Fund information

Fund name	VT Gravis UK Infrastructure Income Fund
Regulatory status	FCA Authorised OEIC UCITS V
Sector	IA Specialist
Launch date	25 January 2016
Fund size	£738.37m
Share classes	Income & Accumulation Clean & Institutional (£, $, €)
Min. investment	C: £1,000 I: £5,000,000
Net Asset Value per share as at 31 March 2021	C Acc (£): 136.48p C Inc (£): 106.45p I Acc (£): 137.47p I Inc (£): 106.50p
Trailing 12 month net yield[3] as at 31 March 2021	C: 4.61% I: 4.63%
Charges[2]	C: 0.75% pa I: 0.65% pa
Dividend pay dates	end of Jan, Apr, July, Oct
Classification	Non-complex
£ ISINs	C Acc: GB00BYVB3M28 C Inc: GB00BYVB3J98 I Acc: GB00BYVB3T96 I Inc: GB00BYVB3Q65

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 for all share classes is capped at the AMC (excluding underlying fund holding charges and dealing costs from EMX and Calastone) 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.

All data, source: Valu-Trac Investment Management and MSCI Inc

DYNAMIC PLANNER PROFILED 4[†] RSMR RATED FUND ELITE RADAR on our watchlist: FundCalibre.com

[†]Independently risk-rated and assessed as Lowest Medium Risk

FUND ADVISER'S REPORT

Performance was flat over the course of Q1 2021 with the strategy proving relatively stable with little deviation during this period. In contrast, positive momentum in equity markets continued, while pricing on corporate bonds and gilts turned sharply lower as yield expectations jumped – the yield on the reference UK 10-year gilt increased from less than 20bps at the start of the year to more than 80bps by the end of March.

Income-focused investors will be sensitive to the move in yields and, as seen in credit markets (as above), prices will often adjust downwards to reflect a higher (in this instance) yield requirement. The UK infrastructure sector, which provides exposure to cash flow generative, income-centric projects and assets, could similarly be required to incorporate a higher risk-free rate. However, we observe two things: Firstly, that infrastructure companies have not been aggressive in reducing their risk premiums. Thus, as reference long-term bond yields have moved lower, overall discount rates (used to generate a present value of future cash flows) have not kept pace and so the risk premiums built into the valuation of assets have expanded and could potentially absorb higher reference yields without impacting overall discount rates. Secondly, that there is considerable inflationary protection incorporated in the terms that underpin many infrastructure projects, whether that be unitary payments on PFI projects, Renewable Obligation Certificates attributable to renewable energy generation, or inflation linkage in the rental contracts attached to primary care facilities. At present, over half of the Fund's cash flow exposures (on a portfolio weighted basis) are explicitly linked to inflation. Added to this, various real assets held by underlying portfolio companies should provide protection if yields continue to rise.

Although overall performance drifted sideways, there was considerable divergence among underling holdings. Vodafone and two water utilities, Pennon and United Utilities, were notable contributors and there was a particularly strong showing from a number of specialist REITs including care home owners Impact Healthcare and Target Healthcare, alongside Tritax Big Box (logistics/fulfilment centres), Residential Secure Income (shared ownership and retirement living properties) and GCP Student Living. Apart from the latter, rental collection among this cohort has proved very resilient throughout the last year. In contrast, companies exposed to renewable energy generation were commonplace within the cluster of detractors.

The portfolio added two new positions during the period through participation in the IPOs of Cordiant Digital Infrastructure (£370m raised) and Digital 9 Infrastructure (£300m raised). While the initial investments are quite modest in the context of the overall portfolio, Cordiant and Digital 9 provide pure-play exposure to an attractive growth market within the broader infrastructure landscape. These companies, both focused on capturing the growth in digitalisation, will acquire tower assets (serving Mobile Network Operators), fibreoptic networks (the physical cables connecting users to the internet) and data centres (physical locations used for storing, processing, and disseminating data). Such assets provide critical services to their customers and benefit from the attributes we seek namely, highly cash generative, underpinned by long term contracts (in the case of towers and data centres), high customer retention/renewal rates, contractual price escalators and high barriers to entry. An additional benefit for tower assets comes from their ability to accumulate more users on the same physical tower at little marginal cost.

Investment Adviser

Gravis Advisory Limited is owned and managed by Gravis Capital Management Ltd ("Gravis"). Gravis was established in May 2008 as a specialist investor in infrastructure and now manages c.£3.5bn of assets in the sector in the UK. GCM is authorised and regulated by the FCA.

Funds under management include the FTSE 250 companies GCP Infrastructure Investments Ltd and GCP Student Living Plc, and GCP Infrastructure Income Fund Ltd. Gravis has won numerous awards for their alternative approach to long term, secure, income-generative investments.

Gravis Advisory Limited is Investment Adviser to the c.£738m VT Gravis UK Infrastructure Income Fund, the c.£264m VT Gravis Clean Energy Income Fund and the VT Gravis UK Listed Property (PAIF) Fund.

Other portfolio activity of note included the participation in equity raises from Greencoat UK Wind and The Renewable Infrastructure Group, and a meaningful increase in the portfolio's exposure to HICL Infrastructure – capitalising on a brief period of share price weakness towards the end of March to opportunistically add to the Fund's government-backed cash flow credentials.

First quarter dividend announced

On 31st March, the Fund announced dividends for the first quarter of 2021, payable in April. Holders of the C Income GBP units will receive 0.8485p and holders of the I Income GBP units will receive 0.8474p. Having noted in our FY 2020 commentary that dividend distributions proved resilient throughout 2020, with just two portfolio companies reducing their payments during the period, it is pleasing to highlight that Tritax Big Box REIT (being one such company) has increased its latest quarterly dividend back to the level that was in place preceding the COVID pandemic.

Will Argent
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CORRELATION, PERFORMANCE AND VOLATILITY COMPARISON

25 January 2016 – 31 March 2021

	CORRELATION	RETURN	VOLATILITY	YIELD
VT Gravis UK Infrastructure Income Fund (C GBP Acc)	–	36.5%	9.2%	4.5%
MSCI UK	0.45	36.8%	17.3%	3.3%
MSCI World	0.26	110.7%	16.7%	1.7%
MSCI World Infrastructure	0.25	50.6%	15.3%	4.0%
UK 10 Yr Gilts	0.02	2.2%	6.0%	0.8%
MSCI World vs MSCI World Infrastructure	0.84			

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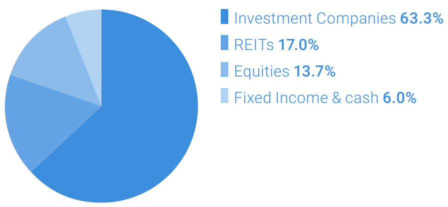
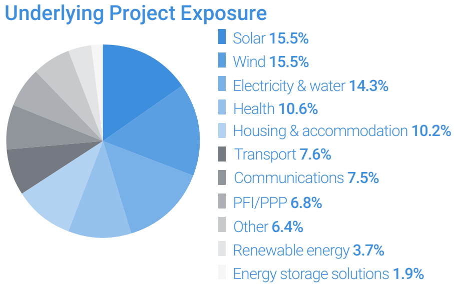
QUARTERLY FACTSHEET
31 MARCH 2021

PORTFOLIO

Sectors



Underlying Project Exposure



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Available on all platforms

Suitable for:

Direct investors	Offshore bonds
SIPPs	Companies
ISAs	QROPS
Charities	

TOP 10 HOLDINGS ON 31 MARCH 2021

HOLDING	WEIGHT
Sequoia Economic Infrastructure Income Fund Ltd	7.7%
Renewables Infrastructure Group Ltd	7.3%
GCP Infrastructure Investments Ltd	5.9%
HICL Infrastructure Company Ltd	5.7%
JLEN Environmental Assets Group Limited	5.5%
GCP Asset Backed Income Fund Ltd	5.1%
Greencoat UK Wind PLC	4.8%
Primary Health Properties PLC	4.2%
Bluefield Solar Income Fund Ltd	4.0%
NextEnergy Solar Fund Ltd	3.8%

DISCRETE 5 YEAR PERFORMANCE

	2016*	2017	2018	2019	2020
VT Gravis UK Infrastructure Income Fund (C GBP Acc)	11.52%	4.22%	1.84%	19.35%	-3.36%
MSCI UK	26.46%	11.71%	-8.82%	16.37%	-13.23%
MSCI World	35.62%	11.80%	-3.04%	22.74%	12.32%
MSCI World Infrastructure	28.55%	0.26%	0.57%	16.91%	-2.96%

* Part period from launch on 25 January 2016.

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