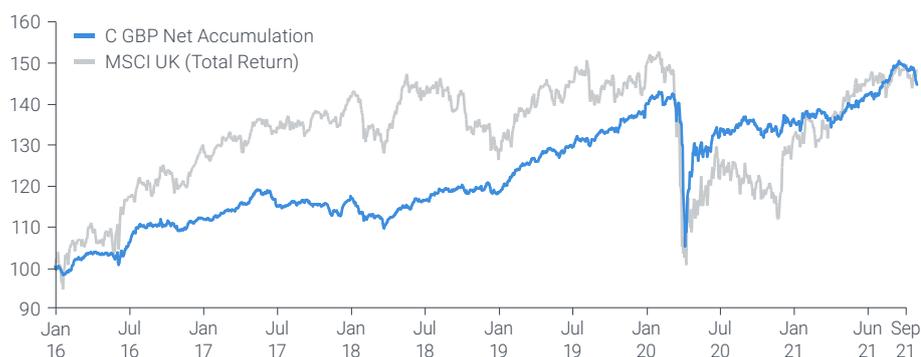


## OVERVIEW

- Deliver a regular income expected to be 5%<sup>1</sup> 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 – 30/09/2021



## RETURNS

	SEPTEMBER 2021	3 MONTHS	12 MONTHS	36 MONTHS	SINCE INCEPTION	VOLATILITY
Gravis UK Infra Income	-3.05%	1.71%	8.52%	20.86%	44.56%	8.93%
MSCI UK	0.00%	2.15%	25.80%	3.74%	47.94%	16.92%

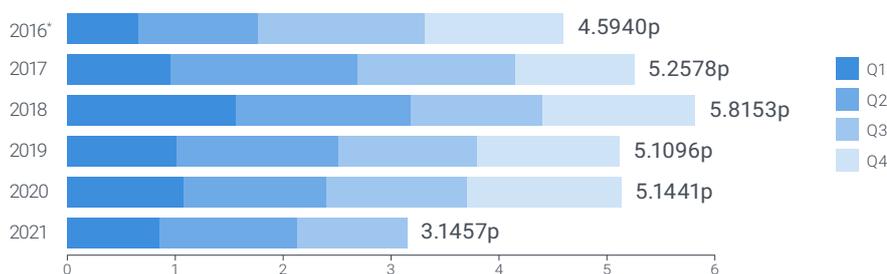
Past performance is not necessarily a guide to future performance.

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 30 September 2021 for C GBP Income share class.



\* Part period from launch on 25 January 2016.

Fund information	
<b>Fund name</b>	VT Gravis UK Infrastructure Income Fund
<b>Regulatory status</b>	FCA Authorised UK UCITS V OEIC
<b>Sector</b>	IA Infrastructure
<b>Launch date</b>	25 January 2016
<b>Fund size</b>	£790.04m
<b>Share classes</b>	Income & Accumulation Clean & Institutional (£, \$, €)
<b>Min. investment</b>	C: £1,000 I: £5,000,000
<b>Net Asset Value per share as at 30 September 2021</b>	C Acc (£): 144.56p C Inc (£): 110.43p I Acc (£): 145.67p I Inc (£): 110.50p
<b>Trailing 12 month net yield<sup>3</sup> as at 30 September 2021</b>	C: 4.15% I: 4.19%
<b>Charges<sup>2</sup></b>	C: 0.75% pa I: 0.65% pa
<b>Dividend pay dates</b>	end of Jan, Apr, July, Oct
<b>Classification</b>	Non-complex
<b>£ ISINs</b>	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



<sup>3</sup>Independently risk-rated and assessed as Lowest Medium Risk

## FUND ADVISER'S REPORT

The strategy recorded a respectable 1.71% total return (C Accumulation GBP) during a period that was characterised by rapidly evolving yield expectations, providing volatile market conditions for investors in the listed infrastructure sector. As yields tracked lower through July and August, and with general market sentiment buoyant, the portfolio benefitted from considerable and broad-based strength among its underlying portfolio companies. However, with near-term inflationary pressures mounting more aggressively, the Monetary Policy Committee struck a notably hawkish tone following the September rate-setting meeting, prompting markets to reassess and bring forward the likely timing of interest rate rises. This was unwelcome news for income-generative, yield-focused strategies such as listed infrastructure and the sector suffered a sharp sell-off in the final week of the quarter, eroding much of the Fund's earlier gains.

GCP Student Living ("DIGS") received a formal takeover approach from a consortium led by Blackstone. The offer of 213p per share in cash, recommended by the DIGS Board, represented a modest 9.3% premium to the company's pro-forma net tangible asset value but was approved by shareholders, nevertheless. The position in DIGS contributed significantly to long-term gains achieved by the Fund and the deal is expected to conclude in Q4 2021.

The Fund established a small new position in Smart Metering Systems via an equity raise at 900p. The company installs, operates and manages smart meters and data assets for energy suppliers, and benefits from long-dated recurring index-linked cash flows. Positions in Pennon and United Utilities were reduced, locking in some very strong near-term performance from the water utilities. The portfolio increased its bond exposure through an opportunistic addition to the holding of Heathrow 6.25% 2025 at a running yield in excess of 5.7%. Existing positions in BBGI, Gresham House Energy Storage, Target Healthcare and The Renewable Infrastructure Group were added to via follow on equity raises at attractive prices.

The Adviser notes the recent poor performance of the pure-play social housing REITs (particularly Civitas Social Housing), which are typically considered part of the UK listed infrastructure universe. Investors may be reassured that the portfolio is not exposed to such REITs, whose business models have come under increased scrutiny of late.

Returning to macroeconomic assumptions, with markets now anticipating a modest interest rate increase in December before returning fully to pre-pandemic levels (0.75%) in the second half of 2022, there are likely to be periods when rate fears result in volatility across the broader listed infrastructure sector. However, we would highlight that the discount rates utilised in generating asset valuations (where relevant) incorporate a material risk premium such that higher reference long-term government bond yields could be 'absorbed' without the requirement to increase overall discount rates. By way of example, HICL's aggregate discount rate incorporated a 5.5% risk premium in its latest FY results (to March 2021), which is some 0.60% above the historical average. That said, the yield on the reference UK 30-year sovereign issue was unchanged between 31st March and 30th September (HICL's FY and HY) so we would not expect to see a negative impact derived from that component of the discount rate when results are published. More broadly, and at a fundamental level, we believe it is reasonable to expect that asset valuations will prove resilient in the face of the levels of rate increases being flagged by the market and the move in the yield curve. In addition, competition for assets in the secondary market remains high, providing another level of support to valuations.

## Third quarter dividend announced

On 30th September, the Fund announced dividend distributions for the third quarter of 2021, payable in October. Holders of the C Income GBP units will receive 1.0145p and holders of the I Income GBP units will receive 1.0408p. The trailing 12-month yield on the C Income GBP units is 4.15%.

## 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.£3.9bn 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.£790m VT Gravis UK Infrastructure Income Fund, the c.£361m VT Gravis Clean Energy Income Fund, the c.£64m VT Gravis UK Listed Property (PAIF) Fund and the c.£25m VT Gravis Digital Infrastructure Income Fund.

The latest dividend distributions are materially lower than originally anticipated by the Adviser owing to Pennon's special dividend being classified as a capital return in the case of collective investment vehicles (in contrast with treatment for individual holders). While the total return accrued to Fund unitholders is unaffected (the special dividend amounted to 1.2189p per C Income GBP unit), the Adviser acknowledges that the natural income distributions from the Fund will prove a disappointment for some investors.

## Will Argent

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## CORRELATION, PERFORMANCE AND VOLATILITY COMPARISON

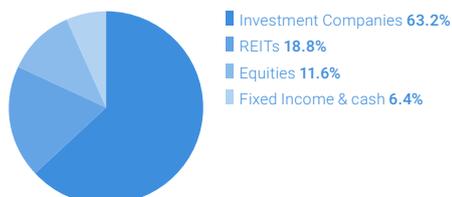
25 January 2016 – 30 September 2021

	CORRELATION	RETURN	VOLATILITY	YIELD
VT Gravis UK Infrastructure Income Fund (C GBP Acc)	—	44.6%	8.9%	4.0%
MSCI UK	0.44	47.9%	16.9%	3.7%
MSCI World	0.26	132.3%	16.2%	1.7%
MSCI World Infrastructure	0.24	52.6%	14.9%	3.9%
UK 10 Yr Gilts	0.02	0.2%	5.8%	0.7%
MSCI World vs MSCI World Infrastructure	0.84			

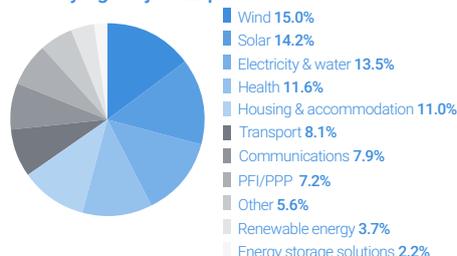
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PORTFOLIO

Sectors



Underlying Project Exposure



TOP 10 HOLDINGS ON 30 SEPTEMBER 2021

HOLDING	WEIGHT
Sequoia Economic Infrastructure Income Fund Ltd	7.4%
Renewables Infrastructure Group Ltd	7.3%
HICL Infrastructure Company Ltd	6.1%
GCP Infrastructure Investments Ltd	5.6%
GCP Asset Backed Income Fund Ltd	5.1%
John Laing Environmental Assets Group Limited	5.0%
Greencoat UK Wind PLC	4.6%
National Grid PLC	4.1%
Primary Health Properties PLC	4.0%
Bluefield Solar Income Fund Ltd	3.7%

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.

DISCLAIMER

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