



# VT UK Infrastructure Income Fund

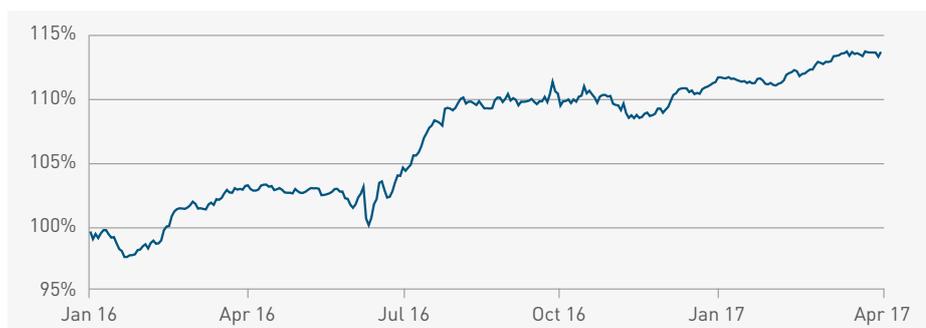
## March 2017 Factsheet

### 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 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 – 31/3/17]



### Returns

	Mar 17	3 Months	6 Months	12 Months	Since Inception	Volatility
VT UK Infrastructure Income Fund	0.75%	2.18%	3.54%	11.46%	13.95%	5.16%
MSCI UK	1.17%	3.79%	8.14%	23.50%	31.26%	14.83%

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 March 2017

	Correlation	Return	Volatility	Yield
VT UK Infrastructure Income Fund (C GBP Acc)	—	14.0%	5.2%	4.4%
MSCI UK	0.43	31.3%	14.8%	3.9%
MSCI World	-0.01	42.6%	13.0%	2.4%
MSCI Global Infrastructure	-0.08	32.1%	13.5%	3.9%
UK 10 Yr Gilts	-0.23	6.6%	7.4%	1.1%

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.

<b>Regulatory Status</b>	FCA Authorised
<b>Sector</b>	IA Specialist
<b>Launch date</b>	25th January 2016
<b>Fund Size</b>	£161.61m
<b>Share classes</b>	Income & Accumulation Clean & Institutional
<b>Charges<sup>2</sup></b>	C: 0.75% pa I: 0.65% pa
<b>Min. investment</b>	C: £1,000 I: £5,000,000
<b>Net Yield<sup>3</sup></b> based on launch price of £1 from 25/1/16	C: 4.8878% I: 5.0848%
<b>Turnover</b> to 31 March 2017	3.86%
<b>Dividend ex dates</b>	end of Dec, Mar, June, Sept
<b>Dividend pay dates</b>	end of Jan, Apr, July, Oct
<b>Currencies</b>	£, \$, €
<b>£ ISINs</b>	C Acc: GB00BYVB3M28 C Inc: GB00BYVB3J98 I Acc: GB00BYVB3T96 I Inc: GB00BYVB3Q65

# VT UK Infrastructure Income Fund

## March 2017 Factsheet

### Fund Adviser's Report

## March was busy with regard to participation in Placements and an IPO, with the Fund investing £9.93 million in this way.

Performance for the Month and for the Quarter was satisfactory for the Fund, at 0.75% for March and 2.18% for Q1 2017 (both figures for the C Accumulation Class).

March was busy with regard to participation in Placements and an IPO, with the Fund investing £9.93 million in this way.

The Fund participated in four placements at significantly lower premiums than secondary market trading levels before the placements were announced, in HICL, John Laing Infrastructure Fund, Foresight Solar Fund Limited and The Renewables Infrastructure Group, for a total of £3.8 million.

The Fund also took a significant position in the £160 million Impact Healthcare IPO, a REIT containing a seasoned portfolio of Care Homes, where we were gratified to be allocated £6.15 million of shares. This portfolio is immediately cash generative and expects to pay investors a Quarterly dividend of 1.5p per share commencing immediately, being a 6% yield at our purchase price of 100p. We met the management at length and believe this will

provide excellent yield and welcome further diversification for the Fund.

The Fund announced its March dividends, payable at the end of April.

These were 1.01p for the I Class and 0.95p for the C Class.

These numbers took the trailing twelve month figures to 5.08% (I Class) and 4.89% (C Class), yields based on launch price of £1 from 25/1/2017.

(As noted previously, for many of the Fund's holdings, dividends and coupons are not received equally on a quarterly basis, rather they vary in their periodicity with some received annually and many received semi-annually in unequal amounts; as such the figures above are lower than we expect to generate once these effects fall away in the second year of the Fund's life.)

**Stephen West,**  
Fund Adviser,  
GCP Advisory Ltd  
stephen.west@gcpuk.com

GCP Advisory Limited is a wholly owned subsidiary of GCP LLP, a limited liability partnership. GCP was established in May 2008 as a specialist investor in infrastructure and now manages and advises over £1.7bn in the UK, including the FTSE 250 company GCP Infrastructure Investments Limited, with market cap of over £900m. The company is authorised and regulated by the FCA. GCP have won numerous awards for their alternative approach to long-term, secure, income-producing investments.

### Sales Contacts

**William MacLeod** 07836 695442  
wmacleod@highland-capital.net

**Ollie Matthews** 07787 415151  
ollie@highland-capital.net

**Robin Shepherd** 07971 836433  
rshepherd@highland-capital.net

### Dealing

**Valu-Trac** 01343 880344  
UKInfrastructure@valu-trac.com

## Note on Current Valuations for the UK Infrastructure Sector

In the closed ended investment companies we see excellent value across the best firms as they continue to acquire long dated cashflows at high single digit returns with upward only inflation linkages. In the renewables sector the best operators are acting as consolidators, as industry and EIS owned facilities, for example, continue to be sold to lock in the developer returns; as yet despite persistently low bond yields, yields at purchase here are not under pressure. Discount rates being used to generate NAVs remain conservative as they are set by Boards or external consultants and vary in the 7.5% to 8.75% range. Modest leverage is being applied to these portfolios taking advantage of the availability of extremely low, long term fixed rate debt offered by UK pension funds and insurers (in the 3.00% area) which further enhances returns for investors. The backdrop is similar in the pure Infrastructure names; with increased government focus on infrastructure stimulating asset production and again reducing any downward market pressure on rates at which assets are acquired. Across all the closed end investment companies two additional value aspects stand out: the first as

noted in the inflation linkage which is already having an effect – for example Bluefield Solar's NAV increased 5.6% over the six months to 31/12/16 with inflation adding c 50% of this; the second is that as the companies place shares to finance new acquisitions, VTUKIIF as an aggregator is able to acquire a significant amount of its requirements in this manner which significantly reduces premiums to the (conservative) NAVs – and in aggregate the fund has saved 68.5 bps in this way since launch (vs pre announcement share prices).

In REITs similarly, we continue to find compelling value in primary healthcare such as GP surgeries, well run care home portfolios and some student accommodation funds. Yields for these long term lease assets remain well above those achievable for similar risks in the bond markets, given the best managers work hard to put together portfolios of assets (which individually lack scale) and again modest long term leverage provides an excellent boost for investors. We recently invested in the Impact Healthcare IPO, an existing portfolio yielding 6% from day one

with capital growth potential which is already reflected in the price performance.

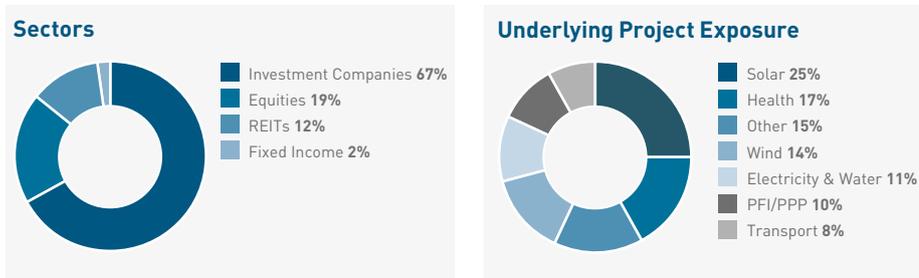
In bonds the assets that we bought have done particularly well, with some gains from general price appreciation and a good amount of alpha stemming from the research driven approach identifying value opportunities, such as in RWE (Innogy Finance) before its reorganisation. However, at present as noted, QE has pushed bonds to a level where opportunities are few and value is scarce and our allocation is presently at its lowest since launch. Our only purchase in recent months being an issue backed by the PPI financing of the major hospitals in Peterborough, which continues to perform very well.

Equities (mainly utilities) as a whole comprise less than 20% of our portfolio. Global developed markets equities look fully valued but we believe predictably regulated utilities with strong regulated asset bases and broad customer profiles offering yields between 4% and 6% with steady capital performance remain compelling value propositions at this level of portfolio concentration.

# VT UK Infrastructure Income Fund

## March 2017 Factsheet

### Portfolio



### Top 10 holdings on 31 March 2017

Company	%
Bluefield Solar Income Fund Ltd	8.6
GCP Infrastructure Investments Ltd	8.3
Renewables Infrastructure Group Ltd	8.0
MedicX Fund Ltd	6.1
Foresight Solar Fund Ltd	5.5
John Laing Environmental Assets Group Ltd	4.6
NextEnergy Solar Fund Ltd	4.5
Greencoat UK Wind PLC	4.5
Target Healthcare REIT Ltd	4.4
SQN Asset Finance Income Fund Ltd	4.0

### 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 £1000 invested since inception to 31 March 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	£1,141.74
UKIIF I GBP Income	£8.03	£11.47	£16.00	£13.33	£10.05	£58.88	£1,142.30

### 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

### Suitable for:

Direct investors	Offshore bonds
SIPPs	Companies
ISAs	QROPS
Charities	

### Disclaimer

WARNING: The information in this report is presented by Valu-Trac Investment Management Limited using all reasonable skill, care and diligence and has been obtained from or is based on third party sources believed to be reliable but is not guaranteed as to its accuracy, completeness or timeliness, nor is it a complete statement or summary of any securities, markets or developments referred to. The information within this report should not be regarded by recipients as a substitute for the exercise of their own judgement.

The information in this report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient and is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. In the absence of detailed information about you, your circumstances or your investment portfolio, the information does not in any way constitute investment advice. If you have any doubt about any of the information presented, please consult your stockbroker, accountant, bank manager or other independent financial advisor.

Value of investments can fall as well as rise and you may not get back the amount you have invested. Income from an investment may fluctuate in money terms. If the investment involves exposure to a currency other than that in which acquisitions of the investments are invited, changes in the rates of exchange may cause the value of the investment to go up or down. Past performance is not necessarily a guide to future performance.

Any opinions expressed in this report are subject to change without notice and Valu-Trac Investment Management Limited is not under any obligation to update or keep current the information contained herein. Sources for all tables and graphs herein are Valu-Trac Investment Management unless otherwise indicated.

The information provided is "as is" without any express or implied warranty of any kind including warranties of merchantability, non-infringement of intellectual property, or fitness for any purpose. Because some jurisdictions prohibit the exclusion or limitation of liability for consequential or incidental damages, the above limitation may not apply to you.

Users are therefore warned not to rely exclusively on the comments or conclusions within the report but to carry out their own due diligence before making their own decisions.

Unless otherwise stated Equity Market price indices used within this publication are sourced or derived from data supplied by MSCI Inc 2017.

Valu-Trac Investment Management Limited and its affiliated companies, employees of Valu-Trac Investment Management Limited and its affiliated companies, or individuals connected to them, may have or have had interests of long or short positions in, and may at any time make purchases and/or sales as principal or agent in, the relevant securities or related financial instruments discussed in this report. © 2017 Valu-Trac Investment Management Limited. Authorised and regulated by the Financial Conduct Authority (UK), registration number 145168. This status can be checked with the FCA on 0800 111 6768 or on the FCA website (UK). All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of Valu-Trac Investment Management Limited. Valu-Trac™ is a registered trademark.