

VT UK Infrastructure Income Fund (UKIIF)

The Case for Outsourcing your UK Infrastructure Exposure November 2016

Central Focus - The key to infrastructure investing lies in identifying holdings, purchasing their long dated cash flows at a competitive price and locking in for the long term. UKIIF benefits from a highly experienced team of **infrastructure specialists** at GCP who focus on the analysis, valuation & long term viability of infrastructure project cash flows. Using their lengthy experience in the asset class and valuation expertise, the resultant price targets enable swift execution of trades at attractive valuations.

Increased Diversification - UKIIF is exposed, through both debt and equity, to some 1000+ underlying UK based infrastructure projects ranging from large scale PFI & PPP projects to a multitude of smaller scale Solar, Wind, Healthcare, Social Housing & Student Accommodation projects. The scale of such diversification ensures that any unforeseen interruption to a single project's cash flow will have a minimal effect upon UKIIF investors in terms of either capital loss and income payments.

Reduced Volatility – The high degree of diversification helps to further reduce the volatility of the fund (5.96% v 17.17% for MSCI UK for period 25/1/16 – 31/10/16).

Outsourcing due diligence & Controlling Risk – The Partners, Directors & Infrastructure Professionals at GCP have decades of experience within the sector, frequently investing or lending alongside the main equity participants in the asset class. This on-going experience and market knowledge ensures UKIIF is abreast of sector developments and gives management an unprecedented insight into the unique investment considerations of the asset class when undertaking due diligence with other investment company management.

Precise Execution – Uniquely for an OEIC, Valu-Trac Investment Management Ltd have appointed Stifel Nicolaus as broker to the fund (as we continue to monitor best execution). Valu-Trac have used Stifel's expertise to tap into Placing Programmes and new issues. Since inception (25/1/16) the fund has made savings of over £83,000 or 22.3bps from capital raises in the infrastructure space compared to the cost of these shares pre-announcement.

Remove Capital Gains Tax Issues - the flexibility of the OEIC structure allows GCP to respond immediately to valuation and sector concerns by booking profits for investors or selling positions without incurring CGT costs.

Income efficiency - Income from the 1,000+ underlying infrastructure projects held via the Investment Companies within the fund is aggregated & distributed on a quarterly basis with investors benefiting from this diverse base. As a result a smoother distribution of income is achieved with less fluctuation of payment.

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Research Time – Analysing the Infrastructure sector is a complex area requiring specialised detailed contractual and legal knowledge of the various forms of infrastructure assets. The specialised capability within GCP has the skill set to undertake this due diligence with the aim to execute at best price leaving the investor to concentrate on other more crucial aspects of client's portfolios such as asset allocation.

Offshore bonds – The OEIC structure allows UKIIF to be included within Offshore Bond portfolios, giving clients the asset class diversity which is not afforded by the vast majority of infrastructure companies being closed ended vehicles typically domiciled in Jersey & Guernsey. This helps ensure intermediaries are treating clients fairly and consistently across all product wrappers.

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