

# GRAVIS

## UK LISTED PROPERTY

# MONTHLY FACTSHEET

## 30 APRIL 2020

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### OVERVIEW

The VT Gravis UK Listed Property Fund (the "Fund") is a Non UCITs Retail Scheme (NURS) Open Ended Investment Company (OEIC) with Property Alternative Investment Fund (PAIF) status.

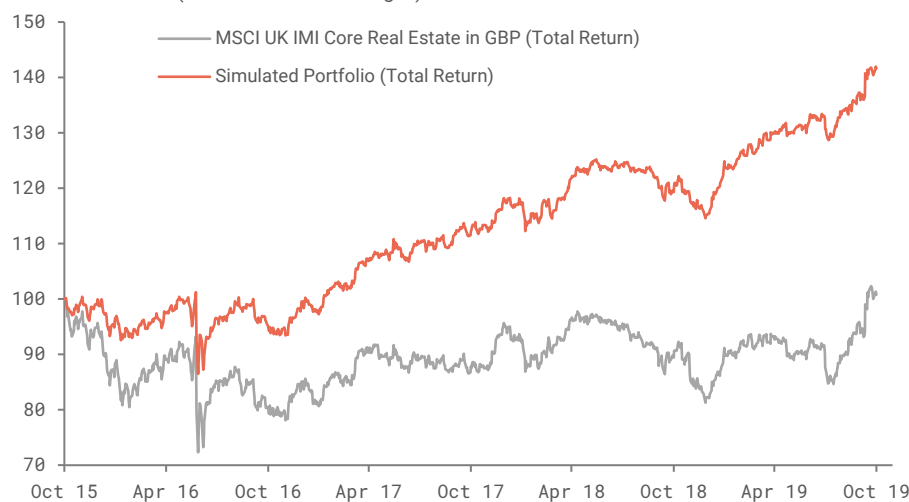
The Fund invests primarily in UK Real Estate Investment Trusts, is unconstrained, and currently excludes exposure to retail property companies. The Fund is advised by Gravis Advisory Limited who also advise the VT Gravis UK Infrastructure Income Fund and the VT Gravis Clean Energy Income Fund.

### FUND OBJECTIVES

- To achieve capital growth through market cycles\*
- To invest in a diversified portfolio of London Stock Exchange listed securities, consisting primarily of Real Estate Investment Trusts and potentially some bonds and closed ended funds.
- Avoid exposure to retail property companies at launch
- Aims to deliver a regular income expected to be 4% per annum after charges.

### PERFORMANCE CHART

Simulated Portfolio (Total Return after charges) 31/10/2015 – 31/10/2019



Hypothetical past performance is not necessarily indicative of future results.

Simulated performance after charges

Company overview	
<b>Name</b>	VT Gravis UK Listed Property Fund
<b>Regulatory Status</b>	FCA Authorised NURS OEIC with PAIF Status
<b>Sector</b>	IA Property Other
<b>Launch Date</b>	31 October 2019
<b>Fund Size</b>	£27.7m
<b>Net Asset Value per share as at 31 March 2020</b>	A Acc (£): 91.60p A Inc (£): 90.90p F Acc (£): 91.92p F Inc (£): 91.19p
<b>Share Classes</b>	Income and Accumulation (£, \$, €)
<b>Min. Investment</b>	£100
<b>Capped fund operating charges</b>	0.7% (AMC & OCF)
<b>Dividends</b>	Quarterly
<b>Objectives</b>	4% dividend yield Capital growth Inflation protection
<b>Classification</b>	Non-complex
<b>Liquidity</b>	Daily dealing
<b>ISINs</b>	A Acc (£): GB00BK8VW755 A Inc (£): GB00BK8VW532 A Acc (\$): GB00BK8VYN55 A Inc (\$): GB00BK8VMH57 A Acc (€): GB00BK8VW862 A Inc (€): GB00BK8VW649
<b>Feeder ISINs</b>	F Acc (£): GB00BKDZ8Y17 F Inc (£): GB00BKDZ8V85 F Acc (\$): GB00BKDZ9049 F Inc (\$): GB00BKDZ8X00 F Acc (€): GB00BKDZ8Z24 F Inc (€): GB00BKDZ8W92

### RETURNS

	RETURN*	VOLATILITY	CORRELATION	RETURNS				
				2015 <sup>1</sup>	2016	2017	2018	2019 <sup>2</sup>
Simulated Portfolio (Total Return)	41.65%	10.88%	-	-1.27%	0.81%	18.76%	-2.48%	22.78%
MSCI UK IMI Core Real Estate GBP (TR)	0.79%	17.66%	0.93	-6.03%	-9.42%	12.43%	-14.04%	22.52%

\*Returns from 31/10/2015 – 31/10/2019

<sup>1</sup>Part period from 31/10/2015 – 31/12/2015

<sup>2</sup>Part period from 01/01/2019 – 31/10/2019

\*We expect this to be a period of 7 years

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### FUND ADVISER'S REPORT

In a rapidly changing economic environment focusing on mission critical real estate assets owned by financially strong REITs is likely to prove beneficial.

Over the course of April, the NAV of the Fund increased to 91.5988p (A Acc), net of fees and expenses.

The economic consequences of the tragic COVID-19 pandemic reinforce the strategic rationale for the Fund to invest in a diversified portfolio of specialist real estate companies that are likely to benefit from four strong socio-economic mega trends: ageing population, digitalisation, generation rent and urbanisation. At the same time as minimising portfolio exposure to the challenging consumer trends continuing to affect retail real estate, especially shopping centres. This approach to identifying the best REITs within secular mega trends means that the Fund benefits from low portfolio turnover even in times of elevated uncertainty.

The nationwide lockdown and social distancing measures implemented in response to the pandemic have varying impacts on real estate and on the ability of landlords to collect rent. Success and visibility of rent collection is key to future dividend payments. Factors influencing rent collection include whether or not a property is able to open, the degree to which the property is critical to a tenant's business, and the extent to which the building is affected by the social distancing measures.

Almost all the properties the Fund has exposure to remain open and accessible to tenants. In fact, the pandemic has highlighted the importance of the healthcare assets, especially the hundreds of GP surgeries owned by Assura and Primary Health Properties, within the ageing population mega trend. Elsewhere in the Fund the surge in e-commerce has reinforced the importance modern logistics facilities to retailers, this type of asset is owned and developed by REITs including portfolio holdings Segro and Tritax Big Box.

It remains unclear how long the COVID-19 pandemic will last but many REITs, especially those exposed to the mega trends that the Fund focuses on, have strong balance sheets and are well positioned to weather the current economic storm. The loan to value (LTV) for most REITs has been on a declining trend for many years. At 27.5% the average UK LTV is now meaningfully lower than at the time of the Great Financial Crisis and is significantly lower than the pan-European REIT average of 36.4%. Reassuringly, equity investors remain keen to provide the best REITs with additional capital too. During the month two portfolio investments, Assura and Big Yellow Group, successfully completed equity placings raising a total of £265mn. The proceeds have been earmarked for financing existing development pipelines and funding new investment opportunities thrown-up by the pandemic. The exception to this balance sheet strength remains the poorly performing retail REIT sub-sector, an area that the Fund continues to sidestep.

Looking ahead, in a rapidly changing economic environment with clear variations in the effect on the different types of real estate the importance of active stock picking is likely to increase. We maintain our focus of the key mega trends and expect the Fund's diversified portfolio of financially sound, expertly managed, specialist REITs to continue to benefit from the ownership of high-quality real estate in critical niches.

**Matthew Norris, CFA**  
Fund Adviser  
Gravis Advisory Ltd  
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#### 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 property and infrastructure and now manages c.£3.2bn of assets in these sectors in the UK.

Gravis Advisory Limited is Investment Adviser to the c.£565m VT Gravis UK Infrastructure Income Fund, which is one of the only OEICs focusing on investment in the UK's infrastructure sector.

#### Fund Advisers

**Matthew Norris, CFA** is the lead adviser to the VT Gravis UK Listed Property Fund.

Matthew has more than two decades investment management experience and has a specialist focus on real estate securities.

He served as an Executive Director of Grosvenor Europe where he was responsible for global real estate securities strategies. He joined Grosvenor following roles managing equity funds at Fulcrum Asset Management and Buttonwood Capital Partners.

Matthew holds a BA (Hons) degree in Economics & Politics from the University of York, the Investment Management Certificate and is a CFA charterholder.

He also provides expert input to research projects run by EPRA, which focus on the importance of emergent real estate sectors.

**Nick Barker** is the strategic adviser to the fund. Nick is the lead manager of the c.£900m GCP Student Living REIT.

He is a qualified member of RICS and headed up the Alternative Property division at Schrodgers.

Nick joined Gravis in 2016 and has accumulated over 16 years of investment experience in the property sector.

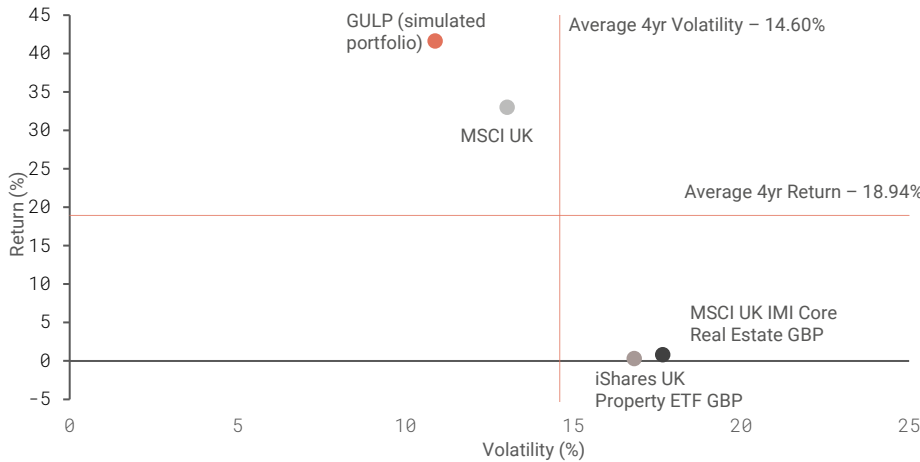
### REITS BRIEFING<sup>1</sup>

- A UK Real Estate Investment Trust (REIT) is a London Stock Exchange listed closed ended publicly traded company that provides investors with tax efficient exposure to property assets.
- A REIT can invest in a wide variety of property.
- REIT Shares can be traded daily without the liquidity risk often experienced by open ended funds which own direct property.
- UK REIT status exempts the company from corporation tax on profits and gains from UK qualifying property rental businesses.
- A UK REIT must distribute at least 90% of its taxable income to investors. Distributions are treated as property rental income rather than dividends. Taxation of income from property is moved from the corporate level to the investor level, benefitting ISA, SIPP and Bond investors.

<sup>1</sup>www.londonstockexchange.com/specialist-issuers/reits/reits.html

### RISK & REWARD – 4 YEARS

Returns and volatility – 31/10/2015 – 31/10/2019



Simulated portfolio vs MSCI UK GBP vs MSCI UK IMI Core Real Estate GBP vs iShares UK Property ETF GBP  
Hypothetical past performance is not necessarily indicative of future results. Simulated performance after charges

	4YR TOTAL RETURN	4YR VOLATILITY	12 MONTH YIELD
Simulated Portfolio	41.65%	10.88%	3.73%
MSCI UK GBP	33.01%	13.03%	4.43%
iShares UK Property ETF GBP	0.31%	16.81%	3.02%
MSCI UK IMI Core Real Estate GBP	0.79%	17.66%	3.64%

#### Platforms

Aegon	Interactive Investor
AJ Bell	James Hay
Allfunds	Novia
Ascentric	Nucleus
Aviva	Old Mutual
Barclays SmartInvestor	Pershing
CoFunds	Raymond James
Fidelity	Sanlam
Funds Network	Standard Life
FNZ	Standard Life Elevate
Hargreaves Lansdown	Transact
Hubwise	Zurich

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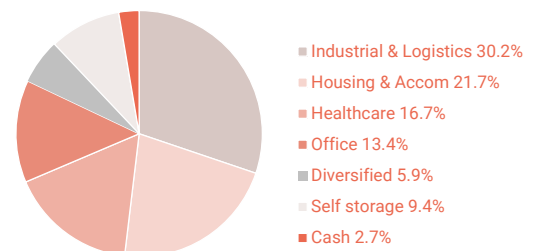
#### Dealing

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### HOLDINGS (As at 30 April 2020)

HOLDING	%
Unite Group Plc	7.71
Grainger Plc	7.69
Segro Plc	7.66
Tritax Big Box REIT Plc	7.58
Workspace Group Plc	5.97
Assura Plc	5.80
Primary Health Properties Plc	5.40
Big Yellow Group Plc	5.10
Londonmetric Property Plc	4.80
GCP Student Living Plc	4.57

#### Sector Breakdown



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