

GRAVIS

UK LISTED PROPERTY

MONTHLY FACTSHEET

31 JANUARY 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.

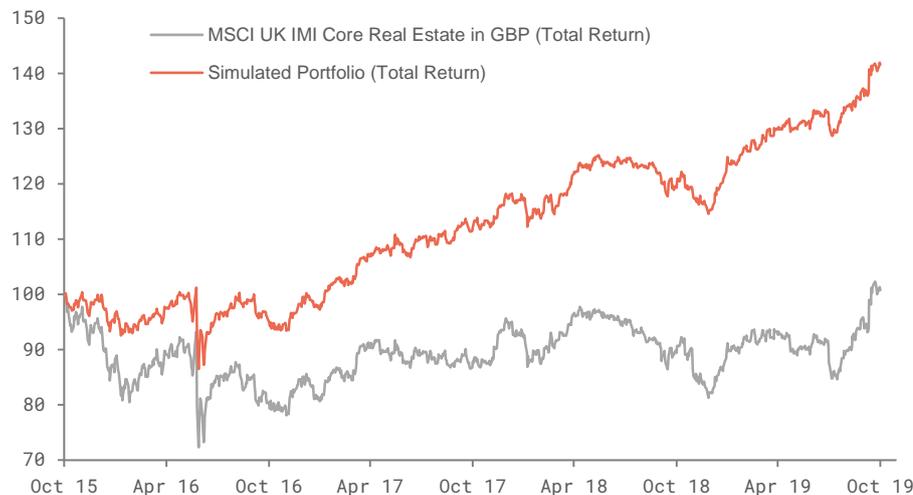
The Fund invests primarily in UK Real Estate Investment Trusts and initially excludes exposure to retail property companies. The Fund is advised by Gravis Advisory Limited who also advise the VT Gravis UK Infrastructure Income Fund and the VT Gravis Clean Energy Income Fund.

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

Name	VT Gravis UK Listed Property Fund
Regulatory Status	FCA Authorised NURS OEIC with PAIF Status
Sector	IA Property Other
Launch Date	31 October 2019
Fund Size	£24.81m
Net Asset Value per share as at 31 December 2019	A Acc (£): 108.05p A Inc (£): 107.89p F Acc (£): 108.24p F Inc (£): 108.08p
Share Classes	Income and Accumulation (£, \$, €)
Min. Investment	£100
Capped fund operating charges	0.7% (AMC & OCF)
Dividends	Quarterly
Objectives	4% dividend yield Capital growth Inflation protection
Classification	Non-complex
Liquidity	Daily dealing
ISINs	A Acc (£): GB00BK8VW755 A Inc (£): GB00BK8VW532 A Acc (\$): GB00BK8VYN55 A Inc (\$): GB00BK8VMH57 A Acc (€): GB00BK8VW862 A Inc (€): GB00BK8VW649
Feeder ISINs	F Acc (£): GB00BKDZ8Y17 F Inc (£): GB00BKDZ8V85 F Acc (\$): GB00BKDZ9049 F Inc (\$): GB00BKDZ8X00 F Acc (€): GB00BKDZ8Z24 F Inc (€): GB00BKDZ8W92

RETURNS

	RETURN*	VOLATILITY	CORRELATION	RETURNS				
				2015 ¹	2016	2017	2018	2019 ²
Simulated Portfolio (Total Return)	41.65%	10.88%	-	-1.27%	0.81%	18.76%	-2.40%	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

¹Part period from 31/10/2015 – 31/12/2015

²Part 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

The Fund has taken steps to minimise climate change risk by investing in REITs that typically own higher EPC rated assets or have a clear strategy to improve overall EPC rating of their portfolios.

Over the course of January, the NAV of the Fund increased to 108.0496p (A Acc), net of fees and expenses.

The strategy of the Fund is to invest in a diversified portfolio of real estate companies that are likely to benefit from four strong socio-economic mega trends: ageing population, digitalisation, generation rent and urbanisation. The Fund simultaneously minimises portfolio exposure to the challenging consumer trends currently affecting retail real estate, especially shopping centres.

Overarching these mega trends is climate change, a crucial factor that has become increasingly important in determining the prospects for real estate assets. It is estimated that the energy needs of businesses are responsible for a quarter of UK CO₂ emissions. Climate change and increasing regulations necessitate that commercial real estate owners incorporate environmentally sustainable practices into property development, maintenance, and operation. One of the key attributes of the Fund is a preference for investing in real estate investment trusts (REITs) which own higher quality assets managed by environmentally conscious property experts.

One standardised measure of environmental performance is the Energy Performance Certificate (EPC). These certificates have important investment implications for commercial properties, particularly with regards to the ability to generate and sustain rental income. Mandated by government, EPC certificates rate properties on a scale running from A to F. The government has set a target of reaching a minimum B rating for commercial properties by 2030 – an ambitious target considering that approximately 65% of UK commercial real estate is currently rated D or lower. In order to progress towards this goal, the government has introduced minimum energy efficiency standards (MEES)

that require commercial properties to have at least an E rating by 2023 in order to lease or re-lease the building. To reach the 2030 target, the government has mapped a trajectory which shows MEES becoming progressively more stringent. As a result, lower rated properties not only represent a potential risk to the environment, but also represent an increasing investment risk with potentially lower occupancy levels and higher maintenance capex. Simply put, the obsolescence risk of older buildings is likely to increase.

Since inception, the Fund has actively taken investment steps to minimise this obsolescence risk by investing in real estate companies that typically own higher EPC rated assets or have a clear strategy to improve the overall EPC rating of their portfolios. For example, the Fund invests in Big Yellow Group, an owner and operator of self-storage properties, 98% of which already have EPC ratings of between A to C; and Impact Healthcare REIT, an owner of care homes, 80% of which have EPC ratings between A to C.

Looking ahead, energy efficient buildings, increasingly of the type developed and owned by REITs, may well end up producing better risk adjusted returns. This outperformance is likely to be driven by a combination of tenants actively choosing to occupy environmentally friendly buildings and investors reallocating capital towards these higher quality assets. On this basis, the Fund will maintain its preference for investing in those companies that own the better buildings.

Matthew Norris, CFA
Fund Adviser
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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.£573m 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 Schroders.

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

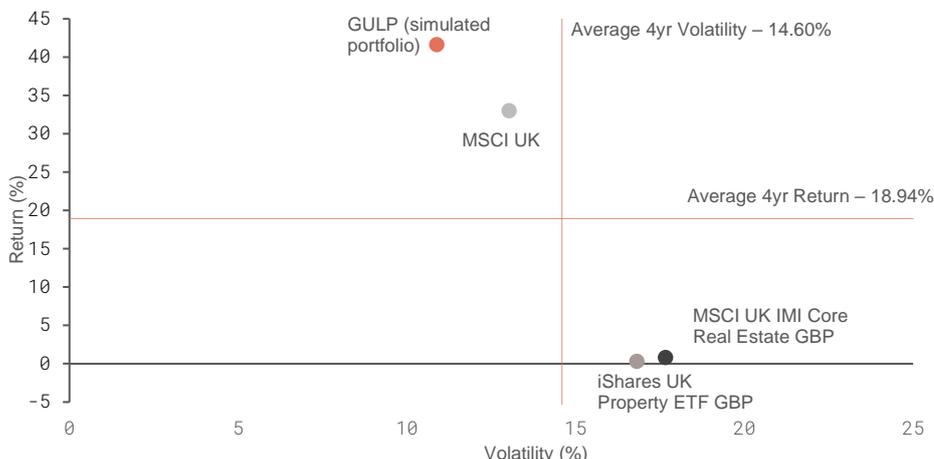
REITS BRIEFING¹

- 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, SIPPs and Bond investors.

¹www.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	Nucleus
AJ Bell	Old Mutual
Ascentric	Pershing
Aviva	Raymond James
CoFunds	Standard Life
Fidelity	Standard Life Elevate
Hargreaves Lansdown	Transact
James Hay	Zurich
Novia	

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Dealing

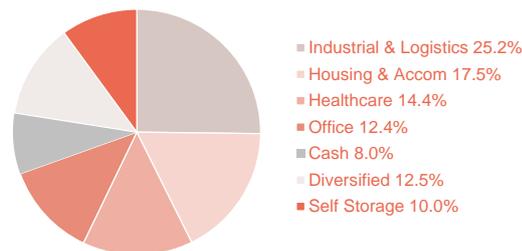
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HOLDINGS (As at 31 January 2020)

HOLDING	%
SEGRO PLC	7.76%
Tritax Big Box REIT PLC	7.57%
Unite Group PLC	7.33%
Workspace Group PLC	5.22%
Warehouse REIT PLC	5.10%
Safestore Holdings PLC	5.06%
Assura PLC	5.05%
Secure Income REIT Plc	4.99%
Grainger PLC	4.96%
Big Yellow Group PLC	4.92%

Sector Breakdown



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