

GRAVIS

UK LISTED PROPERTY

MONTHLY FACTSHEET

31 JULY 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.

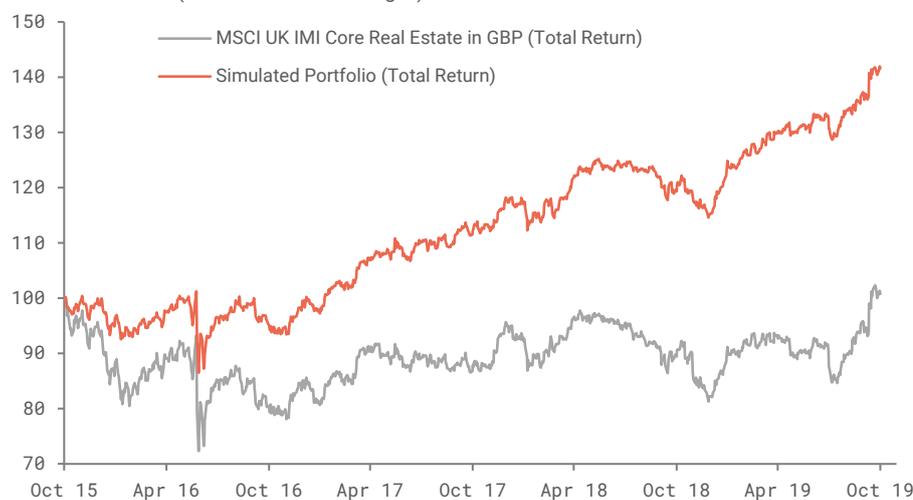
The Fund invests primarily in UK Real Estate Investment Trusts, is unconstrained, and currently excludes exposure to retail property companies. The Fund is advised by Gravis Advisory Limited who also advise the VT Gravis UK Infrastructure Income Fund and the VT Gravis Clean Energy Income Fund.

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

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	£26.74m
Net Asset Value per share as at 31 July 2020	A Acc (£): 95.74p A Inc (£): 94.14p F Acc (£): 96.24p F Inc (£): 94.65p
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	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

Appropriate levels of leverage allow REITs to access larger opportunity sets and to capture economies of scale

Over the course of July 2020, the NAV of the Fund increased by 1.65% (F Acc GBP), the fourth consecutive month of positive performance and a reflection of the selective recovery that is taking hold within the REIT sector. Since inception the Fund has declined by 3.76% outperforming the MSCI UK IMI Core Real Estate index that has declined by 18.4%.

The strategy of the Fund is 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. Simultaneously, the Fund minimises exposure to the challenging consumer trends continuing to affect retail real estate.

The tangible nature of property, its inherent value and the rental income generated by commercial property make it an ideal asset to use as security for loans. Within an investment setting the degree to which leverage, also known as gearing, is used influences the risk profile faced by investors. Appropriate levels of leverage allow REITs to access larger opportunity sets and to capture economies of scale. However, leverage acts as a magnifier of returns and must be used with care and consideration, this is especially true in times of economic uncertainty such as those created by the COVID-19 pandemic.

Many UK REITs are well prepared for the current uncertain economic environment, particularly those exposed to the favourable mega trends that the Fund focuses on. The loan-to-value (LTV) for most REITs has been on a declining trend for many years. At 27.5% the UK average 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%. The exception to this balance sheet strength remains the poorly performing retail REIT sub-sector, an area that the Fund continues to steer clear of.

The dangers of high leverage are clear. Intu, the largest shopping centre owner in Britain, operated with too much leverage. At the end of 2019 the

landlord reported an LTV in excess of 65%, it has since entered administration. Hammerson, the owner of 20 flagship European shopping centres, reported 51% LTV at the end of the first half of 2020 coupled with a collapse in rental income and falling asset values. To remedy the situation, the company has announced asset sales and a dilutive rights issue.

Given the dangers associated with high leverage the Fund itself, unlike investment trust companies, does not use debt. Using debt at a fund level to invest in REITs that also use debt can dramatically increase the risk. Instead, the preference of the Fund is to actively search for management teams that own modern, well located real estate and that have adopted a well justified approach to the use of debt.

The weighted average LTV of the portfolio is slightly below the UK average even though the quality of the assets is superior. Amongst the highest leveraged companies within the portfolio are Primary Healthcare Properties, the owner of over 500 doctors' surgeries, with an LTV of 40.3%, and Grainger, the owner of circa 9,300 private rental homes, with an LTV of 32.9%. Both companies, unlike the struggling retail REITs, have reported very high levels of rent collection, consistently above 90%, throughout the current crisis.

Looking ahead, the uncertain economic spill over effects of the coronavirus underline the importance of moderate levels of corporate leverage and active stock picking. The Fund's diversified portfolio of financially sound, expertly managed, specialist REITs is likely to continue to benefit from the ownership and development of high-quality real estate in growing niches. As investor sentiment continues to improve those real estate companies with strong underlying rental cashflows and strong balance sheets are likely to continue to experience further appreciation in their share price.

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.£3.3bn of assets in these sectors in the UK.

Gravis Advisory Limited is Investment Adviser to the c.£629m 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.

Matthew Norris, CFA

Fund Adviser

Gravis Advisory Ltd

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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, SIPP and Bond investors.

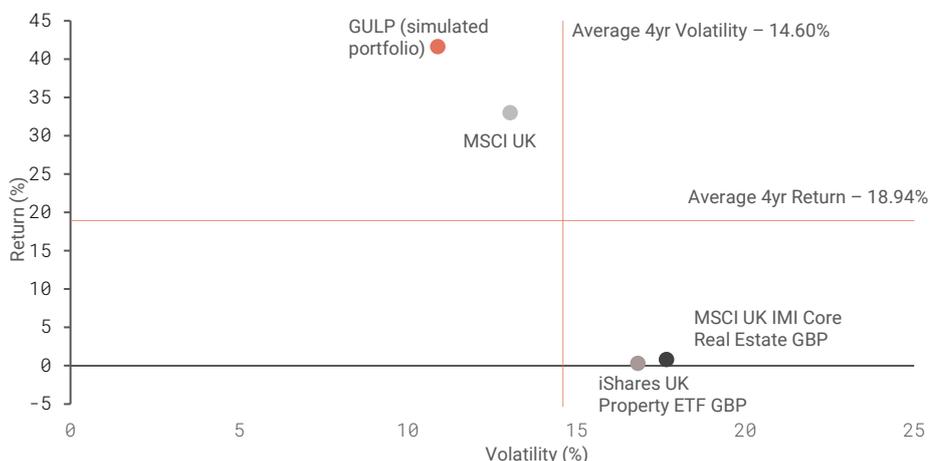
¹www.londonstockexchange.com/specialist-issuers/reits/reits.html

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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

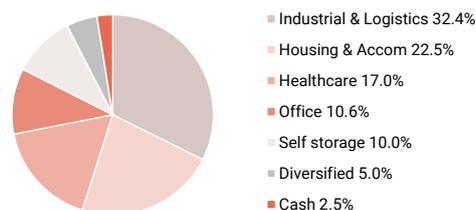
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HOLDINGS (As at 31 July 2020)

COMPANY

Segro Plc	8.92%
Unite Group Plc	7.60%
Tritax Big Box REIT Plc	7.57%
Grainger Plc	7.56%
Assura Plc	6.35%
Primary Health Properties Plc	5.53%
Safestore Holdings Plc	5.13%
Londonmetric Property Plc	5.09%
GCP Student Living Plc	4.99%
Big Yellow Group Plc	4.88%

Sector Breakdown



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