

# GRAVIS

## UK LISTED PROPERTY

# MONTHLY FACTSHEET

## 29 MAY 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.

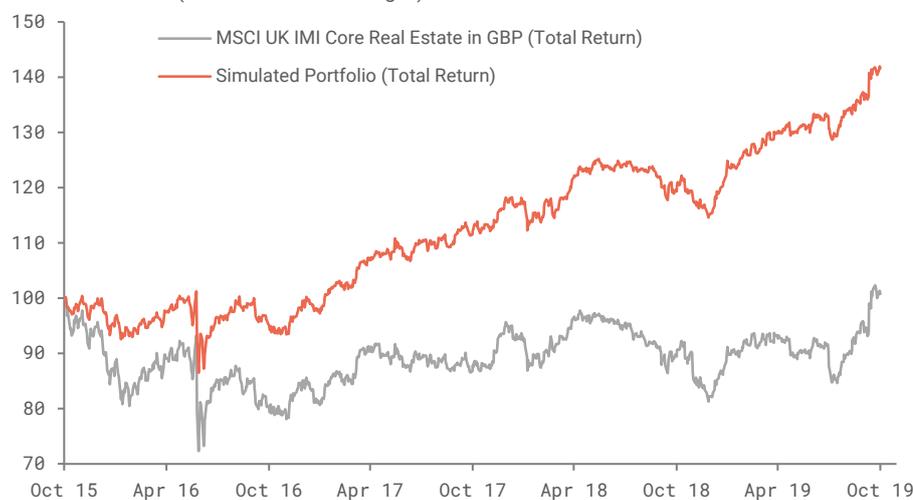
The Fund invests primarily in UK Real Estate Investment Trusts, is unconstrained, and currently excludes exposure to retail property companies. The Fund is advised by Gravis Advisory Limited who also advise the VT Gravis UK Infrastructure Income Fund and the VT Gravis Clean Energy Income Fund.

### 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>	£28.34m
<b>Net Asset Value per share as at 29 April 2020</b>	A Acc (£): 91.99p A Inc (£): 90.45p F Acc (£): 92.36p F Inc (£): 90.83p
<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	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%	-2.40%	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

<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

The uncertain economic spill over effects of the coronavirus underline the importance of active stock picking.

During May 2020, the NAV of the Fund increased by 0.42% (A Acc GBP). Since inception the Fund has declined by 8.01% outperforming the MSCI UK IMI Core Real Estate index which has declined by 19.60%.

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.

At the end of the month the Fund declared a dividend of 0.8372p (A Acc GBP), this is the third dividend payment since inception.

In exchange for not paying corporation tax, REITs must distribute 90% of their rental income, whilst non-REIT owners of real estate have free reign over deciding their dividend policy. Dividends reflect how successful a landlord has been in operating their assets and are a sign of how confident management are about the future. The key to future dividend payments is visibility on rent collection. In the current lockdown environment, 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 social distancing measures. Almost all the properties the Fund has exposure to remain open and accessible to tenants.

During the month, several portfolio constituents reported positive financial results and provided reassuring updates on current trading. Grainger, the UK's largest listed residential landlord, highlighted the continued strength of its business and a positive trading environment. The company announced a 6% growth in its

interim dividend, evidencing the resilience of a business model designed to deliver both income and growth. Assura, the owner and developer of GP surgeries and a beneficiary of the ageing population mega trend, reported an optimistic outlook together with an intention to increase future dividends by 1.9%.

With lockdown, many workplaces have remained empty. As lockdown begins to ease, its crucial for investors to be able to identify those office REITs that are likely to rebound the fastest. Such REITs are likely to include the owners and developers of modern, environmentally friendly, design-led buildings including companies such as Great Portland Estates, a FTSE 250 member owning £2.6bn of prime central London real estate. In May the REIT declared a dividend up 3.3% compared to the prior year and highlighted how low leverage and below market rents should provide protection given the near-term challenges. Another example is Workspace, a FTSE 250 member specialising in flexible work spaces. Reflecting the confidence of its Board, it recently reported a dividend up 10% for the full year and commented that, despite the near-term uncertainty, it has a huge opportunity for growth in the medium and long term as lease and space flexibility becomes increasingly important.

Looking ahead, the uncertain economic spill over effects of the coronavirus underline the importance of 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 improves those real estate companies with strong underlying rental cashflows are likely to experience a share price rebound.

#### 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.£600m 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.

**Matthew Norris, CFA**  
Fund Adviser  
Gravis Advisory Ltd  
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### 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.

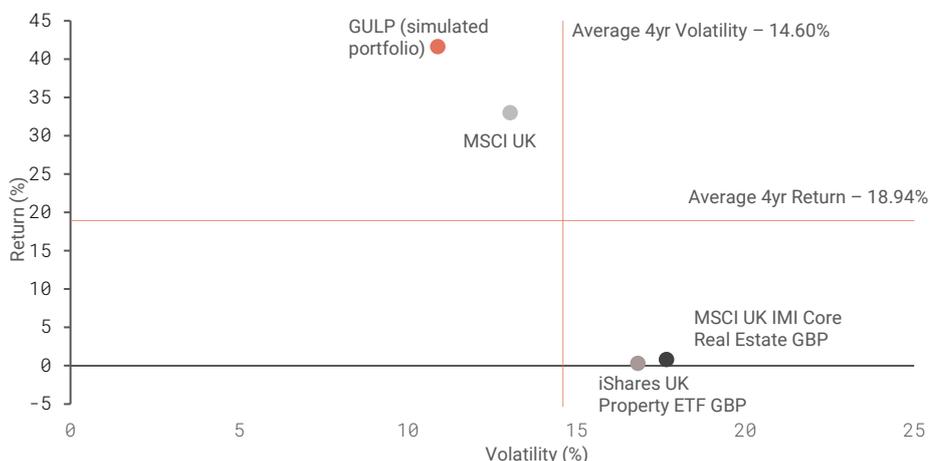
<sup>1</sup>www.londonstockexchange.com/specialist-issuers/reits/reits.html

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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

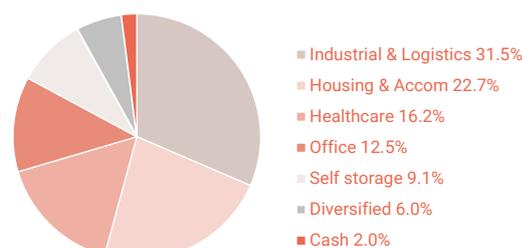
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### HOLDINGS (As at 29 May 2020)

#### COMPANY

Tritax Big Box REIT Plc	8.35%
Unite Group Plc	8.28%
Grainger Plc	7.97%
Segro Plc	7.66%
Assura Plc	5.77%
Workspace Group Plc	5.66%
Primary Health Properties Plc	5.19%
Londonmetric Property Plc Big Yellow Group Plc	4.91%
GCP Student Living Plc	4.82%
Big Yellow Group Plc	4.65%

#### Sector Breakdown



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