GRAVIS UK LISTED PROPERTY

MONTHLY FACTSHEET 31 MAY 2022

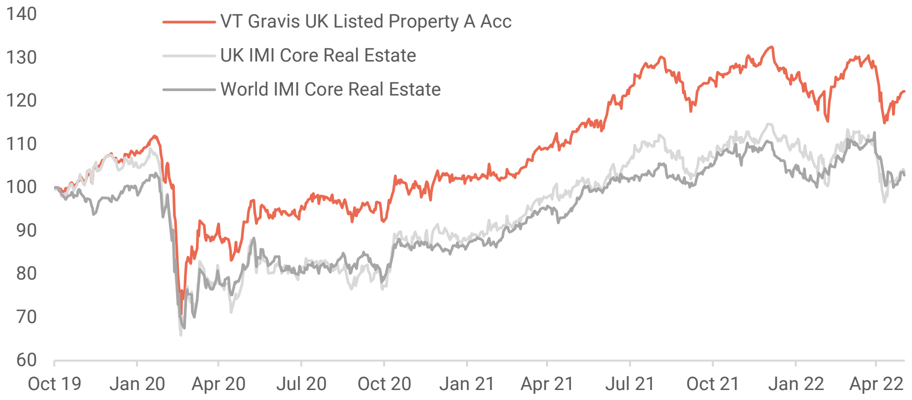
FUND OBJECTIVES

- To achieve capital growth through market cycles[1]
- To invest in a diversified portfolio of London Stock Exchange listed securities, consisting primarily of Real Estate Investment Trusts
- Avoids exposure to retail property companies
- Aims to deliver a regular income expected to be 4% per annum[2]

PERFORMANCE CHART

VT Gravis UK Listed Property (PAIF) Fund – A Acc GBP (Total Return after charges)

31/10/2019 – 31/05/2022



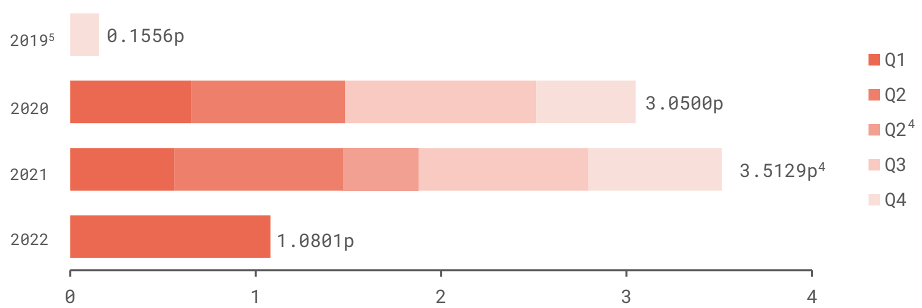
RETURNS

	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS	SINCE INCEPTION	VOLATILITY	YIELD*
VT Gravis UK Listed Property A Acc	-4.53%	0.68%	-3.38%	8.24%	22.22%	23.17%	3.28%
MSCI UK IMI Core Real Estate	-5.06%	-3.61%	-6.05%	3.65%	3.64%	24.52%	2.71%
MSCI World IMI Core Real Estate	-4.92%	0.26%	-3.37%	7.93%	2.83%	21.12%	3.26%

Past performance is not necessarily indicative of future results.
**12 month trailing net yield.*

DIVIDENDS

Dividends[3] paid since inception to 31 May 2022 for A GBP Income share class.



Company overview	
Name	VT Gravis UK Listed Property (PAIF) Fund
Regulatory Status	FCA Authorised UK NURS OEIC with PAIF Status
Sector	IA Property Other
Launch Date	31 October 2019
Fund Size	£85.24m
Number of holdings	24
Share Classes	Income and Accumulation (£,$,€)
Min. Investment	£100
Net Asset Value per share as at 31 May 2022	A Acc (£): 122.22p A Inc (£): 113.57p F Acc (£): 124.43p F Inc (£): 115.59p
Trailing 12-month net yield[3]	A Inc (£): 3.28% F Inc (£): 3.27%
Capped fund operating charges	0.7% (AMC & OCF)
Dividends	End of Jan, Apr, Jul, Oct
Classification	Non-complex
Liquidity	Daily dealing
ISINs	A Acc (£): GB00BK8VW755 A Inc (£): GB00BK8VW532
Feeder ISINs	F Acc (£): GB00BKDZ8Y17 F Inc (£): GB00BKDZ8V85

1. *We expect this to be a period of 7 years.*
2. *This is an unofficial target and there is no guarantee it will be achieved. Per annum by reference to launch price of £1.00 per unit, payable quarterly, one month in arrears.*
3. *Published dividends are net of charges which are taken from income.*
4. *As of 30 June 2021 the Fund's financial year end has been changed to align with calendar quarters, resulting in a change to distribution dates. In 2021 there were 13 months of distributions, the first of which was paid on 31 July 2021. Ex-dividend dates are now December, March, June and September.*
5. *Part period from 31.10.2019 – 30.11.2019.*

All data, source: Valu-Trac Investment Management, MSCI Inc and Reuters.

FUND ADVISER'S REPORT

"Growing rents and a relatively fixed cost of debt creates a favourable environment for continued income growth from a portfolio of next generation real assets"

Over the course of May 2022, the NAV of the Fund decreased by 4.53% (A Acc GBP). Since launch the Fund has increased by 22.22% (A Acc GBP), significantly outperforming both the UK Real Estate Index[1], which has increased by 3.64%, and the Global Real Estate Index[2] which has increased by 2.83%.

The strategy of the Fund is to invest in a diversified portfolio of next generation real assets. The 24 investments within the Fund are aligned to benefit from four socio-economic mega trends: ageing population (17.1% portfolio weight), digitalisation (48.1% portfolio weight), generation rent (21.8% portfolio weight), and urbanisation (9.4% portfolio weight).

Although increases in interest rates have created market turbulence, looking historically at different Bank of England hiking cycles UK REITs have performed positively in the last four out of six periods of rising rates. This is particularly true if those rate increases were driven by an economy that was experiencing rental growth. Whilst inflation, and economic growth, is likely to drive the official bank rate higher, it may also provide landlords a greater opportunity to negotiate higher rents and to fill vacant space – these types of dynamics have supported real asset returns in the past.

It is worth remembering that property values and returns are driven both by rental growth and by property yields observed by valuers in the markets. An increase in property yields could have an adverse impact on property values, and vice versa. However, rental growth means that property yields are not directly linked to bond yields and that strongly rising rents can matter more than rising rates for REIT investors.

In an environment of rising interest rates, the quantity, cost and tenor of a company's debt becomes increasingly important. Those companies with high levels of debt and lots of near-term maturities face a potentially challenging refinancing – the Fund has purposefully avoided these types of investments.

The Fund does not employ any leverage directly and the Investment Adviser actively controls the exposure to underlying leverage through managing individual position weights. Since launch the preference, at a fund level, has been to have no more than moderate leverage.

For the UK real estate sector this equates to about 27% loan to value (LTV). In comparison, continental European real estate companies deploy far higher amounts of leverage, closer to 40%.

The current weighted average LTV for the Fund is around 26%. Dissecting this number reveals that the most highly leveraged REITs within the portfolio are also the those with arguably the most secure income stream.

For example, Primary Health Properties (portfolio weight 4.4%) owns a portfolio of 521 GP surgeries, ninety percent of its income is government backed and the REIT benefits from long leases with a weighted unexpired lease term of 11.6 years.

Against this strong and long dated cashflow stream, the LTV of the REIT is 42.9%, however, prudently management has borrowed long, 8.2 years weighted average debt maturity, and chosen to fix its cost of debt at 2.9%. This should enable the REIT to weather the current interest rate storm and extend its impressive track record of 26 years of consecutive dividend growth.

On a look through basis the Investment Adviser estimates that as much as 74% of underlying debt is fixed at an average cost of 2.6% with a lengthy average maturity of 5.9 years. Given that circa 37% of underlying portfolio rental income benefits from either contractual rental escalators or exposure to strong rental growth sub-sectors (e.g. urban logistics) the outlook for underlying dividend growth remains attractive.

Looking ahead, this attractive combination of growing rents and a relatively fixed cost of debt creates a favourable environment for continued income growth from a portfolio of next generation real assets.

Matthew Norris
Investment Adviser
Gravis Advisory Ltd
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Investment Adviser

Gravis Advisory Limited is owned and managed by Gravis Capital Management Ltd ("Gravis").

Gravis Capital Management (GCM) was established in May 2008 as a specialist investor in property and infrastructure and now manages c.£3bn of assets in these sectors in the UK. GCM entered into a strategic partnership with ORIX Corporation in January 2021.

Gravis Advisory Limited is also the Investment Adviser to the c.£872m VT Gravis UK Infrastructure Income Fund, the c.£466m VT Gravis Clean Energy Income Fund and the c.£85m VT Gravis UK Listed Property Fund.

Fund Advisers

Matthew Norris, CFA is lead adviser to the VT Gravis UK Listed Property Fund and the VT Gravis Digital Infrastructure Income Fund.
Matthew has over two decades investment management experience and has a specialist focus on real estate securities.
He was previously at Grosvenor with responsibility for investing in global real estate securities including the highly successful global logistics strategy. He joined Grosvenor from Fulcrum Asset Management and Buttonwood Capital Partners where he ran international equity strategies which incorporated exposure to real estate equities.

George Nikolaou, CFA is responsible for investment analysis and research, covering listed infrastructure and real estate. He joined Gravis in 2021 having spent 7 years working as a portfolio manager and analyst within the investment management sector. George has obtained a MSc Finance and Investment from the University of Durham and a BSc Economics from the University of Athens.

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[1] MSCI UK IMI Core Real Estate Net Total Return Local index.
[2] MSCI World Real Estate Net Total Return Local index.

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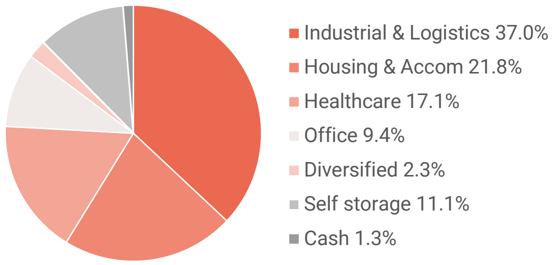
TOP 10 HOLDINGS

As at 31 May 2022

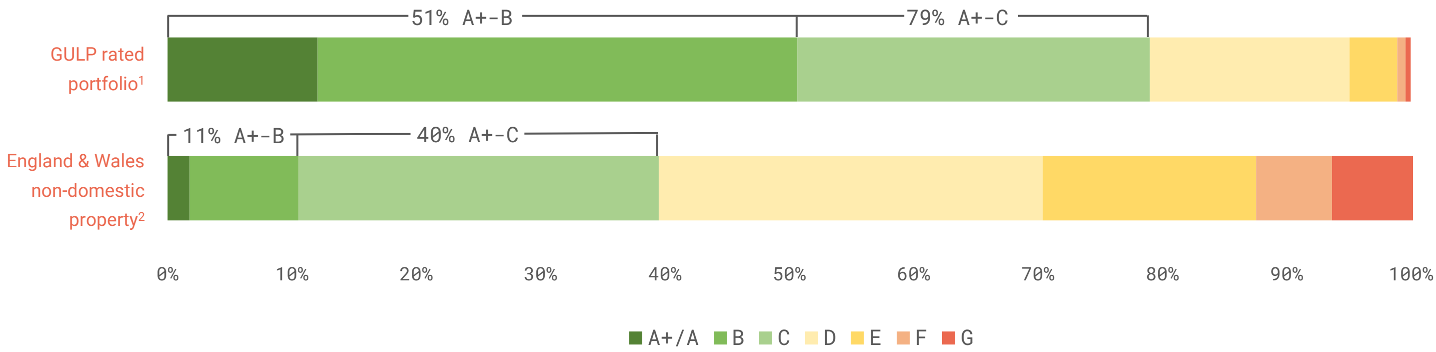
COMPANY	WEIGHT
Unite Group PLC	8.06%
SEGRO PLC	7.82%
Tritax Big Box REIT PLC	6.78%
Assura PLC	6.63%
Urban Logistics Reit PLC	6.11%
Grainger PLC	5.51%
Londonmetric Property PLC	5.40%
Warehouse REIT PLC	5.02%
Safestore Holdings PLC	4.73%
Primary Health Properties PLC	4.39%

SECTOR BREAKDOWN

As at 31 May 2022



ESG METRIC BREAKDOWN



Government Minimum Energy Efficiency Standards require non-domestic properties to have a minimum EPC rating of B by 2030, with an interim target of EPC C by 2027.

1. Gravis analysis

2. Ministry of Housing Communities and Local Government.

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