

# GRAVIS

## UK LISTED PROPERTY

MONTHLY FACTSHEET  
29 NOVEMBER 2019

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### OVERVIEW

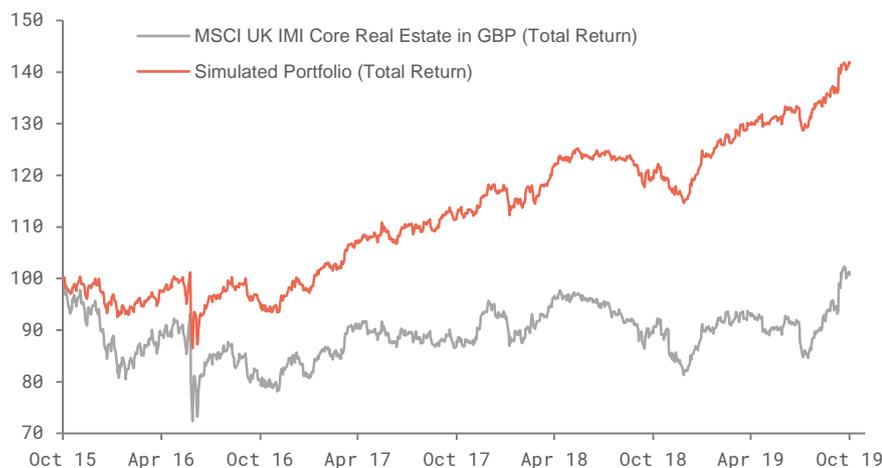
The VT Gravis UK Listed Property Fund (the "Fund") is a Non UCITs Retail Scheme (NURS) Open Ended Investment Company (OEIC) and will have Property Alternative Investment Fund (PAIF) status. The Fund will invest primarily in UK Real Estate Investment Trusts and will initially exclude exposure to retail property companies. It will be 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>	£20.15m
<b>Net Asset Value per share as at 29 November 2019</b>	A Acc (£): 102.65p A Inc (£): 102.50p F Acc (£): 102.71p F Inc (£): 102.56p
<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%	-2.40%	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%

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

# GRAVIS

## UK LISTED PROPERTY

### FUND ADVISER'S REPORT

The Fund got off to an excellent start, raising £20m by month end, with all capital successfully deployed.

In the first month of investment, the NAV of the Fund increased to 102.6538p<sup>2</sup>.

The strategy of the Fund is to invest in a diversified collection of real estate companies that are likely to benefit from strong socio-economic trends and that are operated by experts in property management and investment. In executing this strategy, the Fund seeks to maximise its exposure to four powerful mega trends: ageing population, digitisation, generation rent and urbanisation. At the same time, the Fund actively chooses to avoid the rapidly changing consumer behaviours that are creating extremely challenging trading conditions for retailers and their landlords.

Over the course of the first month of investing the Fund successfully invested in 22 real estate investment trusts (REITs) and real estate operating companies (REOCs). These investments include companies owning modern GP surgeries, vast Amazon Distribution centres, contemporary student accommodation blocks and purpose-built private rental apartments. Each investment is dividend paying and most have a history of growing their dividends over time.

During November ten investments reported financial results, with all companies choosing to either maintain or increase their dividend. The boards of five of these ten companies approved an increase in dividend in excess of 5% year-on-year. The largest dividend increase was by Workspace, the owner, operator and developer of inspiring flexible office real estate around central London. Management highlighted that the 10% increase in the interim dividend reflected "strong financial performance and the Board's confidence in the outlook". Similarly, Grainger, the UK's largest listed residential landlord and a market leader in the purpose built private rented sector, proposed a 9.3% increase in its total dividend.

The CEO highlighted that "strong financial performance and the growth in the net rental income underpins the proposed increase. In terms of individual stock performance, the largest position in the fund, Unite Group, was also one of the best performing. Up 11% for the month. Unite is the largest listed owner and operators of purpose-built student accommodation in the UK. The company continues to benefit from strong demand for its rooms from both domestic and international students.

At the opposite end of the performance spectrum was Big Yellow Group. The owner and operator of Big Yellow-branded self-storage facilities drifted lower towards the end of the month after management highlighted that the "economic and political environment is currently less than helpful". Despite this, and as a sign of how resilient modern, well-leased and well-managed property is, management went on to say that the company "continued to deliver growth in revenue, cash flow and profit" and duly increased the dividend by 2.4%.

Looking ahead, the combination of shorter market growth-orientated leases with longer index-linked leases is likely to provide a combination of predictability and growth to future rental income.

**Matthew Norris**  
Fund Adviser  
Gravis Advisory Ltd  
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<sup>2</sup>with reference to the A Acc share class

### 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 commercial and/or residential property but excludes the letting of owner-occupied buildings.
- Shares can be traded daily in a REIT without the liquidity risk often experienced by open ended funds which own direct property.
- In the UK, '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

#### 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.£3bn of assets in these sectors in the UK.

Gravis Advisory Limited is Investment Adviser to the c.£540m 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** will act as 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** will act as strategic adviser to the fund. Nick is the lead manager of the c.£700m 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.

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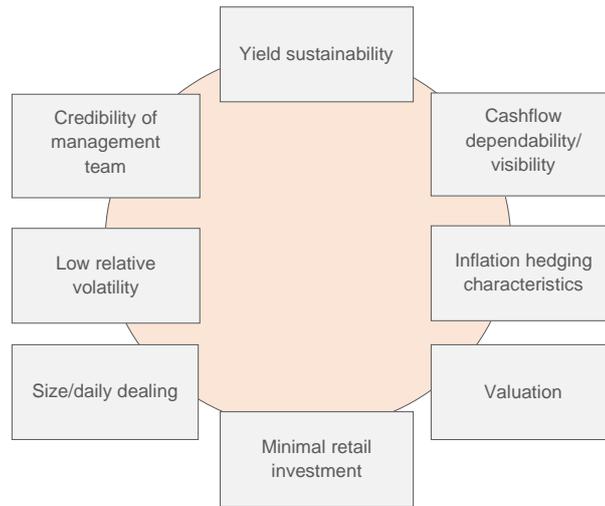
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### INVESTMENT APPROACH

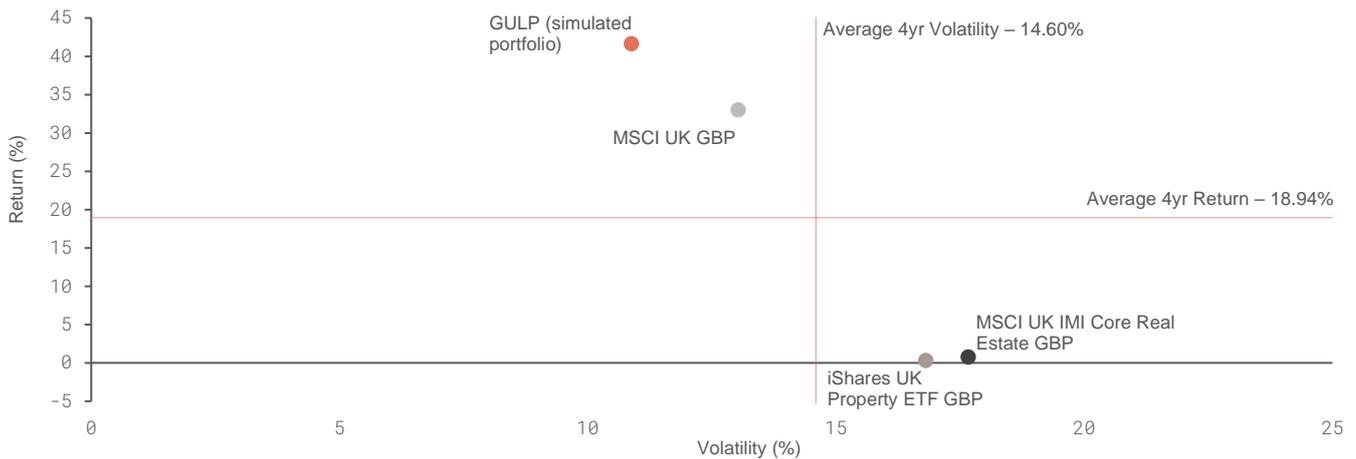
The Fund will be exposed to a broad range of GBP denominated, LSE listed REITs and potentially bonds and other closed ended funds, with a focus on the stability and security of quarterly distributions. The portfolio will be constructed to target diversified exposure to all UK REIT classifications, with the exception of retail.

Investments will be selected for inclusion in the Fund based upon a number of key factors; the most significant are shown below. The Fund will be actively managed with a view to maximising returns whilst keeping costs to a minimum. There will be daily liquidity.



### 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%

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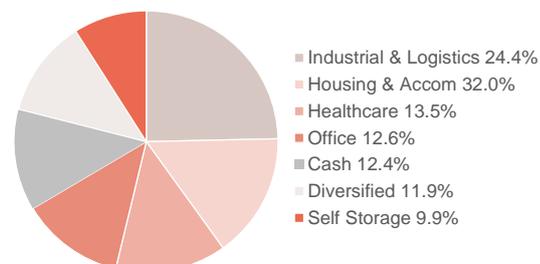
UK  
LISTED  
PROPERTY

## TOP 10 HOLDINGS

Company	Holding
UNITE GROUP PLC	7.59%
SEGRO PLC	7.48%
TRITAX BIG BOX REIT PLC	7.21%
GRAINGER PLC	5.16%
ASSURA PLC	5.06%
SAFESTORE HOLDINGS PLC	5.04%
WORKSPACE GROUP PLC	5.03%
PRIMARY HEALTH PROPERTIES PLC	4.98%
HANSTEEN HOLDINGS PLC	4.91%
BIG YELLOW GROUP PLC	4.88%

\*as at 29 November 2019

## Sector Breakdown



## SAMPLE HOLDINGS



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