

# GRAVIS

## UK LISTED PROPERTY

# MONTHLY FACTSHEET

## 31 OCTOBER 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.

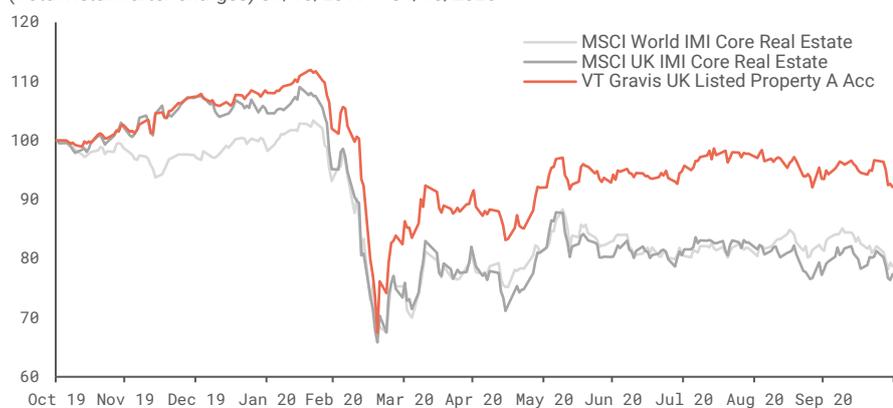
### FUND OBJECTIVES

- 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.

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

### PERFORMANCE CHART

(Total Return after charges) 31/10/2019 – 31/10/2020



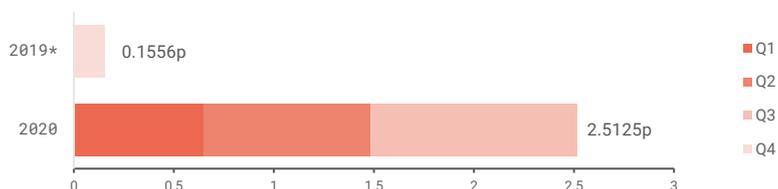
The Fund was launched on 31 October 2019. Past performance is not necessarily indicative of future results.

### RETURNS

	1 MONTH	3 MONTHS	6 MONTHS	SINCE INCEPTION	VOLATILITY	YIELD
VT Gravis UK Listed Property	-1.45%	-3.77%	0.58%	-7.87%	31.58%	2.98%
MSCI UK IMI Core Real Estate	-0.97%	-5.17%	-3.74%	-22.64%	31.59%	3.17%
MSCI World IMI Core Real Estate	-3.19%	-2.18%	-0.85%	-21.31%	29.53%	2.02%

### DIVIDENDS

Dividends paid since inception to 31 October 2020 for A GBP Income share class.



\* Part period from 31.10.2019 – 30.11.2019. Distributions shown are for the A Inc Share Class.

### Company overview

<b>Name</b>	VT Gravis UK Listed Property (PAIF) 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>	£26.91m
<b>Net Asset Value per share as at 31 October 2020</b>	A Acc (£): 92.13p A Inc (£): 89.61p F Acc (£): 92.77p F Inc (£): 90.26p
<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

## FUND ADVISER'S REPORT

The unconstrained nature of the Fund has enabled us to avoid value traps and focus on sectors with enduring potential rewards

Over the course of October 2020, the NAV of the Fund decreased by 1.45% (A Acc GBP). The Fund is now one year old, and since inception the Fund has declined by 7.87%, significantly outperforming both the UK real estate<sup>1</sup> index, which has declined by 22.64%, and the global real estate index<sup>2</sup> which has declined by 21.31%.

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 best performing megatrend over the past twelve months was Digitalisation. This theme incorporates properties that benefit from the continued growth in e-commerce. The nationwide Covid-19 lockdowns have accelerated this growth, achieving in six months e-commerce penetration levels that were expected to take six years. REITs within this theme own modern, best in class assets that cater to a diverse range of tenant needs, ranging in size from big box warehouses that can be operated as automated fulfilment centres, to smaller urban distribution centres serving the needs of the last mile distribution companies. Given the continued shift towards e-commerce we expect to continue to see favourable levels of occupier demand for the foreseeable future.

The second-best performing trend was Ageing Population. Simply put the average age of the UK is increasing and this brings with it increase in demand for care homes and healthcare. GPs are increasingly turning to REITs for modern purpose-built premises. Equally, the Covid-19 pandemic has highlighted the clear need for better quality care homes. Demand already significantly outstrips supply for spaces that are fit-for-purpose. Increased investment in the sector is desperately needed and the Fund invests in two REITs that are helping to fulfil this social need.

As important as identifying the right megatrends, is selecting the right companies to invest in. Stock selection based upon proprietary fundamental research plays a crucial role in shaping the composition of the Fund. Throughout the current pandemic bottom-up company research has been maintained albeit via calls and webcasts with management teams as opposed to in person meetings. This focus on company research

and stock selection has yielded good results. Seven of the 10 largest positions within the Fund at launch went on to generate shareholder returns that placed these real estate companies within the top 10 best performing UK REITs<sup>3</sup> over the past year including one investment, Hansteen, which was acquired at a meaningful premium.

The unconstrained nature of the Fund allows investments to be focused on those areas of real estate where there are enduring potential rewards and to avoid value traps. One such area that the Fund has avoided since launch is the retail sector, this decision turned out to be right as Retail REITs were the worst performing REIT sub-sector of the past year. Recognising the accelerated advance of e-commerce and the challenges created by social-distancing requirements the Fund continues to avoid this challenged sub-sector of real estate.

Many REITs own properties that benefit from long leases offering predictable income. Ideal for investors with a long horizon. The Fund seeks to capture these returns through a long-term investment approach to portfolio management. This commitment is reflected in the low turnover of the Fund. Since inception, excluding investor flows, the Fund has only sold one position and that was due to a management approved takeover bid.

Looking ahead, the uncertain economic spill over effects of the coronavirus underline the importance of identifying favourable socio-economic mega trends 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.

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

Gravis Advisory Limited is also the Investment Adviser to the c.£659m VT Gravis UK Infrastructure Income Fund and the c.£162m VT Gravis Clean Energy Income Fund.

### 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.£1bn 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.

<sup>1</sup> MSCI UK IMI Core Real Estate Net Total Return Local index.

<sup>2</sup> MSCI World IMI Core Real Estate Net Total Return Local index.

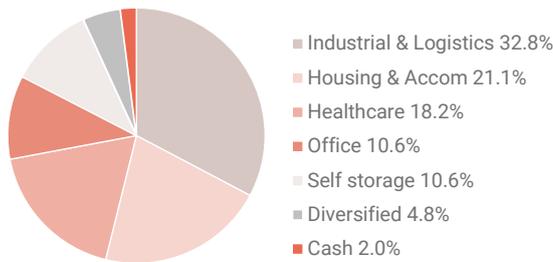
<sup>3</sup> Based on the constituents of the iShares UK Property ETF

**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 qualifying UK 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

**SECTOR BREAKDOWN**



**HOLDINGS**

Top 10 Holdings (as at 31 October 2020)

COMPANY	Percentage
Segro Plc	8.69%
Assura Plc	7.73%
Tritax Big Box REIT Plc	7.68%
Grainger Plc	7.61%
Unite Group Plc	6.74%
Urban Logistics REIT Plc	5.67%
Safestore Holdings Plc	5.51%
Big Yellow Group Plc	5.08%
Primary Health Properties Plc	5.08%

**PORTFOLIO WEIGHT BY ESG METRIC**



Data as at end of July 2020. Underlying data will be updated on an annual basis. Holdings ranked by size. Graphics show proportion of 'Yes', 'No', 'In progress', 'In review', 'No' and 'N/A' by holding weight. For more information see [here](#).

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**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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