SHINING A LIGHT ON THE……
VT Gravis Clean Energy Fund

AT A GLANCE

Investment Objective
The investment objective of the VT Gravis Clean Energy Income Fund is to generate income and preserve capital with the potential for capital growth. The fund will aim to meet its objectives by investing primarily in listed equities whose primary activity or exposure is within the clean energy sector. In addition to investing in equities, the sub-fund may also invest in other transferable securities, bonds, collective investment schemes, money market instruments, deposits, cash and near cash. Other than as noted in the policy there is no particular emphasis on any geographical area or industry or economic sector.

Inception Date	20 November 2017
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000ZRV1

Management	
Manager Name	**Start Date**
William Argent	20 November 2017

Investment Style Details	
Equity Style	
Market Capitalisation	**% of Equity**
Giant	-
Large	7.70%
Medium	37.56%
Small	54.74%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	18	
Assets in Top 10 Holdings	55.15%	
Name	**Sector**	**% of Assets**
Pattern Energy Group Inc Class A	Utilities	8.57%
TransAlta Renewables Inc	Utilities	6.38%
NextEnergy Solar Ord	-	6.37%
Atlantica Yield PLC	Utilities	5.53%
JLEN Environmental Assets Group Ord	-	5.22%
TerraForm Power Inc Class A	Utilities	4.96%
Foresight Solar Ord	-	4.86%
Greencoat UK Wind	-	4.74%
Hannon Armstrong Sustainable Infrastr…	Real Estate	4.31%
Renewables Infrastructure Grp	-	4.22%

Volatility Measurements	
3-Yr Std Dev (volatility)	-
3-Yr Mean Return (average)	-

FUND PERFORMANCE

Performance from 20 November 2017 to 31st January 2020:

	2017	2018	2019	2020
VT Gravis Clean Energy Income Fund	-0.04%	1.69%	34.29%	1.34%
iShares MSCI World	3.39%	-8.94%	24.33%	0.08%

Performance over 12 months and since launch:

	12 months	Since launch
VT Gravis Clean Energy Income Fund	30.52%	38.33%
iShares MSCI World	16.73%	17.15%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE….

This year will see the third anniversary of this fund. It looks to invest in the clean energy sector and deliver a target income of 4.5% p.a., with an aim to at least preserve capital and where possible grow it.

The focus is on those assets which provide or operate within the clean energy space. It will invest in equities, green bonds, closed ended investment companies and yield companies. The fund is still in its infancy, but it is likely to respond differently to equity markets. In 2018 when the equity markets were significantly negative, this was slightly positive.

The types of companies they like are wind and solar assets, hydro and biomass. Not only are these making a positive impact on the environment but from an investment viewpoint they have visible cash flows and therefore make this a low volatility asset class. The returns therefore tend to be much smoother, and since launch there has been an increasing dividend yield.

Recent trends and themes include:

- US and Canada – there has been increased M&A activity which has seen two of the holdings being bid for. This helps performance but reduces the investable universe
- UK – holdings suffered a sell-off in the renewable space following reports that power price expectations where showing a 4% decline. This opened up opportunities
- Thematic – the portfolio has about 10% in thematic plays and battery storage facilities in the UK. Will believes clean energy storage is likely to contribute significantly to returns over the coming decade
- Changes – they have recently added Covanta and Octopus Renewables to the portfolio and reduced other holdings to take profits

When we originally reviewed this, we were concerned whether the fund would attract enough assets to make this viable. The assets have now risen to over £70 million and this is a well-supported fund. We are in an environment where fossil fuel companies are increasingly having to decommission old, costly assets, which naturally is a drag on sentiment and returns. Those companies focusing on energy efficiency, production and cost will naturally do better and this fund is positioned to benefit from this.

This remains a niche market with limited options for investors. There is always a risk that with a new investment theme there is a boom and then bust. However, certainly in the early stages of this fund it has delivered well for investors and protected on the downside. Where this sits is either as an alternative blend within portfolios, or for investors who want to invest in positive impact investments.

The source of information in this note has been provided by Gravis and is correct as at February 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.