SHINING A LIGHT ON THE……
ARC TIME UK Infrastructure Income Fund

AT A GLANCE

Investment Objective
The aim of the Fund is to achieve a consistent income return with some capital growth. The Fund's investment policy is to invest at least 70% of the portfolio in defensive, asset-backed UK listed securities exposed to the infrastructure, renewable energy and real estate sectors. In accordance with this, the Fund will primarily hold a diversified portfolio of income paying securities of investment companies, Sterling denominated, and these are the shares of UK listed infrastructure, renewable energy, specialist financing companies and real estate investment trusts (REITs).

Inception Date	3rd April 2018
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00001DB15

Management	
Manager Name	**Start Date**
Stephen Daniels	3rd April 2018

FUND PERFORMANCE

Performance from 3rd April 2018 to 30th November 2022:

	2018	**2019**	**2020**	**2021**	**2022**
ARC TIME UK Infrastructure Income Fund	8.93%	16.57%	-4.30%	11.04%	-7.46%
IA Infrastructure Sector	7.35%	23.10%	-1.49%	12.99%	3.60%

Performance over 12 months, 3 years and since launch:

	1 year	**3 years**	**Since launch**
ARC TIME UK Infrastructure Income Fund	-4.53%	0.78%	24.87%
IA Infrastructure Sector	7.13%	17.58%	52.38%

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.

Tracking Error	**Active Share**	**Upside Capture Ratio**	**Downside Capture Ratio**	**Batting Average**	**Beta**	**Alpha**	**Equity Style**
13.63	100.00	35.13	36.05	44.44	0.61	(3.74)	Blend/Mid

Volatility Measurements	
3-Yr Std Dev (volatility)	10.53%
3-Yr Mean Return (average)	0.26%

Investment Style Details	
Giant	0.00%
Large	7.47%
Medium	8.21%
Small	8.29%
Micro	0.00%

Top 5 Holdings (9 equity holdings and 18 other holdings)		
HICL Infrastructure PLC Ord	-	7.38%
International Public Partnership...	-	7.13%
BBGI Global Infrastructure Ord	-	6.93%
Sequoia Economic Infrastructure ...	-	6.73%
Renewables Infrastructure Grp	-	4.86%

Sectors	
Real Estate	85.56%
Utilities	14.44%

Regions	
US	65.41%
UK	34.59%

Fund Benchmark	IA Infrastructure Sector
Fund size (Mil)	GBP 74.56
Ongoing Charge (share class A)	0.63%

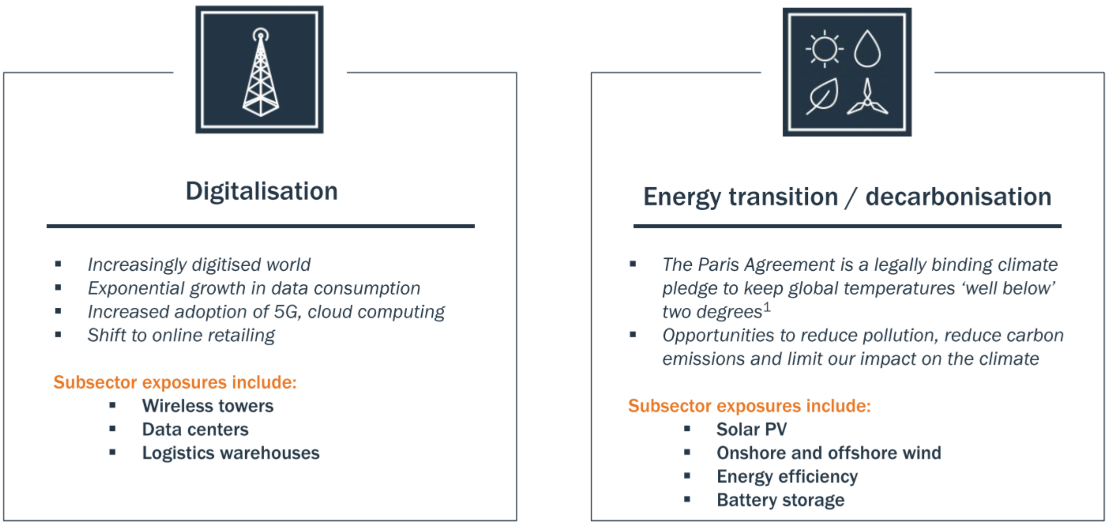
Bull points (pros)	Bear points (cons)
• Exposure to two themes that are underpinned by long term structural growth drivers: digitalisation and energy transition / decarbonisation • Focus on growth whilst delivering a yield of around 4 to 5% p.a. • Inflation linked assets • In a part of the market likely to have the most tail winds over the coming years • No exposure to “old economy” assets, and therefore avoid any potential risk of these assets depreciating in value / use over time	• UK Focus, although can have up to 20% overseas • Actively avoids old sector economy and therefore can lag the index when sectors such as oil are in favour

UPDATE….

As a diversified source of returns infrastructure strategies have become more popular. Each strategy seems to have something that makes them different.

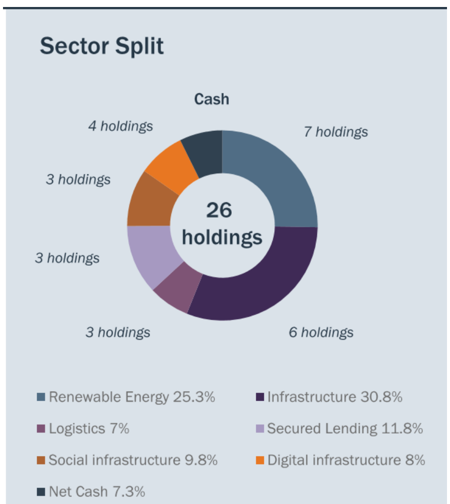
Time are looking for stable long-term investments with growth characteristics. Although this provides a yield of between 4 and 5% p.a. the primary focus is growth, and this makes this slightly different from some of the other strategies on offer.

The fund focuses on two key themes that are underpinned by long term structural growth trends:



We discussed logistics after this suffered negative press. This was driven by Amazon expanding too quickly in certain areas and then dropping back. However, since then other businesses have plated "catch-up" and it has meant that the logistics part of the market is more diversified, and the opportunities if anything are becoming greater.

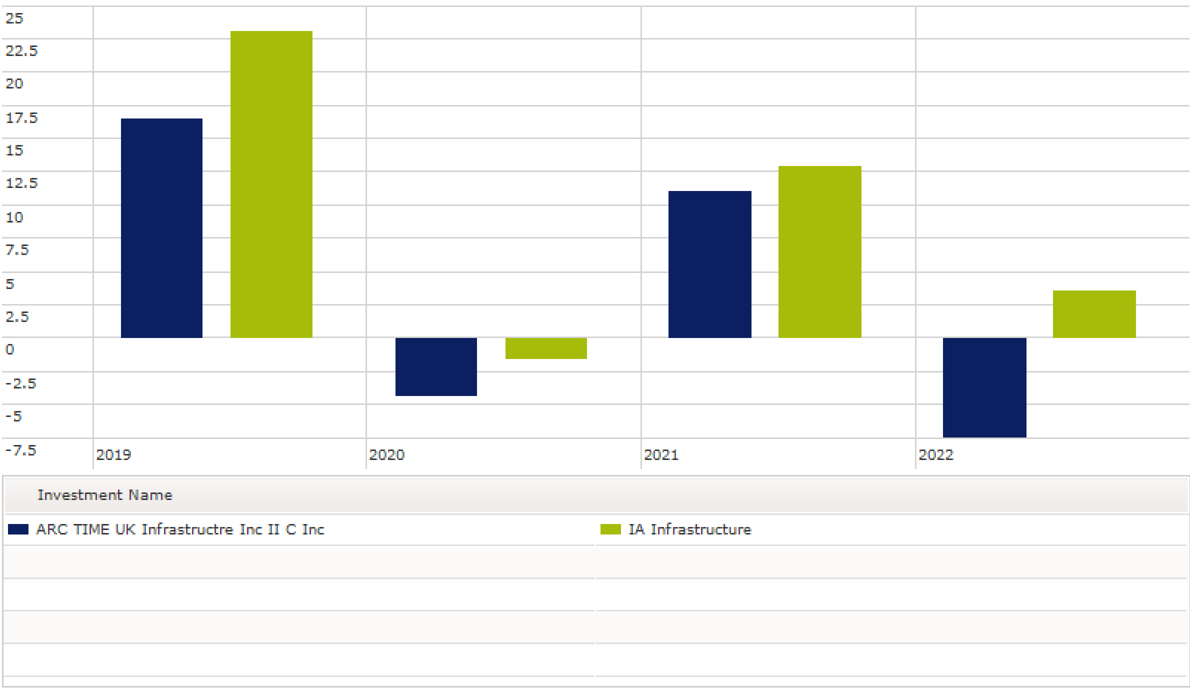
The current sector split is:



In terms of social infrastructure this is aimed at primary and secondary care, so GP surgeries and hospitals. This provides purpose-built buildings with strong tenants and guaranteed income. They don’t invest in social housing as they see this as complicated with less financial strength with the underlying tenants.

They adopt an ESG approach and the overarching approach is to invest in companies that are doing no harm. This effectively means that the strategy excludes anything which they class as old economy and therefore ‘bad companies’. From an ethical and commercial basis, they see no benefit in investing in areas such as mining, oil etc.

This does mean that the strategy has significantly underperformed without this exposure.



The fund is also a UK focused infrastructure fund, although the underlying assets can be global. A minimum of 80% is UK focused and the balance can be overseas. Most infrastructure funds tend to be more globally focused, and this could be seen as a negative for this strategy.

It has 26 holdings but these are spread over 1,000 hard assets, so the strategy is well diversified.

Some of the holdings include:

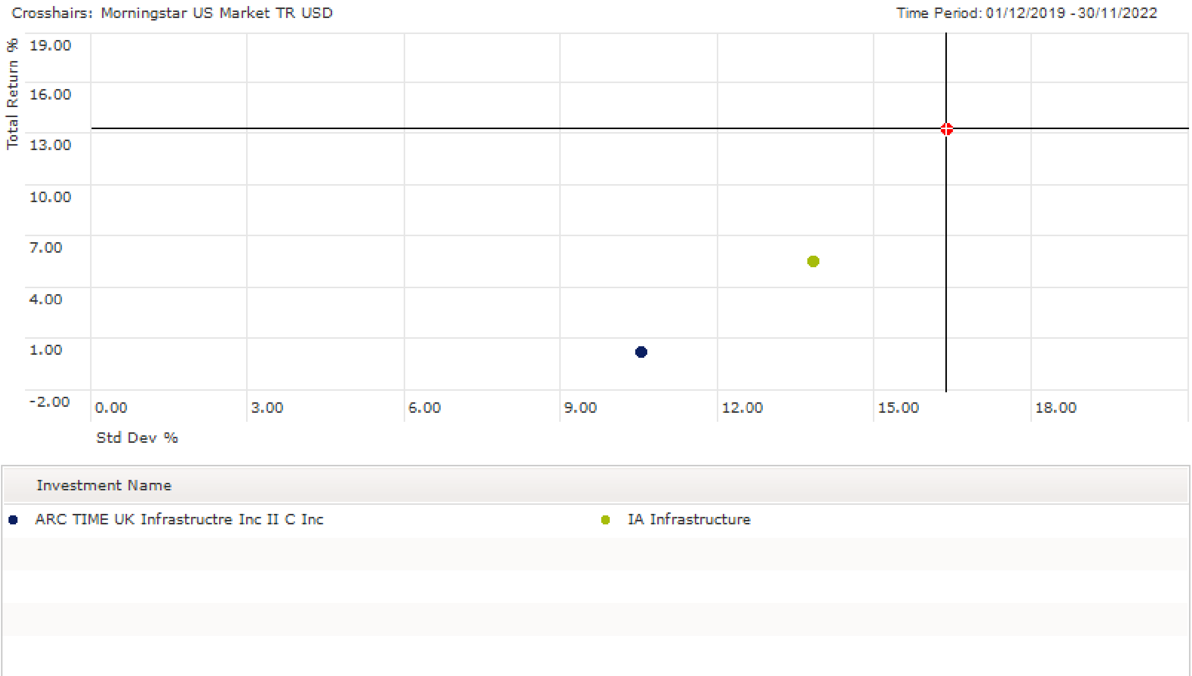
HICL Infrastructure Company Limited – invests in core infrastructure that is critical to the functioning of society. Example investments include Brighton Children's Hospital, High Speed 1, Gloucester Fire and Rescue, Zaanstad Penitentiary (The Netherlands) and B247 Road (Germany).

Greencoat UK Wind Plc – is the leading listed renewable infrastructure fund, invested in operating UK wind farms.

Primary Health Properties Plc – invest in modern properties for local primary healthcare in the UK.

Bluefield Solar Income Fund Limited – is focused on the acquisition and long term management of a diversified portfolio of low carbon assets in the UK.

The other area that they see as being different is the defensive nature of investments and therefore lower volatility than the sector:



They would summarise the difference for this strategy across seven areas – diversification, income, low volatility, inflation linked assets, UK focused, liquidity and capital growth prospects.

From our view there are several infrastructure funds available and more and more are focused away from old society to new society assets. Since launch the performance has been weak and that could reflect the performance of sectors such as oil. We would therefore want to monitor the performance before we added to the watchlist. The defensive nature should in theory protect it more, but we are in a difficult environment. This will likely appeal to those investors wanting to invest in infrastructure that is doing good, and who are seeking an uplift in their invest as well as some income characteristics.

The source of information in this note has been provided by Time and is correct as of December 2022. 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 decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.