

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.

Fund Factsheet Link

<https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000ZRV1>

Management

Manager Name

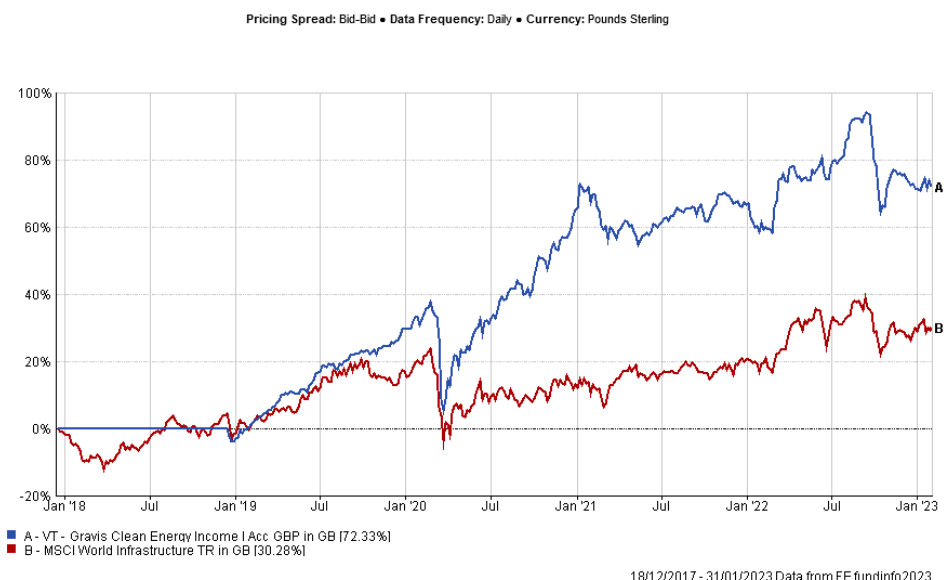
Will Argent

Start Date

18 December 2017

FUND PERFORMANCE

Performance from 18th December 2017 – 31st January 2023:



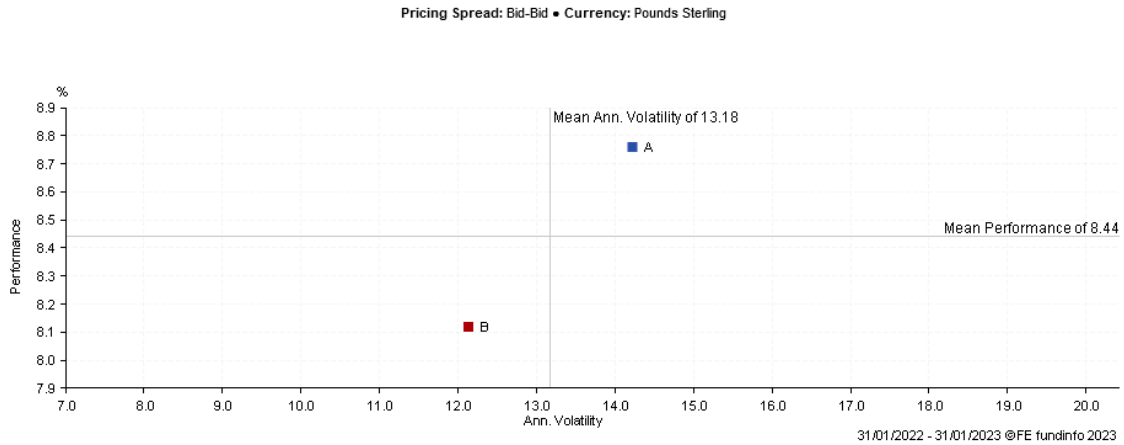
Please note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment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

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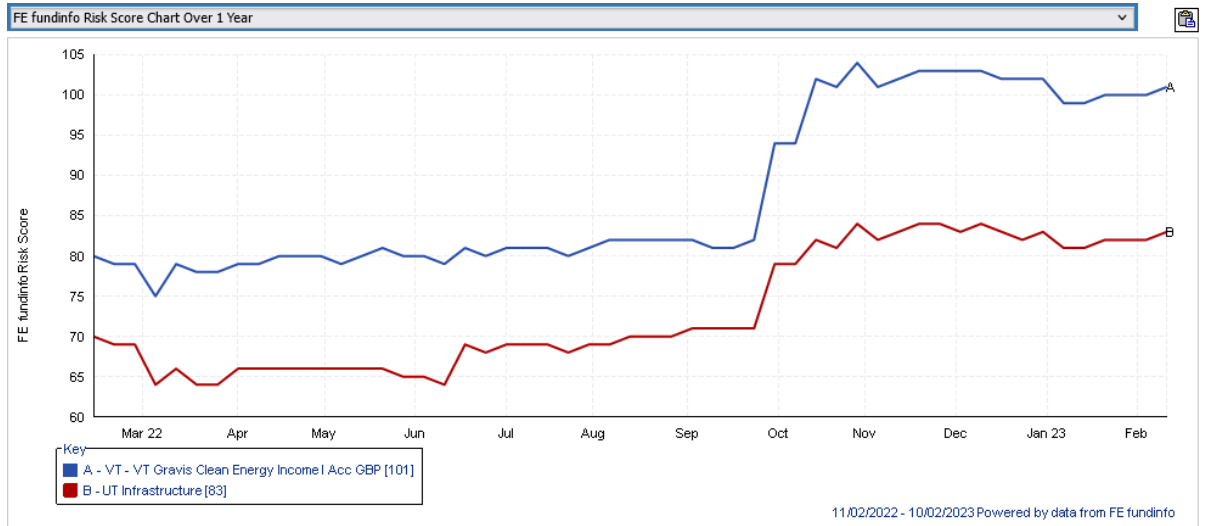
RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
5.67	0.99	-23.40	13.49	-20.81	70	86	7.59

VOLATILITY / RISK SCORE



Key	Name	Performance	Annualised Volatility
■ A	VT - Gravis Clean Energy Income I Acc GBP in GB	8.76	14.22
■ B	MSCI World Infrastructure TR in GB	8.12	12.13

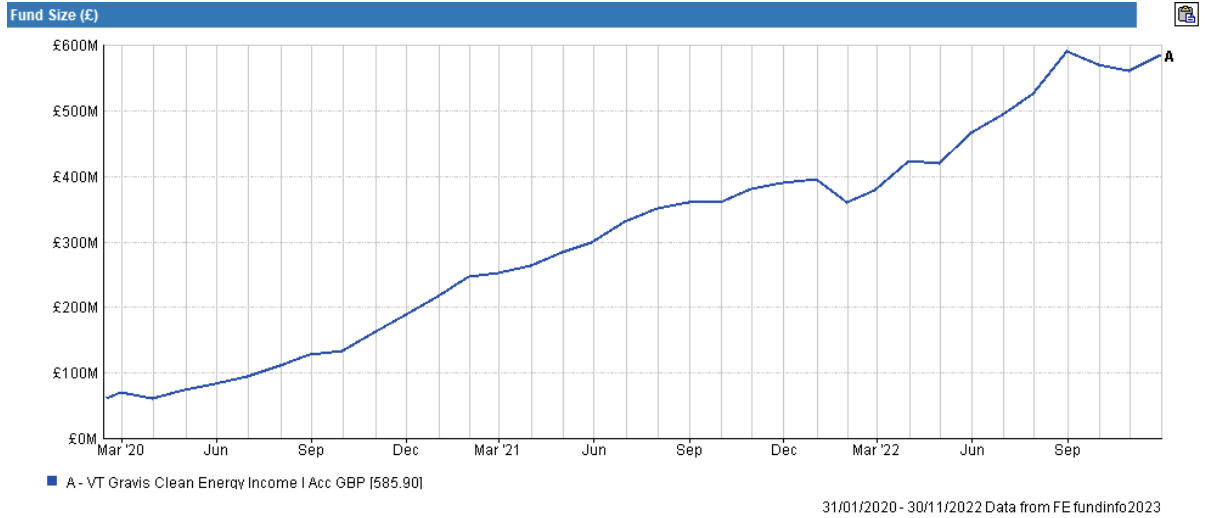


INVESTMENT STYLE DETAILS

Giant	0.00%
Large	6.95%
Medium	28.11%
Small	14.97%
Micro	0.00%

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FUND SIZE

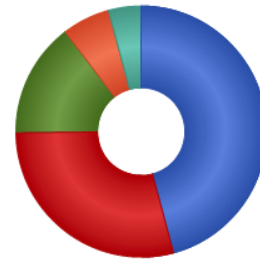


REGION WEIGHTING

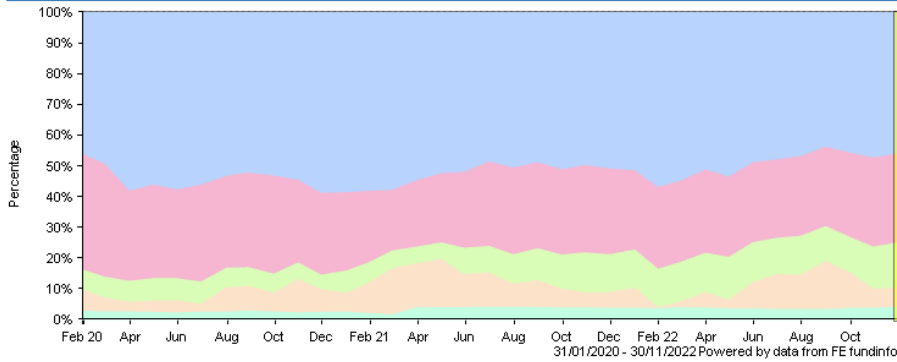
Region Weightings as at November 30, 2022

Rank	Change	Name	%
1	▲	UK	45.84
2	▲	NORTH AMERICA	29.00
3	▲	EUROPE EX UK	14.77
4	▲	MONEY MARKET	6.19
5	▲	AUSTRALASIA	4.20

▼ Faller ▲ Riser ► No Change ■ New Entry



Region Weightings



Region holdings as at 30/11/2022

Name	% Weighting
UK	45.85
North America	29.00
Europe ex UK	14.76
Money Market	6.19
Australasia	4.20

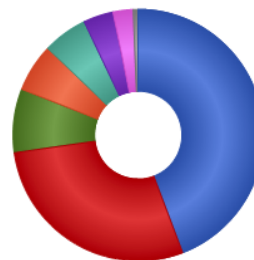
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SECTOR WEIGHTING

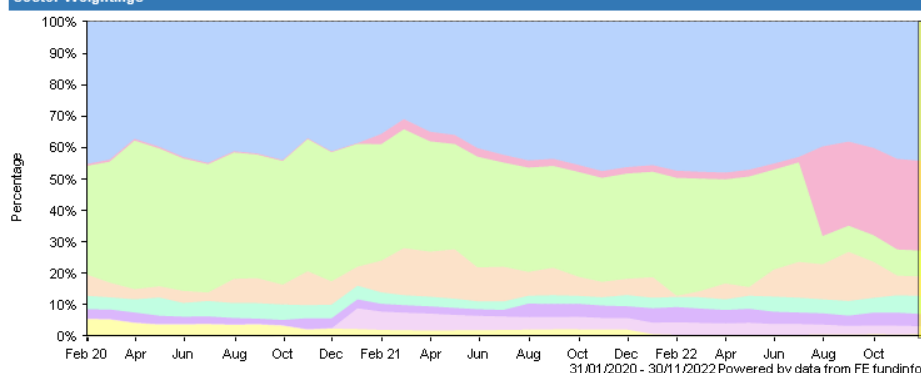
Sector Weightings as at November 30, 2022

Rank	Change	Name	%
1	►	UTILITIES	44.22
2	►	BASIC MATERIALS	28.54
3	►	COMMODITY & ENERGY	8.20
4	►	CASH & CASH EQUIVALENTS	6.19
5	►	FINANCIALS	5.76
6	►	TELECOM, MEDIA & TECHNOLOGY	3.87
7	►	EQUITIES	2.60
8	►	INDUSTRIALS	0.63

▼ Faller ▲ Riser ► No Change ■ New Entry



Sector Weightings



Sector holdings as at 30/11/2022

Name	% Weighting
Utilities	44.22
Basic Materials	28.54
Commodity & Energy	8.20
Cash & Cash Equivalents	6.19
Financials	5.75
Telecom, Media & Technology	3.86
Equities	2.60
Industrials	0.63
Forwards	0.00

HOLDINGS

Top 10 Holdings as at November 30, 2022

Rank	Change	Name	%	Sector Ranking*
1	►	GREENCOAT UK WIND PLC ORD 1P	6.76	n/a
2	►	RENEWABLES INFRASTRUCTURE GRP(THE)	6.08	n/a
3	►	ATLANTICA SUSTAINABLE INFRASTRUCR PLC	5.78	n/a
4	►	CLEARWAY ENERGY INC	4.97	n/a
5	►	NEXTERA ENERGY PARTNERS LP	4.82	n/a
6	►	HANNON ARMSTRONG SUSTAINBL INFR CAP	4.70	n/a
7	►	MERIDIAN ENERGY LTD	4.20	n/a
8	►	INNERGEX RENEWABLE ENERGY INC	3.80	n/a
9	►	BROOKFIELD RENEWABLE CORP	3.78	n/a
10	►	GREENCOAT RENEWABLES PLC ORD EURO.01 CDI	3.71	n/a
Total			48.60	

* This is the holding ranking within the fund sector composite portfolio (calculated from all available concurrent full portfolios of funds within the sector).



OTHER DATA

Benchmark	MSCI World Infrastructure
Target Yield	4.5% p.a.
Fees	1.26%

Bull points (pros)	Bear points (cons)
<ul style="list-style-type: none"> Target income of 4.5% p.a. with focus on protecting capital Focus on contracted revenues providing greater visibility of earnings 	<ul style="list-style-type: none"> Can be negatively impacted by rising inflation and interest rates Negative legislation especially in the UK and Europe

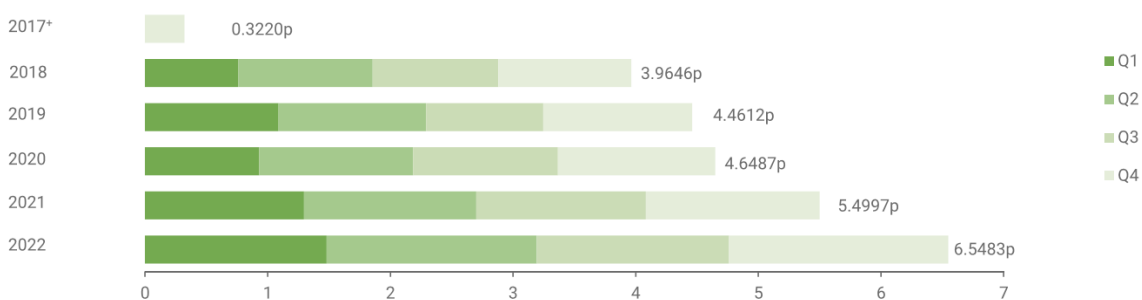
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- Specific sub sector of the MSCI World Infrastructure Index
- Looks to mainly operational assets (nearly 80% of holdings)

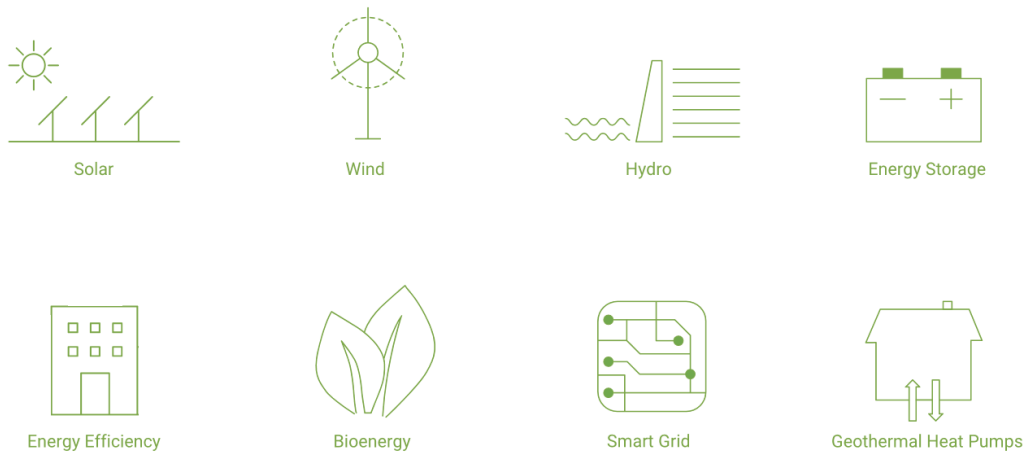
UPDATE....

This strategy aims to deliver a sustainable and growing income of 4.5% p.a. with a focus on protecting and growing capital. The chart below demonstrates that steady increase in dividends since the strategy was launched.

Quarterly since inception* to 31 December 2022



To get to this point it is important to understand what the strategy is looking to achieve, and where it invests. The aim is to invest in assets which deliver long dated contracted cash flows from energy infrastructure. The range of assets includes:



That focus on contracted cash flows provides investors with a clue to what they are getting with this.

1. It is designed to invest in companies which are engaged in the provision of clean energy, energy efficiency and related themes with a focus on long-dated visible cash flows. This in turn aims to deliver a regular income of 4.5% p.a. with the aim to protect and grow capital
2. It should be different to global equities and other traditional asset classes
3. The strategy adheres to a Responsible Investment Statement

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Although it is benchmarked to the MSCI World Infrastructure Index, it has a relatively low correlation to this.

Period: 3 years • Currency: Pounds Sterling

Name	MSCI World Infrastructure TR in GB	VT - Gravis Clean Energy Income I Acc GBP in GB
MSCI World Infrastructure TR in GB		0.65
VT	0.65	
Gravis Clean Energy Income I Acc GBP in GB		

Data provided by FE fundinfo. Care has been taken to ensure that the information is correct but it neither warrants, represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.
FE fundinfo (UK) Limited Registration number: 2405213. Registered office: 3rd Floor, Hollywood House, Church Street East, Woking, GU21 6HJ. Telephone 01483 783 900
Website: www.financialexpress.net

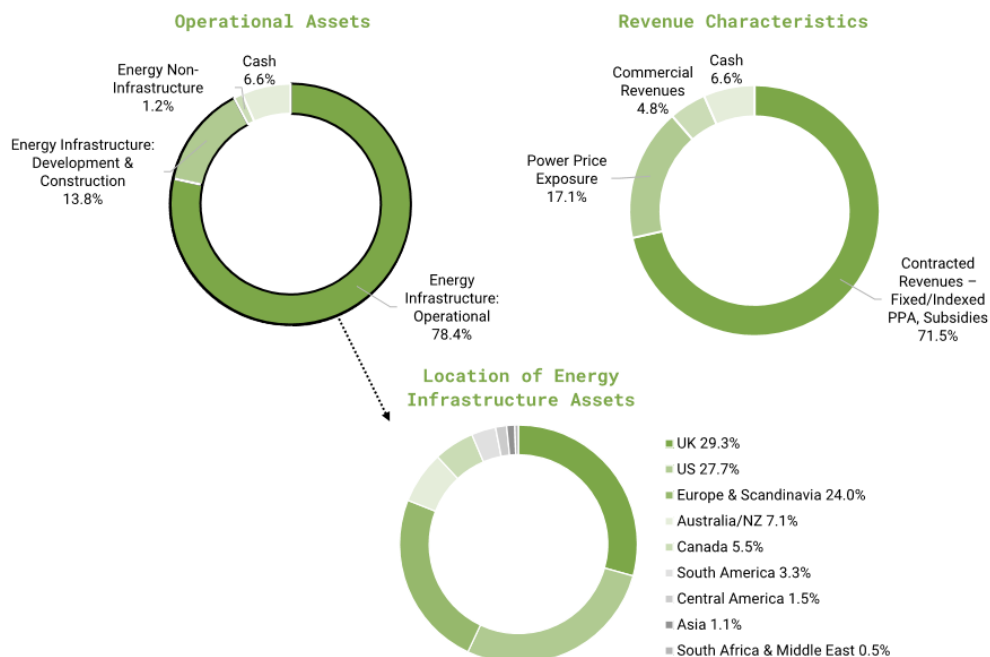
This is because effectively it is a subset of that index. It has very little exposure to fossil fuels and only where they are a marginal part of a business.

When we look across MSCI World we can see that the strategy aims to deliver both income and growth but with lower levels of volatility, and that is the predictability.

	Return Since Launch*	Volatility Since Launch*
VT Gravis Clean Energy Income Fund	80.06%	11.41%
MSCI UK	20.41%	17.91%
MSCI World	50.07%	17.98%
MSCI World Infrastructure	29.01%	15.47%
S&P Clean Energy	167.24%	27.77%
Average	69.36%	18.11%

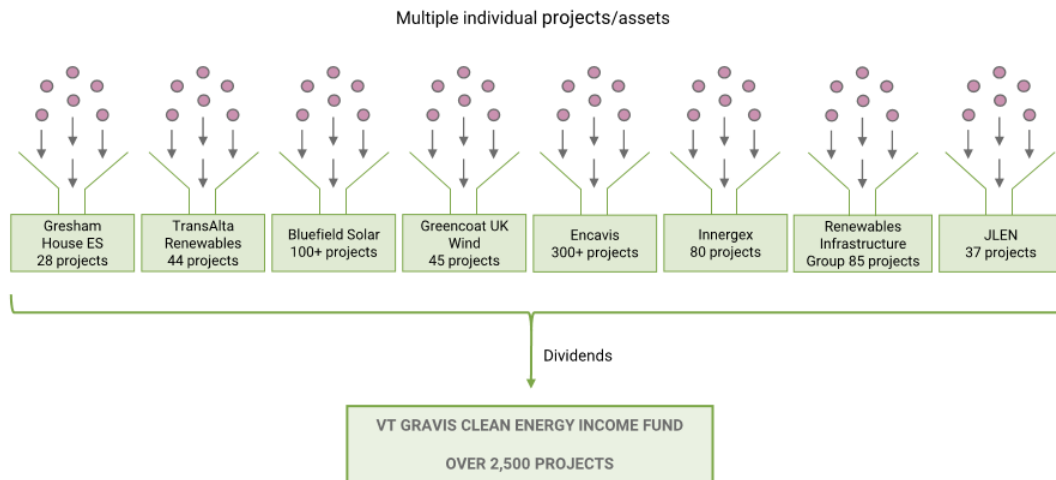
It invests across closed-end investment companies (sometimes called investment trusts), and equities. Regionally it is mainly UK and North American focused.

The charts below are important for investors. This demonstrates that the majority of the holdings are in operational infrastructure, with most of the revenues coming from contractual agreements.



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With development projects there is a breadth and depth across many sectors and assets:



Clearly the increase in power prices has helped some of the holdings and this was a tail wind for the fund in 2022. However, performance drifted towards the end of the year and beginning of this year, with higher inflation and interest rates being a drag on returns.

Additionally, the strategy has come under pressure from the Market Intervention Act in the UK which runs until the end of 2028. In the EU there is a European Revenue Cap which runs until 30 June 2023. However, the US Inflation Reduction Act and Repower EU are positives.

The negative repricing in recent weeks has meant that several of the holdings are trading on significant discounts, and so the team are feeling positive moving forward.

In summary, this is an income producing asset looking to benefit from clean energy infrastructure. It invests in high quality assets and has been able to deliver strong consistent returns since its launch five years ago.

The source of information in this note has been provided by VT Gravis and is correct as of January 2023. 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.