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	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000ZRV0

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

Investment Style Details	
Equity Style	
Market Capitalisation	**% of Equity**
Giant	-
Large	-
Medium	-
Small	-
Micro	-

Top 10 Holdings		
Total number of holdings		31
Assets in Top 10 Holdings		49.90%
Name	**Sector**	**% of Assets**
8point3 Energy	-	6.60%
Greencoat UK Wind	-	5.75%
Saeta Yield SA	-	5.55%
Hannon Armstrong Sustainability	-	5.20%
Pattern Energy Group	-	4.60%
Meridan Energy	-	4.50%
Atlantica Yield PLC	-	4.50%
Capital Stage	-	4.40%
NRG Yield	-	4.40%
NextEnergy Solar	-	4.40%

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

FUND PERFORMANCE

Performance from 20 November 2017 to 31st January 2018:

	2017	2018
VT Gravis Clean Energy Income Fund	-0.04%	-2.55%
iShares MSCI World	3.39%	3.33%

Performance since launch:

	Since launch
VT Gravis Clean Energy Income Fund	-2.59%
iShares MSCI World	6.83%

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 is a newly launched fund which focuses on companies in the Clean Energy Sector. It is purely targeting an income return of 4.5% annually with the aim to at least preserve capital and where possible grow it.

The investable universe consists of equities, green bonds, closed ended investment companies and yield companies. The aim is to invest in renewable energy (companies owning renewable energy assets or operations directly linked to the funding, construction, generation and supply or renewable energy), and greener energy (companies that derive a significant part of their revenue from increasing the efficiency of or reducing pollution from generating and supplying energy or using energy).

William explained that the market for this growing, nearly 25% of global electricity, is generated from renewable resources and this is set to expand. Renewable energy includes wind, solar and hydro. The fund targets OECD countries so includes holdings in the UK, Europe, Scandinavia, New Zealand and the US. The assets of these companies may operate in other countries such as Latin America and Japan.

The types of holdings include:

1. Companies that own renewable energy assets – examples of holdings include 8point3 and Greencoat
2. Companies directly linked to renewable energy – examples of holdings include First Solar and Hannon Armstrong
3. Companies improving energy generation and supply – examples of holdings include John Matthey and Umicore
4. Companies improving energy usage – examples of holdings include Universal Display Corporation and Philips

The fund will look to hold a minimum of 22 stocks, and currently holds 31. The size of the fund is still small at £4 million but they expect this to grow and expect the maximum to be around £750 million to £1 billion. Liquidity of assets shouldn't be an issue but like any equity-based portfolio at times of market stress this could be a concern. The risks to the fund include currency exposure, being seen as a bond proxy and political risks. Inflation is not seen as a risk as most contracts are inflation linked.

Another factor to consider is that some of the assets will be wasting assets. So, a solar plant has a 25-year time frame, so at the end of the term the asset is worth nothing. The aim of the fund is not to make many changes, and how they manage wasting assets is difficult to tell.

In summary, for those wanting to invest in the renewable energy sector this is a fund to consider. The challenge is that the fund doesn't have a track record and investors may want to look to other funds in the sector which offer this. William joined Gravis 8 months ago to launch this vehicle and therefore there is a risk that if it doesn't attract money or fails to perform it could be closed. So, although the concept is good it is fair to ask whether it is better to wait before investing.