

**SHINING A LIGHT ON THE.....
VT Gravis UK Infrastructure Income Fund**

AT A GLANCE

Investment Objective	
<p>The investment objective of the VT UK Infrastructure Income Fund is to generate income and preserve capital with potential for capital growth. The sub-fund will aim to meet its objectives by investing primarily in equities (which are mainly listed in the United Kingdom and whose primary activity is in the wider infrastructure sector of the United Kingdom). 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. The Fund will have a specific focus on investments denominated in Sterling, which are themselves invested in Sterling assets and which have most or all of their activities within the UK. Other than as noted in the policy there is no particular emphasis on any geographical area or industry or economic sector. It is not envisaged that Derivatives will be used.</p>	

Inception Date	25 January 2016
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000WSJQ

Management	
Manager Name	Start Date
-	-

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

Top 10 Holdings		
Total number of holdings	24	
Assets in Top 10 Holdings	59.82%	
Name	Sector	% of Assets
Renewables Infrastructure Group	-	9.52%
GCP Infrastructure Investment Ord	-	8.51%
Bluefield Solar Income Fund	-	6.65%
Primary Health Properties	-	6.27%
NextEnergy Solar Ord	-	4.91%
Sequoia Economic Infrastructure Inc Ord	-	4.90%
John Laing Environmental Assets Ord	-	4.87%
GCP Asset Backed Income	-	4.82%
Foresight Solar Ord	-	4.74%
Hicl Infrastructur	-	4.64%

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Volatility Measurements	
3-Yr Std Dev (volatility)	5.98%
3-Yr Mean Return (average)	7.56%

FUND PERFORMANCE

Performance from 25th January 2016 to 31st March 2019:

	2016	2017	2018	2019
VT Gravis UK Infrastructure Income Fund	11.61%	4.43%	2.05%	6.34%
Vanguard Global Bond Index Fund	2.76%	2.00%	-0.11%	2.77%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
VT Gravis UK Infrastructure Income Fund	14.21%	23.80%	26.48%
Vanguard Global Bond Index Fund	3.23%	4.92%	7.61%

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....

Infrastructure is seen as a diversifying asset class which can compliment equities and bonds. The aim of the Gravis Fund is to deliver a net income of 5% per annum and preserve capital. The fund focuses on the UK and is effectively a fund of funds, investing in closed ended infrastructure funds like 3i, Renewables Infrastructure Group Ltd etc.

The majority of returns will come from the income. They feel confident on what the fund can deliver and when it might struggle. If the UK enters a rapid rate hike, then this will damage returns. If rates went up to 5% then investors should avoid the fund. They think long term rates will settle around 2 to 3% and this should be okay for returns.

They can hold direct equities, but the main focus is on closed ended structures. The fund currently has 24 holdings and largest weighting is 9.5%. It looks to control volatility and this is at the low end of the scale. Underlying project exposure includes solar, wind, healthcare and housing and social.

In terms of where this sits this fund is about preserving capital and paying a steady income. Its risk comes from a rapid rate hike and if an investor thinks this is unlikely then this could be seen as a good blend with equities and bonds. There are other infrastructure funds like 3i which have significantly outperformed this fund, but they carry greater risk. So, the question really is about why an investor wants to access infrastructure and then what level of risk they are prepared to take with this.

This is a UK focused fund, and this may deter investors who want a more globally diversified fund. From the meeting we had with the manager we see this is a slow steady eddy. It can be used to provide income or the income can be re-invested, and/or this could be used a blend within a portfolio. It

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doesn't carry the same investment risk as some other similar funds but it is interest rate sensitive and any investor would need to follow this.

In terms of Gravis, they have gradually been building a reputation in this area. They also offer a Clean Energy Income Fund, Student Accommodation Fund and Asset Backed Fund.

In summary, the fund has very specific aims and can be used either for income or as a blend within a portfolio. The risk lies with interest rate sensitivity and this is something any potential investor would need to consider.

The source of information in this note has been provided by Gravis and is correct as at April 2019. 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.