

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Gravis UK Infrastructure Income Fund on the outcome of the AFM's assessment of the value provided to shareholders

For the year ended 31 December 2019

This assessment is to establish what the VT Gravis UK Infrastructure Income Fund (the fund) has delivered to you in return for the price you have had to pay.

The AFM is the Authorised Corporate Director of the fund, Valu-Trac Investment Management Limited (Valu-Trac). The Investment Adviser is Gravis Advisory Limited.

The fund was launched on 25 January 2016.

The investment objective of the VT Gravis 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.

	At and for the year ended			
	31 Dec 2019 ³	31 Dec 2018 ³	31 Dec 2017 ³	31 Dec 2016 ³
Value of fund				
C Net Income GBP	£69,329k	£41,493k	£43,274k	£14,765k
C Net Accumulation GBP	£145,319k	£70,540k	£71,886k	£35,139k
C Net Income EUR ²	EUR 283k	EUR 97k	EUR 40k	-
C Net Accumulation EUR ¹	EUR 239k	EUR 79k	EUR 68k	-
I Net Income GBP	£128,284k	£80,924k	£65,921k	£32,097k
I Net Income USD	\$368k	\$317k	\$325k	\$324k
I Net Accumulation GBP	£228,267k	£94,789k	£70,196k	£25,439k
Shares outstanding				
C Net Income GBP	59,469k	40,586k	40,470k	13,803k
C Net Accumulation GBP	102,867k	59,593k	61,849k	31,509k
C Net Income EUR ²	277k	107k	42k	-
C Net Accumulation EUR ¹	206k	81k	70k	-
I Net Income GBP	110,083k	79,241k	59,408k	30,094k
I Net Income USD	300k	300k	300k	300k
I Net Accumulation GBP	160,614k	79,695k	60,226k	22,793k

NAV per share

C Net Income GBP	116.58p	102.24p	106.22p	106.97p
C Net Accumulation GBP	141.27p	118.37p	116.23p	111.52p
C Net Income EUR ²	101.99c	90.52c	95.06c	-
C Net Accumulation EUR ¹	115.97c	98.43c	97.80c	-
I Net Income GBP	116.53p	102.12p	105.91p	106.66p
I Net Income USD	122.78c	105.83c	108.29c	108.14c
I Net Accumulation GBP	142.12p	118.94p	116.55p	111.61p

Dividend per share

C Net Income GBP	5.55p	5.82p	5.26p	4.59p
C Net Accumulation GBP	6.02p	6.35p	5.59p	4.81p
C Net Income EUR ²	3.88c	4.49c	2.10c	-
C Net Accumulation EUR ¹	4.23c	4.70c	2.93c	-
I Net Income GBP	5.17p	5.82p	5.45p	4.88p
I Net Income USD	4.26c	4.53c	4.29c	3.70c
I Net Accumulation GBP	6.12p	6.62p	5.79p	4.79p

Net gains/(losses)

Capital gain/(losses)	£55,895k	(£10,384k)	(£3,720k)	£2,788k
Total Net gain/(losses)	£79,275k	£6,280k	£7,647k	£4,956k

1 Share class launched on 18 May 2017 at 100c

2 Share class launched on 21 June 2017 at 100c

3 Sources of data is Valu-Trac Administration Services. All share classes deominated in currencies other than GBP are hedged back to the fund domicile of GBP.

The Fund does not have a specific benchmark. However, the performance of the Fund can be assessed as to whether the objective has been achieved, particularly over the long term (5+years)). Note that the fund was launched in January 2016, hence no share class is 5+ years old currently.

Cumulative gain to 31 Dec 2019**Total****Increase in NAV per share**

C Net Income GBP (dividends paid are excluded)	17%
C Net Accumulation GBP	41%
C Net Income EUR (Hedged) (Dividends paid are excluded)	2%
C Net Accumulation EUR (Hedged)	16%
I Net Income GBP (Dividends paid are excluded)	17%
I Net Income USD (Hedged) (Dividends paid are excluded)	23%
I Net Accumulation GBP	42%

In carrying out the assessment of value the following criteria were considered:

1. Quality of service

The AFM considers that a good level of service was provided to shareholders by all parties involved commensurate to the amount paid by the fund for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depository Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP

These services are essential in ensuring that the fund operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the fund's units will always be carried out exactly as set out in the documentation. During the period under review the AFM had in fact changed the fund's custodian to RBC following a review of custody providers and comparing the quality of the services provided in addition to costs. Such items as recovery of withholding tax and efficiency of opening new investment markets were considered.

Valu-Trac does not delegate any of the core functions of the fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with Gravis Advisory Limited to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

2. Performance

The AFM has assessed performance of the fund net of all the charges that are outlined in its prospectus. The objective of the fund is two-fold; long-term capital growth and to generate income, and should be considered in the longer term (5+ years). However the fund was only launched in January 2016 so the performance up to 2019 is presented below for all share classes from their respective launch dates.

To show long-term capital growth, the total returns generated are shown on the table below this is after operating costs, including the fee paid to the investment manager, and transaction costs which vary depending on the class of shares, this is discussed more in the Classes of Units section below.

	Performance to 31 Dec 2019	Annualised Performance
C Net Income GBP (launch 25/01/2016)	37.8%	8.2%
C Net Accumulation GBP (launch 25/01/2016)	41.3%	9.0%
C Net Income EUR (Hedged) (launch 21/06/2017)	12.5%	4.8%
C Net Accumulation EUR (launch 18/05/2017)	16.0%	6.1%
I Net Income GBP (Hedged) (launch 25/01/2016)	37.9%	8.2%
I Net Income USD (Hedged) (launch 25/01/2016)	39.6%	8.8%
I Net Accumulation (launch 25/01/2016)	42.1%	9.2%

Total return basis has distributions added back in for the Income share classes.

The levels of income can be seen to have been achieved by looking at the dividends paid in the current year, and the average dividends paid since launch.

	2019 Distribution	Average Distribution
C Net Income GBP	5.55p	5.39p
C Net Accumulation GB	6.02p	5.78p
C Net Income EUR ²	3.88c	3.98c
C Net Accumulation EU	4.23c	4.71c
I Net Income GBP	5.17p	5.41p
I Net Income USD	4.26c	4.26p
I Net Accumulation GBF	6.12p	5.92p

3. AFM costs - general

The costs (in £) charged during the year ended 30 September 2019 were as follows:

Authorised Corporate Director fee	20,934 (VAT exempt)
Investment Management fee	2,944,747 (VAT exempt)
Depository fee	160,125 (VAT inclusive)
Safe Custody fee	18,186 (VAT inclusive)
Audit fee	8,100 (VAT inclusive)
FCA fee	69 (VAT exempt)
Other fees and subscriptions	86,770 (VAT inclusive)
Total costs	3,238,931

Net Income for the year (capital and revenue) was £76,037k. There was no taxation.

Note that the Investment Manager pays a rebate to the fund such that the operating costs per share class do not exceed the IM charge for that share class (0.75% for the C shares, 0.65% for the I shares)

There were no preliminary charges by shareholders during the year.

It should be noted that the prospectus does also allow for dilution levies if the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 3% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

Economies of scale

IM fees are charged as a fixed percentage per share class (see Classes of units section below), these rates have not changed since 2016. Other fees are fixed, inflation linked or reduce in rates dependent on the size of the fund. This indicates that as the fund grows in size, the actual costs of the fund per share class will reduce. However the existence of the rebate means that the costs per share class are no more than the IM fee charged for that share class.

4. Comparable market rates

The AFM has compared the charges of this fund with that of comparable funds. The AFM believes that the shareholders of the fund are achieving efficient market rates as a whole. As the AFM assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

5. Comparable services

The services provided to this fund and the costs are also comparable amongst other similar funds operated by the AFM.

6. Classes of units

There are 7 share classes, split between C shares and I shares

	At and for the year ended			
	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Operating charges				
C Class	0.75%	0.75%	0.75%	0.75%
I Class	0.65%	0.65%	0.65%	0.65%

The lower fee for the I Classes is due to the higher minimum investment figure required (£5,000,000) compared to the C Classes (£1,000). Due to the rebate the Operating charges are the equivalent of the Investment management fee.

CONCLUSION

In taking all of these criteria into consideration the AFM concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders and that the shareholders of VT Gravis UK Infrastructure Income Fund C and I are receiving good value.

29 April 2020