GRAVIS UK INFRA

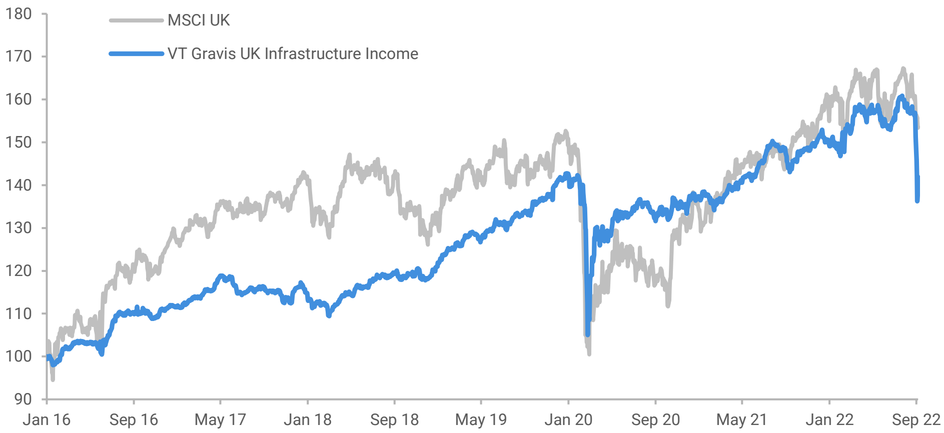
MONTHLY FACTSHEET 30 SEPTEMBER 2022

FUND OBJECTIVES

- To deliver a regular income expected to be 5%[1] per annum
- To preserve investors' capital throughout market cycles with the potential for capital growth and protection from inflation.
- To invest in GBP UK Listed Securities including Investment Companies, Equities, Bonds and REITs
- To offer exposure to a vital sector for the UK's economy which is increasingly becoming a key component of any well-balanced investment portfolio

PERFORMANCE CHART

VT Gravis UK Infrastructure Income Fund – C Acc GBP (Total Return after charges)
25/01/2016 – 30/09/2022



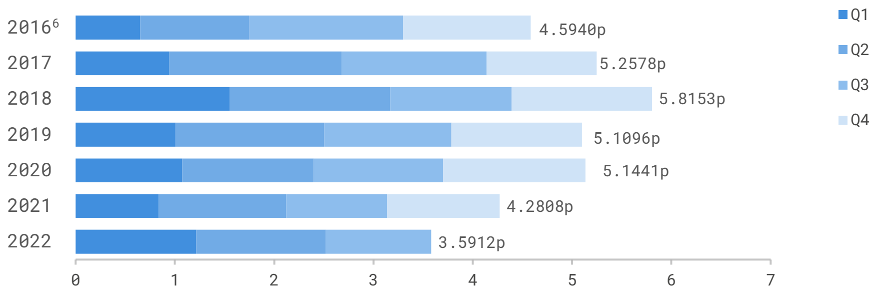
RETURNS

	1 MONTH	3 MONTHS	12 MONTHS	3 YEARS	5 YEARS	SINCE INCEPTION	YTD	YIELD[5]
VT Gravis UK Infrastructure	-10.24%	-8.03%	-1.85%	5.96%	23.00%	41.88%	-6.40%	4.56%
MSCI UK	-4.98%	-2.92%	3.78%	4.75%	13.95%	53.53%	-1.30%	3.85%

Past performance is not necessarily indicative of future results.
Fund launched on 25 January 2016.
Fund performance is illustrated by the C GBP Net Accumulation share class.

DIVIDENDS

Dividends paid since inception for C GBP Income share class.



Fund overview

Name	VT Gravis UK Infrastructure Income Fund
Regulatory Status	FCA Authorised UK UCITS V OEIC
Sector	IA Infrastructure
Launch Date	25 January 2016
Fund Size	£826.44m
Number of Holdings	31
Share Classes	Income and Accumulation Clean & Institutional (£,$,€)
Min. Investment	C: £1,000
Net Asset Value per share	C Acc (£): 141.88p C Inc (£): 103.58p
Trailing 12 month net yield[2]	C Inc: 4.56%
Annual Management Charge	C: 0.75%
Capped fund OCF[3]	C: 0.75%
Synthetic OCF[4]	C: 1.62%
Dividends Paid	End of Jan, Apr, Jul, Oct
Classification	Non-complex
Liquidity	Daily dealing
ISINs	C Acc (£): GB00BYVB3M28 C Inc (£): GB00BYVB3J98

1. This is an unofficial target and there is no guarantee it will be achieved. Per annum by reference to launch price of £1.00 per unit, payable quarterly, one month in arrears.
2. Published dividends are net of charges which are taken from income. C Inc share class.
3. The OCF for all share classes is capped at the AMC and any costs in excess of the OCF/AMC will be paid by the Investment Adviser.
4. The 'Synthetic' Ongoing Charges Figure (OCF) is calculated using the weighted average OCF of the Fund's underlying holdings where these figures are published; the aggregated figure for the 22 of the 32 holdings in the portfolio is 0.87%. Whilst the requirement to publish the 'Synthetic' OCF is a new one as at 30th June 2022, this is not a new cash charge to investors and the OCF of the Fund remains capped at the AMC.
5. 12 month trailing net yield C Inc share class.
6. Part period from 25.01.16 – 31.03.16
All data, source: Valu-Trac Investment Management and MSCI Inc and Reuters.

FUND ADVISER'S REPORT

The strategy recorded new highs during the third quarter, only to see all gains eradicated in the final weeks of September as the incoming Conservative leadership unleashed a "mini-budget" which rocked domestic capital markets. Gilt yields increased sharply, reflecting a heightening in the perceived risk of lending to the British government. Accordingly, income-focused assets, including the listed infrastructure sector, reacted negatively to the shift in yield expectations and although the Fund recovered a little ground in the final days of September, the C Accumulation GBP units recorded a loss of 8.03% for the period.

Infrastructure assets generally provide exposure to long-duration cash flows, which are sensitive to changes in interest rates and yields. In the immediacy, higher yields available on gilts have driven a commensurate sell-off in other income-focused investments including corporate bonds and listed infrastructure companies. However, the current environment – both in terms of the political backdrop and the behaviour of capital markets - is incredibly volatile and it remains to be seen where longer-term yield expectations will settle. In October, we have already seen a number of row-backs on planned tax cuts and a new Chancellor installed. While the situation remains highly fluid it seems premature to extrapolate prevailing yield expectations but nevertheless, it has prompted a healthy re-evaluation of long-term return requirements among income investors.

While secondary market transactions are also used as a reference point for asset valuations, in many cases (aside from physical property assets) a discount rate is used to calculate the present value of future cash flows. The discount rate is essentially a reflection of the required return on a particular asset and can be further distilled into two components: a reference long-term bond yield and a risk premium. Although yield expectations had been moving gradually higher this year in response to inflationary pressures and the necessary inflection in the interest rate cycle, the longer-term trend (certainly over the life of the Fund) has been for yields to move ever lower. However, we have generally observed that overall discount rates have not moved in lockstep, rather the risk premium has expanded. In our view, a degree of cushioning is built into discount rates such that higher reference yields could be largely absorbed by reducing the risk premium resulting in perhaps only a modest increase in the overall discount rate. This is a concept that will be tested at upcoming valuation points. HICL – a bell-weather of the core social infrastructure sector – reports its next interim results with a reference date of 30th September.

The UK 30-year reference yield was c.380bps (vs. c.180bps at the latest 31st March valuation point) but we anticipate that the company will act in the manner described above, thereby leaving some flexibility to assess how yield and return expectations evolve in coming months. And this is a critical point – markets are in such a state of panic and turbulence that it is highly questionable as to whether current data points provide an accurate basis looking forward. It seems a reasonable approach to step back and allow for some longer-term perspective. In addition, we believe that underlying assets are, on balance, no riskier now than they were in 2007/2008 when the risk premiums incorporated into valuations were at their lowest.

Demand for long-dated infrastructure assets is likely to persist despite the near-term uncertainty. We cannot envisage a situation where companies derate too much further before the prospect of M&A becomes very real. Given the devaluation in GBP, it would not be surprising to see interest in some of the Fund's operating businesses starting to emerge.

Investors will find it encouraging to note that the Fund entered this period of volatility with a decent cash balance (c.6% ahead of the "mini-budget" announcement) providing a comfortable position from which to meet any redemptions but also from which deploy capital opportunistically. In this regard, additions have been made to high quality names in the sector, which improve the portfolio's credentials in terms of some of the "soft targets" around which it is constructed including government-backed and regulated cash flows and inflation-protection.

Third quarter dividend announced

Income distributions for the third quarter of 2022, payable in October, increased by more than 4% year-on-year and amounted to 1.0597p per C Income GBP unit and 1.0852p per I Income GBP unit. The trailing 12-month yield on the C Income GBP units is 4.56%. We do not anticipate disruption to dividend distributions over the remainder of the year and target a higher absolute full-year payout from the strategy when compared with 2021.

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Investment Adviser

Gravis Advisory Limited is owned and managed by Gravis Capital Management Ltd ("Gravis").

Gravis Capital Management was established in May 2008 as a specialist investor in property and infrastructure and now manages c.£3bn of assets in these sectors in the UK. Gravis entered into a strategic partnership with ORIX Corporation in January 2021.

Gravis Advisory Limited is also the Investment Adviser to the c.£570m VT Gravis Clean Energy Income Fund, the c.£68m VT Gravis UK Listed Property Fund and the c.£40m VT Gravis Digital Infrastructure Income Fund.

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CORRELATION, PERFORMANCE AND VOLATILITY COMPARISON

25 January 2016 – 30 September 2022

	CORRELATION	RETURN	VOLATILITY	YIELD*
VT Gravis UK Infrastructure Income Fund (C Acc)	-	41.88%	9.16%	4.56%
MSCI UK	0.42	53.53%	16.85%	3.85%
MSCI World Infrastructure	0.20	64.77%	14.63%	3.83%
UK 10 Year Gilts	0.03	-22.18%	6.77%	4.08%

Past performance is not necessarily indicative of future results.
Fund launched on 25 January 2016.
**12 month trailing net yield C Inc share class.*

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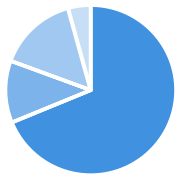
MONTHLY FACTSHEET
30 SEPTEMBER 2022

TOP 10 HOLDINGS

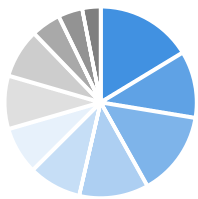
COMPANY	WEIGHTING
Greencoat UK WIND PLC	7.2%
Renewables Infrastructure Group Limited	7.1%
HICL Infrastructure Fund Limited	7.0%
Sequoia Economic Infrastructure Income Fund Ltd	6.3%
John Laing Environmental Assets Group Limited	5.3%
GCP Infrastructure Investments Ltd	5.0%
GCP Asset Backed Income Fund Limited	4.1%
Bluefield Solar Income Fund Ltd	4.0%
Primary Health Properties PLC	3.9%
National Grid PLC	3.9%

Security type



- Closed Ended Investment companies 68.8%
- Equities 11.8%
- REITs 15.1%
- Fixed Income & Cash 4.3%

Underlying Project Exposure



- Wind 16.3%
- Electricity & Water 11.3%
- Solar 14.3%
- Healthcare 11.7%
- Communications & Data 8.9%
- Other (incl. Cash) 8.0%
- PFI/PPP 9.0%
- Transport & Logistics 8.3%
- Housing & Accommodation 5.0%
- Renewable Energy 4.1%
- Energy Storage Solutions 3.1%

DISCRETE 5 YEAR PERFORMANCE

	2017	2018	2019	2020	2021
VT Gravis UK Infrastructure Income Fund	4.22%	1.84%	19.35%	-3.36%	11.04%
MSCI UK	11.71%	-8.82%	16.37%	-13.23%	19.59%
MSCI World Infrastructure	0.26%	0.57%	16.91%	-2.96%	7.29%
UK 10 Year Gilts	-0.68%	-1.79%	2.83%	2.91%	-8.18%

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