VT UK Infrastructure Income Fund

Monthly factsheet

October 2016

Overview

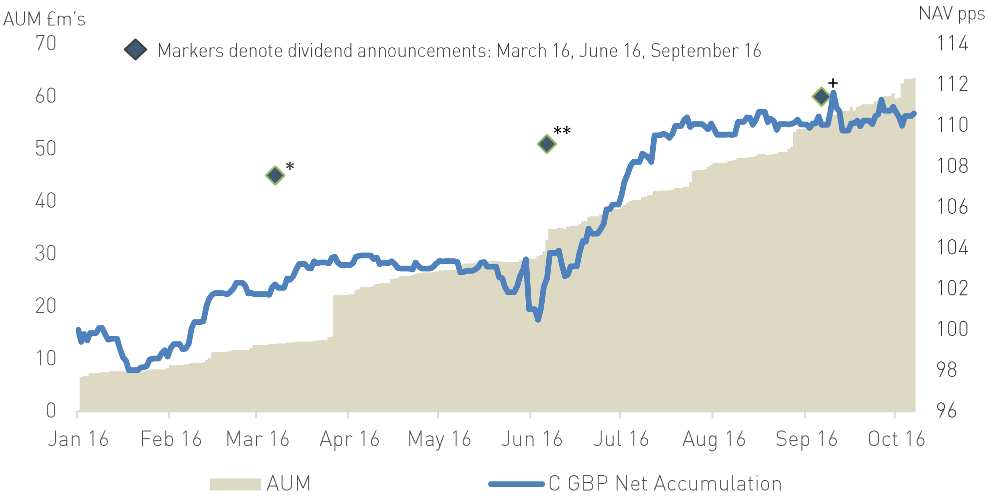
To deliver a regular income expected to be 5% per annum[1]

To preserve investors' capital throughout market cycles with the potential for capital growth and protection from inflation

To provide investors with exposure to the UK listed infrastructure sector

To offer investors exposure to a sector that is a vital part of the UK economy and is increasingly becoming a key component in any well-balanced investment portfolio

Performance: Assets Under Management (AUM) and C GBP Acc [25/1/16 – 31/10/16]



Returns

	Oct 16	3 Months	6 Months	Since Inception	Volatility
VT UK Infrastructure Income Fund	0.50%	2.18%	6.71%	10.60%	5.96%
MSCI UK	0.92%	4.36%	13.53%	22.49%	17.17%

Past performance is not necessarily a guide to future performance
The fund launched on 25 January 2016.
Fund performance is illustrated by the C GBP Net Accumulation share class.

Top 10 holdings on 31st October 2016

GCP Infrastructure Investments Ltd	8.7%
Renewables Infrastructure Group Ltd	8.2%
Bluefield Solar Income Fund Ltd	8.1%
Greencoat UK Wind PLC	6.1%
John Laing Infrastructure Fund Ltd	4.7%
Foresight Solar Fund Ltd	4.7%
John Laing Environmental Assets Group Ltd	4.6%
MedicX Fund Ltd	4.4%
HICL Infrastructure Company Ltd	4.4%
SQN Asset Finance Income Fund Ltd	4.3%

The VT UK Infrastructure Income Fund (the "Fund"), the first UK focused open ended infrastructure fund, launched in January 2016. It invests in UK listed Investment Companies, Equities and Bonds and is advised by GCP Advisory Limited.

Regulatory Status	FCA Authorised
Sector	IA Specialist
Fund Size	£63.57m
Share classes	Income & Accumulation Clean & Institutional
Charges[2]	C – 0.75% pa I – 0.65% pa
Min. investment	C – £1,000 I – £5,000,000
Dividends Paid	May 16: C – 0.6611p* I – 0.8026p Aug 16: C – 1.0992p** I – 1.1469p **Total: C – 1.7603p** **I – 1.9495p**
Dividends announced	Sept 16: C – 1.5485p+ I – 1.6002p
Currencies	£, $, €
£ ISINs	C Acc: GB00BYVB3M28 C Inc: GB00BYVB3J98 I Acc: GB00BYVB3T96 I Inc: GB00BYVB3Q65

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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, two months in arrears
2 – The OCF (Ongoing Charges Figure) for all share classes will be capped at the AMC (Annual Management Charge) above until 31/12/18 and any costs in excess of the OCF/AMC will be paid by the Investment Adviser.

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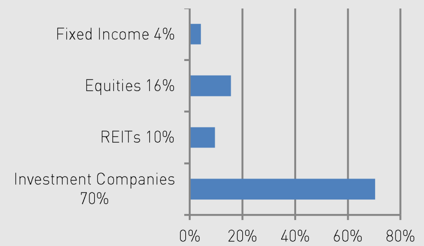
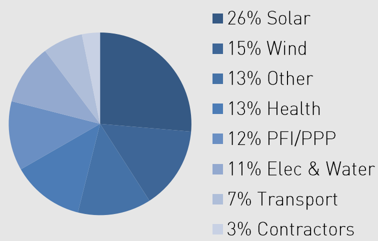
Sectors



Sources of Income



Available on the following platforms

AJ Bell
Allfunds
Alliance Trust
Ascentric
Aviva
Axa Elevate
Cofunds
FNZ
Hargreaves Lansdown
James Hay
Novia
Nucleus
Old Mutual (Skandia)
Pershing
Raymond James
SEI
Standard Life
Transact
True Potential

Fund Adviser's Report

We would like to take this opportunity to stress to investors that we continue to adjust weightings within the fund, so as to maintain our target of a 5% net yield for new investments at the current price level, and we proceed with a good level of confidence in that regard.
The re calibrations required are not dramatic (for example we increased our weighting to Bluefield Solar following a meeting with management where we were updated on their recent long term debt facility, done on favourable terms) and we maintain alongside this process our stated objectives of capital preservation and protection from inflation.
We have noted in a previous report that as infrastructure specialists we like a quiet month – "no drama investing" – and during October the fund performance exhibited modest daily movements and closed the month up 0.50% (C GBP Net Accumulation share class).
In the month we participated in a placement by Foresight Solar. We recently met the management and were able to update ourselves as to the operational performance of their existing and newly acquired assets. We were also able to take the opportunity to stress in turn that our fund represents a long term strategic allocation to the asset class. Following this we were gratified to be allocated with the full amount of our subscription in an over-subscribed offering – demonstrating a further aspect to the value that we are able, as aggregators, to realize in this manner for our end investors – the fund gives the retail investor institutional access and "buying power'.
Also during the month we exited our position in Innogy Finance plc (RWE) an investment grade bond that we had bought for its excellent yield but also in anticipation of capital gains potential on the re organization of RWE. This re organization having occurred in the summer we realized a 23.8% gain on the bonds, in addition to the coupon accrued at the rate of 5.15% during our holding period. There is a general paucity of value opportunities in the bond market, - indeed we remain fearful of a broad bond market sell off gathering pace – nevertheless we were able to replace the RWE with an equivalent size exposure to a bond secured on the major hospital in Peterborough - which is delivered via a PFI structure - at an attractive yield well in excess of 5%; our due diligence process here was supported by our group's long experience as principals in and lenders to PFI projects. That said, our bond allocation remains at half of what it was at launch, given our view that beyond our selected names capital losses from bonds seem likely in the coming quarters.

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Disclaimer