GRAVIS UK LISTED PROPERTY

MONTHLY FACTSHEET 31 DECEMBER 2022

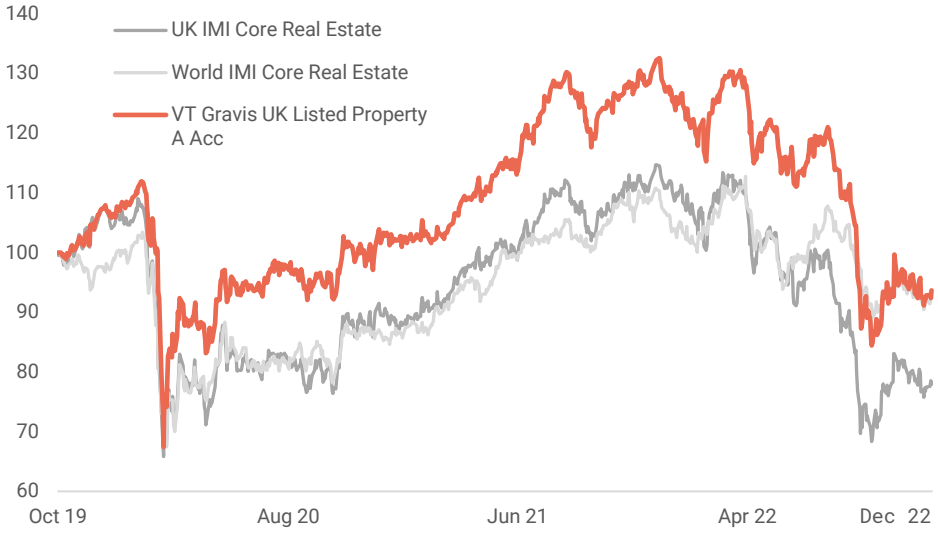
FUND OBJECTIVES

- To achieve capital growth through market cycles (we expect this to be a period of 7 years)
- To invest in a diversified portfolio of London Stock Exchange listed securities, consisting primarily of Real Estate Investment Trusts
- Avoids exposure to retail property companies
- Aims to deliver a regular income expected to be 4% per annum[1]

PERFORMANCE CHART

VT Gravis UK Listed Property (PAIF) Fund – A Acc GBP (Total Return after charges)

31/10/2019 – 31/12/2022



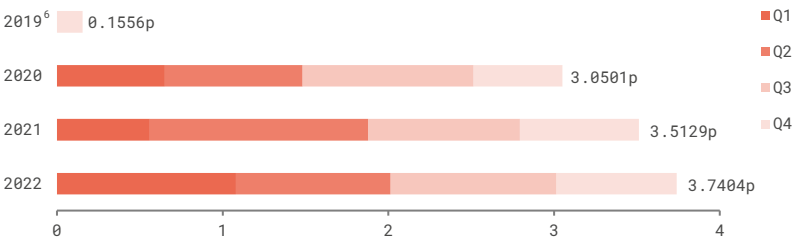
RETURNS

	1 MONTH	3 MONTHS	12 MONTHS	SINCE INCEPTION	YTD	12M VOL	YIELD[4]
VT Gravis UK Listed Property	-0.26%	4.74%	-29.17%	-6.37%	-29.17%	23.61%	4.43%
MSCI UK IMI Core Real Estate	-0.32%	5.13%	-32.09%	-22.10%	-32.09%	27.38%	4.30%
MSCI World IMI Core Real Estate	-3.85%	-0.73%	-16.25%	-7.42%	-16.25%	17.54%	4.02%

Past performance is not necessarily indicative of future results.
Fund launched on 31 October 2019
Fund performance is illustrated by the A GBP Net Accumulation share class

DIVIDENDS

Dividends[5] paid since inception for A GBP Income share class.



Fund overview	
Name	VT Gravis UK Listed Property (PAIF) Fund
Regulatory Status	FCA Authorised UK NURS OEIC with PAIF Status
Sector	IA Property Other
Launch Date	31 October 2019
Fund Size	£70.22m
Number of holdings	23
Share Classes	Income and Accumulation (£,$,€)
Min. Investment	A: £100 F: £100
Net Asset Value per share	A Acc (£): 93.63p A Inc (£): 84.45p
Trailing 12-month net yield	A Inc (£): 4.43%
Annual Management Charge	0.70%
Capped fund OCF[2]	0.70%
Synthetic OCF[3]	1.29%
Dividends Paid	End of Jan, Apr, Jul, Oct
Classification	Non-complex
Liquidity	Daily dealing
ISINs	A Acc (£): GB00BK8VW755 A Inc (£): GB00BK8VW532
Feeder ISINs	F Acc (£): GB00BKDZ8Y17 F Inc (£): GB00BKDZ8V85

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. *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.*
3. *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 9 of the 24 holdings in the portfolio is 0.59%. 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.*
4. *12 month trailing net yield, A Inc. Published dividends are net of charges which are taken from capital.*
5. *Part period from 31.10.2019 – 30.11.2019.*
6. *As of 30 June 2021, the Fund's financial year was changed to align with calendar quarters, resulting in a change to distribution dates. Subsequently 5 distributions were actually made in 2021 (of which 2 were in the second quarter period). Ex-dividend dates are now December, March, June and September*

All data, source: Valu-Trac Investment Management, MSCI Inc and Reuters.

Gravis

FUND ADVISER'S REPORT

"The REIT market starts 2023 at a historically attractive discount of 35.4% versus a 20-year average discount of 15.0%."

Over the course of December 2022, the NAV of the Fund decreased by 0.26% (A Acc GBP) and over the past year the Fund has decreased by 29.17% (A Acc GBP). Since launch the Fund has decreased by 6.37% (A Acc GBP), significantly outperforming the UK Real Estate Index[1], which has decreased by 22.10%, and the Global Real Estate Index[2] which has decreased by 7.42%.

The strategy of the Fund is to invest in a diversified portfolio of thematic real assets. The 23 investments within the Fund are aligned to benefit from four socio-economic mega trends: ageing population (16.9% portfolio weight), digitalisation (48.7% portfolio weight), generation rent (23.3% portfolio weight), and urbanisation (9.6% portfolio weight).

Commitment to this strategy has been crucial to delivering reliable, growing, quarterly income during 2022 and to outperforming the broader UK listed property market. The Fund has outperformed the broader REIT market every calendar year since launch. At the end of December, the Fund declared a quarterly distribution of 0.7273p (A Inc GBP), this was the fourth distribution of 2022. In aggregate, the trailing 12-month distributions represent a yield of 4.43%, and, on a comparable calendar year basis, this represents just over 12% growth year-on-year. An improvement on the 10.1% dividend growth delivered in 2021.

The Fund's track record of delivering growth income as opposed to fixed income is likely to continue in 2023. However, after two consecutive years of double-digit dividend growth it is prudent to expect the pace of growth to moderate.

REIT prices suffered during 2022, thanks to the wider challenges faced by the capital markets and unconnected with the operational performance. The five-year swap rate began 2022 at around 1.0%[3], peaked at 5.3% around the catastrophic mini-budget in September, and then eased back to 4.1% at the year end.

This increase put pressure on valuers to shift property yields out too. REIT markets moved fast and far to price this outward shift in property valuation yields, arguably over-reacting. REITs entered 2022 trading at 3.7%[4] discount to NAV this widened to a discount of more than 40% in October before beginning to recover into the year-end.

Further outwards movement of physical real estate yields are almost certain as the slower moving direct property market continues to adjust to higher bond yields. However, REIT discounts may continue to improve from what looks like capitulation levels last October. The REIT market starts 2023 at an historically attractive discount of 35.4% versus a 20-year average discount of 15.0%.

The degree to which property values move is likely to be determined by the ability to capture continued rent growth. Valuations for best-in-class assets within sub-sectors, such as logistics and build-to-rent, are likely to stabilise in the first half of the year as continued rent growth, high occupancy, and low tenant turnover drive strong cashflow performance. Across the Fund's portfolio there is meaningful mark-to market reversionary potential on in-place leases providing reassurance for rental growth for next few years.

However, with monetary policy continuing to be actively used to tame ongoing inflation the cost of corporate debt, including for REITs, is rising and will offset some of the benefits of growing rents. The Fund is partially protected from the full force of this headwind by fixed rate debt, 72% of underlying debt is fixed or capped at an average cost of debt of only 2.6% and a long average maturity of 5.7 years.

Increasing interest rates have led markets to grow fearful of a recession, albeit a shallow one, and together with the increasing need to respond to climate change, the biggest of all risks, owners of physical real estate are likely to accelerate the flight to quality in 2023.

The Fund has no exposure to more cyclical assets, especially secondary office assets in secondary location, which are likely to be negatively impacted in a recessionary environment. By contrast, prime real estate assets, especially those with strong ESG credentials, generally owned by specialist REITs, are likely to continue to experience the highest levels of demand from occupiers and outperform.

Stock picking remains key. As we move closer to the end of the compliance window for commercial property adhering to the Minimum Energy Efficiency Standards (MEES) of an Energy Performance Certificate (EPC) level C in 2027, increasing to level B in 2030, there is likely to be an acceleration in the flight to higher quality assets. The Fund strives to be well positioned from an ESG perspective; the Adviser estimates that over (50.7%) of the portfolio has an EPC rating of B or higher in contrast to only 12%[5] for the country as a whole.

As is often the case in both rising and falling markets, there is a tendency to overshoot; and that is certainly the impression as we start the new year. Good quality REITs with market leading assets currently look over sold. The year ahead looks likely to benefit from the tailwinds of rental growth, supported by favourable demographic trends and structural changes which will likely offset the capital markets headwind. We expect continued rental growth and, in turn, dividend growth. A scenario which would once again prove that investing in the right thematic real assets can provide investors with growth income and not fixed income.

Investment Adviser

Gravis Advisory Ltd 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 Ltd is also the Investment Adviser to the c.£838m VT Gravis UK Infrastructure Income Fund, the c.£578m VT Gravis Clean Energy Income Fund and the c.£42m VT Gravis Digital Infrastructure Income Fund.

Fund Advisers

Matthew Norris, CFA is lead adviser to the VT Gravis UK Listed Property Fund and the VT Gravis Digital Infrastructure Income Fund.
Matthew has over two decades investment management experience and has a specialist focus on real estate securities.
He was previously at Grosvenor with responsibility for investing in global real estate securities including the highly successful global logistics strategy. He joined Grosvenor from Fulcrum Asset Management and Buttonwood Capital Partners where he ran international equity strategies which incorporated exposure to real estate equities.

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1 MSCI UK IMI Core Real Estate Net Total Return GBP
2 MSCI World IMI Core Real Estate Net Total Return GBP
3 Bloomberg
4 EPRA Net Asset Value Report, December 2022
5 Ministry of Housing Communities and Local Government

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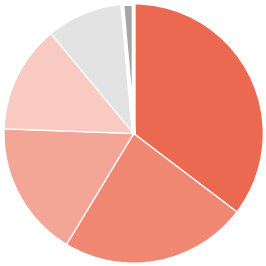
MONTHLY FACTSHEET 31 DECEMBER 2022

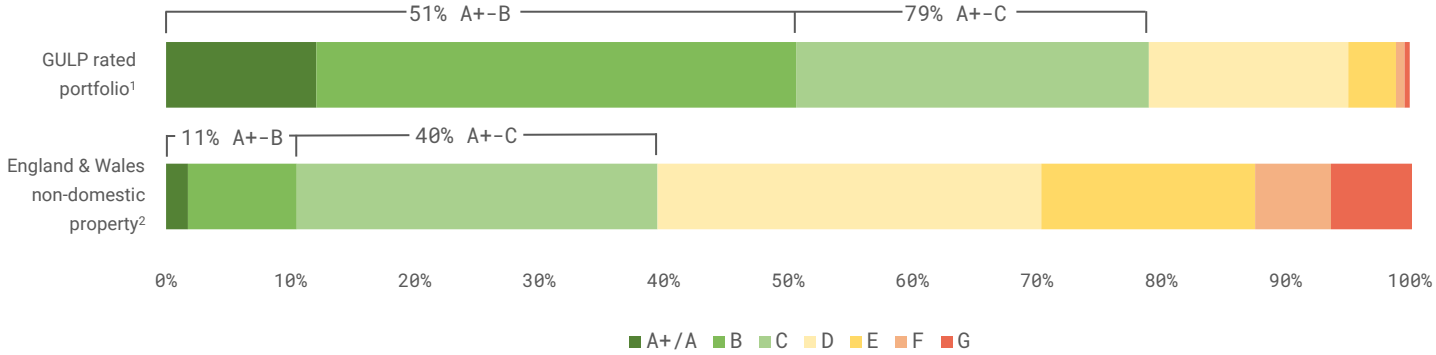
TOP 10 HOLDINGS

COMPANY	WEIGHTING
SEGRO PLC	8.06%
Unite Group PLC	7.56%
Tritax Big Box REIT PLC	7.14%
Grainger PLC	5.78%
PRS Reit PLC	5.70%
Assura PLC	5.50%
Urban Logistics Reit PLC	5.34%
Big Yellow Group PLC	5.30%
Safestore Holdings PLC	5.22%
Primary Health Properties PLC	5.14%

Sector Breakdown



ESG METRIC BREAKDOWN



Government Minimum Energy Efficiency Standards require non-domestic properties to have a minimum EPC rating of B by 2030, with an interim target of EPC C by 2027.

1. Gravis Advisory Ltd analysis, data available as at end of June 2022.

2. Ministry of Housing Communities and Local Government, December 2021.

DISCLAIMER