

GRAVIS

UK
LISTED
PROPERTY

VT GRAVIS UK LISTED
PROPERTY FUND

January 2023

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The UK property
sector



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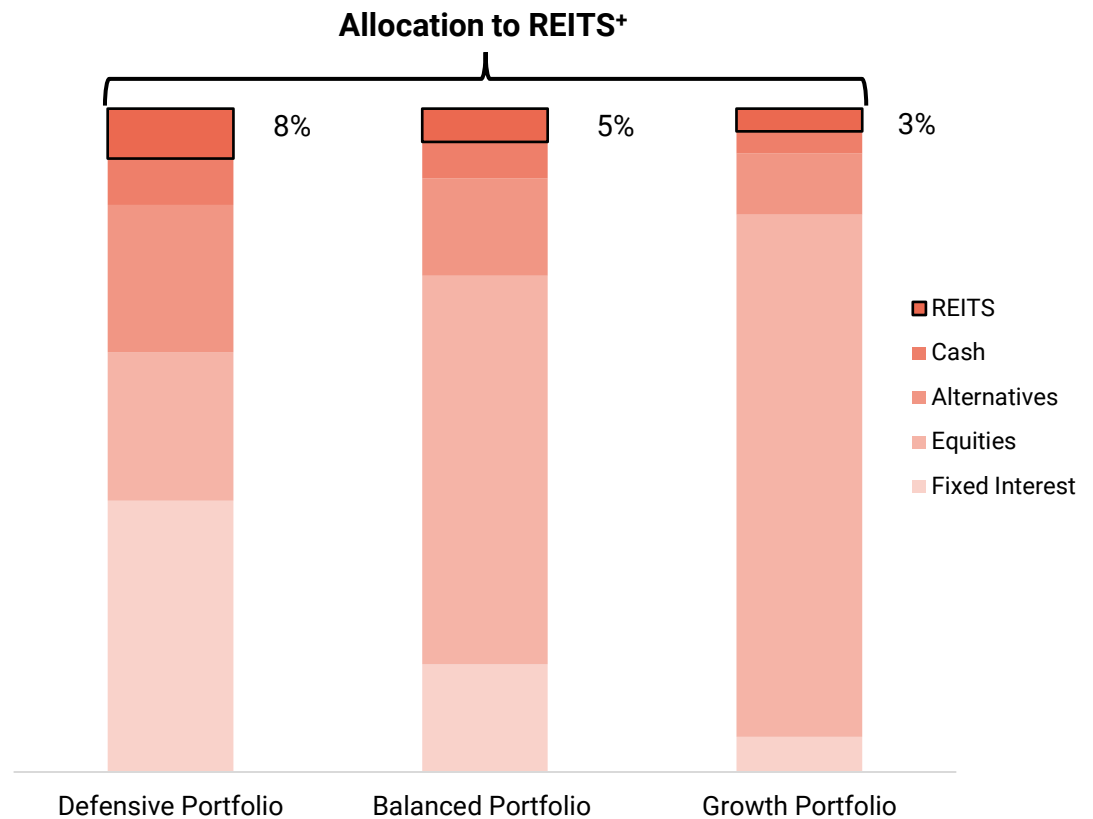
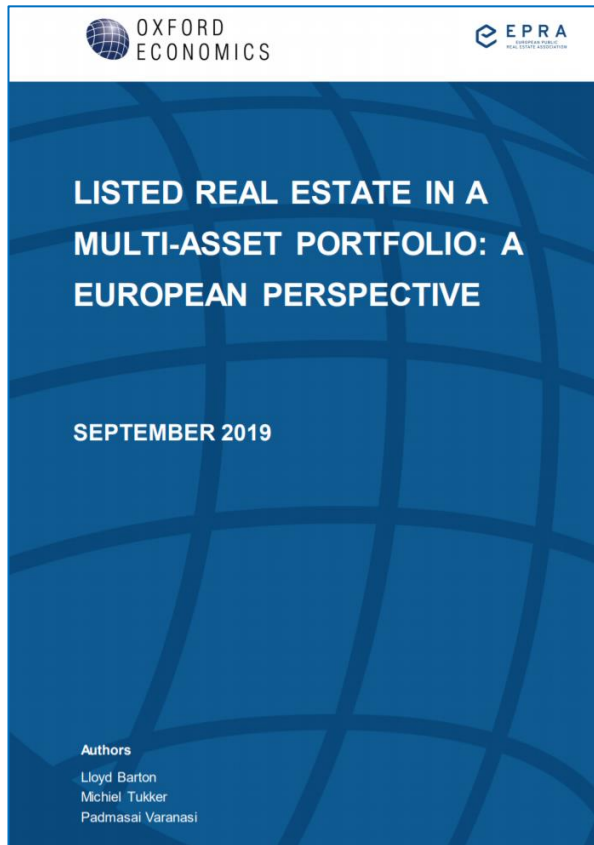
BENEFITS OF REITS

REITs are structurally suited to provide liquid access to an illiquid asset class. Investment in REITs allows a focus on long term portfolio returns rather than provision of short term liquidity.

	Real Estate Investment Trusts	Open Ended Fund Direct Property Funds
Structure	LSE listed	Open ended
Investment focus	Specialist	Generalist
Liquidity	Intra-day	Daily
Leverage	c.28%	0%
Cash balance	None	c.14%
Excess inflows	None	Cash drag
Excess outflows	None	Possible gating, forced sale of assets
Appropriate for property	Yes	Not according to FCA ¹

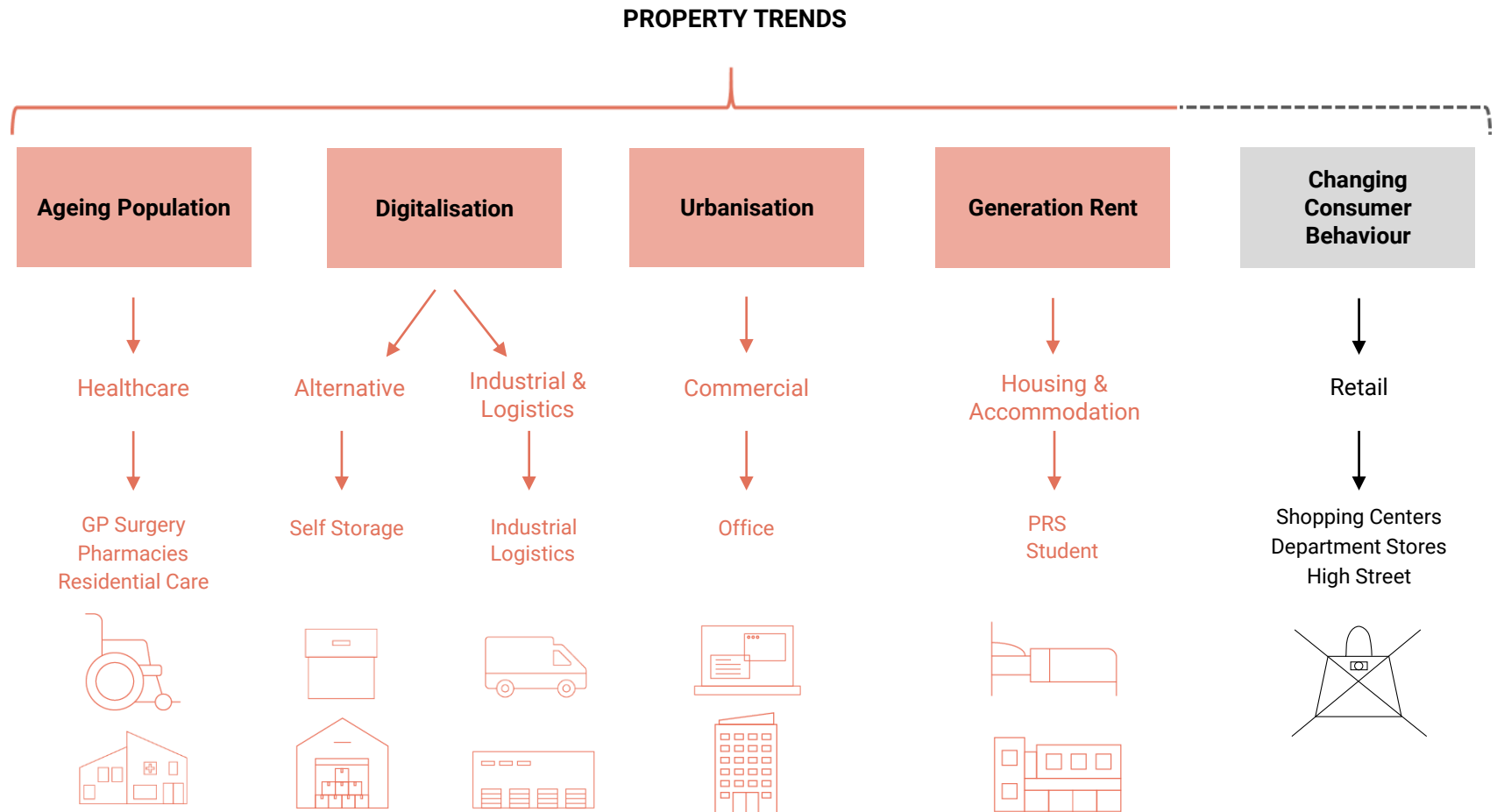
REITS BENEFIT MULTI-ASSET PORTFOLIOS

REITs “improve a multi-asset portfolio’s risk-return characteristics”*.



KEY THEMES

There are five key themes in the real estate sector: ageing population, digitisation, urbanisation, generation rent and changing consumer behaviour.

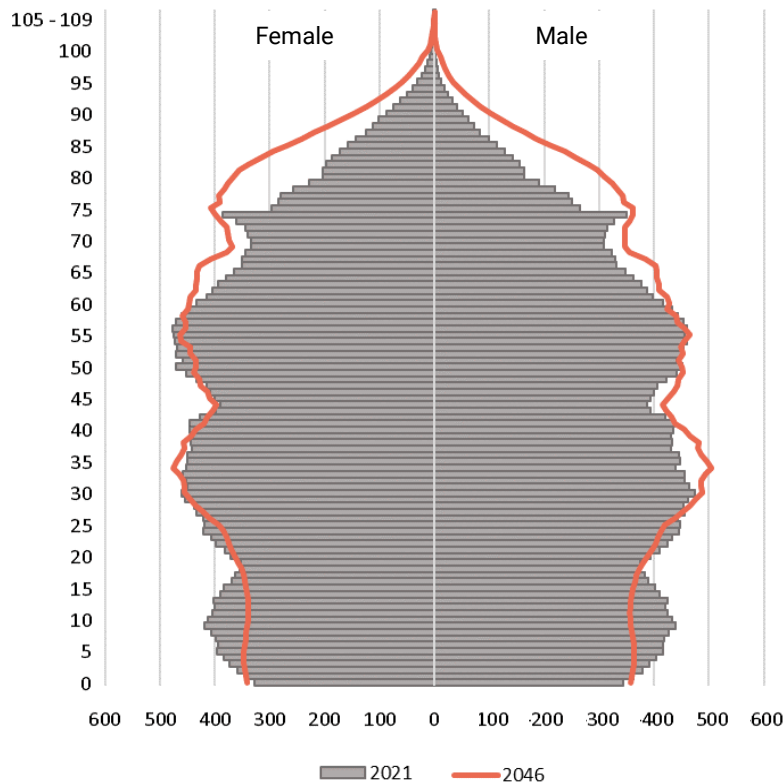


CASE STUDY – AGEING POPULATION & GENERATION RENT

Ageing population: GP surgeries

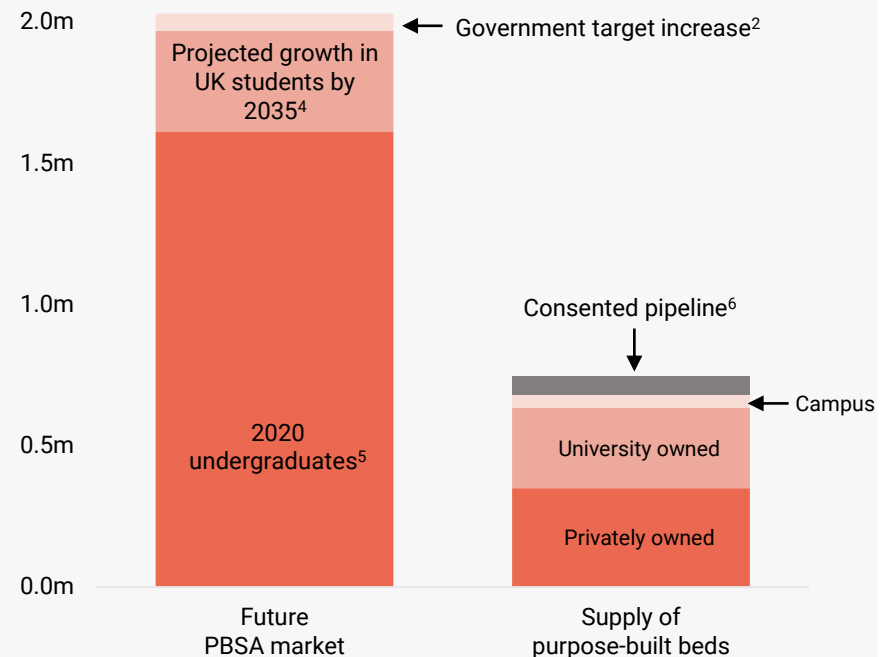
- Over 85s visit their GP 13 times on average each year¹
- Number of over 85s is predicted to double to 3.4m by 2046¹
- Of the 7,600 GP surgeries in the UK, c.1,200 are owned by REITs²

Population distribution 2021 vs 2046 (Projection)¹



'Generation Rent': Purpose Built Student Accommodation

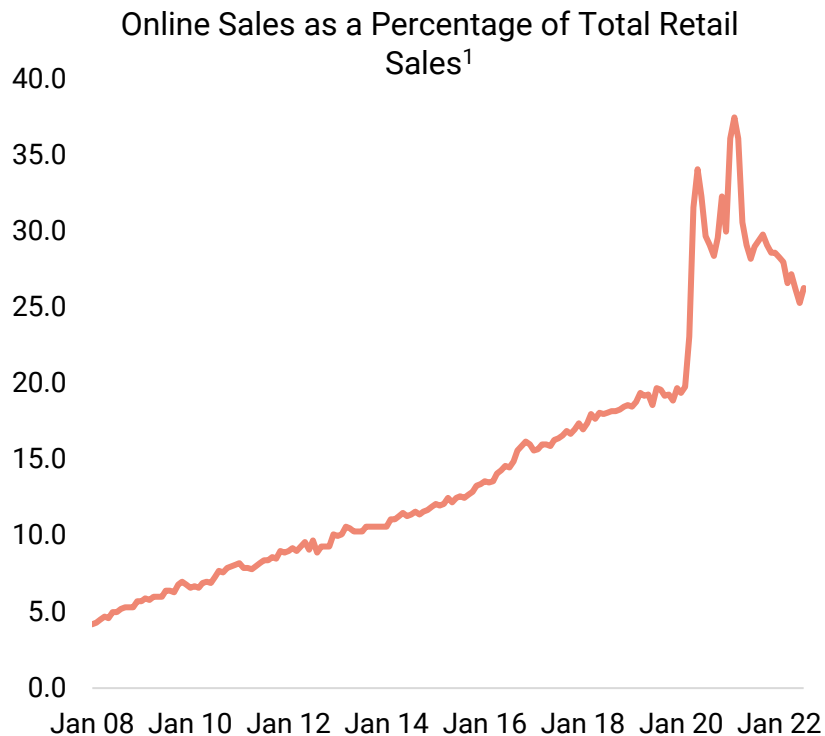
- Long term growth drivers: UK demographics, growth in UK 18-year-olds and ageing university estates³



CASE STUDY – DIGITALISATION & URBANISATION

Digitalisation: E-Commerce

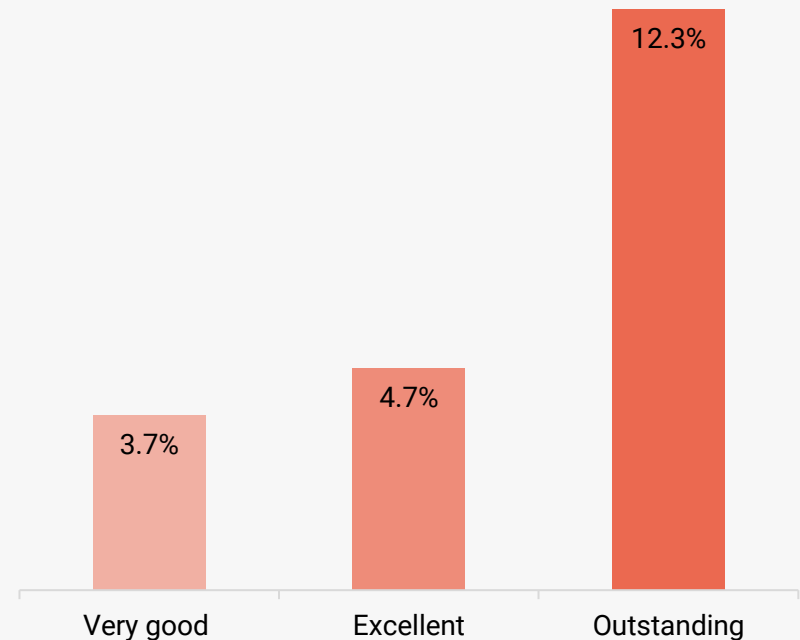
- Online retailing requires **3x** more warehouse space than traditional retailing
- The pandemic has accelerated the change in consumer behaviour
- 4 years growth in online penetration has occurred in 2 years



Urbanisation: Office Space

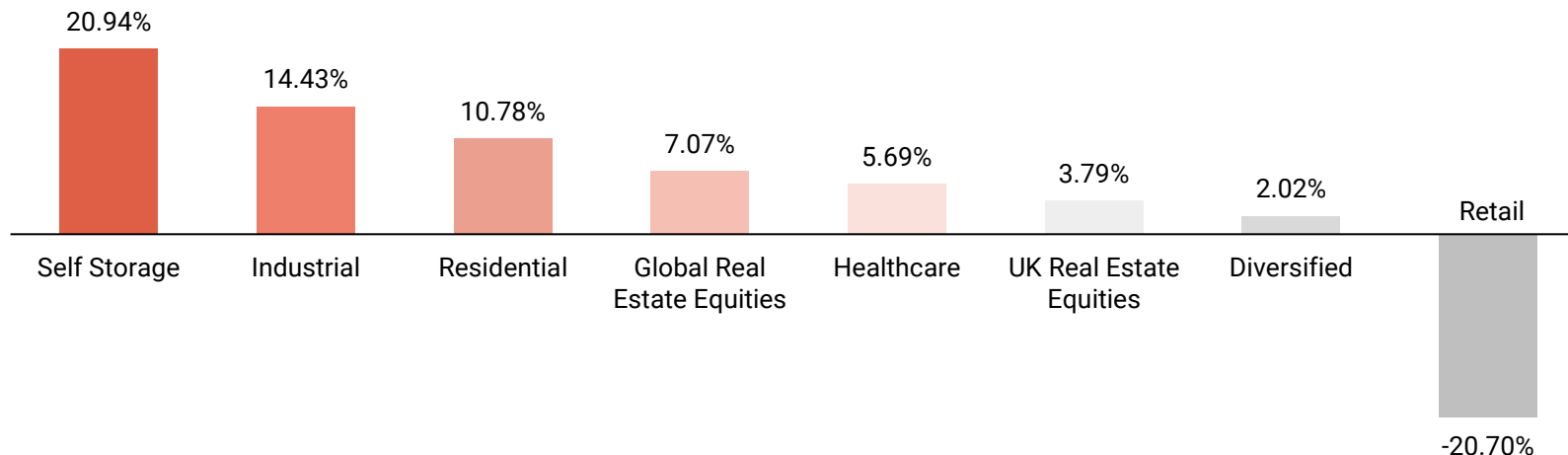
- High BREEAM ratings increase London office rents by up to 12.3%²
- Greenest buildings command office rent premiums

The impact of BREEAM certifications on Central London office rents

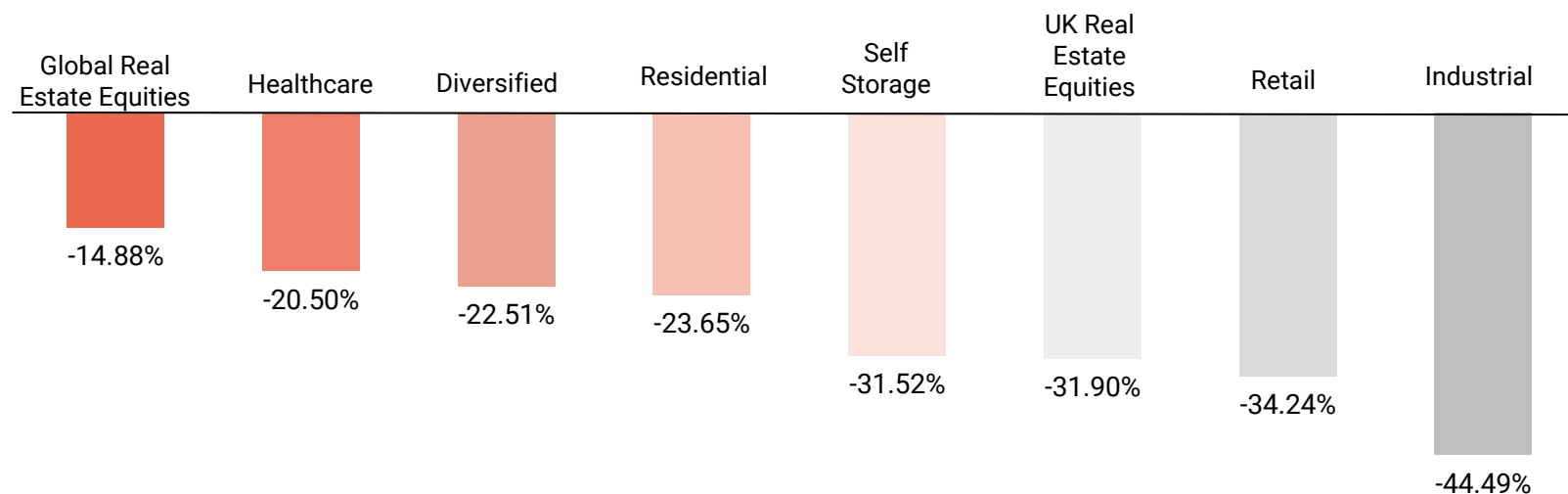


SPECIALIST REITS OUTPERFORM DIVERSIFIED REITS OVER LONG TERM

10 year annualised return by sector (31.12.12 – 31.12.22)¹



12 month return by sector (31.12.12 – 31.12.22)¹



Introduction to The Fund



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PROVEN INVESTMENT PROCESS



FACTORS DRIVING DISCRETIONARY INVESTMENT DECISIONS



Attractive **valuation**



Inflation hedging characteristics



Growing dividends



Daily liquidity



Cashflow **dependability/visibility**



Credibility of management team



Minimal retail investment



Sustainability assessment

FUND OVERVIEW AND OBJECTIVES

Objectives

Deliver real estate like returns with daily liquidity
Achieve capital appreciation over market cycles³
Cash yield of 4% p.a.⁴ paid quarterly
Inflation-linked characteristics

Key information

A UK NURS OEIC with PAIF status¹
Exposure to over 5,000 properties with over 100,000 tenants
Blend of lease lengths – WAULT of 8.5 years
Capped Fund OCF: 0.7%²
Charges taken from capital

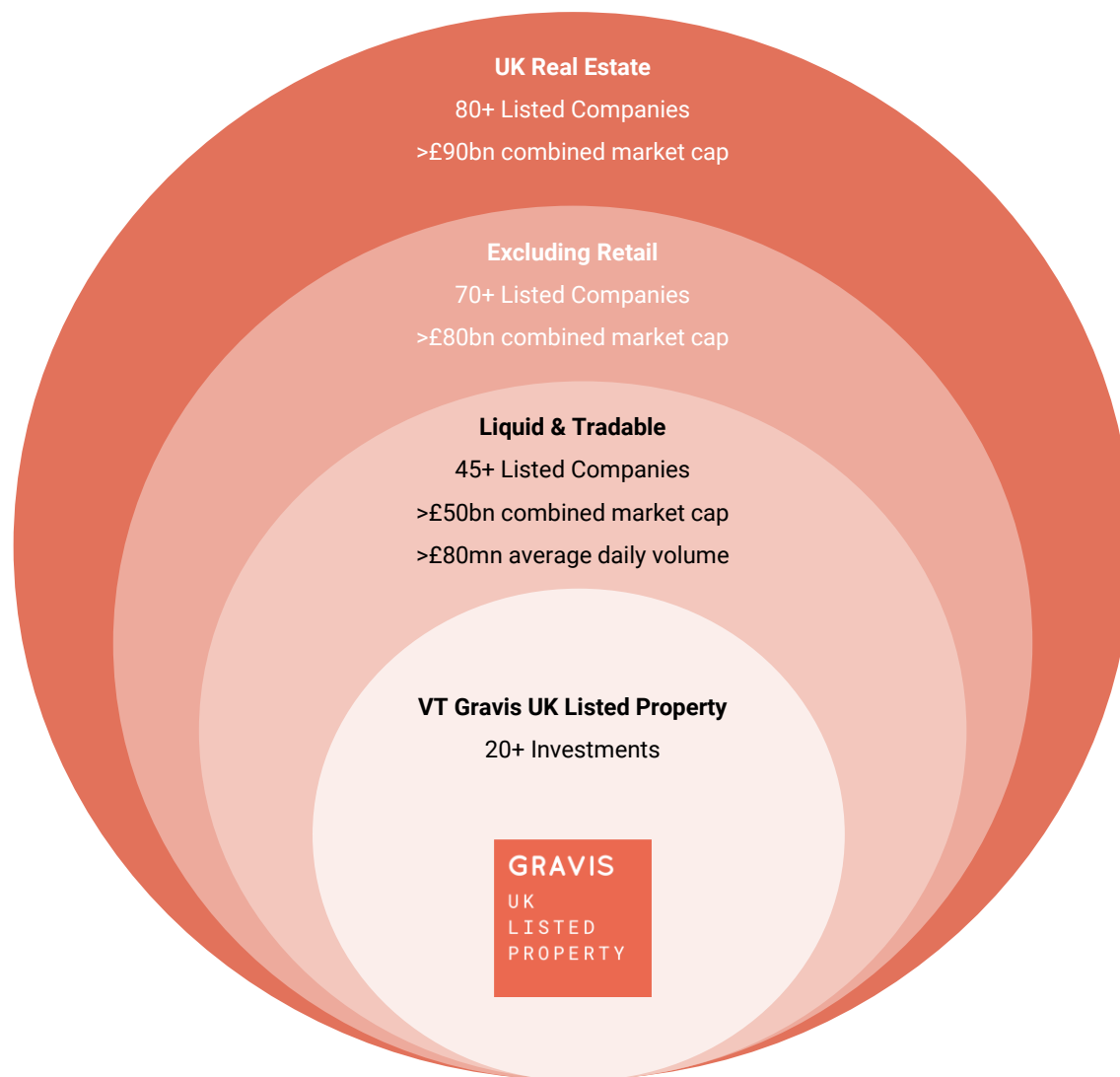
Limits within which the Fund is managed

Minimum of 16 holdings – currently 23
Maximum holding 9.5%
No shorting of stock, stock lending or leverage of a fund level
Managed in line with a Responsible Investment Statement

Guidelines

100% invested in UK LSE listed REITs which own property
0% exposure to illiquid direct property
c.80% of portfolio exposed to A-C EPC rated buildings
No exposure to retail stocks
No property related shares, like housebuilders and companies such as Rightmove

PORTFOLIO CONSTRUCTION – LIQUIDITY & QUALITY



PORTFOLIO CONSTRUCTION – SECURITY SELECTION IS KEY

REITs can be worth much more than the external valuer's assessment

**Property valuation
is an art.**

The net asset value (NAV) is merely an **estimate**¹.

Valuers assign
no portfolio premium².

NAVs just sum
individual property values.

**Operating platforms
underappreciated.**

NAVs **don't** capture
economies of scale³ or
brand value.

Management matters.

NAVs **don't** judge
management track records on
capital allocation.

Valuers **ignore**
balance sheet **structures**.

NAVs **don't** highlight
leverage risk.

**Development platforms
undervalued.**

NAVs **don't** recognise
development opportunities
and expertise⁴.

¹ "All [property] valuations are professional opinions... a valuation is not a fact", RICS Red Book. "A market value basically looks at the past and can create a lagging effect. This can lead to an underestimation of current market value in upward market movements, and an overestimation in a downward market movement", The Future of Valuations, November 2017, RICS

² Hansteen recommended an offer from Blackstone Group, December 2019, at an 11.6% premium to last reported EPRA NAV. A&J Mucklow recommended an offer from LondonMetric, May 2019, at an 11.4% premium to the rolled-forward EPRA NAV. St Modwen recommended an offer from Blackstone Group, June 2021, at a 27.9% premium to last reported EPRA NTA

³ Unite Group, £5.2bn gross asset value (GAV), operating (EBIT) margin 69.5% compared to 51.0% for Empiric Student, £1.0bn GAV. Data as at 29/06/2021. Grainger, Segro, Safestore, Lok'N Store, and Unite Group all generate fee income from managing third party capital. Sigma Capital Group, the Investment Adviser to PRS REIT, was acquired by private equity, June 2021, for 19.8x consensus earnings

⁴ 'Super-normal profit in real estate development', David Geltner, Anil Kumar, and Alex M. Van de Minne, MIT Center for Real Estate Research Paper No. 3

SECURITY SELECTION IS KEY – BEWARE OF DISCOUNT TRAPS

Good quality REITs trade at a premium



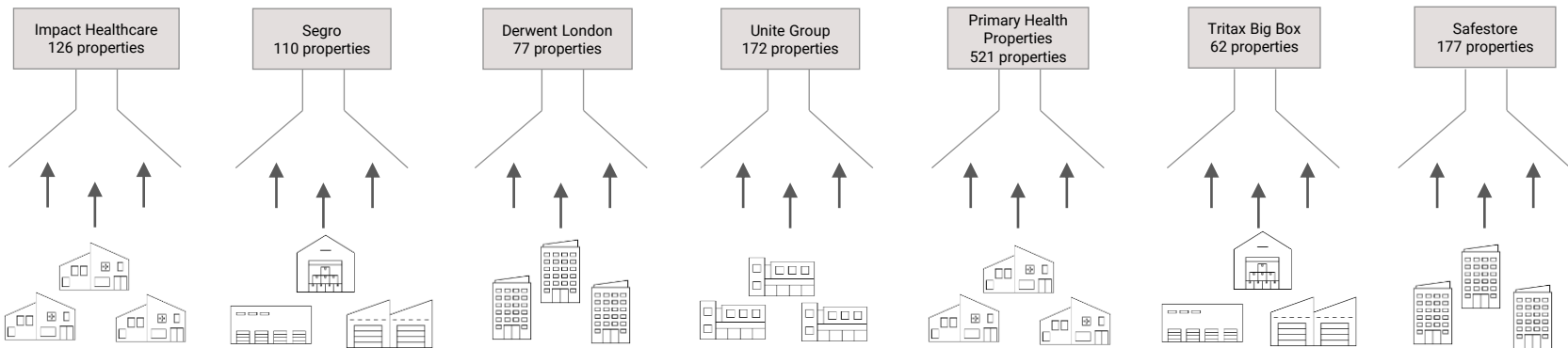
Discount dangers - over the past 8 years a portfolio of REITs trading at the largest discount to NAV¹ has lost money. Over the same period a portfolio of REITs¹ trading at the highest premium to NAV has delivered positive returns.

PORTFOLIO CONSTRUCTION – BUILDING A DIVERSIFIED PORTFOLIO

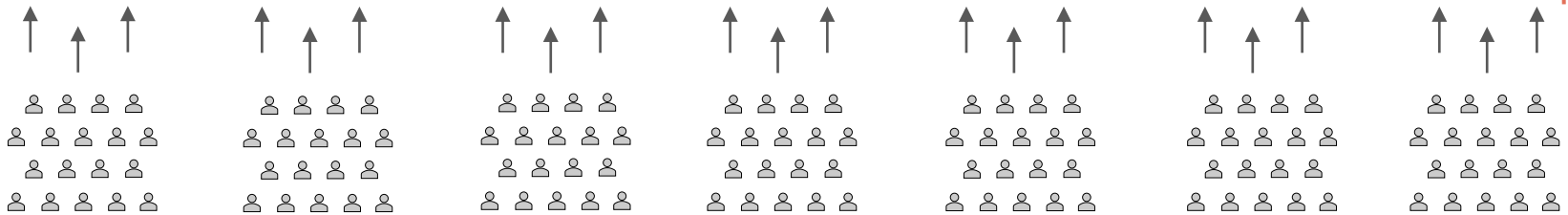
The Fund invests in multiple REITs, which own or invest in a diversified pool of properties

VT GRAVIS UK LISTED PROPERTY FUND

Portfolio of REITs & REOCs

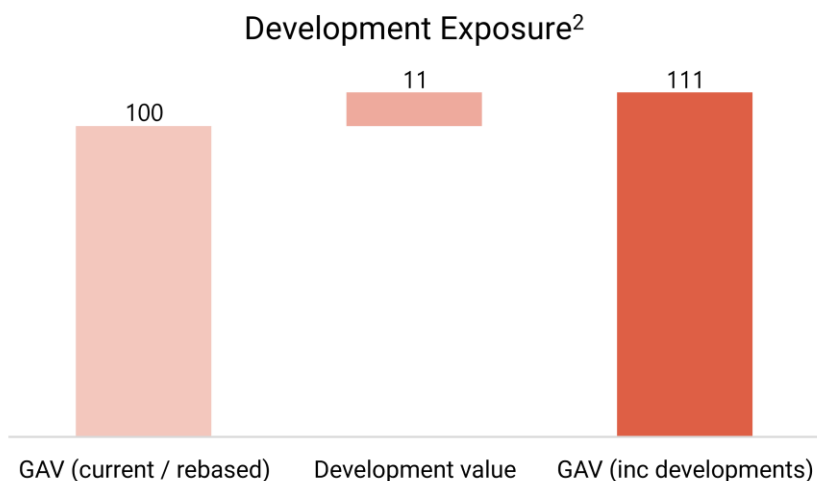


> 5,000 individual properties*







ATTRACTIVE DEVELOPMENT PIPELINES

Development pipelines deliver superior returns to investors in specialist REITs¹



Tritax Symmetry Park, Bicester.
First net zero carbon building in construction in the Tritax portfolio, pre-let to DPD Group. EPC Rating: A

Development Projects & Targeted Returns

	Trend	Secured Development Pipeline	Developments as % of GAV	Delivery Timetable	Sustainability Target	Target Development Yields	Valuation Yield (NIY)
 TRITAX BIG BOX	Digitalisation	8.8m sq ft of logistics space	8.1%	2022-2024	EPC rating of A	6.00 - 8.00%	3.60%
 UNITE STUDENTS	Generation rent	6,000 PBSA beds	18.3%	2022-2026	EPC rating of A	6.20%	4.90%
 <small>Investing in homes since 1992</small> grainger plc	Generation rent	3,987 PRS Units	12.3%	2022-2024	EPC rating of B or above	5.00 - 7.00%	3.70% ³
 DERWENT LONDON	Urbanisation	0.9m sq ft of on-site developments	16.0% ⁴	2022-2025	EPC rating of A/B	5.70%	3.30%

Market Themes

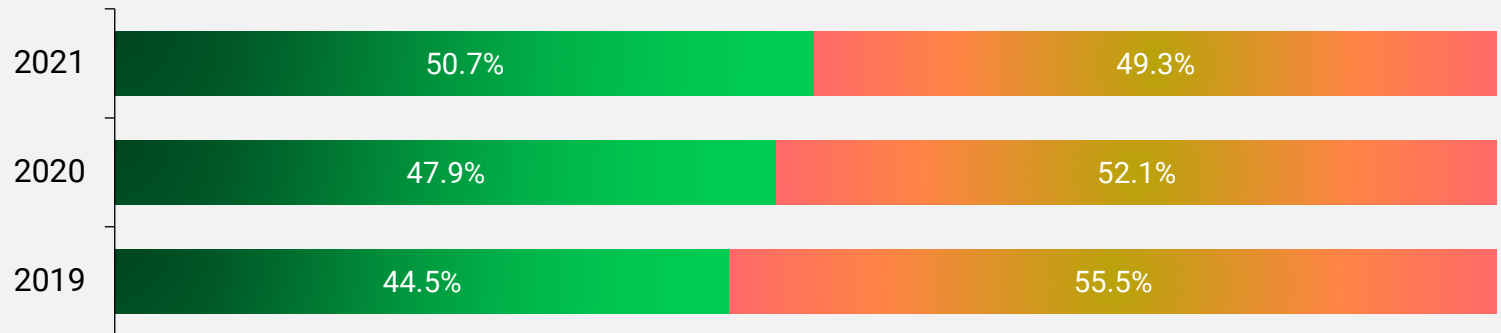


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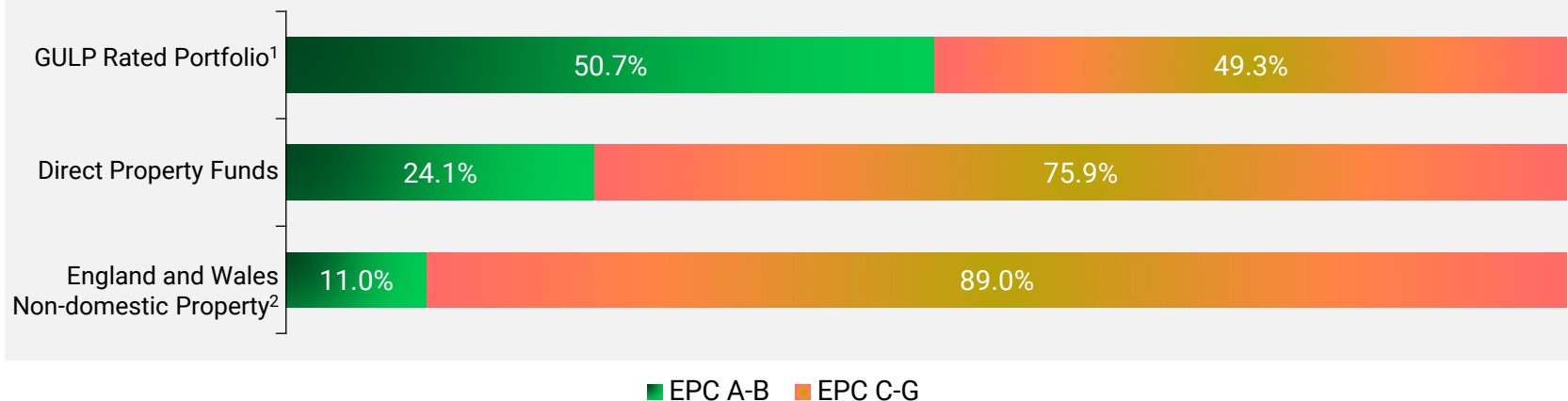
CLIMATE CHANGE RISK – REITS OWN HIGHER QUALITY ASSETS

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.

The EPC rating of GULP's underlying assets have improved through time (2019 to 2021)¹



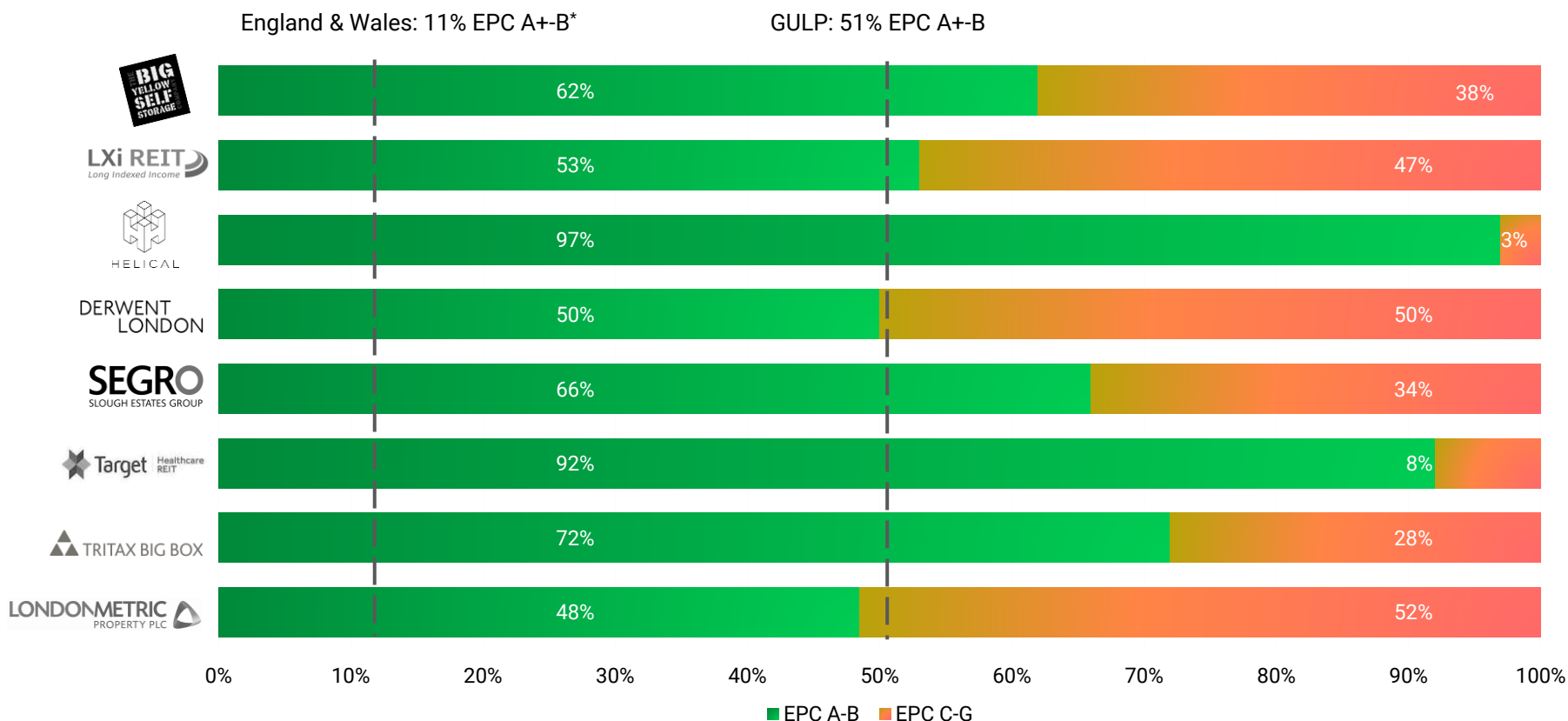
The underlying assets within GULP have significantly better EPC ratings than the broader market



CLIMATE CHANGE RISK – FUTURE PROOFED PORTFOLIO

The energy efficiency of buildings is increasingly important from both an environmental and investment perspective

Obsolescence risk is reduced through investing in REITs owning and developing high quality assets

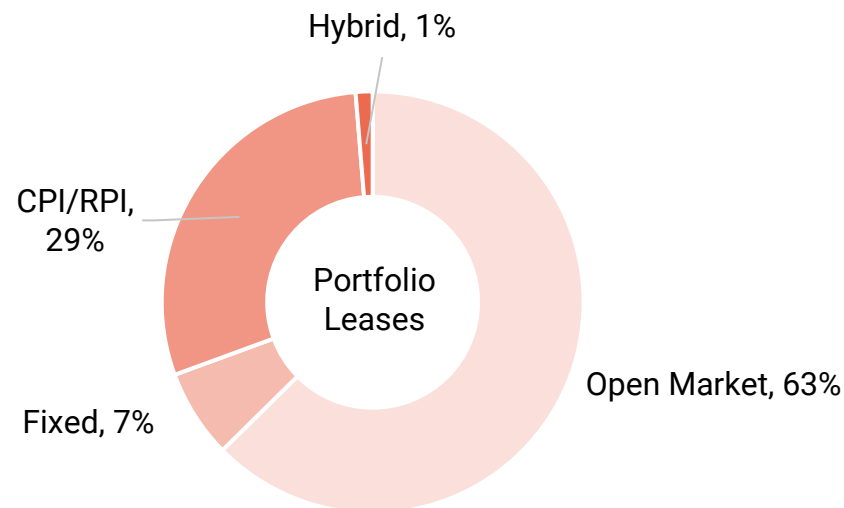


INFLATION PROOFING – INCOME GROWTH AND FIXED RATE DEBT

Growing Rents

c. **36%** Inflation-linked or Fixed Uplifts

8.5 years – weighted average unexpired lease term (WAULT)



Fixed Rate Debt

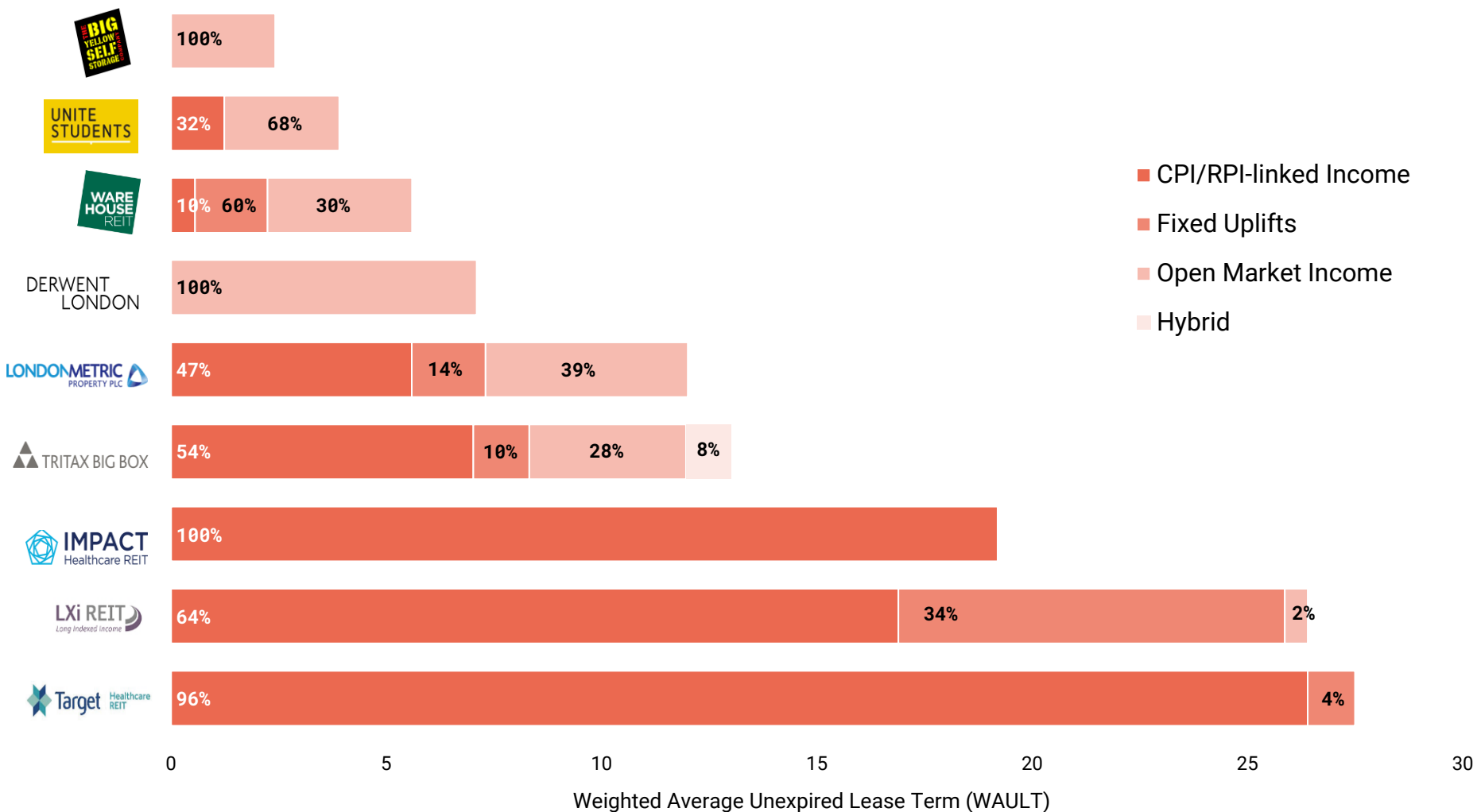
72% Fixed Rate Debt

25% portfolio LTV (estimated)

Loan to Value	Av. Cost of Debt	Av. Debt Maturity	% Fixed or capped
25%	2.6%	5.7 years	72%

INFLATION PROOFING – LONG LEASES AND RENT ESCALATORS

Lease lengths and rent profiles
Portfolio average WAULT 8.5yrs



INFLATION AND INTEREST RATE RISK – RISING RATES AND REITS

Rising rents matter more than rising rates

Economic growth typically drives tenant demand

Identifying powerful socio-economic trends and investing in best-in-class assets tends to trump rising rates

Many high-performing specialist REITs didn't exist 20 years ago

Bank of England Rate Hiking Cycle	Bank of England Base Rate Increase	UK REITs Total Return
November 2017 to August 2018	+50bps	+8.1%
August 2006 to July 2007	+125bps	+2.0%
November 2003 to August 2004	+125bps	+29.6%
September 1999 to February 2000	+100bps	-26.3%
October 1996 to June 1998	+150bps	+23.5%
September 1994 to February 1995	+137.5bps	-6.4%

Current Positioning



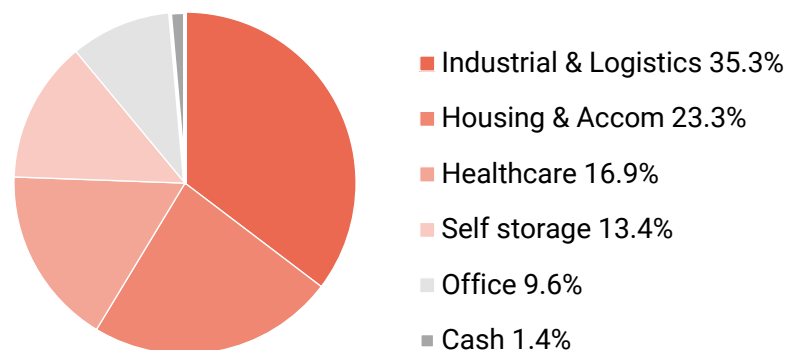
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PORTFOLIO EXPOSURE AND TOP 10 HOLDINGS

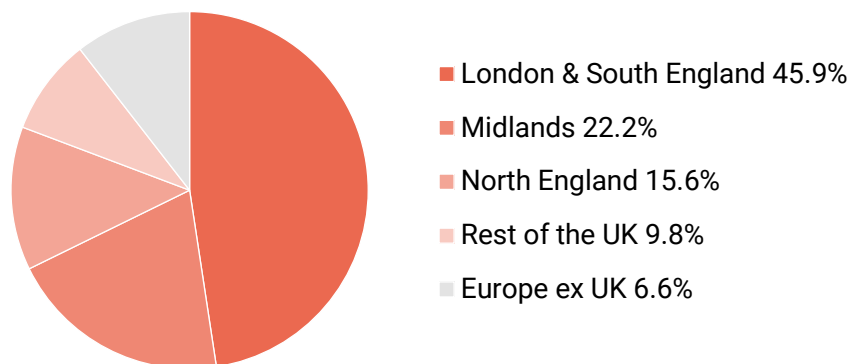
Portfolio as at 31 December 2022

Company	Holding
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

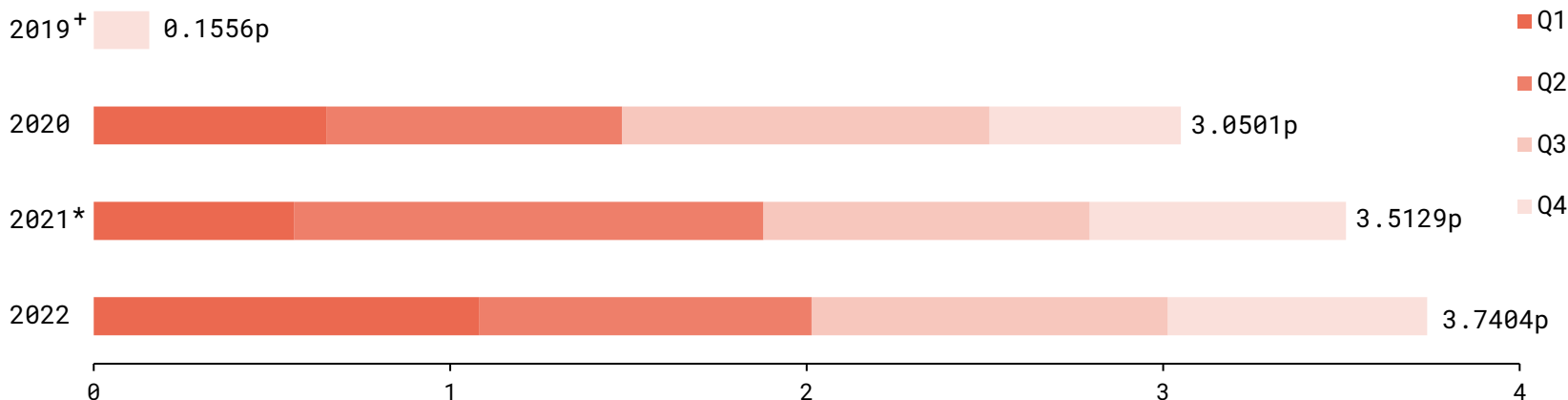


Regional Breakdown¹



RELIABLE DISTRIBUTIONS AND COST SAVINGS

Dividends



Cost Savings

Since inception, the Fund has made savings of 129bps by investing c. £13.2 million across 22 placings

Date	Number of participating placings	Amount Invested (£m)	Saving at fund level
2022 to date	2	1.0	0.07%
2021	14	10.3	0.71%
2020	4	0.8	0.26%
2019	2	1.0	0.25%
Inception to date	22	£13.2m	1.29%

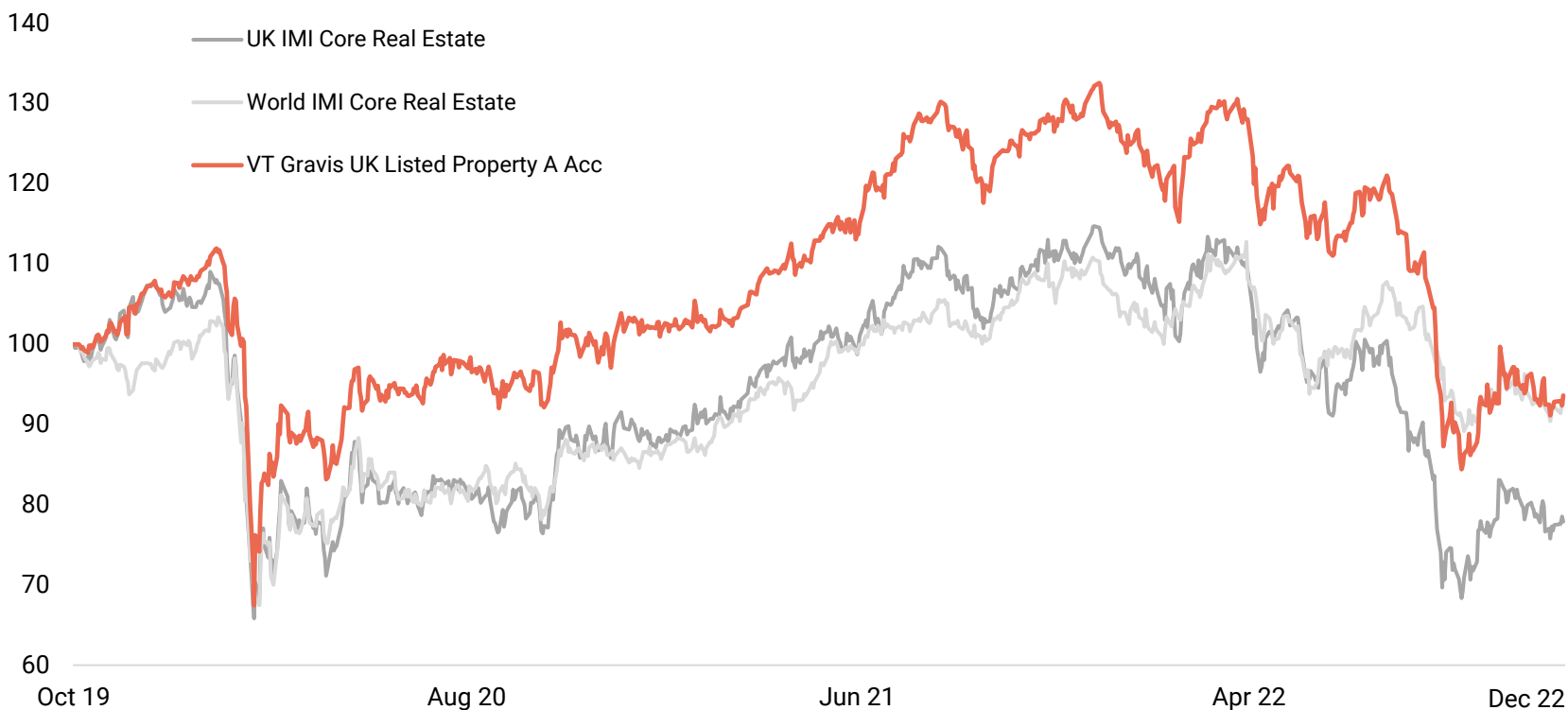
RELIABLE DISTRIBUTION

Driven by strong underlying investments the Fund has declared 9 distributions since inception

Company	Years of Consecutive Dividend per Share Growth
DERWENT LONDON	29
 PHP Primary Health Properties	26
 THE BIG YELLOW SELF STORAGE COMPANY	12
 Assura	10
 safestore™	9
SEGRO	8

PERFORMANCE SINCE LAUNCH

Performance from 31 October 2019 to 31 December 2022



Returns

	1 Month	3 Month	12 Month	Since Launch	12 Month Volatility	12 Month Yield
VT Gravis UK Listed Property	-0.26%	4.74%	-29.17%	-6.37%	23.61%	4.43%
MSCI UK IMI Core Real Estate	-0.32%	5.13%	-32.09%	-22.10%	27.38%	4.30%
MSCI World IMI Core Real Estate	-3.85%	-0.73%	-16.25%	-7.42%	17.54%	4.02%

Appendix



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FUND INVESTMENT MANAGER



Matthew Norris CFA - Fund Adviser & Director of Real Estate

Matthew is the lead adviser to the VT Gravis UK Listed Property Fund and the VT Gravis Digital Infrastructure Income Fund. He has more than two decades investment management experience and has a specialist focus on real estate securities.

He served as an Executive Director of Grosvenor Europe where he was responsible for global real estate securities strategies.

Matthew holds a BA (Hons) degree in Economics & Politics from the University of York, the Investment Management Certificate and is a CFA charterholder.

He also provides expert input to research projects run by EPRA, which focus on the importance of emergent real estate sectors.

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KEY TERMS

VT Gravis UK Listed Property Fund

Fund Size	£70.22m (as at 31 December 2022)	
Yield (A Inc GBP)	4.43%	
Share Classes	Income & Accumulation / GBP, USD & EURO	
Minimum Investment	£100	
Capped fund operating charges*	0.7%	
Synthetic OCF**	1.29%	
Launch Date	31/10/2019	
Launch Price (31/10/2019)	£1	
Valuation and trading	Daily 12pm	
Investment Association Sector	Property Other	
Holdings	London Stock Exchange Listed Securities, Real Estate Investment Trusts, Bonds & Closed ended funds exposed to REITs	
Number of holdings	23	
Distributions	Quarterly – January, April, July, October (announced one month in advance)	
Classification	Non-complex	
£ ISINs & SEDOLs	Main Share Class (PAIF)	Feeder
	£ Acc GB00BK8VW755 / BK8VW75	£ Acc GB00BKDZ8Y17 / BKDZ8Y1
	£ Inc GB00BK8VW532 / BK8VW53	£ Inc GB00BKDZ8V85 / BKDZ8V8
	\$ Acc GB00BK8VYN55 / BK8VYN5	\$ Acc GB00BKDZ9049 / BKDZ904
	\$ Inc GB00BK8VMH57 / BK8VMH5	\$ Inc GB00BKDZ8X00 / BKDZ8X0
	€ Acc GB00BK8VW862 / BK8VW86	€ Acc GB00BKDZ8Z24 / BKDZ8Z2
	€ Inc GB00BK8VW649 / BK8VW64	€ Inc GB00BKDZ8W92 / BKDZ8W9

*The OCF (Ongoing Charges Figure) for all share classes is capped at the AMC (Annual Management Charge) excluding underlying REIT ongoing charges and any costs in excess of the OCF/AMC are paid by the Investment Adviser. **With effect from the 30th of June 2022, a 'Synthetic Ongoing Charges Figure (OCF)' for the Fund must be published. The 'Synthetic OCF' is calculated using the weighted average OCF of the Fund's underlying holdings and only where these figures are published. Whilst the requirement to publish the Synthetic OCF is a new one, this is not a new charge to investors.

GRAVIS RESPONSIBLE INVESTMENT



Gravis' Commitments

- Committed to running operations on a carbon-neutral basis by 2023
- Signatory to the Principles for Responsible Investment since January 2019
- Participant in the UN Global Compact Network
- Abide by the UK Stewardship Code 2020
- Working towards adherence to the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD)
- Firm wide Responsible Investment Policy and exclusion of investment in controversial activities

Gravis Responsible Investment Policy

- Positive impact assessment
- Environmental, Social & Governance considerations
- Avoidance of controversial activities
- Employs independent analysis

Voting & Engagement Policy

- Formally implemented in Q4 2021
- Gravis seek to engage with the companies in which we invest to understand and provide input into the key areas we see having a material impact on shareholder value
- Gravis votes systematically, using voting research provided by ISS in line with their Sustainability Proxy Voting Guidelines

PLATFORMS AND WRAPPERS

Available on the following platforms

7IM	Nucleus
Aegon	Old Mutual
AJ Bell	Quilter
Allfunds	Pershing
Ascentric	Raymond James
Aviva	Sanlam
Barclays	SEI
CoFunds	Standard Life - Elevate
Fidelity Funds Network	Standard Life - Wrap
FNZ	Transact
Hargreaves Lansdown	Winterfloods
Hubwise	Zurich
Interactive Investor	
James Hay	
Novia	

Suitable for

Direct investors
SIPPs
ISAs
Charities
Companies
Offshore Bonds

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INVESTMENT AND DISTRIBUTION

Investment Manager

Valu-Trac Investment Management Ltd.

- i. Valu-Trac Investment Management Limited was established as an authorised investment manager in 1989.
- ii. Valu-Trac Investment Management Limited launched Valu-Trac Administration Services in 2008, to provide Authorised Corporate Director (ACD) and administration services to UK regulated funds and their delegated investment managers.
- iii. Valu-Trac Investment Management Limited, as ACD, administers over £13.1bn of assets under management.
- iv. Valu-Trac Investment Management Limited employs 84 staff and has offices in the North of Scotland and London.

Investment Advisor

Gravis Advisory Ltd.

- i. Gravis Advisory Ltd. is owned and managed by Gravis Capital Management Ltd. ('Gravis'), which entered into a strategic partnership with ORIX Corporation in January 2021.
- ii. Gravis was established in May 2008 as a specialist investor in infrastructure and now manages c. £3bn of assets in the UK.
- iii. OEIC Funds include VT Gravis UK Infrastructure Income, VT Gravis Clean Energy Income, VT Gravis UK Listed Property and VT Gravis Digital Infrastructure Income Funds.
- iv. Gravis Advisory Ltd. is a subsidiary of Gravis Capital Management and is Investment Adviser to the Fund.

Distribution

Gravis Advisory Ltd.

- i. The team of four consultants has assisted in raising over £3bn since launch in 2009.
- ii. The team has raised new capital for IPOs, and further capital raising through C share offerings and Placing Programs, UCIS Funds, UCITS funds, UK OEICs, VCTs and Private Equity.
- iii. The team has combined experience of over 90 years in the UK.

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Value of investments can fall as well as rise and you may not get back the amount you have invested. Income from an investment may fluctuate in money terms. If the investment involves exposure to a currency other than that in which acquisitions of the investments are invited, changes in the rates of exchange may cause the value of the investment to go up or down. Past performance is not necessarily a guide to future performance.

The hypothetical performance measurements are illustrative only and offer no guarantee of future performance, profitable or unprofitable, actual or theoretical. Since hypothetical performance measurements do not represent actual trading they may not reflect the impact that material economic or market factors might have made on a portfolio manager's decisions were the portfolio manager actually managing a client's money.

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INVESTMENT IDEAS FOR THE LONG RUN