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## The starting gun for the LAPS trade

Britain's pension revolution is about to encounter one of the cheapest corners of the stock market.

Last year, private DC pension schemes agreed via Mansion House Accord to invest at least 10% in private qualifying assets with 5% to be UK based by 2030.

Roll on almost 12 months and The Pension Schemes Act, which received Royal Assent on 29 April 2026, explicitly defines new categories of qualifying investments.

Under the bill, pension schemes can now allocate capital to meet their private assets commitments through listed vehicles – and the funds investing in them – provided those assets meet specific criteria set out in the legislation.

### What are the qualifying investments?

Qualifying assets include key infrastructure projects such as transport, energy grids, and digital networks, as well as commercial and residential property developments. The Government estimates this will unlock £50bn for investment into private assets. At least 5% of these portfolios will be ringfenced for the UK, releasing some £25 billion directly into the UK economy by 2030.

Initially, listed securities, including investment companies, were excluded from the bill. However, after protracted negotiations led by Baroness Bowles, Ros Altmann and the Tories, the Government has agreed to limit its involvement in the specific investments agreed that investment companies and the funds investing in them will qualify for inclusion.

That simple common-sense tweak could spark the Great British LAPS trade: Listed Assets for Pension Schemes.

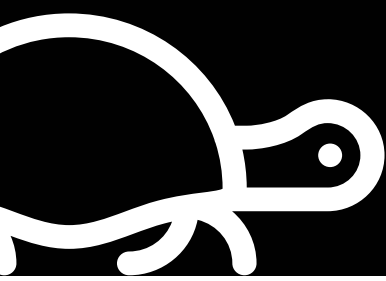
### The Great British LAPS trade

For years, ministers have argued that too little pension capital benefiting from tax relief is invested in Britain. Defined contribution schemes drifted into global passive equities while the domestic market withered into a land of takeovers, discounts and neglect.

Today, listed infrastructure trusts and REITs languish on double-digit discounts despite owning the very assets politicians insist the country needs more of, namely energy networks, housing, logistics, fibre, battery storage and transport infrastructure.

The Pension Schemes Act sets a clear objective: directing more of Britain's multi-billion-pound pension capital towards long-term domestic assets. Ministers hope reforms and Mansion House commitments will channel tens of billions into UK infrastructure, property and private markets over the coming decade.

Britain has a deep pool of listed vehicles which own exactly the same kinds of assets policymakers are now urging pension funds to support. That is where the Great British LAPS trade begins.



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## Investing via listed companies and funds eliminates cash drag

Today, with many UK listed infrastructure companies and REITs trading on c25% discounts to NAV, 100p invested might offer 125p worth of critical hard assets. Assuming the underlying assets yield 8% per annum, the net effect delivers c.10% yield.

Prior to the passing of the Pension Schemes Act, the Government had proposed that only Long-Term Asset Funds (LTAFs) would qualify. Due to liquidity requirements, LTAFs are required to hold c.15% of their net asset value in cash, meaning that the same 100p invested would secure just 85p of productive investment, with 15p held in cash. The resulting yield would therefore be a lower 6.8%.

The revisions to the Bill mean that pension funds may now invest in operational critical assets with no cash drag. On the contrary, through careful use of leverage, many investment companies are able to enhance returns, by raising and deploying debt for positive investment returns.

## Listed companies and funds offer diversification

Listed renewables own wind farms and battery storage assets. Infrastructure companies finance electricity grids, hospitals, schools, fibre-optic networks and transport links. REITs own warehouses, healthcare facilities and rental homes. Many generate inflation-linked cashflows, contractual uplifts and long-duration income streams. Companies such as HICL, GCP Infrastructure & PHP have diversified portfolios of infrastructure and real estate with daily liquidity, governance, transparency and, crucially, scale.

The open-ended funds, which invest in these companies are able to further diversify by blending investment company holdings and REITs to achieve attractive returns, effectively creating a one stop shop.

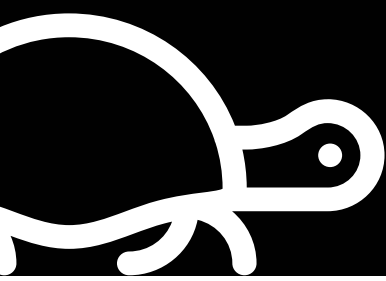
## Recognising the attractiveness of UK assets

The stock market already contains the “productive assets” the Government is urging pension funds to own. And these assets have been sitting in plain sight for years. What has largely been missing is sustained domestic pension demand. And that changes with the passing of the Bill.

Foreign capital has understood the attraction of UK listed infrastructure and real estate for some time. Blackstone has spent years accumulating UK logistics and warehouse assets. KKR attempted, but failed, to acquire Assura and its portfolio of GP surgeries and private hospitals. US healthcare REIT CareTrust REIT acquired UK-listed Care REIT to gain exposure to British care homes.

Overseas investors have recognised what domestic pension funds largely ignored: Britain’s listed infrastructure and real estate sectors contain long-duration, inflation-linked cashflows trading at substantial discounts to their true worth.

Given the substantial tax relief supporting UK pension savings, it is perhaps unsurprising that the Government now appears determined to ensure pension schemes recognise what has been sitting under their noses — indeed, staring them in the face — for years.



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## Paving the way for more investment

The Mansion House Accord established the direction of travel for large UK defined contribution pension schemes: greater allocations towards private markets and UK productive assets.

The Pension Schemes Act may prove just as important because it broadens the routes schemes can use to achieve their goals. In practice, funds and listed vehicles investing in renewable energy, infrastructure and real estate may increasingly sit alongside traditional private-market funds within pension portfolios.

Large schemes need scalable exposure to long-duration assets, but they also value liquidity, governance and operational simplicity. Listed infrastructure investment companies and listed real estate vehicles potentially offer both: access to modern, purpose-built real assets combined with daily dealing, specialist management and transparent market pricing.

And the implications may extend beyond pension schemes. Wealth managers and advisers may increasingly recognise listed infrastructure and real estate vehicles as accessible routes into long-duration, income-generating real assets for retail investors too.

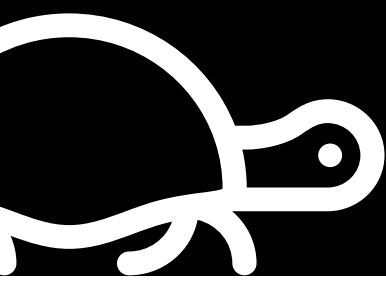
## A catalyst for market momentum

Crucially, liquidity itself could become the catalyst for momentum. As pension flows return, trading volumes may deepen, discounts tighten and liquidity improve, attracting further institutional capital. In markets, liquidity often begets liquidity. The Great British LAPS trade may be entering the starting blocks. Once the starting gun fires, momentum can build quickly.

If policymakers succeed in steering even a modest slice of domestic pension capital towards UK productive assets, listed real assets could become one of the clearest expressions of the LAPS trade. Unlike venture capital, these companies already exist. Unlike private funds, they trade daily. And, unlike speculative growth stories, many generate visible cashflows today.

A generation ago UK pension funds were dominant owners of the domestic equity market. Today they barely register. Even a partial reversal changes the arithmetic. When large pools of patient capital begin flowing towards modern, purpose-built infrastructure and real estate assets aligned to long-term structural trends, pricing dynamics can shift quickly. Valuations may then better reflect the quality, resilience and cashflow visibility of the underlying assets.

Investors should recognise this: UK listed infrastructure, REITs and the funds that invest in them, look set to offer one of the most interesting potential rerating opportunities in years.



## Gravis funds for the LAPS trade



### **GCP Infrastructure Investments: *A differentiated, debt-focused opportunity***

GCP occupies a unique position within the UK listed infrastructure universe, focusing primarily on debt rather than equity ownership of assets. The portfolio invests in three broad sectors: renewables, PPP projects and supported living. The portfolio is predominantly availability-based, exhibiting little to no GDP sensitivity. The Company also has minimal leverage, no construction exposure and a fully operational asset base. This positioning underpins the Company's current 9.5% yield on share price\*



### **TM Gravis UK Infrastructure Income: *High income, wide discounts, defensive cash flows***

Portfolio companies in the fund continue to trade at an average weighted discount to NAV of around 22%\*\*; despite owning long-duration, highly regulated infrastructure assets. The Fund currently offers a 6.68% yield\*\*, which are taken from income. Income growth was 4.6%\*\* in 2025 vs 2024. The Fund has low volatility (c10%)\* and low correlation to equities\*\*. What's more, cash flows are predominantly availability-based, not demand-driven and underlying assets exhibit low GDP sensitivity.



### **TM Gravis UK Listed Property: *Deep discounts, defensive positioning, mega trends***

The Fund's portfolio continues to trade at an average weighted discount to NAV of around 23.5%\*\*. Importantly, these discounts persist even within next-generation real estate sectors. The portfolio has a yield of 5.83%\*\* and maintains low correlation to both equities and bonds\*\*, enhancing portfolio diversification, and exposure to cyclical real estate is limited, with a clear bias towards defensive, purpose-built assets. The latest JPM Guide to Markets predicts UK REITs will be the second best performing asset class over the next 10-15 years, with annual returns of c7.5%-8%\*\*\*.

## Contact us for more information



**Cameron Gardner**  
Director, Head of Distribution  
[cameron.gardner@graviscapital.com](mailto:cameron.gardner@graviscapital.com)  
020 3405 8555 | 07835 142763



**Ollie Matthews**  
Sales Director, South  
[ollie.matthews@graviscapital.com](mailto:ollie.matthews@graviscapital.com)  
020 3405 8556 | 07787 415 151



**Jason Anderson**  
Head of London Sales  
[jason.anderson@graviscapital.com](mailto:jason.anderson@graviscapital.com)  
020 3405 8527 | 07957 243655

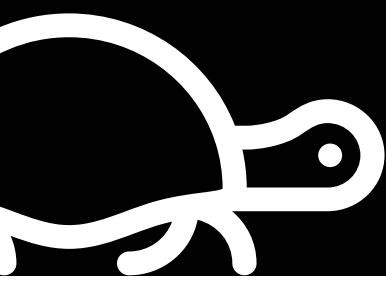


**Jonathan Feely**  
Sales Director, North  
[jonathan.feely@graviscapital.com](mailto:jonathan.feely@graviscapital.com)  
020 3405 8248 | 07894 107 075

\*Source: The AIC, 12 May 2026

\*\*Source: Bloomberg, Gravis, 30 April 2026

\*\*\*Source: JP Morgan Guide to the Markets Q1 2026



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*TM Gravis UK Infrastructure Income Fund is a sub-fund of TM Gravis Funds ICVC, which is a UK UCITS scheme and an umbrella company for the purposes of the OEIC Regulations.*

*TM Gravis UK Listed Property (PAIF) Fund (the “Fund”) is a sub-fund of TM Gravis Real Assets ICVC, which is a non-UCITS retail scheme and an umbrella company for the purposes of the OEIC Regulations. The Fund is a Property Authorised Investment Fund (“PAIF”).*

*The Authorised Fund Manager of TM Gravis Funds ICVC and TM Gravis Real Assets ICVC is Thesis Unit Trust Management Limited (TUTMAN), Exchange Building, St John’s Street, Chichester, West Sussex, PO19 1UP. TUTMAN is authorised and regulated by the Financial Conduct Authority. GAL is the investment manager of the Funds.*

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*Any decision to invest in a Fund must be based solely on the information contained in the Prospectus, the latest Key Investor Information Document and the latest annual or interim report and financial statements.*

*Past performance is no guarantee of future performance.*

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