



## Unlocking opportunity: what the UK's 10-year Infrastructure Strategy means for investors

The UK Government's recently published 10-Year Infrastructure Strategy outlines a renewed commitment to long-term infrastructure development. With headline figures including £725 billion of public funding over the next decade, and targeted reintroduction of Public Private Partnerships (PPP), this strategy opens significant doors for investors, especially those seeking stable, inflation-linked income.

Gravis, through [GCP Infrastructure Investments Limited](#) and [VT Gravis UK Infrastructure Income Fund](#), is well-positioned to capitalise on the opportunities the strategy presents.

### A strategic vision for the next decade

At its core, the government's plan focuses on enabling long-term economic growth, energy transition, digital connectivity, and environmental resilience. Key highlights include:

- **£725bn of public infrastructure funding** over the next 10 years, though much appears to relate to existing rather than entirely new commitments.
- **Private capital playing a critical role** — particularly in clean energy, water, and digital infrastructure — with the National Infrastructure Commission estimating of a total of £40–50bn per annum in private funding will be needed.
- **A “careful and targeted” return of PPP** as a financing model, with Euston Station cited as a potential pilot.
- **Establishment of the National Infrastructure and Service Transformation Authority (NISTA)** to streamline planning, improve governance, and publish a transparent infrastructure project pipeline.
- **Financial support channels totalling over £150bn**, including equity and loans, through bodies like the National Wealth Fund, UK Export Finance, and the newly launched National Housing Bank.

**Phil Kent, CEO at Gravis, commented:** “Overall, the 10-year plan is positive. The introduction of NISTA and planning reform will help remove

*unnecessary red tape and the material support for infrastructure and the reintroduction of PPPs is encouraging for GCP Infrastructure Investments and funds like VT Gravis UK Infrastructure Income, which already have exposure to this model either directly or through underlying holdings.”*

However, he notes that while the ambition is clear, execution and urgency will be critical:

*“There’s a mismatch between ambition and pace. Some of the government’s existing targets, such as the Clean Power 20230 Action Plan are already in danger of not being met on time. What’s more, it will take time before new models such as PPP are fully established and new projects are being procured.*

*“Supply chains that previously supported PPP will need to be recreated, and construction partners are more risk-averse today. Policy support must come quickly to bridge the gap between planning and delivery.”*

### Time to scale private capital

The Association of Investment Companies (AIC) echoes Gravis’ sentiment. **Richard Stone, AIC CEO, remarked recently:**

*“Investment companies can help the government deliver its growth ambitions whether that’s funding infrastructure, cutting-edge technology or other high-potential sectors. They already play an important role in funding UK*





infrastructure projects, with over £17bn of assets invested in UK infrastructure including roads, trains, wind and solar farms.

*"We believe that investment companies in partnership with the National Wealth Fund could offer a new way for investors to invest in innovative projects. The National Wealth Fund could act as a cornerstone investor in each new investment company, creating a unique combination of public and private capital. Investment companies enable all investors from pension funds to individual private investors to fund infrastructure projects, new technologies or the transition to net zero."*

### Gravis's track record in PPP

PPPs are long-term project agreements where the public and private sectors collaborate to deliver social and other infrastructure assets for the provision of services to the local community.

The public sector partner is most often a local authority or, in the case of healthcare assets, an NHS Trust. The private sector partners will design, build, operate and maintain the asset on behalf of the local authority and the local authority will provide regular payments via a unitary charge throughout the project life, over the term of the contract.

Gravis has 15 years of experience this area.

#### Case Study 1: the Aberdeen Schools Project

- Delivered 10 schools for over 5,000 pupils under a £120m PFI contract.
- Despite early challenges and counterparty liquidations, the project was successfully refinanced and now operates to high contractual standards, including during the COVID-19 pandemic.
- To date, £5.6m in surplus profits have been distributed to local charities, with a further £58m forecast by 2039.
- Demonstrates effective risk-sharing, service reliability, and long-term community value, which are core tenets of the PPP model.

#### Case Study 2: Queen Elizabeth II Hospital

- The QEII Hospital, a modern day hospital opened in 2015, offers outpatient and urgent care services in a sustainably designed building featuring natural shading and a green roof.
- All projects are supported by Government-backed leases with the NHS and Community Health Partnerships (CHP).
- Gravis's investment yields a 7.7% IRR, underpinned by secure, subordinated cash flows without equity exposure.
- A stable, long-term investment in non-acute healthcare, offering predictable returns, ESG alignment, and resilience through economic cycles.

### What this means for investors

For investors seeking stable, inflation-linked, long-term income streams, the re-energised UK infrastructure landscape represents an exciting investment opportunity.

#### GCP Infrastructure Investments Limited

- **Predictable income:** GCP Infrastructure Investments' loans are typically secured against contracted cash flows backed by the UK public sector. Many of the loans are also structured to benefit from partial inflation protection, providing a hedge against rising prices. The Company has paid a dividend for 15 consecutive years\*.
  - **Resilience in economic downturns:** Because many of its projects are availability-based (in other words, they get paid as long as the service is available, irrespective of demand for the project), they are less exposed to demand fluctuations and economic cycles. The Company is currently trading at a high 28% discount to the net asset value (NAV)\*\*, providing an attractive entry point.
  - **Attractive yield:** The dividend yield on share price is c. 9.5%, which is well above the UK base rate of 4.25%\*\*.
- The dividend is supported by predominantly loans to projects that benefit from long-term public-sector backed revenues.



## VT Gravis UK Infrastructure Income Fund

The VT Gravis UK Infrastructure Income Fund is an open-ended investment company that invests in the UK-listed infrastructure sector across areas such as energy, transport, digital infrastructure, and utilities. It aims to provide regular income, preserve capital, and protect against inflation.

- **Diversification:** The Fund spreads its investments across a range of companies and infrastructure types, so it's not overly reliant on any one sector or theme. Further, exposure is diversified across infrastructure risks: from asset focused investments to investments in companies that provide critical services to operate and maintain infrastructure. Because infrastructure companies typically provide essential services, they may be considered defensive in nature and less sensitive to cyclical economic trends. These characteristics would likely prove attractive to investors looking for regular income, defensive assets, and portfolio diversification benefits.
- **Inflation-linked income:** A significant portion of the Fund's income is derived from assets with cash flows linked to inflation, enhancing its appeal in periods of rising prices.
- **Income focus:** The Fund provides relatively high levels of income for investors, underpinned by the contracted nature of the cash flows generated by underlying portfolio companies. It pays income quarterly and is currently yielding around 6.1%\*\*\*. Because at least 80% of the portfolio is invested in operational assets, that income has a stable foundation.
- **Potential for capital growth:** The Fund has an allocation of c. 82% to investment companies and REITs that are trading at an average discount of c. 28% to published net asset value (NAV)\*\*\*\*. Increasing M&A activity in the sectors and disposals of underlying assets by investee companies have demonstrated that NAV is an appropriate valuation point and there is therefore the potential for capital growth driven by market valuations reverting towards NAV.

## A decade of opportunity, if delivered

While the government's 10-year Infrastructure Strategy repackages some existing commitments, it sets a clear directional intent. The foundations are being laid: updated governance, public capital mobilisation, and a more investor-friendly framework.

Gravis, through its listed and open-ended infrastructure strategies, is well-positioned to respond. It is backed by operational experience, robust partnerships, and a deep understanding of the evolving policy landscape.

For investors, this is an ideal time to revisit infrastructure's role in diversified portfolios – particularly those seeking steady income, low correlation to traditional asset classes, and long-term visibility.

To learn more about how Gravis funds can help you capitalise on the next wave of UK infrastructure investment, please contact our team or visit [www.graviscapital.com](http://www.graviscapital.com).

*\*Source: Gravis, 30 June 2025*

*\*\*Source: Gravis 30 June 2025*

*\*\*\*Source: Gravis, 27 June 2025*

*\*\*\*\*Source : Gravis, 27 May 2025*



### **Important information**

*This article is issued by Gravis Advisory Limited ("GAL"), and Gravis Capital Management Limited (the "Investment Adviser" or "GGCM") and is for information purposes only. Both GAL and GCM are authorised and regulated by the Financial Conduct Authority and their registered office address is 24 Savile Row, London, United Kingdom, W1S 2ES.*

*VT Gravis UK Infrastructure Income Fund (the "Fund") is a sub-fund of VT Gravis Funds ICVC, which is a UK UCITS scheme and an umbrella company for the purposes of the OEIC Regulations. Valu-Trac Investment Management Limited is the Authorised Corporate Director of VT Gravis Funds ICVC and GAL is the investment manager of the Fund.*

*Neither GAL nor GCM offer investment advice and this article should not be considered a recommendation, invitation or inducement to invest in a Fund, or subscribe for, dispose of or purchase any such securities or enter into any other transaction in the GCP Infrastructure Investments Ltd (the "Company") or any other fund affiliated with Gravis. Prospective investors are recommended to seek professional advice before making a decision to invest. The merits and suitability of any investment action in relation to securities should be considered carefully and involve, among other things, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of such securities.*

*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.*

*Your capital is at risk and you may not get back the full amount invested. Prospective investors should consider the risks connected to an investment in a Fund or Company, which include (but are not limited to) counterparty risk, inflation and interest rate risk and volatility. Please see the Risk Factors section in the Prospectus for further information.*

*No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of the Company, the Investment Adviser or any of their respective directors, officers, partners, employees, agents or advisers or any other person as to the accuracy or completeness of the information or opinions contained in this article and no responsibility or liability is accepted by any of them for any such information or opinions or for any errors, omissions, misstatements, negligence or otherwise for any other communication written or otherwise. In addition, neither the Company or the Investment Adviser undertake any obligation to update or to correct any inaccuracies which may become apparent. The information in this article is subject to updating, completion, revision, further verification and amendment without notice. It is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. Any recipients outside the UK should inform themselves of and observe any applicable legal or regulatory requirements in their jurisdiction.*