Why UK infrastructure - and why now is the time to invest

The UK is entering a period of accelerated infrastructure investment, underpinned by government policy, public co-investment vehicles, and urgent system needs across energy, water, transport, and digital.

For advisers and clients, UK infrastructure represents a compelling blend of stable, inflation-linked income and long-term growth potential. Valuations remain attractive, with elevated yields and discounts that could narrow as the interest rate environment eases and investment company cost disclosure is resolved.

Why infrastructure?

- **Resilient cashflows:** infrastructure revenues are often regulated or contracted (e.g., via government-backed Contracts for Difference (CfDs).

- **Inflation linkage:** many assets benefit from inflation-indexed revenues, offering a hedge in a high-cost environment.

- **Diversified opportunity set:** exposure spans renewables, regulated utilities, social infrastructure, storage, and digital assets.

- **Defensive qualities:** infrastructure companies provide or own critical assets or services such as healthcare and energy, that modern society demands on a daily basis.

Why UK not global?

- **Policy momentum:** the 10-Year Infrastructure Strategy has set out multi-year priorities and spend, while the Planning & Infrastructure Bill and grid connection reforms are unlocking bottlenecks and accelerating deployment.

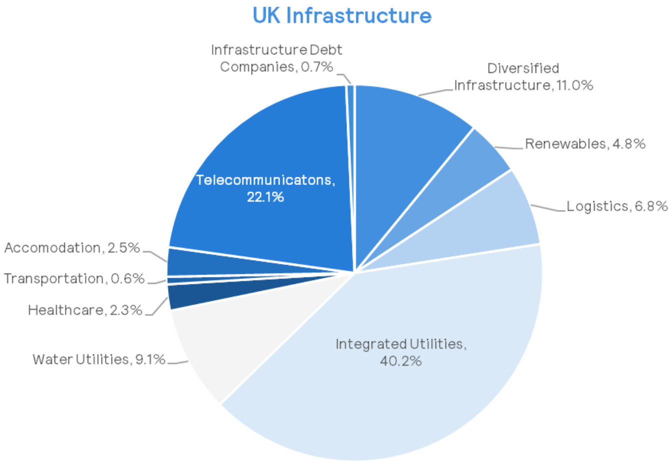
- **Pension allocations:** 17 DC pension providers have signed the Mansion House Accord, with the aim of allocating a total of 10% in private assets by 2030. 5% of these investments will be in UK assets.

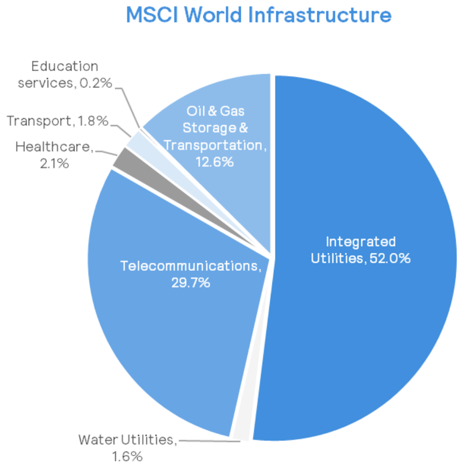
- **Public co-investment:** Great British Energy investing £8.3bn this Parliament in clean power, National Wealth Fund deploying guarantees and equity alongside institutions (e.g., £300m guarantee for the Haweswater Aqueduct resilience programme).

- **Greater portfolio diversification:** UK infrastructure has a far lower correlation to global equities than global infrastructure.

- **Availability-based, contracted revenues**: the UK listed infrastructure universe has a heavy bias towards availability-based assets whose revenue streams are contractual and highly predictable. The global listed infrastructure universe has heavy bias towards telecoms and demand-based assets, which are more sensitive to the economic environment.

- **Higher yields:** global benchmark companies pay lower yields compared to listed UK infrastructure companies.





Source: Gravis Research. UK Infrastructure includes companies with significant exposure to infrastructure assets. Based on market cap as at 28/08/2025. MSCI World Infrastructure data sourced from MSCI Factsheet as of 31 July 2025.

Why now?

- **Discounts to NAV:** Many listed UK infrastructure and renewables investment companies trade on material discounts, offering investors the potential for rerating. Average discounts now sit at 17% and 29% respectively*.

- **Attractive yields:** UK listed infrastructure and renewables investment companies continue to trade on yields between 6–10%, materially above gilts or corporate bonds*.

- **Rate backdrop improving:** The Bank of England cutting rates to 4.0% in August 2025. While timing of further cuts is debated, the cycle has turned, easing a key headwind for long-duration assets.

- **Debt issuance:** according to data from Infralogic, the UK is on track for record infrastructure financing in 2025 spanning energy transition, digital and regulated assets. Around $38bn of debt was issued in the first 8 months of year**.

- **Huge capex tailwinds:** the government has promised £725 billion and a further £500 billion in private investment is needed over the next decade to meet targets.

- **Improving regulatory environment:** it's hoped that the Consumer Composite Investments regime will result in investment companies no longer being required to mislead investors into thinking they are paying management and operational fees directly from their investments.

- **Index inclusion:** Infrastructure and Real Asset investment companies are currently not included in indices. Campaigners are working on getting this changed, which would result in an influx of money from passive funds.

Gravis has two options in this space: GCP Infrastructure Investments Limited, a UK listed investment company investing in social and environmental infrastructure debt, and TM Gravis UK Infrastructure Income, an open-ended fund investing in UK listed infrastructure investment companies. Both aim to deliver reliable and predictable income and returns from real, tangible assets that people use every day.

As the sector stands at a potential turning point, with stabilising interest rates, rising energy transition investment, and persistent discounts, investors have a rare opportunity to harness this upside with expert guidance and intentional positioning.

**Source: The AIC, 10 September 2025*

***Source: ft.com, UK Infrastructure financing on track to reach record high, 8 September 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.

TM Gravis UK Infrastructure Income Fund (the "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.

The Authorised Fund Manager of TM Gravis Funds 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 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.