



Company Overview

Fund Name:	VT RM Alternative Income Fund	
Launch Date:	11 th June 2018	
Regulatory Status:	FCA Authorised	
Classification:	Non-Complex	
Sector:	IA Specialist	
Share Classes:	Income & Accumulation Institutional & Retail	
Currencies:	GBP, EUR, USD	
Share Class	ISIN	NAV
GBP Accumulation (I)	GB00BD6SVV68	102.51
GBP Accumulation (R)	GB00BYVZQ252	102.48
GBP Income (I)	GB00BD6SVR23	102.21
GBP Income (R)	GB00BYVZPZ16	101.23
EURO Accumulation (I)	GB00BD6SVW75	100.00
EURO Accumulation (R)	GB00BYVZQ369	100.00
EURO Income (I)	GB00BD6SVS30	100.00
EURO Income (R)	GB00BYVZQ039	100.00
USD Accumulation (I)	GB00BD6SVX82	100.00
USD Accumulation (R)	GB00BD6SVQ16	100.00
USD Income (I)	GB00BD6SVT47	100.00
USD Income (R)	GB00BYVZQ146	100.00
Next Dividend Ex Date:	31/10/2018	
Dividend Pay Dates:	September, December, March, June.	
Annual Management Charges¹:	Institutional (I): 0.70% Retail (R): 0.80%	
Target Fund Objectives²:	Capital preservation 5.00% Net Dividend on issue price 7-8% Total Return on issue price	
Dealing Frequency:	Daily Liquidity	
Valuation Frequency:	Daily	
¹ The OCF (Ongoing Charges Figure) for all share classes is capped at 0.85%		
² The figures are targets only and there is no guarantee they will be achieved. Per annum by reference to launch price of £1.00 per unit, payable quarterly, one month in arrears		

Overview

VT RM Alternative Income Fund (the “Fund” or “RMAI”) seeks to provide income whilst preserving capital over the medium to long-term. The Fund seeks to meet its objectives by investing in listed equities and other transferable securities (including REITs and Investment Trusts) whose primary activity or exposure is within the alternative income sectors - areas such as alternative lending (asset lending, direct lending, platform lending), Infrastructure and specialist real estate. In addition to investing in equities the fund may also invest in other transferable securities, bonds, money market instruments or cash. The Fund will have a preference for investments denominated in sterling, with issuers which have activities and assets within the U.K., Europe, USA, Singapore or another OECD Country.

Portfolio Activity

Since the Fund’s inception, the Fund’s NAV has increased to 102.51 net of fees. Fund data is based upon the VT RM Alternative Income Fund Institutional GBP accumulation class. To date investments have been made into 42 companies in 17 sectors, across developed markets, primarily in the UK, but also including modest holdings in the US, Canada, Western Europe, Singapore and Australia.

The PRS REIT (“PRSR”) – 3.38% holding. The RM Funds investment team met with PRS REIT management during the month and remain supportive of the team, their focus-on and continued drive to deliver on the real estate investment trust’s objectives. PRSR owns portfolios of private-rented sector housing within the UK; an area that for years has suffered from chronic undersupply. The granularity of the portfolio, coupled with the standardised specifications of property assets should ensure minimal maintenance capex. The only negative in the near-term is the impact of Brexit and the potential to depress property prices (and thereby impact the NAV of the REIT), however we view this as temporary, especially when considering the economic life of residential property assets and the ability to generate positive cash flows.

John Laing Environmental Assets (“JLIF”, 2.67%, TransAlta Renewables Inc (“RNW CN”, 1.81%), Atlantica Yield PLC (“AY US”, 1.74%). We have previously laid out our views on volume-based infrastructure such as renewables. We like the sector in general due to its relatively stable and predictable cash flows. Our approach to the sector has been to build up a portfolio of technologically and geographically diverse holdings; JLIF is focused on the UK, with assets across ground mounted solar PV, on-shore wind, anaerobic digestion and energy from waste. We particularly like the diversification as this should assist in smoothing out the seasonality factors which, solar, wind (and hydro) are more prone to experiencing. UK Power prices have remained elevated during the month and near year highs, which should help offset any reduction in output from reduced solar and wind generation. **RNW CN** is majority owned (61%) by TransAlta Corporation, a BBB- rated Canadian corporate. RNW offers both further geographic diversification (assets in Canada, US and Australia) and additional technological diversification (Wind, Solar, Natural Gas and Hydro). The stock is under pressure given the booming US economy, and has moderate exposure to regulatory risks, but given the asset quality, long-term contracted cash flows, limited leverage and dividend yield, we can look past the short-term market noise. **AY US** further adds to the diversification mix, with assets in both Europe (ex UK), North and South America, including renewables, natural gas, water and transmission – again assets are underpinned by long-term contracted cash flows (c.19 years, against 95% investment grade off-takers).

NAV & Dividend History – 2018

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p ⁽¹⁾	-	-	-	-	-	-	0.2977	-	-	-	-	-	-
NAV ⁽²⁾	-	-	-	-	-	100.07	101.23	102.35	102.51	-	-	-	-

⁽¹⁾ Institutional GBP Income Class

⁽²⁾ Institutional GBP Accumulation Class

Advisory & Administration

ACD

Valu-Trac Investment Management LTD

Investment Manager

RM Capital Markets Limited, 7 Melville Crescent,
Edinburgh EH3 7JA

Portfolio Managers

Pietro Nicholls

Investment Management
+44 (0) 20 3697 1768
Pietro.Nicholls@rm-capital.co.uk

James Robson

Investment Management
+44 (0) 131 603 7069
James.Robson@rm-capital.co.uk

Sales & Distribution

James Satterthwaite

Sales & Distribution
+44 (0) 131 603 7068
James.Satterthwaite@rm-capital.co.uk

David Watts

Sales & Distribution
+44 (0) 131 603 7064
David.Watts@rm-capital.co.uk

Dealing

Valu-Trac

Dealing
+44 (0) 1343 880 344
rmfunds@valu-trac.com

The prospectus, KIID, and Investment Updates can be found on our website. www.rm-funds.co.uk

Platforms

AJ Bell
Aegon
AllFunds
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FNZ
Fusion
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Novia
Pershing
Raymond James
Transact

If your platform is not listed, please contact our distribution team or Valu-Trac directly.

During the month, a number of capital markets transactions were announced (mainly taps of existing securities) and or closed; such transactions we look upon positively (albeit there is often some slippage of the existing share premium) as they offer the fund an opportunity to increase its exposure at favourable prices to current market price. We participated in the DIGS capital raise saving 2.1p on the market price preceding the announcement of the raise.

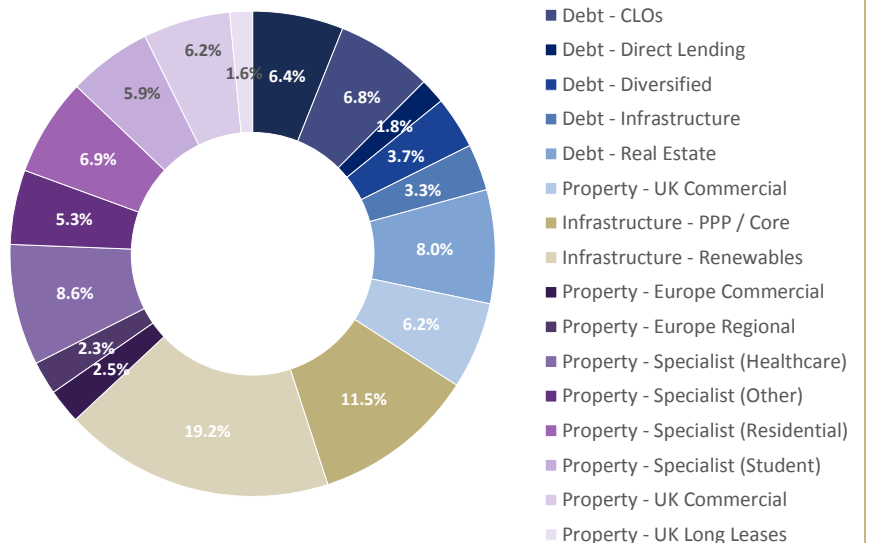
Market Commentary

For the period 1st September to 30th September the month can be best described as choppy. Emerging Markets sold off and continue to slide going into October; driven by concerns over the US administration's continued protectionist agenda, and rising US interest rates. The FTSE All-share produced a negative return of -0.09% on the month, with the Iboxx non-gilt GBP corporate delivering -1.08%.

Moving into the fourth quarter, we expect further asset price volatility, with the US looking like a one-way bet for rate sensitive assets, and the looming/developing threat of Italy's budget and the continued tapering of QE by the ECB will make for some volatile price action.

Broadly our asset allocation remains unchanged, but tactically we expect to make a modest increase into the alternative credit assets, specifically those with limited to no duration risk. Whilst we cannot hedge against market sentiment, removing/reducing interest rate exposure and focusing on good credit quality will stand us in good stead during the month(s) ahead.

RMAI Sector Weights



Current Portfolio Investments table:

Position	Sector Classification	% of the Portfolio
NextEnergy Solar	Infrastructure - Renewables	3.55%
PRS REIT	Property - Specialist (Residential)	3.38%
TwentyFour Select Monthly Income	Debt - Diversified	3.29%
Alcentra European Floating Rate	Debt - Asset Backed / Secured Loans	3.28%
Renewables Infrastructure Group	Infrastructure - Renewables	3.06%
GCP Student Living	Property - Specialist (Student)	2.93%
GCP Infrastructure Investments	Debt - Infrastructure	2.92%
Real Estate Credit Investments	Debt - Real Estate	2.74%
MedicX	Property - Specialist (Healthcare)	2.72%
John Laing Environmental Assets Group	Infrastructure - Renewables	2.67%
Target Healthcare REIT	Property - Specialist (Healthcare)	2.51%
ICG-Longbow Senior Secured UK Property Debt Investments	Debt - Real Estate	2.47%
NB Global Floating Rate Income	Debt - Asset Backed / Secured Loans	2.43%
Volta Finance	Debt - CLOs	2.41%
Bluefield Solar Income	Infrastructure - Renewables	2.39%
Impact Healthcare Reit	Property - Specialist (Healthcare)	2.37%
Empiric Student Property	Property - Specialist (Student)	2.33%
3i Infrastructure	Infrastructure - PPP / Core	2.30%
AEW UK REIT	Property - UK Commercial	2.29%
Tritax EuroBox	Property - Europe Commercial	2.18%
HICL Infrastructure Company	Infrastructure - PPP / Core	2.17%
Schroder European REIT	Property - Europe Regional	2.09%
Residential Secure Income	Property - Specialist (Residential)	2.06%
Viva Energy REIT	Property - Specialist (Other)	1.97%
Starwood European Real Estate Finance	Debt - Real Estate	1.93%
International Public Partnerships	Infrastructure - PPP / Core	1.92%
Fair Oaks Income	Debt - CLOs	1.89%
Warehouse REIT	Property - UK Commercial	1.82%
TransAlta Renewables	Infrastructure - Renewables	1.81%
Foresight Solar Fund	Infrastructure - Renewables	1.80%
BBGI SICAV	Infrastructure - PPP / Core	1.76%
Blackstone/GSO Loan Financing	Debt - CLOs	1.74%
Atlantica Yield	Infrastructure - Renewables	1.74%
Frasers Logistics & Industrial	Property - Specialist (Other)	1.73%
Tritax Big Box REIT PLC	Property - UK Long Leases	1.43%
Urban Logistics REIT	Property - UK Commercial	1.36%
John Laing Infrastructure	Infrastructure - PPP / Core	1.33%
RM Secured Direct Lending	Debt - Direct Lending	1.21%
Convenience Retail REIT	Property - Specialist (Other)	0.98%
Macquarie Infrastructure Corporation	Infrastructure - PPP / Core	0.78%
Triple Point Social Housing REIT	Property - Specialist (Residential)	0.70%
Funding Circle SME Income	Debt - Direct Lending	0.39%
Cash		11.18%

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