



### Company Overview

<b>Fund Name:</b>	VT RM Alternative Income Fund	
<b>Launch Date:</b>	11 <sup>th</sup> June 2018	
<b>Regulatory Status:</b>	FCA Authorised	
<b>Classification:</b>	Non-Complex	
<b>Sector:</b>	IA Specialist	
<b>Share Classes:</b>	Income & Accumulation Institutional & Retail	
<b>Currencies:</b>	GBP, EUR, USD	
<b>Share Class</b>	<b>ISIN</b>	<b>NAV</b>
GBP Accumulation (I)	GB00BD6SVV68	101.62
GBP Accumulation (R)	GB00BYVZQ252	101.58
GBP Income (I)	GB00BD6SVR23	99.86
GBP Income (R)	GB00BYVZPZ16	98.88
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
<b>Next Dividend Ex Date:</b>	31/01/2019	
<b>Dividend Pay Dates:</b>	September, December, March, June.	
<b>Annual Management Charges<sup>1</sup>:</b>	Institutional (I): 0.70% Retail (R): 0.80%	
<b>Target Fund Objectives<sup>2</sup>:</b>	Capital preservation  5.00% Net Dividend on issue price  7-8% Total Return on issue price	
<b>Dealing Frequency:</b>	Daily Liquidity	
<b>Valuation Frequency:</b>	Daily	
<sup>1</sup> The OCF (Ongoing Charges Figure) for all share classes is capped at 0.85%		
<sup>2</sup> 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, including 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 on the 11th June 2018, the net asset valuation per share of the VT RM Alternative Income Fund (the “Fund” or “RMAI”) has increased from £1.00 to £1.0158 net of fees\*. Fund data is based upon the VT RM Alternative Income Fund Retail GBP accumulation class. The FTSE All-Share total return over the same period was (-7.20%).

On the 31st October the fund went ex, with a 1.21p dividend payable to the retail class. We maintain our target guidance of 5% annualised (paid quarterly) on the issue price.

To date we have made investments into 46 companies, across developed markets, primarily in the UK, but also including modest holdings in the US, Canada, Western Europe, Singapore and Australia. We have hedged our currency exposures. Outlined below are our thoughts on a couple of these companies.

The end of month cash balance appears material, this was due to month end inflows and was deployed into the funds existing investments post month end.

#### Primary Health Properties (“PHP”)

3.76% holding. PHP purchases freehold and long-lease healthcare properties in the UK and Ireland, and in turn leases the properties to the health authorities and NHS. During the period we established a position in PHP as valuations came off. Whilst the sector is suffering from general yield compression, which makes attractively priced assets hard to source, the firm’s strategy to diversify away from the UK market is welcome. Ireland offers more attractive yields, but reduces exposure to perceived UK political risk.

#### Next Energy Solar Fund (“NESF”)

1.93% Holding. During the period NESF announced the issuance of preference shares to a group of institutional investors. The terms of the transaction in our view will be detrimental to ordinary shareholders in the long-term, even if over the short-to-medium term the transaction will be beneficial to ordinary shareholders (increase in Cash Available for Distribution, at the expense of maintaining core debt, rather than amortising such debt); we therefore expect to reduce our allocation to NESF.

### NAV & Dividend History – 2018

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p <sup>(1)</sup>	-	-	-	-	-	-	0.2977	-	-	1.46	-	-	-
NAV <sup>(2)</sup>	-	-	-	-	-	100.07	101.23	102.35	102.51	101.62	-	-	-
Dividends p <sup>(3)</sup>	-	-	-	-	-	-	0.22	-	-	1.21	-	-	-
NAV <sup>(4)</sup>	-	-	-	-	-	100.01	101.22	102.32	102.28	101.58	-	-	-

<sup>(1)</sup> Institutional GBP Income Class

<sup>(2)</sup> Institutional GBP Accumulation Class

<sup>(3)</sup> Retail GBP Income Class

<sup>(4)</sup> Retail GBP Accumulation Class

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The prospectus, KIID, and Investment Updates can be found on our website. [www.rm-funds.co.uk](http://www.rm-funds.co.uk)

### Platforms

AJ Bell  
Aegon  
AllFunds  
Alliance Trust  
Ascentric  
Cofunds  
FNZ  
Fusion  
Hargreaves Lansdown  
Novia  
Pershing  
Raymond James  
RL360  
Transact

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

## Starwood European Real Estate ("SWEF")

3.55% Holding. SWEF has long been a core focus for the team within our alternative credit segment. Secured real estate loans typically offer some of the highest recovery rates across the credit spectrum, but we remain cautious of the general risks of real estate lending, including counterparty risk and asset valuations. We are, however, encouraged by the reported LTVs (c.64%) and the managers skepticism around such asset values, the diverse profile of the borrowers (by counterparty, sector, and geography) and the limited exposure to duration (91.8% floating rate instruments).

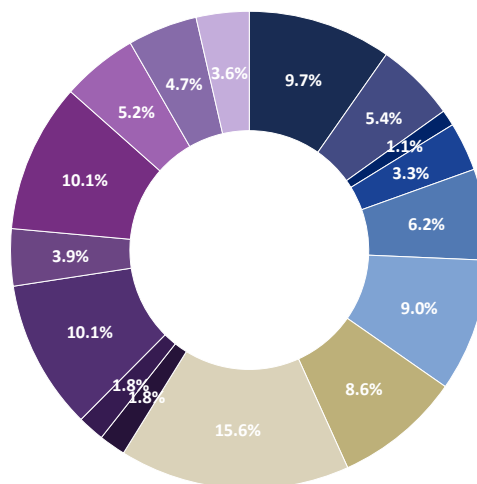
During the month, a number of prospective capital markets transactions were announced; currently confirmed are Target Healthcare, with The Renewables Infrastructure Group and Impact Healthcare expected in due course. As previously outlined we look upon such transactions positively, as they offer the fund an opportunity to increase its exposure at favourable levels to the current market prices.

### Market Commentary

For the period 1st October to 31st October. October was a challenging month, driven principally by the outlook, speed and expectations of US rate rises; the result was a 5-10% sell-off (-7.17% SPXT, -5.12% ASXTR) across most developed and emerging markets. We note during the month that signs of stress have started to develop within the UK economy, ranging from anecdotal reports relating to p2p platform Lendy's non-performing loan book, to more concrete data from the UK's Insolvency Service which reported corporate insolvencies rising +8.9% on Q2 2018 – cyclical sectors including construction, retail and food (casual fast dining et al) were key casualties.

Our asset allocation on the month is broadly in line with September, we continue to seek out secured floating rate alternative credit assets (reduction in exposure to duration/interest rates), and in time we expect to increase our allocation to international infrastructure assets (specifically volume based) as valuations continue to rebase following the trajectory of US interest rates.

## RMAI Sector Weights



- Debt - Asset Backed / Secured Loans
- Debt - CLOs
- Debt - Direct Lending
- Debt - Diversified
- Debt - Infrastructure
- Debt - Real Estate
- Infrastructure - PPP / Core
- Infrastructure - Renewables
- Property - Europe Commercial
- Property - Europe Regional
- Property - Specialist (Healthcare)
- Property - Specialist (Other)
- Property - Specialist (Residential)
- Property - Specialist (Student)
- Property - UK Commercial
- Property - UK Long Leases

\* In order to comply with the regulation on financial promotions, RMAI cannot present past performance of the Fund until the first anniversary of the Fund launch. Accordingly, we cannot express the Fund price change as a percentage.

Current Portfolio Investments table:

<i>Position</i>	<i>Sector Classification</i>	<i>% of the Portfolio</i>
Primary Health Properties PLC	Property - Specialist (Healthcare)	3.76%
PRS REIT	Property - Specialist (Residential)	3.72%
Starwood European Real Estate Finance	Debt - Real Estate	3.55%
Sequoia Economic Infrastructure	Debt - Infrastructure	3.38%
John Laing Environmental Assets Group	Infrastructure - Renewables	3.33%
Triple Point Social Housing REIT	Property - Specialist (Residential)	3.20%
Alcentra European Floating Rate	Debt - Asset Backed / Secured Loans	3.14%
Tritax Big Box REIT PLC	Property - UK Long Leases	2.90%
GCP Student Living	Property - Specialist (Student)	2.76%
TwentyFour Select Monthly Income	Debt - Diversified	2.68%
NB Global Floating Rate Income	Debt - Asset Backed / Secured Loans	2.63%
Foresight Solar Fund	Infrastructure - Renewables	2.44%
Real Estate Credit Investments	Debt - Real Estate	2.42%
HICL Infrastructure Company	Infrastructure - PPP / Core	2.20%
Volta Finance	Debt - CLOs	1.98%
NextEnergy Solar	Infrastructure - Renewables	1.93%
MedicX	Property - Specialist (Healthcare)	1.83%
Renewables Infrastructure Group	Infrastructure - Renewables	1.70%
GCP Asset Backed Income	Debt - Asset Backed / Secured Loans	1.64%
BBGI SICAV	Infrastructure - PPP / Core	1.63%
GCP Infrastructure Investments	Debt - Infrastructure	1.61%
AEW UK REIT	Property - UK Commercial	1.59%
International Public Partnerships	Infrastructure - PPP / Core	1.48%
Schroder European REIT	Property - Europe Regional	1.47%
Tritax EuroBox	Property - Europe Commercial	1.46%
Empiric Student Property	Property - Specialist (Student)	1.41%
Bluefield Solar Income	Infrastructure - Renewables	1.37%
Target Healthcare REIT	Property - Specialist (Healthcare)	1.34%
ICG-Longbow Senior Secured UK Property Debt Investments	Debt - Real Estate	1.32%
Warehouse REIT	Property - UK Commercial	1.29%
Impact Healthcare Reit	Property - Specialist (Healthcare)	1.27%
Residential Secure Income	Property - Specialist (Residential)	1.26%
3i Infrastructure	Infrastructure - PPP / Core	1.25%
Fair Oaks Income	Debt - CLOs	1.24%
Blackstone/GSO Loan Financing	Debt - CLOs	1.15%
Viva Energy REIT	Property - Specialist (Other)	1.08%
Urban Logistics REIT	Property - UK Commercial	0.94%
TransAlta Renewables	Infrastructure - Renewables	0.93%
Atlantica Yield	Infrastructure - Renewables	0.93%
Frasers Logistics & Industrial	Property - Specialist (Other)	0.92%
RM Secured Direct Lending	Debt - Direct Lending	0.66%
LXI REIT Plc	Property - Specialist (Other)	0.60%
Convenience Retail REIT	Property - Specialist (Other)	0.53%
GCP Asset Backed Income	Debt - Asset Backed / Secured Loans	0.46%
Macquarie Infrastructure Corporation	Infrastructure - PPP / Core	0.37%
Funding Circle SME Income	Debt - Direct Lending	0.21%
Cash		19.04%

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