



RM Alternative Income Fund

Monthly Factsheet – 28th February 2019

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	105.14
GBP Accumulation (R)	GB00BYVZQ252	105.04
GBP Income (I)	GB00BD6SVR23	102.06
GBP Income (R)	GB00BYVZP216	101.02
Next Dividend Ex Date:	30/04/2019	
Dividend Pay Dates:	March, June, September, December.	
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 over medium term	
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, 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 £1.05139 net of fees. Fund data is based upon the VT RM Alternative Income Fund Institutional GBP accumulation class. The portfolio has investments within 49 companies, across developed markets, primarily in the UK, but also including modest holdings in the US, Canada, Western Europe, Singapore and Australia. Currency exposures are largely hedged back into GBP.

The month saw continued strong performance from PHP and Medix ahead of their merger which is set to conclude during March. In addition infrastructure, specifically renewables, remained strong as a number of companies investing in solar and wind have started to extend the expected life of their assets which consequently increased NAVs. Greencoat UK Wind Plc saw a tap issuance at a discount to the prevailing share price in which the Fund participated.

RM Secured Direct Lending PLC (“RMDL”); the Fund tactically increased exposure to RMDL during the period, as the manager rotated away from leverage loans which have bounced back during Q1 2019. We favour private credit as the underlying characteristics of tangible security, robust investor protection and enhanced yields offer better risk-adjusted returns. The trust has demonstrated a strong and consistent dividend and robust NAV performance over the last six months.

Voyage Care 5.875% 2023s; The managers identified an interesting investment into Voyage Care, a leading care provider that supports individuals with complex care needs across the UK. The business supports over 3,000 adults and children operating out of 266 care homes, 22 rehabilitation centres and 13 day centres. The company has visible and stable earnings and a significant real estate portfolio – the fund invested in the senior secured notes offering a yield to maturity of 7.28% at the purchase price. The key point to note is the seniority within the capital structure of the business offers a significant value play when compared to the equity returns of comparable listed equities as well as providing diversification for the fund within this sector.

NAV & Dividend History – 2019													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p ⁽¹⁾	1.2472	-	-	-	-	-	-	-	-	-	-	-	1.2472
NAV ⁽²⁾	103.54	105.14	-	-	-	-	-	-	-	-	-	-	-

NAV & Dividend History – 2018													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p ⁽¹⁾	-	-	-	-	-	-	0.2977	-	-	1.4591	-	-	1.7568
NAV ⁽²⁾	-	-	-	-	-	100.02	101.23	102.35	102.51	101.62	101.80	100.59	-

⁽¹⁾ Institutional GBP Income Class ⁽²⁾ Institutional GBP Accumulation

In order to comply with the regulation on financial promotions, RM Funds 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 until June 2019. Capital is at risk, returns are not guaranteed and past performance is no guarantee of future performance.

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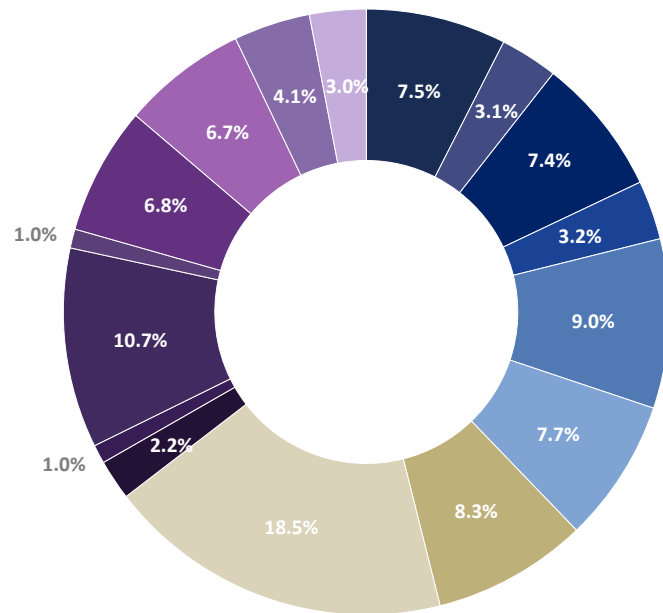
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Market Commentary

The equity and credit markets continued their rebound during February. Credit markets are amazingly back to the tighter levels seen during 2018 and global equity indexes have given stellar year to date returns of the mid to high single digits.

The RM house view is cautious and we expect further volatility in the wider markets this year. Key economic data within Europe remains weak – Germany posted zero percent GDP growth during the month and weaker exports contributed to the second successive month of contraction within the German manufacturing sector. Italy has seen a continued reduction in manufacturing output alongside a contracting economy. Italy could become the next key market focus given the size of the economy and the overall level of government indebtedness. Italian government bond yields have reduced – however in our view this could quickly unwind should the overall market sentiment change.

RMAI Sector Weights



- Debt - Asset Backed / Secured Loans
- Debt - CLOs
- Debt - Direct Lending
- Debt - Diversified
- Debt - Real Estate
- Debt - Specialist
- 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

Position	Sector Classification	% of the Portfolio
RM Secured Direct Lending	Debt - Direct Lending	4.48%
Foresight Solar Fund	Infrastructure - Renewables	4.41%
Renewables Infrastructure Group	Infrastructure - Renewables	4.11%
Voyage Care 5.875% 2023	Debt - Specialist	4.07%
Starwood European Real Estate Finance	Debt - Real Estate	3.92%
GCP Asset Backed Income	Debt - Asset Backed / Secured Loans	3.84%
GCP Student Living	Property - Specialist (Student)	3.84%
PRS REIT	Property - Specialist (Residential)	3.82%
Impact Healthcare Reit	Property - Specialist (Healthcare)	3.73%
Real Estate Credit Investments	Debt - Real Estate	3.69%
HICL Infrastructure Company	Infrastructure - PPP / Core	3.29%
NewDay 7.375% 2024	Debt - Specialist	3.15%
Bluefield Solar Income	Infrastructure - Renewables	3.07%
John Laing Environmental Assets Group	Infrastructure - Renewables	2.99%
TwentyFour Select Monthly Income	Debt - Diversified	2.98%
Tritax Big Box REIT PLC	Property - UK Long Leases	2.84%
Empiric Student Property	Property - Specialist (Student)	2.45%
Primary Healthcare Properties	Property - Specialist (Healthcare)	2.30%
Target Healthcare REIT	Property - Specialist (Healthcare)	2.25%
AEW UK REIT	Property - UK Commercial	2.23%
Triple Point Social Housing REIT	Property - Specialist (Residential)	2.06%
Tritax EuroBox	Property - Europe Commercial	2.03%
Alcentra European Floating Rate	Debt - Asset Backed / Secured Loans	1.86%
International Public Partnerships	Infrastructure - PPP / Core	1.74%
3i Infrastructure	Infrastructure - PPP / Core	1.71%
International Personal Finance 5.75% 2021	Debt - Direct Lending	1.66%
MedicX	Property - Specialist (Healthcare)	1.51%
NB Global Floating Rate Income	Debt - Asset Backed / Secured Loans	1.37%
Warehouse REIT	Property - UK Commercial	1.35%
Fair Oaks Income	Debt - CLOs	1.13%
Atlantica Yield	Infrastructure - Renewables	1.01%
Volta Finance	Debt - CLOs	0.96%
Schroder European REIT	Property - Europe Regional	0.94%
ICG-Longbow Senior Secured UK Property Debt Investments	Debt - Real Estate	0.90%
NextEnergy Solar	Infrastructure - Renewables	0.84%
International Personal Finance 6.125% 2020	Debt - Direct Lending	0.82%
Blackstone/GSO Loan Financing	Debt - CLOs	0.82%
TransAlta Renewables	Infrastructure - Renewables	0.67%
Residential Secure Income	Property - Specialist (Residential)	0.56%
BBGI SICAV	Infrastructure - PPP / Core	0.49%
GCP Infrastructure Investments	Infrastructure - PPP / Core	0.48%
Greencoat UK Wind Plc	Infrastructure - Renewables	0.34%
Viva Energy REIT	Property - Specialist (Other)	0.33%
Assura Plc	Property - Specialist (Healthcare)	0.29%
Frasers Logistics & Industrial	Property - Specialist (Other)	0.28%
Urban Logistics REIT	Property - UK Commercial	0.27%
LXI REIT Plc	Property - Specialist (Other)	0.18%
Convenience Retail REIT	Property - Specialist (Other)	0.17%
Macquarie Infrastructure Corporation	Infrastructure - PPP / Core	0.11%
Cash		5.70%

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