



RM Alternative Income Fund

Monthly Factsheet – 30th June 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	110.33
GBP Accumulation (R)	GB00BYVZQ252	110.22
GBP Income (I)	GB00BD6SVR23	105.85
GBP Income (R)	GB00BYVZPZ16	104.76
Next Dividend Ex Date:	31/07/2019	
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 to £1.103 net of fees. Fund data is based upon the VT RM Alternative Income Fund Institutional GBP accumulation class. The portfolio has investments across developed markets, primarily in the UK, but also including modest holdings in the US, Canada, and Europe. Currency exposures are largely hedged back into GBP.

June marked the first-year anniversary of the VT RM Alternative Income Fund, as such performance data can now be published. The Portfolio Managers and Investment Team are delighted with the fund’s performance over the period. The total return for the first year was circa net 9.50% (11th June 2018 to 11th June 2019 inclusive). The fund is invested across 49 holdings, multiple geographies and 0000s of assets providing for a highly diversified portfolio. Looking back the fund has been tested in its first year, in particular Q4 2018 saw the result of Trump’s fiscal vs the Fed’s hawkish monetary policy conflict, with global equity markets down c.10%+ during the period as a result – the funds defensive characteristics assisted performance during this period.

VT RM Alternative Income - Institutional - Accumulation Units
Unit Price



Period shown from 11th June 2018 to 28th June 2019. Capital is at risk, returns are not guaranteed and past performance is no guarantee of future performance.

Our allocation strategy remains tightly controlled. During the period we further rotated into an overweight defensive allocation to alternative credit. The temptation to increase our infrastructure allocation is present but given the high premiums in renewables and the volatility within the politically exposed availability based assets – we are sitting tight for now. In addition our exposure to specialist real estate remains underweight at present, we have a number of prospective holdings identified but are holding off from making an

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

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allocation until circumstances permit.

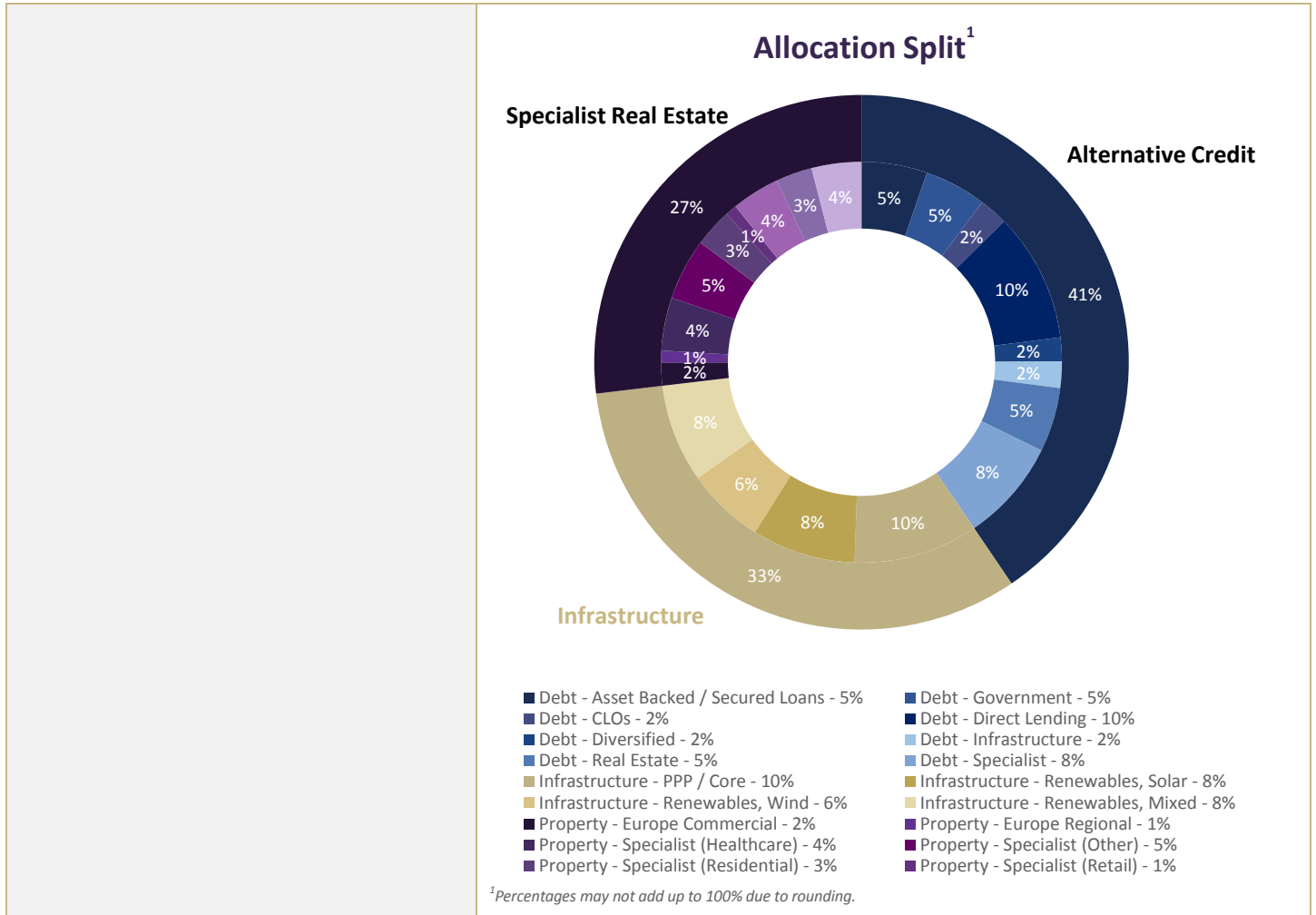
As noted last month, there were a number of placings announced during May which carried over to June, allowing the fund's Portfolio Managers to invest in existing and target investments at a moderate discount to the undisturbed share prices, and furthermore avoid paying the same level of premium (to NAV) that some investments attract. The Investment team met with 11 executive management teams during the period to discuss their respective business, prospects and assets and went on a number of site visits to perform due diligence on a handful of assets.

Sequoia Economic Infrastructure ("SEI") infrastructure debt is one of the most defensive asset subsets and is a holding which we have held previously. The company and management team are diligent, well regarded and are known to the RM Fund's Investment Team. The portfolio and the assets within it represent a collection of highly diversified infrastructure assets, geographically diversified across multiple industries with a bias towards floating rate coupons.

LXI REIT ("LXI") is another holding we have held previously and re-entered during the recent placing. In a similar vein to SEI, LXI offers a defensive and diversified play on the UK real estate market. The majority of the assets reside in the "alternative real estate" space i.e. healthcare, car parks, student accommodation etc, areas which the Investment Team have good visibility and can conduct detailed primary research on. Key attractions include: majority index-linked cashflows/uplifts, low leverage, diversified by sector and long unexpired leased terms.

Market Commentary

No sooner had President Trump announced tariffs targeting Mexico, had a deal been done with the Country - with such a strategy appearing to validate the administration's approach to trade policy. The key driver for the markets during the period was undoubtedly the Fed's shift in tone towards a more dovish monetary policy outlook. Closer to home the ECB made similar comments relating to Eurozone monetary policy, albeit the outlook in the Eurozone is gloomy compared with current US data, in any event central banks now appear to be underwriting the equity markets!



NAV & Dividend History – 2019													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p ⁽¹⁾	1.2472	-	-	1.2218	-	-	-	-	-	-	-	-	2.47p
NAV ⁽²⁾	103.54	105.14	106.03	108.51	108.98	110.33	-	-	-	-	-	-	-

NAV & Dividend History – 2018													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p ⁽¹⁾	-	-	-	-	-	-	0.2977	-	-	1.4591	-	-	1.76p
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
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Position	Sector Classification	% of the Portfolio
BBGI SICAV	Infrastructure - PPP / Core	5.47%
International Personal Finance 7.25%	Debt - Direct Lending	4.84%
UK GILT 22/07/2019	Debt - Government	4.60%
LXI REIT Plc	Property - Specialist (Other)	4.56%
Foresight Solar Fund	Infrastructure - Renewables, Solar	4.40%
Greencoat UK Wind Plc	Infrastructure - Renewables, Wind	3.84%
Tritax Big Box REIT PLC	Property - UK Long Leases	3.69%
Voyage Care 5.875 23	Debt - Specialist	3.36%
Impact Healthcare Reit	Property - Specialist (Healthcare)	3.31%
Aquila European Renewables Income Fund PLC	Infrastructure - Renewables, Mixed	3.14%
GCP Asset Backed Income	Debt - Asset Backed / Secured Loans	3.02%
NewDay 7.375% 2024	Debt - Specialist	2.65%
Starwood European Real Estate Finance	Debt - Real Estate	2.54%
RM Secured Direct Lending	Debt - Direct Lending	2.38%
John Laing Environmental Assets Group	Infrastructure - Renewables, Mixed	2.29%
Real Estate Credit Investments	Debt - Real Estate	2.24%
Empiric Student Property	Property - Specialist (Student)	2.05%
Civitas Social Housing	Property - Specialist (Residential)	2.04%
Sequoia Economic Infrastructure	Debt - Infrastructure	1.96%
Greencoat Renewables Plc	Infrastructure - Renewables, Wind	1.94%
AMIGO LOANS 7 % 01/15/24	Debt - Direct Lending	1.88%
TwentyFour Select Monthly Income	Debt - Diversified	1.77%
Tritax EuroBox	Property - Europe Commercial	1.71%
GCP Student Living	Property - Specialist (Student)	1.53%
AEW UK REIT	Property - UK Commercial	1.48%
HICL Infrastructure Company	Infrastructure - PPP / Core	1.38%
Fair Oaks Income	Debt - CLOs	1.36%
NextEnergy Solar	Infrastructure - Renewables, Solar	1.32%
Renewables Infrastructure Group	Infrastructure - Renewables, Mixed	1.31%
Bluefield Solar Income	Infrastructure - Renewables, Solar	1.04%
NB Global Floating Rate Income	Debt - Asset Backed / Secured Loans	0.95%
US Solar Fund	Infrastructure - Renewables, Solar	0.92%
Alcentra European Floating Rate	Debt - Asset Backed / Secured Loans	0.90%
NewDay Floating 2023	Debt - Specialist	0.89%
Schroder European REIT	Property - Europe Regional	0.87%
3i Infrastructure	Infrastructure - PPP / Core	0.85%
Supermarket Income Reit PLC	Property - Specialist (Retail)	0.85%
Warehouse REIT	Property - UK Commercial	0.84%
Triple Point Social Housing REIT	Property - Specialist (Residential)	0.80%
GCP Infrastructure Investments	Infrastructure - PPP / Core	0.80%
International Public Partnerships	Infrastructure - PPP / Core	0.74%
Hipgnosis Song Fund Ltd	Debt - Specialist	0.69%
Target Healthcare REIT	Property - Specialist (Healthcare)	0.61%
International Personal Finance 5.75% 2021	Debt - Direct Lending	0.49%
Blackstone/GSO Loan Financing	Debt - CLOs	0.48%
Urban Logistics REIT	Property - UK Commercial	0.37%
Atlantica Yield	Infrastructure - Renewables, Mixed	0.33%
Volta Finance	Debt - CLOs	0.27%
TransAlta Renewables	Infrastructure - Renewables, Mixed	0.22%
Cash		8.04%

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