



VT RM Alternative Income Fund

Monthly Factsheet – 31st March 2020

Company Overview		
Fund Name:	VT RM Alternative Income Fund	
Launch Date:	11 th June 2018	
Regulatory Status:	FCA Authorised	
Fund Size:	£81.90m	
Classification:	Non-Complex	
Sector:	IA Specialist	
Share Classes:	Income & Accumulation	
Currencies:	GBP, EUR, USD	
Share Class	ISIN	NAV
GBP Accumulation (I)	GB00BD6SVV68	98.52
GBP Accumulation (R)	GB00BYVZQ252	98.38
GBP Income (I)	GB00BD6SVR23	91.27
GBP Income (R)	GB00BYVZPZ16	90.27
Next Dividend Ex Date:	30/04/2020	
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.		
³ Fund data is based upon the VT RM Alternative Income Fund Institutional GBP accumulation class.		

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

The Fund’s total return for the month of March was -13.82%. The long-only fund produced a negative return during the month but outperformed on a relative basis versus the wider market sell-off, providing further validation of the investment strategy and it’s defensive characteristics. 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 changed from £1.00 to £0.99 net of fees³. The portfolio has investments across developed markets, primarily in the UK, but also including modest holdings in the US, Canada, Australasia and Europe. Currency exposures are largely hedged back into GBP.

COVID-19

Whilst we wrote last month that we expected to see a material increase in COVID-19 cases, and some form of stimulus, the sheer scale of the virus, its spread from a China ‘issue’ to a global health crisis, and the international health policy response from central governments has been staggering. Due to the rapidly evolving global health crisis, and the extreme volatility within financial markets, the investment team requested and conducted conference calls with a significant proportion of the Executive / Management teams of the fund’s existing holdings - to assess the potential impact of COVID-19 on their respective business operations / assets.

Portfolio Positioning

As the investment strategy is to focus on real assets, with defined contracted cashflows, the fund is well positioned to capture value, and generate income. For colour, we provide the following commentary to our investors and clients:

Infrastructure: Overall we have increased our exposure to this segment. We have no material exposure to GDP-linked infrastructure assets (demand-based, such as airports), but did increase our exposure to availability-based (hospitals et al) and volume-based (renewables). The latter two segments have direct contracts with either central or local governments and/or with investment grade counterparties (such as utilities). The majority of our holdings within this segment have reconfirmed their dividend guidance for the period or year.

Specialist Real Estate: Our two key themes within this segment are socio-demographic change (nurseries, student accommodation, social housing and care homes) and disruptive real estate (data centres, mobile phone towers and distribution warehouses). Whilst a couple of sub-segments such as children’s nurseries and student accommodation will have a temporary impact (reduced cash flow) as government mandated shutdowns are enacted, social housing and care homes assets operate business as usual – with the latter focused on maintaining strict health & safety / safeguarding standards. We do believe, however, that the second theme relating to disruptive real estate is a major beneficiary of the current crisis, and COVID-19 is likely to accelerate the structural decline in the High St. With the majority of the UK, and European populations working from home, digital services (data centres), telecommunications (towerCos) and online shopping have increased materially (distribution warehouses).

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

Platforms

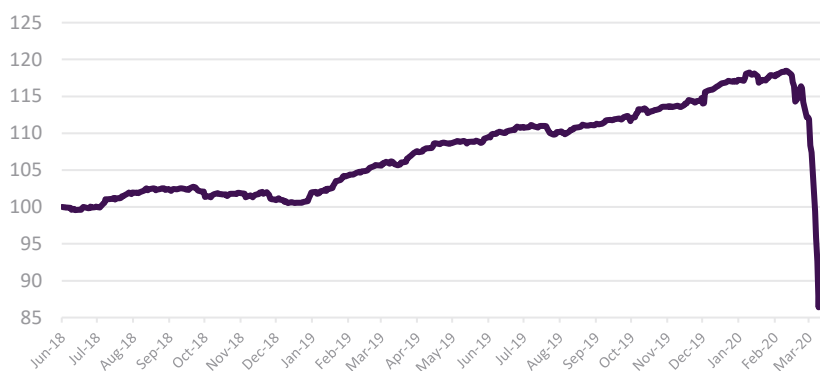
7IM
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Charles Stanley
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Elevate
Fidelity
FNZ
Fusion
Hargreaves Lansdown
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Interactive Investor
Novia
Nucleus
Old Mutual
Pershing
Raymond James
RL360
Standard Life
Stocktrade
Transact
Zurich

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Credit Allocation: The credit allocation of the portfolio initially held up well during February, providing a defensive break to the initial equity market sell-off. However, as the scale of the damage from COVID-19 has become clear, credit also suffered. Despite this, the majority of the credit allocation is secured over real assets, providing better risk-adjusted returns than the majority of traditional equities. As it is now the consensus that a global recession will follow, our credit allocations are positioned to benefit from their position within the capital structure, their seniority over ordinary equity, and the contracted nature of the income profile.

At the portfolio level, our focus over the period was on capital preservation, maintaining a highly liquid portfolio and a continued effort to reduce asset volatility.

VT RM Alternative Income - Institutional - Accumulation Units
Unit Price



Period shown from 11th June 2018 to 31st March 2020. Capital is at risk; returns are not guaranteed and past performance is no guarantee of future performance.

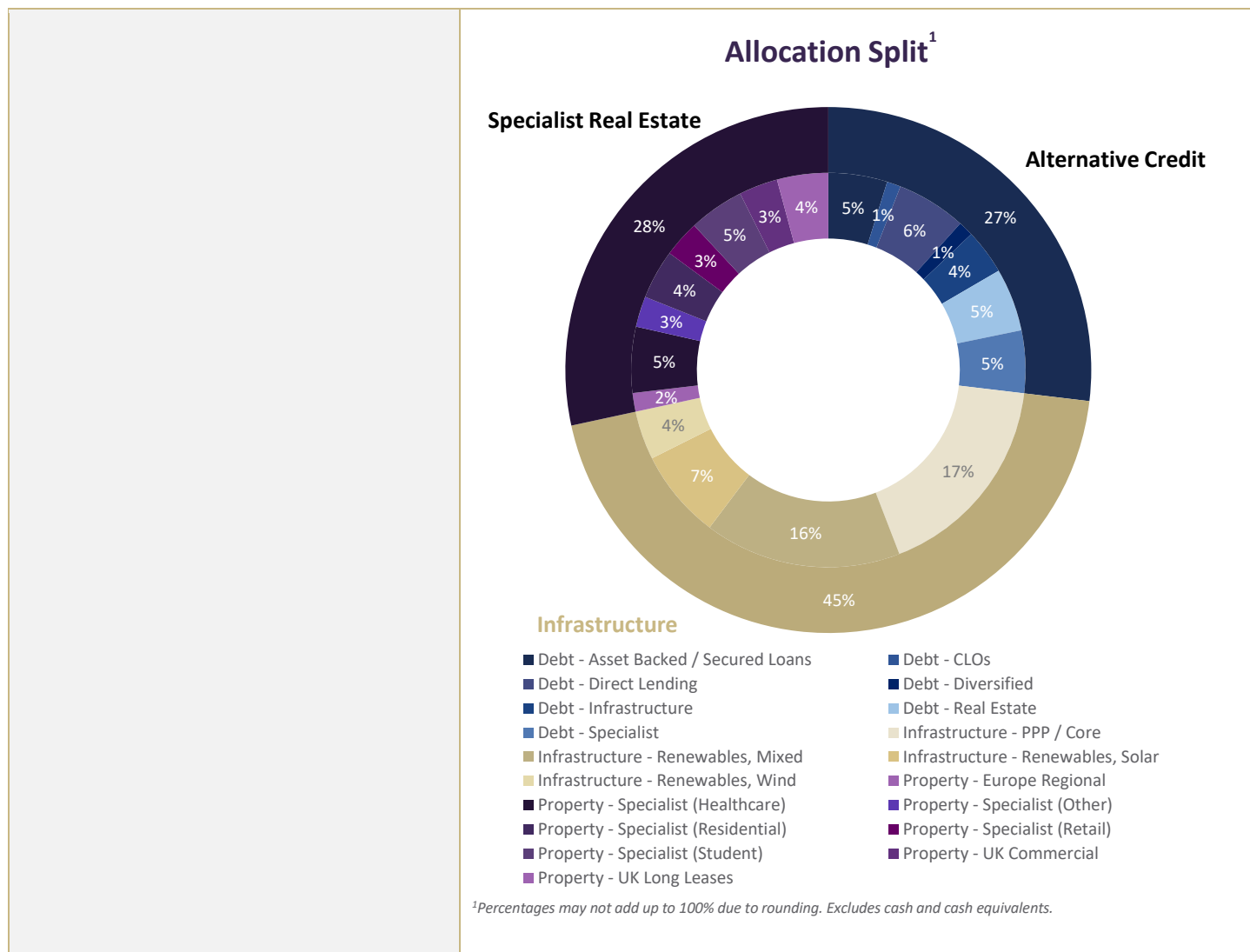
Market Commentary

The beginning of March ushered in a global market sell-off of risk assets. Initially focused on traditional global equity markets, the S&P 500, DAX, CAC, FTSE 100 and All-share all fell by c.25% by mid-month. Alternative assets also came under pressure as the sell-off spread indiscriminately across risk assets (increasing the portfolio beta). Defensive assets such as IG & HY credit moved wider as the COVID-19 pandemic gripped the markets. The extreme volatility in asset prices was driven by a handful of factors including 1) Fundamental, as investors priced-in a recession potentially on-par with the Great Depression of the 1930s and 2) Technical, driven by liquidity trades, passive ETF unwinding, and index rebalancing.

The disruption to global supply chains has been felt, with the demand side now suffering as mandatory wholesale shut-downs of Countries and their industries takes effect. Global Q2 GDP figures will likely show a material contraction. However, the large-scale monetary stimulus injected by the central banks, and the fiscal support provided by various governments, is now starting to have the desired effect and muting the financial impact of international governments health policies.

The investment team have reviewed similar lessons learnt from jurisdictions within S.E. Asia during the SARS health crisis, which has provided a helpful indication in terms of data points. Our focus will be on: 1) International Governments health policy response (and the degree of coordination between States), 2) continued fiscal welfare support and corresponding employment and demand data, and 3) a plateau in cases across the globe from the UK, EMEA, US and APAC.

Looking ahead we see considerable value opening up in certain segments which have historically traded on large premiums, have robust balance sheets, a high degree of contracted cashflows with high quality counterparties, and are well positioned to benefit over the medium-term. The team are focused on maintaining a robust liquidity profile within the portfolio, and retaining a cash balance, to tactically allocate to these areas.



NAV & Dividend History – 2020													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p ⁽¹⁾	1.2500	-	-	-	-	-	-	-	-	-	-	-	1.25p
NAV ⁽²⁾	117.22	114.31	98.52	-	-	-	-	-	-	-	-	-	-
NAV monthly return ⁽²⁾	0.30%	(2.48%)	(13.82%)	-	-	-	-	-	-	-	-	-	(15.71%)

NAV & Dividend History – 2019													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p ⁽¹⁾	1.2472	-	-	1.2218	-	-	1.2500	-	-	1.2500	-	-	4.97p
NAV ⁽²⁾	103.54	105.14	106.03	108.51	108.98	110.33	110.65	111.16	111.99	113.14	114.50	116.88	-
NAV monthly return ⁽²⁾	2.93%	1.55%	0.84%	2.34%	0.44%	1.24%	0.29%	0.46%	0.74%	1.03%	1.20%	2.07%	16.20%

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	-
NAV monthly return ⁽²⁾	-	-	-	-	-	0.02%	1.22%	1.10%	0.16%	(0.87%)	0.18%	(1.19%)	0.59%

⁽¹⁾ Institutional GBP Income Class ⁽²⁾ Institutional GBP Accumulation
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Position	Sector Classification	% of the Portfolio
John Laing Environmental Assets Group	Infrastructure - Renewables, Mixed	7.15%
HICL Infrastructure Company	Infrastructure - PPP / Core	4.11%
Tritax Big Box REIT PLC	Property - UK Long Leases	3.96%
Empiric Student Property	Property - Specialist (Student)	3.95%
Civitas Social Housing	Property - Specialist (Residential)	3.81%
International Public Partnerships	Infrastructure - PPP / Core	3.78%
Impact Healthcare Reit	Property - Specialist (Healthcare)	3.43%
Renewables Infrastructure Group	Infrastructure - Renewables, Mixed	3.33%
3i Infrastructure	Infrastructure - PPP / Core	3.11%
NewDay 7.375% 2024	Debt - Specialist	2.95%
Supermarket Income Reit PLC	Property - Specialist (Retail)	2.83%
Foresight Solar Fund	Infrastructure - Renewables, Solar	2.61%
Sequoia Economic Infrastructure	Debt - Infrastructure	2.41%
Octopus Renewables Infrastructure Trust Plc	Infrastructure - Renewables, Mixed	2.37%
NextEnergy Solar	Infrastructure - Renewables, Solar	2.32%
NB Global Floating Rate Income	Debt - Asset Backed / Secured Loans	2.28%
Aquila European Renewables Income Fund PLC	Infrastructure - Renewables, Mixed	2.23%
Greencoat Renewables Plc	Infrastructure - Renewables, Wind	2.15%
BBGI SICAV	Infrastructure - PPP / Core	2.13%
LXI REIT Plc	Property - Specialist (Other)	1.85%
SDCL Energy Efficiency Income Trust plc	Infrastructure - PPP / Core	1.79%
AMIGO LOANS 7 % 01/15/24	Debt - Direct Lending	1.74%
EGBLFN 6 1 4 10/30/25	Debt - Real Estate	1.71%
Voyage Care 5.875 23	Debt - Specialist	1.70%
Urban Logistics REIT	Property - UK Commercial	1.68%
Target Healthcare REIT	Property - Specialist (Healthcare)	1.66%
Greencoat UK Wind Plc	Infrastructure - Renewables, Wind	1.62%
Real Estate Credit Investments	Debt - Real Estate	1.59%
Schroder European REIT	Property - Europe Regional	1.43%
AEW UK REIT	Property - UK Commercial	1.32%
Alcentra European Floating Rate	Debt - Asset Backed / Secured Loans	1.29%
GCP Infrastructure Investments	Infrastructure - PPP / Core	1.26%
Bluefield Solar Income	Infrastructure - Renewables, Solar	1.21%
TwentyFour Select Monthly Income	Debt - Diversified	1.16%
Talk Talk 3.875 2025	Debt - Infrastructure	1.07%
International Personal Finance 7.25%	Debt - Direct Lending	1.05%
GCP Asset Backed Income	Debt - Asset Backed / Secured Loans	0.98%
International Personal Finance 5.75% 2021	Debt - Direct Lending	0.90%
Starwood European Real Estate Finance	Debt - Real Estate	0.86%
US Solar Fund	Infrastructure - Renewables, Solar	0.78%
BRUNTWOOD BOND 2 PLC	Debt - Real Estate	0.70%
Blackstone/GSO Loan Financing	Debt - CLOs	0.62%
International Personal Finance 6.125% 2020	Debt - Direct Lending	0.59%
RM Secured Direct Lending	Debt - Direct Lending	0.57%
JERRGB 4.875 01/15/26	Debt - Direct Lending	0.52%
Fair Oaks Income	Debt - CLOs	0.41%
Convenience Retail REIT	Property - Specialist (Other)	0.34%
GCP Student Living	Property - Specialist (Student)	0.32%
Charter Hall Education Trust	Property - Specialist (Other)	0.18%
NewDay Floating 2023	Debt - Specialist	0.17%
Atlantica Yield	Infrastructure - Renewables, Mixed	0.09%
Infratil	Infrastructure - PPP / Core	0.08%
TransAlta Renewables	Infrastructure - Renewables, Mixed	0.06%
Volta Finance	Debt - CLOs	0.04%
Cash		5.75%

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