



VT RM Alternative Income (“RMAI”)

RM Funds

VT RM Alternative Income presentation – institutional investors only

August 2021



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VT RM Alternative Income Fund

About RM Funds

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About RM Funds

RM Funds is a trading name of RM Capital Markets Limited (“RM”). RM specialises in alternative asset management.

- Award winning – **Alternative Credit Fund Manager of the Year 2017 and 2018. Runner-up 2019.**
- **RM was founded in 2010.**
- RM currently manages:
 - **Public and Private Credit Strategy: RMDL** (Listed LSE) AUM c.£122m
 - **Alternative Income Strategy: VT RMAI** (UCITS) AUM c.£120m
 - **Global Real Opportunities Strategy: VT RMGRO** (UCITS) Launched Nov 2020
 - **Single Managed Accounts**
- RM has an experienced Investment Team and additional support staff including distribution, compliance, finance and legal.
- Team has **arranged or advised on over \$1.6bn of alternative finance transactions** at RM.



**GROWTH
FINANCE**
AWARDS | 2019

FINALIST
BEST
FUND
MANAGER

RM was
founded in
2010

Specialists
in alternative asset
management

c.£250m
assets under
management

Award winning
investment team

c.£1.5bn
of transactions advised
on by RM

⁽¹⁾ GBPUSD c.1.30

RM Funds – Senior Leadership

Fund Management Leadership



Pietro Nicholls
Lead Portfolio Manager, Investment Committee Member

- Expertise in structuring and managing alternative assets including private credit, real estate and infrastructure
- Extensive experience advising listed, unlisted and government related entities on financing, risk management and corporate finance
- 15 years experience



James Robson
Portfolio Manager, Investment Committee Member

- Chief Investment Officer
- Expertise in risk management & traded credit
- Former Head of European Corporate Credit Trading HSBC
- 21 years experience

Firm Senior Management Team



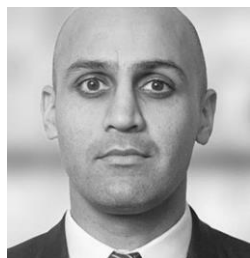
Henry Chaplin (Chair)
Board Director

- 27 Years experience
- Experience in private equity and corporate finance



James Satterthwaite
Board Director, Head of Distribution

- 14 years experience in institutional sales
- RM Funds ESG lead



Asif Godall
Senior Advisor

- Former co-CIO Cairn Capital
- 19 Years Experience, formerly Global Head of Traded Credit at HSBC

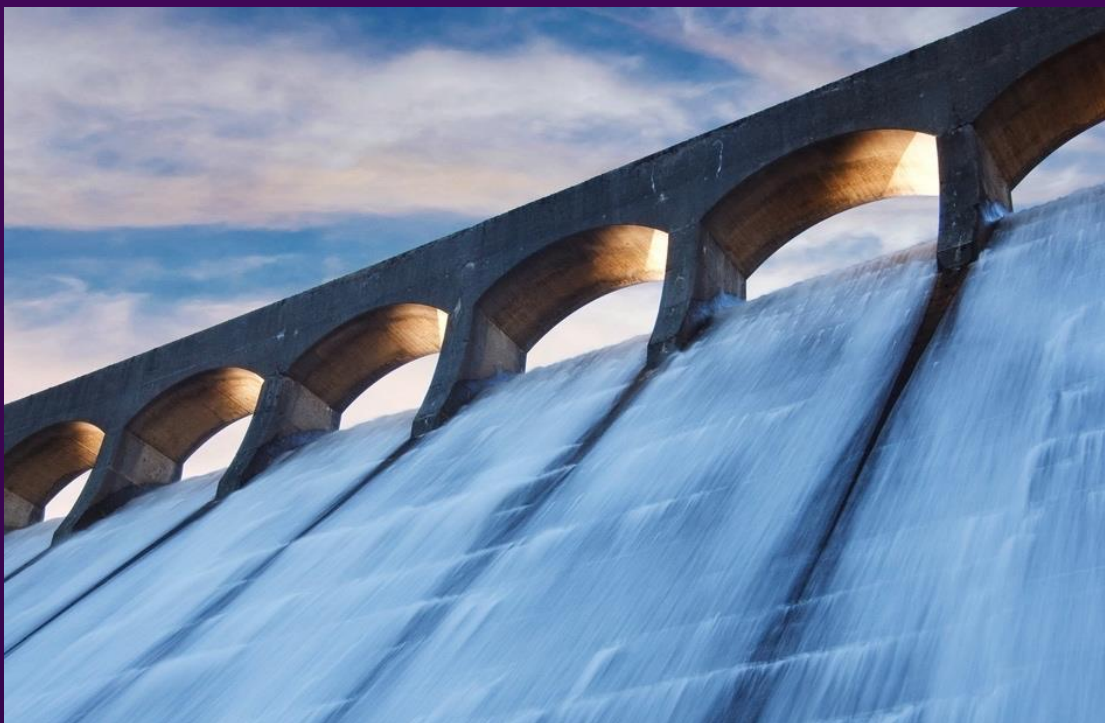


Douglas Graham
Finance Director

- 19 Years experience in strategy, corporate finance and fund administration

Investment Team Experience

- Six person Investment Team focused on Liquid and Illiquid alternative securities/assets
- 360 degree perspective - from lead advisory, financing, liability management, trading and investment / asset management
- Senior team have 100+ years of investment experience and have worked together for the best part of a decade
- Boots on the ground approach to investing
- Supported by proprietary technology platform



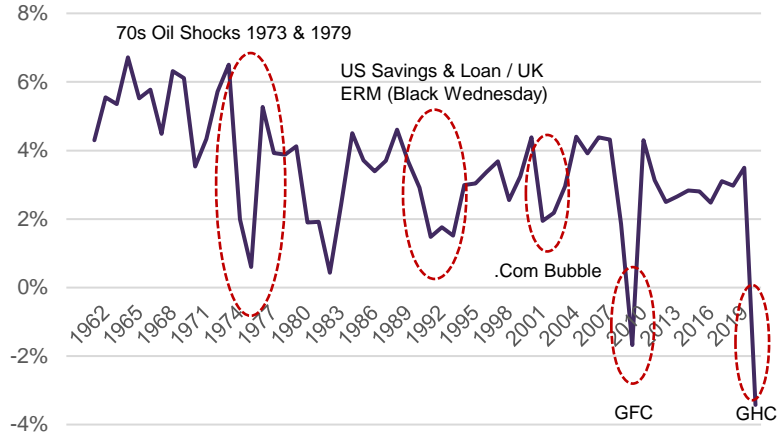
VT RM Alternative Income Fund

Market Conditions

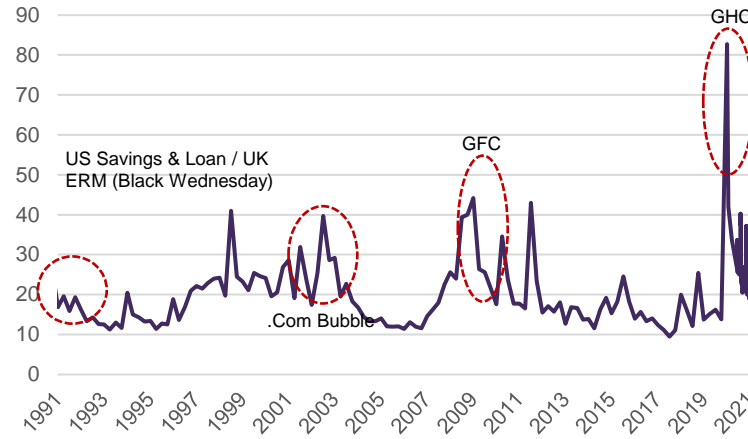
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Macro Economic Conditions

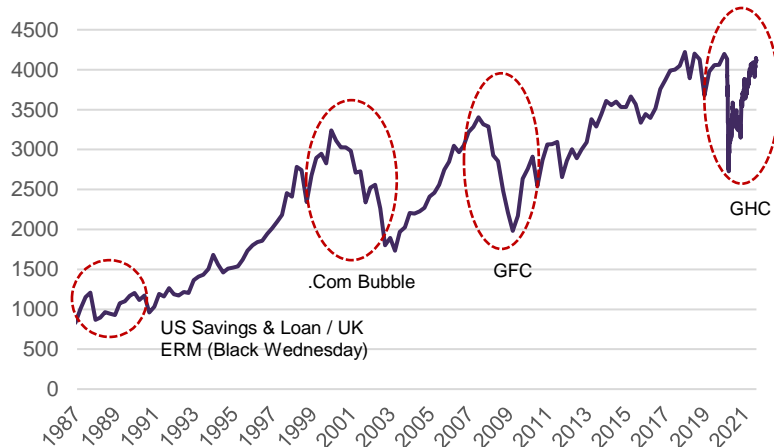
Annual World GDP Growth



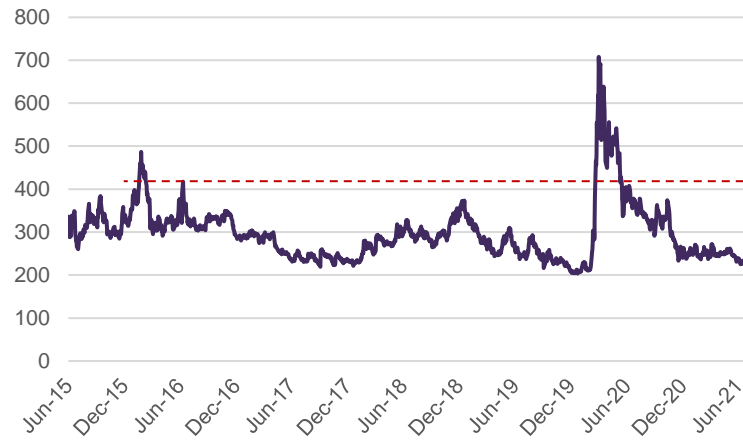
VIX



FTSE All-Share Index



Itrax XO Index



GDP Growth Outlook Mixed to Positive

- H2 2021 Recovery/Reopening Trades
- **Reflationary concerns and taper tantrums**
- **Country specific Health Policy + Vaccination Penetration indicator of GDP Recovery**
- Industry consolidation on the horizon

Return to the 1970s?

- Government & Central Bank liquidity unwind will create considerable risk
- **Inflation & rates a key risk for markets** and in particular European nations, given the split monetary and fiscal policymaking
- Increasing **geopolitical tensions**, could **reignite trade wars and protectionist agendas**

Paradigm Shift

- Event driven factors are supporting or **accelerating structural change**, such as flexible working vs office, High St vs online retail
- Bond returns offer limited income, reduced credit quality and considerable duration risk

Source:
World Bank, 22nd June 2021
Bloomberg, 17th August 2021
Bank of England, Federal Reserve, RM Funds analysis
Robert H. Frank, Principles of Macroeconomics 2007

What are Alternative Income Assets, and why invest?

Alternative Income assets, put simply, are investments in assets other than traditional equities, bonds and cash.

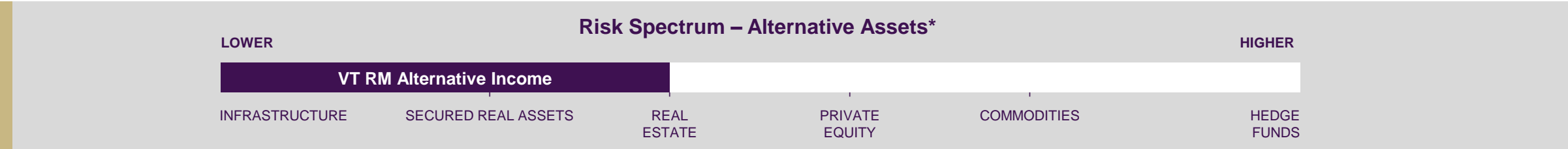
They include assets in specialist real estate (eg data centres, care homes, student accommodation), secured real assets (eg private credit) and infrastructure (eg hospitals, renewables).

Investing in alternative income assets provides the following benefits for investors:

- Low-correlation returns vs traditional asset classes;
- Asset mix / portfolio diversification;
- Reduces risk with protection against inflation and interest rates rises.

With such a range of options, RM Funds designed VT RMAI to offer investors an actively managed, lower volatility, diversified all-in one fund which will provide exposure to a broad range of alternative income producing assets.

Troubled Macro Economic Outlook	▪ Global Recession
	▪ Bloated Central Bank Balance Sheets
	▪ Brexit
Meanwhile Closer to Home	▪ Technological Disruption
	▪ Socio-Demographic Trends
	▪ TINA Trades
	▪ Search for Income
	▪ Unemployment shocks



* Chart an indication only of the proposed risks the Investment Managers wish to take expressed in terms of the fund investments – please see Key Information document for fund risk rating.

VT RM Alternative Income Overview

The VT RM Alternative Income Fund (the “Fund”) launched in June 2018.

- **An actively managed global-developed fund**, with a strategy designed to deliver consistent income returns to investors.
- Offers **protection against a rising interest rates** environment, **rising inflation** and with the potential **for capital growth over the medium term**.
- The Fund invests in a diversified portfolio of listed securities with **exposure to alternative income-producing assets**, such as Specialist Real Estate, Infrastructure and Secured Real Assets.
- The Fund offers investors **exposure to a variety of sectors** that have **defensive characteristics**, are less volatile, and display less correlation with the wider equity and fixed income markets.
- Thematic investment approach targets investments supported by structural tailwinds and long-term growth trends.

FUND
LAUNCHED

**11th June
2018**

EXPERIENCED
FUND MANAGERS

Pietro Nicholls,

- Lead Manager
- 15 years in fund management, investment banking and trading

James Robson, CIO,

- 21 years experience in trading & fund management,
- Former Head of European Corporate Credit Trading HSBC.

Target
5.00% p.a.
dividend income,
paid quarterly

Total return target
7-8% p.a.

Target Vol
<5.00 30Day

Interest rate &
inflation-protection
Capital
preservation

Ethical, social
and corporate
governance
criteria

Capital is at risk; returns are not guaranteed, and past performance is no guarantee of future performance.



VT RM Alternative Income Fund

What are Alternative Income Assets?

- **Infrastructure & Sustainable Assets:** Hospitals, schools, ports and renewables
- **Social Impact Real Estate:** Nurseries, dentists, GP surgeries, student accommodation and aged care
- **Digital Infrastructure:** Data centres, logistics warehouses, telecommunication towers and fibre

Infrastructure & Sustainable Assets

Infrastructure assets provide essential services to the economy and society.

Social, health and environmental policy and structural drivers, combined with non-cyclical cash flows and high-quality counterparties, creates an opportunity-rich universe.

Key areas of focus include availability, volume and demand-based infrastructure. **Investments within this sector align their activities with the UN Sustainable Development Goals (SDGs).**

Infrastructure (Availability & Demand)

- **Availability - Hospitals & Schools** – Central government counterparties, coupled with high quality predictable cash flow with index-linked income. Exposure to duration (interest rates) and political risks.
- **Demand: Ports & Toll Roads** - GDP-linked, with limited headline political risk. Excellent assets for growth economies. Exposed to reopening conditions and government health policy.

Infrastructure (Sustainability Assets)

- **Renewable Energy Generation:** Low-Carbon energy generation such as wind, solar PV and hydro power, achieving lower LCOE than traditional fossil fuel, supported by government policies and increasing energy demands.
- **Energy Storage:** The growth of clean energy creates intermittent power demands, with the need for grid-balancing services. Energy storage plays an essential role in the growth, development and shift to low-carbon economy.
- **Green Transmission:** Investing in mission-critical energy infrastructure, transmission of energy across geographies.

SUMMARY STATISTICS

**\$2.5 trillion
per year**

invested in power, water, telecoms and transportation infrastructure.

250,000,000

estimated electric vehicle stock on the road by 2030¹

c.\$363bn

Capital deployed into clean energy assets during 2019³

INVESTMENT CHARACTERISTICS

- ✓ Non-cyclical industries
- ✓ “Essential products” produce stable cash flows
- ✓ Broad support from Consumers, Industry and (most) Governments
- ✓ Long-term structural support driven by the electrification of transportation and heat

Source:

¹IEA.Org, *Global EV Outlook 2019*

²Grand View Research (*Market Analysis Report*)

³Bloomberg *New Energy Finance*

Social Impact Real Estate

The global population is growing and ageing. By 2030 the population is expected to be over 8bn, and the total number of people over the age of 60 is predicted to grow from c.962M in 2017 to c.2.1bn worldwide by 2050.¹

A changing global population will have profound implications both at a global and national level. Governments will need to adopt radical policies to address and cope with such changes.

Investments within this sector are aligning their activities with the UN Sustainable Development Goals.

Key Areas of Focus include:

- **Childcare & Education:** The education and childcare sectors continue to grow, essential assets and services such as schools, nurseries and service providers will need to meet this growing demand
- **Healthcare & Senior Living:** Ageing populations and the impact on government policy in the delivery and funding of health and aged care is critical in dealing with the challenges ahead.
- **Social Infrastructure:** Essential assets required for society, including GP surgeries, dentists, pharmacies, multi-family housing, social housing, and sheltered accommodation.

SUMMARY STATISTICS

\$200bn per annum

Expected growth in **G7 Countries ex US** healthcare spending²

c.10,000

UK GP surgeries delivering healthcare services to over 115,000 patients a day.

+8.0% Increase in UCAS applications for AY 21/22, coupled with a supply shortage in the UK

INVESTMENT CHARACTERISTICS

- ✓ Underpinned by long-term growth drivers
- ✓ Supported by central government policies
- ✓ Local and central government counterparties mixed with granular private sector
- ✓ Index-linked cash flows with visible contracted cash flows

Sources:

¹United Nations 2015, 2017

²Deloitte, Labour Force Survey

³PwC, The Financial Sustainability of Health Systems

⁴PwC, Women in Work Index

Digital Infrastructure

The global health crisis immediately disrupted consumer behaviour and accelerated the structural decline of traditional physical-based businesses and services.

Working from home, E-commerce and cloud-based application usage surged during lockdown, how will industry business models, commerce, and consumers react in this new normal?

Investments within this sector are increasingly aligning their activities with the UN Sustainable Development Goals

Key Areas of Focus include:

- **Data Centres & Digital Infrastructure:** Internet usage is growing at a rate of over 9.00% per annum, with the time spent online averaging at over 6 hours per day globally! Data centres and their owner/operators represent one of the most attractive opportunities of the decade with CAGRs of 17%+
- **Telecommunication Towers & Fibre:** The movement from 4G to 5G creates new technological challenges and a requirement for telecommunications companies to invest in advanced telecommunications infrastructure – RM Funds estimates that 3x as many teleco towers are required to deliver the service.
- **Logistics Centres and Last Mile Delivery:** The constant disruption of industry business models will create new opportunities for asset owners and operators throughout the value chain. Distribution warehouses are a prime example, the growth of e-commerce supports the development of large format warehouses and last-mile logistics assets.

SUMMARY STATISTICS

+9.1% per annum

growth in internet usage¹

2.05bn

c.46% of all internet users shop online²

6 Hours 43 minutes

time per day spent online³

INVESTMENT CHARACTERISTICS

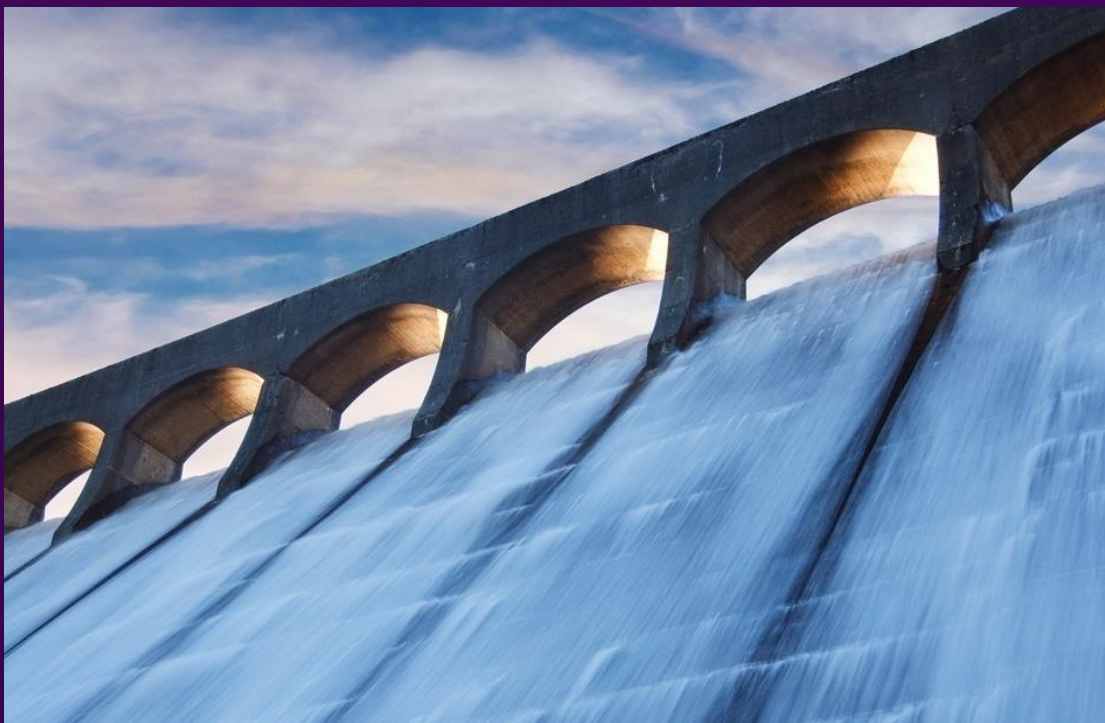
- ✓ Ability to reduce market beta through tactical hedging
- ✓ Real assets with blue chip counterparties
- ✓ Structural drivers support growth-driven investment thesis

Source:

¹Digital 2019, We Are Social, Hootsuite

²Statista - # of Digital Buyers Report

³Global Webindex (Users 16-64) Q2/Q3 2018 Survey



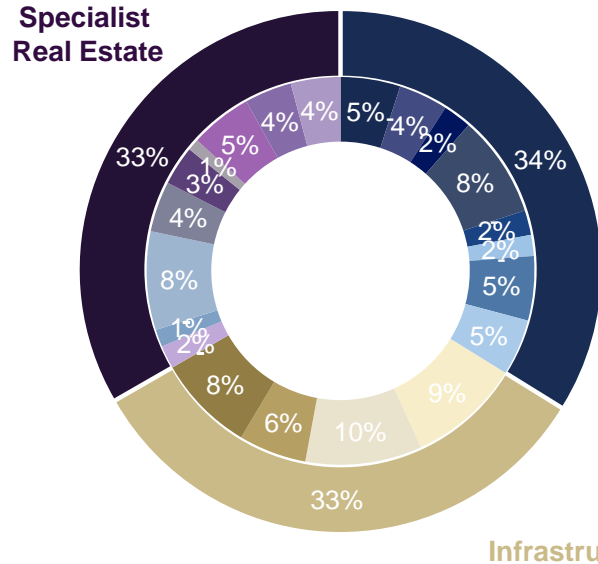
VT RM Alternative Income Fund

Fund Overview

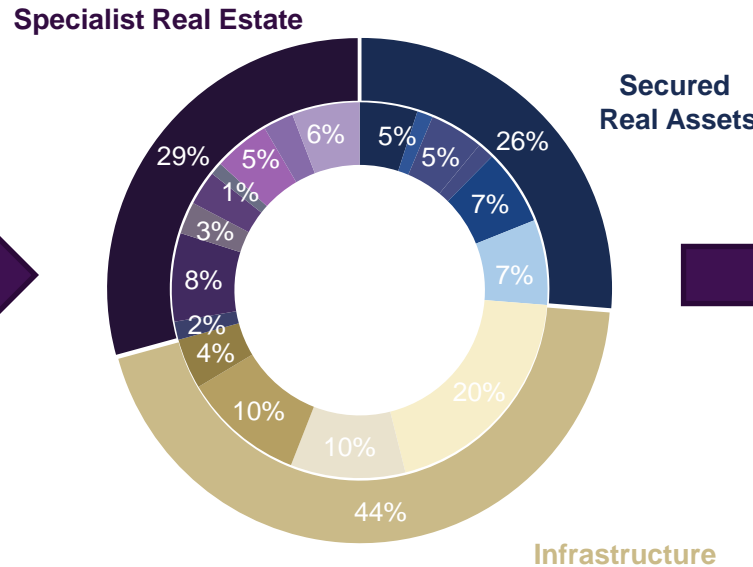
- Portfolio
- Performance
- Contribution
- Outlook

Dynamic Portfolio Allocation

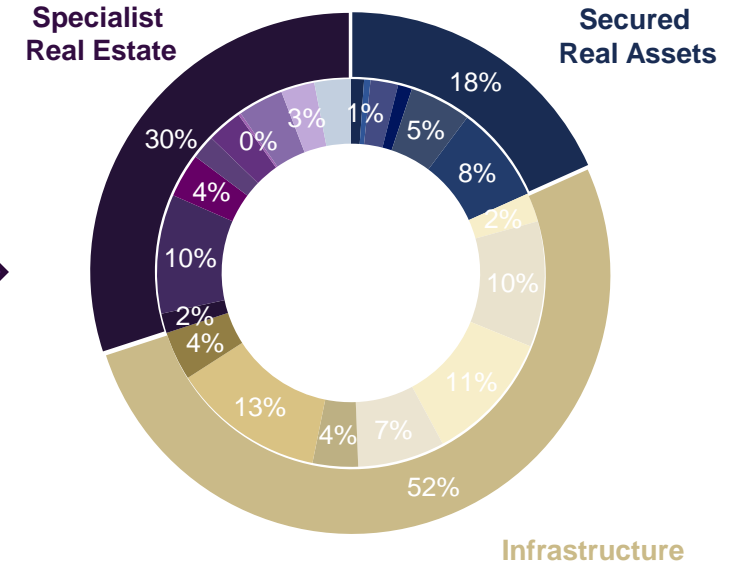
Allocation Split, July 2019¹



Allocation Split, July 2020¹



Allocation Split, July 2021¹



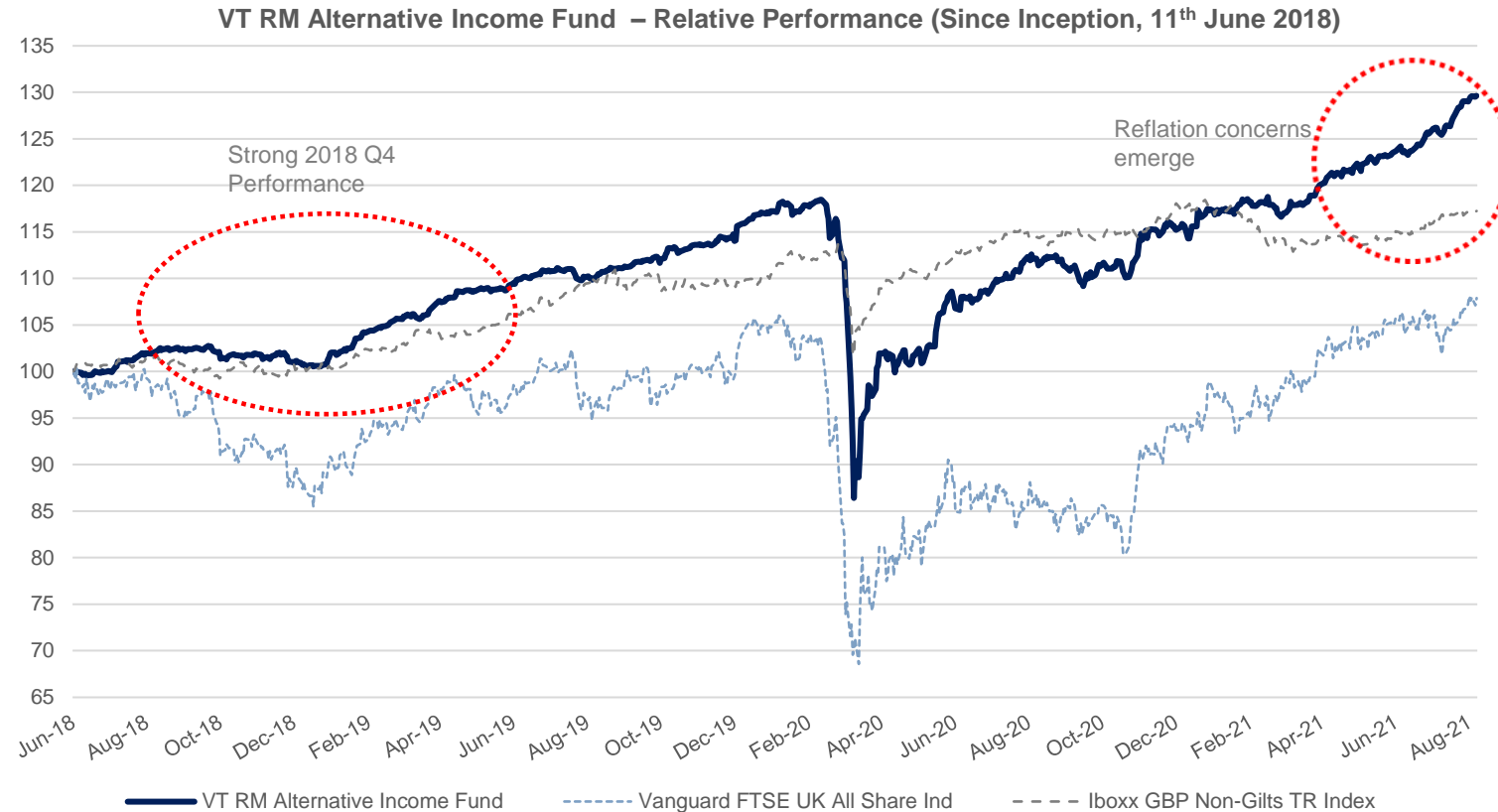
- **Dynamic Portfolio Allocations:** Mandate flexibility to refocus on different segments which present optimum risk-adjusted returns through the business cycle. Overweight social-impact real estate, underweight secured real assets.
- **Global Developed Mandate:** A core and satellite approach, provides ample strategy capacity, a greater opportunity set with a deep, liquid investment universe.
- **Diversification:** Supports investment objectives, reduction in single name exposure, improves fund liquidity profile, reduces correlation and volatility.

- Debt - Asset Backed - Secured Loans - 1.1%
- Debt - Direct Lending - 2.3%
- Debt - Real Estate - 5.1%
- Infrastructure - Demand - 2.4%
- Infrastructure - PPP - Core - 11%
- Infrastructure - Renewables, Other/Special - 3.8%
- Infrastructure - Renewables, Wind - 4.1%
- Property - Specialist (Healthcare) - 9.9%
- Property - Specialist (Residential) - 2%
- Property - Specialist (Social) - 0.2%
- Property - UK Commercial - 2.8%
- Debt - CLOs - 0.5%
- Debt - Diversified - 1.2%
- Debt - Specialist - 8.1%
- Infrastructure - Digital - 10.5%
- Infrastructure - Renewables, Mixed - 7.3%
- Infrastructure - Renewables, Solar - 12.7%
- Property - Europe Regional - 1.6%
- Property - Specialist (Other) - 3.7%
- Property - Specialist (Retail) - 2.9%
- Property - Specialist (Student) - 3.8%
- Property - UK Long Leases - 3%

Source: VT RM Alternative Income Fact Sheets, ACD Reports

¹Percentages may not add up to 100% due to rounding. Excludes cash and cash equivalents.

Relative Performance vs Asset Classes



Comparative Performance (Since Inception, 11 th June 2018)	Total Return	Volatility
VT RM Alternative Income Institutional Accumulation Class (net)	29.62%	9.47%
Vanguard FTSE UK All Share Index Unit Trust	7.90%	19.46%
Iboxx Sterling Non-Gilts Overall Total Return Index	17.23%	4.69%

Capital is at risk; returns are not guaranteed, and past performance is no guarantee of future performance.

Market Returns – Since RMAI inception

- **VT RM Alt Income Acc Insto Class: 29.62%**
- Vanguard FTSE UK All Share Index Unit Trust: 7.90%
- IBoxx Sterling Non-Gilt Total Return Index: 17.23%

Market Drivers > Sceptical Markets

- Supply side shock has translated into demand side disruption due to central government health policies
- Political factors creating macro risks > phased reopening of industry?
- Medium-term horizon looks fertile, concern remains over the shape of the recovery

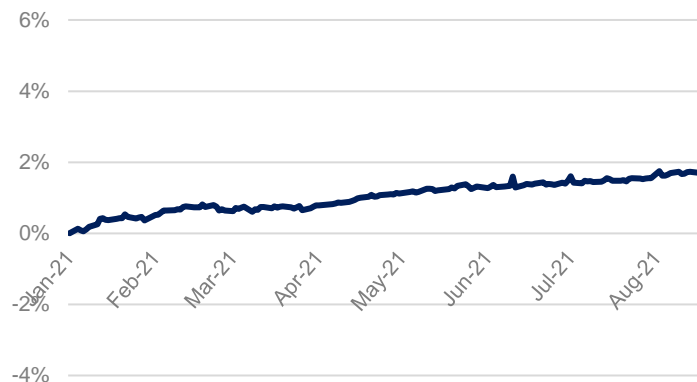
Portfolio

- Market sentiment can hijack investment thesis
- **Relative outperformance** vs indices
- Elevated volatility but **focused on reducing volatile assets**
- **Fund distribution targets maintained**, holdings with ample liquidity and balance sheet capacity are key

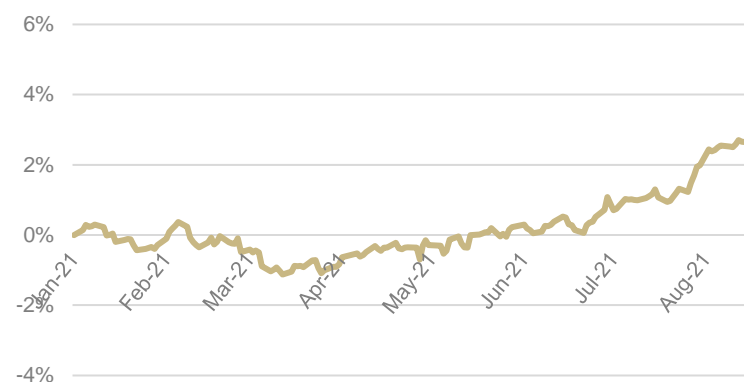
Source: Bloomberg Data 11th June 2018 to 17th August 2021 inclusive.

Performance Contribution – YTD 2021

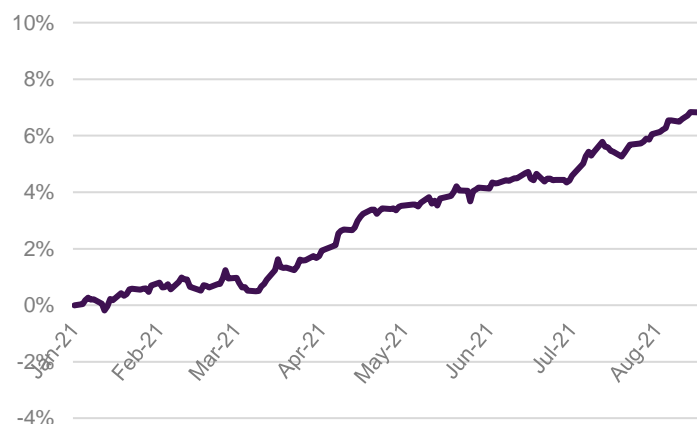
Secured Real Assets Performance
Contribution YTD 2021



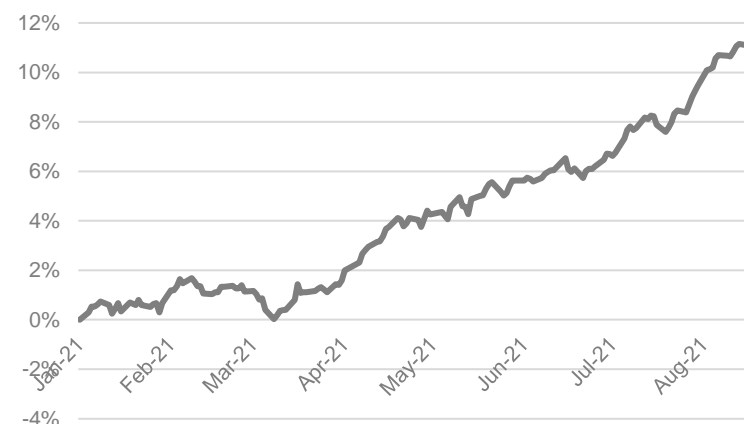
Infrastructure Performance
Contribution YTD 2021



Real Estate Performance
Contribution YTD 2021



VT RM Alternative Income
YTD 2021



Performance

- **YTD Total Return of 11.21%**
- Average total return contribution per holding was 0.22%
- Bottom 10 holdings detracted (0.16%) from total return

Real Estate – Top 3

- | | |
|--------------------------------|-------|
| ▪ Empiric Student Property PLC | 1.43% |
| ▪ Tritax Big Box REIT PLC | 1.31% |
| ▪ Supermarket Income Reit PLC | 0.95% |

Infrastructure – Top 3

- | | |
|---|-------|
| ▪ Digital 9 Infrastructure PLC/Fund | 0.89% |
| ▪ Renewables Infrastructure Group Ltd/The | 0.45% |
| ▪ Taylor Maritime Investments Ltd | 0.24% |

Secured Real Assets – Top 3

- | | |
|---|-------|
| ▪ Real Estate Credit Investments Ltd/Fund | 0.29% |
| ▪ NEMEAN 7 3/8 02/01/24 | 0.26% |
| ▪ GCP Asset Backed Income Fund Ltd | 0.22% |

Source: Valu-Trac, Bloomberg Data 17th Aug 2021
January 2021 to 17th Aug 2021 inclusive.

Market & Portfolio Outlook

- **Where Next?**
 - **#1 Macroeconomic policy will dominate H2 agenda, concerns over reflation, taper tantrums and sovereign bond yields**
 - **#2 Health Policy will remain a key consideration for Governments and the market, with vaccine penetration and variants important indicators**
 - **#3 Continuation of “anti-globalization” trend, increased geopolitical tension and trade wars**
- **Fund Positioning:**
 - **Focus on third wave “covid-beta” investments**
 - Reflation favours short-duration assets with GDP linked cash flows
 - Digital infrastructure and social-impact real estate key focus in H2 2021
 - **Inflation Protection & Active Management**
 - **Inflation Protection:** Seek index-linked investments which offer attractive relative and absolute value
 - **Active Management:** Execution discipline and firm fundamental investments driving performance in current climate
 - **Geography Matters**
 - Thematic allocations remain core, but local market dynamics are also an important consideration ie US vs UK vs European Renewables

Overall focus on maintaining distribution/dividend targets, generating NAV growth and reducing correlation where possible

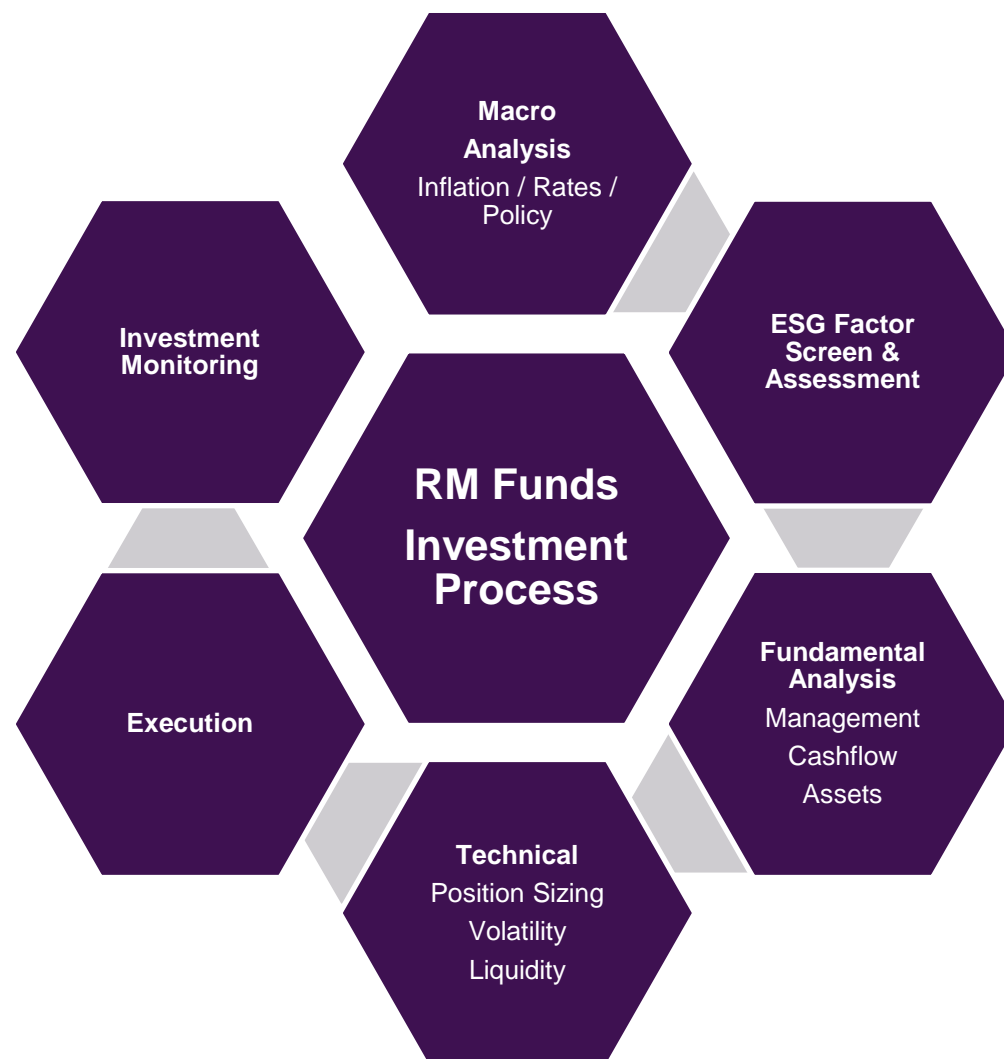


VT RM Alternative Income Fund

Appendix

- Investment Process
- Summary
- Contact Details

Investment Process



Rigorous investment process, with a focus on both top-down and bottom-up analysis to support investment decisions.

ESG FACTORS

- Ethical, Social and Corporate Governance
- Active engagement with Boards

TECHNICAL CONSIDERATIONS

- Liquidity
- Execution Risk
- Asset Volatility

Considerable expertise, resources and market access allows us to source the best investments for investors.

KEY RESTRICTIONS

- Minimum # of holdings
- Maximum exposure 10%
- ESG criteria

SPECIALIST MANAGER

- 6 strong "Alternatives" investment team
- Established track record in alternatives
- Circa \$300m of Alt-asset managed

Summary

VT RM Alternative Income is a diversified investment strategy, designed to deliver stable income returns for investors.

- **Focus on capital preservation and stable income generation** – minimal exposure to traditional listed equities and corporate bonds.
- **Protection against a rising interest rate** environment, rising inflation and with the potential for capital growth over the medium term.
- **Active stakeholder engagement** with ethical, social and corporate governance restrictions.
- **Target net distribution of 5p**, with class F shares OCF capped at 0.45%.
- **Target total return 7-8%.**

Highly experienced
investment team and
specialist fund managers

Granular and diverse
Investments underpinned
by contracted cash flows
and tangible assets

Protection against
inflation, interest rates
and market volatility

Contact Information

Investment Management

Pietro Nicholls: 0203 697 1768

James Robson: 0131 603 7069

Distribution

James Satterthwaite: 0131 603 7068

David Watts: 0131 603 7064



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