



VT RM Alternative Income (“RMAI”)

RM Funds

VT RM Alternative Income Presentation – Institutional Investors Only
September 2023



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VT RM Alternative Income Fund

About RM Funds

- About RM Funds
- Senior Leadership

About RM Funds

RM Funds is a specialist in alternative investment 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: RMII** AUM c.£135m
 - **Alternative Income Strategy: VT RMAI** (UCITS) AUM £180m
 - **Community Healthcare Real Estate Strategy:** Launched Q1 2022
 - **Fixed Income Strategy:** Launched Q2 2023
- RM has an experienced Investment Team and additional support staff including distribution, finance and compliance and legal support.



RM was founded in **2010**

Specialists
in alternative asset management

c.£350m+
assets under management

£50bn+
Trading execution platform

c.£1.5bn
of transactions advised on by RM

⁽¹⁾ GBPUSD c.1.27

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
- Chair, Risk Committee, RM Funds
- 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
- Chair, ESG Committee, RM Funds



Adrian Smith
Compliance Officer

- 22 years' experience
- Former Senior Regulatory Manager at Kames Capital, and Head of Legal, First State Investments



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
- Superior trading capabilities to reduce transaction costs
- In-house compliance and general counsel



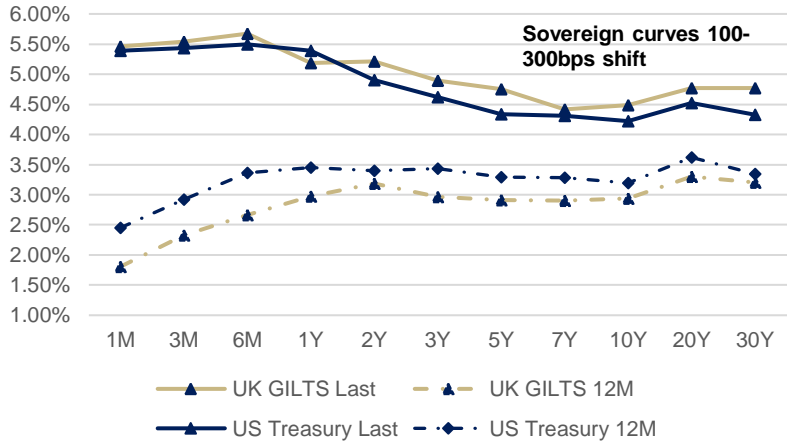
VT RM Alternative Income Fund

Market Conditions

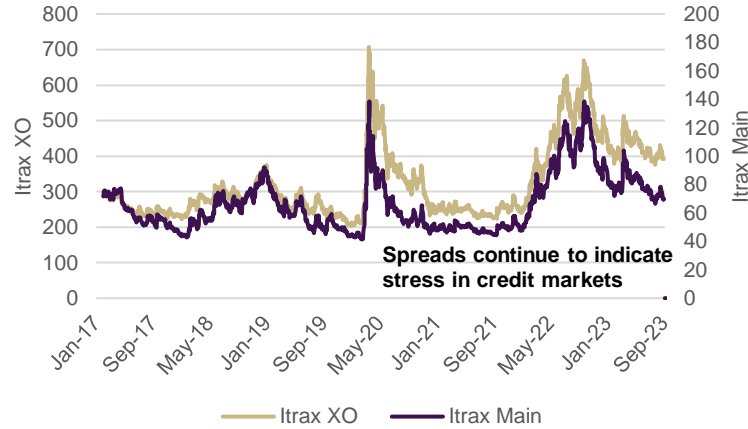
- Macro Overview
- Why Alternatives?
- Fund Summary

Asset Class Overview

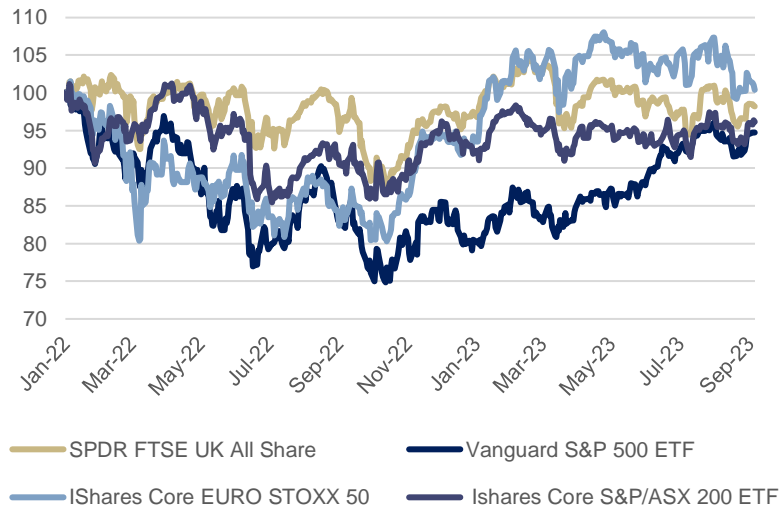
UK GILTS & US Treasury Yield Curves (%)



Credit Spread Indices (bps)



Major Share Indices (rebased)



Bloomberg Global Aggregate Bond Index (USD)



Glass Half Full Market Perception

- US Implied O/N policy rate pricing in cuts
- UK sticky inflation, no rate cuts, higher terminal rate
- **Recession** “old news” > macro still an important factor
- **Credit spreads still elevated**, offset by changes in risk free rates – deterioration is still to come + yield curve inversion
- Equities pushing higher, and forward looking, but overvalued?

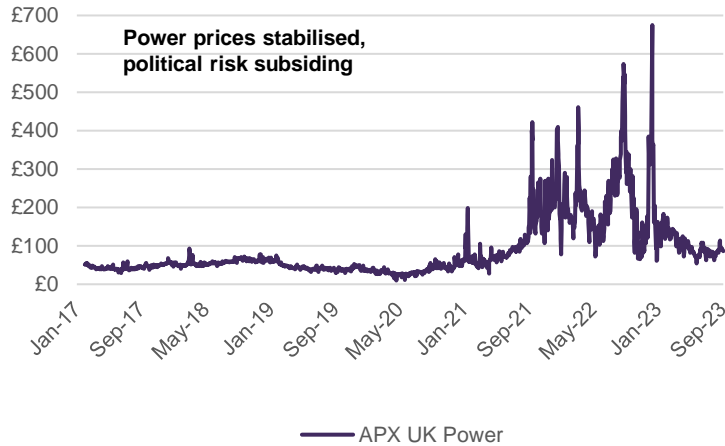
Real Assets

- **Era of Stuff Part II**
- Pain before the rally, presents an attractive entry point in the cycle for hard / real assets
- High single digit income yields + potential capital growth

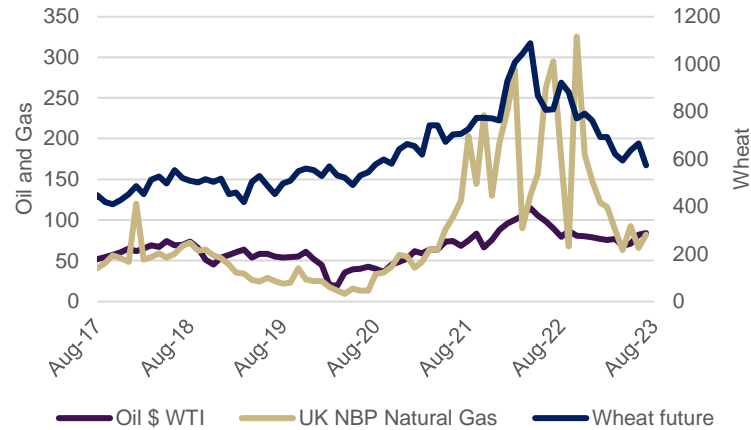
Source: Bloomberg, 05th September 2023

Hard Assets Revisited

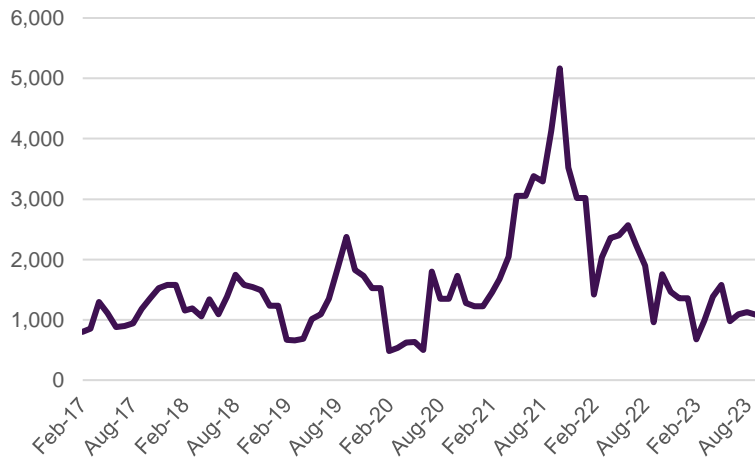
APX UK Power £/MWh



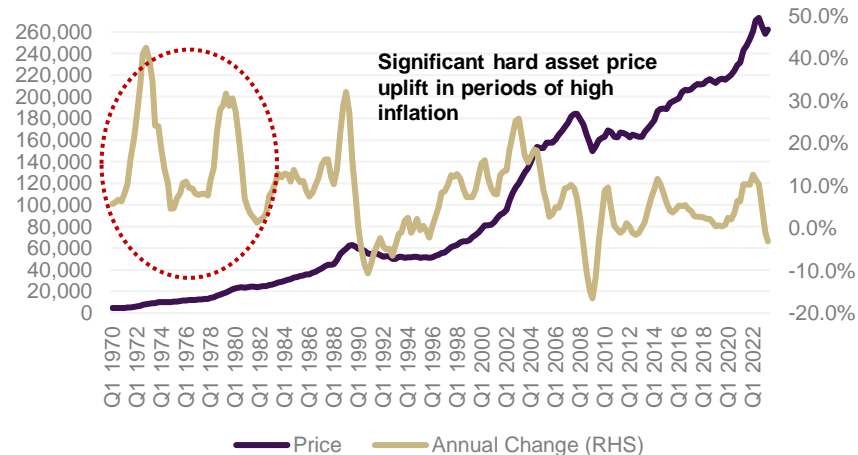
Commodities



Dry Bulk (Shipping) \$



Nationwide UK House Prices



Inflation

- Supply chains normalised, but **labour remains restricted**
- Geo-political factors still creating supply side inflation
- **Targeted price controls, Food, Energy.**
- **Power price volatility stabilised**, reducing political risk
- Evidence of inflation across hard assets, with rental prices rocketing across residential real estate

Market Rally & Rout

- **Significant pockets of value within listed real assets**, including segments of infrastructure and real estate
- Geography important consideration in addressing and diversifying away from the geo-political risk
- Stagflation risk increasing, **recessionary factors not present yet**
- **Inflationary environment can materially benefit real asset cash flows**
- **Listed Real Assets offer superior income generation to bonds**, with measurably lower volatility profiles than equities

Source: Bloomberg, Nationwide, 05th September 2023

What are Alternative Income Assets, and why invest?

Alternative Income assets, put simply, are investments in assets beyond 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;
- Potential to reduce duration and inflation risk.

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

Troubled macro economic outlook

- Global health pandemic
- Inflation & interest rate outlook
- Brexit
- Volatile power markets
- Shift in consumption and working practices

Meanwhile, closer to home

- Technological disruption
- Socio-demographic trends
- TINA trades
- Search for income
- Unemployment shocks



* Chart an indication of risks only and a summary of typical risks for different asset classes. 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 mandate**, with a strategy designed to deliver consistent income returns to investors.
- Aims to offer **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**, and historically displayed less volatility and correlation with the wider equity and fixed income markets.
- **Performance:**
 - **3 Year Performance: Total Return (net): 6.60%¹**

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**

2022 Total Return Performance **(2.68)%**

Ethical, social and corporate governance criteria

Source: Bloomberg, 5th September 2020-2023



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 fiber optic cables

Infrastructure & Sustainable Assets

Infrastructure assets provide essential services to the economy and society.

Government policy (social, health and environmental), supported by long-term structural drivers, underpins an asset class characterized by non-cyclical cash flows and high-quality counterparties, creating 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:** Grid-balancing services are required to support intermittent power demands and green energy capabilities. 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*

Real Estate & Ageing Populations

The global population is growing and ageing. By 2030 the population is expected to be over 8.5bn, 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:

- **Social Care & 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.

Investments within this sector align their activities with the UN Sustainable Development Goals (SDGs).

SUMMARY STATISTICS

\$200bn per annum

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

c. 8,000

UK GP surgeries delivering healthcare services to over 1.3mm patients a day (April 2023).

+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

Industrial Disruption

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 telecom towers are required to deliver the service.
- **Logistics Centres & 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

2.14bn digital buyers

c.46% of all internet users shop online²

6 Hours 43 minutes

time per day spent online³

INVESTMENT CHARACTERISTICS

- ✓ 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 Split¹, August 2021

Allocation Split¹, August 2022

Allocation Split¹, August 2023

Specialist Real Estate

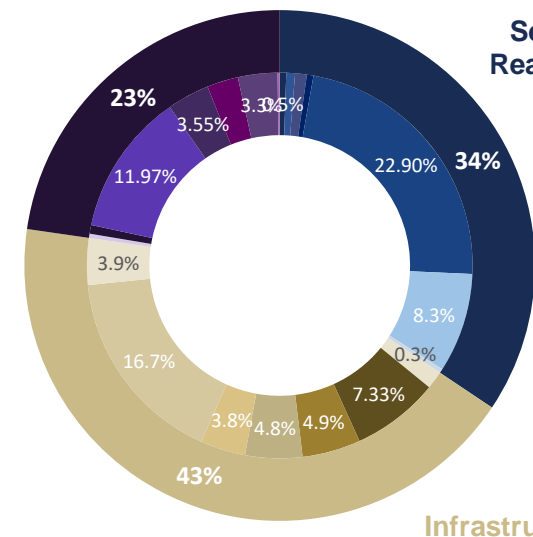
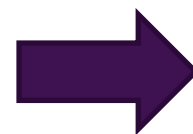
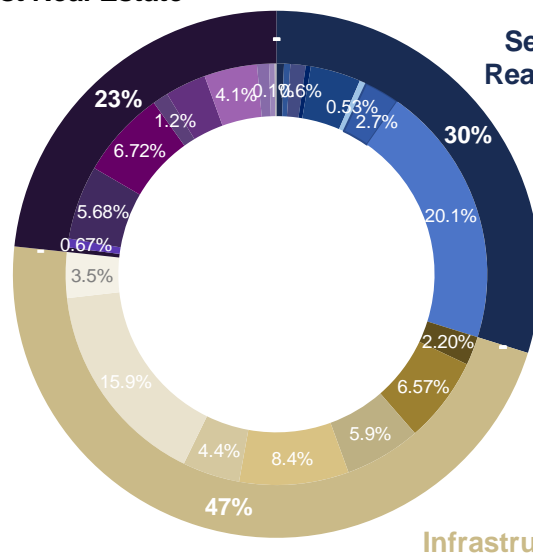
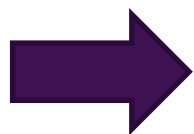
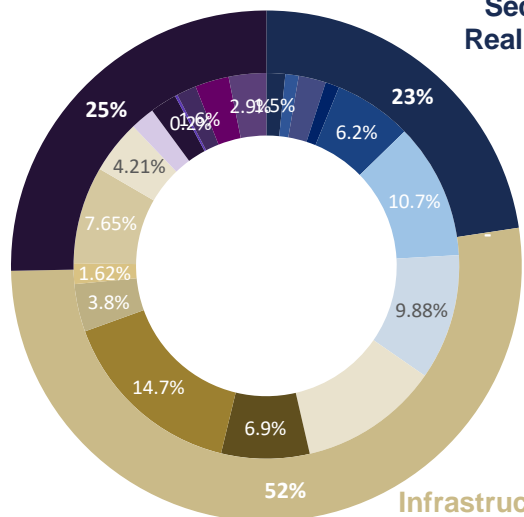
Specialist Real Estate

Specialist Real Estate

Secured Real Assets

Secured Real Assets

Secured Real Assets

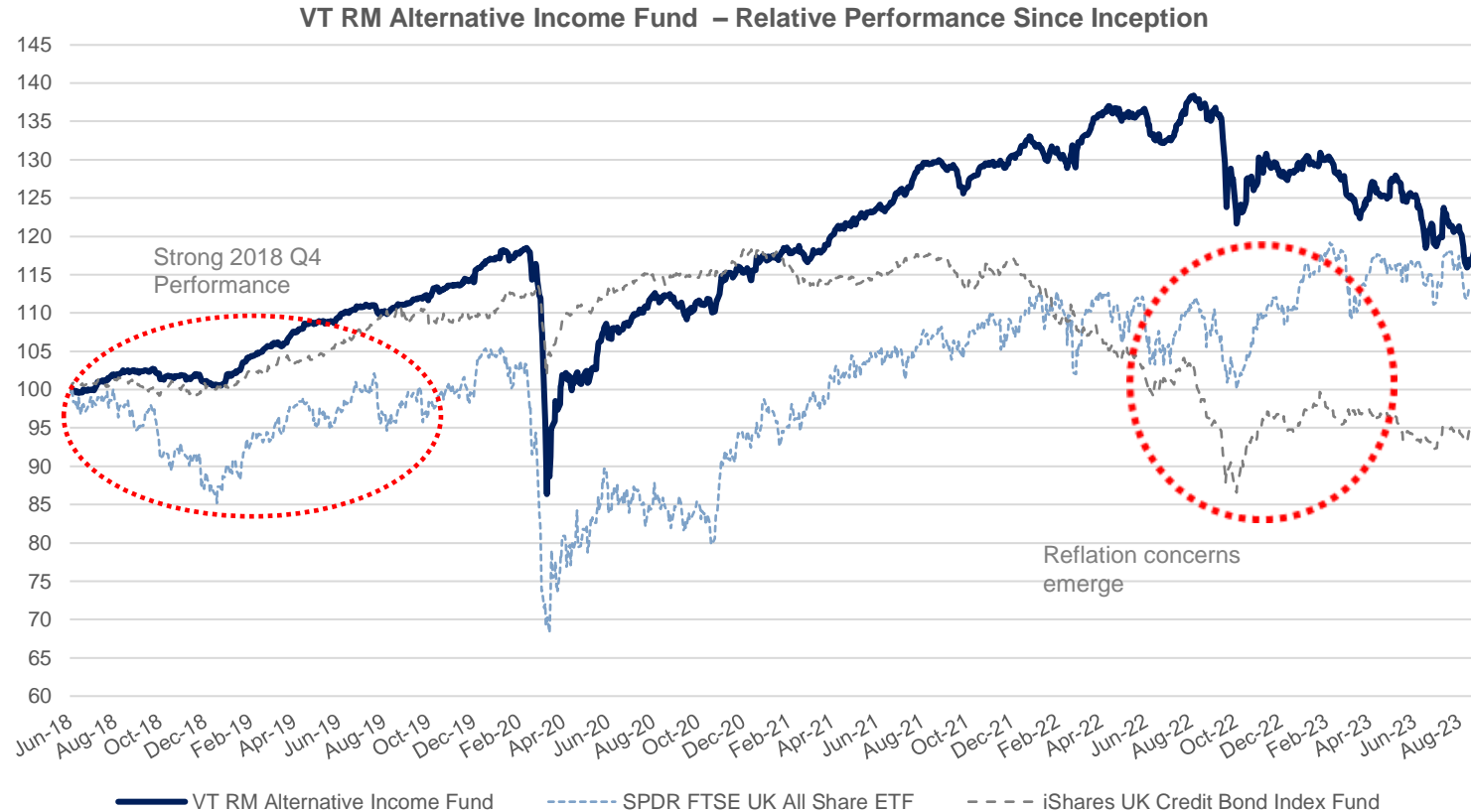


1. Strategic Shift Away from REITs > Avoiding bond proxies
2. Exploiting Capital Structure across the alternatives universe > Focus on short-duration (IG) <6-18month credit
3. Infrastructure > Attractive opportunities opening up across investible universe > political risk relating to renewables subsiding
4. Short-duration credit creates contractual liquidity and supports a lower volatility profile/stable NAV, whilst providing embedded optionality as to macroeconomic direction at that point in time.

- Infrastructure - Demand - 1.5%
- Infrastructure - PPP - Core - 4.9%
- Infrastructure - Renewables, Other/Special - 3.8%
- Infrastructure - Renewables, Wind - 3.9%
- Debt - Asset Backed - Secured Loans - 0.5%
- Debt - CLOs - 0.7%
- Debt - Diversified - 0.6%
- Debt - Real Estate - 8.1%
- Property - Europe Commercial - 0.4%
- Property - Specialist (Healthcare) - 12%
- Property - Specialist (Residential) - 2.6%
- Property - UK Commercial - 0.2%
- Infrastructure - Digital - 7.4%
- Infrastructure - Renewables, Mixed - 4.8%
- Infrastructure - Renewables, Solar - 16.8%
- Debt - Infrastructure - 23%
- Debt - Specialist - 0.3%
- Property - Europe Regional - 0.7%
- Property - Specialist (Other) - 3.3%
- Property - Specialist (Retail) - 3.3%

Source: VT RM Alternative Income Fact Sheets, ACD Reports, RM Funds, Bloomberg
¹Percentages may not add up to 100% due to rounding. Excludes cash and cash equivalents. Data as of 31st August 2023

Relative Performance vs Asset Classes



Market Returns – Since RMAI inception

- **VT RM Alt Income [Acc] Insto Class: 18.93%**
- SPDR FTSE UK All Share ETF: 13.38%
- iShares UK Credit Bond Index Fund: -4.58%

Market Drivers > Inflation + Rates

- Sticky Inflation
- Debt Ceiling Concerns
- Geo-politics and protectionism .

Portfolio

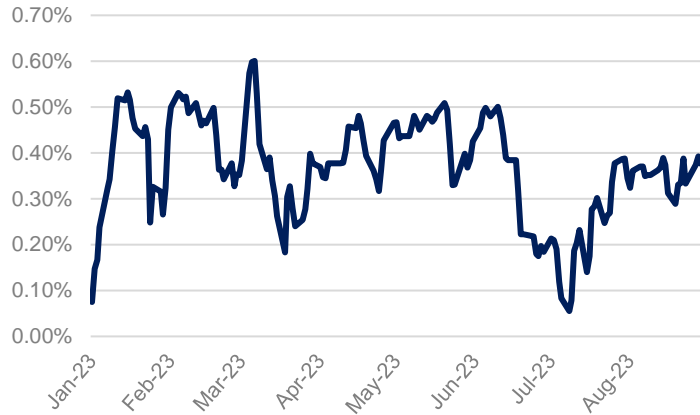
- **Capture inflation-linked cash flows**
- **Minimise exposure to rate sensitive assets**
- **Limit correlation and volatility** in the portfolio/NAV
- Maintain **exposure to non-cyclical listed real assets**

Comparative Performance	Total Return (inception)	Volatility (30 day)
VT RM Alternative Income Institutional Accumulation Class (net)	18.93%	8.48%
SPDR FTSE UK All Share ETF	13.38%	16.87%
iShares UK Credit Bond Index Fund	-4.58%	6.07%

Source: Bloomberg Data 11th June 2018 to 05th September 2023 inclusive.

Performance Contribution – 2023 YTD Performance

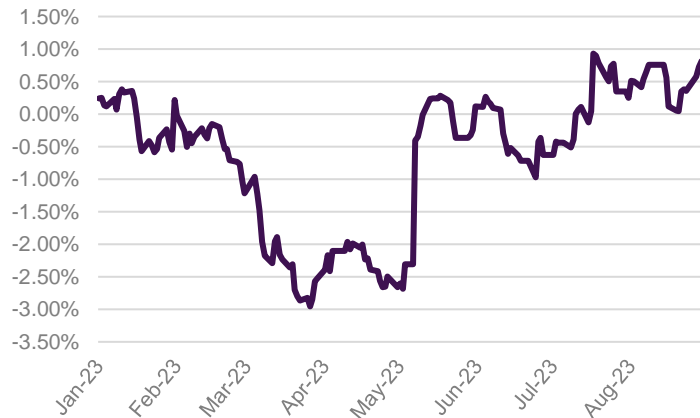
Secured Real Assets Performance Contribution 2023 YTD



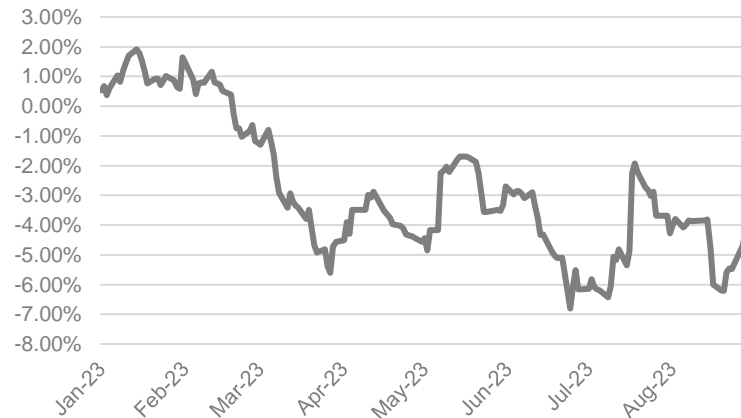
Infrastructure Performance Contribution 2023 YTD



Real Estate Performance Contribution 2023 YTD



VT RM Alternative Income 2023 YTD



Performance

- **2023 YTD Total Return of (3.82%)**
- Average total return contribution per holding was (8.3bps)
- Bottom 10 holdings detracted (5.27%) from total return

Real Estate – Top 3

- Civitas Social Housing PLC 157 bps
- Tritax EuroBox PLC 35.1 bps
- Schroder European Real Estate 3.1 bps

Infrastructure – Top 3

- Greencoat UK Wind PLC/Funds 10.44 bps
- Greencoat Renewables PLC 0.01 bps
- BBGI Global Infrastructure SA 0.01 bps

Secured Real Assets – Top 3

- EGBLFN 6 1/4 10/30/25 29.46 bps
- VMED 5 04/15/27 12.07 bps
- ASSDLN 4 1/2 02/16/26 11.68 bps

Source: Valu-Trac, Bloomberg Data 1st January 2023 to 05th of September 2023 inclusive.

Market & Portfolio Outlook

- **2023 Q3 Outlook**

- **#1 Inflation & Rates:** Still focal point for Domestic market, US nearing peak rates? UK inflation sticky, LEIs still indicating some strength
- **#2 Protectionism:** Energy price caps, EU Food price caps, rent caps next?
- **#3 Political Dimension:** US and UK Elections, rhetoric disturbs market confidence

- **Fund Positioning**

- **Areas of Focus**

- **Fundamentals:** Focus on quality, non-cyclical cash flows and assets + inflation-linked cash flows cheap.
 - **Engagement:** Board engagement, where intervention can drive value
 - **Volatility & Correlation:** Focus on limiting NAV volatility and correlation to equities and bonds. Limited duration risks.

- **Active Management**

- **Active Management:** Maintain execution discipline, liquidity and risk management approach (fund still has low volatility profile vs peer group).
 - **Investment Opportunities:** high yielding, low volatility opportunity set – consistently lowest FE risk score and highest distribution yield within the IA Infrastructure sector

Overall focus on delivering investment objectives and maintaining weak correlation to other asset classes

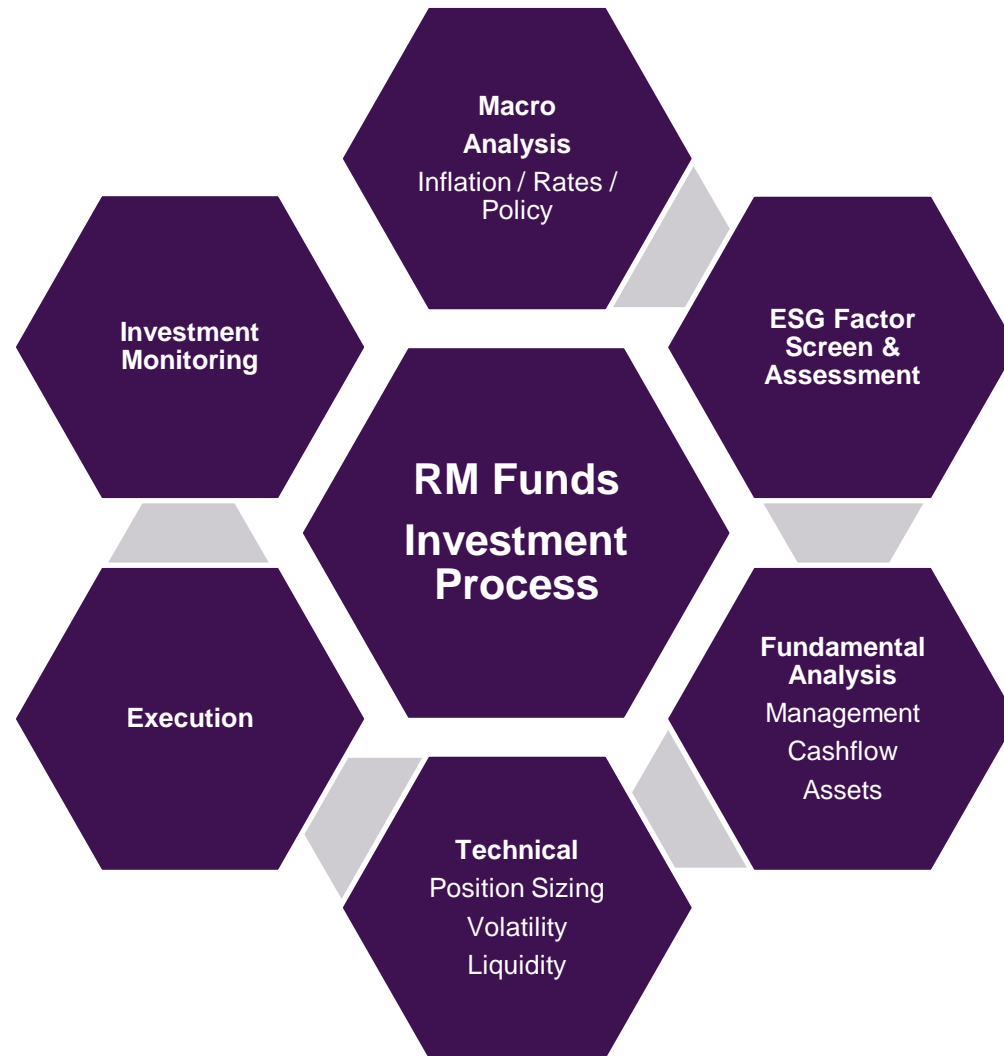


VT RM Alternative Income Fund

Investment Process

- RM Funds Edge
- Investment Process
- Summary
- Contact Information

Summary 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

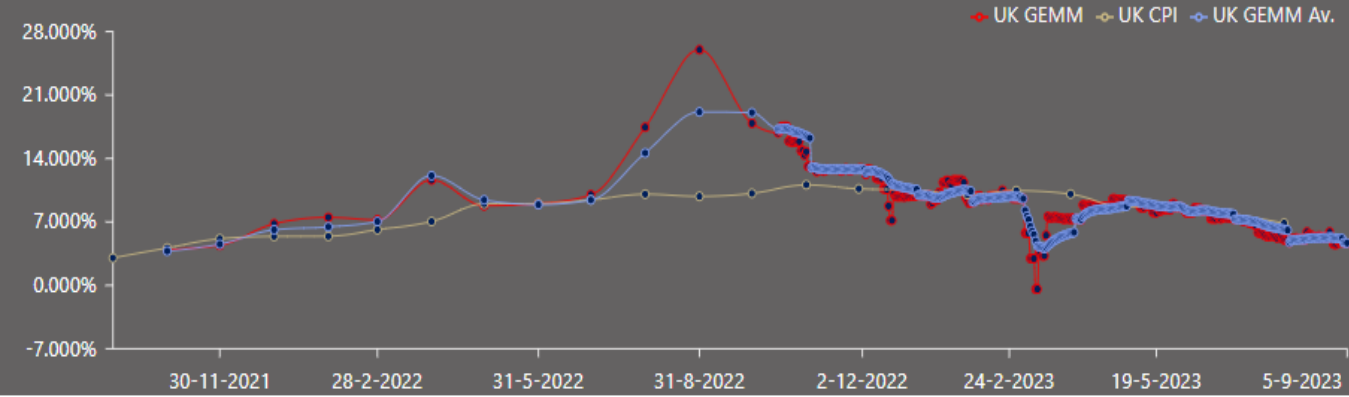
- Minimum # of holdings
- Maximum exposure 10%
- ESG criteria

SPECIALIST MANAGER

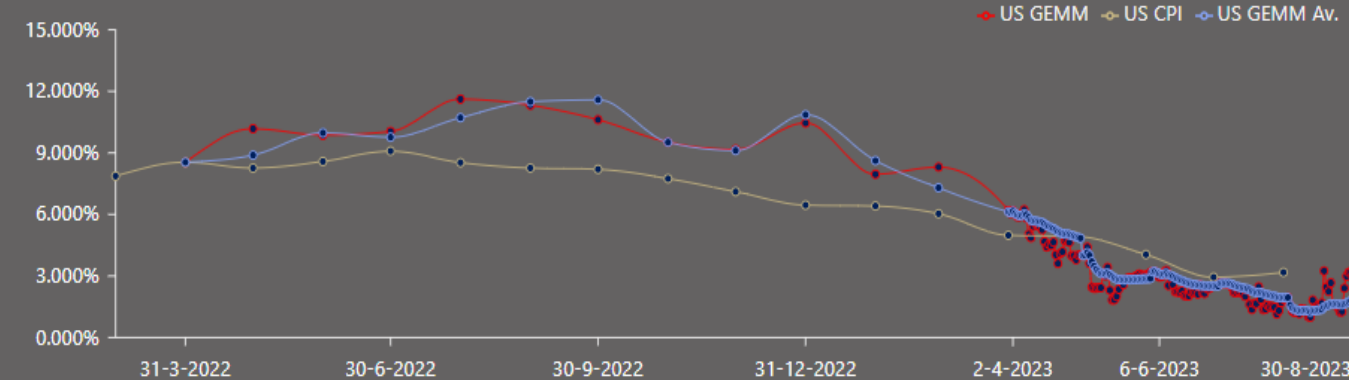
- 6 strong “Alternatives” investment team
- Established track record in alternatives
- Circa \$300m of Alt-asset managed

Macro Analysis & Review

Rolling LTM



Rolling LTM



Investment Team Time: up to 10%

Key Metrics:

- GDP
- Payrolls
- Housing Sales/Starts etc
- PMIs
- Interest Rate Expectations
- Inflation Expectations
- Cyclical macro factors

Why?

- Macro-economic information is an important consideration when considering domestic (fund base currency) investments or cross-border investments.
- Factors such as GDP growth can, and often will, influence where the investment team consider deploying capital. Furthermore, data points such as inflation prints will factor into the fundamental analysis / modelling at the individual security level.
- When we consider interest rates (and country differentials), this is helpful to the Portfolio Managers and Investment Team, in shaping their views relating to equity risk premia, duration risk and currency hedging strategies.

ESG Review



Investment Team Time: c.5%

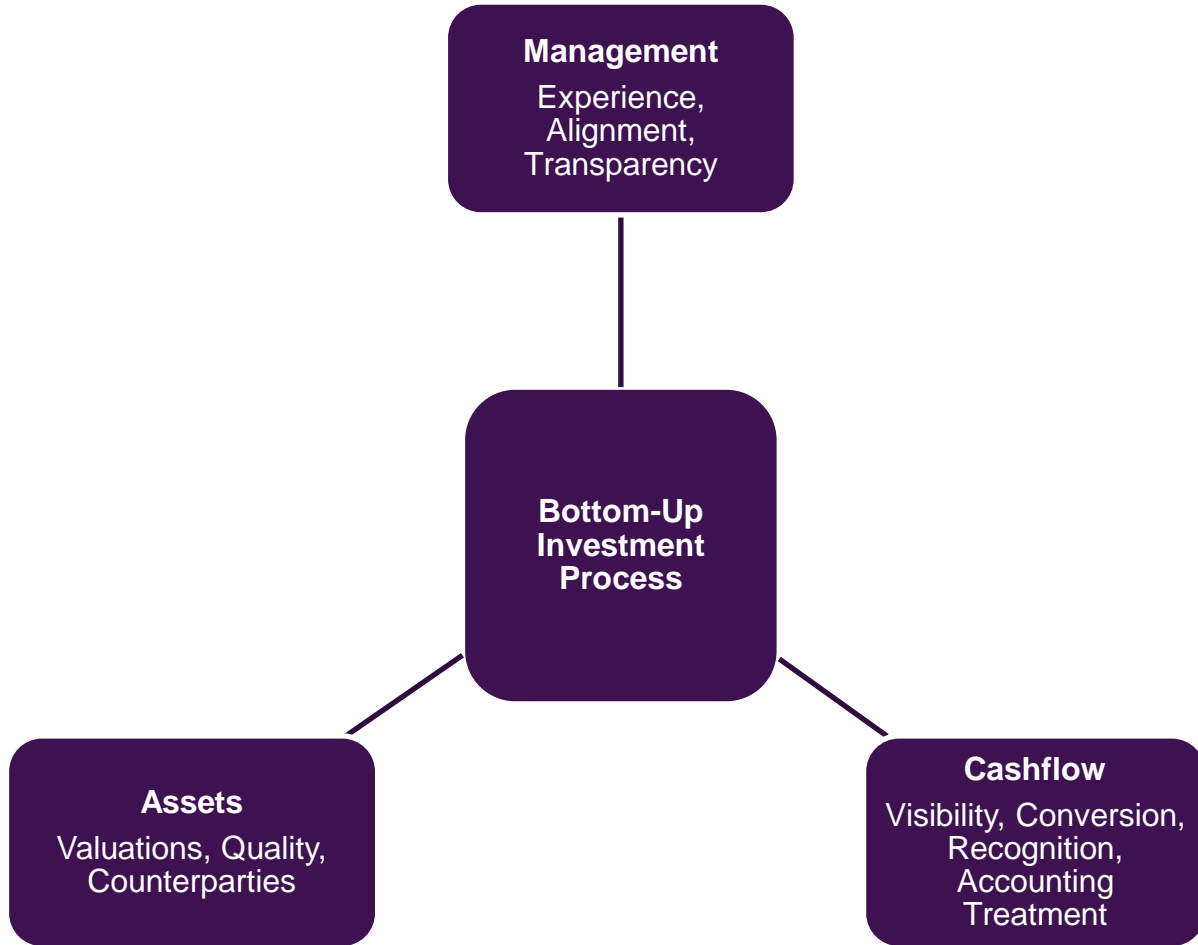
Key Metrics:

- C.100 metrics
- UN Sustainable Development Goals
- Specific areas include: suitability management, environmental impact, labour practices, health & safety, diversity & inclusion, supply chain management, leadership & governance and business ethics

Why?

- We utilize a negative ESG screen to remove sectors or holdings which breach the firm's Responsible Investment Policy ("RI").
- The investment team consider ESG factors whilst investors, as they in themselves are important considerations, such as the Governance and Transparency of a prospective holding.

Fundamental Analysis



Investment Team Time: Up to c.50%

Three Key Factors:

- **Management:** Board, Governance, Transparency and Alignment
- **Financial Statements:** Cash Generation, Revenue Recognition, etc
- **Assets:** Counterparties, Valuation Policy, Capital Structure, leverage etc

Why?

- Executive team / Board alignment, experience, governance and transparency issues are the key factors as to why we decline to invest in prospective securities.
- Understanding financial drivers of a prospective holding is a key factor in the investment team's due diligence process.
- The investment team spend considerable time and resources focused on the due diligence of real assets, including engagement with third party valuation agents, supply chain partners and stakeholders.

Liquidity, Technical Factors & Portfolio Construction



Investment Team Time: c.5-10%

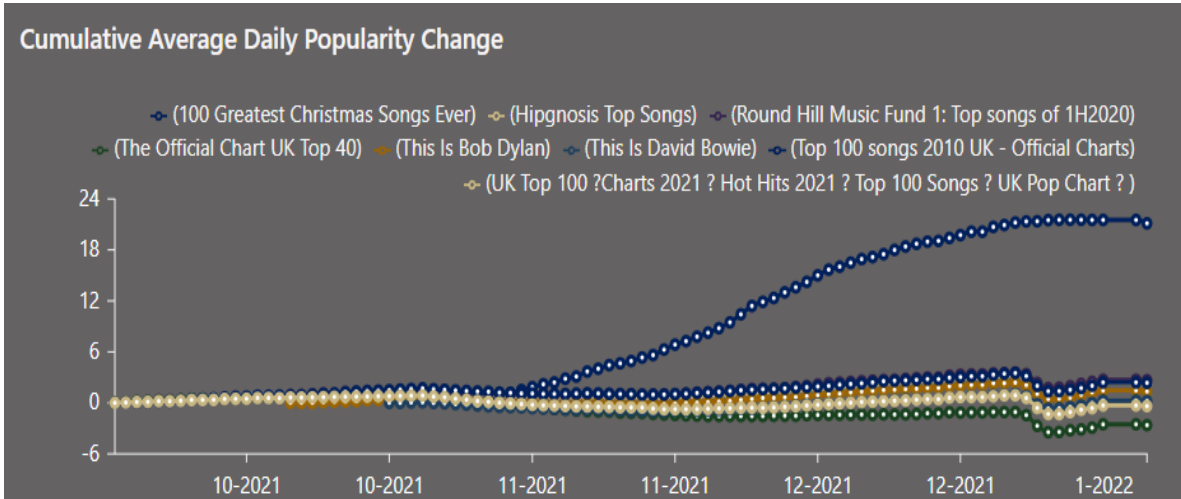
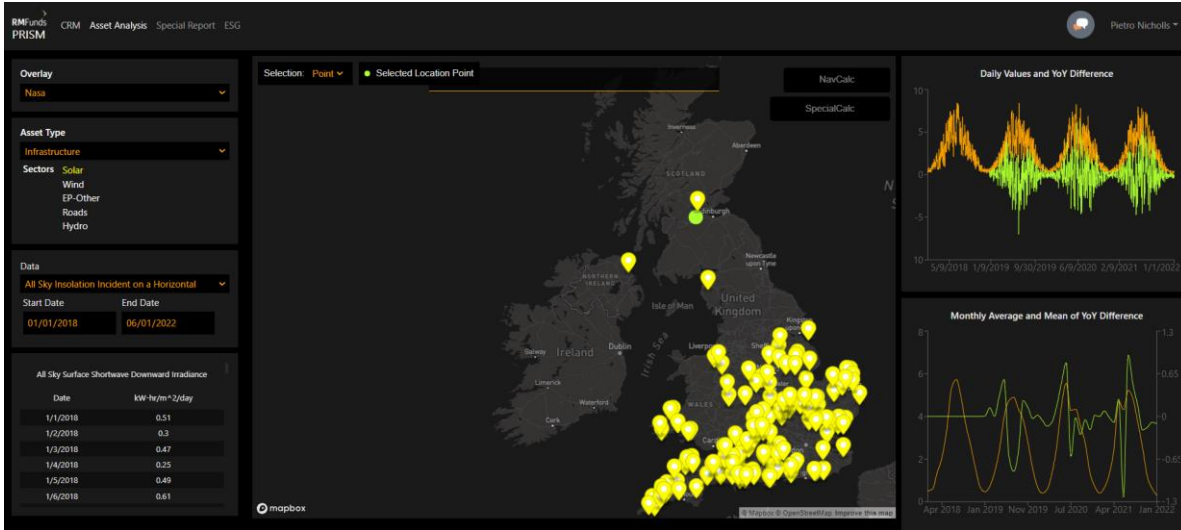
Key Priorities

- Liquidity Tree and Ladder
- Portfolio and stock metrics (volatility, correlation, beta et al)
- Position sizing/weighting

Why?

- A key focus is ensuring we only invest in liquid public securities, with ample daily liquidity to accommodate any inflows/outflows a daily-dealt fund requires.
- The investment team approach from two perspectives, a bottom-up liquidity tree (for each stock) and a liquidity ladder (top-down) at the fund level (considering ADV, inflows/outflows etc).
- The Portfolio Manager reports to the Investment Committee, and the Risk Committee have additional oversight.
- In addition to liquidity, the investment team consider volatility, correlation, beta and scenario analysis when formulating a view relating to position sizing.
- Holdings are split between “Core” & “Satellite”, which is dependent on several factors.

Post-Investment Monitoring



Investment Team Time: 20-50%

Key Metrics:

- Various metrics, driven by sector specific considerations, for example:
 - Renewables: power prices, resource generation, discount rates, OpEx costs, tax, asset life.
 - For Real Estate: psf price, rent free periods, occupancy rates, counterparty risk, leverage, sector, NIY, passing rent etc

Why?

- The RM Funds investment team develop proprietary tools to assist in the analysis and monitoring of investments, ranging from renewables, toll roads, airports, supermarkets, student accommodation and care homes to esoteric assets such as music royalties.
- Our ability to commission reports by third party experts, supported by our technology and experience, provides an investment and risk management edge.

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.
- **Potential for protection against a rising interest rate** environment, rising inflation and with the potential for capital growth over the medium term.
- **Active stakeholder engagement** with environmental, social and corporate governance restrictions.
- **Target net distribution of 5.00%** (on issue price)
- **Target total return 7-8%.**

Due to FCA reporting requirements, UCITS funds must now report synthetic costs from underlying investments within the OCF calculation (contained in the KIID). For the avoidance of doubt the cash amount charged by the Investment Manager has not changed and the non-synthetic OCF remains capped at 0.45% on the F Class shares.

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

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RM Capital Markets Limited is authorised and regulated by the Financial Conduct Authority (Number 562209)

