

# VT Gravis Clean Energy Income

Infrastructure

## Introduction

### [sriServices SRI Style - Environmentally Focused](#)

The VT Gravis Clean Energy Income Fund has been an RSMR dual rated fund since March 2021. The fund targets a 4.5% yield (charges are taken from capital) whilst preserving capital with the potential for capital growth. To achieve this, the fund invests in a universe of securities listed in Organisation for Economic Co-operation and Development (OECD) nations that focus on clean and renewable energy projects. This will include solar, wind, hydro, energy storage, energy efficiency, bioenergy, smart grid and geothermal pumps. The types of securities held includes closed-ended investment companies, yield co equities, equities and fixed income (Green Bonds).

[Click here to read the Gravis approach to ESG investing.](#)



Manager - Will Argent

Manager Since - 20/11/2017

Will is a Fund Adviser at Gravis having joined the company in 2017. He is the Adviser to the VT Gravis UK Infrastructure Income Fund and VT Gravis Clean Energy Income Fund. Will has experience working as a buy-side analyst and portfolio manager, focusing on investments in equities and closed-ended companies. Will has been investing in the listed infrastructure sector since 2006. He graduated from the University of Exeter with a degree in mathematics and is a CFA charter-holder.

## Fund Objective

Please click on the 'Fund Data' button above.

## Investment Process

The fund invests in a universe comprising securities listed in Organisation for Economic Co-operation and Development (OECD) nations that focus on clean and renewable energy projects. This will include solar, wind, hydro, energy storage, energy efficiency, bioenergy, smart grid and geothermal pumps. The types of securities held includes Closed-Ended Investment Companies, Yield Co-Equities, Equities and Fixed Income (Green Bonds). Although referred to as yield co-equities, these are companies (listed in North American and Canada) that own portfolios of contracted renewable power generation assets with long dated cash flows. These are similar to the closed ended investment companies held in the fund listed in the UK, however they are structured differently as they are held in a common equity wrapper.

The focus for investment is mature technologies with established track records that have attractive long-term dependable cash flows. Positions must be income generative with the potential for capital growth to be included.

Investments in the fund are selected based on key factors that cover yield sustainability, inflation hedging characteristics, sustainable valuation, size /liquidity, volatility impact and approval under the Responsible Investment Review.

A minimum of 80% of the fund is exposed to operational (availability based or contracted) renewable energy assets. A maximum of 20% of the fund is exposed to 'thematic' companies involved in clean energy and energy efficiency (e.g. supply chain, project funding, construction and battery storage). These holdings must also have a demonstrable record of generating operating profits.

A minimum of 90% of the fund has a minimum market cap size of £250m or equivalent with a maximum of 17.5% of the fund invested in corporate debt. The fund will comprise at least 22 holdings with a maximum holding weight of 9.9% and a focus on low turnover.

## Responsible Process

Due to the underlying themes the fund invests in, many controversial sectors are naturally omitted, however the fund is managed to adhere to a Responsible Investment Statement that clarifies this position.

The Responsible Investment Statement covers the areas of impact, ESG considerations, avoidance and independent analysis.

For impact, the fund selects investments that have a significant involvement in clean energy and decarbonisation themes. These investments own and develop renewable energy assets and generate clean energy. They have direct involvement in the funding, construction or supply chain in relation to renewable energy assets. They are also improving energy generation, the supply and use of energy efficient solutions and the reduction of pollutants.

For ESG considerations, attention is given to the environmental performance of investments that are selected, as well as the social impacts which include community impacts, labour rights and supply chains. For governance, company ownership structure, control structure and remuneration of board members is considered.

In terms of avoidance, there is no exposure in the fund to companies involved in the generation of power from coal or nuclear fuel. There is an element of natural gas exposure, although this is not a pure play and is held more as a transitional fuel from 'dirty' to 'clean'. There is no exposure to companies with significant involvement in controversial industries such as armaments, tobacco and gambling. There is also no exposure to companies with ongoing or persistent involvement in human rights abuses.

An independent company is used to assess the fund to ensure that it is run in accordance with the responsible investment statement.

## Our Opinion

This is a global fund providing investors with exposure to a growing sector supported by long dated reliable cash flows that in some cases provide inflation protection. The fund offers investors exposure to a growing sector whilst providing a diversified source of income. Clean technology is at the forefront of many nations' agendas, especially post the Covid-19 pandemic and is set to grow in the coming years.

The fund is not constrained by a benchmark in terms of positioning, however it is run to self-imposed limits and the S&P Clean Energy Total Return Index and MSCI World Infrastructure Index are used for illustrative benchmarking purposes.

The greatest risk to the underlying exposure is political risk, especially if a government reneges on subsidies, tax incentives or changes to policy retroactively. To mitigate this risk, the fund only invests in OECD countries with instruments listed in North America, the UK and Australasia.

The Responsible Investment Statement provides clarity to investors in terms of what the fund will invest in and there is third party oversight to ensure that this is adhered to.



### Important Notice

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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