



# VT Downing Listed Infrastructure Income Fund

Launched  
**March  
2022**

Lead manager  
Josh McCathie

The growth potential within UK infrastructure is compelling. In the last few years, the government has introduced the Ten Point Plan for a Green Industrial Revolution and the UK Net Zero Strategy - the latter potentially generating c.£90 billion of private investment by 2030. Both initiatives will give the infrastructure sector significant momentum. There is clearly an investment opportunity in infrastructure as it continues to underpin the UK's economic activity.

In response to this, Downing Fund Managers launched the VT Downing Listed Infrastructure Income Fund, managed by Josh McCathie. This profile explores why now is a good time to invest in infrastructure and how the fund's strategy enables effective portfolio diversification for investors.

## Infrastructure - an investable asset class

Infrastructure is a consistently growing sector of the UK economy. Josh outlines the opportunity for investors:

“Operational infrastructure assets usually provide essential services to economies and societies. This means that cash flows are predominantly contracted with very strong counterparties, such as governments, over long periods of time. These contracted cash flows also have built in inflation adjustments, meaning that they are often insulated from changes in inflation and at least maintain their value in real terms.”

Josh believes that this approach can give confidence to investors. He says: “The underlying investments can pass through contracted cash flows in the form of dividends and, more importantly, grow those dividends in real terms over time.”

## Rules based approach

Downing Fund Managers is a boutique asset manager that’s always looking to offer investors something different from the wider market.

“For this fund, we found that many investors struggle to access the infrastructure asset class through an open-ended structure, which is the only structure some investors wish to use. In a potential universe of <50 investment trusts to choose from in the infrastructure space, we believed that active management had little opportunity to offer value add in turn for higher fees.”

“Therefore, we decided to launch a fund that allocates funds raised based on a set of defined rules, allocating towards areas of infrastructure we believe have the best return potential. Thus we can offer investors a low-cost\* and diversified approach to accessing the infrastructure investment trust universe.”

\* In relation to comparable funds.



## Supporting the wider economy

The strategy adopted by the fund and the opportunity in infrastructure have created space for a worthwhile fund that Josh believes has more than just financial benefits:

“Investment in infrastructure supports the ongoing effort to improve the essential services and assets that are needed for the operation and sustained growth of societies and economies. But also, from an investor’s standpoint, provide a source of compelling income that has a high degree of visibility and inflation adjustments to promote growth in real terms.”

### For more information about the VT Downing Listed Infrastructure Income Fund

visit: [downinginfrastructureincomefund.co.uk](http://downinginfrastructureincomefund.co.uk)

email: [sales@downing.co.uk](mailto:sales@downing.co.uk)

call: 020 7416 7780



“The asset-backed nature of the fund combined with cash flows contracted by strong counterparties give this fund the opportunity to generate value throughout the economic cycle. Investing in this fund provides investors access to all these characteristics but in a diversified, low-cost and open ended structure that previously wasn’t available to investors.”

*Risk warning: This document is for information only and does not constitute an offer or invitation to apply for shares in the fund. Any subscription to the fund should be made on the basis of the relevant product literature available from Downing, and your attention is drawn to the charges and risk factors contained therein.*

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