

VT Blackfinch Balanced Portfolio  
Fund Factsheet  
**August 2024**

Signatory of:



Targeting CPI

**+3%**

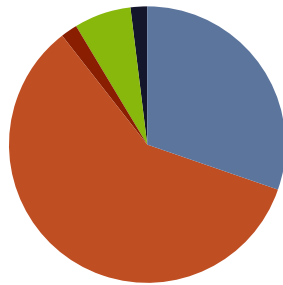
per annum, over a rolling 5 year basis net of fees.

### Investment Objective

The Balanced portfolio is designed to achieve a total return in excess, of the Consumer Price Index plus 3% per annum, over a rolling 5 year basis net of fees. The portfolio is globally diversified and contains multi asset investments including fixed income, equities, property, alternatives and cash. Exposure to fixed income, equities, property, alternatives is via collective investment schemes. There is no guarantee that the objective will be met or that a positive return will be delivered over any time period. Capital at risk.

### Asset Allocation (as at 31/08/2024)

Fixed Income	<b>30.50%</b>
Equities	<b>58.95%</b>
Property	<b>2.02%</b>
Alternatives	<b>6.77%</b>
Cash & Equivalent	<b>1.76%</b>



### Tactical Deviation

Fixed Income	<b>5.00%</b>	Overweight
Equities	<b>0.45%</b>	Overweight
Property	<b>-2.98%</b>	Underweight
Alternatives	<b>-0.23%</b>	Underweight
Cash & Equivalent	<b>-2.24%</b>	Underweight

### Market Commentary

The first week of August marked the sharpest market correction since the first month of the pandemic in 2020, but within a week, much of the damage was repaired and risks assets continued their march forward. The dramatic falls in pricing were based on out-of-character US employment data that reignited once-quashed concerns over the economy heading for a 'hard landing'.

As the month progressed, there was increasing evidence of US inflation coming under control. The core personal consumption expenditure (PCE) index, the preferred measure of inflation of the Federal Reserve (Fed), remained stable at 2.6% year-on-year in July. Additionally, Fed Chair Jerome Powell chose the Jackson Hole Symposium – one of the major macroeconomic events for the region – to state “the time has come” for interest rate cuts, with the first cut expected on 18th September.

The Bank of England (BoE) announced its first interest rate cut in over four years on 1st August. However, Chief Economist, Huw Pill, suggested the UK wasn't out of the woods in terms of inflation, meaning a 'wait and see' approach was still prudent. Economic growth for the UK remained strong against other members of the G7, as gross domestic product (GDP) expanded by 0.6% in the second quarter with a total of 1.3% growth recorded for the first half of 2024. The service sector was the main driver of this growth.

### Performance

3 months	<b>2.98%</b>
6 months	<b>4.70%</b>
12 months	<b>12.20%</b>
Since Inception*	<b>25.14%</b>

*Past performance is no guarantee of future performance.*

*\*Date of inception: 1st May 2020.*

*All Blackfinch unitised fund performance figures are quoted net of AMC and fund OCFs. The above performance is that of the F Accumulation Share Class.*

## Portfolio Holdings (as at 31/08/2024)

Vanguard - FTSE 100 Index	7.60%
Jupiter - Japan Income	5.80%
JPM - US Equity Income	5.45%
Brown Advisory - US Sustainable Growth	5.41%
LF Montanaro - UK Income	4.73%
TM Tellworth - UK Select	4.24%
Man GLG - Sterling Corporate Bond	4.24%
HSBC - European Index	4.05%
JPM - Emerging Markets Sustainable Equity	4.04%
Fidelity - Asian Dividend	3.47%
Capital Group - Global High Income Opportunities	3.43%
Vanguard - Global Bond Index	3.27%
iShares - US Equity Index	3.22%
Rathbone - Ethical Bond	3.07%
iShares - Corporate Bond Index (UK)	3.07%
Vanguard - UK Government Bond Index	3.04%
Vanguard - US Government Bond Index	3.02%
Blackfinch - NextGen Infrastructure	3.02%
Liontrust - Sustainable Future Monthly Income Bond	2.96%
Comgest - Growth Japan	2.93%
Man GLG - Continental European Growth	2.58%
Premier Miton - European Opportunities	2.58%
JPM - Global Macro Opportunities	2.53%
iShares - ESG Overseas Corporate Bond Index (UK)	2.21%
M&G - Emerging Markets Bond	2.20%
T. Rowe Price - US Smaller Companies Equity	2.03%
iShares - Pacific ex Japan Equity Index (UK)	2.02%
Blackfinch - NextGen Property Securities	2.02%
CanLife - Sterling Liquidity	1.00%
Cash	0.76%

### All data as at 31 August 2024, unless specified otherwise.

Blackfinch Asset Management is an appointed representative of Blackfinch Investments Limited which is authorised and regulated by the Financial Conduct Authority. Registered address: 1350–1360 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH. Registered Company in England & Wales under No. 11639647. The Blackfinch Asset Management Portfolios are actively managed by Blackfinch Investments Limited. Blackfinch Asset Management Limited act as the promoter and distributor of the unitised funds. Capital at risk. All figures are correct at the time of compilation. Any decision to invest in this service should not be based solely on this factsheet but rather made in conjunction with the information contained in the brochure, and the terms and conditions. Prospective investors must rely on their own examination of the legal, taxation, financial and other consequences of investing and the risk involved. Prospective investors should not treat the contents of this factsheet as advice relating to legal, taxation or other matters. If in any doubt about the proposal discussed in this factsheet, its suitability, or what action should be taken, the investor should consult their own professional advisers. Percentage figures may not add up to 100 due to rounding. The expected yield is based upon the underlying holdings. This figure is for information purposes and will not be distributed as cash income. It is automatically reinvested and contributes to the total investment return of the portfolio.

## This Month's Activity

Global equity markets experienced significant volatility at the beginning of August, particularly Japanese markets, with some indices falling nearly 20% before recouping those losses in the following days. In the US, there was further evidence of an investor flight from the largest technology companies in the market, dubbed 'the Magnificent Seven', as chipmaker Nvidia missed earnings estimates. The company's 122% year-on-year revenue growth was not enough to please investors who had been expecting 150%. Investor sentiment suggests that company growth has been so strong recently that for it to continue, it not only needs to beat expectations to rise further, but blow them out of the water.

Despite the first interest rate cut in August by the Bank of England, the yield on 10-year government bonds (Gilts) rose marginally over the month. Yields started the month at 3.97%, but ended at 4.01%, suggesting bond investors were not convinced the UK's fight against inflation had been won. In contrast, US bond markets reacted positively to strong hints of a September rate cut, with 10-year US Treasuries paying 3.9% compared to 4.03% a month ago. August marked the sharpest switch from stocks to bonds since March 2020, which boosted fixed income returns, as the perceived relative security of holding bonds became apparent amid the equity market volatility.

**Please note:** EValue risk tolerance scores are based on a 10-year time horizon. The mappings are only for use by financial advisers licensed to use EValue's risk profiling system and does not constitute financial advice.



## Portfolio Information

Class S Accumulation Share ISIN	Class S Management Fee	Class S Underlying fund charges
<b>GB00BLF82K92</b>	<b>0.55%</b>	<b>0.55%</b>
Class F Accumulation Share ISIN	Class F Management Fee	Class F Underlying fund charges
<b>GB00BKMSP30</b>	<b>0.45%</b>	<b>0.55%</b>
Estimated Annual Income Yield	Number of holdings	
<b>2.85%</b>	<b>29</b>	



## Investment Directors

Gareth Deacon and Alex Sumner co-manage the Blackfinch Asset Management multi-asset portfolio range. Combined they have over 25 years' experience in investment management. They bring expertise in the construction of mainstream investment products, managing private client portfolios and working closely with financial advisers. Each is a chartered fellow of the Chartered Institute for Securities & Investment.



# Responsible Investing from Blackfinch Asset Management

## *Creating long-term value across investee companies*

We believe acting responsibly is core to businesses' future success. Investing in firms who can demonstrate this value can offer an investor superior returns over the longer-term. There's a positive correlation between firms which improve on factors, such as higher operational efficiency and enhanced risk management, and share-price performance. We prioritise investments where there's enhanced engagement on these factors and responsible values. By doing this, we can help support fund managers who exercise their power to help drive these factors to positively shape the way such businesses are run.

### We invest with a **core focus** on the UN Global Compact Principles

Extensive due diligence across multiple factors to identify sound business fundamentals, accounting for the 10 UNGC principles, where possible

We take a forward-looking approach to investment selection using positive screening

We encourage 'engagement' with both 'leaders' and 'improvers' for positive outcomes

We're committed to transparency on our multi-factor screening process and reflect this in our investment approach

## Positive Screening Approach

We have a duty of care to all our stakeholders, whether its tech startup founders, financial advisers, retail investors, borrowers, brokers, developers, operators, industry bodies, our own employees or institutional investors. Our actions need to ensure that we all thrive, both now and in the long-term. We assess multiple factors in investments, including risks to society, the environment, financial sustainability and more. We look for firms with well thought-out responsible business practices and policies in place, and continue to seek out fund managers who invest in firms that can deliver improved long-term future prospects. It's not just about recognising what's being done by businesses today. We're focused on encouraging firms to keep the future impact at the forefront of their work.

### Responsible investing in action

#### **IMPROVING COMPANY MARGINS THROUGH 'HEALTHIER' PRODUCTS**

There has been a stark shift in global food production over recent decades, as consumer demand has shifted in favour of health-conscious lifestyles for living longer. Therefore, selling healthier food products can improve a company's profit margins with consumers willing to pay premium prices for higher-quality, more nutritious products. One of the activity equity strategies we invest in has engaged with one of the world's largest wholesale food providers, to discuss adopting a government-endorsed nutrient profiling model. The objective of the engagement was to capture this trend, meet best practice, and increase the proportion of healthier food sales.

The engagement took place over several years, and was initially met with resistance. However, the activity equity strategy's investment team joined with other shareholders in the company to highlight the regulatory risk associated with depending on sales of unhealthy food products. Since then, there has been continued dialogue with subject matter experts at the company, which announced new sales targets and efforts to increase the production of more nutritious food products by 50% by 2030. Though this target fell short of the investment team's preferred target of a proportional increase in healthier food sales, it represents progress on this topic and reflects the impact of constructive engagement with shareholders.