BLACKFINCH
ASSET MANAGEMENT

VT Blackfinch Defensive Portfolio
Fund Factsheet

August 2024

Signatory of:
PRI Principles for Responsible Investment

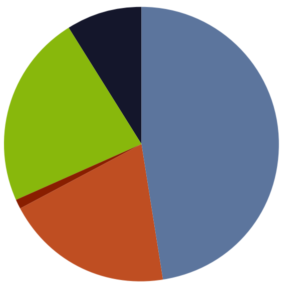
Targeting CPI +1%
per annum, over a rolling 5 year basis net of fees.

Investment Objective

The Defensive portfolio is designed to achieve a total return in excess of the Consumer Price Index plus 1% 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	47.75%
Equities	19.73%
Property	1.02%
Alternatives	22.66%
Cash & Equivalent	8.84%



Tactical Deviation

Fixed Income	3.75%	Overweight
Equities	-1.27%	Underweight
Property	-3.98%	Underweight
Alternatives	1.66%	Overweight
Cash & Equivalent	-0.16%	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	3.24%
6 months	4.20%
12 months	8.94%
Since Inception*	7.84%

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 - Global Bond Index	8.99%
CanLife - Sterling Liquidity	7.00%
BNY Mellon - Global Dynamic Bond	6.69%
Ninety One - Diversified Income	6.49%
Vanguard - UK Government Bond Index	6.48%
Vanguard - US Government Bond Index	5.99%
PIMCO - Income	5.76%
Vanguard - FTSE 100 Index	5.02%
TM Tellworth - UK Select	5.01%
Man GLG - Sterling Corporate Bond	5.00%
Liontrust - Sustainable Future Monthly Income Bond	4.98%
HSBC - European Index	4.51%
JPM - Global Macro Opportunities	4.47%
iShares - ESG Overseas Corporate Bond Index (UK)	4.02%
iShares - Corporate Bond Index (UK)	3.99%
JPM - US Equity Income	2.55%
Rathbone - Ethical Bond	2.54%
Brown Advisory - US Sustainable Growth	2.50%
Jupiter - Japan Income	2.19%
Blackfinch - NextGen Infrastructure	1.56%
Comgest - Growth Japan	1.40%
Blackfinch - NextGen Property Securities	1.02%
Cash	1.84%

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
GB00BLF82B02	0.55%	0.41%

Class F Accumulation Share ISIN	Class F Management Fee	Class F Underlying fund charges
GB00BKP3DS21	0.45%	0.41%

Estimated Annual Income Yield	Number of holdings
3.39%	22

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.

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

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

INTEGRATING TRUSTED AI INTO COMPANY OPERATIONS

In data science, the concept of trust is vital, as data quality and integrity are pivotal for the creation of viable Artificial Intelligence (AI) systems. Trust, by definition, is a common human emotion woven into the fabrics of our characters. However, as companies look to integrate AI into their operations to simplify tasks, this key factor is quickly lost and can create hidden risks if not addressed.

For example, one of the Emerging Market equity strategies we invest in engaged with a world-leading internet and technology company to understand how AI was being utilised in its operations. This engagement revealed that many recently-changed processes did not offer sufficient transparency on key issues such as tackling digital addiction for its younger customers. The loss of the 'human touch' can create new concerns previously not present with employees undertaking the same role, so developing AI with ethical values remains paramount. The strategy's investment team recently re-engaged with the company's investor relations team to learn of any progress, as well as ensure the company appear more transparent to its customers via improved transparency reports.

Please read the disclaimer on page 2 of this factsheet.