BLACKFINCH
ASSET MANAGEMENT

VT Blackfinch Income Portfolio Fund Factsheet
May 2024

Signatory of:

PRI Principles for Responsible Investment

Targeting

3.5%

Net income per annum

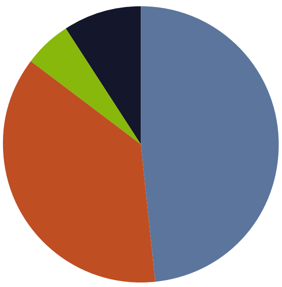
Payments from the Income Fund are made monthly

Investment Objective

The Income portfolio is designed to achieve a yield of 3.5% per annum 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 31/05/2024)

Fixed Income	**48.53%**
Equities	**36.87%**
Property	**0.00%**
Alternatives	**5.66%**
Cash & Equivalent	**8.94%**



Tactical Deviation

Fixed Income	**11.53%**	Overweight
Equities	**-8.13%**	Underweight
Property	**-6.00%**	Underweight
Alternatives	**-1.84%**	Underweight
Cash & Equivalent	**4.45%**	Overweight

Market Commentary

The story for markets continued to be global inflation, interest rate decisions and economic growth. After initial fears the US may be facing rising inflation once again, investors were relieved to see consumer prices had moved toward target. Core Personal Consumption Expenditure – the Federal Reserve's (Fed) preferred inflation measure – increased 0.2% in April, a smaller rise than the previous two months and materially below January's 0.5% spike. The Fed continued to offer mixed signals on interest rate policy, and some economists questioned whether there would be any interest rate cuts by the end of the year.

Headline consumer price index (CPI) inflation in the Eurozone increased for the first time in five months, ticking up to 2.6% in May from 2.4% in each of the two previous months. Like other developed economies, services sector inflation proved to be the most troublesome component for the Eurozone in May, accelerating from 3.7% in April to 4.1%. While many market participants still expect a 0.25% interest rate cut from the European Central Bank at its June meeting, the latest inflation figures appear to have dampened hopes of more aggressive cuts later in the year.

The UK economy shrugged off its shallow technical recession with gross domestic product (GDP) growth of 0.6% in the first quarter, beating forecasts of 0.4%. CPI inflation slowed to 2.3% in April, the lowest inflation rate since May 2021, raising prospects of inflation returning to the Bank of England's target of 2% in the coming months, news many UK investors have been waiting for.

Performance

3 months	**1.85%**
6 months	**5.62%**
12 months	**7.45%**
Since Inception*	**18.51%**

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.

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Portfolio Holdings (as at 31/05/2024)

Vanguard - FTSE 100 Index	8.06%
PIMCO - Income	6.99%
CanLife - Sterling Liquidity	6.93%
Man GLG - Sterling Corporate Bond	6.06%
Capital Group - Global High Income Opportunities	5.95%
Ninety One - Diversified Income	5.66%
Liontrust - Sustainable Future Monthly Income Bond	5.57%
Brandywine - Global Income Optimiser	5.48%
Fidelity - Asian Dividend	4.99%
iShares - ESG Overseas Corporate Bond Index (UK)	4.46%
LF Montanaro - UK Income	4.26%
Montanaro - European Income	4.06%
Fidelity - Index US	3.52%
JPM - US Equity Income	3.48%
M&G - Emerging Markets Bond	3.46%
BlackRock - Continental European Income	3.03%
Vanguard - UK Government Bond Index	2.96%
Jupiter - Japan Income	2.88%
iShares - Corporate Bond Index (UK)	2.83%
Rathbone - Ethical Bond	2.80%
FP Foresight - Global Real Infrastructure	2.59%
Vanguard - US Government Bond Index	1.98%
Cash	2.01%

This Month's Activity

Green shoots of optimism continued to grow in the UK and Europe, spurred by decelerating inflation and expected interest rate reductions. This economic trend was most supportive for smaller to mid-sized (SMID) companies, whose valuations had already fallen to compelling lows, and our allocation to actively managed UK and European SMID funds helped us to capitalise on this tailwind. For the UK in particular, the surge in takeover activity and merger and acquisitions (M&A) is a testament to the attractive relative value on offer for investors, and could be further supportive for our UK assets.

Our fixed income holdings achieved modest growth over the month, but could likely tread water until central banks make their move and cut interest rates. Our alternative investments, typically held to increase a portfolio's defensive characteristics and level of diversification, also offered solid returns. Our allocation to infrastructure assets benefitted from the improving sentiment in Europe and the UK.

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 Income Share ISIN	Class S Management Fee	Class S Underlying fund charges
GB00BLF82M17 / GB00BLF82N24	0.55%	0.53%

Class F Accumulation Share ISIN / Class F Income Share ISIN	Class F Management Fee	Class F Underlying fund charges
GB00BKMPST77 / GB00BKMPSS60	0.45%	0.53%

Estimated Annual Income Yield
4.45%

Number of holdings
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 May 2024, unless specified otherwise.

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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

ENGAGING TO REDUCE THE TRANSITION RISKS OF COMPANIES

As the world transitions toward more efficient products for consumers, such as renewable power and electric vehicles, companies must be aware of the transition risks they face. This is particularly evident in the mining sector. The demand for copper and other critical minerals is expected to at least double by 2040, and within this context, the sector has a pivotal role in enabling this.

We consider it important to provide capital to investment teams seeking to engage and understand the strategies mining companies have for capitalising on opportunities and improving margins. One of the passive strategies we invest in has been engaging with one of the world's largest copper producers for several years, encouraging the company to expand its reporting and give investors a better understanding of its strategic initiatives. The company has subsequently made significant improvements, including publishing details on investments toward its stated transition strategy and process innovations. These should help the company to enhance its operational efficiencies and to navigate the transition to a low-carbon economy.

Please read the disclaimer on page 2 of this factsheet.