

VT Blackfinch Balanced Portfolio Fund Factsheet December 2023



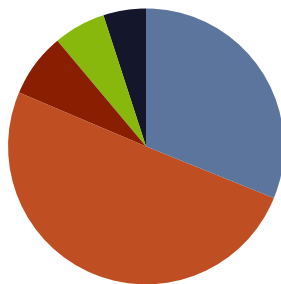
Targeting CPI
+3%
per annum, over a rolling
5 year basis net of fees.

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 29/12/2023)

Fixed Income	31.36%
Equities	50.12%
Property	7.53%
Alternatives	6.15%
Cash & Equivalent	4.85%



Tactical Deviation

Fixed Income	5.86%	Overweight
Equities	-8.38%	Underweight
Property	2.53%	Overweight
Alternatives	-0.85%	Underweight
Cash & Equivalent	0.85%	Overweight

Market Commentary

Investors enjoyed some festive cheer in December, as many of the positive trends from November carried through to finish off the year. A more benign inflationary environment pushed investor sentiment higher and helped asset price performance across the globe. Policymakers reinforced the belief that developed economies were at 'peak' interest rates, with the US, Europe, and UK central banks all maintaining their benchmark rates for a third month running.

Although the Bank of England maintained its benchmark interest rate at 5.25%, Monetary Policy Committee members reiterated being ready and willing to increase borrowing costs again should evidence of persistent inflation emerge. Higher borrowing costs are impacting the UK economy, and the number of registered company insolvencies in November 2023 was 21% higher than in November 2022. On top of this, the UK economy shrank in October by 0.3%, after rising 0.2% in September, and displayed stagnant growth on a quarterly basis.

In the US, sentiment was largely driven by lower inflation, as measured by the Consumer Prices Index (CPI) which fell in line with estimates. The headline CPI figure fell to 3.1% year-on-year while core inflation (excluding food and energy) stayed at 4.0%. Stocks had a strong jump off the back of the final Federal Reserve (Fed) policy meeting of the year. The quarterly US 'dot plot', which summarises the rate expectations of individual policymakers, showed an increase in the projection for rate cuts in 2024, which encouraged investors further.

The Chinese economy continued to struggle, with deflation more of an issue than inflation. Earlier in the year, China's policymakers set expected economic growth at 5% for 2023, the lowest level for decades. CPI inflation in China fell by 0.5% year-on-year in November, and major state banks cut interest rates in December to try help the ailing Chinese property sector and stimulate demand.

Performance

3 months	6.69%
6 months	6.40%
12 months	8.33%
Since Inception*	18.49%

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 29/12/2023)

Vanguard - FTSE 100 Index	7.53%
Jupiter - Japan Income	5.80%
Brown Advisory - US Sustainable Growth	5.39%
JPM - US Equity Income	5.37%
LF Montanaro - UK Income	4.75%
Man GLG - Sterling Corporate Bond	4.21%
TM Tellworth - UK Select	4.09%
R&M - European Change for Better	4.00%
JPM - Emerging Markets Sustainable Equity	3.99%
Fidelity - Asian Dividend	3.42%
Capital Group - Global High income Opportunities	3.39%
Vanguard - Global Bond Index	3.21%
iShares - US Equity Index	3.17%
Blackfinch - NextGen Infrastructure	3.06%
Rathbone - Ethical Bond	3.02%
Vanguard - UK Government Bond Index	3.00%
iShares - Corporate Bond Index (UK)	2.99%
Vanguard - US Government Bond Index	2.97%
Comgest - Growth Japan	2.93%
Liontrust - Sustainable Future Monthly Income Bond	2.91%
Man GLG - Continental European Growth	2.52%
Premier Miton - European Opportunities	2.51%
JPM - Global Macro Opportunities	2.30%
M&G - Emerging Markets Bond	2.20%
iShares - ESG Overseas Corporate Bond Index (UK)	2.19%
Blackfinch - NextGen Property Securities	2.14%
iShares - Pacific ex Japan Equity Index (UK)	2.06%
T. Rowe Price - US Smaller Companies Equity	2.05%
CanLife - Sterling Liquidity	0.96%
Cash	1.85%

All data as at 29th December 2023, unless specified otherwise.

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This Month's Activity

Asset prices continued to move forward from November's highs, with listed property and infrastructure investments leading the charge for portfolio returns. The improving inflationary environment, and more positive trajectory in interest rate expectations, proved strong tailwinds for the more interest rate-sensitive asset class.

Many equity markets finished the year with a flourish. This was certainly the case in the US, where investors seemed encouraged that Fed Chair Jerome Powell did not appear to push back on the idea of markets' pricing aggressive rate cuts in 2024 at his post-meeting press conference. Our allocation to US smaller companies helped capture this sentiment. More broadly, with the right catalyst, small- and medium-sized companies across the world appear ready to bounce back from recent lows caused by stubborn inflation. Fixed Income also took part in the December rally with government bond prices climbing across developed markets, also buoyed by the prospect of rate cuts in 2024.

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
GB00BLF82K92	0.55%	0.58%
Class F Accumulation Share ISIN	Class F Management Fee	Class F Underlying fund charges
GB00BKMSP30	0.45%	0.58%
Estimated Annual Income Yield	Number of holdings	
2.70%	29	

Investment Directors



Gareth Deacon and Alex Sumner co-manage the Blackfinch Asset Management multi-asset portfolio range. 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.

ESG at Blackfinch Asset Management

Working towards a more sustainable world

We believe environmental, social and governance (ESG) factors are core to the future success of any business, and that investing in companies aligned with ESG principles can lead to superior returns. We see a positive correlation between companies focused on improving their ESG factors and share price growth. Our aim is to invest in funds that either have a focus on improving sustainability issues, or businesses with strong metrics relating to ESG criteria. Our focus on ESG factors is core to our investment process and integral to how we work. We apply these principles to every portfolio we manage.

Positive Screening Approach

As stewards of capital, we have a pivotal role in ensuring that the companies we invest in are answerable to ESG concerns. Our positive screening process makes it possible to unearth and support forward-thinking companies, and invest in them via responsible fund managers who actively engage and monitor their ESG targets. We strongly feel fund managers should exercise their power as shareholders to shape the direction of investee companies, and to positively impact the way such businesses are run.

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

We invest with a central focus on ESG considerations

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

We encourage 'engagement' with both sustainability 'leaders' and 'improvers'

We're committed to transparency on ESG and reflect this in our investment approach

ESG in Action

We're pleased to share our ESG insights with you, as well as to highlight some of the positive engagement activities undertaken by funds within our portfolios and the companies they invest in.

REDUCING GREENHOUSE GAS (GHG) EMISSIONS THROUGH ALTERNATIVE ENERGY SOURCING

Copper and nickel production is critical for developing renewable energy infrastructure and electric vehicles, a major part of the global effort to reduce carbon emissions. Although these minerals are important to aid the net zero transition, they come at a cost. Mining them can generate significant GHG emissions relative to other sectors, due to the operation of heavy equipment and energy-intensive processing plants. But renewable energy is a cleaner fuel source and an important step in moving away from coal-operated plants. We believe that increased engagement to move away from coal to renewable energy sources will play an important role for the rest of the decade.

As such, we were encouraged to see one of the active fixed income fund manager we invest in engaging with one of their key portfolio holdings – a top ten global minerals producer – with the objective of helping it reduce its GHG emissions through alternative energy sourcing. Discussions including progress on building renewable energy infrastructure, reducing reliance on coal, and how the company planned to meet its 2025 and 2030 emission reduction targets. The fixed income fund manager will continue to monitor and engage with the company for developments.



Request our ESG Policy document for more information.