

VT Blackfinch Balanced Portfolio Fund Factsheet July 2022



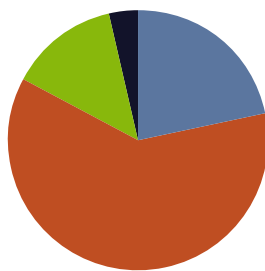
Targeting CPI
+3%
per annum, over a rolling
5 year basis net of fees.

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 31/07/2022)

Fixed Income	22.00%
Equities	57.64%
Property	0.00%
Alternatives	16.90%
Cash	3.46%



Tactical Deviation

Fixed Income	-1.00%	Underweight
Equities	1.64%	Overweight
Property	-6.00%	Underweight
Alternatives	4.90%	Overweight
Cash	0.46%	Overweight

Market Commentary

Inflation remained front and centre of market pricing throughout July, and we continue to believe that inflation will remain the primary driver of investment returns from here.

Year-on-year inflation figures published for the UK and Eurozone were in line with market consensus, at 9.4% and 8.6% respectively. As a result, markets took this in their stride. The European Central Bank (ECB) raised interest rates by 0.5%, a larger increase than had been expected. It was the first ECB rate hike in 11 years and also the biggest since 2000.

In the US, headline inflation in June reached 9.1%, surpassing market estimates of 8.8%. Unsurprisingly, rising energy, gasoline, electricity, food and rental costs were blamed. The US Federal Reserve (Fed) raised base rates by 0.75% as expected, but markets immediately rallied after Fed Chair Jerome Powell said the Fed was likely to "slow the pace of increases while we assess how our cumulative policy adjustments are affecting the economy and inflation".

Markets have begun to factor in a higher probability of a global recession. Indeed, at the end of the month the US entered a technical recession (defined by two consecutive quarters of negative gross domestic product (GDP) growth). However, remarkably strong jobs data published in July presented a counter to those concerns. In both the US and the UK, employment data was well ahead of expectations, with both posting persistently low unemployment rates.

Away from recession and inflation, in the UK Boris Johnson's resignation as Prime Minister and leader of the Conservative Party saw little market reaction. Attention quickly returned to more macroeconomic factors. UK house prices were resilient in the face of stubbornly low consumer confidence, while UK economic growth slowed to a crawl in July, registering the slowest expansion since the lockdowns of early 2021.

China was the biggest weak spot during the month, particularly after Premier Li said China was unlikely to use "super large stimulus" to achieve its growth target, suggesting an acceptance of lower growth levels. At the same time, there was no mention of any change to China's zero-COVID policy.

Performance

3 months	-1.47%
6 months	-2.65%
12 months	-7.08%
Since Inception*	11.93%

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 31/07/2022)

Vanguard - FTSE 100 Index Unit Trust	9.64%
iShares - US Equity Index (UK)	8.07%
FP Foresight - Global Real Infrastructure	6.11%
Jupiter - Japan Income	5.93%
JPM - Global Macro Opportunities	5.42%
VT RM - Alternative Income	5.37%
Brown Advisory - US Sustainable Growth	4.15%
JPM - US Equity Income	4.00%
JPM - Emerging Markets Sustainable Equity	3.94%
Rathbone - Ethical Bond	3.92%
Capital Group - Global High income Opportunities	3.41%
Fidelity - Asian Dividend	3.33%
Vanguard - Global Bond Index Hedged	3.18%
Franklin - UK Equity Income	3.07%
Federated Hermes - Unconstrained Credit	3.00%
Comgest - Growth Japan	2.93%
Liontrust - Monthly Income Bond	2.85%
HSBC - European Index	2.41%
M&G - Emerging Markets Bond	2.17%
T. Rowe Price - US Smaller Companies Equity	2.05%
Brandywine - Global Income Optimiser	2.03%
iShares - Pacific ex Japan Equity Index	1.97%
Montanaro - UK Income	1.59%
Premier Miton - European Opportunities	1.55%
Liontrust - Special Situations	1.54%
Man GLG - Continental European Growth	1.48%
Vanguard - UK Government Bond Index	1.43%
Cash	3.46%

All data as at 31st July 2022, unless specified otherwise.

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This Month's Activity

Developed markets showed significant strength in July, with the US in particular responding positively to comments from central bank policymakers. The rebound from a largely negative June was sharp and immediate, but it remains to be seen whether this was simply a 'relief rally' or the start of a more sustained upward trajectory for markets.

Unsurprisingly, our US equity funds posted the largest gains, with some of our active holdings in both the UK, European and Japanese equity sectors close behind. After a strong June, Chinese equity markets gave back some of their gains, but we were pleased to see our Asian equity holdings consolidating their gains with another month of positive performance, albeit marginal.

We made no changes to the portfolios in July. We believe our current highly diversified approach to both our equity and bond allocations are suitably positioned to capture a significant portion of any further upside from this point, but equally protect from the worst of any prolonged selling activity should market fortunes reverse once more.

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%	0.61%
Class F Accumulation Share ISIN	Class F Management Fee	Class F Underlying fund charges
GB00BKMSP30	0.45%	0.61%
Estimated Annual Income Yield	Number of holdings	
2.19%	27	

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.

IMPROVING QUALITY OF LIFE FOR THE VULNERABLE

An international healthcare group, with more than 38m customers worldwide, has been under significant pressure to improve the quality of its care homes. The group's purpose is to help people live longer, happier, and healthier lives across the globe. In order to do this, it actively issues new debt to the market, allowing it to raise money that can fund new projects and move it closer to fulfilling that purpose.

As the healthcare group conducted investor roadshows for its debt issuance, one of our active Fixed Income strategies that holds substantial capital in the market, used this leverage to request more information around the care homes and the group's quality improvement plans. The team that manages the Fixed Income strategy made it clear they would not be investing into the new debt issuance until they received comprehensive information that would allow them to make an informed investment decision. As a result, the group and Fixed Income strategy conducted several rounds of engagement to ensure the approach was robust enough to create a meaningful positive impact for the vulnerable living in the group's care homes.

Analyst forecasts project that the total UK care home population will rise by 127% over the next 20 years. As such, because long term care is a sector of such importance, we fully support responsive and cohesive endeavours to ensure the highest standards possible.



Request our ESG Policy document for more