

VT Blackfinch Balanced Portfolio Fund Factsheet October 2023



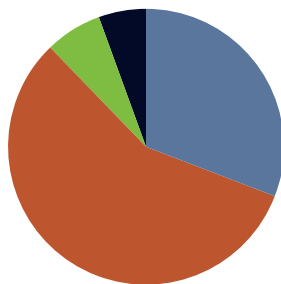
Targeting CPI
+3%
per annum, over a rolling
5 year basis net of fees.

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 31/10/2023)

Fixed Income	31.07%
Equities	56.89%
Property	0.00%
Alternatives	6.74%
Cash & Equivalent	5.30%



Tactical Deviation

Fixed Income	5.57%	Overweight
Equities	-1.61%	Underweight
Property	0.00%	Equalweight
Alternatives	-5.26%	Underweight
Cash & Equivalent	1.30%	Overweight

Market Commentary

October was a difficult month for global markets, with volatility partly driven by horrific events unfolding in the Middle East. Investors struggled to work out whether the prospect of higher oil prices as a result of the conflict would damage economic growth and feed the 'higher for longer' interest rate narrative from central banks. Many of the developed market central banks have now paused further interest rate hikes and adopted more of a wait-and-see approach, forcing markets to adjust to this newfound regime.

In the UK, September's welcome fall in inflation was met with a more stubborn outcome in October. The Consumer Price Index (CPI) unexpectedly held steady at 6.7%, as spiking fuel costs offset the first monthly fall in food prices for two years. However, Core CPI (which strips out the more volatile energy, food, alcohol, and tobacco components) fell on the previous month, offering some hope that the stickier parts of inflation could be easing somewhat.

The strength of the US economy in the third quarter was on show for all to see, as economic growth – measured by gross domestic product – defied analyst expectations, expanding by 4.9% on an annualised basis. Consensus estimates had anticipated a 4.3% rise, still well above many developed economies. However, the long-standing trade tensions between the US and China reared up once again. China announced special export permits for three grades of graphite used to make lithium-ion batteries for mobile phones and electric vehicles. This announcement came just days after the US tightened its export controls for artificial intelligence chips, making it much harder for companies to sell high-performance semiconductors to China.

Performance

3 months	-3.81%
6 months	-3.41%
12 months	1.52%
Since Inception*	8.48%

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 31/10/2023)

Vanguard - FTSE 100 Index	7.46%
Jupiter - Japan Income	5.66%
JPM - US Equity Income	5.30%
Brown Advisory - US Sustainable Growth	5.23%
LF Montanaro - UK Income	4.58%
Man GLG - Sterling Corporate Bond	4.32%
TM Tellworth - UK Select	4.22%
JPM - Emerging Markets Sustainable Equity	4.03%
R&M - European Change for Better	3.86%
CanLife - Sterling Liquidity	3.52%
Capital Group - Global High income Opportunities	3.49%
Fidelity - Asian Dividend	3.42%
Vanguard - Global Bond Index	3.32%
iShares - US Equity Index	3.17%
Vanguard - US Government Bond Index	3.12%
iShares - Corporate Bond Index (UK)	3.07%
Rathbone - Ethical Bond	3.07%
Vanguard - UK Government Bond Index	3.06%
Liontrust - Sustainable Future Monthly Income Bond	3.00%
Comgest - Growth Japan	2.86%
JPM - Global Macro Opportunities	2.52%
Man GLG - Continental European Growth	2.47%
Premier Miton - European Opportunities	2.43%
FP Foresight - Global Real Infrastructure	2.40%
M&G - Emerging Markets Bond	2.32%
iShares - ESG Overseas Corporate Bond Index (UK)	2.31%
iShares - Pacific ex Japan Equity Index (UK)	2.03%
T. Rowe Price - US Smaller Companies Equity	1.97%
Cash	1.78%

All data as at 31st October 2023, 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

October was a month to forget for investors, with the conflict in the Middle East spreading unease through markets. The month was also punctuated with economic data that did little to calm the nerves, and asset prices across both bonds and equities fell. The UK and Europe suffered the worst of the equity sell-off in our portfolios, with medium and small companies particularly badly affected.

We made adjustments to our UK, Europe and Japan equity holdings, although these were not as a direct result of the unfolding Middle East conflict. We moved our UK and European equity positions to a 'style-neutral' stance, reducing our growth exposure as the market adjusted to a 'higher-for-longer' view on interest rates in both regions. The situation in Japan is somewhat different, but also warranted a similar shift as the actions of the Bank of Japan come in to focus, specifically in relation to the future of 'yield curve control' a policy in place since 2016 that is aimed at keeping yields at a low level to stimulate economic activity.

Alternatives came to the fore in October, providing diversification as equity and bond markets both fell. Our key actively managed fixed income fund also managed to post a positive return for the month, supporting our preference for active management at present.

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%	0.56%
Class F Accumulation Share ISIN	Class F Management Fee	Class F Underlying fund charges
GB00BKMSP30	0.45%	0.56%
Estimated Annual Income Yield	Number of holdings	
2.83%	28	

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 EMPLOYEE ENGAGEMENT AND CORPORATE CULTURE

The 'Social' aspect of Environmental, Social and Governance (ESG) factors can affect a company's financial performance, ranging from short to long-term challenges. Generally, these can include strengths and weaknesses in dealing with labour, social trends, and political influence. Importantly, understanding the culture of a company, and the social challenges it may face, can help increase profits and corporate responsibility.

As such, we hold capital with an active hedge fund strategy that completed a targeted engagement strategy to understand parental leave policies for their investee companies. Its research suggests that parental leave is a significant positive marker with respect to broader workplace practices. There is also academic evidence to suggest it is a driver of higher employee engagement across both parent and non-parent employees. They were most interested in any further colour available on items such as additional support programmes, regional standards, uptake by gender, impact on engagement. We are aligned with this kind of social engagement at Blackfinch, as we believe this type of activity can lead to more sustainable outcomes, both in terms of positive social practices as well as economic profits.



Request our ESG Policy document for more information.