

## Blackfinch Adapt IHT Portfolios

# Factsheet September 2022

The Adapt IHT Portfolios are an Inheritance Tax solution with options focused on environmental, social and governance (ESG) factors. Clients can invest in firms operating across renewable energy generation and energy infrastructure assets, property development finance and asset-backed lending. We offer four model portfolios, targeting returns from 3-5%+.



**Over £650 million**

Group Assets Under Management

 **1792**

Total Clients in Service

 **168**

Exits Facilitated due to Client Death

 **£312m**

Adapt JHT Portfolios AUM

 **100%**

Business Relief Success<sup>1</sup>

## Cumulative Performance

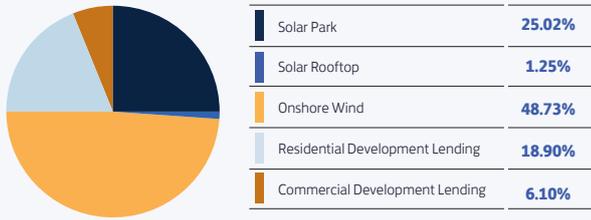
|                 | 1 Year<br>30/09/2021 - 30/09/2022 | 3 Years<br>30/09/2019 - 30/09/2022 | 5 Years<br>30/09/2017 - 30/09/2022 |
|-----------------|-----------------------------------|------------------------------------|------------------------------------|
| Ethical         | 3.46%                             | 8.33%                              | 15.65%                             |
| Balanced        | 3.15%                             | 8.76%                              | 19.99%                             |
| Balanced Growth | 3.31%                             | 9.94%                              | 22.00%                             |
| Growth          | 3.45%                             | 11.06%                             | 23.93%                             |

## Discrete Performance

|                 | YTD   | YTD<br>Annualised | 2021  | 2020  | 2019  | 2018  | 2017  |
|-----------------|-------|-------------------|-------|-------|-------|-------|-------|
| Ethical         | 2.99% | 4.02%             | 2.05% | 2.32% | 3.38% | 3.22% | 2.72% |
| Balanced        | 2.53% | 3.40%             | 2.70% | 2.35% | 4.83% | 4.82% | 4.71% |
| Balanced Growth | 2.61% | 3.51%             | 3.12% | 2.74% | 5.34% | 5.11% | 4.91% |
| Growth          | 2.68% | 3.61%             | 3.52% | 3.10% | 5.83% | 5.39% | 5.10% |

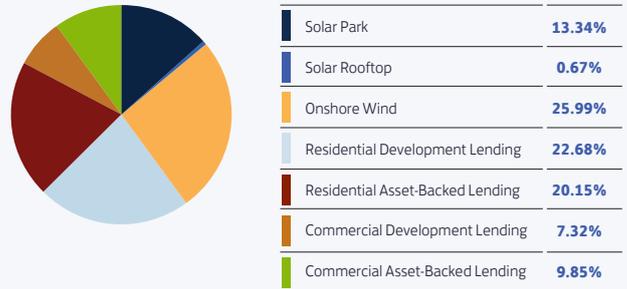
## Typical Asset Allocations<sup>2</sup>

### Ethical Portfolio



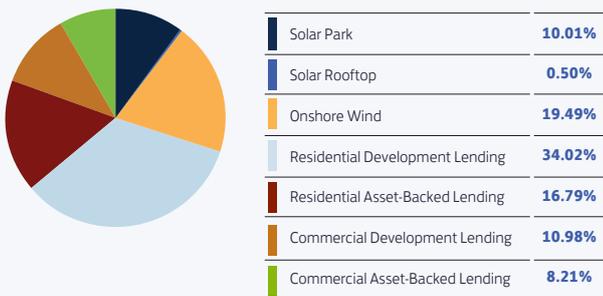
|  |            |
|--|------------|
| Target Return                            | 3.0%       |
| Average LTV                              | 59.22%     |
| Asset-Backed Lending/Property/Renewables | 0%/25%/75% |
| 5 Year Sharpe Ratio <sup>3</sup>         | 5.61       |
| Standard Deviation <sup>4</sup>          | 0.048      |
| Independent Directors                    | Yes        |
| % of business UK-based                   | 100%       |
| % First Charge                           | 100%       |

### Balanced Portfolio



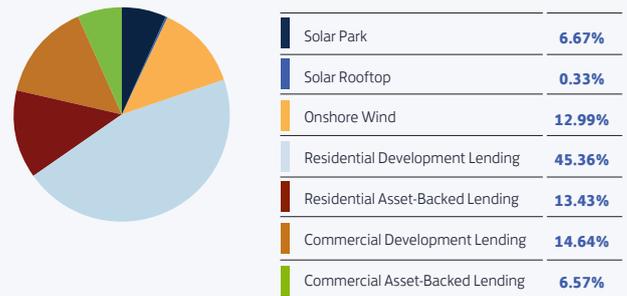
|  |             |
|--|-------------|
| Target Return                            | 4.0%        |
| Average LTV                              | 58.01%      |
| Asset-Backed Lending/Property/Renewables | 30%/30%/40% |
| 5 Year Sharpe Ratio <sup>3</sup>         | 6.98        |
| Standard Deviation <sup>4</sup>          | 0.065       |
| Independent Directors                    | Yes         |
| % of business UK-based                   | 100%        |
| % First Charge                           | 100%        |

### Balanced Growth Portfolio



|  |             |
|--|-------------|
| Target Return                            | 4.5%        |
| Average LTV                              | 58.36%      |
| Asset-Backed Lending/Property/Renewables | 25%/45%/30% |
| 5 Year Sharpe Ratio <sup>3</sup>         | 7.80        |
| Standard Deviation <sup>4</sup>          | 0.074       |
| Independent Directors                    | Yes         |
| % of business UK-based                   | 100%        |
| % First Charge                           | 100%        |

### Growth Portfolio



|  |             |
|--|-------------|
| Target Return                            | 5.0%        |
| Average LTV                              | 58.62%      |
| Asset-Backed Lending/Property/Renewables | 20%/60%/20% |
| 5 Year Sharpe Ratio <sup>3</sup>         | 8.22        |
| Standard Deviation <sup>4</sup>          | 0.084       |
| Independent Directors                    | Yes         |
| % of business UK-based                   | 100%        |
| % First Charge                           | 100%        |

## Underlying Diversification with an ESG Focus



**65**

Number of Energy Assets

We're committed to ESG principles, which are embedded in our investment processes and reflected in our evolutionary values. As part of our commitment we're a signatory to the Principles for Responsible Investment.



**51**

Number of Loans

Our work includes investments in renewables and property development, making for a positive ESG impact. We continue expanding our solar and wind energy sites across the UK. Meanwhile our lending work helps to rejuvenate urban areas and boost local economies. Together we're working for a more sustainable future.

### Liquidity

|   | <b>3 Months</b><br>30/06/2022 - 30/09/2022 | <b>1 Year</b><br>30/09/2021 - 30/09/2022 | <b>5 Years</b><br>30/09/2017 - 30/09/2022 |
|---|--|--|---|
| Funds raised  | £16,246,374                                | £89,311,990                              | £288,225,308                              |
| Number of new portfolios                                | 117  | 469                                      | 1542                                      |
| Average Withdrawal Time (days)                          | 6  | 8  | 10  |
| Total number of client withdrawals                      | 5  | 37                                       | 167                                       |
| Total withdrawal amount                                 | £276,552.79                                | £4,398,547.54                            | £18,799,730.43                            |
| Average annualised return to client (TWRR) <sup>5</sup> | 2.73%                                      | 3.39%                                    | 4.28%                                     |
| % met by matched bargain                                | 100.00%                                    | 100.00%                                  | 100.00%                                   |
| Average age of investors                                | 78   |  |   |
| Average remaining loan term (months)                    | 7  |  |   |
|   | <b>3 Months</b><br>30/06/2022 - 30/09/2022 | <b>1 Year</b><br>30/09/2021 - 30/09/2022 |   |
| (Inflows/Service AUM)                                   | 5.40%                                      | 28.30%                                   |   |
| (Inflows/Outflows)                                      | 731%                                       | 848%                                     |   |

<sup>1</sup>This figure relates to the percentage of clients in the service we believe to have qualified for Business Relief upon death. Although we cannot state this for certain, as Business Relief qualification is assessed by HMRC on a case-by-case basis, we are yet to be made aware of any clients that have failed to qualify.

<sup>2</sup>Typical asset allocation is based on the current allocation policy, current portfolio and predicted medium term strategy but can not be guaranteed.

<sup>3</sup>Please note that the Sharpe Ratio of any instrument or portfolio only measures the risk taken in relation to historic price volatility to achieve surplus returns above the risk-free rate and does not directly factor in any other class of risk. As with any investment, an investment in the Adapt IHT Portfolios carries an exposure to a range of different risks and it is the responsibility of advisers to consider the overall risk exposure of any investment when assessing its suitability for their clients.

<sup>4</sup>This figure has been calculated over a 5-year period at monthly intervals.

<sup>5</sup>These figures relate to the average Time-Weighted Rate of Return achieved by clients exiting the service within the given date range. They do not include clients transferring into or out of the service.



Past performance cannot be taken as a guarantee of future performance. Please read the disclaimer on page 5 of this factsheet.

# Glossary

## Assets Under Management (AUM)

The total market value of investments in the service that we manage on behalf of clients.

## Average Withdrawal Time (Days)

The average number of calendar days it takes for a client to receive their funds for the given period, once we've received all necessary documentation.

## Average Annualised Return to Client

The arithmetic mean of each Time-Weighted Rate of Return achieved by clients exiting the service for the given period.

## Funds Raised

New investments in the service for the given time period.

## Number of New Portfolios

The number of new portfolios created for the given period.

## Inflows/Outflows

Shows what percentage of fundraising was against total outflows for a given period. A higher number means that we can provide liquidity more easily through fundraising than by buying back clients' shares. A number higher than 100% indicates that fundraising is higher than redemptions and that liquidity on a matched-bargain basis hasn't been an issue. A number less than 100% indicates that redemptions are higher than fundraising, reflecting a potential liquidity issue.

## Inflows/Service AUM

Shows what percentage of fundraising was against the service's total AUM for a given period. A higher percentage means that we can provide liquidity more easily through fundraising rather than by buying back clients' shares.

## Time-Weighted Rate of Return (TWRR)

Time-Weighted Rate of Return is a measure of the compound rate of growth for a given portfolio. Return is calculated between intervals at which funds have been added or withdrawn, eliminating the distorting effect this can have on overall growth calculations.

## Total Number of Client Withdrawals

The total number of portfolios encashed/redeemed for the given period.

## Total Withdrawal Amount

The total cash amount withdrawn for the corresponding number of clients that have encashed/redeemed their portfolios for the given period.

## 5-Year Sharpe Ratio

A measure of the return against risk taken, relating to volatility. Volatility is a measure of the fluctuations of returns of an asset or portfolio. Any figure over 1 is a good thing. This ratio represents the average return earned in excess of the total risk taken, also expressed as the risk-free rate per unit of volatility. We've taken the risk-free rate to be the yield of a 5-year UK bond.

## % Met by Matched Bargain

Indicates the percentage of clients looking to withdraw capital in a given period for whom we sold shares to new clients on a matched bargain basis. This creates potentially better taxation outcomes.

### IMPORTANT INFORMATION

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