

# VT Blackfinch Funds

## 8 Reasons to use a fund over a model



### Tax Efficiency

Model portfolios may trigger multiple capital gains tax (CGT) events throughout the year, as a result of rebalancing or repositioning trades. However, funds are treated as a single investment, so underlying transactions can take place without being subject to CGT. It's worth noting that CGT only occurs on gains on the disposal of units, meaning investors can time withdrawals in order to take advantage of their annual CGT allowance.



### Regulatory Oversight & Risk Control

Valu-Trac, our Authorised Corporate Director (ACD) protects the interests of all investors in the Blackfinch Funds, by providing independent governance and stewardship. Valu-Trac also ensures the funds have a sufficient level of liquidity, and that they are meeting the diversification requirements stated in the prospectus. Model portfolios are not subject to these rules.



### Consistency Across Platforms

Fund and share class availability can differ from one platform to another. This means that model composition can vary slightly between platforms, potentially giving clients different portfolios and performance results. By comparison, unitised funds will always have the same asset holdings, regardless of the platform they are held on.



### Cost

Funds have fixed costs (audit, ACD, compliance, etc.) so the annual management charge (AMC) may appear higher than a corresponding model, however, funds often have the ability to negotiate lower charges on the assets they buy. Therefore, it is important to compare the overall cost of the two structures, as well considering other factors, such as performance, tax, liquidity and governance.



### Investment Flexibility

Funds can hold a wider range of underlying investments, for example, investment trusts, direct shares, derivatives, hedging instruments, exchange-traded funds (ETFs), etc., all of which can present challenges for models.



### Liquidity

Whereas funds are required to manage sufficient liquidity to meet day-to-day needs, model portfolios can suffer with liquidity issues affecting withdrawals, for example when rebalancing/repositioning, or when funds become gated.



### Transparency

Fund data is readily available, making it easier to compare performance between other funds and indices. However, whereas model data is more difficult to locate, often requiring the manager's permission. Fund prices are calculated on a net asset value (NAV) basis, whereas published model performance is based on settlement assumptions, which can vary between platforms.



### Performance

Unitised Funds benefit from our 'best investment thinking' as a consequence of being able to access a wider universe of potential investments than MPS model portfolios, whose underlying investment selection can at times be affected by individual platform availability. Funds can also, in some cases, access more favourable share classes.

#### IMPORTANT INFORMATION

Capital at Risk. Blackfinch Asset Management Limited 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 in England and Wales company number 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 model portfolios.