

Investment Fund Services

# IFSL Blackfinch OEIC

## Annual Report and Audited Financial Statements

for the period from 30 October 2023  
to 30 June 2024

## **IFSL BLACKFINCH OEIC**

### **CONTACT INFORMATION**

#### **Registered Office**

Marlborough House  
59 Chorley New Road  
Bolton  
BL1 4QP

#### **Authorised Corporate Director (ACD)**

Investment Fund Services Limited (IFSL)  
Marlborough House  
59 Chorley New Road  
Bolton  
BL1 4QP

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

#### **Directors of IFSL**

Andrew Staley (Non-Executive)  
Allan Hamer  
Dom Clarke  
Helen Redmond  
Sally Helston  
Guy Sears (Independent Non-Executive) - resigned, 25 March 2024  
Katherine Damsell (Independent Non-Executive) - appointed, 25 March 2024  
Sarah Peaston (Independent Non-Executive)

#### **Investment Manager**

Blackfinch Investments Limited  
1350 - 1360 Montpellier Court  
Brockworth  
Gloucester  
GL3 4AH

Authorised and regulated by the Financial Conduct Authority.

#### **Depository**

NatWest Trustee and Depository Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

Authorised and regulated by the Financial Conduct Authority.

#### **Administrator and Registrar (from 1 June 2024)**

SS&C Financial Services International Limited  
New Marlborough House  
55-57 Chorley New Road  
Bolton  
BL1 4QR

#### **Auditor**

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

#### **Administrator and Registrar (to 1 June 2024)**

Investment Fund Services Limited (IFSL)  
Marlborough House  
59 Chorley New Road  
Bolton  
BL1 4QP

## **IFSL BLACKFINCH OEIC**

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## IFSL BLACKFINCH OEIC

### AUTHORISED STATUS

IFSL Blackfinch OEIC (the Company) is an open-ended investment company (OEIC) with variable capital incorporated under the Open-Ended Investment Companies Regulations 2001 (OEIC Regulations). The Company is a UCITS Scheme as defined in the Collective Investment Schemes Sourcebook (COLL) and is also an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with registered number IC172437. The Company was authorised by an order made by the FCA with effect from 27 September 2023. The Company has an unlimited duration.

The Company currently has two sub-funds: IFSL Blackfinch NextGen Property Securities Fund and IFSL Blackfinch NextGen Infrastructure Fund.

Shareholders of the sub-funds do not have any proprietary interest in the underlying assets of the Company and will not be liable for the debts of the Company. A sub-fund is not a legal entity. If the assets attributable to a sub-fund were insufficient to meet its liabilities the shortfall will not be met out of the assets attributable to one or more other sub-funds of the Company. The sub-funds are segregated by law under the Protected Cell Regime.

### GENERAL INFORMATION

#### IFSL Blackfinch NextGen Property Securities Fund

##### Investment objective

The investment objective of the sub-fund is to increase the value of an investment over a minimum of 5 years. The sub-fund will do this through a combination of capital growth, which is profit on investments held, and income received by the sub-fund, which is money paid out of investments, such as dividends and interest.

##### Investment policy

The sub-fund is actively managed, which means the Investment Manager decides which investments to buy or sell, and when.

The sub-fund will invest at least 80% in listed property securities, which will allow the sub-fund to gain access to property indirectly, through a mixture of asset types which invest directly in property. Those asset types include listed investment vehicles such as; real estate investment trusts ("REITs"), real estate operating companies ("REOCs") being publicly-traded companies that invest in property, listed property trusts, shares in property companies, and overseas investment vehicles that are structured to achieve a similar outcome to REITs such as Regulated Real Estate Companies in Belgium and Sociétés d'Investissements Immobiliers Cotées in France.

When looking for investments to purchase, the Investment Manager will focus on those with exposure to property assets that serve next generation ("NextGen"), future growth needs in one of four key areas. These are:

- Digitalisation, such as data centres, e-commerce and cold storage logistics;
- Ageing demographics, such as care homes, GP surgeries, outpatient or in-patient medical facilities, and life science campuses;
- Sustainable urbanisation, such as student housing, self-storage and grocery units, and sustainable residential units; and
- Emerging middle classes, such as high-grade workplaces, accommodation units and other commercial property assets in developing nations.

The sub-fund will have no minimum or maximum exposure to any geographic region, however a minimum of 75% will be invested in developed markets, with a maximum of 25% invested in emerging markets.

The sub-fund will not invest in property directly.

The sub-fund may hold up to 20% in cash and cash equivalents such as money market funds, which invest in short term loans, to enable the ready settlement of liabilities, for the efficient management of the portfolio and in pursuit of the sub-fund's investment objective. The sub-fund's exposure to money market funds will be limited to 10%.

Whilst the sub-fund itself will not use derivatives, the underlying investments purchased may have the ability to use derivatives to varying degrees.

##### Investment strategy

The sub-fund's investments reflect the Investment Manager's view of NextGen developments in the global property market and how it will serve the needs of future populations.

## IFSL BLACKFINCH OEIC

### GENERAL INFORMATION

#### IFSL Blackfinch NextGen Property Securities Fund (continued)

##### Investment strategy (continued)

The Investment Manager's strategy is to invest in a diversified portfolio of specialist property securities, including REITs, that are well positioned to benefit from a number of socioeconomic growth themes which the Investment Manager believes are likely to transform the property market in the years ahead. The Investment Manager aims to invest in listed property securities with dependable cash flows, and that offer attractive risk-adjusted returns and income for investors across the broad listed property universe.

The Investment Manager has identified four NextGen socioeconomic growth themes to focus on. These are:

- Digitalisation. Target assets would typically include data centres, e-commerce, and cold storage logistics that benefit from the accelerating demand for data storage and the increased penetration of online retailing.
- Ageing demographics. Target assets would typically include care homes, GP surgeries, outpatient or in-patient medical facilities, and life science campuses as older populations, medical advancements and declining birth rates form key demand drivers.
- Sustainable urbanisation. Target assets would typically include student housing, self-storage and grocery units, and sustainable residential units which are all beneficiaries of growing populations in key urban locations.
- Emerging middle classes. Target assets would typically include high-grade workplaces, accommodation units, and other commercial property assets in developing nations with growing middle classes and rising disposable incomes.

A further key focus of the Investment Manager is the identification and monitoring of major socioeconomic themes, which may drive future investment returns, and then apply rigorous analysis in selecting investments globally to best benefit from these themes.

The Investment Manager will also consider ongoing economic, financial or investment market conditions within the decision-making process as well as the Environmental, Social and Governance ("ESG") credential of each investment that is under review. The Investment Manager retains full discretion to invest in particular assets despite their ESG credentials.

##### Assessing performance

Morningstar Indexes Limited (Morningstar) is a provider of indexes and portfolio analysis tools. Morningstar operates the Morningstar Global Markets REIT Net Total Return GBP Index and you may want to assess the sub-fund's performance compared to that benchmark, however this benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark. The Morningstar Global Markets REIT Net Total Return GBP Index was chosen as a means of comparing the performance of the sub-fund because it tracks the performance of publicly listed REITs in developed and emerging countries across the world, which is similar to the sub-fund's strategy.

The Morningstar Global Markets REIT Index contains a strong weighting towards the United States of America, with only a small portion of United Kingdom assets included. Whilst the property securities invested in by the sub-fund may have a degree of concentration towards the United States of America, it may not always be reflective of the weighting applied by the index. Also, the strong weighting towards US securities, denominated in US Dollars, means that the performance of the sub-fund when measured against the benchmark may be impacted by the fluctuations in currency prices. Additionally, the Morningstar Global Markets REIT Index has a high weighting to large cap investments, whereas the sub-fund is not constrained to any market cap size and may, at times, have a higher weighting to small-medium cap investments, therefore this could also lead to greater fluctuations in performance of the sub-fund versus this index. This could result in the sub-fund over or underperforming the index. This should not prevent the sub-fund from meeting its longer-term objectives.

#### IFSL Blackfinch NextGen Infrastructure Fund

##### Investment objective

The investment objective of the sub-fund is to increase the value of an investment over a minimum of 5 years. The sub-fund will do this through a combination of capital growth, which is profit on investments held, and income received by the sub-fund, which is money paid out of investments, such as dividends and interest.

##### Investment policy

The sub-fund is actively managed, which means the Investment Manager decides which investments to buy or sell, and when.

## IFSL BLACKFINCH OEIC

### GENERAL INFORMATION

#### IFSL Blackfinch NextGen Infrastructure Fund (continued)

##### Investment policy (continued)

The sub-fund will invest at least 80% in listed infrastructure securities, which will allow the sub-fund to gain access to infrastructure indirectly. That means it invests in companies or investment vehicles that themselves are involved in the direct ownership, operation, development, or maintenance of infrastructure assets. These investment vehicles include shares in infrastructure companies, investment trusts, real estate investment trusts ("REITs"), and master limited partnerships ("MLPs"), which are companies organised as publicly-traded partnerships typically used in the USA and Canada for investment into infrastructure projects. MLPs will make up no more than 10% of the sub-fund's assets.

When looking for investments to purchase, the Investment Manager will focus on those with exposure to infrastructure assets that serve next generation ("NextGen"), future growth needs in one of three key areas. These are:

- Energy transition, such as renewable energy, energy storage, and grid transmission networks;
- Digitalisation, such as communication towers, data centres, and fibre networks; and
- Sustainable urbanisation, such as core and social infrastructure assets including sustainable waste disposal and transportation assets.

The sub-fund will have no minimum or maximum exposure to any geographic region, however a minimum of 75% will be invested in developed markets, with a maximum of 25% invested in emerging markets.

The sub-fund will not invest in infrastructure projects or property directly.

The sub-fund may hold up to 20% in cash and cash equivalents such as money market funds, which invest in short term loans, to enable the ready settlement of liabilities, for the efficient management of the portfolio and in pursuit of the sub-fund's investment objective. The sub-fund's exposure to money market funds will be limited to 10%.

Whilst the sub-fund itself will not use derivatives, the underlying investments purchased may have the ability to use derivatives to varying degrees.

##### Investment strategy

The sub-fund's investments reflect the Investment Manager's view of NextGen developments in the global infrastructure market and how it will serve the needs of future populations.

The Investment Manager's strategy is to invest in a diversified portfolio of specialist infrastructure investment vehicles that are well positioned to benefit from a number of themes such as energy transformation and de-carbonisation, that have the potential to transform the infrastructure market in the years ahead. The Investment Manager aims to invest in listed infrastructure securities with dependable cash flows that offer attractive risk-adjusted returns and income for investors across the broad listed infrastructure universe.

The Investment Manager has identified three NextGen themes to focus on. These are:

- Energy transition. Target assets would typically include renewable energy, battery storage and grid transmission networks which all support the transition towards a greener future and reaching net-zero. The Investment Manager would consider investment in companies which are transitioning from conventional generation assets into cleaner energy sources.
- Digitalisation. Target assets would typically include communication towers, data centres, and fibre networks that all benefit from the rapid increase in data traffic and the need to expand broadband coverage.
- Sustainable urbanisation. Target assets would typically include core and social infrastructure assets, sustainable waste disposal, and transportation assets that all provide critical infrastructure to urban populations in key cities.

A further key focus of the Investment Manager is the identification and monitoring of major infrastructure themes, which may drive future investment returns and then apply rigorous analysis in selecting investments globally to best benefit from these themes.

Within each NextGen trend the Investment Manager undertakes rigorous fundamental research to identify the most attractive investment opportunities globally and will keep the growth themes under constant review to ensure the sub-fund's strategy is always to invest at the cutting edge of global infrastructure development.

The Investment Manager will also consider ongoing economic, financial or investment market conditions within the decision-making process as well as the Environmental, Social and Governance ("ESG") credentials of each investment that is under review. The Investment Manager retains full discretion to invest in particular assets despite their ESG credentials.

## IFSL BLACKFINCH OEIC

### GENERAL INFORMATION

#### IFSL Blackfinch NextGen Infrastructure Fund (continued)

##### Assessing performance

The Investment Association (IA), the trade body for UK investment managers, has created several 'sectors', as a way of dividing funds into broad groups with similar characteristics. The sub-fund's Investment Policy puts it in the IA Infrastructure sector. You may want to assess the sub-fund's performance compared to the performance of this sector, however this benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

The IA Infrastructure sector contains a diverse range of funds that invest at least 80% of their assets (directly or indirectly) in companies involved in the ownership, operation or maintenance of infrastructure assets. The sector can contain funds which focus on a particular industry or have a substantially different geographical asset allocation. This could result in the sub-fund over or underperforming the sector. The diverse range of funds within the sector should therefore be considered when assessing the sub-fund's performance. This should not prevent the sub-fund from meeting its longer-term objectives.

##### **Rights and terms attached to each share class**

A share of each class represents a proportional entitlement to the assets of a sub-fund. The allocation of income and taxation and the rights of each share in the event that a sub-fund is wound up are on the same proportional basis.

##### **Assessment of value**

The ACD is required to carry out an assessment of value at least annually and publish its findings in a report to investors. The sub-funds of the Company will be assessed and reported on, in a report which the ACD will be publishing by 31 October 2024 on the website [www.ifslfunds.com](http://www.ifslfunds.com).

##### **Task force on climate-related financial disclosures**

A statement of the climate-related financial disclosures is published on the website <https://www.ifslfunds.com/tcf-reporting>.

##### **Changes in prospectus**

On 1 June 2024, SS&C Financial Services International Limited became the administrator and registrar of the Company. Prior to this date the administrator and registrar was IFSL.

Up to date Key Investor Information Documents, Prospectus and ACD's Reports and Financial Statements for any company / sub-fund within the ACD's range can be requested by the investor at any time.

##### **Cross holdings**

The sub-funds of the Company do not hold shares in other sub-funds of the Company.

**GENERAL INFORMATION**

**Remuneration policy**

In line with the requirements of UCITS V, Investment Fund Services Limited, the Authorised Corporate Director (ACD), is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2023 (the ACD's year-end) are set out below:

	<b>Number of identified staff</b>	<b>Total remuneration paid</b>	<b>Fixed remuneration paid</b>	<b>Variable remuneration paid</b>
		£	£	£
<b>Remuneration paid to staff of the ACD who have a material impact on the risk profile of the Company</b>				
Senior management	8	908,018	768,628	139,390
Risk takers and other identified staff	4	411,040	375,277	35,763
<b>Allocation of total remuneration of the employees of the ACD to the Company</b>				
Senior management	0.01	560	474	86
Risk takers and other identified staff	0.01	254	232	22

The total number of staff employed by the ACD's group was 238 as at 30 September 2023. The total remuneration paid to those staff was £12,464,744, of which £4,346,942 is attributable to the ACD.

The allocation of remuneration to the Fund is based on Assets Under Management (AUM) and the figures disclosed only include remuneration paid to individuals directly employed by the ACD's group. The way these disclosures are calculated may change in the future.

**AUTHORISED CORPORATE DIRECTOR'S STATEMENT**

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.



Sally Helston  
Director



Helen Redmond  
Director

Investment Fund Services Limited  
24 October 2024

**STATEMENT OF AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES**

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Corporate Director (ACD) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Company comprising of its sub-funds and of its net revenue and the net capital gains for the period.

In preparing those financial statements the ACD is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL rules, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

**STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY**

**Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of IFSL Blackfinch OEIC ("the Company") for the Period Ended 30 June 2024**

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ("the ACD") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the ACD:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

Natwest Trustee and Depositary Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

24 October 2024

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IFSL BLACKFINCH OEIC**

**Opinion**

We have audited the financial statements of IFSL Blackfinch OEIC ("the Company") comprising each of its sub-funds for the period ended 30 June 2024, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 30 June 2024 and of the net revenue and the net capital gains on the scheme property of the Company comprising each of its sub-funds for the period then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Authorised Corporate Director's ("the ACD") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IFSL BLACKFINCH OEIC**

**Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority ("the FCA")**

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Instrument of Incorporation;
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

**Responsibilities of the ACD**

As explained more fully in the ACDs responsibilities statement set out on page 6, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to wind up or terminate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IFSL BLACKFINCH OEIC

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), including FRS 102, Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrators and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution. We identified a fraud risk in relation to the incomplete or inaccurate revenue recognition through the incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of a sample of special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's Shareholders as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP  
Statutory Auditor  
Edinburgh

24 October 2024

### Notes:

1. The maintenance and integrity of the Investment Fund Services Limited website is the responsibility of the ACD; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES**

for the period from 30 October 2023 to 30 June 2024

**1.1 ACCOUNTING POLICIES**

During the period under review IFSL Blackfinch OEIC (the Company) consisted of two sub-funds: IFSL Blackfinch NextGen Property Securities Fund; and IFSL Blackfinch NextGen Infrastructure Fund .

These accounting policies apply to all the sub-funds of the Company.

**Basis of accounting**

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 ("FRS 102") and in accordance with the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

The financial statements are prepared in sterling, which is the functional currency of the sub-funds. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

There are no material events that have been identified that may cast significant doubt about the Company's ability to continue as a going concern for the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements.

**Revenue**

Dividends from quoted ordinary securities are recognised when the security is quoted ex-dividend.

Interest on debt securities is recognised on an accruals basis. Accrued interest purchased and sold on debt securities is excluded from the capital cost of these securities and is treated as revenue. Interest earned from debt securities is accounted for on an effective yield basis. Effective yield is where the interest arising on the security that is purchased at a discount or premium to the maturity value is amortised and recognised at a consistent rate over the life of the security.

Bank interest is accounted for on an accruals basis.

**Allocation of revenue**

Revenue, attributable after expenses to multiple share classes, with the exception of the ACD's periodic charge, which is directly attributable to individual share classes, is allocated to share classes pro-rata to the value of the net assets of the relevant share class on the day that the revenue is incurred.

**Expenses**

All expenses, other than those relating to the purchase and sale of investments, are charged against revenue on an accruals basis.

**ACD rebates**

The ACD has rebated all expenses, except the ACD's periodic charge, trustee fee, FCA fee, notary fee, and safe custody fee.

**Valuation**

The valuation point was 12:00 noon on 28 June 2024 being the last valuation point of the accounting period.

Listed investments are valued at fair value which is the bid price.

**Taxation**

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

**Exchange rates**

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 noon on 28 June 2024 being the last valuation point of the accounting period. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment at the principal amounts.

## NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES

for the period from 30 October 2023 to 30 June 2024

### 1.2 DISTRIBUTION POLICIES

The distribution policy of the sub-fund is to accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. Revenue recognised from holdings in accumulation shares of collective investment schemes is included in the amount available for distribution.

During the year, all sub-funds were less than 60% invested in qualifying investments (as defined by SI 2006/964, Reg. 20) and therefore qualified as an equity fund. The sub-fund paid dividend distributions.

#### Equalisation

Equalisation applies only to shares purchased during the distribution period. It is the average amount of income included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the shares for UK capital gains tax purposes.

### 1.3 RISK MANAGEMENT POLICIES

In pursuing the investment objectives, the sub-funds hold a number of financial instruments. The sub-funds financial instruments comprise securities held in accordance with the investment objectives and policies, together with cash balances, debtors and creditors that arise directly from operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for redemptions, and debtors for accrued income.

The main risks arising from the sub-funds financial instruments and the ACD's policies for managing these risks are summarised below. The ACD reviews (and agrees with the Depositary) the policies for managing each of these risks. The policies have remained unchanged since the beginning of the period to which these financial statements relate.

The sub-funds are managed according to the COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) authorised funds are required to comply with a number of investment rules that require the spreading of risk.

#### Market price risk

Market price risk is the risk that the value of a sub-fund's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the sub-fund holds. It represents the potential loss a sub-fund might suffer through holding market positions in the face of price movements. Each sub-fund's investment portfolio is exposed to market price fluctuations which are monitored by the ACD in pursuance of the investment objectives and policies as set out in the Prospectus.

#### Foreign currency risk

The income and capital value of the sub-funds' investments can be affected by foreign currency translation movements as some of a sub-fund's assets and income may be denominated in currencies other than sterling which is the sub-fund's functional currency.

The ACD has identified three areas where foreign currency risk could impact the sub-funds. These are, movements in exchange rates affecting the value of investments, short term timing differences such as exposure to exchange rate movements in the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally, movement in exchange rates affecting income received by a sub-fund. The sub-funds convert all receipts of income, received in currency, into sterling of the day of receipt.

To manage foreign currency risk the sub-funds are permitted to invest in forward foreign currency contracts for the purpose of reducing the exposure of the sub-funds to a foreign currency.

The foreign currency exposure within the sub-funds is monitored to ensure that this is manageable and sensible.

#### Interest rate risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The sub-funds cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

#### Liquidity risk

The sub-funds assets comprise mainly of readily realisable securities. The main liability of the sub-funds is the redemption of any shares that investors wish to sell. Assets of the sub-funds may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the sub-funds' assets is regularly reviewed by the ACD.

The ACD has an approved list of counterparties it uses for investment transactions which is reviewed on a regular basis.

**NOTES TO THE FINANCIAL STATEMENTS - ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES**

for the period from 30 October 2023 to 30 June 2024

**RISK MANAGEMENT POLICIES** (continued)

**Credit and counterparty risk**

Certain transactions in securities that the sub-funds enter into expose them to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the sub-funds have fulfilled their responsibilities. The sub-funds only buy and sell investments through brokers which have been approved by the ACD as an acceptable counterparty.

**Derivatives and other financial instruments**

The Company is permitted to use derivatives for both efficient portfolio management (including hedging) as well as for investment purposes in order to achieve the investment objective of the relevant sub-fund.

The ACD is obliged through FCA rules to put in place a risk management policy which sets out how the ACD measures and monitors these risks.

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN PROPERTY SECURITIES FUND**

**AUTHORISED INVESTMENT MANAGER'S REPORT**

for the period from 30 October 2023 to 30 June 2024

**Investment commentary**

The launch period of the sub-fund ran from 30 October 2023 to 24 November 2023 where shares were available at 100 pence. The first valuation point was on 27 November 2023. The commentary covers the period from the end of the launch period up to 30 June 2024.

Performance statement

During the reporting period from the first net asset value (NAV) publication on 21 November 2023 to 30 June 2024, the price of the sub-fund's B Accumulation shares rose 7.40%, from 100.0 to 107.4. The sub-fund's performance benchmark\*, the Morningstar Global Markets Retail Estate Investment Trust (REIT) Net Total Return GBP Index\*\*, rose 7.44%.

Source: Morningstar, Inc, Bloomberg Professional Service L.P.

Market review

Share price volatility remained elevated. Investor views over the period started with the anticipation of an accelerated pace of interest rate cuts by most central banks throughout 2024, but expectations were gradually adjusted for the prospects of a tighter monetary policy "for longer" given that economic growth, inflation and labour markets have proven more resilient than projected. Interest rates increased, thereby reducing the attractiveness of real estate stock markets and negatively impacting company valuations. Despite that, the beginning of the second quarter of 2024 saw the start of a global easing cycle with interest rate cuts in both Canada and the Eurozone. The US Federal Reserve (Fed) held interest rates steady and acknowledged that modest progress was made against inflation, but they still did not have enough economic support to lower interest rates. Similarly, persistent services sector inflation dashed hopes of a June interest rate cut in the UK, despite the Bank of England (BoE) leaving open the possibility of a move in future meetings.

Sub-fund performance review

The sub-fund performed broadly in line with its performance benchmark and returns reflected strong performance across several holdings and underlying themes. The sub-fund also benefited from takeover activity as two holdings received binding privatisation bids.

Goodman Group (Australian specialist global industrial property and digital infrastructure group) was the strongest performer with the share price up 54.3%. The company continued to deliver positive operating and financial results, and has now established one of the most extensive and geographically diverse logistics and data centre real estate portfolios globally. Another holding, Macquarie Technology Group (Australian Data Centre operator), was up 51.2% as the group reported strong trading results and continued to expand its operating data centre assets and development pipeline. Two businesses that form part of the digitalisation theme, NextDC Ltd (Australian Data Centre operator) and Catena AB (Nordics logistics operator), reacted positively with trading updates ahead of expectations and encouraging future outlook statements.

Negative contributors to performance over the period included SUNeVision Holdings Ltd (Hong Kong data centre operator) where the share price fell 19.1%. Management reaffirmed its medium-term growth guidance, however broader weakness in Hong Kong equity markets impacted the company's share price without any meaningful company specific news. CapitaLand India Trust (India focused commercial real estate owner) was down 9.7%, primarily due to the depreciation of its local currency and despite sound operational performance. European self-storage property operator Shurgard performed below expectations as the company is in the process of merging with another listed peer, which added uncertainty over the extraction of revenue and cost synergies from this merger.

Portfolio activity

During the period the investment manager added one new position in Pro Real Estate Investment Trust, a Canadian REIT focusing on industrial assets with a strong presence in the Canadian Maritime Provinces and Ontario, both of which benefit from major infrastructure projects, sustained population growth and increased urbanisation. Most of the properties in the portfolio are high-quality, located in prime and secondary locations along major traffic arteries benefitting from high visibility and convenient access. The REIT is also likely to see strong cash flow growth over the coming years purely from lease renewals as the current portfolio in-place rents are well below market rents.

There were two disposals, all of which were related to takeover activity. The sub-fund exited its position in Tricon Residential Inc and Lok'nStore Group PLC following binding takeover bids by private equity and listed peers, which helped crystallise profits for the sub-fund.

**IFSL BLACKFINCH OEIC**  
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**AUTHORISED INVESTMENT MANAGER'S REPORT**

for the period from 30 October 2023 to 30 June 2024

**Investment commentary** (continued)

Investment outlook

Whilst it is taking longer than markets expected, inflation appears to be trending lower across developed markets with multiple central banks pivoting to a more accommodative monetary policy. Company management teams are broadly reporting solid operating and financial performance, and that cost pressures are abating.

The investment manager expects that risk appetite for property assets will improve as markets finally begin to see policy interest rates fall over the next 12-18 months.

Global real estate is an asset class that has historically delivered solid performance and has provided diversification benefits within the context of a multi-asset allocation. But this is a uniquely fast-moving and evolving asset class. Next Generation (NextGen) property covers sectors that benefit from long-term structural drivers, such as those aiming to capture the unprecedented levels of industry digitalisation and the rapid evolution of Artificial Intelligence (AI), the growth in e-commerce as well as sectors that can capitalise on the changing needs of key demographic cohorts and benefit from ageing demographics trends. We believe that in today's challenging economic and geopolitical environment NextGen Property is a timely investment opportunity.

Blackfinch Investments Limited  
18 July 2024

\* Based on net total returns. Benchmark - Comparator for performance purposes. However, this benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

\*\* The Morningstar Indexes are the exclusive property of Morningstar, Inc. Morningstar, Inc., its affiliates and subsidiaries, its direct and indirect information providers and any other third party involved in, or related to, compiling, computing or creating any Morningstar Index (collectively, "Morningstar Parties") do not guarantee the accuracy, completeness and/or timeliness of the Morningstar Indexes or any data included therein and shall have no liability for any errors, omissions, or interruptions therein. None of the Morningstar Parties make any representation or warranty, express or implied, as to the results to be obtained from the use of the Morningstar Indexes or any data included therein.

**Distributions**

	<u>Year 2024</u>
<u>A Income (pence per share)</u>	
Net income paid 31 August	1.5749
<u>A Accumulation (pence per share)</u>	
Net accumulation paid 31 August	1.9481
<u>B Income (pence per share)</u>	
Net income paid 31 August	2.0600
<u>B Accumulation (pence per share)</u>	
Net accumulation paid 31 August	2.1154

**IFSL BLACKFINCH OEIC**  
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**AUTHORISED INVESTMENT MANAGER'S REPORT**

for the period from 30 October 2023 to 30 June 2024

**Portfolio changes**

<u>Largest purchases</u>	<u>Cost (£)</u>
Americold Realty Trust	178,349
Rexford Industrial Realty	177,322
StorageVault Canada	176,942
Equinix	167,692
Dream Industrial REIT	161,890
Prologis	153,285
Healthpeak Properties	151,371
Xior Student Housing	149,570
LXP Industrial Trust	147,373
Ventas	142,875
Other purchases	3,210,323
Total purchases for the period	4,816,992

<u>Largest sales</u>	<u>Proceeds (£)</u>
Tricon Residential	89,776
Lok'nStore Group	84,771
Prologis	32,720
Rexford Industrial Realty	31,040
Unite Group	30,091
StorageVault Canada	29,804
Dream Industrial REIT	28,343
Alexandria Real Estate Equities	27,053
Healthpeak Properties	25,084
LXP Industrial Trust	24,460
Other sales	397,959
Total sales for the period	801,101

**IFSL BLACKFINCH OEIC**  
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**COMPARATIVE TABLE**

The launch period of the sub-fund ran from 30 October 2023 to 24 November 2023 where shares were available at 100 pence. The first valuation point was on 27 November 2023.

<b><u>A Income shares</u></b>	<b>Period to 30.06.2024<sup>A</sup> pence</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges*	(1.29)
Operating charges	(0.40)
Return after operating charges*	(1.69)
Distributions on income shares	(1.57)
Closing net asset value per share	96.74
* after direct transaction costs of:	0.25
<b>Performance</b>	
Return after charges <sup>B</sup>	(1.69)%
<b>Other information</b>	
Closing net asset value (£)	721
Closing number of shares	745
Operating charges	0.86% <sup>C</sup>
Direct transaction costs	0.55% <sup>C</sup>
<b>Prices (pence per share)</b>	
Highest share price	101.70
Lowest share price	95.22
<b><u>A Accumulation shares</u></b>	<b>Period to 30.06.2024<sup>A</sup> pence</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges*	4.20
Operating charges	(0.50)
Return after operating charges*	3.70
Distributions on accumulation shares	(1.95)
Retained distributions on accumulation shares	1.95
Closing net asset value per share	103.70
* after direct transaction costs of:	0.27
<b>Performance</b>	
Return after charges <sup>B</sup>	3.70%
<b>Other information</b>	
Closing net asset value (£)	39,519
Closing number of shares	38,108
Operating charges	0.86% <sup>C</sup>
Direct transaction costs	0.46% <sup>C</sup>
<b>Prices (pence per share)</b>	
Highest share price	107.30
Lowest share price	99.71

<sup>A</sup> This share class launched on 30 October 2023 with shares initially issued on 26 November 2023 at 100 pence.

<sup>B</sup> The return after charges is calculated using the underlying investments bid prices.

<sup>C</sup> These figures have been annualised.

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN PROPERTY SECURITIES FUND**

**COMPARATIVE TABLE**

**B Income shares**

<b>Change in net assets per share</b>	<b>Period to 30.06.2024<sup>A</sup> pence</b>
Opening net asset value per share	100.00
Return before operating charges*	(0.25)
Operating charges	(0.35)
Return after operating charges*	(0.60)
Distributions on income shares	(2.06)
Closing net asset value per share	97.34

\* after direct transaction costs of: 0.26

**Performance**

Return after charges<sup>B</sup> (0.60)%

**Other information**

Closing net asset value (£)	49
Closing number of shares	50
Operating charges	0.76% <sup>C</sup>
Direct transaction costs	0.55% <sup>C</sup>

**Prices (pence per share)**

Highest share price	102.60
Lowest share price	95.98

**B Accumulation shares**

<b>Change in net assets per share</b>	<b>Period to 30.06.2024<sup>A</sup> pence</b>
Opening net asset value per share	100.00
Return before operating charges*	7.64
Operating charges	(0.48)
Return after operating charges*	7.16
Distributions on accumulation shares	(2.12)
Retained distributions on accumulation shares	2.12
Closing net asset value per share	107.16

\* after direct transaction costs of: 0.28

**Performance**

Return after charges<sup>B</sup> 7.16%

**Other information**

Closing net asset value (£)	4,451,901
Closing number of shares	4,154,433
Operating charges	0.76% <sup>C</sup>
Direct transaction costs	0.44% <sup>C</sup>

**Prices (pence per share)**

Highest share price	110.70
Lowest share price	99.53

<sup>A</sup> This share class launched on 30 October 2023 with shares initially issued on 26 November 2023 at 100 pence.

<sup>B</sup> The return after charges is calculated using the underlying investments bid prices.

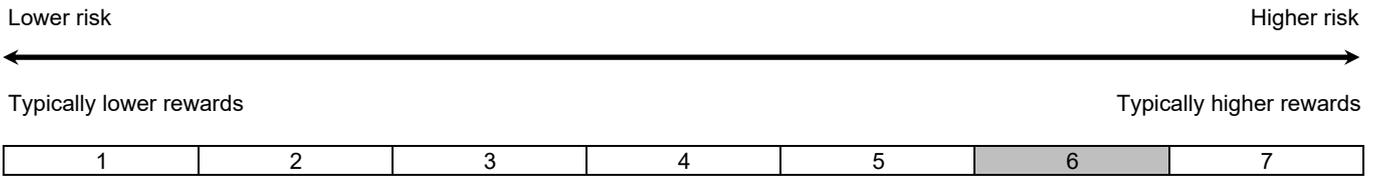
<sup>C</sup> These figures have been annualised.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each share class in the period. Where it is considered unsuitable to use the total expenses paid by each share class in the period to calculate the OCF because of material changes to the sub-fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, [www.ifsifunds.com](http://www.ifsifunds.com)) give an estimate of future costs.

Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the sub-fund. These amounts are expressed as a percentage of the average net asset value over the period and the average shares in issue for the pence per share figures.

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN PROPERTY SECURITIES FUND**

**SYNTHETIC RISK AND REWARD INDICATOR** (all share classes)



This indicator aims to give you a measure of the price movement of the sub-fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio is used.

The sub-fund has been measured as 6 because its investments have experienced high volatility in the past.

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN PROPERTY SECURITIES FUND**

**PORTFOLIO STATEMENT**

as at 30 June 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>AUSTRALIA</b>		
5,838 Goodman Group	106,451	2.37
2,334 Macquarie Technology Group	115,577	2.57
70,824 National Storage REIT	84,976	1.89
11,546 NEXTDC	106,632	2.37
Total Australia	<u>413,636</u>	<u>9.20</u>
<b>BELGIUM</b>		
1,864 Aedifica	89,367	1.99
9,713 Care Property Invest	108,178	2.41
2,255 Shurgard Self Storage	70,135	1.56
4,150 Warehouses De Pauw	88,718	1.97
5,509 Xior Student Housing	140,336	3.12
Total Belgium	<u>496,734</u>	<u>11.05</u>
<b>CANADA</b>		
18,729 Dream Industrial REIT	135,796	3.02
1,164 Mainstreet Equity	110,199	2.45
27,723 PROREIT	77,138	1.72
12,206 Slate Grocery REIT	77,438	1.72
54,287 StorageVault Canada	143,531	3.20
Total Canada	<u>544,102</u>	<u>12.11</u>
<b>FRANCE</b>		
1,470 ARGAN	90,071	2.01
8,640 Carmila	115,678	2.58
Total France	<u>205,749</u>	<u>4.59</u>
<b>HONG KONG</b>		
300,000 SUNeVision Holdings	77,108	1.72
Total Hong Kong	<u>77,108</u>	<u>1.72</u>
<b>JAPAN</b>		
11,800 Arealink Co	100,470	2.24
11,800 CRE	92,451	2.06
Total Japan	<u>192,921</u>	<u>4.30</u>
<b>MEXICO</b>		
46,461 FIBRA Macquarie	62,101	1.38
Total Mexico	<u>62,101</u>	<u>1.38</u>
<b>NETHERLANDS</b>		
4,628 CTP	62,824	1.40
Total Netherlands	<u>62,824</u>	<u>1.40</u>
<b>POLAND</b>		
3,297 MLP Group	52,605	1.17
Total Poland	<u>52,605</u>	<u>1.17</u>
<b>SINGAPORE</b>		
70,700 CapitaLand India Trust	40,397	0.90
Total Singapore	<u>40,397</u>	<u>0.90</u>
<b>SWEDEN</b>		
2,835 Catena	109,536	2.44
Total Sweden	<u>109,536</u>	<u>2.44</u>

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN PROPERTY SECURITIES FUND**

**PORTFOLIO STATEMENT**

as at 30 June 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>UNITED KINGDOM</b>		
245,310 Assura	98,320	2.19
89,400 Empiric Student Property	81,980	1.82
34,650 Grainger	82,640	1.84
41,450 LondonMetric Property	80,372	1.79
11,247 Safestore Holdings	84,971	1.89
9,400 SEGRO	84,318	1.88
10,550 Unite Group	93,948	2.09
Total United Kingdom	606,549	13.50
<b>UNITED STATES</b>		
1,144 Alexandria Real Estate Equities	105,188	2.34
7,382 Americold Realty Trust	146,182	3.25
247 Equinix	146,621	3.26
706 Extra Space Storage	86,896	1.93
3,328 First Industrial Realty Trust	123,942	2.76
9,155 Healthpeak Properties	139,115	3.10
18,487 LXP Industrial Trust	132,060	2.94
1,397 Prologis	122,876	2.74
3,998 Rexford Industrial Realty	140,428	3.13
3,519 Ventas	141,288	3.15
Total United States	1,284,596	28.60
<b>Portfolio of investments</b>	4,148,858	92.36
<b>Net other assets</b>	343,332	7.64
<b>Total net assets</b>	4,492,190	100.00

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN PROPERTY SECURITIES FUND**

**STATEMENT OF TOTAL RETURN**

for the period from 30 October 2023 to 30 June 2024

	Notes	30 June 2024	
		£	£
Income:			
Net capital gains	2		135,129
Revenue	4	88,810	
Expenses	5	<u>(12,833)</u>	
Net revenue before taxation		75,977	
Taxation	6	<u>(10,885)</u>	
Net revenue after taxation			<u>65,092</u>
Total return before distributions			200,221
Distributions	7		(65,092)
Change in net assets attributable to shareholders from investment activities			<u><u>135,129</u></u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

for the period from 30 October 2023 to 30 June 2024

	30 June 2024	
	£	£
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	5,406,135	
Amounts payable on cancellation of shares	<u>(1,137,702)</u>	
		4,268,433
Change in net assets attributable to shareholders from investment activities		135,129
Retained distribution on accumulation shares		88,628
Closing net assets attributable to shareholders		<u><u>4,492,190</u></u>

These are the first annual financial statements since the launch of the sub-fund, therefore there are no comparative figures to disclose.

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN PROPERTY SECURITIES FUND**

**BALANCE SHEET**  
as at 30 June 2024

	Notes	30 June 2024 £
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investment assets	14	4,148,858
<b>Current Assets:</b>		
Debtors	8	159,104
Cash and bank balances		213,217
Total assets		<u>4,521,179</u>
<b>Current Liabilities:</b>		
<b>Creditors:</b>		
Distribution payable on income shares		13
Other creditors	9	28,976
Total liabilities		<u>28,989</u>
<b>Net assets attributable to shareholders</b>		<u><u>4,492,190</u></u>

These are the first annual financial statements since the launch of the sub-fund, therefore there are no comparative figures to disclose.

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN PROPERTY SECURITIES FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

**1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES**

Please refer to the notes applicable to the Company on pages 11 to 13.

**2 NET CAPITAL GAINS**

**30 June 2024**

£

The net gains on investments during the period comprise:

Non-derivative securities gains	133,684
Other currency gains	1,895
Transaction charges	(450)
<b>Net capital gains</b>	<u><u>135,129</u></u>

**3 PURCHASES, SALES AND TRANSACTION COSTS**

**30 June 2024**

£

Purchases excluding transaction costs:

Equities	<u>4,809,809</u>
	4,809,809
Equities: Commissions	3,496
Taxes and other charges	<u>3,687</u>
Total purchases transaction costs	<u>7,183</u>
<b>Purchases including transaction costs</b>	<u><u>4,816,992</u></u>

Purchases transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.07%
Taxes and other charges	0.08%

Sales excluding transaction costs:

Equities	<u>801,552</u>
	801,552
Equities: Commissions	(434)
Taxes and other charges	<u>(17)</u>
Total sales transaction costs	<u>(451)</u>
<b>Sales net of transaction costs</b>	<u><u>801,101</u></u>

Sales transaction costs expressed as a percentage of the principal amount:

Equities: Commissions	0.05%
Taxes and other charges	0.00%

Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the period:

Commissions	0.13%
Taxes and other charges	<u>0.13%</u>
	<u><u>0.26%</u></u>

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

**Transaction handling charges**

These are charges payable to the depositary in respect each transaction.

450

**Average portfolio dealing spread**

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date

0.43%

**IFSL BLACKFINCH OEIC**  
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**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

<b>4 REVENUE</b>	<b>30 June 2024</b>
	<b>£</b>
UK dividends	2,882
UK dividends (unfranked)	11,454
Overseas dividends	28,432
Overseas dividends (unfranked)	41,015
Bank interest	5,027
<b>Total revenue</b>	<u><u>88,810</u></u>
<b>5 EXPENSES</b>	<b>30 June 2024</b>
	<b>£</b>
Payable to the ACD or associate:	
ACD's periodic charge	11,348
Registration fees	326
KIID production costs	597
ACD's fee rebate	(27,766)
	<u>(15,495)</u>
Other expenses:	
Depository's fees	477
Safe Custody fees	137
Financial Conduct Authority fee	189
Audit fee	9,294
Third party system providers fees	2,535
Indices/benchmarks licence costs	4,799
Legal and professional fees	10,839
Bank interest	58
	<u>28,328</u>
<b>Total expenses</b>	<u><u>12,833</u></u>
<b>6 TAXATION</b>	<b>30 June 2024</b>
	<b>£</b>
a Analysis of the tax charge for the period	
UK corporation tax at 20%	6,120
Double tax relief	(4,822)
Overseas tax	8,437
Total current tax charge for the period (see note 6(b))	<u>9,735</u>
Deferred tax	1,150
Total deferred tax charge for the period (see note 6(c))	<u>1,150</u>
<b>Total tax charge for the period</b>	<u><u>10,885</u></u>
b Factors affecting the tax charge for the period	
The taxation assessed for the period is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below.	
Net revenue before taxation	<u>75,977</u>
UK corporation tax at 20%	15,196
Effects of:	
Revenue not subject to taxation	(6,263)
Double tax relief	(4,822)
Deferred tax movement	(2,813)
Overseas tax	8,437
<b>Total current tax charge for the period</b> (see note 6(a))	<u><u>9,735</u></u>
c Provision for deferred taxation	
Total deferred tax charge for the period (see note 6(a))	<u>1,150</u>
Provision at end of the period	<u>1,150</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

**7 DISTRIBUTIONS**

**30 June 2024**

£

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

Final	88,641
Amounts deducted on cancellation of shares	3,293
Amounts added on issue of shares	<u>(26,842)</u>
<b>Distributions</b>	<b><u>65,092</u></b>

Movement between net revenue and distributions:

Net revenue after taxation	<u>65,092</u>
	<b><u>65,092</u></b>

**8 DEBTORS**

**30 June 2024**

£

Amounts receivable for issue of shares	106,540
Accrued income	18,072
ACD's fee rebate	26,573
Prepaid expenses	4,585
Taxation recoverable	<u>3,334</u>
<b>Total debtors</b>	<b><u>159,104</u></b>

**9 OTHER CREDITORS**

**30 June 2024**

£

Amounts payable for cancellation of shares	3,022
ACD's periodic charge	2,316
Accrued expenses	21,191
Deferred taxation	1,150
Corporation tax payable	<u>1,297</u>
<b>Total other creditors</b>	<b><u>28,976</u></b>

**10 RELATED PARTIES**

The ACD is involved in all transactions in the shares of the sub-fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders and note 7. Amounts due from/to the ACD in respect of share transactions at the period end are disclosed in notes 8 and 9, respectively. Amounts paid to the ACD or associates in respect of the ACD's periodic charge and other fees are disclosed in note 5. Amounts due from the ACD at the period end are £129,959.

**11 SHARE CLASSES**

The share classes in issue for the sub-fund and the annual management charge (AMC) for each share class is as follows:

A Income / Accumulation	0.75%
B Income / Accumulation	0.65%

**12 SHAREHOLDERS' FUNDS RECONCILIATION**

During the period the ACD has issued and cancelled shares as set out below:

	A Income	A Accumulation
Opening shares in issue at 30 October 2023	-	-
Share issues	749	38,351
Share cancellations	(4)	(243)
Closing shares in issue at 30 June 2024	<u>745</u>	<u>38,108</u>
	B Income	B Accumulation
Opening shares in issue at 30 October 2023	-	-
Share issues	50	5,068,354
Share cancellations	-	(913,921)
Closing shares in issue at 30 June 2024	<u>50</u>	<u>4,154,433</u>

**IFSL BLACKFINCH OEIC**  
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**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

**13 RISK DISCLOSURES**

**Market price risk sensitivity**

A five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £207,443. A five per cent decrease would have an equal and opposite effect.

**Foreign currency risk**

At the period end date a portion of the net assets of the sub-fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

<u>Foreign currency exposure at 30 June 2024</u>	Investments £	Net other assets £	Total £
Australian dollar	413,636	2,134	415,770
Canadian dollar	544,103	1,124	545,227
Euro	765,306	3,034	768,340
Hong Kong dollar	77,108	-	77,108
Japanese yen	192,920	1,020	193,940
Mexican peso	62,101	1,183	63,284
Polish zloty	52,605	8	52,613
Singapore dollar	40,397	-	40,397
Swedish krona	109,537	148	109,685
US dollar	1,284,597	7,911	1,292,508
	<u>3,542,310</u>	<u>16,562</u>	<u>3,558,872</u>

**Foreign currency risk sensitivity**

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £177,944. A five per cent increase would have an equal and opposite effect.

**Interest rate risk**

**30 June 2024**  
£

The interest rate risk profile of financial assets and liabilities consists of the following:

Financial assets floating rate <sup>A</sup>	213,217
Financial assets non-interest bearing instruments	4,307,962
Financial liabilities non-interest bearing instruments	(28,989)
	<u>4,492,190</u>

<sup>A</sup> Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

As most of the sub-fund's financial assets are non-interest bearing, an interest rate sensitivity analysis has not been included.

**Liquidity risk**

**30 June 2024**  
£

The following table provides a maturity analysis of the sub-fund's financial liabilities:

Within one year:	Distribution payable on income shares	13
	Other creditors	28,976
		<u>28,989</u>

**IFSL BLACKFINCH OEIC**  
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**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

**14 FAIR VALUE HIERARCHY FOR INVESTMENTS**

Basis of valuation	30 June 2024	
	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	4,148,858	-
Level 2 - Observable market data	-	-
Level 3 - Unobservable data	-	-
	<u>4,148,858</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the sub-fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

**15 POST BALANCE SHEET EVENTS**

Since 28 June 2024, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)			Movement (%)
	28 June 2024 <sup>A</sup>	21 October 2024		
A Income	98.59	104.10		5.59%
A Accumulation	103.90	111.50		7.31%
B Income	99.52	104.80		5.31%
B Accumulation	107.40	115.40		7.45%

<sup>A</sup> These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

**IFSL BLACKFINCH OEIC**  
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**DISTRIBUTION TABLE**

**Final distribution for the period from 27 November 2023 to 30 June 2024**

Group 1: shares purchased prior to 27 November 2023

Group 2: shares purchased on or after 27 November 2023

		Net revenue 30 June 2024 pence per share	Equalisation 30 June 2024 pence per share	Distribution paid 31 August 2024 pence per share
A Income	Group 1	1.5749	-	1.5749
	Group 2	1.2373	0.3376	1.5749
A Accumulation	Group 1	1.9481	-	1.9481
	Group 2	1.8989	0.0492	1.9481
B Income	Group 1	2.0600	-	2.0600
	Group 2	2.0600	-	2.0600
B Accumulation	Group 1	2.1154	-	2.1154
	Group 2	1.1247	0.9907	2.1154

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN INFRASTRUCTURE FUND**

**AUTHORISED INVESTMENT MANAGER'S REPORT**

for the period from 30 October 2023 to 30 June 2024

**Investment commentary**

The launch period of the sub-fund ran from 30 October 2023 to 24 November 2023 where shares were available at 100 pence. The first valuation point was on 27 November 2023. The commentary covers the period from the end of the launch period up to 30 June 2024.

Performance statement

During the reporting period from the first net asset value (NAV) publication on 21 November 2023 to 30 June 2024, the price of the sub-fund's B Accumulation shares rose 4.40%, from 100.0 to 104.4. The sub-fund's performance benchmark\*, the Investment Association (IA) Infrastructure sector, rose 3.42%.

Source: FE Analytics, Bloomberg Professional Service L.P.

Market review

Share price volatility remained elevated. Investor views over the period started with the anticipation of an accelerated pace of interest rate cuts by most central banks throughout 2024, but expectations were gradually adjusted for the prospects of a tighter monetary policy "for longer" given that economic growth, inflation and labour markets have proven more resilient than projected. Interest rates increased, thereby reducing the attractiveness of infrastructure stock markets and negatively impacting company valuations. Despite that, the beginning of the second quarter of 2024 saw the start of a global easing cycle with interest rate cuts in both Canada and the Eurozone. The US Federal Reserve (Fed) held interest rates steady and acknowledged that modest progress was made against inflation, but they still did not have enough economic support to lower interest rates. Similarly, persistent services sector inflation dashed hopes of a June interest rate cut in the UK, despite the Bank of England (BoE) leaving open the possibility of a move in future meetings.

Sub-fund performance review

The outperformance of the sub-fund compared to its performance benchmark reflected strong performance across several holdings and underlying themes. The sub-fund also benefited from takeover activity as four holdings received binding privatisation bids by private equity consortiums.

Helios Tower PLC was the strongest performer with the share price up 56.2%. The company continued to deliver positive operating and financial results, and has now established one of the most extensive and geographically diverse telecommunication infrastructure portfolios across Africa and the Middle East, with over 14,000 telecommunication tower sites in nine countries. Another holding, Macquarie Technology Group (Australian Data Centre operator), was up 51.1% as the group reported strong trading results and continued to expand its operating data centre assets and development pipeline. Two waste management and recycling businesses, Enviri Corp and Clean Harbors Inc, reacted positively with trading updates ahead of expectations and encouraging future outlook statements.

Negative contributors to performance over the period included JTOWER Inc (Japanese telecommunication infrastructure operator) where the share price lost nearly two thirds of its value. Management reaffirmed its medium-term growth guidance, however as the company navigates its accelerated pace of asset growth, additional tax and depreciation provisions under Japanese accounting rules affected interim financial guidance. IHS Towers (Emerging market focused telecommunication infrastructure operator) was down 33.3%, despite solid operational performance, as a local central bank in a country where the company operates depreciated its currency significantly. Global renewable energy developer and operator EDP Renováveis performed below expectations as power prices weakened notably compared to the prior year, particularly in Europe.

Portfolio activity

During the period the manager added three new positions, Grenergy Renovables SA, HKBN Ltd and Gresham House Energy Storage Fund. Grenergy is a leading Iberian renewable energy developer with a global platform of large-scale solar photovoltaic and battery storage projects in various stages of development. HKBN is a leading integrated fibre network provider within a market structure dominated by two main market participants in Hong Kong. Gresham House Energy Storage Fund is a UK-based energy storage developer and operator, and the company recently announced a tolling agreement with Octopus Energy which is a landmark milestone for the UK battery storage sector. This agreement permits the counterparty (Octopus Energy) to fully operate the contracted assets for its own trading purposes, subject a two-year fixed price tolling contract, therefore providing visibility over revenue streams during the tolling period.

There were four disposals, all of which were related to takeover activity. The sub-fund exited its positions in Greenvolt Energias Renováveis SA, Smart Mtring Systems PLC, OX2 AB and Atlantica Sustainable Infrastructure PLC following binding takeover bids by private equity firms, which helped crystallise profits for the sub-fund.

**IFSL BLACKFINCH OEIC**  
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**AUTHORISED INVESTMENT MANAGER'S REPORT**

for the period from 30 October 2023 to 30 June 2024

**Investment commentary** (continued)

Investment outlook

Whilst it is taking longer than markets expected, inflation appears to be trending lower across developed markets with multiple central banks pivoting to a more accommodative monetary policy. Company management teams are broadly reporting solid operating and financial performance, and that cost pressures are abating.

The investment manager expects that risk appetite for infrastructure assets will improve as markets finally begin to see policy interest rates fall over the next 12-18 months.

Global infrastructure is an asset class that has historically delivered solid performance and has provided diversification benefits within the context of a multi-asset allocation. But this is a uniquely fast-moving and evolving asset class. Next Generation (NextGen) infrastructure covers sectors that benefit from long-term structural drivers, such as those aiming to achieve ambitious energy transition goals, addressing the unprecedented levels of industry digitalisation and the rapid evolution of Artificial Intelligence (AI) and promoting the circular economy through sustainable waste disposal processes. We believe that in today's challenging economic and geopolitical environment NextGen infrastructure is a timely investment opportunity.

Blackfinch Investments Limited  
18 July 2024

\* Based on total returns. Benchmark - Comparator for performance purposes. However, this benchmark is not a target for the sub-fund, nor is the sub-fund constrained by the benchmark.

**Distributions**

	<u>Year 2024</u>
<u>A Income (pence per share)</u>	
Net income paid 31 August	1.6831
<u>A Accumulation (pence per share)</u>	
Net accumulation paid 31 August	1.6716
<u>B Income (pence per share)</u>	
Net income paid 31 August	1.7450
<u>B Accumulation (pence per share)</u>	
Net accumulation paid 31 August	1.9421

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**AUTHORISED INVESTMENT MANAGER'S REPORT**

for the period from 30 October 2023 to 30 June 2024

**Portfolio changes**

<u>Largest purchases</u>	<u>Cost (£)</u>
GFL Environmental	218,576
Equinix	187,574
Cellnex Telecom	185,362
Clearway Energy 'A'	175,036
Veolia Environnement	173,758
Elia Group	161,945
SSE	154,948
Ventas	142,552
Gore Street Energy Storage Fund	137,605
JTOWER	131,224
Other purchases	3,775,518
Total purchases for the period	5,444,098

<u>Largest sales</u>	<u>Proceeds (£)</u>
OX2	102,818
Smart Metering Systems	100,703
Atlantica Sustainable Infrastructure	96,558
Greenvolt Energias Renovaveis	84,072
GFL Environmental	44,062
Enviri	42,623
Brookfield Infrastructure Partners	39,538
Boralex 'A'	31,938
NEXTDC	31,426
Elia Group	30,932
Other sales	515,443
Total sales for the period	1,120,113

**IFSL BLACKFINCH OEIC**  
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**COMPARATIVE TABLE**

The launch period of the sub-fund ran from 30 October 2023 to 24 November 2023 where shares were available at 100 pence. The first valuation point was on 27 November 2023.

<b><u>A Income shares</u></b>	<b>Period to 30.06.2024<sup>A</sup> pence</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges*	(3.67)
Operating charges	(0.37)
Return after operating charges*	(4.04)
Distributions on income shares	(1.68)
Closing net asset value per share	94.28
* after direct transaction costs of:	0.22
<b>Performance</b>	
Return after charges <sup>B</sup>	(4.04)%
<b>Other information</b>	
Closing net asset value (£)	1,259
Closing number of shares	1,335
Operating charges	0.84% <sup>C</sup>
Direct transaction costs	0.49% <sup>C</sup>
<b>Prices (pence per share)</b>	
Highest share price	100.00
Lowest share price	89.81
<b><u>A Accumulation shares</u></b>	<b>Period to 30.06.2024<sup>A</sup> pence</b>
<b>Change in net assets per share</b>	
Opening net asset value per share	100.00
Return before operating charges*	0.79
Operating charges	(0.47)
Return after operating charges*	0.32
Distributions on accumulation shares	(1.67)
Retained distributions on accumulation shares	1.67
Closing net asset value per share	100.32
* after direct transaction costs of:	0.23
<b>Performance</b>	
Return after charges <sup>B</sup>	0.32%
<b>Other information</b>	
Closing net asset value (£)	47,054
Closing number of shares	46,906
Operating charges	0.84% <sup>C</sup>
Direct transaction costs	0.41% <sup>C</sup>
<b>Prices (pence per share)</b>	
Highest share price	106.70
Lowest share price	93.90

<sup>A</sup> This share class launched on 30 October 2023 with shares initially issued on 26 November 2023 at 100 pence.

<sup>B</sup> The return after charges is calculated using the underlying investments bid prices.

<sup>C</sup> These figures have been annualised.

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN INFRASTRUCTURE FUND**

**COMPARATIVE TABLE**

**B Income shares**

<b>Change in net assets per share</b>	<b>Period to 30.06.2024<sup>A</sup> pence</b>
Opening net asset value per share	100.00
Return before operating charges*	(3.16)
Operating charges	(0.33)
Return after operating charges*	(3.49)
Distributions on income shares	(1.75)
Closing net asset value per share	94.76

\* after direct transaction costs of: 0.22

**Performance**

Return after charges<sup>B</sup> (3.49)%

**Other information**

Closing net asset value (£)	48
Closing number of shares	51
Operating charges	0.74% <sup>C</sup>
Direct transaction costs	0.49% <sup>C</sup>

**Prices (pence per share)**

Highest share price	100.00
Lowest share price	90.04

**B Accumulation shares**

<b>Change in net assets per share</b>	<b>Period to 30.06.2024<sup>A</sup> pence</b>
Opening net asset value per share	100.00
Return before operating charges*	4.30
Operating charges	(0.45)
Return after operating charges*	3.85
Distributions on accumulation shares	(1.94)
Retained distributions on accumulation shares	1.94
Closing net asset value per share	103.85

\* after direct transaction costs of: 0.24

**Performance**

Return after charges<sup>B</sup> 3.85%

**Other information**

Closing net asset value (£)	4,696,504
Closing number of shares	4,522,479
Operating charges	0.74% <sup>C</sup>
Direct transaction costs	0.39% <sup>C</sup>

**Prices (pence per share)**

Highest share price	110.20
Lowest share price	97.11

<sup>A</sup> This share class launched on 30 October 2023 with shares initially issued on 26 November 2023 at 100 pence.

<sup>B</sup> The return after charges is calculated using the underlying investments bid prices.

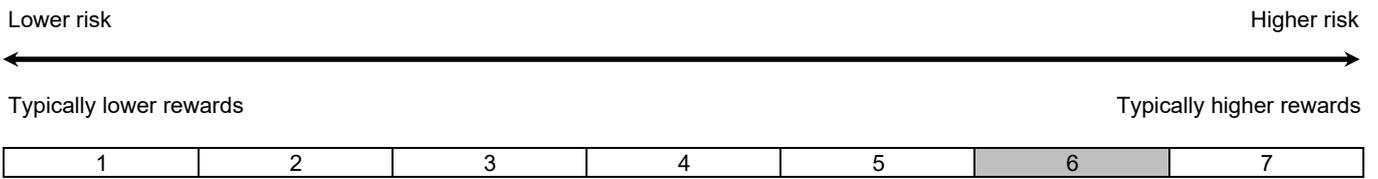
<sup>C</sup> These figures have been annualised.

Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each share class in the period. Where it is considered unsuitable to use the total expenses paid by each share class in the period to calculate the OCF because of material changes to the sub-fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, [www.ifsifunds.com](http://www.ifsifunds.com)) give an estimate of future costs.

Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the sub-fund. These amounts are expressed as a percentage of the average net asset value over the period and the average shares in issue for the pence per share figures.

**IFSL BLACKFINCH OEIC**  
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**SYNTHETIC RISK AND REWARD INDICATOR** (all share classes)



This indicator aims to give you a measure of the price movement of the sub-fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio is used.

The sub-fund has been measured as 6 because its investments have experienced high volatility in the past.

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN INFRASTRUCTURE FUND**

**PORTFOLIO STATEMENT**

as at 30 June 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>AUSTRALIA</b>		
30,083 Atlas Arteria	79,946	1.69
78,574 Cleanaway Waste Management	113,708	2.40
2,520 Macquarie Technology Group	124,788	2.63
12,402 NEXTDC	114,538	2.41
12,609 Transurban Group	82,145	1.73
Total Australia	515,125	10.86
<b>BELGIUM</b>		
1,850 Aedifica	88,695	1.87
7,987 Care Property Invest	88,955	1.87
1,581 Elia Group	118,950	2.51
Total Belgium	296,600	6.25
<b>CANADA</b>		
5,637 Boralex 'A'	110,574	2.33
3,952 Brookfield Infrastructure Partners	86,348	1.82
7,325 GFL Environmental	224,815	4.74
17,293 TransAlta	95,791	2.02
Total Canada	517,528	10.91
<b>FRANCE</b>		
6,150 Veolia Environnement	146,255	3.08
Total France	146,255	3.08
<b>GERMANY</b>		
1,256 Energiekontor	67,179	1.42
Total Germany	67,179	1.42
<b>HONG KONG</b>		
314,000 HKBN Ltd	78,165	1.65
318,000 SUNeVision Holdings	81,735	1.72
Total Hong Kong	159,900	3.37
<b>ITALY</b>		
3,861 ERG	77,573	1.63
9,656 Infrastrutture Wireless Italiane	80,330	1.69
21,769 Rai Way	90,643	1.91
13,122 Terna	80,025	1.69
Total Italy	328,571	6.92
<b>JAPAN</b>		
6,000 JTOWER	49,993	1.05
Total Japan	49,993	1.05
<b>NEW ZEALAND</b>		
22,885 Chorus	83,096	1.75
16,563 Infratil	88,032	1.86
Total New Zealand	171,128	3.61
<b>NIGERIA</b>		
12,659 IHS Holding	33,110	0.70
Total Nigeria	33,110	0.70
<b>SPAIN</b>		
5,675 Cellnex Telecom	147,975	3.12
7,454 EDP Renováveis	83,271	1.75
3,203 Grenergy Renovables	90,945	1.92
Total Spain	322,191	6.79

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN INFRASTRUCTURE FUND**

**PORTFOLIO STATEMENT**

as at 30 June 2024

<b>Holding or nominal value</b>	<b>Bid value £</b>	<b>Percentage of total net assets %</b>
<b>UNITED KINGDOM</b>		
223,410 Assura	89,543	1.89
147,300 Gore Street Energy Storage Fund	94,861	2.00
167,000 Gresham House Energy Storage Fund	114,061	2.40
83,400 Helios Towers	98,245	2.07
11,071 National Grid	98,510	2.08
16,857 Renewi	113,448	2.39
7,600 SSE	136,344	2.87
Total United Kingdom	745,012	15.70
<b>UNITED STATES</b>		
661 American Tower	101,994	2.15
535 Clean Harbors	96,824	2.04
8,490 Clearway Energy 'A'	160,408	3.38
1,293 Crown Castle International	99,517	2.10
14,975 Enviri	102,239	2.15
264 Equinix	156,712	3.30
5,249 NextEra Energy Partners	118,045	2.49
319 Republic Services	49,109	1.04
3,360 Ventas	134,904	2.84
296 Waste Management	49,725	1.05
Total United States	1,069,477	22.54
<b>Portfolio of investments</b>	4,422,069	93.20
<b>Net other assets</b>	322,796	6.80
<b>Total net assets</b>	4,744,865	100.00

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

**IFSL BLACKFINCH OEIC**  
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**STATEMENT OF TOTAL RETURN**

for the period from 30 October 2023 to 30 June 2024

	<b>Notes</b>	<b>30 June 2024</b>	
		£	£
Income:			
Net capital gains	2		100,678
Revenue	4	97,576	
Expenses	5	<u>(15,595)</u>	
Net revenue before taxation		81,981	
Taxation	6	<u>(8,670)</u>	
Net revenue after taxation			<u>73,311</u>
Total return before distributions			173,989
Distributions	7		(73,311)
Change in net assets attributable to shareholders from investment activities			<u><u>100,678</u></u>

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

for the period from 30 October 2023 to 30 June 2024

	<b>30 June 2024</b>	
	£	£
Opening net assets attributable to shareholders		-
Amounts receivable on issue of shares	6,044,871	
Amounts payable on cancellation of shares	<u>(1,489,303)</u>	
		4,555,568
Change in net assets attributable to shareholders from investment activities		100,678
Retained distribution on accumulation shares		88,619
Closing net assets attributable to shareholders		<u><u>4,744,865</u></u>

These are the first annual financial statements since the launch of the sub-fund, therefore there are no comparative figures to disclose.

**IFSL BLACKFINCH OEIC**  
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**BALANCE SHEET**  
as at 30 June 2024

	Notes	30 June 2024 £
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investment assets	14	4,422,069
<b>Current Assets:</b>		
Debtors	8	118,587
Cash and bank balances		239,520
Total assets		<u>4,780,176</u>
<b>Current Liabilities:</b>		
<b>Creditors:</b>		
Bank overdrafts		13
Distribution payable on income shares		23
Other creditors	9	35,275
Total liabilities		<u>35,311</u>
<b>Net assets attributable to shareholders</b>		<u><u>4,744,865</u></u>

These are the first annual financial statements since the launch of the sub-fund, therefore there are no comparative figures to disclose.

**IFSL BLACKFINCH OEIC**  
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**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

**1 ACCOUNTING, DISTRIBUTION AND RISK MANAGEMENT POLICIES**

Please refer to the notes applicable to the Company on pages 11 to 13.

**2 NET CAPITAL GAINS**

**30 June 2024**

£

The net gains on investments during the period comprise:

Non-derivative securities gains	99,081
Other currency gains	2,082
Transaction charges	(485)
<b>Net capital gains</b>	<b>100,678</b>

**3 PURCHASES, SALES AND TRANSACTION COSTS**

**30 June 2024**

£

Purchases excluding transaction costs:

Equities	5,422,767
Corporate actions	13,358
	<b>5,436,125</b>

Equities:	Commissions	2,568
	Taxes and other charges	5,405

Total purchases transaction costs	7,973
-----------------------------------	-------

<b>Purchases including transaction costs</b>	<b>5,444,098</b>
----------------------------------------------	------------------

Purchases transaction costs expressed as a percentage of the principal amount:

Equities:	Commissions	0.05%
	Taxes and other charges	0.10%

Sales excluding transaction costs:

Equities	1,120,666
	<b>1,120,666</b>

Equities:	Commissions	(537)
	Taxes and other charges	(16)

Total sales transaction costs	(553)
-------------------------------	-------

<b>Sales net of transaction costs</b>	<b>1,120,113</b>
---------------------------------------	------------------

Sales transaction costs expressed as a percentage of the principal amount:

Equities:	Commissions	0.05%
	Taxes and other charges	0.00%

Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the period:

Commissions	0.09%
Taxes and other charges	0.15%
	<b>0.24%</b>

Transaction costs are commissions paid to agents, levies by regulatory agencies and securities exchanges, and transfer taxes and duties associated with investment transactions on the sub-fund. These exclude any differences between quoted bid and offer prices or internal administrative on holding costs.

**Transaction handling charges**

These are charges payable to the depositary in respect each transaction. 485

**Average portfolio dealing spread**

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date 0.53%

**IFSL BLACKFINCH OEIC**  
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**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

<b>4 REVENUE</b>	<b>30 June 2024</b>
	<b>£</b>
UK dividends	12,922
UK dividends (unfranked)	3,237
Overseas dividends	57,087
Overseas dividends (unfranked)	12,247
Interest distribution	5,849
Bank interest	6,234
<b>Total revenue</b>	<u>97,576</u>
<b>5 EXPENSES</b>	<b>30 June 2024</b>
	<b>£</b>
Payable to the ACD or associate:	
ACD's periodic charge	14,036
Registration fees	247
KIID production costs	596
ACD's fee rebate	(23,034)
	<u>(8,155)</u>
Other expenses:	
Depositary's fees	592
Safe Custody fees	123
Financial Conduct Authority fee	189
Audit fee	9,294
Third party system providers fees	2,537
Legal and professional fees	10,839
Bank interest	176
	<u>23,750</u>
<b>Total expenses</b>	<u>15,595</u>
<b>6 TAXATION</b>	<b>30 June 2024</b>
	<b>£</b>
a Analysis of the tax charge for the period	
UK corporation tax at 20%	1,425
Double tax relief	(1,391)
Overseas tax	8,112
Total current tax charge for the period (see note 6(b))	<u>8,146</u>
Deferred tax	524
Total deferred tax charge for the period (see note 6(c))	<u>524</u>
<b>Total tax charge for the period</b>	<u>8,670</u>
b Factors affecting the tax charge for the period	
The taxation assessed for the period is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below.	
Net revenue before taxation	<u>81,981</u>
UK corporation tax at 20%	16,396
Effects of:	
Revenue not subject to taxation	(14,002)
Double tax relief	(1,391)
Deferred tax movement	(969)
Overseas tax	8,112
<b>Total current tax charge for the period (see note 6(a))</b>	<u>8,146</u>
c Provision for deferred taxation	
Total deferred tax charge for the period (see note 6(a))	<u>524</u>
Provision at end of the period	<u>524</u>

**IFSL BLACKFINCH OEIC**  
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**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

**7 DISTRIBUTIONS**

**30 June 2024**

£

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

Final	88,642
Amounts deducted on cancellation of shares	4,410
Amounts added on issue of shares	(19,741)
<b>Distributions</b>	<u><u>73,311</u></u>

Movement between net revenue and distributions:

Net revenue after taxation	73,311
	<u><u>73,311</u></u>

**8 DEBTORS**

**30 June 2024**

£

Amounts receivable for issue of shares	78,227
Accrued income	13,981
ACD's fee rebate	21,918
Prepaid expenses	1,845
Taxation recoverable	2,616
<b>Total debtors</b>	<u><u>118,587</u></u>

**9 OTHER CREDITORS**

**30 June 2024**

£

Amounts payable for cancellation of shares	5,722
Purchases awaiting settlement	5,250
ACD's periodic charge	2,486
Accrued expenses	21,228
Corporation tax payable	557
Currency payable	32
<b>Total other creditors</b>	<u><u>35,275</u></u>

**10 RELATED PARTIES**

The ACD is involved in all transactions in the shares of the sub-fund, the aggregate values of which are set out in the statement of change in net assets attributable to shareholders and note 7. Amounts due from/to the ACD in respect of share transactions at the period end are disclosed in notes 8 and 9, respectively. Amounts paid to the ACD or associates in respect of the ACD's periodic charge and other fees are disclosed in note 5. Amounts due from the ACD at the period end are £93,782.

**11 SHARE CLASSES**

The share classes in issue for the sub-fund and the annual management charge (AMC) for each share class is as follows:

A Income / Accumulation	0.75%
B Income / Accumulation	0.65%

**12 SHAREHOLDERS' FUNDS RECONCILIATION**

During the period the ACD has issued and cancelled shares as set out below:

	<u>A Income</u>	<u>A Accumulation</u>
Opening shares in issue at 30 October 2023	-	-
Share issues	1,338	47,031
Share cancellations	(3)	(125)
Closing shares in issue at 30 June 2024	<u><u>1,335</u></u>	<u><u>46,906</u></u>
	<u>B Income</u>	<u>B Accumulation</u>
Opening shares in issue at 30 October 2023	-	-
Share issues	51	5,726,157
Share cancellations	-	(1,203,678)
Closing shares in issue at 30 June 2024	<u><u>51</u></u>	<u><u>4,522,479</u></u>

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN INFRASTRUCTURE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

**13 RISK DISCLOSURES**

**Market price risk sensitivity**

A five per cent increase in the market prices of the sub-fund's portfolio would have the effect of increasing the return and net assets by £221,103. A five per cent decrease would have an equal and opposite effect.

**Foreign currency risk**

At the period end date a portion of the net assets of the sub-fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

<u>Foreign currency exposure at 30 June 2024</u>	Investments	Net other assets	Total
	£	£	£
Australian dollar	686,253	855	687,108
Canadian dollar	110,574	451	111,025
Euro	1,160,795	6,648	1,167,443
Hong Kong dollar	159,899	-	159,899
Japanese yen	49,993	-	49,993
New Zealand dollar	-	934	934
US dollar	1,509,542	4,077	1,513,619
	<u>3,677,056</u>	<u>12,965</u>	<u>3,690,021</u>

**Foreign currency risk sensitivity**

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £184,501. A five per cent increase would have an equal and opposite effect.

**Interest rate risk**

**30 June 2024**  
£

The interest rate risk profile of financial assets and liabilities consists of the following:

Financial assets floating rate <sup>A</sup>	239,520
Financial assets non-interest bearing instruments	4,540,656
Financial liabilities floating rate <sup>A</sup>	(13)
Financial liabilities non-interest bearing instruments	<u>(35,298)</u>
	<u>4,744,865</u>

<sup>A</sup> Floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to SONIA or an international equivalent borrowing rate. Interest on investments is variable based on the distribution received from underlying investments.

As most of the sub-fund's financial assets are non-interest bearing, an interest rate sensitivity analysis has not been included.

**Liquidity risk**

**30 June 2024**  
£

The following table provides a maturity analysis of the sub-fund's financial liabilities:

On demand:	
Bank overdrafts	13
Within one year:	
Distribution payable on income shares	23
Other creditors	<u>35,275</u>
	<u>35,311</u>

**IFSL BLACKFINCH OEIC**  
**IFSL BLACKFINCH NEXTGEN INFRASTRUCTURE FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the period from 30 October 2023 to 30 June 2024

**14 FAIR VALUE HIERARCHY FOR INVESTMENTS**

Basis of valuation	30 June 2024	
	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	4,422,069	-
Level 2 - Observable market data	-	-
Level 3 - Unobservable data	-	-
	<u>4,422,069</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the sub-fund classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

**15 POST BALANCE SHEET EVENTS**

Since 28 June 2024, the Net Asset Value per share has changed as follows:

	Net Asset Value per share (pence)			Movement (%)
	28 June 2024 <sup>A</sup>	21 October 2024		
A Income	96.49	103.80		7.58%
A Accumulation	100.90	110.50		9.51%
B Income	96.97	104.50		7.77%
B Accumulation	104.40	114.50		9.67%

<sup>A</sup> These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

**IFSL BLACKFINCH OEIC**  
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**DISTRIBUTION TABLE**

**Final distribution for the period from 27 November 2023 to 30 June 2024**

Group 1: shares purchased prior to 27 November 2023

Group 2: shares purchased on or after 27 November 2023

		Net revenue 30 June 2024 pence per share	Equalisation 30 June 2024 pence per share	Distribution paid 31 August 2024 pence per share
A Income	Group 1	1.6831	-	1.6831
	Group 2	1.1569	0.5262	1.6831
A Accumulation	Group 1	1.6716	-	1.6716
	Group 2	1.5838	0.0878	1.6716
B Income	Group 1	1.7450	-	1.7450
	Group 2	1.7450	-	1.7450
B Accumulation	Group 1	1.9421	-	1.9421
	Group 2	1.1681	0.7740	1.9421

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