Investment Fund Services

December 2025

Sustainability Report

IFSL Blackfinch NextGen Property Fund

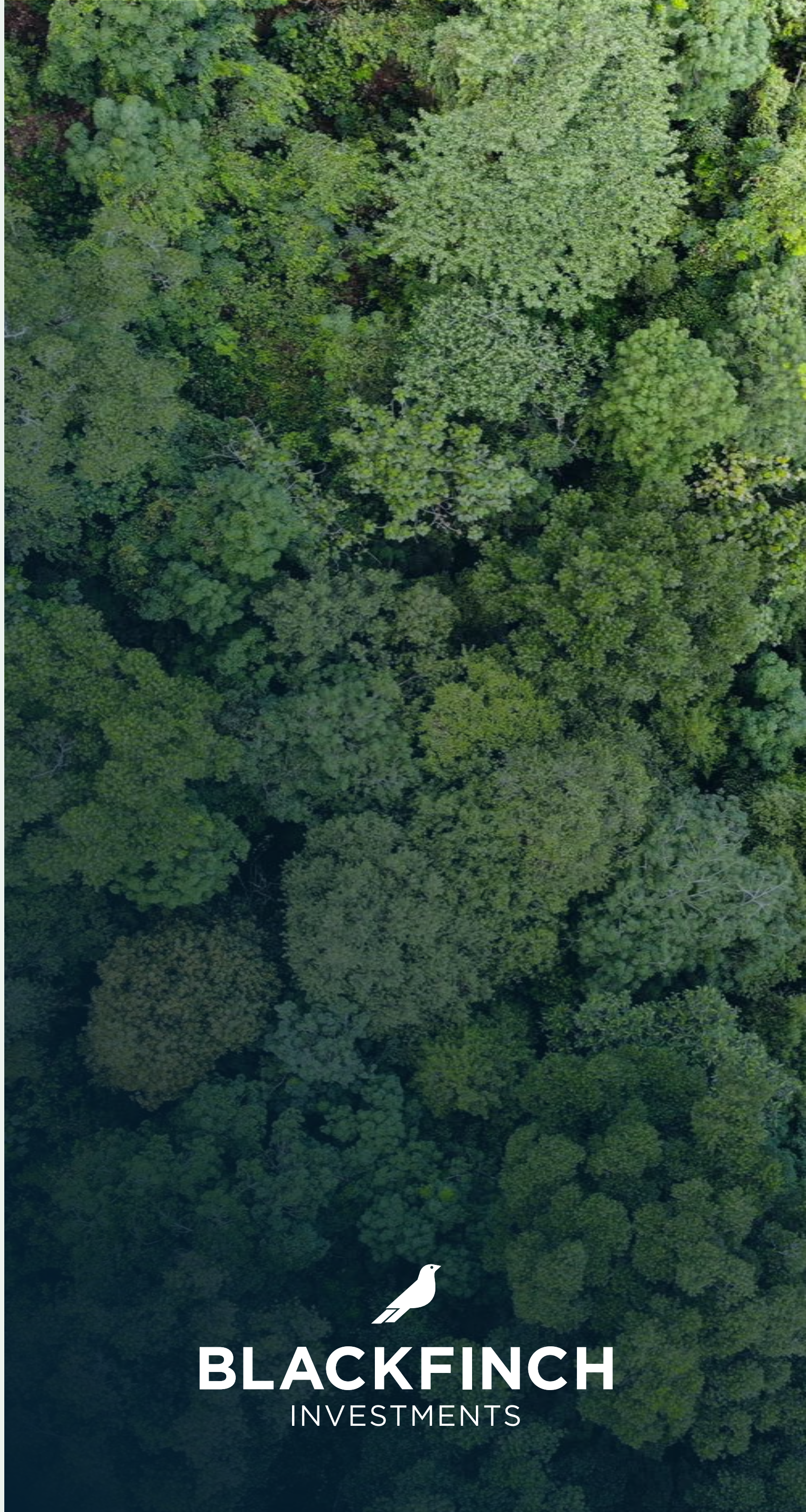


Table of contents

Sustainability Disclosure Requirements (SDR) and report purpose

SUSTAINABILITY DISCLOSURE REQUIREMENT (SDR)

Sustainability is a broad term generally meaning being able to meet present needs without compromising the ability to meet future needs. Sustainable investments are those which aim to generate a financial return whilst also considering environmental and social factors.

The UK regulator, the Financial Conduct Authority (FCA), has introduced the Sustainability Disclosure Requirements (SDR) to bring greater clarity and consistency to how funds report on sustainability. This is to ensure that fund managers are accountable for sustainability claims and to give investors clear information about any sustainable considerations present in their fund.

SDR introduced a number of changes designed to improve the clarity of sustainability information, including:
- **sustainable labels** – these help investors find products that have a specific sustainability goal and that meet specific requirements in relation to their sustainability characteristics.
- **Consumer facing disclosure (CFD)** – a two-page document outlining details of the fund's sustainability characteristics and how sustainability is considered within the investment process.

REPORT PURPOSE

This report is published in line with SDR requirements. The purpose of this report is to:
- show how the Fund has been invested in accordance with its investment policy;
- hold the Fund accountable for the claims that it makes;
- provide details of relevant sustainability metrics that may be useful in understanding the investment policy and strategy of the Fund; and
- provide contextual information alongside historical annual calculations for any sustainability metrics to help explain the figures.

Product details and objectives

IFSL Blackfinch NextGen Property Securities Fund

A sub-fund of the IFSL Blackfinch OEIC

PRODUCT DETAILS

A Accumulation Class: GB00BQ2MY039
A Income Class: GB00BQ2MY146
B Accumulation Class: GB00BQ2MY252
B Income Class: GB00BQ2MY369

Authorised Corporate Director:
Investment Fund Services Limited ("IFSL")

Investment Manager:
Blackfinch Investments Limited ("Blackfinch")

OBJECTIVE

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

This Fund does not have a sustainability objective but does consider sustainability criteria as part of its investment strategy.

This product does not have a UK sustainable investment label because:

- the Fund does not have a specific sustainability objective; and
- the Fund has flexibility to pursue a wide range of investment opportunities without being limited by the specific criteria required for a label.

Sustainability approach

HOW INVESTMENTS ARE CHOSEN

The Fund's investment strategy is to invest in a diversified portfolio of specialist property investments that are well positioned to benefit from developments in the global property market and which Blackfinch believes have the potential to transform the property market in the years ahead.

WHAT WE SAID

Investment approach

When looking for investments, Blackfinch will focus on those with exposure to property assets that serve next generation ("NextGen") future growth needs in one of four NextGen themes.

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;
- Emerging Middle Classes, such as high-grade workplaces, accommodation units and other commercial property assets in developing nations.

WHAT WE DID

The Fund's investment activity over the past 12 months has been made up of investments from these four themes. As at 31st August 2025, the Fund's investment were made up of the following proportion from each of the themes:

- Digitalisation: 48.0%
- Ageing Demographics: 16.4%
- Sustainable Urbanisation: 31.4%
- Emerging Middle Classes: 3.7%

The remaining 0.5% of the Fund's investments were held in cash.

Sustainability approach (continued)

WHAT WE SAID

Sustainability considerations

Blackfinch believes that environmental, social and governance (ESG) risks and opportunities have the ability to impact upon the long-term financial returns of all companies. As a result, ESG has been integrated into the analysis and research which the Investment Manager undertakes on each investment.

Blackfinch's assessment of ESG is designed to assess how sustainability issues might affect a company and how well it is managing its sustainability risks. The ESG assessment considers factors such as energy, emissions and water management, health and safety conditions and company board structures.

Blackfinch utilises its own in-house research along with information from a number of external sources in order to support its ESG processes.

WHAT WE DID

To meet the Fund's investment objective, Blackfinch considers ongoing economic, financial and investment market conditions within the decision-making process as well as the ESG credentials when assessing each investment.

Blackfinch have maintained a consistent approach to considering sustainability factors in investment decision making. ESG factors have been considered for each investment that was under review since the launch of the Fund.

An example of an ESG consideration in property investments is energy efficiency:

- According to regulations in England and Wales, non-domestic properties should have an Energy Performance Certificate (EPC) rating B or above by 2030 with an interim term target to achieve EPC rating C or above by 2027.

- Blackfinch has been tracking the energy efficiency ratings of the Fund's investments and monitoring their progress.

- The relevant companies held by the Fund have been reporting and updating on their EPC rating progression to achieve these targets, and in some cases have reached the regulatory requirements well ahead of established deadlines.

Sustainability approach (continued)

WHAT WE SAID

Impact on investment decisions

Whilst ESG is considered when selecting investments for the Fund, Blackfinch does not have any minimum requirements in relation to the ESG credentials of a company nor does it utilise any scoring or rating metrics. ESG is considered together with other traditional business risks when making investment decisions.

Across all NextGen themes, the level of scrutiny of ESG factors will focus on those most material to the development and ownership of property assets. There will also be greater focus on ESG factors where short-term risk faced by a company is deemed to be material or where the company has no ESG risk management plan in place.

Despite the integration of ESG in the investment process, Blackfinch retains full discretion to invest in particular assets despite their ESG credentials. This means that the Fund may invest in companies that have, or could have, material negative environmental and/or social outcomes.

WHAT WE DID

Blackfinch's approach has not changed with respect to considering ESG factors.
The factors that have been considered are as follows:

Environment
- Property asset certification (certifications that demonstrate commitment to sustainable practices)
- Emissions, energy & water management
- Biodiversity & pollution
- Green financing (funding that supports projects or investments which benefit the environment or promote sustainability)
- Supply chain - impact of the supply chain on the environment

Social
- Health & safety
- Labour conditions
- Diversity & inclusion
- Tenant responsibility
- Community involvement & human rights
- Supply chain - impact of the supply chain on social issues e.g. labour practices etc

Governance
- Board structure
- Audit & control
- Remuneration (pay)
- Shareholders' rights
- Ethics
- Tax practices
- ESG strategy

The Fund has not invested in any companies that have been identified during Blackfinch's investment process as having material negative environmental and/or social outcomes.

Active engagement

WHAT WE SAID

Blackfinch actively engages with the management teams of companies the Fund is invested in and will exercise its voting rights on all material issues. This engagement extends to ESG matters.

WHAT WE DID

During the 2025 Annual General Meeting (AGM) season Blackfinch voted* as follows:

- Voting with management/shareholder resolutions: 87.19% (694 resolutions)
- Voting against management/shareholder resolutions: 9.92% (79 resolutions)
- Withhold: 0.00% (0)
- Abstain: 0.00% (0)
- Did not vote: 2.89% (23 resolutions)

Investors can choose to vote against company management, or shareholder, proposals or resolutions to challenge the way in which the company is run and push for positive change.

There were two instances when Blackfinch did not vote (indicated in the 2.89% figure above) as the proxy processing firm did not distribute the ballots in a timely fashion. That has been investigated to ensure future voting activity is not impacted.

The following is an example of an engagement leading to improvement:

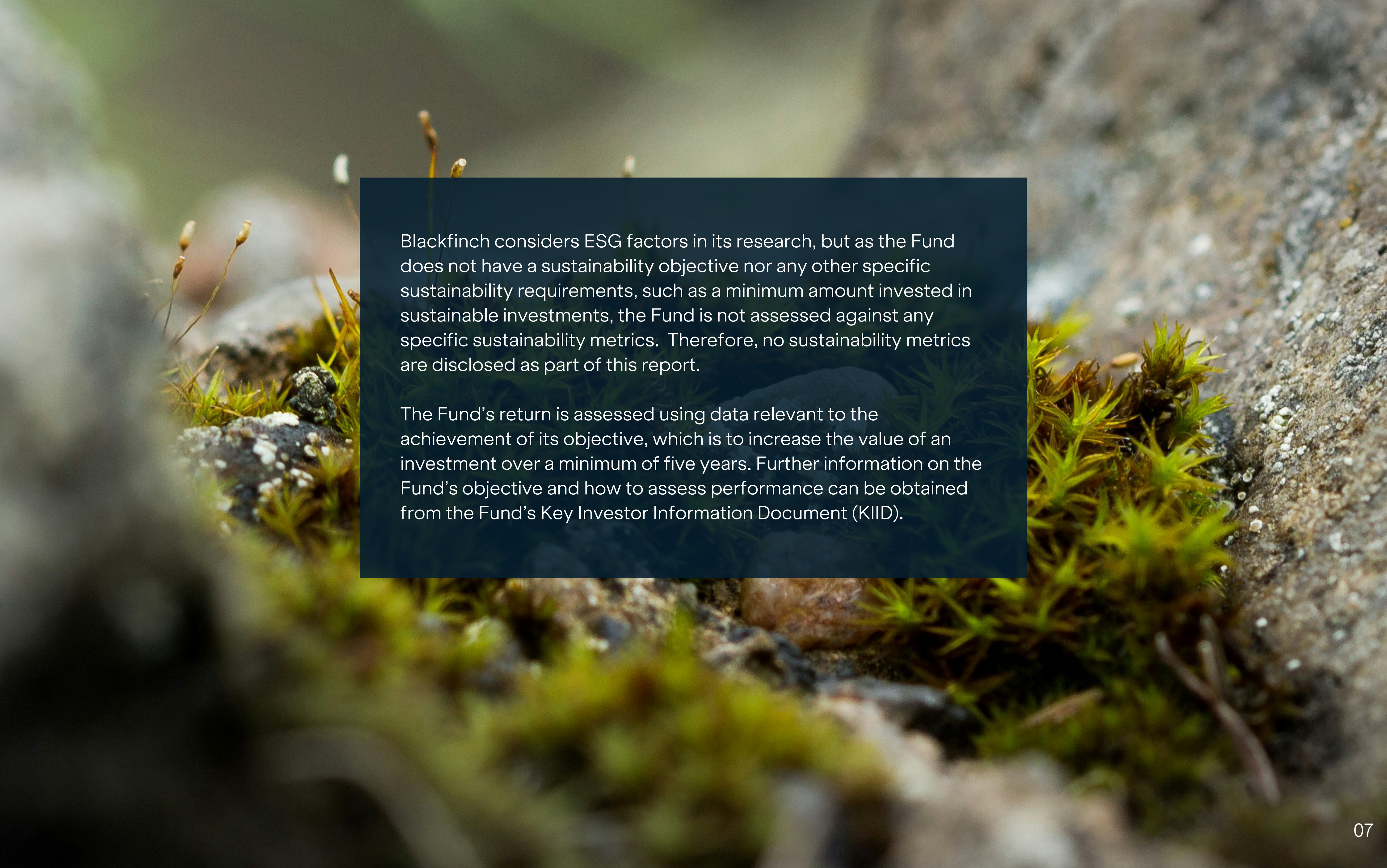
• Blackfinch has actively engaged with Lok'nStore Group PLC in the past to improve its ESG reporting standards and obtain further EPCs for properties that were not yet certified, which influenced their investment decision. The company has made certain commitments and significant progress in relation to this since the engagement.

The below is an example of where Blackfinch has sold an investment due to concerns it had:

• The Fund exited its position in Primary Health Properties Plc in August 2025 owing to a merger with another listed company – an event which was voted against by Blackfinch at the Extraordinary General Meeting. Blackfinch's concerns revolved around the resulting financial situation of the combined entity, which could weigh on the share price for a prolonged period. The company's ability to reduce its borrowing would be challenging in the current interest rate environment in the UK.

*The above figures are based on Blackfinch's internal data and voting records for all ballots received during the calendar year 2025 to 31 Aug 2025.

Sustainability metrics



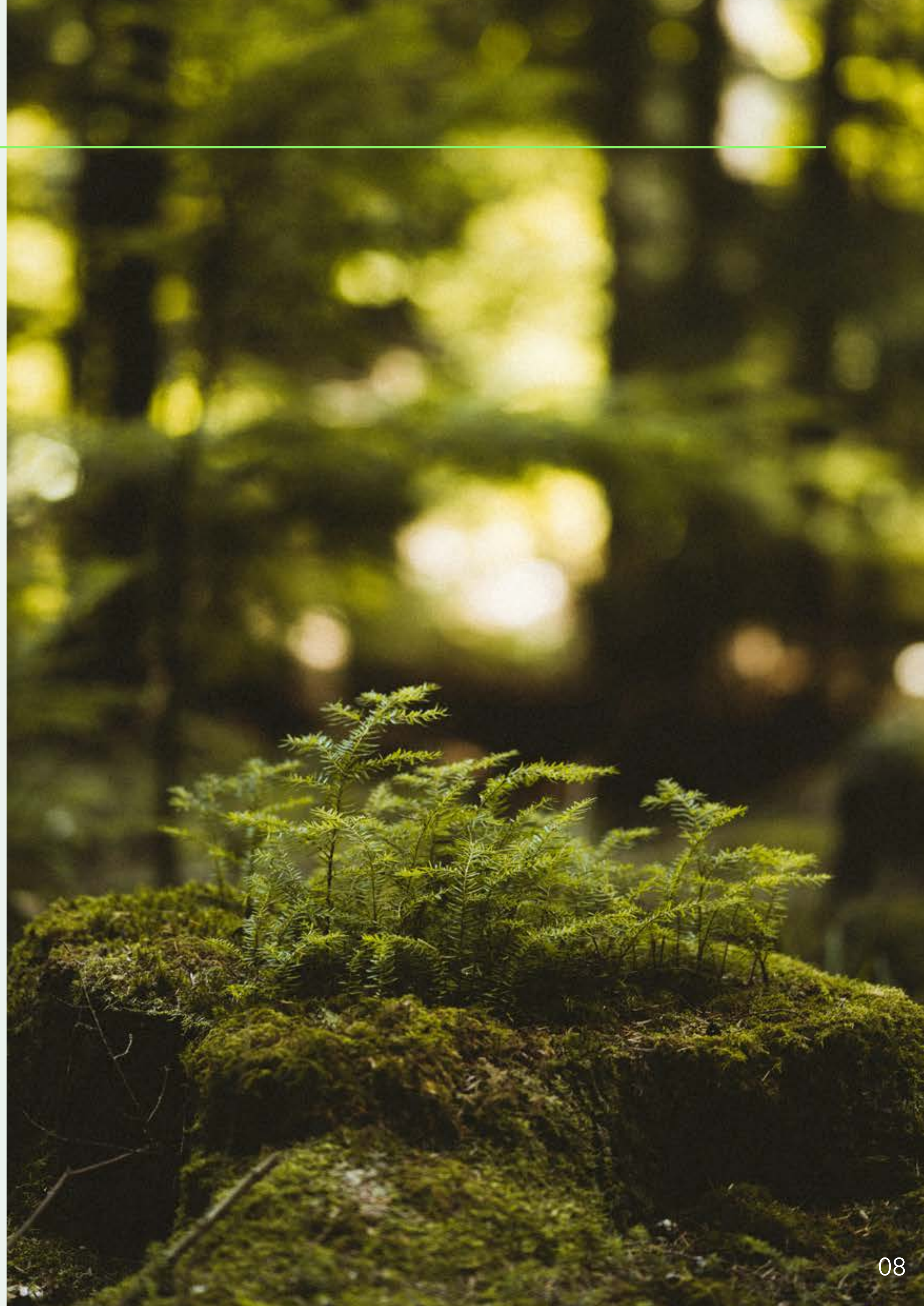
Blackfinch considers ESG factors in its research, but as the Fund does not have a sustainability objective nor any other specific sustainability requirements, such as a minimum amount invested in sustainable investments, the Fund is not assessed against any specific sustainability metrics. Therefore, no sustainability metrics are disclosed as part of this report.

The Fund's return is assessed using data relevant to the achievement of its objective, which is to increase the value of an investment over a minimum of five years. Further information on the Fund's objective and how to assess performance can be obtained from the Fund's Key Investor Information Document (KIID).

Material deviations

MATERIAL DEVIATIONS

There is no SDR entity report to compare to at this present moment. Therefore, no analysis of material deviation between the Fund and Blackfinch's approach to sustainability can take place.



Other information

FURTHER INFO

You are advised to read this information alongside the Prospectus and Key Investor Information Document (KIID) for the Fund, so that you can understand how the Fund's sustainability approach sits within the Fund's overall investment policy and strategy, and to help you make an informed decision about whether to invest.

Further details and non-sustainability related information for the Fund can be obtained from the above documents via the literature page on the IFSL **website.**

The following sustainability related documents may be found on the literature section of the IFSL **website.**
- Customer facing disclosure (CFD)
- SDR entity report (this will be available in December 2026)
- The Taskforce for Climate-Related Financial Disclosures (TCFD) report forms part of this Sustainability Report

CONTACT US

Investor enquiries
Please contact our dedicated investor support team who are available Monday to Friday 9:00am to 5:00pm (excluding UK bank holidays).

Write to: Investment Fund Services, IFSL, PO Box 13586, Chelmsford, CM99 2GS
Call: 0808 178 9321 or +44 1204 803 932 (if calling from overseas).
Email: enquiries@service.ifslfunds.com

This Fund is authorised and regulated by the Financial Conduct Authority in the UK.
Investment Fund Services Limited (IFSL) is authorised and regulated by the Financial Conduct Authority in the UK.
This disclosure is accurate as at 2nd December 2025

Glossary

ALIGNED/ALIGNING (TO NET ZERO)

Often used to describe a fund or company's net zero journey. Interpretations may vary, but typically:
Aligned: The company's emissions performance is already meeting science-based targets to achieve net zero greenhouse gas emissions by 2050.
Aligning: The company has set science-based targets and plans to achieve net zero by 2050 but has not yet reached those targets.

ANNUAL GENERAL MEETING (AGM)

A yearly meeting where a company's management and shareholders discuss company performance and vote on issues such as executive pay and climate policies.

ASSET CERTIFICATION

Independent assessments that show a building or infrastructure project meets certain sustainability standards e.g. energy efficiency.

BIODIVERSITY

The variety of living species on Earth. In investment analysis, it refers to the potential impact a company has on ecosystems e.g. how its operations affect forests, water, or wildlife.

BOARD STRUCTURE

The composition and independence of a company's board of directors. A strong board structure typically includes independent directors and good diversity to ensure accountability and sound decision-making.

CARBON FOOTPRINT

The total greenhouse gases (mainly carbon dioxide) emitted directly and indirectly by a company, activity, or investment.

CLIMATE CHANGE

Long-term shifts in the earth's temperature and weather patterns mainly caused by increased greenhouse gas emissions due to human activities, such as burning fossil fuels and deforestation, leading to effects like rising temperatures, extreme weather and rising sea levels.

CLIMATE-RELATED RISKS

- Financial: Risks that arise from climate change potentially impacting asset values.
- Physical: Risks that stem from extreme weather events causing damage.
- Transition: Risks associated with transitioning to a lower-carbon economy (e.g., policy, regulatory and market changes).

Glossary (continued)

CONTROVERSIAL WEAPONS

Weapons such as landmines, cluster munitions, and chemical or nuclear weapons that have long-lasting, indiscriminate effects on civilians.

CORPORATE GOVERNANCE

The system of rules, practices, and processes by which a company is directed and controlled. Examples of good governance include transparent management and reporting, and an accountable board of directors.

DATA QUALITY/DATA GAPS

The accuracy, completeness and reliability of data used in analysis or reporting. In sustainability reporting, some companies may lack available data (e.g., Scope 3 emissions) and may therefore have to rely on estimates to fill those gaps.

EMISSIONS INTENSITY

The amount of greenhouse gas emissions produced by an asset relative to an activity measure, such as revenue generated.

ENGAGEMENT

The active process of dialogue between investors and company management to encourage positive change on environmental, social or governance matters.

ESG INTEGRATION/INVESTING

The process of incorporating environmental (such as carbon emissions), social (such as labour practices) and governance (such as business ethics) considerations when analysing investments, rather than just financial information.

ESG RISK SCORE

An internal measure or score used by some investment managers to summarise their assessment on how well they believe a company manages ESG risks.

ESG/SUSTAINABILITY RISKS

Potential negative impacts on an investment arising from environmental, social or governance factors.

EXCLUSIONS/NEGATIVE SCREENING

Industries or activities that a fund will not invest in, typically for ethical or environmental reasons (e.g. tobacco or fossil fuels).

GREEN FINANCING

Loans, bonds or investments that fund projects that aim to support the environment, such as renewable energy or energy-efficient buildings.

GREENHOUSE GASES (GHG)

Gases such as carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O) that trap heat in the atmosphere and contribute to global warming.

GREENWASHING

When a company, product or fund claims to be sustainable, but the claims are exaggerated or misleading.

Glossary (continued)

LABEL

A badge the FCA gives funds meeting strict sustainability rules. Labels show that the fund invests sustainably and has a sustainable objective as well as a financial one.

MATERIAL INVESTEE COMPANIES

Companies within a portfolio that make the largest contribution to overall emissions or sustainability outcomes — often prioritised for engagement and tracking under initiatives such as the Net Zero Asset Managers commitment.

MATERIALITY

A “material” ESG issue is one that could meaningfully affect a company’s financial performance or reputation.

NET ZERO

A state where the amount of greenhouse gases emitted is balanced by the amount removed from the atmosphere. The UK, along with many other economies, companies and investors, has pledged to achieve this by 2050 in line with the Paris Agreement.

NET ZERO ASSET MANAGERS INITIATIVE

A global group of investment managers committed to supporting the goal of net zero emissions.

NON-LABELLED FUNDS

A fund termed as “non-labelled” means it may consider some sustainability criteria, but sustainability is not the main purpose or objective of the fund.

OVERBOARDING

When company directors sit on too many boards, potentially limiting their effectiveness and time commitment.

PARIS AGREEMENT

A global treaty to limit global warming to well below 2°C - preferably 1.5°C - compared with pre-industrial levels by 2050.

PROXY VOTING

When shareholders (or their fund managers) vote on company resolutions, either directly or via a proxy (a representative who votes on their behalf).

RENEWABLE ENERGY

Energy generated from natural sources that are replenished, e.g. solar, wind, hydropower.

SCOPE 1, 2 AND 3 GREENHOUSE GAS (GHG) EMISSIONS

GHG emissions are categorised into three “scopes”:

- Scope 1: Direct emissions from a company’s own operations (e.g. fuel use).
- Scope 2: Indirect emissions from purchased electricity, heating or cooling.
- Scope 3: Indirect emissions from a company’s wider value chain, including suppliers and product use.

STEWARDSHIP

The responsible allocation, management, and oversight of capital (money) to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Glossary (continued)

SUSTAINABILITY OBJECTIVE

In addition to a financial objective, a fund may have a sustainability goal, such as fighting climate change through investing in renewable energy technologies.

SUPPLY CHAIN MANAGEMENT (ENVIRONMENTAL/SOCIAL)

How a company manages environmental and social issues within its supply chain (e.g. fair labour conditions, sustainable sourcing, and low-carbon logistics).

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

A global framework for companies reporting climate-related risks and opportunities.

TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES (TNFD)

An emerging framework to help companies and investors report on nature-related risks and impacts (e.g. on biodiversity and natural resources).

VOTING/VOTING RECORD

A summary of how an investment manager has voted at shareholder meetings. Investors may use their vote to challenge how a company is run by voting against company policies or decisions.