

SARASIN AIM STRATEGY

SARASIN & PARTNERS

Data as at: | As at 31 March 2025

PORTFOLIO INFORMATION

Structure	Discretionary Portfolio
Benchmark	Numis Alternative Markets Index
Peer Group	ARC AIP
Net Assets	£49.6m
Dividend Yield	2.50%
Number of Holdings	26
Management Fee	1.5% + VAT
Dealing Fee	0%
Initial Fee	0%

STRATEGY PROFILE

The Sarasin & Partners AIM Service provides investors with a concentrated portfolio of 20-30 stocks listed on the AIM market. These are companies that are capable of generating sustained long term growth, usually driven by themes identified in our investment process. As with all Sarasin investment products we take an active approach, and ESG considerations are incorporated into fundamental and risk analysis.

All stocks are expected to qualify for Business Relief after being held for 2 years, and are checked by a third party before initial investment and annually thereafter.

The strategy seeks to generate a net total return in excess of the Benchmark.

QUARTERLY COMMENTARY

Like the wider equity market, the first quarter started well for AIM, but then tailed off with the index finishing down 5.1%. The AIM portfolio declined c. 7.4% with all of the under-performance caused by a strong showing from gold and materials stocks, in which we are not able to invest because they do not qualify for Business Relief.

Despite this frustrating backdrop for AIM investing, exacerbated by last October's budget, the underlying performance of the portfolio's companies has generally been very encouraging and there have been a number of notable share price recoveries. For example, the gaming business Everplay (formerly Team17) enjoyed an excellent run of 25% on impressive numbers, while Solid State also rallied 29% when the MoD reactivated a delayed contract to supply specialist radios to the Royal Marines. CVS Group, the veterinary business, was up over 20%, having suffered last year from the launch of a CMA enquiry into the sector; the enquiry (which concludes this summer) is unlikely to damage the company's long-term prospects in our opinion.

One disappointment to report came from one of the portfolio's most reliable long-term compounders, Renew Holdings plc. This company performs maintenance for the UK government's rail, water, road and power networks. Delayed spending on the rail network resulted in them issuing their first profit warning in twenty years, but like Solid State above, the necessity for urgent repairs to our ailing national rail network is not in doubt.

After a particularly disappointing period for AIM and small caps in general, the overall profile of this portfolio gives us confidence in its long-term prospects. On average across the portfolio this year we still expect earnings growth of 10%, profit margins of 17% and strong free cash flow generation, all contributing further to a collective balance sheet which is already net cash positive. Furthermore, all portfolio companies bar one, are paying regular, well-covered dividends; the portfolio yield is an attractive 2.9%.

This is a portfolio we are comfortable holding until market confidence returns to smaller company investing.

PERFORMANCE STATISTICS

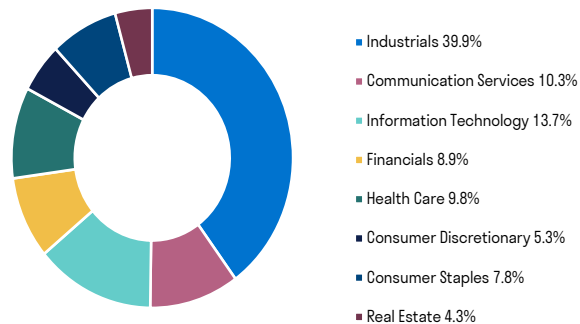
CUMULATIVE PERFORMANCE (%)					
	QTD	1Y	3Y	5Y	Since Launch
Strategy ¹	-7.6	-11.1	-43.7	-26.3	19.0
Benchmark	-5.4	-7.0	-32.3	5.7	-19.9

ANNUALISED STATISTICS (%)		
	Returns Since Launch (Ann)	Volatility 3y (Ann)
Strategy	1.0	17.3
Benchmark	-1.2	13.4

CALENDAR YEAR PERFORMANCE (%)					
	2024	2023	2022	2021	2020
Strategy ¹	-11.0	-13.0	-35.2	9.4	8.9
Peer Group		-2.8	-25.2	18.8	0.3
Quartile		4	4	4	1

Peer group performance data is available quarterly and this figure shows performance to the latest available quarter. Data as at 31.03.25.

SECTOR ALLOCATION



TOP 5 HOLDINGS

Company	
CVS	6.7%
Jet2	6.5%
Renew	6.5%
Nichols	5.9%
Judges Scientific	5.4%

Inception of strategy: 01.01.07.

Source: Sarasin & Partners LLP as at 31.03.2025. Where individual stocks are mentioned these are for informative purposes only.

Performance is provided net of fees. Past performance is not a reliable indicator of future results and may not be repeated.

The benchmark from inception to 30.06.2020 was the FTSE AIM All Share Index. From 01.07.2020 the benchmark changed to the Numis Alternative Markets (inc Investment Companies) Index. ARC IHT Portfolio Indices ("AIP") are based on historical information and past performance is not indicative of future performance. 'S&P's composite performance is measured by the average of all AIM clients weighted by portfolio size whereas ARC's calculation is composed of an average of all AIM clients not weighted by size of portfolio. This difference in methodology could lead to slight discrepancies.

MANAGER PROFILE

James Verdier

James joined Sarasin in 2024 and is responsible for the management of the Sarasin AIM portfolio service. Prior to joining he spent 13 years at Ruffer LLP as an equity analyst, covering stocks in Europe, the US and Japan.

From 1999 to 2007 James worked for various investment banks, mainly on equity funds. He initially joined the City as a telecoms analyst. He qualified as an accountant with KPMG in 1999.

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Edward Campbell-Johnston

Edward is responsible for the management of portfolios for private clients, personal pension funds and charities. He also manages Sarasin & Partners' AIM inheritance tax sheltered portfolio service.

Edward has an MA Hons degree in Management and International Relations from the University of St Andrews, and is a Fellow of the Chartered Institute of Securities & Investments (CISI).

IMPORTANT INFORMATION

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The AIM portfolio service should be regarded as a higher risk, long-term investment and it may not be suitable for all investors. You should obtain independent professional advice before you ask Sarasin & Partners LLP to manage your AIM Portfolio.

The investments that will be held in the AIM Portfolio are likely to be smaller UK companies which may qualify for business relief after two years. Such investments will inevitably involve higher risk and may be difficult or even impossible to realise in a reasonable timescale or at an acceptable price. It may be difficult to obtain reliable information about their value or the extent of the risks to which they are exposed.

There is a degree of risk associated with using this service and it should be noted that investment in smaller companies such as those we anticipate holding in the AIM Portfolio has historically been more volatile than medium or large company investment. These risks include, but are not limited to, the loss of a key member of a company's management team and the fact that, due to the relatively thin trading market for many AIM stocks, it can be difficult to sell them at a fair price.

Past performance is not a reliable indicator of future results and there is no guarantee that your AIM Portfolio's objective will be achieved. Forecasts are not a reliable indicator of future performance. We can make no guarantee either of investment performance or the level of capital gains or income that will be generated by your AIM portfolio. The value of qualifying investments and any income derived from them may go down as well as up and you may not get back the full amount you invested. Fluctuations in exchange rates can also affect the value of, and income from investments dominated in foreign currencies.

Please note that qualifying investments carry a higher degree of risk than investing in more liquid shares of larger companies. The share prices of AIM investments are generally more volatile than shares listed on the London Stock Exchange main market. The value of your investments may decline and there is a risk that this may outweigh any IHT saving. You should be aware that the qualifying investments in your AIM Portfolio may be classified under FCA Rules as 'not readily realisable'

Rates of tax, tax benefits and allowances are based on current legislation and HMRC practice. These may change and are not guaranteed. The AIM Portfolio service has been designed with UK-resident taxpayers in mind. If you are not resident or ordinarily resident in the UK for tax purposes, it may not be appropriate or advantageous for you to subscribe to the AIM Portfolio Service.

Qualifying investments in which we invest may cease to qualify for inheritance tax (IHT) exemption. In this case, the relief available on that particular investment will be lost. Investments in particular companies are likely to be sold if Sarasin & Partners LLP believes that the investment rationale outweighs the tax benefits associated with retaining the holding. This may give rise to a capital gains tax charge. If the investment was qualifying at the time of sale and a new qualifying investment is acquired with the proceeds of sale, the two-year holding period can be satisfied by combining these periods of ownership. If not, the relief available on that particular investment will be lost and the two-year holding period will begin afresh.

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