FOR PROFESSIONAL INVESTORS ONLY

SARASIN AIM STRATEGY

Data as at: | As at 31 July 2020

PORTFOLIO INFORMATION

Structure	**Discretionary Portfolio**
Benchmark	**FTSE AIM All-Share**
Peer Group	**ARC AIP**
Net Assets	**£74.6m**
Dividend Yield	**1.20%**
Number of Holdings	**25**
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.

MONTHLY COMMENTARY

July saw the portfolio appreciate in value by 0.41% whilst the benchmark increased slightly more at 0.61%. The month was littered with trading updates by companies that have June as a half year or year end. Broadly these were as expected or better than market expectations, but in all cases spoke to the difficulties experienced in trading since February. Despite many results being less bad than feared, many share prices did not correspondingly react. Only Team17 (+11.5%), which had stalled in prior weeks, made a double digit return as a number of peers reported excellent growth figures, whilst Zoo Digital (-12.8%), James Cropper (-13.6%) and Clinigen (-12.5%) experienced declines without any meaningful contributing factor.

The clear theme across the portfolio is that trading has recovered either in-line with or ahead of scenarios established in the early weeks of the pandemic. For most, April was the most challenging month, but sequential improvements through to June give cause for optimism. Furthermore, commentary that July was stronger still has meant that, absent a second strict lockdown phase, base case scenarios will likely be met or exceeded, and balance sheets will remain in adequate shape. We continue to believe that the long-term impacts of COVID have not impaired any portfolio holdings, and indeed in some cases companies will benefit.

The flurry of updates gave us an opportunity to talk to a number of portfolio company management teams and reappraise our investment theses. In these conversations it was clear that all companies have made use of the various COVID financing options available to them, be it furloughing or banking facilities. Encouragingly a number of management teams have returned this financial aid since performing better than

PERFORMANCE STATISTICS

CUMULATIVE PERFORMANCE (%)

	YTD	1y	3y	5y	Since Launch
Strategy**	-10.2	-3.1	-6.4	31.4	94.8
Benchmark	-6.9	-3.5	-6.2	26.5	-1.1

ANNUALISED STATISTICS SINCE LAUNCH (%)

	Returns (Ann)	Volatility (Ann)
Strategy	5.0	23.5
Benchmark	-0.1	21.8

CALENDAR YEAR PERFORMANCE (%)

	YTD*	2019	2018	2017	2016
Strategy**	-10.2	27.3	-25.5	34.3	3.8
Peer Group	-15.5	25.3	-15.2	18.7	11.6
Quartile	1	1	4	1	4

***Peer group performance data is available quarterly and this figure shows performance to the latest available quarter. Data as at 30.06.20.**

IN THE SPOTLIGHT

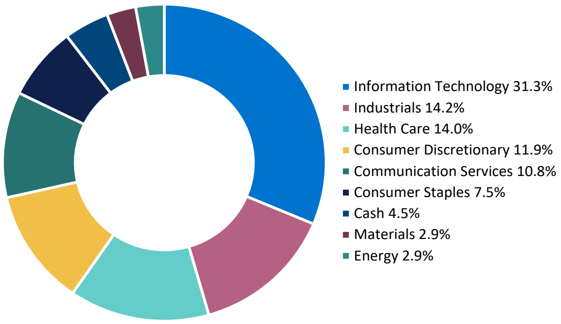
asos

The proliferation of e-commerce is a well understood theme. Consumer goods spending has steadily migrated online across the globe, and the companies that enable this have been favoured by customers and investors. Online fashion retail has endured more scepticism with customers, however, and significant investment in technology has been required to close the gap to the high street experience. Investors have had to weigh up the opportunity for superior growth as consumers adopt the channel against this significant investment in distribution and technology platforms. This has driven the divergence of opinions on the strategies of the largest European operators - ASOS, Zalando, and Boohoo.

Early in July Boohoo faced allegations of modern slavery and a breach of COVID restrictions in its Leicester-based supply chain. Initial claims of no affiliation with the supplier were soon found to be false once the owner of the supplier was uncovered as one of Boohoo's co-founders and a family member of the Chairman. These claims have thrust an important risk in the online fashion retail industry to the fore - one of governance and disclosure. Investors can only access certain information, such as the identities and accreditations of suppliers, if companies volunteer it, and this decision to disclose is taken by the Board on behalf of shareholders. ASOS has strengthened its board over recent years with, we believe, positive governance implications. ASOS's recent improvement of supplier standards alongside the Boohoo debacle has given investors another factor on which to differentiate within the peer group.

Inception of strategy: 01.01.07.
Past performance is not a guide to future performance.
The value of the investments of the model portfolios and the income from them can fall as well as rise and investors may not get back the amount originally invested. 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.

SECTOR ALLOCATION



TOP 5 HOLDINGS

Company	%
ASOS	**8.3**
Team17 Group	**7.1**
Clinigen Group	**5.3**
Abcam	**4.7**
Renew Holdings	**4.7**

MANAGER PROFILE

Hugo Wood
Hugo is a member of the UK equity team and is responsible for coverage of AIM companies and main market mid- and small-sized UK companies. He is also the manager of the AIM portfolios.

Prior to joining Sarasin & Partners in 2018, Hugo spent four years at Smith & Williamson working as a discretionary investment manager, as well as making up part of the AIM team. Hugo is a CFA charterholder.

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).

CONTACT US

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IMPORTANT INFORMATION