

## SARASIN AIM STRATEGY

SARASIN  
& PARTNERS

Data as at: | As at 31 July 2020

## PORTFOLIO INFORMATION

Structure	<b>Discretionary Portfolio</b>
Benchmark	<b>FTSE AIM All-Share</b>
Peer Group	<b>ARC AIP</b>
Net Assets	<b>£74.6m</b>
Dividend Yield	<b>1.20%</b>
Number of Holdings	<b>25</b>
Management Fee	<b>1.5% + VAT</b>
Dealing Fee	<b>0%</b>
Initial Fee	<b>0%</b>

## 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



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.

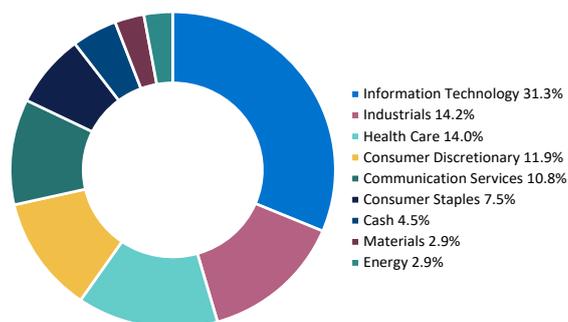
Early in July Boohoo faced allegations of modern slavery and a breach of COVID restrictions in its Leicester-based supply chain. Initial claims of no affiliation with the supplier were soon found to be false once the owner of the supplier was uncovered as one of Boohoo's co-founders and a family member 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



## 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.

## TOP 5 HOLDINGS

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

### 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

### Sarasin & Partners LLP

Juxon House  
100 St. Paul's Churchyard  
London EC4M 8BU

T: +44 (0)20 7038 7000

E: sales@sarasin.co.uk

W: sarasinandpartners.com

### Christopher Cade

Head of UK Sales  
Northern HC/ East Midlands/ East  
Anglia  
T: +44 (0)20 7038 7064

E: christopher.cade@sarasin.  
co.uk

### William Colville

Investment Sales Manager  
London & South West  
T +44 (0)20 7038 7169  
E: william.colville@sarasin.co.uk

### Caroline Bond

Distribution Support Manager  
T: +44 (0)20 7038 7037  
E: caroline.bond@sarasin.co.uk

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**Past performance is no guide to future performance and there is no guarantee that your AIM portfolio's objective will be achieved. 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 the income derived from them may go down as well as up and you may not get back the full amount invested.** Assessing the relative risk of the factors above is very subjective and can change in response to specific events or revised social/ economic forecasts. It is not possible to lay down precise guidelines for the measurement of risk or the potential impact, whether positive or negative, upon an investment portfolio. 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' (these are investments in which the market is limited or could become so: they can be difficult to deal in or obtain reliable information about their value). You should also be aware that certain qualifying investments may not have a regular dealing date, only deal on certain dates or have a minimum holding period. As such, it may well not be possible to deal in such qualifying investments on a regular basis. Rates of tax, tax benefits and allowances are based on current legislation and HMRC practice. These may change from time to time 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. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data and no party may rely on any FTSE indices, ratings and / or data underlying data contained in this communication. No further distribution of FTSE Data is permitted without FTSE's express written consent. FTSE does not promote, sponsor or endorse the content of this communication. Sarasin & Partners LLP and/or any other member of the Bank J. Safra Sarasin group accepts no liability or responsibility whatsoever for any consequential loss of any kind arising out of the use of this document or any part of its contents. The use of this document should not be regarded as a substitute for the exercise by the recipient of his or her own judgement. Sarasin & Partners LLP and/or any person connected with it may act up on or make use of the material referred to herein and/or any of the information upon which it is based, prior to publication of this document. For your protection, telephone calls may be recorded. © 2020 Sarasin & Partners LLP – all rights reserved. This document can only be distributed or reproduced with permission from Sarasin & Partners LLP.

