SARASIN
& PARTNERS

AIM PORTFOLIO SERVICE

INVESTING IN THE ALTERNATIVE INVESTMENT MARKET

2023

THE AIM PORTFOLIO SERVICE

The Sarasin & Partners Alternative Investment Market (AIM) Portfolio Service was launched in 2007.

It provides exposure to UK smaller companies listed on AIM that, under current legislation, are fully exempt from Inheritance Tax (IHT) once they have been held for two years, as long as they qualify for Business Relief (BR).

HOW OUR SERVICE WORKS

AIM portfolios are managed on a segregated basis and all client portfolios are invested identically, replicating our AIM model portfolio. The portfolio will typically hold between 20-30 stocks that qualify for BR, resulting in a high conviction selection of securities.

Since August 2013, it has been possible to hold AIM stocks in an ISA structure, and we are also able to provide AIM ISA portfolios for clients.

INVESTMENT STRATEGY

We invest on a best ideas basis. While we do not target a specific investment style, BR precludes investment in value-oriented sectors such as mining, energy and property; therefore the portfolio naturally attracts more growth-orientated ideas. Our investment process is designed to guide us to where the most attractive long-term opportunities lie within the AIM market. Should an investment opportunity be nascent, we typically begin with a small position, adding to it as the investment thesis takes hold.

Stock selection also benefits from the extensive research capability of Sarasin & Partners' mainstream thematic process, which is the initial building block for choosing investments within our global funds. The AIM investment process also receives input from Sarasin & Partners' Stewardship team, which provides oversight on Environmental, Social and Governance factors (ESG).

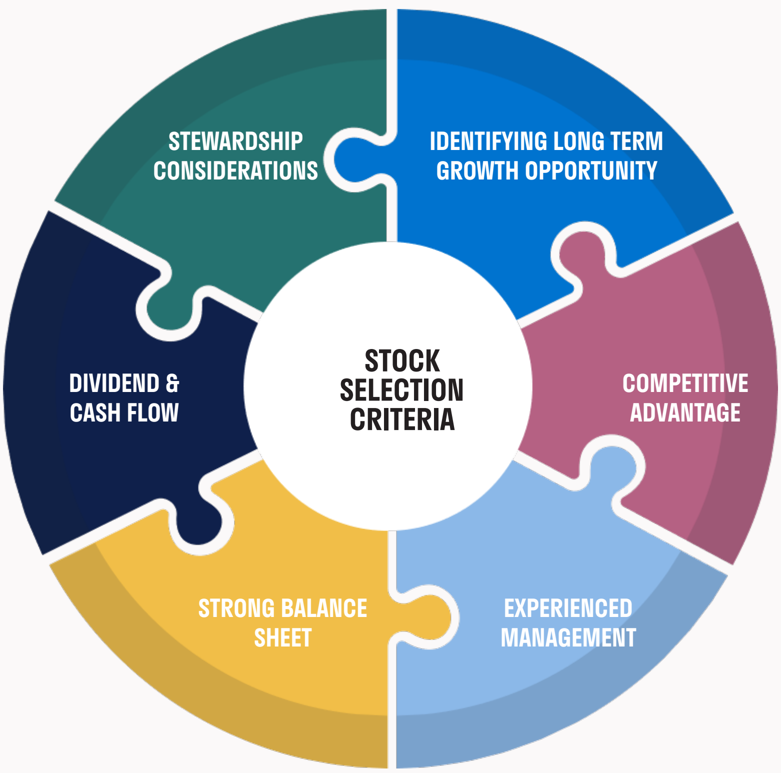
An opinion is sought from PwC, the leading accountancy firm, regarding the IHT-exemption status of each stock, both before an initial investment is made and annually thereafter. However, Sarasin & Partners can give no commitment that holdings will qualify for BR.

Capital Gains Tax (CGT) is not a consideration during the ongoing management of our AIM portfolios; rather, we allow all decisions to sell or reduce holdings to be based exclusively on investment grounds. This also allows for all portfolios to be invested identically.

INVESTMENT RISK

Note that AIM stocks are typically more volatile and less liquid than those on the main market, and will consequently involve higher risk. Please see page 4 for further details.

OUR KEY CRITERIA FOR STOCK SELECTION



WHY INVEST IN SARASIN & PARTNERS AIM PORTFOLIO

Our service provides several key advantages to clients:

- Investors are exposed to high growth, smaller UK companies with long-term growth qualities.
- Investors are exposed to Sarasin & Partners' expertise in thematic research and specialist AIM research.
- Investors benefit from Sarasin & Partners' strong stewardship process in equity research.
- Under current legislation investors have to wait only two years for Inheritance Tax Relief to take effect.
- We have a transparent performance record dating back more than ten years (please see page 3 for full details).

PERFORMANCE

DISCRETE ANNUAL RETURNS NET OF FEES (% GROWTH)

12 months to 31 December 2022	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Sarasin & Partners AIM Portfolio	-35.2	9.3	8.5	27.6	-25.5
Benchmark	-31.1	7.6	20.5	13.3	-17.1

CUMULATIVE PERFORMANCE (%)

	Quarter	1 Year	3 Year	5 Year	Since Inception 01.01.2007	AGR	Ann.Vol*
Sarasin & Partners AIM Portfolio	2.3	-35.2	-23.1	-27.0	66.7	3.3	23.4
Benchmark	3.7	-31.1	-10.7	-16.1	-5.1	-0.3	23.9
MSCI UK IMI	8.8	1.6	7.5	16.0	125.4	5.2	16.7

*The source for the annualised volatility measurement is expressed using the standard deviation of the monthly returns over the 36 months to end of December 2022. **Past performance is not a guide to future returns and may not be repeated.** Annualised Growth Rate (AGR) is the increase or decrease in value of an investment, expressed as a percentage per year. The benchmark from inception to 30.06.20 was the UK Alternative Market Index. From 01.07.2020 the benchmark changed to the Numis Alternative Markets (inc Investment Companies) Index.

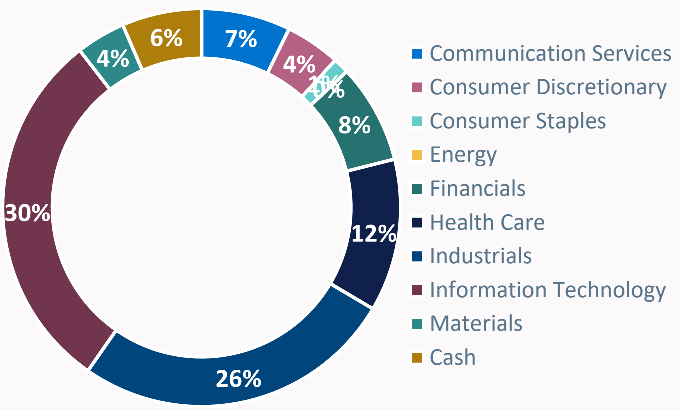
KEY FACTS

£68.1m
assets under management

2.1%
prospective yield

FEES AND MINIMAL INITIAL INVESTMENTS

- The minimum initial investment to start a Sarasin & Partners AIM Portfolio is £500,000
- The annual management charge starts at 1.5% (+VAT).
- There are no upfront fees or commission charges.



Source; Sarasin & Partners, 31.12.22

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BUSINESS RELIEF

Business Relief is only available on AIM stocks that are trading companies whose business is not wholly or mainly dealing in shares, securities, land or buildings, or in the holdings or making of investments.

In addition, there is a rule called 'replacement relief,' which allows a qualifying AIM investment to be sold and the proceeds reinvested into another qualifying stock without the two-year holding period being reset. As a result, it is possible for these stocks to be actively managed without jeopardising their IHT-sheltered status. Similarly, the 'succession' rule permits any completed part of the two-year time frame to continue unhindered on any stocks inherited by a surviving spouse.

INTRODUCING AIM

AIM is the London Stock Exchange's international market for smaller companies that need to access capital for further growth. These include early-stage companies, businesses that are backed by venture capital and some more established companies.

AIM was launched in 1995 and is now home to approximately 1,000 stocks. As the pie chart (above right) shows, every primary industrial sector is represented, which makes it possible to construct a fully-diversified AIM portfolio.

The greater diversity of AIM is a healthy development, but investors must understand that investment in AIM shares inevitably carries higher risks and may be difficult to sell in a reasonable timescale or at an acceptable price.

Regulatory reporting requirements are lower on AIM than the main market, so it may be difficult to obtain reliable information about the value of some AIM stocks or the extent of the risks they are exposed to.

Due to the nature of these businesses, the Sarasin & Partners AIM Portfolio Service should be regarded as a higher-risk, long-term investment that may not be suitable for all investors.

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IMPORTANT INFORMATION

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.

As with many investments 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.

PERFORMANCE

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.

LIQUIDITY

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.

TAX

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 for 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

Qualifying investments in which we invest may cease to qualify for 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 S&P 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.

IMPORTANT INFORMATION

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DISCLAIMER

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