

# SARASIN AIM STRATEGY

# SARASIN & PARTNERS

Data as at: | As at 31 December 2022

## PORTFOLIO INFORMATION

Structure	<b>Discretionary Portfolio</b>
Benchmark	<b>Numis Alternative Markets Index</b>
Peer Group	<b>ARC AIP</b>
Net Assets	<b>£68.1m</b>
Dividend Yield	<b>1.6%</b>
Number of Holdings	<b>27</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

In December the AIM market fell 1.7%, whilst the portfolio did better and declined 0.9%. This result took the benchmark AIM index down over 30% for the year as a whole, dramatically underperforming the mainstream UK equity indices that are dominated by larger companies. Every sector delivered negative performance during the year with the exception of Utilities, which was positive, and Energy, which was flat. The Consumer Discretionary sector was the worst performer, falling more than 50% as household budgets were squeezed by higher energy prices and general inflationary pressures.

There was a range of share price returns across the portfolio during the month. The top performers were either companies that were recovering from prior falls, such as Alliance Pharma (+12.0%) and Strix Group (+11.4%), or those that delivered decent results, such as RWS Holdings (+13.5%) and Renew (+7.9%). The poorer performers included those smaller companies that have weaker short-term momentum, such as Made Tech Group (-17.4%) and Inspects Group (-12.2%), although Alpha Group International (-13.4%) was one of the bigger detractors and simply gave up some of its prior gains after a strong run.

The most significant piece of news flow came from In The Style, who announced credible trading in recent months but also a strategic review due to the lacklustre share price performance. In part thanks to a reasonable performance through the important Black Friday weekend, the balance sheet is in acceptable shape and will allow the company to continue to deliver on its strategy. However, to invest more heavily in growth will be challenging and the board have decided a sale will likely be the most appealing outcome for shareholders.

## PERFORMANCE STATISTICS

CUMULATIVE PERFORMANCE (%)					
	YTD	1Y	3Y	5Y	Since Launch
Strategy <sup>1</sup>	-35.2	-35.2	-23.1	-27	66.7
Benchmark	-31.1	-31.1	-10.7	-16.1	-5.1

ANNUALISED STATISTICS SINCE LAUNCH (%)		
	Returns (Ann)	Volatility (Ann)
Strategy	3.2	23.4
Benchmark	-0.3	23.9

CALENDAR YEAR PERFORMANCE (%)					
	2022	2021	2020	2019	2018
Strategy <sup>1</sup>	-37.5	9.4	8.9	27.3	-25.5
Peer Group	-27.9	18.8	0.3	25.3	-15.2
Quartile	4	4	1	1	4

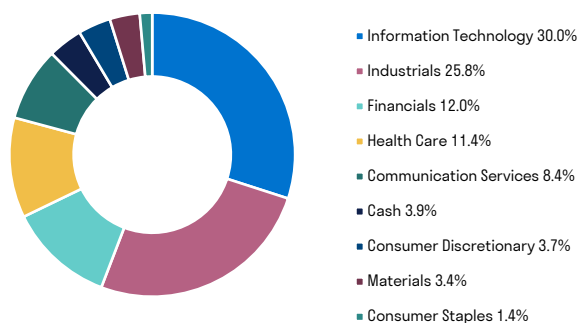
Peer group performance data is available quarterly and this figure shows performance to the latest available quarter. Data as at 30.09.22.

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. 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.

## SECTOR ALLOCATION



## TOP 5 HOLDINGS

Company	
CVS Group Plc	7.2%
Zoo Digital Group Plc	6.2%
RWS Holdings Plc	5.8%
Smart Metering Systems Plc	5.6%
Keywords Studios Plc	5.3%

## 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

### 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

## IMPORTANT INFORMATION

**This document is for investment professionals only and should not be relied upon by private investors.** This document has been approved by Sarasin & Partners LLP of Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, a limited liability partnership registered in England & Wales with registered number 0C329859 which is authorised and regulated by the Financial Conduct Authority with firm reference number 475111. Please note that the value of shares and the income from them can fall as well as rise and you may not get back the amount originally invested. This can be as a result of market movements and also of variations in the exchange rates between currencies. Past performance is not a guide to future returns and may not be repeated. All details in this document are provided for marketing and information purposes only and should not be misinterpreted as investment advice or taxation advice. This document is not an offer or recommendation to buy or sell securities. You should not act or rely on this document but should seek independent advice and verification in relation to its contents. Neither Sarasin & Partners LLP nor any other member of the Bank J. Safra Sarasin Group accepts any 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 views expressed in this document are those of Sarasin & Partners LLP and these are subject to change without notice. Where the data in this document comes partially from third party sources the accuracy, completeness or correctness of the information contained in this publication is not guaranteed, and third party data is provided without any warranties of any kind. Sarasin & Partners LLP shall have no liability in connection with third party data. The AIM portfolio service should be regarded as a higher risk, long-term investment and it may not be suitable for all investors. You must obtain independent professional advice before you ask us to manage your AIM Portfolio for you. The investments that will be held in the AIM Portfolio are likely to be smaller UK companies which may qualify for the maximum business property 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.

**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 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. 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. In some instances, investments in particular companies will be sold if we believe 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. This document is issued by Sarasin & Partners LLP, a limited liability partnership registered in England and Wales with registered number 0C329859, which is authorised and regulated by the Financial Conduct Authority. It has been prepared solely for information purposes and is not a solicitation, or an offer to buy or sell any security. The information on which the document is based has been obtained from sources that we believe to be reliable, and in good faith, but we have not independently verified such information and no representation or warranty, express or implied, is made as to their accuracy. All expressions of opinion are subject to change without notice. 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. © 2022 Sarasin & Partners LLP – all rights reserved. This document can only be distributed or reproduced with permission from Sarasin & Partners LLP. Please contact marketing@sarasin.co.uk

