

SARASIN AIM STRATEGY

SARASIN
& PARTNERS

Data as at: | As at 30 June 2023

PORTFOLIO INFORMATION

Structure	Discretionary Portfolio
Benchmark	Numis Alternative Markets Index
Peer Group	ARC AIP
Net Assets	£100.2m
Dividend Yield	2.02%
Number of Holdings	27
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

In Q2 2023, the AIM market fell -5.5%, whilst the portfolio underperformed, declining by -6.4%. Inflation has been the main driver for domestic equity markets, with core inflation remaining stubbornly high. Frustratingly, smaller companies have continued to underperform the larger UK indices, taking a more significant leg down in June when the Bank of England surprised markets with a 50bps hike to the UK base rate. Whilst corporate updates in the portfolio have generally been robust, certain areas of the market are showing signs of strain. In particular businesses are experiencing a lengthening of sales cycles in both the government and private sector. The combined effect of higher interest rates and adverse FX moves are having a significant impact on our (predominantly) international businesses.

Positive contributors in the period were James Cropper (+38%), FRP Advisory (+17%) and YouGov (+14%). In April, James Cropper released a strong trading update, simultaneously announcing the rationalisation of their paper business. Which, given the division's gearing to paper prices and its history of volatile earnings, was taken positively by investors. FRP upgraded numbers in May on outperformance of their restructuring division and YouGov saw strong share price support following their CMD in May.

Made Tech (-43%), ZOO Digital (-37%) and Alliance Pharma (-26%) were the most significant detractors in the period. Made Tech downgraded profits in May due to public sector project delays, while work at ZOO Digital was disrupted by the ongoing reorganization of large streaming platforms. Alliance Pharma downgraded earnings on weaker FX rates and higher interest rates.

PERFORMANCE STATISTICS

CUMULATIVE PERFORMANCE (%)

	QTD	1Y	3Y	5Y	Since Launch
Strategy¹	-6.4	-14	-21.4	-36	52.6
Benchmark	-5.5	-12.9	-11.4	-25.9	-12.9

ANNUALISED STATISTICS (%)

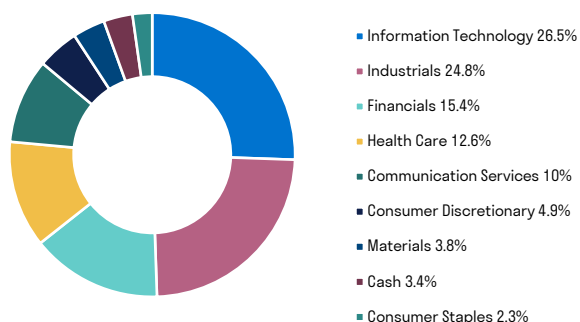
	Returns Since Launch (Ann)	Volatility 3y (Ann)
Strategy	2.6	18.3
Benchmark	-0.8	16.7

CALENDAR YEAR PERFORMANCE (%)

	2023	2022	2021	2020	2019
Strategy¹	-8.6	-36.1	9.4	8.9	27.3
Peer Group	-5.7	-25.2	18.8	0.3	25.3
Quartile	4	4	4	1	1

Peer group performance data is available quarterly and this figure shows performance to the latest available quarter.
Data as at 30.06.23.

SECTOR ALLOCATION



TOP 5 HOLDINGS

Company	
CVS Group	7.6%
Alpha Group International PI	5.6%
FRP Advisory Group	5.6%
YouGov	5.5%
Smart Metering Systems	5.4%

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.

MANAGER PROFILE

Imogen Millington

Imogen 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. She is also the manager of the AIM portfolios.

Prior to joining Sarasin & Partners in 2021, Imogen held investment roles at BMO Global Asset Management and Constance Private Asset Management

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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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. © 2023 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

