SARASIN AIM STRATEGY

SARASIN & PARTNERS

Data as at: | As at 31 December 2024

PORTFOLIO INFORMATION

Structure	**Discretionary Portfolio**
Benchmark	**Numis Alternative Markets Index**
Peer Group	**ARC AIP**
Net Assets	**£55.0m**
Dividend Yield	**2.28%**
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.

QUARTERLY COMMENTARY

The fourth quarter frustrated AIM investors in similar vein to the rest of 2024. October was an especially testing month, with fiscal uncertainty hanging over the UK smaller companies market until the Budget eventually delivered a strong relief rally on the news qualifying AIM companies will at least continue to attract 50% BPR. However, further analysis of the Budget's attack on private sector employment put smaller companies back under pressure and the AIM Index ended the quarter down -2.3%.

The biggest negative of the Budget in this context is the fiscal burden Rachel Reeves has loaded onto UK plc. We estimate that the companies in your portfolios alone will shoulder more than £75m of extra employment taxes annually. The secondary impact of these measures is expected to be UK inflation remaining higher for longer as companies attempt to protect profit margins through price increases. This in turn has reduced expectations for further interest rate cuts from the Bank of England, posing another headwind for the whole UK stock market and particularly small cap shares.

With regard to your AIM portfolio itself, Nichols plc of Vimto cordial fame was a shining star. They hosted an inaugural Capital Markets' Day in November, which was very well received by analysts. The stock had performed well into the event and tacked on more gains afterwards, leaving the share price up more than 30% for the quarter. This makes it the second largest stock in your portfolio, even after some modest profit-taking.

On the flip side, two other large positions, Solid State and CVS, performed poorly. Solid State, a defence contractor, suffered from the new government's decision to delay a contract for new radios for the Army, while they review overall defence spending. We are confident this contract will be reactivated and have topped up the position post weakness. CVS is the veterinary group, which has been dogged for some time by a competition authorities enquiry into the sector. The outcome is expected in Q2 2025 when we expect the company's excellent fundamentals to come back into focus.

Takeover bids for Learning Technologies and Loungers are a welcome reminder of the attractive value available across your portfolio and UK smaller companies in general. In fact, a total of 6 portfolio companies were bid for during 2024 and further opportunistic takeover activity will continue to be a feature of 2025, with cash rich private equity funds hunting relentlessly for undervalued assets. On that note, we are voting against the Loungers bid on your behalf, because we believe it significantly undervalues the company; we expect other big shareholders to do the same.

When and if the government remembers its manifesto pledge to support UK plc, the strong market positions of your portfolio companies, along with their robust balance sheets and impressive management teams, will all help to demonstrate the substantial shareholder value they are building. This has been an intensely frustrating period for smaller companies, but we remain convinced of the potential for a substantial recovery in your AIM portfolio given a more supportive backdrop.

PERFORMANCE STATISTICS

CUMULATIVE PERFORMANCE (%)

	QTD	1Y	3Y	5Y	Since Launch
Strategy[1]	-4.7	-11.0	-49.9	-40.6	28.9
Benchmark	-2.3	-3.9	-38.5	-20.3	-15.3

ANNUALISED STATISTICS (%)

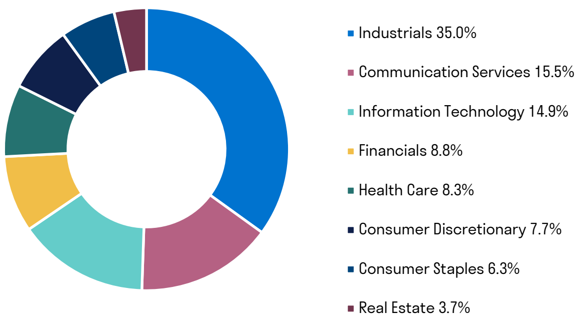
	Returns Since Launch (Ann)	Volatility 3y (Ann)
Strategy	0.0	18.2
Benchmark	0.5	14.3

CALENDAR YEAR PERFORMANCE (%)

	2024	2023	2022	2021	2020
Strategy[1]	-11.0	-13.0	-35.2	9.4	8.9
Peer Group		-2.8	-25.2	18.8	0.3
Quartile		4	4	4	1

Peer group performance data is available quarterly and this figure shows performance to the latest available quarter. Data as at 31.12.24.

SECTOR ALLOCATION



TOP 5 HOLDINGS

Company	
Jet2	**6.4%**
Nichols	**6.0%**
Renew	**5.7%**
Frip Advisory	**5.6%**
Judges Scientific	**5.5%**

Inception of strategy: 01.01.07.
Source: Sarasin & Partners LLP as at 30.09.2024. Where individual stocks are mentioned these are for informative purposes only.
Performance is provided net of fees. Past performance is not a reliable indicator of future results and may not be repeated.
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. [1]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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IMPORTANT INFORMATION

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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.

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 not a reliable indicator of future results and there is no guarantee that your AIM Portfolio's objective will be achieved. Forecasts are not a reliable indicator of future performance. 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 any income derived from them may go down as well as up and you may not get back the full amount you invested. Fluctuations in exchange rates can also affect the value of, and income from investments dominated in foreign currencies.

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'

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 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 in which we invest may cease to qualify for inheritance tax (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 Sarasin & Partners LLP 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.

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