

## Blackfinch Adapt AIM Growth Portfolio

# Performance

## Q3 2022

**GROWTH INVESTOR** | **WINNER**  
**2020 IAWARDS** | **BEST BR**  
**INVESTMENT**  
**MANAGER (LISTED)**

The Adapt AIM Portfolios are a Discretionary Portfolio Management Service designed with the aim of mitigating Inheritance Tax (IHT) by investing in a portfolio of AIM-listed shares, carefully constructed by our team of specialist investment managers.

Blackfinch act as Discretionary Investment Managers for the service and are assisted by Chelverton Asset Management, the award winning fund managers with proven expertise of investment in AIM and smaller-cap companies. Chelverton act as Investment Advisers to Blackfinch and assist with stock selection, due diligence and portfolio construction.

### Performance\*\*

Total returns only and do not take into account fees. Figures are for illustrative purposes only and are based on model portfolio returns.

Calculated by FactSet

	Q3 2022	Since Portfolio Inception <sup>4</sup>
Adapt AIM Growth Portfolio	<b>-8.0%</b>	<b>84.2%</b>
FTSE AIM All-Share Total Return <sup>5</sup>	<b>-7.6%</b>	<b>23.7%</b>
<b>Annualised Volatility</b>	3 year	Since Portfolio Inception <sup>4</sup>
Standard Deviation	<b>17.0%</b>	<b>13.5%</b>
FTSE AIM All-Share Total Return Standard Deviation <sup>5</sup>	<b>18.3%</b>	<b>14.3%</b>
Sharpe Ratio	<b>0.25</b>	<b>0.71</b>
FTSE AIM All-Share - Total Return Sharpe Ratio <sup>5</sup>	<b>-0.12</b>	<b>0.19</b>
<b>Forward P/E Ratio<sup>6</sup></b>	<b>14.5</b>	

### About

Launch Date	<b>June 2016</b>
Product Type	<b>Discretionary</b>
Minimum Investment	<b>£15,000</b>

### Charges<sup>1</sup>

Initial Fee	<b>0%</b>
Management Fee	<b>1.5% + VAT</b>
Dividend Yield <sup>2</sup>	<b>1.9%*</b>

### Key Features

Simple tax planning strategy targeting IHT exemption after 2 years

Eligible for an ISA; combining the tax benefits of an ISA with targeted IHT relief

Access to the experienced and acclaimed fund management team at Chelverton

Access to capital at all times (subject to market liquidity)

Focus on delivering capital growth

Low minimum investment amount offering IHT relief to a wider audience of investors

### Available Platforms<sup>3</sup>



<sup>1</sup>See rate card for full details of current fees

<sup>2</sup>Based on quarter end values and model portfolio weightings. Calculated by FactSet.

<sup>3</sup>Fee structure may vary according to choice of platform

<sup>4</sup>24/06/2016

<sup>5</sup>Source: FTSE Russell via FactSet.

<sup>6</sup>Forecast FY1 figure based on model portfolio weightings at quarter end. Calculated by FactSet.

## Portfolio Commentary

After a more positive July, largely driven by solid earnings updates, investment markets continued their downward trend for the rest of the quarter, driven by tightening monetary policy and recessionary fears. In Europe, concerns over the impact of high energy costs on consumers and businesses weighed on sentiment and prompted large scale fiscal support. In the UK, after a hiatus over the summer as the Conservative Party's leadership election played out, the new government's "Growth Plan" was received poorly by markets as fiscal and monetary policy pulled in opposite directions, causing extreme volatility for government bonds (gilts) and sterling. We await further information from the Chancellor about supply side reform and the medium-term fiscal plan. From a company perspective, we have started to see downgrades from more consumer-exposed stocks as the increased cost of living starts to bite, but most companies continued to perform in line with expectations for the year. The question that remains, however, is how current forecasts for next year may have to move as economic conditions toughen.

The portfolio was down in the quarter, along with the market, given the increasingly difficult macro environment. We continue to see investee companies strive for growth, through both organic initiatives as well as strategic bolt-on acquisitions, which we believe will bear fruit over the medium term.

For the third quarter of 2022, the Growth Portfolio performance was underpinned by positive gains from GB Group (+53.0%) and DotDigital

(+22.1%), whilst Alliance Pharma (-51.4%) and Smoove (-43.2%) detracted from performance.

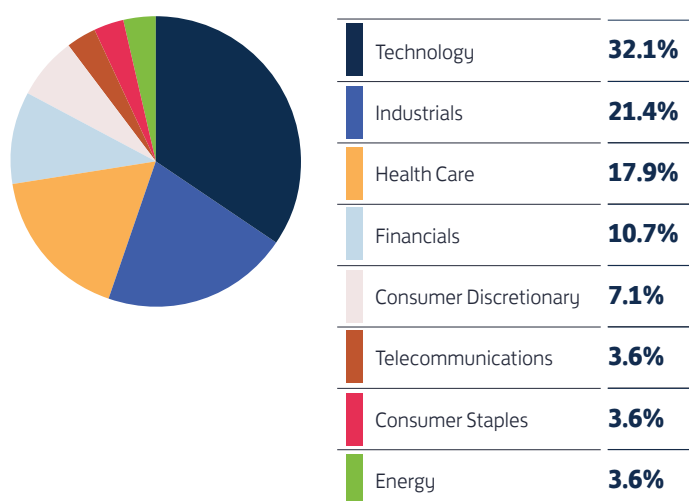
Alliance Pharma, the global healthcare business, was down in the period. The company reported weakness in some of its key brands in the first half of the year, including Kelo-cote (where lockdowns in China prevented product from getting into market) and Amberen (tough retail conditions in the US). This left full-year expectations more weighted towards the second half of the year than normal, and the company is reliant on some large distributor orders expected in Q4.

Smoove, the technology enabled home moving business, also declined in the period. The company saw strong growth in instructions and completions on its eConveyancer platform. However, growth was more weighted towards lower margin remortgages and, as such, gross profit was flat year-on-year for the first five months.

GB Group, the global identity firm, performed well in Q3. This followed the announcement on 6th September by GTCR, a private equity firm, that it was considering a cash offer for the company. After quarter-end, GTCR confirmed it did not intend to make an offer.

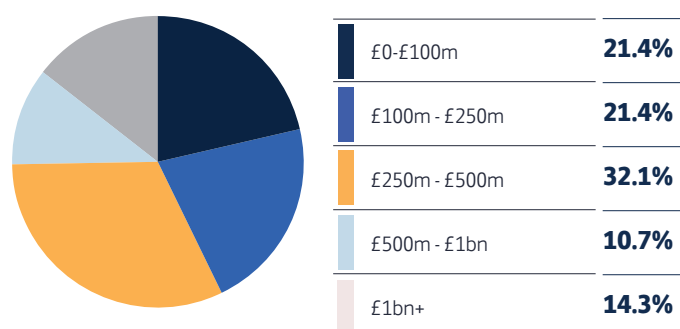
DotDigital, the marketing software provider, was also strong, after it delivered a year-end trading update announcing that it expected profits to exceed market expectations, due to the company's success in rebuilding its North American team and easing competition for talent.

## Exposure by Industry<sup>1,2</sup>



## Exposures by Market Capitalisation (£m)<sup>1</sup>

The Growth Portfolio currently contains 28 equally weighted stocks with an average market capitalisation of £ 394.6 million.



<sup>1</sup>Percentage may not total 100% due to rounding

<sup>2</sup>Source: FTSE Russell via FactSet

## Performance\*\*

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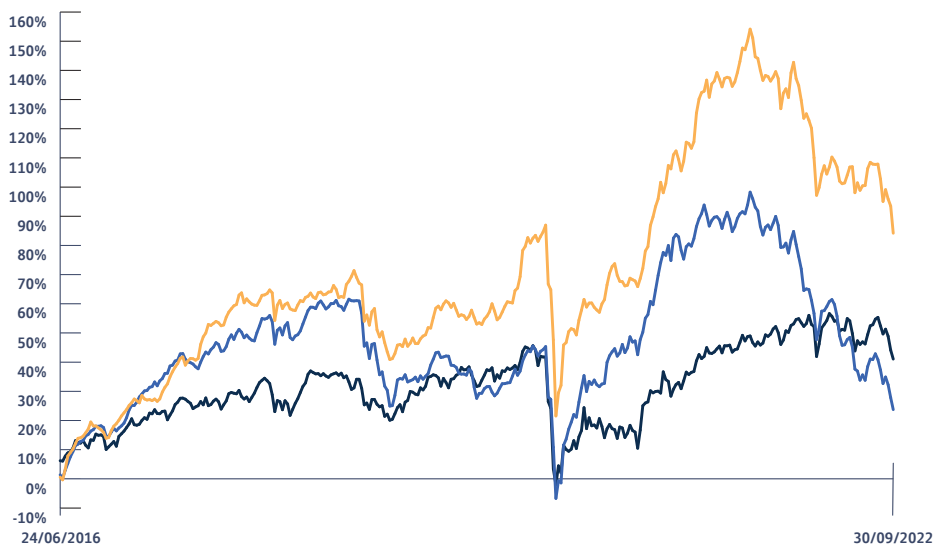
	Quarter	YTD	2 Year	3 Year	5 Year	Since Inception <sup>3</sup>	Calendar Year				
							2021	2020	2019	2018	2017
Adapt AIM Growth Portfolio <sup>1</sup>	<b>-8.0%</b>	<b>-24.1%</b>	<b>10.5%</b>	<b>15.6%</b>	<b>18.5%</b>	<b>84.2%</b>	<b>20.4%</b>	<b>10.9%</b>	<b>28.5%</b>	<b>-12.2%</b>	<b>30.1%</b>
FTSE AIM All-Share - Total Return <sup>2</sup>	<b>-7.6%</b>	<b>-33.0%</b>	<b>-14.1%</b>	<b>-4.7%</b>	<b>-14.9%</b>	<b>23.7%</b>	<b>6.1%</b>	<b>21.7%</b>	<b>13.3%</b>	<b>-17.1%</b>	<b>26.0%</b>

### Discrete Yearly Performance to Quarter End

	01/10/2021 30/09/2022	01/10/2020 30/09/2021	01/10/2019 30/09/2020	01/10/2018 30/09/2019	01/10/2017 30/09/2018
Adapt AIM Growth Portfolio <sup>1</sup>	<b>-23.6%</b>	<b>44.5%</b>	<b>4.6%</b>	<b>-4.6%</b>	<b>7.5%</b>
FTSE AIM All-Share - Total Return <sup>2</sup>	<b>-34.3%</b>	<b>30.8%</b>	<b>11.0%</b>	<b>-19.4%</b>	<b>10.8%</b>

Past performance cannot be taken as a guarantee of future performance. Please read the disclaimer at the end of this page.

### Performance since Launch



<span style="color: orange;">■</span>	Adapt AIM Growth Portfolio
<span style="color: blue;">■</span>	FTSE AIM All-Share - Total Return <sup>2</sup>
<span style="color: black;">■</span>	FTSE All-Share - Total Return <sup>2</sup>

<sup>1</sup> Calculated by FactSet. Total returns and do not take into account fees.

<sup>2</sup> Source: FTSE Russell via FactSet

<sup>3</sup> 24/06/2016

Financial data and analytics provider FactSet

### IMPORTANT INFORMATION

**Capital At Risk.** This performance sheet is being issued by Blackfinch Investments Limited (Blackfinch), which is authorised and regulated by the Financial Conduct Authority (FCA number 153860). Registered address: 1350–1360 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH. Registered in England and Wales Company Number 02705948.

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Prospective investors should not treat the contents of this fact sheet as advice relating to legal, taxation or other matters. If in any doubt about the proposal discussed in this paper, its suitability, or what action should be taken, the investor should consult their own professional advisers.

\*Dividend yield reflects dividends received over a trailing 12-month period using end-of-period portfolio value.

\*\*Total returns are used in order to give a clearer representation of the actual returns achieved, combining both the capital returns with income received from dividends.

FactSet calculate returns by compounding daily returns.

Data and analytics provided by FactSet except where otherwise stated.