

Blackfinch Adapt AIM Growth Portfolio

Performance

Q3 2023

GROWTH INVESTOR
 2020 IAWARDS

WINNER
 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. 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 2023	Since Portfolio Inception ⁴
Adapt AIM Growth Portfolio	-6.7%	64.0%
Numis Alternative Markets Total Return ⁵	-3.2%	13.2%
Annualised Volatility	3 year	Since Portfolio Inception ⁴
Standard Deviation	12.1%	13.3%
Numis Alternative Markets Total Return Standard Deviation ⁵	12.0%	13.1%
Sharpe Ratio	-0.20	0.45
Numis Alternative Markets Total Return Sharpe Ratio ⁵	-0.78	0.05
Forward P/E Ratio⁶	14.4	

About

Launch Date	June 2016
Product Type	Discretionary
Minimum Investment	£15,000

Portfolio Information¹

Initial Fee	0%
Management Fee	1.5% + VAT
Dividend Yield ²	2.7%*

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 Platforms³



¹See rate card for full details of current fees

²Based on quarter end values and model portfolio weightings. Calculated by FactSet.

³Fee structure may vary according to choice of platform

⁴24/06/2016

⁵Source: Numis via FactSet

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

Portfolio Commentary

The actions and commentary of the world's major central banks remained the key driver of global equity markets in Q3. UK inflation took a step down in August, coming in below expectations and prompting the Bank of England's Monetary Policy Committee to keep interest rates on hold. Similarly, in the Eurozone, weakening economic activity led the market to believe rates have peaked, and the question for both central banks is when interest rates will start to come down. In the US, where economic activity remains robust, there may still be a further rise, and the US Federal Reserve has been consistent that its rates will remain higher for longer than the market had been pricing in. Domestically, upward revisions to historic gross domestic product (GDP) put the UK in a stronger economic position than initially thought, and while the UK may enter a recession over the winter amid softer purchasing managers' index (PMI) data, strong fundamentals (high household savings, resilient labour markets, and solid balance sheets) should position the UK economy for recovery through 2024, particularly if coupled with earlier than expected interest rate reductions.

The portfolio was down in the quarter, along with the market, albeit to a larger extent. We continue to believe the portfolio is positioned to offer the prospect of strong capital appreciation over the medium term. This was echoed by investee companies, with multiple share repurchase programs underway.

For the third quarter of 2023, the Growth Portfolio performance was underpinned by positive gains from Anpario (+33.6%) and Focusrite (+19.1%), whilst Strix (-48.5%) and Watkin Jones (-44.0%) detracted from performance.

Strix, the kettle safety control design and manufacturer, was down in

the period. The company warned on continued reduced demand for kettle controls in the UK and Germany, and is now expecting a more gradual recovery. Given Strix's high leverage driven by the recent acquisition of Billi, it also reduced its interim dividend as it prioritised de-gearing its balance sheet.

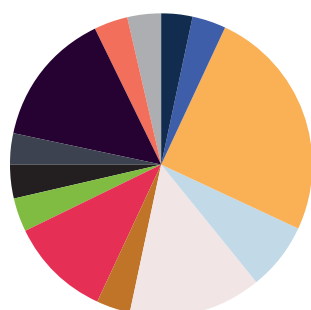
Watkin Jones, which specialises in build-to-rent and student housing, also declined in the period. The company noted that difficult market conditions made it more challenging to transact and materially impacted forecasted earnings. This came alongside a required increase in its provision for remedial works for legacy properties of £30m. However, the company remains net cash positive, and was boosted by the sale of non-core assets, allowing it to continue to be proactive in the land market.

Anpario, the international manufacturer and distributor of natural animal feed additives, performed well in Q3. The company announced interim results, which showed that while adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) was down 37%, the company's outlook statement noted some signs of improving end markets. The full-year outlook was also supported by improving gross margins (on lower costs of raw material and recovery in sales) and the first benefits of management's cost reduction and efficiency improvement endeavours.

Focusrite, the international music and audio products company, was also strong. The company announced a full-year trading update, confirming that it was trading in line with expectations, that inventory levels within Content Creation had returned to historic norms, and that the Focusrite brands had returned to growth.

Buy List Changes: Finsbury Food, the UK based speciality bakery manufacturer, announced Board agreement to a recommended all cash offer from DBAY Advisors Limited, which represented a 23.6% premium to the closing price prior to the announcement. Following this approach, we removed the company from the buy list.

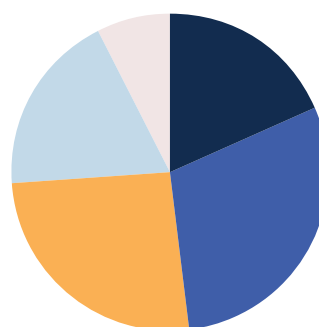
Exposure by Sector^{1,2}



Banking	3.7%
Biopharmaceuticals	3.7%
Business Services	25.9%
Food and Tobacco Production	3.7%
Hardware	14.8%
Healthcare Equipment	3.7%
Healthcare Services	11.1%
Industrial Manufacturing	3.7%
Industrial Services	3.7%
Real Estate	3.7%
Software and Consulting	14.8%
Telecommunications	3.7%
Hospitality Services	3.7%

Exposures by Underlying Company Size (£m)¹

The Growth Portfolio currently contains 27 equally weighted stocks with an average market capitalisation of £344.3 million.



£0-£100m	18.5%
£100m - £250m	29.6%
£250m - £500m	25.9%
£500m - £1bn	18.5%
£1bn+	7.4%

¹Percentage may not total 100% due to rounding
²Source: FactSet

Performance**

Figures are for illustrative purposes only and are based on model portfolio returns.

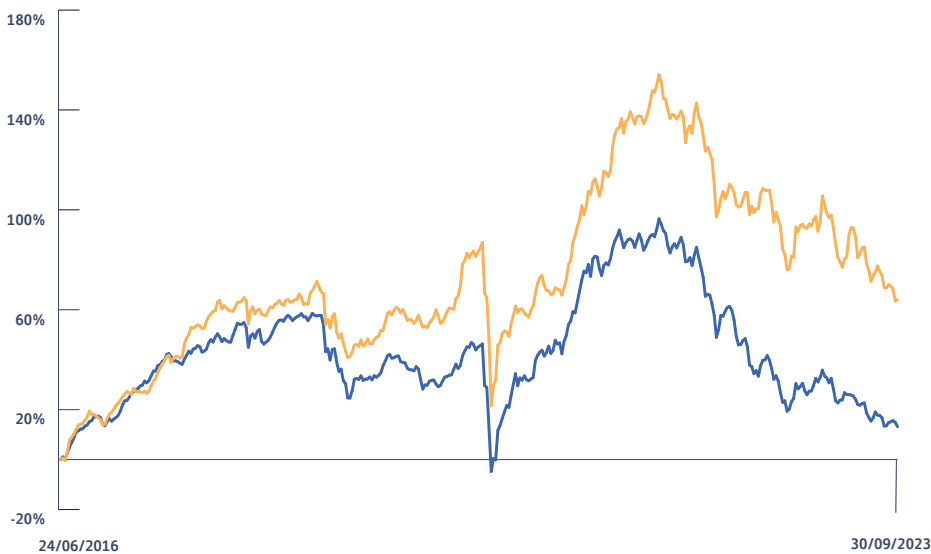
	Quarter	YTD	2 Year	3 Year	5 Year	Since Inception ³	Calendar Year				
							2022	2021	2020	2019	2018
Adapt AIM Growth Portfolio ¹	-6.7%	-15.3%	-31.9%	-1.6%	-1.8%	64.0%	-20.3%	20.4%	10.9%	28.5%	-12.2%
Numis Alternative Markets - Total Return ²	-3.2%	-11.2%	-39.6%	-21.0%	-28.2%	13.2%	-31.1%	7.6%	19.3%	14.7%	-17.5%

Discrete Yearly Performance to Quarter End

	01/10/2022 30/09/2023	01/10/2021 30/09/2022	01/10/2020 30/09/2021	01/10/2019 30/09/2020	01/10/2018 30/09/2019
Adapt AIM Growth Portfolio ¹	-11.0%	-23.6%	44.5%	4.6%	-4.6%
Numis Alternative Markets - Total Return ²	-7.9%	-34.4%	30.7%	10.1%	-17.5%

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

Performance since Launch



■	Adapt AIM Growth Portfolio ¹
■	Numis Alternative Markets - Total Return ²

¹ Calculated by FactSet. Total returns and do not take into account fees.

² Source: Numis via FactSet

³ 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.

Past performance cannot be taken as a guarantee of future performance. This performance sheet is based on a model portfolio. No guarantee can be made as to the composition of any individual portfolio. All figures are correct at the time of compilation. Any decision to invest in this service should not be based on this performance sheet but rather made on the basis of the information contained in the brochure, and the terms and conditions. Prospective investors must rely on their own examination of the legal, taxation, financial and other consequences of investing and the risk involved.

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.

Fees will be taken from the value of your investment.