

Blackfinch Adapt AIM Income Portfolio

Performance

Q2 2022

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 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

	Q2 2022	Since Portfolio Inception ⁴
Adapt AIM Income Portfolio	-2.2%	103.8%
FTSE AIM All-Share Total Return ⁵	-15.6%	30.1%
Annualised Volatility	3 year	Since Portfolio Inception ⁴
Standard Deviation	17.6%	13.7%
FTSE AIM All-Share Total Return Standard Deviation ⁵	18.1%	14.3%
Sharpe Ratio	0.58	0.88
FTSE AIM All-Share - Total Return Sharpe Ratio ⁵	-0.06	0.27
Forward P/E Ratio⁶	11.7	

About

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

Charges¹

Initial Fee	0%
Management Fee	1.5% + VAT
Dividend Yield ²	3.3%*

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 dividend yield with prospects for 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

⁴15/07/2016

⁵Source: FTSE Russell via FactSet.

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

Portfolio Commentary

The continued rise in inflation expectations through the quarter saw Central Banks pursue more aggressive monetary tightening, increasing the risk of a recession in the next 12 months. The magnitude of this downturn depends on where inflation goes from here, and there are early signs of prices easing in some areas (such as commodities). However, there are still concerns about energy prices, given the ongoing conflict in Ukraine, and wage expectations and the risk of heightened inflationary expectations becoming entrenched. From a corporate perspective, newsflow remains broadly in-line, albeit with heightened caution in outlook statements. Forecasts would appear to be being set cautiously, but until there is more economic certainty, the market will remain “risk-off” and sceptical of forward earnings projections. From a positive perspective, employment levels remain high, supply chains continue to ease, and both household and corporate balance sheets are strong, all of which should provide support to economic activity.

Dividends have continued to return to pre-pandemic levels, helping the portfolio dividend yield increase further following the rise in Q1. While earnings may come under pressure over the next 12 months, pay-out ratios are at a sensible level, which combined with strong balance sheets, should give investors confidence in a continued attractive yield.

For the second quarter of 2022, the Income Portfolio performance

was underpinned by positive gains from EMIS (+42.0%) and Appreciate (+27.7%), whilst Portmeirion (-31.3%) and Mortgage Advice Bureau (-20.0%) detracted from performance.

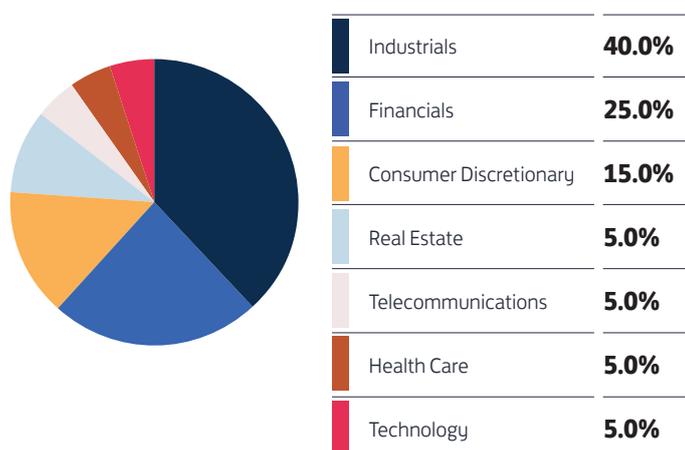
Portmeirion announced growth in sales and gross margin on the prior year in their annual general meeting (AGM) statement in May, but, as a H2-weighted business, they highlighted caution about the outlook, given changing consumer sentiment and heightened cost of living, despite healthy order books.

Mortgage Advice Bureau was also down for the quarter, with the share price falling on concerns about what rising rates might mean for the UK housing market. At their AGM in May, they announced that current trading was in-line with expectations, and their mortgage completions in Q1 were up 11% on the prior year.

EMIS was the standout performer, as they announced a recommended bid for the company at a 49% premium to the prior days close. The potential acquirer is Optum UK, a healthcare software, services, and consultancy business, who are looking to enhance their technology offering for the UK market.

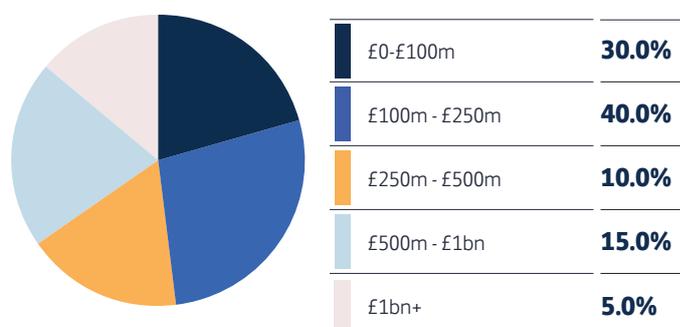
Appreciate was also strong, with a positive year-end update driving earnings upgrades, as they saw accelerated redemption of vouchers and continued improvement in Christmas Savings.

Exposure by Industry^{1,2}



Exposures by Market Capitalisation (£m)¹

The Income Portfolio currently contains 20 equally weighted stocks with an average market capitalisation of £280.7 million.



¹Percentage may not total 100% due to rounding

²Source: FTSE Russell via FactSet

Performance**

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

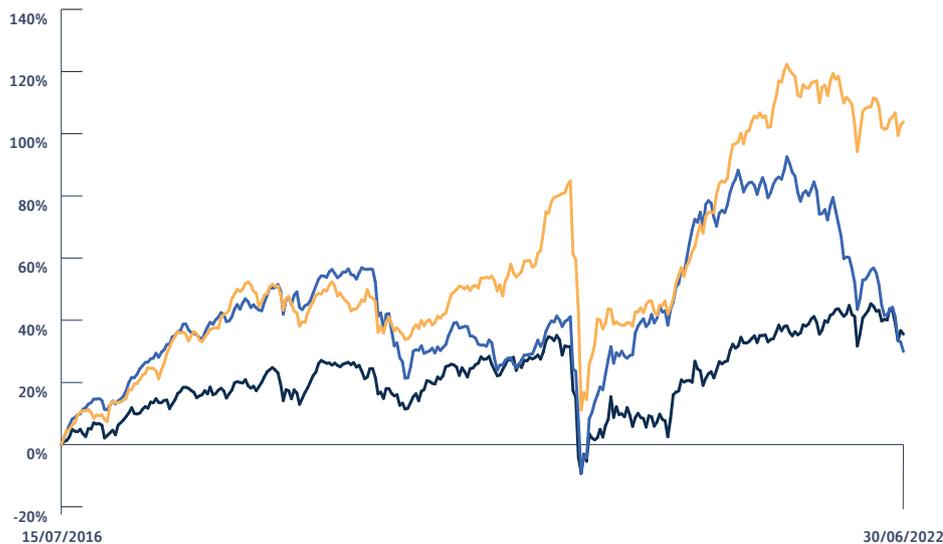
	Quarter	YTD	2 Year	3 Year	5 Year	Since Inception ³	Calendar Year				
							2021	2020	2019	2018	2017
Adapt AIM Income Portfolio ¹	-2.2%	-7.1%	48.0%	35.6%	50.2%	103.8%	35.4%	-9.0%	32.5%	-9.5%	29.2%
FTSE AIM All-Share - Total Return ²	-15.6%	-27.5%	1.2%	-1.7%	-3.9%	30.1%	6.1%	21.7%	13.3%	-17.1%	26.0%

Discrete Yearly Performance to Quarter End

	01/07/2021 30/06/2022	01/07/2020 30/06/2021	01/07/2019 30/06/2020	01/07/2018 30/06/2019	01/07/2017 30/06/2018
Adapt AIM Income Portfolio ¹	0.2%	47.8%	-8.4%	1.7%	8.9%
FTSE AIM All-Share - Total Return ²	-29.0%	42.5%	-2.8%	-13.9%	13.5%

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 Income Portfolio
■	FTSE AIM All-Share - Total Return ²
■	FTSE All-Share - Total Return ²

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

² Source: FTSE Russell via FactSet
³ 15/07/2016

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.