

Blackfinch Adapt AIM Income Portfolio

Performance

Q3 2022

GROWTH INVESTOR
 2020 AWARDS | **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

	Q3 2022	Since Portfolio Inception ⁴
Adapt AIM Income Portfolio	-8.8%	86.1%
FTSE AIM All-Share Total Return ⁵	-7.6%	20.2%
Annualised Volatility	3 year	Since Portfolio Inception ⁴
Standard Deviation	17.6%	13.6%
FTSE AIM All-Share Total Return Standard Deviation ⁵	18.3%	14.2%
Sharpe Ratio	0.31	0.72
FTSE AIM All-Share - Total Return Sharpe Ratio ⁵	-0.12	0.16
Forward P/E Ratio⁶	11.2	

About

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

Charges¹

Initial Fee	0%
Management Fee	1.5% + VAT
Dividend Yield ²	3.5%*

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

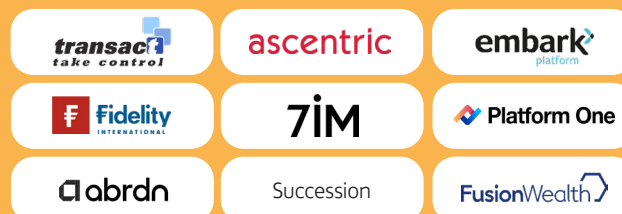
Access to the experienced and acclaimed fund management team at Chelverton

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

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.

Dividends have continued to return to pre-pandemic levels, with most investee companies increasing the dividend per share, compared with one year ago. We continue to believe the strong balance sheets, along with sensible management, will help investee companies navigate the macro uncertainty.

For the third quarter of 2022, the Income Portfolio performance was underpinned by positive gains from NWF (+10.8%) and Spectra Systems (+6.2%), whilst Watkin Jones (-31.3%) and Personal Group (-31.2%) detracted from performance.

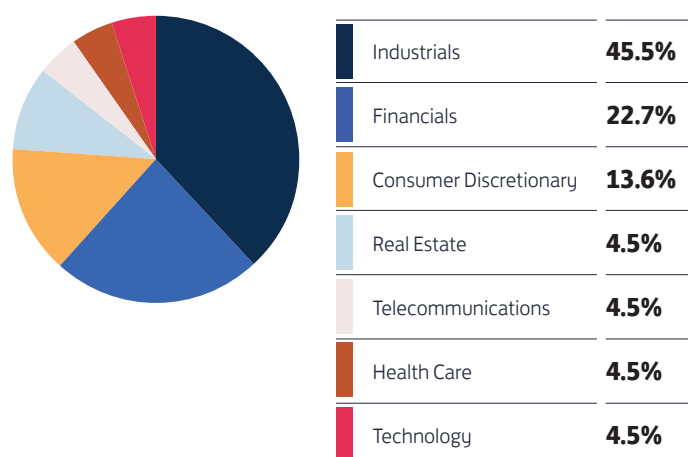
Watkin Jones, which specialises in build-to-rent and student housing, was down in the period along with many property companies, despite not issuing any news in the period. Shortly after quarter-end, a profit warning was issued, as the company reported a squeeze in margins, cost inflation and pressure on prices due to investors facing higher funding costs. Furthermore, two sales expected to close in September had slipped into the next financial year due to market volatility.

Personal Group, the employee benefits and insurance company, also declined, despite issuing in-line interim results and a positive outlook statement.

NWF, the specialist agriculture and distribution business, performed well in Q3. The company announced very strong full-year results, driven by its fuel business, as price volatility and availability constraints drove profitability. While this is not expected to recur, this year's exceptional cash flow should provide opportunities for investment-driven growth. The company's annual general meeting (AGM) statement at the end of September saw all three divisions trading ahead of expectations.

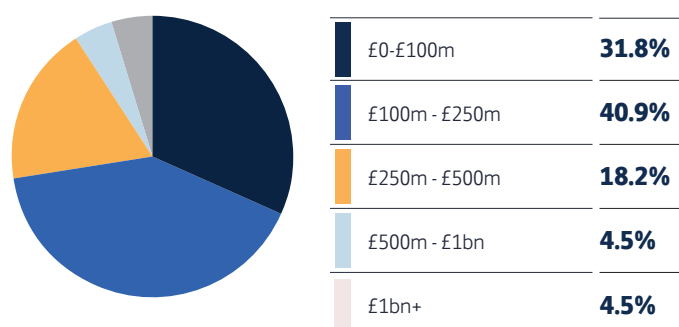
Spectra Systems, the technology provider for secure transactions, was also strong. Interim results were in-line with expectations, with good new business wins in the period. The company also announced it is on track to achieve record earnings for the full year, in-line with market expectations.

Exposure by Industry^{1,2}



Exposures by Market Capitalisation (£m)¹

The Income Portfolio currently contains 22 equally weighted stocks with an average market capitalisation of £ 239.4 million.



¹Percentage may not total 100% due to rounding

²Source: FTSE Russell via FactSet

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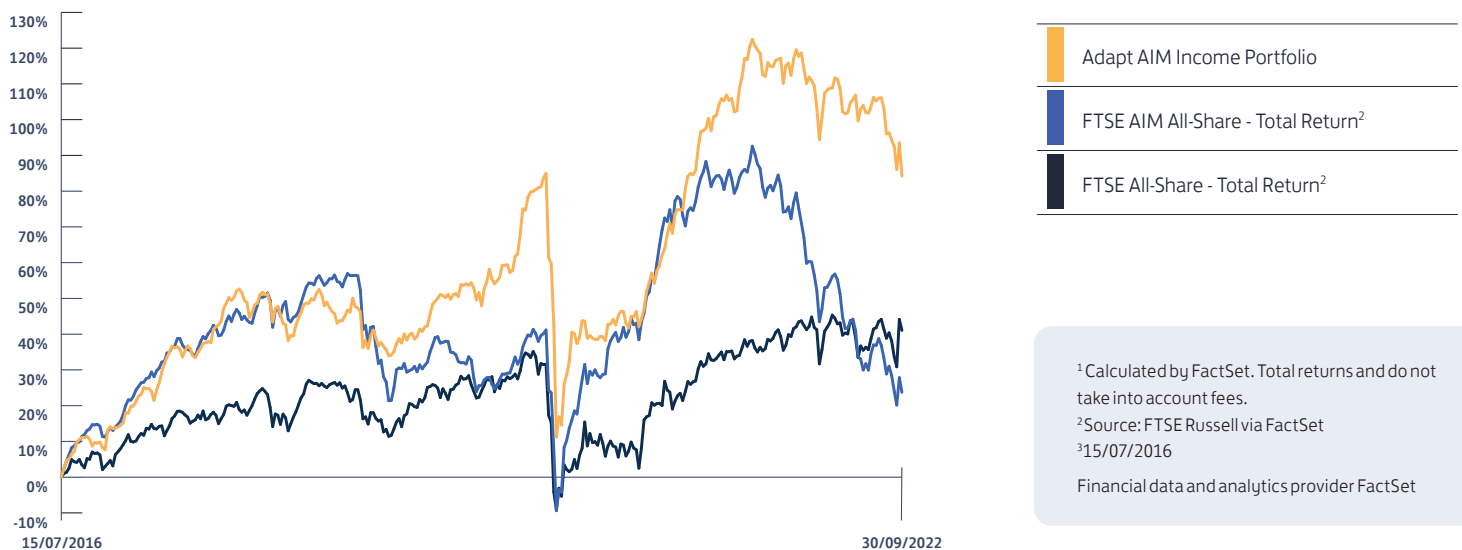
	Quarter	YTD	2 Year	3 Year	5 Year	Since Inception ³	Calendar Year				
							2021	2020	2019	2018	2017
Adapt AIM Income Portfolio ¹	-8.8%	-15.2%	30.5%	19.5%	26.4%	86.1%	35.4%	-9.1%	32.5%	-9.5%	29.1%
FTSE AIM All-Share - Total Return ²	-7.6%	-33.0%	-14.1%	-4.7%	-14.9%	20.2%	6.1%	21.7%	13.3%	-17.1%	26.0%

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 Income Portfolio ¹	-12.7%	49.6%	-8.4%	5.7%	0.0%
FTSE AIM All-Share - Total Return ²	-34.3%	30.8%	11.0%	-19.4%	10.8%

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

Performance since Launch



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.

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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.