

## Blackfinch Adapt AIM Income Portfolio

# Performance

## Q1 2021

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 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.

Investments will only be made in companies that meet our strict investment criteria and our portfolios will be managed following the same rigorous and disciplined process employed by Chelverton across their existing fund range.

### 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

	Q1 2021	Since Portfolio Inception <sup>4</sup>
Adapt AIM Income Portfolios	<b>14.6%</b>	<b>85.6%</b>
FTSE AIM All-Share Total Return <sup>5</sup>	<b>3.7%</b>	<b>75.4%</b>
<b>Annualised Volatility</b>	3 year	Since Portfolio Inception <sup>4</sup>
Standard Deviation	<b>16.5%</b>	<b>14.1%</b>
FTSE AIM All-Share Total Return Standard Deviation <sup>5</sup>	<b>17.1%</b>	<b>14.3%</b>
Sharpe Ratio	<b>0.57</b>	<b>0.96</b>
FTSE AIM All-Share - Total Return Sharpe Ratio <sup>5</sup>	<b>0.37</b>	<b>0.85</b>
<b>Forward P/E Ratio<sup>6</sup></b>	<b>16.5</b>	

### About

Launch Date	<b>July 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>1.8%*</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 dividend yield with prospects for capital growth

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

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

Transact	Platform One	Succession
Standard Life	Fidelity FundsNetwork	
Ascentric	Embark	

<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>15/07/2016

<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

While the UK has been in lockdown for the entirety of Q1, strong progress on the vaccine roll-out has allowed the Prime Minister to lay out a roadmap to ease restrictions, giving companies and consumers some degree of certainty. The potential for a robust economic recovery has also raised the spectre of global inflation, which has driven a strong period for more value-orientated stocks versus more highly rated growth-focused companies. We would expect Q2 to be relatively quiet from a political perspective, so the macroeconomic outlook will continue to be dominated by COVID-19 and the strength of the economic recovery.

The portfolio continued to benefit from momentum seen in Q4, with most holdings experiencing double-digit total returns for Q1 2021. Looking ahead, we remain positive about the portfolio's dividend yield direction, as market conditions become more favourable.

For Q1, the Income Portfolio performance was underpinned by positive gains from Amino Technologies (+37.5%) and Belvoir (+31.4%), whilst Bioventix (-5.9%) and EMIS (+1.7%) contributed returns below the portfolio average.

Bioventix, a diagnostics business, has been negatively affected by COVID-19 disruption, and continues to

face uncertainty as to when conditions will normalise. Management is nonetheless committed to paying dividends to shareholders, and announced a 20% increase in its first interim dividend to 43p per share, permitted by a £0.3m cash balance increase, taking its total balance to £5.8m.

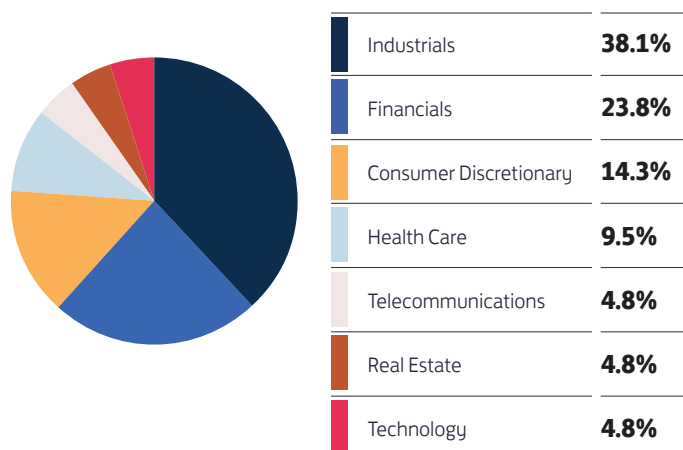
EMIS announced in-line final results, and continued to experience some delayed purchasing decisions due to COVID-19. At the end of the year, its net cash increased by 70% and management proposed a final dividend of 16p, which if approved, increases the full-year payment by 3% from 2019.

Amino Technologies announced ambitious targets for 2025, which includes a tripling of revenues and an increase in recurring revenues, as it looks to take advantage of growth in the streaming market. The firm ended its full year with a significant increase in net cash attributed to organic revenue growth and the 2019 acquisition of 24i.

Belvoir provided a positive year-end trading update in which it highlighted that results were comfortably ahead of management's expectations. Profit before tax was up 20% year-on-year, marking the 24th year of consecutive profit growth. Following positive performance, the board reinstated its dividend policy. The recent £4m acquisition of the Nicholas Humphreys network reinforces revenue by adding around £2.8m and £1m of operating profit per annum.

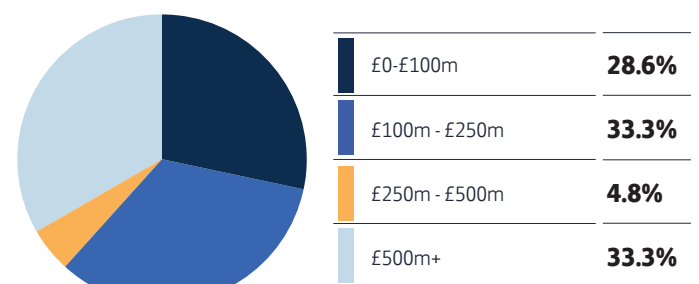
## Exposure by Industry<sup>1</sup>

Percentage may not total 100% due to rounding



## Exposures by Market Capitalisation (£m)

The Income Portfolio currently contains 21 equally weighted stocks with an average market capitalisation of £307.2 million.



<sup>1</sup>Source: FTSE Russell via FactSet

## Performance\*\*

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

	Quarter <sup>4</sup>	YTD <sup>4</sup>	2 Year <sup>4</sup>	3 Year <sup>4</sup>	Since Inception <sup>1,4</sup>	Calendar Year			
						2020	2019	2018	2017
Adapt AIM Income Portfolio <sup>2</sup>	<b>14.6%</b>	<b>14.6%</b>	<b>31.0%</b>	<b>33.1%</b>	<b>85.6%</b>	<b>-9.0%</b>	<b>32.5%</b>	<b>-9.5%</b>	<b>29.2%</b>
FTSE AIM All-Share - Total Return <sup>3</sup>	<b>3.7%</b>	<b>3.7%</b>	<b>33.5%</b>	<b>22.3%</b>	<b>75.4%</b>	<b>21.7%</b>	<b>13.3%</b>	<b>-17.1%</b>	<b>26.0%</b>

## Discrete Yearly Performance to Quarter End

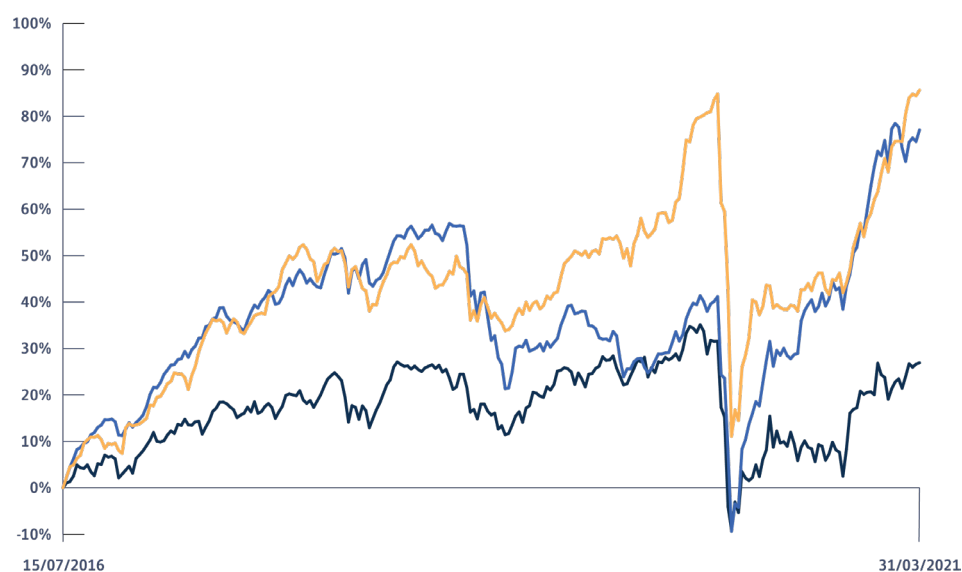
	01/04/2020 31/03/2021	01/04/2019 31/03/2020	01/04/2018 31/03/2019	01/04/2017 31/03/2018
Adapt AIM Income Portfolio <sup>2</sup>	<b>61.8%</b>	<b>-16.9%</b>	<b>1.7%</b>	<b>12.3%</b>
FTSE AIM All-Share - Total Return <sup>3</sup>	<b>81.2%</b>	<b>-24.5%</b>	<b>-8.5%</b>	<b>10.5%</b>

**GROWTH INVESTOR**  
2020 | AWARDS

**WINNER**  
BEST BR  
INVESTMENT  
MANAGER (LISTED)

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## Performance since Launch



<span style="color: orange;">■</span>	Adapt AIM Income Portfolio
<span style="color: blue;">■</span>	FTSE AIM All-Share - Total Return <sup>3</sup>
<span style="color: black;">■</span>	FTSE All-Share - Total Return <sup>3</sup>

<sup>1</sup>15/07/2016

<sup>2</sup>Total returns and do not take into account fees. Calculated by FactSet.

<sup>3</sup>Source: FTSE Russell via FactSet.

<sup>4</sup>Calculated to quarter end, 31 March 2021.

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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## Blackfinch Adapt AIM Growth Portfolio

# Performance

## Q1 2021

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### Performance\*\*

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Calculated by FactSet

	Q1 2021	Since Portfolio Inception <sup>4</sup>
Adapt AIM Growth Portfolios	<b>6.3%</b>	<b>114.3%</b>
FTSE AIM All-Share Total Return <sup>5</sup>	<b>3.7%</b>	<b>80.6%</b>
<b>Annualised Volatility</b>	3 year	Since Portfolio Inception <sup>4</sup>
Standard Deviation	<b>16.0%</b>	<b>13.7%</b>
FTSE AIM All-Share Total Return Standard Deviation <sup>5</sup>	<b>17.1%</b>	<b>14.4%</b>
Sharpe Ratio	<b>0.64</b>	<b>1.22</b>
FTSE AIM All-Share - Total Return Sharpe Ratio <sup>5</sup>	<b>0.37</b>	<b>0.88</b>
<b>Forward P/E Ratio<sup>6</sup></b>	<b>23.4</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>0.9%*</b>

### Key Features

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Focus on delivering capital growth

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<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

While the UK has been in lockdown for the entirety of Q1, strong progress on the vaccine roll-out has allowed the Prime Minister to lay out a roadmap to ease restrictions, giving companies and consumers some degree of certainty. The potential for a robust economic recovery has also raised the spectre of global inflation, which has driven a strong period for more value-orientated stocks versus more highly-rated growth-focused companies. We would expect Q2 to be relatively quiet from a political perspective, so the macroeconomic outlook will continue to be dominated by COVID-19 and the strength of the economic recovery.

The portfolio had a resilient first quarter, with multiple bolt-on acquisition announcements made as portfolio companies began exploring ways to use their resources to fuel growth. We expect this to continue and remain confident of future growth prospects.

For Q1, the Growth portfolio performance was underpinned by positive gains from Eco Animal Health (+30.3%) and Mortgage Advice Bureau (+29.9%), while IQE (-20.1%) and Restore (-13.8%) detracted from performance.

After strong growth in 2020, IQE's full-year results announced that it expected H1 2021 to be flat year-on-year, due to a

slowdown in the 5G roll-out in China, compounded by a currency headwind due to the strength of sterling.

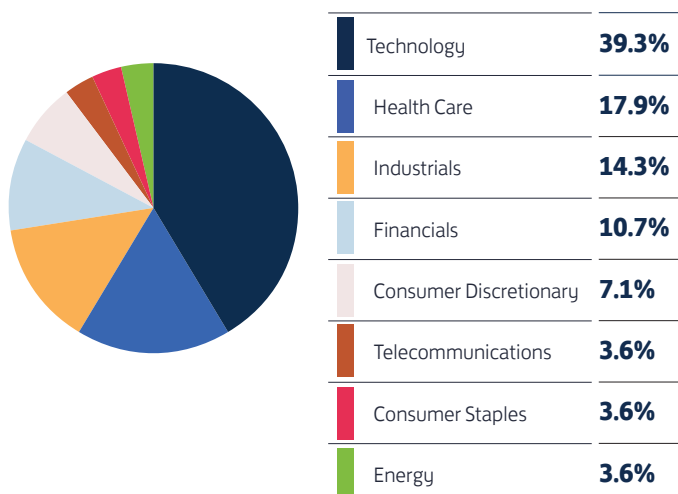
Restore gave up some of its strong share price performance from Q4. While cost-cutting procedures have been enacted, revenue for key divisions is still slightly below pre-pandemic levels. Recovery, albeit slow, is attributed to H2 activity approaching 90% of pre-pandemic levels by Q4. Over the year, it substantially reduced net debt from £88.5m to £66.1m.

Eco Animal Health continued to benefit from strong sales into the Chinese market, as domestic producers worked to rebuild the domestic pig herd after the impact of African Swine Fever. Management expects full-year revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) to be ahead of expectations and the previous year. The company noted continued demand in China (despite low revenue expectations for February), and strong performance in the US.

Mortgage Advice Bureau announced profits materially ahead of expectations, after a sharp recovery in written mortgage volumes in Q3 and Q4 of 2020. Gross profit edged ahead of 2019 performance, driven by the full year contribution of First Mortgage. Adviser numbers increased and the group also grew its market share in new mortgage lending.

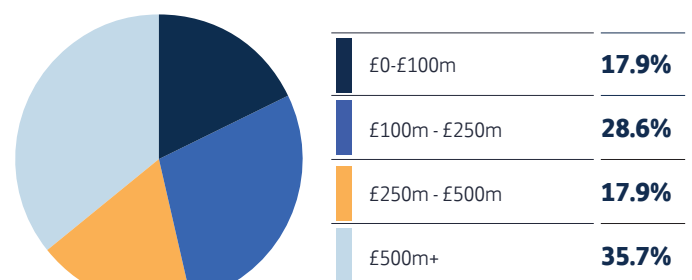
## Exposure by Industry<sup>1</sup>

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## Exposures by Market Capitalisation (£m)

The Growth Portfolio currently contains 28 equally weighted stocks with an average market capitalisation of £456.9 million.



<sup>1</sup>Source: FTSE Russell via FactSet

## Performance\*\*

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FTSE AIM All-Share - Total Return <sup>3</sup>	<b>3.7%</b>	<b>3.7%</b>	<b>33.5%</b>	<b>22.3%</b>	<b>80.6%</b>	<b>21.7%</b>	<b>13.3%</b>	<b>-17.1%</b>	<b>26.0%</b>

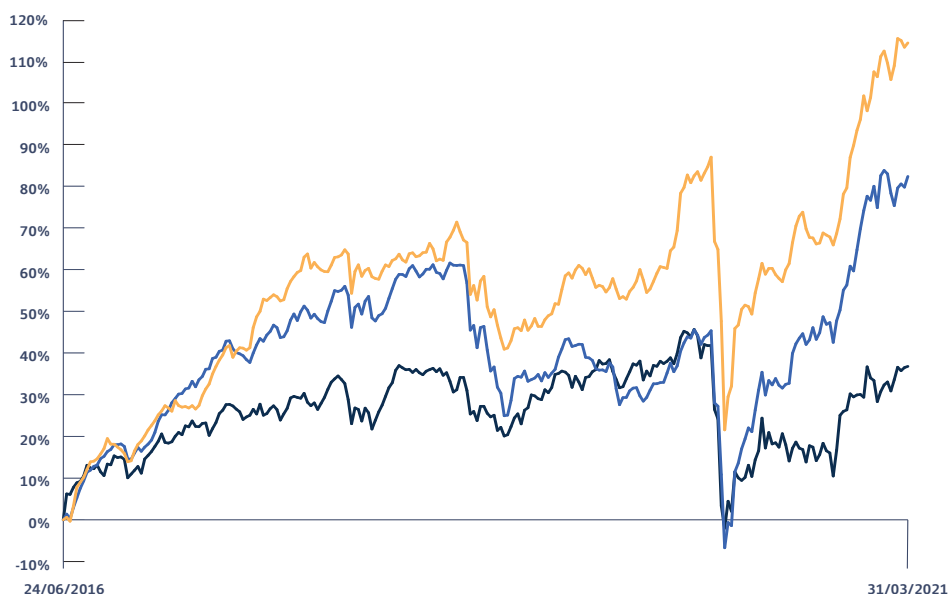
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	Adapt AIM Growth Portfolio <sup>2</sup>	<b>62.7%</b>	<b>-10.7%</b>	<b>-5.4%</b>
FTSE AIM All-Share - Total Return <sup>3</sup>	<b>81.2%</b>	<b>-24.5%</b>	<b>-8.5%</b>	<b>10.5%</b>

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