Blackfinch Adapt AIM Income Portfolio

Performance Q3 2021

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 2021	Since Portfolio Inception[4]
Adapt AIM Income Portfolio	**4.7%**	**113.1%**
FTSE AIM All-Share Total Return[5]	**-0.1%**	**83.0%**

Annualised Volatility	3 year	Since Portfolio Inception[4]
Standard Deviation	**16.8%**	**13.7%**
FTSE AIM All-Share Total Return Standard Deviation[5]	**17.4%**	**13.9%**
Sharpe Ratio	**0.75**	**1.10**
FTSE AIM All-Share - Total Return Sharpe Ratio[5]	**0.29**	**0.84**

Forward P/E Ratio[6]	**15.0**

About

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

Charges[1]

Initial Fee	**0%**
Management Fee	**1.5% + VAT**
Dividend Yield[2]	**2.4%***

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[3]

transact take control · ascentric · embark platform · FundsNetwork · 7IM · Platform One · Standard Life · Succession

[1] See rate card for full details of current fees
[2] Based on quarter end values and model portfolio weightings. Calculated by FactSet
[3] Fee structure may vary according to choice of platform
[4] 15/07/2016
[5] Source: FTSE Russell via FactSet.
[6] Forecast FY1 figure based on model portfolio weightings at quarter end. Calculated by FactSet.

Portfolio Commentary

After a sustained period of positive newsflow in the first half of the year, as economies reopened, momentum started to slow in Q3. Economic data grew weaker, first as large numbers of workers were forced to self-isolate, and then as supply chain challenges started to impede economic activity. From a corporate reporting perspective, H1 results were broadly in line with analyst expectations, rather than the 'beats' seen earlier in the year. The combination of supply chain dislocation, labour shortages and energy price increases resulted in an inflation outlook which is perhaps less transitory than initially hoped. In response, central banks appeared more hawkish. The government's job retention 'furlough' scheme wound up at the end of September, meaning labour shortages should ease, but we expect consumers and businesses to stay more cautious into Q4 until there is more certainty that supply chains will normalise, thereby reducing the associated inflationary pressure.

The portfolio performed resiliently in the quarter, with most holdings outperforming the FTSE AIM All-Share in terms of total return for Q3 2021. Pleasingly, we have seen dividends rise for multiple investee companies , improving the yield for the portfolio overall.

For the third quarter of 2021, the Income Portfolio performance was underpinned by positive gains from EMIS Group (+21.9%) and Personal Group (+18.5%), whilst iEnergizer (-9.0%) and Curtis Banks (-8.9%) detracted from performance.

iEnergizer was down during the period. Despite no newsflow during the quarter, it announced its results at the end of June, showing revenue and margin progression. It declined 9.0%, on a total return basis, over Q3 which we were comfortable with given the current market dynamics.

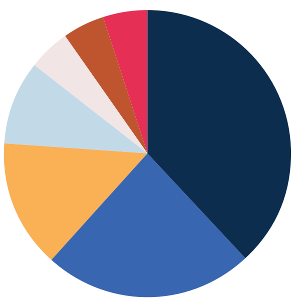
Curtis Banks announced its interim results, showing year-on-year earnings were flat, driven primarily by the company changing its charging structure to reduce its reliance on interest income. Self-Invested Personal Pension (SIPP) churn was also slightly elevated, partly because of catch-up after reduced activity during the pandemic.

EMIS performed well and announced that trading had been slightly ahead of expectations, followed by an interim report expressing confidence in full-year expectations and showing revenue, recurring revenue and margin improvement versus both 2020 and 2019. Encouraging growth was seen in the Enterprise division, with the 2020 acquisition of Pinnacle supporting the vaccination roll-out.

Personal Group continued its strong share price performance for the year, and announced it was trading in line with expectations and that corporate clients were keen to resume face-to-face meetings, the lack of which had hampered new insurance sales in 2020.

Exposure by Industry[1]

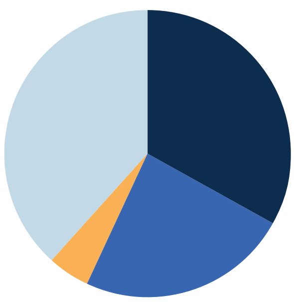
Percentage may not total 100% due to rounding



Industrials	**38.1%**
Financials	**23.8%**
Consumer Discretionary	**14.3%**
Health Care	**9.5%**
Telecommunications	**4.8%**
Real Estate	**4.8%**
Technology	**4.8%**

Exposures by Market Capitalisation (£m)

The Income Portfolio currently contains 21 equally weighted stocks with an average market capitalisation of £347.8 million.



£0-£100m	**33.3%**
£100m - £250m	**23.8%**
£250m - £500m	**4.8%**
£500m+	**38.1%**

[1]Source: FTSE Russell via FactSet

Performance**

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

	Calculated to Quarter End, 30 September 2021						Calendar Year			
	Quarter	YTD	2 Year	3 Year	5 Year	Since Inception[3]	2020	2019	2018	2017
Adapt AIM Income Portfolio[1]	**4.7%**	**31.5%**	**37.0%**	**44.8%**	**93.1%**	**113.1%**	**-9.0%**	**32.5%**	**-9.5%**	**29.2%**
FTSE AIM All-Share - Total Return[2]	**-0.1%**	**8.2%**	**45.2%**	**17.1%**	**61.2%**	**83.0%**	**21.7%**	**13.3%**	**-17.1%**	**26.0%**

Discrete Yearly Performance to Quarter End

	01/10/2020 30/09/2021	01/10/2019 30/09/2020	01/10/2018 30/09/2019	01/10/2017 30/09/2018	01/10/2016 30/09/2017
Adapt AIM Income Portfolio[1]	**49.6%**	**-8.4%**	**5.7%**	**0.1%**	**33.2%**
FTSE AIM All-Share - Total Return[2]	**30.8%**	**11.0%**	**-19.4%**	**10.8%**	**24.4%**

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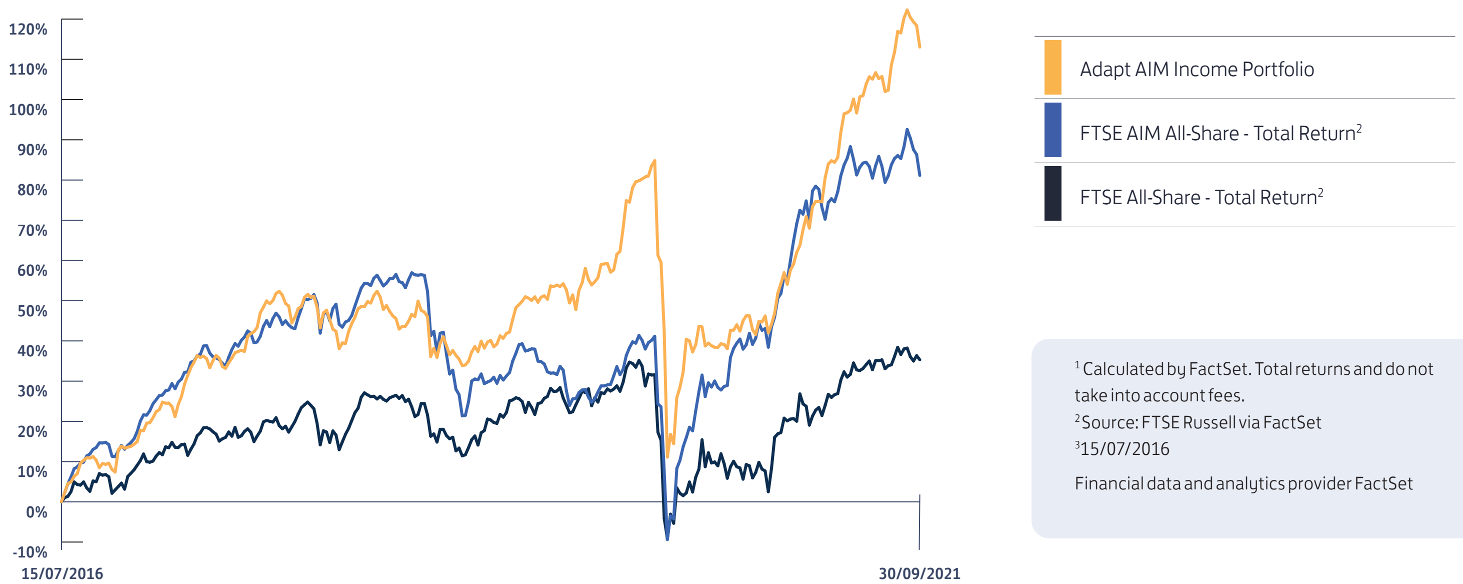
Performance since Launch



[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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*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.

Blackfinch Adapt AIM Growth Portfolio

Performance Q3 2021

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Performance**

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Calculated by FactSet

	Q3 2021	Since Portfolio Inception[4]
Adapt AIM Growth Portfolio	**2.8%**	**141.0%**
FTSE AIM All-Share Total Return[5]	**-0.1%**	**88.4%**

Annualised Volatility	3 year	Since Portfolio Inception[4]
Standard Deviation	**16.2%**	**13.4%**
FTSE AIM All-Share Total Return Standard Deviation[5]	**17.4%**	**14.1%**
Sharpe Ratio	**0.77**	**1.31**
FTSE AIM All-Share - Total Return Sharpe Ratio[5]	**0.29**	**0.87**

Forward P/E Ratio[6]	**23.5**

About

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

Charges[1]

Initial Fee	**0%**
Management Fee	**1.5% + VAT**
Dividend Yield[2]	**1.2%***

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
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[4] 24/06/2016
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Portfolio Commentary

After a sustained period of positive newsflow in the first half of the year, as economies reopened, momentum started to slow in Q3. Economic data grew weaker, first as large numbers of workers were forced to self-isolate, and then as supply chain challenges started to impede economic activity. From a corporate reporting perspective, H1 results were broadly in line with analyst expectations, rather than the 'beats' seen earlier in the year. The combination of supply chain dislocation, labour shortages and energy price increases resulted in an inflation outlook which is perhaps less transitory than initially hoped. In response, central banks appeared more hawkish. The government's job retention 'furlough' scheme wound up at the end of September, meaning labour shortages should ease, but we expect consumers and businesses to stay more cautious into Q4 until there is more certainty that supply chains will normalise, thereby reducing the associated inflationary pressure.

The portfolio performed well given the macro factors in the quarter. Whilst companies flagged supply chain and inflation risks, results on the whole met or exceeded expectations, with companies focused on internal improvements and organic growth.

For the third quarter of 2021, the Growth Portfolio performance was underpinned by positive gains from Restore (+26.5%) and Ideagen (+18.0%), whilst Iomart (-17.9%) and Eckoh (-11.4%) detracted from performance.

Iomart announced full-year results at the end of Q2, showing a small decrease in both revenue and margin, as its customers delayed IT expenditure due to COVID-19, with margin decreasing on a change in business mix.

Eckoh was also down during the period. Despite no newsflow during the quarter, the company announced final results in June showing strong growth in US secure payments. The board noted financial year 2022 is expected to be flat, given the impact of the pandemic on new business activity and transaction volumes, with financial year 2023 expected to return to growth.

Restore performed well, as the board rejected a possible offer for the company from Marlowe plc, which consequently boosted the share price. It also announced strong trading momentum, supporting the board's confidence in its full-year expectations, as well as a recruitment drive to further develop its digital capability.

Ideagen was also strong after it announced full-year results in July that showed recurring revenues had increased by 26% and improved margin. The company continued to see strong demand from both new and existing customers and made progress towards its outlined targets.

Exposure by Industry[1]

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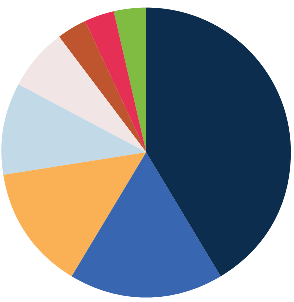
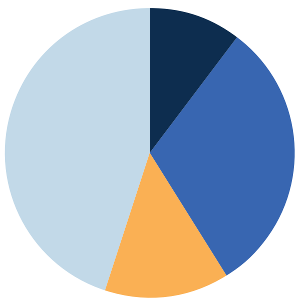


Technology	**36.7%**
Health Care	**20.0%**
Industrials	**16.7%**
Financials	**10.0%**
Consumer Discretionary	**6.7%**
Telecommunications	**3.3%**
Consumer Staples	**3.3%**
Energy	**3.3%**

Exposures by Market Capitalisation (£m)

The Growth Portfolio currently contains 30 equally weighted stocks with an average market capitalisation of £510.8 million.



£0-£100m	**6.7%**
£100m - £250m	**36.6%**
£250m - £500m	**10.0%**
£500m+	**46.7%**

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Adapt AIM Growth Portfolio[1]	**2.8%**	**19.5%**	**51.2%**	**44.2%**	**104.0%**	**141.0%**	**10.9%**	**28.5%**	**-12.2%**	**30.1%**
FTSE AIM All-Share - Total Return[2]	**-0.1%**	**8.2%**	**45.2%**	**17.1%**	**61.2%**	**88.4%**	**21.7%**	**13.3%**	**-17.1%**	**26.0%**

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Adapt AIM Growth Portfolio[1]	**44.5%**	**4.6%**	**-4.6%**	**7.5%**	**31.5%**
FTSE AIM All-Share - Total Return[2]	**30.8%**	**11.0%**	**-19.4%**	**10.8%**	**24.4%**

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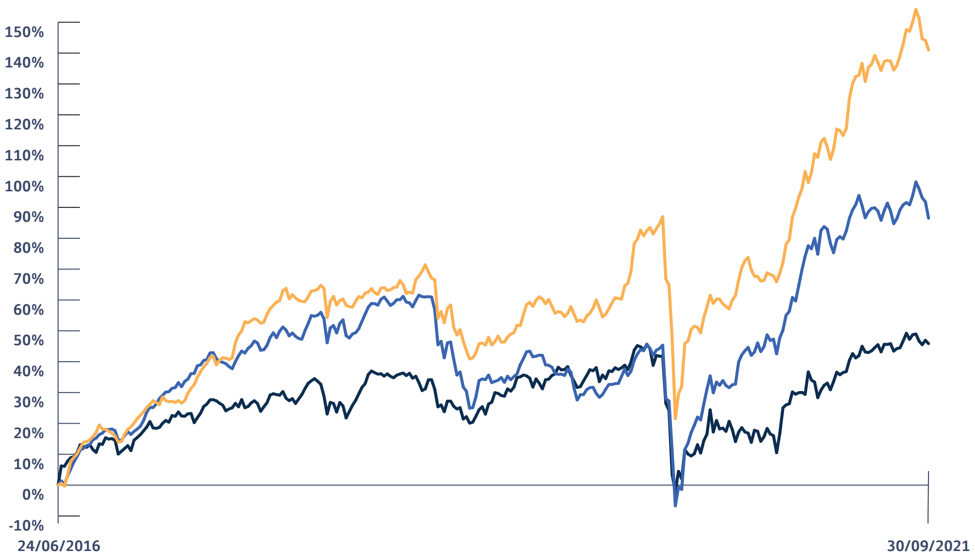

Adapt AIM Growth Portfolio

FTSE AIM All-Share - Total Return[2]

FTSE All-Share - Total Return[2]

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