

Blackfinch Adapt AIM Growth Portfolio

Performance

Q4 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

	Q4 2022	Since Portfolio Inception ⁴
Adapt AIM Growth Portfolio	5.1%	93.6%
FTSE AIM All-Share Total Return ⁵	3.6%	28.1%
Annualised Volatility	3 year	Since Portfolio Inception ⁴
Standard Deviation	17.1%	13.4%
FTSE AIM All-Share Total Return Standard Deviation ⁵	18.5%	14.2%
Sharpe Ratio	0.07	0.73
FTSE AIM All-Share - Total Return Sharpe Ratio ⁵	-0.24	0.22
Forward P/E Ratio⁶	15.3	

About

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

Charges¹

Initial Fee	0%
Management Fee	1.5% + VAT
Dividend Yield ²	2.1%*

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

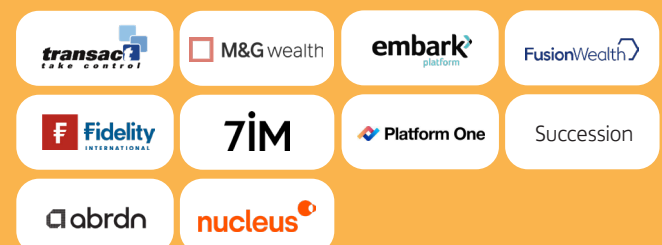
Access to the experienced and acclaimed fund management team at Chelverton

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: FTSE Russell via FactSet.

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

Portfolio Commentary

October saw investment markets improve from their September lows, primarily on the basis that much of the negative outlook was priced in. The UK market was also aided by a change of Prime Minister, prompting a return to more orthodox economics (driving a stronger sterling and a normalisation of gilt markets). In November, there were also signs that inflation had peaked and US consumer price index (CPI) data was below expectations, which prompted a relief rally. From a monetary perspective, the major central banks continued to push up interest rates, but the pace of increases slowed as the year ended. In Europe, a milder than normal winter helped gas prices fall back to levels seen before Russia's invasion of Ukraine, which helped to lessen inflation and was also helpful from a fiscal perspective, reducing the cost of government energy support schemes. As we enter 2023, inflation continues to run high. The main focus of central banks, particularly the US Federal Reserve, will be on tight labour markets and wage inflation. Domestic sentiment remains broadly negative, but on an improving trend. Market movements in the first half of 2023 are likely to be dominated by the path of monetary policy as inflation eases, the scale of recession seen in the UK and Europe, and how well company forecasts have been set against this backdrop.

The portfolio performed strongly in the quarter, outperforming the FTSE AIM All-Share on a total return basis. We continue to see investee companies make strategic bolt-on acquisitions, which we believe will enable continued growth into the medium term.

For the fourth quarter of 2022, the Growth Portfolio performance was

underpinned by positive gains from Appreciate Group (+54.9%) and IQE (+46.0%), whilst GB Group (-48.3%) and Inspired (-38.4%) detracted from performance.

GB Group, the global identity verification and fraud prevention specialist, was down in the period. As highlighted in last quarter's commentary, there was a potential private equity bidder for GB Group which announced in early October that it did not intend to make an offer. Additionally, in its H1 trading update, GB Group announced it expected full-year trading to be in-line with expectations, but that this was driven by foreign exchange benefits. The underlying performance of the company showed low growth, with its Identity segment shrinking against exceptional cryptocurrency revenues in the previous year.

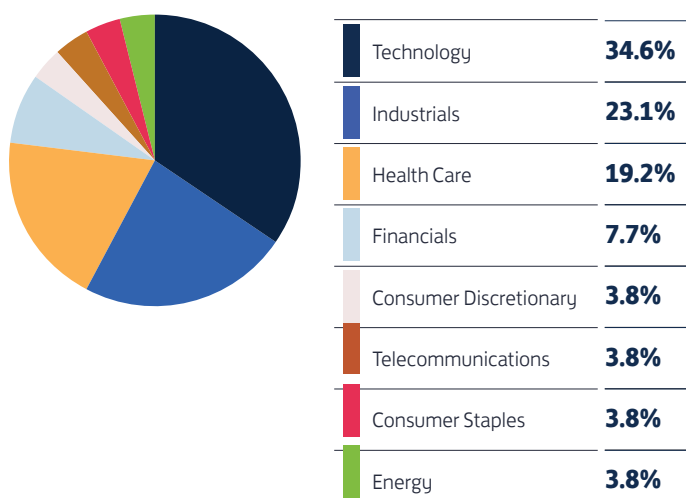
Inspired, the commercial energy and sustainability advisor, also declined in the period. The company made no announcements in the period, but was affected by negative investor sentiment towards the volatile energy market.

Appreciate, the gifting and corporate engagement company, performed well in Q4. The company announced it had accepted an acquisition offer from Paypoint, for a combination of cash and shares. At the announcement of the deal, this represented a value of 44p per share, a 69% premium to Appreciate's share price on the day before the announcement.

IQE, the advanced wafer product and material solution supplier, was also strong. The company announced a series of partnerships and supply agreements during the quarter, as well as unveiling new growth targets at a capital markets day.

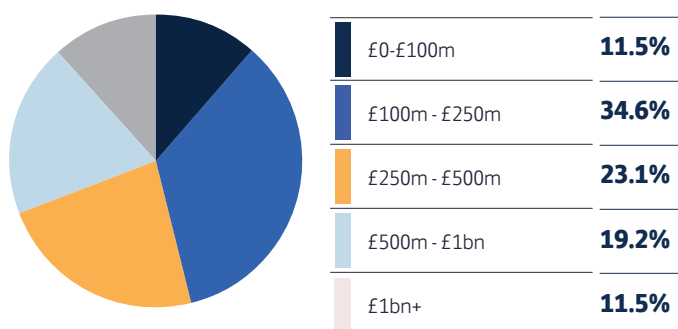
Buy List Changes: Two investee companies experienced takeover approaches in the quarter, and were subsequently removed from the buy list. Curtis Banks announced in November it was in discussion around a possible takeover, and consequently received an all-cash bid from Nucleus Financial Platforms in January 2023, for a price of 350p per share, representing a 32.1% premium over the pre-offer price. Appreciate, covered above, was the other company subject to an approach. We expect to add to the buy list early in 2023.

Exposure by Industry^{1,2}



Exposures by Market Capitalisation (£m)¹

The Growth Portfolio currently contains 26 equally weighted stocks with an average market capitalisation of £404.7 million.



¹ Percentage may not total 100% due to rounding

² Source: FTSE Russell via FactSet

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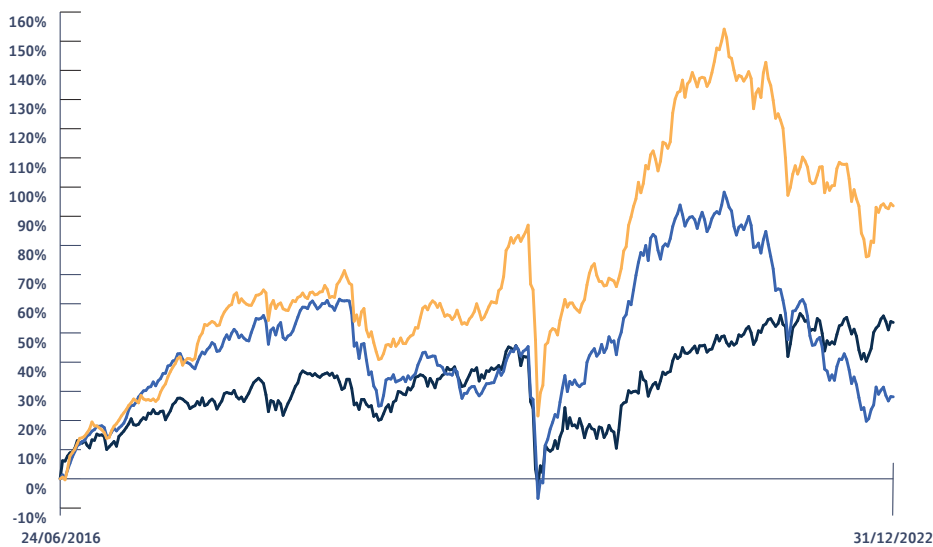
	Quarter	YTD	2 Year	3 Year	5 Year	Since Inception ³	Calendar Year				
							2022	2021	2020	2019	2018
Adapt AIM Growth Portfolio ¹	5.1%	-20.3%	-4.0%	6.5%	20.2%	93.6%	-20.3%	20.4%	10.9%	28.5%	-12.2%
FTSE AIM All-Share - Total Return ²	3.6%	-30.7%	-26.4%	-10.4%	-15.9%	28.1%	-30.7%	6.1%	21.7%	13.3%	-17.1%

Discrete Yearly Performance to Quarter End

	01/01/2022 31/12/2022	01/01/2021 31/12/2021	01/01/2020 31/12/2020	01/01/2019 31/12/2019	01/01/2018 31/12/2018
Adapt AIM Growth Portfolio ¹	-20.3%	20.4%	10.9%	28.5%	-12.2%
FTSE AIM All-Share - Total Return ²	-30.7%	6.1%	21.7%	13.3%	-17.1%

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
█	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 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.

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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.