

Blackfinch Adapt AIM Income Portfolio

Performance

Q1 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

	Q1 2022	Since Portfolio Inception ⁴
Adapt AIM Income Portfolio	-5.0%	108.4%
FTSE AIM All-Share Total Return ⁵	-14.2%	54.1%
Annualised Volatility	3 year	Since Portfolio Inception ⁴
Standard Deviation	17.4%	13.8%
FTSE AIM All-Share Total Return Standard Deviation ⁵	17.6%	14.2%
Sharpe Ratio	0.76	0.95
FTSE AIM All-Share - Total Return Sharpe Ratio ⁵	0.29	0.51
Forward P/E Ratio⁶	11.8	

About

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

Charges¹

Initial Fee	0%
Management Fee	1.5% + VAT
Dividend Yield ²	2.7%*

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

Inflation remained elevated throughout the first quarter of 2022, pushing markets to expect quicker and more severe monetary tightening from central banks. This tightening was confirmed as the quarter progressed, with a knock-on impact on equity valuations. The war in Ukraine added to inflationary pressure, given both Ukraine and Russia's importance to certain commodity markets. The invasion drove huge market volatility, but this subsided as Russian progress stalled, reducing fears that the war could escalate beyond Ukrainian borders.

Domestically, the primary concern was whether inflationary pressures would seriously erode consumer confidence into Q2, overtaking the mitigating factors of high levels of employment and savings, which had supported consumer sentiment throughout the pandemic. From a corporate perspective, management teams have worked hard to keep on top of difficult supply chains and manage inflation with price adjustments, which should benefit our portfolios given their focus on companies with pricing power.

The portfolio performed resiliently in the quarter, against the backdrop of the FTSE AIM All-Share declining by double digits. Dividends have been unaffected by the Ukraine conflict, helping to support the portfolio through the increased volatility, along with the balance sheet strength of investee companies.

For the first quarter of 2022, the Income Portfolio performance was underpinned by positive gains from Caretech (+22.1%) and

iEnergizer (+20.4%), whilst Strix Group (-33.4%) and Mortgage Advice Bureau (-21.4%) detracted from performance.

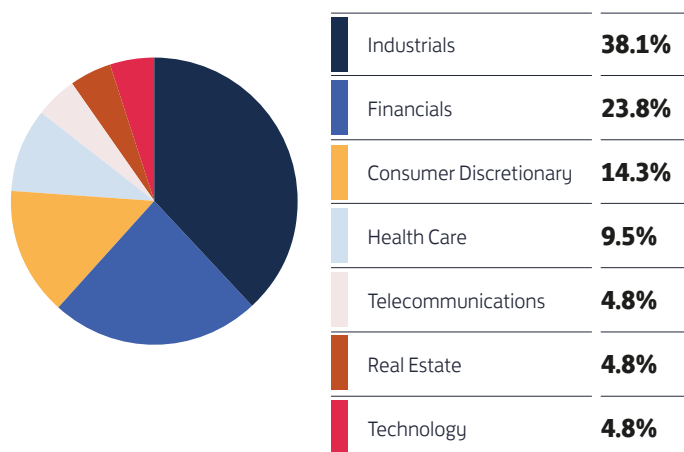
Strix Group announced full-year results in line with market expectations, but flagged several ongoing headwinds around commodity prices, freight cost inflation and supply chain issues, alongside a small portion of revenue related to Russia.

Mortgage Advice Bureau was also down for the quarter. The company's shares sold off after a strong Q4, and it then raised funds through a new share placing – at a small discount – to make the earnings-enhancing acquisition of The Fluent Money Group, which should help accelerate its move into national lead generation.

Caretech was the standout performer of the quarter. In March, it announced that the family office of the Group CEO and Group Executive Chairman were in the early stages of forming a consortium to make an offer for the company. The proposed bid from the consortium was confirmed after the end of the quarter, although it was also announced that a private equity group had made a counterbid proposal.

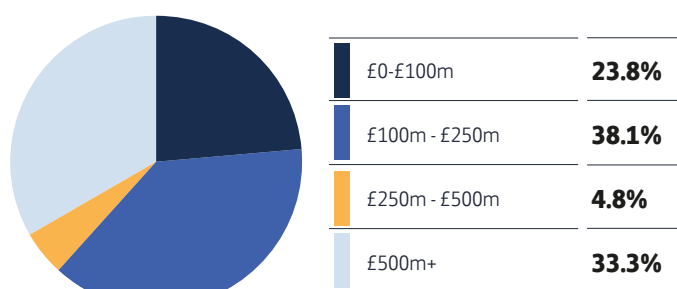
iEnergizer was also strong, after posting a positive trading update in February, with growth across all verticals, and several contract wins leading to forecast upgrades.

Exposure by Industry^{1,2}



Exposures by Market Capitalisation (£m)¹

The Income Portfolio currently contains 21 equally weighted stocks with an average market capitalisation of £338.6 million.



¹Percentage may not total 100% due to rounding

²Source: FTSE Russell via FactSet

Performance**

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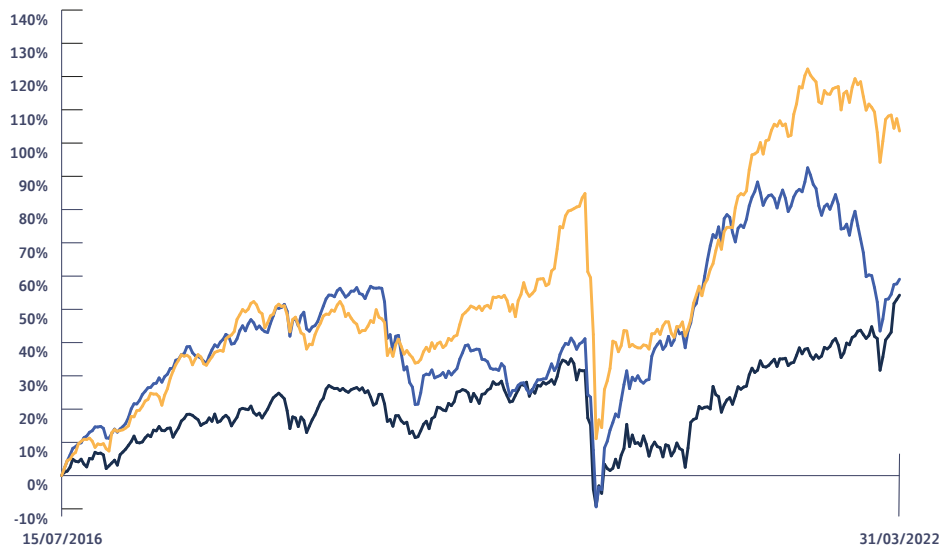
	Quarter	YTD	2 Year	3 Year	5 Year	Since Inception ³	Calendar Year				
							2021	2020	2019	2018	2017
Adapt AIM Income Portfolio ¹	-5.0%	-5.0%	77.1%	46.9%	67.8%	108.4%	35.4%	-9.0%	32.5%	-9.5%	29.2%
FTSE AIM All-Share - Total Return ²	-14.2%	-14.2%	55.4%	17.4%	18.8%	54.1%	6.1%	21.7%	13.3%	-17.1%	26.0%

Discrete Yearly Performance to Quarter End

	01/04/2021 31/03/2022	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 ¹	12.3%	57.7%	-17.0%	1.7%	12.3%
FTSE AIM All-Share - Total Return ²	-12.1%	76.9%	-24.5%	-8.5%	10.5%

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.

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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.