

## Blackfinch Adapt AIM Growth Portfolio

# Performance Q1 2024


**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. Chelverton act as Investment Advisers to Blackfinch and assist with stock selection, due diligence and portfolio construction.

## Performance\*\*

Average total return, net of all fees but excluding adviser charges, for clients invested directly with Blackfinch. Figures are for illustrative purposes only.

	Q1 2024	Since Portfolio Inception <sup>4</sup>
Average Adapt AIM Growth Portfolio	<b>-4.7%</b>	<b>2.3%</b>
Deutsche Numis Alternative Markets Total Return <sup>5</sup>	<b>-2.2%</b>	<b>-3.1%</b>

## Annualised Volatility

Calculated by FactSet

	3 year	Since Portfolio Inception <sup>4</sup>
Standard Deviation <sup>6</sup>	<b>12.0%</b>	<b>13.3%</b>
Deutsche Numis Alternative Markets Total Return Standard Deviation <sup>5</sup>	<b>11.6%</b>	<b>13.1%</b>

<b>Forward P/E Ratio<sup>7</sup></b>	<b>13.9</b>
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## About

Launch Date	<b>June 2016</b>
Product Type	<b>Discretionary</b>
Minimum Investment	<b>£15,000</b>

## Portfolio Information<sup>1</sup>

Initial Fee	<b>0%</b>
Management Fee	<b>1.5%</b>
Dividend Yield <sup>2</sup>	<b>2.0%*</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 delivering capital growth

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

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



<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>31/12/2016

<sup>5</sup>Source: Deutsche Numis via FactSet

<sup>6</sup>Based on model portfolio weightings for the respective period. Calculated by FactSet.

<sup>7</sup>Forecast FY1 figure based on model portfolio weightings at quarter end. Calculated by FactSet.

## Portfolio Commentary

After 2023 ended with a strong Q4, the UK market paused for breath at the start of Q1 2024 as, globally, expectations of the speed and size of interest rate cuts were scaled back. Helpfully, for equity markets, while central bankers cautioned against cutting rates too quickly, talk of further tightening largely disappeared from their narrative. In the UK, inflation data published in January increased unexpectedly, but continued its path down in the February data readout, with markets pricing in the first rate cut in the summer. Additionally, although the UK entered a shallow technical recession in Q4 2023, economists suggested the UK had already returned to growth in Q1 2024. The quarter saw the Spring Budget pass with minimal fanfare, with the state of public finances affording the Chancellor little room for manoeuvre. March is also a key reporting period for the companies in which we invest, and we broadly saw companies trade in-line with analyst forecasts while setting conservative expectations for the year ahead. This may present the opportunity for valuations to increase if the UK economy performs ahead of expectations.

The portfolio gave back some of the gains experienced in the fourth quarter, declining slightly more than the wider market. We continue to believe the actions many investee companies are taking, including making bolt-on acquisitions and deploying capital into areas of growth, should yield positive outcomes. We also expect companies with higher leverage to continue to work hard to reduce their debt levels, which in our view should help to unlock value.

For the first quarter of 2024, the Growth Portfolio performance was underpinned by positive gains from Nexteq (+57.8%) and Craneware

(+26.5%), whilst Focusrite (-43.2%) and CVS (-42.1%) detracted from performance.

Focusrite, the music and audio products group, was down in the period. The company issued a profit warning in March, underlining the continued struggles of the global content creation market, with particular weakness in the Asia-Pacific region. This was compounded by ongoing destocking and a delayed new product launch, driving a material earnings downgrade.

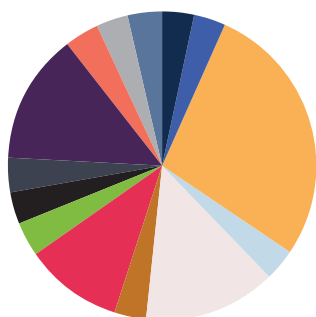
Veterinary service company CVS also declined in the period, on news that the Competition Market Authority intended to launch a formal market review after reviewing pricing transparency and levels of competition in the veterinary market. Given the unknown potential impact of the review on the company's profitability, the news placed downward pressure on the CVS share price.

Nexteq, the technology provider for the gaming market, performed well in Q1. The company announced full-year results which were ahead of expectations, with strong progress seen in gross margin as it focused on higher quality revenues, and it saw the COVID-19 impact on supply chains ease. Progress was also made in manufacturing, with the first mass manufacturing run completed in the Malaysian factory in Q4 2023.

Craneware, a leading value cycle software solution provider to the US healthcare industry, was also strong. The company announced in line interim results, with 8% revenue growth, a strong early contribution from its partner programme, and a strengthening market backdrop.

**Buy List Changes:** No changes were made in the quarter.

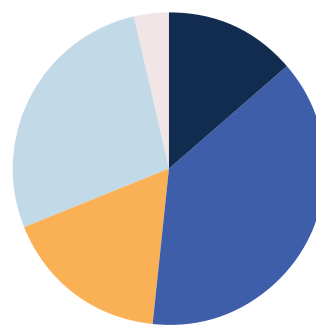
### Exposure by Sector<sup>1,2</sup>



Banking	3.4%
Biopharmaceuticals	3.4%
Business Services	27.6%
Food and Tobacco Production	3.4%
Hardware	13.8%
Healthcare Equipment	3.4%
Healthcare Services	10.3%
Industrial Manufacturing	3.4%
Industrial Services	3.4%
Real Estate	3.4%
Software and Consulting	13.8%
Telecommunications	3.4%
Hospitality Services	3.4%
Electronic Components & Manufacturing	3.4%

### Exposures by Underlying Company Size (£m)<sup>1</sup>

The Growth Portfolio currently contains 29 equally weighted stocks with an average market capitalisation of £359.6 million.



£0-£100m	13.8%
£100m - £250m	37.9%
£250m - £500m	17.2%
£500m - £1bn	27.6%
£1bn+	3.4%

<sup>1</sup>Percentage may not total 100% due to rounding  
<sup>2</sup>Source: FactSet

## Performance\*\*

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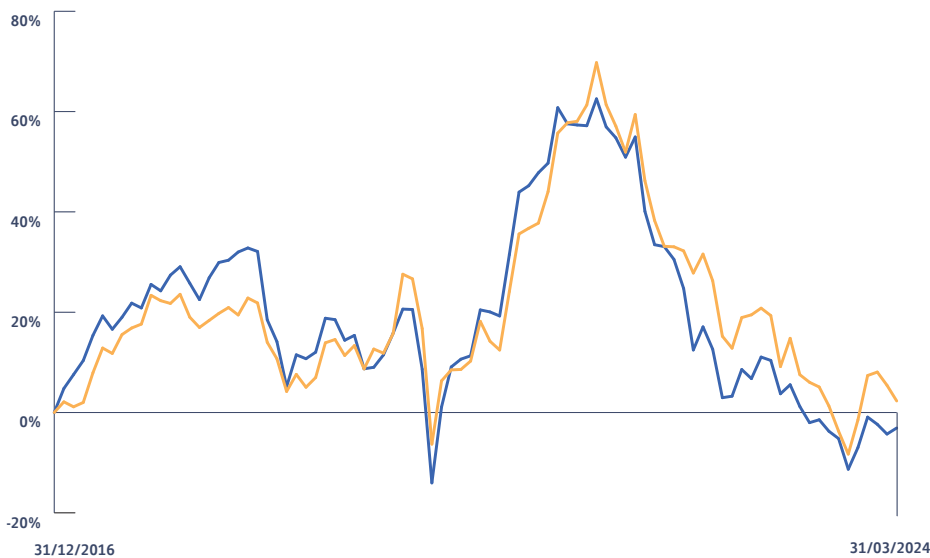
	Calendar Year										
	Quarter	YTD	2 Year	3 Year	5 Year	Since Inception <sup>3</sup>	2023	2022	2021	2020	2019
Average Adapt AIM Growth Portfolio <sup>1</sup>	<b>-4.7%</b>	<b>-4.7%</b>	<b>-23.2%</b>	<b>-29.0%</b>	<b>-4.4%</b>	<b>2.3%</b>	<b>-10.1%</b>	<b>-25.0%</b>	<b>17.6%</b>	<b>6.3%</b>	<b>22.4%</b>
Deutsche Numis Alternative Markets - Total Return <sup>2</sup>	<b>-2.2%</b>	<b>-2.2%</b>	<b>-27.2%</b>	<b>-35.3%</b>	<b>-13.5%</b>	<b>-3.1%</b>	<b>-7.2%</b>	<b>-31.1%</b>	<b>7.6%</b>	<b>19.3%</b>	<b>14.7%</b>

### Discrete Yearly Performance to Quarter End

	01/04/2023 31/03/2024	01/04/2022 31/03/2023	01/04/2021 31/03/2022	01/04/2020 31/03/2021	01/04/2019 31/03/2020
Average Adapt AIM Growth Portfolio <sup>1</sup>	<b>-6.3%</b>	<b>-18.0%</b>	<b>-7.6%</b>	<b>53.7%</b>	<b>-12.4%</b>
Deutsche Numis Alternative Markets - Total Return <sup>2</sup>	<b>-6.6%</b>	<b>-22.0%</b>	<b>-11.1%</b>	<b>74.2%</b>	<b>-23.3%</b>

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

### Performance since Launch



<span style="color: orange;">■</span>	Average Adapt AIM Growth Portfolio <sup>1</sup>
<span style="color: blue;">■</span>	Deutsche Numis Alternative Markets - Total Return <sup>2</sup>

<sup>1</sup>Average total return, net of all fees but excluding adviser charges, for clients invested directly with Blackfinch.

<sup>2</sup>Source: Deutsche Numis via FactSet

<sup>3</sup>31/12/2016

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 model portfolio weightings and valuation.

\*\*Total return performance is calculated using the time-weighted rate-of-return method taking into account all cash flows and fees, including trading expenses, management fees, custodial and account fees, but excluding the effect of adviser charges. The overall return is calculated by taking the geometric average of investors' portfolio returns each month. Individual client performance is only included if the client is invested directly with Blackfinch for a full calendar month.

FactSet calculate returns by compounding daily returns.

Data and analytics provided by FactSet except where otherwise stated.

Fees will be taken from the value of your investment.