BLACKFINCH INVESTMENTS

CHELVERTON ASSET MANAGEMENT

Blackfinch Adapt AIM Income 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.

About

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

Portfolio Information[1]

Initial Fee	**0%**
Management Fee	**1.5%**
Dividend Yield[2]	**4.3%***

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

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[4]
Average Adapt AIM Income Portfolio	**-1.0%**	**29.8%**
Deutsche Numis Alternative Markets Total Return[5]	**-2.2%**	**3.3%**

Annualised Volatility

Calculated by FactSet

	3 year	Since Portfolio Inception[4]
Standard Deviation[6]	**11.3%**	**13.1%**
Deutsche Numis Alternative Markets Total Return Standard Deviation	**11.6%**	**12.9%**
Forward P/E Ratio[7]	**12.2**	

Available Platforms[3]

transact, M&G wealth, Scottish Widows, FusionWealth, Fidelity International, 7IM, Platform One, Succession, abrdn, nucleus, Morningstar

[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]31/08/2016
[5]Source: Deutsche Numis via FactSet
[6]Based on model portfolio weightings for the respective period. Calculated by FactSet.
[7]Forecast FY1 figure based on model portfolio weightings at quarter end. Calculated by FactSet.

Tax reliefs are dependent on individual circumstances and are subject to change.
Past performance cannot be taken as a guarantee of future performance. Please read the disclaimer on page 3 of this factsheet.

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 performed resiliently in the first quarter, outperforming the wider market. We continue to see investee companies navigate the increased interest rate environment, supported by internal cost and productivity efficiencies and price adjustments. Company balance sheets remain strong, with the majority in a net cash position.

For the first quarter of 2024, the Income Portfolio performance was underpinned by positive gains from Kitwave (+45.5%) and Hargreaves Services (+24.2%), whilst Watkin Jones (-30.2%) and RWS (-22.1%) detracted from performance.

Watkin Jones, which specialises in build-to-rent and student housing, was down in the period. The company released full-year results in line with expectations, albeit those expectations had been revised significantly down given cost inflation and volatility in the real estate funding market. The company's corporate broker retained forecasts to September 2024 but revised down its September 2025 estimates, now assuming a slower recovery in Watkin Jones's end markets.

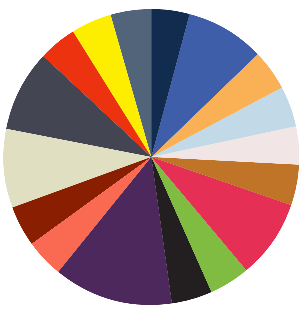
RWS, which provides tech-enabled translation and intellectual property services, also declined in the period, despite an in line annual general meeting (AGM) trading update.

Kitwave, the wholesale delivery business, performed well in Q1, after it announced full-year results in line with expectations. The company grew its revenues by 20% (13% on an organic basis) and saw adjusted operating margins move up from 4.3% to 5.3%. Kitwave continues to make acquisitions to expand its customer base and service offering, with the most recent being Total Foodservice Solutions, a food wholesaler in the North of England.

Hargreaves Services, the diversified industrial service provider, was also strong. The company announced interim results in line with expectations, with softness in its German HRMS business offset by strength in services. The release of working capital from HRMS, combined with progress made towards buying out the company's defined benefit pension scheme, allowed Hargreaves Services to announce its intention to increase its full-year dividend by 70%.

Buy List Changes: Belvoir, the UK based franchised estate and lettings business, completed the previously announced merger with The Property Franchise Group. Following this, we replaced Belvoir with The Property Franchise Group in the buy list.

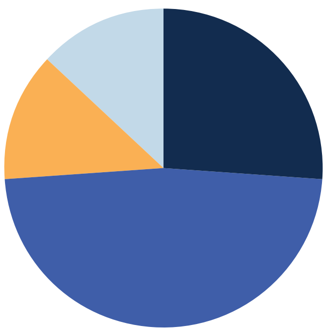
Exposure by Sector[1,2]



Banking	4.3%
Business Services	8.7%
Consumer Retail	4.3%
Downstream and Midstream Energy	4.3%
Food and Staples Retail	4.3%
Food and Tobacco Production	4.3%
Hardware	8.7%
Household Products	4.3%
Industrial Manufacturing	4.3%
Industrial Services	13.0%
Mining and Mineral Products	4.3%
Miscellaneous Retail	4.3%
Real Estate	8.7%
Software and Consulting	8.7%
Telecommunications	4.3%
Household Services	4.3%
Healthcare Services	4.3%

Exposures by Underlying Company Size (£m)[1]

The Income Portfolio currently contains 23 equally weighted stocks with an average market capitalisation of £217.3 million.



£0-£100m	26.1%
£100m - £250m	47.8%
£250m - £500m	13.0%
£500m - £1bn	13.0%

[1] Percentage may not total 100% due to rounding
[2] Source: FactSet

Performance**

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

							Calendar Year				
	Quarter	YTD	2 Year	3 Year	5 Year	Since Inception[3]	2023	2022	2021	2020	2019
Average Adapt AIM Income Portfolio[1]	**-1.0%**	**-1.0%**	**-16.2%**	**-8.1%**	**9.6%**	**29.8%**	**-1.7%**	**-19.4%**	**32.5%**	**-12.0%**	**24.7%**
Deutsche Numis Alternative Markets - Total Return[2]	**-2.2%**	**-2.2%**	**-27.2%**	**-35.3%**	**-13.5%**	**3.3%**	**-7.2%**	**-31.1%**	**7.6%**	**19.3%**	**14.7%**

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 Income Portfolio[1]	**-1.4%**	**-15.0%**	**9.6%**	**50.7%**	**-20.9%**
Deutsche Numis Alternative Markets - Total Return[2]	**-6.6%**	**-22.0%**	**-11.1%**	**74.2%**	**-23.3%**

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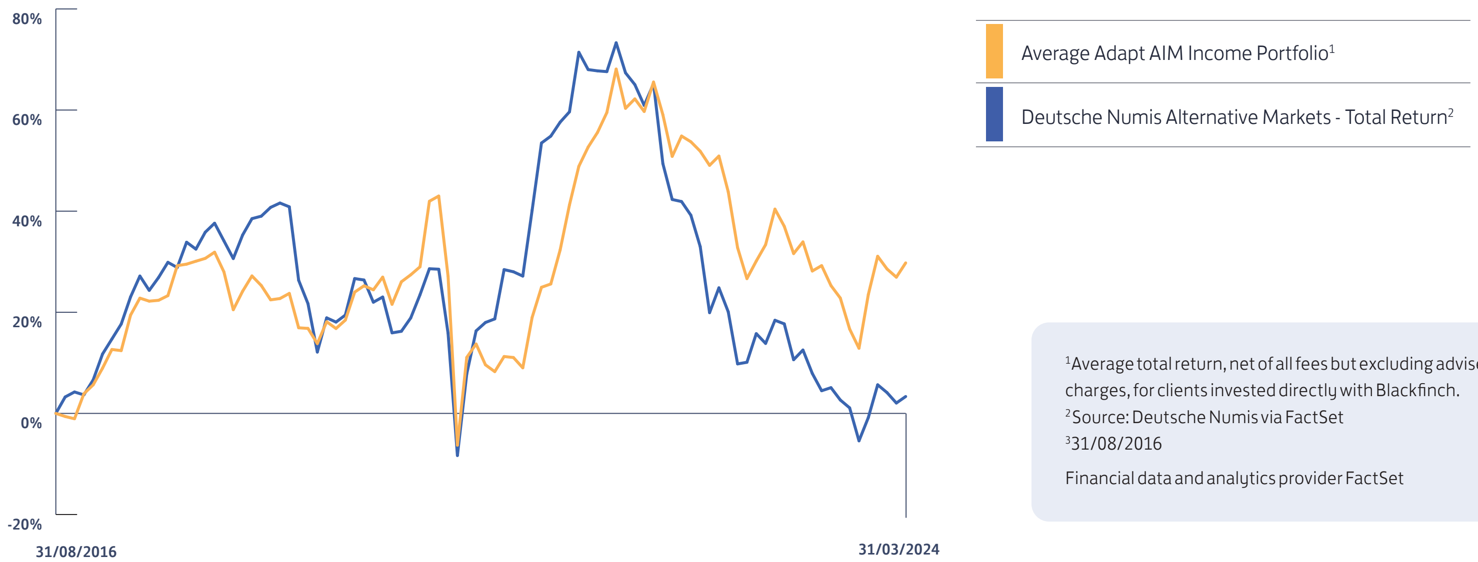
Performance since Launch



[1]Average total return, net of all fees but excluding adviser charges, for clients invested directly with Blackfinch.
[2]Source: Deutsche Numis via FactSet
[3]31/08/2016

Financial data and analytics provider FactSet

IMPORTANT INFORMATION

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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.