



ALBERT E SHARP

INVESTMENT MANAGEMENT & STOCKBROKING

AIM INHERITANCE TAX PORTFOLIO COMMENTARY

Q1 2023

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Manager's Commentary

During the first quarter ended 31st March the FTSE 100 rose 2.2% to 7620.43, the FTSE All Share fell 9.02% and the FTSE AIM All Share declined by 3.06%.

In line with most economists, we expect a mild recession in the UK this year at worst or minimal growth at best. The most recent composite UK Purchasing Managers Index (PMI) data was a positive surprise at 53 where anything over 50 signals expansion. We believe inflation has peaked in the UK and while we expect it to remain elevated, we do foresee a decline from the current 10.1% during the year.

After 11 increases since December 2021, interest rates at 4.25% have normalised and are much closer to their peak, though further rises are expected. Market expectations are for a first cut of 25bp in the second half this year but that may be premature. Consumer confidence remains weak – industrial action, utility bills and house price declines are all contributing – but has improved this February.

In a lower growth environment dividend income is likely to comprise a greater proportion of future total returns. The dangerous 'get rich quick' era of recent years which placed crypto currencies, NASDAQ stocks and profitless technology issues in the ascendancy is over. Investors will need to return to traditional investment practices such as slow, steady compounding and the certainty of access to their money.

News coming from the companies we are invested in has been mixed, with many

companies weathering the economic storm and some even thriving. Even when companies have met or even beaten expectations it has done little to help their share price; now there is little appetite for stocks in the AIM world, though this may change as we get further into the year. One of our more speculative companies Destiny Pharma announced a farm in partnership deal for their M3 novel drug, which reduces risk of patients getting the life-threatening infections of C-difficile.

Their partner U.S. based Sebela Pharma will pay for all the clinical stage 3 trial cost, in the region of \$60million.

We had meetings with Shoe Zone, Portmeirion, Accrol, Kromek, Alumasc, CenralNic and Fonix Mobile. We participated in two fund raises with Destiny Pharma and U.K. fashion retailer Sosandar plc.



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Performance Update

	Stock	Quarterly Total Return (TR)
Top Performers	Genincode Plc	+119%
	Aurrigo International Plc	+94%
	Marlowe Plc	+23%
Bottom Performers	Advanced Oncotherapy Plc	-80%
	Destiny Pharma Plc	-48%
	Oncimmune Holdings Plc	-35%

AIM All Share Index Quarterly TR: -2.38%

Please note not all companies in this index qualify for inclusion in Inheritance Tax portfolios

Genincode Plc: Oxford-based Genincode got 2023 off to a flyer thanks to the announcement of their licence approval in California and the certification of their Irvina laboratory, also in The Golden State. The predictive genetics company focused on the prevention of cardiovascular disease is now able to provide products to patients across 49 states in the US.

Aurrigo International Plc: A positive trading update including team growth, government grants and upbeat financials was quickly followed by a partnership announcement with Singapore's Changi Airport Group to develop and test their autonomous vehicles, as the stock continues its strong run.

Marlowe Plc: Strong numbers were reported for the year by services & software provider Marlowe, which lifted shares towards the end of the quarter.

Advanced Oncotherapy Plc: The manufacturer of next-gen proton therapy systems for cancer saw projects costs getting away from them in the quarter & has since announced a strategic review.

Destiny Pharma Plc: Clinical stage biotech company announced a fundraise at 35p, well below market price, which drove prices down towards this lower level, and unfortunately beyond.

Oncimmune Holdings Plc: Recent results from the immunodiagnostics group disappointed the market this quarter as revenues were fairly flat and losses grew vs 2021.

What is the AIM Inheritance Tax Portfolio Service?

Business Property Relief is a tax relief available to investors in unlisted companies in the UK, which grants the investor an exemption from Inheritance Tax (currently 40% above the nil rate bands) if certain criteria are met. Companies quoted on the London Stock Exchange's Alternative Investment Market (AIM) are considered as unlisted, so many of them qualify for this tax relief. AIM was historically considered primarily for young businesses, but now boasts companies as large c.£3bn in size.

This service offers investors the ability to reduce their Inheritance Tax burden as well as giving them access to some unique investment opportunities. The nature of the tax relief means that each portfolio requires careful and bespoke construction for each client, as well as a high degree of ongoing management, so while this document attempts to speak to the service in general, there is no guarantee a given portfolio will contain any of the companies mentioned.

Every company included in any Inheritance Tax Portfolio Service portfolio at Albert E Sharp will have been met, thoroughly researched, and vetted by our team, who are led by the partners shown on the following page.

The IHT Team



John has over 30 years' investment management experience and is a Chartered Fellow of the Chartered Institute of Securities and Investment. He was elected to membership of the Stock Exchange in 1984, appointed a director of Greenwell Montagu Stockbrokers (HSBC) 1988, a founding director of Brewin Dolphin, Birmingham office 1996, director and head of Birmingham office of W H Ireland 2006 and a partner of Albert E Sharp in 2014. John specialises in portfolio management for private clients including ISAs, SIPPs, Trusts and Settlements. Since 2007 John has managed Inheritance Tax portfolios for a number of clients.



David has over 20 years' investment experience and is a Member of the Chartered Institute for Securities & Investments. He has previously worked as a private client stockbroker at WH Ireland where he was a regional director. Whilst managing both Advisory and Discretionary private clients David also focuses on smaller companies. He has previously worked within the derivatives markets working for family offices and trusts.

We are pleased to advise that we now run model IHT portfolios on the Transact Platform, where IFA's and professional advisors can access three model portfolios: an Income, a Balanced, and a Dynamic. If you would like details of these offerings, please contact David or John.

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