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INVESTMENT MANAGEMENT & STOCKBROKING

AIM INHERITANCE TAX PORTFOLIO COMMENTARY

Q4 2022

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Manager's Commentary

Three Prime Ministers and three Chancellors of the Exchequer. A 3,500% increase in Base Rate from 0.1% to 3.5% and inflation exceeding 10%. A war between Russia and Ukraine resulted in rising energy costs as well as disruption in component supplies.

2022 ended with a whimper rather than the Santa rally we had hoped. For the year the FTSE 100 ended flat up 0.9%, the **FTSE All Share slipped 3.9% and the FTSE AIM All Share fell 31.3%**. During the quarter ended 31st December the FTSE AIM All Share rose 3.1% as investors began to commit capital to a sector of the UK equity market that was oversold but possessing attractive recovery potential.

We participated in new share issues and placings by **Sondrel Holdings** and **Surface Transforms Plc** as well as **Aurrigo International Plc** who we visited prior to their flotation. The company is developing Autonomous Baggage handling systems for airports in partnership with Singapore Airport Authority and Singapore Airlines.

We had site visits to Creo Medical facilities in Chepstow seeing the progress made in their innovative cancer treatment therapies and Alumasc a building supplies company in St. Helens.

Overall, there was a marked reduction in mergers and acquisitions activity during the year and we opted out of participating in a lot more fund raisings than usual as valuations looked stretched.

The cycle is being driven by profit downgrades which outnumber upgrades within our universe and despite the short-term pain this always creates attractive investment opportunities. Across the market, the valuation multiples of many global leading UK-listed companies are at notable discounts to their peers listed in other global markets.

We now enter a key reporting period for the UK market with pre-close trading updates from a range of companies across several sectors. The tone and sentiments regarding the outlook for the current year across the range of reporting sectors will contribute to overall investor sentiment.



Aurrigo's Autonomous Dolly Trolley for air cargo and baggage handling.

Performance Update

	Stock	Quarterly performance
Top Performers	Destiny Pharma Plc	+75%
	CentralNic Plc	+40%
	Aurrigo International Plc	+30%
Bottom Performers	Creo Medical Plc	-50%
	Marlowe Plc	-40%
	Intelligent Ultrasound Plc	-30%

AIM All Share Index Quarterly Performance: +3.09%

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

Destiny Pharma Plc: Shares were up following a positive trading update just before Christmas which also contained an announcement that they are close to agreeing a commercial partnership with a US pharmaceutical company.

CentralNic Plc: There was a positive trading update this period where revenues were reported to have grown 88% in the nine months to the end of September.

Aurrigo International Plc: Listed at the end of the previous quarter, the market welcomed the company properly this quarter with high demand for the shares.

Creo Medical Plc: Share prices continued their downward trend this quarter. We remain optimistic and continue to hold.

Marlowe Plc: Marlowe continues to be treated with scepticism by the market as acquisitions need time to bed in.

Intelligent Ultrasound Plc: Suffered as they raised further funds for the market to strengthen their balance sheet and working capital position.

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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