



The third quarter of 2023 was a challenging one for broad equity markets, with investors coming round to the idea of higher interest rates for longer; a message that both the Bank of England’s Monetary Policy Committee and the Federal Open Market Committee conveyed at their September meetings, as longer-term government bond yields surged in the UK and US. This bond market sell-off translated into equity market volatility, as it is seen to signal that recession is near and places pressure on corporates and growth via rising borrowing costs. This volatility was particularly acute within the smaller company space, with the AIM service returning -5.5%, while the ARC IHT Portfolio Index returned -5.8% over the quarter.

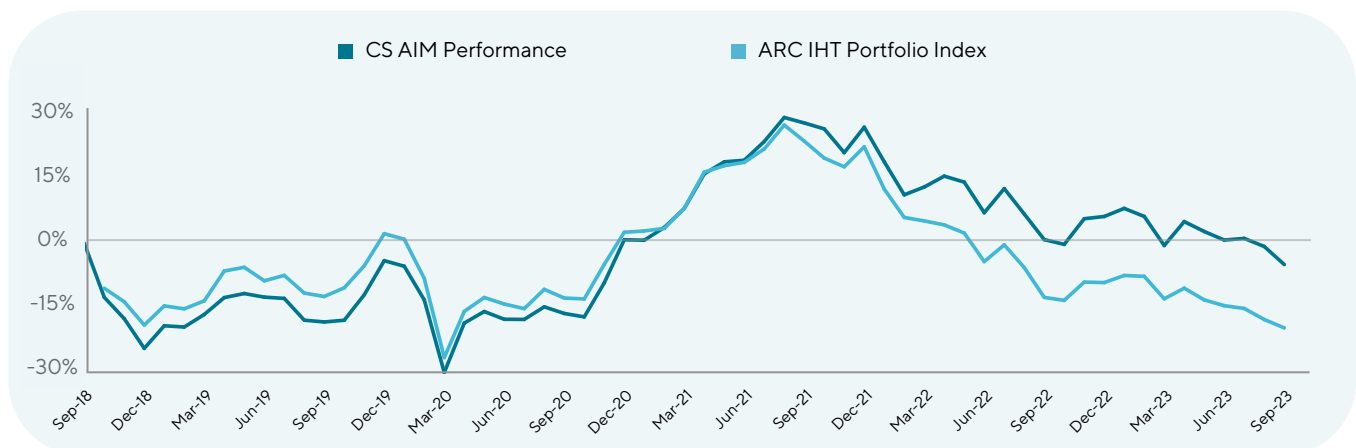
Portfolios benefitted from holding Gresham House, as the alternative asset manager announced that it was subject to a takeover bid over the quarter at a price in excess of 60% of the pre-offer share price. The offer came from Searchlight Capital Partners, a US private equity firm, and we feel it reiterates the valuation opportunity that current market volatility presents, which a number of private equity investors have been capitalising on recently.

Ashtead Technology, the subsea equipment rental and solutions provider, continued its strong momentum this quarter, reporting half year results that surpassed analysts’ expectations and drove upgrades in full year and future year forecasts. H1 results benefitted from momentum in offshore renewables, a growth opportunity which the business is well placed to capitalise on, with an estimated 85% of its fleet interchangeable between offshore oil & gas and offshore wind.

Holdings that detracted from performance included Begbies Traynor, the business recovery and property services consultancy, which feels anomalous given the current challenges facing UK corporates and rising insolvency volumes. Administrations, which are typically higher value than liquidations, are increasing which should prove supportive for Begbies over coming periods. Brooks Macdonald also detracted from performance, as the investment manager reported full year results that showed progress on fund inflows and revenues, yet retreating profits as cost growth exceeded top line growth.

Market volatility, while uncomfortable, presents an opportunity, and we feel there are a number of quality businesses trading on depressed valuations that are unwarranted. We continue to place scrutiny on resilience and fundamentals, rather than short term share price moves, and feel that a softening in interest rate expectations should ease pressure on the AIM market.

CS Investment Managers AIM Discretionary Clients Performance (net of fees)



Total Return	CS AIM	ARC IHT Portfolio Index
3 Months	-5.5%	-5.8%
1 Year	-5.6%	-7.8%
2 Years	-25.1%	-34.3%
3 Years	13.1%	-7.7%
4 Years	15.8%	-8.1%
5 Years	-4.8%	-19.1%

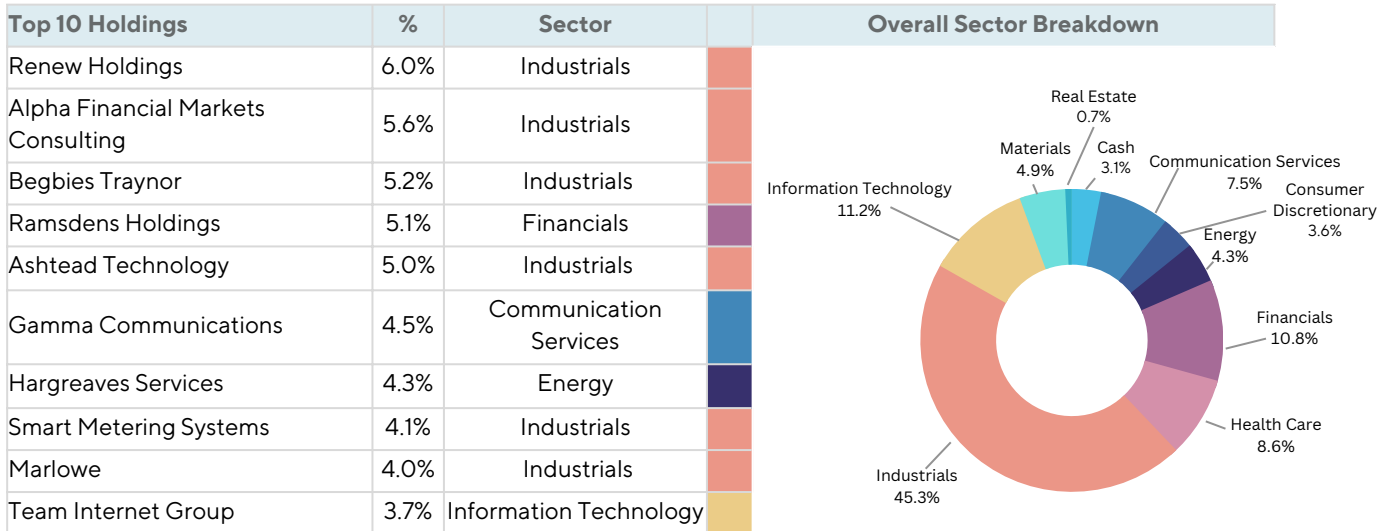


AIM QUARTERLY REVIEW

QUARTER THREE | TWO THOUSAND AND TWENTY THREE

CS AIM	ARC IHT Portfolio Index
Monthly Volatility 5.6%	Monthly Volatility 5.3%

Asset Allocation



Source: CS Managers Ltd and ARC Research as at 30/09/23

Performance from 31 Dec 2010 – 30 Sept 2022 is drawn from stylised aggregate portfolios constructed from the discretionary portfolios managed by CS Investment Managers. The figures were calculated on a monthly basis, net of fees and other charges and adjusted for contributions and withdrawals. From 1 October 2022, performance figures are drawn from a composite group of non-constrained discretionary portfolios managed by CS Investment Managers under an AIM investment strategy. These figures have been calculated net of fees and dealing costs and adjusted for contributions and withdrawals. Performance of individual portfolios may vary due to factors such as the portfolio size, stock selection and timing of investment transactions.

ARC IHT Portfolio Index is a Sterling denominated index compiled by ARC Research (ARC) to be used by investors and their advisers in assessing the performance of a discretionary portfolio within a specialist mandate designed to mitigate IHT liability through investment in stocks that are expected to qualify for Business Property Relief. The ARC IHT Portfolio Indices provide insight into the actual returns being generated by discretionary IHT portfolios, net of fees, based on thousands of Sterling denominated IHT portfolios submitted by participating investment managers. No model or synthetic data used only actual IHT portfolio performance numbers are included in the calculation of the ARC IHT Portfolio Indices.

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AIM Investments can be illiquid in nature and carry a higher degree of risk than other securities and are not, therefore, suitable for some investors. The AIM Portfolio should be regarded as a higher risk, long term investment managed on a discretionary basis. We would strongly recommend seeking independent tax and financial advice before taking any action.