



The final quarter of 2023 gave investors a welcome Christmas present, with markets rallying strongly over November and December. The main reason for market elation was softer than expected inflation prints and messaging from central banks, which suggested that we had reached a peak in interest rates and that interest rate cuts could be imminent. Interest rate sensitive sectors and those considered riskier were the strongest beneficiaries, with smaller companies in particular, springing back to life after a prolonged period in hibernation. Against this backdrop, our AIM service returned 11.5% over the quarter, while the ARC IHT index returned 5.3%.

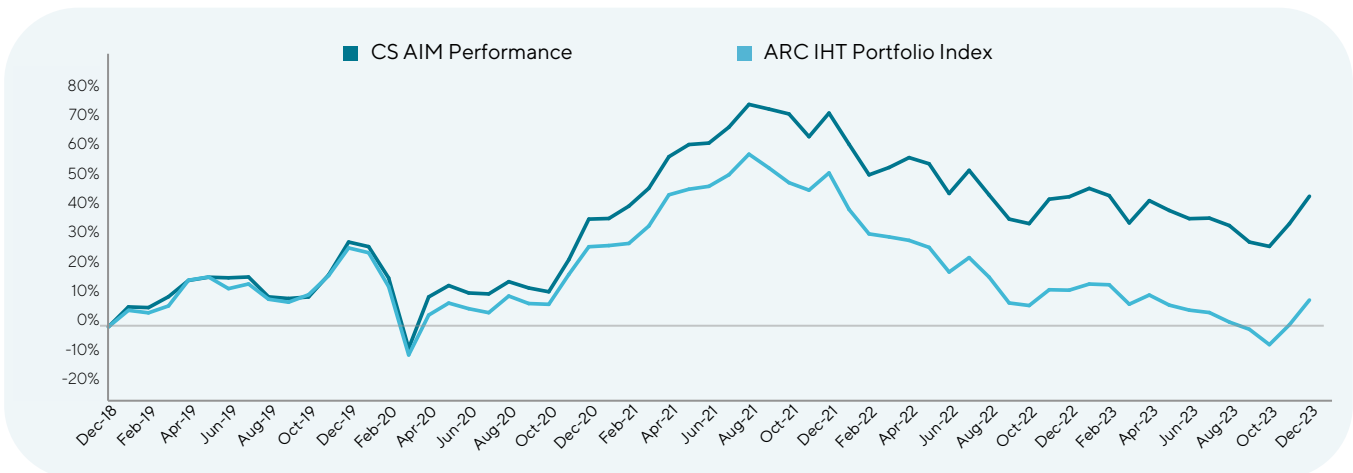
Two companies within the AIM service were subject to takeover offers over the period: City Pub Group and Smart Metering Systems. The former was a part cash, part shares offer from Young and Co’s Brewery (one of City Pub Group’s larger peers) which valued the business broadly at the net asset value of its estate, and was a c. 46% premium to the previous day’s closing share price. The latter was an all-cash offer from KKR private equity and represents a premium of c. 40% from the pre-offer share price.

Ashtead Technology - which now needs no introduction - continued its strong run, with the company announcing an attractive acquisition and confirming earnings were expected to be ahead of market consensus. This led brokers to raise their forecasts for subsequent years by as much as 25%. Renew Holdings also upgraded earnings expectations for the full year after a strong second half, with the engineering services business witnessing continued resilience across its end markets.

One of few detractors over the quarter came from Marlowe plc which disappointed the market with a further acquisition splurge, elevating debt levels further. A commitment to de-leveraging and ongoing strategic review of the business give us a reason to hold for now, however the company is firmly within the ‘under review’ category.

Despite another challenging year in AIM, we feel the most recent rally is an indication of what could be to come with a sustained reduction in interest rate expectations and inflation. While there may be bumps in the road, we remain optimistic about continued recovery within AIM and feel the opportunity remains significant with valuations still looking attractive.

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



Total Return	CS AIM	ARC IHT Portfolio Index
3 Months	11.5%	9.5%
1 Year	0.1%	-2.8%
2 Years	-15.8%	-27.3%
3 Years	5.4%	-13.6%
4 Years	11.5%	-13.3%
5 Years	41.8%	8.6%
CS AIM		ARC IHT Portfolio Index
Monthly Volatility 5.4%		Monthly Volatility 5.3%



AIM QUARTERLY REVIEW

QUARTER FOUR | TWO THOUSAND AND TWENTY THREE

Asset Allocation

Top 10 Holdings	%	Sector	Overall Sector Breakdown
Renew Holdings	6.42%	Industrials	
Ashtead Technology	6.41%	Industrials	
Alpha Financial Markets Consulting	5.49%	Industrials	
Smart Metering Systems	5.42%	Industrials	
Begbies Traynor	4.85%	Industrials	
Ramsdens Holdings	4.64%	Financials	
City Pub Group	4.60%	Consumer Discretionary	
Gamma Communications	4.25%	Communication Services	
Brooks MacDonald	3.85%	Financials	
Hargreaves Services	3.65%	Energy	

Source: CS Managers Ltd and ARC Research as at 31/12/23

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.

CONTACT

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IMPORTANT INFORMATION

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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.