

Further turbulence was experienced across equity markets over Q3 2022, with investor optimism over July around a potential ‘soft landing’ regarding the economy and monetary tightening cycle soon quashed, with inflation figures and central bank tightening unrelenting over the period. The already fragile markets’ pain was compounded by the UK Government’s mini-budget announcement, which was at odds with the Bank of England’s restrictive approach to monetary policy.

The announcement saw global financial markets sell off, with UK government bond yields reaching their highest level in over a decade and required the Bank of England’s intervention in the gilt market to steady yields. Against this backdrop the peer group comparator, ARC IHT Portfolio Index, fell by 8.4%, while our AIM service returned -5.7% over the quarter.

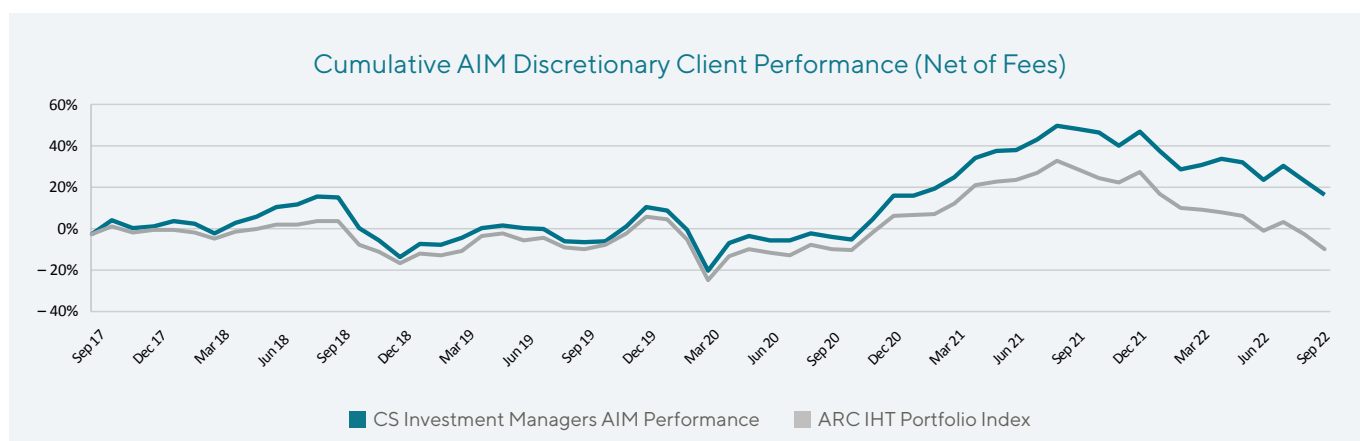
Crestchic, a new addition over the quarter, was a key contributor to the portfolio’s outperformance of the microcap index, returning over 30% since the original purchase. It is a provider of power reliability equipment such as loadbanks and transformers. Returns were underpinned by the Board raising their earnings expectations significantly for the full year in their H1 2022 trading update, after experiencing a very strong start to the year, supported by an increased focus on energy security.

Similarly, Marlowe contributed to relative returns, returning a steady 8% over the quarter. The provider of safety and regulatory compliance services benefitted from a strong trading update over the first 4 months of its financial

year which saw management reaffirm expectations of strong organic revenue growth for the remainder of the financial year.

Another stock which supported relative outperformance was GB Group, an identity verification company, with the share price rising sharply from anticipation that the firm may be purchased by a US private equity company. Perhaps unsurprising to see US private equity firms looking at UK PLCs given their depressed valuations along with dollar strength year to date. Post quarter end, the private equity firm has confirmed that it does not intend to purchase GB Group and the share price fell. However, we still see value from GB Group over the coming period.

Heightened investment market and economic fragility justify our selective approach for the AIM service. We remain focussed on companies with strong fundamentals and continue to seek out opportunities whereby the share price and our view of fair market value are misaligned. As such, we feel our approach should allow us to ride out this period of volatility, and capitalise on opportunities as they arise.



Total Return	CS Investment Managers Discretionary AIM Clients	ARC IHT Portfolio Index
3 Months	-5.7%	-8.4%
1 Year	-20.7%	-28.7%
3 Years	22.6%	-0.2%
5 Years	18.3%	-6.9%



CS Investment Managers Discretionary AIM Clients	ARC IHT Portfolio Index
Monthly Volatility 5.6%	Monthly Volatility 5.2%

Top 10 Holdings	%	Sector	Overall Sector Breakdown as at 30 September 2022
Caretech	6.3%	Healthcare Equipment	
Alpha Financial Markets Consulting	6.2%	Support Services	
Begbies Traynor	6.2%	Support Services	
Sureserve Group	6.0%	Support Services	
Smart Metering Systems	5.1%	Support Services	
Marlowe	5.1%	Support Services	
Crestchic	4.7%	Support Services	
Renew Holdings	4.4%	Construction & Materials	
Ramsdens Holdings	4.4%	Financial Services	
Restore	4.0%	Support Services	

Source: CS Managers Ltd and ARC Research as at 30 September 2022.

Performance figures are indicative, drawn from stylised aggregate portfolios constructed from the discretionary portfolios managed by CS Investment Managers. The figures are calculated on a monthly basis, net of fees and other charges 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.