

Following a volatile end to the third quarter after the ‘mini-budget’, markets stabilised somewhat and recovered a bit of ground over the fourth quarter. The November budget signalled a return to tighter fiscal conditions within the UK, led by a new Prime Minister, Rishi Sunak, and cabinet. The Bank of England also raised interest rates twice over the quarter, albeit the second being a smaller increment of 50 bps, with messaging from Andrew Bailey appearing slightly less hawkish. In this context, our AIM service delivered a return of 5.2%, outperforming our peer group comparator ARC IHT Portfolio Index, which returned 3.8%.

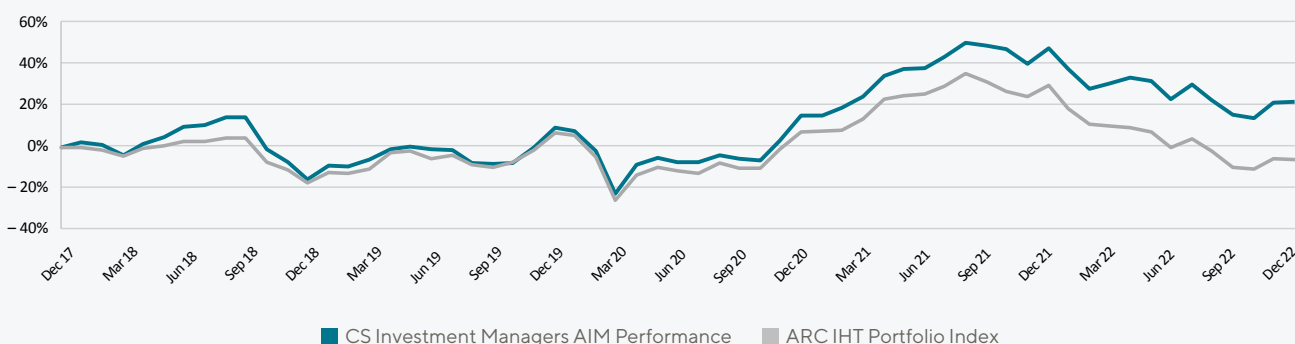
The largest contributor to returns came from our holding in Crestchic, the supplier of power reliability equipment. The share price increased by 45% over the quarter, benefitting from the announcement of a takeover by Aggreko, a global supplier of power generators, which is due to complete in the first quarter of 2023. The takeover announcement followed a strong year for the company, with management raising earnings expectations four times after Crestchic significantly increased their capacity over the period.

Renew Holdings, the engineering services firm that provides services such as maintenance of the rail network, was another strong performer over the quarter. Returns were underpinned by full year results which were ahead of expectations, coupled with a complementary acquisition of Enisca which will expand Renew’s capabilities in the water and environmental sector.

Another contributor of note was Alpha Financial Markets Consulting, a consultant to the financial services industry. Alpha announced strong half year results over the period with double digit revenue growth across all regions, which saw earnings expectations for the full year raised. The firm is the beneficiary to industry tailwinds, namely fee pressures, evolving regulation and ESG, which Alpha provides consulting services on.

We hope to see more stability and growth in markets over 2023 after a difficult 2022. While recessionary fears and the rising cost of living pose a challenge to corporates, we remain optimistic that these challenges are priced into share prices to an extent. We believe that a continued focus on companies displaying characteristics such as a high degree of recurring revenues and strong balance sheets should support in delivering resilient operating and share price performance.

Cumulative AIM Discretionary Client Performance (Net of Fees)



Total Return	CS Investment Managers Discretionary AIM Clients	ARC IHT Portfolio Index
3 Months	5.2%	3.8%
1 Year	-16.0%	-25.2%
3 Years	10.4%	-10.8%
5 Years	19.7%	-5.3%



CS Investment Managers Discretionary AIM Clients	ARC IHT Portfolio Index
Monthly Volatility 5.5%	Monthly Volatility 5.2%

Top 10 Holdings	%	Sector	Overall Sector Breakdown as at 31 December 2022
Alpha Financial Markets Consulting	7.2%	Support Services	
Sureserve Group	6.4%	Support Services	
Crestchic	6.2%	Support Services	
Begbies Traynor	6.0%	Support Services	
Renew Holdings	5.6%	Construction & Materials	
Smart Metering Systems	4.8%	Support Services	
RWS Holdings	4.6%	Support Services	
Ramsdens Holdings	4.5%	Financial Services	
Gresham House	4.1%	Financial Services	
Next Fifteen Comms	3.9%	Media	

Source: CS Managers Ltd and ARC Research as at 31 December 2022.

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.