

AIM STRATEGY

YOUR INHERITANCE TAX SOLUTION



Q1 2025

PORTFOLIO CHARACTERISTICS

- High quality and profitable companies
- Operating in a structurally growing market
- Diversified across sectors with a minimum market capitalisation of c.£200m

Strategy Details

Launch Date 31 May 2017

Product Type Discretionary portfolio

Number of stocks 24

Minimum Investment £100,000

Service Charges

Initial Charge 1.00% plus VAT (capped at £5,000)

Annual Management Charge (plus VAT)

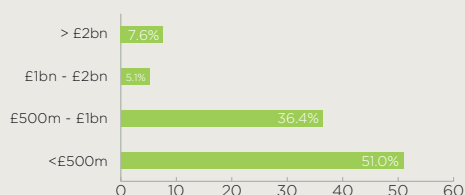
First £1.0m	1.25%
Next £1.5m	0.50%
Next £3.0m	0.40%
Thereafter	0.30%

Dealing Fee 0%

Top 10 Holdings

- Advanced Medical Solutions Group
- Ashtead Technology Holdings
- Cohort
- Craneware
- FRP Advisory Group
- Gamma Communication
- GB Group
- Jet2
- Johnson Service Group
- Young & Co's Brewery

Market Capitalisation of the Strategy (%)



Quilter Cheviot, Refinitiv/LSEG, March 2025

Investments in stocks quoted on the Alternative Investment Market are likely to be harder to sell and to fall and rise more than shares listed on the main exchange, accordingly they are considered higher risk. Please see page 2 for more information.

STRATEGY OBJECTIVE

The Quilter Cheviot AIM Strategy, an inheritance tax solution (IHT), provides a professionally researched and managed portfolio of Business Relief-qualifying Alternative Investment Market (AIM) listed stocks, helping clients protect and share their legacy of wealth with their loved ones.

COMMENTARY

Q1-2025 has been eventful, with political developments impacting financial markets. The broader divergence of market returns highlights the value of diversification in investments. European stocks started strong, with the MSCI UK returning +6.4%, outperforming the US at -7.2%, but slightly lagging continental Europe at +7.8%. The Deutsche Numis Alternative Markets Index ended the quarter at -5.5%.

Performance

The Quilter Cheviot AIM Strategy, an inheritance tax solution, returned -9.2% in Q1-25, 383bps behind the benchmark. The impact of the Autumn Budget's change in inheritance tax relief on Business Relief qualifying AIM shares and the global macro headwinds negatively impacted sentiment. However, there is an opportunity for a re-rating as UK interest rates fall.

In Q1, 20 investee companies reported: 10 met expectations, 3 fell short, 7 exceeded expectations, one confirmed a bid offer (Learning Technologies Group), and one confirmed potential bid interest. Two companies delivered a +20% return in the quarter.

The main positive contributors were **Advanced Medical Solutions (AMS)**, a specialist in tissue-healing technologies, **Cohort**, the global defence company, and **Fevertree**, a leading global premium carbonated mixer company.

Following a strong set of results, **AMS** received a possible cash offer from Montagu Private Equity, illustrating the depressed valuation for a quality business. **Cohort** secured €16m in contract extensions and is expected to benefit from higher demand for military equipment and technology in Europe. **Fevertree** secured a partnership with Molson Coors. They will leverage Molson's national network of US distributors and customers, the scale and strength of their sales and commercial teams, alongside a substantial incremental marketing fund to drive the US opportunity. We view the deal to be instrumental and believe there is scope for similar partnership agreements in other geographies.

Key detractors include **Jet2**, the UK's leading tour operator, **Gamma Communications**, the leading technology-based provider of communications services to the business market in Europe, and **YouGov**, the international market research and data analytics group.

Jet2's trading update confirmed results that were broadly in line with expectations, but higher inflationary pressures reduced earnings guidance by 2-3%. We believe holidays are relatively defensive, as demonstrated by the strength in holiday booking during the cost-of-living crisis. **Gamma** delivered resilient growth, but their planned move to the Main Market in May-25 led IHT investors to sell, the technical factor depressing the share price. **YouGov's** results were ahead of expectations, but the challenging macro backdrop drove the share price lower. However, the return of the founder as CEO should stabilise the business. We believe the group has a strong product offering with unique primary data - particularly potent in the transforming world of AI.

SigmaRoc was added to the portfolio. The group's exposure to lime and limestone in diversified end markets, high barriers to entry, pricing power, and the opportunity to benefit from increased fiscal stimulus from Germany were key factors in the decision.

Encouraging outlook

Recent tariff concerns have increased global market volatility. The portfolio has been strategically adjusted to emphasise domestic investments, thereby reducing the effects of US tariffs. Valuations are attractive and still below the Covid trough, even though the world seems better than during the early Covid days. The portfolio fundamentals are strong, supported by robust balance sheets and structural tailwinds. We expect further UK interest rate cuts should drive re-ratings. M&A activity within the UK small mid-cap market is expected to continue as the market stabilises.

PERFORMANCE (%)	Q1 2025	Year to 31 Mar 25	Year to 31 Mar 24	Year to 31 Mar 23	Year to 31 Mar 22	Year to 31 Mar 21
**QC AIM Strategy	-9.2%	-12.0%	-3.9%	-18.0%	-10.1%	36.9%
*Numis Alternative Markets ex Inv Cos index	-5.3%	-7.0%	-6.8%	-22.2%	-11.9%	75.9%

Source: *Refinitiv Datastream. **Pricing data source: Interactive Data; Composite returns source: Figaro. The figures are total return and net of fees and charges. All figures to 31 March 2025. A breakdown of the Numis Alternative Markets ex Inv Cos index is available upon request.

IMPORTANT: The value of investments and the income from them can go down as well as up. You may not recover what you invest. Past performance is no guarantee of future returns.

Approver Quilter Cheviot Limited, 23 April 2025.

**Note: As of Q1 2023, the AIM Strategy performance data shown is a composite of live client AIM portfolios that have been running for longer than 3 months. Prior to Q1 2023, this period was 12 months.

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PORTFOLIO MANAGERS



Amisha Chohan
Head of Small Cap Strategy

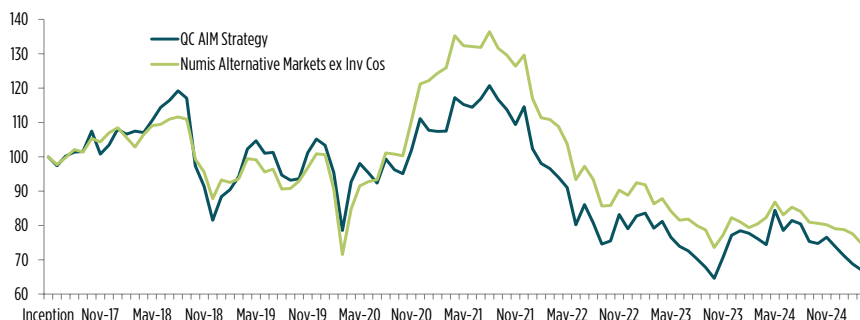
Amisha chairs the Quilter Cheviot AIM Committee. She has over 20 years' experience in investment management and researching small to large cap companies globally. Amisha joined Quilter Cheviot in 2016 from Sanlam. She read Business Finance at the University of Durham and has a MA in Finance and Investment from the University of Nottingham.



Richard Mitchell
Lead Portfolio Manager

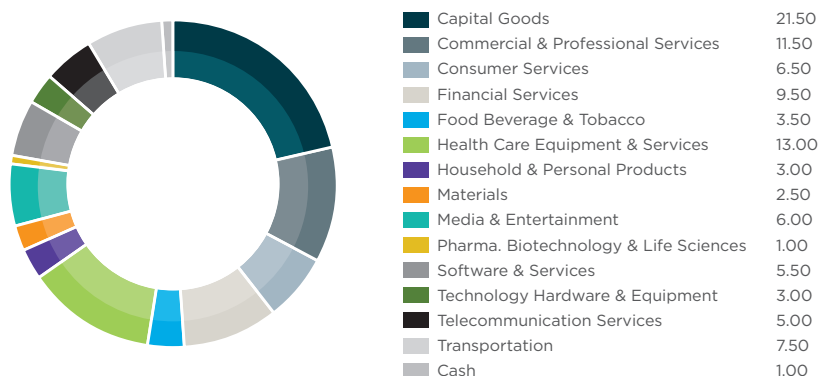
Richard has over 15 years' experience in the discretionary fund management industry, and joined Quilter Cheviot in 2018. He is the Lead Portfolio Manager of the Quilter Cheviot AIM Strategy, and is responsible for the implementation and ongoing management of underlying client portfolios. Richard graduated from the University College London (UCL) with a degree in History and Philosophy of Science.

STRATEGY PERFORMANCE to 31 March 2025



Source: Quilter Cheviot, Refinitiv Datastream

SECTOR BREAKDOWN (%)



AIM-SPECIFIC RISKS

- There is a less readily available market for investments in smaller companies. This can make selling investments more difficult.
- The advantages of investing in a portfolio of AIM stocks depend on the tax rules in force and the investee company maintaining their qualifying status.
- Investing in smaller companies and those involved in niche sectors such as new technology or alternative energy will often see price movements which are above average. Price changes can be greater than those experienced by investments held in companies with a full listing on the London Stock Exchange.
- The AIM Strategy does not take unrealised capital gains into account when making changes to client portfolios. This means there may be occasions when realised gains are in excess of your Annual Exempt Amount (AEA), which may result in you having to pay capital gains tax (CGT).
- Please refer to the AIM Strategy brochure for a full list of risks.

POSITIVE SCREENING

Quilter Cheviot risk controls are:

- Meet management before we invest
- Avoid loss making businesses
- Avoid "blue sky" companies
- Minimum market cap threshold of c.£200m
- Will not own more than 3% of a company's free float.

TALK TO US TODAY

Quilter Cheviot, Senator House,
85 Queen Victoria Street,
London, EC4V 4AB

T. +44 (0)20 7150 4000

E. enquiries@quiltercheviot.com

W. quiltercheviot.com

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