

QUILTER CHEVIOT AIM STRATEGY

FACTSHEET - Q3 2021



QUILTER CHEVIOT
INVESTMENT MANAGEMENT

SERVICE DETAILS

Launch Date 31 May 2017

Product Type Discretionary portfolio

Number of stocks 18

Minimum Investment £100,000

Service Charges

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

Annual Management Charge: 1.25% plus VAT

Dealing Fee 0%

Facilitation Advice Charge

(we can facilitate advice charges)

Reporting

Valuation, cash statement, trading statement Quarterly

Consolidated tax certificate, Capital Gains Tax summary Annually

GENERAL RISKS

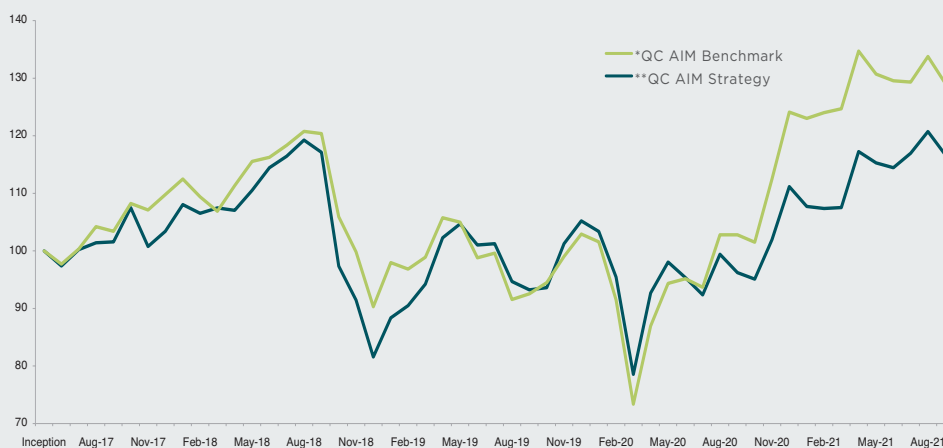
- Your capital is at risk and you may not get back the amount invested.
- Past performance is not a reliable indicator of future results.
- Performance is not guaranteed.
- Tax treatment depends on individual circumstances and may be subject to change.
- The availability of tax reliefs also depends on the investee companies maintaining their qualifying status.

OVERVIEW OF SERVICE

Quilter Cheviot AIM Strategy is a discretionary portfolio service that seeks to invest in a diversified portfolio of companies listed on the Alternative Investment Market (AIM) that qualify for Business Relief (previously Business Property Relief). The main purpose is to make sure, as far as possible, that the overall value of the portfolio is sheltered to provide an inheritance. We consider these requirements ahead of any long-term potential performance when picking stocks to invest in. Investors in the service gain access to a portfolio of 15-25 AIM listed companies (there is flexibility around the number of stocks we might hold) researched by Quilter Cheviot Investment Management. Stocks targeted for inclusion in the portfolio will ideally be well-established, profitable and cash-generative companies that operate in a market with long term structural drivers, or provide a proprietary product or service, supported by a strong balance sheet. The investment team will also be looking for businesses with earnings visibility, as well as management teams with a track record. Environment, Social and Governance considerations are fully integrated into our research process, which helps us identify and understand potential risks and opportunities.

To benefit from Business Relief, qualifying securities must have been held for at least two of the last five years and at the time of an investor's death.

PERFORMANCE



PERFORMANCE (%)	Q3 2021	Year to 30 Sep 21	Year to 30 Sep 20	Year to 30 Sep 19	Year to 30 Sep 18	Since Inception
**QC AIM Strategy	1.96%	21.26%	3.21%	-20.39%	15.31%	16.68%
*QC AIM Benchmark	-0.38%	25.55%	11.06%	-23.11%	16.42%	29.07%

Source: *Refinitiv Datastream. **Pricing data source: Interactive Data; Composite returns source: Figaro.
**Note: The AIM Strategy performance data shown is a composite of live client AIM portfolios that have been running for longer than 12 months. The figures are total return and net of fees and charges. All figures to 30 September 2021. Past performance is not a guarantee of future performance. A breakdown of the QC AIM benchmark is available upon request.

COMMENTARY

The global equity markets were broadly flat over the quarter and comfortably ahead year to date. September was a disappointing month for global equity markets, posting the first decline this year since January. The Covid-19 Delta variant, supply chain bottlenecks, inflationary pressures, and concerns over the timing of interest rate rises were all contributing factors. None of these are new, but occasionally markets pause to reassess the situation.

The higher fuel prices we are experiencing in the UK, is also a global phenomenon and caused by the pandemic. Oil prices are up 5% in Q3. Parts of Vietnam have been in lockdown for three months. The country is a major exporter of electronics, textiles and footwear products, so this has had a major knock-on effect to supply chains around the world. Meanwhile, the UK is not the only nation short of lorry drivers.

Looking to the last three months of the year, the issues the markets have had to deal with will still be with us. Economic growth rates are slowing a little after a period of exceptional recovery, but demand remains fairly strong. It is largely supply that is the constraint. It will take some time to restore balance, but it is right that policy makers at central banks are mapping out exit strategies from a period of unprecedented financial support.

Against this backdrop, the QC AIM Benchmark index fell by 0.4%, while the QC AIM portfolio outperformed, rising by 2.0%. Strongly performing stocks within the portfolio over the quarter included EMIS, Next Fifteen Communications Group, Keywords Studios and Learning Technologies, all up on good results. Holdings in boohoo Group (following lower sales and earnings guidance), Johnson Services and Fevertree all underperformed.

IMPORTANT: The value of investments and the income from them can go down as well as up. You may not recover what you invest.

SECTOR BREAKDOWN



Commercial & Professional Services	11.0
Consumer Services	5.5
Food Beverage & Tobacco	5.5
Health Care Equipment & Services	16.4
Materials	5.5
Media & Entertainment	16.4
Retailing	5.5
Software & Services	21.9
Telecommunication Services	5.5
Transportation	5.5
Cash	1.4



AIM-SPECIFIC RISKS

You should be aware of the higher levels of risk associated with investing in smaller companies, and be willing to adjust your attitude to risk in line with this. 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 existing tax rules in force. Any benefits gained from maintaining AIM stocks in a portfolio could be negatively affected by any future changes to those tax rules. 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. Please refer to AIM Strategy brochure and Terms & Conditions for full list of risks.

RISK CONTROLS

Quilter Cheviot risk controls are:

- Meet management before we invest
- Avoid loss making businesses
- Avoid "blue sky" companies
- Minimum market cap threshold is £250m
- Will not own more than 3% of a company's free float

INVESTMENT TEAM



Amisha Chohan - Head of Small Cap Strategy

Amisha chairs the Quilter Cheviot AIM Committee. She has over fifteen 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 10 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.

This communication does not constitute a recommendation. It is for general information for the recipient only, and is not for onward distribution. Past performance is not a guide to future performance and may not be repeated. Investment involves risk. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Because of this, an investor is not certain to make a profit on an investment and may lose money. Exchange rate changes may cause the value of overseas investments to rise or fall.

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