

Octopus AIM Inheritance Tax Service

Data as at 31 May 2022

About the Product

The Octopus AIM Inheritance Tax Service offers a fast and flexible solution to inheritance tax planning, while providing the potential for significant capital growth through investment into a portfolio of 20-30 companies listed on the Alternative Investment Market (AIM).

The Octopus AIM Inheritance Tax Service is also available within an ISA wrapper.

Investment Approach

The team looks for companies with one or more of the following characteristics:

- A strong market position or global leader in its field
- A scalable business model focused on growth
- A proven management team with a record of corporate success
- A profitable business with a strong balance sheet
- A high level of recurring revenues and earnings visibility

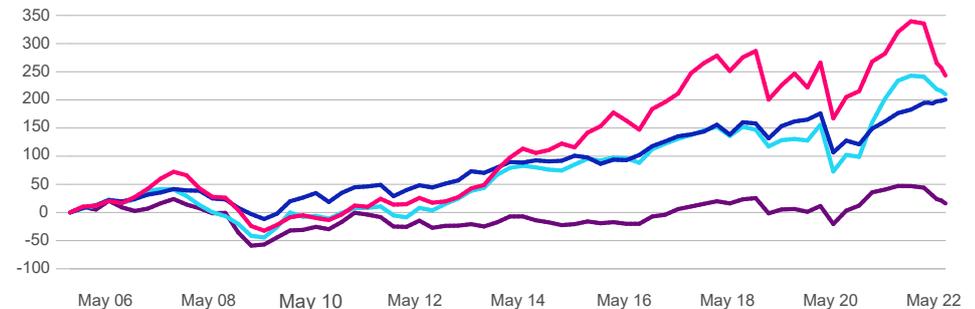
About the Team

The Octopus Quoted Companies team has a combined experience of more than 100 years. The team, which includes Richard Power, Kate Tidbury, Chris McVey, Edward Griffiths, Stephen Henderson, Mark Symington, Dominic Weller, Jessica Sweeney, Freda Isingoma and Charles Lucas, manage over £2.6 billion in quoted companies, and are also responsible for the Octopus AIM VCT plc, Octopus AIM VCT2 plc, FP Octopus UK Micro Cap Growth Fund, FP Octopus UK Multi Cap Income Fund and FP Octopus UK Future Generations Fund.



Performance Overview

Performance since launch (%)



	Calendar Year								
	YTD	3 years	5 years	10 years	Inception	2021	2020	2019	
Median Octopus AIM ITS	-21.22	-3.68	-3.79	193.82	243.21	18.41	0.48	21.82	
FTSE AIM All-Share TR	-19.43	4.83	4.12	58.64	18.11	6.12	21.75	13.26	
FTSE Small Cap ex IT TR	-9.16	31.36	28.08	212.86	215.40	31.26	1.65	17.68	
FTSE All-Share TR	1.50	18.44	22.17	116.96	198.90	18.32	-9.82	19.17	

YTD, 3 years, 5 years, 10 years and Inception (June 2005) data is calculated to month-end, at 31 May 2022.

Discrete yearly performance to quarter end (%)

Year to 31 March	2022	2021	2020	2019	2018
Median Octopus AIM ITS	-4.46	43.08	-18.08	-7.17	12.90
FTSE AIM All-Share TR	-12.14	76.89	-24.48	-8.47	10.54
FTSE Small Cap ex IT TR	5.50	74.91	-24.37	-3.09	2.21
FTSE All-Share TR	13.03	26.71	-18.45	6.36	1.25

Source: Lipper and Octopus Investments. Performance charts date back to 30 June 2005 and show the total returns of the Octopus AIM Inheritance Tax Service portfolios.

Performance is calculated by taking the total return of the Octopus AIM Inheritance Tax Service portfolios calculated by taking the median monthly returns of all available Octopus AIM Inheritance Tax Service portfolios, going back to 30 June 2005. If cash is added or withdrawn during the relevant period, then such portfolios have been removed from the calculation for the respective month. We have then compounded those total returns which include the impact of dividend income, interest, management fees, ongoing adviser fees and dealing fees.

The performance table shows the discrete annual performance (showing the total cumulative returns for each individual year), calculated in the same way as detailed previously.

Key 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.
- The benefit of tax reliefs depends on individual circumstances and may be subject to change.
- Investments quoted on AIM are likely to fall and rise in value more than shares listed on the main market of the London Stock Exchange. They may also be harder to sell.
- The availability of tax reliefs depends on investee companies maintaining their qualifying status.

Investment Enquiries

To speak to any of our fund managers, please call:

0800 316 2394

info@octopusinvestments.com

Key Facts

Octopus AIM Inheritance Tax Service

Launch Date	June 2005
Product Type	Discretionary Portfolio
Benchmark	FTSE AIM All-Share TR

Octopus AIM Inheritance Tax ISA

Launch Date	September 2013
Product Type	Discretionary Portfolio
Benchmark	FTSE AIM All-Share TR

Fees and charges are payable in respect of both the Octopus AIM Inheritance Tax Service and ISA, please see the relevant product brochure for details. Visit octopusinvestments.com.

Top Ten Equity Holdings

- Next Fifteen Communications Grp plc
- Renew Holdings plc
- YouGov plc
- Keywords Studios plc
- CVS Group plc
- Advanced Medical Solutions Grp plc
- EMIS Group plc
- Gamma Communications plc
- Restore plc
- Watkin Jones plc

Top Ten Sectors (%)

Support Services	30.8
Construction & Building Materials	15.4
Media	11.5
Software & Computer Services	11.5
Health Care	7.7
Pharmaceuticals & Biotech	7.7
Industrial Engineering	3.8
Leisure	3.8
Specialty & Other Financial	3.8
Telecommunications	3.8
Total	99.8

Source: Bloomberg and Octopus Investments. Top ten holdings based on funds under management in the Octopus AIM Inheritance Tax Service and ISA. Top ten sectors listed by number of companies on the current buy list. Totals are rounded from source data so tables may not add up exactly to 100%.

Monthly Commentary

Over the course of May, the median Octopus AIM Inheritance Tax portfolio decreased by 3.94%. This was against a market backdrop that saw the FTSE AIM All-Share Index fall by 4.42%, the FTSE All-Share Index increase by 0.69%, and the FTSE SmallCap (excluding Investment Companies) Index decrease by 1.92%, all on a total return basis.

The main contributors to performance included regulatory services specialist, **Marlowe plc (+11.5%)**, that regained most of the ground lost in April and announced another earnings-enhancing bolt-on acquisition. Online market researcher, **YouGov plc (+9.6%)**, rose and maintained its premium rating despite the weak markets. SIPP administrator, **Curtis Banks Group plc (+8.4%)**, announced two Non-Executive Board changes at its AGM to help the Group navigate its next period of growth. Shares in video game developer, **Team17 Group plc (+8.1%)**, rebounded as buyers stepped in following a prolonged period of weak share price performance. Professional services business, **Knights Group Holdings plc (+7.8%)**, reassured that trading is in line with its March update and announced the earnings-enhancing acquisition of Portsmouth-based Coffin Mew LLP for £11.5 million. Wound care specialist, **Advanced Medical Solutions Group plc (+7.3%)**, received FDA 510(k) approval from the US regulator for its LiquiBand XL device, which will help strengthen the market share of its LiquiBand brand. Workwear rental and linen services operator, **Johnson Service Group plc (+6.2%)**, provided a reassuring trading update with HORECA volumes back up to 91% of normal levels and customer price rises secured.

Shares that detracted from performance in the month included gift packaging and stationery manufacturer, **IG Design Group plc (-31.3%)**. This was due to investor concerns around a delay in finalising temporary banking covenant waivers in anticipation of the Group's 2022 seasonal working capital requirements and an extension of the term of its existing banking facilities. These have since been agreed and finalised. Automotive testing solutions developer, **AB Dynamics plc (-25.7%)**, gave back the gains made last month on the back of its strong interim results. PR consultancy to the technology sector, **Next Fifteen Communications Group plc (-17.9%)**, announced that it has made a recommended cash and share offer for marketing services business, **M&C Saatchi plc (-4.6%)**. The bid valued the business at around 247p and supersedes the earlier rival bid from AdvancedAdv. The company also reiterated that current trading continues to be strong across all four areas of the Group. Mortgage intermediary network, **Mortgage Advice Bureau plc (-14.3%)**, confirmed strong momentum across the Group, with adviser numbers increasing by 9%, and a strong pipeline of new business that will complete over the coming months. Shares in technical patent and IP translator, **RWS Holdings plc (-9.8%)**, retreated as Baring Private Equity Asia decided not to make a bid for the company. Asset manager, **Premier Miton Group plc (-8.9%)**, reported interim results slightly below full year expectations due to lower AUM because of global market volatility, leading to 8% downgrades to full year earnings forecasts. Kettle safety component designer and manufacturer, **Strix Group plc (-6.6%)**, announced that it is maintaining full year expectations based on its resilient trading performance year to date, its operations in China were not materially affected by Covid lockdowns. Student accommodation developer, **Watkins Jones plc (-6.3%)**, announced that interim profits dropped despite an 8% rise in revenues, due to a higher proportion of lower margin sales in the period and the timing of some asset disposals that slipped into the second half. Full year expectations remain unchanged. Pub operator, **Young & Co's Brewery plc (-6.2%)**, reported strong full year results and like-for-like sales growth of 17% over the last 13 weeks compared to the previous pre-pandemic period of 2019. Markets and headlines continue to be dominated by projections of lower global economic growth amid the current cycle of monetary tightening, as central banks try to combat inflation and the resultant surge in the cost of living. However, business confidence remains markedly higher with updates from the portfolio companies reflecting sustained strong demand and growing order books. Management teams remain focussed on managing inflationary pressures to defend profit margins, but while challenging trading conditions will persist, well-capitalised corporate balance sheets and resilient underlying trading of the portfolio companies provide us with confidence. While we expect market volatility to continue over the summer months, we are approaching a point where investors will re-visit fundamentals and take advantage of substantially suppressed equity valuations to spark a welcome upward turn in share price momentum.

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