

Octopus AIM Inheritance Tax Service

Data as at 31 August 2020

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.

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.

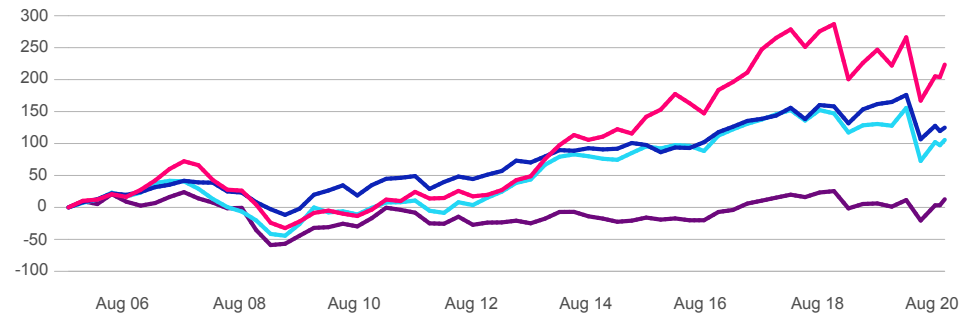
Investment Approach

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

Performance Overview

Performance since launch (%)



	Calendar Year								
	YTD	3 years	5 years	10 years	Inception	2019	2018	2017	
■ Median Octopus AIM ITS	-11.65	-12.60	30.54	268.33	223.46	21.82	-20.61	27.83	
■ FTSE AIM All-Share TR	1.11	-0.95	40.29	56.51	14.73	13.26	-17.12	25.97	
■ FTSE Small Cap ex IT TR	-19.59	-15.36	6.80	124.74	109.23	17.68	-13.80	15.61	
■ FTSE All-Share TR	-18.54	-8.16	17.32	77.63	124.81	19.17	-9.47	13.10	

YTD, 3 years, 5 years, 10 years and Inception (June 2005) data is calculated to month-end, at 31 August 2020.

Discrete yearly performance to quarter end (%)

Year to 30 June	2020	2019	2018	2017	2016
Median Octopus AIM ITS	-12.01	-7.65	8.10	40.54	2.21
FTSE AIM All-Share TR	-2.78	-13.90	13.53	38.55	-4.98
FTSE Small Cap ex IT TR	-12.29	-8.63	6.36	28.39	-3.65
FTSE All-Share TR	-12.99	0.57	9.02	18.12	2.21

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

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 and Charles Lucas, manage over £1.8 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 and FP Octopus UK Multi Cap Income Fund.

Awards



Monthly Commentary

Over the course of August, the median Octopus AIM Inheritance Tax portfolio rose by 6.42%. This was against a market backdrop that saw the FTSE AIM All-Share Index rise by 8.97%, the FTSE All-Share Index rise by 2.42%, and the FTSE SmallCap (excluding Investment Companies) Index increase by 4.16%, all on a total return basis.

The main contributors in August included technical adhesive solutions provider **Scapa Group plc (+34.2%)**, which reported that revenues in the first quarter were well ahead of its COVID-19 base case scenario, with trading continuing to improve in the second quarter, leading to full-year earnings forecasts being upgraded by 10%. PR consultancy to the technology sector **Next Fifteen Communications Group plc (+26.7%)** announced that trading in the first half of the year has been well ahead of management expectations, also leading to full-year earnings forecasts being upgraded by 10%. Wound care specialist **Advanced Medical Solutions Group plc (+25.3%)** has been granted UK and US patents for its Liquiband Exceed range until 2034, which is expected to reduce the Group's effective tax rate by 1-2% throughout the patent life. Online market researcher **YouGov plc (+24.8%)** continued its impressive share price momentum following last month's strong trading update, when it noted it is yet to see any meaningful impact from COVID-19. Marketing communications platform provider **dotDigital Group plc (+24.1%)** has traded well during the pandemic, with weakness in some customer segments more than offset by new customer contract wins and renewals. The contracted recurring revenue model provides a high level of visibility of full-year forecasts. Software and consultancy provider to the financial services industry **First Derivatives plc (+18.5%)** continues to trade resiliently due to its business-critical software and its unique intellectual property around its Kx software. Shares in cloud communications software solution provider **IMobile plc (+18.0%)** have continued to progress following last month's strong full-year results, and we believe that trading in the current year has started well. Technical services provider to the global video games industry **Keywords Studios plc (+15.6%)** announced that revenues grew 13% to €173 million and pre-tax profits increased an impressive 18% to €21.7 million in the first half of the year. Pub operator **Young & Co's Brewery plc (+14.8%)** took advantage of the government-backed Eat Out to Help Out scheme implemented to stimulate trading in the hospitality sector, and we therefore expect August trading to have been particularly buoyant. Global identity verification business **GB Group plc (+9.3%)** reported that trading in the first quarter was ahead of forecasts, helped by a one-off US customer project. It also announced the acquisition of a minority stake in Singapore-based CredoLab for \$3 million. Technical patent and IP translator **RWS Holdings plc (+0.7%)** announced a transformational merger with main-listed SDL plc via an all-share transaction. The transaction will create the world's leading language services and technology group and will be earnings-enhancing in the first full year post completion of the deal. The combined group will remain listed on AIM.

Shares that detracted from performance in the month included gift packaging and stationery manufacturer **IG Design Group plc (-13.0%)**, which saw its share price decline after the Chief Executive Officer sold a significant part of his shareholding for financial planning purposes. Pawnbroker **H&T Group plc (-11.8%)** reported interim results that reflected a tough six-month period impacted by store closures and interest holidays for its pawnbroking customers. Pre-tax profits declined 27% to £5.0 million. Shares in discretionary fund manager **Brooks Macdonald Group plc (-6.1%)** were weak over the month despite an absence of news flow and we believe the shares are under-valued at current levels.

The consistent message we have heard from management teams, that trading has been better than initially expected in the circumstances, has been confirmed in a number of recent trading statements and we look forward with confidence to the upcoming September results season, during which we will hear from the majority of the portfolio companies.

Portfolio Analysis

Top Ten Equity Holdings

Gamma Communications
 Keywords Studios
 GB Group
 YouGov
 RWS Holdings
 CVS Group
 Next Fifteen Communications
 Renew Holdings
 Iomart Group
 James Halstead

Top Ten Sectors (%)

Software & Computer Services	17.2
Support Services	17.2
Construction & Building Materials	10.3
Media	10.3
Health Care	6.9
Household Goods & Services	6.9
Specialty & Other Financial	6.9
Telecommunications	6.9
Beverages	3.4
Industrial Engineering	3.4
Total	89.4

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%.

Important Information

Personal opinions may change and should not be seen as advice or a recommendation. We do not offer investment or tax advice. We recommend investors seek professional advice before deciding to invest. Regarding VCTs, this advertisement is not a prospectus and you should only subscribe for shares on the basis of information contained in the prospectus and the Key Information Document. For other investments, investors should read the product brochure before deciding to invest. These documents are available at octopusinvestments.com. Issued by Octopus Investments Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 33 Holborn, London, EC1N 2HT. Registered in England and Wales No. 03942880. We record telephone calls. CAM010153. Issued: September 2020.