

Octopus AIM Inheritance Tax Service

Data as at 31 October 2022



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, Charles Lucas, Shalima Khanum and Georgia Obadipe, 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.

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.

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.

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

Performance overview



Cumulative performance to 31 October 2022 (%)

	YTD	3 Y	5 Y	10 Y	Launch	2021	2020	2019
Median Octopus AIM ITS	-34.95	-12.43	-25.68	122.84	183.39	18.41	0.48	21.82
FTSE AIM All-Share TR	-32.96	-6.46	-17.69	30.30	-1.72	6.12	21.75	13.26
FTSE Small Cap ex IT TR	-23.40	14.07	4.70	127.40	165.96	31.26	1.65	17.68
FTSE All-Share TR	-5.00	7.09	12.69	83.15	179.78	18.32	-9.82	19.17

Discrete yearly performance to quarter end (%)

Year to 30 September	2022	2021	2020	2019	2018
Median Octopus AIM ITS	-34.12	39.32	-2.02	-16.75	5.88
FTSE AIM All-Share TR	-34.34	30.79	11.03	-19.38	10.77
FTSE Small Cap ex IT TR	-24.37	72.45	-12.72	-7.78	0.65
FTSE All-Share TR	-4.00	27.89	-16.59	2.68	5.87

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



Investment Enquiries

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Top ten equity holdings (%)

Next Fifteen Communications Group plc	
Keywords Studios plc	
CVS Group plc	
Renew Holdings plc	
Advanced Medical Solutions Group plc	
YouGov plc	
Gamma Communications plc	
Restore plc	
Midwich Group plc	
James Halstead plc	

Top ten sectors (%)

Support Services	32.0
Software & Computer Services	16.0
Construction & Building Materials	12.0
Media	12.0
Healthcare	8.0
Industrial Engineering	4.0
Leisure	4.0
Pharmaceuticals & Biotech	4.0
Specialty & Other Financial	4.0
Telecommunications	4.0
Total	100

Source: Bloomberg and Octopus Investments. Top ten holdings based on funds under management in the Octopus AIM Inheritance Tax Service. 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 October, the median Octopus AIM Inheritance Tax portfolio decreased by 2.13%. This was against a market backdrop that saw the FTSE AIM All-Share Index rise by 0.13%, the FTSE All-Share Index increase by 3.11%, and the FTSE SmallCap (excluding Investment Companies) Index increase by 0.75%, all on a total return basis.

The main contributors included interior furnishings group, **Sanderson Design Group plc** (+23.7%), that reported healthy interim results, highlighting 12.5% growth in pre-tax profits, in line with full year expectations. The second half has started robustly, and a new collaboration has been announced with Giles Deacon, to rework some of Sanderson's original designs. Mobile payment solutions provider, **Boku Inc** (+17.5%), continued the expansion of its mobile wallets network with the addition of PayPay and LinePay mobile wallets in Japan, to allow their combined 90 million users to subscribe to leading sports streaming platform, DAZN. This follows its recent multi-year agreement with Amazon. Workwear rental and linen services operator, **Johnson Service Group plc** (+17.3%), reacted to positive news from quoted competitor, Elis, and largest HORECA customer, Premier Inn, that both released encouraging data evidencing further recovery in its end markets. Automotive testing solutions developer, **AB Dynamics plc** (+15.0%), continued its upward trajectory following last month's strong full year trading update and acquisition of advanced simulator business, Ansible Motion. PR consultancy to the technology sector, **Next Fifteen Communications Group plc** (+12.6%), confirmed that recent strong trading has continued and that it expects full year results to be at least in line with management expectations. Wound care specialist, **Advanced Medical Solutions Group plc** (+11.9%), announced that the submission of its Pre-Market Approval application for its LiquiBandFix8® product has been accepted by the FDA. The company expects US approval to be granted around the end of 2023. Shares in video game developer, **Team17 Group plc** (+10.9%), rose following last month's interim results, as it heads into a busy end to its year with seven new titles scheduled for launch in the second half. Veterinary services consolidator, **CVS Group plc** (+10.4%), also gained ground following last month's publication of strong full year results. Specialist engineering contractor, **Renew Holdings plc** (+7.7%), noted in a full year trading update that the Group has successfully managed inflationary pressures and supply chain issues, and expects results to be marginally ahead of expectations with net cash also better than expected.

Shares that detracted from performance in the month included student accommodation developer, **Watkins Jones plc** (-38.1%), that reported some pricing and margin softness on sales concluded in the second half, with two forward sales delayed until 2023. As a result, the Board now expects underlying operating profit to be around 10% below expectations. Global identity verification business, **GB Group plc** (-37.6%), announced that trading in the first six months of the year has been in line with expectations, albeit aided from FX tailwinds. The shares reacted poorly despite the Board confirming that it expects to meet full year profit forecasts, with growth and margins expected to improve in the second half as the pipeline of new business is converted. The Board also announced that it is no longer in discussions with GTCR LLC regarding a possible offer for the company. Asset manager, **Premier Miton Group plc** (-17.9%), reported a 7% decline in Assets under Management in its fourth quarter to £10.6 billion following net outflows, as retail investors remained cautious. Managed hosting services provider, **iomart Group plc** (-17.4%), guided towards delivering full year revenues and profits at the lower end of expectations due to current economic headwinds, though customer renewal levels are returning to long-term historic averages. Kettle safety component designer and manufacturer, **Strix Group plc** (-12.2%), completed the earnings-enhancing acquisition of Australian water company, Billi, for around £38 million, part funded by a £10 million equity placing at 115p per share.

Another month and another Prime Minister and Chancellor, followed by a reversal of the slew of tax cuts introduced by their predecessors. With some political uncertainty behind us, markets have subsequently welcomed the Government's change of fiscal plan and have calmed considerably with volatility markedly reducing in recent weeks. Encouragingly, smaller company share prices have also started to react more positively to news flow as investors identify the value that exists further down the market cap spectrum.

Important information

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