



AIM QUARTERLY REVIEW

QUARTER FOUR | TWO THOUSAND AND EIGHTEEN

The final quarter of 2018 was a difficult period for the AIM market and our portfolios, but we believe that our positioning is appropriate and that our portfolio of companies should continue to generate positive earnings growth and returns for investors. Our AIM portfolio's positioning hasn't changed materially during the recent period from a thematic, sector or geographical exposure perspective.

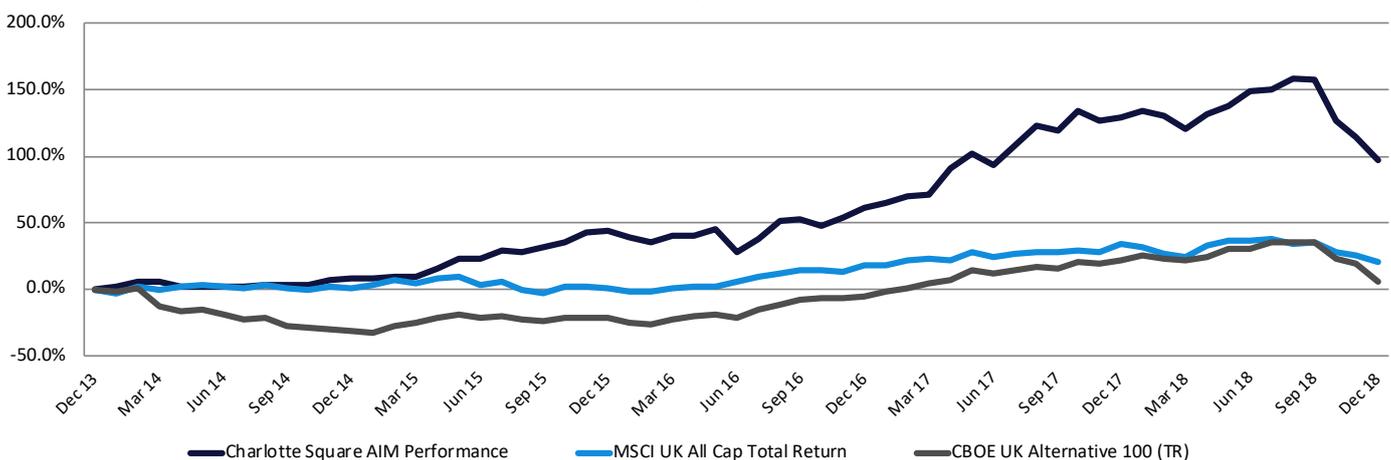
We remain overweight to the international space because we expect overseas markets to offer a more benign environment for growth than the UK domestic economy. Therefore, our current positioning of roughly 50% domestically focused/50% internationally focused businesses also remains appropriate.

We are overweight "structural growth" companies because we believe our portfolio names should (at the least) deliver to our forecasts, which tend to be more conservative than the consensus. In the last quarter, growth-orientated names have underperformed, reflecting heightened concern about the strength of the global economy, the unwinding of central bank support, potential trade conflicts and Brexit.

Fever-Tree and Blue Prism are two stocks that have accounted for a significant proportion of recent underperformance. When we analyse the forecasts for these companies, we remain convinced that our views are correct and that from here, these holdings can add value to our portfolios.

We have been taking advantage of attractive valuations to selectively top up our holdings in companies that we believe can deliver sustained earnings growth. We believe now isn't the time to panic. The economic fundamentals have softened slightly but haven't collapsed. A more settled market backdrop will allow the strong fundamentals of our positions to show through. We are long-term investors and are confident that our positions are the right ones, with a recovery in value already starting to occur in the first few weeks of 2019.

Cumulative AIM Discretionary Client Performance (Net Fees)





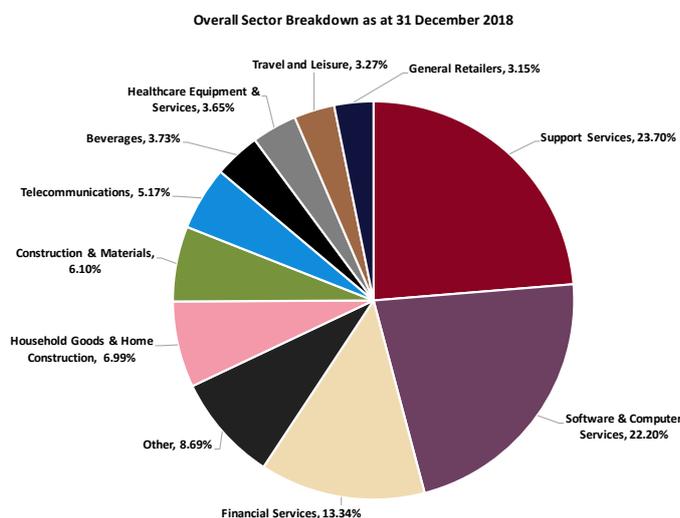
Charlotte Square Discretionary AIM Clients		MSCI UK All Cap Total Return		CBOE UK Alternative 100 Total Return	
Monthly Volatility	4.5%	Monthly Volatility	2.9%	Monthly Volatility	4.2%

Total Return	Charlotte Square Discretionary AIM Clients	MSCI UK All Cap Total Return	CBOE UK Alternative 100 Total Return
3 Months	-23.7%	-10.6%	-21.8%
1 Year	-13.9%	-9.7%	-12.8%
3 Years	37.0%	19.9%	34.5%
5 Years	96.7%	20.7%	5.7%

Source: Charlotte Square and Raymond James data as at 31/12/2018

Top 10 Holdings	%	Sector
GAMMA COMMUNICATIONS	5.2	Telecommunications
IDEAGEN	4.9	Software & Computer
RWS HOLDINGS	4.7	Support Services
RAMSDENS HOLDINGS	4.3	Financial Services
GB GROUP	4.2	Software & Computer
KEYWORDS STUDIOS	4.1	Support Services
SMART METERING	4.0	Support Services
RESTORE	3.9	Support Services
ALPHA FINANCIAL MARKETS	3.8	Support Services
BLUE PRISM GROUP	3.7	Software & Computer

Source: Charlotte Square data as at 31/12/2018



Performance numbers are indicative, drawn from a stylised aggregate portfolio constructed from our individual discretionary AIM Portfolios. The figures are calculated on a monthly basis, net of Charlotte Square's Annual Management Charge and additional Dealing Charges, and are adjusted for cash contributions and withdrawals. Please note that the performance of individual portfolios may vary due to factors such as the portfolio size, stock selection and timing of investment transactions. AIM investments can be illiquid in nature and carry a higher degree of risk than other securities and are not, therefore, suitable for some investors. **The AIM Portfolio should be regarded as a higher risk, long term investment managed on a discretionary basis. We would strongly recommend seeking independent tax and financial advice before taking any action.**

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