



AIM QUARTERLY REVIEW

QUARTER TWO | TWO THOUSAND AND TWENTY

Stock markets demonstrated a strong recovery during the second quarter of the year, buoyed by survey data pointing to a rebound in economic activity and loose central bank policy. The MSCI UK All Cap index generated a total return of 9.4% during the quarter and the CBOE UK Alternative 100 TR index returned 31.7%. Our AIM portfolios returned 18.3% during the period.

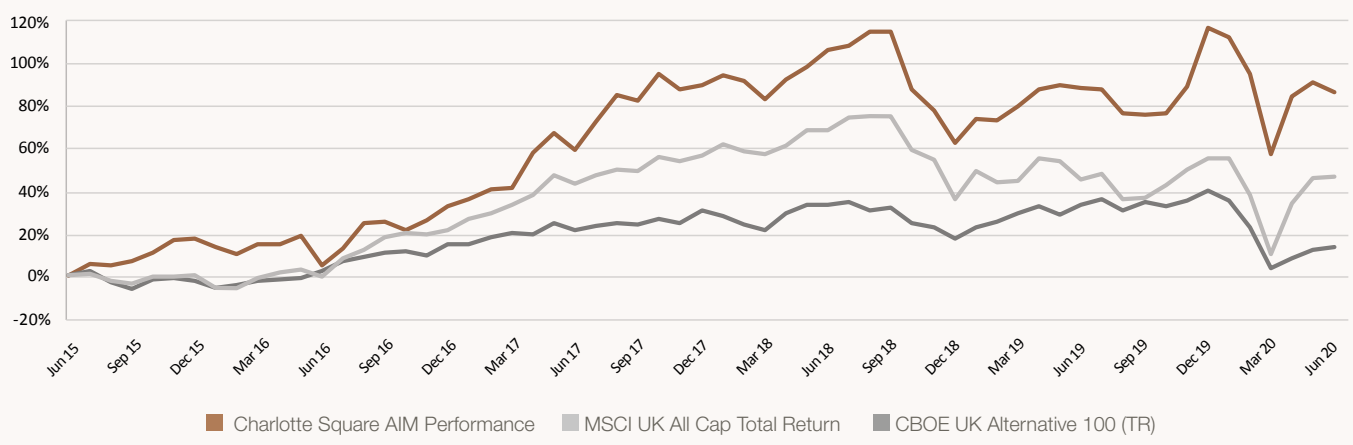
Some of the larger stocks within the AIM index produced abnormally strong returns during the period, which in our view, are unsustainable on even the most basic of assumptions. For example, several hydrogen fuel stocks rallied aggressively, despite demonstrating a lack of profits or cash generation.

While it is not within our mandate to speculate on falling share prices, there are several large AIM stocks at present which in our view, are well positioned for a fall. We believe this should lead to some decent outperformance against the benchmark over the coming period. Boohoo's share price almost halving in early July is just one example of this thesis beginning to play out.

A common theme during the period was the start of a recovery among companies which had been forced to shutdown operations during the peak of the lockdown. Ramsdens Holdings demonstrated a 51% return and City Pub Group recovered by 38% for example.

Ultimately, we continue to focus on companies with reasonable valuations, which we believe will grow as lockdown restrictions ease; despite rising levels of permanent unemployment as the government gradually takes the economy off "life support". This approach we believe, will not only demonstrate better upside than the wider market on a relative basis, but also on an absolute return basis over the coming period.

Cumulative AIM Discretionary Client Performance



Charlotte Square Performance data as at 30/06/2020 – source Charlotte Square, CS Investment Managers and Raymond James.



Charlotte Square Discretionary AIM Clients	MSCI UK All Cap Total Return	CBOE UK Alternative 100 Total Return
Monthly Volatility 6.1%	Monthly Volatility 3.7%	Monthly Volatility 5.6%

Total Return	Charlotte Square Discretionary AIM Clients	MSCI UK All Cap Total Return	CBOE UK Alternative 100 Total Return
3 Months	18.3%	9.4%	31.7%
1 Year	-0.8%	-14.5%	0.9%
3 Years	16.6%	-6.2%	1.9%
5 Years	83.0%	13.1%	44.5%

Source: Charlotte Square, CS Investment Managers and Raymond James data as at 30/06/2020

Top 10 Holdings	%	Sector	Overall Sector Breakdown as at 30 June 2020
Gamma Communications	6.6	Telecommunications	
Ideagen	6.2	Software and Computer	
Keywords Studios	5.8	Support Services	
Begbies Traynor	5.5	Support Services	
Sureserve Group	5.3	Support Services	
GB Group	5.0	Software and Computer	
Caretech	4.8	Healthcare Equipment	
RWS Holdings	4.3	Support Services	
Restore	4.0	Support Services	
Renew Holdings	3.9	Construction & Materials	

Source: Charlotte Square, CS Investment Managers and Raymond James data as at 30/06/2020

Performance numbers are indicative, drawn from a stylised aggregate portfolio constructed from individual discretionary AIM Portfolios managed by Charlotte Square and CS Investment Managers. The figures are calculated on a monthly basis, net of the 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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