

AIM PORTFOLIO SERVICE INCOME

INVESTORS' REPORT | INCOME

Yield: 4.9%

The first quarter of 2025 was again a testing time for AIM investors. At the underlying company level we continue to see good progress being made across the portfolio. On average, dividends per share of our average AIM Income Portfolio over the past 12 months is some 7.4% higher than the previous year. Earnings season is in full swing and results on the whole so far have been pleasing. It is jarring, then, to report portfolios on average were 7.4% lighter in value than where we started the year.

With jittery nerves towards the UK in general, even minor disappointments from companies have been dealt large share price falls. **Renew**, for example, warned in January that the new regulatory period in the rail industry has had a slower than anticipated start while everyone cautiously awaits the new government's plans. A large part of Renew's business is maintaining the UK's rail tracks so has been affected in the short-term, but its work will be in demand so long as trees shed leaves, mud slips and metal rusts. Yet its share price is now down around 40% in 6 months, which in our view is extreme beyond justification. We are very happy buyers of Renew at these prices.

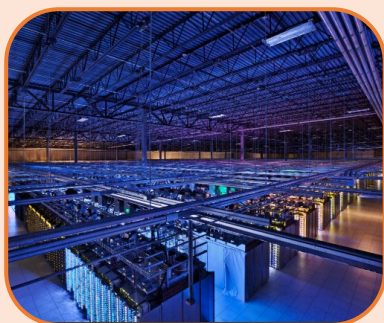
Several shares had a more positive first quarter. Distributor **NWF Group** reported on a 25% increase in its operating profit in its first half and **Strix** announced it was trading ahead of expectations. Elsewhere **Alliance Pharma** attracted takeover bids with substantial premia, once again demonstrating that value is being recognised by private equity buyers. Our best income stock, though, was Personal Group which rose by +36.4% in the quarter on the back of excellent results that showed group profits were up +34% last year.

This ongoing slump in sentiment towards AIM is highly uncomfortable and frustrating, though our key message is that the underlying companies are progressing well and valuations are extremely low. One's returns on investment are a function of starting valuation, and currently the implied returns on AIM over the medium term are highly attractive—the unknown is when that will start to be realised.

As always, we thank you for your continued support and remain available to discuss any questions you may have.

Company Focus | Avingtrans plc

In each of our quarterly briefings we present one of the companies in which we invest (*not necessarily held by all clients*) to provide examples of the kind of opportunities that one can find amongst quality smaller companies that trade on AIM.



Avingtrans is a provider of advanced engineered components, systems, and services to the aerospace, energy, and medical industries worldwide. This includes next generation nuclear, train tunnel doors, performance-critical electric motors, pumps for data centre temperature control, pumps for submarines, and small scale MRI scanners.

Its markets are typically highly regulated and demand advanced engineering capabilities, both of which create high barriers to entry for would-be competitors. Avingtrans has a long and successful history of acquiring such businesses, improving them and exiting—and creating significant shareholder value in the process.

Amidst global trade wars, we expect it be relatively well insulated by the fact that it has local manufacturing in its key markets and a reasonable degree of pricing power given the specialist nature of its activities.

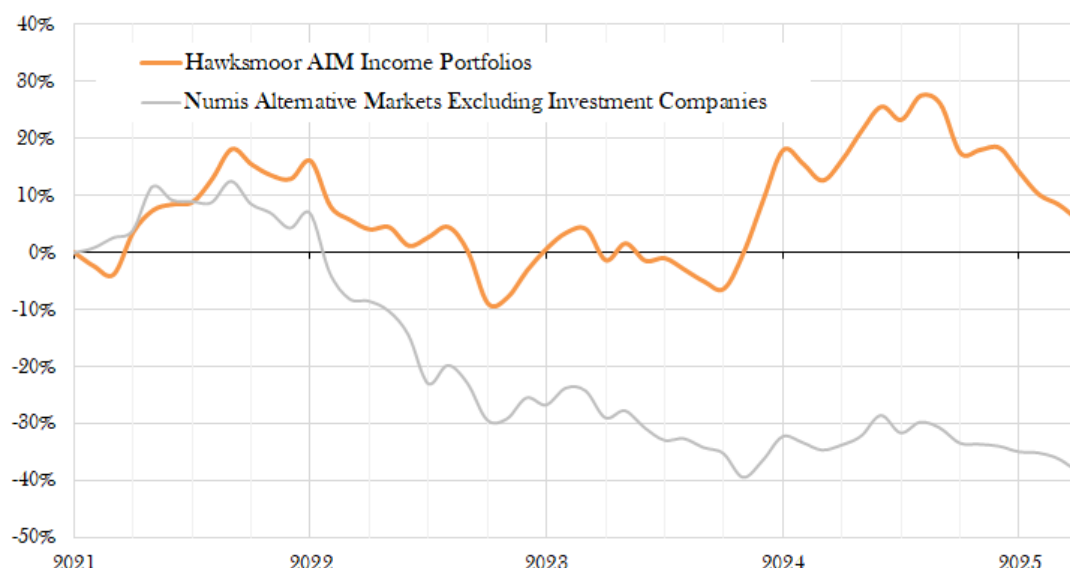
GROWTH INVESTOR
2023 AWARDS
FINALIST
BEST AIM
PORTFOLIO
SERVICE

GROWTH INVESTOR
2022 AWARDS
WINNER
BEST AIM
PORTFOLIO
SERVICE

GROWTH INVESTOR
2021 AWARDS
RUNNER UP
BEST AIM
PORTFOLIO
SERVICE



Performance of an illustrative Hawksmoor AIM Income Portfolio



Discrete Calendar Years	2021	2022	2023	2024
Hawksmoor AIM Income Portfolio ¹	16.1%	-13.2%	2.9%	-3.3%
AIM Benchmark ²	7.0%	-31.5%	-7.6%	-3.9%

Cumulative Performance	3 months	6 months	1 year	3 years
Hawksmoor AIM Income Portfolio ¹	-7.4%	-10.0%	-9.1%	-10.8%
AIM Benchmark ²	-5.3%	-7.5%	-7.0%	-32.7%

PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE.

Our AIM Portfolio Service invests in exceptional UK smaller companies for long-term capital growth. It can also be used for inheritance tax planning since we endeavour to ensure that every investment will qualify for *Business Relief* once held for at least two years.

It is a virtue of Hawksmoor's size that we are not restricted to only the largest, most popular of AIM companies, where valuations can become artificially elevated by tax relief demand. Rather, our proprietary investment process combines a disciplined screening process with rigorous fundamental analysis designed to identify value and quality.



Meet the team



Ian Woolley, CFA
Head of AIM Services

Ian joined Hawksmoor in 2013 having previously worked as an investment analyst and business consultant. He has a First Class degree in Mathematics from the University of Bath and is a Chartered Financial Analyst (CFA) charter holder.



Tinzar Minmin
Investment Manager

Tinzar qualified as an Investment Manager in 2021. She has a BSc in *Actuarial Mathematics* and a Masters in *Actuarial Finance* from the University of Leeds. She was included in Citywire's 2023 'Top 30 Under 30' list of rising investment stars.

Important Information

Hawksmoor Investment Management Limited is authorised and regulated by the Financial Conduct Authority. Registered in England No. 6307442. Registered office: 2nd Floor, Stratus House, Emperors Way, Exeter Business Park EX1 3QS.

This document should not be interpreted as investment advice for which you should consult your financial adviser. The information and opinions it contains have been compiled or arrived at from sources believed to be reliable at the time and are given in good faith, but no representation is made as to their accuracy, completeness or correctness. Any opinion expressed, whether in general or both on the performance of individual securities and in a wider economic context, represents the views of Hawksmoor at the time of preparation, they may be subject to change. The value of an investment can fall as well as rise and you may not get back the amount originally invested. Investments in AIM carry an above-average level of risk – please see **Guide to the AIM Portfolio Service** for full details, which can be found on our website www.hawksmoorim.co.uk.

¹ *Methodology and source:* Hawksmoor, as at the date of this report. Performance is quoted on a total return basis after all charges and taxes, excluding any external adviser fees, calculated based on the average actual performance of all clients in the Hawksmoor AIM Portfolio Service with an income mandate.

² Deutsche Numis Alternative Markets Excluding Investment Companies Index, quoted on a total return basis.

