

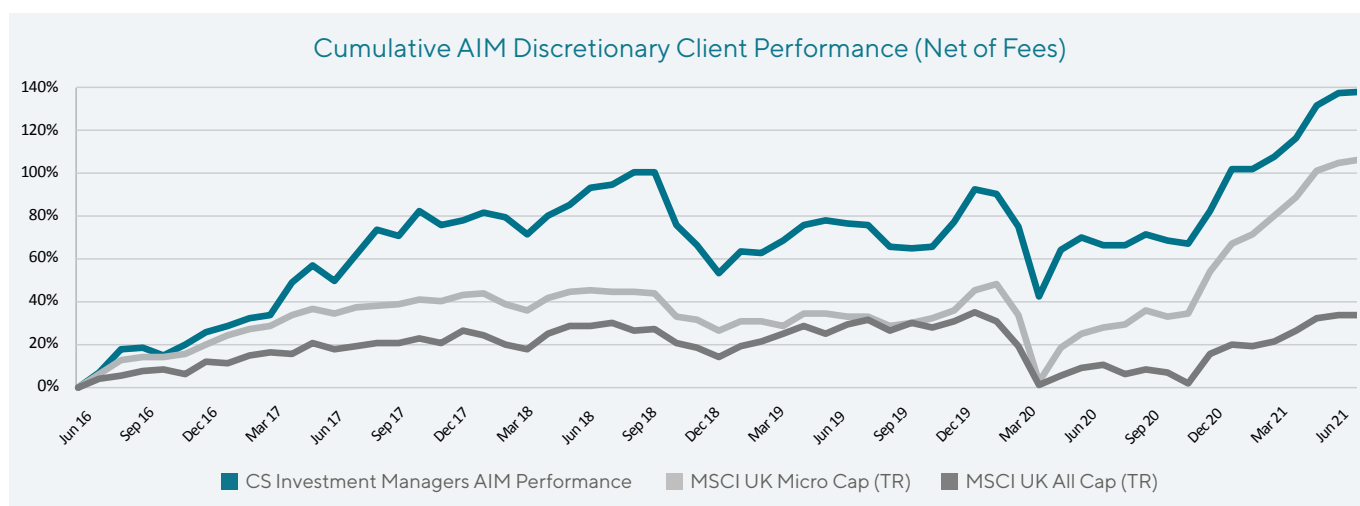
The themes of reflation and re-opening, which have dominated financial markets since the vaccine announcements, were challenged in June. In the US, the Fed sought to reassure investors that it was on top of inflationary risks – bond yields dropped and the S&P 500 rose, led by technology stocks. Over the quarter, the MSCI UK All-Cap TR index was up by 5.6%, while the MSCI UK Micro Cap TR index returned 9.3%. Meanwhile our AIM IHT service returned 10.0% during the period as the recovery in domestically focussed smaller companies saw the service lead the respective benchmarks.

Among the holdings, the biggest winners had little in common, besides attractive valuations. Xpediator, the freight forwarding company with operations across both the UK and Continental Europe, benefitted from a continuation of strong trade volumes, demonstrating that the strong first quarter of the year was not just a one-off due to Brexit. NextFifteen, the tech-focussed marketing consultancy, was seen as well-placed for big US technology company spending programmes and a recovery in corporate investment.

Another key theme in the AIM portfolios, and the wider UK market, during the period was foreign takeover bids. Both our holdings in Augean and Sigma Capital saw bids made by US based investors keen to take advantage of depressed

UK smaller company stock prices. While these deals are yet to finalise, it was nice to see the share prices rise substantially during the period. Given significant board level share ownership in both companies, we are comfortable that the final values achieved for these will be fair.

With inevitable reinvestment requirements very soon due to the takeover bids, we continue to look out for attractive investment opportunities over the coming period. We do, however, already have a few attractive ideas in mind, with due consideration for rising inflation expectations and the inevitable sector rotation should this trend persist, for the coming period.



| Total Return | CS Investment Managers Discretionary AIM Clients | MSCI UK Micro Cap Total Return | MSCI UK All Cap Total Return |
|--------------|--|--------------------------------|------------------------------|
| 3 Months     | 10.0%  | 9.3%                           | 5.6%                         |
| 1 Year       | 43.3%  | 61.5%                          | 21.0%                        |
| 3 Years      | 23.3%  | 42.2%                          | 3.9%                         |
| 5 Years      | 138.4%   | 106.7%                         | 33.8%                        |



| CS Investment Managers Discretionary AIM Clients | MSCI UK Micro Cap Total Return | MSCI UK All Cap Total Return |
|--|--------------------------------|------------------------------|
| Monthly Volatility 5.7%                          | Monthly Volatility 5.2%        | Monthly Volatility 4.0%      |

| Top 10 Holdings         | %    | Sector                   | Overall Sector Breakdown as at 30 June 2021 |
|-------------------------|------|--------------------------|---|
| Sureserve Group         | 5.7% | Support Services         |   |
| Gamma Communications    | 5.5% | Telecommunications       |   |
| Begbies Traynor         | 5.3% | Support Services         |   |
| Ideagen                 | 5.1% | Software and Computer    |   |
| Caretech                | 4.7% | Healthcare Equipment     |   |
| Alpha Financial Markets | 4.5% | Support Services         |   |
| Augean                  | 4.5% | Support Services         |   |
| Renew Holdings          | 4.4% | Construction & Materials |   |
| Keywords Studios        | 4.4% | Support Services         |   |
| Smart Metering Systems  | 4.1% | Support Services         |   |

Source: CS Managers Ltd and MSCI. Data as at 30/06/21. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively the 'MSCI Parties') expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

Performance figures are indicative, drawn from stylised aggregate portfolios constructed from the discretionary portfolios managed by CS Investment Managers. The figures are calculated on a monthly basis, net of fees and other charges and adjusted for contributions and withdrawals. Performance of individual portfolios may vary due to factors such as the portfolio size, stock selection and timing of investment transactions.

## CONTACT

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## IMPORTANT INFORMATION

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