

INVESTORS' REPORT | INCOME

The second quarter was positive for our AIM income portfolios, especially in April and May. For the 3 months our portfolios were up 6.1%, which was 2.8% better than the wider AIM benchmark. A degree of market stability we reported on three months ago has built into upward momentum, such that our growth portfolios are now over 23% ahead of their low points back in October. Our income portfolios continue to defy the wider market gloom: while our benchmark is down -37.3% over the past three years, our income portfolios are broadly flat (-0.5% – see overleaf).

Our best performer in the period was **The Property Franchise Group (TPFG)**, the UK's largest multi-brand lettings and estate agency franchising group. We had two nuggets of good news in the period: first, it announced a strong set of results for last year and guided that the current year was tracking ahead of expectations; second, it made a tidy earnings-enhancing acquisition on what appear to be very sensible prices. TPFG offers a dividend yield of 3.4% for 2024, rising to 4.1% for 2025.

Only slightly behind was **Polar Capital (POLR)**, the specialist fund manager, which was up just shy of 30%. Its recent updates point to a return to positive net inflows, further buoyed by positive market movements. Polar Capital has a dividend yield of around 7.9%.

Our goal is to find wonderful businesses and own them forever: this is not a trading portfolio. Yet when facts change, portfolios will too. In the quarter we sold out of **Argentex**, a provider of foreign exchange services to businesses, after its sales growth disappointed and it cancelled its dividend. The management team has been replaced, though we are nervous a new plan to provide Alternative Banking services will be costly and risky, and meanwhile offer no income for shareholders.

The past few years have been a political rollercoaster in the UK, but we're encouraged that the incoming Labour government clearly recognises the importance of the UK's capital markets, as laid out in its [paper on financial services](#). Both politicians and regulators appear open to positive reform to reinvigorate our markets and thereby attract investment and improve liquidity, which is welcome.

Overall our sense is that there is a spring of positivity coming back into this market, and we're already having early discussions around upcoming IPOs. It's never a straight road upwards, but all of the foundations are in place for this recovery to continue: this is a portfolio of high quality companies in sound financial health, with good growth prospects and attractive valuations.

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



Company Focus | Bioventix 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.



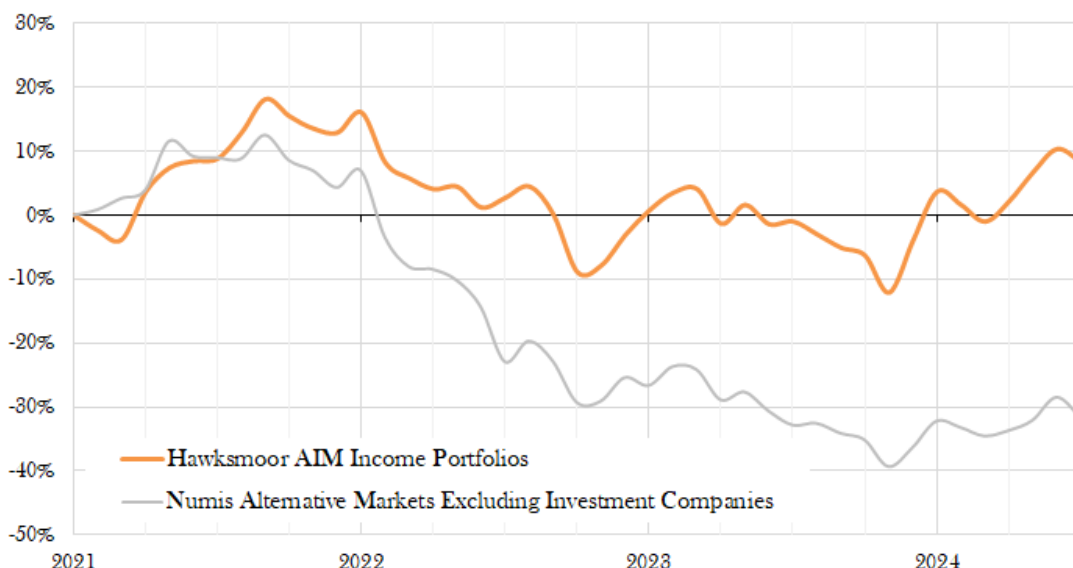
Bioventix develops and produces antibodies used in diagnostic blood tests. The company owns a portfolio of 20+ antibodies used in tests to detect, for example, heart problems, thyroid function, fertility issues, Vitamin D deficiency and illicit drugs.

Most of its revenues come from royalty payments every time a blood test is carried out. This creates highly attractive defensive qualities and revenues that have little correlation with the wider economy. Barriers to entry in this market are also high due to the long time frames to develop, test, and approve a new antibody.

Yet it also has an excellent record for growth by bringing to market new, innovative antibodies. Bioventix is thus a rare combination of a high-growth, high-return business with a very defensive revenue base. It has a dividend yield of c. 4%.



Performance of an illustrative Hawksmoor AIM Income Portfolio



Discrete Calendar Years	2021	2022	2023	YTD
Hawksmoor AIM Income Portfolio ¹	16.1%	-13.2%	2.9%	4.5%
AIM Benchmark ²	7.0%	-31.5%	-7.6%	1.0%

Cumulative Performance	3 months	6 months	1 year	3 years
Hawksmoor AIM Income Portfolio ¹	6.1%	4.5%	9.4%	-0.5%
AIM Benchmark ²	3.3%	1.0%	1.9%	-37.3%

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 Property 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 a total return basis after all charges and taxes, excluding any external adviser fees facilitated by Hawksmoor, 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.

