

Fundamental General Portfolio Service

Factsheet Q3 2023

Fundamental

KEY FACTS

Min Investment:	£20,000*
Average No. of Holdings:	25
AUM:	£170m
Inception:	Sep 2004
Investment available:	ISA/SIPP

CHARGES DIRECT

Initial Fee:	None**
Management Fee:	1% +VAT***

CHARGES THROUGH ADVISER PLATFORMS****

Management Fee:	1% +VAT
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*£20,000 through adviser platforms (£40,000 direct)

**for non-advised clients, 1% capped at £2,000

***for non-advised clients, 1.5%+VAT up to £150k and 1%+VAT thereafter

INVESTMENT OBJECTIVE

Matching your needs with intelligently-managed portfolios

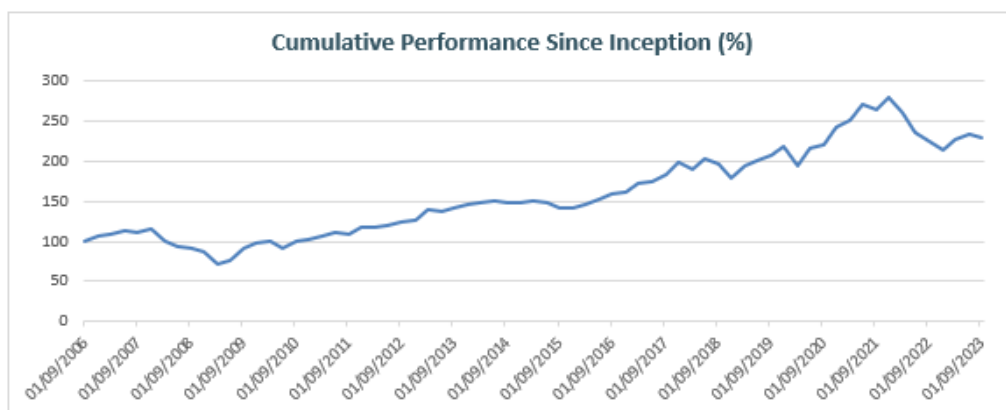
Each investor has a different attitude to risk. We listen to what you want to achieve and how you want to achieve it and then tailor your portfolio accordingly.

Typically, our portfolios consist of direct investment in equities quoted on the FTSE, AIM and International markets and specialist funds.

Our specialist knowledge means that your portfolio will be invested in a selection of our preferred AIM companies offering a board diversity of companies within your portfolio.

SIPPs

You may want to manage your investments through a Self-Invested Pension Plan (SIPP). It takes valuable time to do this yourself, which is why we offer a SIPP management and advisory service, providing a soundboard for investment ideas and portfolio structuring and supporting you throughout the process.



Cumulative Performance*	3m	6m	YTD	1yr	3yr	5yr	Incep.**
Fundamental Discretionary	-1.33%	0.88%	7.37%	2.09%	3.99%	17.02%	130.10%

*Net Management Fee (1%) and advice Fee (0.5%) to September 2023 Month-End; **Inception= September 2004 (FTSE AIM All-Share June-05)



Stephen Drabwell

Director & Co-Founder



Chris Boxall

Director & Co-Founder

INVESTMENT TEAM

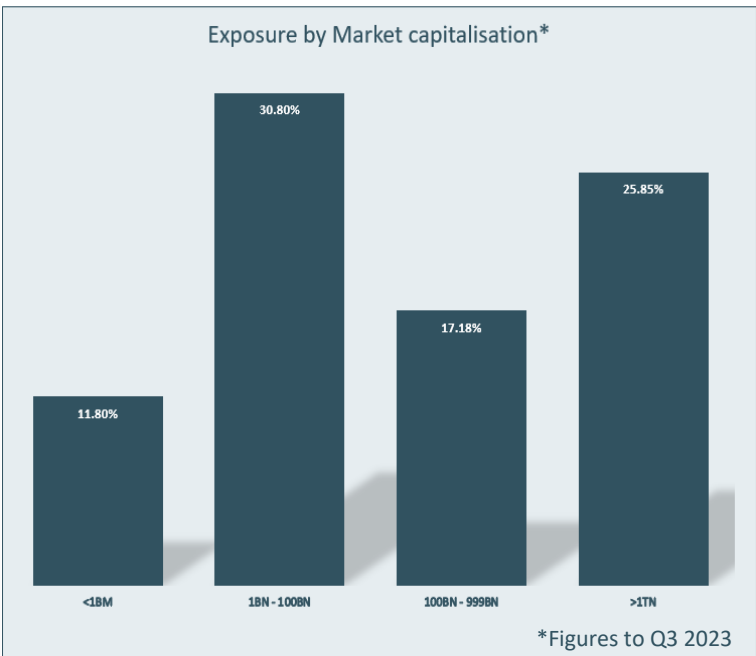
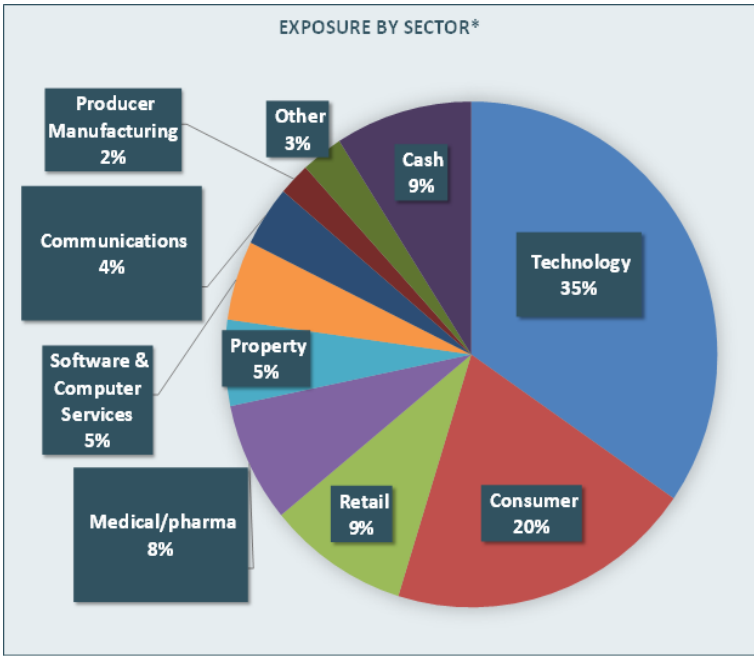
Stephen and Chris are highly experienced fund managers who have built their careers around small cap investing. They have managed the Fundamental Asset Management Strategy for 19 years and undertake their own in-depth research. They also edit Investors Champion magazine, which provides specialist news and insight into small cap investing.

PLATFORM AVAILABILITY



BENEFITS

- Invests in a diversified portfolio of Global Equities, Bonds and Funds.
- Growth, Balanced and Cautious Mandates
- A managed account without the associated costs of investing in a fund vehicle.
- Transparency of activity on the account.
- Actively managed to seek superior returns.
- Combination of Capital Growth or Income (if required)
- Outstanding track record.
- Low cost Trading.
- Can form part of a Self Invested Personal Pension (SIPP)
- Ongoing Advisor Fee applicable



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IMPORTANT INFORMATION

This factsheet is for illustration purposes only. The performance shown is based on a real client portfolio managed since 1st March 2007. Individual portfolios differ in terms of holdings and performance depending on the timing of the investment.

Fundamental Asset Management Limited researches a material number of AIM stocks for the IHT Planning Portfolio Service. Our preferred stocks change as news flow and events impact on the companies and accordingly the composition of individual client portfolios may materially differ from another.



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Investor's Champion, a business affiliated to us, continues to publish regular commentaries on AIM companies. This offers an excellent guide to the sort of companies we are looking at.

PORTFOLIO REVIEW

After strong gains for shares in the first half of 2023, global equities posted a negative overall return in the 3rd quarter.

Government bonds also declined in the quarter, with yields rising. Commodities were a notable outperformer with energy gaining amid oil production cuts from Saudi Arabia and Russia.

In the key US market, investors entered the quarter optimistic that the era of policy tightening rates by the US Federal Reserve would soon end. Unfortunately, that optimism proved short-lived as the prospect of a sustained period of higher rates sank in, with a further rate hike likely before the end of the year.

The so-called "Magnificent Seven" - Apple, Microsoft, Alphabet, Amazon, Tesla, Nvidia and Meta – several of which we hold in our general portfolios, declined, weighing on the overall market. With the small cap positions also underperforming, it made for a difficult quarter for the portfolios.

The UK's 100 Index of leading shares did manage a small 1% rise with several domestically focused areas of the market recovering following recent poor performances as hopes that interest rates may have peaked.

Despite that hope, inflation and the consequential raising of interest rates by central banks means that stocks markets in general are struggling to advance, with many investors preferring the security of cash in the bank, despite the inflationary impact. In this environment, as is always the case, the share prices of less-liquid smaller companies are affected more than those of their larger main market peers.

The broadly indiscriminate decline in share prices means that the valuations of well-established, highly profitable companies, of the sort we invest in, are now the most compelling we have seen since we started, nearly two decades ago.

Fundamental Discretionary Portfolio: Cumulative Performance**

3m	6m	YTD	1yr	3yr	5yr	Incep.*
-1.33%	0.88%	7.37%	2.09.%	3.99%	17.02%	130.10%

*Net Management Fee (1%) and advice Fee (0.5%) to September end 2023 *Incep.= Sep 2004



MICAP
ALTERNATIVE INVESTMENT RESEARCH

IMPORTANT INFORMATION

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Fundamental

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Games Workshop

The Nottingham-based creator and manufacturer of fantasy games, notably Warhammer, reported strong growth in sales for the first quarter of its financial year ahead of expectations. The world of Warhammer is being transformed into a series of video games, TV shows and films with a new partnership with Amazon set to keep up the momentum. The company also declared a 50p a share dividend for the six months to May 28, taking dividends for the full year to £1.95, compared with £1.20 in the previous financial year.

Microsoft

OpenAI, which is 49% owned by Microsoft, is talking to investors about a share sale that would value the artificial-intelligence startup behind ChatGPT at between \$80 billion to \$90 billion, roughly triple its level earlier this year. OpenAI has told investors that it expects to reach \$1 billion in revenue this year and generate many billions more in 2024. The deal is expected to allow employees to sell their existing shares as opposed to the company issuing new ones to raise additional capital.

Alphabet

The US Justice Department's long-anticipated antitrust case against Google, which accuses the company of illegally monopolising the internet search market, has started. At issue is whether parent company Alphabet has used steps to solidify its dominance of the search market in a manner that violates federal antitrust law. Google says that its overwhelming market share advantage in internet search reflects the utility of the product, rather than any nefarious behaviour. The case is expected to last until mid-November.

Apple

The world's largest listed company launched the iPhone 15, the latest generation of the company's smartphone, with a revamped design. The main camera on the phone will have a 48 megapixel camera, and a 12 megapixel 2x telephoto lens. Apple said it will improve call quality on the new versions of the iPhone, using machine learning to prioritise voice over background noise. The launch failed to create the sort of excitement we have become used to with Apple products, which isn't surprising with only incremental improvements to the prior model.

AstraZeneca

The Anglo-Swedish drugmaker has settled disputes on stomach drugs Nexium and Prilosec for a combined total of \$425mn, "effectively" resolving product liability claims in some US states. Astra-Zeneca continues to consider the claims, which concern its side-effects warnings, "are without merit" and admitted "no wrongdoing in the settlement agreement". It added that the settlements on the drugs used to treat gastric symptoms would allow it to avoid continued, costly litigation.

Intuit

Intuit announced that it is launching a generative AI software tool for its full set of financial, tax, and accounting software. The company plans to make the new tools available to all users without any additional charge, reasoning that the increased usefulness of the applications will reduce customer losses, or churn, boost usage, and improve cross-selling. This strategy is a contrast to some other approaches to making money from AI software. Microsoft, for instance, plans to offer "co-pilot" software for its Microsoft 365 office suite for \$30 a month per user.

Diageo

Diageo has lost the first step of a legal battle with US rapper Sean Combs over their tequila joint venture, after a New York court denied the company's attempt to resolve the dispute behind closed doors. Combs, also known as Diddy, is suing Diageo for allegedly failing to honour their joint venture agreement for DeLeón, a premium tequila brand the two sides acquired in 2014. Combs has accused Diageo of racial discrimination, claiming that one of Diageo's US executives told him that "if he were Martha Stewart his brands would be more widespread".

STOCK COMMENTARY CONTINUED

Walt Disney

Disney announced plans to spend about \$60 billion to expand its theme parks, cruise lines and resorts over the next decade, almost doubling its investment in a division that is primary source of profits. Among the possibilities: “Frozen” could have a presence at Disneyland Resort, while Wakanda from the “Black Panther” franchise could be “brought to life,”. For the last three quarters, operating income from the parks division has exceeded that of the so-called linear TV business (ESPN, ABC, etc) by hundreds of millions of dollars.

Garmin

The navigation device maker has been named the Most Innovative Marine Company for 2023 by a leading trade publication for the recreational boating industry. The annual awards program recognises forward-thinking companies that are transforming the marine industry through new products, technologies, sustainability, manufacturing processes, corporate responsibility and more. Judges noted Garmin's dedication to creating products that enhance the lives of its customers, along with its corporate

Sage

The leader in accounting, financial, HR and payroll technology for small and mid-sized businesses, issued a promising trading update for the nine months to the end of June. Recurring revenue increased by 12% to £1,562m with North America, it's largest operating region in terms of geography, being the stand out performer. Total revenue increased by 10% to £1,630m in the first nine months of the year, and by 10% to £543m in the third quarter. The Group benefited from Sterling weakening against the US Dollar and Euro.

WH Smith

In a pre-close trading update, the retailer announced a 28% increase in revenue for its year ending 31 August, driven by its Travel outlets where revenue rose 42%. Travel businesses continued to benefit from the recovery in passenger numbers across all key travel markets. In the UK they opened 20 new stores, including 8 stores in hospitals, while North America had 43 new store openings and the Rest of the World 30, highlighting the significance of international markets to its business. The legacy High Street operations continue to be run for cash.

Booking

Glenn Fogel, the CEO of Booking Holdings has rounded on EU competition regulators for blocking the online travel group's €1.6bn purchase of a smaller flights-only business Etraveli, saying the move will hamper investment in Europe. Mr Fogel said that regulators should think twice before stopping deals that would make “the European tech ecosystem much less competitive than the United States or other parts of the world”. While the EU has blocked the Etraveli deal, the UK's Competition and Markets Authority approved the takeover a year ago.

Unilever

Interim results from the consumer goods giant were the first since new chief executive Hein Schumacher took charge. The latest numbers did flag up some challenges. Unilever increased prices by an average of 9.4% during the first half of the year to reflect higher costs, but the group continued to lose market share, with volumes down 0.2% as customers switched to cheaper alternatives. Despite this, financial performance for the period was fairly stable with revenue up 2.7% to €30.4bn and underlying operating profit 3.3% higher at €5.2bn.

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