

Portfolio Objectives

This service is for investors who wish to pass on more of their wealth to their beneficiaries by reducing a potential liability to Inheritance Tax.

The primary aim is to provide a diversified portfolio of AIM-listed stocks that are expected to qualify for 100% Business Relief (BR) if owned for two years and at death. The rate of BR is expected to halve to 50% from April 2026 under proposals announced in the 2024 Budget

The portfolio invests in smaller companies, some of whom are not yet profitable, that meet one or more of our sustainable investment themes and offer capital growth prospects over the longer term.

Key Facts

Launch Date	31 March 2022
Number of Holdings	35
Minimum Contribution	£20,000
Advised Service Only	
Historic Portfolio Dividend Yield:	2.5%

Charges

Investment Management Fee: 1.0% (VAT Exempt)

- ◆ No initial fee
- ◆ No performance fee
- ◆ No withdrawal fee

Platform charges apply, and platform dealing charges where applicable

Risk Considerations

- ◆ The performance of shares in AIM-listed companies tend to be more volatile than those of larger companies and the risks of capital losses are greater
- ◆ The value of investment may go down as well as up, and may end up being less than the initial sum invested
- ◆ Tax reliefs may be subject to future legislative change
- ◆ BR qualification remains at the discretion of HMRC and is not guaranteed
- ◆ AIM shares can be illiquid in nature.

Performance



Cumulative Performance	3m	YTD	1 yr	2 yr	3 yr	Incept
Sustainable Future AIM IHT	-7.4%	-7.4%	-12.4%	-9.5%	-25.4%	-25.4%
FTSE AIM All-Share	-4.9%	-4.9%	-6.5%	-12.4%	-31.0%	-31.0%

The performance shown as total return, net of our management fee, but before dealing or platform fees. Source: FE Analytics and Thorntons Investments as at 31.03.25.



Environment

Holdings	Weight
9	35.5%



Efficiency

Holdings	Weight
10	34%



Health

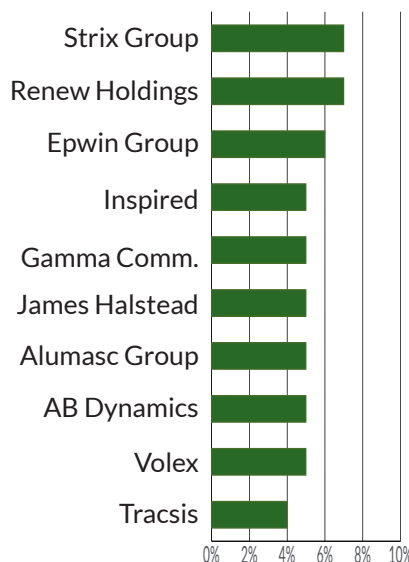
Holdings	Weight
8	13.5%



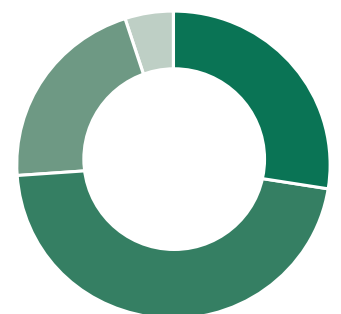
New Energy

Holdings	Weight
8	16%

Top Ten Holdings



Market Cap Weights



£1m to £100m	23.0%
£100m to £500m	59.0%
£500m to £1 bn	12.0%
£1 bn+	5.0%

Q1 Portfolio Commentary

The FTSE AIM All-Share declined by 4.9% over the first quarter whilst the Thorntons Sustainable Future AIM IHT portfolio decreased by 7.4%. We still await clarity to changes on business relief for AIM shares knowing there is a lot of high level discussion going on behind the scenes, but we will probably have to wait until this year's budget for clarification ahead of April 2026. The recent Trump Tariff announcements, that have spooked markets, should have a lesser impact on smaller more domestically focused AIM shares.

Two of the portfolio holdings that serve the UK rail industry were impacted by short term headwinds facing the sector. Renew, -25.5%, is a specialist engineering services group. Its Rail division, which is the largest part of the group provides essential maintenance and renewal services in the UK. In a January trading update management confirmed that trading had been impacted by a slow start to Control Period 7 (CP7), which meant that full year results would come in below expectations. Although this is disappointing, management are confident that Rail activity levels will normalise over time. Tracsis, -26.0%, which is a software and technology company, confirmed in a trading update that its UK Rail business was facing headwinds from CP7 and that the government's UK Rail consultation may delay future contract awards. On the positive front, Tracsis confirmed the signing of a multi-year contract to implement its smart ticketing technology that powers pay-as-you-go travel in urban areas across the UK. We remain enthusiastic about the long term opportunities in the digitisation of the rail industry, which should act as a tailwind for Tracsis. Gamma Communications, -20.8%, is a provider of communications technology to businesses and the public sector across the UK and Europe. Its share price declined over the period despite issuing strong full year results, announcing a £50m share buyback programme, and completing the acquisition of a German company called STARFACE. Gamma has stated that it will move its listing to the Main Market at the beginning of the May, which will necessitate a sale of the holding from the portfolio prior to the move.

Elsewhere, there were many positive company updates. Xeros Technology, +214.9%, is a provider of technology that significantly reduces microfibre and microplastic in waste water from clothes washing. Last quarter it was one of the biggest fallers in the portfolio following delays in regulation and deferred orders. However, in February in a trading update the group provided a number of positive updates demonstrating how its efforts to commercialise its technology are moving in the right direction. Solid state battery technology company Ilika, +74.4%, provided some encouraging updates over the quarter. Ilika confirmed that the manufacturing equipment for its Stereax batteries have been commissioned at its manufacturing partners site in the US and that the production of batteries for process qualification has started. These miniature solid state batteries are targeted at the medical device industry. In addition, Ilika announced that its collaboration for its Goliath battery designed for the EV market had demonstrated its ability to scale up manufacturing. SRT Marine Systems, +48.1%, is a developer of maritime surveillance products and systems. It is undergoing a period of rapid growth driven by its systems business where it delivers integrated maritime surveillance solutions to government agencies globally. These systems allow users to improve maritime security and safety while also protecting the environment. In its half year trading update, SRT Marine confirmed a significant uptick in revenue with Systems accounting for the bulk of this. Looking ahead, it has £320m of systems projects under contract as well as a pipeline of £1.2bn of new prospects. Cyanconnode, +44.7%, is a leader in narrowband radio frequency smart mesh networks where the Indian smart meter market is currently the largest opportunity for its technology. Cyanconnode announced significant follow-on orders in India during the period and confirmed that one of its shareholders is providing it with a £5m unsecured loan to support current bids that are nearing completion and to provide working capital. Inspired, +37.4%, provide energy assurance and optimisation (reduce client energy usage) services to corporates across the UK. Inspired successfully completed a capital raise in the previous quarter, which allows the company to capitalise on the opportunities in its Optimisation division and reduce leverage. In its full year results issued at the end of March, management confirmed that three large optimisation projects would be delivered in the first half of 2025 and set out its ambitions to be debt free in 2027.

The frustration of many of the portfolio companies reporting good results and encouraging growth outlooks, but seeing no reflection in their share prices continues. Valuations have now dropped to levels at complete odds with prospects and a number of our companies have engaged in share buybacks, significantly raising the intrinsic value for remaining shareholders. We have also seen renewed interest in takeovers which, given current valuations, is likely to see increased activity this year.

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Platform Availability

MICAP
ALTERNATIVE INVESTMENT RESEARCH



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