

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	33
Minimum Contribution	£20,000
Advised Service Only	
Historic Portfolio Dividend Yield:	2.2%

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	15.9%	7.3%	-4.3%	3.4%	-2.0%	-13.6%
FTSE AIM All-Share	13.8%	8.2%	2.8%	6.3%	-7.0%	-21.5%

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 30.06.25.



Environment

Holdings	Weight
9	35%



Efficiency

Holdings	Weight
8	30.5%



Health

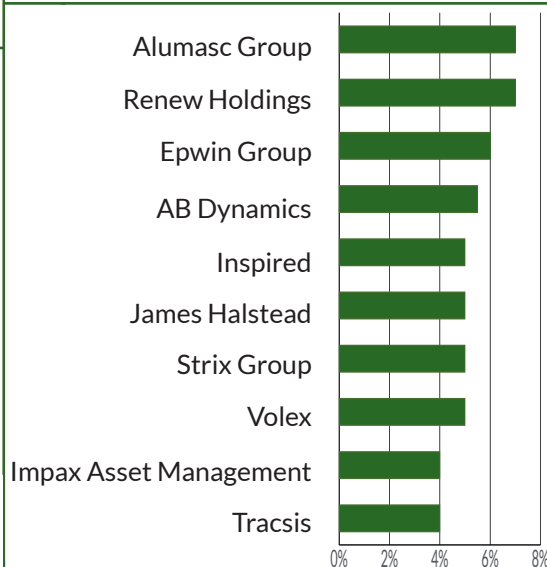
Holdings	Weight
8	15.5%



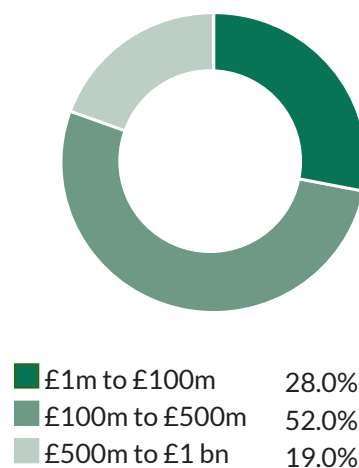
New Energy

Holdings	Weight
8	18%

Top Ten Holdings



Market Cap Weights



Q2 Portfolio Commentary

The second quarter saw significant volatility in global markets as investors responded to US tariff uncertainty and conflict in the Middle East. However, UK small caps and AIM posted strong returns, outperforming the large cap FTSE 100 Index. The Thorntons Sustainable Future AIM IHT portfolio returned 15.9% compared to 13.8% by the FTSE AIM All-Share.

This outperformance was driven by some positive company updates and we also saw the return of takeover activity. ITM Power, +195%, is a leading producer of PEM (Proton Exchange Membrane) electrolyzers that can produce green hydrogen (hydrogen produced using renewable energy). In April, ITM Power raised its revenue guidance for the 2025 financial year and confirmed good cash generation. In addition, it has been reporting positive momentum in orders, updating the market on a number of contract wins. Invinity Energy Systems, +193%, manufacture vanadium flow batteries for the energy storage market. The company issued its full year results, recognising its first revenues from its new ENDURIUM battery. In addition, it confirmed that ENDURIUM had been selected by 9 UK energy storage developers for their UK Long Duration Electricity Storage Cap & Floor Scheme bids. Volex (power & transmission products), +58%, issued full year results showing double digit organic revenue growth and an adjusted operating margin at the top end of its targeted range. The performance of the Electric Vehicle cables division was particularly impressive and management confirmed that the group expects limited direct impact from tariffs. Inspired (energy use optimisation and procurement), +42%, was subject to takeover interest from two parties over the period. In April, existing shareholder Regent made an offer for the group at 68.5p a share and then in June a recommended cash offer for the company by private equity house HGGC was announced at 81p a share. We will continue to monitor this situation as it develops. Other notable positive updates include CAP-XX (supercapacitors), +96%, which issued an encouraging trading update and announced a global distribution agreement with FTSE 250 listed RS Group, and SRT Marine, +24%, which commenced a large coastal surveillance project in Indonesia.

Elsewhere, hVIVO, -17%, the world leader in human challenge clinical trials, issued a trading update in May confirming that it was notified of a significant contract cancellation as well as a postponement and cancellation of a smaller study. This disruption appears to be driven mainly by the current uncertainty in the pharmaceutical industry. Although disappointing, management remain confident in the company's long term prospects. Ashtead Technologies, -16%, serves the offshore energy market where its equipment is used in offshore wind and also in ensuring the safety of oil & gas projects. It was negatively impacted by the weak oil price, but issued a trading update confirming that it is trading in line with expectations and also confirmed that following a consultation it is seeking to move its listing to the Main Market in 2025. CyanConnod, -40%, enables communication between IoT devices with the Indian transition to smart metering representing its current largest opportunity. Cyanconnod issued a trading update in April, confirming that delays to order shipments would mean its results would be below expectations. We see this as being a timing issue and remain optimistic about its long term prospects given the size of the Indian opportunity.

In terms of portfolio changes, we sold out of Gamma Communications ahead of its move to the Main Market and we also sold Surface Transforms as we grew concerned with its strained financial position as it struggles to scale its operations. There were no new holdings added to the portfolio with proceeds used to add to existing holdings where we saw good value.

The AIM market celebrated its 30th anniversary in June and has played a vital role since 1995 in facilitating the growth of many, now leading, UK businesses. More recently it has faced headwinds such as a tougher fundraising environment and proposed changes to Business Relief. However, as this quarter has demonstrated, many companies on AIM offer compelling value and growth. This value is being recognised, both through the number of companies engaging in share buybacks and takeovers. We remain enthusiastic about prospects and continue to see many growing businesses on AIM trading on compelling valuations. If equity market investors do not avail of these opportunities we will likely see continued takeover approaches from private equity and trade buyers.

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Platform Availability

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