



THORNTONS INVESTMENTS

Portfolio Objectives

The primary objective is to provide a diversified portfolio of AIM listed stocks that should qualify for business relief (BR), if owned for two years, and help mitigate potential inheritance tax. Clients will be invested in a portfolio of smaller companies (typically 30-40), with solid growth prospects. Companies are carefully selected for the quality of their business and the portfolio constructed to try and minimise the volatility often associated with smaller companies. The portfolio also aims to generate dividend income sufficient to cover client costs.

Facts & Fees

Investment Fee: 1.0% (plus VAT)
Minimum subscription £20,000
ISA available

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

Portfolio Dividend Yield 3.1%
Forward P/E 15x

Available on the Standard Life Platform
(platform fee applies)
Dealing charge: £1 per trade



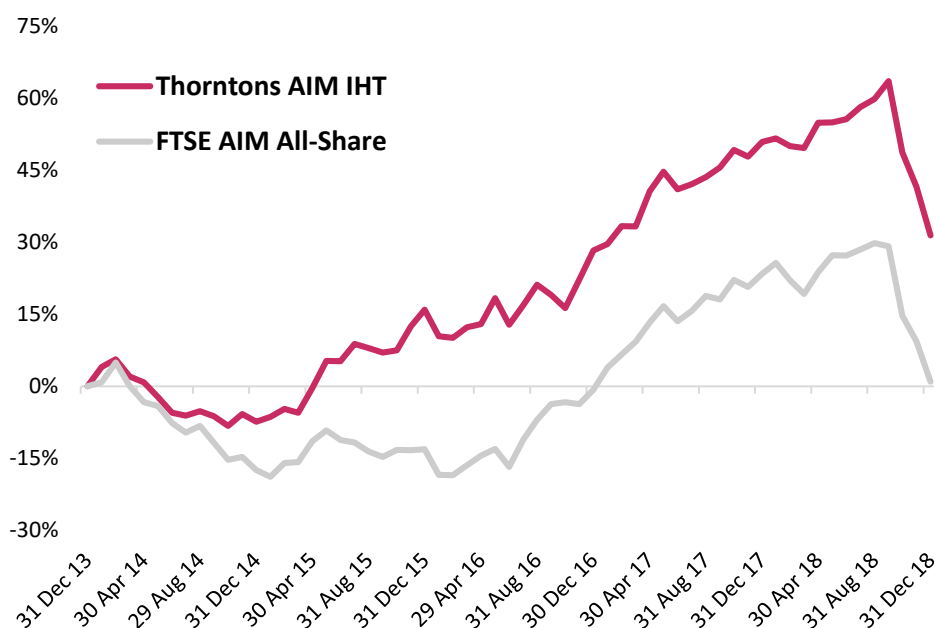
Risk Considerations

- Your capital is at risk and past performance is not a reliable indicator of future performance
- Tax reliefs may be subject to future legislative change
- To achieve BR qualification two years ownership is required
- BR qualification remains at the discretion of HMRC and is not guaranteed
- AIM shares can be illiquid in nature

AIM Inheritance Tax Portfolio Service

Investor Factsheet Q4 2018 (31 December 2018)

5 Year Performance



Performance	YTD	2017	2016	2015	2014	5 YR
Thorntons AIM IHT	-12.9%	17.6%	10.7%	25.2%	-7.4%	31.4%
FTSE AIM All-Share	-18.2%	24.3%	14.3%	5.3%	-17.5%	0.9%

5 Yr Risk Outcomes	Volatility	Max Drawdown
Thorntons AIM IHT	10.7	-19.6%
FTSE AIM All-Share	11.8	-22.7%

The performance shown is capital return only, with no dealing or management fees and calculated monthly. The Thorntons Investments AIM IHT portfolio reflects the performance of the model available via platform since 31.03.17. Prior to this the performance reflects a portfolio of all the AIM stocks invested in for discretionary clients for the purposes of qualifying for BR. Performance is shown against the FTSE AIM All-Share for comparison. Please note that this is not the benchmark for the Thorntons Investments AIM IHT model, due to the restrictions on stock selection in order to achieve eligibility for BR. Annualised volatility and maximum drawdown are measured over five years. Source: FE Analytics and Thorntons Investments as at 31.12.2018

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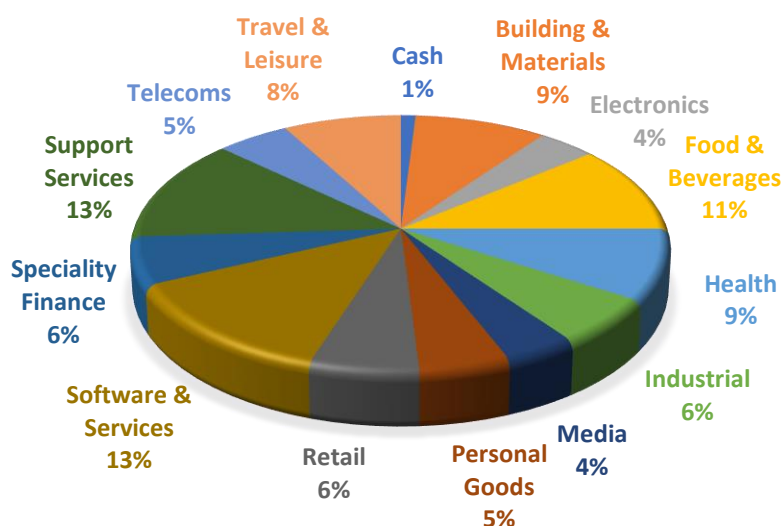
The final quarter of 2018 was one of the worst in living memory for equity markets with the FTSE AIM All-Share falling 21.8%. Increased volatility was accompanied by a marked decline in the valuations of many highly rated growth stocks. The diversification of the Thorntons AIM IHT portfolio, which declined 19.6%, helped mitigate against some of this valuation pull back, but almost nothing escaped the downdraft.

Those stocks that rose were, Park Group, +9%, Character Group, +8%, and James Halstead, +3%. Park Group (gift card provider) reported results in line with expectations and the new management team unveiled their new on-line consumer strategy. Character Group (toy manufacturer) reported results showing strong performance in the second half of their financial year following a difficult period for the industry. Strong cash generation and a recent acquisition give us confidence that further growth will follow. Character also demonstrated their confidence with a 21% dividend increase for the year. For the portfolio overall dividend income rose 10% in 2018 over 2017.

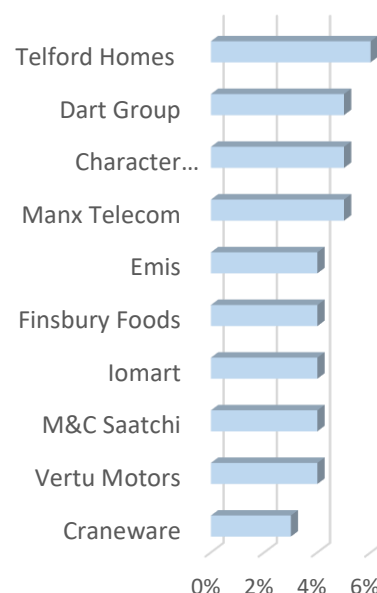
Elsewhere, Fevertree, -39%, Majestic Wine, -37% and Restore, -35%, were some of the main detractors from performance. The Fevertree share price decline looks more to do with a resetting of growth stock valuations rather than being based on any company specific news. Majestic Wine (wine retailer) reported results impacted by increased investment into their online business. Several company management teams have expressed frustration that known growth plans, and investment in them, have been reflected poorly in their share price. Although management are confident in the long-term benefits of this investment, it may take time to convince some investors of the investment returns that this will generate.

The portfolio decreased by 12.9% over 2018 versus a decrease of 18.2% by the index. The pullback in the AIM market and the emergence of volatility should provide investment opportunities going forward as good companies don't suddenly become bad because of a bear market. We remain confident in the portfolio generating positive returns over the medium term.

Industry Allocation



Top Ten Holdings



The Thorntons Investment AIM Team

The Thorntons Investments AIM IHT portfolio is managed by an investment team with over 60 years of experience. Matt Strachan is the Chief Investment Officer at Thorntons Investments and has over 30 years of UK and international investment management experience. Ciaran Garvey, who joined Thorntons Investments in 2011, specialises in UK smaller companies and jointly manages the portfolio with Matt. Bill Cant, an Investment Consultant who established our AIM Inheritance Tax Service in 2006, has considerable experience of managing bespoke portfolios of AIM-listed stocks for private clients.



Matt Strachan - CIO

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