Sustainable Future AIM Inheritance Tax Portfolio
Investor Factsheet Q1 2024

31 March 2024

Portfolio Objectives

To mitigate potential Inheritance Tax by providing a diversified portfolio of AIM listed stocks that are expected to qualify for Business Relief (BR) if owned for two years and at death.

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	38
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

Performance

Data from FE fundinfo

Cumulative Performance	Q1	YTD	6 months	9 months	1 year	Incep
Sustainable Future AIM IHT	-5.2%	-5.2%	6.0%	1.8%	3.3%	-15.0%
FTSE AIM All-Share	-2.3%	-2.3%	3.3%	-0.1%	-6.3%	-26.2%

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 31.03.24.

Environment

Holdings	Weight
10	36.5%

Efficiency

Holdings	Weight
10	33.5%

Health

Holdings	Weight
9	12%

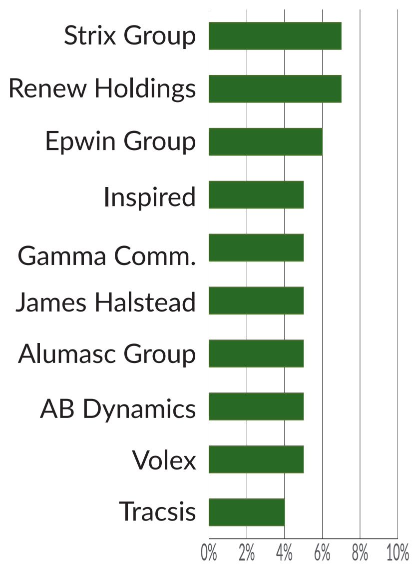
New Energy

Holdings	Weight
9	17%

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.

Top Ten Holdings



Market Cap Weights

£1m to £100m	33.0%
£100m to £500m	36.5%
£500m to £1 bn	24.5%
£1 bn+	5.0%

Platform Availability

Scottish Widows, Transact, Nucleus, M&G wealth, 7IM, abrdn, Fidelity International

Q1 Portfolio Commentary

After a strong finish to 2023, the AIM market gave up some gains over the first quarter with the FTSE AIM All-Share declining by 2.3%. The portfolio lagged behind the index over the period, declining by 5.2%, with performance held back by a few disappointing company updates.

Recent addition, James Cropper, -65%, a paper products specialist, is applying its technology for renewable energy. A disappointing trading update, due to challenges in its legacy paper business and customers' hydrogen projects being delayed hit the shares. Although disappointing in the short term, we remain enthusiastic about a turn around and the long term opportunities in its Future Energy business. Invinity Energy Systems, -32%, is a manufacturer of vanadium redox flow batteries used in grid scale energy storage. The company announced that it had entered an agreement with its partner Everdura to produce its next-generation battery in Taiwan. Invinity will need to raise further capital from shareholders to realise the full potential of demand, which impacted the share price over the quarter. Finally, acorn holding CAP-XX, -86%, supercapacitor producer, completed a highly dilutive rescue capital raise to cover litigation costs, which will also be used to provide working capital to the business and fund new product introduction.

There were, however, many positive company updates. IQGEO, +46%, is a global geospatial software company that helps utilities plan upgrades to ageing grid infrastructure with decarbonisation and telcos implement new communication networks. IQGEO issued full year results that showed strong revenue growth alongside positive free cash flow generation. Microlise, +37%, provides software to companies that allows them to manage their HGV fleet more efficiently, leading to reduced mileage, better safety and lower fuel usage and emissions. Microlise issued a positive full year trading update showing strong organic revenue growth, healthy levels of cash conversion and a significant Australian contract win. Ashtead Technology, +24%, leases equipment to the global offshore energy industry. The shares were strong over the quarter in the absence of any announcements, but both wind installation and oil and gas maintenance are generating strong demand. Diaceutics, +23%, which is a data provider in the field of precision medicine, issued a positive full year trading update against a difficult backdrop for its pharmaceutical customers.

With the takeover of Smart Metering Systems, we sold the holding and added new holdings in James Latham, hVIVO, Mpac, Cyanconnode and Windar Photonics. We also topped up the existing holdings of Alumasc and Inspired on attractive valuations. James Latham is a leading distributor of sustainable timber products, with negligible carbon footprint compared to steel or concrete; construction accounts for an estimated 40% of the UK's carbon footprint. hVIVO specialises in contract research and is a world leader in the niche market of human challenge trials for infectious diseases. These challenge trials can speed up and lower costs of developing anti-viral treatments and vaccines. Mpac is a specialist automated packaging systems company. In its Clean Energy division, Mpac is seeking to become a key supplier of automation solutions to the EV battery market. Cyanconnode is a leader in the design and development of narrowband radio frequency mesh networks that allow cost effective communication between a utility and its customers' smart meters. Windar Photonics has developed LIDAR wind sensors that increase the efficiency and safety of wind turbines. A significant contract win to retrofit a wind farm in the US will hopefully lead to new North American orders.

Sadly we had to sell the small holding of Saietta from the portfolio. Despite winning some initial production contracts for small EV motors, increasing cash demands and non-receipt of a payment made them insolvent and they are now in administration. The rising cost of borrowing and market weakness has made finance for development stage companies difficult, however, it is pleasing to note that there have been a number of recent successful raises by portfolio companies that should complete their path to profitability.

Although the opening quarter of 2024 failed to build on the momentum of the previous quarter, we believe this may just be the pause that refreshes! AIM shares have been derated far more than other shares over the last couple of years, leaving highly attractive valuations at odds with the many positive company meetings we've had with portfolio companies, with a number of acorn companies likely to become profitable this year and next. Low valuations are unlikely to remain in place for too long and more companies are engaging in share buybacks to take advantage.

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