AIM Inheritance Tax Portfolio Service

Investor Factsheet Q2 2024

Portfolio Objectives

This Service is for investors who wish to optimise wealth to be passed on to their beneficiaries by mitigating 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 Business Relief (BR) if owned for two years and at death.

Investors will be invested in a portfolio of smaller companies, carefully selected for the strength of their business.

The portfolio is constructed to try and minimise the volatility often associated with smaller companies. The portfolio aims to generate long term growth and dividend income sufficient to cover investor costs.

Portfolio information

Service Inception 2006

Platform Launch 31st March 2017

Advised service only

AUM £105m

Minimum subscription £20,000

Historic Portfolio Dividend Yield 2.3%

Charges

Investment Management Fee: 1.0% (VAT Exempt)

Platform Charges apply

Platform dealing charges where applicable

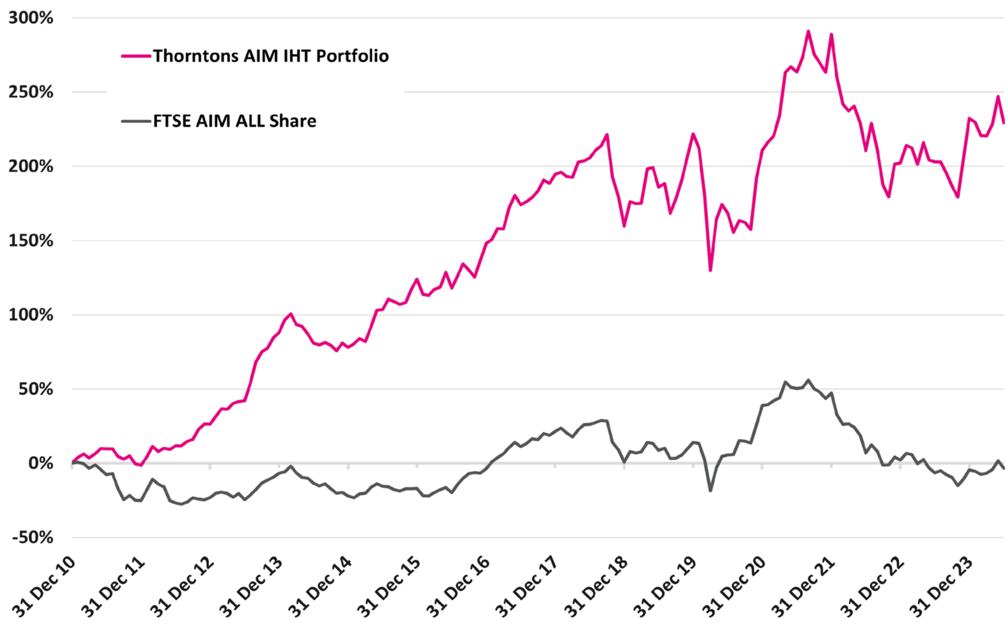
Performance

Cumulative Performance to 30th June 2024	3m	6m	1yr	3yr	5yr	10yr	2010
Thorntons AIM IHT	2.8%	-0.9%	8.7%	-9.4%	15.1%	81.7%	228.5%
FTSE AIM All-Share	3.5%	1.1%	3.4%	-35.8%	-11.0%	11.7%	-3.4%

Discrete Calendar Year Performance	YTD	2023	2022	2021	2020	2019	CAGR[1]
Thorntons AIM IHT	-0.9%	10.0%	-22.3%	25.2%	-3.5%	23.8%	9.2%
FTSE AIM All-Share	1.1%	-6.4%	-30.7%	6.1%	21.8%	13.3%	- 0.3%

[1]CAGR: Compound Annual Growth Rate from 31 December 2010

Performance Since 31 December 2010



Data from FE fundinfo

The performance shown is monthly total return, net of our management fee, but before dealing or platform fees. 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 there is no benchmark for the Thorntons Investments AIM IHT model due to the restrictions on stock selection in order to achieve eligibility for BR.

Source: FE Analytics and Thorntons Investments as at 30.06.24.

defaqto AIM BR Service 2024 EXPERT RATED

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GROWTH INVESTOR 2022 AWARDS | ONE TO WATCH BEST AIM PORTFOLIO SERVICE

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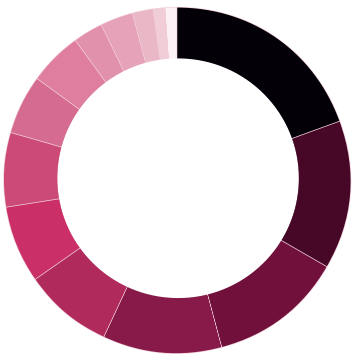
MICAP ALTERNATIVE INVESTMENT RESEARCH

Industry Allocation



Sector %

19.5%	- Industrial
14.0%	- Support Services
12.5%	- Software & Services
11.0%	- Building & Materials
8.5%	- Travel & Leisure
7.0%	- Speciality Finance
7.0%	- Retail
5.5%	- Media
5.0%	- Health
3.0%	- Telecoms
3.0%	- Electronics
2.0%	- Food & Beverages
1.0%	- Personal Goods
1.0%	- Cash

Portfolio Top 10 Holdings

Jet2 plc	5.5%
Strix Group	5.0%
Watkin Jones	4.5%
H&T Group	4.0%
Idox	4.0%
Renew	4.0%
Vertu Motors	4.0%
SigmaRoc	4.0%
Next Fifteen	3.5%
Begbies Traynor	3.5%
	42%

Total number of stocks held 33

Stock weightings 1% to 5.5%

Weighted average market cap £635m

Service Features

Our AIM IHT service is a platform service only and a client can only invest through their financial adviser.

Our service helps investors to leave a long-lasting legacy through optimsing the wealth they pass on to their loved ones and provides foundation capital for small UK growth companies.

Flexible IHT Planning

- 100% relief from IHT after 2 years
- Access to capital if required
- ISA friendly
- Effective for a variety of scenarios
- No medical evidence required

Cost effective

- 1% AMC (VAT Exempt)
- No initial or exit charges
- No withdrawal charges
- Low (or no) dealing charges*
- Platform charges apply

Platform benefits

- Transparent
- No investment delay
- Simple investment process
- Consolidation with other assets
- Full platform functionality

Strong and consistent performance

- Experienced investment team
- Long-established AIM IHT service
- Positive long-term returns
- Healthy dividend yield
- No failed claims for Business Relief

Platform Availability

abrdn

Fidelity International

Fundment

M&G wealth

nucleus

transact take control

Scottish Widows

7IM

Morningstar Wealth Platform

*Some platforms have no dealing charges. Those that do make a small monetary charge per trade which in all but the smallest of trade sizes is more cost effective compared to a percentage based dealing charge.

Q2 Portfolio Commentary

The AIM market rebounded in the second quarter following a weak start to 2024. The FTSE AIM All-Share increased by 3.5% over the period versus the 2.8% increase by the portfolio with a few disappointing company updates weighing on performance.

YouGov, -59%, issued a profit warning in June due to slowdowns in its Data Products division and fast-turnaround research services. Although best known in the UK for its political polling, this is a small part of group revenue, with the recently acquired, and larger, Consumer Panel Services business performing in line with expectations. It will likely take some time for YouGov to regain investor confidence following this setback, but it is one of our investments in the quality global data and research needed to feed the engines of Artificial Intelligence. **GlobalData** (data analytics & consulting), +20%, has already been a beneficiary, confirming the planned investment by Inflexion into its Healthcare division will go ahead after the satisfaction of the necessary approvals. **FD Technologies**, +16%, announced alongside its full year results that it plans to separate its KX and First Derivatives businesses. KX, is a fast growing data analytics technology company that is well positioned for the AI world, while its heritage financial markets consultancy business First Derivatives, is planned for sale.

Tracsis, -20%, is a transportation software provider to the rail industry. A June trading update informed that its results for the year ending July 31st would be impacted by the timing of the UK general election, which had led to a slowdown in customer decision making. In addition, Tracsis confirmed that some business from its North American pipeline would not be converted in the current financial year. Although disappointing, we see these issues as being one of timing and believe that the structural demand for its software should provide healthy levels of organic growth, which can be complemented by acquisitions. **Next Fifteen**, -14%, was another company that reported some delays and a slowdown for consultancy work, although they have still generated organic growth. They have a blue chip customer base, but have seen spending by technology customers remain soft post the Covid spending boom. While the current economic environment and subdued spend by its tech customers are a short term drag on performance, we see Next Fifteen as well placed to grow once these headwinds subside.

Elsewhere there were many positive portfolio company updates. **Alpha Financial Markets Consulting**, +53%, became the latest portfolio company to agree a recommended cash takeover offer at a substantial premium, demonstrating the continued willingness of private equity and other buyers to avail of the low valuations available for quality companies on AIM. The deal is expected to complete in the third quarter of this year and will necessitate a change to the portfolio in due course.

Bango (alternative payments technology), +40%, was the worst performing stock in the previous quarter, but delivered full year results in line with revised forecasts. The company also confirmed that trading in the first quarter of 2024 was strong with four new contract wins in Digital Vending Machines (DVM). DVM facilitates a "vending machine" of subscription offers for a Telecoms provider, processing the payment for each subscription for their underlying customers. There is the potential for substantial growth with DVMs and Bango have a large pipeline of opportunities in this space.

Strix, +22%, is the global market leader in kettle controls and also operates a Consumer Goods division selling water filters and appliances. In 2022, Strix acquired a company called Billi that now represents its Premium Filtration Systems division targeting the commercial sector. The deal was heavily debt funded and following integration, the focus for Strix is on cash generation and debt reduction to bring leverage down to the desired level. During the period Strix announced a placing of 5% of its issued share capital generating £8.7m of gross proceeds, speeding up the debt reduction plan by four to six months. In addition, at its AGM, Strix confirmed that the Kettle Controls market was showing some signs of recovery.

AB Dynamics, +22%, provides lab and track based testing and simulation solutions for autonomous driving and safety features in new vehicles. The company issued strong interim results over the period showing growth in margins and cash flow generation. It also announced a 20% increase in the interim dividend and confirmed that the group is now expected to deliver profitability ahead of expectations for the full year. Longer term, we remain enthused by the multiple growth drivers for AB Dynamics products and services, from both autonomous driving features and regulation.

Although never in doubt, now we know the outcome of the general election, a degree of certainty should allow confidence to return to investment decisions. Many companies in the portfolio are well placed to help deliver the growth agenda put forward by the new Labour government. Additionally, the low valuations that many still trade on are ripe for further takeover offers, or increasingly share buybacks to enhance financial returns.

Company spotlight

Ashtead Technology

Ashtead Technology is a great example of a successful British AIM listed company. The company leases and operates specialist subsea equipment, often of their own design, for inspection, maintenance and repair of offshore energy infrastructure around the world. The company listed on AIM in 2021 after a period of private equity ownership and has gone from strength to strength.

We visited two of the company's main sites outside Aberdeen in August 2022, which showed not just the specialist nature of their rental equipment and experience of staff, but also the level of innovation they bring to solutions for the secure and safe operation of the extensive subsea oil and gas infrastructure. Their services are in demand internationally, but have been honed in the harsh environment of the North Sea.

It is also here that they are involved in the great energy transition with most of their equipment also being suited to the installation of offshore wind production, which now accounts for more than 30% of revenue.

The company has made three acquisitions since listing including the major purchase of ACE Winches in November last year. The company's shares have more than quadrupled since listing, on a combination of rapid earnings growth and revaluation, but we still see a long and significant runway of growth to come.

Thorntons Investments Team

Matt Strachan

Chief Investment Officer

Matt has over 35 years' industry experience and as head of our investment management function has overall responsibility for managing our range of MPS portfolios and AIM IHT Portfolio Services. His long-term investment discipline generated strong performance when he managed the Alliance Trust Investments North America Equity Fund, receiving a Morningstar/OBSR Bronze award within one year of fund launch. Matt's considerable international investment experience saw him successfully selling out of Japan at the top of the market (1989/90), a bold move made with analytical and measured judgement.

Ciaran Garvey

Investment Manager

Ciaran joined Thorntons Investments in 2011 and has 14 years industry experience. As Investment Manager he has joint responsibility for managing our MPS range and AIM IHT Portfolio services. Ciaran chairs our AIM Committee and his primary focus is on the analysis and selection of AIM companies for the portfolio. He is a Chartered Fellow of the CISI.

Catherine Jackson

Equity Analyst

Catherine also joined us in 2011 and is responsible for AIM company research and analysis. As a member of the AIM Committee, she assists with company analysis and portfolio selection. She is a graduate in both Mathematics and Law and holds the Investment Management Certificate.

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Important Information

This is an advised service only. Your Financial Adviser is responsible for the suitability of advice and for explaining the benefits and the risks of investing in this Service. Given the higher volatility of AIM listed-companies, equity investments should usually be held over the medium to long term. Your capital is at risk and past performance is not a reliable indicator of future performance. Shares of AIM-listed companies can be more difficult to sell than those of larger companies meaning you may not be able to sell your shares immediately and accept a price which does not reflect the underlying value.

To achieve business relief qualification, two-year ownership at death is required. Qualification is at the discretion of HMRC and is not guaranteed. Tax reliefs may be subject to future legislative change.