

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:	2.3%

Charges

Investment Management Fee: **1.0%**
(VAT Exempt)

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

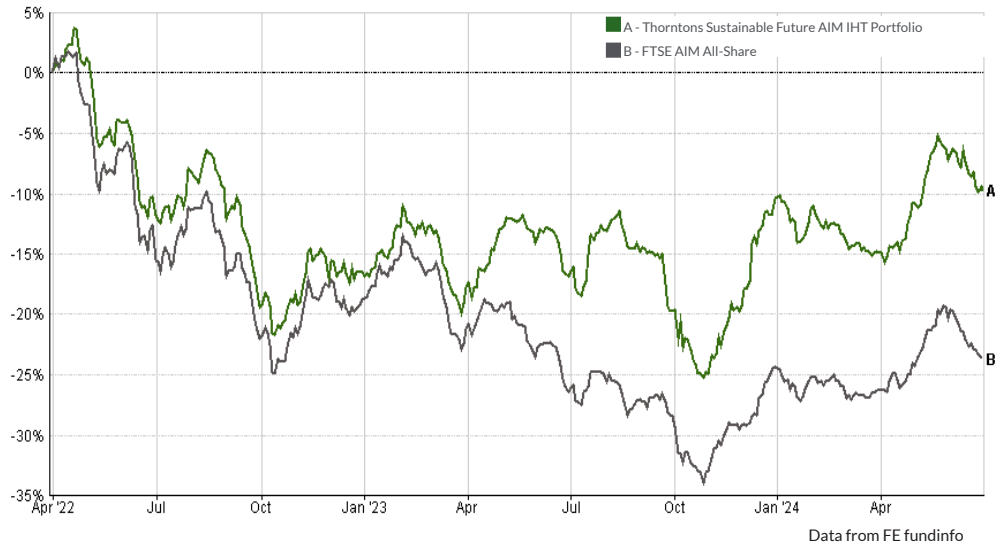
Platform charges apply, and platform dealing charges where applicable

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.

Platform Availability

Performance



Cumulative Performance	3m	6m	YTD	1 yr	2 yr	Incept
Sustainable Future AIM IHT	6.1%	0.6%	0.6%	8.0%	2.3%	-9.7%
FTSE AIM All-Share	3.5%	1.1%	1.1%	3.4%	-9.5%	-23.6%

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 30.06.24.



Environment

Holdings	Weight
10	36.5%



Efficiency

Holdings	Weight
10	33.5%



Health

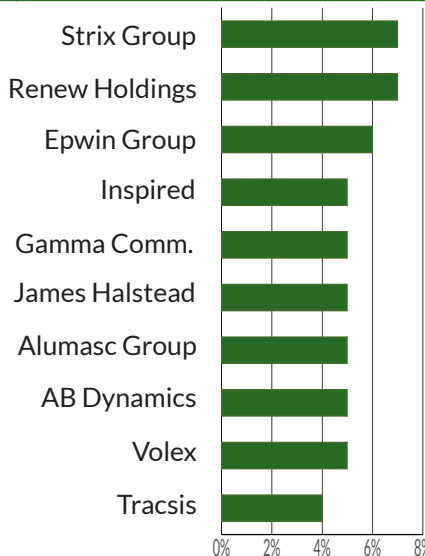
Holdings	Weight
9	12%



New Energy

Holdings	Weight
9	17%

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%

The AIM market rebounded in the second quarter following a weaker start to 2024. The portfolio increased by 6.1% over the quarter, ahead of the FTSE AIM All-Share increase of 3.5%. The outperformance was driven by positive portfolio company updates and further takeover offers.

CAP-XX (supercapacitors), which was the worst performer in the last quarter on the back of a dilutive capital raise, increased by 125% , after strengthening its board, updating on encouraging technology developments and reassuring on current trading.

Plant Health Care (biological agriculture products), +140%, and **IQGEO** (geospatial software), +4%, became the latest portfolio companies to agree recommended cash takeovers, demonstrating the continued interest of private equity and other buyers to avail of the low valuations available on AIM. These takeover approaches will necessitate changes to the portfolio in due course. **James Cropper**, +32%, a long established specialist paper producer applying its expertise to products for renewable energy, confirmed in a trading update that full year profits would be slightly ahead of revised forecasts. We remain optimistic about the long term opportunities of its advanced materials business. **Water Intelligence**, +31%, is a specialist in minimally invasive leak detection and repair. The company issued strong full year results with growth in revenue and margins, with a strong balance sheet also providing firepower for further acquisitions.

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 globally, such as increasing autonomous driving features and regulation.

Windar Photonics, +48%, which produces LiDAR sensors and software that optimise the performance of wind turbines, confirmed receipt of a large North American order. To help fulfil this and other recent contract wins, the company completed a capital raise at a share price premium. We also saw other portfolio companies complete capital raises during the quarter. **Strix** (kettle controls & filtration), +22%, announced a well-received share placing, generating £8.7m of gross proceeds, which will speed up its debt reduction plan by four to six months. In addition, in its recently issued AGM statement, Strix confirmed that the Kettle Controls market was showing some signs of recovery.

Perhaps the most significant capital raise was by **Invinity Energy Systems** (energy storage), -17%, which completed a large fundraise, including strategic investments from the UK Infrastructure Bank and Korean Investment Partners. This should help accelerate the development of its next generation Mistral battery and see the company through to net cash generation. Elsewhere, some of the smaller acorn holdings, facing short term cash needs, completed capital raises to bolster their balance sheets. **Cambridge Cognition** (neuroscience), -32%, raised funds for growth, development and working capital purposes. **Inspiration Healthcare** (neonatal health), -39%, experienced delays with an export order and raised funds at a large share price discount to improve its liquidity headroom. **Surface Transforms** (carbon ceramic brake discs), -85%, completed a highly dilutive fundraise for working capital purposes. Although disappointing, we remain enthusiastic about the company's large order book and long term prospects. **Xeros Technology** (filtration), -37%, which is one of the earlier stage acorn companies, raised capital to strengthen its balance sheet and provide funding to commercialise its core technologies. Finally, **Ilika**, (solid state batteries), -12%, had a small fund raise to support miniature battery commercialisation and Goliath (EV battery) development.

Although causing dilution for some of the companies, it has been heartening to see capital raises for so many companies. In many cases it reflects strong development progress and should allow them to become industry disrupters in the years to come. In the meantime anomalous valuations have seen another two companies bid for, we do not expect these to be the last.



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