AIM Inheritance Tax Portfolio Service

Investor Factsheet Q3 2024

THORNTONS INVESTMENTS

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 £100m

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

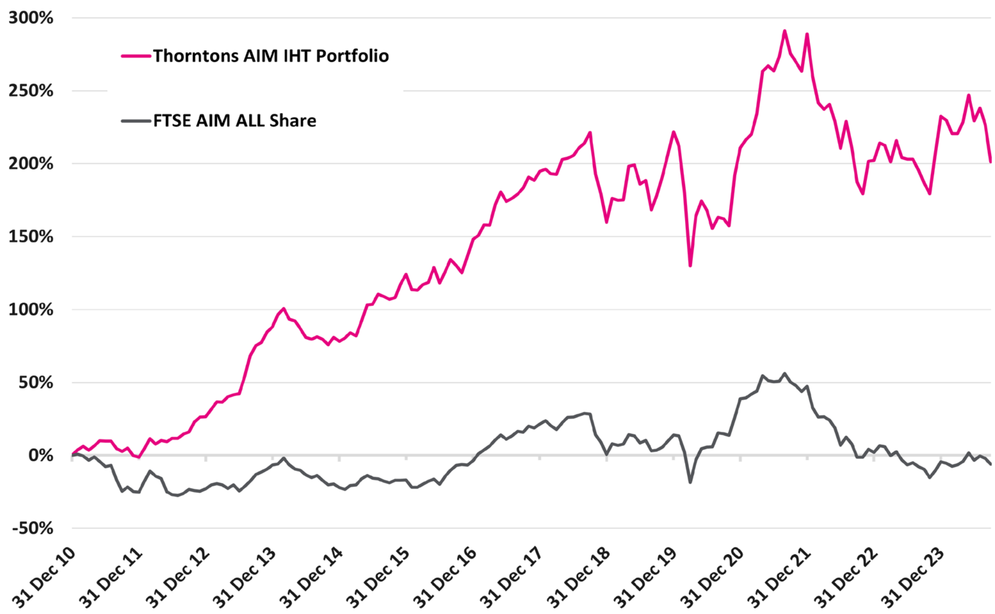
Performance

Cumulative Performance to 30th September 2024	3m	6m	1yr	3yr	5yr	10yr	2010
Thorntons AIM IHT	-8.6%	-6.1%	5.1%	-20.0%	8.2%	67.3%	200.4%
FTSE AIM All-Share	-2.7%	0.6%	3.9%	-37.4%	-9.1%	13.4%	-6.0%

Discrete Calendar Year Performance	YTD	2023	2022	2021	2020	2019	CAGR[1]
Thorntons AIM IHT	-9.4%	10.0%	-22.3%	25.2%	-3.5%	23.8%	8.3%
FTSE AIM All-Share	-1.7%	-6.4%	-30.7%	6.1%	21.8%	13.3%	-0.5%

[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 30.09.24.

defaqto AIM BR Service 2024 EXPERT RATED

defaqto AIM BR Service 2024 EXPERT RATED

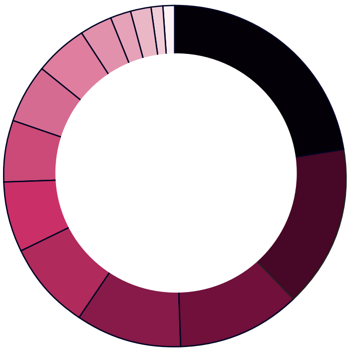
GROWTH INVESTOR 2022 | AWARDS — ONE TO WATCH BEST AIM PORTFOLIO SERVICE

GROWTH INVESTOR 2024 | AWARDS — FINALIST BEST AIM PORTFOLIO SERVICE

GROWTH INVESTOR 2019 | AWARDS — RUNNER-UP BEST AIM PORTFOLIO SERVICE

MICAP ALTERNATIVE INVESTMENT RESEARCH

Industry Allocation



Sector %

■	22.5%	- Industrial
■	15.5%	- Software & Services
■	11.5%	- Support Services
■	10.0%	- Building & Materials
■	8.5%	- Travel & Leisure
■	6.5%	- Speciality Finance
■	6.0%	- Retail
■	5.5%	- Media
■	5.0%	- Health
■	3.0%	- Telecoms
■	2.0%	- Electronics
■	2.0%	- Food & Beverages
■	1.0%	- Personal Goods
■	1.0%	- Cash

Portfolio Top 10 Holdings

Jet2 plc	5.5%
Strix Group	5.0%
Vertu Motors	4.0%
SigmaRoc	4.0%
Idox	4.0%
Renew	4.0%
H&T Group	3.5%
Volex	3.5%
Next Fifteen	3.5%
Begbies Traynor	3.5%
	40.5%

Total number of stocks held 34

Stock weightings 1% to 5.5%

Weighted average market cap £543m

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

MORNINGSTAR Wealth Platform

nucleus

SCOTTISH WIDOWS

7IM

transact take control

*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.

Q3 Portfolio Commentary

The AIM market declined over the third quarter. The FTSE AIM All-Share decreased by 2.7% over the period, while the portfolio decreased by 8.6% with performance being held back by some disappointing company updates.

Watkin Jones, -43%, is a property developer specialising in BTR (Build to Rent) and Student Accommodation. These markets have been impacted in recent times by rising interest rates and the company confirmed in a trading update that although a recovery is expected, it is taking longer than forecast. Although disappointing in the short term, we still believe that there are many drivers of demand for Watkin Jones specialisms over the medium term. In particular, there is an undersupply of residential and student accommodation in the UK, which can only be alleviated by building more properties. **Next 15**, -43%, announced in September that a large contract held by its venture business Mach49 would not be renewed as expected. This alongside some ongoing softness in trading led to the company confirming that profits would be materially lower than expected for the current financial year. Clearly the loss of this large contract was disappointing, but going forward management have set out a strategy to deliver enhanced shareholder returns, which includes the simplification of the group and the potential for share buybacks.

Ashtead Technology, -25%, leases equipment to the global offshore energy industry, including both oil & gas and offshore wind. Its share price declined over the quarter even after the company issued record interim results and gave an unchanged positive outlook for the rest of its financial year. It is difficult to pinpoint one exact reason for the share price performance over this short period of time, although concerns over the future of North Sea Oil & Gas and a declining oil price may have been factors. We remain confident in the company's strategy and see the current valuation as compelling given its forecast growth rates.

Elsewhere, there was some positive company news. **Gamma Communications** (telecoms), +18%, issued strong interim results with growth in profitability across all business units. The group is highly cash generative with high levels of recurring revenue and has a strong balance sheet that provides firepower for M&A. Epwin, +16%, is a sustainable building products company the serves the RMI (repairs, maintenance & improvement) and new build housing markets in the UK. **Epwin** delivered robust interim results in a difficult backdrop and increased its interim dividend by 5%. In addition, the company extended its share buyback programme demonstrating the Board's belief that the company is undervalued. Shares in **FD Technologies**, +16%, rose in the absence of any company updates. Post the period end, the company announced the sale of its financial consultancy business First Derivative. Going forward the group's focus will be on its fast growing KX software business and the cash proceeds of the sale will facilitate the repayment of the company's debt and the return of excess cash to shareholders. **CVS** (veterinary practices), +12%, continues to make progress in its expansion into the Australian market. The shares continue to trade on a lowly valuation as the CMA continues its investigation into the UK veterinary market. **SigmaRoc** (building materials), +7%, completed the acquisition of the European lime assets of CRH and issued resilient interim results.

With the takeover of **Alpha Financial Markets Consulting** looking to set to go ahead, we sold the holding and also took the opportunity to trim back the holdings of H&T, Boohoo and Watkin Jones. We topped up the existing holdings of Global Data and FD Technologies and added new holdings in Franchise Brands and Team Internet. **Franchise Brands** is a multi-brand franchisor focused on B2B van-based services. Pirtek, which is the largest part of the group, was acquired in 2023 and now management's focus is on organic growth and debt reduction. Although it is not recession proof, the proportion of essential services the group provides should make it resilient in a difficult economic environment. **Team Internet** is a global internet business, consisting of its stable and cash generative domain name business and its online marketing division, which is the largest part of the group. In terms of capital allocation, the group has a progressive dividend policy and in September launched a share buyback programme.

There has been a lot of speculation as to what the new Labour government will do in the upcoming budget, much of it negative in regards to IHT relief for business relief qualifying shares on AIM. This has weighed heavily on the AIM market, possibly exacerbated by some investors seeking to lock-in capital gains ahead of the budget, leaving many companies on frustratingly low valuations. Over many years business relief investment has been a policy that has channelled foundation capital to hundreds of small companies on AIM, helping their development and growth. Business relief has been a policy clearly aligned with growth and a healthy economy and if largely left as is, as we hope, there should be a rapid recognition of true underlying value.

Company spotlight

Epwin Group Plc

Epwin is a leading UK manufacturer of sustainable low maintenance building products. Established in 1976, the company floated on AIM in 2014 and now employs over two thousand people across the UK. Epwin's key end market is the RMI (repairs, maintenance & improvement) sector in the UK, which accounts for circa 70% of group revenue. The UK has the oldest housing stock in Europe, which will require significant investment in the years to come, particularly to improve the energy efficiency of homes. This will be a key driver of demand for Epwin's products over the medium to long term. Epwin also serves the new build, affordable housing and commercial property sectors, which account for circa 30% of group revenue. Given the shortages of new homes and affordable housing alongside a supportive government we should see increased residential construction in the years to come.

Recent years have seen the company impacted by supply and logistical disruption as well as raw material cost inflation. Throughout the company has made great effort to improve efficiency, increase recycling rates and continued to invest. Despite demand for Epwin's products being the victim of higher interest rates, the company is well placed to supply a recovery in housing investment and improvement. Epwin currently trades on a low valuation, due to current market weakness and in spite of its ability to generate cash. The shares currently offer a dividend yield of 5% and they are engaged in buying back some of their shares, taking advantage of the current share price.

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 Mathematics and Law and holds the Investment Management Certificate.

Contact details

Head Office

Whitehall House

35 Yeaman Shore

Dundee

DD1 4BU

Phone

01382 797 600

Enquiries

enquiries@thorntons-investments.co.uk

Website

www.thorntons-investments.co.uk

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.

Thorntons Investments is a trading name of Thorntons Investment Management Limited, a company registered in Scotland No. SC438886, whose registered office is at Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU. Authorised and regulated by the Financial Conduct Authority. This document has been prepared using all reasonable care, though it is not guaranteed as to its accuracy. All information is at quarter end. It contains matters of opinion which are subject to change without notice. It is not to be construed as a solicitation or offer to buy or sell securities and does not in any way constitute investment or tax advice. Any information concerning the taxation treatment of a recommended investment or action is based on our understanding of current HMRC law and practice.

AIMCIF0924