Sustainable Future AIM Inheritance Tax Portfolio

Investor Factsheet Q4 2024

31 December 2024

Portfolio Objectives

This service is for investors who wish to pass on more of their wealth to their beneficiaries by reducing 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 100% Business Relief (BR) if owned for two years and at death. The rate of BR is expected to half to 50% from April 2026 under proposals announced in the 2024 Budget

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	35
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

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.

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Performance

Data from FE fundinfo

Cumulative Performance	3m	6m	YTD	1 yr	2 yr	Incept
Sustainable Future AIM IHT	-6.8%	-10.8%	-10.3%	-10.3%	-3.2%	-19.5%
FTSE AIM All-Share	-2.3%	-5.0%	-4.0%	-4.0%	-10.1%	-27.4%

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 31.12.24.

Environment

Holdings	Weight
9	35.5%

Efficiency

Holdings	Weight
10	34%

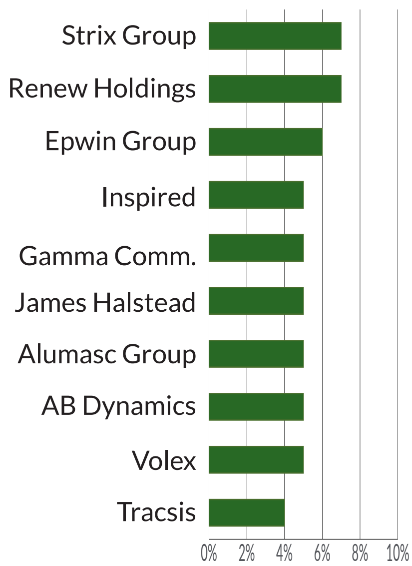
Health

Holdings	Weight
8	13.5%

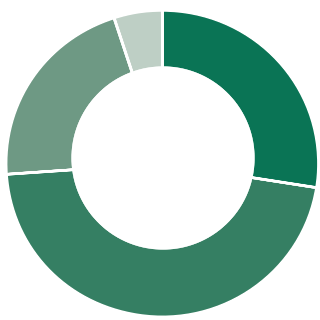
New Energy

Holdings	Weight
8	16%

Top Ten Holdings



Market Cap Weights



£1m to £100m	27.5%
£100m to £500m	46.5%
£500m to £1 bn	21.0%
£1 bn+	5.0%

Q4 Portfolio Commentary

The AIM market had a roller coaster final quarter driven by speculation and uncertainty from the Budget. The FTSE AIM All-Share returned a negative 2.3% over the quarter, with the portfolio -6.8%, adversely impacted by a couple of profit warnings and some development delays.

On the positive side, **Invinity Energy Systems**, +67.7%, a leader in the manufacture of utility grade vanadium flow batteries, announced the launch of its new fourth generation battery ENDURIUM, which was developed in collaboration with Gamesa Electric. It has been designed for deployment in large scale energy storage projects of up to a gigawatt-hour and beyond and will serve a crucial role in facilitating the increased usage of renewable energy and stability of the grid. The first ENDURIUM modules with capacity of 1.2 MWh have been shipped and are in transit to a Gamesa project in Spain. Recent addition to the portfolio, **1Spatial**, +30.6%, is a software provider to the fast-growing geospatial data market. The company issued strong interim results during the period and also announced some encouraging contract wins in the US. Sustainable building products company, **Alumasc**, +10.9%, held a Capital Markets Day in October. Here, management set out the company growth strategy, their plans for margin expansion and discussed their M&A strategy. At their subsequent AGM they confirmed that they continue to trade well in a difficult construction market.

During the quarter we were greatly encouraged by a number of portfolio companies successfully raising fresh capital. **SRT Marine**, +28.1%, which provides marine surveillance systems and safety products, raised capital to strengthen its balance sheet and fund the growth of the business as it delivers on large systems contracts. **MPAC** (automated packaging specialist), +36.1%, completed a placing to part fund the acquisition of CSi Palletising, which will enhance MPAC's capability and scale and is expected to be earnings enhancing. **Windar Photonics**, +49.4%, provide LiDAR sensors and software to wind turbine operators globally to increase their efficiency and safety. The company successfully completed an oversubscribed placing during the quarter, which provides capital to fund working capital expansion. In addition, subsequent to this, Windar announced a $2.5m order from the US market to be delivered in the first half of 2025. **Inspired**, -6.8%, announced a funds raise towards the end of the quarter (now complete) with the proceeds being used to reduce leverage and to provide the working capital required to capitalise on opportunities in its Optimisation division. Here, Inspired help business customers to reduce energy consumption and carbon emissions. Inspired shares trade on a lowly valuation and the capital was raised on a share price premium. All the capital raises have been well received and it is really heartening to see small companies with exciting growth prospects receive such positive responses.

Strix, -29.4%, issued a trading update as it was experiencing continued weakness in its kettle controls business in the fourth quarter of its financial year. Although it has maintained its leading market share, trading was challenging in the UK, Germany and USA, with the global market down about 20% from 2019. Elsewhere, its business focused on water filtration, Billi, was performing well while growth in its Consumer Goods division is impacted by product rationalisation. Although profit guidance was downgraded, there is a raft of new product introductions for 2025 that should begin to impact positively. The other main drag on performance, **Impax Asset Management** (sustainable investing), -34.7%, confirmed that it will lose a £5.2bn mandate with St. James Place early next year. This mandate was being managed on a lower fee than average, but will nonetheless impact revenue and profitability for the group. Although disappointing, we remain enthusiastic about the strength of the Impax Asset Management brand its future growth potential.

Xeros Technology, -44%, provide technology to significantly reduce microfibre and microplastic in waste water from washing clothes. Delayed regulation and deferred orders have weighed on the company, but in its half year results the company confirmed that it was on track to meet its full year guidance and that it had adequate financing to see it through to month-on-month cashflow breakeven in 2025. We remain excited by the number of licence agreements the company has signed. Neonatal healthcare specialist **Inspiration Healthcare**, -41.9%, which has experienced challenging trading in recent times, said that its full year results would be weighted to the second half as it transitions sales from discontinued ventilators to the new SLE6000 . The company is still seeking FDA approval for the ventilator in the US, which will be a big opportunity for the group on agreement, meanwhile the company is currently undertaking a turnaround plan and recently appointed a new CEO.

Whilst 2024 has weighed heavily on the AIM market and there have been some frustrations in product delays, there has also been substantial progress made by many of the portfolio companies in their technologies and commercial interest in them. Shares reflect little of this, if anything, with numerous broker forecasts multiples of their current prices. We look forward to some of this being realised in 2025.

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Platform Availability

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MICAP Alternative Investment Research
Ecologi