

IHT PORTFOLIO SERVICE

Discretionary IHT service based on business property relief

The value of investments and income from them is not guaranteed, can fall, and you may get back less than you invested. Your capital is therefore always at risk. Past performance is not a guide to future performance. Any specific investments mentioned are for illustrative purposes only and this is not intended as investment advice. If you are unsure as to the suitability of the service, please contact your IFA or Progeny Asset Management to discuss.

Investment Objective

The portfolio invests in securities traded on the Alternative Investment Market and is therefore considered as high risk. Invested securities will be those which, in our view, qualify for Business Property Relief. This means that an individual investor in a portfolio of qualifying AIM securities can mitigate Inheritance Tax after 2 years under current tax legislation. Tax treatment depends on an individual's specific circumstances and maybe subject to change in the future.

AIM Commentary

The 30th October saw the long-awaited Budget given by Chancellor of the Exchequer, Rachel Reeves. Investors have been nervously awaiting news on how the Labour Government would raise monies to fund their manifesto policy. The market has been pricing in bad news when it comes to the Business Property Relief (BPR) on offer for holding qualifying AIM shares, since the general election was called.

The Chancellor announced AIM shares will attract 50% Inheritance Tax Relief, giving qualifying AIM shares an effective tax rate for IHT of 20% rather than the headline 40% Inheritance Tax Rate. The market rallied following this news.

Our AIM portfolio was down 4.87% for the month until the day of the budget, where it shot up 5.88% in a single day, before paring gains. This meant it finished the month up 0.52%.

The top performer was Gooch & Housego (21.17%) who specialise in the manufacture of optoelectronic components via their specialised laser devices. They gave a trading update at the start of the month outlining they were confident on hitting their full year expectations. Their share price reacted well following the trading update before selling off towards the end of the month, as investors turned their attention to the impending budget. They were up 20% in the 3 days around the budget.

There was no company specific news for our other top four performers, rather strong share price rallies following the certainty on the future of BPR on qualifying AIM stocks.

Vimto producer Nichols was up 16.16% for the month and 10% alone on the day of the budget.

Tracsis, SDI and Big Technologies rounded off the double-digit performers for the month, with returns of 15.74%, 14.62% and 10.68% respectively.

It was a difficult month for Iomart whose share price fell 17.70%. They gave a trading update at the start of the month, with profits falling for the year. They also announced a large acquisition in an aim to boost Iomart's presence in becoming one of the UK's largest Microsoft hybrid cloud players.

Portfolio Information

Portfolio Benchmark	Deutsche Alternative Markets Including*
Investment Management fee (p.a)	0.80% + VAT
Yield	2.02%
Reporting	Quarterly
Portfolio Inception Date	1 st July 2016

*The Portfolio Benchmark has rebranded from what was previously the 'Numis Alternative Markets Including' to the 'Deutsche Alternative Markets Including'. There has been no formal change of benchmark.

Top 10 Portfolio Holdings

Performance is calculated based on a typical Progeny AIM portfolio, with standard allocations from our AIM stock universe and provided for illustrative purposes only and should not be viewed as the performance of a specific client account. As a Bespoke service, individual portfolio allocations will vary depending on client objectives.

Gamma Communications PLC	4.50
YouGov PLC	4.50
Big Technologies PLC	4.17
Tristel PLC	4.17
Cerillion PLC	4.10
GlobalData PLC	4.10
Next 15 PLC	4.10
Tracsis PLC	4.10
Ashtead Technology Holdings PLC	4.05
Judges Scientific PLC	4.05
Top Ten holdings	41.82

IHT Portfolio Service

	3m	6m	1y	3y	5y
IHT Portfolio	-8.98%	-4.92%	3.24%	-32.28%	-12.25%
Benchmark	-5.53%	-2.13%	9.55%	-37.22%	-12.86%



Performance calculation: all income reinvested. Performance is shown inclusive of underlying fund charges but gross of Progeny Asset Management investment management fees. Deduction of this charge will have the result of reducing the illustrated performance.

With an experienced team. We all share the same vision and are aligned to the same purpose. Because we like to practise what we preach, every member of our senior team is personally invested in Progeny. We believe in accountability and personal commitment, just as you do. Wealth creation is the hard part and it doesn't come without risk. In growing your wealth and passing it on, you want to avoid false economies. But managing it can often attract large fees, and we don't believe that it should.

Process

The management of the portfolio is achieved through the utilisation of Progeny Asset Management's investment process. This process has been agreed by the internal Investment Committee, which determines the stock universe available to the Investment Managers. Quantitative filters are overlaid with fundamental analysis and Manager meetings, a process which is regularly repeated as part of our ongoing due diligence. Lastly, we engage independent specialists to validate the Qualifying status of our AIM universe.

Past performance is not a guide to future performance. The value of investments can fall, and you may get back less than you invested, therefore your capital is always at risk. There is an extra risk of losing money when shares are bought in some smaller companies, including AIM shares, as there can be a big difference between the buying and selling price. This information is for illustrative purposes only and is not intended as investment advice. The information contained in this document has been taken from sources stated and is believed to be reliable and accurate, but without further investigation cannot be warranted as to accuracy or completeness. Partners, staff and clients may have a position or engage in transactions in any of the securities mentioned. The promised payment of income and the return of capital could be in jeopardy in the event that the parent company has problems meeting its financial obligations.

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Progeny is a trading style of Progeny Asset Management Limited and is used by various companies within the Progeny group of companies. Progeny Asset Management Limited is a limited company registered in England and Wales with number 09415365. The company's registered address is 1A Tower Square, Leeds, LS1 4DL. Progeny Asset Management Limited is authorised and regulated by the Financial Conduct Authority (No. 740528). VAT Number: 238579267.

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