

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

April 2025 was a volatile month for global markets, surprisingly in the mist of tariff wars and large market swings the UK's Alternative Investment Market (AIM) held up better than many. The AIM index was mindful of the sharp rise in UK inflation, which jumped unexpectedly to 3.5% from 2.6% in March. This marked the highest level in over a year and renewed concerns about the timing of potential interest rate cuts by the Bank of England. The inflation spike, driven by higher energy bills, transport costs, and council tax, weighed on sentiment and increased market uncertainty.

In contrast to the broader index's performance, our AIM-focused portfolio significantly outperformed its benchmark, powered by strong stock selection and company-specific catalysts. Notably, 11 holdings posted double-digit share price gains, highlighting investor preference for fundamentally sound businesses with clear growth trajectories. The divergence between the benchmark and portfolio performance is a trend reversal of recent months. For sometime positive news hasn't been rewarded but hopefully this is the start of another cycle.

The strong portfolio performance was driven by a series of positive updates across a range of sectors. Several companies announced upbeat earnings, resilient margins, and strategic initiatives that resonated with the market. Technology, leisure, and specialist manufacturing were among the standout areas. Encouragingly, forward guidance from key holdings suggested ongoing strength into the second half of the year, even as cost inflation and tariffs remained a watchpoint.

Among the top contributors were Jet2, Dotdigital, Tristel. Judges Scientific and GB Group were detractors. Jet2 led the charge with a robust trading update, a sizeable £250 million share buyback, and upbeat summer booking trends—despite cautioning on rising operating costs. Dotdigital delivered a solid set of interim results, showing steady revenue and profit growth, alongside a planned CFO transition and strategic focus on acquisitions.

In summary, April highlighted the AIM market's ability to reward quality companies even in a challenging macro environment. While tariffs, inflation and rate concerns pressured the broader index, the portfolio's gains across multiple holdings underscored the value in some of these "unloved" businesses. Looking ahead, we remain constructive on high-quality, cash-generative businesses that can navigate cost pressures and continue to deliver on their strategic objectives.

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.

Ashtead Technology Holdings	4.00%
GlobalData	4.00%
dotDigital	4.00%
Jet2	3.64%
Gamma Communications	3.28%
GB	3.28%
James Halstead	3.28%
Johnson Service	3.28%
Renew Holdings	3.28%
Tristel	3.28%
Top Ten holdings	35.32

IHT Portfolio Service

	3m	6m	1y	3y	5y
IHT Portfolio	-3.88%	-8.71%	-10.58%	-30.02%	-11.38%
Benchmark	-3.86%	-6.03%	-8.03%	-30.05%	-9.70%



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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