

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

It was a challenging year for markets and investors in 2022. The war in Ukraine, followed by an "interest rate shock" and then an "inflation shock" led to some big swings in major markets, with many key indices closing lower on the year.

What 2022 also signified was the end of the low inflation and low interest rate environment, which has existed post the Global Financial Crisis in 2008. Governments are now looking to adopt policies which helps domestic labour and create resilience ahead of further global economic uncertainty as we enter 2023.

It is important to acknowledge the major structural shifts we witnessed in such a short space of time in 2022 and how this wrongfooted the world's central banks, stock and bond markets alike and it was the unexpected speed of this rate tightening that followed which is part of the reason we saw such volatility over the past 12 months.

Inflation moderated from its peak in the US and UK at the end of the year, with an expectation it will reduce further in 2023. However, concerns remain that it will be more 'sticky' than anticipated which will hinder economic recovery.

Markets are relatively efficient and it is difficult to argue that the market doesn't already know some economic fragility is around the corner. One indicator showing this is the US Treasury Yield curve. Every time since 1970 that 10-year yields have fallen below 2-year yields, a recession has followed, which is currently the position.

While the consumer is generally in substantially better health than previous recessions, consumer confidence is fairly weak and with an expected hit to the housing market, this heightens the likelihood of a global recession in 2023.

Turning to the portfolio, through December there were twelve gainers of which four were double digit. Leading them was Gooch & Housego and Alliance Pharma which returned 16.07% and 13.77% respectively. Gooch's share price hit multi year lows, but this was met with a raft of director buying which buoyed investor sentiment. There were sixteen detractors over December of which 5 were double digit, BooHoo was the biggest detractor as consumer stocks continue to face economic headwinds.

Portfolio Information

Portfolio Benchmark	Numis Alternative Markets Including
Investment Management fee (p.a)	0.80% + VAT
Yield	1.20%
Reporting	Quarterly
Portfolio Inception Date	1 st July 2016

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.

Top 10 Portfolio Holdings

Cash	6.10
Keywords Studios	4.48
Somero Enterprise Inc	4.31
Cropper (James) PLC	4.23
SDI Group PLC	3.96
DotDigital	3.85
Churchill China	3.77
AB Dynamics	3.74
James Halstead	3.73
Tracsis PLC	3.70
Top Ten holdings	41.91

IHT Portfolio Service

	3m	6m	1y	3y	5y
IHT Portfolio	3.21	-12.42	-26.03	-7.82	-8.15
Benchmark	3.69	-5.08	-31.10	-11.49	-16.26



01/07/2016 - 30/12/2022 Data from FE fundinfo 2023

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. If you invest in currencies other than your own, fluctuations in currency value will mean that the value of your investment will move independently of the underlying asset. 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.

The information contained within this document is subject to the UK regulatory regime and is therefore primarily targeted at consumers based in the UK.

The value of investments and the income from them can fall as well as rise, and you may not recover the amount of your original investment. Your capital is therefore always at risk.