

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 may be subject to change in the future.

AIM Commentary

The global recovery out of the Coronavirus pandemic continued through the second quarter of 2021 reflecting in both economic and financial market data. Growth assets were driven by U.S. stocks, with some rotation into large cap stocks in anticipation of a peak in the post-COVID recovery of economic growth and inflation.

The crucial economic theme over the period was inflation. Central banks on both sides of the Atlantic have suggested that it will be transitory. This is important as it is the critical target used to set interest rates, which in turn influence companies' finances which of course impacts the valuation of share prices. There is a current expectation that all the 'life support' that has been thrown at the global economy in terms of fiscal and monetary stimulus will lead to rising prices. Key consumer price data will be watched closely. In May the UK rate of inflation was above the 2% target at 2.1%, on the back of an easing of lockdown measures and consumer spending picking up.

Over the period the AIM market reflected the current 'risk-on' attitude of markets. Within our AIM/IHT portfolios the best performers were Tracsis, Next Fifteen Communications and Dotdigital Group. However, we saw Clinigen retracting due to the impact Covid-19 was having on hospital-based oncology treatments and delays in clinical trials.

Over period we also added positions in BooHoo, Team 17 and Gamma Communications. With the completion of the takeover deal from SWM International, Scapa was removed from portfolios, with shareholders receiving 215p per share.

Portfolio Information

Portfolio Benchmark	Numis Alternative Markets Including
Investment Management fee (p.a)	0.80% + VAT
Yield	1.28%
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

Gooch & Housego PLC	3.91
Young & Co Brewery PLC	3.82
Dotdigital PLC	3.85
YouGov PLC	3.80
Next Fifteen PLC	3.69
CareTech Holdings PLC	3.66
Churchill China PLC	3.66
Renew Holdings PLC	3.60
Somero Enterprise PLC	3.55
Tracsis PLC	3.51
Top Ten holdings	37.13

IHT Portfolio Service

	3m	6m	1y	3y	5y
IHT Portfolio	10.39	16.23	43.39	22.72	105.94
Benchmark	5.07	9.29	42.19	20.67	85.80



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.

Leeds

1A Tower Square, Leeds, LS1 4DL

+44 113 467 1596

London

Egyptian House, 170-173 Piccadilly, London W1J 9EJ

+44 20 3284 5071

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