

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

August was another month of growth asset volatility. The cause is a theme that has been affecting financial markets all year - how far will interest rates rise in the major economies to combat rising inflation?

Starting with the volatility story, Wall Street uses an index as a barometer to see what the expected volatility will be over a 30-day period. This index hit a seven-week high recently, due to expectations of further rate increases in September. This comes on the back of US inflation data, which is still running near its highest level in more than 40 years. This is mirrored in the UK.

This volatility was also on the back of some strong words from the US Federal Reserve Chair this month. While higher interest rates, slower economic growth and softer labour market conditions will bring down inflation, they will also bring some pain to households and businesses. These are the unfortunate costs of reducing inflation.

Picking up on economic growth, as central banks have raised interest rates in recent months in response to escalating prices, this makes borrowing more expensive for companies and individuals and this has fuelled the current concerns that economies are falling into recession. Consumers are grappling with rising energy costs and surging household prices, which continues to underpin a very challenging cost of living crisis.

The AIM Index fell by 2.65%, leaving it as one of the worst-performing indexes over the month. Given the nature of the types of companies in the index, i.e., smaller growth companies, the performance isn't surprising. Consumer goods businesses such as Boohoo, Johnson Services and Fever-Tree have been the biggest detractors, as fears grow surrounding the level of disposable income available in the face of the cost-of-living crisis.

The biggest gainer over the month was Tracsis, as the business continues to recover. In a post covid world, the company has delivered strong numbers in its Events and Traffic Data business with revenue forecasted to increase from £69m from £50.2 in 2021.

Investors are in "risk off" mode and AIM stocks are being shunned and the selloff remains indiscriminate. However, we continue to target businesses that have strong financial positions and, where possible, an economic moat. We continue to research new opportunities as they arise, with a view to adding further diversification in these challenging times.

In summary, financial markets continue to see continued volatility and in the short-term at least, the key discussion points will remain inflation, interest rates and worries over economic growth. For investors, maintaining a diversified portfolio still remains key to riding through these challenging conditions.

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

Emis Group	5.81
Somero Enterprise Inc	4.56
Keyws Studios	4.41
Cropper (James)	4.14
Caretech Holdings	4.14
Dotdigital Group	4.02
Judges Scientific	3.83
Restore	3.79
Tracsis	3.77
James Halstead	3.61
Top Ten holdings	42.08

IHT Portfolio Service

	3m	6m	1y	3y	5y
IHT Portfolio	-8.04	-12.60	-25.44	7.45	3.52
Benchmark	-9.22	-15.17	-30.34	4.13	-7.06



01/07/2016 - 31/08/2022 Data from FE fundinfo2022

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.