

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 was a challenging month for both growth and defensive assets, driven by the latest economic data out of the US. US inflation numbers and weaker GDP numbers were the catalyst and led to concerns that the world's largest economy will not be cutting interest rates as quickly as previously hoped. This saw leading equity and bond indices decline over the month.

US monthly headline inflation numbers for March saw a modest increase to 3.5% with utility and housing costs remaining higher than expected. Coupled with lower-than-expected annualised economic growth of 1.6% in Q1, interest rates are now expected to stay the same for the near future and this was the key driver for the direction of US equities over April. It was a different story however in the UK, where inflation fell to its lowest level in two-and-a-half years, driven chiefly by a slowdown in food price increases.

Eurozone Inflation data in April remained flat at just above 2% year on year, with core and services inflation both slowing. This means markets are more confident of a rate decrease this year from the European Central Bank (ECB) and the Bank of England (BoE) than the US Federal Reserve. Rate cuts have historically been positive for smaller companies due to:

1. Small-cap companies typically have less access to capital compared to larger firms. When interest rates fall, borrowing becomes cheaper, allowing these companies to finance growth initiatives, expand operations, and improve profitability.
2. Lower interest rates generally reduce the returns on fixed-income investments like bonds. This can lead investors to seek higher returns in equities, including small-cap stocks, which are perceived as riskier but potentially more rewarding.
3. Falling interest rates can stimulate economic growth by encouraging consumer spending and business investment. Smaller companies often benefit more from this economic boost as they are nimbler and can adapt quickly to changing market conditions.
4. Historically, small-cap stocks have tended to outperform large-cap stocks in periods of falling interest rates. This is partly due to their higher sensitivity to economic changes and the greater impact of improved borrowing conditions on their operations.

Turning to the portfolio, we had 15 winners 3 of which were double digit and 14 decliners 6 of which were double digit. The top performer was James Cropper up 38%, the business highlighted that revenue for the past 12 months was in line whilst profits were ahead. The material, paper and packaging business is expecting to return to growth in its full year 2025. GlobalData which has been a strong performer for the portfolio up 15.56% year to date continued is strong run despite no news flow. AIM remains volatile with the big fallers down on no news flow.

Portfolio Information

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

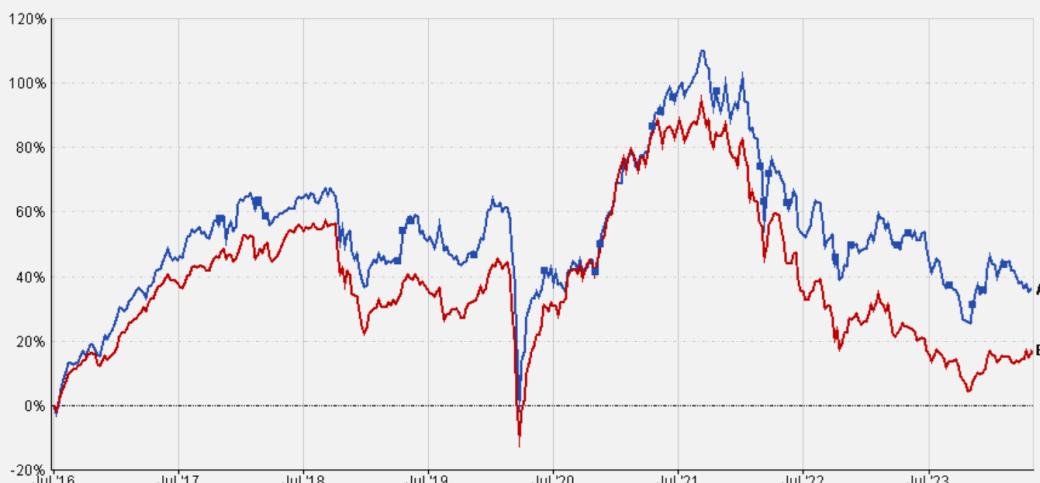
Performance is calculated based on a typical Progeny AIM portfolio, with standard allocations from our AIM stock universe and provided for illustrative purposes only and should not be viewed as the performance of a specific client account. As a Bespoke service, individual portfolio allocations will vary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

Top 10 Portfolio Holdings

Gamma Communications PLC	4.76
GlobalData PLC	4.76
Judges Scientific PLC	4.76
Yougov PLC	4.76
Cerillion PLC	4.33
Johnson Service Group PLC	4.33
Tracsis PLC	4.33
CVS Group PLC	4.29
Dotdigital Group PLC	3.90
Keywords Studios PLC	3.90
Top Ten holdings	44.12

IHT Portfolio Service

	3m	6m	1y	3y	5y
IHT Portfolio	-6.12	8.58	-11.58	-29.11	-14.04
Benchmark	1.67	11.94	-5.93	-38.25	-16.43



■ A - Progeny Asset Management IHT Portfolio 2 09/02/2024 TR in GB (36.23%)
 ■ B - Numis Alternative Market Including GTR in GB (17.25%)

01/07/2016 - 30/04/2024 Data from FE fundinfo 2024

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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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.