

# 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 model AIM portfolio started 2021 strongly, with returns of 5.29% for the first three months of the year. This is ahead of a benchmark return of 4.02%, with the portfolio buoyed by strong returns from Next Fifteen Communications (29.28%), Somero Enterprises (25.62%) and Adept Technology (16%). We also saw a takeover bid for Scapa Group, at a premium of 21%, which was accepted by shareholders. Scapa has been a long-term inclusion in our AIM portfolio that we will be sad to see go.

Next Fifteen, a specialist communications group, are now trading around record highs, thanks to a good 2020 trading update which saw upgrades to its revenue and earnings. We still see Next Fifteen as attractively priced, especially compared to peers. Somero, a manufacturer of laser guided equipment, based in the USA, have been a beneficiary of the \$3trillion US stimulus and spending on infrastructure. This has acted as a tailwind for Somero through the end of 2020 and beginning of 2021.

However, it has not all been plain sailing. 2021 has so far been dominated by volatility across all markets and this has stretched to AIM. We saw FeverTree, announce positive results but with caution raised about the speed of which "normality" will be resumed and consequently their sales in pubs and restaurants. The market greeted this announcement with a sell off, leaving their share price 15% lower throughout Q1, making it the largest detractor of performance from the portfolio. We still remain confident in the long-term growth prospects of FeverTree and their expansion into Asia and North America.

### Portfolio Information

Portfolio Benchmark	Numis Alternative Markets Including
Investment Management fee (p.a)	0.80% + VAT
Yield	1.26%
Reporting	Quarterly
Portfolio Inception Date	1 <sup>st</sup> 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

Scapa Group	7.44%
Somero Enterprises	6.74%
Young & Co Brewery PLC	4.89%
Next Fifteen Communications Group PLC	4.71%
Johnson Service Group PLC	4.43%
Judges Scientific PLC	3.97%
Dotdigital Group PLC	3.91%
Cropper (James) PLC	3.80%
CareTech Holdings PLC	3.75%
Renew Holdings PLC	3.68%
<b>Top Ten holdings</b>	<b>47.32%</b>

## IHT Portfolio Service

	3m	6m	1y	3y	Incep
IHT Portfolio	5.29	25.62	54.20	16.95	86.55
Benchmark	3.79	24.44	73.77	21.94	76.83



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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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.