

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

July was a positive month for growth assets, with the majority of major indices ending in positive territory. One of the main reasons was data from the US, the World's largest economy, which supports what is being called a 'Goldilocks' soft-landing scenario. Here, the economy slows down but does not actually go into reverse, the jobs market does not suffer, but inflation is tamed. Interestingly, the most recent inflation reading in the US, in June, was 3%, only just above the Fed's target of 2%.

One of the main reasons the US economy has performed better than expected, despite interest rates still yet to peak, is that many US consumers are protected via low, long-term mortgage rates which became available after the Covid pandemic and so they are not yet really feeling the pain of the current rate environment.

It is also worth remembering that growth asset returns so far this year in the US, have been driven by a handful of technology stocks, so the markets remain sensitive to any short-term news flow from this basket of companies.

In the UK, growth assets also had a positive month, following a surprise decline in inflation from 8.7% to 7.9% in June. Small and Mid-Cap stocks reacted well to the news. Investors maybe starting to believe this could be a turning point for the valuation in UK shares.

In the portfolio, there were fourteen gainers, five of which were by more than double digit, whilst 15 stocks declined with two falling more than 10%. Somero Enterprises were the strongest performer finishing the month 15.83% higher. The company said that first-half revenue performance should come in at the high end of its guidance range, and that the company is confident 2023 results will meet market expectations.

Shares in Restore fell 30% as the company said profit would be lower than previously expected and that it was parting company with its CEO. The holding is under review.

In summary, the key challenge for markets as we go through the third quarter, is to navigate through the data to finally see a peak in the current interest rate cycle. Until this is clearer, market volatility will remain.

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

James Cropper PLC	6.19
Gooch & Housego PLC	4.76
Churchill China PLC	4.41
James Halstead PLC	4.54
Judges Scientific PLC	4.51
CVS Group PLC	4.38
Team17 Group	4.20
Renew Holdings PLC	4.13
Somero Enterprise Inc	3.96
DotDigital Group PLC	3.91
Top Ten holdings	45.29

IHT Portfolio Service

	3m	6m	1y	3y	5y
IHT Portfolio	-6.18	-6.49	-11.99	7.12	-12.68
Benchmark	-6.62	-11.26	-15.83	-11.46	-25.34



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.

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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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