

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

March saw inflation figures in the UK fall to 3.4%, lower than forecast and the lowest seen since 2021, however they still remain above the target level. While the Bank of England held interest rates at 5.25%, this provides a more positive backdrop for the prospect of potential rate cuts later on in the year. The likelihood of upcoming rate cuts will present a favourable environment for AIM listed companies, as it should allow for labour costs and debt pressures to ease.

The Progeny Asset Management AIM portfolio generated a return of -2.98% after fees against a benchmark return of 1.26%. The portfolio hit an intramonth low of -4.5% before recovering with a strong end to the month. This was driven by the macroeconomic backdrop, as investors try to anticipate when interest rates may be cut and by how much.

9 of our underlying stocks were positive for the month, with the standout performers being Gooch & Housego (15.561%), Churchill China (12.02%), and Gamma Communications (10.86%).

After a tough February, Gooch & Housego saw positive growth over the month, as markets responded well to the divestment of one of their loss making assets. This shows good progress in the business reviewing and optimising its portfolio, causing the share price to rise by over 3.5% on the day of the announcement.

Gamma Communications announced their full year results for 2023 in March, which markets reacted positively to, as they announced positive revenue growth, a £35m share buyback programme, and successful acquisitions allowing them to develop their portfolio of solutions.

The largest detractor from returns was CVS Group, as the Competition and Markets Authority's decided to launch a formal investigation on the veterinary sector, following their review initiated in September 2023. The investigation was launched as they identified five key issues within the sector, however CVS have stated they are engaging constructively and proactively with the CMA to address these issues. Their shares were down 34% for the month, however their fundamentals remain strong, and they have presented the CMA with a package of possible remedies, attempting to address the issues faster than their investigation would.

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
Youngov 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	15.67	0.40	-6.12	-16.98	-0.30
Benchmark	10.10	-0.92	-12.08	-32.76	-12.43



■ A - Progeny Asset Management IHT Portfolio 2 09/02/2024 TR in GB (45.57%)
 ■ B - Numis Alternative Market Including GTR in GB (15.32%)

01/07/2016 - 31/01/2024 Data from FE fundinfo2024

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.