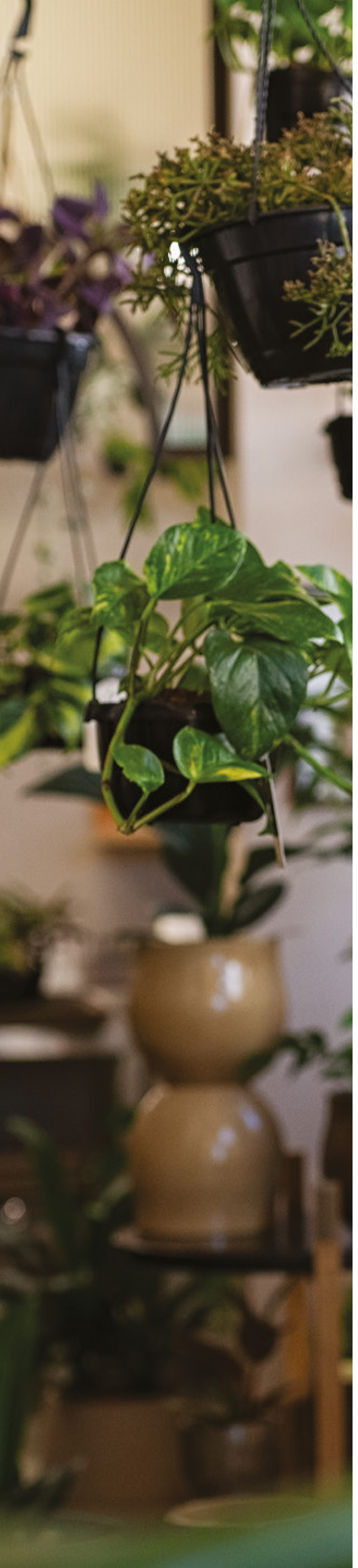
AIM *Portfolio Service*

Quarterly Report / December 2024



Objective

The AIM Portfolio Service (APS) provides clients with exposure to a carefully selected portfolio of Alternative Investment Market (AIM) listed companies. Preference is given within our investment process to financially sound, profitable, and growing companies. In addition, investors can also derive potential Inheritance Tax (IHT) benefits from the service via the UK's Business Relief for Inheritance Tax policy', which seeks to encourage investment in certain qualifying companies by providing investors with IHT relief after two years of ownership.

Tax treatment depends on individual circumstances and may be subject to change in the future.

Past performance is not a reliable indicator of future results.

Business Relief is not guaranteed and remains, always, at the discretion of HMRC (to be determined on the death of the individual). It is important to note that any individual subject to the BR tax regime could pass away before the two year qualification period has been achieved (which may effect the application of some, or all, of the relief sought) and that the BR tax regime itself could be withdrawn by the UK Government at any point in the future.

Quarterly Commentary / Q4 2024

In the fourth quarter of 2024 our AIM Portfolio Service returned -4.0%, compared to the benchmark Deutsche Numis Alternative Markets (Total Return) Index which returned -2.3%.

When the new Labour government came to power over the summer there was considerable consternation when the Chancellor of the Exchequer identified an apparent 'black hole' in the country's finances that was going to have to be plugged with tax rises, spending cuts or a combination of both. As market participants speculated as to what taxes might be changed there was general unease and worry as the October budget approached.

Nichols (+30%) the producer of the soft drink Vimto, performed well during the quarter following an update from the management team as to their medium-term targets for the business. They aim to grow the revenues of the business by 30% and the profits by 50%, over the medium-term. In recent years the business has been streamlined with a focus on investing behind and growing the more profitable business lines, in their higher growth markets, which include the Middle East and several west African countries.

Elixirr (+14%), the strategy consultancy business, reported a strong half year, growing their revenues by 28% and their profits by 22%. Their entrepreneurial approach to the industry continues to reap results, one of empowering individuals and taking market share in what is clearly a vast global consultancy market. Having initiated the position in August we used the opportunity of a secondary placement to increase our portfolio allocation to the investment.

Jet2 (+13%), the industry leading travel operator showed further progress against their growth strategy, reporting a record number of passengers, revenues and profitability. They have increased their seat capacity by 9% compared to a year ago, having opened new hubs at Bournemouth and Luton airports, as well as expanding many of their existing locations.

> "As market *participants speculated* as to what taxes might be changed there was general unease..."

Team Internet Group (-28%) fell following the announcement of their 3rd quarter results. They have suffered some difficulties with the integration of Shinez, the business they acquired in March, as it has been affected by unexpected changes in demand from key advertising network partners. Other areas of the business remain far more robust, and management are confident that they will overcome the current issues with Shinez. The stock trades on a P/E multiple of just 7x.

The global leader in human challenge trials, **hVIVO** (-25%), had a tough quarter from a share price perspective. Whilst there was no tangible news to explain the share price movement, we believe there is some concern that the order intake required to reach their second half targets may be a stretch. However, they announced a significant new contract in December and even if there is a small shortfall, it would be a temporary blip as opposed to any threat to the long-term structural growth path that the business is on.

One of the bigger holdings in the portfolio, **Renew Holdings** (-14%), retreated in the latter part of the quarter. The share price movement was rather puzzling given they reported strong revenue growth of 19%, albeit with some modest margin dilution, and a record order book. The shares had been very strong in the preceding 12 months, hence, this seemed an element of profit taking.

As discussed in last quarter's commentary, **Learning Technologies**, was bid for by private equity group General Atlantic. In December the bid was formally confirmed, and as a result we took some profits from the position. We also top-sliced Jet2 following a strong period for the shares.

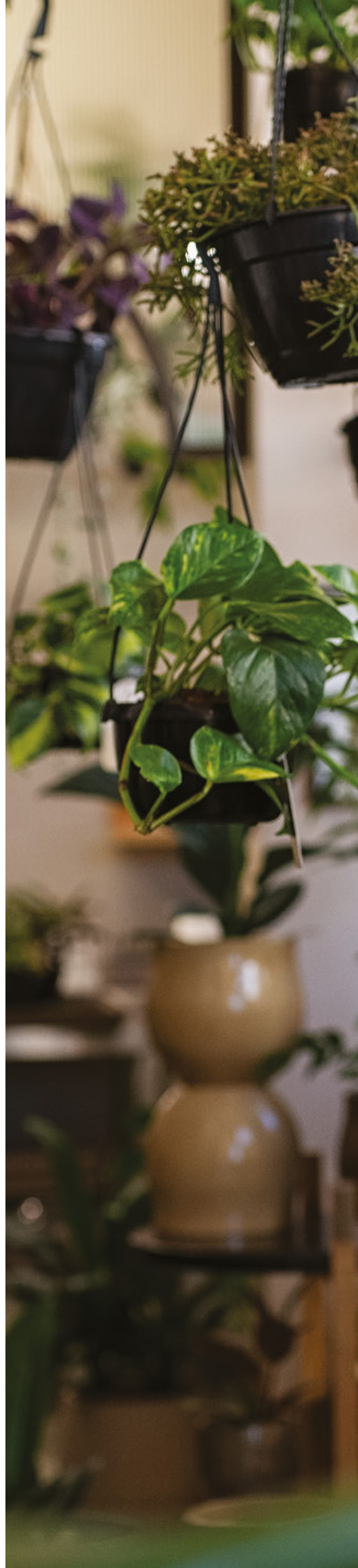
We initiated a new position in **Volex**. The business is a global designer and integrated manufacturer of performance-critical power and connectivity solutions. They supply a wide range of structurally growing end markets including electric vehicles, high-speed data centres, medical and agricultural technology. The stock is attractively valued on a P/E multiple of just 12x and management intend to supplement organic growth with that of further bolt-on acquisitions. We also added to **Elixirr**, as mentioned above.

The announcement in the October Budget that Business Relief on AIM shares will qualify for a 50% reduction in inheritance tax (IHT) from April 2026, means that AIM portfolios remain an important tax planning solution. The speculation and uncertainty in the months surrounding the budget weighed significantly on the AIM market. The new relief implies just a 20% rate of IHT rather than 40%, and it should now allow the market to move on and focus once again on the fundamentals of the companies, where a significant valuation and long-term capital growth opportunity exists.

If there is anything the team can do to help, or if you would like to discuss any aspect of our AIM Service in greater detail, please do let us know.

Ewan Millar
Senior Investment Director, Head of AIM

> "…a significant valuation and *long-term capital growth opportunity* exists"



AIM Portfolio Service

Fund summary

Launch date	July 2011
Number of holdings, including cash	37
Minimum investment	£100,000

Discrete 12 month performance to 31 December 2024 (%)

	2020	2021	2022	2023	2024
AIM Portfolio Service	4.51	11.80	-28.56	-5.36	-4.69
‡ Deutsche Numis Alternative Markets TR	19.34	7.64	-31.09	-7.19	-3.85
Relative performance	-14.83	4.16	2.54	1.82	-0.84

Cumulative performance to 31 December 2024 (%)

	3M	6M	1Y	3Y	5Y	10Y	Since Inception
AIM Portfolio Service	-4.00	-9.45	-4.69	-35.56	-24.71	59.09	134.21
‡ Deutsche Numis Alternative Markets TR	-2.31	-4.83	-3.85	-38.51	-21.01	17.01	-2.35
Relative performance	-1.69	-4.63	-0.84	2.95	-3.70	42.08	136.56

Past performance is not a reliable indicator of future results.
Sources: Brooks Macdonald/Deutsche Numis to 31 December 2024. All performance figures shown on this factsheet are net of Brooks Macdonald but gross of professional adviser management fees. Deduction of these fees will impact on the performance shown.

Investment team

Ewan Millar

Senior Investment Director and Head of AIM

Ewan joined Brooks Macdonald in 2020 and is the head of our Alternative Investment Market (AIM) Portfolio Service. Ewan is also head of our Direct Equity research team. Previously, Ewan was a Senior Investment Manager at Cornelian Asset Managers before its acquisition by Brooks Macdonald. Prior to that Ewan spent ten years at Kempen Capital Management (UK), working in their Small Cap team where he was the co-lead manager of their flagship European Small Cap fund. Ewan is a Chartered Financial Analyst (CFA) Charterholder.

Joe Capaldi

Investment Director

Joe joined Brooks Macdonald in 2022 and is an Investment Director on our Alternative Investment Market (AIM) Portfolio Service and sits on our Direct Equities research team. Prior to joining Brooks Macdonald, Joe worked at CS Investment Managers in Edinburgh for eight years where he was an Investment Director and head of the AIM IHT Service. Joe attained a first-class honours degree in Management & Business Enterprise from the University of Strathclyde in 2011 and is a Chartered Financial Analyst (CFA) Charterholder.

Contact

For further information on the AIM Portfolio Service please contact:
020 7408 5574 / aim@brooksmacdonald.com

Important information

All data provided by Brooks Macdonald Asset Management Limited accessed as at 31 December 2024 unless otherwise stated.

Investors should be aware that the price of investments and the income from them can go down as well as up and that neither is guaranteed. Past performance is not a reliable indicator of future results. Investors may not get back the amount invested. Changes in rates of exchange may have an adverse effect on the value, price or income of an investment.

Investors should be aware of the additional risks associated with funds investing in smaller companies. The information in this document does not constitute advice or a recommendation and you should not make any investment decisions on the basis of it. This document is for the information of the recipient only and should not be reproduced, copied or made available to others.

AIM companies can be illiquid in nature, meaning that it can be difficult to implement purchase or sale decisions during periods of volatility.

Business Relief is not guaranteed and remains at the discretion of HMRC to be determined on the death of the individual. The individual could die before the two year BR qualification period has been achieved. It is important to note that the BR tax regime itself could be withdrawn by the UK Government at any point in the future.

Tax treatment depends on individual circumstances and may be subject to change in the future. Brooks Macdonald does not provide tax advice and independent professional advice should be sought.

Brooks Macdonald is a trading name of Brooks Macdonald Group plc used by various companies in the Brooks Macdonald group of companies. Brooks Macdonald Group plc is registered in England No: 04402058. Registered office: 21 Lombard Street, EC3V 9AH.

The AIM Portfolio Service is provided by Brooks Macdonald Asset Management Limited which is authorised and regulated by the Financial Conduct Authority. Registered in England No: 03417519. Registered office: 21 Lombard Street, London, EC3V 9AH.

More information about the Brooks Macdonald Group can be found at
brooksmacdonald.com

BM2025-0125-010