

Stellar AiM IHT Service

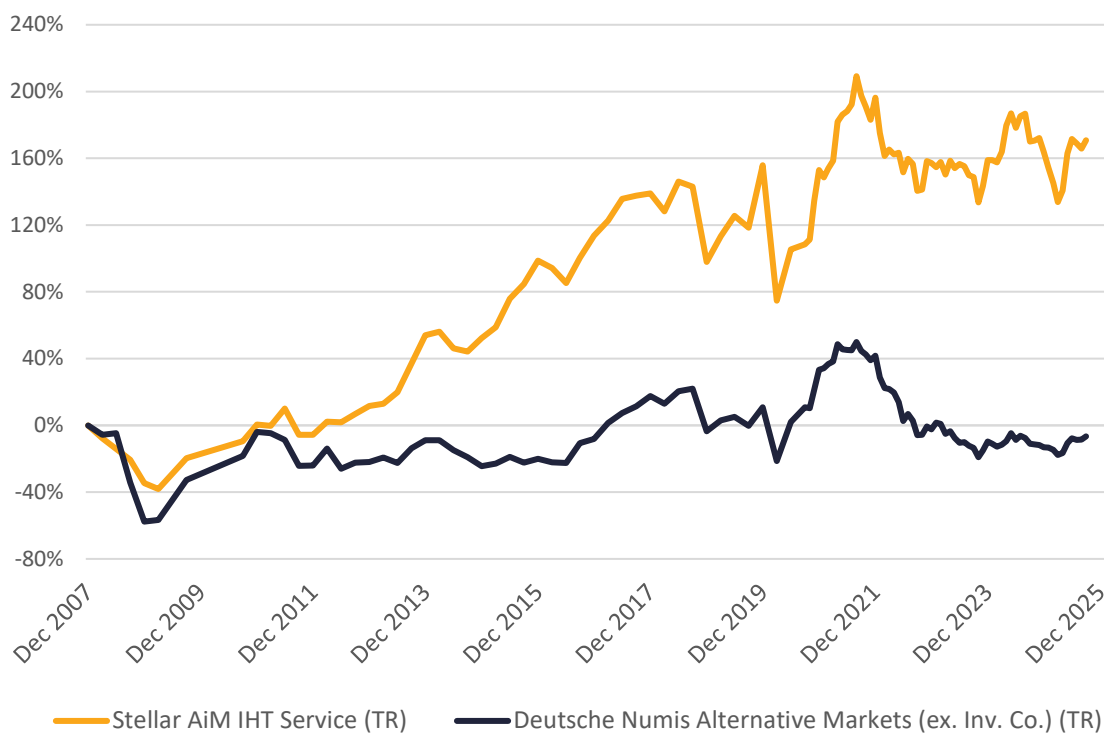
Performance Factsheet
Q3 2025



Gold, Fecklessness, and Dearth

Gold's rally was a standout feature of the third quarter, rising 17%, leaving the 'barbarous relic' up 47% YTD (in US dollar terms). There are dozens of supposed reasons for gold's newfound lustre, but we believe the key drivers are much more prosaic; perpetually increasing government debt (fecklessness) and a lack of economic growth (dearth). There is an inherent circularity between all three, with higher borrowing driving concerns over inflation and currency debasement as well as crowding out private capital, which is dampening growth, pushing investors to buy gold as a hedge. While the flesh may be willing, the political will to address these deep-seated global issues is weak, and sadly, unlike in the Nativity, wise men are in equally short supply.

Stellar AiM IHT Service Cumulative Performance



	Q3	YTD	1 Year	3 Years	5 Years	Inception
Stellar AiM IHT Service (TR)	-0.2%	2.7%	0.3%	12.6%	30.0%	170.9%
DN Alternative Markets (TR)*	1.2%	7.4%	4.9%	-0.9%	-15.8%	-6.7%

*Deutsche Numis Alternative Markets ex. Investment Companies Index (Total Return) Source: Stellar Asset Management Limited

Service Overview

Investment Manager

Stellar Asset Management Limited

Custodian & Nominee

Third Financial Services Limited

Tax Objective

IHT relief after two years

Investment Objective

Capital growth

Structure

Discretionary portfolio

Initial Fee

Nil

Annual Management Fee

1% (plus VAT)

Annual Administration Fee

0.225% (plus VAT)

Dealing Fee

0.25%

Minimum Investment

GIA £40,000 | ISA £20,000



Market news

The quarter started with Labour's backbenchers successfully watering down the controversial Universal Credit and Personal Independence Payments Bill. The £5bn of potential savings must now be made up elsewhere, and with welfare cuts now off the political agenda, and skittish bond markets reluctant to accommodate increased borrowing, the government's only recourse is further tax hikes. As an aside, there is a fourth 'cure' to what ails us, something called growth but, sadly, there's more chance of seeing Father Christmas this December (the real one).

There will be much talk of "black holes" and "broad shoulders" between now and the 26 November, but we hope lessons have been learned from this government's first budget. Broad shoulders do not strong knees make, and the low tax density in the UK, where the overall tax burden falls overwhelmingly on relatively few wealthy taxpayers, already presents an underappreciated fragility.

We are dismayed that the economy and consumers are being held to ransom annually by these budgets and equally dismayed with the outsized role the Office for Budget Responsibility (OBR) plays. A major driver of the fiscal "black hole" will be a likely downgrade of future productivity by the OBR, where every 0.1% downgrade in productivity leaves a £9bn impact on UK fiscal headroom by 2030¹. Yet even a fleeting glance at the OBR's track record would lead one to conclude that a haruspex was in charge, divining the number after lobbing some entrails around.

If the public were more aware of how this particular statistical sausage was made, they'd be deeply sceptical of swallowing large tax increases that will directly result from what is essentially a guess; a tenuous one at that. We don't know if they simply don't know, or they don't know they don't know, but we do know that their short-term prognostications are almost as bad as their long-term ones. It would be laughable were it not so consequential. The country deserves much better.

Not all is lost, however. Key will be the Chancellor not repeating the inflationary impulses that last year's budget delivered, which should see us soon pass the current inflation 'hump' before falling towards 2% late next year. Despite a 25bps cut to 4% in August, the Bank of England (BoE) has felt unable to cut rates more given inflation's stickiness but, absent further policy error, should soon be able to recommence its cutting cycle. The 'Old Lady' has the largest scope of any developed market central bank to cut rates, which should prove supportive to both the UK economy and domestically focussed UK equities as found in our portfolio.

There remain a number of potentially positive drivers of demand for equities, be that pensions or ISA reforms, and we are hopeful too of a 'levelling of the playing field' between asset-backed schemes and AIM shares in relation to Business Relief². Valuations remain at significant discounts to their long-term average, both at the portfolio level (33% discount to 10-year average³) and small- and mid-caps more generally. After years of crises and weak demand, our companies are well poised to capitalise on even a modest upturn.

¹ Source: Simon French, Panmure Liberum, 'Should the OBR be upgrading UK productivity' (03/10/25).

² Source: <https://citywire.com/new-model-adviser/news/treasury-looking-at-levelling-unlisted-and-aim-iht-portfolio-relief/a2472079>

³ Source: Bloomberg as at 30/09/25 based on EV/Sales ratio.

Portfolio Update

In Q3 2025, the AIM IHT service declined -0.2%, versus the benchmark which rose +1.2%. This represented a consolidation post the previous quarter's strong +16.1% increase, which was 400bps ahead of benchmark.

We would also highlight that the Materials (mining) sector (over 15% weighting in AIM), was a key driver of index returns, buoyed by the rise in the gold price in the period. This is a sector we will always have limited exposure to, given business relief ineligibility but also 'price taker' business models that do not fit our strategy.

Performance was unusually split this quarter, driven more by outsized moves of our smaller weighted positions. There were 13 double-digit percentage risers during the period compared to 8 double-digit fallers. We view this broadening out of investor attention, with many gainers being the smaller capitalised stocks, as an inherently positive indicator of improving market sentiment.

Top riser was **Eco Animal Healthcare** (animal pharmaceuticals), delivering a +56% total return, which announced solid full-year results showing an improvement in gross margin, and good progress on its drug development pipeline focussed on pigs and poultry vaccines. We believe the value of this pipeline is significantly undervalued by the market, and could be transformational to profitability and growth, where vaccines attract structurally higher margins than its current core anti-biotic product.

Tribal Group (higher education software) delivered a +48.8% return after posting strong interim results which saw analysts upgrade FY EPS by 10%. Annualised Recurring Revenue (ARR), a key software metric of revenue quality/visibility, is now 12.7% higher than at the start of the year to a significant £64m. This is a market leader in its niche which is transitioning its business model towards higher quality and higher margin revenues.

Other notable risers were **Nexseq** (industrial computing) and **Anpario** (natural animal feed additives), who delivered returns of +29.9% and +21.3% respectively. The former is showing early signs that its reinvigorated strategy is gaining traction, while the latter delivered its third earnings upgrade of the year with its recent acquisition of Bio-Vet set to deliver strong revenue synergies.

The largest fallers were **Warpaint London** (value cosmetics), **Kitwave** (delivered wholesaler), and **M&C Saatchi** (marketing services) who posted negative total returns of -50.8%, -27.2%, and -24.5% respectively. Warpaint warned on profits after being hit by a general consumer slowdown, as well as a significant but temporary pause in buying from a major European customer. US tariffs impacted the sales outlook in that geography, while the administration of Bodycare also hit growth. Kitwave's first half results to end-April 2025 showed like-for-like revenue up 3.1%, but the outlook was tempered by lower consumption in the destination leisure sector, as well as more competitive pricing for larger tenders. M&C issued a mild profit warning with Q2 trading significantly impacted by a weak Australian performance where LFL sales fell 27% year-on-year. Excluding this division, group LFL sales fell a more modest 0.7% and changes have been made to the management to stabilise the division going forward.

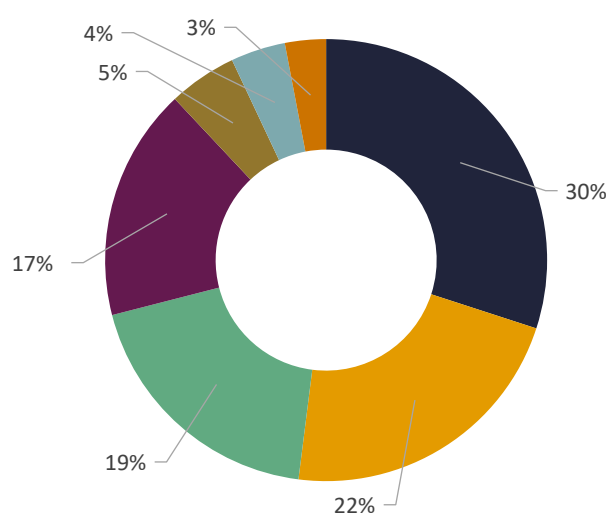
Looking forward we continue to see compelling absolute returns potential over the medium- to long-term, driven by capable management teams and competitively advantaged businesses that offer attractive structural growth. In tight, relatively illiquid markets where it's harder to buy than sell, currently, a soupcon of confidence would be all that's needed to drive a strong price reaction.

Portfolio Characteristics

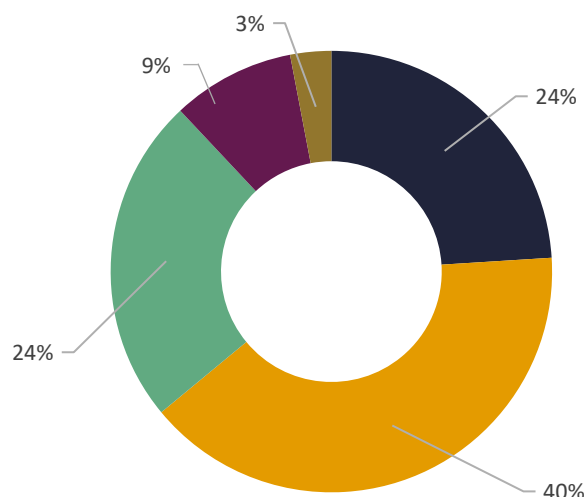
Dividend Yield (FY1*)	2.02%
P/E Ratio (FY1*)	17.3x
Average / Median Market Capitalisation	£330.4m/£169.9m
Number of Stocks	33

* Represents analysts' consensus 12-month forecasts.

Platform Availability

Sector Allocation ¹

- Technology
- Industrials
- Real Estate
- Financials
- Health Care
- Consumer Discretionary
- Consumer Staples

Market Cap Allocation ²

- <£100m
- £100m-£250m
- £250m-£500m
- £500m-£1bn
- >£1bn

¹ Proportion (by value) of invested portfolio as at 30/09/25.

² Number of companies as proportion of portfolio (by value) as at 30/09/25.

Source: Stellar Asset Management Limited

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Our AiM Team



Stephen English
Investment Director

Stephen joined the company in 2020 and is the investment principle on the AiM IHT team, ultimately responsible for portfolio construction and investment selection. With 23 years of experience in the industry, he holds the CISI Diploma and the Chartered Financial Analyst (CFA) designation. With a background in art and an interest in psychology Stephen believes that small-cap investment is as much art as science, and the combination of these factors led to the authoring of his own 12-page investment philosophy. A regular and sought-after guest on BR-related investment panels, Stephen is well-regarded throughout the industry for his conviction and passion.



Jack Pedley
Assistant Fund Manager

Jack joined the company in 2023, having 10 years' experience in the financial services industry and previous experience at both Bank of America and Grant Thornton. The latter being where he trained as a chartered accountant, earning his ACA designation, and the former being where his interest for the investment world was sparked. His financial background pairs well with Stephen's capability in the more qualitative and psychological aspects of investing, meaning they can take a pincer approach to dissecting a company's annual report. Jack also holds the ACSI designation, a forensic accounting qualification and the CFA Certificate in ESG Investing.



Phil Kirwan
Portfolio Manager

Phil joined the company in 2020 and is responsible for rebalancing portfolios, communicating with clients and intermediaries, preparing reports, valuations and liaising closely with Stephen and Jack on portfolio construction. Phil holds the CISI Chartered Wealth Manager qualification and has 15 years of industry experience. Phil's former role as a discretionary investment manager, mathematics background, and technically-minded nature have resulted in him being uniquely equipped to oversee the day-to-day management of the service whilst also providing technical and sales support to service the firm's adviser customer base.

Important Information

Investors should note that past performance is not a reliable indicator of future performance and investors should not rely upon past performance when considering whether or not to invest in the Stellar AiM IHT Service. All calculations are on a total return (TR) basis, excluding the impact of adviser fees, with performance calculated from portfolios held directly with Stellar. The performance of portfolios held on other platforms may differ slightly owing to differing platform costs, trade execution, and timing impacts.

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STELLAR AM

Composite Analysis versus Peer Group

GBP AIP Manager - September 2025



Analysis of the Stellar AIP Hybrid Composite

The table below sets out the performance of the Stellar AIP Hybrid Composite versus a relevant Benchmark. The Benchmark selected by STELLAR AM is the ARC AIP Index. The performance is also ranked against a cohort selected by ARC Research representing the performances of other investment managers in the Peer Group managing funds or portfolios with the same investment objective.

Period ¹	Net Return (%) ²	ARC AIP (%) ³	Relative Return (pp) ⁴	Return Quartile Rank ⁵	25th Percentile Return (%) ⁶	75th Percentile Return (%) ⁷
2025 (YTD)	2.7	(1.5)	4.2	1	0.4	(4.3)
2024	1.9	(4.7)	6.6	1	(2.3)	(8.9)
2023	0.7	(2.8)	3.6	1	0.3	(5.6)
2022	(13.3)	(25.2)	11.9	1	(22.7)	(27.2)
2021	17.2	18.8	(1.7)	3	23.3	16.3
2020	(1.1)	0.3	(1.5)	3	4.6	(1.2)
2019	29.2	25.3	3.9	1	27.2	21.6
2018	(17.1)	(15.2)	(1.9)	3	(13.8)	(18.2)
2017	11.8	18.7	(6.8)	4	26.8	17.0
2016	7.5	11.6	(4.1)	2	13.6	4.8
1 Year	0.3	(4.9)	5.2	1	(1.4)	(8.5)
3 Years	12.7	(5.3)	18.0	1	1.3	(12.8)
5 Years	30.0	(5.2)	35.2	1	7.1	(18.1)
Inception	76.0	44.2	31.8	1	53.9	24.8

Results for period starting 1 Jan 2014 and ending 30 Sep 2025. Reporting currency GBP.

ARC Research Limited (ARL) is now a part of S&P Dow Jones Indices. STELLAR AM has provided ARL with monthly performance of the Stellar AIP Hybrid Composite.

Please note that ARL does not independently verify the performance of the Composite submitted by STELLAR AM. However, ARL does apply robust consistency checks and considers that the Composite performance information set out above is broadly indicative of portfolio performance typically delivered by STELLAR AM for clients following the Composite.

The tables and charts presented here are based on historical information and past performance is not indicative of future performance. ARL does not guarantee the performance of any investment or portfolio or the return of an investor's capital or any specific rate of return. ARL accepts no liability for any investment decision made on the basis of the information contained in this report. You should always complete your own analysis and/or seek appropriate professional advice before entering into an agreement with any fund provider. Note that the performance of investments outside of your home currency will be affected by exchange rate fluctuation.

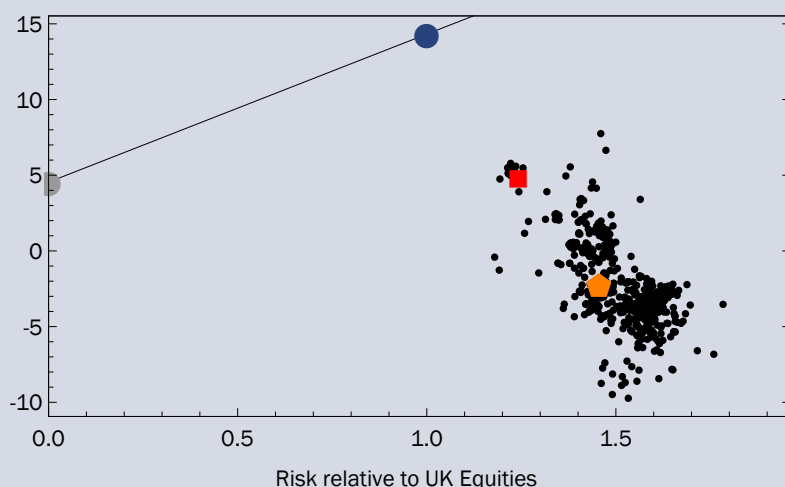
Notes

1. The most recent year and the first year for which data is shown may be incomplete. Please refer to the start and end dates shown in the footnote below the table.
2. In the Net Return column, the Manager has confirmed that Composite performance is presented net of all trading expenses, retained management fees, custodial fees and withholding taxes. Top to bottom quartiles are coloured green, purple, yellow, orange respectively.
3. The Benchmark Return indicates the performance of the ARC AIP Index.
4. Relative Return is the Net Return (column 2) minus the Peer Group return (column 3).
5. Return Quartile Rank shows the quartile performance of STELLAR AM relative to the GBP AIP Manager Peer Group cohort.
6. 25th percentile return indicates the lowest return in each period that would have been allocated a top quartile ranking.
7. 75th percentile return indicates the highest return in each period that would have been allocated a bottom quartile ranking.

The Sharpe charts below, which are based on monthly data, show the risk-return characteristics for the Stellar AIP Hybrid Composite alongside a representative sample of 500 portfolios from the Data Contributors to the ARC IHT Portfolio Indices, together with the median outcome. The charts are based on the results for three and five year periods, to date.

Return vs Risk (36 months)

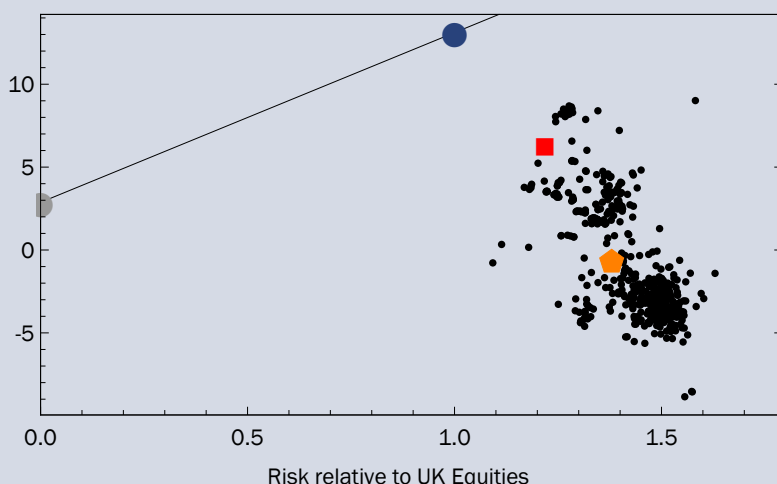
Mean Return (per cent per annum)



- Stellar AIP Hybrid Model
- ⬠ AIP Median
- AIP Portfolio Sample
- Sterling Cash
- UK Equities

Return vs Risk (60 months)

Mean Return (per cent per annum)



- Stellar AIP Hybrid Model
- ⬠ AIP Median
- AIP Portfolio Sample
- Sterling Cash
- UK Equities

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