

Stellar AiM IHT Service

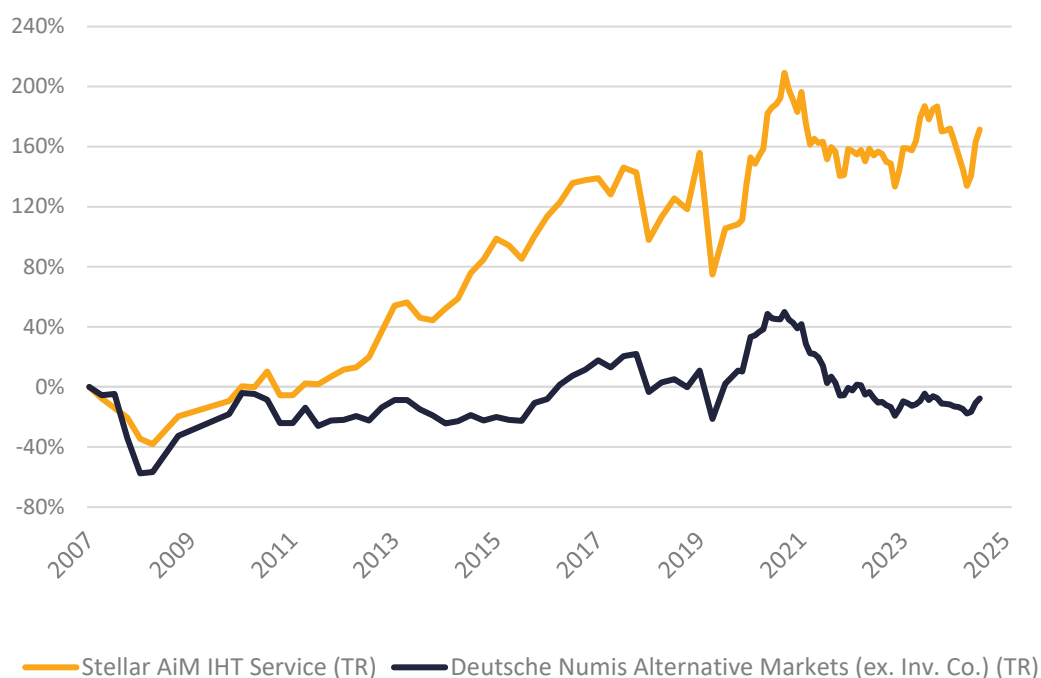
Performance Factsheet
Q2 2025



TACO Hell

After persistent flip-flopping on tariffs during the quarter a journalist coined the term “TACO” (Trump Always Chickens Out). After he suspended his ‘Liberation Day’ tariffs for 90 days markets didn’t look back, with most global equity markets posting V-shaped recoveries and the S&P 500, remarkably, hitting a record high. That was despite Trump, emboldened by the bombing of Iran, threatening even higher tariffs than first revealed in early April. The ancient Japanese art form of Kintsugi, which repairs broken antiques with gold and lacquer, often increases the damaged artefact’s value owing to the aesthetic appeal of emphasising the cracks. Stock markets have crafted their own form of Kintsugi, although, this one should be marked ‘Fragile: handle with care’.

Stellar AiM IHT Service Cumulative Performance



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

	Q2	YTD	1 Year	3 Years	5 Years	Inception
Stellar AiM IHT Service (TR)	16.1%	2.9%	-2.4%	7.9%	32.2%	171.5%
DN Alternative Markets (TR)*	12.1%	6.1%	-1.0%	-10.1%	-9.6%	-7.8%

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



Market news

There is a peculiar circularity between Trump and markets, with the latter bidding stocks higher in anticipation of another TACO. Trump, though, is taking their equanimity as a tacit green light to enact punitive tariffs. Something has to give. US consumers are currently facing an average effective tariff rate of c. 20%, an outcome that would have been unthinkable a few months ago.

Trump's so called 'Big Beautiful Bill' stands to add c. \$3.4 trillion to the US fiscal deficit over the next decade. Tariffs, and the revenues they'll generate, are here to stay; a complacent market may end up rueing its rich diet of TACOs.

The outlook domestically is relatively more positive. Fund flows are aligning with fundamentals, ironically driven more by overseas buyers than domestic ones. We note the US dollar had its worst start to a year since 1973, as global investors reappraise where their capital is best treated.

Europe and the UK were two notable beneficiaries from such rotation, a nascent trend that should endure as momentum increasingly begets momentum. Companies, too, are buying ever more of their own shares back and M&A activity continues apace (see below).

Broker Peel Hunt calculated a total of 31 bids in the first half of the year for UK-listed companies valued over £100m (8 on AIM), with a cumulative equity value of £24bn. The average premium paid is 39%, ahead of historical norms, such is the value on offer. If

markets don't value companies appropriately someone else will.

In Q2 2025, the portfolio rebounded strongly rising +16.1% in the quarter, outpacing the benchmark's +12.1% return. It was encouraging to see UK mid-caps perform too, with the FTSE 250 returning +12.5% against the FTSE 100 up a more modest +3.2%.

Small- and mid-caps even beat the S&P 500, which rose a mere +4.4% in sterling terms. It is now much harder to buy large blocks of stocks on AIM, with fund managers generally cash rich, removing overhang supply which, for the last several years, has depressed share prices and investors alike.

After increasing the fund's exposure to 'Value' stocks (low valuations/cyclical) over the last two years, which have responded well to falling interest rates, we note that 'Quality' stocks (high margins/returns on capital) have severely lagged the market since October 2020.

The TL;DR version is they were bid up to unsustainably high valuations, predicated on ultra-low interest rates staying low forever. As rates normalised so too have valuations, not to mention the reputations of certain Quality-only fund managers; hubris meet nemesis.

What's past is prologue, and Quality is once again available at a reasonable price rather than at any price. Healthcare, in particular, is proving a fertile hunting ground offering attractive margins and cashflows often in structural growth niche markets.

Company Updates

H&T Group (pawnbroker) rose +67% after recommending a cash bid of 661p per share from US listed peer, Firstcash Holdings. Being candid, we never saw a takeover as a natural end game here but won't quibble, especially given the full valuation concomitant with a record high share price. We wish the team and new owners well.

Craneware (hospital management software) also had a bid approach, this time from private equity valued at 2650p per share. The Board rightly rejected the approach as fundamentally undervaluing the company and its prospects. The founder and CEO with a 9.4% shareholding effectively turned down a £88m payday, a real statement of intent which is to be applauded.

Volex (high performance power/connectivity wiring) rose +58% after reminding shareholders that it is much more than a mere acquisition machine, posting a highly creditable +11.1% organic growth rate in the year ended March 2025. The standout division was its EV cable charging division, where organic sales rose +40.2% to \$172.9m after adding more blue-chip manufacturers to its roster, alongside Tesla.

Tristel (high level disinfectant) saw its shares recover +40% after receiving US approval from the FDA regulator to approve the use of its OPH disinfectant for ophthalmic devices. This opens up a new and potential lucrative market.

Other +30%-plus movers in the quarter included: Eleco (engineering software) +36%, Animalcare Group (animal pharmaceuticals)

+35%, The Property Franchise Group (estate agents) +33%, and Kitwave (delivered wholesaler) +30%.

Weaker performers in the period were Celebrus (data solutions provider) and Victorian Plumbing (online bathroom retailer) which fell -28% and -21% respectively. Celebrus issued a weak trading update alongside a change in their accounting policy which will defer revenues and earnings in the short-term but improve earnings visibility and quality longer-term.

Victorian Plumbing's interims flagged weaker trading and higher costs, triggering downgrades to profit forecasts as well as a surprise move into homewares through the resurrection of the MFI brand. This was acquired as part of last year's Victoria Plum acquisition and will see the group incur start-up losses as it looks to scale into a new adjacency.

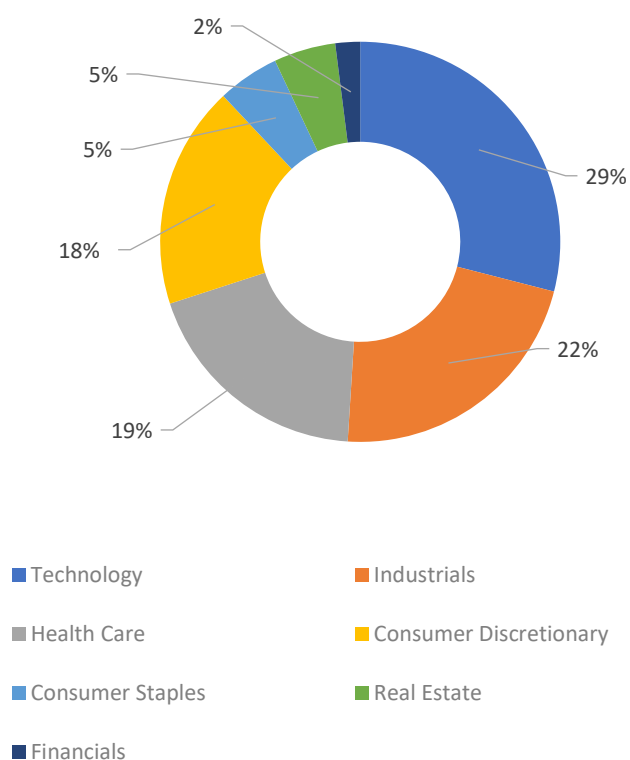
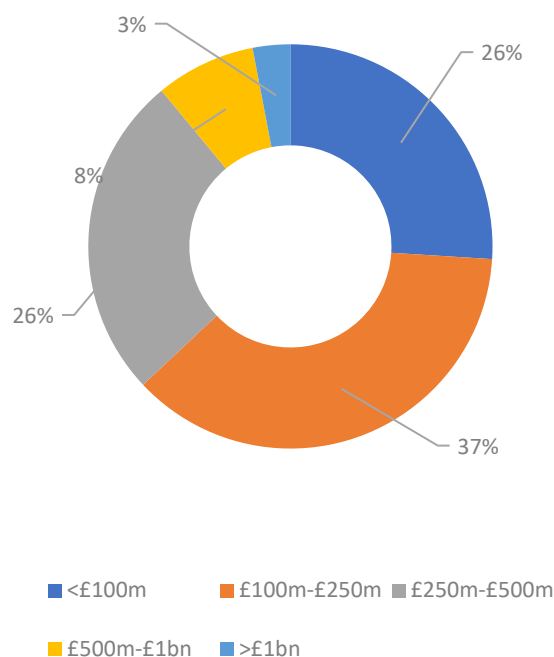
Portfolio activity remained high, taking advantage of compelling value in both our existing portfolio and new ideas. We added to existing positions in Craneware (hospital management software), Anpario (natural animal feed), and Tribal (higher education software). New investments were made into Everplay (indie-game publisher) and Advanced Medical Solutions (tissue-healing technologies). This was funded by sales of Gamma Communications ahead of their move to the main market and H&T Group ahead of their aforementioned acquisition completing.

Portfolio Characteristics

Dividend Yield (FY1*)	2.06%
P/E Ratio (FY1*)	18.3
Average / Median Market Capitalisation	£324.4m/£198.4m
Number of Stocks	35

* Represents analysts' consensus 12-month forecasts.

Platform Availability

Sector Allocation ¹Market Cap Allocation ²

1 Proportion (by value) of invested portfolio as at 30th June 2025.

2 Number of companies as proportion of portfolio (by value) as at 30th June 2025. 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 - June 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 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)	2.9	2.4	0.5	2	5.3	0.1
2024	1.9	(4.7)	6.6	1	(2.3)	(8.9)
2023	0.7	(2.8)	3.6	1	0.0	(5.4)
2022	(13.3)	(25.2)	11.9	1	(22.6)	(26.7)
2021	17.2	18.8	(1.7)	3	23.9	16.7
2020	(1.1)	0.3	(1.5)	3	4.5	(1.1)
2019	29.2	25.3	3.9	1	27.3	21.8
2018	(17.1)	(15.2)	(1.9)	3	(13.5)	(18.0)
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	(2.4)	(4.8)	2.3	2	(2.2)	(8.4)
3 Years	8.0	(9.9)	17.9	1	(4.7)	(16.3)
5 Years	32.1	0.1	32.0	1	18.0	(9.9)
Inception	76.4	49.9	26.5	1	62.3	29.9

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

ARC Research Limited (ARC) is an independent research firm specialising in the analysis of private client investment portfolio performance and STELLAR AM has provided ARC with monthly performance of the Stellar AIP Hybrid Composite.

Please note that ARC does not independently verify the performance of the Composite submitted by STELLAR AM. However, ARC 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. ARC does not guarantee the performance of any investment or portfolio or the return of an investor's capital or any specific rate of return. ARC 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.

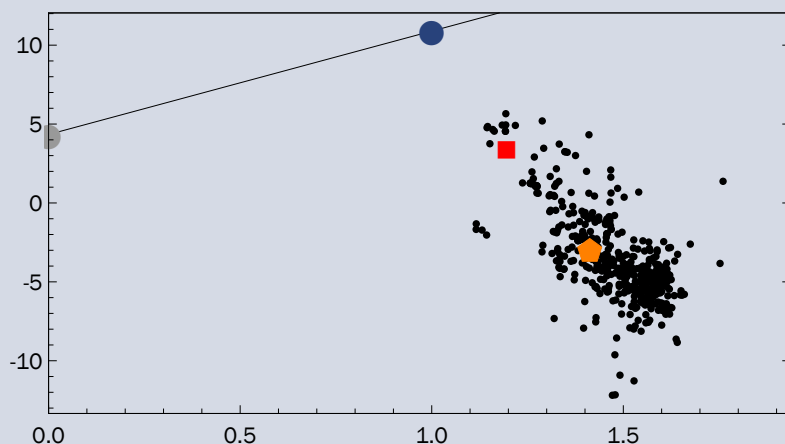
Notes

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)

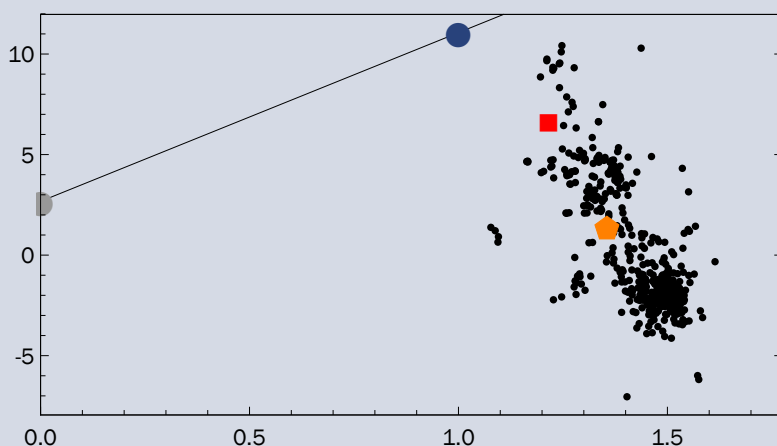
Mean Return (per cent per annum)



- 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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