

Stellar AiM IHT Service

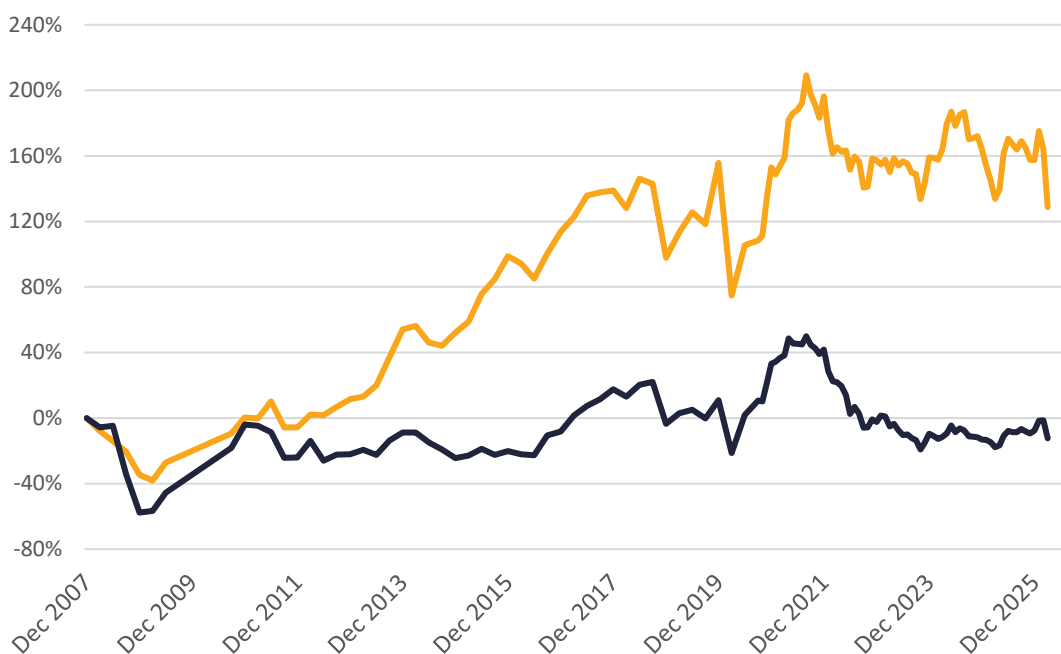
Aberdeen
Performance Factsheet
Q1 2026



Straitened times

War, surging oil and gas prices, higher inflation, and lower growth expectations. The Strait of Hormuz, through which around 20% of the world’s oil and gas transits, remains shut. The concomitant impacts on both inflation and GDP will largely depend upon how quickly the stranglehold in the Strait is broken. This too shall pass, and Tehran’s “Hormuzian enrichment” will inexorably weaken over time as its gulf neighbours double down on bypass pipelines, eventually circumventing the waterway entirely. Indeed, were it not for the Port of Liverpool charging egregious tolls, its Mancunian neighbours wouldn’t have needed their own bypass (Ship Canal). While there are clear parallels to Russia’s invasion of Ukraine, there are also key differences, not least a very different economic backdrop this time around. 2022 redux? We think not.

Stellar AiM IHT Service Cumulative Performance



— Stellar AiM IHT Service (TR) — Deutsche Numis Alternative Markets (ex. Inv. Co.) (TR)



Service Overview

Investment Manager	Stellar Asset Management Limited
Reporting Period	On Platform
Tax Objective	IHT Relief after two years
Investment Objective	Capital growth
Structure	Discretionary portfolio
Initial Fee	0%
Annual Management Fee	1% (exempt of VAT)
Annual Administration Fee	On Platform
Dealing Fee	On Platform

	Q1	YTD	1 Year	3 Years	5 Years	Inception
Stellar AiM IHT Service (TR)	-11.2%	-11.2%	-2.2%	-8.6%	-11.6%	128.7%
DN Alternative Markets (TR)*	-5.1%	-5.1%	6.6%	-7.6%	-36.6%	-12.3%

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



Market news

Readers may view our relative equanimity as heroic, naïve, or quite possibly heroically naïve, yet we do absolutely acknowledge there will be far reaching and significant ramifications from the Middle Eastern conflict. We are also cognisant that a notable lack of near-term impacts doesn't preclude lagged inflationary impacts. As with dynamite fishing, where it takes time for the fish to float to the surface, so too it will take time for the throttling of key commodity inputs such as urea, aluminium, helium, oil, and gas (LNG) to feed through into inflation data. Those key inputs are vital for a diverse range of sectors, with urea a key fertiliser, which will see food inflation inevitably rise, yet again, as farmers seek to recover higher costs. Helium is vital for the production of semi-conductors (microchips), a sector that was already seeing extreme price inflation pre-Iran. Higher-for-longer oil and gas prices will drive up the costs of chemicals, electricity, plastics, and transport acting as a tax on end consumers and depressing economic growth.

However, we see 2022 as a false analogue where the war in Ukraine triggered a gas price shock for the ages. Back then, the economy was already overheating due to overly aggressive fiscal and monetary stimulus in response to Covid which was withdrawn far too slowly. Post-lockdown supply chains were ruptured and couldn't satiate extreme levels of demand for goods as excess pandemic savings were spent. Unemployment was low as companies hoarded labour. Against such a conducive backdrop, there was little to no resistance to both businesses and workers pushing prices and wages appreciably higher. After initially assuming 2022 inflation would be temporary, the Bank of England eventually realised dramatic rate hikes were needed to dampen excess demand and break the dreaded wage-price spiral.

Today, though, we have a considerably looser labour market, partly policy-driven by government and partly the shedding of labour post-pandemic. Financing conditions are considerably tighter than they were coming out of Covid, while private sector wage growth has slowed to its lowest in five years. We even have a more fiscally circumspect approach from the government in providing energy support, which has helped

Sterling to not depreciate to anywhere near the lows of 2022.

From two rates cuts priced in at the start of the year, money markets quickly priced in three rate rises in 2026, aided and abetted by an overly hawkish statement from the Bank of England in March; not the first miscommunication from the 'Old Lady'. All told, we expect the central bank to 'look through' the current supply-shock-induced bout of inflation by not hiking rates. To raise them would pose significant downside risks to output and jobs, with the cure likely being worse than the disease. A swift resolution to the current conflict could even see rate cuts back on the agenda by the end of this year/early next year.

We see the above tailwinds therefore as merely deferred and potentially returning much sooner than is currently assumed with abundant opportunity for the patient, risk-tolerant investor. Question marks over US exceptionalism haven't gone away either, continuing to be eroded one 'Truth Social' post at a time. This augurs well for a return to diversification, out of US equities and into our own market. The frequency of geopolitical shocks is unfortunately increasing, but managing such risks is less about forecasting the next crisis, and more about ensuring the portfolio is robust against a range of unknowable outcomes.

Key to that resilience is the management and employees of our investee companies who are well accustomed to handling volatility. Brexit, the pandemic, Ukraine, Trump (twice), tariffs, and now Iran, companies have had to not only survive but thrive despite rolling shocks, frictions, and supply chain dislocations. We shouldn't underestimate how important that 'muscle memory' will be in traversing just the latest in a line of exogenous shocks.

Portfolio Update

In the first quarter of 2026, the AIM IHT Service declined -11.2%, compared with a -5.1% decline in the benchmark. Once again, relative underperformance was shaped heavily by the resource sectors, in particular Energy which rose 30% in the quarter. Basic Materials (mining) was underpinned by higher commodity prices, with the sector posting a modestly positive performance.

As previously mentioned, these remain areas in which we have limited exposure, both because holdings are typically ineligible for Business Relief and given 'price-taker' business models which do not align with our investment strategy.

Another key driver of returns was the indiscriminate selling of Software as a Service (SaaS) stocks, which became known as the 'SaaSocalypse'. The trigger was a new AI agent, Claude Cowork, released by Anthropic, which could automate legal and professional workflows. Broker Peel Hunt calculated that February '26 was the worst month for software names since October '08, and it capped off the worst start to any year this century. With just under 25% of the portfolio invested in Software and Computer services, the sell-off was a notable headwind to performance with **Beeks** (cloud computing, -33.7%), **Everplay** (indie-game publisher, -32.9%), **Celebrus** (data solutions provider, -32.6%), **Craneware** (hospital software, -31.1%), **Tribal** (higher education software, -25.7%), and **Eleco** (engineering software, -15.1%) all being amongst the hardest hit.

We have spent considerable time speaking with our management teams about the risks AI presents. As a cohort, their solutions often represent a key piece of mission-critical software. As a result, switching costs are high with customers valuing experience, trust, security, and expertise above all else, and certainly more than mere price. Moreover, AI's hardwired preponderance to 'hallucinations' make it akin to a calculator that is only 98% accurate. Such variability is unsuitable for most enterprises, especially in highly regulated sectors such as Healthcare or Financial Services where inaccuracy literally costs lives and/or millions of pounds. Most of our holdings already have well defined AI-roadmaps, using it to both cut operating costs and augment its offerings further. We expect recovery in our impacted stocks as the year progresses and management teams demonstrate AI presents more opportunity than risk.

The risk-off environment also resulted in several other double-digit detractors to the portfolio, despite eight upgrades and just two downgrades during the period.

The downgrades included **Flowtech** (industrial hydraulics, -27.1%) where the strong self-help measures enacted by management were not enough to offset a still tough macro backdrop. More pleasingly, the group made a strategically compelling European acquisition that diversifies its UK-centricity and was made at an attractive-looking price. **Warpaint London** (value cosmetics, -3.9%) proved relatively resilient, holding firm despite reasonable downgrades to outer years.

Positives were more limited, but present. **Kitwave** (delivered wholesaler, +30.7%) was the latest AIM company to succumb to an opportunistic takeover from private equity. This was a holding we believe offered meaningful long-term opportunity as it rolled up a fragmented market, albeit recent execution has been less than flawless. **Avingtrans** (industrial engineering, +10.4%) remained comparatively stable, likely supported by positive sentiment towards a nuclear renaissance as AI-hungry data centres seek additional power sources. **The Pebble Group** (promotional goods, +10.3%) announced a £5m share buyback and there were early signs that investment in sales was driving greater traction in its high-margin and fast-growing Facilis software division. Management are highly aligned with shareholders, with share options vesting between 85p with a full payout at 145p per share. This was against a closing share price of 49.50p.

Portfolio activity was elevated. **Kitwave** was sold ahead of its bid consummating, as well as **IDOX** (local government software) which was also under offer. We also divested **CVS Group** (veterinary practices) to preserve Business Relief ahead of its move to the main market. New purchases were made in **Cerillion** (telecom software), **EKF Diagnostics** (medical devices), and **Ten Lifestyle Group** (digital concierge service). There were also several top-ups to existing holdings reflecting our conviction to the deep value we believe to be on offer from some of our longer-term holdings.

Finally, we are proud to share that our AiM IHT service has maintained its top ratings from Defaqto – achieving 5/5 Diamonds for performance and 5/5 Stars for Features.

To learn more about Defaqto, visit <https://www.defaqto.com/>

Portfolio Characteristics

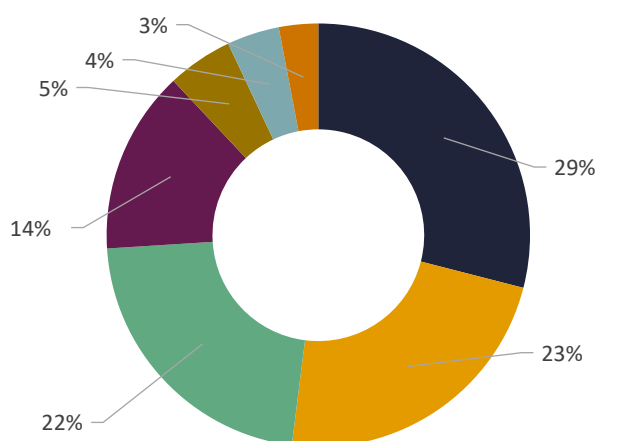
Dividend Yield (FY1*)	2.29%
P/E Ratio (FY1*)	15.8x
Average / Median Market Capitalisation	£269.2m/£175.7m
Number of Stocks	34

* Represents analysts' consensus 12-month forecasts.

Platform Availability

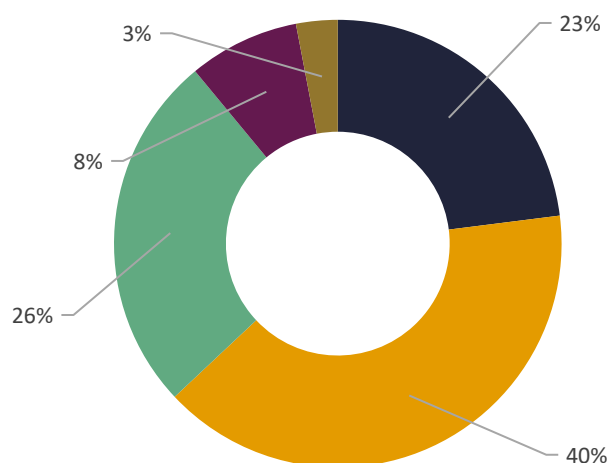


Sector Allocation ¹



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

Market Cap Allocation ²



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

¹ Proportion (by value) of invested portfolio as at 31 March 2026

² Number of companies as proportion of portfolio (by value) as at 31 March 2026

Source: Stellar Asset Management Limited

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 24 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 16 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 Aberdeen may differ slightly owing to differing platform costs, trade execution, and timing impacts.

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Composite Analysis versus Peer Group

GBP AIP Manager - March 2026

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
2026 (YTD)	(11.2)	(9.8)	(1.4)	2	(6.5)	(13.1)
2025	(2.3)	(6.1)	3.8	1	(3.0)	(8.7)
2024	1.9	(4.7)	6.6	1	(2.3)	(8.8)
2023	0.7	(2.8)	3.6	1	0.3	(5.6)
2022	(13.3)	(25.2)	11.9	1	(21.8)	(27.0)
2021	17.2	18.8	(1.7)	3	24.2	16.3
2020	(1.1)	0.3	(1.5)	3	4.6	(1.2)
2019	29.2	25.3	3.9	1	27.3	21.6
2018	(17.1)	(15.2)	(1.9)	3	(13.5)	(18.0)
2017	11.8	18.7	(6.8)	4	26.8	17.0
1 Year	(2.1)	(6.3)	4.2	2	(1.9)	(10.7)
3 Years	(8.5)	(18.3)	9.9	1	(12.9)	(25.9)
5 Years	(11.4)	(33.8)	22.4	1	(20.3)	(41.4)
Inception	48.7	23.9	24.8	1	30.9	5.3

Results for period starting 1 Jan 2014 and ending 31 Mar 2026. 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.

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Notes

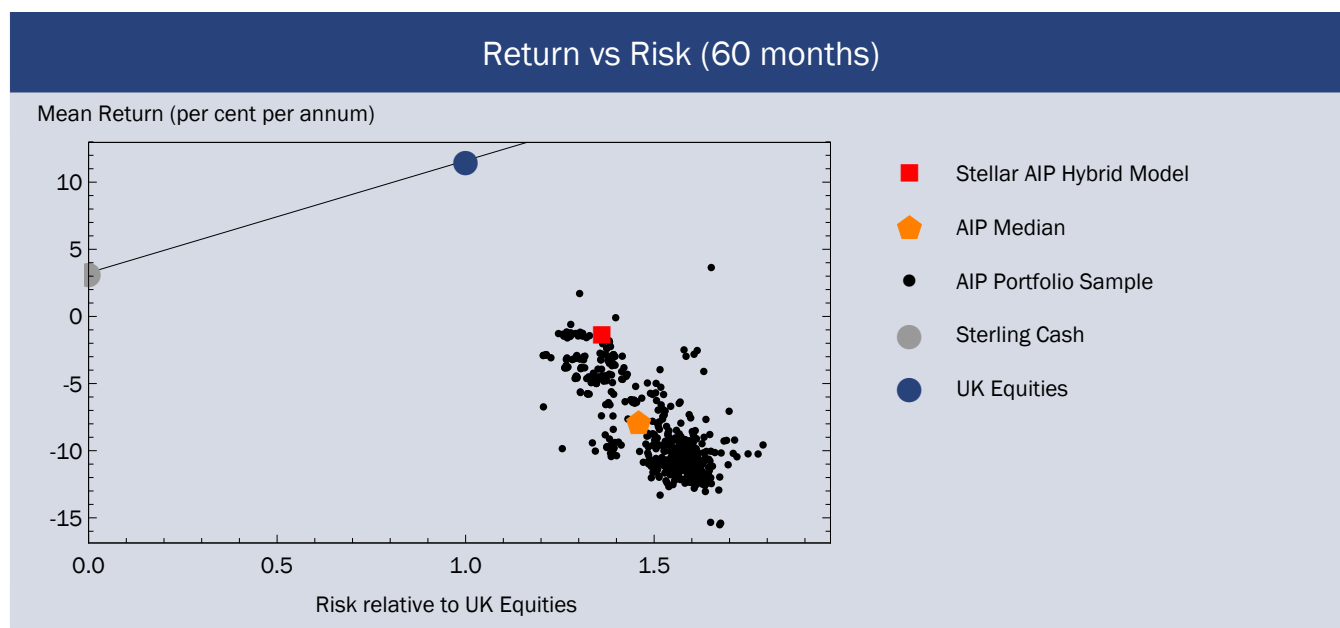
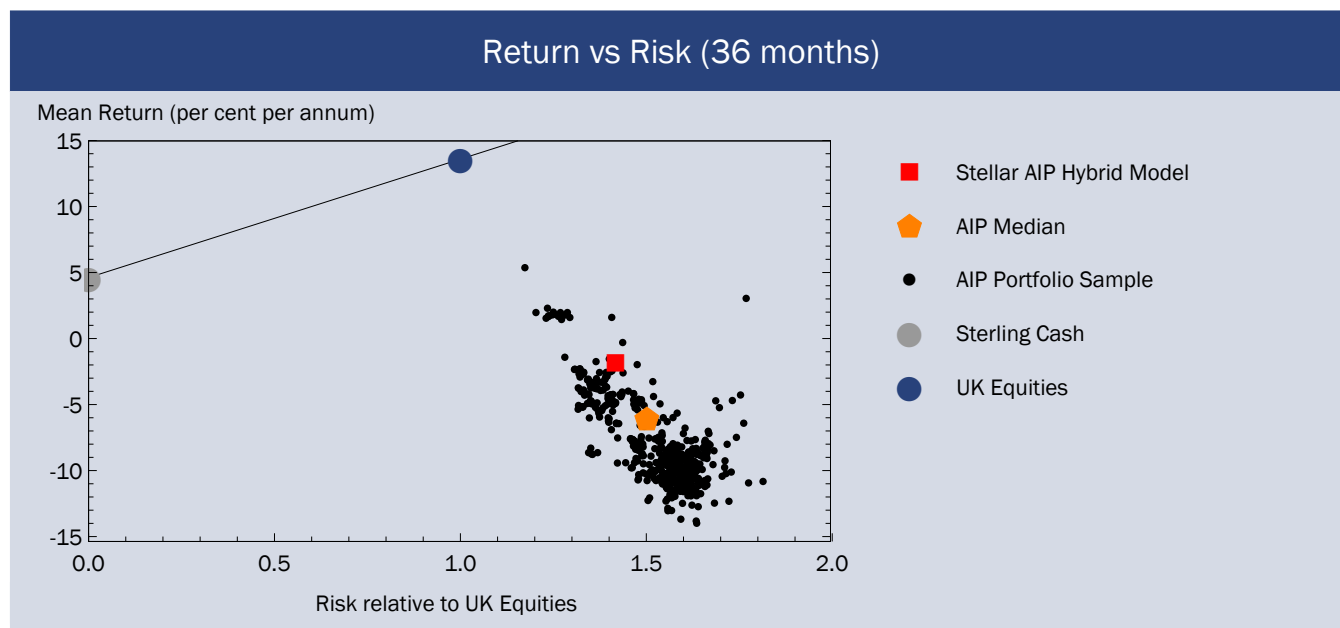
1. The most recent year and the first year for which data is shown may be incomplete. Please refer to the start and end dates shown in the footnote below the table.
2. In the Net Return column, the Manager has confirmed that Composite performance is presented net of all trading expenses, retained management 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.

STELLAR AM

Composite Analysis versus Peer Group

GBP AIP Manager - March 2026

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.



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