

RATHBONES

Incorporating
Investec Wealth &
Investment (UK)

INVESTEC WEALTH & INVESTMENT

AIM Portfolio IHT Plan

Investec Wealth & Investment (UK) is a trading
name of Investec Wealth & Investment Limited





What is the Investec Wealth & Investment AIM Portfolio IHT Plan?

The Investec Wealth & Investment AIM Portfolio IHT Plan ("our AIM IHT Plan") is a fully regulated investment product that invests in shares listed on the London Stock Exchange's Alternative Investment Market (AIM).

Our AIM IHT Plan can reduce the Inheritance Tax (IHT) liability on assets passed on to the next generation and also aims to deliver outstanding long-term investment performance.

Under current UK tax rules exemption from IHT is available for shares in a company qualifying for Business Relief (BR) that have been held for at least two years. Our AIM IHT Plan invests in qualifying companies traded on AIM, so the shares held should be exempt after that time.

Our AIM IHT Plan was established in 2002 and is managed by a dedicated and highly experienced team, backed by Investec Wealth & Investment ("IW&I"), a part of the UK's largest wealth management companies and a subsidiary of Rathbones Group Plc, a FTSE 250 company.



Who is our AIM IHT Plan for?

Our AIM IHT Plan is primarily aimed at individuals who are concerned that a considerable proportion of their wealth may not pass to the next generation because of an IHT charge on their estate.

They are looking for an investment option that can reduce their IHT liability and potentially deliver strong performance.

They are interested in investing in an established product with a proven track record and a dedicated team of investment specialists. They are either a current client of IW&I or use a Financial Adviser ("IFA").

It is important to note that our AIM IHT Plan should be seen as a high risk, long-term investment and that clients should receive appropriate advice before investing. It is important that our clients fully understand the risks involved, and that the product is suitable for their requirements.

Advice about the suitability of our AIM IHT Plan can be obtained from any IW&I office or from a financial adviser. We are happy to accept applications from clients who have had the benefit of advice from a financial adviser about the suitability of our AIM IHT Plan.



An alternative to a trust

The conventional approach to saving on IHT often involves setting up a trust. However, this can prove an expensive and time-consuming exercise and you may have to wait as long as seven years for your estate to fall outside the remit of IHT.

There is also the possibility of losing access to your investments when you consign them to a trust and this can present difficulties if your circumstances change.

Our AIM IHT Plan is a tax-efficient, flexible and cost-effective alternative to setting up a trust.

It has been developed to enable investors to reduce their potential IHT liability after only two years – provided the AIM shares continue to be held thereafter.

You retain control of your assets at all times, are able to make further contributions if you wish and have the possibility of earning equity related returns.

Minimum subscription

The minimum subscription is £100,000. There is no maximum. Additional contributions of a minimum of £25,000 (or the full annual ISA contribution) can be made at any time after the initial investment.

Individual Saving Accounts (ISAs)

ISAs can be set up within or transferred into our AIM IHT Plan. The resultant holdings in AIM companies should then qualify for BR as well as being exempt from income tax on dividends and capital gains tax on profitable disposals. The Managers can also accept transfers from other ISA providers, subject to IW&I's standard terms and conditions.

How are savings on Inheritance Tax achieved?

Under current tax rules, unlimited exemption from IHT is available on shares qualifying for BR held at the point of death, provided that the investor has held them for at least two years.

Most (but not all) companies traded on AIM, with the exception of those principally engaged in property or investment activities, are qualifying companies eligible for BR. The qualifying shares in the portfolio are classed as business assets, attracting exemption from IHT after two years under current legislation.

Investors can withdraw all or part of a portfolio at any time but the IHT exemption is only available on the qualifying shares that are held at the date of death.

Our AIM IHT Plan should therefore be seen as a medium to long-term investment to be held for at least five years. On death the portfolio can either be transferred to a spouse without the loss of the IHT exemption, or sold.

Our AIM IHT Plan investment policy

The Managers have consistently followed a prudent stock selection process since inception of our AIM IHT Plan in 2002.

The team only invests in established companies which have been in existence for at least five years and have been on AIM for at least a year. Additionally, the team looks for companies with:



a focused and experienced management team



an established and proven track record



a sound balance sheet



strong cash flow



liquidity in the shares



the ability to pay dividends

New AIM IHT Plan portfolios will usually contain a minimum of 20 and a maximum of 40 companies depending on the amount invested. These will be spread across a variety of sectors, enabling the Managers to reduce stock specific risk whilst maintaining a careful watch over each company.

The Managers monitor the performance of the shares selected for our AIM IHT Plan closely. Over time, AIM IHT Plan holdings can become a significant proportion of a portfolio company's shareholder base, allowing the Managers to engage directly with the management of investee companies and ensure that any concerns can be raised and addressed.

Subscriptions to our AIM IHT Plan will usually be invested within 14 days of receiving instructions and cleared funds.



More information on our AIM IHT Plan, including answers to some frequently asked questions can be found on our website by [clicking here](#)



The most recent AIM IHT Plan Quarterly Report can be found by [clicking here](#)

An example of the possible savings



Mrs Smith has an estate that includes an equity portfolio worth £1m.

She has **invested £250,000** via our **AIM IHT Plan**.

Assuming the nil rate band is taken up by the value of other assets, such as the family home, the value of what she is able to pass on to her descendants will have benefitted after two years as follows, assuming that growth in the value of the portfolio only matches costs:

Value of equity portfolio



- AIM IHT Plan £250,000
- Equity £750,000

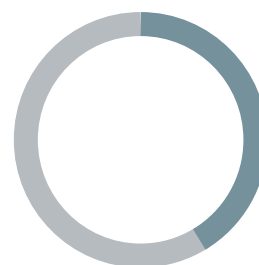


- Equity £1,000,000

Net value of portfolio less IHT @ 40%



- AIM IHT Plan £250,000
- Tax £300,000
- Equity £450,000



- Equity £600,000
- Tax £400,000

In this example, Mrs Smith is able to pass on an extra £100,000 to her family by investing £250,000 in our AIM IHT Plan.

Examples of AIM companies included in the Aim Portfolio IHT Plan



James Halsead
www.jameshalstead.com

James Halstead, formed in 1915, floated on AIM in March 2002 and is a long established manufacturer and distributor of a wide range of vinyl floor coverings and tiles sold worldwide under the Polyflor and Objectflor brands, with applications ranging from Industrial flooring to Healthcare and Education. For the 12 months to 30 June 2023 sales were £303.6 million with profit before tax of £52.1 million. The company has net cash reserves.



AB Dynamics
www.abdynamics.com

AB Dynamics is a leading supplier of automotive test systems. Today, their clients include the top 25 global vehicle manufacturers, all seven Euro NCAP laboratories and numerous government test authorities. It was founded in 1982 and floated on AIM in 2013. For the 12 months to 31 August 2022 sales were £80.3 million with profit before tax of £12.4 million. The company has net cash reserves.



Yougov
www.yougov.co.uk

Yougov, listed on AIM in 2008, is a world leader in international research data and analytics. Their cutting edge data generated from a range of diverse panels provides essential real time information to some of the world's most recognisable brands to help co-ordinate marketing campaigns, as well as providing real time information on the political landscape. Sales for the year to 31 July 2023 were £258.3m with profit before tax of £44.7m. The company has net cash reserves.



Advanced Medical Solutions
www.admedsol.com

Advanced Medical Solutions is a leading company in the development and manufacture of products for the multibillion pound global wound-care market, supplying over 75 countries through over 100 distribution partners. It was founded in 1991 and floated on AIM in 2002. For the 12 months to 31 December 2022, sales were £108.6 million with profit before tax of £28.5 million. The company has net cash reserves.



Renew
www.renewholdings.com

Renew is a leading UK engineering services business that operates on key critical infrastructure networks, including maintenance activities on rail, road and water networks and support for energy facilities. The company was formed in 1960 and listed on AIM in 2006. For the year to 30 September 2022 sales were £849m with profit before tax of £49.4m. The company has net cash reserves.



Cerillion
www.cerillion.com

Cerillion floated on AIM in March 2016 and is the leading supplier of carrier-grade, enterprise billing and CRM software, supporting fixed wire, mobile, broadband and TV communication providers. Cerillion's solutions are now used in c. 80 customer installations across c. 45 countries. For the 12 months to 30 September 2022 sales were £32.7 million with profit before tax of £10.9 million. The company has net cash reserves.



Risks

Please note that the rate of IHT, the amount of the nil rate band and the available exemptions could change, and the value of the IHT saving depends on the circumstances of the investor. However, BR has been in place for a number of years under various Governments and changes to tax legislation are rarely retrospective. You should take advice from your accountant or other tax adviser about your personal tax situation.

Our AIM IHT Plan should be regarded as a high risk, longterm investment.

Also please be aware that:

- AIM company shares tend to be relatively illiquid. It may be difficult to sell them or obtain reliable information as to their value and the risks to which they are exposed
- A company on AIM can elect to revert to private status, in which case the shares may become impossible to trade or value and the protections offered by AIM will cease to apply
- You should only invest in our AIM IHT Plan if you have financial security independent of any investment made
- The value of shares purchased and any income derived may go down as well as up and you may not get back the full amount invested
- The tax relief available may change at any time. IW&I does not guarantee that all investments made will qualify, or continue to qualify for tax relief

- IW&I does not guarantee the timescale for fully investing portfolios or that portfolios will be fully invested at all times in the future

- Past performance is not a guide to the future.

Please note that IW&I does not prepare an IHT computation on death, although we will provide the estate's adviser with all the necessary information regarding share transactions and dividend receipts to enable this to be done.

Performance

IW&I strives to deliver exceptional performance for our clients. On average, AIM IHT Plan portfolios have generated excellent returns over a number of years after management costs and fees.

Quarterly performance reports can be found on the IW&I website by [clicking here](#). These figures illustrate the average performance after costs of all AIM IHT Plan portfolios under active management over the relevant period.



Service description

It is extremely important that clients understand the services that IW&I offers.

Our AIM IHT Plan is run on a discretionary managed basis. Discretionary Portfolio Management is often preferred by clients as it simplifies what can be a complicated investment management process.

A clear explanation follows:

Discretionary Portfolio Management – this means that IW&I manages your portfolio in line with specified investment objectives as agreed with you and within your particular risk profile. IW&I has full authority at our discretion to buy and sell particular shares, funds and investments without prior reference to you, to exercise voting rights and to enter into any kind of transaction or arrangement for your account which is in line with agreed criteria.

Fair dealing policy

Shares are usually acquired or sold in tranches for clients as and when the investment in our AIM IHT Plan is made or withdrawn. These transactions are normally put through the market without difficulty.

However, from time to time it is necessary to deal with relatively large quantities of stock on behalf of a large number of clients, for instance when a company is acquired or if shares need to be sold when an investment transfers to a Main Market listing.

The resulting cash is then redeployed as soon as possible in an alternative stock or stocks to preserve the IHT exemption. It is not always possible to buy (or sell) a specific stock in the necessary amounts in one transaction, due to illiquidity in that company's shares at that time. Consequently, the Managers will prioritise those clients with the largest weightings of cash when purchasing shares, or if a stock is being sold, those with the largest weightings of that share. This may mean that some clients pay or receive different prices for an individual stock if the price changes between trades, even if the transactions take place over a relatively short time span.

Cash balances

From time to time, usually as a result of a sale of shares, there may be a cash balance awaiting redeployment in a replacement AIM stock or stocks. Due to liquidity constraints, it may take some time for this cash balance to be invested. Any such cash balance will not qualify for BR and therefore not be exempt from IHT until it is reinvested in shares which meet the BR criteria.

Dividends

Dividends and interest are collected on your behalf and these will normally be used to pay ongoing fees or reinvested in our AIM IHT Plan. Please note that when dividends are re-invested the resulting new shareholding will begin a two-year qualifying period during which time it will not be exempt from IHT.

Charges

IW&I's standard terms and conditions apply to our AIM IHT Plan, and the fee structure is set out in the relevant rate card, which can be found by [clicking here](#).



Meet the Investment Team



Simon Cleaver
Divisional Director

After starting his career with RBS, Simon went on to study for an MBA at Manchester Business School, graduating in 1993. Since then his experience has included venture capital with 3i Group and YFM Equity Partners, a Senior Analyst role in the Small Cap team at institutional broker Charterhouse plc, and a number of years as regional manager for the London Stock Exchange in the North West. Whilst at YFM he managed AIM portfolios for the British Smaller Companies venture capital trusts, and joined Investec in 2014. Simon is a Chartered Fellow of the CISI and a qualified kayak coach.



Mark Northover
Senior Investment Director

Mark's career started with stockbrokers Greenwell Montagu and he joined Brewin Dolphin in 1995. Whilst there he launched their Reinvestment Relief product, subsequently joining Williams de Broe in 2005 where he established their IHT service. He joined the IW&I team in 2011 on Investec's take over of Williams de Broe. Mark holds the Chartered FCSI qualification and is a keen cyclist in his spare time.



Adam Greaves
Investment Director

Adam has worked in the financial services industry for over 10 years, qualifying as a Chartered Accountant at Ernst & Young before transitioning to Investment Management at Brooks Macdonald where he qualified as a Chartered Wealth Manager. After relocating back to the UK from Jersey, Adam joined Rathbones where he worked in a team of four investment professionals managing client portfolios totalling in excess of £1bn. He was responsible for managing asset selection and allocation in client portfolios as well as focussing on new business. He joined the IW&I AIM Division in 2019.

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