

The IW&I AIM Portfolio IHT Plan (the 'Plan') is a flexible solution to Inheritance Tax planning needs which can be effective after two years and offers the potential for capital growth through investment in shares quoted on the Alternative Investment Market of the London Stock Exchange (AIM).

With a track record stretching back to 2002, the Plan has a long history of generating capital returns for clients whilst reducing the risks of investing in this more lightly regulated market.

Our investment strategy over many years has been to establish well diversified client portfolios of up to 40 shares based on our Key List of companies, paying particular attention to the ability of the underlying businesses to withstand turbulence in their markets.

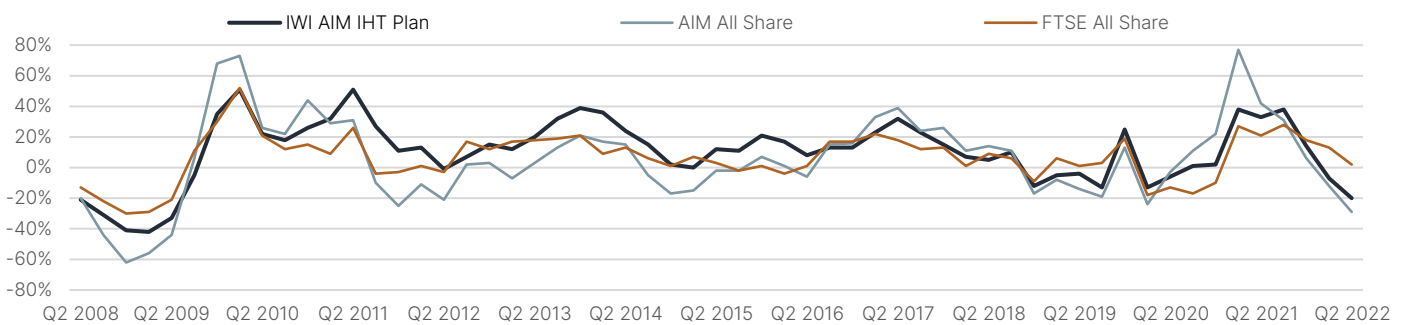
Performance update

Index	10 years to 30-Jun-2022	5 years to 30-Jun-2022	3 years to 30-Jun-2022	1 year to 30-Jun-2022	Year to Date	3 months to 30-Jun-2022
AIM Portfolio IHT clients (note)	134.8%	0.4%	-0.6%	-20.1%	-22.4%	-6.5%
FTSE AIM All Share (total return)	49.6%	-3.9%	-1.7%	-29.0%	-27.5%	-15.6%
FTSE All Share (total return)	97.6%	17.8%	7.4%	1.6%	-4.6%	-5.0%

Source: Factset as at 30th June 2022 and Investec Wealth & Investment Limited

Note: Average total return on all active client portfolios calculated on the net initial investment after all non-advisory IW&I charges.

Quarter on quarter annual returns

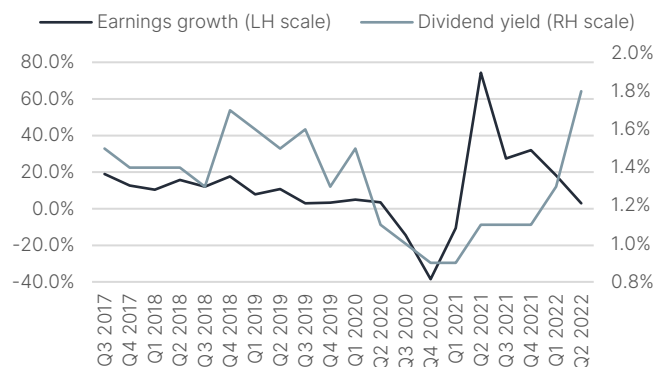


The chart above shows the average net return on Plan portfolios over the previous 12 months at the end of each quarter since 2007.

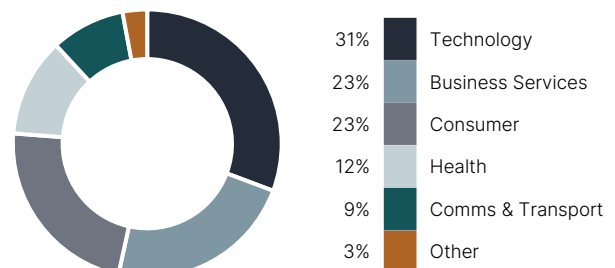
Source: Factset and Investec Wealth and Investment.

Investors should be aware that the value of portfolios can fall as well as rise and therefore there is a possibility of loss of the capital invested. Past performance should not be seen as an indication of future performance. This report relates only to clients who have invested in the IW&I AIM Portfolio IHT Plan.

Earnings growth and dividend yield



Portfolio sectors



Source: Factset

The chart above shows the average growth in normalised earnings per share of portfolio companies reporting in each quarter for the last 5 years, together with the average dividend yield of all portfolio companies.

Source: Factset and Investec Wealth and Investment.

Performance commentary

The turbulent conditions of 2022's first quarter continued into the second as markets continued to absorb the implications of Russian aggression against Ukraine, then grappled with a rising interest rate environment, inflation and the deteriorating outlook for continued economic growth given all of these factors. In the US, the S&P 500 fell 16.1% in the quarter in dollar terms, 20.0% for the year to date, and the tech-heavy NASDAQ fared even worse, down 29.2% over 6 months. The FTSE All Share index escaped relatively lightly with only a 5.0% decline in the quarter thanks to weak sterling and a relatively high exposure to energy and mining stocks.

The AIM All Share benchmark fell by 15.6% in the three months to June as a number of highly valued (and often loss-making) companies were sharply derated. The average loss across our portfolios however was 6.5%, within a range between -2.8% and -11.2%. Our average 12 month return now stands at -20.1% (with a range between -14.0% and -26.9%) which although a substantial drawdown, is meaningfully ahead of AIM at -29.0%. The quarter's outperformance was largely, but not entirely, due to agreed cash bids for two of our largest holdings, Ideagen and EMIS, both at levels around 50% above the prevailing share price. This does suggest that private acquirers are recognising more value in our stocks than the market is currently pricing in. We also saw good share price increases in the quarter from Netcall, Cerillion and Alpha Financial Markets, although technology-related stocks such as YouGov, Gamma Communications and Learning Technologies continued to detract from performance.

Financial results from the 17 portfolio companies reporting during the quarter showed a slowdown in profit growth from an average of 18% last time to just 3%, suggesting that the Post-Covid profit recovery is waning as increased costs and uncertain demand both impact. However, dividends grew on average by 16% suggesting a degree of confidence from management teams, and the average dividend yield from our investee companies is now higher than at any point since 2015. As ever, we continue to invest our clients' money in sustainable businesses with strong balance sheets, market positions and management teams on the basis that well diversified portfolios of shares in high quality companies will deliver good returns over the medium term, particularly when the tax benefits are factored in.

Some key performance statistics

Average portfolio company p/e ratio	22.4
Average since 2002	18.3
Average market capitalisation	£509m
Average dividend yield	1.79%
Plan funds under management	£685m
Estimated total return since inception in 2002	473%

The IW&I AIM Division is a dedicated team focusing solely on investing AIM portfolios for clients.



Simon Cleaver - Divisional Director

Background/experience

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

Background/experience

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 takeover of Williams de Broe. Mark holds the Chartered FCSI qualification and is a keen cyclist in his spare time.



Adam Greaves - Investment Director

Background/experience

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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