

## AIM Inheritance Tax (IHT) Investment Service

As part of their inheritance tax planning, clients can benefit from our AIM IHT Investment Service, which potentially gives exemption from inheritance tax after only two years by investing in companies that qualify for business relief.

### About AIM (The Alternative Investment Market)

Launched in 1995 with just ten companies. A less tightly regulated market than the main London Stock Exchange, AIM provides a lower cost alternative for growth companies. It has seen some tremendous successes over the years with the likes of ASOS and Fever-Tree growing into multi billion pound companies, and now boasts 700+ companies (N.B. not all AIM listed companies qualify for business relief and therefore inclusion in an AIM IHT portfolio). It should also be noted that it has seen its fair share of failures too. Investing in AIM carries greater risk than investing in blue chip FTSE stocks but may be advantageous for some clients as part of a broader investment universe.

### Why consider R.C.Brown's AIM IHT Investment Service?

**Our AIM Expertise** – we have been investing in the AIM market for over 25 years. We are aware of the potential for growth but also the pitfalls in the market.

**Our unique primary opportunities process** – this allows us unrivalled access to IPO's and equity raisings which are typically the preserve of institutional investors. We have been running our UK equities via this process since we were founded in 1990.

**Our experienced team** – Oliver Brown and Neil Whelan both have over 16 years' experience in the financial services sector. Oliver is also lead manager of the IFSL R.C.Brown UK Primary Opportunities Fund which has a strong long term performance record, and can and does invest in the AIM market.

**Competitive & transparent fees** – there are no dealing, custody or hidden charges.

**Low minimum** – we will establish an IHT portfolio from £20,000

**Diversification** – we look to hold 30-40 companies in a portfolio. This is typically more diversified than our peers, providing the potential for more consistent returns and less damaging to performance should a holding fall sharply.

### FEES

Our management charge for an IHT portfolio is 0.95% pa + VAT. This is inclusive of all dealing & administration charges. A flat-rate Custody Fee of 0.30% pa will be charged monthly, at the same time as the management fee. The Custody Fee is exempt from VAT.

Fees are calculated calendar monthly and charged according to the total portfolio value at the month end.

### HISTORIC PERFORMANCE

We created our AIM / IHT Investment Service in May 2018, at the specific request of an existing client. The performance figures quoted are taken from that portfolio, as at 31/3/2024 and are post all fees & transaction costs.

|                             | <u>3 Months</u> | <u>6 Months</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Year</u> | <u>Since Inception<br/>(1 May 2018)</u> |
|-----------------------------|-----------------|-----------------|---------------|----------------|---------------|---|
| RCBIM                       | 6.97%           | 14.52%          | -1.93%        | -37.71%        | -9.83%        | -12.15%                                 |
| FTSE AIM All<br>Share Index | -2.29%          | 3.25%           | -6.32%        | -35.11%        | -13.31%       | -24.02%                                 |

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**EXAMPLE PORTFOLIO**

This is an example of the holdings in a client portfolio as at 31<sup>st</sup> March 2024 (exact stock selection and sector weightings for a new client portfolio may be different from this illustration):

‘The AIM market as a whole failed to participate in what was a strong start to the year for global equities as expectations of interest rate cuts this year grew. We are pleased to report the performance of our portfolios was excellent, a second quarter in a row of strong gains as trading across the portfolio companies proved encouraging and which the stock market is now starting to recognize. The AIM market, with its growth bias, is likely to benefit from lower interest rates as investors are prepared to put a higher value on future earnings in a falling interest rate environment.

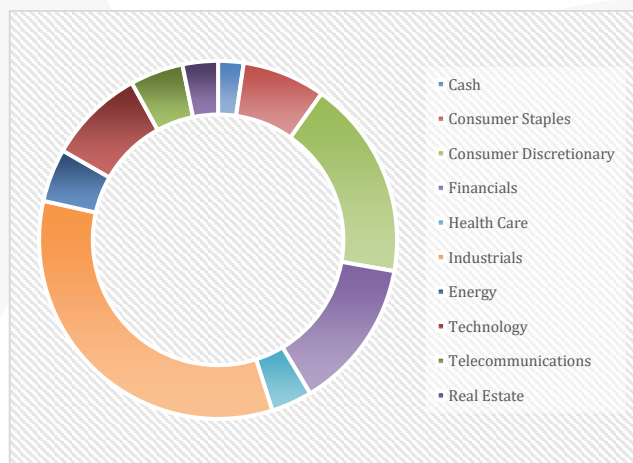
It was a quiet period for new primary opportunities and we turned down a number of opportunities as we did not feel they would improve the quality of our portfolio. We expect the number of opportunities to pick up as the year progresses. A number of the constituent companies performed very strongly – Kitwave (food wholesaler) and Microlise (software) on strong trading updates, whilst Mattioli Woods was bid for by private equity sending the shares materially higher. We have also seen an increase in companies looking to unlock shareholder value by taking decisive action. For example, Marlowe (support services) sold off a part of its business that equated to 40% of its profits for more than the entire market capitalisation of the company at the time. If valuations continue to remain as modest as they are, we will continue to see companies take action similar to this and/or be subject to takeover activity. We anticipate the current strong performance in large caps to filter down to smaller companies and the AIM market.

Anexo  
 Animalcare  
 Ashtead Technology  
 Brooks Macdonald  
 Brickability  
 Fonix Mobile  
 Franchise Brands  
 FRP Advisory  
 Jet2 Group  
 Elixirr Consulting  
 Gamma Communications  
 Hargreaves Services  
 Helios Underwriting  
 Impax Asset Management  
 Johnson Service Group  
 Kitwave

Learning Technologies  
 Lok N Store  
 Lords Trading Group  
 Marlowe  
 Mattioli Woods  
 Microlise  
 Midwich  
 Next 15  
 Sigmaroc  
 Strix  
 Springfield Properties  
 Supreme  
 Team17  
 Volex  
 Young & Co Brewery

By sector:

|                        |       |
|------------------------|-------|
| Cash                   | 2.3%  |
| Consumer Staples       | 7.5%  |
| Consumer Discretionary | 18.0% |
| Financials             | 13.6% |
| Health Care            | 3.7%  |
| Industrials            | 33.4% |
| Energy                 | 4.8%  |
| Technology             | 8.7%  |
| Telecommunications     | 4.8%  |
| Real Estate            | 3.2%  |



**RISK DISCLOSURE**

Due to the nature of the investments held within the portfolio, clients will be classified as having a growth objective with a high risk tolerance.

Investing in AIM shares traded on the London Stock Exchange will mean that the value of assets, and any income received from them, may go down as well as up and you may not get back all the money invested. There are three main reasons why this might happen:

- 1) The actual or perceived financial standing and trading well-being of the AIM companies involved may change.
- 2) The AIM shares themselves are subject to the laws of supply & demand and are capable of significant price movements irrespective of market and corporate factors. Such movements could be a reflection of the company size and marketability.
- 3) The AIM market itself is capable of large movements due to economic, political and other factors.

AIM is a market designed primarily for emerging smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM shares are not admitted to the official list of the United Kingdom Listing Authority.