AIM INHERITANCE TAX PORTFOLIO SERVICE

R.C. BROWN
investment management plc


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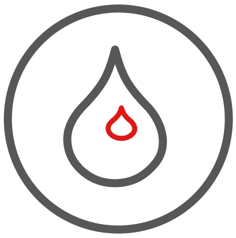
INTRODUCTION

As part of their inheritance tax planning, clients may benefit from our AIM IHT Portfolio Service. Under current legislation, it is possible for individuals to gain exemption from inheritance tax on assets invested for a minimum of two years in companies that qualify for business relief.

IHT relief after two years

Assets qualifying for business relief qualify for IHT exemption after only two years, much shorter than the more traditional method of gifting assets which can take seven years.



Liquidity

Due to the smaller size of the companies and fewer investors in the AIM market, liquidity is lower than for shares on the main London Stock Exchange. It may therefore take longer to liquidate your portfolio.

ISA-ble

Since 2013, It has been possible to hold AIM companies in an ISA, thus mitigating income and capital gains tax liabilities but also inheritance tax.

Tax rule changes

Tax rules are subject to change. Any changes could materially adversely affect IHT exemptions and the value of your portfolio.

KEY BENEFITS – You retain control of your investments.

KEY RISKS – Higher risk companies listed on the AIM market are typically smaller and riskier than those listed on the main London Stock Exchange. As a result, an AIM IHT portfolio is likely to be more volatile than a portfolio of blue chip FTSE 100 stocks.

WHY CONSIDER AN AIM IHT SERVICE?

The principle objective of using an IHT portfolio is to secure Business Relief (BR) against inheritance tax for private individuals by investing in a range of qualifying companies.

Upon death inheritance tax (IHT) is currently levied at a rate of 40% on all assets over a certain threshold. An IHT portfolio service provides a potential solution by offering individual investors the opportunity to currently obtain full IHT relief after two years, while allowing them to maintain control of their assets.

Changes were announced in the 2024 Autumn Budget to reduce the amount of relief with effect from 6th April 2026, so please check with your financial adviser as to the current position.

EXAMPLE:

Mrs White has assets in excess of the inheritance tax allowance and is looking for ways to reduce her potential inheritance tax liability. Taking into account the combined value of her estate (investment portfolio, ISA's, house and other savings), Mrs White would face a potential inheritance tax liability on her £100,000 investment portfolio.

Having consulted her professional financial adviser, and being comfortable with investing in AIM listed companies, Mrs White decides to invest £100,000 in a segregated AIM IHT investment portfolio managed by R.C.Brown Investment Management.

WHY CONSIDER AN AIM IHT SERVICE?

The table below illustrates the saving Mrs White's beneficiaries may obtain from her investment using R.C.Brown's AIM IHT portfolio service.

R.C.BROWN AIM IHT SERVICE

INITIAL FEE £600

*VALUE AFTER 2 YEARS £96,440

IHT LIABILITY (40%) NIL

VALUE PASSED ONTO BENEFICIARIES £96,440

*After £500+VAT Initial Fee, and 2 years annual management charge (AMC) at a rate of 1.25% plus VAT (We have assumed no capital growth or income).

EXISTING PORTFOLIO

INITIAL FEE NIL

VALUE AFTER 2 YEARS £97,022

IHT LIABILITY (40%) £38,809

VALUE PASSED ONTO BENEFICIARIES £58,213

*After 2 years annual management charge (AMC) at a rate of 1.25% plus VAT (assuming no capital growth or income).

WHAT IS AIM?

Launched in 1995 with just ten companies, it is 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 billion pound companies, and now boasts over 1000 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 20 years, which means 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 fund raisings, which are typically the preserve of large institutional investors. We have managed UK equities using this process since we were founded in 1990. Which means that we have experience and a proven quantitative and qualitative methodology for successfully investing.

Our experienced team

Oliver Brown and Neil Whelan both have over 15 years' experience in the financial services sector. Oliver is also lead manager of the IFSL RC Brown UK Primary Opportunities Fund which has a very 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. Which means it's easy to understand what you pay.

Low minimum

We will establish an IHT portfolio from £20,000.

Fees

Our management charge for an IHT portfolio is 0.95% pa. 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. Fees are calculated monthly and charged monthly in arrears.

R.C.BROWN INHERITANCE TAX PORTFOLIO SERVICE THE INVESTMENT MANAGERS

Oliver Brown Investment Director

Oliver has over fifteen years financial services experience and is also lead manager of the IFSL RC Brown UK Primary Opportunities Fund, a successful investment strategy that he also uses to choose stocks for the AIM IHT service. He graduated from Birmingham University with a degree in Money, Banking and Finance and then qualified as a Chartered Accountant with Grant Thornton, where he worked with listed clients in a variety of sectors, specialising in the construction, leisure and IT industries. He joined RCBIM in 2006 and is a former President of the Bristol Junior Chamber of Commerce.

Neil Whelan Investment Director

Neil joined RCBIM in 2016 and has over 18 years experience in the investment management industry. After graduating from the University of Warwick with a degree in Mathematics, Neil joined Principal Investment Management, where he progressed to the role of Investment Manager. In 2010 he joined Ashcourt Rowan, where he was responsible for an investment team managing private client portfolios across the South West and Wales. Neil is a Chartered Fellow of the CISI, the UK's leading securities and investment professional body.

NEXT STEPS

We would be delighted to arrange a meeting and produce a detailed investment proposal which will outline how we would look to invest any potential monies and our current investment stance.

Please contact us to discuss a potential investment in our Inheritance Tax Service

Telephone: 0117 925 6073
E-mail: enquiries@rcbim.co.uk

This document is a marketing communication.

The information in this document is for private circulation and is believed to be correct but cannot be guaranteed. We are not qualified to give tax advice and anyone with a potential inheritance tax liability should take independent advice from a qualified tax adviser before investing in our AIM IHT service.

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