



# AIM PORTFOLIO SERVICE

## OVERVIEW

Investing in Alternative Investment Market (AIM) listed companies can be an effective strategy to mitigate inheritance tax (IHT) liabilities, as well as achieving capital growth over the long term (5+ years). Our AIM Portfolio Service managed on a Discretionary basis, is designed to help you navigate this complex landscape with expert guidance and tailored solutions.

## KEY FEATURES

### Expert Management

- Experienced Team: Our investment managers have extensive experience of investing in AIM listed companies.
- Research Driven: We use in-depth research and analysis to identify suitable investments that attract Business Relief (BR).

### Access to your Investment Manager

- You can contact your dedicated investment manager throughout the year - not just at the point of your periodic review.

### Diversified Portfolio

- Typically 20-30 stocks across different commercial, industrial and geographic sectors in order to reduce investment risk.

### Control and Access to Assets

- Unlike other IHT options, such as gifting or putting money in Trust the assets remain in your control and can be realised.

### Attractive Growth Potential

- By investing in younger and developing companies.

## POTENTIAL TAX EFFICIENCIES WITH THE AIM SERVICE

- **Inheritance tax exemptions for qualifying stocks \***
- **2 year holding period for IHT qualification which will be continued by a surviving spouse**
- **Stamp duty exempt**
- **ISA eligible for Income Tax and CGT exemption**

\* the discretion of HMRC. Whilst we select companies based on our understanding of current legislation, it is not possible to guarantee that all investments will qualify for BR.

## WHO COULD BENEFIT?

Our AIM Service would suit retail or professional clients who are seeking capital growth opportunities and/or potential IHT mitigation. This is a higher risk strategy and is not suited to all investors as explained below



### THIS SERVICE WOULD LIKELY SUIT INVESTORS WITH:

- An expected IHT liability and looking for an investment professional to manage their funds
- Ability to bear capital loss without guaranteed returns
- Medium to high risk tolerance
- Advice from a professional adviser or as a direct client of Charlotte Square
- Time horizon of 2 years or greater in which to remain invested and until death
- Acceptance that individual investment preferences may not be able to be accommodated
- Expected returns not overly impacted by the costs & charges applied to the portfolio



### THIS SERVICE WOULD BE UNLIKELY TO SUIT INVESTORS WITH:

- No potential IHT liability and prefer to manage their own investments
- Key focus on capital preservation and guaranteed returns, with no ability to bear loss
- Low risk tolerance
- No advice from a professional adviser or as a client of Charlotte Square
- Time horizon for investing of under 2 years
- Specific investment preferences or restrictions
- No ability to withstand the impact of costs & charges due to portfolio size

## RISK CONSIDERATIONS

In guiding any client to consider AIM investments, the foremost considerations will be attitude to risk and comfort with the idea of involvement in the smaller company marketplace. Companies trading on AIM face a lighter regulatory environment compared to that of the London Stock Exchange Main Market. They tend to be at an earlier stage of corporate development and are likely to be higher risk investments compared to stocks on the main market. Consequently, the trading environment on AIM may be volatile and liquidity conditions can vary.

TYPICALLY LOWER REWARDS  
& LOWER RISK

TYPICALLY HIGHER REWARDS  
& HIGHER RISK

INCOME FOCUS

CAPITAL PRESERVATION

INFLATION PROTECTION

GROWTH FOCUS

LET US SHOW YOU HOW YOU COULD  
MAKE MORE FOR THE NEXT GENERATION

## ILLUSTRATION

Below is an example of how investing in an AIM portfolio could help mitigate inheritance tax as opposed to no investment. The client in the example has £1million of taxable assets and invests £250,000 into qualifying AIM shares. It shows that even with a portfolio drop of 20%, the client would be in a better position after Inheritance Tax as opposed to not investing.

Taxable Estate		£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
Amount invested into AIM service		£0.00	£250,000	£250,000	£250,000	£250,000	£250,000
AIM Portfolio Service Performance Examples	20%	-	£300,000	-	-	-	-
	10%	-	-	£275,000	-	-	-
	0%	-	-	-	£250,000	-	-
	-10%	-	-	-	-	£225,000	-
	-20%	-	-	-	-	-	£200,000
Portfolio value at death		£0.00	£300,000	£275,000	£250,000	£225,000	£200,000
Taxable Assets		£1,000,000	£750,000	£750,000	£750,000	£750,000	£750,000
Estate Value		£1,000,000	£1,050,000	£1,025,000	£1,000,000	£975,000	£950,000
Inheritance Tax Due		£400,000	£360,000	£355,000	£350,000	£345,000	£340,000
Amount passed to beneficiaries		£600,000	£690,000	£670,000	£650,000	£630,000	£610,000

**Important Information:** The above table is for illustrative purposes only and assumes allowances such as the nil-rate band used against other assets and inheritance tax charged at 40% on taxable assets and 20% on AIM shares. Portfolio must normally be held for two years in order to achieve 50% Business Relief, which is not guaranteed and remains at the discretion of HMRC on the death of the investor. Should he or she die within the two year qualification period, inheritance tax may become payable on the portfolio. It is also important to note that the BR tax regime itself could change or be withdrawn by the UK Government at any time. Past performance is not a reliable indicator of future results.

**Disclaimers:** Opinions constitute our judgement as of this date and are subject to change without warning. This investment product may not be suitable for all investors. The value of investments, and the income from them, can go down as well as up, and an investor may not recover the amount of the initial investment. The tax treatment of AIM investments outlined in this document is to the best of our knowledge and understanding of the current UK taxation framework for BR. It may be subject to change, is not guaranteed in the future and depends on the individual's personal tax status. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down. Past performance is not a reliable indicator of future results and forecasts are not a reliable indicator of future performance. Neither CS Managers Ltd, Charlotte Square Investment Managers, nor any connected party accepts responsibility for any direct or indirect or consequential loss suffered by you or any other person as a result of your acting, or deciding not to act, in reliance upon any information contained in this document. We recommend any intending investor obtain professional advice before making the decision to invest.

**We are investment managers and not taxation specialists. Potential investors should discuss the tax implications of an investment of this type with their professional advisers before investing.**

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