CHARLES STANLEY

# Inheritance Tax Portfolio Service

***Investing for the Future***

3rd Quarter 2017

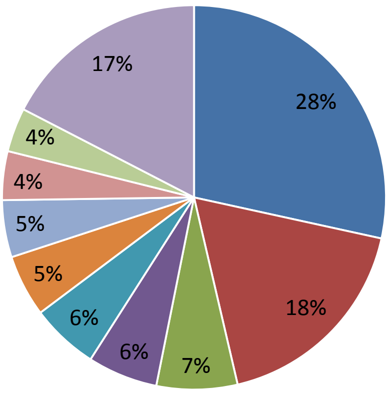
## About the Service

The Charles Stanley Inheritance Tax Portfolio Service is designed to provide one of the quickest and easiest means of reducing a potential Inheritance Tax (IHT) liability whilst enabling a client to retain full control and the ability to realise the portfolio at any time if circumstances change.

This is achieved by investing in a discretionary portfolio of companies listed on the Alternative Investment Market (AIM) that qualify for Business Relief (formerly known as Business Property Relief) and gain exemption from Inheritance Tax after a two-year holding period.

| | |
|---|---|
| **Launch Date** | 2004 |
| **Funds under Management** | £240M |
| **Average Market Cap** | £397M |
| **Current Dividend Yield** | 1.9% |

## Current Sector Allocation



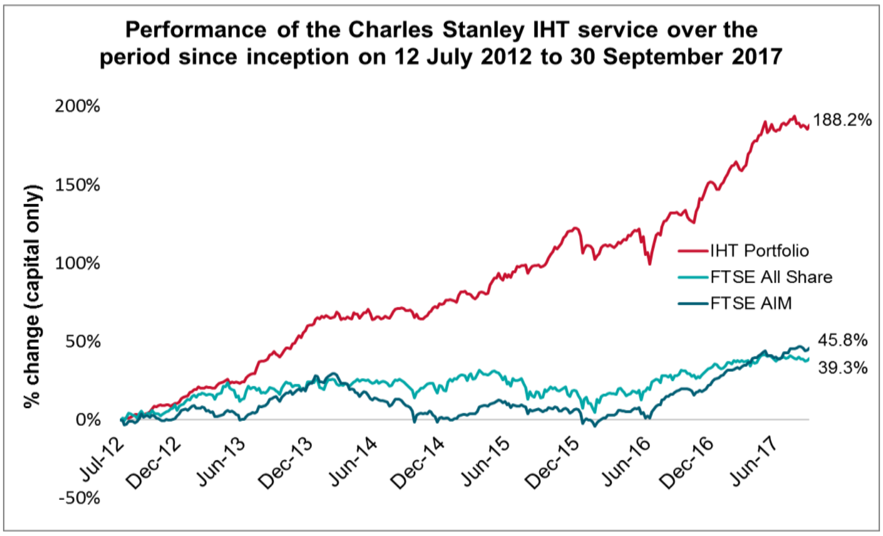

- Support Services
- Software & Computer Services
- Healthcare Equipment & Services
- General Retailers
- Chemicals
- Media
- Construction & Materials
- Electronic & Electrical Equipment
- Beverages
- Other

## Quarterly Commentary

It was a relatively quiet third quarter for UK markets despite rising political tensions between the US and North Korea and a continued lack of direction on Brexit. Looking ahead, the Bank of England may finally attempt to curb the rising threat of inflation by raising interest rates for the first time in a decade. More recently there have been several data points indicating a declining UK consumer sentiment and this may put increased pressure on consumers who are burdened with high levels of personal debt. Our approach of avoiding stocks with a heavy reliance on discretionary spend should help to protect portfolios from the squeeze on family finances. The main reporting season for the first half of the year is now over and the majority of companies have reported results in line with expectations. While fundamentals have warranted strong returns for AIM investors many stocks are trading on multiples above their long term averages.

## Performance Summary

In order to demonstrate performance a portfolio was established on 12 July 2012 and returns are measured on a quarterly basis against the FTSE All Share and FTSE AIM indices.




| | Quarter to 30/9/17 | Year to 30 September 2017 | 2016 | 2015 | 2014 | 2013 | 12/7/12* to 30/9/17 |
|---|---|---|---|---|---|---|---|
| AIM IHT Service | 1.4% | 24.7% | 16.8% | 16.5% | 19.7% | 36.5% | 188.2% |
| FTSE All Share Index | 1.2% | 7.9% | 12.6% | -5.6% | 2.6% | 14.8% | 39.3% |
| FTSE AIM Index | 4.0% | 22.6% | 13.0% | -3.3% | -5.4% | 12.4% | 45.8% |

Source: Charles Stanley and Bloomberg

Capital only returns calculated at mid-prices and gross of 1.25% + VAT annual management fee and 1% dealing charge. The indicative yield is 1.9% as at 30/9/2017 *Portfolio inception

**Investors should be aware that past performance is not a guide to the future and that the price of shares, and the income derived from them, may fall as well as rise and the amount realised may be less than the original sum invested.**

**Please see important disclosures overleaf**

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## About the Team

**Experience**
The Charles Stanley Inheritance Tax team is one of the largest and most experienced dedicated teams in the country.

**Performance**
Our service has a proven performance track record and the lead portfolio manager has the experience of managing an AIM IHT service throughout the global financial crisis.

**Proven Tax Relief**
Hundreds of clients have used the Charles Stanley IHT service to successfully claim Business Relief and there have been no known refusals from HMRC.

**Security**
Charles Stanley is one of the UK's leading, independently owned, wealth management firms with a history dating back to 1792. As at 30 June 2017, total funds under management and administration were £24.1 billion.

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## Risk Warnings

Investments in certain securities, including shares in smaller companies, companies in specialist sectors, and/or in unquoted companies, will normally involve greater risk or above average price movements (volatility) than investments in larger, more established companies. The markets in such companies can suffer from partial or total illiquidity, which can make it difficult, or impossible, to dispose of an investment. **Past performance is not a guide to the future. Your capital is at risk and may fall as well as rise and the amount realised may be less than the original sum invested.**
For quoted investments the difference between the Bid and the Offer price will often be greater, so that if an investor has to sell a holding immediately after purchase the proceeds may be less than the initial amount invested. AIM quoted shares tend to have market quotes in relatively small lots of shares, so selling large quantities in the market may achieve a lower price than the market quote.
Many smaller companies have a small management team and as such the loss of any one individual may have a significant effect on their performance. In a similar vein these companies are likely to have a limited product range and tight cash constraints and tend to be vulnerable to sudden changes in market conditions.
The rules for issuers whose shares are quoted on AIM are less demanding than those for the Official List of the London Stock Exchange; as such the investment risks are higher. For unquoted companies the risks are much higher than for quoted companies; it may be difficult or impossible to sell such shares, or to assess their value or the level of risk involved.
It should be noted that the benefits of the Inheritance Tax Portfolio Service are premised on current tax rules continuing for the duration of an investor's portfolio. The rules on tax or their interpretation, as with the rates of tax applicable, may alter. The details and examples in this document are a simplified summary of the relevant tax rules. Charles Stanley is not a tax adviser and potential investors are recommended to consult a professional tax adviser on all tax matters.
Nothing in this material constitutes investment advice, nor is it a substitute for investment advice, which should be obtained from an authorised investment professional, and any investment decision the recipient makes should be based on an evaluation of that recipient's financial circumstances, investment objectives, risk tolerance, and liquidity and other needs.


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