

Inheritance Tax Portfolio Service

Investing for the Future

2nd Quarter 2019

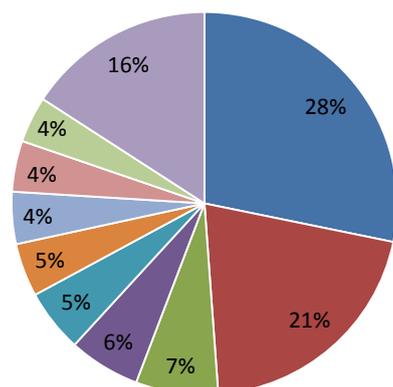
About the Service

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	£320M
Average Market Cap	£540M
Current Dividend Yield	1.7%

Current Sector Allocation



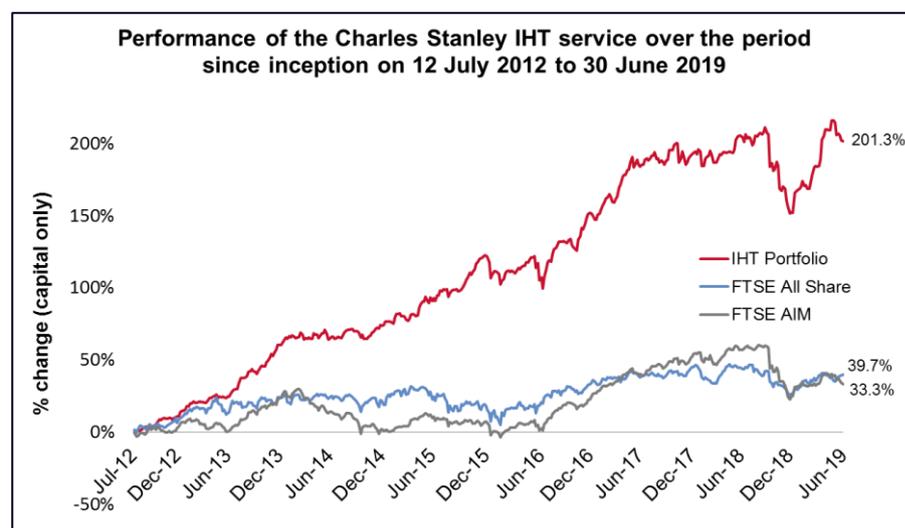
- Support Services
- Software & Computer Services
- Healthcare Equipment & Services
- Beverages
- Media
- Leisure Goods
- Electronic & Electrical Equipment
- Construction & Materials
- Travel & Leisure
- Other

Quarterly Commentary

In the UK, the focus remains on Brexit, where we are no closer to reaching an agreement. The uncertainty is likely to lead to businesses continuing to delay investment decisions, which negatively impacts medium term growth. We believe that many of our AIM companies benefited from the build-up of inventory in the first quarter of 2019, ahead of the initial Brexit deadline, and maintaining this momentum may prove challenging in the short term as stock levels unwind. However, our AIM portfolios had another strong quarter, outperforming the FTSE 100, All-Share and AIM indices. We are pleased that we have recovered most of the falls from the fourth quarter of 2018, when there was a correction in global equities. Our portfolios fell by less than the AIM index during that period and have recovered faster since. We continue to adopt a buy and hold approach and pick companies based on strong fundamentals. We remain confident that this approach will lead to long term growth for investors, despite political uncertainty in the short term.

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 30/06/19	Twelve Months to 30 June					12/7/12* to 30/06/19
	2019	2018	2017	2016	2015		
AIM IHT Service	6.1%	-1.4%	7.5%	37.3%	8.3%	16.0%	201.3%
FTSE All Share Index	2.1%	-3.4%	5.0%	13.8%	-1.5%	-0.8%	39.7%
FTSE AIM Index	0.2%	-15.2%	12.1%	36.5%	-6.2%	-3.9%	33.3%

Source: Charles Stanley and Thomson Reuters

Capital only returns calculated at mid-prices and gross of 1.25% + VAT annual management fee and 1% dealing charge. When included, these fees would have the effect of reducing performance over time on a proportionate basis. The indicative yield is 1.7% as at 30/06/2019.

Actual client returns may differ from the model portfolio depending on the time and sum invested. Past performance is not a reliable guide to the future. The value of investments and the income derived from them can go down as well as up and investors might not get back the original sum invested. *Portfolio inception.

About the Team & Charles Stanley

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 31 March 2019, total funds under management and administration were £24.1 billion.

Contact Details

Sean O'Flanagan

Senior Investment Manager

020 7149 6782

sean.oflanagan@charles-stanley.co.uk

James Rae

Investment Manager

020 7149 6205

james.rae@charles-stanley.co.uk

Shaun Walwyn

Client Operations Associate

020 7149 6522

shaun.walwyn@charles-stanley.co.uk

Abi Ward

Trainee Investment Advisor

020 7149 6159

abigail.ward@charles-stanley.co.uk



Risk Warnings

Past performance is not a reliable guide to the future. The value of investments and the income derived from them can go down as well as up and investors might not get back the original sum invested.

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.

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.

The benefits of the Inheritance Tax service are premised on current tax rules continuing for the duration of an investor's portfolio. The relevant tax rules, their interpretation, and/or the rates of tax applicable, may alter, or be withdrawn such that Inheritance Tax relief may be lost. 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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