

# Inheritance Tax Portfolio Service

*Investing for the Future*

4th Quarter 2019

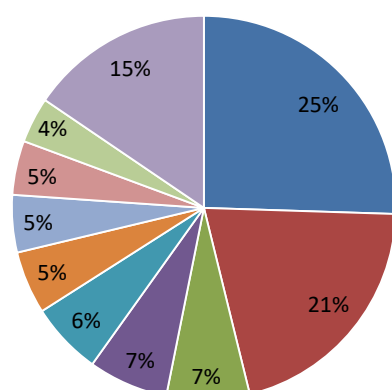
## About the Service

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.

<b>Launch Date</b>	2004
<b>Funds under Management</b>	£380M
<b>Average Market Cap</b>	£680M
<b>Current Dividend Yield</b>	1.4%

## Current Sector Allocation



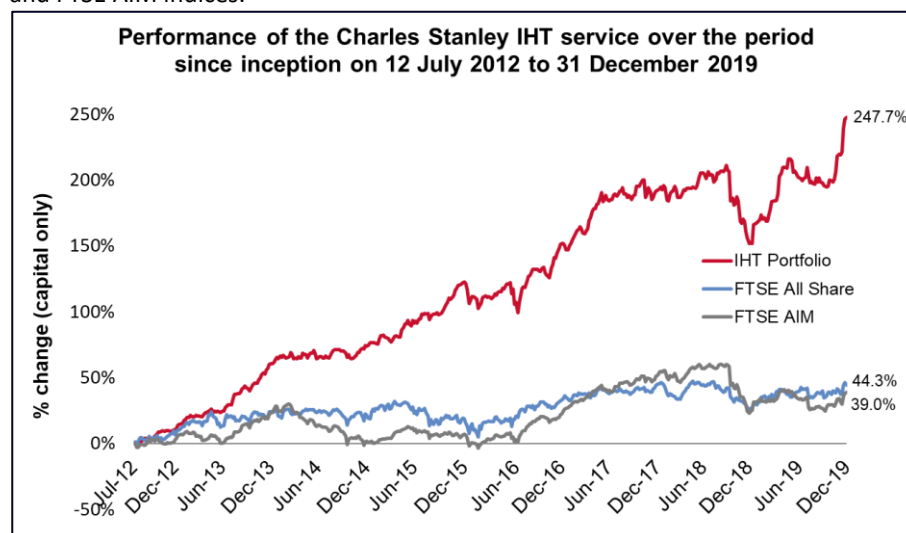
- Support Services
- Software & Computer Services
- Media
- Healthcare Equipment & Services
- Construction & Materials
- Beverages
- Leisure Goods
- Electronic & Electrical Equipment
- Mobile Telecommunications
- Other

## Quarterly Commentary

The result of the UK general election, in December, led to a large rally in the AIM market as it eliminated the threat of a Corbyn administration removing business relief. The Conservative government now has a large working majority. This removes some of the uncertainty surrounding Brexit and Boris Johnson looks set to adopt pro-cyclical fiscal expansion policies which are likely to increase growth in the short term. We see scope for a material rebound in corporate investment expenditure this year as UK businesses have more confidence in the political environment. However, some of this delivery has already been anticipated by investors in the fourth quarter. 2019 was a fantastic year for our clients' portfolios, which were up by almost 38% on average. It was a strong year for UK equities, in general, but this came from a low base as the final quarter of 2018 was a difficult one; particularly for AIM shares. Going forward we anticipate another good year for corporate profits but a steadier one for share prices as some growth has already been anticipated by the market.

## 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	Twelve Months to 31 December					12/7/12* to
	31/12/19	2019	2018	2017	2016	2015	31/12/19
AIM IHT Service	16.8%	37.8%	-13.7%	16.0%	13.3%	27.9%	247.7%
FTSE All Share Index	3.3%	14.2%	-13.0%	9.0%	12.5%	-2.5%	44.3%
FTSE AIM Index	9.7%	11.6%	-18.2%	24.3%	14.3%	5.2%	39.0%

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 1.4% as at 31/12/2019.

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

Several hundred 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 September 2019, total funds under management and administration were £24.6 billion.

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## Risk Warnings

**Past performance is not a reliable guide to future returns. The value of investments, and the income derived from them, can fall as well as rise. Investors may get back less than 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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