



# Psigma AIM IHT Portfolio Service

## What is AIM?

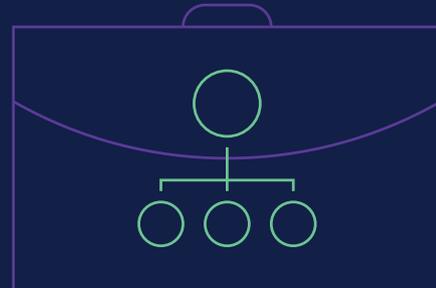
AIM (formerly the Alternative Investment Market) is a sub-market of the London Stock Exchange that was launched on 19 June 1995. It allows smaller companies from both UK and across the globe to float shares with a more flexible regulatory system than is applicable to the main market. The attraction for investors being the potential growth of such businesses. Shares in companies quoted on AIM may be considered as 'unquoted shares' for the purpose of Business Relief (BR) however, of all the companies quoted, not all shares are eligible. AIM comprises approximately 750 companies, of which half are estimated to qualify for BR. An additional benefit of buying shares on the AIM is that the 0.5% stamp duty due on share purchases has been abolished, therefore reducing the cost of investing in AIM.

## What is Psigma's AIM IHT Portfolio Service?

Psigma's AIM IHT Portfolio Service is a discretionary portfolio that is invested entirely into Business Relief (BR) qualifying AIM quoted companies for the purposes of mitigating Inheritance Tax (IHT). Our primary objective is not to track or beat a benchmark, but to protect and grow the capital invested over time.

Each AIM IHT Investment Portfolio will comprise of 20-30 qualifying holdings, diversified across a number of different sectors and earning streams. Our focus is on profitable, cash generating businesses with good balance sheets, investing in companies that have a well-established track record, and who have experienced management teams in place.

Our AIM Investment Team have over 35 years' collective experience investing in equity markets.



### Simple fee structure:

- 1.25% AMC + VAT
- no entry fees
- no trading fees
- no exit fees

Removes assets from chargeable estate after a two year holding period

Clients have direct access to their Investment Manager

Qualifying AIM stocks can attract up to 100% relief from Inheritance Tax (IHT) – if held for at least two years at the date of death

ISA-eligible

Minimum investment of £100,000 limited to 25% of client's total wealth

Regular and ongoing communication

Comprehensive reporting package

Investment audit trail for probate purposes

We select a small number of qualifying equities from the extensive list of companies available on AIM through our rigorous selection process.

The tax relief available may change at any time. Psigma receives independent advice from a leading firm of auditors prior to making an investment and our holdings are reviewed on an annual ongoing basis. Each company's eligibility for BR is subject to HMRC approval at the time of death.

### What is the minimum investment for a Psigma AIM IHT portfolio?

The minimum investment in the Psigma AIM IHT Portfolio Service is £100,000. We recommend that an AIM IHT portfolio should not represent more than 25% of a client's overall wealth.

### Who could it be suitable for?

Psigma's AIM IHT Portfolio Service is designed for clients who wish to carry out IHT planning to reduce their Inheritance Tax liabilities. This service could be used to complement existing estate planning vehicles whilst allowing the client to retain ownership and control over their assets.

This service could also appeal to clients with Individual Savings Account (ISA) savings who wish to take advantage of the additional tax benefits of holding AIM securities within a tax-free wrapper whilst reducing their Inheritance Tax Liability.

The Psigma AIM IHT Portfolio Service is a high risk investment strategy therefore this service is best suited to clients who are comfortable with higher risk investments.

Clients are subject to Psigma's suitability assessment to ensure that this type of portfolio is suitable for their personal circumstances.

We recommend that you seek guidance from a Financial Planner before investing in a portfolio of this nature.

### An example of how AIM investing can save you inheritance tax

Client assets as at the date of death	IHT planning using AIM IHT portfolio	IHT planning without using AIM IHT planning
<b>Value of total client assets</b>	£2,000,000	£2,000,000
<b>Value of AIM portfolio</b>	£500,000	N/A
<b>Net taxable amount after using nil rate band of £325k</b>	£1,175,000	£1,675,000
<b>IHT charge at 40%</b>	£470,000	£670,000
<b>Psigma initial charge</b>	£0	N/A
<b>Net estate value including AIM assets</b>	<b>£1,530,000</b>	<b>£1,330,000</b>

Figures are calculated at the date of death and do not take into account any gifting, inter spousal nil rate band transfers or investment growth in the portfolio.

### What is the time horizon?

Typically clients who are considering IHT planning will have shorter time horizons than Psigma would normally recommend for its other discretionary services. AIM investments that qualify for Business Relief (BR) must have been held for two years as at the date of death. Therefore, investors could have the ability to remove assets from their chargeable estate after just two years.

The Psigma AIM IHT Portfolio Service should be regarded as a high risk, long-term, multi-generational investment with a time horizon that suits the personal circumstances of the investor.

### ISA

AIM quoted shares are also eligible for investment within a Stocks and Shares ISA wrapper. All shares invested within a Stocks and Shares ISA are free from Income and Capital Gains Tax.

Holding AIM shares in an ISA has not always been possible and the Government could change these rules in the future.

## What are the potential tax benefits?

Under the current tax rules set by HMRC in the UK, any qualifying shares in AIM quoted companies can be removed from a deceased estate for Inheritance Tax purposes. The investor must have held the qualifying asset for at least two years on the date of death and the company in which the investment is held must have maintained its qualifying status. This also applies where AIM quoted shares are transferred to an investor by way of a lifetime gift within the previous seven years where the asset has been held for at least two years on the date of the investors death.

It is worth noting that Psigma is not restricted to holding the same investment for the entire two year period and can sell a holding and reinvest

the proceeds into another qualifying stock without resetting the two year holding period.

Tax treatment depends on individual circumstances and could become less attractive if the tax rules were to change in the future.

## How do I open an account?

To open an AIM IHT Portfolio, please speak with your Investment Manager, your Financial Adviser or contact our Client Services team on 020 3327 5400.

## What are Psigma's fees?

The annual management fee is 1.25% + VAT, charged monthly in arrears. There are no additional fees for entry, trading, closing or transferring your account.

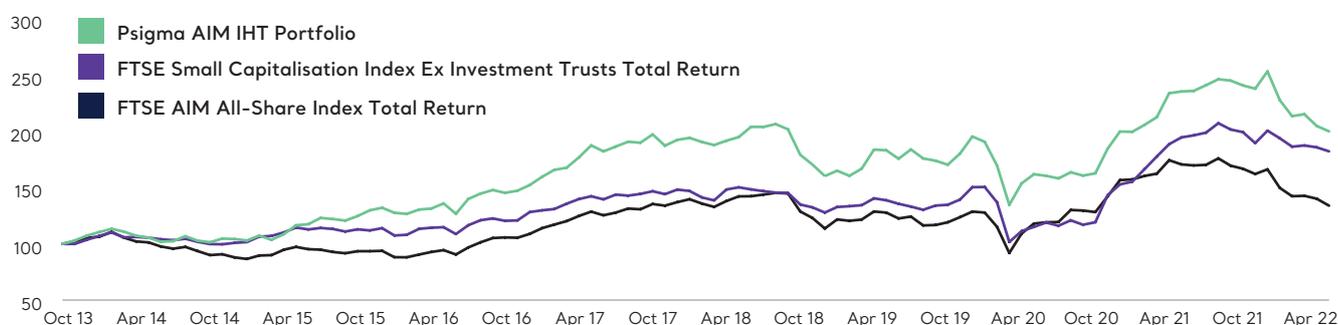
## Risk Warnings

- Shares in unquoted investments carry a higher degree of risk; the Psigma AIM IHT Portfolio Service should be regarded as a high risk, long-term, multi-generational investment with a time horizon that suits the personal circumstances of the investor. A portfolio of this type is not suitable for all investors. Psigma is not a tax specialist, and investors should seek professional advice on all tax matters.
- The tax relief available may change at any time. Psigma receives independent advice from a leading firm of auditors prior to making an investment and our holdings are reviewed on an annual ongoing basis. Each company's eligibility for BR is subject to HMRC approval at the time of death.
- AIM company shares can be less liquid than their larger counterparts in the FTSE 100 and 250 indices. In certain situations, it may be difficult to sell or obtain fair value of a particular investment quickly.
- Many AIM quoted companies have smaller management teams and, as such, the loss of any one individual may have a material impact on the prospects of a company. In a similar vein, some companies may have fewer product ranges or a more concentrated customer base, which could potentially leave it more vulnerable to sudden changes in market conditions.
- An AIM quoted company may elect to move up to the main market or de-list from AIM, in which case BR would cease to qualify following the transition. In such a scenario, we would be required to sell the holding and reinvest into another qualifying investment in order to maintain BR status. This may result in a capital gain or loss being crystallised which may not have otherwise occurred without BR being a key consideration.
- You should only invest in the Psigma AIM IHT Portfolio Service if you have financial security independent of any investment made.
- Psigma does not guarantee the timescale for fully investing portfolios, or that portfolios will be fully invested at all times in the future.

POTENTIAL INVESTORS SHOULD BE AWARE THAT TAX RULES ARE SUBJECT TO CHANGE. IN ORDER TO ENSURE THAT THE PSIGMA AIM IHT PORTFOLIO IS SUITABLE FOR YOU, YOU SHOULD TAKE ADVICE FROM AN INDEPENDENT FINANCIAL ADVISER

# Performance

## Psigma AIM IHT Portfolio Performance



DISCRETE NET PERFORMANCE	2013*	2014	2015	2016	2017	2018	2019	2020	2021	2022**
Psigma AIM IHT Portfolio	7.41%	-2.85%	26.71%	15.29%	26.40%	-16.72%	21.96%	2.26%	26.80%	-21.06%
FTSE Small Capitalisation Index Ex Investment Trusts Total Return	3.72%	-2.68%	12.99%	12.54%	15.61%	-13.80%	17.68%	1.65%	31.26%	-9.16%
FTSE AIM All-Share Index Total Return	5.44%	-16.53%	6.63%	16.07%	25.97%	-17.12%	13.26%	21.74%	6.12%	-19.43%

\* 2013 discrete performance covers the period 31st October 2013 to 31st December 2013

\*\* Data to 31/05/2022

CUMULATIVE NET PERFORMANCE	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years	ITD***
Psigma AIM IHT Portfolio	-2.35%	-6.34%	-15.95%	-15.06%	23.57%	9.18%	6.64%	100.25%
FTSE Small Capitalisation Index Ex Investment Trusts Total Return	-1.92%	-2.23%	-3.86%	-6.37%	58.47%	31.36%	28.08%	82.45%
FTSE AIM All-Share Index Total Return	-4.42%	-5.90%	-17.38%	-21.50%	13.54%	4.83%	4.12%	34.08%

Past performance is not a guide to future performance.

\*\*\* Data inception to 31/05/2022

FTSE AIM All-Share Index shown as a reference only and should not be considered an appropriate benchmark for AIM IHT portfolios. Cumulative performance shows the total performance over different lengths of time running up to the present from the date of inception. Discrete annual performance shows the portfolio's performance between two fixed specified dates; close of market on 31st December in the preceding year to close of market on 31st December in the stated year. Data for 2013 covers the period between 31st October 2013 to 31st December 2013.

Important Information: Since inception (31/10/2013), performance has been based on composite portfolio performance on mid-market valuation at each month end. From 1st January 2016 performance is based on the Psigma AIM IHT model portfolio.

The portfolio and benchmark performance numbers are calculated on a total return basis net of all fees and charges. Psigma AIM IHT Portfolio Service AMC is 1.25 + VAT, charged monthly in arrears.

Source: Psigma Investment Management, Interactive Data, Bloomberg 31/05/2022



## Why consider Psigma for the AIM IHT Portfolio?

- Our team has over 95 years' collective experience investing in equity markets, two of the team were formerly part of the highly regarded AXA Framlington Equity Team.
- Strong performance record from inception.
- Simple fee structure:
  - 1.25% AMC + VAT
  - no entry fees
  - no trading fees
  - no exit fees
- Just 100-125 AIM stocks meet our rigorous and stringent selection criteria. From this we build portfolios of between 20-30 stocks.
- We use a third-party company to verify qualification for Business Relief.



**Psigma**  
Investment Management  
A Canaccord Genuity Group Company

[www.psigma.com](http://www.psigma.com)

### Important information:

This document is prepared for general circulation and is intended to provide information only. The information contained within this document has been obtained from industry sources that we believe to be reliable and accurate at the time of writing. It is not intended to be construed as a solicitation for the sale of any particular investment nor as investment advice and does not have regard to the specific investment objectives, financial situation, capacity for loss, and particular needs of any person to whom it is presented. The investments contained in this document may not be suitable for all investors. Prospective investors should consider carefully whether any of the investments contained in this document are suitable for them in light of their circumstances and financial resources.

If you are in any doubt whether any of the investments contained in this document are suitable, you should speak to your Investment Director, or take appropriate advice from a professional adviser, such as an accountant, lawyer or Financial Adviser authorised and regulated by the Financial Conduct Authority.

### Investment Risks:

- The value of investments and the income from them can fall as well as rise. An investor may not get back the amount of money that he/she invests. Past performance is not a guide to future performance.
- Foreign currency denominated investments are subject to fluctuations in exchange rates that could have a positive or adverse effect on the value of, and income from, the investment.
- Investors should consult their professional advisers on the possible tax and other consequences of their holding any of the investments contained in this publication.

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