

AIM PORTFOLIO SERVICE

Managing wealth
for future generations

FOR PROFESSIONAL ADVISERS AND THEIR CLIENTS
PLEASE READ THE IMPORTANT INFORMATION AND KEY RISKS

evelyn
PARTNERS



Managing Wealth for future generations

The AIM Portfolio Service is a simple and cost-effective means of reducing an inheritance tax liability while offering growth potential and retaining access to capital.

Managing inheritance tax (IHT) remains a concern for many families. It is payable at 40% on the value of your assets above the £325,000 nil rate band. There is an additional £175,000 residence nil rate band when the family home is passed to direct descendants.

While this means married couples and civil partnerships have a £1 million joint allowance without paying IHT, both nil rate bands have been frozen until April 2028 and the residence nil rate band is tapered for estates with a value over £2 million. This leaves many estates or families with a liability. The AIM Portfolio Service is a simple and cost-effective means of reducing that liability. Rather than having to give assets away, full access to the capital is retained and assets are exempt from IHT after just two years.

Business Relief – a statutory incentive

Business Relief is designed to encourage investment in small and growing companies, including many businesses listed on AIM. Shares held under the Business Relief scheme are not liable for IHT, providing they have been held for at least two years at the time of death.

Business Relief does not apply to every company listed on AIM and AIM companies may be smaller and therefore higher risk, so need to be selected carefully. For the AIM Portfolio Service, our in-house tax specialists assess the eligibility of the selected companies, while our dedicated AIM investment team selects businesses that we believe are likely to provide strong long-term returns.

AIM – a dynamic market for growing businesses

AIM (formerly the Alternative Investment Market) was launched in 1995 and is the London Stock Exchange's market for smaller, growing companies. AIM companies are subject to lighter regulatory requirements than companies listed on the main market and, as such, the market appeals to a wide range of innovative companies at different stages of their development. Because they are smaller, AIM companies can be more volatile and difficult to trade. With 750 companies to choose from, experience in navigating the market is vital.

Investing via an Individual Savings Account (ISA)

For investors that hold significant sums in an ISA, it is possible to transfer all or part of it to the AIM Portfolio Service, while maintaining the capital gains tax and income tax benefit of the ISA wrapper.

Example of potential saving

An individual has an investment portfolio worth £500,000 and £200,000 is transferred to the AIM Portfolio Service. Assuming the nil rate IHT bands have been used against other assets and there is no growth in the value of the portfolio, the estate will benefit after two years as follows:

	Without AIM portfolio	With AIM portfolio
Value of investment portfolio	£500,000	£300,000
Value of AIM portfolio	N/A	£200,000
IHT due at 40%	£200,000	£120,000
Value after IHT	£300,000	£380,000

In this example the AIM Portfolio Service increased the amount passed to the beneficiaries by £80,000, as the AIM shares valued at £200,000 are free from IHT (assuming the AIM shares were held for two years at the date of death).

- This example is for illustrative purposes only, assumes there is no capital movement and does not include income, transaction charges or management fees
- Tax reliefs are subject to an individual's personal circumstances and may change. Independent tax advice should be taken
- The value of investments may go down as well as up and you can lose money

Investment strategy

Evelyn Partners has successfully managed the AIM Portfolio Service since 2006 and has a large and experienced team, with over 100 years of combined industry experience.

AIM listed shares may carry greater risks. To manage these risks, Evelyn Partners applies a disciplined process focusing on high-quality, resilient companies. To reduce the risk of problems in any individual company, we have a minimum of 25 holdings from a variety of sectors. We carry out our own research and meet the management of each company before investing.

The AIM Portfolio Service should be regarded as a higher risk, long-term investment and may not be suitable for all investors. You should only invest in the AIM Portfolio Service if you have financial security independent of any investment.

Quality of service and reporting

Clients and their advisers have direct access to the AIM team to discuss their portfolio at any time. In addition, clients receive:

- Quarterly reports with investment commentary, valuations and performance
- A comprehensive nominee and custodian service
- A comprehensive annual tax report detailing income received and capital gains realised
- Secure 24/7 access to the portfolio, transaction history and performance via our online portal

Safety of your assets

Protecting your assets ranks among our highest priorities and our nominee company, Smith & Williamson Nominees Limited, is a non-trading company entirely separate from, but owned by, Evelyn Partners Investment Services Limited, which exists exclusively for the purpose of holding clients' investments.

The nominee company has no legal or other liability for any of the obligations of any other company in the Evelyn Partners Group. This ownership structure allows us to directly influence and monitor the proper management and overall service provided by our custodian.



Important information and key risks

For more information, please contact your financial adviser or Evelyn Partners contact.

Shares in AIM companies are likely to be high risk and volatile. Their value, and the income arising from them, may go down as well as up, and there is the possibility that investors could lose their entire investment.

Investment in AIM companies is suitable only for investors who wish to be exposed to high-risk investments.

References to our assessment of a company's growth potential, management ability and value are references to our opinion only. We neither make nor imply any warranty as to the actual performance of an AIM qualifying company.

The listing requirements and rules for AIM shares are less demanding than those on the main market of the London Stock Exchange. Shares in an AIM company may be illiquid and it may be difficult or impossible to sell them. Likewise, it may be difficult to obtain a value for such shares. It is not always possible to deal for all clients at the same time or price.

This document sets out our understanding of the current tax benefits that apply to investments in AIM shares. Tax regimes are liable to change, and the current arrangements may not continue. The value of any tax relief will depend on the individual circumstances of the investor.

Disposal of an AIM portfolio may risk proceeds being brought back into the taxable estate. If a company's shares cease to qualify as business property, they will no longer qualify for IHT relief. Evelyn Partners Investment Management Services Limited offers no guarantee as to individual stocks qualifying for tax treatment or relief of any description. Investments are made on a 'best endeavours' basis. Evelyn Partners does not guarantee the timescale for fully investing portfolios or that portfolios will be fully invested at all times.

No tax relief is available on invested funds prior to their investment in qualifying shares.

Important information

Nothing in this document constitutes advice on investment or taxation matters. Investors should take independent investment and taxation advice.

This document contains information from sources believed to be reliable but no guarantee, warranty or representation, express or implied, is given as to its accuracy or completeness.

Evelyn Partners Investment Management Services Limited documents may contain future statements which are based on our current opinions, expectations, and projections. Evelyn Partners Investment Management Services Limited does not undertake any obligation to update or revise any future statements.

Frequently Asked Questions

What is the minimum investment?

The minimum investment is £50,000. There is no minimum investment for additional contributions.

What are the charges?

Please see the AIM Portfolio Service schedule of fees.

Is this service right for me?

The service may help UK based individuals with estates above the IHT thresholds. The Evelyn Partners AIM Portfolio Service should be regarded as a higher risk, long-term investment and may not be suitable for all investors.

Can I invest via a Power of Attorney?

A Power of Attorney (POA) can use the service. The individual, for whom the POA is acting, remains the beneficial owner of the AIM shares.

When does the two-year holding period start?

The two-year holding period starts from the date each individual AIM investment is made rather than the date we receive the funds.

How long does it take to invest?

Investments are made as soon as practically possible subject to market conditions and liquidity, typically within 2 weeks of receiving cleared funds in order to start the two-year clock as swiftly as possible.

Does the holding period re-start upon sale and reinvestment of a qualifying company?

Providing the proceeds are reinvested into another Business Relief qualifying company, the holding period does not restart.

Can I take an income?

Your investments may generate an income. This will typically be used to cover the costs of running the portfolio and any adviser charges. Any excess income is expected to be modest and can be distributed or reinvested. When dividends are reinvested, the new shares will begin a two-year qualifying period during which it will not be exempt from IHT.

What if my circumstances change and I need to access the capital?

Full or partial withdrawals can be made at any time. We can usually sell shares within a week, though in some instances it could take longer due to the illiquid nature of the market. The capital value may have fallen, and any assets withdrawn may form part of your estate for inheritance tax purposes.

About Evelyn Partners

At Evelyn Partners our mission is 'to place the power of good investment advice into more hands'. We believe that more people and businesses should have access to good advice, regardless of their size or wealth and we are committed to raising the standards of good advice and to extending its reach.

As experts in wealth management since 1836, we look after our global clients from offices across the UK, Republic of Ireland and Channel Islands.

We're proud that many financial advisers choose us to manage their clients' wealth. That's because our advice is delivered by people who care, who go further to understand the adviser's needs and those of the client, ensuring that we provide investment solutions that are right for you.

That's the power of good advice.

How can I monitor the portfolio?

We provide quarterly valuations with investment commentary on the performance, a summary of any activity and a full breakdown of the holdings. Contract notes can be produced, if required, each time we trade. A consolidated tax pack will also be sent out for taxable portfolios each tax year summarising the income generated and any realised gains. The above documents can be sent either electronically or via post. In addition, our online portal provides secure access to the trading history and real-time valuations 24/7.

How are my assets protected?

Protecting your assets ranks among our highest priorities. Your assets are ring-fenced from those of Evelyn Partners and held in our nominee company, Smith & Williamson Nominees Limited – they always remain your property.

What if I die within the initial two-year period?

After probate the portfolio can be transferred to a surviving spouse or civil partner without restarting the holding period.

Further information

To find out more about our AIM Portfolio Service, please contact your adviser.



www.evelyn.com

Evelyn Partners Investment Management Services Limited
is authorised and regulated by the Financial Conduct Authority.

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