



Protecting your  
wealth for future  
generations



This service should be regarded as high risk, as it is exclusively focused on equities. The portfolios are wholly invested in small capitalisation stocks. These companies are therefore more volatile and, while they can offer great potential, growth is not guaranteed.

Investment involves risk. The value of investments and the income from them can go down as well as up and you might not get back the amount originally invested.





# Securing your family's inheritance

**One of the most important aspects of estate planning is to make sure your family, friends and favourite causes inherit as much of your wealth as possible.**

When someone dies, inheritance tax (IHT) becomes due on the value of their assets. This includes cash, savings, investments, their home and other properties, their car, valuables like jewellery or art, and payments from life insurance policies not held in trust.

The IHT rate is 40% and is due on anything above the inheritance tax threshold of £325,000. There is also a separate residence nil-rate band of £175,000. Both of these have been frozen until April 2028.

The good news is that with a valid, up-to-date Will and the right advice, you can reduce your estate's liability for IHT. Please talk to your financial adviser, who will be able to give you more details.

## How we can help

Our IHT portfolio is a relatively simple and efficient strategy for reducing IHT while offering growth potential to enhance your legacy.

It is a cost-effective alternative to trusts and insurance-based strategies, with no complex legal structures, client underwriting or medical reports.

## How it works

The minimum investment in our IHT portfolio is £50,000. We will build your portfolio with shares in 20-35 companies, depending on the size of your investment. This number of shares is small enough to ensure your Investment Manager understands each company intimately, and diverse enough to reduce risk.

# Reducing liability for IHT

**Our IHT portfolio invests in a diversified range of established, profitable companies chosen from the Alternative Investment Market (AIM).**

## **Why invest in the AIM?**

Once you have held an investment in certain AIM companies for two years, it no longer counts as part of your estate for IHT purposes. This is because, under current rules, these companies qualify for a tax relief called Business Relief (BR).

This compares favourably with the usual seven-year rule that applies to gifts and simple trust transfers, when you have to survive for seven years before they become IHT exempt.

We actively manage the IHT portfolio, so if we decide that the investments we've chosen are no longer suitable, or if they stop being eligible for BR, we can sell them. We can then reinvest the proceeds in another qualifying company without having to restart the two-year period.

Most AIM shares qualify for 100% BR. However, you need to be aware that exemption from IHT is on a case-by-case basis, which will be determined when your estate is valued, and is at the discretion of HM Revenue and Customs (HMRC). Although we choose companies based on our understanding of current tax rules, we cannot guarantee that investments will be IHT exempt.

You should also be aware that share prices in AIM may be more volatile than in the main markets, and investments may be subject to limited liquidity. Tax benefits depend on your individual circumstances – and remember, tax levels and bases may change in the future. That's why we recommend you engage an independent professional tax adviser for advice based on your personal circumstances and the latest tax rules.

We include a small amount of cash in your portfolio, to cover portfolio management costs. Any cash or cash transactions in your portfolio when you die may affect IHT relief. Whenever we are selling and reinvesting investments for you, there will be extra cash within your IHT portfolio while we carry out the transactions.

**The rules on tax are at our interpretation only, which may alter. Tax benefits will depend on your individual circumstances.**





# What your beneficiaries could save

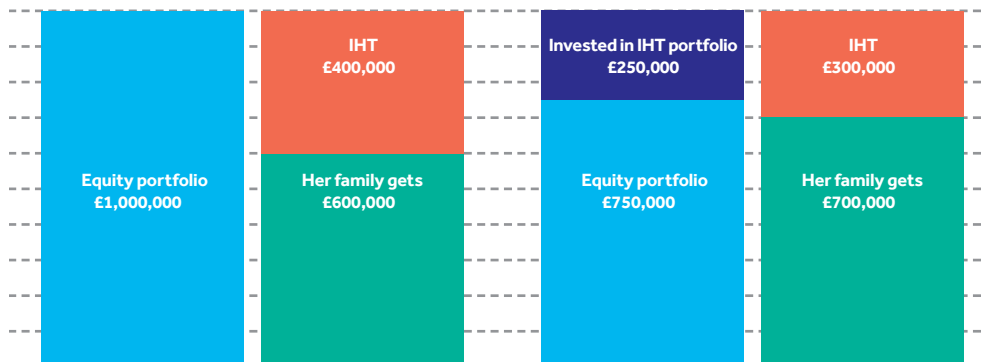
## Valerie and her family

Valerie wants to make sure her children and grandchildren get as much of her estate as possible when she dies.

Her assets include an equity portfolio worth £1m, and she is using her nil-rate IHT band, spousal transfer relief and residence nil-rate band against the value of the family home and other assets.

When she dies, her equity portfolio will be liable for £400,000 IHT, as shown here:

However, if she invests £250,000 in our IHT portfolio and lives for another two years, her estate will benefit after two years even if there is no growth in her IHT portfolio. The IHT portfolio has increased the amount her family will inherit by £100,000, as the AIM shares are excluded from IHT calculations.



These calculations are only an illustration and don't include income and management fees.

The current inheritance tax rules and tax treatment of AIM shares may change in the future. We strongly recommend that you discuss your financial arrangements with your tax adviser before investing, as the value of any tax reliefs available is subject to individual circumstances.

# Building wealth in a dynamic market

**Investing in AIM lets you take advantage of a dynamic market of growing businesses. Launched in 1995, it helps smaller companies attract the capital they need for expansion, and has an overall capitalisation of approximately £76.6bn.**

So far, over 4,000 innovative, entrepreneurial companies, representing many different countries and sectors, have raised more than £134.7bn on AIM. Today, there are just over 730 companies listed<sup>1</sup>. Many companies have left AIM due to being taken over, moving to another stock exchange, delisting as they no longer need to raise new investment, or they are failing as a business. However, there are many AIM-listed companies that are well-established, successful enterprises, and over a third have a market capitalisation of over £50m<sup>1</sup>.

As well as the potential IHT savings, investing in AIM offers you two other tax-saving benefits:

- There is no Stamp Duty Reserve Tax on purchases
- It's eligible for inclusion in Individual Savings Accounts (ISAs).

## **Making the most of your ISA allowance with our IHT portfolio**

If you would like to take advantage of the tax-free growth offered by ISAs, you can set up a Canaccord Genuity Wealth Management IHT portfolio ISA and top it up with your ISA allowance each year.

You can also transfer any existing ISA savings into your IHT portfolio ISA and add this year's allowance straight away.

An IHT portfolio ISA could be suitable for you if:

- Your ISA savings add up to more than the minimum £50,000 investment needed for our IHT portfolio
- You want to mitigate future tax on investment growth
- You are UK-based, for tax purposes
- You are comfortable with the mix of growth potential and risks offered by AIM investments
- You are willing to accept the higher risks associated with investing in AIM companies, have additional savings, and hold a range of investments elsewhere.

You should be aware that if you wish, you can transfer assets in your IHT portfolio ISA to another stocks and shares ISA manager in the future – as long as you follow their transfer process.

We operate a Flexible ISA where you can withdraw funds and replace them in your account in the same tax year, without affecting your annual allowance. This will affect your Business Relief holding period, so please discuss it with your adviser before going ahead.

<sup>1</sup> All AIM statistics compiled by the London Stock Exchange (30 April 2024).

**The current ISA regulations, inheritance tax rules and tax treatment of AIM shares may change in the future.**





# Achieving a strong performance

**Our long-standing IHT Portfolio Service launched in 2005. Now in our 19th successful year, we currently look after more than £650m<sup>2</sup> of funds on behalf of our clients.**

Our team has established a strong track record for delivering superior investment returns. We carry out our own research, and often meet the management of a company before recommending it. When choosing companies, we look for:

- Proven cash-generating business models
- Simple, scalable, unique businesses with leading market positions and experienced management teams

- Strong balance sheets and the ability to pay progressive dividends.

We also use in-depth analysis to assess a company's market position, check any barriers to entry and ensure it offers sustainable returns.

Canaccord Genuity Limited (CGL), one of our sister companies within the Canaccord Group, is a leading AIM adviser and broker, with a team of analysts, proprietary valuation models and research publications. We can share in their vast experience to increase our understanding of AIM-listed companies, and this helps us choose companies that we believe have the best potential for growth over time.

## Meet the team



Paul Parker is head of our IHT Portfolio Service team and specialises in AIM IHT portfolios. He has been with Canaccord Genuity since 2001, and has an in-depth understanding of managing funds for high net worth individuals, pensions, trusts and charities. He has been running IHT portfolios since 2006.

Paul is a Chartered Wealth Manager and Fellow of the Chartered Institute for Securities and Investment.



Natalie is an experienced UK smaller companies specialist and has been actively involved in the management and administration of AIM IHT portfolios since 2013. She joined Canaccord Genuity in 2017 and serves individuals and their wider families as well as Trust and pension accounts, and is experienced in dealing with the administration and distribution of estates. Natalie is a member of CGWM's UK Small Cap Stock Selection Committee and is an Associate of the CISI.



Jon Gould joined us when we acquired Punter Southall Wealth, where he led the AIM IHT Portfolio Service and broader UK equity offering. He is a CFA Charterholder with a Diploma in Professional Studies, and an Investment Management Certificate.

Jon is a Chartered Member of the CISI and in 2015 was named in Citywire's Top 30 under 30 Wealth Managers.

The graph below shows the success of our IHT Portfolio Service since it started in April 2005. As you can see, it has generated cumulative performance of approximately 395.5%, compared to approximately -12.2% for the FTSE AIM All-Share Index TR.

That represents exceptional value, which you and your heirs could benefit from. Please note that these figures

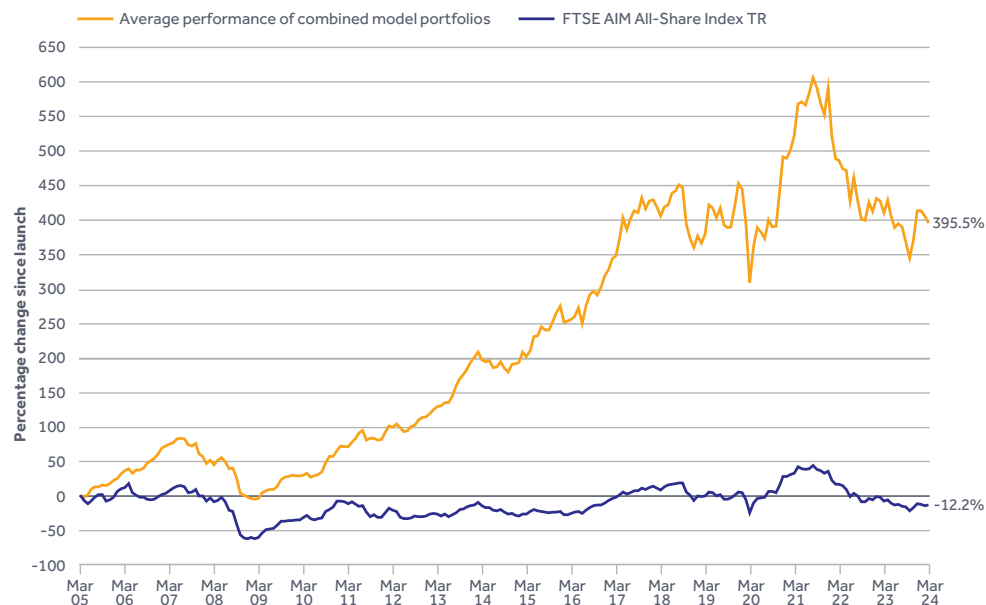
represent the performance of a model portfolio – your own account may not perform in the same way.

<sup>2</sup> As at 31 March 2024.

For peace of mind our process and portfolios are third-party reviewed by MICAP.



## IHT Portfolio Service performance



Source: CGWM, Adam & Company, Psigma Investment Management and Bloomberg. Performance from April 2005 to March 2024, gross of fees and charges.

The historic performance of the CGWM IHT service is derived from a combination of three legacy track records. Between April 2005 and April 2006 the illustrated performance entirely reflects the outcome of Adam & Company's 'ALPS' IHT service from its launch. CGWM launched its equivalent service on April 2006, after which point the illustrated performance track record is taken as 50% of the historic Adam & Company's service and 50% of the historic CGWM service. Punter Southall Wealth (PSW) launched their IHT service on November 2013. After this date the illustrated performance of the CGWM service comprises one third Adam & Company, one third CGWM and one third PSW.

CGWM acquired Adam & Company as at 1 October 2021 and acquired PSW as at 1 June 2022. The three services, which all have a strong overlap in their historic philosophies and processes, have adopted a common philosophy, process and service offering from 1 October 2022, after which point the illustrated performance track record reflects the outcome of that single offering. There are some minor differences in the performance calculation methodologies between the three historic services, but we are comfortable that the combined track record provides a clear, fair and not misleading indication of the typical client experience that would have been experienced over the long term.

**Past performance is not necessarily a guide to future performance. The value of investments and the income from them can go down as well as up, and you may not get back the amount originally invested. Performance is shown gross of fees. Annual management fee and transaction charges apply.**



# Keeping you in control

**With the IHT Portfolio Service, you are always in control of your assets.**

As we manage your portfolio on a discretionary basis, you are still the beneficial owner of the shares in your portfolio. There is no 'lock-in' period, so if your circumstances change at any time you can sell the shares at market prices, subject to liquidity.

Investments in AIM-listed companies may not be readily realisable and there is less liquidity in this market – so if you sell them immediately you might get back much less than you paid for them. The price may change quickly and it may go down as well as up.





## Keeping you in touch

Each time we trade any of the shares in your portfolio, we will send you a contract note, and we'll also give you quarterly formal valuations. Our online valuation system and mobile app give you secure access to your trading history and portfolio valuations 24/7.



# The IHT Portfolio Service journey

## Step 1

With your financial adviser's help, fill in our application and other account opening forms.

## Step 2

Once we have accepted your application and received your funds, we start to build your portfolio.

## Step 3

After two years, your IHT portfolio is eligible for IHT exemption.

## Step 4

When you die, your financial adviser or executor notifies us and asks for a portfolio valuation. We can also provide a formal probate portfolio valuation<sup>3</sup>.

## Step 5

Your executor sends details of your IHT portfolio account to HMRC.

## Step 6

HMRC reviews the details and confirms whether your account is eligible for exemption.

## Step 7

Your IHT portfolio value on the date you died is excluded from your estate's IHT liabilities.

<sup>3</sup>If you'd like to know our fees for this service, please ask your CGWM Investment Manager.

# About Canaccord Genuity Wealth Management

**Investing with Canaccord Genuity Wealth Management gives you access to a broad range of wealth management solutions. We have successfully grown our business and reputation over the years, and now, in the UK and Europe, our investment professionals manage and administer over £33.7bn of assets (as at 31 March 2024).**

We have enough size and scale to deliver experience and expertise, combined with a highly developed and up-to-date technical infrastructure. This provides efficient and effective wealth management, as well as economies of scale that allow us to be price competitive. At the same time we are small enough to provide a personal relationship-led service with direct access to our people and knowledge.

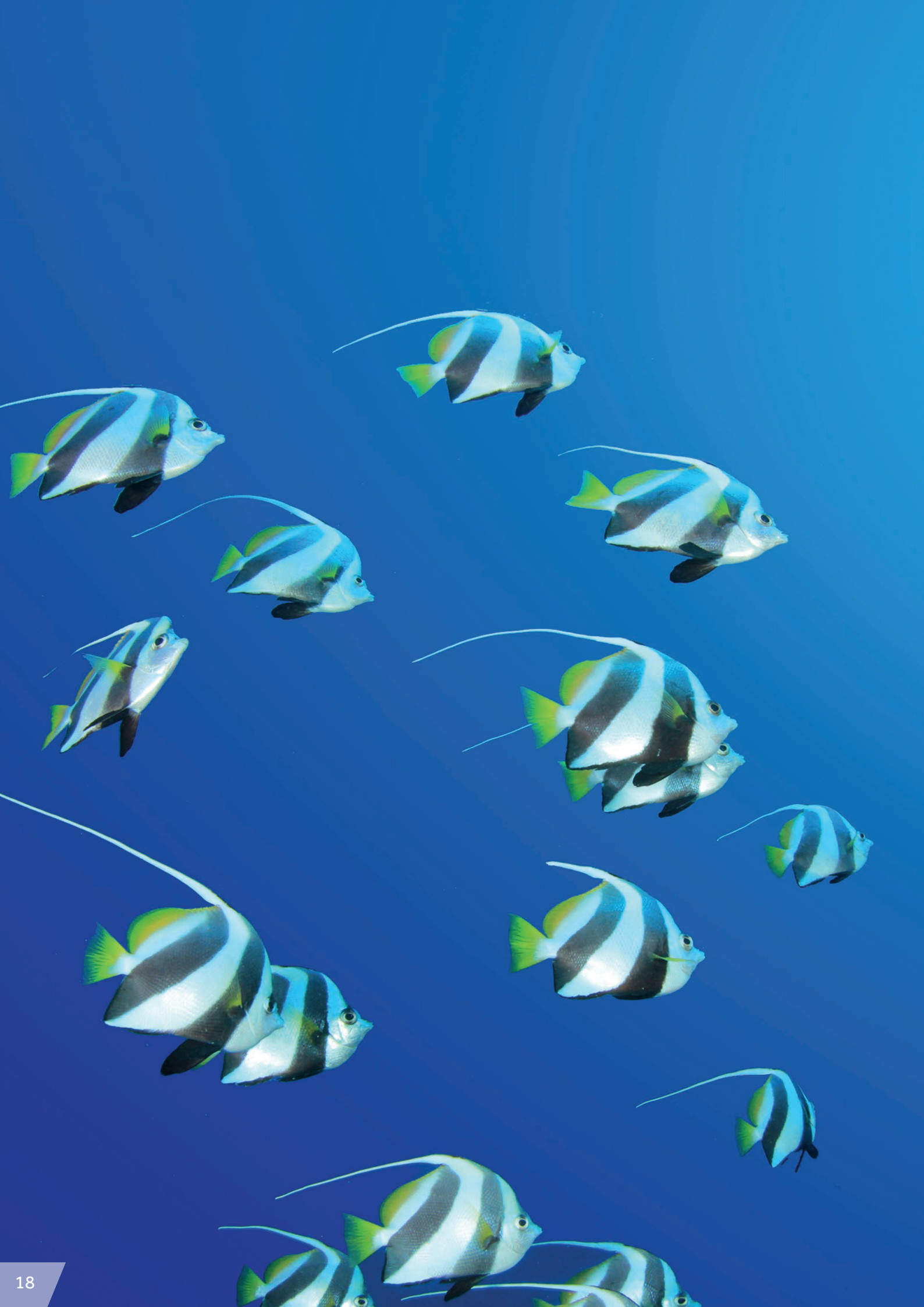
We are part of Canaccord Genuity Group Inc., a publicly traded company under the symbol CF on the Toronto Stock Exchange. Established in 1950, it is now a leading global financial services firm, operating in wealth management and capital markets.

The Group has offices in 10 countries, including wealth management offices in the UK, Channel Islands, Isle of Man, Canada and Australia. Canaccord Genuity, our international capital markets division, operates in North America, the UK and Europe, Asia, Australia and the Middle East.









# Discover our can-do approach

To find out more about how we go above and beyond to understand your investment needs, get in touch. We'll be delighted to answer your questions and explain how we will work with you to reduce your heirs' potential inheritance tax bill.

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## **Offices nationwide**

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**[canaccordgenuity.com /wealth-management-uk](http://canaccordgenuity.com/wealth-management-uk)**

## Important information

Investment involves risk. The investments discussed in this document may not be suitable for all investors. The value of investments and the income from them can go down as well as up, and investors may not get back the amount originally invested.

Specific risks of the IHT Portfolio Service investing in AIM-listed companies include the potential volatility and illiquidity associated with smaller capitalisation companies. There may be a wide spread between buying and selling prices for AIM-listed shares. If you have to sell these shares immediately you may not get back the full amount invested, due to the wide spread. AIM rules are less demanding than those of the official list of the London Stock Exchange, and companies listed on AIM carry a greater risk than a company with a full listing.

Inheritance tax rates and Business Relief rules are subject to change. In addition, you must be prepared to hold your shares in AIM-listed companies for a minimum of two years or these assets will be considered part of your estate in the IHT calculation.

The tax treatment of all investments depends on individual circumstances and may be subject to change. Investors should discuss their financial arrangements with their own tax adviser, as the value of any tax reliefs available is subject to individual circumstances. Levels and bases of taxation may change.

This document is for information purposes only and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This has no regard for the specific investment objectives, financial situation or needs of any specific investor.

Where investment is made in currencies other than the investor's base currency, the value of those investments, and any income from them, will be affected by movements in exchange rates. The effect may be unfavourable as well as favourable.

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CGWM does not make any warranties, express or implied, that the products, securities or services mentioned are available in your jurisdiction. Accordingly, if it is prohibited to advertise or make the products, securities or services available in your jurisdiction, or to you (by reason of nationality, residence or otherwise) such products, securities or services are not directed at you.

The IHT service was provided by Collins Stewart Wealth Management prior to Canaccord Genuity's acquisition of Collins Stewart Hawkpoint plc in March 2012. The products and services offered by CGWM in the UK may differ from those offered by other Canaccord Genuity Group Inc. offices.

