

The IW&I AIM Portfolio IHT Plan (the 'Plan') is a flexible solution to Inheritance Tax planning needs which can be effective after two years and offers the potential for capital growth through investment in shares quoted on the Alternative Investment Market of the London Stock Exchange (AIM).

With a track record stretching back to 2002, the Plan has a long history of generating capital returns for clients whilst reducing the risks of investing in this more lightly regulated market.

Our investment strategy over many years has been to establish well diversified client portfolios of up to 40 shares based on our Key List of companies, paying particular attention to the ability of the underlying businesses to withstand turbulence in their markets.

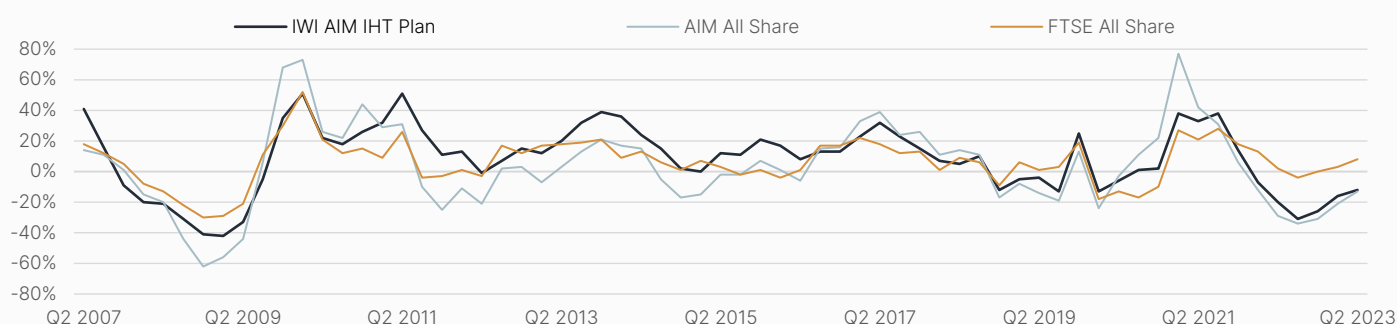
Performance update

Index	10 years to 30-Jun-2023	5 years to 30-Jun-2023	3 years to 30-Jun-2023	1 year to 30-Jun-2023	Year to Date	3 months to 30-Jun-2023
AIM Portfolio IHT clients (note)	70.5%	-16.5%	-7.0%	-12.3%	-7.6%	-1.9%
FTSE AIM All Share (total return)	23.8%	-25.9%	-11.5%	-12.5%	-8.5%	-6.3%
FTSE All Share (total return)	78.0%	16.5%	33.2%	7.9%	2.6%	-0.5%

Source: Factset as at 30th June 2023 and Investec Wealth & Investment Limited

Note: Average total return on all active client portfolios calculated on the net initial investment after all non-advisory IW&I charges.

Quarter on quarter annual returns

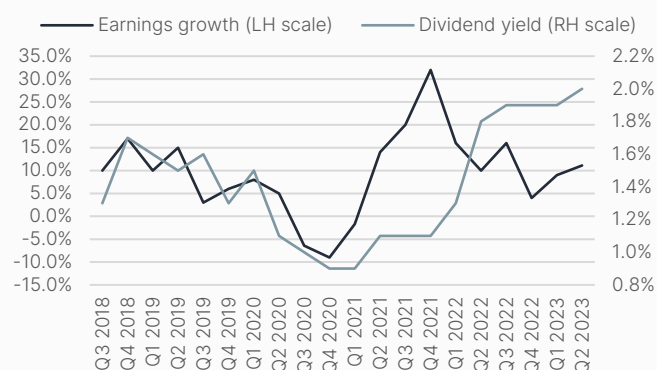


The chart above shows the average net return on Plan portfolios over the previous 12 months at the end of each quarter since 2007.

Source: Factset and Investec Wealth and Investment.

Investors should be aware that the value of portfolios can fall as well as rise and therefore there is a possibility of loss of the capital invested. Past performance should not be seen as an indication of future performance. This report relates only to clients who have invested in the IW&I AIM Portfolio IHT Plan.

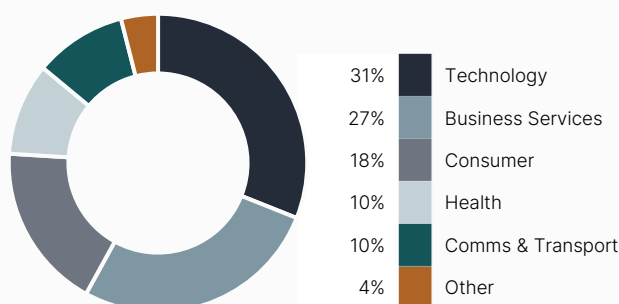
Earnings growth and dividend yield



The chart above shows the median growth in normalised earnings per share of portfolio companies reporting in each quarter for the last 5 years, together with the average dividend yield of all portfolio companies.

Source: Factset and Investec Wealth and Investment.

Portfolio sectors



Source: Factset

Performance commentary

The FTSE All-Share index returned -0.5% in the quarter to June as April's optimism gave way to increased concerns about the path of inflation and interest rates. In the US, by contrast, those concerns were outweighed by excitement about the potential of new AI technologies, which saw the S&P 500 return 8.7% in dollars and the NASDAQ Composite an extraordinary 13.1%. The main beneficiary of this excitement, chip maker NVIDIA, accounted for 30% of the total 12 month return of the entire S&P 500.

The AIM All-Share index was once again a victim of increased pessimism about the UK economy and a more general rotation out of riskier assets. For the quarter it fell by 6.3%, but on average our portfolios outperformed, returning -1.9%, with a range between the best and worst performing portfolios of +2.0% to -6.0%. Over 12 months our portfolios were on average down by 12.3% (ranging between -5.9% and -20.0%) against AIM at -12.5%. Best contributors to performance in the quarter were Volex, up 32% on positive trading news and an acquisition, Renew Holdings (+10%) and Cerillion (+15%). Biggest detractors were Keywords Studios (-34%), Learning Technologies (-36%) and RWS (-21%), all on their perceived vulnerability to disruption by new AI technologies, despite managements issuing rebuttals.

At the end of the quarter, the average p/e ratio valuation of the shares in our portfolios was 18.0, representing an 19% discount to the average over the last 10 years and falling below the average since inception in 2002 for the first time since June 2012. Average dividend yield at 2.0% is the highest for at least the last 10 years. That is despite trading results once again holding up well with median earnings growth of 11% from portfolio companies reporting in the period and 13 out of 17 increasing dividends.

Objectively there seems little doubt that UK shares, and AIM in particular, look like excellent value at the current levels. In the shorter term investor sentiment and the course of markets will depend on the unfolding narrative around inflation and interest rates, but our investment strategy will continue to focus on high quality businesses with the ability to keep growing earnings and generating value for holders over the medium term. When combined with the IHT incentive available on qualifying shares, we believe that this remains an attractive proposition.

Some key performance statistics

Average portfolio company p/e ratio	18.0
Average since 2002	18.3
Average market capitalisation	£440m
Average dividend yield	1.98%
Plan funds under management	£652m
Estimated total return since inception in 2002	402.2%

The IW&I AIM Division is a dedicated team focusing solely on investing AIM portfolios for clients.



Simon Cleaver - Divisional Director

Background/experience

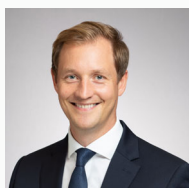
After starting his career with RBS, Simon went on to study for an MBA at Manchester Business School, graduating in 1993. Since then his experience has included venture capital with 3i Group and YFM Equity Partners, a Senior Analyst role in the Small-Cap team at institutional broker Charterhouse plc, and a number of years as regional manager for the London Stock Exchange in the North West. Whilst at YFM he managed AIM portfolios for the British Smaller Companies venture capital trusts, and joined Investec in 2014. Simon is a Chartered Fellow of the CISI and a qualified kayak coach.



Mark Northover - Senior Investment Director

Background/experience

Mark's career started with stockbrokers Greenwell Montagu and he joined Brewin Dolphin in 1995. Whilst there he launched their Reinvestment Relief product, subsequently joining Williams de Broe in 2005 where he established their IHT service. He joined the IW&I team in 2011 on Investec's takeover of Williams de Broe. Mark holds the Chartered FCSI qualification and is a keen cyclist in his spare time.



Adam Greaves - Senior Investment Director

Background/experience

Adam has worked in the financial services industry for over 10 years, qualifying as a Chartered Accountant at Ernst & Young before transitioning to Investment Management at Brooks Macdonald where he qualified as a Chartered Wealth Manager. After relocating back to the UK from Jersey, Adam joined Rathbones where he worked in a team of four investment professionals managing client portfolios totalling in excess of £1bn. He was responsible for managing asset selection and allocation in client portfolios as well as focussing on new business. He joined the IW&I AIM Division in 2019.

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