



AIM Portfolio IHT Plan Q1 2019 Report

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.

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.

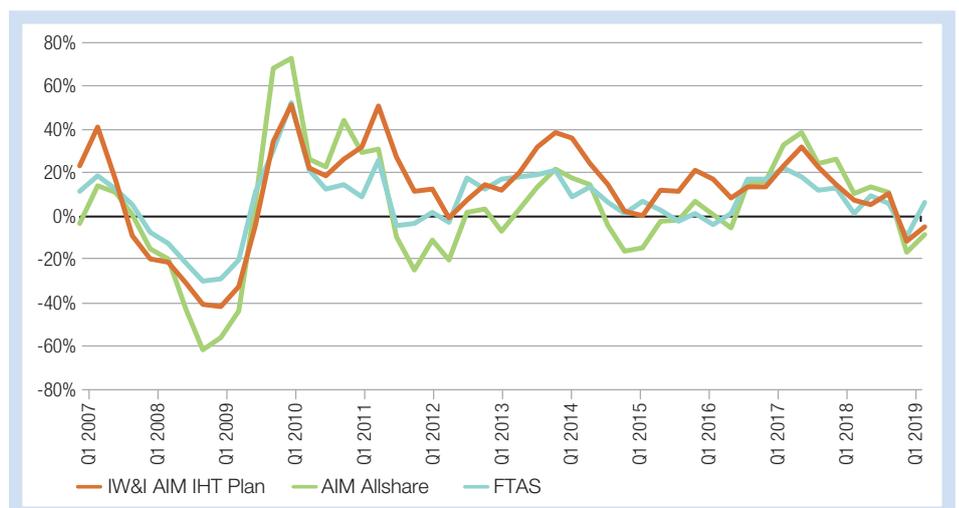
Performance update

Index	10 years to 31 Mar 2019	5 years to 31 Mar 2019	3 years to 31 Mar 2019	1 year to 31 Mar 2019	Year to date	3 months to 31 Mar 2019
AIM Portfolio IHT clients	394.5%	47.0%	26.0%	-5.2%	6.5%	6.5%
FTSE AIM All Share (total return)	148.8%	15.3%	34.4%	-8.5%	7.0%	7.0%
FTSE All Share (total return)	186.8%	34.5%	31.3%	6.4%	9.4%	9.4%

Source: Factset as at 31 March 2019 and Investec Wealth & Investment Limited

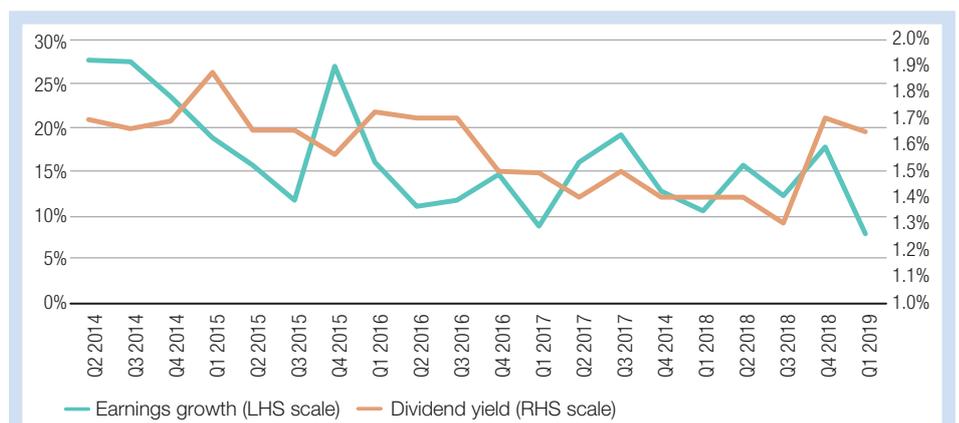
Note: Average total return on all active client portfolios calculated on the net initial investment after all IW&I initial and ongoing charges.

Quarter on Quarter annual returns



The chart above shows the average net total return on Plan Portfolios over the previous 12 months at the end of each quarter since 2007. Source: Factset and Investec Wealth and Investment.

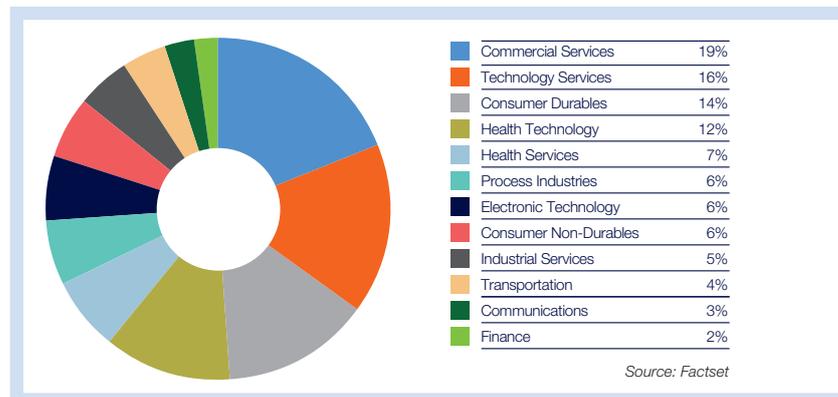
Earnings growth and dividend yield



The chart above shows the average 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.

The IW&I AIM investment team has over 100 years combined experience of investing in smaller companies. They focus exclusively on the management of AIM IHT Portfolios.

Portfolio Sectors



Introducing Barry Anysz

Divisional Director



Background/ experience

Barry started his career in 1971 with 3i, which was then the largest provider of equity capital to private companies in the UK. In 1983 he set up Capital for Companies Ltd, which focused on providing equity capital to private companies. In 1998 it was acquired by BWD Securities plc (now Investec Wealth & Investment Ltd) where he was a director from 1988 to 2005. From 1996 to 2016 Barry was a director of Rensburg AIM VCT plc, a listed venture capital trust specialising in AIM company investments. He has been involved in the Plan since its inception in 2002.

Performance commentary

The first 3 months of 2019 saw share prices recover from the falls of the previous quarter, as markets decided that the pessimism about trade, interest rates and geopolitics which had taken hold late in 2018 was overdone.

Our client portfolios on average gained 6.5% in the quarter with a range between 12.9% and -0.5%, although for 12 months the average return was still negative at -5.2%, with individual portfolios returning between +3.6% and -13.8%. Having fallen by less than the FTSE AIM All-Share index in the final quarter of last year, the recovery in our client portfolios in Q1 was on average less strong than the benchmark, but we nevertheless saw particularly impressive contributions from Gamma Communications, M&C Saatchi and Churchill China, all up over 30%.

Less positively, the impact of the Patisserie Holdings bankruptcy impacted portfolios in the quarter as the shares were delisted, and both Wynnstay and Finsbury Foods suffered on Brexit and commodity pricing concerns.

Looking forward, although the Brexit process continues to rumble on inconclusively, some of the concerns investors were voicing last year have lessened and share prices in general have continued to recover. The average price/earnings ratio of our Key List companies at 18.8x at the end of the quarter was lower than for almost 3 years (Q4 2018 aside), so valuations at the time of writing are more attractive than they have been for some time.

Our robust investment process, which focuses on the ability of investee companies to withstand market turbulence, together with the attractive tax incentive available through Business Relief makes the Plan in our view an attractive proposition for longer term investors.

Some key performance statistics

Average portfolio company p/e ratio (31st March 2019)	18.8x
Average since 2002	16.7x
Highest	23.8 (Q3 2018)
Lowest	6.3 (Q1 2009)
Average market capitalisation	£428m
Average dividend yield	1.7%
Plan funds under management	£534m
Estimated total return since inception in 2002	424%

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The value of any tax benefits will be dependent on individual circumstances.

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