

# AIM Portfolio IHT Plan

## Q2 2020 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.

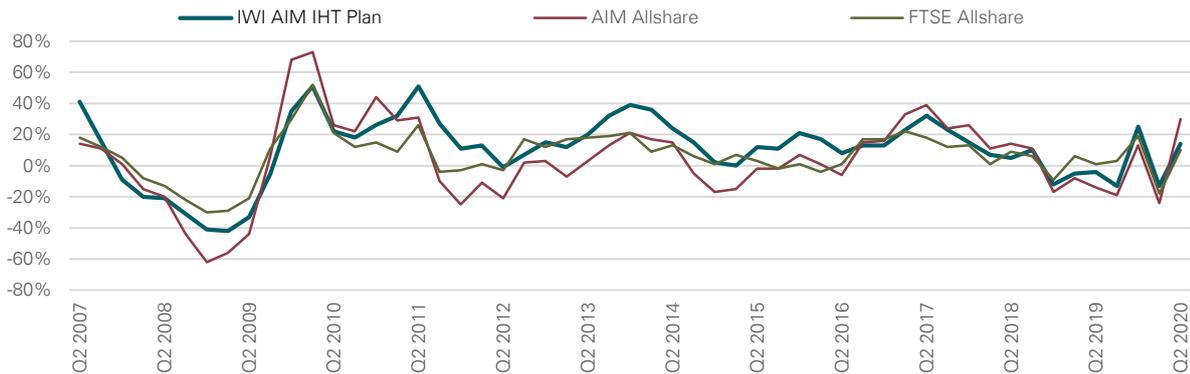
### Performance update

Index	10 years to 30-Jun-2020	5 years to 30-Jun-2020	3 years to 30-Jun-2020	1 year to 30-Jun-2020	Year to Date	3 months to 30-Jun-2020
AIM Portfolio IHT clients (note)	229.9%	34.2%	-5.4%	-6.2%	-15.5%	13.6%
FTSE AIM All Share (total return)	49.5%	25.1%	-5.0%	-2.8%	-7.4%	29.7%
FTSE All Share (total return)	91.8%	15.2%	-4.6%	-13.0%	-17.5%	10.2%

Source: Factset as at 30th June 2020 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

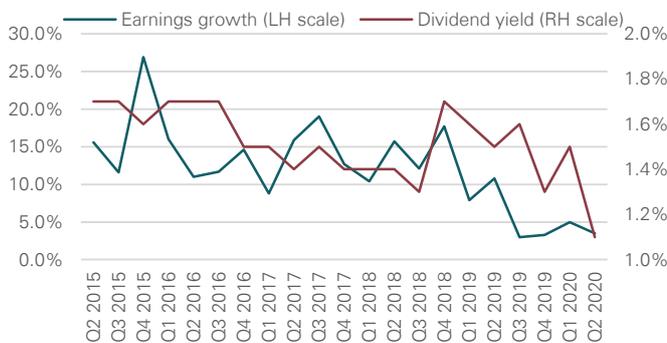
### Quarter on Quarter annual returns



The chart above shows the average net 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

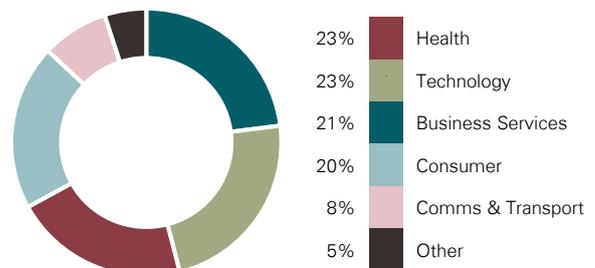


Source: Factset

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.

### Portfolio Sectors



## Performance commentary

As lockdown measures intended to control the spread of the Coronavirus pandemic ease, its effect on businesses and the economy is starting to become clearer. The measures taken to mitigate the worst economic and social effects of the virus seem to have been effective, although we are now starting to see meaningful job losses as state support is gradually withdrawn. Equity markets rebounded strongly in the quarter to June, and AIM in particular showed its increasing maturity, as it continued to function as both a market for shares to be traded and as an effective means for companies to raise capital. 7 of our portfolio companies raised nearly £600m during the quarter, and AIM as a whole saw £2.8bn in capital raised in further issues during the first six months.

On average our portfolios gained 13.6% in the quarter, with the best and worst performing returning 16.5% and 10.4% respectively; on average they are down by 15.5% since December. This is ahead of the FTSE All Share index, which returned 10.2% in the quarter, leaving it -17.5% on the year so far. Despite outperforming the AIM All Share index last quarter we were behind the extraordinary 29.7% gain it registered in the three months to June, leaving it -7.4% since December. This was driven largely by the internet fashion retailers Boohoo and ASOS, now the two largest companies on AIM by market capitalisation. Boohoo was up 120% and ASOS by nearly 200% in the quarter; neither meet our investment criteria and have historically been very volatile, so are not included in our portfolios. On a 12 month basis, our average portfolio return was -6.2%, with a range between -0.1% and -12.8%, compared to AIM at -2.8% and the FTSE All Share at -13.0%.

Whilst the last four months have been a stern test of investment strategy and processes, we continue to believe that a policy of investing in robust, high quality AIM businesses will provide good returns in the medium to longer term, particularly when the Inheritance Tax benefits are factored in.

### Some key performance statistics

Average portfolio company p/e ratio	22.4
Average since 2002	17.0
Previous highest	25.0 (Q4 2019)
Lowest	6.3 (Q1 2009)
Average market capitalisation	£558m
Average dividend yield	1.07%
Plan funds under management	£549m
Estimated total return since inception in 2002	417%

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

## Introducing



### 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 take over of Williams de Broe. Mark holds the Chartered FCSI qualification and is a keen cyclist in his spare time.



### Adam Greaves - 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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