

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.

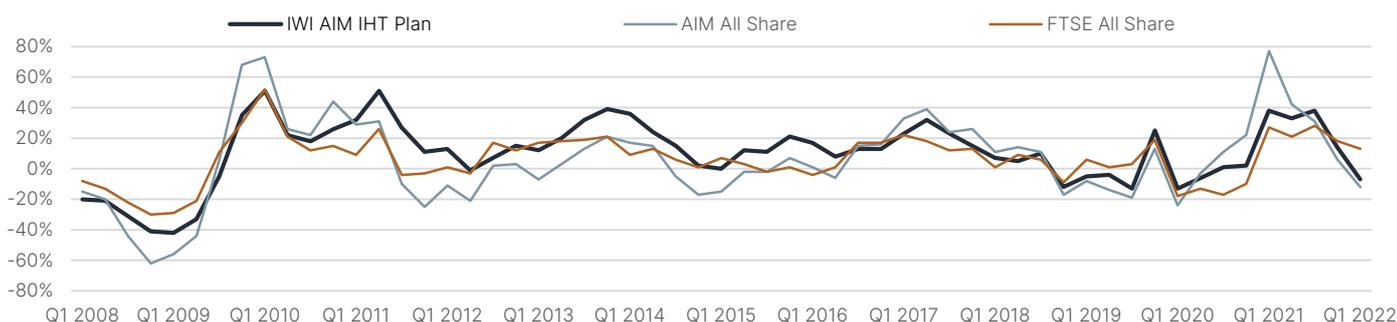
Performance update

Index	10 years to 31-Mar-2022	5 years to 31-Mar-2022	3 years to 31-Mar-2022	1 year to 31-Mar-2022	3 months to 31-Mar-2022
AIM Portfolio IHT clients (note)	146.7%	14.1%	12.0%	-6.8%	-17.0%
FTSE AIM All Share (total return)	47.3%	18.8%	17.4%	-12.1%	-14.2%
FTSE All Share (total return)	99.6%	25.8%	16.8%	13.0%	0.5%

Source: Factset as at 31st March 2022 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

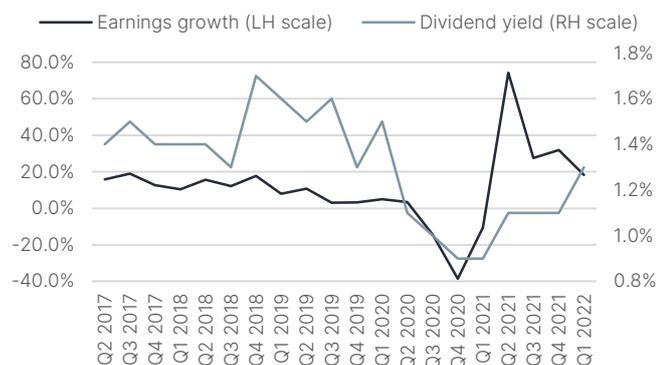


The chart above shows the average net return on Plan portfolios over the previous 12 months at the end of each quarter since 2007.

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.

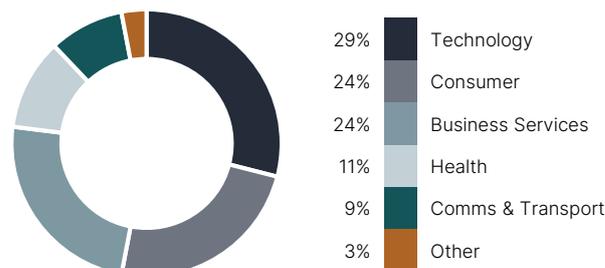
Earnings growth and dividend yield



The chart above shows the 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



Source: Factset

Performance commentary

The first quarter of 2022 proved to be exceptionally turbulent in geopolitical terms and that was reflected in the performance of benchmarks as well as our portfolios. The prospect of rising inflation and accompanying higher interest rates drove a reduction in investors' appetite for growth stocks in the opening two months of the quarter, and then the shock of Russia's invasion of Ukraine in late February and the implications for energy and raw materials provoked a further shift into the relative safety of natural resources, pharmaceutical and financial stocks. Being relatively well-endowed with these, the FTSE All Share index showed a 0.5% positive return in the quarter, whereas the S&P 500 and the NASDAQ were down 5.2% and 8.8% in dollar terms respectively, despite the US being relatively insulated from the effects of the invasion. As might be expected, AIM was even harder hit, with the All Share index losing 14.2% in the quarter, resulting in a minus 12.1% return for the twelve months to March.

Our portfolios on average were down 6.8% over 12 months, with the best and worst performances from individual portfolios showing +2.2% and -13.0% respectively. In the quarter to March our portfolios suffered relatively from our lack of exposure to non-qualifying energy and minerals stocks and the resurgence of the alternative energy sector as the news from Ukraine impacted, returning an average of -17.0% with a range between -14.1% and -20.5%. Perhaps unsurprisingly, a number of our companies commented on the effects of increased input and wage costs looking forward, and the market's reaction to even a mild slowdown in growth prospects was severe even when reported results were in line with expectations. The biggest detractors from portfolio performance were RWS, DotDigital and Renew Holdings, although we saw positive contributions from Alliance Pharma and Lok'nStore.

Average earnings growth from the 27 portfolio companies reporting results in the quarter was 18% and all except one had reinstated or were continuing to pay dividends. Management comments have taken on a note of uncertainty given the geopolitical and economic outlook, but on the other hand the average earnings based valuation of our portfolio companies has fallen to its lowest since September 2020. As ever, we continue to believe that well diversified portfolios of shares in high quality businesses will continue to generate good returns over the medium term, particularly when the tax benefits are factored in.

Some key performance statistics

Average portfolio company p/e ratio	25.6
Average since 2002	18.2
Average market capitalisation	£633m
Average dividend yield	1.34%
Plan funds under management	£715m
Estimated total return since inception in 2002	486%

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 - 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.

The information in this document is for private circulation and is believed to be correct but cannot be guaranteed. Opinions, interpretations and conclusions represent our judgement as of this date and are subject to change. The Company and its related Companies, directors, employees and clients may have a position or engage in transactions in any of the securities mentioned. The AIM Portfolio IHT Plan should be regarded as a higher risk, long-term investment and the value of shares purchased and any income derived may go down as well as up and investors may not get back the full amount invested. Past performance is not a guide to future performance. AIM company shares tend to be relatively illiquid and therefore may be difficult to deal or obtain reliable information as to the value and the risks to which the shares are exposed. The information contained in this publication does not constitute a personal recommendation and the investment or investment services referred to may not be suitable for all investors; therefore we strongly recommend you consult your Professional Adviser before taking any action. The information contained in this report relates only to portfolios managed under the IW&I AIM Portfolio IHT Plan and not to any other IHT service managed by IW&I.

All references to taxation are based on current levels, practices and our interpretation of tax legislation which may be subject to change.

The value of any tax benefits will be dependent on individual circumstances. © Investec Wealth & Investment Limited. Reproduction prohibited without permission.

investecwin.co.uk

Member firm of the London Stock Exchange.
Authorised and regulated by the Financial Conduct Authority.
Investec Wealth & Investment Limited is registered in England.
Registered No. 2122340. Registered Office: 30 Gresham Street, London, EC2V 7QN.

IWI059

