

# AIM IHT update Q1 24

30<sup>th</sup> April 2024



This presentation is intended for professional advisers only.  
Our AIM IHT service is a high risk, long-term investment.

# Investec AIM IHT Plan highlights

**5.5%**

Strong return  
performance

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The Plan has 21-year track record of strong performance. The average net 12 month return each quarter over the last 10 years

**75%**

of the risk of the market  
over 10 years

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The standard deviation (volatility) of our annual returns taken every quarter since 2012 is c25% less than that of the AIM All Share index

**£671m**

leading proposition  
in AIM

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The second largest AIM IHT provider by assets under management\*\*

Source: IW&I as at 31 March 2024

\*The market is the FTSE AIM ALL Share TR index.

\*\*When including Rathbones STPS assets

# Our philosophy

Investing in Quality	AIM IHT plan	FTSE AIM Allshare*	Relative
Gross Margin	44%	21%	23%
Return on Capital Employed	17%	11%	6%
FCF yield	6.1%	6.1%	0.0%
Cash conversion	73%	60%	13%
Interest expense / EBITDA	5%	9%	-3%

\*Notes to calculations

FTSE AIM Allshare exclude companies <£100m market cap, and financials

Return on capital employed is calculated by EBIT / Shareholder Eq + Long term liabilities

Cash conversion = FCF / EBITDA

Interest expense / EBITDA gives a weighted interest expense over total weighted EBITDA generated.

Source of data: Factset, obtained 31 March 2024

- Experienced management team
- 5 years trading and quoted for at least a year
- Distinctive capabilities
- Proven financial track record with dividends
- Sound balance sheet with low finance risk
- Potential catalyst for trading step-change
- Liquidity in the shares

# Update on AIM plan Q1 24



# AIM Portfolio IHT plan Q1 24

## Performance against benchmarks (total returns)

Period / benchmark	10 yrs	5 yrs	3 yrs	1 yr	Q1 24
IHT Planner clients	38.5%	-5.0%	-20.9%	1.5%	-3.4%
FTSE AIM All Share	-0.1%	-13.3%	-35.1%	-6.3%	-2.3%
FTSE All Share	75.3%	30.3%	26.1%	8.4%	3.6%

✓ IW&I calculates performance based on actual average client returns after all our fees

✓ Comparison with modelled or sampled returns can be misleading

✓ Average dividend yield over last five years 1.5%

# AIM IHT market drivers Q1 24

## IW&I - Top Overall Contributors

EPIC	Stock name	Weighting	Performance	Contribution	Index weighting	Index contribution	Difference
MTW-LON	Mattioli Woods plc	2.89%	28.78%	0.83%	0.42%	0.12%	0.71%
CRW-LON	Craneware plc	1.65%	25.71%	0.42%	0.82%	0.21%	0.21%
AT-LON	Ashtead Technology Holdings PLC	2.43%	23.78%	0.58%	0.65%	0.16%	0.42%
GAMA-LON	Gamma Communications PLC	3.90%	21.49%	0.84%	1.46%	0.31%	0.52%
FEVR-LON	Fevertree Drinks PLC	1.38%	14.49%	0.20%	1.63%	0.24%	-0.04%
				<b>2.87%</b>		<b>1.04%</b>	<b>1.83%</b>

## AIM All Share - Top contributors

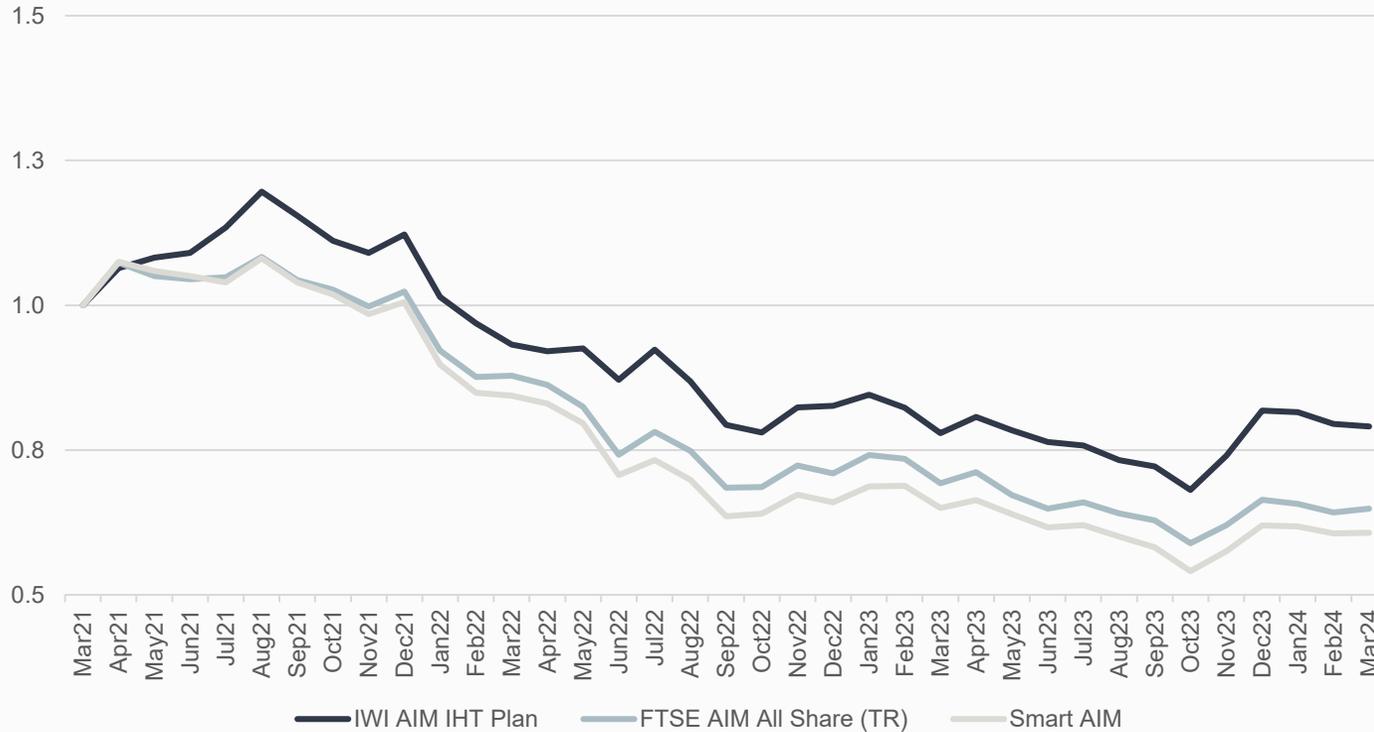
EPIC	Stock name	Weighting	Performance	Contribution	Plan contribution	Difference
JET2-LON	Jet2 PLC	3.6%	15.45%	0.55%	0.00%	0.55%
GAMA-LON	Gamma Communications PLC	1.5%	21.49%	0.31%	0.84%	-0.52%
FEVR-LON	Fevertree Drinks PLC	1.6%	14.49%	0.24%	0.20%	0.04%
SRC-LON	SigmaRoc Plc	0.8%	27.34%	0.22%	0.00%	0.22%
CRW-LON	Craneware plc	0.8%	25.71%	0.21%	0.42%	-0.21%
				<b>1.53%</b>		<b>0.07%</b>

\*Source: IW&I, Factset

- Mattioli Woods has been the best absolute performer for the AIM IHT plan contributing 83bps, following the bid by PE.
- Craneware also performed well with absolute performance up over 25% adding 42 bps.
- Top 5 active alpha of over 180bps
- Not owning Jet2 and Sigmaroc hurt us in the quarter, both performed strongly. Jet2 is largest constituent of index

# Smart Indices

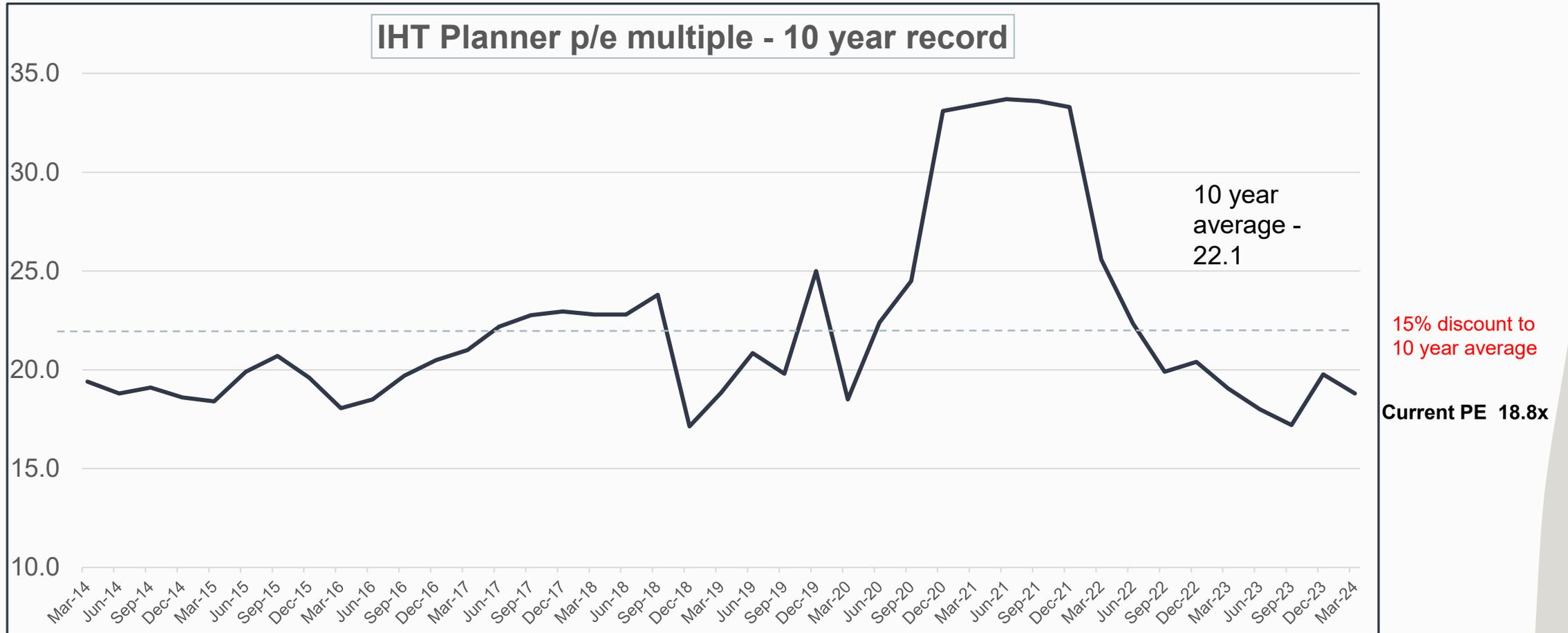
Internal Indices - Cumulative Performance since 31/03/21



- IW&I using our strict philosophy emphasises that our quality continues to outperform
- Smart AIM – AIM All Share with companies that we believe would not qualify for BR screened out.
- Non-qualifying stocks driving performance in the AIM market since the end of 2021.

Source: IW&I & Factset as at 30th September 2023 – not approved for external distribution.

# AIM IHT Plan company valuations



Source: Factset and Investec Wealth and Investment

# Long term returns record

## Performance against benchmarks (total returns)

Average annual return			
	IW&I AIM IHT	AIM Allshare	FTAS
Since Q1 2007	7.9%	2.7%	6.6%
Last 10 yrs	5.5%	3.0%	6.2%
Last 5 yrs	-0.5%	-1.0%	5.6%

Standard deviation (volatility) of annual return			
	IW&I AIM IHT	AIM Allshare	FTAS
Since Q1 2007	21.3%	26.6%	14.4%
Last 10 yrs	16.8%	22.4%	11.0%
Last 5 yrs	19.7%	26.9%	13.3%

Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns.  
Source: IW&I as at 31 March 2024.

# Power of the 40% IHT tax break

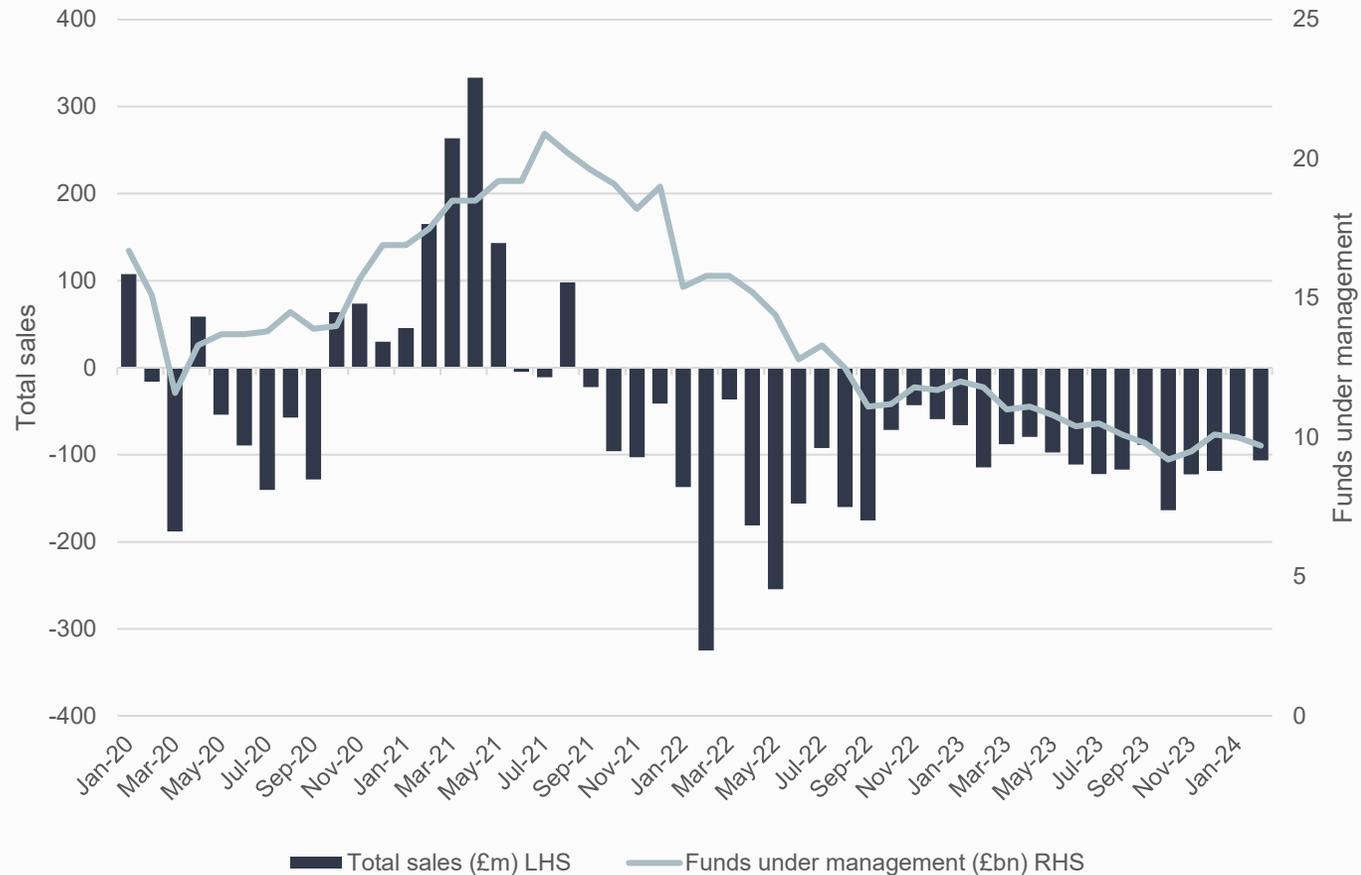


- ✓ Post Global financial Crisis, haven't seen any rolling 2 year period which has been below the 40% IHT tax saving
- ✓ Still continues to achieve goal of passing more assets on to beneficiaries
- ✓ Since August 21, the market has struggled with high inflation and rising interest rates.

Source: IW&I as at 31 March 2024

# Fund flows drive returns!

## UK Smaller Companies



One of the main reasons why AIM stocks have underperformed other indices over the past few years.

30 months of redemptions from the UK Smaller Companies space

# Why AIM/Smaller companies now?

Valuation remains attractive

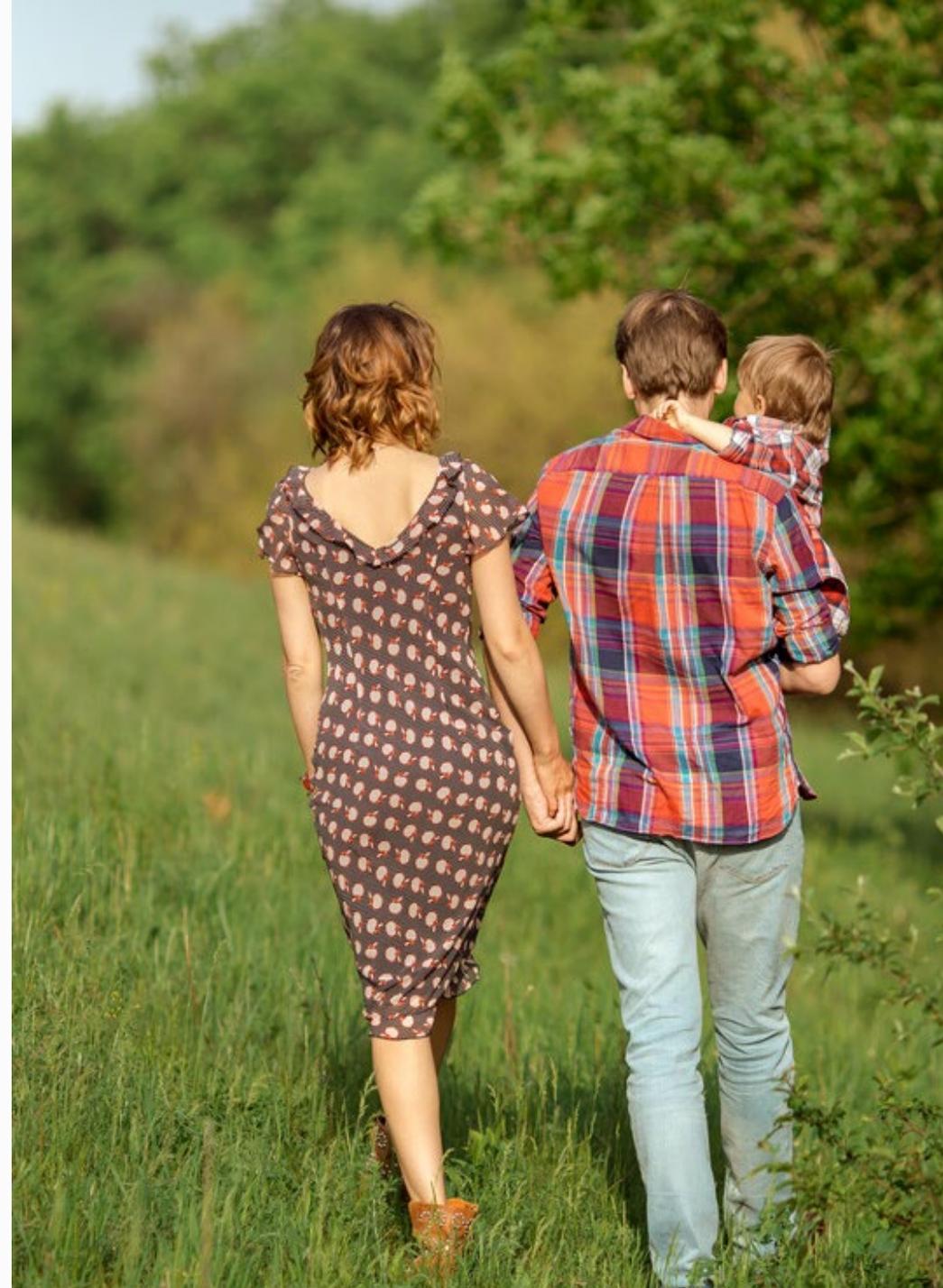
M&A is prevalent, 2023 was an active year for PE/Overseas buyers of UK small cap

Declining inflation and downwards route of travel for interest rates

Regulatory changes / UK smallers are significant employers and need support

Marginal buyer coming back to the market, recent buyers have been the companies themselves.

Spring budget introducing - GB ISA and Pension UK equity holdings disclosure to promote UK PLC investment.



Thank you

Please note that the value of investments and the income derived from them may fluctuate and investors may not receive back the amount originally invested. Past performance of an investment is no guide to its performance in the future.

Current tax levels and reliefs may change and the investments and investment services referred to may not be suitable for all investors.

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