

1st Quarter 2024

Characteristics

Launch date	April 2005
Minimum investment	£50,000
Via platforms	£10,000

Key Data

Average market capitalisation	£690 million
Average profit before tax	£53 million
Average price-earnings ratio	15.8x
Average yield	2.2%

Glossary

Market capitalisation: is the total value of a publicly traded company's outstanding common shares owned by stockholders.

Price-earnings ratio: is the ratio of a company's share (stock) price to the company's earnings per share. The ratio is used for valuing companies and to find out whether they are overvalued or undervalued.

Annualised volatility: risk is measured by the variability of performance. The higher the standard deviation, the greater the variability (and therefore the risk) of the Fund or the index.

Maximum historic loss: is the maximum loss from peak to trough in an investment's history. The figures are indicative and will depend on circumstance.

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The value of investments and any income from them can go down as well as up and you may not get back the amount originally invested.

Past performance is not a guide to future performance.

Levels and bases for taxation may change.

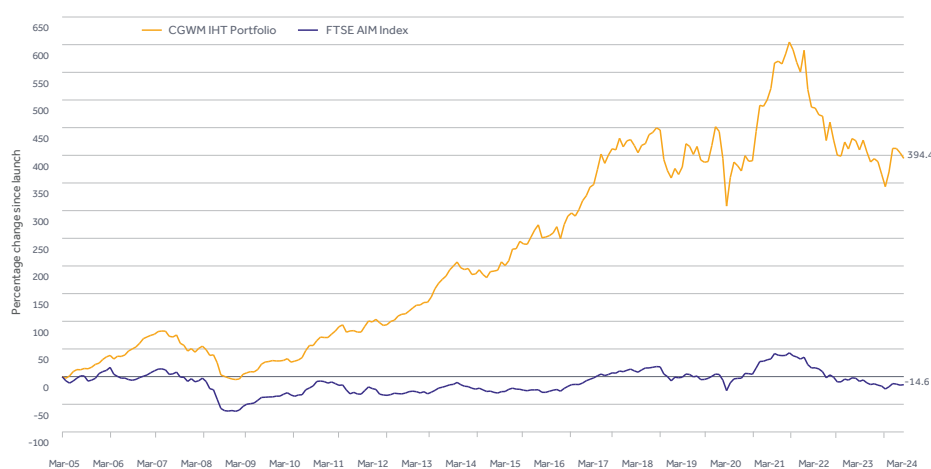
Figures represent the performance of a model portfolio, investors should note that individual account performance may differ.

IHT Model Portfolio

Investment objective

The Canaccord Genuity Wealth Management (CGWM) Inheritance Tax Portfolio Service is designed to reduce a potential inheritance tax liability by investing on the Alternative Investment Market (AIM) of the LSE and was launched on 19 June 1995. The current inheritance tax rules and tax treatment of AIM shares may change in the future. Clients should discuss their financial arrangements with their own tax adviser before applying as the value of any tax reliefs available is subject to individual circumstances.

Performance since inception (01/04/2005)



Past performance is not a guide to future performance.

Discrete performance (%)

Total return to end of last calendar quarter 31/03/2024.

	2024	2023	2022	2021	2020	2019	2018
YTD*							
IHT Portfolio	-3.5	+0.3	-25.9	+16.9	+7.0	+20.2	-12.7
FTSE AIM All-Share Index Total Return	-2.3	-6.4	-30.7	+6.1	+21.7	+13.3	-17.1

* 2024 YTD is data for year to date from 01 January 2024 to 31 March 2024

Cumulative performance (%)

Total return from inception to 31/03/2024.

	3 Months	1 Year	3 Years	5 Years	Inception to date (01/04/2005)
IHT Portfolio	-3.5	-3.0	-20.3	+3.2	+394.4
FTSE AIM All-Share Index Total Return	-2.3	-6.3	-35.1	-13.3	-14.6

Risk and volatility since inception (%)

	IHT Model	AIM All-Share
Annualised volatility	+14.7%	+19.4%
Peak to trough loss	-48.1%	-68.0%

Source: Canaccord Genuity Wealth Management (CGWM). Total return, gross of fees and charges.

The historic performance of the CGWM IHT Portfolio Service is derived from a combination of three legacy track records. Between April 2005 and April 2006 the illustrated performance entirely reflects the outcome of Adam & Company's 'ALPS' IHT service from its launch. CGWM launched its equivalent service in April 2006, after which point the illustrated performance track record is taken as 50% of the historic Adam & Company service and 50% of the historic CGWM service. Punter Southall Wealth launched their IHT service in November 2013. After this date the illustrated performance of the CGWM service comprises 1/3 Adam & Company, 1/3 CGWM and 1/3 Punter Southall Wealth. CGWM acquired Adam & Co as at 1 October 2021 and acquired Punter Southall Wealth as at 1 June 2022. The three services, which all have a strong overlap in their historic philosophies and processes, have adopted a common philosophy and process and service offering from 1 October 2022, after which point the illustrated performance track record reflects the outcome of that single offering. There are some minor differences in the performance calculation methodologies between the three historic services, but we are comfortable that the combined track record provides a clear, fair and not misleading indication of the typical client experience that would have been experienced over the long term.



Specific risks of the IHT portfolio service investing in AIM-listed companies include the potential volatility and illiquidity associated with smaller capitalisation companies. There may be a wide spread between buying and selling prices for AIM-listed shares. If investors have to sell these shares immediately they may not get back the full amount invested, due to the wide spread. AIM rules are less demanding than those of the official list of the London Stock Exchange, and companies listed on AIM carry a greater risk than a company with a full listing. The current inheritance tax rules and tax treatment of AIM shares may change in the future. In addition, investors must be prepared to hold their shares in AIM-listed companies for a minimum of two years or these assets will be considered part of their estate in the IHT calculation.

Investment involves risk.

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IHT Portfolio suggested asset allocation (%)



	Model
Industrials	35.6
Health Care	13.9
Information Technology	19.0
Financials	8.9
Communication Services	9.8
Consumer Staples	5.6
Consumer Discretionary	3.5
Real Estate	0.8
Cash	3.0

Top 10 holdings (%)

Renew Holdings	6.6
Craneware	5.7
Gamma Communications	5.3
Johnson Service	4.8
Smart Metering	4.8
YouGov	4.6
Alpha Group International	4.5
Judges Scientific	4.2
James Halstead	3.9
Idox	3.9

Top ten holdings excluding cash

Source: CGWM

Portfolio Manager commentary

In the first quarter of 2024, the Canaccord Genuity AIM portfolio decreased by 3.5% against the FTSE AIM Index which fell 2.3% and the FTSE All-Share Index which rose by 3.6%. Over the long term the performance of the portfolio remains significantly ahead of the AIM and FTSE All-Share indices reassuring us that our methodology continues to meet its' objectives.

After the strong performance of AIM in the final quarter of 2023, the last three months have been rather lacklustre, with markets trading sideways, seeking direction. The positive momentum witnessed last year was due to the widespread belief that interest rates had peaked, and that the next move would be down. We now appear to be in a waiting game, analysing every Office of National Statistics inflation announcement to predict when the first cut may occur.

February's inflation figure was 3.4%, slightly ahead of forecasts, and we anticipate that April's number might approach the Bank of England's 2% target, as the energy price-rises we witnessed last year fall out of the calculation. Markets are now predicting that the first interest rate cut will come in June, and a further two cuts will be made before the end of the year, taking rates to 4.5%. This should give AIM a boost, as smaller companies tend to be more sensitive to inflation and interest rates.

The Chancellor's announcement about a new British ISA tax allowance during the Spring Budget could indicate a further potential boost for AIM. This will offer investors the opportunity to invest an additional £5,000 into 'UK assets' on top of the current £20,000 tax-free allowance available. The government has opened a consultation process until 6 June, after which we should hear how this will be implemented.

As previously highlighted, AIM continues to exhibit several attractive long-term characteristics. It is trading at a significant share price-to-earnings ratio discount* compared to its long-term average. Merger and acquisition activity remains elevated within the portfolio, and yet another company has received a takeover offer – which is often an indicator that the market is undervalued. We are also continuing to see several companies purchase their own shares in the market, as they believe their share price is too low.

With this in mind, and due to our investment philosophy focused on profitable companies with strong cash generation and solid balance sheets, we are confident that our investment approach will help to mitigate the effects of this turbulence over the longer term.

*See glossary on page 1