

Protecting your wealth for  
**future  
generations**



# Securing your family's inheritance

Investors wishing to use the Inheritance Tax (IHT) Portfolio Service from Canaccord Genuity Wealth Management can now invest with preferential terms through the Novia platform.

**One of the most important aspects of estate planning is to make sure your family, friends and favourite causes inherit as much of your wealth as possible.**

When someone dies, Inheritance Tax (IHT) becomes due on the value of their assets. This includes cash, savings, investments, their home and other properties, their car, valuables like jewellery or art, and payments from life insurance policies not held in trust.

The IHT rate is 40%. It's due on anything above the inheritance tax threshold, which is currently £325,000. Although this could change in the future, it's been the same since 2010/11 and is expected to stay frozen until at least 2019.

The good news is that with a valid, up-to-date Will and the right advice, you can reduce your estate's liability for IHT. Please talk to your financial adviser, who will be able to help.

### **How we can help**

Our IHT portfolio is a simple and efficient strategy for reducing IHT while offering growth potential to enhance your legacy.

It's a cost-effective alternative to trusts and insurance-based strategies, with no complex legal structures, client underwriting or medical reports.

### **How it works**

A typical portfolio will hold around 25-30 companies selected from the Alternative Investment Market (AIM), spread across a variety of sectors. The focus is on the strength of companies' balance sheets and their inherent ability to pay progressive dividends.



**This service should be regarded as high risk, as it is exclusively focused on equities. The portfolios are wholly invested in small capitalisation stocks. These companies are therefore more volatile and, while they can offer great potential, growth is not guaranteed.**

**Investment involves risk. The value of investments and the income from them can go down as well as up and you might not get back the amount originally invested.**

# Reducing liability for IHT

**Our IHT portfolio invests in a diversified range of established, profitable companies chosen from the Alternative Investment Market (AIM).**

## **Why invest in the AIM?**

Once you've held an investment in certain AIM companies for two years, it no longer counts as part of your estate for IHT purposes. This is because, under current rules, these companies qualify for a tax relief called Business Relief (BR).

This compares favourably with the usual seven-year rule that applies to gifts and simple trust transfers, when you have to survive for seven years before they become IHT exempt.

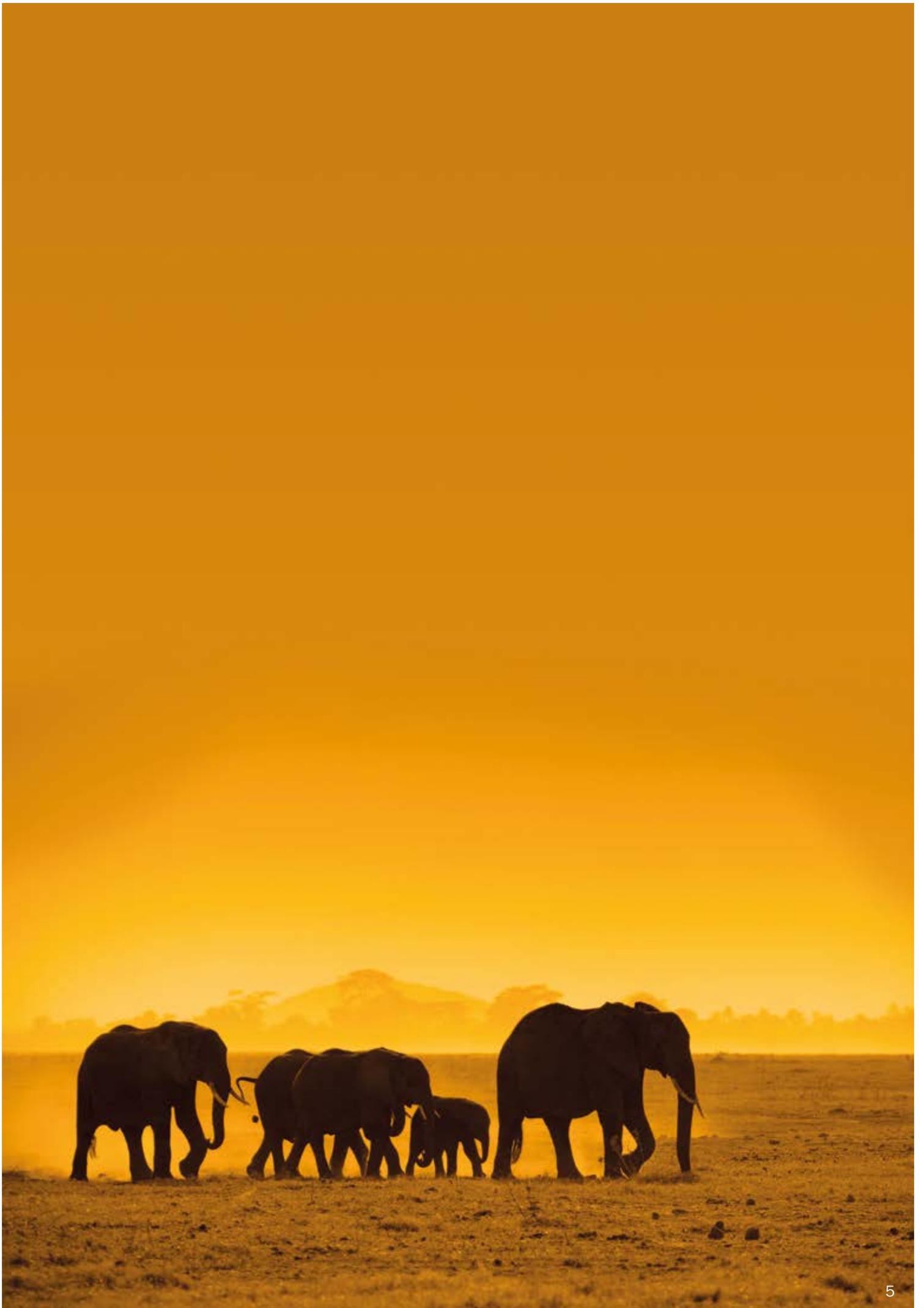
We actively manage the IHT portfolio, so if we decide that the investments we've chosen are no longer suitable, or if they stop being eligible for BR, we can sell them. We can then reinvest the proceeds in another qualifying company without having to restart the two-year period.

Most AIM shares qualify for 100% BR. However, you need to be aware that exemption from IHT is on a case-by-case basis, which will be determined when your estate is valued, and is at the discretion of HM Revenue and Customs (HMRC). Although we choose companies based on our understanding of current tax rules, we can't always guarantee that investments will be IHT exempt.

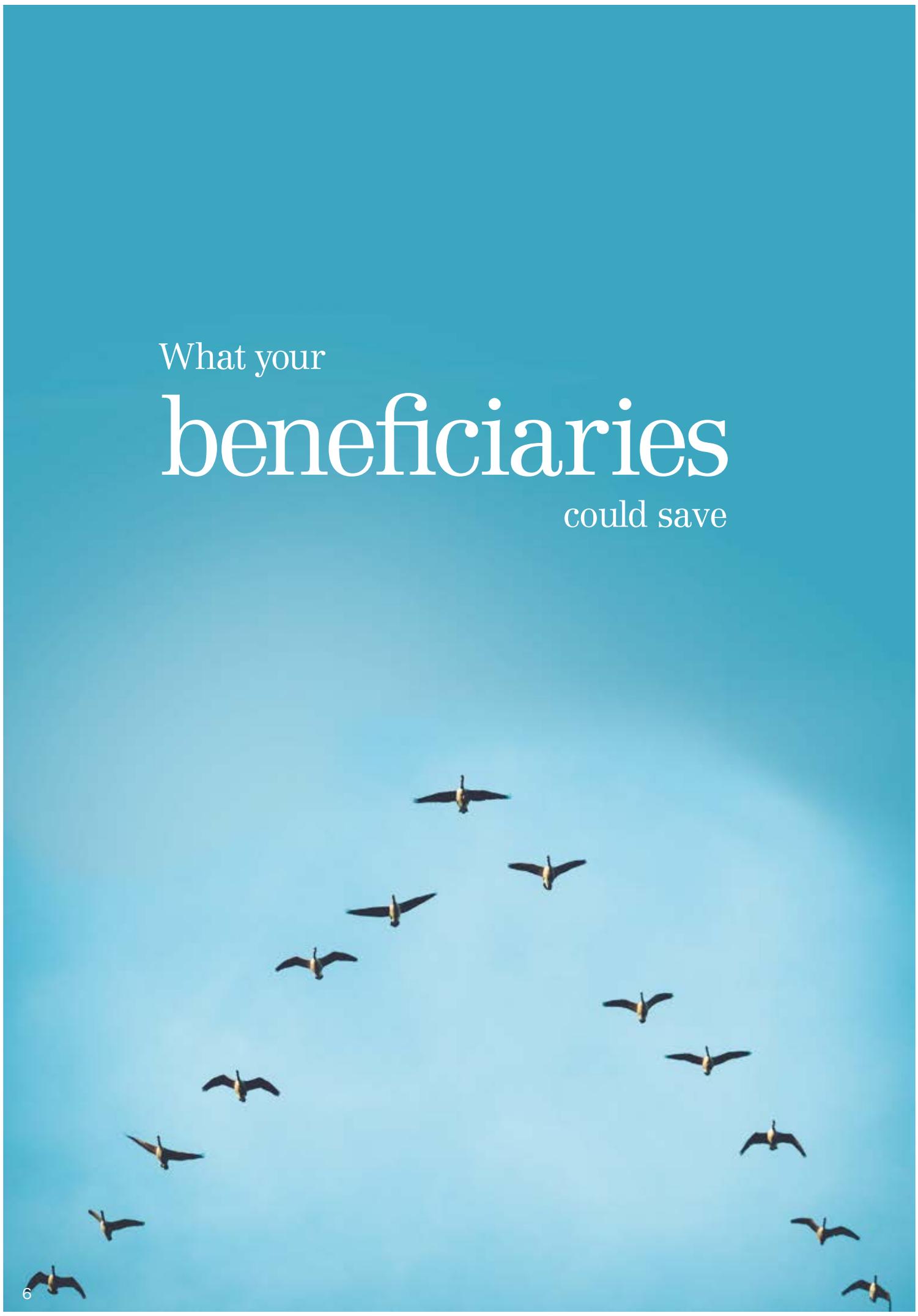
You should also be aware that share prices in AIM may be more volatile than in the main markets, and investments may be subject to limited liquidity. Tax benefits depend on your individual circumstances – and remember, tax levels and bases may change in the future. That's why we recommend you engage an independent professional tax adviser for advice based on your personal circumstances and the latest tax rules.

We include a small amount of cash in your portfolio, to cover portfolio management costs. Any cash or cash transactions in your portfolio when you die may affect IHT relief. Whenever we're selling and reinvesting investments for you, there will be extra cash within your IHT portfolio while we carry out the transactions.

**The rules on tax are at our interpretation only, which may alter. Tax benefits will depend on your individual circumstances.**



What your  
**beneficiaries**  
could save



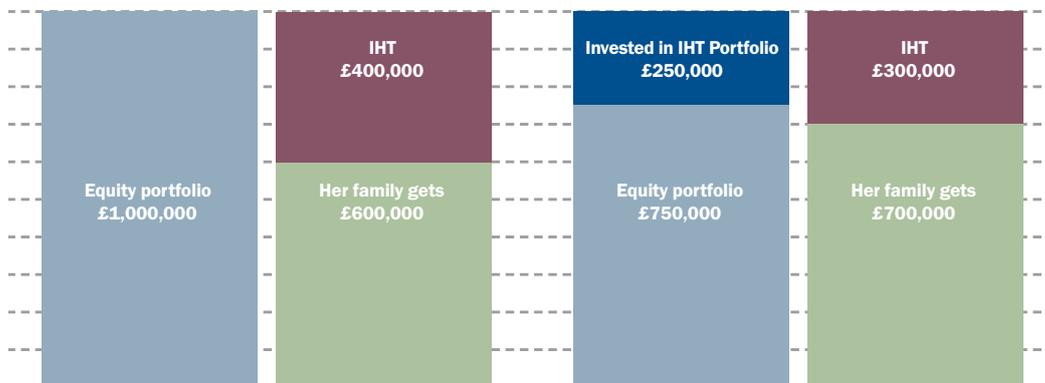
## Mrs Turquoise and her family

**Mrs Turquoise wants to make sure her children and grandchildren get as much of her estate as possible when she dies.**

Her assets include an equity portfolio worth £1 million, and she's using her nil rate IHT band and spousal transfer relief against the value of the family home.

When she dies, her equity portfolio will be liable for £400,000 IHT, as shown here:

However, if she invests £250,000 in our IHT portfolio and lives for another two years, her estate will benefit after two years even if there's no growth in her IHT portfolio. The IHT portfolio has increased the amount her family will inherit by £100,000, as the AIM shares are excluded from IHT calculations.



These calculations are only an illustration and don't include income and management fees.

## What are the costs?

No initial charge

Annual Management Charge (AMC)

**0.75% plus VAT**

Dealing fee

**0.05% (aggregated) – minimum £5**

Platform charges

**Set by Novia**

**The current inheritance tax rules and tax treatment of AIM shares may change in the future. We strongly recommend that you discuss your financial arrangements with your tax adviser before investing, as the value of any tax reliefs available is subject to individual circumstances.**

# Building wealth

## in a dynamic market

**Investing in AIM lets you take advantage of a dynamic market of growing businesses. Launched in 1995, it helps smaller companies attract the capital they need for expansion, and has an overall capitalisation of approximately £108 billion.**

So far, over 3,700 innovative, entrepreneurial companies, representing many different countries and sectors, have raised more than £101 billion on AIM. Many AIM-listed companies are established, successful enterprises, and about a third have a market capitalisation of over £50 million<sup>1</sup>.

As well as the potential IHT savings, investing in AIM offers you two other tax-saving benefits:

- There's no Stamp Duty Reserve Tax on purchases
- It's eligible for inclusion in Individual Savings Accounts (ISAs).

### **Making the most of your ISA allowance with our IHT portfolio**

If you'd like to take advantage of the tax-free growth offered by ISAs, you can set up a Canaccord Genuity Wealth Management IHT portfolio ISA and top it up with your ISA allowance each year.

You can also transfer any existing ISA savings into your IHT portfolio ISA and add this year's allowance straight away.

An IHT portfolio ISA could be suitable for you if:

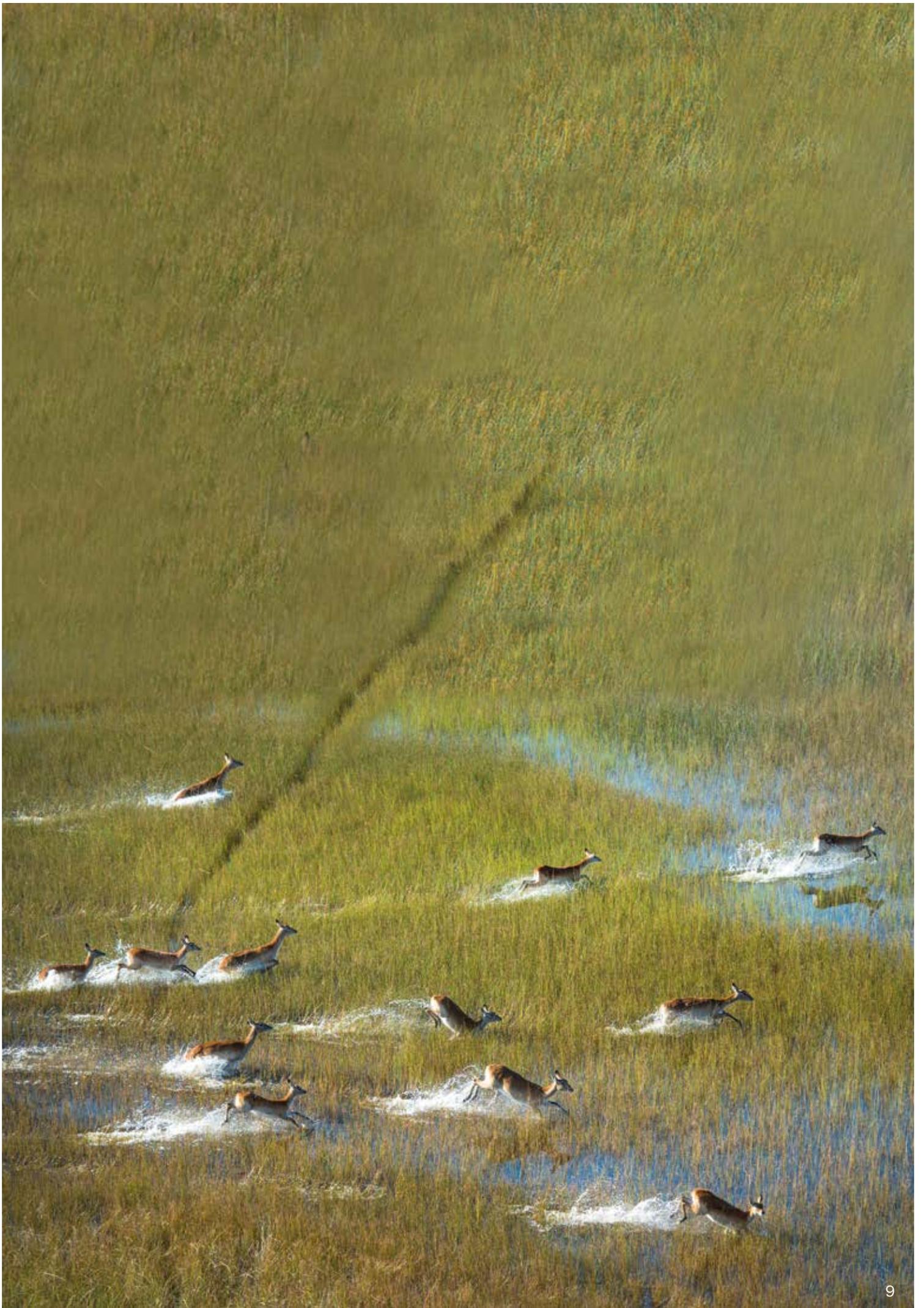
- You want to avoid future tax on investment growth
- You're comfortable with the mix of growth potential and risks offered by AIM investments.

You should be aware that if you wish, you can transfer assets in your IHT portfolio ISA to another stocks and shares ISA manager in the future – as long as you follow their transfer process.

<sup>1</sup> All AIM statistics compiled by the London Stock Exchange (31 January 2018).

**Once Novia has submitted trading instructions to its nominated dealing broker, instructions cannot be revoked or altered.**

**The current ISA regulations, inheritance tax rules and tax treatment of AIM shares may change in the future.**



# Achieving a strong performance

**Our long-standing IHT Portfolio Service launched in 2006. Now in our 12th successful year, we currently look after more than £180m of funds on behalf of 550 clients.**

Our team has established a strong track record for delivering superior investment returns. We carry out our own research, and often meet the management of a company before recommending it. When choosing companies, we look for:

- Proven cash-generating business models
- Simple, scalable, unique businesses with leading market positions and experienced management teams
- Strong balance sheets and the ability to pay progressive dividends.

We also use in-depth analysis to assess a company's market position, check any barriers to entry and ensure it offers sustainable returns.

Canaccord Genuity Limited (CGL), one of our sister companies within the Canaccord Group, is a leading AIM adviser and broker, with a team of analysts, proprietary valuation models and research publications. We can share in their vast experience to increase our understanding of AIM-listed companies, and this helps us choose companies that we believe have the best potential for growth over time.

The graph on the right shows the success of our IHT Portfolio Service since it started in April 2006. As you can see, it has generated cumulative performance of over 210%, compared to 35% for the FTSE All-Share Index and approximately -12% for the FTSE AIM Index.

That represents exceptional value, which you and your heirs could benefit from. Please note that these figures represent the performance of a model portfolio – your own account may not perform in the same way.

**Past performance is not necessarily a guide to future performance.**

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

**Performance is capital only and shown gross of fees. Income is generated in addition.**

**Annual management fee and transaction charges apply.**

## IHT Portfolio Service performance



Source: Canaccord Genuity Wealth Management and Datastream. Performance from April 2006 to January 2018.

### Meet Paul Parker

Paul is head of our IHT Portfolio Service team and specialises in AIM IHT portfolios. He's been with Canaccord Genuity since 2001, and has an in-depth understanding of managing funds for high net worth individuals, pensions, trusts and charities. He has been running IHT portfolios since 2006.

Paul is a Chartered Wealth Manager and a Fellow of the Chartered Institute for Securities and Investment.



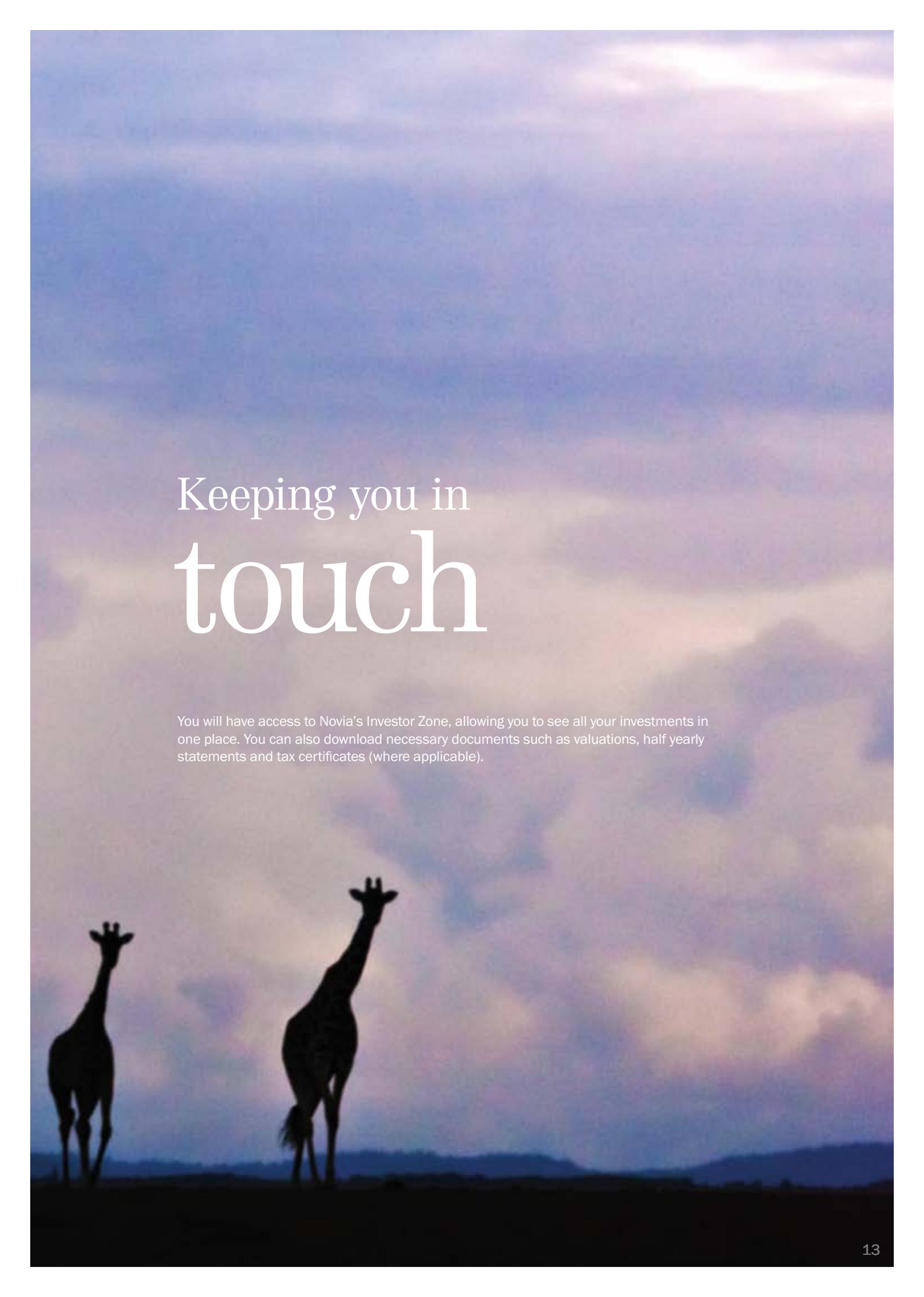
# Keeping you in control

**With the IHT Portfolio Service, you are always in control of your assets.**

As we manage your portfolio on a discretionary basis, you're still the beneficial owner of the shares in your portfolio. There's no 'lock-in' period, so if your circumstances change at any time you can sell the shares at market prices, subject to liquidity.

Investments in AIM-listed companies may not be readily realisable and there is less liquidity in this market – so if you sell them immediately you might get back much less than you paid for them. The price may change quickly and it may go down as well as up.





# Keeping you in touch

You will have access to Novia's Investor Zone, allowing you to see all your investments in one place. You can also download necessary documents such as valuations, half yearly statements and tax certificates (where applicable).

The IHT Portfolio Service  
journey  
through Novia

## Step 1

With your financial adviser's help, fill in the Novia account opening forms.

## Step 2

Novia will provide your adviser with access to your portfolio online - your account with Novia is opened.

## Step 3

After two years, your IHT portfolio is eligible for IHT exemption.

## Step 4

When you die, your financial adviser or executor notifies Novia and asks for a portfolio valuation.

## Step 5

Your executor sends details of your IHT portfolio account to HMRC.

## Step 6

HMRC reviews the details and confirms whether your account is eligible for exemption.

## Step 7

Your IHT portfolio value on the date you died is excluded from your estate's IHT liabilities.

How can we  
**help?**



If you'd like to know more about our IHT Portfolio Service, get in touch. Our team will be delighted to answer your questions and explain how we'll work with you to reduce your heirs' potential inheritance tax bill.

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## **About Canaccord Genuity Wealth Management**

Investing with Canaccord Genuity Wealth Management gives you access to a broad range of wealth management solutions. We've successfully grown our business and reputation over the years, and now, in the UK and Europe, our investment professionals manage and administer over £25bn (as at 31 December 2017) of assets on behalf of over 26,000 clients.

Our core wealth management services include portfolio management and broking services.

We're part of Canaccord Genuity Group Inc., a publicly traded company under the symbol CF on the Toronto Stock Exchange. Established in 1950, it is now a leading global financial services firm, operating in wealth management and capital markets.

## Important information

Investment involves risk. The investments discussed in this document may not be suitable for all investors. The value of investments and the income from them can go down as well as up, and investors may not get back the amount originally invested.

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 you have to sell these shares immediately you 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.

Inheritance tax rates and Business Property Relief rules are subject to change. In addition, you must be prepared to hold your shares in AIM-listed companies for a minimum of two years or these assets will be considered part of your estate in the IHT calculation.

The tax treatment of all investments depends on individual circumstances and may be subject to change. Investors should discuss their financial arrangements with their own tax adviser, as the value of any tax reliefs available is subject to individual circumstances. Levels and bases of taxation may change.

This document is for information purposes only and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This has no regard for the specific investment objectives, financial situation or needs of any specific investor.

Where investment is made in currencies other than the investor's base currency, the value of those investments, and any income from them, will be affected by movements in exchange rates. The effect may be unfavourable as well as favourable.

Canaccord Genuity Wealth Management and/or connected persons may, from time to time, have positions in, make a market in and/or effect transactions in any investment or related investment mentioned herein and may provide financial services to the issuers of such investments.

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CGFPL, CGWL and HHL are authorised and regulated by the Financial Conduct Authority (registered numbers 154608, 194927 and 209741).

CGFPL and CGWL have their registered office at 41 Lothbury, London, EC2R 7AE.

HHL has its registered office at Talisman House, Boardmans Way, Blackpool, FY4 5FY.

CGWL, CGFPL and HHL are registered in England & Wales no. 02762351, 03739694 and 03146580.

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The IHT service was provided by Collins Stewart Wealth Management prior to Canaccord Genuity's acquisition of Collins Stewart Hawkpoint plc in March 2012. The products and services offered by CGWM in the UK may differ from those offered by other Canaccord Genuity Group Inc. offices.