2nd Quarter 2020

IHT Model Portfolio

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Paul and his team manage CGWM's MPS models and inheritance tax portfolios. He has been with Canaccord Genuity since 2001 and is a Chartered Fellow of the Chartered Institute for Securities and Investment.

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Patrick sits on the firm's Portfolio Construction Committee, Fund Selection Committee and Alternatives Committee. He manages investment portfolios for intermediaries, trusts, charities and pension funds, specialising in discretionary mandates. Patrick is a chartered Wealth Manager and a Chartered Fellow of the CISI.

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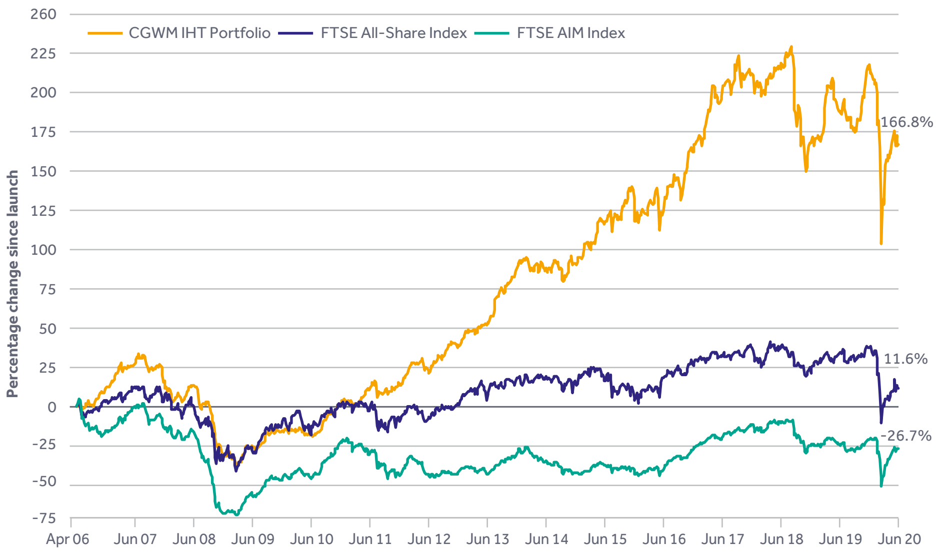
Investment objective

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 12 April 2006. 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 launch (12/04/06)



Risk and volatility (%)

	Model	AIM All-Share	FTSE All-Share
Annualised volatility	**+12.9%**	**+15.9%**	**+16.5%**
Peak to trough loss	**-52.8%**	**-70.4%**	**-48.1%**

Source: Canaccord Genuity Wealth Management (CGWM). All data from 12/04/2006 (inception) to 30/06/2020. Capital return, gross of fees and charges.

Peak to trough loss: Peak to trough loss is a measure of the maximum percentage value of a portfolio that an investor could have lost through investing in the portfolio to date. The figures are indicative and will depend on circumstance.

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.

This document is for professional advisers only and is not for onward distribution to private clients.

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.

Investors should note that actual portfolio returns may be different to the returns of the model portfolio.

Figures represent performance of a model portfolio, individual account performance may differ.

Portfolio Manager commentary

In the second quarter of 2020 the Canaccord Genuity Wealth Management IHT portfolio rose by 14.7% against the FTSE All-Share Index which increased by 9.8%, and the FTSE AIM Index which increased by 29.5%. 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.

The second quarter witnessed a global recovery in equities after the effects of COVID-19 sent shockwaves around the world. One of the strongest markets has been AIM, however this can be misleading as it was driven by only a handful of stocks. The three largest companies representing 10% of the entire index delivered a third of the index return. The top 15 out of over 800 stocks delivered half of the index return.

The emphasis remains on caution. Everyone's personal lives have been affected by coronavirus. Businesses have had to deal with unprecedented circumstances with some losing their entire customer base overnight. Many companies have been able to adapt quickly, changing their business model with staff working from home. Those businesses that can operate online have seen significant growth. Whether this has accelerated an already long-term trend or whether we will see working practices and customers revert, only time will tell. Some things will change forever however such as the make-up of the local high street.

We have received several company updates over the period which, overall, have been positive in the circumstances. All companies have been reviewed by us for their financial strength to see if they can get through the initial lockdown period and what would happen if it were to be prolonged. In the UK, almost 100 listed companies have raised new funds due to COVID-19 either to shore up their balance sheets or for potential investment opportunities. 40 of those companies are listed on AIM of which three are held in our portfolio. The injection of financial stimulus by governments and the reduction in interest rates globally has meant it has been easy so far to raise funds. There are many willing investors utilising depressed markets as an attractive long-term entry point.

We are however, not out of the woods. We are beginning to see the UK's lockdown being loosened, and this brings risks of a rise in the infection rate. If it happens too quickly then lockdown restrictions could be reinstated. With this in mind, caution remains, and markets will continue to be volatile as the economy reawakens with inevitable bumps along the way. Markets have rebounded but perhaps this has been too much too soon. Many of our investee companies appear cheap on a historical basis but companies' earnings will be under continued scrutiny until some kind or normality returns. We are however confident that our investment approach will help to mitigate the effects of this turbulence over the longer term.