Canaccord Genuity Wealth Management

4th 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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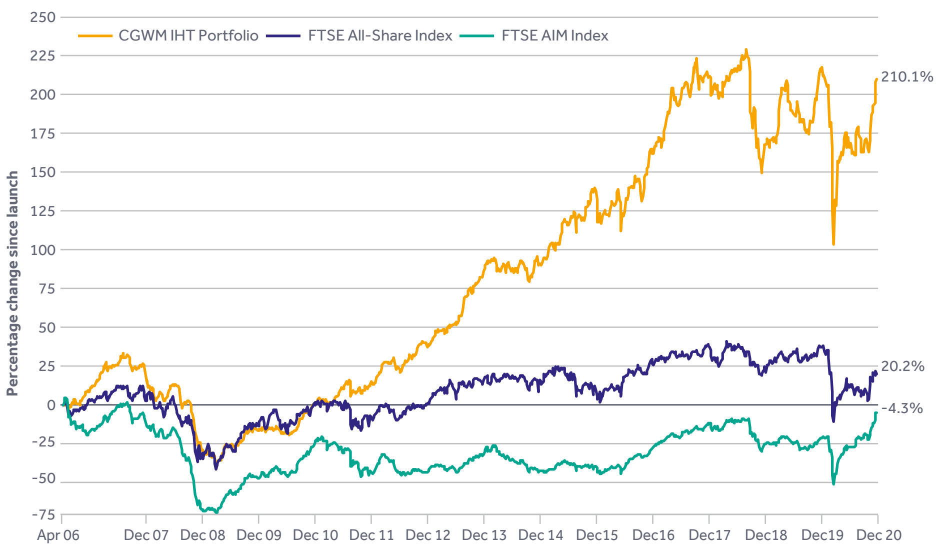
Investment objective

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 12/04/2006



Risk and volatility since inception (%)

	Model	AIM All-Share	FTSE All-Share
Annualised volatility	**+12.9**	**+15.9**	**+16.6**
Peak to trough loss	**-52.8**	**-70.4**	**-48.1**

Source: Canaccord Genuity Wealth Management (CGWM). 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.

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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.

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 fourth quarter of 2020 the Canaccord Genuity AIM portfolio increased 18.0% against the FTSE All-Share Index which increased by 11.9% and the FTSE AIM Index which rose by 20.6%. 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.

2020 was yet again a roller-coaster year for UK equities, although no one could have predicted it would have been a global pandemic that directed markets. It is pleasing however, when we look back to the severe movements in March our portfolios have finished the year close to where they began 2020 and the final quarter delivered one of its strongest returns since 2009.

Since the low in March, the recovery in smaller companies had been driven by sectors benefiting from the pandemic, such as technology and gold. Many 'traditional' businesses, with exposure to the Highstreet, have lagged. These are good businesses being affected by unusual circumstances and we would expect an upturn in trading once restrictions are lifted. In the final quarter the news of a string of potential vaccines was encouraging and this led to a reverse in sentiment boosting their share prices. Many of them remain below their pre COVID-19 levels and may offer some long-term value if trading can return to normal.

As we entered the final quarter, with all that was going on in the world, it could be argued that Brexit was no longer on top of most people's agenda, however the clock was ticking and the UK still did not have a trade deal with the EU. On Christmas Eve we received the good news that after weeks of tough negotiating and a week before the transition period came to an end, an agreement had been reached. Once again, this boosted UK smaller companies as tariff free trade can continue. It will be a while until the impact of the extra time and cost of the new bureaucracy will be known but it is a positive and removes much of the fear from the marketplace. We also await a full understanding of the effects on UK services.

With COVID-19 still part of everyday life it appears inevitable volatility will continue in the short term. We are however confident that our investment approach will help to mitigate the effects of this turbulence over the longer term.

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