

IHT Model Portfolio



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Team

Paul and his team manage CGWM's MPS models and inheritance

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Patrick sits on the firm's Portfolio Construction Committee, Fund Selection Committee and Alternatives Committee.

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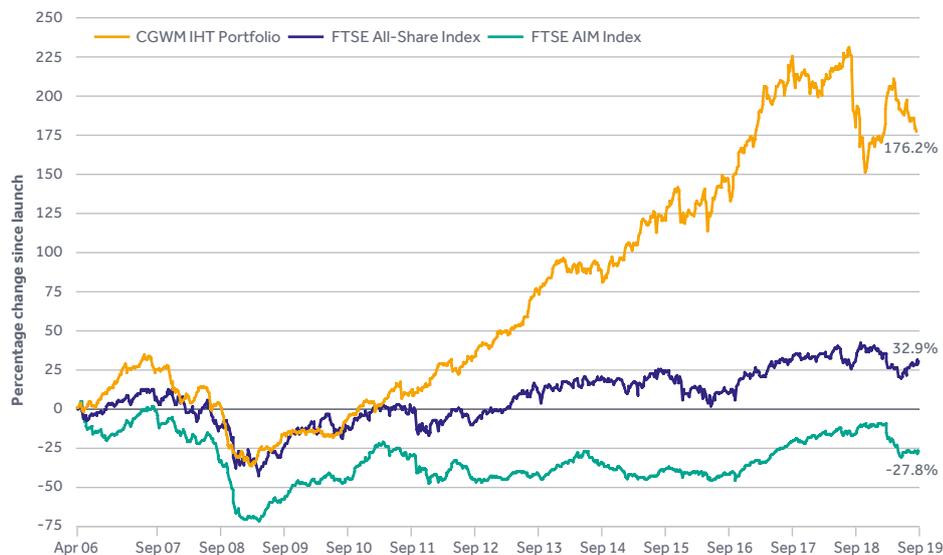
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Investment objective

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	11.3%	14.5%	15.6%
Peak to trough loss	-53%	-70%	-48%

Source: Canaccord Genuity Wealth Management (CGWM). All data from 12/04/2006 (inception) to 30/09/2019. 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.



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Portfolio Manager Commentary

In the third quarter of 2019 the Canaccord Genuity Wealth Management IHT portfolio declined 4.9% against the FTSE AIM Index which fell by 5.0%, and the FTSE All-Share Index which increased by 0.1%. 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.

If UK domestic investors had taken heed of the adage "sell in May and go away, and come back on St Ledgers Day", it would have been the right thing to do. The AIM market drifted downwards over the period due to Brexit uncertainty, not aided by thin volumes and little company news. The FTSE All-Share however was supported by the decline in sterling, boosting those companies with overseas earnings.

The appointment of Boris Johnson as leader of the Conservative party in July and the subsequent appointment as Prime Minister fuelled concerns, once again, of a potential no-deal Brexit. With the 31 October exit date nearing, the opposition pushed through the Benn Act, which would force the government to act to stop a no-deal Brexit.

A new deal has been presented to Europe, however uncertainty will weigh on domestic shares until the outcome is clearer.

In recent months, UK economic data has revealed that there is no doubt the UK is suffering, as investment from international and domestic businesses and individuals is being curtailed. It is therefore pleasing that our underlying companies continue to perform against this background. Should a deal be secured, confidence should return and we would expect to see a bounce in domestic stocks.

As we enter the final quarter of 2019, a small number of our investee companies have reported results or provided trading updates. It has been encouraging how positive they have been, although this has not necessarily been reflected in their share price performance due to the wider Brexit issues. However, we should have a better understanding of how the full year will pan out as we approach the deadline.