

The TVI AIM Portfolio Service has been designed to help older people, who would like to reduce Inheritance Tax liabilities without the complexity and high charges of many existing arrangements.

Tax Relief

AIM is the Alternative Investment Market, the UK's junior investment market. Individuals who have held qualifying shares listed on the AIM for two years qualify for Business Property Relief on those assets, which means that the value of the shares is not counted as part of their estate for the purposes of calculating Inheritance Tax. This means that a tax saving of 40% of the value of the portfolio can be achieved in just two years.

Our Service

At any time we will invest in a diversity of shares, typically up to 20 companies. We only look at the best quality companies on the AIM and in this select group we invest in those that offer the most attractive valuation. We like companies with market-leading brands and with niches that others cannot easily copy. We also like managers who have a long history of success in the area in which they operate, and companies which tend to generate cash rather than consume it. An example of a company we consider suitable is *Portmeirion Pottery* who make the distinctive floral tableware.

The portfolio is managed by David Stephenson. David's qualification includes the Advanced Financial Planning Certificate and Certificate in Discretionary Investment Management and has managed successful portfolios for over 29 years. David is currently director of Thames Valley Investment Advisers Ltd, trading as Thames Valley Investments and has previously been a director of Wise Investments Ltd from 2004 and Ager Financial Ltd from 1994. David is also the manager of the TB Elite Strategic Fund.

Example Companies

Clinigen	Pharmaceutical & Biotech
EMIS	Software healthcare professionals
Gattaca	Technical Recruitment
Hargreaves Services	Commodities, production, transportation and broking
Immunodiagnostic Systems	Clinical Laboratory Testing
Majestic Wine	Food & Drink Retail
Murgitroyd	Intellectual property advising services
Portmerion Group	Household Products / Wares
Safestyle UK	Manufacture, retail and installation of UPVC windows and doors
Staffline	Support Services
Telford Homes	House builder
Thorpe F.W.	Industrial Lighting
Vianet Group	Fluid delivery analytics
Young & Co Brewery	Pubs
Zytronic	Technical Manufacturing

Access

Investors in the AIM Portfolio can withdraw funds at any time without penalty, although the tax exemption would be lost on any funds withdrawn. Any gains realised may be subject to Capital Gains Tax, although currently the first £11,300 of any gain in any one tax year is exempt from tax. AIM shares can now be held in ISAs and as a result any held in these will not be liable to income or capital gains tax.

Income

The AIM portfolio does not target a specific level of income and no income is guaranteed. However, the type of established, cash-producing companies we invest in tend to pay dividends. The portfolio will normally generate a yield in the region of 2 – 3% per annum.

Charges

The AIM Portfolio Service is part of our discretionary management service, and has the same management charge of 0.75% + VAT per annum, based on the value of the assets in the portfolio. We do not charge for any changes made to the portfolio, though our stockbrokers make a small charge for each transaction. We intend to keep share transactions to a minimum in the portfolio. These charges are very competitive compared to other providers. There is also a custody and administration charge from our service provider which is variable.

Summary of Advantages of the TVI Aim Portfolio Service

- Uses Business Property Relief to save Inheritance Tax in just two years.
- Professional investment management in established market-leading businesses
- Pays an income
- Access to capital at all times
- Very low charges
- Access to your investment manager if required

Important Considerations and Risk

Not all AIM companies qualify for business Property Relief. The main excluded categories are finance and property companies. The portfolio avoids these areas. It should be noted that while we will use our knowledge and skill to assess the qualifying status of a company, it is only determined by HMRC on application. HMRC rules are subject to change and are beyond our control. Thames Valley Investments cannot be held responsible for any investments that fail to qualify.

Two years is the minimum holding period to attract Business Property Relief, but the portfolio must continue to be held after this for the relief to apply. Any withdrawals taken from the portfolio risk losing eligibility, and additional contributions to the portfolio in the form of lump sums or reinvested income will be subject to a new two year holding requirement. The portfolio should be viewed as a medium to long term investment.

AIM shares held outside of ISAs are subject to income and capital gains taxes.

It should be noted that the price of Aim securities fluctuates on a daily basis, so the value of your investment and any income derived from them cannot be guaranteed and you are not certain to get back the full amount invested. In general AIM shares are less liquid than shares held on the London Stock Exchange and in particularly well known constituents of the FTSE 100. As a result, individual share prices can fluctuate more and they should be regarded as long term investments.

From time to time TVI may engage in transactions in shares owned by David Stephenson or other connected persons. Such transactions will only be carried out under strict observance of TVI's regulatory procedures for dealing in connected shares. No transactions will be carried out that could imply an inside knowledge or price sensitive information. Further details are available on request.

December 2017