

The O-IM  
**AIM Portfolio**





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# Overview

## The O-IM AIM (Alternative Investment Market) Portfolio Service

invests in long-term growth opportunities in UK smaller companies and offers compelling tax advantages via a portfolio of approximately 20 carefully selected AIM-listed equities. Each company has been thoroughly researched by our internal team, approved by our Investment Committee and presents a compelling investment case.

Holding shares in AIM-listed companies can potentially reduce your Inheritance Tax (IHT) liability as most AIM-listed shares attract Business Relief (BR). This allows investors to receive full inheritance tax exemption after holding their investments for two years, providing those investments are held at the time of death.

The portfolio will hold approximately 20 individual companies. When constructing the portfolio, we seek to achieve diversification through allocating your capital across multiple industries. Companies that have been included in the portfolio demonstrate the necessary characteristics required by the O-IM investment process. We discuss our investment process further in section 5.

AIM-listed companies tend to have a smaller market capitalisation than those listed on the London Stock Exchange. As such, they may be less liquid and buying and selling may take longer. Additionally, the portfolio is likely to be more concentrated than other portfolios at O-IM. The portfolio should be considered as a higher risk investment strategy and may not be suitable for all investors.

It is important to be aware that tax treatment depends on individual circumstances and may be subject to change. The FCA does not regulate taxation. Our understanding of the applicable tax treatment is based on current HMRC tax rules. We seek external advice regarding BR.

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## What is the AIM Market?

### **AIM is**

the London Stock Exchange's market for innovative smaller companies. AIM provides a suitable environment for these growing businesses to access the capital and liquidity of the London markets.

AIM's unique regulatory framework is designed to support the flexibility such a company may need.

The AIM market includes approximately 900 companies. According to the LSE, the total value of the companies listed in the AIM market is around £100 billion. These companies operate across 40 different sectors in the UK with many firms operating globally.

## The Benefits of an AIM portfolio



### **2 years vs. 7 years**

- ☑ Traditional IHT solutions such as gifts or trusts require a seven-year period to benefit from full IHT relief. However, AIM shares that have been held for two years and qualify for BR, could benefit from up to 100% IHT relief if still held at the time of death.

Should the investment case for a company we hold in the portfolio change, we can sell that investment, and if the proceeds are reinvested into another qualifying AIM share within a reasonable time, you may retain the right to the BR. This means that your portfolio is actively managed and retains flexibility.



### **Simplicity and Control**

- ☑ Trust planning can sometimes be complicated and often means relinquishing control of your assets. The same could be said about gifting assets. This can cause problems if personal or tax circumstances change. One of the benefits of the O-IM AIM Portfolio is that the assets are held in an account that you can access anytime and withdraw funds if necessary.



## The Investment Opportunity

- ✔ The AIM market attracts companies that are growing, operating in new sectors, innovators in their industry, as well as established and profitable companies. This combination offers opportunities for strong investment returns over the medium to long term.



## ISA Eligibility

- ✔ Investors can hold BR-qualifying AIM-listed shares in an ISA. So, alongside helping to mitigate an IHT liability, the portfolios can deliver ISA tax benefits. These include tax-free dividends and no Capital Gains Tax on investment returns. Additionally, if you have an existing ISA, you can transfer the current assets into the AIM portfolio.



## No Stamp Duty

- ✔ Stamp duty at a rate of 0.5% is not charged on AIM share purchases. This can further improve tax efficiency and returns for investors.



## No restrictions on portfolio size

- ✔ Unlike other tax-efficient investments, there is no limit on the amount you can invest in AIM-listed shares. The minimum account size for the O-IM AIM portfolio is £50,000 and we recommend top-ups to be a minimum of £10,000.

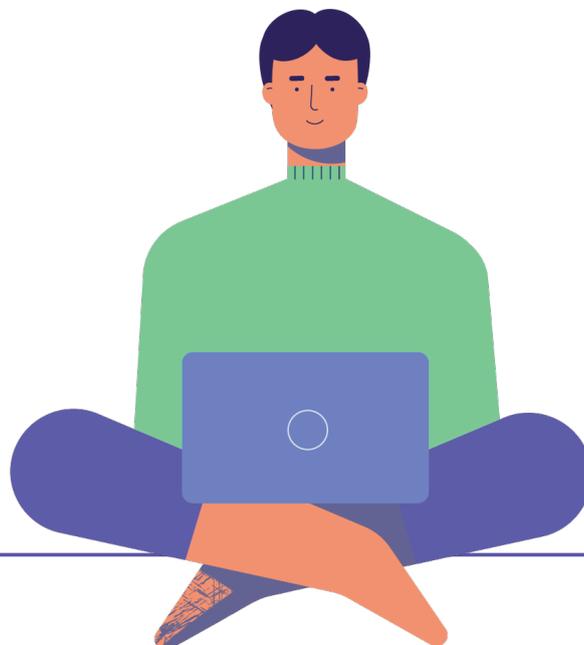


## Business Relief Example

To help illustrate the potential benefit of an AIM portfolio please see an example below. These figures exclude the impact of fees and investment performance.

	Without an AIM portfolio	With an AIM portfolio
<b>Value of estate</b>	£1,000,000	£1,000,000
<b>Less IHT nil band (£325k)</b>	£675,000	£675,000
<b>Value of O-IM AIM Portfolio</b>	£0	£300,000
<b>Amount subject to IHT</b>	£675,000	£375,000
<b>IHT payable on death (40%)</b>	£270,000	£150,000
<b>IHT Saving</b>	<b>£0</b>	<b>£120,000</b>

Please note that this example is an illustration of tax treatment only. This example is based on current legislation and tax rules and regulations, which are subject to change and depend on personal circumstances. It assumes an individual that has an unused, nil rate band of £325,000, and excludes the residence nil rate band, as well as other tax reliefs that may be available. Investments must have been held for a minimum of two years at the time of death to qualify for BR. It is important to remember that the value of an investment may go down as well as up and that an investor may not get back the full amount invested.





## Our Investment Process

**We screen companies in three ways when constructing the AIM portfolio:**



• Growing companies that do not appear overvalued. Through this process, we identify companies that have consistent growth in revenue and margins and maintain a healthy balance sheet. We consider the valuation of the company in the context of its industry and future growth potential.



• Socially responsible investments:

- ☑ We look to identify companies that either have a demonstrable commitment to improving their ESG impact through initiatives, such as carbon neutrality, have high employee satisfaction scores, and female representation in management.
- ☑ We look for companies that develop products and/or services that are designed to help our world and future generations.



• Outstanding investment opportunities - O-IM has a specialist in-house research team that finds outstanding investment opportunities outside of our regular screening. These opportunities are subject to a rigorous selection process and must be approved by our Investment Committee before being included in the portfolio.

We continuously review our holdings to ensure we only hold companies that we reasonably believe qualify for BR. We also engage with professional advisers for assurance on the selection. At O-IM, we have a long-term investment strategy. However, we will review the quality of the companies we invest in and change holdings where necessary if we feel the investment case has changed.



## Fees and Charges

O-IM directly manages the AIM Portfolio so there are no additional management charges. We feel that the most transparent way to charge for our service is at a single rate. Our Investment Manager charge for the AIM Portfolio is 0.95% per annum.

A minimum investment of £50,000 is required for our AIM portfolio.

Other charges may be applicable, such as custody and ongoing advice. These will be agreed with you before the commencement of services.



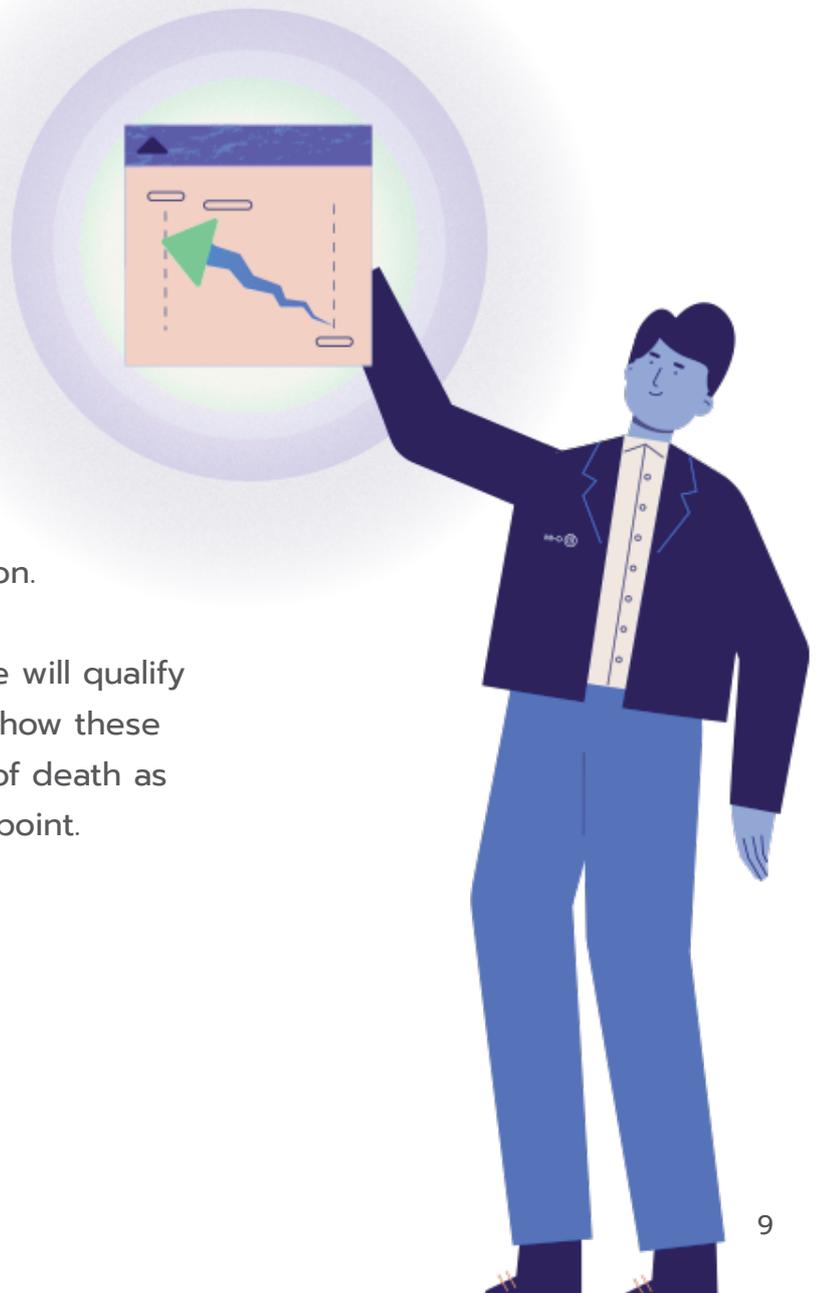


## Additional Risks Associated with the AIM portfolio

As is the case with all investments the value of your holdings may fall as well as rise and past performance is not an indicator for future performance. Where the AIM market is focused on smaller companies, they are likely to attract greater risk of fluctuations in their value and the ability to buy and sell shares could be more difficult than larger companies that are listed on the London Stock Exchange. The AIM portfolio is likely to be suitable for higher-risk investors.

The benefits of AIM shares from a taxation perspective may change, as could other benefits from investing in AIM shares. However, O-IM will continue to manage the portfolio in line with our understanding of the rules. O-IM does not provide personal tax advice and clients are encouraged to seek independent tax advice with respect to their situation.

We invest in companies that we believe will qualify for BR. However, we cannot guarantee how these companies will be treated at the time of death as the relief is assessed by HMRC at that point.





## Important Disclosures

We include all relevant information regarding our services in your Client Agreement and the O-IM Glossary and, before commencement of any service with O-IM, you represent that you have read, had the chance to ask questions and understood the content of those documents.

### Risk Disclosures

Your capital is at risk, and you may not get back the amount originally invested. Investors should remember that past performance is not a guarantee of future results. Investment in any strategy involves a risk of loss which may partly be due to exchange rate fluctuations.

Any gross of fees performance does not include fees and charges and these can have a material detrimental effect on the performance of an investment.

Any target performance aims are not a guarantee and may not be achieved. Portfolios and assets which have a higher performance aim generally take more risk to achieve this and so have a greater potential for the returns to be significantly different than expected.

Portfolio holdings are subject to change, for information only and are not investment recommendations.

### Specific Investment Risk

**Money Market Instruments** - Investments in money market instruments may be affected by credit risk, market liquidity and volatility, amongst other factors. The speed and volume of money market transactions may also give rise to additional interest and market risks.

**Collective Investments** - Investments in collective investment schemes may be affected by credit risk, market liquidity and volatility, amongst other factors. Investors in a collective investment scheme will be exposed to the risks associated with any



investment made by the manager, although exposure to any single type of risk may be reduced by the fact that each investor's investments may be diversified.

**Equity** - The value of an equity security may go up or down based on the economic performance of the issuer. Equity securities could be exposed to volatility in the market or sector in which the issuer operates as well as the volatility of the general economy. In the event of company failure you will likely lose all capital invested in that company.

**Fixed Income (Bonds)** - In the event that the issuer of the debt securities enters into insolvency or other similar proceedings, there is a risk that the holders of the debt securities will receive less than their original investment or will receive nothing.

**Real Estate and Commodities** – Real estate and some commodities are inherently less liquid and more difficult to sell than other assets. The valuation of physical property is a matter of the valuer's judgement rather than fact.

## **Additional Disclosures**

Some information contained in this document may come from external sources which O-IM believes to be reliable. A list of sources is available on request.

Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. O-IM does not provide tax or legal advice to its clients and all investors are strongly urged to seek professional advice on these matters.

This information must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended or forwarded to a third party without consent from O-IM.

For a full list of applicable risks, and before investing, investors should refer to the Client Agreement and O-IM Glossary.

Unless otherwise stated, the source of information and any views and opinions are those of O-IM.

