

## AIM Inheritance Tax Portfolio: Growth - October 2022

### THE TEAM

Dowgate Wealth is an employee-owned private company founded in 2020 and we have over 500 years' of combined industry experience across 25 professionals. Much of our experience originates from working at Hargreave Hale, a specialist UK smaller companies investment boutique and subsequently Canaccord Genuity Wealth Management. We have built up expertise investing clients' portfolios in UK smaller companies in particular companies listed on the London Stock Exchange Alternative Investment Market (AIM).

### INVESTMENT PHILOSOPHY

The portfolio managers' investment process is all about buying and holding what we see as high value/growth businesses for the long term. They have several core principles when looking for companies to back, and chief amongst them is quality management with a proven track record and, above all, skin in the game. In a typical week, we meet 15-20 company management teams in an ongoing search to find valuable opportunities. We want to understand how the business model can generate ongoing growth and how this is driven by leadership. Specifically, the importance they place on financial and other operational metrics, including their capital allocation process. There is a multitude of factors that we consider before taking this decision. Some important ones are experience, financial track record, access to technology (product or process know-how), and shareholder focus.

The portfolio will consist of 20-45 stocks that meet these criteria and qualify for IHT exemption. This portfolio will be able to participate in Initial Public Offerings (IPOs) and Placings.

### INVESTMENT OBJECTIVE

This portfolio is aimed at individuals who are concerned about reducing their inheritance tax liability and maximising the wealth that they can pass on to the next generation. In order to take advantage of current Business Relief legislation whereby a qualifying holding will be exempt from Inheritance Tax (IHT) after 2 years. The portfolio will be invested in qualifying companies quoted on the Alternative Investment Market.

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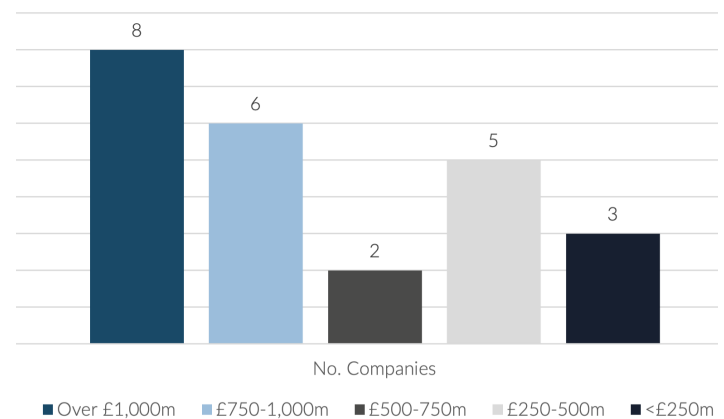
### SUMMARY

#### Portfolio Characteristics:

|                       |       |
|-----------------------|-------|
| Number of Investments | 24    |
| Average Market Cap    | £817m |

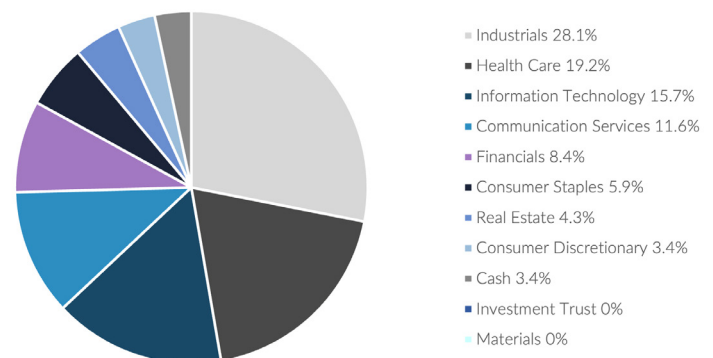
Sources: Dowgate Wealth October 2022

### MARKET CAP DISTRIBUTION



Sources: Dowgate Wealth October 2022

### SECTOR ALLOCATION



Sources: Dowgate Wealth October 2022

### PORTFOLIO MANAGERS



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## GROWTH AIM INHERITANCE TAX PORTFOLIO - TOP 5 HOLDINGS:

| Name                       | Weighting | Cap (£m) | Sector                 |
|----------------------------|-----------|----------|------------------------|
| EMIS GROUP PLC             | 7.9%      | £1,197   | Health Care            |
| GAMMA COMMUNICATIONS PLC   | 5.1%      | £1,021   | Communication Services |
| BIG TECHNOLOGIES PLC       | 4.9%      | £826     | Industrials            |
| ADVANCED MEDICAL SOLUTIONS | 4.8%      | £529     | Health Care            |
| GB GROUP PLC               | 4.7%      | £1,536   | Information Technology |

Sources: Dowgate Wealth October 2022

## PERFORMANCE DETAILS

| Performance Table | YTD    | 6 Months | 3 Months | 1 Month | 2021 | *Inception |
|-------------------|--------|----------|----------|---------|------|------------|
| DW AIM IHT        | -31.4% | -20.3%   | -7.1%    | -7.3%   | -    | -31.4%     |

\*Inception (December 2021), YTD, 6 month, 3 month and 1 month data is calculated to month end, at 30th September 2022. Please note that from inception, December 2021 the performance figures relate to the Dowgate Wealth AIM IHT Growth model portfolio. Client portfolio performance may well vary marginally from the model.

Sources: Dowgate Wealth October 2022

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## INVESTMENT AND LIQUIDITY RISK

Investments in smaller companies will normally involve greater risk or above average price movements (volatility) than investments in larger companies. These companies can suffer from illiquidity issues, which can make it difficult to dispose of an investment. The spread on AIM shares can be greater than on fully quoted investments and therefore if an investor has to sell a holding immediately after purchase the proceeds may be less than the initial amount invested. The price quoted in an AIM share may also be valid in a small amount of shares so selling a larger quantity may achieve a lower price than the actual market quote. Smaller companies can have smaller management teams and as such the loss of an individual member may have a significant effect on their performance. Equally these companies can tend to be vulnerable to sudden changes in market conditions. The rules for listing shares on the AIM market are less demanding than those on the Official List of the London Stock Exchange; and therefore the risks are higher. The loss of an individual member may have a significant effect on their performance. Equally these companies can tend to be vulnerable to sudden changes in market conditions. The rules for listing shares on the AIM market are less demanding than those on the Official List of the London Stock Exchange; and therefore the risks are higher.

## TAX LEGISLATION WARNING

Rates of tax, tax benefits and allowances are based on current legislation and HMRC practice. These may change from time to time and are not guaranteed. Current tax rules and the available tax reliefs offered on investments into AIM-quoted stocks may change at any time, and there is a considerable risk that if the legislation changed in respect of these tax reliefs, then those portfolio companies that no longer qualified for such reliefs would be subject to heavy selling pressure, potentially leading to significant investment losses. This investment may not be suitable for all investors. You are recommended to seek specialist independent tax and financial advice before deciding to subscribe to this AIM Service. This AIM Service has been designed with UK-resident taxpayers in mind. If you are not resident or ordinarily resident in the UK for tax purposes, it may not be appropriate or advantageous for you to subscribe to this AIM Service.

## QUALIFYING INVESTMENTS WARNING

Qualifying Investments in which we invest may cease to qualify for inheritance tax exemption. In such a case, the relief available on that particular investment will be lost. In some instances, investments in particular companies will be sold if we believe that the investment rationale outweighs the tax.

## PAST PERFORMANCE WARNING

Past performance is no guide to future performance and there is no guarantee that the AIM Portfolio's objective will be achieved. We can make no guarantee of investment performance or the level of capital gains or income that will be generated by the AIM Portfolio. The value of Qualifying Investments and the income derived from them may go down as well as up and you may not get back the full amount invested.