IHT Model Portfolio

1st Quarter 2025

Canaccord WEALTH

Characteristics

Launch date	**April 2005**
Minimum investment	**£50,000**
Via platforms	**£10,000**

Key Data

Average market capitalisation	**£527 million**
Average profit before tax	**£50 million**
Average price-earnings ratio	**14.3x**
Average yield	**2.4%**

Glossary

Market capitalisation: is the total value of a publicly traded company's outstanding common shares owned by stockholders.

Price-earnings ratio: is the ratio of a company's share (stock) price to the company's earnings per share. The ratio is used for valuing companies and to find out whether they are overvalued or undervalued.

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.

Maximum historic loss: is the maximum loss from peak to trough in an investment's history. The figures are indicative and will depend on circumstance.

Contact us

+44 (0)20 7523 4597

intermediary@canaccord.com

canaccordgenuity.com

This document is for professional advisers only and is not for onward distribution to private clients. It is for information purposes only and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This has no regard for the specific investment objectives, financial situation or needs of any specific investor. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment adviser.

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.

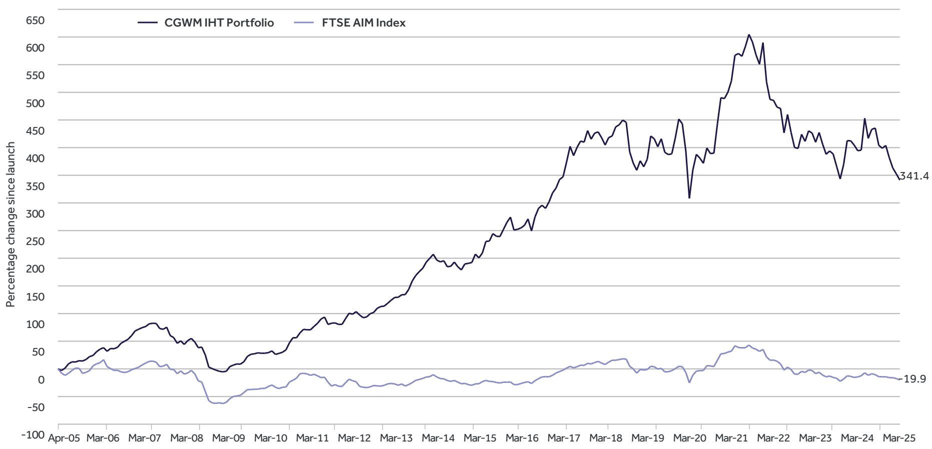
Levels and bases for taxation may change.

Figures represent the performance of a model portfolio, investors should note that individual account performance may differ.

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 19 June 1995. 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 inception (01/04/2005)



Past performance is not a guide to future performance.

Discrete performance (%)

Total return to end of last calendar quarter 31/03/2025

	2025 YTD*	2024	2023	2022	2021	2020	2019	2018
IHT Portfolio	**-8.4**	**-6.0**	**+0.3**	**-25.9**	**+16.9**	**+7.0**	**+20.2**	**-12.7**
FTSE AIM All-Share Index Total Return	**-4.9**	**-4.0**	**-6.4**	**-30.7**	**+6.1**	**+21.7**	**+13.3**	**-17.1**

* 2025 YTD is data for year to date from 01 January 2025 to 31 March 2025

Cumulative performance (%)

Total return from inception to 31/03/2025.

	3 Months	1 Year	3 Years	5 Years	Inception to date (01/04/2005)
IHT Portfolio	**-8.4**	**-10.7**	**-24.6**	**+8.1**	**+341.4**
FTSE AIM All-Share Index Total Return	**-4.9**	**-6.5**	**-31.0**	**+7.3**	**-19.9**

Risk and volatility since inception (%)

	IHT Model	AIM All-Share
Annualised volatility	**+14.8**	**+19.1**
Peak to trough loss	**-48.1**	**-68.1**

Source: Canaccord Genuity Wealth Management (CGWM). Total return, gross of fees and charges.

The historic performance of the CGWM IHT Portfolio Service is derived from a combination of three legacy track records. Between April 2005 and April 2006 the illustrated performance entirely reflects the outcome of Adam & Company's 'ALPS' IHT service from its launch. CGWM launched its equivalent service in April 2006, after which point the illustrated performance track record is taken as 50% of the historic Adam & Company service and 50% of the historic CGWM service. Punter Southall Wealth launched their IHT service in November 2013. After this date the illustrated performance of the CGWM service comprises 1/3 Adam & Company, 1/3 CGWM and 1/3 Punter Southall Wealth. CGWM acquired Adam & Co as at 1 October 2021 and acquired Punter Southall Wealth as at 1 June 2022. The three services, which all have a strong overlap in their historic philosophies and processes, have adopted a common philosophy and process and service offering from 1 October 2022, after which point the illustrated performance track record reflects the outcome of that single offering. There are some minor differences in the performance calculation methodologies between the three historic services, but we are comfortable that the combined track record provides a clear, fair and not misleading indication of the typical client experience that would have been experienced over the long term.

Specific risks of the IHT portfolio service investing in AIM-listed companies include the potential volatility and illiquidity associated with smaller capitalisation companies. There may be a wide spread between buying and selling prices for AIM-listed shares. If investors have to sell these shares immediately they may not get back the full amount invested, due to the wide spread. AIM rules are less demanding than those of the official list of the London Stock Exchange, and companies listed on AIM carry a greater risk than a company with a full listing. The current inheritance tax rules and tax treatment of AIM shares may change in the future. In addition, investors must be prepared to hold their shares in AIM-listed companies for a minimum of two years or these assets will be considered part of their estate in the IHT calculation.

Investment involves risk.

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.

Figures represent the performance of a model portfolio, investors should note that individual account performance may differ.

Levels and bases for taxation may change.

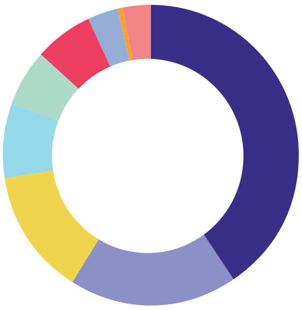
None of Canaccord Genuity Wealth Management, its directors, employees or officers makes any warranties, express or implied, that the products or services in this document are suitable to your needs, or are available in your jurisdiction; nor shall Canaccord Genuity Wealth Management be liable for any damages of any kind, including lost profits, arising in any way from this material.

The information contained herein is based on materials and sources that we believe to be reliable, however, Canaccord Genuity Wealth Management makes no representation or warranty, either express or implied, in relation to the accuracy, completeness or reliability of the information contained herein. All opinions and estimates included in this document are subject to change without notice and Canaccord Genuity Wealth Management is under no obligation to update the information contained herein.

Canaccord Genuity Wealth Management (CGWM) is the trading name of Canaccord Genuity Wealth Limited (CGWL), which is a subsidiary of Canaccord Genuity Group Inc.

CGWL is authorised and regulated by the Financial Conduct Authority (registered no. 194927) and is a subsidiary of Canaccord Genuity Group Inc. Registered office: 88 Wood Street, London, EC2V 7QR. Registered in England & Wales no. 03739694.

IHT Portfolio suggested asset allocation (%)



	Model
Industrials	40.7
Healthcare	18.4
Information Technology	13.6
Communication Services	7.9
Consumer Discretionary	6.4
Consumer Staples	6.3
Financials	3.2
Real Estate	0.6
Cash	2.9

Top 10 holdings (%)

Johnson Service	**5.5**
Gamma Communications	**5.2**
Craneware	**5.1**
Advanced Medical	**4.9**
Renew Holdings	**4.9**
Cohort	**4.6**
Learning Technologies	**4.4**
Judges Scientific	**4.3**
Nichols	**4.1**
Idox	**4.1**

Top ten holdings excluding cash

Source: CGWM

Portfolio Manager commentary

In the First quarter of 2025, the Canaccord Genuity AIM portfolio decreased by 8.4% against the FTSE AIM Index which fell 4.9% and the FTSE All-Share Index which increased by 4.5%. 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.

On 1 April 2025 the Canaccord Wealth IHT Portfolio service will mark its 20th anniversary. Over two decades we have seen many different markets, however, the past few years have been some of the most challenging. We have learnt many lessons along the way but the most valuable has been that no matter how difficult markets appear at the time, they do recover. We have seen markets rebound from the 2008 credit crunch and COVID-19, both of which seemed they could change the investment landscape forever. In both cases businesses suffered and it seemed impossible that they would bounce back.

However, the recent period has been different. Our investee companies have continued to trade well. On average, our underlying companies grew earnings by 6.1% last year, with forecasts of 7.7% growth this year and 9.6% next year. These companies also maintain strong balance sheets, which gives us confidence that when sentiment turns, we are holding the right businesses.

At the start of 2025, the government's Autumn Budget remained fresh in investors' minds. In 2024, we saw a significant divergence between the Alternative Investment Market's (AIM) performance and other small-cap indices, as political uncertainty weighed heavily on sentiment. When UK Chancellor Rachel Reeves signalled forthcoming tax increases and spending cuts, speculation ran high regarding their potential impact. Encouragingly, AIM has since realigned with its market peers, moving more in step with similar indices.

In February, the Bank of England cut interest rates to 4.5%, marking the third reduction since their peak. This initially lifted smaller companies, and markets began to improve. However, market optimism was disrupted when US President Trump issued - and in some cases, quickly retracted - a series of executive orders on tariffs. This unpredictability sent shockwaves through risk assets, triggering a selloff in global equities as investors sought safer options such as gold, cash and bonds.

On AIM, gold miners and producers outperformed, helping the index. However, we do not hold these stocks as they do not meet our investment criteria, and many do not qualify for Business Relief. As the tax year-end approaches, we also observe the usual short-term selling pressure from tax planning-related trades, which we expect to unwind after 5 April.

March's market reaction was disappointing. A lower interest rate environment typically drives liquidity into the UK economy, benefiting smaller companies the most. Economists now anticipate at least two further rate cuts this year, which we view as a positive development. However, sentiment remains fragile, and markets are not currently trading on fundamentals, as noted in previous communications. Valuations for smaller companies are now at levels reminiscent of the 2008 financial crisis, which was followed by a strong recovery.

Despite market volatility, we have received strong trading updates from our investee companies. These businesses continue to perform well, though their management teams' express frustration that this is not reflected in their share prices. Many companies are taking advantage of this situation by using their strong cash flows to buy back shares, reflecting their confidence in future growth.

Additionally, mergers and acquisitions activity remain elevated, signalling ongoing corporate interest in quality companies.