

TIME to reconsider investing in AIM



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SYNOPSIS

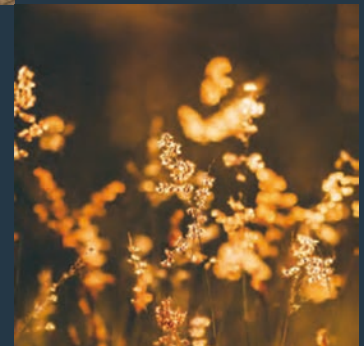
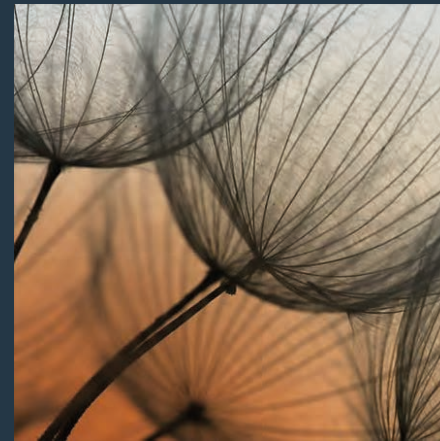
The Alternative Investment Market is home to a broad range of growth companies that operate across a variety of sectors, attracting both institutional and retail investors. But despite raising over £115 billion of capital since its launch in 1995, the AIM Market is generally less understood by clients than other FTSE markets. TIME Investments will explore some of the misconceptions held about AIM investing and outline the opportunities for discretionary managers and retail investors through the lens of portfolio diversification and in relation to estate planning considerations.

LEARNING OBJECTIVES

By the end of this session delegates will be able to:

- ▶ Outline reasons for companies listing on AIM
- ▶ Understand the potential benefits and risks associated with investing on AIM
- ▶ Identify clients for which an AIM Business Relief service may be an appropriate investment
- ▶ Consider ways in which Business Relief and trusts can be used in conjunction to regain access to an individual's RNRB

INTELLIGENT PARTNERSHIP IHT MASTERCLASS



TIME
INVESTMENTS

IMPORTANT INFORMATION



This presentation does not constitute investment or tax advice and should not be relied upon as such. The presentation content is based upon TIME's interpretation of current tax legislation, which may be subject to change. TIME does not provide investment or tax advice and recommends that all potential investors and their advisers consult a qualified tax adviser before making an investment in any of TIME's IHT services.

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Participation in any of TIME's services should only be considered by those investors who have been advised on the initial and continued suitability of any investment by an FCA authorised financial adviser and should be regarded as high risk and long-term in nature. Tax treatment depends on the individual circumstances of each investor and may be subject to change in future.

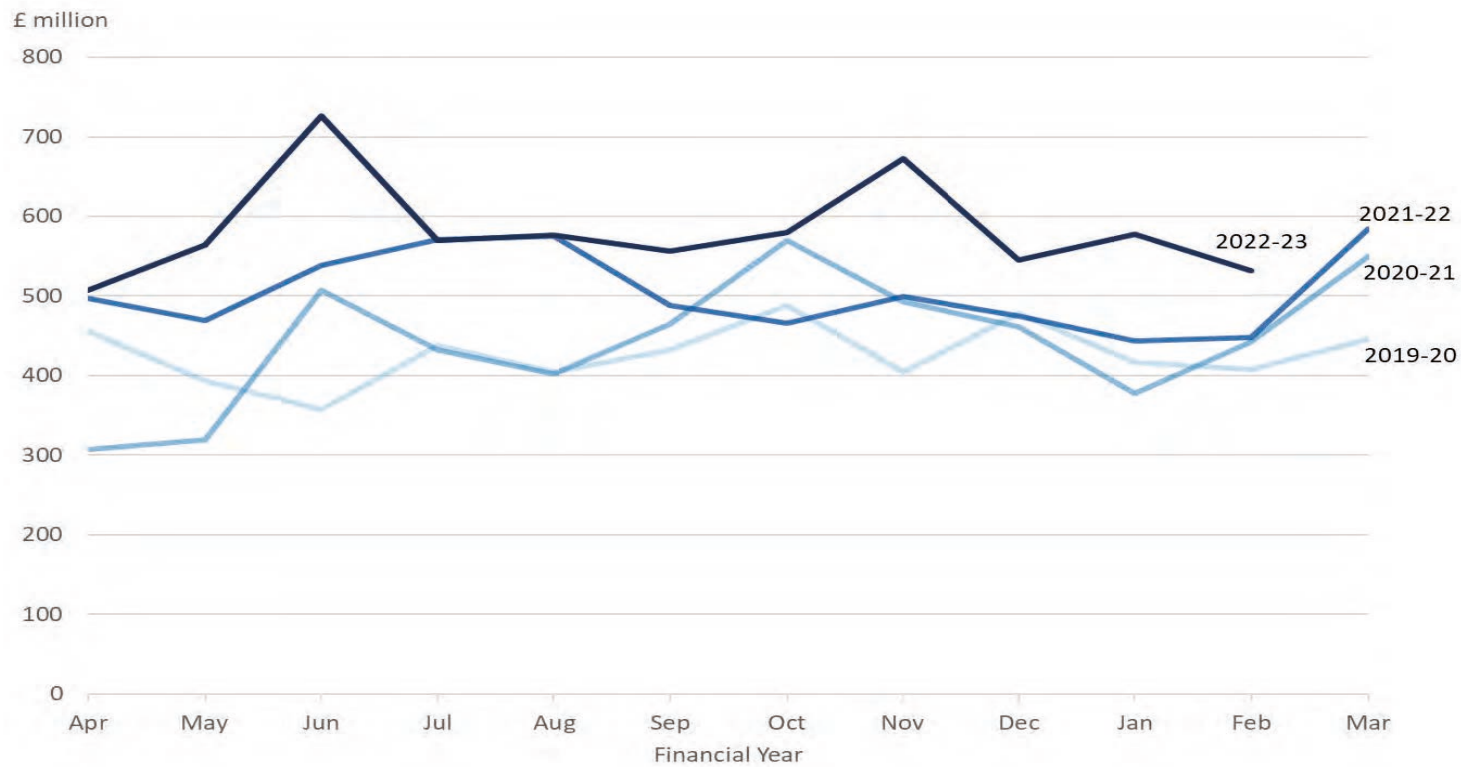
The value of shares will depend on the ability to identify trading activities and the success of the trading activities undertaken. Since the underlying investments consist wholly or substantially of real property, physical assets or shares, under certain market conditions, shareholders seeking to realise trading investments may experience significant delays. Further, the value of the real property or physical assets concerned will generally be a matter of a valuer's opinion rather than fact and may fluctuate.

Investment in TIME:Advance and TIME:CTC involves the issuing of shares in unquoted companies. There is no market for the shares and accordingly it may be difficult to obtain reliable information about the value of shares which must be held for the medium to long term and shareholders seeking to withdraw their investment will have no control over the timing of any realisation and may experience significant delays. Investment in TIME:AIM involves the acquisition of AIM listed shares and therefore the value and liquidity of an investment is subject to the conditions of the AIM market and AIM shares may have restricted liquidity.

LEARNING OBJECTIVES

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INHERITANCE TAX RECEIPTS HIT ALL TIME HIGHS



2022/23
(11 months)
£6.4 billion

2021/22
£6.1 billion

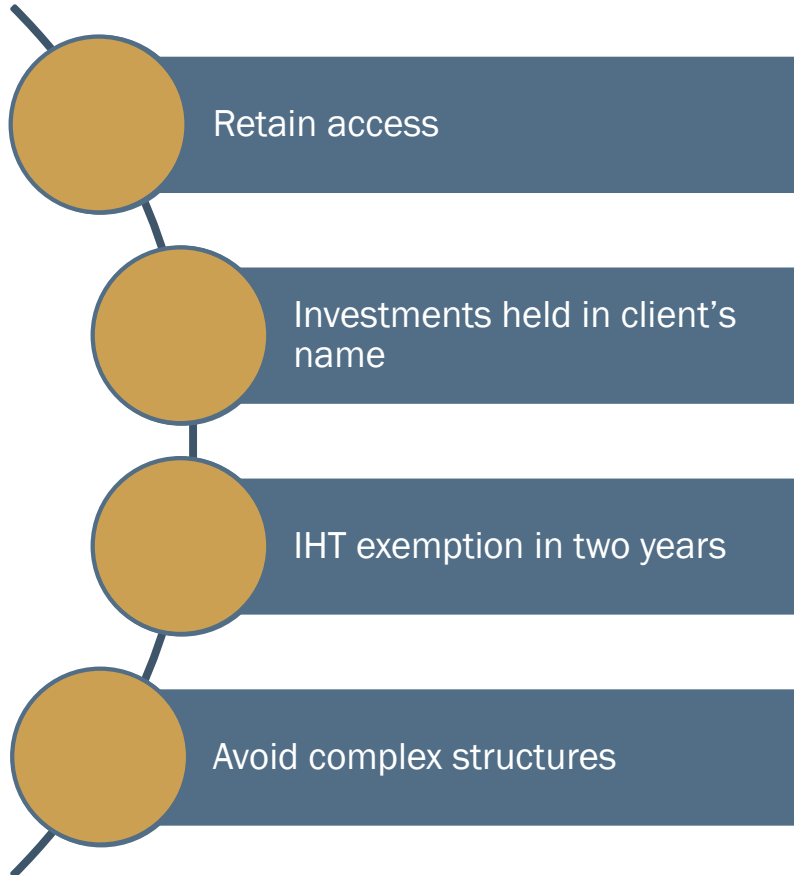
2020/21
£5.4 billion

2019/20
£5.1 billion



Source: 'HMRC tax receipts and National Insurance contributions for the UK (monthly bulletin)', HMRC, March 2023

HOW BUSINESS RELIEF CAN HELP



WAYS TO ACCESS BUSINESS RELIEF

Own

Own a qualifying trading business

AIM

AIM portfolio of BR qualifying shares

Invest

Asset backed BR service

EIS

Enterprise Investment Scheme (EIS)

WHY INVEST IN AIM QUOTED COMPANIES

BR available and
Stamp Duty
exemptions



Duty exemptions



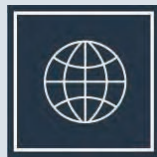
Daily traded asset with
regular liquidity



Option for ISA wrapper



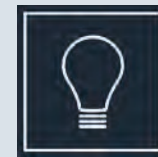
Can be held on
investment platforms



Target long-term growth



Provides exposure to
new and emerging
sectors



Support British
businesses and
industry



KEY MISCONCEPTIONS AROUND AIM



Are all AIM companies niche operators?

Are all AIM companies young and immature?



Are any AIM companies profitable?

Are Business Relief eligible AIM companies overvalued?



ARE ALL AIM COMPANIES NICHE OPERATORS?

Retail

boohoo group plc

INSPECS Mulberry GROUP PLC

World at large

dewhurst YouGov LOK'n STORE Self Storage

BREEDON SMS CVS James Halstead JAMES HALSTEAD plc

Food and beverages

naked wines FEVER-TREE Virginia wines

Nichols plc HOTEL Chocolat. M.P. Evans GROUP PLC CAMELLIA PLC

Home

ACCYS alumasc latham JAMES THE NATURAL CHOICE

Marks Electrical ACCROL GROUP WATKIN JONES plc

MICHELMERSH Brick Holdings PLC Brickability Epwin Group

VICTORIA PLC victorian plumbing.co.uk

Restaurants & Bars

COMPTOIR LIBANAIS REVOLUTION

TORTILLA Real California Burritos & Tacos YOUNG'S

Travel

Jet2 plc

Vehicles

Vertu Motors plc

AB DYNAMICS™

Finance

Mortgage Advice Bureau Tatton ASSET MANAGEMENT PLC

PURPLE BRICKS Mattioli Woods plc Wealth Management Begbies Traynor

IMPAX Asset Management POLAR CAPITAL Premier Miton INVESTORS

Workplace

Gamma Gateley /

GBG dotdigital GROUP PLC kape

Impellam Group Staffline Group PLC

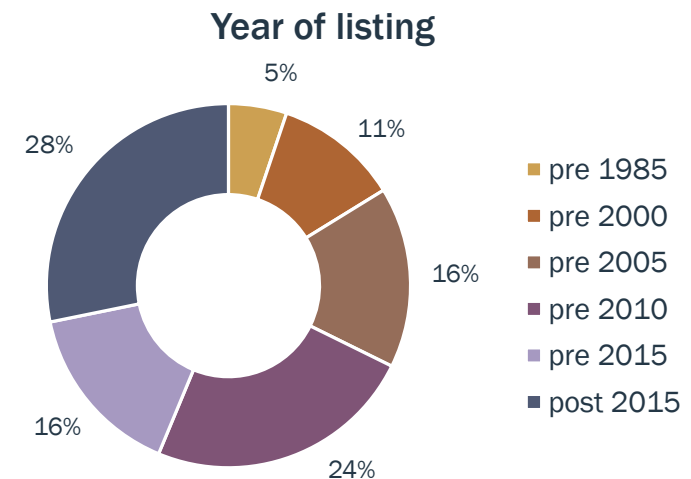
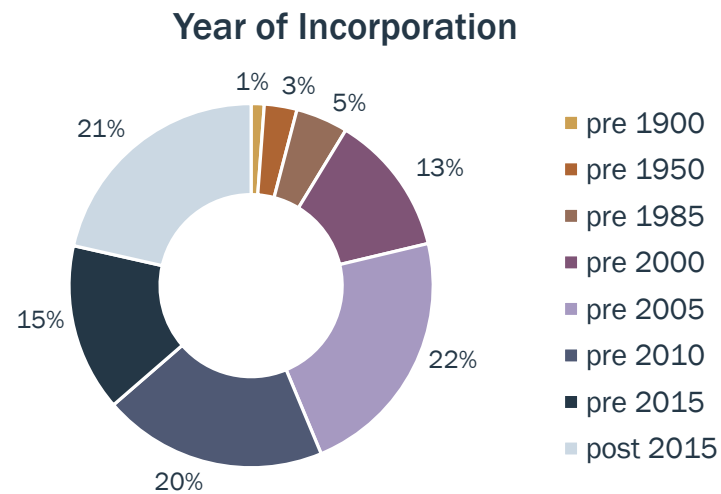
Entertainment

EVERYMAN

the CHARACTER group plc HORNBY PLC BOTB WIN YOUR DREAM CAR

ARE ALL AIM COMPANIES YOUNG?

- 78% of companies on AIM have been incorporated this century
- 84% of companies on AIM were listed this century

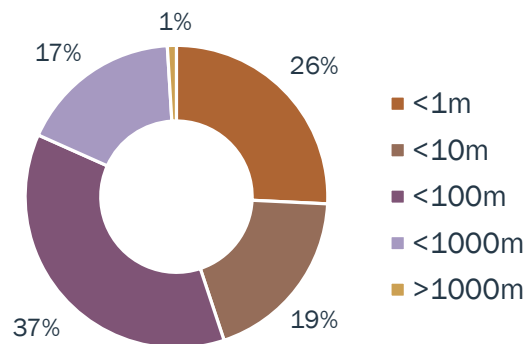


Source: FactSet, February 2023

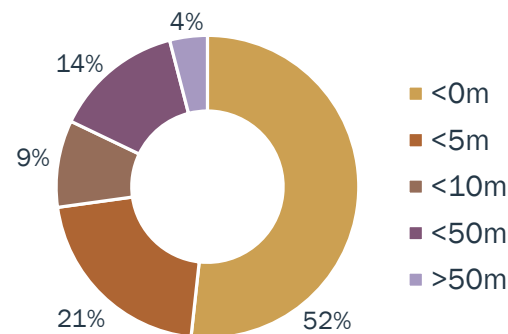
ARE ANY AIM COMPANIES PROFITABLE?

- 52% of AIM companies are unprofitable...
- ...but 27% (196 companies) have operating profit >£10m
- Concept of 'Investable' versus 'Speculative' again

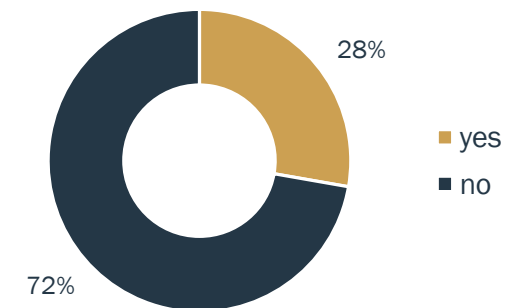
Revenue distribution



Profit distribution



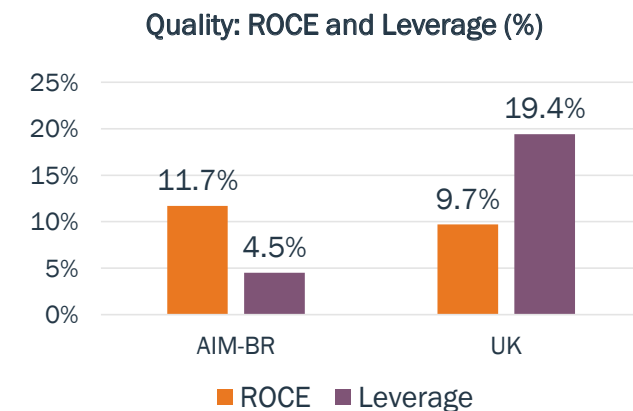
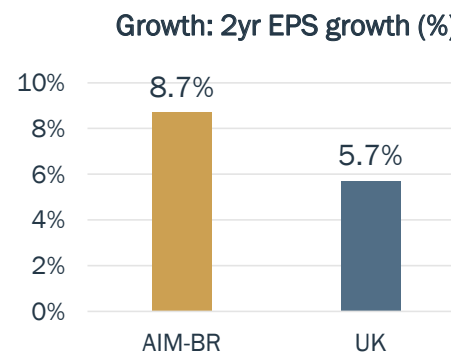
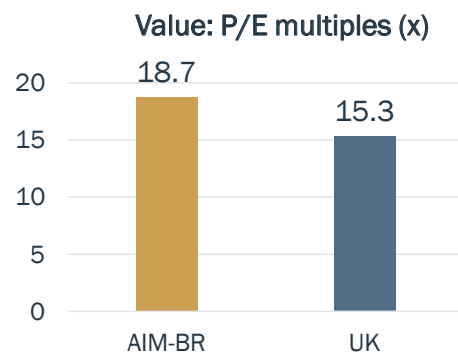
Pays a dividend?



Source: FactSet, February 2023

ARE BR-ELIGIBLE AIM COMPANIES OVERVALUED?

- Valuation multiples are higher for the AIM-BR universe than the wider UK market
- But then, so is the projected earnings growth rate...
- ...while returns on capital are higher and leverage is lower
- Our judgement is that the AIM-BR universe is not structurally overvalued



Source: Factset, TIME Investments research, February 2023

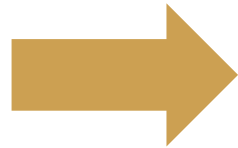
PUTTING THIS INTO PRACTICE





Important Information

TIME is unable to provide investment or tax advice and case studies are purely for illustrative purposes only.



MEET THE SAMOS FAMILY



| | |
|--|---|
| THEO JAR AND OLYMPIA  | <ul style="list-style-type: none">• Recent inheritance: £50K• Home: £1.2m (no mortgage)• ISAs: £500k• Savings & Investments: £650k• Buy to let property: £300k |
| THEO JAR AND INGRID  | <ul style="list-style-type: none">• Home: £1.5 million (£250k mortgage)• ISAs: £150,000• Savings & Investments: £3 million (incl. £1.5 million pension)• Business: £10-15 million |
| ADONIS AND MAYA  | <ul style="list-style-type: none">• Home: £750,000 (£250k mortgage)• ISAs: £30,000• Savings & Investments: £500,000 (incl. £100,000 pension)• Holiday home: £150k• Student property: £50k |
| LUCIA  | <ul style="list-style-type: none">• Home: N/A. Lucia rents• ISAs: £3,000• Savings & Investments: 0• Business: 0 |

Estate = £2,700,000
IHT payable = £820,000

REINSTATING FULL RNRB ALLOWANCE



Considerations

- IHT payable today = £820,000
- Over £2 million threshold
- Loss of RNRB

After BR investment

- BR investment is outside of estate
- Estate reduced to £2 million
- Full RNRB reinstated
- CLT avoided if moved into trust
- IHT payable = £400,000

IHT PLANNING ON PLATFORM

Investment platform



Non-BR qualifying
investments



AIM BR portfolio

- **Liable to IHT at 40%**
- Assets held on platform
- ISA wrapper available

- **Potentially exempt from IHT after two years**
- Assets held on platform
- ISA wrapper available

Adviser benefits

- Simplicity
- Less admin
- Consolidate assets in one place
- Better reporting
- More flexibility for adviser charging
- Streamlined fee statements
- Option for regular GIA or ISA contributions

USING BR FOR REPLACEMENT RELIEF

Assets that qualify for Business Relief



Trading business



EIS investment



BR service (AIM or asset-backed)



Re-invest proceeds within three years of sale/exit

BR service (AIM or asset-backed)



Immediate BR qualification and IHT exemption

WHAT HAPPENS ON DEATH?



Probate valuations



Inheritance Tax bill paid



Probate granted



Assets sold

IHT clawback

IHT35

- Shares or securities (non-AIM)
- Sale made within **12 months** of the date of death and a claim **submitted within 4 years**

IHT38

- Land or buildings
- Sale made within **4 years** of the date of death and a claim **submitted within 7 years** from the date of death

Source: gov.uk

CONSIDERATION: JOINT OR SINGLE INVESTMENT

Joint Investors



Ownership of the shares will automatically pass to the surviving owner on first death.

Single Investor



When the investor dies, the shares will form part of their estate and pass in line with their Will or if there is no valid Will, via Rules of Intestacy.

ALL OUR INHERITANCE TAX SUPPORT IN ONE PLACE

Identify the opportunities



Your IHT planning toolkit

The first step is to understand how IHT planning could benefit your clients. Part of this is assessing what IHT liability your clients may already have and identifying new planning opportunities.

[Click to learn more](#)

Find the right solution



A deep dive into BR

With an increasing number of providers offering Business Relief (BR) services, the next step is to learn how to thoroughly research them to find the most appropriate solution for your clients.

[Click to learn more](#)

Verify your findings



Independent validation

Finally, once you have narrowed your search down to the most suitable providers, it is important to look to specialist research houses and see what reports are available to provide third party independent verification.

[Click to learn more](#)

Access the hub here



OUR BUSINESS RELIEF SERVICES



TIME:ADVANCE

TIME:CTC

TIME:AIM



Private investors

Corporate investors

Private investors



Discretionary managed portfolio

Bespoke IHT service

Discretionary managed portfolio



Asset backed businesses

Asset backed businesses

AIM quoted companies



Diversified across seven trades

Predominantly invested in property lending

Diversified across 30 AIM companies

