

AIM Equi-Weighted Index

Quarterly Update

Alternative Investment Market (AIM) Portfolio

One way to potentially shelter part of your estate from Inheritance Tax (IHT) is through our AIM Portfolio. We carefully select companies that meet our strict investment criteria with the aim of obtaining business property relief after two years as part of your overall inheritance tax plan. This provides the potential for capital growth, while you retain control over your assets and the income they earn.

Key features

- Potentially qualify for 100% IHT relief after two years¹
- Your portfolio will hold individual shares – not a pooled investment
- Brown Shiplely manages your investments under a Discretionary mandate
- Clear charging structure

Key considerations

- Current tax rules governing investment into AIM and available reliefs may change
- Tax relief is applicable only to those subject to UK inheritance tax and available only where the investment is held until death
- The underlying AIM companies must continue to qualify for tax relief at the time the investments are realised
- Clients should consider taking professional, independent tax advice

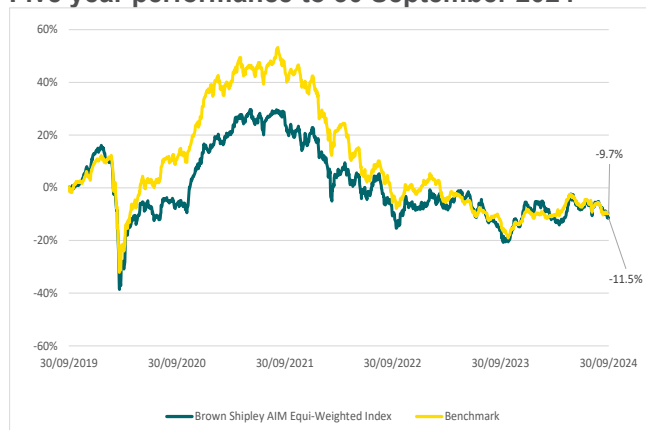
This investment places your capital at risk. The value of your investment may go down as well as up and investors may not get back the full amount invested.

Tax planning is not regulated by the Prudential Regulation Authority or the Financial Conduct Authority.

¹ Subject to HMRC assessment

Brown Shiplely AIM Equi-Weighted Index

Five year performance to 30 September 2024



The graph opposite illustrates the potential benefit of expert analysis and share selection versus performance from the benchmark as represented by the FTSE AIM All Share TR Index (to 30 September 2022) and Numis Alternative Market (including investment companies) TR Index (from 30 September 2022).

The Aim Market graph line shows the return from investing in the c. 1,000 AIM companies in the same proportion as the firms' market capitalisation. This means that greater investments are allocated to larger companies. This is a market capitalisation weighted index. Further details are available from FTSE International (www.ftse.co.uk) and Numis (www.numis.com)

The Brown Shiplely AIM Equi-Weighted Index graph assumes that equal theoretical investments are made to a specific number of companies. This is called an equi-weighted approach. The illustrated equal weighting is then maintained by regularly 'selling' some investments and 'buying' other investments, to maintain their equal weighting.

	From:	30/09/2019	30/09/2020	30/09/2021	30/09/2022	30/09/2023
	To:	30/09/2020	30/09/2021	30/09/2022	30/09/2023	30/09/2024
Brown Shiplely AIM Equi-Weighted Index		-6.2%	34.0%	-28.8%	-5.4%	4.5%
Benchmark		11.0%	30.8%	-34.3%	-7.9%	2.9%

Chart and Table source: Bloomberg. All returns on the Brown Shiplely AIM Investable List (Equi-Weighted Index) are gross and have the annual charge of 1.5% (+ VAT). Past performance is not a guide to future results. These investments place your capital at risk. The returns from the Brown Shiplely AIM Equi-Weighted Index may be higher or lower than those from your portfolio. Contrary to the Brown Shiplely AIM Equi-Weighted Index, Portfolios are subject to fees and trading costs, as well as liquidity requirements. This means they cannot maintain equally-weighted investment.

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Market commentary

During the twelve-month period ending 30 September 2024, the Benchmark* advanced by 2.9%, and the Brown Shipley AIM Equi-Weighted Index advanced by 4.5%, representing an outperformance of 1.6%. In the five years ending 30 September 2024, the Benchmark* declined by 9.7%, and the Brown Shipley AIM Equi-Weighted Index declined by 11.5%, representing an underperformance of 1.8%. Please note that past performance is not a reliable indicator of future performance.

Looking back over the last twelve months, it's relatively easy to break the performance of the AIM market into a few distinct periods. The final quarter of 2023 saw declines during October, followed by a surge in performance during the final two months of the year as risk assets performed well. Our model advanced by more than 10% during Q4'23, driven by a strong showing from our holdings in the Information Technology, Industrials and Consumer Discretionary sectors. These are areas we'd typically expect to perform well when investors are taking a more optimistic view of markets and the economy. 2024 has been more of a mixed bag. Whilst our model remained stable for the majority of the first quarter, we saw something of a retracement in performance from late February to mid-April. During this period, our Model gave up the gains it made versus the wider AIM market between October and February. The underperformance seen during late Q1 and early Q2 can be almost entirely attributed to a couple of company-specific issues. It is disappointing to give up some of our outperformance, but we are confident that the long-term investment case for these holdings remains valid and that they stand to enhance returns over our investment horizon.

Having traded sideways for the first four months of 2024, the AIM market took another leg higher in May, and our Model moved higher on both an absolute basis and relative to its Benchmark. Indeed, our Model was ahead of its Benchmark by a mid-single-digit percentage for most of Q3'24. However, a few company-specific issues came into play late in the quarter and we finished the twelve months to 30 September 2023 c.1.6% ahead of our Benchmark.

Relative to our Benchmark, our Model has produced outperformance for four consecutive years now, and we are making steady progress on regaining the ground we lost as the Covid-19 pandemic roiled markets. As we have previously commented, our underperformance during Covid-19 was a function of our preference for companies that support their growth ambitions via internally generated cashflow instead of tapping investors via equity issuance. Whilst we are pleased to see that we have consistently outperformed the wider market over the last four years, we note that our five-year numbers are now slightly behind our Benchmark due to a strong quarter rolling out of the data (at Q2'24 stage our Model was c.4.1% ahead of its Benchmark on a five-year view). Looking ahead, we are confident that our focus on identifying niche businesses with a history of growth and competitive advantage, with reasonable performance throughout the business cycle and the ability to support themselves via internally generated cash, will provide a solid foundation for providing superior returns over our investment horizon, particularly under conditions where markets are subdued.

We made no changes to our Model holdings in Q3'23. We look forward to providing our next update in January 2025.

**Following a review of the product benchmark and of a number of index providers, we replaced the FTSE AIM index with the Numis Alternative Markets index, which is representative of the AIM Market and a fair benchmark to compare our performance against. The change is effective 1 October 2022 and any performance comparison prior to this date will still relate to the FTSE benchmark. The investment objective of the AIM portfolio remains unchanged. The risk and positioning of the portfolio against the new benchmark were reviewed and no change has been made as a result of this benchmark change. In particular, the AIM portfolio remains to be built from the bottom-up, and it is not managed with any reference to the benchmark. The benchmark is only used for performance comparison purposes.*

This document is for information purposes only. It does not constitute investment advice and is not a recommendation for investment.

Investors should be aware that investment in companies listed on AIM carries a higher risk than equities on the main market of the London Stock Exchange. The value of any tax benefits will be dependent on individual circumstances. The performance of individual portfolios may vary from the Brown Shipley AIM Equi-Weighted Index performance due to factors such as stock selection and timing of investment transactions. Brown Shipley does not provide tax advice. © Brown Shipley 2023 reproduction strictly prohibited.