



CHARLOTTE SQUARE
INVESTMENT MANAGERS

ALTERNATIVE INVESTMENT MARKET

Introducing the Charlotte Square
Tax Friendly Portfolio in the
Alternative Investment Market (AIM)



What is the Charlotte Square Tax Friendly AIM Portfolio?

- Direct Access to Europe's largest and most established stock market for smaller companies
- Potential reduction in Inheritance Tax (IHT) when qualifying assets within the portfolio have been held for at least 2 years
- Exemption from Stamp Duty on eligible investments
- Continuing control over your assets in your lifetime and increased protection for the value of the assets you wish to pass on

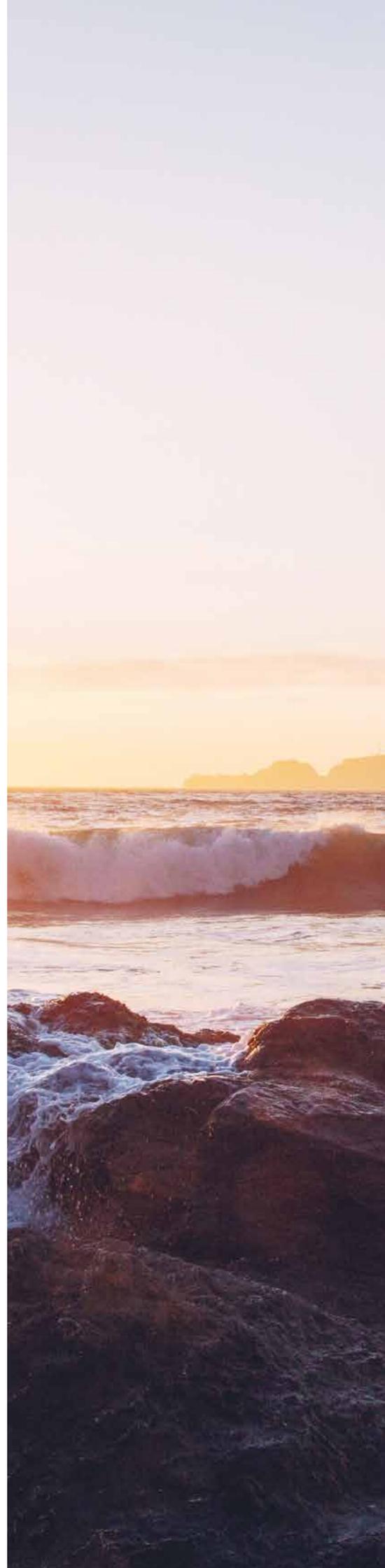
In selecting the Charlotte Square AIM portfolio service, we will invest your money in the Alternative Investment Market (AIM). This is the London Stock Exchange's international market for smaller and growing companies. It features a wide range of participants from venture-backed capital start ups to mature smaller businesses, well established in their industry sector such as Fever-Tree, Dart Group and Curtis Banks - to name a few. Since its launch in 1995, it has become a geographically and sector diverse market with over 3600 participants and a combined market capitalisation of over £80 billion.*

Charlotte Square has been using its expertise in investing in AIM and other small company stocks for many years now, and has created a strong track record in AIM investments in particular.

As one of the world's most successful growth markets, it can offer an opportunity for investors with an appetite for capital growth in the smaller company marketplace. It also allows private investors to benefit from a uniquely favourable set of tax breaks, which have the effect of reducing Inheritance Tax (IHT) liability on qualifying investments in AIM (subject to HMRC approval).

“The world's most successful growth market... with a total market value in excess of £80 billion.”

*(Source - London Stock Exchange July 2017)





Who is an AIM Portfolio for?

Charlotte Square Tax Friendly AIM portfolios are designed to be longer term investments, which are actively managed by us on a discretionary mandate.

Typically, this type of investment appeals to investors who wish to:-

- Target capital growth over the medium to long term (5+ years) and have a risk appetite suited to the smaller companies marketplace.
- Plan to use the current favourable tax treatment of AIM stocks to supplement their existing investment or IHT strategies.
- Wish to maximise tax efficient saving by holding AIM stocks within their ISA.
- Wish to continue to enjoy gains in the portfolio value, with access and control over the investments - without tying them up in complex trust arrangements.

In guiding any client to consider AIM investments, the foremost considerations will be attitude to risk and comfort with the idea of involvement in the smaller company marketplace, which can be volatile and more illiquid than investments quoted on the main London Stock Exchange. It will therefore not be suitable for all investors.

However, as experienced investment managers, Charlotte Square actively manage the balance of risk and reward through rigorous research, analysis and application of our investment philosophy.

We recommend potential investors take independent taxation and financial advice before investing.

For clients looking for:

- *Capital growth*
- *A tax efficient way to invest ISA savings'*
- *A complement to IHT and other strategies*



What is our Investment Philosophy?

Whilst there may be significant tax benefits provided by these portfolios, we at Charlotte Square are well aware that they should never let the “tax tail wag the investment dog”.

In our opinion, clients have already taken enough risks in building up the wealth entrusted to us for investment.

This philosophy means we gradually build a diversified portfolio across twenty to thirty stocks, to ensure we have a spread of companies engaged in different commercial, industrial and geographic sectors. Diversification is essential as is a reasonably sized exposure to each stock.

We are buyers of stock for the long term. We favour companies able to demonstrate a strong trading record and justifiable prospects for sustainable profit growth.

We continually research, review and reassess our existing holdings, and possible new ones – watching price and valuation shifts and monitoring news flow. We may also meet with their management directly.

We understand the importance of keeping you informed, which is why we will tell you each and every time we buy or sell an investment in your portfolio. We will tell you why we have made the change as it occurs.

We are firmly of the opinion that our clients have already taken enough risks in building up the wealth now entrusted to them.





How ‘Tax Friendly’ are these Portfolios in Practice?

Successive UK Governments have been consistent in the support they have given to smaller businesses. To encourage more direct investment in qualifying AIM-listed companies it has classified such companies as “business property assets” for taxation purposes. This classification means that qualifying AIM shares in a portfolio will be exempt from IHT - provided they have been held for 2 years and form part of your Estate at the time of death.

Historically, IHT planning has involved a complicated and often expensive combination of insurance policies and trusts.

Charlotte Square’s AIM Portfolio service offers an alternative way to make better provision for your beneficiaries without losing access and control over your assets in your lifetime.

As you retain full control and ownership of your portfolio at all times it affords you the flexibility to cash in all or part of your portfolio should your circumstances change.

An Individual Savings Account (ISA) is another opportunity to protect your money. AIM stocks are ISA eligible, meaning that there is no further income tax or capital gains tax arising from the sale of qualifying stocks.

Stamp Duty is also no longer payable on eligible AIM investments.



The Risks

- Companies trading on AIM face a lighter regulatory environment compared to that of the London Stock Exchange Main Market. They tend to be at an earlier stage of corporate development and are likely to be higher risk investments compared to stocks on the Main Market. Consequently the trading environment on AIM may be volatile, and liquidity conditions can vary.
- The tax treatment on AIM investments outlined in this document is to the best of our knowledge and understanding of the current UK taxation framework. It may be subject to change and is not guaranteed in the future, and depends on personal circumstances.
- Past performance is no guide to future performance. The value of investments may go down as well as up, and you may not get back the full amount invested.
- We are investment managers and not taxation specialists. Potential investors should discuss the benefits, and need for, an investment of this type with their professional advisers before investing to ensure that AIM investments fit comfortably within your overall disposition of invested assets.
- AIM portfolios are populated by investments which Charlotte Square reasonably believe to be qualifying investments at the time of purchase, but we can give no guarantee that HMRC will confirm that interpretation, or that qualifying status will be maintained in the future.

Frequently Asked Questions

HOW WILL MY AIM PORTFOLIO BE CONSTRUCTED?

We gradually build a diversified portfolio across twenty to thirty stocks, to ensure we have a spread of companies engaged in different commercial, industrial and geographic sectors. Diversification is essential, as is a reasonably sized exposure to each stock. We will be looking for a blend of companies some of which are relatively mature, with already established positions in their trading environment. Others will perhaps be younger but, in our professional opinion, offer a good deal of investment promise for the future.

HOW OFTEN WILL MY PORTFOLIO BE REVIEWED?

We continually research, review and reassess existing holdings in our AIM portfolios. AIM is a busy marketplace where there is typically a lot going on and sentiment can be volatile. Typically, we will be watching price and valuation shifts and monitoring news flow. We are buyers of stocks for the longer term and are not inclined to 'day-trade'. But if we feel that the prospects for one of our companies are on a marked slide, we will sell the shares. To provide the degree of responsiveness and knowledge required, we manage these portfolios on a discretionary service level.

HOW WILL I KNOW HOW MY PORTFOLIO IS PERFORMING?

You will receive a written Valuation and Performance Report quarterly. You can also view your holdings at any time through our secure online portal, accessed via our website www.charlotte-square.com. In addition to regular updates on individual changes as they occur, we will send you a Quarterly Report on the total Charlotte Square AIM performance - also available on our website.

CAN I GET ACCESS TO MY INVESTMENT?

An AIM portfolio is a longer term investment, designed to build capital growth as the constituent companies themselves develop. Under current legislation, it could also offer protection for your beneficiaries from IHT for as long as you hold the portfolio. Should your circumstances change, you can access the capital at any time by giving us notice of the amount of your desired withdrawal. We will sell sufficient stock to make that payment to you. There is no penalty charge on exit but it may give rise to a taxable gain.

WHAT HAPPENS WHEN WE SELL A STOCK?

AIM portfolios are first and foremost investment funds. There may be circumstances in which we make

a disposal of constituent stocks because we judge that there is an investment case for doing so. This may give rise to capital gains on your account. If the stock was qualifying at the time of sale, and if the full sale proceeds are used to buy another qualifying stock as a replacement, then current HMRC guidance indicates that a combined two year period of ownership of both stocks will satisfy the criteria for IHT exemption of that investment. If the stock sold is no longer a qualifying stock, then the IHT relief on that investment may be lost. This would not jeopardise the overall principle of business property relief in relation to the AIM portfolio as a whole.

WHAT IS THE MINIMUM AND MAXIMUM LEVEL OF INVESTMENT?

The minimum level for investment is £50,000, with the ability to add any further amount from £10,000 or more. There is no upper limit to how much you can invest.

CAN I USE MY ISA TO INVEST IN AIM STOCKS?

Yes. AIM stocks are ISA eligible up to the maximum annual contribution level, which means you pay no further tax on income earned, or on realised capital gains.



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Important Information: Opinions constitute our judgement as of this date and are subject to change without warning. This investment product may not be suitable for all investors. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your initial investment. Tax benefits and allowances described in this factsheet are based on current legislation and HM Revenue & Customs practice and depend on personal circumstances. These may change from time to time and are not guaranteed. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down. Past performance is not a reliable indicator of future results. Neither Charlotte Square, Raymond James nor any connected company accepts responsibility for any direct or indirect or consequential loss suffered by you or any other person as a result of your acting, or deciding not to act, in reliance upon any information contained in this document. Before contemplating any transaction, you should consider whether you require advice from your financial adviser. Charlotte Square is a trade name of Raymond James Investment Services Limited (Raymond James) utilised under exclusive licence. Raymond James is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority. Registered in England and Wales No. 3779657. Registered Office Broadwalk House, 5 Appold Street, London EC2A 2AG.

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