



SPECIALIST TAX PORTFOLIO SERVICE (AIM INHERITANCE TAX PORTFOLIO) (RELIANCE ON ADVISER) FOR ADVISED CLIENTS

SERVICE SUMMARY

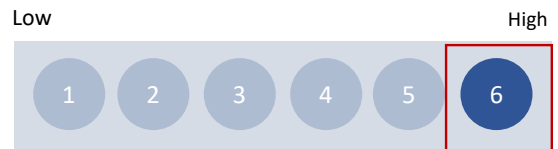
The Specialist Tax Portfolio Service (STPS) AIM Inheritance Tax Portfolio is a Financial Adviser led discretionary service provided by Rathbones Investment Management for UK resident individuals seeking relief from Inheritance Tax (IHT), where qualifying investments have been held for at least two of the previous five years and are still held on the date of death. The client must have a relationship with an FCA authorised Financial Adviser, who is responsible for assessing client suitability. The portfolio is constructed to meet the mandate agreed with their Financial Adviser.

The client remains the beneficial owner of a portfolio of smaller company shares, which are held in a segregated, nominee account. The STPS team seeks to begin investing funds quickly once funds have cleared, to start the two-year period. The STPS team works with an independent specialist who provides an opinion on the Business Relief qualifying status of investments, both at the start and on an ongoing basis.

SERVICE FEATURES AND BENEFITS

- Access to a dedicated investment manager for both client and adviser ✓
- Portfolio tailored to specific client needs ✓
- Specialist assessment of portfolio's eligibility for tax relief ✓
- Quarterly valuations and annual tax packs (as required) ✓
- Rathbones custody ✓
- Access to online service 'MyRathbones' for both client and adviser ✓
- Inheritance tax (IHT) relief, where qualifying investments have been held for at least two of the previous five years and are still held on the date of death* ✓
- ISA eligible ✓

RISK CONSIDERATIONS



* Following the Autumn Budget in October 2024, there is a proposed change to the rate of IHT relief on Business Relief qualifying AIM shares. Until 5th April 2026, qualifying AIM shares will attract 100% relief from IHT. From 6th April 2026, the rate of relief will be reduced by 50%, making an effective rate of IHT 20%.

The Specialist Tax Portfolio Service AIM Inheritance Tax Portfolio is **only suitable for higher risk** investors seeking tax relief, and who are investing funds that they do not need in connection with everyday living requirements. As with all investments the value of the investment will fluctuate, and investors may not receive back the full amount they originally invested. In addition, the service is exposed to specific risks, as follows:

INVESTMENT

- The service invests in smaller companies, which can experience pronounced share price movements due to a number of factors including limited liquidity
- The nature of smaller company investment means that opportunities to invest can be limited at certain times
- An STPS portfolio will not meet normal standards for portfolio diversification in many cases as its asset allocation is solely designed for the purpose of securing tax relief

LIQUIDITY

- The ability to buy and sell shares of smaller companies can be limited by the availability of buyers and sellers
- Companies may de-list from AIM, prohibiting the sale of shares in a reasonable timescale or at a reasonable price

QUALIFYING

- The underlying companies must meet certain criteria to qualify for tax reliefs. A company could lose its qualifying status if, for example, it changes its business activities to those that don't qualify, and its shares would then have no tax advantage

RELIEF

- The levels and types of reliefs from taxation may change or cease in response to regulatory changes

HOLDING PERIOD

- Business Relief qualifying shares must have been held for at least two years out of the previous five to the date of death and still held on the date of death

TARGET MARKET

Investment values: positive target market from £100,000 up to £1,000,000, though the service may be applicable for higher or lower values dependant on client characteristics, needs and objectives.

Client characteristics, needs and objectives: In addition to investment value, the table below highlights the criteria that the service has been designed to meet (Positive), and those that it cannot meet (Negative).

	Positive target market	Negative target market
CHARACTERISTICS (minimum entry requirements)		CLIENT NEEDS AND OBJECTIVES
Portfolio/fee group size		<ul style="list-style-type: none">– Clients investing on the advice of a certified adviser– Clients wishing to invest into assets qualifying for Business Relief for the purposes of UK Inheritance Tax– Clients with financial objectives that cannot be met with lower risk assets– Clients wanting bespoke construction of a portfolio tailored to their specific needs with the personalised services of a dedicated investment manager– Clients wanting delegation of day-to-day investment decisions, including the proactive use (as appropriate) of relevant tax allowances
£100,000 - £1,000,000	✓	
<£25,000 (fee group size)	✗	
Knowledge and experience		
Low/basic (or higher)	✓	
None	✗	
+		
Ability to bear loss		<ul style="list-style-type: none">– Clients not investing on the advice of a certified adviser– Clients not subject to UK inheritance tax upon death– Clients requiring active involvement in day-to-day investment decisions– Clients requiring compliance with a non-UK regulatory or tax regime
Ability to bear a total loss of the amount invested	✓	
Full capital protection, no/negligible capacity for loss	✗	
+		
Risk tolerance		
Appetite for putting capital at risk of total loss	✓	
Full capital protection, no/limited capacity for loss	✗	
+		
Time horizon		
Greater than 2 years	✓	
Less than 2 years or full repayment on demand	✗	

VULNERABLE CLIENT CONSIDERATIONS

Rathbones is reliant on the Financial Adviser to inform us as soon as practical where a client is deemed vulnerable as the impact on the service provided will need to be considered. We are only able to accept applications signed by Attorneys in limited circumstances and at our discretion. Enduring Powers of Attorney (England & Wales) will not be accepted. Additional care should be taken when dealing with clients displaying low financial capacity and/or resilience. Given the benefits associated with the mandate, clients in the service are typically elderly which may result in a higher prevalence of vulnerability in the service.

COSTS AND CHARGES

Management fees are charged quarterly in arrears, based on the value of the Portfolio as at the quarter end. A pro-rata charge is made for Portfolios which are transferred into or out of the Service during the quarter. VAT is charged at the prevailing rate, currently 20%. Full details of costs and charges are shown on our Schedule of Charges.

Example charges for
£800,000 investment

RATHBONES MANAGEMENT FEE		
£0 - £250,000	1.75%	1.58%
£250,001 - £1,000,000	1.50%	
Balance over £1,000,000	1.25%	
VAT at 20%		
Minimum fee	£500	
Total charges (%)		1.90%
Total charges (£)		£15,150

FAIR VALUE ASSESSMENT

In line with the FCA's Consumer Duty fair value outcome, an assessment of the STPS AIM Inheritance Tax portfolio has been carried out to ensure the total cost charged to the end client is deemed reasonable when compared with the benefit received.

A number of factors were used within the value assessment, including;

- A review of service features, benefits (including past performance) and service limitations
- Total costs and charges (as defined above)
- The cost to Rathbones to manufacture and distribute the service
- Market rates and charges associated with other comparable competitor services

FAIR VALUE ASSESSMENT OUTCOME

Based on a review of the factors and key metrics listed above, we deem this service to provide fair value when distributed to the intended target market.