Canaccord Genuity Wealth Management

3rd Quarter 2024

IHT Model Portfolio

Characteristics

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

Key Data

Average market capitalisation	£675million
Average profit before tax	£51 million
Average price-earnings ratio	16.5x
Average yield	1.9%

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.

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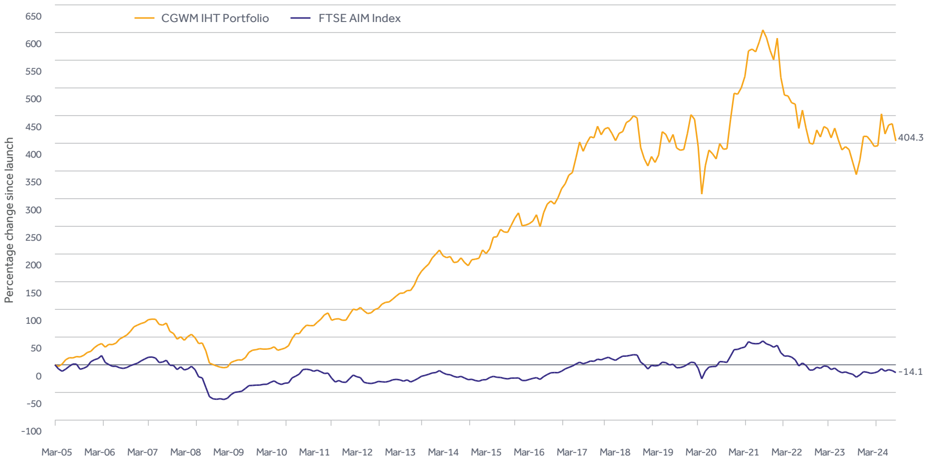
Investment objective

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 30/09/2024.

	2024 YTD*	2023	2022	2021	2020	2019	2018
IHT Portfolio	-1.6	+0.3	-25.9	+16.9	+7.0	+20.2	-12.7
FTSE AIM All-Share Index Total Return	-1.7	-6.4	-30.7	+6.1	+21.7	+13.3	-17.1

* 2024 YTD is data for year to date from 01 January 2024 to 30 September 2024

Cumulative performance (%)

Total return from inception to 30/09/2024.

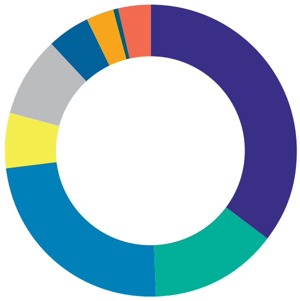
	3 Months	1 Year	3 Years	5 Years	Inception to date (01/04/2005)
IHT Portfolio	-2.4	+8.2	-27.0	+3.5	+404.3
FTSE AIM All-Share Index Total Return	-2.7	+3.9	-37.4	-9.1	-14.1

Risk and volatility since inception (%)

	IHT Model	AIM All-Share
Annualised volatility	+14.8%	+19.3%
Peak to trough loss	-48.1%	-68.0%

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.

IHT Portfolio suggested asset allocation (%)



	Model
Industrials	35.1
Health Care	13.9
Information Technology	23.5
Financials	6.0
Communication Services	8.6
Consumer Staples	4.7
Consumer Discretionary	3.1
Real Estate	0.5
Cash	3.5

Top 10 holdings (%)

Renew Holdings	**6.8**
Gamma Communications	**6.3**
Keywords Studios	**5.9**
Johnson Service	**5.6**
Craneware	**5.0**
GlobalData	**4.4**
Judges Scientific	**4.1**
Advanced Medical	**4.0**
Idox	**3.7**
Learning Technologies	**3.6**

Top ten holdings excluding cash

Source: CGWM

Portfolio Manager commentary

In the Third quarter of 2024, the Canaccord Genuity AIM portfolio decreased by 2.4% against the FTSE AIM Index which fell 2.7% and the FTSE All-Share Index which increased by 3.3%. 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.

In Q3 2024, AIM delivered a disappointing return as political uncertainty heavily affected investors. On 4 July, the UK voted to elect a Labour prime minister for the first time in 14 years. The new government won a landslide with 412 seats, the largest government majority in 25 years, enabling potential changes in law to be voted through with ease.

The country also received a new Chancellor of the Exchequer, Rachel Reeves. In one of her first speeches, she claimed that her party has inherited the worst economic situation since the aftermath of World War II and that there is £22bn black hole in the nation's finances. She also stated her first budget on 30 October will refuse to rule out tax rises and cuts to spending.

These statements may seem economically unhelpful since investors have remained on the sidelines for the last few months, waiting to see what changes will happen before committing any money. However, the chancellor has also pledged to deliver a budget for growth and will "work hand in glove" with businesses. Once the budget has been delivered, we would hope the uncertainty dissipates and investor confidence returns.

Positively, inflation continues to ease, and on 1 August the Bank of England cut interest rates to 5% for the first time since March 2020. Another cut is expected in the coming months. This is good news for smaller companies as they tend to be more sensitive to interest rate changes.

Our investee companies are performing as expected, although some have noted they are the beginning to see some areas of economic slowdown due to the impact of rising interest rates over the last few years. As interest rates fall in the coming months, we hope for a return to growth.

Mergers and acquisitions activity remains high, with more companies receiving takeover bids. This often indicates an undervalued market; we expect this to continue while the AIM remains at this level. We are also seeing several companies buy back their own shares, believing their share price is too low.

With this in mind, and because our investment philosophy is focused on profitable companies with strong cash generation and solid balance sheets, we are confident that our investment approach will help to mitigate the effects of this turbulence over the longer 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.

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