

For professional advisers and paraplanners only.

Not to be relied upon by retail clients.



Fundamental
Asset Management

CONSUMER DUTY – PACK

AIM Inheritance Tax Portfolio Service

December 2023

HOW IS FUNDAMENTAL ASSET MANAGEMENT POSITIONED TO PRIORITISE GOOD OUTCOMES FOR CUSTOMERS

Established in 2004, Fundamental Asset Management Ltd is an owner-managed specialist investment management firm, with primary focus of investing in the shares of AIM quoted companies.

The interests of the firm's founders and investment managers, Christopher Boxall and Stephen Drabwell, are well-aligned with those of the firm's clients through their own investment in AIM portfolios.

Independent AIM manager, in-house investment management firm undertaking own in-depth research.

Track record significantly outperforming leading indices and peers.

Investment approach proven to reduce volatility and liquidity risk.

Owner managed firm investing alongside clients.

Committed to a range of Environmental, Social and Governance (ESG) principles which help us to operate and invest responsibly. Through these principles, we aim to positively impact our internal and external stakeholders and wider communities. For more information see

<https://fundamentalasset.com/about/esgresponsible-investment>

PRODUCTS AND SERVICES

Fundamental regularly reviews its AIM portfolio product to ensure it continues to deliver good outcomes for customers

Target outcome	Outcome achieved:	
	Since inception 2004	Last 12 months
Performance goal: capital growth	✓	✗
100% qualification for Business Relief (BR)	✓	✓
Liquidity target: within one month (typically weekly)	✓	✓
Product benchmarked against market	✓	✓
Product benchmarked against competitors	✓	✓



TARGET ACHIEVED. Although capital growth has not been achieved during the past 12 months, short term volatility is a known feature of AIM and performance has been in line with benchmarked indices (AIM All-Share -18.81%). Capital growth has been achieved over the medium term.

PRICE AND FAIR VALUE

A good outcome for customers is every client having been provided with the product services, successfully obtaining all the expected product features, and no comparable level of product and service is available at a lower cost elsewhere.

Target outcome	Description	Outcome achieved:	
		Since inception 2004	Last 12 months
Core service provided to investors	Invested into a diversified core/satellite portfolio of around 25-30 BR eligible companies listed on the AIM market capable of targeting growth	✓	✓
Achieved for investors	Capital Growth achieved	✓	✗
		334.05%	-13.14%
	Portfolio qualifies for BR	✓	✓
	Funds Invested within 1 week	✓	✓
Expertise and service		✓	✓



TARGET ACHIEVED. Although there was no capital growth in the past year, customers experienced a positive outcome over the review period. The AIM market is known for short-term volatility, but the performance aligned with indices and achieved capital growth over the medium term.

CONSUMER UNDERSTANDING

Our customers' and our adviser partners' satisfaction lies in their ability to understand all of our communications and materials, enabling them to make well-informed investment choices.

Target outcome	Outcome achieved:
All customer communications have undergone our rigorous process.	✓
Benefits and risks are made clear	✓
Tax relief offered by product is made clear	✓
It is clear where additional information can be found	✓
Support team is able to answer further questions	✓



TARGET ACHIEVED

CONSUMER SUPPORT

Clients and adviser achieve a positive outcome when they receive consistent support throughout their journey with us.

Category	Target outcome	Outcome achieved:
Customer service resource	We provide appropriate customer service resources (email, phone, in-person)	✓
Customer journey	Consumers receive timely communications throughout their customer journey	✓
Portfolio managers	Consumers can contact the portfolio managers	✓
Dropped calls	No more than 0.1% per year	✓
Feedback	Consumers can use different methods to give feedback	✓
Feedback reviewed	Feedback is regularly reviewed and acted upon where appropriate	✓
Complaints	All complaints dealt with in the appropriate time	✓
Ombudsman	No complaint upheld by the ombudsman	✓
Provisions for vulnerable clients	Vulnerable customers are identified, and actions taken to accommodate their needs	✓



TARGET ACHIEVED

TARGET MARKET EUROPEAN MIFID TEMPLATE

Category		Codification	Additional information
Investor type	Investor type retail	Yes	
	Investor type professional	Yes	
	Investor type eligible counterparty	Yes	
Knowledge and/or Experience	Basic investor	Neutral	Could be suitable for a basic investor who receives advice in relation to this investment
	Informed investor	Yes	
	Advanced investor	Yes	
Client ability to bear losses	Compatible with clients who can not bear capital loss	No	
	Compatible with clients who can bear limited capital loss	Neutral	Has the potential to be suitable for an investor who is able to bear loss on the amount invested. Consideration of the potential for loss against the cost to the estate of Inheritance Tax may also be relevant.
	Compatible with clients who do not need capital guarantee	Yes	
	Compatible with clients who can bear loss beyond capital	Yes	
Client objectives and needs	Return profile preservation	No	
	Return profile growth	Yes	
	Return profile income	Neutral	Does not pay income but regular returns of capital can be facilitated to create cash flow by selling down shares
	Minimum recommended holding period	L	2 years required in order to benefit from Business Relief
	Specific investment need	O	Capital growth, estate planning
Distribution strategy	Execution only	No	
	Execution with appropriateness test or non advised services	P	Non-advised investors must complete a suitability questionnaire that considers their understanding and experience. Preference for advice
	Investment advice	B	
	Portfolio management	B	
Risk tolerance	Risk tolerance PRIIPs methodology	-	
	Risk tolerance internal methodology for non PRIIPs and non UCITs	H	
Value for money	Outcome of assessment of value	1	1 – charges are justified based on assessment and any action identified or, where the first assessment is not yet due, based on initial product design 2 – charges are not justified, significant action is required
	Outcome of value assessment or review	1	1 – product expected to provide fair value for reasonably foreseeable period 2 – review indicates significant changes required in order to provide fair value

DEFINITIONS AND KEY

Basic investor	Informed investor	Advanced investor	Key	Negative target market
<p>Investors having the following characteristics:</p> <ul style="list-style-type: none"> • basic knowledge of relevant financial instruments (a basic investor can make an informed investment decision based on the regulated and authorised offering documentation or with the help of basic information provided by point of sale); • no financial industry experience, i.e. suited to a first time investor 	<p>Having one, or more, of the following characteristics:</p> <ul style="list-style-type: none"> • average knowledge of relevant financial products (an informed investor can make an informed investment decision based on the regulated and authorised offering documentation, together with knowledge and understanding of the specific factors/risks highlighted within them only) • some financial industry experience 	<p>Investors having one, or more, of the following characteristics:</p> <ul style="list-style-type: none"> • good knowledge of relevant financial products and transactions • financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service 	<p>1 = ISO 6166 for ISN code 99 = Code attributed by the undertaking</p> <p>✓ = Yes X = No Neutral = neutral</p> <p>*Risk Tolerance PRIIPS Methodology = Range of 1-7 or Empty</p> <p>H = High L = Long Term O = Other P = Professional B = Both (Retail and professional)</p> <p>* Distribution Strategy = N (Retail and Professional)</p>	<p>We have considered whether there any other customer groups for whom the service would be unsuitable.</p> <ul style="list-style-type: none"> • Investors who are not willing to take any risk with this investment • Investors who need immediate access to this investment • Direct Investors with less than £40,000 to invest • Platform Investors with less than £20,000 to invest • Inexperienced investors who are not in receipt of financial advice

FEES CHARGED BY FUNDAMENTAL ASSET MANAGEMENT

CHARGES FOR ADVISED CLIENTS WITH A FINANCIAL ADVISER

DIRECT

Type of charge	Cost	When is charge applied
Initial fee	None	n/a
Dealing fee	Max £50 per trade	When purchasing or selling shares
Annual Management Fee	1% plus VAT	Accrued on the portfolio daily and deducted quarterly
For portfolios of £1m+	Fees on discussion	n/a

THROUGH PLATFORM

Type of charge	Cost	When is charge applied
Initial fee	None	n/a
Dealing fee	As per platform costs	When purchasing or selling shares
Annual Management Fee	1% plus VAT	Accrued on the portfolio daily and deducted quarterly
For portfolios of £1m+	Fees on discussion	n/a

CHARGES FOR NON-ADVISED CLIENTS

DIRECT

Type of charge	Cost	When is charge applied
Initial fee	1% maximum Capped at £2,000	At set up
Dealing fee	Max £50 per trade	When purchasing or selling shares
Annual Management Fee	1.5%+VAT up to £150,000 assets 1%+VAT above £150,000 assets	Accrued on the portfolio daily and deducted quarterly
For portfolios of £1m+	Fees on discussion	n/a

For more information read our Remuneration Schedule at <https://fundamentalasset.com/publications/>

REGULATORY REFERENCES

1. Finalised Guidance

FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty, July 2022

<https://www.fca.org.uk/publication/finalised-guidance/fg22-5.pdf>

2. Product Features, Services, Benefits & Quality

PRIN 2A.4.8R(1)(2)(4), PRIN 2A.4.10G(1), PRIN 2A.4.11G(1)(2), COLL 6.6.21R(1)

3. Performance COLL 6.6.21R(2)

4. Costs PRIN 2A.4.8R(3), PRIN 2A.4.10G(2), PRIN 2A.4.11G(2), COLL 6.6.21R(3)

5. Economies of Scale COLL 6.6.21R(4)

6. Comparable Market Rates PRIN 2A.4.9G(2), COLL 6.6.21R(5)

7. Comparable Services PRIN 2A.4.9G(4), COLL 6.6.21R(6) 7. Share Classes COLL 6.6.21R(7)

IMPORTANT INFORMATION

Issued by Fundamental Asset Management Limited.

Fundamental Asset Management Ltd is authorised and regulated by the Financial Conduct Authority (FCA Reg No: 401123). This is not an offer to sell or a solicitation of an offer to purchase shares.

You should not invest in the Fundamental AIM IHT portfolio service unless you have read our Terms and Conditions, are aware of the risks involved, are prepared to hold for the long term and can risk making a loss.

Smaller quoted companies can be subject to certain specific risks not associated with larger, more mature companies. The information and opinions contained in this document are for background purposes only and do not purport to be full or complete.

Past performance is not necessarily a guide to future performance as the price of shares can fall as well as rise and you may not get back all the money you invested.

The extent of the tax benefits available will depend on the qualifying conditions and investors should seek professional advice before investing.

No reliance may be placed for any purpose on the information or opinions contained in this document of their accuracy or completeness.

If you have any doubt whether this product is suitable for you and you wish to obtain personal advice, please contact an Independent Financial Adviser.

IMPORTANT INFORMATION

The performance shown is based on a real client portfolio managed since 1st March 2007. Individual portfolios differ in terms of holdings and performance depending on the timing of the investment.

Fundamental Asset Management Limited researches a material number of AIM stocks for the IHT Planning Portfolio Service. Our preferred stocks change as news flow and events impact on the companies and accordingly the composition of individual client portfolios may materially differ from another.

The companies selected for the Fundamental Asset Management AIM IHT Portfolio Service are selected because, based on our knowledge, they qualify for Business Relief (BR) and therefore could provide up to 100% IHT relief after being held two years, subject to the qualifying stocks still being held upon death. His Majesty's Revenue and Customs (HMRC) make the decision on IHT relief.

HMRC does not provide a list of qualifying companies. Instead, it assesses the company retrospectively. When a claim for relief is made (during the probate process), HMRC will confirm if the companies of which the deceased was a shareholder qualifies for BR and whether the shares can consequently be passed on free of IHT. Importantly, to benefit from 100% relief, the company must qualify for BR at the time of the investment and remain qualifying until the relief is claimed.

Fundamental Asset Management cannot guarantee that 100% of the client's portfolio will be exempt after two years, nor that the qualification rules as set out by HMRC will not change in future in a way that affects the status of individual holdings.

Fundamental Asset Management does not give investment advice to retail clients.

The suitability of the Service must be assessed by a professional adviser on an initial and ongoing basis.

For further information please refer to the fund factsheet, brochure and other documentation, which contain further details of the product, including costs and charges and risk factors. These documents are available at <https://fundamentalasset.com/publications/>.

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