

Fundamental AIM IHT Income Portfolio

Factsheet 31st December 2024



KEY FACTS

Recommended Investment	£100,000
Minimum Investment	£20,000*
Average No. of Holdings:	30
AUM	£170m
Inception:	Jan 2023

INVESTMENT OBJECTIVE

Fundamental Asset Management offers a portfolio service that addresses both the risks and rewards associated with investing in AIM. A dedicated value focused AIM portfolio, investing in AIM quoted companies which have demonstrable earnings, dividend yield and reduced stock volatility. This compelling tax planning method, which after the short 2-year qualification period gains total relief from Inheritance Tax, avoids the costs associated with forming a trust or the risks associated with gifts and assets remain under the control of the holder and easily realisable.

CHARGES FOR ADVISED CLIENTS – PLATFORM

Initial Fee:	None
Management Fee:	1% +VAT
Dealing Fee:	Dependent on platform

CHARGES FOR ADVISED CLIENTS – DIRECT

Initial Fee:	None
Management Fee:	1% +VAT
Dealing Fee:	Max £50 per trade

CHARGES FOR NON-ADVISED CLIENTS – DIRECT

Initial Fee:	1% capped at £2,000
Management Fee:	1.5%+VAT up to £150k and 1%+VAT above £150k
Dealing Fee:	Max £50 per trade

*Minimum investment £20,000 through adviser platforms; or £100,000 if direct (this can be split between spouses)



INVESTMENT TEAM

Stephen and **Chris** are highly experienced fund managers who have built their careers around small cap investing. They have managed the Fundamental Asset Management Strategy since 2004 and undertake their own in-depth research. They also edit Investors Champion magazine, which provides specialist news and insight Stephen Drabwell into small cap investing.

WHY CHOOSE THE AIM IHT INCOME PORTFOLIO?

The fall in the share prices of many cash generative AIM companies, many of which have a long track record of dividend payments, has served to highlight the income potential from AIM, not to mention the modest valuations of many companies previously considered for their growth appeal.

The strong rebound in dividend payments (including many special dividends) and steep decline in share prices in 2022, means that the dividend yields of well-established AIM companies have risen substantially to levels not seen in the 19 years Fundamental has been managing AIM portfolios. Many of these current AIM high yielders also have considerable growth attractions.

There are many aspects to consider when assessing the income appeal of AIM companies, however, just because the dividend yield is high doesn't mean the company no longer has capital growth attractions as well – it's possible to find both from AIM's many excellent companies.

Cumulative Performance*	2024 Q4	YTD	1 YEAR	2024 Q3	2024 Q2	2024 Q1	Incep.**
Fundamental AIM IHT Income Portfolio	-2.26%	0.59%	0.59%	0.19%	3.88%	-2.30%	-6.90%

*Performance Net of Management Fee (1%) and advice Fee (0.5%) to December 2024 Month-End; **Inception= 22 Dec 2022

Yield prediction over 12 months***

4.9%

***January 2023 until December 31st and then projected until end 31st December 2024.

Fundamental AIM IHT Growth Portfolio

Quarterly Review Q4 2024



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Investor's Champion, a business affiliated to us, continues to publish regular commentaries on AIM companies. This offers an excellent guide to the sort of companies we are looking at.

Q4 PORTFOLIO REVIEW

Once again the pattern of the fourth quarter of 2024 followed a very similar pattern to the previous quarter, which had also followed a similar pattern to the second quarter. After a buoyant first 2 months, much of the momentum fell out of the market in the final month with the AIM index falling another 3% since the end of September. The FTSE AIM All Share has now fallen for 3 years in a row and is 45% off the highs of mid-2021.

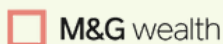
Fundamental AIM IHT Growth and Income portfolios fell, on average, 2% in the quarter. There will be some significant variance in performance depending on holdings and size of portfolio.

The much anticipated first Budget of the Labour government and any hope that there would be reassurance for the AIM market were scuppered when it was announced that, from April 2026, the Business Relief on AIM shares would be halved, meaning an effective 20% Inheritance Tax rate on AIM shares. While this is better than some had feared – a withdrawal of the relief entirely – it's not the outcome many had hoped for, although the market still reacted positively to the news for a short while, at least.

From April 2026, the £1m threshold before one pays Inheritance Tax on Business and Agricultural Relief assets will not apply to AIM. We believe this is an oversight as other IHT products, which are not much more than fabricated schemes, as opposed to family-owned companies, will benefit from the £1m threshold, putting AIM at an unfair disadvantage. The UK investment management world is intending to formally lobby the Government and Treasury to review this policy and the anomalies within it.

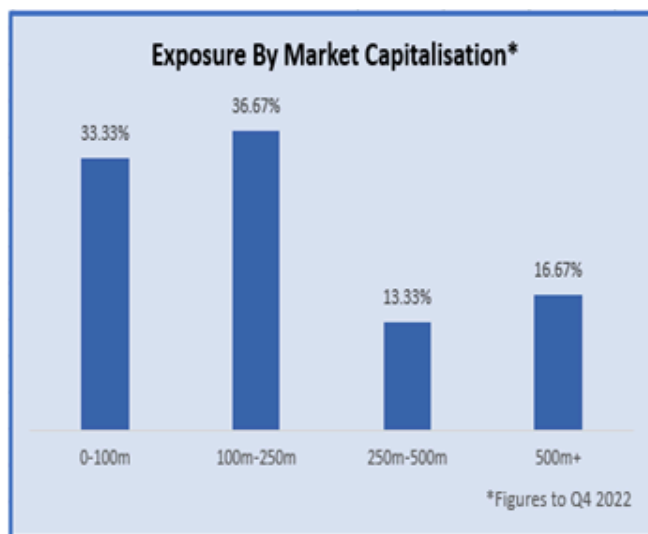
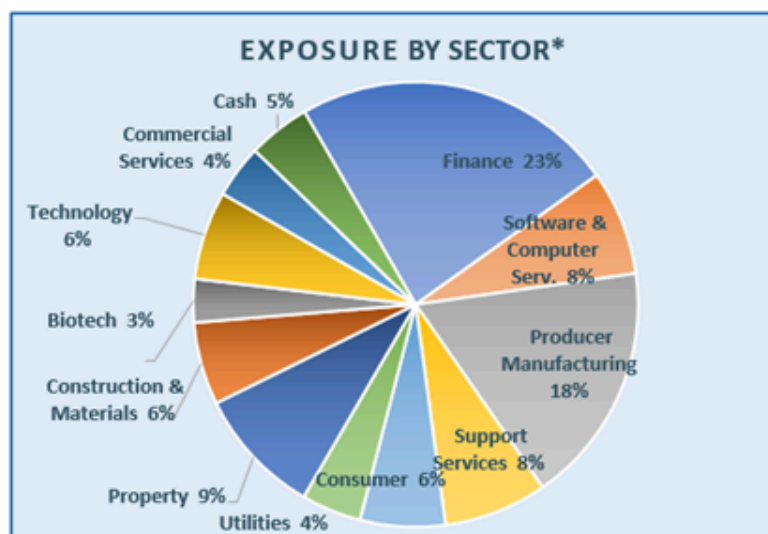
In the meantime, the vast majority of companies in our portfolios remain in good shape, reporting generally positive news and accumulating growing piles of cash. With the latter well in excess of their investment needs, many are committing to big dividend increases with an escalation in share buybacks. Valuations continue to look extremely attractive and the long-term outlook positive, tax reliefs notwithstanding.

PLATFORM AVAILABILITY



BENEFITS

- Low Cost and Low minimum investment amount
- Helpful resources and personalized support
- Client retains control of assets
- Unrivalled Knowledge of AIM
- Proven Investment approach
- Dedicated & Focused Team
- Effective Intergenerational Tax Planning Strategy
- MICAP reviewed and available on Platform



EXAMPLE POSITIONS

- Alumasc
- James Halstead
- M.P. Evans
- Michelmersh Brick
- Premier Miton

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IMPORTANT INFORMATION

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This factsheet is for illustration purposes only. The performance shown is based on a real client portfolio managed since 1st January 2023. 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.