

IHT Model Portfolio

3rd Quarter 2025

Characteristics

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

Key Data

Average market capitalisation	£542 million
Average profit before tax	£56.0 million
Average price-earnings ratio	15.2x
Average yield	2.3%

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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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.

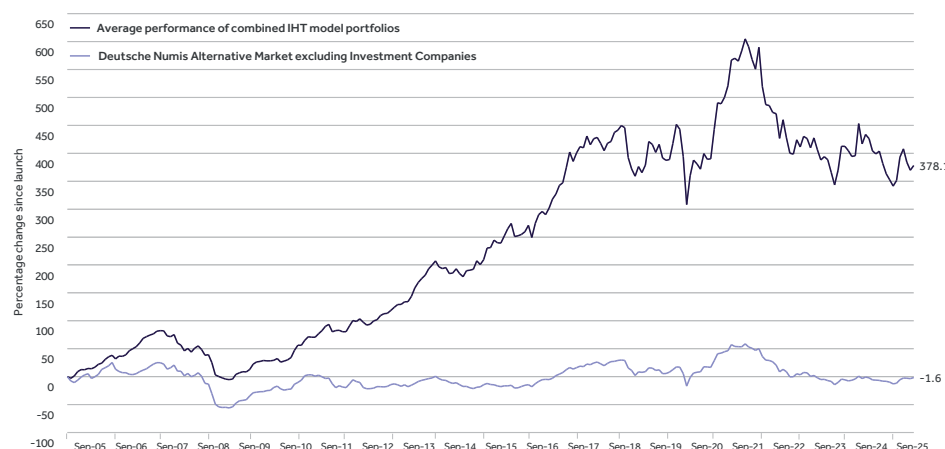
Levels and bases for taxation may change.

Figures represent the performance of a model portfolio, investors should note that individual account performance may differ.

Investment objective

The Canaccord Wealth Inheritance Tax (IHT) 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 (1/4/2005)



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Discrete performance (%)

Total return to end of last calendar quarter 30/9/2025

	2025	2024	2023	2022	2021	2020	2019	2018
	YTD*							
IHT Portfolio	-0.8	-6.0	+0.3	-25.9	+16.9	+7.0	+20.2	-12.7
Deutsche Numis Alternative Market excluding Investment Companies	+7.0	-3.9	-7.4	-31.2	+6.5	+20.1	+14.8	-17.9

* 2025 YTD is data for year to date from 1 January 2025 to 30 September 2025

Cumulative performance (%)

Total return from inception to 30/9/2025.

	3 Months	1 Year	3 Years	5 Years	Inception to date (1/4/2005)
IHT Portfolio	-5.8	-5.2	-4.4	-2.3	+378.1
Deutsche Numis Alternative Market excluding Investment Companies	+0.8	+4.5	-1.2	-16.1	-1.6

Risk and volatility since inception (%)

	IHT Model	Duetsche Numis
Annualised volatility	+14.8	+18.0
Peak to trough loss	-48.1	-64.9

Source: Canaccord Wealth. Total return, gross of fees and charges.

The historic performance of the Canaccord Wealth 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. Canaccord Wealth 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 Canaccord Wealth service. Punter Southall Wealth launched their IHT service in November 2013. After this date the illustrated performance of the Canaccord Wealth service comprises 1/3 Adam & Company, 1/3 Canaccord Wealth and 1/3 Punter Southall Wealth. Canaccord Wealth 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.



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.

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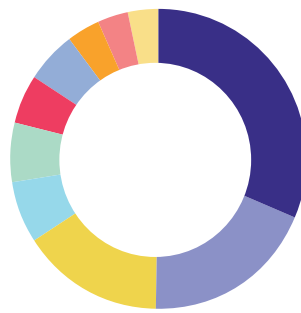
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IHT Portfolio suggested asset allocation (%)



	Model
Industrials	31.4
Health Care	19.1
Information Technology	15.4
Financials	6.7
Consumer Discretionary	6.3
Communication Services	5.5
Consumer Staples	5.4
Materials	3.6
Cash	3.4
Real Estate	3.2

Top 10 holdings (%)

Craneware	6.4
Renew Holdings	5.5
Cohort	5.0
Advanced Medical	4.9
CVS	4.6
Restore	4.1
Judges Scientific	4.0
Voilex	4.0
Idox	4.0
Sigmaroc	3.6

Top ten holdings excluding cash
Source: CW

Portfolio Manager commentary

In the third quarter of 2025, the Canaccord Genuity AIM portfolio fell by 5.8% against the Deutsche Numis Alternative Market (excluding investment companies) index increase of 0.8% and the Bloomberg UK Aggregate Total Return rise of 6.9%. Over the long term the performance of the portfolio remains significantly ahead of the AIM and UK Aggregate indices reassuring us that our methodology continues to meet its' objectives.

After the strong performance in Q2 2025, we have experienced the usual summer malaise coupled with rising concerns over the UK Government's finances. The delay of the Autumn Budget - originally expected in October and now on 26 November - is prolonging speculation on tax changes. We are experiencing a sense of déjà vu, having had to wait three months for the government's first Budget last year. Following the 2024 changes to Business Relief (BR), we do not expect any further alterations to inheritance tax (IHT) relief on AIM shares. However, we believe that the uncertainty over how any potential tax rises might affect the UK economy has stalled progress in the very short term.

As we enter reporting season, our investee companies have issued a series of mostly positive updates. The economic backdrop has been relatively stable - despite the headlines - and operational progress has been largely encouraging. However, outlook statements have been cautious given the uncertain geopolitical and economic environment. Share buybacks and merger and acquisition activity continues to be elevated highlighting the attractiveness of company valuations.

In August, the Bank of England cut interest rates to 4%, marking the third cut in 2025 with potentially one more before the end of the year. Inflation had been forecast to rise throughout 2025 and has plateaued at 3.8% over the past two months. We appear to be approaching a short-term peak with a steady fall expected next year to around 2.2% by the end of 2026. This should trigger further interest rates cuts and should be beneficial to smaller companies.

The AIM index has been positive this year; however, it is the uncertainty that we have talked about above that has driven performance. The gold price, a safe haven asset, has reached an all-time high and most of the returns in the index can be attributed to gold and precious metals miners. We estimate that they have provided a positive contribution to the index of approximately 8% year-to-date. Most of these companies do not qualify for IHT relief or they do not fulfil our investment criteria due to their high risk and speculative nature. We have often seen periods where they rise quickly with volatile precious metal prices only to fall equally as fast as the commodity prices come back.

We continue to highlight the attractiveness of companies on AIM and their cheap valuations compared to peers and their historic norms. We are aware that there are many initiatives taking place in the background to make the UK an attractive place to invest and the Treasury is committed to growing the UK economy and smaller companies. They have reiterated Local Government Pension scheme reforms which could include smaller company investment. They are set to launch a national advertising campaign highlighting the benefits of share investing in conjunction with banks. ISA reforms are set to take place with some suggesting a UK mandate may be included. The London Stock Exchange which runs AIM has provided a discussion paper on 'shaping the Future of AIM'. It addresses how the market framework could be improved, how AIM rules for businesses could be streamlined and what steps could be taken to improve the flow of capital to AIM companies. A change in sentiment along with one, or a combination, of the above could see momentum improve quickly.