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Octopus AIM Inheritance Tax ISA

octopusinvestments



## Octopus AIM Inheritance Tax ISA: an overview

A portfolio of shares listed on the Alternative Investment Market (AIM), offering capital growth potential as well a smart solution to inheritance tax planning. Plus, investors continue to enjoy all the tax advantages an ISA wrapper provides.

### How does it work?

Many investors are not aware that when they die their Individual Savings Accounts (ISAs) are treated as part of their taxable estate. Introduced in 2013, the Octopus AIM Inheritance Tax ISA aims to help clients facing this problem. Clients will be invested in a portfolio of 20-30 carefully chosen companies that are listed on AIM and expected to qualify for Business Property Relief (BPR). The government offers this relief in return for taking the risk of investing in smaller companies.

Shares in BPR-qualifying businesses can be left to beneficiaries free from inheritance tax, as long as they have been owned for at least two years when the investor dies.

### About the Octopus Smaller Companies team

Managing an attractive portfolio of AIM-listed, BPR-qualifying companies takes active management investment expertise and a disciplined stock picking approach. Most of the senior members of the Octopus Smaller Companies team have been investing in AIM since its launch in 1995. Together they manage more than £1.5 billion on behalf of more than 16,000 investors across a range of AIM-listed products.

The team looks to invest in companies that are profitable and paying dividends. They make investment decisions based on their knowledge of the market and choose companies that display one or more of the following characteristics:

- A strong market position or global leader in its field
- A scalable business model focused on growth
- A proven management team with a record of corporate success
- A profitable business with a strong balance sheet

### Key benefits

- **Business Property Relief:** Investments should benefit from full relief from inheritance tax after just two years, provided they are still held at the time of the investor's death.
- **Access:** Unlike some other estate planning options, investors retain access to their investment at all times.
- **Simplicity:** This is a discretionary portfolio of AIM-listed shares that qualify for BPR. There are no complicated legal structures, no trust administration and no underwriting.
- **Potential growth:** AIM-listed companies offer the potential for significant growth and dividends. The Octopus AIM Inheritance Tax ISA is actively managed by one of the most experienced AIM teams in the industry.
- **ISA benefits:** No capital gains tax to pay on investment growth and no income tax to pay on dividends.

### Key risks

- **Capital at risk:** The value of an investment, and any income from it, can fall or rise. Investors may not get back the full amount they invest.
- **Tax rules:** The benefit of tax relief will depend on personal circumstances. The availability of tax relief depends on the portfolio companies maintaining their qualifying status. Tax legislation can change in the future and inheritance tax relief is assessed on a case by case basis when a claim is made.
- **Volatility:** The shares of companies listed on AIM could fall or rise in value more than shares listed on the main market of the London Stock Exchange. They may also be harder to sell.

For full details, please read the Octopus AIM Inheritance Tax ISA brochure.



## Examples of clients who might consider this service

- Clients who have built up significant ISA holdings over the years.
- Clients wanting to keep the lifetime tax benefits of their ISAs, while reducing their inheritance tax liabilities.
- Clients looking for a new growth investment, who are aware of and comfortable with the risks associated with smaller company investing.
- Clients wanting to complement existing investments and estate-planning strategies and retain access to their wealth.

This product is not suitable for everyone. Any recommendation should be based on a holistic review of your client's financial situation, objectives and needs.

## Investment details

Octopus AIM Inheritance Tax ISA is a discretionary portfolio service, which means we choose the companies to invest clients' money in.

Launched	September 2013
Minimum investment	£20,000
Investment time frame to qualify for BPR	Two years
Octopus initial charge (for advised investments)	0%
Octopus annual management charge (for advised investments)	1.5% + VAT
Adviser initial charge and ongoing fee	Agreed with your client

Octopus will apply a 1% dealing charge on the purchase and sale of all shares within the portfolio. For full details of all charges, please refer to the Octopus AIM Inheritance Tax ISA product brochure.



## Why Octopus?

We go the extra mile for thousands of financial advisers up and down the UK. It's why we've been awarded 'Five Stars' at the Financial Adviser Service Awards three years in a row. We are experts in the tax-efficient investing space, and were crowned 'Best Tax and Estate Planning Solutions Provider' for the second year running at the Moneyfacts Awards 2017.

The Octopus Smaller Companies team includes some of the most experienced AIM-focused fund managers in the market.



Richard Power



Edward Griffiths



Kate Tidbury



Stephen Henderson



Andrew Buchanan



Mark Symington



Chris McVey



Dominic Weller



Dan McLean