

IHT

Relief Portfolio



*The Inheritance Tax (IHT)
Portfolio Service by Walker Crips*

WALKERCRIPS
Investment Management

Growing with clients to make investment rewarding

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A Portfolio that allows relief

For those leaving behind or coming into an inheritance, the forty percent tax on all assets above the HMRC threshold can be a burden. **The Walker Crips Inheritance Tax (IHT) Relief Portfolio** has been designed for individuals concerned that IHT may negatively impact the future generations of their families.

The money, property and possessions (including shares) of persons that have passed are referred to as an 'estate'. IHT is a tax on the estate of a person who has died. The standard Inheritance Tax rate is 40% and is charged on the part of the estate that is above the IHT threshold.*



40%

of the amount above the
threshold is taken as IHT*



£325,000

is the current threshold*

* Tax rates and legislation may change in the future. Your inheritance allowance and the value of any tax reliefs are subject to personal circumstances. Please seek independent tax advice before investing.

How the **portfolio** works

The Walker Crips IHT Relief Portfolio enables individuals to utilise the Business Relief (BR) legislation to mitigate the IHT liability, as you may receive relief of up to 100% on an estate's business assets.

Business relief is most commonly available through investment in shares, particularly those listed in the Alternative Investment Market (AIM). In supporting certain qualifying AIM shares, investors can claim 100% Business Relief following a minimum two-year holding period.

IMPORTANT: Business Relief will be reduced from 100% to 50% with effect from April 2026. Meaning in effect Inheritance Tax will be levied at 20%, rather than 40%, on qualifying AIM shares.



The **portfolio** in action

For Harry Jr. and his father, the **Walker Crips Inheritance Tax Relief Portfolio** was incredibly useful when Harry Sr. uncovered a stack of stocks certificates valued at several thousand pounds.

Having reassessed his personal wealth and being confronted with his family's potential inheritance tax bill, Harry Sr. was interested in investing in an IHT Relief portfolio.

With the help of Walker Crips' team of investment managers, the stock certificates were sold. Harry Sr. then reinvested in hand-picked qualifying AIM-listed stocks via IHT Relief portfolio.

As Harry Sr. held the investments in qualifying AIM-listed stocks **for at least two years at time of his death**, Harry Jr. was able to benefit from the inheritance tax relief set in place by his father.

Harry Sr. passed on his wealth to his son, with the eligible portion he invested in **The Walker Crips IHT Relief Portfolio** exempt* from inheritance tax.

**Partially exempt from April 2026 onward. See above.*

The above is an example of how The IHT Relief Portfolio can be enabled by clients and is intended to be representative of the motivations behind investment in the portfolio. It is for illustrative purposes only.

The investment process

The team screens the AIM universe for companies that have relatively strong balance sheets, are profitable and are free cash flow positive. They then establish whether they believe that the companies qualify for Business Relief before undertaking detailed research which involves meeting with company management where possible. The team looks for companies with the following characteristics:

- A strong market position where there are barriers to entry and pricing power.
- A sustainable business model.
- Businesses where the management team and shareholder interests are aligned.
- Attractive share price valuation



A case study for IHT relief

In this case study, we compare the inheritance Harry Jr. could have received when investing in a standard equity portfolio without Business Relief, versus investing in the Walker Crips IHT Relief Portfolio with Business Relief.

Equity portfolio **without** IHT Relief Portfolio

If the equity portfolio is £750,000

and the UK threshold is £325,000

the amount subject to tax is
£750,000 - £325,000 = £425,000

the 40 % tax takes £170,000

leaving Harry Jr. to inherit
£580,000 of the remaining estate

Equity portfolio **with** IHT Relief Portfolio

Total portfolio value of £750,000.

However, rather than investing the full amount in an equity portfolio, if **£600,000** were invested in an equity portfolio and **£150,000*** were invested in the IHT Relief portfolio benefitting from Business Relief

and the UK threshold is £325,000

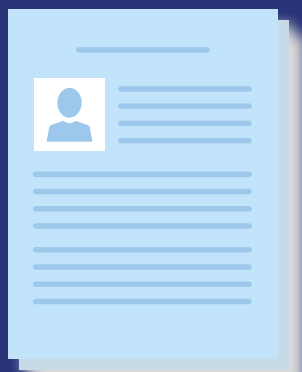
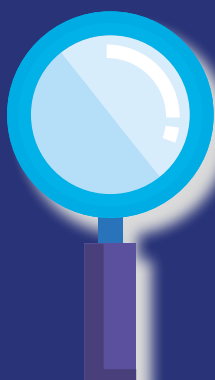
the amount subject to tax is
£600,000 - £325,000 = £275,000

the 40 % tax takes £110,000

From April 2026 onward the 20 % tax takes another £30,000

leaving Harry Jr. to inherit
£640,000 of the remaining estate

From April 2026 onward, leaving Harry Jr. to inherit **£610,000** of the remaining estate



Please note: Other assets will be taken into account for IHT purposes. AIM-listed shares must be held for two years before being eligible for Business Relief. It is possible to buy and sell qualifying AIM shares within a portfolio and maintain the relief from the initial purchase date. AIM investments are still included in your estate and therefore cannot be used to help reduce your estate for main residence nil-rate band tax purposes. Any tax treatment will always depend on an individual's circumstances and may be subject to change in the future.

*Assumes all holding qualify for exemption

Next steps

If you would like to learn more about how we can help you invest in the potential of AIM listed companies, please call your contact at Walker Crips.

If you do not have an existing contact or relationship with Walker Crips, please contact us



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Who is this service suitable for?

This service is suitable for:

- Investors with a basic understanding of stock markets;
- Investors with an initial investment of £50,000 or more;
- Investors who are comfortable with exposure to investment risk;
- UK investors who will have, and would like to mitigate, IHT liability upon their death.



This service is not suitable for:

- Investors who are not willing to accept any capital loss;
- Investors with less than £50,000 to invest;
- Investors seeking to make their own investment decisions;
- Investors who will not have IHT liability upon their death;
- Non-UK residents.



To access the full Target Market Information for this service, please visit walkercrips.co.uk/consumerduty or scan the QR code.



Informing on risks

When investing in AIM for BR there are some key risks:

- Your capital is at risk and you may not get back the amount invested. Past performance is not a reliable indicator of future results.
- The benefit of tax reliefs depends on individual circumstances and may be subject to change.
- Investments quoted on AIM are likely to fall and rise in value more than shares listed on the main market of the London Stock Exchange. They may also be harder to sell. The availability of tax reliefs depends on investee companies maintaining their qualifying status.



RISK

AIM is the London Stock Exchange's market for young and growing companies. Given their relatively small size, many AIM shares are less liquid than main market shares and can be difficult to buy or sell. There is also greater risk with these companies due to their size, but this could result in greater growth. However, the liquidity of the companies held in the portfolio is monitored regularly to mitigate the risk of poor liquidity.

Further information

Stamp Duty: Stamp Duty and SDRT (Stamp Duty Reserve Tax) charge is not chargeable on the purchase of eligible AIM listed shares.

AIM Portfolio Service – Encashment and IHT Exemption: You can withdraw all or part of your portfolio at any time, but the IHT exemption is only available if the relevant shares are held at the date of death. The IHT Relief Portfolio should therefore be seen as a medium to long-term investment to be held till death. On death, the portfolio can either be sold or transferred to a spouse without the loss of the IHT exemption, even if AIM securities are held within an ISA.

Security of Investments: We use nominee companies to hold your investments. These are companies which do not trade, but are formed by a bank or other fiduciary organisation to hold and administer investments as a custodian, on your behalf. Nominee companies oversee holdings, minimise paperwork and speed up transactions, without affecting your beneficial ownership in any way.

Assets that are registered in one of these nominees companies are held in trust and are not regarded as belonging to Walker Crips Investment Management. Therefore, in the unlikely event of default by Walker Crips Investment Management, your assets are ring-fenced and could not be used to settle any liabilities of Walker Crips Investment Management.

In the unlikely event of default by Walker Crips, if there was a shortfall in your assets held in our nominees, the Financial Services Compensation Scheme (FSCS) has a maximum compensation limit of £85,000 per person, per authorised firm.

If you require any additional information or reassurance on our controls for safeguarding your money and investments, please call us on 01904 544300.

For further information on the FSCS, please visit www.fscs.org.uk.

You may also wish to visit www.moneyadvice.service.org.uk for an independent service, set up by the Government, to help those in the UK make the most of their money.

Security of Money & Regulation: We hold all client monies in accordance with the Financial Conduct Authority's client money rules. In effect, we will pool your money with that of other clients. All clients' funds are held separately from Walker Crips Investment Management's money and are deposited with several leading banks.

We do this to increase our clients' security by further spreading the risk should one of the banks come under pressure or near default. We regularly review banks' creditworthiness to ensure that only those with a high credit rating are used.

However, should a bank become insolvent then, in conjunction with your other deposits or bank accounts, you will be treated as an individual depositor and will be covered under the FSCS. The FSCS entitles you to compensation of up to £85,000 subject to any other deposits you may hold personally with that bank.

Our clients' money is ring-fenced from Walker Crips Investment Management's assets and cannot be accessed by creditors in the unlikely event of the company's insolvency.

Important information

This document is for information only and should not be construed as an offer or solicitation to engage in investment activity without undertaking professional investment advice. The value of any investment and the income from it is not guaranteed and can fall as well as rise, so that you may not realise the amount originally invested. Hypothetical scenarios presented are based on a snapshot of investors' circumstances for illustrative purposes only. This document has been prepared by Walker Crips Investment Management for customers and/or potential customers who may have an interest in its services.

Walker Crips Investment Management (WCIM) is authorised and regulated by the Financial Conduct Authority (FRN: 226344) in the conduct of investment business and is a member of the London Stock Exchange. WCIM provides services that are defined by the FCA as "restricted advice" because we do not consider the full range of investment products that are available to Retail customers but focus on stock market and stock market based investments and other similar products. When selecting stock market based investments and other products on behalf of customers however, we are independent from other financial institutions. Information contained within this brochure is correct as of March 2025.

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