

FOR PROFESSIONAL ADVISERS ONLY

www.collinsstewartwealth.com



Collins Stewart Inheritance Tax Portfolio Service

A Flexible Approach to IHT Planning



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Portfolio Management | Stockbroking | Investment Funds





Collins Stewart Wealth Management

- Leading investment manager and stockbroker employing over 200 people with offices in the UK, Guernsey, Jersey, Isle of Man and Geneva.
- Offering a range of sophisticated investment management services including:
 - Portfolio Management
 - Stockbroking
 - Investment Funds
- Managing and administering in excess of £4 billion of assets (£2bn on a discretionary basis).
- Award winner for discretionary portfolio and stockbroking customer services.
- Part of Collins Stewart plc – international financial services group operating in 12 locations.



Best Discretionary Service 2007

Portfolio Management | Stockbroking | Investment Funds



Best Advisory Stockbrokers for
Customer Service 2007, 2006 and 2005



Short listed for Best Investment Manager
and Best Charity Manager 2008



Need for Inheritance Tax Planning

- Increasing numbers of households are becoming affected by Inheritance Tax (IHT).
- The average detached property price in London is above the joint IHT allowance (£624,000).
- A record £3.6 billion was paid in IHT in 2006/07 and this figure is expected to rise to £4.1 billion in 2007/08.
- Due to changes in legislation there are fewer ways to mitigate your client's IHT liability.
- Collins Stewart offers one of the quickest and simplest methods for IHT planning with the client retaining full control and the ability to liquidate the portfolio at any time if circumstances change.



Collins Stewart Inheritance Tax Portfolio Service

- The service is designed to help reduce a potential IHT liability whilst achieving equity related returns.
- This will be achieved via a portfolio of established, profitable companies selected from the London Stock Exchange's Alternative Investment Market (AIM).
- A bespoke discretionary portfolio will be selected and monitored by a Manager with specialist expertise and a proven track record of generating returns from investment in AIM companies.
- Ability to white label the service for third parties.



Example of Possible Savings

- An individual has an estate, which includes an equity portfolio worth £400,000 from which £100,000 is invested in the Collins Stewart Inheritance Tax Portfolio Service. Assuming the nil rate IHT band is utilised against other assets, such as the family home, the estate will benefit after two years even if there is no growth in the value of the portfolio as follows:

	Without Collins Stewart Inheritance Tax Portfolio Service	With Collins Stewart Inheritance Tax Portfolio Service
Value of equity portfolio	£ 400,000	£ 300,000
Value of AIM portfolio	-	£ 100,000
Less : IHT	£(160,000)	£(120,000)
Net value of portfolio	£ 240,000	£ 280,000

- In this example the Collins Stewart Inheritance Tax Portfolio Service would have increased the amount that can be passed to the beneficiaries by £40,000, as the AIM shares valued at £100,000, are excluded from the IHT calculation.



Introduction to the Alternative Investment Market (AIM)

- AIM is recognised as the most successful growth market in the world.
- The London Stock Exchange launched AIM in 1995 to meet the needs of smaller, growing companies. Approximately 1,700 companies are traded on AIM with a combined market capitalisation of c. £100 billion.
- AIM has become attractive to a wide range of companies at different stages in their development and covers a broad range of sectors.
- There are now over 250 companies listed on AIM capitalised north of £100 million.
- Nearly 200 companies have moved from the Official List to AIM demonstrating the success and maturity of AIM, including a number of long-established companies such as James Halstead and Nichols.
- Many AIM businesses have emerged to become leading companies in their field including:



Majesticwine



Making People *Smile*





Investment Discipline

- Adopt a pragmatic and conservative approach focusing upon proven, established, cash generative business models.
- Identify simple, scalable and unique businesses with leading market positions with experienced and committed management teams.
- Focus on strength of companies' balance sheets and inherent ability to pay progressive dividends thereby safeguarding capital and maximising the income stream available to investors.
- Analyse market position to assess the barriers to entry and the sustainability of returns.
- Maintain a long-term focus by adopting a buy-and-hold approach reducing transaction costs and benefiting from the effect of compounding.



Summary of Benefits Over Other Forms of Reducing Inheritance Tax

	Retain control	Simplicity	Ease of ability to access capital	Cost effective	Potential for capital growth and income	Length of time
Collins Stewart AIM Portfolio	✓	✓	✓	✓	✓	✓
Potentially Exempt Transfer (PET)	✗	✓	✗	✓	✓	✗
Trusts	✗	✗	✗	✗	✓	✗
Offshore Bond	✓	✓	✗	✗	✓	✓
Non-domiciled resident	✓	✗	✓	✗	✓	✗

For illustrative purposes only. Not intended to be a comprehensive comparison of the benefits of each scheme.

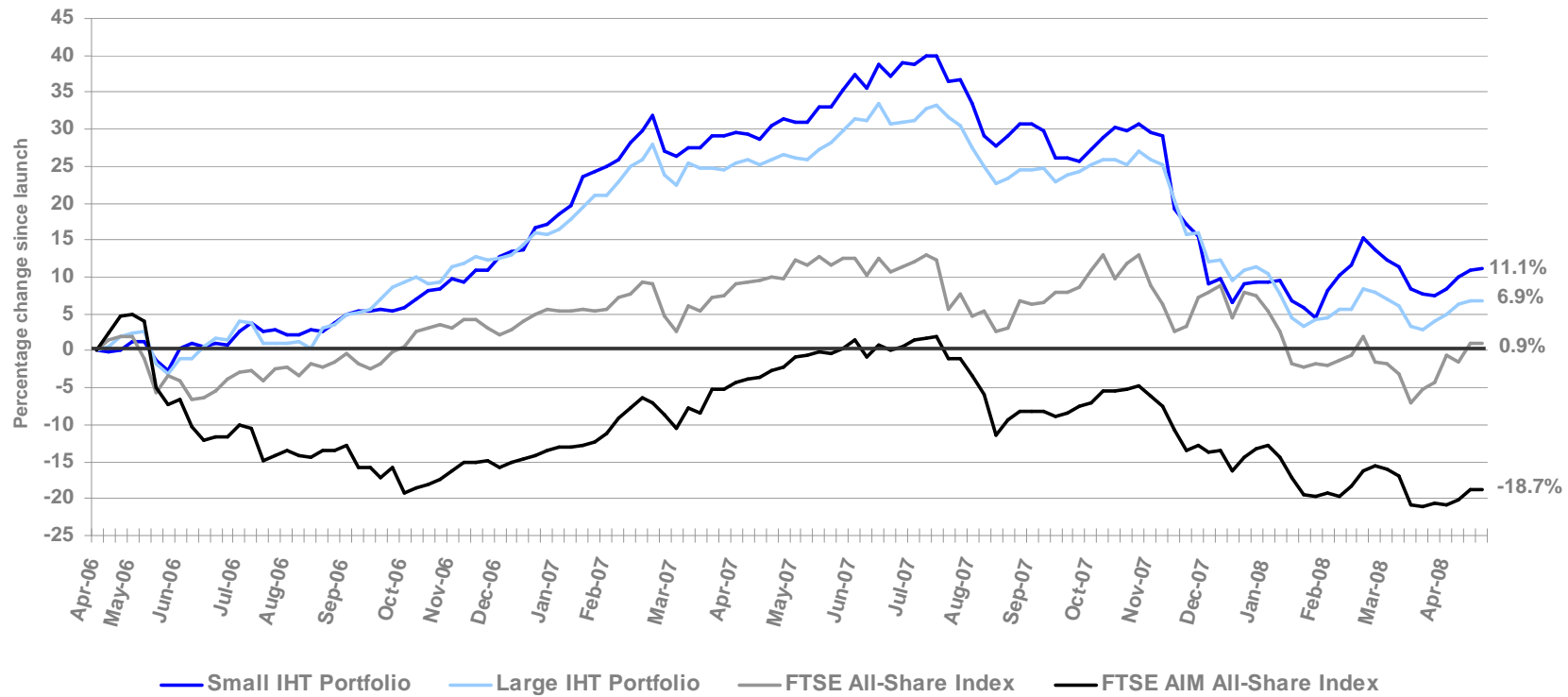


The Benefits of the Collins Stewart Inheritance Tax Portfolio Service

- Ability to pass more of your clients' accumulated wealth on to their beneficiaries.
- The simplicity compared to other Inheritance Tax saving schemes.
- The potential to generate capital from the most successful growth market in the world and the market of choice for small growing companies.
- The ability to retain full control and realise the portfolio at any time if circumstances change (subject to liquidity constraints).
- The avoidance of costly and complicated trusts and insurance based solutions.



Performance - 12th April 2006* to 21st April 2008



* Inception 12th April 2006 Source : CS Europe Ltd & Datastream as at 21st April 2008



Disclaimer

The Collins Stewart Inheritance Tax Portfolio Service should be regarded as a higher risk, long-term investment and is only suitable for clients with financial security independent of any investment made. The value of shares purchased and any income derived from them may go down as well as up and investors may not get back the full amount invested. Past performance is not necessarily a guide to future performance. AIM shares tend to be relatively illiquid and therefore may be difficult to deal in. It may also be difficult to obtain reliable information as to the value and the risks which the shares may be exposed. Collins Stewart Europe Limited is not a tax advisor and professional advice should be obtained before any investment is made. Collins Stewart Europe Limited cannot guarantee that all investments made will qualify for relief from inheritance tax or indeed if they do initially qualify that they will continue to do so. The current Inheritance Tax rules may change in the future. Clients should discuss their financial arrangements with their own tax advisor before applying as the value of any tax reliefs available is subject to individual circumstances.

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