



Tax and estate planning is an integral component of financial advice. There are a number of ways for clients to reduce their taxable estate but many of these can be expensive and complex.

PK Wealth's IHT Portfolio Service (IPS) is a long-term solution that allows investors to pass down more of their wealth to beneficiaries once investments have been held for a minimum of two years.

The IPS provides a relatively simple, cost efficient and effective solution managed by an experienced investment team.

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## PK Wealth IHT Portfolio Service (IPS)

### Summary

- Innovative portfolio of AIM and Asset-Backed (AB) investments that qualify for Business Relief.
- Five risk profiles with different allocations to AIM & AB investments.
- Active discretionary management approach seeking to adjust exposure as appropriate.
- Allocation across a range of portfolio managers with different investment strategies.
- Simple, efficient strategy for reducing IHT liability, while maintaining long-term equity exposure.
- Minimum Investment of £200,000.

### Need

- Inheritance Tax (IHT) is due on the value of all unprotected assets as at the date of death. Those asset could include cash, shares, property, cars, jewellery, art and payments from life insurance policies not held in trust.
- The current IHT rate (40%) is applied to the value of all chargeable assets over the IHT threshold.
- With a valid will and the right financial advice, your estate's liability to IHT can be reduced.

### Advantages

- One of the quickest ways of moving assets out of the client's estate whilst retaining full control.
- Cost-effective alternative to trusts and insurance-based strategies, with no complex legal structures.
- Portfolio can be liquidated at any time if circumstances change (fees may be payable).
- AIM shares can be held in an ISA providing additional tax benefits including no CGT and no income tax on dividends.
- PK Wealth works with financial advisers to deliver an IHT strategy aligned with client financial planning objectives.
- Access via GrowthInvest, an adviser-focused technology platform, specifically designed to simplify the consolidation of tax efficient investments in one workspace.
- Competitive fee structure incorporating discounted rates from underlying managers

### Considerations

- Your capital is at risk, please refer to the 'Important Information' at the end of this document.

### Example of Possible Savings

In the below example the amount that can be passed on to beneficiaries is enhanced by £100,000 as the portfolio is excluded from IHT liability.

	Equity Portfolio	Equity/PKW IPS Portfolio
Equity Portfolio	£500,000	£250,000
IHT Portfolio	-	£250,000
<b>Total Portfolio Value</b>	<b>£500,000</b>	<b>£500,000</b>
Less IHT @ 40% on Equity Portfolio only	(£200,000)	(£100,000)
<b>Net Value after IHT</b>	<b>£300,000</b>	<b>£400,000</b>
<b>IHT Saving</b>	<b>Nil</b>	<b>£100,000</b>

## Investment Approach

### About PK Wealth

PK Wealth provides Discretionary Portfolio Management Services (DPS) for individuals, companies, trusts & charities in conjunction with their professional advisers. The investment team determines asset allocation and portfolio construction, incorporating a range of investment styles and a diversified blend of underlying investments.

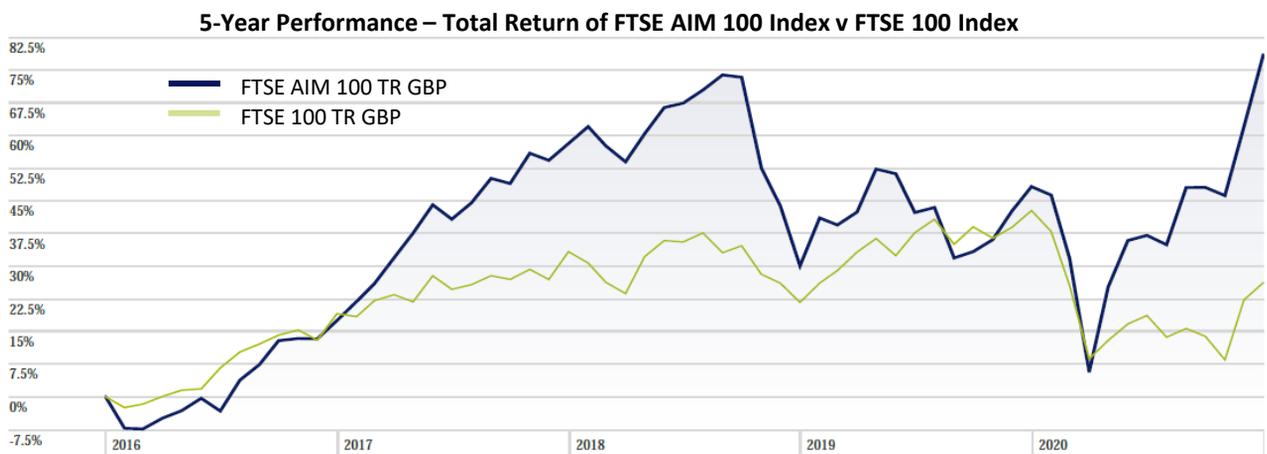
### Service Benefits

- Portfolio of companies selected and monitored by experienced managers with specialist expertise using a proprietary due diligence process.
- PK Wealth hold face to face meetings with portfolio managers to gain a broad understanding of process and positioning.
- Exposure to high quality portfolio managers as part of a long-term IHT protection strategy.
- Robust due diligence process comparing strategy, costs and performance a large number of portfolio managers.
- Ability to discount portfolio manager charges providing a competitive fee structure (one of the lowest in the industry).
- IPS is accessed via third party platform providing visibility of assets for financial intermediaries.
- Clear and transparent reporting including quarterly portfolio manager fact-sheets.

## Investment Universe

### AIM Market

The London Stock Exchange launched AIM in 1995 to meet the needs of smaller, growing companies. Approximately 850 global companies are now traded on AIM and over 330 companies are now capitalised at over £50 million. Many AIM businesses have emerged as leading companies in their field. In many cases research coverage is thin therefore specialist knowledge is key. Companies are often undervalued due in part to lack of interest from larger institutional investors, management constraints and a lack of good quality research.



Source: Morningstar / PK Wealth

5-year performance from 1 January 2016 - 31 December 2020

### Asset-Backed Investments

The opportunities sought are in businesses with tangible assets such as renewable energy (biomass, hydro, solar and wind), commercial forestry and farming, commercial property development and asset-backed financing. Again specialist research is required to give the best chance for appropriate investment returns relative to the risks of such investments.

## Business Relief (BR) Qualifying Rules

AIM and Asset-Backed Investments can provide up to 100% relief from Inheritance Tax when the securities are transferred from the deceased shareholder to the beneficiary. Business Relief is available as a tax allowance on qualifying assets after a period of only two years.

- For **AIM Shares** to qualify for BR and subsequent exemption from IHT:
  - The company must only be quoted on the Alternative Investment Market (AIM).
  - It must be a trading company and must not have a dual listing on a recognised overseas stock exchange.
  - The company must not be engaged in making or holding investments.
  - The company must not deal in securities, land or property.
  - An Investor must hold the shares directly and not through a fund structure.
  
- For **Asset-Backed Investments** to qualify for BR and subsequent exemption from IHT the same qualifying rules apply. The service may also allow for loans to qualifying companies.

Underlying portfolio managers incorporate these requirements into the investment selection process.

**BR qualifying status is not guaranteed and remains at the discretion of HMRC, assessable on the death of the individual investor.**

## Charges

Charges will be applied as follows:

<b>PK Wealth Annual Management Fee – 0.5% + VAT</b>	<b>External Portfolio Manager Charge*</b>
	<b>Custodian Charge*</b>

\* These charges will vary dependent upon choice of underlying portfolio manager and custodian

- We will confirm actual charges in our Investment Proposal
- PK Wealth apply no initial, dealing, exit or performance fees
- The financial adviser may apply charges in relation to advice on suitability

Cash of up to 5% of portfolio value will be retained to cover fee payments to PK Wealth and specified financial intermediaries.



## Contact Details

If you'd like to know more about our IHT Portfolio Service, please get in touch. Our team will be delighted to answer your questions.

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## Important Information

This service should be regarded as high risk, as it is focused on equities and loans to companies. The portfolios are wholly invested in small capitalisation stocks. These companies are more volatile and, while they can offer great potential, growth is not guaranteed.

The value of investments and the income from them can go down as well as up and you might not get back the amount originally invested. The investments discussed in this document may not be suitable for all investors. Nothing in this document should be construed as financial advice.

The current inheritance tax rules and tax treatment of AIM shares and Asset-Backed Investments may change in the future. We strongly recommend that you discuss your financial arrangements with your tax adviser before investing, as the value of any tax reliefs available is subject to individual circumstances.

There may be a wide spread between buying and selling prices for AIM-listed shares. If you have to sell these shares urgently you may not get back the full amount invested, due to lack of liquidity and a wide spread in price. 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.

Inheritance tax rates and Business Relief rules are subject to change. You must be prepared to hold your investment in this portfolio for a minimum of two years or these assets will be considered part of your estate in the IHT calculation.

Portfolio purchase and sale decisions during the tax year will be made in accordance with the investment outlook and will not take into account personal tax circumstances. This may result in a liability to capital gains tax at the end of any given tax year.

You should review your overall capital gains position with your financial planner or tax adviser towards the end of each tax year.

PK Wealth Ltd is a limited company registered in England and Wales (number 08991126) and is authorised and regulated by the Financial Conduct Authority. The registered office is 1 Parkshot, Richmond, Surrey, TW9 2RD.