

# The James Brearley Investment Management Service AIM Portfolio

**James Brearley**



A Century of Experience

# CONTENTS

INTRODUCTION TO THE SERVICE	3
OUR HISTORY AND EXPERTISE	4
FUNDAMENTAL - OUR RESEARCH PROVIDERS	5
KEY RISKS AND OBJECTIVES OF THE STRATEGY	6
INHERITANCE TAX BENEFITS AND BUSINESS PROPERTY RELIEF	8
TAXATION	9
REPORTING TO THE CLIENT	10
OUR INVESTMENT MANAGEMENT PROCESS	10
FEES & CHARGES	11
FREQUENTLY ASKED QUESTIONS	12
GLOSSARY OF TERMS	14

# THE JAMES BREARLEY INVESTMENT MANAGEMENT SERVICE AIM PORTFOLIO

The James Brearley Investment Management Service AIM Portfolio strategy, has been designed for retail clients wishing to invest in a portfolio of AIM Market listed stocks that in qualifying for Business Property Relief, should be exempt from Inheritance Tax, if held for more than a 2-year period – from April 2026 this relief will reduce, and qualifying investments will only attract 50% relief on the underlying rate of Inheritance Tax. The portfolio will be operated under a discretionary mandate, which means that we can make changes to your portfolio of AIM stocks, be it in the selling or buying of stocks without obtaining your prior consent. When managing your portfolio, we will not account for any capital gains implications and accept no responsibility for any resulting tax liabilities. It should be pointed out, that the AIM Portfolio can be applied to an ISA, which is currently exempt from capital gains tax.

We wish to point out that to the best of our belief the companies we acquire for the portfolio qualify for Business Property Relief at the point of purchase, however there is no guarantee that they will still qualify for full relief in the future. There is equally no guarantee that certain AIM listed companies will continue to qualify for Business Property Relief nor that the government will continue to apply this relief when calculating an individual's Inheritance Tax liability.

Due to the risks associated with AIM Market listed stocks, details of which are provided under the Risks section on page 7, the portfolio is only appropriate for those investors who are able to bear the loss of a large proportion of their original investment. We would also suggest that even where you are able to potentially lose a large amount of your investment capital without this having a detrimental impact on your standard of living, that you should view the portfolio as a medium to long term investment. By this we mean a 5-to-10-year period.

In seeking to manage the high risks associated with AIM Market listed stocks, we intend to build a portfolio of 25 plus individual stocks, which where possible, will operate within different sectors of the economy. We will also be conscious of the liquidity in each stock; however, this is subject to change from one day to the next and so stocks will ultimately be selected from a liquidity point of view on a reasonable endeavors basis. More detailed information on how we attempt to manage the risks associated with AIM Market stocks is detailed on page 10, under the Investment Management Process.



To improve the efficiency of our management of your portfolio, it will be held within the James Brearley Nominee Service. As such, your individual stock positions will be registered into one of our nominee companies, although at all times you will remain the beneficial owner of the underlying stocks. The benefits of our Nominee Service and the protections afforded to retail clients utilising this are outlined in greater detail in the Service Terms & Conditions document.

Once your Application Form has been processed and your investment account established, we will invest your monies as we feel appropriate and where requested providing you with a confirmation note for each transaction we undertake on your behalf. These will be made available to you via our Online Valuation Service, for which we will provide you with personal access details. Thereafter, we will provide you with a calendar quarter end valuation, in which we will report on the performance of your portfolio, and on an annual basis, a consolidated tax certificate and capital gains report.

# JAMES BREARLEY: OUR HISTORY & EXPERIENCE



James Brearley has a proud history of providing investment management and share dealing services to individual investors for over 100 years. The business was established by James Brearley in 1919, when he would frequent various gentlemen's clubs throughout the Fylde coast, obtaining share orders from his clients, before heading off to place these on a weekly basis at the Manchester Regional Stock Exchange.

The original partnership was incorporated in April 1999, at which point four senior managers were invited by the prevailing two partners, to become Executive Directors of James Brearley & Sons Limited. Today, Nigel Corrie is our Executive Chairman and David Hannis is our Chief Executive Officer. Richard Dunsby (Executive Director), Simon Trippier (Executive Director) and Linda Roberts (Non-Executive Director) have been appointed Directors and make up the current James Brearley Board.

James Brearley is one of the North of England's leading Investment Managers & Stockbrokers, employing over 50 people.

Our skilled and experienced staff combined with our financial strength enables us to provide high quality, bespoke and flexible services to all our clients.

*James Brearley & Sons Ltd is authorised and regulated by the Financial Conduct Authority (FCA) and is a member of the London Stock Exchange and the Personal Investment Management and Financial Advice Association (PIMFA).*



# FUNDAMENTAL: OUR RESEARCH PROVIDERS

To assist us in the successful delivery of the James Brearley Investment Management Service AIM Portfolio strategy, we have entered into an arrangement with an AIM Market specialist research firm, Fundamental. Fundamental has been actively researching those companies listed on AIM for more than 10 years and over this period they have built up significant knowledge and experience of the AIM Market.

Fundamental Asset Management is a specialist investment management firm with a particular focus on researching and investing in smaller quoted companies, notably those listed on AIM. The firm was founded by and is jointly owned by Christopher Boxall and Stephen Drabwell.

Chris qualified as a Chartered Accountant in 1989. He was formerly with Deloitte & Touche, senior adviser with a specialist business consultancy and prior to founding Fundamental a Director at the Washington Financial Group.

Stephen has been involved in the financial services sector since 1990. He was formerly with UBS where he was employed as a sales trader on the portfolio trading desk and, prior to founding Fundamental, in charge of trading for the Washington Financial Group.

Chris and Stephen recognised the improving quality of the AIM market since its founding in 1995. Today, whilst accepting the various additional risks that come hand in hand with AIM listed companies, as detailed in the Key Risks section on pages 6 & 7, they believe it is home to a large number of highly profitable, well-established companies, which offer opportunities to achieve superior capital growth.

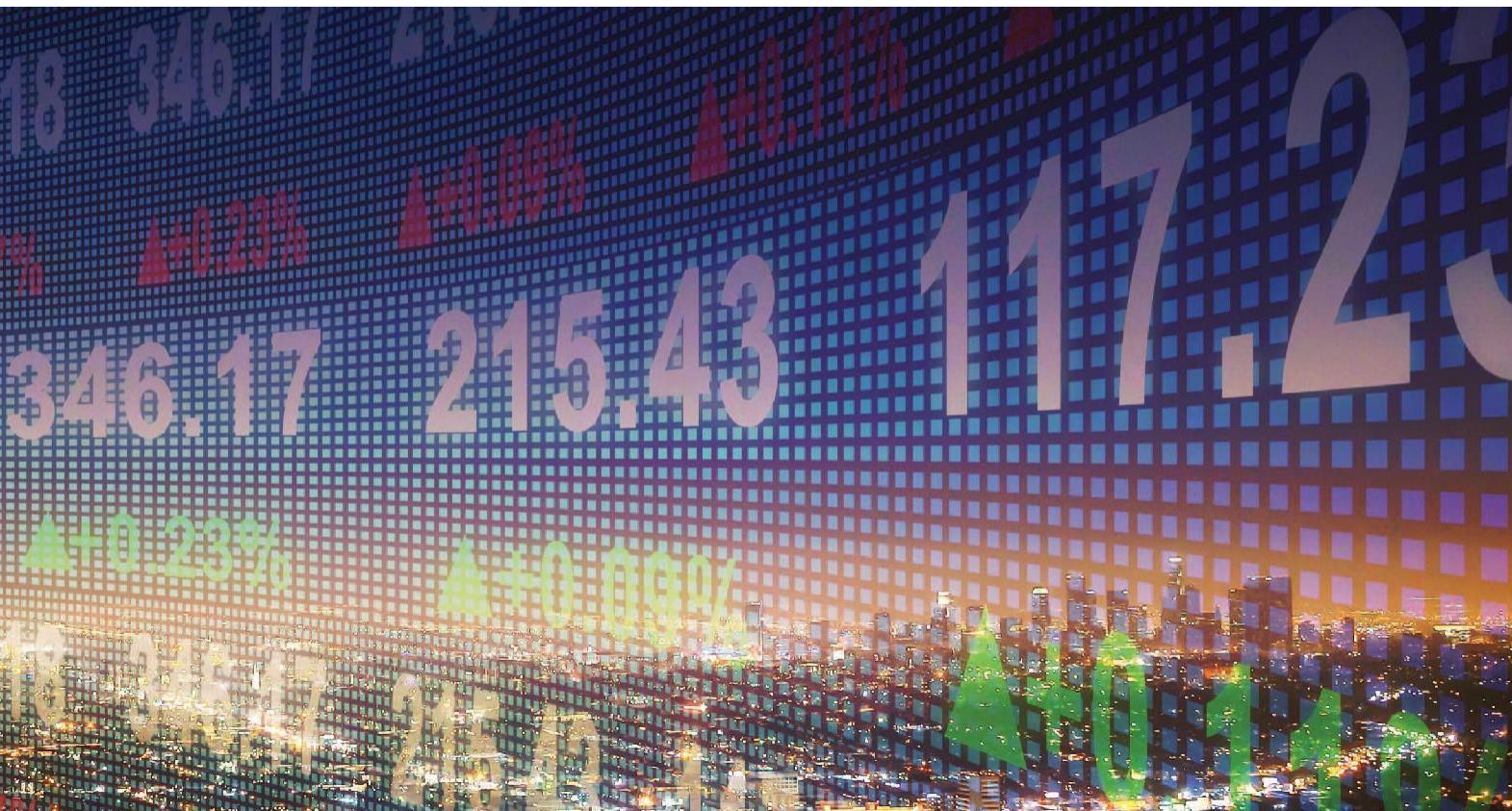
Many AIM companies are not followed by the mainstream investment houses and there is little, or no independent or objective research published on them. As such, Fundamental believe this situation offers a clear opportunity for them as a result of undertaking their own extensive research, to include meeting and speaking to senior management of over 100 companies each year. Fundamental adopts a well-diversified approach to investing in AIM, in terms of companies and sectors which we believe will contribute significantly to the successful delivery of the James Brearley Investment Management Service AIM Portfolio strategy.



We have approached Fundamental to provide us with a list of 30 or so “buy” rated stocks, which we will in turn make appropriate allocations to, primarily around a number of Core and Satellite holdings. Fundamental will then provide us with their latest thoughts on each of the selected companies, along with others that they feel worthy of our attention, which will provide the individual pieces for us to in turn build a common portfolio for all investors in the portfolio. More detail on how we intend to manage the portfolio is detailed under the Investment Management Process section on page 10.

We have come to an arrangement with Fundamental where their charges for delivering research on AIM listed companies, is satisfied by James Brearley.

# KEY RISKS & OBJECTIVES OF THE STRATEGY



## **The profile of the type of investor who should consider investing in the James Brearley Investment Management Service AIM Portfolio strategy**

James Brearley will manage your investments for you within your AIM portfolio and so this service is suitable for those who do not want to make their own investment decisions.

The AIM Portfolio should be considered by those concerned about the effect of Inheritance Tax (IHT) on their estate. The value of potential investors' estates should be over the threshold at which IHT becomes payable, which in tax year 2024/5 is £325,000. Because of the tax advantages, investors considering the AIM Portfolio strategy should pay UK taxes or in other words should be domiciled in the UK.

The AIM Portfolio strategy is also suitable for investors seeking broad exposure to the potential growth of the companies quoted on the AIM market.

All potential investors should understand and be comfortable with the benefits and risks of investing in stock markets and the additional risks involved when investing in smaller companies.

The AIM Portfolio strategy is therefore only suitable for investors who are able to bear a significant loss of their investment without this having a detrimental effect on their standard of living and are prepared to invest for the medium to long term. By this we mean between 5-10 years.

## Risks

All investments involve accepting a degree of risk. You should understand and be willing to accept the risks associated with the James Brearley Investment Management Service AIM Portfolio strategy. James Brearley or your Financial Adviser will be able to help you if you are unsure.

### The main risks associated with the James Brearley Investment Management Service AIM Portfolio strategy are as follows:

#### You may lose your money

Your capital is at risk. The value of your portfolio may fall. You may therefore get back less than you originally invested.

The AIM Portfolio strategy should be viewed as high risk because the Investments to be held in the portfolio will solely be from those companies listed on the AIM market. Therefore, you will be investing in smaller companies which can be higher risk than well-established blue-chip companies. In addition, AIM rules are less demanding than those companies with a full listing on the London Stock Exchange. Shares within your portfolio may lose a large percentage or even all their value, which would clearly have an adverse effect on the overall performance of your portfolio.

There may be a large price difference between the buying and selling prices of AIM company shares and so you may not get back all you invested particularly if you withdraw from the Service soon after joining.

#### Investment performance cannot be guaranteed

Past performance and forecasts should not be relied upon as indicators of future performance. Your money will be invested in equities - the shares of AIM companies - and equity investments should be viewed as medium to long term investments.

#### Investments are exposed to stock-market fluctuations at all times

We will invest your money in the shares of AIM companies except for a small amount of cash which is held for liquidity purposes and to meet the ongoing costs of the investment management service. To optimise the benefits of tax relief, the rest of your money will be invested most of the time and so we do not intend to move your portfolio heavily into cash, even at times of market uncertainty.

#### Volatility may be higher than you expect

Your AIM portfolio is likely to experience wide fluctuations in value. You should be prepared for these fluctuations as they may be larger than you expect as portfolios invested in smaller companies tend to be more volatile.

#### Smaller company shares are less easy to buy and sell

Because typically the number of shares in circulation for smaller valued companies is low, as a consequence they tend to be more difficult to buy and sell. Although the companies we intend to purchase within your portfolio will be classified as qualifying for Business Property Relief, this may well change for a variety of reasons. A company might decide to de-list from AIM, in which scenario it may well be very difficult to deal in its shares. Whilst we would expect to be able to sell or transfer all of your investments when you want to, there may be times when this may not be possible.

#### Tax rules and rates are outside of our control

We seek to invest in companies that qualify for Business Property Relief. However, the rules for qualification can be complex and only the HMRC can decide on a case-by-case basis which shares qualify for it, typically this assessment being undertaken as part of the general evaluation of an investor's estate. We therefore cannot guarantee that all your portfolio will qualify for any relief on the underlying rate of Inheritance Tax after a two-year period.

In addition, if the government decide to change the tax rules or the rate and thresholds at which Inheritance Tax is payable in the future, you may find that you cannot claim all or any of the tax benefits that apply under the current rules.

The risk factors set out in our documentation do not necessarily comprise all the risks associated with the provision of the James Brearley Investment Management Service AIM Portfolio strategy. Additional risk or uncertainties currently unknown or considered immaterial may also affect the provision of this service.



# INHERITANCE TAX & BUSINESS PROPERTY RELIEF (BPR)

We detail below a brief outline of the tax benefits that may arise from your use of the James Brearley Investment Management Service AIM Portfolio strategy. This should not be construed as constituting advice, which Investors should obtain from their tax or Financial Adviser. The stated taxation treatment and reliefs described in this section of the Brochure, are based on our understanding of existing laws and current HMRC treatment, but this may be subject to change in the future and may adversely affect the potential tax benefits from the Service.

## Inheritance Tax

Presently, once an individual's Estate exceeds the threshold of £325,000, then assuming they do not qualify for any other exemptions, the balance of their Estate will be subject to Inheritance Tax at 40%. When considering how this may affect you, it is worth pointing out that it is currently possible for any unused personal allowance not utilised on the death of a spouse, to be transferred to the survivor. As such, in the case of a husband-and-wife situation, when on first death none of the allowance is utilised, on the death of the survivor, based on the current allowance, only that value in excess of £650,000 would be liable to Inheritance Tax.

## Business Property Relief

Under legislation introduced in 1996, individual investors in qualifying AIM quoted companies benefit from the tax concessions provided for under Business Property Relief (BPR), given that such AIM stocks are effectively designated as being "unlisted". As such, if funds are invested in AIM stocks qualifying for Business Property Relief for a minimum of 2 years, they then benefit from 100% relief from Inheritance Tax if held on the death of the investor. From April 2026 this relief will reduce, and qualifying investments will only attract 50% relief on the underlying rate of Inheritance Tax.

Whilst we are confident that all companies purchased within the James Brearley Investment Management Service AIM Portfolio strategy are qualifying for Business Property Relief at the time of purchase, as detailed in the Tax Rules and Rates section on page 7, the rules regarding BPR qualification are complex and it is only when submitting details of an individual's Estate, that HMRC rule on the absolute status of each AIM holding.

Given the potential tax savings reflected in the table below, by establishing a portfolio of BPR qualifying AIM stocks can be a very effective way to mitigate potential Inheritance Tax, which needs to be balanced against the investor accepting the high risks associated with such a portfolio.

Possible Scenarios:	Business Property Relief Qualifying AIM Portfolio Pre-April 2026			Business Property Relief Qualifying AIM Portfolio Post-April 2026			Traditional Portfolio	
	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000
Initial Investment	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000
Portfolio Returns (2 years)	-30%	-15%	0%	-30%	-15%	0%	10%	20%
Value at Second Anniversary	£70,000	£85,000	£100,000	£70,000	£85,000	£100,000	£110,000	£120,000
Inheritance Tax Levied	0	0	0	£14,000	£17,000	£20,000	£44,000	£48,000
Inheritance received by beneficiary	£70,000	£85,000	£100,000	£56,000	£68,000	£80,000	£66,000	£72,000

The above table is purely for illustration purposes to show the impact that Inheritance Tax can have on the net amount distributed to a beneficiary from a traditional investment portfolio versus one that qualifies for Business Property Relief.



# TAXATION



The information contained in this Brochure is based on our understanding of rates of tax, current legislation, regulations and practice, which may change in the future and could be applied retrospectively. This is a general guide only. The information relates solely to United Kingdom taxation and is expected to apply to you if you are a UK tax resident investor who is the beneficial owner of the Investments in your Portfolio.

The statements are not exhaustive and do not constitute tax advice. It is important that you consult your tax advisers concerning possible taxation. Whilst each of the stocks that we hold within the AIM portfolio strategy we believe qualify for Business Property Relief at the point of purchase, this may change subsequently without our knowledge. It is only at the point that HMRC consider your estate, that the qualifying nature of each AIM stock held by it is assessed by them to determine if each stock is exempt from Inheritance Tax.

If you invest through an ISA, the Portfolio, and any capital gains arising within it, are not subject to tax. If you invest in the portfolio outside of an ISA all gains may be subject to Capital Gains Tax. Additionally, if you are a higher or additional rate taxpayer, a further liability may arise on any dividend entitlements you receive. You will be responsible for ensuring that you declare such items in your tax returns. The rate of tax payable will depend on your own circumstances and tax rates and practice at that time.

We will not give any consideration to your personal tax circumstances when making decisions as to what to purchase or dispose of within the James Brearley Investment Management Service AIM Portfolio. It is, therefore, possible that our actions may lead to you being liable to capital gains tax. Further information about tax in the UK is available from the HMRC website: [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

# INVESTOR REPORTING

Once your Application Form has been processed and accepted, we will send you a communication providing you with your unique access rights to our web portal. This provides you with the ability to view an up-to-date valuation of your portfolio at any time, view your cash statement and access the secure mail facility. We will issue the following communications to this facility and Investors will be issued with an email to inform them that mail is available to review:

**Confirmation Notes:** If requested, each time we place a trade for your managed portfolio we will issue you with a confirmation note informing you of the details of the transaction.

**Quarterly Valuation Reports:** we will provide you with an up-to-date valuation of your managed portfolio as at the end of March, June, September and December. The report will include a Performance Statement where we will state the return achieved by the portfolio over the previous three months along with that of an appropriate benchmark. For the purposes of the AIM portfolio strategy, we believe the Deutsche Numis Alternative Market Index to be the most appropriate one.

The Performance Statement will also include a note of the management fees applied to your account over the period. Along with a market commentary, the report also incorporates a statement of your Cash Settlement Account and schedule of all transactions for the period. You may request a more regular valuation report from us than quarterly, however we may choose to apply a charge for this.

**Tax Reports:** On an annual basis, we will provide you with a tax report to include a consolidated tax certificate for the previous tax year along with a capital gains report for this period.

**Cost & Charges Statement:** We will provide you with a Cost & Charges Statement for each calendar year, which will state what costs you have incurred and the impact this has had on the returns achieved by the managed portfolio.

## OUR INVESTMENT MANAGEMENT PROCESS

The day-to-day management of the AIM Portfolio strategy is the responsibility of our experienced and qualified investment managers, who will construct, manage and administer the portfolio, assisted by the research information provided by Fundamental Asset Management Limited.

In an effort to diversify the risk, yet with an eye to ensuring the portfolio remains manageable, it will consist of approximately 20 Core stocks and around 10 Satellite positions. To further reduce the level of risk, where possible these selected companies will operate in different sectors of the economy and the core will typically offer greater liquidity in normal market conditions. To optimise the extent of the portfolio's value that qualifies for the Inheritance Tax relief, the cash content will remain relatively small, with dividend receipts re-invested unless you instruct us differently.

We expect each Investor's portfolio to have the same stock weightings to all other Investors in the AIM Portfolio strategy. When we elect to sell one holding and purchase another, we will undertake a bulk sale of all clients' positions in the stock in question, in turn looking to re-invest the resulting sale proceeds for everyone. We also intend to re-balance each portfolio back in line with our optimal weighting per stock position on a quarterly basis. However, given the typical wide bid to offer spread on AIM market stocks, this will be subject to a set tolerance.

We are confident this approach will lead to consistent returns being achieved for each investor in the AIM Portfolio strategy.

# FEES & CHARGES

Our annual management fee for the James Brearley Investment Management Service AIM Portfolio strategy is 1.15% (plus VAT) per annum on the first £1m, anything in excess of this value being charged at 0.65% (plus VAT) per annum, subject to a minimum monthly charge of £20 (plus VAT) per month. The fee is calculated on a daily basis, based on the value of your portfolio, being applied each month in arrears. This charge is effectively an “all-in” fee, as such there are no additional charges applied when we execute deals on your portfolio on your behalf or for the safekeeping of your portfolio’s holdings. There is, however, a dividend administration charge of £2.50 for processing each distribution allocated to your account which is limited to the value of the distribution if it is less than £2.50

At the current time, all purchases in AIM listed stocks are exempt from the typical 0.5% stamp duty that is applied to those equities listed on the main market, however all trades over £10,000 in value will be liable to a PTM levy of £1.50. Where we receive a request from an investor to terminate the investment management service or we are notified of the death of an investor, the service terminating immediately, we will apply the accrued management charge to this point in time.

It is our regulatory obligation to provide all potential investors with a projection of the fees and charges that you are likely to incur should you invest in the James Brearley Investment Management Service AIM Portfolio and specifically the impact these are likely to have on your returns. This is presented below, where we have assumed a fixed annual return of 5%, solely for projection purposes. For the purpose of this projection, we have not incorporated any Initial Adviser Fee that you may have authorised for any investment advice you have received from a Financial Adviser on the service.

On an annual basis, we will provide you with a Cost & Charges statement covering the previous calendar year, stating the actual charges incurred over this period and the impact they have had on your returns.

The following projection assumes an initial investment into the James Brearley Investment Management Service AIM Portfolio of £100,000.

## James Brearley Investment Management Service AIM Portfolio Costs & Charges Illustration: Investment Amount: £100,000

	END YEAR					Total Return £	Total Return %
	1	2	3	4	5		
Return No Charges: Assuming 5% Annual Growth	£105,000.00	£110,250.00	£115,762.50	£121,550.63	£127,628.16	£27,628.16	27.63

Charges	END YEAR					Total Charges Over 5 Years
	1	2	3	4	5	
James Brearley Administration Fee (Inc. VAT)	£1,414.50	£1,463.10	£1,513.43	£1,565.58	£1,619.59	£7,576.19
Dividend Charges	£150.00	£150.00	£150.00	£150.00	£150.00	£750.00
<b>Total Charges</b>	<b>£1,564.50</b>	<b>£1,613.10</b>	<b>£1,663.43</b>	<b>£1,715.58</b>	<b>£1,769.59</b>	<b>£8,326.19</b>

						Total Return £	Total Return %
	1	2	3	4	5		
Return Included Charges: Assuming 5% Annual Growth	£103,435.50	£106,994.18	£110,680.46	£114,498.90	£118,454.26	£18,454.26	18.45

The above figures are based on an assumed growth rate of 5% per annum which for calculation purposes we have assumed accrues equally each month. The figures are based on an assumed constant administration charge and that the number of dividends received each year is constant based on 30 individual holdings and assumed half yearly dividend payments for each holding for the coming 12 months.

Note: Investing in stock market-based investments may not be right for all investors. The value of an investment and any income from it can fall as well as rise as a result of market and currency movement and you may not get back the amount originally invested. You could get back nothing at all.

# FREQUENTLY ASKED QUESTIONS

## WHAT AM I COMMITTING TO?

You are committing to invest in a Discretionary Service where we will take investment decisions on your behalf without seeking your prior approval to them. You should consider this as a medium to long-term high-risk investment. Whilst it is possible to make a partial or full encashment of your Portfolio at any time, this may have adverse tax implications.

## CAN I CHANGE MY MIND AND NOT INVEST IN THE SERVICE?

If you decide you wish to cancel the Service, you should notify us in writing within a 14-day period. Whilst you will not be charged the Management Fee for this period, the sale of any stock positions purchased within your Portfolio may result in a loss of capital. Please refer to the Service Terms & Conditions for more information.

## SHOULD I TAKE FINANCIAL ADVICE?

It is recommended that you take financial advice from your Financial Adviser before investing into the Service. If you do take advice, your adviser will assess the suitability of the Service in relation to your individual circumstances. However, you can invest directly without taking financial advice from a Financial Adviser. Under these circumstances, it is our responsibility to undertake a suitability assessment, as such, before we commence managing your portfolio under our Discretionary Management Service, to ensure we act in your best interest we will make a detailed suitability analysis of your personal circumstances, investment aims and attitude to risk and agree a portfolio management mandate with you.

## WHAT ADVISER FEES SHOULD I PAY?

This is a matter for you to discuss with your Financial Adviser. Any fee paid to a Financial Adviser in relation to the service they provide must be authorised by you. We will facilitate the payment of the authorised fee on your behalf from your investment. For example, if you invest £50,000 and have agreed to pay 1% (or £500) to your Financial Adviser as an initial fee, we will deduct £500 from the £50,000 and send that amount to your Financial Adviser. The remaining £49,500 will be invested in the Managed Portfolio. If you have also authorised an ongoing Adviser Fee of say 0.5% per annum this would be calculated based on the daily value of your Portfolio and applied on a quarterly basis.

## WHAT HAPPENS TO MY INVESTMENT IF I DIE?

If you die the Service will cease immediately however we will continue to hold your investments and will adhere to the instructions given by the administrators of your estate. The Investments may be sold or re-registered in the name of the beneficiaries. If your portfolio is held in an ISA, it may remain within an ISA and benefit from its tax benefits for up to a maximum of 3 years from your date of death, or until we receive instructions from the administrators of your estate.



# FREQUENTLY ASKED QUESTIONS

## **CAN I ENCASH MY PORTFOLIO AT ANY TIME?**

Yes, you can request a full or partial encashment of your Managed Portfolio at any time, the latter being conditional on retaining a minimum Portfolio value of £50,000. Such a course of action may have adverse tax implications. You can also request that we transfer your stock positions into your name.

## **HOW MUCH AM I ABLE TO INVEST?**

The minimum investment into the Service is £50,000, there is no maximum. If you are planning to invest via an ISA, you can transfer an existing ISA and invest up to the prevailing ISA allowance for that tax year. You can transfer your entire existing ISA into the Service but again this is subject to the £50,000 minimum investment limit.

## **WHAT SHOULD I DO IF I WANT TO COMPLAIN?**

We have established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available on request. Should you have a complaint, you should address this to the Complaints Officer, at the address detailed below. If we cannot resolve the complaint to your satisfaction, you may be entitled to refer it to the Financial Ombudsman Service. Please refer to the "Complaints" section of the Service Terms & Conditions for more details.

## **WHAT HAPPENS IF JAMES BREARLEY BECOMES INSOLVENT?**

Should there be any shortfall in your physical share holdings, or the cash held within your investment account at the time that we become insolvent, under current regulation, you may be entitled to claim related losses of up to £85,000, from the Financial Services Compensation Scheme. For clarity this does not cover losses resulting from the decline in actual share valuations or the total worth of your portfolio. Further information on the scheme is available at: [www.fscs.org.uk/your-claim/eligibility-rules](http://www.fscs.org.uk/your-claim/eligibility-rules)

## **WILL THE ENTIRE VALUE OF MY PORTFOLIO BE EXEMPT FROM INHERITANCE TAX?**

If you have been invested in the James Brearley Investment Management Service AIM Portfolio for more than 2 years at your date of death, we would expect that the entire value of your managed portfolio will qualify for some form of relief on the underlying rate of Inheritance Tax. However, qualification for Business Property Relief is a complex subject and HMRC's decision when considering the AIM stocks held in your Estate is final. Whilst we are comfortable that at the time each stock is purchased within your managed portfolio they will qualify for Business Property Relief, we are unable to guarantee that this will still be the case when this critical assessment is undertaken.

## **WHAT IF I HAVE OTHER QUESTIONS?**

If you have any further questions in respect of the Service, please contact us by telephone on 01772 318760 or via email on [ISOT@jbearley.co.uk](mailto:ISOT@jbearley.co.uk).

For more general information on James Brearley, you can visit our website at [www.jbearley.co.uk](http://www.jbearley.co.uk).

If you wish to write to us, please address your correspondence to:

James Brearley Investment Managers & Stockbrokers, 7 South Preston Office Village, Cuerden Way, Bamber Bridge, Preston PR5 6BL.

# GLOSSARY OF TERMS

This Glossary applies to your investment in the James Brearley Investment Management Service AIM Portfolio. Your investment will have the features and risks set out in this Brochure, Application Form and Service Terms & Conditions and you should read all these documents carefully. This Glossary applies from when your Application Form is accepted and is in addition to any terms and conditions that relate to any other investment account you may have with James Brearley.

**AIM or AIM Market:** Part of the London Stock Exchange, which was launched in 1995 as a market for smaller growing companies.

**Adviser Fee:** A fee payable by an Investor to a Financial Adviser, be it for initial or ongoing advice over the suitability of the Service.

**Applicable Laws:** All relevant UK laws, regulations and rules, including those of the FCA.

**Application Form:** A form completed by a prospective investor.

**Benchmark:** A yardstick to allow Investors to assess the returns achieved by their Managed Portfolio against. In the case of the James Brearley Investment Management Service AIM Portfolio this will be the Deutsche Numis Alternative Market Index (Total Return).

**Brochure:** The James Brearley Investment Management Service AIM Portfolio marketing document, of which this Glossary forms part.

**Business Property Relief (BPR):** A type of tax relief explained in the Brochure.

**Cash Settlement Account / ISA Cash Account:** Part of your account with us where cash held for you is recorded and that cash related transactions following the receipt of any distribution entitlements are processed.

**Client Money Bank Account:** An account at a third-party bank. It includes in its title an appropriate description to indicate that it holds only investors' money in accordance with our regulatory responsibilities and is used to hold the money of one or more of our clients.

**Confirmation Note:** A document issued by us confirming a transaction made on behalf of an Investor. This will contain details of the security name, the quantity and price dealt, the date and time of execution, along with a note of the total consideration.

**Core:** Likely to be a long-term holding and held for many years.

**Cost & Charges Statement:** A report we will issue each year which will state the costs and charges applied to each Investor's Managed Portfolio and the effect these have had on total return.

**Encashment Request:** A request made in writing to the Investment Manager stating the amount of investment to be withdrawn.

**FCA:** The Financial Conduct Authority, contactable at: 12 Endeavour Square, London, E20 1JN.

**FCA Rules:** The rules contained in the FCA's Handbook.

**Financial Adviser:** A person authorised by the FCA who can assess the suitability of the Service for an Investor.

**Fundamental / Fundamental Asset Management Limited:** An FCA regulated firm that will be providing initial and ongoing research information to assist our management decisions in our delivery of the Service.

**HMRC:** His Majesty's Revenue & Customs.

**Inheritance Tax:** A tax levied in the event of your death based on the total value of your estate. This is currently applied at a rate of 40%, on the surplus value of the estate, after allowing for the prevailing allowance.

**Investment:** The holdings in the various stock positions purchased by us on behalf of Investors.

**Investment Amount:** The sum received from an Investor following the deduction of any authorised Adviser Fee.

**Investment Manager:** James Brearley & Sons Ltd.

**Investor:** A party who completes an Application Form which is accepted by us and by default accepts the Service Terms & Conditions.

**Investor Agreement:** The agreement between the Investor and James Brearley & Sons Limited.

**James Brearley, Us, We, James Brearley & Sons Limited:** The regulated entity providing the Service being authorised and regulated to do so by the Financial Conduct Authority.

**Managed Portfolio or Service:** The management of your Investment Amount on a discretionary basis by us.

**Management Fee:** Our annual charge for the Service.

**MiFID II:** Regulation introduced across the European Community on 3rd January 2018.

**Minimum Investment:** The minimum amount an Investor may place in the Service, being £50,000.

**Nominee Company:** A company established for holding Investments on behalf of investors. Although the Nominee Company becomes the legal owner of such Investments, the investor is the beneficial owner.

**Ongoing Fee:** An optional fee payable for ongoing advice by an Investor for an advised recommendation as long as an investment is held. This is applied on a quarterly basis.

**Online Valuation Service:** A facility available at our website of [www.jbrearley.co.uk](http://www.jbrearley.co.uk) which allows an Investor to gain access via their unique username and password, to information relating to their Portfolio to include amongst other things a current valuation, a cash statement, and transactions history.

**Performance Statement:** A section of the quarterly valuation which will state the return achieved by the Managed Portfolio over the period under review. This is shown against a Benchmark.

**Risk Category:** The grouping of investments of a similar risk.

**Satellite:** Likely to be held for the medium term with an expectation that it will then be changed for another position.

**James Brearley**



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James Brearley & Sons Limited is Authorised and Regulated by the Financial Conduct Authority and is a member of the London Stock Exchange. James Brearley is the trading name of James Brearley & Sons Limited. Registered Address: Walpole House, Unit 2, Burton Road, Blackpool FY4 4NW.

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