

Discretionary AIM Portfolio

User Guide & Client Agreement

Your Name		Your A/C No(s)	
Your Pilling Contact		Date of Completion	

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Please note that the value of your investments and the level of income produced can fall as well as rise and you may not get back the full amount that you invested. Past performance is not a guide to future returns. Any opinions expressed should not be construed as advice for investment in any product or security featured. Some shares may use part of the capital invested to provide an income. If you are uncertain about the suitability of any investments you should take independent advice (including tax advice) before investing. The information herein is based on current HMRC rules which are subject to change. Any opinions or information provided has been based on sources we believe to be reliable. Pilling & Co Stockbrokers Ltd staff and/or principals may hold investments featured, if these shareholdings are deemed significant then we will endeavour to disclose this. Prices given are the most recent market prices and should not be interpreted as price targets for investment decisions. Investments featured within this publication may not be updated if our internal buy, sell or hold recommendation changes. The remuneration of the author may be linked to transactions in the recommended investment. All investments are subject to our current terms and conditions and charges which we reserve the right to change. Whilst every effort is made to ensure accuracy we cannot be held liable for errors or omissions. Pilling & Co maintains a conflicts of interest policy to ensure objectivity of its recommendations, a copy of this policy is available on request, or can be found on our website. A copy of our internal complaints procedure is available on request together with the Financial Ombudsman Service (FOS) leaflet explaining their operation. Pilling & Co Stockbrokers Ltd is registered under the Data Protection Act as a controller of information.

Managed Portfolio for Inheritance Tax Mitigation

Under current legislation bequests made to a deceased's spouse or to recognised charities escapes inheritance tax (IHT). Otherwise the first £325,000 (frozen until April 2028) of assets bequeathed on death and, the first £175,000 of a deceased's main residence left to a direct descendant, attracts no IHT, everything over this figure attracts tax at 40%.

An exemption to this are shares in companies that qualify for Business Relief. Companies that qualify for such relief are those that are not listed on a recognised stock exchange. Most importantly the AIM market is not a recognised stock exchanges for this purpose, although companies trading their shares on it are quoted and may be traded. Business Relief assets are: -

- Exempt from IHT if the initial investments into AIM securities were purchased at least two years before the time of death and remained in AIM securities up to the date of death.
- Subject to capital gains tax (CGT) at 10% for basic rate taxpayers and 20% for higher rate taxpayers on gains in excess of the annual exemption (£6,000 for 2023/2024 reducing to £3,000 for 2024/2025). Where these investments are made inside an ISA they are not subject to CGT.

There are some AIM companies that do not qualify for these reliefs. These include companies dealing in property, investments and general financial instruments (i.e. investment companies) and cash shells. There are over 700 companies listed on AIM, as at March 2023. This makes it possible for us to create and manage a portfolio to take advantage of these far reaching tax breaks.

We do have to point out that AIM securities are regarded as **high risk** and **trading liquidity cannot be guaranteed**. Investors should only contemplate investing in such equities if they can afford to lose any of the capital committed.

We believe the higher risk nature of AIM investing makes it essential to have a broad spread of companies that have been researched and are regularly monitored. At any given time we are monitoring 50 or more companies from which we select for IHT mitigation portfolios. These companies are regularly appraised and added to when appropriate opportunities arise.

Charges

An annual management fee of 1% plus VAT will be charged on the value of the portfolio, taken half yearly in arrears. Dealing commission will be charged at 1.65% on the first £10,000 consideration and 0.5% on any balance (per deal).

There is a custody charge of 0.25% charged six monthly in arrears on the total value of ALL your accounts with Pilling & Co. The fee has a minimum of £25.00 and a maximum of £90.00 if you are registered for using our on-line portal Client Web Access (CWA). For clients who request postal documents the fees have a minimum of £30.00 and a maximum of £100.00. In other words, any value over £40,000 (non CWA) and £36,000 (CWA) is free so you may wish to consolidate your investments from other managers.

The discretionary account will be managed on a "contract of care" basis with the performance benchmarked against an appropriate market index. You will receive quarterly valuations and a comprehensive half yearly report and reconciliation. The minimum initial investment for the AIM portfolio is £30,000. The account can be liquidated and the sale proceeds paid to you at any time. In such an event, our normal dealing commission would be levied as well as the management charge on a pro rata basis.

If you would like to proceed simply complete the enclosed Client Agreement and return it to us. If you wish to sell existing securities to raise the funds to invest, you can detail these instructions on the enclosed application form. We will then establish an AIM portfolio on a discretionary managed basis, the securities will be registered in our nominee name.

CLIENT INVESTMENT QUESTIONNAIRE

This agreement should be completed to enable us to operate a Pilling AIM portfolio under discretionary management. As the AIM portfolio has a set management and administrative criteria, many of the answers have been ticked already. If you are not in agreement with the pre-defined answers please **do not** complete and sign the form. Please complete the questionnaire below and where appropriate, sign the form and return the complete copy of the agreement. The Financial Conduct Authority (FCA) rules require us to obtain such information about your investment objectives, financial resources and personal background as may be necessary to ensure the suitability and quality of our investment advice or the extent of discretion exercised on your behalf.

Account Title		A/C No	
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	Self	Spouse/Other
Surname		
Forename (s)		
Occupation		
Employment Status (full-time self employed, part-time, etc.)		
Marital Status		
No. of Dependents & Ages		
Income Tax Rate	45% / 40% / 20% / 0% Other:	45% / 40% / 20% / 0% Other:
Employment Income	£	£
Guaranteed Pension Income	£	£
Other Pension Income	£	£
Rental Income	£	£
Other Income	£	£
Personal Pension Value	£	£
Value of Main Property	£	£
Value of Other Property	£	£
Mortgage (s) Outstanding	£	£
Cash Savings	£	£
Investments (excl. Pilling)	£	£
Investments with Pilling	£	£
Other Assets	£	£
Overdraft/Loans/Credit Cards	£	£
Other Debts	£	£
Approximate monthly Expenditure (Utilities, Vehicle Fuel and Tax etc.)	£	£

OUR DEFINITION OF RISK

It is a fact of life that capital growth or a high income return can only be achieved with some degree of risk. The greater the potential growth or income yield, the higher will be the risk. We suggest that you think about the risks inherent in the investments you are making and in very broad terms, for your guidance we classify the three major risk categories as follows:-

LOW RISK

These can include cash and fixed interest sterling denominated securities issued by major governments and corporations. In addition unit trusts, OEICs and ungeared collective investments investing principally in the above are acceptable. Please note however that a high exposure to gilts and other fixed interest securities might constitute a high risk policy since their capital values and the real value of the income that they produce are affected by interest rate fluctuations and inflation

MEDIUM RISK

Medium risk investments may include other fixed interest investments, shares in FTSE 100 Index constituent companies, well-established FTSE Mid 250 companies (perhaps ex-FTSE 100 stocks) and where possible (eg where the capital commitment is great enough) a judicious spread of shares in large and medium capitalized companies, Unit Trusts, OEICs, Investment Trusts and similar packaged investments in the major western markets (UK, Europe, North America) as well as internationally diversified examples of such funds are included.

Some sector specialist, ethical and single company country funds can be used as part of a diversified portfolio. Modest portfolio allocation in smaller companies in the major western markets via managed collective investments is also acceptable.

Insurance company and investment management company managed or multi-manager products are generally acceptable, either as part of a portfolio or in isolation.

HIGHER RISK

High risk covers all other types of investments not mentioned above and can incorporate weighting or even exclusive concentration on smaller capitalized or recent start-up businesses, junior markets and trading facilities (eg AIM and PLUS Quoted) or venture capital vehicles. Collective and packaged versions of the above are acceptable as well as offshore, non-sterling denominated or hedge funds. Investments in lesser-developed markets eg Asian and Emerging Markets are also included.

Warrants, covered warrants (securitised derivatives), options and other forms of derivatives also come under this category and you are required to complete a further application form (available on request) to help us assess whether complex products of this nature are appropriate for you.

Other investments covered under the **Notification of Services Required** section of this agreement should also be considered in this category.

We may invest in securities where the individual risk category of that security is outside your chosen risk profile. However, the overall risk profile of the portfolio will remain within your risk profile.

WARNING:- We make every reasonable effort to ensure that your investments meet with your risk requirements. At the time of investment our understanding, and the market's opinion in general of a security's risk category will be applied as per your investment questionnaire. If at a later date it is found that the risk category was incorrect, we cannot be held responsible for any financial consequences or liabilities arising from any misunderstandings or mistakes in this aspect of your dealings with Pilling & Co.

Important note

We have pre-populated the following sections that ask about your investment and risk appetite. Due to the nature of this AiM portfolio, you can only answer as we have indicated. If you do not agree with these elections please inform your Investment Manager before your portfolio is invested.

INVESTMENT OBJECTIVES

Maximise Growth Maximise Income Balanced Return
Other (give details)

RISK PARAMETERS

Please read the Pilling Investment Risk Guide on page 4.

Low Risk Medium Risk
High Risk Other (give details)

Investing in any asset class will involve risk at varying degrees, and this may result in you not receiving back the original amount you invested. There are many factors to consider such as timing and external financial events.

To assist us in understanding your appetite for risk, please tick one of the following statements that best describes the effect that a 25% reduction in investment value would have on you.

- No material impact on my / our standard of living
- A small but acceptable impact on my / our standard of living
- A large but acceptable impact on my / our standard of living
- An unacceptable impact on my / our standard of living

GOALS AND OBJECTIVES: (Please tick one or more of the boxes)

I plan to use the money invested with Pilling & Co for:

Wealth Accumulation	<input type="checkbox"/>	Retirement income	<input type="checkbox"/>
Education Fees	<input type="checkbox"/>	Debt repayment	<input type="checkbox"/>
Inheritance for dependants	<input checked="" type="checkbox"/>	Other	<input type="checkbox"/>

Please state

BENEFICIARIES:

Are all your beneficiaries direct descendants?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
If your spouse is deceased, did they die before 06/04/2017?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
If widowed, did you use your partners IHT allowance?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

TIME HORIZON: (please tick one of the boxes)

It is important for us to understand how soon you may require your investments returned to you (obviously we understand circumstances do change).

<input type="checkbox"/> Less than 3 years (normally precludes equity investment)	<input type="checkbox"/> 3-6 years (likely to reduce equity investment)
<input type="checkbox"/> 7-10 years	<input type="checkbox"/> Over 10 years

Tell us about your future issues like downsizing, long term care requirements etc.

Unsolicited Calls Telephone calls or visits by us to discuss investments of the type you normally deal in without your express invitation	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>

Please take note that you may forgo certain statutory rights to cancel deals you enter into as a result of an uninvited call.

If you wish to authorise unsolicited calls but subject to certain restrictions please list them here.

DISCRETIONARY MANAGEMENT SERVICES

This Agreement sets out the arrangements under which we will provide our Discretionary Management Services.

- We will manage for you the AIM portfolio.
- We shall have full discretion, and without prior reference to you, to enter into any kind of transaction or agreement for your account in or relating to the AIM portfolio.
- Other than the periodic reviews, statements and valuations, or unless requested by you or your Personal Investment Manager, you will not be contacted with regard to any aspect of the operation of your account.
- You will receive a contract note confirming the details of each transaction carried out on your account within a few days of dealing.
- **Our Charges and Fees** are stated on page 2 of this document. We reserve the right to alter charges with one month's written notice.
- **Investment Objectives** - the nature of these investments is **high risk** and the purpose of the portfolio is to mitigate IHT and/or reduce CGT. We may from time to time write to you to confirm that these objectives are unchanged and, in any event, should you wish to modify them you must notify us in writing as soon as possible.
- **Execution Only Arrangements** - transactions conducted on your behalf will always be entered into under the principles of *suitability and best execution*. However, on some occasions, you may wish to instruct us to carry out transactions for which you will not expect us to be responsible in advising you about their investment merits.
- **Portfolio Review and Performance Report** - we will send you an in depth analysis and review of your own portfolio every 6 months, a statement, a reconciliation of its performance and a general economic report.
- **Basis of Performance Measurement** – the percentage increase or decrease in the value of your portfolio since your last report will be shown alongside the percentage change (over the same period) in the level of the AIM All Share Index.

If your total portfolio value drops by 10% (and multiples of 10% thereafter) from the value at the last agreed reporting date we will report to you before the end of that business day. Where you have given authority to another person to act on your behalf, for example a Financial Advisor, we may provide this report to them rather than you directly.

- **Basis of Valuations** - investments quoted, listed or regularly dealt on a recognised investment exchange will be valued at their middle-market quotation on that exchange unless stated otherwise. Unquoted investments will be valued at cost or such other value as we may consider appropriate at the time. Current exchange rates will be applied when valuing holdings in foreign currencies. We reserve the right to adopt any other method of valuation when we have reasonable grounds for believing that another approach more accurately reflects the market value of a particular investment.
- **Transfers of Income and Capital** - we will arrange for any income or capital sums arising from your portfolio to be sent to you in accordance with your written instructions.

- **Your Money** - we deal with your money in accordance with the client money regulations of the FCA. If we purchase or recommend a purchase of a foreign stock there may be a possibility that a dividend or interest payment could be held for a while in a foreign bank that does not have the same protections as money held in banks in the UK
- **Termination of Agreement** - either party may terminate a discretionary agreement by giving one month's notice in writing. You will remain liable for any transactions entered into before notice is received or instructed during the notice period and you will pay any charges or fees due to us under the appropriate Agreement on a pro rata basis.
- It is hereby confirmed that where this Agreement is signed by more than one person, we are the joint owners of all cash, securities or other property held for us and that on the death of any one of us such ownership will automatically accrue to the survivor(s) who will continue to be bound by the above terms and conditions as if they had signed alone.
- I have read and understood the contents of this AIM portfolio Agreement and understood the Terms and Conditions of Business and agree to be bound by them.
- I understand that Pilling & Co cannot make any promises as to the future performance of the portfolio maintained on my behalf and that, so long as they act in good faith, they cannot accept any liability for any loss arising through their exercise of this authority or the management of my portfolio, nor for taxation charges arising for any reason.
- I also understand that Pilling & Co make no guarantee that the AIM portfolio will qualify as business assets and as a result may not avoid IHT.
- I / We confirm that I am not a US person, resident or green card holder. If you are resident for tax purposes in a country other than the UK* please tell us here

*UK in this definition excludes Isle of Man, Jersey, Guernsey, Gibraltar and other Crown dependencies.

IMPORTANT NOTICE

If there is anything that you do not understand or if you wish for further clarification, please contact us before you sign and return this agreement.

Signed

Full Name

Date

**Signed for and on behalf
of Pilling & Co Stockbrokers Ltd
Dennis L Morgan Chief Executive**



Title First Names (in full)

Surname Your Pilling A/C number

Permanent Residential Address

Postcode

You must supply an email address to receive your statements, valuations, contracts and newsletters on line. Email

Instructions will be sent to this email address on how to set up your Client Web Access (CWA). If you do not have access to a computer or an email address, paper versions are available by ticking this box.

Tel Work:- Home: - Mobile: -

Only complete/provide the following if you are a new client or you need to update your details

Your Bank details for payments to you.

Bank

Sort Code

A/C No. **8 digits only**

Customer ref (if applicable)

Date of Birth DD/MM/YYYY

Do you have a National Insurance Number?

Yes No If Yes, you must enter it below

You can find your NI number from a payslip, form p45 or p60, a letter from HMRC or the DWP, or a pension book

If you are a non-UK EU citizen please detail your Tax Identification Number (TIN) below

TIN

Please provide two different forms of identification, one from list A which must also be photo ID, and a second from either list:

- List A**
- Valid full UK passport (or certified copy)*
 - Valid full UK driving Licence (or certified copy)*
 - Recent evidence of entitlement to a state or local authority-funded benefit
 - HMRC demand/statement/notification

- List B**
- Current council tax demand letter or statement
 - Current bank statement (not printed from the internet)
 - Current credit/debit card statement (not printed from the internet)
 - Utility bill from the last 3 months (not printed from the internet)

*Certified copies must be signed by a professional person such as solicitor, accountant, GP or teacher, etc.

Is this application for a AiM to be purchased in a new or existing service/account? (please tick)

New Service/Account Existing Service/Account

Which type of service/account is it to be purchased in?

ISA SIPP AiM Nominee

Income

How would you like your income treated?

I wish to retain any income as cash on deposit in my account

I wish to have income paid quarterly into my bank or building society account **give details above.**

AiM Contribution Form

I enclose my cheque for to fund my AiM portfolio

Please use from my existing ISA SIPP Nominee

Please sell the following holdings detailed below to fund the AiM portfolio.

No. of units/ shares	Name of Security	Office use only

Please note the minimum initial investment for the AiM portfolio is £30,000.

Third Party Authority

To give someone third party authority over your account you must complete the Third Party Authority form which is available on request or you can download it from our website www.pilling.co.uk

We will accept the instructions and divulge information about your investments either verbally or via client web access to the third party you name for the purposes of dealing in all types of products, as well as the movement of your investments and the payment and receipt of your money **until cancelled by you in writing.**

To be completed by the Investment Manager —Points to consider

Further information obtained from the client (e.g. health issues, care plans, income requirements, expectations etc)

- If recently divorced has the clients assets been settled through the courts?
- If the client is downsizing have they been made aware of the potential additional threshold loses?
- Have they sought financial planner advice?
- If the client has existing investments outside of Pilling's are any of them IHT exempt. i.e. Bare trusts with investment bonds/AIM investments?
- Has the client taken into account the costs associated with long term care?
- Is the client/clients in good health (bearing in mind AIM investments have to be held for 2 years to qualify)
- Have gifts been made or are they planned in the near future?

