

# Assessment of Value

*AIM Strategy, an inheritance tax solution*

FOR YEAR ENDED 31 DECEMBER 2024



UK INVESTORS USE ONLY

SPECIALISTS IN INVESTMENT MANAGEMENT

# Welcome to the Quilter Cheviot annual assessment of value report

We produce this report to provide both existing and potential clients with the results of our annual assessment of the value of our services and to provide insight into the activities we have completed during the period. The report has been compiled in line with Quilter Cheviot's current understanding of the requirements set out by our industry regulator, the Financial Conduct Authority (FCA), and we have embraced the ideals it represents and the monitoring required to support our conclusions, as a permanent and ongoing part of our business culture.

It should be noted that this is the third year this report has been compiled in this way, and it is expected to develop and be enhanced over time.

Based on the assessment work conducted by Quilter Cheviot, the outcome of the assessment is that the Alternative Investment Market (AIM) Strategy continues to offer our clients good value for money.



**Nick Holmes**  
Managing Director

# AIM assessment of value basis

## Overview

This document seeks to demonstrate how the AIM Strategy provides value for a client based on our assessment against the 5 pillars we have chosen, and the methodology explained below.

The five key areas are based on the areas identified in the FCA Consumer Duty rules (Principles for businesses, PRIN, rules) and to avoid being too subjective, most of the areas can be measured. The report is produced internally and has been subjected to challenge by our Governance function, Executive Committee and by our Board, which includes Non-Executive Directors.

## Brand

It is our belief that the perception of value also extends to our clients and their advisers' view on the strength and culture of the firm with which they are dealing. Quilter Cheviot's focus on providing exemplary personal service and our drive to build and preserve the wealth of clients have been more than 250 years in the making. We are proud that this continues today and is demonstrated in the long-standing relationships with c.35,000 clients. Quilter Cheviot and our parent company continue to invest in our people, systems and infrastructure to provide services and products to meet our clients' requirements and meet the rules and expectations of our Regulators.



## **Our people**

Clients can have confidence in the level of continuity, stability and expertise they receive. Clients and financial advisers also have direct contact with a dedicated Investment Manager and their team who are responsible for delivering the strategy and managing their portfolio. The AIM investment management team who manage the strategy are available to support advisers and both clients and advisers can rely on being able to contact Quilter Cheviot relationship managers or meet at one of our 11 offices in the UK. The AIM Strategy investment managers support advisers and clients with quarterly factsheets and investment commentaries.

We pride ourselves on the expertise of our Investment Managers, who have an average of over 10 years' service at Quilter Cheviot and 19 years in the financial sector and all undertake continual professional development to keep them abreast of changes in the investment world and in client care, including understanding vulnerability and inclusion.

Research is the cornerstone of our business. Our 19-strong research team work with our Investment Managers to provide access to investment insights and strategies from around the world. Our unbiased and impartial approach means the Investment Manager can build an investment portfolio that is tailored to the client's needs and can evolve with them.

## **Investment process**

For the AIM strategy there is also a team dedicated to the research and management of AIM portfolios due to the specialist nature of the service. Responsible investment is built into our research and the management of portfolios and this includes consideration of Environmental, Social and Governance (ESG) and stewardship factors in investment selection as well as active engagement with companies including voting.

The AIM strategy requires additional research in this specialised part of the market, including using independent tax review to confirm all stocks qualify for Business Relief. There is an initial charge on investments in the strategy which covers the additional costs related to the research of existing and potential investments.

## **Financial Strength**

Our operational efficiency and processes are key to the smooth running of accounts and provide assurance that our custody arrangements are secure and client's money is kept safe.

Quilter Cheviot is regulated by the FCA and is part of Quilter plc, a leading provider of financial advice, investments and wealth management with over £119.4 billion in client investments (as at 31 December 2024). This comes with financial strength and assurance to give confidence to our clients that Quilter Cheviot is equipped and managed to provide the service and investment outcomes that our clients expect.

# About the AIM Strategy

This strategy is a specialist investment solution of AIM listed companies, suitable for UK retail clients with £100,000 or more of investable assets who are able to accept a high level of risk and have significant ability to accept capital loss. The decisions to trade are taken by the Investment Manager and securities are selected that qualify for business relief. The strategy is suitable for clients seeking to consider AIM investment as part of an inheritance tax mitigation strategy.

## Distribution strategy

The AIM Strategy is only distributed through professional advisers, mainly regulated financial advisers and chartered tax accountants, and is solely available for clients investing in Quilter Cheviot's custody. Aspects of the relationship management with the client can be shared with the adviser.

The service is distributed in line with the Target Market [www.quiltercheviot.com/target-market](https://www.quiltercheviot.com/target-market)



# The Assessment

The assessment is based around five main pillars:



## Product and service design

- How Quilter Cheviot ensures that our products and services are designed and supported to meet the needs of the client including those with vulnerabilities.



## Price and value - performance

- As part of the client outcome, we look at the performance of the portfolios against cash return and the strategy benchmark as well as the expected maximum draw-down.



## Price and value - cost

- The charges for the service and costs of the portfolio including the charges of any funds that are held.



## Client understanding

- How we ensure that our documentation including our cost and charges reports are understood by the client and how we ensure that we meet the needs of vulnerable clients.



## Client service and support

- An assessment of the service we offer, the timely delivery of reporting, the security of data, the client contact, updates for suitability assessments and the interest paid on cash deposits.

For the AIM Strategy, an important part of our assessment is the consideration of performance as well as the potential tax benefits. Please note that this is based on the average return achieved for portfolios aligned to the strategy and is not an individual portfolio value assessment as there can be many reasons for divergence in performance and in the service provided.

It is based on over 30 different metrics that can be measured to provide a summary of our standard or achievement. Each item is RAG rated leading to an overall assessment.

### What our ratings mean:



Provides good value:  
expected standard  
achieved



Provides good value:  
expected standard  
achieved but  
improvement needed



Does not provide good  
value: action needed to  
improve or change

# Assessment of value - summary of our findings

| Assessment of value - summary                                                                                                                                                                                                   |                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | AIM 2024                                                                              | AIM 2023                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| The Quilter Cheviot AIM Strategy (a discretionary managed service that offers clients a portfolio that is intended to be part of estate and inheritance tax (IHT) plan at an accessible entry point) provides value to clients. |                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    |    |
| <b>Product and service design</b>                                                                                                                                                                                               | How does Quilter Cheviot design and manage its propositions in the interests of the end clients?                     | The governance, training and resources of Quilter Cheviot are focused on providing a good outcome to the client. The firm's culture is to put the client at the centre of the business, with clients offered direct contact to our staff over an extended period. This close working relationship results in a business that is focused on achieving good results for clients.*                                                                                                                                                                                                                                                                                                                                                                                                                                  |    |    |
| <b>Price and value - performance</b>                                                                                                                                                                                            | How have client portfolios performed?                                                                                | For the AIM Strategy, an important part of our assessment is the consideration of performance as well as the potential tax benefits. Whilst the potential tax benefit of the AIM Strategy outweighs the negative absolute return over the last five years, the performance did not meet Quilter Cheviot expectations. The majority of the underperformance versus the benchmark over the last five years, came in the two years prior to the strategy being brought in-house to manage. To continue to improve the performance of the AIM Strategy, the dedicated investment team have increased diversification with the intention to diversify further in 2025, have implemented active weightings to reflect conviction, established greater governance and oversight, and have simplified the fee structure. |    |    |
| <b>Price and value - costs</b>                                                                                                                                                                                                  | Can clients expect a positive return after costs?                                                                    | The AIM Strategy is a specialist service designed for estate and inheritance tax (IHT) planning, requiring thorough in-house research and expertise from Quilter Cheviot investment professionals. The costs and charges are considered appropriate for the service and benefits provided to clients.*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |  |
| <b>Client understanding</b>                                                                                                                                                                                                     | Does the information provided help the client to understand the service and their portfolio?                         | Our testing shows that the information we provide including factsheets are understood by clients and provided on time. As an area of continued focus, we will continue to develop our documentation to improve clarity and client understanding. Quilter Cheviot has also considered the needs of vulnerable clients and will continue to embed improvements in the future.                                                                                                                                                                                                                                                                                                                                                                                                                                      |  |  |
| <b>Client service and support</b>                                                                                                                                                                                               | Have clients received an appropriate level of client service and do we expect to provide good service in the future? | The service offered to clients has been delivered and client feedback indicated that our service levels are above average. There is no anticipated increase in charges.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |  |

\*Regulatory update: As of 2024, the value of an AIM portfolio is exempt from inheritance tax under Business Relief (BR) rules after being held for two years. From 06 April 2026, AIM holdings will be liable for tax, but at 20% rather than the 40% IHT standard rate. Quilter Cheviot will review the foreseeable harm of the rule change in 2025.

A more detailed breakdown of our Assessment of Value is available on request from your Investment Manager or Business Development Manager.



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Investors should remember that the value of investments, and the income from them, can go down as well as up and that past performance is no guarantee of future returns. You may not recover what you invest. The securities and investments within this document may not be suitable for all recipients. The appropriateness of a particular strategy will depend on an individual's circumstances and objectives.

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