

BR Factsheet

Downing AIM

Estate Planning Service

BR (Business Relief) investments are suitable for:

- Investors who understand the risks of investing, are happy to make a long-term investment and are seeking a competitive return alongside potential Inheritance Tax relief.
- Investors able to bear losses without it materially affecting their standard of living, and who can hold the investment for the recommended period without relying on liquidity
- Tax-efficient investors wishing to reduce the value of their estate for Inheritance Tax purposes without giving up control or access to their assets.
- Investors who typically have an estate expected to be subject to Inheritance Tax and who are seeking relief through Business Relief.

These investors benefit from maintaining ownership and control of their wealth while achieving potential Inheritance Tax relief after two years, supporting a range of established UK businesses and public sector organisations. Investors should have the financial capacity to bear potential losses.

IMPORTANT INFORMATION

This document aims to emphasise key aspects of the investment and should not be taken as a complete and comprehensive analysis of the risks of investing in the investment. It should be read alongside the Downing AIM Estate Planning Service Brochure and supporting materials, which you are advised to review thoroughly. In case of any discrepancies between this document and the Brochure, the latter's provisions will prevail.

Principal Parties:

| | |
|---------------------------|--|
| Investment Manager | Downing LLP |
| Custodian | Third Platform Services Limited |

Investment Manager: Downing LLP

Downing LLP is the discretionary investment manager for the Downing AIM Estate Planning Service. Established in 1986, Downing has over three decades of experience and manages £2.3 billion of assets (as at March 2025), including £1.15 billion in inheritance tax solutions. The firm is authorised and regulated by the Financial Conduct Authority (FRN 545025) and has built a strong track record in managing Business Relief qualifying portfolios.

With specialist expertise in AIM-listed and smaller company investments, Downing combines rigorous research, active portfolio management and a commitment to responsible investing to help clients preserve and grow their wealth.

| Key Details: | Downing AIM Estate Planning Service & ISA |
|---|--|
| First Added to Titan Alternatives Panel | 2025 |
| Product Launch Date | March 2012 |
| Product AUM | £170 million |
| USP | The Downing AIM Estate Planning Service invests in a portfolio of 25 to 40 AIM-listed companies selected for their growth potential and strong management. Managed by Downing LLP's experienced small-cap team, the Service provides diversification across sectors and applies active research to identify businesses with long-term value. |
| Total Offer Size | Evergreen |
| Minimum Investment | £20,000 |
| Maximum Annual Investment | No maximum (Business Relief is not capped) |
| Subscription Amounts Invested | 100% deployed for tax relief (less a £35 fee per transaction, capped at 0.5% per annum) |
| Level of Tax Relief Available | Up to 100% Inheritance Tax relief after two years (subject to conditions) |
| Target Number of Portfolio Companies | 25-40 |
| Target Return | N/A |
| Target Hold Period | Minimum of 2 years to qualify for Business Relief |
| Liquidity Target for Withdrawals | 1 Week |
| Does the product participate in the HMRC Direct Payment Scheme for IHT? | Yes - Executors would complete and submit form IHT423. |
| Provisional Next Close Date | Deployments within 1 week (not guaranteed) |
| Available within ISA | Yes |

Fees

| Fee (Excluding VAT) | |
|------------------------------|--|
| Initial Fee | None |
| Dealing In Fee | None |
| Bargain charge | £35 per transaction (capped at 0.5% per annum) |
| Annual Management Fee | 1.5% plus VAT |
| Corporate Running Costs | None |
| Other Investee Company Costs | None |
| Dealing Out Fee (Exit) | None |
| Performance Fee | None |

Materials

Product Provider (Manufacturer) Materials

Brochure

Factsheet

Reports

Value Assessments, Terms & Conditions, Wealth Guard Info

Overview

Investment Strategy

The Downing AIM Estate Planning Service is a growth-focused strategy investing in a portfolio of around 25 to 40 companies quoted on AIM, the London Stock Exchange's market for smaller businesses. The team typically invests in companies with a market capitalisation of less than £500 million at the time of purchase.

The approach is sector agnostic, with diversification arising from the stock selection process rather than benchmark allocation. Downing's fund managers apply a value-driven philosophy, actively seeking attractively priced companies in parts of the market that are often under-researched or overlooked. This long-term, contrarian approach is designed to support through-the-cycle performance rather than short-term momentum.

Alongside financial analysis, Downing integrates ESG considerations into its research process through a proprietary sustainability scorecard, which helps identify both risks and opportunities at company level. Portfolio companies are also monitored by an external tax adviser to provide additional assurance that they continue to qualify for Business Relief.

Sectors:

- Industrials
- Financials
- Real Estate
- Healthcare
- Technology
- Consumer Staples
- Materials
- Consumer Discretionary
- Energy
- Communications

Notable Merits & Consideration Points

- **Growth Focus:** Aims for long-term capital growth by investing in 25–40 AIM-quoted companies, typically below £500 million market cap at entry.
- **Diversification:** Sector agnostic approach with holdings spread across a broad range of industries.
- **Value Philosophy:** Bottom-up, value-driven strategy focused on under-researched and attractively priced companies rather than short-term momentum.
- **ESG Integration:** Proprietary sustainability scorecard incorporated into research, alongside Downing's firm-wide responsible investment policies.
- **Wealth Guard:** Cover included at no extra cost, protecting up to 20% of the net initial investment on death under age 90 (conditions apply).
- **Life Cover:** An optional feature designed to mitigate the risk of having to pay inheritance tax when the investment hasn't yet qualified for Business Relief.
- **Liquidity:** Investors can request withdrawals at any time. Downing targets settlement within a week and anticipates fulfilling requests within 15 working days, although this is not guaranteed. In the case of large withdrawals the timescale may be extended.
- **Business Relief Qualification:** As an extra layer of oversight, an independent external tax adviser reviews holdings annually to provide assurance that portfolio companies continue to qualify.
- **Track Record:** Managed by an experienced team with nearly 40 years of combined small-cap investment expertise, refining their approach over the past decade. The Service has been running since 2012, with £170 million AUM as at June 2025.

Key Risks

- **Capital at Risk:** The value of your capital may go down as well as up and you may not get back the full amount invested.
- **Tax Reliefs Not Guaranteed:** The rates of tax, tax benefits and tax allowances mentioned are based on current legislation and HMRC practice. They are not guaranteed, depend on personal circumstances, and are subject to change.
- **Liquidity:** The shares of AIM listed companies tend to be harder to sell than those of larger companies. This means that if you want to make a withdrawal or transfer funds from your portfolio, you may not be able to sell the shares immediately and you may have to accept a price that is less than the real value of the companies. You can request a withdrawal from your portfolio at any time, but this may be delayed because investments made through the service will be in companies whose shares are less liquid than those of companies listed on the FTSE or another main stock exchange.
- **Past Performance:** Past performance is not a guide to future performance and there is no guarantee that the service's investment objectives will be achieved.
- **Qualifying Investments Not Guaranteed:** Although the service invests in companies we believe will qualify for business relief, there's no guarantee that this will be achieved or maintained for each company. HMRC assess business relief on a company by company basis at the time of death. The level of IHT relief could be restricted if any portfolio company becomes nonqualifying for business relief purposes. This could occur if, for example, such a company changes its business activities or its corporate structure, or if a company is taken over by another company which does not qualify for business relief, or if a company's shares become listed on a main stock market so that they cease to be unquoted for tax purposes. This would not affect the business relief status of all the other companies in the portfolio and would likely only

represent a small overall proportion of your investment. In these cases, we would look to sell the shares in a non-qualifying business and replace with shares in a qualifying business.

Please note that this is a summary of the key risks and potential investors should refer to page 25-26 of the brochure.

Tax Relief

- **Inheritance Tax Relief:** The Downing AIM Estate Planning Service is designed to provide 100% relief from inheritance tax on the amount invested after two years, provided shares are still held at the time of death.
- **Preservation of IHT Allowances:** Business Relief does not use up the nil-rate band or residence nil-rate band, allowing other allowances to be preserved for estate planning purposes.
- **Immediate Qualification on Replacement:** Relief can be obtained immediately if an investor sells another Business Relief-qualifying asset and reinvests the proceeds into the Service.
- **Tax Status Dependency:** Relief is dependent on investee companies maintaining their BR-qualifying status. HMRC assesses this at the time of the investor's death.
- **Withdrawal Impact:** Withdrawals from the Service result in the withdrawn amount no longer qualifying for inheritance tax relief. The remaining invested portion may still benefit, subject to conditions.
- **Tax Treatment Subject to Change:** Levels and bases of taxation, and reliefs from taxation, are subject to change and may be retrospective. Investors should consult a tax adviser regarding their individual circumstances.

Client Suitability

- **Inheritance Tax Planning:** Suitable for UK investors with estates expected to be subject to inheritance tax who wish to reduce their estate's value using Business Relief, while retaining control of their assets.
- **Long-Term Horizon:** Designed for investors who can invest for the medium to long term and retain their holding until death in order to secure IHT relief.
- **Capacity for Loss:** Investors should have sufficient wealth to bear potential losses without it materially affecting their standard of living, they should not rely on this investment for everyday financial needs.
- **Understanding of Illiquidity:** Suitable only for investors who understand the risks of investing in AIM-listed companies, including limited liquidity and the possibility that withdrawals may be delayed or restricted.
- **Advised Investors:** Investors should typically receive regulated financial advice, or in exceptional cases be able to demonstrate they understand the risks, tax implications and nature of the Service without advice.

Consumer Duty

Advisers should review relevant consumer duty materials and ensure that investors align with the intended target market as outlined in the documentation provided.

Conclusion

Established in 1986, Downing are an established investment manager with over £2.3 billion AUM and have vast experience in managing IHT solutions since 2007.

Downing launched their AIM Estate Planning service in 2012 and have adhered to an investment strategy that is sector agnostic, investing in UK companies traded on AIM that have a market cap of less than £500 million at initial investment and which they believe will benefit from Business Relief eligibility.

Led by Judith MacKenzie, the growth focused strategy revolves around making long term investments in businesses deemed to be attractively priced, a critical ingredient of the investment philosophy. The belief held by the investment team is that assessing companies under the £500 million cap allows them to consistently uncover undervalued opportunities and helps maximise the potential of what AIM can offer.

Judith MacKenzie, with over 30 years' experience of investing in UK Smaller Companies, has been a Citywire AAA rated Manager and is Chair of the Quoted Companies Alliance amongst numerous other boards in the private and public arenas.

In a recent meeting with Judith, her strong belief is that they offer something different to most AIM IHT tax solutions in the market, stating their avoidance of chasing momentum, but reinforcing their pursuit of value, whilst investing in areas of the market that others don't cover.

Furthermore, in addition to the differentiated approach to investments, the AIM service offers a diversified portfolio of between 25-40 companies, optional Life Cover, and the significant advantage of a complementary Wealth Guard protection covering a fall in value of up to 20% of an investor's net initial investment (provided the investor is under 90 at the time of death). Full details are in the DAEPS Terms and Conditions.

The Service boasts a straightforward charging structure, transparent and accurate quarterly reporting on performance which reflects net returns after all fees and charges and participates in the HMRC Direct Payment Scheme for IHT.

With an extensive experience of investing in BR qualifying companies, the AIM Estate Planning team have had no rejected claims by HMRC to date (to their knowledge) and continue to seek additional guidance on the BR qualification criteria via their retention of an external tax lawyer providing them and the investor with an extra layer of governance and expertise in this specific area of legislation.

Until April 2026, all BR qualifying shares will be fully exempt from IHT, after this date AIM listed shares that qualify for BR will benefit from a halved IHR rate of 20% (currently in draft legislation). This proposed change to the treatment of shares in AIM for IHT planning purposes will, we believe, make the focus on performance even more acute as the IHT benefit versus unquoted BR assets is significant.

The active role of the fund manager becomes ever more important when looking to demonstrate that the returns and growth achievable via an AIM portfolio can outweigh the imbalance of the IHT treatment between unquoted and quoted assets.

For those investors who seek the potential of greater returns whilst gaining protection from an IHT liability, the DAEPS could provide a solution worthy of consideration, especially where an investor has already used their £1m Business Relief allowance via unquoted assets.

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Investments that qualify for Business Relief (BR) are high-risk and may not be suitable for all investors. The availability of BR depends on individual circumstances and current UK tax legislation, which may change in the future. Tax reliefs are not guaranteed. The value of investments and the income from them can fall as well as rise, and investors may not get back the full amount invested. Shares in unquoted or AIM-listed companies can be difficult to sell and may be subject to sudden and significant changes in value.

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