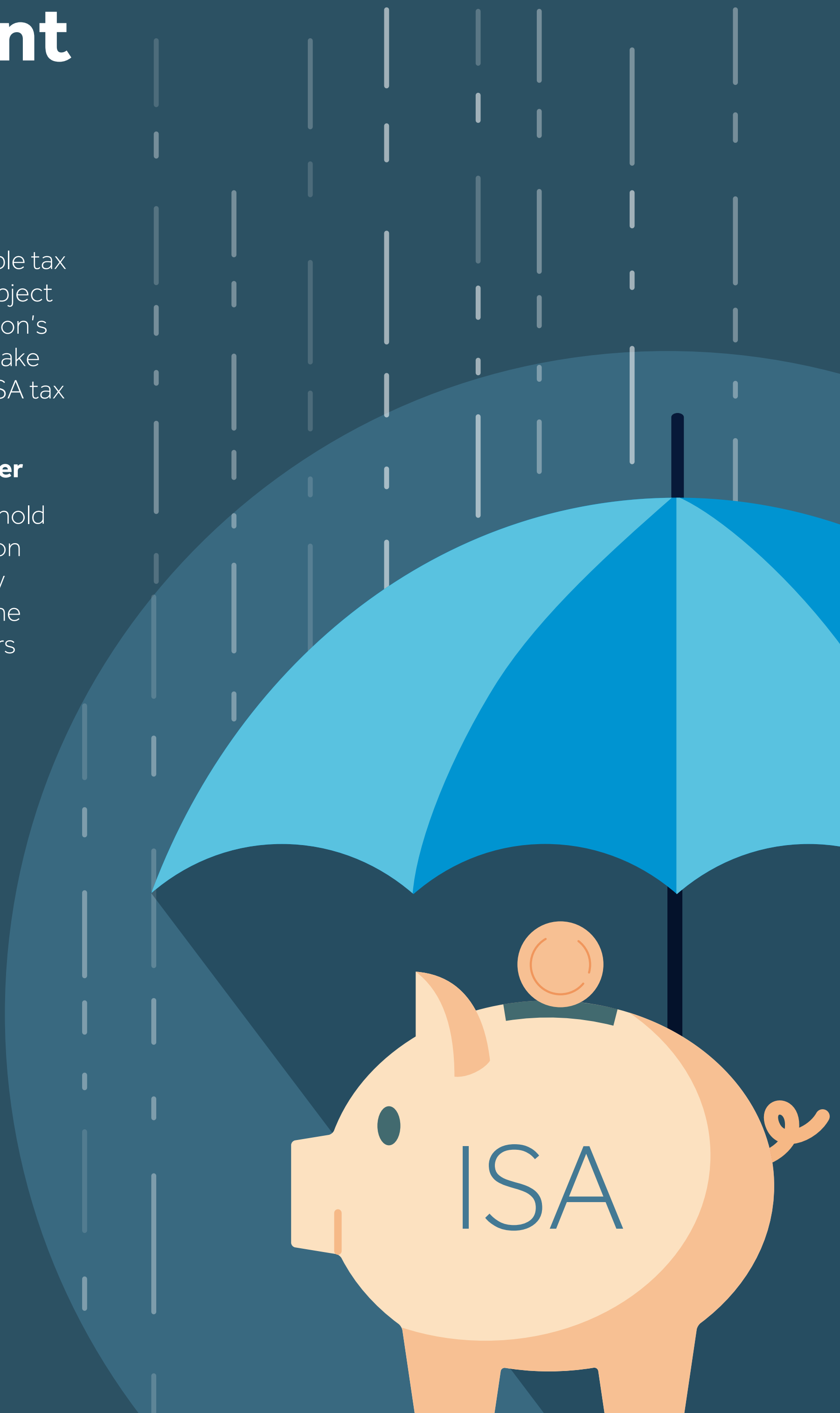
For financial professionals only,
not to be read as tax advice.

PUMA INVESTMENTS

PRODUCT CASE STUDIES: Puma AIM IHT ISA Service

Clients who want an IHT free ISA



OVERVIEW

An Individual Savings Account (ISA) offers valuable tax benefits during someone's lifetime but is still subject to inheritance tax along with the rest of the person's estate. This scenario explains how clients can make an ISA inheritance tax-efficient, without losing ISA tax benefits or control over their assets.

Inheritance tax planning within an ISA wrapper

Since 1996, private investors have been able to hold shares in AIM-listed companies and pass them on free from inheritance tax, provided the company qualifies for Business Relief (BR), and provided the investor has held the shares for at least two years when they pass away.

In 2013, it became possible to hold AIM shares in an ISA. As a result, for the last eight years it has been possible to either make new subscriptions or to transfer some or all of an existing ISA pot into an BPR-qualifying ISA.

Since 2014, Puma Investments has helped hundreds of investors invest into AIM-listed shares in this way.

Please note: Tax reliefs depend on individuals' personal circumstances, minimum holding periods and may be subject to change.

THE PROBLEM

Jessica has always used some of her annual ISA allowance. She is a committed ISA investor and at the age of 60, is starting to think about the inheritance liability that she might leave when she passes away. The issue has come into her focus since her husband died last year. She thinks that her house is worth just over £1 million and she expects her children will have to pay 40% inheritance tax on her investments when she dies. This includes the ISA investments she has been building up over the years. She would like to find a way to invest that retains the tax benefits of an ISA wrapper without the inheritance tax liabilities.

THE SOLUTION

Jessica talks to her financial adviser, who makes an assessment based on her objectives and attitude to risk. Given this, her adviser suggests investing in the Puma AIM IHT ISA. It comes with the same tax benefits her ISAs have always enjoyed, but after two years the ISA should become free from inheritance tax, assuming it is still held at the time of death. It also offers access to the growth potential of quoted UK smaller companies.

The Puma AIM IHT ISA invests Jessica's money in a model portfolio of companies listed on AIM (the Alternative Investment Market). Certain AIM-listed companies qualify for Business Relief (BR).

The estate planning benefits of this ISA may make it particularly interesting for clients considering ISA transfers, especially older clients who have built up significant ISA portfolios. Many forms of inheritance tax planning put money permanently out of an investor's reach. This lack of access can make it more difficult to deal with any unexpected costs that come up in later life. However, with the Puma AIM IHT ISA, the investment is still held in the client's name, and they can access their investment when required.

Jessica's adviser makes it clear that BR investment is not without risk.

BENEFITS OF A STOCKS AND SHARES ISA

- No dividend tax
- No capital gains tax
- No income tax

HOWEVER, IT IS SUBJECT TO:

- Inheritance tax

Whilst ISAs are extremely tax efficient during the holder's lifetime, upon death ISA balances may be subject to a 40% IHT liability.

The case study scenario is for illustrative purposes only and assumes no gains or losses on investments. The adviser will need to consider the eligibility and timings of tax reclaims and tax liabilities depicted, and the impact of charges, as relevant to the offering(s) represented and/or any specific offer chosen. Tax reliefs are not guaranteed and depend on minimum holding periods, the individual investor's circumstances and may be subject to change.

WITHOUT AIM HT INVESTMENT

Jessica holds
£100,000
in a non-BR qualifying investment account

Jessica passes

£40,000
Inheritance Tax due

£60,000
left to pass on at death

MeetJessica, age 60

Jessica wants to maximise her children's inheritance andcurrently has

£100,000

in her stocks and shares ISA

Jessica's children
(beneficiaries)

WITH AIM HT INVESTMENT

Jessica invests
£100,000
into BR qualifying investment

Jessica passes

£0[1]
Inheritance Tax due

£100,000
left to pass on at death

[1] Assuming that the entire investment was held in BR qualifying companies for two years.

This example is for illustration purposes only and should not be read as advice. No investment growth or losses are assumed. Any decision in respect of suitability should be based on a holistic review of client objectives, needs and risk profile. Please remember that IHT solutions are high risk investments and we always recommend investors seek independent investment and tax advice before considering these investments. It assumes that Jessica is fully invested into Business Relief qualifying companies. For the purpose of this scenario the nil rate bandand residential nil rate band have been used by other assets.

Please don't hesitate to contact us on 020 7408 4070, or advisersupport@pumainvestments.co.uk, or visit www.pumainvestments.co.uk.

Risk Factors

An investment in the Service carries risk and may not be suitable for all investors. Investors should refer to the Investment Details and Investor Agreement, copies of which are available on pumainvestments.co.uk. Below are the key risks of the Service:

Past Performance: Past performance is no indication of future results and share prices and their values can go down as well as up.

Tax Reliefs are not Guaranteed: Tax reliefs depend on individuals' personal circumstances, minimum holding periods and may be subject to change.

You May Lose Money: An investment in smaller companies is likely to be higher risk than other investments. Investors' capital may be at risk and Investors may get back less than their original investment.

Long-Term Investment: An investment in the Service should be considered a long-term investment.

Potentially Illiquid Investment: AIM stocks are largely small and illiquid. They are characterised by significant spreads and low trading volumes. It may prove difficult for Investors to realise immediately or in full proceeds from the sale of such shares.

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