Alternative Investment Market (AIM) Fact Sheet

Redmayne Bentley

The Alternative Investment Market (AIM) was introduced in 1995 to replace the Unlisted Securities Market. It enables smaller companies to raise finance without the need to satisfy the more onerous requirements and regulations of the official list.

AIM is specially tailored to suit growing companies and their investors. AIM allows companies to gain access to the benefits of a public listing without such requirements as a minimum market capitalisation, a minimum public shareholding or a prior trading record.

WHAT SORT OF STOCKS WILL I FIND ON AIM?

The companies are generally smaller than those on the official list, since there is no minimum market capitalisation, although this does not preclude some larger companies such as ASOS and Fevertree Drinks from trading on AIM.

AIM shares tend to be higher risk than those traded on the main market, but the constituents of AIM span a similarly wide range of commercial activities. Generally, there is less trading in AIM stocks meaning they are typically less liquid than their main market peers, i.e. share prices can be volatile.

AIM STOCKS AND TAX

Companies whose Ordinary shares are traded on AIM are qualifying investments within an ISA, Junior ISA (JISA) and Self-Invested Personal Pension (SIPP). Furthermore, no stamp duty has to be paid on AIM-traded shares, unless the company has an official listing elsewhere.

AIM investments which qualify for Business Relief (formerly known as Business Property Relief) and have been held for two years or longer, also have the potential to offer 100% relief from Inheritance Tax. However, not all AIM companies qualify, and any investments must continue to qualify for the period held. Due to the complexities involved, Redmayne Bentley offers a discretionary IHT portfolio service with the aim of mitigating IHT without losing access to your assets should you need to realise them. Please contact us to discuss if this is suitable for your circumstances.

RISK PROFILE

The market in AIM shares can be illiquid as small volumes of business can have a disproportionate effect on price and lead to greater volatility. As a result, AIM investments tend to be more volatile than those with a full listing.

AIM investments can potentially offer a greater return, but due to their volatility, they must be considered a high-risk investment.

For further details, please contact your **local Redmayne Bentley office** or call **01689 882 026**.

Investments and income arising from them can fall as well as rise in value and you may lose some or all of the amount you have invested. There is an extra risk of losing money when shares are bought in some smaller companies, as there can be a big difference between the buying and selling price. Tax treatment depends on the specific circumstances of each individual and may be subject to change in the future.