TrinityBridge

Close Inheritance Tax Service

Factsheet for professional advisers and existing investors only
31 March 2025

The Close Inheritance Tax Service (CITS) is a specialist discretionary investment management service designed to provide accelerated relief from Inheritance Tax (IHT) by investing in Business Property Relief (BPR) qualifying shares quoted on the Alternative Investment Market (AIM) and the Aquis Stock Exchange Growth Market (AQSE).

Providing each investment in the portfolio, which qualifies for BPR, has been held for two years at death, all the capital invested, and any growth, is not subject to IHT.

The October 2024 Budget announced changes altering the rate of IHT relief for qualifying shares trading on AIM and AQSE from 100% to 50% from April 2026.

CITS is one of the longest running AIM-based IHT services with a successful track record. Since its launch in March 2001, it has proved effective in protecting the value of clients' estates from IHT. It has a disciplined investment management process which is delivered by an experienced, specialist smaller companies team.

CITS objectives

To achieve the correct tax status by capitalising on BPR

To preserve the value of the capital invested within the context of BPR

To achieve some capital growth

To diversify risk

With those objectives in mind, the investment managers will aim to build a diversified portfolio of profitable and well-managed companies which they believe hold the potential to generate positive returns over the long-term.

Cumulative performance (%)

	1 Year	3 Years	5 Years	10 Years	15 Years
CITS	-14.0%	-27.0%	17.5%	18.6%	162.8%
Numis Alternative Market TR*	-7.0%	-32.3%	4.8%	8.4%	9.8%
UK Equities (GBP)	11.8%	24.9%	76.4%	80.9%	169.4%

Discrete performance (%)

Calendar year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 YTD
CITS	5.1%	18.1%	-17.9%	24.6%	-6.0%	27.4%	-18.1%	-3.6%	-5.3%	-10.6%
Numis Alternative Market TR*	16.2%	27.4%	-17.5%	14.7%	19.3%	7.6%	-31.1%	-7.2%	-3.9%	-5.4%
UK Equities (GBP)	17.1%	13.1%	-9.3%	18.5%	-11.5%	18.4%	1.2%	7.7%	9.9%	5.2%

Past performance is not a reliable indicator of future results.

Performance figures for the CITS are stated after annual management and dealing fees, but do not reflect the effect of any initial or administration fees. A reference client for each series is used as a proxy for that series and the figures above show the simple average return over all series active in the period under review. The performance of a reference client is only included in the above analysis if that client had been active for at least six months of each period reviewed.

Source: Close Brothers Asset Management, Numis Securities and Morningstar as at

31 March 2025 unless otherwise stated. All use mid-market prices and are shown as Total Return (TR).

Key facts	
Investment directors	Sam Barton Stephen Wood
AUM	£267.2m
Service launch date	28 March 2001
Minimum investment size	£50,000
One-off initial charge	£250 + VAT
Annual management fee	1.25% + VAT
Dealing fee on all transactions	1.00%

Timing of investments

A new series is launched after the last business day of every alternate month (February, April, June, August, October and December).

All subscriptions are collected together and invested at the same time once a 'series' has closed. At this point the investment team starts to buy shares.

Depending on market conditions and other factors, this process may take up to six months.

***Numis Alternative Market Index**

Numis Alternative Market Index (NAMI) TR is used as a comparator only. It reflects part of the opportunity set of the Service, but does not include companies in which we may invest on the Aquis Stock Exchange (previously known as NEX Exchange). Both NAMI TR and Aquis Stock Exchange include companies which are not eligible for BPR. NAMI TR should not be construed as a benchmark for the Service, nor the return which an investor might expect.

Manager commentary

Market in focus

The first quarter of 2025 saw divergent returns from global equities. US markets gave up their gains from the last quarter of 2024 as President Trump announced a first round of tariffs and the technology sector was shaken by the emergence of a new, lower cost AI model. Government stimulus programmes in China and Europe saw their equity indices outperform. The uncertain backdrop saw the gold price surge by 19%. The Morningstar UK Index delivered a total return of 5.2%, while more domestically focused smaller companies struggled to attract interest following downgrades to UK GDP forecasts, and the Numis Alternative Markets Index (NAMI) fell by 5.4%

Foremost on investors' minds was the United States' increasingly aggressive stance towards other nations. From a foreign policy angle, this was highlighted by the withdrawal of support for Ukraine following a heated press conference in the White House. President Trump's tariff policy, which started with additional duty on imports from China, Canada and Mexico has had a more profound impact on sentiment. With "Liberation Day" set to target a wider range of countries, markets remain braced for further shocks as we enter the second quarter. The other factor influencing markets was the announcement by DeepSeek that it had developed a more efficient learning model at a fraction of the cost of rivals, prompting a sharp fall in the tech-heavy NASDAQ index.

The reaction to these developments outside the US was marked. Russia has been emboldened by the American pull-back, with European nations increasing their commitments to support Kyiv. The removal of Germany's constitutional debt brake on borrowing will free up funding to support this effort and boost domestic infrastructure spending. Alongside the European Central Bank's reduction in interest rates to 2.65%, the more attractive company valuations of European stocks prompted a reallocation of capital away from the crowded trade in US technology companies. Government stimulus packages in China helped markets; as material holders of US treasuries, it will be instructive to see Beijing's reaction to the combative stance from Washington.

Domestically, the picture has been more stable. GDP growth has remained positive despite the upcoming increases to National Insurance and the National Living Wage. While these are likely to have a short-term impact on corporate profitability and unemployment, forward-looking surveys point to an improving outlook. The inflationary impact of higher employment costs was not enough to dissuade the Bank of England from cutting interest rates to 4.5%, with further cuts anticipated later in the year. The combination of lower rates and real wage growth provides greater potential for a recovery in consumer spending when confidence returns. The Chancellor's Spring Statement saw an increase in defence spending without further tax rises as cuts to civil service spending and welfare were announced. While Ms. Reeves has little room to manoeuvre within her self-imposed fiscal rules following the OBR's downgrade to the 2025 GDP estimates, it was encouraging to see upgrades in later years.

The rotation of capital into UK equities did not extend to small cap shares despite their highly attractive valuations. M&A activity remained elevated over the quarter, highlighting the value on offer. The current market bears many of the hallmarks of 2002/3, where an extended period of underperformance gave rise to strong returns. Where it differs is the short-term impact of Business Property Relief (BPR) changes for AIM companies, due to come into effect in April 2026. This has seen selling pressure on shares as capital has flowed to other BPR qualifying assets that have (to date) seen limited change to reliefs. There have been several initiatives to highlight the inequitable treatment of AIM to the Government. A standardisation of rates of relief carries the potential to spur a rally in share prices.

The average portfolio in the service underperformed NAMI as shares widely held for BPR purposes experienced ongoing selling pressure after October's Budget. Detractors from performance included IG Design (-63.9%) where a challenging US retail market and the insolvency of a major customer saw significant earnings downgrades, while Renew Holdings (-26.9%) warned that delays in the rail sector would impact profits and Calnex Solutions (-33.1%) fell on tariff fears. On a more positive note, Personal Group (+36.4%) reported excellent results, Solid State (+28.8%) belatedly received a material equipment order from the MoD and NWF (+11.0%) delivered strong interim results and an earnings-enhancing acquisition.

Sam Barton, Managing Director, UK Smaller Companies
Source for all data: Bloomberg Finance L.P. as at 31 March 2025. For information purposes only.

Important notice: Please note there is no guarantee that the CITS investment objective will be achieved. The value of investments and the income from them may fall as well as rise as a result of fluctuations in market, currency or other factors and investors may not get back the original amount invested. TrinityBridge may source data from third party data providers but accepts no responsibility or liability for the accuracy of data. Applications can only be made on the basis of the Brochure and the Client Agreement and all investors should carefully read the risk warnings contained within. All documentation is available on request. This document does not constitute investment advice and potential investors are recommended to seek professional advice before investing. All images and logos incorporated within this factsheet are for illustrative purposes only and do not represent any endorsement of, or partnership with, TrinityBridge Limited or its products and services.

Specific information: CITS is a tailored discretionary investment portfolio management service that invests in both the Alternative Investment Market (AIM) and Aquis Stock Exchange Growth Market (AQSE), with the benefit of major tax advantages introduced by the Chancellor of the Exchequer in his budget of March 2000. The October 2024 Budget announced changes altering the rate of IHT relief for qualifying shares trading on AIM and AQSE from 100% to 50% from April 2026. CITS is an Inheritance Tax mitigation service based on current tax law and practice. The tax treatment depends on the individual circumstances of each client and may be subject to change in the future. CITS invests in 'qualifying shares' in smaller companies which may be more volatile than investments in more established companies. Such companies can be subject to certain specific risks not associated with larger, more mature companies. Consequently this can make the CITS portfolios more volatile as the value of an investment may fall suddenly and substantially. CITS is considered suitable only for informed and experienced investors.

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