



# Aldwick Estate Client Seminar

18 June 2024

Confidential –  
not for onward transmission



A warm welcome to

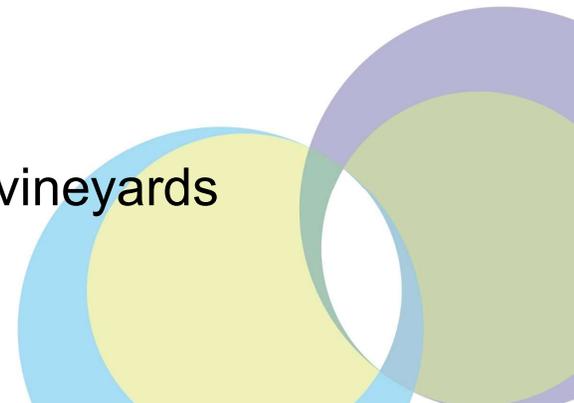


ALDWICK  
ESTATE



# Agenda

- 10.30 Introduction and housekeeping from Andrew Cook
- 10.35 A refresher on Inheritance Tax planning with Graham Robinson, Business Development Manager, Octopus Investments
- 11.15 Reasons to Be cheerful, Part 3 with Charles Bailey
- 11.45 The story of Aldwick Estate and setting the scene for the afternoon's activities with Estate Wine Manager, Howard Grant
- 12.15 Closing remarks from Andrew Cook
- 12.20 Lunch
- 1.30 Afternoon activities – wine tasting and a tour of the vineyards



**A refresher on Inheritance  
Tax planning including the  
key question ‘Can you  
avoid Inheritance Tax  
through wine?!’**

**Graham Robinson,  
Business Development Manager,  
Octopus Investments**

# Can you avoid Inheritance Tax through Wine?

A presentation to clients of  
Bailey Cook Financial Planning

**octopus** investments  
A brighter way



## What we'll cover today

- 1 Who is Octopus and why does it matter?
- 2 What is inheritance tax?
- 3 What is Business Relief?
- 4 What is the Octopus Inheritance Tax Service?
- 5 Introducing you to Fern
- 6 Steady growth over the long term
- 7 Reminder of the benefits and risks



Information in this presentation, unless otherwise stated, is sourced from Octopus Investments and correct as of 31 December 2023.

# Octopus entities

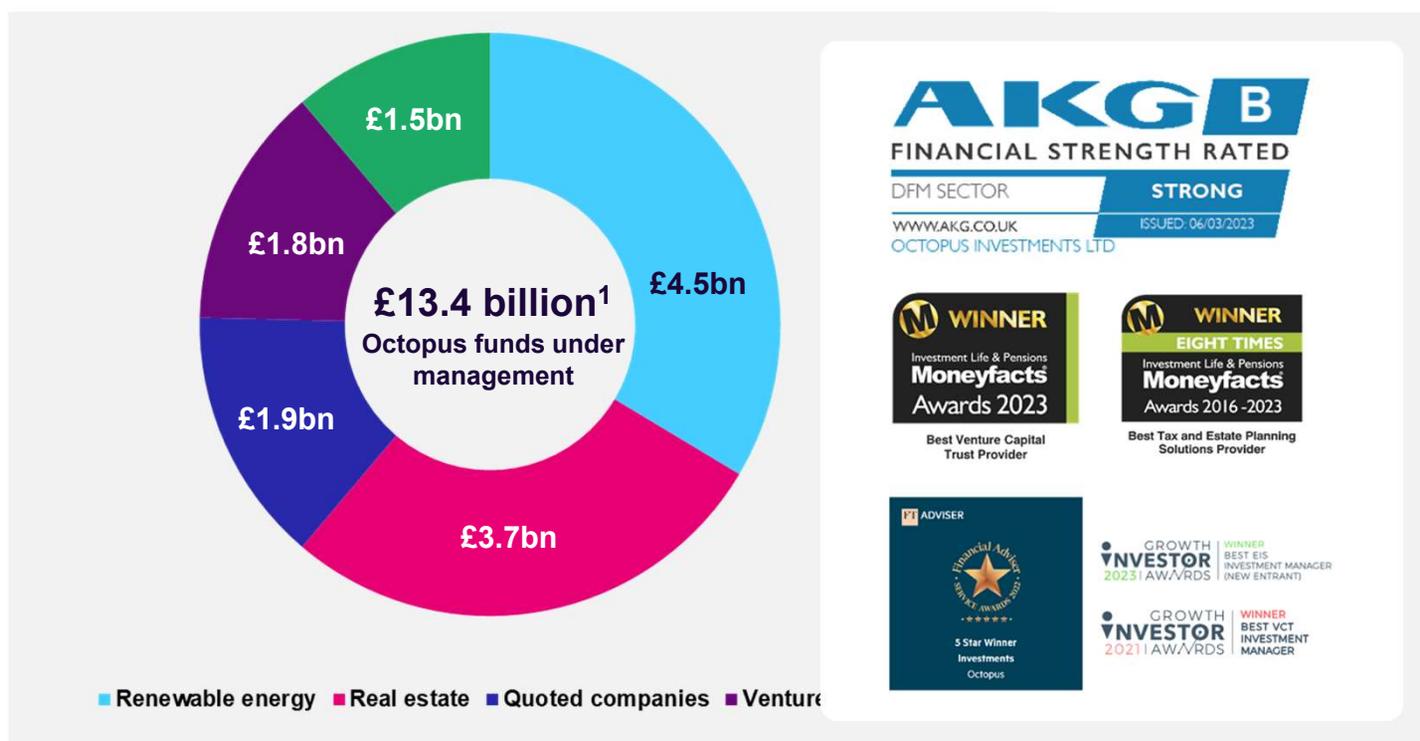
Investing in the people, ideas and industries that aim to change the world

<b>Founded in</b> <b>2000</b>	<b>Private business</b> <b>70%</b> owned by employees	<b>FUM</b> <b>£13.4 bn<sup>1</sup></b>
Octopus financial services entities, including:  		Octopus energy entities, including:  
<b>Certified</b>  <b>Corporation</b>	<b>All Octopus businesses are certified B Corporations</b> <ul style="list-style-type: none"><li>• Meeting the highest standards of verified social and environmental performance, public transparency and legal accountability.</li><li>• Working to redefine success in business by measuring success by more than just profit.</li><li>• The interests of employees, customers, communities, environment and shareholders are treated equally.</li></ul>	

<sup>1</sup> 31 December 2023. Funds Under Management data includes undrawn commitments, funds under advisory mandates and funds monitored. It also includes funds under the management of Octopus Renewables Limited.

# A trusted provider

We're the largest provider of specialist tax-efficient investments in the UK



<sup>1</sup>31 December 2023. Funds Under Management data includes undrawn commitments, funds under advisory mandates and funds monitored. It also includes funds under the management of Octopus Renewables Limited.

# Where Octopus invests

We're a specialist investor with deep expertise in sectors which are important to the UK

## Smaller companies



One of the largest venture capital teams in Europe

## Renewable energy



One of the largest investors in renewable energy in Europe

## Healthcare infrastructure



Established investor in state-of-the-art care homes and retirement communities

## Property lending



Second largest non-bank lender to UK property

## Why does our B Corporation certification matter?

It shows that how we behave as a company is just as important as what we do

- We're proud to be one of the first financial services companies to become a B Corp.
- B Corps are profit-making companies certified to meet the highest standards of social and environmental performance, accountability, and transparency.
- We care about how we do business and hold ourselves to account on how we treat you and all of our stakeholders.

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**We strongly believe that there is no trade off between 'doing good' and making money.**



## Why are we talking to you about inheritance tax?

- 1 Our flagship estate planning service could help you pass on more of your wealth to your family.
- 2 We're the largest manager of investments that qualify for relief from inheritance tax.<sup>1</sup>
- 3 We have more than 17 years' experience in inheritance tax-efficient investing.

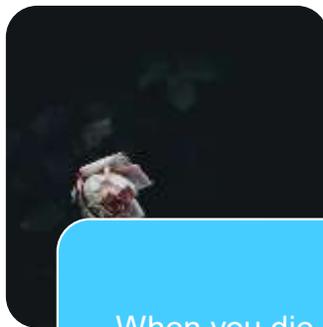
<sup>1</sup>Tax Efficient Review, April 2023.



# Inheritance tax and Business Relief

## Inheritance tax: the basics

Inheritance tax is a tax on the estate (property, money and possessions) of someone who has died. It can also apply to some gifts that are made before someone dies.



When you die, your 'estate' is everything you leave behind.



This can include your house, any savings or investments, the value of any life insurance policies in your name, any other assets.



Inheritance tax is paid on the value of the estate that you leave behind when you die.

## Inheritance tax: the basics

If you don't plan ahead, the part of your estate that exceeds the inheritance tax threshold of £325,000 could be taxed at 40%. This means that your family may miss out on a significant portion of your wealth.

- 1 **Not everyone** is required to pay **inheritance tax**.
- 2 Everyone gets an **inheritance tax-free** allowance of **£325,000** (the nil-rate band).
- 3 Anything **above £325,000** will be taxed at **40%** when a person dies.
- 4 The **residence nil-rate band** is an **additional** inheritance tax allowance of up to **£175,000**, which applies to the **family home** in certain circumstances.
- 5 A surviving spouse's estate **can benefit from their partner's allowances** if they were not used on the first death.



## An inheritance tax example



**Mrs Ferguson**

Widow, her husband died two years ago and left his entire estate to her.

She has a secure income from her husband's defined benefit pension scheme.

House	£900,000
Bank	£100,000
Individual Savings Account (ISA)	£500,000
General Investment Account (GIA)	£250,000

Estate value	£1,750,000
Nil-rate band	£650,000
Residence nil-rate band	£350,000
Amount liable to inheritance tax	£750,000
Inheritance tax bill	£300,000

## Doing estate planning

It's a good idea to think ahead and plan for what happens to your estate when you pass away. There are lots of things you can do now, which could mean your beneficiaries won't have an inheritance tax bill to pay.



Spend it



Gifting



Trusts



Charity



Life insurance



Pension



Business Relief

Gifting assets and putting them into trust takes seven years before the value of the assets fall outside of your taxable estate.

## Business Relief (BR)

Relief from inheritance tax offered by the government to incentivise investment into certain unlisted (i.e. not on an exchange like the London Stock Exchange) trading companies. If shares in qualifying companies are held for at least two years and still held when you pass away, the investment can be left to beneficiaries, free from inheritance tax.

**1** It has been around since **1976** and has been expanded over time.

**2** It encourages private investment into **unlisted and AIM-listed trading companies**.

**3** **Only some investments** will qualify for the relief.

# Aldwick Estate

An “unquoted business” – i.e. you can’t buy shares on an exchange

Weddings

Celebrations

Conferences

Vineyard Tours

Wine Store

Rooms

*It is a “Trading Business”*



# Aldwick Estate

If you invest some money, say £100,000 in Aldwick:

1976 Business Relief Legislation says

*IHT at 0% if:*

- 1) *You have held the shares for at least 2 years*
- 2) *You are holding those shares on death*
- 3) *The business is “wholly or mainly trading” and not a property or investment business.*



# Aldwick Estate

If you invest some money, say £100,000 in Aldwick:

However!

*Aldwick may want to:*

*Plant a new vineyard*

*Build a new wedding venue*

*...etc*



# A business set up for liquidity?

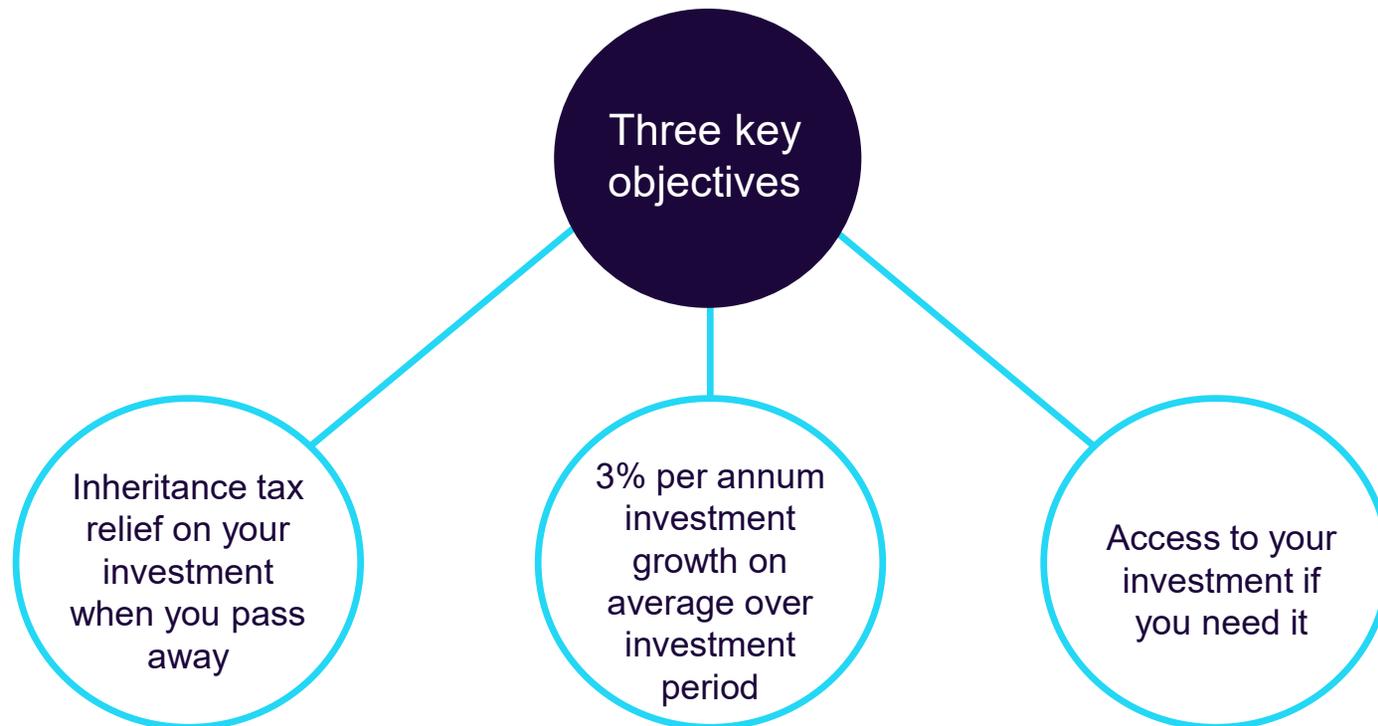
In 2007, Octopus created a business to do just that

1. Weekly share dealing
2. Never taken longer than 4 weeks to get your investment back
3. “Wholly or Mainly Trading” providing much needed infrastructure to the UK and beyond



# The Octopus Inheritance Tax Service

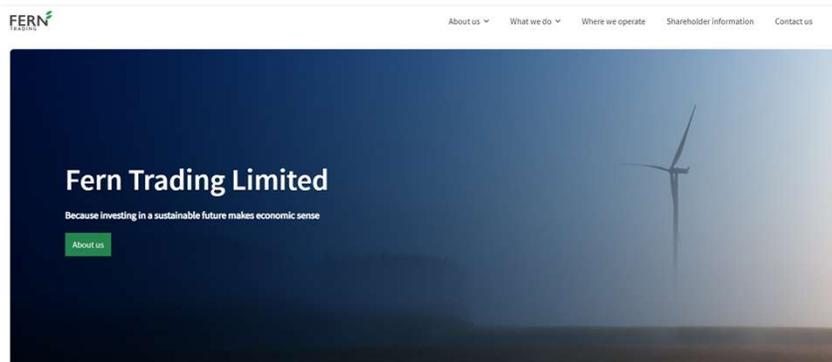
## The Service is designed to achieve specific investor objectives



These are the objectives of the Octopus Inheritance Tax Service and not a guarantee of what it will achieve.

# The Service invests in Fern Trading Limited

Fern is a £3.5 billion trading group, entirely owned by investors in the Octopus Inheritance Tax Service. It is managed by Octopus and operates in sectors where we have extensive experience, such as renewable energy, housebuilding, property lending and fibre broadband.

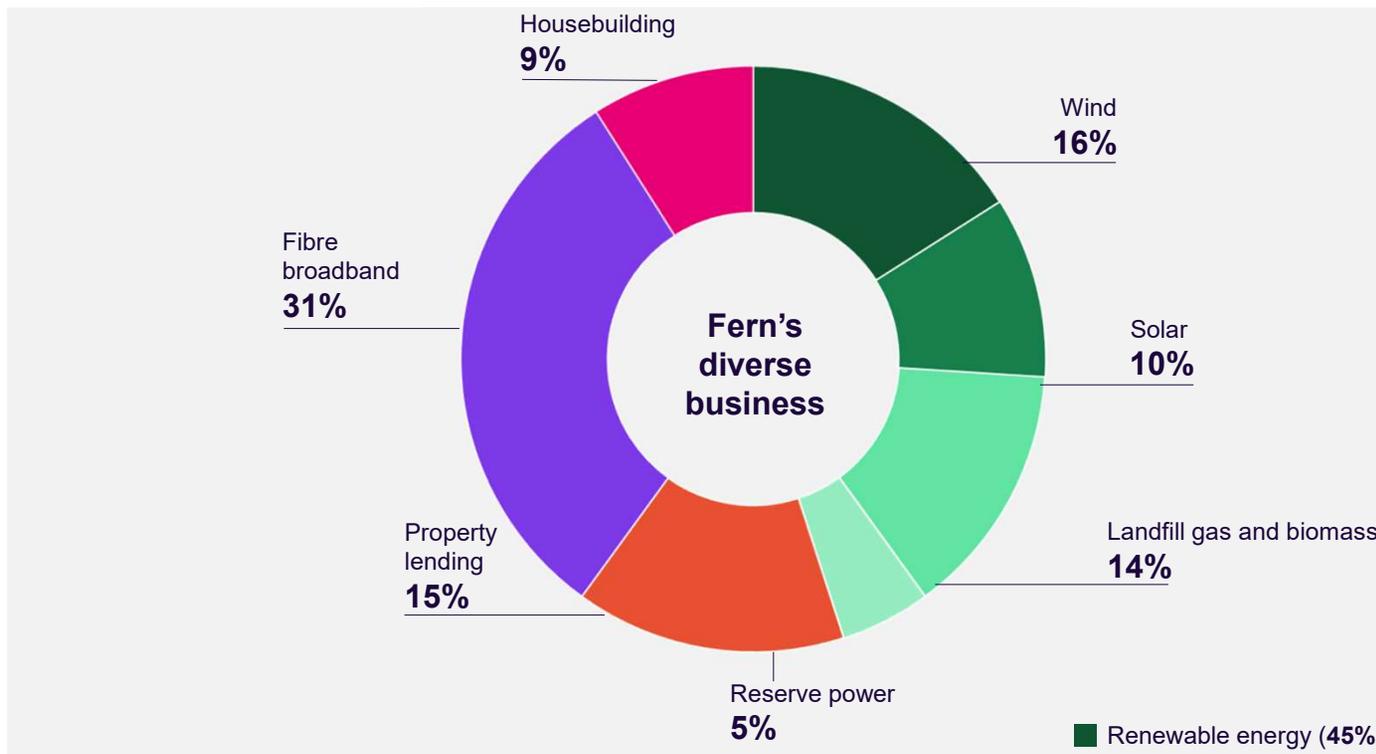


Fern Trading operates in sectors that make a valuable contribution to the UK



## Fern's business

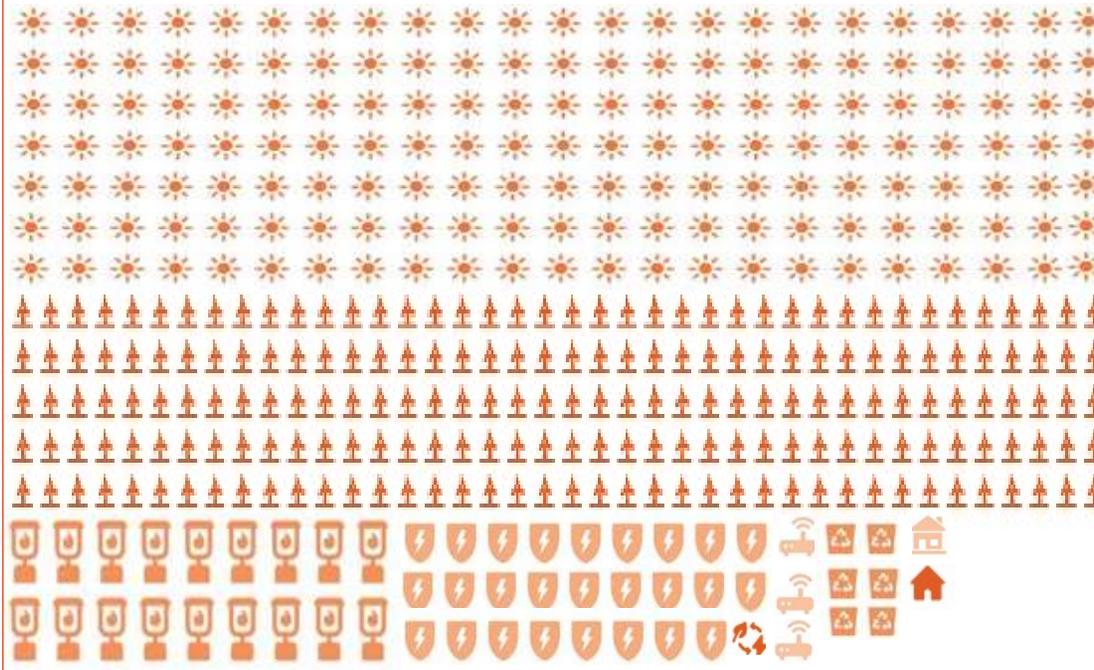
Fern focuses its business activities in areas that are expected to generate predictable cash flows over the longer term and are consistent with the targets of the Octopus Inheritance Tax Service.



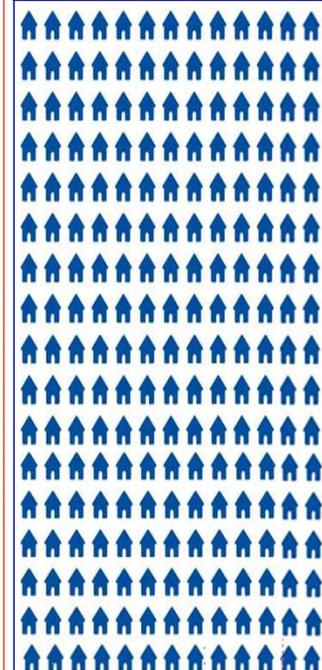
The chart above details Fern's business as at 31 December 2023.  
This will change over time and could include sectors not currently shown here.

# Fern operates at a huge scale

85% owning and operating businesses



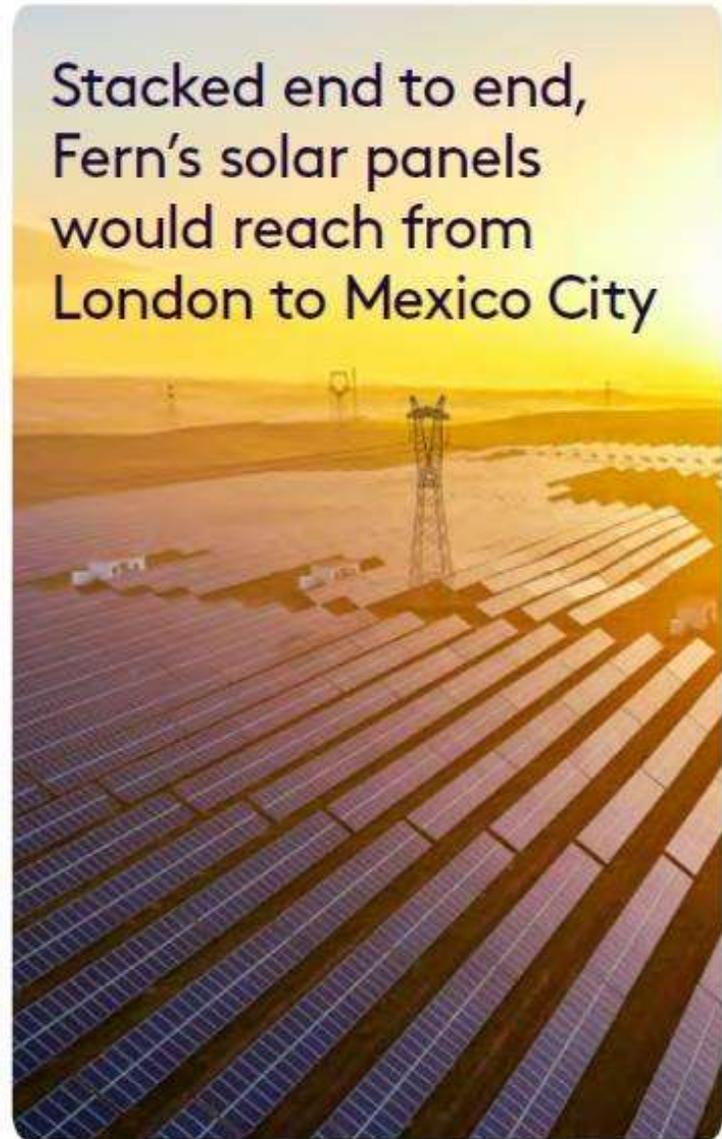
15% lending to property professionals



## Renewable energy

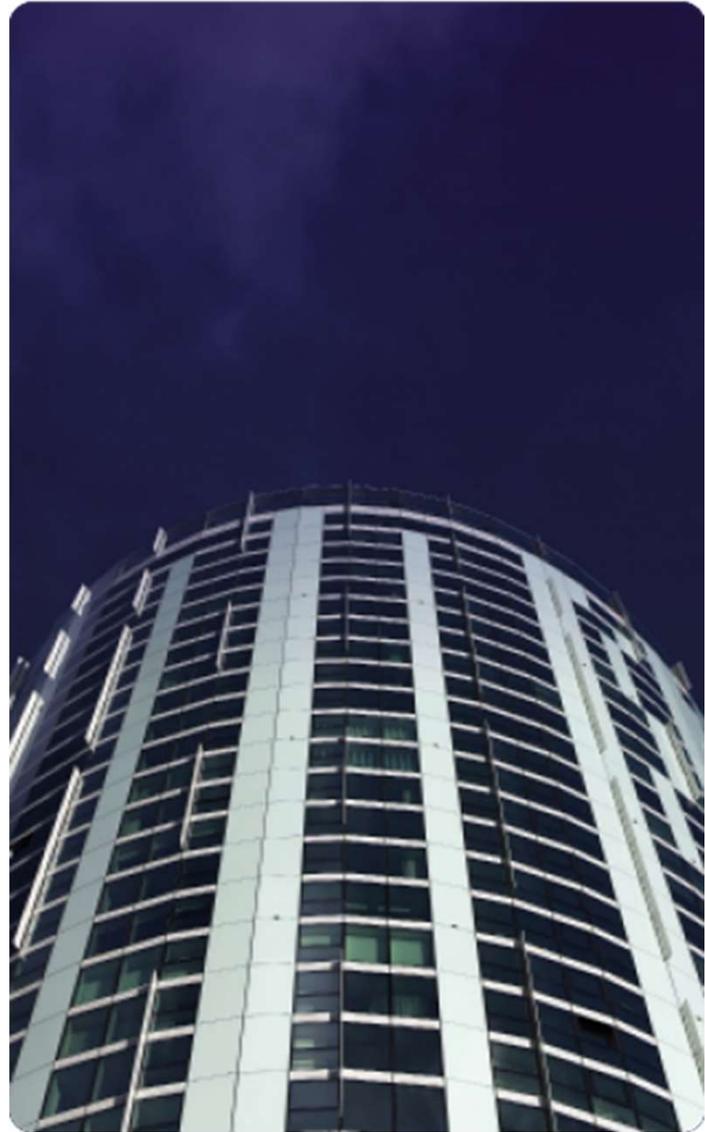
- ✓ Fern owns and operates renewable energy sites.
- ✓ This includes 158 solar sites worldwide, 210 wind turbines, 19 landfill gas sites and 6 biomass sites.
- ✓ Fern also uses its expertise to construct sites for onward sale.

Stacked end to end,  
Fern's solar panels  
would reach from  
London to Mexico City



# Property lending

- ✓ Fern lends to property developers and landlords.
- ✓ This includes both commercial and residential sites, with deals sourced by the Octopus Real Estate team.
- ✓ These loans are asset backed by real estate and target a predictable rate of return.



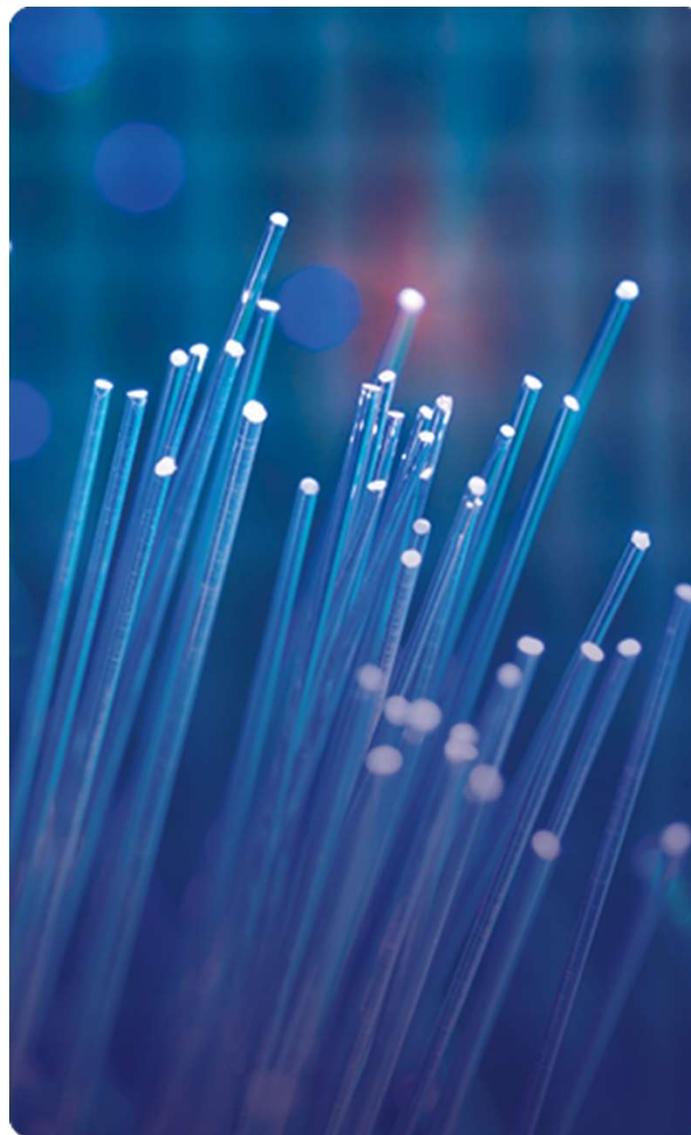
## Housebuilding

- ✓ Fern also owns and operates a full service housebuilder and a retirement village business.
- ✓ An example is Rangeford, which specialises in creating high quality residential environments for people aged over 60. Particularly pertinent due to the UK's ageing population with specific needs.
- ✓ Rangeford currently has four retirement villages in use and one under development: Wadswick Green (near Bath), Mickle Hill (Pickering), Siddington Park (in the Cotswolds), Homewood Grove (Chertsey), and Strawberry Fields (Cambridgeshire).



## Fibre

- ✓ Fern Fibre Trading Limited is Fern's consolidated fibre business. Providing ultra-fast fibre broadband to customers.
- ✓ Building fibre networks in Yorkshire, the Midlands, South, Southwest and Home Counties of England.
- ✓ Has the goal of connecting one million customers by 2025.
- ✓ Contributing to the government's target of every property in the UK being 'gigabit capable' by 2025.



## Fern has delivered steady growth for investors over the long term

### Fern share price since inception (£)



### **Past performance is not a reliable indicator of future performance.**

This performance data shows Fern's share price only. It does not take account of initial fees, dealing fees or annual management charges associated with investing in the Octopus Inheritance Tax Service and should not be viewed as performance information for the Octopus Inheritance Tax Service. Performance is calculated based on the sale price for Fern's shares at 1 February each year.

# Track record of the Service

Since inception (31 May, 2007)



Please bear in mind that past performance is not a reliable indicator of future performance and that liquidity can't be guaranteed.

## A reminder of the benefits and risks of the Service



## What's next?

If you've got any questions, please speak to Bailey Cook FP!

Please note that BR-qualifying investments are not suitable for everyone. We do not offer investment or tax advice. We recommend investors seek financial advice before deciding to invest.

Investors should only invest based on information in the product brochure, which can be obtained from [octopusinvestments.com](https://octopusinvestments.com).

Octopus Inheritance Tax Service

Apply online

### Looking after your family's future

Octopus Inheritance Tax Service  
July 2023

octopusinvestments  
A brighter way

BR

# Thank you

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Issued: March 2024. CAM010191.

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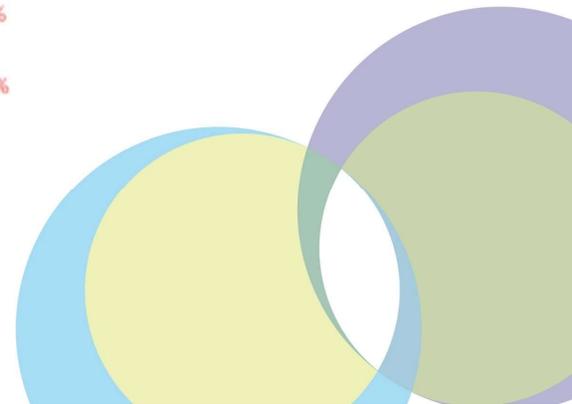
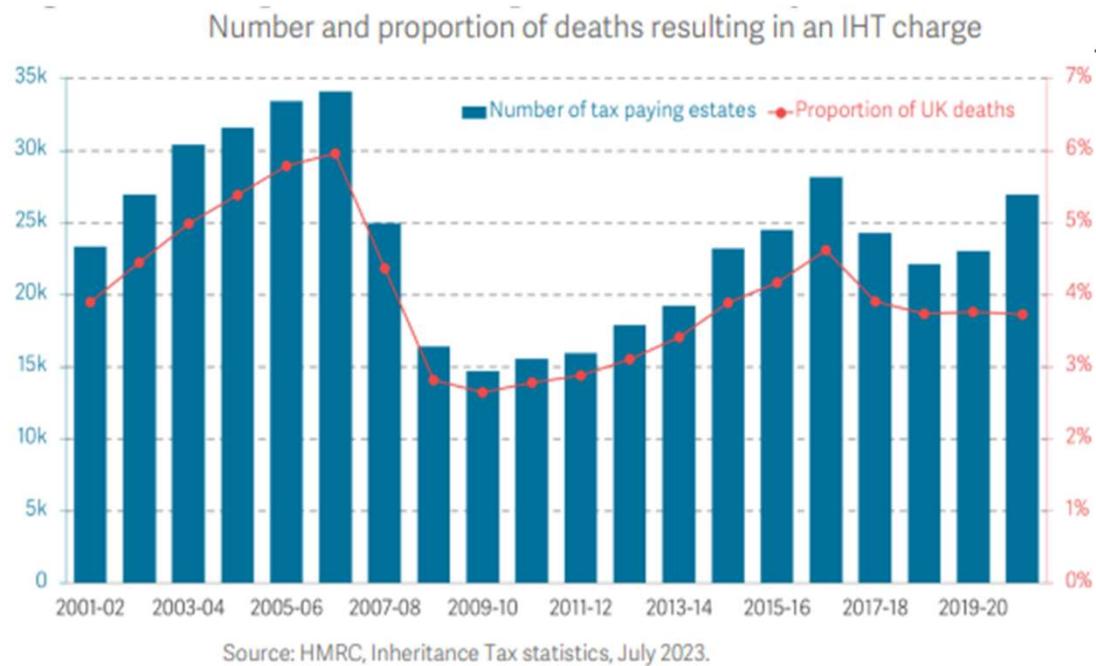
**BAILEY COOK**  
FINANCIAL PLANNING

# Reasons to Be cheerful, Part 3

Charles Bailey

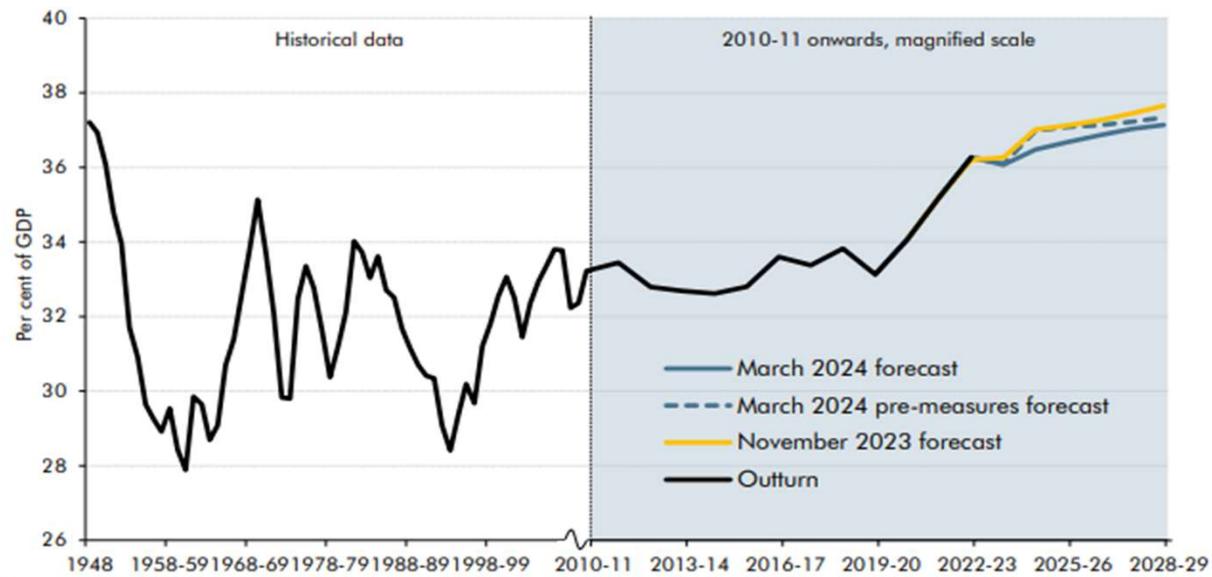


# A small number of estates are subject to IHT

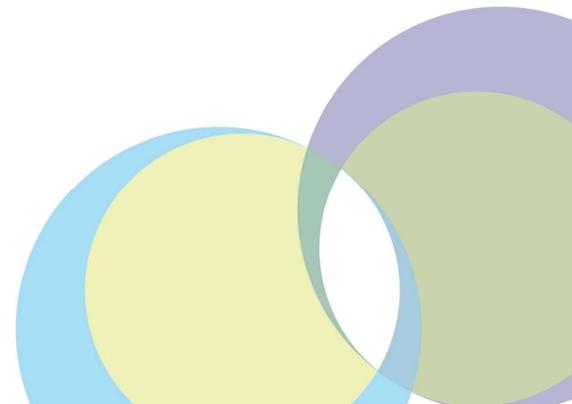


# Highest tax burden since WW2

Chart 4.1: National Accounts taxes as a share of GDP



Source: ONS, OBR



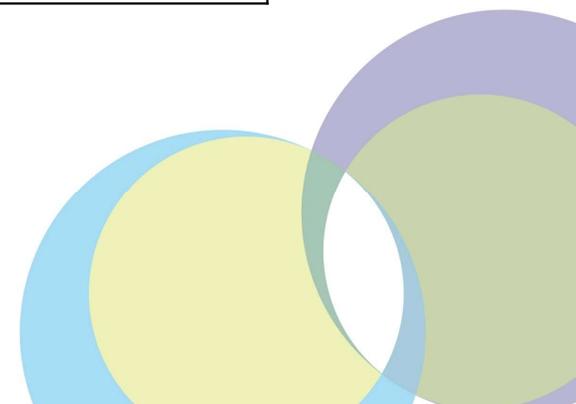
# UK's economic performance since 2010

	<b>UK rank among G7</b>	<b>Average annual growth, 2010-2023: UK*</b>	<b>Average annual growth, 2010-2023: G7 ex UK*</b>
GDP	3	1.5%	1.4%
Goods trade ***	7	1.7%	3.1%
Services trade	4	4.1%	3.7%

\* All in real terms

\*\*\* Includes precious metals. Excluding, UK was 0.6% per annum

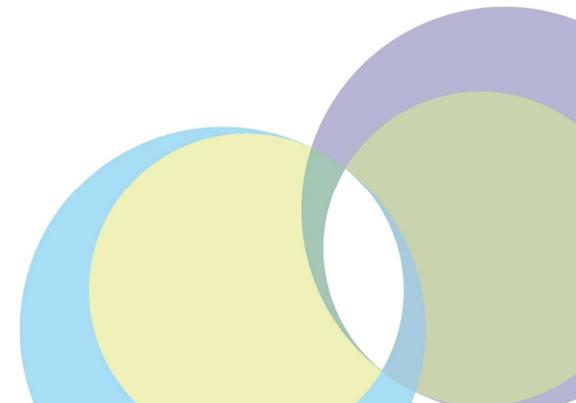
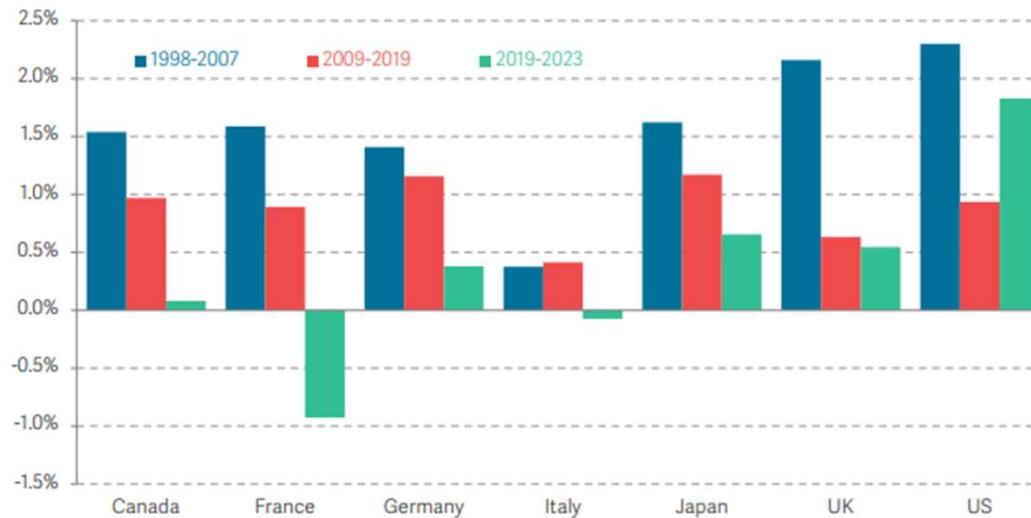
Source – Resolution Foundation “Life in the slow lane” June 2024



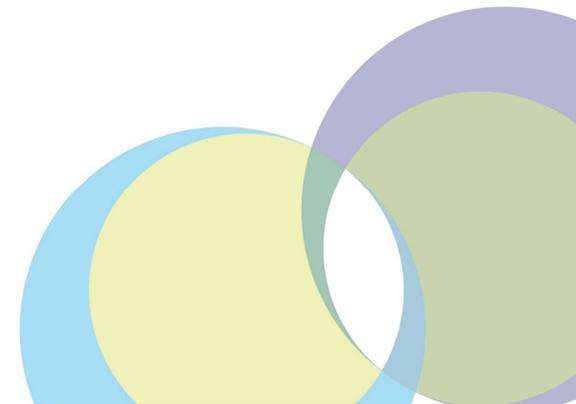
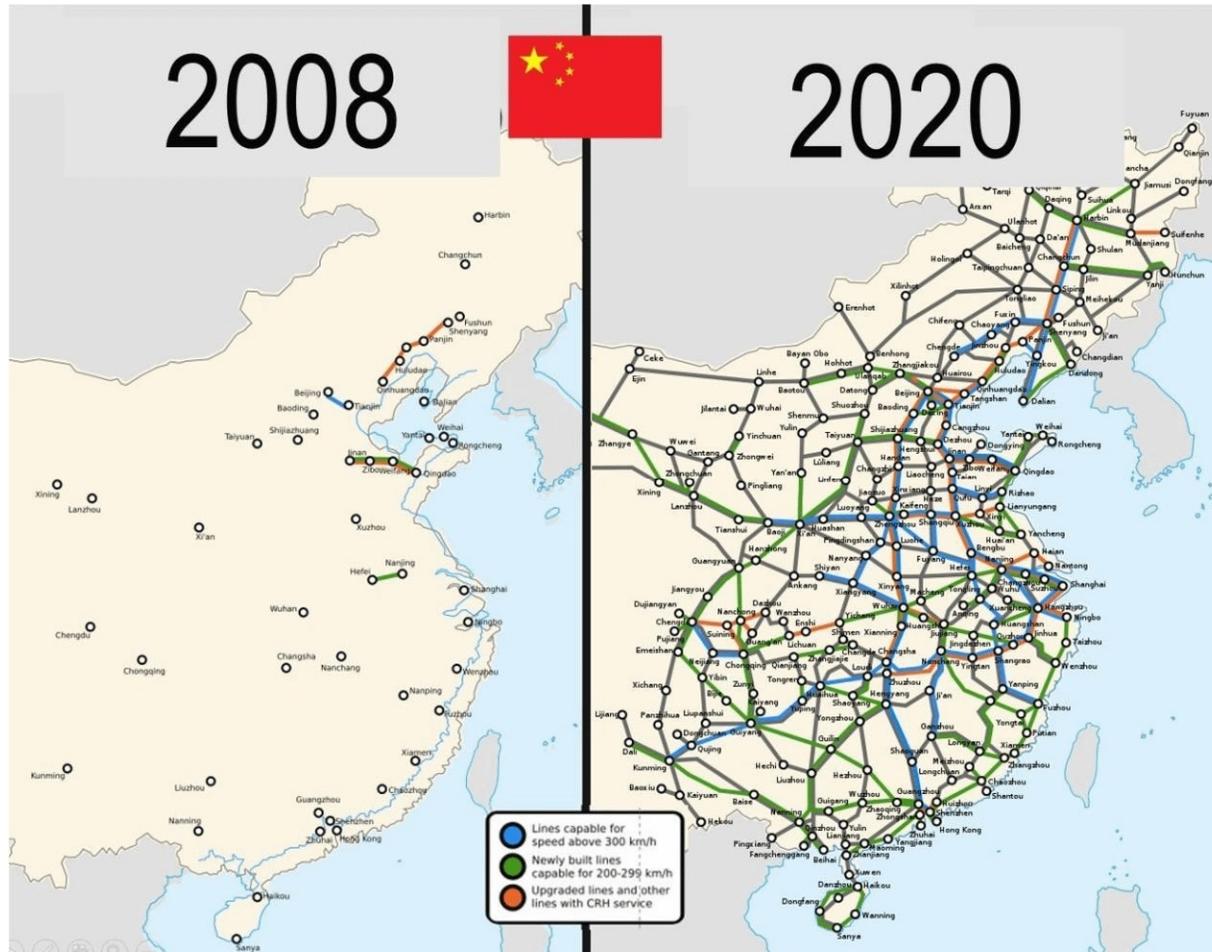
# Productivity per hour worked

FIGURE 8: Productivity growth slowed the most in the UK in the 2010s, while the 2020s have been bad everywhere outside the US

Annualised growth in GDP per hour worked: G7 countries



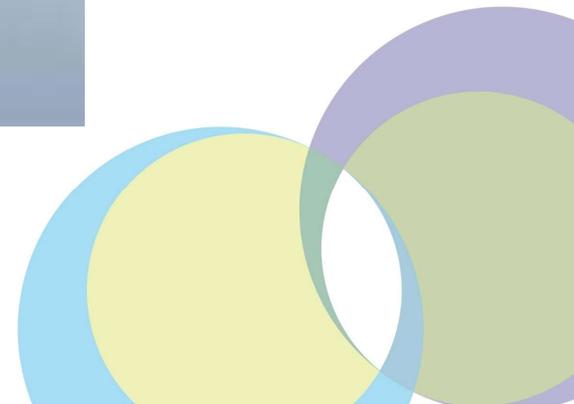
# China railway Infrastructure over 12 years



# Boeing

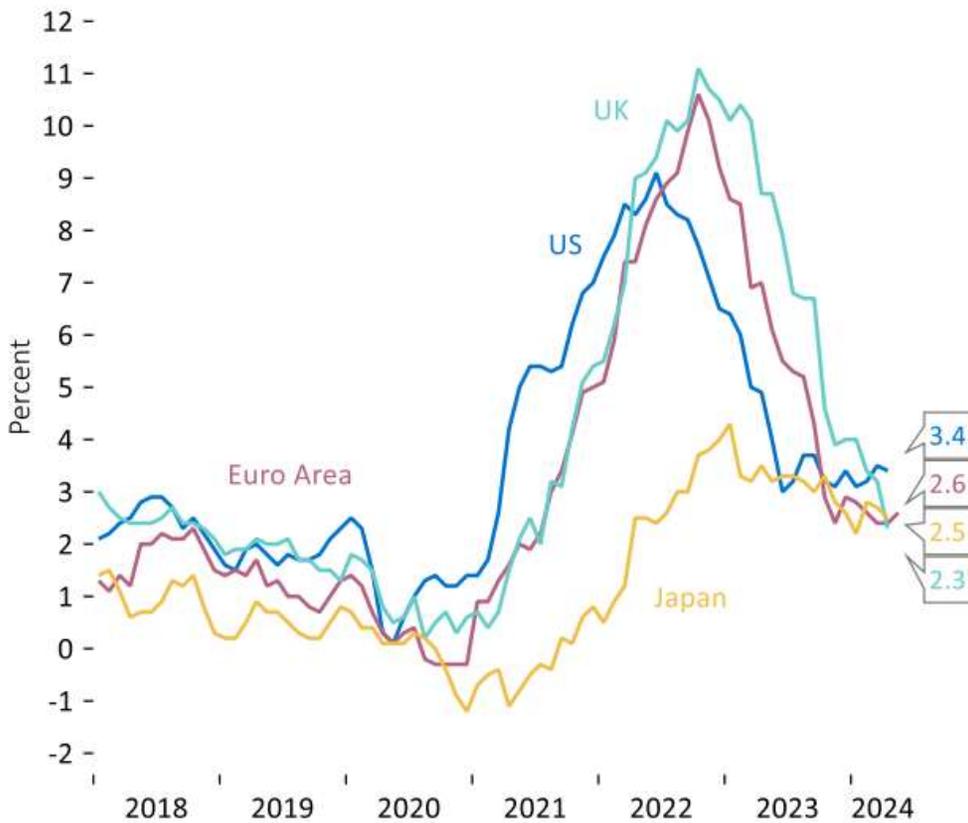


“If it ain’t Boeing it ain’t going”



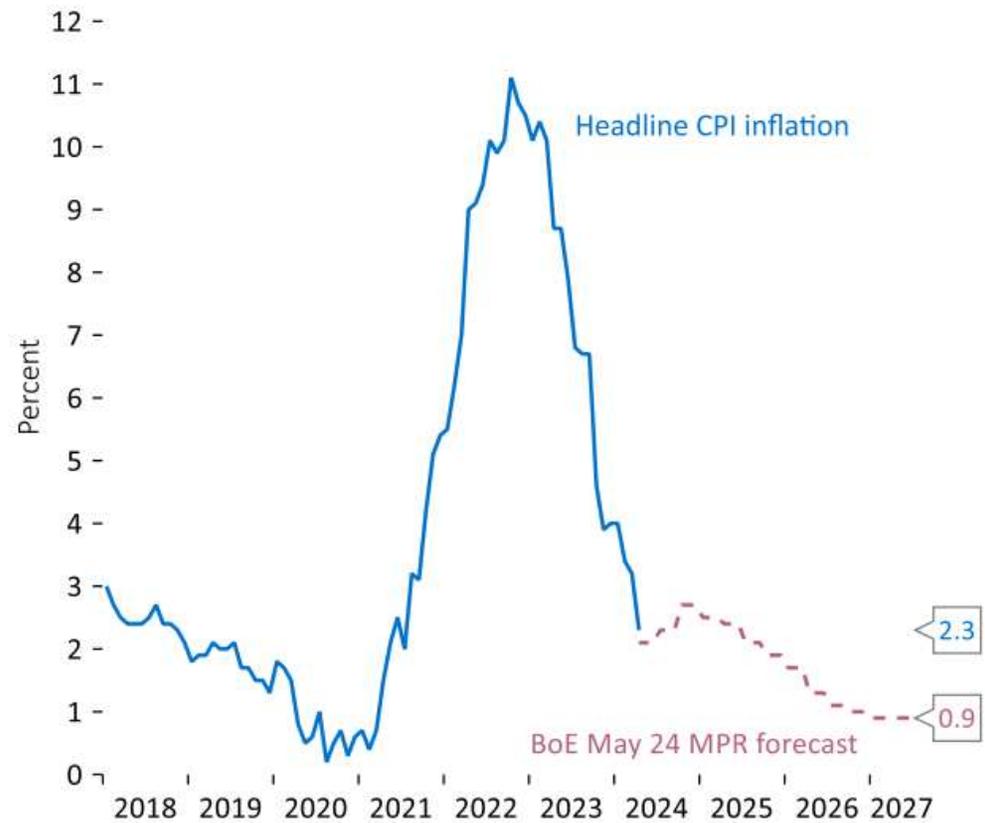
# Look back in anger?

 UK CPI inflation lower than in the US, Japan or the Euro Area



Source: Macrobond, 06.06.24

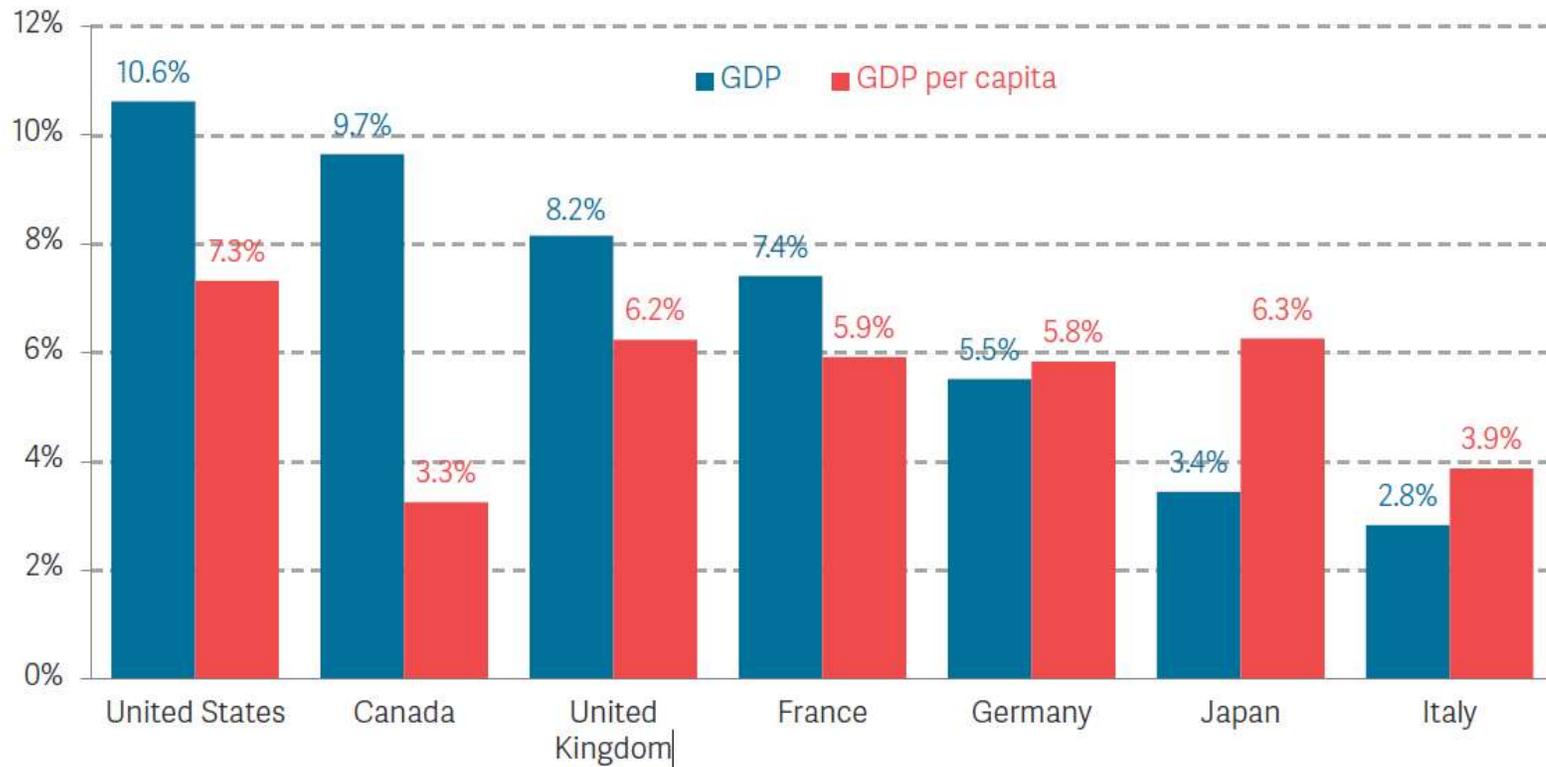
 Bank of England forecast sees UK CPI below target in 2025



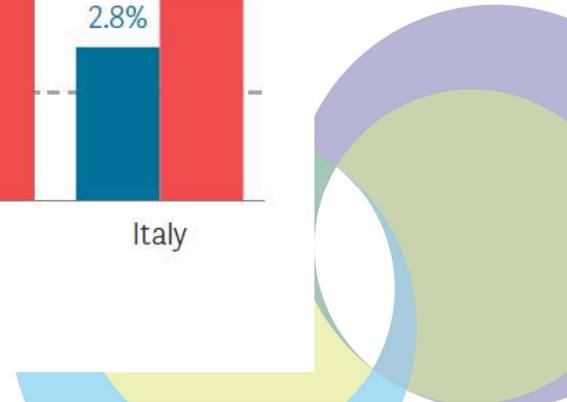
Source: Macrobond, 06.06.24

# The economy is going “gangbusters”

IMF forecast of growth in real GDP and real GDP per capita, by country: G7 economies, 2024-2029



SOURCE: RF analysis of IMF, World Economic Outlook Database, May 2024.



# Life in the slow lane...



The UK's productivity problems require wide-ranging reform:

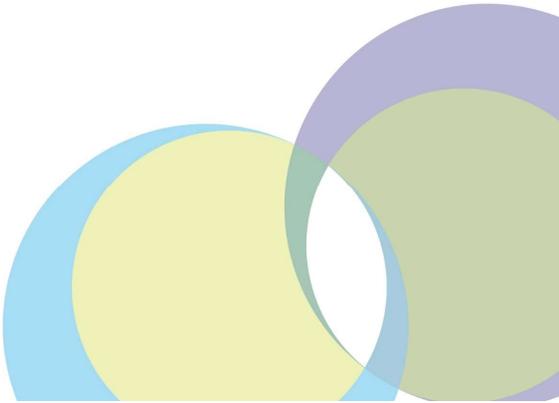
1. Reform trade policy to reduce the cost of goods trade with the EU and maximise the global benefits of the UK's comparative advantage in services;
2. Concentrate graduates, housing and infrastructure investment in our second cities – Birmingham and Manchester – to realise greater agglomeration benefits;
3. Increase public investment to 3 per cent of GDP;
4. Reform corporate taxation and governance, the pensions system and the planning system to boost business investment;
5. Cut stamp duty on business and residential transactions to encourage mobility and business dynamism;
6. Increase the share of British workers with qualifications exceeding A-level equivalents, and improve the pathways for technical and vocation education;
7. Improve labour-market regulation and job quality to boost labour supply and steer workers into high-value sectors.

Life in the slow lane: Assessing the UK's economic and trade performance since 2010.  
Resolution Foundation Briefing by Emily Fry, Simon Pittaway & Gregory Thwaites June 2024



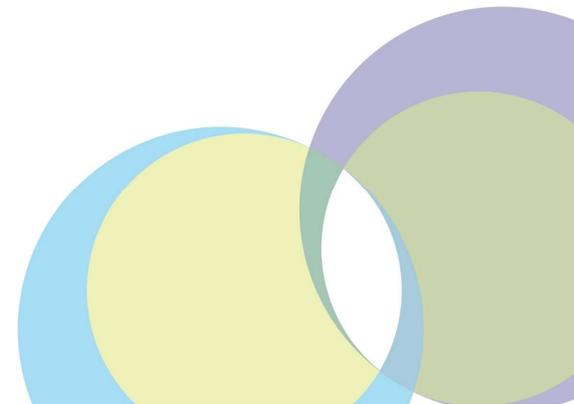
# UK looks cheap

P/E Ratio 1 Year Forward (FactSet)



## Positive outlook for markets

- Strong company earnings
- Inflation coming down
- Interest rate normalisation
- China rebound



# Diversification and stability

## Marks & Spencer profits plunge as store closure costs weigh

The results come a day after M&S said it will shut more than 100 outlets.

Published May 23, 2018 | Last updated May 23, 2018



In the last two years shares in the leisure super-brand Lululemon have basically gone sideways, while 'stuffy' Marks & Spencer's share price has **doubled**.

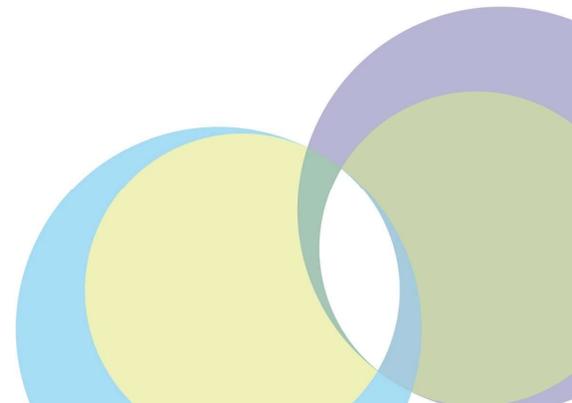


Source: Factset

# The drivers of system change

- World Economic Forum (WEF) produce an annual global risk report looking to identify the largest risks to **economies** and **societies** focusing on 2 and 10 year time frames.
- The report is based on responses from a broad and diverse range of global leaders across governments, academia, civil society, and the private sector.

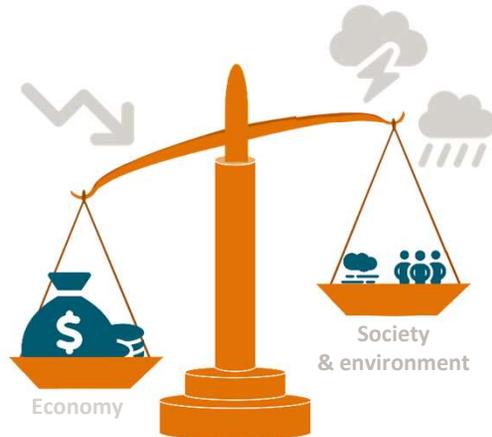
Global risks ranked by severity over the short and medium term



# Evolving the model: system change

## Traditional model

Unbalanced and unsustainable

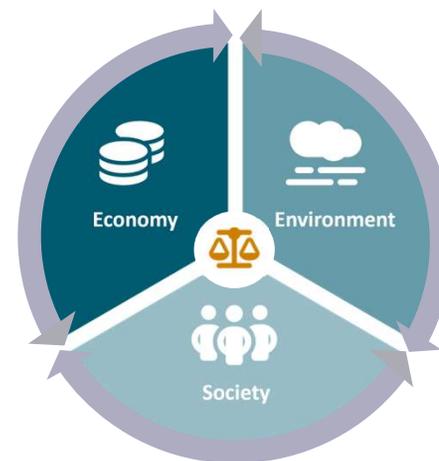


System change



## Sustainable model

Balanced and mutually reinforcing



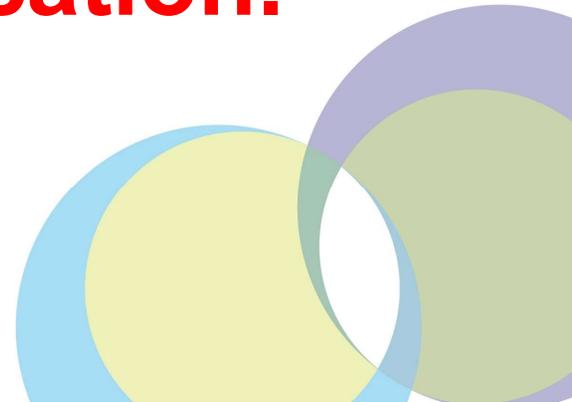
Through this evolution we will create a more resilient and productive world to deliver longer term prosperity

## Life in the slow lane...

The UK's productivity problems require wide-ranging reform:

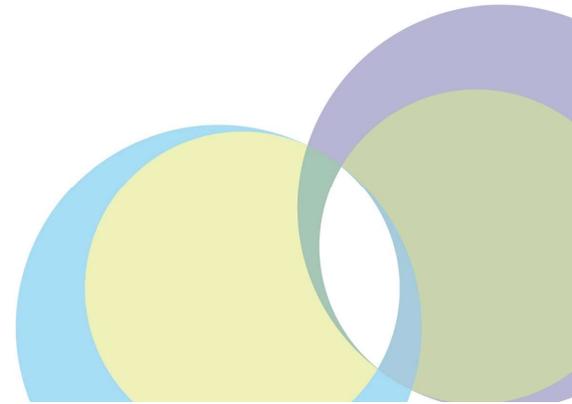


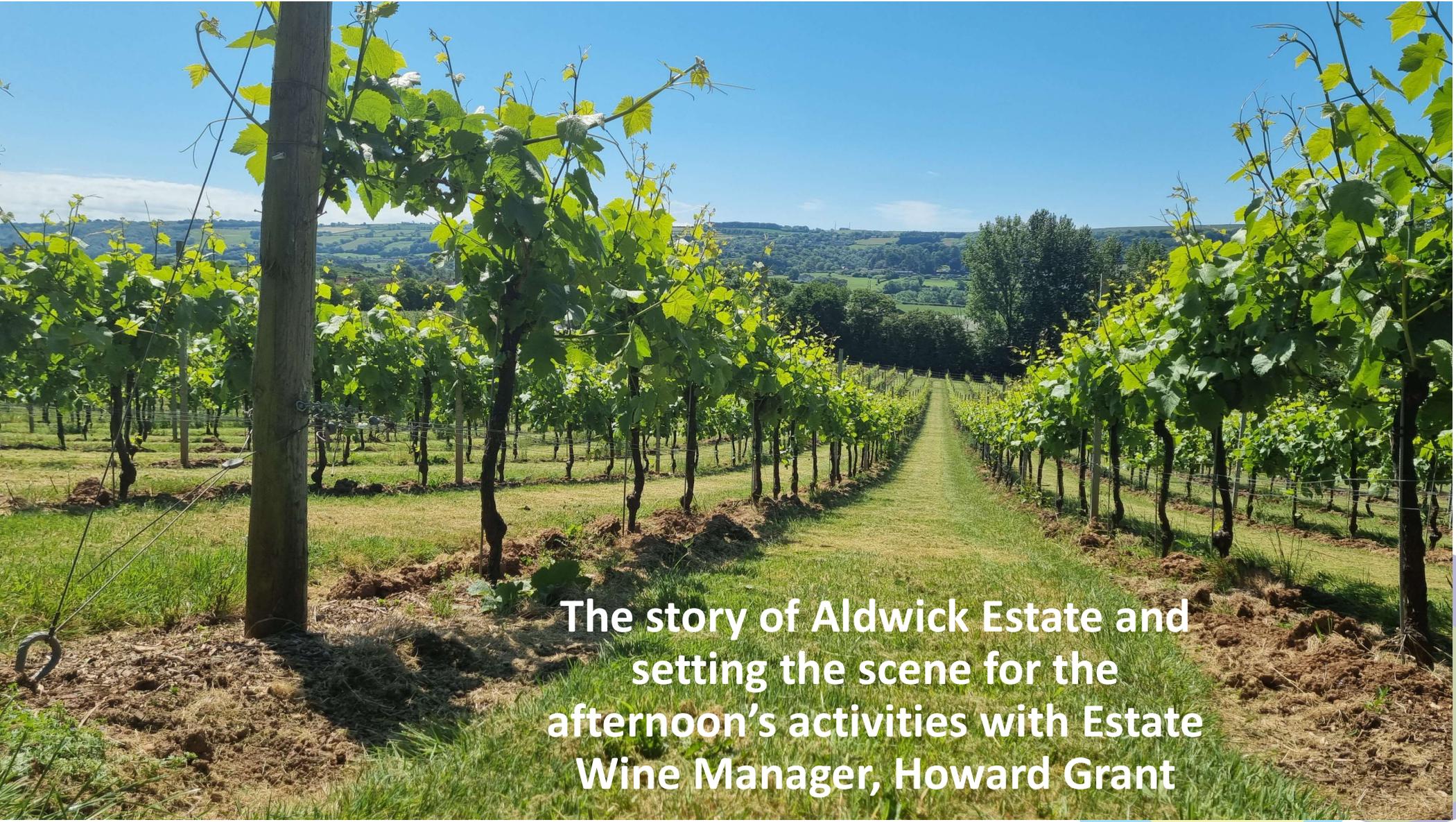
**Increase the share of British workers with qualifications exceeding A-level equivalents, and improve the pathways for technical and vocation education.**



**John F Kennedy**

“Children are the world’s most valuable resource and its best hope for the future.”





**The story of Aldwick Estate and setting the scene for the afternoon's activities with Estate Wine Manager, Howard Grant**



21:41 Wed 19 Jul

t.attheraces.com

at the races



CARDS & ODDS

RESULTS

BEST ODDS

ATR PLAYER

NEWS

TIPS

BL

FREE BETS

Today's Cards

Tomorrow's Cards

Market Movers

Replays

ATR App

Greyhounds

Top Of

3 15:30 - Bailey Cook Financial Planning EBF Restricted Maiden Stakes (GBB Race)  
(Class 5) (2YO only) 5½f

1st  (8) Cotai Vision (IRE) 6/1 <sup>AK</sup>

2nd  (7) Aday In Devon 11/2 <sup>AK</sup>

3rd  (9) Moe's Legacy 9/1 <sup>AK</sup>

1 Tom Marquand

1 Ed Walker

Runners: 9 ran

Non-runner: (3)

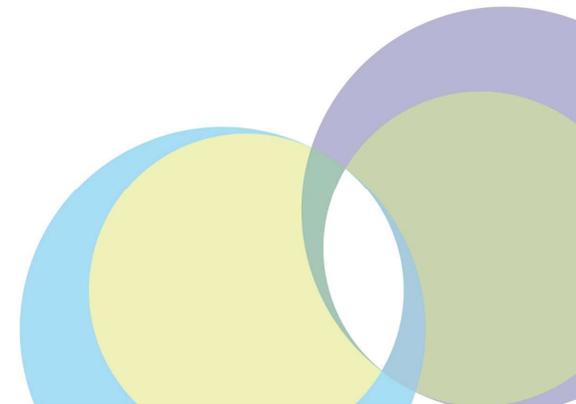
F: 5th (10) Tangled Up In Blue 7/4

Off Time: 15:35:34

Win Time: 1m 11.37s

# Thank you for coming

- Questions?
- Charity support:





BAILEY COOK  
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# Important information

The information in this seminar is for information only and is based on our understanding of current legislation, which may change in the future. It does not constitute individual financial planning advice. The value of investments can fall as well as rise and is not guaranteed.

If you have any questions or would like advice on your personal situation, please contact us on 01225 613444 or email [info@baileycookfp.co.uk](mailto:info@baileycookfp.co.uk).

[www.baileycookfp.co.uk](http://www.baileycookfp.co.uk)

