Rensburg Sheppards

IHT Planner Q1 2008 Report

- Managed funds of £56 million with many clients invested for over two years making their portfolios free from Inheritance Tax.
- Continued sound long-term commercial returns underpinned by Tax Relief.
- Largely resilient trading results and underlying balance sheet strength of our Key List stocks.
- Investors should be aware that the value of portfolios could fall as well as rise and therefore there is a possibility of loss of the capital invested. Past performance should not be seen as an indication of future performance.

The UK equity market backdrop

It will come as no surprise that Q1 2008 was very challenging for equity investors with the headline FTSE 100 index losing 11.7%, its worst first quarter performance on record. As followers of the economic situation will be only too well aware, the roots of the downturn lie in the 'credit crunch' which has called time on an extended period of loose credit on both sides of the Atlantic. Global equity markets have been struggling to come to terms with the resulting fractures in the financial system, together with the anticipated consequences of the substantial de-leveraging now in prospect. The sectors which have been most exposed so far have been the banks, property and retail, all of which have experienced a sharp retreat in valuations. The Bank of England has been making strenuous efforts to improve liquidity in the UK financial system and support the economy, but is constrained by its core mandate to seek to control all too evident inflationary pressures in the economy.

Rensburg Sheppards IHT Planner portfolios

As existing investors will be aware, client portfolios are based on a Key List comprising core stocks to which further stocks are added from a wider list for larger portfolios. The Key List is kept under constant review with close monitoring of the stocks. Client portfolios reflect the composition and weightings of the Key List at the time of investment with subsequent changes limited to those required to maintain the qualifying status of the investments and, where possible, dealing out of under-performing stocks.

Index	Since launch January 2002	12 months to 31 March 2008	3 months to 31 March 2008
IHT Planner clients (Note)	100.2%	-20.0%	-8.3%
FTSE All Share (total return)	42.6%	-7.7%	-9.9%
FTSE AIM All Share (total return)	13.1%	-15.2%	-8.2%
FTSE Small Cap (total return)	22.7%	-29.0%	-11.1%

Source: Datastream as at 31 March 2008

Note: Returns derived from a representative sample of 10% of the clients and based on the net amount invested after deduction of initial fees, including IFA commission where appropriate. For new clients invested less than three months, returns will be adversely impacted by initial costs.

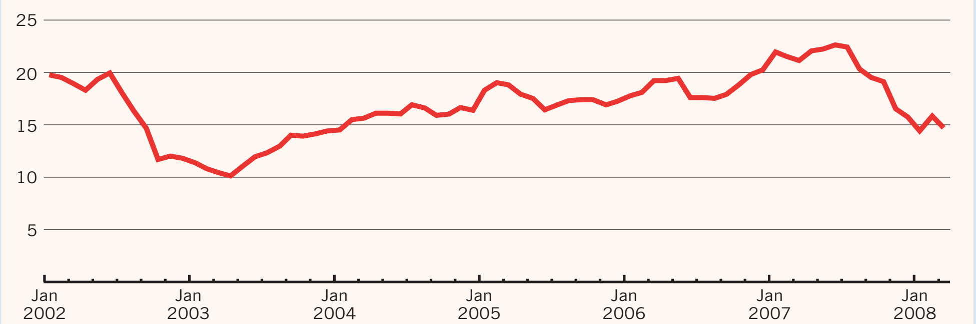
Performance commentary

The IHT planner lost ground again in Q1 2008 reflecting the wider turmoil in equity markets. During Q1 2008, the representative sample of client portfolios showed an average loss of 8.3% versus falls of 11.1% in the FTSE Small Cap index, 8.2% in the FTSE AIM All Share and 9.9% in the broader based FTSE All Share. The average rolling 12 months return for IHT Planner portfolios was – 20.0%, with an underlying range between – 11.1% and – 29.5%, largely reflecting the progressive unwinding of Small Cap stock ratings over the past nine months.

For clients invested for the required two years by 31 March 2008, the average gain on their portfolios was 28.0%*. This is an average for the 128 client portfolios concerned ranging from –16.4% to 108.0%, depending on the market timing of investment, portfolio size and resulting stock weightings. Taking into account the potential inheritance tax saving of 40%, this represents a reasonable return across all the portfolios concerned.

The chart below tracks the average price earnings ratio (p/e) for our full Key List of IHT Planner stocks list since launch of the service in early 2002. It demonstrates the strong rise in p/es since the market bottom in March 2003 reaching a peak of 22.6 at the end of Q2 last year. Since then, it has fallen by 35%, closing Q1 2008 at 14.7, as against 14.5 for the FTSE Small Cap and 11.4 for the FTSE All Share. This fall is significantly greater than the average fall in the value of portfolios over the period demonstrating that the primary driver behind loss of value has been the market-wide shrinkage in price earnings ratios, impacting small cap stocks in particular.

IHT Planner p/es since launch in January 2002



Source: Datastream as at 31 March 2008

Please note that paragraph 10.8 of the Terms & Conditions in the RSITP brochure has been changed as we now use the FTSE AIM All Share index as our benchmark for performance

* This is the average gain for those clients who have invested in the portfolio for at least two years, and remain invested. Please note that this is an average and not an illustration of any individual portfolio. Your attention is also drawn to the risk warnings overleaf.

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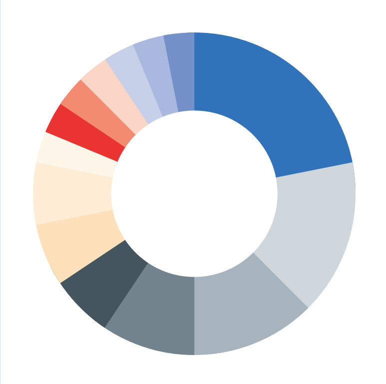
Underlying trading performance of our Key List

With many companies either reporting December period-end trading results or issuing pre-close trading updates for March year-ends, Q1 provides a good barometer of portfolio health. There were 21 such companies out of the current 32 on our Key List that released trading results during Q1, either interims or finals. Of these, a very encouraging 17 showed increased earnings per share adjusted for exceptional items and the majority reported a continued positive outlook in their respective markets. It was also reassuring that there were no more profit warnings during the quarter, although we can't be complacent. Turning to the strength of balance sheets, the average level of capital gearing for the Key List stocks, based on latest trading results at the close of Q1, was 27.6%, up a bit on Q4 07's 20.1%. Given the clear added risks to over-borrowed companies in the current climate, we pay particular attention to the strength of balance sheets. Of the present 32 companies on our Key List, 17 had no net debt in their latest balance sheet and all except one, pay dividends.

Further portfolio considerations

Our biggest disappointment has been the lingering impact of profit warnings experienced in Q4 07, particularly in the case of International Greetings and Huveaux where volume liquidity dried up making it extremely difficult to quickly deal out in a single tranche to avoid favouring any individuals. Such holdings underline the risks inherent with smaller companies, although this needs to be seen within a portfolio context and bearing in mind the compensating tax breaks. Set against this though, we saw good gains on the takeover of Coda, together with absolute gains in the holdings of Domino's Pizza, Mears, RWS and James Halstead. Domino's Pizza is likely to be the next of our holdings to graduate to the Full List ahead of which we will be looking to sell clients' holdings and reinvest the monies in replacement qualifying stocks. We continue to select companies based on a long-term view of their prospects, coupled with the strength of their balance sheets. As the sector split of our present buying Key List shown below demonstrates, there is no direct exposure to property and only a very limited exposure to retail though our investment in Majestic Wine and Stanley Gibbons. The largest sector exposure is support services where holdings include Mears, Spice and RWS. It should be noted that individual client portfolio weightings will vary with the largest portfolios having the fullest degree of diversification.

Full sector split of the Key List at the outset of Q2 2008



21.87%	SUPPORT SERVICES
15.62%	INDUSTRIAL ENGINEERING
12.50%	HOUSE, LEISURE & PERSONAL GOODS
9.37%	TECH - SOFTWARE & SERVICES
6.25%	CONSTRUCTION & MATERIALS
6.25%	FOOD & BEVERAGES
6.25%	RETAILERS
3.13%	AEROSPACE & DEFENCE
3.13%	FINANCIAL GENERAL
3.13%	HEALTHCARE EQUIPMENT & SERVICES
3.13%	INDUSTRIAL GENERAL
3.13%	INSURANCE
3.12%	MEDIA
3.12%	MINING

Independent research shows Rensburg Sheppards as the largest provider

In February, Martin Churchill's 'Tax Efficient review' published an update of its comprehensive review of providers of an Inheritance Tax Planner AIM portfolio service. The detailed study covered the 18 months period from 1 July 2006 to 31 December 2007 and encompassed 22 such providers. In addition to the performance of client portfolios, the work also took into account factors such as charges, underlying liquidity of stocks and the experience of the Fund Manager. It is pleasing to be able to note that the Rensburg Sheppards IHT Planner remained in the top quartile of providers offering the service with a minimum investment of £75,000. The report also showed that Rensburg Sheppards was the largest provider of the service, with £58 million being managed for clients as at 31 December 2007.