

## Glossary

<b>Active investment</b>	a hands-on approach requiring someone to act in the role of investment or portfolio manager. The aim is to beat the average returns of a particular market or index. Successful active investment management requires being right more often than wrong.
<b>Additional Permitted Subscription (APS)</b>	an allowance that enables individuals to pass on tax benefits they have built up within their ISA during their lifetime to their surviving spouse or civil partner.
<b>Blue-chip equities</b>	are stocks issued by large, well-established companies that have operated for many years, have dependable earnings, and usually pay dividends to investors. A blue-chip company typically has a market capitalisation in the billions.
<b>Business Property Relief</b>	a relief from Inheritance Tax (IHT) that can be applied to the transfer of relevant business assets or investments. If a business, an interest in a business, or shares in certain unlisted companies meet the necessary qualifying criteria, they may receive 100% relief.
<b>Capital Gains Tax</b>	a tax applied to the profits when you sell an asset that's increased in value and your gains exceed the tax-free allowance.
<b>Collective investment</b>	a way for investors to pool their funds and buy assets collectively rather than individually. Collective investment products are usually managed by a professional asset management company which is paid a fee for doing so.
<b>Consolidated tax certificate (CTC)</b>	a summary of the income returns received on an investment portfolio each year by way of dividends and/or interest and any tax that has been deducted at source. The information can be helpful when completing a Self-Assessment tax return.
<b>Defined Benefit (DB) pension</b>	a type of occupational pension scheme that provides guaranteed benefits in retirement, predetermined by a formula based on an individual's age, earnings history and length of service.
<b>Defined Contribution (DC) Pension</b>	a type of pension that provides benefits in retirement based on the contributions made and the investment returns achieved within the pension fund. It can also be referred to as a <b>Money purchase</b> pension.
<b>ESG and Impact investing</b>	a style of themed investing that enables investors to support companies that are environmentally conscious, socially responsible and have good governance practices ( <b>ESG</b> ) or which are generating positive, measurable environmental or social benefits ( <b>Impact</b> ) investing.
<b>Exchange-traded funds</b>	are index-tracking funds that are designed to replicate the constituents and performance of a broad index or sector. They can grow or shrink in size according to demand from investors as the underlying constituent companies will be bought and sold. The ETF itself is listed and is traded continuously throughout the day like ordinary shares.

### FARLEY & THOMPSON LLP

For **definitions**, please see our **Glossary**.

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*tradition*  
& *trust* SINCE 1938

Fixed-interest securities	are corporate or government debt instruments that pay a coupon (an interest payment), typically semi-annually until the bond matures and is repaid. Bonds are the most common form of fixed-income securities and are a form of borrowing. An investor in fixed-interest securities becomes a lender to the issuer.
Funds (OEICs and Unit Trusts)	are open-ended collective investments managed according to a specific theme or objective. Units are dealt off market directly with the fund management group or via a fund platform. Open-ended means the number of units in issue grows and shrinks according to demand and the dealing price will reflect the underlying value of the portfolio.
Grant of letters of administration	a legal document issued by the probate office allowing the named individual to administer an estate when someone has died and did not leave a will.
Grant of probate	a legal document which confirms the executors of a will have the authority to deal with the assets in the estate of someone who has died.
Illiquid	refers to an asset that cannot be sold easily or quickly without a substantial loss in value. Illiquid assets tend to have lower trading volume and greater price volatility.
In specie transfer	means to transfer an asset from one provider to another in its current form, without the need to convert the asset to cash.
Individual Savings Account (ISA)	a tax efficient account that enables investors to maximise potential returns by shielding investment gains, dividends and interest from tax.
Investment trusts	are closed-ended collective investments structured as companies which are listed and traded on the London Stock Exchange and that invest in other companies. Closed-ended means it has a fixed number of shares in issue so the price is subject to supply and demand in the stock market and does not always reflect the underlying value of the portfolio (this is referred to as the premium (or discount) to net asset value).
Nil rate band	an amount which can be passed on to beneficiaries without incurring Inheritance Tax after death.
Nominee	a body corporate entrusted as the registered legal owner on behalf of the beneficial (real) owner. A nominee company's business is focused solely on holding or administering shares or other property.
Passive investment	a style of low-cost, low-activity investment management that replicates or tracks a market or sector performance.
PIMFA Private Investor benchmark indices	a suite of indices that can be used as benchmarks to compare the performance of portfolios that have investment objectives similar to the strategy represented in the respective index. (PIMFA, which stands for the Personal Investment Management and Financial Advice Association, is the trade association for companies that provide wealth management, investment services and financial advice).
Probate	the legal right to deal with the assets in the estate of someone who has died.
Thematic investment	investing in companies that are focused on specific themes, trends, or sectors, e.g. technology.
UK equities	or shares, are units of ownership in a company bought and sold on a stock exchange. The shares of larger UK companies are traded on the London Stock Exchange and often referred to as "listed" shares.