

# October 2024 Budget Outlook

## - Our key takeaways for AIM from today's budget

- **Capital Gains Tax Increase:** Individuals taxed within the basic rate bands will see CGT rates increase from 10% to 18% and individuals currently taxed at the upper rates, CGT rates will increase from 20% - 24% in line with CGT on property.
- **Inheritance Tax (IHT):** Current thresholds will be frozen for a further two years until 2030. IHT relief received on qualifying shares traded on the Alternative Investments Market (AIM) will be reduced to 50% attracting tax charges on inherited portfolios.
- **Broader market takeaways:** There have been no changes to ISA allowances. There were concerns that the annual allowance would be reduced from the current £20,000 pa. Windfall Tax on oil and gas profits is set to increase to 38% potentially impacting some of the larger O+G producers operating in the UK.

## - Our Summary

As a near 4% recovery (at the time of writing) in the AIM index immediately post-delivery of the Autumn Budget would attest, it would appear the market is beginning to accept that expectations for a brutal attack on our finances have not been realised. The AIM Index had fallen over 7% since Labour's summer election win as investors began to steel themselves for punitive changes to the CGT, ISA, IHT and other regimes, but what Rachel Reeves delivered appears to be much softer, with limited impact to the attractiveness of investing in London's junior markets and AIM, in particular.

The Chancellor began with a welcome forecast on inflation, stating that the 2% target remains intact, which should improve hopes for gradual reductions in interest rates and, in turn, pulling capital back into the markets. Keeping the VCT/EIS regime in place to 2035 was an important move and the CGT increases could easily have been worse. Add no changes to ISA allowances and, overall, the mood should have every chance of shifting further up, even though AIM portfolios subject to IHT will only now get 50% tax relief.

The message was one to encourage entrepreneurship and investment, even though we have had to take a few shots to the chin, ultimately there were no staggering blows. For too long, the market has been stifled by worry over what the statement would bring and, now it is out of the way, there seem to be far fewer negatives to digest than many would have predicted.

### FTSE AIM All-Share Data

Index Level:	716.27
Net Market Cap.:	£48,037m
No of Constituents	611
52 week high/low:	810.02/683.57
1-year Return:	5.55%

### Constituent Sizes and Yield

Ave. Market Cap.:	£79m
Largest Mk Cap.:	£1,964m
Smallest Mk Cap.:	<£1m
Index Yield:	2.04%

(source: FTSE Russell at 30 September 2024)

### Index Description

The FTSE AIM All-Share Index was revised from the previous FTSE AIM Index on 16 May 2005, and is a stock market index consisting of all companies quoted on the Alternative Investment Market ('AIM') which meet the LSE's requirements for liquidity and free float.

<https://www.londonstockexchange.com/indices/ftse-aim-all-share>

### 5-year index performance



Source: [LSE](https://www.londonstockexchange.com/indices/ftse-aim-all-share)

Past performance and forecasts are not reliable indicators of future results.

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