



Equilibrium AIM

Model Portfolio | March 2021

The portfolio seeks to deliver a total return above that of the FTSE AIM Index while mitigating Inheritance Tax.

Manager	Equilibrium Investment Management LLP	Benchmark	FTSE AIM All Share Index
Launched	1 March 2015	Holdings	29

Security	Summary	Sector	Market Cap	Div Yield	Weight
AB Dynamics	Provider of testing systems for the global motor industry	Industrial	£427m	0.2%	3.4%
Advanced Medical Slns	Designer, manufacturer and distributor of novel medical polymers	Health Care	£506m	0.7%	3.4%
Alliance Pharma	Acquirer and distributor of pharmaceuticals	Health Care	£457m	0.6%	3.4%
Clinigen Group	Involved in the manufacture and distribution of pharmaceuticals and clinical trials	Health Care	£949m	1.1%	3.4%
CVS Group	Operates animal veterinary practices, a diagnostic business and a pet crematorium	Health Care	£1,201m	0.0%	3.4%
Craneware	Develops and licences computer software for the US healthcare industry	IT	£561m	1.3%	3.4%
EMIS Group	Designs computer software for the healthcare profession	IT	£672m	3.0%	3.4%
Fevertree Drinks	A developer and supplier of premium mixer drinks with outsourced manufacturing	Consumer	£2,655m	0.7%	3.4%
GB Group	Provides electronic ID verification services, combating fraud and money laundering	IT	£1,621m	0.4%	3.4%
Gamma Comms	Telecoms, broadband and data communications systems	IT	£1,441m	0.7%	3.4%
Hotel Chocolat Group	Manufacturer and retailer of chocolate and related gifts	Consumer	£458m	0.0%	3.4%
Ideagen	Provider of information management software solutions	IT	£691m	0.1%	3.4%
Iomart Group	Provides cloud-based IT solutions such as disaster recovery	IT	£336m	2.1%	3.4%
IG Design Group	Designs, manufactures and distributes gift packaging and greeting cards	Consumer	£480m	1.8%	3.4%
James Halstead	Manufacturer and distributor of flooring products	Industrial	£1,037m	2.9%	3.4%
Jet2	Operator of scheduled and charter flights by Jet2.com and provision of holidays	Consumer	£3,120m	0.0%	3.4%
Johnson Service Group	Provides workwear rental, laundering and dry-cleaning services	Industrial	£732m	0.0%	3.4%
Keywords Studios	Provides production and user services to digital gaming companies	IT	£1,870m	0.0%	3.4%
Learning Tech. Group	Provides IT platforms for online learning and training	IT	£1,210m	0.6%	3.4%
Midwich Group	Specialist audio visual and document equipment distributor	Industrial	£396m	0.0%	3.4%
Next Fifteen Comms	Digital marketing, PR and communications for the technology sector	Industrial	£566m	0.0%	3.4%
Nichols	Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries	Consumer	£399m	2.6%	3.4%
Restore	Secure services in document storage, online storage and document shredding	Industrial	£432m	0.0%	3.4%
RWS Holdings	Provides services for the translation and validation of European patents	Industrial	£2,353m	1.5%	3.4%
Smart Metering Sys	Rents and manages gas meters and lays infrastructure pipes	Industrial	£786m	3.6%	3.4%
Strix Group	Designs and manufactures kettle safety controls and filtration products	Industrial	£523m	3.0%	3.4%
Thorpe (FW)	Designs, manufactures and supplies professional lighting equipment	Industrial	£380m	1.7%	3.4%
YouGov	Global public opinion data and analytics company	Industrial	£1,062m	0.5%	3.4%
Young & Co Brewery	Operates a managed and tenanted pub estate	Consumer	£501m	0.7%	3.4%
Averages			£943.4m	1.0%	

Stock attribution

Top 5 positive stocks over 3 months

Company	Total Return
Ideagen	29.3%
Young & Co. Brewery	26.5%
Next Fifteen Comms	25.4%
Johnson Service Group	21.2%
CVS Group	17.2%

Top 5 negative stocks over 3 months

Company	Total Return
IG Design Group	-19.6%
Iomart Group	-8.8%
Gamma Communications	-5.9%
Craneware	-5.0%
Advanced Med Solutions	-4.3%

Attribution Note

Your holdings and performance may vary slightly from those shown due to transaction dates and market movements. For details of your individual performance, please refer to your personal valuation.

Commentary

February was a 'stop and pause' month in the markets following the rally sparked by the announcement of the vaccine programmes in November last year. This led to a sharp rally in stocks that were particularly affected by the lockdowns as a result of the pandemic and these stocks received a further boost in February when the government set out its timetable to reverse the lockdown measures; stocks like pub chain Young & Co. which rose by a fifth over the month.

With so much volatility in the markets over the last year, it is often difficult to gauge how your investments are performing. The Equilibrium AIM Portfolio, for instance, underperformed the FTSE AIM All Share Index in 2020.

We have written about this before but the reasons for this were mainly due to the prevalence of commodity, biotech and highly speculative stocks which do not meet the criteria for inclusion, most important of which is qualification for Business Relief.

A much more accurate gauge is the 'ARC IHT Portfolio Index' which is an index of peer group portfolios that have the same tax mitigation objectives. The only problem with this measure is that it takes a couple of months to compile and so only now do we have the numbers to the end of last year.

The recently released figures show that in the fourth quarter, the Index returned 16.9% and the Equilibrium AIM Portfolio produced 21.1% and for the year as a whole, the Index returned 0.3% and the Portfolio returned 3.4%; the Portfolio has beaten the Index in four out of the last five calendar years.

Elsewhere, the investee companies continue to report resilient trading and all are preparing to revert to full trading by mid-year.

Whilst this period has been very tough for all concerned, hopefully the release from lockdown will lead us quickly and safely back to a more normal way of life.

Performance

Rolling total returns

	3 months	6 months	1 year	3 years	5 years
Equilibrium AIM Portfolio	6.28%	12.63%	13.08%	6.28%	63.84%
FTSE AIM All Share Index	12.83%	23.27%	39.26%	18.08%	82.23%

Discrete annual total returns

	2020	2019	2018	2017	2016
Equilibrium AIM Portfolio	3.37%	28.39%	-22.38%	32.34%	13.60%
FTSE AIM All Share Index	21.75%	13.26%	-17.12%	25.97%	16.07%
ARC IHT Portfolio Index	0.31%	25.26%	-15.20%	18.70%	11.60%

Volatility

	2020	2019	2018	2017	2016
Equilibrium AIM Portfolio	26.77%	12.15%	17.68%	9.91%	13.21%
FTSE AIM All Share Index	32.03%	10.08%	14.85%	6.72%	10.47%

All performance statistics are on a total return basis from Financial Express Analytics with income reinvested.

Important information

All data as at 26 February 2021 and provided by Equilibrium Investment Management LLP unless otherwise stated. The views expressed herein should not be taken as statements of fact or relied upon when making investment decisions.

Past performance is never a guide to future performance. Investments may (will) fall as well as rise and you may not get back your original investment. Changes in currency exchange rates or interest rates may have an adverse effect on the value of your investments.

The performance is stated after a 1.25% Equilibrium Financial Planning fee, a 0.25% plus VAT Equilibrium Investment Management fee and a platform charge of 0.3% (based on the portfolio being held via Seven Investment Management (7IM)). The figures include dividends that may not yet be credited to your account.

The Portfolio consists of stocks quoted on the Index that pay a dividend and that we believe qualify for Business Relief, although this cannot be guaranteed. This fact sheet should be read in conjunction with our *Managing your investments: Specialist* brochure which includes more details about investing in AIM stocks.

Equilibrium Investment Management LLP

Ascot House, Epsom Avenue, Handforth, Wilmslow, Cheshire, SK9 3DF

0161 486 2250 : askus@equilibrium.co.uk : www.equilibrium.co.uk

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