



Equilibrium AIM

Model Portfolio | July 2020

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
Abcam	Producer and distributor of products for the life sciences industry	Health Care	£2,881m	0.9%	3.4%
AB Dynamics	Provider of testing systems for the global motor industry	Industrial	£369m	0.2%	3.4%
Advanced Medical Slns	Designer, manufacturer and distributor of novel medical polymers	Health Care	£512m	0.7%	3.4%
Alliance Pharma	Acquirer and distributor of pharmaceuticals	Health Care	£396m	0.7%	3.4%
Clinigen Group	Involved in the manufacture and distribution of pharmaceuticals and clinical trials	Health Care	£1,077m	0.9%	3.4%
CVS Group	Operates animal veterinary practices, diagnostic businesses and a pet crematorium	Health Care	£728m	0.6%	3.4%
Craneware	Develops and licences computer software for the US healthcare industry	IT	£457m	1.5%	3.4%
Dart Group	Operator of scheduled and charter flights by Jet2.com and provision of holidays	Consumer	£1,250m	1.3%	3.4%
EMIS Group	Designs computer software for the healthcare profession	IT	£684m	2.9%	3.4%
Fevertree Drinks	A developer and supplier of premium mixer drinks with outsourced manufacturing	Consumer	£2,376m	0.7%	3.4%
GB Group	Provides electronic ID verification services, combating fraud and money laundering	IT	£1,305m	0.4%	3.4%
Gamma Comms	Telecoms, broadband and data communications systems	IT	£1,220m	0.8%	3.4%
Hotel Chocolat Group	Manufacturer and retailer of chocolate and related gifts	Consumer	£392m	0.4%	3.4%
Iomart Group	Provides cloud-based IT solutions such as disaster recovery	IT	£382m	1.9%	3.4%
IG Design Group	Designs, manufactures and distributes gift packaging and greeting cards	Consumer	£486m	1.7%	3.4%
James Halstead	Manufacturer and distributor of flooring products	Industrial	£1,078m	2.3%	3.4%
Johnson Service Group	Provides workwear rental, laundering and dry-cleaning services	Industrial	£513m	1.0%	3.4%
Keywords Studios	Provides production and user services to digital gaming companies	IT	£1,329m	0.0%	3.4%
Learning Tech. Group	Provides IT platforms for online learning and training	IT	£907m	0.6%	3.4%
Midwich Group	Specialist audio visual and document equipment distributor	Industrial	£352m	1.2%	3.4%
Next Fifteen Comms	Digital marketing, PR and communications for the technology sector	Industrial	£318m	0.7%	3.4%
Nichols	Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries	Consumer	£484m	0.9%	3.4%
Restore	Secure services in document storage, online storage and document shredding	Industrial	£450m	0.7%	3.4%
RWS Holdings	Provides services for the translation and validation of European patents	Industrial	£1,648m	1.5%	3.4%
Scapa Group	Manufactures bonding materials for industrial, healthcare & electronic applications	Industrial	£184m	0.0%	3.4%
Smart Metering Sys	Rents and manages gas meters and lays infrastructure pipes	Industrial	£668m	0.4%	3.4%
Thorpe (FW)	Designs, manufactures and supplies professional lighting equipment	Industrial	£350m	1.9%	3.4%
YouGov	Global public opinion data and analytics company	Industrial	£829m	0.5%	3.4%
Young & Co Brewery	Operates a managed and tenanted pub estate	Consumer	£347m	1.0%	3.4%
Averages			£815.3m	1.0%	

Stock attribution

Top 5 positive stocks over 3 months

Company	Total Return
Fevertree Drinks	69.8%
Dart Group	52.4%
Clinigen Group	49.8%
AB Dynamics	43.4%
RWS Holdings	31.0%

Top 5 negative stocks over 3 months

Company	Total Return
Scapa Group	-11.6%
Craneware	-11.0%
Smart Metering Systems	-9.6%
Young & Co. Brewery	-9.0%
Learning Tech. Group	-7.9%

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

Well, what a rollercoaster of a half-year it has been.

The FTSE AIM Index fell by 39% from the high in February, bottomed out in March and has since risen by 50% from the low point. As highlighted in our previous commentary, we would not expect the Equilibrium AIM Portfolio to shoot up in the same way as the index given the way high-growth stocks (many of which do not qualify for Business Relief) lead the market up.

The result of this is that for the last six months, the Portfolio has returned -16.6% and the AIM Index has returned -7.4%. The Index has seen some very large share price movements, in particular from the largest company in the Index, ASOS, that has risen 226% from the low point.

Whilst the Portfolio has holdings that have strong recoveries with, for example, Dart Group up 175% and Fevertree up 131% from the bottom, the nature of the Portfolio is that we would expect recovery to be more gradual. To put the AIM Index return of -7.4% into some context, the same six-month return from the broader main market FTSE All Share Index has been -17.5%.

Six of the investee companies provided results or trading updates in June. Young & Co., which has clearly been affected by the closure of its pubs as a result of the lockdown, issued new equity to bolster its balance sheet and announced that it had negotiated new credit lines from the banks – hopefully early July marks the return to business for them.

Other companies, such as online identification company GB Group, cloud-computing provider Iomart and patent services company RWS, announced profits that have been relatively unscathed by the general economic shutdown – indeed RWS stated that it is “optimistic about a good outturn for the year as a whole”.

Hopefully this half-year point will see all businesses returning to some form of normal trading.

Performance

Rolling total returns

	3 months	6 months	1 year	3 years	5 years
Equilibrium AIM Portfolio	13.20%	-16.58%	-6.42%	-6.99%	48.67%
FTSE AIM All Share Index	29.74%	-7.41%	-2.78%	-4.97%	25.11%

Discrete annual total returns

	2019	2018	2017	2016	2015
Equilibrium AIM Portfolio	28.39%	-22.38%	32.34%	13.60%	37.11%
FTSE AIM All Share Index	13.26%	-17.12%	25.97%	16.07%	6.63%
ARC IHT Portfolio Index	25.26%	-15.20%	18.70%	11.60%	21.60%

Volatility

	2019	2018	2017	2016	2015
Equilibrium AIM Portfolio	12.15%	17.68%	9.91%	13.21%	7.77%
FTSE AIM All Share Index	10.08%	14.85%	6.72%	10.47%	7.27%

All performance statistics are on a total return basis from Financial Express Analytics with income reinvested. Data prior to March 2015 is calculated using a backtested model portfolio.

Important information

All data is at 30 June 2020 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.

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