



Equilibrium AIM

Model Portfolio | August 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	£2,780m	0.9%	3.4%
AB Dynamics	Provider of testing systems for the global motor industry	Industrial	£393m	0.2%	3.4%
Advanced Medical Slns	Designer, manufacturer and distributor of novel medical polymers	Health Care	£423m	0.8%	3.4%
Alliance Pharma	Acquirer and distributor of pharmaceuticals	Health Care	£384m	0.7%	3.4%
Clinigen Group	Involved in the manufacture and distribution of pharmaceuticals and clinical trials	Health Care	£960m	1.0%	3.4%
CVS Group	Operates animal veterinary practices, diagnostic businesses and a pet crematorium	Health Care	£805m	0.0%	3.4%
Craneware	Develops and licences computer software for the US healthcare industry	IT	£435m	1.7%	3.4%
Dart Group	Operator of scheduled and charter flights by Jet2.com and provision of holidays	Consumer	£1,026m	0.4%	3.4%
EMIS Group	Designs computer software for the healthcare profession	IT	£639m	3.0%	3.4%
Fevertree Drinks	A developer and supplier of premium mixer drinks with outsourced manufacturing	Consumer	£2,422m	0.7%	3.4%
GB Group	Provides electronic ID verification services, combating fraud and money laundering	IT	£1,295m	0.0%	3.4%
Gamma Comms	Telecoms, broadband and data communications systems	IT	£1,467m	0.7%	3.4%
Hotel Chocolat Group	Manufacturer and retailer of chocolate and related gifts	Consumer	£370m	0.4%	3.4%
Iomart Group	Provides cloud-based IT solutions such as disaster recovery	IT	£379m	1.8%	3.4%
IG Design Group	Designs, manufactures and distributes gift packaging and greeting cards	Consumer	£501m	1.7%	3.4%
James Halstead	Manufacturer and distributor of flooring products	Industrial	£1,049m	2.4%	3.4%
Johnson Service Group	Provides workwear rental, laundering and dry-cleaning services	Industrial	£417m	1.0%	3.4%
Keywords Studios	Provides production and user services to digital gaming companies	IT	£1,379m	0.0%	3.4%
Learning Tech. Group	Provides IT platforms for online learning and training	IT	£946m	0.6%	3.4%
Midwich Group	Specialist audio visual and document equipment distributor	Industrial	£346m	1.2%	3.4%
Next Fifteen Comms	Digital marketing, PR and communications for the technology sector	Industrial	£342m	0.7%	3.4%
Nichols	Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries	Consumer	£493m	2.1%	3.4%
Restore	Secure services in document storage, online storage and document shredding	Industrial	£451m	0.7%	3.4%
RWS Holdings	Provides services for the translation and validation of European patents	Industrial	£1,659m	1.5%	3.4%
Smart Metering Sys	Rents and manages gas meters and lays infrastructure pipes	Industrial	£699m	0.4%	3.4%
Strix Group	Designs and manufactures kettle safety controls and filtration products	Industrial	£391m	4.0%	3.4%
Thorpe (FW)	Designs, manufactures and supplies professional lighting equipment	Industrial	£354m	1.8%	3.4%
YouGov	Global public opinion data and analytics company	Industrial	£862m	0.5%	3.4%
Young & Co Brewery	Operates a managed and tenanted pub estate	Consumer	£320m	1.1%	3.4%
Averages			£816.3m	1.1%	

Stock attribution

Top 5 positive stocks over 3 months

Company	Total Return
Fevertree Drinks	26.6%
CVS Group	24.5%
YouGov	19.4%
Keywords Studios	19.4%
Gamma Communications	19.0%

Top 5 negative stocks over 3 months

Company	Total Return
Johnson Service Group	-25.0%
Advanced Medical Sols	-21.0%
Young & Co. Brewery	-20.9%
Midwich Group	-15.5%
Craneware	-14.6%

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

The AIM market has consolidated over the last month after the strong bounce from the low levels seen in March. The economic news has been positive although mostly falling short of recovering to levels seen prior to the outbreak. In part this reflects the current concerns over second waves and localised lockdowns.

The AIM Portfolio is usually rebalanced in early January and early July each year. Rebalancing involves selling some of the stocks that have performed well and re-investing the proceeds into those that have performed less well. Over time, this is good portfolio management practice however, the cost of the spreads (the difference between the purchase and sale prices) of the AIM stocks remain relatively high due to the market volatility and we decided that it did not make financial sense to impose these costs unnecessarily. To give you some idea, ordinarily these spreads are around 1.1% and they hit 2% in March but have only fallen to 1.9%.

Instead, for most portfolios we top-sliced two low-spread stocks that had done well (Gamma Comms and Keywords Studios) and topped-up the holdings in low-spread stocks Dart Group and Young & Co.. We do not rule out doing a full rebalance at some point but not until costs are much closer to the long-term average.

We also use the rebalance to make changes to the portfolio composition and new stock Strix Group, a global leader in the design, manufacture and supply of kettle safety and water temperature controls, was introduced replacing Scapa Group that had fallen below the size and liquidity criteria for inclusion.

Companies reporting trading updates in June such as Restore, YouGov and Nichols have been cautiously optimistic with no shock results to report. Hopefully, we will see growth continue to push ahead and a full recovery for profits. Time to put the kettle on.

Performance

Rolling total returns

	3 months	6 months	1 year	3 years	5 years
Equilibrium AIM Portfolio	0.02%	-14.83%	-8.58%	-9.15%	44.28%
FTSE AIM All Share Index	9.42%	-6.58%	-3.90%	-6.56%	25.99%

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 31 July 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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