



Equilibrium AIM

Model Portfolio | September 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	£2,698m	1.0%	3.4%
AB Dynamics	Provider of testing systems for the global motor industry	Industrial	£429m	0.2%	3.4%
Advanced Medical Slns	Designer, manufacturer and distributor of novel medical polymers	Health Care	£518m	0.6%	3.4%
Alliance Pharma	Acquirer and distributor of pharmaceuticals	Health Care	£392m	0.7%	3.4%
Clinigen Group	Involved in the manufacture and distribution of pharmaceuticals and clinical trials	Health Care	£908m	1.0%	3.4%
CVS Group	Operates animal veterinary practices, diagnostic businesses and a pet crematorium	Health Care	£844m	0.0%	3.4%
Craneware	Develops and licences computer software for the US healthcare industry	IT	£463m	1.5%	3.4%
Dart Group	Operator of scheduled and charter flights by Jet2.com and provision of holidays	Consumer	£1,276m	0.4%	3.4%
EMIS Group	Designs computer software for the healthcare profession	IT	£652m	3.0%	3.4%
Fevertree Drinks	A developer and supplier of premium mixer drinks with outsourced manufacturing	Consumer	£2,389m	0.7%	3.4%
GB Group	Provides electronic ID verification services, combating fraud and money laundering	IT	£1,424m	0.0%	3.4%
Gamma Comms	Telecoms, broadband and data communications systems	IT	£1,502m	0.7%	3.4%
Hotel Chocolat Group	Manufacturer and retailer of chocolate and related gifts	Consumer	£457m	0.3%	3.4%
Iomart Group	Provides cloud-based IT solutions such as disaster recovery	IT	£393m	1.8%	3.4%
IG Design Group	Designs, manufactures and distributes gift packaging and greeting cards	Consumer	£439m	1.9%	3.4%
James Halstead	Manufacturer and distributor of flooring products	Industrial	£1,066m	0.8%	3.4%
Johnson Service Group	Provides workwear rental, laundering and dry-cleaning services	Industrial	£473m	1.1%	3.4%
Keywords Studios	Provides production and user services to digital gaming companies	IT	£1,624m	0.0%	3.4%
Learning Tech. Group	Provides IT platforms for online learning and training	IT	£1,119m	0.5%	3.4%
Midwich Group	Specialist audio visual and document equipment distributor	Industrial	£334m	1.3%	3.4%
Next Fifteen Comms	Digital marketing, PR and communications for the technology sector	Industrial	£431m	0.5%	3.4%
Nichols	Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries	Consumer	£460m	2.2%	3.4%
Restore	Secure services in document storage, online storage and document shredding	Industrial	£465m	0.0%	3.4%
RWS Holdings	Provides services for the translation and validation of European patents	Industrial	£1,670m	1.4%	3.4%
Smart Metering Sys	Rents and manages gas meters and lays infrastructure pipes	Industrial	£722m	0.4%	3.4%
Strix Group	Designs and manufactures kettle safety controls and filtration products	Industrial	£443m	3.5%	3.4%
Thorpe (FW)	Designs, manufactures and supplies professional lighting equipment	Industrial	£352m	1.8%	3.4%
YouGov	Global public opinion data and analytics company	Industrial	£1,075m	0.4%	3.4%
Young & Co Brewery	Operates a managed and tenanted pub estate	Consumer	£363m	1.0%	3.4%
Averages			£860.7m	1.0%	

Stock attribution

Top 5 positive stocks over 3 months

Company	Total Return
Next Fifteen Comms	36.9%
YouGov	35.8%
Gamma Communications	28.5%
CVS Group	23.9%
Keywords Studios	22.1%

Top 5 negative stocks over 3 months

Company	Total Return
Clinigen Group	-21.9%
IG Design	-21.1%
Dart Group	-19.0%
ABCAM	-17.1%
Midwich Group	-16.0%

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 pushed ahead with a strong return of nearly 9% in August after flat performance in July.

This means that over the last year, the Index has now returned 11.82% and the Portfolio has returned 2.40%. As we have discussed before, much of the difference is due to the attribution to small, high growth companies, many of which do not qualify for Business Relief and would not meet our liquidity requirements for investment. For reference, the FTSE 100 Index has returned -14.32% in that time.

It has been interesting to see the companies come out of 'lockdown mode'. By that we mean that most companies sought to conserve cash, reduce costs and even raise capital during the lockdown phase. Now that they are coming out of their shells, some companies are seeing this as opportunity.

There have been two notable bids by our investee companies as they pounce on the lower valuations as a springboard to future growth. RWS, the translation business, bid £854m for UK rival SDL to create the world's largest language services and software company and Next Fifteen Communications – which also released a very upbeat trading update in August – bid for Silicon Valley start-up services company, Mach49, as a cornerstone for their new innovation services division.

Clearly, not all companies are in such rude health. However, it is encouraging that even those with earnings from the travel or leisure industries such as Dart Group and Young & Co., were either flat or saw positive returns in August despite the quarantine restrictions and localised lockdowns.

Whilst we are not out of the woods yet, we are encouraged that the investee companies are seeing this as much opportunity as challenge. The continued rise in stockmarkets in August underlines the return in confidence by investors as they look ahead to growth in 2021 and beyond.

Performance

Rolling total returns

	3 months	6 months	1 year	3 years	5 years
Equilibrium AIM Portfolio	1.51%	-0.02%	2.4%	-10.20%	49.91%
FTSE AIM All Share Index	10.29%	12.97%	11.82%	-0.95%	40.29%

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 28 August 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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