



Equilibrium AIM

Model Portfolio | October 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	£457m	0.3%	3.4%
Advanced Medical Slns	Designer, manufacturer and distributor of novel medical polymers	Health Care	£666m	0.6%	3.4%
Alliance Pharma	Acquirer and distributor of pharmaceuticals	Health Care	£560m	1.5%	3.4%
Clinigen Group	Involved in the manufacture and distribution of pharmaceuticals and clinical trials	Health Care	£845m	1.2%	3.4%
Craneware	Develops and licences computer software for the US healthcare industry	IT	£860m	1.2%	3.4%
CVS Group	Operates animal veterinary practices, a diagnostic business and a pet crematorium	Health Care	£1,713m	0.3%	3.4%
Dotdigital Group	Provides software as a service for digital marketers	IT	£718m	0.3%	3.4%
EMIS Group	Designs computer software for the healthcare profession	IT	£888m	2.4%	3.4%
Fevertree Drinks	A developer and supplier of premium mixer drinks with outsourced manufacturing	Consumer	£2,714m	0.7%	3.4%
Focusrite	Manufacturers and distributes hardware and software for musicians	Industrial	£974m	0.3%	3.4%
GB Group	Provides electronic ID verification services, combating fraud and money laundering	IT	£1,704m	0.7%	3.4%
Gamma Comms	Telecoms, broadband and data communications systems	IT	£1,761m	0.7%	3.4%
Hotel Chocolat Group	Manufacturer and retailer of chocolate and related gifts	Consumer	£555m	0.0%	3.4%
Ideagen	Provider of information management software solutions	IT	£811m	0.1%	3.4%
IG Design Group	Designs, manufactures and distributes gift packaging and greeting cards	Consumer	£470m	1.9%	3.4%
James Halstead	Manufacturer and distributor of flooring products	Industrial	£1,095m	3.0%	3.4%
Jet2	Operator of scheduled and charter flights by Jet2.com and provision of holidays	Consumer	£2,747m	0.0%	3.4%
Johnson Service Group	Provides workwear rental, laundering and dry-cleaning services	Industrial	£670m	0.0%	3.4%
Keywords Studios	Provides production and user services to digital gaming companies	IT	£2,208m	0.0%	3.4%
Learning Tech. Group	Provides IT platforms for online learning and training	IT	£1,693m	0.4%	3.4%
Next Fifteen Comms	Digital marketing, PR and communications for the technology sector	Industrial	£1,049m	0.9%	3.4%
Nichols	Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries	Consumer	£491m	1.3%	3.4%
Restore	Secure services in document storage, online storage and document shredding	Industrial	£671m	0.0%	3.4%
RWS Holdings	Provides services for the translation and validation of European patents	Industrial	£2,439m	1.4%	3.4%
Smart Metering Sys	Rents and manages gas meters and lays infrastructure pipes	Industrial	£952m	3.1%	3.4%
Strix Group	Designs and manufactures kettle safety controls and filtration products	Industrial	£705m	2.2%	3.4%
Thorpe (FW)	Designs, manufactures and supplies professional lighting equipment	Industrial	£523m	1.3%	3.4%
YouGov	Global public opinion data and analytics company	Industrial	£1,395m	0.4%	3.4%
Young & Co Brewery	Operates a managed and tenanted pub estate	Consumer	£530m	0.0%	3.4%
Averages			£1,111m	0.9%	

Stock attribution

Top 5 positive stocks over 3 months

Company	Total Return
Focusrite	27.0%
Restore	26.5%
EMIS Group	21.9%
Ideagen	18.0%
Next Fifteen Comms	17.9%

Top 5 negative stocks over 3 months

Company	Total Return
Johnson Service Group	-14.3%
IG Design Group	-7.5%
Nichols	-6.4%
Young & Co Brewery	-5.5%
Smart Metering Systems	-2.3%

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

September is a busy news month as 17 investee companies have provided updates, mainly in half-yearly results and trading updates and three companies announced full-year profits. Overall, the results were very positive with most announcing double-digit percentage profit growth and three companies re-instated dividends (after suspending them last year due to the pandemic) that were higher than those announced in 2019.

One company, Smart Metering Systems, that announced a 10% increase in dividend over last year's payment, also had a placing of £175m of new stock to fund future growth with 2.8 million meters to be installed and to allow them to invest in 470MW of battery projects over the next 5 years. These large-scale batteries plug into the high-voltage electricity grid and are able to store renewable energy when the sun shines or wind blows and then sell it into the grid when demand peaks.

Almost all the companies mentioned additional cost pressures in their commentary regarding current trading. Fevertree Drinks, for example, cited, "on-going global logistics disruption and... elevated trans-Atlantic freight charges and US storage costs", as the reasons for lower margins in recent months.

Many companies are dealing with higher costs and in most cases the strong franchises of the investee companies are allowing the companies to pass this on in higher prices, although not all at once. That said, Fevertree, like many companies in the Portfolio, managed to grow revenues to offset this margin attrition and the company still managed to grow earnings by 17%.

We are watching the inflationary trends carefully but many of the investee companies are nimble and can thrive by growing revenues by taking market shares from larger competition, driving higher profits.

Overall for the month, the Portfolio returned -3.03% compared to -3.70% for the FTSE AIM All-Share Index.

Performance

Rolling total returns

	3 months	6 months	1 year	3 years	5 years
Equilibrium AIM Portfolio	5.19%	14.00%	38.28%	14.72%	59.80%
FTSE AIM All Share Index	-0.13%	4.36%	30.79%	17.06%	61.25%

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 30 September 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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