



Equilibrium AIM

Model Portfolio | November 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	£414m	0.3%	3.4%
Advanced Medical Slns	Designer, manufacturer and distributor of novel medical polymers	Health Care	£702m	0.6%	3.4%
Alliance Pharma	Acquirer and distributor of pharmaceuticals	Health Care	£551m	1.6%	3.4%
Clinigen Group	Involved in the manufacture and distribution of pharmaceuticals and clinical trials	Health Care	£815m	1.2%	3.4%
Craneware	Develops and licences computer software for the US healthcare industry	IT	£810m	1.2%	3.4%
CVS Group	Operates animal veterinary practices, a diagnostic business and a pet crematorium	Health Care	£1,768m	0.3%	3.4%
Dotdigital Group	Provides software as a service for digital marketers	IT	£717m	0.4%	3.4%
EMIS Group	Designs computer software for the healthcare profession	IT	£853m	2.5%	3.4%
Fevertree Drinks	A developer and supplier of premium mixer drinks with outsourced manufacturing	Consumer	£2,644m	0.7%	3.4%
Focusrite	Manufacturers and distributes hardware and software for musicians	Industrial	£795m	0.3%	3.4%
GB Group	Provides electronic ID verification services, combating fraud and money laundering	IT	£1,747m	0.7%	3.4%
Gamma Comms	Telecoms, broadband and data communications systems	IT	£1,744m	0.7%	3.4%
Hotel Chocolat Group	Manufacturer and retailer of chocolate and related gifts	Consumer	£724m	0.0%	3.4%
Ideagen	Provider of information management software solutions	IT	£730m	0.1%	3.4%
IG Design Group	Designs, manufactures and distributes gift packaging and greeting cards	Consumer	£244m	3.5%	3.4%
James Halstead	Manufacturer and distributor of flooring products	Industrial	£1,157m	2.7%	3.4%
Jet2	Operator of scheduled and charter flights by Jet2.com and provision of holidays	Consumer	£2,617m	0.0%	3.4%
Johnson Service Group	Provides workwear rental, laundering and dry-cleaning services	Industrial	£591m	0.0%	3.4%
Keywords Studios	Provides production and user services to digital gaming companies	IT	£2,154m	0.0%	3.4%
Learning Tech. Group	Provides IT platforms for online learning and training	IT	£1,540m	0.4%	3.4%
Next Fifteen Comms	Digital marketing, PR and communications for the technology sector	Industrial	£1,146m	0.9%	3.4%
Nichols	Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries	Consumer	£434m	1.6%	3.4%
Restore	Secure services in document storage, online storage and document shredding	Industrial	£648m	0.5%	3.4%
RWS Holdings	Provides services for the translation and validation of European patents	Industrial	£2,422m	1.5%	3.4%
Smart Metering Sys	Rents and manages gas meters and lays infrastructure pipes	Industrial	£1,088m	3.4%	3.4%
Strix Group	Designs and manufactures kettle safety controls and filtration products	Industrial	£604m	2.7%	3.4%
Thorpe (FW)	Designs, manufactures and supplies professional lighting equipment	Industrial	£486m	1.4%	3.4%
YouGov	Global public opinion data and analytics company	Industrial	£1,462m	0.5%	3.4%
Young & Co Brewery	Operates a managed and tenanted pub estate	Consumer	£511m	0.5%	3.4%
Averages			£1,079m	1.1%	

Stock attribution

Top 5 positive stocks over 3 months

Company	Total Return
Hotel Chocolat Group	46.7%
Next Fifteen Comms	37.3%
Advanced Med Solutions	15.9%
RWS Holdings	9.8%
EMIS Group	5.9%

Top 5 negative stocks over 3 months

Company	Total Return
IG Design Group	-51.2%
Strix Group	-13.4%
Gamma Communications	-12.5%
Smart Metering Systems	-8.9%
Learning Technologies	-8.6%

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

You may have read in the newspapers or on news websites recently about inflation and interruptions to supply chains. Finely calibrated supply lines have been tested by staff shortages due to the pandemic, creating bottlenecks and pushing up prices.

Most companies are mitigating some of these issues by sourcing from different producers, but in some instances this has not been possible. IG Design Group, one of the Portfolio's investee companies that makes gift wrap, greetings cards and stationery, announced this month that high shipping container costs and supply interruptions will reduce profits. Interestingly, they are still seeing good demand but the costs of switching suppliers and raw materials will, they said, lower profits below expectations, especially as this is happening at their busiest time of year.

As you can see from the table above, this resulted in the weakest stock performance over the last three months for the Portfolio.

Better news came from another investee company, Hotel Chocolat, that reported full-year profits ahead of forecast. They are seeing good sales growth in their shops, through wholesale distributors and from direct online sales.

Other companies that reported in October included FW Thorpe, James Halstead and YouGov, which were all positive full-year announcements with dividend growth of 3% (plus a special dividend), 10% and 20%, respectively.

Investee company, Jet2, announced in the month that it had entered into an agreement with Airbus to purchase up to a total of 75 aircraft in addition to the 36 currently on order. The value of this new contract for new Airbus A321 Neo aircraft would be around \$10.1bn.

In contrast to many airlines that are cutting back on orders and services, Jet2 with its relatively strong balance sheet, is using this firepower to add to its fleet at opportunistic prices, which should give it a competitive advantage once demand returns.

Performance

Rolling total returns

	3 months	6 months	1 year	3 years	5 years
Equilibrium AIM Portfolio	-1.56%	0.84%	32.92%	29.13%	58.77%
FTSE AIM All Share Index	-2.03%	-4.36%	30.07%	29.52%	57.82%

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 29 October 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.

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