



Portfolio objective and information

The portfolio seeks to deliver a total return above that of the FTSE AIM Index while mitigating Inheritance Tax.

Launched 1 March 2015

Benchmark FTSE AIM All Share Index

Data from 29 December 2023

Holding breakdown

Security	Summary	Sector	Market Cap	Div Yield	Weight
AB Dynamics	Provider of testing systems for the global motor industry	Industrial	£411m	0.3%	3.3%
Advanced Medical Slns	Designer, manufacturer and distributor of novel medical polymers	Health Care	£451m	1.1%	3.3%
Alliance Pharma	Acquirer and distributor of pharmaceuticals	Health Care	£219m	4.4%	3.3%
Alpha Financial Mkts	Consultancy to asset and wealth managers and insurers	Financial	£476m	3.6%	3.3%
Alpha Group	Provider of foreign currency services	Financial	£758m	0.8%	3.3%
Cerillion	Supplier of CRM systems for mobile phone networks, utilities and industrials	IT	£473m	0.7%	3.3%
Craneware	Develops and licences computer software for the US healthcare industry	IT	£619m	1.6%	3.3%
CVS Group	Operates animal veterinary and health care services	Health Care	£1204m	0.5%	3.3%
Fevertree Drinks	A developer and supplier of premium mixer drinks with outsourced manufacturing	Consumer	£1224m	1.6%	3.3%
Focusrite	Manufacturers and distributes hardware and software for musicians	Industrial	£349m	1.1%	3.3%
Gamma Comms	Telecoms, broadband and data communications systems	IT	£1097m	1.4%	3.3%
GB Group	Provides electronic ID verification services, combating fraud and money laundering	IT	£692m	1.5%	3.3%
James Halstead	Manufacturer and distributor of flooring products	Industrial	£850m	3.9%	3.3%
Jet2	Operator of scheduled and charter flights by Jet2.com and provision of holidays	Consumer	£2681m	1.0%	3.3%
Johnson Service Group	Provides workwear rental, laundering and dry-cleaning services	Industrial	£587m	1.8%	3.3%
Judges Scientific	Manufacturer of specialist scientific instruments	Industrial	£603m	0.9%	3.3%
Keywords Studios	Provides production and user services to digital gaming companies	IT	£1318m	0.2%	3.3%
Learning Tech. Group	Provides IT platforms for online learning and training	IT	£641m	2.0%	3.3%
Midwich Group	Distributor of audio visual equipment	Industrial	£451m	3.7%	3.3%
Next15 Group	Digital marketing, PR and communications for the technology sector	Industrial	£828m	1.8%	3.3%
Nichols	Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries	Consumer	£416m	2.5%	3.3%
Renew	Provides specialist engineering and building services	Industrial	£680m	2.1%	3.3%
Restore	Secure services in document storage, online storage and document shredding	Industrial	£301m	3.4%	3.3%
RWS Holdings	Provides services for the translation and validation of European patents	Industrial	£937m	4.9%	3.3%
Smart Metering Sys	Rents and manages gas meters and lays infrastructure pipes	Industrial	£1254m	3.5%	3.3%
Strix Group	Designs and manufactures kettle safety controls and filtration products	Industrial	£163m	5.6%	3.3%
Thorpe (FW)	Designs, manufactures and supplies professional lighting equipment	Industrial	£457m	1.7%	3.3%
Volex	Manufacturer of data and power cabling	Industrial	£577m	1.3%	3.3%
YouGov	Global public opinion data and analytics company	Industrial	£1362m	0.7%	3.3%
Young & Co Brewery	Operates a managed and tenanted pub estate	Consumer	£375m	1.9%	3.3%
Averages			£748m	2.1%	

Stock attribution

Top 5 positive stocks over 3 months

Company	Total return
YouGov	58.7%
Smart Metering Systems	53.3%
Strix Group	43.1%
Next 15 Group	30.8%
GB Group	27.2%

Top 5 negative stocks over 3 months

Company	Total return
Alliance Pharma	-14.4%
Fevertree Drinks	-12.6%
Alpha Group	-6.4%
Restore	-6.4%
Thorpe (FW)	-5.4%

Attribution notes

Your holdings and performance may vary from those shown due to transaction dates and market movements. For details of your actual performance, please refer to your valuation.

Equilibrium Investment Management LLP

Ascot House, Epsom Avenue, Handforth, Wilmslow, Cheshire SK9 3DF

t : +44 (0) 161 486 2250 t : 0808 168 0748 e : askus@equilibrium.co.uk w : www.equilibrium.co.uk



Commentary

The positive momentum from November was maintained into December to see another positive month of returns for the AIM market and Equilibrium AIM Portfolio. This was not quite enough to deliver a positive return for the year as a whole, with total return from the FTSE AIM All Share Index of -6.4% and the total return from the AIM Portfolio of -2.3%.

That said, we are pleased that investors are waking up to the significant undervaluation of these UK stocks. As we highlighted in the last factsheet, corporate and private equity bidders have recognised this and have started to bid relatively high premiums to buy the companies outright. On this note, in December one of the Portfolio holdings, Smart Metering Systems, had a recommended cash offer from a large private equity company at a 40% premium to the price before the announcement. We think this trend is likely to continue and will hopefully encourage many other investors to see the value in these companies.

We appreciate that this market has been very challenging over the last couple of years but are encouraged by these early signs. We are reminded of the words of Charlie Munger, the business partner of legendary investor Warren Buffett, who passed away in late November who once reflected that, "the big money is not in the buying and selling but in the waiting".

Performance

Rolling total returns

	10 Years	5 Years	3 Years	1 Year	6 Months
Equilibrium AIM Portfolio	76.77%	5.47%	-20.10%	-2.33%	3.80%
FTSE AIM All Share Index	2.42%	-5.04%	-31.14%	-6.40%	2.29%

Discrete annual total returns

	2023	2022	2021	2020	2019
Equilibrium AIM Portfolio	-2.33%	-28.72%	14.84%	2.32%	28.85%
FTSE AIM All Share Index	-6.40%	-30.67%	6.12%	21.75%	13.26%
ARC IHT Portfolio Index*		-27.91%	18.82%	0.31%	25.26%

Volatility

	2023	2022	2021	2020	2019
Equilibrium AIM Portfolio	15.21%	20.63%	11.76%	26.77%	12.15%
FTSE AIM All Share Index	12.54%	16.98%	12.37%	32.08%	10.08%

*The ARC IHT Portfolio Index comprises of similar portfolios invested in AIM stocks to mitigate Inheritance Tax (2023 full year figures not yet available).

Performance data sourced from FE Analytics with income reinvested. 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. Performance data before 1 March 2015 based on the back tested data using the Portfolio's investment process.

The performance is stated after a 1.0% 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.

Notes

The views expressed herein should not be taken as statements of fact or relied upon when making investment decisions. 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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Equilibrium Investment Management LLP

Ascot House, Epsom Avenue, Handforth, Wilmslow, Cheshire SK9 3DF
 t : +44 (0) 161 486 2250 t : 0808 168 0748 e : askus@equilibrium.co.uk w : www.equilibrium.co.uk