



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 31 May 2022

Holding breakdown

| Security | Summary | Sector | Market Cap | Div Yield | Weight |
|-----------------------|--|-------------|--------------|-------------|--------|
| AB Dynamics | Provider of testing systems for the global motor industry | Industrial | £246m | 0.5% | 3% |
| Advanced Medical Slns | Designer, manufacturer and distributor of novel medical polymers | Health Care | £652m | 0.7% | 3% |
| Alliance Pharma | Acquirer and distributor of pharmaceuticals | Health Care | £607m | 1.5% | 3% |
| Craneware | Develops and licences computer software for the US healthcare industry | IT | £501m | 2.0% | 3% |
| CVS Group | Operates animal veterinary practices, a diagnostic business and a pet crematorium | Health Care | £1275m | 0.4% | 3% |
| Dotdigital Group | Provides software as a service for digital marketers | IT | £262m | 1.1% | 3% |
| EMIS Group | Designs computer software for the healthcare profession | IT | £818m | 2.7% | 3% |
| Fevertree Drinks | A developer and supplier of premium mixer drinks with outsourced manufacturing | Consumer | £1793m | 1.0% | 3% |
| Focusrite | Manufacturers and distributes hardware and software for musicians | Industrial | £564m | 0.6% | 3% |
| GB Group | Provides electronic ID verification services, combating fraud and money laundering | IT | £1158m | 1.1% | 3% |
| Gamma Comms | Telecoms, broadband and data communications systems | IT | £1401m | 0.6% | 3% |
| Hotel Chocolat Group | Manufacturer and retailer of chocolate and related gifts | Consumer | £453m | 0.0% | 3% |
| Ideagen | Provider of information management software solutions | IT | £1022m | 0.1% | 3% |
| IG Design Group | Designs, manufactures and distributes gift packaging and greeting cards | Consumer | £45m | 13.5% | 3% |
| James Halstead | Manufacturer and distributor of flooring products | Industrial | £954m | 3.4% | 3% |
| Jet2 | Operator of scheduled and charter flights by Jet2.com and provision of holidays | Consumer | £2507m | 0.0% | 3% |
| Johnson Service Group | Provides workwear rental, laundering and dry-cleaning services | Industrial | £520m | 0.0% | 3% |
| Keywords Studios | Provides production and user services to digital gaming companies | IT | £1793m | 0.1% | 3% |
| Learning Tech. Group | Provides IT platforms for online learning and training | IT | £1043m | 0.8% | 3% |
| Next Fifteen Comms | Digital marketing, PR and communications for the technology sector | Industrial | £1069m | 1.0% | 3% |
| Nichols | Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries | Consumer | £486m | 1.8% | 3% |
| Renew | Provides specialist engineering and building services | Industrial | £546m | 2.4% | 3% |
| Restore | Secure services in document storage, online storage and document shredding | Industrial | £610m | 1.7% | 3% |
| RWS Holdings | Provides services for the translation and validation of European patents | Industrial | £1545m | 2.7% | 3% |
| Smart Metering Sys | Rents and manages gas meters and lays infrastructure pipes | Industrial | £1120m | 3.2% | 3% |
| Strix Group | Designs and manufactures kettle safety controls and filtration products | Industrial | £409m | 4.4% | 3% |
| Thorpe (FW) | Designs, manufactures and supplies professional lighting equipment | Industrial | £504m | 1.4% | 3% |
| YouGov | Global public opinion data and analytics company | Industrial | £1532m | 0.5% | 3% |
| Young & Co Brewery | Operates a managed and tenanted pub estate | Consumer | £447m | 1.4% | 3% |
| Averages | | | £864m | 2.1% | |

Stock attribution

Top 5 positive stocks over 3 months

| Company | Total return |
|------------------------|--------------|
| Ideagen | 54.7% |
| Smart Metering Systems | 16.7% |
| Alliance Pharma | 9.5% |
| EMIS Group | 7.1% |
| CVS Group | 6.8% |

Top 5 negative stocks over 3 months

| Company | Total return |
|-------------------------|--------------|
| IG Design Group | -48.8% |
| Dotdigital Group | -41.5% |
| Hotel Chocolat | -27.5% |
| Johnson Service Group | -26.4% |
| Learning Technology Grp | -24.9% |

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.

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Commentary

Last month we reflected on the fall in share prices this year and how some companies are starting to use this weakness to bid for businesses.

In this vein, May saw a private equity company, HG Pooled Management, bid 350p a share for investee company Ideagen. Ideagen is a successful company that sells business-critical management information software to highly regulated businesses. Last September the share price reached 325p but the weak equity market brought the share price all the way down to 196p in March of this year. Whilst it is pleasing to see value being realised this underlines the significant undervaluations the current weak stock market is generating.

We suspect this will not be the last bid. Private equity companies in general have large cash balances and are ready to pounce if investors oversell quality companies; there were, in fact, three private equity companies that were interested in bidding for Ideagen.

Bids aside, we had trading updates from nine other investee companies. All were in-line with expectations with the exception of Gamma Communications which indicated that profits would be "in the upper half of range of market forecasts".

Young & Co., the pub chain and brewer, was one of the companies that announced good full year figures but also its first final dividend since 2019. Hopefully this is reflective of a broader return to more 'normal' economic conditions looking ahead.

Performance

Rolling total returns

| | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years |
|---------------------------|----------|----------|---------|---------|---------|
| Equilibrium AIM Portfolio | -6.44% | -16.56% | -17.49% | -0.77% | 1.79% |
| FTSE AIM All Share Index | -5.90% | -17.38% | -21.50% | 4.83% | 4.12% |

Discrete annual total returns

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------|--------|--------|--------|---------|--------|
| Equilibrium AIM Portfolio | 14.84% | 2.32% | 28.85% | -22.10% | 32.55% |
| FTSE AIM All Share Index | 6.12% | 21.75% | 13.26% | -17.12% | 25.97% |
| ARC IHT Portfolio Index* | 18.82% | 0.31% | 25.26% | -15.20% | 18.70% |

Volatility

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------|--------|--------|--------|--------|-------|
| Equilibrium AIM Portfolio | 11.76% | 26.77% | 12.15% | 17.68% | 9.91% |
| FTSE AIM All Share Index | 12.37% | 32.08% | 10.08% | 14.85% | 6.72% |

*The ARC IHT Portfolio Index comprises of similar portfolios invested in AIM stocks to mitigate Inheritance Tax.

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.

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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