



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 July 2022

Holding breakdown

Security	Summary	Sector	Market Cap	Div Yield	Weight
AB Dynamics	Provider of testing systems for the global motor industry	Industrial	£296m	0.4%	3.3%
Advanced Medical Slns	Designer, manufacturer and distributor of novel medical polymers	Health Care	£607m	0.7%	3.3%
Alliance Pharma	Acquirer and distributor of pharmaceuticals	Health Care	£525m	1.7%	3.3%
Alpha FX Group	Provider of foreign currency services	Financial	£768m	0.6%	3.3%
Craneware	Develops and licences computer software for the US healthcare industry	IT	£668m	1.5%	3.3%
CVS Group	Operates animal veterinary practices, a diagnostic business and a pet crematorium	Health Care	£1223m	0.4%	3.3%
Dotdigital Group	Provides software as a service for digital marketers	IT	£293m	0.9%	3.3%
Fevertree Drinks	A developer and supplier of premium mixer drinks with outsourced manufacturing	Consumer	£1250m	1.5%	3.3%
Focusrite	Manufacturers and distributes hardware and software for musicians	Industrial	£647m	0.5%	3.3%
Gamma Comms	Telecoms, broadband and data communications systems	IT	£1070m	1.2%	3.3%
GB Group	Provides electronic ID verification services, combating fraud and money laundering	IT	£1276m	0.8%	3.3%
Hotel Chocolat Group	Manufacturer and retailer of chocolate and related gifts	Consumer	£190m	0.0%	3.3%
IG Design Group	Designs, manufactures and distributes gift packaging and greeting cards	Consumer	£92m	7.5%	3.3%
James Halstead	Manufacturer and distributor of flooring products	Industrial	£888m	3.6%	3.3%
Jet2	Operator of scheduled and charter flights by Jet2.com and provision of holidays	Consumer	£1968m	0.0%	3.3%
Johnson Service Group	Provides workwear rental, laundering and dry-cleaning services	Industrial	£505m	0.0%	3.3%
Judges Scientific	Manufacturer of specialist scientific instruments	Industrial	£541m	0.8%	3.3%
Keywords Studios	Provides production and user services to digital gaming companies	IT	£1934m	0.1%	3.3%
Learning Tech. Group	Provides IT platforms for online learning and training	IT	£1048m	0.8%	3.3%
Midwich Group	Distributor of audio visual equipment	Industrial	£462m	2.1%	3.3%
Next Fifteen Comms	Digital marketing, PR and communications for the technology sector	Industrial	£1006m	1.0%	3.3%
Nichols	Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries	Consumer	£440m	2.1%	3.3%
Renew	Provides specialist engineering and building services	Industrial	£584m	2.3%	3.3%
Restore	Secure services in document storage, online storage and document shredding	Industrial	£615m	1.6%	3.3%
RWS Holdings	Provides services for the translation and validation of European patents	Industrial	£1493m	2.8%	3.3%
Smart Metering Sys	Rents and manages gas meters and lays infrastructure pipes	Industrial	£1254m	2.9%	3.3%
Strix Group	Designs and manufactures kettle safety controls and filtration products	Industrial	£331m	5.2%	3.3%
Thorpe (FW)	Designs, manufactures and supplies professional lighting equipment	Industrial	£428m	1.6%	3.3%
YouGov	Global public opinion data and analytics company	Industrial	£1212m	0.6%	3.3%
Young & Co Brewery	Operates a managed and tenanted pub estate	Consumer	£427m	1.5%	3.3%
Averages			£779m	1.8%	

Stock attribution

Top 5 positive stocks over 3 months

Company	Total return
IG Design Group	38.6%
Smart Metering Systems	14.9%
Dotdigital Group	13.1%
Craneware	9.8%
Renew Holdings	6.9%

Top 5 negative stocks over 3 months

Company	Total return
Hotel Chocolat	-63.0%
Fevertree Drinks	-40.9%
Jet2	-26.1%
Next Fifteen Group	-22.2%
Strix Group	-22.0%

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

After six months of negative returns, July at last showed a positive return for both the AIM Index and the Portfolio (5.3% and 5.8%, respectively). Investor concerns that interest rates would continue to ratchet up have softened given some early signs of weaker inflationary pressures.

We have had a plethora of trading updates this month as investee companies review progress at the half-year stage. On the whole, companies are feeling the impact of the wave of inflation with many preferring to absorb some of the cost price increases where they are unable to push up their prices or cut other costs. This expected squeeze on profit margins has been a key reason for the weakness in share prices this year.

At the extremes, Hotel Chocolat saw a sharp drop in the share price after it announced much lower profits and a strategic pull-back from its US and Japan ventures, whereas the shares in digital marketer Dotdigital leapt after the company announced a very strong pipeline of new business and costs well under control.

In terms of the Portfolio, we carried out the usual rebalancing at the end of June and initiated a new holding in Alpha FX Group, a foreign exchange company which replaced EMIS Group which has been taken over. Another investee company that has been acquired is Ideagen, which has been replaced in portfolios by two stocks, Midwich Group, which distributes audio visual technology, and Judges Scientific, which produces scientific instruments.

Performance

Rolling total returns

	3 Months	6 Months	1 Year	3 Years	5 Years
Equilibrium AIM Portfolio	-4.12%	-12.37%	-20.74%	0.64%	-2.38%
FTSE AIM All Share Index	-9.45%	-15.25%	-25.47%	2.13%	-0.70%

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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