



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 30 September 2022

Holding breakdown

Security	Summary	Sector	Market Cap	Div Yield	Weight
AB Dynamics	Provider of testing systems for the global motor industry	Industrial	£322m	0.4%	3.3%
Advanced Medical Slns	Designer, manufacturer and distributor of novel medical polymers	Health Care	£527m	0.8%	3.3%
Alliance Pharma	Acquirer and distributor of pharmaceuticals	Health Care	£300m	2.8%	3.3%
Alpha FX Group	Provider of foreign currency services	Financial	£717m	0.7%	3.3%
Craneware	Develops and licences computer software for the US healthcare industry	IT	£686m	1.3%	3.3%
CVS Group	Operates animal veterinary practices, a diagnostic business and a pet crematorium	Health Care	£1219m	0.4%	3.3%
Dotdigital Group	Provides software as a service for digital marketers	IT	£254m	1.0%	3.3%
Fevertree Drinks	A developer and supplier of premium mixer drinks with outsourced manufacturing	Consumer	£976m	1.8%	3.3%
Focusrite	Manufacturers and distributes hardware and software for musicians	Industrial	£414m	0.8%	3.3%
Gamma Comms	Telecoms, broadband and data communications systems	IT	£1021m	1.2%	3.3%
GB Group	Provides electronic ID verification services, combating fraud and money laundering	IT	£1536m	0.6%	3.3%
Hotel Chocolat Group	Manufacturer and retailer of chocolate and related gifts	Consumer	£165m	0.0%	3.3%
IG Design Group	Designs, manufactures and distributes gift packaging and greeting cards	Consumer	£75m	8.6%	3.3%
James Halstead	Manufacturer and distributor of flooring products	Industrial	£861m	3.7%	3.3%
Jet2	Operator of scheduled and charter flights by Jet2.com and provision of holidays	Consumer	£1488m	0.0%	3.3%
Johnson Service Group	Provides workwear rental, laundering and dry-cleaning services	Industrial	£351m	0.9%	3.3%
Judges Scientific	Manufacturer of specialist scientific instruments	Industrial	£464m	0.9%	3.3%
Keywords Studios	Provides production and user services to digital gaming companies	IT	£1776m	0.1%	3.3%
Learning Tech. Group	Provides IT platforms for online learning and training	IT	£826m	0.9%	3.3%
Midwich Group	Distributor of audio visual equipment	Industrial	£418m	2.5%	3.3%
Next Fifteen Comms	Digital marketing, PR and communications for the technology sector	Industrial	£768m	1.5%	3.3%
Nichols	Supplies soft drinks to the retail, wholesale, catering, licensed and leisure industries	Consumer	£395m	2.4%	3.3%
Renew	Provides specialist engineering and building services	Industrial	£450m	2.6%	3.3%
Restore	Secure services in document storage, online storage and document shredding	Industrial	£507m	1.7%	3.3%
RWS Holdings	Provides services for the translation and validation of European patents	Industrial	£1246m	3.2%	3.3%
Smart Metering Sys	Rents and manages gas meters and lays infrastructure pipes	Industrial	£1072m	3.8%	3.3%
Strix Group	Designs and manufactures kettle safety controls and filtration products	Industrial	£255m	7.2%	3.3%
Thorpe (FW)	Designs, manufactures and supplies professional lighting equipment	Industrial	£410m	1.6%	3.3%
YouGov	Global public opinion data and analytics company	Industrial	£971m	0.6%	3.3%
Young & Co Brewery	Operates a managed and tenanted pub estate	Consumer	£322m	1.8%	3.3%
Averages			£672m	2.1%	

Stock attribution

Top 5 positive stocks over 3 months

Company	Total return
GB Group	53.0%
Dotdigital Group	22.1%
AB Dynamics	22.1%
Alpha FX Group	9.2%
Craneware	4.9%

Top 5 negative stocks over 3 months

Company	Total return
Hotel Chocolat	-57.7%
Alliance Pharma	-51.4%
Focusrite	-31.2%
Fevertree Drinks	-30.9%
Strix Group	-26.3%

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

September brings with it a raft of company updates. Over the month, 17 investee companies provided guidance as to how their businesses are trading and, on the whole, the news was generally positive – not stellar, as you would expect in the current economic environment, but certainly not the weak picture you would expect from observing the falling share prices. The median profit across all the companies that reported grew by 10% over the last six months and this was matched by a rise in dividends of 10%.

Alliance Pharma, for example, saw the weakest share price reaction of all the stocks but this after announcing profits that were flat for the year, a 5% increase in the dividend and a statement that, “the second half of (fiscal) 2022 has got off to an encouraging start”. Others were much more upbeat. Midwich, at the other end of the spectrum, saw profits rise by nearly half and raised the dividend payment by 36%; the statement talks of supply chain bottlenecks easing and “order books are strong”.

This disconnect between fundamentals and share prices is understandable in view of the uncertainties facing the global economy but does result in very low valuations for the stocks. A handful of companies in the Portfolio have been bid for already this year and it would not be surprising to see more being acquired, especially given the weakness of sterling which makes valuations super-cheap for US buyers.

Performance

Rolling total returns

	10 Years	5 Years	3 Years	1 Year	6 Months
Equilibrium AIM Portfolio	145.72%	-17.98%	-9.44%	-33.55%	-18.64%
FTSE AIM All Share Index	28.74%	-14.48%	-4.56%	-34.34%	-22.01%

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. 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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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