

AIM Portfolio Service

GBIM

GORE BROWNE
INVESTMENT MANAGEMENT

QUARTERLY FACTSHEET

all data as at the 31st December 2018

Portfolio Objective

To achieve capital growth over the medium to long term from a portfolio of AIM-listed companies which we reasonably believe qualify for Business Relief.

Manager Commentary

This was an uninspiring quarter for the Alternative Investment Market given weak market conditions globally.

The portfolio was down in-line with the benchmark. The reasons behind the drop were almost wholly a market de-rating i.e. investors paying a lower multiple of earnings for shares in our businesses. This was particularly prevalent in our IT businesses – GB Group, Learning Technologies and others, where positive updates on trading were overlooked by investors.

Since the 30th September the only companies to give concerns were Redcentric, CVS, Restore and Fulcrum Utility Services. Redcentric was sold, because of an intensification in industry pricing due to competitive pressures which resulted in the Chief Executive leaving the business. The issues for CVS (wage inflation), Restore (CEO stepped down) and Fulcrum Utility Services (UK Capacity Market funding changes) we believe to be transitory.

Following small profit-taking early in the quarter, we added Castleton Technology. Management have constructed a platform of IT solutions for UK Housing Associations. Castleton's solutions transform data management within housing associations and reduce costs.

In summary, whilst disappointed by recent share price performances, the medium and long-term prospects for our businesses remain undimmed.

Representative Performance Since Launch (%)



Representative Cumulative Performance (%)

	6 Mths	1 Yr	3 Yrs	5 Yrs	Launch
Portfolio	-19.07	-9.87	41.00	68.35	71.13
Benchmark*	-18.94	-12.82	34.45	5.75	9.89
Relative Performance	-0.13	2.95	6.55	62.6	61.24

Investment Managers



Joseph Cornwall Investment Manager
Joe has been managing the Service since 2015, analysing and meeting leadership teams of AIM companies. Joe is a Chartered Member of the CISI.



Tom Hewitt Director
Tom joined in 2017. Previously he spent 14 years at Lloyds Bank lending to small and medium sized businesses. Tom is a Member of the CISI.



Bertie Gore Browne Investment Director
Bertie is a co-founder of Gore Browne Investment Management and has been managing private client and charity portfolios since 1987. Bertie is a Fellow of the CISI.

Key Details

Benchmark	Cboe UK Alternative 100*
Launch date	28 November 2013
TER	2.09%
Holdings	22
Historic yield	1.63%

Note that each client's portfolio is treated separately. Whilst stocks held are likely to be similar across client portfolios, weightings or levels of cash held within each account will vary. This is an actual portfolio which is the most representative example and provides the most accurate representation of GBIM's AIM Portfolio Service.

Portfolio Benefits

- All investments in the Service we reasonably believe should qualify for business relief and be exempt from IHT (Inheritance Tax), if they are held for two years and at the time of death.
- The Portfolio Service allows access to smaller and often under researched companies, with potential for strong capital growth.
- ✓ Our Portfolio Service has made a benchmark-beating return since inception.

Key Risks

- ⊘ Investors' capital is at risk and they may not get back the full amount that they invest.
- ⊘ We cannot guarantee that every investment will qualify for Business Relief.
- ⊘ Most of the investments in this portfolio are in smaller companies' shares. They may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.

Contact Us

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Representative Sector Allocation (%)

Example of Holdings

Software & IT	42.9	
Support Services	23.1	
Electrical Equipment	5.3	
Industrial Engineering	5.1	
Utilities	5.0	
Retailers	4.9	
Travel & Leisure	4.3	
Real Estate	4.2	
Beverages	2.6	
Cash	2.6	



Glossary

AIM – Alternative Investment Market:

Most securities listed on the AIM market qualify for Business Relief. Securities listed on AIM are generally smaller companies and are therefore higher risk.

Business Relief:

If you own a private business it would qualify for Business Relief, similar to receiving Agricultural Relief on a farm. As such the value of that business would be outside of your estate for Inheritance Tax calculations. Inheritance Tax is currently levied at 40% over and above any applicable allowances at the time of death. You can therefore invest in a number of AIM-listed securities which, if held for more than two years, may qualify for Business Relief. The potential tax saving for your beneficiaries could potentially therefore be 40% on the value of your AIM-listed securities, assuming the two-year qualifying period has been achieved.

ISA – Individual Savings Account:

Since 2013 you are able to invest in AIM-listed securities within your ISA so this provides further tax advantages as any crystallised gains would not be subject to Capital Gains Tax and any income would not be subject to higher-rate tax.

TER - Total Expense Ratio:

This includes GBIM's Investment Management Fee, the Custody Fee, and commissions on dealings at both initiation and switching 20% of the portfolio per year. This also incorporates VAT which is payable on the Investment Management Fee.

Total Return:

A measure which incorporates the reinvestment of dividends over time.

Yield:

Calculated by dividing each company's latest financial year's dividends by the current market value of the firm, then multiplying by 100 to arrive at a percentage figure.

IMPORTANT INFORMATION

This document is only for investment professionals, and for those clients of GBIM who have signed a Client Information and Suitability Questionnaire selecting an AIM Portfolio. Tax treatment depends on individual circumstances and may be subject to change in the future.

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