

AIM Portfolio Service

GBIM

GORE BROWNE
INVESTMENT MANAGEMENT

QUARTERLY FACTSHEET

all data as at the 31st March 2019

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

In the quarter, the portfolio gained by 3.88%, which was behind the benchmark performance of 6.29%

The portfolio benefited from the takeover of Tax Systems at a 30% premium to the prevailing share price, leading to a disproportionate cash level at the period-end which was reinvested in early April.

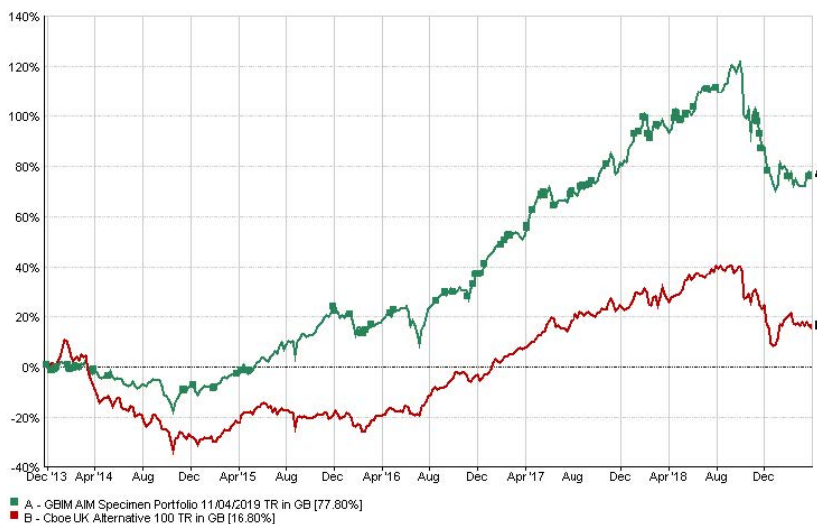
CVS Group was sold in January. The necessity for locums at increasing pay rates and an underperforming strategy of buying equine and Dutch veterinary practices meant that we ultimately lost faith in management, exacerbated by a level of debt which is higher than we would like. This was replaced by increasing our existing holding in Premier Technical Services Group.

Some of our companies had a sharp de-rating or did not recover with the market as we would like from a weak final quarter of 2018. Arena Events and Fulcrum Utility Services downgraded profit expectations by 11% and 10% for this year respectively. Both shares are 50% below their peak and are on around 8 times forecasted earnings with healthy dividend yields covered by cash flow. Both have good management teams and we fully expect that by not having the distraction of acquisitions managements' focus will be back on their core business.

Restore, Learning Technologies and Premier Technical Services are also substantially below prior highs despite delivering good results in the period. Gamma Communications, SCISYS, Nichols and Johnson Service Group all produced full year results in-line or ahead of expectations.

We feel that the portfolio offers more value than it ever has done. With 68% of the portfolio companies' revenue coming from the UK, Brexit continues to be a risk even if our quality bias for non-discretionary recurring revenues does provide a degree of comfort.

Representative Performance Since Launch (%)



Representative Cumulative Performance (%)

	6 Mths	1 Yr	3 Yrs	5 Yrs	Launch
Portfolio	-20.01	-8.05	49.71	79.66	77.80
Benchmark*	-16.87	-7.54	44.67	29.25	16.80
Relative Performance	-3.14	-0.51	5.04	50.41	61.00

Investment Managers



Joseph Cornwall Investment Manager
Joseph 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 Chartered 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	20
Historic yield	1.79%

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	42.6	
Support Services	29.5	
Real Estate	6.9	
Electrical Equipment	4.6	
Beverages	4.0	
Utilities	3.3	
Industrial Engineering	3.1	
Travel & Leisure	2.9	
Cash	3.0	



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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