

# AIM Portfolio Service

## QUARTERLY FACTSHEET

all data as at the 30 September 2023

### Portfolio Objective

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

### Manager Commentary

A catalyst to improve sentiment towards UK public companies remains elusive and this was regrettably yet another weak quarter for AIM, with our benchmark now down 11.41% year to date. Our portfolio on average, having fared slightly better, is down 8.93% year to date which is 2.48% ahead of the benchmark.

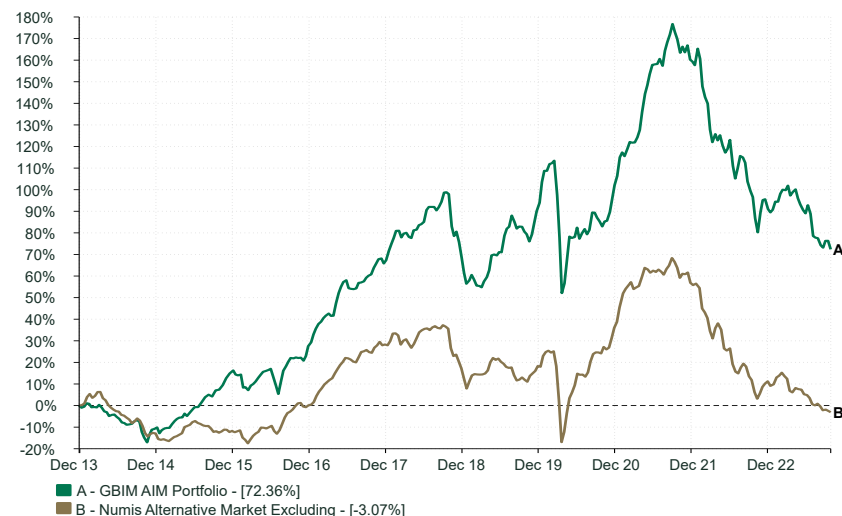
It is unlikely that we are going to see a material recovery in the coming months but through the doom and gloom we are starting to see signs of optimism. Indeed, recent data revisions suggest the UK is less of an economic straggler than previously thought and the inflation and interest rate pressures, which have been such a material headwind, appear to be peaking. With interest rate increases now on pause, the narrative from central banks has progressed from how high to raise rates to how long to hold rates at the current elevated levels. In time, falling interest rates should foster a more benign investing environment and we believe patience will be rewarded.

We are further encouraged by the Chancellor's Mansion House reforms. The series of proposals announced by Jeremy Hunt in July centred around encouraging the UK's largest institutional pension funds to allocate more of the assets under their stewardship to UK smaller companies. This has the potential to unlock up to £50 billion of investment into the sector by 2030, which would be a significant tailwind for the beleaguered AIM market.

Our best performer in the quarter was Instem following a takeover bid from a private equity group at a 41% price premium. Instem's In Silico software accesses over 500,000 toxicology studies on more than 200,000 chemicals to identify patterns and trends and ultimately make predictions on potential new compounds. Prior to the availability of Instem's software, this work required expensive and painstaking laboratory time. Now, AI-powered computational toxicology is significantly faster and more accurate. If public markets fail to value these cutting-edge technology companies appropriately, private equity buyers will continue to take advantage.

However, companies themselves are also able to take advantage of undervalued shares price by using surplus cash to purchase their own shares, and share buy backs are becoming a regular feature of conversations with our portfolio companies. In cases where shares are trading at material discounts to intrinsic worth, buy backs make a lot of sense, provided they are not at the expense of long-term investment in the growth of the business. The UK is home to some world class companies that are simply too cheap and we believe this value will eventually be recognised.

### Representative Performance Since Launch (%)



### Representative Cumulative Performance (%)

	6 Mths	1 Yr	3 Yrs	5 Yrs	Launch
Portfolio	-12.27	-5.14	-5.74	-14.40	72.36
Benchmark	-7.59	-7.33	-21.70	-29.11	-3.07
Relative Performance	-4.68	2.19	15.96	14.71	75.43

# GBIM

— GORE BROWNE —  
INVESTMENT MANAGEMENT

### Investment Managers



**Tom Hewitt** Snr Investment Manager  
Tom joined in 2017. Previously he spent 14 years at Lloyds Bank lending to small and medium sized businesses. Tom is a Chartered Fellow of the CISI.



**Bertie Gore Browne** Snr Investment Manager  
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.



**Tinzar Minmin** Investment Manager  
Tinzar joined in 2019. Previously she worked as an Analyst at the Bank of New York Mellon. Tinzar is a Chartered Member of the CISI.

### Key Details

Benchmark	<b>Numis Alternative Markets Excluding Investment Companies</b>
Launch date	<b>28 November 2013</b>
TER	<b>1.93%</b>
Holdings	<b>23</b>
Historic yield	<b>1.71%</b>

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 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 (%)

Support Services	42.0	<div></div>
Software & IT	19.3	<div></div>
Industrial Engineering	12.6	<div></div>
Telecommunications	7.5	<div></div>
Real Estates	7.0	<div></div>
Pharmaceuticals	6.9	<div></div>
Beverages	3.4	<div></div>
Cash	1.4	<div></div>

## Example of Holdings



## Glossary

### AIM – Alternative Investment Market:

Most securities listed on the Alternative Investment 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

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