

AIM Portfolio Service

QUARTERLY FACTSHEET

all data as at the 31 December 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

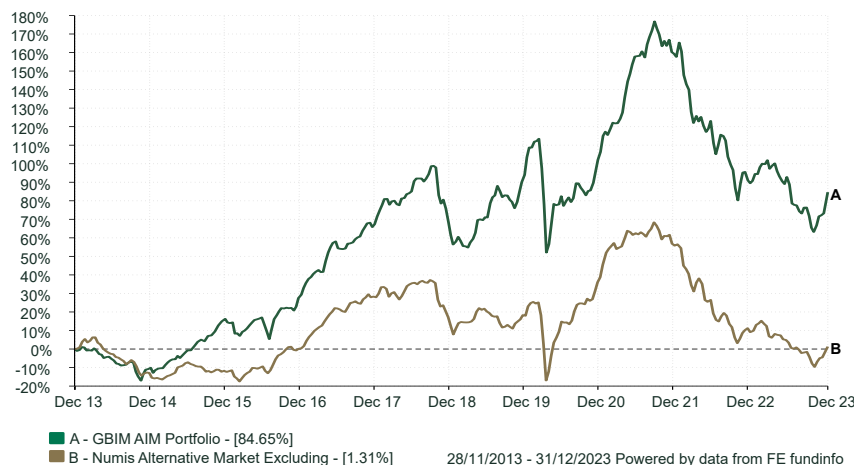
The quarter got off to a difficult start in October as markets sold off but a strong recovery in November and December left our AIM portfolios up 7.03% on average, compared to the benchmark return of 4.52%. We haven't seen such volatility since the early days of COVID and this largely stemmed from UK equity managers, who in aggregate have seen average monthly outflows of over £1 billion and have therefore been forced sellers to meet redemptions. We believe it to be a cheaper market, as evidenced by recent takeovers on AIM such as Instem, Smart Metering Systems, and Hotel Chocolat.

Economies turned out to be far more resilient in 2023 than initially feared: the promised UK recession failed to show, inflation is coming down and rate cuts are forecast for March 2024. Growth in general though remains anaemic, geopolitics is a minefield, and a lot of households are rolling on to eye-watering mortgage bills. We therefore continue to prefer defensive business models, structural growth markets, and prudent debt levels. Helpfully, supply chains are generally functioning again—albeit currently impacted by tensions in the Red Sea. We are now in a destocking cycle as companies no longer feel they need to hoard inventory. For many that will boost cash flow, while for manufacturers like Advanced Medical Solutions (AMS) it's a short-term hit to revenues. However, AMS has recently signed new agreements with all three of their US distributors for their popular surgical product, Liquiband (used in hospitals for closing/sealing wounds), which will allow AMS to tap into a \$270m addressable market that is growing very quickly.

In terms of changes to the portfolios, we exited our position in Learning Technologies (e-learning services to corporate clients) given the threat that Artificial Intelligence poses to their business model. We also took profits from one of our best performers, Ashtead Technology (provider of rental solutions for the offshore energy sector). We reinvested this cash, along with the Instem takeover proceeds, into Tracsis (data solutions to the rail sector), Bango (alternative payment solutions), and Cohort. Cohort is a defence and security engineering company that provides hardware, software, networks, training, and research to the defence industry, with a particular focus on communication systems, surveillance, and electronic/digital warfare. As is the nature of this market, a large portion of revenues come from the UK MOD with the remainder coming from export defence customers and other firms. Cohort's markets have naturally high barriers to entry (security clearances, regulation, specialist technology) and provide useful diversification to more economically cyclical companies elsewhere in portfolios.

We have now endured two consecutive negative years on AIM (note this market has never seen three). However, our optimism for 2024 stems not from historical precedent but rather from the financial health of our companies, their prospects for growth, and their incredibly low valuations. It's too early to call the bottom of the market, but December has given us a glimpse of the eventual recovery.

Representative Performance Since Launch (%)



Representative Cumulative Performance (%)

	6 Mths	1 Yr	3 Yrs	5 Yrs	Launch
Portfolio	0.91	-2.52	-16.10	19.72	84.65
Benchmark	0.91	-7.40	-32.14	-6.38	1.31
Relative Performance	0.00	4.88	16.04	26.10	83.34

GBIM

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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	Numis Alternative Markets Excluding Investment Companies
Launch date	28 November 2013
TER	1.93%
Holdings	25
Historic yield	1.60%

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	36.8	<div></div>
Software & IT	18.7	<div></div>
Industrial Engineering	13.2	<div></div>
Pharmaceuticals	8.1	<div></div>
Real Estates	7.9	<div></div>
Telecommunications	7.1	<div></div>
Aerospace & Defense	3.1	<div></div>
Beverages	2.7	<div></div>
Cash	2.5	<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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