



# PILLING & CO STOCKBROKERS LTD.

## AIM IHT Portfolio April 2021 Factsheet

### Portfolio Objectives

The Pilling & Co AiM IHT Portfolio is a discretionary managed portfolio service, designed to provide investors with inheritance tax relief after two years and risk managed growth.

Our portfolio comprises between 35-40 AiM quoted companies, which have been chosen based on their balance sheet strength, market valuation and liquidity, ability to pay dividends, a business model that is likely to survive changing fashions, management equity commitment and quality of shareholder base.

We focus on larger and more established AiM quoted companies to help reduce portfolio volatility. We exclude the Oil & Gas and Utility sectors.

### Key Facts

Launch Date	2008
Benchmark	FTSE AIM All Share
Holdings	approx. 40
Est Dividend Yield	1.44%
Minimum Investment	£30,000
Avg. Market Cap	£778.8mln
Price Earnings Ratio	31.6

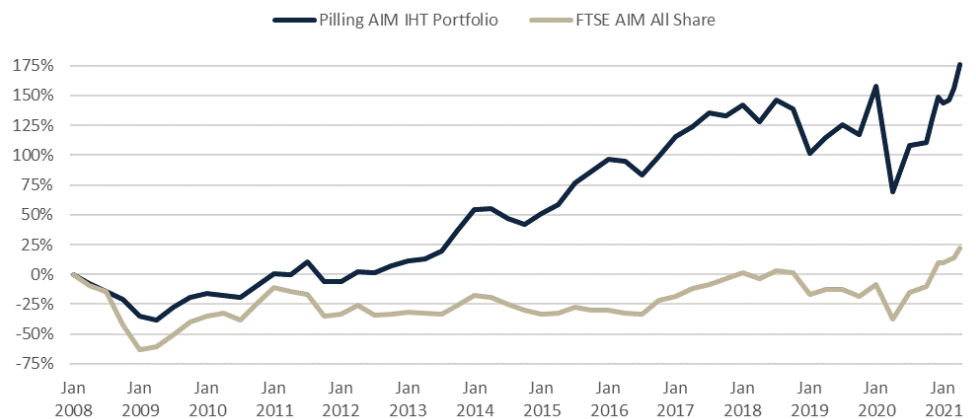
### Charges

Management fee	1%, plus VAT
Custody fee	0.5% (min £50, max £180)
Dealing fee	1.65%, min £10

### Key Risks

- AiM portfolios are classed as **HIGH** risk
- Your capital is at risk and you may not get back the full amount invested.
- Past performance is not a reliable indicator of future returns.
- Tax treatment depends on individual circumstances.
- Business Relief is not guaranteed.
- Investments in companies quoted on AiM may carry greater risk, and the shares may be more volatile, than fully-listed companies

### Pilling AIM IHT Portfolio Performance



### Manager Commentary

During the month of April, the Pilling AIM portfolio model gained 7.5%, marginally ahead of the benchmark index that rose by 7.4%.

We report another positive month of portfolio returns as markets now price in a stronger economic recovery driven by the success of the vaccine rollout in both curtailing new cases and preventing transmission of Covid.

**Jet2** has performed robustly as the expectations of summer holidays become more realistic, driven by the positive vaccine data. The holiday company has cancelled operations until June 23rd when summer holidays should recommence.

It is noteworthy that earlier this year, **Jet2** said it raised nearly £1 billion in liquidity to further mitigate the impacts of the pandemic. We also saw the group introduce further actions to reduce cash burn and preserve cash. This gives us a great deal of comfort that the group can navigate the current short term uncertainty regarding travel and benefit from firmer pricing and less competition once restrictions ease.

**Next Fifteen Communications** is a lesser-known name in our model portfolio. They are essentially a group of digital marketing businesses that suffered last year in the downturn. We correctly kept faith with management who have now demonstrated the company's strong organic growth momentum and anticipated margin expansion. The company have also reinstated their dividend.

**K3 Capital** continues to impress, expecting revenue to triple in 2021. The group acquired 3 business in 2020 expanding its service offering and the integration has proven positive for the group as a whole. Since the start of the year the company has upgraded their market forecasts twice due to the extent of this recovery. Their shares have performed strongly on the back of these revised numbers.

Disappointingly our recent new addition, **Tristel**, cautioned the market, reporting a slower start to the third quarter. The manufacturer of infection prevention and contamination control products said sales in all markets in 2021 started very slowly because of the impact of the pandemic reducing elective procedures. In the UK, falling activity levels in the NHS directly impacted sales.

Whilst we were disappointed by the update we view this as temporary. Once the impact of Covid diminishes and patient admissions increase, the demand for **Tristel's** products should recover both in the UK and overseas.

## Cumulative Performance %

	1 year	2 year	3 years	4 years	5 years
Pilling & Co	36.1%	18.9%	18.9%	18.7%	41.1%
FTSE AIM All Share TR	59.8%	35.4%	26.3%	39.8%	88.0%

## Discrete Performance %

	2017	2018	2019	2020	YTD
Pilling & Co	11.8%	-17.1%	29.7%	-3.3%	11.0%
FTSE AIM All Share TR	26.0%	-17.1%	13.3%	21.8%	11.3%

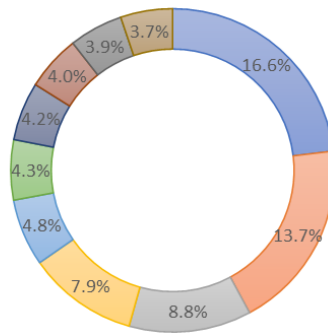
All performance is calculated net of management and dealing fees.  
The Cumulative Performance is calculated to month end, as at 30th April 2021.

Please note, the performance data is based on our model AIM portfolio. The performance of your portfolio may differ to that of the model portfolio as some of the stocks chosen by your Investment Manager may be different to fit your personal circumstances.

## Top 10 Holdings

YouGov Plc	5.4%
GB Group Plc	4.9%
Marlowe Plc	4.6%
Breedon Group Plc	4.0%
Jet2 Plc	3.9%
Alliance Pharma Plc	3.6%
RWS Holdings Plc	3.6%
Polar Capital Holdings Plc	3.4%
Next Fifteen Communications Plc	3.3%
Numis Corp Plc	3.1%

## Sector Allocation



Professional & Commercial	16.6%
Software & IT	13.7%
Media & Publishing	8.8%
Investment Banking & Investment Services	7.9%
Machinery, Equipment & Components	4.8%
Healthcare Equipment & Supplies	4.3%
Real Estate	4.2%
Construction Materials	4.0%
Passenger Transportation	3.9%
Speciality Retailers	3.7%

## Company Spotlight



Company	Jet2
Sector	Passenger Transportation Services
Market Capitalisation	£3,196.9 mln
Dividend Yield	0.0%

The group comprises two main divisions, package holiday operator Jet2holidays and its airline Jet2.com, focusing on the Mediterranean, Canary Islands and various European Cities.

The travel & airline industry has endured a torrid twelve-month period but following the success of the vaccine program there could now be blue skies ahead.

A trading update from the company at the end of April highlighted the extent of the COVID impact with a loss of between £375m - £385m guided for the year ended 31st March 2021.

A swift cost cutting exercise and the ability to raise funds in the equity markets has ensured that Jet2 retains a solid balance sheet during this difficult time, with a liquidity position of £1,379m of cash.

Due to the uncertainty surrounding the government's plans on international travel, the group has taken the decision to suspend all flights and holidays until the 23rd June. On a more positive note, bookings for Winter 2021 and Summer 2022 have been encouraging and the group remains confident that they are well placed to benefit from the pent-up demand from UK holidaymakers to finally get away once allowed.

Pilling & Co Stockbrokers Ltd is registered in England and Wales No. 9220456 and

is authorised and regulated by the Financial Conduct Authority (FCA) No 652114 and are members of the London Stock Exchange.

**Please note that the value of your investments and the level of income produced can fall as well as rise and you may not get back the full amount that you invested. Past performance is not a guide to future returns.** Any opinions expressed should not be construed as advice for investment in any product or security featured. Some shares may use part of the capital invested to provide an income. The information herein is based on current HMRC rules which are subject to change. Any opinions or information provided has been based on sources we believe to be reliable. Pilling & Co Stockbrokers Ltd staff and/or principals may hold investments featured, if these shareholdings are deemed significant then we will endeavour to disclose this. Prices given are the most recent market prices and should not be interpreted as price targets for investment decisions. Investments featured within this publication may not be updated if we change them as constituents of our AiM portfolios. The remuneration of the author may be linked to transactions in the recommended investment. All investments are subject to our current terms and conditions and charges which we reserve the right to change. Whilst every effort is made to ensure accuracy we cannot be held liable for errors or omissions. Pilling & Co maintains a conflicts of interest policy to ensure objectivity of its recommendations, a copy of this policy is available on request, or can be found on our website. A copy of our internal complaints procedure is available on request together with the Financial Ombudsman Service (FOS) leaflet explaining their operation. Pilling & Co Stockbrokers Ltd is registered under the Data Protection Act as a controller of information.