

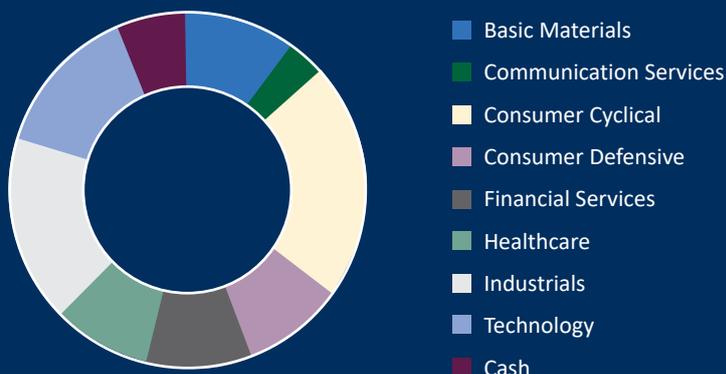


### QUARTERLY AIM PORTFOLIO REVIEW Q1 2018

#### HIGHLIGHTS

- We continue to focus on businesses with solid fundamentals and noteworthy advantages. We believe this will produce satisfactory returns over the long term. However, investors should be prepared for periods of underperformance against the benchmark in the short-term as we do not seek to replicate the AIM 100 index.
- The portfolio has returned 109.85% since inception (01.01.2015).
- Within the quarter we produced a positive return of 6.8% after fees and expenses. Joules has moved into our top five holdings with a 90% increase in value since adding this stock to the portfolio.

#### AIM PORTFOLIO SECTOR HOLDINGS



#### MARKET OUTLOOK: Q1 2018

Small cap and Alternative Investment Market indices had a volatile start to 2018 but over the first four months of 2018 remained little changed. The major reason for this volatility is due to the shifting perceptions towards the UK economy. Smaller company investments are always highly influenced by the perceptions towards their home market as typically they are less internationally focused than their larger company peers. This meant that with the UK stock market a bit out of favour from the perspective of international investors due to fears about the potential impact of Brexit and the scope for volatility in UK domestic politics, smaller company shares were quite volatile.

However we believe recent developments suggest that these fears are overstated and hence we are optimistic that our focus towards investment in companies with sustainable competitive advantages will play out positively. This should be helped by a continuing moderation in future interest rate increase expectations as the Bank of England becomes less concerned about the inflation outlook.

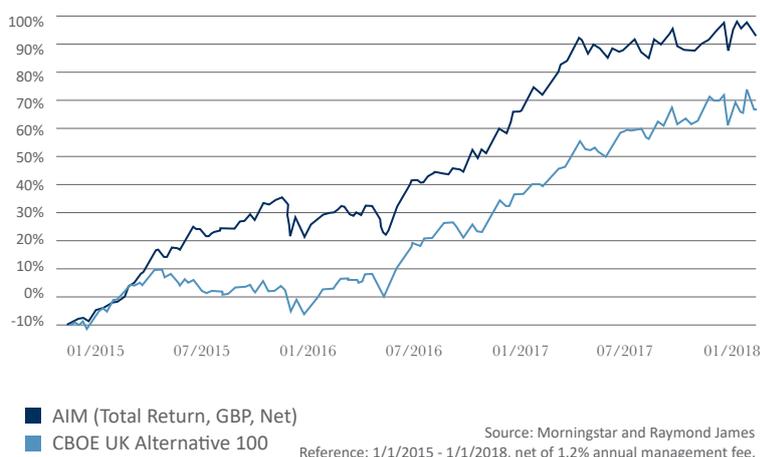
With smaller company shares, on average, currently valued more cheaply than their larger equivalents we believe a number of attractive individual share stories will become apparent. A couple of good examples are **Advanced Medical Devices** and **Nichols**.

**Advanced Medical Devices** specialises in the design, development, manufacture and distribution of advanced wound care products and related medical adhesives. Unsurprisingly with a growing and ageing global population demand for such products is continuing to increase. In the most recent numbers released by the company we were particularly impressed by the 22% rise in the growth of their Branded Business division. As with any business, brands are a positive for a company as they provide a continuing reason for their clients to buy products. We were also pleased to read that their other division remains focused on improving marketing efficiencies for the company across their global

client base. Looking forward we see good potential for this business with continued growth prospects.

Meanwhile **Nichols** - most famous for their range of soft drinks including Vitmo, Sunkist and Levi Roots - appears to be dealing with issues around the newly introduced sugar tax. This is because the company has been focused for a number of years on reducing the level of sugar in its range of products. Another growth area has been in developing sales opportunities outside of the UK. Around a quarter of the company's sales are now generated outside of the UK with a particularly successful area being the Middle East as Vitmo is a compliant drink for those celebrating Ramadan, although there was some disruption to sales to Yemen due to the ongoing conflict there. Overall we believe this family run business - which also generates an over 2% dividend yield - offers good scope looking into the future.

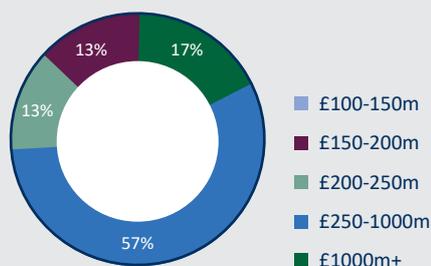
#### AIM PORTFOLIO PERFORMANCE Q1 2015 - Q1 2018



## TOP HOLDINGS

Company	Holding (%)
Fevertree Drinks PLC	6.31%
Joules Group PLC	5.45%
Dart Group PLC	5.24%
Iomart Group PLC	5.13%
Advanced Medical Solutions Group PLC	4.80%

## COMPANY SIZES IN TERMS OF MARKET CAPITALISATION



Return	AIM Portfolio (%)	CBOE UK Alternative 100 (%)
3 Month	5.64	8.44
12 Month	6.81	17.80
2 Year	49.88	62.09
Since Inception (01.01.15)	109.85	86.42

\*Net of 1.2% Annual Management Fee, inclusive of dividends

Investors should be aware that past performance is not a guide to the future and that the price of shares, and the income derived from them, may fall as well as rise and the amount realised may be less than the original sum invested.

## AIM PICK OF THE QUARTER: CURTIS BANKS

A wise man once said that there are multiple reasons why company directors buy and sell shares, but if you were looking for real insight then focus only on purchases that involve directors using 'cold hard cash' and ignore the rest. Taking the spirit of this we noted a few weeks ago the director sales by three leading executives (including Mr Curtis and Mr Banks) of Curtis Banks, a financial services firm. The company has built up a strong reputation as one of the UK's top providers of full Self Invested Personal Pension Schemes (SIPPs to you and me) and Small Self Administered Pension Schemes (SSASs) and they have over £12bn of assets under administration.

What was striking was the speed these shares were sold to a number of major institutions - both current and new shareholders - reflecting the generally held view of strong prospects. Certainly our reading of the last set of financial numbers released in March - where the group talked about a 'compelling' opportunity driven by underlying

demographic and regulatory changes plus raised the full year dividend by over 50% - is consistent with this view.

Director share sales can stick in the throat but the key is always to understand the greater context. With senior management still holders of a large amount of shares and the institutional shareholder base both broadened and deepened, we think stronger liquidity and greater awareness of the company bodes well for the share price prospectively. Double-digit growth scope, good cash flow generation and a 2%+ dividend yield is a combination we believe works. The shares are already trading above the placing price the aforementioned institutional investors bought at and we believe this gap will continue to widen over the next year.

### Raymond James Investment Services

49a High Street  
Market Harborough  
Leicestershire  
LE16 7AF  
+44(0)1858 898023

3 Church Passage  
Oakham  
Rutland  
LE15 6DR  
+44(0)1572 897510

[info@rjinvestment.co.uk](mailto:info@rjinvestment.co.uk) [www.rjinvestment.co.uk](http://www.rjinvestment.co.uk)



**TOM SPAIN**  
INVESTMENT MANAGER

*"Most investors are primarily oriented towards return - how much they can make and pay little attention to risk - how much they can lose. My chief concern is the quality of the businesses we buy because when I get that right, returns have been more than satisfactory".*

## IMPORTANT INFORMATION

AIM investments can be illiquid in nature and carry a higher degree of risk than other securities and are not, therefore suitable for some investors. The AIM Portfolio should be regarded as a higher risk, long term investment managed on a discretionary basis. Opinions constitute our judgement as of this date and are subject to change without warning. The value of investments and the income from them, can go down as well as up, any you may not recover the amount of your initial investment. Where an investment involved exposure to a foreign currency, changes in rates of exchange may cause the value of the investment and the income from it, to go up or down. Past performance is not a reliable indicator of future results and forecasts are not a reliable indicator of future performance.

Neither Raymond James nor any connected company accepts responsibility for any direct or indirect or on sequential loss suffered by you or any other person as a result of your acting, or deciding not to act, in reliance upon any information contained in this document. The information in this document does not constitute advice or a recommendation and you should not make any investment decisions on the basis of it. If you do however require advice we would of course be happy to assist.

RAYMOND JAMES is a registered trademark of Raymond James Financial, Inc. Raymond James Investment Services Ltd is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority. Registered in England and Wales No. 3779657. Registered Office: Broadwalk House, 5 Appold Street, London EC2A2AG.