

IfG: Emphasis on AIM stocks

By John Lander

In the January 2005 issue *IfG* reported that its 23 main recommendations during 2004 had, on average, outperformed the FTSE All Share index by 274% with an average gain of 19.1%.

The editorial team was strengthened further by adding Bill Johnston who is editor of WhatsHot.com and AMReview.

The Portfolios have become more sophisticated in the last year, all categories are now “Core”. The seven provide potential investors with a wide choice:-

Core Portfolio:	Recommendation		Original date recommended						
	Buy	Hold	2000	2001	2002	2003	2004	2005	
Blue Chip Stalwart and Unit Trust		3				1	2		
Zulu Principle	2	2	1				3		
Prospective Zulu Principle	2	6		1	1	3	2	1	
More Aggressive Growth		14		1	2	2	8	1	
High Yield		2		1	1				
Natural Resources	2						2		
Take-Over Target	$\overline{6}$	$\overline{1}$	$\overline{1}$	$\overline{3}$	$\overline{4}$	$\overline{1}$	$\overline{17}$	2	
Total	6	28	1	3	4	7	17	2	

During the four months under review there have been no “Sells”, just a “Take profits” and two companies taken over. The number of AIM companies exceeds half. The oil sector is covered by a unit trust.

The December search was “Growth at a reasonable price (GARP)”. This brought down the 1855 available shares on REFS to six. The sieves being:-

- PEG less than 1
- Five year EPS growth rate greater than 10%
- Cash flow per share/EPS greater than 1
- One month relative strength greater than 0%
- One year relative strength greater than 0%
- Net gearing less than 20%

The February Search was a ‘Bottom Up’ sector research of the mobile data market identifying five key players by Jon Mainwaring.

Searches appear to be giving way to Special Investment Features:-

December	The Tool Hire Sector by Prof. Peter Wilson
February	The Building Maintenance Sector by Prof. Peter Wilson
March	Bigger Profits Lower Taxes by Jim Slater

Jim Slater’s article details the Gains and Inheritance Tax position for Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EIS). He stresses that with the Business Taper Relief it is necessary to hold the shares for two years. Thus only high quality AIM shares with staying power should be selected. Less than 5% of AIM shares appeal to him! A table shows lowest PEGS for AIM growth companies, 20 in number.

The March issue of *IfG* is devoted to AIM shares with two Main Recommendations and an Investment Idea. The “insight” (editorial) states:-

It is the intention of *IfG* in the future to identify qualifying AIM stocks with attractive fundamentals such as low PEGS, and group them together in a high-performance low-tax portfolio. As part of this process we will review the AIM Lowest PEGs table every month.

IfG has a website www.investing-for-growth.com part of which is restricted to subscribers. Subjects covered at news, prices and trades as well as the portfolios.

The next Jim Slater evening REFS and *IfG* Show is on 4th May at the Royal College of Physicians, London.