



PUMA INVESTMENTS

AVAILABLE IN ISAs

£20,000 minimum subscription

### Award-winning

- GROWTH INVESTOR 2017** | AWARDS | **WINNER** BEST AIM INVESTMENT MANAGER
- GROWTH INVESTOR 2018** | AWARDS | **FINALIST** BEST BR INVESTMENT MANAGER AIM
- GROWTH INVESTOR 2019** | AWARDS | **RUNNER-UP** BEST BR INVESTMENT MANAGER - LISTED

### Overview of the Service

#### Portfolio Service

An award-winning discretionary portfolio service that seeks to deliver long-term growth focusing on quality companies quoted on AIM.

#### Inheritance Tax

It is intended that investors will benefit from relief from Inheritance Tax provided investments are held for at least two years prior to and at the point of death.

#### Subscription Amount

Minimum subscription of £20,000 with no maximum.

#### Available in ISAs

Investing in a portfolio of qualifying AIM stocks allows holders to mitigate Inheritance Tax while still retaining the benefits of an ISA.

Launch date: 01.07.2014

### Risk Factors

An investment in the Service carries risk and may not be suitable for all investors. Investors should refer to the Investment Details and Client Agreement, copies of which are available on [pumainvestments.co.uk](http://pumainvestments.co.uk). Below are the key risks of the Service:

- Past performance is not a guarantee of future performance
- Tax reliefs are not guaranteed
- You may lose money
- Long-term investment
- Potentially illiquid investment



# Puma AIM Inheritance Tax Service

## Q2 2020 Quarterly Report

### Investment Director's Quarterly Portfolio Review

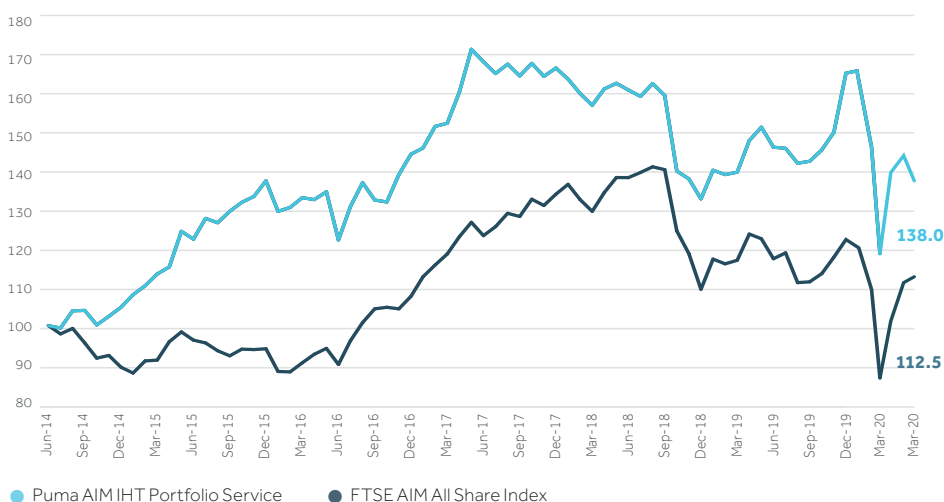
In Q2 2020 the portfolio increased by +15.33%, a -14.20% underperformance of the FTSE AIM All Share Index. Since inception in July 2014 the portfolio has increased by +37.98% this is a +25.46% outperformance of the FTSE AIM All Share Index.

We are starting to come out of the Covid-19 crisis, though there are some worries that the virus may have a second wave. It remains to be seen what the full extent of the economic impact of the lockdown is and how quickly the recovery will be. It is clear Government intends to accelerate infrastructure spending which should favour our stocks focused on that area. Other companies that have benefited from the lockdown include some internet only retailers, video game developers and telecom service providers. Due to high valuations prior to and post the lockdown we have avoided and continue to avoid these companies. Shortly after the end of the quarter our holding, Cello Health received a bid at a 43.8% premium to its price at the end of the quarter. We believe this indicates the significant untapped value that resides in the portfolio.

We remain confident in the outlook for the Service.

Justin Waive, Investment Director

### Performance Graph of the Puma AIM IHT Portfolio Service



Past performance is no guarantee of future results | Source: Puma Investments, FTSE International

### Cumulative Performance %

	3M	1Y	3Y	5Y	Since Inception
PUMA AIM IHT Portfolio Service	+15.33	-5.26	-17.56	+13.00	<b>+37.98</b>
FTSE AIM All Share Index (AXX)	+29.53	-3.87	-8.51	+16.89	<b>+12.52</b>
Relative Outperformance	-14.20	-1.39	-9.05	-3.89	<b>+25.46</b>

### Discrete Investment Performance %

	2020	2019	2018	2017	2016	CAGR <sup>1</sup>
PUMA AIM IHT Portfolio Service	-16.13	+24.23	-20.11	+15.23	+4.98	<b>+5.51</b>
FTSE AIM All Share Index (AXX)	-7.78	+11.61	-18.20	+24.30	+14.29	<b>-1.99</b>
Relative Outperformance	-8.35	+12.62	-1.91	-9.07	-9.31	<b>+3.52</b>

<sup>1</sup> Compound Annual Growth Rate

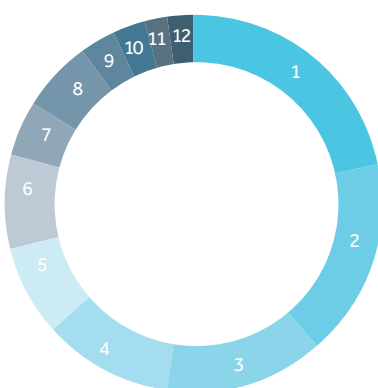
All performance data is quoted net of management and dealing fees, and applies to the Investment Director's portfolio. Small variations in performance may apply as each individual investor has their own discrete portfolio of assets.

## Portfolio's Top 10 Holdings

COMPANY	% holding
Judges Scientific	8.39
Focusrite	7.96
NWF Group	7.66
Renew Holdings	7.42
Thorpe F W	7.01
H&T	6.53
Breedon Group	6.25
EMIS	5.30
Strix	4.77
Cello Health	4.59
<b>Total</b>	<b>65.88</b>
<b>Total holdings in the portfolio</b>	<b>24</b>

As at 30 June 2020.

## Portfolio Companies by Sector % of portfolio



As at 30 June 2020.

## Spotlight on a Portfolio Holding

**Fevertree Drinks** — Fevertree is the world's leading supplier of premium carbonated mixers for alcoholic spirits.



**ESTABLISHED**  
2004

**SECTOR**  
Beverages

**PRICE AT END OF QUARTER**  
**2046.5p**

**MARKET CAPITALISATION**  
**£2,377m**

### Company background and performance

Fevertree was established in 2004, launching its first product, an Indian Tonic Water, the following year. The company launched into a market at the optimum time. Schweppes the market leader in the tonic water market had been under-invested due to its split ownership globally. At the same time, a boom in demand for gin was underway driven by the advent of craft gins. It was the perfect opportunity to match the gin with a premium mixer. In 2007 the company launched in the USA and Spain. In 2014 the company joined the AIM. In March 2020, we took advantage of market gyrations caused by Covid-19 to initiate a small position in Fevertree for clients.

### Our conclusions

As stated in the Investment Policy, we look at companies through the prism of three factors; quality, growth and valuation. While we aim to buy high quality, high growth businesses on a low valuation this is not always achievable and most investment decisions involve a trade-off between these three factors.

**1. Quality:** Fevertree Drinks is a market leader with a well-known brand and capital light business model. Its operating profit margins have ranged between 28% and 34% over the last five years. Post tax returns on capital employed have ranged between 43% and 62% over the same period.

The company is highly free-cash generative and has had a net cash balance sheet since its IPO in 2014.

**2. Growth:** Between 2011 and 2019 Fevertree grew its sales from £12m to £261m and its operating profits increased from £3m to £72m over the same period. Though growth has started to stagnate in the UK market in 2019, it was continuing to grow strongly in a number of global markets, particularly the USA. In the UK it has reached market leadership with a 40% market share, which limits the room for future growth, but we believe there is considerable room to expand in other global markets. Clearly the company will have a tough 2020 due to the Covid-19 lockdown with the On-Trade accounting for 45% of sales, it remains to be seen to what extent this is offset by Off-Trade sales. It also remains to be seen how soon the business will recover as this will be dependent on how quickly the lockdown can be eased. We are optimistic that the business will return to growth from 2021.

**3. Valuation:** Based on Puma Investments' internal estimates, Fevertree is trading on 32x Enterprise Value/Net operating profit after tax for 2021, falling to 25x Enterprise Value/Net operating profit after tax for 2022. Though as with most estimates in the current market there is high degree of uncertainty due to Covid-19. We expect continued strong free-cash generation.

## Access through Adviser Platforms

AVAILABLE IN ISAs



FundsNetwork

Standard Life



## Fees and Expenses

	Direct with Puma	Through a Platform <sup>1</sup>
<b>Initial Fee</b>	1% (of amount subscribed)	No initial fee charged to investors accessing the service through a Platform
<b>Annual Management Fee</b>	1.25% + VAT (of portfolio value)	1.25% + VAT (of portfolio value)
<b>Dealing Fee</b>	1% (applied to purchase or sale of stocks)	Platform and dealing fees may vary across Platforms

<sup>1</sup> Other Platform fees may apply.



### Investment Director

Justin Waine

Justin Waine joined Puma Investments in June 2014 and has run the Puma AIM Inheritance Tax Service since inception. Prior to that, he worked as a fund manager at Polar Capital and an analyst at Cazenove. He has 21 years' experience of analysing small and mid-sized companies.