

Puma AIM Inheritance Tax Service Q3 2015 Quarterly Report



PUMA AIM
INHERITANCE
TAX SERVICE
Calculated Excellence

AVAILABLE IN ISAS

Background to the PUMA AIM Inheritance Tax Service

Puma AIM offers a discretionary portfolio service that seeks to deliver long-term growth while mitigating Inheritance Tax. It aims to mitigate Inheritance Tax by the use of Business Property Relief (BPR), which takes effect after just two years from the acquisition of qualifying AIM stocks.

We focus on investing in quality companies with strong margins, good returns and a track record of cash generation. We select companies on strict valuation criteria with a focus on capital preservation. We seek to invest in companies which can deliver solid long term growth. Our approach is research driven and we only select investments after intensive financial and business analysis.

Investment Director's Quarterly Portfolio Review

In Q3 2015 the portfolio increased by +5.81%, a +9.88% outperformance of the FTSE AIM All Share Index. Since inception in July 2014 the Investment Director's portfolio has increased by +29.20% net of management and dealing fees. This is a +36.86% outperformance of the FTSE AIM All Share Index.

Q3 was a volatile quarter for world markets, as market participants fretted over China, declining commodity prices and the US Federal Reserve's interest rate decisions. Almost all the holdings in the portfolio provided trading updates. These included stronger than expected results from F W Thorpe, Impellam and EMIS. This, together with the lack of any profit warnings from amongst our portfolio companies, allowed the portfolio to deliver a strong performance in Q3. During the quarter we sold the portfolio's holding in GVC, following the announcement of its take-over of Bwin.Party and the plans to move to the main list of London Stock Exchange. Assuming this transfer is successful the company would no longer qualify for BPR. We are currently 97% invested in AIM listed companies with the remainder representing a small cash position.

We remain confident in the outlook for the Puma AIM IHT portfolio service.

Justin Waine

Investment Director

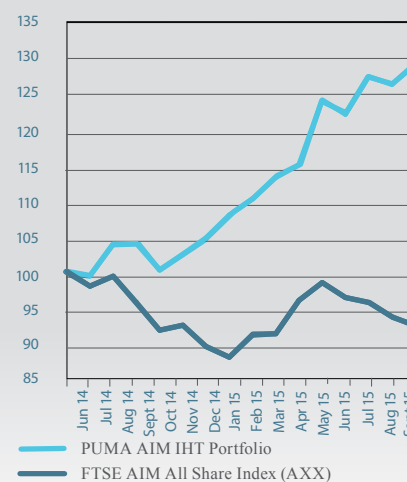
Discrete Investment Performance in %

| 2015 | Q1 | Q2 | Q3 | Q4 | YTD |
|--------------------------------|-------|-------|-------|-------|--------|
| Puma AIM IHT Portfolio Service | +8.10 | +7.88 | +5.81 | - | +23.38 |
| FTSE AIM All Share Index (AXX) | +2.01 | +5.56 | -4.07 | - | +3.30 |
| Relative Outperformance | +6.09 | +2.32 | +9.88 | - | +20.08 |
| 2014 | Q1 | Q2 | Q3 | Q4 | YTD |
| Puma AIM IHT Portfolio Service | - | - | +3.91 | +0.81 | +4.72 |

Cumulative Performance in %

| | 3M | 6M | 9M | 1Y | Since Inception |
|--------------------------------|-------|--------|--------|--------|-----------------|
| Puma AIM IHT Portfolio Service | +5.81 | +14.15 | +23.38 | +24.50 | +29.20 |
| FTSE AIM All Share Index (AXX) | -4.07 | +1.27 | +3.30 | -3.40 | -7.66 |
| Relative Outperformance | +9.88 | +12.88 | +20.08 | +27.90 | +36.86 |

Monthly Performance Graph
of the PUMA AIM IHT Portfolio

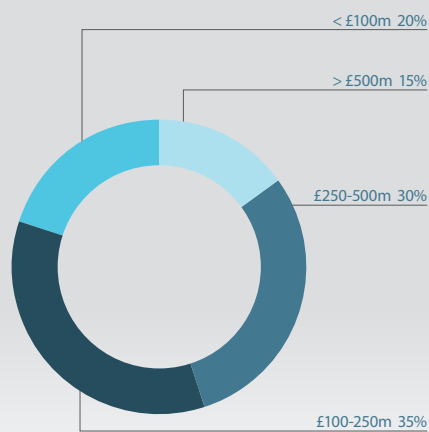


Source: Puma Investments, FTSE International

Portfolio's Top Ten Holdings

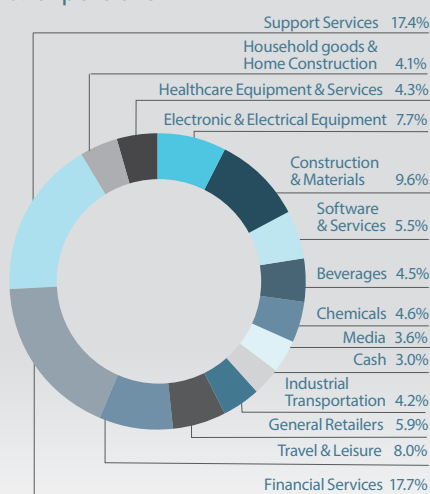
| Company | % holding |
|----------------------------------|--------------|
| FW Thorpe | 7.66 |
| Impellam | 7.19 |
| Renew Holdings | 6.37 |
| Safestyle UK | 6.00 |
| Vertu | 5.85 |
| EMIS | 5.54 |
| H&T | 5.22 |
| Park Group | 4.91 |
| Patisserie Holding | 4.87 |
| Scapa Group | 4.63 |
| Total % of the portfolio | 58.25 |
| Total Holdings in portfolio = 20 | |

Portfolio Companies by Market Cap % of portfolio



Source: Puma Investments

Portfolio Companies by Sector % of portfolio



Source: Puma Investments

Spotlight on a portfolio holding

Summary

Focusrite plc

Focusrite provides hardware and software for professional and amateur customers in the global music industry

Sector: Consumer Electronics

Year Established: 1985

Price at the end of quarter: 157.5p

Market Capitalisation: £83m

Focusrite®

Company Background

Initially founded in 1985 its products were focused on high quality recording and production equipment for professional recording studios. In 1989 Phil Dudderidge acquired the assets and broadened the range of products to serve a wider customer base. In 2004 Focusrite acquired Novation Electronic Media Systems a leading producer of keyboards, synthesizers and controllers. The brand has also expanded into Electronic Dance Music (EDM) the fastest growing part of the market. In 2009 the company introduced Launchpad, developing a new niche in EDM, as well as Scarlett USB in 2010, a top selling product for home studio recording. In 2014 the company joined the AIM market.

Business Performance

Focusrite has grown its business significantly in the last three years with sales growing 62% from £25m in the year to August 2012 to £41m in the year to August 2014. Net profit has grown from £2.7m to £5m in the same period. The business is widely diversified with 38% of its revenue generated by the top 10 retail partners or resellers. The end customer base is even more widely diversified. In the last three financial years the company has launched 42 new products with nearly a third of Focusrite brand revenues derived from new products launched within the last 12 months.

The Market

Under the Focusrite brand the company sells computer audio interfaces, mic pres and other analogue gear to professional recording studios. To hobbyists and professionals on the move they sell computer audio interfaces and iOS devices, docks and software. The company also provides Ethernet based audio networking for live performances and recording studios. Under the Novation brand the company provides keyboard and grid controllers, synths and software for Electronic Dance Music producers on Mac, PC and tablets. The company also has a small business in mobile table software for the music industry. The price point for its products varies between \$100 and \$3,000. The company estimates its addressable market at £450m, of which it estimates it has a 9% market share; the market is fragmented with no dominant competitor.

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: Focusrite is a quality niche manufacturer of consumer electronics and software. It has a strong brand and well diversified customer base both geographically and by number of customers. EBIT margins in the last three years have varied between 10.4% and 14.9%. Post-tax return on capital employed is very high, between 39% and 50% in the last three years. The company has generated free-cash flow in each of the last three years. The company has a modest net cash position. It remains family controlled with Phil Dudderidge owning nearly 58% of the business.

2. Growth: Focusrite addresses the growing market for electronic music production. Its 9% market share should provide it considerable room to grow within its market. Focusrite should also be able to expand its addressable market through its continued high level of product innovation which is driven by 40 members of staff working in research and development. In the first half of the current year the company grew sales by 17% and improved EBIT margins. We expect the company to be able to grow sales at double digit rates over the next five years and to improve EBIT margins further.

3. Valuation: Based on our analysis we believe Focusrite trades at a significant discount to our estimate of fair value. The company trades on 13x EV/NOPLAT for the year to August 2015, falling to 9x EV/NOPLAT the following year. This is driven by strong top line growth and an expansion of EBIT margins. Free-cash generation is strong with a free-cash yield of 5% expected in 2015.

This report is a non-independent marketing communication. This report has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on the dealing ahead of the dissemination of investment research.

Overview of the service

Portfolio Service: A discretionary portfolio service that seeks to deliver long term growth focusing on quality companies listed on AIM.

Inheritance Tax: It is intended that investors will benefit from relief from Inheritance Tax provided investments are held for at least 2 years prior to and at the point of death.

Subscription Amount: Minimum subscription of £15,000 with no maximum.

Available in ISAs: Whilst ISAs are extremely tax efficient during the holder's lifetime, upon death ISA balances may be subject to a 40% IHT liability. Investing in a portfolio of qualifying AIM stocks allows holders to mitigate Inheritance Tax while still retaining the benefits of an ISA.

A Focused Investment Strategy

Manager: Puma Investments is part of Shore Capital, an AIM listed company itself, with a 30 year history. The team is led by Justin Waine, an Investment Director with 16 years of experience specialising in small and mid-cap companies.

Quality Companies: We seek to invest in quality companies with strong margins, good returns and a track record of cash generation.

Research Driven: We select companies on strict valuation criteria with a focus on capital preservation. Our approach is research driven with detailed financial analysis.

Portfolio Construction: Targeting approximately 20 companies with market capitalisations in excess of £50 million and low portfolio turnover.

Investment Director



Justin Waine
Investment Director

Justin graduated from Oxford with a degree in PPE. He joined Cazenove & Co as a sell side research analyst responsible for small and mid-sized companies.

In 2003, Justin joined Polar Capital Partners as a fund Manager on European Funds. This included managing a significant portion of the award-winning European Forager Fund; an absolute return fund focused on Pan-European small and mid-sized companies. Justin was responsible for investment across the whole of Europe, but predominantly focused on the UK, Germany and Switzerland, including companies listed on AIM.

Fees and Expenses

| Initial Fee | | Annual Management Fee | |
|----------------------------------|------|----------------------------------|-------|
| Less than £500k | 2% | Less than £500k | 1.5% |
| At least £500k but less than £1m | 1.5% | At least £500k but less than £1m | 1.25% |
| £1m or more | 1% | £1m or more | 1% |

Dealing Fee

A 1% dealing charge shall be applied to the purchase or sale of all stocks in the portfolio.

FOCUS ON CAPITAL PRESERVATION

INVESTMENTS SELECTED ON STRICT VALUATION CRITERIA WITH A FOCUS ON CAPITAL PRESERVATION

NATIONAL COVERAGE

NETWORK OF FIVE OFFICES INCLUDING LONDON, LIVERPOOL AND EDINBURGH

EXPERIENCED TEAM

MULTI-DISCIPLINARY TEAM OF INVESTMENT PROFESSIONALS

30 YEAR HISTORY

PUMA INVESTMENTS IS PART OF THE SHORE CAPITAL GROUP ESTABLISHED IN 1985

Shore Capital – Experts in AIM

Long History: Shore Capital has been active on AIM since its inception as both broker and corporate finance adviser to companies listed on AIM.

Market-Making: Shore Capital makes a market in 1,200 stocks and is the third largest market-maker on AIM by both value and volume of stocks.

Research: Shore Capital's highly regarded research team produce research on a wide range of AIM listed companies.

Part of the Shore Capital Group

SHORE CAPITAL
EXCELLENCE INTEGRATED

Note: Your capital may be at risk and past performance is no guide to future results. Please note the risk factors on the last page.

Risk Factors

An investment in the Service carries risk and may not be suitable for all Investors. Investors can only invest in the Service through a Financial Adviser who has assessed that an investment in the Service is suitable.

Past Performance: Past performance is no indication of future results and share prices and their values can go down as well as up.

Tax Reliefs are not Guaranteed: Tax reliefs depend on individuals' personal circumstances, minimum holding periods and may be subject to change. We are confident in our ability to identify potential BPR qualifying businesses and we have engaged PriceWaterhouseCoopers to carry out a review of the investments made by the Service in order to advise whether these are likely to be eligible for BPR in full or at all. While PriceWaterhouseCoopers will also carry out an annual review of the portfolio, we can't guarantee that all portfolio investments will qualify for BPR.

You May Lose Money: An investment in smaller companies is likely to be higher risk than other investments. Investors' capital may be at risk and Investors may get back less than their original investment.

Long-Term Investment: An investment in the Service should be considered a long-term investment.

Disclaimer

All performance figures shown in this quarterly factsheet are reported after deduction of Puma Investments' management fees and dealing fees. The figures reflect the performance of the Investment Director's own portfolio and as such reflect the investment of real money in the Service.

"FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

All forward looking statements in this document (including the various terms "expects", "may" or "will") involve risk and uncertainty because they relate to future events or circumstances and should not be taken as any representation that such trends or activities will continue in the future. Although PIML has taken care to ensure that the information in this document is accurate and complete, PIML and its affiliates, directors and employees assume no responsibility or liability for the accuracy or completeness of the information or for any direct, indirect or consequential loss or damage howsoever arising. (This does not affect any liability owed under FCA rules or under FSMA).

For further information please contact:



PUMA INVESTMENTS

14 Clifford Street London, W1S 4JU
Advisor Enquiries: 020 7408 4070
Investor Enquiries: 020 7408 4100

E: info@pumainvestments.co.uk
www.pumainvestments.co.uk

This quarterly factsheet is a financial promotion issued by Puma Investments and Shore Capital Stockbrokers Limited in accordance with section 21 of the Financial Services and Markets Act 2000 ("FSMA") which are both authorised and regulated by the Financial Conduct Authority. Puma Investments is a trading name of Puma Investment Management Limited.