

# Puma AIM Inheritance Tax Service Q4 2017 Quarterly Report

**PUMA AIM  
INHERITANCE  
TAX SERVICE**  
Calculated Excellence

AVAILABLE IN ISAS

**£15,000**  
minimum subscription

## Award Winning

**GROWTH INVESTOR**  
2017 | AWARDS  
**WINNER**  
BEST AIM  
INVESTMENT  
MANAGER

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**INVESTMENT  
WEEK**  
**TAX EFFICIENCY  
AWARDS 2017/18**  
**WINNER**  
Tax-Efficient Group of the Year

## Overview of the service

### Portfolio Service

An award winning 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

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

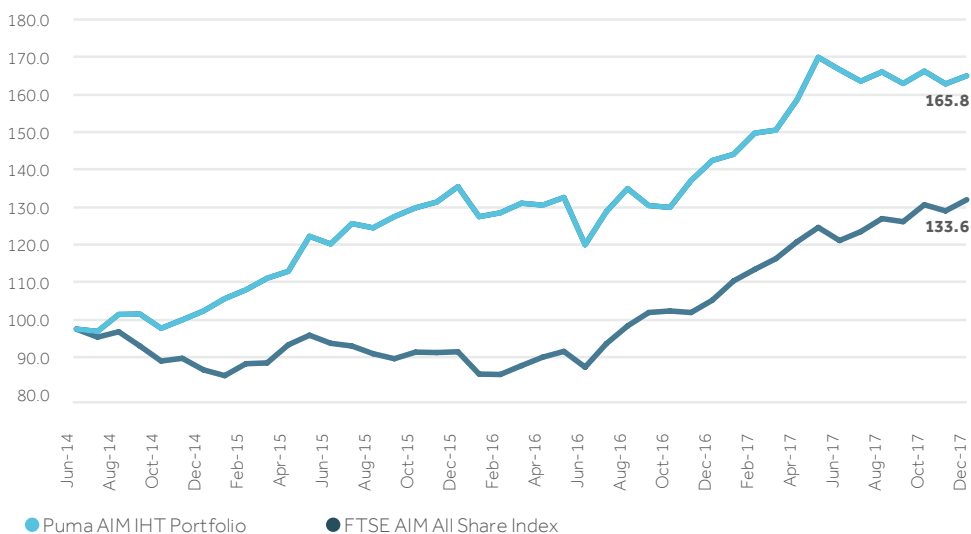
## Investment Director's Quarterly Portfolio Review

In Q4 2017 the portfolio increased by +1.22%, a -3.30% underperformance of the FTSE AIM All Share Index. Since inception in July 2014 the portfolio has increased by +65.76% net of management and dealing fees. This is a +32.12% outperformance of the FTSE AIM All Share Index in the same period.

Looking at 2017 as a whole it is pleasing to deliver a 15.23% return to the investors in the Puma AIM IHT Service. While this is behind our benchmark, the AIM Index, it compares favourably with the returns achieved by the UK stock market overall. Over the last 18 months we have chosen to avoid many of the high growth, but high valuation technology companies that have been big drivers of the AIM Index. We suspect, as with previous episodes of such excitement, that while some companies will justify these lofty valuations, most will not. The Puma AIM IHT portfolio starts 2018 trading on a 15x Price Earnings multiple and with a dividend yield of 2%, as such we remain confident in the outlook for the service.

**Justin Waine, Investment Director**

## Performance Graph of the Puma AIM IHT Portfolio



Past performance is no guarantee of future results.

Source: Puma Investments, FTSE International

## Cumulative Performance %

	3M	1Y	2Y	3Y	Since Inception
PUMA AIM IHT Portfolio Service	+1.22	+15.23	+20.97	+58.36	+65.76
FTSE AIM All Share Index (AXX)	+4.52	+24.30	+42.07	+49.49	+33.64
Relative Outperformance	-3.30	-9.07	-21.09	+8.86	+32.12

## Discrete investment performance %

	2017	2016	2015	2014 <sup>1</sup>	CAGR <sup>2</sup>
PUMA AIM IHT Portfolio Service	+15.23	+4.98	+30.90	+4.72	+15.54
FTSE AIM All Share Index (AXX)	+24.30	+14.29	+5.23	-10.60	+8.64
Relative Outperformance	-9.07	-9.31	+25.67	+15.32	+6.90

<sup>1</sup> Since 1st July 2014

<sup>2</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 discreet portfolio of assets.

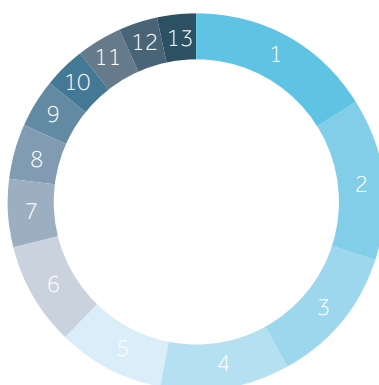
## Portfolio's Top Ten Holdings

Company	% holding
Thorpe FW	7.51%
H&T	6.97%
Renew Holdings	6.87%
Scapa Group	5.95%
Conviviality	5.37%
NWF Group	5.35%
Focusrite	4.93%
Cello	4.57%
Breedon Group	4.46%
Judges Scientific	4.41%
<b>Total % of the portfolio</b>	<b>56.39%</b>

**Total Holdings in portfolio** 21

## Portfolio Companies by Sector

% of portfolio



1	Support Services	16.12%
2	Financial Services	13.96%
3	Electronic & Electrical Equipment	11.92%
4	Construction & Materials	11.22%
5	Travel & Leisure	9.19%
6	Retailers	8.77%
7	Chemicals	5.95%
8	Media	4.57%
9	Software & Services	4.17%
10	Beverages	3.84%
11	Healthcare Equipment & Services	3.63%
12	Cash	3.42%
13	Household Goods & Home Construction	3.24%

## Spotlight on a portfolio holding

### EMIS

EMIS is a Software and Services company focused on the Healthcare Sector

#### Company background and performance

EMIS was established in 1987 by three people, including two medical general practitioners (GP), who had identified an opportunity to develop and supply practice management software to GP practices at a time when such systems and records were largely paper based. The software began its roll out from 1990 and has become widely accepted by GPs. The company joined the AIM in 2010. Since 2010 the company has made a number of bolt-on acquisitions of software companies in the healthcare industry including areas such as community pharmacy, secondary care and social care. The company also owns the patient.info website.

#### 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.

**Quality:** EMIS is a focused software business with high operating margins, high returns on capital employed and a strong track record

of free-cash generation. It has a diverse customer base made up of numerous GP practices and other healthcare entities - meaning ultimately its largest customer is the NHS. The relationship is largely indirect avoiding the potential price pressure of a single larger buyer, though probably not the general pressure on healthcare spending. Nevertheless EMIS should benefit from the increasing demand for healthcare and the drive to increase efficiency through investing in technology over coming years.

**Growth:** EMIS has grown strongly over a number of years through both organic and acquired growth. Going forward we expect this to continue as the company delivers on the promise of acquisitions made over the last few years and sees further acquisition opportunities. We expect the company to show organic growth in its core GP software business and at its patient.info website.

**Valuation:** Based on Puma Investment's internal estimates, EMIS is trading on 19x Enterprise Value/Net operating profit after tax for 2018, falling to 16x Enterprise Value/Net operating profit after tax for 2019. We expect continued strong free-cash generation going forward. For 2018 we expect a dividend yield of 2.5% rising to 2.6% in 2019.

**emis**

**Established**  
1987

**Sector**  
Software & Services

**Price at end of quarter**  
**1,013p**

**Market capitalisation**  
**£641m**

## 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 18 years' experience of analysing small and mid-sized companies.

## Access through Adviser Platforms

Professional Financial Advisers can access the Puma AIM IHT Service via the following Wrap Platforms:



## Fees and Expenses

	Direct with Puma	Through a platform <sup>2</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) <sup>1</sup>
<b>Dealing fee</b>	1% (applied to purchase or sale of stocks)	Platform and dealing fees may vary across Platforms

<sup>1</sup> Fees may be adjustable to the closest value to reflect the relevant Platform's rounding up policy.

<sup>2</sup> Other Platform fees may apply.



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SHORE CAPITAL  
GROUP

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