

# Puma AIM Inheritance Tax Service Q2 2017 Quarterly Report

**PUMA AIM  
INHERITANCE  
TAX SERVICE**  
Calculated Excellence

AVAILABLE IN ISAS

**£15,000**  
minimum subscription

## 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**

**GROWTH INVESTOR AWARDS 2016** | **WINNER BEST AIM INVESTMENT MANAGER**

**INVESTMENT WEEK**  
**TAX EFFICIENCY AWARDS 2016/17**

**HIGHLY COMMENDED**  
Best AIM IHT Portfolio Service

## 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

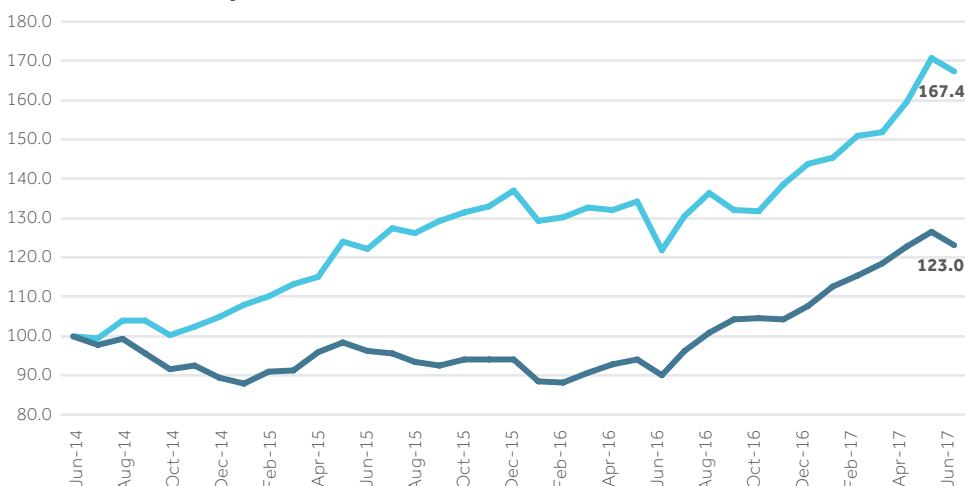
## Investment Director's Quarterly Portfolio Review

In Q2 2017 the portfolio increased by +10.75%, a +6.82% outperformance of the FTSE AIM All Share Index. In the three year's since inception in July 2014 the portfolio has increased by +67.36% net of management and dealing fees. This is a +44.37% outperformance of the FTSE AIM All Share Index in the same period.

We delivered a strong performance in Q2 2017, bringing a pleasing conclusion to the first three years of the Puma AIM IHT Service. During the quarter we made our first change in the portfolio for over a year. Our holding in Scapa Group, following continued strong performance, was approaching the 10% maximum position size for a portfolio holding. We made the decision to reduce the position and reallocated the capital to our existing holding in NWF Group which we discuss below. We have very much enjoyed the first three years running the Puma AIM IHT Service and are looking forward to the next three years and beyond. We remain confident in the outlook for the service.

**Justin Waine, Investment Director**

## Performance Graph of the Puma AIM IHT Portfolio



● Puma AIM IHT Portfolio ● FTSE AIM All Share Index

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	+10.75	+27.11	+37.53	+67.36	+67.36
FTSE AIM All Share Index (AXX)	+3.93	+34.22	+28.47	+22.99	+22.99
Relative Outperformance	+6.82	-7.11	+9.06	+44.37	+44.37

## Discrete investment performance %

	YTD 2017	2016	2015	2014 <sup>1</sup>	CAGR <sup>2</sup>
PUMA AIM IHT Portfolio Service	+16.35	+4.98	+30.90	+4.72	+18.73
FTSE AIM All Share Index (AXX)	+14.40	+14.29	+5.23	-10.60	+7.14
Relative Outperformance	+1.95	-9.31	+25.67	+15.32	+11.59

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

<sup>2</sup> Compound Annual Growth Rate

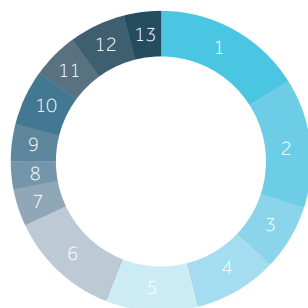
All performance data is quoted net of management and dealing fees, and applies to the Investment Director's portfolio. Small variations in performance may apply as each individual investor has their own discreet portfolio of assets.

## Portfolio's Top Ten Holdings

Company	% holding
Thorpe FW	8.04%
Renew Holdings	6.43%
Scapa Group	6.37%
Advanced Medical Solutions	6.25%
H&T	6.13%
Safestyle UK	5.66%
Impellam	5.05%
Focusrite	4.68%
Nichols	4.62%
NWF Group	4.62%
<b>Total % of the portfolio</b>	<b>57.85%</b>
<b>Total Holdings in portfolio</b>	<b>20</b>

## Portfolio Companies by Sector

% of portfolio



1	Support Services	16.10%
2	Financial Services	13.64%
3	Retailers	7.32%
4	Travel & Leisure	8.89%
5	Construction & Materials	10.07%
6	Electronic & Electrical Equipment	11.83%
7	Software & Services	3.75%
8	Household Goods & Home Construction	2.98%
9	Media	4.44%
10	Healthcare Equipment & Services	6.25%
11	Beverages	4.62%
12	Chemicals	6.37%
13	Cash	3.74%

## Spotlight on a portfolio holding

### NWF Group

NWF is a UK distributor of fuel, animal feeds and food.

#### Company background and performance

NWF was established in 1871 to supply the needs of farmers, becoming a co-operative in 1918. In 1988 the company ceased to be a co-operative listing on the AIM market in 1995. The company has three main divisions. In Feeds it is a leading national supplier of ruminant farmers across the UK with customers from Scotland to Cornwall. In Food it is a leading consolidator of ambient grocery products in North West England. In Fuels the company is the third largest distributor of fuel oil and fuel cards in the UK

#### Our conclusions

As stated in the Investment Policy, we look at companies through the prism of three factors; quality, growth and valuation.

**Quality:** NWF's revenues are exposed to the variance in commodity prices, both the oil price and agricultural feeds. This volatility in revenues doesn't transfer to a similar

volatility in profits and free-cash flows, which have proved remarkably stable. NWF is a stable, cash generative business with good market positions and a return on capital employed in excess of its cost of capital.

**Growth:** As a business we expect NWF to show modest rates of organic growth over time. In the short run the company should receive a boost from the recovery in weak feeds revenues seen over the last few years. We expect the company to make further bolt on acquisitions, which will drive further growth and shareholder value.

**Valuation:** Based on Puma's own estimates NWF is trading on 13x Enterprise Value/Net operating profit after tax for 2017 falling to 12x Enterprise Value/Net operating profit after tax for 2018. Free-cash generation for the business has been strong historically and we would expect this to continue over the forecast period. The company has a 4% dividend yield.



**Established**  
1871

**Sector**  
Support Services

**Price at end of quarter**  
**142.5p**

**Market capitalisation**  
**£69m**

## 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 eighteen 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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