



PUMA INVESTMENTS

AVAILABLE IN ISAs

£20,000 minimum subscription

Puma AIM Inheritance Tax Service

Q4 2020 Quarterly Report



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. 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

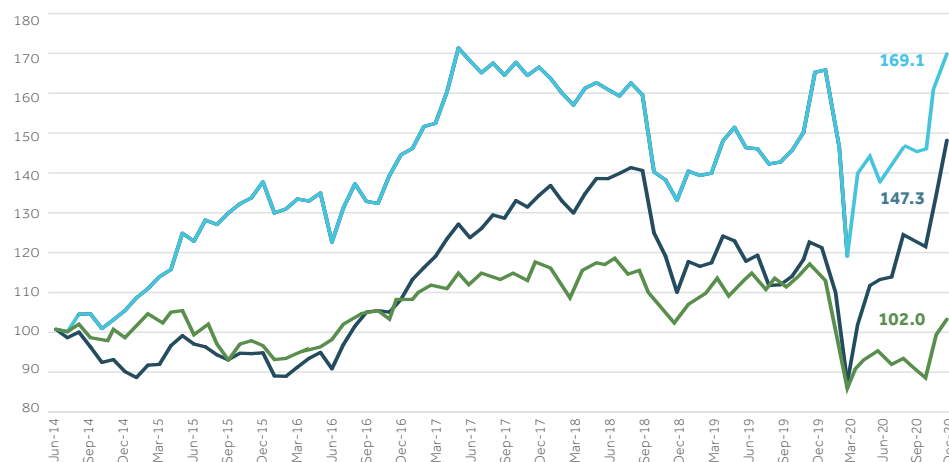
In Q4 2020 the portfolio increased by +16.49%, underperforming the FTSE AIM All Share index which increased by +20.56% and outperforming the FTSE All Share Index which increased by +11.92%. Since inception in July 2014 the portfolio has increased by +69.13% outperforming both the FTSE AIM All Share Index and the FTSE All Share Index.

Thanks to a strong performance in the fourth quarter the portfolio has finished 2020 up for the year as vaccines against the Coronavirus have started to be approved. In addition, the Brexit issue appears to be finally behind us, though the long-term implications remain to play out over the coming years. The contrast between highly valued growth stocks and cheap value stocks remains stark reflecting the continuing popularity of the former, particularly as many have benefited from the pandemic. We are starting to reduce our exposure slowly to our pandemic winners and to direct it towards stocks we believe will recover significantly as things return to normal. Our most recent addition to the portfolio is Johnson Service Group which we discuss in our stock focus.

We remain confident in the outlook for the Service.

Justin Waite, Investment Director

Performance Graph of the Puma AIM IHT Portfolio Service



● Puma AIM IHT Portfolio Service ● FTSE AIM All Share Index ● FTSE All Share Index

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	+16.49	+2.81	+2.03	+23.43	+69.13
FTSE AIM All Share Index (AXX)	+20.56	+20.74	+10.23	+56.60	+47.32
FTSE All Share Index (ASX)	+11.92	-12.46	-12.98	+6.66	+2.04

Discrete Investment Performance %

	2020	2019	2018	2017	2016	CAGR ¹
PUMA AIM IHT Portfolio Service	+2.81	+24.23	-20.11	+15.23	+4.98	+8.41
FTSE AIM All Share Index (AXX)	+20.74	+11.61	-18.20	+24.30	+14.29	+6.14
FTSE All Share Index (ASX)	-12.46	+14.19	-12.95	+9.00	+12.45	+0.31

¹ Compound Annual Growth Rate

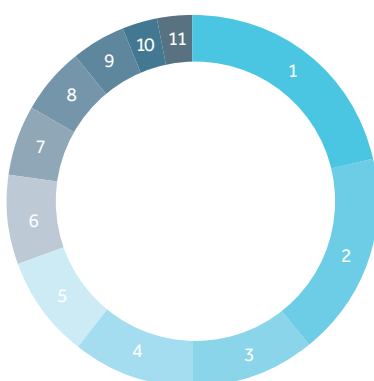
All performance data is quoted net of management and dealing fees, and applies to the Investment Director's portfolio. Small variations in performance may apply as each individual investor has their own discrete portfolio of assets.

Portfolio's Top 10 Holdings

COMPANY	% holding
Focusrite	8.66
Judges Scientific	8.64
Renew Holdings	7.51
Thorpe F W	6.55
NWF Group	6.25
Breedon Group	5.72
Scapa Group	5.63
Strix	4.43
EMIS	4.38
H&T	4.27
Total	62.04
Total holdings in the portfolio	24

As at 31 December 2020.

Portfolio Companies by Sector % of portfolio



1	Electronic & Electrical Equipment	21.09%
2	Support Services	18.24%
3	Financial Services	10.95%
4	Construction & Materials	10.77%
5	Travel & Leisure	8.66%
6	Software & Services	8.27%
7	Beverages	6.25%
8	Chemicals	5.63%
9	Retailers	4.58%
10	Cash	2.91%
11	Healthcare Equipment & Services	2.65%

As at 31 December 2020.

Spotlight on a Portfolio Holding

Johnson Service Group — Johnson Service Group is a leading textiles rental company



ESTABLISHED
1817

SECTOR
Support Services

PRICE AT END OF QUARTER
139.9p

MARKET CAPITALISATION
£621m

Company background and performance

Founded in 1817 as silk dyers by the Johnson brothers, the company evolved through the twentieth century into a UK leading chain of dry cleaners and subsequently a textiles rental business providing workwear and linen hire. The work wear and linen businesses came to dominate the company, while the dry-cleaning business declined, which resulted in its disposal to Timpsons in 2017. Johnson Service Group now constitutes two divisions. Workwear is the UK's number one work wear, protective wear and workplace hygiene services provider processing over one million garments per week. Its other division is Horeca a leading UK provider of linen to the hospitality industry.

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: Workwear with its market leading position earns strong operating margins of between 17-18% a year. Horeca, which has a strong position in a more competitive market earns margins of 10-12% in normal market conditions. Post tax returns on capital employed are good exceeding 10%.

The company has generated free cash in each of the last seven years.

2. Growth: The company can continue to grow both organically and by acquisition. The work wear business has held up remarkably well during the pandemic, with only modest impact from the first 2020 lockdown, with volumes in April down 12% improving to down 6% by August. Horeca was much more negatively impacted as would be expected as hotels and restaurants were largely shut down. We do not expect this business to show a meaningful recovery until Coronavirus is behind us, but we expect a strong recovery when it is, with materially increased demand for holidays and eating out. Beyond the initial recovery we expect the business to grow through a combination of market share gains, growth linked to increasing employment and further market consolidation particularly in the Horeca division.

3. Valuation: In May 2020 the company raised £85m of new equity, which substantially de-leveraged the company's balance sheet. This combined with the continuing profitability of the Workwear division meant that when we came to start purchasing shares in October 2020, we were confident that the business could make it through the short-term negative impact of the Coronavirus on its Horeca business. Given continued lockdowns it is very hard to predict where results will go over the next year, but we believe that there is considerable upside potential when things return to normal.

Access through Adviser Platforms

AVAILABLE IN ISAs



Fees and Expenses

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

1 Other Platform fees may apply.



Investment Director

Justin Waive

Justin Waive 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.



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GROUP

PI000847-0121