

Puma AIM Inheritance Tax Service Q3 2017 Quarterly Report

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



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

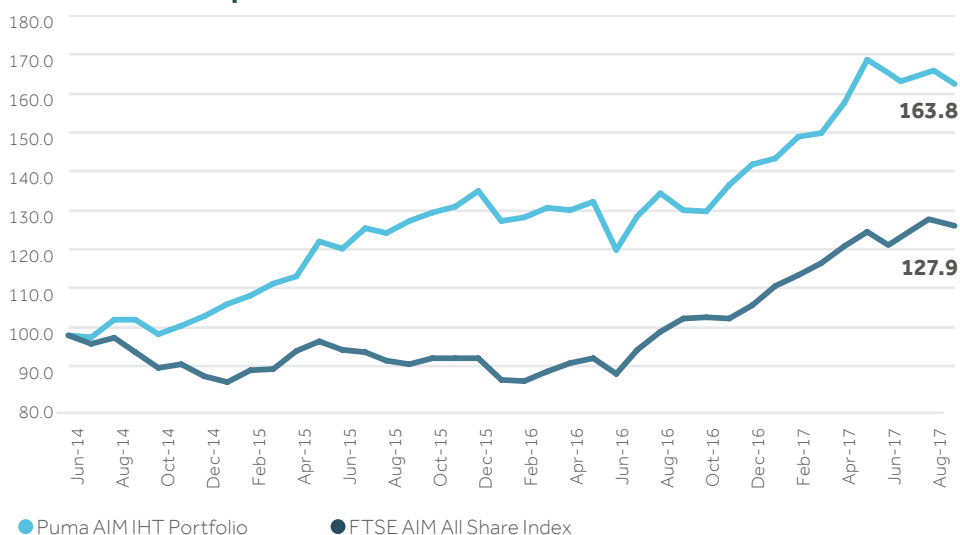
Investment Director's Quarterly Portfolio Review

In Q3 2017 the portfolio decreased by -2.15%, a -6.11% underperformance of the FTSE AIM All Share Index. Since inception in July 2014 the portfolio has increased by +63.76% net of management and dealing fees. This is a +35.90% outperformance of the FTSE AIM All Share Index in the same period.

During Q3 the portfolio declined, lagging the performance of the AIM market. This was despite strong performances from the likes of Conviviality and NWF Group. The worst performer during the quarter was Safestyle UK, which warned on profits due to continued weakness in the UK windows market. We chose to hold onto this company, as in our view the issue is with UK consumer spending, particularly for large ticket items, rather than due to any issue with the company. While we cannot tell when the UK consumer will improve, we believe Safestyle UK will benefit when this recovery happens. 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	-2.15	+23.92	+26.75	+57.72	+63.76
FTSE AIM All Share Index (AXX)	+3.96	+22.61	+38.47	+33.76	+27.87
Relative Outperformance	-6.11	+1.32	-11.72	+23.96	+35.90

Discrete investment performance %

	YTD 2017	2016	2015	2014 ¹	CAGR ²
PUMA AIM IHT Portfolio Service	+13.84	+4.98	+30.90	+4.72	+16.39
FTSE AIM All Share Index (AXX)	+18.93	+14.29	+5.23	-10.60	+7.86
Relative Outperformance	-5.09	-9.31	+25.67	+15.32	+8.53

¹ Since 1st July 2014

² 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.

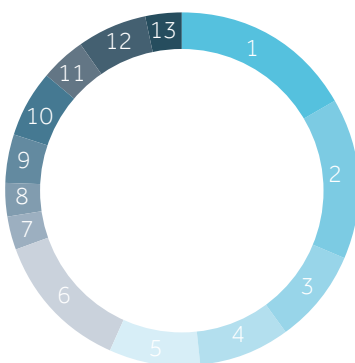
Portfolio's Top Ten Holdings

Company	% holding
Thorpe FW	7.58%
H&T	6.99%
Renew Holdings	6.40%
Advanced Medical Solutions	6.39%
Scapa Group	6.07%
NWF Group	5.66%
Conviviality	5.56%
Cello	4.49%
Judges Scientific	4.48%
Breedon Group	4.45%
Total % of the portfolio	58.07%

Total Holdings in portfolio 20

Portfolio Companies by Sector

% of portfolio



1	Support Services	16.11%
2	Financial Services	14.17%
3	Retailers	8.82%
4	Travel & Leisure	8.38%
5	Construction & Materials	8.18%
6	Electronic & Electrical Equipment	12.06%
7	Software & Services	3.85%
8	Household Goods & Home Construction	3.11%
9	Media	4.49%
10	Healthcare Equipment & Services	6.39%
11	Beverages	4.41%
12	Chemicals	6.07%
13	Cash	3.96%

Spotlight on a portfolio holding

Cello Group

Cello is a marketing services company focused on the Health and Consumer sectors

Company background and performance

Cello was established in 2004 to acquire three marketing services businesses: Insight, Target and Leith, these acquisitions were financed through an initial public offering on the AIM market. Cello's purpose then and now is to grow a marketing services group through the combination of acquisitions and organic growth, something it has done successfully over its 13 year history. Cello now operates in two distinct divisions: Cello Health and Cello Signal. Cello Health provides market research, consulting and communications. Cello Signal provides creative services, software engineering and CRM among other services to the consumer sector.

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: Cello is a good quality business characterised by

relatively stable customer markets in healthcare and consumer. Gross profit (a more meaningful measure than revenue for marketing companies) has increased by 42% in the last five years and operating profits have increased by 388% over the same period. The company has generated free-cash in each of the last five years. Despite its acquisition driven business model, net debt remains low.

Growth: Cello has invested significantly in new technology to grow its business, most notable is its Pulsar product offered by Cello Signal. Pulsar allows customers to access open and premium data sources to get a complete market view, including Facebook topic data. We expect the company to grow organically at a high single digit rate in terms of gross profit. Acquisitions are also likely to add to this growth.

Valuation: Based on Puma Investments' internal estimates Cello is trading on 16x Enterprise Value/Net operating profit after tax for 2017, falling to 13x Enterprise Value/Net operating profit after tax for 2018. We expect continued strong free-cash generation going forward. For 2017 we expect a dividend yield of 2.8% rising to 3.1% in 2018.



Established
2004

Sector
Media

Price at end of quarter
130p

Market capitalisation
£140m

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 ²
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) ¹
Dealing fee	1% (applied to purchase or sale of stocks)	Platform and dealing fees may vary across Platforms

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

² Other Platform fees may apply.



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SHORE CAPITAL
GROUP

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