



QUARTERLY REPORT: Q1 2025

# Puma AIM Inheritance Tax Service

Puma's AIM IHT Service seeks to offer investors the potential growth opportunities of a carefully selected portfolio of AIM stocks, combined with the benefits of IHT mitigation.

+4.83%

Compound Annual  
Growth Rate

£212.1m

Portfolio  
AUM

88.5%

Companies in the  
portfolio with a market  
cap above £100m

Figures correct at 31 March 2025.



# Investment Director's quarterly portfolio review

## The investment team



Pictured left to right: Daniel Cane - Investment Director, Dr Stuart Rollason - Investment Director, Joseph Cornwall, CFA - Investment Manager

In Q1 2025, the Puma AIM IHT model portfolio decreased by -9.94%, underperforming both the FTSE AIM All Share index which decreased by -5.23% and the FTSE All Share Index which increased by +3.49%. Since inception in July 2014, the cumulative performance of the model portfolio has increased by +66.03%, outperforming both the FTSE AIM All Share Index (-13.17%) and the FTSE All Share Index (+28.43%).<sup>1</sup>

In this period, the Bank of England (Bank) reduced interest rates by 0.25% points to 4.5%, influenced by stabilising inflation expectations as external shocks receded. Interest rates remain in restrictive territory to continue to manage persistent inflationary pressures. The main trends playing out were: the Autumn Budget tax increases coming into effect, and: the imposition by the US of tariffs, some paused or subsequently scaled back, that has caused uncertainty globally and significant market volatility.<sup>2</sup> How tariffs and counter-tariffs play out is hugely uncertain and did not factor into the Bank decision to cut rates.<sup>3</sup> The UK is a small relatively open economy with a global financial centre and therefore highly susceptible to global events. The unexpected, sizeable US policy changes lead to high uncertainty and exceptionally high market volatility. The Bank believes that the overall impact of tariffs will be front end loaded, with the effects tapering off after one year. Combined with the Autumn Budget changes, tariffs add further complexity to economic data interpretation and uncertainty on rate of transmission of higher or lower import prices as they feed into UK inflation and its persistence. Understandably, business and consumer confidence, which had fallen due to the Autumn Budget tax rises and other fiscal announcements, reduced further. During the busy Q1 results season, portfolio companies have been detailing mitigation strategies to the National Insurance

Contributions and other Autumn Budget cost increases. Some hope to increase prices but several factors are likely to limit ability to pass on costs. Weak demand may well erode pricing power for many. So, it is likely that most will have to cut costs by reducing staff and absorb some cost through lower margins.

In Q1, the Puma AIM IHT portfolio delivered four profit warnings, three companies reported progress below expectations, twenty-six reported in line and three companies reported news ahead of expectations. Model cash, from the Eckoh acquisition completing in Q1 and the sale of Brooks Macdonald on moving to the Main List, was invested in two new companies and nine current model companies.

Looking ahead, there are still significant risks as a result of the Autumn Budget and US tariff policy uncertainty.<sup>2</sup> Further, those risks are compounded by finely balanced public finances due to a small degree of fiscal headroom with the Office of Budget Responsibility forecasts, based on optimistic productivity growth, being downgraded for 2025. Even a minor deterioration will need a policy response of lower spend / higher taxes.<sup>4</sup> However, GDP is forecast to pick up steadily from mid-2025<sup>5</sup> aided by the weak comparison of a flatlining GDP since mid-2024.<sup>3</sup> There is continued household real income growth and despite a decline in consumer confidence, saving buffers are supporting some consumer spend.<sup>4</sup>

Business growth remains in positive territory, but confidence is exceptionally low. The concern here is that some investment is being delayed to the longer-term detriment for economic growth. The Bank still believes service and consumer price inflation is less likely to fade of its own accord so interest rates will need to be higher for longer to bear down on inflation.<sup>3</sup> Despite this, KPMG expect interest rates to be cut to 3.75% (others are at 4%), with a further two cuts in 2026: providing some relief on borrowing costs.<sup>4</sup> A falling interest rate environment and some GDP growth should provide support. Further, small company valuations are now at the lower end of historical valuation range<sup>6</sup> and is echoed in the Puma AIM IHT portfolio which is currently on low multiples on a range of valuation matrices, whilst forecast to generate strong cash flows and a dividend yield of 2.66%: a consequence of the majority of portfolio companies growing but share prices falling. Whilst conscious of further downside risks, including potentially another Autumn Budget of import, such lowly valuations should begin to support share prices in 2025.

**Dr Stuart Rollason, Investment Director**

<sup>1</sup> The indices shown are for illustrative purposes only and are not considered directly comparable to the performance of this Service.

Source: Iress. Past performance is no indication of future results.

<sup>2</sup> Bank of England Monetary Policy Committee 20 March 2025

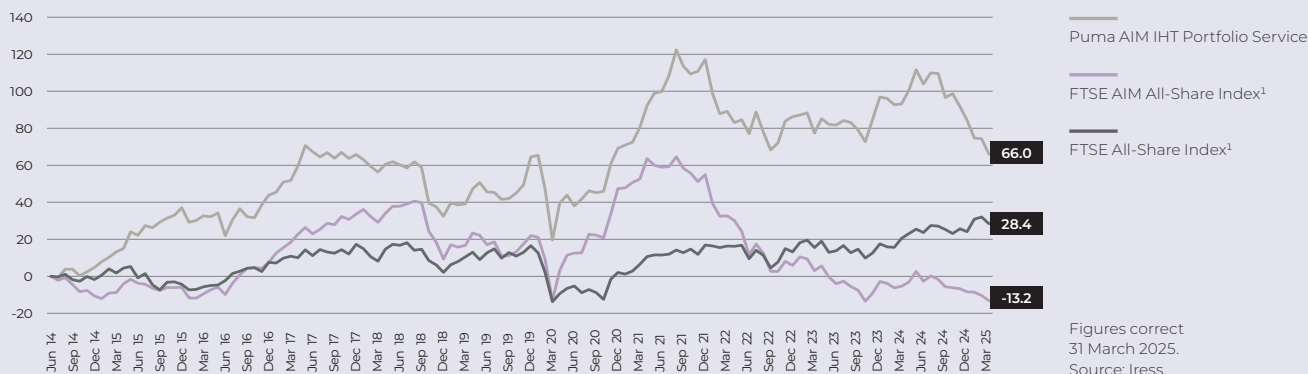
<sup>3</sup> Bank of England Monetary Policy Committee member: Not such an island after all – speech by Megan Greene 12 February 2025

<sup>4</sup> KPMG: UK Economic Outlook - April 2025

<sup>5</sup> Bank of England Monetary Policy Committee member: Surveys, forecasts and scenarios: setting UK monetary policy under uncertainty – speech by Dave Ramsden 28 February 2025

<sup>6</sup> Bloomberg and Cavendish Capital Markets – February 2025

## Performance %



## Cumulative investment performance %

	3M	ROLLING 1Y	ROLLING 3Y	ROLLING 5Y	SINCE INCEPTION
Puma AIM IHT Portfolio Service	-9.94	-14.04	-12.23	+38.78	+66.03
FTSE AIM All-Share Index (AXX) <sup>1</sup>	-5.23	-8.24	-34.57	-0.04	-13.17
FTSE All-Share Index (ASX) <sup>1</sup>	+3.49	+6.58	+10.41	+48.79	+28.43

## Discrete investment performance %

	2024	2023	2022	2021	2020	CAGR <sup>2</sup>
Puma AIM IHT Portfolio Service	-6.37	+5.72	-14.24	+28.39	+2.81	+4.83
FTSE AIM All-Share Index (AXX) <sup>1</sup>	-5.72	-8.18	-31.69	+5.17	+20.74	-1.30
FTSE All-Share Index (ASX) <sup>1</sup>	+5.57	+3.85	-3.16	+14.55	-12.46	+2.35

<sup>1</sup> The indices shown are for illustrative purposes only and are not considered directly comparable to the performance of this Service. Source: Iress.

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

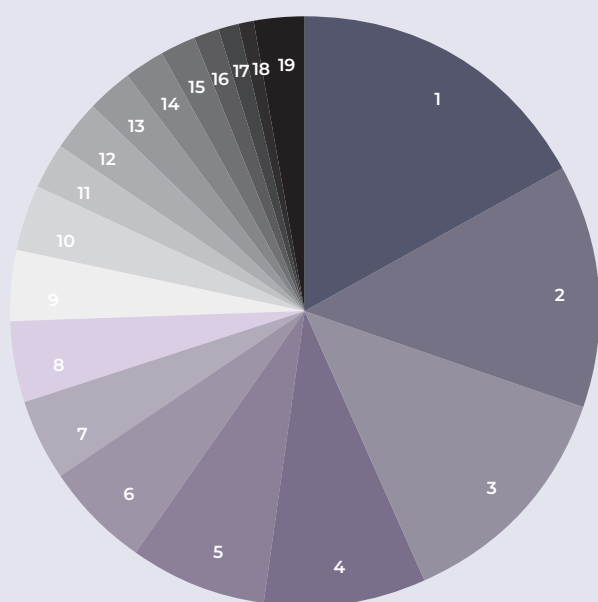
All performance data is quoted net of management and dealing fees and applies to actual initial investors' portfolios that remain invested.

Please note that performance data applies to the longest held, live portfolio which has been invested since inception, based on a portfolio managed directly by the Manager on its main trading platform. Performance data may vary for portfolios managed by the Manager on platform due to differing deal fees and other platform fees. Furthermore, small variations in performance may apply as each individual investor has their own discrete portfolio of assets. Discrete performance data is calculated as full-year periods from 1 January to 31 December of the year displayed.

Past performance is no guarantee of future results.

Date of inception: 1 July 2014.

## Portfolio companies by sector % of portfolio



1	Software and computer services	17.22%
2	Industrial support services	13.14%
3	Construction and materials	13.11%
4	Electronic and electrical equipment	8.95%
5	Property services	7.53%
6	Technology hardware and equipment	5.73%
7	Healthcare providers	4.53%
8	Finance and credit services	4.32%
9	Retailers	4.10%
10	Beverages	3.42%
11	Telecommunication service providers	2.69%
12	Industrial engineering	2.61%
13	Medical equipment and pharmaceutical	2.60%
14	Oil, gas and coal	2.11%
15	Consumer services	2.10%
16	Investment banking and brokerage services	1.31%
17	Leisure goods	0.99%
18	Media	0.83%
19	Cash	2.74%

As at 31 March 2025. Figures may be subject to rounding errors.

## Portfolio's top ten holdings

Company	% holding
<b>Property Franchise</b>	7.53%
<b>Cerilion</b>	7.49%
<b>Judges Scientific</b>	7.03%
<b>Renew Holdings</b>	5.58%
<b>Thorpe (F.W)</b>	4.72%
<b>H&amp;T Group</b>	4.32%
<b>Vertu Motors</b>	4.10%
<b>Fintel</b>	3.50%
<b>Epwin Group</b>	3.40%
<b>Craneware</b>	3.36%
<b>Total</b>	<b>51.04%</b>

# 39

Total holdings in the portfolio

# £366.5m

Portfolio weighted market cap

# £212.1m

Portfolio AUM

## Spotlight on a portfolio holding



Founded by Charles Rolls and current CEO Tim Warrilow, Fever-Tree has grown to become a leading UK drinks brand with market leadership positions in the premium mixer market across the world.

Having grown successfully in the UK, Fever-Tree is now executing on an international expansion plan partnering with market-leading distributors such as Asahi in Japan and Molson Coors in the USA.

Fever-Tree's sales have grown ten-fold over the past ten years without significant equity dilution to shareholders. Following a transformative agreement with Molson Coors, which will handle production and distribution of Fever-Tree products in the USA, reduces capital investment needs and offers long-term profit margin improvement, mitigating execution risks in this key market

### Quality

Fever-Tree has expanded successfully from the UK to Europe, Asia, Australasia and the US. Sales growth in the US, which is now its largest market, has come at the expense of profit margin in recent years. Operating profit margins have reduced from over 30% to just 10%, as management invested for growth in international markets whilst simultaneously facing above-inflation supply chain cost increases mainly due to macroeconomic factors. We see potential for profit margins to increase towards historic rates as glass prices normalise and as the business achieves scale in the US.

### Growth

Whilst we believe the UK market has reached maturity, substantial opportunity remains in North America and other international markets. This will be less evident in 2025 as implementing the Molson Coors agreement and transitioning to their production facilities will impact US sales growth. However, this should set the business up for faster growth in subsequent years. Gross margins are improving at 39.0% in H2 2024, up from a low of 30.7% in H1 2023, and gross profit should continue to improve, albeit reinvested into US marketing spend related to the Molson Coors agreement.

### Valuation

As the business continues to invest for growth, the valuation on standard measures appears fair at a sub-5% free cash flow yield and P/E in excess of 20. However we would argue that the business is operating close to trough earnings as supply chains normalise and they move to scale in the US whilst offering above-average growth potential.

# £1,020m

Market capitalisation

Source: London Stock Exchange

# £8.12

Price at end of quarter

Source: London Stock Exchange

# 2003

Year established

Source: Companies House

# Six features of the Service



# 1

## EXPERIENCED INVESTMENT TEAM

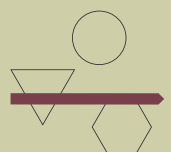
The investment team at Puma Investments is led by Dr Stuart Rollason, and supported by Daniel Cane and Joseph Cornwall. Together they have a track record of over 50 years of investing in small and medium-sized enterprises.



# 2

## ESTABLISHED TRACK RECORD OVER TEN YEARS

Since inception in July 2014, the cumulative performance of the model portfolio has increased by +66.03%, outperforming both the FTSE AIM All Share Index (-13.17%) and the FTSE All Share Index (+28.43%).<sup>1</sup>



# 3

## A DIVERSIFIED PORTFOLIO OF LARGER AIM COMPANIES

Targeting companies with good revenue visibility and generating positive cashflows. The portfolio does not typically invest in early-stage companies or smaller companies with a market capitalisation of less than £50 million. The portfolio is invested across 17 different sectors with no more than 20% in any one sector at present.



# 4

## IHT SAVING INSIDE AND OUTSIDE ISAS

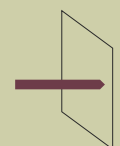
Seeks to mitigate IHT by selecting companies that qualify for Business Relief. Can be held inside and outside ISAs, enabling investors to combine IHT relief with the other tax benefits of ISAs (provided investments are held for at least two years and on death).<sup>2</sup>



# 5

## LONG HISTORY ON AIM

Puma Investments is part of the Shore Capital Group, the third largest market maker on AIM. Shore Capital has been analysing AIM companies since the market opened in 1995.



# 6

## PLATFORM ACCESS

Available for advisers to access on leading platforms: M&G Wealth, Transact, Aberdeen, Fidelity FundsNetwork, Platform One, Nucleus, 7IM and Succession.

7IM

M&G wealth

Aberdeen

Fidelity INTERNATIONAL

transact  
take control

Platform One

nucleus

Past performance is no indication of future results and share prices and their values can go down as well as up. Source: London Stock Exchange, taken at 31 March 2025 unless otherwise stated.

<sup>1</sup> The indices shown are for illustrative purposes only and are not considered directly comparable to the performance of this Service. Source: Iress.

<sup>2</sup> Tax reliefs depend on the individual investor's circumstances and may be subject to change.

# Fees and expenses

	Direct with Puma	Through a platform <sup>1</sup>
INITIAL FEE	1% (of amount subscribed)	No initial fee charged to investors accessing the service through a platform
ANNUAL MANAGEMENT FEE	1.5% (of portfolio value)	1.5% (of portfolio value)
DEALING FEE	1% (applied to purchase or sale of stocks)	Platform and dealing fees may vary across platforms

<sup>1</sup> Other platform fees may apply.

All fees are inclusive of VAT where applicable

## Risk factors

An investment in the Puma AIM Inheritance Tax Service may not be suitable for all investors.

An investment in the Service carries risk and you should seek your own independent advice. You should only invest in the Service on the basis of the Investment Overview and Investor Agreement, which details the risks of the investment. Below are the key risks of the Service.

### Tax reliefs are not guaranteed

Tax rules may change, which could affect the reliefs available for IHT purposes. Tax reliefs are subject to an individual's personal circumstances and independent tax advice should be taken. While the Tax Adviser will also carry out an annual review of the portfolio, we can't guarantee that all portfolio investments will qualify for BR. If a company should be non-qualifying at the time of being selected for the portfolio or become non-qualifying thereafter, then any applicable BR could be reduced accordingly.

### Long-term investment

An investment in the Puma AIM Inheritance Tax Service should be considered a long-term investment.

### Capital at risk

The value of investments can go down as well as up, so investors may not receive their full amount invested. An investment in smaller companies is likely to be higher risk than many other investments. Companies quoted on AIM are likely to be more risky and have less rigorous listing requirements than companies quoted on the

main list of the London Stock Exchange. Dealing costs may be significant, particularly in respect of a relatively small investment in the Service.

### Past performance

The past performance of the Puma AIM Inheritance Tax Service, Puma Investments, the funds Puma Investments manages and the companies it advises, is not a reliable indicator of future performance. Future performance may be materially different from past results. There is no guarantee that can be given as to the overall performance or level of return that can be achieved from investments made, or that the objectives of the Service will be achieved.

### Potentially illiquid investment

AIM stocks are largely small and illiquid. They are characterised by significant spreads and low trading volumes. A sale of such shares may be difficult, slow and only achievable at lower than indicated market price.



## Get in touch

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