



PUMA INVESTMENTS

AVAILABLE IN ISAs

£20,000 minimum subscription

### Award-winning

GROWTH INVESTOR 2022 AWARDS FINALIST BEST BR INVESTMENT MANAGER - LISTED

GROWTH INVESTOR 2021 AWARDS FINALIST BEST BR INVESTMENT MANAGER (LISTED)

GROWTH INVESTOR 2020 AWARDS FINALIST BEST BR INVESTMENT MANAGER (LISTED)

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](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



# Puma AIM Inheritance Tax Service Q3 2022 Quarterly Report

## Investment Director's Quarterly Portfolio Review

In Q3 2022, the portfolio decreased by -5.00%, outperforming the FTSE AIM All Share index which decreased by -7.97% but underperforming the FTSE All Share Index which decreased by -4.50%. Since inception in July 2014, the portfolio has increased by +68.25%, outperforming both the FTSE AIM All Share Index (+2.67%) and the FTSE All Share Index (+4.54%).

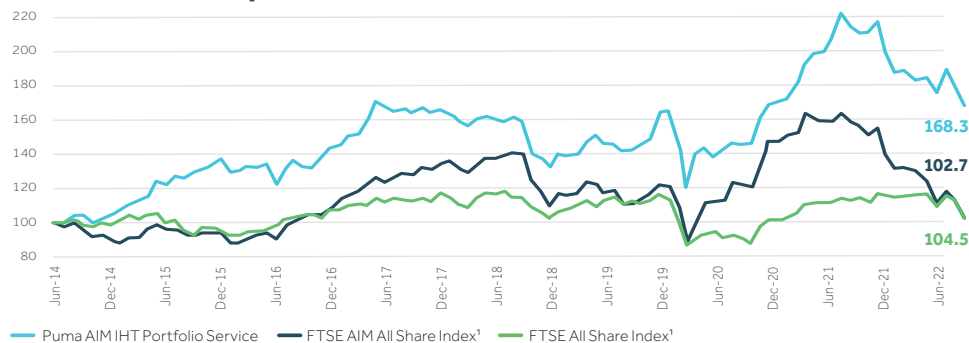
Persistent higher inflation in the UK, US and Europe has necessitated a response by the relevant Central Banks through a series of interest rate rises with the expectation of more to come. The inflationary pressures have been considerably accentuated by a steep and persistent rise in energy costs caused mainly by Russia's invasion of Ukraine and its curtailment of gas supplies to Europe. This has caused lower economic growth, causing eight months of significant equity market volatility leading to a general decline in global stock markets.

In the autumn results season, 31 out of 32 Puma AIM portfolio companies reported results. There were 3 profit warnings, 2 below expectations, 23 reported in line and 3 reported results ahead of expectations. I consider this to be a good outcome given that these results cover a period of considerable challenges. Importantly, the outlook statements of those reporting portfolio companies were cautiously significant; a position that is unchanged from the spring results season. This hopeful stance has foundations in companies beginning to adapt to the challenges. Nevertheless, this adaptation will have to continue for an extended period as economic indicators still point to significant recessionary pressures.

Since the Russian invasion of Ukraine, the Puma AIM model portfolio has continued to demonstrate a resilient performance aided by good results and encouraging outlook statements. However, market sentiment is still negative and is not prepared to give companies credit for these results whilst punishing severely any profit warnings. Nevertheless, we remain encouraged by the performance of a significant majority of the portfolio companies as the management teams show leadership in adapting to the politico-economic headwinds, as the majority did through the Covid pandemic.

Dr Stuart Rollason, Investment Director

## Performance Graph of the Puma AIM IHT Portfolio Service



## Cumulative Investment Performance %

	3M	1Y	3Y	5Y	Since Inception
PUMA AIM IHT Portfolio Service	-5.00	-21.19	+18.49	+2.74	<b>+68.25</b>
FTSE AIM All Share Index (AXX) <sup>1</sup>	-7.97	-35.17	-7.63	-19.70	<b>+2.67</b>
FTSE All Share Index (ASX) <sup>1</sup>	-4.50	-7.28	-7.34	-7.07	<b>+4.54</b>

## Discrete Investment Performance %

	2022 to date	2021	2020	2019	2018	CAGR <sup>2</sup>
PUMA AIM IHT Portfolio Service	-22.52	+28.39	+2.81	+24.23	-20.11	<b>+6.51</b>
FTSE AIM All Share Index (AXX) <sup>1</sup>	-33.74	+5.17	+20.74	+11.61	-18.20	<b>+0.32</b>
FTSE All Share Index (ASX) <sup>1</sup>	-10.56	+14.55	-12.46	+14.19	-12.95	<b>+0.54</b>

<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 one of the first investor's portfolio that remains invested. Please note that from Q2 2021 the performance data no longer applies to the previous Investment Director's portfolio, but instead applies to the next portfolio that remains in existence that has been invested since inception. 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 | Source: Puma Investments, unless otherwise stated.

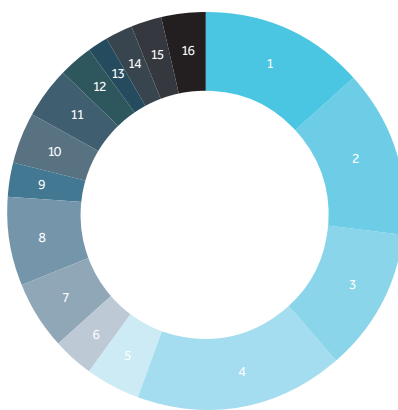
## Portfolio's Top 10 Holdings

COMPANY	% holding
EMIS	7.59%
JUDGES SCIENTIFIC	7.29%
H&T GROUP	5.98%
RENEW HOLDINGS	5.92%
THORPE (F.W)	5.51%
CERILLION	4.93%
FOCUSRITE	4.29%
IMPELLAM	3.55%
NWF GROUP	3.50%
VERTU MOTORS	3.46%
<b>Total</b>	<b>52.02%</b>

Total holdings in the portfolio **32**

As at 30 September 2022

## Portfolio Companies by Sector % of portfolio



1	Construction & Materials	13.43%
2	Support Services	13.69%
3	Electronic & Electrical Equipment	11.50%
4	Software & Computer Services	17.10%
5	Leisure Goods	4.31%
6	Retailers	3.47%
7	Technology Hardware & Equipment	5.53%
8	Finance and Credit Services	7.27%
9	Beverages	2.77%
10	Property Services	4.09%
11	Investment Banking & Brokerage Services	4.17%
12	Medical Equipment & Pharmaceutical	2.70%
13	Telecommunication Service Providers	1.84%
14	Consumer Services	2.19%
15	Health Care Providers	2.44%
16	Cash	3.50%

As at 30 September 2022. Figures may be subject to rounding errors.

## Spotlight on a Portfolio Holding



### Company background

Gamma supplies cloud-enabled telephone systems to corporate customers in UK and Europe.

**ESTABLISHED**  
2002

**SECTOR**  
Telecommunication  
Service Providers

**PRICE AT END OF QUARTER**  
**1056p**

**MARKET CAPITALISATION**  
**£1.03bn**

Gamma is a UK market leader in supplying cloud-based telephony systems. Built on a heritage of innovation, it has evolved from an owner of fibre networks, into a provider of interconnected and centrally managed telephone systems. These are sold directly to enterprise customers including government bodies, and indirectly to smaller companies through channel partners, primarily regional managed IT service providers.

Following the evolution of fast fibre networks, telephone systems are increasingly moving towards cloud-based telephone systems which is Gamma's expertise. Cloud penetration in the UK is at around 50% and in Europe, this is much lower at anywhere between 10-30%. With operations now in Germany and Spain, as well as in the more advanced Dutch market, the intention is for Gamma to deploy its software IP into these European markets, all of which have substantial growth potential.

### Quality

Gamma's channel partner network is unique, with the UK network being 60% of group revenue. These channel partners choose Gamma because of its innovation and agility. The network has allowed the business to operate at scale and at healthy operating margins of 15%, with returns on capital of c. 30%. Gamma's products are mission-critical to its customers with 89% of group revenue recurring in nature.

### Growth

The UK business continues to grow at high-single digits, with growth opportunities in Microsoft Teams integrations which Gamma now offers. However, the enhanced growth story lies in mainland Europe. Slow-moving large incumbents have been sluggish to innovate and increase functionality for customers. We are expecting faster growth in Europe, where growth has been behind management's expectations, as markets begin to adopt cloud telephony as part of business transformation projects.

### Valuation

Gamma has de-rated significantly in 2022, despite earnings being at the higher end of expectations. On a P/E multiple of 15x and a 7% free cash flow yield, we see this as highly attractive to public market investors for a business of this quality. We judge the UK business alone as being worth Gamma's current valuation.

## Access through Adviser Platforms

AVAILABLE IN ISAs



## Fees and Expenses

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

1 Other Platform fees may apply.



### Investment Director Dr Stuart Rollason

Dr Stuart Rollason is a highly experienced small and mid-cap fund manager with over 20 years in the industry. He joined Puma from Kestrel Partners LLP, where he led their AIM IHT service for a decade. Previously, he managed a UK smaller company investment trust at Bluehone and £230m of UK smaller company pension assets at ISIS Asset Management.