

Puma AIM Inheritance Tax Service Q1 2017 Quarterly Report



PUMA AIM
INHERITANCE
TAX SERVICE
Calculated Excellence

AVAILABLE IN ISAS

**GROWTH
INVESTOR
2016 | AWARDS**

WINNER
BEST AIM
INVESTMENT
MANAGER

INVESTMENT
WEEK
TAX EFFICIENCY
AWARDS 2016/17
HIGHLY COMMENDED
Best AIM IHT Portfolio Service

Investment Director's Quarterly Portfolio Review

In Q1 2017 the portfolio increased by +5.48%, a -4.59% underperformance of the FTSE AIM All Share Index. Since inception in July 2014 the portfolio has increased by +51.73% net of management and dealing fees. This is a +33.39% outperformance of the FTSE AIM All Share Index in the same period. From launch the compound annual growth rate of the portfolio has been +16.37%.

It was pleasing to deliver a third quarter in a row of increasing portfolio value, and to start 2017 with positive numbers. All results reported by the portfolio companies in the quarter have been broadly in-line with markets expectations or better than expected. No changes to the portfolio holdings have been made. As we approach our three year anniversary at the end of June, we remain confident in the outlook for the Puma AIM IHT portfolio service.

Justin Waine
Investment Director

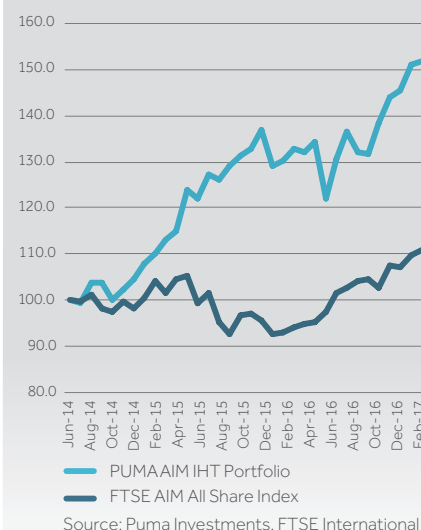
Cumulative Performance in %

	3M	6M	1Y	2Y	Since Inception
PUMA AIM IHT Portfolio Service	+5.48	+14.82	+14.32	+34.05	+51.73
FTSE AIM All Share Index (AXX)	+10.07	+13.47	+30.76	+29.77	+18.43
Relative Outperformance	-4.59	+1.35	-16.44	+4.28	+33.39

Discrete Performance in %

2017	Q1	Q2	Q3	Q4	YTD
PUMA AIM IHT Portfolio Service	+5.48	-	-	-	+5.48
FTSE AIM All Share Index (AXX)	+10.07	-	-	-	+10.07
Relative Outperformance	-4.59	-	-	-	-4.59
2016	Q1	Q2	Q3	Q4	YTD
PUMA AIM IHT Portfolio Service	-3.14	-8.15	+8.40	+8.85	+4.98
FTSE AIM All Share Index (AXX)	-3.80	-0.41	+15.71	+3.09	+14.29
Relative Outperformance	+0.66	-7.74	-7.31	+5.76	-9.31
2015	Q1	Q2	Q3	Q4	YTD
PUMA AIM IHT Portfolio Service	+8.10	+7.88	+5.81	+6.05	+30.90
FTSE AIM All Share Index (AXX)	+2.01	+5.56	-4.07	+1.87	+5.23
Relative Outperformance	+6.09	+2.32	+9.88	+4.18	+25.67
2014	Q1	Q2	Q3	Q4	YTD
PUMA AIM IHT Portfolio Service	-	-	+3.91	+0.81	+4.72
FTSE AIM All Share Index (AXX)	-	-	-4.41	-6.48	-10.60
Relative Outperformance	-	-	+8.32	+7.29	+15.32

Performance Graph of the Puma AIM IHT Portfolio



Past performance is no guarantee of future results.

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 F W	7.46
Scapa Group	7.29
Renew Holdings	7.21
H&T	6.56
Safestyle UK	6.11
Impellam	5.97
Advanced Medical Solutions	5.77
Nichols	5.08
Cello	4.60
Breedon Group	4.31
Total % of the portfolio	60.36
Total Holdings in portfolio = 20	

Spotlight on a portfolio holding

Summary

Scapa Group

Scapa Group is a global manufacturer of bonding solutions and adhesive based products.

Sector: Chemicals

Year Established: 1927

Price at the end of quarter: 355.38p

Market Capitalisation: £541m



Company Background

Scapa was founded in 1927 as Scapa Dryers Ltd as a manufacturer of paper making dryer felt. From 1987 with the acquisition of Rotunda, it expanded into adhesive tapes, building the group in this area organically and through acquisition during the 1980s and 1990s. In 1999 the company divested its traditional paper business, and this along with subsequent divestments saw the company focus on adhesive tapes, resins and other bonding products. From the late 1990s the company came under severe financial pressure as mounting asbestos litigation at its US subsidiaries, and a ballooning deficit in its UK pension funds, increased the company's liabilities and drained the company of cash. Current management took over in the later Noughties with a new Chairman in 2007, and a new CEO joining in 2009. The management progressively turned around the business dealing with the historical issues, so by 2013 the business was ready to focus on organic and acquisitive growth in the adhesive tapes industry.

Business Performance

In the five years to the end of March 2016 the company has increased revenue by 26% to £247m, and operating profit by 78% to £18.3m. Its traditional industrial adhesives business has been broadly flat over that period. However, its fast growing healthcare division has increased revenue by 136% from £39.5m to £73.8m; over the same period operating profits have increased by 82% from £5.5m to £10.0m. The healthcare division now represents nearly 40% of the company's profits and over half the operating profit.

Our Conclusions

As stated in our 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.

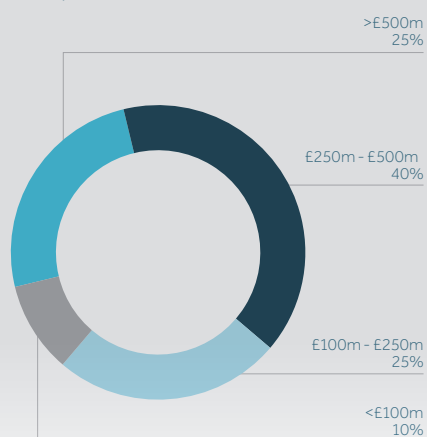
1. Quality: Scapa operates in the industrial and healthcare segments of the global adhesive markets. The company targets a number of specific niches in which its technological expertise can allow it to generate strong margins and good returns on capital. The company has consistently generated free-cash flow in each of the last five years before spending on acquisitions. It has also closed off its asbestos liabilities through the sale of the affected companies in the US. In the UK it took early action to cap its pension liability meaning it is one of the few UK companies that has seen its pension liability fall over the last five years.

2. Growth: The world market for adhesive tape is growing approximately 5% a year. We expect this to continue to be the case going forward. We would expect the industrial adhesive business to grow in line with this. We would also expect the healthcare division to grow at double digit rates organically. This organic growth for the group will be further supported by acquisitions. Recent acquisitions and the increase in the pound sterling of foreign currency earnings will also drive short term sales growth. We expect group margins and returns on capital to increase over the forecast period.

3. Valuation: Based on our own estimates Scapa is trading on 22x Price/Earnings for the year ending 31st March 2018. Free-cash generation for the business is expected to be strong with free-cash flow expected to grow rapidly over the next five years driving our price target for the business.

Portfolio Companies by Market Cap

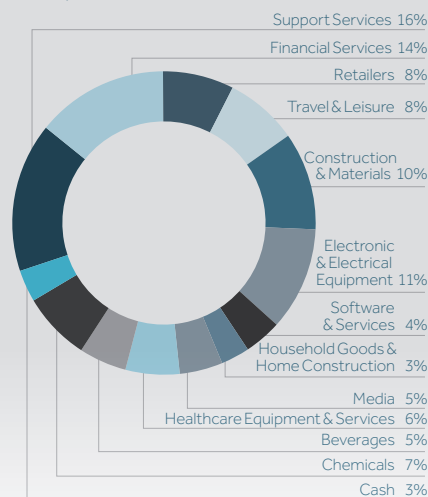
% of portfolio



Source: Puma Investments

Portfolio Companies by Sector

% of portfolio



Source: Puma Investments

Overview of the service

Portfolio Service: A 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: Whilst ISAs are extremely tax efficient during the holder's lifetime, upon death ISA balances may be subject to a 40% IHT liability. Investing in a portfolio of qualifying AIM stocks allows holders to mitigate Inheritance Tax while still retaining the benefits of an ISA.

A Focused Investment Strategy

Manager: Puma Investments is part of Shore Capital, an AIM listed company itself, with a 30+ year history. The team is led by Justin Waive, an Investment Director with 18 years of experience specialising in small and mid-cap companies.

Quality Companies: We seek to invest in quality companies with strong margins, good returns and a track record of cash generation.

Research Driven: We select companies on strict valuation criteria with a focus on capital preservation. Our approach is research driven with detailed financial analysis.

Portfolio Construction: Targeting approximately 20 companies with market capitalisations in excess of £50 million and low portfolio turnover.

Investment Director



Justin Waive
Investment Director

Justin graduated from Oxford with a degree in PPE. He joined Cazenove & Co as a sell side research analyst responsible for small and mid-sized companies.

In 2003, Justin joined Polar Capital Partners as a fund Manager on European Funds. This included managing a significant portion of the award-winning European Forager Fund; an absolute return fund focused on Pan-European small and mid-sized companies. Justin was responsible for investment across the whole of Europe, but predominantly focused on the UK, Germany and Switzerland, including companies listed on AIM.

Justin was named MoneyWeek's Top 3 Tipster of 2015.

Fees and Expenses

ACCESS	DIRECT WITH PUMA	THROUGH A PLATFORM
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

Note: Your capital may be at risk and past performance is no guide to future results. Please note the risk factors on the last page.



AWARD WINNING SERVICE

PUMA INVESTMENTS WON 'BEST AIM INVESTMENT MANAGER' AT THE 2016 GROWTH INVESTOR AWARDS



NATIONAL COVERAGE

NETWORK OF FIVE OFFICES INCLUDING LONDON, LIVERPOOL AND EDINBURGH



EXPERIENCED TEAM

MULTI-DISCIPLINARY TEAM OF INVESTMENT PROFESSIONALS



30+ YEAR HISTORY

PUMA INVESTMENTS IS PART OF THE SHORE CAPITAL GROUP ESTABLISHED IN 1985

Shore Capital – Experts in AIM

Long History: Shore Capital has been active on AIM since its inception as both broker and corporate finance adviser to companies listed on AIM.

Market-Making: Shore Capital makes a market in 1,200 stocks and is the third largest market-maker on AIM by both value and volume of stocks.

Research: Shore Capital's highly regarded research team produce research on a wide range of AIM listed companies.

Part of the Shore Capital Group

 **SHORE CAPITAL**
EXCELLENCE INTEGRATED

Access through Adviser Platform

Professional Financial Advisers can now access the Puma AIM IHT Service via the following Wrap Platforms:

 **ascentric**
A ROYAL LONDON GROUP COMPANY

 **Standard Life**

 **transact**
take control

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 www.pumainvestments.co.uk. Below are the key risks of the Service:

Past Performance: Past performance is no indication of future results and share prices and their values can go down as well as up.

Tax Reliefs are not Guaranteed: Tax reliefs depend on individuals' personal circumstances, minimum holding periods and may be subject to change. We have identified potential BPR qualifying businesses and we have engaged PriceWaterhouseCoopers to carry out a review of the investments made by the Service in order to advise whether these are likely to be eligible for BPR in full or at all. While PriceWaterhouseCoopers will also carry out an annual review of the portfolio, we cannot guarantee that all portfolio investments will qualify for BPR.

You May Lose Money: An investment in smaller companies is likely to be higher risk than other investments. Investors' capital may be at risk and Investors may get back less than their original investment.

Long-Term Investment: An investment in the Service should be considered a long-term investment.

Potentially Illiquid Investment: AIM stocks are largely small and illiquid. They are characterised by significant spreads and low trading volumes. It may prove difficult for Investors to realise immediately or in full proceeds from the sale of such shares.

Disclaimer

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All performance figures shown in this quarterly factsheet are reported after deduction of Puma Investments' management fees and dealing fees. The figures reflect the performance of the Investment Director's own portfolio and as such reflect the investment of real money in the Service. All data is correct as of 31 March 2017.

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