

# MOBEUS VCT NEWSLETTER

## SUMMER 2018

MOBEUS INCOME & GROWTH VCT PLC MIG

MOBEUS INCOME & GROWTH 2 VCT PLC MIG2

MOBEUS INCOME & GROWTH 4 VCT PLC MIG4

THE INCOME & GROWTH VCT PLC I&G

## WELCOME

**Since our Winter 2017 newsletter, we have completed the profitable disposal of Gro-Group and seen a strong flow of new deals, as well as the conclusion of the Mobeus VCTs' Offers for Subscription, having raised a total of £80 million.**

### Fundraising

In March 2018, the Mobeus VCTs had received applications totalling the maximum sought of £80 million from new and existing investors and so the Offers were duly closed. Mobeus is delighted with the level of investor support.

### Growth Capital Portfolio

**Deal flow:** Over £13 million has been invested by the VCTs so far in 2018, comprising three new investments in Proactive Investors, Super Carers and Hemmels, and three follow-on investments into MPB, Tapas Revolution and MyTutor. Mobeus expects follow-on investments to become a common feature, as the VCTs continue to support these younger growth capital investments through different phases of growth and expansion.

A significant amount of capital is seeking opportunities in the VCT sector, although the number of companies seeking such investment is growing too. Competition for the best investment opportunities is likely to continue. However, Mobeus has a strong pipeline of potential transactions that are being actively pursued and proceeding through due diligence.

**Progress to date:** We are pleased with the progress of the growth capital portfolio with the majority of

companies exceeding their turnover budgets during the year-to-date. A number of these growth investments are now valued away from initial investment cost. This has resulted in increases in some values, driven by both investment structure and trading performance.

### MBO Portfolio

Gro-Group was sold in December and has generated proceeds of £12.8 million across the four VCTs. This sale contributed towards an overall cash profit of £8.9 million and a total return of £16.0 million, which is 2.3X original investment cost of £7.1 million. The remaining MBO portfolio is performing steadily. Some companies have shown a recent improvement in trading, in part driving increased values, but a small number of companies are experiencing trading challenges, which Mobeus are assisting these companies to address.

### VCT rule changes

The Finance Act 2018 has introduced further changes to the VCT scheme rules, which focused on qualifying investment criteria, preventing investments which seek to preserve capital (e.g. asset backed investments) and increasing the rate of investment. Pleasingly, no changes were made to investor tax reliefs.

### Shareholder event

The next event will again be held at the Royal Institute of British Architects, on 5<sup>th</sup> February 2019. We hope to see you at the event, which has been well-received by shareholders who have attended previously. An invitation is enclosed with this letter.



## INVESTMENT AND PORTFOLIO NEWS

### Ten largest investments

Across the VCTs' current combined asset base of approximately £261 million, the ten largest investments account for approximately £81 million by value (31%). Their costs and valuations are shown in the table below.

Company	Business	Cost (£m)	Valuation (£m)
 Access-IS	Data capture and scanning hardware	11.0	12.7
 WetsuitOutlet	Online retailer specialising in watersports	10.0	10.0
 ASL Technology	Printer and photocopier services	9.7	9.8
 Virgin Wines	Online wine retailer	8.4	9.0
 Equip Outdoor Technologies	Branded outdoor equipment and clothing	4.5	8.3
 Media Business Insight	Events and publishing	11.7	7.1
 MPB Group	Online marketplace for used photographic and video equipment	4.1	6.5
 CGI	Vinyl graphics to global automotive, recreation vehicle and aerospace markets	6.2	6.4
 My Tutor	Digital marketplace connecting school pupils seeking one-to-one online tutoring	5.6	5.6
 Red Paddle Co	Design, manufacture and sale of stand-up paddleboards	4.0	5.5
<b>Combined totals for ten largest investments</b>		<b>75.2</b>	<b>80.9</b>
Other Investments		87.2	73.4
<b>Combined portfolio totals</b>		<b>162.4</b>	<b>154.3</b>

The above data have been extracted from each VCT's most recently announced financial results, adjusted for subsequent additions and disposals up to 30 June 2018.

### New investments - Total: £6.1 million

**Proactive Investors** - specialises in up-to-the-minute multi-media news provision, events organisation, digital services and investor research. Proactive provides breaking news, commentary and analysis on hundreds of small-cap listed companies and pre-IPO businesses across the globe. The investment will enable Proactive to expand its services into the US market.

**Super Carers** - provides an online platform connecting people, typically family members seeking home care for their elderly parents, with independent carers. Carers and care-seekers manage care directly thus reducing the administrative burden and the need for care managers, enabling care to be delivered with greater flexibility and more cost effectively.

**Hemmels** - specialises in the sourcing, restoration, selling and servicing of high value classic cars. Hemmels currently focuses on classic Mercedes Benz, and plans to expand into the Porsche marque under a separate brand. The investment will enable Hemmels to proceed with its expansion plans and secure sufficient development stock.

Company	Business	Month	Amount (£m)
Proactive Investors	Media services and investor conferences	January & June	1.8
Super Carers	Online platform that connects people seeking care with experienced independent carers	March	2.1
Hemmels	Sourcing, restoration, selling and servicing of high value, classic cars	March	2.2
<b>Combined total</b>			<b>6.1</b>

### Follow-on investments - Total: £7.1 million

Company	Business	Month	Amount (£m)
MPB Group	Online marketplace for used photographic and video equipment	February	1.5
Tapas Revolution	Spanish restaurant chain	March	2.0
MyTutor	Digital marketplace connecting school pupils seeking one-to-one online tutoring	May	3.6
<b>Combined total</b>			<b>7.1</b>

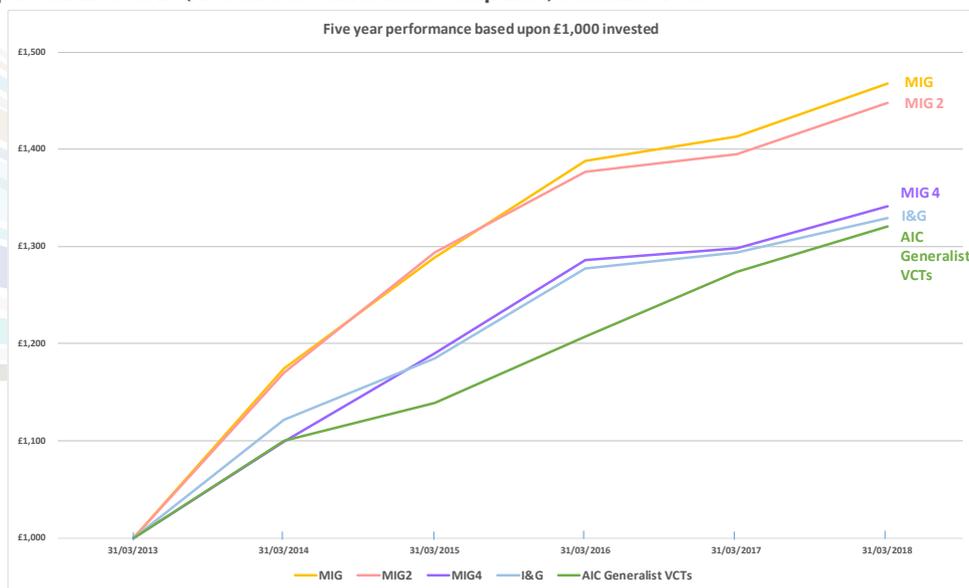
### Realisations and proceeds - Total: £14.3 million

Company	Month	Amount (£m)	Realisation
Gro-Group	December	12.8	Disposal
Various	December - May	1.5	Loan repayments / deferred consideration
<b>Combined total</b>		<b>14.3</b>	

In December, the sale of Gro-Group was completed, realising proceeds of £12.8 million and a multiple on cost of 2.3X. This investment was held for four years and nine months and has returned an IRR of 21%.

## RELATIVE PERFORMANCE OF THE MOBEUS VCTs

The Mobeus VCTs' relative performance over five years compares favourably to the average weighted performance of AIC (Association of Investment Companies) Generalist VCTs.



### What does this chart show?

This chart shows the Net Asset Value ("NAV") cumulative return at 31 March each year, assuming £1,000 had been invested in each VCT at its NAV per share at 31 March 2013, as compared to AIC Generalist VCTs.

The figure at each year-end represents the NAV per share plus dividends paid per share since 31 March 2013, multiplied by the number of shares held in each VCT at 31 March 2013, on an investment of £1,000.

# SHAREHOLDER RETURN PERFORMANCE DATA FOR EACH VCT

We hope shareholders will be pleased to note that recent AIC performance data over the five years to 31 May (on a NAV cumulative total return basis) rank the Mobeus VCTs 2nd at +47.9% (MIG), 4th at +44.0% (MIG2), 12th at +35.9% (MIG4) and 18th at +33.0% (I&G) out of 40 generalist VCTs.

## What do these charts show?

Each bar chart shows cumulative total returns on a net asset value ("NAV") per share basis. They each show five bars of data, covering at least the last four full financial periods, plus the current period to 31/03/18, for that VCT. Each bar shows the two components of total return at each period end. The lower part is the closing NAV, while the higher is cumulative dividends paid or payable in respect of a period, since the start of the VCT's financial period that ended in 2013/14.

Stated underneath each chart is: the growth, in pence, in NAV total return (NAV + dividends paid/payable) and Share price total return (Share price + dividends paid/payable) over the opening NAV and bid share price for each VCT's reported performance period.

The red line across the bars shows the original investment cost for the fundraisings indicated at the foot of each chart, net of applicable income tax relief, to an investor.

The data in the four charts cover a range between four years and three months to five years. This is due to the three differing year-ends amongst the four VCTs. Shareholders should note that the data do not enable direct comparison of the VCTs' relative performance, due partly to these differing reporting dates. That is why we have also published the chart on page 3, which shows five year performance for each VCT from a common start date.

## MIG Latest net assets<sup>2</sup>: £74.4 million

### NAV cumulative total return <sup>1,2</sup>

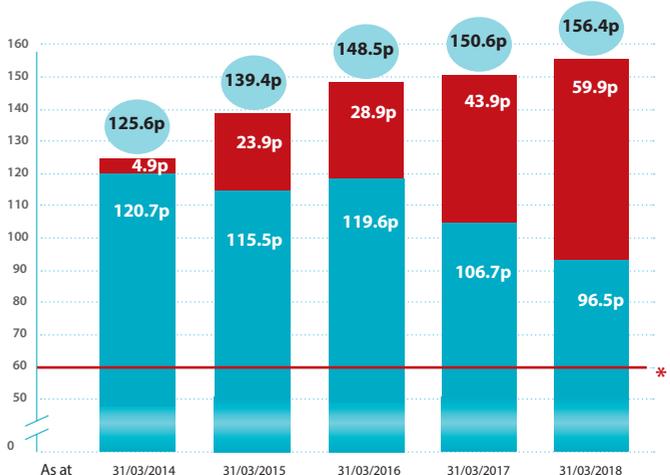


\* 2004/05 allotment price of 100p less 40p income tax relief equals 60p

Basis	NAV	Share price <sup>2</sup>
Opening at 01/01/2014	98.9p <sup>3</sup>	82.8p <sup>3</sup>
Total return at 31/03/2018	133.0p	124.5p <sup>4</sup>
<b>Increase over 4 years 3 months</b>	<b>+34.1p</b>	<b>+41.7p</b>

## MIG 2 Latest net assets<sup>2</sup>: £47.6 million

### NAV cumulative total return <sup>1,2</sup>



\* 2005/06 allotment price of 100p less 40p income tax relief equals 60p

Basis	NAV	Share price
Opening at 01/05/2013	106.8p	68.0p
Total return at 31/03/2018	156.4p	144.9p <sup>4</sup>
<b>Increase over 5 years 0 months</b>	<b>+49.6p</b>	<b>+76.9p</b>

## MIG 4

Latest net assets<sup>2</sup>: £57.0 million

NAV cumulative total return <sup>1,2</sup>



\* 2006/07 allotment price of 120.9p less 30% income tax relief equals 84.6p

Basis	NAV	Share price <sup>3</sup>
Opening at 01/01/2014	115.9p <sup>3</sup>	99.5p <sup>3</sup>
Total return at 31/03/2018	149.5p	139.0p <sup>4</sup>
<b>Increase over 4 years 3 months</b>	<b>+33.6p</b>	<b>+39.5p</b>

### Notes to the charts

<sup>1</sup> NAV cumulative total return: NAV plus cumulative dividends paid/payable in respect of each year/period to date covered by each chart.

<sup>2</sup> The NAVs per share, net assets and bid prices have been adjusted for dividends in respect of each year/period, but paid/payable after the period end.

<sup>3</sup> The opening NAV and share price have been reduced by a dividend payable in respect of the previous period.

<sup>4</sup> Share price cumulative total return: bid price plus cumulative dividends paid/payable in respect of each year/period to date covered by each chart.

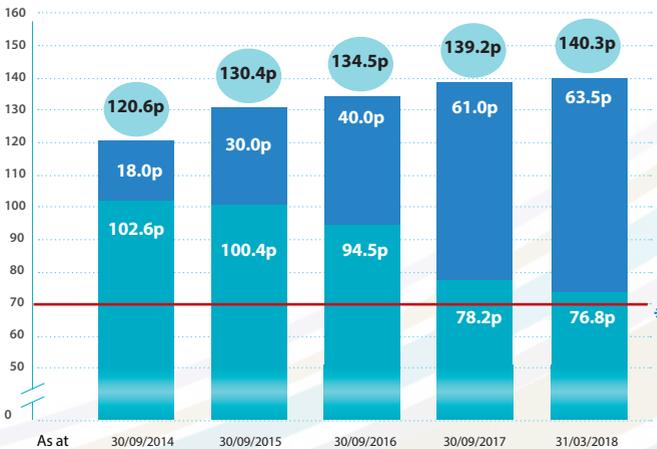
Performance data for every allotment for every fundraising by each VCT are shown in an appendix to that VCT's half-year and annual reports which are available on the Mobeus website

[www.mobeusequity.co.uk](http://www.mobeusequity.co.uk)

## I&G

Latest net assets<sup>2</sup>: £81.5 million

NAV cumulative total return <sup>1,2</sup>



\* 2007/08 allotment price of 100p less 30% income tax relief equals 70p

Basis	NAV	Share price <sup>2</sup>
Opening at 01/10/2013	109.9p <sup>3</sup>	94.0p <sup>3</sup>
Total return at 31/03/2018	140.3p	131.0p <sup>4</sup>
<b>Increase over 4 years 6 months</b>	<b>+30.4p</b>	<b>+37.0p</b>

## SHAREHOLDER ENQUIRIES:

For enquiries concerning each VCT, please contact the Investment Adviser, Mobeus Equity Partners LLP, on 020 7024 7600 or by sending an e-mail to [vcts@mobeusequity.co.uk](mailto:vcts@mobeusequity.co.uk).

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form (should you wish to have future dividends paid directly into your bank account) please contact the companies' Registrars, as follows:

### For MIG

Computershare Investor Services plc  
The Pavilions  
Bridgwater Road  
Bristol, BS99 6ZZ

[www.investorcentre.co.uk](http://www.investorcentre.co.uk)

VCT investor line: 0370 707 1155  
(Lines are open from 8:30am - 5:30pm,  
Monday to Friday, excluding public holidays)

### For MIG 2, MIG 4 and I&G

Link Asset Services  
The Registry  
34 Beckenham Road  
Beckenham, Kent BR3 4TU

[www.signalshares.com](http://www.signalshares.com)

VCT investor line: 0371 664 0324  
(Lines are open from 9:00am - 5:30pm,  
Monday to Friday, excluding public holidays)

To contact the chairmen or any member of a VCT Board, please contact the Company Secretary, Mobeus Equity Partners LLP, in the first instance, on 020 7024 7600 or by e-mail to [vcts@mobeusequity.co.uk](mailto:vcts@mobeusequity.co.uk).

You can also access information that is regularly updated for each VCT by visiting our website on [www.mobeusequity.co.uk](http://www.mobeusequity.co.uk) and selecting "Investor Area" and "Venture Capital Trust Investors".

### YOUR PRIVACY

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