

Product

Mobius VCTs

Tax Status

Venture Capital Trust

Fund Group

Gresham House Asset Management

Risk Warning

This communication is provided for informational purposes only. This information does not constitute advice on investments within the meaning of Article 53 of the Financial Services and Markets Act (Regulated Activities) Order 2001. Should investment advice be required this should be sought from a FCA authorised person.

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GENERAL RISK WARNINGS

Your attention is drawn to the following risk warnings which identify some of the risks associated with the investments which are mentioned in the Review:

Fluctuations in value of investments

The value of investments and the income from them can go down as well as up and you may not get back the amount invested.

Suitability

The investments may not be suitable for all investors and you should only invest if you understand the nature of and risks inherent in such investments and, if in doubt, you should seek professional advice before effecting any such investment.

Past performance

Past performance is not a guide to future performance.

Legislation

Changes in legislation may adversely affect the value of the investments.

Taxation

The levels and the bases of the reliefs from taxation

may change in the future. You should seek your own professional advice on the taxation consequences of any investment.

ADDITIONAL RISK WARNINGS

Venture capital trusts

1. An investment in a VCT carries a higher risk than many other forms of investment.
2. A VCT's shares, although listed, are likely to be difficult to realise.
3. You should regard an investment in a VCT as a long term investment, particularly as regards a VCT's investment objectives and policy and the five year period for which shareholders must hold their ordinary shares to retain their initial income tax reliefs.
4. The investments made by VCTs will normally be in companies whose securities are not publicly traded or freely marketable and may therefore be difficult to realise and investments in such companies are substantially riskier than those in larger companies.
5. If a VCT loses its Inland Revenue approval tax reliefs previously obtained may be lost.
6. No investment can be made by the VCT in a company whose first commercial sale was more than 7 years prior to date of investment, except where previous State Aid Risk Finance was received by the company within 7 years (10 years for a 'knowledge intensive' company) or where a turnover test is satisfied; and
7. No funds received from an investment by the VCT into a company can be used to acquire another existing business or trade.

Factsheet

Mobeus VCTS

Type	Generalist VCT with track record
Size	£35m combined fund raising across the four Mobeus VCTS. There is a combined AUM of £388m across the four Mobeus VCTS
Manager	Gresham House Asset Management Ltd (previously Mobeus Equity Partners LLP)
Sponsor	Howard Kennedy LLP
Registrars	The City Partnership (UK) Ltd
Focus	To generate tax free capital gains and regular dividend income for its shareholders through a diversified portfolio of VCT qualifying unquoted investments across a broad range of sectors
Promoter	Portunus Investment Solutions
Funds initially invested	Cash deposits and quoted investments
Minimum investment	£6,000 per tax year, excluding initial adviser charges
Initial Closing Date	31 March 2022 or when each individual offer becomes fully subscribed
Issue costs	3 % maximum costs initial for direct and execution only investors, 2.5% initial charge for IFA/advised investors
Annual costs	2%
Initial advisor charges	If charged, these may be facilitated by the VCT on subscription.

Summary

Table 1: Tax Efficient Review summary of offering Pros and Cons

PROs	CONs
Market leading VCT performance over 3, 5 and 10 years which has generated both substantial capital growth and strong dividends	At only £35m, this fund raising is expected to go quickly and this may leave potential investors disappointed
Since 2017 there have been 20 exits/sales generated from the investment portfolio of the Mobeus VCTS and of these twenty, nineteen were profitable, with £158m generated from a total cost of £91m	There is currently £106m in cash across the four VCTS, which is high but Mobeus have said that this will drop once the January dividends are paid
It is encouraging to see that this first fund raising for two years from Mobeus, and the first one under the new ownership structure, have not gone for a large fund raise (and it's actually smaller than the previous fund raising in 2019)	The acquisition of the Mobeus VCTS by Gresham House, who also run the Baronsmead VCTS, will most likely see some changes and movements within the teams over the coming year as they bed in under the one roof

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TER classification

TER classifies this VCT as a “Generalist VCT with track record” and Mobeus are experienced fund managers within the VCT market. The Mobeus VCTs were managed by Mobeus Equity Partners

until they were acquired by Gresham House Asset Management in September 2021.

Review based upon

TER always meet with fund managers prior to a review. This review is based on those meetings, the prospectus for the Offer and data provided

by Mobeus VCT manager/ Gresham House Asset Management (Gresham House).

Changes since the last review

The acquisition of the four Mobeus VCTs by Gresham House Asset Management was first announced in September 2021. Since then the Mobeus team have moved inhouse and now sit alongside the Baronsmead VCT team as well. Whilst Baronsmead undertake both AIM and unquoted VCT investments, there will be some overlap between the Baronsmead and Mobeus teams. The partners, Trevor Hope and Clive Austin, will join Bevan Duncan and Ken Wotton to become the senior management team of Gresham House’s Strategic Equity division. Trevor and Clive will remain responsible for the investment, portfolio, and fund management of

the Mobeus VCTs, alongside their investment and operations teams.

Mark Wignall, the long term steward of the Mobeus VCTs for over 25 years will be retained as a consultant for the VCTs.

Gresham House, with this latest acquisition have become one of the largest VCT houses in the country in recent years, and TER expect to see some rejigging of the internal teams over the coming year.

Table 2: **Gresham House funds under management as at 30 September 2021**

Funds	Net assets £m	Annual fee	Still to be invested to meet VCT rules £m
VCT funds			
Mobeus Income & Growth VCT	105	2%	£Nil
Mobeus Income & Growth 2 VCT	77	2%	£Nil
Mobeus Income & Growth 4 VCT	87	2%	£Nil
Income & Growth VCT	119	2%	£Nil
Baronsmead Venture Trust	225	2%	£Nil
Baronsmead Second Venture Trust	252	3%	£Nil
NON VCT funds than can co-invest with VCT Funds			
None			
TOTAL	£863m		

Note: For Income & Growth, 0.4% of the annual fee of 2.4% is an administration fee element and is subject to a cap of £170k per year.

Source: Gresham House Asset Management

The Offer

This Offer is a new fund raising, and the first one for two years for the four Mobeus VCTs. It is also the first fund raising Offer following on from the acquisition of the Mobeus VCTs by Gresham House. It is encouraging to see that this fund raising is not for an "Octopus Style" £100m plus, but instead is a more manageable £35m.

There is no over-allotment facility in place and it is only for £35 million in total. The Board of each VCT has set out the amount sought as follows:

- £10m for Mobeus Income & Growth VCT ("MIG")
- £7.5m for Mobeus Income & Growth 2 VCT ("MIG2")
- £7.5m for Mobeus Income & Growth 4 VCT ("MIG4") and
- £10m for The Income & Growth VCT ("I&G")

There is no over-allotment facility and no early investor enhancement/discount. Investors should note that this offer is not linked. Under this offer, the investor can choose to invest equally across all the offers or choose how much to invest in one or more of the four VCTs. The Offers are open for the current tax year only and the Offers will close no later than 31 March 2022, unless one or more offers are fully subscribed by an earlier date.

On 30 September 2021, Mobeus Equity Partners LLP (Mobeus) completed the sale of its VCT fund and investment management business to Gresham House. Accordingly, the Mobeus-advised VCTs' investment advisory arrangements have been novated from Mobeus to Gresham House. The entire core management, investment and operational teams involved with the Mobeus VCTs have all transferred to Gresham House.

Gresham House is a specialist alternative asset manager listed on the London Stock Exchange with £4.7 billion in assets under management (at 30 June 2021). Gresham House is a specialist fund group, which has demonstrated a long-term commitment to the VCT industry with the earlier acquisition of the Baronsmead Venture Trust plc and Baronsmead Second Venture Trust plc (the Baronsmead VCTs).

The transaction combines two well known

investment and operations teams, each with more than 20 years' heritage and experience, creating a significant platform in the VCT market across over £850 million of shareholders' funds. TER have been told that going forwards, each of the Mobeus VCTs' and the Baronsmead VCTs' brands will retain their individual investment strategies to offer investors the choice of two high-quality offerings. The Mobeus VCTs will remain focused on unquoted investments, whilst the Baronsmead VCTs will continue to invest in both unquoted and public companies traded on AIM. Only time will tell how this pans out over time, but there are considerable resources within the Gresham House Group for the managers to call upon.

The four Mobeus VCTs have a combined asset base of £388 million as at 30 September 2021, and they possess the same investment strategy and with similar portfolios across the four VCTs.

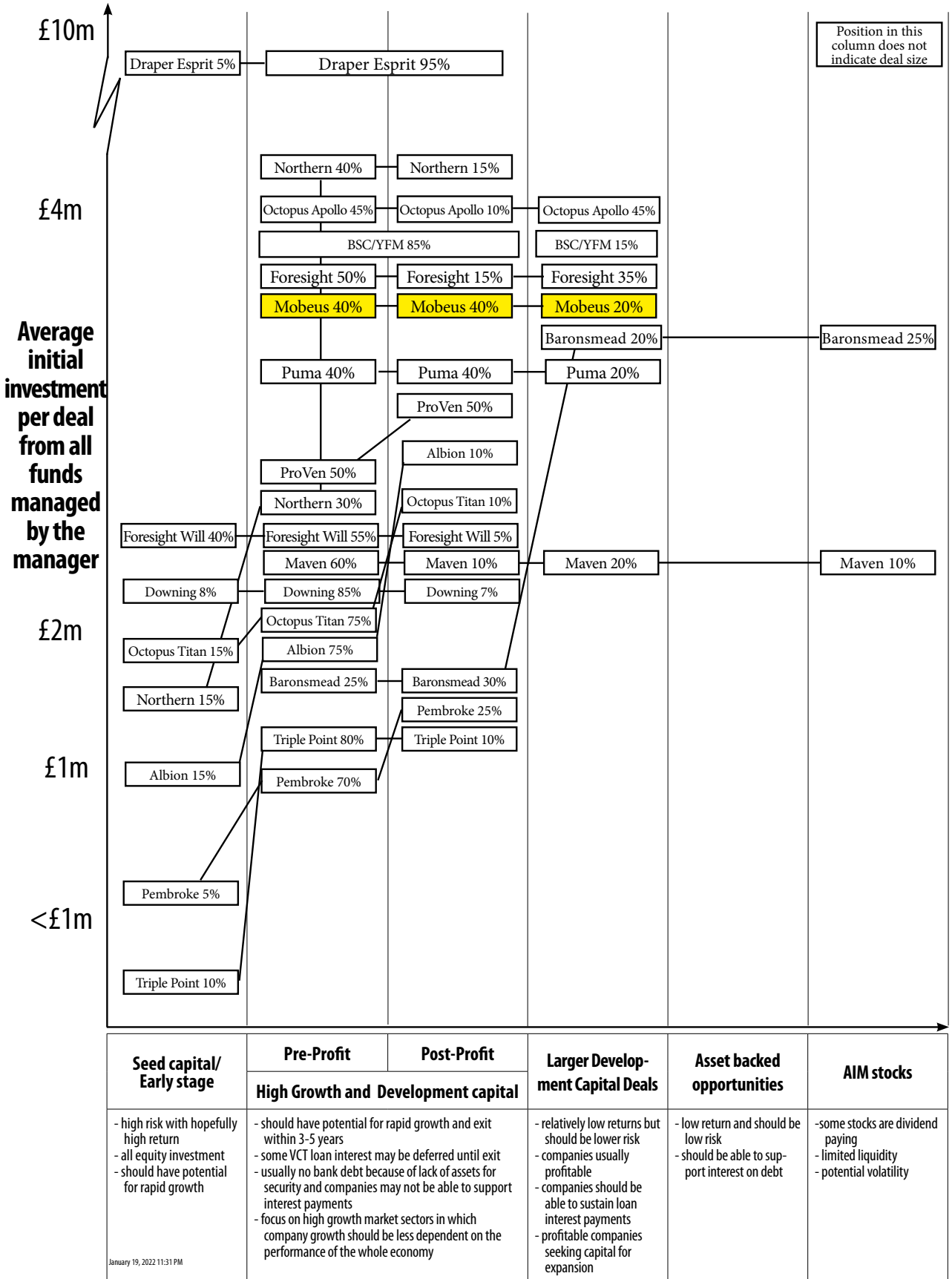
Each Mobeus VCT offer is a further issue to invest into a portfolio of predominantly unquoted growth investments, as well as mature MBO investments that were made prior to the VCT investment rule change in 2015.

Investment Strategy

All the Mobeus VCTs are classified as generalist VCTs with the same investment remit across the four VCTs. Mobeus has had to adapt its approach to making qualifying investments in response to the new VCT rules introduced in November 2015 which prevented new MBO style investments (which used a combination of loan stock and equity). But this change was 6 years ago, and, as can be seen in the Track Record section of this report, the team have coped well in adapting to the rule change.

The older style MBO investments now comprise only 39% of the VCTs' investment portfolio, and this percentage will continue to reduce further over time as new money is raised and sales/exits of such investments under the previous strategy occur. But, investors can still benefit from the existing portfolio of the older style MBO investments, which is combined with more recent unquoted growth investments. All new investments will be growth investments in unquoted companies.

Diagram 1: Investment strategies of Growth VCT managers
 (% figures refer to manager expectations of VCT qualifying companies portfolio composition post investment of current fund raising)
 Source: Fund Managers January 2022



Before Qualifying Investments are identified, cash is placed in liquid, low risk Money Market Funds and bank deposits. The investment strategy of each Company aims to be relatively lower risk within the overall VCT universe, while still providing the prospect of attractive returns.

The older style investments focused more on replacement capital and were directed towards larger, mainly profitable companies. These include Red Paddle, Equip and Virgin Wines.

The newer, growth orientated investments are typically revenue generating but not necessarily profitable.

The current sector split across the Mobeus VCTs is as follows:

- Retailers (e-Commerce) 38%
- Retailers (Traditional) 6%
- Industrial Support Services 14%
- Software & Computer Services 25%
- Leisure Goods 5%
- Media 5%
- Technology, Hardware & Equipment 2%
- Travel & Leisure 2%
- Consumer Services 1%
- General Industrials 1%
- Food Producers 1%

Investment Structuring

Frequently, funds from the VCTs will be the first institutional investment in the business, where previously the business has been self-funded and/or supported by Angel investors. Investments will be made using a range of financial structures and instruments including:

- Equity instruments which provide investor controls and protections, allowing the VCT manager significant influence over the company’s plans and development;
- Debt instruments, which may provide for priority repayment when the company exits thereby reducing the downside risk of the investment; and
- Instruments which develop as the company matures, for example involving increased interest and dividend payments only once the company matures and has the capacity to pay

As an example, one of the investments made since the rule changes came in was in a very small

eight-person company (backed by Robert and Stephen Grabiner) called “My Tutor”. Mobeus invested £2m in May 2017 from the four VCTs for 19% of the company valuing the loss-making start -up (£900k loss in the year to December 2016), when the Company had revenues of £220k, at over £10m enterprise value. Post investment, following three further investment rounds (£3.6m in May 2018, £3.1m in May 2020 and £3m in August 2021), the Company has grown to £5.4m of revenue for its year to 2020 with revenues expected to double in 2021. The VCTs latest valuation of the company is at an enterprise value over £70m.

In order to provide some downside protection the investment was made in A preferred ordinary shares (a special class of ordinary shares with a liquidation and sale preference). A “preference” confers the right to be paid a sum equal to (or in some cases (though less common nowadays) a multiple of) the subscription amount paid by it before any of the other shareholders are paid. The My Tutor shares are participating preferred shares whereby the Mobeus VCT investment receives priority in the return of its investment capital. After this distribution other shareholders receive a ‘catch-up’ of an equivalent value of the investment capital received by the Mobeus VCTs and thereafter all shareholders including the Mobeus VCTs’ share any remaining proceeds on a pro rata basis to their equity holding.

In some investments, depending on the commercial circumstances, Mobeus/Gresham seeks a ‘fully participating preference’ whereby after the investors receive their preferred shares payment amount, the remaining proceeds are distributed to all shareholders, including the investors, pro rata to their shareholding.

In order to protect the downside risk of more recent investments, the Mobeus VCTs have put in place a ‘sale preference’ by which the VCTs recoup their investment in a priority position in 22 of the 27 VCT investments since November 2015.

Dividend and Share Buy-Back Policy

The dividend target for the four VCTs are:

- MIG - 4p per annum
- MIG2 - 5p per annum
- MIG4 - 4p per annum
- I&G - 6p per annum

For subscribers who invested in the last seven Mobeus VCT offers, this minimum dividend has been very significantly exceeded as seen in the table below.

The dividend history is a significant part of the track record, which is covered in more detail later in this report. But as can be seen in the table below, there have been a significant number of special dividends, generated from successful realisations within the portfolio.

There are also the pre-2015 MBO based investments which help to generate a more predictable level of income to help funds dividends.

Track record

Our approach to comparing track records between providers is to use 3, 5 & 10 year measures of the annual increase in total return (calculated as closing net asset value less opening net asset value plus dividends paid during the period).

The results are in Table 3 and consist of results for each provider currently fund raising and their VCTs over a 3, 5 and 10 year period. In order to reduce the data down to one figure we score each VCTs' position in the results from 1 to the total number of VCTs in the analysis (in this case 17 and lower positions are better), add them together and take an average over the three periods being measured. The results are in Table 4.

This analysis shows Mobeus VCT performance over the combination of 3, 5 and 10 years puts them clearly in first place against their Generalist VCT peer group.

The total return across the four Mobeus VCTs over 3, 5 and 10 years is highly consistent and reflects the similarity in their underlying portfolios.

The shareholders in the Mobeus VCTs should be very pleased with the long term performance which has been generated. This level of performance also shows how the Mobeus VCTs have managed to adapt to the various rule changes

Dividends in 12-month period	MIG	MIG2	MIG4	I&G
2017	19p	17p	28p	22p
2018	5p	9p	4p	5.5p
2019	11p	20p	19p	9.5p
2020	15p	18p	10p	14p
2021	5p	6p	5p	5p
Total	55p	70p	66p	56p

Share Buyback Policy

The Mobeus VCTs have a policy of buying back their shares in the market for cancellation or to be held in treasury (and hence available for re-issue). It is the VCTs' aim that the discount to net asset value at which shares are bought back by the Company is around 5%.

Tax Efficient Review Strategy rating: 29 out of 30

over the years and still deliver superior returns to investors.

At the heart of the Mobeus's VCTs performance is a particularly strong run of cash exits from realised investments. Since 2017, Mobeus has realised twenty of its VCT investments. These twenty sales have realised total cash proceeds of £249m; a profit of £158m; against the £91m cost of the investments.

Nineteen of the twenty sales have successfully produced cash gains whilst just one generated a cash loss of £1.1m, making on average a 2.7X money multiple on twenty separate investments which has contributed to the Mobeus VCT dividends.

Other details on the unquoted portfolio are in the tables at the end of this report:

- Table 5 shows the new and follow-on investments made in the three years to end September 2021.
- Table 6 shows the sector split of the Mobeus VCT combined portfolio, with technology and consumer companies making up the majority of the investee companies. Which is in line with many of their generalist VCT peers.
- Table 7 is the breakdown of the portfolio of

Table 3: Generalist VCT provider 3,5 & 10 year performance comparison

VCT manager (alphabetical order)	VCT name	Data as at	Annual return over last 3 years	Annual return over last 5 years	Annual return over last 10 years
ALBION	Albion VCT	30/09/2021	4.0%	6.7%	5.4%
	Albion Technology & General VCT	30/09/2021	10.2%	10.7%	6.1%
	Kings Arms Yard VCT	30/09/2021	7.3%	8.6%	10.9%
	Albion Development VCT	30/09/2021	10.5%	13.1%	8.9%
	Crown Place VCT	30/09/2021	8.4%	10.8%	8.8%
	Albion Enterprise VCT	30/09/2021	10.1%	12.2%	11.0%
BARONSMEAD	Baronsmead Second Venture Trust	30/11/2021	7.5%	5.4%	6.9%
	Baronsmead Venture Trust	30/11/2021	5.3%	5.3%	7.3%
BERINGEA	ProVen Growth & Income New	31/08/2021	0.8%	3.2%	4.9%
	ProVen VCT	31/08/2021	0.6%	4.9%	4.5%
DOWNING	Downing FOUR VCT Generalist shares	30/09/2021	-6.8%		
DRAPER	Draper Esprit VCT	30/09/2021	6.0%	2.2%	7.7%
FORESIGHT	Foresight VCT	30/09/2021	8.6%	6.5%	1.8%
MAVEN	Maven Income & Growth VCT 3	31/08/2021	4.7%	2.6%	5.8%
	Maven Income & Growth VCT 5	31/08/2021	4.5%	6.5%	9.4%
	Maven Income & Growth VCT	31/08/2021	3.9%	2.8%	6.4%
	Maven Income & Growth VCT 4	30/09/2021	4.8%	3.2%	4.1%
MERCIA	Northern 3 VCT	30/09/2021	10.0%	6.0%	9.4%
	Northern 2 VCT	30/09/2021	12.7%	7.3%	8.9%
	Northern Venture Trust VCT	30/09/2021	10.0%	7.0%	8.2%
MOBEUS	Income & Growth VCT	30/09/2021	21.5%	11.8%	9.2%
	Mobeus Income & Growth 4 VCT	30/09/2021	21.3%	11.6%	9.7%
	Mobeus Income & Growth VCT	30/09/2021	22.1%	13.4%	12.9%
	Mobeus Income & Growth 2 VCT	30/09/2021	17.1%	10.7%	11.9%
OCTOPUS	Octopus Apollo VCT	31/07/2021	7.8%	3.2%	3.1%
	Octopus Titan VCT	31/07/2021	12.6%	9.2%	11.3%
PEMBROKE	Pembroke VCT B share	30/09/2021	8.6%	7.0%	
YFM	British Smaller Companies VCT	30/09/2021	13.3%	7.7%	6.3%
	British Smaller Companies VCT 2	30/09/2021	12.4%	8.4%	6.2%

Source: Tax Efficient Review calculation based on dividend and Net Asset Value data from public accounts
 Calculation: (Closing period NAV less Opening period NAV plus dividends paid in the period) divided by number of
 years in the period

Figures do not include tax relief

Report created 19/01/2022

Table 4: Provider results comparison

PROVIDER	AVERAGE SCORE BASED ON PLACE IN PEER GROUP (lower is better)
MOBEUS	4
ALBION	11
MERCIA (Northern)	12
YFM	13
OCTOPUS	15
BARONSMEAD	19
PEMBROKE	19
FORESIGHT	20
DRAPER	21
MAVEN	22
BERINGEA	25
DOWNING	29

Calculation as at 19/01/2022 and based on results in Table 3. In order to reduce the data down to one figure, each VCTs' position in the Table 3 results is scored from 1 (first in the year) to the total number of VCTs in the analysis for the period (lower numbers are better), added together and then averaged over the three periods being measured

the Mobeus VCTs by the stage of investment with the majority of the portfolio skewed towards later stage scale up businesses, with revenues over £5m per annum.

- Table 8 shows the recent exits achieved in

the past three years. There have been notable exits from companies such as Red Paddle, Access IS and Auction Technology Group.

Tax Efficient Review Track Record rating: 34 out of 40

Manager

In June 2012 the fund manager, Mobeus Equity Partners LLP was formed by Matrix Private Equity Partners effecting their own MBO from Matrix Group. Three of the VCTs changed names from Matrix Income and Growth VCTs to Mobeus Income and Growth VCTs and the name of The Income and Growth VCT stayed the same.

Mobeus was formed by four private equity executives in 1998 and was one of the three managers of Mobeus Income & Growth 4 VCT (formerly TriVen VCT) and The Income & Growth VCT (formerly TriVest VCT) from inception and took over the investment mandates in their entirety in 2007 and 2008 when the other two fund managers were dropped by the boards. Each of the four Founder Partners has between 15- and 30-years private equity experience and the team are one of the most stable in VCT management, having worked together for almost 20 years. They are: Mark Wignall, Managing Partner

(now consultant to Gresham House, ex MAI plc), Jonathan Gregory, Partner (retired ex Baker Tilly), Bob Henry, Partner (ex head of investment HSBC Ventures) and Mike Walker, Partner (retired, ex head of Portfolio Management Gresham Trust).

In response to the change in the VCT Regulations in 2015, a new growth investment team was formed under the leadership of Partner, Trevor Hope. This was a highly significant move by Mobeus as Hope had formerly been the Chief investment Officer for the ProVen VCTs where he had led and implemented their growth investment strategy for 12 years. Hope has now been in post at Mobeus for 6 years and made several experienced new hires including:

- Venture Partner, Matt Mead, formerly CIO at Mercia Technologies Plc.
- Jane Reoch from Panoramic Growth Equity

- Joe Krancki, Investment Director, ex Frog Capital

The other senior members of the investment team are, Clive Austin, Partner and Head of Portfolio (ex NVM Private Equity), Greg Blin (ex Piper Private Equity), Ed Wass, Portfolio Director and formerly CIO at Catapult Ventures, Giles Whitman, Portfolio Director (ex Growth Capital Partners and YFM), Simon Bursell, Portfolio Director (ex Equity Partner) and Chris Kilroy, Investment Director (ex Mercia).

Upon acquiring Mobeus VCTS, Gresham House now manages over £800 million of private equity and has assembled a team of over 40 staff, which consists of 24 investment professionals, a specialist direct origination team, and a 12 strong support and back office. Gresham claims that the size of this team and scale of resource provides multiple contact points with companies and advisors and generates superior quantity and quality of deal flow

Costs

- **Initial costs** - 2.5% for advised applications, 3% for direct application. The VCTS will facilitate adviser charging from intermediaries up to a maximum of 4.5%. There is no early investment incentive

- **Annual management fee:** The breakdown of the annual management fees for the four Mobeus VCTS are as follows:

MIG: 2.0% per annum of MIG's net assets, plus an annual fixed fee of £120,000 which is subject to annual RPI increases¹ (currently £134,168)

MIG 2: 2.0% per annum of MIG 2's net assets, plus an annual fixed fee of £104,432 which is subject to annual RPI increases¹ (currently £113,589)

MIG 4: 2.0% per annum of MIG 4's net assets plus an annual fixed fee of £107,827 which is subject to annual RPI increases¹ (currently £115,440)

I&G: 2.4% per annum of I&G's net assets, 0.4% of such fee being subject to an annual minimum and maximum payment of

The size of the investing challenge for an investment team depends on: funds already raised and requiring investing, upcoming exits that will require reinvesting and the impact of new funds being raised. These all need to be considered within the VCT investment rules. But the team in place are of a size to handle the potential £35m fund raising and also have the resources of the Gresham House Group to call upon.

Each of the VCTS' Boards is independent of Gresham House. Mobeus say they have substantial experience of venture capital businesses and have overall responsibility for each VCT's affairs, including determining the investment policy of the relevant VCT and making investment decisions (on the advice of Mobeus/Gresham). Each Board also retains responsibility for approving both the valuations of the portfolio and the net assets of its VCT which is an important safeguard for investors.

Tax Efficient Review Team rating: 18 out of 20

£150,000 and £170,000 respectively

Running costs are capped at between 3.25 - 3.6% of the net asset value of the funds and are currently running significantly below these levels at between 2.34% and 2.7%

- **Performance fee:** The performance incentives are very complex and each slightly different but based around **20% of the excess above 6p**, of the annual dividends paid to shareholders.

In respect of MIG and MIG4, the performance fee will only be paid if the NAV per Share over the year relating to payment has remained at the equivalent of the initial subscription price of 100p per Share. The performance fee will be paid annually, with any cumulative shortfalls below the 6p threshold having to be made up in later years. Mobeus/Gresham inform us that they believe that all these performance incentives have become overly challenging to be meaningful.

In the case of the I&G and MIG2 schemes, subject to continued strong NAV and dividend performance, there is potential for a future payment. The I&G scheme is

based upon a total return target with the incentive fee payment being derived upon the achievement of realized gains from the portfolio. A £1m payment in respect of I&G has been accrued in its latest set of accounts.

fee, payable by each Investee Company, of approximately 2% on each investment made and is entitled to any monitoring fees in respect of the Manager's representation on the boards of Investee Companies.

The Manager is also entitled to an arrangement

Tax Efficient Review Cost rating: 8 out of 10

Conclusion

The VCT industry is over 25 years old, and, over that time, there has been a number of rule changes over several economic cycles. Over this time, various VCTs and their managers have come and gone with mixed degrees of success. But, when we look back, there have been managers which have consistently delivered for their shareholders, but who are now moving back to allow the next generation to forge their own track records. Tim Levett at Northern, Patrick Reeve at Albion and Mark Wignall at Mobeus to name a few. All are canny investors who can look back with pride on their achievements.

These transitions have taken place over the last few years and have been done thoughtfully by these experienced managers. But what we have seen Mark Wignall execute at Mobeus is something exceptional. Mobeus had to change their investment strategy from a loan and equity MBO led strategy prior to 2015, to one of pure growth/venture capital investing. In order to do so they hired Trevor Hope from ProVen and bolstered his team. Over the past 6 years, the portfolio has transformed and now the pre-2015 investments are only 30% of the portfolio.

The track record speaks for itself. Since 2017, Mobeus has realised twenty of its VCT investments. These twenty sales have realised total cash proceeds of £249m; a profit of £158m; against the £91m cost of the investments. The four Mobeus VCTs lead the TER generalist league tables and have delivered outstanding returns to shareholder and regularly achieve double digit dividend yields. Furthermore, these returns aren't solely from one stellar win within the portfolio, but from a diverse range of successful companies.

The four Mobeus VCTs have recently been acquired by and incorporated into Gresham House, a specialist asset management house who also own the Baronsmead VCTs. Over the past three years, Gresham House have emerged as one of the largest VCT managers and time will tell how they manage the Baronsmead and Mobeus brands (which will keep their identities but will share deal flow where necessary). It is also encouraging to see the Mobeus/Gresham team have also not come out for more money each year just because they can. The previous Mobeus fund raising was in 2019, and was for a total of £58m. This fund raising is only for £35m, and any advisers considering this for their clients will need to move fast to get in, given the levels of demand for VCTs from high quality managers like Mobeus.

So it seems that Gresham House have pulled off quite a coup by acquiring the four Mobeus VCTs. Taking together the history, the stunning track record and the investment team led by Trevor Hope, TER are comfortable in awarding its highest ever rating to this Offer.

Tax Efficient Review rating: 89 out of 100 (for a Generalist VCT with track record)

Table 5: Mobeus new and follow on investments in last three years to 30 September 2021

Investee Company	Initial investment date	Initial investment (£)	Follow on total (£)	Total (£)
Rotageek	13/08/2018	2,000,000	2,000,000	4,000,000
Kudos	28/11/2018	1,500,000		1,500,000
Arkk Consulting	13/05/2019	5,000,000	2,150,000	7,150,000
Parsley Box	22/05/2019	3,000,000	1,223,223	4,223,223
Active	01/11/2019	5,000,000		5,000,000
IPV	29/11/2019	3,000,000		3,000,000
Bleach	13/12/2019	2,360,000	500,000	2,860,000
Bella & Duke	28/02/2020	3,000,000	1,263,271	4,263,271
Andersen EV	29/06/2020	1,000,000	750,000	1,750,000
Northern Bloc	22/12/2020	1,500,000		1,500,000
Connect Childcare	30/12/2020	4,000,031		4,000,031
Vivacity	18/02/2021	4,199,996		4,199,996
Caledonian Leisure	25/03/2021	1,500,015		1,500,015
Legatics	22/06/2021	3,000,000		3,000,000
Pets' Kitchen	25/06/2021	2,800,000		2,800,000

Source: Gresham House Asset Management

Table 6: Sectors data as at 30 September 2021

Sector name	%
e-Commerce	28%
Software & Computer Services	18%
Industrial Support Services	10%
Leisure Goods	4%
Traditional retail	5%
Media	3%
Technology, Hardware & Equipment	1%
Travel & Leisure	1%
Consumer Services	1%
Cash	29%
TOTAL	100%

Source: Gresham House Asset Management

Table 7: Stage of investment by current year revenue as at 30 September 2021

Early stage (revenue under £1m):	2%
Growth (revenue £1m-£5m):	32%
Scale up (revenue over £5m):	66%
TOTAL	100%

Source: Gresham House Asset Management

Table 8: Exits - last ten exits by Mobeus VCTs, not split by VCT - 21 December 2021

Company Name	Exit Date	Value Achieved on Exit £000	Valuation last four quarters £000			
			most recent 1	2	3	4
Exited at or above last valuation						
Vian Marketing Ltd (trading as Red Paddle)	01/11/2021	16,564	14,373	13,387	6,999	6,540
Proactive Holdings Inc	01/09/2021	8,317	8,317	8,317	8,317	8,317
Omega Diagnostics Group plc	01/02/2021	1,015	640	770	414	75
Bourn Bioscience Ltd	01/12/2020	4,337	1,200	925	1,155	1,875
Vectair Holdings Ltd	01/11/2020	5,634	5,293	4,866	4,263	5,848
Blaze Signs Holdings Ltd	01/09/2020	3,652	2,144	613	2,669	2,504
Tovey Management Ltd (trading as Access IS)	01/08/2020	23,719	20,223	15,816	15,910	13,757
Pattern Analytics Ltd (trading as Biosite)	01/02/2020	8,500	8,500	8,500	8,840	8,500
Turner Topco Ltd (trading as Auction Technology Group)	01/02/2020	18,810	13,634	11,855	10,499	6,241
Redline Worldwide Ltd	01/12/2019	5,077	1,822	1,860	1,869	2,325

Source: Gresham House Asset Management

Table 9: Mobeus VCTs unquoted holdings as at 30.09.21 (sorted by multiple on cost)

Investee Company	Cost	Value	Date invested	Structure of investment (Equity/Loan)	Industry Sector	Stage of Investment	Valuation method	Multiple on cost
	£000	£000						
Virgin Wines UK plc	200	39,257	Nov-13	Equity	e-Commerce	Scale up	Bid price (AIM)	196.3
IDOX plc	454	2,916	Dec-00	Equity	Software & computer services	Scale up	Bid price (AIM)	6.4
Master Removers Group (2019) Limited	1,484	9,091	Dec-14	Equity	Industrial Support Services	Scale up	EBITDA Multiple	6.1
Vian Marketing Limited (trading as Red Paddle)	2,784	14,373	Jul-15	Equity/Loan	Leisure goods	Scale up	EBITDA Multiple	5.2
MPB Group Limited	4,881	24,120	Jun-16	Equity with preference	e-Commerce	Scale up	Revenue Multiple	4.9
EOTH Limited	4,450	17,460	Oct-11	Equity/Prefs/Loan	Traditional retail	Scale up	EBITDA Multiple	3.9
Cashfac plc	260	845	Jul-99	Equity	Software & computer services	Scale up	Bid price (AIM)	3.3
Preservica Limited	9,500	28,833	Dec-15	Equity/Prefs/Loan with preference	Software & computer services	Growth	Revenue Multiple	3.0
Aquasium Technology Limited	167	478	Oct-01	Equity	Industrial Engineering	Scale up	EBITDA Multiple	2.9
My Tutorweb Limited	10,565	27,154	May-17	Equity with preference	Industrial Support Services	Growth	Revenue Multiple	2.6
Bella & Duke Limited	4,263	10,194	Jan-20	Equity with preference	e-Commerce	Scale up	Revenue Multiple	2.4
End Ordinary Group Limited (trading as Buster & Punch)	6,660	14,548	Mar-17	Equity with preference	e-Commerce	Scale up	EBITDA Multiple	2.2
Data Discovery Solutions Limited (trading as Active Navigation)	5,000	10,000	Nov-19	Equity with preference	Software & computer services	Scale up	Revenue Multiple	2.0
Bleach London Holdings Limited	2,860	4,370	Dec-19	Equity with preference	e-Commerce	Growth	Revenue Multiple	1.5
Parsley Box Group plc	2,832	3,514	May-19	Equity	e-Commerce	Scale up	Bid price (AIM)	1.2
Connect Childcare Limited	4,000	4,805	Dec-20	Equity/Loan with preference	Software & computer services	Growth	Revenue Multiple	1.2
Tharstern Group Limited	4,712	5,407	Jul-14	Equity/Prefs/Loan	Software & computer services	Scale up	EBITDA Multiple	1.1
Media Business Insight Holdings Limited	11,681	13,378	Jan-15	Equity/Loan	Media	Scale up	EBITDA Multiple	1.1
Northern Bloc Ice Cream Limited	1,500	1,607	Dec-20	Equity/Loan with preference	Food Producers	Growth	Revenue Multiple	1.1
Arkk Consulting Limited (trading as Arkk Solutions)	7,150	7,420	May-19	Equity/Prefs/Loan with preference	Software & computer services	Growth	Revenue Multiple	1.0
Vivacity Labs Limited	4,200	4,200	Feb-21	Equity with preference	Technology, hardware & equipment	Growth	Revenue Multiple	1.0
IPV Limited	3,000	3,000	Nov-19	Equity with preference	Software & computer services	Growth	Revenue Multiple	1.0
Legatics Limited	3,000	3,000	Jun-21	Equity with preference	Software & computer services	Early Stage	Revenue Multiple	1.0

Table 9: Mobeus VCTs unquoted holdings as at 30.09.21 (sorted by multiple on cost)

Investee Company	Cost	Value	Date invested	Structure of investment (Equity/Loan)	Industry Sector	Stage of Investment	Valuation method	Multiple on cost
	£000	£000						
Pets' Kitchen Limited (trading as Vet's Klinik)	2,800	2,800	Jun-21	Equity/Loan with preference	Consumer services	Growth	Cost	1.0
Caledonian Leisure Limited	1,500	1,500	Mar-21	Equity/Loan with preference	Travel & leisure	Early Stage	Cost	1.0
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)	10,000	9,992	Jul-17	Equity/Loan with preference	e-Commerce	Scale up	EBITDA Multiple	1.0
Rota Geek Limited	4,000	3,077	Aug-18	Equity with preference	Software & computer services	Growth	Revenue Multiple	0.8
Spanish Restaurant Group Limited (trading as Tapas Revolution)	5,250	3,153	Jan-17	Equity/Loan with preference	Travel & leisure	Scale up	Site EBITDA Multiple	0.6
Muller EV Limited (trading as Andersen EV)	1,750	1,000	Jun-20	Equity with preference	Technology, hardware & equipment	Early Stage	Cost less Provision	0.6
Kudos Innovations Limited	1,500	636	Nov-18	Equity with preference	Software & computer services	Early Stage	Revenue Multiple	0.4
CGI Creative Graphics International Limited	6,201	1,873	Jun-14	Equity/Prefs/Loan	General industrials	Scale up	EBITDA Multiple	0.3
RDL Corporation Limited	5,000	1,117	Oct-10	Equity/Prefs/Loan	Industrial Support Services	Scale up	EBITDA Multiple	0.2
Sift Limited	135	29	Oct-00	Equity	Media	Growth	EBITDA Multiple	0.2
Jablite Holdings Limited (in members' voluntary liquidation)	1,658	219	Apr-15	Equity/Prefs/Loan	Construction & materials	Scale up	Cost less Provision	0.1
Corero Network Security plc	600	10	Jan-06	Equity	Software & computer services	Scale up	Bid price (AIM)	0.0
Veritek Global Holdings Limited	6,923	-	Jul-13	Equity/Prefs/Loan	Industrial Support Services	Scale up	EBITDA Multiple	0.0
Racoon International Group Limited	3,399	-	Dec-06	Equity/Loan	Personal goods	Growth	Cost less Provision	0.0
BookingTek Limited	2,500	-	Oct-16	Equity	Software & computer services	Early Stage	Cost less Provision	0.0
Prefcap Limited	255	-	Mar-01	Equity	Industrial Support Services	Not trading	Cost less Provision	0.0
Oakheath Limited (formerly Super Carers) (in members' voluntary liquidation)	2,100	-	Mar-18	Equity	Consumer services	Not trading	Cost less Provision	0.0
CB Imports Group Limited (in members' voluntary liquidation)	700	-	Dec-09	Equity	Traditional retail	Not trading	Cost less Provision	0.0
Biomer Technology Limited	137	-	Mar-03	Equity	Medical Equipment & Services	Early Stage	Cost less Provision	0.0
Nexxtdrive Limited	487	-	Oct-06	Equity	Industrial Engineering	Not trading	Cost less Provision	0.0
Oxonica Limited	2,525	-	Jul-05	Equity	Industrial Support Services	Not trading	Cost less Provision	0.0
TOTALS	£155m	£275m						

Source: Gresham House Asset Management

Table 10 (1 of 2): Matrix of individual responsibilities for Gresham House VCT investment team

NAMES	Bevan Duncan	Ken Wotton	Tamer Ozmen	Henry Alty	Thomas Makey	Maya Ward	Brendan Gulston	James Hendry	Mackenzie Travers
VCT WORK									
Deal origination		10%	40%	30%	30%	30%	10%	30%	50%
General enquiries									
New deal doing	20%	75%	20%	50%	50%	40%	55%	50%	40%
Fund raising	10%	10%							
Internal issues	20%								
Sitting on Boards/ Monitoring	30%	5%	20%	10%	10%	30%	5%	20%	10%
Exits	20%			10%	10%				
NON VCT WORK									
Non-VCT work			20%				30%		
TOTAL	100%	100%	100%	1090%	100%	100%	100%	100%	100%
Days per week	5	5	2	5	5	5	5	5	5
Years in venture capital	15	15	5	9	6	7	7	3	4
Years involved with VCTs	15	15	3	9	6	3	6	3	3
Years with current team	15	15	3	9	6	3	6	3	3

Source: Gresham House Asset Management

Table 10 (2 of 2): Matrix of individual responsibilities for Gresham House VCT investment team

NAMES	Trevor Hope	Gregory Blin	Jane Reoch	Chris Kilroy	Rowan Grobler	Clive Austin	Matt Mead	Ed Wass	Giles Whitman	Bob Henry	Mark Wignall
VCT WORK											
Deal origination %	20%	30%	30%	30%	30%						
General enquiries %											
New deal doing %	50%	50%	50%	50%	50%		20%	10%			
Fund raising %	20%					10%					50%
Internal issues %	10%					10%					50%
Sitting on Boards/ Monitoring %		10%	10%	10%	10%	60%	70%	70%	70%	70%	
Exits %		10%	10%	10%	10%	20%	10%	10%	30%	30%	
NON VCT WORK											
Non-VCT work %								10%			
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Days per week	5	5	5	5	5	5	4	5	3	3	0.5
Years in venture capital	25	10	19	8	3	25	26	12	11	41	33
Years involved with VCTs	16	8	4	6	3	14	3	5	8	24	23
Years with current team	6	8	4	1	3	7	3	5	1	24	23

Source: Gresham House Asset Management