

Mobeus Income & Growth 2 VCT plc

A Venture Capital Trust

Unaudited Interim Report
for the six months ended 30 September 2020



Mobeus Income & Growth 2 VCT plc (the “Company”, “VCT” or the “Fund”) is a Venture Capital Trust (“VCT”) advised by Mobeus Equity Partners LLP (“Mobeus”), investing primarily in established, unquoted companies.

Company Objective

The Objective of the Company is to provide investors with a regular income stream, arising both from the income generated by companies selected for the portfolio and from realising any growth in capital, while continuing at all times to qualify as a VCT.

Dividend Policy

The Company seeks to pay dividends at least annually out of income and capital as appropriate, subject to fulfilling certain regulatory requirements.

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YOUR PRIVACY

We are committed to protecting and respecting your privacy. To understand how we collect, use and otherwise process personal data relating to you, or that you provide to us, please read our privacy notice, which can be found at www.mig2vct.co.uk.

Financial Highlights

Results for the six months ended 30 September 2020

As at 30 September 2020

Net assets: **£58.22 million**

Net asset value ("NAV") per share: **79.25 pence**

- Net asset value ("NAV") total return¹ per share was 18.2%.
- Share price total return¹ per share was 7.1%.
- Shareholders received an interim dividend of 7.00 pence per share in respect of the year ending 31 March 2021, which was paid on 19 June 2020.
- The Company made one new investment and four follow-on investments totalling £2.45 million.
- The Company realised investments for a total of £5.18 million, a gain of £2.09 million for the six months.

¹ Alternative performance measure (APM). See Glossary of Terms on page 29.

Performance Summary

The table below shows the recent past performance of the Company's current share class, first raised in 2005/06 at an original subscription price of 100 pence per share before the benefit of income tax relief. Performance data for all fundraising rounds are shown in tables on pages 30 and 31 of this Interim Report.

Reporting date As at	Net assets (£m)	Net asset value (NAV) per share (p)	Share price ¹ (p)	Cumulative dividends paid per share (p)	Cumulative total return per share since launch ²		Dividends paid and proposed per share in respect of each year (p)
					(NAV basis) (p)	(Share price basis) (p)	
30 September 2020	58.22	79.25	68.50	116.00	195.25	184.50	7.00
31 March 2020	43.57	72.99	70.50	109.00	181.99	179.50	26.00
30 September 2019	43.41	89.85	85.50	98.00	187.85	183.50	15.00

¹ Source: Panmure Gordon & Co (mid-market price).

² Cumulative total return per share comprises either the NAV per share (NAV basis) or the mid-market price per share (share price basis), plus cumulative dividends paid since launch of the current share class.

Chairman's Statement

I am pleased to present the Company's Interim Report for the six months ended 30 September 2020.

Overview

This half-year has been very positive for Shareholders with the Company's NAV total return per share increasing by 18.2%, recovering all of the value lost in the preceding quarter due to the significant and exceptional challenges caused by the outbreak of COVID-19. Your Company's portfolio of investments has traded above initial expectations during this challenging period and there have been two successful exits. Furthermore, the Company's strong financial position has enabled it to make one new investment and to provide additional funding to four of our existing growth investments, as detailed below. The completion of our recent fundraise further strengthens our balance sheet and increases the funds available to take advantage of good investment opportunities as they arise.

Undoubtedly this year will be dominated by the impact of COVID-19 and the UK Government's lockdown measures. This caused an immediate significant decline in consumer and business confidence with the uncertainty reflected in volatile public markets. The reductions in portfolio values reported at the end of March 2020 were based on our best knowledge at that uncertain time and reflected in the NAV of the Company. The reduced valuations were mainly in response to the Investment Adviser's assessment of COVID-19's potential impact on the market in general and trading activity of specific investee companies.

As the summer progressed, greater clarity emerged of the impact of the crisis upon the portfolio, with investee companies experiencing a less volatile and uncertain trading environment than initially assumed at the March year-end. The more favourable and robust trading conditions have been reflected in the portfolio's strong valuation recovery in the six months between 31 March and 30 September 2020. Overall, your Board is very pleased that most portfolio companies adapted quickly and effectively to manage the down-side risks to their businesses and in some cases have been able to capitalise on opportunities presented to accelerate their growth.

COVID-19 imposed considerable restrictions on the ability to process transactions efficiently. However, the

Investment Adviser introduced processes and protocols to enable it to continue to operate effectively. As a result in the period under review the Company made two profitable disposals, completed follow-on investments to support further growth in four investee companies and made one new investment. Following the period end, one further realisation occurred. Further details of the portfolio valuation and investment movements are provided in the Investment Portfolio section below and in the Investment Adviser's Review.

Performance

The Company's NAV total return per share was 18.2% in the six months ended 30 September 2020 (2019: 5.3%). This represents a material recovery in NAV per share compared to that announced at the beginning of the pandemic and at the Company's year-end as at 31 March 2020. This is due primarily to substantial net gains in portfolio valuations and significant realised gains on two disposals in the period. The share price total return for the period of 7.1% lags the NAV total return of 18.2% due principally to the timing of NAV announcements.

The net asset value increased by £14.65 million to £58.22 million at 30 September 2020 resulting in the increase in Net Asset Value ("NAV") per share as shown below:

Six months to 30 September	2020 (pence per share)	2019 (pence per share)
Net realised and unrealised gains on the investment portfolio	12.84	5.08
Income from the investment portfolio and liquid assets	1.31	1.58
Share buybacks and adjustments	0.13	0.11
Gross return	14.28	6.77
Less: Investment Adviser's fees and other expenses	(1.02)	(1.52)
Net return	13.26	5.25
NAV total return per share	18.2%	5.3%

The net return of 13.26 pence per share above represents a return of 18.2% upon the opening NAV per share at the start of the financial year of 72.99 pence. Deducting the payment of the dividend of 7.00 pence from this net return leaves 6.26 pence per share, being the net increase in NAV per share from the opening 72.99 pence per share to the period-end NAV per share of 79.25 pence.

The Board believes that the Company's performance has demonstrated the resilience of its diversified portfolio in what has been a most challenging and volatile six months. It believes that the valuations at 30 September reflect the trading performance of investee companies following their initiatives in response to the pandemic and government lockdown restrictions and their potential to continue making progress, whilst mindful to be cautious in view of the continued uncertainty in respect of the pandemic's duration.

Investment portfolio

In the context of a very challenging business environment, the portfolio has performed very strongly during the six month period with its value increasing by £9.44 million (2019: £2.45 million), or 42.9% (2019: 8.2%) on a like-for-like basis. This comprises an increase in net unrealised values of £7.35 million and £2.09 million gains realised primarily from the two investment disposals in the six-month period. A total of £5.18 million proceeds was received from realisations or other capital repayments. At 30 September 2020 the portfolio was valued at £28.70 million (31 March 2020: £21.99 million). During this period, the Company also invested a total of £2.45 million (2019: £1.82 million) into one new (2019: two) and four existing (2019: one) investments.

Clearly, COVID-19's impact and the recovery therefrom, have been the dominant influences on the portfolio and its valuations over the period under review. During this unprecedented time, the Board has liaised closely with the Investment Adviser, to ensure that all practical steps were taken, where possible, to enable each portfolio company to trade through the crisis and return to value growth. All investee companies were alerted to, and some utilised, the available government support packages. The Company has also provided loan interest payment holidays to some portfolio companies which generated vital cash headroom.

The sudden imposition of lockdown on UK business created immediate volatility and uncertainty. However, once the immediate impact subsided, its continuing influence on business generally and portfolio companies specifically was able to be far better understood. It is pleasing that the impact was less negative than initially feared and combined with better than expected trading levels achieved by some companies, has enabled many valuations to achieve a substantial recovery and in some cases higher

valuations. The latter portfolio companies have benefited from structural changes in activity, behaviour and consumer purchasing habits and consequently are trading at or above their pre COVID-19 levels. We also note that the portfolio's relatively limited exposure to the travel and hospitality sectors, which have been worst hit by the strict lockdown restrictions, has undoubtedly helped as has the fact that the majority of our retail sector investments have online sales and distribution business models.

Although quoted market multiples have also rallied since March, we note that the principal driver of valuation increases in the half-year is the strong earnings growth at many investee companies. However, a minority of companies have clearly struggled but, as they are in the minority, have only had a modest impact on overall shareholder returns.

The new investment in the period was:

- Andersen EV – An electric vehicle charge point business £0.22 million
- and the existing investments were:
- MyTutor– A digital marketplace for school tutoring £0.54 million
- Rotageek – A workforce management software provider £0.37 million
- Buster and Punch – A lighting and interiors brand £0.92 million
- Preservica – A seller of proprietary digital archiving software £0.40 million

During the period the two realisations were:

- Access IS – £4.94 million cash proceeds received over the life of the investment equating to a 2.5x multiple of cost and an IRR of 23.4%; and
- Blaze – £3.60 million cash proceeds received over the life of the investment: a 2.6x multiple of cost and an IRR of 13.2%.

After the period-end, the sale of Vectair realised cash receipts of £1.25 million which over the nearly 15 year life of the investment contributed to a multiple on cost of 8.3x and an IRR of 22.2%. In isolation, this would result in an uplift of 0.13 pence per share over the 30 September 2020 NAV of 79.25 pence per share. Further proceeds may be receivable in due course.

Further details of the investment activity and the performance of the portfolio are contained in the Investment Adviser's Report on pages 5 to 9.

Dividends

The Board continues to monitor the Company's financial performance and cash flow closely, whilst also taking account of qualifying ratio projections to ensure compliance with the regulatory requirements, when determining dividend payments.

An interim dividend of 7.00 pence per share was paid to Shareholders on 19 June 2020 in respect of the current financial year. The Board will consider the payment of further dividends later in the financial year, depending upon performance, investment activity and the need to meet regulatory ratios.

Fundraising

On 2 April 2020, the Company completed its second and final allotment of shares under the Company's 2019/20 Offer for Subscription, allotting 13,928,447 ordinary shares at an effective offer price of 77.26 pence per share. This generated further net funds of £10.26 million for the Company, placing it in a strong position to support the portfolio as appropriate and undertake new investment in accordance with its measured investment approach.

Share buy-backs

During the six months under review, the Company bought back and cancelled 148,299 of its own shares, representing 0.3% (2019: 1.3%) of the shares in issue at the beginning of the period, at a total cost of £0.10 million (2019: £0.53 million) inclusive of expenses. It is the Company's policy to cancel all share buy-backs. The Board regularly reviews its buyback policy and currently seeks to maintain the discount at which the Company's shares trade at no more than 5% below the latest published NAV.

Liquidity

Following the Company's successful fundraising in 2019/2020 it had cash or cash equivalents of £29.67 million, representing 51.0% of net assets as at 30 September 2020.

At the date of this report pro forma cash and liquid assets amount to £31.04 million or 53.2% of net assets, following post period-end disposals. The Board considers the Company to be in a strong cash position.

Shareholder communications

May I remind you that the Company has its own website which contains useful information for Shareholders. The Investment Adviser held the annual

Shareholder event on 4 February 2020 and is planning to hold a virtual event later in 2021. Details will be notified to Shareholders once finalised and will be shown on the Company's website: www.mig2vct.co.uk.

Outlook

The impact of COVID-19 was and will continue to have immediate and wide reaching consequences for society, economies and business for the foreseeable future. Nevertheless, your Board considers that your Company is well positioned to cope with most likely scenarios in so far as they can presently be foreseen. The successful realisations and earlier fundraising have given the Company a strong balance sheet and liquidity with which to support its existing portfolio and also to capitalise on opportunities which may arise for new investment. The portfolio still retains a foundation of mature investments that provide an income return, but also an increasing proportion of dynamic younger, growth capital investments and we are encouraged that we have already achieved two successful realisations from this part of the portfolio.

The Board remains cautious and vigilant as the degree and frequency of future UK Covid-19 lockdowns and other restrictions is unclear. Furthermore, as BREXIT negotiations continue unresolved they cause global market economies to be nervous and volatile. UK and European businesses in particular will therefore continue to operate in an uncertain trading environment for the foreseeable future. However, our investee companies have prepared as well as possible for post BREXIT scenarios and their relatively small scale will enable them to react and adapt quickly once the new trading environment becomes clearer. The Investment Adviser is seeing a good pipeline of interesting investment opportunities and overall the Board believes that, despite the challenging environment, the Company has many reasons to be cautiously optimistic.

I would like to take this opportunity to thank all Shareholders for their continued support and also hope you and your families remain safe and healthy.

Ian Blackburn
Chairman

2 December 2020

Investment Policy

The Investment Policy is designed to meet the Company's objective.

Investments

The Company invests primarily in a diverse portfolio of UK unquoted companies. Investments are made selectively across a number of sectors, principally in established companies. Investments are usually structured as part loan stock and part equity in order to produce a regular income stream and to generate capital gains from realisations.

There are a number of conditions within the VCT legislation which need to be met by the Company and which may change from time to time. The Company will seek to make investments in accordance with the requirements of prevailing VCT legislation.

Asset allocation and risk diversification policies, including the size and type of investments the Company makes, are determined in part by the requirements of prevailing VCT legislation. No single investment may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment.

Liquidity

The Company's cash and liquid funds are held in a portfolio of readily realisable interest bearing investments, deposit and current accounts, of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

Borrowing

The Company's articles of association permit borrowings of amounts up to 10% of the adjusted capital and reserves (as defined therein). However, the Company has never borrowed and the Board would only consider doing so in exceptional circumstances.

Summary of VCT Regulation

To assist Shareholders, the following table contains a summary of the most important rules that determine VCT approval.

To maintain its status as a VCT, the Company must meet a number of conditions, the most important of which are that:	<ul style="list-style-type: none">● the Company must hold at least 80%, by VCT tax value¹, of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;● all qualifying investments made by VCTs after 5 April 2018, together with qualifying investments made by funds raised after 5 April 2011, are in aggregate required to comprise at least 70% by VCT tax value in "eligible shares", which carry no preferential rights (save as may be permitted under VCT rules);● no investment in a single company or group of companies may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment;● the Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;● the Company's shares must be listed on a regulated European stock market;	<ul style="list-style-type: none">● non-qualifying investments can no longer be made, except for certain exemptions in managing the Company's short-term liquidity; and● VCTs are required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of the accounting period.	In addition, VCTs may not:
		<ul style="list-style-type: none">● To be a VCT qualifying holding, new investments must be in companies:● which carry on a qualifying trade;● which have no more than £15 million of gross assets at the time of investment and no more than £16 million immediately following investment from VCTs;● whose maximum age is generally up to seven years (ten years for knowledge intensive businesses);● that receive no more than an annual limit of £5 million and a lifetime limit of £12 million (for knowledge intensive companies the lifetime limit is £20 million, and the annual limit is £10 million), from VCTs and similar sources of State Aid funding;● that use the funds received from VCTs for growth and development purposes.	<ul style="list-style-type: none">● offer secured loans to investee companies, and any returns on loan capital above 10% must represent no more than a commercial return on the principal; and● make investments that do not meet the 'risk to capital' condition (which requires a company, at the time of investment, to be an entrepreneurial company with the objective to grow and develop, and where there is a genuine risk of loss of capital).

¹ VCT tax value means as valued in accordance with prevailing VCT legislation. The calculation of VCT tax value is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which may differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 10 to 12.

Investment Adviser's Review

COVID-19 Pandemic

In March, the UK Government introduced lockdown and social distancing measures in response to the COVID-19 pandemic. These measures had an immediate adverse impact on UK businesses, with many companies experiencing a significant reduction in consumer and business demand, restrictions on employees' working practices and disruption to their supply chains. Global markets fell significantly as a result. Following the low point in March, there has been a significant recovery in portfolio trading levels as well as global markets, but the latter remain volatile. There are still uncertainties ahead, particularly the second wave of the COVID-19 pandemic and BREXIT but countered now by the prospect of effective vaccines. The portfolio is in a robust shape, following the experience gained and the opportunities taken over the period under review, to withstand and respond to these as yet uncertain developments in future.

Throughout the pandemic, the Investment Adviser reviewed and evaluated the impact of COVID-19 on each sector exposure and on the value of the portfolio, and appropriate action was taken. Mobeus continues to review the opportunities for new and follow-on investments and is in a position to capitalise as and when needed via the Company's relatively high liquidity levels. Over the most recent months, investment in new opportunities has been relatively low but a healthy pipeline of suitable opportunities is currently being evaluated.

The portfolio follow-on investments in the period indicate that there are opportunities to back proven portfolio companies achieving strong relative performance. The realisation activity outlook continues to be positive with approaches received from trade and financial investors to several investee companies.

Overall, the portfolio is robust although the Investment Adviser remains alert to the risks associated with a continuation of the impact of COVID-19 despite the improved prospects from the recent

announcements in respect of successful vaccine trials. The Investment Adviser remains optimistic on the basis of recent evidence of trading performance and potential growth within the portfolio.

Portfolio review

At the Company's year-end in March 2020, and at the height of the pandemic uncertainty, many valuation reductions were applied to the portfolio which reflected the initial drop in revenues and included COVID-19 specific adjustments given the uncertain outlook. In the half-year, the portfolio experienced a significant bounce-back and the value of the portfolio increased by £9.44 million, comprising an increase of £7.35 million in the unrealised portfolio and gains of £2.09 million through realisations.

	2020 £m	2019 £m
Portfolio value at 31 March	21.99	30.04
New and further investments	2.45	1.82
Disposal proceeds	(5.18)	(5.31)
Net realised gains in the period	2.09	0.96
Valuation movements of unrealised investments	7.35	1.49
Portfolio value at 30 September	28.70	29.00

It is important to note that the usual approach to portfolio valuation by the Investment Adviser continued to be applied throughout this uncertain period. The half-year recovery is attributable to trading improvement achieved by many portfolio companies, against a backdrop of improved market sentiment. The removal of COVID-19 related adjustments that were put in place during March, and improved cash generation are also contributing factors. Some portfolio companies, often with online business models, have traded strongly throughout this half-year. Whilst it is still too early to be certain, there is evidence that a structural change to consumer purchasing habits has occurred, which should underpin strong performance in future.

The portfolio's activity for the half-year to 30 September 2020 is summarised as follows:

Investment Portfolio Capital Movement	Six months ended 30 Sep 2020 £m	Six months ended 30 Sep 2019 £m
Increase in the value of unrealised investments	7.91	3.15
Decrease in the value of unrealised investments	(0.56)	(1.66)
Net increase in the value of unrealised investments	7.35	1.49
Realised gains	2.09	0.96
Realised losses	-	-
Net realised gains	2.09	0.96
Net investment portfolio gains	9.44	2.45

Unrealised movements in the value of the portfolio

The portfolio's net valuation increase of £7.35 million principally arises from the following portfolio valuation movements.

Total value increases of £7.91 million principally comprise:

Virgin Wines £1.60 million – Like many online retailers, Virgin has fared extremely well during the COVID-19 lockdown periods with little or no operational impact. It achieved record earnings for its year end to 30 June and current trading suggests that the recent strong performance should be sustainable.

MPB Group £0.97 million – After experiencing an initial drop in revenues at the start of lockdown, there has been a material recovery. Its hobbyist and amateur photographer market has proved very resilient and demand for its services has continued to grow in excess of prior year levels.

Wetsuit Outlet £0.93 million – Although, initially written down at the previous

Investment Adviser's Review

year-end, the company has seen strong trading throughout the COVID-19 period as a result of its online presence and rationalisation of channels to market by the brand owners. It has continued to improve its sales and margins, being higher than forecast and the prior year, whilst at the same time reducing its cost base.

Active Navigation £0.68 million - This data security and management software company is demonstrating it has an increasingly valuable recurring revenue stream.

Parsley Box £0.63 million – After a surge in demand during the first lockdown period, its sales remain very strong with a good percentage of new customers translating into repeat customers.

A number of the companies within the portfolio have online retail (D2C) business models and time will tell the extent to which this increased demand will continue in the medium-term. The Investment Adviser's valuation is based on its assessment of such sustainability.

Total value reductions of £(0.56) million principally comprise:

Tapas Revolution £(0.28) million – Forced to close during both lockdowns, it achieved a degree of recovery when some sites reopened whilst respecting COVID-19 practices. Whilst confident in the medium to long term business model it may take time for value to recover fully.

Rotageek £(0.19) million – Although the business transitioned to remote working very effectively and has strong recurring revenues, its focus on the retail sector means its customers will be under pressure for the foreseeable future. Opportunities in new markets will be available as the sector recovers.

Kudos Innovations £(0.08) million – Has been impacted as academic institutions are experiencing significant disruption as they deal with COVID-19 issues around student welfare and fees. However, it has begun to focus on new opportunities to supplement its recurring revenues.

Shareholders should note that some of the most significantly impacted companies have already had valuation reductions applied at the previous year-end.

Realised gains from sales of investments

In the period Access IS and Blaze Signs were sold, receiving a total of £5.00 million in cash proceeds and generating £2.03 million of realised gains in the half-year. Further details are on page 8.

Investment portfolio yield

During the interim period under review, the Company received the following amounts in interest and dividend income:

	Six months ended 30 Sep 2020 £m	Six months ended 30 Sep 2019 £m
Interest received	0.45	0.68
Dividends received	0.49	0.01
Total portfolio income in the period¹	0.94	0.69
Portfolio value at 30 September	28.70	29.00
Portfolio Income Yield² (Income as a % of portfolio value at 30 September)	3.3%	2.4%

¹ Total portfolio income in the period is generated solely from investee companies within the portfolio. See Note 4 of the unaudited condensed financial statements for details of all income receivable by the Company.

² Total portfolio income in the period and Portfolio Income Yield are alternative performance measures ("APM").

New investments during the period

A new investment of £0.22 million was made during the six-month period, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
ANDERSEN	Andersen EV	Electric vehicle chargers	June 2020	0.22

Muller EV Limited (trading as Andersen EV) is a design-led manufacturer of premium electric vehicle (EV) chargers. Incorporated in 2016, this business has secured high profile partnerships with Porsche and Jaguar Land Rover, establishing an attractive niche position in charging points for the high end EV market. The Company's funds will be used to scale the business through investment in further products and software, sales and marketing and electric vehicle manufacturer partnerships. Andersen is well positioned in a nascent sector experiencing significant growth and increased sales by over 350% for its most recent financial year.

Further investments in existing portfolio companies during the period

The Company made further investments totalling £2.23 million into four existing portfolio companies during the six-month period under review, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
	Rotageek	Workforce management software	May 2020	0.37

Rotageek is a provider of cloud-based enterprise software to help larger retail, leisure and healthcare organisations predict and meet demand to schedule staff effectively. This investment, alongside funds from a new VCT investor and existing shareholders, will be used to capitalise on opportunities that will emerge as the retail sector recovers from lockdown restrictions. Rotageek will also be expanding its presence in healthcare to help address the workforce management issues of a sector that is chronically overburdened at present. For the year ended 31 December 2019, revenues grew over 45% on the prior year.

	MyTutor	Digital marketplace connecting school pupils seeking one-to-one online tutoring	May 2020	0.54
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MyTutorweb (trading as MyTutor) is a digital marketplace that connects school pupils who are seeking private one-to-one tutoring with university students. The business is satisfying a growing demand from both schools and parents to improve pupils' exam results to enhance their academic and career prospects. This further investment, alongside other existing shareholders, seeks to build and reinforce its position as a UK category leader in the online education market as well as to begin to develop a broader, personalised learning product offering. MyTutor has performed strongly over the last 18 months with 70% growth in 2019 and in excess of 100% in the last six months. The company has been chosen as Tutoring Partner for the National Tuition Programme where they will directly support 30,000 students in catching up on lost learning as a result of the COVID-19 pandemic.

	Buster and Punch	Lighting and interiors brand	September 2020	0.92
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Buster and Punch is a well-established, premium branded, fast growing business which designs and manufactures a complete range of high-quality functional fittings (lighting, electrical and hardware and other accessories) for the home. The VCT first invested in 2017 and since then, the business delivered consistent high growth across its ranges, with revenues growing in excess of 65%, and reaching nearly £10 million in 2020. Buster and Punch's products are now sold in 99 countries via both its highly invested ecommerce platform and direct services to consumers, trade and retailers across the world. Buster and Punch also operates flagship showrooms in London, Stockholm and Los Angeles. The new funding will be used to drive the global business plans of this fast-growing luxury interior fashion label with further international expansion into the US and Asia Pacific markets.

Investment Adviser's Review

Company	Business	Date of investment	Amount of new investment (£m)	
 Preservica Active digital preservation	Preservica	Seller of proprietary digital archiving software	September 2020	0.40

Preservica is a SaaS software business with blue chip customers providing strong recurring revenues and has developed market leading software for the long-term preservation of digital records, ensuring that digital content can remain accessible, irrespective of future changes in technology. This latest investment is to provide additional growth capital to finance the further development of the business. The year to 31 March 2020 saw record bookings growth of 68.0% and many key customer wins.

Realisations in the period

The Company realised its investments in Access IS and Blaze Signs during the six-month period, generating proceeds of £5.00 million, as detailed below:

Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
 Access IS Interfacing Solutions	Data capture and scanning hardware	October 2015 to August 2020	£4.94 million 2.5 x cost

The Company sold its investment in Tovey Management Limited (trading as Access IS) to ASSA ABLOY AB for cash proceeds of £4.23 million (realised gain in period: £1.40 million). Since investment in 2015, the investment has generated cash proceeds of £4.94 million compared to an original investment cost of £1.95 million, which is a **multiple on cost of 2.5x and an IRR of 23.4%**.

	Blaze Signs	Manufacturer and installer of signs	April 2006 to September 2020	£3.60 million 2.6 x cost
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The Company sold its investment in Blaze Signs Holdings Limited in a secondary buy out backed by Elaghmore Advisor LLP and has received cash proceeds (including dividends) of £1.29 million (realised gain in period: £0.63 million). Over the 14 years this investment was held, cash proceeds of £3.60 million have been received compared to an original cost of £1.40 million, which is a **multiple of cost of 2.6x and an IRR of 13.2%**.

Realisation after the period-end

Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
 Vectair	Designer and distributor of washroom products	January 2006 to November 2020	£2.02 million 8.3x cost

The Company sold its investment in Vectair Holdings Limited to a consortium of US investment funds, including Oxbow Industries and Arcspring, and has received cash proceeds (including dividends) of £1.25 million. Over the nearly 15 years this investment was held, cash proceeds of £2.02 million have been received compared to original cost of £0.24 million, which is a multiple of cost of 8.3x and an IRR of 22.2%. Further proceeds may be receivable in due course.

After the period-end, the Company received a loan repayment of £0.13 million (including £0.04 million premium) from Vian Marketing Limited (trading as Red Paddle).

Loan stock repayments and other receipts

Loan stock repayments totalling £0.18 million were received during the period, from Buster & Punch and BookingTek.

Net realised gains for the half-year on the two disposals above were £2.03 million, increased by £0.05 million in respect of loan proceeds received upon a loan that had previously been valued at nil on the grounds of prudence and £0.01 million from proceeds received in respect of an investment realised in the previous year. This equals the total realised gain for the half-year of £2.09 million, as shown in both tables on page 5 of this review.

Mobeus Equity Partners LLP
Investment Adviser

2 December 2020

Investment Portfolio Summary

as at 30 September 2020

Qualifying investments	Date of first investment / Sector	Total book cost at 30 September 2020 £	Valuation at 31 March 2020 £	Additions at cost £	Disposals at opening valuation £	Change in valuation for period £	Valuation at 30 September 2020 £	% of net assets by value
Unquoted investments								
Virgin Wines Holding Company Limited Online wine retailer	November 2013 General retailers	1,284,333	1,426,084	-	-	1,595,133	3,021,217	5.2%
MPB Group Limited Online marketplace for photographic and video equipment	June 2016 General retailers	1,176,231	1,732,661	-	-	972,405	2,705,066	4.6%
Preservica Limited Seller of proprietary digital archiving software	December 2015 Software and computer services	1,538,226	1,481,372	404,762	-	349,645	2,235,779	3.8%
Data Discovery Solutions Limited (trading as Active Navigation) Provider of global market leading file analysis software for information governance, security and compliance	November 2019 Software and computer services	943,000	1,210,232	-	-	675,768	1,886,000	3.2%
EOTH Limited (trading as Rab and Lowe Alpine) Branded outdoor equipment and clothing	October 2011 General retailers	817,185	1,404,025	-	-	359,940	1,763,965	3.0%
Buster and Punch Holdings Limited Industrial inspired lighting and interiors retailer	March 2017 General retailers	1,231,510	587,517	924,557	(129,438)	266,524	1,649,160	2.8%
My Tutorweb Limited (trading as MyTutor) Digital marketplace connecting school pupils seeking one-to-one online tutoring	May 2017 Support services	1,515,891	979,834	536,057	-	117,182	1,633,073	2.8%
Proactive Group Holdings Inc Provider of media services and investor conferences for companies primarily listed on secondary public markets	January 2018 General financial	635,346	1,171,946	-	-	426,572	1,598,518	2.7%
Bella & Duke Limited A premium frozen raw dog food provider	February 2020 General retailers	1,451,101	1,451,101	-	-	-	1,451,101	2.5%
Parsley Box Limited Supplier of home delivered ambient ready meals for the elderly	May 2019 General retailers	551,400	656,770	-	-	634,557	1,291,327	2.2%
Vectair Holdings Limited Designer and distributor of washroom products	January 2006 Support services	60,293	927,913	-	-	224,162	1,152,075	2.0%
Vian Marketing Limited (trading as Red Paddle Co) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	July 2015 Leisure goods	717,038	738,934	-	-	378,623	1,117,557	1.9%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet) Online retailer in the water sports market	July 2017 General retailers	1,412,992	39,398	-	-	926,929	966,327	1.7%
Arkk Consulting Limited (trading as Arkk Solutions) Provider of services and software to enable organisations to remain compliant with regulatory reporting requirements	May 2019 Software and computer services	908,995	759,233	-	-	44,301	803,534	1.4%
Bleach London Holdings Limited Hair colourants brand	December 2019 General retailers	445,332	561,361	-	-	199,372	760,733	1.3%
Rota Geek Limited Provider of cloud based enterprise software that uses data-driven technologies to help retail and leisure organisations schedule staff	August 2018 Support services	733,200	511,611	366,600	-	(192,034)	686,177	1.2%

	Date of first investment / Sector	Total book cost at 30 September 2020 £	Valuation at 31 March 2020 £	Additions at cost £	Disposals at opening valuation £	Change in valuation for period £	Valuation at 30 September 2020 £	% of net assets by value
Qualifying investments								
Master Removers Group 2019 Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man & Van) A specialist logistics, storage and removals business	December 2014 Support services	251,763	126,469	-	-	510,706	637,175	1.1%
Tharstern Group Limited Software based management information systems to the print sector	July 2014 Software and computer services	789,815	607,310	-	-	10,272	617,582	1.1%
IPV Limited Provider of media asset software	November 2019 Software and computer services	535,459	535,459	-	-	-	535,459	0.9%
Media Business Insight Holdings Limited A publishing and events business focused on the creative production industries	January 2015 Media	1,447,188	44,235	-	-	367,400	411,635	0.7%
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	January 2014 Healthcare Equipment & Services	757,101	249,843	-	-	9,734	259,577	0.4%
Muller EV Limited (trading as Andersen EV) Provider of premium electric vehicle (EV) chargers	June 2020 Electronic & electrical equipment	218,000	-	-	-	24,395	242,395	0.4%
Kudos Innovations Limited Online platform that provides and promotes academic research dissemination	November 2018 Support services	277,950	277,950	-	-	(84,206)	193,744	0.3%
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	June 2014 General industrials	999,568	184,631	-	-	(11,044)	173,587	0.3%
Spanish Restaurant Group Limited (formerly Ibericos Etc. Limited) (trading as Tapas Revolution) Spanish restaurant chain	January 2017 Travel & leisure	812,248	384,823	-	-	(276,523)	108,300	0.2%
RDL Corporation Limited Recruitment consultants for the pharmaceutical, business intelligence and IT industries	October 2010 Support services	1,000,000	-	-	-	95,652	95,652	0.2%
Jablite Holdings Limited (In members' voluntary liquidation) Manufacturer of expanded polystyrene products	April 2015 Construction and materials	281,398	-	-	-	37,110	37,110	0.1%
Veritek Global Holdings Limited Maintenance of imaging equipment	July 2013 Support services	967,780	-	-	-	-	-	0.0%
Racoon International Group Limited Supplier of hair extensions, hair care products and training	December 2006 Personal goods	906,935	-	-	-	-	-	0.0%
BookingTek Limited Software for hotel groups	October 2016 Software and computer services	450,283	-	-	-	-	-	0.0%
Oakheath Limited (formerly Super Carers Limited) (in members' voluntary liquidation) Online platform that connects people seeking home care from experienced independent carers	March 2018 Support services	384,720	-	-	-	-	-	0.0%
Total qualifying investments		25,502,281	18,050,712	2,449,976	(129,438)	7,662,575	28,033,825	48.0% ¹

¹ As at 30 September 2020, the Company held more than 80% of its total investments in qualifying holdings, and therefore complied with the VCT Qualifying Investment test. For the purposes of the VCT qualifying test, the Company is permitted to disregard disposals of investments for twelve months from the date of disposal. It also has up to three years before new funds raised need to be included in the qualifying investment test.

Investment Portfolio Summary

as at 30 September 2020

	Date of first investment / Sector	Total Book cost at 30 September 2020 £	Valuation at 31 March 2020 £	Additions at cost £	Disposals at opening valuation £	Change in valuation for period £	Valuation at 30 September 2020 £	% of net assets by value
Non-qualifying investments								
Media Business Insight Limited A publishing and events business focused on the creative production industries	January 2015 Media	561,884	672,742	-	-	(313,348)	359,394	0.6%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet) Online retailer in the water sports market	July 2017 General retailers	304,000	304,000	-	-	-	304,000	0.6%
Prefcap Limited (formerly 365 Agile Group plc) Development of energy saving devices for domestic use	March 2001 Electronic and electrical equipment	254,586	-	-	-	-	-	0.0%
Racoon International Group Limited Supplier of hair extensions, hair care products and training	December 2006 Personal goods	139,050	-	-	-	-	-	0.0%
Total non-qualifying investments		1,259,520	976,742	-	-	(313,348)	663,394	1.2%
Realised in period								
Tovey Management Limited (trading as Access IS) Provider of data capture and scanning hardware	October 2015 Electronic & electrical equipment	-	2,808,598	-	(2,808,598)	-	-	0.0%
Blaze Signs Holdings Limited Manufacturing and installation of signs	April 2006 Support services	-	157,657	-	(157,657)	-	-	0.0%
Total investment portfolio per Note 9, page 25		26,761,801	21,993,709	2,449,976	(3,095,693)	7,349,227	28,697,219	49.2%
Cash and current asset investments ²			21,806,051	-	-		29,671,824	51.0%
Total investments including cash and current asset investments		26,761,801	43,799,760	2,449,976	(3,095,693)	7,349,227	58,369,043	100.2%
Current assets			150,699				222,622	0.4%
Current liabilities			(385,165)				(370,121)	(0.6%)
Net assets at the period-end			43,565,294				58,221,544	100.0%
Total Investment Portfolio split by type								
Growth focused portfolio			15,164,539				22,828,967	79.6%
MBO focused portfolio			6,829,170				5,868,252	20.4%
Total Investment Portfolio			21,993,709				28,697,219	100.0%

² Disclosed as Current asset investments and Cash at bank within Current assets in the Balance Sheet on page 16.

Statement of the Directors' Responsibilities

Responsibility Statement

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10, Ian Blackburn (Chairman), Adam Kingdon (Chairman of the Audit Committee) and Sally Duckworth (Chairman of the Investment Committee), being the Directors of the Company confirm that to the best of their knowledge:

- (a) the unaudited condensed set of financial statements, which has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" gives a true and fair view of the assets, liabilities, financial position and profit of the Company, as required by DTR 4.2.10;
- (b) the Interim Management Report which comprises the Chairman's Statement, Investment Policy, Investment Review and the Investment Portfolio Summary includes a fair review of the information required by DTR 4.2.7, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the unaudited condensed set of financial statements;
- (c) a description of the principal risks and uncertainties facing the Company for the remaining six months is set out below, in accordance with DTR 4.2.7; and
- (d) there were no related party transactions in the first six months of the current financial year that are required to be disclosed, in accordance with DTR 4.2.8.

Principal Risks and Uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Financial Statements for the year ended 31 March 2020 ("the Annual Report") other than the risks arising from the COVID-19 pandemic, referred to in the Chairman's Statement and the Investment Adviser's Report, the impact of which has been reflected in the valuation of the Company's investment portfolio.

The principal risks faced by the Company are:

- Political and economic;
- Investment and strategic;
- Loss of approval as a VCT;
- VCT regulatory changes;
- Regulatory;
- Financial and operating;
- Market;
- Asset liquidity;
- Market liquidity; and
- Cyber and data security.

A more detailed explanation of these risks can be found in the Strategic Report on pages 29 to 30, and in Note 15 on pages 66 to 73 of the Annual Report and Financial Statements for the year ended 31 March 2020, copies of which are available on the Company's website, www.mig2vct.co.uk.

Going Concern

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Interim management report which comprises the Chairman's Statement, Investment Policy, Investment Review and Investment Portfolio Summary. The Directors have satisfied themselves that the Company continues to maintain an adequate cash position. The portfolio taken as a whole remains resilient and well-diversified.

The major cash outflows of the Company (namely investments, share buybacks and dividends) are within the Company's control.

The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Notes 15 and 16 on pages 66 to 73 of the Annual Report and Financial Statements for the year ended 31 March 2020. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the Interim report and financial statements.

Cautionary Statement

This report may contain forward looking statements with regards to the financial condition and results of the Company, which are made in the light of current economic and business circumstances. Nothing in this report should be construed as a profit forecast.

For and on behalf of the Board

Ian Blackburn
Chairman

2 December 2020

Unaudited Condensed Income Statement

for the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020 (unaudited)		
		Revenue £	Capital £	Total £
Net investment portfolio gains/(losses)	9	-	9,436,434	9,436,434
Income	4	964,240	-	964,240
Investment Adviser's fees	5	(143,161)	(429,481)	(572,642)
Other expenses		(178,660)	-	(178,660)
Profit/(loss) on ordinary activities before taxation		642,419	9,006,953	9,649,372
Tax on profit/(loss) on ordinary activities	6	(29,393)	29,393	-
Profit/(loss) and total comprehensive income		613,026	9,036,346	9,649,372
Basic and diluted earnings per ordinary share	7	0.83p	12.31p	13.14p

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the net unrealised gains and net realised gains on investments and the proportion of the Investment Adviser's fee and performance fee charged to capital.

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). In order to better reflect the activities of a VCT and in accordance with the 2014 Statement of Recommended Practice ("SORP") (updated in October 2019) by the Association of Investment Companies ("AIC"), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity Shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

All the items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period.

The Notes to the unaudited Financial Statements on pages 21 to 26 form part of these Interim Financial Statements.

Revenue £	Year ended 31 March 2020 (audited)			Six months ended 30 September 2019 (unaudited)		
	Capital £	Total £	Revenue £	Capital £	Total £	
-	(1,860,406)	(1,860,406)	-	2,455,341	2,455,341	
2,454,166	-	2,454,166	763,195	-	763,195	
(275,715)	(827,145)	(1,102,860)	(139,243)	(417,731)	(556,974)	
(383,905)	-	(383,905)	(172,700)	-	(172,700)	
1,794,546	(2,687,551)	(893,005)	451,252	2,037,610	2,488,862	
(292,105)	157,158	(134,947)	(83,669)	79,369	(4,300)	
1,502,441	(2,530,393)	(1,027,952)	367,583	2,116,979	2,484,562	
2.94p	(4.95)p	(2.01)p	0.75p	4.35p	5.10p	

Unaudited Condensed Balance Sheet

as at 30 September 2020

	Notes	30 September 2020 (unaudited) £	31 March 2020 (audited) £	30 September 2019 (unaudited) £
Fixed assets				
Investments at fair value	9	28,697,219	21,993,709	29,005,544
Current assets				
Debtors and prepayments		222,622	150,699	136,327
Current asset investments	10	26,293,496	19,419,301	11,908,301
Cash at bank and in hand	10	3,378,328	2,386,750	2,738,290
		29,894,446	21,956,750	14,782,918
Creditors: amounts falling due within one year		(370,121)	(385,165)	(379,883)
Net current assets		29,524,325	21,571,585	14,403,035
Net assets		58,221,544	43,565,294	43,408,579
Capital and reserves				
Called up share capital		734,694	596,893	483,122
Share premium reserve		21,025,160	10,673,405	30,498,349
Capital redemption reserve		6,640	5,157	104,218
Revaluation reserve		3,864,996	(3,206,720)	3,756,100
Special distributable reserve		20,170,687	24,090,692	126,857
Realised capital reserve		10,210,289	9,809,815	6,778,021
Revenue reserve		2,209,078	1,596,052	1,661,912
Equity Shareholders' funds		58,221,544	43,565,294	43,408,579
Basic and diluted net asset value per share	11	79.25p	72.99p	89.85p

The Notes to the unaudited Financial Statements on pages 21 to 26 form part of these Interim Financial Statements.

The financial information for the six months ended 30 September 2020 and 30 September 2019 has not been audited.

Unaudited Condensed Statement of Changes in Equity

for the six months ended 30 September 2020

	Non-distributable reserves				Distributable reserves			Total £
	Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve (Note a) £	Realised capital reserve (Note b) £	Revenue reserve (Note b) £	
At 1 April 2020	596,893	10,673,405	5,157	(3,206,720)	24,090,692	9,809,815	1,596,052	43,565,294
Comprehensive income for the period								
Profit for the period	-	-	-	7,349,227	-	1,687,119	613,026	9,649,372
Total comprehensive income for the period	-	-	-	7,349,227	-	1,687,119	613,026	9,649,372
Contributions by and distributions to owners								
Shares issued under Offers for Subscription (Note c)	139,284	10,622,489	-	-	-	-	-	10,761,773
Issue costs (Note c)		(270,734)	-	-	(230,746)	-	-	(501,480)
Shares bought back (Note d)	(1,483)	-	1,483	-	(100,174)	-	-	(100,174)
Dividends paid	-	-	-	-	(2,944,709)	(2,208,532)	-	(5,153,241)
Total contributions by and distributions to owners	137,801	10,351,755	1,483	-	(3,275,629)	(2,208,532)	-	5,006,878
Other movements								
Realised losses transferred to special reserve (Note a)	-	-	-	-	(644,376)	644,376	-	-
Realisation of previously unrealised gains	-	-	-	(277,511)	-	277,511	-	-
Total other movements	-	-	-	(277,511)	(644,376)	921,887	-	-
At 30 September 2020	734,694	21,025,160	6,640	3,864,996	20,170,687	10,210,289	2,209,078	58,221,544

Notes

a): The cancellation of the formerly named C Share Fund's share premium reserve (as approved at the Extraordinary General meeting held on 10 September 2008 and by the order of the Court dated 28 October 2009), together with the previous cancellation of the share premium reserve attributable to the former Ordinary Share Fund and C Shares, has provided the Company with a special distributable reserve. The purpose of this reserve is to fund market purchases of the Company's own shares as and when it is considered by the Board to be in the interests of the Shareholders, and to write-off existing and future losses as the Company must take into account capital losses in determining distributable reserves. At 30 September 2020, the Company has a special reserve of £20,170,687, £5,573,835 of which relates to shares issued more than three years ago. Reserves originating from share issues are not distributable under VCT rules if they are within three years of the end of an accounting period in which the shares were issued. The total transfer of £644,376 from the realised capital reserve to the special distributable reserve above is the total of realised losses incurred by the Company in the period.

b): The realised capital reserve and the revenue reserve together comprise the Profit and Loss Account of the Company.

c): Under an Offer for Subscription launched on 25 October 2019, 13,928,447 ordinary shares were allotted on 2 April 2020, raising net funds of £10,260,293 for the Company. This figure is net of issue costs of £270,734 and facilitation fees of £230,746.

Notes continue overleaf

The Notes to the unaudited Financial Statements on pages 21 to 26 form part of these Interim Financial Statements.

Unaudited Condensed Statement of Changes in Equity

for the six months ended 30 September 2020

d) During the period, the Company purchased 148,299 of its own shares at the prevailing market price for a total cost (including expenses) of £100,174, which were subsequently cancelled. The difference between the figure above of £100,174 and that per the unaudited Condensed Statement of Cash Flows of £128,341 is £28,167, being an opening share buyback creditor of £60,920 offset by a share buyback creditor of £32,753 at the period-end.

The composition of each of these reserves on the previous page is explained below:

Called up share capital

The nominal value of shares originally issued, increased for subsequent share issues either via an Offer for Subscription or reduced due to shares bought back by the Company.

Capital redemption reserve

The nominal value of shares bought back and cancelled is held in this reserve, so that the company's capital is maintained.

Share premium reserve

This reserve contains the excess of gross proceeds less issue costs over the nominal value of shares allotted under Offers for Subscription.

Revaluation reserve

Increases and decreases in the valuation of investments held at the period end are accounted for in this reserve, except to the extent that the diminution is deemed permanent. In accordance with stating all investments at fair value through profit and loss (as recorded in Note 9), all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the period.

Special distributable reserve

This reserve is created from cancellations of the balances upon the Share premium reserve, which are transferred to this reserve from time to time. The cost of share buybacks and any realised losses on the sale or impairment of investments (excluding transaction costs) are charged to this reserve. 75% of the Investment Adviser fee expense, and the related tax effect, that are charged to the realised capital reserve are transferred to this reserve. This reserve will also be charged any facilitation payments to financial advisers, which arose as part of the Offer for Subscription.

Realised capital reserve

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition and disposal of investments;
- 75% of the Investment Adviser's fee (subsequently transferred to the Special distributable reserve along with the related tax effect) and 100% of any performance fee payable, together with the related tax effect to this reserve in accordance with the policies, and
- Capital dividends paid.

Revenue reserve

Income and expenses that are revenue in nature are accounted for in this reserve together with the related tax effect, as well as income dividends paid that are classified as revenue in nature.

Unaudited Condensed Statement of Changes in Equity

for the six months ended 30 September 2019

	Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Non-distributable reserves	Special distributable reserve £	Realised capital reserve £	Revenue reserve £	Total £
At 1 April 2019	489,251	30,498,349	98,089	4,357,307		4,391,645	7,600,987	1,294,329	48,729,957
Comprehensive income for the period									
Profit for the period									
Profit for the period	-	-	-	1,493,564		-	623,415	367,583	2,484,562
Total comprehensive income for the period	-	-	-	1,493,564		-	623,415	367,583	2,484,562
Contributions by and distributions to owners									
Shares bought back	(6,129)	-	6,129	-	(531,851)	-	-	-	(531,851)
Dividends paid	-	-	-	-	(3,394,575)	(3,879,514)	-	-	(7,274,089)
Total contributions by and distributions to owners	(6,129)	-	6,129	-	(3,926,426)	(3,879,514)	-	(7,805,940)	
Other movements									
Realised losses transferred to special reserve	-	-	-	-	(338,362)	338,362	-	-	-
Realisation of previously unrealised gains	-	-	-	(2,094,771)	-	2,094,771	-	-	-
Total other movements	-	-	-	(2,094,771)	(338,362)	2,433,133	-	-	
At 30 September 2019	483,122	30,498,349	104,218	3,756,100		126,857	6,778,021	1,661,912	43,408,579

The Notes to the unaudited Financial Statements on pages 21 to 26 form part of these Interim Financial Statements.

Unaudited Condensed Statement of Cash Flows

for the six months ended 30 September 2020

Notes	Six months ended 30 September 2020 (unaudited) £	Year ended 31 March 2020 (audited) £	Six months ended 30 September 2019 (unaudited) £
Cash flows from operating activities			
Profit/(loss) for the financial period	9,649,372	(1,027,952)	2,484,562
Adjustments for:			
Net investment portfolio (gains)/losses	(9,436,434)	1,860,406	(2,455,341)
Tax charge for the current period	-	134,947	4,300
(Increase)/decrease in debtors	(71,923)	17,494	92,786
Increase in creditors and accruals	13,123	83,422	20,063
Net cash inflow from operations	154,138	1,068,317	146,370
Corporation tax paid	-	(61,351)	-
Net cash inflow from operating activities	154,138	1,006,966	146,370
Cash flows from investing activities			
Purchase of investments	9 (2,449,976)	(5,191,745)	(1,816,853)
Disposal of investments	9 5,182,900	11,403,836	5,305,863
Net cash inflow from investing activities	2,732,924	6,212,091	3,489,010
Cash flows from financing activities			
Net proceeds as part of Offer for subscription	10,531,027	10,957,180	-
Issue costs	(270,734)	(271,342)	-
Equity dividends paid	8 (5,153,241)	(13,878,041)	(7,274,089)
Purchase of own shares	(128,341)	(883,588)	(377,485)
Net cash inflow/(outflow) no change from financing activities	4,978,711	(4,075,791)	(7,651,574)
Net increase/(decrease) in cash and cash equivalents	7,865,773	3,143,266	(4,016,194)
Cash and cash equivalents at start of period	21,806,051	18,662,785	18,662,785
Cash and cash equivalents at end of period	29,671,824	21,806,051	14,646,591
Cash and cash equivalents comprise:			
Cash at bank and in hand	10 3,378,328	2,386,750	2,738,290
Cash equivalents	10 26,293,496	19,419,301	11,908,301

The Notes to the unaudited Financial Statements on pages 21 to 26 form part of these Interim Financial Statements.

Notes to the Unaudited Condensed Financial Statements

for the six months ended 30 September 2020

1. Company information

Mobeus Income and Growth 2 VCT plc is a public limited company incorporated in England, registration number 03946235. The registered office is 30 Haymarket, London, SW1Y 4EX.

2. Basis of preparation

These Financial Statements are prepared in accordance with accounting policies consistent with Financial Reporting Standard 102 ("FRS 102"), Financial Reporting Standard 104 ("FRS 104") - Interim Financial Reporting, with the Companies Act 2006 and the 2014 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') (updated in October 2019) issued by the Association of Investment Companies ("AIC"). The Financial Statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in Note 9.

The Interim Report has not been audited, nor has it been reviewed by the auditor pursuant to the Financial Reporting Council's (FRC) guidance on Review of Interim Financial Information.

3. Principal accounting policies

The accounting policies have been applied consistently throughout the period. Full details of principal accounting policies will be disclosed in the Annual Report, while the policy in respect of investments is included within an outlined box at the top of Note 9 on investments.

4. Income

Income from investments	Six months ended 30 September 2020 (unaudited) £	Year ended 31 March 2020 (audited) £	Six months ended 30 September 2019 (unaudited) £
From equities	487,718	275,221	11,247
From OEICs	20,366	110,293	59,442
From loan stock	412,151	2,049,810	682,959
From bank deposits	639	18,525	9,547
From interest on preference share dividend arrears	41,533	317	-
Other income	1,833	-	-
Total Income	964,240	2,454,166	763,195

5. Investment Adviser's fees and performance fees

Investment Adviser's fees

25% of the Investment Adviser's fees are charged to the revenue column of the Income Statement, while 75% is charged against the capital column of the Income Statement. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

100% of any performance incentive fee payable for the year is charged against the capital column of the Income Statement. This is because although the incentive fee is linked to an annual dividend target, it is ultimately based upon the achievement of capital growth.

Performance fees

Performance incentive agreement

New Ordinary and former C share fund shares

Basis of Calculation

The performance incentive fee payable is calculated as an amount equivalent to 20 per cent of the excess of a "Target rate" comprising:-

- i) an annual dividend target (indexed each year for RPI), and
- ii) a requirement that any cumulative shortfalls below the annual dividend target must be made up in later years. Any excess is not carried forward, whether a fee is payable for that year or not.

Payment of a fee is also conditional upon the average NAV per share for each such year equalling or exceeding the average "Base NAV" per share for the same year. Base NAV commenced at £1 per share when C fund shares were first issued in 2005, which is adjusted for subsequent shares issued and bought back.

Notes to the Unaudited Condensed Financial Statements

for the six months ended 30 September 2020

Any performance fee will be payable annually. It will be reduced to the proportion which the number of "Incentive Fee Shares" represent of the total number of shares in issue at any calculation date. Incentive Fee Shares are the only shares upon which an incentive fee is payable. They will be the number of C fund shares in issue just before the Merger of the two former share classes on 10 September 2010, (which subsequently became Ordinary shares) plus Ordinary shares issued under new fundraisings since the Merger. This total is then reduced by an estimated proportion of the shares bought back by the Company since the Merger, that are attributable to the Incentive Fee Shares.

There has been no performance incentive fee accrued for the current period.

Mobeus Equity Partners LLP	Six months ended 30 September 2020 (unaudited)	Year ended 31 March 2020 (audited)	Six months ended 30 September 2019 (unaudited)
	£	£	£
Investment Adviser's fees	572,642	1,102,860	556,974
Total	572,642	1,102,860	556,974

6. Taxation

There is no tax charge for the period as the Company has deductible expenses in excess of taxable income.

	Six months ended 30 September 2020 (unaudited)			Year ended 31 March 2020 (audited)			Six months ended 30 September 2019 (unaudited)		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
a) Analysis of tax charge:									
UK Corporation tax on profits/(losses) for the period	29,393	(29,393)	-	292,105	(157,158)	134,947	83,669	(79,369)	4,300
Total current tax charge	29,393	(29,393)	-	292,105	(157,158)	134,947	83,669	(79,369)	4,300
b) Profit/(loss) on ordinary activities before tax	642,419	9,006,953	9,649,372	1,794,546	(2,687,551)	(893,005)	451,252	2,037,610	2,488,862
Profit/(loss) on ordinary activities multiplied by main rate of corporation tax in the UK of 19% (2019: 19%)	122,060	1,711,321	1,833,381	340,964	(510,635)	(169,671)	85,738	387,146	472,884
Effect of:									
UK dividends	(92,667)	-	(92,667)	(52,292)	-	(52,292)	(2,137)	-	(2,137)
Net investment portfolio gains not taxable	-	(1,792,922)	(1,792,922)	-	353,477	353,477	-	(466,515)	(466,515)
Unrelieved expenditure	-	52,208	52,208	3,433	-	3,433	68	-	68
Actual tax charge	29,393	(29,393)	-	292,105	(157,158)	134,947	83,669	(79,369)	4,300

7. Basic and diluted earnings per share

	Six months ended 30 September 2020 (unaudited) £	Year ended 31 March 2020 (audited) £	Six months ended 30 September 2019 (unaudited) £
Total earnings after taxation:	9,649,372	(1,027,952)	2,484,562
Basic and diluted earnings per share (Note a)	13.14p	(2.01)p	5.10p
Net revenue earnings from ordinary activities after taxation	613,026	1,502,441	367,583
Basic and diluted revenue earnings per share (Note b)	0.83p	2.94p	0.75p
Net investment portfolio gains/(losses)	9,436,434	(1,860,406)	2,455,341
Capital expenses (net of taxation)	(400,088)	(669,987)	(338,362)
Total capital earnings	9,036,346	(2,530,393)	2,116,979
Basic and diluted capital earnings per share (Note c)	12.31p	(4.95)p	4.35p
Weighted average number of shares in issue in the period	73,448,240	51,134,517	48,686,770

Notes

- a) Basic and diluted earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
- b) Basic and diluted revenue earnings per share is revenue earnings after taxation divided by the weighted average number of shares in issue.
- c) Basic and diluted capital earnings per share is total capital earnings divided by the weighted average number of shares in issue.

8. Dividends paid

Dividend	Type	For year ended 31 March	Pence per share	Date Paid	Six months ended 30 September 2020 (unaudited) £	Year ended 31 March 2020 (audited) £	Six months ended 30 September 2019 (unaudited) £
Interim	Capital	2020	8.00p	20/09/19	-	3,879,514	3,879,514
Interim	Capital*	2020	7.00p	20/09/19	-	3,394,575	3,394,575
Interim	Income	2020	2.00p	27/03/20	-	1,200,718	-
Interim	Capital*	2020	9.00p	27/03/20	-	5,403,234	-
Interim	Capital	2021	3.00p	19/06/20	2,208,532	-	-
Interim	Capital*	2021	4.00p	19/06/20	2,944,709	-	-
					5,153,241	13,878,041	7,274,089

*Paid out of the Company's special distributable reserve.

Notes to the Unaudited Condensed Financial Statements

for the six months ended 30 September 2020

9. Summary of movement on investments during the period

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at "fair value through profit and loss" (FVTPL). All investments held by the Company are classified as FVTPL and measured in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines, as updated in December 2018 (as updated by Special Valuation guidance issued in March 2020). This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Where the terms of the disposal state that consideration may be received at some future date and, subject to the conditionality and materiality of the amount of deferred consideration, an estimate of the fair value, discounted for the true value of money, may be recognised through the Income Statement. In other cases, the proceeds will only be recognised once the right to receive payment is established and there is no reasonable doubt that payment will be received.

Unquoted investments are stated at fair value by the Directors at each measurement date in accordance with appropriate valuation techniques, which are consistent with the IPEV guidelines:-

- (i) Each investment is considered as a whole on a 'unit of account' basis, i.e. that the value of each portfolio company is considered as a whole, alongside consideration of:-

The price of new investments made, if deemed to be made as part of an orderly transaction, are considered to be at fair value at the date of the transaction. The inputs that derived the investment price are calibrated within individual valuation models and at subsequent measurement dates, are reconsidered for any changes in light of more recent events or changes in the market performance of the investee company. The valuation bases used are the following:

- a multiple basis. The shares may be valued by applying a suitable price-earnings ratio, revenue or gross profit multiple to that company's historic, current or forecast pre-tax earnings before interest and amortisation, or revenue, or gross profit (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Adviser compared to the sector including, inter alia, a lack of marketability)

or:-

- where a company's underperformance against plan indicates a diminution in the value of the investment, provision against the price of a new investment is made, as appropriate.
- (ii) Premiums, to the extent that they are considered capital in nature, and that they will be received upon repayment of loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
- (iii) Where a multiple or the price of recent investment less impairment basis is not appropriate and overriding factors apply, a discounted cash flow, net asset valuation or realisation proceeds basis or a weighted combination of any of the above may be applied.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the profit and loss and revaluation reserves and movements in the period are shown in the Income Statement.

All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.

A key judgement made in applying the above accounting policy relates to investments that are permanently impaired. Where the value of an investment has fallen permanently below the price of recent investment, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Adviser, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.

Accounting standards classify methods of fair value measurement as Levels 1, 2 and 3. This hierarchy is based upon the reliability of information used to determine the valuation. All of the unquoted investments are Level 3, i.e. fair value is measured using techniques using inputs that are not based on observable market data.

Movements in investments during the period are summarised as follows:

	Unquoted equity shares Level 3 £	Unquoted Preference shares Level 3 £	Unquoted Loan stock Level 3 £	Total £
Cost at 31 March 2020	15,983,143	21,710	10,898,798	26,903,651
Unrealised losses at 31 March 2020	(523,898)	(2,681)	(2,680,141)	(3,206,720)
Permanent impairment at 31 March 2020	(1,546,240)	-	(156,982)	(1,703,222)
Valuation at 31 March 2020	13,913,005	19,029	8,061,675	21,993,709
Purchases at cost	1,849,014	323,800	277,162	2,449,976
Sale proceeds	(3,049,521)	(17,815)	(2,115,564)	(5,182,900)
Reclassification at cost/valuation	(390,264)	390,264	-	-
Net investment portfolio gains - see Note	8,933,379	14,651	488,404	9,436,434
Valuation at 30 September 2020	21,255,613	729,929	6,711,677	28,697,219
Cost at 30 September 2020	16,355,786	691,451	9,714,564	26,761,801
Unrealised gains/(losses) at 30 September 2020	6,690,185	38,648	(2,863,837)	3,864,996
Permanent impairment at 30 September 2020	(1,790,358)	(170)	(139,050)	(1,929,578)
Valuation at 30 September 2020	21,255,613	729,929	6,711,677	28,697,219
Net unrealised losses at 1 April 2020	(2,070,138)	(2,681)	(2,837,123)	(4,909,942)
Reclassification at cost/valuation	(26,664)	26,664	-	-
Net movement in unrealised appreciation in the period	6,900,225	14,651	434,351	7,349,227
Net (permanent impairments)/ write-backs in the period	(244,118)	(170)	17,932	(226,356)
Realisation of previously unrealised losses/(gains)	340,522	14	(618,047)	(277,511)
Gains/(losses) on investments at 30 September 2020	4,899,827	38,478	(3,002,887)	1,935,418

Note - Net investment portfolio gains of £9,436,434 reported in the Income Statement comprise net unrealised gains on investments of £7,349,227 and net realised gains on investments of £2,087,207.

The increase in unrealised valuations of the loan stock investments above reflects the changes in the entitlement to loan premiums, and/or in the underlying enterprise value of the investee company. The increase does not arise from assessments of credit or market risk upon these instruments.

There has been no significant change in the risk analysis as disclosed in Note 15 of the Financial Statements in the Company's Annual Report.

Notes to the Unaudited Condensed Financial Statements

for the six months ended 30 September 2020

Level 3 unquoted equity and loan investments are valued in accordance with IPEV guidelines as follows:

	As at 30 September 2020 (unaudited) £	As at 31 March 2020 (audited) £	As at 30 September 2019 (unaudited) £
Investment methodology			
Multiple of earnings, revenues or gross margin, as appropriate	28,040,116	21,101,219	28,530,939
Estimated realisation proceeds	37,110	-	383,005
Net asset value	619,993	892,490	91,600
	28,697,219	21,993,709	29,005,544

10. Current asset investments and cash at bank

	As at 30 September 2020 (unaudited) £	As at 31 March 2020 (audited) £	As at 30 September 2019 (unaudited) £
OEIC Money market funds	26,293,496	19,419,301	11,908,301
Current asset investments and cash equivalents per Condensed Statements of Cashflows	26,293,496	19,419,301	11,908,301
Cash at bank	3,378,328	2,386,750	2,738,290

11. Net asset value per share

	As at 30 September 2020 (unaudited)	As at 31 March 2020 (audited)	As at 30 September 2019 (unaudited)
Net assets	£58,221,544	£43,565,294	£43,408,579
Number of shares in issue	73,469,447	59,689,299	48,312,254
Net asset value per share (pence)	79.25 p	72.99 p	89.85 p

12. Post Balance Sheet Events

On 16 October 2020, the Company received £0.13 million as a loan repayment from Vian Marketing Limited (trading as Red Paddle).

On 27 November 2020, the Company sold its investment in Vectair Holdings Limited and received cash proceeds (including dividends) of £1.25 million.

13. Financial statements for the six months ended 30 September 2020

The financial information set out in this Interim financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The information for the year ended 31 March 2020 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The auditor has reported on these financial statements and that report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

14. Interim Report

Copies of this statement are being sent to all Shareholders. Further copies are available free of charge from the Company's registered office, 30 Haymarket, London, SW1Y 4EX, or can be downloaded via the Company's website at www.mig2vct.co.uk.

Shareholder Information

Communication with Shareholders

We aim to communicate regularly with our Shareholders. The Annual General Meeting, usually held in September if a physical meeting can be held, provides a useful platform for the Board to meet Shareholders and exchange views. The Board welcomes your attendance at general meetings, if appropriate, to give you the opportunity to meet the Directors and representatives of the Investment Adviser. The Company releases Interim Management Statements via the London Stock Exchange RNS service, in respect of those quarters when it does not publish full or interim accounts.

The Investment Adviser holds an annual Shareholder event. The last event was held on 4 February 2020 and Mobeus proposes to hold a virtual event later in 2021. The details will be announced on the Company's website and notified to Shareholders once finalised.

Shareholders wishing to follow the Company's development can also visit the Company website at www.mig2vct.co.uk. The website includes up-to-date information on fund performance, including the most recent NAV, and dividends paid as well as publicly available information on the Company's portfolio of investments and copies of company reports. There is also a link to the London Stock Exchange's website at: www.londonstockexchange.com where Shareholders can obtain details of the share price and latest NAV announcements etc.

Financial calendar

December 2020	Interim Report for the six months ended 30 September 2020 circulated to Shareholders
31 March 2021	Financial Year End
September 2021	Annual General Meeting
TBC 2021	Shareholder Event

Dividends

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrars, Link Asset Services at the address given on page 32.

Shareholders are encouraged to ensure that the Registrars have the correct up-to-date details for their accounts and to check whether they have received all dividend payments. This is particularly important if a Shareholder has recently moved house or changed their bank. We are aware that a number of dividends remain unclaimed by Shareholders and whilst we will endeavour to contact them, we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date postal or email address.

Selling your shares

The Company's Shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. Shareholders are also advised to discuss their individual tax position with their financial advisor before deciding to sell their shares.

The Company is unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. If you are considering selling your shares or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure"). Panmure is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the VCT has bought in shares.

Panmure can be contacted as follows:

Chris Lloyd - 0207 886 2716 chris.lloyd@panmure.com
Paul Nolan - 0207 886 2717 paul.nolan@panmure.com

Managing your shareholding online

For details on your individual shareholding and to manage your account online, Shareholders may log into or register with the Link Asset Services Shareholder Portal at: www.signalshares.com. You can use the Portal to update your preferences including changing your address details, check your holding balance and transactions, view the dividends you have received, add and amend your bank details and manage how you receive communications from the Company.

Shareholder Information

Common Reporting Standard (“CRS”) and Foreign Account Tax Compliance Act (“FATCA”)

Tax legislation was introduced with effect from 1st January 2016 under the Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information. The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares. As an affected entity, the Company has to provide information annually to HMRC relating to a number of non-UK based certificated Shareholders who are deemed to be resident for tax purposes in any of the 90 plus countries who have joined CRS. All new Shareholders, excluding those whose shares are held in CREST, entered onto the share register from 1 January 2016 will be asked to provide the relevant information. Additionally, HMRC’s policy on FATCA now means that, as a result of the restricted secondary market in VCT shares, the Company’s shares are not considered to be “regularly traded”. The Company is therefore also an affected entity for the purposes of this legislation and as to provide information annually to HMRC relating to shareholders who are resident for tax purposes in the United States.

For further information, please see HMRC’s Quick Guide: Automatic Exchange of Information – information for account holders: <https://www.gov.uk/government/publications/exchange-of-information-account-holders>.

Boiler Room Fraud

Some Shareholders have received unsolicited calls from individuals purporting to represent organisations that are offering to buy their VCT shares. They frequently offer prices above current market values which seem very attractive. Whilst the callers may sound credible, **Shareholders should be aware that their intentions are often fraudulent.** These callers can be persistent and persuasive. You should be careful not to divulge any personal details to them.

VCT Shareholders are warned to be very suspicious if they receive such a telephone call.

The Institute of Chartered Secretaries and Administrators and the FCA have published a joint warning which Shareholders are advised to read if they have received such an unsolicited approach.

Shareholder enquiries

For enquiries concerning the investment portfolio of the Company in general, please contact the Investment Adviser, Mobeus Equity Partners LLP. To contact the Chairman or any member of the Board, in the first instance please contact the Company Secretary, also at Mobeus Equity Partners LLP, at: vcts@mobeus.co.uk.

The Registrars, Link Asset Services, may be contacted via their Shareholder Portal, post or telephone for queries relating to your shareholding including dividend payments, dividend mandate forms, change of address, etc.

Full contact details for each of Mobeus and Link Asset Services are included under Corporate Information on page 32.

Key Information Document

The European Union’s Packaged Retail Investment and Insurance based Products (“PRIIP”s) Regulations cover VCTs and require boards to prepare a key information document (“KID”) in respect of their companies. Your Company’s KID is available on the Company’s website. Investors should note that the processes for calculating the risk, costs and potential returns in the KID are prescribed by EU law and the Company has no discretion over the format or content of the document. The illustrated performance returns in the KID cannot be guaranteed and, together with the prescribed cost calculation and risk categorisation, may not reflect figures for the Company derived using other methods. Accordingly, the Board recommends that investors also take account of information from other sources, including the Annual Report.

Company History

The Company was launched in May 2000 as Matrix e-Ventures Fund VCT plc. In October 2001 the Company changed its name to Matrix Venture Fund VCT plc. In September 2005, the Company adopted a broader investment strategy, to invest in established, profitable and cash generative businesses across any sector. It also changed its name to Matrix Income & Growth 2 VCT plc. In June 2012 the Company changed its name to Mobeus Income & Growth 2 VCT plc to reflect the Investment Adviser’s change of name. In September 2016, the Company formally changed its Investment Policy to invest in growth capital investments.

Glossary of Terms

Alternative performance measure (“APM”)

A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the Company’s financial reporting framework. These APMs tend to be industry specific terms which help Shareholders to understand and assess the Company’s progress. A number of terms contained within this Glossary have been identified as APMs.

Cumulative dividends paid (APM)

The total amount of dividend distributions by the Company over the time period specified. A list of all dividends paid since launch of the Company is shown on the Company’s website www.mig2vct.co.uk. Dividends paid in the year and dividends paid in respect of the year are shown in Note 8.

Cumulative total return (APM)

Cumulative total return per share comprises the NAV per share (NAV basis) or the mid-market price per share (Share price basis), plus cumulative dividends paid since launch in 2005.

Internal Rate of Return (“IRR”) (APM)

The internal rate of return is the annual discount rate that equates the original investment cost with the value of subsequent cash flows (such as receipts/dividends or further investment) and the latest valuation/exit proceeds or net asset value. Generally speaking, the higher an investment’s IRR, the more successful it is.

Net asset value or NAV

The value of the VCT’s total assets less its total liabilities. It is equal to the total equity Shareholders’ funds.

Net asset value per share or NAV per share

The net asset value per share is calculated as total equity Shareholders’ funds divided by the number of Ordinary shares in issue at the year-end.

NAV Total Return (APM)

This measure combines two types of returns received by Shareholders. Firstly, as income in the form of dividends and secondly, as capital movements (net asset value) of the value of the Fund.

It is a performance measure that adjusts for dividends that have been paid in a period or year. This allows Shareholders to assess the returns they have received both in terms of the performance of the Company but also including dividends they have received from the Company which no longer form part of the Company’s assets.

It is calculated as the percentage return achieved after taking the closing NAV per share and adding dividends paid in the year and dividing the total by the opening NAV per share. The Directors feel that this is the most meaningful method for Shareholders to assess the performance of the Company.

To aid comparison with the wider Investment Trust market, the Annual Report also contains a Total Return performance measure which assumes dividends are reinvested. This assumes that dividends paid are reinvested at the date of payment at a price equivalent to the latest announced NAV at the ex-div date. Where this is referred to it will be specified in the Notes.

Ongoing charges ratio (APM)

This figure, calculated using the AIC recommended methodology, shows Shareholders the annual percentage reduction in shareholder returns as a result of recurring operational expenses, assuming markets remain static and the portfolio is not traded. Although the Ongoing Charges figure primarily is based upon historic information, it provides Shareholders with an indication of the likely level of costs that will be incurred in managing the Fund in the future.

Realised gains/(losses) in the period/year

This is the profit or loss that arises following the full or partial disposal of a holding in a portfolio company. It is calculated by deducting the value of the holding as at the previous year-end from the proceeds received in respect of such disposal.

Share Price Total Return (APM)

As NAV Total Return, but the Company’s mid-market share price is used in place of NAV. This measure more accurately reflects the actual return a Shareholder will have earned, were they to sell their shares at the period’s end date. It includes the impact of any discounts or premiums at which the share price trades compared to the underlying net asset values of the Company. If the shares trade at a discount, the returns could be less than the NAV Total Return, but if trading at a premium, returns could be higher than the NAV Total Return.

Performance Data at 30 September 2020

The two former 'C' and Ordinary classes of shares were merged on 10 September 2010, and the 'C' share class redesignated as Ordinary Shares. The following tables show, for all investors in the former share classes and in the more recent fund raisings, how their investments have performed since they were originally allotted shares in each fundraising.

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and NAV basis as at 30 September 2020. The NAV basis enables Shareholders to evaluate more clearly the performance of the Investment Adviser, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

Ordinary Share Fund

Share price as at 30 September 2020 **68.50p¹**
NAV per share as at 30 September 2020 **79.25p**

Allotment date(s)	Allotment price (p)	Net allotment price ² (p)	Cumulative dividends paid per share ³ (p)	Total return per share to Shareholders since allotment			% increase since 31 March 2020 (NAV basis)
				(Share price basis) (p)	(NAV basis) (p)		
Funds raised 2005/06							
Between 5 January 2006 and 5 April 2006	100.00	60.00	116.00	184.50	195.25		7.3%
Funds raised 2008/09							
Between 3 April 2009 and 5 May 2009	92.39	64.67	112.00	180.50	191.25		7.4%
Funds raised 2013/14							
09 January 2014	117.92 ⁴	82.54	98.00	166.50	177.25		8.1%
11 February 2014	118.22 ⁴	82.75	98.00	166.50	177.25		8.1%
31 March 2014	119.28 ⁴	83.49	93.00	161.50	172.25		8.3%
03 April 2014	119.82 ⁴	83.87	93.00	161.50	172.25		8.3%
04 April 2014	119.08 ⁴	83.36	93.00	161.50	172.25		8.3%
06 June 2014	118.66 ⁴	83.06	93.00	161.50	172.25		8.3%
Funds raised 2014/15							
14 January 2015	118.44 ⁴	82.91	79.00	147.50	158.25		9.1%
17 February 2015	124.35 ⁴	87.05	79.00	147.50	158.25		9.1%
10 March 2015	120.18 ⁴	84.13	74.00	142.50	153.25		9.5%
Funds raised 2017/2018							
28 September 2017	104.73 ⁴	73.31	47.00	115.50	126.25		11.7%
20 October 2017	105.07 ⁴	73.55	47.00	115.50	126.25		11.7%
09 November 2017	105.79 ⁴	74.05	47.00	115.50	126.25		11.7%
20 November 2017	107.44 ⁴	75.21	47.00	115.50	126.25		11.7%
21 November 2017	107.39 ⁴	75.17	47.00	115.50	126.25		11.7%
24 January 2018	97.81 ⁴	68.47	38.00	106.50	117.25		12.8%
13 March 2018	100.79 ⁴	70.55	38.00	106.50	117.25		12.8%
Funds raised 2019/20							
08 January 2020	93.03 ⁴	65.12	18.00	86.50	97.25		15.8%
02 April 2020	77.26 ⁴	54.08	7.00	75.50	86.25		-

¹ - Source: Panmure Gordon & Co (mid-price basis) based upon the latest NAV announced of 72.16p at 30 June 2020.

² - Net allotment price is the allotment price less applicable income tax relief. The tax relief was 20% up to 5 April 2004, 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

³ - For derivation, see table on following page.

⁴ - Average effective offer price.

Former Ordinary Share Fund

Share price as at 30 September 2020 **56.65p**

NAV per share as at 30 September 2020 **65.54p**

Shareholders in the former Ordinary Share Fund received 0.827 shares in the Company for each former Ordinary share that they held on 10 September 2010, when the two share classes merged. Both the share price and the NAV per share shown above have been adjusted using this merger ratio.

Allotment date(s)	Total return per share to Shareholders since allotment					
	Allotment price (p)	Net allotment price ¹ (p)	Cumulative dividends paid per share ² (p)	(Share price basis) (p)	(NAV basis) (p)	% increase since 31 March 2020 (NAV basis)
Funds raised 2000/01³						
Between 30 May 2000 and 11 December 2000	100.00	80.00	117.80	174.45	183.34	6.4%

¹ - Net allotment price is the allotment price less applicable income tax relief. The tax relief was 20% up to 5 April 2004.

² - For derivation, see table below.

³ - Investors in this fundraising may also have enhanced returns if they had also deferred capital gains tax liabilities.

Cumulative dividends paid per share

	Funds raised 2000/01 (p)	Funds raised 2005/06 (p)	Funds raised 2008/09 (p)	Funds raised 2013/14 (p)	Funds raised 2014/15 (p)	Funds raised 2017/18 (p)	Funds raised 2019/20 (p)
19 June 2020	5.79 ¹	7.00	7.00	7.00	7.00	7.00	7.00
27 March 2020	9.10 ¹	11.00	11.00	11.00	11.00	11.00	11.00
20 September 2019	12.41 ¹	15.00	15.00	15.00	15.00	15.00	15.00
22 March 2019	4.14 ¹	5.00	5.00	5.00	5.00	5.00	5.00
22 January 2018	7.44 ¹	9.00	9.00	9.00	9.00	9.00	-
27 July 2017	5.79 ¹	7.00	7.00	7.00	7.00	-	-
31 March 2017	8.27 ¹	10.00	10.00	10.00	10.00	-	-
08 August 2016	4.14 ¹	5.00	5.00	5.00	5.00	-	-
18 March 2016	4.14 ¹	5.00	5.00	5.00	5.00	-	-
20 March 2015	4.14 ¹	5.00	5.00	5.00	5.00	-	-
20 October 2014	11.58 ¹	14.00	14.00	14.00	-	-	-
21 March 2014	4.14 ¹	5.00	5.00	5.00	-	-	-
19 April 2013	3.31 ¹	4.00	4.00	-	-	-	-
20 April 2012	3.31 ¹	4.00	4.00	-	-	-	-
20 April 2011	3.31 ¹	4.00	4.00	-	-	-	-
10 September 2010 - Merger of Ordinary Share Fund and C Share Fund							
13 August 2010	-	1.00	1.00	-	-	-	-
19 September 2009	-	1.00	1.00	-	-	-	-
23 July 2008	6.00	2.50	-	-	-	-	-
19 September 2007	6.00	1.50	-	-	-	-	-
08 February 2006	6.00	-	-	-	-	-	-
20 October 2005	6.00	-	-	-	-	-	-
24 September 2003	0.51	-	-	-	-	-	-
16 September 2002	1.35	-	-	-	-	-	-
10 September 2001	0.93	-	-	-	-	-	-
Total dividends paid²	117.80	116.00	112.00	98.00	79.00	47.00	18.00

¹ - The dividends paid after the merger of the share classes on 10 September 2010 to former Ordinary Share Fund Shareholders have been restated to reflect the merger conversion ratio of approximately 0.827.

² - The above data relates to an investor in the first allotment of each fund raising. The precise amount of dividends paid to Shareholders by date of allotment is shown on page X and above.

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Adam Kingdon

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