

# MOBEUS VCT NEWSLETTER

## WINTER 2017

MOBEUS INCOME & GROWTH VCT PLC MIG

MOBEUS INCOME & GROWTH 4 VCT PLC MIG 4

MOBEUS INCOME & GROWTH 2 VCT PLC MIG 2

THE INCOME & GROWTH VCT PLC I&G

## WELCOME

**This half year has seen the completion of a sizeable profitable realisation of Entanet Holdings and successful progress in fundraising by all four Mobeus VCTs. We extend a warm welcome to new and existing shareholders.**

### Fundraising

In September 2017, investors were invited to subscribe for new Offer shares in the four Mobeus advised VCTs. These offers have been very well received with over £63 million raised to date. Around half the funds raised so far are from existing shareholders which is a gratifying reflection of shareholder support and the performance of the VCTs over the years.

### Budget

The Chancellor of the Exchequer delivered his Autumn Budget on 22 November 2017. The Budget renewed the Government's commitment to VCTs, accepting they are a valuable source of capital for small and medium enterprises. Income tax relief remains at 30% upon new share subscriptions and dividends from VCTs remain tax-free. Further measures have been proposed that are seeking both to encourage more investment and to prevent investments that seek to preserve capital e.g. asset backed investments. Mobeus believes the proposed changes should not materially affect the investment strategies of the Mobeus VCTs.

### Growth Capital portfolio - New Investment

Follow on investments have been made in two existing growth investments since our last newsletter totalling £1.3 million. This means that a total of £32.3 million has been invested since the introduction of the new VCT rules in November 2015. Mobeus has a significant number of opportunities they are currently reviewing and is confident of deploying the VCTs' increased liquid resources over time.

### MBO portfolio

The MBO portfolio continues to perform satisfactorily and valuations have maintained their value overall over the last six months. The VCTs have achieved a positive NAV return due to income returns from loan interest income and a capital gain from the completion of a significant profitable realisation of Entanet. The sale of Entanet generated proceeds of £21.4m across the four VCTs and contributed towards an overall cash profit of £14.7m and total return of £24.2m, which is 2.5X original investment cost of £9.5m - an excellent outcome.











### Shareholder Event

The next Event will again be held at the Royal Institute of British Architects on 30 January 2018. We hope to see you at the Event, which has been well-received by shareholders who have attended previous sessions.

## INVESTMENT AND PORTFOLIO NEWS

### Ten largest investments

Across the current combined asset base of approximately £246 million, the VCTs' ten largest investments account for approximately £83 million by value (34% of the asset base) and their cost and valuation are shown in the table below.

Company	Business	Total (£m)	
		Cost	Valuation
 Access-IS	Data capture and scanning hardware	11.0	12.9
 Virgin Wines	Online wine retailing	8.4	10.7
 ASL Technology	Printer and photocopier services	9.7	10.1
 WetsuitOutlet	Watersports products online retailer	10.0	10.0
 MBI	Events and publishing	11.7	7.8
 Gro-Group	Baby sleep products	7.1	7.7
 Tushingham	Tushingham Sails	4.0	6.3
 Equip Outdoor Technologies	Branded outdoor equipment and clothing	4.5	5.8
 Tharstern	Print sector management information systems	4.7	5.7
 Motorclean	Vehicle cleaning and valet services	5.3	5.6
<b>Total for ten largest investments</b>		<b>76.4</b>	<b>82.6</b>
Other Investments		80.9	68.5
<b>Portfolio Total</b>		<b>157.3</b>	<b>151.1</b>

The above data have been extracted from each VCT's latest announced financial information, adjusted for subsequent additions and disposals up to 5 December 2017.

### Realisations - Total: £22.8 million

Company	Month	Amount (£m)	Realisation
Entanet	August	21.4	Disposal
Various	August-December	1.4	Loan repayments/deferred consideration
<b>Total</b>		<b>22.8</b>	

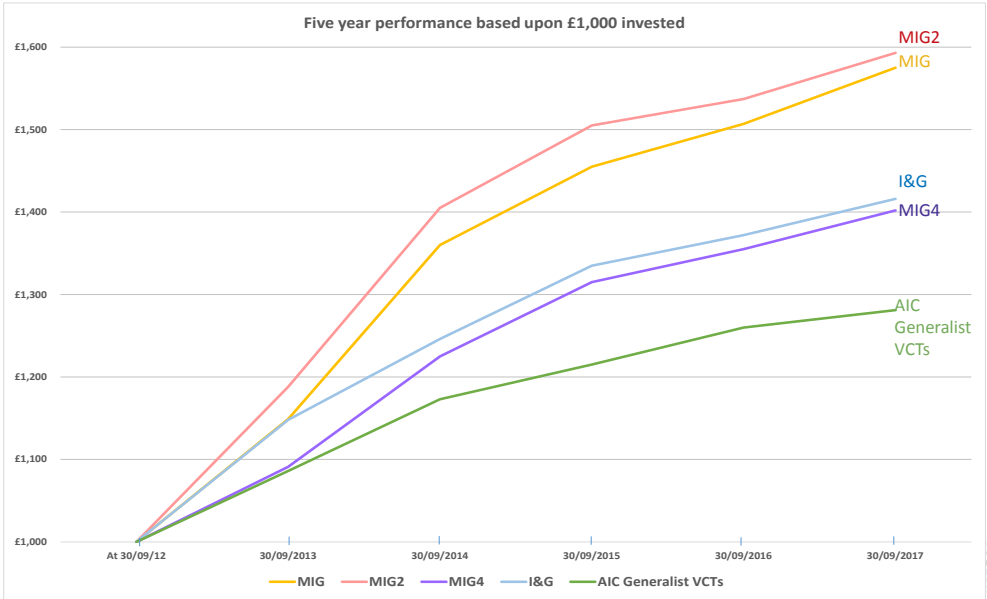
In early August, the sale of Entanet Holdings was completed, realising proceeds of £21.4 million and a multiple on cost of 2.5X. This investment was held for three and a half years and has returned an IRR of 39% to date. Further consideration of up to £2.2 million is also potentially payable over the next two years.

### New investment - Total: £1.3 million

Demand for growth capital investment remains strong and there is a large pipeline of opportunities. It is expected that the pace and quantum of new investments will increase over the coming months. Two follow on investments were made in the period into MPB and BookingTek totalling £1.3 million.

# RELATIVE PERFORMANCE OF THE MOBEUS VCTS

The Mobeus VCTs' relative performance over 5 years compares favourably to the index of AIC (Association of Investment Companies) Generalist VCTs.



## What does this chart show?

This chart shows the Net Asset Value (“NAV”) cumulative return at 30 September each year, assuming £1,000 had been invested in each VCT at its NAV per share at 30 September 2012. The figure at each year-end represents the NAV per share plus dividends paid per share, multiplied by the number of shares held in each VCT at 30 September 2012, as a result of an investment of £1,000.

# SHAREHOLDER RETURN PERFORMANCE DATA FOR EACH VCT

We hope shareholders will be pleased to note that the most recent AIC performance data over the 5 years to 31 October (on a NAV cumulative total return basis) rank the Mobeus VCTs 2nd at +60.0% (MIG2), 5th at +57.8% (MIG), 13th at +41.6% and 16th at +38.5% out of 41 generalist VCTs.

## What do these charts show?

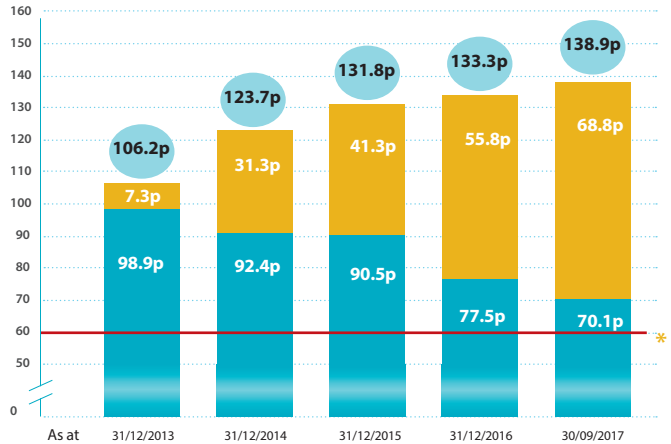
Each bar chart shows cumulative total returns on a net asset value ("NAV") per share basis. They each show five bars of data, covering at least the last four full financial periods, plus the current period to 30/09/17, for that VCT. Each bar shows the two components of total return at each period end. The lower part is the closing NAV, while the higher is cumulative dividends paid or payable in respect of a period, since the start of the VCT's financial period that ended in 2013/14.

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

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

The data in the four charts cover a range between 4 years and 6 months to 5 years. This is due to the three differing year-ends amongst the four VCTs. Shareholders should note that the data do not enable direct comparison of the VCTs' relative performance, due partly to these differing reporting dates.

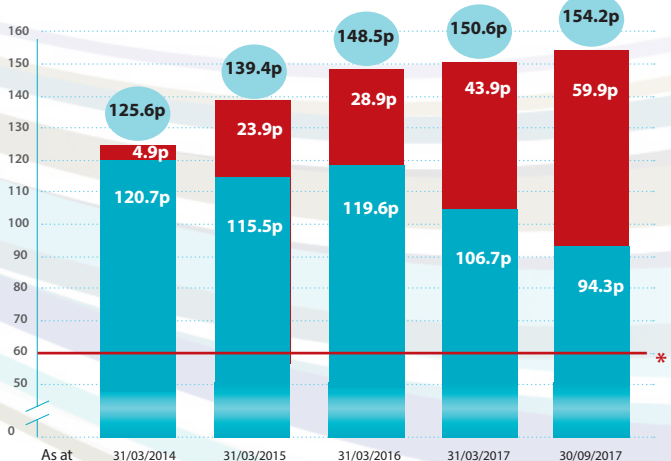
## MIG 2004/05 fundraising Latest net assets<sup>2</sup>: £68.6 million NAV cumulative total return <sup>1,2</sup>



\* Allotment price of 100p less 40p income tax relief equals 60p

Basis	NAV	Share price
Opening at 01/01/2013	92.2p <sup>3</sup>	77.0p <sup>3</sup>
Total return at 30/09/2017	138.9p	129.8p <sup>4</sup>
<b>Increase over 4 years 9 months</b>	<b>+46.7p</b>	<b>+52.8p</b>

## MIG 2 2005/06 fundraising Latest net assets<sup>2</sup>: £45.5 million NAV cumulative total return <sup>1,2</sup>



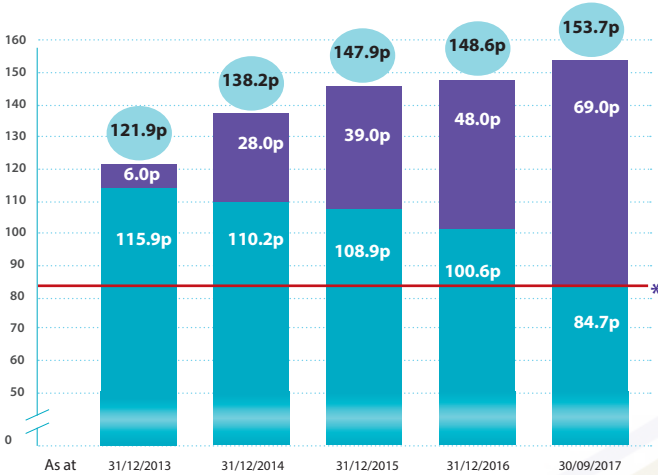
\* Allotment price of 100p less 40p income tax relief equals 60p

Basis	NAV	Share price
Opening at 01/05/2013	106.8p	68.0p
Total return at 30/09/2017	154.2p	142.4p <sup>4</sup>
<b>Increase over 4 years 6 months</b>	<b>+47.4p</b>	<b>+74.4p</b>

## MIG 4 2006/07 fundraising

Latest net assets<sup>2</sup>: £57.4 million

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



\* Allotment price of 120.9p less 30% income tax relief equals 84.6p

Basis	NAV	Share price
Opening at 01/01/2013	111.8p <sup>3</sup>	96.0p <sup>3</sup>
Total return at 30/09/2017	153.7p	144.3p <sup>4</sup>
<b>Increase over 4 years 9 months</b>	<b>+41.9p</b>	<b>+48.3p</b>

### Notes to the charts

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

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

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

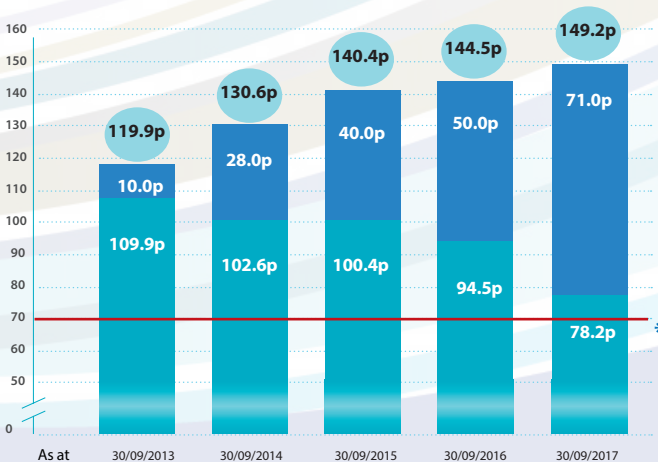
<sup>4</sup> Share price cumulative total return: bid price plus cumulative dividends paid/payable in respect of each year/period to date covered by each chart.

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

## I&G 2007/08 fundraising

Latest net assets<sup>2</sup>: £74.6 million

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



\* Allotment price of 100p less 30% income tax relief equals 70p

Basis	NAV	Share price <sup>2</sup>
Opening at 01/10/2012	103.6p <sup>3</sup>	91.0p <sup>3</sup>
Total return at 30/09/2017	149.2p	140.0p <sup>4</sup>
<b>Increase over 5 years</b>	<b>+45.6p</b>	<b>+49.0p</b>

## SHAREHOLDER ENQUIRIES:

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

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

### For MIG

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

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

VCT investor line: 0370 707 1155  
Lines are open from 8:30am - 5:30pm,  
Monday to Friday, excluding public holidays  
in England and Wales.

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

Link Asset Services (formerly Capita)  
The Registry  
34 Beckenham Road  
Beckenham, Kent BR3 4TU

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

VCT investor line: 0371 664 0324  
Lines are open from 9:00am - 5:30pm,  
Monday to Friday, excluding public holidays  
in England and Wales.

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

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

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**Mobeus Equity Partners LLP**  
30 Haymarket London SW1Y 4EX  
+44 (0)20 7024 7600 [vcts@mobeusequity.co.uk](mailto:vcts@mobeusequity.co.uk)  
[www.mobeusvcts.co.uk](http://www.mobeusvcts.co.uk)



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