

Mobeus VCT Newsletter

Winter 2018/19

Welcome: A time for cautious optimism

It was fantastic to see so many of you at our recent Shareholder Event in London. From the presentations, it's clear that the UK small company sector is dynamic, and its future is bright. That said, the global macro-economic environment and UK political situation around Brexit pose obvious considerable risk.

And so, our overriding strategy is to be fully aware of these risks, but not to be fearful of them. We will continue with our investment programme with a careful, disciplined, team approach, involving very significant resource. That resource has been increased in the period, notably with the appointment of former Mercia Technologies Chief Investment Officer Matt Mead as Mobeus Venture Partner. This takes our VCT Investment and Fund management leadership team to six Partners.

Our VCT portfolio now includes both mature businesses, made under the old VCT rules (63%) and younger, fast-growth businesses (37%).

In the last six months, we backed two new businesses, investing £3.5 million in Rotageek

and Kudos. We have also invested further sums into four businesses already in our portfolio, committing a total of £9.0 million to Preservica, Proactive Investors, Biosite and MPB Group. Overall in 2018, total investment made by the Mobeus VCTs was over £25 million, nearly 40% higher than 2017.

We also exited three businesses in the period. We sold Lightworks and Motorclean, achieving a respective multiple over original investment cost of 21.7x and 1.2x over the life of investment, generating cash on disposal of £5.1 million. Hemmels proved an unsatisfactory investment and we made a quick decision to exit at a loss of £1.1 million, recovering half the VCTs' investment. This was a salutary reminder of the risks of investing growth capital in small companies.

Looking ahead to the rest of 2019, we are cautious but optimistic. Deal flow is strong but pricing for the best quality deals is generally full. We have a large experienced team identifying and seeking to secure the best investment opportunities, and working alongside the businesses already in the portfolio to maximise value.

Fund and Investment Management Partners



Clive Austin



Rob Brittain



Amit Hindocha



Trevor Hope



Matt Mead



Mark Wignall

Mobeus Income & Growth VCT Plc "MIG"

Mobeus Income & Growth 2 VCT Plc "MIG 2"

Mobeus Income & Growth 4 VCT Plc "MIG 4"









The Income & Growth VCT Plc "I&G"



Investment and portfolio news

Ten largest portfolio investments

Across the VCTs' current combined asset base of approximately £257 million, the ten largest investments account for approximately £88 million by value (34%). Their costs and valuations are shown in the table below.

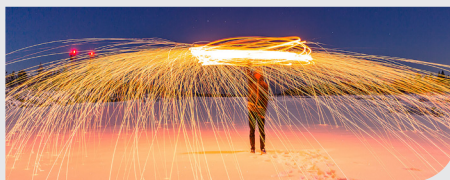
Company	Business	Cost (£m)	Valuation (£m)
 Access-IS	Data capture and scanning hardware	11.0	13.6
 ASL Technology	Printer and photocopier services	9.7	10.3
 Virgin Wines	Online wine retailer	8.4	9.9
 Preservica	Seller of proprietary digital archiving software	7.0	9.6
 Equip Outdoor Technologies	Branded outdoor equipment and clothing	4.5	9.0
 Media Business Insight	Events and publishing for creative production industries	11.7	7.9
 Biosite	Workforce management and security services for the construction industry	5.8	7.4
 WetsuitOutlet	Watersport products online retailer	10.0	7.3
 MPB Group	Online marketplace for used camera and video equipment	4.6	6.6
 CGI	Vinyl graphics to global automotive, recreation vehicle & aerospace markets	6.2	6.3
Totals for ten largest investments		78.9	87.9
Other investments		82.0	70.2
Portfolio totals		160.9	158.1

On a value basis, pre-2016 investments (MBO strategy) total £99.6 million and post-2015 investments (New Growth strategy) total £58.5 million. The above data have been extracted from each VCT's net assets at 30 September 2018, adjusted for subsequent additions and disposals up to 31 December 2018.

New investments - Total: £3.5 million



Rotageek - Rotageek provides cloud-based, data-driven scheduling technology. Leading brands, including The Perfume Shop, Dune, Pets at Home and O2, use Rotageek's intelligent software across their UK stores to schedule staff more effectively, provide better cover for shifts and to manage leave during busy periods.



Kudos - Over a quarter of a million researchers in 190 countries already use the Kudos platform to communicate and accelerate the impact of academic work more effectively. Kudos aims to increase the return on expenditure of academic research by making the way in which research is funded, published and evaluated more efficient.

Company	Business	Month	Amount (£m)
Rotageek	Workforce management software	August	2.0
Kudos	Platform for the dissemination of academic research	November	1.5
Total new investments			3.5

Follow-on investments - Total: £9.0 million

Company	Business	Month	Amount (£m)
Preservica	Seller of proprietary digital archiving software	September	4.0
Proactive	Investor media services	October	1.5
Biosite	Workforce management and security services for the construction industry	October	3.0
MPB Group	Online marketplace for used camera and video equipment	Oct/Dec	0.5
Total follow-on investments			9.0

Realisations & proceeds - Total: £6.8 million

Company	Month	Amount (£m)	Realisation
Sparesfinder - MIG 4 only	August	0.2	Disposal
Fullfield (Motorclean)	August	3.0	Disposal
Hemmels	September	1.0	Disposal
Lightworks	September	2.1	Disposal
Various	July/October	0.5	Repurchase of preference shares/ liquidation proceeds
Total realisations & proceeds		6.8	

Shareholder return performance data for each VCT

We hope shareholders will be pleased to note that recent AIC performance data over the five years to 31 December 2018 (on a NAV cumulative total return basis) rank the Mobeus VCTs 9th at +37.2% (MIG 2), 11th at +35.2% (MIG), 17th at +28.9% (MIG 4) and 21st at +27.1% (I&G) out of 37 generalist VCTs, while the AIC's average was 28.7%.

What do these charts show?

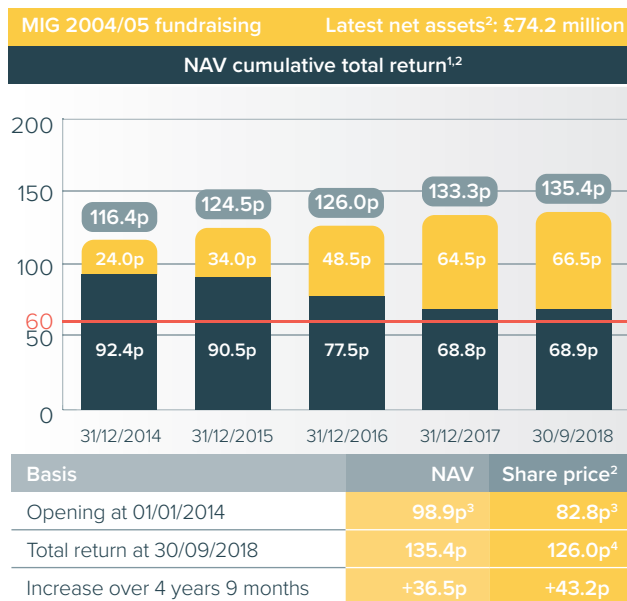
Each bar chart shows cumulative total returns on a net asset value ("NAV") per share basis. They each show five bars of data, covering at least the last four full financial periods, plus the period to 30/9/18, for that VCT. Each bar shows the two components of total return at each period end. The lower part is the closing NAV, while the higher is cumulative dividends paid or payable in respect of a period, since the start of the VCT's financial period that ended in 2013/14.

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

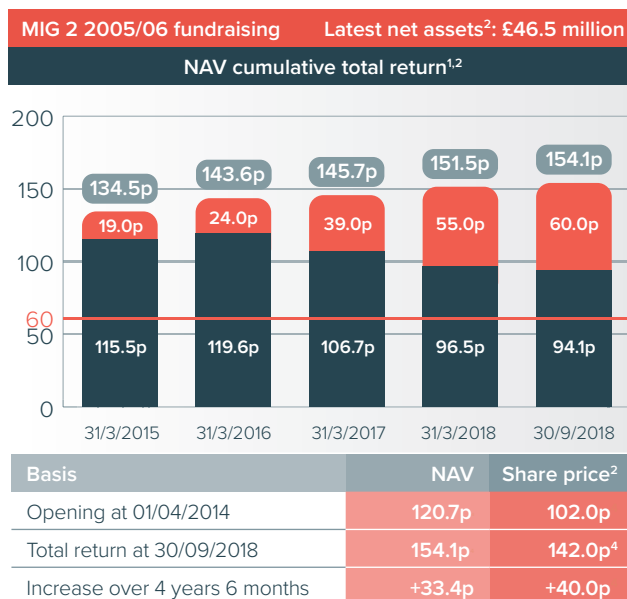
The **red line** across the bars shows the original investment cost for the fundraisings, net of applicable income tax relief to an investor.

For **relative** performance of the four VCTs to 30 September 2018, please see the chart on page 5.

Mobeus Income & Growth VCT



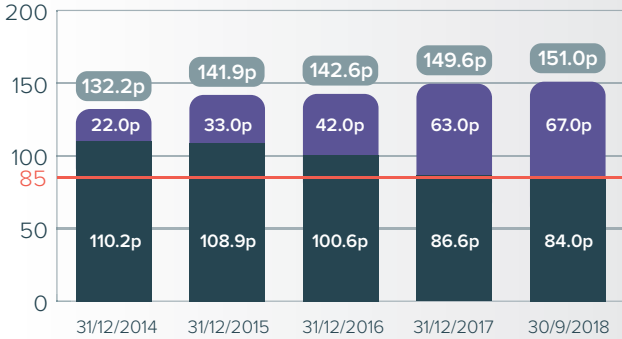
Mobeus Income & Growth 2 VCT



Mobeus Income & Growth 4 VCT

MIG 4 2006/07 fundraising Latest net assets²: £57.6 million

NAV cumulative total return^{1,2}

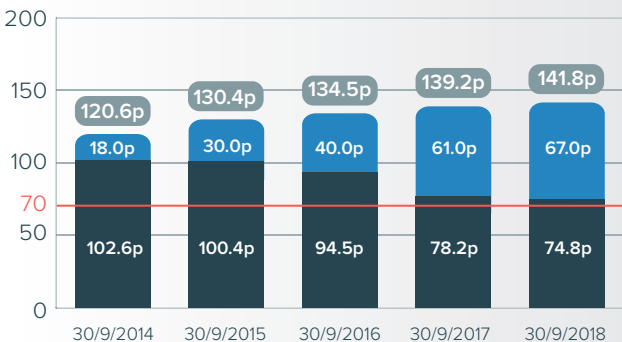


Basis	NAV	Share price ²
Opening at 01/01/2014	115.9p ³	99.5p ³
Total return at 30/09/2018	151.0p	140.5p ⁴
Increase over 4 years 9 months	+35.1p	+41.0p

The Income & Growth VCT

I&G 2007/08 fundraising Latest net assets²: £78.9 million

NAV cumulative total return^{1,2}



Basis	NAV	Share price ²
Opening at 01/10/2013	109.9p ³	94.0p ³
Total return at 30/09/2018	141.8p	132.0p ⁴
Increase over 5 years 0 months	+31.9p	+38.0p

Notes to the charts

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

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

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

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

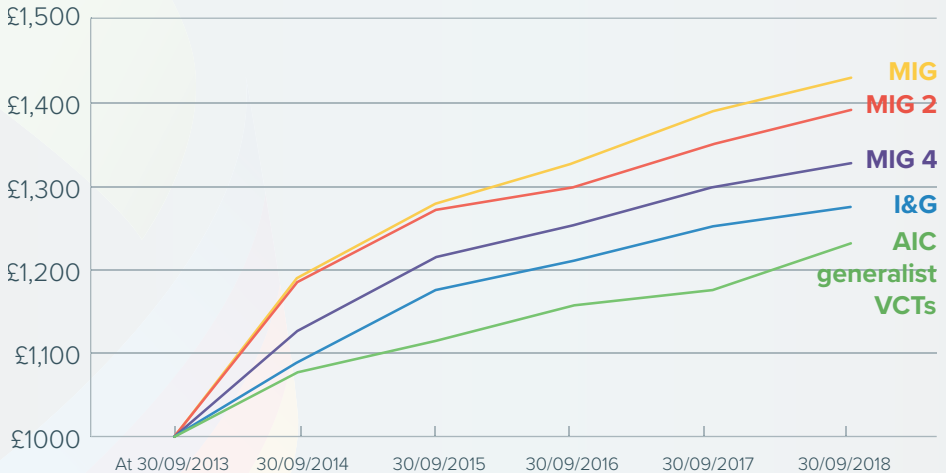
Performance data for every allotment for every fundraising by each VCT are available on the Mobeus website

www.mobeus.co.uk



Relative performance of the Mobeus VCTs

Five year performance based upon £1,000 invested



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 2013, as compared to AIC Generalist VCTs. The point at each year end represents the NAV per share plus dividends paid per share since 30 September 2013, multiplied by the number of shares held in each VCT at 30 September 2013, on an investment of £1,000.

The data in the four charts on pages 3 and 4 cover a range between four years and six months to five years. This is due to the three differing year ends amongst the four VCTs. Shareholders should note that the data do not enable direct comparison of the VCTs' relative performance, due partly to these differing reporting dates. That is why we have also published this chart, which shows five year NAV return performance for each VCT from a common start date.

For enquiries relating to your VCTs, please visit <https://investors.mobeus.co.uk/vct-investors> or call 020 7024 7600.



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