
MOBEUS VCT NEWSLETTER

WINTER 2015-2016

MOBEUS INCOME & GROWTH VCT PLC MIG

MOBEUS INCOME & GROWTH 2 VCT PLC MIG2

MOBEUS INCOME & GROWTH 4 VCT PLC MIG4

THE INCOME & GROWTH VCT PLC I&G

WELCOME TO THE WINTER 2015-2016 NEWSLETTER

Investment performance remained strong in the second half of 2015, aided by two further profitable realisations towards the end of the year.

New VCT Rules

New VCT legislation under the November 2015 Finance Act is causing your VCTs to change the focus of future investment towards smaller, younger businesses. Investments to finance the acquisitions of businesses, such as MBOs, are no longer permitted, although the VCTs' existing MBO investments remain qualifying holdings. This new legislation affects all future investments made by ALL VCTs.

Investors in I&G VCT will be aware that the Company has recently adjusted its Investment Policy in order to comply with the requirements of the new legislation. The Boards of the other Mobeus VCTs are also working with us to assess the implications of the new legislation, and will be writing to shareholders with their

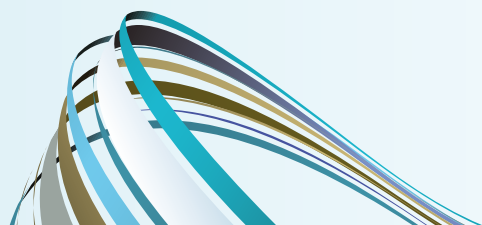
proposals later this year. As the Investment Adviser, we are progressing opportunities that comply with the new legislation and are confident that we can continue to deliver good returns to shareholders.

Shareholder Event

On 26 January 2016, we held our largest Shareholder Event to date, attended by 325 Mobeus VCT investors, at lunchtime and evening sessions. It provided an opportunity for attendees to hear about the Mobeus VCTs' transactions during 2015, as well as to discuss the changes brought about by the Finance Act. Feedback has been very positive and a short video giving a flavour of this event is now available on our website at www.mobeusequity.co.uk

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INVESTMENT AND PORTFOLIO NEWS

Ten largest investments




Across the current combined asset base of approximately £242.5 million, the VCTs' ten largest investments account for approximately £90.4 million by value (37% of the asset base) and are shown in the table below.

Company	Business	Total (£m)	
		Cost	Valuation
 Entanet International	Wholesale communications provision	9.5	14.5
 Virgin Wines	Online wine retailing	8.4	11.3
 ASL Technology	Printer and photocopier services	9.7	11.3
 Access-IS	Data capture and scanning hardware	11.0	11.0
 MBI	Events and publishing	11.7	10.8
 Veritek Global	Maintenance of imaging equipment	6.9	7.3
 Tharstern	Software based management information systems	4.7	6.5
 Ward Thomas	Specialist logistics, storage and removals	5.7	6.0
 Motorclean	Vehicle cleaning and valet services	5.6	6.0
 CGI	Adhesive decorative graphics for vehicles	6.2	5.7
Total for ten largest investments		79.4	90.4
Other Investments		96.4	85.5
Portfolio Total		175.8	175.9

The above data have been extracted from each VCT's latest announced financial information, adjusted for subsequent additions and disposals to 31 December 2015.

New investment - Total: £15.1 million

Dealflow for the half year was strong, resulting in two new investments, Access-IS and Tushingham Sails, as well as a small further follow-on investment into Racoon. These are shown in the table below.

Company	Business	Month	Amount (£m)
 Access-IS	Data capture and scanning hardware	October	11.0
 Tushingham Sails	Supplier of watersports equipment	July	4.0
 Racoon International	Supplier of hair extensions	October	0.1
Total			15.1

New investment (continued)

Access-IS is a leading provider of data capture and scanning hardware. The company has a significant share of the worldwide market for this technology in airports and strong positions in the fast growing markets of both ID & Security and Transport & Ticketing.

Tushingham Sails is a supplier of sails to the UK windsurfing market. It has recently moved into the nascent and rapidly expanding watersport of stand-up paddleboarding, as the manufacturer of its own fast-growing brand called Red Paddle.









The further small follow-on investment into Racoon International by I&G, MIG 2 and MIG 4 was made to strengthen its sales function, to aid the turnaround of what has been a disappointing investment to date.

Realisations - Total: £27.7 million

December saw two sizeable, profitable sales that generated further attractive returns for the VCTs, as summarised in the table below. First, the VCTs' investment in Tessella, a technology and consulting services business, was sold to a French engineering consultancy, Altran, for £13.0 million, plus the retention of a small investment in Preservica, a data archiving business that had been part of Tessella. Total proceeds received to date over the life of the investment of £15.8 million represent 2.8 times the original cost of the investment.

Secondly, the investment in Westway, an air conditioning systems business, was sold for £7.7 million to ABM Industries Inc, a large US facilities management services provider. This investment has realised £10.3 million in total over the life of the investment, being 6.7 times the original cost of the investment.

The half year was also marked by a number of loan repayments, due to strong cash flow at those companies, and the receipt of deferred consideration from previous sales.

Company	Month	Proceeds (£m)	Realisation
 Tessella	December	13.0	Full exit
 Westway (MIG, MIG4 and I&G)	December	7.7	Full exit
 Jablite	July-November	2.3	Loan repayments
 App-DNA (I&G)	November	0.8	Deferred proceeds
 Motorclean	July-October	0.8	Loan repayments
 Ward Thomas	July-December	0.7	Loan repayments
 BG TRAINING	August	0.5	Full exit
 Newquay Helicopters	August	0.5	Voluntary liquidation proceeds
Various	July-December	1.4	Loan repayments/deferred proceeds
Total		27.7	

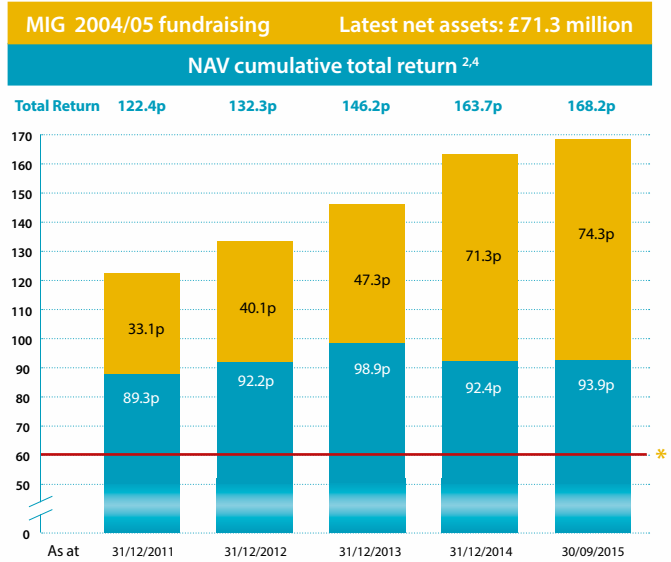
SHAREHOLDER RETURN PERFORMANCE DATA FOR EACH VCT

What do these charts show?

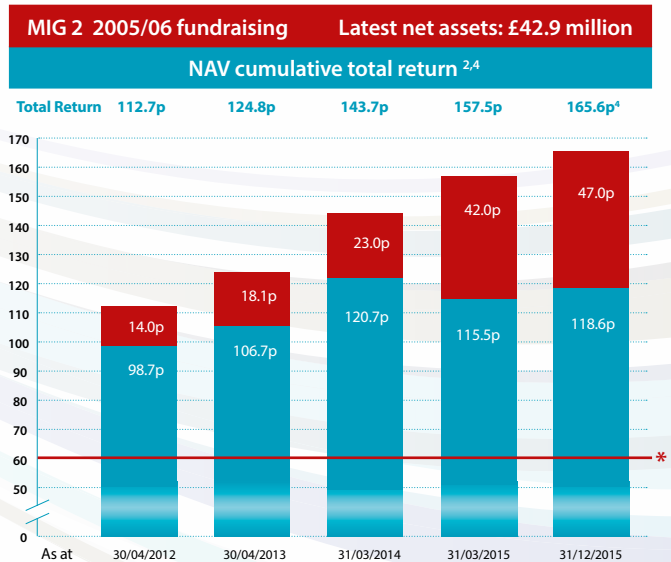
The bar chart for each VCT shows cumulative total returns on a net asset value ("NAV") per share basis for the previous four period ends and the latest date reported in the current year. Each bar shows the two components of total return at the period end, the lower being the NAV at the period end, the higher being cumulative dividends paid or payable in respect of a year or period, irrespective of when actually paid. The return on a share price basis is noted beneath each chart at the latest date reported. 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.

For each VCT, the data are for the first fundraising for which Mobeus was the sole investment adviser, and could therefore apply its investment strategy (see note 1 on page 5). Subsequent mergers of a VCT's share classes mean that the data for MIG 2 and I&G also reflect the impact of the subsequent performance of portfolios of former adviser(s) and/or former share classes. Shareholders should note that the data do not enable direct comparison of the VCTs' relative performance.

We hope shareholders will be pleased to note that the most recent AIC performance data over the 5 years to 31 December 2015 (on a NAV cumulative total return basis) rank the Mobeus VCTs as 1st at +70.2% (MIG 2), 2nd at +68.7% (I&G), 6th at +52.8% (MIG) and 21st at 36.2% (MIG 4), out of 45 generalist VCTs.

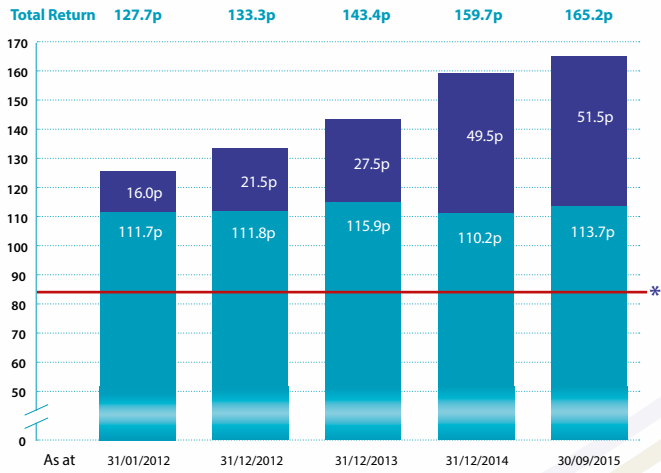


* Allotment price of 100p less 40p income tax relief equals 60p
Share price cumulative total return is 158.3p^{3,4}



* Allotment price of 100p less 40p income tax relief equals 60p
Share price cumulative total return is 151.0p^{3,4}

MIG 4 2006/07 fundraising **Latest net assets: £55.0 million**
NAV cumulative total return ^{2,4}



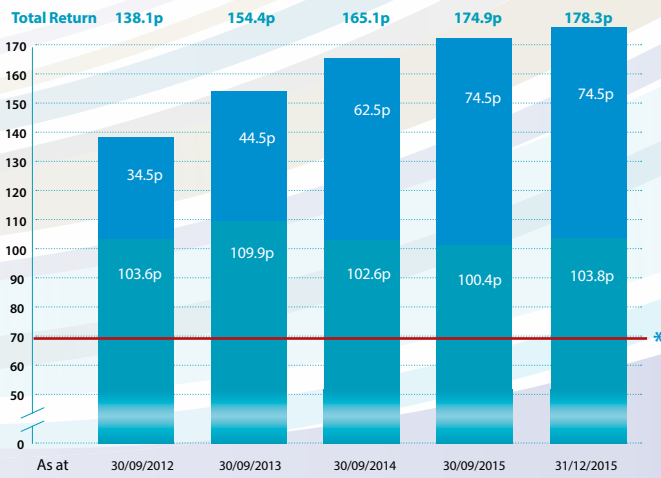
* Allotment price of 120.9p less 30% income tax relief equals 84.6p
 Share price cumulative total return is 150.6p^{3,4}

Notes to the charts

- ¹ MIG from inception. MIG 2 from date of investment strategy change. MIG 4 and I&G from date Mobeus became sole Adviser.
- ² NAV cumulative total return: NAV plus cumulative dividends paid in respect of each year/period to date.
- ³ Share price cumulative total return: bid price plus cumulative dividends paid/payable in respect of each year/period to date.
- ⁴ The NAVs per share, net assets and bid prices have been adjusted for dividends in respect of each year/period, but paid after the period end.

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 on the Mobeus website.

I&G 2007/08 fundraising **Latest net assets: £73.4 million⁴**
NAV cumulative total return ^{2,4}



* Allotment price of 100p less 30% income tax relief equals 70p
 Share price cumulative total return is 168.5p^{3,4}

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.

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 2, MIG 4 and I&G

Capita Asset Services

The Registry

34 Beckenham Road

Beckenham, Kent BR3 4TU

www.capitashareportal.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.

For MIG

Computershare Investor Services plc

The Pavilions

Bridgwater Road

Bristol, BS99 6ZZ

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.

To contact the Chairman or any member of a 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.

You can also access information that is regularly updated for each VCT by visiting our website on www.mobeusequity.co.uk and selecting "VCT Investor Area".

Social Media

Please follow us on [Twitter@mobeusequity](https://twitter.com/mobeusequity) and on LinkedIn for more regular updates.



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