

# MOBEUS VCT NEWSLETTER

## JULY 2015

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



### Welcome to the July 2015 Newsletter






The VCTs completed a successful fundraising in March, raising a total of £39 million across the four Companies. Each of the VCTs raised its full amount offered for subscription earlier than anticipated. These extra funds have increased each VCT's liquidity and assist each to pursue its MBO investment strategy whilst continuing to meet the VCT tax tests.

Following a successful shareholder event in January, we are planning to hold a similar event in the first quarter of next year. This is a great opportunity for you to meet the people who are responsible for investing your money and hear about the companies that the Mobeus VCTs are backing. Further details will be sent later in the year.

### INVESTMENT AND PORTFOLIO NEWS

#### New investment - Total: £22.2 million

Dealflow for the half year has remained strong, resulting in two new investments, into Media Business Insight (MBI) and Jablite, as well as follow-on investments into Entanet, Creative Graphics International (CGI) and Racoon. These are shown in the table below.

| Company   | Business                                  | Month    | Amount (£m) |
|---|---|----------|-------------|
|  MBI                   | Events and publishing                     | February | 11.7        |
|  Jablite               | Expanded polystyrene products             | April    | 5.0         |
|  Entanet International | Wholesale communications provider         | February | 3.5         |
|  CGI                   | Adhesive decorative graphics for vehicles | June     | 1.7         |
|  Racoon International  | Supplier of hair extensions               | January  | 0.3         |

MBI is the UK's leading publishing and events business focused on the creative industries, including advertising, TV production and film. It publishes print and online editions of Screen International (covering the film industry) and Broadcast (covering UK TV and radio).

Jablite manufactures and supplies Expanded Polystyrene ("EPS") products, operating under two divisions, Jablite and Styropack. Jablite is the UK's largest producer of EPS products for the construction industry and Styropack is the UK's leading brand in EPS packaging for the fish, horticultural and white goods industries.

Further loan stock investments were made into Entanet and CGI by all the VCTs, both of which had been negotiated at the time of the original investment in these companies in 2014.

The small follow-on investment into Racoon by I&G, MIG 2 and MIG 4 was made alongside the appointment of a successful sales-orientated Mobeus operating partner, to seek a turnaround of what has been a disappointing investment to date.

#### Realisations - Total: £4.7 million

2014 was an exceptional year for realisations, as reported in the last Newsletter. Realisations have slowed down this year, but strong cashflow at a number of companies (notably at Jablite) has resulted in loan stock prepayments totalling £4.2 million as shown within the table below.

| Company                    | Month      | Proceeds (£m) | Realisation       |
|----------------------------|------------|---------------|-------------------|
| Jablite                    | May-June   | 2.0           | Loan prepayments  |
| Motorclean                 | Feb-April  | 0.8           | Loan prepayments  |
| Ward Thomas                | May-June   | 0.5           | Loan prepayments  |
| Tharstern                  | March      | 0.4           | Loan prepayment   |
| Other                      | March-June | 0.5           | Loan prepayments  |
| Higher Nature (MIG 4 only) | June       | 0.3           | Realisation       |
| Various                    | Jan-May    | 0.2           | Deferred proceeds |
| <b>Total</b>               |            | <b>4.7</b>    |                   |

#### Ten largest investments

Across the current combined asset base of approximately £235 million, the VCTs' ten largest investments account for approximately £84.0 million by value (35.7% of the asset base) and are shown in the table below.

| Company                                  | Business                                       | Total (£m)   |              |
|--|--|--------------|--------------|
|  |  | Cost         | Valuation    |
| Entanet International                    | Wholesale communications provider              | 9.5          | 14.3         |
| MBI                                      | Events and publishing                          | 11.7         | 11.7         |
| ASL Technology                           | Printer and photocopier services               | 9.7          | 11.1         |
| Virgin Wines                             | Online wine retailer                           | 8.4          | 9.0          |
| Veritek Global                           | Maintenance of imaging equipment               | 6.9          | 7.8          |
| Tessella                                 | Consultancy                                    | 4.7          | 7.3          |
| ATG Media/Turner TopCo                   | Publisher and online auction platform operator | 6.9          | 6.9          |
| CGI                                      | Adhesive decorative graphics for vehicles      | 6.2          | 6.2          |
| Equip Outdoor Technologies               | Branded outdoor equipment and clothing         | 4.5          | 5.0          |
| Tharstern                                | MIS and commercial print software solutions    | 4.7          | 4.7          |
| <b>Total for ten largest investments</b> |  | <b>73.2</b>  | <b>84.0</b>  |
| Other Investments                        |  | 106.7        | 94.6         |
| <b>Portfolio Total</b>                   |  | <b>179.9</b> | <b>178.6</b> |

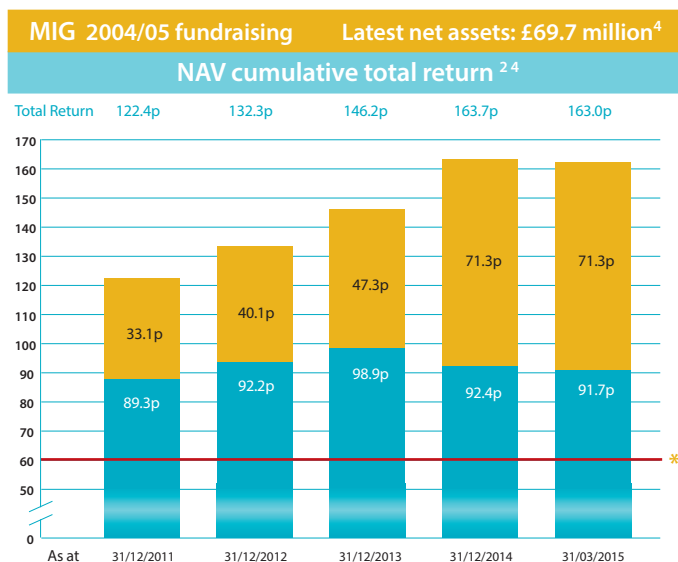
The above data have been extracted from each VCT's latest announced financial information, adjusted for subsequent additions and disposals.

## SHAREHOLDER RETURN PERFORMANCE DATA

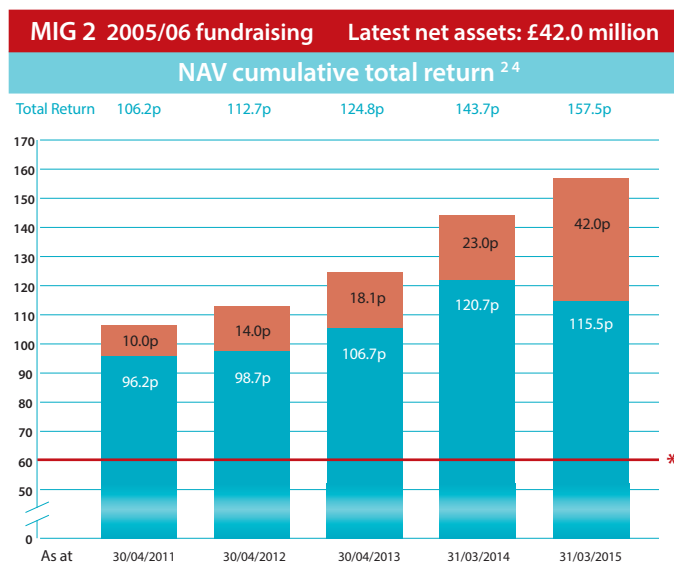
The bar charts for each VCT below show cumulative total returns on a net asset value ("NAV") basis for the previous four period ends and the latest date reported in the current year, except for MIG 2 which shows data for its last five period ends. Each bar shows the two components of total return at the period end, the lower being the latest NAV, the higher being cumulative dividends paid in respect of a year or period, regardless 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 below, 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 below). 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.

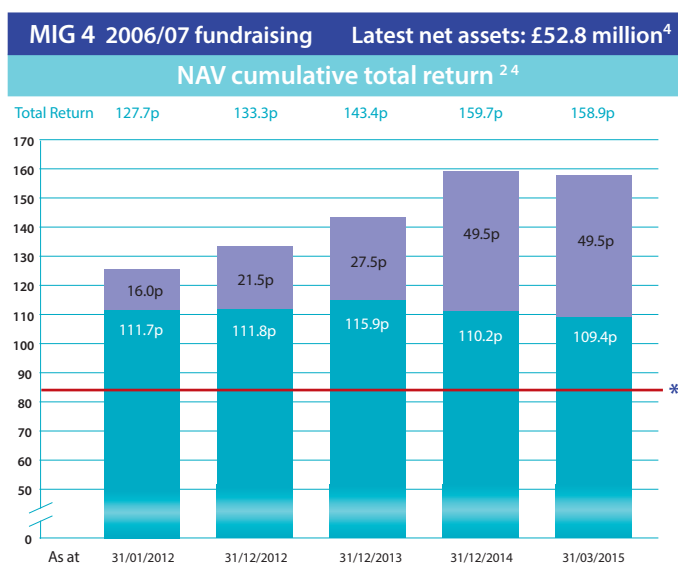
**We hope shareholders will be pleased to note that the most recent AIC performance data over the 5 years to 31 May 2015 (on a NAV cumulative total return basis) rank the Mobeus VCTs as 1st at +80.6% (I&G), 2nd at +77.2% (MIG 2), 7th at +59.8% (MIG) and 18th at +42.4% (MIG 4), out of 48 generalist VCTs.**



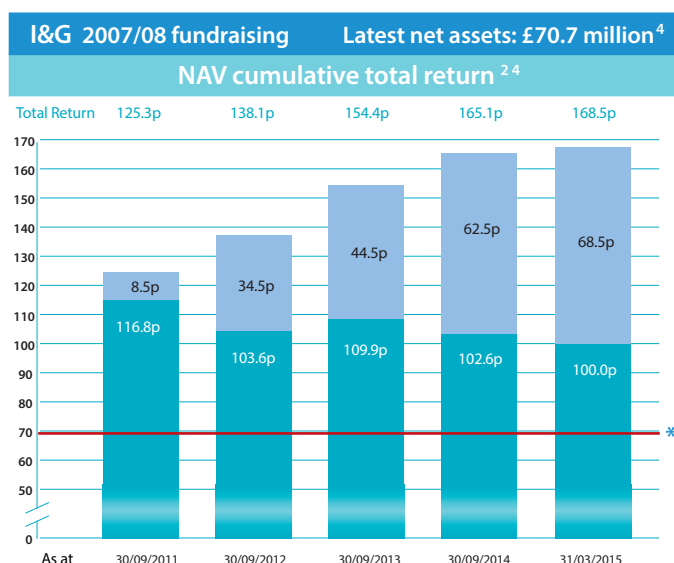
\* Allotment price of 100p less 40p income tax relief equals 60p  
Share price cumulative total return is 154.8p<sup>3,4</sup>



\* Allotment price of 100p less 40p income tax relief equals 60p  
Share price cumulative total return is 146.5p<sup>3,4</sup>



\* Allotment price of 120.9p less 30% income tax relief equals 84.6p  
Share price cumulative total return is 148.0p<sup>3,4</sup>



\* Allotment price of 100p less 30% income tax relief equals 70p  
Share price cumulative total return is 158.5p<sup>3,4</sup>

<sup>1</sup> MIG from inception. MIG 2 from date of investment strategy change. MIG 4 and I&G from date Mobeus became sole Adviser.

<sup>2</sup> NAV cumulative total return: NAV plus cumulative dividends paid in respect of each year/period to date.

<sup>3</sup> Share price cumulative total return: bid price plus cumulative dividends paid in respect of each year/period to date.

<sup>4</sup> The NAVs 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.

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