

BMO Private Equity Trust PLC



(as at 30 June 2021)

August 2021

Manager Commentary
Hamish Mair



As at 30 June 2021, the net assets of the Company were £408.5m, giving a Net Asset Value ('NAV') per share of 552.46p, which, taking into account dividends paid, gives a NAV total return for the first six-month period of 2021 of 15.4%. At 30 June 2021 the Company had net debt of £24.7m. Outstanding undrawn commitments were £110m, including £26m to funds where the investment period has expired.

In the first half of the year two new investments were completed. €5m was committed to the Agilitas 2020 Private Equity Fund, a mid-market buyout fund specialising in North West Europe. €5m was also committed to Apposite Healthcare Fund III, a European focused lower mid-market healthcare and life sciences fund.

After period end several new investments were completed. These included four funds, four co-investments and one secondary. We committed €5m to ArchiMed

MED III, a France based mid cap healthcare buy-out fund. In the UK we made a commitment of £7.5m to FPE Fund III, a mid-market growth equity fund specialising in the B2B software and services sectors. Also, in the growth equity area we committed £10m to SEP VI. We backed Inflexion Buyout Fund VI (£10m), which focuses on UK mid-market buy-outs. The co-investments made are diverse by sector and geography. £5m has been invested in Perwyn led JT IoT (Jersey based 'internet of things' infrastructure provider). €5m has been invested in Archimed led Prolenium Medical Technologies (Canadian aesthetic company). £3m has been invested into Apposite led Habitus (Denmark based private provider of complex social care services for high acuity citizens). £3.4m has been invested in Accord led Contained Air Solutions (UK market leading producer of clean air containment products for the healthcare, research and pharma sectors). Lastly, we added £4m to our position in Capvis III, through a secondary transaction.

The funds in our portfolio were active in making new investments during the first half and a total of £22.9m was called. Inflexion Buyout Fund V and the Inflexion Supplemental Fund V together invested £1.9m in BES (British Engineering Services) and in Medik8. Inflexion

Supplemental Fund V also called £0.6m for Digital Wholesale Solutions (IT and Cloud services wholesaler). SEP V invested £2.1m in three software companies. FPE II invested £0.6m in Codestone (ERP and hosting services). ARX CEE IV invested £0.5m in Instrumentation Technologies (producer of components for particle accelerators). Apposite Healthcare III called a total of £2.7m, some of which was for Habitus (noted above) but also for 1MED (regulatory strategy and clinical trial management). MED II, the ArchiMed healthcare fund called £0.4m for Ad-Tech (manufacturer of electrodes used in neurodiagnostic and neurosurgery applications). Summa II invested £0.4m in Sengenics (proteomics company). Piper Private Equity VI was drawn £0.8m for two investments - Thinking Traveller (villa rental business) and Wattbike (indoor bicycle brand). In the US, Blue Point Capital IV invested £0.6m in Transtar (distributor of automotive aftermarket products).

This has been a very active six months for realisations with total distributions and associated income reaching £69.5 million. This is almost double the total for realisations for the whole of 2020. SEP exited the bulk of their holding in scientific software company Dotmatics. Our co-investment in Dotmatics yielded £30.6 million and our share of the proceeds from SEP V was an additional

Continued overleaf

Key facts

Trust aims: **The objective is to achieve long-term capital growth through investment in private equity assets.**

Trust highlights: **Anticipated superior returns relative to the quoted markets. Access to a well diversified portfolio. Manager's understanding and access to 'up and coming' funds.**

Fund type: **Investment Trust**

Launch date¹: **2001**

Total assets: **£459 million**

Share price: **418.00p**

NAV - per IFRS: **552.46p**

Discount/Premium(-/+): **-24.34%²**

Dividend payment dates# : **Jan, Apr, Jul and Oct**

Net dividend yield[†]: **4.4%**

Net gearing/Net cash*: **5.7%**

Management fee rate** : **0.9%**

Ongoing charges*** : **1.3%**

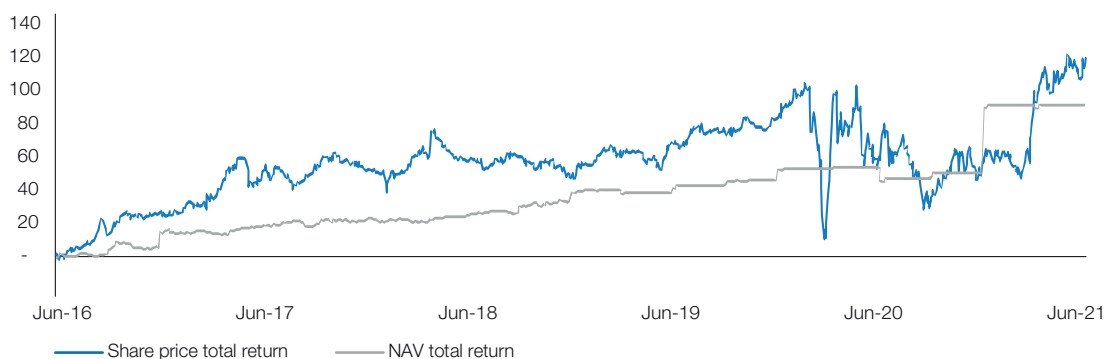
Year end: **31 December**

Sector: **Private Equity**

Currency: **Sterling**

Website: **bmoprivateequitytrust.com**

5 year Fund performance



Cumulative performance (%) as at 30.06.21

	1 Month	Year to date	1 Year	3 Years	5 Years
NAV	N/A	15.4	48.7	73.2	111.6
Share price	-0.2	39.1	38.1	38.8	115.6

Standardised annual performance (%) Year to 30 June

	2021	2020	2019	2018	2017
NAV	48.7	2.9	13.1	3.8	17.7
Share price	38.1	-6.1	7.0	4.5	48.7

Key risks

Stock market movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments. Smaller companies carry a higher degree of risk and their value can be more sensitive to market movement; their shares may be less liquid and performance may be more volatile. The fund may invest in private equity funds which are not normally available to individual investors, exposing the fund to the performance, liquidity and valuation issues of these funds. Such funds typically have high minimum investment levels and may restrict or suspend redemptions or repayment to investors. The asset value of these shares and its prospects may be more difficult to assess. If markets fall, financial leverage can magnify the negative impact on performance.

Past performance is not a guide to future performance.

Source: Datastream and BMO. Basis: Percentage growth, total return, bid to bid price with net income reinvested in sterling. Basis in accordance with the regulations of the Financial Conduct Authority.

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£3.3 million. The exit represented 8.7x cost and an IRR of 85%. Shortly after the quarter end we received £18.4 million for our co-investment in Huws Gray. BES (British Engineering Services), the engineering testing, inspection and certification services provider has been an exceptional performer and Inflexion's 2010 Fund returned £2.1m achieving 14.8x cost and an IRR of 60%. Inflexion Fund IV returned £2.0m principally from the sale of Bollington Wilson (insurance brokers) (5.1x, 50% IRR) and Kynetec (agricultural and animal data provider) (3.3x, 28% IRR). Investment consultancy LCP (3.4x, 34% IRR) was sold by Inflexion Partnership Capital I and Inflexion Supplemental Fund IV returning £0.9m across both funds. £2.5m came from our Silverfleet led co-investment in cleanroom consumables company STAXS. FPE II had three exits; IWSR (data provider for the drinks industry) returned £1.0m (3.6x, 56% IRR), Masstech (video storage management company for the media and broadcast sector) returned £0.6m (2.7x including partial reinvestment in the stock of acquirer Telestream) and Questionmark (SaaS testing and assessment provider) returned £1.1m (3.5x, 28% IRR). £1.5m came from Pentech Fund II where there has been a partial realisation of sports betting company FanDuel. Piper Private Equity achieved a partial exit of online flower company Bloom & Wild, returning £0.9m representing 2.0x cost, with the whole investment achieving 3.6x so far. Piper also achieved an exit for Proper Snacks (£0.2m, 2.0x, 17% IRR). The Kester managed fund GCP Europe II returned £1.0m (3.4x, 30% IRR) following the sale of Frontier Medical (medical products business). Agilitas 2015 Fund returned £2.3m as the second part of the exit of Exemplar which was sold in November 2020.

Procuritas V had two exits; £2.1m came in from Sofaco (upmarket furniture seller) (6.1x and 54% IRR) and £1.3m was distributed from the partial sell down of its shares in vehicle spare parts company Pierce. Summa I returned £1.1m (8.1x and 82% IRR) from the sale of Sortera (waste management company) plus £0.4m (4.6x and 54% IRR) from the IPO of EcoOnline (chemical management software provider). Corpfm IV distributed £1.5m, most of which relates to the sale of Secna Natural Ingredients (4.4x, 35% IRR). Montefiore IV returned £0.8m from the sale of Groupe Premium (life and pension insurance broker) (7.0x, 87% IRR). AIF III has now sold its final portfolio company CNI (manufacturer of glass panels and surface metal components for smartphones), resulting in £0.9m proceeds being received (4.6x, 14% IRR).

There were many uplifts recorded in the first half. The largest uplift was £10.6m from clothing company Weird Fish, led by Total Capital Partners. Another large uplift is for the Inflexion led builders' merchant company Huws Gray, which as noted above was exited with proceeds received just after the period end resulting in an uplift of £9.8m for this quarter. Another major uplift was recorded for Pet Network (TRG Pluto) which is up by £6.1m reflecting the exit which was agreed after the half year end and which is expected to complete in September. Argand led co-investment Sigma (electrical motors) was up by £1.3m reflecting rebounding profits. STAXS (cleanroom consumables), the Silverfleet led co-investment continues to trade strongly and is up by £1.2m. Other large uplifts include Inflexion Strategic Partners (+£3.6m), Summa II (+£3.1m), Summa I (+£1.4m), Procuritas V (+£2.1m) and Kester Capital II (+£1.4m).

There were very few downgrades. Our co-investment in Safran (software company) agreed a disappointing exit at just 1.0x cost resulting in a downgrade of £0.5m. Procuritas IV was down by £0.7m which is a result of a reduction in value of its large remaining holding in Swedish care company Olivia. The Coretrax (wellbore plug and abandonment) co-investment, is down by £0.2m because of lower growth rates than originally planned for this year.

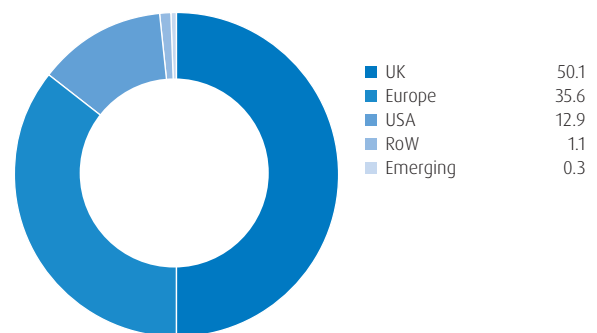
The £95m revolving credit facility and €25m term loan gives overall borrowing capacity of around £116m, depending on exchange rates, so there is plenty of headroom for new investments.

The Company's portfolio has made an excellent start to 2021. The combination of the ongoing recovery from the pandemic and the strengthening confidence of private equity investors and company managers is providing a remarkably supportive background. Our investment partners have in general excelled themselves in achieving exits after a uniquely challenging period. New deal activity has also been substantial and much of this is focused on companies where technology plays a large part in the investment thesis. If this momentum is maintained in the second half, then there is a good prospect that 2021 will be another successful year for the Company and its Shareholders.

Trust codes	
Stock Exchange Code	Sedol
BPET	3073827

Top 10 holdings (%) [∞]	
Huws Gray	4.5
Weird Fish	4.2
Inflexion Strategic Partners	4.1
Pet Network	3.6
Sigma	3.6
Coretrax	2.8
Ashtead	2.7
August Equity Partners IV	2.7
Ambio Holdings	2.3
Aliante Equity 3	2.3
	32.7

Geographical breakdown (%) as at 31.12.20



All data as at 30.06.21 unless otherwise stated.

All information is sourced from BMO, unless otherwise stated. All percentages are based on gross assets unless otherwise stated. * The Company pays quarterly dividends in January, April, July and October. † The yield is calculated by annualising dividends declared for the Company's current financial year. ‡ The Company was launched in March 1999 and the current ordinary shares were created as a share class (continuation shares) in 2001. § Calculated using share price and net asset value at the period ended 30 June 2021. ¶ Borrowings less cash/total assets less current liabilities (excluding borrowings and cash). ** Please refer to the latest annual report as to how the fee is structured. *** Ongoing charges as at 31 December 2020. Please refer to the latest Annual Report as to how the figure is calculated. ∞ As a percentage of net assets at the period ended 30 June 2021. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges which can be found in the Key Investor Document ("KID") for the relevant product. Views and opinions have been arrived at by BMO Global Asset Management and should not be considered to be a recommendation or solicitation to buy or sell any funds that may be mentioned. The factsheet is issued and approved by BMO, a trading name of BMO Asset Management Limited. Authorised and regulated in the UK by the Financial Conduct Authority. Registered office: Exchange House, Primrose Street, London EC2A 2NY. Registered in England & Wales No 517895. (09/21)