

# Albion Capital Group

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## Albion Capital's VCTs are profiting from focus on health and technology

Albion Capital Group is an investment manager with a stable of six venture capital trusts (VCTs).

The team includes 14 investment professionals, led by managing partner Will Fraser-Allen.

At the halfway point of 2020, the combined net asset value of the VCTs was £450mln out of the group's total £975mln funds under management or administration.

Over the past five years the VCTs have, on average, delivered a total return of 6.8% per year (net of fees and excluding tax relief), paid dividends of roughly £101mln and returned £32mln via share buybacks.

VCTs are a fund structure that was created by the government to offer generous tax relief to encourage investment in young, innovative companies. Tax incentives, including initial tax relief of 30% on investments of up to £200,000 per tax year, are available to investors who hold the investment for at least five years.

Like investment trusts, VCTs are listed on the London Stock Exchange and each benefits from extra governance provided by their own independent board of directors.

The company's six VCT funds are the Albion Venture Capital Trust, Albion Technology & General VCT, Albion Development VCT, Crown Place VCT, Albion Enterprise VCT PLC and Kings Arms Yard VCT.

Albion's VCTs each pay two dividends per year and for those investors that have gained exposure to all six of the funds, the company has structured the pay-outs so that shareholders will receive a dividend income payment every month.

This year the dividend policy of the VCTs changed to a new annual dividend target of around 5%.

### What else is new in 2020?

Despite the difficulties in meeting companies face-to-face during the COVID-19 pandemic, the Albion team has completed several investments, as well as follow-up funding rounds in existing portfolio companies.

"We have not been sitting on our hands," says Fraser-Allen. "We've also been working with existing companies in the portfolio as a number have had to look at their business plans and some have needed extra funding to weather the storm."

He was more than glad to escape from his home office to London for a string of face to face meetings during the summer.

### Share Information

**Code:** AATG

**Listing:** Unlisted (UK)

**Sector:** Investments and investor services

**Website:** [www.albion.capital](http://www.albion.capital)

### Company Synopsis:

*Albion Capital Group LLP is a leading independent investment manager with a long-term record of backing change and growth. The wider Albion Group has funds of around £1 billion under investment management or administration. Combining a thematic, returns-driven investment approach, we target sectors where we see opportunities for the creation of long term value.*

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"Meeting people face to face is critical. After all, we could be working together for 10 years or more," he says.

As the nature of investing in young companies requires VCTs to be invested for the long-term, with investors also encouraged to stick around by the tax incentives, short-term performance measures are less relevant when assessing VCTs.

Albion's VCTs have a strong performance record for three and five years and ten years.

Covid-19 has not impacted performance to a significant extent, helped by healthcare and technology being the two main investment themes guiding the wider portfolio, with both sectors outperforming the market this year and continuing to look well set for the future.

As at 30 September the overall portfolio's sector exposure was 30% in software and technology, 25% in healthcare and digital healthcare, 12% in renewables, 4% in education, 5% in business services and 24% in cash following a number of strong exits and the annual fundraising which closed in January.

These cash levels will have further decreased after several new and follow-on investments that have been made and two special dividends that have been paid out to shareholders in October.

## What's in the portfolio?

Egress Software, a provider of secure email software, which has gone from 12 employees and book value of £8.4m when Albion first invested in 2014 to around 250 staff and £23.3m book value now.

Proveca, a pharmaceutical reformulations company that was backed in 2012 before it had generated any revenues and had two employees, now has 50 staff and sales of around £10m.

Quantexa, which uses big data analytics and artificial intelligence to help banks and government agencies tackle complex financial crime, has seen its book value rise from £10.1m to £30.9m and staff numbers from 30 to around 300.

In November 2020, Albion jointly led a £7.1m investment round into Seldon, a UK-based machine learning startup with technology that is designed to help to ensure decisions made by machine learning algorithms are transparent and ethical

Other current holdings include Locum's Nest, a platform used by NHS trusts to manage locum doctors; 'telehealthcare' providers Healios and OVIVA, which operate in the fields of children's mental health services and dietician counselling respectively; Credit Kudos, which leverages open banking data and machine learning in the field of credit referencing; and Concirrus, which has developed real-time behavioural data analytics software for the marine and transport insurance industries.

Recent exits include Clear Review, a performance management platform that was acquired by a leading software and services provider, for more than a twofold return on the £1.9m invested by Albion in June 2019; with the previous exits being ELE last year, a maker of complex parts for turbine blades, vanes and compressor blades that was sold for a total return of four times cost, and Process Systems Enterprise, a modelling software supplier sold for a 10-times return for the VCTs.

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