

Pembroke VCT - NEW OFFER

This is a £20 million share offer in their B Ordinary Shares, with an over-allotment facility for an additional £20m.

Pembroke are one of the newer VCTs, having launched in 2013. The Pembroke VCT is managed by Oakley Investment Managers, part of the Oakley Capital group, founded by serial entrepreneur Peter Dubens. Over the past 30 years he has acquired, restructured and consolidated public and private companies, including 365 Media Group (sold for over £102 million to BSkyB) and Pipex Communications (sold, in part, for approximately £370 million).

CHELSEA VIEW

Being a newer entrant into the VCT market, Pembroke have always focused on early-stage growth companies and so have not been effected by the recent changes to the VCT rules. They run a concentrated portfolio so can actively engage with the companies into which they invest.

Whilst this may lead to higher returns it does increase risk, but we like their preference for companies that are already producing profits as this helps mitigate this risk. The directors also invest significant sums into their own VCT so their interests are aligned with those of their investors.

Chelsea Client Discount:

There is a special early-bird discount of 1.5% in the form of extra shares on the first £10m raised or 30 November (whichever comes first) and 1% thereafter.

INVESTMENT PROCESS

Pembroke is a Generalist VCT investing in unquoted companies across four main sectors: clothing and accessories; hospitality; media and technology; and health and fitness.

They have a strong emphasis on capital growth and a preference for companies that are already producing profits. Pembroke target an annual dividend of 3p per share.

WHAT'S IN THE PORTFOLIO?

Investors in the new offer will get access to a maturing portfolio of 29 companies. Some more well-known brands that Pembroke have invested in include Second Home, burger chain Five Guys and Alexa Chung's womenswear range.

STRONG TRACK RECORD

- B Ordinary Shares has declared dividends of 3p year year for 2016/17 and 2017/18.
- Since launch in 2015, the B Ordinary Share Total Return is 113.12p per 100p invested (not including tax relief).

UNDERSTAND THE RISKS

VCTs carry a higher risk than many other forms of investment. The value of an investment into a VCT, and income from it, may go down as well as up and investors may not get back the full amount invested, even after taking into account the tax relief.

Please note that VCTs usually trade at a discount to their net asset value and invest in small, illiquid companies. They should be considered long-term investments.

This research note does not constitute advice. Potential investors are reminded the VCTs are complex, higher-risk investments. If you are in any doubt about the suitability of this investment, you should seek professional advice.

Past performance is not a reliable guide to future returns. You may not get back the amount originally invested, and tax rules can change over time.

TAX BENEFITS FOR INVESTORS

- *30% income tax relief on the amount invested*
- *Tax-free dividends*
- *Capital gains tax exemption*

Please note that tax reliefs are subject to change and withdrawal (in the event of a breach of the VCT rules). The value of the tax reliefs will also depend on personal circumstances and VCT shares must be held for at 5 years.

HOW TO INVEST

Please telephone us on 020 7384 7300 for the prospectus and application form or visit our website at www.chelseafs.co.uk to download a copy.

The minimum investment is £3,000.

Pembroke also offer a dividend investment scheme into new shares, which offers further tax relief.

**Source: Pembroke VCT plc 2018*