

# UK Investor Magazine Virtual Private Equity Trust Conference

28 January 2025

## Investment risk

The value of investments and income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

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.

# Overview of CT Private Equity Trust PLC

Andrew Carnwath, Director, Private Equity

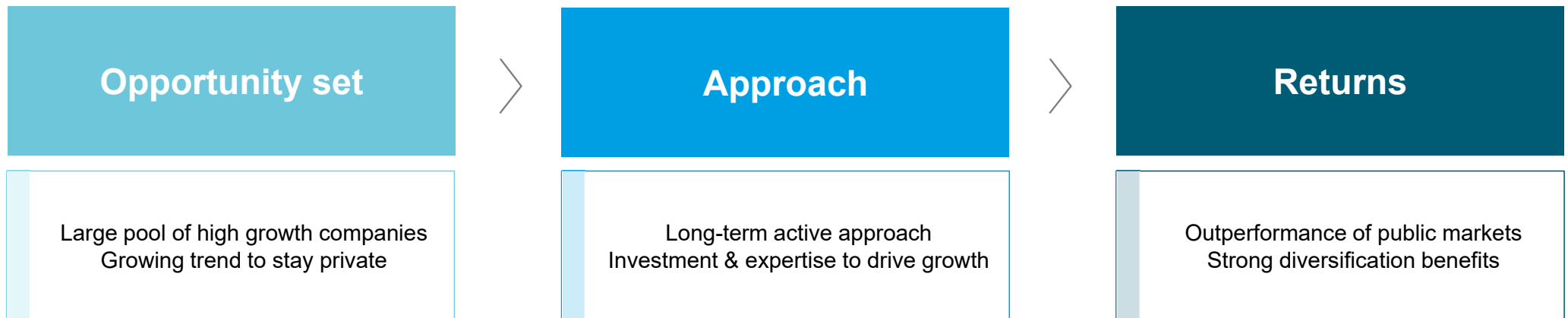
# CT Private Equity Trust PLC

## Celebrating 25 years



Source: <https://leslielatchman.pixieset.com/privateequitytrustplc/> date: 11.06.2024

# Advantages of private equity well known driving strong growth of the industry



## Democratising Private Equity

**CT Private Equity Trust PLC provides access to** the complex world of private equity

Making it easy for investors to access a **diversified portfolio of private companies**

# Targeting long-term capital growth and income through investment in private equity

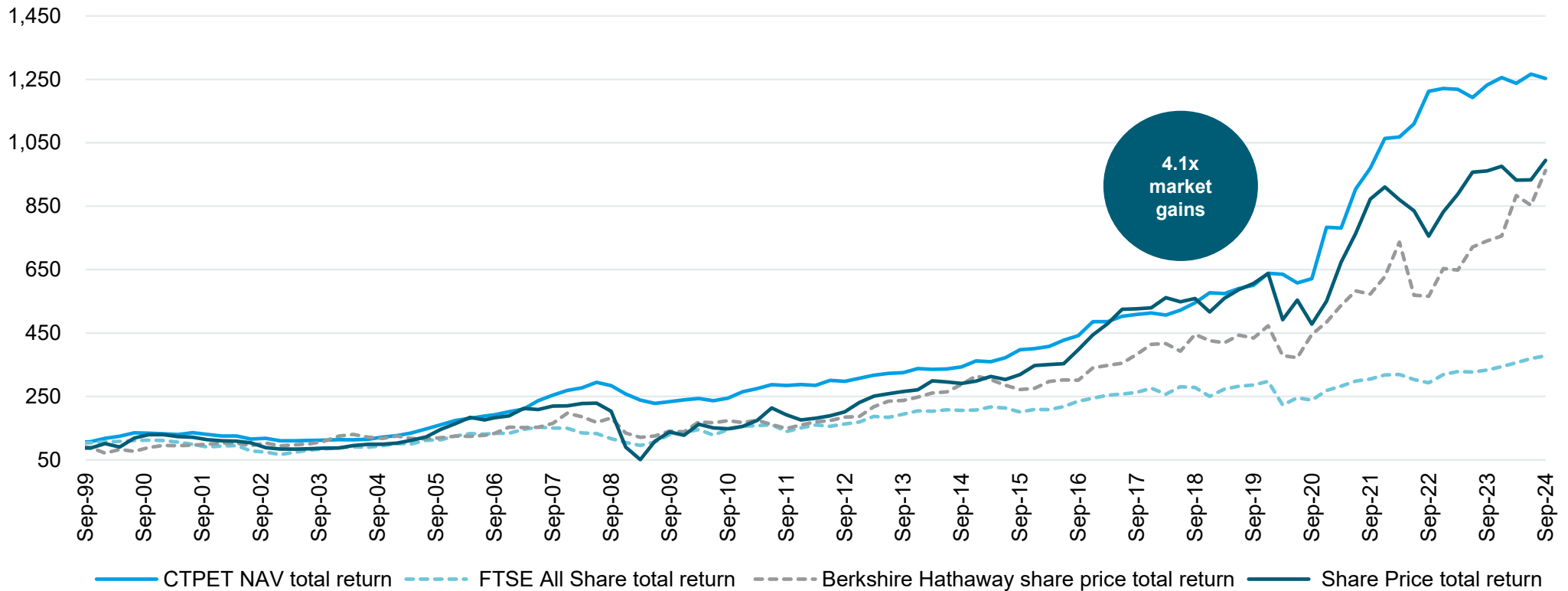
## Investing in high quality small and mid-sized private companies at attractive valuations

- Across the UK (c.40%) and Europe (c.40%) and US (c.20%)
- Growing and profitable companies
- With the management and strategy to succeed
- Sourced by large and well-established network of expert Private Equity managers



# Delivered strong and consistent growth for 25 years strongly outperforming public markets

Past performance is not a guarantee of future results



4.1x market gains

**It should not be assumed that investments made in the future will be profitable or will achieve comparable results**

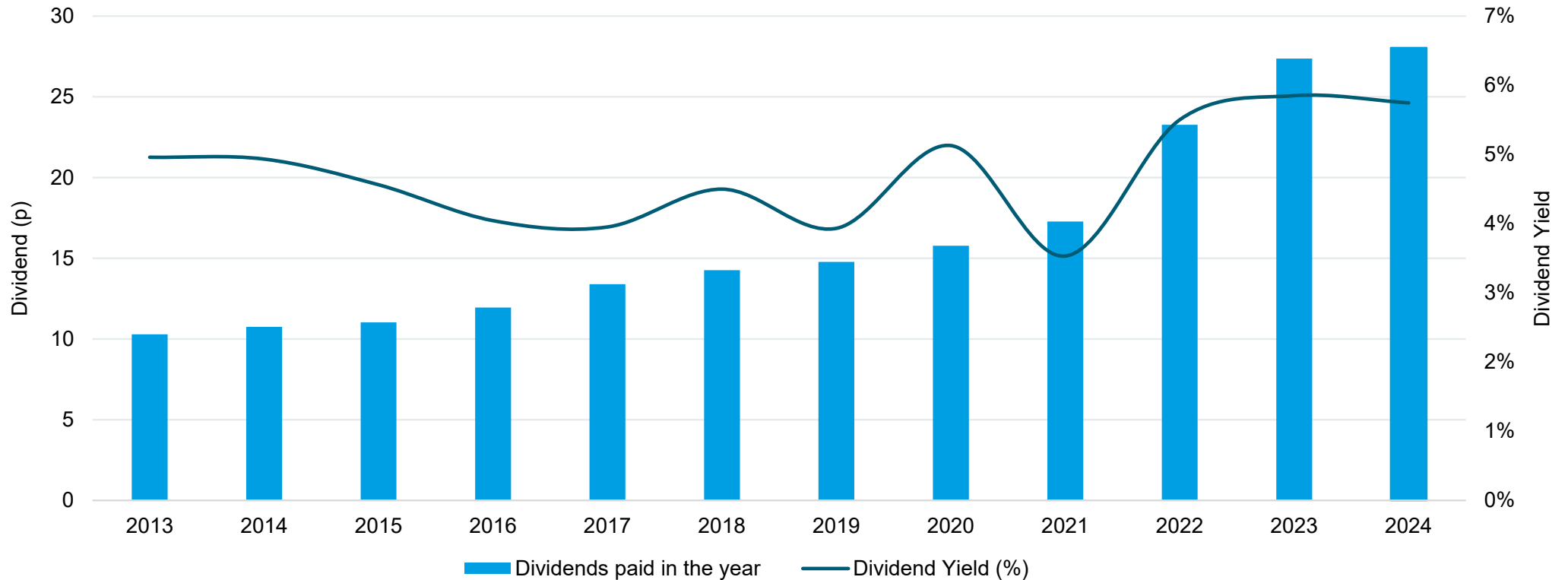
This does not constitute a recommendation to buy or sell any particular security. CTPET = CT Private Equity Trust PLC

Source: Thomson Reuters Datastream & Columbia Threadneedle Investments, as at 30 September 2024

# AIC next generation dividend hero

## paying a consistent and growing quarterly dividend

Past performance is not a guarantee of future results



**It should not be assumed that investments made in the future will be profitable or will achieve comparable results**

This does not constitute a recommendation to buy or sell any particular security. AIC = Association of Investment Companies

Dividend yield calculated as dividends paid in year, divided by period end share price



# Risk well mitigated through diversification while retaining strong upside potential

## Inherent risk of private equity well mitigated through diversification




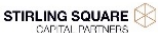
















- Portfolio of >500 companies with c.50 carefully selected Private Equity managers
- Well-diversified by sector, geography, investment style, lead manager and year of investment



Source: Columbia Threadneedle Investments as at 31 December 2023

# Largest underlying holdings

## well diversified with no single company dependence

No	Investment	Description	Lead Manager	Value (£m)	% of Net Assets	TVPI *	IRR *
1	 SIGMA	Electronic components provider	 ARGAND PARTNERS	15.0	3.1%	2.2x	12.6%
2	 OHI	Helicopter transportation provider	 STIRLING SQUARE CAPITAL PARTNERS	14.4	3.0%	4.0x	16.0%
3	 Weird Fish	Premium lifestyle clothing brand	 Vest Capital Partners	11.3	2.3%	2.3x	15.1%
4	 twma	Waste management solutions for oil & gas sector	 Buckthorn	10.8	2.2%	1.0x	n/m
5	 HOPI	Funeral services provider	 AUGENS CAPITAL	10.1	2.1%	7.9x	75.0%
6	 AURORA PAYMENTS	Digital payments merchant acquirer	 CORSAIR	9.0	1.9%	0.9x	n/m
7	 utimaco®	Developer of on premises and cloud-based security modules	 SGT INVESTING IN FUTURE GROWTH	8.9	1.8%	1.6x	54.8%
8	 cyclomedia	Street level mapping and data visualisation	 VOLPi CAPITAL	8.8	1.8%	1.2x	14.7%
9	 CYBERHAWK	UAV inspection services and software for critical energy infrastructure	 MAGNESIUM CAPITAL	8.5	1.8%	3.5x	26.5%
10	 Breeze Group	Cleanroom, containment technology and laboratory equipment	 ACCORD	8.3	1.7%	1.1x	4.7%
	<b>Total Top 10</b>			<b>105.1</b>	<b>21.6%</b>		
	<b>Total Top 30</b>			<b>267.2</b>	<b>54.9%</b>		
	<b>Total Top 50</b>			<b>368.0</b>	<b>75.7%</b>		
	<b>Net Assets</b>			<b>486.2</b>	<b>100.0%</b>		

**This does not constitute a recommendation to buy or sell any particular security.**

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Note: fund position calculated less implied carried interest provision

\*In GBP

Source: Columbia Threadneedle Investments as at 30 September 2024

# Consistent investment strategy for 25 years

## Delivering strong returns throughout cycles

### Consistent Investment Criteria



Attractive market



Differentiated product



Entrepreneurial management



Strong financials



Experienced deal lead



Attractive valuation



Strong alignment of interests

### Repeatable Value Creation



Investment in growth



Market consolidation



Commercial strategy



Strengthening management



Geographic expansion



Digital enhancement



Improved ESG

# Focus on smaller, higher return deals

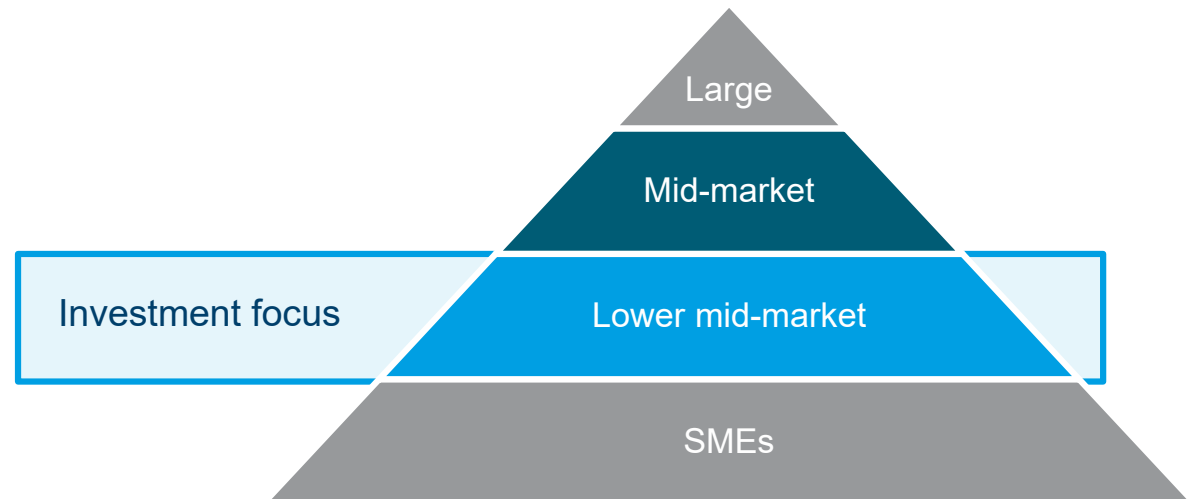
## Investing in high quality small and mid-sized companies

### Consistent and differentiated focus on lower-mid market

- Investing in companies valued at up to £500m at entry
- Sweet spot £30-150m entry value
- Often 1<sup>st</sup> institutional investor

### Key attractions

- Very large investable universe of dynamic and entrepreneurial companies
- Less competitive and intermediated market
- Favours regional and sector specialists
- Attractive valuations
- Modest use of leverage
- Returns driven by earnings growth



# Three complementary investment types

## Investing in high quality small and mid-sized companies

### Complementary investment types that provide full market coverage



#### Fund Investments

- Investment with proven and emerging Private Equity managers
- Providing access and building strong relationships
- Deployed over 3-5 years into c.8-12 companies
- Provides strong diversification
- Steady cadence of investment & divestment



#### Secondary Investments

- Opportunistic acquisitions, creating solutions
- Investing at a discount
- Exposure to mature assets
- Diversification benefits
- Enhancing returns
- Reducing fees



#### Direct Investments

- Highly selective approach
- Providing direct exposure to the best companies
- Investing alongside sector or regional specialists
- Potential for outsized returns
- Balancing cashflows
- Reduced fees

# Inflexion Enterprise Fund VI



## Inflexion Capital Partners

Columbia Threadneedle Private Equity have a long relationship with Inflexion, having backed the team since they raised their first fund in 2003. Inflexion has maintained a consistent investment strategy over the last 25 years and has an excellent track record of delivering consistent and top quartile returns. The majority (60-70%) of the fund is expected to be invested in business services and technology sectors.

## Key attractions

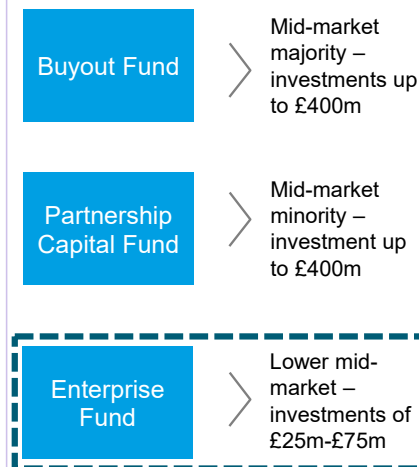
- **Lower mid-market focus** – The Enterprise funds are targeting a large, underpenetrated and inefficient part of the market, where real value can be found, and outsized returns achieved. Inflexion has a strong pedigree in this area of the market with 50 realised investments delivering 3.0x cost and 31% IRR<sup>1</sup>
- **Dedicated value creation team** – Inflexion can bring significant resources to its portfolio companies to accelerate growth and value creation
- **Dominant position in UK mid-market** – Inflexion has a large and highly experienced investment team, with strong networks across banks, intermediaries and entrepreneurs
- **Continued outperformance** – Inflexion are one of the world’s top performing GPs. This is an opportunity to maintain exposure to this leading manager, which has an established investment strategy and dominant position in the UK mid-market

## Key Details

<b>Commitment date</b>	August 2024
<b>Amount committed</b>	£5m
<b>Fund Size</b>	£975m
<b>Geography</b>	UK and Western Europe
<b>Focus</b>	Control-orientated investments into high growth lower mid-market companies. Investments of £25-75m; Business EV £50-150m

## Inflexion Strategy

Inflexion now has three different pools of capital, each with its own dedicated team. The allocation criteria have been clearly defined from the outset and the deals will fall into the pool of capital where it fits irrespective of who originated it.



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<sup>1</sup> Inflexion as at 31 December 2023, GPs = General Partners

Source: Columbia Threadneedle Investments

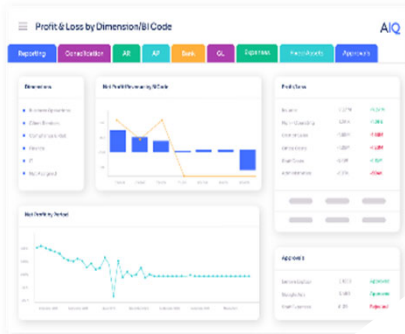
# AccountsIQ ('AIQ')

## Lead Manager: Axiom Equity



### AccountsIQ

AIQ provides mission critical, B2B accounting software for mid-sized companies in the UK & Ireland. The company was founded in 2005 and has grown to over 70 FTEs operating from its headquarters in Dublin, Ireland. The business has grown rapidly at a 30% three-year CAGR to €10.5m ARR and €0.5m EBITDA in FY 2024.



### Key attractions

- **Attractive SaaS financial profile and strong growth fundamentals** – ‘Rule-of-40’ business with >30% topline growth, 2% churn, >107% NRR and strong gross margins (c.80%). The business is EBITDA and cashflow positive and at an inflection point.
- **Large, resilient market with growth underpinned by long term secular trends**
- **Disruptive software provider, well-positioned for growth** – addresses an underserved gap between basic SME solutions and large-scale enterprise players. Its products are cheaper, quicker to implement and provide a strong value proposition in the mid-market
- **Strong barriers to entry:** IP, high startup costs, sector credentials, excellent user engagement and high switching costs given mission-criticality.
- **Proven management team supported by sector specialist GP**

### Key Details

<b>Commitment / Initial Call date</b>	May 2024 / May 2024
<b>Amount committed</b>	€3.0m for 4.8% Stake
<b>Geography</b>	UK & Ireland
<b>Annual Recurring Revenue ('ARR')</b>	€10.5m
<b>Entry price</b>	€58m or 5.5x FY 2024 ARR
<b>Expected return</b>	2.9x cost over 4 years



Accounting software



€3.0m



2.9x cost  
30% IRR

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 EBITDA = Earnings Before Interest, Tax, Depreciation and Amortisation; ‘Rule-of-X’ = annual sales growth (%) + EBITDA margin (%); NRR = Net Revenue Retention  
 Source: Columbia Threadneedle Investments

# Jollyes

## Recent exit – top10 holding



Recent Exit



- Leading UK large format pet retailer
- CTPET invested £4.7m for a 16.7% stake in May 2018
- Investment rational and performance:
  - **Large and growing market** – UK pet products and services market was £7bn in 2017, forecasting growth of c.5% per annum, and had proven resilient through economic cycles
  - **Operational improvements** – identified and implemented, transforming Jollyes into one of the fastest growing physical retailers in the UK
  - **New store rollout** – successfully executed to plan, growing from 60 to 100 stores
- March 2024 sale to TDR Capital agreed:
  - Proceeds of £18.3m received in April 2024 in addition to £0.6m received in 2022
  - **Excellent return of 4.2x cost and 27% IRR**

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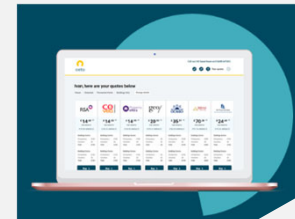


# ATEC

## Recent exit – top10 holding



Recent Exit



- ATEC Group is a UK tech-enabled distributor of personal and commercial insurance
- CTPET invested £3.2m for a 23.2% stake in September 2017
- Investment rational and performance:
  - Established its own managing general agent ('MGA') to
    - capture more margin and improve the quality of the data
    - refine and improve the product offering and to broaden the platform's product and distribution footprint
  - ATEC has undergone impressive earnings growth, driven by professionalisation, strong organic growth and operational improvement
    - Customer policies have grown from 125k to 345k
    - Gross Written Premiums have grown from under £25m to over £75m
    - Revenue and EBITDA have grown from £7m to £25m and £2.4m to £9.7m, respectively
- June 2024 sale to Perwyn agreed:
  - **Sale at over 4.0x cost\*, proceeds received in September 2024**

\*Exact return not disclosable

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# Conclusion and Outlook



- The broadly based portfolio continues to prove resilient
- c.46% of the portfolio is in the long-term growth sectors of IT and Healthcare
- New borrowing facilities are in place with greater capacity and better covenants
- Dealflow for funds and co-investments is excellent
- Good value still to be found in lower mid-market with pricing moderating recently
- Carefully making fresh investments laying the foundations for future growth
- Encouraging recovery in M&A; TYD 2024 realisations +74% on prior year
- Average uplift on exits, YTD 2024 +22% (31% in 2023)
- The appetite for private equity investment and high-quality private companies remains strong
- We remain confident that the Company will continue to grow value for shareholders over the short and longer term

# Q&A

# Executive summary Q3 2024

## Encouraging increase in realisations

Past performance should not be seen as an indication of future performance.

	Q1 2024	Q2 2024	Q3 2024	YTD 2024	LTM	Total 2023
<b>NAV total return</b>	-1.4%	2.3%	-1.0%	-0.2%	1.7%	2.8%
<b>Share price total return</b>	-4.6%	0.1%	6.6%	1.8%	3.4%	17.6%
<b>Realisations</b>	£16.1m	£36.3m	£42.2m	£94.5m	£102.5m	£61.8m
<b>New Investments</b>	£23.4m	£12.5m	£9.3m	£45.2m	£57.4m	£110.9m

Date paid	31 January 2024	28 April 2024	31 July 2024	31 October 2024	LTM
<b>Dividends</b>	7.01p	7.01p	7.01p	7.01p	28.04p

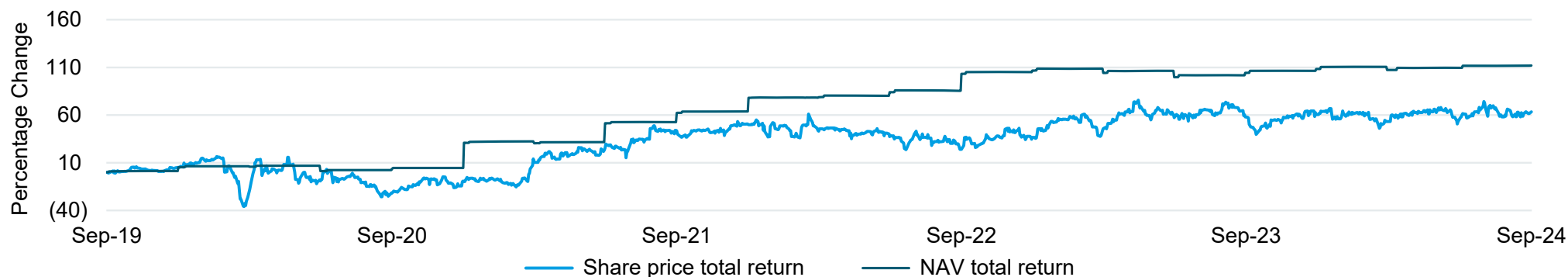
- NAV total return for Q3 2024 -1.0%, NAV total return YTD -0.2%
- New investments in Q3 2024 £9.3m. Realisations in Q3 2024 £42.2m
- Dividend of 7.01p to be paid on 31 January 2025
- Dividend yield of 6.2%\* based on period end share price
- Co-investments now at 42.0% of the portfolio

\* Calculated as dividends paid April, July and October 2024 and January 2025 divided by company's share price of 455.00p as at 30 September 2024  
 NAV = Net Asset Value; LTM = Last Twelve Months; Realisations = proceeds received following sale of underlying assets held;  
 IRR = Internal Rate of Return, which is an annualised return measure of performance; Co-investment = ownership position in an underlying company  
 Source: Columbia Threadneedle Investments as at 30 September 2024, unless otherwise stated

# Performance

## 5-year Fund performance

Past performance should not be seen as an indication of future performance.



### Cumulative performance (%)

	3 Months	Year to date	1 Year	3 Years	5 Years
<b>NAV</b>	-1.0	-0.2	1.7	29.2	108.6
<b>Share price</b>	6.6	1.8	3.4	13.9	63.4

### Standardised annual performance (%) – Last twelve months

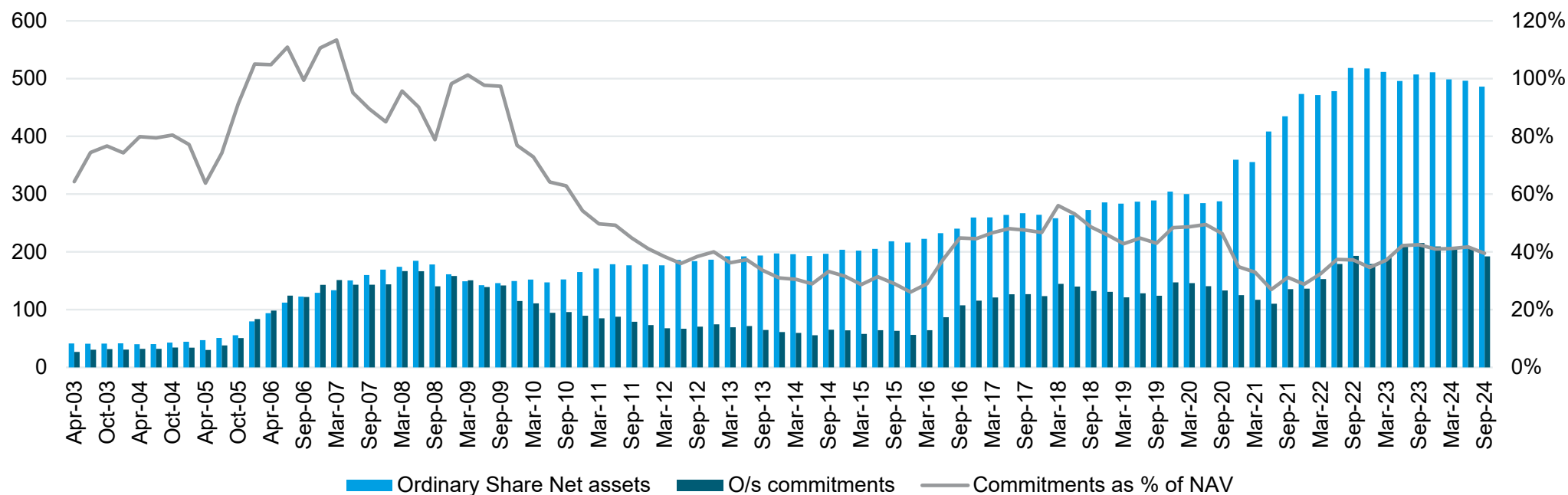
	2024	2023	2022	2021	2020
<b>NAV</b>	1.7	1.6	25.1	56.1	3.4
<b>Share price</b>	3.4	27.4	-13.5	83.5	-21.8

Source: Datastream and Columbia Threadneedle Investments. Basis: Percentage growth, total return, bid to bid price with net income reinvested in Sterling as at 30 September 2024

# Outstanding commitments

## Ordinary Shares outstanding commitments and Net Asset Value

Past performance should not be seen as an indication of future performance.



- Undrawn Commitments £192.0m, of which £21.5m where Investment Period has expired

- Undrawn commitments 39% of net assets, in line with 5 year average (39%)

Undrawn Commitments = remaining amount of total capital pledged to a private equity investment that is still to be funded;

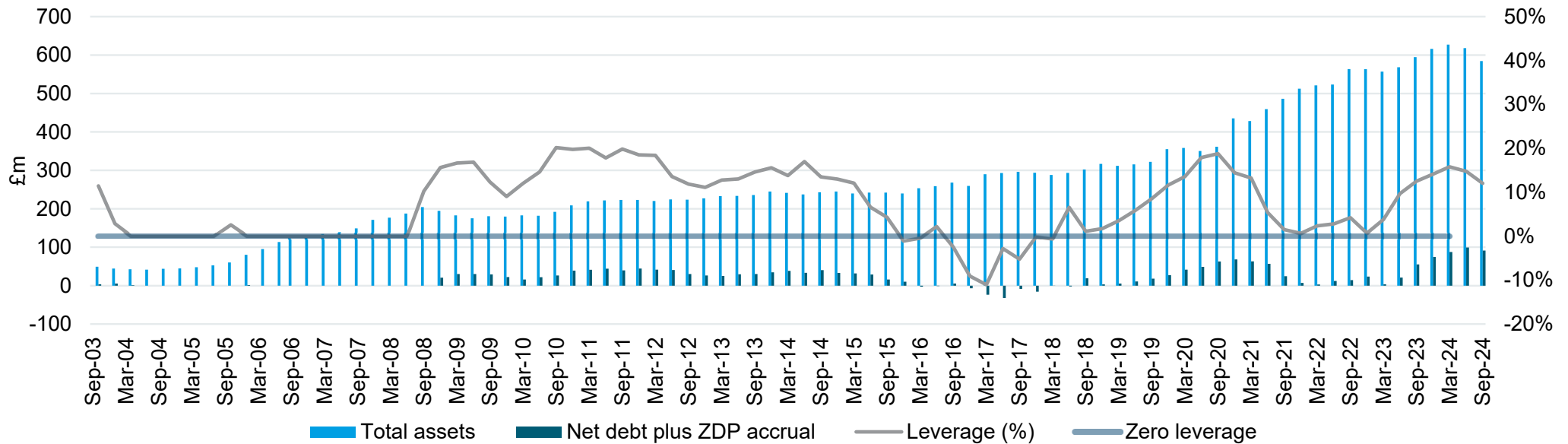
Investment Period = defined period of time for private equity funds to make all their investments

Source: Columbia Threadneedle Investments, Datastream as at 30 September 2024, unless otherwise stated

# Net debt analysis

## Ordinary Shares Net Debt Analysis

Past performance should not be seen as an indication of future performance.



- Net debt of £70.3m and cash of £22.7m at 30 September 2024
- Extended term loan of €60m (up from €25m) and £95m RCF\* in place until February 2027
- Funds available for new investments, and to take advantage of opportunities

\* Revolving credit facility

ZDPs = Zero Dividend Preference Shares

Source: Columbia Threadneedle Investments as at 30 September 2024

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