



# Pembroke VCT

## Manager Overview

Pembroke VCT plc is a generalist VCT managed by Pembroke Investment Managers LLP, backing early-stage, founder-led businesses across Consumer, Technology and Business Services. NAV was £251.7m at 31 Mar 2025 (rising to ~£257.8m at 30 Jun 2025), with 45+ portfolio companies.

## Investment Category

- Category: VCT (Generalist).
- Sub-sectors: Consumer brands, software/AI & vertical SaaS, and business services.

## Current Offer (2025/26)

- Amount to be raised: £40m
- Over-allotment facility: up to £20m (aggregate £60m).
- Minimum subscription: £5,000 (max £200,000 per tax year for VCT relief).
- Timing: Offer opened 9 Sept 2025; closes no later than 2 Apr 2026 (2025/26) and 24 Jun 2026 (2026/27), unless filled earlier.
- **Deadline for first allotment: 9 am, 21 October 2025, first allotment 23 October 2025.**

## Fees & Structure

- AMC: 2.0% p.a. (VCT-level).
- Performance fee: only on net realised investment gains (no fee on paper uplifts).
- Promoter/initial charge (at subscription): 3.0% advised; early-bird discounts may apply.
- Offer costs capped at 5% of gross proceeds, trail commission rules per prospectus.

## Investment Strategy

- Back talented founders building disruptive products with strong unit economics and credible 4–8-year exit paths.
- Focus on compelling entry valuations and diversified portfolios.
- Typical annual pace: 10–15 investments (mix of new and follow-on).

## Portfolio Overview

- Sector mix (by net assets, 31 Mar 2025): Technology 28%, Consumer 25%, Business Services 22%, Other net assets 25%.
- Notable performers highlighted by the board include Seatfrog, LYMA, Bloobloom, My Expert Midwife, COAT; 10 holdings now individually valued at £50m+.

## Performance & Track Record (exits)

Recent exits/partials include:

- Secret Food Tours (2025) – 5.3x realised return (partial).
- BOAT International (2024) – 1.4x (full exit; proceeds paid as special dividend).
- Earlier exits illustrated in offer materials include 16.2x (2022) and 2.3x (2021) multiples.

NAV Total Return (10 years, to 31 Mar 2025):

- ~82% cumulative NAV total return (equivalent to 6.2% p.a.)

## Dividends

- Target: 5.0p per share annually (plus specials on significant realisations).
- FY25 paid 5.0p (Apr/Oct 2024 and Mar 2025). Post year-end, a further 2.0p was paid in May 2025 following the SFT partial exit.
- Dividend Re-Investment Scheme (DRIS) available; ongoing buybacks at ~5% discount to NAV, typically twice yearly.

5-Year Average Dividends (per share, to 31 Mar 2025):

- Average annual dividend: 5.0p per share (excluding specials).
- 5-year average yield (on NAV basis): ~5.6%.

#### Dividend yield history (% of starting NAV)

| Calendar year | Dividend as % of NAV |
|---------------|----------------------|
| 2020          | 2.7%                 |
| 2021          | 9.7%                 |
| 2022          | 4.1%                 |
| 2023          | 4.2%                 |
| 2024          | 3.8%                 |
| YTD           | 3.0%                 |

Source: Morningstar. Dividend yields are based on the dividends paid over the period divided by the starting NAV of the VCT in each period. Past performance is no guide to the future.

## Key Strengths

- Transparent valuation approach and reporting; performance fee aligned to realised gains.
- Balanced sector exposure and a growing cohort of £50m+ companies underpinning NAV stability.
- Consistent dividend delivery with additional distributions on exits; formal buyback discipline.

## Risks & Failures

- Early-stage, unquoted investments are higher risk/illiquid; VCT status must be maintained; tax rules can change; shares may trade below NAV; VCT reliefs require min. 5-year holding.
- Reported realised losses of £34.1m (to Mar 2025), offset by £64.2m unrealised gains.
- Recent failures/write-downs include:
  - Beryl – realised at £287k loss.
  - Bella Freud – realised at £50k loss.
  - Floom – written down from £1.96m to £145k.
  - Stillking Films – valuation cut by £1m+.
  - Peckwater Brands – reduced by £1.5m.

## VCT Size & Recent Fundraises

- VCT size (NAV): £251.7m at 31 Mar 2025; ~£257.8m at 30 Jun 2025.
- Funds raised (FY25): Record £50.8m.

## Number of Underlying Companies

- 45+ portfolio companies (as at 30 Jun 2025).

## Deal Size / Tickets

- FY25 invested £7.7m across 4 new companies and £8.9m across 8 follow-ons (avg new ticket c. £1–3m).
- Illustrative recent new deals: Serve First £2m; Mindset AI £2m (co-led).

## Conclusion

Pembroke VCT provides investors with diversified access to UK growth companies in consumer, technology, and business services, underpinned by a clear 5p dividend target, disciplined buybacks, and a performance fee aligned only to realised gains. The current 2025/26 offer (up to £60m including over-allotment) gives fresh capacity to support follow-ons and new deals at typical £1–3m ticket sizes, building on successful exits such as Secret Food Tours (5.3x) and BOAT International (1.4x).

While Pembroke has experienced several failures, a reflection of its higher-risk, early-stage strategy, the portfolio is maturing, with 10 holdings now individually valued at £50m+. Its transparent reporting, track record of scaling consumer brands, and strong flow of opportunities strengthen the investment case.

At an annual management charge of 2%, fees are competitive with peers. The VCT currently trades on a c.6% discount to NAV, which enhances potential investor value.

Pembroke remains best suited to investors comfortable with illiquidity and volatility, but its combination of maturing assets, realised exits, and disciplined income policy makes it a compelling option within a balanced VCT portfolio.

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