

The logo for Money Wise UK, featuring the text "Money Wise UK" in a white, sans-serif font inside a blue, brush-stroke style rectangular background.

# Money Wise UK<sup>®</sup>

Growing together, with integrity and respect



## Northern VCT – Manager Review

### Manager Overview

The Northern VCTs are among the longest-established VCTs (launched 1995–2001). They are managed/advised by Mercia Fund Management Ltd, part of Mercia Asset Management plc (c. £2.0bn AUM, 11 UK offices, 140 staff; dedicated VCT team of 15 plus operating partners). Since inception to 31 Mar 2025, the VCTs have invested £670m+ in 270+ companies.

### Investment Category

Generalist VCTs (three trusts: NVT, N2VCT, N3VCT) investing in UK private growth companies.

Sub-sectors / themes: Software & AI, Health & Life Sciences, Consumer, Deep Tech (diversified approach).

### Current Offer (2025/26)

- Amount to be raised: £35m (NVT £14m; N2VCT £7m; N3VCT £14m).
- Over-allotment: £15m (NVT £6m; N2VCT £3m; N3VCT £6m).
- Minimum subscription: £6,000 total (min £2,000 per individual company if split).
- Offer window: Opens 24 Sep 2025; expected to close 31 Mar 2026 (first allotment 25 Nov 2025).
- Pricing/costs: advised 3.0% plus ongoing costs shown below.
- Maximum eligible for relief: £200,000 per tax year.

## Fees & Structure

- Running-costs cap: 3.5% of NAV (excess typically borne by manager).
- KID cost profile (NVT): ongoing costs c. 2.39%, transactions 0.30%, indicative performance fee impact 0.56% p.a. over a 10-year horizon.
- Performance fee: calculated on total return above a hurdle, with a high-water mark (see KID/prospectus for precise mechanics).
- **There is no early bird discount, but they are arranging an interim allotment of shares on 25 November, a day ahead of the budget.**

## Investment Strategy

Scale-up investing in smaller UK unquoted companies, typically £3–10m equity tickets, with follow-on support. Diversified across four focus sectors: Software & AI, Health & Life Sciences, Consumer, and Deep Tech. National sourcing via Mercia's footprint and platform support for value creation.

## Portfolio Overview

As of 30 Jun 2025: 63 companies, venture portfolio value £275m (of which £249m invested post-2015 VCT rules); total group NAV £416m. Sector value split shows the largest exposure to Software & AI (£137m), then Healthcare & Life Sciences (£59m), Consumer (£68m), and Deep Tech (£10m). Geographic spread across UK regions.

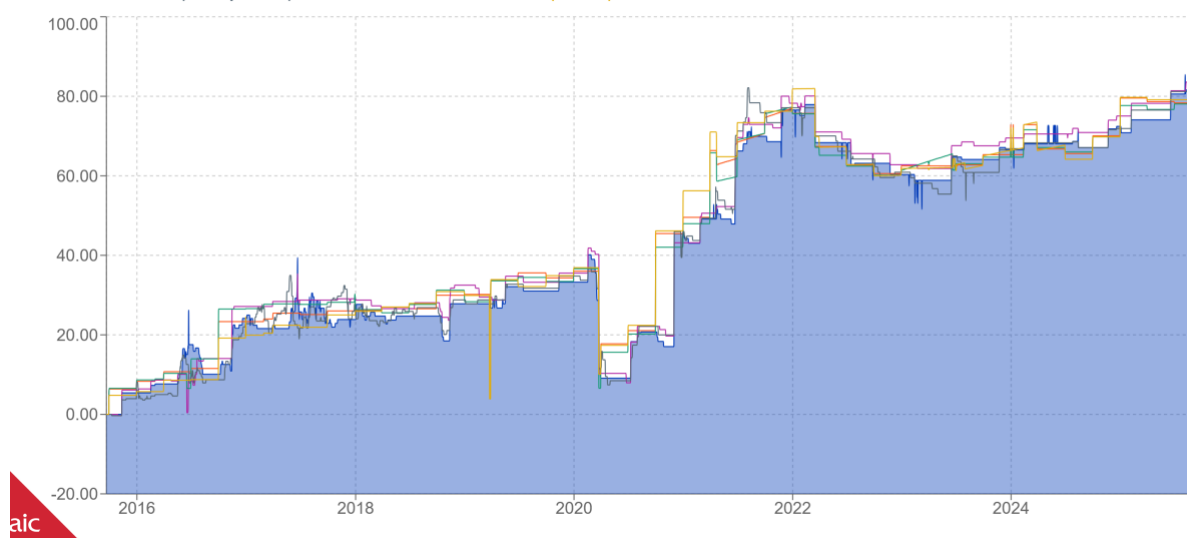
## Performance & Track Record (exits)

Five-year exit outcomes to 31 Mar each year:

- 2021: £49.7m proceeds on £12.4m cost (5 exits)
- 2022: £79.2m on £35.3m (7)
- 2023: £39.8m on £18.8m (6)
- 2024: £42.4m on £28.8m (4)
- 2025: £33.3m on £25.6m (7)

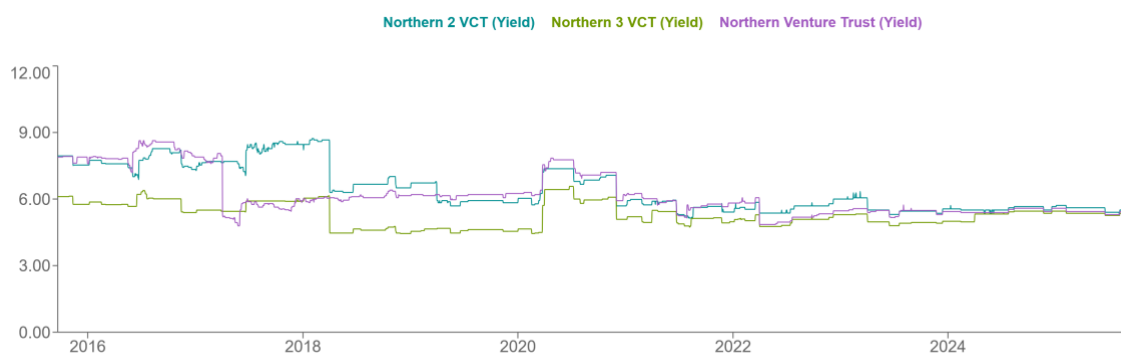
Examples: Gentronix – proceeds £14.8m on £3.3m cost → 4.5× lifetime return (Sep-2024). Grip UK (The Climbing Hangar) – proceeds £7.9m on £10.9m cost → 0.7× (Oct-2024). (Seven full exits since 1 Apr 2024.)

Northern 2 VCT (Share price TR) +81.56% × Northern 2 VCT (NAV TR) +78.32% × Northern 3 VCT (Share price TR) +83.56% × Northern 3 VCT (NAV TR) +78.07% ×  
Northern Venture Trust (Share price TR) +81.18% × Northern Venture Trust (NAV TR) +79.15% ×



## Dividends

Target yields: NVT 5%, N2VCT 5%, N3VCT 4.5% of opening NAV (reviewed periodically; not guaranteed). Buy-back policy: boards aim to maintain the ability to buy back shares at 5% discount to NAV (subject to cash/VCT rules). Dividend Reinvestment Schemes are available.



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

	NVT	N2VCT	N3VCT
2020	5.9%	5.5%	4.2%
2021	13.7%	11.3%	9.2%
2022	5.4%	8.0%	6.6%
2023	5.8%	5.3%	5.0%
2024	5.1%	4.9%	4.6%
YTD	-	-	-

## Key Strengths

- Longevity & scale with deep UK coverage and a well-resourced team.
- Consistent pipeline and demonstrated realisation record across market cycles.
- Disciplined dividend policy plus buy-backs to support secondary market liquidity.

## Risks & Failures

- Early-stage/private company risk (illiquidity, valuation uncertainty, reliance on key people).
- Macroeconomic/geopolitical headwinds can affect exit markets and funding.
- VCT status/tax rules can change; holding period requirements apply.

The prospectus and brochure indicate that early-stage portfolios may include impairments and failures; however, they don't specify write-downs by name/amount in these summary documents. The most concrete "loss-making" realisation disclosed here is Grip UK at 0.7× (i.e., below cost).

## VCT Size

- NVT: £121.3m (31 Mar); £136.3m (30 Jun). NAV/share 61.5p (both dates shown).
- N2VCT: £128.1m; £142.9m. NAV/share 58.3p → 58.2p.
- N3VCT: £130.1m; £137.0m. NAV/share 90.0p → 90.7p.

Recent deals:

- Heidi (Ski Zoom) – booking platform for mountain breaks – £4.3m (Jun-2024)
- CultureAI – cyber security training/monitoring – £4.1m (Jun-2024)
- Promethean Particles – nano/MOFs incl. CO<sub>2</sub> capture – £4.0m (Jul-2024)
- Semble Technology – healthcare practice mgmt software – £6.1m (Oct-2024)
- Scalpel – AI for surgical tray validation – £3.1m (Oct-2024)
- Napo – pet insurance (preventative-care focus) – £6.1m (Dec-2024).

Largest follow-on rounds since 1 Apr 2024:

Send Technology Solutions £3.1m; Administrate £3.0m; Naitive Technologies £3.0m; Axis Spine Technologies £2.5m; Warwick Acoustics £2.0m.

Deal activity FY25: 6 new deals £27.7m + follow-ons £15.9m = £43.6m invested (audited).

## Number of Underlying Companies

- Number of underlying companies: 63.

## Deal Size / Tickets

£3–10m equity investments per company with follow-on capacity; diversified by sector and stage.

## Cash

They deployed £45m last year, after raising £36m.

*“We currently have 1.5 years of deployment and operating cash, whereas we prefer to hold 2 years, to enable us to weather any downturns etc.*

*Seeing as we are raising and have a big exit\*, there is a possibility of a special dividend, especially as we are committed to coming back to the VCT market every year.*

*We will be deploying £50m-£75m in the current year, as we are looking to scale up the Northern VCTs to match demand.”*

*\*The Beauty Tech Group is listing in October on the FTSE primary market at a significant uplift (expectation 50%+)*

## Conclusion

The Northern VCTs offer long-established, scale exposure to UK growth companies, backed by a national platform and a dedicated venture team. The strategy focuses on scaling high-quality leadership teams across Software & AI, Health & Life Sciences, Consumer and Deep Tech, with meaningful follow-on support and a consistent dividend/buy-back discipline. A solid five-year realisation record, continued portfolio diversification (63 holdings), and the 2025/26 £35m (+£15m OA) raise position the trusts to fund both new opportunities and scale-ups. As with all VCTs, risks are high and some failures should be expected, but the Northern VCTs’ track record, scale, and clear income policy make them a credible core option within a balanced VCT allocation for investors who understand the illiquidity, volatility and tax-rule dependencies inherent in the asset class.

