

MATRIX VCTs UPDATE

MIG VCT Matrix Income & Growth VCT plc
 MIG 2 VCT Matrix Income & Growth 2 VCT plc
 MIG 4 VCT Matrix Income & Growth 4 VCT plc
 I&G VCT The Income & Growth VCT plc

JANUARY 2012

MANAGER'S COMMENTARY

Our investment market has continued to show encouraging signs of improvement. We have seen a marked increase in dealflow over the past six months. We are benefiting from lower prices as vendors become more realistic in their expectations and MBO teams are increasingly turning to us as an alternative source of finance to bank funding. This period has also seen a number of successful realisations.

TEN LARGEST QUALIFYING INVESTMENTS

Across the combined net asset base of approximately £140 million, the VCTs' ten largest investments account for £55 million (39% of the asset base) and are summarised in the table below.

Company	Business	Total (£m)	
		Cost	Valuation
ATG Media	Publisher and on-line auction platform operator	4.0	7.7
DiGiCo Europe	Audio mixing desks	1.3	6.1
Motorclean	Vehicle cleaning and valet services	6.0	6.0
EMaC	Provider of service plans to the motor trade	6.0	6.0
ASL	Printing and photo-copier services	6.3	5.9
Blaze Signs	Signs and sign maintenance	5.0	5.5
RDL Corporation	Recruitment specialist	5.0	4.7
British International	Helicopter services	4.1	4.5
EOTH (Equip)	Branded outdoor equipment and clothing	4.5	4.5
CB Imports	Artificial flowers and floral sundries	4.0	4.0
Total for ten largest investments		46.2	54.9
Other Investments		50.9	51.5
Portfolio Total		97.1	106.4

INVESTMENT AND PORTFOLIO NEWS

New investment

Dealflow improved steadily during 2011 and the Matrix VCTs invested an aggregate £10.5 million in the second half of the year, as shown in the table below.

Company	Business	Month	Amount (£m)
EOTH (Equip)	Outdoor clothing	October	4.5
EMaC	Motor service plans	November	6.0
Total			10.5

Realisations

This period saw three very successful realisations, totalling £32.4 million of cash proceeds, as shown in the table below.

The sale of Amaldis (2008) by I&G VCT contributed to total proceeds (including loan stock in the acquirer) that gave a 4.2 times return on the original £1 million investment. I&G VCT also sold App-DNA to Citrix Systems Inc, a US quoted company. Total proceeds received to date equate to a return of 29 times the original £0.5 million investment. This realisation has aided the recovery of the technology section of this VCT's portfolio created by a former manager. Finally, all four VCTs made a partial disposal of their investment in DiGiCo Europe, with cash proceeds to date being three times the £4.6 million originally invested. The VCTs also still retain an investment in this business valued at 1.3 times the original cost.

Company	VCT	Month	Proceeds (£m)	Realisation
Amaldis (2008)	I&G	July	3.6	Partial sale
App-DNA	I&G	November	14.9	Partial sale
DiGiCo Europe	All 4 VCTs	December	13.9	Full sale
Total			32.4	

Portfolio Companies

Overall, valuations of the remaining portfolio have remained broadly unchanged over the last six months. The difficult environment is affecting some companies that are more directly exposed to the consumer, but several companies, specifically ATG Media, DiGiCo Europe and Iglu.com Holidays have continued to trade strongly. Blaze Signs has improved its results, demonstrating a good recovery. These companies have increased sales and profits in spite of the challenges of the economic environment. Two new investments, Motorclean and EMaC, have both made a good start compared to their projections at the time of investment.

CONTACT MATRIX

For more information call Laura Marsh on 020 3206 7276, email us at mpepadmin@matrixgroup.co.uk or visit our website www.matrixvcts.co.uk

MATRIX

SIX MONTHLY UPDATE JANUARY 2012
 ASSET MANAGEMENT

MATRIX VCTs UPDATE

PERFORMANCE OF MATRIX VCTs BY FUNDRAISING

The table below shows the performance for all shareholders who have invested in the four Matrix VCTs, for each fundraising year. Overall, performance has been much better than overall economic conditions might suggest. In particular, I & G's total return has risen by 20% due to the sale of App-DNA, and shareholders are about to receive a dividend of 20p per share as a result.

VCT and fundraising	Fund-raising year	Average issue price	Net asset value per share	Bid share price	Cumulative dividends paid per share	Total return since fundraising		Annual % return on NAV basis after income tax relief	Dividends for last financial year
						(based on NAV)	(based on bid share price)		
		p	p	p	p	p	p	%	
Matrix Income & Growth VCT plc									
(net assets: £37.8 million)									5 pence
- Ordinary Shares	2004/05	100.0	87.9	78.5	26.8	114.7	105.3	+10.8	
- Formerly Matrix Income & Growth 3 VCT plc ¹ Conversion ratio: 1.0655	2005/06	100.0	93.6	78.5	15.4	109.0	93.9	+10.8	
- Ordinary Shares (Linked Offer)	2010/11	102.0	87.9	78.5	5.5	93.4	84.0	+43.0	
Matrix Income & Growth 2 VCT plc									
(net assets: £25.2 million)									4 pence
- Ordinary Shares (former O Ordinary Shares) ¹ Conversion ratio: 0.8270	2000/01	100.0	82.2	68.0	30.1	112.3	98.1	+3.6 ³	
- Ordinary Shares (former C Ordinary Shares)	2005/06	100.0	99.4	68.0	10.0	109.4	78.0	+11.2	
- Ordinary Shares (former C Ordinary Shares)	2008/09	92.4	99.4	68.0	6.5	105.9	74.5	+21.5	
Matrix Income & Growth 4 VCT plc									
(net assets: £28.3 million)									4 pence
- Ordinary Shares	1998/99	200.0	112.0	100.0	21.7	133.7	121.7	-1.5 ³	
- Ordinary Shares	2006/07	120.9	112.0	100.0	11.0	123.0	111.0	+8.9	
- Ordinary Shares (Top-up Offer)	2010	112.4	112.0	100.0	6.0	118.0	106.0	+30.2	
- Ordinary Shares (Linked Offer)	2010/11	121.6	112.0	100.0	3.0	115.0	103.0	+36.7	
The Income & Growth VCT plc									
(net assets: £49.2 million)									4 pence
- Ordinary Shares (former O Ordinary Shares) ¹ Conversion ratio: 0.7578	2000/01	100.0	76.4	86.0	40.6	117.0	126.6	+3.9 ³	
- Ordinary Shares (former S Ordinary Shares)	2007/08	100.0	100.8	86.0	24.5	125.3	110.5	+16.9	
- Ordinary Shares (Linked Offer)	2010/11	104.8	100.8	86.0	24.0	124.8	110.0	+85.4	

All net asset values and largest qualifying investment data is based upon the latest announced figures for each VCT, as at 19 January 2012. Where dividends have been paid or declared since the latest announcement of net assets, the data has been adjusted.

¹ In the case of these three fundraisings, the shares originally issued have since been exchanged for shares in the current share class of the VCT concerned at the time of a merger. However, the performance data shown is stated so as to be comparable with the original issue price of that investment using the conversion ratios stated.

² The effective net issue price is the issue price less initial income tax relief. The tax relief was 20% up to 5 April 2004, 40% from 6 April 2004 to 5 April 2006 and 30% from then on.

³ Investors in these three fundraisings will have enhanced these returns if they also deferred capital gains tax liabilities.

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