Date:                           9th February 2016

On behalf of:               B.P. Marsh & Partners Plc

Embargoed until:  0700hrs

**B.P. Marsh & Partners Plc**

**(“B.P. Marsh”, the “Company” or the “Group”)**

**Trading Update**

**Trading Update**

B.P. Marsh, the niche venture capital provider to early stage financial services businesses, is pleased to provide the market with an update on trading for the Group’s financial year ended 31st January 2016.

Highlights

* Additional investment in Nexus Underwriting
* Besso completed refinancing deal with Clydesdale Bank
* Dividend of 3.42p for the year
* Continued strategy of share buy-backs
* Strong investment pipeline
* £3.6m net cash available for new investment opportunities
* £7.3m cash expected in July 2016 from realisation of remaining Hyperion holding

**Investment Activity**

**Follow-on Investments**

**Nexus Underwriting Management Limited (“Nexus”)**

In December 2015 the Group subscribed for a further investment in Nexus, an independent specialty Managing General Agency ("MGA").

Nexus is one of the largest independent specialty MGAs in the London Market with a forecast Premium Income in excess of £110m for 2016. It operates across the major insurance sectors, including Financial Lines, Trade Credit & Political Risk, Accident & Health, Surety and Life and various other niche areas of insurance.

B.P. Marsh subscribed for 111,850 new Preferred Ordinary shares for a total consideration of £1,470,000, with this further investment taking B.P. Marsh's shareholding in Nexus to 13.7%, for an aggregate consideration of £4,570,000.

This allowed Nexus to continue on its growth trajectory with the acquisition of Millstream Underwriting in December, as detailed below. The Group’s strategy is to increase its shareholding in Nexus over time to support its growth ambitions.

**Portfolio news**

**UK Investments**

**Besso Insurance Group Limited (“Besso”)**

On 17th December 2015 Besso completed a refinancing deal with Clydesdale Bank, to support its continued growth. Since 2011, when Besso reported revenue of £22m, it has grown to a 2016 forecast of £37m revenue and over £6m of underlying EBITDA.

The additional funding will assist Besso in continuing its growth trajectory and building on its recent expansion into new regions. In addition, a proportion of the funding was used to repay longstanding Loan Notes provided in 2011 by Besso Management and Besso shareholders (including the Company) to buy out certain shareholders at the time, in particular Wells Fargo.

**Hyperion Insurance Group Limited (“Hyperion”)**

In July 2016 the Group is expecting to realise its remaining 1.6% stake in Hyperion, for £7.3m cash.

**LEBC Holdings Limited (“LEBC”)**

LEBC, the Independent Financial Advisory company, with 15 branches across the United Kingdom, continues to perform well.

Its trading subsidiary LEBC Group Limited has finalised its 30th September 2015 year-end results declaring an operating profit of £1.8m for the year, an increase of 66% over the year-ended 30th September 2014. Turnover has also increased by 22% over the previous year to £15m from £12.3m.

This growth was driven by a significant increase in activity resulting from auto-enrolment, defined benefit consultancy and pension freedoms. LEBC expects this momentum to be maintained during 2016.

**Nexus Underwriting Management Limited (“Nexus”)**

In December 2015 Nexus completed the acquisition of Millstream Underwriting Limited ("Millstream"), utilising funds provided by the Company. Millstream is a London Market based MGA that specialises in underwriting and managing of travel, personal accident and sickness insurance programs, primarily in the corporate sector.

Millstream is Hiscox Insurance’s preferred travel insurance provider, providing sales, administrative and claims support to their Annual Travel Insurance policy. Millstream has also been the preferred supplier of travel insurance for Wesleyan Assurance since 2001.

**Overseas Investments**

**Spain**

**Summa Insurance Brokerage, S.L. ("Summa")**

For the year ended 31st December 2015, Summa is forecasting revenues of €5.27m and EBITDA of €1.0m. During 2015 Summa successfully refinanced a number of its banking arrangements with Spanish Banking Institutions, which resulted in Summa reducing its liabilities to the Group by €0.5m.

From an economic point of view, forecasts for the Spanish economy show that growth in 2015 is likely to be above 3%, making it presently one of the fastest growing economies in the Euro Zone. In regard to the Spanish Insurance sector, forecasts for 2015 show that the Non-Life insurance sector will grow by around 2.5%, with this growth mainly coming from Health and SME insurance.

The Board believes that Summa is well positioned in this stabilising market and looks forward to working with Summa's management team to develop the business. Additionally, the Group continues to work with Summa to develop their interaction with the Lloyd’s Market and has made various introductions in this regard.

**Republic of South Africa**

**Bastion Reinsurance Brokerage PTY Limited (“Bastion”)**

**Bulwark Underwriting PTY Limited (“Bulwark”)**

Alongside our partners the Group is developing a robust underwriting agency platform (Bulwark) which is growing in niche areas of the insurance market following the hiring of well-regarded specialist underwriters.

The Group’s broking investment (Bastion) is also developing well and is assisting in the placement of underwriting agreements on behalf of underwriting agencies. The Board sees these operations as natural adjuncts that should drive solid investment returns.

2016 is expected to be a positive year for Bastion and Bulwark from both an increasing revenue and profitability standpoint.

Noting the ratings environment within South Africa, the Group would make the following observations:

* South Africa faces a tough 2016, with economic growth forecast to be 1.5% improving to 2.1% in 2017.
* Due to the investment model employed the Company’s foreign exchange exposure is limited and the quantum (at this stage) is relatively small.
* South Africa is the main destination for Foreign Direct Investment in sub-Saharan Africa (hence a need for insurance and support for the insurance industry).
* The Government of South Africa intends to spend R1 trillion on infrastructure over the next 5 years.

Therefore, in light of the above the Group believes that there is a persuasive investment case for participation in South Africa, on a macroeconomic basis, alongside the Group’s investment ethos of backing capable managers with sensible plans.

**Dividend**

The Board has recommended a dividend of 3.42 pence per share (£1m) for the financial year ended 31st January 2016. This represents an aggregate increase of £200,000 from the dividend of 2.75p per share (£0.8m) paid in respect of the financial year ended 31st January 2015.

The dividend is in recognition of the steady growth of the Group's investment portfolio, whilst also demonstrating to its diverse shareholder base that the Group is an attractive capital and income investment.

**Strategy**

As part of the Group’s efforts to reduce the discount to Net Asset Value, which the current Share Price represents, the Group undertook a number of low volume daily share buybacks, taking advantage of windows of opportunity when the Group’s Share Price represented a significant discount to Net Asset Value.

During the year ended 31st January 2016, the Group acquired 38,612 shares for a total cash consideration of £56,580. The Group has 97,652 shares held in Treasury.

The Board believes that these buy-backs, whilst low-volume, are a useful stabilising mechanism, and have proved to be so particularly during the recent period of market volatility.

**Internal Appointments**

The Board was pleased to promote Alice Foulk to Managing Director and Dan Topping to Chief Investment Officer in January 2016. These changes seek to formalise developments in their roles within the Company.

Alice joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In 2014 she took over as Executive Assistant to the Chairman, running the Chairman’s Office and established herself as a central part of the management team. In February 2015 she was appointed as a Director of B.P. Marsh and a member of the Investment Committee. In January 2016 Alice was appointed Managing Director of B.P. Marsh.

Dan joined B.P. Marsh in February 2007, having started his career at a specialist London accountancy practice. In 2011 he was appointed a Director of B.P. Marsh and in January 2016, he was appointed Chief Investment Officer. Dan is the Senior Executive with overall responsibility for the portfolio and investment strategy for B.P. Marsh, working alongside the Board and the Investment Directors to structure, develop, support and monitor the portfolio.

**New Business Opportunities and Outlook**

The financial year closed following a healthy inflow of new opportunities in January, resulting in a total of 71 new opportunities reviewed during the year, in comparison with 59 in the previous year. The Group continues to work on a number of these that fit with the Group’s model and provide interesting opportunities for investment.

The Group expects 2016 to be a further year of M&A activity in the insurance market, as organic growth remains difficult to achieve in a soft market. Technology continues to be an important consideration for the industry, with new innovations attempting to disrupt the status quo.

**Cash Balance**

The net cash available for investment after provision for commitments to the existing portfolio currently stands at £3.6m. In addition, as noted above, in July 2016 the Group expects to realise its remaining stake in Hyperion for £7.3m cash.

**Full year Results**

The Group expects to report the results for the year to 31st January 2016 on 7th June 2016.

**Investment List**

**Bastion Reinsurance Brokerage (PTY) Limited**

*(www.bastionre.co.za)*

In December 2014 the Group invested in Bastion Reinsurance Brokerage (PTY) Limited (“Bastion”), a start-up Reinsurance Broker based in South Africa. Established in May 2013 by its CEO and Chairman, Bastion specialises in the provision of reinsurance solutions over a number of complex issues, engaged by various insurance companies and managing general agents.

*Date of investment: December 2014*

*Equity stake: 35%*

**Besso Insurance Group Limited**

*(www.besso.co.uk)*

In February 1995 the Group assisted a specialist team departing from insurance broker Jardine Lloyd Thompson Group in establishing Besso Holdings Limited. The company specialises in insurance broking for the North American wholesale market and changed its name to Besso Insurance Group Limited in June 2011.

*Date of investment: February 1995*

*Equity stake: 37.94%*

**The Broucour Group Limited**

*(*[*www.turnerbutler.co.uk*](http://www.turnerbutler.co.uk)*)*

In March 2008 the Group assisted in establishing a business sales platform that provides valuation and negotiation services for the sale of SME businesses in the sub £3m sector. In July 2012 Broucour was formed as a new holding company, and the Group financed the acquisition of Turner Butler.

*Date of investment: March 2008*

*Equity stake: 49.0%*

**Bulwark Investment Holdings (PTY) Limited**

In April 2015 the Group, alongside its existing South African Partners, established a new venture, Bulwark Investment Holdings (PTY) Limited (“Bulwark”), a South African based holding company which establishes Managing General Agents in South Africa. To date Bulwark has established two new Managing General Agents: Preferred Liability Underwriting Managers (PTY) Limited and Mid-Market Risk Acceptances (PTY) Limited.

*Date of investment: April 2015*

*Equity stake: 35%*

**Hyperion Insurance Group Limited**

*(www.hyperiongrp.com)*

The Group first invested in Hyperion in 1994. Hyperion owns, amongst other things, an insurance broker specialising in directors’ and officers’ (“D&O”) and professional indemnity (“PI”) insurance. In 1998 Hyperion set up DUAL International, an insurance managing general agency specialising in developing D&O and PI business in Europe. In July 2012 Hyperion acquired Windsor and in July 2013 the Group sold 80% of its holding to General Atlantic in July 2013, with the remaining holding being valued at the agreed option price. In April 2015 Hyperion completed a merger with R K Harrison Holdings Limited. Following this merger Hyperion has become the world’s largest employee-owned insurance and reinsurance intermediary group and the Group’s shareholding is now, post year-end, 1.61%.

*Date of investment: November 1994*

*Equity: 1.61%*

**LEBC Holdings Limited**

*(*[*www.lebc-group.com*](http://www.lebc-group.com)*)*

In April 2007 the Group invested in LEBC, an Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas.

*Date of investment: April 2007*

*Equity stake: 34.66%*

**MB Prestige Holdings PTY Limited**

*(www.mbinsurance.com.au)*

In December 2013 the Group invested in MB Prestige Holdings PTY Ltd, the parent Company of MB Insurance Group PTY a Managing General Agent, headquartered in Sydney, Australia. MB Group is recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia.

*Date of investment: December 2013*

*Equity stake: 40.0%*

**Nexus Underwriting Management Limited**

*(www.nexusunderwriting.com)*

In August 2014 the Group invested in Nexus Underwriting Management Limited (“Nexus”), an independent specialty Managing General Agency, founded in 2008. Through its two operating subsidiaries, Nexus Underwriting Limited and Nexus CIFS Limited, Nexus specialises in Directors & Officers, Professional Indemnity, Financial Institutions, Accident & Health and Trade Credit Insurance.

*Date of investment: August 2014*

*Equity stake: 12.84%*

**Property & Liability Underwriting Managers (PTY) Limited**

In June 2015 the Group completed an investment in Property And Liability Underwriting Managers (PTY) Limited (“PLUM”), a Managing General Agent based in Johannesburg, South Africa. PLUM specialises in large corporate property insurance risks in South Africa and is supported by both domestic South African insurance capacity and A-rated international reinsurance capacity.

*Date of investment: June 2015*

*Equity stake: 20.0%*

**Randall & Quilter Investment Holdings Limited**

*(www.rqih.com)*

Randall & Quilter Investment Holdings is an AIM listed run-off management service provider and acquirer of solvent insurance companies in run-off. The Group invested in Randall & Quilter in January 2010, the result of a share exchange with the Group's shareholding in JMD Specialist Insurance Services Group Limited, which Randall & Quilter wholly acquired.

*Date of investment: January 2010*

*Equity stake: 1.32%*

**Sterling Insurance PTY Limited**

***(***[*www.sterlinginsurance.com.au*](http://www.sterlinginsurance.com.au/)***)***

In June 2013, in a joint venture enterprise alongside Besso, the Group invested in Sterling Insurance PTYLimited, an Australian specialist underwriting agency offering a range of insurance solutions within the Liability sector, specialising in niche markets including mining, construction and demolition.

*Date of investment: June 2013*

*Equity stake: 19.70%*

**Summa Insurance Brokerage, S. L.**

*(www.grupo-summa.com)*

In January 2005 the Group provided finance to a Madrid-based Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain. Through acquisition Summa is able to achieve synergistic savings, economies of scale and greater collective bargaining thereby increasing overall value.

*Date of investment: January 2005*

*Equity stake: 77.25%*

**Trireme Insurance Group Limited**

*(*[*www.oxfordinsurancebrokers.co.uk*](http://www.oxfordinsurancebrokers.co.uk)*)*

*(www.jhinternational.co.uk)*

In July 2010 the Group completed an investment in Trireme Insurance Group Limited (formerly known as US Risk (UK) Ltd), the parent company of Oxford Insurance Brokers Ltd and James Hampden International Insurance Brokers Ltd, London-based Lloyd’s specialist international reinsurance and insurance intermediaries. Trireme Insurance Group Limited is also the parent company of Abraxas Insurance AG, a Swiss-based underwriting agency specialising in Directors & Officers Liability Insurance, Professional Liability Insurance, Insurance for Financial Institutions, Medical malpractice Insurance, Property Insurance and Event Insurance.

*Date of investment: July 2010*

*Equity stake: 30.56%*

**Walsingham Motor Insurance Limited**

*(www.walsinghamunderwriting.com)*

In December 2013 the Group invested in Walsingham Motor Insurance Limited (“WMIL”), a niche UK Motor Managing General Agency. WMIL was established in August 2012 and commenced trading in July 2013 having secured primary capacity from Calpe. In February 2015 the Group acquired a further 10.5% equity, taking the current shareholding to 40.5%, and subsequently WMIL launched a £15m fleet facility with capacity from New India.

*Date of investment: December 2013*

*Equity stake: 40.5%*

*31st July 2015 valuation: £600,000*

**For further information:**

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**Notes to Editors:**

**About B.P. Marsh & Partners Plc**

B.P. Marsh's current portfolio contains fourteen companies. More detailed descriptions of the portfolio can be found at [www.bpmarsh.co.uk](http://www.bpmarsh.co.uk/).

Since formation over 20 years ago, the Company has assembled a management team with considerable experience both in the financial services sector and in managing private equity investments. Many of the directors have worked with each other in previous roles, and all have worked with each other for at least five years.

Prior to Brian Marsh's involvement in the Company, he spent many years in insurance broking and underwriting in Lloyd's as well as the London and overseas market. He has over 30 years' experience in building, buying and selling financial services businesses, particularly in the insurance sector.

Alice Foulk joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In 2014 she took over as Executive Assistant to the Chairman, running the Chairman’s Office. In January 2016 Alice was appointed Managing Director of B.P. Marsh.

Daniel Topping is a Member of the Chartered Institute of Securities and Investment (MCSI) and an Associate of the Institute of Chartered Secretaries and Administrators (ACIS), having graduated from the University of Durham in 2005. Dan joined B.P. Marsh in February 2007 having started his career at an accountancy firm. In 2011 he was appointed as a director of B.P. Marsh and currently has a number of non-executive appointments over seven investee companies and evaluates new investment opportunities. In January 2016 Dan was appointed Chief Investment Officer of B.P. Marsh.

Jonathan Newman is a Chartered Management Accountant and is the Group Director of Finance and has over 17 years' experience in the financial services industry. Jonathan advises investee companies and has a number of non-executive appointments over four investee companies and evaluates new investment opportunities.

Camilla Kenyon was appointed as Head of Investor Relations at B.P. Marsh in February 2009, having four years' prior experience with the Company. Camilla has a number of nominee directorships over one investee company, is Chair of the New Business Committee and is a Member of the Investor Relations Society.