



B . P . M A R S H
E P A R T N E R S P L C

Interim Results
For the six month period ending
31 July 2020

Dan Topping, Chief Investment Officer
Jonathan Newman, Group Finance Director

13 October 2020

Overview



Specialist

PE/VC investor in Financial Services intermediaries

25+

Years strong

Invested in 53 companies since 1990



18 current investments

Geographically diverse
within our specialist sector



Up to £5m initial investment

For minority equity positions (20-40%)



Long-term view

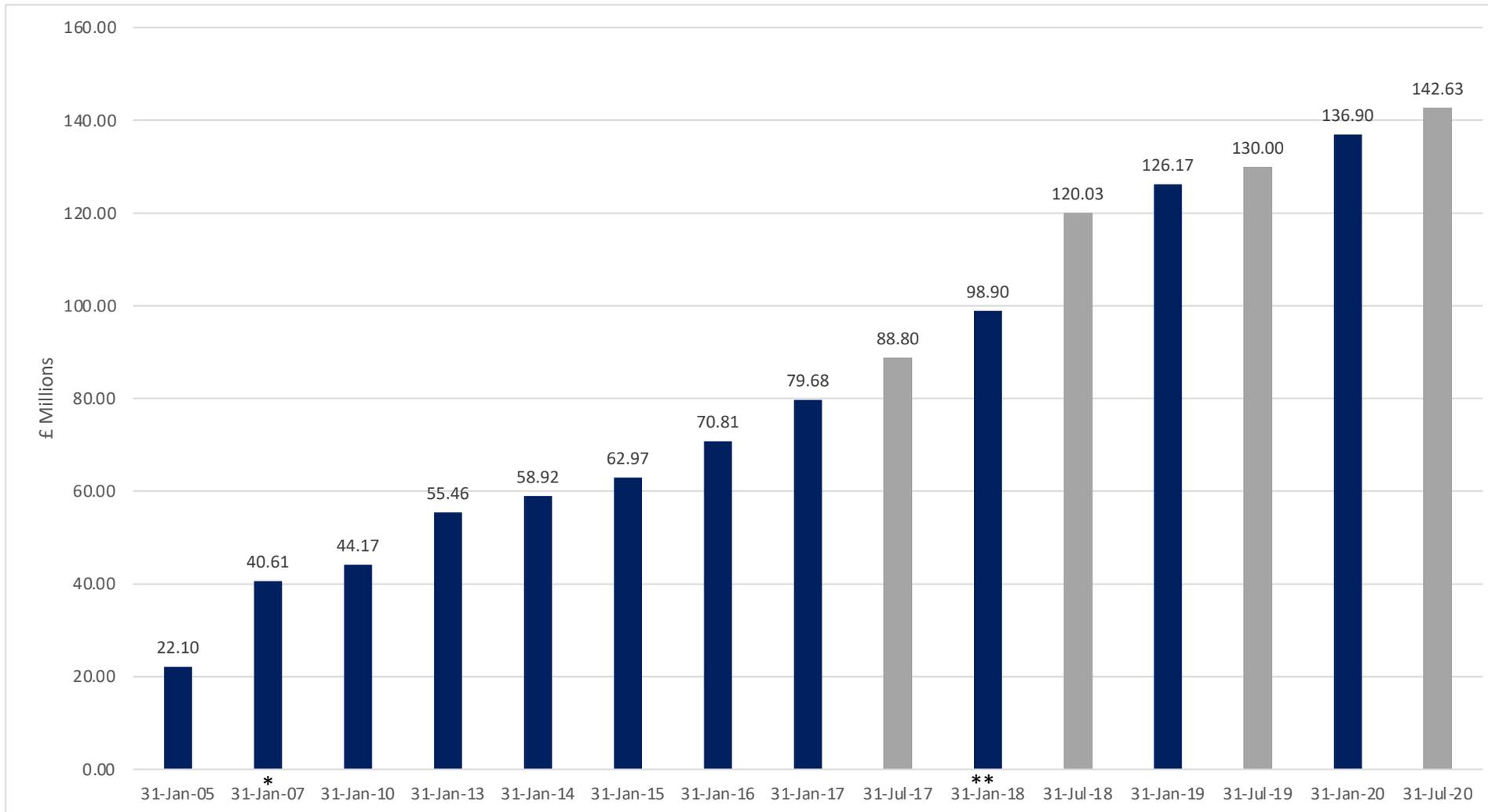
Partnership approach to investment and mutually
agreed exit route, maximising value
Average holding period of 6.5 years



Industry knowledge

Significant, specialist experience and deep sector
knowledge acquired across several decades

Performance: Net Asset Value (NAV)



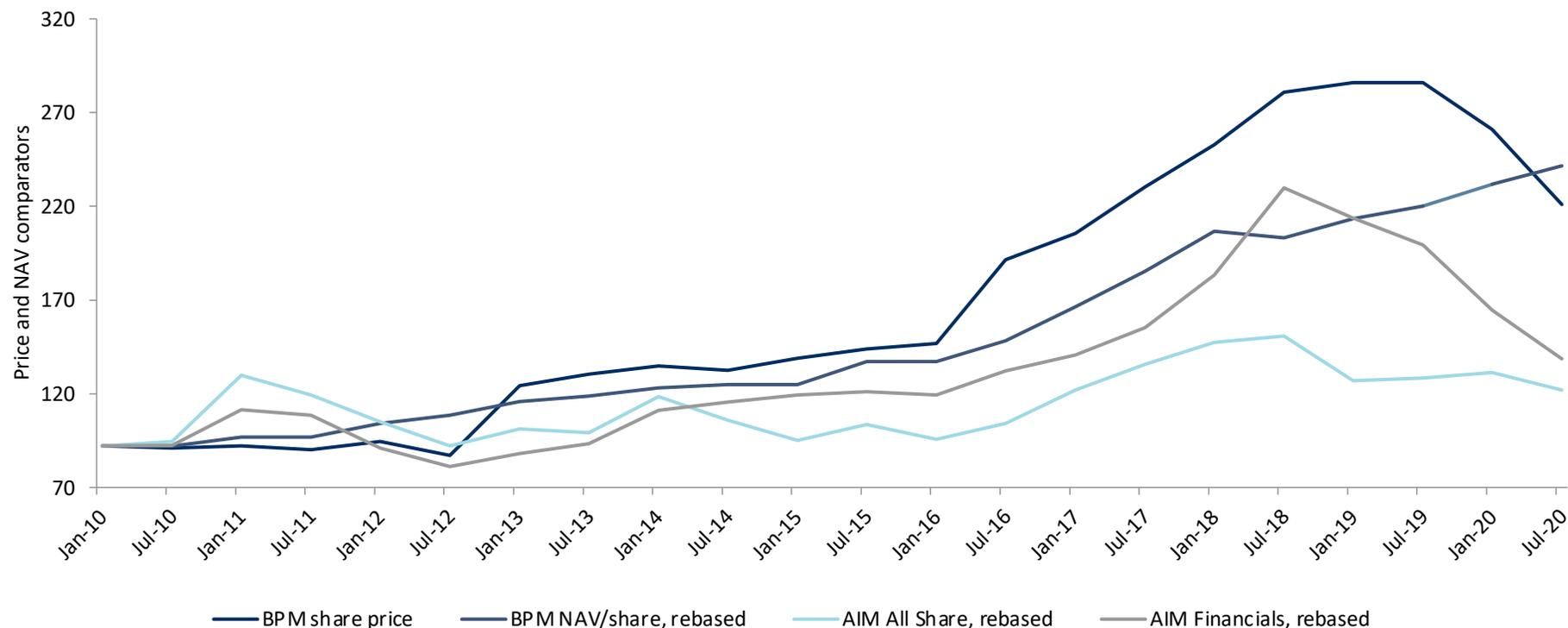
■ Full Year
 ■ Half Year

*NB: The valuation at 31 January 2007 includes **£10.1m** net proceeds raised on AIM

NB: The valuation at 31 July 2018 includes **£16.6m net proceeds raised a Share Placing and Open Offer

2020 Summary – Period Ending 31 July 2020

- As at 31 July 2020 – 18 investments in portfolio with a NAV of **£142.6m** (31 January 2020 **£136.9m**)
- Total Shareholder return of **4.8%** for the period to 31 July 2020, including the dividend paid in July 2020
- Dividend of **2.22p** per share declared for the year ended 31 January 2020, paid in July 2020
- Increase in Equity Portfolio Value of **5.1%** in period to 31 July 2020 to **£122.1m**
- Loan Book value of **£17.1m**
- **£1.2m** cash and **£3m** loan facility available as at 31 July 2020



% Change 31 January 2010 to 31 July 2020

| | |
|---------------------------|----------|
| B.P. Marsh & Partners PLC | +142.67% |
| FTSE AIM All Share | +32.26% |
| FTSE AIM Financials | +50.55% |

Outlook & Covid-19 Impact

- Since the outbreak of Covid-19, the Group has continued to work with and support each investee company
- The Group has worked with respective management teams to put in place appropriate arrangements to ensure that all investee companies have robust response plans
- The Group continues to monitor the effects of Covid-19 on the insurance industry as a whole, as well as changes to the domestic and global economic outlook
- The Group believes the portfolio and the management teams within it are well set to continue to deliver excellent long-term growth to their shareholders
- There is continued demand from the wider private equity market for financial services and intermediated investments which provide exit opportunities for the Group in respect of our portfolio companies
- The Group continues to see a strong pipeline of new investments and is well positioned to find investment opportunities where there is prospect for substantial growth

International Portfolio

Summa Insurance Brokerage S.L.

Stewart Specialty Risk Underwriting Ltd

Mark Edward Partners LLC

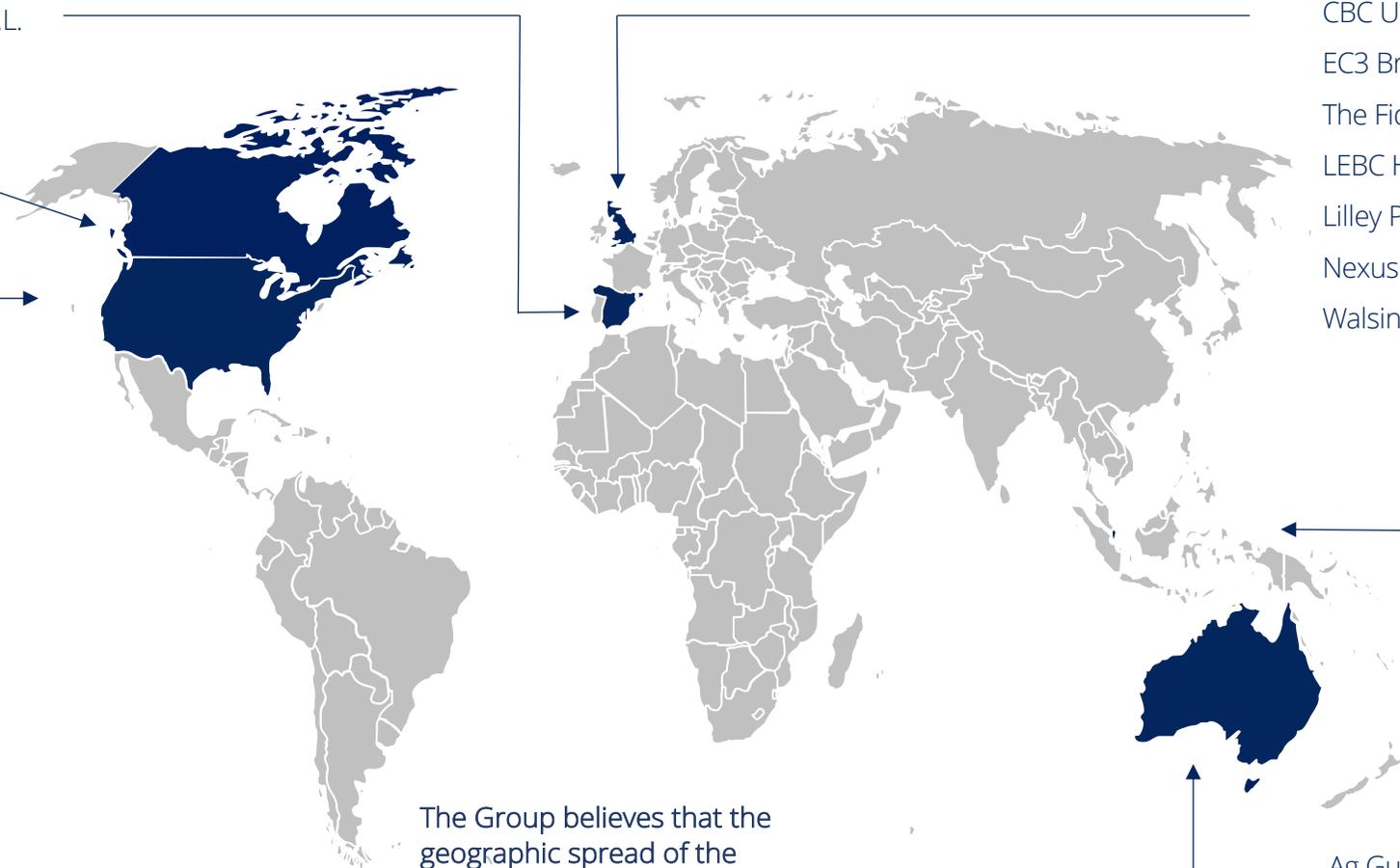
XPT Group LLC

SAGE Program Underwriters Inc

B.P. Marsh's international strategy is focused on areas where we see:

- Sufficient opportunity for business development in partnership with a London-based investor
- A suitably developed regulatory and compliance environment

Approximately 53% of our investee companies' revenue originates overseas



The Group believes that the geographic spread of the portfolio provides sufficient diversification to minimise any impact of specific country risk

CBC UK Ltd

EC3 Brokers Ltd

The Fiducia MGA Company Ltd

LEBC Holdings Ltd

Lilley Plummer Risks Ltd

Nexus Underwriting Management Ltd

Walsingham Motor Insurance Ltd

Asia Reinsurance Brokers Pte Ltd

Criterion Underwriting Pte Ltd

Ag Guard (PTY) Limited

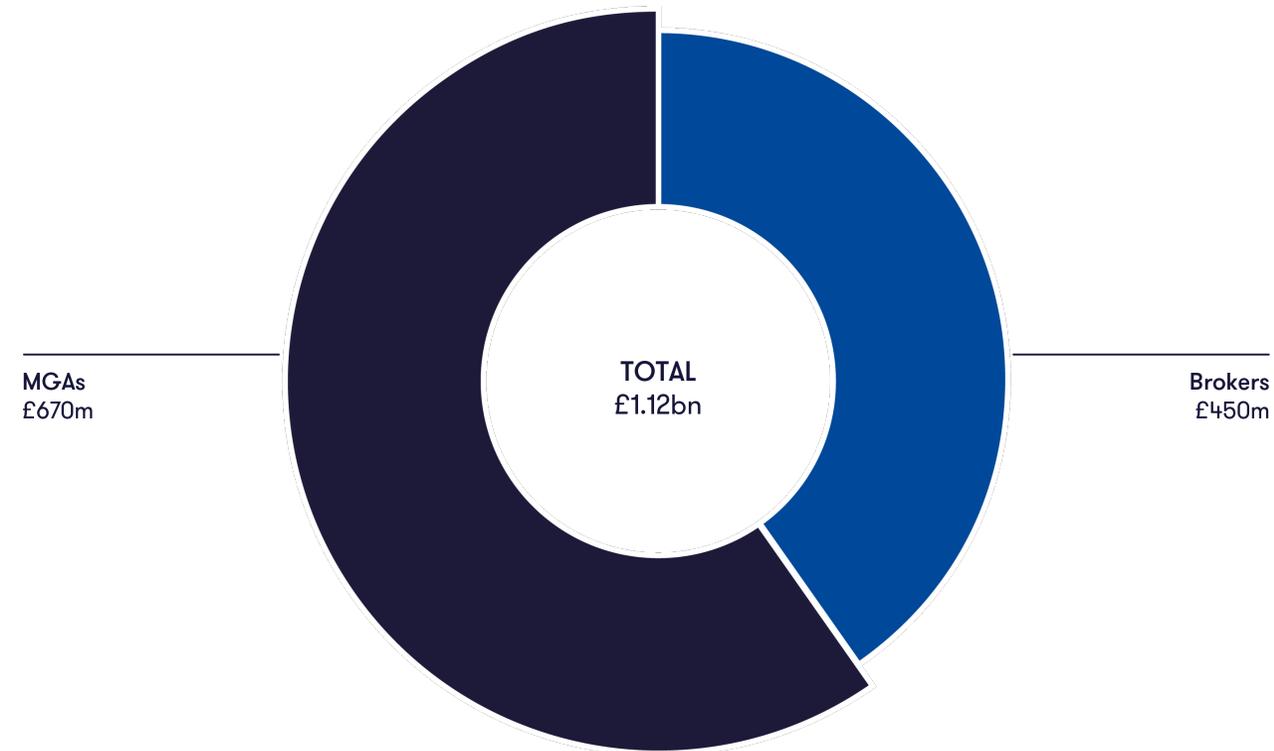
ATC Insurance Solutions (PTY) Ltd

MB Prestige Holdings (PTY) Ltd

Sterling Insurance (PTY) Ltd

Insurance Intermediary Overview

- The Group's insurance intermediary portfolio companies are budgeting to produce, in aggregate **£1.12bn** (approaching **US\$1.5bn**) of **Gross Written Premium ("GWP")** in 2020, of which:
 - The Group's **Broking** investments are budgeting to place over **£450m** of GWP, producing over **£37m** of commission income in 2020, accessing specialty markets around the world
 - The Group's **Managing General Agencies ("MGAs")** are budgeting to place over **£670m** of GWP, producing over **£84m** of commission income in 2020, across over **30 product areas**, on behalf of over **50 insurers**



Overview – Broking Investments

- Since inception, much of the Group’s growth has been underpinned by a successful track record of investing in Brokers, both in the Lloyd’s and London market, as well as internationally
- The Group’s 6 Broking investments are, in aggregate, budgeting to place over **£450m** of GWP in 2020
- This will produce over **£37m** of commission income in 2020, accessing specialty markets around the world
- The majority of the Group’s current broking investments are relatively recent, having occurred over the past 5 years; the Group are now seeing strong returns from some of these investments and expect them to develop further as part of our long-term investment strategy

| Investments: | | | Valuation | Cost of | % of |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------|------------------------|
| Broking Investments | Jurisdiction | % Equity | 31 July 2020 | Investment | Net Asset Value |
| | | 31 July 2020 | £’000s | £’000s | 31 July 2020 |
| CBC UK Limited | UK | 43.7% | 7,289 | 264 | 5.1% |
| Summa Insurance Brokerage, S. L. | Spain | 77.3% | 6,932 | 6,096 | 4.9% |
| EC3 Brokers Limited | UK | 20.0% | 4,569 | 5,000 | 3.2% |
| Lilley Plummer Risks Limited | UK | 30.0% | 1,726 | 1,000 | 1.2% |
| Asia Reinsurance Brokers Pte Limited | Singapore | 25.0% | 706 | 1,551 | 0.5% |
| Mark Edward Partners LLC | USA | 30.0% | 0 | 4,573 | 0.0% |

Overview - Managing General Agencies (“MGAs”)

- The Group’s 11 MGAs are budgeting to produce GWP of £670m in 2020, in aggregate
- This will produce over £84m of commission income in 2020
- The Group’s MGAs operates in excess of 30 product areas, on behalf of more than 50 insurers
- These MGAs focus on profitable underwriting, and in a market where access to insurer capital is restricted, all the Group’s investments maintain the continued support of their insurer partners for 2020 into 2021

| Investments: | | | | | |
|---|---------------------|----------------------------------|--|--------------------------------------|--|
| MGA Investments | Jurisdiction | % Equity 31 July 2020 | Valuation 31 July 2020 £'000s | Cost of Investment £'000s | % of Net Asset Value 31 July 2020 |
| Nexus Underwriting Management Limited | UK | 18.0% | 40,313 | 11,126 | 28.3% |
| XPT Group LLC | USA | 29.9% | 12,713 | 7,330 | 8.9% |
| ATC Insurance Solutions PTY Limited | Australia | 20.0% | 7,423 | 2,865 | 5.2% |
| Stewart Specialty Risk Underwriting Limited | Canada | 30.0% | 3,539 | - | 2.5% |
| MB Prestige Holdings PTY Limited | Australia | 40.0% | 3,030 | 480 | 2.1% |
| Sterling Insurance PTY Limited | Australia | 19.7% | 2,684 | 1,945 | 1.9% |
| Walsingham Motor Insurance Limited | UK | 42.8% | 2,294 | 600 | 1.6% |
| The Fiducia MGA Company Limited | UK | 35.2% | 2,222 | 228 | 1.6% |
| Ag Guard PTY Limited | Australia | 36.0% | 1,421 | 1,428 | 1.0% |
| SAGE Program Underwriters, Inc. | USA | 30.0% | 190 | 203 | 0.1% |
| Criterion Underwriting Pte Limited | Singapore | 29.4% | 0 | 50 | 0.0% |

Specific Activity in the Period - New Investment

- In June 2020, the Group invested **\$250,000** into Sage Program Underwriters, Inc for a **30%** shareholding
- SAGE provides **Workers Compensation** insurance to niche industries, including **inland delivery** and **field sport** sectors
- Led by CEO, Chuck Holdren, who has significant experience in this sector
- SAGE has a team with over **50 years of experience** and headquartered in Bend, Oregon
- Considered an excellent opportunity to invest in a business with strong growth potential

Since investment, SAGE has performed in line with the Group's expectations, and has strong growth potential going forward.



SAGE has made a number of new hires to bolster its product offering, with the aim of becoming a 'one-stop-shop' for the inland delivery and field sport sectors



Dan Topping, Chief Investment Officer commented:

“

We are pleased to be investing in SAGE, and we look forward to developing a successful partnership with Chuck and his team. He has a fine reputation for providing solutions to particular sectors which were previously underserved in the Workers Compensation insurance market.

The specialist nature of SAGE within the insurance sector corresponds with our investment approach in seeking partnerships with skilled management teams.

”

Specific Activity After the Period– Further Investment

- In December 2017, the Group invested in EC3 Brokers Limited (“EC3”), an independent specialist Lloyd’s broker and reinsurance broker, taking a 20% shareholding
- EC3 was founded by its Chief Executive Officer Danny Driscoll, who led a management buyout to acquire EC3’s then book of business from AJ Gallagher in 2014
- EC3 provides services to a wide array of clients across a number of sectors, including construction, casualty, entertainment and cyber & technology

After the Period-end, the Group provided a further **£1.5m** in funding to EC3, increasing its preferred shareholding from 20% to 35%

This funding, alongside the refinancing of EC3’s Bank Debt, allows the business to continue pursuing its strategy notwithstanding the impact that Covid-19



The provision of this follow-on funding, demonstrates the Groups investment mantra, being to support its investee companies over the long term

The Group strongly believes that EC3 is well positioned to grow in the future, with EC3 now beginning to see the benefit of new a number of new ventures undertaken over the past 12 months

“ *Whilst Covid-19 has had a significant impact on one of EC3’s business areas, being event cancellation insurance, the Group has confidence in EC3 and its Management Team going forward.*

Therefore, given where we see EC3 developing in the future, acquiring a further 15% for a cash consideration of £1.5m was fair value for all parties involved.

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Investment Case Study

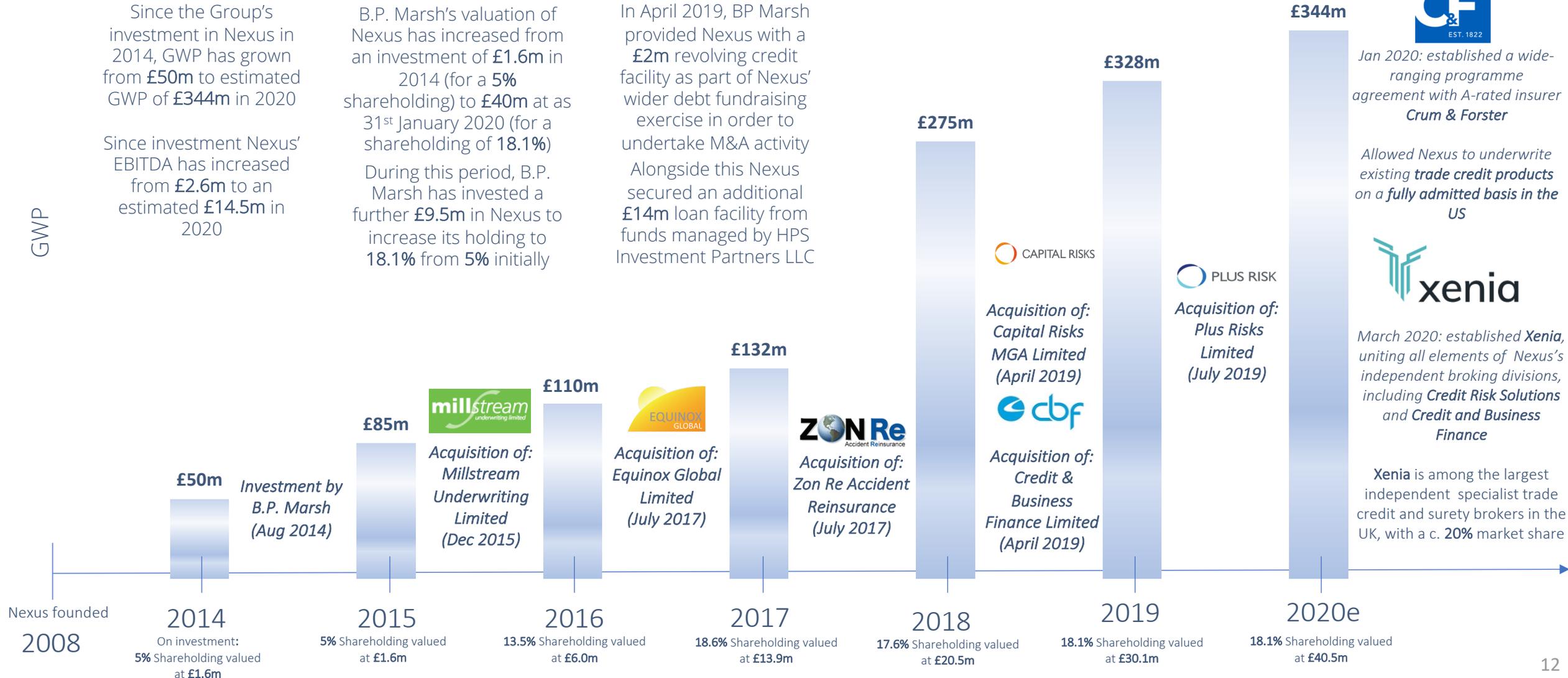
Since the Group's investment in Nexus in 2014, GWP has grown from **£50m** to estimated GWP of **£344m** in 2020

Since investment Nexus' EBITDA has increased from **£2.6m** to an estimated **£14.5m** in 2020

B.P. Marsh's valuation of Nexus has increased from an investment of **£1.6m** in 2014 (for a 5% shareholding) to **£40m** at as 31st January 2020 (for a shareholding of 18.1%)
During this period, B.P. Marsh has invested a further **£9.5m** in Nexus to increase its holding to 18.1% from 5% initially

In April 2019, BP Marsh provided Nexus with a **£2m** revolving credit facility as part of Nexus' wider debt fundraising exercise in order to undertake M&A activity
Alongside this Nexus secured an additional **£14m** loan facility from funds managed by HPS Investment Partners LLC

GWP



Jan 2020: established a wide-ranging programme agreement with A-rated insurer **Crum & Forster**

Allowed Nexus to underwrite existing **trade credit products** on a **fully admitted basis in the US**



March 2020: established **Xenia**, uniting all elements of Nexus's independent broking divisions, including **Credit Risk Solutions** and **Credit and Business Finance**

Xenia is among the largest independent specialist trade credit and surety brokers in the UK, with a c. 20% market share

Portfolio Company Highlight - ATC

- The Group invested in ATC Insurance Solutions in July 2018, acquiring a **20%** shareholding for **AU\$5m (£2.7m)**
- ATC is an MGA and Lloyd's Coverholder, headquartered in Melbourne, Australia
- ATC specialises in **Accident & Health, Construction & Engineering, Trade Pack, Sports and Cyber** insurance
- ATC is one of the largest Lloyd's underwriting agencies operating in Australia
- ATC's Chief Executive, **Chris Anderson**, was known to B.P. Marsh via its existing investment portfolio and via other industry contacts

Since investment, the Group's valuation of ATC has increased by **AU\$ 8.5m (£4.7m)** to **AU\$ 13.5m** (c. **£7.4m**), as at 31 July 2020

Since the Group's investment in ATC in 2018, GWP has grown from c. **AU\$ 60m**, to budgeting GWP of approaching **AU\$ 100m** in its year ended June 2021



Notwithstanding the Covid-19 pandemic, ATC finished its 2020 financial year **28%** ahead of last year on **EBITDA**

This demonstrates the resilience of ATC in a challenging environment

In the period, ATC has made a number of new hires to expand its product offering in the **Construction** and **Cyber** sectors

These new hires bring invaluable experience and knowledge to ATC in these industries

“

Though operating in a very challenging environment, ATC continues to show strong growth year on year.

The performance of ATC since investment is a solid achievement and we look forward to supporting ATC to achieve further growth in the years to come.

”

Portfolio Company Highlight - Fiducia

- The Group invested in Fiducia MGA Company Limited in November 2016, acquiring a **25%** shareholding
- Fiducia is a registered Lloyd's Coverholder which specialises in the provision of insurance solutions across a number of **Marine risks** including, **Cargo, Transit Liability, Engineering, Terrorism and Fine Art & Specie** Insurance
- Fiducia was established by its CEO **Gerry Sheehy**, who was a founding shareholder and Executive Director of Northern Marine Underwriters and played a pivotal role in building that business up significantly before his departure in September 2015

The Group subscribed for a **25%** stake in Fiducia in November 2016, for an equity investment of **£75,000**

At the time of investment, the Group also provided Fiducia with a loan facility of **£1.725m**

In April 2018 and 2019, the Group invested further into Fiducia, increasing the Group's shareholding to **35%** for an equity investment of **£228,000**

As at 31 July 2020, the Group's valuation of Fiducia is **£2.2m**, an increase of **£2.0m** or **875%**



Fiducia continues to show strong growth year on year and is on track to achieve GWP in excess of **£20m** in the current financial year

Fiducia has recently expanded its product offering with the establishment of a **Fine Art and Specie** division

Fiducia continue to seek out **new underserved areas of the marine market**, working with brokers and insurance carriers to develop products to support these areas

To this end, Fiducia recently launched new products in the terrorism and marine equipment arenas

“

Since Fiducia commenced writing business in November 2016, the business is now on track to write GWP of over £20m in its current financial year.

This is an excellent achievement by Gerry and his team, with growth expected to continue over the coming years.

”

Portfolio Company Highlight – Lilley Plummer Risks

- In October 2019, the Group invested into the newly formed specialist marine Lloyd's broker, Lilley Plummer Risks Limited ("LPR")
- Established by **Stuart Lilley** and **Dan Plummer** in 2019, LPR provides products across the **Marine** Insurance market
- **Mike Lilley** joined the business as Chairman and Head of Treaty Reinsurance Business in December 2019
- The LPR team have over **seven decades** of experience in the London and International marine market

The Group subscribed for a **30%** stake in LPR in October 2019, for an equity investment of **£1m**

As at 31 July 2020, the Group's valuation of LPR, for the same shareholding is **£1.7m**



Since investment LPR has made **a number of new hires** to bolster its products provision in Marine, Terrorism and War risks

LPR's core business performance has exceeded expectation since investment, as have the new teams that have joined

“ *LPR has performed in line with the Group's expectation since our investment back in October 2019.*

LPR is on track to achieve its full year budget, which given Covid-19 and it being LPR's first full year of operations, is an excellent achievement.

”

Portfolio Company Highlight - XPT

- In June 2017 the Group invested **US\$6m** into XPT for a **35%** shareholding
- Since investment, XPT has made **7 acquisitions**, providing it with a footprint across the USA
- In April 2019, the Group provided XPT with a further **US\$2m** Loan Facility, which sits alongside US\$40m of funding from Madison Capital
- In September 2019, Madison Capital acquired an equity stake in XPT. This placed an enterprise value on XPT of c.US\$54m
- XPT now has offices in North Carolina, Texas, California and New York, and currently employs c.150 members of staff

XPT was established by industry veterans, led by **Tom Ruggieri**, formerly of Marsh and Swett & Crawford

Since the Group's investment in XPT, GWP has grown from a standing start in 2017 to a forecast of annualised GWP of **US\$300m** in 2020

xpt

In the period, XPT acquired **LP Risk**, an MGA and surplus lines broker, and **Houston Surplus Lines**, an excess and surplus lines General Agency, both based in Houston, Texas

XPT have bolstered its senior management team with the hires of **Chris Petrucci**, as Chief Financial Officer, and **Rob Crowell**, as Executive Vice President

These appointments will enhance XPT's capabilities to grow its underlying business and making new acquisitions

“

We've been delighted with what Tom and his team have created to date. We look forward to working with them to continue their growth trajectory from what is now a solid platform bringing together both specialty underwriting and wholesale broking operations.

”

Portfolio Company Highlight – SSRU

- The Group backed SSRU as a start-up in 2017, having been introduced to its CEO, Stephen Stewart, by contacts at what was Aon Benfield
- The Group subscribed for a **30% stake** in SSRU in January 2017, for a nominal equity investment of **£19** which has now grown to a value of **£3.5m** as at 31 July 2020
- Since its establishment, SSRU has become a trusted insurance partner to the **Canadian Property and Casualty Sector** concentrating on severity driven risk, often with international exposure

In December 2019, SSRU established a new **Property** team, which has secured capacity of **CA\$ 15m** and provides a variety of primary and excess Property products

For the year ended 31 December 2019, SSRU wrote GWP of **CA\$ 11m**, with SSRU projecting to write c. **CA\$ 32m** in 2020



Due to SSRU's ability to offer a remote working model at the onset of the Covid-19, the business gained a **competitive advantage**

Alongside tailwinds of a continued hardening market and superior trading relationships, SSRU was able to **exceed its 2020 annual revenue budget** before the end of the second quarter of the year

“

Since SSRU commenced writing business in February 2017, SSRU is now on track to write GWP of over CA\$ 32m.

This is an excellent achievement by the SSRU team, and we look forward to further supporting their growth over the coming years.

”

Portfolio Company Update - LEBC

- The Group has been invested in LEBC, the **Independent Financial Advisory** company providing expert financial advice to individuals, since April 2007
- The Group was greatly saddened by the passing of LEBC's CEO and Founder Jack McVitie. Whilst his spirit can't be replaced, LEBC has a strong, longstanding Management team to take it forward
- The Group continues to see opportunities in the financial planning and advisory sector, having previously successfully invested here, with both the IFA, Thompson Group Plc, and the discretionary fund manager, Principal Asset Management Limited

LEBC's performance in 2019 was impacted by the decision to **exit the Defined Benefit transfer advisory market** in September 2019

The Group remains confident that LEBC **will continue to grow successfully** in its field, led by its Management Team



LEBC's centralised investment proposition has provided a degree of **stability to clients' portfolios in a time of extreme volatility**

Private client advisors have continued to provide **quality advice** to individuals faced with unprecedented disruption to their lives

LEBC's corporate division has provided additional support to corporate clients using the furlough scheme and providing assistance in helping them manage variable pay and pension calculations

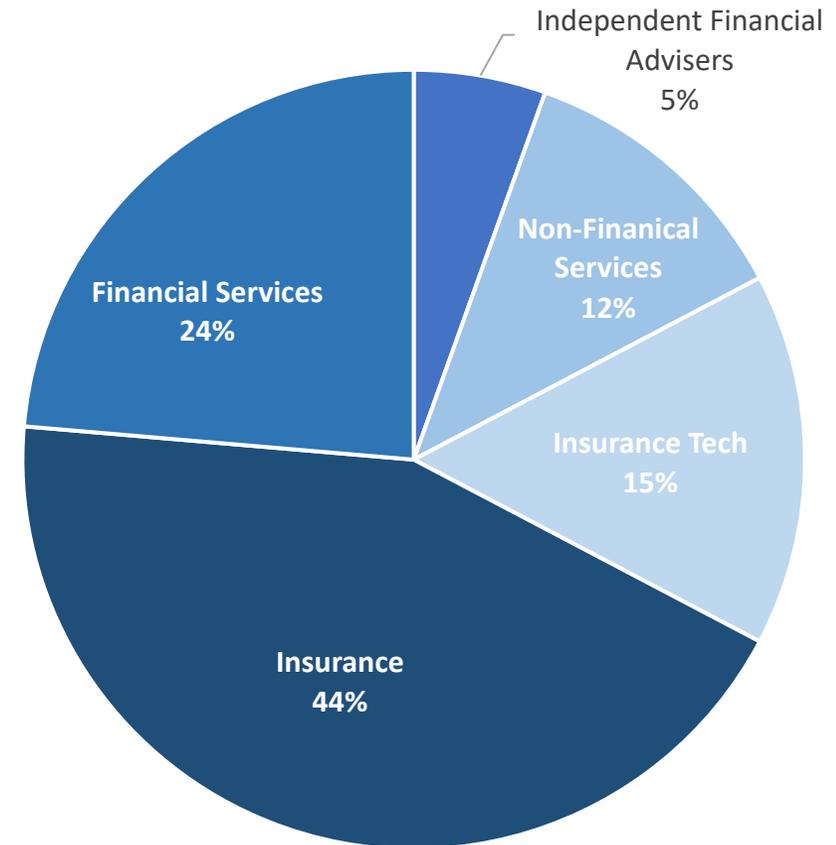
| Investment: | Jurisdiction | % Equity 31 July 2020 | Valuation 31 July 2020 £'000s | Cost of Investment £'000s | % of Net Asset Value 31 July 2020 |
|-----------------------|---------------------|----------------------------------|--|--|--|
| LEBC Holdings Limited | UK | 59.3% | 25,000 | 12,374 | 17.5% |

Investment Opportunities

- 21 new investment enquiries in period to 31 July 2020
- 1 completed (SAGE Program Underwriters)
- 48% of new investment enquiries in year to 31 July 2020 emanated internationally, compared to 52% domestic enquiries

Current Pipeline

- Both the MGA and Broking sectors remain active, regardless of Covid-19
- Group in the process of reviewing a number of relevant opportunities in its heartland
- Wealth management sector active



Investment Model

New Opportunities

What we look for

Entrepreneurs who have identified a niche area to apply their expertise
Ambitious, capable management teams with strong, demonstrable business plans
Companies with solid value propositions and potential to benefit from value added

Insurance Intermediaries

Lloyd's Brokers
UK regional brokers
Overseas (Re)insurance brokers
Managing General Agents
Third Party Administrators
Claims Administrators
Loss Adjusters
Insuretech

Wealth and Asset Management

Independent Financial Advisers (IFAs)
Wealth and asset managers
Fund Managers
Wealth tech and robo advisers
Alternative finance platforms

Other FS intermediaries

Consultancy firms
Boutique advisory
Compliance services

Financial Highlights – Period End 31 July 2020

NAV of £142.6m

• 31 January 2020: £136.9m, 31 July 2019: £130.0m

NAV per share of 396.2p

• 31 January 2020: 380.1p, 31 July 2019: 360.9p

Consolidated Profit after Tax: £6.5m

• Year ended 31 January 2020: £12.5m, six months ended 31 July 2019: £5.6m

Underlying Profit before Tax: £0.6m

• Year ended 31 January 2020: £0.8m, six months ended 31 July 2019: £1.5m

Financial Highlights – Period End 31 July 2020

Average compound NAV growth of **8.0% p.a.** since flotation and **11.6% p.a.** since 1990*

- Excl. **£10.1m** raised on flotation and **£16.6m** raised in the July 2018 Share Placing and Open Offer

Final dividend of **2.22p** per share (**£0.8m**) paid on 31 July 2020

- To Shareholders registered at the close of business on 26 June 2020

£1.2m cash at 31 July 2020

- Net of dividend paid

£3m Loan Facility available

*This excludes any value for the Group itself

Cash Position

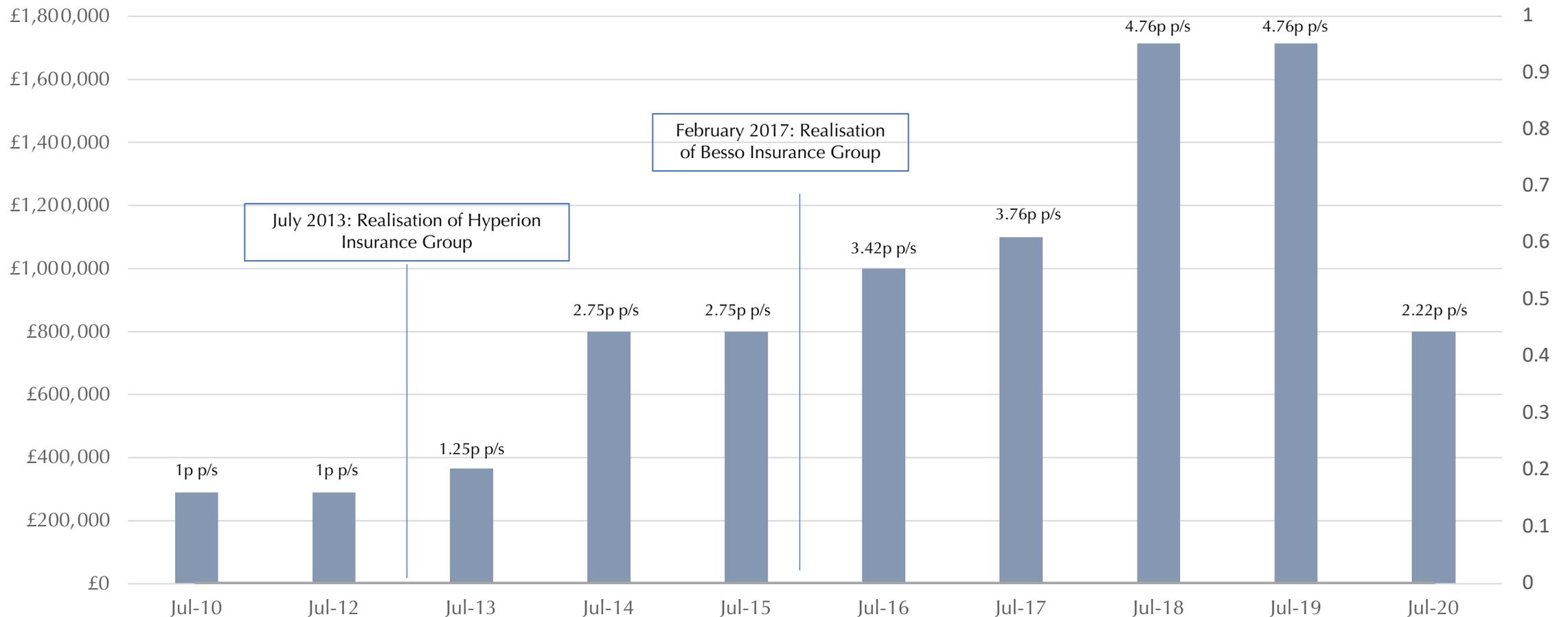
| | |
|---|---------|
| Cash at 1 February 2020 | £0.8m |
| Equity investments | £(0.5)m |
| Equity proceeds | - |
| Loans granted | £(0.9)m |
| Loans repaid | £2.8m |
| Tax repayments | £0.2m |
| Dividend paid | £(0.8)m |
| Other operating movements | £(0.4)m |
| Cash at 31 July 2020 | £1.2m |
| Current cash balance | £0.6m |
| Total Available Cash (inc. Loan Facility) | £2.6m |

Loan Portfolio

| Investment | 31 July 2020 (£'000) | 31 January 2020 (£'000) | 31 July 2019 (£'000) |
|------------------------|----------------------|-------------------------|----------------------|
| Fiducia | 2,545 | 2,470 | 2,470 |
| LEBC | 1,500 | 1,000 | 1,000 |
| MB Group | - | 282 | 472 |
| Nexus | 4,000 | 6,000 | 6,000 |
| Paladin (CBC) | 4,896 | 4,596 | 4,596 |
| Stewart Specialty Risk | 256 | 258 | 280 |
| Summa | 2,042 | 2,012 | 2,144 |
| Walsingham | 300 | 715 | 1,120 |
| XPT | 1,515 | 1,512 | 1,633 |
| Total | 17,054 | 18,845 | 19,715 |

Dividends

The Group's historic dividend payments are shown below. Aggregate dividend per share of 27.7p paid since flotation



- Aggregate dividend of **£800,000**, paid in July 2020, represented 100% of the realised underlying profit for the year to 31 January 2020
- The Board aims to strike a balance between rewarding shareholders with distributions from realisations and investing cash to deliver long-term capital growth
- The Board is committed to paying further dividends following significant realisations of investments at a time when these create optimal value for shareholders

Summary

- A leading specialist investor in global financial intermediary companies for 25 years
- Diversified in terms of company concentration, geography and currency, mitigating risk
- A proven track record of creating excellent value for shareholders:
 - Identifying future industry leaders through the provision of early stage capital and support
 - Increasing the value of the companies it invests in – 5.1% growth in equity portfolio delivered in six months to 31 July 2020, despite specific challenges
 - Achieving significant value for shareholders at realisation
 - Returning value to shareholders
- Compound NAV growth of 8.0% since flotation, 11.6% since inception

Appendices

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2. Portfolio
3. Financials
4. Management Team
5. Board Members
6. Growth Strategy
7. Investment Model
8. Investment Process
9. Adding Value
10. Minority Investor Protections
11. Key Shareholders
12. Joint Share Ownership Plan
13. Contacts

Equity Investments – Underwriting Agencies

| Investment | Sector | Jurisdiction | Fair market value 31 July 2020 (£'000) | Equity As at 31 July 2020 | Cost of equity investment (£'000) | Year of initial investment | Movement in Period to 31 July 2020 (£'000) | Movement in Period to 31 July 2020 (%) |
|--------------------------------|-----------------|--------------|---|------------------------------|--------------------------------------|-------------------------------|--|---|
| Nexus | MGA | UK | 40,313 | 18.0% | 11,126 | 2014 | 268 | 0.7% |
| ATC | MGA | Australia | 7,423 | 20.0% | 2,865 | 2018 | 1,094 | 17.3% |
| SSRU | MGA | Canada | 3,539 | 30.0% | - | 2017 | 1,005 | 39.7% |
| MB | MGA | Australia | 3,030 | 40.0% | 480 | 2013 | 314 | 11.6% |
| Sterling | MGA | Australia | 2,684 | 19.7% | 1,945 | 2013 | 412 | 18.1% |
| Walsingham | MGA | UK | 2,226 | 40.5% | 600 | 2013 | 181 | 8.9% |
| Fiducia | MGA | UK | 2,222 | 35.2% | 228 | 2016 | 531 | 31.4% |
| Ag Guard | MGA | Australia | 1,421 | 36.0% | 1,428 | 2019 | 101 | 7.7% |
| SAGE | MGA | USA | 190 | 30.0% | 203 | 2020 | (13) | (6.3%) |
| Walsingham Holdings Limited | Holding Company | UK | 68 | 20.0% | - | 2018 | 10 | 17.2% |
| Criterion | MGA | Singapore | 0 | 29.4% | 50 | 2018 | - | 0.0% |

Equity Investments – Brokers and Other

| Investment | Sector | Jurisdiction | Fair market value 31 July 2020 (£'000) | Equity As at 31 July 2020 | Cost of equity investment (£'000) | Year of initial investment | Movement in Period to 31 July 2020 (£'000) | Movement in Period to 31 July 2020 (%) |
|-------------------------|-------------------|--------------|---|------------------------------|--------------------------------------|-------------------------------|--|---|
| Paladin (CBC) | Insurance Broking | UK | 7,289 | 43.7% | 264 | 2017 | (121) | (1.6%) |
| Summa | Insurance Broking | Spain | 6,932 | 77.3% | 6,096 | 2005 | 812 | 13.3% |
| EC3 Brokers | Insurance Broking | UK | 4,569 | 20.0% | 5,000 | 2017 | (719) | (13.6%) |
| LPR | Insurance Broking | UK | 1,726 | 30.0% | 1,000 | 2019 | 409 | 31.1% |
| ARB | Insurance Broking | Singapore | 706 | 25.0% | 1,551 | 2016 | (124) | (14.9%) |
| Mark Edward Partners | Insurance Broking | USA | - | 30.0% | 4,573 | 2017 | - | - |
| LEBC | IFA | UK | 25,000 | 59.3% | 12,374 | 2007 | - | - |
| XPT | Insurance Group | USA | 12,713 | 29.9% | 7,330 | 2017 | 1,762 | 16.1% |
| Portfolio Value | | | Fair market value 31 July 2020 (£'000) | | Cost of equity investment (£'000) | | Movement in Period to 31 July 2020 (£'000) | Movement in Period to 31 July 2020 (%) |
| Total | | | 122,051 | | 57,113 | | 5,922 | 5.1% |

Portfolio as at 31 July 2020

| | |
|---|---|
| <p>Agri Services Company PTY Limited – 36.0%</p> | <ul style="list-style-type: none"> • Group invested in July 2019 • Ag Guard is an Australian-based MGA which provides insurance to the Agricultural Sector |
| <p>Asia Reinsurance Brokers (PTE) Limited – 25.0%</p> | <ul style="list-style-type: none"> • Group invested in April 2016 • ARB is a Singapore-headquartered independent specialist reinsurance and insurance risk solutions provider • ARB was established in 2008, following a management buy-out of the business from Aj Gallagher, led by the CEO, Richard Austen |
| <p>ATC Insurance Solutions PTY Limited – 20.0%</p> | <ul style="list-style-type: none"> • Group invested in July 2018 • ATC is an Australian-based MGA and Lloyd’s Coverholder. ATC specialises in Accident & Health, Construction & Engineering, Trade Pack and Sports insurance • ATC was established in 2006 by Chris Anderson, the current CEO |
| <p>CBC UK Limited – 43.7%</p> | <ul style="list-style-type: none"> • Group invested in February 2017, through Paladin Holdings Limited • CBC is a Retail and Wholesale Lloyd’s Insurance Broker, offering a wide range of services to commercial and personal clients as well as broking solutions to intermediaries • Assisted in an MBO of CBC, allowing Management to buy out a major shareholder |

Portfolio as at 31 July 2020 Continued

| | |
|--|--|
| <p>Criterion Underwriting PTE Limited – 29.4%</p> | <ul style="list-style-type: none"> • Group helped establish Criterion alongside its Partners in Asiare Holdings (PTE) Limited and Asia Reinsurance Brokers (PTE) Limited in July 2018 • Criterion is a start up Singapore-based Managing General Agency providing specialist insurance products to a variety of clients in the Cyber, Financial Lines and Marine sectors in Far East Asia |
| <p>EC3 Brokers Limited– 20.0%</p> | <ul style="list-style-type: none"> • Group invested in December 2017 • EC3 is an independent specialist Lloyd’s broker and reinsurance broker founded by its current CEO, Danny Driscoll, who led a management buy out to acquire EC3’s then book of business from AJ Gallagher in 2014. EC3 provides services to a wide array of clients across a number of sectors, including construction, casualty, entertainment and cyber & technology |
| <p>The Fiducia MGA Co Limited – 35.2%</p> | <ul style="list-style-type: none"> • Group invested in November 2016 • Fiducia is a UK Marine Cargo Underwriting Agency, with registered Lloyd’s Coverholder status which specialises in the provision of insurance solutions across a number of Marine risks including Cargo, Transit Liability, Engineering and Terrorism Insurance |
| <p>LEBC Holdings Limited – 59.3%</p> | <ul style="list-style-type: none"> • April 2007 invested in LEBC • LEBC is a national Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas and 16 offices throughout the UK |

Portfolio as at 31 July 2020 Continued

| | |
|--|--|
| <p>Lilley Plummer Risks Limited – 30.0%</p> | <ul style="list-style-type: none"> • Group invested in October 2019 • LPR is a specialist marine Lloyd's broker, based in London |
| <p>MB Prestige Holdings Limited – 40.0%</p> | <ul style="list-style-type: none"> • December 2013 invested in MB • MB is a MGA, headquartered in Sydney, Australia, recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia |
| <p>Mark Edward Partners LLC – 30.0%</p> | <ul style="list-style-type: none"> • The Group invested in October 2017 • MEP is a New York based specialty insurance broker offering a wide range of risk management services to both commercial and private clients. Founded in 2010 by Mark Freitas, its President and CEO, MEP provides core insurance products in Financial & Liability, Property & Casualty, Personal Lines, Life Insurance, Cyber and Affinity Groups |
| <p>Nexus Underwriting Management Limited – 18.0%</p> | <ul style="list-style-type: none"> • Invested in August 2014 • Nexus is an independent specialty Managing General Agency founded in 2008. Through its five operating subsidiaries Nexus specialises in Directors & Officers, Professional Indemnity, Financial Institutions, Accident & Health, Trade Credit Insurance and Political Risks Insurance • Most recently, Nexus has acquired Vectura Underwriting, Equinox Global Limited and Zon Re Accident Reinsurance |

Portfolio as at 31 July 2020 Continued

| | |
|--|---|
| <p>SAGE Program Underwriters, Inc – 30.0%</p> | <ul style="list-style-type: none">• Invested in June 2020• Based in Bend, Oregon and founded in 2020 by CEO Chuck Holdren, SAGE provides Workers Compensation insurance to niche industries, including inland delivery and field sport sectors |
| <p>Stewart Specialty Risk Underwriting Ltd – 30.0%</p> | <ul style="list-style-type: none">• Invested in SSRU in January 2017• SSRU is a recently established Specialty Casualty Underwriting Agency, based in Toronto, Canada. SSRU provides specialist insurance products to a wide array of clients in the Construction, Manufacturing, Onshore Energy, Public Entity and Transportation sectors |
| <p>Sterling Insurance (PTY) Limited – 19.7%</p> | <ul style="list-style-type: none">• Invested in June 2013 through the investment vehicle Neutral Bay Investments Limited• Sterling is a Sydney-based specialist underwriting agency offering a range of insurance solutions within the Liability sector, specialising in niche markets including hard-to-place and complex risks |

Portfolio as at 31 July 2020 Continued

**Summa Insurance
Brokerage, S.L. –
77.3%**

- January 2005 the Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain
- Summa has acquired brokers all over Spain. It now has over 20 offices and continues to seek out new opportunities for expansion
- Through acquisition, Summa is able to achieve synergistic savings, economies of scale and greater collective bargaining, thereby increasing overall value. Summa continues to seek new opportunities in Spain

**Walsingham Motor
Insurance Limited –
40.5%**

- Walsingham is a niche UK Motor MGA, that commenced trading in July 2013, with the Group investing in December 2013
- Specialises in fleet motor products
- Walsingham Holdings Limited, of which the Company controls 20%, in turn owns 11.7% of Walsingham purchased from a founding shareholder in May 2018

**XPT Group LLC –
29.9%**

- Invested in this New York-based specialty lines insurance distribution company in June 2017
- Plan to develop a wholesale insurance broking and underwriting agency platform across the U.S. Specialty Insurance Sector

Consolidated Statement of Financial Position (IFRS) at 31 July 2020

| | Unaudited 6 months to 31 July 2020 £'000 | Unaudited 6 months to 31 July 2019 £'000 | Audited year to 31 January 2020 £'000 |
|---|---|---|--|
| Tangible and intangible assets | 137 | 150 | 151 |
| Right of use asset | 1,084 | 1,378 | 1,286 |
| Investments at fair value – Equity Portfolio | 122,051 | 106,969 | 115,666 |
| Debtors / Loans receivable | 19,853 | 21,965 | 21,228 |
| Cash and treasury funds | 1,171 | 1,420 | 787 |
| Creditors < 1 year (tax and other payables) | (643) | (612) | (1,044) |
| Creditors > 1 year (Loans and tax & other payables) | (1,019) | (1,289) | (1,204) |
| Net Assets (excl. Deferred tax) | 142,634 | 129,981 | 136,870 |
| Deferred Taxation provision | - | - | - |
| NET ASSETS | | | |
| 4.2% increase in period to 31 July 2020 after dividend (4.8% before dividend) | 142,634 | 129,981 | 136,870 |

Consolidated Statement of Comprehensive Income (IFRS) at 31 July 2020

| | Unaudited 6 months to 31 July 2020 £'000 | Unaudited 6 months to 31 July 2019 £'000 | Audited year to 31 January 2020 £'000 |
|--|---|---|--|
| Gains on investments (realised and unrealised) | 5,922 | 4,077 | 11,570 |
| Impairment of investments and loans | - | (36) | (69) |
| Operating income | 2,134 | 3,094 | 5,194 |
| Total income | 8,056 | 7,135 | 16,695 |
| Operating expenses and FX movement | (1,524) | (1,535) | (4,362) |
| Net financial (expenses)/income | (35) | (24) | (61) |
| Profit before tax | 6,497 | 5,576 | 12,272 |
| Taxation | - | 18 | 258 |
| Post tax profit for period | 6,497 | 5,594 | 12,530 |
| Earnings per share | 18.1p | 15.6p | 34.9p |

Consolidated Statement of Cash Flows (IFRS) at 31 July 2020

| | Unaudited 6 months to 31 July 2020 £'000 | Unaudited 6 months to 31 July 2019 £'000 | Audited year to 31 January 2020 £'000 |
|---|---|---|--|
| Net cash (used by) / from operating activities | (345) | 850 | 1,189 |
| Taxation | 238 | 310 | 261 |
| Purchase of property, plant and equipment | (2) | (8) | (26) |
| Equity investments made | (463) | (945) | (2,551) |
| Net proceeds on sale of equity investments | - | - | 402 |
| Net sale / (purchase) of treasury investments | - | 14 | 14 |
| Net loans repaid by/(granted to) investee companies | 1,877 | (4,711) | (4,163) |
| Net financial (expenses)/income | (35) | (24) | (61) |
| Net decrease in lease liabilities | (82) | (79) | (160) |
| Dividends paid | (798) | (1,712) | (1,712) |
| Payments made to repurchase company shares | - | (145) | (243) |
| Increase/(decrease) in cash in the period | 390 | (6,450) | (7,050) |
| FX movement | (6) | 15 | (18) |
| Cash at beginning of period | 787 | 7,855 | 7,855 |
| Cash and cash equivalents at period end | 1,171 | 1,420 | 787 |

Management Team



Brian Marsh
Executive Chairman

Brian Marsh has over 55 years' experience in insurance broking and underwriting. Brian was, from 1979 to 1990, chairman and major shareholder of the Nelson Hurst & Marsh Group, the international insurance intermediary, and has more than 30 years' experience building, buying and selling financial services businesses particularly in the insurance sector.



Alice Foulk
Managing Director

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's Office. Alice was appointed as a director of B.P. Marsh in February 2015 and as the Managing Director in July 2016. Alice is a member of the Investment Committee and other key operating Committees of the Board.



Jonathan Newman
Group Finance Director

A Chartered Management Accountant with over 20 years' experience in the financial services industry, Jonathan joined the Company in November 1999 and became Group Finance Director in December 2003. Jonathan advises investee companies and has a non-executive appointment at three investee companies.



Daniel Topping
Chief Investment Officer

Dan Topping is a Member of the Chartered Institute of Securities and Investment (MCSI) and an Associate of the Institute of Chartered Securities and Administrators (ACIS). He graduated from Durham University in 2005 and joined B. P. Marsh in February 2007. In 2011 he was appointed as a director and currently has a number of non-executive appointments over multiple investee companies and evaluates new investment opportunities. Dan was appointed the Chief Investment Officer in July 2016.

Board Members



Pankaj Lakhani FCCA

Non-Executive Director

A Certified Accountant, Pankaj Lakhani has over 40 years' of accounting experience within the Insurance Market and joined the Company as Non Executive Director in May 2015. Pankaj is the Chairman of both the Audit and Remuneration Committee.



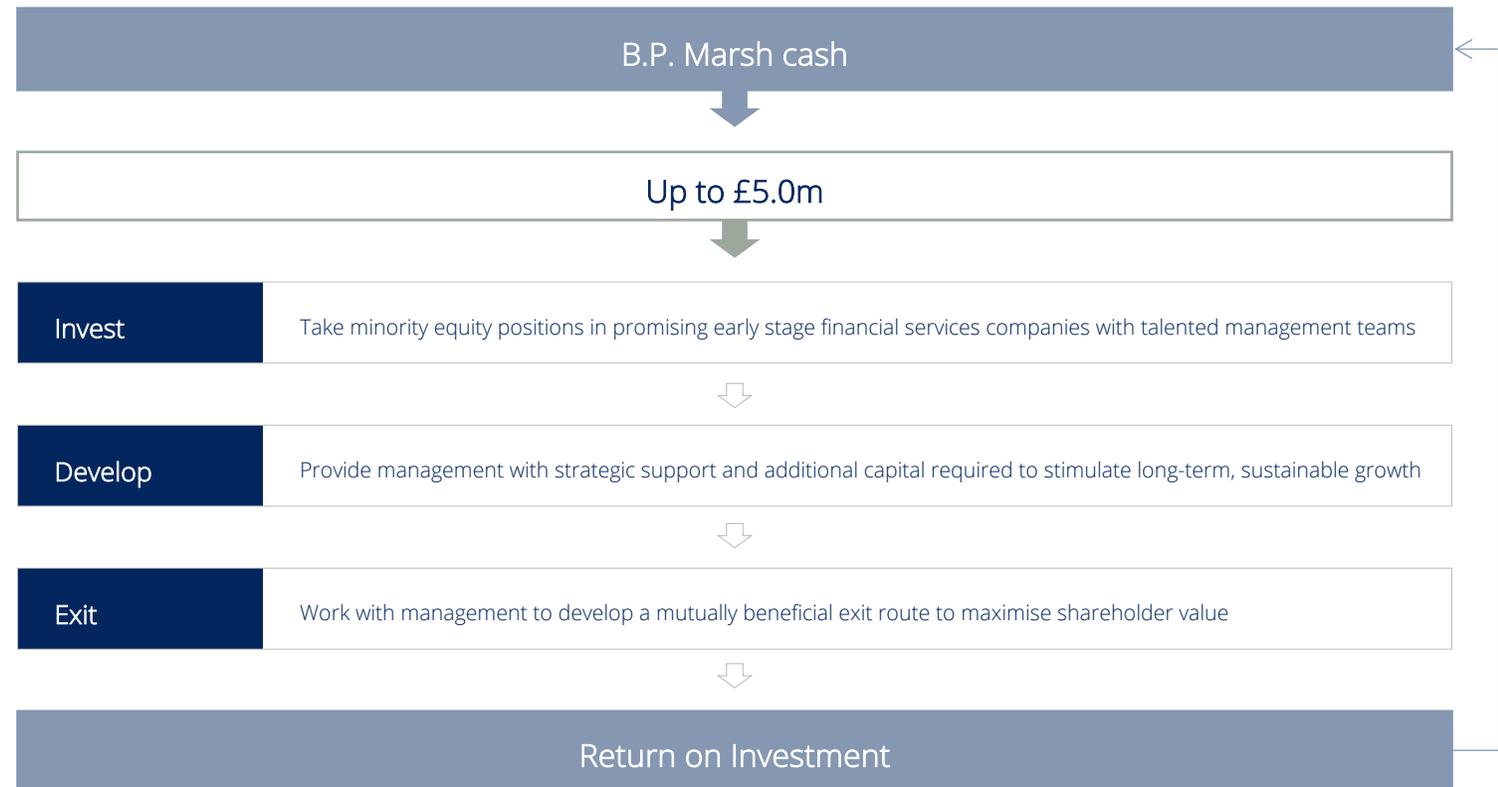
Nicholas Carter

Non-Executive Director

Nicholas Carter has over 50 years' experience in the Lloyd's Insurance Market. Nick held a variety of positions within Nelson Hurst & Marsh Limited, Citicorp Insurance Brokers, Nelson Hurst Plc, Alexander Forbes Pty. Ltd and Prime Professions Ltd. Nick joined the Company as a Non-Executive Director in May 2019.

Growth Strategy

Our goal is to be the early stage capital provider of choice to the financial services sector. We apply our sector expertise to source attractive long-term investment opportunities both in the UK and internationally. We have a strong track record of helping our partner businesses develop before seeking an exit at a time that delivers maximum value for shareholders.



Investment Model

Specialist Investor

in early stage and SME financial services businesses, operating in niche segment where funding difficult to obtain

Relationship Driven

Investors in People

Up To £5m Initial Investment

20-40% minority equity stakes
Scope for follow on funding

Flexible Approach

to investment and exit

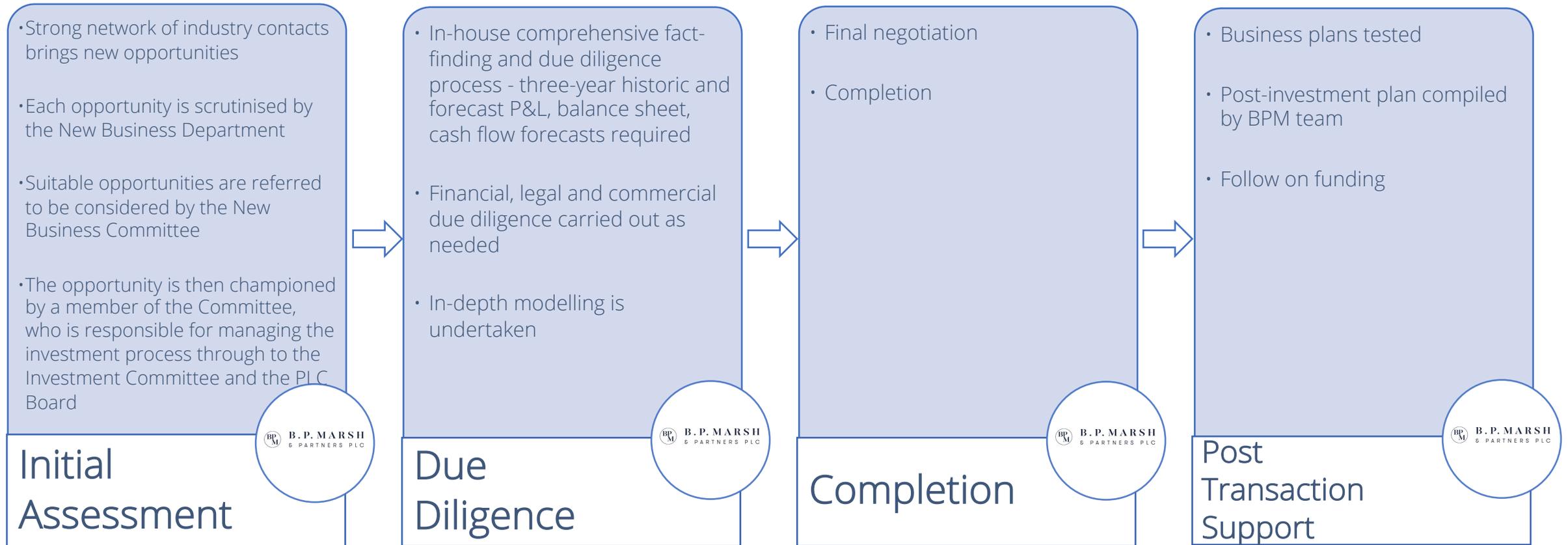
Long-Term View

Partnership approach to investment and mutually agreed exit route

Value Add

Apply significant specialist experience and deep sector knowledge acquired across several decades

Investment Process



Adding Value

Value creation driven by partnering with ambitious entrepreneurs seeking a partnership to provide growth capital and access to a team with a deep knowledge base in mergers, acquisitions, business sales, business growth and transformation, as well as the financial and legal aspects inherent in growing a business:

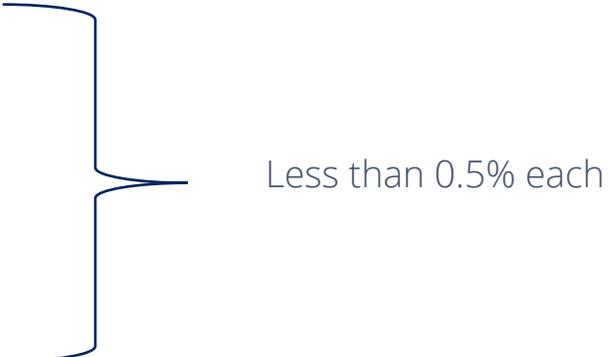
- Board level representation and support for management
- Guidance on strategy and development
- Provision of follow-on funding
- Referral of potential M&A opportunities
- Access to market intelligence and contacts
- Identification of exit path

Minority Investor Protections

- The Group believes that day-to-day operational control of the business is the domain of the executive management team. However, the Group's position is well protected and portfolio investments are actively monitored
- The Group outlines from the time of investment the number of matters which would require consent from the Group, above certain agreed thresholds, before an investee company may proceed, these may include:
 - Alterations to share capital
 - Acquisitions
 - Capital expenditure or asset disposals of any nature outside pre-agreed limits
 - Capital protection
 - Appointments of directors and senior executives
 - Remuneration of directors and senior executives
 - Any material additional borrowing
 - Changes in the nature of the company's business
 - Application for a flotation
 - Dividend payments or other distributions including bonuses
- The Group has an extensive track record of working within companies as partners and places significant emphasis around investing time up-front in building relationships

Key Shareholders at 31 July 2020

DIRECTORS

- Brian Marsh OBE – 41.78%*
 - Alice Foulk
 - Daniel Topping
 - Jonathan Newman
 - Pankaj Lakhani
 - Nicholas Carter
- 
- Less than 0.5% each

*includes 2.62% via the Marsh Christian Trust

CHIEF LEGAL OFFICER & GROUP COMPANY SECRETARY

- Sinead O’Haire - Less than 0.5%

MAJOR SHAREHOLDERS (>3%)

- PSC UK Pty Limited – 19.74%
- Hargreaves Lansdown Asset Management – 4.33%
- RBC Wealth Management – 3.90% (Trustee of the Company’s Joint Share Ownership Plan)
- Mr. Martin MacLeish – 3.83%

Joint Share Ownership Plan (JSOP)

- Previous **5%** JSOP came to an end in November 2017 and saw year-on-year improvements in shareholder return and increase in share price **138p** to **245p** over the three-year period
- A new **3.9%** three-year JSOP instituted to incentivise and retain the management team
- **1,461,302** new shares issued at market price of 281p at close on 12 June 2018 on a partly-paid basis
- Subject to share price hurdle of **313p** on vesting date
- New shares issued into joint beneficial ownership of employees and the newly formed Trustees of B.P. Marsh Employee's Share Trust (the "Trust")
- All B.P. Marsh staff working at the Group on the date the previous JSOP matured to be included, in varying proportions
- Nominal value of shares paid by the Trust out of funds loaned by the Group with additional consideration left outstanding until shares are sold

Contacts

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