



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

# Interim Results

For the period ending 31 July 2017

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**Dan Topping**, *Chief Investment Officer*

**Camilla Kenyon**, *Director & Head of Investor Relations*

**Jonathan Newman**, *Group Finance Director*

17 October 2017

# Overview



## Specialist

PE/VC investor in Financial Services intermediaries

# 25+

## Years strong

Invested in 46 companies  
and realised 32 since 1990



## Robust balance sheet

£22.0 million cash as at 31 July 2017



## 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



## Industry knowledge

Significant specialist experience and deep sector  
knowledge acquired across several decades

# 2017 Summary Period Ending 31 July 2017

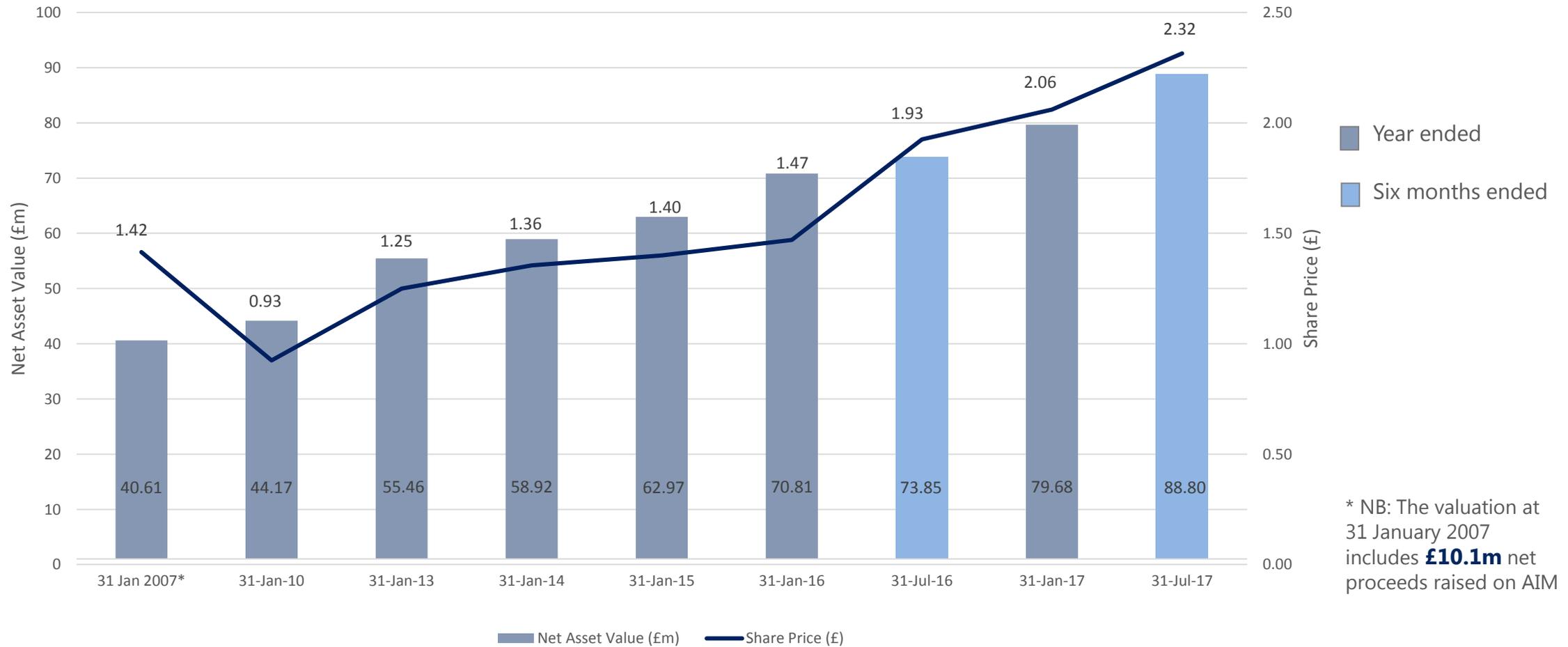
- As at 31 July 2017 – 14 investments in portfolio with a NAV of **£88.8m** (31 July 2016 **£73.8m**), with an average holding period of **3.4** years
- Equity Portfolio increase of **24.6%** since 31 January 2017 (**45.5%** between 31 July 2016 to 31 July 2017)
- Dividend of **3.76p** per share declared for the year ended 31 January 2017 and paid in July 2017
- Total Shareholder Return of **12.8%** for period to 31 July 2017 (**5.8%** for the period to 31 July 2016)
- **£22.0m** cash and treasury funds at 31 July 2017
- The Board intends to at least maintain a dividend of **3.76p** per share for the current and next financial year



Share Price Performance 31 January 2010 to 31 July 2017

The graph usually includes comparative data to the FTSE AIM All Share and FTSE AIM Financials, however following new restrictions on how the data is used, it is no longer possible to include these comparisons

# Performance: Net Asset Value (NAV)



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

# Dividends

- The Group's historic dividend payments are shown below. Total shareholder return in the period to 31 July 2017 is **12.8%**



- Aggregate dividend **£4,645,000**
- It is the Board's intention to continue to pay dividends when circumstances allow, and it aims to at least maintain **3.76p** per share for the financial years to 31.01.18 and 31.01.19
- The Board aims to strike a balance between rewarding shareholders with a sustainable yield and investing cash to deliver long-term capital growth

Investment	Sector	Jurisdiction	Cost of equity investment (£'000)	Fair market value 31 July 2017 (£'000)	Equity	Year of initial investment	Movement in Period to 31 July 2017 (£'000)	Movement in Period to 31 July 2017
Summa	Insurance Broking	Spain	6,096	5,972	77.2%	2005	1,132	23.4%
ARB	Insurance Broking	Singapore	1,268	1,340	20.0%	2016	(13)	(1.0)%
Bastion	Insurance Broking	South Africa	100	100	35.0%	2014	-	-
CBC	Insurance Broking	UK	4	693	35.0%	2017	690	19,700%
XPT	Insurance Group	U.S.	4,790	4,551	35.0%	2017	(239)	(5.0)%
Nexus	MGA	UK	8,576	19,381	18.1%	2014	5,466	39.3%
Sterling	MGA	Australia	1,945	2,368	19.7%	2013	(10)	(0.4)%
PLUM	MGA	South Africa	1,220	510	42.5%	2015	(1,336)	(72.4)%
MB	MGA	Australia	480	1,655	40.0%	2013	70	4.4%
Walsingham	MGA	UK	600	412	40.5%	2013	212	106.0%
Fiducia	MGA	UK	75	75	25.0%	2016	-	-
Bulwark	MGA	South Africa	-	-	35.0%	2015	-	-
SSRU	MGA	Canada	-	-	30.0%	2017	-	-
LEBC	IFA	UK	12,225	25,925	60.9%	2007	5,729	28.4%
<b>Total</b>			<b>37,379</b>	<b>62,982</b>			<b>11,701</b>	

## Specific Activity New Investments in Period



- Subscription for a **35%** shareholding in XPT Group LLC completed in June 2017, through its wholly owned subsidiary company, B.P. Marsh (North America) Limited
- New York-based specialty lines insurance distribution company
- Plan to develop a wholesale insurance broking and underwriting agency platform across the U.S. Specialty Insurance Sector
- Initial investment of **\$6.0m** via equity
- Management team led by Tom Ruggieri, ex-Swett & Crawford, Mark Smith, former president and CEO of Stewart Smith and Jeff Heath, the founder of the Heath Group
- First acquisitions in the U.S. expected by the end of this year



- Acquisition of **35%** of CBC UK Limited ("CBC"), in February 2017 via a thinly capitalised holding company, Paladin Holdings Limited
- 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
- Initial consideration of **£4m** via equity and loans
- Year ending 31 December 2017, CBC forecasting revenue of **£5.5m** and EBITDA of **£0.6m**
- Andrew Wallas appointed as Chairman, with over 40 years of experience in the insurance industry

## Specific Activity within the Portfolio During the Period

- Acquired a further **17.84%** in LEBC Holdings Limited in July 2017 for a total cash consideration of **£7.1m**
- Following the purchase, shareholding in LEBC now at **60.88%**, with the balance held by Founder and CEO, Jack McVitie and LEBC Management
- Performance continues to be strong, boosted by investment in technology and success in targeting the at-retirement market
- 30 September 2016 year-end results declaring a turnover of **£15.4m** and a trading profit of **£2.1m** for the year
- LEBC has adapted well following the FCA's Retail Distribution Review, with turnover increasing by **36%** (from **£11.3m**) and trading profit by **184%** (from **£0.74m**) since its introduction
- LEBC announced on 3 October that its "bionic" advice service had passed the £1bn mark of new clients' assets invested. An increase of 100% in 9 months, with 37,000 clients using the service



"LEBC is on an exciting growth trajectory, building on solid foundations.

"We are pleased to increase our shareholding and continue to work with management to grow the business, which we believe occupies a desirable position in the financial advisory market."

Camilla Kenyon,  
Director & LEBC Board Member

## Specific Activity within the Portfolio During the Period

- Provision to Nexus of a **£4m** Loan Facility, as part of a wider debt fundraising exercise, to undertake M&A activity
- Nexus secured **£30m** in loan facilities in total, with **£26m** provided via HPS Investment Partners, the global investment firm
- Utilising these funds, alongside existing cash resources, Nexus has acquired Vectura Underwriting, Equinox Global Limited and Zon Re Accident Reinsurance, with further M&A activity expected before the end of the year
- To date, Nexus have drawn down **£18m** of this **£30m** facility, **£2m** from the Group
- Nexus' pro forma EBITDA for 2017 would be **c. £11m**, including the three acquisitions noted above on a full year basis
- This performance represents a compound annual growth rate of approximately **62%** in EBITDA since the Company's original investment



"B.P. Marsh is pleased to see this round of M&A activity concluded, having provided the Loan Facility, alongside HPS Capital Partners, for these acquisitions to take place.

From a revenue and profitability standpoint these acquisitions should prove to be transformational and we look forward to integrating them into Nexus' existing business"

**Dan Topping, Chief Investment Officer & Nexus Board Member**

## Specific Activity New Investments Post Period

- Acquisition of **30%** of Mark Edward Partners LLC (“MEP”), completed in October 2017
- A specialty insurance broker offering a wide range of risk management services to both commercial and personal clients
- Provides core insurance products in Financial & Liability, Property & Casualty, Personal Lines, Life Insurance, Cyber and Affinity Groups. Also has developed a number of unique product offerings
- National U.S. firm with licenses to operate in all 50 states and offices in New York, Miami and Los Angeles
- Founded in 2010 by Mark Freitas, its President & CEO, who has over 30 years of experience the insurance industry, having been President & Chief Operating Officer of Crystal & Company
- The investment in MEP follows on from the investment in XPT in June 2017 and is pursuant to B.P. Marsh’s plan to increase its involvement in the U.S. insurance market

### MARK EDWARD PARTNERS

INSURANCE BROKERS



“We are delighted to be making this investment in MEP, and I am looking forward to working alongside Mark Freitas and his Management Team to help them achieve their growth plan”

Dan Topping, Chief Investment Officer & B.P. Marsh Representative for MEP

## Specific Activity Disposals In the Period



- Sold holding in Besso to BGC Partners Inc for cash consideration of **£22.01m** (net of transaction costs and pre-tax) represents an enterprise valuation of **£70.5m**. **£4.9m** outstanding loans repaid
- Total sale represents an increase of **17.5%** on last published valuation of the same stake in Besso
- Internal Rate of Return of **21.98%** since 1995 (inclusive of all income and fees)
- From revenue of c. **£2.3m** in the year ended 31 December 1995 to revenue of **£44.6m** in year ended 31 December 2016
- Example of B.P. Marsh's successful strategy and business model, and demonstrates how the Group proactively helps investments mature for the benefit of both the underlying investment and the B.P. Marsh shareholders



- Sold holding in Trireme back to fellow shareholder US Risk for a cash consideration of **£2.96m**
- Disposal represents an uplift of **15%** on last published valuation of the same stake in Trireme
- Internal Rate of Return of **15.6%** since 2010 (inclusive of all income and fees)
- Loans of **£2.16m** also repaid; total consideration of **£5.12m** received including all outstanding interest
- Since investment, Trireme grew Revenue from **£5.5m** to **£12.8m** and EBITDA from **£0.3m** to in excess of **£1m**
- Group played a key role in Trireme's growth and development over the period of investment

# International Strategy

Summa Insurance Brokerage S.L.

Stewart Specialty Risk  
Underwriting Ltd

XPT Group LLC

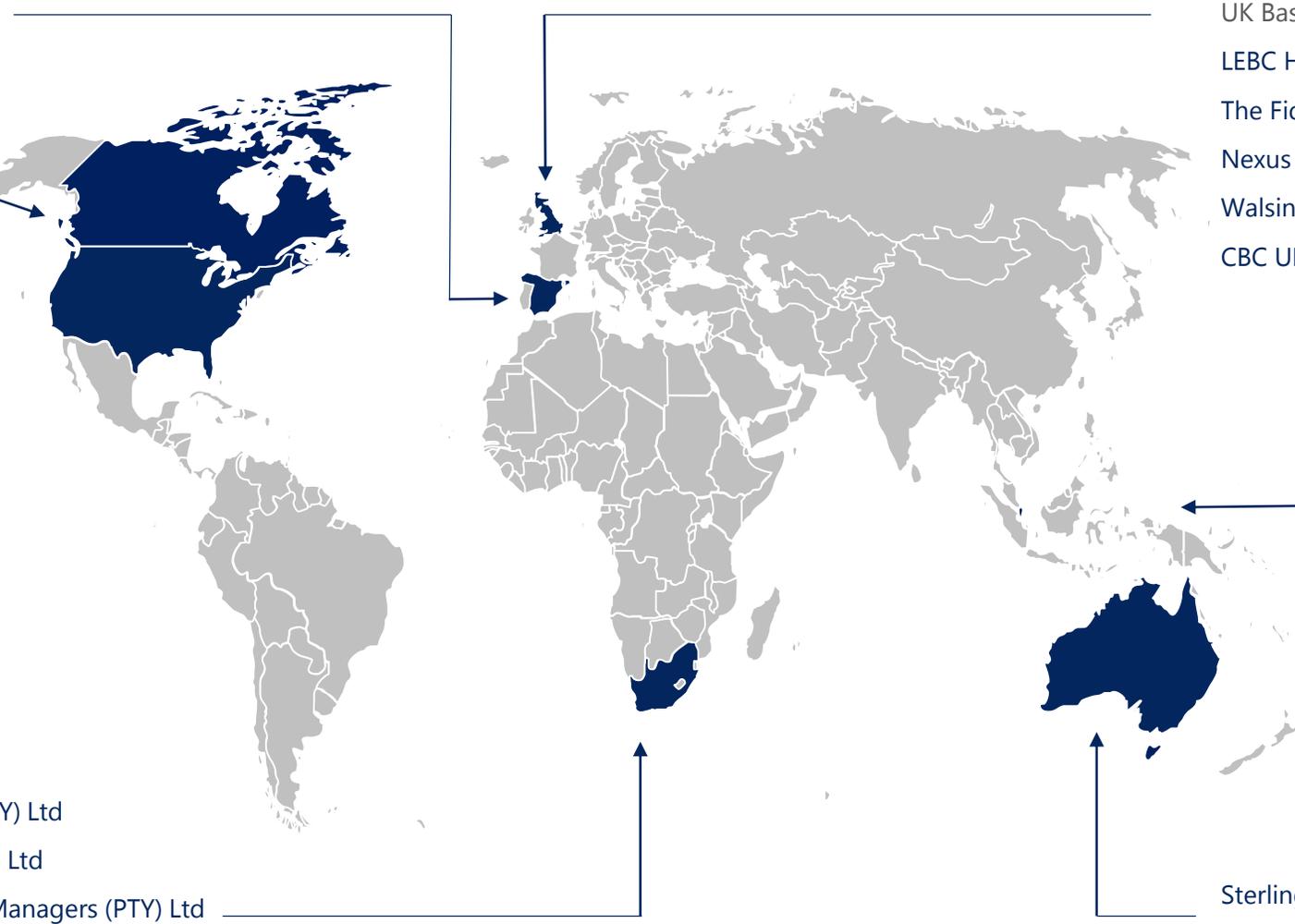
Mark Edward Partners LLC

B.P. Marsh's international strategy is focused on those areas where we see sufficient opportunity for business development in partnership with a London-based investor coupled with a suitably developed regulatory and compliance environment

Bastion Reinsurance Brokerage (PTY) Ltd

Bulwark Investment Holdings (PTY) Ltd

Property & Liability Underwriting Managers (PTY) Ltd



UK Based Investments:

LEBC Holdings Ltd

The Fiducia MGA Company Ltd

Nexus Underwriting Management Ltd

Walsingham Motor Insurance Ltd

CBC UK Ltd

Approximately 39% of our investee companies' revenue originates overseas  
 Approximately 70% of the Equity Portfolio is derived from the UK

Asia Reinsurance Brokers Pte Ltd

Sterling Insurance (PTY) Ltd

MB Prestige Holdings (PTY) Ltd

# Market Overview 2017 Events

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## **North America Catastrophes**

- The impact caused by Hurricanes Harvey, Irma, Maria and Nate and the Pueblo earthquake in Mexico is still being measured, with latest estimates of industry-insured catastrophe losses for 2017 to date from \$100bn - \$130bn.
- No investee company is exposed to primary risk

## **Catalonian Independence Movement**

- Boards of B.P. Marsh & Summa Insurance Brokerage monitoring independence movement closely

## **Brexit**

- There is continued uncertainty over Brexit and the Board of B.P. Marsh & Partners Plc is continuing to consider the impact (if any) it will have on the Portfolio

# Investment Model

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## **Specialist Investor**

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

## 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 add**

#### **Insurance Intermediaries**

Lloyd's Brokers  
UK regional brokers  
Reinsurance 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

# Investment Model

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## **Change in Investment Criteria**

Increase in top end first round funding to **£5m** from **£3m**

- reflects the increase in cash following disposals
- widens opportunity pipeline
- demonstrates the Board's confidence in investment strategy
- increases potential returns from individual opportunities

## **How we source opportunities**

- Opportunities sourced and delivered via network
- Active sector-specific networking
- Each new area begins to deliver more opportunities
- Flexible investment approach and long-term relationship-driven approach popular in our markets

# Investment Process

## BUSINESS PLAN

### Initial Assessment

- Strong network of industry contacts brings new opportunities
- Each opportunity is scrutinised by the New Business Department
- Suitable opportunities are referred to be considered by the New Business Committee
- The opportunity is then championed by a member of the Committee, who is responsible for managing the investment process through to the Investment Committee and the PLC Board

## HEADS OF TERMS

### Due Diligence

- In-house comprehensive fact-finding and due diligence process - three-year historic and forecast P&L, balance sheet, cash flow forecasts required
- Financial, legal and commercial due diligence carried out as needed
- In-depth Modelling is undertaken

## INVESTMENT DOCUMENTS

### Completion

- Final Negotiation
- Completion

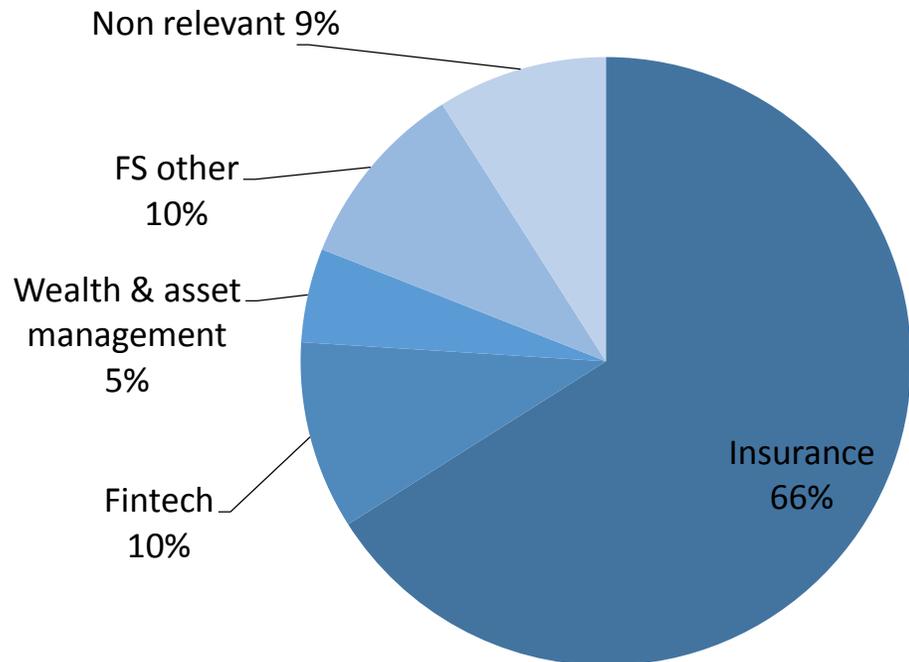
### Post Transaction Support

- Business plans tested
- Post-investment plan compiled by BPM team
- Follow on funding

# Investment Opportunities

- **38** new investment enquiries in period to 31 July 2017 (84 in full year to 31.01.17)
- **2** completed; CBC (Lloyd’s broker) and XPT (U.S. insurance group)
- **1** completed Post Period; MEP (U.S. Specialty Broker)

## 38 enquiries to 31 July 2017



## Current Pipeline

- MGA start-ups a continuing trend
- Lloyd’s and regional UK brokers
- US intermediaries
- Insuretech and “tech-enabled” opportunities
- Referrals for UK and overseas investments

## Previous Non-Insurance Intermediary Investments

- Portfolio Design Group International (trader in secondary life assets, particularly UK endowment policies and US Life Settlements. Sold in 2014)
- Broucour (business sales agent for SME businesses. Sold in 2016)
- Principal Investment Management (discretionary fund manager, sold in 2008)
- Thomson Group (IFA, sold in 2001)

# Investments Financial Highlights – Period Ended 31 July 2017

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Equity Portfolio value increase of **24.6%** for the period ending 31 July 2017

- NAV of **£88.8m**  
(31 July 2016: **£73.8m**, 31 January 2017: **£79.7m**) \*
- NAV per share of **304p**  
(31 July 2016: **253p**, 31 January 2017: **273p**) \*
- Consolidated profit after tax **£10.2m**  
(31 July 2016: **£4.0m**, 31 January 2017: **£9.8m**)

Underlying profit before tax, excluding unrealised equity and all underlying treasury portfolio movement, of **£0.7m** for the period ending 31 July 2017 (2016: **£0.6m**)

\*Net of provision for deferred tax

# Investments Financial Highlights – Period Ended 31 July 2017

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Average compound NAV growth of **11.7% p.a.** since 1990 (excl. **£10.1m** raised on flotation)\*

Board intends to maintain a dividend of **3.76p** per share (**£1.1m**) for 2018 and 2019

Share price of **260p** trading at a **4.8%** discount to NAV (at close 16 October 2017)

**£22.0m** cash and treasury funds, of which **£13.2m** uncommitted as at 31 July 2017. Current cash available **£8.6m** post MEP investment

\*This excludes any value for the Group itself

# Cash Position

<b>Cash at 1 Feb 2017 (including Treasury Funds)</b>	<b>£12.6m</b>
<b>Equity Investments</b>	£(11.9)m
<b>Proceeds from disposal of Investments</b>	£25.0m
<b>Loans granted</b>	£(10.8)m
<b>Loans repaid</b>	£8.6m
<b>Tax payments</b>	£(0.1)m
<b>Dividend paid</b>	£(1.1)m
<b>Share repurchase</b>	£(0.1)m
<b>Working Capital movements</b>	£(0.2)m
<b>Cash at 31 July 2017 (including Treasury Funds)</b>	<b>£22.0m</b>

# Loan Portfolio

Investment	31 July 2017 (£'000)	31 January 2017 (£'000)
Bastion	342	342
Besso	-	1,808
Broucour	205	255
Bulwark	635	615
Fiducia	1,069	350
LEBC	-	1,005
MB Group	762	759
Nexus	2,000	-
Paladin (CBC)	3,997	-
PLUM	372	-
Stewart Specialty Risk	212	152
Summa	2,399	2,346
Tirreme	-	2,155
Walsingham	1,200	1,200
Provisions	(650)	-
<b>Total</b>	<b>12,543</b>	<b>10,987</b>

# Summary

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- Equity Portfolio increase of **45.5%** since 31 July 2016
- Final Dividend of **3.76p** per share paid for the year ended 31 January 2017 on 28 July 2017, and intend to maintain that level
- **£8.6m** currently available for investment
- Share price discount to Net Asset Value of **4.8%** (at close on 16 October 2017)
- Board continues to work on narrowing the discount, having reduced it from **48%** in 2012
- Portfolio performing well and presenting good opportunities for development
- New investments in UK and U.S.
- Strong opportunity pipeline
- Recent exits demonstrate strength of the investment model
- A very strong six-month performance

*“This solid set of results demonstrates substantial growth, in line with the Company’s strategy to actively manage its investment portfolio and deliver value to shareholders ”*

*Brian Marsh OBE – Chairman*

- 1. Management Team**
- 2. Board Members**
- 3. Growth Strategy**
- 4. Adding Value**
- 5. Portfolio**
- 6. Minority Investor Protections**
- 7. Financials**
- 8. Major Shareholders**
- 9. Contacts**

# Management Team

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**Brian Marsh OBE**

*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 BA (Hons)**

*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, running the Chairman's Office. Alice was appointed as the Managing Director in January 2016 and is a member of the Investment Committee and other key operating Committees of the Board.



**Dan Topping ACIS MCSI**

*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 Secretaries 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 seven investee companies and evaluates new investment opportunities. Dan was appointed the Chief Investment Officer in January 2016.

# Management Team

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**Camilla Kenyon**

*Director, Head of IR*

Camilla was appointed to the main Board in 2011, following her appointment as Head of Investor Relations in 2009. She has dual responsibilities for Investor Relations and New Business and is Chair of the New Business Committee reviewing new opportunities. She has over 20 years experience in financial services, including Board appointments. She has currently two non executive appointments over one investee company and is a standing member of the Investment Committee.



**Jonathan Newman ACMA CGMA MCSI**

*Group Finance Director*

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

# Board Members

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## **Campbell Scoones**

*Non-Executive Director*

Campbell Scoones has over 45 years' experience in the Lloyd's and overseas insurance broking and underwriting markets. Having started his career in 1966, Campbell has worked for a number of Lloyd's insurance broking and underwriting firms during this time, including, inter alia, Nelson Hurst & Marsh, Citicorp Investment Limited, Marsh & McLennan Companies, and Admiral/Encon Underwriting.

## **Stephen Clarke FCA**

*Non-Executive Director*

A Chartered Accountant, Stephen gained many years' experience with Charterhouse Development Capital in the structuring of venture capital projects in all fields, including financial services, and in guiding and monitoring their progress. He joined the Group in 1993 and has over 50 years' experience of the financial services sector. Stephen continues to give specialist advice to BP Marsh on the structuring of entry and exit deals.

## **Pankaj Lakhani FCCA**

*Non-Executive Director*

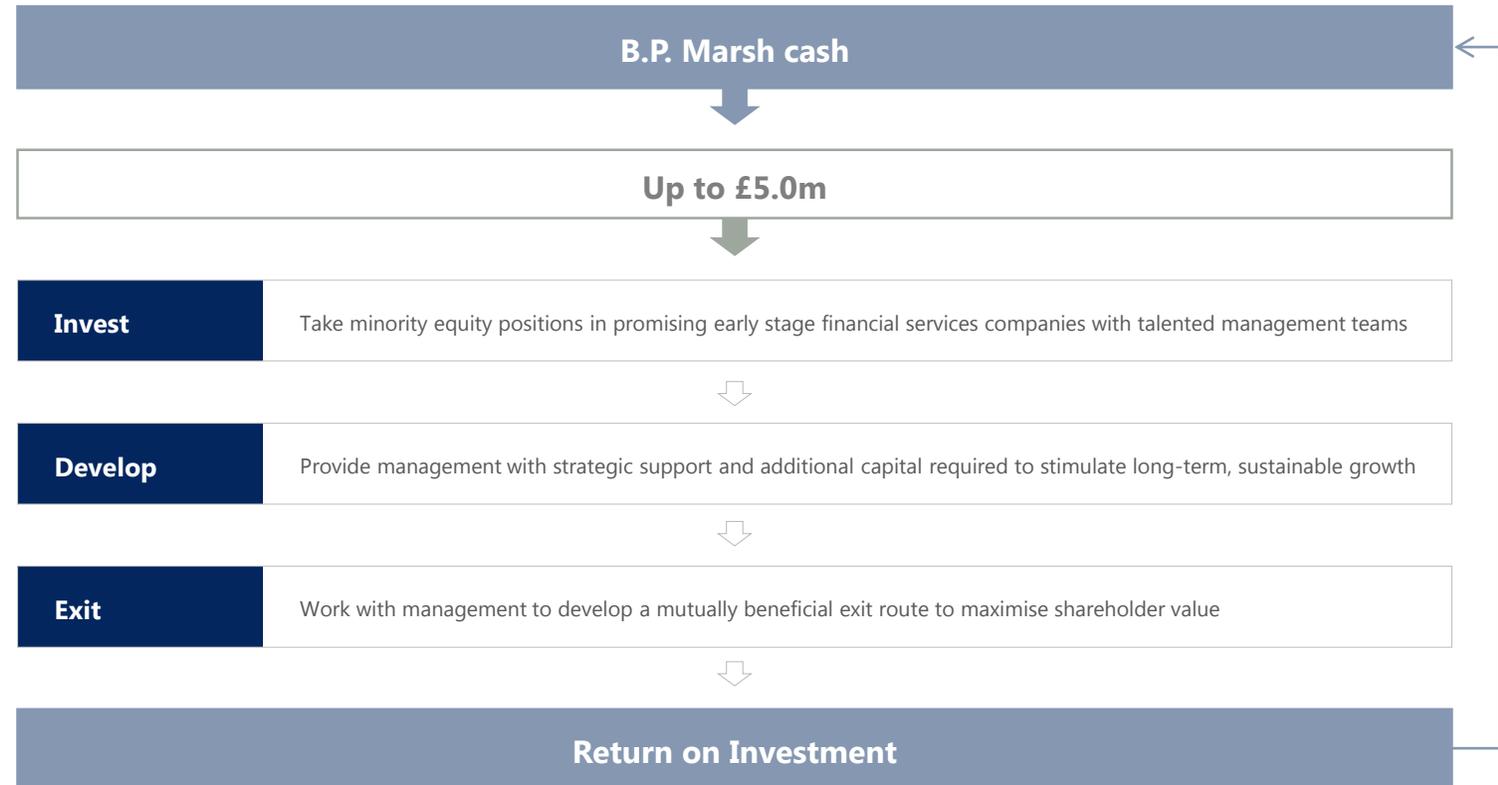
A Certified Accountant, Pankaj Lakhani has over 40 years' of accounting experience within the Insurance Market including a 20-year tenure as Financial Director of Victor O. Shinnerer & Co Ltd (trading as Admiral/Encon Underwriting Agencies). Pankaj joined the Company as Non Executive Director in May 2015.

## **Nicholas Walker MSc, (Comb Hons)**

*Non-Executive Director*

Nick has over 30 years' experience in the Financial Services sector. Nick started his career at Bank of America International and joined Citicorp Investment Bank in 1988, where he was appointed Country Head of its Spanish and Portuguese M&A Team. In 1991 Nick co-founded Socios Financieros S.A., a leading Madrid-based independent corporate advisory firm. Nick joined the Company as a Non-Executive Director in September 2017.

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.



# Adding Value

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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

# Portfolio as at 31 July 2017

<p><b>Asia Reinsurance Brokers (PTE) Limited – 20%</b></p>	<ul style="list-style-type: none"> <li>• Group invested in April 2016</li> <li>• ARB is a Singapore-headquartered independent specialist reinsurance and insurance risk solutions provider</li> <li>• ARB was established in 2008, following a management buy-out of the business from AJ Gallagher, led by the CEO, Richard Austen</li> </ul>
<p><b>Bastion Reinsurance Brokerage (PTY) Limited – 35%</b></p>	<ul style="list-style-type: none"> <li>• Group invested in December 2014</li> <li>• Bastion specialises in the provision of reinsurance solutions over a number of complex issues, engaged by various insurance companies and managing general agents</li> </ul>
<p><b>Bulwark Investment Holdings (PTY) Limited – 35%</b></p>	<ul style="list-style-type: none"> <li>• April 2015, alongside its existing South African Partners, established a new venture, Bulwark Investment Holdings (PTY) Limited</li> <li>• Bulwark is a South African-based holding company which establishes Managing General Agent in South Africa</li> <li>• To date, Bulwark has established a number of Managing General Agents</li> </ul>
<p><b>CBC UK Limited – 35%</b></p>	<ul style="list-style-type: none"> <li>• Group invested in February 2017, through Paladin Holdings Limited</li> <li>• 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</li> <li>• Assisted in an MBO of CBC, allowing Management to buy out a major shareholder</li> </ul>
<p><b>The Fiducia MGA Co Limited – 25%</b></p>	<ul style="list-style-type: none"> <li>• Group invested in November 2016</li> <li>• 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.</li> </ul>

# Portfolio as at 31 July 2017 Continued

<p><b>LEBC Holdings Limited – 60.9%</b></p>	<ul style="list-style-type: none"> <li>• April 2007 invested in LEBC</li> <li>• 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 15 offices throughout the UK</li> </ul>
<p><b>MB Prestige Holdings Limited – 40%</b></p>	<ul style="list-style-type: none"> <li>• December 2013 invested in MB</li> <li>• 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</li> </ul>
<p><b>Nexus Underwriting Management Limited – 18.1%</b></p>	<ul style="list-style-type: none"> <li>• Invested in August 2014</li> <li>• Nexus is an independent specialty Managing General Agency founded in 2008. Through its five operating subsidiaries Nexus specialises in Directors &amp; Officers, Professional Indemnity, Financial Institutions, Accident &amp; Health, Trade Credit Insurance and Political Risks Insurance</li> <li>• Most recently, Nexus has acquired Vectura Underwriting, Equinox Global Limited and Zon Re Accident Reinsurance</li> </ul>
<p><b>Property &amp; Liability Underwriting Managers (PTY) Limited – 42.5%</b></p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> </ul>
<p><b>Stewart Specialty Risk Underwriting Ltd – 30%</b></p>	<ul style="list-style-type: none"> <li>• Invested in SSRU in January 2017</li> <li>• 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</li> </ul>

# Portfolio as at 31 July 2017 Continued

<p><b>Sterling Insurance (PTY) Limited – 19.7%</b></p>	<ul style="list-style-type: none"> <li>• Invested in June 2013 through the investment vehicle Neutral Bay Investments Limited</li> <li>• 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</li> </ul>
<p><b>Summa Insurance Brokerage, S.L. – 77.3%</b></p>	<ul style="list-style-type: none"> <li>• January 2005 the Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain</li> <li>• Summa has acquired brokers all over Spain. It now has over 20 offices and continues to seek out new opportunities for expansion</li> <li>• 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</li> </ul>
<p><b>Walsingham Motor Insurance Limited – 40.5%</b></p>	<ul style="list-style-type: none"> <li>• Invested in December 2013</li> <li>• Walsingham is a niche UK Motor MGA, established in August 2012 and commenced trading in July 2013</li> <li>• Specialises in fleet motor products</li> </ul>
<p><b>XPT Group LLC – 35%</b></p>	<ul style="list-style-type: none"> <li>• Invested in June 2017</li> <li>• New York-based specialty lines insurance distribution company</li> <li>• Plan to develop a wholesale insurance broking and underwriting agency platform across the U.S. Specialty Insurance Sector</li> </ul>

# Minority Investor Protections

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- 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 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

# Consolidated Statement of Financial Position (IFRS) at 31 July 2017

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

	Unaudited 6 months to 31 July 2017 £'000	Unaudited 6 months to 31 July 2016 £'000	Audited Year to 31 January 2017 £'000
<b>Tangible assets</b>	177	12	15
<b>Investments at fair value – Equity Portfolio</b>	62,982	53,109	63,567
<b>Treasury Funds</b>	15,449	5,114	5,230
<b>Debtors / Loans receivable</b>	14,006	17,966	12,219
<b>Cash</b>	6,591	4,537	7,327
<b>Creditors &lt; 1 year (tax and other payables)</b>	(5,482)	(626)	(1,948)
<b>Creditors &gt; 1 year (Loans, tax &amp; other payables)</b>	-	(1,136)	-
<b>Net Assets (excl. Deferred tax)</b>	<b>93,723</b>	<b>78,976</b>	<b>86,410</b>
<b>Deferred Taxation provision</b>	(4,923)	(5,131)	(6,728)
<b>NET ASSETS</b> 11.4% increase in 6 months to 31 July 2017 after dividend (12.8% before dividend )	<b>88,800</b>	<b>73,845</b>	<b>79,682</b>
<b>Net Assets per Share</b>	<b>304p</b>	<b>253p</b>	<b>273p</b>

# Consolidated Statement of Comprehensive Income (IFRS) at 31 July 2017

	Unaudited 6 months to 31 July 2017 £'000	Unaudited 6 months to 31 July 2016 £'000	Audited Year to 31 January 2017 £'000
Gains on investments (realised and unrealised)	12,419	4,251	11,491
Impairment of investments and loans	(650)	-	-
Operating income	1,932	1,365	2,954
<b>Total income</b>	<b>13,701</b>	<b>5,616</b>	<b>14,445</b>
Operating expenses and FX movement	(2,078)	(1,019)	(2,684)
Net financial income/(expenses)	262	244	431
<b>Profit before tax</b>	<b>11,885</b>	<b>4,841</b>	<b>12,192</b>
Taxation	(1,670)	(827)	(2,398)
<b>Post tax profit for period</b>	<b>10,215</b>	<b>4,014</b>	<b>9,794</b>
<b>Earnings per share</b>	<b>35.0p</b>	<b>13.8p</b>	<b>33.5p</b>

# Consolidated Statement of Cash Flows (IFRS) at 31 July 2017

	Unaudited 6 months to 31 July 2017 £'000	Unaudited 6 months to 31 July 2016 £'000	Audited Year to 31 January 2017 £'000
Net cash from operating activities	(213)	(241)	(69)
Taxation	(93)	(37)	(102)
Purchase of property, plant and equipment	(176)	(1)	(8)
Equity investments made	(11,931)	(3,479)	(8,278)
Net proceeds on sale of equity investments	24,935	8,672	10,253
Net (purchase) / sale of treasury investments	(9,965)	(1,391)	(1,324)
Net loans (granted to) / repaid by investee companies	(2,151)	207	6,046
Net financial income / (expenses)	8	3	7
Dividends paid	(1,099)	(1,000)	(999)
Payments made to repurchase company shares	(54)	(9)	(9)
<b>Increase in cash in the period</b>	<b>(739)</b>	<b>2,724</b>	<b>5,517</b>
FX movement	3	(1)	(4)
Cash at beginning of period	7,327	1,814	1,814
<b>Cash and cash equivalents at period end</b>	<b>6,591</b>	<b>4,537</b>	<b>7,327</b>

# Key Shareholders at 31 July 2017

## DIRECTORS

- Brian Marsh OBE - 56.8%
  - B.P. Marsh Management Limited – 4.86%\*
  - Daniel Topping
  - Campbell Scoones
  - Pankaj Lakhani
- } Less than 0.5% each

\* The Executive Directors hold the following beneficial joint interests in Ordinary Shares, held together with B.P. Marsh Management Limited ("BPMM" a company wholly owned by Brian Marsh) upon and subject to the terms of joint ownership agreements respectively entered into between the individual director, the Company and BPMM

Directors	Ordinary Shares held under JSOP	Ordinary Shares held under SIP
Alice Foulk	127,901	12,335
Dan Topping	355,283	12,335
Jon Newman	355,283	12,335
Millie Kenyon	241,592	12,335

## MAJOR SHAREHOLDERS (> 3%)

- IS Partners AG / Helium Special Situations Fund – 6.01%
- James Sharp & Co – 3.78%
- Hargreaves Lansdown Asset Management – 3.65%

# Contacts

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## **B.P. Marsh & Partners PLC**

4 Matthew Parker Street

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Website: [www.bpmarsh.co.uk](http://www.bpmarsh.co.uk)

## **Nominated Adviser & Broker**

Panmure Gordon & Co

Telephone: 020 7886 2500

## **Financial PR**

Redleaf Communications

Telephone: 020 7382 4730