

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



Interim Report

For the period ending 31 July 2020



Company Information

Directors

Brian Marsh OBE *Chairman*
Alice Foulk *Managing Director*
Jonathan Newman *Group Director of Finance*
Daniel Topping *Chief Investment Officer*
Pankaj Lakhani *Non-executive*
Nicholas Carter *Non-executive*

Company Secretary

Sinead O’Haire

Company Number

05674962

Registered Office

4 Matthew Parker Street
London, SW1H 9NP

Auditors

Rawlinson & Hunter Audit LLP
8th Floor, 6 New Street Square
London, EC4A 3AQ

Broker and Nominated Adviser

Panmure Gordon (UK) Limited
One New Change
London, EC4M 9AF

Registrar

Link Market Services
The Registry, 34 Beckenham Road
Beckenham, Kent, BR3 4TU

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Group Profile

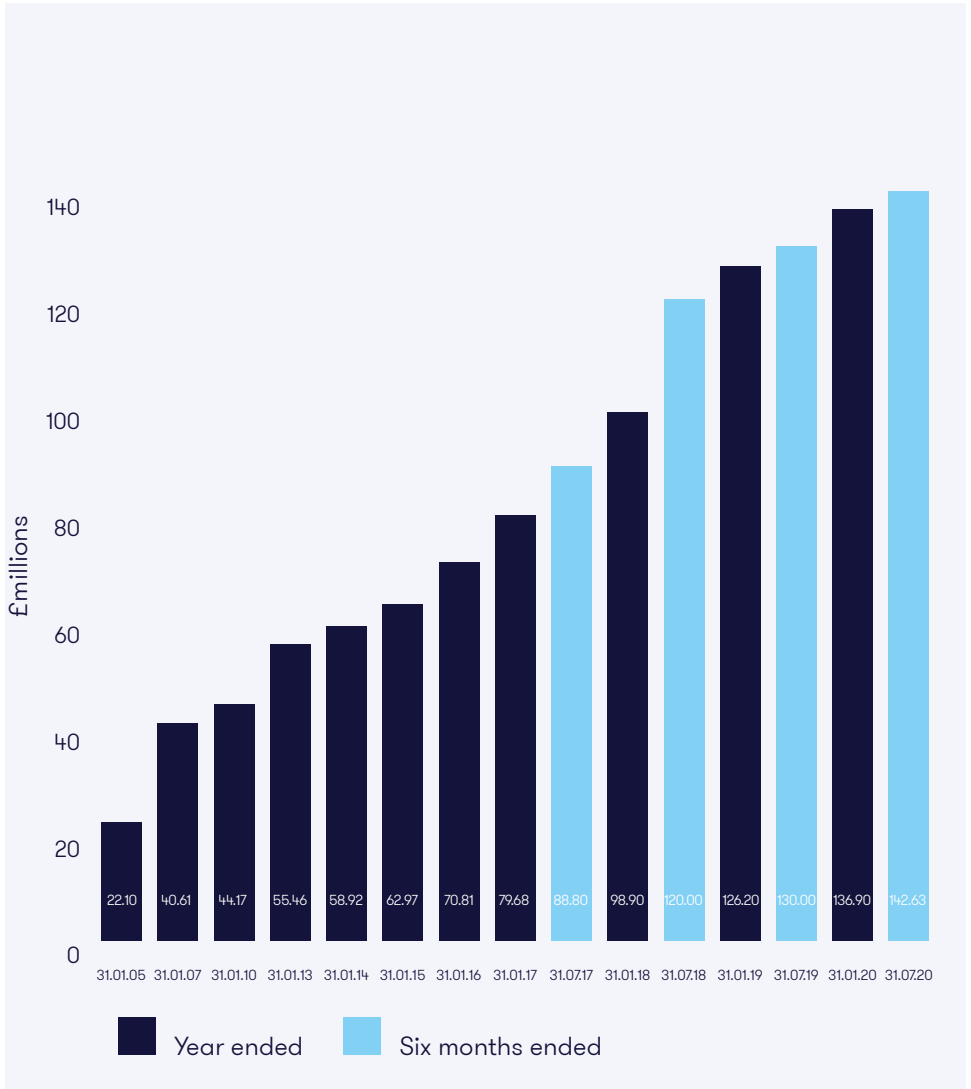
B.P. Marsh & Partners PLC is a specialist investor in early stage Financial Services intermediary businesses, including insurance intermediaries, financial advisors, wealth and fund managers and specialist advisory and consultancy firms. It considers investment opportunities based in various parts of the world.

The Group's aim is to be the capital provider of choice for the Financial Services intermediary sector and to deliver to its investors long-term capital growth alongside a sustainable distribution policy.

The Group invests amounts of up to £5m in the first round, and takes a flexible approach to investment structures, reviewing stages from start-up to more developed. The Group initially only takes minority equity positions and does not seek to impose exit pressures, preferring to be able to take a long-term view where required and work alongside management to a mutually beneficial exit route that maximises value.

B.P. Marsh has invested in over 50 businesses since it was founded in 1990 and its management team has a wealth of experience and a well-developed network within the Financial Services sector.

Group Valuations



NB: The valuation at 31 January 2007 includes £10.1m net proceeds raised on AIM. The valuations from and including 31 July 2018 include £16.6m net proceeds raised in the July 2018 Share Placing and Open Offer.

Statement by the Chairman and Managing Director

Interim Results

B.P. Marsh & Partners Plc (AIM: BPM), the specialist investor in early stage financial services businesses, announces its unaudited Group interim results for the six months to 31 July 2020 (the "Period").

The financial highlights for the Period are:

- Net Asset Value at 31 July 2020 £142.6m (31 July 2019: £130.0m; 31 January 2020: £136.9m)
- Net Asset Value per share 396.2p (31 July 2019: 360.9p; 31 January 2020: 380.1p)
- Total Shareholder return of 4.8% for the Period including the dividend paid in July 2020
- Group cash availability of £4.2m (including undrawn loan facility of £3m) as at 31 July 2020
- Current cash £2.6m (including £2.0m loan facility)
- Consolidated profit after tax of £6.5m (31 July 2019: £5.6m; 31 January 2020: £12.5m)
- One new investment; SAGE Program Underwriters Inc.

Chairman's Statement

We are pleased to present the unaudited Consolidated Financial Statements of B.P. Marsh & Partners Plc for the six-month period to 31 July 2020 (the "Period").

Results and Dividend

During the Period we have seen a 5.1% increase in the valuation of the portfolio from £115.7m to £122.1m, which we are encouraged by, considering the continuing uncertain backdrop of the Covid-19 pandemic. Our portfolio continues to perform in line with management expectations, and the Group aims to be able to deliver Net Asset Value growth at the year end. Our Net Asset Value as at 31 July 2020 was £142.6m or 396.2p per share, up 4.2% over the Period and 9.7% over the prior twelve months.

On 31 July 2020 the Company paid a dividend of 2.22p per share to all shareholders on the Register as at 26 June 2020 and continues to seek to balance rewarding loyalty to its shareholders and retaining future investment capital in its considerations regarding future dividend policy.

As at 31 July 2020 the Group had a cash balance of £1.2m following the payment of the dividend, in addition to an undrawn loan facility of £3m from Brian Marsh Enterprises Limited.

Share Buy-Backs

As has been stated previously, the Company has a strategy for undertaking small market buy-backs of its shares at times when the discount to Net Asset Value (“NAV”), based upon the most recently announced NAV, is greater than 15%.

For the avoidance of doubt, notwithstanding that the discount to NAV at which the Company’s shares are currently trading is greater than 15%, the Company notes that it is currently restricted in its ability to buy back shares since, given that Brian Marsh, together with persons acting in concert with Brian Marsh for the purposes of the City Code on Takeovers and Mergers (the “City Code”), has an interest in approximately 41.85% of the Company’s voting rights, any such purchase of shares would result in an obligation for Brian Marsh to make a general offer for the Company in accordance with Rule 9 of the City Code.

New Investment

In June, the Group announced that it had subscribed for a 30% Cumulative Preferred Ordinary shareholding in SAGE Program Underwriters, Inc (“SAGE”), an Oregon, US based provider of specialist insurance products to niche industries, initially in the inland delivery and field sport sectors. This continues our track record of investing in experienced insurance professionals, in this case the CEO of SAGE, Chuck Holdren.

Statement by the Chairman and Managing Director

Follow on Funding & Additional Investments

In October 2020, after the Period-end, the Group subscribed for a further 15% stake in EC3 Brokers Group Limited (“EC3”), bringing its shareholding to 35% in a £1.5m injection of further capital.

This follow on funding, along with the refinancing of its bank debt, allows EC3 to bolster its position in pursuing its strategy notwithstanding the impact that Covid-19 has had on a significant area of EC3’s business, being event cancellation insurance.

The provision of this follow on funding, demonstrates the Group’s 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 a number of new ventures undertaken over the past 12 months.

Investee Company Highlights

During the Period, XPT, the US based specialty lines distribution company acquired LP Risk, Inc, the Managing General Agency (“MGA”) and surplus lines broker, based in Texas, US. In addition, XPT’s wholesale broker division, Western Security Surplus acquired Houston Surplus Lines, an excess and surplus lines MGA. This is a continuation of XPT’s successful acquisition strategy which we continue to support.

Also during the Period, Nexus, the London based MGA, announced that its independent broking arm Xenia completed the acquisition of the trade credit business of Howden UK Group Limited, one of the largest independent trade insurance brokers in the UK. Additionally, Nexus repaid a £2m Revolving Credit Facility to the Group eight months earlier than the rescheduled repayment date of 31 December 2020.

Alongside this, we were pleased that Walsingham Motor Insurance Limited (“Walsingham”) and MB Prestige Holdings PTY Limited repaid outstanding loans of £0.42m and AUD 0.56m (£0.30m) respectively during the Period, ahead of their repayment schedule.

EC3 Brokers Group Limited won the Dubai International Financial Centre (DIFC) Group Health Insurance Master Policy Scheme in June. This will provide health insurance to employees of companies in the DIFC, the leading international financial hub in the Middle East, Africa and South Asia (MEASA) region.

We have been particularly pleased with the way in which our investee companies have adapted to the Covid-19 crisis. For example, Walsingham specialises in fleet insurance for public and private taxi fleets and couriers in the UK, which was impacted by Covid-19 and its restrictions. Foreseeing the impact of these restrictions, it provided policyholders the flexibility to deliver food and shopping as well as various NHS support work to be undertaken without the need for policy extensions. This has kept the business running in line with its original budgetary expectations.

Financial Performance

Overall, the Group has delivered an excellent return for the Period given the various challenges that it has faced due to Covid-19. The Net Asset Value increased by £5.8m, versus a £3.8m increase over the same period last year. At 31 July 2020, the Net Asset Value of the Group was £142.6m, or 396.2p per share which equates to an increase in Net Asset Value of 4.2% for the Period (2019: 3.0%), or 4.8% (2019: 4.4%) including the dividend paid.

The Net Asset Value of £142.6m at 31 July 2020 represented a total increase in Net Asset Value of £113.4m since the Group was originally formed in 1990 having adjusted for the original capital investment of £2.5m, the £10.1m net proceeds raised on AIM in 2006 and the £16.6m of net proceeds raised through the Share Placing and Open Offer in July 2018. The Directors note that the Group has delivered an annual compound growth rate of 8.0% in Group Net Asset Value after running costs, realisations, losses, distributions and corporation tax since flotation and 11.6% since 1990.

The Group's strategy is to cover expenses from the portfolio yield. On an underlying basis, including treasury returns, but excluding investment activity (unrealised gains on equity, provision against loans receivable from investee companies and all underlying treasury portfolio movement), this was achieved with a pre-tax profit of £0.6m for the Period (H1 2019: £1.5m). The reduction in underlying profit relates to the timing of receipt of dividend income from investee companies. However, overall the Group's current expectation is to achieve a similar level of underlying profit for this financial year as it did for the year ended 31 January 2020 (£0.8m).

Statement by the Chairman and Managing Director

Liquidity

Cash funds at 31 July 2020 were £1.2m (31 January 2020: £0.8m), alongside a £3.0m loan facility with Brian Marsh Enterprises Ltd, a company in which the Chairman, Mr. Brian Marsh, is a director and sole shareholder. Total available cash, including the loan facility, currently stands at £2.6m, following the EC3 investment.

Covid-19 Impact Assessment

The financial statements to 31 January 2020 did not include any impact of Covid-19 as it was treated as a non-adjusting post balance sheet event. However, the financial statements to 31 July 2020 have taken its impact into account.

Covid-19 has had an impact upon the financial performance of the Group, with several of our investee companies being directly affected. However, these companies have each taken steps to manage the risks to their income and to their liquidity, securing additional support and implementing cost reductions where applicable to mitigate any reduction in income and profitability accordingly. The majority are tracking their budgets as a result. In addition, several investee companies have managed to exceed expectations, delivering record results.

As a consequence, and notwithstanding the ongoing impact of Covid-19 due to continued restrictions around the world, the Group still managed to achieve Net Asset growth over the Period of 4.8% including the dividend paid in July 2020, which demonstrates that we have a diversified portfolio, both in terms of products and geographically.

Whilst we cannot predict when restrictions may be fully lifted, or the duration of Covid-19, the current performance of our portfolio amidst this pandemic is encouraging. The Board continues to monitor the key threats to the business closely.

We also continue to monitor Government advice regarding Covid-19, as the health and safety of our staff and those of our investee companies remains our main priority. We continue to support them, as well as our partners during the continuing pandemic.

Outlook

The Group remains well positioned to carry out new investments, with a number of early stage opportunities in the pipeline, which we hope will develop over the course of the rest of the year.

The Group continues to focus on investing in specialist SME sectors in Financial Services, backed by experienced and capable management teams, which will create long term growth and consequential value.

Brian Marsh OBE, Chairman
Alice Foulk, Managing Director

12 October 2020

Chief Investment Officer's Portfolio Update

Our portfolio of investments has performed well during this financial period, with many of our Insurance Intermediary investments delivering very good results.

This is a testament to the Group's investment mantra, and carefully assembled portfolio. Whilst we specialise in Insurance Intermediary businesses, our portfolio is well diversified across multiple product areas, operating in various sectors, ensuring resilience through times of economic or social disruption.

The Group also has a track record of investing in experienced management teams, all of whom have proved adept at managing their businesses against a very challenging economic background.

This has resulted in the portfolio as a whole increasing in value over the six-month period by £5.7m to £142.6m, or 4.1%.

These valuations take into account the outbreak and impact of the initial phases of Covid-19. During the pandemic, the Group has focused on supporting our existing portfolio, closely analysing the impact of Covid-19 on each of our investments through an ever-changing environment.

The Group remains confident that its investment strategy and sector focus will prove resilient during this period of disruption and that Covid-19 will not have a negative impact on the portfolio as a whole to a material degree.

New Investments

During the six-month period we made one new investment. In June 2020, the Group acquired a 30% shareholding in SAGE Program Underwriters, Inc ("SAGE"), for an equity consideration of US\$ 250,000 (c. £203,000).

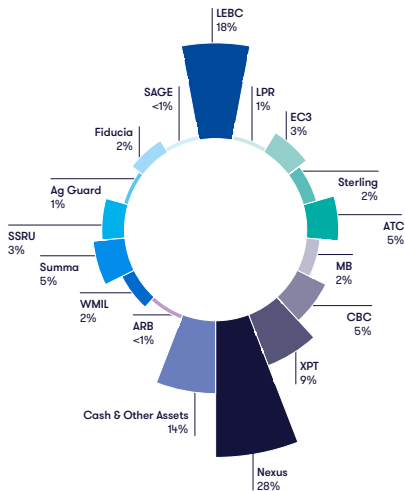
SAGE was established in 2019 by CEO Chuck Holdren and is based in Bend, Oregon, USA. SAGE provides Workers Compensation insurance to niche industries, including inland delivery and field sport sectors.

Chief Investment Officer's Portfolio Update

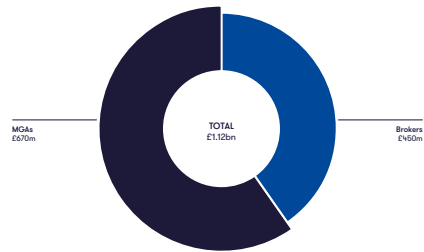
Portfolio Update & Activity

NAV breakdown by portfolio company

The composition of B. P. Marsh's underlying portfolio company exposure can be found here:



The insurance intermediary investments in which the Group holds interests are budgeting in the year to 31 December 2020 to produce, in aggregate, insurance premium ("GWP") of approaching US\$ 1.5bn (c.£1.12bn), of which approximately US\$581m (c.£450m) is attributable to insurance brokers and approximately US\$865m (c.£670m) is attributable to MGAs, as set out below:



Insurance Brokers

Investments:

Broking Investments	Jurisdiction	% Equity 31 July 2020	Valuation 31 July 2020 £'000s	Cost of Investment £'000s	Net Asset Value 31 July 2020	% of
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 Edwards Partners LLC	USA	30.0%	0	4,573		0.0%

Our Broking Investments are, in aggregate, budgeting to place over £450m of insurance premium, producing over £37.0m of commission income during 2020, accessing the speciality markets of, inter alia, Lloyd's and London, North America, Asia Pacific and Bermuda.

Chief Investment Officer's Portfolio Update

Underwriting Agencies / Managing General Agents ("MGAs")

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 Speciality 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%

Our MGA investments are, in aggregate, budgeting to produce GWP of £670m in 2020, which represents £84.0m of commission income in the year. The Group's MGA investments operate in excess of 30 product areas, on behalf of more than 50 insurers.

IFA Investment

Investments:

	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%

LEBC is presently the Group's only non-insurance related investment, although we do continue to see investment opportunities in the financial planning and advisory sector.

“B.P. Marsh’s diversified investment portfolio has shown its resilience, delivering NAV growth despite the ongoing market uncertainty. The outlook is positive for the rest of the year, in no small part due to the hard work and dedication of our investee companies and our own employees in the period.”

Brian Marsh OBE, Chairman

Consolidated Statement of Comprehensive Income

For the period ended 31 July 2020

	Notes	Unaudited 6 months to 31 July 2020		Unaudited 6 months to 31 July 2019		Audited Year to 31 January 2020	
		£'000	£'000	£'000	£'000	£'000	£'000
Gains on investment							
Provision against equity investments and loans		-		(36)		(69)	
Unrealised gains on equity investment revaluation	4	5,922		4,077		11,570	
			5,922		4,041		11,501
Income							
Dividends		835		1,879		2,787	
Income from loans and receivables		657		615		1,299	
Fees receivable		642		600		1,108	
			2,134		3,094		5,194
Operating income							
Operating expenses			(1,604)		(1,706)		(4,210)
Operating profit							
			6,452		5,429		12,485
Financial income		1		14		16	
Financial expenses		(36)		(38)		(77)	
Exchange movements		80		171		(152)	
			45		147		(213)
Profit on ordinary activities before taxation							
			6,497		5,576		12,272
Income taxes			-		18		258
Profit on ordinary activities after taxation attributable to equity holders							
	6		£6,497		£5,594		£12,530
Total comprehensive income for the period							
	6		£6,497		£5,594		£12,530
Earnings per share – basic and diluted (pence)	3		18.1p		15.6p		34.9p

The result for the period is wholly attributable to continuing activities.

Consolidated Statement of Financial Position

As at 31 July 2020

Notes	£'000	Unaudited 31 July 2020 £'000	£'000	Unaudited 31 July 2019 £'000	£'000	Audited 31 January 2020 £'000	£'000
Assets							
Non-current assets							
Property, plant and equipment		137		150		151	
Right-of-use asset		1,084		1,378		1,286	
Investments							
– equity portfolio	4	122,051		106,969		115,666	
Investments							
– treasury portfolio	5	–		–		–	
Loans and receivables		16,483		16,339		16,211	
			139,755		124,836		133,314
Current assets							
Trade and other receivables		3,370		5,626		5,017	
Cash and cash equivalents		1,171		1,420		787	
			4,541		7,046		5,804
Liabilities							
Non-current liabilities							
Lease liabilities		(1,019)		(1,289)		(1,204)	
Deferred tax liabilities	8	–		–		–	
			(1,019)		(1,289)		(1,204)
Current liabilities							
Trade and other payables		(486)		(401)		(876)	
Lease liabilities		(157)		(163)		(168)	
Corporation tax provision		–		(48)		–	
			(643)		(612)		(1,044)
Net assets			£142,634		£129,981		£136,870
Capital and reserves – equity							
Called up share capital			3,747		3,748		3,747
Share premium account			29,358		29,363		29,367
Fair value reserve			63,618		50,204		57,696
Reverse acquisition reserve			393		393		393
Capital redemption reserve			7		6		7
Capital contribution reserve			53		31		42
Retained earnings			45,458		46,236		45,618
Shareholders' funds							
– equity	6		£142,634		£129,981		£136,870
Net Asset Value per share (pence)			396.2p		360.9p		380.1p

The Interim Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 12 October 2020 and signed on its behalf by:

J.S. Newman & D.J. Topping

Directors & Company Secretary

Brian Marsh OBE

[Executive Chairman, aged 79](#) (I) (V) (N)

Brian started his career in insurance broking and underwriting in Lloyd's and the London and overseas market over 55 years ago and was, from 1979 to 1990, chairman of Nelson Hurst & Marsh (Holdings) Ltd, before founding the Group. Brian has over 30 years' experience in building, buying and selling financial services businesses particularly in the insurance sector. Brian's considerable experience being Chairman of numerous companies in Financial Services means he is well suited as the Executive Chairman of B.P. Marsh. Brian is a member of the Investment, Valuation, and Nominations Committees.

Alice Foulk BA (Hons)

[Managing Director, aged 33](#) (R) (I) (V) (N) (D)

Alice joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In February 2015 Alice was appointed as a director of B.P. Marsh and in January 2016 was appointed Managing Director where she is responsible for the overall performance of the Company and monitoring the Company's overall progress towards achieving its objectives and goals, as set by the Board. Alice is a member of the Remuneration, Investment, Valuation, Nominations and Disclosure Committees.

Daniel Topping MCSI, ACIS

[Chief Investment Officer, aged 36](#) (I) (V) (N) (D)

Daniel was appointed as a director of B.P. Marsh in March 2011 having joined the Group in February 2007, following two years at an independent London accountancy practice. Daniel graduated from the University of Durham in 2005 and is a member of the Securities and Investment Institute and the Institute of Chartered Secretaries and Administrators. In January 2016 Daniel was appointed as Chief Investment Officer of the Group and is a member of the Investment, Valuation, Nominations and Disclosure Committees. Daniel is the Senior Executive with overall responsibility for the portfolio and investment strategy for the Group, working alongside the Board and Investment Directors to find, structure, develop, support and monitor the portfolio. Daniel currently has multiple nominee appointments across the investment portfolio.

Jonathan Newman ACMA, CGMA, MCSI

[Group Finance Director, aged 45](#) (I) (V) (D)

Jonathan is a Chartered Management Accountant with over 20 years' experience in the financial services industry. He joined the Group in November 1999, having started his career at Euler Trade Indemnity, and was appointed a director of B.P. Marsh in September 2001 and Group Finance Director in December 2003. Jonathan is responsible for the Group's finance function, provides strategic financial advice to all companies within the Group's portfolio, evaluates new investment opportunities and is a member of the Investment and Valuation Committees. Jonathan has nominee directorships within three investee companies.

Pankaj Lakhani FCCA

Non-executive Director, aged 66 (R) (A) (V) (N)

Pankaj joined B.P. Marsh in May 2015 and has over 30 years' experience within the global insurance sector, having worked at Marsh McLennan Group, Nelson Hurst & Marsh Group, Admiral Underwriting and Victor O. Schinnerer. Pankaj is Chairman of both the Remuneration and Audit Committees and is also a member of the Valuation and Nominations Committees.

Nicholas Carter

Non-executive Director, aged 77 (R) (A)

Nicholas was appointed to the Board of B.P. Marsh on 1 May 2019 and has over 50 years' experience in the Lloyd's Insurance Market having held a variety of positions within Nelson Hurst & Marsh Limited, Citicorp Insurance Brokers Limited and Nelson Hurst Plc. Upon joining the Group Nicholas was appointed a member of the Remuneration Committee and Audit Committee.

Sinead O'Haire, LLB (Hons), FCIS

Chief Legal Officer & Group
Company Secretary (N) (D)

Sinead joined B.P. Marsh in 2009 and was appointed Group Company Secretary in June 2011. Sinead attends all Board and Committee meetings and works closely with the Chairman's Office and Board in all matters of governance and to oversee the effective functioning and leadership of the Company, as well as ensuring compliance with the stock market regulations. Sinead is also a member of the Nominations and Disclosure Committees and is responsible for negotiating and finalising the legal aspects of new investments, any follow-on funding and eventually the exit process.

KEY

- (R) Member of the Remuneration Committee during the Period
- (A) Member of the Audit Committee during the Period
- (I) Member of the Investment Committee during the Period
- (V) Member of the Valuation Committee during the Period
- (N) Member of the Nominations Committee during the Period
- (D) Member of the Disclosure Committee during the Period

Investments

Portfolio Company Highlights:

Ag Guard PTY Limited (“Ag Guard”)

(www.agguard.com.au)

In July 2019 the Group subscribed for a 36% holding in Ag Guard PTY Limited, a Managing General Agency, which provides insurance to the Agricultural Sector, based in Sydney, Australia.

Ag Guard continues to roll out its niche agricultural product offering across Australia, with the business showing significant traction since it was established.

Date of investment: July 2019

31 July 2020 valuation: £1,421,000

Equity stake: 36%

Asia Reinsurance Brokers Pte Limited (“ARB”)

(www.arbrokers.asia)

In April 2016 the Group invested in Asia Reinsurance Brokers Pte Limited, the 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.

Despite the Covid-19 pandemic, ARB continues to develop its business portfolio under the direction of Richard Austen and its Managing Director, William Pang.

Date of investment: April 2016

31 July 2020 valuation: £706,000

Equity stake: 25%

ATC Insurance Solutions PTY Limited (“ATC”)

(www.atcis.com.au)

In July 2018, the Group invested in ATC, an Australia-based MGA and Lloyd’s Coverholder, specialising in Accident & Health, Construction & Engineering, Trade Pack and Sports insurance.

The Group acquired a 20% shareholding in ATC, which continues to show strong growth and is one of the largest Lloyd’s underwriting agencies operating in Australia.

ATC finished its 2020 financial year 28% ahead of last year on EBITDA, which demonstrates its resilience in a challenging environment.

Since the Group’s investment in ATC, Gross Written Premium has grown from c. AU\$ 60m, to budgeting Gross Written Premium of approaching AU\$ 100m in its current year to June 2021.

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

ATC has also made a number of new hires to expand its product offering in the Construction and Cyber sectors. This includes the appointment of a new underwriter operating in the plant and machinery space. In the Cyber space, ATC has hired a senior underwriter who has a great depth of knowledge and experience in the Australian cyber marketplace. With these appointments, ATC is further developing its expertise in these key growth areas.

Date of investment: July 2018

31 July 2020 valuation: £7,423,000

Equity stake: 20%

CBC UK Limited (“CBC”)

www.cbciinsurance.co.uk

Established in 1985, 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. The Group assisted in an MBO of CBC, allowing Management to buy out a major shareholder.

CBC has recently hired a new team dedicated to International Financial products. The team has collectively 145 years of experience in this sector, both underwriting and broking, and is headed up by Adrian Fox. Since they commenced their employment at CBC, this team has made great strides in expanding CBC’s international footprint.

Date of investment: February 2017

31 July 2020 valuation: £7,289,000

Equity stake: 43.7%

Criterion Underwriting Pte Limited (“Criterion”)

www.criterionmga.com

The Group helped to 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.

Date of investment: July 2018

31 July 2020 valuation: £0

Equity stake: 29.4%

EC3 Brokers Limited (“EC3”)

www.ec3brokers.com

In December 2017, the Group invested in EC3, an independent specialist Lloyd’s broker and reinsurance broker. Founded by its current 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.

Date of investment: December 2017

31 July 2020 valuation: £4,569,000

Equity Stake: 20%

Investments

The Fiducia MGA Company Limited (“Fiducia”)

(www.fiduciamga.co.uk)

Fiducia, founded in November 2016, is a UK Marine Cargo Underwriting Agency, established by its CEO Gerry Sheehy. Fiducia is a Lloyd’s Coverholder which specialises in the provision of insurance solutions across a number of Marine risks including, Cargo, Transit Liability, Engineering and Terrorism Insurance.

Fiducia, having launched as a start-up MGA in November 2016, with backing from the Group, continues to show strong growth and is on track to secure Gross Written Premium in excess of £20m for the current year.

Cumulatively, the Group has invested £228,000 in Fiducia for its 35% shareholding. As at 31 July 2020, the Group’s valuation of Fiducia is £2.2m, an increase of £2.0m or 875%.

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

Fiducia continues 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.

Date of investment: November 2016

31 July 2020 valuation: £2,222,000

Equity stake: 35.2%

LEBC Holdings Limited (“LEBC”)

(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.

Throughout Covid-19 LEBC’s centralised investment proposition has provided a degree of stability to clients’ portfolios in a time of extreme volatility. Additionally, 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.

As previously announced, the Group was greatly saddened to report on the death in September 2020 of LEBC’s founder and Chief Executive, Jack McVitie, who spearheaded LEBC’s growth, which has seen the business become one of the largest independently owned national IFAs.

The Group is working closely with LEBC’s longstanding and continuing Management team, to continue the legacy that Jack McVitie built.

Date of investment: April 2007

31 July 2020 valuation: £25,000,000

Equity stake: 59.3%

Lilley Plummer Risks Limited (“LPR”)www.lprisks.co.uk

In October 2019, the Group invested into Lilley Plummer Risks, the newly formed specialist marine Lloyd’s broker. Lilley Plummer Risks was established by Stuart Lilley and Dan Plummer in 2019 and provides products across the marine insurance market.

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.

At investment, the Group took a 30% stake for a cash consideration £1m. As at 31 July 2020, and given the strong performance, the Group’s valuation of its investment in LPR, for the same shareholding, is £1.7m, an increase of £0.7m or 70%.

Date of investment: October 2019

31 July 2020 valuation: £1,726,000

Equity stake: 30%

Mark Edward Partners LLC (“MEP”)www.markedwardpartners.com

Founded in 2010 by Mark Freitas, its President & Chief Executive Officer, MEP provides core insurance products in Financial & Liability, Property & Casualty, Personal Lines, Life Insurance, Cyber and Affinity Groups. MEP is a national U.S. firm with licenses to operate in all 50 states and has offices in New York, Palm Beach and Los Angeles.

Date of investment: October 2017

31 July 2020 valuation: £0

Equity stake: 30%

MB Prestige Holdings PTY Limited (“MB Group”)www.mbinsurance.com.au

In December 2013 the Group invested in MB Group, 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.

Over the Period, MB Group has repaid in full its loan from the Group, which was possible due to its solid and consistent performance over the last three years and a healthy cash balance. MB continues to show strong growth with Gross Written Premium up 10% on the previous year at the 6-month year to date position and profitability up nearly 20% over the prior year position.

Date of investment: December 2013

31 July 2020 valuation: £3,030,000

Equity stake: 40%

Investments

Nexus Underwriting Management Limited (“Nexus”)

(www.nexusunderwriting.com)

In 2014 the Group invested in Nexus, an independent specialty Managing General Agency, founded in 2008. Through its operating subsidiaries Nexus specialises in the provision of Directors & Officers, Professional Indemnity, Financial Institutions, Accident & Health, Trade Credit, Political Risks Insurance, Surety, Bond and Latent Defect Insurance, both in the UK and internationally.

In March 2020, Nexus 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 of trade credit insurance distribution.

Xenia have recently appointed a new member of its senior Management Team, to lead its client services division. This will enable Xenia to further develop its strong client relationships, exceeding expectations for service and delivery as the group continues its journey of successful growth.

The Nexus Managing General Agency business continues to remain on track to hit its original budget expectation for the year ending 31 December 2020, notwithstanding the challenges that have been posed by the Covid-19 pandemic.

In February 2020, Nexus was ranked at number 78 in the 11th annual Sunday Times HSBC International Track 200, which ranks Britain’s mid-market private companies with the fastest-growing international sales.

Date of investment: August 2014

31 July 2020 valuation: £40,313,000

Equity stake: 18.0%

SAGE Program Underwriters, Inc (“SAGE”)

(www.sageuw.com)

Based in Bend, Oregon, SAGE provides specialist insurance products to niche industries, initially in the inland delivery and field sport sectors, established in 2019 by CEO Chuck Holdren. Mr. Holdren has three decades of experience in the industry and has prior experience of establishing and managing two national underwriting agencies from start-up to successful trade sale.

Since investment, SAGE has performed in line with the Groups expectations, and has strong growth potential going forward. SAGE has also 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.

Date of investment: June 2020

31 July 2020 valuation: £190,000

Equity stake: 30%

Stewart Specialty Risk Underwriting Ltd ("SSRU")

(www.ssrु.ca)

A Canadian based Managing General Agent, providing insurance solutions to a wide array of clients in the Construction, Manufacturing, Onshore Energy, Public Entity and Transportation sectors. SSRU was established by its CEO Stephen Stewart, who has over 25 years' experience in the insurance industry having had senior management roles at both Ironshore and Lombard in Canada.

SSRU, based in Toronto, has secured a new Property offering. As part of this new product it has announced the appointment of Heather Jamieson as Vice President of its Property division.

SSRU has grown solidly since formation and was able to exceed its 2020 annual revenue budget before the end of the second quarter of the year.

The Group's nominal equity investment of £19 has now grown to a value of £3.5m as at 31 July 2020.

Date of investment: January 2017
31 July 2020 valuation: £3,539,000
Equity stake: 30.0%

Sterling Insurance PTY Limited ("Sterling")

(www.sterlinginsurance.com.au)

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

Sterling continues to report strong financial performance, exceeding its EBITDA budget by c. 11% in the financial year to June 2020.

Date of investment: June 2013
31 July 2020 valuation: £2,684,000
Equity stake: 19.7%

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

(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.

The performance of the business throughout 2020 had been positive and Summa are expecting to outperform their 2019 results.

Date of investment: January 2005
31 July 2020 valuation: £6,932,000
Equity stake: 77.3%

Investments

Walsingham Motor Insurance Limited [“Walsingham”]

[\[www.walsinghamunderwriting.com\]](http://www.walsinghamunderwriting.com)

In December 2013 the Group invested in Walsingham Motor Insurance Limited, a niche UK fleet motor Managing General Agency, which commenced trading in July 2013. In 2015 the Group acquired a further 10.5% equity, taking its current shareholding to 40.5%.

Walsingham’s business was impacted by Covid-19 and the lockdown restrictions, with the business believing that their taxi portfolio, which represents c.50% of their book, would be subject to mass cancellations, and the courier portfolio would see increased vehicles and drivers. In light of this, Walsingham recognised the need to allow taxi policyholders flexibility in their work and allowed for food and shopping deliveries as well as various NHS support work to be undertaken without the need for policy extensions. This meant the retention of taxi fleets on the portfolio, which are once again already approaching full capacity.

Due to Walsingham’s initiative and flexibility, as Covid-19 restrictions eased GWP has increased significantly such that the initial Covid-19 reductions have now reversed, and the business is back on its original budget. At the same time, due to reduced traffic on the road this has resulted in significantly reduced claims frequencies over the last four months.

Date of investment: December 2013

31 July 2020 valuation: £2,226,000

Equity stake: 40.5%

XPT Group LLC [“XPT”]

[\[www.xptspecialty.com\]](http://www.xptspecialty.com)

In June 2017 the Group backed the ex-Swett & Crawford CEO Tom Ruggieri and a strong management team to develop a New York-based wholesale insurance broking and underwriting agency platform across the U.S. Specialty Insurance Sector.

In April 2020, XPT completed its sixth investment acquiring LP Risk, Inc, the MGA and surplus lines Broker headquartered in Houston, Texas. LP Risk specialises in transportation, hospitality, contractors, marine, energy/oil & gas and manufacturing.

Additionally, In May 2020 Western Security Surplus [“WSS”], the boutique wholesale broker division of XPT, announced the acquisition of Houston Surplus Lines [“HSL”], which is an excess and surplus lines Managing General Agent based in Houston, Texas. This acquisition represented XPT’s seventh investment.

W.E. Love & Associates, [“W.E. Love”] launched a new trucking program, named Platinum Trucking. This new program has been created for primary truck liability insurance, where W.E. Love have identified that the needs of the market are underserved. The program complements other trucking-related programs written by W.E. Love and is currently available in 20 US states, with the strategy to expand coverage to all 50 US states.

As XPT continues to grow, both organically and via acquisition, it has moved to bolster its Management Team through two senior hires. This

includes the hiring of a new Chief Financial Officer and a new Executive Vice President and Director of Business Operations. These hires demonstrate that XPT is building a Management team to enter its next stage of growth.

Having acquired 7 businesses across the US, these appointments enhance XPT's capabilities in consolidating and growing their underlying business, and sourcing new acquisition opportunities.

Date of investment: June 2017

31 July 2020 valuation: £12,713,000

Equity stake: 29.9%

Outlook

At the time of our results being announced, the world continues to deal with the Covid-19 pandemic. It is likely that the next 12 – 24 months will be one of the most challenging times for all businesses to produce a strong return.

As has been the case throughout the Covid-19 pandemic, the Group will always prioritise the welfare of its staff and the staff at all our portfolio companies. The Group has been impressed by the manner in which our portfolio of investments have adapted to this crisis and it is a testament to the teams we back.

The Group remain confident in our portfolio of investments and the management teams we have backed. In light of this, the Group is well

set to continue to deliver excellent long-term growth to our shareholders, notwithstanding the current difficulties caused by Covid-19. Our diverse portfolio is well positioned to continue its growth trajectory and we look forward to 2021 with cautious confidence.

Whilst the Group has a robust balance sheet, and is under no pressure to realise any of its current investments, there remains strong demand from private equity to enter the financial services and intermediated markets, and this of course produces exit opportunities for our investee companies.

The Group has a strong pipeline of new investment opportunities, within its sector specific niche model, focusing on off-market deals through our own network of contacts. This continues to provide us with promising investment opportunities at fair value with significant growth prospects.



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