VCT RESEARCH REPORT
MAVEN INCOME & GROWTH VCT 6

MAVEN CAPITAL PARTNERS

February 2016

This report is not a substitute for reading the prospectus, and any decision to invest must be made purely on the basis of the prospectus.

Risk Factors – VCTs are substantially higher risk than mainstream equities. They invest in smaller companies, which can be prone to failure. VCT shares are difficult to buy and sell – the market price may not reflect the value of the underlying investments. The value of the shares will fluctuate, income is not guaranteed and you could get back less than you invest. Tax and VCT rules can change and tax benefits depend on your circumstances. If a VCT loses its qualifying status investors may have to repay any tax rebate. The prospectus will give fuller details of the risks.

Their place in a portfolio – We feel VCTs should account for no more than 10% of an equity portfolio. They must be held for five years in order to retain the tax relief, but a ten-year view would be better as dividends are the primary source of returns as the VCT portfolio matures. VCTs are only suitable for sophisticated long-term investors with significant portfolios. They are unlikely to be suitable for investors who may need access to their money in the short term, or for whom loss of the investment will cause hardship. We assume you will make your own assessment of your expertise and the suitability of a VCT for your circumstances. If you have any doubts you should seek expert advice.

RICHARD TROUE – HEAD OF INVESTMENT ANALYSIS

OFFER SUMMARY	
Fund:	Maven Income & Growth VCT 6
Amount seeking:	£15 million
Minimum investment:	£5,000

OUR VIEW

Experience and resources matter when it comes to finding, nurturing, and selling small unquoted businesses; and Maven has both. The team has made good progress turning the performance of this VCT around since taking over management in February 2005 and the current portfolio offers exposure to around 40 more mature and established businesses.

Looking ahead, new rules governing the types of company VCTs can invest in (discussed further below) mean investments are likely to be made in smaller companies at an earlier stage of their development. This is a higher risk approach and while we have confidence in the Maven team to deliver over the long term we would like to monitor performance under the new rules before becoming more positive.

CHANGES TO VCT LEGISLATION

In November 2015 the rules governing VCTs were amended. The new rules impose stricter limits on the investments which may be made by VCTs. As with any legislation the full details are complex. The most significant changes include VCTs no longer being able to invest in companies more than 7 years old; the prohibition of certain types of transaction; and VCTs cannot invest more than £12 million in any one company.

The amended rules will affect different VCTs to different extents, depending on the manager's approach. The Maven VCTs traditionally focused on Management Buyouts (MBOs) of established companies. Under the new rules MBOs are not permitted and new investments will generally have to be in companies less than 7 years old. Maven has some experience investing in earlier-stage companies, but they will also face more competition to secure the most attractive investments as other VCT managers also adapt to the changes.

Further details of the legislative changes can be found on the VCT section of our website: www.hl.co.uk/vct

WHO SHOULD CONSIDER GENERALIST VCTs

Generalist VCTs are relatively broad-based, usually investing in a range of unquoted companies across a wide variety of sectors. Some target companies which are already established and profitable, while others have a bias towards very small businesses at an early stage of their development. Most aim to provide steady dividends to investors with the potential for higher payments if and when they sell successful investments. They also aim to maintain or steadily grow capital over the long term.

Investors should ensure they are comfortable with an individual VCT's approach before investing. We believe building a portfolio of different VCTs is sensible as the diversification reduces risk. Starting by selecting those focusing on more mature, established companies; and then adding higher risk VCTs targeting early-stage companies to an already diverse portfolio could be wise. While you must hold the VCT for five years to benefit from the tax relief, we believe 10 years plus is a more realistic time horizon.

PHILOSOPHY

The key to Maven's approach is discipline and this will not change under the amended rules. They only invest in established and cash-generative companies at sensible prices. Then they work with these companies to help them achieve their full potential, by making operational improvements or growing sales, for example. The team avoids unproven companies and speculative investments.

PORTFOLIO CONSTRUCTION

Most types of company are considered as long as the team sees excellent growth prospects and the business model is robust enough to cope with rapid expansion. The management team responsible for delivering this growth must be entrepreneurial, not overly reliant on one individual, and have a track record of delivering revenue growth.

The VCT is currently invested across a diverse range of sectors, including industrials, healthcare, consumer, telecommunications, mining & resources, and finance.

COMPANY CASE STUDIES

Investment: In June 2015 Maven invested a total of £4.5 million in Cursor Controls Limited, an engineering and manufacturing business which supplies products to the medical, military, marine and aerospace sectors. The funding is being used to boost growth, both through acquiring other businesses and extending the company's design and manufacturing operations.

Realisation: In December 2015 Maven sold their investment in Westway Services Holdings to a US company. Westway is a building services provider which focuses on mechanical, electrical, air conditioning and refrigeration. Maven helped the company increase the range of services it offers and expand across the UK. At the time of the sale the business had grown its turnover to over £50 million a year.

PERFORMANCE & DIVIDENDS

The main aim is to provide a sustainable income stream while maintaining or modestly growing capital over the long term. This is achieved by investing in companies capable of paying a regular yield, structuring investments to maximise income and distributing profits from the sale of successful investments.

When the Maven team took over management of this VCT the portfolio was in poor shape. The majority of investments were in AIM-listed companies which had not performed well. Maven has gradually reinvested in unquoted companies which have gone on to perform better and generate income. This has enabled dividends to be paid in each of the past three years and the team intend to build on this success. The dividend history is shown below, but please remember past performance is not a guide to the future.

YEAR	MIG 6 (PENCE PER SHARE)
2013	0.5p
2014	0.6p
2015	0.7p

Source: Maven Capital Partners, as at 30 September 2015

ABOUT THE MANAGER

Maven: The Maven team was previously at Aberdeen Asset Management. In 2009 they established Maven and moved across to the new business. The team is headed by Bill Nixon who has extensive experience in venture capital investing. He has built what we believe is one of the VCT industry's strongest teams. Maven manages over 20 funds, including six VCTs. The firm's partners, staff and the VCT directors hold substantial stakes in the VCTs.

Team: The team is based across the UK and they believe having people on the ground with in-depth local knowledge is an advantage when sourcing investments.

Research: If the team cannot invest at the right price or do not believe they can add value to help a company grow, they will not invest. They meet many companies each year. The rigorous approach to quality means only a handful of investments are made.

CHARGES & FEES

The initial charge is 5%. Hargreaves Lansdown is offering a discount of 2% off the initial charge. In addition, for applications accepted before 26 February 2016 Maven is offering an 'early-bird' discount of 1.5% for existing investors in any Maven VCT and 1.25% for new investors. This means the following net initial charges apply (please note discounts are paid in the form of additional shares):-

	Before 26 February 2016	After 26 February 2016
Existing investors	1.5%	3%
New investors	1.75%	3%

Maven currently receives an annual fee of £100,000 for managing this VCT, plus the potential to earn a performance fee. There are also other charges and expenses. It has been proposed that from 01 April 2016 the investment management fee be changed from £100,000 to 2.5% of net assets a year. Investors should ensure they are comfortable with the charging structure (existing and proposed) and risks before investing. Full details can be found in the prospectus.

SHARE BUY BACK POLICY

The board currently aims to maintain a discount to NAV of 10-20%. However, buy backs and the target discount are not guaranteed and are subject to a number of factors, including, among other things, market conditions, liquidity and maintaining VCT status.

HOW TO APPLY

To apply please read the prospectus for the offer and fill out the application form at the back. The prospectus is available to download from the Hargreaves Lansdown website or by calling 0117 900 9000.

The signed application and a cheque for the amount you wish to subscribe should be returned to Hargreaves Lansdown. The cheque should be made payable to the VCT, as indicated in the prospectus, but the application and cheque must be returned to Hargreaves Lansdown in order for you to benefit from our discount.

We will acknowledge your application and your share certificate and tax certificate will be sent once the shares have been allotted. Shares are allotted periodically and allotment could take up to two months following the acceptance of your application. Shares will be issued according to the most recently announced NAV per share of the VCTs, adjusted for the costs of the offer.

You can elect for dividends to be paid into your bank account, or receive them by cheque. Please see the relevant section of the prospectus and application form for further details.