

# BARONSMEAD

## Baronsmead VCT 3 plc Interim Management Statement For the 3 month period from 1 January 2014 to 31 March 2014

### Headlines

<b>+4.5%</b>	<b>Increase in Net Asset Value per share before payment of interim dividend</b>
<b>8.0p</b>	<b>Interim dividend paid on 7 March 2014</b>
<b>£9.7m</b>	<b>Raised net of costs in January / February 2014</b>

### Performance Summary

	As at 31 March 2014	As at 31 December 2013	Movement
Capital return			
Total net assets	£82.82m	£74.88m	
Net asset value per share	118.53p*	113.40p	4.5%
Share price	103.75p	106.25p	(2.4%)
Discount to NAV	(6.1%)	(6.3%)	

\* Adjusted for 8.0p (£5.3m) interim dividend paid on 7 March 2014 for comparative purposes.  
Actual NAV at 31 March 2014 including the interim dividend paid 7 March 2014 was 110.50p per share.

	3 months (%)	1 year (%)	5 years (%)	10 years (%)
Total return				
Net asset value <sup>1</sup>	4.63	13.21	70.13	120.51

<sup>1</sup> NAV total return = NAV + reinvested dividends; Source: ISIS EP LLP

These total returns are stated before the inclusion of VCT tax reliefs which are designed to mitigate the higher risks and costs associated with investing in smaller companies and the constraints of the VCT legislation. The front end income tax reliefs available at the time of subscription were 20% prior to the end of the 2003/04 tax year, 40% in the 2004/05 and 2005/06 tax years and 30% since then, so any adjusted performance measure including this relief will vary depending on the date of subscription. There is the additional benefit of receiving VCT dividends tax free.

### Investment Performance

The net asset value of the company increased by 4.5% during the quarter excluding the interim dividend paid during the period. The unquoted portfolio valuation stayed broadly flat in the quarter and the AIM portfolio increased by 7.7%.

The Company's net assets as at 31 March 2014 were £82.8 million. This figure takes account of the valuation of the Company's investments as at 31 March 2014 and takes account of the payment of the interim dividend of 8.0p per share paid on 7 March 2014 (£5.3 million) and the £9.7m (net of costs) raised during the period under review.

### Top Ten Investment Holdings

Position at 31 March 2014	Position at 31 December 2013	Company	Percentage of NAV as at 31 March 2014
1	1	Nexus Vehicle Holdings Limited	5.7
2	2	Netcall plc	3.4
3	4	Vectura Group plc	3.0
4	5	IDOX plc	3.0
5	3	Crew Clothing Holdings Limited	2.9
6	7	Valldata Group Limited	2.2
7	9	ICCM	2.1
8	10	Murgitroyd Group plc	2.0
9	8	Tasty plc	1.9
10	20	Jelf Group plc	1.7
<b>Total</b>			<b>27.9</b>

### Analysis of Total Assets

	Percentage of total assets at 31 March 2014	Percentage of total assets at 31 December 2013
Unquoted investments	32	38
AIM, listed, ISDX & collective investments vehicle	48	47
Listed interest bearing securities	-	5
Net current assets	20	10
Total cash portfolio	20	15
<b>Total Assets</b>	<b>100</b>	<b>100</b>

### Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments at 31 March 2014	Percentage of total investments at 31 December 2013
Business Services	43	45
Consumer Markets	12	13
Healthcare & Education	17	16
Technology, Media & Telecommunications	28	26
<b>Total</b>	<b>100</b>	<b>100</b>



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## Investments made

Company	Date	Cost (£'000)
Daily Internet plc	Jan 2014	25
Kingsbridge Limited	Jan 2014	952
EG Solutions plc Loan note	Feb 2014	33
Scholium Group plc	Mar 2014	450
<b>Total investments</b>		<b>1,460</b>

## Realisations

During the period under review Baronsmead VCT 3 realised proceeds of £2.3m from the sale of two unquoted investments (Empire World Trade and Inspired Thinking Group). Arcas Investments was dissolved in the period and the funds returned to the VCT.

The sale of Baronsmead VCT 3's holding in Inspired Thinking Group in March 2014 realised a return of 3.4 times its original cost including interest income.

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple (x)
Inspired Thinking Group Limited	Mar 2014	796	2,315	3.4*
Arcas World Trade Limited	Mar 2014	1,000	998	1.0
Empire World Trade Limited	Jan 2014	1,297	25	0.0
<b>Total realisations</b>		<b>3,093</b>	<b>3,338</b>	

\*Includes interest/dividends received, loan note redemptions and partial realisations accounted for in prior periods.

## Dividend paid on 7 March 2014

Following recent profitable sales of investments, the Directors declared an interim dividend of 8.0p per share with respect to the year to 31 December 2014. The dividend was paid on 7 March 2014 to shareholders on the register as of 21 February 2014. It is the Board's current expectation that this interim dividend will be in lieu of the dividend that would normally be declared on the publication of the Company's results for the six months to 30 June 2014.

## Fundraising

An offer for subscription to raise gross proceeds of up to £10 million was launched on 22 January 2014. The Company's offer was fully subscribed by 19 February 2014, raising £9.7 million net of expenses. As a result, on 14 March 2014 the Company allotted 8,896,261 shares at a price of 112.40p per share.

The Board would like to thank the 482 existing shareholders and extend a very warm welcome to 576 new shareholders who invested in the Company through this fundraising. The Company had 4,084 shareholders as at 31 March 2014.

## Events after the period end

Other than the events described above, the Board is not aware of any significant events or transactions which have occurred between 1 April 2014 and the date of publication of this statement which would have a material impact on the financial position of the Company.

## Investment objective

Baronsmead VCT 3 plc is a tax efficient listed company which aims to achieve long-term investment returns for private investors.

## Further information

Further information regarding the Company, including net asset values published since the end of the period and quarterly factsheets, can be found at the Company's website [www.baronsmeadvct3.co.uk](http://www.baronsmeadvct3.co.uk)

## Contact

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*Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.*

Baronsmead VCT 3 plc is managed by ISIS EP LLP (ISIS Equity Partners), which is Authorised and regulated by the Financial Conduct Authority (FCA). ISIS EP LLP manages five Baronsmead VCTs.

All information sources are provided by ISIS EP LLP and all figures are as at 31 March 2014 unless otherwise stated. ISIS EP LLP does not give investment advice. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and income from, the investment. Investors should take their own financial and tax advice before investing, based on their own individual circumstances. VCTs should be regarded as a long term investment and are only suitable for private investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result.

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