

# BROKER REVIEWS

## VENTURE CAPITAL TRUST

### ALBION VENTURES

## Albion Development VCT D Shares

#### Broker ratings

Suitability to market: Good

Investment strategy: Good

Charges: Average

Adviser remuneration: Average

Overall: ●●●●●●●○

### KEITH TAYLOR

## Dividend tops

The Albion development venture capital trust, formerly the Close development VCT, aims for income with the potential for growth by investing in a portfolio of unquoted asset-backed and high-growth companies.

TaylorFrost Wealth Management managing director Keith Taylor says some of his clients are doctors and dentists, so a generalist VCT that invests in healthcare and pharmaceutical companies has resonance for them.

Looking at the positives of the VCT, Taylor says: "One of the key issues for TaylorFrost when looking at VCTs is the experience and size of the investment management team. The expertise of the Albion team, led by Patrick Reeve, goes back to the introduction of VCTs in the 1990s and is of a size that is able to handle strong deal flow."

Taylor likes Albion's investment strategy, which is divided between lower-risk assets and higher-risk ventures. "There is a focus on longer-term investing for capital returns and the delivery of a dividend stream," he says.

He says the VCT aims to

produce a regular and predictable source of dividend income, with the prospect of long-term capital growth. "Investments will be made into a portion of businesses which are lower risk, often with freehold or long-leasehold property as their major asset although other asset types may be considered."

"Many will be in property-intensive businesses in the leisure sector. The VCT will also invest in stable and profitable businesses in sectors such as business services and healthcare, some of which may be asset-backed."

Taylor notes that the higher-risk growth portfolio investments will include a smaller number of unquoted companies with greater growth prospects in sectors such as information and medical technology or services.

"Investments will be selected for their growth prospects and will be unlikely to have external borrowings. These are features we like."

Looking at the weaker aspects of the VCT, Taylor mentions an omission in the literature. He says: "The prospectus does not

### Details

**Type:** Venture capital trust

**Aim:** Income and growth by investing in smaller unquoted asset backed and high-growth companies in the UK

**Minimum investment:** Lump sum £5,000

**Charges:** Initial 5.5%, annual 2.25%

**Closing date:** April 5, 2010 for 2009/10 tax year, April 30, 2009 for 2010/11 tax year

**Commission:** Initial 3% or initial 2.5% plus renewal 0.25% for four years

**Tel:** 020 7601 1850

explicitly state that running costs are capped. We understand from Patrick Reeve that running costs will be capped at 3.5 per cent a year."

Discussing the main competition, Taylor mentions Octopus, Foresight and ProVen. He also likes the Acuity environmental VCT but this product is not in direct competition with Albion Ventures.

Summing up, Taylor points out that with around £200m under management, Albion has already returned over £103m to investors, including over £80m in dividends.

"This is a compelling number. We understand that this is more in dividends than any other VCT provider. Given that dividends are tax-free, our clients are very motivated by such payouts and like the prospect of more of the same in future years."