



PRESS RELEASE

For immediate release

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Buy into buy-outs

“Why generalist VCTs offer a better risk return profile”

At a Macro level, Matrix Private Equity Partners (MPEP), believes there is strong demand for equity investment. This demand, they believe, will continue as a stable, low inflation, low interest rate economy encourages privately owned businesses to take advantage and seek finance.

At the micro level they believe the risk reward ratio for private businesses is attractive. They believe they can invest in a private company at a price at least 20% lower than if that same company was quoted on AIM.

On top of this other key factors reduce risk, such as:

- board representation
- investment can be deployed in a loan stock that can generate high income and return capital at a premium
- investing in Management Buy-outs [“MBOs”] with investors’ interests aligned with management in buying businesses at the lowest possible price

Commenting on the MBO market, Mark Wignall lead manager of the three Matrix Income & Growth VCTs says;

“These MBOs involve companies that have long trading records, profits and strong cash generation, investing using loans to provide contracted returns of capital and healthy income in addition to a shareholding. They are less risky for investors because of the management’s unique understanding of the financial risks and opportunities within their own business and their alignment of interest with the VCT manager in buying their company at the lowest possible price.”

Commenting on the VCT market, Mark Wignall continues:

“The increase in the amount of money being attracted by VCTs has quite rightly led to the increased scrutiny of managers. However it is crucial that prospective investors consider carefully the people and resource available to their chosen manager before investing, not only at a fund management level – where deal flow is imperative, but also at an administrative level in order to comply with the VCT legislation.”

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For further information please contact:

Natasha Roberts
Matrix Group

020 7925 3382

Tilly von Twickel
M: Communications

020 7153 1541

NOTES FOR EDITORS

Add in fund info here