



BMO Private Equity Trust PLC

Interim Report 30 June 2019

Contents

● Overview		● Financial Report	
Company Overview	3	Statement of Comprehensive Income	13
Financial Highlights	4	Amounts Recognised as Dividends	13
Summary of Performance	5	Balance Sheet	14
		Statement of Changes in Equity	15
● Strategic Report		Statement of Cash Flows	16
Chairman's Statement	6	Notes to the Accounts	17
Ordinary Share Performance	7	Statement of Principal Risk and Uncertainties	20
Manager's Review	7	Statement of Directors' Responsibilities	20
Portfolio Holdings	11	Shareholder Information	21
		How to Invest	22
		Corporate Information	23

Front cover photo : An Teallach, Wester Ross.

Company Overview

The Company

BMO Private Equity Trust PLC ('the Company') formerly known as F&C Private Equity Trust plc, is an investment trust and its Ordinary Shares are traded on the Main Market of the London Stock Exchange.

Objective and Investment Policy

The Company's objective is to achieve long-term capital growth through investment in private equity assets, whilst providing shareholders with a predictable and above average level of dividend funded from a combination of the Company's revenue and realised capital profits.

Dividend Policy

The Company aims to pay quarterly dividends with an annual yield equivalent to not less than 4 per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant quarterly dividend or, if higher, equal (in terms of pence per share) to the highest quarterly dividend previously paid. All quarterly dividends will be paid as interim dividends. The interim dividends payable in respect of the quarters ended 31 March, 30 June, 30 September and 31 December are expected to be paid in the following July, October, January and April respectively.

Management

The Company's investment manager, BMO Investment Business Limited ('the Manager') changed its name from F&C Investment Business Limited effective 31 October 2018. There have been no changes to the terms of the management and performance fee arrangements with BMO Investment Business Limited, which are set out in note 3. This company is a wholly owned subsidiary of BMO Asset Management (Holdings) PLC which changed its name from F&C Asset Management PLC effective 31 October 2018.

BMO Asset Management (Holdings) PLC is wholly owned by Bank of Montreal ("BMO") and is part of the BMO Global Asset Management group of companies.

Net Assets as at 30 June 2019

£286.9 million

Capital Structure

73,941,429 Ordinary Shares of 1 pence, each entitled to one vote at a general meeting.

Financial Highlights



2.4%

NAV total return

- NAV of 388.05p per Ordinary Share reflecting a total return for the six months of 2.4 per cent for the Ordinary Shares.



13.7%

Share price

- Share price total return for the six months of 13.7 per cent for the Ordinary Shares.



7.54p

Quarterly dividends

- Total quarterly dividends of 7.54p per Ordinary Share.
- Quarterly dividend of 3.73p per Ordinary Share paid on 31 July 2019.
- Quarterly dividend of 3.81p per Ordinary Share to be paid on 31 October 2019.



4.3%

Yield

- Dividend yield of 4.3 per cent based on the period end share price[§].

[§]Calculated as dividends of 3.73p paid on 31 July 2019 and 3.81p payable on 31 October 2019 annualised divided by the Company's share price as at 30 June 2019.

Summary of Performance

	Six months ended 30 June 2019	Year ended 31 December 2018	% change
Total Returns for the Period*			
Net asset value per Ordinary Share	2.4%	12.4%	
Ordinary Share price	13.7%	-2.6%	
	As at 30 June 2019	As at 31 December 2018	
Capital Values			
Net assets (£'000)	286,932	285,631	+0.5
Net asset value per Ordinary Share	388.05p	386.29p	+0.5
Ordinary Share price	353.00p	317.00p	+11.4
Discount to net asset value	9.0%	17.9%	
Income			
Revenue return after taxation (£'000)	1,211	464	
Revenue return per Ordinary Share (fully diluted)	1.64p	0.63p	
Gearing†	6.0%	1.9%	
Future commitments (£'000)	111,865	130,928	

* Total return is the combined effect of any dividends paid, together with the rise or fall in the net asset value per Ordinary Share or share price. Any dividends are assumed to have been re-invested in either the Company's assets or in additional shares.

† Borrowings less cash ÷ total assets less current liabilities (excluding borrowings and cash).

Sources: BMO Investment Business and Datastream

Chairman's Statement



Mark Tennant, Chairman

Introduction

As at 30 June 2019 the Net Asset Value ("NAV") of BMO Private Equity Trust PLC ("the Company") was £286.9 million giving a NAV per share of 388.05p. Taking account of dividends paid the NAV total return for the six-month period was 2.4%. In addition, with the share price discount having fallen to 9.0% at 30 June 2019 and 5.7% at the time of writing, compared to 17.9% at 31 December 2018, the share price total return for the period was an impressive 13.7%.

In accordance with the Company's stated dividend policy, the Board declares a quarterly dividend of 3.81p per ordinary share, payable on 31 October 2019 to shareholders on the register on 4 October 2019 with an ex-dividend date of 3 October 2019. For illustrative purposes only, this dividend and that paid on 31 July 2019 represent an annualised yield of 4.3% based on the share price as at 30 June 2019. I would like to remind shareholders of our dividend re-investment plan, which can be a convenient and easy way to build up an existing holding.

On 19 June 2019, the Company entered into a new five-year unsecured facility agreement with The Royal Bank of Scotland International Limited ("RBSI"). This facility is comprised of a €25 million term loan and a £75 million multi-currency revolving credit facility. This new facility replaced the Company's previous arrangements with Royal Bank of Scotland plc. The previous facility comprised a €30 million term loan and a £45 million multi-currency revolving credit facility.

The Board is pleased to have secured this new, larger and cheaper facility which will allow the Company to maintain a moderately but flexibly geared structure with the ability to draw borrowings in multiple currencies.

As at 30 June 2019, the Company had cash of £6.7 million. With borrowings of £25.2 million under the new loan facility, net debt was £18.5 million, equivalent to a gearing level of 6.0%. The total of outstanding undrawn commitments at 30 June 2019 was £111.9 million and, of this, approximately £16.4 million is to funds where the investment period has expired.

There is a healthy two-way market in private equity internationally underpinned by increasing interest in the asset class over the longer term. In this reporting period the Company invested £28.0 million in new investments and we received through realisations and income £25.4 million. Most of the portfolio is invested in niche companies where there is a long-term growth thesis based around a specific market, product or service. These 'secular' growth characteristics can provide useful resilience when the background economic conditions are challenging. The broadly diversified nature of the Company's portfolio is also a source of strength.

Mark Tennant

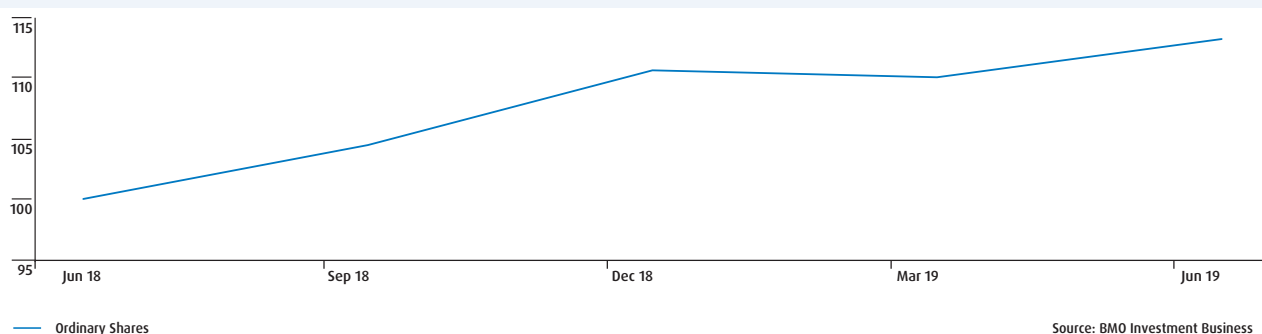
Chairman

23 August 2019

Ordinary Share Performance

For the 12 months to 30 June 2019

Net Asset Value Total Return for the 12 months ended 30 June 2019



Manager's Review

New Investments

In the first half of the year five new fund commitments and three new co-investments have been made. Most of this activity was in the first quarter.

£7 million has been committed to Kester Capital, a buy-out fund focusing on the UK lower mid-market. We have previously co-invested with Kester in Jollyes (pet shop chain) and CETA (caravan insurance). €7 million was committed to Silverfleet European Development Fund, a new initiative from this well-established firm focusing on lower mid-market buy-outs across Europe which lie in the size range with enterprise value between €25 and €75 million. SEK 40 million (£3.5 million) has been committed to Summa II, a Nordic focused buy-out fund with a sustainability angle.

In the second quarter two new fund investments were made in Inflexion Enterprise Fund V (£2.7 million) and Inflexion Supplemental Fund V (£6.0 million). These are the latest

in a series of investments with this leading UK based mid-market buy-out group.

Three co-investments were made in the first half of the year, all of them in the first quarter. £2.9 million was invested in San Siro, the market leading funeral services company based in Milan, Italy. Led by Augens the plan is to build out a small chain of funeral parlours. €3.5 million has been invested in STAXS the Netherlands based provider of cleanroom consumables principally for the pharmaceuticals industry. The deal is led by Silverfleet. £2.1 million has been invested in Unmanned Aerial Vehicle (UAV) company, Cyberhawk. Using the UAVs to inspect critical energy infrastructure Cyberhawk delivers the results to clients via its own cloud-based asset management software, iHawk. This deal is led by energy specialists Magnesium.

In the second quarter many of the funds in the portfolio have been active with a wide range of new investments

Manager's Review

being established. Total drawdowns in the quarter were £12.6 million bringing the total for new investments for the first half to £28.0 million. As is typical, the new investments cover a diverse range of industrial sectors and geographies. Some of the more notable ones illustrate this mix.

In the UK £2.4 million was drawn by deal leaders Buckthorn for a follow-on investment in oil services company Coretrax. This was for the acquisition of US company Mohawk, which designs, manufactures and operates a range of downhole tools which are complementary to Coretrax's suite of well bore cleanup and plug and abandonment products. August Equity IV called £0.8 million for veterinary imaging business Hallmarq. SEP V called £0.6 million for Immedis, a cloud-based payroll and employment tax software provider. Our co-investment in Apposite Capital led care provider Swanton made two follow-on acquisitions and an additional £0.5 million was called for these. RJD III called £0.7 million, of which £0.6 million was for new investment in Survey Solutions, a land and buildings survey company. The balance was for a refinancing of training company Babington. We also contributed £0.4 million to the refinancing of our co-investment in Babington.

In Continental Europe Silverfleet European Development Fund invested £0.6 million in Netherlands based cleanroom consumables company STAXS complementing our £3.0 million co-investment made in the company noted above. In France Montefiore IV invested £0.4 million in MCS Groupe, a credit management services company.

The US component of the portfolio has seen some new deals. Graycliff III called £0.9 million for Sweeteners Plus, a New York State based manufacturer and distributor of liquid and dry sweeteners which are sold into restaurants and the beverage, bakery, confectionary and pharmaceutical sectors. Bluepoint Capital IV called £0.3 million for W.A. Kendall, a Georgia based company providing vegetation

management services to utilities, specifically to ensure the safety of powerlines. They also called £0.4 million for TAS Environmental Services, a Texas based company involved in specialised environmental and industrial cleaning and waste transportation.

Realisations

Total realisations and income received in the first half amounted to £25.4 million. This was slightly behind the total of £29.9 million at the same point last year.

Earlier in the year the Company benefitted from a number of excellent exits from across the portfolio. Notable realisations included £4 million coming in from August Equity's sale of cyber security company SecureData (7.2x, 35% IRR). The further sell down by Argan Capital of Swedish healthcare company Humana returned £1.8 million bringing the return on this investment so far to 5x cost. Hutton Collins returned £0.9 million on the exit of restaurant chain Wagamama through its sale to the listed Restaurant Group (2.6x, 17% IRR). In Spain Corffin IV sold perfume company Arenal to listed Portuguese company Sonae Group returning £0.8 million (1.8x, with potential to reach 2.4x and 32% IRR, through earn out).

The flow of realisations has continued more recently. The largest distribution in the second quarter came from the sale of shares in Eventbrite, which we had received as consideration for our holding in cloud enabled ticketing software company Ticketscript. Eventbrite was listed in New York in September 2018. After a strong debut the shares fell back and once the lock up had expired FPE, the deal leaders, were able to exit at \$19.4, some way below the peak of \$40. The net proceeds to us were £3.1 million, which meant that the final return for the total holding was 2.0x cost and an IRR of 17%. Collingwood, the Gibraltar based niche motor insurer, returned £1.9 million through repayment of loan notes along with interest and dividends. This was a result of a debt

refinancing of the company and this repays 80% of the cost of the investment. Healthpoint Capital distributed £0.8 million following the sale of Orthospace, an Israel based company with disruptive technology for the treatment of rotator cuff injuries. The initial consideration may be doubled if certain performance milestones are met and this could result in a return of 3.7x cost and an IRR of 43%. The Italian fund NEM Impresse distributed £0.8 million following the sale of plastic packaging for household, personal care and cosmetics company Taplast. This represented 2.8x cost and an IRR of over 100% since our acquisition in January 2018. Portobello Capital III exited Iberconsa, the Spanish hake, shrimp and squid fishing business through the sale to Platinum Equity. Our proceeds were £0.7 million representing 3.6x cost and 50% IRR. In France Ciclad 5 had two good exits. £0.6 million came in from the sale of Slat&Infodis, a secure power supplies company (2.4x cost, 24% IRR). A further £0.6 million came from the sale of Val'Eco & Nord Coffrage, specialists in rental equipment for the building industry (2.6x, 31% IRR).

Valuation Movements

The valuation movements in the first half of the year were quite broadly spread. The largest uplift, of £2.9 million was from medical device company Accuvein, which is seeing strong revenue growth on the back of a new product launch. Our co-investment in US based electrical motors company Sigma was up by £2.7 million reflecting growth in revenues and EBITDA of 15% for the year ended March 2019. Dotmatics, the specialist software company was up by £1.9 million. Specialist Care provider Swanton was up by £0.5 million reflecting good progress with the roll out and in trading. Chequers Capital XV was up by £0.4 million due to the last remaining holding Thermocoax (temperature measurement systems) being sold after the quarter end to Spirax-Sarco plc.

There were some negative movements. Ambio was adjusted down by £1.3 million due to a weakening of sales momentum. Weird Fish was down by £0.7 million due to continuing trading difficulties in a weak market. Pinebridge New Europe Fund II was down by £0.6 million on the back of weak trading in some of its key remaining holdings and the lowish exit value of car battery recycler Orzel Bialy. In the US Camden Partners IV was down by £0.6 million mainly due a number of adverse portfolio movements driven by weaker trading. Lastly our holding in Environmental Technologies Fund was down by £0.5 million due to the administration of their longstanding holding in metals refiner, Metalysis.

Financing

As noted above on 19 June the Company entered into a new five-year unsecured facility agreement with The Royal Bank of Scotland International Limited (RBSI) comprising a €25 million term loan and a £75 million multi-currency revolving credit facility. At present the term loan is fully drawn (€25 million) with another £4 million of the revolver drawn. This leaves £71 million of the revolving credit facility potentially available, subject to compliance with the various covenants. The Company is therefore well placed to fund any gap between drawdown and realisations as well as having good scope for the acquisition of co-investments or secondaries.

Outlook

The economic and political background has deteriorated over the last few months with a resolution to the Brexit impasse appearing no nearer and the threat of 'no deal', or something close to it, rising in probability. Both the UK and German economies appear to be at real risk of dipping into recession and similar trends are seen elsewhere in Europe. Notwithstanding these challenges there is a very healthy amount of activity within the private equity market internationally. Our portfolio has recorded a slightly lower

Manager's Review (continued)

amount of exit activity in the first half of the year compared with last year, which was a record year, with total proceeds to date around 15% down. There has been exit activity in every section of the portfolio and the mature element of the portfolio is expected to continue to yield a healthy flow of realisations in the second half of the year. There are some companies in the portfolio facing challenges, but the general picture is one of good progress and the broadly-based rise in valuations underlines this. Our dealflow in both funds and co-investments is strong and we expect to add a number of new investments over the remainder of the year. Our assessment is that there is excellent scope for further growth in shareholder value between now and the year end.

Hamish Mair

Investment Manager

BMO Investment Business Limited

23 August 2019

Portfolio Holdings

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Buyout Funds – Pan European			
Stirling Square Capital Partners II	Europe	8,025	2.6
Volpi Capital I	Europe	6,353	2.0
TDR Capital II	Europe	4,662	1.5
Apposite Healthcare Fund II	Europe	4,216	1.4
TDR II Annex Fund	Europe	3,005	1.0
Agilitas 2015 Private Equity Fund	Europe	2,089	0.7
Archimed	Europe	879	0.3
Argan Capital	Europe	653	0.2
Silverfleet European Development Fund	Europe	639	0.2
Total Buyout Funds – Pan European		30,521	9.9
Buyout Funds – UK			
August Equity Partners IV	UK	5,638	1.8
Horizon Capital Fund 2013	UK	5,022	1.6
Inflexion 2010	UK	4,697	1.5
Inflexion Buyout IV	UK	3,969	1.3
Inflexion 2012 Co-Investment Fund	UK	3,445	1.1
Primary Capital IV	UK	3,300	1.1
Dunedin Buyout II	UK	2,330	0.8
Inflexion Supplemental Fund IV	UK	2,256	0.7
Inflexion Partnership Capital Fund I	UK	2,233	0.7
GCP Europe II	UK	2,230	0.7
Inflexion Enterprise Fund IV	UK	2,195	0.7
Piper Private Equity VI	UK	1,915	0.6
RJD Private Equity III	UK	1,678	0.6
August Equity Partners III	UK	1,372	0.4
FPE II	UK	1,345	0.4
Piper Private Equity V	UK	1,003	0.3
RJD Partners II	UK	974	0.3
Apiary Capital Partners I	UK	739	0.3
Equity Harvest Fund	UK	167	0.1
Inflexion Buyout V	UK	158	0.1
Inflexion Partnership Capital Fund II	UK	44	–
Penta F&C Co-Investment Fund	UK	20	–
Total Buyout Funds – UK		46,730	15.1
Buyout Funds – European Country/Region			
Corffin Capital Fund IV	Spain	6,099	2.0
Astorg VI	France	5,692	1.8
Aliante Equity 3	Italy	5,685	1.8
Progressio	Italy	4,075	1.3
Procuritas Capital V	Nordic	3,863	1.3
Bencis Buyout Fund V	Benelux	3,541	1.2
NEM Imprese III	Italy	3,520	1.1
DBAG Fund VI	Germany	3,510	1.1
Capvis III	DACH	3,251	1.1
Summa I	Nordic	2,507	0.8
DBAG VII	DACH	2,403	0.8
Procuritas Capital IV	Nordic	2,206	0.7
Montefiore IV	France	2,088	0.7
Vaaka Partners Buyout Fund II	Nordic	2,021	0.6
Avallon MBO Fund II	Eastern European	1,979	0.6
Ciclad 5	France	1,891	0.6
Vaaka Partners Buyout Fund III	Nordic	1,772	0.6
Capvis IV	Europe	1,584	0.5
Portobello Fund III	Spain	1,500	0.5
Chequers Capital XVI	France	1,338	0.4
Procuritas Capital VI	Nordic	1,243	0.4
PineBridge New Europe II	Central & East Europe	1,219	0.4
DBAG Fund V	Germany	970	0.3
Chequers Capital XVII	France	964	0.3
ARX CEE IV	Central & East Europe	812	0.3
Chequers Capital XV	France	681	0.2
Herkules Private Equity III	Nordic	606	0.2
Gilde Buyout Fund III	Benelux	586	0.2
Ciclad 4	France	571	0.2
Verdane Edda	Europe	479	0.2
ILP II	Italy	282	0.1
PM & Partners II	Italy	225	0.1
N+1 Private Equity Fund II	Spain	196	0.1
DBAG VIIB	Dach	124	–
Total Buyout Funds – Continental Europe		69,483	22.5

Portfolio Holdings

	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Investment			
Private Equity Funds – USA			
Blue Point Capital III	USA	4,416	1.4
Graycliff Private Equity Partners III	USA	3,308	1.1
Camden Partners IV	USA	3,048	1.0
Stellax	USA	2,211	0.7
HealthpointCapital Partners III	USA	1,738	0.6
Blue Point Capital IV	USA	1,722	0.6
Blue Point Capital II	USA	967	0.3
Camden Partners III	USA	56	–
Total Private Equity Funds – USA		17,466	5.7
Private Equity Funds – Global			
AIF Capital Asia III	Asia	1,105	0.4
PineBridge Global Emerging Markets II	Global	955	0.3
F&C Climate Opportunity Partners	Global	765	0.3
Warburg Pincus IX	Global	473	0.1
PineBridge Latin America Partners II	Brazil	156	–
Warburg Pincus VIII	Global	56	–
Total Private Equity Funds – Global		3,510	1.1
Venture Capital Funds			
SEP V	Europe	3,807	1.2
SEP IV	Europe	1,650	0.5
Pentech Fund II	Europe	1,177	0.4
Life Sciences Partners III	Europe	816	0.3
Alta Berkeley VI	Europe	659	0.2
SEP II	Europe	561	0.2
Environmental Technologies Fund	UK	500	0.1
SEP III	Europe	259	0.1
Total Venture Capital Funds		9,429	3.0
Mezzanine Funds			
Accession Mezzanine II	Europe	816	0.3
Total Mezzanine Funds		816	0.3
Direct – Quoted			
Parques Reunidos	Europe	386	0.1
Antero	USA	92	0.1
Laredo Petroleum	USA	25	–
Total Direct – Quoted		503	0.2
Secondary Funds			
The Aurora Fund	UK	1,867	0.6
Total Secondary Funds		1,867	0.6
Direct – Investments/Co-investments			
Avalon	UK	9,190	3.0
Sigma	USA	8,882	2.9
Ashtead	Global	8,380	2.7
TWMA	UK	8,089	2.6
Huws Gray	UK	7,090	2.3
Ambio	USA	6,206	2.0
Recover Nordic	Nordic	6,066	2.0
Coretrax	UK	6,033	2.0
Accuvein	USA	5,893	1.9
Dotmatics	UK	5,875	1.9
Jollyes	Europe	4,427	1.4
Collingwood Insurance Group	UK	4,070	1.3
Rosa Mexicano	Europe	3,884	1.3
Weird Fish	UK	3,744	1.2
Calucem	Europe	3,537	1.1
TRG Pluto	Europe	3,523	1.1
Tier1 CRM	USA	3,436	1.1
Swanton	UK	3,430	1.1
Staxs	Europe	3,176	1.0
Walkers	UK	3,150	1.0
San Siro	Europe	3,054	1.0
CETA	UK	2,853	0.9
DMC Canotec	Europe	2,459	0.8
RGI Group	Europe	2,329	0.8
Schaetti	Europe	2,194	0.7
Cyberhawk	UK	2,146	0.7
Safran	Nordic	2,133	0.7
Babington	UK	1,471	0.5
TDR Algeco/Scotsman	Europe	918	0.3
Meter Provida	UK	599	0.2
Harrington Brooks	UK	175	0.1
Total Direct – Investments/Co-investments		128,412	41.6
Total Portfolio		308,737	100.0

Statement of Comprehensive Income

	Six months ended 30 June 2019 (unaudited)			Six months ended 30 June 2018 (unaudited)			Year ended 31 December 2018 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income									
Gains on investments held at fair value	-	8,692	8,692	-	8,387	8,387	-	36,966	36,966
Exchange gains	-	95	95	-	98	98	-	35	35
Investment income	2,083	-	2,083	495	-	495	2,340	-	2,340
Other income	49	-	49	40	-	40	81	-	81
Total income	2,132	8,787	10,919	535	8,485	9,020	2,421	37,001	39,422
Expenditure									
Investment management fee – basic fee	(138)	(1,244)	(1,382)	(320)	(961)	(1,281)	(660)	(1,980)	(2,640)
Investment management fee – performance fee	-	(1,624)	(1,624)	-	(2,032)	(2,032)	-	(2,277)	(2,277)
Other expenses	(414)	-	(414)	(387)	-	(387)	(760)	-	(760)
Total expenditure	(552)	(2,868)	(3,420)	(707)	(2,993)	(3,700)	(1,420)	(4,257)	(5,677)
Profit/(loss) before finance costs and taxation	1,580	5,919	7,499	(172)	5,492	5,320	1,001	32,744	33,745
Finance costs	(85)	(767)	(852)	(210)	(631)	(841)	(428)	(1,286)	(1,714)
Profit/(loss) before taxation	1,495	5,152	6,647	(382)	4,861	4,479	573	31,458	32,031
Taxation	(284)	284	-	-	-	-	(109)	109	-
Profit/(loss) for period/total comprehensive income	1,211	5,436	6,647	(382)	4,861	4,479	464	31,567	32,031
Return per Ordinary Share	1.64p	7.35p	8.99p	(0.52)p	6.58p	6.06p	0.63p	42.69p	43.32p

Amounts Recognised as Dividends

	Six months ended 30 June 2019 (unaudited) £'000	Six months ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Quarterly Ordinary Share dividend of 3.55p per share for the quarter ended 30 September 2017	-	2,624	2,624
Quarterly Ordinary Share dividend of 3.57p per share for the quarter ended 31 December 2017	-	2,640	2,640
Quarterly Ordinary Share dividend of 3.57p per share for the quarter ended 31 March 2018	-	-	2,640
Quarterly Ordinary Share dividend of 3.57p per share for the quarter ended 30 June 2018	-	-	2,640
Quarterly Ordinary Share dividend of 3.58p per share for the quarter ended 30 September 2018	2,647	-	-
Quarterly Ordinary Share dividend of 3.65p per share for the quarter ended 31 December 2018	2,699	-	-
	5,346	5,264	10,544

The above table does not form part of the Statement of Comprehensive Income.

Balance Sheet

	As at 30 June 2019 (unaudited) £'000	As at 30 June 2018 (unaudited) £'000	As at 31 December 2018 (audited) £'000
Non-current assets			
Investments at fair value through profit or loss	308,737	286,352	295,242
	308,737	286,352	295,242
Current assets			
Other receivables	17	32	142
Cash and cash equivalents	6,693	7,017	21,335
	6,710	7,049	21,477
Current liabilities			
Other payables	(3,362)	(3,726)	(4,267)
Interest-bearing bank loan	(4,000)	–	(26,821)
	(7,362)	(3,726)	(31,088)
Net current (liabilities)/assets	(652)	3,323	(9,611)
Non-current liabilities			
Interest-bearing bank loan	(21,153)	(26,316)	–
Net assets	286,932	263,359	285,631
Equity			
Called-up ordinary share capital	739	739	739
Share premium account	2,527	2,527	2,527
Special distributable capital reserve	15,040	15,040	15,040
Special distributable revenue reserve	31,403	31,403	31,403
Capital redemption reserve	1,335	1,335	1,335
Capital reserve	235,888	212,697	234,587
Revenue reserve	–	(382)	–
Shareholders' funds	286,932	263,359	285,631
Net asset value per Ordinary Share	388.05p	356.17p	386.29p

Statement of Changes in Equity

	Share Capital £'000	Share Premium Account £'000	Special Distributable Capital Reserve £'000	Special Distributable Revenue Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
For the six months ended 30 June 2019 (unaudited)								
Net assets at 1 January 2019	739	2,527	15,040	31,403	1,335	234,587	-	285,631
Profit for the period/total comprehensive income	-	-	-	-	-	5,436	1,211	6,647
Dividends paid	-	-	-	-	-	(4,135)	(1,211)	(5,346)
Net assets at 30 June 2019	739	2,527	15,040	31,403	1,335	235,888	-	286,932
For the six months ended 30 June 2018 (unaudited)								
Net assets at 1 January 2018	739	2,527	15,040	31,403	1,335	213,100	-	264,144
Profit/(loss) for the period/total comprehensive income	-	-	-	-	-	4,861	(382)	4,479
Dividends paid	-	-	-	-	-	(5,264)	-	(5,264)
Net assets at 30 June 2018	739	2,527	15,040	31,403	1,335	212,697	(382)	263,359
For the year ended 31 December 2018 (unaudited)								
Net assets at 1 January 2018	739	2,527	15,040	31,403	1,335	213,100	-	264,144
Profit/(loss) for the year/total comprehensive income	-	-	-	-	-	31,567	464	32,031
Dividends paid	-	-	-	-	-	(10,080)	(464)	(10,544)
Net assets at 31 December 2018	739	2,527	15,040	31,403	1,335	234,587	-	285,631

Statement of Cash Flows

	Six months ended 30 June 2019 (unaudited) £'000	Six months ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
Operating activities			
Profit before taxation	6,647	4,479	32,031
Gains on disposals of investments	(10,611)	(13,525)	(41,549)
Decrease in holding gains	1,919	5,138	4,583
Exchange differences	(95)	(98)	(35)
Interest income	(49)	(40)	(81)
Interest received	49	40	81
Investment income	(2,083)	(495)	(2,340)
Dividends received	2,083	495	2,340
Finance costs	852	841	1,714
Decrease/(increase) in other receivables	103	(6)	(2)
(Decrease)/increase in other payables	(676)	655	999
Net cash outflow from operating activities	(1,861)	(2,516)	(2,259)
Investing activities			
Purchases of investments	(28,019)	(40,528)	(71,909)
Sales of investments	23,216	29,306	80,261
Net cash (outflow)/inflow from investing activities	(4,803)	(11,222)	8,352
Financing activities			
Drawdown of bank loans, net of costs	4,000	-	-
Arrangement cost from issue of loan facilities	(1,203)	-	-
Net movement in loan facilities	(4,457)	-	-
Interest paid	(967)	(743)	(1,310)
Equity dividends paid	(5,346)	(5,264)	(10,544)
Net cash outflow from financing activities	(7,973)	(6,007)	(11,854)
Net decrease in cash and cash equivalents	(14,637)	(19,745)	(5,761)
Currency (losses)/gains	(5)	(3)	331
Net decrease in cash and cash equivalents	(14,642)	(19,748)	(5,430)
Opening cash and cash equivalents	21,335	26,765	26,765
Closing cash and cash equivalents	6,693	7,017	21,335

Notes the Accounts

- 1** The condensed company financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standard ('IFRS') IAS 34 'Interim Financial Reporting' and the accounting policies set out in the statutory accounts for the year ended 31 December 2018. The condensed financial statements do not include all of the information and disclosures required for a complete set of IFRS financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2018, which were prepared under full IFRS requirements.

During the year to 31 December 2018, the management fee and bank loan interest were allocated 75 per cent to capital and 25 per cent to revenue. In accordance with the Board's expected long-term split of returns in the form of capital gains and income, with effect from 1 January 2019 the allocation basis has been revised to 90 per cent to capital and 10 per cent to revenue.

- 2** Earnings for the six months to 30 June 2019 should not be taken as a guide to the results for the year to 31 December 2019.

3 Investment management fee

	Six months ended 30 June 2019 (unaudited)			Six months ended 30 June 2018 (unaudited)			Year ended 31 December 2018 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee – basic fee	138	1,244	1,382	320	961	1,281	660	1,980	2,640
Investment management fee – performance fee	–	1,624	1,624	–	2,032	2,032	–	2,277	2,277
	138	2,868	3,006	320	2,993	3,313	660	4,257	4,917

4 Finance costs

	Six months ended 30 June 2019 (unaudited)			Six months ended 30 June 2018 (unaudited)			Year ended 31 December 2018 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on bank loans	85	767	852	210	631	841	428	1,286	1,714

5 Returns and net asset values

	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)	Year ended 31 December 2018 (audited)
The returns and net asset values per share are based on the following figures:			
Revenue return	£1,211,000	£(382,000)	£464,000
Capital return	£5,436,000	£4,861,000	£31,567,000
Net assets attributable to shareholders	£286,932,000	£263,359,000	£285,631,000
Number of shares in issue at end of year	73,941,429	73,941,429	73,941,429
Weighted average number of shares in issue during year	73,941,429	73,941,429	73,941,429

Notes the Accounts (continued)

- 6 The fair value measurements for financial assets and liabilities are categorised into different levels in the fair value hierarchy based on inputs to valuation techniques used. The different levels are defined as follows:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2019				
Financial assets				
Investments	503	–	308,234	308,737
Financial liabilities				
Interest-bearing bank loan	–	(22,394)	–	(22,394)
30 June 2018				
Financial assets				
Investments	800	–	285,552	286,352
Financial liabilities				
Interest-bearing bank loan	–	(26,539)	–	(26,539)
31 December 2018				
Financial assets				
Investments	629	–	294,613	295,242
Financial liabilities				
Interest-bearing bank loan	–	(26,932)	–	(26,932)

There were no transfers between levels in the fair value hierarchy in the period ended 30 June 2019. Transfers between levels of the fair value hierarchy are deemed to have occurred at the date of the event that caused the transfer.

Valuation techniques

Quoted fixed asset investments held are valued at bid prices which equate to their fair values. When fair values of publicly traded equities are based on quoted market prices in an active market without any adjustments, the investments are included within Level 1 of the hierarchy. The Company invests primarily in private equity funds and co-investments via limited partnerships or similar fund structures. Such vehicles are mostly unquoted and in turn invest in unquoted securities. The fair value of a holding is based on the Company's share of the total net asset value of the fund or share of the valuation of the co-investment calculated by the lead private equity manager on a quarterly basis. The lead private equity manager derives the net asset value of a fund from the fair value of underlying investments. The fair value of these underlying investments and the Company's co-investments is calculated using methodology which is consistent with the International Private Equity and Venture Capital Valuation Guidelines ('IPEG'). In accordance with IPEG these investments are generally valued using an appropriate multiple of maintainable earnings, which has been derived from comparable multiples of quoted companies or recent transactions. The BMO private equity team has access to the underlying valuations used by the lead private equity managers including multiples and any adjustments. The BMO private equity team generally values the Company's holdings in line with the lead managers but may make adjustments where they do not believe the underlying managers' valuations represent fair value. On a quarterly basis, the BMO private equity team present the valuations to the Board. This includes a discussion of the major assumptions used in the valuations, which focuses on significant investments and significant changes in the fair value of investments. If considered appropriate, the Board will approve the valuations.

The interest-bearing bank loan is recognised in the Balance Sheet at amortised cost in accordance with IFRS. The fair value of the loan is based on indicative break costs. The fair values of all of the Company's other financial assets and liabilities are not materially different from their carrying values in the balance sheet.

Significant unobservable inputs for Level 3 valuations

The Company's unlisted investments are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally by reference to earnings multiples, with adjustments made as appropriate to reflect matters such as the sizes of the holdings and liquidity. The weighted average earnings multiple for the portfolio as at 30 June 2019 was 8.9 times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) (30 June 2018: 8.7 times EBITDA; 31 December 2018: 8.9 times EBITDA).

The significant unobservable input used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are shown below:

Period end	Input	Sensitivity used*	Effect on fair value £'000
30 June 2019	Weighted average earnings multiple	1x	49,796
30 June 2018	Weighted average earnings multiple	1x	52,064
31 December 2018	Weighted average earnings multiple	1x	47,620

*The sensitivity analysis refers to an amount added or deducted from the input and the effect this has on the fair value.

The fair value of the Company's unlisted investments are sensitive to changes in the assumed earnings multiples. The managers of the underlying funds assume an earnings multiple for each holding. An increase in the weighted average earnings multiple would lead to an increase in the fair value of the investment portfolio and a decrease in the multiple would lead to a decrease in the fair value.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the period:

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Balance at beginning of period	294,613	265,580	265,580
Purchases	28,019	40,528	71,794
Sales	(23,216)	(29,099)	(80,054)
Gains on disposal	10,611	13,525	41,549
Increase in holding losses	(1,793)	(4,982)	(4,256)
Balance at end of period	308,234	285,552	294,613

- 7 In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, the availability of the Company's loan facility and compliance with its covenants. They have also considered forecast cash flows, especially those relating to capital commitments and realisations.

As at 30 June 2019, the Company had outstanding undrawn commitments of £111.9 million. Of this amount, approximately £16.4 million is to funds where the investment period has expired and the Manager would expect very little of this to be drawn. Of the outstanding undrawn commitments remaining within their investment periods, the Manager would expect that a significant amount will not be drawn before these periods expire.

Based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the accounts. Accordingly, the accounts have been prepared on a going concern basis.

- 8 These are not statutory accounts in terms of Section 434 of the Companies Act 2006 and have not been audited or reviewed by the Company's auditors. The information for the year ended 31 December 2018 has been extracted from the latest published financial statements which received an unqualified audit report and have been filed with the Registrar of Companies. No statutory accounts in respect of any period after 31 December 2018 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

Statement of Principal Risks and Uncertainties

The Directors believe that the principal risks and uncertainties faced by the Company include investment, strategic, external, regulatory, operational, financial and funding. The Company is also exposed to risks in relation to its financial instruments. These risks, and the way in which they are managed, are described in more detail under the heading Principal Risks and Uncertainties and Risk Management within the Business Model, Strategy and Policies Section of the Annual Report for the year ended 31 December 2018. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

Statement of Directors' Responsibilities in Respect of the Half Year Report

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with applicable International Financial Reporting Standards on a going concern basis, and gives a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the half-yearly report includes a fair review of the development and performance of the Company and important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- the half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year.

On behalf of the Board

Mark Tennant
Chairman

23 August 2019

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on request. Where dividends are paid to shareholders' bank accounts, dividend tax vouchers are sent directly to shareholders' registered addresses.

Dividend Reinvestment Plan

Shareholders who wish to use their dividends to purchase further shares in the Company by participating in the Company's Dividend Reinvestment Plan can complete an application form which may be obtained from Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU on request.

Share Price

The Company's shares are listed on the London Stock Exchange. Prices are given daily in the Financial Times and in other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Link Asset Services under the signature of the registered holder.

Website

Additional information regarding the Company may be found at its website address which is: www.bmoprivateequitytrust.com

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register at www.fca.org.uk to see if the person or firm contacting you is authorised by the Financial Conduct Authority ('FCA')
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at www.fca.org.uk/scams
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at www.fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

How to Invest

One of the most convenient ways to invest in BMO Private Equity Trust PLC is through one of the savings plans run by BMO.

BMO Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2019/20 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

You can invest up to £4,368 for the tax year 2019/20 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £4,368 for the 2019/20 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

BMO General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

BMO Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

*The CTF and JISA accounts are opened in the child's name and they have access to the money at age 18. **Calls may be recorded or monitored for training and quality purposes.

Charges

Annual management charges and other charges apply according to the type of plan.

Annual account charge

ISA: £60+VAT

GIA: £40+VAT

JISA/JIA/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charges

ISA: 0.2%

GIA/JIA/JISA: postal instructions £12, online instructions £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the GIA, JIA and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

How to Invest

To open a new BMO plan, apply online at bmogam.com/apply

Note, this is not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name.

New Customers

Call: **0800 136 420**** (8.30am – 5.30pm, weekdays)

Email: info@bmogam.com

Existing Plan Holders

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)

Email: investor.enquiries@bmogam.com

By post: **BMO Administration Centre**
PO Box 11114
Chelmsford
CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: Alliance Trust Savings, Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre



BMO Asset Management Limited

0345 600 3030, 9.00am - 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

BMO Asset Management Limited is authorised and regulated by the Financial Conduct Authority and is a member of BMO Global Asset Management EMEA of which the ultimate parent company is the Bank of Montreal. L56_04/19_CM11982

Corporate Information

Directors

Mark Tennant (Chairman)*
Elizabeth Kennedy†
Swantje Conrad
Richard Gray
Douglas Kinloch Anderson, OBE (retired
23 May 2019)
David Shaw

Company Secretary

BMO Asset Management (Holdings) plc
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
Tel: 0207 628 8000

Alternative Investment Fund Manager (‘AIFM’) and Investment Manager

BMO Investment Business Limited
Quartermile 4
7a Nightingale Way
Edinburgh EH3 9EG
Tel: 0207 628 8000

Auditor

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25 Churchill Place
Canary Wharf
London E14 5EY

Broker and Financial Adviser

Cantor Fitzgerald Europe
One Churchill Place
Canary Wharf
London E14 5RB

Solicitors

CMS Cameron McKenna LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN

Depository

JPMorgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Bankers

JPMorgan Chase Bank
25 Bank Street
Canary Wharf
London E14 5JP

The Royal Bank of Scotland International Limited
1 Princes Street
London EC2R 8BP

Company Number

Registered in Scotland No: SC179412

* Chairman of the Management Engagement Committee and the Nomination Committee

† Chairman of the Audit Committee

BMO Private Equity Trust PLC

Interim Report 30 June 2019

Registered office:



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Registrars:



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* Calls to this number cost 12p per minute plus network extras. Callers from outside the UK: +44(0) 208 639 3399

