

Enterprise Investment Schemes (EIS)

And

**Seed Enterprise Investment Schemes
(SEIS)**

2022

By

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The Catt's Eye View

This report has been commissioned by IFA/GBI Magazine to outline SEIS and EIS investments as an educational piece to give advisers sufficient information to enable them to be confident to speak about them with their clients.

I thought that I was really clever the first time I said that these products are “the tax tail wagging the investment dog”. This overused statement actually misses the whole point of these Government-backed schemes.

Primarily, the schemes were introduced and have remained in place over several Government cycles as a tax-efficient means of small businesses raising capital in order for them to grow. I have included the HMRC pages outlining this.

There are several elements to EIS and SEIS schemes.

- The Investee company
- The HMRC
- The investors who actually become part of the company and mentor the owners
- Fund managers who may arrange the investment into the investee companies
- Third party investors.

In my opinion, the EIS and SEIS industry has suffered because people do not understand how they work. I would be interested to see how EIS and SEIS investment accelerates the growth of companies and possibly steers many companies away from failure. Many fund managers can point at successful exits and some not-do-good exists. I would again be interested to see whether there are common factors between success and failure. Then to compare these figures with companies that have not been part of these schemes. I am sure that the effects on a company of being part of this type of funding scheme are positive.

As ever, a big thank you to all the people that have helped put this report together and the firms that have been able to contribute to the information. I hope that this report will generate business for those firms.

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Foreword by Christiana Stewart-Lockhart, EISA

I am delighted to be introducing this new report so early in my tenure as the new Director General at the EIS Association. This important overview raises awareness of the excellent opportunities that EIS and SEIS provide for investors. We have seen some truly fantastic and innovative companies that are breaking new ground in sectors ranging from life sciences to energy and the environment. Many of these companies would genuinely not exist without the vital support that EIS and SEIS provide in facilitating investment from private individuals to small businesses. These companies are the lifeblood of the UK economy and will play a crucial role in the UK's recovery post covid.

Nearly 33,000 companies have benefitted from the EIS scheme and it's wonderful to see that number continuing to grow, with 4,215 companies raising money under the scheme in 2019/20. SEIS has helped nearly 14,000 companies in their very early stages and it is particularly exciting to see the number of specific SEIS funds that have been launched in recent years. As the industry matures, it's also been promising to see more successful exits, several of which have been mentioned in this report. There's a huge amount to be optimistic about and I'm grateful to this report for highlighting some of the tremendous work being done by those working in the EIS and SEIS Industry.

Christiana Stewart-Lockhart, Director General, Enterprise Investment Scheme Association (EISA)

Use the Seed Enterprise Investment Scheme to raise money for your company

This is taken from the HMRC. <https://www.gov.uk/guidance/venture-capital-schemes-apply-to-use-the-seed-enterprise-investment-scheme>

Find out if your company or social enterprise's proposal to raise money meets the conditions of SEIS and how to apply.

The Seed Enterprise Investment Scheme (SEIS) is one of 4 venture capital schemes

Limits on the money you raise

There is no minimum, but there is a maximum amount you can raise depending on which scheme you opt for.

The maximum amount you can raise in the lifetime of your company for:

- SEIS investments is £150,000
- SISR (Social Investment Tax Relief) investments is £1.5 million
- EIS and VCT investments is £12 million

There may be higher limits if your company carries out research, development or innovation and meets certain conditions.

How the scheme works

SEIS is designed to help your company raise money when it's starting to trade. It does this by [offering tax reliefs to individual investors](#) who buy new shares in your company.

You can receive a maximum of £150,000 through SEIS investments. This will:

- include any other de minimis state aid received in the 3 years up to and including the date of the investment
- count towards any limits for later investments through [other venture capital schemes](#)

There are various rules you must follow so your investors can claim and keep SEIS tax reliefs relating to their shares.

Tax reliefs will be withheld, or withdrawn, from your investors if you do not follow the rules for at least 3 years after the investment is made.

Companies that can use the scheme

Your company can use the scheme if it:

- carries out a [new qualifying trade](#)
- is [established in the UK](#)
- is not trading on a [recognised stock exchange](#) at the time of the share issue
- has no arrangements to become a quoted company or a subsidiary of one at the time of the share issue
- does not control another company unless that company is a [qualifying subsidiary](#)

- has not been controlled by another company since the date of your company being incorporated

Your company and any of its subsidiaries must:

- not have gross assets over £200,000 when the shares are issued
- not be a member of a partnership
- have less than 25 full-time equivalent employees in total when the shares are issued

If you have received investment through the Enterprise Investment Scheme (EIS) or from a venture capital trust, you cannot use SEIS.

About the investment

The shares you issue must meet the same requirements as [shares issued under EIS](#).

The money you raise from the investment must be spent within 3 years of the share issue.

You must spend the money on either:

- a [qualifying trade](#)
- preparing to carry out a qualifying trade
- research and development that's expected to lead to a qualifying trade

You cannot use the investment to buy shares, unless the shares are in a [qualifying 90% subsidiary](#) that uses the money for a qualifying business activity.

New qualifying trade

If your company is already carrying out a [qualifying trade](#), it must not have been carried out for more than 2 years by either:

- your company
- any other person who then transferred it to your company

Your company, or any [qualifying subsidiary](#), must not have carried out any other trade before you started the new trade.

Your company's trade must be treated as a commercial business with the aim of making profits. However, your trade will not qualify if it consists mostly of an excluded activity.

Before raising your money – Advance Assurance

You can ask HMRC if your share issue is likely to qualify before you go ahead, this is called [advance assurance](#).

You can ask HMRC if they agree that an investment would meet the conditions of a scheme before you apply. This is called advanced assurance. You can use this to show your potential investors that your proposed investment may qualify for a scheme.

Advance assurance will not tell you if an investor would meet the conditions of the scheme.

You will need to make separate applications for each proposed investment that you want advance assurance for.

What is the EIS & SEIS?

The Enterprise Investment Scheme ("EIS") is a Government scheme introduced in 1994 to promote investment into smaller, and typically higher risk, companies. The EIS provides a range of tax reliefs for investors who subscribe for qualifying shares in qualifying companies. There are five current EIS tax reliefs available to investors in companies qualifying under the EIS, which are summarised below.

The Seed Enterprise Investment Scheme (SEIS) was introduced in 2012, and is similar to the EIS, though to qualify the companies must be smaller and earlier stage than for EIS.

Whilst the original schemes were intended to encourage investments into direct companies, there are now a number of Funds and Portfolio services run by professional fund managers, providing a portfolio of earlier stage UK companies.

Income tax relief

- An individual with no more than a 30% interest in the company can reduce their income tax liability by up to 30% of the amount invested. An EIS qualifying investment must be held for no less than three years from the date of issue, or until three years from commencement of trade, if later.
- There is no minimum subscription per company and the maximum in respect of which a subscriber may obtain income tax relief in any year is £2m (provided that any amount above £1m is invested in Knowledge Intensive Companies).
- Individuals may elect to treat their subscription for EIS shares, up to their maximum annual allowance, as if made in the previous tax year, thereby effectively carrying income tax relief back one year. In other words, up to £2m may be invested of which £1m could be applied to the previous tax year.
- Individuals each have an EIS allowance of £1m, so a married couple could invest up to £2m per tax year.
- Income Tax Relief is limited to the amount which reduces the individual's income tax liability for the year to nil.

CGT Freedom

- No Capital Gains Tax is payable on the disposal of shares after three years, or three years after commencement of trade, if later, provided the EIS initial income tax relief was given and not withdrawn on those shares. However, the shares can be held for much longer, thus potentially permitting CGT free gain to accrue over a longer period. The opportunity for a CGT free gain can be an extremely valuable benefit from subscribing for shares in a successful EIS qualifying company.

Inheritance Tax Relief – 'IHT' Relief

- Shares in EIS qualifying companies will generally qualify for Business Property Relief for Inheritance Tax purposes at rates of up to 100% after two years of holding such investment, so that any liability for Inheritance Tax is reduced or eliminated in respect of such shares.

CGT Deferral Relief

- Tax on capital gains realised on a different asset can be deferred for as long as the EIS qualifying shares are held or even indefinitely, where disposal of that asset was less than 36 months before the date of the issue of shares in the EIS investment or less than 12 months after it.
- Deferral relief is unlimited, in other words, this relief is not limited to investments of £1m per annum and can also be claimed by investors (individuals or trustees) whose interest in the company exceeds 30%.

Loss Relief

- If EIS shares are disposed of at any time at a loss (after taking into account income tax relief), such loss can be set against the investor's capital gains, in the tax year of loss or carried forward to a later year, or their income in the tax year of disposal or the previous year.
- For losses offset against income, the net effect is to limit the investment exposure to 38.5p in the £1 for a 45% taxpayer, or 42p in the £1 for a 40% taxpayer if the shares were to become totally worthless.

SEIS and EIS: the basics

The essential purpose of EIS is to serve as a conduit for early-stage investment into smaller and younger UK companies that have high growth potential. As is widely acknowledged, such companies are at the mercy of a significant “finance gap” — meaning many promising businesses struggle to obtain the funding they need to survive and thrive.

EIS's counterpart, the Seed Enterprise Investment Scheme (SEIS), explicitly targets start-ups and companies in the very early stages of development. EIS is geared towards larger and more mature firms, although these are still relatively small and young in the context of the UK's business and corporate landscape.

EIS has delivered almost £24bn in funding since its launch in 1994, helping around 33,000 businesses to take root. By incubating early-stage and pre-profit companies, the model has played a vital role in maintaining the UK's efforts to produce innovative — and in some cases world-leading — firms.

In addition, the maximum lifetime amount that can be raised by SEIS, EIS and Venture Capital Trusts (VCTs) for such a company is £12m (or £20m for a knowledge-intensive company — one of the important changes announced in the 2017 Autumn Budget relates to the additional attractions of investing in knowledge-intensive companies).

What are the tax benefits for individuals investing through EIS?

EIS investors can enjoy substantial tax benefits as noted above.

The government took the view that tax reliefs of this level of generosity should be enjoyed only as a result of investments involving high risk. By extension, they should not be enjoyed as a result of investments broadly defined by capital preservation, predictable income and lower risk. This concern was among the issues at the heart of a recent major review of the funding of innovative companies in the UK.

HMRC EIS, SEIS & SITR statistics 2021

About these statistics

This is a National Statistics publication produced by HM Revenue and Customs (HMRC). It provides information on the number of companies raising funds, the number of subscriptions and the amounts raised through the Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS).

It also includes Official Statistics on social enterprises raising funds through the Social Investment Tax Relief (SITR) scheme. The EIS, SEIS and SITR are 3 of 4 tax-based venture capital schemes, the other being the Venture Capital Trust (VCT) scheme.

The current release includes the first estimates for 2019 to 2020. The figures for 2017 to 2018 and 2018 to 2019 include small revisions and minor updates, arising from the receipt of a small number of further EIS1 and SEIS1 forms for these years.

Companies have a period of 3 years after shares are issued to submit a compliance statement. This year, we have introduced an uplift factor for figures from 2018 to 2019 onwards to take account of late returns submitted by companies. Thus, these figures should be treated as provisional and will be subject to revisions in future publications.

Enterprise Investment Scheme

- Since the Enterprise Investment Scheme (EIS) was launched in 1994, 32,965 companies have received investment and around £24 billion of funds have been raised.
- In 2019 to 2020, 4,215 companies raised a total of £1,905 million of funds under the EIS scheme. Funding has increased from 2018 to 2019, when 4,060 companies raised £1,867 million.
- In 2019 to 2020, a total of £466 million of investment was raised by the 1,500 companies raising funds under the EIS scheme for the first time.
- In 2019 to 2020, companies recorded as from the Information and Communication accounted for £630 million of investment (33% of all EIS investment).
- Companies registered in London and the South East accounted for the largest proportion of investment, raising £1,267 million (66% of all EIS investment) in 2019 to 2020.

Seed Enterprise Investment Scheme

- Since the Seed Enterprise Investment Scheme (SEIS) was launched in 2012 to 2013, 13,800 companies have received investment and around 1.4 billion of funds have been raised.
- In 2019 to 2020, 2,090 companies raised a total of £170 million of funds under the SEIS scheme. This is a slight decrease from 2018 to 2019 when 2,125 companies raised £171 million.
- 1,620 of the companies were raising funds under the SEIS scheme for the first time in 2019 to 2020, representing £145 million of investment.
- In 2019 to 2020, companies recorded as from the Information and Communication sector accounted for £62 million (37% of all SEIS investment).
- Companies registered in London and the South East accounted for the largest proportion of investment, raising £106 million (63% of SEIS investment) in 2019 to 2020. Social Investment Tax Relief

Social Investment Tax relief

- Since SITR was launched in 2014 to 2015, social enterprises have raised funds of £15.8 million through the scheme.
- In 2019 to 2020, 30 social enterprises received investment through the Social Investment Tax Relief (SITR) scheme, and £3.3 million of funds were raised. This is a decrease from 2018 to 2019, when 45 enterprises raised £4.7 million.

Advance assurance requests

EIS

- Since 2006 to 2007, there have been a total of 36,905 advance assurance request (AAR) applications received for EIS, and of these 30,205 (82%) have been approved.
- In 2020 to 2021, 3,080 AAR applications for EIS were received and 2,380 (77%) approved. This is a decrease from 2019 to 2020 when 3,440 AAR applications were received and 2,665 (77%) approved.

SEIS

- Since 2012 to 2013, there have been a total of 25,365 AAR applications received for SEIS, and of these 20,790 (82%) have been approved.
- In 2020 to 2021, 2,900 AAR applications for SEIS were received and 2,355 (81%) approved. This is an increase from 2019 to 2020, when 2,755 AAR applications were received and 2,120 (77%) approved.

SITR

- Since 2014 to 2015, there have been a total of 475 AAR applications received for SITR, and of these 310 (65%) have been approved.
- In 2020 to 2021, 40 AAR applications for SITR were received, and 30 (72%) approved. This has remained consistent from 2019 to 2020 when 40 AAR applications were received and 30 (71%) approved.

Source HMRC

UK Tax-efficient Investment Comparison Table

	ISA	Pension	VCT	EIS	SEIS
Income Tax Relief	Nil	Up to 45%	30%	30%	50%
Capital Gains Deferral	Nil	Nil	Nil	Up to 28% (A)	
Capital Gains Reinvestment Relief	Nil	Nil	Nil		Effective relief up to 14% (B)
IHT Relief	No (C)	Yes (D)	No	Yes after 2 years	Yes after 2 years
Tax Free Exit	Yes	Yes/No	Yes	Yes/No (E)	Yes after 3 years
Tax Free Dividends	Yes	N/A	Yes (F)	No (F)	No (F)
Limits	£20,000	£40,000 (carry forward may also be available) (G)	£200,000	£1M (H)	£100,000 (I)
Minimum holding period	None	To age 55+	5 years	2 years for IHT 3 years for EIS	2 years for IHT 3 years for SEIS

- A. Gains arising before 6 April 2021 to higher rate UK tax payers are chargeable at 28%. From 6 April 2021 the rate is generally 20% (but remains at 28% for certain assets.) The relief is a deferral only, and not an exemption and the deferred gain will crystallise on sale of the EIS shares.
- B. SEIS reinvestment relief exempts half of the gain reinvested up to the SEIS maximum investment of £100k ie for a gain of £100k reinvested in an SEIS investment, £50k of the reinvested gain is exempt.
- C. Some shares in AIM listed companies held in an ISA and held for at least two years may be eligible for IHT relief. All shares held in an ISA are exempt from CGT.
- D. In certain circumstances. Specific IHT advice is required
- E. There is no tax free exit for shares for which EIS deferral relief only was claimed.
- F. With effect from 6 April 2016 the 10% tax credit on dividends has been abolished and replaced with an annual dividend allowance (the dividend nil rate ('DNR')). The DNR charges income tax at 0% on the first £2,000 of an individual's dividend income which would be chargeable to tax but for the DNR. Chargeable dividend income above the DNR is chargeable to tax at basic, upper or higher rate dependent upon the tax rate which applies to the individual shareholder.
- G. Relief for pension contributions is complex and separate advice should be taken. I
- In 2021/2022 those with annual "adjusted" income (including pension) over £240,000 will have their annual allowance reduced by £1 for every £2 over £240,000 to a minimum of £4,000 for individuals with annual income excluding pension below £240,000 there will be no reduction
 - Within the Annual Allowance, member contributions benefit from tax relief at the individual's marginal rate of tax, i.e., up to 45%
 - Within the Annual Allowance, relievable member contributions are limited to 100% of employment earnings.
 - The reduction in the Annual Allowance is, however, accompanied by a "Carry Forward" facility, allowing pension scheme members (if a member of a pension scheme at some time during the earlier tax years) to Carry Forward any unused pension allowance from the previous three tax years. Including the current tax year, that could mean that you are able to make a pension contribution of up to £160,000 including tax relief.
- H. Up to £1M of EIS investment may be carried back to the previous tax year if the limit for that year was not fully utilised.
- I. Up to £100k of SEIS investment may be carried back to the previous tax year if the limit for the year was not fully utilised.

Source EISA

What is the difference between EIS and SEIS?

EIS and SEIS are very similar in many respects, but there are some important differences.

EIS and SEIS serve the same essential purpose – to be a conduit for early-stage investment into high-growth-potential, smaller and younger UK companies, for which there is widely regarded to be a ‘finance gap’, meaning many promising businesses can struggle to obtain growth funding.

The key difference between the two is that SEIS is explicitly targeted at start-ups and very early stage companies, while EIS can be used by larger and more mature companies – though these are still relatively small and young in the context of the UK’s business and corporate landscape.



Fewer than 25 employees



Trading for less than two years



Gross assets valued at no more than £200,000



No previous investment from a Venture Capital Trust or EIS

Subject to a lifetime SEIS funding limit of £150,000

The comparable requirements for EIS:

Fewer than 250 employees

Trading for less than seven years (or less than 10 years for ‘knowledge-intensive’ companies – typically those with high research and development costs/requirements)

Gross assets valued at no more than £15m

Maximum lifetime amount that can be raised under SEIS, EIS and Venture Capital Trusts is £12m (or £20m for ‘knowledge-intensive’ companies)

SEIS & EIS Eligibility Criteria

The Gross Assets Test

A company looking to secure SEIS investment must have under £200,000 in gross assets pre-money, whilst those looking to secure EIS investment must have less than £15 million in gross assets pre-money.

The Number of Employees Test

A company looking to secure SEIS investment must have no more than 25 employees, whilst those looking to secure EIS investment must have no more than 250 employees.

The Trading Time Test

To be eligible for SEIS funding, a company must have been trading for less than 2 years. It should be noted that the date when a company starts trading is different to the date of incorporation detailed on Companies House. When establishing whether this test has been satisfied, HMRC will review the company's profit and loss accounts rather than the date of incorporation.

UK Permanent Establishment Test

In order to raise funds under SEIS and EIS, a company does not necessarily need to be a UK company in order to qualify. A foreign company can have a permanent establishment in the UK, through which a substantial part of the company's business is conducted. In certain circumstances, having an employee based in the UK may satisfy the permanent establishment test although this should be assessed on a case by case basis.

The Partnership Test

The company looking to raise funds under SEIS or EIS must not be a member of a partnership with another company, as this will be flagged by HMRC.

The benefits of individuals investing through EIS and SEIS

The benefits for individuals of investing through EIS and SEIS

EIS



30% initial income tax relief
Actual net cash outlay of 70p in the £



CGT freedom
No capital gains tax to pay



CGT deferral relief
Potential unlimited and indefinite deferral of an existing CGT bill



Loss relief
Maximum exposure of 38.5p in the £ for a 45% income tax payer



Inheritance tax relief
Potential saving of 40p in the £

SEIS



50% initial income tax relief
Actual net cash outlay of 50p in the £



CGT freedom
No capital gains tax to pay



CGT deferral relief
Potential exemption of 50% of an existing CGT bill



Loss relief
Maximum exposure of 27.5p in the £ for a 45% income tax payer



Inheritance tax relief
Potential saving of 40p in the £

The potential risks of investing in SEIS and EIS

Investing in start-ups and early-stage businesses involves risks, including illiquidity, lack of dividends, loss of investment and dilution. It should be done only as part of a diversified portfolio. EIS and SEIS investments are targeted exclusively at investors who understand the risks of investing in early-stage businesses and can make their own investment decisions.

RISK TO CAPITAL	Investors should only consider subscribing if they are able to bear the risk of losing their entire investment.
INVESTING IN SMALLER COMPANIES	Investee companies can experience significant and sudden increases or decreases in value.
LENGTH OF INVESTMENT	Our aim is to exit the majority of investments five to seven years after we first purchase shares. This is not always possible, and it is not unusual for venture capital investments to be held for periods of 10 years or more.
ILLIQUIDITY	Venture Capital is typically an illiquid investment, funds can only be returned if and when companies are sold.
PAST PERFORMANCE	Past performance is not a reliable indicator of future results.
DIVERSIFICATION RISK	There is a risk that the final portfolio may be comprised of a small number of companies, which will limit diversification
LEGISLATIVE RISKS	Legislative changes may affect portfolio companies which are expanding to other territories, such as the US. Legislation may also change within the UK resulting in the initial product or technology becoming unviable.
TAX RISKS	Changes in UK tax legislation or its interpretation may adversely affect investment performance and returns to investors.
NEW TECHNOLOGY RISKS	Companies introducing new technology or products into existing or new markets may present additional risks

Compliance Disclaimer

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The information and opinions in the report have been compiled or arrived at from sources believed to be reliable at the time and are given in good faith, but no representation is made as to their accuracy. Any opinion expressed in this document, whether in general or both on the performance of individual securities and in a wider economic context, represents the views of the correspondents at the time of preparation and may be subject to change.

Investments are intended to be long-term. The value of an investment, and any income from it, is not guaranteed and can go down as well as up and there is the possibility of loss to the original investment. The different risks and costs of investing are outlined in this report and further information is also available in the terms and conditions documents of the individual correspondents.

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise.

TC Compliance Services is unable to provide investment, taxation, or financial planning advice.

ASCENSION

Ascension Seed EIS fund

The UK Seed Fund

Underlying investment strategy

Ascension has been investing in early-stage technology companies since 2013, with the 2017 investments from its first EIS Fund currently trading at 4.6x value and rated the top performing UK fund according to [Tax Efficient Review](#) (December 2020). Ascension has had 5 realisations to date - Mutt Motorcycles, Chilli Connect, Albert, ZigZag and most recently Loop (more on this below) and more than 45 Ascension investments are currently valued at +200%.

We believe building an ecosystem of shared infrastructure, venture partners, mentorship and events will attract the best start-ups, co-investment deal-flow, and therefore deliver the best returns for our investors.

The Fund focuses on technology companies raising their pre-Series A funding round and bridges the equity gap between Seed (SEIS round) and Series A (institutional round) - what Ascension terms 'Seed+'.

Most target investments operate as early-stage scalable, IP rich and tech enabled businesses. Ascension has adopted an investment approach that focuses on three key elements of any potential business: the quality of the team, the robustness of the technology vs. competition, and market size/potential of the product.

Once confidence in the team, product and market is established, analysis is conducted to discern whether there is a clear route to market for the distribution of the product and to decide where Ascension can add value.

Usually, a Seed+ company will be generating recurring (and growing) revenue of ~£30k+ a month, evidencing early product/market fit, at which point Ascension carries out further due diligence. Ascension typically requires that the potential investee has a minimum of 12-18 months cash runway, assuming no revenue growth for that period.

Ascension believes in the power of its network to support businesses wishing to grow and flourish to Series A investment and beyond. In addition to the wealth of industry-specific knowledge and experience held by the Ascension team, Venture Partners and Mentors alike, the Fund embraces a co-investment approach, collaborating with the angel community and other early-stage VCs. Ascension feels this philosophy not only increases deal-flow opportunities, but also the likelihood that portfolio companies are well capitalised and supported on their journey.

With the Fund's focus on the equity gap between Seed and Series A, it generates the opportunity for deal-flow from both early-stage and later-stage VCs. As a considerable amount of Ascension's deal-flow comes from its existing portfolio companies and co-investors from past deals, its investment

opportunities increase year-on-year as it continually increases the size of its portfolio and co-investor pool.

Information on the range of investee companies

Ascension focuses on seven key sector areas in its investment (with sample portfolio businesses in each sector from EIS fund)

DeepTech ([MonolithAI](#))

Sustainability ([Mellizyme](#))

eCommerce ([ZigZag](#) - acquired)

New Work ([Feast it](#))

Next Gen Media ([MindLabs](#))

Healthtech ([Pangaea](#))

Fintech ([Albert](#) - acquired)

Success stories of exits

Ascension has had 5 recent exits - ZigZag Global - which was acquired by Global Blue. After investing in ZigZag 3 years ago (in the mature EIS '17 fund), it was acquired by Global Blue. Ascension was able to deliver a 6x return to its EIS fund investors.

The Ascension EIS Fund achieved a partial exit of Mutt Motorcycles Ltd, leading to a 2x gain on 50% of the invested capital after being held for 26 months. HQ Mobile Ltd generated 1.5x multiple after being held for 11 months.

Both HQ Mobile Ltd and Mutt Motorcycles Ltd were also held by the Ascension SEIS Fund '15, which generated a 5.6x multiple and a 9.5x multiple respectively - both after the 3 year period. Ascension has also seen exits from ChilliConnect via its Ascension SEIS Fund '18 which generated a 2.27x after 9 months, and Loop's recent acquisition by 360Learning at 4.4x (SEIS '16).

Fund past performance

Fund	TVPI	
Ascension SEIS '15	352%	SEIS Tax Efficient Funds
Ascension SEIS '16	481%	
Ascension SEIS '17	110%	
Ascension SEIS '18	128%	
Ascension SEIS '19	322%	
Ascension EIS Fund Annual Close '17	298%	EIS Tax Efficient Funds
Ascension EIS Fund Quarterly Close ('18+)	146%	
Fair By Design ('18+)	213%	E15M Institutional Fund






	Investment from: Ascension SEIS '15 (5.6x) Ascension EIS Evergreen (1.45x)
	Investment from: Ascension SEIS '15 (9.5x) Ascension EIS Evergreen (1.95x)
	Investment from: Ascension SEIS '18 (2.27x)
	Investment from: Ascension EIS '17 (6.24x)
	Investment from: Ascension SEIS '16 (4.3x)

Chart as of January 31st, 2022



Haatch Ventures – where SEIS is only the start.

At the time that we make our first investment into a SEIS qualifying company, we are already thinking about the longer term. We know that as the company gains traction in its marketplace it will need more capital to grow and make the most of its new opportunities. And that this will happen with every important step it takes.

The partners at Haatch have all created, grown and sold their own businesses. Some have done it several times. It is this practical experience that we bring to all the companies we invest in. It is far more than just taking a board position in a company. It is working with them, to identify and optimise every opportunity that comes along. It is passing on our experience, as and when it is needed.

In terms of finance, we now have three different funds. The SEIS fund, EIS fund and then the Follow On EIS fund, designed to support our portfolio companies as they grow. But even that is not sufficient funding on its own for growing successful companies, which is why we have forged relationships with other venture capital providers, that will also invest alongside us. We want nothing to limit the support that our portfolio companies need.

The Haatch pedigree

At Haatch we have been successfully investing in small exciting companies since 2013. Initially it was individual investments, with our first EIS fund launched in 2018. It wasn't until 2021 that we launched our first...and second SEIS funds. The first SEIS fund was filled up within 2 weeks, and the second also closed early because of high demand from investors. The reason is, we understand, that by then Haatch had an excellent reputation, with both entrepreneurs and investors, for making a significant difference to the companies we invest in. This is borne out by the fact that we are now receiving over 2000 business ideas to invest in every year. This means that we can be very selective in choosing the very best ideas, and make them work. Our Follow on fund was then launched at the end of 2021. It is because we can be so selective that we are targeting an average 10x return with both our SEIS and EIS funds, and 3-5x return on the Follow on Fund (lower than the others because the investment is at a later stage).

Introducing Aerocloud

Aerocloud was an investment that we first made in June 2020, right in the middle of the pandemic. Our initial investment utilised both SEIS and EIS wrappers, and was for £500,000.

Aerocloud offers a revolutionary intelligent airport management system, using predictive artificial intelligence to help airports plan gates and runway utilisation to increase their operational capacity, and ultimately their profitability. At a time when airports are trying to reduce costs, Aerocloud offers the perfect solution that is transformational for the aviation sector. The company's SaaS approach is a fraction of the cost of traditional services, manages the whole customer experience, and helps the airport to respond to any delays, diversions or cancellations. As one airport manager said, 'Aerocloud is our crystal ball'. The system is particularly valuable in the US, where customer experience is the most important yardstick of success.

Since our first investment, international and domestic flights have returned (cargo flights were always there), and demand for the system has rocketed. This has led to further funding needs to enable the expansion plans, which has come from the EIS Fund and other investment partners.

Growth is continuing, not only in the US but also expanding into Europe, and we look forward to supporting Aerocloud as they become a global service provider to the aviation industry.

The Haatch Invitation

We would like to invite advisers and investors alike to join the exciting journey with our portfolio companies. With a choice of funds to suit different risk profiles. Secure in the knowledge that every company is receiving extraordinary guidance and support to help them have every chance of success.

To find out more go to www.haatch.com or email to jessica@haatch.com.

Haatch SEIS Fund

- Minimum Investment £10,000
- Target portfolio: 10-15 very early stage digital investments
- Targeting 10x return on investment

Haatch's SEIS fund companies will use the capital to go-to-market and importantly begin to commercialise their business ready for their Seed round and beyond. The SEIS fund provides deal-flow for Haatch's flagship EIS fund and enables investors to back Haatch companies multiple times; right at the beginning of their journey, through go-to-market and commercialisation and as they transition from Startup to Scale Up.

Contact Jessica Fox, Head of Marketing & Investor Relations for more information.

E. jessica@haatch.com

T. 07958 213122

www.haatch.com



Jenson SEIS Fund 2021/22

Highlights

- **Minimum Subscription:** £10,000 and multiples of £1,000 thereafter.
- **Current Status:** 3 Tranches closed in the 2021/22 tax year with deployment commenced.
- **Investment Period:** Tax year rolling from 2021/2022 (with carry-back to 2020/2021).
- **Deployment:** In the 2022/23 tax year, target Portfolio size 8 – 10 high growth companies.
- **Fees:** No upfront or ongoing fees to investors.
- **Exits:** 9 SEIS exits and 1 EIS exit.

Investment Strategy

The Jenson SEIS Fund aims to target exciting new innovative and disruptive technologies, is sector agnostic with a focus on tech-enabled businesses with a unique and disruptive technology. The investee companies are nurtured alongside existing investment opportunities that require follow on investment, via the EIS, to fully exploit commercialization of a proven business model. The fund has a mandate to focus on long-term capital growth and enables private investors to invest in a range of committed and ambitious entrepreneurs and their early stage growing companies. All companies will be small unquoted UK companies which have been trading for less than two years that qualify under the SEIS tax rules. The Jenson SEIS Fund targets companies with: strong management, momentum in the business (i.e. not pure start-ups) and low risk for a start-up (e.g. have a low cash burn).

Jenson has a very strong dealflow pipeline that has come about from years of relationship building within the early-stage investment community. Jenson receives well over 2,000 pitch decks a year from a range of sources including accelerators and incubators, entrepreneurial clubs and organisations, corporate finance houses and other professional services firms, syndication with other VC funds and angels and also with their own private network. A sample of Jenson's portfolio:



Fund

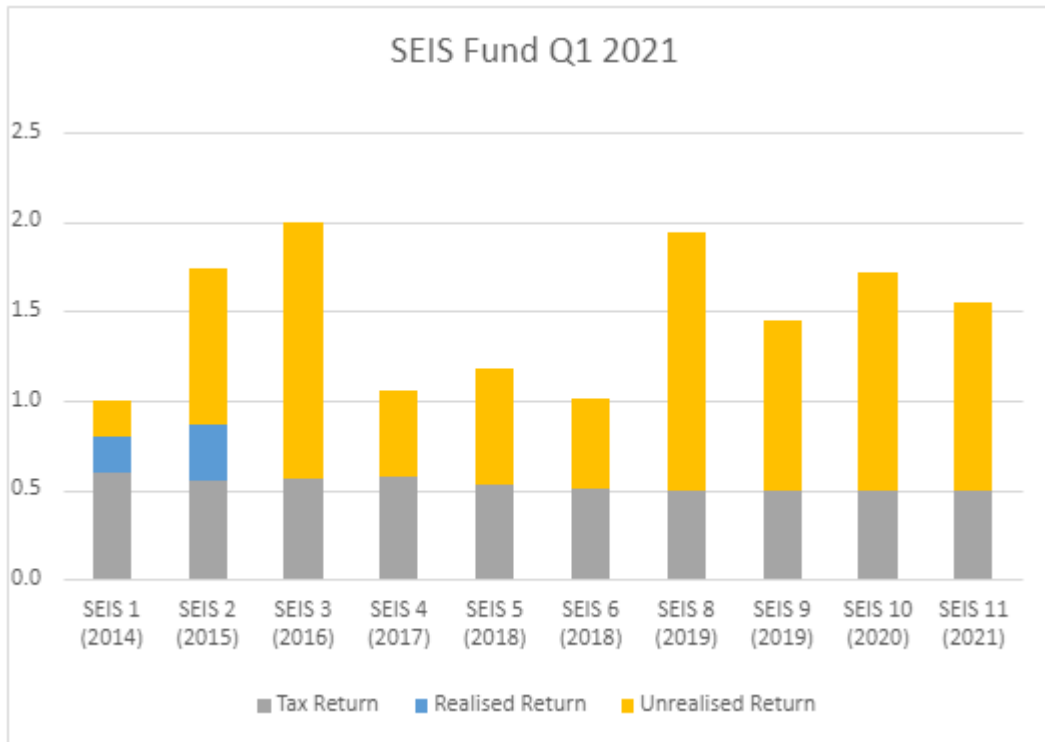
Performance and Exits

Jenson has exited nine companies across its first three SEIS funds. All but three of the SEIS exits were cash exits. One exception is Market Making Ltd, the majority was in cash with some publicly traded stock. The current return is 6.1x investment with a mix of shares and equity (before tax incentives and performance fee), with earnouts this could potentially increase. The lowest return was 0.83x investment excluding tax incentives. In May 2020 Gloop Labs Limited in Fund 2 and Optimicer Limited in Fund 3 were acquired by Whitespace Global Limited, in share-for-share deals with Gloop a 3.2x uplift on original cost and Optimicer an 8x uplift on original cost. In February 2021 Voneus exited the SEIS Fund 1 and provided exits across five of Jenson's EIS Funds with a range of returns from 2x to 4x. To date, Jenson has made 115+ SEIS investments.

Fund *Performance for Jenson EIS Funds

Important Information

*Performance is based on the combination of realised and unrealised value. Investments are illiquid until any of the underlying Investee Companies are sold or float on a stock market. As at 5 April 2021.





NOVA GROWTH CAPITAL

At a glance:

- **Minimum subscription:** £10,000
- **Current status:** Open
- **Fund type:** SEIS/EIS*
- **Investment goal:** Capital growth
- **Focus:** Early-stage, multi-sector
- **Minimum portfolio size:** 10 companies
- **Target returns:** 4x
- **Target holding period:** 6 years
- **Fees:** No upfront or ongoing fees to investors

*The fund is a mixed SEIS/EIS fund, investors can choose to invest exclusively in SEIS, EIS or a mix of both.

Nova Growth Capital is an award-winning fund that invests in disruptive SEIS & EIS companies. Allowing investors to take advantage of a growth-focused and diversified investment portfolio. Its deal flow comes exclusively from its Cofoundry Nova, a venture builder that has seen 36.5% growth in its portfolio year on year for 11 years.

Nova employs 100+ startup experts to actively source and grow their portfolio of tech enabled, disruptive SEIS & EIS companies.

The fund is an opportunity to invest alongside Nova Cofoundry Limited ("Nova") in their portfolio of early-stage companies. The Fund, therefore, seeks to benefit from co-investing with experienced partners.

Investment Strategy

The fund invests in ideas stage and early stage startups, without any capital investment from the founder. Nova's programme will take the founder from an initial idea to discovering its market and building the product. Nova mentors, explores, validates & scales founders and their ideas.

The Fund seeks to offer investors a diversified exposure of a minimum of ten investee companies each of which is engaged in solving industry problems with the use of a digital solution. It is envisaged that each subscription will be deployed across each investee company on a diversified basis, at the discretion of Nova Growth Capital Limited and Sapphire Capital Partners.

Nova seeks to leverage appropriate technology to source and mentor potential founders. This gives Nova the capability to perform real “in-person” due diligence on their entrepreneurs before it co-invests, it allows Nova to understand and model the performance funnel and gives Nova control of deal flow. Nova typically sees over 25 opportunities per investment that are made.

SEIS & EIS tax incentives

The companies the fund invest in are expected to be SEIS-EIS-qualifying, which makes Nova Cofoundry SEIS & EIS Fund SEIS-EIS suitable for qualifying clients who would potentially benefit from the following tax reliefs:

- Up to 30% income tax relief (50% for SEIS)
- Tax-free investment growth
- Capital gains deferral (or 50% capital gains tax exemption for SEIS)
- Inheritance tax relief
- Loss relief



Think differently about SEIS investing

Nova Growth Capital is an award-winning investment firm based in Liverpool, investing in disruptive SEIS & EIS technology companies. Allowing investors to take advantage of a growth-focused and diversified investment portfolio.

Its deal flow comes exclusively from its sister company, Nova Cofoundry, a venture builder that has seen 36.5% growth in its portfolio year on year for 11 years.

Each Investors funds are Coinvested with Nova into a diversified Cohort within Nova's portfolio of at least ten early-stage, knowledge-intensive companies, this diversification is large enough to reasonably mitigate the risk of failure across the whole Cohort.

What does Nova do differently?

Nova provide support to start-ups beyond just investment. They invest patient capital through SEIS and EIS and put it to work via a team of 100+ full time employees.

Not only does a start-up receive funding from Nova but they put a bespoke and flexible team around the founder to plug any gaps or weaknesses, to support that start-ups goal at any particular stage. They draw in the right skill set as and when it is needed to improve the likelihood of success of the portfolio companies and help with their development.

All investee companies receive 595 days of team resource time in the first 9 months. They are also provided a learning and mentorship platform called Leanstack, which is the same used at Harvard university.

"We get many entrepreneurs coming to us with their ideas and now receive in excess of 2000 ideas to look at every year." - Nova

At this early stage, Nova focus on what they call Founder-Market Fit. Is there a real world problem that needs solving, can the founder evidence this and are there real users that understand the problem in the same way. The type of founders they look for are domain experts with a strong network who have identified a problem in their industry. The start-up has to have good market defensibility and some kind of differentiator or competitive advantage.

"Our overall aim has been to increase the use of SEIS by financial advisers, in their financial planning. When it is done well, SEIS can offer some very exciting returns, as well as supporting the growth and development of young businesses in the post-pandemic world." - Alistair Marsden, Director, Nova Growth Capital

Nova Growth Capital 2021 Highlights

The amount of investment that we attracted into our funds are up year to date, with EIS up 37% and SEIS up 40% respectively.

- We also invested in 26 companies, making us a leader in offering a truly diversified portfolio. You can watch some of our portfolio spotlight videos [here](#).
- 100% of the companies we invested in are outside London, with a particular focus on the North-West. We find greater value outside London, and are keen to support the government's levelling up agenda.

*figures correct as of the 17th of December, may be subject to change.

Awards

Nova Growth Capital were finalists in [6 industry award categories](#), winning high commendations from both the [Growth Investor](#) awards and [EISA](#). More importantly, a growing number of their portfolio companies are now winning awards or receiving recognition in their industry sectors.

EISA survey – and their response

Nova Growth Capital sponsored a survey run by EISA a few months back, on the barriers to advisers offering SEIS. One of the key recommendations that came from the survey was that there was a need for more educational material on SEIS, for both advisers and their clients.

Nova Growth Capital responded to this demand in two ways:

- They have launched a guide to SEIS for investors. To get your free copy, please register [here](#).
- They have partnered with Intelligent Partnership to develop a new online SEIS training module, designed for advisers. Nova are also funding the first 70 licences of this module, so that it is free to advisers. You can register your interest in this [here](#).

Investing before the end of the tax year 21/22

Nova Growth Capital are one of the few SEIS managers that offer guaranteed deployment before the end of the tax year. The last opportunity to invest with Nova Growth Capital to ensure full deployment by the end of the current tax year is by the **28th March**.

- All investments made by the end of 28th March will be fully deployed in companies by the end of the tax year, allowing carry back to the previous 2020/2021 tax year.
- No annual management fees – they operate on a performance-based fee structure.
- No upfront fees to investors - 100% allocation of investment for tax reliefs with no additional fees.
- Diversification with investors' funds aiming to be deployed in at least 10 companies across various sectors.

For further information contact: alistair@novagrowthcapital.co.uk
or go to: <https://novagrowthcapital.co.uk/>



Oxford Technology Start-Up fund

Since 1983, Oxford Technology has specialised in investing in start-up and early-stage science and technology companies based in and around Oxford. We are now managing our 12th seed fund, which has made over 175 investments into over 50 portfolio companies. Our most recent investments (Q4 2021) were MitoRx Therapeutics, digiLab Solutions, and OVO Biomanufacturing – look them up!

Supporting our Henley-on-Thames based team is Bijan Kiani in San Francisco, who founded one of Oxford Technology's early portfolio companies, and then went on to the c-suite at Synopsys to grow it to over 13,000 people. Bijan recently become CEO of one of portfolio companies, Machine Discovery, and continues to help our other companies enter the US market. Chenjie Ma in Shanghai also helps them gain access to the Chinese market.

The overall performance figures for the fund are as follows:

Total Fund Figures	
Total Funds Raised	£12.04m
– Funds Invested	£9.58m
– Funds to Invest	£1.42m
Cash Returns to Investors	£3.83m
– from Tax Reliefs (1)	£3.59m
– from Exits (2)	£0.24m
Equity Value of Portfolio (3)	£22.36m
Total Fund Value	£26.19m
– Gross Multiple	2.18x

And the average gross (i.e. after all fees) return multiple of investments into the fund by tax year is as follows:

Average Gross Performance Multiple of Investor Subscriptions (after all fees)	
Tax Year	Multiple
2012/13	2.57x
2013/14	3.49x
2014/15	3.48x
2015/16	3.17x
2016/17	1.81x
2017/18	1.86x
2018/19	1.56x
2019/20	1.30x
2020/21	1.09x
2021/22	0.98x

Valuations for companies (when not including hard cash returns in the case of tax reliefs or exits) are done according to the share price in the latest fundraising round - except in the case of failures, which are written down appropriately.

Because we invest in genuinely new technologies, exits are expected to be long-term, as companies figure out their products and markets figure out their new technologies. But the multiples of invested capital can be substantial. Our most recent exit was Animal Dynamics at a 14x after tax multiple. We sold some of our shares to realise a small amount of early liquidity for SEIS investors who requested it, but we remain mostly along for the ride for further future upside.

VGC PARTNERS

Background

VGC Partners (£100m AUM) have a proven track-record of delivering superior and attractive investment returns. Over the last 10 years we have selected the best and most reliable partners along key areas and have built strong relationships with key stakeholders, allowing us to support our portfolio companies effectively, whilst creating value and achieving successful exits.

As a growth capital investor, we manage our main £50m institutionally backed growth fund, with £30m of backing from the British Business Bank. We are a sector specialist focused on partnering with leading founders in the consumer technology, digital media and gaming sectors.

We are building a complete solution for businesses across the growth funding phase and build businesses with solid foundations that we exit to mid-market private equity or trade acquirers.

SEIS

We also run an SEIS Fund where we are entering the sixth vintage. The fund invests in the next generation of technology and tech-enabled businesses, including partnering with Amazon Alexa for voice tech businesses. Businesses can benefit from entry into Amazon's incubator programme and follow-on funding from their \$200m Fund in Seattle (USA).

Investment strategy

VGC Partners Technology Seed Fund VI will invest in technology-enabled companies at seed stage that have developed at least a minimum viable product (MVP), but are more likely to already be revenue generating and showing signs of rapid user or customer adoption and scalability. The Fund will seek proprietary, off-market opportunities.

Investee companies will have a rapid growth potential and exceptional founding/ management team in the technology, consumer and digital media sectors within the UK. They will have differentiated, defensible products and/or be brands with passionate consumers or loyal commercial partners. They will typically be generating early revenues.

We seek companies where we can add significant value. Investee companies will typically receive hands-on operational guidance and support from VGC, access to our pre-existing network to grow the businesses in the UK and internationally, strategic guidance, and an entrepreneurial approach. The businesses have access to follow-on funding from VGC Partners or its network of corporate partners and VCs.

Highlights

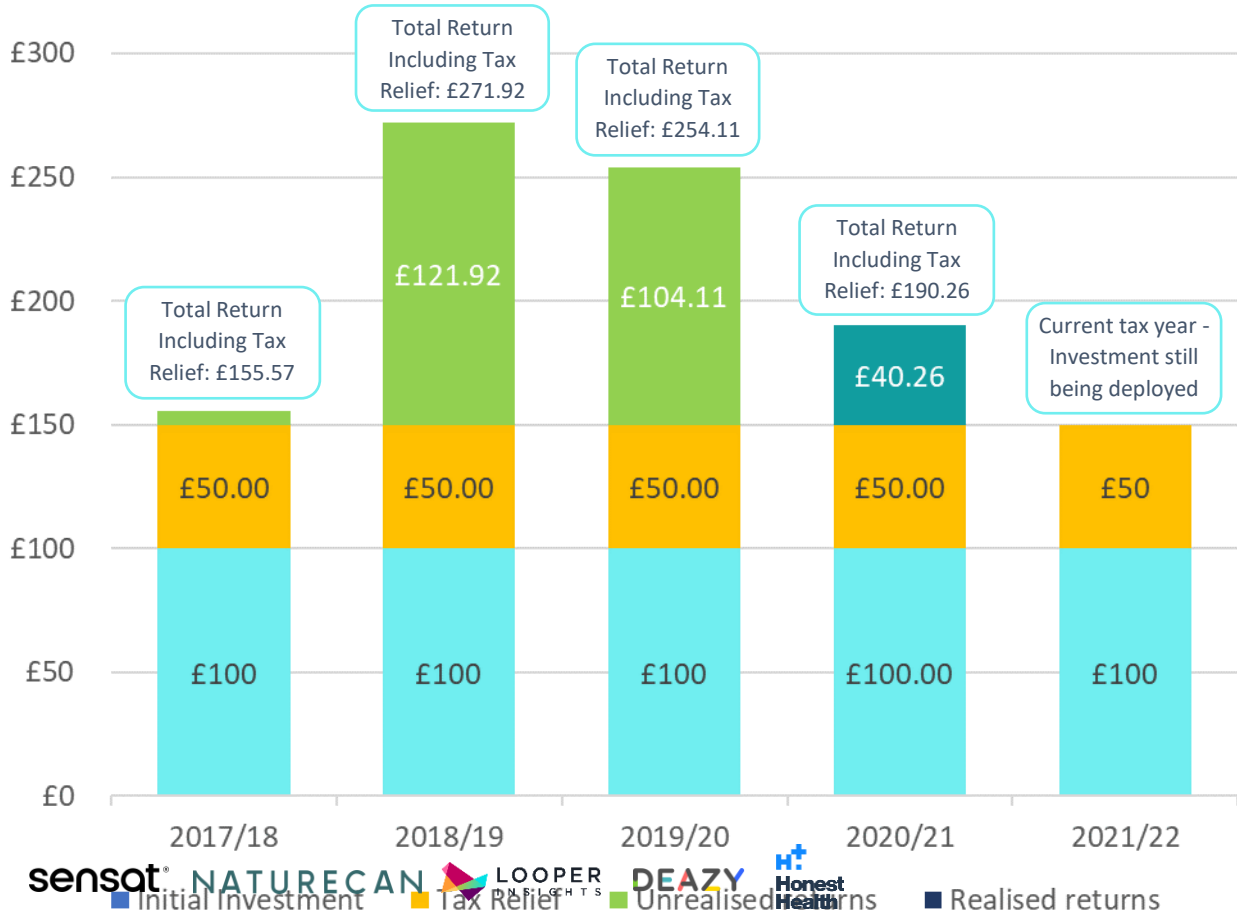
- The SEIS Fund invests in the next generation of technology and tech-enabled businesses, and is partnered with Amazon Alexa.
- Businesses benefit from VGC Partners global operational network of corporate and strategic partners.
- A Minimum Viable Product (MVP) and are typically already scaling their customers and revenue.
- Target: 5x investment returns.

- No upfront or ongoing fees to investors.
- Portfolio size: 5-7 businesses.

LATEST FIGURES BY TAX YEAR

VGC Partners SEIS Performance

For illustration purposes- Investment returns per £100 invested



Contact us: hugo@vgcp.co.uk | +44 (0)7957506469 | www.vgcp.co.uk

A clever piece of year-end tax planning by Octopus Investments

Jess Franks, Head of Retail Investment Products at Octopus Investments, talks through a highly relevant planning scenario as we approach tax year-end.

“One of the benefits of investing in companies that qualify under the Enterprise Investment Scheme (EIS), is the ability to carry back income tax relief to the previous tax year.”

With tax year-end approaching, no doubt you’ll be looking at your book of clients to ensure they are making the most of opportunities available to them.

Have they filled their pension? Do they have a large income tax bill that could be offset? Do they have a capital gain they would like to defer?

If so, here’s a timely tax planning scenario to give you an idea of what is possible.

Chris wants to mitigate a prior year income tax bill

Chris is in his late forties. He’s self-employed and a high earner, although his income can fluctuate from one year to the next.

In fact, Chris often doesn’t know what his tax bill will be until his accountant has finished preparing his tax return.

He has a diversified investment portfolio and is an experienced investor. Over the years Chris has made it clear he’s open to being adventurous with a portion of his portfolio, and he’s happy to take more risk to target significant growth.

Tax year-end is just a few months away and Chris wonders if there are any opportunities available that would allow him to offset an income tax bill from the previous tax year, while also supporting his wider planning objectives.

What his financial adviser suggests

Chris meets with his adviser, Helena. She considers Chris’s needs, goals, and appetite for risk, before suggesting a potential investment that could work for him.

Helena explains that one of the benefits of investing in companies that qualify under the Enterprise Investment Scheme (EIS), is the ability to carry back income tax relief to the previous tax year.

Typically, relief can be claimed in the year that money is invested into each individual EIS company, or the previous year. This can make offsetting income tax from the prior year difficult when investing in an EIS portfolio at the end of the tax year.

However, Chris could invest in a Knowledge Intensive EIS fund, which would give him access to a diverse portfolio of early-stage companies with high growth potential.

Importantly, the relevant date for income tax relief when investing in a Knowledge Intensive fund is the date the fund closes, rather than the date each underlying investment is made. So Chris could invest at tax year-end once his income tax bill for the prior year is known and still claim relief against this earlier tax year. His investment would provide him a single certificate which he could use to claim up to 30% income tax relief creating either a rebate or allowing him to offset tax yet to be paid.

Clients must be comfortable with the risks

Investing in EIS companies is high risk. An investment could fall in value, potentially to nil, and investors may not get back the full amount invested.

There are also tax, volatility and liquidity risks to consider.

Shares in unquoted companies cannot easily be sold, as it may take time to find a buyer. When investing in an EIS portfolio, an exit is only possible when each individual company is sold. So a client's investment should be considered illiquid and a long-term investment.

The shares of unquoted companies can also fall or rise in value more sharply than shares in larger, more established companies.

A number of EIS tax reliefs depend on companies maintaining their EIS-qualifying status for at least three years. It is possible that a company might cease to be EIS-qualifying and EIS reliefs previously granted would need to be paid back.

HMRC could change existing tax legislation. Tax treatment also depends on personal circumstances.

A powerful way for investors to target high growth

For a company to qualify for EIS funding, it must be in the early stages of its growth journey. The company must also be unquoted (which includes being AIM-listed for these purposes).

Buying the shares of these kinds of companies can come with significant growth potential because they're at the beginning of their growth curve. Of course, with this growth potential comes higher risk.

To compensate for some of the risk of investing in early-stage businesses, EIS-qualifying investments allow investors to claim several tax reliefs.

Losses are relievable (against income or capital gains tax), and growth is tax free. This is a powerful set of reliefs for a high risk, high potential growth portfolio.

Additionally, investors can benefit from upfront income tax relief on up to 30% of the amount invested, capital gains deferral and relief from inheritance tax.

An EIS opportunity this tax year-end

Has this planning scenario resonated with you?

Or perhaps you have a client that is selling down a portfolio of investments, and wants to defer their capital gains?

Maybe they want to diversify their portfolio but want to explore ways of retaining valuable loss relief?

We've recently launched the Octopus Ventures Knowledge Intensive EIS Fund.

The fund has a capacity of £25 million and will close on 5 April 2022 or when capacity is reached.

This investment is an extension of our evergreen Octopus Ventures EIS Service, which is managed by the same team behind Octopus Titan VCT, the UK's largest VCT.

The fund structure allows clients who invest to carry back income tax relief to the 2020/21 tax year easily with a single EIS5 certificate.

For more information visit - octopusinvestments.com/ov-ki-eis-fund/

The Octopus Ventures EIS Service is not suitable for everyone. Any recommendation should be based on a holistic review of your client's financial situation, objectives and needs. We do not offer investment or tax advice. Issued by Octopus Investments Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 33 Holborn, London, EC1N 2HT. Registered in England and Wales No. 03942880. Issued: January 2022. CAM011772

Clarity and Transparency

Simplifying EIS Information

One of the charges made against the EIS industry has been that information provided about funds was full of jargon and confusing, and that it was very difficult to compare one fund against each other. Particularly when it came to comparing the fees and performance of different managers. At EISA we agreed. So EISA's Research, Education and Marketing Committee set out to put this right.

First of all we tackled fees. As a trade association we cannot impose rules. After all we have no enforcement authority. So instead we created principles of best practice for the industry. We wanted advisers and investors to be able to easily compare the fees of different fund managers as part of their normal fund selection. We took all fees payable over 5 years as the benchmark, whether payable by the investor or portfolio company, because fees payable over 5 years is the yardstick of the wider fund management industry. And we wanted all fees to be included as fees payable by the portfolio company meant that they had less to use in the development of their business.

We are delighted that GrowthInvest are developing a fee calculator that will make such comparisons even simpler.

As EISA cannot enforce these principles we hope very much that advisers will hold fund managers to account for the fees that they charge.

We then went on to develop principles on performance. They are designed once again to enable genuine and fair comparisons and include such principles as:

- All failures must be shown in calculating an IRR
- The basis of company valuations prior to exit should be made clear
- For exits the pay outs net of performance fees are the ones that should be shown.

The principles for both fees and performance follow on from this.

If you are an adviser reading this, please could you check that the fund managers you deal with are following these principles. And if not, why not.

Martin Fox
Chairman
EISA Research Education and Marketing Committee

EISA – Transparency of fees principles

1. All fees should be clearly stated, when they are payable, and by whom.
2. Fees charged to companies matter as much as fees to investors. Both have an impact on the final outcome for investors, and it is misleading to say that fees charged to companies means that it is 'fee free' for investors. All fees charged to investee companies should be disclosed.

For example, fees for services that are needed or mandatory on the investee company, such as consulting or monitoring services, should be disclosed.

3. There should be clarity on whether fees are fixed or variable. For example where monitoring fees might depend on the size of the company. Where appropriate a range can be given, but it should be clear as to the basis being used to decide on the final amount.
4. It should be clear as to how long fees are payable for, and in what circumstances this can change.
5. There needs to be clarity on which elements are subject to VAT and which are not. Just to say that VAT is charged as applicable is not sufficient and each fee should clearly have its VAT status given.

The net amount of an investment that will be used to purchase shares should be clearly stated.

6. There should be clarity on success fees, and whether these are calculated on returns that include tax benefits, or not. It should be clear whether these are calculated on a per company or fund basis. Disclosure should include the amount of any options or warrants that the manager may receive, as well as any other investment the manager or team may make that is on different terms from those by their customers.

The overall guiding principle is that investors should be able to readily compare fees openly and between different companies and know that all fees are declared.

Compiled by EISA Research, Education and Marketing Committee – December 2021

EIS Illustration

A 45% taxpayer invests £10,000 in an EIS company

	Company fails	Company breaks even	Company doubles in value
EIS Investment	£10,000	£10,000	£10,000
Income Tax Relief	£3,000	£3,000	£3,000
Net Investment	£7,000	£7,000	£7,000
Proceeds on disposal	£0	£10,000	£20,000
Income tax loss relief	-£3,150	-	-
CGT payable	-	Nil	Nil
Net profit/loss including income tax relief	-£3,850	£3,000	£13,000

Income tax loss relief calculation -The loss after income tax relief is £7,000 x 45% = £3,150

By comparison, an individual investing £10,000 in a non-EIS company who exits with a 2x return would see a profit, after CGT at the current, 20% rate, of just £8,000.

Source SyndicateRoom – Understanding EIS - a guide to tax efficient investing.

EISA - Principles on Communicating Investment Performance

- 1.** All exits, including failures, should be shown in compiling an IRR.
- 2.** Quoted returns and projections should exclude tax reliefs. If the manager wants to also include tax reliefs to show total returns, the figures should be clearly differentiated.
- 3.** For profitable exits, the actual pay out, net of performance fees should be the ones shown. The manager should make clear whether or not this is the case.
- 4.** If there has been a change in investment strategy, performance figures should be shown pre and post the change.
- 5.** Company valuations should either be based on the price of the last investment, or on a valuation approach that meets IPEV guidelines. The fund manager should publish details of the valuation methodology they are using and the frequency of valuations, allowing for the different capital requirements of SEIS, EIS and scale up funds. If there has been no further funding or valuation for 2 years, then an explanation should be provided.
- 6.** The transparency of the number of failures, average length of holding and amounts should be shown.
- 7.** The frequency and consistency of exits should be shown, and how this is in line with the approach set out by the fund manager. Visual timelines produced by some managers are helpful.
- 8.** Where investments into a company have been made at different times, on exit a range of returns should be shown, rather than just the best one at a particular point in time.
- 9.** Where annual management charges have been accrued by the Manager, and are still payable by the investor, fund by fund performance should be shown net of this cost.
- 10.** Managers are expected to communicate whether returns and valuations over time are in line with the initial marketing material.

Compiled by EISA Research, Education and Marketing Committee - December 2021

EIS – The Entrepreneurial Regions- Paul Mattick, Mercia Fund Management

The UK is well known for supporting high growth companies, partially via EIS and VCT, and any comparison to Silicon Valley or the Rest of Europe is always focused on our capital London.

However, the ScaleUp Institute found that 75% of the UK's start-ups are founded and grown outside of London and the Southeast, which shows that the entire UK population is deeply entrepreneurial.

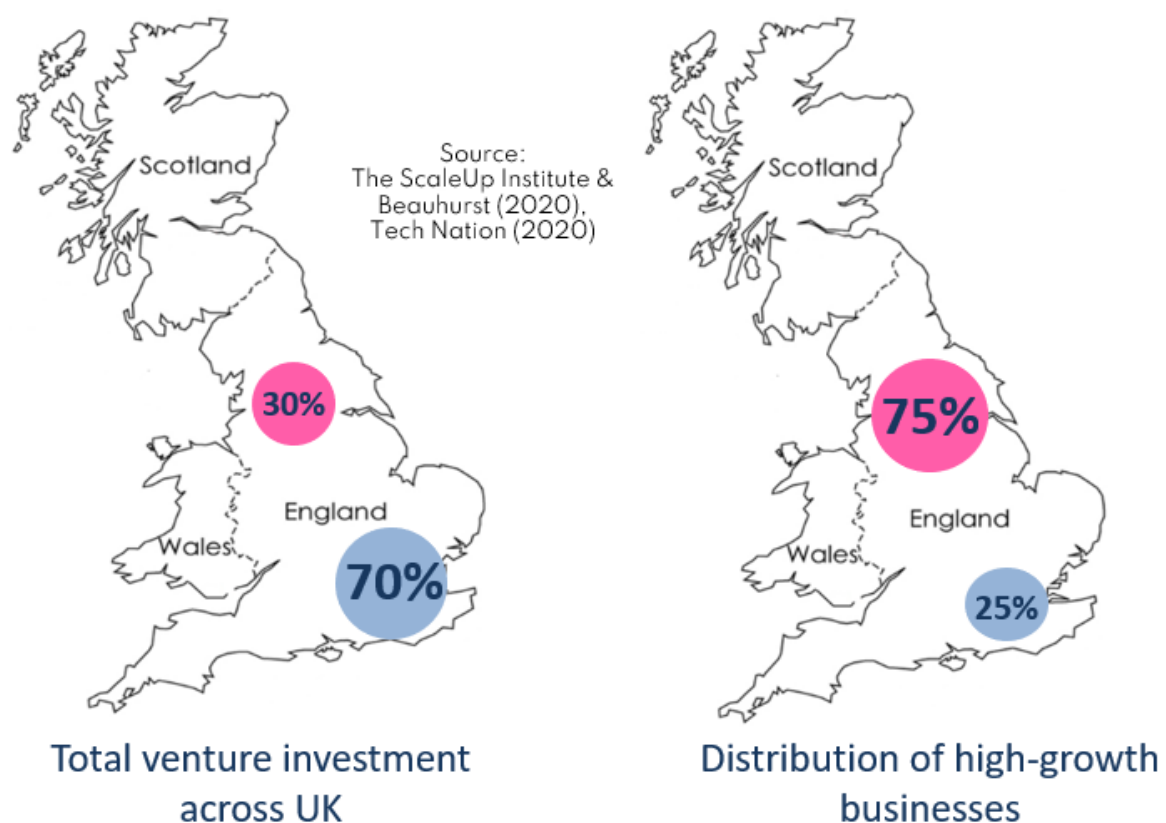
Aside from Mercia, the other independently recognised leading EIS funds invest mostly in London and the Southeast; whether in university spinouts, fintech, AI, or consumer software. At Mercia, we do things a little differently, and here's the reason why.

London and the Southeast

The leading EIS and VCT funds may have some portfolio companies in metropolitan Manchester and maybe business savvy Bristol, but Beauhurst found 70% of venture investment (including EIS and VCT) goes into London-based companies. Following a record year for VCTs, there will be even more competition for the 25% of high-growth companies that are based in London and the SE.

Due to supply and demand principles, the competition to invest in these companies inevitably leads to increased entry prices, and potentially lower multiple returns when the company is sold.

In addition, this competition will slow down the pace at which EIS and VCT capital is deployed, which is a real challenge for EIS investments specifically, directly impacts cash flow.



The UK's regions

Other EIS funds may have some access to deals in specific regions, but the concentration of high-growth companies in any one area is a lot lower. Therefore, regionally focused EIS funds need to have a large network, or be part of a bigger group, to access the plethora of investment opportunities outside of London and the SE.

If those EIS funds can keep growing and build national dealflow networks, their potential scope is substantial as there are three times as many companies outside of London and the SE into which they can invest.

This dynamic results in the entry prices for regional high-growth companies being substantially lower than equivalent London-based businesses, which may enable higher multiple exits, and better fund-level returns.

Due to the volume of potential investment opportunities (3x more than London and the SE), if everything else is equal, regional investors will be able to deploy more quickly, which improves cash flow.

Dr Paul Mattick

Director of Mercia Fund Management

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REALISATION TIME FOR EIS – Chris Hood of Seneca Partners

EIS investment usually steps up a gear in Q1 in the run up to tax year end despite the growing trend towards all year- round investing. With a vast array of open offers to choose from where should advisers and their investors be placing their focus?

Chris Hood, Seneca Sales Director discusses the ‘killer’ issue of realised value versus unrealised value.

“Being blunt, investment outcomes can only be measured by the extent of the cash returned to investors upon exit. Until that point, it can’t be viewed as much more than hope value. And really, that’s the crux of it. Let me try to elaborate.

Setting the scene

First up, it is highly unlikely that any funds raised after 2018 will have achieved an exit. So, we can only judge a manager’s exit track record on the level of cash returned to their investors on investments made before then. Otherwise, despite whatever the carrying values show the investments have still yet to be realised.

So if you are looking for proven exit track records as your basis for assessing the credentials of the manager that factor alone will dramatically narrow the field. According to research recently carried out by one of the main reviewers in the market of over 50 live EIS funds, less than half have produced any exits at all as at December 2021. Only 4 have returned circa 50% or more of their total EIS fund values. That suggests that a very substantial amount of current EIS FUM still resides in the unrealised return compartment.

What does this mean?

It may well be the case that managers who have entered the market since 2018 have some good performers within their portfolios which will hopefully prove good for investors in due course.

Of more significance is a manager’s track record of exits for investments which have been running for 5 years or more with no visible exit event. It is fair to say that investment horizons have become more stretched since the rule changes of 2018 but this does bring another issue into the debate.

An investor with a pre- 2016 portfolio for example, will soon be going into the 6th year. Either the portfolio will still be held at cost or valuations will have been moved in one direction or another. Usually, managers mark them up based on further fundraising rounds at a higher price or because there have been positive developments at company level. This is expected at individual company level but probably not for entire portfolios. Advisers should by this point have had some indication from the Fund Manager of how and when this value will be realised. If, after 6 years invested a portfolio is valued much higher than it originally cost, investors are entitled to ask why none have been realised. Where there have been adverse developments then realistic prospects of recovery need to be assessed. There is also the issue of whether further funding will be needed by these companies to stand a chance of achieving any return. Raising funds for a company which is struggling is no easy task particularly where there is a lengthy back story and investors need to be aware if that is where their subscriptions are to be deployed.

Failures generally manifest themselves in the early years following investment with the prospect of loss relief being available for investors to claim.

Unrealised values

Unrealised company valuations can be something of a double-edged sword. On the one hand upward movements are comforting to investors and advisers alike and make for much more cordial client review meetings. Impaired or even ‘at cost’ values are never quite so popular.

However, the crux of all this still lies in how and when this carrying value will be realised. The expectation is usually that those companies with a progressive valuation profile should become attractive acquisition targets or in some cases IPO candidates. These are not 'givens' and contain a number of complex challenges before coming to fruition often with challenges to the carrying values themselves. Investors will be keen to know timeframes around these processes which is a common reason why EIS investments can end up stretching out towards 10 years which is probably well beyond the expectation of investors at the point they originally invested.

And those are the better case scenarios.

The bigger concern involves those companies which reside within investors' portfolios and which have remained 'at cost' for a significant number of years. If there has been nothing of note within 4 or 5 years of investment, then what lies in store that will change that in the foreseeable future? What is the current cash position of these companies and how well placed are they to see the journey through? Continual funding rounds should be viewed with some caution because they are unlikely to have been completed without a reduction in value not least because of the dilution effect of the fundraise. Life Sciences and Bio-techs often fall into this category as drug discovery and the many clinical trials devour cash often with little commercial income to support them, itself a reason why calls on shareholders can become a regular occurrence.

Those companies which sit inside investor portfolios and have been shown at 'below cost' for an extended period probably need their prospects of delivering a future return to be re-assessed.

AIM EIS FUNDS

These funds often carry the 'volatile' tag but that is largely due to them being subject to daily pricing which their private company counterparts are not. If market conditions are volatile then this is normally also a macro-economic factor which affects all companies and would certainly affect the ability of a private company to realise its value in any event.

AIM EIS funds generally come with a higher degree of due diligence and transparency by virtue of being quoted on the stock market and the regulatory news flow reflects in the share price.

The major benefit of AIM EIS Funds is that they are usually far more liquid and therefore investors can see a realistic point at which they can exit which is hopefully much closer to the 3 year minimum EIS holding period than is the case with private companies. For this reason the 30% initial tax relief is more impactful than is the case where investors are forced to hold for a much longer period of time.

THE REALISATION

It is essential therefore that investors and advisers take the time to assess how EIS managers have performed over a period of time and exactly how much cash has been returned to investors. The investment risk of EIS investing is a well-trodden path but a little extra time taken to examine the realised return performance of Managers rather than the hope value of unrealised returns is likely to prove very worthwhile.

Chris Hood is Sales Manager at Seneca Partners, managers of the Seneca AIM EIS Fund, The Seneca EIS Portfolio Fund, Seneca Growth Capital VCT Plc and the Seneca IHT Service.

Vala Capital: Sustainability at the Centre of Investment Strategy

Standfirst: James Faulkner, Founder of Vala Capital EIS investment fund, spoke to GBI magazine to discuss why he's put sustainability at the centre of their investment strategy.

The volatility in gas and electricity markets affecting all of Europe this winter have driven home the exposure that both individuals and businesses have to the natural gas market. As the world experiences increased energy prices and further transitions into renewable and clean energy, all businesses will be affected. Sustainability is an imperative for every business, and for James this recent convulsion was a wake-up call to businesses large and small. They need to ask themselves how they can minimise consumption, reduce the amount of energy they use, and reuse whatever they can.

For many businesses, reducing energy consumption and implementing circular economics isn't just the right thing to do, it's a way of not getting hurt. As James explained "if a business has not dealt with its supply chain and minimised the disruption and impact it makes, then that business is putting itself under threat."

The other side of this coin is that both business and retail consumers are demanding sustainable solutions to mitigate climate change. It is not just climate change either, social responsibility and governance are increasingly at the forefront of consumer buying habits. For James, if a business is not addressing these issues, then it will have a direct impact and is likely to put at risk whether your customers are going to buy from you.

"It's not that we're being sanctimonious about it - what it's about is sustainability in its truest sense, making this a business imperative."

This focus is integrated into Vala's investment strategy and any business they invest in is expected to sign up to a platform that identifies where they are on a sustainability journey.

This platform, FuturePlus, identifies where a given business is in terms of its sustainability and its targets along its sustainability journey.

Vala has gone an extra step and the Fund's capital is contingent on the progress of that sustainability journey. Their Better Ventures EIS Fund will only invest in businesses that align with the interests of society and the environment.

Recently, Jasper Smith Founder of Vala has said that he wants companies to better their sustainability goals as a competitive advantage.

Another important aspect of this ethos translates to Vala's investors too. James highlighted that for a long time the term Impact Investing was a euphemism for a business doing the right thing but one that wasn't going to make great returns. In explaining their approach James said, "We want our companies to make a great impact, but we expect them to be very successful because of that impact. Not to be very successful despite that impact."

Another important outcome from measuring sustainability as Vala does is that it helps to avoid greenwashing. Greenwashing is the practice of saying an investment is 'green' to attract investors when it really isn't. As James noted historically this has both undermined the confidence in financial services and resulted in investors' money not going into where they wanted it to.

For James, it is one thing to say a Fund is committed to ESG and another to translate that commitment into activity, action that is demonstrable and measurable.

How this manifests itself within Vala's strategy can be likened to a two-bucket system of investment. First is the generalist bucket, the Better Ventures EIS, which invests across a variety of themes and for these Vala requires companies to become more sustainable. If these companies do not meet the targets set out with FuturePlus then Vala can withhold capital.

The second bucket is geared towards outcomes, the Sustainable Growth EIS. These companies will also be from a variety of sectors but will have technology, a product, or service that is in support of a sustainable, greener future.

James noted this approach has grown over some years in an organic way from within Vala. As Vala has grown it has attracted team members who have a particular passion around sustainability. As the team sought to create and develop their process they have seen sustainability driven investments move from very early stage businesses to businesses gaining traction and momentum.

Innovative and disruptive technology companies need early investment, they need capital and as James concludes "this is where EIS does its job."

A day in the life of a Fund Manager – Simon King of Octopus Investments

After attaining a PhD in organic electronics from Imperial College London **Simon King** started at Octopus Ventures as an Intern. Now heading up the Ventures Team Simon gave our Editor an insight into how Octopus chooses the companies they invest in.

WHY OCTOPUS VENTURES?

Simon joined the Octopus Ventures team in 2012, and quickly saw the fund was going from strength to strength. Now boasting a team of over 65 people, with 390 years of relevant experience across the board, Simon has seen the team grow into one of Europe's largest and most active venture capital investors.

WHAT DREW HIM TO OCTOPUS

Simon's PhD included research around making solar cells from plastics. He commented that it always had a commercial outlet, but that was 10 or 15 years away at the time.

"I was looking, and I really wanted to be doing something that was still evolving new technologies and taking them to market. But a little bit closer to that market interface, where the pace tends to pick up a bit."

Octopus were looking for somebody with a hard science background to complement one of the others who had a more life sciences background, Simon sent off his CV prospectively, and he's been with the team ever since.

WHY HE STAYED

Following Simon's 3-month internship he was offered a job with one of the companies the team had invested in, in his short time at the company. That company, SwiftKey, was later acquired by Google for \$250 million but Simon added, "I still think I made the right call."

A key feature of the Ventures team is the low turnover of staff. The core Ventures team has stayed much the same since 2007. Simon credits this to hiring the right people, and the workplace culture that's pervasive through all of Octopus, one that emphasises inclusion and diversity.

DAY TO DAY

Simon manages the teams across the five key areas of investment: B2B Software, Consumer Health, Tech, Deep Tech, and Fintech. This '5 pod structure' enables investment in around 15-25 early-stage businesses a year through the Titan and OVEIS funds.

Octopus is active in the market, completing 3 investments a month, with around 53% of investments being follow-on funding.

Leaning into his area of expertise, Simon sits within the deep tech pod, looking for IP rich technology businesses. Along with this Simon also looks after 12 of the teams' portfolio companies.

HOW DOES OCTOPUS MAKE ITS INVESTMENTS?

Simon acknowledges the rise in profile that Octopus Ventures has seen since he joined. When start-ups are looking for venture capital, Octopus often make the short-list of funds they want to speak to.

Octopus also find deals from their networks of angel investors, seed firms, academics, and a whole range of people who will be associated with early-stage companies.

At the top of the funnel Octopus will see thousands of potential investee businesses a year. Simon's initial role, when he started 12 years ago, was to whittle down the list of companies and work out which ones were worth spending time on, and which ones were not.

This helped to build Simon's relationships within the start-up sector, now he also uses these connections to act as a feeder to the top of the pipeline. He explains that Octopus will meet with a few hundred businesses a year. This entails an introduction, deeper research into the business, the market, and the opportunity it offers.

As these businesses move down the pipeline more of the Octopus team will meet them, and ultimately, as Simon puts it, "Everybody whose met the company sits down in a room together and we make a decision as to whether we want to invest in that company, or not."

Octopus Ventures are rarely the first investor into these start-ups, but often the first institutional investor, so thorough due diligence is required.

The Octopus Ventures team's key priority when picking an investee company are fantastic management teams. Simon quoted an old adage, "Invest in A-Class teams and B-Class ideas, and not the other way round."

The reason for this is that most of the companies Octopus invests in are not going to be selling the same exact thing at their point of success. Simon highlights that all small companies must navigate similar things, namely pivoting, adjusting, and discovering what exactly their customers want. Simon noted that often the thing you thought would be valuable isn't, and often the something that seemed periphery at the start becomes the main product.

For Octopus their investment interest starts with the team, but the second priority is looking for large addressable markets and a big market must be more than a billion pounds.

The Octopus Ventures teams look for these markets because they want the companies, they've invested in to be worth at least hundreds of millions at point of exit.

Another key area in the Octopus Venture's investment thesis is finding an unfair advantage, this can come in the form of Intellectual Property, creating a barrier for entry, or particular team members. Simon gave the example of Professor Andrew Davison, the founder of SLAMcore. Prof Davison is the highest cited academic in SLAM systems globally making him the authority on that aspect of computer vision.

A FINAL NOTE ON THE IMPORTANCE OF DIVERSITY IN THE OCTOPUS VENTURES TEAM.

A recurring theme that came up when Simon described the Octopus Ventures Team was its diversity. Octopus hires from a very diverse range of backgrounds, not just in terms of gender and ethnicity

but also how people think. The team Simon sits on has former entrepreneurs, former academics, former bankers, accountants, and a lawyer.

An example of where this led to tangible success, aside from the low turnover of staff, is in Octopus' investment in Elvie. Elvie's first product was a pelvic floor training device linked to an app. The founder of the company Tania Boler looked around for investors but was often met with a cold reception. Both Simon and Tania put the lack of interest down to the taboo nature of the product, and a dearth of direct experience found among those Tania was initial pitching too.

Here Octopus saw an opportunity, 6 million women are affected by urinary health problems, and after investment and a product launch Elvie has been a staunch success.

About Simon King

Simon joined Octopus Ventures in 2012 and sits within the Deep Tech team, focusing on AI and machine learning, advanced materials, semiconductors and Quantum Computing. He sits on the boards of several portfolio companies including Phoelex, Orbex, Dogtooth Technologies and Elvie and previously sat on the board at WaveOptics (acquired by Snap). He also looks after the origination strategy at Octopus Ventures. Simon's academic background is in Physics, Chemistry and Materials culminating in a PhD in organic electronics from Imperial College London.



Arie Capital Technology EIS Fund

ARIE Capital was formed in 2016 and has made 15 technology-based investments since launch, giving us a vibrant portfolio that spans companies across various countries, and in sectors as diverse as Connectivity, Life Sciences, Fintech, IoT, Edtech and Sports/Media Tech.

The Arie Capital Technology EIS fund is a evergreen fund provides investors access to investment into a selection of 5-10 UK growth companies that solve real world problems.

The minimum investment is £10,000.

We have an extensive global network that we use to the benefit of the companies we invest in, whether identifying global opportunities or having the contacts for profitable exits. ARIE Capital focuses on investing in transformative technologies that have global applications and solve real word problems. We have an extensive global network that we use to the benefit of the companies we invest in, whether identifying global opportunities or having the contacts for profitable exits.

As you might expect from ARIE Capital, it is a tech based fund, but with several key differences:

1. As a group we have a global network of 6 offices, in the UK, US, Israel, China, France and Mauritius. We use our expertise, network of contacts and wider markets to support and benefit our investee companies.
2. We work incredibly closely with the companies we invest in to enhance shareholder value. For example, we often handle and monitor the accounts of the businesses so that we know precisely how the company is doing, and whether any action is needed to support them at an early stage.
3. We only invest in companies which solve real world problems and that are working to create a positive societal impact.
4. We also have an institutional fund which means we can support companies with follow on funding.
5. Finally, unusually investors have a choice in how they invest. It can be into the fund itself, or they can select specific companies within the fund. This allows investors to invest in specific companies or industry sectors that they are interested in.

We are targeting a 3x return with an investment horizon of 3 – 5 years.

It makes the new ARIE Tech Fund an ideal solution for advisers and investors who are looking for a different approach to UK technology investment.

The ARIE Group has a proven track record with two full exits and two partial exits, out of 15 investments, including one to Google. One portfolio company IPO'd at \$150m in November 2021 with another undergoing a \$1bn IPO in Q1 2022.

The portfolio is currently showing an IRR of more than 30%.

We have grown exponentially over the past 18 months and now have £500m assets under management.



BLACKFINCH

Blackfinch Ventures

With long-standing experience in early stage investing, we help fledging businesses with an ESG focus to thrive. Our expert team dig deep to discover innovative new tech firms that can grow in value while changing the world for the better. Clients can benefit from return potential, greater tax relief and access to a growing portfolio of companies making a real difference.

Blackfinch Ventures EIS Portfolios

The portfolios invest in start-ups and early stage firms in the tech space that qualify for Enterprise Investment Scheme (EIS) funding. Clients can access EIS tax benefits along with higher return prospects. Our expert team targets innovative firms. It invests in those with strong teams, capable of transforming their market.

Blackfinch's processes and resources make it stand out. These include a dedicated pipeline team searching across the UK, rigorous due diligence, and board-level support for firms. Blackfinch also co-invests with clients, ensuring further alignment.

Quote from Head of Ventures, Dr Reuben Wilcock:

"The growing Ventures portfolio is reflective not only of Blackfinch's commitment to investing in innovative technology driven companies that reflect our own environmental, social and governance (ESG) values, but also the value that those businesses see in having us as their investment partner and the role that we can play in furthering their growth ambitions."

Examples of Blackfinch Ventures Portfolio Companies

CULTURE SHIFT

Culture Shift

Culture Shift takes a preventative approach to tackling workplace bullying and harassment, enabling organisations to instil positive cultural change. The company's Software-as-a-Service (SAAS) platform helps companies to report, monitor and act on workplace incidents in real-time, offering a product that is applicable across many industries and company sizes.



KOKOON

Kokoon

Kokoon is a sleep technology company. Its beautifully designed ergonomic headphone products include bio-sensors that measure when you fall asleep, automatically fading out audio and introducing masking 'white noise' to protect against disturbances. The connected app developed with sleep scientists offers personalised coaching, content and insights to help users improve their sleep and switch off easier.



Tended

Tended is a technology start-up that designs intelligent personal safety wearables. Its patent pending technology uses sensors and wireless technologies to detect and prevent accidents in high-risk work environments. After a successful year building social distancing solutions, Tended is now focusing on its accident prevention and safety culture solutions.



About

Boundary Capital was started by a small group of likeminded entrepreneurs who had founded and exited a number of successful businesses. The Investment team represents a potent combination of:

- Academic knowledge, 75% of them have PhDs
- Entrepreneurial talent, they have all founded and exited at least one business
- Investment experience, two of the team have been CEOs of early-stage VC companies and all have invested in multiple early-stage companies

This experience is combined with a shared belief that investment can drive positive change for millions of people. Simply put, at Boundary they only invest in businesses that can make a real impact to millions of people.

Investment Strategy

Boundary is an impact investor; they have a strict methodology and will only invest in high growth technology companies that will positively impact millions of peoples lives. Their proprietary “Equivalent Lives Impacted” methodology removes any subjectivity from the Impact equation.

The core investment sectors are life sciences, engineering, and software/data sciences. The fund focusses on business-to-business technology at a late seed to series B stage. Each fund is expected to take 5 years to exit and targets a 3x return.

Boundary Capital Knowledge Intensive Impact Life Fund

This fund is the only Impact fund to combine the benefits of being an HMRC Approved fund with the power of Impact Investing. Each investor receives shares in between 5-9 early-stage companies.

Example Impact Investments



Boundary invested in Intec AMD Ltd, the maker of Natrox in Dec 2019. Natrox is an innovative treatment for healing chronic wounds. The technology, Natrox, generates oxygen from a portable device about the size of an i-phone directly to the wound bed. Natrox has been used effectively to close wounds that have failed to close with conventional treatment within 6-8 weeks. Originally a Cambridge University spin-out the product is now used all over the World. The level of the 2021 raise by Inotec represented a 59% uplift to the original investment.

Example Exit



Boundary exited their investment in Image Scan after 3.1 years. The investment provided a 4.1x return on the original.

Further Information

The current raise will close March 2022.

Please contact mark@boundarycapital.com for further information.

COMMITTED CAPITAL

Committed Capital Growth EIS Fund

We are a growth stage venture capital investor, and our investment strategy has remained unchanged since 2001.

The Committed Capital Growth EIS Fund is an evergreen fund offering investors the opportunity to invest into a portfolio of actively managed, growth stage, post-revenue (over £1m annualised) technology companies, whilst also benefitting from the availability of the generous tax reliefs afforded by EIS.

We invest in a range of technology sectors where we believe the potential for significant capital growth exists, and where we can offer hands-on support to facilitate and accelerate growth before ultimately helping identify potential exit opportunities.

Committed Capital - Track Record

Since 2001 we have achieved an average 2.6 x ROI (excluding any tax reliefs) for investors with an average holding period of 4.5 years and have made multiple funding rounds in 34 EIS qualifying investee companies, made 21 exits and 1 partial exit. Out of these 22 exits, 21 have been profitable and just 1 has made a partial loss.

Committed Capital Growth EIS Fund - Track Record

Looking at our discretionary EIS Fund launched in December 2014, we have achieved an average 2.7x ROI (excluding any tax reliefs) for investors with an average holding period of 4.5 years, and have invested in 15 companies, made 3 exits and 1 partial exit with all 4 exits having been profitable.

Recent Exits



The fund's most recent exit was in February 2021. Our investors' holding in Fairstone was bought by a private equity group, with investors receiving an average return on investment of 4.6x ROI (excluding tax relief).

Fairstone is a Wealth Manager & IFA consolidation business. It utilises a proprietary technology platform to streamline front and back-office functions, underpinned by a robust compliance and regulatory framework.



In July 2019 our investor's holding in FSB Ltd was bought by a strategic buyer generating a return to investors of 2.71x ROI (excluding tax relief).

FSB is a leading Business to Business sports and internet gaming technology supplier. Using a SaaS business model, the company offers end-to-end internet gaming solutions including data and pricing feeds.

Key Fund Features

Minimum Subscription - £15,000

Target Return - 2-3x ROI (excluding tax reliefs)

Deployment - We currently have a portfolio of 6 investee companies available for deployment before 31 March 2022.

HMRC Advance Assurance - We always ensure this is received before capital is deployed.

Regional Investors - We seek out innovative, high growth investee companies throughout the UK.

Exit Strategy - The intention is to exit within 4 to 5 years of monies being invested via trade sale, IPO, or where appropriate, a sale to a strategic investor.

Example Portfolio Companies available for current tax year deployment and carry back to 2020/21

Final closing date for current tax year – 30th March 2022



Living Map Assets Limited provides hyper accurate positioning technology for large and complex indoor spaces, as well as the related digital mapping and location data services. The platform allows the space owner to retain control of its location data, improve efficiency, reduce costs, and generate revenue. The Company has developed a fully integrated SaaS solution that provides hyper accurate, intelligent real-time digital mapping solutions for complex indoor environments.



Ceed Ltd (trading as pi-top) is an award-winning manufacturer of computers, which you can build with your own hands, combining them with gamified and learn-to-code software, and are designed to make coding simple, affordable, and fun. The products are used in more than 1,500 schools impacting over 300,000 students.



StorMagic provides software for data storage, acceleration, and security for geographically dispersed companies. Their storage and security products are simple, lightweight, and cost-effective without sacrificing enterprise-class features for organizations with one to thousands of sites. They provide a software based virtual storage area network, which converts two or more servers into a robust, shared-storage appliance, preventing downtime for business-critical applications.



Concurec's technology automatically discovers articles, white papers and blog posts on the public World Wide Web that are relevant to its customers' industries. It then structures the text and metadata into a common format, collects corresponding engagement metadata (such as 'shares' on social media) and interaction data if available such as website clicks.

A leading supplier of smart home solutions for the remote control and monitoring of light, heat, power, and security through a wide variety of devices via only one app. It designs, develops, and manufactures these devices and has recently launched Generation 2 which is part of the Apple HomeKit offering. The Company provides a range of intelligent light switches, radiator valves, power sockets and sensors that are DIY retrofitted without re-wiring.

Smartology is a digital advertising technology company providing a platform that is a key distribution channel for some of the world's largest brands via global premium media owners. The platform semantically profiles their clients' branded content and dynamically serves these advertisement units alongside relevant premium media owners' content (articles), thus consistently achieving record levels of user engagement.

Glen Stewart, Head of Business Development



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Deepbridge Life Sciences EIS

With an impressive record of returns (both realised and unrealised) and numerous industry awards, Deepbridge Capital is a leading sector-specific EIS manager. The Deepbridge Life Sciences EIS is focused on investing in a diversified portfolio of actively managed growth-focused companies seeking commercialisation funding. The fund invests in life sciences companies that have a proven technology, robust intellectual property and are operating in a high growth market sector.

Deepbridge takes an active role (not just a Board seat) to guide, mentor and counsel the investee management team. The provision of hands-on operational experience combined with financial expertise can materially mitigate the investment risk borne by the Investor, along with comprehensive due diligence on investee companies.

Minimum investment:	£10,000
Funds deployed to date*:	£40m
Fund type:	Alternative Investment Fund
Target deployment timescale:	Monthly
Average EIS3 timescale*:	22 weeks from receipt of application
Closing date for 21/22 deployment:	Friday 25 th March 2022

*as at 31 January 2022

Deepbridge reviews investment opportunities sourced from a wide dealflow network, across the UK and overseas – with the ultimate aim of identifying the very best investment opportunities for investors.

Generally, Deepbridge seeks investment opportunities that exhibit the following qualities:

- A focus on life sciences and medical device technology;
- Significant market potential with clear need and market growth;
- Provide a solution to a recognised clinical or healthcare need;
- Innovation-driven products that have the potential to create new market segments or displace current technologies;
- Medical technology businesses with a clear and realistic path to commercialization
- Robust intellectual property which may provide patented or patentable IP protection;
- Experienced, passionate and energetic founding team;

- Clear exit strategy.

Ultimately, Deepbridge will select companies which offer the opportunity to expand internationally, outside the UK, utilising many of the strengths, contacts and experience that the Deepbridge team possess in order to accelerate the growth of the business.

There are no management charges levied on the investor at the point of investment for subscriptions received by a financial adviser, resulting in up to 100% allocation of subscription. Please see the Information Memorandum for full details for all fees charged to investors and investee companies.

Example portfolio companies:

Manchester BioTech

Manchester BioTech is developing 3D, synthetic 'hydrogel' products, which mimic human cells, to be used in cell culture laboratory-based experiments.

NanOptima

NanOptima has developed a drug delivery platform for use in ophthalmology (eye diseases and disorders), in particular for patients with age-related macular degeneration (AMD).

Zilico

Zilico has developed an innovative cancer diagnostic technology that measures electrical impedance to measure tissue density and identify cancerous/noncancerous tissues.

The underlying investments are both illiquid and high risk, it may be difficult to sell shares because of the lack of an existing market. Investments are not suitable for all investors and investors should not consider investing unless they can afford the full loss of their investment.

www.deepbridgecapital.com



Deepbridge Technology Growth EIS

With an impressive record of returns (both realised and unrealised) and numerous industry awards, Deepbridge Capital is a leading sector-specific EIS manager. The Deepbridge Technology Growth EIS is focused on investing in a diversified portfolio of actively managed growth-focused companies seeking commercialisation funding. The fund invests in technology companies that have a proven technology, robust intellectual property and are operating in a high growth market sector.

Deepbridge takes an active role (not just a Board seat) to guide, mentor and counsel the investee management team. The provision of hands-on operational experience combined with financial expertise can materially mitigate the investment risk borne by the Investor, along with comprehensive due diligence on investee companies.

Minimum investment:	£10,000
Funds deployed to date*:	£101m
Fund type:	Alternative Investment Fund
Target deployment timescale:	Monthly
Average EIS3 timescale*:	21 weeks from receipt of application
Closing date for 21/22 deployment:	Friday 25 th March 2022

*as at 31 January 2022

Deepbridge reviews investment opportunities sourced from a wide dealflow network, across the UK and overseas – with the ultimate aim of identifying the very best investment opportunities for investors.

Generally, Deepbridge seeks investment opportunities that exhibit the following qualities:

- Technology-driven businesses with a clear and realistic path to commercialisation;
- Significant market potential with clear need and market growth;
- Businesses that utilise a technology-derived platform and/or an innovative approach to meet a newly-identified or existing market demand;
- Innovation-driven products that have the potential to create new market segments or displace current market offerings;
- Robust intellectual property which may or may not be patented;

- Experienced, passionate and energetic founding team;
- Clear exit strategy.

Ultimately, Deepbridge will select companies which offer the opportunity to expand internationally, outside the UK, utilising many of the strengths, contacts and experience that the Deepbridge team possess in order to accelerate the growth of the business.

There are no management charges levied on the investor at the point of investment for subscriptions received by a financial adviser, resulting in up to 100% allocation of subscription. Please see the Information Memorandum for full details for all fees charged to investors and investee companies.

Example portfolio companies:

arbnco

arbnco is a proprietary technology innovator operating in the field of real estate energy efficiency analysis and improvement modelling.

Perse Technology

Perse is a data service that enables individuals and businesses to automatically buy, store or sell energy at the best commercial rates with the lowest carbon impact.

Smallspark Space Systems

Smallspark is developing the next generation of software and hardware for the UK's space industry, focusing on the development of hybrid rocket technology.

The underlying investments are both illiquid and high risk, it may be difficult to sell shares because of the lack of an existing market. Investments are not suitable for all investors and investors should not consider investing unless they can afford the full loss of their investment.

www.deepbridgecapital.com



Downing Healthcare EIS

Downing's first impact fund, the [Downing Healthcare EIS](#) is its third specialist healthcare & life sciences EIS knowledge intensive fund, but the first with a clear impact focus.

The fund seeks to invest in ambitious, early-stage EIS companies in healthcare & life-sciences who contribute to the objectives of the United Nations' Sustainable Development Goals, specifically SDG 3 (Good Health and Well-being).

These knowledge intensive companies seek to undertake research, development or innovation to develop new products and services that support SDG 3, creating value for investors and society that may not otherwise have occurred. As a knowledge intensive fund, it also provides accelerated income tax relief in the tax year of investment.

The managers consider the ESG characteristics of these companies throughout the investment process, and throughout the lifetime of the investment, aim to capture, monitor and review the progress of the business against relevant impact KPIs and report this to investors regularly.

Downing targets a return of 3x+ for investors after a successful exit within a target of four to eight years from investment.

By investing in companies that directly contribute to our society's health and wellbeing, Downing strongly believes it can achieve attractive and sustainable returns for investors.

Key features

- **Closing date:** This fund closes on 5 April 2022.
- **Impact investing:** This can be defined as making investments with the intention of generating a beneficial and measurable social or environmental impact, alongside a financial return. The Downing Healthcare EIS Fund aims to support companies working at the forefront of new technologies in healthcare & life sciences, providing innovative new products and services that make a positive impact on the health and well-being of society.
- **Sector focus:** Our healthcare ventures portfolio and market thesis taps into many of the trends that are being accelerated by Covid-19. These include diagnostics being pushed out to the point of care through innovations in hardware and artificial intelligence (AI), as well as personalised medicine shaped by genomics, cell therapies and digital health. Examples of companies in this sector are Congenica, Invizius and Arecor.
- **Healthcare expertise:** We have a dedicated team that focuses on healthcare & life sciences investing, led by [Dr Will Brooks](#), who has more than 30 years' experience in the sector, and more than 18 years in venture capital. Dr Brooks spent 10 years at Quest for Growth, a large pan-European healthcare fund, where his fund delivered a return of 3.2x with an IRR of 32%.*
- **Investment allocation:** We aim to invest your money in a minimum of five companies across the healthcare & life sciences sector. Unlike a single company EIS, having a spread of companies in different subsectors can help mitigate the effect of under-performance or failure by any one company.
- **Sourcing opportunities:** Through the experience of the team, Downing's venture partners and our academic and subject matter expert network, we have formed deep connections within the global venture capital community, which helps us to identify compelling investment opportunities and partner with leading financial and strategic investors.
- **Minimum investment:** £15,000.
- **Tax relief:** This is an EIS Knowledge Intensive Fund, providing 30% income tax relief in the 2021/22 and 2020/21 tax years (subject to carry back and EIS rules). We are targeting issuing the EIS5 tax certificate within 12 months of fund close (subject to deployment and HMRC).



- **Edition Capital** is an established EIS manager with particular expertise in the leisure sector
- The team has a track record of achieving significant upside for previous EIS Investors
- Edition EIS has unique access to fast growing businesses and has raised and deployed over £50m into 33 companies in the last 16 allotments
- Edition EIS gives investors access to a broad spectrum of mainly later stage companies operating in leisure that require scale up capital

Key fund features

- **Evergreen product with carry back to 2020/21 available until the 1 April 2022 deadline**
- Target allocation of between 8 to 12 companies (with a minimum of 5)
- 100% tax efficient – 30% income tax relief on subscriptions (after any adviser charges)
- Upfront and Management fees only charged when funds are invested into businesses
- Target £2 tax free return per £1 invested over an investment horizon of 4-7 years

Sector Approach

Edition EIS is a generalist product with particular focus in the leisure sector. The UK Leisure sector has dramatically evolved over the last decade. Pre pandemic the sector was worth £117bn in revenue and accounted for 7.4% of GDP ^{1*} and is expected to rebound swiftly with great opportunity for those investing into the sector now.

- Over the last decade, consumers have been shifting their expenditures from goods to experiences
- The underlying drivers of this shift in consumer spending are a more holistic perspective on what leads to happiness, the growing importance of social media, and an increasing fear of missing out. They are unlikely to dissipate, which suggests that this shift in spending behaviour will remain ^{2*}
- The trajectory of this growth in spending on experiences is expected to accelerate post-pandemic, with pent-up demand to socialise and c. £160bn saved across UK households ^{3*}
- The Bank of England expect a material recovery in household spending as the vaccination program is rolled out, with GDP projected to recover rapidly towards pre-COVID levels over 2021
- Businesses that have survived the pandemic face less competition, more favourable terms with landlords and are well placed to take advantage of the post-recession recovery
- Early indicators show that consumers, when able to, have begun to act and spend largely as they did in pre-crisis times ^{4*}
- Investor sentiment corroborates this optimism, resulting in soaring share prices across the leisure sector; both Live Nation Entertainment and SSP Group, the airport restaurateur, saw their share prices rise by 22% and 17% respectively following news of vaccination development and Government plans to ease lockdowns

Key features of any business Edition EIS invests in:

- Proven business model, with potential to roll out and generate high levels of growth
- Focus on later stage businesses which are profitable and are looking to scale up
- Strong management teams with excellent track records to execute strategy
- Flexible business plans and able to take advantage of changes in consumer demand

^{1*} - Source: Deloitte: Passion for Leisure Report (2016)

^{2*} - Source: McKinsey & Company (Dec 2017)

^{3*} - Source: Financial Times (March 2021)

^{4*} - Source: McKinsey & Company (January 2021)



Eos Advisory EIS Innovation Fund

Eos Advisory launched its EIS Innovation Fund in 2021 on the back of 7 years track record of investments as a syndicate. The Innovation Fund was created to give investment opportunities in deep science, technology, and engineering start-ups with high growth potential – defined as global market relevance and therefore the ability to return significant multiples. Eos invest predominantly in Scottish innovation, with a focus on four impact areas: 1) Disease diagnosis, prevention, and treatment 2) Energy security issues, climate change and pollution 3) Food and water security 4) Improvement and sustainability of industrial processes. A very selective process sees 2-5 new investments per annum from a choice of circa 250 opportunities. More information on the approach, team and portfolio can be found at eos-advisory.com.

Strategy for the Fund:

- Focused on early-stage science, engineering and technology companies that are protected by intellectual property and targeting a global market
- Co-invest with experienced angel investors from the Eos Syndicate
- Target portfolio of 5-10 investments
- Target Deployment of 18-24 months
- Expected holding period of 5-8 years
- Minimum investment £25,000 with an average investment of £100k
- 2nd close planned for summer 2022 to take the Fund to £5m.

Eos Track Record:

- Diversified portfolio of 14 companies with no failures to date
- 6 seed investments have gone on to Series A or B
- £5.6m direct investment leveraged to a total £57m in the portfolio
- 23.9% IRR benchmark
- 1 full exit and 1 partial exit in 2021

Mark Beaumont

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haatch ventures

Haatch Ventures



Background

Managed by four successful entrepreneurs who have between them founded, grown and sold businesses worth over \$160 million, Haatch is a team of hands-on value creators. It has been there, having built, scaled and sold companies. It uses that knowledge, experience and network to accelerate the growth of portfolio businesses via its “Smart Money” approach, providing support in many areas, including go-to-market, digital development and marketing.

Founded in 2013 as an angel co-investment joint venture under the “Haatch Angel” brand, with one very successful exit to date, which returned 276x. The total Haatch Angel portfolio is currently holding an average ROI of 31x. Haatch Ventures was born in September 2018. Since then it has successfully launched the Haatch EIS fund in 2018 and Haatch SEIS and Haatch Follow On funds in 2021.

Investment Strategy

As a manager, Haatch backs entrepreneurs from MVP through to exit via the pre-seed SEIS fund, pre-seed/ seed EIS fund and later stage Follow On Fund. Haatch invests in digital transformation businesses in sectors such as software-as-a-service, on-demand, gig-economy and digital consumer.

Digital is a key driver across many industries, Haatch is therefore able to remain broad in sectors yet focused on the most transformative businesses and where it believes it can use its considerable experience to add value.

	SEIS	EIS	Follow On EIS
Target return	10x	10x	3-5x
Valuation	Up to £2m	£2-10m	£10m+
Average investment size	£100-150k	£300-500k	£1-2m
Typical Stage of Business	MVP / Pre-Revenue	Early Traction - MRR / Sign-ups / Downloads	Product-Market Fit / Scaling



We aim to back the very best entrepreneurs and take them from the first cheque to exit and with the three Haatch funds each working at different stages we're on track to achieve this. Importantly Investors are able to choose the right fund at the different stages down to personal circumstances and preferences.

Haatch EIS Fund

- Minimum Investment £10,000
- Target portfolio: 4-6 early stage digital investments
- Targeting 10x return on investment

The Haatch EIS fund seeks investments in EIS qualifying companies at the pre-seed and seed stage that exhibit highly scalable and disruptive models for growth through unique deal flow including the ability to invest in existing companies backed from the Haatch SEIS fund.

Haatch Follow On Fund

- Minimum Investment £25,000
- Target portfolio: 4-6 later stage digital investments
- Targeting 3-5x return on investment

The Haatch Follow On Fund looks to invest, although not limited to, in top-performing existing companies within the Haatch portfolio at Seed+ and Series A. However, there may be occasions that we invest in companies outside the Haatch portfolio where we see an exceptional opportunity.

Contact Jessica Fox, Head of Marketing & Investor Relations for more information.

E. jessica@haatch.com

T. 07958 213122

www.haatch.com



Hambro Perks Growth EIS Fund

Hambro Perks is an international investment firm backed by leaders in the fields of finance and technology. We enable innovation by investing in breakthrough and growth technology companies.

We are proud to be a multi-strategy investor as we believe in the value of broad perspectives. We operate dedicated and specialised teams encompassing early and late-stage investments, primary and secondary investments, debt, and equity. The companies we back are leaders in their fields and are changing the way we live and work. Hambro Perks was established to promote and enable innovation in technology markets. With its roots in incubation and company building, the firm has expanded rapidly and internationally to become one of the most active investors in its markets. Hambro Perks now has over 100 portfolio companies with investment activities across technology, fintech, healthcare, environmental technology, and life sciences.

The unifying principle is that these activities all enable innovation. Through the commitment of our capital, our funds, our networks, experience, and expertise we help innovation to thrive and companies to grow. We pride ourselves on being open, nurturing, pioneering and committed to excellence in all that we do. These values inform the way we operate our own business, the way we seek to work with portfolio companies and our approach to developing new products and strategies.

The EIS strategy Hambro Perks has pursued since inception is to invest in transformative technology companies that have the potential to reshape existing industries and create new markets. This is done by supporting entrepreneurs with vision who are trying to solve complex and important problems in innovative ways. The allocations for each investor will be approximately 5% in earlier stage companies and circa 10% into Series A. Each company should have the potential to return the entire vintage of the fund. Hambro Perks has a diverse and extensive network, and the investment team reviews over 3000 companies annually.

- The Hambro Perks Growth EIS Fund invests in fast-growing, early-stage, technology-enabled businesses
- Targets a return of 2-3x initial capital subscribed – majority of exits 4-7 years after investment
- Diversified portfolio of c.12 investments - range of sector & stage. Blend of new and follow-ons
- Capital is typically deployed over a 12-month period, but can take up to 18 months
- The fund focuses on Fintech, B2B Software, Digital Healthcare, and Consumer Technologies
- Advanced Assurance gained for all companies invested in
- Aligned interests - Hambro Perks Limited, the parent company in which all staff have a stake, is invested in the Fund, and will participate in all investments alongside investors

There is regular co-investment between the Hambro Perks Growth EIS and our institutional Leaders Fund. The strategies have significant synergies in terms of the verticals and development stages of companies into which they invest. Having increased capital to deploy enhances the EIS strategy; enabling us to win the best deals, lead more investment rounds, give further support to the businesses, and follow on at later stages once the companies have grown too large for EIS.

We help our portfolio companies to formulate exit strategies and deliver on them. This support ranges from introducing potential acquirers to ensuring portfolio companies are appropriately prepared for acquisition or listing on the public markets. At an early stage, this involves embedding good corporate governance and comprehensive financial and ESG policies and procedures. The majority of exits are likely to occur in years 4-7 years, but some will take longer. The routes will be trade sales, financial acquisitions, and public listings. Hambro Perks has significant experience in all of these areas.

The Hambro Perks Growth EIS has made 49 investments into 32 companies with a 20% IRR since inception. The pipeline of upcoming investments is very strong, both new companies to us and follow-on investments into the emerging winners of the portfolio. For further information and to arrange a call/meeting, please contact Tom (eis@hambroperks.com)

Risks - The Fund's investments will be in small, unquoted companies and these are inherently illiquid and carry significant risks. Given these risks it should be expected that some companies will fail, resulting in a permanent loss of some or all of the capital invested in those companies. Please consult the information memorandum for complete details.

Examples of current fund investments

The Growth EIS Fund has previously invested in these businesses (future investments may vary). The fund typically invests at Seed to Series A stages.





Jenson EIS Fund 2021/22

Highlights

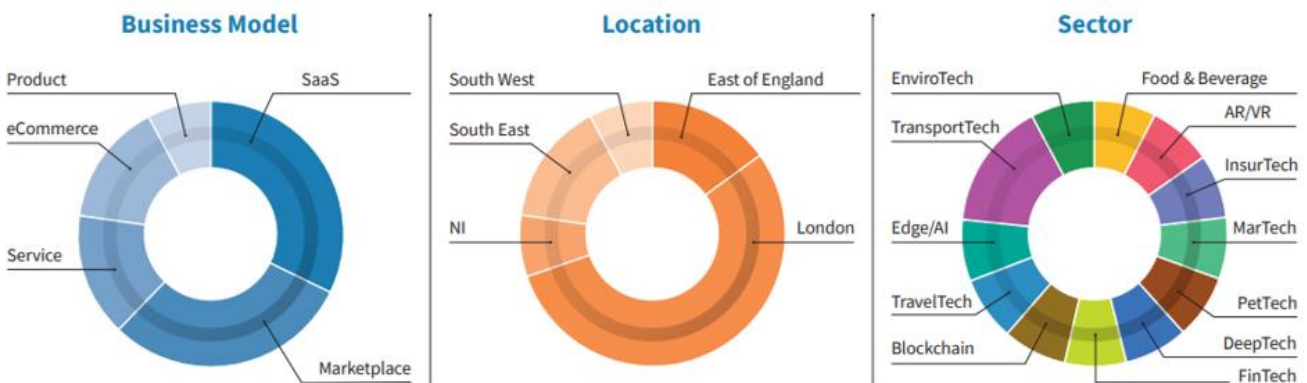
- **Minimum Subscription:** £10,000 and multiples of £1,000 thereafter.
- **Investment Period:** Tax year rolling from 2020/2021 (with carry-back to 2019/2020).
- **Deployment:** In the 2021/22 tax year, target Portfolio size 5 – 10 high growth companies.
- **Exits:** 1 EIS exit and 9 SEIS exits.

Investment Strategy

The Jenson EIS Fund has a mandate to focus on long-term capital growth and enables private investors to invest in a range of committed and ambitious entrepreneurs and their early stage growing companies. All companies will be small unquoted UK companies that qualify under the EIS tax rules. The Fund is a generalist fund, thereby the sector focus is agnostic and the type of businesses and opportunities can be anything that is EIS compliant (typically small early-stage companies in non-capital-intensive sectors). The specific focus of the Fund is to target companies with: strong management, momentum in the business (i.e. not pure start-ups) and low risk for a start-up (e.g. have a low cash burn). The Jenson EIS fund provides follow-on growth capital to our existing portfolio of S/EIS investee companies.

With access to the existing SEIS portfolio of companies Jenson has access to companies that they have been working with for a number of years, identifying the most promising for follow on funding. Given the early stage of investment they are likely to fit the EIS criteria. With many requests for funding from external companies Jenson are able to benchmark against these opportunities and also invest if they believe they provide a better opportunity. The key difference is that Jenson will invest earlier than other EIS/VCT Funds as they have extensive experience of early stage investing.

The charts highlight the different sectors, business models and locations of the portfolio companies looking to raise follow-on funding.



From the existing portfolio, 25 have had at least one round of follow-on EIS funding from the Jenson EIS Fund, others from external providers. Nearly all of these rounds are externally led thereby validating the valuation of the companies which highlights that larger funds, family offices, VC's and angel investors continue to invest in the companies we nurture to the next investment stage.

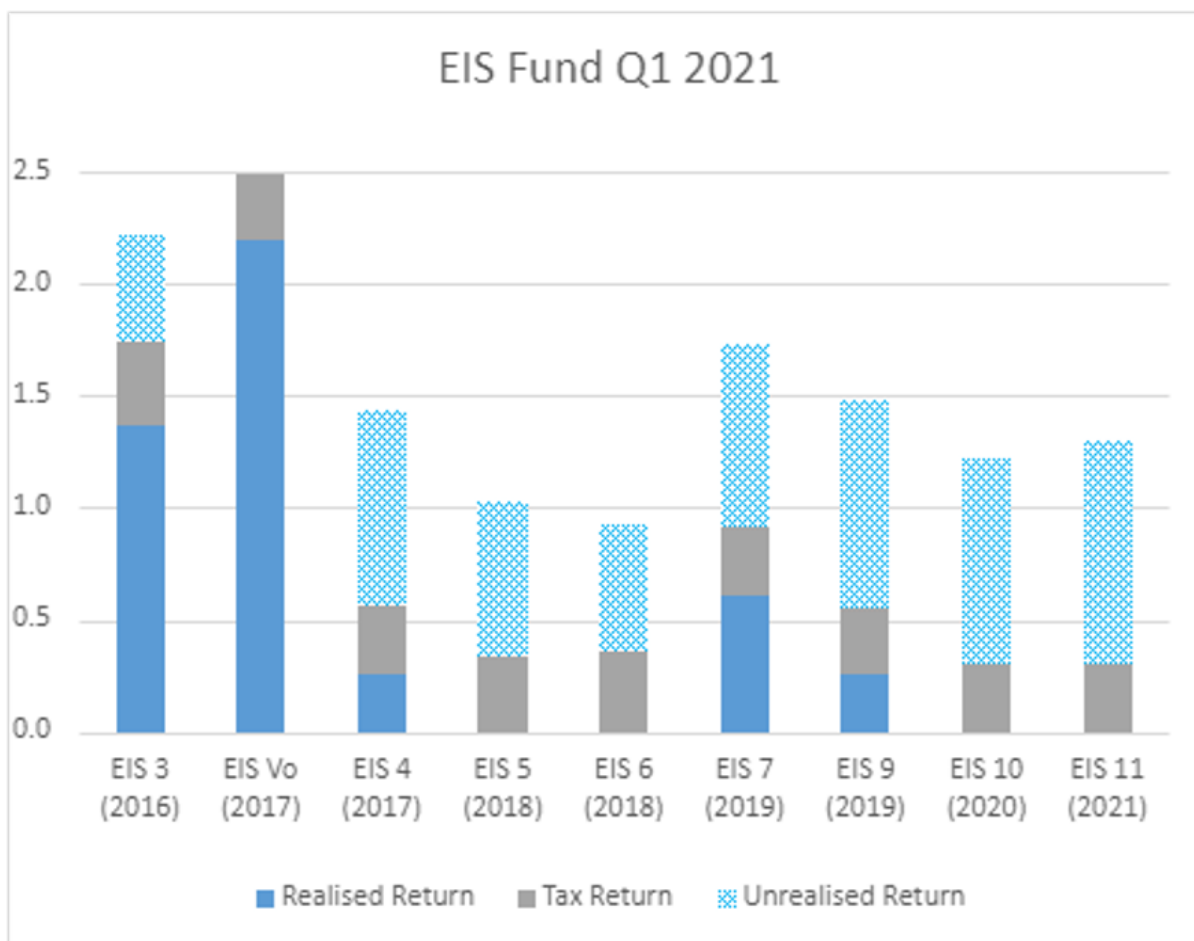
Fund Performance and Exits

Jenson has exited nine companies across its first three SEIS funds. All but three of the SEIS exits were cash exits. One exception is Market Making Ltd, the majority was in cash with some publicly traded stock. The current return is 6.1x investment with a mix of shares and equity (before tax incentives and performance fee), with earnouts this could potentially increase. The lowest return was 0.83x investment excluding tax incentives. In May 2020 Gloop Labs Limited in Fund 2 and Optimicer Limited in Fund 3 were acquired by Whitespace Global Limited, in share-for-share deals with Gloop a 3.2x uplift on original cost and Optimicer an 8x uplift on original cost. In February 2021 Voneus exited the SEIS Fund 1 and provided exits across five of Jenson's EIS Funds with a range of returns from 2x to 4x. To date, Jenson has made 26 EIS investments, two of those companies are no longer trading.

Fund *Performance for Jenson EIS Funds

Important Information

*Performance is based on the combination of realised and unrealised value. Investments are illiquid until any of the underlying Investee Companies are sold or float on a stock market. As at 5 April 2021.



Mercia Group



Mercia EIS Fund

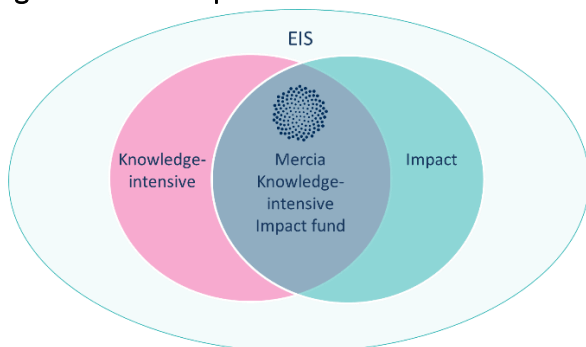
Mercia's EIS fund is a tax-efficient technology fund, optimised to source, support and scale UK growth enterprise across key sectors in which we have deep expertise. The Fund aims to triple (3x) invested capital in five to seven years (including tax reliefs), by the creation of a diverse, regionally focused technology fund.

We firmly believe in both the resilience and the value that resides within SMEs located in the UK's regions. Mercia has been working hard to back exceptional businesses and, in part, redress the funding imbalance. As a result, we are proud to be one of the most active investors in the UK regions, fuelling our own growth in the provision of private equity, venture capital and debt – what we term our 'Complete Connected Capital'

The Mercia EIS fund is independently recognised as one of the market-leading EIS funds, and following a series of high multiple exits, this reputation will continue to improve.

There is always a fund open with the Mercia EIS fund, with a close at the end of March and every quarter. Deployment is made into 12 companies in approximately 12 months, with the aim to triple invested capital in 5-7 years, including tax. Investment can be made digitally via our web-based application form <https://apps.mainspringfs.com/>

Mercia Knowledge-Intensive Impact EIS



- Enhanced tax reliefs
- Positive impact on society
- Substantial economic returns

We have launched an approved EIS fund which provides optimal diversification, without compromising investment strategy or tax planning, and enables carryback to the 2020/2021 tax year.

Mercia has a history of making a difference to the regions and delivering a positive social impact to our stakeholders. Our Guiding Principles are inspired by the UN's Sustainable Development Goals, and this fund combines superb tax planning, strong investment returns and a positive societal impact.

The minimum is low at £10,000 and the fund will close on the 4th April. More details can be found here, and you can reserve an allocation:

<https://hub.mercia.co.uk/en-gb/mercia-knowledge-intensive-fund>

Paul Mattick

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MMC Knowledge Intensive EIS Fund - fully allotted in the 2021/22 tax year

MMC Ventures is one of the best performing EIS managers in the market, hitting its 200-300% target return in all vintages from 2012 to 2020. In addition to its standard EIS Fund, MMC is offering an EIS product this tax year which tackles the two most common pain points for EIS investors, uncertain allotment dates for tax planning and the administrative burden of claiming tax relief.

By using MMC's Knowledge Intensive (KI) Fund, MMC is able to offer investors:

- Income tax relief for 2021/22
- Carry back option to 2020/2021
- Reduced administration with one EIS5 certificate

Importantly, the MMC Knowledge Intensive EIS Fund invests in the same high-growth transformative tech companies as its top-performing MMC EIS Fund, but in a structure which simplifies claiming of income tax relief.

MMC has the market's strongest track record of returning cash from exits to EIS investors with more than £160 million being returned since 2010.

Key fund information:

- Minimum investment: £25,000
- Close date: 1st April 2022
- Portfolio size: approx. 10 investments
- Target raise: £30 million

Please note. MMC expects this product to be very popular and recommends early applications as an over-allotment on the target raise may not be possible.

Interactive Investor exits for £1.5 billion

MMC helped Interactive Investor become the second largest direct to consumer financial services platform in the UK, with over 400,000 customers and more than £55 billion of assets under administration. In December 2021, global asset manager, abrdn, agreed to acquire Interactive Investor, for £1.5 billion.

Scottish powerhouse, Current Health, delivers \$400 million exit

MMC first invested in Edinburgh-based Current Health in 2018. Current Health uses artificial intelligence and its own wearable device to track and analyse multiple vital signs, in order to provide patient care and monitoring in the home. In November 2021, Current Health was acquired by Best Buy, an S&P500 listed company.

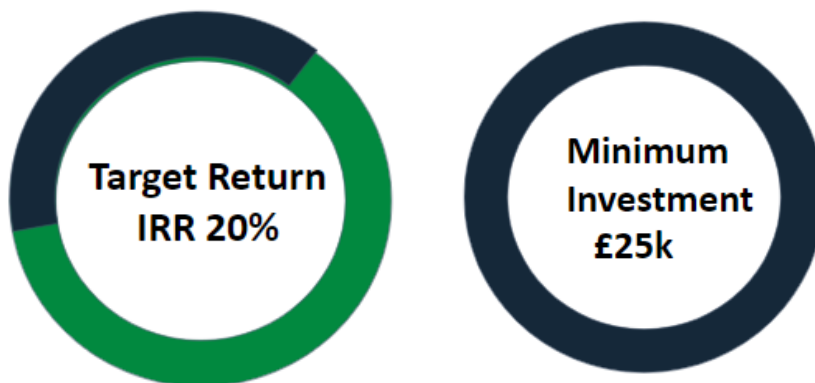


The o2h human health knowledge-intensive EIS Fund

“The o2h human health Knowledge-Intensive EIS fund”

- First HMRC approved Knowledge-Intensive fund

Investing in EIS seed stage companies covering novel drug discovery along with enabling services tools and AI technologies



About o2h Ventures

The o2h Ventures team are leaders in the biotech community and have been involved as investors, holding various board/industry positions as well as being engaged in grassroot scientific activity for over 20 years. Sunil and Prashant, Co-founders of o2h Ventures are brothers born in Cambridge, UK.

They have been highly active in the early stage biotech community in the UK since the mid 1990's. They have nurtured the skills of spotting high-level scientific talent well before other competitors whilst growing their own drug discovery service business because of which o2h Ventures have now cultivated a number of channels to generate pipeline for deals. This potentially gives o2h

Ventures' earlier access than competitors to some of the most promising companies.

To date, o2h Ventures have invested into over 35 companies, several of which have now raised significant funds from overseas, listed or built game-changing drugs to benefit human health.

Investment Strategy

o2h group believes that humanity is entering an unprecedented era of innovation in genomics, chemical, biology, biotechnology, proteomics, and epigenetics. Allie this with advancements in new technologies such as AI, is leading to the rapid discovery of new drug therapeutics. Traditionally, many seed funds have avoided investing in this space due to the perceived larger capital requirements, difficulties in assessing and overcoming the technical barriers and the longer time horizons to exit. Global pharmaceutical companies, however, have learned from experience that the most promising research is not always found in-house.

This shift in focus from innovating in-house to acquiring or licensing innovation externally, often earlier on in its development, has led to a much shorter path to exit for these types of early-stage biotechnology and therapeutic companies.

o2h Ventures has been capitalising on these changes, being the first EIS fund dedicated to investing in early-stage biotechnology and therapeutic opportunities. This has generated a competitive advantage by focusing on two core elements of our investment thesis, Access and Incubation.

Fund Target Areas

Our target areas for investment broadly fall under:

- Biotech - Novel drug discovery leading to breakthrough therapeutic treatments. This could be a single asset or platform technology
- AI - Using machine learning predictive algorithms, big data & new technology to speed up or find new drug ideas & therapies
- Enablers - Technologies, specialised services or tools that enables the success of therapeutic programm

investments by category

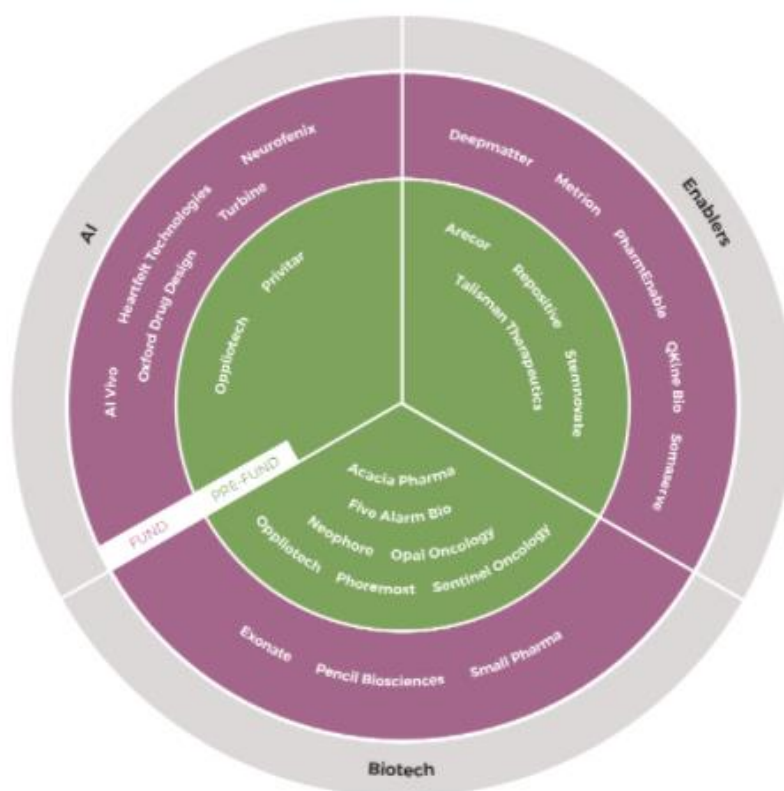


Fig. Investment by Category

Benefits of Investing in Knowledge Intensive EIS Fund -

- If you invest in a Knowledge Intensive approved EIS fund, the investment date for income tax purposes is the date the fund closes. In other words, you know at the point of investment that you should be able to use the income tax relief in the tax year in which you invest or carry back to the previous tax year – effectively getting back tax you've already paid
- In addition, investors can claim tax relief on up to £2m per annum, if at least £1m of this is invested in the knowledge intensive companies
- Simplified paperwork, you receive a single EIS5 Certificate for your investment rather than the typical 10–15 separate EIS3 certificates

With that said, investing in a [Knowledge Intensive EIS fund](#) provides greater predictability for your tax planning.

Fund Information

Fund	The o2h human health EIS Knowledge Intensive Fund
Minimum Investment	£ 25,000
Fund Size	Target Fund size £10m
Tax Advantages	Under new "Approved EIS funds" investors are eligible for added tax advantages. A carry-back rule enables investors to set their relief against income tax liabilities in the year before the fund closes.
Differentiation	o2h Ventures's two part investment focus of Access & Incubation, providing unique opportunities and reducing investment risk by being deeply involved.
Expected Exit	3-7 years. o2h Ventures will seek to exit Investments after 3 years to avoid losing EIS reliefs. The Fund may hold Investments longer with a view to achieving a better exit. For similar reasons the Fund may exit businesses earlier than 3 years notwithstanding EIS reliefs might be lost.
Closing Date	5th April 2022

Tax Relief


	EIS Relief
Income Tax Relief	30% income tax relief on maximum amount on which relief can be claimed is £2 million, as long as any amount over £1 million must be for shares issued by one or more knowledge-intensive companies (KIC). Income tax relief is available where the investor has invested in an approved knowledge-intensive investment fund, the year in which the fund closed. Dividends are taxable.
Income Tax Carry-back Relief	Investors can claim income tax relief backdated to the previous year once the fund closes – as above but where the investor chooses to treat some or all of the shares as issued in the previous year and claim relief in that previous year, subject to the maximum limit for the year. The investor should use the date the approved fund closed which is shown on form EIS5.
Loss Relief	Up to 45% share loss relief, net of any income tax claimed on that investment. Each investee company is assessed separately for loss relief, so even if the overall Portfolio is profitable, loss relief can be claimed on each individual investment.
Capital Gains Tax (CGT) Relief	A sale of shares at a gain is exempt from CGT, providing the shares have been held for 3 years. Therefore any growth in value is effectively tax-free.
CGT Reinvestment Relief	You can go back three years or forward one year from the dates the Fund invests in EIS Qualifying Companies to claim deferral relief on other capital gains provided an amount equivalent to those gains is invested in EIS Qualifying Companies by the Fund.

Deployment Timeline:


Investing into a Knowledge-intensive EIS fund offers several benefits like better predictability for your tax planning. If you invest in a KI approved EIS fund, the investment date for income tax purposes is the date the fund closes. In other words, you know at the point of investment that you should be able to use the income tax relief in the tax year in which you invest or carry back to the previous tax year – effectively getting back tax you've already paid.

Example Portfolio Companies


1.

Company	
Category	Biotech
Modality	Small Molecule
Therapeutic Area	Oncology
About	A Cambridge (UK) based drug discovery company, using a combination of medicinal chemistry and AI computational approaches to design the next generation of specific and cost-efficient small molecule drugs.


2.

Company	
Category	Biotech
Modality	Small Molecule
Therapeutic Area	Auto immune and Inflammation
About	In4Derm is an innovative drug discovery company that develops the next generation of topical and oral therapies for widespread inflammatory conditions, such as eczema or rheumatoid arthritis. It is spun out from Dundee University

3.

Company	
Category	Biotech
Modality	Small Molecule
Therapeutic Area	Ocular
About	Exonate is an early stage biopharmaceutical company with drug discovery programmes in ophthalmology, oncology and pain. Their lead programmes focus on developing novel therapies for wet age-related macular degeneration.

4.

Company	
Category	Biotech
Modality	Small Molecule
Therapeutic Area	Oncology
About	BiVictriX Therapeutics is an emerging biotechnology company applying a novel approach to develop next-generation cancer therapies using insights derived from frontline clinical experience.

Major Portfolio Highlights/News -

- In August last year, [In4Derm entered into an exclusive licence agreement](#) with NASDAQ listed VYNE Therapeutics (Nasdaq: VYNE). VYNE paid a \$1.0 million cash payment to In4Derm upon the execution of the Option Agreement and \$0.5 million in connection with the exercise of the Topical BETi Option. VYNE will also pay up to \$15.75 million to in4derm to achieve specified clinical development and regulatory approval milestones concerning each licensed topical product in the U.S.
- [BiVictrix listed on the AIM](#) market of the London Stock Exchange and raised £7.5m million from its initial public offering (IPO). With it's listing on AIM, 33-year-old CEO Tiffany Thorn became one of the youngest female CEOs of a UK-based publicly listed technology firm
- [Exonate announced](#) a collaboration with Janssen to develop a new eye drop for the treatment of retinal vascular diseases, including wet age-related macular degeneration (AMD) and diabetic macular oedema (DMO)

Awards History -

Angel of the Year - Sunil won 'Angel of the Year' at the UKBAA Angel Investment Awards 2019. Sunil is a successful entrepreneur and very active angel investor deeply committed to investing in life sciences and biotech therapeutics as a major growth sector across the UK. Read more - [LINK](#)

OBN Awards - Sunil has won the Special Recognition Award at the industry-leading OBN Awards 2019 for "his rare vision and supportive ethos to the companies he invests in: offering support beyond cash alone, but also invaluable experience, contacts and personal time. He has an inspiring passion and enthusiasm for science and business." Earlier that year, Sunil was also elected as a Board member of the Biotech Industry Association. Read more - [LINK](#)

Contact us:



invest@o2h.com



+44 20 3870 2598



[o2h-ventures-limited](#)



<https://o2hventures.com/>



OXFORD CAPITAL

Oxford Capital – background

Established in 1999, Oxford Capital is an alternative investment manager that has pioneered the EIS fund structure and is passionate about investing in early-stage technology companies. For over 20 years, we have offered private investors and their advisers access to some of the most impactful technology companies in sectors which the UK is considered a world leader. We partner with portfolio companies and founders to grow their businesses and deliver meaningful impact in their fields.

Oxford Capital Growth EIS – overview of our strategy

The [Oxford Capital Growth EIS](#) aims to invest in the “best of British” businesses that are solving commercial, technical or scientific problems in innovative ways. These companies fall into two types:

- “**high potential**” - deep tech companies developing ground-breaking technology
- “**early growth**” - tech enabled companies, disrupting existing markets and at product/market fit stage

We look to support credible, talented and highly driven entrepreneurs. When selecting new investments, we look for companies that exhibit high-growth characteristics or potential. We aim to invest early in the late seed stage, and back progress. In addition, we look for companies that have the potential to have a positive impact on the environment, and on society. The companies in our existing portfolio operate in a number of sectors such as fintech, digital health, machine learning & AI and future of retail.

Performance information

- Current IRR – 23%
- 2.1x multiple on invested capital
- £62m average current EV
- Several companies valued at 5-10x cost

**Data for 5 years to 05.10.2021. Current valuation as at 05.10.21. Multiple shows gross performance and does not include the effect of commissions, fees or other charges. Past performance is not a reliable indicator of future results.*

Notable exits

Waymo (Google / Alphabet) acquires Latent Logic

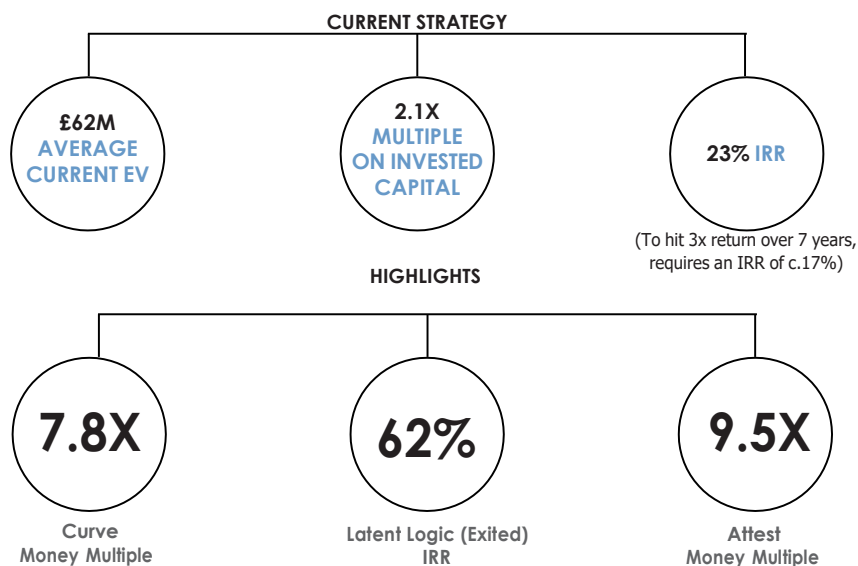
Latent Logic originated within Oxford University’s award-winning machine learning department and was founded in 2017 by leading academic, Professor Shimon Whiteson and robotics expert Dr. Joao Messias. The company is at the cutting edge of imitation learning and artificial intelligence (AI), building autonomous systems which understand humans, deep learned from real data, over millions of test cases which can then be applied to autonomous vehicles.

Oxford Capital initially invested in February 2018 at the point when the company had just spun out of the university, to help in its journey to commercialisation. In 2020, the company was acquired by Waymo (part of Alphabet Inc/Google).

Siemens acquires Ultrasoc Technologies

In June 2020 Ultrasoc Technologies, was sold to Siemens for an undisclosed, multi-million \$USD sum. Returns to investors were c.1.65x. UltraSoc is a designer of microchip security products that sit on the bare metal of integrated circuit boards. Its products address the real-world problems faced by the semi-conductor industry today, such as software and hardware bugs, cyber-security threats, all on the core hardware of 'systems-on-chip' (SoC). UltraSoc's products are used by leading names in the automotive, high-performance computing, storage and semi-conductor industries.

Performance and recent exits



Data for 5 years to 05.10.2021. Current valuation as at 05.10.21. Multiple shows gross performance and does not include the effect of commissions, fees or other charges. Past performance is not a reliable indicator of future results.

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Par Equity EIS fund

Winner of Best EIS Investment Manager at 2021 EIS Association Awards and also Best Angel Group of the Year at the UK Business Angel Association 2021 Awards. Across 67 companies backed to date and 24 realisations, Par is demonstrating strong and consistent returns to investors.

Par Equity is a leading EIS fund manager, investing in innovative, high growth technology businesses across the north of the UK. We harness the expertise and contacts of our Par Investor Network and wider contacts to create a distinctive, operationally focused investment model that benefits both investors and entrepreneurs.

The Fund is focused on innovative companies. These are companies that are developing new technologies for sale or using advances in technology to disrupt existing markets. Par Equity has invested in companies operating in areas such as enterprise software, health care and medical devices, energy and resources, food security, industrials and space, and lastly, digital, media and entertainment.

The unifying characteristic of Par Equity's portfolio is therefore the importance of innovative technologies to the investment case underpinning each commitment of capital. In building the investment case, Par Equity not only draws on the skillset of the Investment Team, but also on the experience, expertise and contacts of individuals within the Par Investor Network, who also invest through the EIS Fund and alongside it. In this way, Par Equity can make informed decisions on a range of sectors, providing the potential for significant gains across a diverse number of growth-oriented companies.

Strategy for the Fund:

- Focused on early-stage technology companies across the North of the UK, with high quality management teams addressing global markets
- Co-investing with experienced angel investors who add value to portfolio companies at each stage through to exit
- Target portfolio of 7 - 8 investments
- Target deployment within 12 months
- Expected holding period of 5 - 7 years with a benchmark IRR of 15%

Experience and track record of the Fund Manager: as 31st December 2021

- 10 members in the investment team, with over 90+ years' experience in EIS combined.
- 34 operating partners on the boards of our portfolio
- 274 EIS qualifying investments
- 67 companies backed
- £108m invested by Par leveraging a further £203m from third parties.
- 9.1 months average time taken to full deployment into 8 companies
- 63 days on average for EIS3 certificates
- 24 realisations to date
- 3.7x money multiple (before tax relief)
- 28 IRR
- 4.7 years average holding period

Contact us

info@parequity.com

+44 (0)131 556 0044



Praetura Ventures works closely with IFAs to connect investors with exciting opportunities in high-growth, EIS-qualifying businesses through our Praetura EIS Growth Fund.

Our investment heartland is the North of England, which is an area that has historically lacked financial support for early-stage businesses compared to other parts of the UK, despite demonstrating strong macro-economic indicators.

We believe our commitment to the North's funding landscape gives us a competitive advantage when accessing local deals and differentiates us from other VCs. Two-thirds of our portfolio are based in the region, and we are the only Manchester-headquartered VC to have a British Business Investments (BBI) funding facility in place.

Outside of the North, we continue to invest nationwide and benefit from having one of the largest investment teams in UK venture capital.

About the Praetura EIS Growth Fund

Our Praetura EIS Growth Fund is managed by an experienced team who are well versed in this asset class and its relevant tax benefits. This is an evergreen Alternative Investment Fund that offers investors access to early-stage businesses across a diversified portfolio to help mitigate risk.

We target a 2x pre-tax return over five to seven years. We also pride ourselves on maintaining strong relationships with IFAs and investors that are built on trust, transparency and clear communication.

The fund has two soft closes a year, which take place on 30th April and 31th October, and we aim to deploy all capital raised from our investors and venture partners within the six months following each close.

Two key areas we invest in are tech and life sciences. This includes AI, SaaS, gaming, PropTech, HRTech, allergen testing and pharmaceuticals.

Our investment strategy

We assess around 150 businesses each month and have reviewed over £5.5 billion worth of opportunities since 2019.

We fund businesses that show a clear understanding and evidence of customer need and acquisition strategy, and we value well defined sales strategies which demonstrate the following:

- High margins
- Recurring revenue stream
- Will benefit from operational leverage
- Low barriers to trade
- Minimal working capital requirements
- Strong management teams
- Ease of market entry

Our '6Ms' checklist complements these criteria and forms our investment strategy:

- Model – Does the business model support rapid scaling?
- Market – Is the market opportunity big enough?
- Money – What will the impact of our money be?
- Management – Is the management team exceptional?
- Momentum – Is there strong momentum? Can we see rapid growth development?
- More than Money – Can we add more than money?

Our promise to IFAs

We work closely with IFAs to deliver the best possible outcomes and opportunities for investors. As part of this commitment, we promise:

- Timely capital deployment
- Extensive due diligence by an expert team
- Fast provision for all EIS certificates
- A tech-enabled investor portal for clear communication
- A diversified fund of high-growth, EIS-qualifying businesses
- Detailed factsheets and a summary of all new deals
- Bi-annual Investor Updates on portfolio fund performance

Our history and what sets us apart

The Praetura Group has been investing in early-stage businesses since 2011. We are one of the sector's largest dedicated venture capital investment teams and have a reputation for delivering strong portfolio performance.

Praetura's first investment was in 2011 – £1.3 million into a business called Inspired Energy, which returned £21.3 million to investors and a 16x realised return. Further success followed, and in 2018 we launched Praetura Ventures with the aim of creating a market-leading EIS fund management business.

Praetura Ventures has deployed over £50m of capital since 2019 across 22 businesses.



Portfolio performance and track record

- 3.7 average return
- 3x return 122% IRR* for PIB
- 16x return for Inspired Energy PLC
- 20x return for EC3 Brokers
- Aggregated annualised portfolio revenue has increased by c.120% over the last 18 months
- Headcount across our portfolio has increased by c.75% since January 2020

Historic Exits

	Total Cost	Realised Value	Realised Multiple
Big Red	£2.0m	£0.6m	0.3x
EC3	£0.6m	£11.7m	19.6x
Hultons	£2.0m	£1.0m	0.5x
Inspired	£1.3m	£21.5m	16.0x
Mobedia	£0.3m	£0.1m	0.3x
Noblet	£1.0m	£5.4m	5.4x
PIB	£2.8m	£7.6m	2.7x
Starcount	£3.1m	£0.3m	0.1x
Total	£13.1m	£48.2m	3.7x

Operational partners and more than money

Our commitment to more than money is one other reason founders and investors trust Praetura Ventures. More than money is a major part our investment ethos and represents the additional support we give to our portfolio.

This includes helping new businesses access cost savings through our portfolio toolkit and appointing operational partners from major companies (Apple, AO, Social Chain, OSTC and The Co-operative Bank) to support the businesses we help. In several cases, our operational partners sit on the boards of the companies we back.

Additional details about the fund

- Target number of investee companies per fund: 8-10 (16-20 per year)
- On average, we invest £1-3m into the businesses we back
- Target raise: Up to £30 million per year
- Exit strategy: Trade sale, IPO, MBO
- Minimum investment: £25,000

Fees

Fee	Advised	Execution Only
Praetura Initial Charge	1%	2.50%
Praetura AMC	1.5%	2%

Get in touch

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The MJ Hudson Trustmark indicates that *Praetura EIS Growth Fund* successfully completed an independent review and a full due diligence research report was published by MJ Hudson Allenbridge on 26/05/2020.



Praetura EIS Growth Fund

CLICK FOR **FREE ACCESS** TO THE REVIEW

Φ PUMA INVESTMENTS

Puma Investments

Puma Investments offers a range of tax efficient investments ranging from the Enterprise Investment Scheme and the Alternative Investment Market to secured lending and Venture Capital Trusts. We are part of an organisation that raised its first private equity fund in 1996. Over the years we have helped thousands of clients access investments that deliver attractive returns and tax reliefs whilst also supporting the UK economy.

Puma Alpha EIS

Puma Alpha EIS was launched in 2017 and aims to deliver compelling returns through investments in companies that have graduated from 'start-up' to 'scale-up', while delivering the full range of tax reliefs that come with EIS investing.

Avoiding the volatility of the riskier start-up space, our objective is to deliver the best-possible risk-adjusted returns, so investors experience less volatility and more consistent yields.

Why Puma Alpha EIS



Scale-ups not start-ups

We invest in scale-up businesses with a proven product and experienced management teams. By investing in scale-up, high-growth businesses there is the potential to achieve start-up levels of return at lower risk. When examining potential investment targets, we focus on leadership quality, the proposition's commercial validity and clarity of the growth plan.



Established EIS manager

Puma Investments is part of an organisation that raised its first private equity fund in 1996 and has a 26-year track record of investing in small and medium-sized enterprises in the UK.



Diversification

Puma Alpha EIS's sector agnostic investment mandate offers portfolio diversification and allows us to source opportunities across the market. It is also able to co-invest alongside the Puma VCTs, enabling swifter deployment whilst giving investors access to a wider pool of investments.



Supporting UK growth

Investing in an EIS fund means investors are helping innovative smaller companies to create jobs, prosperity, and economic growth across the UK.

Example Investments

Le Col



Summary

- **Investment:** £4.85 million (of which Puma Alpha EIS has invested £3.1m)
- **Sector:** Sports Apparel
- **Location:** London, UK
- **Established:** 2011
- **Expansion:** Continued global growth

Investment rationale

- Le Col has a compelling combination of in demand products, professional insight, and management experience.
- Since our initial investment, Le Col has continued to achieve strong growth through a focus on product, marketing, and e-commerce.
- Le Col's robust growth plan is complemented by a supportive sector. Cycling products contribute £700 million annually to the UK economy and this figure will likely rise as the UK Government strives to double cycling volumes by 2025.
- Based in the UK and exporting to 50 countries, Le Col owns its own factory, increasing its manufacturing and supply chain control.

CameraMatics



Summary

- **Investment:** £2.2 million (of which Puma Alpha EIS has invested £1.2m)
- **Sector:** Technology
- **Location:** UK, Ireland, and US
- **Established:** 2015
- **Expansion:** US and Europe

Investment rationale

- CameraMatics is positioned at the forefront of fleet safety technology, evidenced by triple digit growth in recurring revenue in 2020, despite some of the global challenges of the Covid-19 pandemic.
- Its pipeline contains attractive, large-scale opportunities that will further accelerate business growth.
- The Puma Alpha EIS fund's investment will help the business build its domestic and international presence.

Sector breakdown of Puma Alpha EIS - deployment to date

Key fund features

- **Minimum subscription:** £15,000.
- **HMRC Advance Assurance:** The Fund intends to invest in companies which have received Advance Assurance and we work with specialist advisers to help companies obtain this, where needed.
- **Sector agnostic mandate:** We source opportunities across the UK's different sectors and regions.
- **Exit strategy:** The Fund will seek to return capital to investors within 4 - 7 years of subscription into the relevant portfolio company, with exact exit timings dependent on commercial circumstances.

Get in touch

To find out more about Puma Alpha EIS, please get in touch with our nationwide business development team by emailing advisersupport@pumainvestments.co.uk or giving us a call at 020 7408 4070.

Alternatively, you can visit www.pumainvestments.co.uk/advisors-puma-alpha-eis

Source: Puma Investments, figures taken as of 31 December 2021





The Seneca EIS Portfolio Fund

Seneca is an award winning, multi-disciplined regional growth capital investor targeting well managed businesses with strong leadership teams that can demonstrate established and proven concepts in addition to growth potential and realistic prospects of achieving a minimum 2x return on investment for each investee company.

Seneca is a generalist investor in both private and AIM quoted companies with no specific sector bias.

As an experienced growth capital investor, Seneca has managed over £170 million of equity including over £100 million of EIS and VCT investment funds raised and deployed into 80+ SME companies.

Seneca are highly regarded as later stage funders, avoiding start-ups as a deliberate de-risking strategy, instead preferring to focus on revenue generating businesses which are already profitable or with a clear and visible route to profitability. By also supporting AIM quoted businesses within its portfolio this allows these companies to access a wider institutional investor base which provides further and ongoing expansion capital. This strategy has served the Fund well and has been resilient during the pandemic with many companies emerging with growing strength. To emphasise the point, the combined turnover of the AIM quoted businesses invested by the Fund is c £1billion indicating the substance behind the investee companies which is very distinct from start up and early stage businesses where risks are significantly greater.

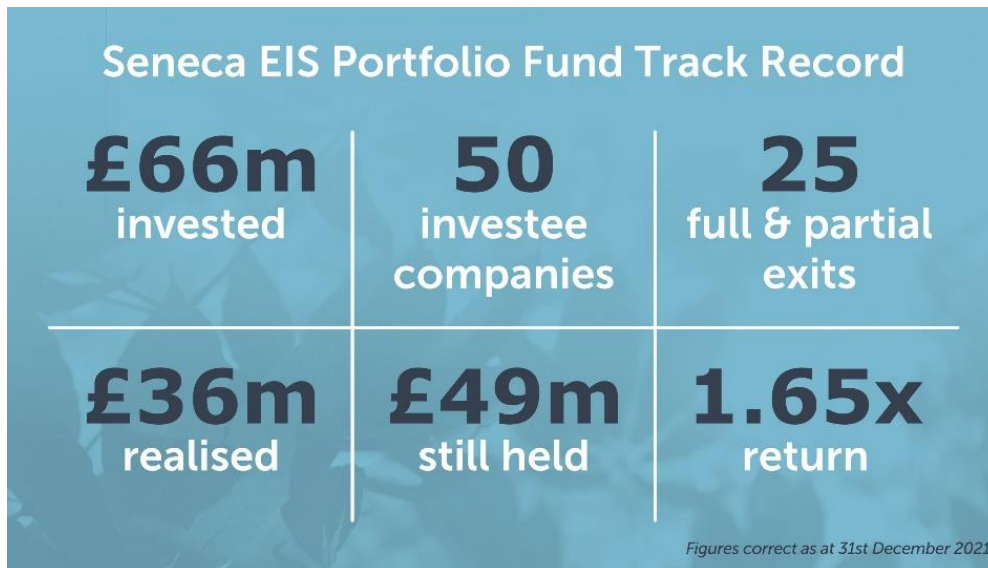
The Seneca team has core expertise in equity, debt and corporate advisory enabling deals to be unlocked that many fund managers don't have the capability to do. It also allows a strong focus to be maintained on achieving profitable exits and the timely and profitable return of cash to investors.

Seneca's heritage and relationship strength in the North of England allows their vibrant partner network of sector specialists to be involved in due diligence often leading to non-exec positions post investment.

The Seneca EIS Portfolio Fund is evergreen and is open throughout the year for new investment

Seneca's mantra is that EIS investments should be viewed no differently to other small private equity investments where performance should stand on its own merits irrespective of the favourable tax treatments available under EIS. Investors are rightfully investing in the credentials and expertise of the Seneca investment team and processes, the success of which can only be measured in Seneca's eyes by the actual cash which is returned to investors and not simply the carrying values which are often misleading as a performance benchmark.

As at 31st December 2021, the Seneca EIS Portfolio Fund alone had invested £66million in 50 investee companies across a wide spread of sectors. Impressively, at the same date almost £36million had already been returned to investors from 25 full and partial exits with a further portfolio value of £49.1million still to reach the minimum 3 year EIS holding period or awaiting realisation. £1 invested in the 25 companies which have achieved an exit would have provided a net return of £1.65p excluding any tax reliefs ignoring the value of the portfolio which is yet to be realised.



EIS
OPEN
EVERGREEN
AMOUNT TO BE RAISED N/A
MIN INVESTMENT £20,000
SENECA LOGO (contained in attached zip file)
T: 01942 271746
E: clientteam@senecapartners.co.uk
W: www.senecapartners.co.uk

A selection of our Private Investee Companies



A selection of our AIM quoted investee companies





The Seneca AIM EIS Fund

Launched in Autumn 2021, this fund which is already 60% deployed across 5 AIM quoted businesses responds to Seneca's excellent track record and exits from AIM quoted companies which were initially invested from Seneca's flagship EIS Portfolio Fund. Additionally, with investment horizons in many EIS products becoming significantly longer, Seneca see this fund will have strong appeal for investors who prefer to set a much shorter investment timeframe with the expectation of achieving profitable exits and the return of their cash within 4 years from the date of investment.

This Fund expects each investor to have a diverse spread of 6-8 investments.

Additionally, most EIS funds which invest entirely in private companies state that their exit route will be achieved via a trade sale or IPO. This Fund removes a large element of that uncertainty by investing solely in companies which are already quoted on AIM. This may be by participation in an IPO or via a secondary fundraise or placing.

Seneca point positively to a number of inherent features of AIM quoted companies:

- Due diligence levels required on entry to AIM are significant and subject to verification
- Regulatory new flow available in the public domain for investors to follow
- Daily market pricing gives an accurate valuation of each investee company
- Liquidity is generally available to facilitate a timely exit

With a stated focus on achieving a full exit for investors within 4 years from investment this also provides for a more impactful use of the initial 30% tax relief which is often diminished when the investment term stretches towards 7-10 years. Investors are able to recycle their investment cash 2 or 3 times within the life of a typical private company investment which presents a more visible financial planning opportunity.

Seneca's longevity and core expertise has enabled national broker relationships to be developed over many years which provides a constant stream of AIM quoted investment opportunities.

At the point of the launch of the Seneca AIM EIS Fund, Seneca had completed AIM investments totalling £24.7million in 23 AIM quoted businesses either at Initial Public Offering (IPO) or in a subsequent fundraise. To date, £25.2million has already been returned in cash to investors with a further £16million still to be realised or still to complete the minimum 3 year EIS holding period. This combined return of £41.2million equates to a combined return to investors of £1.67 per £1 invested before any tax reliefs.


These performance credentials whilst no guarantee of future performance, add significant weight to the rationale behind Seneca launching a separate AIM only, exit focused EIS Fund.



The Fund, whilst open throughout the year will operate in tranches of £5million with new tranches immediately opening as the last one closes.

EIS
OPEN
Evergreen (tranches of £5m)
Amount to be Raised N/A
Min Investment £20,000
SENECA LOGO (contained in attached zip file)
T: 01942 271746
E: clientteam@senecapartners.co.uk
W: www.senecapartners.co.uk

A couple of 2021 highlights from our portfolio of investee companies



▶ Company	Mission Labs
▶ Location	North West
▶ Deal type	Private company
▶ Status	Exited
▶ Sector	Technology
▶ Sale	£40m+
▶ Return	4.2x



▶ Company	Wejo
▶ Location	Manchester
▶ Deal type	Private company
▶ Status	NASDAQ-listed
▶ Sector	Automotive connected data
▶ Market cap	£1.1bn
▶ Return	Unrealised



Access EIS

Syndicate Room Access Fund



We're a venture capital fund that uses data and diversification to maximise return potential.

- Our proprietary analysis revealed that the UK start-up market sees average annual growth rate of ~28%.
- We build investors a diversified portfolio of 50 deals every year that aims to capture market growth.
- We exclusively invest alongside a hand-picked network of UK angels with an average IRR of 42%.
- We have deployed over £9m+ into over 100 companies.

We analysed millions of data points to design a fund from first principles

First principle:

- The venture market has shown consistent growth year on year

Second principle:

- A portfolio of 50 investments a year can replicate market growth and minimise variance

Third principle:

- Access to the top 20% of the market has a significant impact on portfolio growth.

The Access Fund has already invested into over 220 start-ups alongside the super angels.



Investing in deals
raising between
£400k-£5m



Pre-money
valuations of
£500k-£10m



U.K. only but
across diverse
sectors – reflects
market spread

SyndicateRoom was founded to make start-up investing more accessible to both experienced and first-time investors.

The Access Fund is the culmination of our research and analysis into the UK start-up market.

DEPLOYMENT – We deploy over 12 months into 50 new deals a year.

HOLDING PERIOD – 7-year term.

FEE STRUCTURE - 2% setup fee, 1.5% annual management fee, No administrative fees, no advisor fees.

PROFIT SHARING - After 110% of investment has been returned (including fees), 90% to investors, 10% to SR.

FUND SIZE- Access is a rolling fund, it can accept commitments at any time. To date it has raised £9m+ from private investors.

www.syndicateroom.com



Vala - Better Ventures EIS – fund summary

Why Vala?

Investments selected and mentored by seasoned entrepreneurs

Our investment committee includes successful entrepreneurs with decades of experience building and selling innovative businesses. The companies the fund invests in benefit from that wealth of experience as they grow and develop.

In sectors where the UK has a particular advantage

The UK offers a world-class environment for start-ups to flourish and has become the dominant global player in a number of sectors. Vala focuses on these sectors with ready access to capital, infrastructure and talent.

Capital contingent on change

Each potential Better Ventures EIS portfolio company will undergo a detailed assessment of the sustainability of their business and will set sustainability targets to monitor progress.

What will you be investing in?

The Better Ventures EIS invests in companies run by founders who see building their business as their life's mission. The Vala team's job is to empower these founders to turn their vision into reality and give them a competitive advantage as they grow.

Sectors	Technology, engineering, fintech, media & entertainment, lifestyle brands, food & beverage.
Stage	Mixture of pre-revenue start-ups and companies with early traction looking to accelerate growth.
Investment size	Amounts invested in each companies varies – typically £200k to £2m.
Holding period	5 years +
Diversification	Targets diversifying investors' capital in to 8-12 companies.
Minimum investment	£20,000 per application

Our portfolio

You can get a feel for what we invest in by visiting the websites of some of the companies the fund has already invested in.

Please note, if you invest in the fund, these companies may not form part of your personal portfolio.



play.works

Developing games and video streaming channels for the likes of Sky, Comcast and Roku.
Up 34%

Arksen

arksen.com

Explorer yachts for world's toughest oceans, with focus on marine conservation.

Up 237%



pirkx.com

Changing the world of employee benefits by giving organisations an easy and scalable way of offering benefits to all their staff.

New investment



sustainabilitygroup.co.uk

A consultancy and SaaS provider supporting businesses on their journey to becoming sustainable

Up 20%

Fee summary

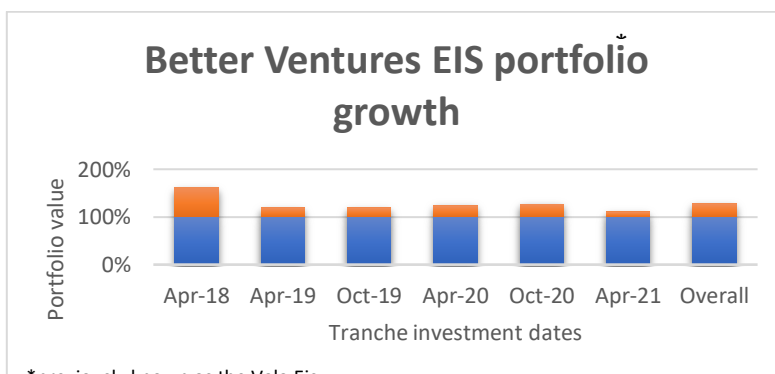
This table shows the main charges that apply to your investment. Please refer to the Information Memorandum for full details of how these charges are calculated and applied.

	Paid by investor	Paid by company
Initial fee	–	Up to 5%
Annual Management Charge*	1.5%	–
Performance fee**	20%	

* AMC charged for first 5 years only.

** At portfolio level, after investors have received 110% of amount invested into portfolio companies.

Track record





Vala - Sustainable Growth EIS – fund summary

Investing in innovation to tackle sustainability challenges

Overview

- Allows investors to put capital to work in a way that can contribute to tackling big environmental and social challenges.
- Targets 2.5x returns, investing in companies whose potential to grow in value is linked to their potential to make a positive impact.
- Managed by a team that combines entrepreneurial experience with investment and sustainability expertise.

Target return	2.5x
Diversification	6 to 10 companies
Speed of investment	Typically 12 months
Holding period	5 years +
Minimum investment	£20,000
Tax-efficient	EIS reliefs should apply

Sustainable investment themes

The fund invests in companies that are innovating in at least one of the following themes:

Technology for planetary health

Reducing fossil fuel dependence. Innovations in energy production, consumption and storage. Cleaner industrial and manufacturing processes.

Sustainable consumerism

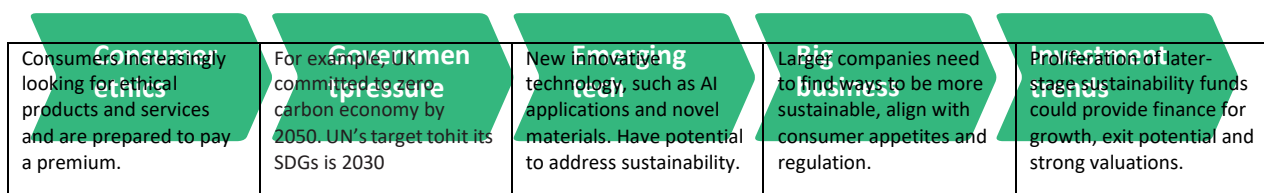
Helping consumers make informed, sustainable choices. Creating new products that last longer and create less waste. Cutting food waste.

Fairer access to social goods

Improving access to education, capital and economic participation. New ways to meet basic needs, including food, water and sanitation.

Why now?

We believe there has never been a better time to invest in sustainability innovation – companies can grow valuable because of their potential to make a difference. Why?



Portfolio examples

You can get a feel for what we invest in by visiting the websites of some of the companies the fund has already invested in.

Please note, if you invest in the fund, these companies may not form part of your personal portfolio.

HOMETHINGS

As seen on BBC's Dragon Dens and procuring offers from all five dragons, it offers sustainable homecare products delivered direct to consumers.



Construction-tech, capturing real-time sustainability data from construction sites with easy-to-use technology.



Disrupting the antiquated laundry industry using patented technology that eliminates the negative impacts of washing on the environment.



Online retailer selling ethical groceries including low or zero packaging options, with carbon-neutral home deliveries.

Fee summary

This table shows the main charges that apply to your investment. Please refer to the Information Memorandum for full details of how these charges are calculated and applied.

As per BVE	Paid by investor	Paid by company
Initial fee	–	Up to 5%
Annual Management Charge*	1.5%	–
Performance fee**	20%	

* AMC charged for first 5 years only.

** At portfolio level, after investors have received 110% of amount invested into portfolio companies

Background

VGC Partners have a proven track-record of achieving attractive investment returns. They are a sector specialist, partnering with leading founders in the consumer technology, digital media and gaming sectors. Over the last 10 years they have built extensive networks in the market as both operators and investors, consisting of large corporates, other investors and funds and, most importantly, business owners within the sectors in which they operate.

VGC Partners Specialist EIS Fund

VGC's EIS fund invests in companies at series A that have proven product, markets and the potential for rapid user or customer adoption and scalability. Investee companies will have a sustainable growth strategy and exceptional founding/management team in the consumer, technology and digital media sectors within the UK. They will have differentiated, defensible products and/or be brands with passionate consumers or loyal commercial partners.

VGC seek companies where they can add significant value. Investee companies will typically receive hands-on operational guidance and support from VGC, access to their pre-existing network to grow the businesses in the UK and internationally, strategic guidance, and an entrepreneurial approach. The businesses could raise follow-on funding from VGC Partners or its network of corporate partners and VCs. In most cases VGC will be leading or co-investing alongside other private equity of venture capital firms.

Highlights:

- Later stage EIS qualifying investments into Series A rounds.
- Target: 5x investment returns.
- Portfolio size: 3-7 investments.
- No upfront or ongoing fees to investors.
- 2.2x return to date on EIS stage businesses and expected total return on current portfolio of 5.1x.

Track Record



Super Awesome's award winning technology enables the internet for kids by regulating online advertising in ways which makes it safer for kids to engage with brands. Established in 2013, the company took advantage of a \$4Billion mega trend from kids' TV into digital channels. In 2014, VGC Partners led a £5 million investment into Super Awesome and facilitated co-investment from WPP, whose network went on to become a major client alongside Mattel, Disney, Nintendo, Warner Brothers, Nickelodeon, Activision and EA. VGC Partners helped grow revenue from £2m to £50m (a 117% CAGR), before selling the company in September 2020 to Epic Games.

ICONICIMAGES

Iconic Images is a unique fine art photography business that owns archives of Terry O'Neill and represents many of the world's best-known images of icons such as those of Jimmy Hendricks, David Bowie, Elton John, Audrey Hepburn and Sean Connery. In 2013 VGC Partners led investment in Iconic Images. A year later VGC Partners partially exited the investment, returning the initial investment to investors. Licensing & merchandising revenue increased tenfold in the two years between 2015 and 2017. In 2020 the company generated £1.8m EDITDA and consistently yielded year-on-year dividend payments. In 2021, VGC Partners fully exited their remaining holding in Iconic Images to Authentic Brands Group for approximately £20m.



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SEIS and EIS abbreviations and jargon glossary

ARPU	Average Revenue Per User
AOV	Average Order Value.
ARRG Ratio	Average Recurring Revenue (ARR) / Growth Rate
Accelerator	A program that provides the mentorship and capital necessary to accelerate the growth and success of young startups. Typically, the program will provide some capital and in exchange will take an equity stake in the startup.
Accredited Investor	An individual or institution that meets certain wealth criteria (as defined regulators), and is therefore deemed to be sophisticated enough to participate in private, non-public investments. There are many ways to qualify, including if you are:- An individual that has had income in excess of \$200,000 per year in each of the prior two years, and reasonably expects the same for the current year- A spousal couple that has had income in excess of \$300,000 per year in each of the prior two years, and reasonably expects the same for the current year- An individual or spousal couple with over \$1,000,000 in net worth (excluding the value of their primary residence)- A charitable organization, corporation, partnership or trust with assets in excess of \$5,000,000. For most up to date definitions see www.irs.gov .
Advance Assurance	Confirmation from HMRC that investment in your company is likely to qualify for EIS tax relief.
Allocation	The size of the round that is set aside for a specific investor (can be a fund or group of investors), usually communicated in a dollar amount
Anchor investor	First investor in a fund; can be also referred to as the lead investor
ARR	Annual revenue run rate; the revenue for the last month multiplied times 12 months as an estimate of the total revenue rate for the year.
Angel Investor	Wealthy individuals that invest in start-ups in their early stages of development or seed round of fundraising. Due to the inherent risk of loss of capital or significant dilution in subsequent fundraising, angel investors typically pursue investments with returns that they believe may have the potential to return multiples of the initial investment.
Anti-dilution Clause	Contractual clause that protects an investor from having their investment as a percentage of ownership significantly reduced in subsequent rounds of fundraising. Technically the provision increases the number of shares of Common Stock issuable upon conversion of a convertible security or upon exercise of a warrant or option upon the occurrence of specified events, usually the issuance of more shares for a low price.
Blended Preferences	When all classes of preferred stock have equal payment rights in the event of a liquidation
Bootstrapping	Business strategy by which a start-up self-finances, eliminating the need for seed or angel investment. Typically achieved through lean operation and a product that generates revenue early in the company's life cycle.
Bridge Loan Financing	A loan given to a start-up by investors that serves to fund the company until the next round of financing. The bridge loan is usually converted into equity at the next equity financing of the company.
Burn Rate	Rate at which a company consumes cash to cover expenses. Typically expressed monthly or weekly. Usually applied to a company with no revenues, to give a metric of financial health and fundraising needs. A company with a low burn rate can theoretically operate longer without new injection of capital.
Capital Call	When a fund makes an investment and messages the LPs to put capital into the fund account to invest in the portfolio companies
Cap Table	An official document that shows the capital structure of a company, including the specific ownership level by investor. Generally used to view the percentage ownership that each investor or employee owns of a certain company. For great tool check out http://captable.io/ .
Carried Interest	The share of generated profits that an investment manager is entitled to keep as compensation. Typical venture capital fund incentive fees range from 20% to 30%, depending on the fund. This can also be referred to as an "Incentive Fee" or a "Performance Fee."
Clawback	A clawback or clawback provision is a special contractual clause typically included in employment contracts by financial firms, by which money already paid must be paid back under certain conditions.
Cliff	Employee stock vesting agreements generally have a cliff, usually one year, before which no employee stock options vest.
Come Along Rights	Sometimes also called Tag Along Rights. The right of an investor to sell shares, if a founder or other key employee sells shares. This right is designed to protect the investors against being trapped in an investment after the founders have cashed out.
Conversion Rate or Ratio	Means the number of shares of Common Stock into which each share of Preferred Stock is convertible

Common Stock	A type of equity security, contrasted with preferred shares. Common stock is most frequently issued to founders, management, and employees. In a liquidation event, preferred shares generally take priority over common shares.
Control Rights	Rights of an investor or shareholder relating to control over the company's affairs. Control rights typically relate



	to voting or designation of board seats, voting (e.g., does a class of securities give the holder 10 votes per share?), and certain actions (e.g., incurring indebtedness) which require the consent of a majority of a certain class or series of security.
Convertible Debt	A loan that allows the lender to exchange the debt for common stock at a predetermined ratio instead of recollecting the principle as cash.
Convertible	The right of the investor to convert shares of Preferred Stock into shares of Common Stock at the Conversion Rate stated in the corporate charter. Conversion is usually automatic upon the occurrence of a Qualified IPO. Mandatory conversion is necessary because companies sell Common Stock in their IPOs and new investors are not likely to purchase Common Stock, if earlier investors retain Preferred Stock with superior rights.
Convertible Note	A method of raising funds between funding rounds, where an investor loans money to a startup under the agreement that it will translate into equity at an agreed milestone (upon valuation of the company during a future round, for example). It usually includes a clause to compensate for the risk, such as a discount on future shares.
Covenant	The obligation in a contract to do something. An obligation to refrain from doing something is called a Negative Covenant. For example, the obligation to obtain life insurance on key employees is a covenant and the obligation to not deviate from the budget approved by investors is a negative covenant.
Cumulative Dividend	If the dividend is not declared during the period stated in the corporate charter, the dividend accrues and is payable in a later period. If a dividend right isn't cumulative, the dividend would be lost forever if it's not declared during the period stated in the corporate charter. Accrued but unpaid dividends are sometimes convertible into shares of Common Stock
Cutback Rights	Where shareholders exercise piggyback registration rights, but there are too many shares for the underwriters to sell in the public offering without adversely affecting the price, cutback rights determine whose shares are left out of the offering and whose shares are included in the offering.
Demand Registration Rights.	The right of investors to require the company to register the investors' shares for sale to the public even if the company was not otherwise planning to conduct a public offering. Usually, an investor or group of investors receives one or two Demand Registration Rights. Typically, the right isn't exercisable until after the company's initial public offering or after a stated time period.
Dilution	Generally speaking, as subsequent financing rounds occur, existing investors will own proportionally less of the company than they did previously since additional equity is generally issued as part of a new financing round. Dilution is not necessarily a bad thing _ since new stock can be issued at a higher price, you may own a smaller piece of a larger company, which means the value of your investment is actually higher than it was previously.
Down Round	A fundraising round in which the company is valued at a lower value per share than previous rounds
Drag-Along Rights	The right of the owners of a specified percentage of the shares of the company to require other shareholders to sell their shares or to vote their shares to approve sale of the company. This prevents one group of shareholders from blocking sale of the company to someone who is only interested in purchasing 100% ownership of the company.
Due diligence	The process performed by prospective investors to assess the viability of an investment and confirm that the information provided by the company is accurate.
Exit Velocity	A term from baseball originally referring to the speed of the baseball as it comes off the bat, immediately after a batter makes contact. In venture it refers to the speed between investment and exit, immediately when the investment is made to the liquidity event that allows the investor to cash out. Example — capital invested for growth funds has a higher exit velocity than capital invested by accelerators in startups because the ventures are less mature and have a longer time to exit.
Earnings before interest and taxes (EBIT)	A measurement of the operating profit of the company. A possible valuation methodology is based on a comparison of private and public companies' value as a multiple of EBIT
Elevator pitch	A concise presentation given from an entrepreneur to a potential investor about an investment opportunity. The presentation should be concise enough to be shared during an elevator ride.
Employee Stock Ownership Program (ESOP)	A pool of options that is reserved for future employee compensation packages.
Exercise Price (also known as Strike Price)	The amount that must be paid to execute your options. Generally, the exercise price is pegged to the "Fair Market Value" on the date of issuance, rather than the vesting date.
Exit Event or Liquidity Event	When an issuer engages in a transaction that allows investors to sell their shares, which generally happens through a tender offer (sale) or an IPO.
Fair Market Value	The value of a company based on what investors are willing to pay for it. For private companies or illiquid assets, "fair market value" is generally derived from comparable companies or assets that have recently had a transaction associated with them.
Fiduciary	Someone who owes special duties to another person and who has liability for not performing that duty
First Refusal Rights	The right to purchase stock in future offerings by the company on the same terms as other investors. Usually the right is designed to enable investors to maintain their percentage ownership of the company by purchasing a pro rata share of all new stock sold by the company. Investors also often require company founders to grant first refusal rights on shares the founders own. Also sometimes called Pre-emptive Rights.
Friends and Family	Capital provided by the friends and family of founders of an early-stage start-up. This is typically its first outside



Round	capital. The start-up is generally too early (often still at ideation) to raise capital from professional angel or seed investors, but needs capital to get started.
Full Ratchet	The method of total protection from dilution is called a and ensures that should a fundraising round cause a previous investor's ownership percentage to decrease as a result of newly issued shares, they will be given the opportunity to maintain their ownership level. In more technical terms, it is a type of Antidilution Protection that adjusts the Conversion Ratio so that each share of Preferred Stock will be convertible into a number of shares of Common Stock equal to the number of shares the investor would have received, if the investor had purchased the shares at the lowest subsequent price at which the company later sells its stock. The number of shares sold at the lower price doesn't matter. Only the lower price matters. For example, if the company sells Preferred Stock with a one-for-one Conversion Ratio for \$10 per share and later sells Common Stock for \$1 per share, each share of Preferred Stock would become convertible into ten shares of Common Stock, even if only one share is sold at the lower price.
Fully Diluted	Fully diluted means the total number of shares of Common Stock the company has issued, plus all shares of Common Stock issuable if all outstanding options, warrants, convertible preferred stock and convertible debt were to be exercised or converted. Fully diluted calculations are used to compare the percentage ownership of a company of different classes of securities by reducing each class to its Common Stock equivalent.
Fund of funds	A fund created to invest in private equity or venture capital funds. This entity is often referred to as a Limited Partner to the venture capital funds.
Grandfather Rights	A grandfather clause (or grandfather policy) is a provision in which an old rule continues to apply to some existing situations while a new rule will apply to all future cases. Those exempt from the new rule are said to have grandfather rights or acquired rights, or to have been grandfathered in
GP	General Partner of a fund
General Solicitation	The act of publicly soliciting investors, usually through advertising or any other non-controlled method of a public offering. If a company or issuer engages in public solicitation, it may eliminate certain safe harbours that were previously afforded to them under current securities regulation.
Gross Margin	The difference between revenue and cost of goods sold (COGS), divided by revenue.
Growth Equity	Growth Equity refers to private investments in late-stage companies which aim to finance revenue growth through market expansion. Such investments typically target minority positions in proven market segment leaders
K1	The Schedule K-1 is an Internal Revenue Service (IRS) tax form issued annually for an investment in partnership interests. The purpose of the Schedule K-1 is to report each partner's share of the partnership's earnings, losses, deductions, and credits. It serves a similar purpose for tax reporting as one of the various Forms 1099, which report dividend or interest from securities or income from the sale of securities.
Key man clause	Document sent to LP investors by the fund that tells investors the percentage of the profits and losses of the fund that they are responsible for. Clause in the LPA that enables the LP to break the agreement if one of the major GPs in the fund leave.
Key man risk	Referred to as the risk associated with depending on a single charismatic individual in a start-up; key tactic is to build a strong capable team around the individual, usually the founder, to mitigate this risk.
Key man insurance	Insurance on the life of key employees which investors require the company to obtain.
Incubator	A program that provides the mentorship and capital necessary to accelerate the growth and success of young start-ups. Typically, the program will provide some capital and in exchange will take an equity stake in the start-up.
Information Rights	The right of investors to have the company provide financial information annually, quarterly or monthly and other information as requested by investors. Under Delaware (and most state) law, a stockholder has the right to inspect and make copies of the corporation's information, including their stock ledger, a list of stockholders, and its books and records. However, such a demand must be for a "proper purpose", which means a purpose reasonably related to the person's interest as a stockholder.
Initial Public Offering (IPO)	Process by which a formerly private company first issues stock to the public. New disclosures must be made, as the company must now adhere to SEC reporting requirements.
Inside Round	A round of financing entirely composed of existing investors.
Investment Syndicate	A group of investors that agree to participate in an investment round of funding for a company.
Investor's Rights Agreement	An agreement that is frequently required by early, or large, investors in a company. This agreement may include many provisions, such as "First Offer" (the right, but not the obligation, to participate in future fundraising rounds) and "Observer Rights" (the right to observe board meetings). This provision is relevant to shareholders because it may include a separate right of first refusal for investors.
Issuer	The entity / company that shares represent ownership in
JOBS Act	Jumpstart Our Business Startups Act, passed in April 2012. Includes several provisions related to early stage companies, including new regulation regarding the maximum number of shareholders private companies are allowed and changes to the method in which companies can solicit private investors.
Knowledge Intensive Company	A company that is engaged in research, development, or innovation while it is issuing shares. It qualifies for extra advantages under the EIS
Letter of Intent (LOI)	A letter of intent (LOI) is similar to a memorandum of understanding (MOU) in that it is a common agreement between businesses (including startups) and potential customers to define commitment, interest, terms, and pricing in writing prior to delivering the good or service. This document is used to clarify understanding of both



	the customer and founder and often used to show investors. LOI and MOU agreements are used interchangeably and usually non-binding. At times, in working with customers on large projects with multiple phases where the customer and business work together before payment and services are exchanged a MOU may be used before a LOI is used to define pricing and terms. Also see Memorandum of Understanding (MOU).
Limited Partner (LP)	Limited Partner, typically funds 99–100% of a fund, major investors
Lead investor	The investor who takes on most of the work in negotiating the investment terms, doing due diligence and monitoring the company after the closing. The lead investor usually invests more than other investors who participate in the round. The lead investor is often located near the company or specializes in the company's industry.
Liquidation	An event that could result in either investors or debt holders to receive cash from the company, either through acquisition or a sale of assets resulting from bankruptcy. In either case, preference clauses determine order of payout to claimants, typically valuing debt holders and preferred shareholders over common stockholders.
Liquidation Preference	The order in which investors, or debt holders, get paid in the event of company liquidation or bankruptcy. Commonly used by venture capitalists to ensure they see a return on their investment in different liquidation scenarios.
Liquidity	The ability of an asset to be freely transferred with minimal interference from the issuer. Public equity is deemed to be extremely liquid since there are many buyers and sellers, while stock in private companies is generally much less liquid since the buyers and sellers are more limited.
Lock-up Period	A period of time that must elapse before the holder of a specific security can transfer or sell the security.
LPA	Limited Partnership Agreement. Usually a 70 page document and agreement between the LP and the General Partnership.
Management Fee	The fees that a fund will charge its limited partners each year. Venture capital fund management fees typically range from 1–3% annually (usually 2%) and are generally charged based on committed capital during the investment period, and then invested capital after the investment period has finished.
Memorandum of Understanding (MOU)	The memorandum of understanding (MOU) is a common agreement between startups who are pre-product and potential customers to define commitment, interest, terms, and pricing in writing prior to delivering the good or service. LOI and MOU agreements are used interchangeably and usually non-binding. At times the MOU is used in partnerships to define working relationships where no financial exchange is yet made. At times, in working with customers on large projects with multiple phases where the customer and business work together before payment and services are exchanged a MOU may be used before a LOI is used to define pricing and terms. This document is usually also used to clarify understanding of both the customer and founder and often used to show investors. Also see Letter of Intent (LOI).
Milestone	An event that triggers another investment by the venture investors.
Non binding	Refers to the depth of the legal commitment of the document. Term sheets, Memorandums of Understanding (MOUs), Letters of Intent (LOIs) are non-binding documents of which the investor or startup can back out of the intended agreement. The etiquette in venture is to provide a term sheet and once the founder agrees to the term sheet move to execute the investment. It is not common for investors to back out of agreements once a term sheet is issued.
'No shop' clause	The clause in a term sheet that states to the founder they are not to share the term sheet with other investors in order to receive a competing offer. This is a standard clause. The etiquette in venture is to give founders about a week or less for a decision on a term sheet to limit the time founders have to unofficially 'shop around' the deal.
MFN	Most Favored Nation — the anchor investor that the largest investor can get all the benefits of all the side letters with the individual LP investors
Net Revenue	Net revenue is not the same as gross revenue. It accounts for certain price reductions, price adjustments and refunds.
Non-disclosure agreement (NDA)	An agreement issued by entrepreneurs to protect the privacy of their ideas when disclosing those ideas to third parties such as investors.
OA	GP Operation Agreement — governance document for the GP that is based on the term sheet and includes specifics related to the economics of the deal among the fund managers, management and operations, transfers and substitutions, termination and dissolution, and vesting.
Option Pool	A number of shares of Common Stock specified in the corporate charter that can be sold to employees, officers and directors at low prices without triggering the Price Antidilution Protection of the Preferred Stock. 15% of the fully diluted shares is fairly typical, although the size of the Option Pool usually depends on the number of shares estimated to be necessary to grant to employees to attract a team capable of achieving the goals of the company's business plan. This varies from one company to another. Option Pool shares are usually considered to be outstanding shares when calculating the company's valuation.
A Ordinary Shares	A type of Ordinary Share that has Liquidation Priority: when a company is liquidated or sold, the proceeds of the sale are split 99.9% to the AO shareholders and 0.01% to the Ordinary shareholders. Once the AO shareholders have all their money back, any remaining assets are divided up pro-rata between the other shareholders. Compatible with the EIS (must be worded very carefully in the Articles).
Over allotment Option	The right of investors to exercise the First Refusal Rights and Come Along Rights of other investors who don't exercise their own rights.
Pari passu	Legal term that refers to equal treatment for two or more parties in an agreement meaning "on the same terms as".



Participating Preferred	For the term, the Participating preferred stock holders are entitled to receive a share of any remaining liquidation proceeds on an as-converted to common stock basis, after they have already gotten back their liquidation preference, whereas non-participating preferred stock holders either get (i) their liquidation preference back, or (ii) the amount they would have gotten had they converted to common stock. In other words, participating preferred gets the original capital back and the share of ownership. This term is sometimes referred to as investors double dipping as investors are getting the capital and the ownership verses just the percentage of the capital. More here.
Participating Preferred Stock	A class of stock with a Liquidation Preference, whereby on liquidation, sale or merger of the company, the owner has the right to share on an equal basis with holders of Common Stock any money or other assets that remain for distribution after payment of the Liquidation Preference of the Preferred Stock. With Nonparticipating Preferred Stock, the holders of Preferred Stock must choose either to receive their Liquidation Preference or to receive the same distribution holders of Common Stock receive. A holder of Participating Preferred Stock doesn't have to choose and receives both
Pay to Play	In venture capital, investors can raise the ante with co-investors by means of a "pay-to-play" provision, requiring that all investors in a portfolio company continue their pro rata financial commitment to the company, or else lose certain rights with respect to their original investment. The rights can often be anti-dilution rights. In some cases there is a provision of a portion of pro rata (e.g. 50%) or investors convert to common equity.
PEG ratio	Ratio of (price/earnings to growth ratio) is a valuation metric for determining the relative trade-off between the price of a stock, the earnings generated per share (EPS), and the company's expected growth.
Party Round	A trend beginning several years ago in early financing rounds where, instead of raising large amounts of money from a few large investors, companies are raising small amounts of money from many small investors.
Piggyback Registration Rights	The right of investors to have shares included in a public offering the company plans to conduct for itself or another shareholder. Usually, this applies to an unlimited number of offerings until the registration rights terminate.
Piggyback rights	Rights of an investor to have their shares included in a registration of a company's shares in preparation for an IPO.
Pledge	A contract that requires one party to transfer the cash proceeds from a liquidation of equity to another party in exchange for cash received prior to the liquidation event.
Portfolio Company	A company that has received an investment from a venture capital fund becomes a portfolio company of that fund.
Post-Money Valuation	The valuation of a company that includes the capital provided by the current round of financing. For example, if an individual invests \$3 million in a company with a \$10 million pre-money valuation, the post-money valuation is \$13 million. Calculated by adding the dollar amount invested in the transaction to the Pre-Money Valuation
PPM	Private Placement Memo — Usually 50–100 pages long that is the 'business plan' for starting a fund or for making an investment.
Pre-emptive Rights	Similar to rights of first refusal. The term pre-emptive rights refers to the right to purchase a company's new shares before they are offered to anyone else. In term sheets the preemptive rights provision may be titled "Right to Participate Pro Rata in Future Rounds". This is standard in term sheets.
Preferred Stock	A type of equity security that has certain rights over common stockholders. These rights may include, but are not limited to, liquidation preferences, dividends, anti-dilution clauses, and managerial voting power. A class of stock with a Liquidation Preference; that is, the right to receive distributions of money or assets prior to one or more other classes of stock if the company is sold, merged or liquidated. This protects investors by ensuring the investors get their money back (and sometimes a fixed return on the investment) before holders of Common Stock receive any money or assets.
Pre-Money Valuation	Valuation of a company excluding the capital from the current round of financing. The theoretical value of the company before the investment agreed upon by the company and the investors. Pre- Money Valuation is calculated by multiplying the number of Fully Diluted shares of the company before the investment transaction by the purchase price per share in the investment transaction.
Price Antidilution Protection	Protects investors from overpaying for stock by adjusting the Conversion Ratio if the company later issues shares for a price less than the price the investors paid. Adjustment of the Conversion Ratio results in more shares of Common Stock becoming issuable upon conversion of each share of Preferred Stock than was agreed at the time of the investment. There are two basic types of Price Antidilution Protection; Full Ratchet and Weighted Average. Weighted Average can be either Broad Based or Narrow Based.
Private Placement	The direct sale of a security to a limited number of qualified buyers, which may include accredited investors or institutional investors. Proper controls and structuring may exempt the placement from standard disclosure and registration policies mandated by the SEC.
Pro-rata rights	Pro-rata investment rights give an investor in a company the right to participate in a subsequent round of funding to maintain their level of percentage ownership in the company. This becomes a way for investors to continue to invest in companies that they want to put more into.
Protective Provisions	The right of an investor or group of investors to veto certain transactions by the company. This is usually achieved by prohibiting certain transactions, unless they are approved by a class vote of the Preferred Stock.



Qualified IPO	Means an initial public offering by the company of a size and price specified in the corporate charter. An IPO with \$20 million in gross proceeds to the company and a price per share three times the price the investor paid for its stock is fairly typical for a Qualified IPO, but this varies from one deal to another.
Ratchet	A provision that provides an investor with down-round protection (i.e., where the company raises a subsequent round of financing, which can include IPO, at a lower price) by providing for the issuance of additional shares in the subsequent round. In the IPO context, a ratchet provision provides that if the IPO price does not meet a certain level, say at least the price paid by the investor in the private round or some baked in rate of return above that price, the IPO conversion of those shares to common shares is adjusted such that an additional number of shares are issued to investors which would meet the predetermined level.
Recapitalization	The reorganization of a company's capital structure.
Registration Rights	The right of investors in a public offering to require the company to include shares owned by the investors in a registration statement filed with the Securities and Exchange Commission under Section 5 of the Securities Act of 1933. There are three general types of registration rights (i) Demand; (ii) Piggybacks; and (iii) S-3.
Redemption Rights (Redeemable)	The right of the investor to require the company to repurchase the investor's stock for a price specified in the corporate charter. Redemption rights usually are not exercisable until five years or longer after the investment. Redemption rights are rarely exercised, but they give investors leverage to ensure their investment will eventually become liquid through sale of the company if an IPO hasn't occurred by a specified date.
Repurchase Option	The right of a company to buy back vested or issued shares.
Restricted Stock (also known as RSU)	Represents a class of stock that has some restrictions on the transfer or sale of the instrument. Generally, most non-public stock has some restrictions, though they may vary depending on the issuer and holder. See our post on RSUs for a deeper dive.
Return on Investment (ROI)	The proceeds from an investment during a specific time period, which are calculated as a percentage of the original investment
Revenue	Revenue is the amount of money that a company actually receives during a specific period, including discounts and deductions for returned merchandise.
Revenue Multiple	TEV/TTM Revenue, usually used for valuing a company when it's not profitable yet.
Revenue Run Rate	The Revenue Run Rate (also run rate — one word) is the annualized revenue of a company if you were to extrapolate the current revenue over a year. It refers to the financial performance of a company based on using current financial information as a predictor of future performance. The run rate functions as an extrapolation of current financial performance and is based on the assumption that current conditions will continue. Run rates are useful for new business or business units within a company that have only had a short period of revenue generation opportunity. This figure allows managers, venture capitalists and investors to measure the annualized revenue
Reverse dilution	When stock is returned to a company by departed employees whose stock has not yet vested.
Risk to Capital Condition:	A condition for obtaining Advance Assurance, introduced by HMRC in 2018. A qualifying company must be intending to grow over the long term, and there must be significant risk that an investor stands to lose more than they stand to gain. The condition is designed to deter tax planning.
Right of First Refusal (ROFR)	A common transfer restriction that gives companies / issuers the right to purchase the stock at the same price, before allowing a shareholder to transfer it to a third party. Large investors in companies are also often granted a ROFR prior to transfers or sales.
Road Show	Presentations usually made in several cities to potential investors and other potentially interested parties. A company will often use a road show to create interest from investors before its IPO.
Roll up	A Rollup (also "Roll-up" or "Roll up") is a process used by investors (commonly private equity firms) where multiple small companies in the same market are acquired and merged. The principal aim of a rollup is to reduce costs through economies of scale.
Rule 506(b)	A legal "safe harbour" that allows issuers of non-public stock to sell interests to accredited investors without having to register with the SEC. Under this provision, issuers cannot engage in "general solicitation", such as advertising.
Run Rate	The run rate is how the financial performance (usually revenue) of a company would look like if the current results are extrapolated out over a certain period of time.
SAFE	A SAFE or safe stands for a "simple agreement for future equity". This document was authored by Y Combinator lawyer Carolyann Levy and open sourced. It was created and published as a simple replacement for convertible notes. In practice a SAFE enables a start-up company and an investor to accomplish the same general goal as a convertible note, though a SAFE is not a debt instrument. A SAFE is an agreement that can be used between a company and an investor. The investors invests money in the company using a SAFE. In exchange for the money, with a SAFE, the investor receives the right to purchase stock in a future equity round (when one occurs) subject to certain parameters set in advance in the SAFE.
Seed Round	The earliest round of fundraising, typically backed by a company's founders, their friends, family, or Angel investors. The company is generally not generating revenues and is in the process of developing their product.
Senior Liquidation Preference	An entitlement given to a certain class of shareholders that gives them a higher liquidation preference over other shareholders. Also known as Stacked Preference.



Separation Agreement	Not always one document, the "Separation Agreement" refers to the entire package of rights and considerations when an employee amicably leaves a company. In addition to severance pay, separation agreements often include provisions about non-disparagement, non-disclosure, and vesting of equity.
Shareholder Agreement	A contract that sets out how the company will be operated and the shareholders' obligation and rights. It often provides protection to minority shareholders.
Shareholder Limit	Established by Section 12(g) of the Exchange Act, requires that private companies register with the SEC, depending on certain criteria, including the type of shareholders and the total number of shareholders.
Shareholder of Record	The name of a shareholder as it exists on the registrar of the issuer.
Shares Outstanding	Refers to a company's stock currently held by all of its shareholders, including shares held by institutional investors and restricted shares owned by a company's executives. This number is used to calculate key metrics such as a company's market capitalization, earnings per share, and cash flow per share.
Side Letter	Agreement between the fund and the individual investor.
Stacked Preference	When different classes of preferred stock have senior rights to payment over other classes of preferred stock. Also known as Senior Liquidation Preference.
Stock Option	A right to purchase or sell a share of stock at a specific price within a specified period of time. Stock options are often used as long term incentive compensation for management and employees at high-growth companies.
Stock Plan or Employee Incentive Plan	The Stock Plan is an assimilation of all the rights and economic interests that are attached to company stock, including the company's bylaws, grant documents, shareholder agreements, etc.
Super Pro Rata	Super pro-rata right the investor (let's say in your A round) will ask for more than their pro-rata right.
Syndicate	The group of venture investors who participate in the investment round.
S-3 Registration Rights	The right of investors to require the company to file a short form registration statement on Form S-3. S-3 Registration Rights are similar to Demand Registration Rights, but usually one or two registrations each year are permitted, because the short Form S-3 is less burdensome to the company.
TEV	Total Enterprise Value.
TTM	Trailing 12-month revenue; sum of revenue.
Tag-Along Right	The right of a minority investor to receive the same benefits as a majority investor. This often applies to a sale of securities by investors and is also known as co-sale right.
Term Sheet	A document that includes the basic terms of a company's fundraising round (or any investment). Once signed, it indicates that the investor and the company intend to move forward to complete the transaction and stipulates the major economic or corporate governance terms related to the investment.
Trading	When applying for Advance Assurance from HMRC, it's necessary to know the date your company started trading. HMRC uses the analogy of a shop: if you've turned the shop sign to "Open", so it's clear you're looking for customers, that means you've started trading ("undertaking activities with a view to a profit"). Earliest date of trading will always be before or equal to the date you first received revenue.
Transfer Restrictions	Contractually defined limitations on an individual's ability to sell or transfer their shares in the company.
Unicorn	Team referring to a start-up valued at \$1B or more
Visitation Rights	Also called Observer Rights. The right of investors to have a nonvoting representative attend meetings of the Board of Directors of the company and committees of the Board.
Vesting	Generally, when something that is promised is delivered and ownership is officially granted to the recipient. For employees, shares generally vest according to a predetermined schedule. Vesting effectively means that employees only receive their equity compensation after a period of employment to ensure alignment of interest between the company and the employee. The current market standard for vesting schedules is 4 years with a one-year "cliff". Typically, this means that 25% of the grant will vest after one year, and the balance will vest in equal monthly instalments over the following 36 months.
Warrant	The right to purchase stock at a later date at a fixed price. Similar to stock options, but usually given to investors, not employees
Warrant Coverage	Warrants issued to reward bridge loan lenders, guarantors or other lenders for incurring the risk of lending. The number of shares issuable upon exercise of the warrants is based on a percentage of the debt.
Washout Round	A round of financing where previous investors, the founders, and management suffer significant dilution. The new investor in a washout round will typically gain majority ownership and control of the company.
Weighted Average	A form of Antidilution Protection that adjusts the Conversion Ratio according to a formula that takes into account both the lower price and the number of shares issued at the lower price. This is more favorable to the company than a Full Ratchet. Narrow Based Weighted Average uses only the number of outstanding shares of Preferred Stock in the formula used to adjust the conversion price. This is more favorable to the investor than Broad Based Weighted Average, which includes all fully diluted shares in its formula.
Write-Off	A decrease in the reported value of an asset or company.