

Enterprise Investment Scheme (EIS)

2022/3

By

Tony Catt

Compliance Consultant



Contents

Foreword by Christiana Stewart-Lockhart, EISA	4
Introduction	5
Compliance Disclaimer	5
What is the EIS & SEIS?	6
EIS: the basics	6
What is the difference between EIS and SEIS?	9
HMRC EIS, SEIS & SISR statistics 2021	10
UK Tax-efficient Investment Comparison Table	11
EIS Eligibility Criteria	12
The benefits of individuals investing through EIS and SEIS	12
The potential risks of investing in EIS	13
Clarity and Transparency	14
EISA – Transparency of fees principles	15
EIS Illustration	15
EISA - Principles on Communicating Investment Performance	16
REALISATION TIME FOR EIS – Chris Hood of Seneca Partners	17
Vala Capital: Sustainability at the Centre of Investment Strategy	19
EIS Case Study - Liquidity4Life introduces Home Drawdown – a better way to release housing wealth?	21
Why the economy is good news for venture capital – Octopus Investments	23
A day in the life of a Fund Manager – Simon King of Octopus Investments	26
Open Offers –Enterprise Investment Schemes	28
Access EIS Fund	29
Access EIS Fund Questionnaire	34
Ascension EIS	35
Ascension Carry Back EIS	37
The Ascension Life Fund	38
Ascension Fair By Design EIS Fund	39
Blackfinch Ventures EIS Portfolios	41
Calculus EIS Fund	42
Calculus KI EIS Fund	45
Committed Capital Growth EIS Fund	48
Deepbridge Life Sciences EIS	51



Deepbridge Technology Growth EIS	53
Edition Capital EIS Fund	55
Edition Capital Funds Questionnaire	57
Green Angel Syndicate EIS Climate Change Fund	58
Guinness AIM EIS fund	63
Guinness EIS Fund	66
Haatch EIS Fund	69
Haatch Ventures Questionnaire	71
Hambro Perks Growth EIS Fund	72
Hambro Perks Growth EIS Fund Questionnaire	74
Jenson EIS Fund	75
Mercia Knowledge Intensive (KI) EIS Fund	77
Mercia Tax-Efficient Funds Questionnaire	82
MMC Ventures Approved Knowledge Intensive EIS Fund	83
MMC Ventures – Exit Case Study – Interactive Investor	87
Molten EIS	88
Net Zero Technology Knowledge Intensive EIS Fund	92
Nexus Investment’s EIS Scale-Up Fund Questionnaire	93
Nova Cofoundry SEIS & EIS FUND	95
Nova Cofoundry SEIS & EIS Fund Questionnaire	98
O2H Ventures SEIS & EIS Human Health Funds	100
o2h Ventures SEIS & EIS Human Health Funds Questionnaire	103
Oberon EIS Fund	104
Octopus Ventures Knowledge Intensive EIS Fund 22/23	109
Oxford Capital Growth EIS Fund	112
Oxford Capital Growth EIS Fund Questionnaire	114
Oxford Technology Development Fund - EIS	116
Par EIS Fund	118
Par Knowledge-Intensive EIS Fund	119
Parkwalk Opportunities EIS Fund	121
Parkwalk Opportunities EIS Fund Questionnaire	123
Praetura EIS Growth Fund	125
Praetura EIS Growth Fund Questionnaire	130
THE SENECA AIM EIS FUND	132
The Seneca EIS Portfolio Fund	134
Sovereign EIS Fund	136

Symvan Technology EIS Fund.....	138
Vala Better Ventures EIS.....	139
Vala Sustainable Growth EIS.....	142
VGC Partners – Development Fund VII EIS Fund	146
EIS abbreviations and jargon glossary	149



Foreword by Christiana Stewart-Lockhart, EISA

I'm delighted to be introducing the latest edition of IFA/GBI Magazine annual report prepared by The Catt's Eye View.

Since their inception, SEIS and EIS have together raised more than £27billion and have enabled investment in 52,000 start-ups. That is a phenomenal achievement, and when you couple that with the jobs created, the innovation and the economic growth, you really start to get a sense of just how important these schemes are.

In recent months, the Government has announced several significant extensions to the SEIS, as well as a commitment to the EIS beyond the 2025 sunset clause. The current economic challenges can provide incredibly fertile ground for start-ups and many of the most successful young businesses were started during recessions. This, combined with the Government's focus on innovation and entrepreneurship, makes it a very exciting time for Founders and those investing in early-stage businesses.

There is clear evidence to show that young companies are where you can find the greatest opportunity for growth. The SEIS and EIS are envied across the world and go a long way to ensuring that some of the best new companies base themselves in the UK. This provides a significant opportunity for investors who are able to utilise these tax reliefs to mitigate some of the high risks associated with these very early-stage companies. Furthermore, many of these start-ups are finding solutions to some of the biggest challenges that we're currently facing and are genuinely changing the world. It is hugely exciting to be a part of that and I'm grateful to this excellent 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)

Introduction

This report has been commissioned by IFA/GBI Magazine to outline Enterprise Investment Scheme investments as an educational piece to give advisers sufficient information to enable them to be confident to speak about them with their clients. This is the second of four parts of the project to cover Tax-Efficient Investments. There are separate reports on Seed Enterprise Investment Schemes, Venture Capital Trusts and Business Relief and other tax-efficient investments.

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.

In his ill-fated 'mini-budget' statement of 23rd September 2022, Chancellor Kwarteng, amongst a host of other measures, all of which have since been discarded with the exception of this, confirmed his on-going support for the Enterprise Investment Scheme, Venture Capital Trusts and the Seed Enterprise Investment Scheme by extending the schemes beyond the 2025 'Sunset Clause'.

"We want this country to be an entrepreneurial share owning democracy. The Enterprise Investment Scheme and Venture Capital Trusts, we will extend beyond 2025. The Seed Enterprise Investment Scheme and Company Share Option Plans, we will increase the limits to make them more generous. Crucial steps on the road to making this a nation of entrepreneurs." Chancellor Kwasi Kwarteng, 23rd September 2023

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.

Tony Catt

Compliance Consultant

The Catt's Eye View

www.thecattseyeview.co.uk

07899847338

Compliance Disclaimer

The material provided by the any correspondent to this report is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. This document does not constitute an offer or invitation to any person.

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.

The Catt's Eye View and IFA/GBI Magazines are unable to provide investment, taxation, or financial planning advice.

This report is aimed at Investment Professionals only and should not be relied upon by Private Investors. The Catt's Eye View and IFA/GBI Magazines do not offer any opinion on the suitability or appropriateness of any platform and this report is intended as general information only and does not constitute advice or recommendation. Information is sourced direct from platform operators and is therefore as current as is available at the time of production

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.

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.

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 Relief (formerly 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.

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
- SITR (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

EIS 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 £12million through EIS 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

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 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)

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.
-

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.

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

EIS Eligibility Criteria

The Gross Assets Test

A company looking to secure EIS investment must have under £15 million in gross assets pre-money.

The Number of Employees Test

A company looking to secure EIS investment must have no more than 250 employees.

The Trading Time Test

To be eligible for EIS funding, a company must have been trading for less than two 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 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 of 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 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 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	The 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

The Financial Conduct Authority (FCA) considers these investments to be **high risk**, due to the potential for losses, An investor could lose all the money invested. If the investee company fails, investors may lose up to 100% of the money invested. Most start-up businesses fail.

Even if an investment is successful, it may take years for investors to get their money back.

It is unlikely that investors will be able to sell the investment early.

The most likely way for investors to get their money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.

Investors in a start-up business, should not expect to get their money back through dividends. Start-up businesses rarely pay these.

The percentage of the business that investors own will decrease if the business issues more shares. This could mean that the value of the investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares. These new shares could have additional rights that the original shares do not have, such as the right to receive a fixed dividend, which could further reduce an investor's chances of getting a return on the investment.

Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance.

Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance.

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

REALISATION TIME FOR EIS – Chris Hood of Seneca Partners

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.

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.

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.

This report is aimed at Investment Professionals only and should not be relied upon by Private Investors. The Catt's Eye View and IFA/GBI Magazines do not offer any opinion on the suitability or appropriateness of any platform and this report is intended as general information only and does not constitute advice or recommendation. Information is sourced direct from platform operators and is therefore as current as is available at the time of production



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.”

EIS Case Study - Liquidity4Life introduces Home Drawdown – a better way to release housing wealth?



£850,000 currently being raised under EIS.

Why did you launch this business. What is the problem you are solving –

Our business model satisfies an existing market demand (currently in the £billions). Increasingly, people need to sweat their home assets as part of a sound and responsible financial planning solution.

Savings and investment research specialist, the Lang Cat, reaffirms to us that the resources available to meet the retirement income needs of an ageing population are already stretched and this problem is set to get worse - 25% of the population will be over 65 by 2050. The median gross income of recently retired pensioners fell short by £205 a week of the 'Moderate' standard of living of £588 a week, defined by the Pensions and Lifetime Savings Association (PLSA) - the annual shortfall is estimated at £48 billion for all pensioners.

The Solution – working on similar principles to pension drawdown, Home Drawdown® is an investment solution designed by Liquidity4Life Ltd to directly address the home asset problem.

The derived benefits are a more efficient use of housing wealth and a more flexible arrangement, more money to supplement retirement income and little or no tax to pay on that income. Financial advisers advise on and manage the plan for their clients, including the withdrawal programme to ensure their clients have enough money at the right time to finance their chosen lifestyle.

We have a strong and very experienced team and intend to introduce a technology solution that can be as significant as the success of wrap platforms in UK financial services.

How does it work?

It is proposed that Home Drawdown will involve a variant of existing regulated products, which should minimise time to implementation. It will involve a regulated property fund, whose legal structure we have looked at in detail, but the final decision will be made following further legal advice.

The fund will raise capital through an issue of shares to retail and institutional investors and by way of a private placement of bonds issued to institutional investors seeking long-term, stable, asset backed returns from high quality housing stock with little or no void periods.

A customer who uses Home Drawdown, sells their home to a regulated property fund ("the fund") at the full open market value, in exchange for an Assured Tenancy, which will provide for the customer to live in their home for the remainder of their life. The customer reinvests the proceeds of sale in the property fund via an investment portfolio and draws down a regular income (and capital if needed) for the remainder of their life.

Why are you talking to Financial Advisers?

Financial Advisers are the obvious source of advice to help customers to use housing wealth in later life.

Home Drawdown will present significant investment and tax planning opportunities for their clients and, as an investment solution, will fit neatly into their business models.



By creating a general fund of owner-occupied residential properties, we believe Home Drawdown® addresses a specific risk of what the FCA currently term a foreseeable harmful outcome and deals with the issues around the forthcoming FCA Consumer Duty.

We believe financial advisers will get behind Home Drawdown as it will introduce a range of new tax planning opportunities and allow them to charge fees in the normal way for providing essential advice to their client's pre-sale and for managing their clients' retirement income post-sale. It could double their revenue and will revolutionise financial planning by including income producing housing wealth into the planning process for the first time.

What are the Founders backgrounds.

Andrew Smith Chairman – since the age of 23 Andrew has been building businesses in the wealth management and financial planning markets. First with the Hambro Family, then a joint venture with American Express Global and a founder and COO at Succession Advisory Services.

Nick Kemp Heads up all UK development – a financial product design specialist having worked with JP Morgan and Goldman Sachs to design and distribute retail investment products in the UK and overseas. Driving the UK design, implementation, and development of Home Drawdown.

Phil Langton COO and Business architect – brings 20+ years in investment banking. His experience for Barclays Capital, The Bank of New York, UBS, etc spans capital and liquidity funding solutions, managing counterparty risk, and managing fund accounting operations.

What is the current offer?

We are currently raising £850,000 (following an initial raise of £350,000 with professional investors such as Rupert Hambro) under EIS for 20% of the company on a valuation of £4,250,000. We will spend £350,000 to finalise the software to run Home Drawdown, £200,000 on legal and compliance advice, £110,000 on Sales and Distribution, £50,000 on platform integration, £70,000 on Finance & Governance and hold £70,000 for contingencies.

We are looking for leading and influential industry professionals, and their clients, to invest in this EIS raise (minimum investment £5,000) and join us in this next exciting phase. We expect the returns to be exceptional.

Why is this attractive to investors.

Home Drawdown® will still thrive in a today's current recession and positively increase further in value (through assets under management) with an economic upturn. A significant by product of our success will be to make a very positive social and financial wellness impact. It will also bring a whole new raft of customers into the financial planning process which can only be a good thing.

If Liquidity4Life would be of interest to you or your clients, please click [here](#) for more information

Contact Details: andrew@liquidity4life.co.uk Telephone 07837 034028.

or nick@liquidity4life.co.uk Telephone 07801 833631

Website: www.liquidity4life.co.uk

Why the economy is good news for venture capital – Octopus Investments

octopusinvestments

When it comes to the world of venture capital, a worsening economy is something of a double-edged sword. Whilst challenging conditions place a strain on all businesses, windows of opportunity form for entrepreneurs and investors.

Despite uncertainty looking to continue throughout 2023, the saying 'every cloud has a silver lining' rings true for venture capitalists in the current landscape.

In fact, we think now might just be the best time to launch a business in the last decade.

This might surprise you but, just like diamonds, billion-dollar companies, or 'unicorns' are renowned for taking shape under pressure. Some of the most successful VC-backed businesses in Europe, like AirBnB and Uber, were formed in the wake of the 2008 global financial crisis. Including some of the unicorns originally invested in by Octopus Ventures, such as Zoopla.

So what's going on here? Why can downturns create unicorns?

Let's break down why these are favourable conditions for building successful new businesses, and how investors can access venture capital.

What are the opportunities in the current economy?

In the last few years, hiring and retaining talent has been extremely difficult. Since the pandemic, there has been huge demand for talent in technology roles. Big companies were onboarding thousands of people, leaving start-ups scrabbling for developers.

Now in a tougher economic environment, a string of large tech companies are making mass redundancies. Meta has announced its first mass layoff in the company's history, planning to make 13% of its global workforce redundant.¹ Amazon have also had their largest round of layoffs to date, with Microsoft and many others joining them.²

But what does this have to do with venture capital?

Although rising unemployment is of course unfortunate, for start-ups there's a flip side. It means there's a growing pool of talent that didn't previously exist. And we know that in any economic condition, talent is key to building a successful business.

The second opportunity that economic hardship presents, is funding scarcity. There's less capital available in the market and less start-ups raising money. But start-ups that do successfully raise money will be building their business in an environment where there's less competition than would have existed in an economic boom. They will have less competition from day one, so the probability of success increases. Larger companies will often cut investment in innovation during a recession, and this could create windows of opportunity for new start-ups. For these reasons, it's possible to invest in some early-stage businesses with enormous potential when the global outlook is shifting and challenging.

¹ <https://impakter.com/big-tech-layoffs-europe-violation-of-eu-policy/>

² <https://www.cnn.com/2022/11/09/tech-layoffs-2022.html>

This report is aimed at Investment Professionals only and should not be relied upon by Private Investors. The Catt's Eye View and IFA/GBI Magazines do not offer any opinion on the suitability or appropriateness of any platform and this report is intended as general information only and does not constitute advice or recommendation. Information is sourced direct from platform operators and is therefore as current as is available at the time of production

How Octopus Ventures is trying to unearth the next unicorn

The Octopus Ventures team believe that now is the best time to build a new tech-enabled businesses in over a decade, and therefore the best time to invest in these companies.

Now let's be clear. As is always the case with venture capital, many businesses will struggle and fail. Not every early-stage company invested in will be a success. That's why venture capital is a high-risk investment.

But the thing to remember with venture capital, is that it's typical for the majority of returns to be driven by a small number of great successes. A high percentage of start-ups fail, regardless of economic conditions. But early-stage companies have high growth potential meaning that successes from a subset of the portfolio, can disproportionately drive returns. And for these reasons we should be extremely excited that the conditions over the coming years look ideal for spotting and investing in companies that can become household names.

Octopus Ventures has become one of the largest and most active venture capital firms in Europe.³ And we've backed some of the UK's generation-defining companies, some of which have become unicorns; Depop, Zoopla and ManyPets.

To create and build unicorns we need to see great founders in the first place, so we meet with hundreds of businesses a year.⁴ We've also learnt along the way that the very best founders will seek a partner that fits their needs. So to attract exceptional investment opportunities, the Octopus Ventures team is divided into five specialist sectors; consumer, health, fintech, deeptech and B2B software.

Sector expertise puts us in a strong position against the competition and helps us diligently nurture every business on their growth journey. We're excited about the new wave of talent availability because we place a lot of significance on this area of development within the start-ups we invest in. We have a dedicated people and talent function that ensures we surround the extraordinary founders we invest in, with the right people and skillsets to grow their business. But please remember that venture investing is high risk and isn't suitable for everyone. Investors could lose all their money.

How to invest in venture capital

Venture capital investing can feel difficult to access. But at Octopus we provide investors with the ability to invest in venture capital through two types of investments.

A Venture Capital Trust (VCT) is an investment opportunity structured as a company, that's listed on the London Stock Exchange. It uses investors' money to buy shares in small, early-stage and unlisted companies. As smaller companies can struggle in their early years and many will not be successful, investors can claim 30% income tax relief to help compensate for the risk they take with their money. VCTs will also look to pay growth out to investors regularly by way of dividend, which is tax free, subject to qualifying conditions.

Octopus is the largest manager of Venture Capital Trusts. Our technology focused VCT, Octopus Titan VCT, is the largest VCT in the UK⁵, with over 120 portfolio companies and £1.2 billion of funds under management.⁶

³ 2021 Annual Interactive Global League Tables, PitchBook, 4 March 2022

⁴ <https://www.ftadviser.com/investments/2022/02/28/how-one-of-europe-s-best-known-venture-capital-teams-selects-its-opportunities/?page=2>

⁵ Association of Investment Companies, January 2022

⁶ Octopus Investments, September 2022

This report is aimed at Investment Professionals only and should not be relied upon by Private Investors. The Catt's Eye View and IFA/GBI Magazines do not offer any opinion on the suitability or appropriateness of any platform and this report is intended as general information only and does not constitute advice or recommendation. Information is sourced direct from platform operators and is therefore as current as is available at the time of production

The other route for accessing venture capital is through the Enterprise Investment Scheme (EIS). It's also a government incentive designed to target investment into the same types of companies and investors can claim 30% income tax relief. With an EIS, investors own shares directly in a smaller portfolio of around 10-15 early-stage companies. This concentration compared to a VCT means if an individual company succeeds, investors can really feel the impact of the growth. Equally, any losses will be felt more sharply. Investors benefit from being able to claim loss relief on companies that fail, and from capital gains tax free growth on those that succeed, subject to qualifying conditions.

Important information about the risks

Investing in early-stage companies is considered high risk. The value of an investment, and any income from it, can fall as well as rise, and investors may lose all their invested capital.

VCT and smaller company shares could fall or rise in value more than other shares listed on the main market of the London Stock Exchange. They may also be harder to sell.

The tax reliefs detailed above depend on VCTs maintaining their qualifying status or portfolio companies maintaining their EIS-qualifying status.

Tax treatment depends on individual circumstances and could change in the future.

VCTs and EIS investments aren't suitable for everyone. We recommend seeking financial advice before making any investment decision.

Where to find out more

If you're interested in learning more about VCT or EIS investments, you can find all the information you need on our website.

Venture Capital Trusts -> [Discover VCTs](#)

Enterprise Investment Scheme -> [learn more about EIS](#)

Personal opinions may change and should not be seen as advice or recommendation. 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 2023. CAM012666-2301.

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. This report is aimed at Investment Professionals only and should not be relied upon by Private Investors. The Catt's Eye View and IFA/GBI Magazines do not offer any opinion on the suitability or appropriateness of any platform and this report is intended as general information only and does not constitute advice or recommendation. Information is sourced direct from platform operators and is therefore as current as is available at the time of production

Open Offers –Enterprise Investment Schemes

This list is taken from the GrowthInvest website on 9th December 2022.

- Amersham Growth Fund
- Arie Capital Technology EIS
- The Atlantic Screen Media EIS Fund
- Beyond Impact Vegan EIS & SEIS Fund I
- Blackfinch Ventures EIS
- The British Robotics Scale-Up Fund
- The British Robotics Sidecar Fund
- Committed Capital EIS Growth Fund
- Deepbridge Life Sciences EIS
- Deepbridge Technology Growth EIS
- Endeavour Ventures EIS
- Fuel Ventures Follow-On EIS Fund
- Fuel Ventures Scale up Fund
- Haatch Ventures Enterprise Investment Fund
- Haatch Ventures Follow On Enterprise Investment Fund
- Hambro Perks Growth EIS Fund
- Mercia EIS Fund
- Mercia Knowledge Intensive EIS Fund
- Newable EIS Scale-Up Fund 3
- Nexus Investments Scale-Up Fund
- Nova Cofoundry SEIS & EIS Fund
- o2h Human Health EIS knowledge intensive Fund
- OnePlanetCapital Climate Change EIS Fund
- Oxford Capital Growth EIS
- Oxford Technology EIS Fund - The Development Fund
- Oxford Technology Combined SEIS & EIS Fund - The Start-up Fund
- Par Knowledge Intensive EIS Fund
- Praetura EIS Growth Fund
- Regenerate Ventures Agtech EIS Fund
- The SideBySide EIS Venture Fund
- Station12 Sports, Entertainment and Knowledge Service
- Vala Better Ventures EIS
- Vala Sustainable Growth EIS Fund
- Velocity EIS Technology Fund

This list has been taken from the GrowthInvest website on 15th December 2022.

Access EIS Fund

The Access Fund

Co-invest with the
UK's top-performing
angel investors

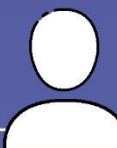


The Access Fund Co-invest with the UK's top-performing angel investors

At a glance



Over **£50m** in assets
under management



Over
500 investors



Investments
made into more than
100 companies

7
The Access Fund Co-invest with the UK's top-performing angel investors

We're different to other EIS funds

1. WE CREATE LARGER PORTFOLIOS TO REDUCE RISK.

Access builds you a portfolio that's much larger than most EIS funds, aiming to add 50 companies to each investor portfolio per year. All of these companies have a chance of success and have undergone extensive due diligence both by us, and by the angel investors that bring them to us.

Most other EIS funds create a much smaller portfolio of companies in an attempt to focus investment. This is much riskier.

2. WE CO-INVEST WITH EXPERT ANGEL INVESTORS.

Access invests in startups that are brought to us by experienced angel investors who meet strict criteria, and have an IRR that's equal to or greater than average market growth of the UK startup market as a whole. This means that we are able to gain access to the very best new businesses that have already won the approval of expert investors. Our investments are co-investments with these trusted 'super angels'.

Most other EIS funds create a much smaller portfolio of companies in an

attempt to focus investment. The typical number is eight, and no other fund offers more than 20. This is much riskier.

3. WE INVEST EARLIER FOR GREATER RETURN MULTIPLES.

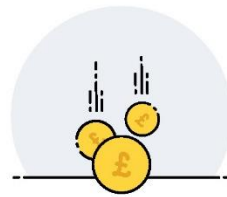
Access learns about deals earlier than many funds through our super-angel investors and their extensive networks, and is able to invest in startups at an earlier stage. This means our potential return multiples are higher.

Most other EIS funds invest at a later stage.

4. WE'RE ACCESSIBLE TO MORE INVESTORS, AND WE'RE MORE VERSATILE.

Access offers a minimum investment of £5,000. This makes it affordable for a greater number of investors, as well as giving investors the option to add a second fund to their portfolios at a relatively low cost.

Most other EIS funds require upwards of £10,000, with some starting at £25,000.



AMOUNT INVESTED
£10,000.00



Total fees set aside **-£780.00** (2% setup fee + 3 years of 1.5% annual management fee + VAT)

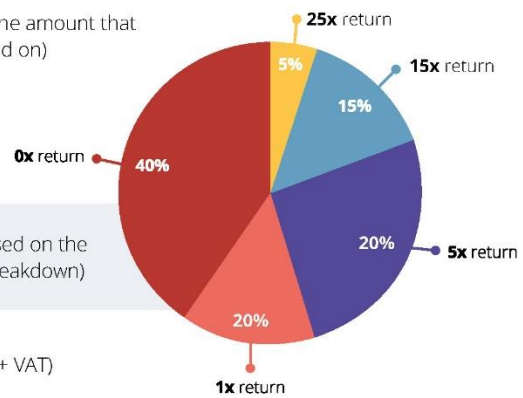
Amount invested in companies **£9,220** (This is the amount that EIS relief is based on)



Proceeds from sale **£39,692.10** (based on the performance breakdown)

Remaining 4 years AMC fees **-£720.00** (1.5% + VAT)

Performance fee **-£3988.57** (10% on profits above 110% of investments returned)



TOTAL TARGET RETURN FROM
£10K INVESTMENT
£34,983.53

Read a detailed description of this scenario investment on [page 24](#)

12
The Access Fund Co-invest with the UK's top-performing angel investors

Key facts

DID YOU KNOW?

No other EIS fund on the market has a performance fee of less than 20%. Our 10% performance fee means you keep more of your upside.

No other EIS fund on the market offers diversification beyond 20 companies, and the vast majority make only 8-10 investments. The Access fund builds you a portfolio of 50 companies, and adds a further 50 in each subsequent deployment period, because we understand how vital it is to optimal portfolio growth.***

Fees*

Initial/setup fee	2% (1% for repeat investors)
Annual Management Fee	1.5% for 7 years**
Performance fee (carry)	10%
Performance fee hurdle	110%

General

Diversification	50 companies
Minimum subscription	£5,000
Sectors	Sector agnostic
EIS administration	Fully digital
Deadline	Evergreen. Capital invested goes to work straight away.

* VAT is chargeable on fees. ** Fees for years 4 to 7 are chargeable from returns only, and so do not reduce the amount of your capital deployed.

*** The timing of subsequent investments may affect the number of additional companies added to your portfolio, if previous and new deployments overlap.

Access EIS Fund Questionnaire

What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS
EIS
Minimum investment for funds?
£5,000
Funds raised v target in the last year?
We can raise up to £20m per year into the fund
Deployable this tax year?
No - the fund is deployed over a 12-14 month period into 50+ companies averaging 4-5 investments per month
How many companies are in your portfolio?
We've invested into over 150 companies over the last three years
What is your fee structure/how are your fees deducted/etc?
2% setup fee (goes down to 1% for repeat investors), 1.5% annual management fee charged for 7 years but only 3 years set aside up front (years 4-7 taken out from exits in those years or after), 10% Carry on a 110% hurdle
Sector agnostic but no weaponry or gambling

ASCENSION

Ascension EIS

- **UKBAA Seed VC of the Year 2022**
- **10 successful exits to date, including 6 in 2022**
- **Tax Efficient Review 86**
- **Backed by 17 Venture partners**

Ascension is a specialist early-stage VC built by exited entrepreneurs and has supported the next generation of tech and impact founders for over 8 years.

Since 2015, Ascension has invested in 150+ businesses across its fund structures with ten exits to date. Ascension was recently crowned the 2022 '[Seed VC of the Year](#)' by the UK Business Angels Association and the [most active investor](#) in the last decade by Beauhurst.

Ascension strives to be the fund of choice for both founders and investors, with a 16 strong team, an extended Venture Partner network and ranked by Landscape as one of the [top 10 VCs](#) most loved by founders. The fund is backed up by the critical infrastructure you would expect from an established EIS Fund Manager - offering Business Investment Relief, hosting of EIS3 forms, valuation reports and an investor-friendly online application form all available by a Mainspring powered portal.

The Ascension EIS fund was launched in 2017, targeting a portfolio of 10 businesses per investor within 12 months. The fund was awarded an 86 by Tax Efficient Review (TER) in April 2022. TER noted Ascension as being at the top table of EIS managers, having reclassified Ascension as an "EIS Growth fund from an established provider with track record"

The target sector areas for the fund are eCommerce, DeepTech, FinTech, Digital Health, New Work, Next Generation Media and Sustainability. Businesses include rental luxury clothing platform HURR who have recently announced a [deal with John Lewis](#) and a company called [Epoch Biodesign](#) that has produced an enzyme that eats plastic and returns the eaten plastic to its constituent hydrocarbons. The fund invests at late-seed, with businesses typically evidencing early product market fit and a planned route to Series A.

The fund targets a return of £3.00 per £1.00 invested over 3-6 years. Investors are charged a 5% up front fee and a 1% deferred annual management fee capped at 5 years that is only charged upon successful returns of cash to investors. There is a market leading performance fee hurdle of 130%, meaning that Ascension is incentivised to seek meaningful returns - a standard performance fee of 20% for returns above 130% and 30% for returns above 230%.

The key investment professionals for the Ascension EIS fund are Jean de Fougérolles (Managing Partner), Remy Minute (Partner), Nico Albanese (Principal) and Sonia George (Associate). We require unanimous consent from the 4 before making an investment.

Ascension has an operations team focused on investors and portfolio businesses. Under Rakesh Murria (Chief Operations Officer), there is a Portfolio Director (Iulia Tudor), a Marketing Lead (Caspar Barrie) and an Investor Relations Manager (Eilish Saba).

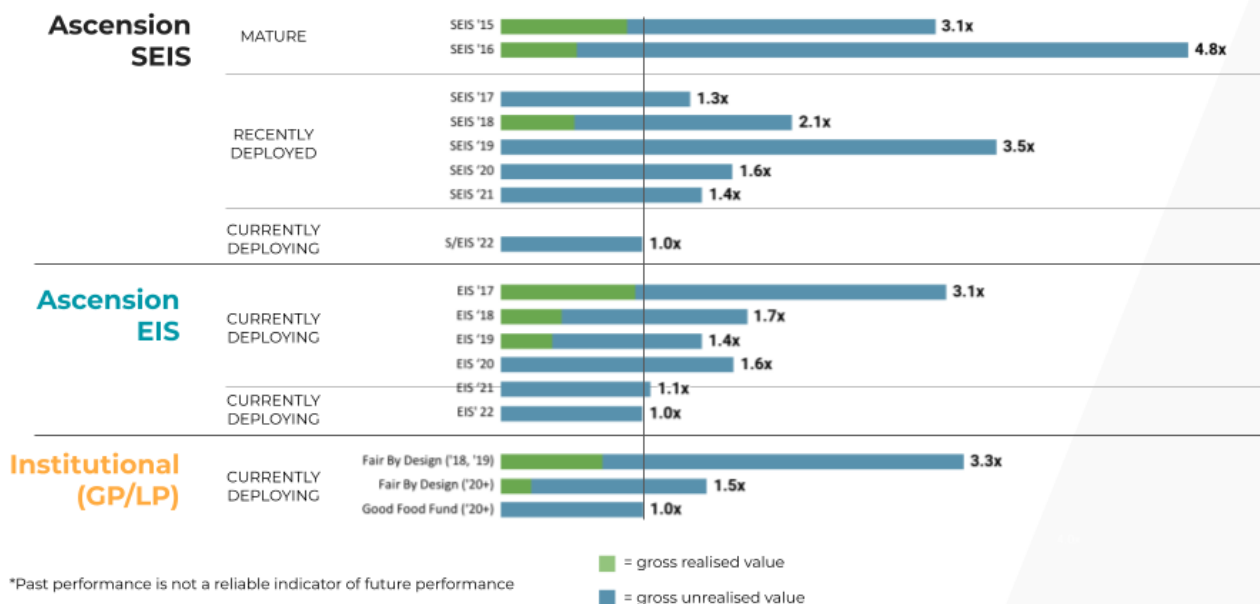
Ascension is supported by an extensive Venture Partner network. These include people with \$100m / \$1bn exits in businesses such as Zillow and Advanced Computer Software. Ascension's Venture Partners are all shareholders in Ascension and are not paid for their duties.

Ascension has had 10 profitable exits to date with 6 in 2022 alone. These include Apple's [acquisition](#) of Credit Kudos and Gtmhub's [acquisition](#) of Greendeck.

Advisers looking for further information should contact Ascension's sales and marketing partner RAM Capital on 020 3006 7530 or email taxsolutions@ramcapital.co.uk

Ascension Track Record (October 31st '22, excludes any tax benefits)

Since 2015, invested in 169 companies (10 exits, 12 closed, 12 winding down)*



ASCENSION

Ascension Carry Back EIS

- **UKBAA Seed VC of the Year 2022**
- **11 successful exits to date, including 7 in 2022**
- **Tax Efficient Review 86 (Ascension EIS)**
- **Backed by shareholding 17 Venture partners**

Ascension is a specialist early-stage VC built by exited entrepreneurs and has supported the next generation of tech and impact founders for over 8 years.

Since 2015, Ascension has invested in 150+ businesses across its fund structures with eleven exits to date. Ascension was recently crowned the 2022 '[Seed VC of the Year](#)' by the UK Business Angels Association and is London's [most active investor](#) in the last decade (Beauhurst).

Ascension strives to be the fund of choice for founders and investors, with a 16 strong team, and an extended Venture Partner network. The fund is backed up by the critical infrastructure you would expect from an established EIS Fund Manager - offering Business Investment Relief, hosting of EIS3 forms, valuation reports and an investor-friendly online application form all available by a Mainspring powered portal.

The Ascension Carry Back EIS fund launched in 2021, and is designed for investors and advisors seeking to achieve "carry back" within the current tax year, whilst building a diversified portfolio of technology businesses across distinct Ascension funds.

The Ascension Carry Back EIS will invest in businesses in the Ascension EIS, the Life Sciences EIS, the Fair By Design EIS and relevant follow-on opportunities from Ascension's existing portfolio.

The Ascension EIS invests in the following sectors: eCommerce, DeepTech, FinTech, Digital Health, New Work, Next Generation Media and Sustainability. Businesses include rental luxury clothing platform HURR who recently announced a [deal with John Lewis](#).

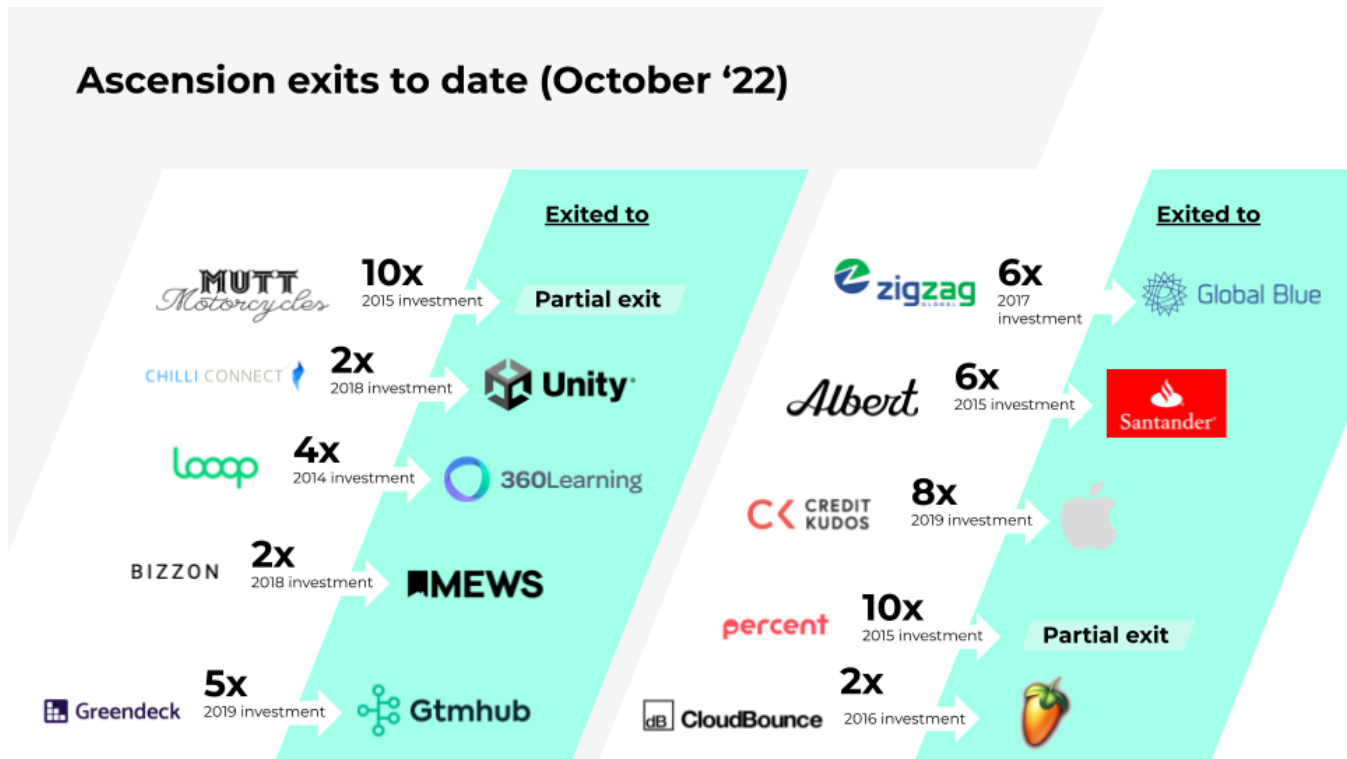
The Life Sciences EIS mandate is on disrupting the pharmaceutical industry, focusing on research / discovery, clinical development, manufacturing / supply chain and backed by an esteemed advisor network. A recent investment in the fund is Tailor Bio, a pan-cancer biomarker and therapeutics platform.

The Fair By Design EIS targets businesses looking to alleviate the poverty premium (the extra cost of being poor). New investments include 50% fat-free doughnut company, Urban Legend, which was [backed](#) by England football captain, Harry Kane.

The fund targets a return of £3.00 per £1.00 invested over 3-8 years. Investors are charged a 5% up front fee and a 1% deferred annual management fee capped at 5 years charged upon successful returns of cash to investors. Ascension charges a performance fee of 20% on any returns above £1.10 per £1.00 of investment and 10% above £1 on completion of any follow-on rounds.

Ascension is supported by an extensive Venture Partner network. These include people with \$100m / \$1bn exits in businesses such as Zillow and Advanced Computer Software. Ascension's Venture Partners are all shareholders in Ascension and are not paid for their duties.

Advisers looking for further information should contact Ascension's sales and marketing partner RAM Capital on 020 3006 7530 or email taxsolutions@ramcapital.co.uk.



ASCENSION

The Ascension Life Fund

The Ascension Life Fund is a TechBio fund that invests into companies that have applications in the pharma industry. The rationale for this is that we understand the pharma industry very well, sales cycles are relatively short and the opportunity for companies to exit is significant.

The fund invests at the intersection of cutting-edge technologies and life sciences with four defined themes: Multi-Omics (inc. Biomarkers & Diagnostics), Healthcare Data & Platforms, Medical Devices and Pharma Value Chain. We are not a traditional Life Sciences investor and avoid situations where the outcomes are binary (for example therapeutic development where the drug either works or it doesn't).

ASCENSION

Ascension Fair By Design EIS Fund

The objective of the Fair By Design EIS is to co-invest with the existing Fair By Design Institutional (“FBDI”) and other Ascension-managed funds in businesses which meet the Fair By Design impact themes – New Work, Financial Inclusion, Access to Better Health – to seek commercial returns and social impact with the benefits of EIS tax reliefs. The Fair By Design Institutional fund is backed by Nationwide, Big Society Capital and The Joseph Rowntree Foundation, and invests in businesses helping to alleviate the 'poverty premium' (the extra cost of being poor). The fund had its first exit in 2022, in Apple's acquisition of Credit Kudos.

Established Investor in Life Science Technologies

Investments since the launch of the fund in January 2021

Healthcare Data & Platforms

Multi-Omics

MedTech

Pharmaceutical Value Chain

 Pangaea <small>AI/ML tools to extract intelligence from unstructured health data</small>	 NOVA AI <small>Retinal biomarker + AI for early-detection of eye disease</small>	 exseed <small>Remote monitoring and testing of sperm health</small>	 Veratrak <small>Blockchain solution to improve the safety and efficiency of pharmaceutical supply chains</small>
 MedAll <small>Platform for healthcare professionals delivering medical education & certification</small>	 AMLo BIOSCIENCES <small>Biomarker tests for cancers to improve patient outcomes</small>	 Nebuflow <small>Customised nebulisation of drugs for effective delivery</small>	 Stablepharma <small>Vaccine stabilisation technology - to eliminate cold-chain</small>
 Qureight. <small>AI tools for structuring and analysing CT scans</small>	 tailor bio <small>Pan-cancer diagnostic and AI drug discovery platform</small>	 acurable <small>Non-invasive, continuous and accurate monitoring of breathing biosignals</small>	

Experienced Investment Team

Investment Team has experience in technology, healthcare, pharma and early stage investment

Investment Partners
Principal

Chris Wheatcroft

David Buller

To Be Announced

Özgür Tuncer

Dr. Ala Alenazi

Avantec

Omniceil
500 Global

To Be Announced

IOVIA BIOTECH

Pfizer
PHARMACIA

UNIVERSITY OF CAMBRIDGE

Imperial College London

UCL

Why Tech4Good Businesses Deliver Outsized Returns

In recent years, Ascension has seen a wave of the best founders wanting to launch and scale businesses leveraging technology to solve the world's biggest problems

2000

The Decade of Connection

Everyone could connect and communicate instantaneously from anywhere in the world



2010

The Decade of Convenience

Consumers could get anything they wanted or needed at the touch of a screen



2020

The Decade of Purpose

Best founders leveraging technology to solve the world's biggest problems

Ascension Deal-flow

Ascension's Fair By Design Fund



Being poor costs the average low-income household an extra **£490** a year (20% of UK households) and for one in ten of these households, this goes up to **£780***



Energy



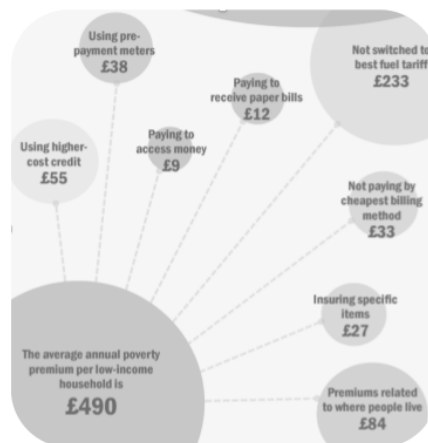
Credit



Food & Household Goods



Insurance



*University of Bristol '[Paying to be Poor](#)' - November 2016



BLACKFINCH

Blackfinch Ventures EIS Portfolios

The Blackfinch Ventures EIS Portfolios are our open offering as a provider of Enterprise Investment Scheme (EIS) services. We have a strong track record in EIS, having previously raised funding across sectors. We're passionate about supporting new firms as they grow.

The Blackfinch Ventures EIS Portfolios invest in high-growth technology companies throughout the UK, which operate across industry sectors. We invest in disruptive businesses offering products that address real-world needs, and we are aligned with the UK Government's focus on knowledge-based tech companies that have created intellectual capital. Backing these firms supports innovation, creates jobs and strengthens the UK economy.

We aim to fully invest capital within 12 months of receiving a client's application and funds. We target returns of 3-5x on investment. This is alongside providing access to EIS tax benefits. We know that the growth potential of investments is matched by the high risk of loss. We therefore look to manage this risk through making a wide range of investments, with a minimum of ten per portfolio.

Our expert team supports firms from investment to development to exit. We consider the purpose of the business and invest in firms that share our views on ESG. We support young, entrepreneurial firms with strong ESG values, often offering solutions which have a positive social impact. We only invest capital once advance assurance of EIS eligibility from HMRC is in place, or where we have obtained an independent and professional-indemnity insurance backed opinion from a leading EIS tax specialist.



Signatory of:



Calculus EIS Fund



Experience counts

Calculus leverages more than 20 years' experience investing in solutions orientated businesses that create value. We created the UK's first approved EIS Fund in 1999, so our investors benefit from over two decades of investment experience, covering varying periods of economic expansion, contraction and changing tax rules. The aim is to deliver resilient, long-term outperformance.

Our reputation is built on our ability to identify the best opportunities, negotiate mutually beneficial deal structures – to keep management teams incentivised, scale businesses, and successfully manage and deliver profitable exits at the best possible moment.

Our diligent investment process is demonstrated by our impressive record of profitable exits which distinguishes us from other EIS fund managers.

Our growth focussed and exit led approach has delivered impressive results for investors. In 2021 we completed 10 exits, eight of which were profitable, resulting in over £50m delivered to investors.

Harnessing growth to build a better world

The Calculus EIS Fund will give investors access to the high growth sectors of technology, healthcare and entertainment, which are driving the UK economy forward.

Technology

The UK is Europe's number 1 technology nation, having raised double the amount of VC funding of any European market in 2022. Ranking 2nd behind the USA, and ahead of India and China for the first time*.

*<https://technation.io/uk-tech-ecosystem-update-2022/>

Healthcare

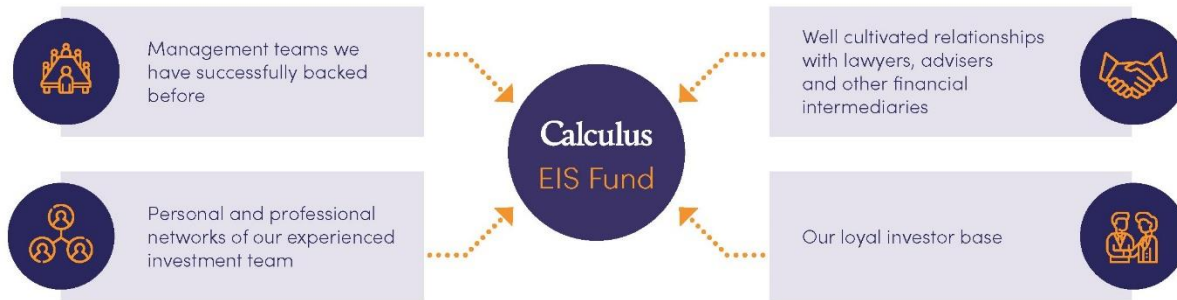
The UK healthcare sector holds the solutions to some of today's most urgent global challenges. From fighting pandemics to creating treatments to further advance patient care, the UK's internationally renowned private, public and academic organisations are paving the way to new scientific discoveries.

Entertainment

Digital technology developments and the evolution of audience behaviour have transformed the media and entertainment sector. It is estimated that the international streaming services such as Netflix, Amazon Prime and others, will spend more than \$60 billion on original, premium content in the coming year. UK production is estimated to approach £4 billion in 2022. This, in turn, has stimulated demand for innovative media-technologies, services and facilities.

The innovators, the experts, the game changers

We assess over 700 opportunities a year, only 1-2% make it through our rigorous selection process. Calculus targets those small companies that can become significant companies of the future. We focus on those companies which are the 'doers,' the innovators, the experts and the game changers. These companies approach us in a variety of different ways.



We target the following sectors

 <p>Technology</p> <p>We predominantly look for companies with a defensible marketing position providing software as a service (SaaS) to an already established client base. SaaS companies benefit from significant operating leverage, they are asset light and capable of very rapid, non-linear growth.</p> <p>Some examples in the current portfolio include:</p> <ul style="list-style-type: none"> ○ Hinterview ○ Optalitix ○ Rotageek ○ Notify ○ eConsult ○ Wazoku 	 <p>Healthcare</p> <p>We focus primarily on the fields of diagnostics, pharmaceutical services, and drug discovery. We look for validated platform technologies as opposed to point solutions, and we favour businesses that have existing partnerships with large pharma companies.</p> <p>Some examples in the current portfolio include:</p> <ul style="list-style-type: none"> ○ Oxford Biotherapeutics ○ Arecor ○ Invizius ○ MIP Discovery ○ Censo Biotechnologies ○ Spectral MD 	 <p>Entertainment</p> <p>We look to invest in successful UK media and entertainment companies spanning production companies which develop and produce ambitious commercial content for an international market, companies developing innovative media-related technologies, gaming companies and developers of new digital content.</p> <p>Some examples in the current portfolio include:</p> <ul style="list-style-type: none"> ○ Brouhaha ○ Maven Screen Media ○ Riff Raff Entertainment ○ Raindog ○ Home Team ○ Wonderhood
--	---	---

ESG approach

ESG integration is a core part of the Calculus investment process. The investment team encourages portfolio companies to adopt strategies which align with a transition to a more sustainable economy.

The ESG Policy is reviewed annually, current commitments include:

- Aiming to reducing energy consumption, limiting business travel, reducing, reusing and recycling waste.
- Encouraging the general health and wellbeing of the workforce - with utmost focus on employee health and safety, and consideration of the local and wider community.
- Promoting high standards of business ethics, integrity and honesty to communicating transparent organisational structures, maintaining up to date and accurate records.

www.calculuscapital.com/esg

Reinvestment Fund

The Reinvestment Fund will be invested alongside the Calculus EIS Fund in EIS Qualifying Investments (assuming there has been no change to the legislation). Investment via the Reinvestment Fund should enable inheritance tax exemption to remain, capital gains may be deferred again, and a further 30% income tax relief becomes available – all once invested into the underlying companies.

Please note that during the period where monies are in cash prior to being reinvested, tax reliefs may not be available or maintained.

Calculus Exit Track Record



Healthcare - recent exit – 2.5 x

Mologic is a world leading innovator in lateral flow and rapid diagnostic technologies developing tests for infectious diseases and epidemics, including Ebola, Yellow Fever and Covid-19. Mologic's co-founder and Chief Scientific Officer, Paul Davis, was one of the creators of the Clearblue pregnancy test, the world's first commercial application of lateral flow technology.

Calculus successfully sold its stake to Global Access Health, a not-for-profit company financed by a consortium including the Bill & Melinda Gates Foundation and the Soros Economic Development Fund.

The average return multiple for EIS investors was 2.5x.



Technology - recent exit – 4 x

The CloudTrade platform, which automatically processes and interprets electronic documents, is primarily used to automate invoice handling for large companies, saving time, improving accuracy, and reducing cost.

CloudTrade was sold via a trade sale delivering a 4x return.



Entertainment – recent exit – 1.3 x

Maze Theory is a digital entertainment studio focused on the creation and development of immersive entertainment across multiple platforms, including Virtual Reality (VR), PC, Console and Mobile. Maze Theory established itself in the growing VR market with the launch of its first VR game – Doctor Who: The Edge of Time. The company was sold in 2021, generating a 1.3x cash on cash return.

Calculus EIS Fund Key Features

- Minimum Investment Amount: £25,000
- Deployment target: 15 months from next close date
- Target return: £2 for every £1 invested

Contact

Calculus Capital Limited

12 Conduit Street, London. W1S 2XH
020 7493 4940

info@calculuscapital.com
calculuscapital.com

Calculus KI EIS Fund



Purposeful investing – be part of it

Making an investment in the Calculus Knowledge Intensive EIS Fund means you not only have the potential to grow your own wealth but also to support a generation of UK companies that are driving the digital revolution forward, revitalising healthcare and improving lives.

We partner with companies that take wider societal considerations into account such as managing their carbon footprint, promoting diversity and gender equality and working towards a healthier world.

The Calculus Way – how we invest

Focus

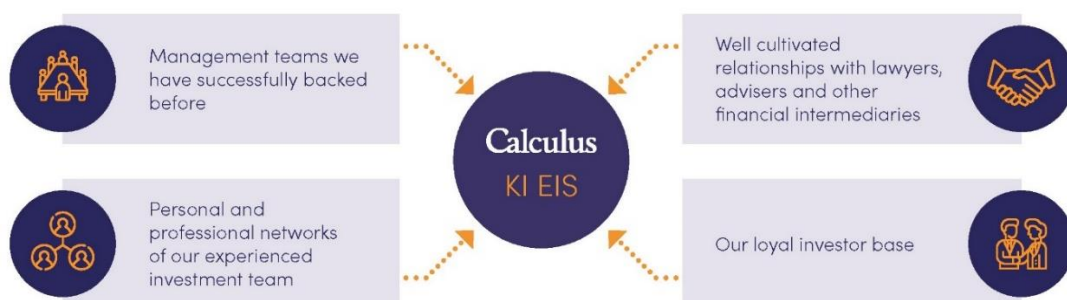
The Calculus Knowledge Intensive EIS Fund will target companies which create intellectual property (IP) through research and development (R&D) and innovation, in the following sectors:



Investment Process

We have an established track record of identifying successful investments. We assess over 700 opportunities a year, but only 1-2% make it through our rigorous selection process.

Our standing and longevity in the market funnels deal flow from privileged sources:



Reinvestment Fund

The Reinvestment Fund invests in EIS Qualifying Investments (assuming there has been no change to the legislation). Investment via the Reinvestment Fund should enable inheritance tax exemption to remain, capital gains may be deferred again, and a further 30% income tax relief becomes available – all once invested into the underlying companies.

Please note that during the period where monies are in cash prior to being reinvested, tax reliefs may not be available or maintained.

The Reinvestment Fund is an 'unapproved EIS Fund' therefore the applicable date for tax reliefs is the date of investment into each underlying company, not the date of investment into the Reinvestment Fund.

Calculus Investment Examples



Arecor has arguably produced the biggest breakthrough in diabetic medicine since insulin was first identified as a treatment option. The company has created novel insulins that could create a world first closed loop artificial pancreas diabetic control system – meaning people living with diabetes have improved levels of glucose control and a simpler way to manage their condition.

Arecor is a specialist in reformulation; taking existing products and modifying them to deliver enhanced properties, for example extending shelf life, improving patient convenience and, for hospital settings, fast and safe 'ready-to-use' injectables.

Arecor's transformative medicines offer life changing benefits to patients and healthcare systems globally.



Notify provides smart health and safety software for businesses. The mobile-first technology enables rapid deployment and customers have flexibility on how they utilise the digital tools.

There is increased importance for organisations to keep people safe and well and Notify helps clients solve some of their key challenges around employee wellbeing, sustainability and ESG. Loyal customers include Siemens UK, Travis Perkins and London Zoo.



Oxford BioTherapeutics (OBT) is a clinical-stage oncology company that is developing next-generation cancer treatments.

OBT has a strong pipeline of 'immune-oncology therapies that are intended to provide more targeted, specialised treatment strategies for patients by recruiting the body's immune system to recognise and attack cancer cells. Patients who may benefit could include those who have not responded to other treatments, as well as those diagnosed with advanced cancers.

Calculus Knowledge Intensive EIS Fund Key Features

- Minimum Investment Amount: £25,000
- Close Date: 5 April 2023
- Target return: £2 for every £1 invested

Our Portfolio

Investing in companies across the UK



Reading	ActiveOps Limited	London	Maze Theory Limited
Exeter	AnTech Limited	Newcastle	Notify Technology Limited
Cambridge	Arecor Limited	Guildford	Open Energy Market Limited
Cambridge	Axol BioScience Limited	London	Optalitix Limited
Bristol	Blu Wireless Technology Limited	Oxford	Oxford BioTherapeutics Limited
London	Brouhaha Entertainment Limited	Peterborough	Quai Administration Services Limited
Manchester	C4X Discovery plc	Gloucester	Raindog Films Limited
Banbury	Duvas Technologies Limited	London	Riff Raff Entertainment Limited
London	Econsult Health Limited	London	Rotageek Limited
London	Essentia Analytics Limited	Oxford	Scancell Holdings plc
London	Evoterra Limited	London	Thanksbox Limited (Mo)
London	Hinterview Limited	London	Wazoku Limited
London	Home Team Content Limited	London	Weeding Technologies Limited
Edinburgh	Invizius Limited	Oxford	Wheelright Limited
Cambridge	IPV Limited	London	Wonderhood Studios Limited
London	Maven Screen Media Limited	Manchester	Yourgene Health plc

Contact us

Calculus Capital Limited
12 Conduit Street, London. W1S 2XH
020 7493 4940

info@calculuscapital.com
calculuscapital.com

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 tax reliefs) for investors with an average holding period of 4.5 years, and have invested in 34 EIS qualifying investee companies, made 24 exits. Out of these 24 exits, 21 have been profitable, 1 has made a loss, and 2 have 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 3x ROI (excluding any tax reliefs) and a 36.8% IRR for investors with an average holding period of 4.5 years. To date, the fund has invested in 16 companies, made 5 profitable exits, and 2 small losses. This is in line with the Fund's target of 2-3x ROI (excluding any tax reliefs) and well ahead of the target 25% IRR.

Recent Exits



Boclips provides schools and universities with curriculum consistent, rights cleared short educational video content.

It licenses video content from some of the world's most respected content producers such as TED Talks, Bloomberg, PBS, Reuters, The Economist, and YouTube EDU. Investors exited their investment in June 2022 receiving an **average return on investment of 1.8x** (excluding tax relief).



SAIETTA

Saietta is an engineering company specialising in high and low voltage e-motor propulsion solutions for a broad range of electric vehicles from scooters to buses. The Company IPO'd on AIM in July 2021, and investors exited their investment in February 2022 receiving an **average return on investment of 2.3x** (excluding tax relief).



Fairstone

In February 2021 our investors' holding in Fairstone was bought by a private equity group, with investors receiving an **average return on investment of 4.8x** (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.

Key Fund Features

- **Minimum Subscription** - £15,000
- **Target Return** - 2-3x ROI (excluding tax reliefs)
- **Deployment** - We anticipate having 8 investee companies available for deployment before 31 March 2023.
- **HMRC Advance Assurance** - We always ensure this is received before capital is deployed.
- **EIS3 Certificates** – Over the last 12 months the average time between investment in underlying companies and receipt of EIS3 certificates has been 48 days.
- **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 a sale to a strategic investor.

Example Portfolio Companies available for current tax year deployment and carry back to 2021/22

Final closing date for current tax year – 31st March 2023



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.



CHC Global is an insurance intermediary and risk advisor with international reach. The company focuses on crisis management consulting and insurance in areas such as, terrorism, kidnap and ransom and cyber security. They help clients to understand, manage and transfer their risk exposures in the most effective way. In conjunction with their partners, their focus is protecting their clients' most important asset: their people.



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.



Konsileo Limited is a new model B2B commercial insurance broker for UK SMEs, using technology and data to improve operational efficiency to empower brokers and improve the customer experience. It delivers high quality, data derived, risk management and insurance advice to clients in a consistent, efficient way.



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. The Company has a range of intelligent light switches, radiator valves, power sockets and sensors that are DIY retrofitted without re-wiring.



Smartology is a digital advertising company providing a key distribution platform for some of the world's largest brands. The platform semantically profiles their clients' branded content and dynamically serves advertising alongside articles, achieving record levels of user engagement.



Glen Stewart, Head of Business Development



020 7529 1365



glen.stewart@committedcapital.co.uk



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*:	£49m
Fund type:	Alternative Investment Fund
Target deployment timescale:	Monthly
Average EIS3 timescale*:	22 weeks from receipt of application
Closing date for 22/23 deployment:	Friday 24 th March 2023

*as at 31 December 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:

Aerospacemedtracheo

Aerospacemedtracheo is developing a new tracheostomy device that aims to provide substantial cost savings to existing healthcare providers and increases patient safety.

Entropix

Entropix is aiming to improved the performance of enzymes using genetic modification processes.

Metix

Metix has developed a portable patient monitoring device designed to improve prehospital communication, patient treatment, triaging, reporting and overall patient outcome.

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*:	£113m
Fund type:	Alternative Investment Fund
Target deployment timescale:	Monthly
Average EIS3 timescale*:	21 weeks from receipt of application
Closing date for 22/23 deployment:	Friday 24 th March 2023

*as at 31 December 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.

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.

Touch Biometrix

Touch Biometrix Ltd is engaged in the design of a new range of fingerprint sensors to the consumer electronics industry: ultra-thin fingerprint sensors manufactured on plastic that can be any shape or size.

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

EDITION CAPITAL

Edition Capital EIS Fund

- Edition Capital is an established EIS manager with particular expertise in the leisure sector in a tech-heavy tax-efficient marketplace
- The team has 125+ years' experience in leisure and investment
- The team has a with a track record of achieving significant upside for EIS Investors



- Edition EIS has unique access to fast growing businesses and has raised and deployed over £51m into 34 companies in the last 18 allotments
- Edition EIS gives investors access to a broad spectrum of mainly later stage companies operating in leisure that require scale up capital
- Attractive valuation opportunities in leisure businesses post-pandemic

Key fund features

- Evergreen product with carry back to 2022/23 available until the 1 April 2023 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 & Hospitality sector has dramatically evolved over the last decade, where consumers have been shifting their expenditures from goods to experiences.

The UK Leisure Sector is estimated to be worth £241 billion³, making it the 12th largest sector of the economy, equivalent to the size of UK's manufacturing sector.

Edition believes that 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. These global trends are underpinning the rise in the leisure sector, with the UK at the forefront. They are unlikely to dissipate, which suggests that this shift in spending behaviour will remain⁴

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 households⁵

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

Indicators show that consumers, when able to, have begun to act and spend largely as they did in pre-crisis times⁶

Furthermore, consultancy firm Oxford Economics forecast that the leisure and hospitality sectors are expected to be the fastest growing parts of the economy over the next five years⁷

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



Contact

Andrew Baird

Business Development Manager

Edition Capital

M: 0744 505 3632 | T: 020 3145 1851

³ <https://raisethebarcampaign.com/>

⁴ McKinsey & Company (Dec 2017)

⁵ Financial Times (March 2021)

⁶ McKinsey & Company (January 2021)

⁷ Oxford Economics (April 2022)



Edition Capital Funds Questionnaire

What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS

EIS, VCT

AUM changed since last year?

Current AUM = £76.5m

Funds raised v target in the last year?

Funds raised in FY21/22 = £9.14m. Target: £10m

How happy are you with your fund performance this year?

We are pleased with the resilience of the fund performance given wider economic conditions, and the valuations show that.

How has the economic climate affected your AUM?

It has slowed down the growth in AUM compared to our pre-covid trajectory, but it is beginning to improve

What has been your exit record in the last 12 months?

No investments have yet been exited, but we are actively pursuing the exits of 3 companies within the portfolio (two are in advanced discussions with prospective buyers).

Is your fund evergreen? If not, is it open or closed now? Is this status likely to change?

Yes they are and is not likely to change.

How has MiFIDII affected your fund/business?

Edition's processes have been updated to reflect MIFID rules, and annual compliance training is provided to the team to ensure we are up to date and compliant with changing frameworks.

How have you implemented the PROD rules?

Per above.

How has SFDR and PRIIPS affected your provision of information?

SFDR: Edition doesn't market sustainable investment products.

PRIP: Appropriate disclaimers have been made online and are in the process of being implemented in all marketing literature.

Do you expect Consumer Duty to have any further effects?

Not currently expected to have detrimental impact, and appropriate governance

How has your sustainable investment strategy evolved?

We have a strong ESG policy and investment framework to ensure that our investments match investor expectations, which are constantly evolving. However, the bulk of our ESG focus is now on pushing for positive changes to be made by our investee companies post-investment, rather than by making wholesale changes to the underlying investment strategy (which itself isn't particularly focused on sustainability).

What is your experience of the numbers of advisers starting or stopping using tax-efficient funds?

We are seeing a rise in the number of advisors who are interested in exploring VCTs (and to a lesser extent EIS funds) as investors are maxing out on pension contributions and are looking for other ways to make tax efficient investments. This year is likely to be down on previous years across the market, but interest from advisors is still likely to grow.



Green Angel Syndicate EIS Climate Change Fund

The Climate Change Fund

Green Angel Syndicate, the UK's angel syndicate specialising in the fight against climate change, has launched the GAS EIS Climate Change Fund. The Climate Change Fund is unequivocal in its purpose and commitment: drawing upon Green Angel Syndicate's expert specialisation, it will invest exclusively in companies which contribute to the fight against climate change, and which can generate positive investment returns from doing so.

The GAS Climate Change Fund can help deliver the innovation and change we need

Green Angel Syndicate specialises in the fight against climate change. Over the past five years, we have built a membership base which includes respected experts in the sectors in which the fight is concentrated: energy, food and agriculture, buildings, transport, waste and recycling, and environment.

Our members play a crucial role in identifying opportunities, performing due diligence, and providing post-investment growth support for our portfolio companies.

The Climate Change Fund uses the skills base and knowledge embedded in Green Angel Syndicate and its members. You too can take advantage of this when the next round opens in January 2023, by investing in the Climate Change Fund.

Green Angel Syndicate Climate Change Fund (EIS & SEIS) (the "Fund") is an evergreen discretionary portfolio service managed by Green Angel Syndicate 2 Ltd ("GAS") which became an FCA authorised manager on 01 December 2022. The Fund launched in November 2020 to invest in early-stage companies specialising in Climate Tech to help combat climate change. Investee companies will be across a range of sub-sectors including, but not limited to energy, food & agriculture, buildings, transport, waste & recycling and environment.

The Fund will always co-invest with GAS's syndicate of over 350 angel investors (the "Syndicate"). GAS collates potential investment interest for a company from the Syndicate's members and if there is sufficient interest, then the Fund will always co-invest on the same terms. If the Syndicate decides not to invest, then the Fund will not. All deals earmarked for investment by GAS (with a sufficient amount of £100,000 to 150,000) attracts co-investment from the Fund, and the size of that co-investment is decided by the Investment Committee.

GAS aims to allocate investors into 10 to 15 EIS or SEIS qualifying investee companies within 12 months of each individual closing date for each investment round. We are advised that SEIS investments will account for no more than 20% of a portfolio. The Fund is targeting an overall return for investors of 200p for every 100p over a five to 10-year holding period (excluding any tax reliefs).

The minimum subscription is £15,000 and EIS advance assurance must be obtained by each investee company, as a condition of each proposed investment. The Fund charges initial fees to investors and investee companies, and ongoing management fees to the investee companies. As a result, up to 98.5% (not including VAT) of investors' subscriptions are expected to be available for EIS tax relief.



- The Fund focuses entirely on companies that GAS believes are trying to fight climate change and so its ESG credentials should hold great appeal for investors who are conscious about the environment
- The Fund leverages GAS's network of 350+ specialist angel investors for part of its deal flow, due diligence and governance. Such investors include: Julia Prescott - CSO Meridian Infrastructure, Commissioner at the National Infrastructure Commission, Ian Marchant - Chair of Thames Water, Ex-CEO of SSE, Chair of Wood Group and Bernie Bulkin, Ex-Chief Scientist at BP
- In November 2021, GAS was awarded £5 million by British Business Investments, a part of the British Business Bank, to invest alongside the Syndicate's members and the Fund. This amount has since then been increased to £10 million, to be invested over four years. The Fund's processes had been vetted by BBI during a two-year period, subsequently committing to co-invest with the Fund over four years
- Although this is a specialist fund, to the extent that the Fund is deployed in line with expectations, a portfolio of at least 10 technology companies across a range of sub-sectors should provide a level of diversification and mitigate against any concentration risk. Furthermore, no more than 15% of an investor's money will be invested in any one company and each investment round will target a minimum total raise of £500,000, although the size of each round does not affect the diversification of investors' portfolio as GAS will scale each fund investment to the size of each round
- GAS advises that it receives more than 700 opportunities a year from multiple channels and has a current pipeline of 10 deals, so deal flow should not be an issue
- The GAS representative ("GAS Reps") will sit on the board or liaise with the investee company as an investor in the investee company, selected in agreement with the company as having the most suited skillset to the particular case. The GAS Reps hold monthly meetings, and formal benchmarking is conducted every six months based on a grid of 10+ criteria for each company.

The following pages are from an Investment Memorandum from the previous funding round. As such, the actual figures may not be accurate, but they are included to give a flavour of the investments within the fund for illustrative purposes.

A diversified portfolio

Since 2017, Green Angel Syndicate has invested in 32 different businesses, building a widely diversified portfolio: nine investments in energy related startups; five in ecosystems regeneration and the environment; six in waste & recycling; and four in each of transport, buildings and food & agriculture.

A diversified portfolio of early stage businesses tackling climate change

Sector	Percentage
Energy	28.1%
Buildings	12.5%
Transport	12.5%
Waste & Recycling	18.8%
Food & Agriculture	12.5%
Environment	15.6%

This reflects the fact that greenhouse gases are emitted by all sectors. Hence, the transition to net zero requires a profound and rapid transformation of the economy, across the board. Green Angel Syndicate therefore invests in UK-based early stage businesses in all relevant sectors.

Unlike in the angel syndicate model, whereby each angel investor invests in his or her own selection of deals, the Climate Change Fund's strategy is to co-invest in all companies that GAS members back. If the Fund had existed since 2017, Fund Investors would have gained exposure to all these different sectors and companies. Built-in diversification is one of the key benefits brought by the Fund, compared to angel investment.

14

Our investments

This table lists all 32 companies in which GAS members have made investments since 2017. Some of those companies may raise new rounds of investments over the coming months, and in the right circumstances the Fund might invest in them, and some others may not. This table is here to illustrate the types of business that Green Angel Syndicate is supporting, to which Fund investors are likely to get exposure.

- AIREX**: AirEx replaces the existing air vents in naturally ventilated homes, using smart sensors to monitor and analyse environmental conditions - improving energy efficiency and protecting indoor air quality.
- BUYmeONCE**: BuyMeOnce is an online shopping website with the stated ambition to be the 'everything' store for the most sustainable, durable goods - and eventually to become a retail shopping kitemark for longevity.
- NATURE METRICS**: Using cutting edge DNA analysis to survey everything from nematodes to newts, NatureMetrics helps clients monitor biodiversity in contexts ranging from conservation to environmental impact assessment.
- ROVCO**: Rovco aims to revolutionise subsea surveying with its autonomous underwater vehicles and artificial intelligence-powered 3D data collection, reducing the cost and the environmental impact of surveys - in particular for the offshore wind industry.
- Smile Plastics**: Smile Plastics manufactures large scale decorative flat panels out of recycled plastics. These ultra-high quality panels are widely employed in up-market retail and hospitality environments.
- THRIFT+**: Thrift+ is an on-demand donation service for second-hand clothes, making it more convenient, more transparent and more rewarding to support your favourite charity with your second-hand clothes.
- piclo®**: Piclo Flex is the independent marketplace for buying and selling smart grid flexibility services - enabling power utilities to adapt to the rise in renewable energy generation and the electrification of transport and heating.
- POWERAULT**: Powervault develops, manufactures and supplies intelligent battery-based home electricity storage systems.

15

swytch

Swytch's easy-fit conversion kit can turn any bike into an eBike at a fraction of the cost of purchasing a new electric bike.



Good Club is an online grocery store focused on delivering healthy, organic and sustainable food and household items to people's homes, for up to 40% cheaper.



Zedify makes deliveries in cities better, using zero-emission electric trikes and local consolidation hubs. It provides businesses with a service that enhances their brand with deliveries the way they want.



StormHarvester is an innovative technology platform that reduces flooding and sewage pollution (CSOs) using Internet of Things, cloud and machine learning technology.



The Scottish Bee Company produces heather honey, blossom honey and related products. Its profits are making a contribution to RePollinate, a charity working on reversing the loss of Britain's pollinators.

Bunloit Project

The Bunloit estate on the shores of Loch Ness is being converted into an exemplar of an inhabited net-zero carbon-sink rewilding nature reserve. GAS members contributed to a 2 year bond to finance the project.



Better Origin develops targeted engineering and biological tools for insect-based bioconversion of low value waste feedstocks into high value animal feed for poultry and aquaculture.



Zeigo has built a web platform that supports the uptake of renewable energy globally - by connecting supply (renewable energy developers) and demand (corporates wanting to buy zero-carbon electricity).



BetterPoints is a SaaS behavioural change company delivering evidence-led behaviour change programmes in sustainability and healthcare in the UK & EU - with a strong focus on encouraging zero-carbon active mobility in cities.

Time To ACT

Time To Act has developed a new low cost direct drive permanent magnet generator for the wind turbine market - eliminating the reliance on rare earth materials in the generator.

ALUSID

Alusid's SilicaStone is sintered from recycled glass and waste porcelain to create beautiful surfaces from tiles and bricks all the way up to 2.4m x 1m solid surfaces.



Spinetic's radical ultra low cost energy harvesting panel technology aims to replicate in wind the success of solar PV at community scale.



Shields' Internet of Things hardware and software reduces energy and operational costs in commercial buildings.

Naked Energy.

Naked Energy is an award winning British design and innovation company specialising in solar technology. It has developed Virtu PVT, a highly efficient hybrid thermal and PV energy collector.



NatureSpace has developed a better way of granting property developers planning permission in areas that contain the protected great crested newt.



Power Roll is developing lightweight flexible film for energy generation and energy storage. Its solar film will come at a fraction of the cost of other flexible solar solutions, enabling a massive acceleration in the rollout of solar energy globally.



QLM Technology is developing a uniquely accurate, long range and low cost gas detection camera, to be used to detect methane gas from industrial sites and pipelines. Methane is a very potent greenhouse gas, and measuring leakage is an essential step to cut global emissions.



Oceanium has developed patentable technology for an innovative, economically-viable and environmentally friendly biorefinery approach to extract food ingredients, nutraceuticals and bio-packaging materials from sustainably farmed seaweed.



elexsys, originally based in Australia, has developed a hardware and software product to address the problem of electricity grid instability that can occur when solar and wind power grow to be a large part of the mix - a problem that will become more acute and widespread globally as more renewable electricity generation is built.



Qualis Flow is a SaaS business providing automated data capture, design verification and optimisation to the construction industry. It builds a digital record of materials delivered on construction sites, enabling companies across the value chain to cut waste, with large economic value as well as environmental benefits.



New Motion Labs is an engineering business focused on enhancing the performance of roller chain drive systems. Their Enduo technology is based on a redesign of the sprocket and chain technology to reduce mechanical wear and tear and efficiency losses.



Sphera has developed carbon neutral and carbon-negative concrete blocks through the incorporation of non-recyclable waste plastic in the mixture, thereby helping the construction industry cut its enormous carbon footprint.



Glaia's mission is to increase agricultural sustainability and productivity to fight climate change. The company has developed a nanotechnology-based solution to enhance the efficiency of photosynthesis, leading to increased crop yields without adding further fertilisers.



Salvalco has developed innovative aerosol valves (Eco-Valve), replacing traditional propellant gases (hydrocarbon gases) with air and nitrogen - and therefore reducing the carbon footprint of aerosols

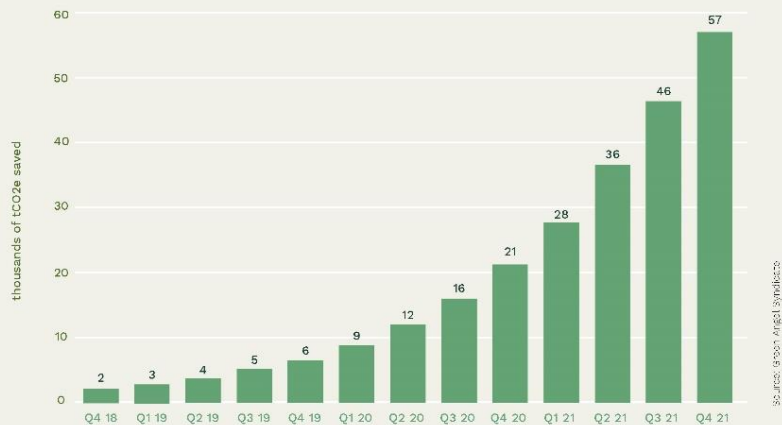


Green Angel Syndicate exclusively invests in companies tackling climate change - so every single one of them must be developing a product or service that will help reduce greenhouse gas emissions or safeguard the natural environment. Depending on the sectors in which our portfolio companies operate, their impact may stem from enabling the displacement of CO₂-emitting activities or from delivering services in more resource-efficient ways.

The primary measure of our impact is the amount of CO₂e (carbon dioxide equivalent) that is not being emitted into the atmosphere thanks to our portfolio companies. We

estimate that since the beginning of 2018, the total quantity of CO₂e that has been avoided thanks to the GAS portfolio companies has reached 57,000 tonnes, cumulatively, by the end of December 2021. This is still a small number - it equates to taking approximately 27,000 cars off the road for a year - but it is growing rapidly. In the last six months, this figure increased by more than 55%, driven by the expansion of our portfolio and by the commercial development of the companies themselves.

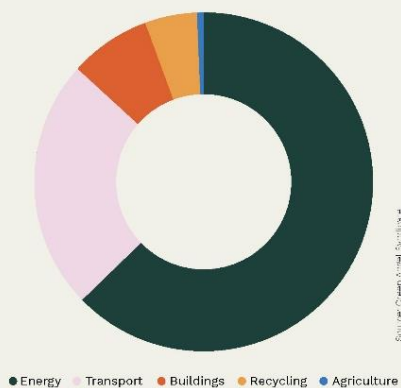
Cumulative CO₂e savings from GAS portfolio companies



For more details on how we have calculated this impact, please see this article: <https://bi.og.greenangelsyndicate.com/gas-portfolio-impact-assessment-february-2022/>

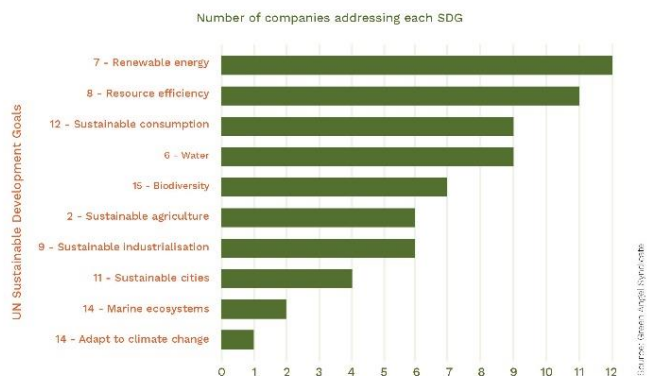
Energy and transport are the two sectors which have contributed the most to CO₂e reductions in our portfolio so far, but energy efficiency in buildings and recycling also represent significant components. All sectors are seeing growing contributions but at different paces - as some business models can be scaled more rapidly than others, and not all companies are at the same development stage.

Sector contributions to CO₂e savings in H2 2021



Beyond greenhouse gas mitigation, our portfolio companies make many other forms of positive impact, from the protection of terrestrial or marine ecosystems to the development of more liveable cities. We therefore also benchmark our portfolio against the UN's Sustainable Development Goals. Our portfolio companies are directly relevant for 10 of the 17 SDGs.

Matching GAS portfolio companies with UN Sustainable Development Goals



Guinness AIM EIS fund



Guinness Ventures is part of Guinness Asset Management, which has been based in Westminster since its inception in 2003 and has established itself as a leading EIS Investor.

We have invested over £255 million of EIS funds into more than 180 companies across our Guinness EIS and Guinness AIM EIS portfolios.

We have been running the Guinness AIM EIS offerings since 2014. By investing in AIM-listed companies, we are able to realise the investments more easily than for unlisted investments. Investors benefit from Andrew Martin Smith's investment management expertise. He has over 40 years of financial services experience and has made a large number of smaller company investments during that period.

The offering has a closing date of 6th April 2023. We will look to invest in at least ten EIS qualifying companies in the 12 months following close, therefore investors should be eligible for EIS Income Tax Relief in the 2023/24 tax year, or carry back to the 2022/23 tax year.

We will defer our fees, which will be payable from the proceeds of investments. This will help maximise the amount on which Investors can claim EIS tax reliefs.

We are aiming to deliver investment returns to investors in excess of £1.30 net of all fees (effectively £1.60 including EIS Income Tax Relief) per £1.00 invested. We have an experienced team of investment professionals that bring a rigorous approach to making, monitoring and exiting all our investments.

Guinness AIM EIS (the Service) makes investments in AIM-listed companies that are eligible for EIS tax reliefs. Since 1995, the London Stock Exchange's market for small and growing companies has helped more than 4,000 companies raise over £130 billion.

The investment objective: tax-free investment returns of over £1.30 per £1.00 invested, net of all fees, in addition to £0.30 of EIS Income Tax Relief.

Investment Strategy

Investment Period: intended that Subscriptions will be fully invested within 12 months and sold after three years, although may vary.

Diversification: targeting a portfolio of 10 or more investments.

Sector and Stage: investing across a range of sectors, and from early stage to more mature businesses.

EIS Relief: Investee Companies are expected to qualify for EIS Relief.

Exit: AIM-listing facilitates exiting investments. Targeting being fully exited within 4 to 5 years, subject to market conditions.

There are several factors that make investing in AIM companies that qualify for EIS tax reliefs an attractive area.

Transparency

AIM-listed companies are more transparent than most EIS investment opportunities. This is in part due to the AIM listing requirements to publish annual audited and half-yearly unaudited accounts, as well as making public any price sensitive information in a timely fashion.

Liquidity

AIM-listed companies have the advantage of liquidity by virtue of their listing on AIM, providing the Investment Manager with a means of selling shares and returning funds to investors.

Access

Many AIM share offerings and placings of new shares are only made available to institutional investors. It can be difficult as a private investor to gain access to investment opportunities. The Investment Manager seeks to review the majority of EIS-qualifying fundraises on AIM.

EXAMPLES OF PREVIOUS SUCCESSFUL EXITS

As of October 2022, returns on the AIM EIS portfolios are an average of 1.5x the amount invested (not including charges or EIS Income Tax Relief). The following investments are examples of successful exits made from previous Guinness AIM EIS portfolios, although past performance should not be taken as a reliable indicator of future performance.

SECTOR

Consumer Goods

TRANSACTION

Guinness Ventures invested into Gear4music in June 2015 and sold in June 2018, achieving a 5x return for investors.

RATIONALE

Gear4music is one of the largest UK based online retailers of musical instruments and music equipment. Operating from York, the Group sells own-brand musical instruments and music equipment alongside premium third party brands, to customers ranging from beginners to musical enthusiasts and professionals, in the UK and Europe. Having expanded its database it continues to build its overseas presence.

www.gear4music.com



SECTOR

Industrials



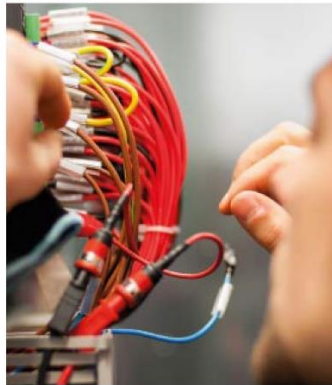
TRANSACTION

Guinness Ventures invested into PTSG in February 2015 and sold in February 2018, achieving a 3.6x return for investors.

RATIONALE

PTSG is the leading provider of façade access and fall arrest equipment services, electrical testing, high-level cleaning and specialist electrical and mechanical services in the UK. PTSG is the parent company of PTSG Access and Safety, PTSG Electrical Services, PTSG High Level Cleaning and PTSG Specialist M&E. The business provides full UK coverage and undertakes projects of all sizes.

www.ptsg.co.uk



SECTOR

Biotech and Pharmaceuticals



TRANSACTION

Guinness Ventures invested into Rua Life Sciences in June 2018 and sold in September 2021, achieving a 4.1x return for investors.

RATIONALE

Rua Life Sciences Plc is a medical device group with four trading businesses, each exploiting the group's patented polymer technology. Their vision is to improve the lives of millions of patients by improving and enabling medical devices with Elast-Eon, widely accepted as being the most biostable of all long-term implantable polyurethanes.

www.rualifesciences.com



SECTOR

Medical Equipment and Services



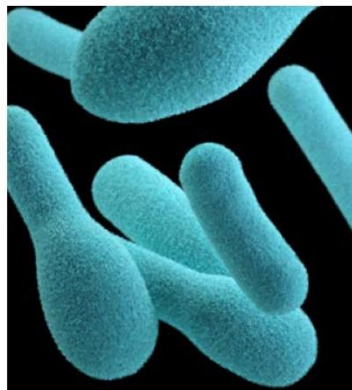
TRANSACTION

Guinness Ventures invested into Scientific Digital Imaging plc in November 2015 and sold in November 2018, achieving a 4.5x return for investors.

RATIONALE

Scientific Digital Imaging plc are digital imaging specialists, designing and manufacturing unique high precision instruments for life science, microbiology and astronomy applications. The Company is focused on becoming an industry leader in providing the very finest imaging tools, achieving this goal through increased research and development and strategic acquisitions.

www.scientificdigitalimaging.com



Guinness EIS Fund



Since 2010 Guinness Asset Management has established itself as a leading EIS fund manager and growth company investor. We are proud to have invested over £200 million into more than 100 EIS qualifying companies including some of the fastest growing growth companies in the UK. Our experienced and long-standing team work closely with our portfolio companies as they look to grow and deliver value for our investors.

Within the universe of EIS-qualifying investments, our Guinness EIS Service is focused on identifying and investing in growth companies that require scale-up capital. We filter for companies with at least £1 million of historic revenue based on a proven technology, service or product.

We are generalist investors and have invested into a wide range of sectors including technology, manufacturing, retailing, healthcare, leisure and food & drink. This generalist approach allows us to mitigate risk by targeting balanced and diversified portfolios for investors.

The Guinness EIS closes tranches quarterly and targets full investment in the same tax year as a tranche closes. We expect to invest in a portfolio of more than ten investee companies across a range of sectors.

Next tranche close: 3rd March 2023

Why Invest in Guinness EIS

The EIS encourages investment into small, illiquid companies. EIS investments should therefore be viewed as high risk and only for investors who understand the risks.

Within the universe of EIS-qualifying investments, our Guinness EIS Service is focused on identifying and investing in growth companies that require Scale-up capital.

The value of these businesses is often underpinned by experienced management teams, good visibility on future revenue growth and expanding capital requirements.

We target a portfolio of at least 10 companies for investors, with portfolios for the last four tranches containing 11 investments.

We are targeting a portfolio return of 2x before Performance Fees and EIS tax reliefs.

We have an experienced team of investment professionals that bring a rigorous approach to making, monitoring and exiting all our investments.

EXAMPLES OF PREVIOUS SUCCESSFUL EXITS

As of October 2022, returns on the EIS portfolios are an average of 1.5x the amount invested (not including charges or EIS Income Tax Relief). The following investments are examples of successful exits made from previous Guinness EIS portfolios, although past performance should not be taken as a reliable indicator of future performance.

SECTOR
Healthcare

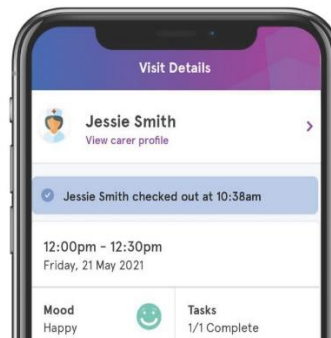
TRANSACTION

Guinness Asset Management initially invested £3.5 million into Cera Care Ltd in March 2018, with a follow-on investment of £2.8 million in March 2019. The investment has been used to further develop the technology and accelerate growth.

RATIONALE

Cera Care was founded in 2015 to disrupt the dated and fragmented home care industry, using technology to automate and enhance services in this traditionally slow and manual industry. Cera Care is now one of the top three domiciliary care providers in the UK and has won multiple awards as one of the top UK startups.

www.ceracare.co.uk



SECTOR

Healthcare

TRANSACTION

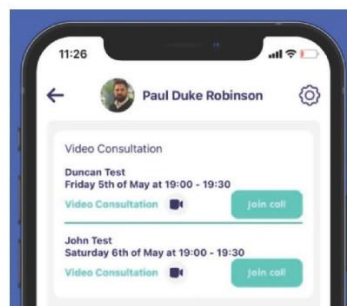
Guinness Asset Management invested £2 million into Doctify Limited in April 2019 and a further £0.5m in April 2020.

RATIONALE

Doctify is a medical review platform founded by two doctors to enable patients to better select the right medical professional for them. People can search for a medical professional via Doctify's website and are increasingly able to book appointments through it as practices incorporate Doctify's platform into their booking systems.

Doctify has grown rapidly for the past 36 months.

www.doctify.co.uk



SECTOR

Leisure

TRANSACTION

Guinness Asset Management invested £5 million into Gravity Fitness Limited in April 2017, £3 million in April 2018 and a further £1.75 million in 2021. Gravity has grown strongly in the UK and internationally.

RATIONALE

Gravity Fitness now operates ten trampoline parks in the UK. In 2021 the company opened its first "Big Box Leisure" site in Wandsworth, London and is helping drive footfall back into shopping centres with its electric go-cart, bowling and crazy golf sites. Gravity has also expanded to the Middle East where it has opened franchised outlets.

www.gravity-uk.com



SECTOR

Technology



TRANSACTION

Guinness Asset Management invested £1 million into MWS Technology in April 2018 and a further £1 million in February 2019. Investment has been used to boost marketing and sales alongside product development.

RATIONALE

MWS Technology is an apprenticeship delivery platform which develops technology solutions for vocational training and further education. The Company's software is used by universities, colleges and training companies to administer and facilitate apprentice training.

www.mwstechnology.com



SECTOR

Food and Beverage



PASTA
EVANGELISTS
made in London

TRANSACTION

Guinness Asset Management has invested £3 million in total into Pasta Evangelists having first invested in September 2018. The investment was used to expand the business. Guinness exited in January 2021 having generated an average 3x return for investors.

RATIONALE

Pasta Evangelists is a luxury, artisan pasta delivery service based in London which delivers across the country. The Company has a concession in Harrods for a deli-style service. The Company featured in the start-ups top 100 list and has a dedicated and experienced senior management team as well as a number of high-profile backers within the food industry.

www.pastaevangelists.com



SECTOR

Photobooks



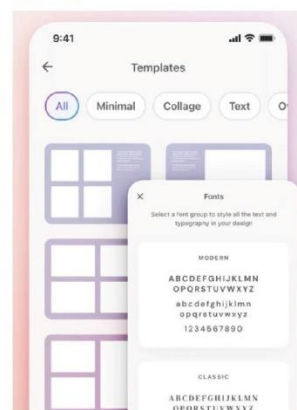
TRANSACTION

Guinness Asset Management invested £1.1million into Popsa Holdings Ltd in April 2018 and a further £1 million in October 2019.

RATIONALE

Popsa uses their patented printAI technology to create customised photobooks ranging from 20-150 pages. Their products are conservatively priced ranging from £6.99 to £27.99. Investment has been used for development of the Company's IP and for successful expansion throughout Europe and the US. Popsa uses machine learning and AI technology to enable a smooth user experience.

www.popsa.com





Haatch EIS Fund

Haatch Ventures

Founded by Scott Weavers-Wright and Fred Soneya in 2013 as an angel co-investment joint venture under the Haatch Angel brand, before launching Haatch Ventures in 2018, Haatch is an award-winning pre-seed and seed-stage fund manager backing growth-focused digital transformation businesses. Looking at the broader market, digital is a key growth driver across many industries. Haatch is therefore able to remain broad in sectors yet focused on the most transformative businesses. This provides Investors with access to what Haatch deems an extremely exciting early-stage and scale-up investment portfolio.

The partners at Haatch have created, grown and sold their own businesses. It is this practical experience that we bring to all the companies that we invest in via our 'Smart Money' approach.

As a manager, Haatch backs entrepreneurs from MVP through to exit via the suite of Haatch funds. The Haatch EIS Fund sweet spot is companies which are demonstrating significant growth and are now raising a Seed round to take the business to Series A and beyond. This fund seeks investments in EIS-qualifying companies at the pre-seed and seed stages 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.

At a glance:

Haatch SEIS Fund

- Portfolio of 10-15 very early-stage digital companies
- Targeting 10x return on investment
- Minimum investment £10,000
- Target time horizon 5-10 years
- Deployment in the 2023/24 tax year under the new SEIS limits

Haatch EIS Fund

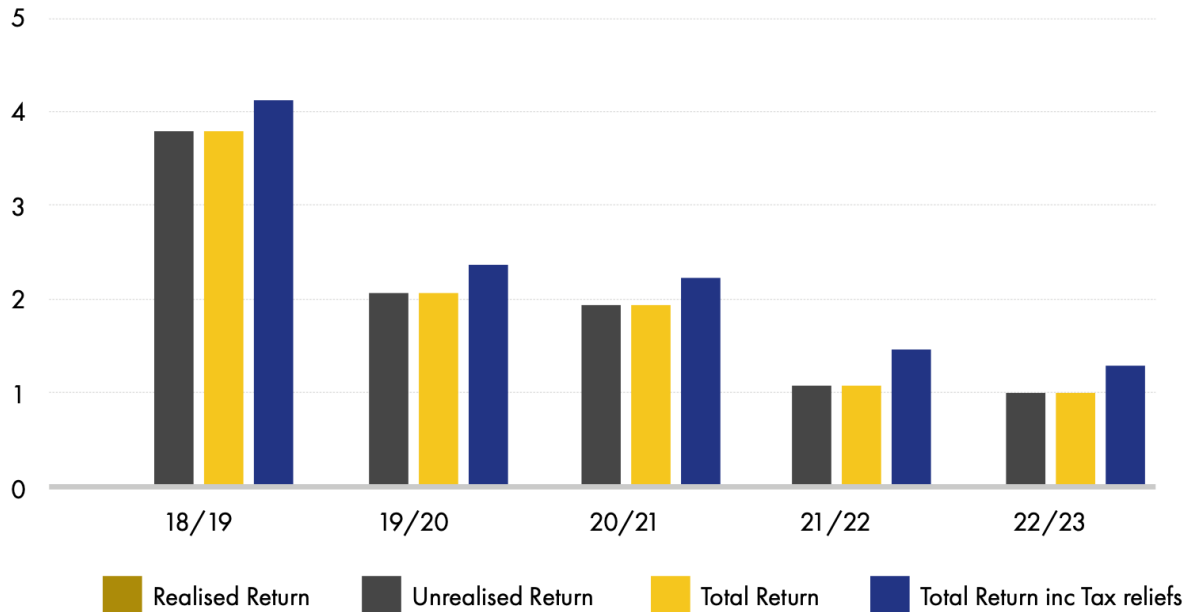
- Portfolio of 4-6 pre-seed and seed stage digital companies
- Targeting 10x return on investment
- Minimum investment £10,000
- Target time horizon 5-7 years
- Fully deployed this tax year (2022/23)

Working with BBI

In 2022, Haatch secured a £10m commitment from British Business Investments, a subsidiary of British Business Bank, to fund early-stage businesses across the UK as part of its Regional Angel Programme. The monies are invested alongside investors in the Haatch funds over the next three years.

Track record

Haatch Ventures has been investing since 2018 through the different Haatch EIS/SEIS funds. The funds are on track to deliver the target 10x return to investors on monies invested.



Haatch data as at 1 September 2022.

The above graph shows performance across all investments made in all Haatch funds per tax year. Investments are held at cost until a third-party funding round.

Examples of Haatch EIS fund portfolio companies

Aerocloud Systems

Aerocloud provides innovative IT solutions for the aviation sector, providing proactive development via their Intelligent Airport Management system (iAM).

Having started back in 2017 to understand the most pressing problems faced by airports and worked to solve these complex challenges through a co-creation model. Aerocloud's predictive AI, resource management and planning modules now hold together operations across multiple different departments in airports around the world.

Their mission is to become the largest provider of operation automation software for the small to medium sized airport market globally.

Haatch's first investment in Aerocloud is now held at a 600% increase following their Series A raise in December 2022.

Deazy

Deazy was backed by the Haatch Portfolio in 2019, and is creating the ultimate frictionless platform for product development from conception to creation, so that anyone can make their idea a reality.

Deazy solves the biggest challenges in outsourced product development: who to use, where to find them and how to manage them.

As creators of software for many years we see this challenge time and time again and the vision of Deazy is a proposition we feel is a great investment opportunity for our portfolio.

Both founders have strong experience in management consultancy and software development and, with our support, are well placed to push Deazy to become the development platform of choice. Portfolio synergies include Poplar, which is building similar tool sets for scoping and project management, and Marvel, whose design prototypes end where Deazy's platform begins.

Haatch's first EIS fund investment in Deazy is now held at a 790% increase after their successful Series A raise in December 2021.

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

E: jessica@haatch.com

T: 07958 213122

W: www.haatch.com

Risk Warning: Capital is at risk. Investing in early-stage companies involves risks including loss of capital, illiquidity, lack of dividends and dilution. These are high-risk investments where you are unlikely to be protected if something goes wrong. **Take 2 mins to learn more.**

Past performance is not a predictor of future performance. The availability of tax relief depends on individual investors personal circumstances. If you are in doubt about eligibility for tax reliefs or the tax treatment of your investment, you should seek independent tax advice. The Haatch Ventures Enterprise Investment Fund, Haatch Ventures Follow On Enterprise Investment Fund & Haatch Ventures Seed Enterprise Investment Fund, is managed by Haatch Ventures LLP, authorised and regulated by the Financial Conduct Authority under FRN 916959, registered in England with company number OC421829 and with a registered office at The Hub, Blackfriars Street, Stamford, Lincolnshire, PE9 2BW.

Haatch Ventures Questionnaire

Is your fund – EIS/SEIS/EIS & SEIS/VCT/BR/IHT/SITR?

We offer SEIS and EIS funds.

Minimum investment for funds?

£10,000 for both Haatch SEIS fund and Haatch EIS fund

Amount to be raised?

SEIS £4m, EIS £2m per tranche.

Deployable this tax year?

Haatch EIS fund deployed this tax year (2022/23), Haatch SEIS fund will be deployed next tax year (2023/24) under the new SEIS limits.

How many companies are in your portfolio?

Targeting 10-15 companies in the SEIS portfolio, Targeting 4-6 companies in the EIS portfolio.

What is your fee structure/how are your fees deducted/etc?

We charge a simple investor fee model of a 10% upfront fee net of investment. There is no-ongoing annual management charge. This approach was taken to eliminate on-going costs to investors which in traditional funds compound over many years, in some cases into large double-digit % charges. We also do not charge our portfolio companies any fees. We charge a performance fee of 25% for 1-5x and 30% for 5x+.

What is/are the sector/s that your fund is looking to invest into?

Digital transformation

The Hambro Perks logo consists of the words 'HAMBRO' and 'PERKS' in white, serif, all-caps font, stacked vertically on a dark blue rectangular background.

HAMBRO
PERKS

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.

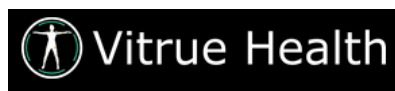
We help our portfolio companies to formulate exit strategies and deliver on them. This support ranges from introducing potential acquirers to ensuring portfolio companies are appropriately prepared for acquisition or listing on the public markets. At an early stage, this involves embedding good corporate 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 55 investments into 34 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.



Hambro Perks Growth EIS Fund Questionnaire

What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS
EIS
AUM changed since last year?
AUM is now £15m
Funds raised v target in the last year?
A bit behind target, but healthy. We are in process of hiring a head of capital raising to develop this.
How happy are you with your fund performance this year?
Fund performance has been good with multiple uplifts in valuation (from third party new investors)
How has the economic climate affected your AUM?
Slowdown in capital raising, no other concerns. In fact we are finding as many if not more opportunities for investment.
What has been your exit record in the last 12 months?
None.
Is your fund evergreen? If not, is it open or closed now? Is this status likely to change?
Yes, evergreen.
How has MiFIDII affected your fund/business?
It has not.
Do you expect Consumer Duty to have any further effects?
No.
How has your sustainable investment strategy evolved?
We have always considered sustainability as part of our investment process. We have now developed more of a sustainability focus with the addition of a specialist investment professional.
What is your experience of the numbers of advisers starting or stopping using tax-efficient funds?
There is a feeling that underlying clients may have become more risk-averse, rather than advisors themselves stopping using the funds.
Do you have a recent AKG report?
No
Anything else you feel that I should be including.
Diversified, well managed early stage EIS funds are as attractive as they have ever been currently, given that valuations at pre-seed, seed and early series A have moved in favour of investors.

Jenson EIS Fund



Highlights

- **Minimum Subscription:** £10,000 and multiples of £1,000 thereafter.
- **Investment Period:** Tax year rolling from 2022/2023 (with carry-back to 2021/2022).
- **Deployment:** Two tranches deployed to date, 3rd tranche closing end of March 2023 deploying in the 2022/23 tax year,
- **Target Portfolio size:** 5 – 10 high growth companies.
- **Exits:** 1 EIS exit and 10 SEIS exits.
- **Fees:** No upfront fees to investors

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.

Jenson has access to the existing SEIS portfolio 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. Jenson is able to benchmark these opportunities against the many funding requests from external companies 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.

Potential investments:



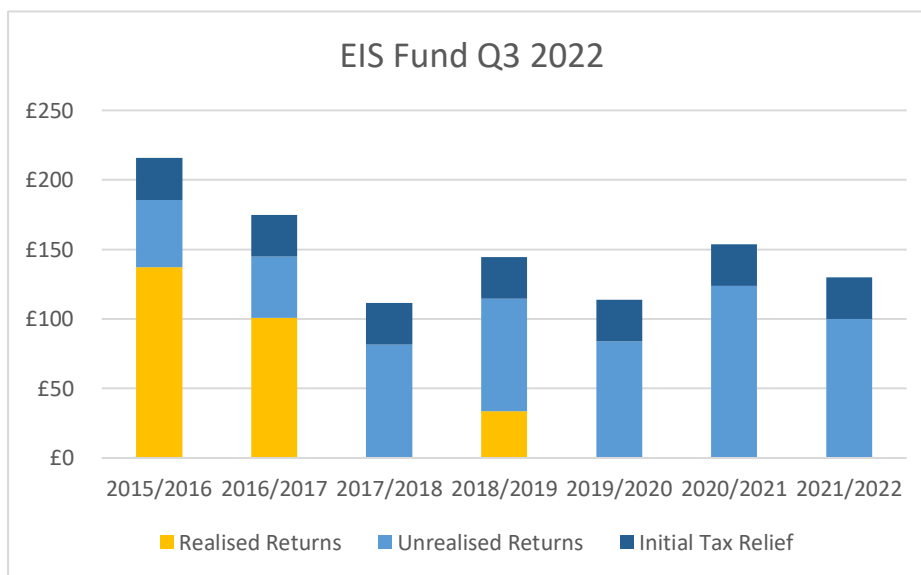
From the existing portfolio, 28 have had at least one round of follow-on EIS funding from the Jenson EIS Fund, others from external providers. Nearly all of these rounds are externally led thereby validating the valuation of the companies which highlights that larger funds, family offices, VC's and angel investors continue to invest in the companies we nurture to the next investment stage.

Fund Performance and Exits

Jenson has exited ten 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). Our most recent exit in August 2022 was from OneTouch, a digital health platform that allows home care providers to manage care delivery from a centralised app. The exit was facilitated by a significant investment from August Equity, a private equity firm that specialises in service-oriented companies in high-growth sectors such as healthcare, education, business services and technology. This provided our highest exit return to date.

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 October 2022.

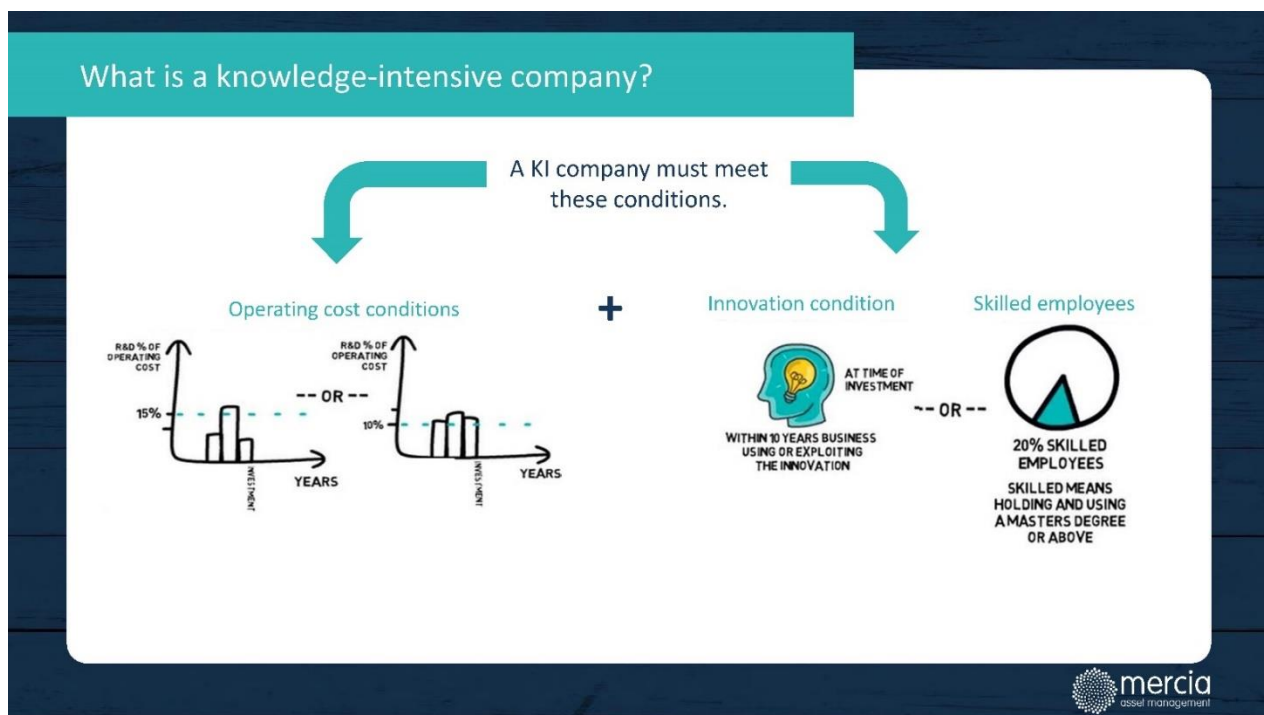
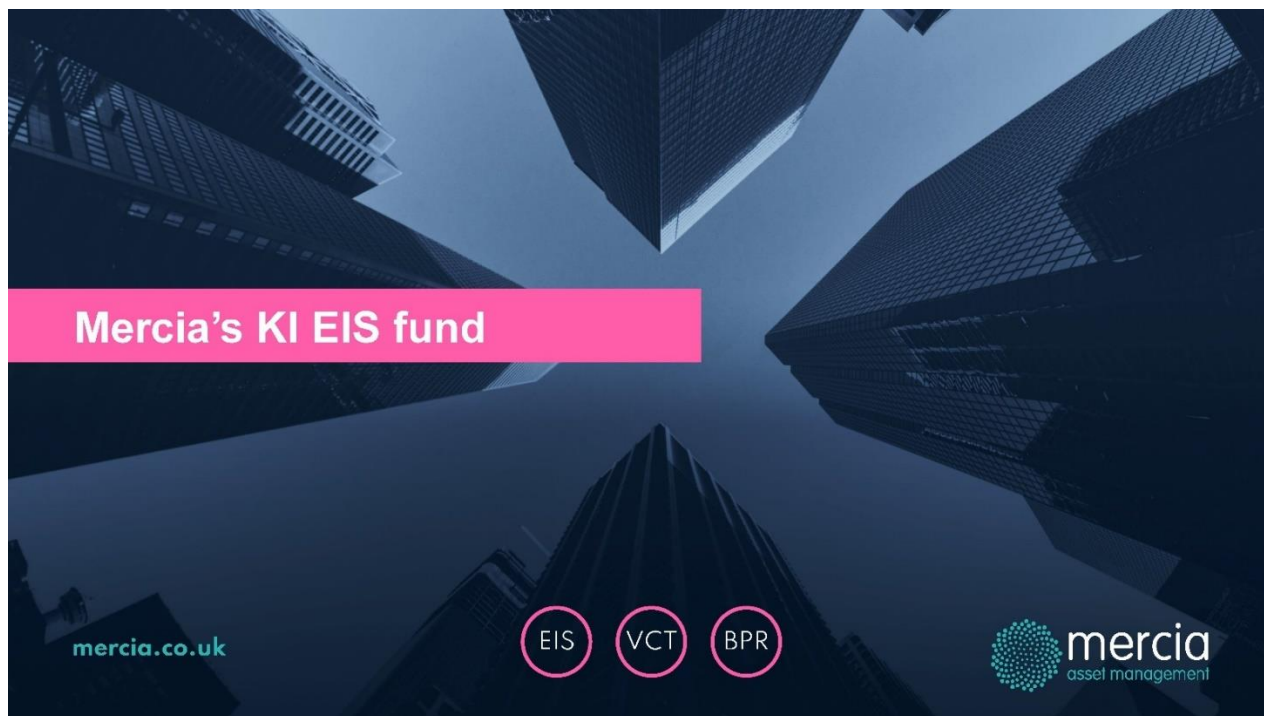
Company Support

Once an investment has been made, Jenson, through at least monthly contact between investees and the Jenson Portfolio team, will provide investee companies with both general management and strategic advice, including a particular focus on governance and financial management, planning and control. The Portfolio team takes an active role in company boards through Jenson's board observer rights. When the investee company grows to the point of benefitting from specialist support from a dedicated Non-Executive Director or a Finance Director, Jenson works closely with them to monitor company strategy and performance.

Fee Structure

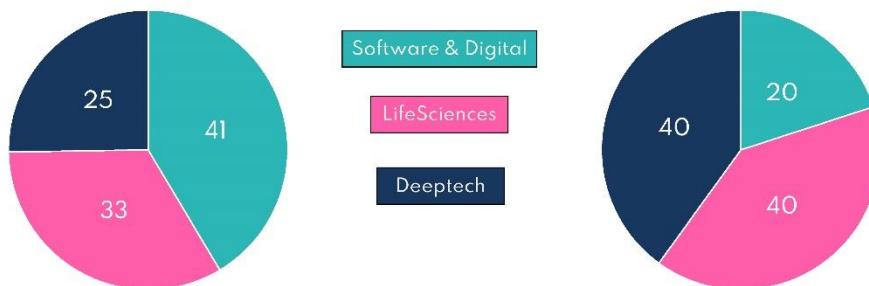
Jenson does not charge investors any upfront or ongoing fees, 100% of their investment is eligible for tax relief. A performance fee of 25% will be charged to the investor once they have received 120% of their Net Subscription. Jenson charges the investee company an upfront fee of 6% with an annual administration charge at the rate of £350 per calendar month plus VAT.

Mercia Knowledge Intensive (KI) EIS Fund



Knowledge-intensive EIS fund

- Same investment mandate as our main EIS
- KI requirements may slightly change the balance /stage of investments.
- Same target of 3x, inc tax reliefs, over 5 – 7 years



Use cases for KI EIS

1) Simplified income tax planning

- One tax certificate (EIS5)
- KI funds qualify in a single tax year

2) Managing very large income tax liabilities

- £2m pa in KI EIS, enables higher income tax relief
- £600k income tax relief available (£1.36m PAYE salary)

3) Managing large capital gains

- Unlimited CGT deferral available, so can be used when business owners are selling SMEs
- Takes assets out of the taxable estate

Schematic of our KI fund



EIS - its not all tax planning



12 companies @ £8,300
12 months deployment

The BIG Winner #12 (10x)	£83,000
Winner #11 (7x)	£58,100
Winner #10 (5x)	£41,500
Income tax relief	£30,000
Company 9	£25,000
Company 8	£17,000
Company 7	£13,000
Company 6	£10,200
Company 5	£8,300
Loss relief on companies 1-4	£13,125

*Please note that this model is not guaranteed and should only be used for illustrative purposes. It does not include any benefits from CGT deferral or IHT reliefs.

Mercia EIS Performance

EIS funds before April 2015 average **3.4x** including tax

EIS funds before April 2018 average **2.7x** including tax

EIS funds before April 2021 average **2.3x** including tax

Valuations as of March 2022

Past performance is not a reliable indicator of future performance. These valuations exclude the impact of fees, which are reported on an individual basis.

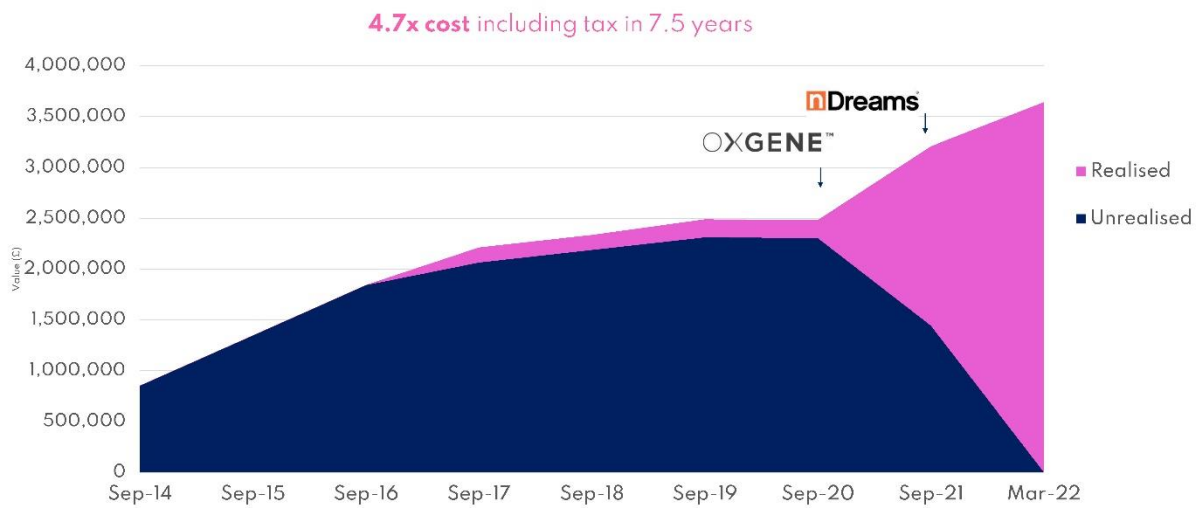


Recent Exits

- Native Antigen Company, July 2020, at **8.6x**
- Clear Review, October 2020 - at **8x**
- Oxgene, March 2021 - up to **20x**
- GENBA Digital, May 2021 - up to **8x** (inc earn out)
- Snappy Shopper, July 2021 - circa **8x** return & **218%** IRR
- In-Part sold in December 2021 at **4.4x**
- Kumulos sold in March 2022 at up to **3.5x** (inc earn out)
- nDreams sold in March 2022 at **7.8x**
- C7 Health sold in March 2022 at **14.1x**



Mercia EIS 2014 (MGF2) Performance



It should be noted that each fund is made up of different companies, often with a different balance of sectors/stages, hence you should expect to see variability between fund performance. Past performance is not a reliable indicator of future returns

Mercia KI approved EIS

- Regional investment approach offers better value
- Portfolio of approximately 12 technology-based companies
- 3x return investment target, including tax reliefs, over a 5 - 7 year holding period
- Strong performance (3.4x invested capital, incl. tax reliefs, on funds 7+ years)
- 12 months deployment timeline
- £10,000 minimum investment
- Fund closes at the end of March 2023



Q&A

Mercia Tax-Efficient Funds Questionnaire

What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS

EIS

AUM changed since last year?

so added c£100m in the last 12 months across the group c£1.1b in total

Funds raised v target in the last year?

On target

How happy are you with your fund performance this year?

Happy, September valuations are flat or slightly up, compared to the other large EIS/VCT funds which average c15% drop (due to inflation and cost of living crisis)

How has the economic climate affected your AUM?

Potentially slowed the growth slightly, but we are still accelerating AuM rapidly

What has been your exit record in the last 12 months?

Good, across EIS and VCT, including for EIS a 3.2x in Kumulos, 1.5x in BioExtraciton Wales, 7.8x in nDreams and a 14.1x in C7 Health. Many other exits for VCT and across the Mercia group during this period.

Is your fund evergreen? If not, is it open or closed now? Is this status likely to change?

Our main EIS is evergreen, KI EIS is open now and closing on 27th March, Northern VCTs are currently closed, but may open for a top up in January 2023

How has MiFIDII affected your fund/business?

We have an inhouse ex-FCA compliance director, and use external expert advice from Adempi to ensure that we are fully compliant in this highly regulated environment.

How have you implemented the PROD rules?

We have an inhouse ex-FCA compliance director, and use external expert advice from Adempi to ensure that we are fully compliant in this highly regulated environment.

How has SFDR and PRIIPS affected your provision of information?

We have an inhouse ex-FCA compliance director, and use external expert advice from Adempi to ensure that we are fully compliant in this highly regulated environment.

Do you expect Consumer Duty to have any further effects?

We have an inhouse ex-FCA compliance director, and use external expert advice from Adempi to ensure that we are fully compliant in this highly regulated environment.

How has your sustainable investment strategy evolved?

We have always been a Responsible Investor, and are committed to ESG, including fully offsetting the groups carbon emission.

What is your experience of the numbers of advisers starting or stopping using tax-efficient funds?

Increasing substantially.

Do you have a recent AKG report?

No

Anything else you feel that I should be including.

Mercia's Knowledge-Intensive EIS has a low minimum of £10,000 and can be used for 2021/2022 tax planning, and also to manage large capital gains. In addition to the tax reliefs, our EIS funds have a track record of creating and realising substantial value, with our 2014/15 fund being (almost) fully realised at 4.7x cost, including tax reliefs.



MMC Ventures EIS Fund

MMC Ventures Approved Knowledge Intensive EIS Fund



Important Notice

This document is intended for regulated financial advisers only.

This document constitutes a financial promotion and is made by MMC Ventures Limited (“MMC”) of 24 High Holborn, London WC1V 6AZ, a firm authorised and regulated by the Financial Conduct Authority (“FCA”).

Whilst MMC has taken reasonable care to ensure that all the information in this presentation is materially accurate and not misleading, no representation or warranty, express or implied, is given by or on behalf of MMC as to the accuracy or completeness of the information or opinions contained within.

Past performance is not necessarily a guide to future performance and may not be repeated. You should be aware that share values and income from them may go down as well as up and you may not get back all or any of the amount you originally invested.

Why MMC?

Deep expertise

We believe that next generation digital technologies, their applications, and the infrastructure that powers them will provide opportunities to create the next generation of multi-billion-dollar companies in Europe. In doing so these companies will provide solutions to some of the most pressing issues facing society today.

MMC is known for our deep and uncommon understanding of the technologies and sectors we invest in which include data-driven health, artificial intelligence, cloud and data infrastructure and fintech. MMC was the first early-stage investor in Europe to publish research in AI in 2016 which we have built on since with one of the largest AI and data science portfolios in Europe. Our research is widely respected and is frequently quoted and commented on. Learn more at mmc.vc/latest.

Outstanding track record

Over 20 years, MMC has developed a network of entrepreneurs, advisers, experts, and investors which channels a flow of high-quality investment opportunities. Our team sifts those opportunities to select the most attractive investment opportunities.

Our investment approach has delivered success for our investors and MMC has the leading track record in the market. Over ten years, we have returned more cash to our investors than any other EIS Fund. Independent market commentators have confirmed MMC's leading performance and our long, and consistent, record of returns.

In the last three years alone (to 30/09/2022), we have achieved 8 successful full and partial exits and returned over £120m to our EIS investors. These include the sale of European data-driven health success story Current Health to Best Buy, the £1.5 billion acquisition of Interactive Investor by Abrdn, as well as household names Gousto and Bloom & Wild.

“The Fund has the strongest exit record across the 53 EIS funds listed on the MICAP Fund Finder, with the Fund having profitably exited 16 companies to date (including four partial exits with a realised return multiple of 2.48x) for a combined total value to paid in of 2.58x, including 14 liquidations.” MICAP ALTERNATIVE INVESTMENT RESEARCH, MARCH 2021

Alignment

MMC manages funds for private individuals and institutions and has circa \$1 billion under management. We may coinvest across multiple funds we manage, some of which do not qualify for EIS tax reliefs, ensuring we are always focused on the commercial merits of each investment. We also seek to align our interests with those of our investors, and members of the MMC team invest in every new EIS investment. Circa \$18 million has been invested by the founders and team.

Key details

Is your fund – EIS/SEIS/EIS & SEIS/VCT/BR/IHT/SITR?
EIS and KI EIS. A BIR facility is available.
Minimum investment for funds?
£25,000
Amount to be raised?
£30m in our standard EIS Fund. Our approved knowledge intensive (KI) EIS fund for 2022/23 opens on 9 th January 2023.
Deployable this tax year?
The Knowledge Intensive Fund will be deemed to be fully invested for income tax relief purposes this tax year (2022/23).
How many companies are in your portfolio?
Approximately 10. Portfolios comprise a mix of new and follow-on investments to increase diversification.
What is your fee structure/how are your fees deducted/etc?
2% initial fee, 2.5% annual management charge. 0.15% custody fee. For years one and two the AMC and custody fees are held back from the investible amount. All fees are capped at 5 years. VAT is charged where applicable.
What is/are the sector/s that your fund is looking to invest into?
Transformative technologies with a focus on data-driven health, artificial intelligence, cloud and data infrastructure and fintech.

Companies transforming industries

The founders and management teams we have backed are using new technologies or different business models, to upend existing ways of doing business and provide fresh, more useful, and better value services and products. Examples of our current portfolio include:

	<p>Copper: Digital assets like bitcoin may well shape the future of finance. Whilst there is strong demand from institutional investors, investment remains hampered by the lack of adequate infrastructure. Copper designs and develops the infrastructure which enables institutions to acquire, store and trade digital assets in a compliant manner, allowing them to have certainty that investors' capital is safe. MMC first backed the business in 2019. In 2021 Copper closed a \$75 million Series B round from new investors Dawn Capital, Target Global and Alan Howard, co-founder of asset manager Brevan Howard.</p>
---	--

	<p>Sano Genetics: has developed a platform that connects patients living with rare and chronic conditions such as multiple sclerosis and parkinson's directly with biotech and pharmaceutical companies to engage in personalised medicine trials. Its approach is underpinned by proprietary software and an excellent patient experience, which connects all stakeholders, promoting dynamic consent and engagement, and empowering trial participants to take control of their genetic data. As well as speeding up the development of new medicines, Sano Genetics aims to dramatically improve the experience for those who take part in potentially life-changing research. MMC led an \$11m funding round into the business in 2022.</p>
	<p>LiveEO: addresses a specific gap between satellite and space technology and enterprise data. LiveEO has built a platform which uses artificial intelligence technology to analyse satellite imagery, providing its clients with timely, actionable data which can prevent outages and avoid costly repairs. In turn, this reduces travel disruptions, power outages and supply chain delays, whilst also making companies increasingly resilient to climate change. Its clients include major railway companies like Deutsche Bahn and the energy company e.on. MMC led a \$19m funding round in 2022.</p>

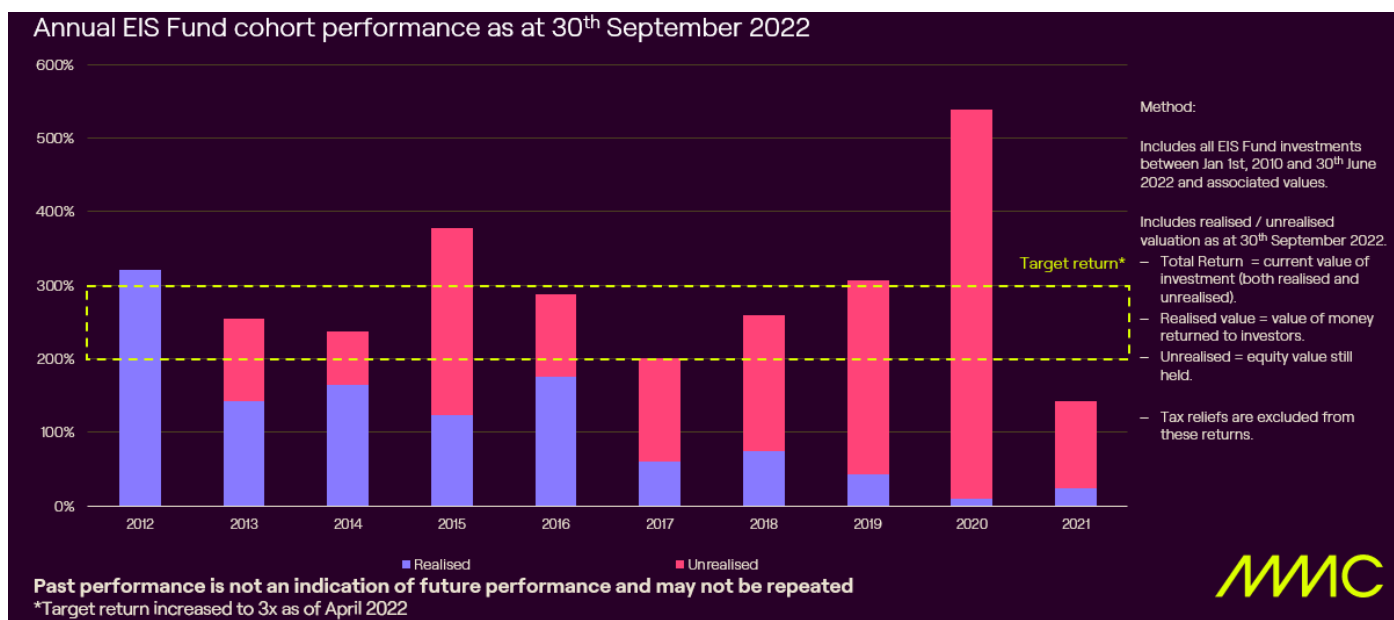
Returning capital

MMC invests in companies that are transforming customer behaviour, redefining industries, creating new jobs, and generating huge value. These changes take time and require patient capital. Investors should consider this a long-hold investment with a target exit horizon of 5-8 years.

MMC has a strong track record of realising returns for our investors. Our ability to return capital was bolstered in 2019 as we raised a £100 million fund to invest in our later stage portfolio companies once they have grown beyond EIS investment limits, in the process offering our EIS investors the ability to sell their shares if they wish.

"This is an exemplary level of performance, not only based on valuations, but also on profitable exits. MMC has exits in every year since 2014 and demonstrated its ability to access all possible exit routes." TAX EFFICIENT REVIEW -

ISSUE 466, MARCH 2022



Examples of recent exits

Company name	Date of exit	Description	Return
Interactive Investor	December 2021	Interactive Investor is the UK's second largest direct-to-consumer (D2C) investment platform. It provides comprehensive share trading services on national and international stock exchanges, as well as a range of investment products. It also offers its customers a massive library of information, analysis, tools and expert ideas to help make better-informed investment decisions.	MMC investors received up to 17x on investment.
Current Health	October 2021	Current Health's single remote patient monitoring device is worn by the patient at home and tracks and analyses multiple vital signs, allowing for efficient and cost-effective clinical intervention. Current has built an AI enabled enterprise platform that aggregates data across all patient populations and allows health systems and pharmaceutical companies to tailor services, care management, and interventions for each individual patient.	MMC investors received up to 6x on investment.
Brightpearl	December 2021	Brightpearl's complete operations platform streamlines the back office, from order management, to replenishment, retail accounting, inventory, warehouse management and more.	MMC investors received up to 11x on investment.
Senseye	June 2022	Senseye's cloud-based solution helps manufacturers to avoid downtime and reduce maintenance costs by automatically identifying machine failure. Senseye has developed machine learning algorithms which, when fed with data from hundreds or thousands of robots and other machines in an industrial facility, can predict which ones are likely to fail and when.	MMC investors received up to 2x on investment.

Past performance is not necessarily a guide to future performance and may not be repeated. You should be aware that share values and income from them may go down as well as up and you may not get back all or any of the amount you originally invested.

More Information

For more information please contact:

MMC Investor Relations
fundenquiries@mmc.vc
mmc.vc/funds

MMC Ventures – Exit case study – Interactive Investor



Interactive Investor is a UK fintech success story and before its £1.5 billion (all cash) acquisition by abrn in December 2021, it was the UK's second-largest DIY investment platform, with assets under administration approaching £55bn across over 400,000 customers.

The business is Manchester-based with c. 600 employees. Following the acquisition, Interactive Investor will operate as a standalone business and independent brand within abrdn and CEO Richard Wilson will continue to lead the business through the next phase of its development, under abrdn's ownership.

MMC first invested in Interactive Investor with its EIS Fund in 2010. At that stage Interactive Investor was primarily an investment information business with two print magazines (MoneyWise and Money Observer) and an active investor online bulletin board, but with all brokerage execution outsourced. It did, however, have a well-known brand, and building a brand in retail financial services takes a lot of capital and time (e.g. Nutmeg). In addition, the secular trend towards low-cost self-investment and execution was building momentum.

MMC's first, and subsequent investment, was used to build a brand new, state-of-the-art fintech platform for share dealing, in-house at Interactive Investor. It was this long-term vision of building a superior tech-driven DIY investment platform with a strong consumer brand (including its flat pricing and campaigns for transparency in the industry) that formed the basis of MMC's investment thesis and potential to deliver significant investment returns.

Interactive Investor went on to raise further capital from Unicorn VCT and listed fund, Augmentum Capital. Later J.C. Flowers & Co, a leading financial services-focused private equity firm, would provide the funding to execute an M&A strategy, following an introduction to business from MMC when no other City investors has appetite to back the business.

MMC Ventures worked very closely with the key investors, particularly majority investor J.C. Flowers, to bring together a successful deal, being the two parties, whose signatures initiated the execution of the sale. MMC investors received up to 17x on the sale (not adjusted for EIS).

Richard Wilson, CEO of Interactive Investor had this to say of MMC's contribution to its success:

“MMC has made a significant contribution to Interactive Investor's success over the years. This includes revamping the Board, bringing in Hugo van Vredenburg as chairman and myself as Chief Executive. Bruce also used his personal connections to secure investment from J.C. Flowers to fund the purchase of TD Direct Investing in the UK, a transformational acquisition, at a time when our advisers had failed to find any City institution willing to invest. I can't speak highly enough about MMC”.

One of the most impressive things about the Interactive Investor sale has been its approach to sharing profits from the acquisition. All (600) employees on payroll have been awarded “celebratory payments” of up to a year's pay. All staff who joined before December 2021 (date of acquisition) will get 20% of pay for each year of service, with the 200 long-servers hired before December 2016 receiving an entire year's salary. CEO, Richard Wilson, who owned c. 4% of the Manchester-based business, is estimated to see a return of £45-60 million personally.

This exit was a fantastic result for management, employees, investors - and is another fintech unicorn exit for the UK. Interactive Investor's exit is so impressive as it was not an “overnight success”. It was a bumpy ride, filled with challenges that other scale-ups may experience. That is why the result is so impressive - a huge cash return for all investors - angels, EIS & VCT funds and private equity. It is believed to be one of the single biggest distributions ever for an EIS-backed company. A fantastic testament to the businesses that can be built in the UK!

Molten EIS

Molten Ventures EIS

We Are Investment Led

Our investment strategy came first and EIS followed. Molten Ventures (then under its previous name) was an established venture capital firm that already managed funds for professional institutional investors.

EIS was added in 2012, following the Government's expansion of the headcount limits for EIS/VCT schemes (in the 2012 Budget), as a large number of investments made within our existing strategy could qualify in the future under the revised EIS definition.

Our Co-Investment Strategy Allows Us to Participate in Larger Deals

Molten Ventures' investments, including EIS participation in Qualifying deals as a part of the whole, are typically ~10x larger than what had previously been seen in the EIS market before.

This equates to differentiated deal flow and a focus on larger and/or later stage investment rounds than investors had not previously had access to with EIS.

10-year Track Record with EIS

Over £200m has been raised and over 100 investments made into more than 50 portfolio companies to date. There is substantial R&D, innovation and job creation within the portfolio, with thousands of employees in aggregate.

Tens of millions of pounds of PAYE/NI/VAT have been paid back into HM Treasury through this economic activity, with the potential that this becomes hundreds of millions of pounds as the portfolio companies continue to grow.

Molten
Make More Possible

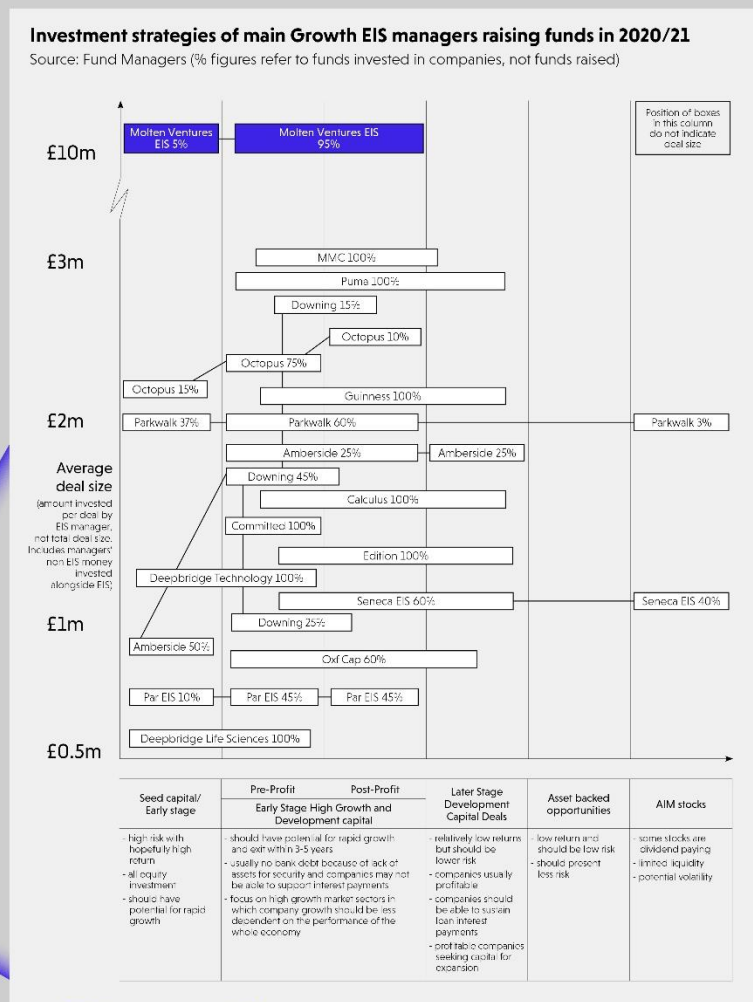
PRODUCT SUMMARY

- The Fund Manager is 100% owned within the group structure of Molten Ventures plc, a FTSE 250 publicly listed firm, which is one of the most active venture capital groups in Europe, investing in and developing high growth technology companies.
- **Minimum subscription:** £25,000
- **Target deployment period:** 12-18 months from each fund raising Close.
- **Target portfolio:** 8-12 EIS Qualifying companies.
- **Portal:** Online investor and adviser reporting portal, including EIS3s.
- **EIS3 certificates:** Issued for each investment, now in HMRC's digital format, typically available 8-12 weeks after each portfolio company investment.
- **Exits:** The exit route for successful Investments is anticipated to be via a sale of the business (M&A) or an initial public offering (IPO) and sale of shares, or potentially a sale of shares (secondary sale).

Draper Esprit EIS is now
Molten Ventures EIS

Our Co-Investment Approach – Larger and/or Later Stage Investments

We designed our EIS funds to be different from the outset, to access differentiated, larger dealflow with greater investment firepower than had been on offer through EIS before.



The trigger that led to our EIS funds was a change announced in Budget 2012 that raised the headcount limit for firms raising capital through EIS/VCT from 50 employees to a new limit of 250 employees (now 499 for Knowledge Intensive Companies).

Overnight, and without changing our existing investment strategy and dealflow, a large number of our opportunities became EIS/VCT qualifying because of the new headcount limit, whereas previously the companies and our focus had been too big for EIS/VCT.

We launched our first EIS fund in 2012 with a clear strategy to focus on later stage investments with larger investment rounds into companies that had previously been out of reach to private investors through EIS. Our fund design that achieved this was to co-invest alongside the larger institutional funds that the group was already investing.

The broadly 10x order of magnitude difference that this created in deal sizes is illustrated in the chart shown here which is reproduced by kind permission of Tax Efficient Review.

Today the EIS fund will typically participate in investments rounds where Molten Ventures will commit the order of £5-£25m+. These are expected to comprise later stage deals and also larger scale earlier stage deals.

Note:
As the Fund Manager of Molten Ventures EIS we would map our own terminology of 'Early' and 'Later' stage deals to the TER 'Early Stage High Growth and Development Capital' category in both cases, although our 'Later' stage growth deals would typically have a significantly higher level of revenue and growth momentum than 'Early' deals.

Conflicts could arise between Molten Ventures EIS, Molten Ventures plc, and Molten Ventures VCT plc with respect to differing investment strategies, deployment and realisation needs, and the contemplated manner and timing of potential exits.

CONTACT

Molten

Encore Ventures LLP
20 Garrick Street, London, WC2E 9BT
+44 (0)20 7931 8800 eis@molten.vc
moltenventures.com

FOR PROMOTER AND INTERMEDIARY ENQUIRIES

RAM
Capital Partners

RAM Capital Partners LLP
18 Soho Square, London, W1D 3QL
+44 (0)20 3006 7530 taxsolutions@ramcapital.co.uk
ramcapital.co.uk

Risk Warning: Capital at risk. Prospective Investors should note that past performance should not be seen as an indication of future performance. The value of an investment can fall as well as rise and investors may not get back the amount originally invested. Therefore you should only make investments in unlisted companies which you can afford to lose without having any significant impact on your overall financial position or commitments. Taxation levels, bases and reliefs may change if the law changes and the tax benefits of products will vary according to your personal circumstances: independent advice should therefore be sought. This financial promotion has been issued and approved by Encore Ventures LLP, who are authorised and regulated by the Financial Conduct Authority (FRN: 510101).

FSCS: You may be entitled to compensation from the from the compensation from the Financial Services Compensation Scheme if the Manager or Custodian cannot meet their obligations. The Financial Services Compensation Scheme is only available to certain types of claim. Payments under the protected investment business scheme are limited to a maximum of £85,000 of any claim. Further information about compensation arrangements is available from www.fscs.org.uk

Performance

Our prior EIS Funds are showing valuation progression and a distribution of cash proceeds.

The first five EIS Funds, spanning 2012-2016, have all now distributed more to investors than was subscribed to the Funds, or are reaching that point.

Whilst there was certainly a pause in exit processes as the Covid pandemic struck, which extended some holding periods, we have seen a recovery in exit activity in 2021-2022 including our own exits from SportPursuit, Conversocial and Bright Computing.

The valuations for the Fund and the Prior Draper Esprit EIS Funds below include the valuation of shares held by the funds, cash

balances held by the Custodian, the valuation of any deferred proceeds held in escrow and where relevant, cash proceeds that have been distributed to investors.

Valuations are produced by Molten Ventures in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEV) that are endorsed by the British Venture Capital Association (BVCA).

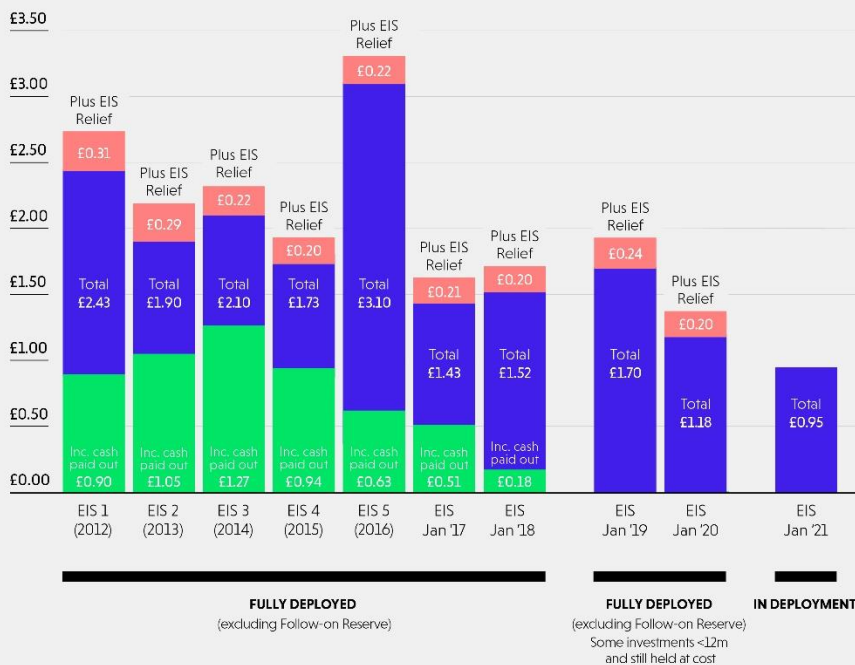
Please see the Risk Factors section of the Information Memorandum for further information on valuation.

Where a fund had more than one fund raising Close, the data presented is for the first Close, and data is presented in all cases for investors who have participated in the Follow-on Reserve in each Fund.¹

The impact of EIS Relief is calculated and is based on an assumption of a higher rate (45%) income taxpayer.

EIS Funds managed by Encore Ventures LLP – at 5 October 2021 plus exits to 31 March 2022

Summary valuations per £1 Net Subscription (Net Subscription is the amount subscribed to the Fund less any adviser fee, where relevant).



Notes

- The vintage shown for each fund is the year of the fund raising Close. For funds with more than one Close, the chart shows the first Close of that fund.
- The 'cash paid out' figures are proceeds that have already been paid out to investors.
- The valuations take account of all fees charged to date. Funds that have made cash distribution of less than £1 to date include accruals for Performance Fees which may become payable in the future dependent on the overall fund performance – these accrual amounts are held as cash within investors' accounts and currently form part of the cash element in these valuation figures.
- EIS 1 (2012) shows the position of investors who sold their shares in Unbound via an optional exit through a secondary share sale.

Source: Encore Ventures LLP internal records; reports distributed to investors.

Disclosure of the impact of fees: The cash balances shown above are net of the initial and annual management fees (+VAT where applicable) which have been charged. The 'Cash Distribution' reflects actual proceeds paid out to investors. The cash balance at the Custodian includes cash awaiting deployment, amounts set aside for management fees and any amounts set aside for performance fees (+VAT) which have not yet been crystallised and paid.

Warning: Past performance is not necessarily an indicator of future results. Your capital is at risk.

¹ For more information, please refer to the section 'Dealing with Underperformance: Follow-on Reserve' in the Molten Ventures EIS Memorandum.

Sector Focus

We have a broad sector approach. However, we believe that most venture capital investment opportunities in Europe with the requisite characteristics for the Fund will fall into the core sectors shown on the left below:



CONSUMER TECHNOLOGY

New consumer-facing products, innovative business models, and proven execution capabilities that bring exceptional growth opportunities.



ENTERPRISE TECHNOLOGY

The software infrastructure, applications and services that make enterprises more productive, cost-effective and smoother to run.



HARDWARE AND DEEP TECH

Companies developing differentiated technologies that will underpin advances in computing, consumer electronics and other industries.

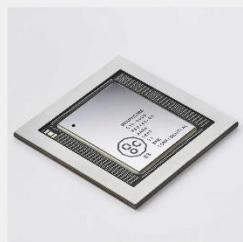


HEALTHCARE

Companies leveraging digital and other technologies to create new products and services for the health and wellness markets.

Example Portfolio Companies

DEEP TECH



GRAPHCORE

Graphcore is creating an entirely new type of silicon chip processor for artificial intelligence (AI) and machine learning (ML) systems.

It is one of the 'deep tech' companies in our portfolio and has been cited as one of Europe's hottest start-ups.

The CEO and CTO have world class track records and were co-founders of Molten's portfolio company Icera which was sold to NASDAQ-listed Nvidia for \$367m.

Graphcore has raised over \$500m of venture capital funding, including leading Silicon Valley investor Sequoia Capital who were the venture capital backer behind Google, Cisco, LinkedIn and Nvidia, amongst others. In late 2018 Microsoft led an investment round that propelled the business to a \$1bn+ valuation, a so called 'unicorn' investment.

Molten's EIS funds participated in an initial funding round in 2016 which also included high profile US VCs and strategic industry investors including Samsung.

ENTERPRISE TECHNOLOGY



Thought Machine

Thought Machine is a software business that is developing internet-based, 'cloud-native' core banking system software. This is complex, large scale software.

The company is working with a number of Tier 1 banks including Lloyds Banking Group, Standard Chartered, SEB and JPMorgan Chase amongst others.

Today, most banks still run on old IT systems, some dating back to the 1970s. Often there are multiple systems that are disjointed, so another layer of software or even sometimes manual input is needed to translate what's happening in one place to another. In short, it's slow, costly, and unreliable. Thought Machine is changing this.

The EIS funds first invested in 2020. The company has since raised over \$200m in further investment at a valuation of over \$1bn.

HEALTHCARE



endomag

Endomag is a healthcare company that has developed minimally-invasive surgical guidance technology that is applicable across much of surgical oncology. Its first use has been in the treatment of breast cancer and the technology has been used in over 160,000 cases across 30 countries.

Endomag won a Queen's Award for Innovation in 2018.

This is an investment where the commercial success of the business will go hand in hand with improving the treatment and outcomes for many patients and families.

The EIS funds first invested in 2018, and then again in 2020 when Molten Ventures led a further investment round to accelerate international expansion.

Warning: Past performance is not necessarily an indicator of future results. Your capital is at risk. Examples provided are illustrative only and will vary from the companies which a Subscription made today will invest into.

Net Zero Technology Knowledge Intensive EIS Fund



Net Zero Investing

“Does that mean, not investing for profit?” So asked a friend of mine as I told them about the fund. And, for the record, investing in businesses that will help achieve Net Zero means investing in some of the most exciting and lucrative markets of the current and future decades.

One of the key goals of the recent COP 27 Conference was to unlock \$1 trillion of private capital by 2030. And as Marvin Rees, one of the panellists commented “All the plans in the world don’t mean anything if you don’t get anyone to pay for it”. \$1 trillion is not going to come from philanthropy and it doesn’t need to. As noted in the “Sustainable Reality” report by Morgan Stanley: “We found that sustainable funds provided returns in line with comparable funds while reducing downside risk”. Couple this with UK’s 9 Climate Tech Unicorns, (1 billion Dollar plus valuation businesses) and we would seem to have a good answer.



Profit seeking investors should be keen to get involved! But what exactly are the areas they can get involved in. Specifically, what is Climate Tech versus Clean Tech, the former focuses on decarbonisation whereas the latter focuses on environmental. We look at Tech investing as focussing on capital efficient disruptive and transformative projects. This is all probably best encapsulated by a real-World example.

Echion Technologies is a Cambridge University spinout that we invested in 2018. Lithium batteries are ubiquitous in electric vehicles but their limited range, slow recharging, safety risks and high costs are holding back the electrification of transport. Echion has developed a range of advanced battery materials to address these issues. They are in the process of raising a Series B round of investment at a level equal to a 247% return on the original investment.

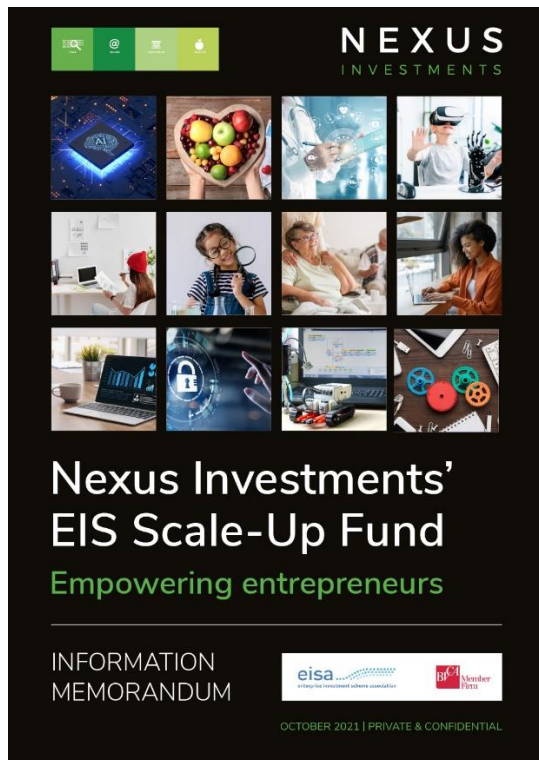
So, going back to the original question, investors should be really excited about the profit potential of investing in Net Zero Technologies. The UK already has great success in creating billion dollar plus companies. The tax framework, specifically the Enterprise Initiative Scheme provides great tax incentives to investors to help mitigate some of the risks of investing in early-stage businesses and as such please take a look at our [Net Zero Technology Knowledge Intensive EIS Fund](#)



Nexus Investment's EIS Scale-Up Fund Questionnaire

<https://www.scaleupfund.co.uk/>

What type of fund/s are you running? EIS-SEIS-VCT-BR-HIS
Enterprise Investment Scheme (EIS)
AUM changed since last year?
Has stayed roughly the same as we have had some good exits from our EIS Investment.
Funds raised v target in the last year?
Our funds raised is growing year on year enabling us to do the deals we see fit.
How happy are you with your fund performance this year?
Has generally been better than expected in the current climate with the odd exception.
How has the economic climate affected your AUM?
Has stayed the same even though we have some exits within our fund.
What has been your exit record in the last 12 months?
Recent positive exit, a £4,443,328 realised gain on Knowledgemotion in 2022 (pre-fund) with blended return multiples at 6.0x and an upcoming partial exit on another investment of 2.3x return in the immediate pipeline.
Is your fund evergreen? If not, is it open or closed now? Is this status likely to change?
Evergreen Fund so is always open for investments with soft closes each month, as we like to invest monthly.
How has MiFIDII affected your fund/business?
Nexus has been capitalising on these changes, being one of the first EIS fund dedicated to investing in early-stage Education and Health opportunities which has generated a competitive advantage by focusing on core elements of our investment.
Which investment/research platforms do you use? (i.e Hardman, Deepbridge, MiCAP, GrowthInvest, etc)?
Hardman, Mi-Cap, GrowthInvest (MJ Hudson & TER Ongoing)
How have you implemented the PROD rules?
Flexible business plans and able to take advantage of changes in consumer demand.
How has SFDR and PRIIPS affected your provision of information?
We have an inhouse compliance group director and this is overseen by Newgate Compliance Limited, to make sure we are fully compliant and ensure the best possible outcomes for our investors.
Do you expect Consumer Duty to have any further effects?
Will have a small impact on our advisers and how they transact their business, with us helping them through this journey.
How has your sustainable investment strategy evolved?
Keeps evolving over time and clients demands, with more investment companies been aware of their duties and us helping them along the journey – with some companies achieving B-Corp status.



NEXUS
INVESTMENTS

Nexus Investments' EIS Scale-Up Fund
Empowering entrepreneurs

INFORMATION MEMORANDUM

eisa
EUROPEAN INVESTMENT ADVISORY COMMISSION

EFMD
Member
EISF

OCTOBER 2021 | PRIVATE & CONFIDENTIAL



Matt O'Kane – Investment Manager

What is your experience of the numbers of advisers starting or stopping using tax-efficient funds?

Has generally grown within the market place as advisers become more qualified in the industry and so have their clients investment knowledge driving more companies coming into this space. Advisers are sometimes constrained to certain providers because of the amount they invest rather than looking at specialist funds which offer some better opportunities / value for their clients equalling in positive returns.

Anything else you feel that I should be including.

- **An Entrepreneurial Background & Corporate Financial Group Culture:** Actively adding value & substance to some of the UK's brightest founder-led Ed Tech & Health Companies
- **Core Sectors:** Data, Digital, Education Technology and Health
- **Diversification:** 8-10+ holdings each investor
- **Evergreen Service:** Available all year round with regular allotments and usually monthly.
- **Investment Team:** Over 28 years group experience, including founding and managing a £2.5BN FTSE 250 company.
- **Meaningful Checks & Balances on Portfolio Investment Selection:** Our investment advisory committee is majority-external, and contains former senior Big-4 tax partners
- **Senior Management Involvement:** We are deliberately a small team, led by chartered accountants with extensive personal investment experience as EIS investors
- **Stage Precision:** Scale-Up/Fast Growth, not Start-Up or Late-Stage
- **Strong Pipeline of Companies:** Our track record for successfully backing entrepreneurs, our reputation among the entrepreneur community drives the most promising start-ups to seek investment from us
- **Valuable Tax Reliefs:** 30% upfront income tax relief on deployments, plus 100% capital gains tax relief and loss relief for each company that fails, regardless of overall portfolio performance.
- **Minimum Investment:** £25,000

Nova Cofoundry SEIS & EIS FUND



NOVA

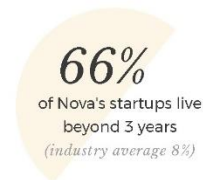
Nova Cofoundry SEIS & EIS Fund

By investing into the Nova Cofoundry SEIS & EIS Fund (the "Fund"), you are investing alongside Nova Cofoundry Limited and Nova Growth Capital Limited (the "Nova Group") in the Cofoundry portfolio. Along with benefiting from the many years of operating experience accumulated by the Nova Group team you are also benefiting from, in our view, a very attractive category of tax relief available to UK investors.

THIS DOCUMENT IS FOR PROFESSIONAL ADVISOR USE ONLY. CAPITAL AT RISK.

2020 / 21

Nova Group by numbers



*Valuations represent unrealised gain and past performance is not indicative of future performance of the Fund.

Nova Group exits (not the Fund)

	£50k invested 100% disposal for £2.25m 45x investor returns over 9 years	Complete exit
	£250k services invested 100% disposal for £770k 3.08x return over 2 years	Complete exit
	£100k services invested 78% disposal for £539k 6.89x return over 4 years	Partial exit

NGC NOVA GROWTH CAPITAL

PLEASE NOTE THAT THE NOVA COFOUNDRY SEIS & EIS FUND IS SEPARATE TO THE NOVA GROUP

NOVA COFOUNDRY SEIS & EIS FUND BY NUMBERS

20+ targeted distribution across 20 companies	targeted monthly deployments
£10k minimum investment	6 years targeted exit timeframe
0% no fees to investors - all fees charged to investee company	20% targeted YoY growth

FUND INVESTMENT FEES

5% initial fees and 2% annual fees paid by the Fund Investee Companies, resulting in 100% allocation of investment for tax reliefs with no additional fees. 20% performance fee only once on original investments that return over 150%.

INDEPENDENT REPORTS AVAILABLE	AWARDS & NOMINATIONS	AVAILABLE ON THE FOLLOWING PLATFORMS	CONTACT FOR FURTHER INFORMATION
HARDMAN & CO. MICAP <small>ALTERNATIVE INVESTMENT RESEARCH</small> MJ HUDSON	GROWTH INVESTOR 2020 AW/VRDS WINNER BEST NEW PRODUCT / SERVICE GROWTH INVESTOR 2020 AW/VRDS WINNER INDUSTRY RISING STAR eisa <small>FINALIST BEST NEW INVESTMENT MANAGER</small>	COINVESTOR Sapphire Kuber GROWTH INVEST Available on the Sapphire platform at no fee!	Alistair Marsden Director of NGC fund@wearenova.co.uk 0151 318 0761 novagrowthcapital.co.uk @novagrowthcptl

IMPORTANT NOTICE: Investments of this nature carry risks to your capital. The risks include illiquidity where shares may not be able to be sold easily, lack of dividends and dilution. Past performance is not indicative of future returns. Investors should only invest a proportion of their available investment funds into Nova Cofoundry SEIS & EIS Fund as these investments are high risk. Nova Growth Capital Limited is an Appointed Representative of Sapphire Capital Partners LLP, which is authorised and regulated by the Financial Conduct Authority (FRN 565716). Nova Growth Capital is a trading name of Nova Growth Capital Limited.

Why we believe the Nova Group approach works

Through the Nova Group Cofoundery mentorship programme, we screen deal flow and choose what we believe are the most viable ideas. Over 12 years, the Nova Group has designed its infrastructure in order to mentor and support our co-founders to develop a business through to exit.

The Nova Cofoundery SEIS & EIS Fund (the "Fund") is designed to support the future development of what the Nova Group believes are the best startups. The Fund provides a solution that aims to allow an advisor to offer a diversified portfolio within a highly concentrated asset class of up to 10 underlying investee companies per quarter or 20 companies per year to each investor.

Some of the startups that we've recently backed with SEIS and EIS investment:







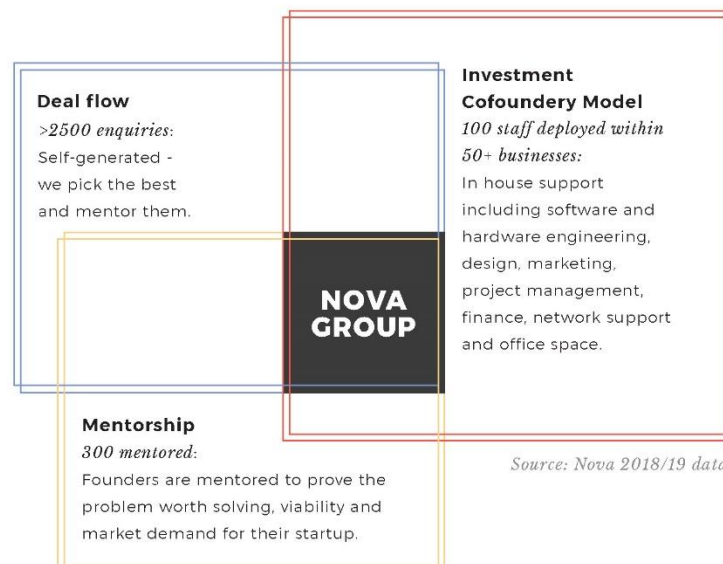







[See all the Nova Group companies here](#)

Unique mix of ingredients for Nova Group success



Nova Cofoundry SEIS & EIS Fund Questionnaire



What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS

Nova Cofoundry SEIS & EIS Fund - A fund which enables the individual to choose their risk appetite i.e. full SEIS or EIS or a percentage based app e.g. 20% SEIS and 80% EIS.

AUM changed since last year?

£5.9M

Funds raised v target in the last year?

How happy are you with your fund performance this year?

The SEIS and EIS fund portfolio is performing as expected and we are pleased with the performance to date. From 2015 - 2022 on average the Nova Cofoundry model has seen a 26.7% growth on its portfolio year on year, as the fund invests exclusively into deals generated by the Nova Cofoundry this is then reflected in the fund.

How has the economic climate affected your AUM?

The current has had no negative impact on existing AUM. As with most SEIS and EIS funds a large proportion of a funds AUM is raised in the months of Jan - March and therefore it is too early to say how this year has affected new inflows / AUM.

What has been your exit record in the last 12 months?

Nova Cofoundry SEIS & EIS Fund has not had an exit yet. Founding investors have had significant exits. Previous investments include e.g Boohoo, Asos, SentriMusic and Orcha. CEO of Nova's most recent exit was a 45x return.

Is your fund evergreen? If not, is it open or closed now? Is this status likely to change?

Yes

How has MiFIDII affected your fund/business?

The Nova Cofoundry SEIS and EIS Fund is only 4 years old and therefore, we have not experienced anything different. Our regulations and processes were put in place with our investment manager with the requirements in place to be compliant.

How have you implemented the PROD rules?

We are an AR under Sapphire Capital Partners and so all regulations are implemented with them and under their guidance. We have not experienced any direct effects.

How has SFDR and PRIIPS affected your provision of information?

We are an AR under Sapphire Capital Partners and so all regulations are implemented with them and under their guidance. We have not experienced any direct effects.

Do you expect Consumer Duty to have any further effects?

We are an AR under Sapphire Capital Partners and so all regulations are implemented with them and under their guidance. We have not experienced any direct effects.

How has your sustainable investment strategy evolved?

N/a

What is your experience of the numbers of advisers starting or stopping using tax-efficient funds?

Over the years, we have seen in general an increase in SEIS and EIS funds, there are more options available to investors and advisers which shows the importance and value of the scheme - more entrepreneurs are using the model to raise their funds and boost the UK economy. However, we have not necessarily seen an equal correlation of financial advisers using the schemes for investors. Therefore, I think it would be fair to say that the buy side is not increasing which is a concern.

Do you have a recent AKG report?

N/a

Anything else you feel that I should be including.

Some key elements about the model, because it is not typical of an SEIS and EIS fund.

- Our operating model is designed to mitigate early stage risk.
- Genuine off market deal flow
- Leveraging Nova's resource, focusing founders on their key skills
- Providing continuity of investment capital through SEIS & EIS
- Solving key problem areas whilst creating equity in valuable companies that are acquisition targets for trade sales.

How does this work?

Nova Growth Capital invests in partnership with the Nova cofoundry (A Liverpool based, Venture Builder - Venture builders are different to incubators and accelerators. They offer equity alongside resources and expertise throughout the key stages of a company's development - resources and expertise are not given in the form of a quarterly check in or meeting like other funds. What this means with Nova is experienced team members working on the start up themselves. e.g. an engineer or product / tech developer that's worked on multiple start ups before).

O2H Ventures SEIS & EIS Human Health Funds



o2h Ventures Ltd - the human health funds specialist

o2h Ventures is an established fund manager based in the heart of the biotech community in central Cambridge. We are a specialist fund that only invests in **biotech therapeutics and the intersection between biotechnology and AI/ML**. Our two specialist tax-efficient funds that are open for investment are–

- The o2h human health SEIS Fund
- The o2h human health knowledge-intensive EIS Fund

Our Aim

There is a huge amount of untapped value in this sector in the UK, mainly due to smaller funds not having the capabilities to perform the required due diligence on knowledge-intensive biotech deals in the pipeline, thus, so many of these great opportunities get lost or snaffled up by large USA- or China-based venture funds.

Our Approach

- Identify and invest in innovative early stage biotech therapeutic and related AI/ML Tech companies.
- Provide ongoing support to the portfolio companies through the o2h Ecosystem/Network.
- Provide capital growth opportunities with impact driven investment to the clients.
- Improve the customer experience when onboarding and investing in o2h Ventures Funds.

Our Investment Strategy

- To build and support the UK early-stage biotech ecosystem to create a pipeline of innovative medicines and investment opportunities for later stage funds and pharmaceutical companies to partner with.
- Focused on de-risking the investment by providing hands-on support to the portfolio with a variety of activities from team building, fundraising, hands-on science and connecting to big pharma.
- To work diligently and curate a strong portfolio with the aim to ensure our investors get one of the most diversified and unique portfolios in the 'human health' and related AI sector.



- To maximize investor returns, we have developed a unique business model that offers them an edge both in terms of access to opportunities as well as an understanding of the support they require post-investment in terms of incubation. We believe in combining these two approaches will increase the Fund's prospects of making successful exits.

Our Success Stories



Turbine, which is creating a platform for simulating cell function, concluded its Series A investment round after raising €20 million. Strategic investors like Mercia and MSD Global Health Innovation Fund, along with other investors like Day One Capital, joined the funding round.

Small Pharma (TSXV:DMT) has completed a fund raise of \$58M CAD and completed the reverse take-over transaction. They listed on the Toronto Stock Exchange and commenced trading on 6th May 21 at ~39x uplift in valuation. It has now initiated a clinical program into DMT assisted psychotherapy in February 2021 which includes a Phase I/IIa trial on the Company's lead candidate. Progress continues in the Phase I/IIa clinical trial of the Company's lead program. Phase IIa patient dosing is expected to complete in the coming months. Updates on trial completion and top line data timing are anticipated throughout H2 2022.



Metrion, the specialist ion channel CRO and drug discovery company, announced in April that it has secured £2.7m in new equity financing, including £2.25m from lead investor Gresham House Ventures. The funding will be used to expand Metrion's laboratories in Cambridge, UK, invest in specialist equipment, develop its cell line library, and add GLP cardiac safety services.

Tay Therapeutics announced a Strategic Partnership with a Nasdaq listed biotech with a >\$200m Option License Agreement. Tay has recently raised £1.6m pre-Series A funding to support its growing pipeline of first-in-class anti-inflammatory and orphan disease therapeutics.



Exonate, an mRNA therapy company focused on retinal diseases, announced that in collaboration with Janssen Pharmaceuticals, Inc., one of the Janssen Pharmaceutical Companies of Johnson &



Johnson, the last patient has been dosed with Exonate's lead compound, EXN 407, in a Phase Ib/II clinical trial of patient volunteers with center-involved diabetic macular oedema (CI-DMO). The original agreement with Janssen was facilitated by Johnson & Johnson Innovation. If the license is triggered there will be a ~\$30m as the first payment of upto ~1\$B as the drug progresses through the clinic. o2h Ventures invested at a ~£5m valuation.

AIVIVO, a company combining systems pharmacology and artificial intelligence (AI) to accelerate drug discovery, has announced that its platform correctly identified dexamethasone as having high potential for the treatment of COVID-19 in April 2020. This demonstrates the ability of AI VIVO's platform to systematically and correctly identify candidates with the highest chance of therapeutic success.

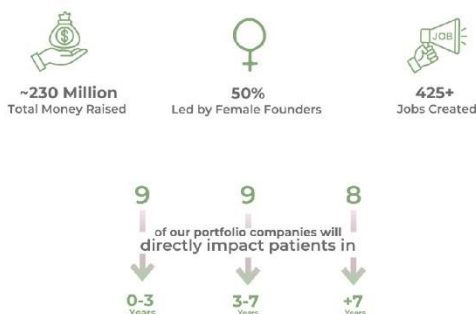


Impact beyond Investment

- Apart from above, post COVID-19 pandemic the investors became more responsible to add biotech to their portfolios but due to lack of technical expertise, they relied on due diligence from Biotech experts like o2h Ventures.
- Leveraging the business experience, skills, knowledge, strategic advice, and market contacts of the fund manager, we have also assisted companies in raising further funds from syndicates. Apart from this, the fund manager has also helped some of our portfolio companies connect with big pharmaceuticals for their next phase.
- 9 out of 28 portfolio companies will impact directly to patients in less than 3 years, 9 will affect directly in 3 to 7 years and 8 companies will affect patients in the next 7 years or more.
- 330+ Jobs created by 28 biotech companies
- 50% of our portfolio either has a female CEO or Chairperson.
- Raised more than £150m or \$180m together by our portfolio companies



quick facts about our portfolio co.s



o2h Ventures SEIS & EIS Human Health Funds Questionnaire



What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS

Knowledge Intensive EIS and SEIS

AUM changed since last year?

+4%

Funds raised v target in the last year?

For SEIS Fund, the target was £500k and funds raised were £330k.

For KI EIS Fund, the target is £2m and funds raised were £1.12m

How happy are you with your fund performance this year?

We are excited with the funds' performances, as of now as the cumulative unrealized value of the Funds has increased by 28% and two of our portfolio companies have completed their phase2 clinical trials and are awaiting for the data. Most of our companies have raised new funding rounds at uplifted valuations with a significant increase in their share prices. We are aiming to exit from two of our portfolio companies in the next tax year with at least 2.5x average return.

How has the economic climate affected your AUM?

We saw significant impact on our fund as the global economic downturn got underway which seemed neutral. We also saw that post the COVID-19 outbreak, investors took greater responsibility in adding biotech to their portfolios, but because of a lack of technical knowledge, they resorted to consulting biotech professionals like o2h Ventures for due diligence.

What has been your exit record in the last 12 months?

No exits

Is your fund evergreen? If not, is it open or closed now? Is this status likely to change?

Our SEIS fund is evergreen and is open for investment.

Our KI EIS fund is HMRC approved and has six monthly closes in October and April. Next closing is on 5th April 2023 and is open for investment.

How has your sustainable investment strategy evolved?

At o2h Ventures, we have been working diligently and have curated a strong portfolio of 28 companies. Our investment strategy is to ensure that we support our best performing existing portfolio companies with follow-on investments while also ensuring that our investors get one of the most diversified and unique portfolios in the 'human health' and related AI sector.

Oberon EIS Fund



Oberon Private Ventures' team combines decades of investment expertise with first-hand knowledge of running young businesses. The Directors working on the EIS fund have achieved numerous exits for their own companies both by trade sale and IPO.

Our History

Oberon is a London based financial house with three specialist divisions: Investment Management, Wealth Planning, Corporate Advisory and Broking. Established in 2017, Oberon has brought together several well-established teams with proven track records, experience, expertise, and longevity. A diversified business model with multiple revenue streams means we can offer a highly competitive fee structure.

In 2020, the Hon. Robert Hanson was appointed as the Chairman and the Hon. Alex Hambro was appointed as a Non-Exec Director of Oberon Investments Group plc, the ultimate parent company of Oberon.

Oberon Investments Group plc listed on the Aquis Stock Exchange Growth Market at the end of 2020 via a reverse acquisition priced at 4p per share. As of 29/10/21, the shares had risen to over 6.5p.

Our Experience

We are proud of our track record of investing in truly innovative businesses across a diverse range of sectors. Oberon Corporate will have led two of its portfolio companies to IPO in 2021 alone, whilst seeing exceptional growth in others.

Our team combines decades of investment expertise with first-hand knowledge of running young businesses. Simon McGivern (CEO) and James Phillips (Head of Private Ventures) have been working as a team since 2003 and in that time have set up and exited several companies by trade sale and IPO. Their "at the coalface" experience means they know what to look for in an emerging business, can identify the right questions to ask and are familiar with the obstacles and hurdles that the founders / directors may not have anticipated. They are backed up by a team of proven experts at researching exclusive early-stage investment opportunities.

OUR FOCUS

Whilst we do not tie ourselves to specific sectors, we only work with clients in sectors we know extremely well and where we can seek independent expert verification. We do not deal with businesses in areas unfamiliar to us. We take on a small number of corporate clients each year, ensuring we retain the time and focus to help and grow each business with which we partner.

Our team has decades of combined experience and success with investing in, and running, businesses pre-IPO. We leverage this deep understanding of early-stage investment together with our connections and contacts to give private investors access to investment opportunities in the most innovative and exciting private businesses.

Key to our focus is the people running the business. We seek experienced teams with a track record in their given sector.

OUR APPROACH

Through an extensive network, we are in a fortunate position to have access to large and varied deal flow and access to hundreds of business plans a year. Together with our own expertise, we leverage this network to perform thorough and comprehensive due diligence on every company with which we work.

The primary question we will always ask is 'can we add to the business beyond simply providing funds?'

Once we have decided to work with a business, from day one Oberon are protecting the future of all Investors' investments. A fundraise is not carried out in isolation – it is just one part of the service Oberon provides to companies. Oberon works alongside companies from first fundraise through to exit aiding the path to a positive financial outcome for private investors and ensuring they can be confident their investment is being regularly monitored and risk mitigated.

Our Investment Strategy

We retain the flexibility to invest in businesses at different stages of development and across a variety of sectors.

There are key fundamentals we always look for:

- Disruption of a large market: Is the company seeking to disrupt a multi-billion pound market and are they operating in an industry where we think this disruption is appropriate;
- Driven by world class technology: Can the innovative technology provide a radical difference in the market in terms of product performance and/or costs;
- Knowledge intensive: Is the company rich in defensible intellectual property;
- High potential growth: If successful, does a company have the capacity to deliver a significant return to investors;
- Influence: Would the Fund have sufficient strategic influence on the direction of the company, either directly or indirectly;
- Limited Future Capital Requirement: Is the level of likely dilution from expected future investment rounds acceptable;
- Feasibility and Execution: Do we believe the company's (current or proposed) Board and management team - usually on their 2nd or 3rd venture, with successful exits behind them - will be able to develop its technology into a marketable product, successfully enter the market and achieve rapid revenue growth;
- Recurring revenue: Ideally in unsophisticated markets where contracts run for 3-5 years; typically SaaS revenue which is slow churn. We also look for licence revenue and multiple revenue streams;
- Clear route to exit: Does a company have a clear strategy for realising value for investors; our well connected Investment Management and our Corporate Advisory & Broking teams are able to introduce emerging IPO candidates to our wider network of advisers and brokers within the London small-cap investment community so that we can build momentum when the need arises;
- An attractive 'in price': We work with Founders who understand the value of supportive investors and who will negotiate on valuation. We will always review the 24 month cash requirement in advance, giving visibility on long term value growth;
- EIS: Is the company EIS qualifying?

Our Exit Strategy

It would be prudent to view an investment in the Fund as long term. You should only invest in the Fund if you are willing to leave the investment intact for at least three years and most probably longer. Our average holding period for a company is expected to be three to five years. We always consider potential exit strategies before we make an investment and aim to exit investments as soon as commercially feasible after the minimum three-year holding period. In the normal course, Oberon does not intend to sell any investments within three years although there may be instances when a sale within three years is judged to be commercially prudent. Once the holding period for EIS qualification is achieved, we will look for disposal opportunities as soon as commercially possible thereafter.

EXIT MAY BE ACHIEVED THROUGH A VARIETY OF ROUTES:



Trade sale of the shares or assets of the Investee Company



Management buy-out



Sale of shares to other shareholders or through a buy back by the Investee Company itself



Sales of shares on the stock market following an Initial Public Offering (IPO) on the AIM

Our Successes

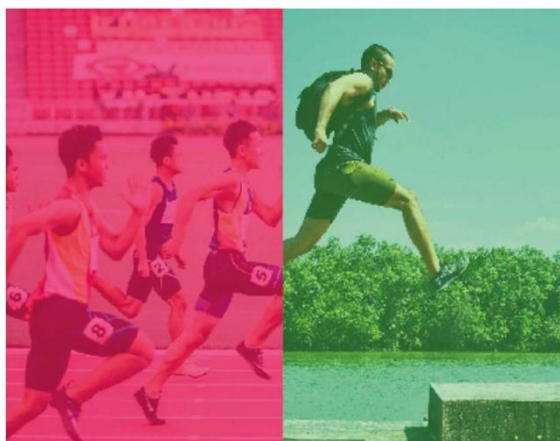
We are proud of our track record of arranging successful fundraises and exits. Please note that the businesses listed below are examples of recent successes and that investors in the Fund will be investing in different companies.



We also raised capital for Oberon Investments Group plc itself at the end of 2020 prior to our listing on the Aquis Stock Exchange Growth Market. This was done at approximately a 20% discount to the 4p listing price. Shares are currently trading above 6.5p (as of 29/10/21).



4global is the leading data-enabled sports transformation company that helps clients maximise the health, social, and economic impact from investment in sport. Their proprietary Sport Intelligence SaaS platform enables governments to target investment to improve the health and wellbeing of populations. Sports Intelligence tracks the data of 15 million UK sports participants and holds over one billion activity records. This is already generating £1.5 million of recurring SaaS revenue through 150 long term contracts.



TRANSACTION

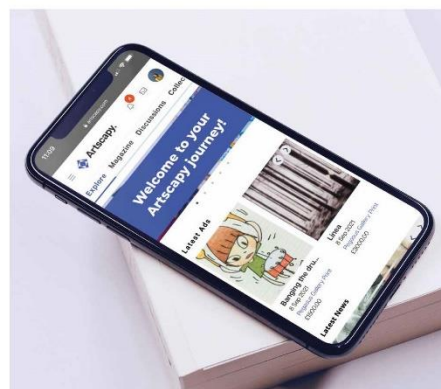
The Oberon raise in 2021 was conducted at a £10 million pre-money valuation. Since the raise earlier this year, 4global has beaten forecasted targets and listed on AIM in December 2021.

Artscapy.

Artscapy is set to transform the infrastructure surrounding the art industry; modernising a traditionally opaque and slow-to-adapt sector.

Artscapy integrates various technologies to create a cohesive end-to-end ecosystem for the modern art economy, offering services such as blockchain-enabled Certificates of Authenticity, marketplaces for physical and NFT art, collection management systems and KYC/AML checks.

With zero marketing spend thus far, the Company has received tremendous interest, with now over 60 galleries waiting to onboard. Each gallery is estimated to generate £40,000 per annum, if they use all the tools available.



TRANSACTION

Oberon completed a EIS round at a £7 million pre-money valuation.

Silverbullet

Silverbullet is a data technology company which allows global businesses to unlock the value of their marketing data assets. Their proprietary technology, 4D, is the main driver behind their growth. 4D enables brands to target consumers without the use of cookies. The only comparable technology, Grapeshot, was acquired by Oracle in 2018 for \$325 million. They have seen rapid growth since 2016, with a client base of over 70 blue-chip clients, including Heineken, Bosch and American Express, and are operating globally.



TRANSACTION

Oberon conducted private fundraises for Silverbullet in 2020 and early 2021 at valuations of £8 million and £17 million respectively. Oberon then led Silverbullet through the listing process on AIM in May 2021 in a oversubscribed institutional round at a valuation of £25 million.



Skybox is currently the most powerful data and visualisation engine in video gaming and eSports. Their platform effectively provides the "Picks & Shovels" for the commercialisation of this rapidly expanding market, and they are widely expected to become the backbone of the competitive eSports scene in the future. Skybox's unique technology allows for best-in-class analytics in video gaming, showing what is going on in an eSports match in real time. It is used in the biggest eSports competitions and is covered by the main video game publishers. A range of contracts have been signed with various industry leaders such as Valve and Steam, and they are in contractual conversations with Amazon, Activision, PUBG and Faceit.



TRANSACTION

Oberon arranged a £1 million EIS qualifying raise at a £15 million pre-money valuation, negotiated from £25 million.



vTail is a clinician-first auto-networking & communications mobile app platform. It is a healthcare-specific, compliant "LinkedIn meets WhatsApp" platform for the wide-open interface between clinicians/nurses/surgeons, (who now prefer digital communications), and the one million sales/clinical teams in medical product companies who need a compliant way to maintain relationships with their customers.



TRANSACTION

Oberon raised £1.1million in June of 2021 at a £6.5million pre-money valuation. The Company has since made excellent progress and Oberon began a further £2million raise in November 2021 at a £12.5million pre-money valuation to enable them to capitalise on their successes and further accelerate growth.



WithU is an immersive, audio-led coaching app with over 1,000 on demand workouts and personalised programmes led by 20 world-renowned coaches. The audio-led format, supported by an interactive avatar, allows people of all fitness levels to train wherever and whenever they like. It has proved to be a far more flexible and cost-effective format than the screen-based formats, such as Peloton. By focusing on a B2B strategy the Company has now attracted around 70,000 users worldwide through deals with corporates such as Coca-Cola, Vodafone and Visa. WithU are currently trading six months ahead of forecasted figures.



TRANSACTION

Oberon conducted an oversubscribed EIS raise at a £12million pre-money valuation in early 2021. A further £3million was raised at a £25million pre-money valuation at the end of 2021

Octopus Ventures Knowledge Intensive EIS Fund 22/23

octopusinvestments

- Time-limited Knowledge Intensive EIS Fund open with £40 million capacity.
- Closes on 5 April 2023 or when capacity is reached, whichever comes first.
- Last opportunity to carry income tax relief back to 21/22.

About the Octopus Ventures Knowledge Intensive EIS Fund

The Fund gives investors the opportunity to invest in 15-25 early-stage businesses with high growth potential (each targeting 10x growth on initial investment). It is run by the same team behind Octopus Titan VCT, the UK's largest VCT¹ and benefits from the same pipeline of opportunities.

By owning shares in each of the underlying companies, investors have direct access to exciting companies, some of which may have the potential to become household names.

30% income tax relief is available in the tax year the Fund closes (2022/23) and can be carried back to 2021/2022, regardless of when the money is deployed. This is the last chance to claim income tax relief on the prior year using EIS investments.

The key benefits of EIS

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.

Investors can claim income tax relief equal to 30% of the value of their investment, provided they hold the shares for at least three years. And with a knowledge-intensive EIS, this can be carried back to 2021/22.

Any growth in the value of EIS-qualifying shares is tax-free.

Losses made on an EIS company may be offset against either their capital gains tax bill or their income tax bill, subject to qualifying conditions. Up to 45% of the loss may be claimed against income tax relief, or up to 20% against capital gains tax.

And if an investor decides to reinvest the capital gain on the sale of another asset into an EIS-qualifying company, they can defer the gain until the EIS shares are sold. If they die while holding the EIS-qualifying shares, the capital gain will be eliminated on death.

In addition, EIS shares held at death should qualify for Business Property Relief if they have been held for at least two years, meaning they can be passed to beneficiaries free from inheritance tax.

Why invest in a knowledge-intensive EIS?

With a typical EIS, 30% income tax relief can be claimed in the year that money is invested into each individual EIS company. This can make the timing of tax relief difficult when deployment of the funds can take up to 12 months.

However, 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. In addition to this, the tax relief can also be carried back to the prior year. This can be a compelling planning opportunity for advisers as it's the last opportunity to do so.

How do we target growth?

We believe that there are three stages to achieving capital growth from investments in early-stage businesses, which our specialist in-house investment teams are experienced at delivering:

- Access to investment opportunities that have the potential to achieve high growth.
- Effective nurturing and support of a business as it matures.
- The ability to manage a successful exit.

For someone investing on their own, each of these stages would pose a challenge.

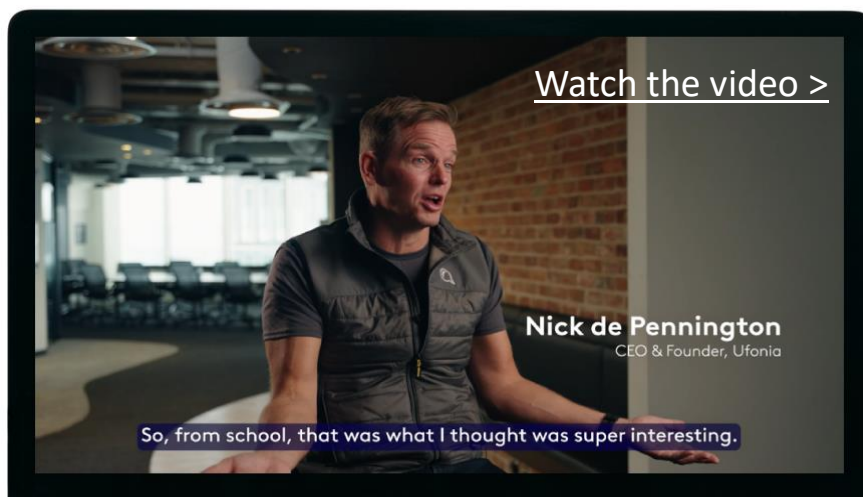
Our investment team, which has over 20 years of investing in smaller companies, is divided into five sector-based areas of focus: Health, Consumer, Deeptech, Fintech and B2B Software. The structure of the team means we attract some of the best entrepreneurs, who most often choose to partner with specialists in their sector. Equally, we often find the best opportunities more efficiently in each area, owing to the strong relationships that the investment teams have built in their individual networks.

Examples of Knowledge Intensive companies we have backed

Ufonia

Ufonia uses artificial intelligence (AI) to develop automated clinical-grade conversations, capable of replacing routine medical appointments, and integrating into health systems.

Their solution can contact thousands of patients simultaneously, significantly increasing the efficiency of care. Nick de Pennington, the CEO, is an experienced neurosurgeon and knows first-hand how clinical automation unlocks capacity across patient pathways. His credibility, and the fact that the product is already thriving in-market, gave us a huge amount of confidence. This team could unlock clinical automation on a global scale.

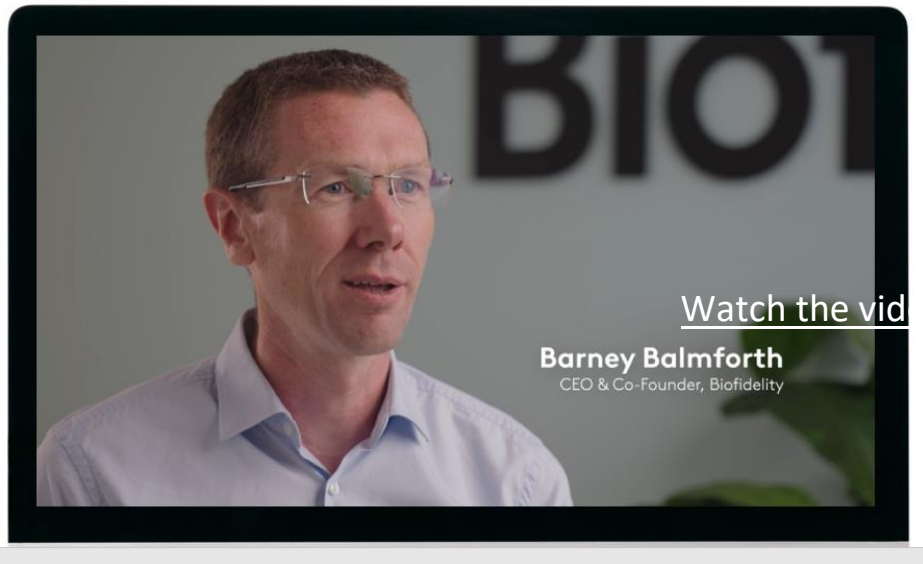


[Hear from Nick](https://octopusinvestments.com/ufonia/) – visit octopusinvestments.com/ufonia/

Biofidelity

Biofidelity's mission is to provide access to precise cancer diagnostics for all patients. They've developed a unique blood-based diagnostic test for the earliest possible detection of cancer and genetic mutations, including melanoma, liver, kidney and breast cancer.

We're not only excited by the disruptive and innovative technology that Biofidelity has developed, but also the multi-billion-dollar market opportunity for the application of the technology and the huge impact it could have on patient outcomes.



[Watch the video at octopusinvestments.com/biofidelity/](https://octopusinvestments.com/biofidelity/)

Key risks to keep in mind

- Your client should not invest unless they're prepared to lose all the money they invest. This is a high-risk investment.
- Tax treatment depends on individual circumstances and may change in the future.
- Tax reliefs depend on the portfolio companies maintaining their EIS-qualifying status.
- EIS investments are by their nature high risk, their share price may be volatile and they may be hard to sell.

¹The Association of Investment Companies, October 2022.

EIS investments are not suitable for everyone. We do not offer investment or tax advice. Regarding VCTs, this advertisement is not a prospectus. Investors should only subscribe for shares based on information in the prospectus and Key Information Document (KID), which can be obtained from octopusinvestments.com. Investors should read the product brochure before deciding to invest, this can be found at octopusinvestments.com. 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. We record telephone calls. Issued: January 2023. CAM012666-2301.

Oxford Capital Growth EIS Fund

OXFORD CAPITAL



CURRENT STRATEGY – A STRONG PERFORMER

2022 IS ANOTHER YEAR OF VALUE CREATION



Three deep tech exits	17.5% IRR* 7 years of strong performance
Some companies valued at 5-10x cost	£1.2bn of EV across portfolio as at 05 October 2022

* Current strategy inception IRR - 7 years' data since October 2015.

TRACKING PERFORMANCE

CURRENT STRATEGY IS DELIVERING STRONG RETURNS (2015-2022)



Data for 7 years to 5.10.2022 (since inception). Current valuation as at 5.10.22. Multiple shows gross performance and does not include the effect of commissions, fees or other charges. Average exit IRR for exits of Red Sift, Latent Logic and UltraSoc investments. Failure includes investments that have failed and generate negligible or no proceeds. Past performance is not a reliable indicator of future results.

Oxford Capital Growth EIS Fund Questionnaire

OXFORD CAPITAL

Is your fund EIS or Seed EIS?
EIS
AUM changed since last year?
£135m
Minimum investment for funds?
£25,000
Amount to be raised?
£10m
How many companies are in your portfolio?
21 companies
How happy are you with your fund performance this year?
Considering the political and economic turmoil since the start of the year, the portfolio has weathered the storm well, with a rolling 7-year IRR of over 17%. A number of companies continue to perform well, and we anticipate performance to hold up for the next period.
How has the economic climate affected your AUM?
It hasn't affected AUM – being an unlisted fund, there is no ready market to sell down shares on demand, so investors are committed to the investment lifecycle associated with early-stage EIS investments.
What has been your exit record in the last 12 months?
Our exit record is strong in comparison to our peer group over the last 12 months. Our last exit (partial) from Red Sift (a provider of cybersecurity) at the start of this year returned up to 9.2x for some early investors, and we were recently recognized for this at the Intelligent Partnership Growth Investor Awards, where we won "Best Investor Return".
Is your fund evergreen? If not, is it open or closed now? Is this status likely to change?
The fund is evergreen.
What is your fee structure/how are your fees deducted/etc?
An annual management fee of 2% of the net subscription is charged quarterly. If the value of the companies held in the portfolio decreases below the net subscription amount, we will decrease the annual management charge commensurately. However, the annual management charge does not increase if the value of the investments exceeds the net subscription. 2% annual management charge, 20% profit share – of returns above the amount invested (after the deduction of any adviser charges and net of fees). Our Custodian, Mainspring Nominees Limited, charges a quarterly administration fee of £20.00, a purchase dealing fee of 0.20% of the cost of shares purchased on your behalf; and a sale dealing fee of 0.30% on the value of the shares sold on your behalf.
What is/are the sector/s that your fund is looking to invest into?
We aim to invest in early-stage technology businesses that are solving commercial, technological or scientific problems in innovative ways. Companies in our portfolio operate in sectors such as fintech, digital health, B2B SaaS, future of retail, future of food, future of work AI & machine learning.

Do you expect Consumer Duty to have any further effects?

Yes, consumer duty will have an effect on fund managers, especially with the added regulatory burden of implementation in a market which is already heavily regulated. The principle of Consumer Duty will importantly ensure only the right investors are exposed to high-risk early stage EIS investments, and they will be clear on the potential outcomes, so we support this.

How has your sustainable investment strategy evolved?

We have always looked at sustainability and ESG factors as part of our investment process, and look to back companies who are building innovative businesses in a sustainable and meaningful way.

What is your experience of the numbers of advisers starting or stopping using EIS

EIS continues to be an area of investment which is growing as advisers see its beneficial impact as part of a modern investment portfolio, in delivering above inflationary real returns. With the recent changes announced by the government on tax band changes for HNW investors, we also see that many more people will benefit from some of the tax advantages which EIS can bring.



Oxford Technology Development Fund - EIS

Oxford Technology manages two funds:

1. OT(S)EIS - The Start-up Fund: Investors' money is invested over 3 years - Approx. 1/3 (less fees) in SEIS investments in year 1, 1/3 in EIS investments in year 2 in those of the earlier SEIS investees which are doing well, and the same again in year 3. SEIS investments are very high risk and some failures are to be expected, although there have been very few so far which is why the track record is so good. So it takes 3-4 years before all the tax reliefs are obtained, which does not suit everybody.

2. OTEIS - The Development Fund: Investors have all their money invested within one year in EIS investments, mainly in earlier OT(S)EIS investments which are developing well. So this fund has a lower risk profile than OT(S)EIS and investors can claim their tax reliefs more quickly.

Oxford Technology Q3 2022 Portfolio Report

Summary

This report summarises the progress made by portfolio companies in the latest quarter. By the 30th September 2022, OT(S)EIS had completed 194 investments in 53 companies. It also details useful information about the fund, including how we invest, opportunities for co-investment at presentations, and the intricacies of SEIS/EIS tax reliefs.

The investment figures for the fund as a whole are as follows:

- Invested Capital: £10.27m
- Cash from Tax Reliefs: £3.79m
- Cash from Exits: £2.23m
- Cash due from Ducentis Exit: £1.65m
- Remaining Equity Value: £28.20m

In addition, there is the potential for a further £40.42m in milestones from the Ducentis exit.

Valuations are all made according to the most recent price paid by investors in the company. If, following an investment, things have gone wrong, then the valuation is reduced. But if things have gone well, the valuation is not increased unless there is another funding round. To this extent the valuations are conservative, but obviously nothing really counts until the gains are realised through exits.

The figures assume that the investor in question has claimed the full amount of tax relief available from the SEIS and EIS investments. The cash back from tax reliefs can take some time to arrive, but it comes in the end. Firstly, the investee company has to meet certain HMRC requirements (e.g. trade for 4 months). Then they inform HMRC, who must authorise the issuance of certificates which will enable investors to claim their tax relief.

Exits are typically expected on a 10-year timescale: investments in OT(S)EIS are illiquid and long term.

Nevertheless, the return multiples when exits occur can be considerable. For instance, the recent Ducentis exit could have a return multiple of up to 127x.



Portfolio Progress and Highlights

Ducentis has been acquired by Nasdaq listed Arcutis. The deal involves \$30m upfront (half cash half shares) and up to \$400m in development and commercial Milestones, with mid single digit royalties on sales of over \$1.5bn a year. We would like to congratulate founders Dr Philip Huxley, Dr Rebecca Ashfield and Prof David Blackburn.

We have concluded a secondary sale of shares in **Refeyn** for some of our investors with a 12x return (pre tax break)

Run 3D had another good quarter with the first clinic in the Middle East Opening. The number of clinics, each paying a monthly fee, has now grown to 34.

Lightpoint's SENSEI probe was used in prostate cancer surgery in the US for the first time.

The number of subscribers to The Smarter Food Company's VHG (Very High Glucoraphanin) soup has now increased to 700. The soup was developed and patented by the Quadram Institute. The company can make no health claims until clinical trials have been conducted but one cup of the soup per week may be enough to lower blood sugar levels and so help prevent some of the world's 1 bn pre-diabetics from joining the 370m diabetics. Please consider joining in (cost £65 per 12 weeks - the soups are sent by post.) It will do you no harm and may do you some good.

Cryologyx has successfully demonstrated the recovery of red blood cells from frozen storage.

Covatic had a good quarter and a partial exit has been arranged for some shareholders.

During the quarter, Machine Discovery's first customer, First Light Fusion announced that it had achieved fusion for the first time, using an entirely new concept, accelerating a mass up to 70km/sec and smashing this into its target, to achieve the extreme conditions needed to create fusion.

At the end of the quarter, **Zayndu** shipped its first machine, for a trial at a vertical farm in California. If the trial is successful, an initial batch of four machines will be required. Machines will be supplied on a monthly rental model.

Digilab closed its funding round and has signed up two large customers, and is close to breakeven.



Par EIS Fund

Winner of Best EIS Investment Manager at the 2021 and 2022 EIS Association Awards and also Best Angel Group of the Year at the UK Business Angel Association 2021 Awards. Across 73 companies backed to date and 28 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 30th September 2022

- 10 members in the investment team, with over 100+ years' experience in EIS combined.
- 37 operating partners on the boards of our portfolio
- 304 EIS qualifying investments
- 73 companies backed
- £137m invested by Par leveraging a further £232m from third parties.
- 6.7 months average time taken to full deployment into 8 companies
- 101 days on average for EIS3 certificates
- 28 realisations to date
- 3.2x money multiple (before tax relief)
- 24% IRR
- 5.1 years average holding period



Par Knowledge-Intensive EIS Fund

Winner of Best EIS Investment Manager at the 2021 and 2022 EIS Association Awards and also Best Angel Group of the Year at the UK Business Angel Association 2021 Awards. Across 73 companies backed to date and 28 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, knowledge-intensive 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:

- The Par KI Fund will invest alongside the award-winning Par EIS Fund, whilst also providing additional benefits to the underlying investor:
 - The date for determining the investors' tax relief is the date of the Fund's close, i.e., (31st March 2023) rather than when the underlying investments are made. This improves tax planning and gives investors much greater certainty of claiming EIS relief against the current tax year or by carrying it back to the previous tax year, i.e., the 2021/2022 tax year.
 - There is a single EIS5 certificate produced once the Fund is fully deployed, rather than multiple EIS3 certificates for each underlying company. Par Equity has a target deployment of 12 months after the Fund close, but it's worth adding that HMRC requires that 90% of the Fund be deployed within 2 years.
 - Investors are able to invest a maximum of £2m per tax year in qualifying knowledge-intensive companies, double the threshold for "normal" EIS investments
- Focused on early-stage technology companies across the North of the UK, with high-quality management teams addressing global markets
- Co-investing with the Par Investor Network, 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 30th September 2022

- 10 members in the investment team, with over 100+ years' experience in EIS combined.
- 37 operating partners on the boards of our portfolio
- 304 EIS qualifying investments
- 73 companies backed
- £137m invested by Par leveraging a further £232m from third parties.
- 28 realisations to date
 - 3.2x money multiple (before tax relief)
 - 24% IRR
 - 5.1 years average holding period

Parkwalk Opportunities EIS Fund



"The UK's most active investor in
university spin-outs" - Beauhurst 2022

Parkwalk is a multiple award-winning EIS manager established in 2009, with over £400m AUM. Our flagship, evergreen Opportunities EIS Fund is one of the UK's most successful EIS funds, consistently raising and deploying on average over £50m per tax year for the last five tax years. We believe that in an uncertain environment, our consistency across three areas is key to our advisers and investors:

- Investment strategy: unchanged since inception, despite multiple changes to the EIS rules and regulations.
- Deal flow and deployment: investing our clients well within our 12-18 month target timeframe, backing over 150 investee companies since inception.
- Track record and performance: over £100m returned to investors via successful exits.

Unique Asset Class

Parkwalk invests solely into cutting-edge technology businesses spun out of the UK's world-leading universities and research institutions. These companies cover sectors such as Life Sciences, CleanTech, Quantum Computing and many more, and they are looking to solve key global issues such as food and water security, clean technology, improved health and increased longevity. At the point of investment, these businesses benefit from:

- Proven, peer-reviewed technology, often incubated for years within the UK's world-leading universities;
- Established freedom to operate; and
- Strong IP protection.

Strong Deal Flow

Sourced from our early-stage university funds and relationships with tech transfer offices, our trusted co-investor network and our existing portfolio of 100+ companies, our pipeline means investor subscriptions are consistently fully deployed within 12-18 months.

Multi-faceted Diversification

All portfolios are diversified both across technology sector and investment stage (series A – C).

Co-investment Strategy

Parkwalk are syndicate investors, co-investing alongside other, non-tax-advantaged institutional investors, resulting in three key benefits:

- For Parkwalk: additional due diligence and validation of our investment thesis and the valuation at which we invest;
- For clients: participation in larger investment rounds on the same terms as co-investors; and
- For portfolio companies: access to additional sources of both capital and expertise.

Transparent Track Record

We have returned more than £100m to investors via successful exits, and are one of the few EIS funds to publish valuations on our website [here](#).

ESG and Impact Alignment

With environmental, social and governance (“ESG”) factors becoming an ever-increasing focus for investors, we continue to invest in cutting edge technology that results in a global positive impact. We adopted a formal ethical investment framework in 2021 and our parent company, IPG, is a FTSE4Good company and is rated BBB for ESG by MSCI. IPG is a signatory of the UN’s Principles for Responsible Investment, and reports across both the TCFD and SASB frameworks.

Two Investment Options

Opportunities EIS Fund: evergreen, open year-round for investment, with all tax reliefs linked to the timings of investments and individual EIS3 certificates issued for each investment.

Annual Knowledge Intensive EIS Funds: tax year-end closes, with initial income tax relief linked to the close date, thereby allowing for 100% carryback to previous tax year. Reliefs claimed via one EIS5 certificate, issued once the fund is invested.

Key Information

Target Deployment:

12-18 months from initial investment

Min Investment:

£25,000

Investment stages:

Series A-C

Portfolio size:

5-10 individual companies, dependent on fund

Current Investment Company



Charco Neurotech

Wearable device to manage Parkinson's symptoms

University: Imperial College

Last Investment Round: \$10m, Series A

Co-investors:



Exited Investment Company



YASA Motors

YASA spun out of the University of Oxford, developing next generation electric motors and controllers. The company was acquired by Mercedes-Benz in an all-cash transaction in July 2021. Over 800 investors in Parkwalk's EIS Funds benefited from the sale, generating a 2x-6x return on investment excluding tax relief and fees

GROWTH INVESTOR 2022 AWARDS | **WINNER BEST EIS INVESTMENT MANAGER**

Parkwalk Opportunities EIS Fund Questionnaire

What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS

EIS

AUM changed since last year?

Yes – increased to over £400m

Funds raised v target in the last year?

We do not target a particular fundraise in any given year, but rather prefer to monitor pipeline throughout the year and raise funds accordingly. 2021/2022 was a record-breaking year for us in terms of both funds raised and funds deployed (£60m+), and the 2022 calendar year likewise will be ~£60m both raised and deployed.

How happy are you with your fund performance this year?

We are happy to see a number of the portfolio companies which were down-valued over the last 18-24 months begin to bounce back with successful funding rounds and one successful exit. We are disappointed that a few companies were not able to continue operation as a result of the impact of Covid and ongoing macroeconomic uncertainty and, but we believe our tax year cohort valuations are now beginning to build back.

How has the economic climate affected your AUM?

Our AUM has continued to increase, albeit at a slower rate than it might otherwise have, due to our conservative valuation methodology for unrealised holdings. We have not seen particularly reduced inflows and our deal flow continues to be strong. Impairments within the portfolio were made early and subsequent funding rounds and exits at good uplifts have balanced out performance within the portfolio.

What has been your exit record in the last 12 months?

Over the past 12 months, we have had two successful exits, for a 3x and a 10x return, and we are about to close a third for a 5x return. Our funds returned via successful exits has increased to over £120m as a result.

Is your fund evergreen? If not, is it open or closed now? Is this status likely to change?

Our Opportunities EIS is evergreen and is currently open for investment. We also run Knowledge Intensive Approved EIS Funds, which tend to close near to tax year end each year.

How has MiFIDII affected your fund/business?

Parkwalk's primary business is acting as an Alternative Investment Fund Manager, which is not MiFID business. However, Parkwalk is currently an Article 3 exempt-MiFID business firm. As such, Parkwalk is subject to certain MiFID rules such as Product Governance, Inducements, Treatments of Conflicts of Interest.

Which investment/research platforms do you use? (i.e Hardman, Deepbridge, MiCAP, GrowthInvest, etc)?

Parkwalk is reviewed by most major research platforms including MiCAP, TER, MJ Hudson Allenbridge.

How have you implemented the PROD rules?

Parkwalk has in place a Product Governance policy, which covers our role as product manufacturer and distributor. We have adopted the rules in a proportionate way, taking into account the nature of our EIS funds and their target markets. As Parkwalk is involved in the manufacture and distribution of its funds, it is subject to the PROD requirements in PROD 3.2 and 3.3. Our product governance procedures include target market identification, charging structure, distribution strategy, and identifying conflicts.

How has SFDR and PRIIPS affected your provision of information?

With regard to PRIIPS, as our end investors are retail investors, we are obliged to produce a Key Information Document (KID) for each open fund. We produce KIDs that align with the prescribed template as required by the regulation. As Parkwalk only markets its funds in the UK, the firm is subject to the UK PRIIPS rules only. Changes were recently made to the UK's PRIIPS KID requirements, with firms being given until 31 December 2022 to comply with the new requirements. Parkwalk is currently updating the KIDs for its open funds in compliance with the UK rules. With regard to SFDR, as Parkwalk has not hitherto marketed any of its funds into the EU, it is not currently caught by this legislation.

Do you expect Consumer Duty to have any further effects?

Yes, as our investors are retail investors, the Consumer Duty regime will impact Parkwalk. We have undertaken an assessment of the impact of the new regime and are putting in place our implementation plan in respect of our open funds, in accordance with the 31 July 2023 FCA-prescribed deadline. We will be implementing changes/improving current procedures around (i) governance of products; (ii) product price and value; (iii) consumer understanding and (iv) consumer support.

How has your sustainable investment strategy evolved?

Parkwalk's investment strategy has always had a natural alignment to impact and ESG principles. We adopted a formal ESG policy and ethical investment framework as part of our investment process in 2021. Any issues are flagged and discussed by our ethics committee, chaired by Gordon Clark (Professor Emeritus of Oxford University). This new process and framework is a formalisation of an investment strategy that was already well-aligned to ESG – we have always invested in cutting-edge technologies that have a transformational impact on the industries they operate in. We are working with the ESG_VC initiative to assist with the measuring, monitoring and improvement of ESG performance and we also report to our parent company IP Group's ESG committee as part of group requirements. IP Group produce an annual ESG report detailing overall group progress, and as a group we are looking to formalise our ESG and impact reporting in the near future; IP Group has recently appointed a Head of ESG who is driving this process internally.

What is your experience of the numbers of advisers starting or stopping using tax-efficient funds?

With the changes following the Patient Capital Review, many advice firms became more cautious about tax-efficient investment. However, over the past year, we have had several new firms create tax-efficient panels and advice and wealth management businesses appear to be increasingly looking at tax-efficient products as part of a holistic financial plan for wealthier clients.

Do you have a recent AKG report?

No

Anything else you feel that I should be including.

Parkwalk's investment strategy and access to deal flow is unique in the EIS sector. For over a decade, we have been investing into cutting-edge technology businesses spinning out of the UK's world-leading universities and research institutions, and we have strong links to universities up and down the country, with a particular focus on the prolific Golden Triangle of Oxford, Cambridge and London. We raise and deploy on average over £50m per tax year, and our investee companies are creating solutions to key global issues such as food and water security, clean technology, improved health and increased longevity. We have won over 20 awards over the years for our investment strategy and performance, including most recently Best EIS Investment Manager at the 2022 Growth Investor Awards.

Praetura EIS Growth Fund



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

Praetura has been supporting small and medium enterprises since 2011, raising capital through EIS and investing in the early stages of business lifecycles. We are motivated by the size of the opportunity offered by early-stage businesses in the North of England, and we're well-positioned to capitalise on the pricing arbitrage, with over a decade of experience in providing genuine venture capital in the region.

We're an active investor, providing **'More Than Money'** to our investee companies. Our dedicated Portfolio Team supports each businesses at a strategic level as they scale, with the addition of Operational Partners, who have had a transformational impact on our portfolio and are responsible for providing day-to-day support to each business.

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 have the largest commitment to any VC from the British Business Investments (BBI) Regional Angels Programme, with over £20m invested alongside our investments.

Outside of the North, we continue to invest nationwide and benefit from having one of the most diverse 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 the 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 pride ourselves on maintaining strong relationships with IFAs and investors that are built on trust, transparency and clear communication. The Praetura EIS Growth Fund is an evergreen fund, with two soft closes each year;

- 30th April
- 31st October (deployment by the end of the relevant tax year – 5 months)

We target full deployment within 6 months of each close. Investors can expect a highly diversified portfolio across the 8-10 businesses within each tranche. The underlying businesses are diversified across a number of sectors, all of which have some form of IP enabled solution behind them; AI, Creative, Digital and Tech, Financial, Professional & Business Services, Renewable Energy & Technology, Advanced Manufacturing, Health and Life Sciences, Educational Technology.



Our investment strategy

We receive c.200 investment opportunities every month. The Investment Team are responsible for evaluating these opportunities against the fund's investment criteria and selecting those that they believe have the best chances of success. The opportunities which progress through the investment pipeline are subject to extensive due diligence over the course of months of meetings and calls. Investment appraisal centres around our "6Ms" criteria:

- Management
- Money
- Market
- Model
- Momentum
- 'More than Money'

This criteria helps form the investment case for each company. It is built on and updated as companies progress through the investment process with further scrutiny provided at each stage.

There are three levels of Investment Committee, starting with "Sightings". This is an exploratory meeting in which the aim is to assess further areas of diligence that should be undertaken and identify people within our network who will be able to assist with our assessment. Following further diligence, the Investment Team present a formal investment paper to the committee. This forms the basis of the "IC1" meeting, which determines whether to progress the opportunity.

Assuming a positive outcome, the Investment Team conclude their diligence and legal work and present their findings to the committee for a final confirmatory "IC2" meeting, which is required to approve the transaction for execution.

- Diligence is centred around the following areas:
- Commercial – e.g. competitor analysis, market trends, customer and pipeline referencing.
- Technology - e.g. an assessment of a technological solution to the robustness of its architecture, scalability and associated risks.
- Financial – a review of the financial forecasts and associated sensitivity analysis.
- Management – an assessment of mission, purpose and vision to ensure cultural alignment
- Legal – undertaken by legal representatives.

Where appropriate, external specialists will be engaged to support with the work streams. We also work closely with our Operational Partners and Venture Partners, who often have overlapping experience in the areas of assessment.

Each EIS fund portfolio will be made up of circa eight investments. These companies will be diversified across sector, customer exposure and stage of growth to lower the risk to each investor.

Once the investment is complete, responsibility moves from the Investment Team to our Portfolio Team, who will support the business over its lifetime with the assistance of our Operational Partners. Our standard investment terms ensure that we have board representation, along with a non-voting observer seat. All investee companies complete monthly financial and non-financial reporting, which is analysed by our Portfolio Team via our bespoke financial reporting software. This ensures targets are being met and is an opportunity to flag any potential risks as early as possible.

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

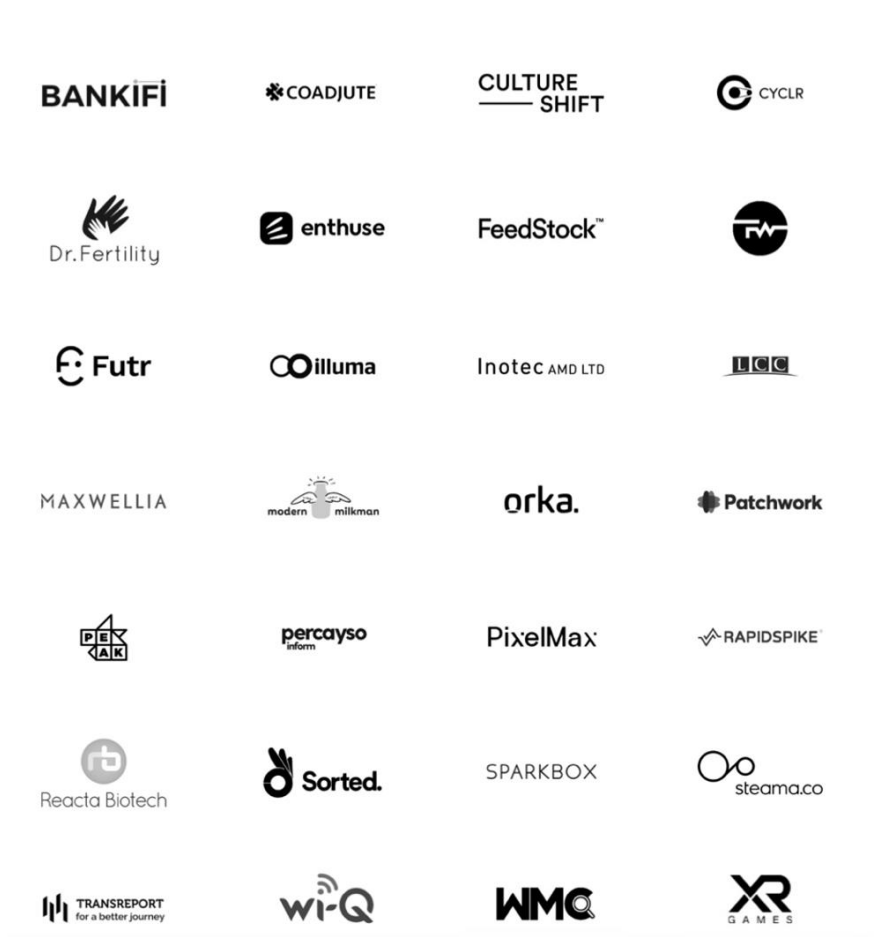
Past Performance

Since inception in 2011, there has been a number of successful investments, with 21 companies generating realised or unrealised returns above invested capital and seven in excess of the Fund's target. Overall, Praetura's 45 companies are valued at 1.94x including unrealised valuations, which is in line with the Fund's target return, though this is reduced by the majority of the recent investments still being held at cost. The older and more established track record of Praetura Capital provides a stronger track record with its EIS qualifying investments showing a 3.3x return.

The Praetura EIS 2019 Fund and the Praetura EIS 2020 fund have, since 2019, made 20 investments and have seen fifteen investments increase in unrealised value. This includes an encouraging 151% for Peak AI, 75% for Patchwork, 74% for XR Games and 69% for Transreport.

Through the Praetura EIS Growth Fund, which was launched in 2020, we have made 40 investments so far with the majority of investments being held at cost, with the exception of BankiFi (1.93x), Patchwork (1.2x) and Transreport (1.69x) and Peak AI, which has just received external funding from SoftBank and is now valued at 2.5x on the Praetura investment made in January 2021.


	Total Cost	Realised Value	Realised Multiple
Big Red	£2.0m	–	0.0x
Hultons	£1.9m	£1.0m	0.5x
Mobedia	£0.3m	–	0.0x
Ostara Biomedical Ltd	£1.0m	–	0.0x
Starcount	£3.1m	£0.4m	0.1x
Inspired	£1.3m	£21.4m	16.0x
PIB	£2.8m	£7.6m	2.7x
EC3	£0.6m	£11.3m	19.2x
Noblet	£1.0m	£5.4m	5.4x
Wrights	£0.7m	£0.8m	1.1x
Total	£14.7m	£47.7m	3.3x




Operational partners and more than money

Our commitment to more than money is another reason why 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, Dr Martens, MPP Global, ANS, 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.


OPERATIONAL PARTNERS




Colin Greene
Colin has worked for the world's biggest tech companies, including Apple, Intel and NCR. At Apple's Cupertino HQ, he led the company's US Consumer Retail business with direct responsibility for a \$10B P&L. He has also held COO and Country CEO positions for Apple in Tokyo and Seoul.
Now based in Lancashire, Colin advises many of our portfolio companies in his role as an Operational Partner, taking what he's learnt in his expansive career to inspire new founders.



Mark Slade
Mark is a commercially minded proven professional with experience both as CEO and Vice Chairman level in the financial services industry and as a non-executive Board member in various businesses and sectors, ranging from UK based startups to multi-geographical SMEs.
Fair, rational, and strong on risk management and governance, whilst passionate about the talent management and development of people, along with D & I and wellbeing initiatives.




Dominic McGregor
Dominic is the co-founder and ex-COO of Social Chain, a leading marketing company he helped grow to a \$200m turnover business with clients ranging from Amazon to the BBC and Coca-Cola. During his tenure, Dominic oversaw the company's IPO on the Frankfurt Stock Exchange.
Since leaving Social Chain, Dominic has been an avid supporter of Northern businesses and entrepreneurs and continues to mentor our portfolio companies as an Operational Partner.




Catherine Barber-Brown
Catherine has more than 25 years' experience across multiple sectors, including banking and health. Now a Non-Executive Director for Stockport NHS Foundation Trust, her background includes investment banking roles for Credit Suisse and Barclays and senior strategy and change roles at The Co-operative Bank.
Catherine's experience and network is invaluable to our portfolio companies, which she supports through her role as an Operational Partner.


OPERATIONAL PARTNERS



Helen Verwoert
Helen was previously Chief Human Resources Officer for Dr. Martens. As part of the leadership team, she was instrumental in the development of Dr. Martens, taking the brand from family ownership to a sale to the private equity firm Permira, which later culminated in a £3.7bn IPO in 2021.
Helen was also instrumental in restructuring the executive team including recruiting the CEO, CFO and three Regional Presidents, in addition to being the company's Global Head of Diversity, Equity and Inclusion.



Paul Johnson
Paul is the co-founder of MPP Global and was CEO for 20 years until its acquisition by AIM-listed Aptitude Software in October 2021. MPP Global is the award-winning international provider of the cloud-based subscription management and billing SaaS platform eSuite. MPP's clients include Sky, NBC Universal and L'Equipe.
At exit, MPP Global had grown to over 100 employees plus offshore development teams and £9m ARR.



Andy Barrow
Andy was the CTO of leading Manchester software business ANS Group Plc, where he led the technology team until the company's sale to Inflexion Private Equity for in excess of £200m. As CTO, Andy was responsible for technical strategy across cloud computing, data analytics, application development and managed services.
Founded in 1996, ANS's 270 team members specialise in supporting their clients with their digital transformation journeys.

We leverage the expertise and experience of industry heavyweights to help our portfolio founders build the best business they possibly can.

Key Points

- Manager diversification
- Investment across 8-10 businesses
- Full deployment within 6 months of each relevant close
- Diversified portfolio across seed, developmental and growth businesses
- Northern focus with circa 70% of investments made in the north
- Targeting 2x pre tax relief
- Active investment, with huge support provided to each underlying business
- Market leading portfolio reporting

Fees

Fee	Advised
Praetura Initial Charge	1%
Praetura AMC	1.5%

White Paper – What's Powering the Powerhouse

Praetura recently published a white paper to provide a snapshot into the early-stage funding landscape across the North, canvassing opinion of over 310 stakeholders and contributing to the industry eco system's future progress. Commentary is included from Bruntwood, Matillion, Peak AI, The Times, UKTN, and includes a foreword from the Mayor of Manchester, Andy Burnham.

<https://www.praeturaventures.com/whats-powering-the-powerhouse/>

Get in touch

Jonathan Prescott
07710 087636
Business Development Director
jon.prescott@praetura.co.uk
www.praeturaventures.com



Praetura EIS Growth Fund Questionnaire

What type of fund/s are you running? EIS-SEIS-VCT-BR-IHS

EIS

AUM changed since last year?

Yes, increased from £148m to £220m

Funds raised v target in the last year?

£56m to £30m target.

How happy are you with your fund performance this year?

Since inception in 2011, there has been a number of successful investments, with 21 companies generating realised or unrealised returns above invested capital and 7 in excess of the Fund's target. Overall, Praetura's 45 companies are valued at 1.94x including unrealised valuations, which is in line with the Fund's target return, though this is reduced by the majority of the recent investments still being held at cost. The older and more established track record of Praetura Capital provides a stronger track record with its EIS qualifying investments showing a 3.3x return.

The Praetura EIS 2019 Fund and the Praetura EIS 2020 fund have, since 2019, made 20 investments and have seen fifteen investments increase in unrealised value. This includes an encouraging 151% for Peak AI, 75% for Patchwork, 74% for XR Games and 69% for Transreport.

Through the Praetura EIS Growth Fund, which was launched in 2020, we have made 40 investments so far with the majority of investments being held at cost, with the exception of BankiFi (1.93x), Patchwork (1.2x) and Transreport (1.69x) and Peak AI, which has just received external funding from SoftBank and is now valued at 2.5x on the Praetura investment made in January 2021.

What has been your exit record in the last 12 months?

No exits this year. The Fund will look to facilitate an exit in a target timeline of between five to seven years, with exits likely to be achieved via a trade sale, private-equity backed management buyout, or an IPO. It is worth noting, that according to the template articles provided, EIS investors will typically rank ahead of other equity investors in relation to a return of capital from a solvent sale of the business.

Is your fund evergreen? If not, is it open or closed now? Is this status likely to change?

The Praetura EIS Growth Fund is an evergreen fund, with two soft closes each year;

- 30th April
- 31st October (deployment by the end of the relevant tax year – 5 months)

We aim to fully deploy capital within 6 months of each relevant close date, giving relative certainty to investors over the tax year in which EIS reliefs will be available.



How has MiFIDII affected your fund/business?

Praetura Ventures is not directly impacted by MiFID II as our designation as a small authorised UK Fund Manager means we regulated under the AIFMD and not MiFID. However, we understand that many advisors we partner with are captured by MiFID II information and disclosure requirements which have informed how we produce updates and post completion updates to investors.

How have you implemented the PROD rules?

We are not directly regulated under PROD due to our category of authorisation with the FCA (See above). We have however taken the rules set out in PROD to guide us in the design and implementation of our Product Governance Framework. We have taken this decision to be ready for the new Consumer Duty months in advance of the implementation in July 2023.

How has SFDR and PRIIPS affected your provision of information?

We are making changes to our KIDs as a result of the new PRIIPS regulations coming into force on Dec 31st 22. We are extended our performance scenario section. Our risk rating remains at 6 after review.

Do you expect Consumer Duty to have any further effects?

The Consumer Duty will have an impact on all areas of our operation from product design, distribution, pre and post investment, investor disclosure and investment update information. We are reviewing the investor experience during the lifetime of the investment and planning for up and downside exit scenarios. Our implementation plan is well established and on track to complete in May 23 for all our open products

THE SENECA AIM EIS FUND



Launched in Autumn 2021, this fund has already completed 11 AIM quoted investments which endorses Seneca's ability to source such investment opportunities.

With investment horizons in many EIS products becoming significantly longer, Seneca believes 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. Indeed, the fund is exit focussed with the aim of exiting all investments by their 4th anniversary.

Most EIS funds invest entirely in private companies, stating that any exits will be achieved via a trade sale or IPO. However, a trade sale is dependent upon there being a willing buyer and many private companies never reach the scale required to consider floating on any stock market. Indeed, a number of fund managers now talk about a 7 -10 year investment term.

The Seneca AIM EIS Fund removes a large element of "exit 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 points 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 news flow available in the public domain for investors to follow;
- Daily market pricing gives an accurate valuation of each investee company; and
- Liquidity is generally available to facilitate a timely exit

Investors in the Seneca AIM EIS Fund will likely see their subscription spread across a diverse portfolio of 6 to 8 investments over a 12-month period. The Seneca AIM EIS Fund is evergreen and therefore open throughout the year for new investment.

With a stated focus on achieving a full exit for investors within 4 years from investment, the Seneca AIM EIS Fund also provides for a more impactful use of the initial 30% tax relief, with investors able to recycle their investment cash 2 or perhaps 3 times within the life of a typical private company investment, presenting 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.

Seneca has an excellent track record of delivering exits from AIM quoted companies previously purchased via the Seneca EIS Portfolio Service. As at 30th September 2022, Seneca had completed 32 AIM investments across its range of EIS products totalling £28.4 million either at Initial Public Offering (IPO) or in secondary fundraising rounds. Of this, £28.6 million has already been returned in cash to investors via 16 full or partial exits with an average return of 1.87x before any tax reliefs. A further £8 million remains held or still to complete the minimum 3-year EIS holding period.

£28.4m invested in 32 companies	16 full and partial exits with a return of 1.87x*	£28.6m returned	£8.8m still held
--	--	---------------------------	----------------------------

* includes all exits and the sole failure.

EIS
OPEN
EVERGREEN
AMOUNT TO BE RAISED N/A
MIN INVESTMENT £20,000

T: 01942 271746
E: clientteam@senecapartners.co.uk
W: <https://senecapartners.co.uk/seneca-aim-eis-fund/>

Seneca Partners Ltd is authorised and regulated by the Financial Conduct Authority.
Past performance is not a guide to future returns. Target returns are not guaranteed and you may lose some or all of the money you invest.

Examples of portfolio companies supported by the Seneca AIM EIS Fund include:



Areacor Therapeutics plc – Seneca first invested in Areacor Therapeutics in 2021, and also supported the August 2022 fundraise which saw the business acquire Tetris Pharma. The business is now a clinical stage global pharmaceutical company focussed on transforming patient care through its portfolio of products, including ultra-rapid acting and ultra-concentrated insulin.



Aptamer plc – Seneca's AIM EIS fund invested in Aptamer in 2021. Aptamer is a market leading drug development service provider, solving intractable problems for biotech and big pharma by developing molecular binders called aptamers. The business raised over £10m at IPO and has progressed well since, recently announcing their move to new premises and a series of new contract wins.

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 3x 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 £190 million of equity including over £130 million of EIS and VCT investment funds raised and deployed into more than 70 SME companies.

Seneca is highly regarded as a later stage funder, avoiding start-ups as a deliberate de-risking strategy. Instead, Seneca prefers to focus on:

- Revenue generating businesses which are already profitable;
- Revenue generating businesses with a clear and visible route to profitability; and
- Pre-revenue businesses with a clear and visible route to revenue generation.

Seneca also supports AIM quoted businesses within its portfolio, such companies having access a wider institutional investor base which can provide 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. £1 billion p.a. indicating the substance behind the investee companies; 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 the due diligence process, even leading to non-exec positions post investment.

The Seneca EIS Portfolio Fund is evergreen and therefore 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 and, in Seneca's view, the success of which can only be measured by the actual cash which is returned to investors and not simply the carrying values published by fund managers which could be misleading as a performance benchmark.

As at 30th September 2022, Seneca had made over £97 million of EIS investment in more than 70 investee companies across a wide spread of sectors. Impressively, at the same date, almost £66 million had already been returned to investors from 33 full and partial exits with an average return of £1.63 per £1 invested excluding any tax reliefs. In addition, Seneca's EIS portfolio stood at £52 million comprising investments still to reach the minimum 3-year EIS holding period or awaiting realisation.



* includes all exits and any failures.

EIS
OPEN
EVERGREEN
AMOUNT TO BE RAISED N/A
MIN INVESTMENT £25,000

T: 01942 271746
E: clientteam@senecapartners.co.uk
W: <https://senecapartners.co.uk/seneca-eis-portfolio-fund/>

Seneca Partners Ltd is authorised and regulated by the Financial Conduct Authority.

Past performance is not a guide to future returns. Target returns are not guaranteed and you may lose some or all of the money you invest.

Examples of portfolio companies supported by the Seneca EIS Portfolio Fund include:



SolasCure – Seneca invested in SolasCure in 2021, joining leading global pharma specialists and investors including BRAIN, Eva Pharma and serial health care investor Jonathan Milner. The business is a specialist woundcare business which has since progressed to its first in-human clinical trial, targeting a significant unmet need in the treatment of chronic wounds.

Areacor Therapeutics plc – Seneca first invested in Therapeutics in 2021, and also supported the fundraising which saw the business acquire Tetriss business is now a clinical stage global pharmaceutical company focussed on patient care through its portfolio of products, ultra-rapid acting and ultra-concentrated insulin.



Areacor
August 2022
Pharma. The
transforming
including

Recent exit:



Equals Group plc – Having seen the business diversify its revenue streams and continue to progress since the global pandemic, Seneca took the opportunity to exit its holding in Equals Group in 2022. Despite initially being predominantly focussed on the travel money market, Equals expanded its service lines, branching out into corporate services and international payments. The business is now a fully-fledged challenger bank, and Seneca were able to exit at 1.6x return despite AIM volatility and the business being heavily impacted by Covid.



Sovereign EIS Fund

Sovereign is a multi-award-winning global entertainment company, founded in 2008.

The Sovereign EIS Fund invests into a select group of entertainment companies, creating premium music, film and TV content.

Each title the companies create is added to the Sovereign media library, a portfolio of entertainment rights producing worldwide income from licences and royalties.

Returns grow year-on-year, from the existing library and as new titles are added.

The Sovereign Media Library

The library gives investors ownership of premium media assets, uncorrelated to mainstream markets and diversified to reduce risk, alongside the valuable tax reliefs offered by EIS.

Mature Portfolio - established library of income-generating entertainment titles

Global Income Base - from multiple sources, including streaming, radio, live performance, TV, films, advertisements, musicals and video games

Risk-Managed - diversification across multiple genres, artists and titles, helping to mitigate risk

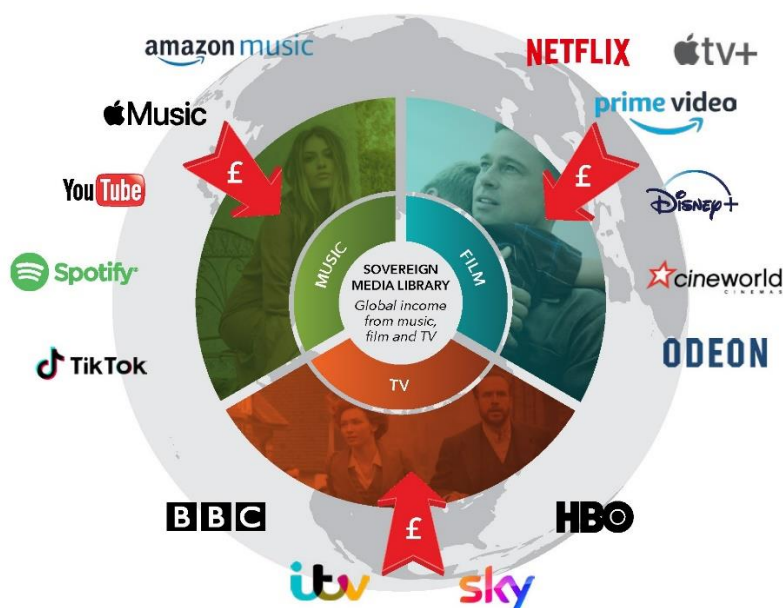
Growth Strategy - income grows each year, from existing and newly created titles

Upside Opportunities - global trend to digital consumption increases potential audience and revenue streams

The Market

PwC forecast media & entertainment revenue growth to US\$2.6trn by 2025*.

*PwC Global Entertainment & Media Outlook 2021-2025



Investment Management

The investment is managed by industry professionals with substantial experience in optimising income from entertainment rights, including senior management from companies such as Merchant Ivory, Warner Chappell and Sony/ATV.

Track Record

Sovereign has a 100% investment track record of above par returns and no capital losses, with exits from 1.05x - 2.32x

Investor Benefits

Growth Capital - into established EIS companies, creating income-generating content through the lifetime of the investment

Diversification - The Sovereign media library is diversified across music, film and TV, producing global income from multiple sources and channels. Investors are not reliant on a Number 1 song or box office hit, as the target return is aggregated across all income from all library titles

Existing Income - investors benefit from all library income immediately on subscription

100% of Subscription available for Tax Relief - initial and annual management fees are paid by the investee companies, so 100% of the investment is allocated to qualifying EIS companies

Speed - full deployment in 2 working days

Impact Investment - actively supporting culture and creative industries

5 Year Outlook

"The pandemic accelerated and amplified power shifts that were already transforming the industry. Whether it is box office revenues shifting to streaming platforms, content moving to mobile devices, or the increasingly complex relationships among content creators, producers and distributors, the dynamics and power within the industry continue to shift. Our Outlook shows that the hunger for content, continued advances in technology and new business models and ways of creating value will drive the industry's growth for the next five years and beyond."*

*PwC Global Entertainment & Media Outlook 2021-2025



CONTACT

If you have any questions, or would like an investment illustration, please mail info@sovereign-group.com or call 0203 940 7600.

This report is aimed at Investment Professionals only and should not be relied upon by Private Investors. The Catt's Eye View does not offer any opinion on the suitability or appropriateness of any platform and this report is intended as general information only and does not constitute advice or recommendation. Information is sourced direct from platform operators and is therefore as current as is available at the time of production



Symvan Technology EIS Fund

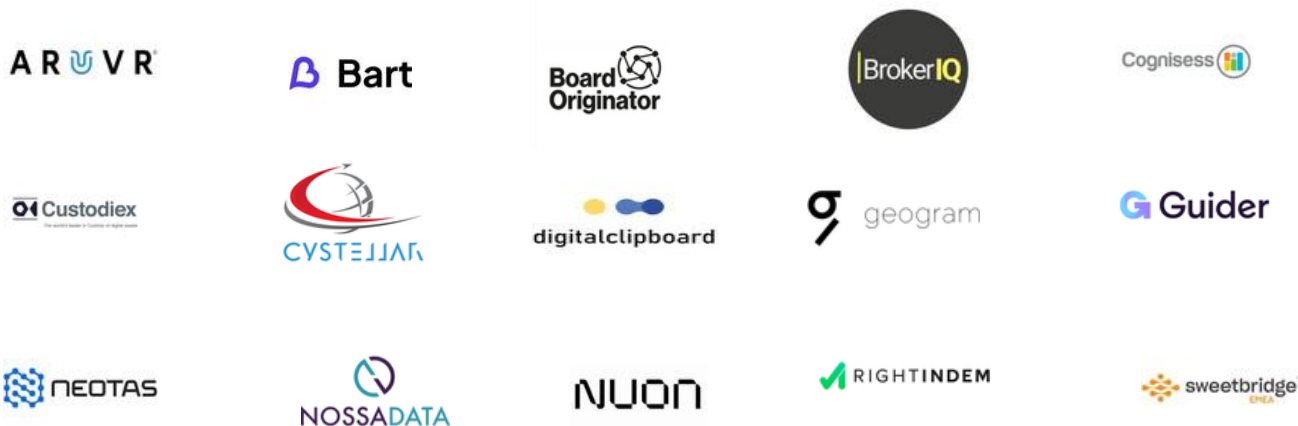
Ideal for investors seeking enhanced capital growth from more established companies.

- Capital growth fund.
- Investments across software with a focus on B2B enterprise customers.
- Portfolio management service structured as an Alternative Investment Fund.
- Target exit in 5-7 years from investment.
- Zero upfront fees or charges to investors; 20% performance fee at exit. Fees charged to Investee Companies.
- Funds invested in tranches for investors advised by qualified intermediaries and for unadvised high net worth and sophisticated investors seeking EIS tax reliefs where an investment in the Fund is confirmed as appropriate.
- Deployment at the end of each calendar quarter. Next deployment date: 31st March 2023.
- Ability to claim carry-back relief on entire subscription prior to 5th April 2023.



Portfolio

Since 2014, we have invested in 40 companies seeking to have a material impact in their industry with the potential to deliver exceptional investment returns within a realistic time frame.





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, helping the founders to see being 'better' as a competitive advantage.

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. Diversification at company level, sector level, maturity level, and geographical level.
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 3.7x

Arksen

arksen.com

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

Up 3.1x



pirkx.com

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

Up 1.64x



sustainabilitygroup.co.uk

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

Up 4x

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.

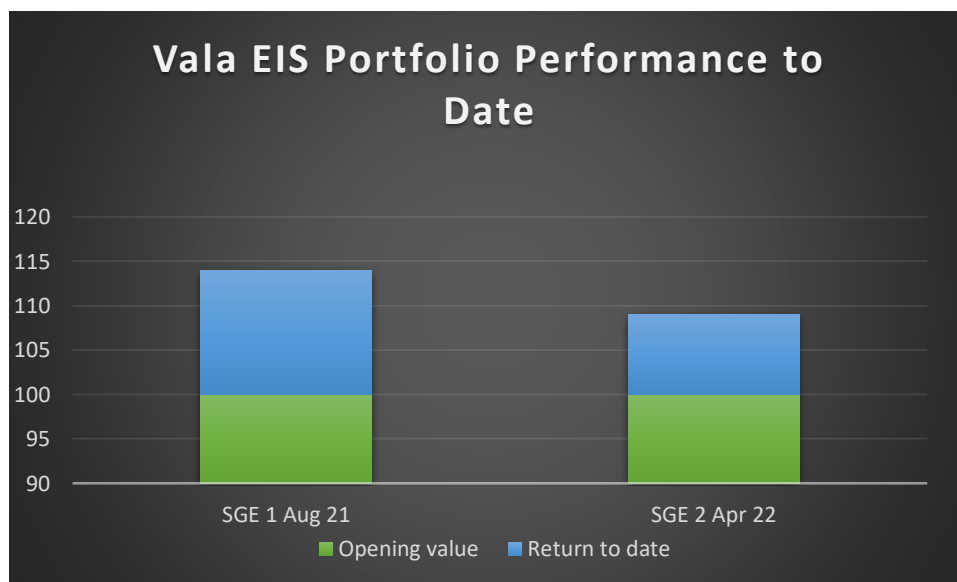
	Paid by investor	Paid by company
Initial fee	–	Up to 5%
Annual Management Charge*	1.5%	–
Performance fee**	20%	

* AMC charged for first 5 years only.

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

Track record

While still very early in our investment journey, both portfolios are up in value. These uplifts have been validated, and are due to two companies acquiring further funding at a higher share price.





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?

1. Consumer ethics

Consumers increasingly looking for ethical products and services and are prepared to pay a premium.

2. Government pressure

For example, UK committed to zero carbon economy by 2050. UN's target to hit its SDGs is 2030.

3. Emerging tech

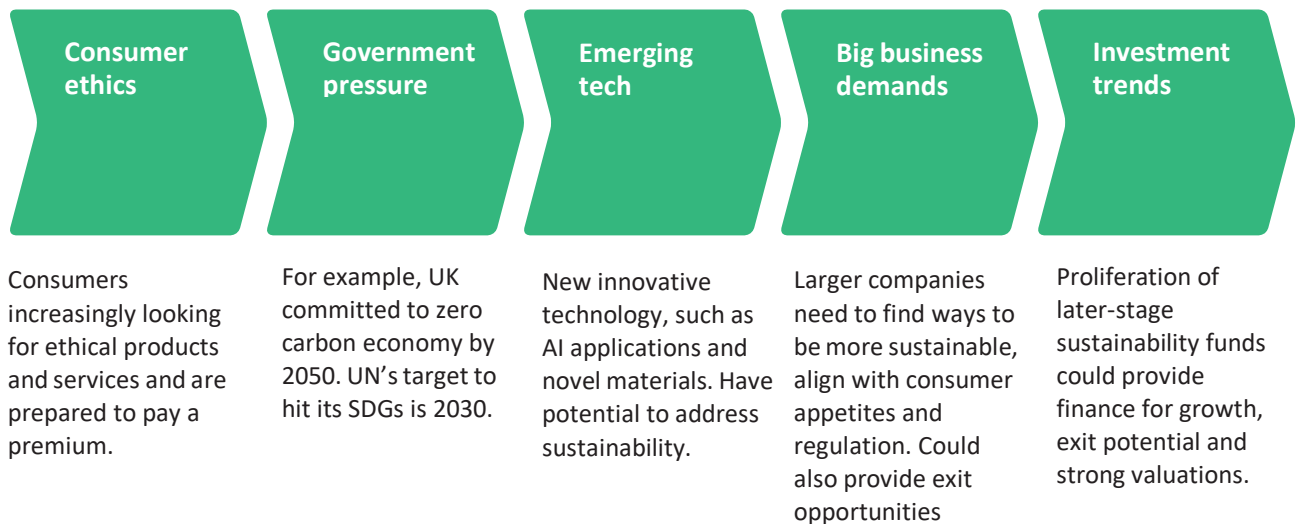
New innovative technology, such as AI applications and novel materials. Have potential to address sustainability.

4. Big business demands

Larger companies need to find ways to be more sustainable, align with consumer appetites and regulation. Could also provide exit opportunities.

5. Investment trends

Proliferation of later-stage sustainability funds could provide finance for growth, exit potential and strong valuations.



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

<https://gethomethings.com/>

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

Qflow

<https://qualisflow.com/>

Construction-tech, capturing real-time sustainability data from construction sites with easy-to-use technology, helping understand sustainability through the entire supply chain.

OXWASH

<https://www.oxwash.com/>

Disrupting the antiquated laundry industry using patented technology that eliminates the negative impacts of washing on the environment. Recently secured £10m Series A investment at a much higher valuation for Vala EIS investors.

Up 1.87x

FlexSea

<https://flex-sea.com/>

A seaweed-derived biomaterial that replaces plastic film packaging, and degrades in a matter of weeks.

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.

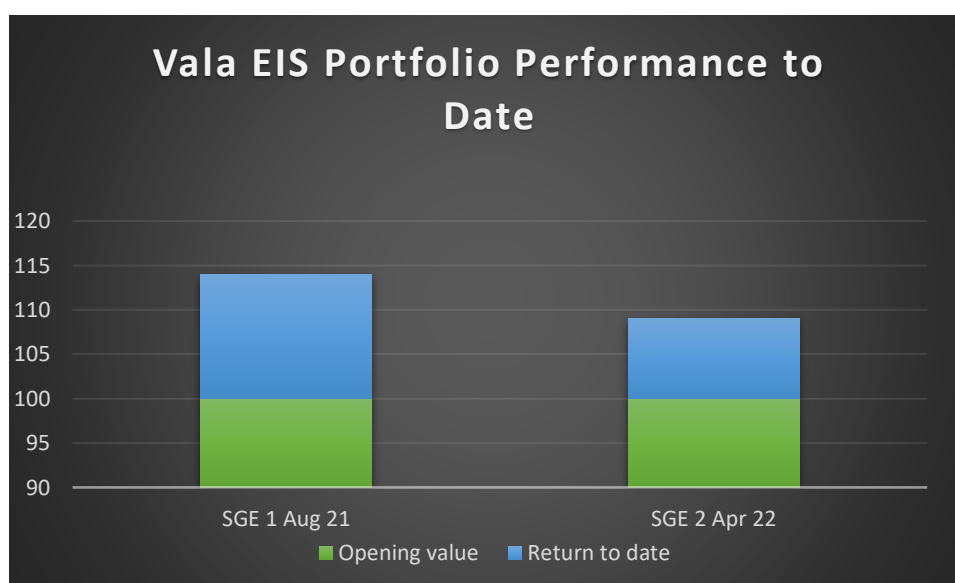
As per BVE	Paid by investor	Paid by company
Initial fee	–	Up to 5%
Annual Management Charge*	1.5%	–
Performance fee**	20%	

* AMC charged for first 5 years only.

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

Track Record

While still very early in our investment journey, both portfolios are up in value. These uplifts have been validated, and are due to two companies acquiring further funding at a higher share price.



VGC Partners – Development Fund VII EIS Fund



VGC Partners: Development Fund VII EIS fund

VGC invests in digital media, technology, and next-generation consumer companies that move the world forward.

Digital Media



Next-gen Consumer



Technology



Founded in 2011, we have in-depth, hands-on experience in our sectors, both as investors and operators.

We have built a targeted network to enhance our deal flow and accelerate our portfolio's progress.

We have a proven track record of investing and exiting across these sectors and at this stage.



hello@vgc.partners

www.vgc.partners

We empower purpose-driven founders building brands that people love. Our two funds, investing at different stages, enable us to support amazing teams from development - to growth - to exit.

Development Fund

Accelerating businesses with proven products and markets

Growth Fund

Enabling high performance and sustainable growth to prime companies for acquisition

Exiting to mid-market private equity or strategic trade acquirers

Development Fund VII

SECTORS

Digital media
Technology
Next-generation consumer

FUND SIZE

£3 million - £5 million

FUND CONSTRUCTION

5 – 8 investments of £500k - £1.5 million

TARGET RETURNS

3x (excluding EIS relief) over 4-7 years

MINIMUM SUBSCRIPTION

£25,000

EIS QUALIFICATION

Invested in tax year 2023/24 in EIS qualifying businesses

Development Fund by numbers

£109m

AUM across all funds

2.1x

TVPI across Development Funds

28%

IRR across Development Funds (part realised)

0.9x

DPI across Development Funds

3

Exits across Development Funds

We pick and win great deals

Research-driven, high conviction picks

- We apply research to drive our origination process and proactively find the best companies.
- Our network connects us to the most exciting, under-the-radar companies – ahead of our competition.
- Our deep experience allows us to make better, faster decisions.

Applying a talent-centric approach

- We use our network to help us diligence the founders we meet, so we pick the most exciting entrepreneurs.
- We take care to build deep relationships – even before we've invested.

Benefits of investing across growth cycle

- The Development Fund's proximity to the Growth Fund is seen as a benefit by early-stage founders.
- We use our experience of investing at later stages to optimise how the Development Fund's portfolio raise follow-on rounds.

WIT Fitness

...with operational & technical enablers

Key attributes

- Seed + Series A, at or approaching £1 million in annual revenue
- Enabled by next-generation technology
- Exceptional founders and management teams
- Differentiated, defensible products
- Passionate customer base and loyal commercial partners
- Solid commercial foundations and sustainable growth models
- Path to profitability
- Value add co-investors who can follow-on



Operational enablers

- Technology, supply chain & systems
- Athlete & talent deals
- Brand building
- Distribution
- Content
- Legal

Technology enablers

- Metaverse
- 5G computing
- Streaming
- AR and VR
- AI & Machine learning
- Blockchain technology
- Edge Computing

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

This report is aimed at Investment Professionals only and should not be relied upon by Private Investors. The Catt's Eye View does not offer any opinion on the suitability or appropriateness of any platform and this report is intended as general information only and does not constitute advice or recommendation. Information is sourced direct from platform operators and is therefore as current as is available at the time of production

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 Carolynn 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.