GBI MAGAZINE

SUCCESSION OF
# FUTURE PRODUCTS

GOVERNMENT BACKED - GREAT BRITISH INVESTMENTS - EIS - SEIS - BPR - VCT

# CONTENTS



GBI

**Telephone:** +44 (0)117 9532 003

**Editor-in-Chief:** Michael Wilson
editor@ifamagazine.com

**City Editor:** Neil Martin
neil.martin@ifamagazine.com

**Commissioning Editor:**
Michelle McGagh

**Publishing director:** Alex Sullivan
alex.sullivan@ifamagazine.com

**Design:** Fanatic Design
www.fanaticdesign.co.uk

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## What do we mean by "government backed"?

In the interests of clarity, any reference made by GB Investments to the point that EIS, VCTs and similar investments are government backed relates to the government's general approval of these schemes, indicated by their having granted them highly tax advantaged status. The use of this term does not imply that government would in any way act in the capacity as a guarantor or backer of last resort in connection with such schemes.

# ONWARD, EVER ONWARD

As Theresa May's government lurches, more or less steadily, toward the opening of Brexit negotiations with the remaining members of the European Union – not including Scotland for the time being, thank you, Ms Sturgeon – it's fair to say that the Prime Minister and her Chancellor Philip Hammond have more important things on their minds than endlessly tweaking the rules on alternative investments

**And in a way, perhaps that's not such a bad thing, because we've had more than enough adjusting to do over the last eighteen months or so. From VCT eligibility (changing) to renewable energy (ineligible) to the lifetime pension contribution cap (much reduced), there seemed to be no corner of the sector that the former Chancellor George Osborne didn't feel the need to adjust and amend.**

'Rival' ideas such as peer-to-peer ISAs or annuity conversions for state employees were constantly rolled out onto the carpet, reconsidered, and then in some cases hastily rolled up again. (Something for which we can probably thank the current Chancellor's wise judgement). It was good to see new possibilities being explored, but less good for advisers to have to do so much second-guessing as to which ones would stick and which ones wouldn't.

In fairness, we did see some welcome humility from HMRC, which last year scrapped 2,000 advance payment notices that it agreed had been issued inappropriately. And this year's ferocious warnings about investors whose self-assessment forms contain errors has also been tempered by a cooling reassurance that 'honest' errors won't be in the Revenue's cross-hairs. For that, at least, we should be grateful.

### Back to Basics

Yet the rules still remain complex, and advisers still need to take care when recommending the more (ahem) 'ambitious' schemes to their clients. As Ian Warwick, Managing Partner at Deepbridge Capital, reminds us in this issue, the taxman is enforcing the original principle behind EIS – namely, that the tax-advantaged returns available to an investor should be commensurate with an enhanced level of investment risk.

We'd add that schemes such as Eclipse 2, which entailed no risk at all to investors but which were run up solely to exploit tax loopholes, have no place in the enterprise ethic of EIS and are open to retrospective annulment and disqualification by HMRC. The fines and levies being paid as a result, not just by footballers and film actors but also by wealthy clients, are in fact a healthy reminder that the government still has its eye very much on the ball.

Yet, as Warwick also points out, the departure from the EU will impose strains as well as benefits. Some of the concessions that are currently available owe not just their instigation, but also part of their funding from Europe. So how will Brexit impact the treatment of alternative investment schemes?

Warwick's view is that the ones that find official favour will be those which conform to the original plan. That is to say, based on funding companies that will provide innovation or create jobs, that benefit the UK economy, and that create ideas that will drive income toward the UK while also providing cost and efficiency savings for the nation as a whole. I don't know about you, but I find that pretty hard to argue with.

**Michael Wilson, Editor in Chief**

GOLDFINCH ENTERTAINMENT

EIS • EIS FUND • SEIS • SEIS FUND

# Goldfinch Entertainment

## Providing the gold standard in entertainment and media EIS & SEIS investment.

Goldfinch Entertainment was founded in 2014 by a team with enviable business and industry experience. Kirsty Bell (MD) is both a Chartered Tax Advisor and Film Producer herself, having been a Partner in top ten accountancy firms and raising over £200m for the entertainment industry during her career.

Since inception Goldfinch have raised and deployed £70m using a range of financial products and structures. The team have been twice shortlisted for the Growth Investor 'Game Changer' Award given their fresh and commercial approach to sourcing and financing the very best film and media projects.

This takes the form of rigorous due diligence with a strong emphasis on a project's commerciality, route to market and it's distribution strategy. All of which are underpinned by Goldfinch's role as an Executive Producer to guide and ensure everything runs to plan both efficiently and profitably.

Goldfinch currently has a stable of 130 projects at various stages of development and financing across all areas of the entertainment industry; Film, TV, Animation, Kids TV, Apps & Video Games.

This includes Oscar and BAFTA winning Producers, Directors and Developers. Also projects have starred talent such as Orlando Bloom, Bill Nighy, Sir John Hurt, Charles Dance, David Tennant, James Buckley, Brian Cox, Helen Baxendale, Martin Freeman, Anthony LaPaglia, Hayley Squires and many more.

The Goldfinch EIS Fund and it's innovative structuring offers 70% downside protection for investors and puts them ahead of other funding in the recoupment of profits. This comes from negotiation and in the form of Government Tax Credits, Unsold Territories, Presale Agreements and Minimum Guarantees. With a targeted return of £1.25 excluding tax relief this offers investors an intelligent and potentially profitable way to invest in Film & TV productions.

The Goldfinch SEIS Fund looks to spread investors risk across a number of qualifying investment opportunities in the UK's entertainment industry. This is split 1/3 Film, 1/3 TV and 1/3 Video Games. Each underlying SEIS company must have passed Goldfinch's due diligence process with a clear route to market and recoupment in place for investors to achieve the mean targeted return of £1.25 excluding tax relief.

Goldfinch also have a number of standalone EIS and SEIS investment opportunities for investors and investment managers with a particularly strong affinity to certain subjects, media or genres.

For example current open offers include; 'Suggs: My Life Story' featuring the man from MADNESS himself, 'Eating Our Way to Extinction' a documentary about veganism narrated by Kate Winslet, 'Binary Planets' a game developed from Warhammer 40,000 IP, 'Best' a biopic from the makers of 'Seve' about the football legend, and 'The Art Show' from the team behind ITV's 'The Wine Show'.

Across all our investments there is the opportunity for investors to receive the 'red carpet' treatment; attending premieres and screenings, visiting set and meeting the talent, executive producer credits, walk on roles and involvement in the entire productive process.

### For more information:

Email **sarah@goldfinchentertainment.com**

Call Sarah on **0203 897 8861**

Visit **www.goldfinchentertainment.com**

Follow **@goldfinchent**

# Intel goes large on driverless car future

The future of driverless cars looks bright, at least according to US chipmaker Intel which has just spent $15 billion acquiring autonomous driving system developer Mobileye.

Intel is paying $63.54 a share for the Israeli company which was founded in 1999. Revenue last year tripled to $358 million and pre-tax profits leapt from $79.7 million to $125.4 million.

Intel already works with Mobileye, teaming up with BMW to test driverless cars on the road.

The accepted date for when driverless cars might become a reality on the roads is 2020, and Intel believes that by 2030, the market could be worth some $70 billion. It is one of a number of tech giants that see a healthy future for autonomous cars, even though there remains much debate about the ethical concerns.

What excites Intel is that cars are 'increasingly becoming data centres on wheels' and the company believes that by 2020, autonomous vehicles could be generating around four terabytes of data every day.

Mobileye, which will absorb Intel's automated driving group, will continue to be based in Israel and will be headed up by its co-founder, chairman and chief technology officer Amnon Shashua.

# SMEs looking beyond Europe

Findings from a new report show that SMEs are actively targeting overseas trade outside the EU.

The report from Albion Ventures, one of the UK's largest independent venture capital investors, found that the majority (55%) of small to medium-sized firms are planning to enter new markets in the next two years and of these, more are planning to look beyond the Eurozone for new trade than within it.

The report concluded that despite being the UK's largest overseas trading partner, more than one in five (21%) SMEs are planning to do more trade with countries outside the EU over the next two years compared to 16% who are targeting the single market.

The figures also show that the appetite amongst SMEs to target new overseas markets since the Brexit vote has grown from 34% in 2015 to 37%, significantly more than those who are focused on expanding domestically (29%). What's more, a further 13% of small businesses plan to grow through launching new products and improving their online services.

It also appears that medium-sized companies are more likely to be looking to expand into new markets (76%) than small businesses (50%).

Looking at the figures in terms of sector, more than three-quarters (79%) of transportation firms are planning to enter new markets, the highest of any sector. Manufacturing businesses (75%) and the tech sector (72%) were second and third respectively. The manufacturing sector is clearly the most positive about continuing relationships in Europe, with 34% looking to enter new markets in the EU.

Managing Partner at Albion Ventures Patrick Reeve said: 'The good news is that most SMEs plan to grow by tapping into new markets. Given the uncertainty of our long-term trading relationship with the single market, policymakers will be pleased that small businesses are increasingly looking beyond the Eurozone for new overseas growth opportunities.'

'This strategy makes sense in theory but many chief executives will know that it's tough to execute in practice as they often lack the right staff, expertise and regulatory know-how. This is where fast-growth firms can benefit from partnering with an experienced equity investor, which can provide valuable hands-on support. For businesses that get it right, conquering new markets can have a transformational impact.'

# THE NEW KIDS ON THE BLOCK

An investment showcase bringing you the newest offerings from the sector

**Investment:** British Design Fund
**Aim:** Investing in and providing support for UK product design and manufacturing companies

### Tell us about the fund

The British Design Fund is an early stage investment fund that specifically invests in, and provides support for, early stage UK product design and manufacturing companies. The fund seeks to work with extraordinary entrepreneurs with scalable products, who are ready to accelerate growth and build long term value and thriving stand-out businesses.

The UK has the second largest design sector in the world and the largest design industry in Europe. However, there is an astonishing lack of equity funding into early stage product design and hardware businesses. Funding for these early stage companies often comes from a combination of innovation grants and awards and product crowdfunding platforms. As a result, the British Design Fund has identified an equity funding gap and aims to provide capital and expertise for companies which seek to deliver outstanding product design and innovation.

The fund is being launched by product entrepreneur-turned-investor Damon Bonser, who has over 10 years' experience building design and manufacturing businesses, launching over 400 products into the global retail market. Directors include John Mathers, ex-Chief Executive of the Design Council, which runs the successful Spark programme, where a number of the initial investee companies are expected to come from.

Other Directors include David Kremer who has over 25 years' experience running Seven Towns, a multi-million pound toy and game business, and co-founder of Rubik's Brand Limited. Specialist SEIS and EIS investment managers Sapphire Capital, headed by Boyd Carson are responsible for the FCA regulated investment activities. The fund is further supported by Sam Davies, Investment Director, and David Motum, Finance Director, in analysing and monitoring the financials and commercials around each business.

### How much is being raised?

The fund is aiming to raise £2 million.

### What types of investments are being sought?

The fund seeks to invest between £25,000 and £150,000 in SEIS/EIS qualifying businesses in return for 15% to 30% equity, across at least 10 companies. Investments will be made across a range of product categories and price points, however companies will share the same core routes to market; through institutional buyers such as large retail chains and international distributors. This will spread the risk across different sectors, while playing to the team's strengths of launching product brands into the global marketplace.

Every business invested in will need to meet key criteria that the investment committee is looking for:

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Firstly, the products must offer clear value to the target market in the form of a differentiated offering. This must be backed up by a rigorous understanding of the marketplace and its competitors

- The business must be able to validate the demand for its products. This could be in the form of a letter of intent to buy from a major retailer, or a purchase order from a well established international distributor
- The business will need to prove its protection from competition and new entrants in the form of registered IP such as a patent or registered design
- Finally, all the businesses will agree to take on a mentor with market expertise in their specific product category. These mentors keep the businesses focused on achieving those early sales and rapidly establishing the product in the marketplace

**What is the minimum investment?**

The minimum subscription is £25,000 per investor.

**What is the targeted return?**

For financial illustrative purposes only, it has been assumed that a disposal of the shares in the fund occurs five years after the closing date. The targeted average return after five years is £3 for each £1 share held by SEIS and EIS qualifying investors (this is stated net of all costs, any performance returns and fees).

**With SEIS benefits**

The table below illustrates the potential returns from an investment of £100,000 in the fund, including SEIS relief at the rate of 50%, but excluding any potential benefits from inheritance tax (IHT) relief or capital gains tax (CGT) relief.

| **Assumed performance over five-year period** | **0%**<br>**£** | **Target £3.00**<br>**£** |
|---|---|---|
| Initial investment | 100,000 | 100,000 |
| Less: income tax relief at 50% | (50,000) | (50,000) |
| Net cost investment | 50,000 | 50,000 |
| Exit proceeds (based on the targeted performance) | 100,000 | 300,000 |
| Tax free gains | 50,000 | 250,000 |
| Net tax free return | 14.8% p.a. | 43.1% p.a. |
| Gross equivalent return upon net tax free return (to a 40% taxpayer) | 24.7% p.a. | 71.8% p.a. |
| Taxpayer | 27.0% p.a. | 78.3% p.a. |

# THE EXITEERS

## Bringing you news of successful exits in the sector

**Fund:** Parkwalk
**Exit:** Cambridge CMOS Sensors (CCMOSS)

### Details of the fund

Parkwalk exited its holding in Cambridge CMOS Sensors (CCMOSS) when the company was acquired by ams AG in June 2016 in an all-cash transaction.

### What does the company do?

The University of Cambridge has a long history of producing disruptive technologies. The commercial development of these technologies supports the university's mission to disseminate the results of its research and scholarly activities for the benefit of society. CCMOSS micro hotplates and IR radiation sources and detectors were developed by collaboration between the teams at the Universities of Cambridge and Warwick dating back to 1994. Among the senior scientists behind the development were:

- Florin Udrea, Professor of Semiconductor Engineering, Royal Academy of Engineering Fellow & Silver Medal winner;
- Julian Gardner, Professor of Electronic Engineering, Royal Academy of Engineering Fellow;
- Bill Milne, Director of Centre for Advanced Photonics & Electronics, University of Cambridge;
- Foysol Chowdhury, Senior Research Fellow, Microsensors Laboratory, University of Warwick.

The technology is based around its micro-hotplate sensor utilising silicon on insulator (SOI), deep reactive-ion etching (DRIE) and complementary metal–oxide–semiconductor (CMOS) technologies. This forms a platform for a range of gas sensors. It has a low thermal mass allowing for fast switching while using low power, and the emission range allows for the detection of CO, $CO_2$, $CH_4$ and other gases. The products have ultra-small form factor.

CCMOSS's unique technology, backed by eight patent families with a further 10 applications pending, has led the technology from the lab to becoming the world's smallest commercially available metal-oxide (MOX) gas sensors.

The air-quality sensor ICs are likely to be integrated into billions of smartphones, tablets and all manner of connected Internet of Things (IoT) devices as the IoT finally becomes reality.

### What did the company invest the money in?

Parkwalk's investments focused on the commercialisation of the company's technology so, while the proceeds of the seed round were deployed to enhance the core technology, the bulk of the later rounds were used to build out the sales and marketing capabilities and commercial infrastructure of the business.

### How much was raised?

Parkwalk and the University of Cambridge Enterprise Funds led the seed funding round for CCMOSS in August 2012, so the holding period from our original investment was three years and 10 months. We continued to support the company in several subsequent funding rounds all the way through to exit. The company had earlier received £1 million proof of concept funding from the University of Cambridge and from EC Framework VII and EEDA grants since it was formed in 2008. In subsequent rounds the company was backed by the Parkwalk and angel investors.

### How was the exit achieved?

After lengthy consultation with other stakeholders in the company, including the founders, management and shareholders, it was decided to exit the company through a trade sale. From a shortlist of potential buyers, the selection of the most appropriate candidate was made on the basis of the price offered, their plans to continue investing in and growing the business and the acquirer's intention to utilise Cambridge as a base, hence continuing to support both the local and UK economy.

Parkwalk was instrumental in the negotiations, utilising its capital market's experience to good effect at a period when there was considerable uncertainty about the UK economy and sterling. We will continue to act on behalf of the shareholders and monitor the company as there is a considerable potential earn-out further to the original multiple return.

### How much was returned to investors?

The details of the consideration are confidential but the total value of the deal will deliver multiple returns for the founders, the university and Parkwalk's investors. The transaction generated 11.46x return on investment (including initial EIS tax relief) for investors in the 2012 round. Parkwalk invested over £4 million in the company over its life and saw over 300 underlying EIS investors benefit from this exit.

### What other benefits has the company provided?

We believe that CCMOSS offers an excellent example of the benefits of EIS funding, investing in UK university technology spin-outs and Parkwalk's ethos.

CCMOSS was funded by the university's funds and by EIS funds. The EIS tax breaks offered to investors were fundamental to providing the funding for the company but their cost to the Treasury was minimal compared to the impact that the company achieved. A total of 33 employees, mostly researchers and scientists, helped develop the company's product line and the EIS tax advantages were repaid many times over in NI and PAYE alone.

Parkwalk's preferred flat capital structure (no preference shares) enabled the university and founders to maintain their stakes and benefit from CCMOSS' success. This will probably lead to a recycling of both the cash and the scientific and management talent back through the local and broader UK economy.

Finally, the availability of EIS funds meant that the company was in a strong enough financial position to organise a competitive bidding process. Hence it could select an acquirer that best suited the needs of founders, university, management, employees and shareholders. This resulted in ams AG' commitment to continue investing in the business locally and to create a Cambridge-based centre of technological innovation and development. Again a positive result for the local and UK economy.

# FILM CLUB

## Training the lens on investments with movie star qualities

**Fund:** A number of films in production
**Manager:** Gizmo Film Productions

### Tell us about the fund?

Gizmo Films Productions was established over 20 years ago. It began as a conventional content producer, mainly of documentaries for TV. It then progressed into feature films. In 2012 the company began to get involved in the financing of feature films and rather than seeking finance for its own projects, assessing the very best film projects for investment and our involvement as executive producers. Investors typically invest in a new, SEIS and EIS qualifying production company formed by the producers.

### What films are in production?

Mad To Be Normal with David Tennant, Michael Gambon and Gabriel Byrne was recently fully financed and completed and premiered at the Glasgow Film Festival in February. Cinema release is from the end of March, reviews have been positive and we've signed a major home entertainment deal.

Our main project currently is Funny Cow, which as of February 2017 wrapped and we are raising the post production finance. The film stars Maxine Peake and Paddy Considine – they are real actors' actors and EOne, the distributors of Spotlight, 12 Years A Slave and The BFG, has already bought the UK rights.

It has some great cameos from people like Vic Reeves and John Bishop and supporting actors include Stephen Graham, Kevin Eldon and Alun Armstrong. With 90% of the funding now done this will be fully funded very soon.

We are looking at new projects right now – we only look at well developed film projects with strong cast, shooting dates, and at least some sales confirmed. We want to place our investors in the best possible place to make a solid return so do not seek funding for early stage projects which may be riskier with a longer period before financial returns start. We also look for projects where the SEIS is still available for the first £150,000.

We always lead investment into the films so that we are aligned with the investors and can make sure that the equity investors are getting a good deal.

### What film characteristics should investors look out for?

Investors should ask questions about how it is proposed to distribute – i.e. sell the film and why they should believe that the sales will outstrip the cost of production.

It doesn't matter who the cast are or what the storyline is if the film's finance raise is not significantly lower than the likely sale. Film distributors understand this so look out for sales and/or distribution deals. Look out for the film qualifying for government subsidies through the UK tax credit or similar. This reduces the cost of production. Make sure the project is eligible for EIS benefits. Make sure the producers are experienced and make sure they are using major and reputable firms of media lawyers and accountants. Make sure you meet at least one of the producers face to face and ask them to raise these points.

### What is the minimum investment?

We typically state a minimum investment of £10,000 made under the terms of high-net-worth/ sophisticated investor self-certification. Crowdfunding doesn't really work for anything beyond micro budget productions.

### How much has been raised?

For Funny Cow we have raised a total of £1.8 million including pre sales and gap (debt) finance towards a target of £2.1 million.

### What return can investors expect?

EIS investors will receive 30% tax rebate and the investee company for Funny Cow, Laughing Girl Limited, has HM Revenue & Customs (HMRC) approval.

After repayment of debt finance which is loaned against the UK tax credit, the sales advance and typically some of the post production costs, equity investors then receive all of the income until they have received their full investment back plus a 20% premium.

There is then a profit share with the production companies, cast, post house with the equity investors in the case of Laughing Girl Limited receiving 45% of all ongoing receipts. Because of the 20% government subsidy this effectively means that we only need to cover the cost of production to get to the 120% position.

One benefit of EIS not often understood is that regular and long term investors in property and shares can use an EIS investment to defer capital gains tax liabilities from these heavily taxed investment activities, potentially indefinitely. Investment in film EIS should not be seen as a more risky rival to property or share investment but as a very tax efficient complementary investment within a balanced portfolio.

### What are the risks?

Investing in any start-up is of course risky. That is precisely why HMRC promotes EIS and SEIS for start-up businesses. Generous tax breaks are never likely to be on offer to risk free investments. Film like all creative media involves subjective taste.

That creates a risk. We cannot judge in advance how popular a film will be with the critics and the public. That is why it is important to consider the ways of reducing risks by looking at the factors mentioned above such as the financial structure and the track record of the company selling the film. Look out for projects that do not need to be a blockbuster!

**Why is the UK film industry important?**

Investment in film allows people to feel part of a creative team, an ongoing project and as having provided a lasting legacy in the form of the film itself. By getting involved before shoot you can be part of a journey from pre-production, shoot – when you should be able to visit the set and meet the team - through to premiere and general release. The film industry's importance to the UK is clear enough – it is one of very few industries in receipt of government financial support. The UK has become a world leader in many of the technical as well as creative aspects of filmmaking employing thousands of talented people.

Seed Mentors were one of the first companies to open its doors to conducting SEIS business.

One of their key roles is to find second round funding to support their startups as well as initiate funding for other startups, on which SEIS investors can piggy back.

Seed Mentors MD Harvey Shulman, believes they have been successful in establishing a viable SEIS structure which gives busy investors who aren't experts in this field the opportunity to get the benefits of the SEIS scheme with a spread of risk, in what is obviously a high risk area.

The fact that Seed Mentors have established a methodology of finding a range of companies which all have growth potential, shows that it is possible to select companies that give investors an optimum chance of achieving a reduction in their tax liability and a reasonable prospect of making a return on their money.

Harvey explains that Seed Mentors strategy is to take a holistic approach to selecting companies, not to be fixated on any sector, not to be obsessed by high tech, but to try and treat each proposition on its merits. Subsequently, they achieve selections which will cover a diverse range of business activities, so creating not merely a spread of companies, but a spread of industry sectors as well.

Their ethos is to look at a large number of business plans and they are continually speaking to start up entrepreneurs all the time. Harvey comments, the more you do this, the more instinctively you can judge the offerings that are put before you!

And in turn, the more extensive the network of introducers who can put forward companies for consideration, the greater the variety of choice, and having established ourselves in the market place we have expanded our range of connections as we have become better known in this area.

With a legal background, corporate and commercial transaction that extends over 30 years, this is particularly useful in this area of activity. Harvey and his team are then able to spot legal problems immediately, subsequently negating the need to buy in expensive legal services to work out whether there are such problems in the business plans that we see. However, without a good back up team, no one person could handle the number of tasks that are necessary, and one of the lessons to be learned from dealing with SEIS is just how much work is required.

**Harvey Shulman - MD, Seed Mentors**

Harvey Shulman has over 10 years' experience in working with early stage start-ups. With a Master's degree in Law (LLM) specialising in Company Law, Tax and Intellectual Property, Harvey is also a consultant to two UK law firms. Seed Mentors is a leading independent investment specialist, and primarily invests in UK start-up companies. Since 2013, Seed Mentors has launched and successfully closed 10 SEIS and 2 EIS funds and invested in over 59 start-up companies to date.

**Contact details: Shani Randall**

P: +44 (0) 203 011 0901
M: +44 (0) 781 799 7562
E: s.randall@seedmentors.co.uk
W: www.seedmentors.co.uk

**Address:**
Seed Mentors Ltd, 129 Finchley Road, London NW3 6HY

TO FIND OUT MORE CONTACT US ON:

Seed Mentors have established a comprehensive panel of reliable people who can provide input, each panel member has got a lot of practical experience in their chosen field, and we are able to access advice when we need it.

Harvey explains, after our initial review of a business plan, if we are minded to consider the opportunity further, the entrepreneur will have to pitch his proposal to a "dragon's den style" panel comprising: at least 3 persons, each one with a different background and experience. The panel will read the business plans and then interview each entrepreneur.

At the end of this session they will be able to form a view as to whether the proposition is worthy of further due diligence. If so, the people at Seed Mentors will delve more deeply and see if it is possible to reach an agreement. The panel may include mentors that Seed Mentors uses, but not necessarily so. Once an investment has been made, there will be ongoing mentoring support and Seed Mentors will be very responsive to any questions that they are asked. Seed Mentors firmly believe they have made a significant contribution in that area, they know that all of the entrepreneurs appreciate what they have done.

Harvey observes that they key aspect of what we have learned, is how much dedication and determination start up entrepreneurs have, and part of the panel process is to select the people who have those qualities and are prepared to walk the extra mile!

Every start up business is going to face obstacles and difficulties and you have got to have people running the companies with these qualities. We are always looking for experienced people with a good background in their chosen field, not people who have suddenly thought of an idea a week before! It is not possible to predict the future, because so many different factors apply.

Seed Mentors do not believe in making rash promises or pretending it is easier to make money than it actually is. So the basic target we have kept is to reach £1.20 for every pound invested over a 3-year period. It goes without saying that you are always trying to do better. It is in the nature of private companies, that you cannot actually know how well you have done until other people come along and make offers to invest further funds or seek to acquire a particular company.

## TO FIND OUT MORE CONTACT US ON:

info@seedmentors.co.uk

020 3011 0901

IN-HOUSE NEWS FROM

# GBI EDITORIAL TEAM

We have been busy – in case you missed it

As well as bringing you our fabulous regular features on Exiteers, New Kids on the Block and Film Club, this month's issue sees the first of our special features based on our Round Table held in February. Hosted and facilitated by our editorial team, the format brings two or three IFAs into a round table forum with fund managers and specialists for just an hour or two of focused discussion on three key topics. Our first was on EIS and SEIS and proved to be hugely engaging, creating lively discussions that we think you will find an informative and educative read. Two more Round Tables are now planned; the next is on IHT in April and then in July a special for Film Investing. Do please get in touch with **Phil.Ashwell@gbinvestments.com** if you would like to learn more about getting involved in these.

Here at GBI Magazine we want to engage with our readers as regularly as possible, because your views and opinions help shape our editorial and ensures we bring you the features you want to read. We are running a survey on our website at the moment around the use and familiarity with investments in EIS, SEIS, VCT, BPR and SITR. Even if you don't presently use these schemes we would still like to hear from you

And as we know just how busy you are, as a thank you for completing it you can enter your name into a draw for a chance to win vouchers for **John Lewis worth £250**.

Click here to complete the survey and thanks again for your time.

# INVESTING IN THE SPIRIT OF EIS

Advisers must ensure the EIS investments they choose for clients do not fall foul of HMRC's rules, says **Ian Warwick**, Managing Partner at Deepbridge Capital

**Investing via EIS is increasingly accessible, offers many options for investors but can also be confusing for investors.**

In the early years of the EIS, companies could not raise large sums each year and therefore investments were 'relatively small amounts,' as Michael Portillo, then Chief Secretary to the Treasury, stated as the intention in 1994.

Fast forward several years and the government wanted to encourage investment into renewable energy projects as they prioritised their targets to hit EU renewable energy targets. With the EIS also being expanded to allow up to £5 million per year to be invested into a company, this is when the EIS market really took off.

In 2010/11 HM Revenue & Customs (HMRC) stated that £549 million of funding was raised via EIS but by the 2014/15 tax year this figure had increased to £1.8 billion. During a short period, EIS investing had grown exponentially with investors attracted to propositions with asset-backed renewable energy projects benefitting from long-term government subsidies.

What was not to like; tax reliefs on the way in, subsidies guaranteeing income for the lifetime of the investment and a likely exit to an organisation seeking predictable income?

Investment into other EIS opportunities, such as technology and other innovations, was also growing as a result of legislative changes and the market became a competitive landscape.

## Sea-change in approach

With the removal of energy production focused products, in 2014 and 2015, came a sea-change in the way that investors and, in particular, providers approached EIS. There were suddenly those providers who sought out propositions that could perhaps replicate the renewable energy EIS model and there were those who sought out investment opportunities that they felt would generate real returns for investors and adhere to 'the spirit of EIS.'

When the EIS was originally launched, Michael Portillo stated: 'The purpose of Enterprise Investment Schemes is to recognise that unquoted trading companies can often face considerable difficulties in realising relatively small amounts of share capital. The new scheme is intended to provide a well-targeted means for some of those problems to be overcome.'

EIS was created to support UK businesses seeking to grow and has always been intended to be 'well-targeted,' a policy which George Osborne as Chancellor continued. When requesting HMRC 'advance assurance' it is noticeable how HMRC are increasingly keen to understand the growth objectives of investee companies before they agree to EIS qualification.

Investing in an EIS proposition always carries the risk that tax reliefs could be challenged by HMRC or withdrawn. Even if HMRC has provided advance assurance to a company, this can be revoked or challenged subsequently by HMRC if there is a change to legislation or a perceived change to the business model of the company.

## Words to watch

I therefore suggest that certain key words and phrases should set alarm bells ringing when considering an EIS proposition. If an investment opportunity talks about 'capital preservation' then I would suspect that HMRC will be looking at the underlying investments and considering whether they really are adhering to objectives of the EIS.

As the government, predominantly under George Osborne's stewardship as Chancellor, amended qualification criteria and limits, there was a constant recognition that if investors are receiving significant tax-reliefs then there should be an expectation that the investor is taking appropriate risk with their investment.

If any EIS claims to be anything other than 'high risk' then questions should be asked. Financial advisers do not need me to tell them that investing in unquoted stocks of small, relatively early stage companies should always be considered at the higher end of the risk scale. Therefore, if investing in a high risk product, does it not make sense to target real returns?

I was also intrigued to see a presentation from another provider last year who opened their presentation by stating (I paraphrase): 'We have scoured the EIS legislation and found this one area where we believe we can provide an asset-backed EIS.'

My concern with this would be that if they have identified this area as a 'loop-hole' then HMRC will have done so as well.

## So what is the 'spirit of EIS' and why is it important?

The companies that we are led to believe that the government, and therefore HMRC, wants EIS funding to support are those which are creating innovation or jobs. They want companies to be of benefit to the UK economy:

- Developing innovations that can be exported and drive income to the UK.
- Developing innovations that can provide cost/ efficiency savings within the UK economy.
- Businesses with growth plans that will create jobs.

The UK has always been an innovative country, and a Japanese report in 2014 apparently claimed 55% of 'significant' inventions since the Second World War were created by the British, compared to 6% by the Japanese themselves and 21% by Americans. With this innovation-focused mentality in the UK, there are plenty of opportunities for investors to back exciting new technologies.

## Keeping the balance

An EIS provider's job is to ensure a constant balance between providing adequate capacity to meet investor demand and to also ensure that investee companies receive the funding they need, as an underfunded company could be detrimental to investors' interests. It is therefore the EIS providers with a focus on companies within this 'spirit of EIS' that usually have a flow of investee companies ready to come in to a portfolio and therefore do not have capacity issues.

For example, in our tech and life sciences focused EIS propositions, we always have at least two companies in the deal flow pipeline at any time to ensure that as we complete funding rounds we can easily replace companies within the portfolio.

Investing in innovation, whether that is technology, life sciences or whatever else, is not only appealing to investors due to the potential tax-reliefs but we find that investors are often also excited by knowing about the innovations they are invested in. The potential growth returns are also appealing.

Post-Brexit investment in UK innovation will likely be even more important as the UK government seeks to replace funding previously available via the EU.

A sector to have already received a pledge of support from the UK Government is the life sciences sector, with Chancellor Philip Hammond announcing in October 2016 that funding currently provided by the EU would be continued post-Brexit by the UK. It is highly likely that the likes of EIS will be pivotal for supporting such funding.

My tips to anybody considering investing via EIS would be to consider whether the underlying investments are really where the government intended EIS money to go and assess whether the investment provider really knows that market. My team, for example, only invests in sectors they are experienced in and know well. This approach allows the Deepbridge team to work proactively with investee companies to ensure they are commercialising as planned, and thereby mitigating some investment risk.

Our position regarding the importance of the spirit of EIS is not a lonely voice and I was delighted recently to speak with our friends at Symvan Capital who echoed our sentiment. Kealan Doyle chief executive at Symvan, commented:

'Anybody considering an EIS proposition should understand where their investment is going and be reassured if the underlying investee company is genuinely innovative or seeking to create jobs. EIS qualification rules will undoubtedly be amended in the future and HMRC will increasingly scrutinise EIS qualifying companies. The best and most effective way to mitigate this 'HMRC risk' is to invest in companies which adhere to 'the spirit of EIS' and focus on innovation. EIS funds which specialise in disruptive technology companies will almost certainly be the beneficiary of the changing landscape of tax-efficient investing.'

# Inheritance Tax (IHT) mitigation and capital preservation in later life.

Blackfinch IHT Portfolios access opportunities to meet the qualification requirement for Business Property Relief and have real businesses at their core. These opportunities are in the form of lending in residential property development and other asset-backed opportunities, as well as renewable energy generation supported by government backed revenue streams.

Blackfinch aim to provide flexibility, choice, transparency and control for investors. As such, we provide two model portfolios dependent on the client's personal requirements.

**OUR PORTFOLIOS OFFER**

- SWIFT IHT RELIEF — AFTER 2 YEARS
- INVESTOR CONTROL AND ACCESS TO CAPITAL
- CAPITAL PRESERVATION
- TRANSPARENCY OF UNDERLYING INVESTMENTS
- DIVERSIFICATION INTO A RANGE OF ASSETS AND SECTORS

CAPITAL PRESERVATION IHT PORTFOLIO

TARGET 4%*

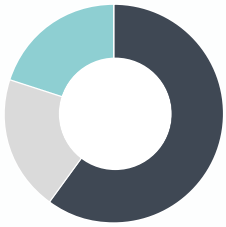
TYPICAL ASSET ALLOCATION

**30%** PROPERTY DEVELOPMENT LENDING
**40%** RENEWABLES
**30%** ASSET BACKED LENDING
* NET OF COST AND CHARGES

GROWTH IHT PORTFOLIO

TARGET 6%*

TYPICAL ASSET ALLOCATION



**60%** PROPERTY DEVELOPMENT LENDING
**20%** RENEWABLES
**20%** ASSET BACKED LENDING
* NET OF COST AND CHARGES

# Enterprise Investment Schemes (EIS) offer investors a variety of government backed tax reliefs to help reduce their tax burden.

The Blackfinch Asset Focused EIS service provides an opportunity for investors to access EIS qualifying companies which benefit from a degree of capital protection, through underlying security over assets.

Housing demand has continued to exceed supply in every year since 2008. There are a variety of factors influencing this discrepancy, which are linked to the ability of the construction industry to meet demand. Additionally, the UK population continues to grow and there is an increase in the number and proportion of older people in the population. This has created further demand for niche commercial property construction areas, such as care homes and crematoria.

Blackfinch currently have investment opportunities within the construction sector, with two underlying investee companies accessing commercial and residential construction projects. Each investee company takes a charge over the underlying assets within the property development, to provide a high level of security and capital protection.

Blackfinch believe investments, based on real trades and underpinned by exposure to tangible assets, provide the opportunity for the investor to see and understand where their money is invested.

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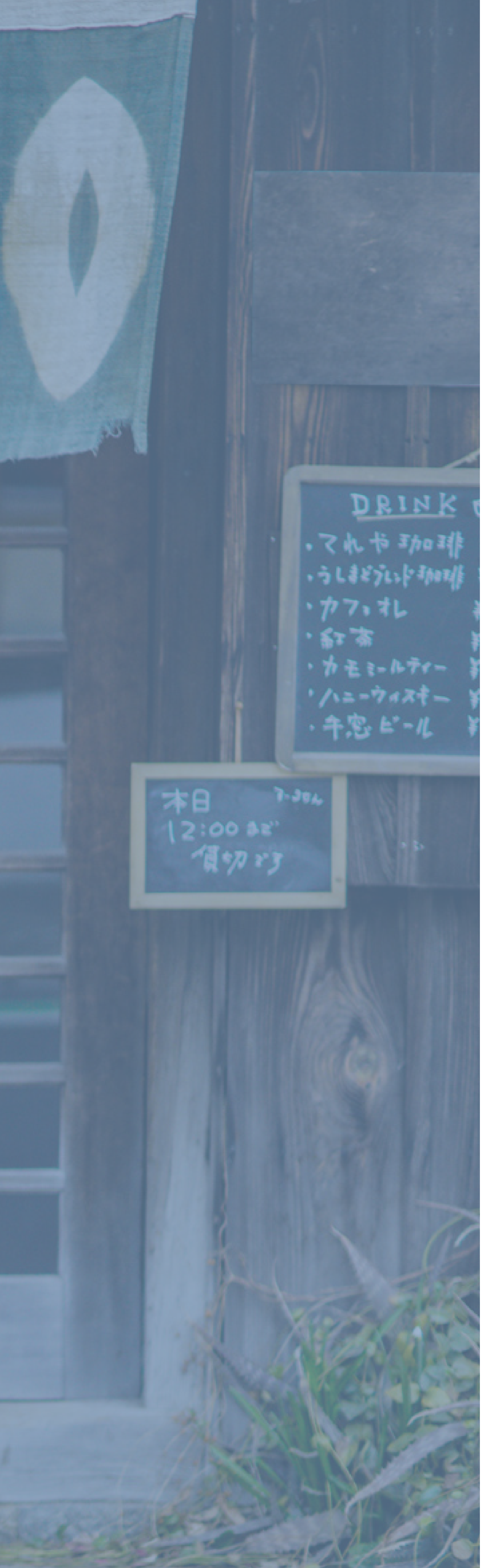
# INVESTORS HUNGRY FOR EARLY STAGE INVESTING

**Gonçalo de Vasconcelos**, Chief Executive and Co-founder of SyndicateRoom, looks at the growing appetite for EIS and SEIS investing




**Early stage investing has shown itself to be incredibly mutually beneficial – for the investor looking for returns in a low yield and low growth environment, and for companies looking for funding to achieve their growth objectives.**

Encouragingly, our research into investors' views on early stage investing, which also looks at investor interest in tax efficient investment products such as EIS, shows that there is plenty of appetite for further investment into high-growth businesses.

The low return environment is encouraging many UK investors to look further and increase their risk appetite. They recognise that they need to do something different to make their money work harder for them.

## The investment problem

For the past 20 years interest rates have been declining. In the mid-1990s nominal 10-year yields on government debt in rich countries hovered around 8–10%. Today, they're well below 2%. This poses a problem for investors: it's increasingly difficult to find yield. On top of this, market volatility has increased, not only because of the after-effects of the 2008/09 financial crisis, but also because of phenomena such as the slowdown in Chinese economic growth, Brexit and the election of Donald Trump as US President.

Despite this volatility, or maybe because of it, our research found that two fifths (39%) of individual investors said that they are more willing to take risks than they were a year ago. Meanwhile, nearly 50% of retail investors in the UK consider themselves to be 'off-track' in meeting their financial goals and around half of UK investors in bonds believe they will see zero return, or worse, over the next year. Investors have realised they can no longer rely on the old 'safe-haven' of cash or traditional asset classes to provide the returns they need to reach their goals.

## Classic mis-match

Our report, Tax Efficient investing in a Digital World, finds that two thirds (67%) of UK investors believe a portfolio of diversified early-stage equities would help them achieve their long-term financial goals. Interestingly, over nine in 10 (92%) investors aged 18-to-30 stated this, compared to just under half (49%) for those aged 51 and above. Younger investors - or 'millennials' - are actively seeking early stage investment opportunities. This group are also the most likely to seek out EIS or SEIS opportunities to gain even higher returns on investment. This belief in the value of Britain's young companies and business ideas by those who will control the economy of tomorrow is highly encouraging.

This year those aged 18-to-30 can be expected to redeploy their wealth in early-stage equities, being 20% more likely than those over the age of 51 to do so. Having asked about average wealth available for investment and appetite to invest in early-stage firms, our study found that each young investor would be looking to invest an extra £3,500 next year in early-stage businesses.

All this sounds very promising for the outlook for early stage funding, but it's not quite as clear cut as it seems. What is also apparent is that many investors find there are barriers that impact their ability to invest in early stage companies, hindering access to these exciting growth opportunities and in turn, holding back companies that are looking for additional investment.

Our research found that, despite even larger appetite for early stage investing, only 9% of retail investors' capital is free from barriers and available for redeployment into early-stage companies. A lack of information, access issues and awareness of the EIS tax regime among older investors are just some of the issues investors face. These barriers are causing a mismatch between the increased investor risk appetites and their ability to access early stage opportunities.

This causes a further mismatch in the potential to fill early stage company demand for financing – financing that will help these companies play their important role in fuelling capital market's activity and the economy more broadly. There are lots of young, successful early stage companies that have amazing potential, but need to source additional growth capital to scale their businesses.

**From start-up to IPO and beyond**

Traditional routes for raising capital have become more and more difficult to access, with funding harder to come by. Alternative routes, such as that offered by SyndicateRoom, are providing an ideal way to fill this gap.

By offering companies access to previously untapped retail investor demand and at the same time allowing retail investors to access primary capital raises and to participate across the entire funding journey of growth businesses – from early stage seed rounds through to IPOs on the London Stock Exchange– all on the same economic terms as institutions.

EIS allows companies access to growth capital to fulfil their ambitions to do great things. We've worked with a number of successful examples.

Recycling Technologies raised £578,808 in May 2015 and £1.5 million in November 2016. It has used this funding to develop its system that recycles mixed plastic waste and turns it into a valuable hydro-carbon, Plaxx™, tackling head-on the global issue of plastic over-consumption, which is set to double in the next 20 years.

Cambridge-based Axol Biosciences raised £971,320 in 2015 to accelerate revenue growth and begin international expansion. Axol uses Nobel Prize-winning intellectual property to create stem cells from human blood and skin cells, which can then be turned into heart cells, brain cells and blood vessel cells. Its long-term goal is to provide a platform where researchers can pick and choose human cell types for specific research purposes, revolutionising the drug testing market and removing reliance on animal testing. Two years into operation, Axol's revenues exceeded $1 million.

**Alternative routes to capital growth**

EIS has been hugely successful already, with £14.2 billion invested through the scheme since its inception, according to HM Revenue & Customs' statistics. Building further awareness on the investment opportunities for EIS could help open up new channels of demand, both for companies needing investment as well as from retail investors who are willing to provide this.

Our tax efficient investing research found that investors that are more knowledgeable of tax efficient products are more likely to believe that a portfolio of diversified early-stage equities will help them achieve their long-term financial goals. Approximately half of investors with over £1 million in investments see EIS (51%) and SEIS (46%) as positive and impactful vehicles to reaching their goals. These results are encouraging as it is hugely important that any retail investor considering an investment in early-stage businesses makes sure they are able to take advantage of the generous tax breaks when doing so. This can have a material impact on returns and, in turn, lead to them reaching their goals quicker.

In response to both investors looking at alternative routes to get the capital growth they need and in supporting the increased need from early stage businesses for funding, we have launched Fund Twenty8™, a unique fund that provides a high level of diversification for investors wanting access to early stage companies and the tax benefits of EIS. This provides a solution for individuals, as well as their advisers, looking for EIS investments that can offer higher growth opportunities, while limiting company specific risk.

Clearly EIS provides opportunities that are beneficial for the investor, good for companies and for the market. Early-stage equities are a solid asset class in today's low-yield environment, and EIS provides an attractive and beneficial way to engage with it.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Your
Business
The tax efficient investment market has changed significantly in recent years. There has never been a better time to get involved, as high value clients are gaining interest in this sector and it's exactly where you can add tangible value. Complex structures and investments with higher risk profiles mean that clients would benefit from your advice. Without it, they may invest anyway and could make ill-informed decisions, whilst dis-intermediating you from the process and reducing your revenue potential.
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# CAN MANAGED STORAGE HELP FILL THE EIS VOID LEFT BY RENEWABLES?

**Ian Battersby**, Business Development Director at Seneca Partners, looks at whether managed storage could provide the next opportunity in asset-backed investing

**The demise of 'renewables' as an EIS-qualifying business is now largely yesterday's news but with substantial sums having been committed by investors to this asset class in recent tax years, advisers are challenged to find trading businesses which benefit from genuine asset backing as a possible alternative.**

Investors who have dined out on renewables will see a significant hike in risk when moving to growth capital EIS investments and though the returns can be much more substantial, the downside can be a risk too far for some.

Managed storage is growing in popularity as an acceptable bridge for many investors who clearly recognise the benefits of investing in businesses which have tangible balance sheet assets. These businesses which trade from freehold or long leasehold premises and which underpin the trade itself can provide a strong degree of comfort for investors should things not ultimately pan out as planned.

## So, why might managed storage be a compelling option?

Managed storage is an industry where a company manages a storage solution, which is provided for domestic and commercial customers. The business provides secure rooms or areas, in which customers can store their goods.

There are estimated to be over 60,000 storage facilities worldwide, of which 48,500 are located in the United States. From 2000 to 2005, over 3,000 new facilities were built every year, with one in 10 U.S. households now renting storage space.

While the US is by far the world's most mature storage market, recent growth in other territories has been strong. Managed storage arrived in the UK in the early 1980s and demand has grown steadily since then, with the UK market now supplying over 37 million square feet of storage space, an increase of more than 5% on 2014. It is estimated that the total turnover of the industry in 2015 was c.£440 million. The industry has proven to be counter cyclical and recession resistant, with many operators reporting year on year revenue growth through the recent recession.

Managed storage businesses have proved to be an attractive option for investors looking to capitalise on increasing demand for storage solutions resulting in continuing, solid growth in this sector of the economy. The low level of fixed operating costs in the industry together with the large number of alternative uses for the underlying assets, has also provided an element of downside protection to their investment. Economic data and trends analysis suggest there is significant headroom for growth in the short and medium term.

## Growing demand

The primary drivers of retail storage demand are generally social factors such as moving home, marriage, divorce, retirement and bereavement. For businesses, storage proves useful for a number of reasons including start-up workspace solutions, storing archives, stock or office equipment. Increased public awareness of the industry has also contributed to its growth, as has the surge in demand from online traders; eBay trading is quickly becoming a sector in its own right.

Current lettable occupancy rates across the UK are estimated at 73%, a 4% increase on the previous year, despite new, additional capacity, which indicates that currently demand for the product is growing slightly faster than supply, while yields per square foot have also been improving in recent years.

Smaller houses and an increase in the number of post-recession housing transactions have contributed to an increase in domestic demand while higher business rates have made managed storage a cost efficient option for businesses in general.

Investors generally cite five key reasons which combine to create the appeal for them:

- Storage business models have proved resilient through the recent financial crisis
- Managed storage has good customer diversity: it does not rely on one single, large customer
- Stable and relatively secure cash flow (recurring earnings)
- Low and relatively predictable operating costs combined with attractive rental prices per square foot (compared to the leisure and healthcare sectors)
- Investment is usually underpinned by the businesses trading from freehold or long leasehold premises, giving a level of downside protection to their investment

**What are the risks?**

As a sector of the economy, the macro appeal for EIS investors is clear to see but this is not 'renewables' in different clothing and investors ought to make it their business to understand the investment risks. The inherent asset backing will inevitably appeal strongly but unlike 'renewables' where the management of the investment was naturally rather more passive, managed storage depends on some key trading deliverables.

The knowledge and expertise of the operator of the managed storage sites is always crucial not only in the marketing and management required to drive occupancy levels but also in terms of geographical selection.

Selecting sites where there is population density, good arterial access and little or no competition may seem fairly obvious but acquiring at correct value will be critical to the investment outcome. This takes on more relevance because a greater portion of the investment budget goes towards the cost of establishing the site, which ironically is where investors will see their safety net. Logically, sites which have good alternative uses offer better prospects in that regard. Investors might also prefer exposure to a portfolio of sites rather than single site exposure.

Additionally, in the context of an EIS investment of this type, high levels of gearing should probably be treated with caution. While theoretically, gearing may accelerate returns for investors, it may also quickly erode equity in the event of any downturn in property values and with EIS investors holding ordinary shares, the prospect of sitting behind a lender would rank as a negative for many, especially those who attach a strong degree of comfort to the asset backing.

There is much to like about managed storage as an asset class and it is easy to see how it will appeal to investors who are seeking to bridge the gap between previous investments in 'renewables' and the generally higher stakes involved in growth capital investing. But there will never be any substitute for selecting an investment manager with pedigree, capability and thorough due diligence processes, given that offers are likely to vary significantly between one product provider and another.

# ROUND TABLE

FEBRUARY 2017

# Contributors

## Anna Sofat

Anna Sofat is founder and Managing Director of Addidi, a finance boutique for women. Addidi Wealth helps enterprising women plan and manage their wealth whilst Addidi Enterprise provides a collaborative club for angel investing and non-executive engagement with SMEs. Addidi has been featured as one of the Top 100 Advisory Firms by New Model Adviser magazine in 2012, 2013, 2014 and 2015. As well as advising private clients, Anna is a regular contributor to national press and TV; she was awarded the Unbiased.co.uk's Financial Adviser of the Year Award and she was nominated the Top female Adviser by FT's Financial Adviser in 2015.

Contact details:
P: 0207 060 1200
E: didi@addidi.com

Address:
Tavistock House South, Tavistock Square, London WC1H 9LG

## Anthony Villis

Anthony Villis is Managing Partner at First Wealth and has an impressive list of qualifications: Chartered Financial Planner, Certified Financial Planner, Investment Management Certificate, and BSc Economics. As one of First Wealth's founders, Anthony's career highlight to date has been winning the coveted Money Marketing Small Adviser of the Year 2015 award. But the role he is most proud of is being a dad to his beautiful daughter, Lux.

Contact details:
T: 020 7467 2700
E: anthony@firstwealth.co.uk

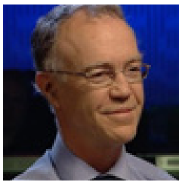
Address:
6 Broadstone Place, London, W1U 7EN

## Daniel Rodwell

Daniel is the Managing Director of GrowthInvest. Prior to co-founding GrowthInvest Daniel worked in finance for nearly 20 years, managing institutional and private funds focusing on equities and derivatives. Daniel also leads the investment adviser team of the GrowthInvest Portfolio Service, he has been an angel investor for many years and acts as an adviser and mentor to a number of growth businesses.

Contact details:
T: 020 7071 3945
E: daniel.rodwell@growthInvest.com

Address:
Candlewick House, 120 Cannon Street, London EC4N 6AS



## Lucius Cary

Lucius Cary is the founder of Oxford Technology Management Ltd which has been making and managing investments in technology start-ups near Oxford since 1983. The reason for the investments being near Oxford is so that OTM can be actively involved to help the investee companies as they grow and develop.

Lucius read Engineering Science at Trinity College, Oxford and then did an MBA at Harvard Business School. He founded his first business in 1972. Then a second, Venture Capital Report, in 1978, and then OTM in 1983.

Contact details:
T: 01865 784 466
E: Lucius.cary@oxfordtechnology.com

Address:
Magdalen Centre, 1 Robert Robinson Avenue, Oxford OX4 4GA

## Gary Collins - CEO, Red Rock Entertainment

Red Rock Entertainment works in conjunction with UK production companies to raise funds for independent film and television projects. In the last year alone, 11 film and TV projects have been greenlit, involving A-list UK actors such as Timothy Spall, John Hurt, and Stephen Berkoff.

Contact details:
P: +44 (0) 203 475 5478
M: +44 (0) 746 803 9152
E: garycollins@redrockentertainment.com

Address:
Red Rock Entertainment Ltd, Elstree Studios, Suite 12, Shenley Road, Borehamwood, Hertfordshire WD6 1JG

# Best of both worlds: advisers get wise to EIS returns

**The tax advantages of using EIS and SEIS are starting to take a back seat as advisers and their clients are attracted by the returns offered by alternative investing.**

At a GB Investments EIS roundtable in London, advisers and alternative investment providers, made it clear that EIS and SEIS were no longer primarily used as tax planning tools.

While there are obvious tax advantages to investing in both EIS and SEIS, which both offer income tax relief at 30% and 50% respectively, as well as capital gains tax (CGT) relief and CGT deferral, there was a strong attraction to the returns and personal nature of investing in early-stage companies.

Mark Brownridge, Director General of the Enterprise Investment Scheme Association (EISA), said the tax reliefs could sometimes be a hindrance to the other benefits the investments bring.

However, he believes the improvement in the investment returns of these types of investments are starting to speak for themselves.

'The tax reliefs don't help EIS sometimes,' he says. 'The investments are powering through now. Five or 10 years ago, the investment story wasn't so good.'

For Anna Sofat, Founder and Managing Director of London-based advice firm Addidi, it is always about the investment. In fact, Sofat is so keen on early-stage investing, she started up her own angel investor group exclusively for female clients called Addidi Enterprise.

Sofat encourages investors and clients to look beyond the tax benefits of investing through an EIS or SEIS structure.

'If there's one message from me; it's for goodness sake, don't focus on [the tax benefits],' she says.

She adds that 'a section of our client base will be really attracted' to the tax elements but maintains that if clients invest purely for tax reasons then they will find themselves with investments they may not wish to hold.

'No amount of tax relief [can] compensate for that disconnect on what we were advising on [and the end result in terms of investment],' she says.

Sofat says when it comes to advising clients on alternative investments there should not be an emphasis on either the tax advantages or the high-risk nature of the investments, both of the elements of EIS and SEIS that clients tend to focus on. Sofat says clients need to look at the middle ground between tax relief and high-risk investment.

'You appeal to the greed with tax relief, within that the sensibility in the middle is lost,' she says. 'At the other end is fear [of the investments]. You really want the middle bit, a sensible, reasoned case for investing.'

## Personal touch

It is not just the investment returns that are drawing advisers and clients to alternative investments, but the ability to get underneath the skin of the company being invested in and take an active interest. Gone are the days when all clients were happy to be put into a fund, the information age has made it easier than ever for clients to do their own research and make informed decisions about where they want their money invested. Putting money into early-stage investments is a good way for many clients to engage with their investments, with the rise of peer-to-peer lending helping to normalise this direct style of investing.

This could explain the growing popularity of EIS investments, which continue to raise an increasing number of funds.

Since EIS was launched in 1993/94 a total of 24,620 individuals companies have received money, and almost £14.2 billion of funds have been raised, according to EISA.

Figures for 2014/15 show 3,265 companies raised a total of £1.8 billion, compared with the £1.5 billion raised by 2,840 companies in the previous year. Of the companies that raised money in 2014/15, 1,660 were raising funds for the first time and raised a total of £1 billion.

In 2014/15 the business service sector accounted for over £600 million of investment, one third of all the EIS funds raised that year. London and the South East accounted for the largest proportion of investment geographically, receiving 65% of investment in 2014/15.

Gary Collins, Managing Director of film investment company Red Rock Entertainment, says it is not just the returns that attract investors to the film industry but the chance to take advantage of other perks.

'We're in a more unique position from a film point of view. We try to encompass a lot more engagement,' he says. 'I [have] had people on set, they were being extras [in a film] in fact. Once they've invested in one film, we invite them to screenings of other films, [to have] photographs with the star...we get them to meet them. They wanted to put money in [to films].'

He says one investor was a fan of the now-deceased John Hurt, who starred in many films including playing John Merrick in The Elephant Man, and the actor had dinner with them.

'We like to engage people as much as possible,' says Collins. 'We have seminars, [with] actors, directors and producers [there]. There will be a film accountant who will talk about the tax side of it [but] I tell my staff: 'you don't sell this for the tax benefits'.

'That's an additional [tax] benefit to help protect your investment. I tell them not to talk about the relief. It's in the paperwork and they see it, but you don't say: 'you're covered if you lose money'. That's the wrong way to get people to invest. We look at each film we do and we genuinely believe each one will make money because of our [investment-picking] criteria.'

Lucius Cary, Founder and Managing Director of Oxford Technology Management, which specialises in investing in start-up and early stage technology companies, says often investors will put money into companies that have a personal relevance or interest to them.

He gives the example of Combat Medical, an Oxford-based company which has developed a better treatment for bladder cancer.

'People ring up wanting to invest,' says Cary. 'They're not after a return, but their father may have died of bladder cancer...We had [a company] called Curileum, looking at diseases of the gut. It didn't achieve its business plan.

'It needed to raise more money and it got beyond the point where we could finance it ourselves. We sent out an email to our investor group and that business was oversubscribed within a couple of days. We had to turn down investors who had sent cheques [to us].'

Sofat's angel investors have a large part to play in the picking of investments, studying business plans submitted by companies and making the decisions about where the angel money is invested, starting at £20,000 each.

'The members make the decisions,' she says, although she adds that the women do not have lots of time to trawl through all the business ideas so they have to be narrowed down first using a criteria.

**Picking the right investments**

Research is not just a problem for clients but also for advisers who want to put their clients into alternative investments. There are some concerns that advisers are not accessing enough, or suitable, information about EIS and SEIS to make a decision.

Daniel Rodwell, Managing Director of GrowthInvest, a platform which allows advisers to access alternative investments for their clients, says it is a 'mixed bag' when it comes to adviser understanding of the alternative investment market.

He says some advisers understand the entrepreneurial spirit needed to invest in early stage growth companies but others do not, or are unhappy with the risk levels.

'Coming historically from a single company-focused background, we have always been focused on the growth side of things,' he says.

'Some advisers are more entrepreneurial, and they have clients who understand the risks so they purely want growth assets. Other people want low-risk investments, whether single companies or growth-focused platforms more akin to capital preservation products we've seen historically.'

The good news is that there is a growing bank of data for advisers to consult when picking alternative investments for their clients, and technology is playing a large part in helping advisers gain access to that information.

'As well as our own due diligence, there are an increasing number of independent analysts in the market,' says Rodwell. 'In our view, the more the merrier...as these help increase competition and give advisers and clients the reassurances they need. In terms of accessing and comparing different offers in the space, we're trying to use technology to give advisers a level playing field.'

He says a wide range of alternative investments are now available alongside funds and 'we have highly

skilled people...enabling advisers to access all of those and view the multitude of independent reports out there'.

Anthony Villis, Founder and Managing Partner of First Wealth, an advice firm in London, says a level-playing field is needed to ensure advisers can compare 'apples with apples'.

Brownridge says the task for professional bodies is to try and filter the information into a format that makes it easier for advisers to make those comparisons.

'In the traditional platform space they go to town on giving information on how to compare and contrast,' he says. 'It's trying to get that information out there in a format [advisers] can digest. That's our challenge.'

Rodwell replies: 'There is an environment to compare and contrast established managers with new managers with certain skills and sector focus, set all on a level-playing field...that's what we're trying to do in this space.'

GrowthInvest has seen more interest in alternative investing from the adviser community but Rodwell says there was a lot of education that needed to happen, particularly around SEIS.

'We spent a number of years educating the market and overall take up wasn't quite as we'd hoped,' he says. 'Now we see more interest in SEIS, partly because there is starting to be a bit of data on performance... there's a definite change of attitude.'

Brownridge adds that 'it's now easier to filter through the data to get quality investments'.

**Due diligence**

Research and due diligence are key for advisers recommending higher risk investments and providers are keen to highlight the robustness of their due diligence processes.

Cary says his company ensures it has robust due diligence processes by taking a 'common sense' approach and only investing in 'novel science within an hour's drive of Oxford'.

'We get about 100 things a year that are possible to invest in. We're interested in the science...we only make about five investments a year,' says Cary.

One of those investments is Designer Carbon Materials, which manufactures different endohedral fullerenes, carbon C60 cages with an atom of another species inside. Cary says the £70,000 investment made by Oxford Technology made was 'really high risk' since, at the time the application for these novel materials was not known. However 'if the business fails, the SEIS tax reliefs mean that the overall losses will be only about £20,000 after tax reliefs. So this is not too much to risk - that is the point of the SEIS scheme.'

'It's now going well,' he says. 'The first sale £22,000 for 200 micrograms of N@C60, which is a price of more than £100 million per gram. This led to newspaper articles round the world - Oxford scientist makes most expensive material on the planet. '

In future the material could be used to make an atomic clock that would fit on a phone and make GPS accurate to 'a couple of millimetres' and be used in self-driving cars.

'We're very up-front: we make the highest risk investments...in the UK,' says Cary. 'We do reports each quarter on all the investments, including the failures. The investors really like that. We also have meetings where the companies present and the investors can meet and talk to them.'

Villis says he 'looks for the track record, [and] who the people are behind it' when undertaking due diligence on providers.

'I look for warts and all...Then it's trying to understand where the risks are, what can go wrong. Then around what's being done to mitigate those risks.'

In terms of due diligence, Rodwell says the GrowthInvest platform aims to help advisers to fulfil their requirements to thoroughly assess investments for clients.

'From the due diligence side, we're evolving as a platform,' he says. 'It's a long way to go, but if you can provide an independent perspective, provide an appropriate amount of information around the credit, the quality of people for the category they're in and educate advisers on the tools.'

# SEIS market will 'boom' over next five years

**Advisers will see a 'boom' in Seed EIS (SEIS) investment in the next five years as the government throws its weight behind start-up companies and the returns start to speak for themselves.**

SEIS is the younger sibling of Enterprise Investment Schemes (EIS) and was introduced by then Chancellor George Osborne in the 2011 Autumn Statement. It was designed to provide a shot in the arm to the UK economy by promoting entrepreneurship and encouraging investment in early-stage businesses.

SEIS is now one of the most tax-advantaged ways for clients to invest, allowing them to place up to £100,000 into a number of companies over the tax year – although the companies invested in can raise no more than £150,000 in total via SEIS investment.

As the tax reliefs are generous, there are a number of restrictions on the types of companies that can be invested in, which ensures the money is being directed at the correct parts of the economy.

Companies must be based in the UK, have fewer than 25 employees, be no more than two years old, have assets of less than £200,000 and must be in an approved sector – for example not finance or investment.

As part of their commitment to early-stage investing, clients receive 50% tax relief in the year the investment is made.

But it is not only the tax relief that is catching the eye of clients - despite a slow start, the returns offered by SEIS are encouraging a greater number of advisers to add this alternative investment to their client portfolios.

## Boom time

It could be argued the SEIS has had a slow start despite the large tax relief.

Speaking at the GB Investments Roundtable Lucius Cary, Founder and Managing Director of Oxford Technology Management, which specialises in investing in start-up and early stage technology companies, says he was surprised that SEIS had failed to take off immediately.

He says that at first he could not believe the amount of tax relief that was being offered and visited officials at the Treasury to make sure he had understood it correctly.

'The Chancellor decided the economy was a mess and we needed more start-ups,' he says. 'We're changing the culture, and it has really worked. When we started in 2012, it used to take 10 days to get SEIS advance approval, Now because of the increase it can take 10 weeks..'

Concerns about the longevity of the reliefs could be one reason for the reluctance to invest on both the part of advisers and clients, says Anthony Villis, Founder and Managing Partner of London-based advice firm First Wealth.

However, he predicts that now those concerns are starting to recede, the growth in the sector will boom.

'I think the growth will come quickly,' he says. 'It was slow to start with because [clients] thought [the relief] would disappear.

'The longer it goes on, people see it staying. I think, for me, once we see the successes coming through, it will be an exponential growth. Some of the [SEIS] companies will produce amazing returns and will attract interest. The amount of money in technology, it's potentially a boom period in the next five years.'

The returns offered by SEIS are head-turning, but they are high risk and advisers need to ensure their clients are of a full awareness of the high risk level before committing money to these investments. However, Cary says the reliefs mean that it is sensible for many people to make such investments. The very high tax reliefs mean that the losses on the failures are hugely reduced, while the gains on the winners are tax free.

'Our strategy is we make SEIS investments in really high risk, but high reward companies' says Cary. 'When they go well, the returns can be 20-fold... And we have the capacity to support those that begin to go well with further EIS money. We have the capacity to support them as they grow.

'This strategy of starting with an SEIS investment and then investing further EIS money in those that begin to go well is not designed to maximise tax relief. It's designed to maximise the returns. We can begin to see it working now. It will become more popular. Many people don't know about SEIS which is very surprising to me.'

## Looking to the future

SEIS has made a huge impact on early stage investing. According to government figures, in 2014/15, 2,290 companies received funding through SEIS, raising £175 million of funds.

This is an increase on the 2,110 companies that raised £171 million under SEIS in 2013/14.

Of the money raised in 2014/15, 1,800 of the total number of companies were raising money under SEIS for the first time, representing £152 million of investment.

The sectors that have benefitted from SEIS in particular are hi-tech and business services sectors, which took 62% of the amount of SEIS investment received.

Since SEIS was launched in 2012/13, a total of 4,775 individual companies have received investment via the scheme and a total of £433 million has been raised. Over half, 56%, of companies received investment of over £50,000 in 2014/15, although this is down from 60% of companies in the previous year.

The total sums raised are not to be sniffed at, and it is not only companies that are benefitting. A total of 8,150 investors claimed income tax relief through SEIS in 2014/15, an increased from 7,795 investors in the year before. The majority of investors – 58% - claiming the relief invested £10,000 or less and investments of over £25,000 contributed 61% of the total amount of money raised through SEIS.

While it is broadly agreed that SEIS is helping boost the economy, grow start-ups and provide an attractive investment opportunity for clients, it is not a perfect economic solution.

Gary Collins, Managing Director of film investment company Red Rock Entertainment, says limiting SEIS investment in a particular company to just £150,000 was not enough for many businesses and this lack of funding can lead to a company failing – exactly the opposite of what SEIS is trying to achieve.

'I personally think SEIS needs to increase [the investment limit] to the £250,000 level,' he says.

'The cost of some start-ups are increasing dramatically – sometimes the £150,000 won't cut it. You create more risk because you're not funding it enough in the first place. It will probably fail due to lack of funding: some businesses need extra.'

## Regulation and insurance issues

For advisers, the future of SEIS is not straightforward either, with many concerned about the stance the regulator and PI insurance providers are taking on alternative investments.

'If you're building a portfolio for a client...in the back of your mind you know that if one investment fails, the regulator is likely to look at that in isolation,' says Villis.

'Was that fund right for that client? You have to be wary of that...the unregulated stuff is becoming more of an issue. As soon as you're out of regulated products, you're very on the back foot....what happens if it doesn't work out? If [the client] loses all their money, it's a problem.'

Anna Sofat, Founder and Managing Director of Addidi, an advice firm based in London, says more needs to be done around the regulation of SEIS and other alternative investments.

'Some work needs to be done with the regulator in this area,' she says. 'On the whole, the regulator forces the advisory industry down the more cautious, safer route...The risk [for the adviser business] is so high if something goes wrong.'

It is not just the regulator holding back advisers from investing in alternative investments, PI insurers are also sceptical of insuring advisers who are advising on unregulated investments.

Mark Brownridge, Director General of the Enterprise Investment Scheme Association (EISA), says the organisation has been working with PI insurers.

'We do work with PI insurers and how they see [investing in alternative investments],' he says.

'If you know your client, they say you shouldn't have a problem.'

However, Sofat has had a different experience with PI insurers, she states: 'You have to fill in the application and tell [the PI insurer] how many [alternative investments] you've recommended. Anything out of the ordinary, they exclude [from the policy].'

She adds that they PI insurers also 'do that with hindsight as well'.

## Education is key

To reduce the issues around SEIS investing, there needs to be broader education among regulators, insurers, advisers and investors.

Cary says that 'SEIS transforms the economics of investing in high risk start-ups. The losses on the failures are hugely reduced - the gains on the winners are tax free. We have some of the best science in the world, but we have been less good at making world class businesses based on this science, partly because of the difficulty scientists have had in raising the initial capital to get started. The SEIS scheme is now having a big effect, and scientists are now being able to raise capital where they were not able to do this before.'

Sofat says that 'something is needed to help' and education is key in helping everyone realise the benefits.

Beyond the tax relief offered by SEIS, there clients, and looking more broadly there is a positive economic impact for the economy and for Great Britain in helping businesses get off the ground and grow.

Daniel Rodwell, Managing Director of GrowthInvest, a platform which allows advisers to access alternative investments for their clients, says that positive messages about the benefits of alternative investments are needed: 'That kind of message that educates...advisers that if you build a portfolio, you back strong management teams with robust processes to support the early stage companies, the returns will be there.'

# Pension curbs place EIS and SEIS firmly in the spotlight

**Dwindling pension allowances and clients nearing retirement savings limits have pushed advisers towards alternative investments such as EIS and SEIS.**

Over the past few years the government has cut back on the amount that can invested via pensions both annually and over a client's lifetime.

This tax year has seen the lifetime allowance reduced from £1.25 million to £1 million, a huge fall from the £1.8 million clients were permitted to save into a pension over their lifetime as of 2010.

The curb on tax breaks for wealthy savers has not been limited to the lifetime allowance, as new tapering rules have affected the annual pension contribution allowance too. Since April last year the £40,000 annual allowance has been reduced by £1 for every £2 of income earned over £150,000 until the allowance reaches just £10,000 for those earning £210,000 a year or more.

With the income counted not restricted to salary, with rental and investment income included in the total, high-net-worth individuals with a range of income streams have found themselves at the mercy of a government focused on curbing pension tax reliefs for the wealthy.

Clients in breach of the allowances face large tax bills on money saved into pensions over the lifetime allowance, when the correct pension protections have not been put in place.

A tax charge of 55% is due on any money above the lifetime limit that is taken as a lump sum, or 25% if taken as income.

For many advisers, EIS and SEIS have become the natural home for the excess client income that can no longer be placed into a pension.

And with generous income tax reliefs on offer it is not surprising that adviser interest has been peaked. Clients can invest £1 million into EIS in any given tax year and another £100,000 for SEIS, providing generous extra relief for those who are nearing the lifetime or annual allowance. EIS investment offers 30% tax relief on money invested and SEIS offers 50% tax relief.

Speaking at GB Investments EIS Roundtable event, Anthony Villis, Founder and Managing Partner of First Wealth, an advice firm in London, says the changes to the pension rules have changed the options available to advisers.

'It's been a busy market: with the pension changes, people are getting big tax bills coming through,' he says.

However, it is not a straightforward swap between pensions and alternative investments, as the risk profile of the latter is typically higher than investments found within a pension.

'As an adviser, you look at where it sits on the risk profile,' says Villis. 'There is a broad spectrum of risk within the EIS market- you need to understand the trading risk of what you are investing in – so while we see [some alternative investments] fitting into [a client's] portfolio, some of the high-risk equity ones wouldn't.'

Anna Sofat, Founder and Managing Director of London-based advice firm Addidi, says the pension changes have sparked conversations with clients about the option of using EIS and SEIS investments.

'Pension are a good start for higher-rate taxpayers,' she says, however she adds that because Addidi has a focus on advising women, there is often a reluctance to embrace alternative investments.

'Most women haven't been used to investing in EIS or high-risk [alternative investments],' she says.

'As the wealth increases, you get more high earners [who are women], that is changing.'

The changes to the pension allowances and the need for advisers to look at alternative investments are helping to push business towards alternative investment platforms, says GrowthInvest Managing Director Daniel Rodwell.

GrowthInvest provides a platform for advisers to access EIS and SEIS investments for their clients, bringing the advantages of early-stage investing to a broader audience.

Rodwell says pension changes are fueling interest in alternative investments: 'Advisers need to understand how [these investments] can be used within pension planning for their more affluent clients and sell that to their client. As well as the record years for EIS, there is a real growth in the wider alternative finance market… thus far this has been largely driven by direct to consumer platforms

but he says that advisers must remember that there are 'different types of assets for different clients.'

'We've seen new advisers, who haven't historically been comfortable with EIS looking for information and education, [asking]: 'How do I take this out to my clients?',' says Rodwell.

'That is a real positive...We think it's a much larger market EIS, SEIS and VCT among both advised clients and UK investors as a whole'

**Personal connection**

It's not just practical benefits hinged on pension allowances and tax reliefs that are encouraging clients, and therefore their advisers, to look at EIS and SEIS. Villis says clients are much more engaged with where their money is invested.

'It's a bit of a culture shift since the financial crisis,' he says. '[There are] more self-employed and entrepreneurial people. Things like Dragon's Den get people interested. [Early stage investing] is more on the radar than 10 years ago.'

Sofat agrees that clients want more engagement with their money and the companies they are investing in.

'People want to connect with something they invest in,' she says. 'That's the strength here.'

For Sofat it is about re-educating clients not to consider investments purely in terms of returns but about encouraging investment in something the client believes in and feels connected to. This is particularly relevant when it comes to Addidi's angel investors group.

'I would have potential members saying: 'What [return] will I get?',' says Sofat. 'They're used to mainstream 5%, 10% [returns]. I can tell you an average exit but it's a moot point: I have no idea what smart decisions we'll make. It's about getting that connection.

'You're backing entrepreneurs; that is where the switch comes.'

**Who's responsible?**

When it comes to investing in alternative investments, it is clear that clients need to feel comfortable taking a higher level of risk than they may have previously. However, the adviser also needs to feel comfortable that the client can stand the losses that are inherent in investing in early stage and start-up companies.

After an adviser has explained the pros and cons of alternative investing, clients who want to invest in early stage companies can self-certify as a high-net-worth or sophisticated investor.

However, Sofat says self-certification abdicates responsibility for investing to clients.

'[Advisers] pass all the risk down to the client: you are high-net-worth, so you are professional,' she says. 'As an adviser, I'm abdicating my responsibility by going down that route....the whole thing needs to be looked at.'

Villis agrees that it is a grey area of responsibility when clients begin to self-certify or use adviser-recommended alternative investment platforms to invest their own money.

'Where does the risk end? If a client asks about a crowdfunding website – am I taking responsibility for the outcome?,' he says.

'It they invest through that [website], ultimately I take responsibility for where [the investment] ends up. I need to say 'yes' or 'no' [to an investment], if you say 'yes, kind of', that's not firmly saying no: it's dangerous.'

He adds that many third-party investment platforms, such as crowdfunding platforms, are 'a fantastic idea' but advisers struggle to recommend them directly to clients due to regulatory concerns. These are sophisticated investments, and are not always suitable for all clients.

Gary Collins, Managing Director of film investment company Red Rock Entertainment, says clients should not invest in EIS and SEIS just through lack of choice in other investments and warned that many alternative investments have been problematic.

'In the unregulated market, there is so much stuff out there that is never going to work,' he says.

'People invest in things through a lack of finding other things to invest in – they go and find it themselves.

'When you look historically: carbon credits, student accommodation, diamonds – nobody ever makes money on those.

'There are alternatives that are riskier but they do produce a return. In any portfolio, there has to be a small element of risk.'

Sofat says that there is an element of risk but that it was the advisers' job to determine whether a client can handle the risk and the losses that they could incur.

'There are definitely those that can afford to lose money and take that risk for that high return,' she says.

'Other clients, given their overall wealth, I can allocate 5% to high risk, but what difference is that going to make? I have to ask what impact it will have on their lifestyle if something goes wrong.'

## Due diligence

Committing to helping clients invest in EIS and SEIS can be time consuming for advisers who want to complete thorough due diligence.

Sofat says that due to her angel investing company, she and her business partner receive numerous investment proposals and process is key.

'It is very time consuming,' she says. 'My partner heads up the investment panel. We look at every business plan we get: we get hundreds now – we try to narrow it down.'

She says the investment panel meets with the companies that it narrows down to and goes through a due diligence process, which narrows down the investment opportunities further. Once the best investment opportunities have been identified they are presented to the angel investor group members.

'The group then decides where they want to invest and they agree the level of due diligence,' she says. 'It's very practical. With some early start-ups, there is little you can do [in terms of due diligence]. We try not to have too much of a high legal cost.'

For mainstream investors not in the angel investment group, which helps set the due diligence and pick potential investments, Sofat runs the investment plans through 'key people' and tracks the potential investment company's records, with Sofat saying they are 'following the money'.

Advisers with less experience than Sofat in picking start-up companies to invest client money in may feel more comfortable using a third-party platform, which does due diligence on their behalf.

'A lot of IFAs starting wouldn't necessarily have the knowhow on how to start [picking early-stage investments],' says Sofat.

'If you look at platforms, they come out with due diligence frameworks. These are all the things you should be asking, and here is what's out there; there are reports. Have a framework to see what you should be ticking off.'

## Tax trouble

It is not just due diligence that affects the ability of advisers to invest client money in alternative investments, but also concerns about HM Revenue & Customs (HMRC) changing its favourable nature towards tax-incentivised investment schemes.

Collins says that client and adviser sentiment is often wrapped up in what they read in the news, rather than the facts, with high profile tax avoidance cases involving celebrities making headlines.

He says getting past the negative headlines is 'the biggest problem in the industry now'.

'There is so much reporting because of the profile [of some of the investors]: Gary Barlow (from pop band Take That) and (Manchester United footballer) Wayne Rooney,' he says.

However, he says the cases being reported are historic problems of old tax avoidance schemes that flouted the rules and nothing to do with legitimate EIS and SEIS investments.

'When you read [about] them, they sound current. [Clients] think it's happening now,' he says. 'The fear is they'll be paying back so much [in tax].'

He adds that the problem was particularly prominent in film investments where 'eight out of 10 IFAs advise [clients] not to do film investment because of what they read [in the newspaper]'.

To avoid falling foul of the taxman when it comes to alternative investing, common sense should prevail and advisers should only work with companies that are experienced and working within the tax framework set out by HMRC.

If advisers are unsure or unwilling to pick companies themselves then a platform could help them not only to undertake investment due diligence but ensure the companies they are investing client money in are operating in a legitimate way.

Collins says: 'We work within the guidelines set out by HMRC and the Financial Conduct Authority (FCA). We feel it's important to bring added experience, and we're able to do that.'

# OPEN **OFFERS**

Highlighting some of the key offerings currently available to IFAs

**EIS**

**Open** 31/10/2016 | **Close** 03/04/2017

**Amount to be Raised:** £10m

**Minimum Investment:** £10,000

ENTERPRISE INVESTMENT PARTNERS

**T.** 020 7843 0470
**E.** imbiba@enterprise-ip.com
www.enterprise-ip.com/imbiba

## The Imbiba Leisure EIS Fund

Investing alongside Imbiba in a series of bar, restaurant,event, catering and hospitality businesses across London, investors benefit from Imbiba's exceptional experience and high performance targets.

Imbiba have consistently delivered significant value to shareholders - over the past 18 years they have achieved an average IRR of 35% from 10 previous EIS exits, (excluding the benefit of EIS relief).

The Fund will be investing in three existing companies together with a new project, with the result investors should receive their EIS 3 certificates shortly after investing.

The hurdle for the management incentive is believed to be the highest in the EIS sector - and is only triggered once investors have received a return of £1.50 for each £1 invested. In addition, Enterprise and Imbiba will be investing up to £200,000 per investee company.

The Fund is targeting a return to investors of 2.5 x cash, equivalent to an IRR of 34% over 4 to 5 years.

**EIS**

**Open** 01/11/2016

**Close** 03/04/2017 and 30/06/2017

**Amount to be Raised:** £25m

**Minimum Investment:** £10,000

ENTERPRISE INVESTMENT PARTNERS

**T.** 020 7843 0470
**E.** hindsight@enterprise-ip.com
www.enterprise-ip.com/hindsight

## The Hindsight Media EIS Fund

The Fund offers a diversified portfolio of Film, Television and Video Games production companies while targeting capital preservation through a combination of EIS tax relief, production credits and pre-sales, thus mitigating investors' downside.

The principals of Hindsight have over 10 years of media finance experience and have collectively raised over $500 million for 50 film and television projects on both sides of the Atlantic. The team has access to the top end of independent entertainment markets in the UK, EU and US, working with production houses such as Scott Free, Anonymous Content, Playground and Imaginarium.

The management team have a long-standing media track record, with an annual average return of 34% over the last 5 years, which includes 7 EIS investments which have returned an average of 1.2 x. Recent projects have included The King's Speech, The Guard, Chef and Wolf Hall.

The exit timeframe is 3 to 4 years and the Fund will be targeting a return of 1.2 x, equivalent to an IRR of 10% (including EIS tax relief).

**EIS**

**Open** 21/09/2016 | **Close** 31/05/2017

**Amount to be Raised:** £260,000

**Minimum Investment:** £10,000

GIZMO FILMS

**T.** 020 7233 7602
**E.** info@gizmofilms.com
www.gizmofilms.com/funnycow

## EIS Investment in forthcoming pre-sold Maxine Peake film

'Funny Cow' has already been acquired by Entertainment One, the distributor behind '12 Years a Slave', 'The BFG' and 'Spotlight' guaranteeing distribution of this major UK comedy drama. As well as Maxine Peake of 'Silk', 'Shameless' cast includes Paddy Considine (Hot Fuzz, The World's End), Stephen Graham (Boardwalk Empire), Alun Armstrong (Braveheart), Vic Reeves and more.

EIS investors can expect a 30% tax rebate and 20% ROI at a high position in the recoupment 'waterfall' of incoming revenue and exclusive benefits such as set visits, red carpet premiere invites and screenings. Gizmo Films, a highly experienced film finance company led by private equity & EIS specialist Peter Dunphy, has selected 'Funny Cow' on behalf of its investors due to the strong return schedule, top name cast and guaranteed distribution. Production takes place between January and May 2017.

Suitable for self certified sophisticated and HNW investors only. Gizmo Films works with HMRC approved SEIS and EIS firms only. Financial partner Brown McLeod & Legal Partner Lee & Thompson. Banking partner Barclays Bank.

**EIS**

| Open | Close |
|---|---|
| 01/11/2016 | 04/04/2017 |

**Amount to be Raised:** £315,000

**Minimum Investment:** £15,000

**T.** 0207 096 1373
**E.** mgilmore@vn-cp.co.uk
www.vn-cp.co.uk/vn-cp-projects

## A Single Company EIS Opportunity with HMRC Advanced Assurance

VN Capital Partners announce the opening of the Round 3 EIS, HMRC Advanced Assured fundraise for VN-H Power Generation Ltd.

Following two successful and over-subscribed funding rounds, an increase in Round 1 investor share value of 500% and the manufacture of the first scaled version of Hydrogen generator ready for further testing and verification, VN-CP is now opening the third and penultimate funding round to raise £315K.

The technology is a new type of hydrogen generator using the compound benefits of centrifugal and magnetic forces, combined with electrolysis which produce hydrogen more efficiently and flexibly than existing technologies.

The technology has so far demonstrated an efficiency of over 90% in test conditions, (industry standard is 70%) and output is targeted to improve significantly in the next 2 or 3 unit size increases, thus proving the technology's industrial scalability.

For a brochure summarising this exciting opportunity, or a full Information Memorandum please go to www.vn-cp.co.uk and register as an Investor, where you will then be able to download all the relevant information relating to the investment, including full technical project and business plans, along with patent listings and a complete scientific test report carried out by Professor Keith Scott, Electrochemical Engineering at Newcastle University.

Contact: Mark Gilmore on 0207 093 1373 for further information.

**EIS**

| Open | Close |
|---|---|
| July 2016 | 28/04/2017 |

**Amount to be Raised:** £20m

**Minimum Investment:** £50,000

Calculus CAPITAL

**T.** 020 7493 4940
**E.** info@calculuscapital.com
www.calculuscapital.com

## Calculus Capital EIS Fund

Pioneers of tax efficient investing, Calculus Capital created the UK's first approved EIS Fund in 1999. Our 17 year track record of investing in growing UK companies assures investors of our ability to make sensible investments capable of delivering excellent returns at every stage of the economic cycle.

Winners of 'Best EIS Fund Manager' at the EIS Association Awards for the past three consecutive years, Calculus Capital are recognised as having an incredibly robust investment process and an active portfolio management style - which has led to an impressive track record of successful exits.

The Calculus EIS Fund focusses on established companies with growth potential, across a diverse range of sectors. Target companies have the following characteristics:

- The ability to achieve our target IRR of 20%
- Experienced management teams
- Successful sales of proven products or services
- Profits or a clear path to profitability
- Clear route to exit

The 12-18 month investment programme commences after the relevant closing date. The next close is taking place April 28th 2017.

We value our reputation for personal service as much as our investment record, and are focussed on providing an excellent client experience. Please get in touch to find out more: 020 7493 4940.

**EIS**

| Open | Close |
|---|---|
| Evergreen | Evergreen |

**Amount to be Raised:** £10m+

**Minimum Investment:** £25,000

OXFORD CAPITAL

**T.** 01865 860 760
**E.** investment@oxcp.com
www.oxcp.com

## Oxford Capital Media EIS

The Oxford Capital Media EIS invests in companies operating in the UK's creative sectors, focusing on business models where risks can be managed through robust commercial contracts.

The Media EIS targets a return to investors of up to £1.20 per £1 invested, not including the beneficial impact of EIS tax reliefs. The minimum holding period is expected to be four years.

The current tranche is investing in film sales agents. These companies will acquire the right to act as sales agents for a number of independent films, earning revenues from the sale of distribution rights. Using this model, the companies are entitled to be paid from some of the first revenues generated by each film. As such, the companies are not exposed to the risks of box office failure, and they can make a positive return even from films which only recover part of their production budget.

HMRC Advance Assurance of EIS qualification has been obtained for two sales agent companies, and investor subscriptions will be divided equally between both companies.

**EIS**

| Open | Close |
|---|---|
| Evergreen | Evergreen |

**Amount to be Raised:** N/A

**Minimum Investment:** £25,000

OXFORD CAPITAL

**T.** 01865 860 760
**E.** investment@oxcp.com
www.oxcp.com

## Oxford Capital Growth EIS

Through the Oxford Capital Growth EIS, investors can build a portfolio of shares in 12-15 companies over a period of roughly 12-18 months. Each portfolio company should be eligible for EIS reliefs, including 30% income tax relief and taxfree gains.

We invest in small businesses seeking to solve big scientific, technological or commercial problems. Our current portfolio includes companies in sectors including games development, eCommerce, digital healthcare and artificial intelligence.

We work closely with our investee companies, helping to accelerate commercial development with the aim of achieving a profitable exit, usually through either a trade sale or a stock market listing. The Oxford Capital Growth EIS targets a return of 2.0x the amount invested (net of applicable fees and not including the impact of EIS tax reliefs), aiming to return the majority of proceeds 5-7 years after initial investment.

**EIS**

| Open | Close |
|---|---|
| 01/11/2016 | 31/03/2017 |

**Amount to be Raised:** 5x £4m

**Minimum Investment:** £25,000

MERLIN

**T.** 01327 354 099
**E.** enquiries@merlinma.com
www.valhallapcs.com/merlinma.com

## Merlin (One) Plc - Film & Television EIS

Valkyrie Marketing Services LLP is delighted to provide investors with an exciting opportunity to invest in Merlin (ONE) Plc.

Investors in Merlin (ONE) Plc will be able to participate in the international entertainment industry through the production and exploitation of high quality, commercial independent film and television projects.

Investors will also be able to take advantage of significant, non-aggressive UK tax breaks as Merlin (ONE) Plc is expected to qualify under the Enterprise Investment Scheme (EIS) legislation.

Importantly as well as aiming to maximise returns for investors, Merlin Media will also reduce the risk of the investment by producing a slate of projects, applying strict risk mitigation criteria and by negotiating primary recoupment positions.

**EIS**

| Open | Close |
|---|---|
| Now | Evergreen |

**Amount to be Raised:** N/A

**Minimum Investment:** £25,000

**T.** 020 7071 3926
**E.** seneca@lgbrtax.com
www.lgbrcapital.com

## Seneca EIS Portfolio Service

The Seneca EIS Portfolio Service is an evergreen discretionary management service that offers investors the opportunity to build a portfolio of equity investments in UK based SMEs, which are seeking an injection of capital to fund their next phase of growth.

The Service gives investors a portfolio of 4-6 investments per year diversified by sector. It targets investment returns of £1.60 to £1.80 per £1 invested (excluding tax reliefs). The EIS Service totals over £39m and has completed 53 investment rounds across 32 companies. 14 companies in the portfolio service are already AIM listed providing liquidity, market pricing and exit visibility for investors.

The Portfolio Manager, Seneca Partners, is part of the wider Seneca business, which has c. £450m invested assets and over £4bn debt under advice.

The knowledge, experience and pedigree of Seneca's investment team, combined with their individual track records of successful investing in the SME sector, is complimented by an extensive deal flow network in the UK's SME heartlands of northern England and the West Midlands.

**EIS**

| Open | Close |
|---|---|
| Now | Multiple |

**Amount to be Raised:** £4m

**Minimum Investment:** £10,000

**T.** 0203 8978 861
**E.** sarah@goldfinchentertainment.com
www.goldfinchentertainment.com

## Goldfinch Entertainment EIS Fund

- Approved EIS Fund with 70% Protection
- Investing into qualifying Film & TV productions
- Protection is taken in the form of unsold territories, Government Tax Credits or guarantees
- £2m raised in 2015/16
- Built and run by a team with enviable business and industry experience
- Team has deployed £60m+ since inception
- Over 115 projects at various stages of development and financing
- BAFTA and Oscar winning producers and directors
- A List cast attached such as Orlando Bloom, Bill Nighy, Sir John Hurt, Charles Dance, David Tennant and Martin Freeman
- Shortlisted TWICE CONSECUTIVELY for the 'Game Changer' Growth Investor Award
- Managed by industry veterans Amersham Investment Management

**EIS**

| Open | Close |
|---|---|
| 01/08/2013 | N/A |

**Amount to be Raised:** Uncapped

**T.** 01244 746000
www.deepbridgecapital.com

## **Deepbridge** - Technology Growth EIS

The Deepbridge Technology Growth EIS represents an opportunity for investors to participate in a portfolio of actively-managed growth-stage technology companies, taking advantage of the potential tax benefits available under the Enterprise Investment Scheme. The Deepbridge Technology Growth EIS is a diversified portfolio of actively managed high-growth companies seeking commercialisation funding. The Deepbridge EIS invests in companies that have a proven technology, clear intellectual property and are operating in a high growth/high value market sector.

Focused on investing in high growth companies that are seeking to commercialise and expand, specifically in three sectors:

- Energy & resource innovation;
- Medical technology
- IT-based technology

The target return for the Deepbridge Technology Growth EIS 22.9% p.a. over a minimum of three years; representing mid-case capital growth of 160p returned for every 100p invested. To ensure maximum tax efficiency for the investor, the Deepbridge EIS is entirely investor-fee free at point of investment.

**EIS**

| Open | Close |
|---|---|
| 01/11/2016 | 04/04/2017 |

**Amount to be Raised:** £600,000

**Minimum Investment:** £10,000

**T.** 0207 096 1373
**E.** mgilmore@vn-cp.co.uk
www.vn-cp.co.uk/vn-cp-projects

## A Single Company EIS Opportunity with HMRC Advanced Assurance

VN Capital Partners announce the opening of a Round 2 EIS, HMRC Advanced Assured fundraise for VN Aerotoxic Detection Solutions Ltd.

VN-ADS has delivered successful scientific proof, and a working proof of concept of an aircraft cabin-air quality sensor, capable of detecting the organophosphate Tricresyl Phosphate (TCP).

Following an independent peer-review by Emeritus Professor Derek Frey of Cambridge University, the company is raising £500K in this penultimate round of funding to:

1. Independently verify and certify the technology as an aircraft cabin sensor for organophosphates
2. Design, test, build and support 100 handheld sensors for distribution to pilots and cabin crew for field testing and final verification.

Aircraft manufacturers and operators are under significant pressure by way of public enquiries and employee legal actions following the discovery of the organophosphate Tricresyl Phosphate in the aircraft cabin.

Subsequent legal cases brought by airline staff for breaching safe working conditions, and well-publicised public safety concerns have created a growing requirement for sensors that will detect harmful compounds in the aircraft cabin air, making a potential multi-$Billion market.

Go to www.vn-cp.co.uk or contact Mark Gilmore on 0207 093 1373 for more information.

| EIS | |
|---|---|
| **Open** 17/11/16 | **Close** N/A |

**Amount to be Raised:** £20m

**Minimum Investment:** £10,000

**T.** 020 3667 8199
**E.** sales@foresightgroup.eu
www.foresightwilliams.co.uk

## Foresight Williams Technology EIS Fund Takes Pole Position

The Foresight Williams Technology EIS Fund is investing into early-stage, unquoted companies pioneering innovation and developing disruptive technology. The Fund represents a unique collaboration between Foresight Group and the Williams Advanced Engineering business (WAE) of the Williams Group.

Investors in the Fund will automatically be entered into the Race Day Experience draw to win one of several exclusive money-can't-buy experiences hosted by Williams.

Williams Advanced Engineering

- Globally recognised brand founded 40 years ago
- Over 700 Group employees with 190 dedicated specifically to advanced engineering
- Headquartered in Grove, Oxfordshire, featuring cutting-edge facilities

The power of Foresight's Venture Partner

- Unique access to high-quality deal flow
- World-renowned expertise that is leveraged to improve products and technology
- Unrivalled network within the engineering and technology community, helping to maximise opportunity for growing investee companies
- Foresight Group, with currents assets under management of £2.3bn, has a 32-year track record of fund raising and investing in, growing and exiting UK SMEs through tax efficient schemes.

| EIS | SEIS |
|---|---|
| **Open** 04/04/17 | **Close** 27/09/17 |

**Amount to be Raised:** £3m

**Minimum Investment:** £10,000

Martha's Other Vineyard®

**T.** 07917 767 362
**E.** tim@capecodcellars.co.uk
www.capecodcellars.co.uk

## Cape Cod Cellars Ltd

Cape Cod Cellars, "Martha's Other Vineyard" is a new company created to build Cape Cod Cellars ("CCC"), into a premier aspiration, lifestyle brand. We will deliver the Nantucket, Martha's Vineyard and Cape Cod seafood and lifestyle cuisine to London and Europe. We will deliver this feeling to our consumers through our flagship Cape Cod Cellars Wine Bar & Restaurant, our Apparel and Merchandise and eventually, distributing our own wine brands (Chatham Chardonnay, Nantucket Red, Schooner's Sauvignon Blanc etc.).

Our online marketplace will be commensurate with the themes of the flagship Cape Cod Cellars restaurant and, in particular, a scalable aspect of the business. Already in production, our golden silk scarves with the Cape Cod Cellars brand to cufflinks, necklaces, windbreakers, even corduroys with our logo lining the pockets, Cape Cod Cellars will be hip, smart, cool and upscale.

When a couple or a group of friends walk into our landmark CCC wine bar/restaurant, we want them to travel back to a time of their childhood or adulthood, fondly recalling great memories on Nantucket, Martha's Vineyard or Chatham. Wide brown wood floors will be complimented with nautical oil paintings, dunes, red picket fencing, images of lighthouses, and a sailboat hanging from the ceiling.

Above the circular, mahogany bar will be portholes with waves flowing behind them. It will be bright, optimistic, memorable and upscale.

| EIS | SEIS |
|---|---|
| **Open** Now | **Close** N/A |

**Amount to be Raised:** £5m

**Minimum Investment:** £15,000

**T.** 01865 784466
**E.** info@oxfordtechnology.com
www.oxfordtechnology.com

## Oxford Technology Combined SEIS and EIS Fund

OT(S)EIS invests in high risk high reward technology start-ups, in general within an hour's drive of Oxford and has been doing this since 1983.

The latest fund, OT(S)EIS made its first investment in 2012. By 31 Dec 2016, 57 investments had been made in 23 companies.

The statistics are:

Gross amount invested: £3.0m

Net Cost (after tax reliefs): £1.8m

Fair value: £4.8m

Tax free gain (on paper only) £3.0m

OT(S)EIS remains open for investment at any time.

The latest quarterly report , with a page of information on each investment is downloadable from www.oxfordtechnology.com

| EIS | SEIS |
|---|---|
| **Open** Now | **Close** Multiple |

**Amount to be Raised:** Uncapped

**Minimum Investment:** £5,000

**T.** 0203 011 0901
**E.** s.randall@seedmentors.co.uk
www.seedmentors.co.uk

## Seed Advantage SEIS and EIS Funds

Seed Mentors have been successfully involved in Seed SEIS since it was first introduced in 2012.

With other Angel Investors, through these funds and into other start up investments, over 60 companies have now received funding. All Companies continue to trade. The funds structure is a discrete investment portfolio service through Fund operator Amersham adopting a whole of market, holistic approach.

Seed Mentors provide practical support and mentoring services to each company and a nominated director. The EIS fund, offers the opportunity to support selected companies that have received SEIS funding

Because investing is not based on any particular sector, each proposition is assessed on its merits. Each company must go through a "Dragons Den" style pitching process. Seed Mentors have already considered hundreds of business plans.

The Funds uniquely do not charge a performance fee which means all the capital gains are available to investors.

All investee companies must obtain advance clearance from HMRC and each founder must have at least 5 years' experience in their chosen field. With a strong network of introducers, as well of direct approaches, Seed Mentors will always have a wide selection of possible investee companies.

| SEIS | |
|---|---|
| **Open** Now | **Close** Multiple |

**Amount to be Raised:** £3m

**Minimum Investment:** £5,000

**T.** 0203 8978 861
**E.** sarah@goldfinchentertainment.com
www.goldfinchentertainment.com

## Goldfinch Entertainment SEIS Fund

- Approved SEIS Fund qualifying investment opportunities in the UK's film, TV and other entertainment sectors.
- Investing into UK Film (30%), TV (30%) and Video Games (30%)
- £2.5m raised in 2015/16
- Built and run by a team with enviable business and industry experience
- Team has deployed £60m+ since inception
- Over 115 projects at various stages of development and financing
- BAFTA and Oscar winning producers, directors and developers.
- A List cast attached such as Orlando Bloom, Bill Nighy, Sir John Hurt, Charles Dance, David Tennant and Martin Freeman
- Shortlisted TWICE CONSECUTIVELY for the 'Game Changer' Growth Investor Award
- Managed by industry veterans Kin Capital Partners

| EIS | SEIS |
|---|---|
| **Open** Evergreen | **Close** Evergreen |

**Amount to be Raised:** N/A

**Minimum Investment:** £5,000

**T.** 020 7071 3945
**E.** enquiries@growthinvest.com
www.growthinvest.com

## GrowthInvest - The Tax Efficient Platform for Advisers

GrowthInvest is a unique, independent platform which provides access to tax efficient investments to a growing network of UK financial advisers, wealth managers and investors. Originally founded by financial advisers in 2012 as the Seed EIS Platform, we rebranded as GrowthInvest in October 2016 to better reflect the wider range of products and services available:

- We permit investment into a range of single company offers, as well as Managed EIS Portfolio Services and funds, giving clients a number of different investment options.
- We offer a simplified asset transfer process which allows advisers to place all of their clients' tax efficient investments onto the platform.
- We provide intuitive online reporting tools, allowing advisers to monitor, analyse, and provide consolidated performance updates and quarterly reports to their clients.
- All investable companies go through one of 3 defined due diligence tiers, giving added peace-of-mind to the adviser.
- A single, secure online environment for all clients to review and build their tax efficient investment portfolios.

We've placed the adviser at the heart of everything we do, making it straightforward for advisers to improve the service they offer to their clients in the tax efficient investment arena. Please visit us at growthinvest.com for more details about our current open investment opportunities.

| EIS | SEIS |
|---|---|
| **Open** January 2015 | **Close** Evergreen |

**Amount to be Raised:** Unlimited

MEDIA FUND

**T.** +44 (0)845 512 1000
**E.** nicolajohnston@chfmedia.com
www.chfenterprises.co.uk

## CHF Enterprises

CHF Enterprises Ltd (CHF) presents an exciting and unique opportunity for UK tax payers to invest in both SEIS and EIS qualifying shows and concepts, whilst also benefitting from risk mitigation in the form of seed and traditional EIS reliefs and Government backed Animation Tax Credits.

The company has a strong and proven track record: over the past 40 years, Cosgrove Hall have produced iconic children's programmes such as Danger Mouse, Postman Pat, Roary the Racing Car and others, and CHF has a multi BAFTA and International Emmy award winning creative team • One of its recent shows, Pip Ahoy! was funded via CHF's own in-house EIS offering and is now on air on channel 5's Milkshake every weekday for 5 years, to great media acclaim.

The shows and concepts may have multiple revenue streams from Broadcast and License and Merchandising sales with unlimited investment returns. Shows are produced in the UK and should qualify for the Government's Animation Tax Credits.

| EIS | SEIS |
|---|---|
| **Open** 03/10/2016 | **Close** Rolling |

**Amount to be Raised:** £5m

**Minimum Investment:** £10,000

JENSON FUNDING PARTNERS
supporting growing businesses

**T.** 020 7788 7539
**E.** seis@jensonsolutions.com
www.jensonfundingpartners.com

## Jenson SEIS & EIS Fund 4

The Jenson SEIS and EIS Fund 4 allows investors to choose whether they want to invest solely via SEIS or EIS or to split their funds across SEIS and EIS investments. Our combined SEIS and EIS structure is designed to provide increased diversification as a portfolio investment. The balance between capital growth, portfolio risk and time horizon is maximised, whilst enhancing the tax advantages available.

The Fund aims to target exciting new innovative and disruptive technologies to be nurtured alongside existing investment opportunities that require follow-on investment to fully exploit commercialization of a proven business model. Jenson aims to offer these businesses far more than just funding.

Jenson has been managing SEIS funds since 2012 and currently has an investment portfolio of over 60 companies. To date, Jenson has actively advised entrepreneurs to re-evaluate business models, reduced projected costs and introduced potential executives, partners, customers and suppliers as part of the value add service they provide. Each investment is allocated an experienced Jenson finance director to the management team on a part-time basis to enhance returns, which is a key differentiation between ourselves and other SEIS and EIS providers.

| EIS | SEIS |
|---|---|
| **Open** September 2016 | **Close** Evergreen |

**Minimum Investment:** £10,000

COLMAN EQUITY

**T.** 028 4179 8123
**E.** diane@ColmanEquity.com
www.colmanequity.com

## Colman Equity SEIS/EIS Fund

The first SEIS/EIS fund operating from Northern Ireland, with a remit to make investments across the UK. The fund invests in companies at an early stage with the aim to generate capital appreciation. The team have worked with early stage companies in Northern Ireland, and are at the heart of the startup community, running both a pre accelerator "Propel' and an Accelerator 'StartplanetNI'. This insight allows us to work with companies daily, and gives us an advantage in finding deals, and in assessing opportunities. The investment team, have worked in venture capital, and investment for over 30 years, with expertise in putting together Equity investments.

DISCLAIMER

Investors Capital is at risk and may lose all or part of what you have invested. Tax benefits are subject to an individual's personal circumstances, are subject to change, and cannot be guaranteed.

Please read our Guide to Risk on the website for further information before considering an investment.

Colman Equity is an Appointed Representative of Sapia Partners LLP, a firm authorised and regulated by the Financial Conduct Authority (550103).

| EIS | SEIS |
|---|---|
| **Open** Evergreen | **Close** 31/03/2017 |

**Amount to be Raised:** £20m

**Minimum Investment:** £20,000

IRON BOX CAPITAL

**T.** 020 7628 7857
**E.** info@ironboxcapital.com
www.ironboxcapital.com

## Iron Bax Capital: Particle 1 Fund

Film is a fast growing industry. There is insatiable demand for film globally to provide material for all the new media that offer films. Investing in film is also approved by the government through the availability of both tax credits and EIS tax benefits. Unsurprising as it brings many millions of revenues into the UK.

At Iron Box Capital we pride ourselves in our expertise and experience, and to do all that we do very well. After all, our Chairman is Colin Brown, the ex-British Film Commissioner.

Through Particle 1 Fund, investors will participate in a minimum of 4 companies and films, all of which are closely vetted for genre, audience appeal and saleability.

Each of our funds will invest in 3 or 4 films, all of which are closely vetted for genre, audience appeal and saleability. The target IRR before tax relief is 15%, and 25% if you include the tax relief available.

And we should mention that you can have a lot of fun with film. Every investor and their adviser can get involved in our film projects in different ways. Why not talk to us to find out more?

Please refer to the Investment Memorandum for full details and risk warnings.

**SEIS**

**Open** 01/07/2015 | **Close** N/A

**Amount to be Raised:** Uncapped

T. 01244 746000
www.deepbridgecapital.com

## The Deepbridge Life Sciences SEIS

The Deepbridge Life Sciences SEIS is an opportunity to secure potentially attractive returns by investing in a diversified portfolio of early-stage life science companies, whilst taking advantage of the considerable income tax, capital gains tax, and inheritance tax benefits available under the Seed Enterprise Investment Scheme.

The Deepbridge Life Sciences SEIS seeks to fund companies with exciting new technologies that satisfy the needs of large and growing markets. The overarching focus of the Deepbridge Life Sciences SEIS offers investors companies engaged in the development of therapeutics for the following areas:

- Anti-viral drug discovery and development
- Antibiotic drug discovery and development
- Neurodegenerative disease therapeutics
- Cancer diagnostics and therapeautics
- Autoimmune and other metabolic disorders therapies

The target return for the Deepbridge Life Sciences SEIS is >35% over a minimum of five years; representing mid-case capital growth of 250p returned for every 100p invested. To ensure maximum tax efficiency for the investor, the Deepbridge Life Sciences SEIS is entirely investor-fee free at point of investment.

**BPR**

**Open** 01/07/2015 | **Close** N/A

**Amount to be Raised:** Uncapped

T. 01244 746000
www.deepbridgecapital.com

## Deepbridge IHT Service

The Deepbridge IHT Service is designed to deliver capital preservation from a portfolio of Business Relief qualifying renewable energy companies that seek to have a high degree of asset-backing and a business model based on the Renewables Obligation, the UK Government subsidies for the generation of renewable energy. Utilising Business Relief, subscriptions may be eligible for exemption from IHT after a minimum of two years.

The Deepbridge IHT Service has a target priority return of 6% per annum after the second year.

Investment criteria:

• Attractive subsidies: The UK Government offers subsidies to the renewable energy sector, including Renewable Obligation Certificates and Feed-in-Tariffs.

• No planning risk: Investments will be made in projects with all the necessary permissions in place, providing a known cost base for the investment.

• Proven technology: The use of proven renewable energy technologies that allow levels of energy production to be forecast with a good level of accuracy.

**VCT**

**Open** Now | **Close** 14/07/2017

**Amount to be Raised:** £8m

**Minimum Investment:** £3,000

T. 0131 503 9100
E. rachel.lederf@amatiglobal.com
www.amatiglobal.com

## Amati VCTs Top Up Share Issues

**(Please note that Amati VCTs are full for this tax year 16/17, however there is still limited capacity for 17/18)**

Amati Global Investors is a well-established manager of AIM-based VCTs. The Offers provide existing and new investors the opportunity to invest in one or both of Amati VCT plc and Amati VCT 2 plc:

- Investment into an existing portfolio of around 55 companies in each VCT, covering both high-growth and maturing businesses.
- Tax free dividends, targeted at 5-6% of year-end NAV (although there is no guarantee the targets will be met).
- AIM based VCTs typically have a more diversified portfolio than other types of VCT, and are likely to be invested in larger, more established companies, with transparent market pricing and reasonable liquidity.

| IHT | |
|---|---|
| **Open** Now | **Close** Evergreen |

**Amount to be Raised:** Uncapped

**Minimum Investment:** £15,000

**T.** 0131 503 9100
**E.** rachel.lederf@amatiglobal.com
www.amatiglobal.com

## Amati AIM IHT Portfolio Service

Designed to work in association with financial advisers, the Amati AIM IHT Portfolio Service is a discretionary investment management service used for the purposes of IHT planning.

The Service operates on the basis of a Model Portfolio of shares in a diverse range of profitable and well-financed AIM-quoted companies, each of which broadly fits into one of four categories: owner-managed with attractive growth dynamics; family businesses with established brands; established technology companies; and income and special situations with attractive yields and defensive qualities.

Since its launch in September 2014 the Service has returned 61.2%, as compared to the return of the FTSE AIM All-Share Index (Total Return) of 20.4%. (Period 29 August 2014 – 28 February 2017. Source: Amati Global Investors Ltd.)

Key Features

- Minimum investment £15,000
- Annual Management Charge: 1% plus VAT (includes all dealing charges)
- Adminstration & Custody Charges: 0.3% per annum (£120 minimum and £3,000 maximum); £35 nominee fee
- Initial and ongoing advisory charges can be facilitated
- Shareholdings expected to qualify for 100% IHT relief after 2 years
- Shares held on client's account, not as part of a collective investment scheme
- Can be held in an ISA (no additional charge)

| IHT | BPR |
|---|---|
| **Open** Evergreen | **Close** Evergreen |

**Minimum Investment:** £30,000

**T.** 01923 713 890
**E.** enquiries@fundamentalasset.com
www.fundamentalasset.com

## Fundamental AIM IHT Portfolio

Fundamental Asset Management is an independent, owner managed, investment management firm with an unrivalled knowledge of the AIM market. It has successfully provided AIM portfolio management with inheritance tax planning to private investors, trusts and institutions since 2004 delivering outstanding returns. Our investment ethos for AIM IHT Portfolios is conservative and value based. At its foundation is our in-depth, in-house research, which includes visiting and meeting senior management of hundreds of companies each year. As well as being available on its own broker platform the Fundamental AIM IHT Portfolio service can also be accessed through the AXA Elevate, Nucleus, Standard Life and Transact platforms.

| BPR | |
|---|---|
| **Open** Evergreen | **Close** Evergreen |

**Amount to be Raised:** N/A

**Minimum Investment:** £25,000

**T.** 01865 860 760
**E.** investment@oxcp.com
www.oxcp.com

## Oxford Capital Estate Planning Service

The Oxford Capital Estate Planning Service can help investors mitigate Inheritance Tax by investing in companies that should qualify for Business Property Relief, subject to the requisite holding period.

Clients can choose from five different investment options, depending on their preference for capital growth or dividend income. If a client's circumstances change, they can elect to switch to an alternative investment option. Target returns range from 3% to 5% p.a., and capital can be accessed within 1-6 months through the sale of shares.

Investors in the Estate Planning Service will acquire shares in unquoted holding companies. Managed by Oxford Capital's infrastructure investment team, these companies will make equity investments in, and loans to, companies which in turn will own and operate revenue-generating assets. The investment strategy is currently focused on small-scale power generating equipment, including renewable energy assets. Over time, it is possible that other assets will be added to the portfolio.

BPR

| Open | Close |
| --- | --- |
| Evergreen | Evergreen |

**Amount to be Raised:** Unlimited

TIME INVESTMENTS

**T.** 020 7391 4747
**E.** questions@time-investments.com
www.time-investments.com

## TIME:Advance

TIME:Advance is a discretionary management service that allows investors to access Business Property Relief (BPR) to mitigate their Inheritance Tax (IHT) liabilities. The service offers 100% IHT relief in just two years, alongside a targeted return of 3.5% per annum. Importantly clients retain access and control, so have the option to withdraw a lump sum or set up regular withdrawals in the form of an income.

The service focuses on capital preservation by investing in asset backed businesses with no debt which qualify for BPR. These businesses include secured lending, renewable energy, biomass and self-storage. The product is managed by an expert team, with a proven 21 year track record of 100% success in achieving BPR for investors.

BPR

| Open | Close |
| --- | --- |
| Evergreen | Evergreen |

**Amount to be Raised:** Unlimited

TIME INVESTMENTS

**T.** 020 7391 4747
**E.** questions@time-investments.com
www.time-investments.com

## TIME:CTC (Corporate Trading Companies)

TIME:CTC is a bespoke Inheritance Tax (IHT) solution for corporate investors, which boasts an impressive 21 year track record of delivering IHT relief for investors. TIME:CTC is aimed at business owners who have built up surplus cash in their business and could potentially lose Business Property Relief (BPR).

The focus of TIME:CTC is on capital preservation by investing in asset backed businesses which qualify for BPR. These businesses include secured lending, renewable energy, biomass and self-storage. Our strategy allows business owners to maintain control of their assets, avoiding the need for trusts or gifting to obtain relief.

Targeting a return of 3.5% and potentially immediate reinstatement of BPR qualifying assets. To date more than 1000 of our clients have already achieved BPR on their investments, a 100% success rate.

BPR

| Open | Close |
| --- | --- |
| Evergreen | Evergreen |

**Amount to be Raised:** Unlimited

TIME INVESTMENTS

**T.** 020 7391 4747
**E.** questions@time-investments.com
www.time-investments.com

## TIME:AIM

TIME:AIM uses our unique 'smart passive' approach in selecting companies listed on AIM for inclusion within the investment portfolios we create for investors. Designed to offer lower volatility returns than the AIM market, TIME:AIM will only target AIM listed companies that qualify for BPR.

SMART because we use an innovative, defensive market screening process

PASSIVE because we remove stock picker bias and ignore market sentiment

A welcome secondary benefit of this approach is that we are able to offer this service at around half the annual management fee of many of the traditional AIM BPR fund managers. We believe our service creates a robust portfolio that will allow investors the opportunity for significant growth potential and mitigation of their IHT liability after only two years.

Available within an ISA and non-ISA wrapper

- IHT relief in just two years
- Focus on reducing volatility
- Removal of stock picker bias
- Lower cost than traditional AIM services

CHF MEDIA FUND

## INFORMATION MEMORANDUM

For further information, please contact

**Nicola Johnston**
Head of Finance
**nicolajohnston@chfmedia.com**
**+44 (0)845 512 1000**

www.chfenterprises.co.uk