

# ANGLO SCIENTIFIC EIS FUND “AS EIS FUND”

INNOVATION

SECURITY & RESILIENCE

FUTURE

BIOSCIENCES

DIGITAL AGE

DISRUPTIVE TECHNOLOGY

INFORMATION

# THE ANGLO SCIENTIFIC EIS FUND

## OVERVIEW AND FAQs



The Anglo Scientific EIS Fund combines the experience of Innvotec Limited "Innvotec" and Anglo Scientific Limited "Anglo Scientific" to establish, grow and successfully exit from a well-balanced portfolio of exciting, technology-led companies.

Each company in the AS EIS Fund portfolio is there because it has excellent, protectable technology credentials, significant market opportunity for its products and a highly experienced team of managers and advisers to guide it to success. Many companies have the potential to be "game changers" in their respective markets and the aim is to help each to exit in a timely manner and deliver meaningful capital gains for investors.

Growing a successful business from an early stage takes time, adequate funding, patience and above all a quality team. Innvotec, as a long-established manager of venture and capital appreciation funds, understands that the path to exit is not straightforward and young companies often require multiple rounds of funding to maximise their potential. We cannot therefore, promise investors returns "starting in year 4" as some other funds do. We are aiming for significant capital growth through building real and sustainable businesses from the ground up and at the time, we take advantage of the generous tax breaks available under EIS.

The members of the Anglo Scientific team are serial entrepreneurs who have started, grown and successfully sold technology-based businesses. Having previously been through the growth cycles of high tech companies, they understand the process, can recognise many problems at an early stage and know how to avoid the pitfalls that can often trip up less experienced management teams. Members of Anglo Scientific form the executive management in each company until it is "grown-up" enough to attract seasoned, industry professionals to take it forward - although they remain fully involved right through to exit.

Innvotec works closely with Anglo Scientific to identify opportunities to start new companies, to monitor the progress of existing companies and provide oversight on behalf of investors in the AS EIS Fund.

Each investor in the AS EIS Fund will typically have between four and eight companies in their individual portfolio with a spread of maturities. New companies are added periodically and investors' commitment is deployed across the overall portfolio in line with progress and the funding needs at the time. Unlike many other EIS funds, we do not adopt a scattergun approach, whereby investors' commitment is spread thinly across many companies in the hope that the successful ones will outweigh the unsuccessful ones. Investors in the AS EIS Fund will largely know which companies their subscription will go to BEFORE they commit.

A feature of the AS EIS Fund is that, subject to satisfactory progress, it continues to support the best companies in the portfolio through subsequent funding rounds. By making further commitments to the Fund, investors can therefore "follow their money" and thus increase their stake – or at least minimise dilution of their shareholding - in those companies. Typically, progress is such that there are uplifts in value at regular intervals as the companies achieve their growth milestones and attract new investment at an enhanced valuation.

The current portfolio comprises companies at various stages of maturity from early stage to those already selling product into their target markets and breaking into profitability. New companies are periodically formed by Anglo Scientific and are added to the portfolio and some of the more mature businesses are now looking towards exit. This gives investors the prospect of a series of returns over an extended period, with the more mature companies likely to exit earlier. The first such exit has already been achieved and will provide investors with a return of up to 5x their cost.

The Anglo Scientific EIS Fund is now in its 9<sup>th</sup> year and is open for subscription all year round, with investments into the portfolio companies completed quarterly. Investors can therefore subscribe to the Fund at any time and their money will be invested promptly. No investor should wait more than three months before their commitment is deployed and most commitments are invested much sooner than that.

## FREQUENTLY ASKED QUESTIONS

### What is the minimum subscription?

Investors can commit as little as £5,000 to the Fund and in increments of £1,000 thereafter. There is no limit on how much can be committed, although the maximum individual allocation to EIS in any one year is currently £1,000,000.

### How quickly will I receive EIS certificates?

We understand that prompt receipt of EIS 3 certificates is important to many of our investors and their financial advisers. Allocation of subscription monies to the portfolio companies are completed at the end of each quarter for investment immediately thereafter – i.e. at the start of January, April, July and October. Applications to HMRC for the EIS 3 certificates are processed swiftly and are sent out to investors as soon as they are received. This means investors normally receive their certificates only three months after the funds are deployed in the underlying companies.

### What fees will I pay?

The fees charged to investors in the AS EIS Fund are among the lowest on the market. This is because we believe fund managers should be remunerated based on success – measured as investor returns. As a result, the only fees investors pay are a 1.5% annual management charge - which is deferred until the Fund starts to receive cash back from exits. We also charge a "Performance Fee" of 30% of the profits once investors have received back £1.40 for every £1 subscribed. Having been established for over 30 years, Innvotec has all the FCA permissions needed to hold and control client money so we do not have to charge any of those annoying little add-ons such as transaction charges, secretarial or custodian fees.



### How much of my subscription to the Fund will attract EIS relief?

As we take no initial fees, 100% of an investor's subscription will be eligible for EIS relief (subject to status).

### How many companies will be in my portfolio?

Each investor will have their own portfolio typically consisting of 5-8 companies. Each investor will receive half-yearly updates on the progress of their investee companies.

### I am already an investor in the AS EIS Fund. If I make a further commitment to the Fund, can I choose which companies to invest in?

No. Innvotec, as the fund manager, with detailed knowledge of the progress and prospects for all the companies in the portfolio, decides on the allocation of investment monies to each company. Investors can however, decide to make a direct investment (i.e. not through the Fund) in any of the companies and should contact their adviser or Innvotec if this is of interest.

### What if the AS companies don't need any further investment?

New companies are started by the Anglo Scientific team and added to the portfolio on a regular basis. In a scenario where the total of commitment to the Fund is higher than the combined requirements of the portfolio at that time, Innvotec would invest in other EIS qualifying companies that have been through our extensive due diligence process, have significant growth prospects and would provide a good "fit" with the existing portfolio. Innvotec believes that this scenario is highly unlikely to arise.

### When can I expect to see a return on my investment?

The minimum qualifying period for holding any investment in a portfolio company under EIS is three years. Any returns earlier than that would no longer qualify for the substantial tax reliefs that the EIS scheme offers. Innvotec reserves the right to decide on the timing of any exit, but would only normally agree to a sale of a company within the three-year holding period if the gains were substantial and likely to outweigh any potential loss of tax relief.

The primary aim of the Fund is to achieve significant growth of Investors' capital and hence substantial returns. The portfolio will consist of companies at different stages of growth and, while it could start to generate returns as early as four years after investment, it is unlikely. Exits will not normally be artificially engineered to generate early, often sub-optimal, returns hence investors should not expect their portfolio to be fully realised for at least seven years and maybe more.

### Can Innvotec control the timing of sale of a portfolio company?

The agreement to sell a portfolio company is typically determined by the votes of the individual shareholders in that company. It is possible that not all shareholders in the company will have invested under EIS and the majority may decide to sell before the end of the three-year holding period resulting in a withdrawal of EIS relief. Whilst considered unlikely, investors must be aware of such a possibility.

### Can I visit the portfolio companies?

Periodically, the portfolio companies hold events where shareholders are invited to a presentation, demonstration and Q&A session. When these events are organised, Innvotec will notify investors.

**FOR FURTHER INFORMATION ON THE ANGLO SCIENTIFIC EIS FUND, PLEASE CONTACT YOUR ADVISER OR VISIT US AT: [www.innvotec.co.uk](http://www.innvotec.co.uk)**

## THE ANGLO SCIENTIFIC EIS FUND

A GROWTH PORTFOLIO OF IDENTIFIED HOLDINGS WHICH  
IS OPEN FOR INVESTMENT ALL YEAR

### Further Information

If any further information relating to the Fund is required  
please contact the Fund Manager, Innvotec Limited.

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