As of 1st December 2017

innvotec

CLIENTS' INTERESTS UNDERPIN ALL THAT WE DO

KNOW MORE ABOUT:

TAX EFFICIENT INVESTMENTS

- EIS - ENTERPRISE INVESTMENT SCHEME

- SEIS - SEED ENTERPRISE INVESTMENT SCHEME

- SITR - SOCIAL INVESTMENT TAX RELIEF

WHY INNVOTEC?

Because Innvotec always puts investors' interests first!

We have a diversity of funds and we always structure our investment portfolios intelligently.

All Innvotec funds have a cost-friendly and transparent fee structure that is performance based.

Innvotec understands what matters to investors and its investment opportunities offer the following features:

- ✓ Tax efficient wrappers with all portfolio companies having received pre-assurance from HMRC.
- ✓ Timely receipt of the all-important EIS / SEIS / SITR certificates.
- ✓ Funds are "Evergreen" and usually available for investment throughout the year, with multiple closing dates. A client's commitment is typically invested within three months at most.
- ✓ Product diversity with a sectorial approach that is readily understandable.
- ✓ Investors have 100% of their money invested for tax relief purposes and there are no "hidden extras".
- ✓ Performance fee hurdles are challenging and create an alignment of interests with investors.
- ✓ Innvotec can hold and control client money and assets, meaning there is no need for third parties and the accompanying costs that are typically passed on to investors.
- ✓ By adopting a policy of Strategic Partnering (see page 4) Innvotec can offer strong investment returns and the prospect of exceptional performance, both relative to its peer group and on an absolute basis.
- ✓ Some Innvotec funds have pre-identified portfolios. This allows investors to know where their commitment is likely to be invested.
- ✓ A personal and friendly service, which we believe is second to none.
- ✓ Quality, regular and user-friendly reporting.

innvotec

KNOW MORE ABOUT: TAX EFFICIENT INVESTING - EIS, SEIS & SITR

2017 / 2018 TAX YEAR

CONTENTS

IMPORTANT NOTES

ABOUT INNVOTEC

Established in 1987, Innvotec is possibly the oldest independent early-stage investor in the UK. We have always been privately owned by our directors and staff, and this is one of the reasons we can provide such a personal customer service and why we can act quickly to take advantage of any investment opportunities we come across.

Since we were formed, we have gained unrivalled experience and expertise investing in SMEs and private companies, particularly companies exploiting opportunities in innovative technologies.

We offer a diverse range of interesting funds for investors. Our funds are established under the EIS, SEIS or SITR rules, so that investors can not only benefit from the valuable tax benefits that are available, as highlighted in this guide, but can also rest assured that there are no issues with claiming the tax reliefs available.

We pride ourselves on our personal service and approachable style – a combination which has resulted in clients investing year after year. Our investment philosophy continues to be one of investing client funds into portfolios of emerging private companies that offer the prospect of real capital growth.

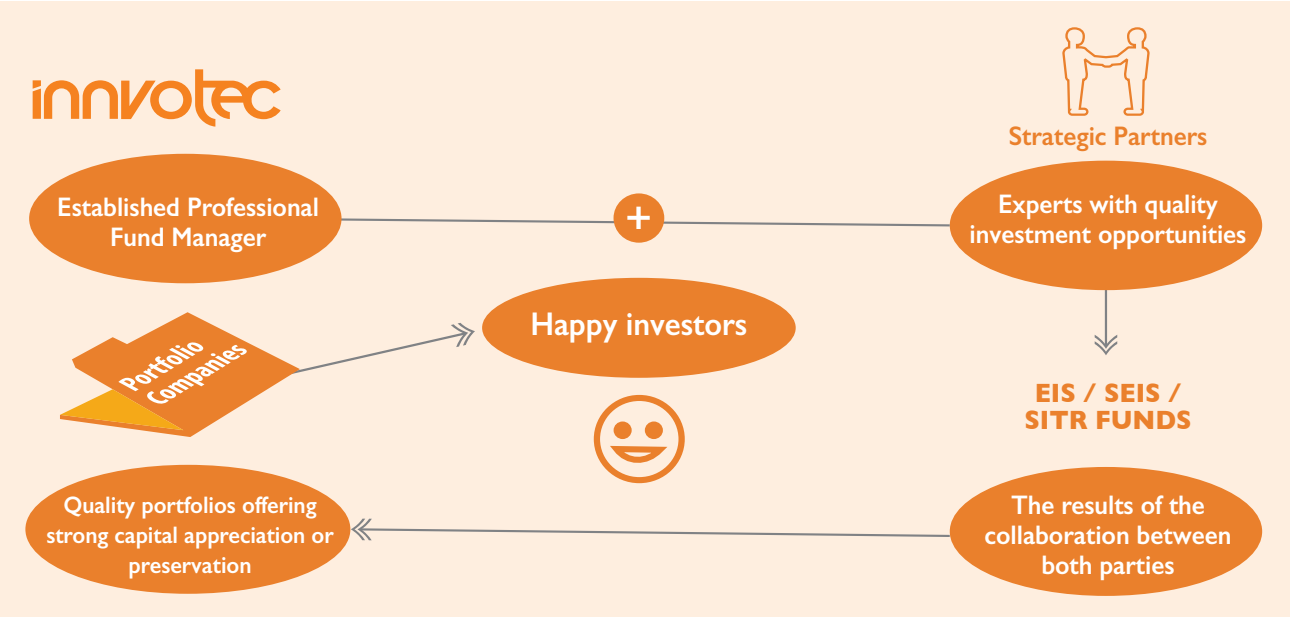
The world of early-stage investing in which we operate, has evolved significantly over the years and in order to maintain our high standards of performance, we have also evolved in the way we operate.

We utilise our know-how and experience to work alongside entrepreneurial groups (Strategic Partners) who want to raise money in a fund, but who don't have the expertise or the regulatory approvals to do so.

By working in this way, we are able to benefit from a level of expertise and skill, as well as quality deal flow which few, if any, alternative investment fund managers possess internally.

Today our prime focus is to combine our expertise, experience and long-standing regulatory approvals with the ambitions of technology focused entrepreneurial groups and other organisations that possess the dynamism and ambition to deliver financial reward for all.

Innvotec - Investing with Strategic Partners



INTRODUCTION

This guide aims to cover tax efficient investing using the Enterprise Investment Scheme (EIS), Seed Enterprise Investment Scheme (SEIS) and Social Investment Tax Relief (SITR). These are all non-aggressive investment and tax planning vehicles that, as well as potentially offering investors exciting investment opportunities, also provide investors with valuable tax benefits.

The EIS is the oldest of the three statutory-based tax incentives, having been introduced in 1994. The SEIS followed in 2011 and SITR in 2014. Unlike the aggressive forms of tax planning, these are all legitimate investment and tax planning schemes endorsed by successive governments and HMRC that also serve a very valuable purpose for the British economy, the entities that receive investment and of course the investors. This is why the government continues to support and indeed improve on them.

Put simply, EIS and SEIS aim to help private British businesses raise investment capital, whilst SITR aims to help raise investment for worthy Social Enterprises. To achieve these objectives, investors who purchase qualifying shares in these companies (or, in the case of SITR, advance loans) are provided with a range of valuable tax reliefs.

The tax benefits from all three schemes can provide investors with an immediate financial boost by reducing the effective cost of their commitment. Basically, the various tax reliefs encourage new investment into private companies by compensating investors for the potentially higher levels of risk.

Since they were introduced, EIS and SEIS have helped a wide range of companies. The companies have ranged from innovative technology companies, to media companies and more traditional businesses. Whilst it is still early days for SITR, things are already looking very promising.

As well as being able to invest in SITR projects by way of equity shares, giving immediate income tax and CGT benefits as well as credit if losses are suffered, it is also possible to use / invest in debt instruments such as loans. This will be of great significance to investors who are seeking a degree of capital protection, which will no longer be available following the 2017 Autumn Budget changes to EIS / SEIS / VCT (as noted below).

Although loans to SITR companies cannot be formally secured on assets such as property, they can benefit from being "asset-backed". Thus in addition to the initial 30% tax credit, investors can receive (taxable) coupons from their loans, with a lower risk ranking than pure equity investment. The Autumn Budget 2017 made some very significant changes as to which companies can qualify for EIS and SEIS relief. Companies now have to pass a two-part "risk to capital" test that is designed to ensure that the Company has a real intention to grow and develop and that there is a genuine risk to an investor's capital.

This test is designed to thwart companies qualifying for EIS / SEIS relief, where the intention is to preserve an investor's capital, rather than develop a business with the accompanying risks that go with it.

EIS & SEIS SUMMARY

The importance of EIS and SEIS has never been greater. We live in a time where it is very difficult for emerging companies to raise the necessary finance. Traditional options like bank finance are harder than ever to attract and other avenues can be a daunting challenge for many companies. This means that raising funds through EIS and SEIS is a valuable option for private British businesses.

As well as individual EIS and SEIS qualifying companies, there are also combined EIS / SEIS Funds available that invest across a portfolio.

Everyone can win with EIS and SEIS as highlighted below.

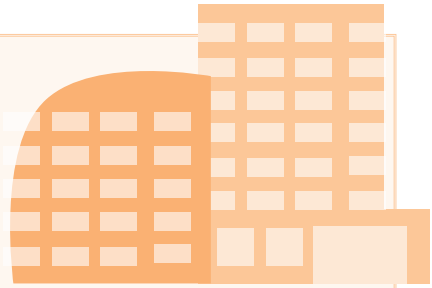
EIS & SEIS - Good for Everyone!

THE INVESTOR

- A chance to invest in exciting private British businesses.
- The potential for good capital appreciation.
- Valuable tax benefits.

BRITAIN

- Helps create and grow British businesses.
- Creates new employment opportunities.
- Generates tax and other revenue sources for Great Britain PLC.



THE COMPANY

- Provides access to funds.
- Helps businesses grow, launch new products and enter new markets.
- Helps them become successful British and global business.

With reference to the tax benefits for investors, we will expand on these in the guide, but to summarise:

EIS	SEIS
30% Income Tax Relief	50% Income Tax Relief
Capital Gains Tax Deferral Relief	Capital Gains Tax Reinvestment Relief
Capital Gains Tax Exemption on disposal	Capital Gains Tax Exemption on disposal
Loss Relief	Loss Relief
Inheritance Tax Relief	Inheritance Tax Relief

SITR SUMMARY

Social Investment Tax Relief or SITR is the government's tax relief for social investment, which encourages individuals to support social enterprises by helping them access new sources of finance.

Mechanics are similar to EIS, and investors receive a 30% tax break when investing into a qualifying organisation alongside being able to defer Capital Gains Tax.

Introduced in the Finance Act 2014, SITR has been available to investments made on or after 6th April 2014. Currently, SITR will be available until at least 6th April 2019.

The purpose of SITR is to increase investment from private individuals into social enterprises - commercial businesses that help people or communities or the disadvantaged or the vulnerable. Just like the businesses that EIS and SEIS help, these social enterprises struggle to obtain the finance needed which holds back their development and therefore all the good they can do. The situation is made worse, as many social enterprises do not have the assets and business plans that traditional finance providers need.

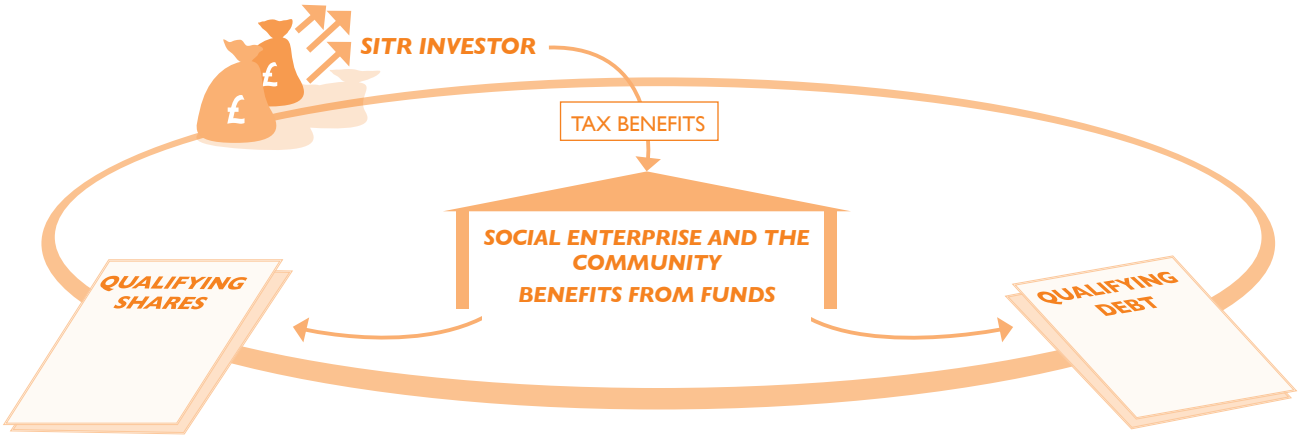
Investors can claim tax relief on SITR investment in both qualifying shares which the social enterprise has issued or qualifying debt.

Whilst the SITR aims to do a lot of good for the community, the investor is also a winner, as there are similar tax benefits to EIS, as covered in this guide.

As well as being able to invest in SITR projects by way of equity shares, giving immediate income tax and CGT deferral benefits as well as credit if losses are suffered, it is possible to use invest in debt instruments such as loans. This will be of great significance to advisers and their clients who are seeking a degree of capital protection, which will no longer be available following the 2017 Autumn Budget changes to EIS/SEIS/VCT (as noted below). Although loans to SITR companies cannot be formally secured on assets such as property, they can benefit from being "asset-backed". Thus in addition to the initial 30% tax credit and CGT deferral investors can receive (taxable) coupons from their loans, with a lower risk ranking than pure equity investment.

With reference to the investor tax benefits, we will expand on these in the guide, but in summary:

SITR
30% Income Tax Relief on either equity or debt
Capital Gains Tax Deferral Relief
Capital Gains Tax Exemption on disposal of equity
Inheritance Tax Relief (on qualifying shares only i.e. not on debt instruments)
Loss Relief (full reliefs on qualifying shares only, losses on loans can only be offset against capital gains)



TAXATION SUMMARY

In order to encourage investment into EIS, SEIS and SITR, the government provides some very valuable tax benefits to investors. These aim to significantly reduce their financial risk.

In this guide, we explore the various tax benefits for each of the three schemes, and explain how the different tax reliefs work. A general overview of the main benefits to those investing are shown in the table below.

	EIS	SEIS	SITR
Income Tax Relief	30%	50%	30%
Maximum personal investment per tax year for Income Tax Relief	£1,000,000* (no limit for Capital Gains Tax Deferral Relief)	£100,000	£1,000,000 (no limit for Capital Gains Tax Deferral Relief)
Backdate to previous tax year	Yes	Yes	Yes
Capital Gains Tax benefits on investment	Deferral of gains made 1 year before or within 3 years after EIS investment	Exemption of gains through Reinvestment Relief of 50% (i.e. up to 14% {28% x 50%}) for gains re-invested	Deferral of gains made 1 year before or within 3 years after SITR investment
Investor Capital Gains Tax liability on sale of investment	Nil after 3 years, except for reinvested gains	Nil after 3 years	Nil after 3 years, except for reinvested gains
Loss Relief if an investment fails	Yes	Yes	Yes (but restricted to offset against capital gains for losses on debt instruments)
No Inheritance Tax payable after 2 years	Yes	Yes	Yes (on SITR qualifying shares)

*Knowledge Intensive Companies

The Autumn budget allowed investors to invest up to £2,000,000 per annum in EIS qualifying companies providing any amount above £1,000,000 is invested in knowledge intensive companies.

Knowledge intensive companies can also raise up to £10,000,000 a year under EIS.

Such changes to apply to shares issued on or after 6th April 2018.

A knowledge intensive company has to meet certain conditions in respects of operating costs, innovation and number of highly skilled employees.

BUSINESS INVESTMENT RELIEF (BIR)

When considering EIS, SEIS and SITR, it is also important to mention Business Investment Relief. Business Investment Relief is available for certain UK resident, non-UK domiciled investors, enabling investment into the UK without attracting an entry charge. Full details are available on request.

INCOME TAX RELIEF

Individuals investing in EIS or SITR will be entitled to Income Tax Relief at 30%.

Investors in SEIS will be entitled to Income Tax Relief at 50%.

Income Tax Relief allows investors to reduce their Income Tax liability in the year of investment, or the prior year, providing investors with an immediate cash saving on their investment.

With all 3 schemes, the relief will be on the amount invested in qualifying shares (or qualifying debt for SITR) or such amount which reduces the investors Income Tax liabilities to nil (if smaller). This means the tax relief cannot be greater than the tax payable by the investor.

Annual Investment Limits

	EIS	SEIS	SITR
Investor Maximum Investment in a tax year for an Investor	£1,000,000*	£100,000	£1,000,000

* increased to £2m, if £1m is invested into a Knowledge Intensive Company.

It is possible for investors to spread investment across any number of different EIS, SEIS or SITR funds or companies. The respective limits apply to the total cumulative investments in each. For example, an investor could take out five EIS investments of £200,000, one investment of £100,000 in SEIS and investments of £600,000 and £400,000 in SITR in the same tax year. This is just an example and as long as the maximum limits are not exceeded and other rules are met, there are no restrictions on investments within these limits.

Investors cannot claim more Income Tax Relief than their personal Income Tax liability in the tax year when they are claiming relief.

Importantly, spouses and civil partners have their own individual investment allowances.

Investors must keep their holding and meet all qualifying criteria for at least 3 years in order to avoid Income Tax Relief being clawed back.

For the purposes of a connection, as covered above, one must also take into account the investor's spouse, civil partner, parent, child, grandparent or grandchild. Spouses and civil partners can each make investments of up to £1 million in any tax year.

Income Tax Example

ASSUMPTIONS FOR ILLUSTRATION – A higher rate tax payer making a Gross investment of £10,000 into a Qualifying EIS, SEIS or SITR, compared to a non tax incentivised investment.

	EIS	SEIS	SITR	NON TAX INCENTIVISED INVESTMENT
Gross total Investment	£10,000	£10,000	£10,000	£10,000
Income Tax Relief at 30% or 50%	(£3,000)	(£5,000)	(£3,000)	£0
Net equivalent Cost to Investor	£7,000	£5,000	£7,000	£10,000

CAPITAL GAINS TAX DEFERRAL & REINVESTMENT RELIEF

EIS & SITR - Capital Gains Tax Deferral Relief

Individuals who are UK resident can defer unlimited capital gains that occur from the realisation of any other assets, that arise one year before or three years after, the qualifying investments are made, by investing in EIS or SITR.

Investors should note that the Capital Gains Deferral Relief is only a deferral of the original liability to Capital Gains Tax and that liability will crystallise on a disposal of the EIS / SITR investment unless there is a further Capital Gains Deferral by the making of another investment qualifying for Capital Gains Deferral Relief or future unused Capital Gains Tax allowances are used. The initial gain is deferred until there is a chargeable event, such as a disposal of shares, and no new qualifying investment is made.

SEIS - Capital Gains Tax Reinvestment Relief

Unlike EIS and SITR Capital Gains Tax Deferral, there is a £100,000 limit on SEIS Capital Gains Tax Reinvestment Relief. The Reinvestment Relief is available on SEIS shares that have received Income Tax Relief. The period to reinvest the gain is the same.

Unlike Deferral Relief, Reinvestment Relief is available on 50% of the gains. The big advantage with SEIS Reinvestment Relief, is that the gains will not need to be repaid in the future. This is therefore generally more attractive than deferral. That part of the Capital Gain not attracting Reinvestment Relief is payable in the normal way.

Please see the following page for a worked example.

Capital Gains Tax Deferral & Reinvestment Relief Worked Example

ASSUMPTIONS FOR ILLUSTRATION – A Higher rate tax payer making a gross investment of £10,000 into a qualifying EIS, SEIS or SITR investment sold for £15,000 after 3 years. Assumes the investor pays Capital Gains Tax at 20% and has a capital gain of £10,000 and already uses the full annual Capital Gains Tax allowance elsewhere. The Capital Gains Tax benefits from residential property would be even greater as this is taxed at 28%, rather than 20%. Forecast gains are not a reliable indicator of future performance. An indication of the advantages are shown in the following table, as compared to a non tax incentivised investment:

When Investing

	EIS	SEIS	SITR	NON TAX INCENTIVISED INVESTMENT
Gross total Investment	£10,000	£10,000	£10,000	£10,000
Income Tax Relief at 30% or 50% (See page 9)	(£3,000)	(£5,000)	(£3,000)	£0
Capital Gains Tax Deferral at 20%	(£2,000)	–	(£2,000)	£0
Capital Gains Tax Reinvestment Relief on 50% of gain taxed at 20%.	–	(£1,000)	–	£0
Net Equivalent Cost of investment	£5,000	£4,000	£5,000	£10,000

When Selling

Assumed forecast Sale Value (for illustration)	£15,000	£15,000	£15,000	£15,000
Capital Gain on Gross Investment	£5,000	£5,000	£5,000	£5,000
Capital Gains Tax Payable at 20% on Gain (See page 12)	£0	£0	£0	£1,000
Capital Gains repayable on Deferred Capital Gain	£2,000	£0	£2,000	£0
Net proceeds after tax (or Capital Gains Tax repayable)	£13,000	£15,000	£13,000	£14,000
Net profit on net cost to investor	£8,000	£11,000	£8,000	£4,000
Net Profit on amount invested if Capital Gain is deferred again (deferred Capital Gain will potentially become payable again)	£10,000	£11,000	£10,000	£4,000

CAPITAL GAINS TAX EXEMPTION

Any capital gains arising on the disposal of investments which have been held for at least three years in an EIS, SEIS or SITR qualifying investment where the investment limits have not been exceeded and Income Tax Relief has been obtained and not withdrawn will be exempt from Capital Gains Tax when sold.

Some Capital Gains Tax may be payable where the limit is exceeded or where the relief has been partly (but not wholly) withdrawn.

Where Capital Gains have been deferred (see page 10), tax will become liable when the investment is sold.

NOTE: Forecast gains are not a reliable indicator of future performance.

Capital Gains Tax Exemption Example

ASSUMPTIONS FOR ILLUSTRATION - A higher rate tax payer making a gross investment of £10,000 into a qualifying EIS, SEIS or SITR company. Assumes the investor is a higher rate tax payer and pays Capital Gains Tax at 20% as compared to a non tax incentivised investment:

	EIS	SEIS	SITR	NON TAX INCENTIVISED INVESTMENT
Gross total Investment	£10,000	£10,000	£10,000	£10,000
Forecast realised value of investment after 3 years	£15,000	£15,000	£15,000	£15,000
Gain	£5,000	£5,000	£5,000	£5,000
Capital Gains Tax Payable	£0	£0	£0	£1,000
Gain after tax	£5,000	£5,000	£5,000	£4,000

NOTE: Forecast gains are not a reliable indicator of future performance.

LOSS RELIEF

Unless the disposal is to a connected person, any capital loss on the sale of shares in EIS, SEIS and SITR qualifying companies can be offset against either capital gains in the tax year when the loss occurs or can be carried forward against capital gains in subsequent tax years, or can be offset against income of that tax year or of the preceding tax year.

Where an investor has a marginal rate of Income Tax of 45%, the total relief can be as high as 61.5% of the initial investment (in cases where the whole investment is lost) under EIS, or 72.5% under SEIS.

Where an Investor has been granted initial relief (which has not been withdrawn), the capital loss is calculated net of the original 30% EIS / SITR relief or 50% SEIS relief.

Note, loss relief on loans made under SITR can only be offset against capital gains.

Income Tax Loss Relief Example

ASSUMPTIONS FOR ILLUSTRATION - A higher rate tax payer with a marginal tax rate of 45%, making an investment of £10,000 in EIS / SEIS / SITR. It is assumed there is a total loss and no value on disposal as compared to a non tax incentivised investment:

When Investing

	EIS	SEIS	SITR*	NON TAX INCENTIVISED INVESTMENT
Gross Amount of Investment	£10,000	£10,000	£10,000	£10,000
Less Income Tax Relief at 30% / 50%	(£3,000)	(£5,000)	(£3,000)	£0
Net Cost to Investor	£7,000	£5,000	£7,000	£10,000

When Selling

Value of Shares on Disposal	£0	£0	£0	£0
Loss net of Income Tax Relief	(£7,000)	(£5,000)	(£7,000)	(£10,000)
Loss Relief at 45%	£3,150	£2,250	£3,150	£0
Net Loss after tax	(£3,850)	(£2,750)	(£3,850)	(£10,000)
Net Loss as percentage of total invested	38.5%	27.5%	38.5%	100%

* does not apply to loans made under SITR

Capital Gains Loss Relief

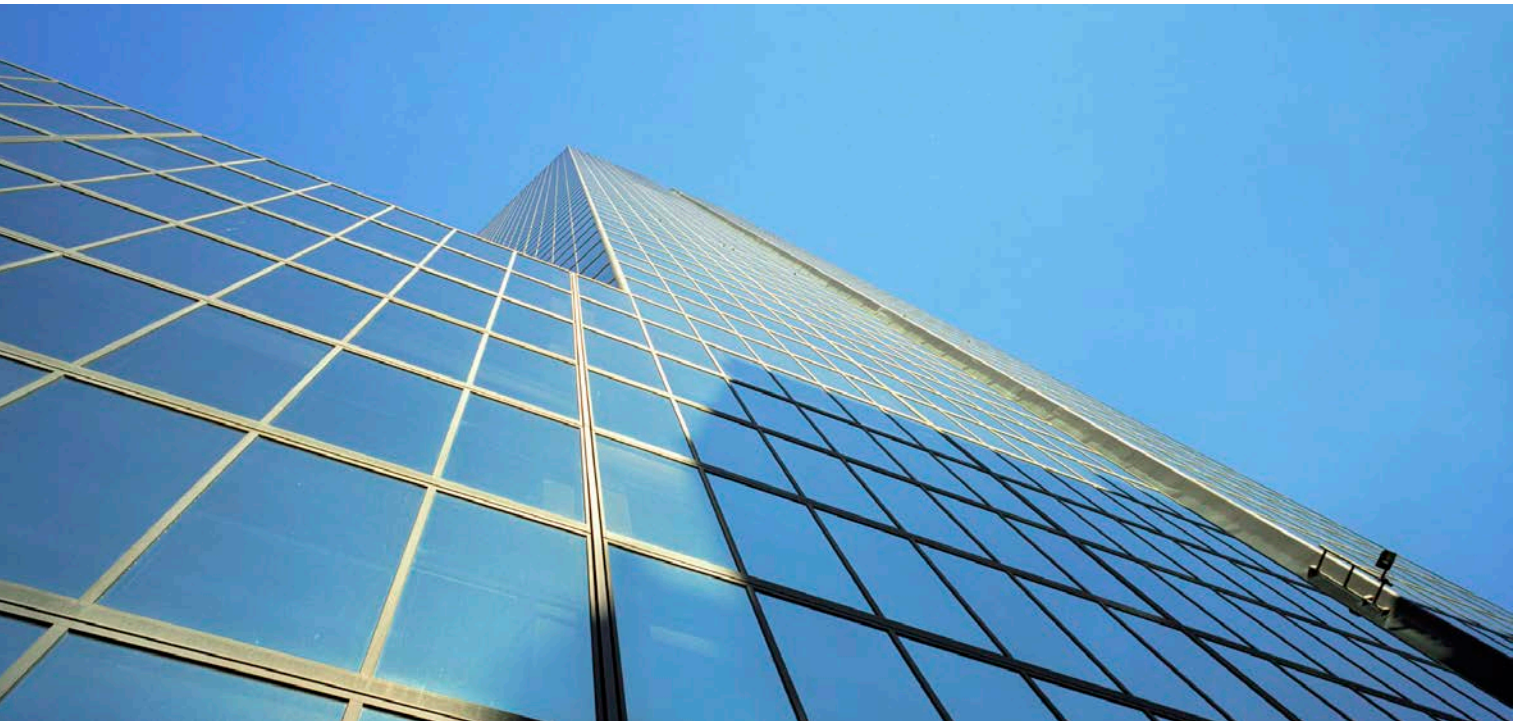
As well as Income Tax, it is also possible for investors to use Loss Relief against capital gains.

INHERITANCE TAX RELIEF (IHT)

In most cases an investment in an EIS, SEIS or SITR Qualifying Company will be treated as "relevant business property" for the purposes of IHT Business Relief, previously known as Business Property Relief ("BPR") provided the investment has been held for two years.

In this case, an IHT exemption for 100% of the value of the shares forming the investment should be obtained in the event of the death of an investor after the investment has been held for two years.

With SITR, the IHT benefits are not available on debt investments (such as loans) but instead only on equity investments (such as shares).



Inheritance Tax Relief Example

ASSUMPTIONS FOR ILLUSTRATION - A higher rate tax payer with a holding in EIS /SEIS / SITR. Assumes the full Inheritance Tax nil rate band is already fully used.

	CASH	EIS / SEIS / SITR QUALIFYING SHARES
Value on death (after 2 years minimum)	£100,000	£100,000
Inheritance Tax Payable	£40,000	£0
Value passed to estate (beneficiaries)	£60,000	£100,000

CLAIMING TAX RELIEF

EIS / SEIS

To claim EIS and SEIS relief, each investor will need EIS3 or SEIS3 tax certificates in respect of each of their qualifying investments.

Having obtained their tax certificates an investor has the choice to claim Income Tax Relief for the tax year of investment or the prior tax year through their self-assessment returns for the amounts invested.

An investee company cannot apply for SEIS 3 until it (or a qualifying subsidiary of it) has carried on its qualifying trade for at least 4 months and only after it has been authorised (upon the application of the relevant investee company) to do so by HMRC.

A claim for EIS or SEIS relief must be made no later than the fifth anniversary of the 31st January following the end of the tax year for which the claim is made.

Employees subject to PAYE can also claim Income Tax Relief via an adjustment to their tax code.

SITR

Investors can claim tax relief up to 5 years after the 31st January following the tax year when the investment is made.

Investors can claim Income Tax Relief if they buy qualifying shares, and / or make qualifying debt investments and:

- have a UK tax liability to claim the relief against - you don't need to be a UK resident
- hold your investment for at least 3 years from the date of issue

The rules are generally similar to EIS / SEIS.

Carry Back

Carry Back allows all or part of an EIS, SEIS or SITR investment to be treated as if it was made in the previous tax year. It allows relief against the Income Tax liability of the previous tax year rather than the tax year in which the shares are acquired or in the case of SITR a loan is made.

IMPORTANT

When investing in EIS / SEIS, a big problem for investors is the time it takes for EIS3 and SEIS3 certificates to be received. This can delay investors obtaining their tax relief.

Innvotec will do whatever it can to minimise these delays and in some cases, where a fund is investing in pre-identified portfolios, portfolio companies can write to HMRC requesting the issue of certificates almost immediately.

Innvotec will always handhold investors through the tax claim process.

Current experience with HMRC indicates a turnaround time of approximately 8 weeks, but this is extended over busy periods such as Christmas and tax year end.

QUALIFICATION FOR TAX RELIEF

In order to qualify for tax relief, there are a number of criteria that need to be met by an investor.

These criteria are quite comprehensive and understandable, but some general points follow.

EIS / SEIS

To obtain this relief, the shares in the qualifying companies must be held for a minimum of three years (or, if later, three years from the date the company starts trading). The investor must not be connected with any qualifying company (broadly as an employee, partner or director or holding, or being entitled to acquire, more than 30% of the ordinary share capital or the issued share capital, or the voting power of the qualifying company or any of its subsidiaries) in which the fund he / she has invested in either within two years before or three years after the issue of the relevant shares. For the purposes of a connection one must also take into account the investor's spouse, civil partner, parent, child, grandparent or grandchild. Spouses and civil partners can each make investments of up to £1 million in any tax year.

SITR

There are various conditions that investors have to meet, to be able to benefit from SITR. These relate to:

- The investor's relationship with the social enterprise.
- The terms on which the investor invested in the social enterprise.
- The type of investment.
- The investment being made into a Social Enterprise.

Further details of qualifying criteria for EIS, SEIS and SITR are available on request.

Withdrawal of Relief

EIS, SEIS and SITR reliefs may be withdrawn by HMRC in a number of circumstances, broadly, should the qualifying company cease to be a qualifying company within the three year period from the share issue (or, if later, the date the company starts its trade), or if the shares cease to be 'eligible shares' within the period. An early withdrawal can lead to the withdrawal of tax reliefs in whole or part, the withdrawal of relief would depend on the particular circumstances.

EIS / SEIS FUND STATUS

EIS / SEIS Funds

As well as investing directly into EIS and SEIS qualifying companies, investors can commit to funds that invest into qualifying companies. These funds provide investors with all the tax benefits and also the benefit of diversification - a spread across a number of different EIS and / or SEIS investments. This is generally accepted as being a lower risk strategy than investing in individual companies.

There are 2 different types of EIS / SEIS funds available: Approved and Unapproved.

The main difference concerns when tax relief can be claimed.

Approved Funds

The EIS tax relief (which is one certificate irrespective of the number of investments) can be claimed when the investment into the fund is made but such a claim can only be made once all the investments have been made by the fund.

Unapproved Funds

Tax reliefs can be claimed on each date the fund itself makes an investment, and not when the investor invests into the fund.

The approval of a fund by the Board of HMRC is relevant only for the purpose of section 251 of the Income Tax Act 2007. Such approval only covers certain administrative matters and in no way bears on the commercial viability of the investments to be made, nor does it guarantee the availability, amount or timing of relief from Income Tax or Capital Gains Tax.

Income Tax Relief under an Unapproved Fund is either granted in the tax year in which the investments into qualifying companies are made (and the shares issued) or the prior tax year.

The Innvotec Funds

The Innvotec funds comprises a series of discretionary management mandates, so that each investor enters into a Fund Manager's Agreement between that investor and the Fund Manager. Actual amounts invested in a portfolio company and the number of shares acquired will depend on the size of the fund. The fund is managed on a discretionary basis and so an investor cannot direct the Fund Manager to make any particular investment or to dispose of any particular investment of the fund.

KNOW MORE ABOUT: TAX EFFICIENT INVESTMENTS

innvotec

"FINDING QUALITY OPPORTUNITIES, BUILDING INTERESTING PORTFOLIOS AND CREATING REAL VALUE"

innvotec

PUTTING INVESTORS FIRST SINCE 1987

TO FIND OUT MORE:

Please contact us if you would like any further information relating to Innvotec, our Funds or any related areas.

Fund Manager

Innvotec Limited

Corporate, Marketing & Sales
Painters Hall
9 Little Trinity Lane
London
EC4V 2AD

t:+44 (0) 203 026 1883
e: enquiries@innvotec.co.uk

Admin & Client Support
Suite 310
Business Design Centre
52 Upper Street
London
N1 0QH

t: +44 (0) 207 630 6990
e: info@innvotec.co.uk

Marketing Adviser

Palladium Results Ltd
4 The Willows
Mill Farm Courtyard
Beachampton
Milton Keynes
MK19 6DS

www.palladiumsolutions.com

t: +44 (0) 1908 566800
e: innvotec@eis.marketing

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