

# Guinness AIM EIS

## INFORMATION MEMORANDUM

Investing in AIM-listed companies

Investing in new and secondary share issues  
Growth companies benefiting from AIM listings  
30% EIS Income Tax relief

**Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.**

**Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.**

### **What are the key risks?**

#### **1. You could lose all the money you invest**

- If the businesses that this product invests in fail, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

#### **2. You are unlikely to be protected if something goes wrong**

Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker at [www.fscs.org.uk/check/investment-protection-checker](http://www.fscs.org.uk/check/investment-protection-checker)

Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection at [www.financial-ombudsman.org.uk/consumers](http://www.financial-ombudsman.org.uk/consumers)

#### **3. You won't get your money back quickly**

- Even if the businesses that this product invests in are successful, in some scenarios it may take several years to sell your investments and for you to be able to access your money.
- Although businesses listed on AIM are quoted, not all shares are readily realisable at all times. For any investments that are not listed, the most likely way to get your money back is if a business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.

- If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these.

#### **4. Don't put all your eggs in one basket**

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments.  
[www.fca.org.uk/investsmart/5-questions-ask-you-invest](http://www.fca.org.uk/investsmart/5-questions-ask-you-invest)

#### **5. The value of your investment can be reduced**

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

**If you are interested in learning more about how to protect yourself, visit the FCA's website at [www.fca.org.uk/investsmart](http://www.fca.org.uk/investsmart)**

## IMPORTANT INFORMATION

It is very important that you read and fully understand the key risks involved with this investment so that you can decide whether it is right for you.

- The value of an investment in this product may go down as well as up, and you may not get back the full amount invested.
- Please remember that tax rules and regulations are subject to change.
- The key risks associated with this product are explained on page 24 of this brochure.
- Where past performance is referred to, past performance is not a reliable indicator of future performance.

October 2022

## CONTACT US

020 7222 3475\*

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[www.guinnessfunds.com](http://www.guinnessfunds.com)

\* Phone calls will be recorded.

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Our Guinness AIM EIS service is built on our experience of what makes a business an attractive investment opportunity, and our ability to review and assess AIM-listed EIS qualifying opportunities.



We are generalist investors and have invested into a wide range of sectors including technology, manufacturing, retail, healthcare, leisure and food & drink.



Our generalist approach allows us to target balanced and diversified portfolios for investors.



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

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



**Welcome to our Guinness AIM EIS, which continues our strategy of making EIS-qualifying investments in AIM-listed companies.**

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

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

proceeds of investments. This will help maximise the amount on which Investors can claim EIS tax reliefs.

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

**Please note that the target return should not be relied on to predict actual returns and is not an indication of future performance.**

**The Enterprise Investment Scheme encourages investment into small growth companies. EIS investments should therefore be viewed as high risk and only for investors who understand the risks.**

## 4 INVESTMENT SUMMARY

<b>Name of EIS</b>	Guinness AIM EIS
<b>Investment Focus</b>	Companies admitted to AIM that qualify for EIS Relief
<b>Target Size</b>	£10 million
<b>Closing Date</b>	6th April 2023
<b>Target Investment Period</b>	Targeting full investment of subscriptions within 12 months
<b>Minimum Individual Subscriptions</b>	£20,000
<b>Investment Manager</b>	Guinness Asset Management Limited 18 Smith Square Westminster London SW1P 3HZ Telephone: 020 7222 3475 Email: eis@guinnessfunds.com
<b>Expected Life</b>	4 to 5 years
<b>Regulatory</b>	The Guinness AIM EIS is structured as an alternative investment fund

### Guinness AIM EIS Team



Andrew Martin Smith



Hugo Vaux



George Whear

## KEY FACTS

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

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

**EIS Tax Reliefs**

- 30% EIS Income Tax Relief
- CGT Deferral
- CGT Free Disposal
- Inheritance Tax Relief
- Loss Relief

**Guinness Charges**

Initial Fee (advised Investors)	2%
Initial Fee (non-advised Investors)	5%
Annual Management Fee	1.75%
Performance Fee (on returns over £1 per £1 invested)	20%

**Investment Strategy**

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

**Diversification:** targeting a portfolio of 10 or more investments.

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

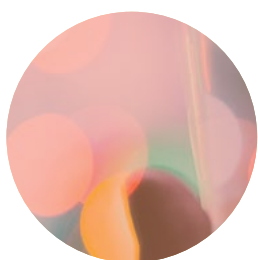
**EIS Relief:** Investee Companies are expected to qualify for EIS Relief.

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

Guinness fees are deferred until they can be paid from the proceeds of investments to maximise EIS relief for Investors. Guinness Ventures will facilitate the payment of fees to Financial Intermediaries if so instructed by Investors.



## 6 THE INVESTMENT OPPORTUNITY



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

### TRANSPARENCY

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

### LIQUIDITY

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

### ACCESS

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



The Investment Manager will predominantly invest in a portfolio of AIM-listed companies that it believes will offer capital gain underpinned by sound financial assumptions and robust management teams. Up to 20% of the fund may be invested in EIS qualifying pre-IPO or AQUIS-listed companies. Our investment strategy is summarised below.

## INVESTMENT PERIOD

The Investment Manager will commence investing from the closing date of 6th April 2023. It is intended that Subscriptions will be fully invested within 12 months. The Investment Manager intends to hold the investment for the EIS Three year Period.

## DIVERSIFICATION

The Investment Manager is targeting a portfolio of at least 10 or more investments to provide diversification to Investors.

## SECTOR AND STAGE

The Investment Manager will review potential investments across a range of EIS qualifying sectors and will look to have a spread of investments across sectors, recognising that in order to qualify for EIS investee companies will be early stage.

## CAPITAL GROWTH

The focus of the Service is on generating capital growth. It is not expected that many Investee Companies will pay dividends during the three year EIS holding period.

## EIS RELIEF

Investments will be made into companies that are expected to qualify for EIS relief.

## EXIT

The Investment Manager intends to exit investments after they have been held for three years, subject to market conditions. In certain circumstances shares may be sold prior to the three year holding period.

## 8 THE ENTERPRISE INVESTMENT SCHEME



# THE ENTERPRISE INVESTMENT SCHEME

The Enterprise Investment Scheme (EIS) is a popular investment choice for UK investors and is considered in the context of wider tax planning by financial advisers.

Since its launch in 1994, the scheme has raised over £21 billion in funds that have been invested in over 36,000 individual companies.

Data from HMRC shows that 3,755 companies raised a total of £1.7 billion of funds under the EIS scheme in the 2020/21 tax year. (Source: HMRC Statistics, May 2022).

### Investing with EIS

Guinness AIM EIS makes investments into AIM-listed companies that are eligible for EIS tax reliefs.

EIS investments qualify for tax reliefs (detailed on the next page) that mitigate the risks investors are taking by investing in smaller, unlisted companies. While the quality of the underlying investments is the most important factor, the tax reliefs provide a means of enhancing returns and protecting against losses.

### Investing for the Medium Term

Only certain companies qualify for the EIS, and in order to qualify an investment needs to be held for at least three years.

We indicate to Investors that we expect to exit investments within four to five years of making an investment. It can take up to 12 months to invest an Investor's subscription fully, so Investors must be prepared to invest for at least the medium term.

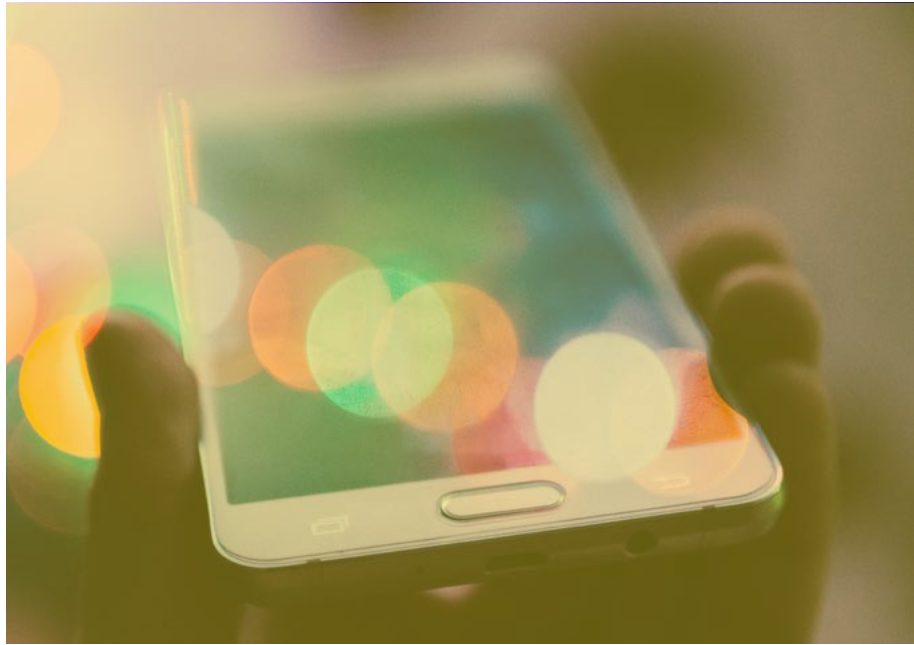
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For additional EIS related risks, please see the Key Risks section on page 24 to 27.

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### Timing of EIS Certificates

Once each investment is made, the Investment Manager will ask the investee company to apply for EIS 3 certificates to enable you to claim EIS Income Tax Relief.



## ALTERNATIVE INVESTMENT FUND

The Alternative Investment Fund Managers Directive (AIFMD) was implemented in the UK between July 2013 and July 2014. AIFMD and its subsidiary regulations were created by the EU Parliament, the EU Commission and the European Securities and Markets Authority as a reaction to various aspects of the financial crisis.

AIFMD aims to offer several protections to investors in Alternative Investment Funds (AIFs), as defined in AIFMD:

- it introduces direct European regulation of the fund management industry for the first time, increasing the reporting that Alternative Investment Fund Managers (AIFMs) must make to regulators.
- it requires that each AIF appoint a regulated depositary (Depositary) to monitor its cash, safeguard its assets and oversee its fund manager.
- it requires that AIFMs implement a range of new policies, procedures and practices, including separating out their portfolio management and risk management functions.
- it introduces much higher standards in relation to pre-

investment and ongoing disclosures to investors in AIFs, including the need for the AIF's financial statements to be audited, irrespective of the AIF's size.

As required under the FCA Rules, Guinness Asset Management will treat each Investor as its client for regulatory purposes. The Fund is an AIF for the purposes of the AIFMD. The Investment Manager will be the AIFM and is currently a Small Authorised AIFM. In the event that the Investment Manager becomes a Full Scope AIFM, the Fund will be required to appoint a Depositary (which may be an affiliate of the Fund Manager), the cost for which will be met out of the fees due to the Investment Manager.



# WHY INVEST IN AN EIS FUND?

The main tax benefits available to Investors in the Guinness AIM EIS Service, depending on their individual circumstances, are:

### Income Tax Relief

Investors may receive an income tax rebate of up to 30% of their EIS investments from HMRC. An individual may invest a maximum of £1 million per tax year for EIS income Tax Relief purposes and up to £2 million in certain circumstances. Qualifying Investors may claim income tax relief in the tax year in which shares in an Investee Company are issued to them, or the previous year.

### Capital Gains Tax Deferral

Where investors have made a capital gain on previous investments, they could face a Capital Gains Tax bill when they sell those investments. EIS enables investors to defer those gains for the life of the EIS investment. The CGT liability is eliminated if the investment is held at death, and there is no limit on the amount of capital gains tax that can be deferred.

Qualifying Investors can defer capital gains that have arisen within 36 months before or 12 months after each underlying investment in an Investee Company has been made.

### Important notice for Investors deferring capital gains

Investors looking to defer capital gains should note that Subscriptions are being invested over a 12 month period from 6th April 2023.

### Inheritance Tax Relief

Once an Investment has been held for at least two years, it should qualify for Business Relief. This would make the investment effectively exempt from inheritance tax, provided it was held at the time of death.

Depending on how your investment performs, there may be other tax reliefs available:

### Capital Gains Tax-Free on Disposal

Investors will not pay Capital Gains Tax on gains from the disposal of shares in EIS Qualifying Companies, provided EIS Income Tax Relief is claimed and retained and the disposal occurs after the end of the EIS Three Year Period following the Investment.

### Loss Relief

If your shares in an EIS Qualifying Company are disposed of at a loss (net of any EIS Income Tax Relief already claimed), you can claim loss relief at your marginal rate of tax (up to 45%).

HMRC publish more details on their website: [www.gov.uk/guidance/venture-capital-schemes-tax-relief-for-investors](https://www.gov.uk/guidance/venture-capital-schemes-tax-relief-for-investors)

Remember that the availability of any tax relief depends on your own personal circumstances and may be subject to change. You should take professional advice on your tax position.



## EXPERIENCED INVESTMENT MANAGEMENT

**Guinness Asset Management is a London-based specialist fund management company, established in 2003.**

Guinness is independent and focused purely on investment management. Our in-house economic, industry and company research allows us to take an independent view and not be led by the market.

Our size and specialist nature also means we have the ability to respond to market changes and opportunities.

Together, Guinness Ventures, Guinness Global Investors and our US sister company, Guinness Atkinson Asset Management, the firm currently manages £5 billion.

### Track Record

Since 2010, the Guinness Ventures team has raised and invested over £255 million in EIS qualifying companies. The Investment Management Team has considerable EIS and investment expertise.

From inception to October 2022 the Guinness AIM EIS team has made over 180 investments and over 110 exits. Returns on the AIM EIS portfolios are an average of 1.5x the amount invested (not including charges or EIS Income Tax Relief).

Please note that past performance should not be taken as a reliable indicator of future performance.

Guinness Asset Management provides actively managed portfolios in a selection of asset classes and specialist growth themes:

### Guinness Ventures

[Guinness EIS](#)

[Guinness AIM EIS](#)

[Guinness VCT](#)

[Sustainable Estate Planning Service](#)

### Guinness Global Investors

A range of actively managed, long-only equity portfolios designed to deliver real returns for long-term investors.

[Global Equity Income Fund](#)

[European Equity Income Fund](#)

[Asian Equity Income Fund](#)

[Emerging Markets Equity Income](#)

[Global Innovators Fund](#)

[Global Energy Fund](#)

[Sustainable Energy Fund](#)

[Sustainable Global Equity Fund](#)

[Global Money Managers Fund](#)

[Best of China Fund](#)

[Multi-Asset Balanced Fund](#)

[Multi-Asset Growth Fund](#)

## 12 THE INVESTMENT TEAM



**Andrew Martin Smith**  
**Lead Fund Manager**

Andrew Martin Smith began his career at Hambros Bank in 1975 as a graduate from Oxford University. He has over forty years experience in the financial services industry and currently works as a senior adviser with Guinness Asset Management. Andrew is a Director of several other investment-related companies including Church House Investments. He was previously Chief Executive of Hambros Fund Management.



**Hugo Vaux**  
**Fund Manager**

Hugo joined Guinness Ventures in October 2012 and works across the private and AIM-focused EIS and IHT funds. Before joining Guinness, he worked at SandAire multi-family office undertaking macro-economic analysis in the investment team. He has previously gained corporate finance experience at Lend Lease and investment experience at Aldersgate Investment Managers. He has an MSc in Finance and Investment from the University of Bristol and a BA in Economics from the University of Exeter.



**George Whear**  
**Analyst**

George joined as an Analyst in the Guinness Ventures team in 2022, working on the Guinness AIM EIS and Guinness EIS services. George graduated with a First Class Degree in History from the University of Durham and gained experience with an internship in venture capital.

3.2 years average  
holding period for  
exited investments

180+ AIM-listed  
EIS  
investments  
made

113 investment  
company exits  
completed to date



## 14 THE AIM MARKET

AIM is the London Stock Exchange's international market for smaller growing companies

### AIM EIS EXPLAINED

AIM is the most successful growth market in the world. It has helped over 4,000 companies raise more than £130 billion through new and further capital raisings. AIM plays a vital role in the funding environment for small and medium-sized enterprises as they develop their business.

Not all AIM companies are EIS qualifying. There are certain criteria that need to be satisfied, for example:

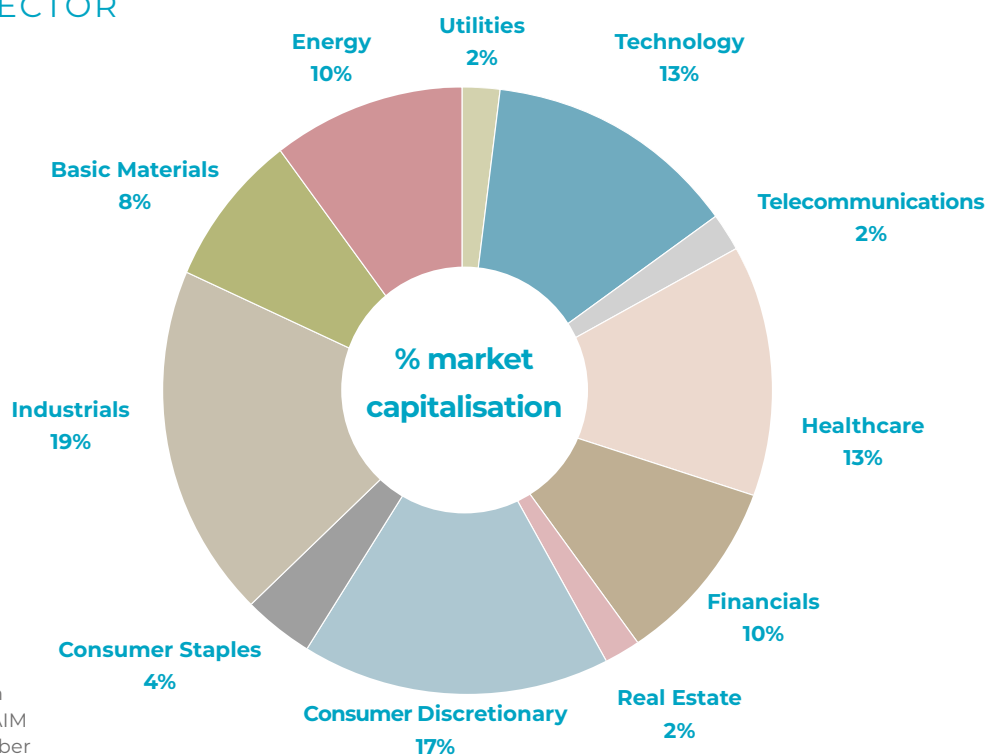
- A company must have fewer than 250 full-time employees (or their equivalents) at the time the shares are issued.
- The gross assets of the company cannot exceed £15 million immediately before any share issue and £16 million immediately after that issue.
- The company is required to have a permanent establishment in the United Kingdom.
- The company must be undertaking a qualifying trade (certain trades are excluded such as leasing, farming, shipbuilding, managing hotels or nursing homes, producing coal or steel to name a few).
- With certain exceptions, the company or group may not have been trading longer than 7 years at the time of the investment (10 years for knowledge-intensive companies).
- The company must not have received more than £12 million in total from state aid sources (£20 million for knowledge-intensive companies).

#### AIM - KEY STATISTICS

Total number of AIM listed companies	<b>827</b>
Total market cap for all AIM companies	<b>£93 bn</b>
Total money raised on AIM since inception	<b>£132 bn</b>
Total raised by new issues	<b>£48 bn</b>
Total raised by secondary issues	<b>£84 bn</b>
2021 share turnover value	<b>£100 bn</b>
2021 number of trades	<b>20 m</b>
2021 average daily trade value	<b>£395 m</b>

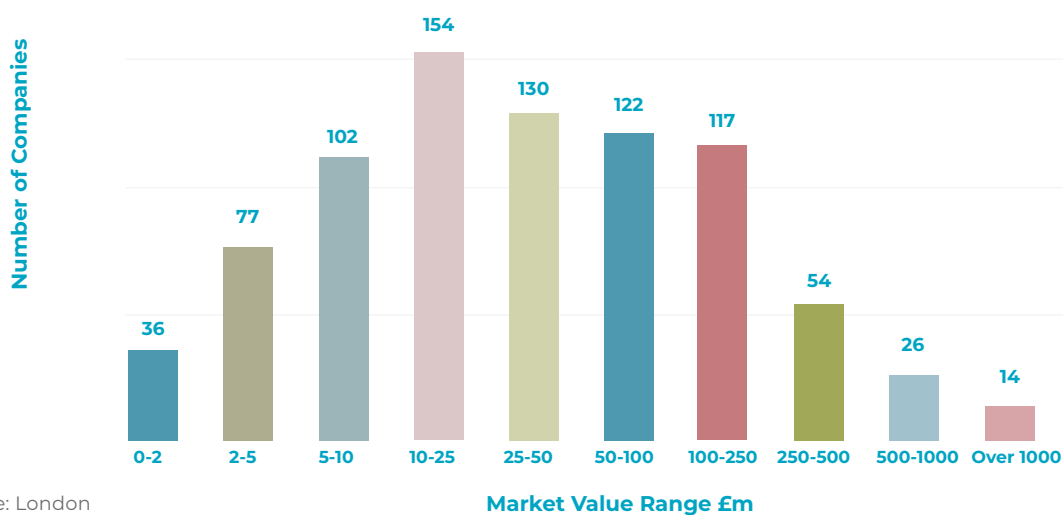
Source: London Stock Exchange, September 2022

## AIM BY SECTOR



Source: London  
Stock Exchange AIM  
Statistics, September  
2022

## DISTRIBUTION OF AIM COMPANIES BY EQUITY MARKET VALUE



Source: London  
Stock Exchange  
AIM Statistics,  
September 2022

## EXAMPLES OF PREVIOUS SUCCESSFUL EXITS

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

### SECTOR

Consumer Goods

### TRANSACTION

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

### RATIONALE

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

[www.gear4music.com](http://www.gear4music.com)



### SECTOR

Medical Equipment and Services

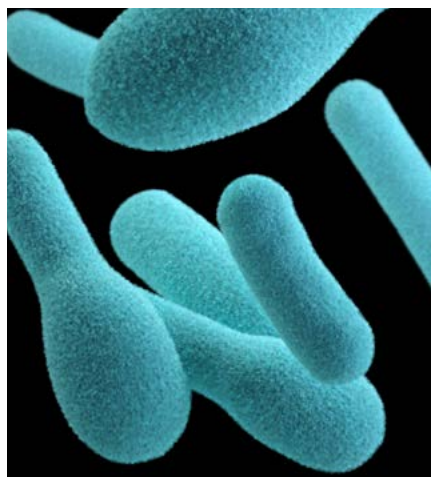
### TRANSACTION

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

### RATIONALE

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

[www.scientificdigitalimaging.com](http://www.scientificdigitalimaging.com)



**SECTOR**

Industrials

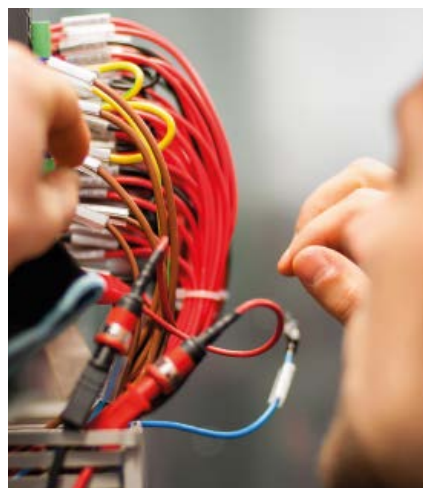
**TRANSACTION**

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

**RATIONALE**

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

[www.ptsg.co.uk](http://www.ptsg.co.uk)

**SECTOR**

Biotech and Pharmaceuticals

**TRANSACTION**

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

**RATIONALE**

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

[www.rualifesciences.com](http://www.rualifesciences.com)



**None of these examples should be taken as a recommendation or suggestion that you buy or sell shares in any of these companies. Please note that past performance should not be taken as a reliable indicator of future performance.**

### The five steps of investment



# THE INVESTMENT PROCESS

## Origination

The investments have to be made in new shares to qualify for the EIS tax reliefs and are normally made in either placings of shares in companies already listed on AIM or shares issued in connection with an Initial Public Offer (IPO).

The Investment Manager sources Investments through its networks of contacts with AIM nominated advisers and brokers. In addition, the Investment Manager reviews the Stock Exchange announcements of upcoming share issues to ensure it reviews all relevant issues.

## Due Diligence

Due diligence will include a review of all publicly available information including any relevant admission documents for an IPO, annual report and accounts, corporate literature and brokers research. This is set in the context of the sector and the market as a whole to provide the Investment Manager with an initial view of the attractiveness of the investment proposition.

The Investment Manager will almost always receive a presentation from the company either in person or by video link meetings. Time is spent in

meeting and understanding the management team and their approach. Where appropriate, references are taken and site visits are made.

## Transaction

Where the Investment Manager wishes to proceed with an investment, a short form report is circulated to the wider Investment team to review and provide comment.

## Monitoring

AIM companies are required to publish results half-yearly, with full year results being audited. The Investment Manager will meet with each Investee Company periodically and question management on progress and performance.

## Exit

As the Investee Companies are quoted this provides the Investment Manager with flexibility on exit.

Shares are usually sold after they have been held for three years, subject to market conditions. In certain circumstances shares may be sold prior to the three year holding period, which would result in the loss of EIS tax reliefs.



## YOUR STEP BY STEP GUIDE

The Guinness AIM EIS is structured as a Service, whereby your subscription is held in an account at the Administrator, and funds are drawn down as each investment is made.

### STEP 1

#### APPLICATION

Complete the application form and return it to:  
Guinness AIM EIS,  
c/o Investment Operations Team  
Mainspring Nominees Limited  
27 Furnival Street  
London EC4A 1JQ



### STEP 2

#### WELCOME LETTER

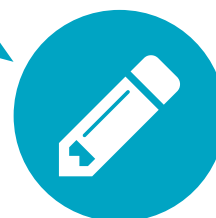
You will receive a welcome letter from Guinness within 1 to 2 weeks with your Share Centre account details.



### STEP 3

#### CONTRACT NOTE

Contract notes are available on the Investor Portal.



## STEP 4

### EIS CERTIFICATE



EIS 3 certificates will be made available for each investment made. These will contain all the relevant details to enable you to claim EIS Income Tax Relief and/ or Capital Gains Tax Deferral Relief. Please note that the majority of EIS 3 certificates are received within 6 months, however some can take up to 12 months, or in exceptional circumstances, longer.

## STEP 5

### INVESTOR UPDATES & VALUATION STATEMENTS

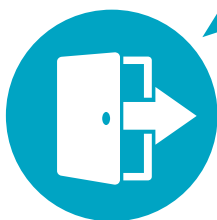
We will send you valuation statements and Investor Updates every six months throughout the life of the investment.



## STEP 6

### SALE CONTRACT NOTE

Contract Notes for each sale will be available on the Investor Portal.



## 22 OUR CHARGES

Guinness fees are deferred until they can be paid from the proceeds of investments

# TRANSPARENT, UPFRONT CHARGES

### Financial Intermediary Fees

Financial Intermediary Fees are costs you have agreed to pay to your adviser. Payment of these can be facilitated by Guinness if you indicate on your Application Form that you would like us to do this. You will only be eligible to receive EIS relief on your investment net of your Financial Intermediary Fees.

It is the responsibility of the applicant and their adviser to notify us if ongoing payments to advisers should cease. The Investment Manager reserves the right to cease these payments for any reason in its absolute discretion.

### Guinness Deferred Fees

In order to maximise the amount of EIS Income Tax Relief that investors receive, Guinness will defer all its fees such that they will be paid from the Proceeds of Investments. This enables the Investment Manager to invest up to 100% of Subscriptions, net of the Custodian's transaction fee, into Investee Companies, maximising the amount on which Investors can receive EIS Relief.

### Custodian Fees

The Custodian's annual administration costs are 0.2% of subscription cost. The Custodian's purchase transaction fees are 0.35% and sale transaction fees 0.25%, and these are charged to investors on investment and exit respectively.

### Other Fees

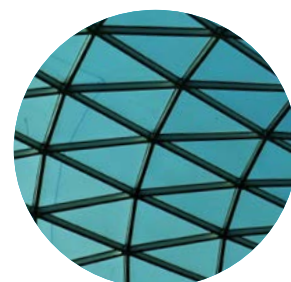
The Investment Manager will pay any costs incurred in connection with potential investments that do not proceed.

VAT will be charged where applicable.

## FEES

	Investing through adviser	Investing through non-advisory intermediary	Investing directly
Adviser Charge	As agreed with adviser	-	-
Deferred Fees			
Initial Fee	2%	5% of which up to 3% may be payable to your execution-only intermediary as commission	5%
Annual Management Fee	1.75%	1.75%	1.75%
Performance Fee (all investors)			

20% of the excess returns. This is therefore only incurred once the net value of your Subscription has been returned to you.



## EFFECT OF DEFERRAL OF FEES

Guinness Ventures will defer all its charges to be paid from Proceeds of Investments. This is expected to have a positive impact for Investors who will have up to 100% of their Subscription, net of the Administrator's transaction fee, invested in Investee Companies and, therefore, maximise the amount that they can receive EIS Relief on.

The table below gives an example of how the deferral of fees can have a positive impact on investor returns, as opposed to withholding all the fees up-front. In the example shown of a £100,000 Subscription, and based on the assumptions below, the Investor is £7,280 better off as a result of the deferral of fees.

### POSTIVE IMPACT OF DEFERRAL OF FEES

	Without investment manager fees deferred	With investment manager fees deferred	Benefit to investor
Subscription	£100,000	£100,000	
Fees paid prior to investment (incl. VAT)	£10,400	£0	
Net Investment	£89,600	£100,000	
Value after four years	£134,400	£150,000	
Fees paid from Proceeds of Investment	£0	£10,400	
Performance Fee	£6,880	£7,920	
Net Return to Investors	£127,520	£131,680	£4,160
EIS Income Tax Relief	£26,880	£30,000	£3,120
Return including EIS Relief	£154,400	£161,680	£7,280

#### Notes

1. Investor proceeds are after fees have been deducted
2. Fees assumed are 2% initial fee and 1.75% + VAT for 4 years
3. Assumes investment value grows at 10.67% per annum over a four year investment period
4. Ignores Administrator charges, dividends, financial intermediary fees or changes in net asset value that might affect fees.

**This is an illustrative example and is not a forecast or prediction as to what returns an Investor can expect. The target return should not be relied on to predict actual returns and is not an indication of future performance.**



## RISK FACTORS TO CONSIDER

A Subscription to the Service is subject to a number of risks. Before making any decision to subscribe, prospective Investors should consider carefully the risks attaching to the Service together with all other information contained in this Information Memorandum including, in particular, the risk factors described here.

This information does not purport to be exhaustive and the risks below are not set out in order of priority. Additional risks and uncertainties not presently known to the Investment Manager may also have an adverse effect on the business of the Investee Companies. Investors should consider carefully whether a Subscription to the Service is suitable for them in the light of the information in this Information Memorandum and their personal circumstances.

### AIM

The Investment Manager intends to invest in a portfolio of AIM businesses engaging in EIS qualifying activities. However, the Investment Manager may not be able to make sufficient investments in suitable Investee Companies. If sufficient investments are not made, the returns achieved by the Service could be materially impacted, and the tax advantages of the EIS may not be available.

Investment in shares traded on AIM involves a higher degree of risk, and such shares may be less

liquid, than shares in companies which are listed on the main market of the London Stock Exchange.

The rules governing AIM companies are less demanding than those of companies listed on the main market of the London Stock Exchange.

The market price of AIM listed shares may not necessarily reflect their underlying value.

The share price of AIM listed companies can be highly volatile and shareholdings can be illiquid. The price at which AIM listed shares are quoted and the price at which such shares may be realised will be influenced by a large number of factors, some specific to the relevant Investee Company and its operations, and others which may affect AIM-listed companies generally, such as legislative changes, and general economic, political, regulatory or social conditions.

Some AIM-listed companies are majority owned by connected parties who may be in a position to exert influence on the relevant Investee Company and their interests may differ from other shareholders.



### The Investment Manager

The Investment Manager intends to invest across a portfolio of Investee Companies to diversify exposure to any one company. However, there is a risk that the Investments are concentrated or there is a weighting towards one or more sectors. In these circumstances returns to Investors may be adversely affected by the underperformance of a particular company or sector.

Past performance of the Investment Manager or previous Guinness AIM EIS offerings is no guarantee of future performance. Previous Guinness AIM EIS offerings are likely to be invested in different companies or at different prices and will be held through different market conditions for different time periods.

The value of shares in any Investee Company may go down as well as up and Investors may not get back the full amount invested. Investors

should not consider subscribing unless they can afford a total loss of their Subscription.

Although AIM companies are quoted, not all shares are readily realisable at all times. In addition, the Investment Manager may invest up to 20% of the Subscriptions in pre-IPO investments or AQUIS Market quoted companies which may be illiquid. As a result, it may take longer than anticipated for Investors to realise all of the holdings.

Investee Companies will often be relatively small, and vulnerable to government actions and changes in statute. In particular, there may be changes to the EIS legislation which may affect Investors' tax positions, or changes in legislation specifically relating to the AIM market that may affect the returns.

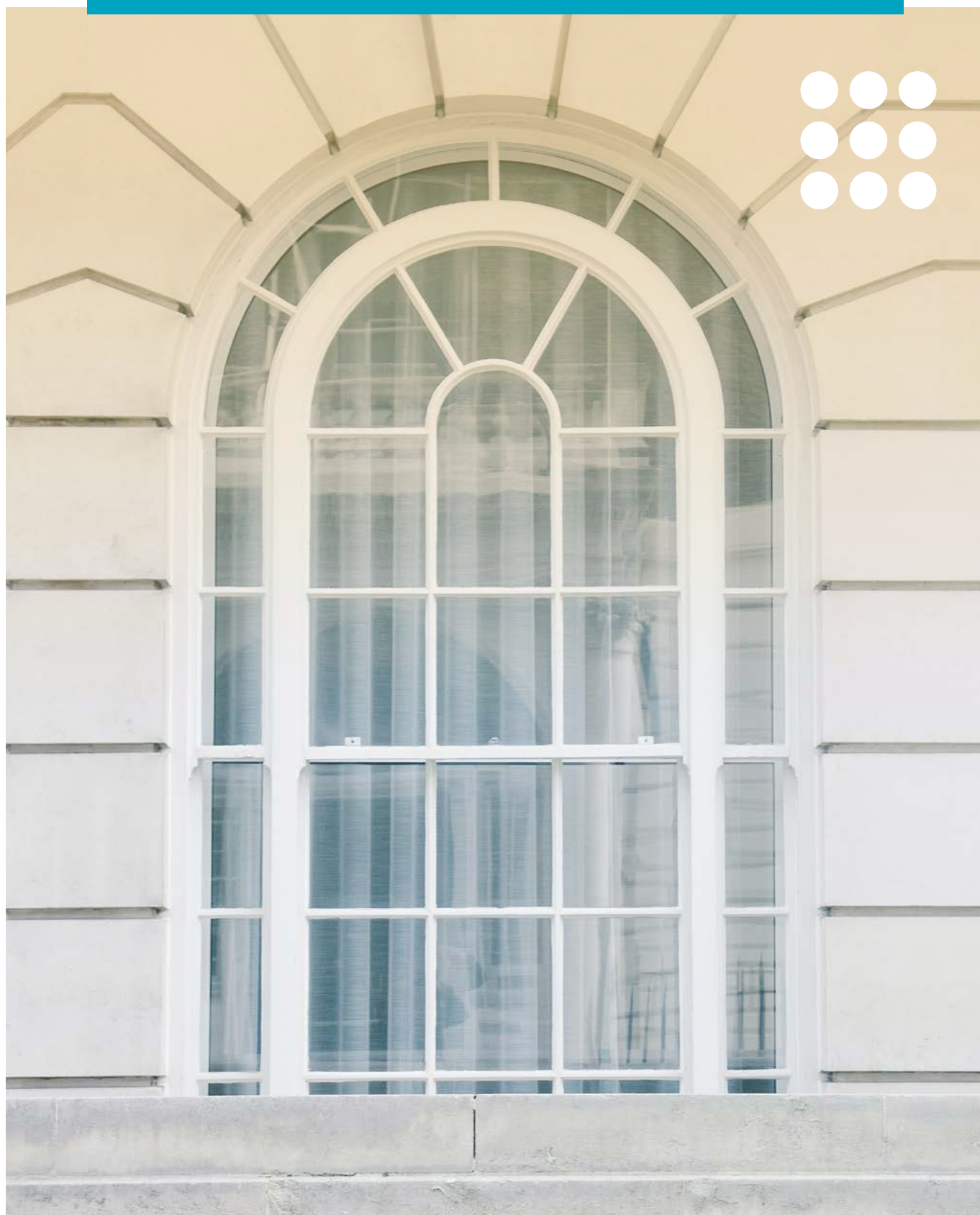
Investment Companies may be reliant on the skills or knowledge of a small number of individuals,

and should a key individual leave performance may be adversely affected.

Funds raised will be held by the Custodian in its client money account. If the Custodian was to become insolvent after funds were received by them, then an Investor's money could be at risk.

Guinness AIM EIS is targeting a return to Investors of over £1.30 per £1.00 invested, net of all fees, in addition to £0.30 of EIS Income Tax Relief.

**The Investment Manager makes no guarantee or promise that this target return will be achieved. This target has been set in the context of the likely portfolio size and the Investment Manager's view of the risk and return profiles of historic and expected investment opportunities.**



It is very important that you read and fully understand the key risks involved with this investment

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### Tax Risks

The tax reliefs referred to in this Information Memorandum are those currently applicable. However, Investors should be aware that tax reliefs can change. Their applicability and value will depend upon the individual circumstances of a given Investor, and Investors should seek their own independent professional advice on their particular tax situation and the application of such tax reliefs prior to making a Subscription.

It is the intention of the Investment Manager to invest in companies which qualify under the EIS legislation but there is no guarantee that EIS status can be maintained throughout the life of the Investment. The Investment Manager will request confirmation of EIS Advance Assurance prior to making any investment. However, changes in both practice and legislation have increased the risk that investee companies will not be able to obtain EIS Advance Assurance prior to the Service investing.

Both Investee Companies and Investors need to comply with the requirements of the EIS legislation in order to maintain EIS Income Tax Relief, CGT free disposal and CGT Deferral Relief. Non-compliance may result in the loss or partial claw-back of EIS Income Tax relief and CGT Deferral Relief, and potential interest penalties. Subscription funds will not be returned in these instances.

If an Investee Company ceases to carry out a qualifying trade during the EIS Three Year Period, its EIS status is likely to be affected and EIS Relief for Investors could be withdrawn.

If an Investee Company acquires a subsidiary or business where the trade is older than 7 years, and some or all of the EIS investment is used for that subsidiary or business, the company may lose EIS Relief if the acquisition is within the EIS Three Year Period.

Shares in companies which qualify under the EIS legislation will normally qualify for Business Relief for Inheritance Tax Purposes at rates of up to 100%. In order to secure this relief, Investors must retain their shareholding in an Investee Company for a minimum of two years. The Investment Manager intends to invest in companies which qualify for EIS Relief, CGT Deferral Relief and Business Relief although there is a possibility that Investments will not qualify for one or more of these.

It is the intention of the Investment Manager that Investments will be held for the EIS Three Year Period. However, the Investment Manager reserves the right to realise individual Investments prior to the end of the EIS Three Year Period if it believes it is in the best interest of Investors.

## 28 FREQUENTLY ASKED QUESTIONS

Please call us if you have any questions regarding Guinness AIM EIS:

**020 7222 3475**

## YOUR QUESTIONS ANSWERED

### What is the minimum subscription?

The minimum Subscription is £20,000. There is no maximum Subscription, although, income tax relief is currently available on total investments of up to £1 million in a tax year or £2 million in certain circumstances. Neither Inheritance Tax Relief nor Capital Gains Tax Deferral Relief are capped.

### How do I invest in Guinness EIS?

Please complete the Application Form and Appropriateness Questionnaire. These are available from our website or please call us to be posted or emailed a copy. The Application Form includes instructions on how to pay in funds and details on where to send the Form.

### What happens once I have invested?

Within 2 weeks of accepting your application we will send you a welcome letter providing you with details of your account, and will return any identity verification documents you may have sent. When the underlying Investments are made from your account, you will be sent a confirmation note for each investment.

### How can I check the progress of my investments?

You will receive a report every six months, which will include a portfolio valuation statement, showing the acquisition price and latest valuation for each Investment in your portfolio, as well as your cash balance.

### What happens if Investee Companies pay dividends?

Where Investee Companies pay dividends, these will be added to your account with the Custodian, and if there are any fees outstanding, used to pay these. At the end of each tax year you will receive a Composite Tax Certificate showing any income that may need to be declared on your tax return.

According to your personal tax situation, you may be liable for tax in relation to those dividends. If in any doubt, please consult your advisor.

### When do I get my EIS tax reliefs?

Once each investment is made, the Investment Manager will ask the Investee company to apply to HMRC for permission to issue you with an EIS 3 Certificate, thereby enabling you to claim EIS Income Tax Relief.

### How long should I be prepared to invest for?

In order for your Investment to qualify for EIS Income Tax Relief and Capital Gains Tax Deferral Relief, your money must be invested in an Investee Company for the EIS Three Year Period. The qualifying three year period starts with the subscription for shares and ends after three years, or three years from commencement of trade if that is later. Allowing for time to fully invest the Subscriptions and to fully exit the Investment portfolio, you should be prepared to invest your money for at least five years.

### Will Guinness pay my financial intermediary fees?

Guinness can apply a proportion of your total subscription towards meeting Financial Intermediary Fees incurred by you in subscribing to the Service. Investments are made net of Financial Intermediary Fees.

Please indicate on your Application Form what Financial Intermediary Fees you would like us to facilitate.



## EIS FUND PARTIES AND ADVISORS

Investment Manager	Guinness Asset Management Limited 18 Smith Square Westminster London SW1P 3HZ Telephone: 020 7222 3475 Email: eis@guinnessfunds.com Website: www.guinnessfunds.com
Custodian	Mainspring Nominees Limited, 27 Furnival Street, London EC4A 1JQ
Tax Advisors	Philip Hare & Associates LLP Hamilton House 1 Temple Avenue London EC4Y OHA

## DEFINITIONS

AIFMD	Alternative Investment Fund Managers Directive
AIM	The market of that name operated by the London Stock Exchange
Application Form	An application form to participate in the Service to be completed by a prospective Investor in the form available for download from the Guinness website
Business Relief or Inheritance Tax Relief	Relief from IHT pursuant to sections 103-114 Inheritance Tax Act 1984
Capital Gains Tax Deferral Relief or CGT Deferral Relief	Relief by way of deferral of CGT (Section 150C and Schedule 5B of the Taxation of Chargeable Gains Act 1992)
CGT	Capital gains tax
Closing Date	A date by which Subscriptions may be accepted by the Investment Manager for the creation of Portfolios
Custodian	Mainspring Nominees Limited, in its capacity as a provider of administration services and certain other services in relation to the Service or such other custodian or other agent as the investment manager may appoint from time to time
EIS	The Enterprise Investment Scheme, as set out in Part 5 of the Income Tax Act 2007 and Schedule 5B of the Taxation of Chargeable Gains Tax Act 1992
EIS Income Tax Relief	Relief from income tax available under the EIS on subscription for shares
EIS Qualifying Company	A company that meets the requirements for EIS Relief and Capital Gains Tax Deferral Relief as set out in section 180 Income Tax Act 2007
EIS Relief	Relief from income tax available under EIS, related CGT relief on disposal and Loss Relief
EIS Three Year Period	The period commencing when a subscription for shares is made in an Investee Company, and ending three years after that date, or three years from the commencement of the Investee Company's trade, whichever is later
FCA	The Financial Conduct Authority
Financial Intermediary	A firm authorised under the Financial Services and Markets Act 2000
Financial Intermediary Fee	A fee agreed by an Investor that is payable to their Financial Intermediary for either provision of a personal investment recommendation or for arranging a Subscription for the Investor.
Guinness AIM EIS or The Service	Guinness AIM EIS, a discretionary managed service set up to enable Investors to invest in EIS Qualifying Companies.

Guinness Asset Management, Guinness Ventures or Investment Manager	Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority
HMRC	HM Revenue & Customs
IHT	Inheritance Tax
Income Tax or ITA	Income Tax Act 2007
Information Memorandum	This information memorandum issued in relation to the Service
Investee Company	A company in which the Service invests on behalf of Investors
Investment	Investments made through the Service on behalf of Investors
Investment Manager	Andrew Martin Smith, Hugo Vaux and selected other employees of Guinness Asset Management
Investor	Any client who is accepted by the Investment Manager and enters into an Investor Agreement and invests through the Service
Investor Agreement	An investor agreement to be entered into by each Investor, in the terms set out in this Information Memorandum
Loss Relief	Relief in respect of income tax for allowable losses pursuant to section 131 of the Income Tax Act 2007
Nominee	GAM MNL Nominees Limited or such other nominee or other agent as the Investment Manager or Custodian may appoint from time to time to be the registered legal holder of Investments on behalf of Investors
Portfolio	In respect of an Investor, the Investments made through the Service which are allocated to him or her in consideration for his or her Subscription (together with any uninvested cash from time to time constituting a part of that Subscription) and which shall at all material times be registered in the name of the Nominee on his or her behalf
Proceeds of Investments	Includes any dividends and capital returns, or realisations from sale of investments.
Qualifying Investors	UK taxpayers eligible to claim EIS Relief and EIS CGT Deferral Relief
Subscription	A valid subscription made to the Service, net of any Financial Intermediary Fee, on the terms set out in this Information Memorandum

"Never invest for a tax break alone. Ensure the underlying investment is sound."

**Tim Guinness**  
**Chairman**



# IMPORTANT INFORMATION

Please note that certain expressions used in this Notice are defined in the Definitions section in this document.

This Information Memorandum is issued for the purposes of section 21 of the Financial Services and Markets Act 2000 (FSMA) by Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, London E14 5HS (FCA reference number 223077). Guinness Asset Management Limited is registered office is at 18 Smith Square, Westminster, London SW1P 3HZ.

It is issued solely for the purpose of seeking Subscriptions from potential investors for an investment in the discretionary portfolio investment management service known as the Guinness AIM EIS.

The Investment Manager has taken reasonable care to ensure that all facts stated in this Information Memorandum are true and accurate in all material respects at the date of this document. There are no other material facts, or opinions, which have been omitted, which would make any part of this Information Memorandum misleading. You will need and be expected to make your own independent assessment of the Service and to rely on your own judgement (or that of your independent financial adviser) in respect of any Subscription you may make to the Service and the legal, regulatory, tax and investment consequences and risks of doing so.

Guinness AIM EIS will invest in companies admitted to AIM, although up to 20% of the aggregate subscriptions may be invested in pre-IPO or AQUIS companies. An investment in these companies can be more risky than investments in larger companies listed on the main market of the London Stock Exchange, and market makers may not be prepared to deal in them. It may be difficult to obtain information as to how much an investment is worth or how risky it is at any given time. Investing in AIM listed companies may expose you to a

significant risk of losing all the money invested. Before investing, you are strongly recommended to consult an authorised person specialising in advising on investments of the kind described in this Information Memorandum.

The Service will also invest in unquoted securities. Such investments can be more risky than investments in quoted securities or shares.

Guinness Asset Management, its directors and employees do not accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any information or opinions contained herein or in any other communication in connection with an investment through the Service.

However, this disclaimer does not affect any liability which Guinness Asset Management may have in relation to the Service under FSMA, regulations made under FSMA or FCA Rules.

Any application to invest through Guinness AIM EIS may only be made and will only be accepted subject to the terms and conditions of this Information Memorandum (which includes the Investor Agreement contained in this Information Memorandum). In compliance with the provisions of the FCA Rules that implement the EC Distance Marketing Directive, which will apply to you in circumstances where your subscription to Guinness AIM EIS has not resulted from a face-to-face meeting with either the Investment Manager or your own independent financial adviser, the Investment Manager specifically draws to your attention that you have a right to cancel your subscription. Your rights in this respect are more fully set out in the Investor Agreement which forms part of this Information Memorandum.

# AIM EIS INVESTOR AGREEMENT

This Investor Agreement (the “Agreement”) sets out the terms and conditions for the Guinness AIM EIS agreed between the Investor (also referred to as ‘you’) and Guinness Asset Management Limited (also referred to in this Agreement as the ‘Investment Manager’ ‘we’ or ‘us’). We are authorised and regulated by the FCA under firm registration number 223077. Acceptance of an Investor’s Application Form by the Investment Manager will constitute the commencement of this binding agreement between the Investor and the Investment Manager.

## 1. Definitions

- 1.1. Unless otherwise stated in this Agreement, this Agreement employs the same defined terms as are found in the Definitions section of the Information Memorandum.
- 1.2. Words and expressions defined in the Handbook of Rules and Guidance of the Financial Conduct Authority (‘FCA Rules’) which are not otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.3. References to the singular only shall include the plural and vice versa.
- 1.4. Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.
- 1.5. References to our ‘Associates’ shall mean any holding or subsidiary company of the Investment Manager.
- 1.6. References to:
  - 1.6.1. **“AQSE”** means the market known as Aquis Stock Exchange Growth Market (under whatever name it shall bear from time to time);
  - 1.6.2. **“the Custodian”** are to Mainspring Nominees Limited, which is registered in England and Wales with registration number 08255713 and with its registered address at 27 Fumival Street, London EC4A 1JQ, authorised and regulated by the Financial Conduct Authority (FRN: 591814); and
  - 1.6.3. **“the Nominee”** are to GAM MNL Nominees Limited which is registered in England and Wales with registration number 12960841 and with its registered address at 427 Fumival Street, London EC4A 1JQ. The Nominee is a separate legal entity and is wholly owned by Mainspring Nominees Limited.

## 2. Investing in Guinness AIM EIS

- 2.1. By signing the declaration contained in the Application Form, the Investor agrees to be bound

by the terms and conditions of this Agreement.

- 2.2. The Investor hereby appoints the Investment Manager to manage the Portfolio for the Investor on the terms set out in this Agreement. The Investment Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.
- 2.3. The Investment Manager is regulated by the FCA. The Investor is classified as a retail client for the purposes of the FCA Rules. The Investor has the right to request a different client categorisation. However, if the Investor does so and if the Investment Manager agrees to such categorisation the Investor will lose protections afforded to retail clients by certain FCA Rules.
- 2.4. The Investor has the right to cancel this Agreement for a period of up to 14 days from the day on which the Investment Manager accepts the Investor’s Application Form. If the Investor wishes to cancel this agreement, he must submit a cancellation request in writing to the Custodian. In the event of cancellation:
  - 2.4.1. The Investor will receive back from the Custodian his Subscription, net of the Custodian’s reasonable processing costs, within 28 days of the Custodian receiving the cancellation request; and
  - 2.4.2. All further provisions of this Agreement shall cease to apply on cancellation.
- 2.5. The right to cancel under the FCA Rules does not give the Investor the right to cancel, terminate or reverse any particular investment transaction executed for the account of the Investor before cancellation takes effect.

## 3. Subscriptions

- 3.1. In respect of the Service:
  - 3.1.1. The minimum Subscription is £20,000. There is no maximum Subscription.
  - 3.1.2. The Investor may make further Subscriptions to the Service up to the Closing Date.

- 3.2. The Investor may only terminate the Agreement pursuant to Clause 15 below.
- 3.3. The Custodian shall deposit Subscriptions received in an interest bearing client account pursuant to Clause 7, pending their investment.
- 3.4. The Investment Manager reserves the right not to proceed with the Service, in which case Clause 2.4 above applies to the monies subscribed, as if the Investor had cancelled his Subscription in accordance with Clause 2.4.
- 4. Services**
- 4.1. The Investment Manager will manage the Service as from the Closing Date on the terms set out in this Agreement. The Investment Manager will exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investments on the terms set out in this Agreement.
- 4.2. The Investment Manager has engaged the Custodian to provide custody services in relation to the Portfolio Investments and the cash.
- 4.3. The Investment Manager shall not, however, except as expressly provided in this Agreement or unless otherwise authorised, have any authority to act on behalf of, or in respect of, the Investor or to act as the agent of the Investor.
- 5. Investment Objectives and Restrictions**
- 5.1. In performing its services, the Investment Manager shall at all times have regard to:
  - 5.1.1. the need for the Investments to attract EIS Income Tax Relief and/or CGT Deferral Relief;
  - 5.1.2. the objective that at least 80 per cent. of Investments are admitted to trading on AIM; and
  - 5.1.3. all applicable laws and regulations.
- 5.2. The Investment Manager reserves the right to return uninvested cash if it concludes that it cannot be properly invested for the Investor and it considers it to be in the best interests of the Investor to do so having regard to availability of EIS Relief and CGT Deferral Relief for the Investor.
- 5.3. In the event of a gradual realisation of Investments prior to termination of the Service under Clause 15.1, the cash proceeds of realised EIS Investments may be held in an interest bearing client account or invested in UK government securities or in other investments of a similar risk profile.
- 6. Terms Applicable to Dealing**
- 6.1. Subject to Clause 6.3, in effecting transactions for the Service, the Investment Manager will act in accordance with the FCA Rules and will ensure that best execution is sought at all times (i.e. that we will take all reasonable steps to obtain the best possible results for clients in accordance with FCA Rules and the execution factors specified in FCA Rules) and subject to this Agreement deals are made on such markets and exchanges and with such counterparties as the Investment Manager thinks fit. The Investment Manager maintains a written execution policy with respect to these matters which is available on our website at [https://www.guinnessgi.com/sites/default/files/pdf/Order\\_execution\\_policy.pdf](https://www.guinnessgi.com/sites/default/files/pdf/Order_execution_policy.pdf)
- 6.2. Subject to Clause 6.3, all transactions in Investments will be subject to the rules and customs of the exchange or market and/ or clearing house through which the transactions are executed. If there is any conflict between the provisions of this Agreement and any such rules, customs or applicable laws, the latter shall prevail.
- 6.3. The Investor acknowledges that a proportion of the Portfolio may be invested in some unlisted securities and, there is generally no relevant market or exchange and consequent rules and customs for such Investments, and there will be varying practices for different securities. Transactions in shares of such securities will be effected on the best commercial terms which can be secured.
- 6.4. Subject to the FCA Rules, transactions for the Portfolio may be aggregated with those of other clients of the Investment Manager (including other Investors), and of the Investment Manager's employees and Associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FCA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the Investors, but the Investor acknowledges that the effect of aggregation may work on some occasions to their disadvantage.
- 6.5. The Investment Manager shall have absolute discretion as to the number of shares in an EIS Qualifying Company allocated to the Investor, provided that Investors shall not have fractions of shares. Minor rounding up or down may be allowed to prevent Investors being deemed to be interested in fractions of shares.
- 6.6. Certain categories of professional persons are required to be excluded from any Investments to which they or their employer are connected, for the purposes of prevailing EIS legislation. If this applies to the Investor, then that proportion of his Investment will be re- credited to his Portfolio.
- 6.7. The Investment Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 6.8. Proceeds from purchasing or selling Investments will be credited to Investor accounts when settlement is effected in full. Where settlement is not effected in full, the Investor will:
  - 6.8.1. if purchasing Investments, be entitled to Investments actually delivered by the relevant

## 36 INVESTOR AGREEMENT

counterparty and thereafter to a cash sum from the client settlement bank account equal to the balance of the bargain made for the Investor; and

- 6.8.2. if selling Investments, be entitled to cash actually paid by the counterparty and thereafter to Investments held by the Custodian in respect of the balance of the value of the bargain made for the Investor.

- 6.9. Subject to this Agreement, there are no restrictions on the amount or value of any one Investment or on the proportion of the Portfolio which any one Investment may constitute.

### 7 Custody and Administration Arrangements

- 7.1. The Investment Manager has engaged the Custodian to provide a custody, safe-keeping and administration service for Investors and the Service. The Custodian engages with each Investor pursuant to its own terms of business, a copy of which may be obtained from the Custodian's website <https://systems.mainspringfs.com/documents/guinness/custody-agreement/15p> or on request from the Investment Manager. The Nominee is a body corporate owned by the Custodian whose business consists solely of acting as a nominee holder of investments or other property. This Clause 7 summarises some of the provisions of the Custody Agreement but in the event that this Investor Agreement is inconsistent with the Custody Agreement, the Custody Agreement shall prevail.
- 7.2. For the avoidance of doubt, the Investor authorises the Investment Manager as their agent to enter into or agree any terms of business with the Custodian (including any amendments to any such terms of business or agreement) and/or appoint any successor to the Custodian in relation to this Agreement and the Service.
- 7.3. The Investor agrees that the Investment Manager will give all instructions to the Custodian in relation to the Portfolio and the Service and that (except in the very limited circumstances stated otherwise in the Custody Agreement) the Investment Manager will be the sole source of contact with the Custodian.
- 7.4. The Custodian will be responsible for the safe keeping of Investments and cash comprised in the Service, including the settlement of transactions, collection of income and the effecting of other administrative actions in relation to the Investments.
- 7.5. Investments will be registered in the name of the Nominee on behalf of the Investor but will be held on trust by the Nominee. Investments will therefore be beneficially owned by the Investor at all times, but the Nominee will be the legal owner of the

Investments in the Portfolio.

- 7.6. Under the Custody Agreement, the Custodian may delegate the services it performs to third parties, including to any sub-custodian. This is set out in more detail in clause 13 of the Custody Agreement. The Custodian agrees to act in accordance with the Standard of Care in the selection, use, monitoring and continued appointment of any person to whom it delegates any responsibilities in relation to this Agreement. The 'Standard of Care' in relation to the Custody Agreement means the standard of care that could reasonably be expected of a professional custodian acting in good faith and with reasonable care and skill. This is subject to clause 7.13 below.
- 7.7. The Custodian will hold any title documents or documents evidencing title to the Investments. Investments or title documents may not be lent to a third party and nor may there be any borrowing against the security of the Investments or such documents.
- 7.8. An Investment may be realised in order to discharge an obligation of the Investor under this Agreement, for example in relation to payment of fees, costs and expenses. The Custodian may debit from any monies held on behalf of the Investor any fees and charges due to the Custodian or the Investment Manager as and when such charges become due and payable.
- 7.9. The Custodian will arrange for the Investor to receive (via the Investment Manager) details of any meetings of shareholders in Investee Companies and any other information issued to shareholders in Investee Companies if the Investor at any time in writing requests such details and information (either specifically in relation to a particular Investment or generally in respect of all Investments). Please refer to clause 14 of the Custody Agreement for more details on this. The Investor shall be entitled, as a matter of right, to instruct the Investment Manager to require the Nominee to appoint the Investor as his proxy to vote as the Investor may see fit at any meeting of shareholders in a company in which an Investment is held for the Investor in respect of such Investor's beneficial shareholding. In the case of an Investor who is not validly appointed as the Nominee's proxy for the purposes of a meeting of the shareholders of a company in which an Investment is held for that Investor, the Investment Manager will instruct the Nominee to appoint the Investment Manager as its proxy to vote at that meeting to the extent that the voting and other rights exercisable by the Investment Manager shall not exceed 50% of the aggregate rights relating to any Investment.

- 7.10. The Custodian will hold cash subscribed by or held on behalf of the Investor in accordance with the FCA Client Money Rules. Such cash balance will be deposited with an authorised credit institution in the name of the Custodian. The account in which cash is held will be a segregated omnibus account which will have trust status and will therefore be kept separate from any money belonging to the Custodian. The Custodian may debit or credit the Investor's account for all sums payable by or to the Investor (including dividends receivable in cash and fees and other amounts payable by the Investor). Interest will be payable on credit balances in the bank account at rates published by the Custodian at a rate of two percent (2%) below the Royal Bank of Scotland or nil if negative. Due to the pooled nature of client money and the operation of the FCA Rules, if there is a shortfall in client money held by the Custodian, then all of the clients whose money is pooled will share in the loss, even if there is no shortfall in their specific contribution to the client money pool.
- 7.11. Investments and cash held by the Custodian shall be subject to a general lien and right to offset against all amounts owing to the Custodian or the Investment Manager from time to time.
- 7.12. Investments may be held in an omnibus account by the Custodian with investments held for certain other third parties. In these circumstances, your entitlements may not be separately identifiable, and accordingly in the event of an irreconcilable shortfall, any shortfall may be shared pro-rata among all who have an interest in such omnibus account - see clause 6.7 of the Custody Agreement for further details of this.
- 7.13. Clauses 13 and 24 of the Custody Agreement relate to delegation by the Custodian and its liability to you and us. Where we agree with the Custodian that we will perform a particular function directly (such as in receiving and transmitting orders in relation to sales of Investments, we (and not the Custodian) will assume responsibility for our actions in relation to any such activities.
- 8. Reports and Information**
- 8.1. Subject to Clause 8.6, the Investment Manager shall send the Investor a Portfolio report (i.e., a report and valuation as required by FCA Rules) every six months. Reporting will commence following the first anniversary of the Closing Date. Reports will include a measure of performance once valuations are available for the Investments. The Investor has a right to request a Portfolio report every three months.
- 8.2. Details of dividends which are received in respect of the Investments will be provided in respect of each tax year ending 5 April and appropriate statements sent to the Investor.
- 8.3. Contract notes will be provided for each transaction for the Investor's Portfolio on the Investor Portal.
- 8.4. The Investment Manager shall supply (or arrange for the Custodian to supply in accordance with the Custody Agreement) such further information which is in its possession or under its control as the Investor may reasonably request as soon as reasonably practicable after receipt of such request.
- 8.5. Investor Updates will be available via a secure portal ("Investor Portal") operated by the Custodian at <https://guinness.mainspringfs.com>
- 9. Fees and Expenses**
- 9.1. The Investment Manager shall receive fees for its services, and reimbursements of costs and expenses, as set out in this Clause 9.
- 9.2. Financial Intermediary Fees are costs you have agreed to pay to your adviser. Payment of these can be facilitated by the Investment Manager if you indicate on your Application Form that you would like us to do this. It is the responsibility of the Investor and their adviser to notify the Investment Manager if ongoing payments to advisers should cease. The Investment Manager reserves the right to cease these payments for any reason in its absolute discretion.
- 9.3. An initial fee of 5% of your Subscription is payable if you have not received advice from a financial adviser. The initial fee is reduced to 2% if you have received advice from a financial adviser and they confirm this on your Application Form.
- 9.4. You shall pay us annual management fee equating to 1.75% plus VAT per annum of the net asset value of the Portfolio, calculated semi-annually in arrears. This fee is payable from the Proceeds of Investment. This charge will be applicable from the Closing Date until the realisation of each investment.
- 9.5. The fees described in section 9 will be charged direct to Investors, payable from the Proceeds of Investment.
- 9.6. A Performance Fee calculated as 20% plus VAT of the return in excess of the amount invested on your behalf will be payable to the Investment Manager. This is calculated on the total fund return, not per Investment, and is payable from the Proceeds of Investment.
- 9.7. The Custodian will charge an annual administration fee of 0.2% (plus VAT) of your Subscription. The

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Custodian's purchase transaction fees are 0.35% and sale transaction fees are 0.25% of the value of each transaction made on your behalf. Fees payable to the Custodian may be deducted at source or paid by the Investment Manager and charged to Investors.

- 9.8. The fees and expenses in this Clause 9 are stated exclusive of VAT, which is shown where currently applicable.
- 9.9. You may be liable to pay other costs and expenses arising from time to time on an ad hoc basis, not being fees and charges payable for the services of the Investment Manager. While it is not possible to set out all such charges, examples may include (but are not limited to) professional fees incurred by the Investment Manager and/or the Custodian in protecting or enforcing your rights in relation to an Investment or in exiting an Investment.
- 10. Management and Administration Obligations**
- 10.1. The Investment Manager shall devote such time and attention and have all necessary competent personnel and equipment as may be required to enable it to provide their respective services properly, efficiently and in compliance with the FCA Rules.
- 10.2. Except as disclosed in the Information Memorandum and as otherwise provided in this Agreement (for example on early termination), the Investment Manager will not take any action which may prejudice the tax position of the Investor insofar as it is aware of the relevant circumstances, and in particular which may prejudice obtaining the EIS Relief and/or CGT Deferral Relief for the Investments.
- 10.3. The Custodian will perform its services in accordance with the Custody Agreement including the Standard of Care (see clause 7.6 and 7.13 above)
- 11. Obligations of the Investor**
- 11.1. The Investor's participation in the Service shall be on the basis of the declaration made by the Investor in his Application Form.
- 11.2. The Investor agrees to notify the Investment Manager if any Investment is made in a company with which the Investor is connected within section 163 and sections 166 to 171 of the Income Tax Act 2007, (in which case Clause 6.5 of this Agreement will apply at once).
- 11.3. The Investor agrees to notify the Investment Manager if, within three years of the date of issue of shares to his Portfolio in an EIS Qualifying Company or within three years of commencement of trade if later, the Investor becomes connected with the company (in accordance with the definitions set out

in Clause 11.2) or receives value from such company (in which case Clause 6.5 will apply at that time).

- 11.4. The Investor agrees to provide the Investment Manager with any information which it reasonably requests for the purposes of managing the Service pursuant to the terms of this Agreement.
- 11.5. If the Investor has requested in the Application Form that the Investment Manager should facilitate the payment of Financial Intermediary Fees, the Investor shall ensure that the details of such Financial Intermediary Fees are clearly specified to the Investment Manager.
- 11.6. The Investor is responsible for informing the Investment Manager if the Investor terminates his relationship with any Financial Intermediary and wishes the Investment Manager to cease payment of any Financial Intermediary Fees to the Financial Intermediary.
- 12. Delegation and Assignment**
- 12.1. The Investment Manager may where reasonable, employ agents, including Associates, to perform any administrative, custodial or ancillary services to assist the Investment Manager in performing its services, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents.
- 12.2. See clause 7.6 and the Custody Agreement in relation to delegation by the Custodian. The Investment Manager may:
- 13. Potential Conflicts of Interest and Disclosure**
- 13.1.1. provide similar or other services to any other client; and
- 13.1.2. effect transactions in which the Investment Manager has directly or indirectly a material interest or a relationship with another party which may involve a conflict with the duty of the Investment Manager to any Investor and/or the Service.
- 13.2. Subject to FCA Rules and applicable law, the Investment Manager shall not in any circumstances be required to account to the Investor for any profits earned in connection with any such matter as is referred to in Clause 13.1. So far as is deemed practicable it will use all reasonable endeavours to ensure fair treatment as between the Investor and other clients in compliance with the FCA Rules. The Investment Manager has in place a conflict of interest policy (the "Conflicts Policy") pursuant to the FCA Rules which sets out how it prevents, identifies and manages conflicts of interest. Under the Conflicts Policy, the Investment Manager is required to take all reasonable steps to prevent, identify and manage conflicts of interest between:

13.2.1. the Investment Manager, including its employees and contracted consultants, or any person directly or indirectly linked to them by control, and a client of the Investment Manager; or

13.2.2. one client of the Investment Manager and another client.

13.3. Details of potential conflicts of interest that may arise in relation to the Service are also set out in the Information Memorandum.

#### 14. Liability of the Investment Manager

14.1. The Investment Manager will at all times act in good faith and with reasonable care and due diligence. Nothing in this Agreement shall exclude any duty or liability owed to the Investor by the Investment Manager under the FCA Rules.

14.2. The Investment Manager shall not be liable for any loss to the Investor arising from any investment decision or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Investment Manager or of its associates or any of their respective employees.

14.3. Subject to Clause 12 and FCA Rules, the Investment Manager shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title for the Service or any Investor, other than where such party is an Associate.

14.4. In the event of any failure, interruption or delay in the performance of the Investment Manager's obligations resulting from acts, events or circumstances not reasonably within its control including but not limited to acts or regulations of any governmental or supranational bodies or authorities and breakdown, failure or malfunction of any telecommunications computer service or systems, the Investment Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by the Investor.

14.5. The Investment Manager has carried out an assessment of the suitability of the Service for the Investor (by means of relying on the Investor's Financial Intermediary having advised the client or where an Investor has not been advised by a Financial Intermediary by seeking answers to relevant questions in a form of questionnaire accompanying the Information Memorandum). However, the Investment Manager does not give any representations or warranty as to the performance of the Portfolio. The Investor acknowledges that EIS Investments are high risk Investments, being non readily realisable investments i.e., even where

relevant Investments may be admitted to trading on AIM or AQSE or other comparable market, they are not admitted to trading on a regulated market such as the Main Market of the London Stock Exchange. Further details as to AIM are given in the Information Memorandum. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. The Investor undertakes that he has considered the suitability of investment in EIS Qualifying Companies carefully and has noted the risk warnings set out in the Information Memorandum.

#### 15. Termination

15.1. The Investment Manager shall set a date, which it shall notify to the Investor, on which the Service will terminate, which is likely to be after the fifth anniversary of the Closing Date. On termination of the Service, all shares held in the Portfolio will either be sold and cash transferred to the Investor and/or the shares will be transferred into the Investor's name or as the Investor may otherwise direct.

15.2. An Investor may terminate the Investment Manager's appointment at any time by not less than 14 days written notice to the Investment Manager. Where an Investor gives such notice of termination the Investment Manager will not sell any Investments and the Investor will need to provide instructions to the Custodian in respect of the transfer of any Investments and cash held on the Investor's behalf. In such circumstances, the Investor acknowledges:

15.2.1. that they may lose EIS Relief and/or CGT Deferral Relief in respect of Investments sold; and

15.2.2. the Investor cannot instruct the Investment Manager to sell particular shares of an Investee Company on their behalf in conjunction with such termination;

15.2.3. the Investment Manager has a lien on all assets within the Investor's Portfolio and shall be entitled prior to the effective date of termination to dispose of some or all of the Portfolio in order to discharge any liability of the Investor to the Investment Manager.

15.3. If an Investor wishes to withdraw any Investments or cash from the Investor's Portfolio prior to the date established by the Investment Manager under clause 15.1 above, the Investor must give notice of termination of the Service to the Investment

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Manager in accordance with clause 15.2.

- 15.4. If the Investment Manager;
- 15.4.1. gives to the Investor not less than three months' written notice of its intention to terminate its role as Investment Manager under this Agreement; or
- 15.4.2. ceases to be appropriately authorised by the FCA or becomes insolvent;
- 15.5 then the Investment Manager shall endeavour to make arrangements to transfer the Service to another appropriately constituted and authorised fund manager in which case that fund manager shall assume the role of the Investment Manager under this Agreement. Failing which this Agreement shall terminate forthwith and, subject to Clause 16, the Investments in the Portfolio shall be transferred into the Investor's name or as the Investor may otherwise direct.

### 16. Consequences of Termination

- 16.1. On termination of this Agreement pursuant to Clause 15, the Investment Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.
- 16.2. Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that the Portfolio will bear the cost of fees, expenses and costs properly incurred by the Investment Manager or the Custodian up to and including the date of termination and payable under the terms of this Agreement. On termination, the Investment Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under Clause 9 of this Agreement.

### 17. Confidential Information

- 17.1. Neither the Investment Manager nor the Investor shall disclose to third parties information the disclosure of which by it would be or might be a breach of duty or confidence to any other person.
- 17.2. The Investment Manager shall not be required to take into consideration information which comes to the notice of an employee, officer or agent of the Investment Manager or of any Associate, who or which has not been designated to provide services under this Agreement.
- 17.3. The Investment Manager will at all times

keep confidential all information acquired in consequence of this Agreement, except for information which

- 17.3.1. is public knowledge; or
- 17.3.2. which may be entitled or bound to be disclosed under compulsion of law; or
- 17.3.3. required to be disclosed by regulatory agencies; or
- 17.3.4. is given to its professional advisers, agents, counterparties or Associates where reasonably necessary for the performance of their professional services; or
- 17.3.5. is reasonably required to be disclosed in relation to any transfer referred to in Clause 15.4; or
- 17.3.6. needs to be shared with the Custodian for the proper performance of this Agreement; or
- 17.3.7. is authorised to be disclosed by the other party and shall use all reasonable endeavours to prevent any breach of this sub-clause.

### 18. Complaints and Compensation

- 18.1. The Investment Manager and the Custodian have established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available on request. Should an Investor have a complaint (including a complaint about the Custodian) he should contact the Investment Manager. If the Investment Manager cannot resolve the complaint to the satisfaction of the Investor, the Investor may be entitled to refer it to the Financial Ombudsman Service. The Financial Ombudsman can be contacted at: Email: <mailto:complaint.info@financial-ombudsman.org.uk> Tel: 0800 023 4567.
- 18.2. Both the Investment Manager and the Custodian participate in the Financial Services Compensation Scheme ('FSCS') established under the Financial Services and Markets Act 2000, which provides compensation to eligible Investors in the event of a firm being unable to meet its customer liabilities. Further information is available in the Custody Agreement (in relation to the Custodian) or on request from us. You can consult the FSCS website at <https://www.fscs.org.uk>.

### 19. Notices, Instructions and Communications

- 19.1. Notices of instructions to the Investment Manager should be in writing and signed by the Investor, except as otherwise specifically indicated.

19.2. The Investment Manager may rely and act on an instruction or communication which purports to have been given by persons authorised to give instructions by the Investor under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.

19.3. Communications given by us in writing may be sent by post, by email or by hand delivery. Subject to applicable law, you also agree to receive information from us by means of our Investor Portal accessible at <https://guinness.mainspringfs.com/>. We can also send you hard copy documents if you request this. We will charge £20 per quarter (including VAT) to cover the cost of sending hard copy documents unless you notify us of any relevant personal circumstances which lead us to conclude that it would be contrary to applicable law and regulation or otherwise inappropriate to make such a charge.

## 20. Amendments

20.1. The Investment Manager may amend this Agreement by giving the Investor not less than ten business days' written notice. We will only vary this Agreement under this Clause for one or more of the following reasons:

- 20.1.1. making the Agreement clearer and no less favourable to you;
  - 20.1.2. providing for the introduction of new systems, services, changes in technology markets and products, changes in economic or commercial conditions or the overall cost of providing the Service to you;
  - 20.1.3. to reflect other increases in costs (or reductions) arising in relation to the Service;
  - 20.1.4. rectifying any mistakes that may be discovered in due course; and/or
  - 20.1.5. making consequential changes where we have appointed a successor to the Custodian in accordance with Clause 7.2
- 20.2. The Investment Manager may also amend these terms by giving the Investor written notice with immediate effect if such is necessary in order to comply with applicable law and regulation including but not limited to HMRC requirements in order to maintain the EIS Relief and CGT Deferral Relief or in order to comply with the FCA Rules, and the Investor shall be bound thereby.

## 21. Data Protection

21.1. All data which the Investor provides to the

Investment Manager is held by the Investment Manager subject to applicable requirements as to data protection including the General Data Protection Regulation ((EU) 2016/679), the Data Protection Act 2018 and other applicable law and regulation relating to data protection from time to time. The parties record their belief that the Investment Manager may act as data controller in respect of any personal data it may receive from you in accordance with this Agreement and may pass such personal data to other parties (including but not limited to the Custodian) insofar as is necessary in order for it to provide the Service as set out in this Agreement and may also pass personal data to the FCA and any regulatory authority which regulates it and in accordance with all other applicable laws. The Investment Manager's current Privacy Policy is available on our website at [www.guinnessgi.com/privacy-policy](http://www.guinnessgi.com/privacy-policy).

21.2. The parties' belief as to the Custodian's status under data protection law is set out in the Custody Agreement.

## 22. Entire Agreement

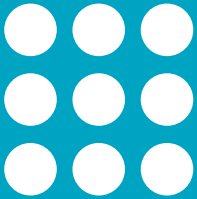
- 22.1. This Agreement, together with the Application Form, comprises the entire agreement of the Investment Manager with the Investor relating to the provision of the Service and supersedes all earlier meetings, any correspondences, or discussions that may have taken place preceding the signing of the Application Forms.
- 22.2. Clause 22.1 is without prejudice to the Custody Agreement.
- 22.3. Aside from the Custodian, who may enforce provisions of this Agreement which refer to it by name and to its rights and obligations in relation to the Investor, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that Act.

## 23. Severability

- 23.1. If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.

## 24. Governing Law

- 24.1. This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.



## CONTACT US

020 7222 3475\*

[eis@guinnessfunds.com](mailto:eis@guinnessfunds.com)

[www.guinnessfunds.com](http://www.guinnessfunds.com)

\* Phone calls will be recorded.

## APPLICATION FORMS

are available on our website or  
call or email us.