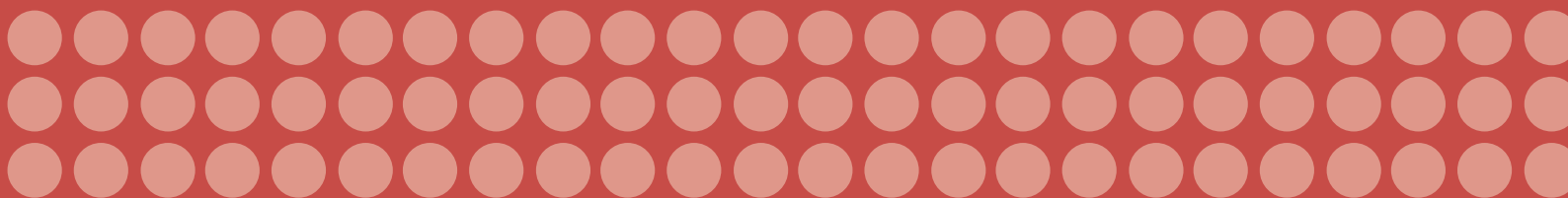


# Guinness EIS

## INFORMATION MEMORANDUM

*Generalist fund investing in companies that qualify for EIS 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.
- 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 26 of this brochure.
- It must be noted that where past performance is referred to, past performance is not a reliable indicator of future performance.



## CONTENT

<b>2</b>	• <b>WELCOME</b>
<b>4</b>	• <b>ABOUT GUINNESS ASSET MANAGEMENT</b>
<b>6</b>	• <b>THE ENTERPRISE INVESTMENT SCHEME</b>
<b>8</b>	• <b>TAX BENEFITS</b>
<b>10</b>	• <b>THE INVESTMENT OPPORTUNITY</b>
<b>12</b>	• <b>GUINNESS EIS INVESTMENTS</b>
<b>16</b>	• <b>THE INVESTMENT PROCESS</b>
<b>18</b>	• <b>THE INVESTMENT TEAM</b>
<b>22</b>	• <b>MAKING AN INVESTMENT</b>
<b>24</b>	• <b>FAQS</b>
<b>25</b>	• <b>CHARGES</b>
<b>26</b>	• <b>KEY RISKS</b>
<b>28</b>	• <b>DEFINITIONS</b>
<b>30</b>	• <b>PARTIES AND ADVISORS</b>
<b>33</b>	• <b>IMPORTANT INFORMATION</b>
<b>34</b>	• <b>INVESTOR AGREEMENT</b>

### CONTACT US

☎ 020 7222 3475\*

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

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

\* Phone calls will be recorded.



Our Guinness EIS service is built on our experience of what makes a business an attractive investment opportunity, and our ability to source, invest in and support entrepreneur-led growth companies.



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



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



*Guinness Asset Management has been based in Westminster since its inception in 2003, and has established itself as a leading EIS Investor. We have invested over £200 million of EIS funds into more than 100 companies across our Guinness EIS and Guinness AIM EIS portfolios.*



## WELCOME TO GUINNESS EIS

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

Within the universe of EIS-qualifying investments, our Guinness EIS Service is focused on identifying and investing in growth companies that require **scale-up capital**. These are businesses that have already proved their product, service or technology and are raising funds to roll out to a bigger audience.

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

We expect to invest in a portfolio of ten or more companies for investors, with portfolios spread across a range of sectors. We are an evergreen service with quarterly closes, and we target fully investing subscriptions in the tax year that the tranche closes.

We identify investments that can deliver a multiple return to investors over the four to five year investment period. We expect a spread of outcomes from these investments, and have a target portfolio return of 2x before Performance Fees and EIS tax reliefs.

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

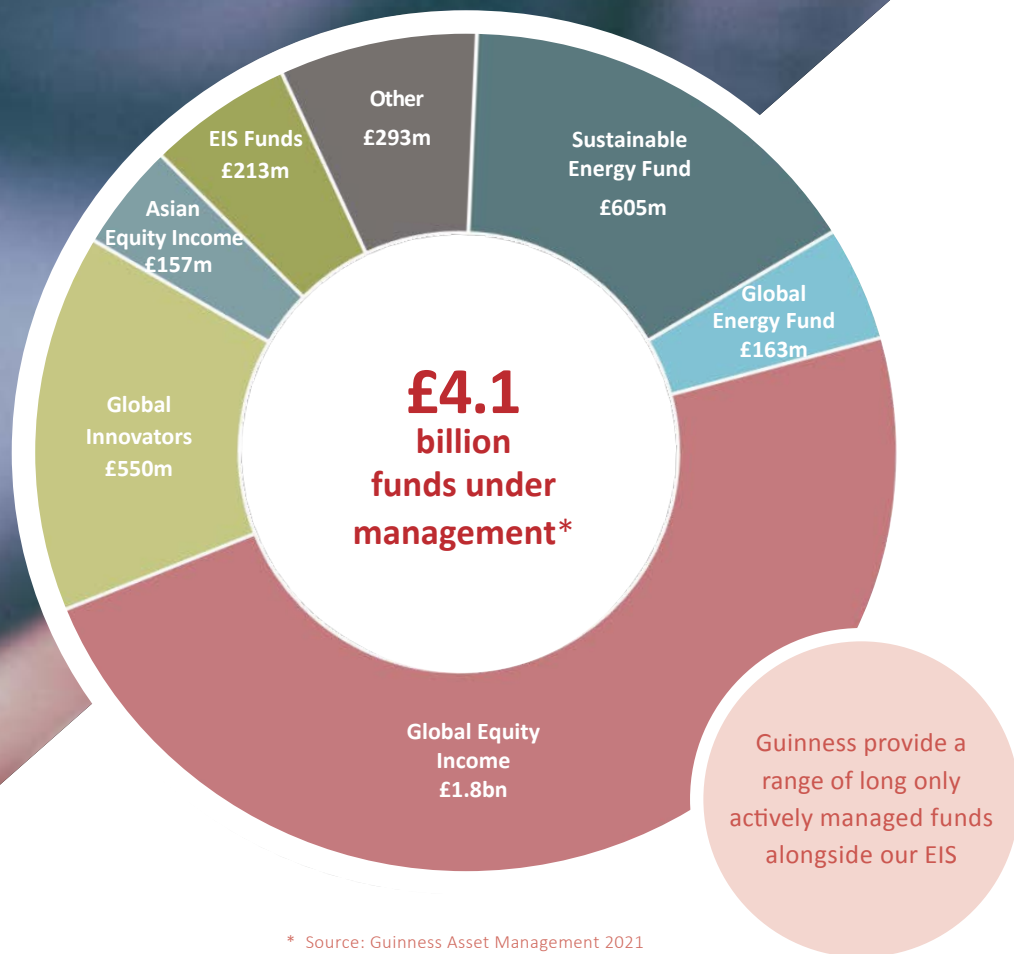
*Guinness has exited over seventy private and listed EIS-qualifying companies since 2016.*

\* Source: Guinness Asset Management 2021

*We are  
the result  
of years of  
experience and  
commitment.  
Our passion  
for what we do  
enables us to  
stand out in  
our sector.*



We are a London-based specialist fund management company. Our in-house economic, industry and company research allows us to take an independent view and not be led by the market.



## ABOUT GUINNESS ASSET MANAGEMENT

The firm currently manages £4.1 billion on behalf of investors, which includes funds managed on behalf of our US sister company, Guinness Atkinson Asset Management.

Since 2010, the Guinness EIS team has raised and invested over £200 million in EIS qualifying companies.

At the heart of our investment approach is “Growth at a reasonable value”. We believe investment managers should have a high conviction about the investments in their portfolio.

Our funds have a relatively high concentration. We have found this approach provides an excellent balance between the benefits of diversification and the risk of diluting investment returns.

Guinness Asset Management is 100% owned by its directors and employees, which we believe helps to align our interests with those of our investors.

Guinness Asset Management provides actively managed portfolios in a selection of asset classes and specialist growth themes to assist investors in this aim.





*The Enterprise Investment Scheme (EIS) was launched in 1994 to help smaller, higher-risk companies raise finance by offering a range of tax reliefs to investors who purchase new shares in those companies.*

## *Our generalist approach*

provides balanced and diversified portfolios to our investors



## THE ENTERPRISE INVESTMENT SCHEME

The Enterprise Investment Scheme is now 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 around £20 billion in funds that have been invested in 33,000 individual companies. Recent data from HMRC shows that 4,215 companies raised a total of £1.9 billion of funds under the EIS scheme in the 2019/20 tax year. (Source: HMRC Statistics, May 2021).

### Investing with EIS

Guinness EIS looks to invest in a portfolio of around ten carefully selected investments into growth companies across a range of sectors.

EIS investments qualify for tax reliefs (detailed on the next page)

that help mitigate the risks investors are taking by investing in smaller, unlisted companies.

### Investing for the Medium Term

Only certain companies qualify for the EIS tax breaks, 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.

*For additional EIS related risks, please see the Key Risks section on page 26.*



Individuals can invest £1m per tax year or £2m when investments in 'knowledge-intensive' companies (KICs) are included



30% Income Tax Relief



Capital Gains Tax exemption on profits



Loss relief should the investee company fail



Capital Gains Tax (CGT) deferral on disposal of any asset



Inheritance Tax exemption



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

**Tim Guinness**  
Chairman

## WHY INVEST IN AN EIS FUND?

The main tax benefits that may be claimed by Investors in the Guinness EIS Service, depending on their individual circumstances:

### 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. Qualifying Investors may claim income tax relief in the tax year in which shares in an Investee Company are issued to them, or carry the relief back to the tax year immediately preceding the Investment.

### 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 an investment in an Investee Company has been made.

### Inheritance Tax Relief

Once an Investment has been held for at least two years, EIS shares are likely to qualify for Business Relief which can provide up to 100% relief from Inheritance Tax.

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 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](http://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.*





*How do we  
select the  
companies  
we target for  
Investment?*

## EXPERIENCED MANAGEMENT TEAMS

We look for experienced and competent management teams with a strong understanding of their market and competitive position, and with a track record of building and selling companies.

## GOOD VISIBILITY ON FUTURE GROWTH

Maturing companies and businesses with clearly defined growth paths. We favour businesses with a proven technology, service or product. Over the last two tax years investee companies have had average revenues of £2.8m at the point of investment.

## ROBUST DEAL DYNAMICS

Companies should have strong competitive positioning, underpinned by a realistic business plan. Investments structured to maximise returns and allow Guinness to protect our investors' interest.



## INVESTMENT TERM

You should expect to invest for at least four to five years.

The EIS holding period is a minimum of three years. We target an investment horizon of four to five years between purchase of shares and exit.

You will need to be prepared to have your investment tied up for this length of time before investing.

## TARGET RETURN

We are targeting a portfolio return of in excess of £1.75 for every £1.00 invested, after fees but before tax reliefs.

This is before taking into account the benefit of EIS Tax Reliefs. EIS Income Tax Relief can enhance returns, as shown for the illustrative £100,000 investment below.

<b>Initial Investment</b>	<b>£100,000</b>
Plus: EIS Income Tax Relief	£30,000
Target Return	£175,000
Tax Free Return	£205,000
<b>Return</b>	<b>+105%</b>

Notes: The above example is purely for illustrative purposes and based on current tax rates and legislation. This should not be relied upon to predict actual returns and is not an indication of the future performance of investee companies. Returns and profits are quoted net of all fees and expenses for simplicity.

## EXIT PLAN

We view a successful exit as the most important part of the investment process.

We look at the options for exit even before we commit to making an investment, as well as right through the investment holding period.

The Guinness team have successfully exited more than 70 private and AIM-listed EIS-qualifying investee companies since 2016, including eleven private businesses exited through trade sales.

Routes to exit include:

- sale to a trade or financial buyer
- sale to management
- via a listing on a public market such as AIM
- leveraged return of capital to investors



## Using our skills to invest in a range of EIS-qualifying opportunities

Guinness EIS Investment Managers are experienced at reviewing and assessing investment opportunities in growth companies. The team have an extensive network of introducers who bring us investment opportunities, as well as receiving many direct approaches from entrepreneurs and business owners.

*AN INVESTMENT TEAM WITH OVER 100 YEARS  
OF COMBINED VENTURE CAPITAL EXPERIENCE*

**SECTOR**

Photobooks

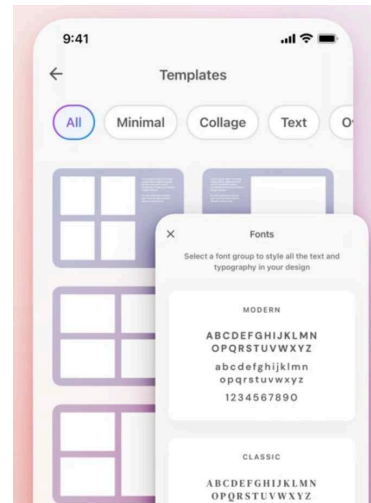
**TRANSACTION**

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

**RATIONALE**

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

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

**SECTOR**

Technology

**TRANSACTION**

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

**RATIONALE**

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

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





## SECTOR

Food and Beverage

## TRANSACTION

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

## RATIONALE

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

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



## SECTOR

Leisure

## TRANSACTION

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

## RATIONALE

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

[www.gravity-uk.com](http://www.gravity-uk.com)



**SECTOR**

Healthcare

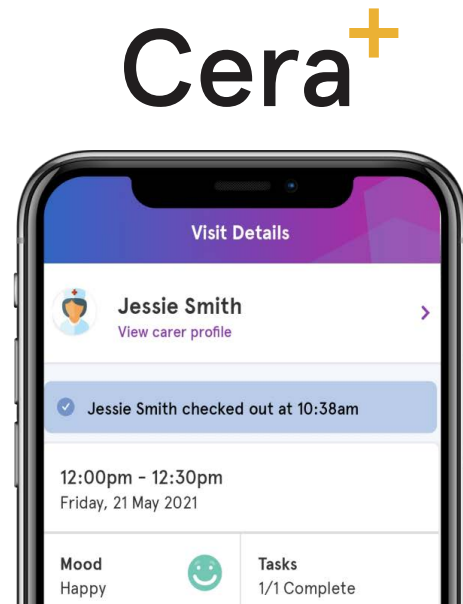
**TRANSACTION**

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

**RATIONALE**

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

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

**SECTOR**

Healthcare

**TRANSACTION**

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

**RATIONALE**

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

Doctify has grown rapidly for the past 36 months.

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



*The five steps of  
investment*



# THE INVESTMENT PROCESS

## Origination

The Investment Manager sources Investments through its networks of contacts. Guinness Asset Management has made over 100 EIS investments since 2011, and has consequently established a broad pipeline of investment opportunities and introducers. All origination leads are discussed at the Investment Manager's regular pipeline meetings where they are prioritised according to the investment strategy.

## Due Diligence

Origination leads that have been prioritised are initially screened internally. The Investment Manager will usually secure a period of exclusivity while due diligence is completed. This may involve external advisers and concludes with negotiating investment terms. The findings are compiled into an investment memorandum, which is circulated to the Investment Committee for discussion at Investment Committee meetings.

## Transaction

If the Investment Committee grants final approval for a potential investment, the Investment Manager will set a budget and time frame for completing the transaction. The Investment Manager manages transactions internally, but also engages third parties such as lawyers and accountants for transaction support.

## Monitoring

The Investment Manager usually seeks Board positions in Investee Companies. We seek to establish regular formal communication with management teams. The Investment

Manager closely monitors each Investee Company during the life of an Investment. Investee Companies are also required to provide the Investment Manager with regular management reports and financial statements.

## Exit

The Investment Manager actively monitors opportunities for exits of individual investments. Any potential exit strategy will be described in a short-form memorandum and submitted to the Investment Committee for final approval prior to the commencement of any sale process.







**Shane Gallwey**  
*Head of EIS*

Shane has, over the last twenty years, advised, invested in and sold a large number of EIS businesses. He was previously a director of Northland Capital Partners, where his focus was on advising growth companies on capital structuring, with an emphasis on tax-efficient funding through EIS and VCT for a range of small to mid-size companies. From 2002 to 2006 Shane was based in Gibraltar with Trafalgar Financial Futures. Prior to that he spent six years at HSBC Investment Bank. Shane holds an MA from the University of Edinburgh, and is a CFA Charterholder.



**Dr Malcolm King**  
*Fund Manager*

Malcolm joined the Guinness EIS Team as an Investment Manager in October 2013. Prior to joining Guinness, Malcolm worked for the Carbon Trust and its subsidiary CT Investment Partners where he led or managed 15 transactions in the cleantech and renewables sector. From 2006 to 2008 Malcolm worked as a Consultant for Angle Technology plc where he was heavily involved in the management of the Carbon Trust Angle Incubator, the leading cleantech incubator of its kind in Europe. Malcolm has a PhD in Physical Chemistry from Cambridge University and a BSc (Hons) in Chemistry from the University of Pretoria.



**Bridget Hallahane**  
*Portfolio Manager*

Bridget joined the EIS team to lead our portfolio management function. Previously she worked as the Chief Financial Officer at Active Partners who focus on investment in high growth SMEs. During this time, she developed both the finance and portfolio management function. For 12 years she worked at PricewaterhouseCoopers across a range of teams including assurance, transaction services and business recovery. Bridget has international experience across a broad range of sectors and size of companies. She graduated from University College London and is a qualified as a Chartered Accountant.

*£2.5 million  
average portfolio  
company revenues  
in 2020*

*40+ Growth  
company  
investments*

*600+ investment  
opportunities  
reviewed each year*



**Ashley Abrahams**  
*Fund Manager*

Ashley joined Guinness Asset Management in 2018 and is an Investment Manager in the Guinness EIS Team. Prior to joining Guinness Asset Management, Ashley gained experience working for CBPE Capital and CIL Management Consultants. He has worked with companies in most sectors of the UK economy and has a focus on helping develop and support growth strategies for SMEs. Ashley graduated from the University of Cambridge and has a joint honours MA (Cantab.) in Management Studies and History.



**Hugo Vaux**  
*Fund Manager*

Hugo joined Guinness Asset Management 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.



**Adam Barker**  
*Associate*

Adam is responsible for sourcing, screening, structuring, and managing the due diligence of investment opportunities for the Guinness Ventures fund. Adam also assists across the Guinness Sustainable Infrastructure and Guinness AIM EIS funds. Prior to joining Guinness in 2018, Adam completed internships in various financial services roles including venture capital and equity analysis. Adam graduated in 2016 from UWE Bristol with a degree in Mathematics.

*2x target  
return on  
growth  
portfolios*

*50 experienced  
in-house team  
members*

*100% of funds  
raised invested  
in 2020/21 tax  
year*



**Will Clark**  
***Business Development***

Will is responsible for distributing the Guinness suite of EIS and Business Relief qualifying investments. His focus is managing and growing our relationships with intermediaries including IFAs, Wealth Managers and Private Banks across the UK. He also works closely with our investor relations and operations team to ensure investors and advisers received a high standard of service throughout the life of their investment. Prior to joining Guinness in 2019 he has worked at Mariana Capital, The Ingenious Group, Barclays Wealth and UBS Wealth. He holds a B.A (Hons) degree in Philosophy and Economics from the University of Southampton.



**Sabina Pasha**  
***Associate***

Sabina works as an Associate in the EIS team where she loves all things consumer and impact focussed. She splits her time between investment opportunities and portfolio management. She works with our portfolio company founders to support them on their growth journeys, and also on developing the EIS team's ESG projects. Prior to joining Guinness in 2021, Sabina completed her ACA qualification at BDO in their Transaction Services team.



**James Fox**  
***Associate***

James joined as an Associate in the Guinness EIS team in July 2021, working both within the portfolio management and investment teams. Coming from a physics background, James loves finding and working with businesses which use AI and machine learning to innovate and push the boundaries of today's tech. He has a diverse portfolio of companies, ranging from SAAS businesses within AdTech, Sport Tech and EdTech through to Food & Drink which he monitors and helps to grow. James graduated from the University of Nottingham, with a Master's Degree in Physics & Astronomy and is a Chartered Accountant.

*14 investments  
made in the  
2020/21 tax year*

*100+ years of  
investment  
experience*

*6 months average  
time to fully  
invest portfolios*



**Tim Guinness**  
***Founder and Chairman***

Tim Guinness is the Founder and Chairman of Guinness Asset Management. Tim has 35 years of experience in asset management. He was Joint Chairman of Guinness Flight Global Asset Management Ltd. Tim graduated from Cambridge University with a degree in engineering.



**Edward Guinness**  
***Chief Executive***

Edward is CEO of Guinness Asset Management. In 1998 he joined HSBC Investment Bank, working in the Utilities and Telecoms teams. He subsequently worked in New York as a merger arbitrage analyst at the Tiedemann Investment Group before joining Guinness Asset Management in 2006. He graduated from Cambridge with an MA (Hons) in Engineering and Management Studies.



**Andrew Martin Smith**  
***Advisory Committee***

Andrew Martin Smith began his career at Hambros Bank in 1975 as a graduate from Oxford University. He has over 30 years' experience in the financial services industry. He was previously Chief Executive of Hambros Fund Management.

**11** Guinness  
EIS exits  
since 2016

£2m invested by  
Guinness team to  
date into EIS funds

£120m invested  
since  
2017



## YOUR STEP BY STEP GUIDE

*The Guinness 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. Guinness manages over 3,000 investment accounts which are administered by Mainspring.*

### STEP 1

#### APPLICATION

Complete the application form and return it to:  
Guinness 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 Mainspring account details .



### STEP 3

#### CONTRACT NOTE

As each investment is made, you will receive a contract note and information on the investee company.



## STEP 4

### EIS FORM



An EIS 3 form 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

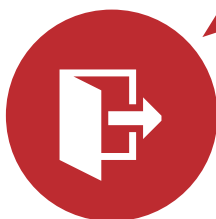
We will send you valuation statements and Investor Updates every six months throughout the life of the investment.



## STEP 6

### EXIT & CLOSING STATEMENT

We will send you a closing statement and explanation on the sale of each investment.



## YOUR QUESTIONS ANSWERED

### 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 and funds 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 contract note for each investment.

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

You will receive an Investor Update 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.

### How are investments valued?

Valuations are undertaken twice a year, as of 5 April and 5 October. The Investment Manager takes a conservative approach to private company valuation, and follows the International Private Equity & Venture Capital Valuation Guidelines. This usually means that share valuations of Investee Companies are maintained at the price of most recent investment, although this is kept under regular review.

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

EIS Tax Reliefs can be claimed once Investments have been made into underlying Investee Companies, those companies have been trading for four months, and HMRC has issued EIS 3 certificates. The majority of EIS 3 certificates are received within 6 months of investment.

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

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

**020 7222 3475**

*Fees charged to investee companies are shown for completeness*

## TRANSPARENT, UPFRONT CHARGES

### Initial Fee

An Initial Fee of 2.2% of the Subscription amount is charged to EIS Investee Companies at the time of investment. This covers the transaction costs and ancillary fees charged by the Custodian.

### Management Fee

A Management Fee of 2% per annum of the amount Subscribed is charged to EIS Companies.

### Custodian Fees

A Custodian fee of 0.2% per annum of the amount invested in an Investee Company is charged by Guinness to Investee Companies. The Custodian will charge a sale transaction fee of up to 0.3% on the sale proceeds.

### Performance Fee

A performance fee of 20% plus VAT is applied to profits on the total portfolio return. No Performance Fee is payable until investors have received back cash proceeds equivalent to the amount invested in Investee Companies.

### Direct Investors only

A Direct Investor Fee of 3% of the Subscription amount is payable to Guinness once the Subscription is accepted. This is charged prior to investments being made.

VAT is charged where stated. Unpaid Manager or Custodian fees may be paid from the sale proceeds of investments.

### FEES



	Direct Investors	Advised Investors
Direct Investor Fee	3%	-
Initial Fee* (including Transaction Fees)	2.2%	2.2%
Management Fee*	2% per annum	2% per annum
Custodian Fee*	0.2% per annum	0.2% per annum
Custodian Sale Fee	0.3%	0.3%
Performance Fee	20% + VAT	20% + VAT

\* Charged to Investee Companies



## RISK FACTORS TO CONSIDER

Before making any decision to Subscribe, prospective Investors should carefully consider all the information contained in this Information Memorandum including the risks attached to a Subscription in the Service, particularly those factors as described below.

### Investment Risk

The Investment Manager may be unable to make sufficient investments in suitable Investee Companies. If sufficient investments are not made, the returns achieved by the Service could be materially impacted.

### Exit

The Investment Manager will rely on achieving an exit for the Investments in order to generate a return for Investors. Minority holdings in unquoted Investments may be difficult to protect and difficult to realise. The timing of realisations of Investments by the Service cannot therefore be predicted. There is no guarantee that exits will be available to generate returns anticipated by the Investment Manager.

### Performance

Past performance of the Investment Manager is no guarantee of future performance. The target return should not be relied upon to predict actual returns and is not an indication of the future performance of investee companies. 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.

### Liquidity

It may be difficult to sell or realise the Investment or obtain reliable information about their value.

Investors should not consider investing funds which are, or may be, required during the life of the Service.

### Diversification

The Investment Manager intends to invest in at least six companies. It is expected that there will be very limited diversification, which will concentrate risk on a small number of companies.

### Tax

The tax reliefs referred to in this

Information Memorandum are those currently applicable. However, Investors should be aware that tax rates and available reliefs can change or be withdrawn.

Their applicability and value will depend upon the individual circumstances of a given Investor. 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 in the Service.

Investee Companies are 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 returns.

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 each Investment. 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/or CGT Deferral Relief, and potential interest and penalties.

Shares in companies which qualify under the EIS legislation will normally qualify for Business Relief for Inheritance Tax purposes. 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 Income Tax Relief, EIS CGT Deferral Relief and IHT 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 interests of Investors.

Investee companies may require additional funding. Failure to raise sufficient additional capital could have

a material impact on returns.

#### Conflicts of Interest

The Service may invest alongside third parties. Such third parties may at any time have economic interests or goals which differ from those of the Investment Manager.

Because the Investment Manager may manage or advise on other investment funds with the same or similar objectives to the Service, it may be relevant for the Investment Manager to have to reach a decision on which of two or more such entities (including the Service) are entitled to participate in the given investment opportunities; in any such case, the Investment Manager will endeavour to exercise its judgment so as to balance the interests of all of its clients.

These are indications of potential conflicts of interest. The list is not exhaustive. The Investment Manager maintains a conflicts policy in relation to the Service and will provide a copy in writing to any Investor who wishes to review it.



## DEFINITIONS

AIFMD	Alternative Investment Fund Managers Directive
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)
Carry Back Relief	Income tax relief, in respect of a subscription of up to £1,000,000 into an EIS Qualifying Company in one tax year, may be carried back to the prior tax year to be set against an individual's income tax liability for that year, save to the extent that income tax relief has already been claimed under the EIS for the prior tax year, and sufficient income tax has been paid to utilise the reliefs
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 custodian 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
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.
FCA	The Financial Conduct Authority

Guinness Asset Management 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
Investor Management Team	Shane Gallwey, Edward Guinness, Malcolm King, Hugo Vaux, Adam Barker 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 or such other nominee or other agent as the Investment Manager 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
Qualifying Investors	UK taxpayers eligible to claim EIS Relief and EIS CGT Deferral Relief
Service or Guinness EIS Service	Guinness EIS, a discretionary managed service set up to enable Investors to invest in EIS Qualifying Companies;
Subscription	A valid subscription made to the Service, net of any Financial Intermediary Fee, on the terms set out in this Information Memorandum;



## EIS FUND PARTIES AND ADVISORS

Investment Manager	<p>Guinness Asset Management Limited</p> <p>18 Smith Square, Westminster, London SW1P 3HZ</p> <p>Telephone: 020 7222 3475</p> <p>Email: <a href="mailto:eis@guinnessfunds.com">eis@guinnessfunds.com</a></p> <p>Website: <a href="http://www.guinnessfunds.com">www.guinnessfunds.com</a></p>
Custodian	<p>Mainspring Nominees Limited, 27 Furnival Street, London, EC4A 1JQ</p>
Nominee	<p>GAM MNL Nominees Limited, 27 Furnival Street, London, EC4A 1JQ</p>
Tax Advisors	<p>Philip Hare &amp; Associates LLP</p> <p>Hamilton House, 1 Temple Avenue, London, EC4Y OHA</p>





# IMPORTANT INFORMATION

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's registered office is at 18 Smith Square, Westminster, London SW1P 3HZ.

Telephone: 020 7222 3475. Phone calls will be recorded.

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 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.

The Service will 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 the Service may only be made and will only be accepted subject to the terms and conditions of the Investor Agreement. 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 the Service 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.

## 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, greatly increasing the number and detail of reports that Alternative Investment Fund Managers ("AIFMs") must make to regulators.
- it requires that each AIF appoint a regulated depository ("Depository") 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 Depository (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.

By receiving this Information Memorandum you agree to be bound by the foregoing conditions and restrictions. Investing through the Service is speculative and involves a significant degree of risk. The attention of prospective Investors is drawn to the contents of the section in this document entitled "Risk Factors".



# INVESTOR AGREEMENT

This Investor Agreement (the “Agreement”) sets out the terms and conditions for the Guinness EIS agreed between the Investor (also referred to as “you” and Guinness Asset Management Limited (also referred to as “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 FCA (“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 “the Custodian” are to Mainspring Nominees Limited (registered in England and Wales with registration number 08255713 and with its registered address at 27 Furnival Street, London, EC4A 1JQ, authorised and regulated by the Financial Conduct Authority (FRN: 591814);
  - 1.6.2 “the Nominee” are to GAM MNL Nominees Limited and is registered in England and Wales with registration number 12960841 and registered address at 27 Furnival Street, London, EC4A 1JQ. The Nominee is a separate legal entity and is wholly owned by Mainspring Nominees Limited.

## 2. Investing in Guinness 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 and including 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

- 5.1. In performing its services, the Investment Manager shall have regard to the need for the Investments to attract EIS Income Tax Relief and/or CGT Deferral Relief.
- 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 relevant execution factors specified in FCA Rules) and 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.guinnessfunds.com/wp-content/uploads/2020/05/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 the Portfolio will be invested in a range of unlisted securities and, there is generally no relevant market or exchange and consequently limited or no rules and customs for such securities, 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 reasonably 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, his Investment will be redistributed across all other Investors as equitably as practically possible, and an equivalent cash amount 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 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 the Custody Agreement, a copy of which may be obtained from the Custodian's website at <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 summarizes 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. 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.

- 7.7. 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.
- 7.8. 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 require the Manager to instruct 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 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.
- 7.9. The Custodian will hold cash subscribed by or held on behalf of the Investor in accordance with the FCA Client Money Rules. Such cash balances 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 a rate of two percent (2%) below the Royal Bank of Scotland interest rate 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.
- 7.10. 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.

- 7.11. 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.

## 8. Reports and Information

- 8.1. Subject to Clause 8.5, the Investment Manager shall send Investor Updates (i.e. reports and valuations required by FCA Rules) every six months. Reports will include a measure of performance. The Investor has a right to request Investor Updates 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.
- 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. Any statements, reports or information provided under Clause 8.1 to the Investor will state the basis of any valuations of Investments provided.
- 8.6. 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 the Information Memorandum relating to your Subscription.
- 9.2. The Custodian shall receive a sales transaction fee of 0.3%, payable from the proceeds of investments.
- 9.3. 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 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.

- 9.4. 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 them 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 they are 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 defined in the Custody Agreement).

## 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 6.6 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 referred to in Clause 11.2) or receives value from such company (in which case Clause 6.6 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 to 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. Any such employment of agents shall not affect the liability of the Investment Manager under the terms of this Agreement.

## 13. Potential Conflicts of Interest and Disclosure

13.1. The Investment Manager may:

3.1.1. provide similar or other services to any other client; and

3.1.2. 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 circumstance 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:

3.2.1. 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

3.2.2. 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 or restrict 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 Clauses 6.7 and 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 or 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 appropriateness 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. 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 Investment Manager will 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 on the Investor's instructions; 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 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
 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.
- 16.3. 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, 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 where reasonably necessary for the performance of their professional services;

17.3.5. needs to be shared with the Custodian for the proper performance of this Agreement; or

17.3.6. 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: [info@financial-ombudsman.org.uk](mailto: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 also 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 any 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 that the provisions of the Equality Act (or equivalent legislation) apply.

## 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 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.

## 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) and the Data Protection Act 2018. 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 <https://www.guinnessfunds.com/wp-content/uploads/2019/10/Privacy-Policy-and-Cookie-Policy-October-2019.pdf>.

## 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 Form.

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.

#### *APPLICATION FORMS*

are available on our website  
or by calling or emailing our  
office.

#### *CONTACT US*

☎ 020 7222 3475\*

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

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

\* Phone calls will be recorded.

