

GUINNESS **AIM EIS**

INFORMATION MEMORANDUM

**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.

**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-askyou-invest](http://www.fca.org.uk/investsmart/5-questions-askyou-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.
- 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)**

WELCOME	4
ABOUT GUINNESS	5
THE ENTERPRISE INVESTMENT SCHEME	6
OVERVIEW OF TAX BENEFITS	7
THE AIM MARKET	8
KEY STATISTICS	9
GUINNESS AIM EIS SUMMARY	11
INVESTMENT PROCESS	12
MAKING AN INVESTMENT	13
SUCCESSFUL EXITS	14
EXPERIENCED TEAM	16
FEES	17
FREQUENTLY ASKED QUESTIONS	18
RISKS	20
PARTIES AND ADVISERS	22
DEFINITIONS	23
IMPORTANT INFORMATION	25
INVESTOR AGREEMENT	26

# Welcome to Guinness

Guinness Asset Management was founded in 2003 and has grown to be a leading independent fund manager specialising in long-only equity funds and unlisted private investments.

Our experienced team have been running the Guinness AIM EIS Service since its inception in 2014. Investing in AIM-listed companies enables EIS Investors 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 investments into growth companies during that period. Andrew is supported by Hugo Vaux and George Whear.

The offering has a closing date of 8th April 2024. 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 2024/25 tax year or carry back to the 2023/24 tax year.



**Shane Gallwey**  
Head of Ventures

**November 2023**

# About Guinness

Our focus is on investment management, and we have built up a team of experts who actively manage investments for a range of customers including individuals, companies and institutional investors. We strive to provide our investors with the very best levels of service and solutions that address their investment needs.



**Guinness Global Investors**, a trading name of Guinness Asset Management Limited, is a specialist fund manager with £7 billion in funds under management.



**Guinness Ventures**, a trading name of Guinness Asset Management Limited, has been investing in early-stage businesses since 2010. We focus on providing scale-up capital to exciting British companies, with more than £280 million invested into over 180 companies.



based in **London** since **2003**



We have invested **over £280m in EIS & IHT** qualifying companies



The Guinness Group manages **over £7 billion** for investors



We have **over 70 staff** employed

## The Enterprise Investment Scheme

**The Enterprise Investment Scheme 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 £30 billion in funds that have been invested in 53,000 individual companies. Recent data from HMRC shows that companies raised a total of £3 billion of funds under the EIS scheme in the 2021/22 tax year (*Source: HMRC Statistics, May 2023*).

### Investing with EIS

Guinness AIM EIS looks to invest in a portfolio of over 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.

### EIS Qualification

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.



## Overview of Tax Benefits

**The main tax benefits that may be claimed by Investors in the Guinness AIM 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. However, an additional £1 million can also be invested in knowledge intensive companies, making the total permitted investment into EIS reach £2 million per person. 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 may enable investors to defer those gains for the life of the EIS investment. The CGT liability can be eliminated if the investment is held at death, and there is no limit on the amount of capital gains tax liability that can be deferred.

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

### 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 Exemption on Profits

Investors may 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 shares in an EIS Qualifying Company are disposed of at a loss (net of any EIS Income Tax Relief already claimed), Investors may be eligible to claim loss relief at their marginal rate of tax (up to 45%).

## The AIM Market

The Alternative Investment Market, commonly known as AIM, is a sub-market of the London Stock Exchange (LSE) designed to facilitate the listing of smaller companies. Established in 1995, AIM was created to provide a platform for dynamic and growing businesses seeking access to capital markets. Over the years, it has become an important part of the UK financial landscape, fostering innovation, encouraging entrepreneurship, and fueling economic growth.

### Objectives and Characteristics

AIM's primary goal is to enable smaller, high-potential companies to raise capital by issuing shares to the public. Tailored for growth-oriented enterprises, AIM provides a less stringent listing process compared to the main market, allowing companies to enhance visibility, broaden their investor base, and fuel expansion.

### Investor Opportunities

AIM attracts a diverse range of investors, from institutions to individuals, seeking exposure to companies with significant growth prospects. The market's potential for high returns appeals to risk-tolerant investors looking to engage with enterprises at various development stages.

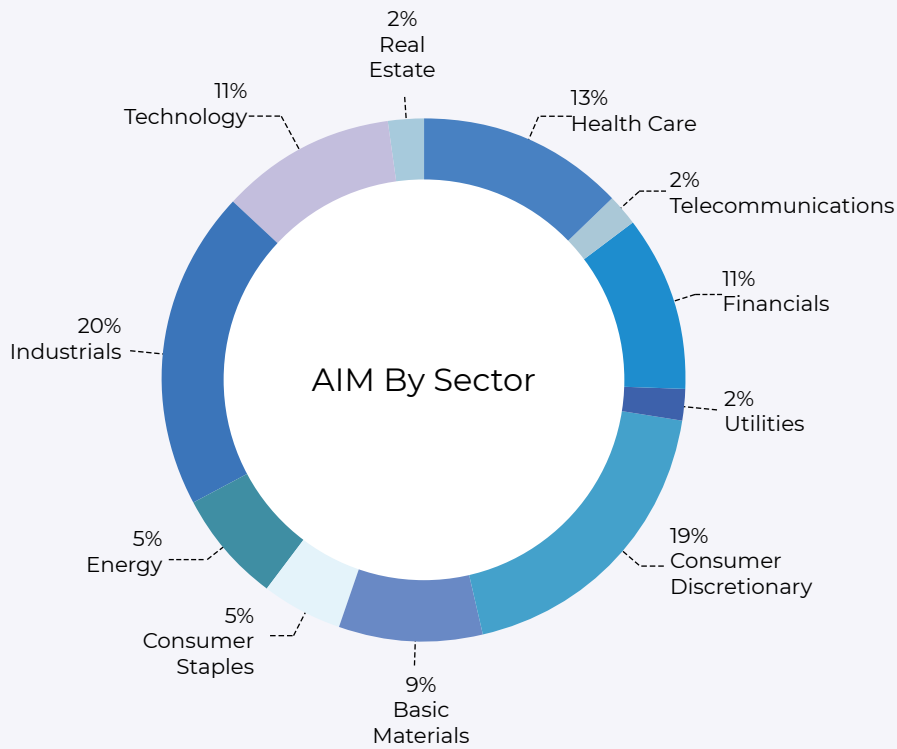
### AIM - KEY STATISTICS

Total number of AIM listed companies	769
Total market cap for all AIM companies	£72 billion
Total money raised on AIM since inception	£133 billion
Total raised by new issues	£48 billion
Total raised by secondary issues	£86 billion
2023 share turnover value	£43 billion
2023 number of trades	8 million
2023 average daily trade value	£205 million

Source: London Stock Exchange, October 2023

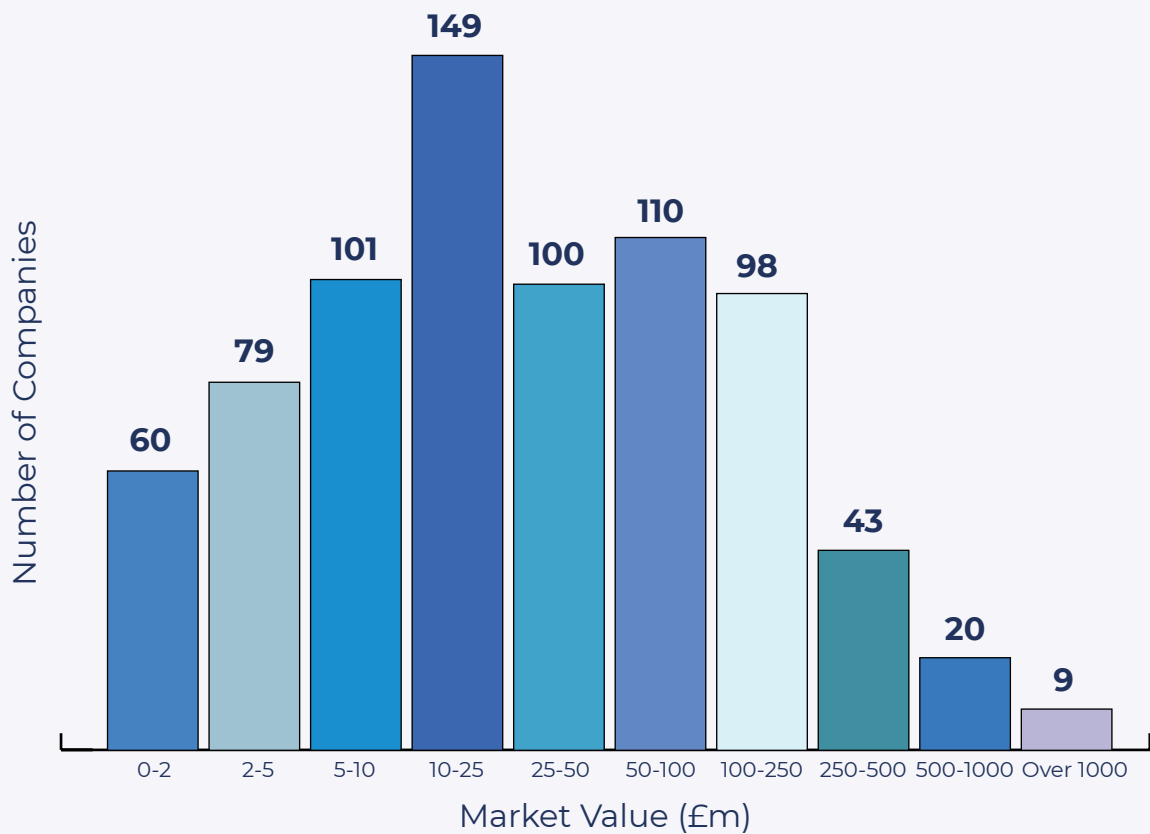


## Key Statistics



Source: London Stock Exchange, October 2023

## Distribution of Companies by Equity Market Value



Source: London Stock Exchange, October 2023

## Market Performance

AIM has witnessed notable success stories, with many companies growing to become key players in their industries. Despite potential volatility, the market's performance highlights its appeal, offering investors opportunities for substantial returns.

## Regulatory Framework

Operating under the regulatory oversight of the London Stock Exchange, AIM maintains a balance between investor protection and the flexibility required for smaller companies. Regulatory standards ensure adherence to disclosure requirements and governance standards.

## Challenges and Considerations

Investing in AIM-listed companies comes with challenges such as market volatility, liquidity concerns, and higher uncertainty levels. Investors must conduct thorough due diligence to navigate these risks and make informed investment decisions.

### Prospects for the AIM EIS in 2024:

“Considering that when making an investment in an AIM EIS Scheme one is making a 3-5 year commitment to the market, 2024 does look an interesting entry point.”

- Andrew Martin Smith  
Lead Fund Manager



## Guinness AIM EIS Summary

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<b>Investment Focus</b>	Companies admitted to AIM that qualify for EIS Relief
<b>Target Size</b>	£10 million
<b>Closing Date</b>	8th April 2024
<b>Target Investment Period</b>	Targeting full investment of subscriptions within 12 months
<b>Target Return (before tax reliefs)</b>	Targeting 1.3x* portfolio return after fees
<b>Minimum Investment</b>	£20,000
<b>Expected Life of Service</b>	5 years+

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### Investing in the potential of growing British companies

Our generalist investment approach means we consider the potential growth of companies and their market opportunities across a range of sectors including technology, education, healthcare, manufacturing, retailing, leisure and food & drink.

Guinness Ventures has invested £30 million from the Guinness AIM EIS Service into 120 companies across 15 sectors, and over £24 million has already returned to investors. Some examples of these are detailed in this information memorandum and are typical of the type of investment the Guinness AIM EIS service will make.

The value of an investment may fall as well as rise and you may not get back the full amount of your investment.

Past performance is not a guide to future performance.

\* Target returns should not be relied upon to predict actual returns and are not an indication of future performance.

## Investment Process

Our structured investment process is designed to deliver growth creation for our portfolio companies and maximise value appreciation for our investors.

### **Origination of opportunities**

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 broker 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 and Monitoring**

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.

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 strategy**

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.

## Making an investment

The Guinness AIM EIS is structured as a Service, whereby your subscriptions are held in an account at our custodian, Mainspring Nominees Limited, and funds are drawn down as each investment is made.

### Application

Application details can be found on our website  
<https://www.guinnessgi.com/aim-eis>

Or call  
020 222 3475  
for further assistance

### Welcome Letter & Contract Notes

You will receive a welcome letter from Guinness within 1 to 2 weeks with your account details and instructions on how to access our online investor portal. When investments are made, you will receive contract notes.

### EIS Forms

An EIS 3 form will be generated 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 of making an investment, however some can take longer.

### Investor Updates & Valuation Statements

Valuation statements will be produced quarterly and Investor Update will be produced every six months throughout the life of the investment and are accessible via our investor portal.

### Exits & Contract Notes

Contract notes will be provided for each share sale.

## Successful exits

As of October 2023, the Guinness AIM EIS Service has returned, on average, 1.3x the investment amount over the holding period of each company (not including fees, EIS Income Tax or Loss Relief). The following investments are examples of successful exits made from previous Guinness AIM EIS portfolios.

Past performance should not be taken as a reliable indicator of future performance and not all investments are successful.



Guinness AIM EIS 2019

Sector – Pharmaceuticals and Biotechnology

Avacta Group plc is a life sciences company working to improve people's health and well-being through innovative oncology drugs and powerful diagnostics. Operating through two divisions, Diagnostics and Therapeutics, the Group's mission is to provide professionals and consumers with solutions that improve healthcare, fitness and well-being.



Guinness AIM EIS Investment Amount:  
£90,000

Money multiple:  
8.4x

Returned to investors:  
£754,000

## synairgen plc

Guinness AIM EIS 2018

Sector – Pharmaceuticals and Biotechnology

Synairgen plc is a respiratory drug discovery and development company. The business, focused primarily on lung viral defence in asthma and Chronic obstructive pulmonary disease, uses its differentiating human biology BioBank platform and international academic key opinion leader network to discover and develop novel therapies for respiratory disease.



Guinness AIM EIS Investment Amount:  
£116,000

Money multiple:  
9.2x

Returned to investors:  
£1,059,000



Guinness AIM EIS 2017

Sector – Software and Computer Services

Wey Education PLC is an educational services company using an online platform to deliver teaching both in the UK and overseas. It operates two divisions, a B2B business, and an online school. The B2B division serves other educational companies and schools also known as Wey Academy. The online school division also has two developing schools. These include an online language school teaching English as a Foreign Language known as Quoralexis, and a premium fee-paying online school offering a selective education known as Infinity Education.



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Guinness AIM EIS Investment Amount:

£89,000

Money multiple:

1.4x

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Returned to investors:

£122,000

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Guinness AIM EIS 2019

Sector – Consumer Goods

Audioboom is a global leader in podcasting. Its ad-tech and monetisation platform underpin a scalable content business that provides commercial services for a premium network of 250 top tier podcasts, with key partners including 'Casefile True Crime' (US), 'Morbid' (US), and 'True Crime Obsessed' (US). Audioboom operates internationally, with operations and global partnerships across North America, Europe, Asia and Australia. The platform allows content to be distributed via platforms such as Apple Podcasts, Spotify, Amazon Music, Deezer, Google Podcasts, iHeartRadio, as well as a partner's own websites and mobile apps.



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Guinness AIM EIS Investment Amount:

£270,000

Money multiple:

2.2x

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Returned to investors:

£538,000

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## Experienced Team

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. The investment management team bring together complementary skillsets and experience that help us make high quality, well evidenced investment decisions.



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 is a director of 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 covers private and AIM-focused EIS and VCT funds at Guinness. Before joining Guinness in 2013, he conducted macro-economic analysis at SandAire, gaining prior experience in corporate finance and investment at Lend Lease and Aldersgate Investment Managers. Hugo holds an MSc in Finance and Investment and a BA in Economics.



George Whear  
Analyst

George joined as an Analyst in the Guinness Ventures team in 2022, working on the Guinness EIS and Guinness AIM 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.



## Fees

	Direct Investor	Advised Investor
Initial Fees	5.5%	2.5%
Annual Management Fees	1.75% + VAT	1.75% + VAT
Custodial Fees	0.2% per annum	0.2% per annum
Performance Fee	20% + VAT	20% + VAT
Investable Subscription	92.4p per £1 Subscribed	95.4p per £1 Subscribed

### 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 in your Application that you would like us to do this.

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.

### Management Fees

The first year of Management Fees will be calculated on your Subscription amount and charged directly to Investor accounts six and twelve months following the Closing Date. Management Fees after the first year are calculated semi-annually based on NAV and deferred such that they will be paid from the Proceeds of Investments. This enables the Investment Manager to invest more of your Subscription into Investee Companies, increasing the amount on which you can receive EIS Relief.

### Custodial Fee

An annual custodial fee of 0.2% of your Subscription will accrue from the Closing Date and be paid from the Proceeds of Investments. Custodial transaction fees of 0.25% on sales will be charged to investors on each sale.

### Performance Fee

A performance fee of 20% plus VAT is applied to profits on a Subscription basis. No performance fee is payable until investors have received back cash proceeds equivalent to the amount Subscribed.

### Investable Subscription

The amount available to invest into Investee Companies is your Subscription amount less Initial Fees and the first year of Annual Management Fees. EIS tax relief only applies to amounts invested into underlying Investee Companies.

## FAQs

### 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 AIM EIS?

Please find application details on our website. This provides information on how to transfer funds and any identity verification documents that may be required.

### What happens once I have invested?

Within two weeks of accepting your application and receiving funds you will receive a welcome letter from Guinness within 1 to 2 weeks with your account details and instructions on how to access our online investor portal.

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

You will receive an Investor Report every quarter, which will show the acquisition price and latest valuation for each Investment in your portfolio, as well as the latest transactions and your cash position.



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

EIS Tax Reliefs can be claimed once investments have been made into underlying Investee Companies, and HMRC has issued EIS 3 certificates. The majority of EIS 3 certificates are received within 6 months of investment, but some can take longer.

### 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 your subscription and to fully exit the portfolio, you should be prepared to invest your money for at least five years. Some investee companies may take considerably longer to exit.

### 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.

### 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. These will be deducted from your subscription before any investments are made. Please indicate in your Application whether you would like us to facilitate Financial Intermediary Fees.

## For application enquires or to ask a question:

Call: 020 7222 3475

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

Visit: [www.guinnessgi.com/aim-eis](http://www.guinnessgi.com/aim-eis)

Phone calls are recorded. We are unable to give advice on whether it's suitable for you to invest in the Guinness EIS. Please speak to your financial and tax advisers before investing.

## Key Risks

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 EIS offerings is no guarantee of future performance. Previous Guinness 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.

## 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.

## Changes to Tax Legislation

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 clawback of EIS Income Tax Relief and/or CGT Deferral Relief, and potential interest and penalties.

## Business Relief

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.

## AIM EIS Parties and Advisors

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**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

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**Custodian**

Mainspring Nominees Limited,  
6th Floor  
125 London Wall  
London  
EC2Y 5AS

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**Nominee**

GAM MNL Nominees Limited,  
6th Floor  
125 London Wall  
London  
EC2Y 5AS

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**Tax Advisors**

Philip Hare & Associates LLP  
Hamilton House  
1 Temple Avenue  
London  
EC4Y 0HA

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## Definitions

<b>AIFMD</b>	Alternative Investment Fund Managers Directive
<b>AIM</b>	The market of that name operated by the London Stock Exchange
<b>Application or Application Form</b>	An application form, online or otherwise, to participate in the Service to be completed by a prospective investor
<b>Business Relief or Inheritance Tax Relief</b>	Relief from IHT pursuant to sections 103-114 Inheritance Tax Act 1984
<b>Capital Gains Tax Deferral Relief or CGT Deferral Relief</b>	Relief by way of deferral of CGT (Section 150C and Schedule 5B of the Taxation of Chargeable Gains Act 1992)
<b>Carry Back Relief</b>	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
<b>CGT</b>	Capital gains tax
<b>Closing Date</b>	A date by which Subscriptions may be accepted by the Investment Manager for the creation of Portfolios
<b>Custodian</b>	Mainspring Nominees Limited or another suitably authorised administrator that is appointed under the Investor Agreement from time to time. Mainspring Nominees Limited is authorised and regulated by the Financial Conduct Authority (FRN: 591814), is registered in England and Wales with registration number 08255713 and its registered address is 6th Floor, 125 London Wall, London EC2Y 5AS.
<b>EIS</b>	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
<b>EIS Income Tax Relief</b>	Relief from income tax available under the EIS on subscription for shares
<b>EIS Qualifying Company</b>	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
<b>EIS Relief</b>	Relief from income tax available under EIS, related CGT relief on disposal and Loss Relief
<b>EIS Three Year Period</b>	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
<b>FCA</b>	The Financial Conduct Authority
<b>Financial Intermediary</b>	A firm authorised under the Financial Services and Markets Act 2000

<b>Financial Intermediary Fee</b>	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
<b>Guinness Asset Management or Investment Manager</b>	Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority and its subsidiaries
<b>HMRC</b>	HM Revenue & Customs
<b>IHT</b>	Inheritance Tax
<b>Income Tax or ITA</b>	Income Tax Act 2007
<b>Information Memorandum</b>	This information memorandum issued in relation to the Service
<b>Investable Subscription</b>	Subscription amount net of Initial Fees and the first year of Annual Management Fees.
<b>Investee Company</b>	A company in which the Service invests on behalf of Investors
<b>Investment</b>	Investments made through the Service on behalf of Investors
<b>Investment Manager or Investment Management Team</b>	Andrew Martin Smith, Hugo Vaux and selected other employees of Guinness Asset Management
<b>Investor</b>	Any client who is accepted by the Investment Manager and enters into an Investor Agreement and invests through the Service
<b>Investor Agreement</b>	An investor agreement to be entered into by each Investor, in the terms set out in this Information Memorandum
<b>Loss Relief</b>	Relief in respect of income tax for allowable losses pursuant to section 131 of the Income Tax Act 2007
<b>Nominee</b>	GAM MNL Nominees Limited 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
<b>Portfolio</b>	In respect of an Investor, the Investments made through the Service which are allocated to them in consideration for their 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 the investor's behalf
<b>Qualifying Investors</b>	UK taxpayers eligible to claim EIS Relief and EIS CGT Deferral Relief
<b>Service or Guinness AIM EIS Service</b>	Guinness AIM EIS, a discretionary managed service set up to enable Investors to invest in EIS Qualifying Companies
<b>Subscription</b>	A valid subscription made to the Service, net of any Financial Intermediary Fee, on the terms set out in this Information Memorandum



## 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 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 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.

## 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 23077. Acceptance of an Investor’s Application 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 6th Floor, 125 London Wall, London EC2Y 5AS, 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 6th Floor, 125 London Wall, London EC2Y 5AS. 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 incorporated 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. If the Investor wishes to cancel this agreement, they 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 their 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

- 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.
- 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 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 Investee Company.
- 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 an investor 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.
- 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 in your Application 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 5.5% of your Subscription is payable if you have not received advice from a Financial Intermediary. The initial fee is reduced to 2.5% if you have received advice

from a Financial Intermediary and they confirm this in your Application.

- 9.4 You shall pay us an annual management fee equating to 1.75% plus VAT of the Subscription amount for the first year following the Closing Date. Thereafter a fee of 1.75% of the net asset value of the Portfolio, calculated semi-annually in arrears, will be accrued. This charge will be applicable from the first anniversary of the Closing Date until the realisation of each investment and payable from the Proceeds of Investments.
- 9.5 The fees described in section 9 will be charged direct to Investors.
- 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 An annual custodial fee of 0.2% of your Subscription will accrue from the Closing Date. A custodial sale transaction fee of 0.25% of the value of each sale transaction will be charged. These fees will be payable from the Proceeds of Investments.
- 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 their Application.

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 their Application 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.

## 13. Potential Conflicts of Interest and Disclosure

13.1 The Investment Manager may:

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 they have 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 may 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 provide instructions to the Investment Manager 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;

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; and

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 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;

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 (following three months' written notice by the Investment Manager) 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 any instruction or communication which purports to have been given by persons authorised to give instructions by the Investor in their Application 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 <https://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 information shared in the Application process, 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.

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.

### For application enquiries or to ask a question:

Call: 020 7222 3475

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

Visit: [www.guinnessgi.com/aim-eis](http://www.guinnessgi.com/aim-eis)

Phone calls are recorded. We don't give advice on whether it's suitable for you to invest in the Guinness AIM EIS. Please speak to your financial adviser before investing.

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