JENSON EIS FUND

Jenson Ventures (Jenson Funding Partners LLP)

	Positives	Issues
Why invest	**Strategy:** A generalist fund that invests into follow-ons from Jenson's existing SEIS and EIS investments over several stages.	**Track record:** Jenson has achieved a good number of exits to date, but EIS performance has been dragged down by recent weak markets.
The investment manager	**Team:** The team brings strong investment experience and has been in place for several years.	**Small team:** Jenson's team is small, albeit with well-structured processes and outsourcing to manage the portfolio effectively.

Nuts & bolts

- **Duration:** The fund is evergreen, with two closes a year.
- **Diversification:** The manager expects to provide 5-10 investments for each tranche, with a deployment targeted within 10 days, with the 1 April close being invested in the same tax year.
- **Valuation:** Usually changes at next external financing.

Fees

- **Fees:** Initial and ongoing fees are charged to investee companies.
- **Performance fee:** Charged at 25% plus VAT on aggregate returns, with a 120% threshold.

Risks

- **Target returns:** The target return of 3x suggests a high-risk investment strategy.
- **Companies:** Supplying risk capital to early-stage, technology or tech-enabled companies at the start of commercialisation. There will be a spread of company returns, as the successful ones will do very well, but those that fail may do so completely.

	Manager information (Feb'25)	Contact details

Analyst

Brian Moretta

bm@hardmanandco.com

- ***Scheme assets:*** *£4.2m*
- ***Scheme target:*** *£1m per tranche*
- ***EIS assets:*** *£17.1m*
- ***Total FUM:*** *£21.3m*
- ***Launch date:*** *2019*

Contact:

Jeffrey Faustin

+44 (0)207 788 7539

clientservices@jensonventures.com

jensonventures.com

Table of contents

Important notice to readers **2**
Factsheet **3**
Fund aims **4**
Summary of risk areas 4
Risk analysis/commentary 5
Investment process **6**
Governance and monitoring **9**
Track record 10
Fees 11
Investment manager **13**
Appendix 1 – due diligence summary **15**
Appendix 2 – example fee calculations **16**
Disclaimer **17**

Important notice to readers

This report has been commissioned by our Client, Jenson Funding Partners LLP, and is provided for informational purposes only. The contents should not be interpreted, in any respect, as offering investment advice, nor be viewed as a substitute for readers' own due diligence.

Our Client has confirmed that, to the best of their knowledge, this report contains factually correct information at the time of publication, and that the content is not misleadingly presented. Potential investors should seek updated information prior to any financial commitment, and acknowledge that future outcomes may differ materially from current expectations.

Investing in early-stage growth companies is a high-risk activity. Access to liquidity may be totally or highly restricted. Investors should seek appropriate professional advice before deciding whether to make a financial commitment.

For further information relating to the Client's activities, please contact management directly.

The attention of readers is drawn to important disclaimers printed at the end of this document.

Factsheet

Jenson EIS Fund	
Product name	Jenson EIS Fund
Product manager	Jenson Funding Partners LLP
Investment advisor	n/a
Tax eligibility	EIS
Target return	3x return on investment
Target income	None
Type of product	Alternative Investment Fund
Term	Evergreen
Sectors	Generalist
S.D.R. label	None
Diversification:	
Number of companies	5-10
(Expected) Gini coefficient	0.1-0.2

Fees	Amount	Paid by
Initial fees:		
Management fee	Up to 6% (VAT-exempt)	Investee company
Annual fees:		
Fund administration fee	1% + VAT p.a.	Investee company – capped (see *Fees* below)
Exit fees:		
Performance fee	25% + VAT	Investor – portfolio basis, 120% threshold

Advisor fee facilitation	Yes
Advisor fee amounts	As agreed with investor
HMRC Approved	No
Advance Assurance	Yes, for each investment
Reporting	Six-monthly
Minimum investment	£10,000
Current funds raised	£4.2m
Fundraising target	£1m per tranche
Closing date(s)	Two tranches per year
Expected exit method	Varied

Source: Jenson, Hardman & Co Research

Fund aims

The Jenson EIS Fund is a generalist Alternative Investment Fund, which will provide a portfolio of investments in unquoted, early-stage companies. The target return is 3x capital invested after fees. Returns will be focused on capital gains, and investors are unlikely to receive any dividends. The fund is evergreen, usually with two tranches p.a.

Summary of risk areas

Note: *There are generic risks from investing in EIS or unquoted companies, in addition to the specific ones commented on below. Comments on relative risk refer to other EIS investments, and not to wider investments.*

Investments

Portfolio risk

Each investment will be providing risk capital to an unquoted, early-stage climate-tech company. Jenson aims to have 5-10 companies in each tranche, with the lower end of that range being the recent norm. There will be sector and stage diversification, as Jenson aims to have a spread in each tranche. As usual, stock-specific risks should still dominate market risks.

The target return of 3x capital suggests a high-risk strategy, and is appropriate for the investment strategy.

Sourcing and external oversight

As a fund that follows on to existing investments, the sourcing pipeline is the existing SEIS and EIS portfolio. Jenson is a consistent fundraiser for its SEIS fund and, having been investing for more than a decade, has a well-established deal pipeline. The current portfolio is substantial and we foresee no issues with reaching the fund's diversification targets.

The Investment Committee has two independent members in addition to the CIO.

Ongoing support and monitoring

Jenson has a structured support process, which provides continuity from SEIS investments. Typically, board seats are taken around the second EIS investment, with observer rights maintained at all times. After the initial investment, companies have a monthly call with the Jenson team, which covers progress and aims to anticipate future problems. As companies mature, the support from Jenson lightens, usually as later-stage investors take over.

Exits

Jenson has seen some variety in its source of exits. Around half have been the industry norm of trade sales, while private equity and MBOs have also figured. Jenson guides that realisations, typically, will take 5-7 years, although some will inevitably take longer than that.

Manager

Team

Jenson has a relatively small team for the number of investments, with two in the investment team and seven in total. It complements the team by using external support extensively: director appointments are sourced through an agency. At several stages, it also draws on team members from the related Jenson Solutions. This model would seem to give Jenson adequate capacity, although it is something we would monitor going forward.

Track record

In total, Jenson has invested £28.1m through 554 rounds into 150 companies. Of this, £6.5m has been invested into 38 EIS companies, with the balance being into SEIS investments. There have been 11 exits with returns to investors across the two portfolios, although only one was from the, less mature, EIS portfolio. There have been failures across the two portfolios, reducing the aggregate MoIC. The unrealised portfolio is making progress, with an MoIC of 1.2x for EIS and 1.3x for SEIS.

Regulation

Product

Advance Assurance is sought for each investment.

Advisor and Manager

The Fund Manager is Jenson Funding Partners LLP, trading as Jenson Ventures, which is FCA-registered (number 820516), with fund management permissions. Submissions to Companies House appear to be up to date.

Risk analysis/commentary

The focus of the Jenson EIS Fund – solely on follow-ons to existing SEIS and EIS investments – is distinctive in the market. This strategy of following-on into successful companies is well-established in wider venture funds. It ensures a ready supply of deal flow, with the previous, ongoing contact meaning that diligence should be stronger than for new investments.

The fund is genuinely generalist, with exposure over time to a wide variety of sectors and business models. It also provides some stage diversification, although this may be limited in a single tranche. The, recently simplified, fee structure is also competitive relative to the market.

The Jenson team is relatively small, but the combination of well-structured processes and some outsourcing allows it to function effectively. Overall, the aggregate portfolio has generated a decent number of exits, albeit total performance has been hampered by weak markets in the past couple of years. We would look to see that improve as the environment for exits gets better.

Diversification is an important consideration for any investor – while the companies that succeed are likely to produce exceedingly good returns, those that do not may return little. Diversification within the fund is limited, although typical for products in this area. This EIS fund should be considered in the context of an investor's entire portfolio.

Investment process

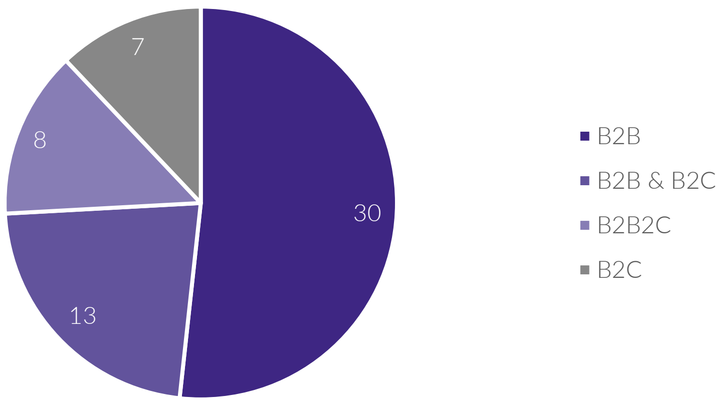
The Jenson EIS fund invests solely in follow-on investments in its existing portfolio of SEIS and EIS fund investments. Although this report relates only to the EIS fund, that makes some aspects of the SEIS fund relevant too.

Deeper dig into process

Jenson is a generalist investor, looking to invest across a wide variety of areas: the IM lists 14 different sectors in its aggregate portfolio. In practice, because it focuses, inevitably, on areas that are performing well, the EIS fund is strong in fintech, SaaS, AI, MedTech and digital transformation companies.

Approximately 80% are tech-enabled companies and an additional 10% deeptech. The technology will be a mixture of first-movers and incremental applications. As the chart below shows, there is a mix of business models. Interestingly, Jenson's data suggests that, broadly, each business model has performed similarly, with B2B & B2C doing slight better than the others.

Business model in current SEIS investments by number



Source: Jenson, Hardman & Co Research

Within the business models, Jenson looks for those that are capital-efficient and scalable. All companies will be revenue-generating at the time of investment (unlike SEIS, which has some pre-revenue companies). Founders are required to have strong domain expertise. Deeptech tends to be IP-heavy, something Jenson feels is required by later funders.

When considering the stage of investment, Jenson categorises investments into three groups. Note that Jenson considers the main risks in SEIS to be market and execution. The three phases used for the EIS fund are, to a large extent, defined by progress on these.

- **Phase 1**: **Conviction strategy.** This group tends to be the first investment after SEIS. Companies are expected to have product/market fit, although some bridging rounds are considered for those deemed to be close.

- **Phase 2**: **Co-investment strategy.** Companies will have product/market fit, typically with the founder doing most of the sales and requiring funding to build out the sales function. Companies will be ready for, or already have, external funding. Typically, the market will classify these as late-seed rounds.

► **Phase 3**: **Follow-on Growth strategy**. Later-stage capital to companies that are scaling. Typically, series B onwards, Jenson usually limits itself to taking up its *pro rata* rights at this stage.

Investors will get a spread across these groups, with ca.60% of investments in phase 2 and 20% (0-2 companies per tranche) in each of the others.

Overall, we find the criteria to be clearly articulated. The focus on follow-ons and prompt investment schedule gives some visibility into the companies that investors will receive. As usual, the key is how the strategy is executed in practice.

Sourcing deals

At a simplistic level, the deal flow for the EIS fund is simply the pool of existing investments. As of October 2024, Jenson had 59 active SEIS investments, with 25 of these having received some EIS funding. While this is a decent-sized pool from which to make 10-12 follow-on investments a year, it is worth considering the inflows to maintain that pool.

Jenson has been a consistent raiser of money for its SEIS fund. It was the initial area of investment for the firm, and Jenson has consistently raised more for it than for its EIS fund. We can be confident that Jenson will continue to have funds to deploy into SEIS.

Deal flow for the SEIS fund comes from several sources. The largest source is direct inbound enquiries, albeit this can often be more quantity than quality. The Jenson team network, in particular Jenson Solutions, is also a significant source of better-quality deal flow.

Previously funded founders, including those who have failed, are increasingly bringing more referrals. Later-stage VCs, with which Jenson has co-funded, often refer deals that are too early for them to invest in. Jenson also connects with many accelerators and incubators as well as some universities. Overall, Jenson sees more than 2,500 applications p.a.

Jenson operates virtually, with the team spread around the country, and has no specific geographical focus. It does note that Cambridge seems to be very well funded and is not a good deal source. In practice, just over 50% of investments are made outside London, which is slightly better than industry norms.

Having operated with this structured funding model for several years, we can be confident that Jenson has established sustainable deal flow for its funds. In the near term, we can see the established pool of companies that will supply EIS investments in the next year or two. Looking further out, it is attracting both the funding for its SEIS fund and investment deal flow to sustain that pool going forward.

Decision-making

As a follow-on fund, the decision-making process for the EIS fund differs significantly from most other managers. The process for the SEIS fund is more similar to industry norms and, where relevant, we briefly cover some elements of it here.

The selection process for each tranche starts by looking at existing investments and ranking them according to progress. Companies are usually required to have had investment for at least nine months before being considered. Jenson sees the main risks at SEIS being market risk and founder execution. Measurement focuses on progress relative to the business plan since the most recent investment, with all companies completing a questionnaire.

Jenson aims to understand what has changed since the latest investment. The ranking looks for companies that have achieved product/market fit and shown progress in executing their strategy. The top 25% in this ranking are then considered for the tranche. A company's need for funding is also allowed for, especially given that syndication is required for most investment. The selection also aims to give a mix of sectors and business models within each tranche.

This group is presented to the Investment Committee for approval. After approval is granted, companies move to diligence. In practice, this is a top-up of what has been done for previous funding rounds.

When a company gets SEIS investment, it receives a fuller diligence, which is often straightforward; companies, at this stage, are not complex. The process includes calls and meetings as well as interviews with actual or potential customers. Notably, Jenson prepares financial models in a standard way, which are later used in the EIS selection process, above. It also has a Review Panel, which carries out technical due diligence and often uses Jenson Solutions for reviewing diligence.

The top-up diligence primarily covers progress and changes since the latest investment. For example, new members of the management team will undergo background checks. The financial model is updated; typically, moving to a more advanced model than is used for (simpler) SEIS companies. Company managers are also interviewed again. Where companies need help finding other funding to fill the round, assistance is also provided.

The Investment Committee will receive an investment note covering the updated diligence and progress since the last investment, as well as the current investment opportunity. The Committee will either approve or, often, approves subject to some additional diligence being done.

About 90% of SEIS investments use Jenson standard documentation at the SEIS stage. Where Jenson leads, that term sheet is rolled forward.

Investments

The amount that Jenson seeks to invest in each round varies according to the phase of company. Overall, it aims to invest £100k-£200k in each round, with phase 2 investments, typically, being larger than phase 1 or 3 investments. Phase 2 valuations, typically, are in the region of £5m-£10m. Overall, companies average £3 raised externally for each £1 of Jenson funding.

For phase 2 investments, typically, rounds are ca.£1m-£2m in total with Jenson taking approximately 10% of that. Even at that proportion, it still leads some rounds. Phase 1 can be a bridging round for limited-term funding needs, with Jenson usually the sole investor. By phase 3, rounds are usually significantly bigger, with Jenson essentially only taking up its *pro rata* rights. It never leads these rounds.

Jenson gives a target for each tranche of 5-10 investments. In practice, the number of investments tends to be towards the lower end of that range.

With all investments being follow-ons to existing investments, there are no further modifications to the investment process to allow for that. Serial investors should note that they may get exposure to more than one investment in a company and this may affect their portfolio diversification.

Exits

With a dozen exits to date, Jenson has experienced a range of sources beyond the usual trade sales (which has still been half of exits), with MBOs and private equity sales too. At the time of writing, Jenson hopes to add another to that list. Given the challenges in the market for exits in the past couple of years, this variety is encouraging.

Jenson guides that realisations, typically, will take 5-7 years, The guidance seems slightly bullish, given the stage at which some investments will be made. While some investments will hit that range, others are likely to take longer to exit.

The target for returns is £3 for each £1 invested. Unusually, Jenson gives a more detailed breakdown of how it derives this:

- Phase 1 investments are assumed to have a 60% success rate with a 6x return
- Phase 2 investments are assumed to have an 80% success rate with a 4x return
- Phase 3 investments are assumed to have a 90% success rate with a 2x return

Given that the expected ratios are 20%:60%:20%, that adds up to a 3x target. This seems appropriate but confirms the high-risk of EIS investment.

Governance and monitoring

Investors

Advance Assurance is sought from HMRC on all investments prior to completion. While companies do this themselves, Jenson gets an accountant to review applications prior to submission.

Client funds are managed by Bennett Brooks & Co and held in a ringfenced bank account at NatWest. The custodian is JFP Nominees, a subsidiary of Jenson Solutions.

Reporting is on a six-monthly basis, including a valuation of the investor's portfolio. As of February 2025, client accounts have been migrated to the Further platform, which will allow online access going forward. Valuations follow IPEVC Guidelines. Generally, the methodology uses either valuations of externally led rounds or market multiples of revenues in three years, discounted to give the target return (sometimes known as the venture capital method), although phase 1 investments may use a different method.

Investee companies

As with other aspects of the fund, investee company monitoring and support is a continuation of that provided for the SEIS fund. There are changes as a company progresses and matures.

When a company receives SEIS investment, Jenson normally puts an observer in place on the board. By the second round of EIS investment, this has usually been changed to a director role.

Jenson is reasonably flexible about who takes the director role: it uses a third-party non-executive director network to source an appropriate person. However, companies can sometimes do the sourcing. Jenson will also settle for a co-investor being director, which keeps costs under control. It will still retain observer rights in such circumstances.

Direct post-investment support and monitoring is focused on regular calls with management and the non-executive director. The process is quite structured, with an initial focus on core factors such as sales, cash position and expected runway.

Other topics include marketing (especially before product/market fit is found), board construction and more technical issues.

Jenson describes some of this process as "finding out what the company needs", with one eye on predicting the next problem rather than focusing exclusively on current issues. For new investments, the calls take place monthly. That schedule is usually maintained for 9-12 months, with companies graduating to quarterly calls once they have made sufficient progress, which often coincides with being ready for phase 2 EIS investment. Profitability is seen as a key inflexion point for support needs, with much reduced requirements once that is reached.

Other support is also available between calls. Jenson encourages a community among its portfolio, with a WhatsApp group in place to aid communication. It also runs founder forums, with relevant topics or selected speakers, sometimes from among the founders. Jenson also helps with introductions to other VCs: its model relies on later funding from third parties. This process is ongoing rather than just when a company is fundraising, thus building relationships before they are needed.

Jenson notes that it is strict about not doing follow-on funding for businesses that are not succeeding. While this may push up short-term failure rates, it should benefit returns in the long run. Several founders of failed businesses have referred companies to Jenson, suggesting the process is done in a reasonable way.

ESG

Jenson does not specify ESG targets in its investment process but does encourage good ESG practices after investment. It has a standard ESG policy that it looks for its companies to adopt, which covers various areas such as discrimination, worker rights, environmental concerns and bribery.

While the commitments in the policy are quite broad, it is probably appropriate given the early stage of initial investment. Jenson collects key data annually across its portfolio. This data is aggregated into an Impact Report, which highlights progress across the portfolio.

Jenson Ventures is also a B-Corp. Management commented that certification was straightforward to obtain, reflecting the practices that it had previously put in place. It has found that some portfolio companies have been attracted by the B-Corp status, so it has been helpful to their business.

Overall, while Jenson's policies can be more characterised as ESG-neutral than impact, these considerations are an integral part of what Jenson does.

Track record

Hardman & Co has been supplied with performance data as of October 2024.

In total, Jenson has invested £28.1m through 554 rounds into 150 companies. Of these, £6.53m has been invested into 38 EIS companies over 97 rounds, with the balance through SEIS.

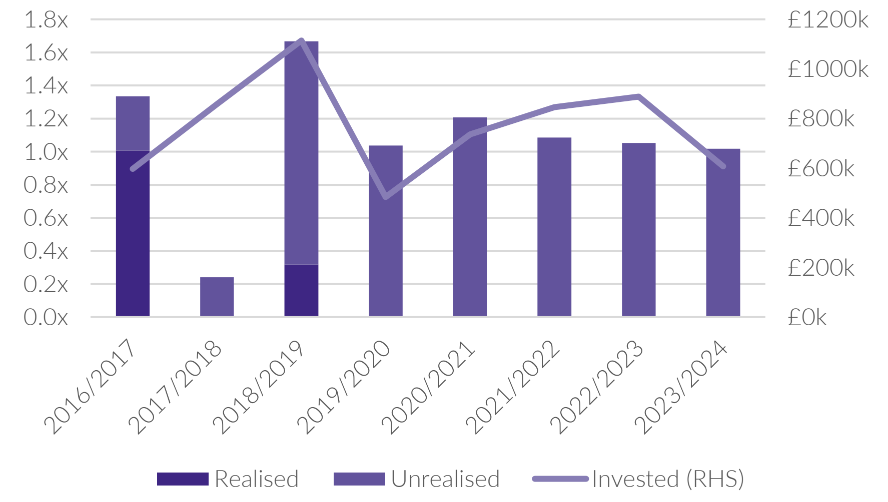
The EIS funds have seen one successful exit, with an aggregate multiple of 2.5x (investor multiples ranged from 2.2x to 4.0x). There have also been another seven failures, so the total MoIC for exits is 0.75x. Jenson notes that the maturity of EIS means that, in a more normal market, there would have been more "early" exits in the past couple of years. We would expect failures to come before successes, supporting this statement.

Performance in the active portfolio is more promising, with 14 companies showing increased valuations, 8 unchanged and 7 written down, 5 of which are total writedowns. The unrealised MoIC is 1.2x, with the increases in the portfolio up to 3.6x.

The SEIS performance shows better exits, with 10 that returned some investment, 4 of which were positive returns up to 8.8x in aggregate. There have also been another 59 failures in the portfolio (some of which are the same companies as EIS investments). The aggregate MoIC is 0.4x. The MoIC on the unrealised SEIS portfolio is 1.3x, with 25 companies having increased in value and 31 decreased.

The chart shows movements for EIS fund investments across the various tax years of subscription. As we would expect, the performance of the early years, in general, looks better than in more recent years, even if it is mostly unrealised so far.

Multiple for EIS fund investments and amounts invested by tax year



Source: Hardman & Co Research

Overall, Jenson has achieved a reasonable number of exits and the unrealised movements look like the current portfolio is going in the right direction.

Fees

The fees for the fund are set out in the table on page 3. The fees are straightforward, other than as noted. Except for the performance fee, all fees are charged to investment companies.

Initial fees

Although the initial charge is described as up to 6%, in practice, it is invariably that amount.

Annual fees

The fund administration fee is capped at £350 plus VAT per month (reached at £420,000 of investment) and is limited to 5 years.

Exit fees

Although there is a nominal accrual on a per-company basis (a legacy of the previous methodology), the performance fee calculated is on a per-fund basis. It is charged at 25% plus VAT on profits.

We note that, although the performance fee rate is higher than usual, the aggregate value of the other fees is at the lower end of the market. For weak returns, fees will be lower than average for the sector, and Jenson only gets paid well if it produces good performance.

Fundraising targets

The fund is evergreen, with a target for each close of £1m. The fund will have two closes per year; typically, one in the summer and one around 1 April (for the financial year-end). Jenson gives a target of deploying funds within 10 days for each tranche, with the 1 April tranche to be deployed in the financial year of subscription.

The minimum subscription is £10,000. However, following its success in crowdfunding for its SEIS fund, it may make an EIS fund with a £2k minimum available for crowdfunding at some point.

The average delivery for EIS3 certificates is three months after investment.

Investment manager

Jenson Ventures was founded in 2012 as a spin-off from Jenson Solutions. The latter is an established provider of outsourced finance director and associated services. At the time, it worked closely with Foresight, and Jenson Ventures was initially an appointed representative of the former.

While there is still an overlap in ownership, Jenson Ventures now operates independently from Jenson Solutions, although it uses some services of the latter on a commercial basis. Jenson Ventures became directly regulated in 2019, with the remaining link to Foresight being indirect through one of its partners.

Jenson started as a fund manager with SEIS funds, with EIS funds following in 2015. SEIS funds constitute a majority of its FUM.

The Jenson team is relatively small for the number of companies in its portfolio, at seven people. It does leverage others to allow it to scale: for diligence, there is a two-person review panel and Jenson Solutions is also employed. It also uses a professional non-executive service to source board members. Additionally, as indicated in *Governance and monitoring* above, like many early-stage investors, the support it provides to investee companies decreases over time. Its model for EIS, in particular, of only doing follow-ons aids efficiency too. Overall, we believe the team is adequate for its current level of activity, but we would monitor if either changes.

The Investment Committee has three members, two of which are non-executive, including one Jenson partner. The CIO is the executive member. They are highly experienced, with a mixture of private equity and finance/commercial knowledge.

People

Sarah Barber – CEO and Managing Partner

A chartered accountant, she spent a decade with Deloitte working in audit and reorganisation. After a short spell with Jimmy Choo, she joined Jenson Solutions in 2005. This included part-time FD assignments and she has also been Operations Director.

www.linkedin.com/in/sarah-barber-269526b/

Jeffrey Faustin – Managing Partner and CIO

Spent five years as Head of Structures for Atkins in Bahrain. He joined Jenson Ventures as an intern in 2012, working up through various roles and has been Chief Investment Officer since 2020.

www.linkedin.com/in/jeffrey-faustin-9a7bb520/

Katie Henry – Investment Analyst

Started as a PA with Tui Travel in 1997. She moved to Managed Objects as a Project Coordinator, followed by joining DP World as Environmental Coordinator in 2007. She joined Jenson in 2014.

www.linkedin.com/in/katie-henry-5010609b/

Peter English – Partner and Investment Committee member

Started his investment career with 3i, making early-stage investments in Europe and North America. In 1984, he co-founded Foresight Group. He has been involved with Jenson since its inception.

www.linkedin.com/in/peter-english-b6850812/

Colin Moore – Board Advisor and External Investment Committee member

Started his career with Softlab UK, part of BMW. Two years there, were followed by two years with each of NCR and EposCommerce. In 2007, he became Channel Director at HP Australia. Since 2013, he has worked with Jenson Solutions, including a period as Chairman of Kingfisher Water Treatment.

www.linkedin.com/in/colin-moore-61a1751/

Appendix 1 – due diligence summary

Summary of core due diligence questions		
Fund Manager	**Jenson Funding Partners LLP**	
Founded	2012	Hardman & Co
Type	Limited liability partnership	Hardman & Co
Ownership	Five members	Hardman & Co
FCA Registration	Yes – 820516	Hardman & Co
Solvency	Yes	Hardman & Co
EISA member	Yes	Hardman & Co
Fund Custodian		
Company	JFP Solutions	
FCA Registration	No	Hardman & Co

Source: Hardman & Co Research

The fund manager is Jenson Funding Partners LLP. It is authorised as a Small Authorised UK AIFM (Sub-Threshold). As of the most recent accounts (31 March 2024), it had £150k of members interest, well in excess of its capital requirement of £37k. Companies House filings appear to be up to date.

The five partners are: Sarah Barber Smith; Jeffrey Faustin; Peter English; John Aiken; and Paul Jenkinson. None of these has significant control.

Appendix 2 – example fee calculations

This calculates the estimated total amount payable to the manager under certain assumptions.

Basic assumptions	
Term	5 years
Investor amount	£100,000
Company investment	n/a
VAT on company fees is offset against revenue	

Source: Hardman & Co Research

Calculations					
		Hardman & Co standard			Target
Gross return		**-50%**	**0%**	**50%**	**301%**
Amount (pre-tax relief)		**£100,000**	**£100,000**	**£100,000**	**£100,000**
Initial fees	**Rate**				
Management	0.0%	£0	£0	£0	£0
Initial (company)	6%	£5,640	£5,640	£5,640	£5,640
Net investment		**£100,000**	**£100,000**	**£100,000**	**£100,000**
Annual fees					
Fund administration fee (company)	1% + VAT p.a.	£1,000	£1,000	£1,000	£1,000
Total (5 years)		£5,000	£5,000	£5,000	£5,000
Gross fund after investment return		**£50,000**	**£100,000**	**£150,000**	**£401,216**
Exit fees					
Performance	25% + VAT over 120%	£0	£0	£9,000	£84,365
Net amount to investor		£50,000	£100,000	£141,000	£316,851
Gain (pre-tax relief)		-£50,000	£0	£41,000	£216,851
Gain (post-tax relief)		-£20,000	£30,000	£71,000	£246,851
Total direct fees		£0	£0	£9,000	£84,365
Total indirect fees		£11,000	£11,000	£11,000	£11,000
Total fees to manager		£11,000	£11,000	£20,000	£95,365

Notes: post-tax relief figures assume initial income tax relief only; other reliefs may be available to investors. Source: Hardman & Co Research

Disclaimer

Hardman & Co provides professional independent research services and all information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. However, no guarantee, warranty or representation, express or implied, can be given by Hardman & Co as to the accuracy, adequacy or completeness of the information contained in this research and they are not responsible for any errors or omissions or results obtained from use of such information. Neither Hardman & Co, nor any affiliates, officers, directors or employees accept any liability or responsibility in respect of the information which is subject to change without notice and may only be correct at the stated date of their issue, except in the case of gross negligence, fraud or wilful misconduct. In no event will Hardman & Co, its affiliates or any such parties be liable to you for any direct, special, indirect, consequential, incidental damages or any other damages of any kind even if Hardman & Co has been advised of the possibility thereof.

This research has been prepared purely for information purposes, and nothing in this report should be construed as an offer, or the solicitation of an offer, to buy or sell any security, product, service or investment. The research reflects the objective views of the analyst(s) named on the front page and does not constitute investment advice. However, the companies or legal entities covered in this research may pay us a fixed fee in order for this research to be made available. A full list of companies or legal entities that have paid us for coverage within the past 12 months can be viewed at http://www.hardmanandco.com/legals/research-disclosures. Hardman may provide other investment banking services to the companies or legal entities mentioned in this report.

Hardman & Co has a personal dealing policy which restricts staff and consultants' dealing in shares, bonds or other related instruments of companies or legal entities which pay Hardman & Co for any services, including research. No Hardman & Co staff, consultants or officers are employed or engaged by the companies or legal entities covered by this document in any capacity other than through Hardman & Co.

Hardman & Co does not buy or sell shares, either for their own account or for other parties and neither do they undertake investment business. We may provide investment banking services to corporate clients. Hardman & Co does not make recommendations. Accordingly, they do not publish records of their past recommendations. Where a Fair Value price is given in a research note, such as a DCF or peer comparison, this is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. Hardman & Co may publish further notes on these securities, companies and legal entities but has no scheduled commitment and may cease to follow these securities, companies and legal entities without notice.

The information provided in this document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Hardman & Co or its affiliates to any registration requirement within such jurisdiction or country.

Some or all alternative investments may not be suitable for certain investors. Investments in small and mid-cap corporations and foreign entities are speculative and involve a high degree of risk. An investor could lose all or a substantial amount of his or her investment. Investments may be leveraged and performance may be volatile; they may have high fees and expenses that reduce returns. Securities or legal entities mentioned in this document may not be suitable or appropriate for all investors. Where this document refers to a particular tax treatment, the tax treatment will depend on each investor's particular circumstances and may be subject to future change. Each investor's particular needs, investment objectives and financial situation were not taken into account in the preparation of this document and the material contained herein. Each investor must make his or her own independent decisions and obtain their own independent advice regarding any information, projects, securities, tax treatment or financial instruments mentioned herein. The fact that Hardman & Co has made available through this document various information constitutes neither a recommendation to enter into a particular transaction nor a representation that any financial instrument is suitable or appropriate for you. Each investor should consider whether an investment strategy of the purchase or sale of any product or security is appropriate for them in the light of their investment needs, objectives and financial circumstances.

This document constitutes a 'financial promotion' for the purposes of section 21 Financial Services and Markets Act 2000 (United Kingdom) ('FSMA') and accordingly has been approved by Capital Markets Strategy Ltd which is authorised and regulated by the Financial Conduct Authority (FCA).

(Disclaimer Version 8 – Approved January 2025)

Click here to read our status under MiFID II (Disclaimer Version 8 – Effective from June 2024)

Member of eisa enterprise investment scheme association

www.hardmanandco.com

9 Bonhill Street
London
EC2A 4DJ

taxenhancedservices@hardmanandco.com