

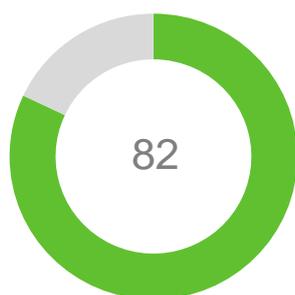
Symvan Technology EIS Fund

December 2016

Symvan Capital Limited (“Symvan Capital” or “the Manager”) seeks to raise up to £10 million to invest in Enterprise Investment Scheme (“EIS”) qualifying companies that are likely to be engaged in technology-focused products or services.

The offer is open to new shareholders and launched on 2 December 2016.

Score Card



Fund Type	Discretionary Non-Approved Portfolio
EIS Strategy	Specialist
AUM (Pre-offer)	£0.5m
Manager AUM	£5m
EIS Risk Level	High

Investment

Minimum individual subscription	£20,000
Maximum qualifying subscription per tax year	No maximum description
Early bird discount	None
Loyalty discount	None

Contents

- 3 Executive Summary
- 5 Manager Quality
 - Manager Profile
 - Financial & Business Stability
 - Track Record
 - Quality of Governance and Management team
- 9 Product Quality Assessment
 - Investment Team
 - Investment Strategy & Philosophy
 - Pipeline/Prospects and current Portfolio
 - Investment Process
 - Risk Management
 - Key features
 - Performance

Closing Dates

 Evergreen – no closing date

Risk Warning for EIS Schemes

Individuals should always read and bear in mind the risk warning notices that are included within providers' investment offer literature/documentation, including prospectuses, information memorandums, securities notes, brochures and other related marketing literature. Whilst the following list is not exhaustive, some of the main risks to be aware of include:

- Investments are in small, unquoted companies and should be considered as high risk;
- Investments are illiquid and need to be held for at least three years in order to retain the initial income tax relief;
- An EIS/Seed EIS investment should be viewed as a long-term investment;
- Legislation, along with the nature and level of tax reliefs is subject to change. There can be no certainty that investments will be eligible or remain eligible for EIS/Seed EIS Relief;
- Historic investment performance cannot be used as a guide to future performance, and the value of any given investment may rise or fall;
- Many EIS/Seed EIS Schemes involve investment in a single company or sector and therefore should only be considered as a small part of an overall portfolio;
- Investors may not have independent representation on the Boards of investee companies which can mean their interests are not adequately considered relative to the executive team;
- EIS/Seed EIS investments should only be considered by sophisticated investors who understand, and have given careful consideration to, the underlying investment strategy and associated risks. For help in determining potential investment suitability, professional advice should be sought;
- Often there will be no regulatory oversight and investors will usually not be eligible for compensation if things go wrong.

Executive Summary

Offer: Symvan Capital Limited (“Symvan Capital” or “the Manager”) seeks to raise £10 million to invest in Enterprise Investment Scheme (“EIS”) qualifying companies that are engaged in technology-focused products or services. The Offer was launched on 2 December 2016.

Manager: Symvan Capital Limited (“Symvan”, or “Symvan Capital” or “the Manager”) is a corporate finance advisory and fund management business dedicated to providing advisory and fund raising services to technology growth companies. Symvan Capital, initially as Investment Adviser to a regulated Fund Manager, has launched two SEIS funds focussed on the technology sector, and has since also launched its first EIS fund. Symvan Capital was founded in 2013 by its two directors Kealan Doyle and Nicholas Nicolaides, who have equal shares in the company. The Manager had a variation of permission approved to manage its own funds on 5 April 2016. Symvan Capital Limited is authorised and regulated by the Financial Conduct Authority.

Product: Symvan Technology EIS Fund (“The Fund”) will seek to identify relatively early-stage, unquoted, EIS-qualifying technology companies with high growth potential that would not normally be available to private investors. The aim of the Fund is to focus investment on businesses which have established plans and management teams, have demonstrated growth potential with strong commercial opportunities, and whose management are planning to exit in approximately five years. The Fund is focused on ‘post-seed’ financing, where companies may have already raised early-stage funding – some possibly under the Seed Enterprise Investment Scheme (“SEIS”) – and having achieved milestone developments since then, will typically be seeking new equity funding for £0.25 million to over £2 million. This process typifies what the Manager calls its ‘Lifecycle Approach’ to investing. At the target subscription of £10 million, the Fund expects to invest in approximately eight Portfolio Companies, at least four of which are likely to be sourced from Symvan’s SEIS portfolios, and which require follow-on finance. This is Symvan’s relaunch of their EIS fund.

Summary Opinion: Symvan Capital is a boutique investment firm launching its third product across SEIS and EIS in as many years of fund raising. Assets under Management (“AUM”) remain relatively modest and accordingly the firm is less well-capitalised than we would generally prefer. Nonetheless, the shift from SEIS to EIS tax-advantaged products opens a wider, more lucrative market to the firm, and if the current fund raise is successful this could alleviate financial stability concerns at the corporate level reasonably quickly. Corporate governance practices are sound. We also thought Kealan and Nicholas were capable stewards of the firm at both a corporate and investment level, placing the Fund in a reasonable position to execute on its objectives. We found the investment process as it relates to nurturing investments from Symvan Capital’s SEIS portfolios to their EIS portfolios well thought out and diligently applied, leading to a significant depth of knowledge acquired by the investment team with respect to the investment opportunities. That being said, we thought the process of externally acquiring EIS investment ready opportunities, which may comprise up to half the portfolio, lacked any meaningful competitive advantage relative to peers. Providing some comfort is the fact that the investment pipeline appears to be reasonably deep. Whilst the firm is early in its life, from a tax-advantaged product perspective no evidential track record is yet evident although the firm successfully advised and worked on a number of venture capital opportunities and initial public offerings prior to the inception of the tax advantaged business, building good experience. Finally, we think the fee structure is expensive and a detractor from the fund’s appeal, with the performance fee misaligning the manager’s incentive with that of its investors since it gives no incentive for the Manager to seek to recover some value from underperforming investments. Overall, whilst the product has a number of appealing features investors should reflect on whether they will be adequately rewarded for the risks of investing with a relatively new Manager.

Positives

At the Manager level:

- Symvan has launched and fundraised two SEIS funds and one EIS fund, thereby gaining a degree of market presence;
- Most of the investments within the SEIS products have achieved follow-on funding from angel investors and family offices at higher valuations, and all have been able to progress towards either launching or growing commercial activity.

- The Manager is relatively new to the tax-advantaged space and accordingly might bring a freshness to the business, whilst the lack of significant recurring revenues may encourage the co-directors to work harder to extract value from Portfolio Companies.
- Symvan uses advisers/consultants to add expertise, rather than employing staff on an ongoing basis, thereby keeping its cost base low.

At the Product level:

- Both Kealan and Nicholas have deep sector-focused SME corporate finance experience with large institutions, rather than a background of just traditional asset management and accordingly have significant technology, media and telecommunications ('TMT') transaction experience.
- The investment team is supplemented with six senior investment advisors ("Symvan Advisory Board") who provide expertise to the pre-investment due diligence and post-investment management and monitoring.
- By restricting investment to companies with identified revenues, Symvan has mitigated somewhat the risk of the underlying companies ceasing to trade because of a lack of liquidity;
- The pipeline will likely contain some opportunities from Symvan's SEIS portfolio, thereby helping funds to be deployed quickly and boosting investment visibility for new subscribers;
- The Fund will concentrate on investments that are commercialising an aspect of technology that may be regarded as disruptive, thereby providing an opportunity for scalable returns;
- The investment due diligence process as it relates to Symvan's Lifecycle Approach is well thought out and highly detailed.

Issues to consider

At the Manager level:

- Symvan Capital has a relatively modest track record of raising funds in the tax-efficient environment; this may impact its revenues and undermine its financial sustainability unless additional equity capital is provided by the directors or external investors (which the directors are confident will occur);
- Symvan's key management activities are shared by the two co-directors, presenting key-man risk;
- We note that the senior investment advisors are not retained on a regular basis, have no on-going contractual arrangements with Symvan, and cannot assure their availability at any given time;
- Symvan's two co-directors principal remuneration incentive is from the potential carried interest which is likely to be some years away;
- The corporate finance activities of Symvan Securities could create a conflict of interest where the firm is acting both for investee companies and the shareholders in that company, although Symvan highlight the role of a specific Investment Conflicts Committee to manage any such conflicts.

At the Product level:

- If fund raising were to be low, the final number of Portfolio Companies invested into may be small, undermining portfolio diversification;
- EIS is a relatively new product for Symvan Capital and as such there is no performance track record to assess;
- Where Symvan Capital source an investment opportunity external to their SEIS funds, we do not recognise the ensuing investment process as having any meaningful competitive advantage relative to peers;
- Acquiring interests in Portfolio Companies which are held by other funds managed by the Manager will lead to conflicts of interest which will need to be managed carefully.
- There is a performance fee charged on a deal by deal basis which we think misaligns the interests of the Manager with those of investors in that it may fail to incentivise the Manager to seek to extract value from underperforming investments. Further, we consider a lack of performance fee hurdle or claw back provision for loss making investments as being suboptimal for investors.

Manager Quality

Manager Profile

Kealan Doyle and Nicholas Nicolaides founded Symvan Securities Limited (“Symvan Securities”) in 2010 to provide corporate finance services to EIS companies. Kealan and Nicholas had worked together since 2005 at Lewis Charles Securities, the boutique stockbroker (which changed its name in 2011 to Hartmann Capital Limited). In 2013, Symvan Capital Limited (“Symvan Capital” or “the Manager”) was separately incorporated to enter the tax efficient investment market. Kealan Doyle and Nicholas Nicolaides both own 50% each respectively of, and are directors of, Symvan Capital and Symvan Securities. Upon inception, Symvan Capital primarily focussed on SEIS products but has now expanded to offer EIS products.

Under its early SEIS and EIS offers Symvan Capital did not have the regulatory permissions required to manage its offerings and instead retained Amersham Limited, a specialist provider of regulated financial services to boutique investment firms. In April 2016, Symvan Capital became authorised to commence managing its own funds.

Symvan Capital operates a lean team. Kealan is CEO and primarily works with Nicholas offering the firm’s corporate finance (in the case of Symvan Securities) and fund management expertise. Nicholas is also the compliance officer and finance director. The firm also has two sales personnel who conduct the firm’s day-to-day marketing activities and fulfil the semi-annual client reporting obligation, with Kealan and Nicholas assisting where required. Finally, the firm has a dedicated investor relations staff member who maintains all customer/investor information via a dedicated customer relationship management tool.

We reviewed Symvan’s formal complaints handling procedure and found it to be robust. According to the Manager’s disclosure, as provided to Allenbridge during our review, Symvan had received no complaints since its inception.

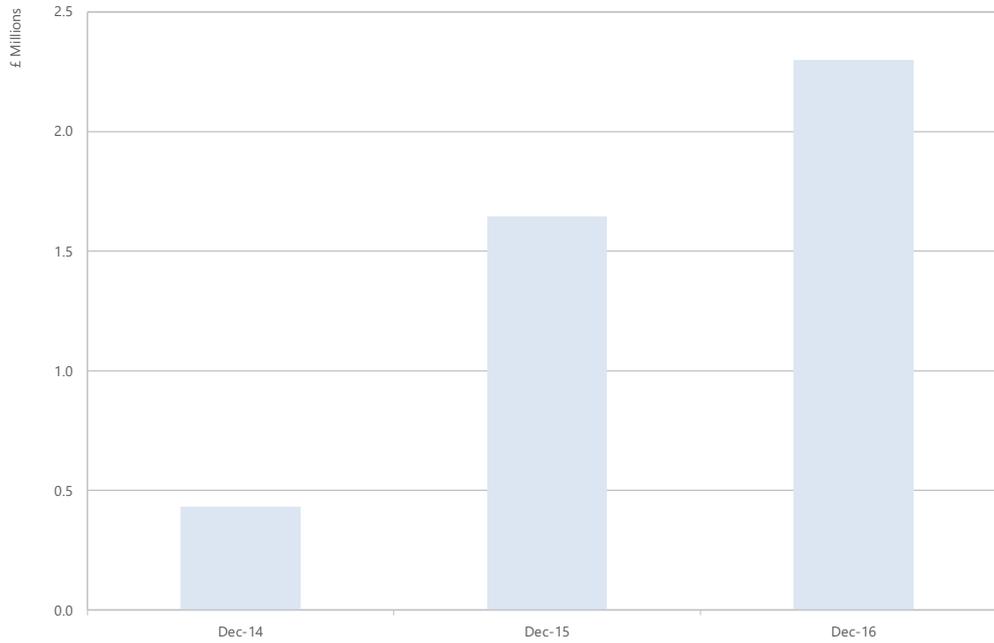
At the time of writing, Symvan Capital had just arranged professional indemnity cover. This is for £250,000 in the aggregate.

Symvan Capital launched its first SEIS fund in 2014, raising £400,000 across 11 investors. A second SEIS fund launched in early 2015, and raised approximately £1.1m with the bulk of investment coming from 25 direct investors and a minor portion (approximately £180,000) of the funds coming from an investment platform on which the fund is featured. Pleasingly, most of the investments within the SEIS products have achieved follow-on funding from angel investors and family offices at higher valuations, and all have been able to progress towards either launching or growing commercial activity. The firm’s current EIS offering, launched earlier in 2016 has raised approximately £500,000 across 8 investors (with one of these being Kuber Ventures which is a platform subscriber), with 4 of the investors having already invested in the earlier SEIS funds. Accordingly, AUM has risen modestly since Symvan’s first tax-advantaged product offering.

From a fundraising perspective, these are modest results, although we acknowledge that raising funds from a start-up entity can be difficult. We are also pleased to note that since firm inception, the firm has raised approximately £2.5 million in non-discretionary funding through its high net worth and angel investor networks.

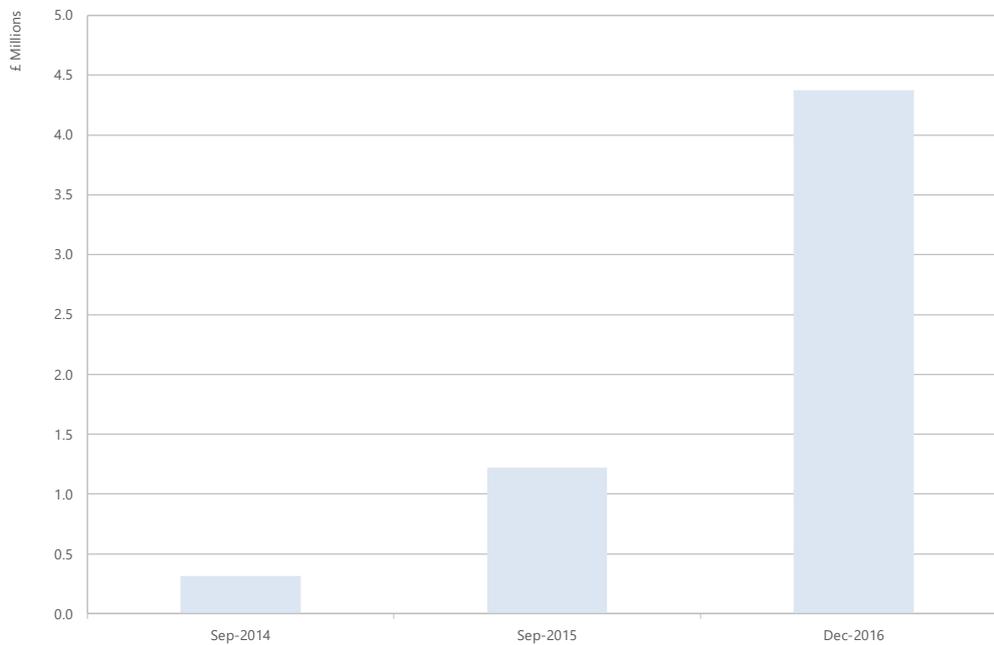
Looking ahead, the firm plans to launch an annual SEIS fund raise of £1 million and plans to raise up to £10 million from the recently relaunched EIS fund. Based on the prior track record we think this is an ambitious target, though increased momentum in the fundraising levels would certainly be a positive result.

CHART 1:
FUND RAISING TRACK RECORD



Source: Symvan; AllenbridgeIQ

CHART 2:
SYMVAN AUM AS AT 20 DECEMBER 2016



Source: Symvan; AllenbridgeIQ

Financial & Business Stability

Although the focus of this report is Symvan Capital as the investment manager, Symvan Securities is also jointly owned by Kealan Doyle and Nicholas Nicolaides and has the ability to share cost with Symvan Capital, so the financial health of the combined entities is possibly the best way to assess financial stability.

TABLE 1:
KEY FINANCIAL METRICS SUMMARY FOR SYMVAN CAPITAL LIMITED

	11 months ended Nov-2016*	2015	2014
Turnover	£208,027	£144,628	£46,900
Total Expenses	£205,058	£119,160	£37,310
Net Profit After Tax	£2,969	£19,944	£7,351
Net Assets/Shareholder Funds	£45,263	£42,295	£7,353

Source: Symvan Capital Audited Financial Statements 2015
*Unaudited management accounts

TABLE 2:
KEY FINANCIAL METRICS SUMMARY FOR SYMVAN SECURITIES LIMITED

	2015	2014
Turnover	£101,040	£117,624
Total Expenses	£150,975	£115,724
Net Profit After Tax	(£49,935)	£1,900
Net Assets/Shareholder Funds	(£270,696)	(£220,761)

Source: Symvan Securities Financial Statements 2015

Symvan Capital revenues are derived from the initial and ongoing fees it levies for running its SEIS and EIS products. Symvan Securities earns fees from providing these companies with corporate financial services - largely private placements for investors external to the tax-advantaged products. Certain fees of Symvan Capital are fixed, such as initial investment fees, annual administration and monitoring fees, and some are variable, such as providing ad hoc secretarial/director services and performance fees (at a later point). Fees are budgeted for by the boards of the investee companies on which the fees are levied; however, given their very early stage, they are unlikely to have strong earnings (if any at all) with which to meet them. Hence, Symvan Capital's fees are partially reliant on counterparties, which are unlikely to have high credit-worthiness.

Across both Symvan Capital and Symvan Securities, we note the increases in both revenue and costs as the business has grown. Management stated that the 2016 expenses to date are an accurate reflection of the steady running costs of each business, short of further staff hires to accommodate future growth. The two co-directors take remuneration by way of salary though, albeit as an approximation from the breakdown of the accounts, the drawing presently appears to be modest. Their incentive is in part the expected carried interest when the Portfolio Companies one day secure an exit for investors.

Given the low levels of current firm profitability, the two co-directors confirmed they are willing to make further investment into the company to aid growth if they felt this was required. They have already made loans to Symvan Securities of approximately £217,000 with no formal repayment schedule. Interest on the loans is being accrued. The directors also noted that they are in the late stages of negotiation with an overseas investor who may contribute a further £200,000 of equity into Symvan Securities in exchange for a share of the equity. This will predominantly fund the expansion of marketing and distribution activity and working capital. The investor is likely to become a director of Symvan Securities, however we think the principal intention of the hire is to access the equity on offer.

Given the weak profitability status of the financial accounts of both entities, the success of future fund raises is imperative. Whilst we are comforted by the aforementioned assurance of further equity from the directors if required, such contributions are not certain. Accordingly, investors need to bear in mind the elevated risk currently evident at the corporate level.

Symvan’s corporate structure is straightforward: Kealan and Nicholas presently own equally Symvan Capital and Symvan Securities. The directors intend to keep the firm relatively small and specialist, but to keep growing AUM organically. Contingent on the current fund raise, the firm has plans to hire an additional 2-3 investment related staff over the next 18 months (including the potential equity investor), as well as to move into a larger office space subject to budget constraints.

Quality of Governance and Management team

As a small boutique, systems of governance are somewhat limited by the resourcing available. Given the size of the company, the ultimate corporate decision-making rests with its two co-directors, and therefore requires joint agreement on any decision. As stated, Kealan and Nicholas have known each other a long time and have equal shareholding. On interview, their views on running Symvan Capital, its governance and management appeared mutually coherent.

The Manager has a multi-committee structure:

TABLE 3:
OVERSIGHT COMMITTEES

Committee	Details
Board of Directors	- Mandate: The purpose is to review, on a quarterly basis, the operational and strategic development of the business with compliance, risk and financial reviews. Interim meetings are held when required to approve specific resolutions that may be required throughout the year.
	- Members: Kealan Doyle, Nicholas Nicolaides
	- Frequency: Quarterly & As Required
Management Committee	- Mandate: Review of operational business lines, projects, new business opportunities, HR issues, and risk related reviews.
	- Members: Kealan Doyle, Nicholas Nicolaides
Investment Committee	- Frequency: Monthly
	- Mandate: Review recommendations for potential Investments to be made by the Fund.
	- Members: Kealan Doyle, Nicholas Nicolaides, Rob Bird, Julian Sampson
Risk Management Committee	- Frequency: As Required
	- Mandate: Risk and compliance monitoring
	- Members: Kealan Doyle, Nicholas Nicolaides
Investment Conflicts Committee	- Frequency: Quarterly
	- Mandate: Review potential conflicts identified by the committee or presented to it and approve proposals for conflict management and/or resolution.
	- Members: Kealan Doyle, Nicholas Nicolaides, Julian Sampson, Rob Bird, Ian Pearson
	- Frequency: As Required

Source: Symvan; AllenbridgeIQ

The Board of Directors and Management Committee are both run by Kealan and Nicholas with the structure and frequency of meetings commensurate with firm size.

The Investment Committee comprises the two principals of Symvan Capital, and two independent members of the Symvan Advisory Board. The Investment Committee will review potential Investments. Approval of investment proposals via the Investment Committee will require the consent of all four members of the Investment Committee.

The Risk Committee, regularly reviews internal audit, risk policies and procedures, compliance function, counterparty risks and business continuity, amounting to a good internal control framework.

Symvan Capital Limited is authorised and regulated by the FCA. Symvan Securities Limited is an appointed representative of Symvan Capital Limited. Symvan indicated that there were no material regulatory or litigation issues, at the time of writing. We found the policies and procedures presented by Symvan to be sufficiently detailed and well-maintained. The firm is further advised by Fulcrum Compliance Limited, of which the founder Julian Sampson is a member of the Investment Committee.

Product Quality Assessment

Investment Team

Symvan's investment team is comprised of three permanent members: the two co-directors, Kealan and Nicholas, as well as a junior member of the team, Michael Theodosiou, who assists with due diligence. Both Kealan and Nicholas have deep, sector-focused SME corporate finance experience with large institutions, rather than backgrounds in traditional asset management and accordingly have significant technology, media and telecommunications ('TMT') transaction experience. Both Kealan and Nicholas will be responsible for the majority of investment due diligence for all investment opportunities.

Symvan also have access to a network of six senior advisors who each bring TMT sector and start-up experience. Senior advisors will often assist with the due diligence of an investment and, where relevant, they can also join the management of portfolio companies to bolster the team where specific weaknesses have been identified. Whilst these advisors each bring a unique skillset, their retention within the business is not guaranteed as they are neither compelled to work exclusively for Symvan nor paid on a full-time basis. The rationale for the advisors' retention is the potential access to unique deal flow that Symvan Capital might be able to procure, and equity participation down the track.

Symvan Capital runs a small investment therefore, if the business is able to meaningfully ramp up its AUM, additional staff will need to be hired. This is because, not only do the co-directors complete the bulk of the due diligence, but they also provide a comprehensive client service, nurture their sources of introduction, and, importantly, sit on the boards of the Portfolio Companies to provide "hands-on" business consulting. As noted above, Symvan Capital confirmed they will require an extra 2-3 investment personnel should the fund raise hit the intended targets. Further, Symvan would also look to retain some of the senior advisors on a paid, full time basis.

Overall, despite the fact we thought the team was lean, we were comfortable with its structure, credentials and ability to scale if needed. Biographies of the team can be found in the Appendix.

Investment Strategy & Philosophy

The Symvan Technology EIS Fund ("the Fund") has been established to identify and invest in EIS-qualifying companies with high growth potential, whose trade or product is technology-related. The Fund will focus on identifying companies that have already received seed financing, have established business plans, competent management teams and have demonstrated growth potential with strong commercial opportunities. Symvan Capital will also analyse a potential investment's need for future capital and ensure the channels are available to support the company over the long term. The Fund is established as a discretionary portfolio service.

The Portfolio Companies will typically be seeking new equity funding of between £0.25 million and £2 million, which Symvan believes is typically too large for angel investors but too small for venture capitalists, thereby making opportunities available at good valuations. The Portfolio Companies are expected to use the deployed funds to invest in people, sales and marketing, and working capital to grow revenues.

The rationale for targeting this point of a company's lifecycle is that many companies reach an inflection point in their development where the underlying concept has been validated, but further funds are required to drive growth. Further, companies are at the stage where they will also benefit from external managerial/executive assistance to achieve their growth by ensuring key internal processes and procedures (particularly for technology) have been successfully created. Symvan Capital is well equipped to provide this support through their co-directors, senior advisory network, as well as through partnering with technology incubators (as evidenced through recent relationships with Microsoft Accelerator, Telecom Italia #Wcap Accelerator, and The Garage Soho).

To qualify for investment, the management teams of the EIS Portfolio Companies must have plans to exit within five to seven years. The normal exit routes for private equity is via a trade buyer, flotation or a liquidation of assets. Given the acquisitive nature of the technology sector, where larger players look to collect intellectual property rights to defend or extend their market position, a potential sale to a rival player might be possible. The Fund seeks to provide an exit for shareholders on a forward multiple basis of six times the EV/EBITDA, although this is purely a notional target. Investors need to be aware that both timing and exit price are highly subjective and are unlikely to be predictable.

Underpinning Symvan Capital's due diligence philosophy on the aforementioned investments is what they term their "Lifecycle Approach" to investing. Symvan Capital aims to nurture and promote as many of their EIS investee companies as possible through their SEIS funds, which also invest in the opportunities but at a more embryonic stage. This enables Symvan Capital to understand and manage their investments on a far deeper level, meaning the due diligence process plays out over the evolution of the company's developmental journey rather than at a static point in time. It is likely that for many of Symvan Capital's follow-on EIS investments they will have been a board member for a considerable amount of time.

Given the depth in which Symvan Capital wishes to delve into understanding each portfolio company, and given team resourcing, the fund will limit itself to only a handful of opportunities. At a minimum, the EIS portfolio is comprised of four opportunities, though this will increase depending on the success of the fund raise.

Although we find the concept of the "Lifecycle Approach" appealing and believe it adds credibility to the investment proposition, given that an investor's portfolio will be made up of 4-8 Portfolio Companies it is unlikely that Symvan Capital will be able to source and nurture all these companies through its existing SEIS funds. This means that other EIS investment opportunities (i.e. potentially over half the portfolio) will have to be sourced externally. Symvan Capital noted that all such external opportunities will be required to satisfy a higher level of due diligence given the lower familiarity and that the due diligence process will be at a static point in time. Although we do not have an issue with how this process will be implemented, we did not observe any clear differentiating means by which these investments will be sourced and analysed relative to peers, and, if anything, it puts the team at a slight disadvantage given its lean structure.

Overall, given the background of the investment team and advisors, the sector focus is likely to be, but not restricted to, Software and Computer Services. However, sub-sector operations may be in markets such as education, recruitment, insurance services and IT services. Biotechnology companies will be actively avoided.

Finally, no investment shall be made unless a potential investment has obtained advance assurance from the Small Companies Enterprise Centre (SCEC), received confirmation that HMRC will regard the shares issued by the Portfolio Company as EIS-qualifying, or the potential investment has previously issued shares under the EIS.

Pipeline/Prospects and Current Portfolio

As noted, Symvan Capital expects to source potential deals from its SEIS portfolios, and where this isn't possible via contacts in corporate finance and venture capital, accelerators and incubators.

Symvan Capital identified four investee companies, all of which have previously received investment capital from its SEIS funds and have been identified as suitable for follow-on EIS funding. Subsequently, each of the companies received a commitment for investment by the first EIS Fund and investments were made in April 2016, followed by a further two tranches. Investors into the current EIS Fund will also gain exposure to each of these companies. The four opportunities are described in the table below.

TABLE 4:
THE PORTFOLIO COMPANIES IN SEIS PORTFOLIOS EARMARKED FOR EIS FUNDING

Investee Company	Sector	Description
B.heard Limited	Online Portal	<p>Incorporated in 2012 and based in London, B.heard helps build relationships between companies and customers, providing customer feedback for companies, with valuable insight about what their customers think, keep them happy and allowing them to provide better value for money. Data about essential utilities and service providers (e.g. banks, energy providers, phone & internet providers, local councils, local schools and local GPs) is collected via a 'value comparison platform', merging elements of traditional price comparison, review websites and regulatory data. Following initial investment to develop both the front-end platform, and the ability to offer switching services, the business is generating B2B revenue through the provision of reports based on data retrieved by the offer. Symvan Capital's investment was followed by investments from Sir John Hegarty and Tom Teichman (founders of the Garage Soho), providing both seed capital via SEIS as well as supporting the business to raise follow-on equity.</p> <p>Uplift: 72.7% from SEIS Fund valuation</p>
Bayncore Limited	IT Consulting	<p>Incorporated in 2014, Cambridge based Bayncore provides specialised consultancy and IT services to organisations that utilize their own proprietary software and code using High Performance Computing (HPC), Technical Computing (engineering, financial services, etc.), Machine Learning, Deep Learning, and Big Data Analytics. Bayncore is at the forefront of addressing the "code modernisation challenge" which is one of the most pressing issues for organisations utilising HPC and technical Computing. The newest processors provided by the likes of Intel Corp (e.g. Intel® Xeon Phi™ KNL) can have up to 71 cores (compared to the chipset in our everyday PCs, which may only have two to eight cores). As a result there is a gap emerging between the available computing power and the computing power that is actually used. This is due to a specialized requirement of programming expertise limited to a few. Bayncore was established with the tacit consent and support of Intel Corp. Following 18 months of operations, the business is generating recurring revenue and poised for growth as it seeks to capture significant market shares in the EMEA region.</p> <p>Uplift: 60.0% from SEIS Fund valuation</p>
Buying Butler Ltd	Online Portal	<p>Incorporated in 2012 and based in Nottingham, and a graduate of Microsoft Accelerator in London, Buying Butler has created a B2B digital concierge buying service that removes the hassle and stress from buying complex items and helps users understand what is the best option for them. The company is initially targeting the automotive industry and, in particular, vehicle purchases within a B2B employee benefits channel. This direction has more recently opened the vehicle insurance market through the provision of a Software As A Service (SaaS) solution to improve the customer journey during an insurance claim. The software offers a greatly improved claims experience to insurance customers, which in turn delivers improved efficiencies and large cost savings for insurers. Based in Nottingham, Bedford and London, the business is currently serving domestic and European insurers, with pilots also agreed both in the USA and Africa.</p> <p>Uplift: 43.6% from SEIS Fund valuation</p>

Cognisess Limited	SaaS	<p>Incorporated in 2011 and a graduate of Microsoft Accelerator in London, Cognisess is a predictive people analytics company. Headquartered in Bath, it has partner offices in Australia, The Netherlands, Ireland and Israel. Cognisess’ mission is to be the leading software platform for predictive people analytics to support better selection, recruitment and talent management. Cognisess is democratising human capital by taking bias out of people processes making it fairer, more efficient, and more accurate for candidates, employees and employers. By harnessing cognitive neuro-science, data and predictive analytics, Cognisess removes the bias and subjectivity around hiring, annual appraisals and organisational design. Its Software As A Service (SaaS) platform Cognisess Deep Learn™ helps companies understand the current and future value of their most important and expensive asset: people. Solutions are designed frontline HR and business functions, having worked with many companies including Intercontinental Hotel Group (IHG), Volkswagen (VW), Babcock plc, MyOptique and Havas Media.</p> <p>Uplift: 0% from SEIS Fund valuation</p>
-------------------	------	---

Source: Symvan

Investors should bear in mind that the Manager has a conflict of interest when it comes to establishing the valuation for any follow-on investment in these companies and investors will need to satisfy themselves that such conflicts can be fairly managed. Symvan, however, is aware of this issue, and conflicts are commonplace if not sometimes unavoidable. Symvan point to the existence of their Investment Conflicts Committee, and the fact that Amersham’s presence on the Investment and Conflicts Committees of the SEIS funds serve as a third-party check on valuations of companies in the SEIS funds.

With respect to sourcing deals external to prior SEIS funds, Symvan Capital shared a dealflow spreadsheet, demonstrating the external opportunities that Kealan and Nicholas have seen and assessed throughout 2016. Accordingly, without noting each pipeline opportunity by name, we note there is a robust level of investment activity should deal flow need to be ramped up if AUM grows. We note that the numbers do not include business plans of companies that Symvan Capital spend a short amount of time on or which simply do not fit within the EIS Funds’ parameters (e.g. non-technology or EIS qualifying businesses).

TABLE 5:
INVESTMENT PIPELINE DATA

	First Meeting	Heads of Terms or Reject	Heads of Terms Agreed / Not Agreed	Total
Reject	56	11	6	73
Pass	28	8	0	0
Pending	3	8	5	16
Sum	87	27	11	89
% Reject	64%	41%	55%	82%
% Pass	32%	30%	0%	0%
% Pending	3%	30%	45%	18%

Source: Symvan

Symvan Capital also highlighted the following external opportunities that are being considered for the portfolio.

TABLE 6:
INVESTMENT PIPELINE COMPANIES

Investee Company	Sector	Rationale
Augmented Reality EIS Company	Technology (Augmented Reality Software)	A company involved in the fast developing field of Augmented Reality. The company work closely with two universities and have developed proprietary technology, which allows them to create custom, location-based AR experiences and solutions for their customers.
Workplace Communication EIS Company	Technology (SaaS)	A company that has developed an enterprise mobile SaaS platform which improves employee communication and engagement. The company has recognised the huge number of Non-Desk Employees (NDEs) across all sectors of employment, a number which continues to grow, as well as the worrying levels of disengagement among employees with their companies. In response, their mobile focused platform looks to combat that disengagement and improve communication within companies to increase productivity, loyalty and happiness.
Advertising & Data Analytics	Technology (Advertising)	A business that has developed an advertising platform which has seen impressive organic growth at such an early stage. The company is currently leaning on considerable experience in the student market to focus on this demographic originally, before using it as a platform for wider implementation. The company is currently seeking funding to develop further its proprietary software which will complement their existing app and streamline future expansion, as well as allowing them to explore the possibility of Augmented Reality integration into their offering.

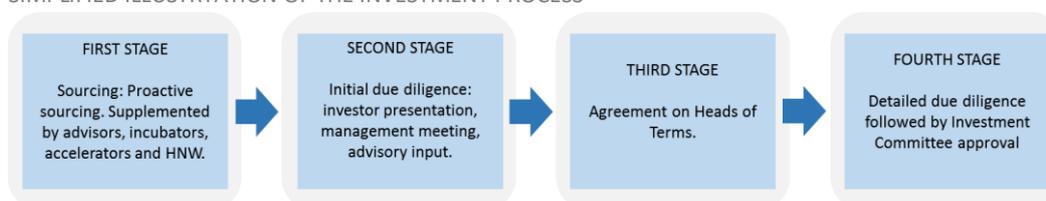
Source: Symvan

Investment Process

We found the investment process to be highly detailed and well thought-out. As discussed above, Symvan Capital views its due diligence as an ongoing journey, particularly in the case of investments incubated in its SEIS funds. This will elongate the investment process as described below, given that it will also span the sourcing of the investment at the SEIS stage. For the portfolio investments sourced outside its SEIS funds, the investment process will be take place over a more defined period of time.

Symvan Capital (together with Symvan Securities Limited) seeks out, and is approached by, businesses seeking funding. Symvan Capital’s network of advisers, contacts and connections to incubators, accelerators, high-net-worth (‘HNW’) individuals and venture capitalists across the UK all generate additional investment leads. Once the opportunities are sourced, Symvan Capital undertakes due diligence on the shortlist of potential investments. This will involve Kealan and Nicholas interviewing the underlying management teams. They will scrutinise the respective business plans and ask the respective management teams to provide detailed documentation to evidence aspects of their business model. Often, several meetings will take place and the senior advisory network may be consulted or be directly involved in the meetings and upfront due diligence.

CHART 3:
SIMPLIFIED ILLUSTRATION OF THE INVESTMENT PROCESS



Source: Symvan; AllenbridgeIQ

Following agreement on a Heads of Terms, Kealan and Nicholas will undertake detailed due diligence spanning all aspects of fundamental investment analysis. We observed the due diligence data room and found the depth to be impressive.

Investment approval will then be required by all four members of the investment committee of Symvan Capital. The Investment Committee can also call upon a third-party adviser to provide specialist advice before a final decision is taken.

Symvan Capital will seek to have at least board observer status for every investment that is made by the EIS fund. In situations where the Fund is investing in companies that have already received an investment from one of Symvan Capital's SEIS funds, Symvan Capital will already have been appointed as a corporate non-executive member of the Board, and would have had the opportunity to have the visibility this affords for a significant period already.

The investment agreement that Symvan Capital will have already entered into, through its SEIS fund investments, or any new agreement to be entered into, will provide Symvan Capital with specific defined rights. In the event a company has already entered into a shareholders' agreement with key shareholders or strategic investors, Symvan Capital will seek to enter into a Deed of Adherence on behalf of the Fund and beneficial shareholders.

No specific consideration is given to portfolio construction, with the investment case for each portfolio constituent considered on its own merit and each opportunity viewed as uncorrelated to any other. Management will allocate an investor's portfolio as evenly as possible, but does not have any mandated commitments.

Finally, Symvan Capital proposes to deal with conflicts of interest by tabling existing or potential conflicts at an Investment Conflicts Committee. This committee will comprise the same individuals as the Investment Committee, with the addition of Ian Pearson (biographies in the Appendix) as an independent member.

Risk Management

Symvan Capital's risk management strategies occur mostly during the due diligence stage when it imposes parameters on the selection of the investee companies. Hence, the quality of due diligence is key to the Fund's risk management. Symvan Capital's due diligence will seek to identify the following characteristics, which will protect the Fund from default at the underlying company level:

- There is a healthy demand and a strong market for the underlying trades of the Portfolio Companies;
- The businesses are technology companies which are potentially disruptive in their sector and have the opportunity to scale significantly. These will be technologies where Symvan Capital can provide experience and contacts to accelerate growth and add significant value;
- Businesses must be able to demonstrate that they are either already achieving, or have the potential to achieve, a growth rate in excess of 30% per annum, with no over-reliance on one revenue stream or customer. Start-ups will be avoided;
- Portfolio Companies should have proven, competent management and sound corporate governance practices;
- Forecasted earnings must be defensible and budgets sound, with spending protected by shareholder agreements;
- Portfolio Companies may develop intellectual property which can potentially be monetised, thereby providing a degree of asset-backing;
- An exit strategy should be apparent from outset;
- The investee companies are EIS-eligible.

As noted above, to allow Symvan Capital to monitor the investments, it will seek to have at least board observer status for every investment that is made. The Portfolio Companies will be requested to provide regular reports on business and financial progress, including cash flow projections, management accounts and audited financial statements, which the Symvan Capital-appointed director will review and use to flag problems to Symvan's Investment Committee.

At the fund level, Symvan Capital will aim to diversify each investor's holding as much as possible, though there are no formal parameters as noted above. Symvan Capital expects that the allocation per investment should not exceed 25% of any investor's application.

The Portfolio Companies will be valued semi-annually, in accordance with the International Private Equity and Venture Capital Guidelines. Valuations are likely to be held at cost until further third-party fund raising rounds see shares offered at a premium to the current price. Under particular circumstances, Symvan Capital may apply impairment to the valuations. We generally suggest that investors approach with caution any valuation uplifts that are not arrived at by an independent third party.

Key Features

The following fees (number 1) are those directly payable by the investee companies. There are no fees (numbers 2-3) payable by investors other than the performance fee (number 4).

1. Initial and Ongoing Fund Management Fee

The fund management fee payable to Symvan Capital includes:

TABLE 7:

FEES

Initial Fees	On-Going Annual Management Fees
6% of the gross sum of the amount	2% per annum of the amount invested in the Portfolio Company

Source: Symvan; AllenbridgeIQ

2. Early bird fees and other discounts

None.

3. Subscription/Application Fees

TABLE 8:

SUBSCRIPTION/APPLICATION FEES

Type of Investor	Initial Application Fee (and initial commissions/initial adviser charges)
Application through an adviser (For advised sales made via an FCA authorised financial adviser)	0%; adviser remuneration may be met by a facilitation charge paid to that adviser by Symvan, amount to be agreed between investor and Symvan.
Execution-only Application (Investors who make an application, using a FCA authorised 'execution-only intermediary')	0%

Source: Symvan; AllenbridgeIQ

4. Performance Fee

A performance fee is paid of 20% of the total return in excess of the investor's original contribution. The performance fee is paid on a deal-by-deal basis, with investment distributions paid out to investors immediately upon the realisation of each investment. There is no clawback provision for investments that may subsequently lose money.

Accordingly, with no investment performance hurdle and a lack of a clawback provision, we think the performance fee incentive misaligns management's priorities with that of the investors.

5. Product Fees

The detailed fees are listed in the following table that are recovered from the Investee Companies. The Fund will be responsible for the normal running costs of the Symvan Technology EIS Fund including custodian and nominee fees, bank charges, administration and investor reporting.

TABLE 9:
FEE DETAILS

Fees	Details
Initial Fees	6%
Administration Charge	0%
Annual Management Charge	2%
Arrangement Fee (% of deal)	0%
Directors' Fees	0%

Source: Symvan; AllenbridgeIQ

Performance

Prior to the launch of its first SEIS fund in 2014, Symvan Securities was extensively involved in advisory and fund raising work spanning venture capital and initial public offerings. Since 2014, Symvan Capital has seeded nine SEIS companies, of which four have been scheduled for inclusion in the current raising. They are discussed in the section 'Pipeline/Prospects and Current Portfolio' above and are highlighted in the table below.

TABLE 10:
PORTFOLIO HISTORY

(£,000)	Symvan SEIS	Symvan EIS	Symvan Funds Total	Symvan Angel Network	Other	TOTAL	Valuation Uplift since initial investment
Buying Butler	59	84	143	284	26	452	43.6%
Wonderluk	150	0	150	150	54	354	38.0%
Bayncore	150	83	233	374	0	607	60.0%
VMS Me	130	0	130	0	0	130	20.0%
Auris Tech	125	0	125	20	25	170	2.8%
Cognisess	150	86	236	230	0	466	0.0%
B.heard	100	89	189	187	311	686	72.7%
iTar	128	0	128	0	22	150	7.9%
Snackbox Games	150	0	150	0	0	150	0.0%

Source: Symvan

The most critical event for investors, where the anticipated capital gains and access to liquidity will materialise is upon exit - that is, when the underlying company is sold to a buyer and it exits the portfolio. To date, Symvan Capital has not experienced any exits from its SEIS/EIS investments which is to be expected given the age of the Fund. However, the progress to date of the four potential EIS inclusions appears sound. Naturally, investors need to be aware that despite this progress, failures in companies at this stage of development (both at SEIS and EIS levels) are common. Further valuation upgrades are likely a sign of good progress, but do not necessarily guarantee commercial success.

Appendix 1: Key Personnel

Name	Job title	Date started	Biography
Kealan Doyle	Director, Member of the Investment Committee	2010	Kealan began his career with Ernst & Young Management Consultants. From 1991 to 1993 he was a senior fixed income economist at UBS. From 1993 to 1997 he worked for Merrill Lynch, in fixed income credit trading. Between 1997 and 2000 he was Securitised Products Director at Deutsche Bank, responsible for structuring and marketing derivative products. In 2000 Kealan joined HSBC as Global Head of Equity Structured Products. From 2002 to 2007, Kealan was Managing Director of Ascent Finance Limited, where he was engaged in corporate finance, and derivatives advisory services. From 2007 to 2009, Kealan was co-head of corporate finance with Nicholas Nicolaides at Lewis Charles Securities. After a short period at Beaufort International Associates as Head of Corporate Finance, Kealan co-founded Symvan Securities in mid-2010. Kealan graduated from the London School of Economics.
Nicholas Nicolaides	Director, Member of the Investment Committee	2010	Nicholas began his career with Banque Paribas (later BNP Paribas) in 1994 working in European ECM and TMT Corporate Finance, before joining Lehman Brothers' European Telecoms & Media ECM in 2000. From 2005 to 2010 Nicholas worked first for Lewis Charles Securities in equity research and as co-head of corporate finance with Kealan Doyle, and then for Beaufort International Associates. In 2010, with Kealan Doyle, he co-founded Symvan Securities Limited. Nicholas graduated in Statistics & Economics from UCL and an MBA from Imperial College London.
Charles Liasides	Adviser	2014	In 1982 Charles founded Brainstorm, which sold a stake in 2000 to Inflexion plc. In 1985 he was a European Commission expert reviewer for a €20m computer supported cooperative working project. In 1986 Charles was invited to serve on the National Standing Committee for Technology and Innovation at the Confederation of British Industry. He was also on the CBI working party developing policy for addressing investment funding gaps for the establishment of Venture Capital Trusts and EIS schemes. Between 1989-1991 Charles coordinated dissemination exercises with the UK DTI and the EU. In 2003 he co-founded Arcanum Communications Ltd, which specialises in products that provide solutions to communications and applications requirements. He served as co-director for the London School of Economics on the EU Framework 6 project InCaS: Intellectual Capital Statement for Europe (funded €3.2m between 2006 and 2008) in which LSE was an RTD partner. Charles is a senior research fellow in the Department of Social Psychology of the London School of Economics.
Rob Bird	Adviser, Member of the Investment and Committee	2016	Since 2014, Rob has led the Center of Excellence in Machine Learning and Big Data product architecture at Akamai Technologies, Inc. In 2006, Rob founded Red Lambda, Inc., a Florida machine learning-based network security company, as its CTO. Prior to that, Rob was the Coordinator of Network Services at the University of Florida for almost 10 years. In 2004, Rob testified as an expert witness to the US House of Representatives Subcommittee on Commerce, Trade and Consumer Protection. Rob is the author of 10 issued patents in distributed systems and machine learning and sits on the Editorial Board of the Journal of Big Data.

Ian Pearson	Adviser, Member of the Investment Conflicts Committee	2014	Ian is chief executive officer for Ballintrae, which he joined in 2009. From 2006 to 2008, he was a management consultant for Albany Group, after spending five years as a business development director for Spring Group plc, a company he also worked for from 1997 to 2000.
Tom Battye	Executive Mentor	2016	Tom is a highly experienced executive coach and leadership consultant. His experience is invaluable to the leaders of Symvan's portfolio companies as they manage the challenging transition from a technology start-up to growth-oriented success. Tom has been working with senior leaders and their teams for over 15 years. His experience spans the public sector as well as private and third sector organisations. Tom's work is informed by extensive study in the field of organisational psychology. His areas of expertise include developing high performing teams; forming an effective sales strategy; managing complex and challenging relationships; working with ambiguity and change; developing authority, presence and impact; creating a personal brand; handling pressure; becoming an authentic leader; and helping high achievers manage accelerated promotion.
Julian Sampson	Regulatory and Compliance Advisor, Member of the Investment Committee	2015	Julian is the founder of Fulcrum Compliance Ltd, offering an advisory and consulting service to firms regulated by the Financial Conduct Authority. Julian was a registered Compliance/Money Laundering Reporting Officer for 15 years, implementing practical solutions for the firms in which he worked. He has been practicing as a compliance consultant with Fulcrum Compliance since 2008. Julian was Chairman of the CISI Compliance Forum from 2009 to 2015 and is a member of the CISI Membership Committee. He was a Member of the Steering Committee for Compliance Standards (BS 8453) at the British Standards Institute and has been published in Compliance Monitor. Julian advises a number of FCA regulated companies on processes and controls, including governance arrangements and regulatory relationships.
Jeff Wellstead	Advisor	2014	Jeff is originally from the US and has been working in Europe for the last 10 years. He has over 27 years' talent management leadership experience with Fortune 100 global brands including Merrill Lynch, Goldman Sachs, Morgan Stanley, Accenture, EDS, PeopleSoft, MessageLabs (Symantec), SpinVox (Nuance), and Kantar Market Research. Jeff is the founder and CEO of Big Bear Partners Ltd, working with several B2B SaaS, mobile application, cyber security and data analytics companies in their seed through to exit growth stages. Jeff's speciality is preparing and managing high-tech companies through critical growth inflection points – ensuring that the right people, processes, culture, systems and employee engagement is in place throughout all stages of organisational maturation to achieve vision. Jeff is considered an expert in all aspects of talent management and process improvement and is a certified business coach for the UK's Growth Accelerator & Innovation program as well as a member of Tech London Advocates, and an Entrepreneur in Residence for Cornell University's E@C program.

Source: AllenbridgeIQ: Symvan

This report is published by Allenbridge Limited. It is normally available to Professional Advisers by private subscription.



© Allenbridge Limited 2016

8 Old Jewry, London EC2R 8DN
Telephone 020 7079 1000

Allenbridge is a trading name of Allenbridge Limited which is incorporated and registered in England and Wales - Registered number 07435167 -Registered office: 8 Old Jewry, London EC2R 8DN. Allenbridge Limited is an appointed representative of Allenbridge Capital Limited which is Authorised and Regulated by the Financial Conduct Authority.

NOTE:

Readers should note that investment in a VCT, BR IHT or EIS carries a greater risk than some other investments, there is unlikely to be an active market in the shares, which will make them difficult to dispose of, and proper information for determining their current value may not be available. Prospective investors are strongly advised to consult their professional adviser about the amount of tax relief (if any) they can obtain.

Although we have taken reasonable care to ensure statements of fact and opinion contained in this document are fair and accurate in all material respects, such accuracy cannot be guaranteed. Accordingly, we hereby disclaim all responsibility for any inaccuracies or omissions, which may make such statements misleading, and for any consequence arising there from. While reports in this publication may make specific investment recommendations, nothing in the publication enclosed with it is an invitation to purchase or subscribe for shares or other securities.