

# Symvan Technology SEIS Fund 3

## Investment Objective

At Symvan Capital, we enter into each SEIS investment with the aim of applying our Life Cycle Approach..

We conduct stringent due diligence even at this early stage, because we are looking for future industry winners.

We will not invest in a company unless it can demonstrate the potential to return ten times our investment within a reasonable time frame. Only prodigy companies need apply.

The Symvan Technology SEIS Fund 3 ("the Fund") has been established to enable investors to invest in technology companies with high growth potential.

Symvan Capital considers that companies operating in the technology sector that have high growth potential, which also qualify for SEIS tax reliefs and which fit with the Fund's focussed investment criteria have the potential to offer investors very robust returns.

Investments will be made in new ordinary shares of Qualifying Companies. To reduce the risk of investing in smaller companies, the investment approach will be to concentrate the Fund's focus on targeting companies that meet the following criteria.

## Fund Provider/Manager

Symvan Capital Limited

Symvan Capital Limited ("Symvan") is a UK provider of tax efficient investment solutions and a Fund Adviser to funds investing in dynamic technology companies. Symvan Capital was established in 2013 and the sister company - Symvan Securities - is a corporate finance advisory firm which has been working with technology companies since 2010. The Symvan Group distinguishes itself through its deep 'life-cycle' approach to identifying and nurturing the potential technology stars of the future, whereby Symvan's SEIS funds 'seed' a business, followed by an angel round of financing and further investment through Symvan's EIS funds.

For further information please visit [www.symvancapital.com](http://www.symvancapital.com)

## Fund at a glance

### Scheme Categorisation

The Scheme is structured as an Alternative Investment Fund and the Fund Prospectus can be found at [www.symvancapital.com](http://www.symvancapital.com).

### Target Return

£2.85 for every £1 invested (equivalent to 23% IRR over 5 years, excluding reliefs.)

### Scheme Strategy

Private Equity SEIS

### Investment Sector

Technology

### Nominee & Custody Arrangements

The Nominee: Woodside Nominees Limited  
The Custodian: Woodside Corporate Services Limited

## Exit Strategy

Agility and the ability to quickly seize market disruptions and opportunity are prized characteristics associated with successful venture capital firms. Yet they are essentially 'entry decisions' and whilst the timing and valuation parameters involved with these early decisions comprise an important part of the determination of a fund's return on investment, careful attention must be paid to the terms and timing of the divestment decision.

The active monitoring and dedication of resources to sale preparation is a crucial part of getting the exit strategy for the fund's investments in accordance with its professed return objectives. Symvan Capital never enters into an initial investment without having carefully considered the eventual exit strategy (and this is definitely a moving target) and we are aware of the need to actively monitor and devote resources to the exit process. In fact, one of Symvan Capital's advisers is a specialist in helping young technology companies achieve very profitable exits, and he has successfully worked on transactions involving acquirers such as Microsoft and Symantec.

The Fund will take a long-term view on the Portfolio Companies and will aim to look at the possibility of facilitating a Portfolio Company exit after it has been held for at least three years by the Fund's subscribers, thereby ensuring, wherever possible, that the Investment has met one of the key qualifying conditions necessary for Investors to obtain the relevant tax reliefs. However, there may be occasions where an earlier sale is a commercially sensible decision and this sort of speed of movement is not atypical of the technology sector.

It is anticipated that most exits from Qualifying Investments in Portfolio Companies will take place after they have been held for five to seven years, although some could take less or more depending on market conditions and the nature of the Portfolio Companies.

Symvan Capital anticipates that the most probable successful exits are more likely to be by way of a trade sale, but all options must be carefully explored and market conditions at the time are crucial to the success of the transaction. An IPO can often provide the most attractive returns to the shareholders and healthy public markets are also key to the functioning of the broader ecosystem for financing high growth companies. However, we note that even in the US, acquisitions account for the vast majority of exits from venture capital backed companies.

For further information please do not hesitate to

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## Fees

### Fees to Investors in the Fund

The Fund is structured so that 100% of Investors' subscriptions are invested into the Portfolio Companies to maximise the tax benefits for the investor.

There are no upfront fees or management fees payable by Investors in the Fund.

The only fee payable by Investors in the Fund is a Performance Fee, and that is only paid if any single investment is successful and achieves a cash return at exit.

### Performance Fee

A fee is paid by Investors only when realisations from a company investment exceed the total amount invested. This will amount to a 20% performance fee paid to the Manager on realised amounts in excess of aggregate Subscriptions made to the Fund.

### Initial Fees to Portfolio Companies

### Investment Fee

The Manager will collect a fee of 10% on the total Subscriptions made to the Fund.

This will be recovered from each of the Portfolio Companies pro-rata to the investment made into the Portfolio Company by the Fund.

### Launch & Establishment Fee

The Manager will collect a fee of £2,000 per Portfolio Company at the time of investment to cover the costs of establishment of the Fund.

### Annual Fees to Portfolio Companies

#### Annual Administration & Monitoring Fee

The Manager will charge a fee of £3,000 per annum to each Portfolio Company, payable quarterly in arrears until the Closing Date of the Fund, subject to variation by agreement between the Manager and each Portfolio Company.

### Director Fee

The Manager will charge a fee for its services as a corporate director to each Portfolio Company for which it will receive options to subscribe for Shares in the Portfolio Company.

### Other Charges

The Manager will be responsible for the normal running costs of the Symvan Technology SEIS Fund 3 including custodian and nominee fees, bank charges, administration and investor reporting. The fees and charges described above are exclusive of VAT, which will be charged as applicable.

### Kuber Specific Arrangements

Kuber receives a fundraising fee of 1% from the manager.

Kuber will return this fee to Investors by applying it to their Subscription amount thereby increasing their investment.

## Target Diversification

The Symvan Lifecycle Approach supports our view that positive investment returns can be created from nurturing early-stage technologies through to and including participation in Series A fundraising rounds. The essence of the approach is that successful SEIS investments will be taken through and funded by Symvan Capital's funds from seed start-up to venture scale-up.

The Symvan Lifecycle Approach typically begins with Symvan Capital initially 'seeding' a technology business via an investment from a SEIS fund, whilst setting performance and achievement benchmarks for that company. Companies that Symvan Capital considers to be successful then become investment opportunities for Symvan's angel investors and EIS funds.

Symvan Capital focuses investment in businesses which have established plans and management teams, have demonstrated growth potential with strong commercial opportunities, and are planning to exit within five to seven years. Following a 'seed' round, successful technology companies typically find themselves at an inflection point in their development where, for example, an opportunity to grow sales significantly can be the main driving focus. These companies may also benefit from external assistance to achieve their growth by ensuring key internal processes and procedures have been successfully created. Symvan Capital believes that technology businesses with established commercial operations and growing revenues, which can demonstrate growth for three years or more and show potential to scale to a much higher level, are likely to be attractive to both trade buyers and private equity fund buyers and command strong valuations on sale. There is a degree of risk associated with investing in SMEs, let alone start-ups. Whilst Symvan Capital may not be able to remove such risk, we believe we offer investors an opportunity to generate attractive returns through the application of a 'deeper, not wider' approach that is applied across the entirety of our investment activities.

We consider the following factors as critical to success:

- > The process to choose Portfolio Companies is highly selective and focuses primarily on management competence. Our most important investment criterion is our assessment of the inherent faithfulness of the executive team towards sound corporate governance practices, ability to withstand adversity, and strategic competence.
- > Availability of further funding – When committing to an investment we have already considered whether further funding may be required, which we achieve through private placements with Symvan's Angel Network and attracting investments from EIS funds. For example, all portfolio companies in Symvan Capital's first SEIS fund have each raised follow-on funding, all at higher valuations, from angels.
- > Symvan Capital adopts a collaborative approach to investing, often cooperating with technology incubators, which we believe derisks investments. Examples include Microsoft Accelerator; TIM #WCAP Accelerator; and The Garage Soho.
- > Symvan Capital has access to advisors who bring technology sector, start-up and scale-up experience. Where necessary, they can join the management of portfolio companies to bolster the team where specific weaknesses exist.
- > Symvan Capital will take time to understand the business, how we can contribute to their development, and will not be rushed into completing investments. Symvan Capital will take a corporate director position with each Portfolio Company. Finally, each investor within each fund has exposure to a 'handful' of companies – therefore financial exposure to each is material.

Symvan Capital considers that this focussed approach should reduce the risk of capital loss, which can otherwise be associated with making investments in smaller unquoted companies.

### Portfolio Company Characteristics

At Symvan Capital, we focus exclusively on identifying and investing in companies with strong growth potential.

We are tolerant of the failure of some of the firms in the portfolio, particularly because the tax relief (including loss relief) make it largely irrelevant if one has some failures as long as one can have some notable successes. This characteristic is what makes technology so alluring in the context of SEIS – although the high risks of technology investing are apparent, most investors are acutely aware of the vast potential upside for the investments that truly work out.

When choosing potential company investments, certain characteristics remain broadly constant:

- a) Advance Assurance has been received in respect of qualifying under the SEIS;
- b) experienced and reliable management teams;
- c) a clear path to recurring sales growth, even at the expense of near-term profitability;
- d) a business model with high margins;
- e) relatively low capital expenditure requirements;
- f) plausible exit strategy; and
- g) must have the potential to generate a return of ten times the original investment.

### Sector Characteristics

The Fund will be making investments in companies that operate across the technology sector, however the majority of Portfolio Companies are expected to operate in the areas of digital technology and application software for the most part, often with a business-to-business (B2B) focus. The Fund's investment focus is on four subsectors of this category of technology:

- a) Artificial Intelligence and Machine Learning;
- b) Internet of Things;
- c) Data driven technologies involving big data analytics, cyber security, block chain, etc.; and

## Target Diversification

d) Immersive technologies such as Augmented Reality (AR) and Virtual Reality (VR).

Monies invested by the Fund into Portfolio Companies will be primarily used by these entities to invest in people, sales and marketing activity, and working capital to achieve and grow revenues quickly. The Manager believes that technology businesses with established commercial operations,

growing revenues, and the potential to scale to a much higher level, are likely to be attractive to both trade buyers and private equity fund buyers and command strong valuations on sale or at flotation.

**SEIS Eligibility** – 100% to be invested into SEIS eligible businesses. No investment shall be made unless a potential Portfolio Company has received Advance Assurance from HMRC.

### Important Notice

Please read the following information carefully as a professional adviser. The information contained in this document is for discussion purposes only for professional advisers and their clients, it is not for Retail Clients. EIS Portfolios are not suitable for all investors as the underlying investments are often illiquid and therefore high risk. Advice should always be sought from a professional adviser prior to investing. By proceeding through this document and accompanying Platform Guide you are agreeing to the terms and conditions. For purposes of compliance with the UK Financial Services and Markets ACT 2000 (FSMA), this material is communicated by Kuber Ventures; and the contents of this financial promotion have been approved for the purposes of section 21 of the FSMA by Sturgeon Ventures LLP which is authorised and regulated by the Financial Conduct Authority (FCA) and it has its trading office at Linstead House, 9 Disraeli Road, London SW15 2DR. Kuber Ventures Limited advisors are all regulated by the Financial Conduct Authority and can be found on [www.fca.gov.uk/fcaregister](http://www.fca.gov.uk/fcaregister) Kuber Ventures Limited FRN 574987 is an Appointed Representative of Sturgeon Ventures LLP which are Authorised and Regulated by the Financial Conduct Authority. Kuber Ventures Limited, 25 Sackville Street, London, W1S 3AX Registered number: 8693809, VAT: 175 9290 69.