

Guinness AIM EIS

INFORMATION MEMORANDUM WITH APPLICATION FORM

Investing in AIM-listed companies

- Investing in new and secondary share issues
- Growth companies benefiting from AIM listings
- 30% EIS Income Tax relief

December 2017

GUINNESS

ASSET MANAGEMENT LTD



Important Information

It is very important that you read and fully understand the key risks involved with this investment so that you can decide whether it is right for you. The value of an investment in this product may go down as well as up, and you may not get back the full amount invested. Please remember that tax rules and regulations are subject to change.

The key risks associated with this product are explained on page 26 of this brochure.

It must be noted that where past performance is referred to, past performance is not a reliable indicator of future performance.

ANNA
REGINA



CONTENTS

Letter To Investors	5
Investment Summary	6
Investor Factsheet	7
Investment Opportunity	8
Investment Strategy	9
The Enterprise Investment Scheme	10
Regulatory / AIFMD	11
Tax Benefits	12
The Investment Manager	13
The Investment Team	14
The AIM Market	16
Historic Guinness EIS Investments	18
The Investment Process	20
Making an Investment	23
Charges	24
Key Risks	26
Frequently Asked Questions	28
Parties and Advisors	29
Definitions	30
Important Information	32
AIM EIS Investor Agreement	33
Application Form	39

Contact Us

Please feel free to contact us on:

T: 020 7222 3475

E: eis@guinnessfunds.com

W: www.guinnessfunds.com



Tim Guinness

Chairman, Guinness Asset Management

Letter to Investors

December 2017

Dear Investor,

Welcome to our Guinness AIM EIS, which continues our strategy of making EIS-qualifying investments in AIM-listed companies.

We launched our AIM EIS offerings in 2013 in response to the improved investment opportunity. By investing in AIM-listed companies, we are able to realise the investments more easily than for unlisted investments.

We are aiming to deliver investment returns to investors in excess of £1.30 net of all fees (effectively £1.60 including EIS Income Tax Relief) per £1.00 invested.

Investors benefit from Andrew Martin Smith's investment management expertise. He has 40 years of financial services experience and has made a large number of smaller company investments over that period. I have been making investments alongside Andrew into smaller companies since the 1990s.

The offering is structured as an Approved EIS fund, as defined by HMRC, with a closing date of 6th April 2018. You will, therefore, receive just one EIS tax certificate for claiming your EIS relief, rather than receiving individual EIS tax certificates for each investment. Investors will be eligible for EIS Income Tax Relief in the tax year the fund closes, or may be able to carry back to the prior tax year. We are targeting having the Subscriptions fully invested within 12 months.

We will defer all our fees, which will be payable from the proceeds of investments. This will help maximise the amount on which Investors can claim EIS tax reliefs.

We have an excellent team in place to deliver the objectives of the Guinness AIM EIS and I encourage you to invest.

Yours faithfully,



Tim Guinness

Investment Summary

Name of EIS	Guinness AIM EIS
Investment Focus	Companies admitted to AIM that qualify for EIS Relief
Target Size	£10 Million
Closing Date	6th April 2018
Target Investment Period	Targeting full investment of subscriptions within 12 months
Minimum Individual Subscriptions	£20,000
Investment Manager	Guinness Asset Management Limited
Expected Life	4 to 5 years
Regulatory	The Board of HMRC has approved Guinness AIM EIS as an approved investment fund within the terms of section 251 of the Income Tax Act 2007.

Guinness Asset Management Limited,
14 Queen Anne s Gate,
London,
SW1H 9AA

T: 020 7222 3475
E: eis@guinnessfunds.com
W: www.guinnessfunds.com

Investor Factsheet

Guinness AIM EIS (the Service) makes investments in AIM-listed companies that are eligible for EIS tax reliefs.

Since 1995, the London Stock Exchange's market for small and growing companies has helped more than 3,000 companies raise over £90 billion.

The investment objective: tax-free investment returns of over £1.30 per £1.00 invested, net of all fees, in addition to £0.30 of EIS Income Tax Relief.

Investment Management Team



Andrew
Martin Smith



Shane
Gallwey



Hugo
Vaux



Tim
Guinness



Lord
Flight



Edward
Guinness

EIS Tax Reliefs

- 30% EIS Income Tax Relief
- CGT Deferral
- CGT Free Disposal
- Inheritance Tax Relief
- Loss Relief

Charges

Initial Fee (advised Investors)	2%
Initial Fee (non-advised Investors)	5%
Annual Management Fee	1.75%
Performance Fee (on returns per £1 per £1 invested)	20%

Investment Strategy

Investment Period: intended that Subscriptions will be fully invested within 12 months. Investments will be held for the EIS three year holding period.

Diversification: targeting a portfolio of 10 or more investments.

Sector and Stage: investing across a range of sectors, and from early stage to more mature businesses.

EIS Relief: Investee Companies must have received EIS Advance Assurance.

Exit: AIM-listing facilitates exiting investments. Targeting being fully exited within 4 to 5 years, subject to market conditions.

All fees are deferred until they can be paid from the Proceeds of Investments to maximise EIS relief for Investors.

Guinness Asset Management will facilitate the payment of fees to Financial Intermediaries if so instructed by Investors.

Investment Opportunity

There are several factors that have made investing in AIM companies that qualify for EIS tax reliefs an attractive area:

Transparency

AIM-listed companies are more transparent than most EIS investment opportunities. This is in part due to the AIM - listing requirements to publish annual audited and half-yearly unaudited accounts, as well as making public any price sensitive information in a timely fashion.

Liquidity

AIM-listed companies have the advantage of liquidity by virtue of their listing on AIM, providing the Investment Manager a means of selling shares and returning funds to investors.

Access

Many AIM share offerings and placings of new shares are only made available to institutional investors. It can be difficult as a private investor to gain access to investment opportunities. The Investment Manager is known to the majority of the Nominated Advisers on AIM.



Investment Strategy

The Investment Manager will predominantly invest in a portfolio of AIM-listed companies that it believes will offer capital gain underpinned by sound financial assumptions and robust management teams. Up to 20% of the fund may be invested in pre-IPO or NEX companies. Our investment strategy is summarised below.

Investment Period

The Investment Manager will commence investing from the closing date of 6th April 2018. It is intended that Subscriptions will be fully invested within 12 months. The Investment Manager intends to hold the investment for the EIS Three year Period.

Diversification

The Investment Manager is targeting a portfolio 10 or more investments to provide diversification to Investors.

Sector and Stage

The Investment Manager will review potential investments across a range of EIS qualifying sectors and will look to have a balanced spread of investments across sectors and development stage.

Capital Growth

The focus of the Service is on generating capital growth. It is not expected that many Investee Companies will pay dividends during the three year EIS holding period.

EIS Relief

Investments will only be made into companies that have received EIS Advance Assurance from HMRC.

Exit

On exit the Investment Manager intends to offer Investors a number of options to suit their requirements. This will include, but not be limited to, the sale of Investments to return cash, continued management of the Investments to maintain Inheritance Tax Relief or sale and reinvestment into a follow-on Guinness AIM EIS fund.



The Enterprise Investment Scheme

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

The EIS is now a popular investment choice for UK investors and is considered in the context of wider tax planning by financial advisers. Since its launch in 1994, the scheme has raised £15.9 billion in funds that have been invested in over 26,000 individual companies. Recent data from HMRC shows that 3,285 companies raised a total of £1.6 billion of funds under the EIS scheme in the 2015/16 tax year. (Source: HMRC Statistics, April 2017).

Investing with EIS

Guinness AIM EIS makes investments into AIM-listed companies that are eligible for EIS tax reliefs.

EIS investments qualify for tax reliefs (detailed on the next page) that mitigate the risks investors are taking by investing in smaller, unlisted companies. While the quality of the underlying investments is the most important factor, the tax reliefs provide a means of enhancing returns and protecting against losses.

Investing for the Medium Term

Only certain companies qualify for the EIS, and in order to qualify an investment needs to be held for at least three years. We indicate to Investors that we expect to exit investments within four to five years of making an investment. It can take up to 12 months to invest an Investor's subscription fully, so Investors must be prepared to invest for at least the medium term.

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

Timing of EIS Certificates

Once 90% of the Subscriptions have been invested, the Investment Manager will apply to HMRC for permission to issue you with an EIS 5 Certificate, thereby enabling you to claim EIS Income Tax Relief. ***Investors can therefore expect to receive their EIS 5 Certificate 12 to 16 months after the Closing Date.***

Regulatory

Approved Fund for EIS Purposes

Prior to the Closing Date, Guinness Asset Management will apply to HMRC to have the Guinness AIM EIS classified as an HMRC approved investment fund for EIS purposes. Therefore, for Income Tax Relief purposes all the Investments will be deemed to have been made on the Closing Date provided 90% of the Subscriptions have been invested by the first anniversary of the Closing Date.

Investors will be able to claim Income Tax Relief in the tax year the fund closes, or carry back to the previous tax year. In addition, as an Approved Fund, the process of claiming EIS Income Tax Relief is generally simplified. Rather than receiving an EIS 3 certificate for each investment made, Investors will be issued with a single EIS 5 certificate with EIS Income Tax Relief and other tax reliefs can be claimed.

Once 90% of the Subscriptions have been invested, the Investment Manager will apply to HMRC for permission to issue you with an EIS 5 Certificate, thereby enabling you to claim EIS Income Tax Relief. Investors can therefore expect to receive their EIS 5 Certificate 12 to 16 months after the Closing Date.

The Investors will be the beneficial owners of the underlying Investments in each case with a specific number of shares allocated to each Investor in proportion to the amount of their subscription to the Fund.

The approval of a fund by the Board of HM Revenue & Customs is relevant only for the purpose of attracting certain tax advantages provided by section 251 Income Tax Act. Such approval covers only certain administrative matters. It in no way bears on the commercial viability of the investments to be made; neither does it guarantee the availability, amount or timing of relief from income tax or capital gains tax.

Alternative Investment Fund Managers Directive

AIFMD was implemented in the UK between July 2013 and July 2014. AIFMD and its subsidiary regulations were created by the EU Parliament, the EU Commission and the European Securities and Markets Authority as a reaction to various aspects of the financial crisis.

AIFMD aims to offer several protections to investors in Alternative Investment Funds (AIFs), as defined in AIFMD:

- it introduces direct European regulation of the fund management industry for the first time, greatly increasing the number and detail reports that Alternative Investment Fund Managers (AIFMs) must take to regulators.
- it requires that each AIF appoint a regulated depositary (Depositary) to monitor its cash, safeguard its assets and oversee its fund manager.
- it requires that AIFMs implement a range of new policies, procedures and practices, including separating out their portfolio management and risk management functions.
- it introduces much higher standards in relation to pre-investment and ongoing disclosures to investors in AIFs, including the need for the AIF's financial statements to be audited, irrespective of the AIF's size.

As required under the FCA Rules, Guinness Asset Management will treat each Investor as its client for regulatory purposes. The Fund is an AIF for the purposes of the AIFMD. The Investment Manager will be the AIFM and is currently a Small Authorised AIFM. In the event that the Investment Manager becomes a Full Scope AIFM, the Fund will be required to appoint a Depositary (which may be an affiliate of the Fund Manager), the cost for which will be met out of the fees due to the Investment Manager.

Tax Benefits

The main tax benefits available to Investors in the Guinness AIM EIS Service, depending on their individual circumstances are:

Income Tax Relief

Investors may receive an income tax rebate of up to 30% of their EIS investments from HMRC. An individual may invest a maximum of £1 million per tax year for EIS Income Tax Relief purposes. Qualifying Investors may claim income tax relief in the tax year in which shares in an Investee Company are issued to them, or the previous year.

Capital Gains Tax Deferral

Where investors have made a capital gain on previous investments, they could face a Capital Gains Tax bill when they sell those investments. EIS enables investors to defer those gains for the life of the EIS investment. The CGT liability is eliminated if the investment is held at death, and there is no limit on the amount of capital gains tax that can be deferred.

Important notice for Investors deferring capital gains

Qualifying Investors can defer capital gains that have arisen within 36 months before or 12 months after each underlying investment in an Investee Company has been made. Investors looking to defer capital gains should therefore note that Subscriptions are being invested over a 12 month period.

Remember that the availability of any tax relief depends on your own personal circumstances and may be subject to change. You should take professional advice on your tax position.

Inheritance Tax Relief

Once an Investment has been held for at least two years it should qualify for business Relief. This would make the investment effectively exempt from inheritance tax, provided it was held at the time of death.

Depending on how your investment performs, there may be other tax reliefs available:

Capital Gains Tax-Free on Disposal

Investors will not pay Capital Gains Tax on gains from the disposal of shares in EIS Qualifying Companies, provided EIS Income Tax Relief is claimed and retained and the disposal occurs after the end of the EIS Three Year Period following the Investment.

Loss Relief

If your shares in an EIS Qualifying Company are disposed of at a loss (net of any EIS Income Tax Relief already claimed), you can claim loss relief at your marginal rate of tax (up to 45%).

HMRC publish more details on their website www.gov.uk/government/publications/the-enterprise-investment-scheme-introduction

The Investment Manager

Guinness Asset Management is a London-based specialist fund management company, established in 2003. Guinness is independent and focused purely on investment management. Our in-house economic, industry and company research allows us to take an independent view and not be led by the market. Our size and specialist nature also means we have the ability to respond to market changes and opportunities.

Together with our US sister company, Guinness Atkinson Asset Management, the firm currently manages more than £1 billion. Since 2010, the Guinness EIS team has raised and invested over £90 million in EIS qualifying companies.

Track Record

The Investment Management Team leverages the considerable EIS and investment expertise of Tim Guinness, CEO of Guinness Asset Management, Lord Flight, Chairman of the EIS Association and Edward Guinness, Fund Manager of the Guinness EIS funds.

In 2016 the Guinness EIS team exited three investee companies, returning in excess of £1.20 per £1.00 invested to Investors (not including EIS Income Tax Relief).

As well as its EIS and IHT offerings, Guinness Asset Management provides a range of actively managed, long-only equity portfolios designed to deliver real returns for long-term investors.

Please note that past performance should not be taken as a reliable indicator of future performance.

Guinness Funds

Guinness Asset Management provides actively managed portfolios in a selection of asset classes and specialist growth themes, in the following areas:

EIS SERVICES

[Guinness EIS](#)

[Guinness AIM EIS](#)

IHT SERVICE

[Guinness Sustainable Infrastructure Service](#)

EQUITY INCOME FUNDS

[Global Equity Income Fund](#)

[Asian Equity Income Fund](#)

[European Equity Income Fund](#)

GROWTH FUNDS

[Global Innovators Fund](#)

[Best of China Fund](#)

SPECIALIST FUNDS

[Global Energy Fund](#)

[Alternative Energy Fund](#)

[Global Money Managers Fund](#)

The Investment Team



Andrew Martin Smith

Lead Fund Manager

Andrew Martin Smith began his career at Hambros Bank in 1975 as a graduate from Oxford University. He has over forty years experience in the financial services industry and currently works as a senior adviser with Guinness Asset Management. Andrew is a Director of several other investment-related companies including Church House Investments. He was previously Chief Executive of Hambros Fund Management.



Shane Gallwey CFA

Fund Manager

Shane heads up Guinness Asset Management's EIS and IHT investment business. He has advised and invested in growth companies for seventeen years. Initially in corporate finance at HSBC Investment Bank, where he focused on technology companies, and latterly at Northland Capital Partners with a focus on tax-efficient funding. Shane holds an MA from the University of Edinburgh, and is a CFA Charterholder.



Hugo Vaux

Analyst

Hugo joined the Guinness EIS investment management team in 2012. His role includes sourcing and assessing potential transactions, monitoring existing investments and assisting on marketing. Prior to joining Guinness, Hugo gained experience at SandAire Wealth Management undertaking macro-economic analysis in the investment team. He has an MSc in Finance and Investment from the University of Bristol and a BA in Economics from Exeter.



Tim Guinness

Investment Committee

As founder and Chief Investment Officer of Guinness Asset Management, Tim Guinness is a logic-based value investor with nearly forty years of experience. He was Joint Chairman of Guinness Flight Global Asset Management Ltd. Tim graduated from Cambridge University with a degree in engineering. He then completed a Master's Degree in Management Science at the Sloan School M.I.T. in the United States.



Lord Flight

Investment Committee

Howard Flight is Chairman of the EIS Association and a director of Flight and Partners which manages the Flight & Partners Recovery Fund. Lord Flight was the co-founder of Guinness Flight, which merged with Investec in 1998. From 1997 to 2005 he served as a member of parliament and as a member of the Conservative Shadow Treasury Team. He is currently the director of businesses with over £50 billion of funds under management, and sits in the House of Lords.



Edward Guinness

Investment Committee

Edward manages the Guinness Alternative Energy Fund. In 1998 he joined HSBC Investment Bank, working in the Utilities and Telecoms teams. He subsequently worked in New York as a merger arbitrage analyst at the Tiedemann Investment Group. He graduated from Cambridge with an MA (Hons) in Engineering and Management Studies.

**QUEEN ANNE'S
GATE SW1**

CITY OF WESTMINSTER

The AIM Market

AIM is the most successful growth market in the world. It has helped over 3,000 companies raise more than £90 billion through new and further capital raisings. AIM plays a vital role in the funding environment for small and medium-sized enterprises as they develop their business.

Not all AIM companies are EIS qualifying. There are certain criteria that need to be satisfied, for example:

- A company must have fewer than 250 full-time employees (or their equivalents) at the time the shares are issued.
- The gross assets of the company cannot exceed £15 million immediately before any share issue and £16 million immediately after that issue.
- The company is required to have a permanent establishment in the United Kingdom.
- The company must be undertaking a qualifying trade (certain trades are excluded such as leasing, farming, shipbuilding, managing hotels or nursing homes, producing coal or steel to name a few).

Several further criteria were introduced in 2015:

- With certain exceptions, the company or group may not have been trading longer than 7 years at the time of the investment (10 years for knowledge-intensive companies).
- The company must not have received more than £12 million in total from state aid sources (£20 million for knowledge-intensive companies).

AIM - Key Statistics

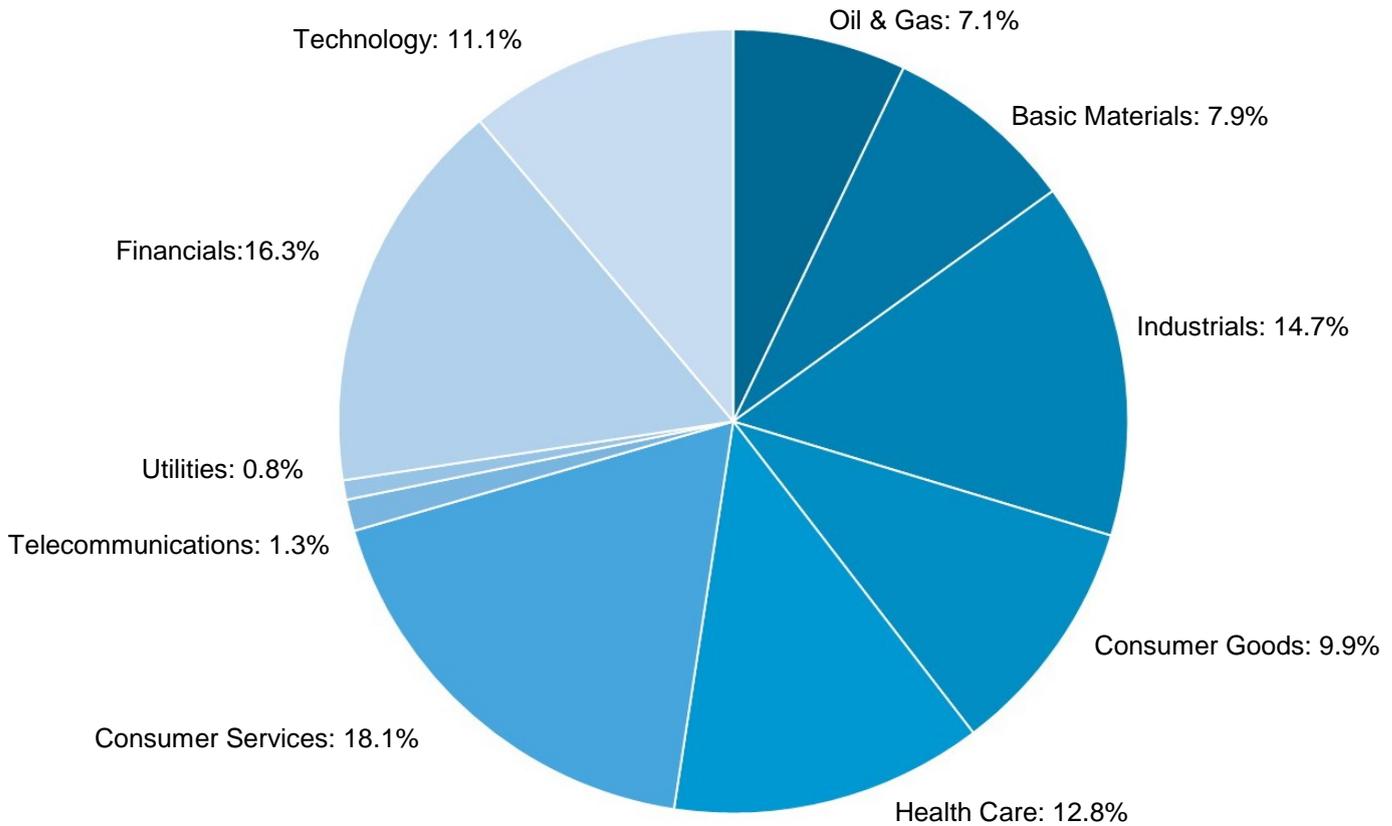
Total number of AIM listed companies	973
Total market cap for all AIM companies	£84.7 bn
Total new money raised on AIM since inception	£100.2 bn
Total raised by new issues	£41.8 bn
Total raised by secondary issues	£58.4 bn
2016 share turnover value (ytd)	£3.5 bn
2016 number of bargains (ytd)	0.65 m
2016 shares traded	£41.2 bn

AIM Journal AIM Statistics, March 2017

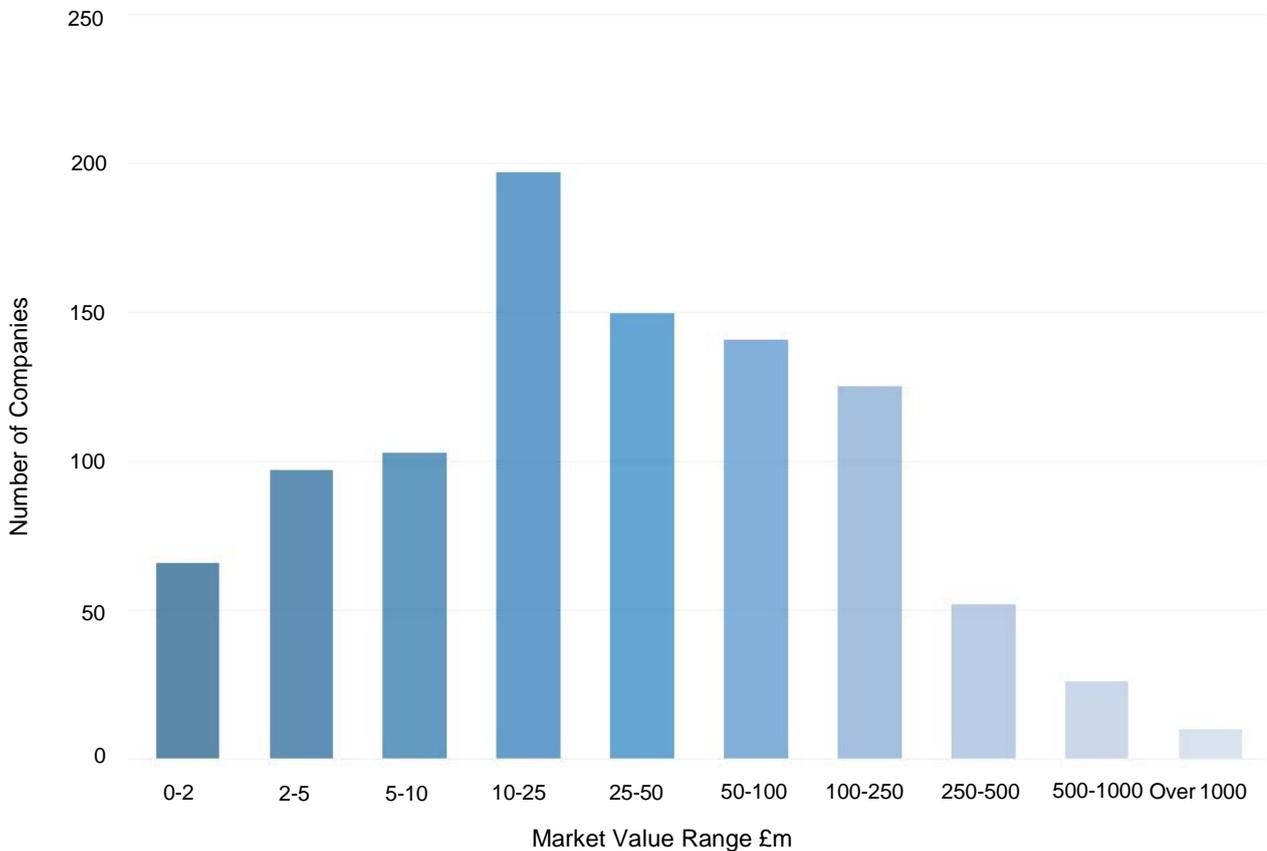
AIM By Sector

(% market capitalisation)

Source: AIM Journal AIM Statistics, March 2017



Distribution of Companies by Equity Market Value



Source: London Stock Exchange AIM Statistics, April 2017

Historic Guinness AIM EIS Investments



Website: www.chapeldown.com

Guinness AIM EIS Investment: 2014

Chapel Down produces world-class sparkling and still wines and through its associate company Curious Drinks Ltd, the award-winning range of Curious beers and ciders.

Chapel Down supplies leading chefs such as Gordon Ramsay and Jamie Oliver as well as strong trade partners including Waitrose, M&S, Matthew Clark and Majestic Wines.

The winery is located at Tenterden in Kent, which attracts visitors for its tours, tastings, events, restaurant and retail shop.

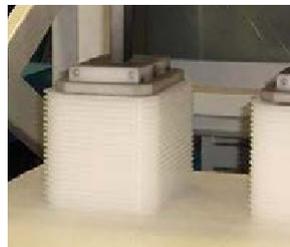


Website: www.coralproducts.com

Guinness AIM EIS Investment: 2014

Coral Products is a specialist in the design, manufacture and supply of injection moulded products across a wide range of industry disciplines.

Investment in bespoke injection moulding machines and handling equipment has enabled Coral to become a major player in the UK market, manufacturing waste and Recycling solutions as well as Food Packaging through its subsidiary Interpack Ltd.





Website: www.fishingrepublic.net

Guinness AIM EIS Investment: 2015

Fishing Republic, headquartered in Rotherham, has grown to be the largest fishing tackle retailer in the UK with a chain of ten retail outlets in England and Wales. Stores are typically located in out-of-town light industrial sites with car parking facilities.

Fishing Republic have also developed a range of own brand products including Klobba for clothing and Theseus for fishing tackle.



Website: www.yuenergy.co.uk

Guinness AIM EIS Investment: 2016

Yu Energy is an independent supplier of gas and electricity focused on servicing SME businesses throughout the UK. It has no involvement in the domestic retail market.

The group was founded by Bobby Kalar and obtained the necessary Ofgem licenses to supply gas and electricity in the UK market.

In addition to the supply of gas and electricity, the group offers certain ancillary services.



The Investment Process

1. Origination

Relationships with key AIM advisers and brokers ensures access to relevant IPOs and secondary share offers.

2. Due Diligence

Initial review of business plan and sector; management meetings; site visits if appropriate; and detailed due diligence.

3. Transaction

Investment committee review all investment proposals.

4. Monitoring

Regular management reports and half-yearly financial statements. Regular management meetings to monitor progress.

5. Exit

Realise each investment to optimise returns for investors. Companies trading on AIM provide flexibility for investors.



Origination

The Investment Manager sources Investments through its networks of contacts with AIM nominated advisers and brokers. Guinness Asset Management is an active investment manager in the UK quoted investment market and is well known to the London advisory community. In addition, the Investment Manager reviews the Stock Exchange announcements of upcoming share issues to ensure it reviews all relevant issues.

Due Diligence

The first stage of due diligence entails a review of documentation including any relevant admission document for an IPO, annual report and accounts, corporate literature and brokers research. This is set in the context of the sector and the market as a whole to provide the Investment Manager with an initial view of the attractiveness of the investment proposition.

Companies that pass the first stage due diligence are invited to present to the Investment Manager, and time is spent in meeting and understanding the management team and their approach. Where appropriate, references are taken and site visits are made.

Transaction

Where the Investment Manager wishes to proceed with an investment, a short form report is circulated to the Investment Committee to review and provide comment. The Investment Committee has the opportunity to question the Investment Manager on their approach and rationale for an investment, and further analysis will be undertaken if required.

Monitoring

AIM companies are required to publish results half-yearly, with full year results being audited. The Investment Manager will meet with each Investee Company periodically and question management on progress and performance.

Exit

As the Investee Companies are quoted this provides the Investment Manager with flexibility on exit. The Investment Manager intends to offer Investors a number of options to suit their requirements. This will include the sale of Investments to return cash, continued management of the Investments to maintain Inheritance Tax Relief or reinvestment into a follow-on Guinness EIS fund.



“Never invest for a tax break alone - ensure the underlying investment is sound”

Tim Guinness, Chairman - Guinness Asset Management

Making an Investment

1. Application Form

Complete the application form and return it to:

Guinness AIM EIS, c/o The Share Centre, PO Box 2000, Aylesbury, Buckinghamshire, HP21 8ZB



2. Welcome Letter

You will receive a welcome letter from Guinness within 1 to 2 weeks with your Share Centre account details.



3. Contract Note

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



4. EIS 5 Form

An EIS 5 form will be sent to you once all investments have been made. These will contain all the relevant details to enable you to claim EIS Income Tax Relief and or Capital Tax Deferral Relief on the whole investment.

Investors should note that the EIS 5 certificate will only be issued after all investments have been made. Investors can expect to receive their EIS 5 Certificate 12 to 16 months after the Closing Date. Investors will need to pay any Income Tax or Capital Gains tax due and reclaim this following receipt of their EIS 5 certificate.



5. Investor Updates & Valuation Statements

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



6. Exit & Closing Statement

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

Charges

Financial Intermediary Fees

Financial Intermediary Fees are costs you have agreed to pay to your adviser. Payment of these can be facilitated by Guinness if you indicate on your Application Form that you would like us to do this. You will only be eligible to receive EIS relief on your investment net of your Financial Intermediary Fees.

It is the responsibility of the applicant and their adviser to notify us if ongoing payments to advisers should cease. The Investment Manager reserves the right to cease these payments for any reason in its absolute discretion.

Guinness Deferred Fees

In order to maximise the amount of EIS Income Tax Relief that investors receive, Guinness will defer all its fees such that they will be paid from the Proceeds of Investments. This enables the Investment Manager to invest up to 100% of Subscriptions into Investee Companies, maximising the amount on which Investors can receive EIS Relief.

Administrator Fees

The Share Centre will charge a transaction fee of up to 0.35% and an annual charge of £60.

VAT

VAT will be charged, where applicable.

Other Fees

The Investment Manager will pay any costs incurred in connection with potential investments that do not proceed.

The Investment Manager retains the right to retain fees from investee companies including directors fees or monitoring fees. Any such fees are subject to Investment Committee approval.

Investing through an adviser

Adviser Charge	As agreed with adviser
----------------	------------------------

Deferred Guinness Fees

Initial Fee	2%
Annual Management Fee	1.75%

Investing through a non-advisory intermediary

Deferred Guinness Fees

Initial Fee	5% of which up to 3% may be payable to your execution-only intermediary as commission
Annual Management Fee	1.75%

Investing Directly

Deferred Guinness Fees

Initial Fee	5%
Annual Management Fee	1.75%

Performance Fee

Performance Fee	20% of the Portfolio profit received by Investors. This is therefore only incurred once your Subscription has been returned to you.
-----------------	---

Effect of Deferral of Fees

Guinness Asset Management will defer all its charges to be paid from Proceeds of Investments. This is expected to have a positive impact for Investors who will have up to 100% of their Subscription invested in Investee Companies and, therefore, maximise the amount that they can receive EIS Relief on.

The table below gives an example of how the deferral of fees can have a positive impact on investor returns, as opposed to withholding all the fees up-front. In the example shown of a £100,000 Subscription, and based on the assumptions below, the Investor is £7,280 better off as a result of the deferral of fees.

	Without Investment Manager fees deferred	With Investment Manager fees deferred	Benefit to Investor
Subscription	£100,000	£100,000	
Fees paid prior to Investment (including VAT)	£10,400	£0	
Net Investment	£89,600	£100,000	
Value after four years	£134,400	£150,000	
Fees paid from Proceeds of Investment	£0	£10,400	
Performance Fee	£6,880	£7,920	
Net Return to Investors	£127,520	£131,680	£4,160
EIS Income Tax Relief	£26,880	£30,000	£3,120
Return including EIS Relief	£154,400	£161,680	£7,280

Notes:

1. Investor proceeds are after fees have been deducted
2. Fees assumed are 2% initial fee and 1.75% + VAT for four years
3. Assumes investment value grows at 10.67% per annum over a four year investment period
4. Ignores Administrator charges, dividends, financial intermediary fees or changes in net asset value that might affect fees.

Please note that this is an illustrative example and is not a forecast or prediction as to what returns an Investor can expect.

Key Risks

A Subscription to the Service is subject to a number of risks. Before making any decision to subscribe, prospective Investors should consider carefully the risks attaching to a Subscription and the Service together with all other information contained in this Information Memorandum including, in particular, the risk factors described below. This information does not purport to be exhaustive and the risks below are not set out in order of priority. Additional risks and uncertainties not presently known to the Investment Manager may also have an adverse effect on the business of the Investee Companies. Investors should consider carefully whether a Subscription to the Service is suitable for them in the light of the information in this Information Memorandum and their personal circumstances.

AIM

The Investment Manager intends to invest in a portfolio of AIM businesses engaging in EIS qualifying activities. However, the Investment Manager may not be able to make sufficient investments in suitable Investee Companies. If sufficient investments are not made, the returns achieved by the Service could be materially impacted, and the tax advantages of the EIS may not be available.

Investment in shares traded on AIM involves a higher degree of risk, and such shares may be less liquid, than shares in companies which are listed on the main market of the London Stock Exchange.

The rules governing AIM companies are less demanding than those of companies listed on the main market of the London Stock Exchange.

The market price of AIM listed shares may not necessarily reflect their underlying value.

The share price of AIM listed companies can be highly

volatile and shareholdings can be illiquid. The price at which AIM listed shares are quoted and the price at which such shares may be realised will be influenced by a large number of factors, some specific to the relevant Investee Company and its operations, and others which may affect AIM-listed companies generally, such as legislative changes, and general economic, political, regulatory or social conditions.

Some AIM-listed companies are majority owned by connected parties who may be in a position to exert influence on the relevant Investee Company and their interests may differ from other shareholders.

The Investment Manager

The Investment Manager intends to invest across a portfolio of Investee Companies to diversify exposure to any one company and to comply with the rules for approved funds imposed by HMRC. However, there is a risk that the Investments are concentrated or there is a weighting towards one or more sectors. In these circumstances returns to Investors may be adversely affected by the underperformance of a particular company or sector.

Past performance of the Investment Manager or previous Guinness AIM EIS offerings is no guarantee of future performance. Previous Guinness AIM EIS offerings are likely to be invested in different companies or at different prices and will be held through different market conditions for different time periods.

The value of shares in any Investee Company may go down as well as up and Investors may not get back the full amount invested. Investors should not consider subscribing unless they can afford a total loss of their Subscription.

Although AIM companies are quoted, not all shares are readily realisable at all times. In addition, the

Investment Manager may invest up to 20% of the Subscriptions in pre-IPO investments or NEX Global Market quoted companies which may be illiquid. As a result, it may take longer than anticipated for Investors to realise all of the holdings.

Investee Companies will often be relatively small, and vulnerable to government actions and changes in statute. In particular, there may be changes to the EIS legislation which may affect Investors' tax positions, or changes in legislation specifically relating to the AIM market that may affect the returns.

Investment Companies may be reliant on the skills or knowledge of a small number of individuals, and should a key individual leave performance may be adversely affected.

Funds raised will be held by the Custodian in its client money account. If the Custodian was to become insolvent after funds were received by them, then an Investor's money could be at risk.

Guinness AIM EIS is targeting a return to Investors of over £1.30 per £1.00 invested, net of all fees, in addition to £0.30 of EIS Income Tax Relief. The Investment Manager makes no guarantee or promise that this target return will be achieved. This target has been set in the context of the likely portfolio size and the Investment Manager's view of the risk and return profiles of historic and expected investment opportunities.

Tax Risks

The tax reliefs referred to in this Information Memorandum are those currently applicable. However, Investors should be aware that tax reliefs can change. Their applicability and value will depend upon the individual circumstances of a given Investor, and Investors should seek their own independent professional advice on their particular tax situation and the application of such tax reliefs prior to making a Subscription.

It is the intention of the Investment Manager to invest

in companies which qualify under the EIS legislation but there is no guarantee that EIS status can be maintained throughout the life of the Investment. The Investment Manager will request confirmation of EIS Advance Assurance prior to making any investment.

Both Investee Companies and Investors need to comply with the requirements of the EIS legislation in order to maintain EIS Income Tax Relief, CGT free disposal and CGT Deferral Relief, and non-compliance may result in the loss or partial claw-back of EIS Income Tax relief and CGT Deferral Relief, and potential interest penalties. Subscription funds will not be returned in these instances.

If an Investee Company ceases to carry out a qualifying trade during the EIS Three Year Period, its EIS status is likely to be affected and EIS Relief for Investors could be withdrawn.

If an Investee Company acquires a subsidiary or business where the trade is older than 7 years, and some or all of the EIS investment is used for that subsidiary or business, the company may lose EIS Relief if the acquisition is within the EIS Three Year Period.

Shares in companies which qualify under the EIS legislation will normally qualify for Business Relief for Inheritance Tax Purposes at rates of up to 100%. In order to secure this relief, Investors must retain their shareholding in an Investee Company for a minimum of two years. The Investment Manager intends to invest in companies which qualify for EIS Relief, CGT Deferral Relief and Business Relief although there is a possibility that Investments will not qualify for one or more of these.

It is the intention of the Investment Manager that Investments will be held for the EIS Three Year Period. However, the Investment Manager reserves the right to realise individual Investments prior to the end of the EIS Three Year Period if it believes it is in the best interest of Investors.

Frequently Asked Questions

Please call us on 020 7222 3475 if you have any questions regarding Guinness AIM EIS. Below are some of the frequently asked questions in relation to the Service.

What is the minimum subscription?

The minimum Subscription is £20,000. There is no maximum Subscription, although, income tax relief is currently available on total investments of up to £1 million in a tax year. Neither Inheritance Tax Relief nor Capital Gains Tax Deferral Relief are capped.

How do I invest in Guinness EIS?

Please complete the Application Form and Suitability Questionnaire. These are available from our website or please call us to be posted or emailed a copy. The Application Form includes instructions on how to pay in funds and details on where to send the Form.

The Administrator will acknowledge receipt of your Application Form and funds within 1-2 weeks.

What happens once I have invested?

Within 2 weeks of accepting your application we will send you a welcome letter providing you with details of your account, and will return any identity verification documents you may have sent. When the underlying Investments are made from your account, you will be sent a contract note for each investment.

How can I check the progress of my investments?

You will receive a report every six months, which will include a portfolio valuation statement, showing the acquisition price and latest valuation for each Investment in your portfolio, as well as your cash balance.

What happens if Investee Companies pay dividends?

Where Investee Companies pay dividends, these will be added to your account with the Custodian, and if there are any fees outstanding, used to pay these. At the end of each tax year you will receive a Composite Tax Certificate showing any income that may need to be declared on your tax return.

According to your personal tax situation, you may be liable for tax in relation to those dividends. If in any doubt, please consult your advisor.

When do I get my EIS tax reliefs?

Once 90% of Subscriptions have been invested, the Investment Manager will apply to HMRC for permission to issue you with an EIS 5 Certificate, thereby enabling you to claim EIS Income Tax Relief. Investors can therefore expect to receive their EIS 5 Certificate 12 to 16 months after the Closing Date.

How long should I be prepared to invest for?

In order for your Investment to qualify for EIS Income Tax Relief and Capital Gains Tax Deferral Relief, your money must be invested in an Investee Company for the EIS Three Year Period. The qualifying three year period starts with the subscription for shares and ends after three years, or three years from commencement of trade if that is later. Allowing for time to fully invest the Subscriptions and to fully exit the Investment portfolio, you should be prepared to invest your money for at least five years.

Will Guinness pay my financial intermediary fees?

Guinness can apply a proportion of your total subscription towards meeting Financial Intermediary Fees incurred by you in subscribing to the Service. Guinness can also facilitate ongoing payments to your Financial Intermediary for up to three years. Investments are made net of Financial Intermediary Fees.

Please indicate in section 4 of your Application Form what Financial Intermediary Fees you would like us to facilitate.

Parties and Advisors

Investment Manager	Guinness Asset Management Limited 14 Queen Anne s Gate London SW1H 9AA Telephone: 0207 222 3475 Email: eis@guinnessfunds.com Website: www.guinnessfunds.com
Solicitors	DWF LLP 20 Fenchurch Street London EC3M 3AG
Custodian	The Share Centre Oxford House Oxford Road Aylesbury Buckinghamshire HP21 8SZ
Tax Advisers	Philip Hare and Associates LLP Suite C - First Floor 4-6 Staple Inn Holborn London WC1V 7QH
Investment Committee	Andrew Martin Smith Shane Gallwey Edward Guinness Tim Guinness Lord Flight

Definitions

Custodian	The Share Centre Limited, in its capacity as a provider of administration services and certain other services in relation to the Service.
AIFMD	Alternative Investment Fund Managers Directive
AIM	The market of that name operated by the London Stock Exchange
Application Form	An application form to participate in the Service to be completed by a prospective Investor in the form set out at the end of this document;
Business Property Relief or Inheritance Tax Relief	Relief from IHT pursuant to sections 103-114 Inheritance Tax Act 1984;
Capital Gains Tax Deferral Relief or CGT Deferral Relief	Relief by way of deferral of CGT (Section 150C and Schedule 5B of the Taxation of Chargeable Gains Act 1992);
CGT	Capital gains tax;
Closing Date	A date by which Subscriptions may be accepted by the Investment Manager for the creation of Portfolios;
EIS	The Enterprise Investment Scheme, as set out in Part 5 of the Income Tax Act 2007 and Schedule 5B of the Taxation of Chargeable Gains Tax Act 1992;
EIS Income Tax Relief	Relief from income tax available under the EIS on subscription for shares;
EIS Qualifying Company	A company that meets the requirements for EIS Relief and Capital Gains Tax Deferral Relief as set out in section 180 Income Tax Act 2007;
EIS Relief	Relief from income tax available under EIS, related CGT relief on disposal and Loss Relief;
EIS Three Year Period	The period commencing when a subscription for shares is made in an Investee Company, and ending three years after that date, or three years from the commencement of the Investee Company's trade, whichever is later;
FCA	The Financial Conduct Authority;
Financial Intermediary	A firm authorised under the Financial Services and Markets Act 2000
Financial Intermediary Fee	A fee agreed by an Investor that is payable to their Financial Intermediary for either provision of a personal investment recommendation or for arranging a Subscription for the Investor.
Guinness AIM EIS or The Service	Guinness AIM EIS, a discretionary managed service set up to enable Investors to invest in EIS Qualifying Companies.
Guinness Asset Management or Investment Manager	Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority;
HMRC	HM Revenue & Customs;
IHT	Inheritance Tax;
Income Tax or ITA	Income Tax Act 2007;
Information Memorandum	This information memorandum issued in relation to the Service;
Investee Company	A company in which the Service invests on behalf of Investors;

Investment	Investments made through the Service on behalf of Investors;
Investment Manager	Andrew Martin Smith, Shane Gallwey, Hugo Vaux and selected other employees of Guinness Asset Management.
Investor	Any client who is accepted by the Investment Manager and enters into an Investor Agreement and invests through the Service;
Investor Agreement	An investor agreement to be entered into by each Investor, in the terms set out in this Information Memorandum;
Loss Relief	Relief in respect of income tax for allowable losses pursuant to section 131 of the Income Tax Act 2007;
Nominee	Share Nominees Limited or such other nominee or other agent as the Investment Manager or Custodian may appoint from time to time to be the registered legal holder of Investments on behalf of Investors;
Portfolio	In respect of an Investor, the Investments made through the Service which are allocated to him or her in consideration for his or her Subscription (together with any uninvested cash from time to time constituting a part of that Subscription) and which shall at all material times be registered in the name of the Nominee on his or her behalf;
Proceeds of Investments	Includes any dividends and capital returns, or realisations from sale of investments.
Qualifying Investors	UK taxpayers eligible to claim EIS Relief and EIS CGT Deferral Relief;
Subscription	A valid subscription made to the Service, net of any Financial Intermediary Fee, on the terms set out in this Information Memorandum;

Important Information

Please note that certain expressions used in this Notice are defined in the Definitions section in this document.

This Information Memorandum is issued for the purposes of section 21 of the Financial Services and Markets Act 2000 (FSMA) by Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority, 25 The North Colonnade, London E14 5HS (FCA reference number 223077). Guinness Asset Management Limited's registered office is at 14 Queen Anne's Gate, London SW1H9AA.

It is issued solely for the purpose of seeking Subscriptions from potential investors for an investment in the discretionary portfolio investment management service known as the Guinness AIM EIS.

The Investment Manager has taken reasonable care to ensure that all facts stated in this Information Memorandum are true and accurate in all material respects at the date of this document. There are no other material facts, or opinions, which have been omitted, which would make any part of this Information Memorandum misleading. You will need and be expected to make your own independent assessment of the Service and to rely on your own judgement (or that of your independent financial adviser) in respect of any Subscription you may make to the Service and the legal, regulatory, tax and investment consequences and risks of doing so.

Guinness AIM EIS will invest in companies admitted to AIM, although up to 20% of the aggregate subscriptions may be invested in pre-IPO or NEX companies. An investment in these companies can be more risky than investments in larger companies listed on the main market of the London Stock Exchange, and market makers may not be prepared to deal in them. It may be difficult to obtain information as to how much an investment is worth or how risky it is at any given time. Investing in AIM listed companies may expose you to a significant risk of losing all the money invested. Before investing, you are strongly recommended to consult an authorised person specialising in advising on investments of the kind described in this Information Memorandum.

The Service will invest in unquoted securities. Such investments can be more risky than investments in quoted securities or shares.

Guinness Asset Management, its directors and employees do not accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any information or opinions contained herein or in any other communication in connection with an investment through the Service. However, this disclaimer does not affect any liability which Guinness Asset Management may have in relation to the Service under FSMA, regulations made under FSMA or FCA Rules.

Any application to invest through Guinness AIM EIS may only be made and will only be accepted subject to the terms and conditions of this Information Memorandum (which includes the Investor Agreement contained in this Information Memorandum). In compliance with the provisions of the FCA Rules that implement the EC Distance Marketing Directive, which will apply to you in circumstances where your subscription to Guinness AIM EIS has not resulted from a face-to-face meeting with either the Investment Manager or your own independent financial adviser, the Investment Manager specifically draws to your attention that you have a right to cancel your subscription. Your rights in this respect are more fully set out in the Investor Agreement which forms part of this Information Memorandum.

AIM EIS Investor Agreement

This Investor Agreement (the “Agreement”) sets out the terms and conditions for the Guinness AIM EIS. Acceptance of an Investor’s Application Form by the Investment Manager will constitute the commencement of this binding agreement between the Investor and the Investment Manager.

1. Definitions

- 1.1. This Agreement employs the same defined terms as are found in the Definitions section of the Information Memorandum.
- 1.2. Words and expressions defined in the FCA Rules which are not otherwise defined in this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.3. References to the singular only shall include the plural and vice versa.
- 1.4. Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.

2. Investing in Guinness AIM EIS

- 2.1. By signing the declaration contained in the Application Form, the Investor agrees to be bound by the terms and conditions of this Agreement.
- 2.2. The Investor hereby appoints the Investment Manager to manage the Portfolio for the Investor on the terms set out in this Agreement. The Investment Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.
- 2.3. The Investment Manager is regulated by the FCA. The Investor is classified as a retail client for the purposes of the FCA Rules. The Investor has the right to request a different client categorisation. However, if the Investor does so and if the Investment Manager agrees to such categorisation the Investor will lose protections afforded to retail clients by certain FCA Rules.
- 2.4. The Investor has the right to cancel this Agreement for a period of up to 14 days from the day on which the Investment Manager accepts the Investor’s Application Form. If the Investor wishes to cancel this agreement, he must submit a cancellation request in writing to the Custodian. In the event of cancellation:
 - 2.4.1 The Investor will receive back from the Custodian his Subscription, net of the Custodian’s reasonable processing costs, within 28 days of the Custodian receiving the cancellation request; and
 - 2.4.2 All further provisions of this Agreement shall cease thereupon to apply.
- 2.5. The right to cancel under the FCA Rules does not give the Investor the right to cancel, terminate or reverse any particular investment transaction executed for the account of the Investor before cancellation takes effect.

3. Subscriptions

- 3.1. In respect of the Service:
 - 3.1.1. The minimum Subscription is £20,000. There is no maximum Subscription.
 - 3.1.2. The Investor may make further Subscriptions to the Service up to the Closing Date.
- 3.2. The Investor may only terminate the Agreement pursuant to Clause 15 below.
- 3.3. The Custodian shall deposit Subscriptions received in an interest bearing client account pursuant to Clause 7, pending their investment.
- 3.4. The Investment Manager reserves the right not to proceed with the Service, in which case clause 2.4 above applies to the monies subscribed, mutatis mutandis.

4. Services

- 4.1. The Investment Manager will manage the Service as from the Closing Date on the terms set out in this Agreement. The Investment Manager will exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investments on the terms set out in this Agreement.
- 4.2. The Investment Manager has engaged the Custodian to provide custody services in relation to the Portfolio Investments and the cash.
- 4.3. The Investment Manager shall not, however, except as expressly provided in this Agreement or unless otherwise authorised, have any authority to act on behalf of, or in respect of, the Investor or to act as the agent of the Investor.

5. Investment Objectives and Restrictions

- 5.1. In performing its services, the Investment Manager shall at all times have regard to:
 - 5.1.1. the Investment Objectives and the Investment Restrictions;
 - 5.1.2. the need for the Investments to attract EIS Income Tax Relief and/or CGT Deferral Relief, and
 - 5.1.3. all Applicable Laws.

- 5.2 The Investment Manager reserves the right to return uninvested cash if it concludes that it cannot be properly invested for the Investor and it considers it to be in the best interests of the Investor having regard to availability of EIS Relief and CGT Deferral Relief for the Investor.
- 5.3 In the event of a gradual realisation of Investments prior to termination of the Service under Clause 15.1, the cash proceeds of realised EIS Investments may be held in an interest bearing client account or invested in UK government securities or in other investments of a similar risk profile.
- 6. Terms Applicable to Dealing**
- 6.1 In effecting transactions for the Service, the Investment Manager will act in accordance with the FCA Rules and will ensure that best execution is sought at all times and deals are made on such markets and exchanges and with such counterparties as the Investment Manager thinks fit. The Investment Manager maintains a written execution policy with respect to these matters and will provide the Investor with a copy upon written request.
- 6.2 All transactions in Investments will be subject to the rules and customs of the exchange or market and/or clearing house through which the transactions are executed. If there is any conflict between the provisions of this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail.
- 6.3 The Investor acknowledges that a proportion of the Portfolio may be invested in range of unlisted securities and, there is generally no relevant market or exchange and consequent rules and customs, and there will be varying practices for different securities. Transactions in shares of such securities will be effected on the best commercial terms which can be secured.
- 6.4 Subject to the FCA Rules, transactions for the Portfolio may be aggregated with those of other clients of the Investment Manager (including other Investors), and of the Investment Manager's employees and associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FCA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the Investors, but the Investor acknowledges that the effect of aggregation may work on some occasions to their disadvantage.
- 6.5 The Investment Manager shall have absolute discretion as to the number of shares in an EIS Qualifying Company allocated to the Investor, provided that Investors shall not have fractions of shares. Minor rounding up or down may be allowed to prevent Investors being deemed to be interested in fractions of shares.
- 6.6 Certain categories of professional persons are required to be excluded from any Investments to which they or their employer are connected, for the purposes of prevailing EIS legislation. If this applies to the Investor, then that proportion of his Investment will be re-credited to his Portfolio.
- 6.7 The Investment Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 6.8 Proceeds from purchasing or selling Investments will be credited to Investor accounts when settlement is effected in full. Where settlement is not effected in full, the Investor will:
- 6.8.1 if purchasing Investments, be entitled to Investments actually delivered by the relevant counterparty and thereafter to a cash sum from the client settlement bank account equal to the balance of the bargain made for the Investor; and
- 6.8.2 if selling Investments, be entitled to cash actually paid by the counterparty and thereafter to Investments held by the Custodian in respect of the balance of the value of the bargain made for the Investor.
- 7. Custody and Administration Arrangements**
- 7.1 The Investment Manager has engaged the Custodian to provide a custody, safe-keeping and administration service for Investors and the Service. The Custodian engages with each Investor pursuant to its own terms of business, a copy of which may be obtained from the Custodian's website www.share.com/Global/Forms/partners/eis/eis-admin-tobs.pdf or on request from the Investment Manager.
- 7.2 The Custodian will be responsible for the safe keeping of Investments and cash comprised in the Service, including the settlement of transactions, collection of income and the effecting of other administrative actions in relation to the Investments.
- 7.3 Investments will be registered in the name of the Nominee on behalf of the Investor, and will therefore be beneficially owned by the Investor at all times, but the Nominee will be the legal owner of the Investments in the Portfolio.
- 7.4 The Custodian will hold any title documents or documents evidencing title to the Investments. Investments or title documents may not be lent to a third party and nor may there be any borrowing against the security of the Investments or such documents.
- 7.5 An Investment may be realised in order to discharge an obligation of the Investor under this Agreement, for example in relation to payment of fees, costs and expenses.
- 7.6 The Custodian will arrange for the Investor to receive details of any meetings of shareholders in Investee Companies and any other information issued to shareholders in Investee Companies if the Investor at any time in writing requests such details and information (either specifically in relation to a particular Investment or generally in respect of all Investments). The Investor shall be entitled, as a matter of right, to require the Nominee to appoint the Investor as his proxy to vote as the Investor may see fit at any meeting of shareholders in a company in which an Investment is held for the Investor in respect of such Investor's beneficial shareholding. In the case of an Investor who is not validly appointed as the Nominee's proxy for the purposes of a meeting of the shareholders of

a company in which an Investment is held for that Investor, the Nominee will appoint the Investment Manager as its proxy to vote at that meeting to the extent that the voting and other rights exercisable by the Investment Manager shall not exceed 50% of the aggregate rights relating to any Investment.

- 7.7. The Custodian will hold cash subscribed by or held on behalf of the Investor in accordance with the FCA Rules. Such cash balance will be deposited with an authorised credit institution in the name of the Custodian. The Custodian may debit or credit the Investor's account for all sums payable by or to the Investor (including dividends receivable in cash and fees and other amounts payable by the Investor). Interest will be payable on credit balances in the bank account at rates published by the Custodian on their website: www.share.com. Due to the pooled nature of client money and the operation of the FCA Rules, if there is a shortfall in client money held by the Custodian, then all of the clients whose money is pooled will share in the loss, even if there is no shortfall in their specific contribution to the client money pool.
- 7.8. Investments and cash held by the Custodian shall be subject to a general lien and right to offset against all amounts owing to the Custodian or the Investment Manager from time to time.

8. Reports and Information

- 8.1. The Investment Manager shall send the Investor a Portfolio report every six months. Reporting will commence following the first anniversary of the Closing Date. Reports will include a measure of performance once valuations are available for the Investments.
- 8.2. Details of dividends which are received in respect of the Investments will be provided in respect of each tax year ending 5 April and appropriate statements sent to the Investor.
- 8.3. Contract notes will be provided for each transaction for the Investor's Portfolio.
- 8.4. The Investment Manager shall supply (or arrange for the Custodian to supply) such further information which is in its possession or under its control as the Investor may reasonably request as soon as reasonably practicable after receipt of such request.
- 8.5. Any statements, reports or information provided under Clause 8.4 to the Investor will state the basis of any valuations of Investments provided.

9. Fees and Expenses

- 9.1. The Investment Manager and the Custodian shall receive fees for their respective services, and reimbursements of costs and expenses, as set out in this Clause 9.
- 9.2. Adviser Charges are costs you have agreed to pay to your Adviser. Payment of these can be facilitated by the Investment Manager if you indicate on your Application Form that you would like us to do this. It is the responsibility of the applicant and their Adviser to notify the Investment Manager if ongoing payments to Advisers should cease. The Investment Manager reserves the right to cease these payments for any reason in its absolute discretion.
- 9.3. An initial fee of 5% of your Subscription is payable if you have not received advice from a financial adviser. The initial fee is reduced to 2% if you have received advice from a financial adviser and they confirm this on your Application Form.

- 9.4. An annual management fee equating to 1.75% per annum of the net asset value of the Portfolio, calculated semi-annually. This fee is payable from the Proceeds of Investment. This charge will be applicable from the Closing Date until the realisation of each investment.
- 9.5. The fees described in section 9 will be charged direct to Investors, payable from the Proceeds of Investment.
- 9.6. A Performance Fee calculated as 20% of the return in excess of the amount invested on your behalf will be payable to the Investment Manager. This is calculated on the total Fund return, not per Investment, and is payable once the amount invested on your behalf has been returned.
- 9.7. The Custodian will charge a fee of £60 per annum and a dealing commission of up to 0.35% of the value of each transaction made on your behalf. Fees payable to the Custodian may be deducted at source or paid by the Investment Manager and charged to Investors, payable from Proceeds of Investment.
- 9.8. The Investment Manager reserves the right to retain fees from Investee Companies, including directors' fees or monitoring fees.
- 9.9. The fees and expenses in this Clause 9 are stated exclusive of VAT, which will be added where applicable.

10. Management and Administration Obligations

- 10.1. The Investment Manager and the Custodian shall devote such time and attention and have all necessary competent personnel and equipment as may be required to enable them to provide their respective services properly, efficiently and in compliance with the FCA Rules.
- 10.2. Except as disclosed in the Information Memorandum and as otherwise provided in this Agreement (for example on early termination), neither the Investment Manager nor the Custodian will take any action which may prejudice the tax position of the Investor insofar as they are aware of the relevant circumstances, and in particular which may prejudice obtaining the EIS Relief and/or CGT Deferral Relief for the Investments.

11. Obligations of the Investor

- 11.1. The Investor's participation in the Service shall be on the basis of the declaration made by the Investor in his Application Form;
- 11.2. The Investor agrees to notify the Investment Manager if any Investment is made in a company with which the Investor is connected within section 163 and sections 166 to 171 of the Income Tax Act 2007, (in which case Clause 6.6 of this Agreement will apply at once).
- 11.3. The Investor agrees to notify the Investment Manager if, within three years of the date of issue of shares to his Portfolio in an EIS Qualifying Company or within three years of commencement of trade if later, the Investor becomes connected with the company or receives value from such company (in which case Clause 6.6 will apply at that time).
- 11.4. The Investor agrees to provide the Investment Manager with any information which it reasonably requests for the purposes of managing the Service pursuant to the terms of this Agreement.
- 11.5. If the Investor has requested in the Application Form that the Investment Manager should facilitate the payment of Financial Intermediary Fees, the Investor shall ensure that the details of such Financial Intermediary Fees are clearly specified to the Investment Manager.

- 11.6. The Investor is responsible for informing the Investment Manager if the Investor terminates his relationship with any Financial Intermediary and wishes the Investment Manager to cease payment of any Financial Intermediary Fees to the Financial Intermediary.

12. Delegation and Assignment

- 12.1. The Investment Manager may, where reasonable, employ agents, including associates, to perform any administrative, custodial or ancillary services to assist the Investment Manager in performing its services, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents. Any such employment of agents shall not affect the liability of the Investment Manager under the terms of this Agreement.

13. Potential Conflicts of Interest and Disclosure

- 13.1. The Investment Manager may provide similar or other services to any other client and shall not in any circumstance be required to account to the Investor for any profits earned in connection therewith. So far as is deemed practicable it will use all reasonable endeavours to ensure fair treatment as between the Investor and other clients in compliance with the FCA Rules. The Investment Manager has in place a conflict of interest policy (the "Conflicts Policy") pursuant to the FCA Rules which sets out how it identifies and manages conflicts of interest. Under the Conflicts Policy, the Investment Manager is required to take all reasonable steps to identify conflicts of interest between:

- (1) the Investment Manager, including its employees and contracted consultants, or any person directly or indirectly linked to them by control, and a client of the Investment Manager; or
- (2) one client of the Investment Manager and another client.

14. Liability of the Investment Manager

- 14.1. The Investment Manager will at all times act in good faith and with reasonable care and due diligence. Nothing in this Clause 14 shall exclude any duty or liability owed to the Investor by the Investment Manager under the FCA Rules.
- 14.2. The Investment Manager shall not be liable for any loss to the Investor arising from any investment decision or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Investment Manager or of its associates or any of their respective employees.
- 14.3. Subject to Clauses 6.7 and 12, the Investment Manager shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title for the Service or any Investor, other than where such party is an associate.
- 14.4. In the event of any failure, interruption or delay in the performance of the Investment Manager's obligations resulting from acts, events or circumstances not reasonably within its control including but not limited to acts or regulations of any governmental or supranational bodies or authorities and breakdown, failure or malfunction of any telecommunications or

computer service or systems, the Investment Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by the Investor.

- 14.5. The Investment Manager has carried out an assessment of the suitability of the Service for the Investor (by means of relying on the Investor's Financial Intermediary having advised the client or where an Investor has not been advised by a Financial Intermediary by seeking answers to relevant questions in a form of questionnaire accompanying the Information Memorandum). However, the Investment Manager does not give any representations or warranty as to the performance of the Portfolio. The Investor acknowledges that EIS Investments are high risk Investments, being non-readily realisable investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. The Investor undertakes that he has considered the suitability of investment in EIS Qualifying Companies carefully and has noted the risk warnings set out in the Information Memorandum.

15. Termination

- 15.1. The Investment Manager shall set a date, which it shall notify to the Investor, on which the Service will terminate, which is likely to be after the fifth anniversary of the Closing Date. On termination of the Service, all shares held in the Portfolio will either be sold and cash transferred to the Investor and/or the shares will be transferred into the Investor's name or as the Investor may otherwise direct.
- 15.2. An Investor may terminate the Investment Manager's appointment at any time by not less than 14 days written notice to the Investment Manager. Where an Investor gives such notice of termination the Investment Manager will not sell any Investments and the Investor will need to provide instructions to the Custodian in respect of the transfer of any Investments and cash held on the Investor's behalf. In such circumstances, the Investor acknowledges:
- 15.2.1 that they may lose EIS Relief and/or CGT Deferral Relief in respect of Investments sold; and
- 15.2.2 the Investor cannot instruct the Investment Manager to sell particular shares of an Investee Company on their behalf in conjunction with such termination;
- 15.2.3 the Investment Manager has a lien on all assets within the Investor's Portfolio and shall be entitled prior to the effective date of termination to dispose of some or all of the Portfolio in order to discharge any liability of the Investor to the Investment Manager.
- 15.3. If an Investor wishes to withdraw any Investments or cash from the Investor's Portfolio prior to the date established by the Investment Manager under clause 15.1 above, the Investor must give notice of termination of the Service to the Investment Manager in accordance with clause 15.2.
- 15.4. If the Investment Manager;
- 15.4.1 gives to the Investor not less than three months' written notice of its intention to terminate its role as Investment Manager under this Agreement; or
- 15.3.2 ceases to be appropriately authorised by the FCA or becomes insolvent;

then the Investment Manager shall endeavour to make arrangements to transfer the Service to another appropriately constituted and authorised fund manager in which case that fund manager shall assume the role of the Investment Manager under this Agreement. Failing which this Agreement shall terminate forthwith and, subject to Clause 16, the Investments in the Portfolio shall be transferred into the Investor's name or as the Investor may otherwise direct.

16. Consequences of Termination

- 16.1. On termination of this Agreement pursuant to Clause 15, the Investment Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.
- 16.2. Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that the Portfolio will bear the cost of fees, expenses and costs properly incurred by the Investment Manager or the Custodian up to and including the date of termination and payable under the terms of this Agreement.
- 16.3. On termination, the Investment Manager may retain and/or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under Clause 9 of this Agreement.

17. Confidential Information

- 17.1. Neither the Investment Manager nor the Investor shall disclose to third parties information the disclosure of which by it would be or might be a breach of duty or confidence to any other person.
- 17.2. The Investment Manager shall not be required to take into consideration information which comes to the notice of an employee, officer or agent of the Investment Manager or of any associate, which has not been designated to provide services under this Agreement.
- 17.3. The Investment Manager will at all times keep confidential all information acquired in consequence of this Agreement, except for information which
 - 17.3.1. is public knowledge; or
 - 17.3.2. which may be entitled or bound to be disclosed under compulsion of law; or
 - 17.3.2.1. required to be disclosed by regulatory agencies; or
 - 17.3.2.2 is given to its professional advisers where reasonably necessary for the performance of their professional services;
 - 17.3.3. needs to be shared with the Custodian for the proper performance of this Agreement; or
 - 17.3.3.1 is authorised to be disclosed by the other party and shall use all reasonable endeavours to prevent any breach of this sub-clause.

18. Complaints and Compensation

- 18.1. The Investment Manager has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available on request. Should an Investor have a complaint, he should contact the Investment Manager. If the Investment Manager cannot resolve the complaint to the satisfaction of the Investor, the Investor may be entitled to refer it to the Financial Ombudsman Service. The Financial Ombudsman can be contacted at: Email: complaint.info@financial-ombudsman.org.uk Tel: 0800 023 4567.
- 18.2. The Custodian participates in the Financial Services Compensation Scheme, established under the Financial Services and Markets Act 2000, which provides compensation to eligible Investors in the event of a firm being unable to meet its customer liabilities. Further information is available from the Custodian.

19. Notices, Instructions and Communications

- 19.1. Notices of instructions to the Investment Manager should be in writing and signed by the Investor, except as otherwise specifically indicated.

The Investment Manager may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by the Investor under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.

20. Amendments

The Investment Manager may amend this Agreement by giving the Investor not less than ten business days' written notice. The Investment Manager may also amend these terms by giving the Investor written notice with immediate effect if such is necessary in order to comply with HMRC requirements in order to maintain the EIS Relief and CGT Deferral Relief or in order to comply with the FCA Rules, and the Investor shall be bound thereby.

21. Data Protection

All data which the Investor provides to the Investment Manager is held by the Investment Manager subject to the Data Protection Act 1998. The Investor agrees that the Investment Manager may pass personal data to other parties insofar as is necessary in order for it to provide the Service as set out in this Agreement and may also pass personal data to the FCA and any regulatory authority which regulates it and in accordance with all other applicable laws.

22. Entire Agreement

- 22.1. This Agreement, together with the Application Form, comprises the entire agreement of the Investment Manager with the Investor relating to the provision of the Service and supersedes all earlier meetings, any correspondences, or discussions that may have taken place preceding the signing of the Application Form.

- 22.2 Clause 22.1 is without prejudice to the Custodian agreement.
- 22.3. Aside from the Custodian, who may enforce provisions of this Agreement which refer to it by name and to its rights and obligations in relation to the Investor, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that Act.

23. Severability

If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.

24. Governing Law

This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.

The Investment Manager may amend this Agreement by giving the Investor not less than ten business days' written notice. The Investment Manager may also amend these terms by giving the Investor written notice with immediate effect if such is necessary in order to comply with HMRC requirements in order to maintain the EIS Income Tax Relief and EIS CGT Deferral Relief in order to comply with the FCA Rules, and the Investor shall be bound thereby.

Guinness AIM EIS Application Form and Suitability Questionnaire

Application Procedures

In order to subscribe to Guinness AIM EIS certain documentation and confirmations are required. The following notes should assist:

Have you completed the Application Form and signed the Declaration in Section 6.....

Have you **EITHER** enclosed a Confirmation or Verification of Identity from your advisor.....

OR have you enclosed a Bank Statement and Utility Bill (see note 4).....

Have you arranged for payment of your subscription by one of:

(Please tick one)

Cheque

Please enclose a cheque from your personal account, made payable to "The Share Centre - Guinness AIM EIS". We do not accept cheques from business accounts.

Bank Transfer

Account Name: TSC Customer Tfr a/c
Sort Code: 12-21-37
Account Number: 00100130

Prior to making a transfer, please request a Unique Customer Reference from Guinness which must be used when making the transfer. Funds sent without this Reference may need to be returned to source. Payments need to come from your personal account.

Please return the completed application form to:

**Guinness AIM EIS c/o The Share Centre,
PO Box 2000,
Aylesbury,
Buckinghamshire,
HP21 8ZB**

Any Questions?

Please feel free to contact us on:

T: 020 7222 3475

E: eis@guinnessfunds.com

W: www.guinnessfunds.com

Notes

1. Complete the Application Form in full

Further application forms are available on request from Guinness Asset Management on 020 7222 3475 or at www.guinnessfunds.com. The Investment Manager reserves the right to reject an Application Form if it has reasonable cause to do so, for example, if relevant information is not included or if the application is received late.

2. Complete the Suitability Questionnaire

The Investment Manager is required by the FCA to obtain sufficient information from Investors to enable it to ensure that this Service is suitable for them. Please complete the Suitability Questionnaire to confirm that you are eligible to invest in the Guinness AIM EIS service.

3. Enclose your cheque

Your cheque should be made payable to "The Share Centre - Guinness AIM EIS". Your cheque should be drawn on an account in the name of the applicant at a UK clearing Bank in order to comply with Money Laundering Regulations 2007. Third party cheques, including those drawn from a business account, cannot be accepted.

4. Enclose your Money Laundering verification

Guinness Asset Management is required to confirm both your identity and proof of address in order to comply with the Money Laundering Regulations 2007. Failure to provide the necessary evidence of identity may result in your Application Form being treated as invalid or result in a delay.

The simplest way to do this is for your adviser to provide a confirmation that they have verified your identity.

Alternatively, you can provide an original utility bill (or letter from HMRC) and an original bank statement, which must be less than six months old and which confirm your name and address. The bank statement must be for the account from which funds are drawn. These will be returned promptly to you with your Welcome Letter.

1 Personal Details

Guinness AIM EIS -
Closing April 2018

Before completing this Application Form you should read the Investor Agreement and the Application Procedure.

Title: Mr. Mrs. Miss. Other

Surname:

Forename(s):

Current Address:

Postcode: Time at address (yy/mm)

Previous Address:

(if less than 3 years at current address)

Postcode:

Date of Birth: Telephone:

E-mail:

National Insurance No: Nationality:

Country of Birth: Town of Birth:

Tax residence: UK Other If other, please specify

Unique Tax Reference: Tax District:

2 Subscription

£ (min. £20,000)



3 Financial Advisor

Contact Name:

Name of Firm:

Address:

Postcode: Please tick this box if you have advised the Investor as to the suitability of this investment

Telephone:

E-mail:

Signature of Advisor: Date:

4 Financial Advisor Fees (if applicable)

Please complete the box below if you would like us to pay an initial fee on your behalf to your financial adviser whose details are set out in section 3. Please show the fee inclusive of VAT, if applicable

Initial Fee: £ OR %

Please complete the box below if you would like us to pay an annual fee for three years on your behalf to your financial adviser. Please show the fee inclusive of VAT, if applicable

Annual Fee: £ OR %

Alternatively, please advise any specific fee instructions in the box below:

Bank Details for Financial Advisor

Account Name:

Account Number: Sort Code:

5

Suitability Questionnaire

You do not need to complete this Suitability Questionnaire if your Financial Intermediary has indicated in Section 3 that he has advised you as to the suitability of this Service and has signed the form.

a) Please state how you first heard about the Guinness AIM EIS service (mail, e-mail, advertisement, financial adviser, direct contact, press etc.)

Please indicate if any of the following applies:

- | | YES | NO |
|---|--------------------------|--------------------------|
| b) You have invested in a similar investment service since 6 April 2014, and when you did so you completed a suitability questionnaire for the same overall purpose as this Questionnaire and can provide us with written evidence of this; | <input type="checkbox"/> | <input type="checkbox"/> |
| c) You are a member of a network or syndicate of business angels and have been so for at least the last six months; | <input type="checkbox"/> | <input type="checkbox"/> |
| d) You are working, or have worked in the last two years, in a professional capacity in the private equity sector, or in the provision of finance for small and medium enterprises; or | <input type="checkbox"/> | <input type="checkbox"/> |
| e) You are currently, or have been in the two years prior to the date below, a director of a company with an annual turnover of at least £1 million. | <input type="checkbox"/> | <input type="checkbox"/> |
| f) Please confirm that you are able to invest in the Guinness AIM EIS service over the medium to long term (approximately 4 years i.e. you will not need income or access to the capital invested during this period) | <input type="checkbox"/> | <input type="checkbox"/> |
| g) Please tick this box to confirm that you understand the investment objectives of the Service and that these are consistent with your personal financial objectives including the risk factors detailed in the Key Risks section of the Information Memorandum. | <input type="checkbox"/> | |

h) Please confirm your occupation

i) Please indicate your approximate annual net disposable income (after all regular financial commitments):

Less than £20,000 £20,000 to £50,000 £50,000 to £100,000 Over £100,000

j) Please indicate your approximate net investable assets (excluding your home):

Less than £200,000 £200,000 to £500,000 £500,000 to £1,000,000 Over £1,000,000

k) Please tick the relevant boxes in this grid to give us an idea of your level of experience with respect to certain types of investment. Please note that this is an area in which we may be obliged to seek further information.

	Inheritance planning, EIS, VCT	Stockmarket including AIM	Private equity direct investments	Collective Investment Schemes
No experience				
Some indirect experience				
Some direct experience				
Significant experience				
Expertise				

You can add any comments related to the previous question in the box below:



- | | YES | NO |
|--|--------------------------|--------------------------|
| h) In the last 12 months, have you invested more than 10% of your net assets in non-readily realisable securities? | <input type="checkbox"/> | <input type="checkbox"/> |
| i) In the next 12 months, do you expect to invest more than 10% of your net assets in non-readily realisable securities? | <input type="checkbox"/> | <input type="checkbox"/> |

Net assets for these purposes do not include the property which is your primary residence or any benefits (in the form of pensions or otherwise) which are payable on the termination of your service or on your death or retirement to which you may be entitled.

6 Declaration

I wish to invest the amount shown above in the Guinness AIM EIS on the terms set out in the Investor Agreement attached to the Investment Memorandum (which Investor Agreement I have received and read) (the "Investor Agreement"). I recognise that on acceptance of this Application Form by the Administrator that the Investor Agreement will be deemed to have been entered into as a binding agreement between me and the Investment Manager (all as defined therein). I have read, and agree to the Administrator's terms of business which are available at www.share.com/Global/Forms/partners/eis/eis-admin-tobs.pdf

I confirm that:

- a) I wish to seek EIS Relief;
- b) I am applying on my own behalf;
- c) I am confirming to Guinness Asset Management Limited the amount of the agreed adviser fees in Section 4 above and I am instructing Guinness Asset Management Limited to pay the adviser fees from my Subscription and to hold sufficient monies in reserve from my Subscription to my order and, unless I give instructions to the contrary, to recover the amount due from that reserve in order to pay such adviser fees. I understand that I may cancel this arrangement at any time by giving notice to Guinness Asset Management Limited whereupon the amount held in reserve shall be repaid to me if I so direct.
- d) I have read the Information Memorandum in full. I have paid particular attention to the terms of the Investor Agreement, and I have considered the risk factors in the Key Risks section of the Information Memorandum. I have read and kept a copy of the Key Information Document relating to the Guinness AIM EIS.
- e) I believe I have provided accurate and not misleading answers to the above questions. I agree to assist Guinness Asset Management by answering (if I am able) further oral or written questions in relation to my suitability.
- f) I believe that, given the answers I have provided here and the amount I wish to invest (among other surrounding factors) that this Service is suitable for me, but confirm that I shall have no claim against Guinness Asset Management if it shall reach a conclusion by bona fide means that this Service is not suitable for me.
- g) I confirm that I understand I should take independent advice as to the tax consequences of a Subscription to the Service, and that no representations regarding taxation and tax advantages in the Information Memorandum constitute advice to me as to my personal tax position arising from making such a Subscription.

Signature of Investor

Date

Print Name

Please return the completed application form to:

**Guinness AIM EIS c/o The Share Centre, PO Box 2000,
Aylesbury, Buckinghamshire, HP21 8ZB**

GUINNESS

ASSET MANAGEMENT LTD
