

Guinness EIS

INFORMATION MEMORANDUM

Generalist fund investing in companies that qualify for EIS tax relief

October 2018

GUINNESS
ASSET MANAGEMENT



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 25 of this brochure.

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



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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

October 2018

Dear Investor,

Guinness Asset Management has established itself as a leading EIS investor over the last few years, investing over £140 million of EIS funds into more than 80 companies across our Guinness EIS and Guinness AIM EIS portfolios. These range from renewable energy to manufacturers, internet retailers and healthcare.

Our Guinness EIS service is built on our experience of what makes a business an attractive investment opportunity, and our ability to source, invest in and support entrepreneur-led growth companies.

The EIS encourages investment into small, illiquid companies. EIS investments should therefore be viewed as high risk and only for investors who understand the risks. Within the universe of EIS-qualifying investments, our Guinness EIS Service is focused on identifying and investing in growth companies where the value of the business is underpinned by an experienced management team, good visibility on future revenue growth and expanding capital requirements. We target a portfolio of at least five companies for investors. We expect a spread of outcomes from individual investments, targeting a portfolio return of £1.25 per £1.00 invested over a four to five year period, before any EIS tax reliefs. To achieve this we aim to make investments in investee companies that can deliver a two times return over the investment period.

Our team of investment professionals have used their skills to invest in a range of EIS-qualifying opportunities over the last few years. Guinness have exited over twenty private and listed EIS-qualifying companies since 2016, generating a return of 1.28x investment value.

We have an excellent team in place to deliver on Guinness EIS's objectives and I encourage you to invest.

Yours faithfully,



Tim Guinness
Chairman, Guinness Asset Management

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 Enterprise Investment Scheme 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 over £18 billion in funds that have been invested in over 28,000 individual companies. Recent data from HMRC shows that 3,470 companies raised a total of £1.8 billion of funds under the EIS scheme in the 2016/17 tax year. (Source: HMRC Statistics, May 2018).



Investing with EIS

Guinness EIS looks to invest in a portfolio of at least five carefully selected investments into growth companies across a range of sectors.

EIS investments qualify for tax reliefs (detailed on the next page) that help mitigate the risks investors are taking by investing in smaller, unlisted companies.

Investing for the Medium Term

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

For additional EIS related risks, please see the Key Risks section on page 25.

Tax Benefits

The main tax benefits that may be claimed by Investors in the Guinness EIS Service, depending on their individual circumstances:

Income Tax Relief

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

Capital Gains Tax Deferral

Where investors have made a capital gain on previous investments, they could face a Capital Gains Tax bill when they sell those investments. EIS 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.

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

Remember that the availability of any tax relief depends on your own personal circumstances and may be subject to change.

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 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 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



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

Tim Guinness, Chairman - Guinness Asset Management

The Investment Opportunity

EIS-qualifying companies are by definition higher risk, early-stage businesses. When we review investment opportunities for our Guinness EIS we focus on growth companies that require capital to scale-up their operations. We favour companies with a proven business model or with an established management team.

The Companies we target for Investment

We intend to make at least five investments into companies from a range of sectors that offer our target investment characteristics. Examples of these are:

I. Businesses with experienced management teams

Many entrepreneurs are serial entrepreneurs. They have built and sold companies and have learnt to identify and deliver their vision to grow a successful business.

2. Businesses with good visibility on future revenue and cashflow growth

Maturing companies and businesses with clearly defined growth paths. Examples include companies with a trading record and growth trajectory underpinned by new commercial contracts or agreements for new store or site openings.

3. Businesses with expanding working capital requirements

Successful businesses often require additional funds to expand their working capital. We prize businesses with growing sales that require additional capital to fund stock and debtor growth.

You Should Expect to Invest for at least Four to Five Years

The EIS holding period is a minimum of three years. We target an investment horizon of four to five years between purchase of shares and exit. You will need to be prepared to have your investment tied up for this length of time before investing.

Our Target Return

We are targeting a return of £1.25 for every £1.00 invested, after fees. This is before taking into account the benefit of EIS Tax Reliefs. EIS Income Tax Relief can enhance returns, as shown for the illustrative £100,000 investment below:

Initial Investment	£100,000
Plus: EIS Income Tax Relief	£30,000
Target Return	£125,000
Tax Free Profit	£55,000
Return	+55%

Notes

1. The above example is purely for illustrative purposes and based on current tax rates and legislation. This should not be relied upon to predict actual returns and is not an indication of the future performance of investee companies.
2. Returns and profits are quoted net of all fees and expenses for simplicity.

How We Will Exit

We view a successful exit as the most important part of the investment process and we look at the options for exit even before we commit to making an investment, as well as right through the investment holding period.

The Guinness team have successfully exited more than 20 private and listed EIS-qualifying investee companies since 2016, including four private businesses exited through trade sales.

Routes to exit include:

- sale to a trade or financial buyer
- sale to management
- Initial Public Offering on a market such as AIM
- leveraged return of capital to investors

Historic Guinness EIS Investments



Website: www.popsa.com

Guinness EIS Investment: April 2018

Popsa is an app which enables the creation of personalised photo albums. Popsa simplifies and speeds up the process. They produce hard and softback, glossy photobooks in a variety of sizes and the printing of the albums is outsourced.

They cut down the process of creating a photobook from circa. 2 hours to 5 minutes.

The company's 'printAI' technology selects the best layout based on the dates, locations and dimensions of the photos. One can then customise the variety of photobooks to your taste.

They currently operate on iOS and are planning to launch on Android soon. Around 80% of sales arise from Europe and US and Asian expansion is planned. Popsa will offer subscription services in the future for printing photos from your phone's photo library.



Website: www.mwstechnology.com

Guinness EIS Investment: April 2018

Since 2009, MWS Technology have been pioneers in developing technology solutions for the vocational training, further education and welfare to work sectors.

The company's flagship product is Aptem, which enhances every aspect of apprenticeship and vocational training delivery. From employer engagement CRM and recruitment, through to administration, learning, funding and reporting, Aptem addresses it all in one, easy-to-use interface.

Aptem's ground up design significantly reduces admin, improves efficiency and reduces costs, frees up staff time so they can focus on what matters most, offers learners a more engaging experience that nurtures talent and Aptem also uses intelligent analytics to improve programme delivery.

MWS have a rapidly growing list of customers which includes Babington, Prevista and Bucks New University.



Cera+

Website: www.ceracare.co.uk

Guinness EIS Investment: March 2018

Cera is a provider of Home Care which uses technology to transform care provision. Their services range from Live-in care and Dementia care to Private Nursing. The company uses technology to more efficiently and comprehensively provide care solutions, from automating operations and digitising care records to enabling predictive care delivery.

The company has agreed partnerships with private and public bodies, including Age UK and the NHS, whilst also being regulated by the Care Quality Commission.

Cera provides full-time live in care across the country and hourly care within Greater London. The company plan to expand to new cities and also extend their provision of services to new care specialisations.



ALEXACHUNG

Website: www.alexachung.com

Guinness EIS Investment: September 2018

Alexa Chung is a British fashion brand offering a high-quality range of products for women at an attainable price point. The products range from high sartorial items to accessories and eyewear, based on sustainable innovation. The company launched in 2017, born from Alexa Chung's own distinctive style.

Currently based in Shoreditch, the team is currently 20 people. The company is expanding its online presence and is planning on opening a London store in 2019, with an emphasis on the experience as well as sales.

Alexa herself is a renown and influential international model with 3 million Instagram followers and multiple historic collaborations with brands in the past (@alexachung).



Historic Guinness EIS Investments

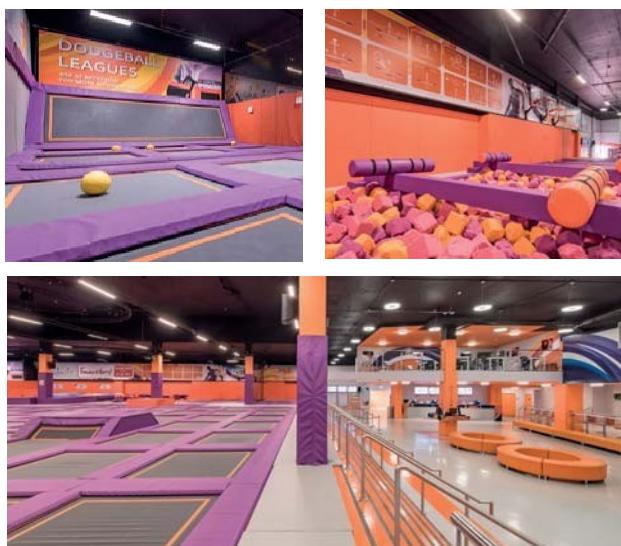


Website: www.gravity-uk.com

Guinness EIS Investment: 2017 & 2018

Gravity Fitness Limited was founded in 2014 by Harvey Jenkinson and Michael Harrison to build, own and operate trampoline parks in the UK. Gravity generates revenue from the sale of hour-long slots to its customers to access its trampoline parks. Gravity differentiates itself from its competitors through a focus on locating its parks at high profile leisure destinations with high annual footfall and market leading health and safety policy. The company currently operates nine highly cash generative parks with an established trading record.

The Guinness EIS investment has been used to launch additional trampoline parks, including at Bluewater in Kent and Xscape in Milton Keynes.



RARE METAL

Website: www.raremetal.co.uk

Guinness EIS Investment: April 2017

Metal Trading & Restoration plc trades and restores classic cars. The company is particularly focused on rare vehicles, frequently with specific racing provenance. The company trades in vehicles with a value typically in excess of £200,000.

Barry Cannell, Commercial Director, has excellent technical knowledge and exceptional contacts through his position as Chairman of the Historic Grand Prix Cars Association. Richard Last is responsible for managing the restoration process and has a 30 year career in the sector, managing his own precision engineering company Last Engineering.



ALEXACHUNG



DELTA WHITE



Cera⁺



Bright Minds
daycare



Popsa

CELLAR & Co

BARTS
PUB



RARE METAL



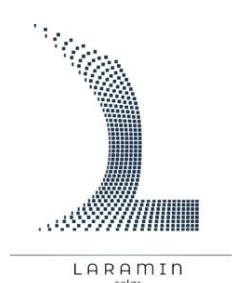
Mylor



SAPPHIRE



Renewable Asset



The Investment Process

1. Origination

Pipeline of investment opportunities from Guinness network of advisers and introducers. Initial screening before progressing.

2. Due Diligence

Meet management, site visit, detailed legal review, 3rd party Due Diligence where required, EIS advance assurance required.

3. Transaction

Managed internally with 3rd party support from lawyers and accountants.
Investment committee approval required.

4. Monitoring

Regular management reports and financial statements. Board seat on investee company where appropriate.

5. Exit

Exit opportunities actively monitored through lifetime of investment. Investment committee approval required.



Origination

The Investment Manager sources Investments through its networks of contacts. Guinness Asset Management has made more than 80 EIS investments since 2011, and has consequently established a broad pipeline of investment opportunities and introducers. All origination leads are discussed at the Investment Manager's regular pipeline meetings where they are prioritised according to the investment strategy.

Due Diligence

Origination leads that have been prioritised are initially screened internally. The Investment Manager will usually secure a period of exclusivity while due diligence is completed. This may involve external advisers and concludes with negotiating investment terms. The findings are compiled into a long-form investment memorandum, which is circulated to the Investment Committee for discussion at Investment Committee meetings.

Transaction

If the Investment Committee grants final approval for a potential Investment, it provides the Investment Manager with a budget and timeframe for completing the transaction. The Investment Manager primarily manages transactions internally, but it may also engage third parties such as lawyers and accountants for transaction support.

Monitoring

The Investment Manager usually seeks Board positions in Investee Companies. We seek to establish regular formal communication with management teams. The Investment Manager closely monitors each Investee Company during the life of an Investment. Investee Companies are also required to provide the Investment Manager with regular management reports and financial statements.

Exit

The Investment Manager actively monitors opportunities for exits of individual Investments. Any potential exit strategy will be described in a short-form memorandum and submitted to the Investment Committee for final approval prior to the commencement of any sale process.

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 £1.4 billion. Since 2010, the Guinness EIS team has raised and invested over £140 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, Andrew Martin Smith, former-CEO of Hambros Fund Management, and Lord Flight, Chairman of the EIS Association.

Since 2016 the Guinness team have exited over 20 private and listed EIS-qualifying companies, generating a return of 1.28x investment value (not including EIS Income Tax Relief). As well as its EIS and estate planning services, Guinness Asset Management provides a range of actively managed, long-only portfolios designed to deliver real returns for long-term investors.

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

ESTATE PLANNING SERVICES

Guinness Sustainable Infrastructure Service

Guinness Best of AIM

EQUITY INCOME FUNDS

Global Equity Income Fund

Asian Equity Income Fund

European Equity Income Fund

GROWTH FUNDS

Global Innovators Fund

SPECIALIST FUNDS

Global Energy Fund

Alternative Energy Fund

Global Money Managers Fund

Best of China Fund

The Investment Team



Shane Gallwey CFA
Fund Manager

Shane heads up Guinness Asset Management's EIS investment business. He has advised and invested in growth companies for over twenty 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 Charter holder.



Edward Guinness
Fund Manager

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.



Dr. Malcolm King
Fund Manager

Malcolm joined Guinness in 2013 with a wealth of venture capital experience. He joined from CT Investments where he led or managed fifteen transactions. He also helped manage the Carbon Trust Angle Incubator, the leading cleantech incubator of its kind in Europe. Malcolm has a PhD in Physical Chemistry from Cambridge University and a BSc(Hons) in Chemistry from the University of Pretoria.





Chris Villiers
Fund Manager

Chris has extensive experience in private equity, particularly in renewable energy. Prior to Guinness he was with EcoSecurities (owned by JP Morgan), latterly as Head of Portfolio Management. Between 1999 and 2004 Chris worked in Corporate Finance at Dresdner Kleinwort Benson. He holds an MA from the University of Edinburgh and an MSc from Imperial College in Environmental Technology.



Hugo Vaux
Fund Manager

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.



Giles Robinette
Finance and Compliance Officer

Giles joined Guinness Asset Management in October 2005 and is the chief accountant, finance and compliance officer. Giles has over twenty five years of experience in the investment management industry. Before joining Guinness he worked in various finance, operations and compliance roles at Midland Montagu Asset Management, Newton Investment Management and Berry Asset Management. Giles graduated from Birmingham University with a degree in Commerce in 1984 and qualified as a Chartered Accountant with Coopers & Lybrand in 1987.



Tim Guinness

Investment Committee

As founder and Chief Investment Officer of Guinness Asset Management, Tim Guinness is a logic-based value investor with nearly thirty five 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.



Andrew Martin Smith

Investment Committee

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



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.

QUEEN ANNE'S
GATE SW1

CITY OF WESTMINSTER

Making an Investment

1. Application Form

Complete the application form and return it to:

Guinness 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 3 Form

An EIS 3 form will be sent to you for each investment made. These will contain all the relevant details to enable you to claim EIS Income Tax Relief and/or Capital Gains Tax Deferral Relief. Please note that the majority of EIS 3 certificates are received within 6 months, however some can take up to 12 months, or in exceptional circumstances, longer.



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.

Frequently Asked Questions

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

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 as soon as they are received.

What happens once I have invested?

Within 1 - 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.

How are investments valued?

Valuations are undertaken twice a year, as of 5 April and 5 October. The Investment Manager takes a conservative approach to private company valuation, and follows the International Private Equity & Venture Capital Valuation Guidelines. This usually means that share valuations of Investee Companies are maintained at the price of most recent investment, although this is kept under regular review.

When do I get my EIS tax reliefs?

EIS Tax Reliefs can be claimed once Investments have been made into underlying Investee Companies, those companies have been trading for four months, and HMRC has issued EIS 3 certificates. Some of the Investments will be made in companies whose trade may not commence immediately following the Investment. The majority of EIS 3 certificates are received within 6 months of investment, however some can take up to 12 months, or in exceptional circumstance, longer.

How long should I be prepared to invest for?

In order for your Investment to qualify for EIS Income Tax Relief and Capital Gains Tax Deferral Relief, your money must be invested in an Investee Company for the EIS Three Year Period. The qualifying three year period starts with the subscription for shares and ends after three years, or three years from commencement of trade if that is later. Allowing for time to fully invest 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. Please indicate in your Application Form (Section 5) what Financial Intermediary Fees you would like us to facilitate.

Charges

Adviser Charges

Adviser Charges 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.

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.

Fees paid by investee companies

It is the Investment Manager's intention that Fees detailed on this page are paid by investee companies other than where indicated as being paid by the Investor. If this is not possible, equivalent fees may be charged direct to investors.

Custodian 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.

Investing through an adviser

Paid by investor

Adviser Charge	As agreed with Adviser
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Paid by investee companies

Guinness Transaction Fee	2%
Guinness Annual Management Fee	2%

Investing through a non-advisory intermediary

Paid by investor

Guinness Initial Fee	3% which may be payable to your Intermediary as commission.
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Paid by investee companies

Guinness Transaction Fee	2%
Guinness Annual Management Fee	2%

Investing Directly

Paid by investor

Guinness Initial Fee	3%
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Paid by investee companies

Guinness Transaction Fee	2%
Guinness Annual Management Fee	2%

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.
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Key Risks

Before making any decision to Subscribe, prospective Investors should carefully consider all the information contained in this Information Memorandum including the risks attached to a Subscription in the Service, particularly those factors as described below.

Investment Risk

The Investment Manager may be unable to make sufficient investments in suitable Investee Companies. If sufficient investments are not made, the returns achieved by the Service could be materially impacted.

Exit

The Investment Manager will rely on achieving an exit for the Investments in order to generate a return for Investors. Minority holdings in unquoted Investments may be difficult to protect and difficult to realise. The timing of realisations of Investments by the Service cannot therefore be predicted. There is no guarantee that exits will be available to generate returns anticipated by the Investment Manager.

Performance

Past performance of the Investment Manager is no guarantee of future performance. 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.

Liquidity

It may be difficult to sell or realise the Investment or obtain reliable information about their value. Investors should not consider investing funds which are, or may be, required during the life of the Service.

Diversification

The Investment Manager intends to invest in at least five companies. It is expected that there will be very limited diversification, which will concentrate risk on a small number of companies.

Tax

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

Investee Companies are vulnerable to government actions and changes in statute. In particular, there may be changes to the EIS legislation which may affect Investors' tax positions or returns.

It is the intention of the Investment Manager to invest in companies which qualify under the EIS legislation but there is no guarantee that EIS status can be maintained throughout the life of each Investment. Both Investee Companies and Investors need to comply with the requirements of the EIS legislation in order to maintain EIS Income Tax Relief, CGT free disposal and CGT Deferral Relief. Non-compliance may result in the loss or partial claw-back of EIS Income Tax Relief and/or CGT Deferral Relief, and potential interest and penalties.

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

It is the intention of the Investment Manager that Investments will be held for the EIS Three Year Period. However, the Investment Manager reserves the right to realise individual Investments prior to the end of the EIS Three Year Period if it believes it is in the best interests of Investors. Investee companies may require additional funding. Failure to raise sufficient additional capital could have a material impact on returns.

Conflicts of Interest

The Service may invest alongside third parties. Such third parties may at any time have economic interests or goals which differ from those of the Investment Manager.

Because the Investment Manager may manage or advise on other investment funds with the same or similar objectives to the Service, it may be relevant for the Investment Manager to have to reach a decision on which of two or more such entities (including the Service) are entitled to participate in the given investment opportunities; in any such case, the Investment Manager will endeavour to exercise its judgment so as to balance the interests of all of its clients.

These are indications of potential conflicts of interest. The list is not exhaustive. The Investment Manager maintains a conflicts policy in relation to the Service and will provide a copy in writing to any Investor who wishes to review it.

Definitions

AIFMD	Alternative Investment Fund Managers Directive
Application Form	An application form to participate in the Service to be completed by a prospective Investor in the form available for download from the Guinness website;
Business 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);
Carry Back Relief	Income tax relief, in respect of a subscription of up to £1,000,000 into an EIS Qualifying Company in one tax year, may be carried back to the prior tax year to be set against an individual's income tax liability for that year, save to the extent that income tax relief has already been claimed under the EIS for the prior tax year, and sufficient income tax has been paid to utilise the reliefs;
CGT	Capital gains tax;
Closing Date	A date by which Subscriptions may be accepted by the Investment Manager for the creation of Portfolios;
Custodian	The Share Centre Limited, in its capacity as a provider of custodian services and certain other services in relation to the Service;
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;
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.
FCA	The Financial Conduct Authority;
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;
Investor Management Team	Shane Gallwey, Edward Guinness, Malcolm King, Chris Villiers, 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 Administrator 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;
Qualifying Investors	UK taxpayers eligible to claim EIS Relief and EIS CGT Deferral Relief;
Service or Guinness EIS Service	Guinness EIS, a discretionary managed service set up to enable Investors to invest in EIS Qualifying Companies;
Subscription	A valid subscription made to the Service, net of any Financial Intermediary Fee, on the terms set out in this Information Memorandum;

Parties and Advisors

Investment Manager	Guinness Asset Management Limited 14 Queen Anne's Gate London SW1H 9AA Telephone: 020 7222 3475 Email: eis@guinnessfunds.com Website: www.guinnessfunds.com
Custodian	The Share Centre PO Box 2000 Aylesbury Buckinghamshire HP21 8ZB
Nominee	Share Nominees Ltd Oxford House Oxford Road Aylesbury Buckinghamshire HP21 8SZ
Tax Advisors	Philip Hare & Associates LLP Suite C - First Floor 4-6 Staple Inn Holborn London WC1V 7QH
Investment Committee	Shane Gallwey Edward Guinness Tim Guinness Andrew Martin Smith Lord Flight

Important Information

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 SW1H 9AA.

Telephone: 020 7222 3475. Phone calls will be recorded.

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 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.

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 the Service may only be made and will only be accepted subject to the terms and conditions of the Investor Agreement. 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 the Service 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.

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 of reports that Alternative Investment Fund Managers ("AIFMs") must make 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.

By receiving this Information Memorandum you agree to be bound by the foregoing conditions and restrictions. Investing through the Service is speculative and involves a significant degree of risk. The attention of prospective Investors is drawn to the contents of the section in this document entitled "Risk Factors".

Investor Agreement

This Investor Agreement (the “Agreement”) sets out the terms and conditions for the Guinness 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 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 and including 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 the Portfolio will 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, his Investment will be redistributed across all other Investors as equitably as practically possible, and an equivalent cash amount 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 <https://www.share.com/globalassets/assets/downloads/eis-cust-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 Guinness 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 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.
- 9.3. An initial fee of 3% of your Subscription is payable if you have not received advice from a financial adviser.
- 9.4. A Transaction Fee of 2% of your Subscription is payable on this agreement becoming binding on the parties to the Investment Manager.
- 9.5. An annual management fee equating to 2% of your Subscription will be levied, payable quarterly in advance. This charge will be applicable from the start of the month following the acceptance of your Application Form until the realisation of each Investment.
- 9.6. The fees described in 9.4 and 9.5 will be charged to Investee Companies, or direct to Investors, at the discretion of the Investment Manager.
- 9.7. 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.
- 9.8. 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.
- 9.9. The Investment Manager reserves the right to retain fees from Investee Companies, including directors' fees or monitoring fees.
- 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.

- 11.5. The Investor is responsible for informing the Investment Manager if the Investor terminates his relationship with any Financial Intermediary and wishes to 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 on the Investor's instructions; 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;
- 15.2.4. 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
- 15.2.5. 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
- 17.3.3. required to be disclosed by regulatory agencies; or
- 17.3.4. is given to its professional advisers where reasonably necessary for the performance of their professional services;
- 17.3.5. needs to be shared with the Custodian for the proper performance of this Agreement; or
- 17.3.6. 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.
- 19.2. The Investment Manager may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by the Investor 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

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

24. Governing Law

- 24.1. This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.
- 24.2. 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
ASSET MANAGEMENT