

BEAUFORT

Smaller AIM Companies EIS Fund

Investor Guide

Your chance to apply for 30% income tax relief from HMRC while investing in a portfolio of small caps

The ***Beaufort Smaller Companies EIS Fund*** will invest in small mainly AIM companies which can demonstrate good growth potential while at the same time enabling Investors to take advantage of the significant tax benefits of the Enterprise Investment Scheme currently available.

The Fund's investments will be recommended by small cap specialists at Beaufort Securities, who have a successful track record in investing in this target market.

We believe that the UK small cap sector offers good investment opportunities, particularly in the funding cycles on AIM, which should enable the Beaufort Smaller Companies EIS Fund to acquire stakes in companies with the potential for significant growth.

“The EIS tax benefits are hugely attractive in their own right, but our primary objective is to seek capital gains on the commercial merits of each transaction.”

**John Brennan, Chairman
Beaufort Securities**



Success

Enterprise Investment Schemes, have since 1993 been successfully used and misused by tax advisors in helping the very wealthy benefit from all the tax allowances. Last year £1billion was invested in various schemes including films, solar and wind power. Some of these schemes are no longer allowable. Beaufort is offering a straightforward opportunity to invest in qualifying, mainly AIM, businesses for the capital growth and the tax breaks. As the UK economy grows, smaller companies will continue to find it hard to raise expansion capital. **We believe there is very attractive value in some AIM companies and investors in the Beaufort Smaller Companies EIS Fund could, by using just one tax break achieve a 51% discount to this already attractive value.**

***Example:** A company is floated on AIM in the second half of 2014 at 100p. During the first six months the price has fallen to a market price of 50p. Beaufort's Analyst and Small Cap Team agree that there is significant value at 50p. Our experienced and proactive Fund Advisors supported by the Brokers may be able to negotiate a 30% discount to the market price. This implies a buying price for EIS Fund of 35p (50p -30%). If we just assume the income tax relief is reclaimed at 30% the investor is effectively buying at 24.5p (35p -30%), which is a 51% (50p-24.5p/50*100) discount to the current price providing this potential growth company is held for 3 years.*

Our Investment Strategy

The objective of the Fund will be to deliver appreciable capital returns by investing in companies which the Fund Managers believe to be undervalued and where they consider that there are opportunities for enhancement of the underlying business, whether organically or through acquisition. As such the Fund will seek to invest in robust businesses with turnover, scalable business models and defined growth and exit strategies. Beaufort's experienced team will provide added services such as corporate mentoring to help ensure the best return for investors.

Bad investments do not become good investments, simply because there are tax breaks. But a good investment can become a great investment if tax breaks are utilised. There are five tax incentives offered by the HMRC for investments in smaller private UK companies: the three that almost any taxpayer can benefit from are Income Tax, Inheritance Tax and selling Capital Gain Tax free (if held for three years).

It is the intention that the Fund will invest in companies which are admitted to trading on AIM, although ISDX and GXG-traded companies may be considered, (or in some limited circumstances, pre-IPO situations). The Fund will aim to spread risk by investing in a range of such companies and by being generalist in nature, so it will not be limited by sector or geography. The Fund Manager expects to make no more than 9 investments from this fund.

If you have questions about how an EIS fund works or about our proposed fund please call Steven Sahota on 020 7382 8303 and we will endeavour to assist you. For a copy of the Investment Memorandum and an Application Form please email steven.sahota@beaufortsecurities.com.

EIS Tax Benefits

Income tax relief	➤30% of the amount invested (up to £1 million per tax year)
Capital gains tax relief	➤Free from capital gains if held for 3 years ➤Unlimited deferral of tax on gains made in the 3 years prior to and 1 year after the EIS investment ➤Capital losses can be offset against capital gains or income
Inheritance tax relief	➤Free from inheritance tax if held for 2 years
EIS carry back	➤EIS investments can be carried back to the previous tax year



The Fund Manager

Paul Thompson, Prosper Capital LLP

Paul is the founding partner of Prosper Capital LLP and has been involved in raising capital to support young businesses for the last 25 years. He was a founder Dover Street Capital Limited in 2001 that raised over £60 million for film and commercial property funds. He founded Capital Exchange Limited, an FCA regulated advisory service that matched angel and institutional investors with small investors before selling it in 2000. He was also a partner of Cygnus Venture Partners, a £50 million venture capital fund specialising in start-up and early stage funding and helped the early development of key companies including Biocompatibles plc, Deltex Medical plc and Axis-Shield plc. He has a broad experience of British industry having served on the boards of companies in diverse sectors such as oil services, medical instrumentation, specialised foods, leisure and financial services.

Beaufort's Investment Advisory Board

Andrew Gutmann

Andrew joined Beaufort Securities in June 2008. Andrew is currently head of Capital Markets where he specialises in fund raising for small and micro-cap companies. He has worked for a number of institutions and has over 20 years experience in the city. He is a non-executive director of Tiziana Life Sciences, an AIM-listed company recently capitalized at over £30m having been a shell. Andrew has worked on a large number of transactions on AIM IPOs and secondary capital raisings.

Jon Levinson

Jon joined Beaufort in 2014 as a Corporate Broker. Jon's experience of small cap quoted companies stretches back many years. In capacities ranging from Analyst, Head of Research (Teather & Greenwood, Ininger Townsley), Journalist (Six years Penny Share Focus as well as others), EIS Fund Manager/Analyst (Best Investment, t1ps.com) and Corporate Broking Director (Hoodless Brennan, Rivington Street). He has deep knowledge of the small cap sector and its funding problems as well as a pragmatic, proactive approach to adding value to the investment proposition. Jon has worked on equity fundings as well as the issue of convertible loan stock and EIS qualifying investments. Jon completed his MBA in 1992 at Southbank University with a dissertation on Filling the Small Companies Equity Gap.

David Collett

David graduated from the University of London, his experience spanning automotive, healthcare, financial, carbon reduction and renewable energy. Developing markets in Europe, Middle East and North Africa. In the last decade involved in M&A and consolidation 2001 - 2006 Executive Deputy Chairman of Thinc Destini. Starting Destini Financial Services, developing from zero and consolidated over twenty five financial services firms, creating a national organisation and achieved over £45 million pounds turnover, selling to AXA for £100 million in 2006. After the acquisition by AXA, David became CEO of Green CO2 PLC to provide carbon reduction consultancy and energy management services. The company changed its name to Green Compliance PLC in 2009 and has a current turnover of £20 million.



Why You Should Invest Now?

The Fund Managers believe that the current economic climate presents investors with a fine opportunity. Bank lending has decreased significantly, which means that even high quality, well managed smaller companies are finding it difficult to raise funds for expansion. It has also meant that small company valuations are considerably lower than they have been at this stage of previous cycles, creating attractive investment opportunities.

The Fund Managers believe that the companies they intend to invest in would be well positioned to take advantage of the economic recovery and that as the recovery turns into growth the Fund will enjoy the benefits of investing in companies which are both growing their earnings and whose earnings valuation is being re-rated by a market more willing to embrace small cap opportunities. The Fund Manager would view any fall back in the wider market as an opportunity to buy at even more attractive valuations.

If you apply for the Funds First Closing Date which is 30th April 2015 you will receive a 1% rebate on the funds you invest. The Second Closing Date is 29th May 2015 or such other dates as determined by the Fund Manager.

Key Fund Information

Minimum Individual Investment:	£5,000
Minimum Fundraise:	£500,000
Life of the Fund:	3-4 years (i.e. 3 years from the Start Date with 12 months anticipated to realise the Investments, subject to extension by a further 2 years at the discretion of the Fund Manager)
Portfolio Allocation:	No more than 25% of the Fund in any one company
Start Date:	6th April 2015
First Close Date:	30th April 2015 (including 1% rebate on funds invested)
Second Close Date:	29th May 2015
Investment Fee:	3.5% plus introducer's commission
Annual Management Fees:	3.5% per annum of the assets in the Fund This fee includes the annual fee due to the Administrator.
Performance Fee:	20% of all distributions to Investors once Investors have received 110p from the Fund for each 100p subscribed.

Risk Warning: Please note that EIS Funds are products which should be considered as being higher-risk investments. They are not suitable for all investors. They may be appropriate as part of a diversified portfolio, giving access to an alternative asset class, but should be considered illiquid and therefore unsuitable for unplanned or early capital withdrawals. You should seek qualified professional advice before investing. You should also remember that the tax benefits may change as they are subject to changes in tax legislation.

