Open for investment

Jenson EIS Fund

Information Memorandum

Jenson Funding Partners

jensonfundingpartners.com

Important Notice

If you are in any doubt about the action you should take in regard to this document and its contents and appendices (including the Application Form), you should contact an independent financial adviser or other professional adviser authorised under the Financial Services and Markets Act 2000 ('FSMA'). Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual's investment to a number of significant risks. Investors may lose all capital invested.

This document describes arrangements by which investors who wish to make venture capital investments in EIS qualifying companies, may appoint Jenson Funding Partners LLP ('**Jenson**' or the '**Fund Manager**') to act as their common discretionary investment manager and to manage the investments which are made on their behalf. Jenson is authorised to act as a discretionary investment manager by the UK Financial Conduct Authority ('**FCA**'), its registered office is at 20 St. Thomas Street, London SE1 9RS and its FCA registration number is 820516.

The Fund is a Complying Fund and is therefore not a collective investment scheme within the meaning of section 235 of the Financial Services and Markets Act 2000 ('**FSMA**') or a 'non-mainstream pooled investment' as defined in the FCA's Conduct of Business Sourcebook and is not expected to fall within the proposed definition of a 'pooled investment vehicle' as set out in the FCA's July 2016 Quarterly Consultation (No 13).

This document constitutes a financial promotion relating to the Fund and is both issued and approved by Jenson in accordance with section 21 of FSMA. Jenson has taken all reasonable care to ensure that this Information Memorandum is fair, clear and not misleading, but the statements of opinion or belief contained in this document regarding future events constitute their own assessment and interpretation of information available to them at the date of issue of this document and no representation is made that such statements are correct or that the objectives of the Fund will be achieved.

Additionally, some information contained in this document has been obtained from published sources prepared by other parties and no responsibility is assumed for the accuracy or completeness of such information. Accordingly, each prospective Investor must determine for himself or herself what reliance (if any) he or she should place on such statements and information and no responsibility is accepted by Jenson in respect thereof. The information and illustrations in this document are stated as at June 2019.

This document does not constitute, and may not be used for the purposes of, an offer to or invitation to treat by any person in any jurisdiction outside the United Kingdom. This document and the information contained in it are not for publication or distribution to persons outside the United Kingdom.

In accordance with the FCA's direct offer financial promotion rules set out in COBS 4.7, an application pack will only be made available to the following persons as such terms are set out in the FCA Conduct of Business Sourcebook Rules ('**COBS**'):

a) a professional client;

b) an existing client of an authorised firm that will confirm whether this investment is suitable for them, as per COBS 4.7.8(2)R;

and to persons who are (1):

a) certified as a high net worth investor within the meaning of COBS 4.7.9(1)R;

b) certified as a sophisticated investor within the meaning of COBS 4.7.9(2)R;

c) self-certified as a sophisticated investor within the meaning of COBS 4.7.9(3)R; or

f) certified as a restricted investor within the meaning of COBS 4.7.10R,

and (2) in respect of whom Jenson or the person arranging the investment in the Fund will carry out an appropriateness check in accordance with COBS 10.

Welcome to the Jenson EIS Fund

Dear Investor,

We are pleased to follow-up our previous tranches of the combined SEIS and EIS Fund ('the Jenson SEIS and EIS Fund') with the launch of the Jenson EIS Fund 2019/2020 or ('the Fund').

The Fund will concentrate on the best of Jenson's existing portfolio but will always be benchmarked relative to new external company opportunities.

Each Investor's subscription to the Fund will receive a target of five investments per tranche.

The Fund has a mandate to focus on long-term capital growth and enables private investors to invest in a range of committed and ambitious entrepreneurs and their early stage growing companies. All companies will be small unquoted UK companies that qualify under the EIS tax rules. The Fund is a generalist fund, thereby the sector focus is agnostic and the type of businesses and opportunities can be anything that is EIS compliant (typically small early stage companies in non-capital intensive sectors). The specific focus of the Fund is to target companies with: strong management, momentum in the business (i.e. not pure start-ups) and low risk for a start-up (e.g. have a low cash burn).

Jensons' experience is that the EIS market is highly competitive in businesses that are typically generating £1 million of revenue and are seeking additional funding, which has the effect of driving up prices. Jenson has internal access to the existing SEIS portfolio of 100 companies of which 20 have had at least one round of follow-on EIS funding. Nearly all of these rounds are externally led thereby validating the valuation of the companies which highlights that larger funds, family offices, VC's and angel investors continue to invest in the companies we nurture to the next investment stage.

Jenson Funding Partners provide a comprehensive support package for the investee companies, which include but not limited to, Sales and Marketing, Technology advisory, Corporate Governance and Accounting, designed to nurture the investee company to flourish.

For investors the level of risk associated with such an asset class is offset by the significant tax advantages available through EIS.

As entrepreneurs ourselves, we understand the value we bring. Early stage investing is a hands-on process and we remain actively involved throughout; as only by driving successful exits can we achieve financial success for the Fund.

At Jenson we aim to offer these businesses far more than just funding. To date, we have actively advised entrepreneurs to re-evaluate business models, reduced projected costs and introduced potential executives, partners, customers and suppliers as part of the value added service we provide.

Further we believe the addition of an experienced non-executive director to the management team of investee companies, even on a part-time basis, will often enhance returns. This is why each investee company has access to our Jenson support programme tailored to each company; a key differentiator between ourselves and other EIS providers.

Investors will therefore benefit not only from the significant tax benefits, but also the expertise and experience of Jenson and their integrated approach to the support of the Fund's Investments.

We are pleased to invite you to invest in the Fund.

Further details of how to invest are set out on page 11 of this Information Memorandum.

Yours sincerely,

Paul Jenkinson
Chairman of Jenson Funding Partners LLP

Directory

Fund Manager

Jenson Funding Partners LLP

A limited liability partnership.
Registered in England and Wales
Registered number: OC375306
Registered office:
20 St. Thomas Street, London, SE1 9RS

Authorised and Regulated by the
Financial Conduct Authority
under number 820516.

Nominee

TT Nominees Limited

Registered in England and Wales.
Registered number: 07822475
Registered office:
47 Park Lane, Mayfair, London, W1K 1PR

Solicitors & Tax Advisers

RW Blears LLP

Registered in England and Wales
Registered number: OC349449
Registered office:
29 Lincoln's Inn Field, London, WC2A 3EG

Contents

Fund Overview

Fund Name	Jenson EIS Fund
Target Size	£5 million in respect of the 2019/2020 tranche
Minimum Fund Size	£0.5 million in respect of the 2019/2020 tranche
Sector Focus	Entrepreneurial early stage companies
Fund Manager	Jenson Funding Partners LLP
Portfolio Size	Target of five EIS companies
Minimum Investment Amount	£10,000 (and thereafter multiples of £1,000)
Maximum Investment Amount	Subject to the overall Fund maximum, there is no maximum for an individual investor. However, in respect of the tax year 2019/2020 tax reliefs are only available on a maximum investment of £1,000,000 per individual in respect of EIS Reliefs. By utilising carry back, an EIS investor could invest up to £2,000,000 individually by applying £1,000,000 to the tax year 2018/2019 and £1,000,000 to tax year 2019/2020.
Opening and Closing Dates	The 2019/2020 tranche opened on 22nd July 2019 with rolling closes thereafter at the discretion of Jenson.
Planned Exit	There is and can be no guarantee of any exit but Jenson will seek to realise Investments over a period of four years to seven years from the date on which they were made.
Target Return	Investee companies will be selected on the basis of an overall target exit consideration for the Fund of 185p for every 100p invested gross of tax reliefs within four years to seven years.

Risk Factors

Prospective Investors should be aware that the value of an investment in an investee company can fluctuate. In addition, there is no guarantee that the valuation of an investment will fully reflect the underlying net asset value of the investee company or of the ability to buy and sell the investment at that valuation.

Investors should be fully aware of the high-risk nature of scale up investments in early stage companies. In addition, the statements regarding taxation in this document are merely a brief summary and should not be viewed as constituting tax advice. Representations in this Information Memorandum with respect to tax reliefs relate to the generic position of a UK-resident individual taxpayer and do not amount to tax advice to any person. The information below does not purport to be exhaustive.

Additional risks and uncertainties, not presently known to Jenson, or which Jenson currently deems immaterial, may also have an adverse effect on the business of the investee companies. Investors should consider carefully whether an investment in the Fund is suitable for them in the light of the information in this document and their personal circumstances. If in any doubt whatsoever, an investor should not invest in the Fund. In any case, it is strongly recommended that Investors seek the advice of their Financial Intermediary or other appropriately qualified professional adviser.

1.1
Risks relating to the investee companies

Small unquoted companies

Investing in smaller, unquoted companies, by its nature, involves a high degree of risk. Proper information for determining their value or the risks to which they are exposed may also not be available. Investment in such companies can offer good investment returns but the market for their shares is often illiquid and uncertain by its nature. Consequently, such investment involves a higher degree of risk than a portfolio of quoted shares.

Realisation of investments in unquoted companies can be difficult and may take considerable time.

Investment in smaller and unquoted companies is likely to involve a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Although the Fund may receive some conventional venture capital rights in connection with its investments, as a minority investor it may not be in a position to fully protect the interests of Investors.

No liquid market on a public exchange for Investments

There is no liquid market, on any public exchange or elsewhere, for investments nor is there intended to be such a market; as such, an investment made through the Fund will not be readily realisable.

Dependent on investment opportunities

The level of returns from investments may be less than expected if there is a delay in the investment programme, such that all or part of the net proceeds of the Fund are held in cash or near cash Investments for longer than expected, or if the returns obtained on Investments are less than planned, or if Investments cannot be realised at the expected time and values. There can be no guarantee that suitable investment opportunities will be identified in order to meet the Fund's objectives.

Fund performance

The performance of the Fund is dependent on the ability of Jenson to identify appropriate investee companies and on the ability of the investee companies to perform in line with their respective business plans, from which their income may be lower than their costs. The number and the diversity of Investments will depend on the timing of your investment in the Fund ('**Contribution**') relative to the timing of Contributions by others and the election you make on the Application Form.

Regulatory changes and force majeure

Legislative and regulatory changes could occur during the life of the Fund that may adversely affect the Fund or the investee companies. These may include taxation, environmental, safety, labour and other regulatory changes. The Fund and its investee companies may also be adversely affected by force majeure events.

Risk Factors

The value of investments may fluctuate

The value of the Fund's investments may go up or down. An investor in the Fund may lose some or all of the funds invested.

Medium-long term investment

The timing of exits from investee companies may take longer than anticipated. An investment in the Fund should be considered a medium to long-term investment.

Suitability

The performance of the Fund is dependent on the ability of Jenson to identify appropriate assets and companies. investee companies may fail, Investments may be realised for substantially less than the acquisition cost, or they may be impossible to realise at all. Investee companies may accept other equity or debt capital which ranks higher than the Fund's Investments in an insolvency situation. Investors should only consider investing if this is a risk they can afford to bear, having taken independent advice.

Strategy of investee company

The Fund will generally take minority positions in investee companies. Although minority investor protections will be sought at the time of investment, there can be no guarantee that Jenson will be able to materially influence the strategy and decision making of the investee company if other Investors holding larger stakes hold different views on the future direction of the business.

Retention of key directors or employees

Small businesses are highly dependent on the skills of their management teams. The departure of any of an investee company's directors and/or key employees or Jenson or Jenson's directors and/or key employees could have a material adverse effect on the business of the investee companies.

No warranty on valuations

No warranty is given on any valuations provided to Investors that any such valuation is capable of being attained on a realisation of the investment.

Past performance

The past performance of Jenson and their respective management teams, or of investments managed by them, is not necessarily a guide to the future performance of the Fund.

1.2 Risks relating to Investors seeking EIS tax reliefs

There are several circumstances in which an investor could cease to qualify for any of the tax reliefs offered by the EIS and as a result any tax which would have been payable to HMRC but for the investors obtaining tax reliefs, could become payable. These circumstances may relate to an investee company ceasing to be an EIS qualifying company or the investor himself or herself failing or ceasing to qualify for EIS Relief.

Receipt of value

An investor could cease to qualify for full EIS Relief if he or she has received value from an investee company at any time since its incorporation or within three years of making his or her investment through the Fund. Payment of a dividend, however, would not typically be regarded as a receipt of value.

Cessation of trade

If an investee company ceases to carry on its business within three years of an investment, this could prejudice its qualifying status under the EIS. The situation will be closely monitored with a view to preserving the investee company's qualifying status but this cannot be guaranteed. Where investee companies enter into administration or liquidation within three years of an investment for genuine commercial reasons, this should not affect tax reliefs received.

Failure to meet EIS qualifying requirements

A failure to meet the qualifying requirements for the EIS could result in the loss of some or all of the available reliefs in relation to that investment.

Risk Factors

HMRC approval

If available during the investment process, provisional approval will be sought from HMRC that the investee companies and their activities should qualify under EIS, and that EIS claims will be agreed. However, there is no guarantee that HMRC approval will not be subsequently withdrawn. If HMRC approval were subsequently withdrawn, tax reliefs would not be available to Investors or would be withdrawn. In those circumstances, Contributions will not be returned to Investors.

Funding requirements

Under the EIS rules, an investee company in which the Fund invests must spend all of the capital investment within two years for the purposes of its qualifying trade and must meet the risk to capital requirements.

If an investee company fails to spend these funds correctly, the investee company would be in breach of the EIS regulations and tax relief may be unavailable or withdrawn.

The Fund Manager expects Investments to comply with the requirements to utilise their funds within the prescribed limits.

Sale within three years

A sale of an investment within three years or (in the case of the EIS) if later, within three years of commencing to trade where the investee company was only preparing to trade at the time of investment will result in any Tax Relief secured in respect of the investment becoming repayable to HMRC.

The EIS Qualifying investment may be realised at any time

Jenson retains complete discretion to realise an investment at any time, even if some or all of the tax reliefs relating to that investment may be lost. In making such a realisation, Jenson have no obligation to take into account the tax position of Investors (individually or generally).

Investors should take appropriate Independent Professional Advice

It is possible for Investors to lose their tax reliefs by taking or not taking certain steps. Investors are advised to take appropriate independent professional advice on the tax aspects of their investment.

No liability for loss of value

Jenson shall not be liable for any loss incurred by an investor in relation to value received by any person from any investee company or as a result of a change in circumstances of an investee company at any time.

The information in this document is based upon current taxation and other legislation and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the investee company. Tax legislation and HMRC practice are subject to change at any time and the tax reliefs may be amended or withdrawn. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors.

1.3
Fund issues

Jenson reserves the right to cease to manage the Fund in certain circumstances set out in the investor's Agreement, in which event it will try to transfer the Portfolios to another discretionary investment manager or to terminate the Fund in an expeditious way, but there is a possibility that tax reliefs may be lost in these circumstances.

Jenson will seek to realise Investments and to terminate the Fund in an orderly fashion over a period of four years to seven years from the date on which each investment is made but it cannot be guaranteed that the Investments made can be realised easily within this period and, even where they can be realised, that this can be done on an advantageous basis.

Where possible, Jenson will normally ensure that Investments are allocated amongst Investors on a basis which is in proportion to their respective Contributions to the Fund but this will depend on

Risk Factors

the timing and availability of EIS qualifying investments with the result that a Portfolio created for a later Investor in the Fund may be different to the Portfolio of an earlier Investor.

An early Investor in the Fund may not have sufficient uninvested cash in his or her Portfolio to participate in the same Investments which are allocated to a later Investor.

Jenson may depart from this basis of allocation if, in its absolute discretion, it considers it appropriate to do so having regard to the overall investment policy of the Fund and the benefit of creating diversity within the Portfolios of Investors.

Please note however that Jenson will not provide an individual portfolio management service for Investors which is suitable for their individual financial and other circumstances but is undertaking only to make and manage Investments on a common basis for all Investors in accordance with the investment policy described in this document. Generally, Jenson reserves the right to return a small surplus of cash to Investors if it concludes that it cannot be properly invested.

1.4 Potential conflicts of interest

Jenson, in accordance with FCA rules, conducts its business in line with its in-house conflicts of interest policy in order to minimise any conflicts of interest between Jenson, associated companies and investors within the Fund.

Jenson will endeavour to resolve any conflicts in a fair and equitable manner if and when they arise. Full details of the internal policy are available upon request.

1.5 General risks

The subscription for shares in investee companies and the performance of shares is unlikely to be covered by the Financial Services Compensation Scheme or by any other compensation scheme.

Subject always to Jenson's discretion to determine otherwise, if the Minimum Fund Size is not reached, no Investments will be made and Investors' monies will be returned without interest.

1.6 Forward looking statements

Investors should not place reliance on forward-looking statements. This document includes statements that are (or may be deemed to be) 'forward looking statements', which can be identified by the use of forward-looking terminology including the terms 'believes', 'continues', 'expects', 'intends', 'may', 'will', 'would', 'should' or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this document, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future.

The investment opportunity described in this document is not suitable for all Investors. Investors are accordingly advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000, and an appropriately qualified taxation adviser, prior to investing.

How to Apply

Application Pack

If you would like to invest in the Fund you may download an Application Pack from the website or request one from Investor Relations at Jenson using the following contact details:

Jenson Funding Partners LLP
2nd Floor, 20 St. Thomas Street
London
SE1 9RS

T: +44 (0)20 7788 7539

E: eis@fundingpartners.com

jensonfundingpartners.com

Queries

If you need any assistance completing the Application Pack or have any questions you should contact your Financial Intermediary in the first instance, but please do not hesitate to contact us.

Please note that the Application Pack does not constitute an offer by the Fund Manager or another person for you to enter into an agreement with the Fund Manager to act as your discretionary investment manager or an invitation for you to make an offer to the Fund Manager or another person for the Fund Manager to enter into an agreement with you to act as your discretionary investment manager unless the Fund Manager is able to categorise you as someone who has the necessary experience, expertise and knowledge to be capable of making their own investment decisions and understanding the risks of investing in the Fund.

Key Points

By investing in capital growth opportunities, the Fund seeks to offer strong, tax free returns with attractive income tax and capital gains reliefs under the Enterprise Investment Scheme ('EIS') investment.

3.1 Investment objective

In return for subscribing to the Fund, Jenson seek to provide Investors with:

- A diverse portfolio of Investments in a wide range of sectors and industries, which qualify for EIS Relief.
- Capital deployment through deal flow introduced by Jenson.
- Strong targeted tax free cash returns of 185p for every 100 pence invested.[1]

3.2 Summary of taxation advantages

Investments in investee companies that are EIS qualifying investments give rise to a suite of valuable tax reliefs.

For EIS qualifying investments, the reliefs include:

- **Income tax relief** at 30 per cent of the amount invested in EIS Qualifying Companies in the year of Investment or in the preceding tax year up to an annual limit of £1 million;
- **Tax free capital gains** when EIS Qualifying Investments are sold;
- **Capital gains tax deferral** for the life of the Investment where a gain realised on a disposal is invested into an EIS Qualifying Investment;
- **Inheritance tax relief** provided the investments have been held for two years and are held at the time of death; and
- **Loss relief** which can be taken against income or as a capital loss.

There is a 'carry-back' facility which allows all or part of the cost of shares acquired in one tax year to be treated as though the shares had been acquired in the preceding tax year. The EIS rate for that earlier year is then applied to the shares, and relief given for the earlier year. This is subject to the overriding limit for relief each year. For example, if an EIS qualifying investment is made in 2019/2020, then the tax reliefs available can be carried back one year to apply the tax reliefs in 2018/2019.

For Investors with an income tax liability and a capital gains liability, Investors have the opportunity to make a £100,000 investment at a cost of only £40,000, if using carry-back reliefs.

Each of these reliefs is explained in more detail in section 7 of this Information Memorandum.

An investor's Contribution will be invested in EIS qualifying investments.

3.3 Opening and interim closing dates

The 2019/2020 Tranche will be open to applications from 22nd July 2019. The Fund is evergreen. This means that the Fund has no single closing date and the Fund will continue to accept investments from investors on an ongoing basis. It is proposed the Fund will have two interim closing dates (each, an ('**Interim Closing Date**') a year though for practical reasons these dates may be closed earlier or extended at the discretion of Jenson.

Investors who invest in the Fund after a particular Interim Closing Date may or may not be invested in the same investee companies as those who invest earlier. The target number of investee companies that an individual investor will be invested in will be five Investments.

Jenson will most likely invest as soon as the Fund reaches its Minimum Fund Size and therefore investors may not have access to early Fund investments if they invest in the Fund later in the tax year.

1 Net of all costs.

Key Points

3.4 Costs, fees and incentive arrangements

The way EIS fund charging structures are generally set up often mean that Investors do not receive tax relief on the full amount of their Contribution. Typically, for every £10,000 contributed, only around £9,000 is actually invested (owing to the initial charge and annual management fees). This is not the case with the Fund: to ensure that investors receive tax reliefs on the full amount of their Contribution to the Fund, charges are made to the investee companies rather than directly to the investors themselves.

3.4.1 Investment initial fee

When Jenson makes an investment in an investee company, Jenson will charge the investee company an initial investment fee of up to 8% of the amount invested.

3.4.2 Fund administration fee

Jenson will charge each investee company an annual administration charge at the rate of £350 per calendar month plus VAT. Jenson may also provide each investee company with operational and accounting support covering such matters as financial reporting, business planning, financial modelling, debt fund raising, business management and general deal management (whether in relation to the initial investment or otherwise) and may charge additional fees to the investee companies for these services.

3.4.3 Exit performance fee

Linked to the performance of your investment in the Fund Jenson will be entitled to a performance fee if and when a realisation of an investment in an investee company is achieved and the hurdles set out below are met. Performance fees will accrue on a deal by deal basis where funds are distributed back to investors following a realisation.

Where:

a) aggregate distributions to the investor exceed the net cost of the investor's subscription in the investee company in question by 20% an entitlement to a performance fee of 25% of further funds so returned will accrue to Jenson; and

b) accrued performance fees will become payable once, and to the extent, the investor has received 120% of their 'Net Subscription' (Subscription less facilitation fees) to the Fund.

By way of example, where sale proceeds are realised following an exit:

- NO performance fee is payable if the aggregate return from an investee company including dividends and other distributions to an investor is 120p (OR LESS) per 100p (ignoring tax reliefs) invested in that investee company;
- IF the aggregate return to an investor (including dividends and other distributions) from an investee company is MORE THAN 120p per 100p invested (ignoring tax reliefs), Jenson will accrue a performance fee of 25% of all returns from that investee company above that threshold – this fee will become payable if, and to the extent, that the investor's overall distributions from the Fund are in excess of 120% of the investors' Net Subscription.

The entitlement to performance fees may be paid in cash or structured by way of subscriptions for shares in investee companies by or on behalf of Jenson.

Many performance incentives work on a cumulative basis, however, we believe that for very early stage funds an investment by investment performance incentive more closely aligns Jenson's interests with the interest of Investors. Early stage companies not only require funding but also support over many years including detailed hands-on advice and assistance.

A performance incentive relating to each investment ensures that Jenson is incentivised to go beyond the normal levels of support to drive each business to a successful exit so far as possible.

We believe that given the early stage nature of these Investments, the amount of support they will require, the years it may take to realise some Investments and the need to align the interests of Jenson and the investor, this structure of performance incentive arrangement is most appropriate.

Key Points

3.4.4 Other investee company charges

Prior to each investment, a due diligence report and investment recommendation on the investee company will be produced and this is expected to cost between £5,000 and £10,000 plus VAT for each successfully completed investment in an investee company. The cost of a due diligence report may be significantly reduced for companies within our existing portfolio. Once an investment is completed, each company is able to join the Jenson support programme. This will be tailored to each company and the net maximum amount receivable by Jenson will be £500 per month.

The fees and costs incurred in connection with potential Investments in investee companies which do not proceed to completion will be borne by Jenson.

Unrelated to fund fees, connected individuals undertaking third party services may be reimbursed separately by the company, such reimbursement may take the form of shares in the business.

3.4.5 VAT

VAT will be payable where applicable.

3.4.6 Interest

Any interest on Investors monies pending investment by the Fund will be retained by Jenson to cover administration costs and not paid to Investors.

3.4.7 No other costs

Jenson will pay all the costs of establishing the Fund, including introductory commission, payments to facilitate adviser charges, legal and taxation costs, the preparation of this Information Memorandum, Jenson's fees and any other direct expenses incurred.

3.4.8 Adviser charges and intermediary commission

Following amendments made by the FCA to their Conduct of Business Sourcebook in January 2018, commission (including on-going trail commission) is generally not permitted to be paid to intermediaries except in certain prescribed circumstances. In the rare circumstances where commission is payable, Jenson will pay up to 3% commission to intermediaries.

3.4.9 VAT implications

It is the responsibility of the Financial Intermediary to make sure their charges are compliant with the HMRC VAT legislation.

Fund Manager and the Strategic Adviser

4.1 Jenson

Jenson will be the Fund Manager of the Fund with exclusive responsibility for deciding upon the investment strategy and each individual investment.

Jenson is authorised to act as a discretionary investment manager by the UK Financial Conduct Authority ('FCA') and its FCA registration number is 820516.

Jenson will be responsible for originating sufficient and suitable investment opportunities, negotiating with and monitoring the progress of investee companies and providing advisory, management and support services to investee companies.

In 2001 Jenson Solutions was formed to provide companies with financial and operational support to help them grow and develop. With over 15 partners throughout the UK providing services to support companies start-up, raise funding, grow organically and by acquisition; restructure if required; and ultimately prepare for exit. Given the wealth of experience that Jenson had built up to support start-ups develop and grow it was a natural progression to move into Seed EIS Funding.

When Seed EIS was introduced by law in 2012 Jenson Funding Partners LLP was founded and launched the first Jenson Seed EIS Fund. This fund closed over-subscribed at over £5 million and invested into 35 entrepreneurial UK businesses which had typically launched their product or service and were typically close to or post revenue. Since then subsequent Funds have raised a further £8 million of SEIS investment and invested into a further 65 companies.

We raised our first EIS Fund in 2015, to continue to support the best of the SEIS Fund combined with the best external investments that remain undervalued in the defined 'equity gap'. Investment is made under one of two clear strategies. Firstly, to invest in companies that are still too early for traditional EIS/VCT funding and secondly to syndicate a larger round in collaboration with the larger funds.

Matt Ellams
Portfolio Director

Jeffrey Faustin
Investment Director

Sarah Barber
CEO

Katie Henry
Investment Assistant

Jackie Richbell
Investor Relations

Vicky Powell
Operations Manager

Kevin Keppler
Finance Assistant

Paul Jenkinson
Chairman

Investment Strategy

5.1
Risk mitigation

The Fund will invest in a portfolio of entrepreneurial businesses and Jenson will carry out in depth and thorough due diligence of prospective investee companies including rigorous interviews with the owners and extensive analysis of the companies' business plans.

By investing in a diverse portfolio of investee companies with a focus on a wide range of sectors and geographical locations, the Fund will reduce its exposure to any particular sector or investee company with no more than 25% of any Investor's Contribution being invested into a single investee company (unless otherwise agreed with the investor).

In addition, once an investment has been made, Jenson will provide investee companies with a range of business support services including general management and strategic advice, financial modelling and, where applicable, the provision of a part-time experienced director. Some of these additional services will be charged by Jenson to the investee companies. At all times Jenson will ensure that the fees charged are for services that help take the investee companies forward. In some circumstances Jenson may take equity in return for fees in order to assist investee companies with their cash flows and to further align the interest of Jenson and its Investors.

5.2
General investment strategy of the Fund

5.2.1 What companies will the Fund invest in?

While the Fund will aim to have breadth with regard to the sector and industry of its Investments, Jenson will seek to identify prospective investee companies and assess their potential based on the following five key criteria:

- Business momentum;
- Business concept and strategy;
- Management team credibility;
- Business and financial risks; and
- Equity deal and exit expectations.

In many circumstances, the investee companies are expected to have some similar key characteristics such as:

- Generating revenues or with a clear path to revenue generation;
- High growth potential with the possibility of realising a return multiple of at least five times on the Fund's investment;
- Disruptive business models that can thrive in a recessionary environment whether by changing or enhancing a market;
- Evidence that a prospective investee company's product or service is innovative and has market potential through testing or external;
- Addressing market gaps and brand lags – with unique and defendable propositions;
- Non-capital intensive business models that are both scalable and capital efficient; and
- Led by an inspiring, energetic and ambitious entrepreneur(s) capable of delivering the forecast investment returns.

Jenson intends that all investee companies will, at the time of the Fund investment, qualify for relief as EIS qualifying companies for the purposes of obtaining tax reliefs.

Jenson will take steps to identify, and avoid making an investment in, any companies which are carrying out or intend to carry out any of the excluded activities which preclude a company from being an EIS qualifying company.

5.2.2 How will Jenson find investee companies?

The Fund will concentrate on the best of the existing Jenson portfolio but will always be benchmarked relative to new external company opportunities. This is combined with the very best companies that we see in the classic equity gap which is typically under served by the traditional EIS and VCT funds.

Jenson Group have an established track record in identifying high quality scale-ups.

5.2.3 How will the Fund's Investments be monitored?

Building a strong working relationship with an investee company's management is often key to the success of a venture capital investment but

Investment Strategy

never more so than with scale-up businesses, the type in which the Fund will invest. This is something Jenson has always prioritised. Jenson will maintain an open line of communication between Jenson and the management of investee companies to ensure that the business of the investee company is proceeding in line with the business plan provided by the investee company. Jenson will pay close attention to results and thoroughly review management forecasts.

5.2.4 How will the Fund exit its Investments?

Jenson will look to employ a variety of appropriate exit strategies on behalf of the Fund including trade sales to other companies in the same sector or industry as the investee company, listing on a stock exchange or by selling its share of the investee company to a larger private equity firm.

5.2.5 When will the Fund exit its Investments?

Jenson takes a long-term view on the Fund's Investments and aims to only look at the possibility of exiting an investment after it has been held for at least three years, thereby ensuring that the investment has met one of the key qualifying conditions necessary for investors to obtain the tax reliefs. However, there may be occasions where an earlier sale is a commercially sensible decision.

It is anticipated that most exits from Investments will take place after they have been held for between four years to seven years though some could take longer depending on market conditions and the nature of the investee companies.

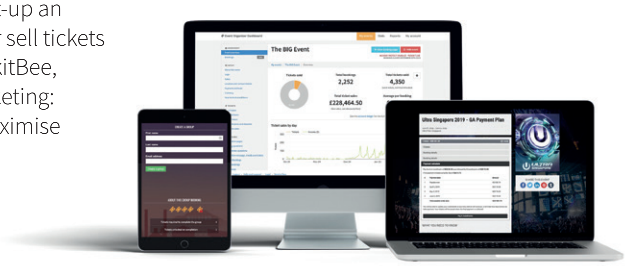
Portfolio Companies

LiveIT

The Jenson Seed EIS Fund 1 invested SEIS in BookitBee in January 2014, it was one of our earlier investments.

BookitBee started as an event registration and ticketing system that allowed anyone to set-up an event page for free and take registrations or sell tickets to their event. LiveIT was launched by BookitBee, a ticketing Platform offering full-service ticketing: end-to-end support and consultancy to maximise your event success.

Our EIS Fund first invested in LiveIT in December 2015 and has made two further investments into LiveIT.



Voneus

The Jenson Seed EIS Fund 1 invested SEIS in DICE Networks in November 2013.

DICE offered a range of innovative ideas changing the face of fixed-line and mobile telecommunications providing a secure fixed-line, Voice over Internet Protocol (VoIP) telephone network. The Company has changed significantly since receiving its first investment.

The company rebranded as Voneus and its focus is on providing super-fast Broadband to rural areas and internet black-spots, bringing welcome relief to up to 1.3 million households who have no access to fibre broadband.

From zero revenues and only employing founders, the Company is revenue generating, employing over 20 people.

Our EIS Funds have invested in Voneus every year since 2015.

eyLog

Jenson Seed EIS Fund 2 invested in eyLog in March 2013.

eyLog has a comprehensive and secure tablet PC and web-based solution for nurseries and childcare providers to transform the process of recording childcare observations, reduce operating costs and increase parental engagement. It enables practitioners to focus more on providing the best early years education to children – an ultimate aim of both nurseries and parents.

Our EIS has invested two follow-on funding rounds into eyLog.

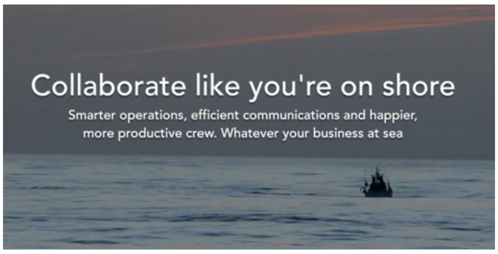
Portfolio – Companies

FrontM

This is one of our more recent investments, we first invested SEIS in February 2019.

FrontM provide business ICT applications for enterprises operating in areas with little or no standard telecommunication infrastructure; Airplanes, ships and remote areas that rely on satellite network infrastructure to meet their operational and communication needs.

We have just made a further EIS investment in FrontM and look forward to working with the team.

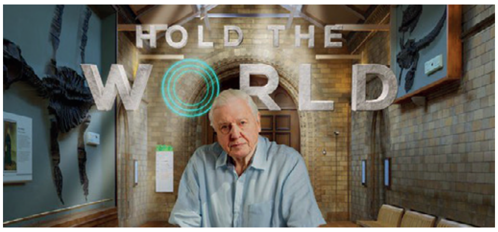


Dream Reality

The Jenson SEIS & EIS Fund 2018/19 invested EIS in Dream Reality Interactive in March 2019.

DRI is a leading immersive entertainment studio with a pedigree of making innovative games and experiences. Part of the core team and CEO Dr Dave Ranyard previously worked at Sony PlayStation's London Studio, working on titles such as PlayStation VR Worlds and AR games for PlayStation's Wonderbook series.

DRI was the first EIS investment made since the launch of our EIS in 2015 outside of our existing portfolio.



DRI recently won a D&AD pencil award for immersive entertainment alongside the other teams involved in Hold the World, featuring David Attenborough.

Equus

The Jenson SEIS & EIS Fund 2 first invested in Equus in 2014.

Equus was founded in 2013 in response to an extremely fragmented £4.3bn UK equestrian market.

The business has grown from start-up to become the UK's fastest growing online only equestrian retailer built on the principle of "by riders, for riders."

Jenson invested a follow-on EIS round into Equus in 2018, followed by an investment by Foresight Group in September 2018.

Tax Reliefs

The Fund takes advantage of some significant tax incentives available for investors in EIS qualifying companies. These tax benefits have the effect of greatly increasing the return and reducing the risk of your Contribution. This Information Memorandum sets out the tax benefits available under the EIS.

The Fund will primarily invest during 2019/2020 tax year and Investors will be able to elect to treat such Investments as occurring in the 2018/2019 tax year using the carry-back provisions of EIS.

The figures in this section are examples only. They are not, and should not be construed as, forecasts or projections of the likely performance of the investment described in this document.

Please note that this is only a condensed summary of the taxation legislation and should not be construed as constituting advice. Potential investors should obtain their own investment and taxation advice before any decision to invest in the Fund. The value and availability of any tax reliefs will depend on the individual circumstances of Investors.

7.1
EIS tax reliefs

A summary of the EIS tax reliefs is as follows:

	EIS Investment	Excluding EIS tax benefits
Initial Investment	£100,000	£100,000
Income Tax relief	(£30,000)	–
Net cost	**£70,000**	**£100,000**
Proceeds (assumes 15 per cent gain)	£115,000	£115,000
Gross gain	**£45,000**	**£15,000**
CGT (currently 20 per cent)	–	(£3,000)
Net gain	**£45,000**	**£12,000**
Gain percentage on net costs	**64%**	**12%**

Tax incentive 1: Income tax relief

Under current legislation, you may receive income tax relief at 30 per cent of the amount of your investments in EIS Qualifying Companies made through the Fund, thereby offering the potential for significant enhancement of your post-tax return over time. As with SEIS income tax relief claims, claims for EIS income tax relief are given by setting off against an individual's income tax liability in the tax year in which an Investment is made or, if requested, in the preceding tax year, a sum equal to the full amount of the EIS Qualifying Investment up to £1 million multiplied by the level of relief (30 per cent for the tax year 2019/2020). This is subject to any income tax relief which has already been claimed under the EIS for that year.

Husbands and wives, and civil partners, can each contribute up to the limits set out above. The relief is given against the individual's income tax liability for the tax year in which the shares are issued unless the individual makes a claim to carry back income tax relief to the immediately preceding year.

Tax incentive 2: Tax free capital gains

You will enjoy tax free capital gains on any increase in value of the EIS Qualifying Investment in which the Fund invests, when these shares are sold.

Tax Reliefs

Tax Incentive 3: Inheritance Tax Relief

Although not an EIS tax relief as such, as with SEIS Qualifying Investments, an EIS Qualifying Investment will qualify for 100 per cent relief from IHT under current legislation, provided the EIS Qualifying Investment has been held for at least two years and is still held at time of death and remains unlisted.

Tax Incentive 4: Capital Gains Tax Deferral

If you have made a capital gain which is taxable or which was taxed within the last three years, you can invest the gain in EIS Qualifying Investments through the Fund and the capital gains tax can, under current legislation, be deferred over the life of the investment or recovered (if already paid).

You have three years from the date you realise a gain to invest it into EIS Qualifying Investments (you can even reclaim capital gains tax you paid in the preceding two years). You can also defer tax payable on gains made in the year following the date on which the Fund invests in EIS Qualifying Investments. If you die whilst your money is invested in the Fund, the tax due on your deferred capital gain will die with you. The initial deferral therefore leads (on death) to capital gains elimination.

Whilst income relief at 30 per cent is limited to the first £1 million invested in any tax year, there is no upper limit on the size of the capital gain that can be deferred after two tax years.

Tax Incentive 5: Loss Relief

If you make a loss on an investment in an EIS Qualifying Company, the net amount of that loss (i.e. after deducting any income tax relief obtained on making the investment) should be able to be set off against your taxable income in the year in which the loss is made, or be carried back to the previous tax year.

Tax relief is available at any time in respect of any loss realised upon a disposal of shares in an EIS Qualifying Company on which EIS income tax relief (see Tax Incentive 1) or CGT deferral relief (see Tax Incentive 4) has been given and not withdrawn. The amount of the loss (after taking account of any income tax relief initially obtained) can be set against the individual's gains in the tax year in which the disposal occurs, or, if not fully used, against gains of a subsequent year. Alternatively, on making a claim, the loss net of income tax relief may be set off against the individual's taxable income in either the tax year in which the disposal occurs, or the previous tax year.

The figures in this section are examples only. They are not, and should not be construed as, forecasts or projections of the likely performance of the investment described in this document. Please note that this is only a condensed summary of the taxation legislation and should not be construed as constituting advice. A potential Investor should obtain advice from his or her own investment or taxation adviser before applying for an investment in the Fund. The value and availability of any tax reliefs will depend on the individual circumstances of Investors.

Fund Mechanics

8.1
Nominee

Each time an investment into an investee company is to be made for Investors, Jenson will direct the Fund's nominee ('Nominee') to purchase and hold a specific number of investee company shares. The Nominee will then be the registered owner of the investee company shares, but for legal and tax purposes individual Investors will be the beneficial owners of the investee company shares.

8.2
Administrator & Custodian and your account

Thompson Taraz will assist with Fund administrative matters, such as opening and maintaining a client account, reporting to Investors, settling Fund transactions and collecting and distributing income (for example, dividends).

Thompson Taraz will also provide safeguarding and administration services to you and nominee services through the Nominee.

Your Contribution and all dividends and the proceeds of sale of Investments pending their distribution will be deposited by Thompson Taraz with an authorised and reputable banking institution in a client account in the name of **TTML Client A/C Re: Jenson EIS** with client trust status together with cash balances belonging to other Investors. The mandate for operation of the account shall be held by Thompson Taraz and any interest arising therefrom will be retained to cover administration costs and not paid to Investors.

8.3
Reporting and valuation

Investors will receive a six-monthly client statement electronically (unless otherwise requested) each year from Jenson. In addition, Investors will be kept informed of any significant events concerning investee companies, such as a proposed sale.

All investments in the Fund will be valued according to best practice as set out under the International Private Equity and Venture Capital (IPEVC) Valuation Guidelines. The overriding principle of these valuation guidelines is to show a fair valuation of the investment to the investors based on what would be a fair transaction between informed parties at arm's length. Prudence is a central concept of the valuation guidelines. All portfolio company investments will be valued on a half-yearly basis.

8.4
Fund raising process

The Fund is evergreen. This means that the Fund has no single closing date and the Fund will continue to accept Contributions from Investors throughout the year. The Fund will have two Interim Closing Dates though for practical reasons these dates may be closed earlier, extended or varied at the discretion of Jenson.

Investors who invest in the Fund after a particular Interim Closing Date may or may not be invested in the same investee companies as those who invest earlier, depending on the timing of the making of Investments though Investors will always have a minimum Portfolio size of 8 investments (unless otherwise agreed by Jenson and the investor).

The minimum Contribution to the Fund is £10,000 and in multiples of £1,000 thereafter. There is no maximum Contribution to the Fund but Investors should be aware that income tax relief is only available on annual investments of up to £1,000,000 under the EIS. Applications from spouses should be made separately.

8.5
Claiming your EIS tax relief

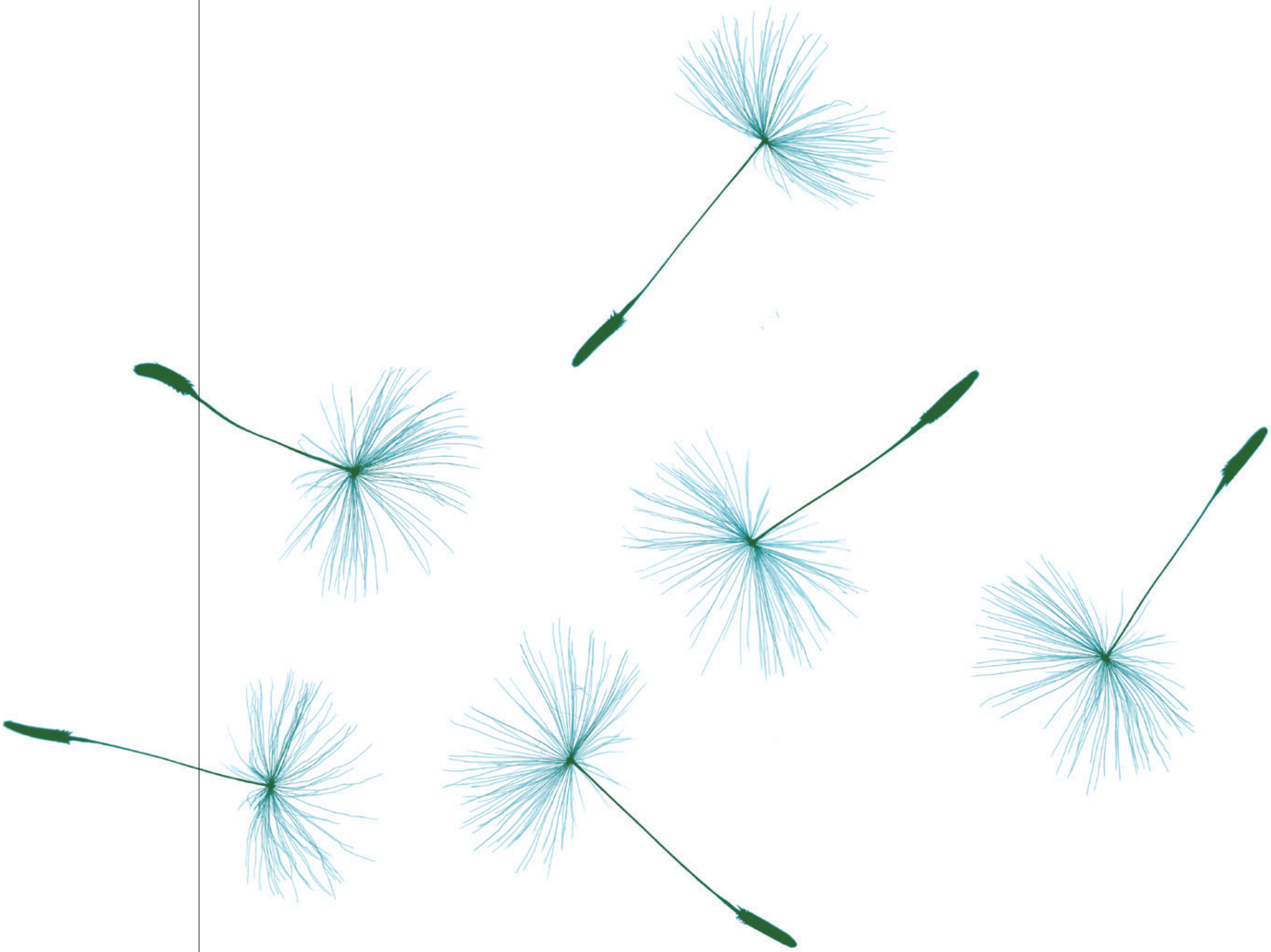
Once an investment has been made in an investee company, Jenson will work with the investee company to prepare and send off EIS compliance certificates to HMRC, demonstrating that the investee company is an EIS qualifying company.

As soon as practicable after investment and subject to EIS rules, the investee company will apply to HMRC to obtain for the investor a form EIS 3. Investors must send these forms to HMRC with their tax returns in order to claim any income and capital gains tax reliefs.

Fund Mechanics

8.6
Return on Exit of the Fund's investments

On sale of the Fund's Investments, the net proceeds are distributed to the investor or, if you so choose, may be re-invested in a new Jenson fund (assuming the new fund makes EIS Qualifying Investments and that there has been no change to the legislation). Re-investment in new EIS qualifying investments and/or EIS qualifying investments should ensure any capital gains continue to be deferred and a further 30% income tax relief becomes available.



Fund Structure and Administration

9.1 Fund structure

The Fund is an unapproved EIS fund and treated as an alternative investment fund in accordance with the EU Alternative Investment Fund Managers Directive. Jenson has been authorised to act as manager of alternative investment funds.

Investors should be aware that the Fund is not a distinct legal entity but is constituted of a series of discretionary investment management agreements by which investors who wish to make venture capital investments in a portfolio of unquoted EIS qualifying companies, may appoint Jenson to act as their common discretionary investment manager to make and manage Investments made on their behalf in accordance with that policy. Each investor will at all times be the beneficial owner of a whole number of shares held on his or her behalf and which have been allocated in the proportion that his or her subscription bears to the total of subscriptions to the Fund.

As their financial position may change over time, Investors benefit from the right, under the terms of the investor's Agreement, to withdraw their portfolio from the Fund as follows:

- Qualifying Investments – which become listed to dealing on a recognised investment exchange – at any time after the expiry of five years following the issue of the shares;
- Qualifying Investments – at any time after the expiry of seven years following the issue of the shares;
- Non Qualifying Investments – at any time after the expiry of six months following the date on which they ceased to be EIS shares; and
- Cash – at any time

Investors should be aware that no partial withdrawals will be permitted by Jenson.

Investors should be aware that Investments will be in unquoted companies which are therefore not readily realisable and an investor who withdraws his or her Portfolio(s) from the Fund may find it harder to realise his or her Investments.

A withdrawal does not mean that the investor is able to convert his or her investments into cash and neither Jenson nor Jenson provide a market for the realisation of investments. The key risk factors for such investments are explained on pages 7 to 10 and you should note that one of the risks of an early withdrawal of shares is that an investor may find his or her investment difficult to manage and realise.

Each Investor will separately enter into an investor's agreement with Jenson.

The investor's agreement provides that Jenson is responsible for selecting suitable EIS qualifying companies and investing the investor's monies in them. Jenson will have total investment discretion with regard to selecting, monitoring and realising investments in accordance with the specified investment objectives and restrictions and in particular the need to comply with the rules set out in the Income Tax Act 2007 with a view to ensuring that the tax advantages under the EIS accrue to the investor.

Although all investments will be managed on a common basis, an investor's Investments will not be pooled with Investments made by other Investors but will be made in proportion, where possible, to the total Contributions by all Investors in the Fund made between the applicable closing dates. The amount invested on an Investor's behalf in each investee company and the number of investee companies in his or her portfolio(s) will depend on the timing of an Investment and the availability of suitable opportunities.

Jenson may depart from this basis of allocation if, in its absolute discretion, it considers it appropriate to do so.

As any delay in investing could affect returns, the Fund's investment policy is to make Investments in suitable opportunities as soon as reasonably possible rather than to hold cash in reserve in the hope of obtaining a wider spread of Investments.

Frequently Asked Questions

10.1
What kind of companies will the Fund invest in?

The Fund aims to target exciting innovative and disruptive technologies to be nurtured alongside existing investment opportunities that require follow on investment to fully exploit commercialisation of a proven business model, whilst remaining sector agnostic.

10.2
How many companies will the Fund invest in?

Each Investor's Portfolio will be invested in a target of five EIS qualifying Companies.

10.3
How will Investments be monitored?

Jenson will monitor and re-evaluate the Investments to ensure that they perform to Jenson's expectations. This will include regular board meetings, informal meetings with management teams and a review of quarterly financials against budget. In addition, Jenson will be working closely with the investee companies by providing business support services and in some cases a part-time finance director.

10.4
How do Investors check the progress of the Fund?

A formal valuation statement prepared by Jenson will be sent to Investors every six months together with a report from Jenson. Jenson will be responsible for providing the valuation of the Fund based on valuations of the underlying investee companies carried out by Jenson in accordance with International Private Equity and Venture Capital Valuation Guidelines.

10.5
How long will my investment be held in the Fund?

To maximise the growth available to Investors, it is intended that funds will be returned to Investors as each investment is realised. Given the early stage nature of these Investments, realisations are expected to take at least four years to seven years.

10.6
What is the minimum and maximum I can invest?

The minimum participation by an investor in the Fund is £10,000. Participation in excess of this amount must be in multiples of £1,000. There is no maximum participation in the Fund, but income tax relief is presently restricted to a maximum annual investment of £1,000,000 under EIS. There is no limit on the amount that can be sheltered from IHT through investment in EIS Qualifying Companies.

10.7
Who owns the investment in the investee companies?

The Investors are the beneficial owners of shares in each investee company in which the Fund invests. However, to allow efficient administration, shares will be registered in the name of the Nominee who will hold the shares on an investor's behalf as the investor's nominee, subject always to HMRC rules regarding ownership from time to time.

10.8
Can an investor own an investment jointly with his or her spouse?

Investments in the Fund cannot be jointly owned, but each spouse can make a separate investment, and each can receive income tax relief on the first £1,000,000 in respect of EIS qualifying investments.

For Further Information

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