Amberside Knowledge Intensive EIS Fund

Tax-Advantaged Investments

EIS Review

MAY 2019

MJ HUDSON
Allenbridge

Contents

Overview

Amberside Capital Ltd ("Amberside" or "the Manager") is looking to raise up to £50 million for Amberside Knowledge Intensive EIS Fund ("the Fund") for the tax year 2019/2020, to invest in EIS-qualifying companies across a range of tech-enabled sectors. Investments will be made according to an investment policy whereby subscriptions are allocated every quarter, or when the balance of the cash account reaches £1 million. Shares in investee companies are allocated pro-rata to that tranche upon purchase. The Offer launched in February 2019.

Offer: Amberside Capital Ltd ("Amberside" or "the Manager") is looking to raise up to £50 million for Amberside Knowledge Intensive EIS Fund ("the Fund") for the tax year 2019/2020, to invest in EIS-qualifying companies across a range of technological sectors. Investments will be made according to an investment policy whereby subscriptions are allocated every quarter, or when the balance of the cash account reaches £1million. Shares in investee companies are allocated pro-rata to that tranche upon purchase. The Offer launched in February 2019.

Investment Details:

Score:	84
Offer Type	Discretionary Portfolio
EIS Strategy	Specialist
Fund AUM (Pre-Offer)	£0.11 million
Manager AUM	£16.3 million
EIS Risk Level	High

Investment:

Minimum subscription	£25,000
Maximum qualifying subscription per tax year	£2,000,000
Early bird discount	None

Closing Date:

There is no closing date

This document verifies that *Amberside Knowledge Intensive EIS Fund* has successfully completed our independent due diligence process, having passed through all stages of the governance process in the run-up to the report's publication on the date listed below. It has therefore been awarded the MJ Hudson Cornerstone Trustmark.

Risk Warning for EIS Schemes

Individuals should always read and bear in mind the risk warning notices that are included within providers' investment offer literature / documentation, including prospectuses, information memorandums, securities notes, brochures and other related marketing literature. Whilst the following list is not exhaustive, some of the main risks to be aware of include:

- Investments are in small, unquoted companies and should be considered as high risk;
- Investments are illiquid and need to be held for at least three years in order to retain the initial income tax relief;
- An EIS/Seed EIS investment should be viewed as a long-term investment;
- Legislation, along with the nature and level of tax reliefs is subject to change. There can be no certainty that investments will be eligible or remain eligible for EIS/Seed EIS Relief;
- Historic investment performance cannot be used as a guide to future performance, and the value of any given investment may rise or fall;
- Many EIS/Seed EIS Schemes involve investment in a single company or sector and therefore should only be considered as a small part of an overall portfolio;
- Investors may not have independent representation on the Boards of investee companies which can mean their interests are not adequately considered relative to the executive team;
- EIS/Seed EIS investments should only be considered by sophisticated investors who understand, and have given careful consideration to, the underlying investment strategy and associated risks. For help in determining potential investment suitability, professional advice should be sought;
- Often there will be no regulatory oversight and investors will usually not be eligible for compensation if things go wrong.

Executive Summary

MANAGER:

Amberside Capital is a relatively new and a smaller manager within the tax-advantaged space, having only been founded in 2015 and having only made its first investment in a single company EIS in 2017. Within the tax-advantaged space, Amberside has mainly focused on the Enterprise Investment Scheme ("EIS") investments to date, although some investments may qualify for more-generous SEIS reliefs. The Manager now has three EIS funds - all opened in April 2019. Including the Manager's two other products – Amberside ALP, and its single company EIS. Amberside Capital had assets under management of £16.3 million at April 2019.

PRODUCT:

Amberside Knowledge Intensive EIS Fund is a discretionary service focused on early-stage growth companies specialising in technology. The Team seek to invest in between four to ten companies by the fund year end to provide investors a diversified portfolio in terms of stages and sector, with a bias towards communications, security, and healthcare. The Fund has a target net IRR of 32% for each portfolio company and we understand that it is aiming to achieve a target average exit multiple of 3.5x (without including tax relief). The expected life for investments in the portfolio is 7 years.

SUMMARY OPINION:

While Amberside is a new manager in terms of EIS funds, the track record of the principals and the relative stability of the Amberside Group gives more comfort than would normally be the case when reviewing a new entity: David Scrivens' past at Clubfinance suggests an ability to scale new businesses, with a particular expertise in the tax-advantaged investment world, and an ability to raise considerable sums of money; David Lomas' past experience at both Oxford Capital and at other non-tax-advantaged funds makes him a solid business partner, especially given their previous working relationship together.

Anglo Scientific has served as Investment Advisers for an EIS before, but last time partnered with Innvotec. While the track record did not yet reach the return targets promised by the current fund, the Adviser argues that a lack of fundraising stopped them from backing the winners in the portfolio and were constrained by a lack of support and fundraising: two issues that they think will be rectified with the partnership with Amberside. The returns being targeted are very high, which suggests a very significant level of risk in each investment, and, with the number of investments potentially being as few as four, the Fund should be regarded as a high-risk/high-return proposition.

Therefore, despite being a new fund, the Amberside Knowledge Intensive Fund might be of interest to those investors willing to look to these proxies as evidence that the partnership between Amberside and Anglo Scientific can surpass the latter's previous results in nurturing early-stage investments in the 'hard tech' space and are willing to accept the very high risk of losing their investment in order to achieve the upside potential on offer.

Positives

AT THE MANAGER LEVEL:

- Despite being a young fund with limited history in tax-advantaged investments, Amberside Capital can draw upon a small group of individuals experienced in investment management;
- Amberside Capital have access to the other teams within Amberside Group in order to utilise its own investments;

- A unique approach in partnering with Anglo Scientific - who specialise in investments into innovative intellectual property, ideas and services - means Amberside Capital has access to expertise within the "deep technology" sectors;
- Amberside has invested in its own nominee service and Amberside Capital now perform the receiving agent role for EIS funds;
- The Manager has not seen any major change in ownership since it was established, nor has there been any departures by key personnel. A notable change in senior management did occur in October 2017 when Philip Rhoden resigned as a non-executive director. However we have been informed that there has been little staff turnover within the Amberside Group;
- The Amberside Group consists of fourteen limited companies with a total employee count of 52 people, and as a whole are profitable;
- Amberside have decided to not receive any up-front fees directly from investors and instead charge the fees to the investee companies. This is to ensure the maximisation of EIS relief to investors but it does create a conflict of interest;
- The Investment Committee is made up of key personnel from both Amberside and Anglo Scientific to ensure parity in the partnership. The sixth member of the Investment Committee, Mark Brownridge, is a non-executive director and acts as the independent chair for the investment team;
- Amberside follow a comprehensive list of policies and procedures which include Conflicts of Interest, Capital Adequacy Reporting, and Financial Guidance and Crime Procedures which employees are made to study and understand.

AT THE PRODUCT LEVEL:

- Amberside can draw on an 8-member investment team which is made up of representatives from each of Amberside and Anglo Scientific, with all having responsibility in the nurturing of investee companies post-investment for the Amberside Intensive Knowledge EIS Fund. The key principals from each side have worked together for some years, although this is the first time that they have teamed up as one investment team;
- Co-founders David Scrivens and David Lomas have worked together for 14 years. David Scrivens has hands-on experience in creating 10 companies from scratch, seeing one all the way through to a successful sale in Clubfinance;
- A benefit for the Fund is that it may utilise other teams within the Amberside group when needed. The Fund have the option to obtain accountants and back-office admin roles from other divisions through contractual obligation within Amberside;
- We are pleased to see that Amberside are planning to hire an additional two people to join the investment team in the next 12 to 18 months and the current companies with whom the Anglo-Scientific team are involved are maturing towards an exit, which should free up some additional bandwidth;
- David Scrivens has invested into the fund on the same terms as external clients, and many of the Anglo-Scientific team have a pecuniary interest in companies which will be considered for investment by the Fund (although the obvious conflicts this throws up will have to be managed);

- The Fund's investment philosophy mirrors that of Anglo Scientific, which has stayed largely consistent over the past 5+ years. The main evolution of Anglo Scientific's strategy has been to refine its focus into 3 sectors: medical and related technology, communications technology, and security technology;
- Opportunities will come about from outside investors who Anglo Scientific and Amberside have a relationship with. In addition, Anglo Scientific will research and scour markets they feel is ripe for innovation and disruption in order to find companies worth approaching for investment;
- The relationship with Anglo Scientific and other Co-Investors is what Amberside believe is their unique selling point as they have already identified a portfolio of investment opportunities. Furthermore, between Anglo Scientific, Amberside and the Co-Investors, they themselves look to have significant influence in any investee company;
- Anglo Scientific companies will be seeking funding rounds large enough to deploy all capital the fund raises in the short term. Therefore Amberside states that the lower bound range will be at 95% of capital deployment in the next twelve months (i.e. practically all money raised will be invested within 12 months);
- The due diligence process for companies outside of the Anglo-Scientific/Amberside partnership is complemented by both Amberside and Anglo Scientific's own due diligence. Typically, Amberside will examine the finances of the company and, once approved, Anglo Scientific will look at the technology;
- Amberside has put forward to us a comprehensive set of criteria that they intend to strictly abide to when performing risk assessment. The Manager divides its due diligence into two areas: 'investment criteria' and 'legal, administrative and governance';
- The initial fee and AMC is paid for by the investee companies, so that investors should be able to obtain tax relief on the full amount of their subscription;
- A 20% hurdle rate and a performance fee calculated on fund-level performance means that investors get to retain a significant portion of their upside.

Issues to consider

AT THE MANAGER LEVEL:

- Amberside Capital only has a small track record of raising funds in the tax-advantaged environment, and has never been in control of a portfolio of EIS-qualifying companies, however the Manager has an AUM largely made up of other financial services;
- Amberside Capital's is majority owned by its two co-founders David Scrivens and David Lomas, and both can be seen as key-man risk;
- There is a concern that David Lomas is both on the investment committee and is the compliance officer due to a potential conflict of interest, but it is reassuring that the Manager has taken steps to abide by a strict compliance checklist which has been developed with the help of an external compliance consultant;
- Amberside is still small and so profits are not substantial. It is still focusing on growing and so the Manager will be reinvesting most of its profits, and thus the current financial situation is less stable than for larger Manager (although its 48% shareholder, Amberside Advisors Ltd, has an annual EBITDA greater than £1m);
- The Manager does not have a full-time financial director. Instead, Ed Bianco, CEO of Amberside group's internal ICAEW accounting practice, Amberside Accounting Ltd, fulfils this role, overseen by Amberside Capital directors, David Scrivens and Neil Rutledge, who are both qualified accountants.

AT THE PRODUCT LEVEL:

- The core team is not large, but as expected, will have the responsibility to manage across various products within the Manager. However the fund does have access to other divisions within the Manager group;
- Overall, the teams on both sides seem to be relatively stable, although they have not been working long together and so it is unknown how well these guys will work together;
- The relationship with Anglo Scientific and other Co-Investors is what Amberside believe is their unique selling point as they have already identified a portfolio of investment opportunities. The success of this partnership depends on how closely the two entities can work together in practice and bring their own distinct skillset to work for investors;
- The key fund specific risk is the potential conflict of interest between investors and the Investment Adviser, Anglo Scientific, as the fund is likely to invest in companies that Anglo Scientific have already made investments into and where Anglo Scientific staff hold board positions, however a policy has been put in place excluding Anglo Scientific from voting in ICs for invested companies by AS;
- The EIS is vulnerable to any changes in legislation although this is a feature inherent in the industry rather than specific to this fund;
- Amberside Valuations – another division within the group, has the responsibility in valuing the investee companies every three months. With this, there is the chance of a conflict of interest as the portfolios are not independently valued from outside the group;
- The Manager does not have any exits due to the young age of the fund. Without any exits there is no mark to market validation and only internal manager valuations to rely on to assess the skill of the manager. However, analysing Anglo Scientific's EIS fund can give an indication;
- The target level of diversification of between four and ten companies is quite low given the very high target returns and should be regarded accordingly as high risk.

Manager Quality

Manager Profile

Amberside Capital ("Amberside") was formed in 2015 by David Lomas and David Scrivens, who have worked together for over fourteen years in a previous professional capacity when David Scrivens worked as an advisor for a fund managed by David Lomas. David Scrivens was a founder of Clubfinance Ltd, which was one of the largest VCT brokers in the UK prior to its sale to Wealth Club in 2018. David Lomas joined Barclays Private Equity (BPE) in 2003 and was promoted to Investment Director in 2005 and Director in 2007. David also gained valuable investment experience at Oxford Capital and Big Society Capital, and has been a director on over 23 investee companies.

Amberside Capital is 48% owned by Amberside Advisers Ltd which is, in turn, owned equally between David Scrivens, Paul Austin, Neil Rutledge, and Philip Rhoden. David Lomas owns 35% of Amberside Capital, along with David Scrivens owning 14% and thus amounting to 26% when including his Amberside Advisors stake. Paul Austin, Philip Rhoden and Neil Rutledge all own a further 1% each, amounting to 13% when including their stakes in Amberside Advisers. Neil Rutledge has twenty years' experience in advising corporate investors and public sector agencies and joined the Amberside group in 2013. Paul Austin has over 15 years' experience acting as a financial advisor and co-founded the team at Amberside in 2009. Philip Rhoden has gained experience with a variety of corporate finance, regulated industry and PPP/PFI financial models. Philip also has company-level experience including accounting administration and internal auditing in the public sector.

Amberside gained FCA authorisation in 2016 and the team grew in 2017 with Dan Scowcroft joining as Investment Manager and Larissa Narciso (ex Clubfinance Ltd) being introduced to the team to provide secretarial and back office support, with a further addition in 2018 with the recruitment of John Oliver. On the sale of Clubfinance Ltd in January 2018, the staff were TUPE[1] transferred immediately pre-sale to other Amberside group companies. As a result, Amberside Capital has access to this team to help with the processing of applications and dealing with investor queries, bringing the total number of employees to 52. Amberside Capital has three offices. Head office is in Hemel Hempstead and is where Amberside Capital is mainly run out of, with another in The City of London, and a third in Didcot, Oxfordshire. All staff are free to use the London and Didcot offices for meetings and work convenience. They plan to open a fourth office by the end of 2021.

From 2017 to 2018 Amberside Capital raised £5million in a single company EIS offer for Sterling Suffolk Limited[2], a company aiming to build an 8.3 hectares glasshouse in Suffolk to hydroponically grow premium variety tomatoes. The company supplied its first tomatoes in February 2019. Amberside Capital has also raised £240,000 in SITR-qualifying funds for the London Rebuilding Society – a social enterprise for home improvement.

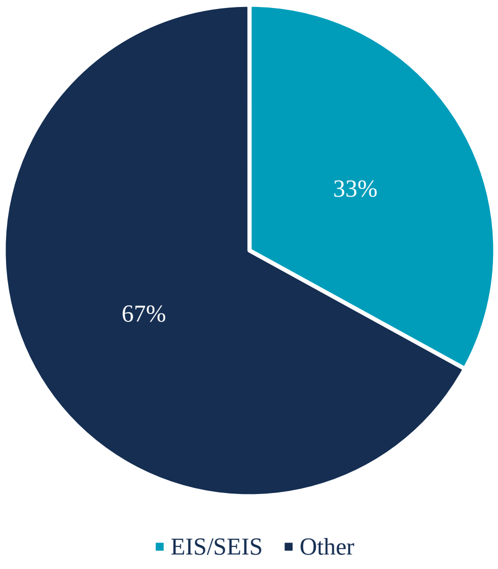
Amberside launched Amberside Scientific EIS Fund[3] in January 2019, with the Knowledge Intensive EIS Fund launching a month later in February, alongside Incrementum EIS Fund[4] (a less growth-oriented EIS portfolio) in the same month. In 2018 Amberside ALP[5] (an Asset Lending Platform) was launched and offers a range of crowd bonds to retail investors, whose funds are pooled and used to make loans to small-scale infrastructure projects that are poorly served by traditional lenders. ALP has so far loaned over £10million.

Amberside's total assets break down to 33% for EIS/SEIS and 67% for all other products (including Amberside ALP and London Rebuilding Society). Overall, the total asset breakdown of activities performed by the Manager is 75% for Investment Management and 25% for Non-Investment Management such as Advisory Services. By the end of 2021, Amberside plan to double the current total number of products from 5 to 10. In summary, with the projection of

[1] TUPE is an acronym for the Transfer of Undertakings (Protection of Employment) Regulations 2006. The rules aim to protect employees if the business they work for changes hands. This is relevant to any redundancy decisions that could to be made.
[2] Sterling Suffolk Limited has an AUM of £4.8 million in EIS qualifying shares.
[3] This fund is essentially the same as the one under review here, however is only open to execution-only clients and, correspondingly, has a different fee structure. At the time of writing it has raised £185,000.
[4] Incrementum EIS Fund has raised £125,000 at the time of writing.
[5] Amberside ALP has an AUM of £11.1 million.

doubling their current number of products, we expect more EIS/SEIS products under their management and therefore taking up a larger share of the total assets under management. With this further additions to the team would be needed, however we are impressed by the resources the Manager currently has access to.

CHART 1: ASSETS UNDER MANAGEMENT BREAKDOWN AS AT APRIL 2019



Note: CC; AdvantageIQ

Amberside offers a sound client service where they make sure to make the most of their resources and third-party affiliations. Front-line customer service is provided by Larissa Narciso, who will pass on calls and emails from investors to the appropriate member of the team. In Larissa's absence, all team members have access to the email inbox to which customer emails are sent and the phone system will automatically forward calls to Dan Scowcroft. As already stated, the back-office team from Clubfinance Ltd have been TUPE'd over in January 2018 to other Amberside group companies and are on call to bolster the front-line customer service as and when necessary. Despite its small AUM stature, it is of great benefit to Amberside Capital that it has access to the wide-reaching team operating within the Amberside Group.

Ongoing EIS investor reporting will be carried out through the third-party online Delio platform. Investors can opt out of this and receive paper-based reporting if they prefer. Amberside Capital has detailed service-level agreement in place with Delio. Upon discussion about the Delio platform, the Manager was prepared to offer us a Delio log-in account for MJ Hudson Allenbridge to examine. The City Partnership has historically provided receiving agent and nominee services for EIS investors within Amberside, performing much of the investor administration role. However, Amberside Capital also hold encrypted logs of all investor data which is backed up daily. Amberside felt the service provided by The City Partnership has not been to the standard that they require to deliver to its clients, so Amberside has invested in its own nominee service and Amberside Capital now performs the receiving agent role for EIS funds.

Financial & Business Stability

Amberside Capital is a relatively young Manager, having formed only in 2015. With this being the case, there are only a modest amount of financial statistics for the Manager. Amberside Capital had been making a loss up until 2017, but has begun to turn a profit for the year 2018. The Manager has not seen any major change in ownership since it was established, nor has there been any departures from key personnel. A notable change in senior management did occur in October 2017 when Philip Rhoden resigned as a non-executive director. However we have been informed that there has been little staff turnover within the Amberside Group.

The Amberside Group consists of fourteen limited companies with a total employee count of 52 people, and as a whole is profitable. The major costs incurred by Amberside Group are salaries, while the major sources of revenue include arrangement fees, consulting work, and Sterling Suffolk fees.

Amberside has decided to not receive any up-front fees directly from investors and instead charge fees to investee companies. This is to ensure the maximisation of EIS relief to investors. Fees received up-front from the investee companies for this fund at the time of writing have been £323,507 plus monitoring fees totalling £23,333. Amberside Capital made a gross profit of £271,276 with revenue of £553,921 as of October 2018. This is up significantly from 2017 where gross profit was £16,117 from revenues of £86,697.

While a new manager with a limited financial track record might ordinarily be cause for concern, this is severely mitigated in this case by the availability of resources from the wider Amberside Group. While any new entity can't exhibit many years of stability, it does seem like there is a clear pathway to profitability as the Manager scales, provided that the Amberside Group is willing to continue its cross-subsidies while the Manager reaches the stage where it can self-fund.

Quality of Governance and Management Team

With regards to the daily management and decision making of the business, David Scrivens and David Lomas are the majority owners of the business and are also directors. The ultimate decision making entity is a three-man group consisting of David Lomas, David Scrivens, and Neil Rutledge whom, as a three, make up the Board of Directors. The three take a quarterly board meeting. The Investment Committee for the fund is made up of David Lomas and David Scrivens from Amberside, plus Fred Edenius, Douglas Dundonald and Vito Levi D'Ancona representing Anglo Scientific. The sixth member of the Investment Committee, Mark Brownridge, is a non-executive director and acts as the independent chair for the investment team. Mark has over twenty years' experience in financial planning and is currently the Director-General of the EIS Association (EISA). The team also have a formal bi-weekly sit-down.

Amberside follow a comprehensive list of policies and procedures which include Conflicts of Interest, Capital Adequacy Reporting, and Financial Guidance and Crime Procedures which employees are made to study and understand. David Lomas acts as the compliance officer and has past experience in this role during his career. However, there is a concern that David is both on the investment committee and is the compliance officer due to a potential conflict of interest, but it is reassuring that the Manager has taken steps to abide by a strict compliance checklist which has been developed with the help of an external compliance consultant. It is encouraging that the consultant also takes part in the compliance meetings at least quarterly to ensure the Manager is correctly following all processes. The consultant also provides updates on upcoming regulation changes and assists in the application of any procedural changes required as a result. All legal work is done externally and is given to RW Blears Solicitors.

The Manager does not have full-time financial director. Instead, it relies on David Scrivens and Neil Rutledge who are both qualified accountants, as well as the Amberside group's internal ICAEW accounting practice Amberside Accounting. The head, Ed Bianco, effectively acts as the finance director for Amberside Capital. At the time of writing, the Manager has indicated that there are no litigation or regulatory issues at the time of writing. Overall, the Manager has demonstrated that it follows a careful set of guidelines in order to ensure correct and honest governance. Some of the compliance do rely on internal individuals, however extra steps have been taken to ensure that an external source inputs its own compliance into the Manager.

Investment Adviser Profile

The principals of Anglo Scientific Ltd set up Anglo Scientific Investments Ltd in 2018, which is the entity that has a contractual relationship with Amberside. This was done to separate two different businesses and business models. Anglo Scientific is in the business of setting up new companies and providing management services to them. Anglo Scientific Investments has been set up to focus on investment-related activities, which for now is solely the work they are doing with Amberside.

Anglo Scientific was founded in 2000 (although it was known as Anglo Digital until 2002) by current chairman Henry Hyde-Thomson and current Director, Douglas Dundonald. Anglo Scientific specialises in investments into innovative intellectual property, with a focus solely on early-stage start-ups within the medical, security, and communication technology sectors. Anglo Scientific has three offices: its headquarters located at the Royal Institution of Great Britain in London, an administrative office in Herefordshire, and a U.S. office in Boston, Massachusetts. In addition to the two founders, the company currently employs six people: Vito Levi D'Ancona, Fred Edenius, and Will Addison are all directors with interests across Anglo-Scientific's favoured sectors, Teo Forcht Dagi, a director, specialises in healthcare while Tristram Riley-Smith, a director, specialises in security and resilience. Nicky Cole was appointed Company Secretary in January 2008 and provides support to the management and personnel of the companies within the Anglo Scientific portfolio.

Before acting as investment advisers for the Knowledge Intensive EIS fund Anglo Scientific raised and deployed money for the Anglo Scientific EIS fund for the last 8 years. Not being a regulated fund manager itself, Anglo Scientific previously linked up with Innvotec before moving to work with Amberside. This previous partnership was unsuccessful as Anglo-Scientific felt that Innvotec had failed to raise a meaningful amount of money and, thus, the partnership was terminated. Anglo Scientific has therefore begun a new partnership with Amberside with the belief that this venture will be more successful. The legacy Innvotec-managed fund currently has an AUM of approximately £6.4 million with 8 companies still in the portfolio.

Financial & Business Stability

The entity which has partnered with Amberside for the purposes of this fund is Anglo Scientific Investments. The ownership structures between Anglo Scientific and Anglo Scientific Investments are different, as Anglo Scientific has taken some outside investment in the past, while Anglo Scientific Investments has not – with funding only coming from the principals. Anglo Scientific Investments is a new entity, with no accounts filed to date at Companies House, with one of the directors being Anglo Scientific Limited.

Anglo Scientific and Amberside have an exclusivity agreement in the Investment Adviser agreement which was shown to MJ Hudson Allenbridge which means that Anglo Scientific cannot partner with another investment manager, but investors must assess the counterparty risk posed by both investment entities, as, *in extremis*, Amberside would need to find another investment adviser if it were not to simply invest on its own, and if Anglo Scientific were to cease being part of the fund.

Anglo Scientific Investment's only sources of revenue for now are the two Amberside EIS funds for which Anglo Scientific serves as investor advisers, and its costs to date are mainly legal, tax, and accounting costs. It will likely look at other investment-related activities/partnerships in the future. For EIS funds, they are exclusively with Amberside, so any further partnerships would be non-EIS funds.

The current team came together between 2008 and 2010, and have all remained within the Anglo Scientific group for the last ten years. There are no expected departures in the foreseeable future.

As a new entity without much in the way of data in order to vouchsafe Anglo Scientific's financial footing a certain amount must be taken on trust in terms of the Adviser's long-term plans for this entity. However, the ongoing revenues- as long as sufficient funds can be raised and performance fees garnered- should be enough to cover intermittent costs, especially if no charges relating to the team come onto the balance sheet but instead remain on the books of Anglo Scientific Limited.

Quality of Governance and Management Team

The principals of Anglo Scientific Investments- Henry Hyde-Thomson, Douglas Dundonald, Vito Levi D'Ancona, Fredrik Edenius, and William Addison- have a weekly meeting or call where they discuss any relevant matters such as investments, due diligence, and existing portfolio company performance. In addition, they also partake in *ad hoc* meetings as required, especially during busy times like when Amberside is making investment and allocation decisions for the EIS funds. More formally, Fred Edenius, Douglas Dundonald and Vito Levi D'Ancona make up the Board of Anglo Scientific Investments, and are ultimately responsible for all final decisions. Given the small size of the Board, they do not have separate committees like an audit committee, rather, all three will be responsible.

Product Quality Assessment

Investment Team

Amberside can draw on an 8-member investment team which is made up of representatives from each of Amberside and Anglo Scientific, with all having responsibility in the nurturing of investee companies post-investment for the Amberside Intensive Knowledge EIS Fund. The key principals from each side have worked together for some years, although this is the first time that they have teamed up as one investment team.

The key representatives from Amberside are its co-founders David Scrivens and David Lomas who have worked together for 14 years. David has hands-on experience in creating 10 companies from scratch, seeing one all the way through to a successful sale in WealthClub. David has also raised £5 million of EIS money for Sterling Suffolk Ltd and currently has a seat on the board. David Lomas has experience in managing and creating investments in the institutional market for Barclays Private Equity. The Fund can rely on these two for investments sourced by Amberside, but are further supported by the rest of the Amberside Group where, as co-founder, David Scrivens can pull resources from other parts of the group if needed.

Amberside Capital currently have a number of products which are, or will shortly be, open for investment: Amberside Knowledge Intensive EIS Fund; Amberside Scientific EIS Fund (an execution-only version of the Knowledge Intensive Fund); Amberside Incrementum EIS Fund; and Amberside ALP - Crowd Bond platform. In addition, Amberside Capital are in control of products which are no longer open for investment by which are being managed by Amberside. Sterling Suffolk Single Company EIS – with an expected exit in 2022 and London Rebuilding Society. The core team, as expected, will have the responsibility to manage across all these products. A benefit for the Fund is that it may utilise other teams within the Amberside group when needed. The Fund have the option to obtain accountants and back-office admin roles from other divisions through contractual obligation within Amberside. However, Amberside Capital may need to add additional resources as the number of investee companies sourced by the Fund increases.

Dan Scowcroft acts as the Investment Manager for Amberside and can be seen as another key personnel. Dan joined the group in 2012 as part of the Amberside Advisors team, focussing on refinancing advice for portfolios of renewable energy assets. He led transactions including the supporting of exits for EIS investors through a geared acquisition by an institutional investor. Dan has more recently played a significant role in managing the Sterling Suffolk EIS investment since joining the Amberside Capital team in 2017.

Anglo-Scientific, as Advisers to the Fund, helps make up the other half of the Investment Committee and is represented by Fred Edenius, Vito Levi D'Ancona and Douglas Dundonald. Anglo-Scientific was previously an Adviser to Innvotec for an analogous fund (whose track record is discussed at greater length in the Performance section, below), and has tax-advantaged investment experience as a result. The Anglo-Scientific team certainly brings subject matter expertise, although the team all have current directorships to balance with roles with new investee companies, especially as the team itself is not that large (see https://www.angloscientific.com/team/ for the wider Anglo-Scientific team).

Overall, the teams on both sides seem to be relatively stable, although they have not been working long together. Amberside's background in private market investing and entrepreneurship seems a natural balance to the technology expertise from Anglo-Scientific. Neither side, however, has very many team members and all have other interests to balance with those emanating from investments made by the fund under review. However we are pleased to see that Amberside are planning to hire an additional two people to join the investment team in the next 12 to 18 months and the current companies with whom the Anglo-Scientific team are involved are maturing towards an exit, which should free up some additional bandwidth. Due to the small team sizes, all four Investment Committee members pose some key man risk.

We are pleased to see that David Scrivens has invested into the fund, and many of the Anglo-Scientific team have a pecuniary interest in companies which will be considered for investment by the Fund (although the obvious conflicts this throws up will have to be managed). We, however, think that this demonstrates good alignment with investors.

Appendices for the Investment Team can be found in Appendix 1.

Investment Strategy & Philosophy

When considering investments for the Amberside Knowledge Intensive EIS Fund Amberside and Anglo Scientific aim to focus on transformational "deep tech" or "hard tech" - i.e. true scientific or technological breakthroughs, typically with defensible intellectual property - as opposed to the broader term "technology", sometimes used to describe any website or app even if there is no significant technological innovation behind it. The Fund's investment philosophy mirrors that of Anglo Scientific, which has stayed largely consistent over the past 5+ years. The main evolution of Anglo Scientific's strategy has been to refine its focus into 3 sectors: medical and related technology, communications technology, and security technology.

The Fund will look to invest into five to six companies per year with an average six-year holding period for each investee company for each investor (the fund itself will look at up to 20 companies per year). Without including potential benefits of EIS tax reliefs, the Fund has a target gross IRR of 32% and target net IRR of 25.9%, and have a target exit multiple at a minimum of two and a maximum of five.

Opportunities will come about from outside investors and academics with whom Anglo Scientific and Amberside have a relationship. These investors will include the recommendation of Anglo Scientific to professors in ownership of IP who are looking for investment to help commercialise their innovation into a scalable company. In addition, Anglo Scientific will research and scour markets they feel is ripe for innovation and disruption in order to find companies worth approaching for investment.

In considering investment opportunities, the team will seek companies that, in the opinion of the Investment Committee, meet or have the potential to meet many of the following criteria:

- **Disrupt a large market**: Is the company seeking to disrupt a multi-billion pound market and are they operating in an industry where we think this disruption is appropriate;
- **Driven by world class technology**: Can the innovative technology provide a radical difference in the market in terms of product performance and/or costs;
- **Knowledge Intensive**: Is the company rich in defensible intellectual property;
- **High potential growth**: If successful, does a company have the capacity to deliver over £100 million annually in revenues;
- **Influence**: Would the Fund have sufficient strategic influence on the direction of the company, either directly or via its Independent Co-Investors;
- **Limited Future Capital Requirement**: Is the level of likely dilution from expected future investment rounds acceptable;
- **Feasibility and Execution:** Do we believe the company’s (current or proposed) Board and management team will be able to develop its technology into a marketable product, successfully enter the market and achieve rapid revenue growth; and
- **EIS**: Is the company EIS qualifying?

A part of the investment criteria will be a credible exit plan, which typically will be a trade sale, but in some instances might be an IPO. In select circumstances, a secondary sale of the Fund's position before company exit might also be considered.
The Manager states that the average deal size is likely to be around £2.5 million (although they state a lower limit of £100,000), although investment sizes are likely to vary widely as the Fund aims to invest across a range of companies at different levels of development.

The relationship with Anglo Scientific and other Co-Investors is what Amberside believe is their unique selling point as they have already identified a portfolio of investment opportunities. Furthermore, between Anglo Scientific, Amberside and the Co-Investors, they themselves look to have significant influence in any investee company, enhanced by the fact that the Fund is likely to invest alongside Anglo-Scientific and the original investor who identified the original opportunity. When performing later-stage investment, Anglo Scientific will make sure there is an already established CEO who they are comfortable with. Should the investment be into an earlier stage opportunity, Anglo Scientific are prepared to take on active managerial roles until top executives are recruited. Anglo Scientific have stated they must have full confidence before investing that they have the power to change management in the investee company where they feel it's needed.

It is important to note that a sister fund, Amberside Scientific EIS, has been launched alongside the Knowledge Intensive EIS and the two funds will only differ in fee structure and intended investors: the Knowledge Intensive Fund is structured for advised investors and the Scientific fund is for execution-only investors.

Overall, we find Amberside's strategy to be noteworthy in partnering up with an investment adviser with demonstrable expertise in the field of deep technology. Whereas other funds seek to invest in the deep tech sector, Anglo-Scientific's subject matter expertise gives the strategy extra credence, with the Investment Adviser able to evaluate both the scientific worth of a particular technology and also being able to add value post-investment on this front, while the presence of Amberside means that investors should not be exposed to companies in which Anglo-Scientific has a financial interest without there being a sound investment case to do so. However, while the strategy is not new- Anglo-Scientific previously acted as an Investment Adviser to Innvotec with a similar mandate- the partnership with Amberside is; how well the strategy is put into operation will largely depend on how closely the two entities can work together in practice and bring their own distinct skillset to work for investors.

Pipeline/Prospects and Current Portfolio

The Manager anticipates building a portfolio comprised of a mixture of companies in which Anglo-Scientific already has a financial interest and non- Anglo Scientific companies. The Manager aims to build a diversified portfolio of companies at different investment stages (seed stage, development stage, and growth stage) and industry focus (communications, security, healthcare). Allocation is expected to be fairly even among companies at different stages of developments with most companies at Series A and Series B stage. The Fund is expected to be fully invest by the fund years-end across up to 20 investee companies, although individual investors should expect personal portfolios of between 4 and 10 companies.

While this is the first iteration of the Fund, and there are no previous tranches to inspect, the Fund is likely to invest in some of the companies within Anglo-Scientific's existing portfolio in the first instance. More on Anglo-Scientific's current companies can be seen at https://www.angloscientific.com/companies/. These companies will be seeking funding rounds large enough to deploy all capital the fund raises in the short term. Therefore Amberside states that the lower bound range will be at 95% of capital deployment in the next twelve months (i.e. practically all money raised will be invested within 12 months). Having access to both their own and Anglo Scientific's pipeline means Amberside should have less of an issue in finding companies to invest in. This also increases the chance of deploying all capital raised within the next twelve months and so there is good reason to believe the Manager's confidence in deploying capital. However, the pipeline for the Fund will be better judged in practice, with Anglo-Scientific producing a solid stream of high-quality opportunities, with an increased Amberside team allowing for more proactive sourcing beyond the principals' own personal network.

Investment Process

The Manager has described its investment process as follows in AdvantageIQ:

TABLE 1: INVESTMENT PROCESS

INVESTMENT PROCESS	DETAILS
Deal sourcing/ origination	The manager will source investment opportunities in the stable of companies being developed by Anglo Scientific, Amberside, and a small number of trusted Independent Co-Investors. The initial Independent Co-Investor is Perscitus LLP. Independent Co-Investors are organisations that Anglo Scientific or Amberside have previously invested with and we expect the Independent Co-Investors to typically co-invest alongside the Fund for new investments they introduce. The Independent Co-Investors appreciate the value of the co-investment model, which allows deeper scrutiny of investments and wider input into the management of companies.
Deal filtering and selection	In considering investment opportunities, we will seek companies that, in the opinion of the Investment Committee, meet or have the potential to meet many of the following criteria: • Disrupt a large market: Is the company seeking to disrupt a multi-billion pound market and are they operating in an industry where we think this disruption is appropriate; • Driven by world class technology: Can the innovative technology provide a radical difference in the market in terms of product performance and/or costs; • Knowledge Intensive: Is the company rich in defensible intellectual property; • High potential growth: If successful, does a company have the capacity to deliver over £100 million annually in revenues; • Influence: Would the Fund have sufficient strategic influence on the direction of the company, either directly or via its Independent Co-Investors; • Limited Future Capital Requirement: Is the level of likely dilution from expected future investment rounds acceptable; • Feasibility and Execution: Do we believe the company's (current or proposed) Board and management team will be able to develop its technology into a marketable product, successfully enter the market and achieve rapid revenue growth; and • EIS: Is the company EIS qualifying?
Due diligence process	For each opportunity, the team will conduct initial due diligence with a strong focus on the people, the technology, market size, competition and expected profitability. In this process we will often make use of appropriate experts, sourced through our extensive network. At the end of the initial due diligence, the opportunity will be taken to the Investment Committee. On occasion independent experts may be asked to attend meetings of the Investment Committee. Where the Investment Committee is in favour of an opportunity, approval will be given and valuation parameters set, subject to more detailed due diligence. Should areas of

	concern arise during detailed due diligence, the Investment Committee will reconvene to discuss the opportunity further. Detailed due diligence would involve a careful analysis of the material risk areas for the company. These could include current competition for the product, key individuals on the management team, the company's balance sheet, or the level of intellectual property protection they have in place. Concurrently with the detailed due diligence would be the negotiation of the investment documentation and the valuation. The shareholders' agreement or articles of association will contain provisions designed to protect the interests of investors. Following an investment, we would expect to appoint a director to the board of the Investee Company (or jointly appoint a director with our Independent Co Investor) to provide advice and strategic direction to the Investee Company. Together with the other members of the board we seek to mentor the performance and capabilities of the management team as the business evolves and effect change where desirable and possible.
Deal approval	See response above. All investments are subject to initial Investment Committee approval and final approval following detailed due diligence.

Source: Amberside; AdvantageIQ

As previously described, for Anglo Scientific companies, Amberside will look to have a deep and detailed understanding of the investee company, the sector and the management team. Amberside want to bring independence and a "fresh pair of eyes" to these opportunities. For investments away from the Anglo Scientific companies, Amberside will work with a small number of trusted Independent Co-Investors who will act as introducers- the first of which is Perscitus, Jon Moulton's family office. This enables them to focus on deep-dive due diligence rather than investing more time in initial screening. Amberside believe the investors will benefit from both their due diligence and that of their co-investors. Anglo Scientific look to have strong hands-on experience identifying opportunities and building companies around those opportunities. Amberside believe they have strong financial and analytical experience.

The due diligence process for companies outside of the Anglo-Scientific/Amberside partnership is complemented by both Amberside and Anglo Scientific's own due diligence. Typically, Amberside will examine the finances of the company and, once approved, Anglo Scientific will look at the technology and both will share notes on their views of the markets, market needs, technology, finance and management of each target investee company. MJ Hudson Allenbridge were given sight of due diligence performed for the Fund and consider it thorough. Investment Committee papers were also looked at and were proportional in detail to that stage of the process. We consider the partnership double lock to be a plus for the investment process as a whole.

Risk Management

Similar to other EIS funds, the primary source of risk management hinges on the depth of initial due diligence and deal analysis at the time of the original investment and the level of diversification in the portfolio. As an EIS service, each investor will have their own individual portfolio based on the timing of investment, but each portfolio aims to be between six and ten companies in number, and at least four.

The key fund specific risk is the potential conflict of interest between investors and the Investment Adviser, Anglo Scientific, as the fund is likely to invest in companies that Anglo Scientific have already made investments into and where Anglo Scientific staff hold board positions. For each entity where Anglo Scientific has been involved and/or been an investor in for some time, Anglo Scientific will be excluded from decision making on the Investment Committee or for related party contracts. Representatives from Amberside Capital will also lead on the due diligence process for these investments to ensure independence.

Amberside has put forward to us a comprehensive set of criteria that they intend to strictly abide to when performing risk assessment. The Manager divides its due diligence into two areas: 'investment criteria' and 'legal, administrative and governance'.

For the investment criteria, examples of risk red flags would be:

- It is unclear that the market is large enough;
- It is too uncertain that the proposed solution meets an important enough market need to disrupt the market;
- It is unclear that the technology is meaningfully differentiated from the competition in a commercially; useful way, or competition has been identified that could meet/surpass the proposed technology solution in the future;
- It is unclear that the company has defensible intellectual property;
- It is unclear that the company will have the capacity to deliver over £100 million annually in revenues;
- It is unclear that the Fund will have sufficient strategic influence on the direction of the company, either directly or via its Independent Co-Investors;
- There is a high risk of dilution from future investment rounds that might be unacceptable;
- Due diligence raises serious concerns about the company's ability to execute its plan, which might include, for example, its ability develop its technology into a marketable product, successfully enter the market, or achieve rapid revenue growth and
- A lack of confidence in the management team.

Legal, administrative and governance red flags might include:

- Any risk of not qualifying for EIS;
- Lack of appropriate corporate and investment documentation;
- Lack of appropriate shareholder rights and protections;
- Lack of appropriate governance procedures;
- Lack of appropriate board composition, experience and expertise;
- Lack of appropriate management composition, experience and expertise;
- Being unable to undertake full DD on the management teams, or not being able to take appropriate references;
- Non-compliance with any legal or regulatory requirements;
- Insufficient policies and procedures, or policies which are out of date, clearly not used or irrelevant; and
- Ongoing litigation or potential for litigation.

Follow-on rounds of investments are subject to the same due diligence as initial investments and will require fresh Investment Committee approval.

The EIS is vulnerable to any changes in legislation although this is a feature inherent in the industry rather than specific to this fund. However, the risk assessment put in place by Amberside along with a comprehensive set of investment criteria shows us that unexpected changes are met with an immediate response by the team.

The valuation of the portfolio is undertaken using British Venture Capital Association guidance. Amberside states that generally the value of each company in the portfolio is based on the number of shares in issue multiplied by the share price in the most recent funding round. However, if the most recent funding round represented a small portion of total equity (<1%), the valuation price is the lower of the price used in the latest funding round and the price used in most recent round in which >1% of total equity was raised. They say this ensures that small investments do not unduly influence the valuation. If there is cause to believe that the market value of the shares in a company is now less than it was at the last funding round, for example due to a reduction in profitability of the company, then the share price used in the valuation will be discounted accordingly. A conservative estimate of the likely current market valuation will be applied to ensure prudency. Amberside Valuations – another division within the group, has the responsibility in valuing the investee companies every three months. With this, there is the chance of a conflict of interest as the portfolios are not independently valued from outside the group.

Client money will be segregated in a separate client account with Amberside Nominees. Money held in cash does not gain interest. All cash will be kept with a regulated UK Bank and if the value of cash becomes significant additional segregated accounts with other regulated UK banks may be opened to spread risk.

Key Features

The following table outlines the headline fees charged by Amberside Knowledge Intensive EIS Fund. The initial fee and AMC is paid for by the investee companies, so that investors should be able to obtain tax relief on the full amount of their subscription. Investee companies pay an initial charge of 2.5% along with an AMC of 2% for 3 years, meaning these charges are in line with most EIS growth offers. There are no other fees except for an incentive fee outlined below. The Manager states that it is currently not envisaged that they will charge additional fees to a company, however, it may be possible in the future that additional services are required by an investee company that could be serviced by the Manager. Any such service would be openly tendered by the investee company and the use of the Manager would not be forced.

There is a performance fee in place, which applies to each subscriber. A performance fee equal to 20% of proceeds above a 1.2x hurdle return for each investor into the Fund. The fee will only be payable once an investor have received back 120% of originally invested amount.

The 'sister' fund, Amberside Scientific EIS, will be launched alongside this fund and although very similar, only differ in fee structure. The Scientific fund is set up for execution only investors, while this fund is for advised investors only. We like the fact that the Manager offers another similar fund but gives investors the choice of a different set of fees.

Amberside have made an agreement with its investor advisor partner, Anglo Scientific, whereby Anglo Scientific has agreed to take a higher share of the on-going fees compared to Amberside, and the split is in the region of 60/40. Should Amberside co-invest with other Funds who charge more, then Amberside will re-invest the difference and give its investors more shares.

TABLE 2: FEES PAID BY INVESTOR AND INVESTEE COMPANY

FEE	CHARGED TO:	
	INVESTOR	INVESTEE COMPANY
Initial Fee	-	2.5%[1]
Custodian Fee	-	-
Arrangement Fee	-	-
Annual Management Fee	-	2.0%[1]
Annual Admin Fee	-	-
Director's Fee	-	-
Exit Performance Fee	20% of total return over 120% (with a 1.2x total return* hurdle).	-
Available discounts	-	
Adviser charges	-	

Execution Only Fees	-
Direct Application Fees	-

* total return means the return based on actual exits vs the total cash invested in an investment round.

Performance

Amberside Knowledge Intensive EIS Fund does not have a track record as a fund; however, prior to this fund Anglo Scientific had partnered with Innvotec – in a fund named Anglo Scientific EIS ("ASEIS"). As the first investment from the Knowledge Intensive Fund was only in April 2019, and the expected holding period of each investment is seven years, there have not been any exits of the fund and won't be for some time. However, as a proxy for performance, and as Amberside will possibly be doing follow-on funding from the Anglo Scientific EIS portfolio, it is worth consulting Anglo Scientific's past performance, but allowing for the fact that Innvotec have been replaced by Amberside for this new fund.

Table 4 summarises the ten investee companies that make up the ASEIS portfolio. The fund data ranges from its inception in 2006 to 2018, with a portfolio return of 1.2x for ASEIS investments (other money invested in the same funding round was invested prior to ASEIS and, thus, there is some difference in the return numbers despite being part of the same round). Anglo Scientific also add that ASEIS's return has been negatively impacted by having invested very little in Phagenesis, due to ASEIS not having funds available for investment during two of Phagenesis' three equity rounds due to limited fundraise.

Anglo Scientific stresses the importance in achieving product revenues for a company. When commercial product revenues are being generated, early-stage companies will typically see a significant value uplift. For knowledge intensive "deep technology" companies, first product revenue means technology risk is significantly reduced. Anglo Scientific state that several of the companies invested in during the earlier years achieved this milestone and had a corresponding valuation uplift. However, most of the more recent investments have not had time for this valuation uplift at the time of writing, and so are still valued at cost. Anglo Scientific has given examples, specifically Radio Physics and SeeQuestor, which have both recently shown initial proof of large market demand for their products, and are expecting to raise funds in the next three to six months at substantially higher valuations. The recent uplifts in these companies have not been reflected in the current performance of the ASEIS fund.

Anglo Scientific has stated that the primary reason the more recent investments have lower returns is that they have a lower proportion invested in the companies which have exited and so valuations are based on most recent significant fundraises. More recent investments have also had significant exposure to Microtest, which was written off. More specifically, Anglo Scientific state that in 2014/15, Microtest hired management who invested to scale up before the product was ready. Management was eventually replaced, but the company did not manage to secure funds to complete the product. On-Sun was also written off due to the company expanding manufacturing capacity for solar panels at a time when prices tumbled (and China made considerable investment further adding to supply).

Anglo Scientific have provided us with their valuation methodology on a number of companies they have invested in, shown below in Table 3.

TABLE 3: VALUATION METHODOLOGY

COMPANY	*VALUATION METHODOLOGY
Phagenesis	Based on sale to Nestle. Assumes only 50% of earn-outs met
Phasor	Based on last funding round; AS expecting increase in Q4/Q1
Radio Physics	Based on last funding round; AS expecting increase in Q4/Q1
Solus Scientific	Based on acquisition announced in May 2019
SeeQuestor	Based on rejected 2017 acquisition offer
Apta Biosciences	Discounted by 90% from last round
Tharos	Based on first closings from ongoing funding round
Ateria Health	Based on Funding round closed Q1/18
XPCI	No external equity funding yet, therefore value assigned is nil

*The valuation of the portfolio has been undertaken using British Venture Capital Association guidance.

Source: Amberside; AdvantageIQ

TABLE 4: PORTFOLIO HISTORY

(£ '000)	YEAR OF INITIAL INVESTMENT	ASEIS	*OTHER EQUITY	**OTHER INVESTMENTS	TOTAL	ASEIS	GRAND TOTAL
Solus	2009	202.6	2,758.4	144.5	3,105.5	6.5x	4.3x
Phasor	2009	949.2	15,476.7	7,543.6	33,302.8	2.3x	1.7x
RPS	2009	1,181.3	5,387.6	2,608.6	9,177.4	1.3x	1.3x
Microtest	2010	1,048.8	9,257.7	1,450.5	11,757	0.0x	0.0x
Phagenesis	2010	75	6,231.7	3,186.3	12,403	4.7x	3.6x
On-Sun	2011	91	1,631	0	1,722.2	0.0x	0.0x
Apta	2013	870.5	3,556.6	1,239.8	5,667	0.1x	0.1x
SeeQuestor	2015	865.6	8,530.4	1,000	10,395.9	0.9x	0.9x
Tharos	2016	510.4	216.1	55	781.5	1.2x	1.2x
Ateria	2018	15	156.2	0	171.2	1.0x	1.0x
Total		**5,809.6**	**53,202.4**	**17,228.3**	**88,483.5**	**1.2x**	**1.6x**

*Investment-by-Investment returns for ASEIS, "Same Class" and "Other Class" are the same; differences in overall returns are due to different amounts invested across the companies. "Other Class" includes: £6.2m is Phagenesis B shares. Issued at same price as EIS shares, and in exit to Nestle all shares will receive same price per share. £15.5m is Phasor Pref Shares. In an exit, they get 1x investment back, then ordinary shares get 1x investment back, then all shares pari passu. So will be economically equivalent in any exit >1x.

** "Other Investments" are convertible loan notes across different companies.

Source: Amberside; AdvantageIQ

In May it was announced that Solus would be sold to Perkin Elmer for £24.8 million, an amount well above the value it was being carried at in the portfolio previously. This represents an average 6.5x return (excl. EIS relief) for investors in the Anglo Scientific EIS fund and a 13.8x return for investors participating in the first round.

As can be seen from the table above, Anglo Scientific's previous funds have not hit the targets set for Amberside Knowledge Intensive Fund, however this underperformance must take into account that Anglo Scientific's investment partner has now changed as well as the Investment Adviser's explanation that resource constraints meant that they could not "follow the winners" with additional funding.

Amberside has also shared with MJ Hudson Allenbridge data to show that valuations in earlier Anglo Scientific EIS fund tranches have proved to be conservative when compared to the realised amounts that some of these companies have fetched when exited and valued by the market. While this trend is certainly a data point that investors might consider when determining if the current portfolio is likely to rise in value over time, it relies on the assumption that this past trend in the 2009-13 funds will continue similarly for the portfolio between 2013 onwards, as the portfolio is valued by the Manager.

Appendix 1: Key Personnel

Key Investment Professionals

NAME	JOB TITLE	DATE STARTED	BIOGRAPHY
David Scrivens	Co-founder and Director	Since Inception	David founded Amberside Capital with David Lomas. David co-founded execution only brokerage firm Clubfinance in 2002 which he sold to Wealth Club in 2018. Clubfinance was the agent for over £200 million of EIS and VCT client assets and at the time of sale was one of the largest VCT brokerages in the UK. David co-founded the advisory and financial modelling boutique, Amberside Advisors in 2004. Amberside Advisors employs over 30 people and delivers over 200 advisory and financial modelling mandates a year. David has an MSc in Management Science and Operational Research and a BSc in Economics, both from Warwick University. He is also a Fellow of the Institute of Chartered Accountants for England & Wales and a London Liveryman.
David Lomas	Co-founder and Director	Since Inception	David founded Amberside Capital with David Scrivens with whom he has worked closely since 2007. Prior to founding Amberside Capital, David gained valuable investment experience at Oxford Capital, Big Society Capital and Barclays Private Equity. David gained important insights into the dynamics, risks and success factors of early stage investing as the founder of tech start-up which created a buyer lead platform in residential property. David has been a director on over 23 investee companies. He has an MA in Economics from Edinburgh University.
Douglas Dundonald	Director (Anglo Scientific)	2004	Douglas has over 25 years' experience founding, building and investing in technology companies. Douglas is a founder and director of Anglo Scientific and currently chairs Radio Physics, Tharos and Ateria Health. Prior to co-founding Anglo Scientific, Douglas made a number of successful investments in software development companies and since founding Anglo Scientific has co-founded 6 companies including Radio Physics. Previously, Douglas served as an executive main board director of Anglo Pacific, a quoted (London and Toronto) public company. When an active member of the House of Lords, he held a position on the council of the Parliamentary Information Technology Committee. He has been the honorary consul for Chile in Scotland for over 25 years and has excellent government connections both in the UK and overseas.
Vito Levi D'Ancona	Director (Anglo Scientific)	2006	Vito has board and operating experience in fast growing technology companies. Currently chairman of Phasor Inc and Phasor Solutions Limited, and director of Anglo Scientific Ltd and Radio Physics Solutions Limited. He was CEO of Phasor before recruiting the current management. Before joining Anglo Scientific, Vito held C-level roles in a number of high growth technology companies such as Parpas (in Italy, China), Auton (acquired by Esprit) and Zimiti (acquired by Digital

			Barriers). Vito graduated from University of Florence with a degree in Mechanical Engineering and holds an MBA with a concentration in Entrepreneurial Management from London Business School.
Fred Edenius	Director (Anglo Scientific)	2008	Fred is a director of Apta Biosciences, Ateria Health, Phagenesis, Phasor and Solus Scientific, several of which he co-founded. He is also a director of Anglo Scientific. Previously, Fred worked in technology mergers & acquisitions with UBS Warburg in San Francisco. He has a wide variety of experience across different technology sectors and geographies, having worked with and advised public and private companies in the US, Europe and Asia. Fred graduated from Harvard University with a degree in Computer Science and holds an MBA with a concentration in Entrepreneurial Management from London Business School.
Dan Scowcroft	Investment Manager	2017	Dan has a background in financial modelling, having previously worked at Amberside Capital's sister company, Amberside Advisors, from 2012. He has previously valued assets for listed funds and led on several financing transactions including a £210m refinancing for a listed entity. Dan ensures institutional rigour is followed through financial due diligence. He is a member of the Chartered Institute of Management Accountants and has a Mathematics degree from the University of Warwick.

Source: Amberside; AdvantageIQ

Senior Management Team

DAVID SCRIVENS – CO-FOUNDER & DIRECTOR

As above

DAVID LOMAS- CO-FOUNDER & DIRECTOR

As above

DAN SCROWCROFT- INVESTMENT MANAGER

As above

NOTE: Please be aware that the Manager mentioned in this report purchased the rights to distribute our report only (no payment was taken to undertake the research which is fully independent). To access full research services, including further tax-advantaged investment research reports, which can be used for the purpose of investment advice, please visit **www.advantageiq.co.uk** where both individual reports and subscriptions are available for purchase.

MJ HUDSON
Allenbridge

8 Old Jewry, London EC2R 8DN, United Kingdom | +44 20 7079 1000 | london@mjhudson.com | mjhudson-allenbridge.com