Guinness EIS

Tax-Advantaged Investments

EIS Review

FEBRUARY 2019

MJ HUDSON
Allenbridge

Contents

Overview

Guinness Asset Management Ltd ("Guinness" or "the Manager") is seeking to raise and invest up to £40 million before the end of the current tax year for Guinness EIS ("the EIS Fund" or "the Fund"). This will enable investors to obtain EIS Income Tax Relief in the 2018/19 tax year, or carry back to the 2017/18 tax year. Funds raised after the February 2019 close will be invested in the 2019/20 tax year.

This is an evergreen, multi-cohort fund, and Guinness seek to raise between £10 and £13 million for the current tranche. This offer aims to deliver a gross return target of in excess of 1.25x money-in (net of all fees) over a four- to five-year investment horizon. The offer is open to new and existing investors and launched on 19 September 2016, with the next tranche closure scheduled for 22 February 2019.

Investment Details:

Score:	**84**
Offer Type	Evergreen
EIS Strategy	Generalist
EIS AUM (Pre-Offer)	£130.6 Million
Manager AUM	£1.4 Billion
EIS Risk Level	Low-Medium

Investment:

Minimum subscription	£20,000
Maximum qualifying subscription per tax year	£1 million
Early bird discount	None available

Closing Date:

The fund is evergreen, with tranche closures every few months, following which the subscriptions are deployed into investments. The next close after publication is 22 February 2019, with future tranches anticipated to close in June 2019, September 2019 and December 2019.

This document verifies that *Guinness EIS* 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:

Guinness Asset Management Ltd ("Guinness" or "the Manager") is a UK-based, privately owned, investment management firm, established in 2003 by Tim Guinness. As at 31 December 2018, Guinness had total Assets Under Management ("AUM") of approximately £1.4 billion, spread across 9 Dublin-domiciled OEIC's, two Enterprise Investment Schemes ("EISs"), two Business Relief schemes ("BR") and eight SEC-registered U.S. mutual funds. We note that the U.S. mutual funds are managed under Guinness Atkinson Asset Management ("Guinness Atkinson"; formerly Guinness Flight US), the Manager's U.S.-based sister company acquired from Investec in 2003. Guinness has been making EIS investments since 2010 and is relatively experienced in this space.

PRODUCT:

Guinness EIS ("the EIS Fund" or "the Fund") aims to provide investors with a portfolio of at least five EIS-qualifying investments in businesses, although historically investors have been invested into between eight and ten companies. The investment strategy aims to invest in growing companies seeking capital to scale up operations. Guinness adopts a sector agnostic approach, and potential investee companies are expected to be at a point of generating revenue, and have therefore demonstrated commerciality. As a result, the Fund is arguably at the lower end of the risk spectrum relative to other EIS products currently open for investment. This is reflected in the target return of in excess of 1.25x money-in (net of all fees) over a four- to five-year investment horizon. We note that the Fund has historically focused on companies involved in the generation of sustainable energy, and latterly in asset-backed investments. The focus changed initially following the exclusion of companies involved in the subsidised generation of electricity from the list of EIS-qualifying investments, and secondly following the Patient Capital Review ("PCR").

SUMMARY OPINION:

Guinness is an established investment manager, and currently manages £1.4 billion in assets under management across its institutional OEICS and tax-advantaged investments. Although the latter accounts for approximately 10% of total AUM, these tax-advantaged funds account for over half of business profits. Guinness currently operate an AIM EIS service, launched in 2014, and its flagship EIS Fund, on which this review will focus. Guinness' historical EIS investment record has been focused on an energy generation offering, and latterly asset-backed investments with a capital preservation mandate. However, following the removal of energy generation as a qualifying trade for EIS investment, Guinness relaunched the Fund as an evergreen service in 2016. Post the PCR, Guinness was once again forced to adjust its investment strategy, moving away from asset-backed investments toward the provision of scale-up capital to younger, riskier companies in line with current qualifying criteria.

Guinness will target investee companies which have generated at least £1 million in cumulative revenue, with established and experienced management at the helm, with products aimed at both B2B and B2C. By doing so, Guinness feels that these companies have demonstrated commerciality of their product or service. Unlike many other EIS products on offer, which tend to target specific sectors of the market- in particular technology- Guinness adopts a sector-agnostic approach. Combined with an expected allocation of between eight and 10 investee companies, investors can expect a lower level of concentration than some of its competitor EIS products. However, this lower level of risk comes with a lower return profile, with Guinness targeting a return of in excess of £1.25 (excluding fees) over a four to five year time frame. This is in line with those achievable in asset-backed strategies but does not reflect the greater risks in the revised strategy (although Guinness feel that this level of return is in line with historical UK Venture Capital returns – see *Investment Strategy & Philosophy*). EIS Advance Assurance is a prerequisite for investment; however it should be noted that at least two investee companies invested in under the current strategy have yet to issue EIS3 certificates to investors almost one year after investment. Further to this, while we recognise Guinness' EIS track record, it has yet to demonstrate a profitable exit under the current investment strategy, and it is therefore too early to ascertain its ability to deliver in lines with its mandate.

Positives

AT THE MANAGER LEVEL:

- Guinness is a relatively large investment manager and would comfortably sit within the top quartile of investment firms with a tax-advantaged product offering ranked by total assets under management;
- The Manager has been making EIS investments since 2010 and is relatively experienced in this space. However, the Manager's institutional-focused non-tax product offering remains the fundamental driver of AUM growth;
- Fundraising for its EIS products has increased significantly in the past two years, with levels just short of £50 million through the end of 2018;
- The Manager's approach to client servicing is robust, transparent, and fit for purpose. Investor communications are thorough, supported by a sizeable investor relations team, with regular updates offered to investors;
- Guinness offers a relatively diversified product offering and we understand that recurring income accounts for greater than 90% of the Manager's total income stream. Consequently, we consider the Manager's revenue base to be relatively stable;
- We note that the Manager's tax-advantaged product offering accounts for approximately 20% of the Manager's turnover and 50% of if its pre-tax profits in 2018. Consequently, the Manager is less susceptible to legislative changes in the tax-efficient space than others might be.
- Guinness managed to significantly increase both revenues and profits for the 2017 financial year at over £12 million and £600,000 respectively, with similar levels in 2018. Further to this it has a solid capital base with no debt on its balance sheet and a good liquidity position;
- The Manager's corporate governance standards are suitable for the size of the business and there is appropriate policy documentation in place (i.e. compliance, allocations policy, conflicts of interest).

AT THE PRODUCT LEVEL:

- The investment team has worked together for over five years and, overall, the composition of the team has, to date, been stable with low employee turnover. The investment team and members of the investment committee have collectively invested over £1.8 million in the Fund to date, helping to show alignment between the Investment Team and investors;
- The Fund aims to provide some level of diversification between sectors and will invest across at least five investee companies (historically between eight and 10);
- There appears to be a strong pipeline of potential investee companies, with capacity for investment of £13 million for the February 2019 tranche, and with five of these having completed the due diligence process, it is reasonable to assume that Guinness will be able to deploy investor money in a timely manner;
- Guinness boasts a sufficiently comprehensive investment process using diverse deal-sourcing channels that reflects their level of expertise in the EIS market. We note, however, that their investment process has historically focused on energy-related transactions, and asset-backed investments. We reviewed the Team's investment committee papers ("IC Papers") and note that they present a comprehensive level of due diligence and analysis behind the selected investment opportunities;

- Underlying investments will be closely monitored with special attention paid to: i) threats of or actual loss of EIS reliefs (with the support of Philip Hare & Associates), ii) change of directors and/or management, and iii) material deviation from company strategy or business plan. The Manager will require board representation at each investee company and will hold minority equity positions with veto rights on certain key actions that affect the risk/reward profile of the investment;
- Guinness requires investee companies to have generated cumulative revenues of at least £1 million pounds and therefore demonstrating commerciality; this will help to mitigate, although not eliminate some of the risks associated with small company investment;
- HMRC Advance Assurance is sought to ensure that each new investee company is EIS-qualifying at the time of investment albeit this does not necessarily result in a fast turnaround of EIS3 certificates.

Issues to consider

AT THE MANAGER LEVEL:

- The concentrated ownership structure, with Tim Guinness owning a significant majority of the business, presents key man risk and may mean there is insufficient challenge on business decisions, although the Manager states that there is an operational board in place that meets every month and is responsible for key business decisions.
- The profile of the Manager in the tax-advantaged space has largely been due to its association with asset-backed investment strategies. The rule changes will likely make Guinness less distinctive in the market as its investment strategies change and move towards being more like others' in the market;
- The Manager has historically been predominantly focused on the energy/energy generation sector and, since early 2016, has had to reposition its EIS strategy because of legislative changes. With 50% of the Manager's profits coming from the tax-advantaged space, and the growth EIS space being more crowded with competing products than the asset-backed area had been, this will likely prove hard to sustain;

AT THE PRODUCT LEVEL:

- The Team has limited recent track record operating a generalist growth-orientated EIS product, having only recently refocused the investment strategy in November 2017. As such, it is difficult to comment on their ability to execute and exit the identified investment opportunities over the proposed investment horizon. However, we recognise that the team members have strong backgrounds in private equity and corporate finance, have raised and invested over £35 million into growth companies since November 2017, and we note that they target investment in investee companies with established management teams with relevant sector expertise;
- The 25% return targeted by the Fund over the five-year investment horizon, which implies a 4.6% IRR (approximately 8% IRR gross of fees), is lower than many other EIS products currently open for investment (although Guinness feel it is in line with historic Venture Capital returns in the UK – *see Investment Strategy & Philosophy*) and does not seem to reflect the level of risk inherent in the revised strategy which suggests that either

the Fund is overpaying for investments or the Manager is lacking the ability to identify investments with strong growth potential;

- As a new strategy (with a limited track record of exits) the quality of dealflow will have to be taken somewhat on trust, as the Team builds the networks and relationships to generate an increasing amount of passive leads as well as those the Team can source directly;
- The investment strategy is relatively new to the Manager and to the Fund. Consequently, there is no performance or exit track record to evaluate and it is difficult to assess the likely performance of the Fund with any degree of confidence;
- The level of fees are generally in line with the market, although not markedly lower than that of the previous, more battle-tested, asset-backed investment strategy. This is a shame, as a cut in the overall level of fees might compensate investors for the greater risk of investing in a newer strategy;
- Two investee companies invested in under the current investment strategy have yet to receive forms EIS3 almost one year following investment; however we understand that this was due to construction projects delaying the start of trade, and Guinness has put measures in place to prevent this from happening again going forward.
- No exits have been achieved under the revised strategy and therefore there is no evidence to support the Manager's target exit timetable or multiples;
- There is no performance fee hurdle which is particularly disappointing given the very low level of returns targeted.

Manager Quality

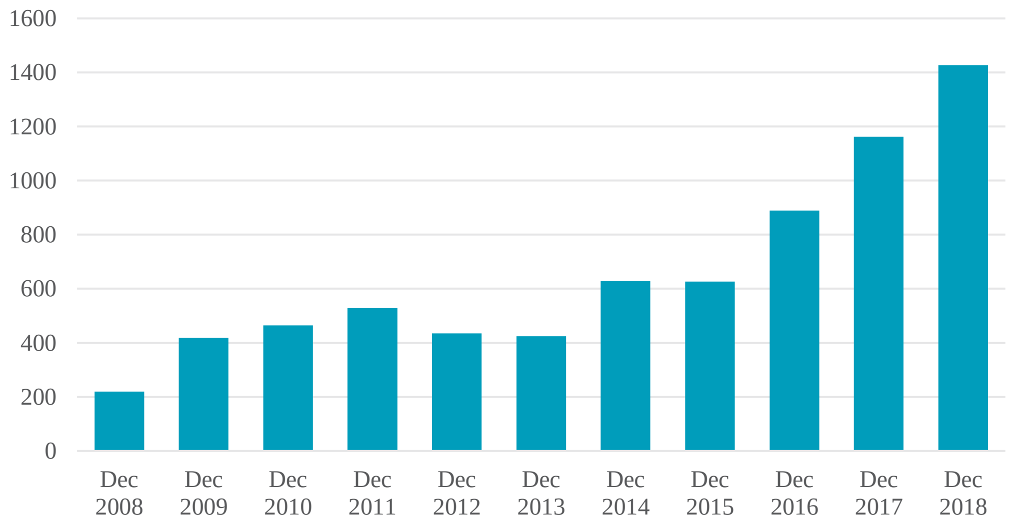
Manager Profile

Guinness Asset Management Ltd ("Guinness" or "the Manager") is a UK-based, privately owned, investment management firm, established in 2003 by Tim Guinness following his departure as chairman of Investec Asset Management. Tim had previously been chairman of Guinness Flight Global Asset Management ("Guinness Flight"), a business he co-founded with Lord Howard Flight and sold to Investec in 1998.

Prior to 2008, Guinness principally acted as a sub-advisor to the Investec Global Energy Funds, however this relationship ended in February 2008 resulting in reduction in the Manager's AUM from approximately £1.1 billion in December 2007 to £220 million by December 2008. Since 2008, the Manager has launched a number of its own funds, predominantly open-ended investment companies ("OEIC's") and over the past five years has grown AUM at an approximate constant annual growth rate ("CAGR") of 17% to £1.4 billion as at 31 December 2018, approximately $300 million of which relates to Guinness Atkinson Asset Management ("Guinness Atkinson" formerly Guinness Flight US), the Manager's U.S.-based sister company acquired from Investec in 2003.

The chart below presents the evolution of AUM since December 2008.

CHART 1: FIRM AUM AS AT 31 DECEMBER 2018 (£ MILLIONS)



Source: Guinness; AdvantageIQ

The Manager's AUM comprise of four different segments as follows:

1. Dublin OEIC's: a group of 8 Dublin-domiciled, growth, income, and specialist OEICs predominantly focused on investments in companies active in the energy industry. The funds have a combined AUM of £1.25 billion (at 31 December 2018) with the key funds being:

   a. The Global Energy Fund: a growth-focused equity fund targeting companies in the energy sector with an AUM of £222.5 million;
   b. The Global Equity Income Fund: a dividend-focused global, long-only equity strategy with large exposure to the U.S. and Europe (AUM of £547.5 million).

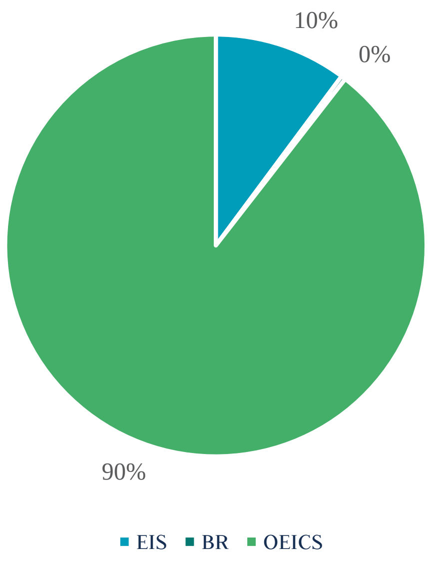
2. Tax-advantaged Funds: includes two Enterprise Investment Schemes ("EISs") and two Business Relief vehicles ("BR") with a combined AUM of £147.3 million (at 31 December 2018) broken down as follows:

    a. Guinness EIS: initially launched as an asset-backed capital preservation strategy which historically focused on sustainable energy generation projects, but now adopts a generalist approach into younger companies. The product was launched in 2010 and has a current AUM of £130.6 million;
    b. Guinness AIM EIS: established to make EIS-qualifying investments in AIM-listed companies across a broad range of sectors. The product was launched in 2013 and has AUM of £11.8 million;
    c. Sustainable Infrastructure IHT: which invests in unquoted sustainable energy companies that qualify for BR, and has AUM of £4.8 million.
    d. Guinness Best of AIM: a new product, launched in 2018, will invest in AIM-listed companies which are expected to provide investors with Business Relief, and currently has an AUM of just over £85,000.

3. Segregated Mandates: includes a UK Equity Income Fund and an exploration and production fund in the oil and gas industry, with a total AUM of £17.3 million.

4. Guinness Atkinson Funds: a group of eight SEC-registered, growth, income, and specialist U.S. mutual funds focusing on long-only equity investments in Asia, and across the energy sector. The funds have a combined AUM of approximately $300 million.

CHART 2: ASSETS UNDER MANAGEMENT BREAKDOWN AS AT DECEMBER 2018



Note: Guinness; AdvantageIQ

Guinness is a large investment manager and would comfortably sit within the top quartile of investment firms with a tax-advantaged product offering, ranked by total assets under management and the second quartile ranked by EIS assets under management.

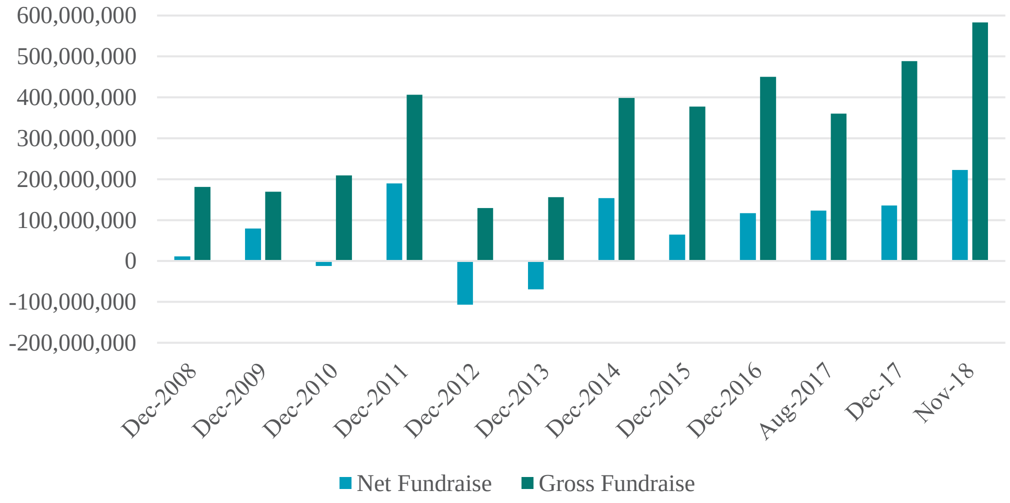
We note that the Manager has been making EIS investments since 2010 and so is relatively experienced in this space albeit its focus until recently was on capital preservation strategies that are no longer eligible for EIS relief. The Manager's institutional-focused, non-tax product offering still remains the fundamental driver of AUM growth, and currently accounts for almost 90% of total assets. We note that the Manager has developed a specialism within the energy/sustainable energy generation sector and runs several bottom-up, long-only strategies in this space. With regards to its EIS experience, in addition to the Guinness EIS AIM offering, the Manager has launched nine previous tranches predominantly focused on leveraging its in-house expertise in the sustainable energy generation sector. Since 2010, the Manager has invested over £90 million in over 70 EIS-qualifying companies, of which approximately 30% have been energy-related opportunities. We however note that following EIS legislative changes, it has been forced to reposition its EIS strategy. Firstly in 2015 when renewable energy-generating assets were deemed to no longer qualify for EIS relief, and again in November 2017 as a result of the Patient Capital Review ("PCR") (we elaborate more on this in the strategy section of the report).

We understand that the Manager had set an AUM target of £1.5 billion by the end of 2018 (and only marginally missed that target) and is hoping to raise up to £50 million per annum through its two EIS offerings (£40 million per annum through the Guinness EIS and £10 million per annum through the AIM strategy). Since our last review of the Guinness EIS, it has launched the Best of AIM IHT service in December 2017, in order to leverage its experience within this space (but managed a raise of just £90,000 in its first year of operation). Although we understand that there are not further plans to launch of any new tax-advantaged products, it does have a number of new OEICs in the pipeline, including a fund focused on opportunities within China.

We note that the Manager's average net inflows, over the last three years, have been approximately £160.5 million per annum, and for the year ending November 2018, Guinness achieved record net inflows of over £220 million across all of its funds. Overall, despite some variability in fundraising between 2008 and 2013, the company has averaged a gross fundraise of almost £450 million between 2014 and 2018, which is impressive and far more than most managers operating within the tax-advantaged space.

The chart below presents a summary of The Manager's overall fundraising performance since 2008.

CHART 3: GUINNESS FUNDRAISING TRACK RECORD (£)



Source: Guinness; AdvantageIQ

With regards to its tax-advantaged fundraising track record, we note that shortly after it relaunched its flagship EIS service as an evergreen strategy, Guinness managed to significantly increase fundraising. More specifically EIS fundraising in 2017 was almost four times the amount in 2016. It is apparent that the recruitment of a dedicated EIS Business Development manager in late 2016 has enabled Guinness to achieve its goal of an annual fundraise of £50 million. However, that individual left the business toward the end of 2018, and has only recently been replaced. Interest in the AIM EIS has similarly increased in each year since 2016, and the Best of AIM BR service, launched in 2018 in order to leverage the AIM team's experience, but managed to raise an initial amount of just £90,000 in its maiden year of operation. Conversely however, fundraising for the Guinness Sustainable Infrastructure IHT Service has declined each year from 2016, with a raise of just over £1 million in 2018.

TABLE 1: GUINNESS TAX-ADVANTAGED FUNDRAISING RECORD

	AIM EIS	GUINNESS EIS	GUINNESS SUSTAINABLE INFRASTRUCTURE SERVICE	BEST OF AIM	TOTAL
2013	-	£9,432,685	-	-	£9,432,685
2014	£2,252,107	£15,442,183	-	-	£17,694,290
2015	£2,720,890	£14,560,990	£426,400	-	£17,281,880
2016	£2,472,786	£11,532,808	£1,743,266	-	£14,253,698
2017	£4,055,652	£41,071,058	£1,517,460	-	£45,126,710
2018	£4,528,729	£47,374,536	£1,039,350	£90,000	£51,903,265
Total	**£16,030,163**	**£139,414,261**	**£4,726,476**	**£90,000**	**£160,260,900**

Source: Guinness; AdvantageIQ

Guinness has a dedicated six-person investor relations team which carries out ongoing reporting to investors; four employees focus on the quoted funds and two on the tax-advantaged products. Additionally, we note that The Share Centre provides custodian and administration services to clients on behalf of the Manager. Guinness has procedures in place that set the standards for client communication for each of its product lines. We note that the reporting frequency for EIS investors is bi-annual, in April and October. Additionally, Guinness will provide clients and their advisers with up to date valuations of their portfolios when requested.

We note that the Manager follows the FCA rules for handling complaints, and maintains a complaint register. We understand that there have not been any investor complaints over the last 12 months.

Financial & Business Stability

Recurring income (which includes annual management charges across all product offerings) accounts for greater than 90% of total income. According to the latest set of financial accounts for the year ended 2018, 75% of total income was generated from its institutional funds, and 25% from EIS. Consequently, we consider the Manager's revenue base to be relatively stable. However, as with any other pure investment management firm, revenue growth will be vulnerable to AUM outflows and hence AUM should be monitored closely. We note that the Manager's AUM has historically been concentrated in the energy sector, however following a removal of this as a qualifying trade for EIS purposes, the level of these assets has decreased. It has, however, increased the size of its income funds, in particular its flagship fund, the Global Equity Income Fund, which now accounts for 39% of total AUM, compared to 26% in 2015.

We consider the variety of products offered by the Manager to be a positive contributor to the stability of the business as there is less reliance on individual product offerings. However, we note that approximately 75% of the Manager's revenue base is derived from its long-only institutional funds and, in particular, its Global Energy Fund and Global Equity Income Fund. However, it is interesting to note that that while EIS products account for just 10% of total AUM, they generated one quarter of total revenue and approximately 50% of its pre-tax profits in 2018. Consequently, the Manager's profitability is susceptible to significant legislative changes on tax-advantaged products. Nevertheless, with 50% of pre-tax profits coming from its non-tax advantaged offering it will not be overly reliant on its tax-advantaged product offering and can provide considered responses to legislative changes in this space.

TABLE 2: KEY FINANCIAL METRICS SUMMARY OF GPI

(£'000)	2013	2014	2015	2016	2017	2018[1]	2019F[2]
Revenue	2,880	3,972	5,029	7,683	12,173	*12,000*	*14,000*
Fee income	-	-	3,782	6,145	9,682	-	-
EIS income	-	-	1,246	1,538	2,490	*3,000*	*3,600*
Operating Profit	108.4	98.2	384.1	531.1	852.3	-	-
Net income	78.9	60.8	308.7	374.7	686.5	-	-
Margin	2.7%	1.5%	6.1%	4.9%	5.6%	-	-
Net Balance Sheet Assets	1,805	1,866	2,175	2,550	3,236	-	-

Source: Guinness

[1]Unaudited accounts

[2]Forecasts

Guinness has managed to consistently increase its revenues over the past five years from £2.9 million in 2013 to £12.2 million in 2017 at a CAGR of over 33%. Growth on the bottom line has been even more impressive, with Net Income growing at a CAGR of almost 55% over the same period. This has helped to improve margins from levels of between 1.5% and 2.7% in 2013 and 2014, to a range of 4.9% to 6.1% in the latter years. Guinness has provided the unaudited financials for 2018, indicating revenues of £12 million (of which EIS will account for £3 million) and profits before tax of £1.6 million (of which EIS will account £800,000), roughly in line with 2017. Looking further ahead, however, Guinness expects revenues to increase to approximately £14 million in 2019 (with EIS revenues of £3.6 million], and profit before tax of £2.1 million (with EIS profits expected to tip £1 million for the first time).

In addition to the promising progression at both the top and bottom line, we note that the Manager is largely equity funded and has a solid capital and liquidity position (with net assets of over £3.2 million), which suggest a stable and conservatively run business.

The Manager currently employs 35 people and operates out of two offices, one in London and one in Los Angeles, United States, the latter being where Guinness Atkinson is based. The Manager has expanded its employee headcount from 30 individuals to the current number since our previous review, and will continue to expand its headcount in line with AUM as and when required.

We consider the Manager's concentrated ownership structure, with Tim Guinness owning a significant majority of the equity in the business, as presenting a risk to the provision of sufficient challenge on business decisions. However, in our meeting with Guinness, it was noted that Tim is taking a less significant role in the business, with other members of the senior management team becoming increasingly involved in the management of the business.

Quality of Governance and Management Team

We consider the Manager's organisational structure to be simple, flat, and appropriate for the nature of its business. The board, which consists of Tim Guinness, Edmund Harriss, and Jim Atkinson, with Andrew Martin Smith as senior adviser (see the appendix for a summary of their experience), have the ultimate decision-making responsibility for the Manager. However, we note that the concentrated ownership structure, with Tim Guinness owning a significant majority of the business, presents some risk to the provision of sufficient challenge on business decisions. We understand that all members of the board have equal voting rights. We however note that the governance structure would benefit from the appointment of non-executive directors. We note that all members of the Board are suitably qualified with long track records in the asset management industry: for example, Andrew Martin Smith was the Chief Executive of Hambros Fund Management; Jim Atkinson served as the president of MAX Funds; Edmund Harriss has been managing Asian equity funds since 1994; and Tim Guinness, the Manager's founder, is a value investor with nearly 35 years' experience. Guinness has a comprehensive set of internal controls in place to manage the operations of the business. This includes a bespoke code of professional conduct and ethics manual, a conflicts of interest policy, and other relevant documents we would expect of an institution of this size with a predominantly institutional client base.

TABLE 3: OVERSIGHT COMMITTEES/WORKING GROUPS

COMMITTEE	DETAILS
Senior Management Committee	**Mandate:** Board-level strategic/operational discussions **Members:** Tim Guinness, Andrew Martin Smith, Edmund Harriss, Deborah Kay, Giles Robinette **Frequency:** Monthly
Investment Committee	**Mandate:** Will review and approve all the investment decisions taken by the Manager. **Members:** Tim Guinness, Andrew Martin Smith, Edward Guinness, Lord Flight and Shane Gallwey **Frequency:** Quarterly
EIS Steering Committee	**Mandate:** Oversees management of the EIS **Members:** Tim Guinness, Andrew Martin Smith, Edward Guinness, Shane Gallwey and Giles Robinette **Frequency:** Monthly
Work In Progress Committee	**Mandate:** Rank and comment on investment opportunities in a live document, decide which opportunities to take to the Investment Committee. **Members:** Shane Gallwey, Edward Guinness, Chris Villiers, Malcolm King, Hugo Vaux, Ashley Abrahams, Bridget Hallahane and Adam Barker **Frequency:** Twice a month
Compliance, Operations & Risk Committee	**Mandate:** Compliance, regulatory and risk issues. **Members:** Giles Robinette, Caroline Posse, Charlotte Warre, Tim Guinness, Edmund Harriss **Frequency:** Monthly

Source: Guinness Asset Management; AdvantageIQ

Overall, we are believe the quality of the governance procedures is commensurate with the size of the organisation. The Manager has a dedicated compliance team responsible for, amongst other things, ensuring adherence to the reporting requirements of the FCA and the Central Bank of Ireland. Finally, Guinness has a detailed procedures manual that covers internal procedures, policies and conduct.

We note that there are currently no regulatory issues affecting the Manager.

Product Quality Assessment

Investment Team

The investment team ("the Team") comprises eight investment professionals who are responsible for managing Guinness' tax-advantaged product offerings, which includes two EIS products and two BR offerings. We note that the Team has a track record of investing in EIS-qualifying investments: since 2010 they have invested over £140 million into EIS- & BR-qualifying companies.

More specifically Guinness has an established track record of investing in EIS-qualifying, energy-generating companies, and latterly in asset-backed, EIS-qualifying companies operating in a number of different sectors. Performance of these investments has, for the most part, been encouraging. However Guinness has a limited track record of investment into investing into riskier, growth companies which meet current HMRC rules, and has yet to successfully exit from investee companies which would meet HMRC's "risk-to-capital" condition. As such, it is difficult to comment on their ability to execute and exit the identified investment opportunities over the proposed investment horizon. However, we recognise that some of the team members have backgrounds in private equity and corporate finance, including Shane Gallwey who was previously a director at Northland Capital Partners where he advised growth companies on capital structuring, and Chris Villiers who previously worked in corporate finance at Kleinwort Benson. We also note that they will target investment in companies with established management teams in the space, thereby compensating somewhat for their lack of early-stage, scale-up expertise

In the absence of any exits from investments into younger, riskier, growth orientated investee companies we are unable to make comment on the strategy's ability to generate profitable returns. Guinness have pointed to its track record on AIM-quoted EIS investments as indicative of its ability to do so but the AIM market provides a ready- made exit strategy for listed shares whilst the Fund may need to find alternative means of achieving an exit .

The Team has worked together for over five years, and its composition has, to date, been largely stable with low employee turnover. We understand that the Team aims to grow as new products are launched, and we note that it did increase its AIM team by one additional member in January 2018 following the launch of the Best of AIM service. Guinness have grown the team over the last 12 months, with three new hires bringing additional growth company investment skills to complement the existing team.

Finally, addressing the Team's stability and incentives, we note that there appears to be a very collegiate approach to the investment process aided by a flat team structure and the sharing of responsibilities across team members; this helps mitigate potential key man risk issues. The investment team and members of the EIS investment committee have collectively invested over £1.8 million across both the Guinness EIS and Guinness AIM EIS, helping to align the incentives of the Investment team with those of the investors into this product.

We present the biographies of the Team and the Investment Committee in the Appendix to this report.

Investment Strategy & Philosophy

As has been noted previously, the investment strategy for the Fund has been altered twice since 2015. Initially Guinness would invest in individual companies, wholly owned by EIS investors, in order to invest in renewable energy projects, with a significant level of asset backing. However, following the removal of renewable energy as an EIS-qualifying trade in 2015, Guinness relaunched the Service in 2016 and adopted a more generalist approach, but maintained its capital preservation mandate. The strategy was again revised more recently following the PCR, and introduction of the "risk-to-capital" condition, introduced by HMRC in November 2017.

Although the investment philosophy now targets investment into younger, growth companies, it has maintained a gross return target of in excess of 1.25x money-in (net of all fees) over a four to five-year investment horizon. The investment strategy aims to expose investors to a portfolio of at least five EIS-qualifying investments across a range of sectors, but are expected to pass the following criteria to be considered:

1. Businesses with experience management teams, in particular a preference for serial entrepreneurs which have therefore developed a level of expertise in identifying (and managing) companies with a potential for growth
2. Businesses with good visibility on future revenue and cash flow growth; potential investee companies should have a mature profile, and a clearly defined growth trajectory ideally underpinned by commercial contracts or agreements in place for new store or site openings
3. Businesses requiring additional funds to expand their working capital; Guinness favours companies with growing sales figures and therefore require additional funding in order to fund stock and debtor growth.

In addition to this, investee companies are expected to have generated cumulative revenue of at least £1 million (although exceptions will be made), and thus have demonstrated a certain level of commerciality. The Manager plans to invest between £500,000 and £5 million into each investee company, with an average investment size of £3 million. Investment will generally be into companies undertaking Series B fundraising for scale-up capital. In our meeting with the Manager, it was noted that while it will consider co-investment it is not a prerequisite, rather as a matter of circumstance. Guinness pointed to the likes of established venture capital investors such as Downing, Oakley Capital (manager of Pembroke VCT), Octopus, Cambridge Innovation Capital and a number of family offices as institutions that have invested alongside Guinness over the last 18 months.

The 25% return targeted by the Fund over the five-year investment horizon, implies a 4.6% IRR (approximately 8% IRR gross of fees) level of return. Guinness is keen to point out that, according to a report compiled by the British Venture Capital Association ("BVCA"), UK venture funds with a post-2002 vintage, have generated an historic IRR of 7.8% since inception and therefore in line with the Fund's target gross return. We note that this level of return is somewhat conservative in comparison to many of the other EIS products currently on offer, however, when considering the type of investee companies which it will target (later stage companies with a sector agnostic approach), this level of return is arguably to be expected. Although it should equally be noted that the target return has not been adjusted from the previous asset-backed (and therefore lower risk) strategy. An allocation across a minimum of five investee companies could result in an allocation of as much as 20% into a single company, which does give rise to concentration risk. However, Guinness has pointed out that, in practice, investors have previously been allocated across many more than that, noting that investors were allocated across nine companies in the 2017/18 tranche.

We acknowledge the fact that Guinness has an extensive record of EIS investments, and its record is this regard is for the most part encouraging. It is also encouraging to note that it has managed to invest £35.7 million into companies which meet the current criteria as outlined by the strategy above. However, the fact that the Manager has had to amend its EIS investment strategy twice in less than five years (as a result of changes made to the EIS qualifying rules) cannot be overlooked, and as it has yet to exit any of these companies. As such we are unable to comment on the efficacy of the strategy, or the investment team's ability to meet the stated target return. That being said, the fact that Guinness will be targeting later-stage investee companies, while a number of EIS managers tend to target earlier-stage, and therefore riskier, companies (and therefore at a higher target return), should bring some comfort to investors.

Pipeline/Prospects and Current Portfolio

The Fund was relaunched as an evergreen structure in October 2016. Under the new structure, the Fund no longer invested in renewable energy, but instead focused on asset-backed investments, with a generalist approach. The first of these investments was made in April 2017, and the last made in November 2017, prior to the introduction of the "risk-to-capital" condition, making these investments ineligible. As all of the investment illustrated below were made through the course of 2017, and therefore still within the three-year holding period required for EIS tax relief, investors remain invested, and they are illustrated below.

TABLE 4: GUINNESS EIS ASSET-BACKED PORTFOLIO

COMPANY	SECTOR	DATE OF INVESTMENT	AMOUNT (£ MILLION)	DATE FORMS EIS 3 RECIEVED
Rare Metal Trading plc	Classic Car Dealership	04/04/2017	£4,900,000.00	May 2018
Barts Pubs Limited	Pubs	04/04/2017	£3,000,000.00	Estimated June 2019
Cellar&Co Limited	Wine Trader	04/04/2017	£3,000,000.00	July 2017
Cellar&Co Limited (follow-on)	Wine Trader	10/11/2017	£1,000,000.00	May 2018
CFS Care Limited	Healthcare	04/04/2017	£2,800,000.00	November 2018
CFS Care Limited (follow-on)	Healthcare	10/11/2017	£1,100,000.00	November 2018
Bright Minds Daycare Limited	Education	31/07/2017	£5,000,000.00	November 2018
All Faiths Remembrance	Crematorium	25/09/2017	£5,000,000.00	Estimated June 2019
Ash House Limited	Healthcare	10/11/2017	£5,000,000.00	Estimated July 2019
Bath Quartermaster Limited	Storage	10/11/2017	£5,000,000.00	Estimated July 2019
Total			**£35,800,000.00**	

Source: Guinness; AdvantageIQ

All but two of these investee companies remain valued at cost (as at 5 October 2018). Barts Pubs Limited has seen an uplift in value of approximately 3%, while Cellar & Co have seen an increase of 5%. We understand that following the rule changes as a result of the PCR, Barts Pubs Limited was unable to raise follow-on funding through EIS in order to complete refurbishment. However, non-EIS funding was sourced, and the company is expected to commence trading in February, after which it will need to wait for four months before applying for EIS3 certificates. Similarly All Faiths Remembrance, Ash House Limited, Bath Quartermaster Limited, Jones Food Group, and SmileOne have all yet to receive their EIS three forms, despite issuing shares almost one year previously. However, we understand that this was due to the fact that all of these companies were undertaking construction projects before commencing trade, resulting in a delay in submitting forms EIS1 to HMRC.

Following the Patient Capital Review ("PCR"), and in particular the introduction of the "risk-to-capital" condition, these asset-backed type investments are no longer allowable. As a result, the investment team has been forced to amend its investment strategy once again, and it will now make investment into growth companies, with a more sector agnostic approach. Since March 2018, Guinness has made 15 separate such investments under this approach totalling £35.7 million as outlined below.

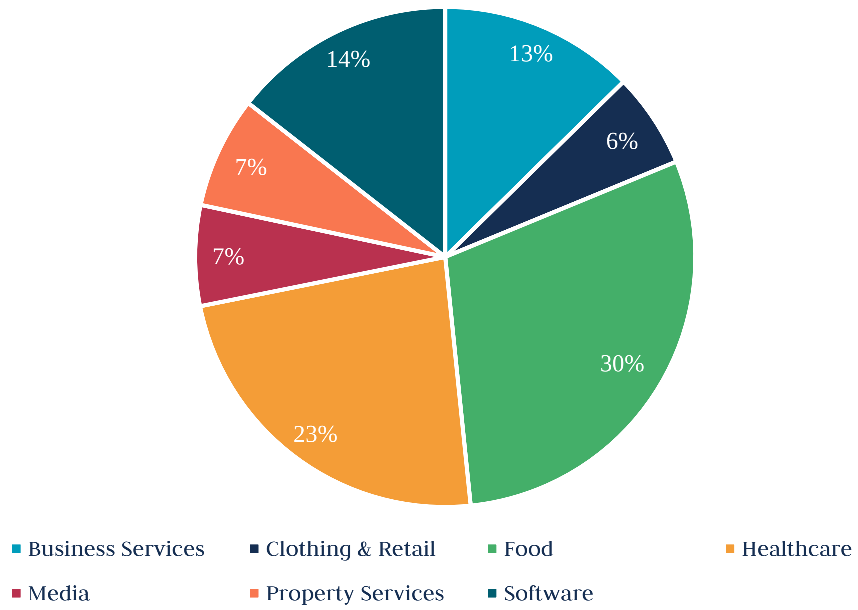
TABLE 5: GUINNESS EIS PORTFOLIO GROWTH INVESTMENTS POST NOVEMBER 2017

COMPANY	SECTOR	DATE OF INVESTMENT	AMOUNT (£ MILLION)	DATE FORMS EIS 3 RECIEVED
Gravity Fitness Limited	Leisure	04/04/2017	£5,000,000.00	July 2017
Gravity Fitness Limited (follow-on)	Leisure	04/04/2018	£3,000,000.00	August 2018
Jones Food Group	Food	07/03/2018	£4,900,000.00	Estimated June 2019
MyHomeGroup	Property Services	07/03/2018	£2,000,000.00	November 2018
Hanzo Archives	Software	07/03/2018	£2,000,000.00	August 2018
Worker X Ltd	Business Services	07/03/2018	£2,500,000.00	February 2019
SmileOne (was Delta White)	Healthcare	07/03/2018	£3,000,000.00	Estimated November 2019
Cera Healthcare	Healthcare	07/03/2018	£3,500,000.00	November 2018
MWS Technology Ltd	Software	04/04/2018	£1,000,000.00	November 2018
Popsa Holdings Ltd	Software	04/04/2018	£1,000,000.00	August 2018
Great British Prawn Ltd	Food	03/08/2018	£2,000,000.00	Estimated June 2019
Pasta Evangelists Ltd	Food	19/09/2018	£1,300,000.00	February 2019
Alpha Charlie Ltd	Clothing & Retail	05/09/2018	£1,700,000.00	February 2019
Headbox Solutions	Business Services	19/10/2018	£1,000,000.00	Estimated February 2019
Imagen Ltd	Media	21/12/2018	£1,800,000.00	Estimated March 2019
Total			**£35,700,000**	

Source: Guinness; AdvantageIQ

A breakdown of the current EIS portfolio (as measured by initial investment amounts), as invested in under the current investment strategy is illustrated below.

CHART 4: CURRENT EIS PORTFOLIO BREAKDOWN AS AT JANUARY 2019



Source: Guinness, AdvantageIQ

Although the current portfolio is split across a number of different sectors, over half by investment value has been allocated into companies operating in the Healthcare and Food sectors. While this may arguably present some concentration risk, investments are split across four separate companies, operating private and NHS dental clinics, an online carer matching and management platform, an online pasta delivery service, and an aquaculture business focused on prawn production.

As the Service operates tranche closures, the above graph is more an illustration of previous investments made by the Service. As a result, it does not necessarily indicate the companies into which investors will be allocated (unless as a result of follow-on funding), however we have been provided with the pipeline of investee companies which Guinness has earmarked for investment for the current raise.

TABLE 6: CURRENT PIPELINE FOR FEBRUARY 2019 TRANCHE

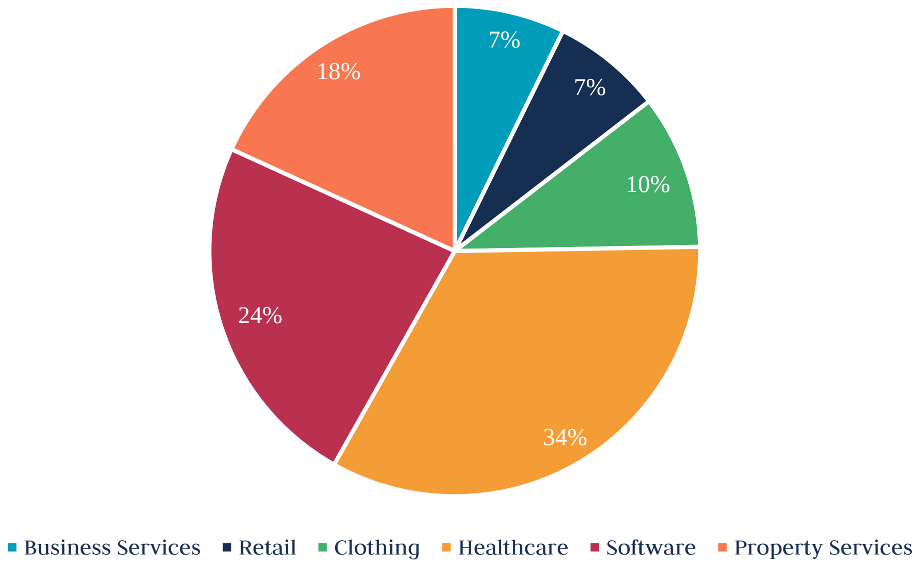
COMPANY DESCRIPTION	SECTOR	CAPACITY FOR FEBRUARY 2019 TRANCHE	FOLLOW-ON	CO-INVESTMENT	STAGE OF DUE DILIGENCE
Event Booking	Business Services	£1,000,000	Y*	N	Complete
Baby clothes manufacturer	Clothing & Retail	£1,400,000	N	N	Ongoing
eCommerce Platform	Retail	£1,000,000	N	N	Complete
Pricing for Big pharma	Healthcare	£1,100,000	N	N	Complete

Home health testing	Healthcare	£1,100,000	N	N	Ongoing
Healthcare Software	Software	£750,000	Y*	N	Complete
Meetings spaces in London	Property Services	£2,500,000	N	N	Ongoing
Data analytics	Software	£2,500,000	N	Y	Ongoing
Care in the Home	Healthcare	£2,400,000	Y	Y	Ongoing
Total		**£13,800,000**			

Source: Guinness

According to the pipeline provided, Guinness has capacity to deploy as much as £13 million, spread across as many as 9 separate investee companies. We understand that as at the start of February Guinness had raised just £2 million (with indications for a further £2 million), and therefore still have capacity. However, Guinness have advised that its confident it will be able to raise the £13 million currently required by investee companies, adding that it will push back the February 22 deadline if necessary. Further to this, we have been informed that there is some flexibility in amounts which could be allocated to one or two companies. If there is a significant shortfall, Guinness would reduce the allocation to fewer than the 9 investee companies illustrated. In any event, it is encouraging to note that due diligence has been completed on four of these companies, and all have received EIS Advance Assurance. As a result Guinness, will be able to deploy investor capital in a timely manner, meaning a short waiting period before investors can apply for EIS tax relief.

CHART 5: SECTOR ALLOCATION FOR FEBRUARY 2019 PIPELINE



Source: Guinness

The current pipeline appears to provide a level of diversification, although it should be noted that over one third of the portfolio will allocated into companies operating within the Healthcare sector. Guinness will co-invest in three of these companies, and four of these pipeline investments will be as follow-ons. As a result the potential conflict of interest when it comes to establishing the valuation of companies for follow-on investment must be flagged. However, Guinness has indicated that all follow-on funding will go through the same due diligence process as it would as an initial round, and the Investment Committee must adhere to the firm's conflict of interest policy. Investors will need to decide for themselves that this is sufficient to manage this conflict.

Although Guinness will target an allocation of at least five investee companies, we understand that historically investors have been placed into between eight and 10 companies. Assuming a raise of £13 million (or even slightly less) this should similarly be the case, and investors should be afforded a level of diversification in order to mitigate the risk which these investee companies may present.

Investment Process

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

TABLE 7: INVESTMENT PROCESS

INVESTMENT PROCESS	DETAILS
Deal sourcing/ origination	The Investment Manager sources Investments through its networks of contacts. Guinness Asset Management has made more than 70 EIS investments since 2011, and has consequently established a broad pipeline of investment opportunities and introducers.
Deal filtering and selection	All origination leads are discussed at the Investment Manager's regular pipeline meetings where they are prioritised according to the investment strategy. These meetings take place at least every two weeks.
Due diligence process	Origination leads that have been prioritised are initially screened internally. The Investment Manager will usually secure a period of exclusivity while due diligence is completed. This may involve external advisers and concludes with negotiating investment terms. The findings are compiled into a long-form investment memorandum, which is circulated to the Investment Committee for discussion at Investment Committee meetings.
Deal approval	If the Investment Committee grants final approval for a potential Investment, it provides the Investment Manager with a budget and timeframe for completing the transaction. The Investment Manager primarily manages transactions internally, but it may also engage third parties such as lawyers and accountants for transaction support.

Source: Guinness; AdvantageIQ

Guinness will source deal flow from its network of industry contacts, industry events, and increasingly through referrals from existing investee companies. In addition to this, Guinness indicated that there may be some crossover with investee companies which were initially earmarked for investment through its AIM EIS service, but may have decided to hold off from listing. This approach is common among managers within this space.

We have reviewed the investment process for the EIS and believe there entails a sufficient level of governance around the process. Guinness has provided documentation used throughout the process, including a long form Investment Committee Memo outlining proposal for investment into one of the current investee companies. The document is comprehensive and outlines the nature of the business, the target returns, the competitive landscape, financial projections, as well as EIS-qualifying status and advance assurance. In addition to this, we have been supplied a copy of the commercial due diligence undertaken by an external third party (Wilson Partners Corporate Finance), undertaken as part of the due diligence process.

Overall, Guinness has been transparent in our discussions over its investment process, and we are comfortable that it adopts a sufficiently comprehensive investment process using a diverse deal-sourcing channel that reflects their level of expertise in the EIS market. We however note that their investment process has historically focused on energy-related deals, and more recently on asset-backed investments.

We understand that the Team reviewed approximately 288 businesses seeking EIS investment through the course of 2018 (although we understand that this number does not include companies which failed to make it onto the Transaction Register), before concluding on its shortlist of identified investment opportunities, evidencing its ability to get access to a relevant pipeline of potential investment opportunities.

Risk Management

We identify the following as the key risks of an investment in the Fund: failure/poor performance of an investee company, execution risk, liquidity risk, exit risk and maintenance of EIS tax benefits. We have assessed the policies and controls that Management has in place to minimise these risks and have found them to be appropriate for the size and strategy of the Fund.

Risks relating to investee company default are partly mitigated during the investment process through the analysis and due diligence undertaken before an investment decision is made. As has been noted, where necessary (for example where it does not have an adequate level of expertise), Guinness will outsource elements of the due diligence process, including commercial and financial due diligence. According to the documentation with which we have been provided, an examination of the market opportunity and competitive landscape will be undertaken as part the due diligence process.

Execution risk is controlled through an ongoing, active involvement by the Team in the management of the underlying investments. We understand that the underlying investments will be closely monitored with special attention paid to: i) threats of or actual loss of EIS reliefs (with the support of Philip Hare & Associates), ii) change of directors and/or management, and iii) material deviation from company strategy or business plan. The Manager will require board representation at each investee company and will hold minority equity positions with veto rights on certain key actions that affect the risk/reward profile of the investment; such as the introduction of leverage or a change of focus for the business.

Guinness has provided the term sheet for one of its recent investments, and along with the requirement for a seat on the board (in the position of non-executive director), the document stipulates the conditions of investment. This includes the submission of monthly management accounts, annual budgets (along with an annual presentation of the business plan) among others. As has been noted previously as Guinness will target investee companies which have generated cumulative revenue in excess of £1 million, they present a lower risk profile than younger companies which have yet to prove commerciality.

We note that HMRC Advance Approval is sought to ensure that each new investee company is EIS-qualifying at the time of investment. We consider this to be good practice, but investors should be aware that if the investment holding conditions are not met, they will not be entitled to the full tax benefits of EIS investments. However, it should also be noted that Guinness have a mixed track record with regard to attaining EIS tax reliefs. However, investors should be made aware that two current investee companies invested under the current strategy have yet to issue forms EIS3 to investors almost one year since investment. Guinness note this is a result of construction works before these companies can commence trade, however going forward Guinness have indicated that it will only invest in companies which are already trading, and up to date EIS Advance Assurance. This, Guinness feels, will prevent such delays from occurring again.

The following fees (number 1-3) describe the fees directly payable by the investors and the fund.

1. INITIAL AND ONGOING FUND MANAGEMENT FEE

TABLE 8: FEES TO THE MANAGER

INITIAL FEES	ON-GOING ANNUAL MANAGEMENT FEES	ADMINISTRATION AND ACCOUNTING FEES
2%	2% + VAT	0.35% initial deal fee £60 annual admin charge

Source: Guinness; AdvantageIQ

All fees above are payable by investee companies, meaning that 100% of investor subscription will be eligible for tax relief.

2. SUBSCRIPTION/APPLICATION FEES

TABLE 9: SUBSCRIPTION/APPLICATION FEES

TYPE OF INVESTOR	INITIAL APPLICATION FEE (AND INITIAL COMMISSIONS/INITIAL ADVISER CHARGES)	ONGOING MANAGEMENT CHARGES (AND ONGOING COMMISSIONS / ONGOING ADVISER CHARGES)
Application through an adviser[1]	0.0%	0.0%
Application through an execution-only intermediary[2]	3.0%	0.0%
Direct Application[3]	3.0%	0.0%

Source: Guinness; AdvantageIQ

[1]Investors who make an application through a registered financial adviser potentially with an ongoing fee

[2]non-advised investment charge

[3]Investors who make an application, without using a financial advisor or 'execution-only intermediary'

Guinness will charge all fees including initial and on-going fees to investee companies (excluding advisor charges). Investors will however be liable for a performance fee as outlined below.

3. PERFORMANCE FEE

Guinness will be entitled to a performance fee of 20% for total returns above 100%. This means that investors will pay a performance fee even if their portfolio returns do not meet the target return, although this is not unusual. However, encouragingly the hurdle is measured on a portfolio basis, which we feel is the correct approach.

4. PRODUCT FEES

The detailed fees are listed in the following table.

TABLE 10: FEE DETAILS

FEES	DETAILS
Arrangement Fee (% of deal)	0.4%
Average Annual Costs	0.00%
Directors' Fees	0.00%
Dealing Fee Upon Entry and Exit	0.00%
Excluded Costs	0.00%
Admin Charges	£60
Other (Custodian Fees)	0.35%

Source: Guinness; AdvantageIQ

Performance

Although originally launched in 2010, as has been noted, the Guinness EIS has been forced to adjust its investment strategy twice. Firstly in 2015 following the removal of renewable energy as a qualifying trade for the purposes of EIS tax relief, and secondly following the PCR in November 2017. As a result, while the Service does have a demonstrable track record of exits and positive returns to investors, it has yet to successfully exit any of the investments made according to the current strategy. The significant majority of investments made since the Fund was relaunched as an evergreen service in 2016 (including all those made under the current strategy) remain valued at cost. Only two asset backed investments have seen an uplift in value, albeit marginal at 3% and 5%.

Appendix 1: Key Personnel

Key Investment Professionals

NAME	JOB TITLE	BIOGRAPHY
Shane Gallwey	Fund Manager	Shane has launched, advised, invested in and sold a number of EIS & BPR-qualifying businesses. Prior to Guinness, he spent six years with HSBC Investment Bank in equity research and corporate finance, four years with an investment fund in Gibraltar, and a further five years advising growth companies on EIS/VCT structuring and financing. Shane holds an MA from the University of Edinburgh, and is a CFA Charterholder.
Edward Guinness	Fund Manager	As well as being a Fund Manager on the Guinness EIS Team, Edward has managed the Guinness Alternative Energy Fund since 2007, raising over US$100 million and making investments in listed wind, solar, hydroelectric and energy efficiency companies globally. He joined HSBC Investment Bank in 1998 working in the Energy & Utilities Team in Corporate Finance, Tiedmann in New York in 2003 and Guinness Asset Management in 2006.
Dr Malcolm King	Fund Manager	Malcolm joined Guinness Asset Management's EIS Team as an Investment Manager in 2013. Prior to joining Guinness, Malcolm worked for the Carbon Trust and its subsidiary CT Investment Partners (now 350 Investment Partners) where he led or managed 15 transactions in the cleantech and renewables sector. From 2006 to 2008 Malcolm worked as a Consultant for Angle technology plc where he was heavily involved in the management of the Carbon Trust Angle Incubator, the leading cleantech incubator of its kind in Europe. Malcolm has a PhD in Physical Chemistry from Cambridge University and a BSc (Hons) in Chemistry from the University of Pretoria.
Chris Villiers	Fund Manager	Chris joined Guinness EIS investment management team in 2015 after spending 10 years working in the carbon and renewable energy markets. The majority of this time was spent with EcoSecurities (a wholly owned subsidiary of JP Morgan) ultimately as Head of Portfolio Management. Between 1999 and 2004 Chris worked in Corporate Finance at Dresdner Kleinwort. He holds an MA from the University of Edinburgh and an MSc from Imperial College in Environmental Technology.
Hugo Vaux	Fund Manager	Hugo joined the Guinness EIS investment management team in 2012. His role includes sourcing and assessing potential transactions, monitoring existing investments and assisting on marketing. Prior to joining Guinness Hugo gained experience at SandAire Wealth Management undertaking micro and macro analysis in the investment team. He has an MSc in Finance and Investment from Bristol and a BSc in Economics from Exeter.

Ashley Abrahams	Fund Manager	Ashley Abrahams joined Guinness Asset Management in 2018 and is an Investment Manager in the Guinness EIS Team. Prior to joining Guinness Asset Management, Ashley worked for CBPE Capital and CIL Management Consultants. He has worked with companies in most sectors of the UK economy and has a focus on helping develop and support growth strategies for SMEs. Ashley graduated from the University of Cambridge and has a joint honours MA (Cantab.) in Management Studies and History. Ashley completed an MBA with the Smartly Institute, a disruptive learning platform.
Bridget Hallahane	Portfolio Manager	Bridget recently joined Guinness Asset Management to lead our portfolio management function. Previously she worked as the Chief Financial Officer at Active Partners whom focus on investment in high growth SMEs. During this time, she developed both the finance and portfolio management function. For 12 years she worked at PricewaterhouseCoopers across a range of teams including assurance, transaction services and business recovery. Bridget has international experience across a broad range of sectors and size of companies. She graduated from University College London and is a qualified as a Chartered Accountant.
Adam Barker	Associate	Adam joined Guinness Asset Management in January 2018 and works with the EIS team on reviewing and analysing investment opportunities. He graduated in 2016 with a BSc in Mathematics and was previously at Sanlam Private Wealth where he worked as an analyst on the Global Equities team.
Andrew Martin-Smith	Fund Manager	Andrew Martin Smith began his career at Hambros Bank in 1975 as a graduate from Oxford University. He has over 30 years' experience in the financial services industry and currently works as a senior adviser with Guinness Asset Management as well as managing the Guinness AIM EIS Fund. He is Chairman of Parmenion Capital Management and a Director of Church House Investments and three quoted investment trusts. Andrew has spent the last 20 years specifically involved in the fund management industry firstly as Chief Executive of Hambros Fund Management. He joined Berkshire Capital Securities after Hambros' successor fund management interests were acquired by Investec, and joined Guinness Asset Management in 2005.

Source: Guinness; AdvantageIQ

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.

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