

EIS Factsheet

Fuel Ventures Follow-On EIS Fund

Enterprise Investment Schemes (EIS) are suitable for:

- High net worth or sophisticated investors seeking high-risk, high-reward opportunities in early-stage companies, particularly in the technology sector
- Investors with a high tolerance for risk and a diversified investment portfolio who understand the potential for loss of capital
- Tax-efficient investors looking to benefit from 30% income tax relief, CGT deferral, and inheritance tax relief by investing in EIS-qualifying companies
- Long-term investors willing to commit their capital for a minimum of three years (to retain tax relief benefits), but ideally prepared for a holding period of up to ten years or more due to the illiquid nature of the investments

These investors benefit from significant tax reliefs while supporting potentially high-growth businesses, creating employment opportunities in the UK. Investors should have the financial capacity to bear potential losses.

IMPORTANT INFORMATION

This document aims to emphasise key aspects of the investment and should not be taken as a complete and comprehensive analysis of the risks of investing in the investment. It should be read alongside the Fuel Ventures Follow On Fund Information Memorandum, which you are advised to review thoroughly. In case of any discrepancies between this document and the Information Memorandum, the latter's provisions will prevail.

Principal Parties:

Investment Manager	Sapphire Capital Partners LLP
Investment Adviser	Fuel Ventures Limited
Custodian	Apex Unitas Limited
Nominee	MNL Nominees Limited
Tax Adviser	Philip Hare & Associates LLP

Investment Adviser: Fuel Ventures Limited

Fuel Ventures was founded in 2013 by Mark Pearson following the successful exit of his company MyVoucherCodes for £55 million. Fuel Ventures caters for investment from private individuals and institutions.

Fuel have deployed over £210 million of capital into 170+ companies with an AUM of over £380 million. To date £37.2 million has been paid in cash exits.

Key Details:	Fuel Ventures Follow-On EIS Fund
First Added to Titan Alternatives' Panel	2019
Product Launch Date	2019
Product AUM	£100m
USP	Access to fast-growing UK technology businesses with mentorship, guidance, and potential access to growth capital. The Company will invest in a diverse range of sectors, predominantly in technology and digital businesses with a focus on marketplace, platform or software-as-a-service models.
Total Offer Size	£2.5m
Minimum Investment	£20,000
Maximum Annual Investment	£1,000,000 (eligible for tax relief)
Subscription Amounts Invested	100% of subscription amount is invested (excl. any Adviser charge facilitated by the Fund)
Level of Tax Relief Available	Income Tax Relief at 30% Capital Gains Deferral Loss Relief IHT Free after two years, provided no greater than £1m is held in EIS qualifying investments (or other unquoted investments)
Target Number of Portfolio Companies	5-8
Target Return	5x
Target Hold Period	Expected 3-5 years (minimum of 3 years)
Provisional Next Close Date	24 th October 2025 then 26 th March 2026
Deployment Time frame	By 5th April 2026 for 25/26 tax year deployments or post 5th April for 26/27 tax year deployments

Fees

Fee (Excluding VAT)	
Product Fee	Nil to investors (charged to investee companies)
Available Discounts	N/A
Advised Initial Fee	Up to 4.5% can be facilitated by the Fund (reducing the subscription amount) *Please note, ongoing fees are not facilitated by the Fund
Annual Management Fee	2% for 5 yrs (charged to investee companies)
Dealing Fee	Nil
Director's or Other Fee	Nil
Performance Fee	20% of returns over hurdle rate of £1.20 per £1 invested

Materials

Product Provider (Manufacturer) Materials

Information Memorandum

Factsheet

KID

Consumer Duty Assessment & other materials

Overview

Investment Strategy

The Fuel Ventures Follow-On EIS Fund focuses on investing in early-stage companies that require additional capital to accelerate their growth and scale operations. The Fund targets technology-driven businesses, predominantly within the digital sector, including:

- Marketplaces
- Software-as-a-Service (SaaS)
- Platforms

These companies have demonstrated the ability to raise and deploy initial funding successfully and now seek further investment to enhance their growth trajectory and deliver significant returns for shareholders.

Sectors:

- Marketplaces
- Software as a Service (SaaS)
- Platforms
- B2B & B2C

Notable Merits & Consideration Points

- **Strong Track Record of Fundraising:** The Fuel Ventures Follow-On EIS Fund has raised substantial capital across multiple tranches, demonstrating strong investor confidence and consistent demand.
- **Established Portfolio Deployment:** Significant capital has been successfully deployed across multiple investee companies, with ongoing reviews and plans for additional investments to capitalise on new opportunities.
- **Competitive Fee Structure:** The Fund offers a competitive fee structure, ensuring efficient allocation of investor funds to maximise growth and returns, particularly for early-stage investors.
- **Access to Proven Investment Strategy:** Investors benefit from the same successful investment strategy employed by Fuel Ventures, which has consistently delivered profitable exits through its existing EIS structures.
- **Co-Investment Opportunities:** The Fuel Ventures Follow-On EIS Fund strategically co-invests alongside other Fuel Ventures funds, leveraging its track record of identifying and investing in high-growth companies.
- **Reliance on Proven Investment Model:** The Fund builds on Fuel Ventures' existing EIS strategy, which has demonstrated success through multiple tranches. However, the performance of the Follow-On EIS Fund will depend on replicating the achievements of previous iterations with new investee companies.
- **Focus on Technology and Digital Sectors:** The Fund's investment strategy remains concentrated in the digital and technology sectors, focusing on businesses with the following characteristics:
 - A founding team with deep expertise and a proven track record of execution.
 - A business model that delivers significant customer value and shows high gross margins.
 - A substantial total addressable market, ideally in the multibillion-pound range, offering potential for significant market share gains.
 - The ability to scale rapidly with minimal capital requirements.
 - Early indications of strong revenue growth.

Key Risks

- **High Risk and Volatility:** Investments in early-stage companies are inherently high-risk, and the value of shares can fluctuate significantly. There is a possibility that investors may lose the entire amount invested if the companies fail.
- **Timing of Investment:** Delays in the deployment of funds may affect the timing of EIS tax reliefs. There is no guarantee that investments will be made within the targeted timeframe.
- **Illiquidity:** The Fund invests in unquoted companies, which are typically illiquid. Investors may face difficulties realising their investments early or at valuations that reflect the underlying assets' value. The recommended holding period is 5-7 years, and early exit options are limited.
- **Exit Challenges:** The ability to exit investments depends on finding suitable buyers, which may be difficult even if the company is successful.
- **No Guarantee of Returns:** There is no assurance that the Fund will achieve its target return. The success of investments depends heavily on the performance of individual portfolio companies, and the potential for loss is high.
- **Dependence on Key Personnel:** Many investee companies have small management teams. Their performance could be adversely impacted by the departure of key individuals.

- **Dilution Risk:** Subsequent rounds of financing for portfolio companies could result in dilution for existing shareholders, potentially affecting the value of investors' holdings if the new shares have preferential rights.
- **Regulatory and Tax Risks:** Changes in EIS regulations, tax laws, or economic conditions could affect the fund's performance and the availability of anticipated tax reliefs.
- **Sector and Investment Concentration:** While the Fund diversifies across multiple technology sectors, it remains heavily focused on the tech industry. This focus can amplify risks related to sector-specific downturns or volatility.

Please note that this is a summary of the key risks and potential investors should refer to pages 31-35 of the Information Memorandum for full details.

Tax Relief

- **Income Tax Relief:** Investors can claim up to 30% income tax relief on the amount subscribed, with a maximum of £1 million per tax year. This can increase to £2 million if at least £1 million is invested in knowledge-intensive companies. The relief can be applied in the tax year of the investment or carried back to the previous year.
- **Capital Gains Tax Deferral:** Investors can defer capital gains tax (CGT) on gains from the disposal of other assets by investing in EIS shares. The gain remains deferred until a chargeable event, such as the disposal of EIS shares.
- **Capital Gains Tax Exemption:** Gains realised on EIS shares are exempt from CGT if the shares are held for at least three years and the investor has claimed and retained income tax relief.
- **Loss Relief:** Investors can claim relief on losses made from EIS shares, which can be set against their income or capital gains, reducing their tax liabilities.
- **Inheritance Tax (IHT) Relief:** After holding EIS shares for at least two years, they are generally exempt from IHT, providing up to 100% relief provided no greater than £1m is held in EIS qualifying investments (or other unquoted investments).
- **Carry-Back Provision:** Investors may carry back their EIS investments to the previous tax year, provided they haven't exceeded the annual limit for that year, allowing them to claim tax relief over two years.
- **Tax Legislation:** All tax benefits depend on the continued qualifying status of investee companies and the investor's individual circumstances. Changes in tax laws may affect the availability of these reliefs.

Client Suitability

- **High-Risk Tolerance:** The Fund is suitable for investors who understand the high-risk nature of early-stage investments, particularly in the technology sector, and are willing to accept the potential for loss of capital.
- **Tax Mitigation and Growth-Oriented Investors:** It is ideal for individuals looking to mitigate income tax through EIS reliefs or those seeking the potential for tax-free growth and gains if the shares are held for the required period.
- **Long-Term Commitment:** The Fund is best suited for investors who can commit their capital for a minimum of three years to qualify for tax relief, although a holding period of 5-7 years or more is recommended due to the illiquid nature of the investments.

- **Sophisticated and Experienced Investors:** This EIS is suitable for individuals who have a sufficient understanding of high-risk investments, usually advised by FCA authorised financial advisers, or those who qualify as high net worth or sophisticated investors.
- **Exposure to High-Growth Opportunities:** The Fund is designed for those seeking exposure to high-growth technology companies with the potential for substantial returns, acknowledging the high-risk profile associated with these investments on a high-risk reward basis.

Consumer Duty

Advisers should review relevant consumer duty materials and ensure that investors align with the intended target market as outlined in the documentation provided.

Conclusion

Fuel Ventures are an early and growth stage investor who identify the most ambitious entrepreneurs with an aim of building globally scalable technology and digital businesses covering marketplaces, platforms and software (SaaS).

Mark Pearson has been successfully investing in such sectors over the past 15 years and has built a team of 18 at Fuel Ventures that share his passion for identifying companies who have the potential to provide returns of between 10-100x.

We have worked closely with Fuel Ventures for over 6 years and have first-hand experience and knowledge of the growing team's ability to source, deploy and execute which have delivered positive outcomes for investors to date.

The Follow-On Fund looks to invest in 5-8 EIS qualifying companies, providing further capital to those companies that Fuel Ventures have invested and worked successfully with before. We recognise that the relevant prior knowledge of working with a specific Company, assisting with that Company's growth to date allows Fuel Ventures an advantage to gain access to those businesses that have strong potential for continued growth and market penetration.

It is the Follow-On Funds intention to take advantage of the funding gap between Seed/Growth and Series A and B capital raises which can often enjoy the greatest uplift in valuations. For the next tranche of EIS investments for new investors, the Follow-On team will continue to source opportunities in line with their strategy and negotiate deployment of capital on competitive terms which should give confidence to investors on the entry price and valuation point secured for them.

The Fuel Ventures team take an active approach of working as closely as possible with the underlying companies sharing best practice and working collaboratively where relevant. In addition, Fuel Ventures mentor and monitor the companies as well as providing guidance on professional services such as trusted Lawyers, Accountants and Marketing/PR. This can give the companies involved a competitive advantage over other young companies, avoiding obvious pitfalls and potential overspend, allowing the focus to be on business growth.

Fuel Ventures will take either Board positions or Board observation rights with the portfolio companies. We have discussed this claim independently with a selection of Founders of portfolio companies who all commented positively on the value added by Mark and the Fuel Ventures team over and above the capital introduced.

Fuel Ventures have had some notable exits from their portfolio companies from previous rounds and we have experienced their ability to add value at the critical point of sale. Exits from previous tranches of the Follow-On Fund include ContentCal selling to Adobe for \$110m, Capdesk selling to Carta for \$85m and Arbolus selling \$15m of secondaries to Kayne Anderson.

Where a company may experience failure or difficulties in scaling, Fuel have dealt with them in a professional manner putting investor interests first and gaining what they believe to be the best outcome for shareholders.

Fuel Ventures is recognised as one of the most active VCs in UK technology and consistently raises significant capital each year to deploy into the portfolio companies.

It is our belief that the Fuel Ventures Follow-On Fund offers investors a diversified selection of companies, supported by an engaged and experienced team who are seeking to deliver outsized returns within the EIS space.

Their work has also been recognised multiple times for different tax advantaged products by the wider industry at the Growth Investor Awards and other industry bodies.

It is noted that Directors of TAL are existing investors in Fuel Ventures products on standard terms.

The cost of TAL's services is not paid directly by financial advisers or their clients but facilitated out of the overall product charges levied by the provider.

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EIS investments are high risk, long term and illiquid, with no readily available secondary market. They may not be suitable for all investors and cannot easily be realised before maturity. Tax relief depends on individual circumstances and may change in the future.

The value of an investment may fall as well as rise. Past performance should not be seen as an indication of future performance. Due to the potential for losses, the Financial Conduct Authority (FCA) considers these types of investments to be high risk. Any opinions expressed reflect our current judgment at the date of this document and are subject to change without notice.