

# FORESIGHT WAE TECHNOLOGY EIS FUND

INVESTOR GUIDE

FEBRUARY 2023

**Foresight**  
FOR A SMARTER FUTURE

**WAE**  
A Fortescue Company

# FORESIGHT WAE TECHNOLOGY SHARES

The Foresight WAE Technology EIS Fund ("FWT EIS") represents an attractive investment opportunity made possible by the collaboration between Foresight Group, a leading independent infrastructure and private equity investment manager which has been managing investment funds on behalf of institutions and retail clients for more than 38 years; and WAE, a technology and engineering services business, originally spun out of the Williams Formula 1 business.

The concept of the collaboration is that by working together, Foresight and WAE can deliver better results for investors than would be the case if either company were working individually.

The Offer provides investors with the opportunity to invest in a portfolio of early-stage companies with high growth potential, developing innovative and occasionally transformational technologies across a range of industry sectors.

We believe there are six key reasons why you might consider this an attractive investment opportunity.

## 01

### Engineering and Technology Adviser

Combining cutting edge technology and highly experienced engineers with the precision and speed derived from four decades of success in the ultra-competitive environment of Formula One, WAE provides technical innovation, engineering, testing, manufacturing and operational consultancy services across numerous industries. Subject to their agreement, investee companies can benefit from this experience as well as commercial introductions and promotional support.

## 02

### Foresight's Track Record

Established in 1984, Foresight is proud of its 38-year track record of investing into and growing small companies. Foresight now has over £8.7 billion (unaudited) of assets under management and a wide and varied investor base of private and institutional investors.

Foresight-managed Venture Capital Trusts and Enterprise Investment Schemes have over 24,000 shareholders with some £420 million invested.

## 03

### Foresight WAE Technology Reputation

Having now been in the market for over six years, the Foresight WAE Technology ("FWT") investment strategy has developed a strong reputation amongst the investment and corporate adviser community.

This, in combination with Foresight's widespread presence across the UK made possible by its network of six regional offices, means the FWT team enjoys visibility of high quality investment and co-investment opportunities. The FWT Funds have co-invested in opportunities with other established UK technology investors including IP Group, IQ Capital, Mercia, Oxford Sciences Enterprises and Parkwalk Advisors.

## 04

### Disruptive Technologies

The Fund will target businesses with potentially market-leading technologies that have made significant progress prior to Investment. This may be a mixture of defensive intellectual property ("IP"), promising market trials or initial uptake from customers, and a clear road map for how to move the technology and business towards commercialisation.

## 05

### EIS Qualifying Investments for Tax Relief

The Fund will invest in companies that are expected to qualify under the Enterprise Investment Scheme (EIS), one of a very small number of tax-efficient investment schemes officially sanctioned by HM Revenue and Customs. Subject to your personal circumstances and qualifying conditions being satisfied, Investments should qualify for a number of EIS tax reliefs including 30% income tax relief and capital gains tax deferral on amounts invested and capital gains tax exempt growth of Investments. Further details of the tax reliefs are available on pages 40 to 42 of the FWT EIS Information Memorandum. It is our intention that all of the monies invested will be into EIS-qualifying companies.

## 06

### Environmental, Social & Governance (ESG) Impact

The primary aim of the FWT Funds is to invest in deep technology businesses with potentially game-changing technologies. Innovation within the hardware and advanced engineering sector can often lead to significant Environmental, Social and Governance ("ESG") benefits. The FWT team strongly believes that these ESG benefits should be identified, monitored and celebrated. These companies are addressing large market opportunities which are forecast to grow as the World adapts to the energy, climate and social challenges it faces. It is because these opportunities are large and growing which makes companies solving these challenges attractive investments.

# INVESTMENT OPPORTUNITY AND STRATEGY

## Technology and engineering innovation at its core.

### Internal Expertise

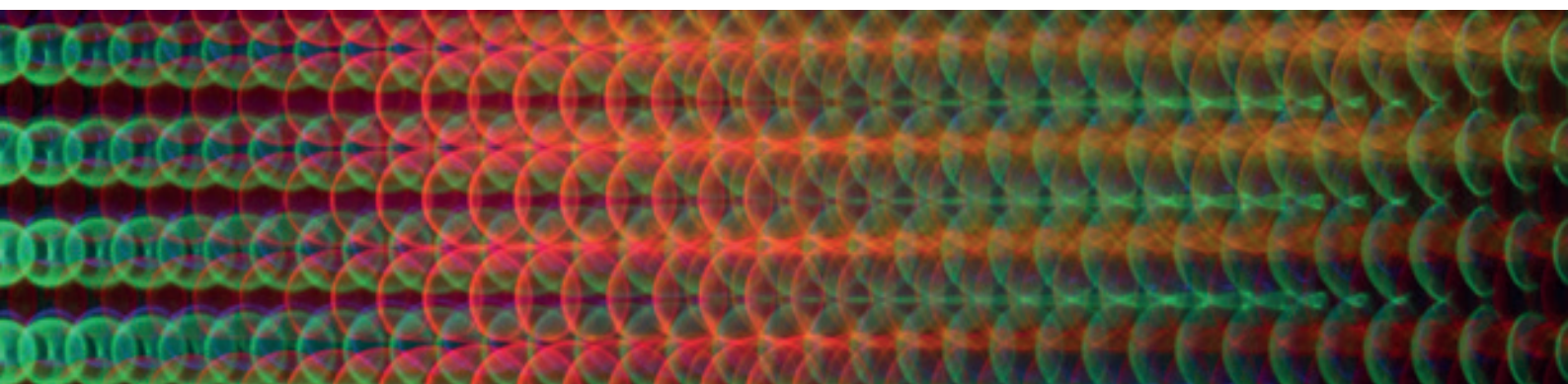
The sector agnostic (albeit deep-technology focused) investment strategy of the FWT EIS Fund focuses on early-stage companies with strong Intellectual Property (“IP”), operating in attractive, substantive markets where in the majority of cases, WAE’s technical, commercial and promotional added-value support offers an attractive proposition to Investee Companies. This means the FWT EIS Fund will invest in opportunities which other funds may overlook due to the apparent complexity of the technology or the market. It also means the FWT EIS Fund can avoid investing in opportunities where WAE’s unique insights identify potential technical, commercial, market or regulatory forces which are likely to prove challenging for the potential Investee Company to overcome.

### Industry Trends

The FWT EIS Fund’s underlying investment thesis is that there remain vast opportunities to improve the productivity, efficiency and environmental impact of nearly every industrial sector, from manufacturing through to energy via the intelligent application of automation and digitalisation. To facilitate this transition, there will be an increasing need for enabling technologies including industrial machine learning software, novel sensors, low-cost robotics and 3D printers. Some of the most exciting investment opportunities will come from companies that combine technologies, such as robotics, computer vision and machine learning, to deliver a solution that is greater than the sum of its parts. Another trend of particular interest is the application of cutting edge technologies from highly developed sectors into more traditional industries; for example, the application of augmented reality technology from the gaming sector into the industrial maintenance sector to enable remote collaboration.

### External Factors

The UK remains an excellent place to start, scale and sell a business, with broad pools of talent and an entrepreneurial culture. For example, the European Digital City Index report identified London as the best city in Europe to start up and scale a digital enterprise (source: [www.digitalcityindex.eu/](http://www.digitalcityindex.eu/)). This entrepreneurial ecosystem is not limited to London or the South East, with Glasgow, Edinburgh, Manchester, Birmingham, Bristol, Cardiff, Oxford and Cambridge all featuring in the top 60 European cities supporting digital entrepreneurship. This mirrors Foresight’s experience of the wider UK SME market and is the reason Foresight’s executives source deal flow from across the country through six regional offices and its London office. The UK’s decision to leave the EU, coupled with the economic challenges created by the COVID-19 pandemic has resulted in significant uncertainty in the UK economy, potentially limiting the availability of funding for early-stage, advanced technology companies. EIS’ are therefore potentially an appealing source of funding for entrepreneurs and help to fill this investment funding gap.



# INVESTMENT OPPORTUNITY AND STRATEGY CONTINUED














## Profile of Companies

The FWT EIS Fund is seeking to deploy capital into businesses that are both pre and post-revenue i.e. from technologies that have reached proof of concept up to technologies that, having proven commercial designs in test markets, are launched into their initial markets but have yet to reach full commercial deployment and scale. Crucially, the technology developed by the Investee Companies will be protected, usually in the form of IP such as patents, but also as know-how, computing code or trade secrets. This helps to protect the technology from being copied by a competitor giving the Investee Company a sustained competitive advantage and a strong opportunity to generate attractive commercial returns from its technology.

Furthermore, companies that have developed a defensible technology which has successfully proven market adoption are often attractive acquisition targets for strategic buyers or corporates. This is because strategic buyers and particularly corporates can struggle to replicate the same success with their resources quickly due to their larger size and corporate inertia, which leads to slow decision making and technical progress.

In addition to world-class technologies, the FWT EIS Fund is also seeking to invest in outstanding entrepreneurs who have both the technical, commercial and emotional skills to successfully bring their technology to market and scale rapidly. However, no one individual can grow a successful company single-handedly, so the FWT team will often work with the Investee Company to appoint a non-executive chair, senior management hires and independent advisors to help support the founding team on their growth journey.

## WAE Competencies

-  **Aerodynamics and thermodynamics**
-  **Battery systems and energy storage**
-  **Composites, materials and nanomaterials**
-  **Data analytics**
-  **Electric machines and drives**
-  **Electronics and control systems**
-  **Embedded software**
-  **IP Protection**
-  **Lightweight structures**
-  **Manufacturing Best Practice**
-  **Programme Management**
-  **Prototyping**
-  **Systems integration**



# INVESTMENT CRITERIA

FWT believes there are a number of elements that lead to a successful EIS investment and will focus on the following criteria when evaluating potential investment opportunities for the FWT EIS Fund:



#### **Innovative technology:**

The FWT EIS Fund will seek businesses that have developed market leading and/or innovative technology that has clear commercial advantages to the end customer.



#### **A roadmap to commercialisation:**

Investee Companies will have a clear path to commercialisation in less than 24 months from the point of initial investment.



#### **Market opportunity greater than £100 million:**

The opportunity should have a minimum global addressable market size of £100 million per year.



#### **WAE Value-Add:**

The focus will be on early-stage companies where WAE's technical, commercial or promotional added value support may offer a distinct advantage.



#### **High risk, high growth potential companies:**

Targeting businesses with the potential to deliver 10x multiples of our initial investment at exit.



#### **A strong and ambitious management team:**

The FWT EIS Fund will focus on working with and building experienced teams with a track record of success in the sectors and markets in which their companies operate.

These criteria are indicative only and the EIS will have the discretion to invest in companies which may not exhibit all of these characteristics.

## **Risk Factors**

Some of the key risks of investment are set out below. Please ensure you read the Risk Factors sections set out in the Prospectus in full.

- Investment in smaller, unquoted companies involves a high degree of risk
- Investors may not get back any or all of their investment
- Small, thinly capitalised companies in new markets are vulnerable to performance risk, counterparty credit risk, interest rate risk, market risk, supplier and customer concentration risk and other commercial risks which might impact their performance
- Past performance is not necessarily a guide to future performance and may not be repeated
- Investments in EIS', and those made by EIS' in unquoted companies, are generally illiquid and should be considered long term in nature
- No guarantee investments can be realised
- EIS relief is dependent on Investee Companies continuing to meet strict qualifying criteria
- Tax reliefs depend on personal circumstances and government policy, both of which are subject to change

Engineering represents the biggest single sector for UK exports and it is at the heart of Britain's international competitiveness, its R&D and innovation.

**The Institute for Engineering & Technology**  
Boosting Finance for Engineering and Technology

# INVESTMENT CRITERIA CONTINUED

















“The FWT EIS Fund brings together the outstanding technical capabilities of WAE and the commercial acumen and investment experience of Foresight. Over the past six years, we have continued to refine our investment hypothesis through 30 new investments and 14 follow-ons, building a strong co-investor network and credible reputation along the way. The FWT EIS Fund offers the opportunity to capitalise on this experience and to invest in some of the UK’s most exciting Deep Technology companies.”

**Andrew Bloxam**  
Director, Foresight Group

## The Benefits WAE bring to the FWT portfolio:

|                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                            |                                                                                                                                                                |                                                                                                                                                                                |
| <h3>CREDIBILITY</h3>                                                                                                                                                                                                                          | <h3>EXPERTISE</h3>                                                                                                                                                                                                                                | <h3>NETWORK</h3>                                                                                                                                                                                                                                                    |
| <ul style="list-style-type: none"> <li>• WAE confirmation of core technology</li> <li>• WAE confirmation of IP strategy and defensibility</li> <li>• WAE confirmation of product development, manufacturing and supply chain plans</li> </ul> | <ul style="list-style-type: none"> <li>• Dedicated WAE portfolio management team</li> <li>• Technical specialist feedback</li> <li>• Guidance from WAE’s business and leadership team</li> <li>• WAE consultancy of preferential roles</li> </ul> | <ul style="list-style-type: none"> <li>• Intros to WAE’s suppliers, customers and partners</li> <li>• Marketing via WAE’s news and social media</li> <li>• Access to WAE’s brand and journalist contracts</li> <li>• Introduction to co-investor network</li> </ul> |

## Our Specialisms

|                                                                                                                              |                                                                                                                              |                                                                                                              |                                                                                                                   |                                                                                                              |                                                                                                                          |                                                                                                                             |                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
|  <p>Product strategy &amp; investment</p> |  <p>Intellectual Property</p>             |  <p>Industrial Design</p> |  <p>Mechanical Engineering</p> |  <p>Data Analytics</p>    |  <p>Electronics</p>                  |  <p>Battery Technology</p>             |  <p>Prototype &amp; Test</p>          |
|  <p>Composites/Lightweighting</p>         |  <p>Street Testing &amp; CAE Analysis</p> |  <p>Aerodynamics</p>      |  <p>Thermodynamics</p>         |  <p>Supplier Sourcing</p> |  <p>Manufacturing &amp; Assembly</p> |  <p>Compliance &amp; Certification</p> |  <p>New Product Induction Process</p> |

# DETAILS OF THE OFFER

|                                       |                                                                                                                                   |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <b>Fund name</b>                      | Foresight WAE Technology EIS Fund                                                                                                 |
| <b>Fund structure</b>                 | Unapproved EIS Fund                                                                                                               |
| <b>Minimum investment</b>             | £10,000                                                                                                                           |
| <b>Sector focus</b>                   | Unquoted, often early stage companies, that are commercialising potentially disruptive hardware technology or industrial software |
| <b>Target expected portfolio size</b> | Minimum of six investee companies per investor <sup>1</sup>                                                                       |
| <b>Cohort closing dates</b>           | Last working day in March, June, September and December                                                                           |
| <b>Investment horizon</b>             | Target 18 months from each respective closing date                                                                                |
| <b>Fundraising timetable</b>          | Evergreen – the Fund is open for subscription on an ongoing quarterly basis <sup>2</sup>                                          |

1. Depending on the funds raised and the Investment opportunities secured.
2. The Fund may be closed for new subscriptions at any time.

## Fees and Charges

| Foresight product charges                                                                                   |                                                                                                     |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Initial Charge (no commission payable)                                                                      | 2.5%                                                                                                |
| Initial Charge (commission payable)                                                                         | 5.5%                                                                                                |
| Annual Management Charge                                                                                    | 2.0% of the Portfolio value + VAT                                                                   |
| Secretarial Charge                                                                                          | 0.3% of the value of the Portfolio + VAT (subject to an RPI-linked minimum of £60,000 in aggregate) |
| Adviser charges                                                                                             |                                                                                                     |
| Adviser Initial Charge                                                                                      | Variable                                                                                            |
| Ongoing Charges                                                                                             | Variable (0.5% p.a. optional)                                                                       |
| Performance incentive                                                                                       |                                                                                                     |
| Calculated against realised Investments on each Investor's portfolio shared 50:50 between Foresight and WAE | 20% of proceeds received in excess of an Investor's Subscription + VAT                              |

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FOR A SMARTER FUTURE

**WAE**  
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### What's Next

If you would like to discuss this investment opportunity with someone at Foresight Group please do not hesitate to contact us on **020 3667 8199** or [sales@foresightgroup.eu](mailto:sales@foresightgroup.eu)

### Important Information

This document has been approved by Foresight Group LLP ("Foresight") as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") on 08 February 2023. Foresight Group LLP is authorised and regulated by the Financial Conduct Authority, under firm reference number 198020. Foresight's registered office is at The Shard, 32 London Bridge Street, London, SE1 9SG.

This document is addressed and distributed by Foresight to Foresight WAE Technology EIS Fund ("the Fund") (i) existing investors in the Fund and (ii) financial advisers that are authorised and regulated by the Financial Conduct Authority. Investment in the Fund is only permitted through financial advisers. Financial advisers are required to explain to clients the risks of investing in the product and confirm the product is suitable for their clients. Financial advisers should only provide this document to potential investors if provided together with the Foresight WAE Technology EIS Information Memorandum ("IM"), highlighting the FCA Prescribed Risk Warning section at the beginning of that document. Key risks are explained in the Information Memorandum and should be carefully considered before submitting an application to invest. An investment in the Fund is NOT suitable for all Investors.

Foresight cannot provide legal, tax, financial or investment advice. Foresight has taken all reasonable care to ensure that all the facts stated in this document are true and accurate in all material respects. Assumptions, estimates and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice. Any forward-looking statements or projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved.

EIS tax reliefs are subject to change, investments may also rely on the company or investment opportunity in question meeting EIS qualifying criteria which are not guaranteed. Investments will be made in small unquoted companies, which carry a higher risk than many other forms of investment. The EIS investments are likely to be illiquid and difficult to realise. The value of shares and income from them may go down as well as up, and past performance is not a reliable indicator of future performance and may not be repeated. Your capital is at risk and you may lose all the money you invest.

If you are in any doubt about the content of this document and/or what action you should take, you should seek advice from an independent financial adviser authorised under FSMA who specialises in advising on opportunities of this type.