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**Template Information Letter**

**Puma Alpha EIS**

*The factual information set out below does not constitute a suitability letter or a personal recommendation by Puma Investment Management Limited (the “Manager” or “Puma Investments”) to you or your underlying clients and should not be treated as such. The information is provided to assist you in determining whether Puma Alpha EIS (the “Fund”, “Offer” or “Company”) is suitable for your clients. We have set out some of the key features of the Offer which should be read in conjunction with the Investment Details, the Investor Agreement, the Intermediary Agreement and the Key Information Document (KID) (which are available at* <https://www.pumainvestments.co.uk/advisors-puma-alpha-eis>*). You must ensure you are satisfied that any investment by you and/or your underlying clients into the Fund complies with the FCA’s rules and your own Compliance Department Guidelines. You should refer to the Investment Details as the basis for an investment in the Puma Alpha EIS. Please see the disclaimer at the end of this document.*

**What is an Enterprise Investment Scheme?**

The Enterprise Investment Scheme (“EIS”) is a Government scheme set up in 1994 to encourage investment into small companies. It provides a range of HMRC approved tax reliefs for investors who subscribe for qualifying shares in qualifying companies.

**What is Puma Alpha EIS?**

* The Puma Alpha EIS fund was launched in 2017.
* It seeks to support the growth of UK SMEs through backing exceptional management teams.
* It seeks to deliver appropriate risk-adjusted returns together with the full range of EIS tax reliefs on 100% of funds subscribed to the Fund (after deduction of financial adviser charges).

**More on the Investment Manager**

* Puma Investments and its wider organisation have managed 2 EISs and 14 VCTs to date.
* Puma Investments has raised over £380 million to date across its EIS and VCT offers.
* The Puma VCTs, Puma EIS and Puma Alpha EIS have invested more than £310 million in over 60 qualifying companies, with 38 full exits
* Puma Investments is part of the Shore Capital Group, an independent financial services group with a 35-year history and over £1.8bn of assets under management.

**What is the Fund’s investment policy?**

The Fund aims to give investors exposure to the earnings of quality operating businesses. The strength of the management team and business plan, the attractiveness of the sector,

sector support for growth (for example due to changes in the demographics, regulation, consumer habits or technology), other differentiating factors and the plan for exit will all contribute to assessing the quality of the respective opportunity.

By way of example, previous investments have been into businesses across sectors ranging from HR technology to software, fleet technology, retail, automotive, sports apparel and health engagement platforms.

The Fund intends to invest in businesses which have been pre-cleared by HMRC as meeting the requirements to be qualifying for EIS purposes. This process is known as Advanced Assurance. The Manager will work with specialist advisers to assist portfolio companies in obtaining Advance Assurance where they do not already have it.

When reviewing potential investments the team will focus on management quality, experience and track record, the strength of business, market positioning, growth potential, counterparty strength and other general factors that may support or threaten the proposed development of the business.

The Fund will seek to return capital to investors within four to seven years of subscription into the relevant portfolio company. Realisations are most likely to take place by way of a trade sale, sale to an investment fund, or by the portfolio company seeking to list its shares on a public market. The exact timing of exit will depend on commercial circumstances.

The Manager aims to give investors exposure to at least two different EIS qualifying companies in accordance with the following diversification policy (as may be updated from time to time):

1. No Investor shall hold more than 25% of the shares in any portfolio company;
2. No more than 50% of any Investor’s funds shall be allotted into any one portfolio company.

**Key features**

* **Investing in established businesses**

We look for established businesses that have a proven business model and substantial turnover

* **Sector diversification**

We are sector agnostic and clients are likely to be invested across several sectors

* **Minimum investment**

£25,000

* **Timeframes**

Deployment horizon target of 12 months (however this can take longer) and target EIS3 turnaround of 3 - 4 months post allotment

**The tax reliefs**

The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. Levels, bases of, and relief from taxation are subject to change. The specific reliefs offered by the Enterprise Investment Scheme may be withdrawn or significantly altered. Such change could be retrospective. Potential investors should consult their own tax advisers before making any investments.

Tax reliefs may be claimed once an investment has been made into an EIS qualifying company and the appropriate certificate obtained. Tax relief is given by reference to the date that an investment is made through the Fund into the share capital of an EIS qualifying company (that is, not the date that an application is accepted into the Puma Alpha EIS). An EIS qualifying company must be trading for at least four months before a certificate can be applied for.

After an investment has been made in an EIS qualifying company, and that company has been trading for a period of four months, an EIS 1 application will be made to HMRC by that company. On receipt of clearance from HMRC, the relevant company will receive an EIS3 certificate for each investor. These certificates can be used to claim income tax and capital gains deferral reliefs. Although the time taken by HMRC to grant authorisation cannot be controlled by the relevant company or Puma Investments, every effort will be made to expedite the process.

**Timescales**

As an evergreen fund Puma Alpha EIS is open to investors throughout the year. The Fund typically has four closings per year, usually at the end of each calendar quarter. Funds which have been received into Puma Alpha EIS by those closing dates will then be deemed as ready to invest. All investors who have sent funds to the custodian ready for that closing date will be treated as a single investor group, and it is intended that all investors in that group will gain exposure to the same portfolio companies in the same proportion.

The process of allotting shares in portfolio companies will take place throughout the year. When a suitable investment has been found, funds will be drawn on a “first come, first served” basis, with priority given to investor groups who have been in the Fund the longest. This helps ensure that investors’ funds are placed into portfolio companies with minimum delay. This priority is subject only to the Fund’s diversification policy.

**Fees**

* Initial Fee: 3% of amount application amount
* Annual Management Fee: 2% (+ VAT) p.a of amount subscribed. Two years of fees will be deducted from Investor's subscription (net of the manager's initial fee and any agreed adviser charges) and paid to the Manager. The remaining fees will be deducted from exit proceeds of portfolio companies prior to distribution.
* Exit performance: The Investment Manager is entitled to receive 20% of the upside value[[1]](#footnote-2) created (before the ongoing annual management fee has been collected on exit). The Manager may structure the performance fee in the form of shares of another instrument in the portfolio company subscribed for at the point of investment or during the investment period. In the event an investor does not receive a total return[[2]](#footnote-3) in excess of their amount invested in the equity capital of the portfolio companies making up the investor’s portfolio, the performance fee will not be payable.
* Please note that any follow-on investment in the Fund will be treated as a separate investment forming separate investor group.

**Risk warnings**

You can only invest in Puma Alpha EIS through a financial adviser who has assessed that a subscription is suitable for you. An investment in Puma Alpha EIS carries risk and you should read in full the Puma Alpha EIS Investment Details. Below are the key risks:

**General:** Past performance is no indication of future results and share prices and their values can go down as well as up. The forecasts in the document are not a reliable guide to future performance.

**Capital at risk**: An investment in Puma Alpha EIS can be viewed as high risk. Investors’ capital may be at risk and investors may get back less than their original investment.

**Tax reliefs:** Tax reliefs depend on individuals’ personal circumstances, minimum holding periods and may be subject to change.

**Liquidity:** It is unlikely there will be a liquid market in the shares of the EIS portfolio companies and it may prove difficult for investors to realise their investment immediately or in full.

**Disclaimer**

Investment in Puma Alpha EIS carries risk and prospective investors should review the section headed “risk factors” in the relevant Investment Details and Investor Agreement.

This document is directed at investment professionals only and is an exempt financial promotion not subject to section 21 of the Financial Services and Markets Act 2000. Persons who are not investment professionals should not rely on this document.

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1. Upside value is equal to the total return received by the investor in excess of the amount invested in the portfolio company’s share. [↑](#footnote-ref-2)
2. Total return is the total value received by the investor inclusive of, among other things, dividends and value received on the sale of equity or other similar exit event (before the AMC has been collected). [↑](#footnote-ref-3)