



Self-Select EIS

Investment Management
Agreement

Investment Management Agreement

The Investment Management Agreement (the “Agreement”) sets out the agreement between the Investment Manager and the Investor in relation to the discretionary investment management service to be carried out on the Investor’s behalf by the Investment Manager, which when aggregated with the Agreements entered into by other Investors and the Investment Manager constitute the Fund. Once a signed Application Form has been accepted by the Investment Manager, this Agreement will constitute a binding agreement between the Investment Manager and the Investor.

1. Definitions and Interpretation

- 1.1 In this Agreement, unless the context otherwise requires, the definitions set out in the Definitions section of this Application Pack shall apply to this Investment Management Agreement.
- 1.2 References to statutory provisions, regulations, notices or the FCA Rules shall include those provisions, regulations, notices or FCA Rules as amended, extended, consolidated, substituted or re-enacted from time to time.
- 1.3 References to the terms “include”, “including”, “in particular” and any similar phrases shall be construed without limitation to the preceding words.
- 1.4 References to persons include individuals, bodies’ corporate, unincorporated associations and Investors.
- 1.5 Words in the singular include the plural and vice versa.
- 1.6 Unless a term is otherwise defined in this Agreement, the terms defined in the FCA Rules and Information Memorandum shall bear the same meaning herein.
- 1.7 References to Clauses are to Clauses of this Agreement and headings are inserted for convenience only and shall not affect the construction of this Agreement.
- 1.8 References herein to a party are to any party or together the parties to this Agreement, as the context may require.
- 1.9 Unless the context otherwise requires and except as varied or otherwise specified in this Agreement, words and expressions contained in this Agreement shall bear the same meaning as in the FCA Rules.
- 1.10 The Schedules form part of this Agreement.

2. Investing In The Fund

- 2.1 This Agreement will come into force on the date that the Custodian accepts the Investor’s Application Form and monies are subscribed to the Fund, such acceptance being solely at the discretion of the Investment Manager.
- 2.2 This Agreement appoints the Investment Manager as a common discretionary investment fund manager to act on the Investor’s behalf to make Investments in what the Investment Manager reasonably believes to be Qualifying Companies selected by the Self Select Investor in the Application Form and approved by the Investment Manager, and to manage those Investments on behalf of the relevant Self Select Investor; and the Investment Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.
- 2.3 The Investment Manager is an authorised person for the purposes of the Act and as such is regulated by the FCA. The Investment Manager is a limited liability partnership registered in Northern Ireland under registered number NC000562 and with a registered address at 28 Deramore Park, Belfast BT9 5JU Northern Ireland. The FCA’s registered address is 12 Endeavour Square, London, E20 1JN.
- 2.4 This Agreement is supplied to the Investor in English and the Investment Manager will continue to communicate with the Investor in English for the duration of this Agreement.
- 2.5 Except as expressly provided in this Agreement, or as the Investment Manager may be otherwise authorised, the Investment Manager has no authority to act for or represent the Investor.

- 2.6** The Investor acknowledges that he/she will be categorised as a Retail Client by the Investment Manager for the purposes of the provision of the services under this Agreement though for the purposes of the FCA Rules the Fund as a whole will be the client of the Investment Manager and not the Investor.
- 2.7** The Investor confirms that he/she is not seeking advice from the Investment Manager on the merits of any investment into the Fund.
- 2.8** The Investment Manager and the Custodian may retain information about the Investor and the Investor's affairs in order to confirm the Investor's identity and financial standing (amongst other things the Investment Manager and the Custodian may make enquiries to a credit or mutual reference agency, which may retain a record of the enquiry). The Investor agrees that the Investment Manager and the Custodian may do this.
- 2.9** Anti-money laundering regulations aim to prevent criminal property being utilised or concealed as legitimate wealth. To meet the requirements of these regulations the Investor may have to produce satisfactory evidence of their identity before their Application Form can be accepted, and from time to time thereafter. This process of identification is to assist in the prevention of crime within the financial services industry. If the Investor does not provide the information when required, the Custodian and the Investment Manager may be unable to accept any instructions from them or provide them with any services.
- 3. Cancellation rights**
- 3.1** No cancellation or withdrawal rights apply to Subscriptions to Self-Select EIS, because the contract between the Investor and the Investment Manager falls within exemptions set out in the FCA's Conduct of Business Sourcebook 15 Annex 1. This does not affect the Investor's right to terminate the Agreement as per the terms of clause 15 below.
- 4. Subscriptions**
- 4.1** The Investor:
- 4.2** must make a Subscription to the Fund of not less than £25,000 (or such lesser sum as the Investment Manager may agree) at the same time as submitting his/ her Application Form to invest and may make further Subscriptions. The Investor may make a withdrawal from his/her Fund and terminate this Agreement subject to Clause 15 below.
- 4.3** Subscriptions received shall be deposited in a client account in accordance with the FCA client money rules pending their investment.
- 4.4** Where Subscription monies are invested in Qualifying Companies, any monies transferred to the Investee Companies are solely in consideration for an issue of shares in the Investee Companies and no debt will come into existence by virtue of any payment preceding the formal issue of shares.
- 4.5** If the applicable allocation for investment into a proposed Investee Company has already been utilised, or is rejected by the Investment Manager and/or it is not possible to complete the Subscription in part or in full in accordance with an Investor's instructions for any reason, the Investment Manager or the Investment Adviser, shall contact said Investor to discuss alternative options (which options shall include the full or part return of the relevant Subscription allocated to the relevant Investee Company).
- 5. Services**
- 5.1** The Investment Manager shall manage the Fund as from acceptance of each Application Form, on the terms set out in this Agreement.
- 5.2** The Investment Manager shall manage the Fund in pursuit of the Investment Objective and approach as set out in the Information Memorandum and subject to any Investment Restrictions. Subject to such Investment Objective, approach and any restrictions, the Investment Manager shall exercise all discretionary powers in relation to the selection of, or exercising rights relating to, Investors on the terms set out in this Agreement.
- 5.3** The Investor hereby authorises the Investment Manager (and grants to the Investment Manager a power of attorney) to act on its behalf and in the name of the Investor or its nominee to negotiate, agree, do, sign, execute and deliver all such acts, transactions, agreements and deeds as the Investment Manager may deem necessary or desirable for the purposes of making, managing and realising Investments and managing cash funds and any other investments on behalf of the Investor and this authority (and power of attorney) shall be irrevocable and shall survive, and shall not be affected by, the subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution of the Investor. This authority (and power of attorney) will terminate upon the complete withdrawal of the Investor from the Fund.

- 5.4** The Investment Objective, approach and restrictions described in the Information Memorandum shall not be deemed to have been breached as a result of:
- (a) changes in the price or value of certain Investments comprised in the Fund brought about through internal financial circumstances of the Investee Companies, market forces or movements in the market. In particular, the Investor acknowledges that the Investments are of a type that cannot easily be valued or realised and that the default period of holding Qualifying Shares will be at least three years for the Investor's protection since tax relief may be otherwise lost. The Investment Manager may however exercise its discretion to realise investments prior to this period with a consequent loss of tax reliefs; or
 - (b) the applicable allocation for investment into a proposed Investee Company not being available or not being approved by the Investment Manager, therefore making it impossible to complete all or part of a Subscription in accordance with an Investor's instructions. In particular, the Investor acknowledges that (x) each investment in an Investee Company is subject to the approval of the Investment Manager, (y) the proposed Investee Companies listed for self-select investment may have limited capacity for investment, which will be allocated on a first come first serve basis, and if it is not possible to satisfy in full an Investor's indicated allocation in respect of a particular Investee Company for any reason, the Investment Manager shall contact said Investor to discuss alternative options (which options shall include the full or part return of the relevant Subscription allocated to the relevant Investee Company).
- 5.5** The Investment Manager shall be responsible for negotiating and establishing all agreements or arrangements with any other third party in relation to the investment, management or custody of the assets of the Fund including, without limitation, agreements with Vala Capital in relation to the on-going support for the Investee Companies and in relation to the Custodian and any other prime broker or custodian in relation to the assets of the Fund, account opening documentation, and other annexes and all documents relating thereto.
- 5.6** The Investment Manager is authorised to give the Custodian or other third parties any instructions on behalf of the Investor which may be necessary or desirable for the proper performance of the Investment Manager's duties under this Agreement.
- 5.7** The Investment Manager shall, without prejudice to the generality of the foregoing, also provide the following Services:
- 5.7.1** the provision of written reports in accordance with the Clause 7;
 - 5.7.2** keeping or causing to be kept such books, records and statements as shall be necessary to give a complete record of all transactions which the Investment Manager carries out for the account of the Investor, which the Investor shall be entitled to inspect on giving one month's notice.
- 5.8** In performing its Services, the Investment Manager shall at all times have regard to:
- 5.8.1** the need for the Fund to attract EIS reliefs and any other tax advantages; and
 - 5.8.2** all Applicable Laws.
- 5.9** The Investment Manager reserves the right to return a surplus of cash if it concludes that it cannot be properly invested for the Investor and it considers this to be in the best interests of the Investor having regard to availability of EIS Relief for the Investor.
- 5.10** In the event of a gradual realisation of Investments prior to termination of the Fund under Clause 15, the cash proceeds of realised Investments may be placed on deposit or invested in government securities or in other investments of a similar risk profile. In carrying out its obligations hereunder, the Investment Manager will act in good faith, with due diligence and shall have regard to any other matter to which a prudent investment manager should reasonably have regard to with respect to the proper discharge of its duties.
- 5.11** Any tax reliefs are dependent on the Investor's personal circumstances as well as the actual underlying investments made by the Fund. In providing services to the Investor, the Investment Manager and the Custodian shall not be required to take into account taxation matters and neither shall provide tax advice. Therefore and in any event, the Investor should seek independent tax advice to determine and understand the suitability of investing in the Fund and any effect that this may have on the Investor's own position generally.

6. Terms applicable to dealing

- 6.1** The Investor should understand that the Fund will be invested in a number of unlisted securities for which, there is generally no relevant market or exchange, or consequent rules and customs and there will be varying practices for different securities. Transactions in relation to shares of such securities will be made on the best commercial terms which can be agreed.
- 6.2** The number of shares in an Investee Company held as an Investment allocated to the Investor shall be calculated with reference to the Investor's Subscription in that Investee Company, provided that Investors shall not have fractions of shares. The Investment Manager shall be permitted to depart from an Investor's instructions to round up or down to avoid fractions of shares.
- 6.3** Subject to both the FCA Rules and the Investment Manager's Fund management policy (at Schedule 1 of this Agreement) the Investment Manager will act in good faith and with due diligence in its choice and use of counterparties but, subject to this obligation, shall have no responsibility for the performance by any counterparty of its obligations in respect of transactions effected under this Agreement.
- 6.4** The Investment Manager may aggregate the Investors transactions with those of other customers and of its employees in accordance with the FCA Rules. It is likely that the effect of such an allocation will not work to the Investor's disadvantage; however, occasionally this may not be the case. The Investment Manager will allocate aggregated transactions promptly on a fair basis in accordance with the requirements of the FCA Rules.
- 6.5** Subject to both the FCA Rules and the Investment Manager's conflicts of interest policy (a summary of which is included at Schedule 2 of this Agreement) the Investment Manager may make use of dealing commission arrangements in respect of deals undertaken for the Fund as may be disclosed to the Investor from time to time.
- 6.6** As an FCA authorised firm, the Investment Manager is required to take all reasonable steps to obtain the best possible result on behalf of clients when placing orders for execution that result from decisions by the Investment Manager. Set out in Schedule 3 is the Investment Manager's summary of its policy in respect of this requirement (the "Execution Policy"). Where applicable, the Investment Manager's decisions will normally be executed by the Custodian in accordance with its Execution Policy.

7. Reports and information

- 7.2** The Investment Manager shall send the Investor a report relating to the Fund every six months, in compliance with the FCA rules.
- 7.3** The Investment Manager shall provide further information which is under its control as the Investor may reasonably require as soon as reasonably practicable after receipt of a request from the Investor for further information.
- 7.4** Reports will include a measure of performance in the later stages of the Fund once valuations are available. Any statements, reports or information provided by the Investment Manager will state the basis of any valuations.

8. Delegation

- 8.1** The Investment Manager may delegate, in whole or in part, any of its functions, powers, and duties under this Agreement (other than functions, powers and duties connected with the exercise of discretion in relation to any Investments) to any suitably authorised person and in connection therewith may provide information about the Fund to any such person, in which case it will act in good faith and with due diligence in the selection, use and monitoring of any such person but otherwise shall have no liability in respect of such persons.
- 8.2** The Investment Manager may also employ agents to perform, or advise in relation to the performance by it or, any of the Services required to be performed or provided by it under this Agreement. The Investment Manager shall act in good faith and with reasonable skill and care in the selection, use and monitoring of any agent appointed under this Clause 8 but otherwise shall have no liability in respect of its agents.
- 8.3** The Investment Manager may from time to time change or amend the terms of the relationship with the Custodian, including the replacement thereof and negotiate such terms on an arm's length basis in good faith.

9. Assignment

- 9.1** The Investment Manager may assign this Agreement to any appropriately authorised and regulated person, such assignment being effective upon written notice to the Investor.
- 9.2** This Agreement is personal to the Investor and the Investor may not assign it or transfer it.

10. Obligations of the investor

- 10.1** The Investor's Fund which is established by this Agreement is set up on the basis of the declaration made by the Investor in their Application Form which includes accepting the following obligations:
- 10.1.1.** the fact as to whether or not the Investor wishes to seek EIS Reliefs for the Investments;
 - 10.1.2.** the Investor agrees to inform the Investment Manager if, within three years of the date of shares being issued, the Investor becomes connected with, or receives value from an Investee Company which is an Investment;
 - 10.1.3.** the Investor agrees to inform the Investment Manager if the Investor is or becomes connected with any of the Investee Companies of the Fund or makes an Investment pursuant to sections 166, 167, 170 and 171 of the ITA 2007;
 - 10.1.4.** the Investor confirms to the Custodian and the Investment Manager that the information stated in the Application Form is true and accurate as at the date of this Agreement; and
 - 10.1.5.** if requested, the Investor will provide their tax district, tax reference number and National Insurance number to the Custodian.
- 10.2** The Investor must immediately inform the Investment Manager in writing of any change of tax status, other material change in circumstance and any change in the information provided in the Application Form to which Clause 10.1 above refers.
- 10.3** The Investor will provide to the Custodian or the Investment Manager with all relevant information in regard to the Foreign Account Tax Compliance Act ("FATCA") and the Common Reporting Standard ("CRS") and similar as required.
- 10.4** The Investor hereby warrants and represents that:
- 10.4.1** they are a person of 18 years or older;
 - 10.4.2** they have read and understood Information Memorandum and the Key Information Document (KID) and understand the risks involved; and
 - 10.4.3** the information provided in the Investor's application (and all other) respects is true and accurate as at the date of this Agreement.

11. Management and custodian obligations

- 11.1** The Investment Manager shall dedicate such time and attention and have all necessary competent personnel and equipment as may be required to enable it to provide the Services properly and efficiently, and in compliance with the FCA Rules.
- 11.2** The Investment Manager shall appoint the Custodian as agent for the Investor to act as custodian of the cash and other assets of the Fund.
- 11.3** The Custodian shall not be liable to the Investment Manager or to any Investor for any act or omission in the course or in connection with the proper provision of the Services rendered by it in connection with the Fund or for any loss or damage which the Investment Manager or Investor may sustain or suffer as a result or in the course of the proper discharge by the Custodian or any delegate of its duties in connection with the Fund, in the absence of fraud, negligence, wilful default or breach of contract directly relating to such cost, expense or liability on the part of the Custodian or any delegate.
- 11.4** Except as disclosed in any memorandum issued in relation to the Fund and as otherwise provided in this Agreement (for example on early termination or early realisation in the event that, for example, the Investee Company is the subject of a trade sale), the Investment Manager shall take reasonable steps to not take any action which shall prejudice the tax position of the Investor insofar as it is aware of the relevant circumstances, and in particular which may prejudice obtaining the EIS Reliefs for the Fund Investments.
- 11.5** The Investors or the Investment Manager shall pay or reimburse the Custodian from time to time on demand for any transfer taxes payable upon transfers, exchanges or deliveries of securities made under the custodian agreement in accordance with the Information Memorandum.
- 11.6** The Investor indemnifies the Custodian from and against any and all direct liabilities, obligations, losses, damages, penalties, actions against the Custodian, judgements, suits against the Custodian, proper costs and expenses or disbursements (other than those resulting from fraud, negligence, wilful default or breach of contract on the part of the Custodian) which may be imposed or incurred by or asserted against the Custodian in properly performing its obligations or duties to each Fund under the custodian agreement.
- 11.7** The Custodian will not co-mingle securities or other assets of the Investors with its own.

11.8 The Custodian will hold cash subscribed by the Investor in accordance with the Client Money Rules contained in CASS 7 of the FCA Rules. Such cash balance will be deposited with an authorised credit institution in a bank account (or accounts) opened and maintained in the name of the Custodian. The Custodian at the direction of the Investment Manager may debit or credit the said account for all sums payable by or to the Investor (including dividends receivable in cash and fees and other amounts payable by the Investor). Any interest payable on credit balances in the said account will be retained by the Custodian.

11.9 The Investor acknowledges that their investments will be registered in the name of the Nominee but that the investments will be held on trust by the Nominee and the Investor will remain the beneficial owner of the investments.

11.10 The Investor is aware that the Custodian's Terms and Conditions are available on request from the Investment Manager or from info@woodsidesecretaries.co.uk.

11.11 By signing an application form, the Investor confirms that they have read and understood the terms and accepts the terms and conditions of the Custodian.

12. Voting

The Investment Manager shall have discretion to instruct the Nominee to exercise the voting and other rights attaching to the Investments made by the Fund.

13. Fees and expenses

13.1 The Investment Manager shall receive fees for its Services, and reimbursements of its costs and expenses as set out in Schedule 4. To the extent that any amounts due are not paid for whatever reason by the relevant Investee Company, the Investment Manager reserves the right to instruct the Custodian to deduct such fees from an Investor's Subscription awaiting investment and/or from any disposal or dividend proceeds arising from his/her Investments save that an Investor shall never be liable for more than his proportionate share of such fees by reference to the other Investors in the Fund who have had Investments made on their behalf in the same Investee Company.

13.2 The Investment Adviser shall reserve the right to invoice the Investee Companies for reasonable market-rate costs incurred in relation to completing and supporting the Investee Companies, including directors' fees, legal costs, and the cost of mentoring services.

14. Liability

14.1 The Investment Manager shall not be liable in respect of any act or omission of any person, firm or company through whom transactions in Investments are effected for the account of the Investor (including the Custodian) or any other third party having custody or possession of the assets of the Investor from time to time, or of any clearance or settlement system.

14.2 The Investment Manager shall not be liable for any loss to the Investor arising from any investment decision made in accordance with the Investment Objective and the Investment Restrictions or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Investment Manager or any of its employees.

14.3 The Investment Manager gives no representations or warranty as to the performance of the Fund. Investments in Investee Companies are high risk Investments, being Non Readily Realisable Investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. Investors should consider the suitability of investment in Investments carefully and note the risk warnings set out in the Information Memorandum.

14.4 The Investment Manager will not be responsible for any loss of opportunity whereby the value of the Investor's investments could have been increased or for any decline in the value of the Investor's Investment howsoever arising, except to the extent that such loss or decline is due to the Investment Manager's negligence, wilful default or fraud or that of any of its directors or employees.

14.5 The Custodian shall not be liable in the event of the insolvency of any bank with which any funds of the Custodian have been deposited, nor in the event of any restriction on the ability of the Custodian to withdraw funds from such bank for reasons which are beyond its reasonable control.

14.6 If the Custodian should fail to deliver any necessary documents or to account for any Investments, the Investment Manager will take all reasonable steps on the Investor's behalf to recover such documents or Investments or any sums due or compensation in lieu thereof but subject thereto to the Investment Manager's general duty of good faith, shall not be liable for such failure.

- 14.7** The Investment Manager may be separately engaged by some of the unquoted companies that the Fund will invest in to assist those companies to raise finance. The Investment Manager will receive a fee from each such unquoted company for its services.
- 14.8** The Investment Manager will not be liable for any loss arising from errors of fact or judgement or any action taken (or omitted to be taken) by it howsoever arising except to the extent that any such error or action (or the omission thereof) is due to the Investment Manager's negligence, wilful default or fraud or that of any of its directors or employees.
- 14.9** The Investment Manager shall be entitled to rely absolutely upon and shall not incur any liability (save for any liability resulting from the negligence, wilful default or fraud of the Investment Manager) in respect of any action taken or thing suffered in good faith in reliance upon any paper or document believed to be genuine and to have been signed and sealed by the proper parties or be in any way liable for any forged or unauthorised signature or seal affixed to any document and in discharging its duties hereunder the Investment Manager may, in the absence of manifest error, rely without enquiry upon all information supplied to it by the Investor, the Custodian, the Investment Adviser or any of their respective directors, officers, employees or agents. The Investment Manager may accept as sufficient evidence of any instructions, notice or other communication given to it by the Investor, the Custodian, Vala Capital or any of their respective directors, officers, employees or agents any document or paper signed or purporting to be signed on behalf of the Investor, the Custodian or Vala Capital or any of their respective directors, officers, employees or agents by such person or persons whose signature the Investment Manager is for the time being authorised to accept.
- 14.10** The Investor shall indemnify and keep indemnified the Investment Manager and the directors, officers, employees and agents of the Investment Manager from and against any and all liabilities, obligations, losses, damages, suits and expenses (including legal expenses) which may be incurred by or asserted against the Investment Manager in its capacity as Investment Manager of the Fund other than those resulting from the negligence, wilful default or fraud on its or their part and other than expenses incurred by the Investment Manager for which it is responsible hereunder.
- 14.11** In the event of any failure, interruption or delay in the performance of the Investment Manager's obligations resulting from acts, events or circumstances not reasonably within the Investment Manager's control (including, but not limited to: acts or regulations of any governmental or supranational bodies or authorities; breakdown, failure or malfunction of any telecommunications or computer service or services; and acts of war, global pandemics such as Covid-19, terrorism or civil unrest) the Investment Manager shall not be liable to the Investor for consequential loss in the value of, or failure to perform investment transactions or the account of, the Fund.
- 14.12** Nothing in this Agreement shall exclude or restrict any duty or liability to the Investor which the Investment Manager may have under the FCA Rules.
- 15. Termination**
- 15.1** The Investment Manager shall notify the Investor of the date on which the Fund will terminate. For the avoidance of doubt, this date will be determined by the Investment Manager. On termination of the Fund, all the shares in the Investor's Fund shall be transferred into the Investor's name or as the Investor shall otherwise direct.
- 15.2** The Investor is entitled to withdraw his Investments to the extent those Investments comprise:
- 15.2.1** Relevant Shares which are admitted to official listing in the UK or in an EEA state or to dealings on a recognised investment exchange, at any time after the fifth anniversary of the date the Relevant Shares were issued;
- 15.2.2** other Relevant Shares, at any time after the seventh anniversary of the date of the Relevant Shares were issued;
- 15.2.3** shares other than Relevant Shares, at any time after the end of the period of six months beginning with the date those Relevant Shares ceased to be Relevant Shares (and the Investor will be notified in writing as soon as reasonably practicable after any shares comprised the Investor's Investment cease to be Relevant Shares); and cash, at any time.

- 15.2.4** The Investment Manager will have a lien on all assets being withdrawn or distributed by the Investor and shall be entitled to dispose of some or all of the same and apply the proceeds in discharging any liability of the Investor to the Investment Manager in respect of damages or accrued but unpaid fees. The balance of any sale proceeds and control of any remaining investments will then be passed to the Investor. This Agreement shall terminate upon the completion of the withdrawal from the Fund of all Shares and cash which the Investor is entitled to receive under this Clause 15.2.
- 15.3** If the Investment Manager does not give the Investor at least three months' written notice of its intention to end its role as Investment Manager under this Agreement or the Investment Manager becomes insolvent or the Investment Manager ceases to be suitably authorised by the FCA, the Investment Manager shall endeavour to make arrangements to transfer the Fund to another fund manager in which case that manager will assume the role of the Investment Manager under this Agreement, failing which the Agreement will terminate immediately and, subject to Clause 16, the Investments in the Investor's Fund will be transferred into the Investor's name or as the Investor may otherwise direct.
- 15.4** You, as the Investor, hereby also agree that the proportion of the Performance Fee owing to Sapphire Capital Partners LLP (being 20% of the 20% Performance Fee (plus VAT if applicable), as noted in the Information Memorandum on page 23 'Investment Summary') will survive the termination of Sapphire Capital Partners LLP as the Investment Manager.
- 16. Consequences of termination**
- 16.1** Pursuant to Clause 15 the Investment Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.
- 16.2** Termination of this Agreement will not affect any right intended to survive termination and will be without penalty or other additional payments save that the Investor will pay fees, expenses and costs properly incurred by the Investment Manager and the Custodian up to and including the date of termination and payable under the terms of this Agreement.
- 16.3** On termination, the Investment Manager may retain and/or realise Investments as may be required to settle transactions already instigated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under Clause 13 of this Agreement.
- 17. Risk warnings and further disclosures**
- 17.1** The Investor's attention is drawn to the risk factors set out in the Information Memorandum.
- 17.2** The Investment Manager will not borrow money on behalf of the Investor, nor lend securities or enter into stock lending or similar transactions. For clarity, the Investee Companies may borrow money or enter into similar transactions.
- 17.3** The Investment Manager cannot require Investors to add further monies to the Fund following the Subscription.
- 18. Conflicts of interest**
- 18.1** The Services of the Investment Manager hereunder are not to be deemed exclusive. The Investor acknowledges that the Investment Manager and its members, officers, employees or persons connected with the Investment Manager will from time to time act as director, investment manager, manager, investment adviser or dealer in relation to, or be otherwise involved in, investments and investment funds. Members, officers, employees or persons connected with the Investment Manager may personally make Subscriptions to the Fund. In respect of such positions, the Investment Manager may have similar or different objectives to that of the Investor. It is therefore possible that any of them may, in the course of business, have potential conflicts of interest with the Investor. The Investment Manager will, at all times, have regard in such event to its obligations to the Investor and will endeavour to ensure that such conflicts are resolved fairly.
- 18.2** For the avoidance of doubt, under the circumstances set out in Clause 18.1, the Investment Manager shall not be required to account for any profits earned in connection therewith.
- 18.3** In accordance with the FCA Rules, the Investment Manager has in place a policy to manage conflicts of interest (the "Conflicts Policy") which sets out how it identifies and manages conflicts of interest. A summary of this policy is set out at Schedule 2.

19. Complaints

The Investment Manager has in operation a written procedure in accordance with the FCA Rules for the effective consideration and proper handling of complaints from customers. Details of this procedure are available from the Investment Manager on request. Should the Investor have a complaint, they should contact the Investment Manager. If the Investment Manager is unable to resolve the complaint to the Investor's satisfaction, the Investor may be entitled to refer the complaint to the Financial Ombudsman authority.

20. Compensation

20.1 Claims against the Investment Manager may be covered by the Financial Services Compensation Scheme (FSCS).

20.2 Further information about the circumstances in which the FSCS cover is available can be found on the FSCS website at www.fscs.org.uk.

21. Applicable laws

All transactions in Investments shall be subject to any applicable law, rules or regulations. If there is any conflict between this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail.

22. Confidentiality

22.1 The Investment Manager is not obliged to disclose to the Investor or, in making any decision or taking any step in connection with the investment management of the Fund, to take into consideration information either:

22.1.1 the disclosure of which by it to the Investor would or might be a breach of duty or confidence to any other person; or

22.1.2 which came to the notice of an employee, officer or agent of the Investment Manager, but does not come to the actual notice of the individual making the decision or taking the step in question.

22.2 The Investment Manager and the Investor shall at all times respect and protect the confidentiality of information acquired in consequence of this Agreement except pursuant to any right or obligation to or by which the Investment Manager or the Investor may be entitled or bound to disclose information under compulsion of law or pursuant to the requirements of competent regulatory authorities including, without limitation, the FCA.

22.3 Nothing in this Clause 22 shall prevent:

22.3.1 the disclosure of information by any party to its auditors, legal or other professional advisers in the proper performance of their duties;

22.3.2 the disclosure by any party of information which has come into the public domain other than through its fault or the fault of any person to whom the information has been disclosed; or

22.3.3 the disclosure of information that is authorised to be disclosed by the other party.

22.4 The Parties shall use all reasonable endeavours to prevent any breach of confidentiality under Clause 22.

23. Notices, instructions and communications

23.1 Notices of instructions to the Investment Manager should be in writing and signed by the Investor, except as otherwise specifically indicated.

23.2 The Investment Manager may rely and act on any communication or instruction which purports to have been given by persons authorised to give instructions by the Investor under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated. Communications shall be sent to the Investor (whether postal or electronic) to the last address notified to the Investment Manager and shall be deemed received by the Investor on the second day after posting or on the day after dispatch in the case of electronic communication.

23.3 Communications by the Investor shall be made in writing in English to the Investment Manager, addressed to "Sapphire Capital Partners LLP," and shall be sent to:

23.3.1 address:
28 Deramore Park,
Malone,
Belfast BT9 5JU;

23.3.2 e-mail:
boyd@sapphirecapitalpartners.co.uk; and

23.3.3 marked for the attention of Boyd Carson.

23.4 Communications sent by the Investor will be deemed received only if actually received by the Investment Manager. The Investment Manager will not be liable for any delay or failure of delivery of any communication sent to the Investor.

24. Amendments

24.1 The Investment Manager may amend the terms of this Agreement by giving the Investor not less than ten Business Days' written notice where such change reflects changes to market practice, administrative processes, computer systems or any other matters associated with managing the Fund.

24.2 The Investment Manager may also amend the terms of this Agreement with immediate effect by giving written notice if such an amendment is required in order to comply with HMRC requirements in order to maintain EIS Reliefs or in order to comply with the FCA Rules.

25. Data protection

25.1 All data which the Investor provides to the Investment Manager shall be processed by the Investment Manager in accordance with the Investment Manager's policy (www.sapphirecapitalpartners.co.uk/privacy-policy) and the prevailing data protection and privacy laws is held by the Investment Manager subject to the Data Protection Act 2018.

25.2 The Investor agrees that the Investment Manager and the Custodian may pass personal data:

25.2.1 to each other and to other parties insofar as is necessary in order for them to provide their Services as set out in this Agreement;

25.2.2 to the FCA and any regulatory authority which regulates them;

25.2.3 to Vala Capital or Investee Companies; and

25.2.4 in accordance with all other Applicable Laws.

26. Entire agreement

This Agreement, together with the Application Form constitutes the entire agreement between the parties relating to its subject matter and supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to such subject matter.

27. Severability

If any term of this Agreement shall be held to be illegal, void, invalid or unenforceable to any extent, such term, shall not affect the legality, validity and enforceability of the remainder of this Agreement.

28. Contracts (rights of third parties) act 1999

No person who is not a party to this Agreement shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

29. Governing law and jurisdiction

29.1 This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation is governed by and shall be construed exclusively in accordance with English law.

29.2 In relation to any legal action or proceedings (whether in contract or in tort) arising out of or in connection with this Agreement, each of the parties irrevocably submits to the exclusive jurisdiction of the English courts.

Schedule 1:

Fund management policy

1. The Investment Manager shall authorise investment in Qualifying Companies in line with the Investment Objective and Investment Restrictions of the Fund,
2. The Investment Manager understands that new shares in Investee Companies should be held for no less than the EIS Three Year Period to obtain the benefits of EIS.
3. The Investment Manager may consider exiting an investment before the expiration of the EIS Three Year Period if the growth of an investment has outperformed the market and covers any loss of tax benefit. The Investment Manager may also exit an investment if an Investee Company is the subject of a trade sale.
4. After the expiration of the EIS Three Year Period, the Investment Manager will review opportunities for exiting an investment as they arise.

Schedule 2:

Policies to govern conflicts of interest

As required by the FCA rules the Investment Manager has a policy to identify, prevent or manage effectively any conflicts of interest that may occur from its business. The Investment Manager considers:

- The conflicts that may arise between its own interests or those of persons linked to it such as employees and those of clients.
- Between different clients such as different funds it manages. This consideration extends to reviewing potential gains and incentives. A log of what types of conflicts may arise is kept and actively monitored.

The Investment Manager revises the policy on an at least annual basis, and additionally undertakes ongoing monitoring of compliance with the policy.

Schedule 3:

Execution policy

1. When executing orders on behalf of Investors, the Investment Manager is required to take all sufficient steps to obtain the best possible outcome. It is a requirement of the FCA that certain execution factors are taken into account including: price; costs; speed; likelihood of execution and settlement; size and nature of the order or any other consideration relevant to the execution of the order. The Investment Manager may give speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the Investor.
2. The Investment Manager will use its commercial judgement and experience to determine the relative importance of the execution factors. In making such a determination the Investment Manager will consider the market information available and also take into account the execution criteria. The Investment Manager must take into account the following execution criteria for determining the relative importance of the execution factors: the characteristics of the client; the characteristics of the order; the characteristics of financial instruments that are the subject of that order and the characteristics of the execution venues to which that order can be directed.
3. The range of activities presently undertaken by the Investment Manager does not include placing orders with brokers or dealers. If the Investment Manager places orders with brokers or dealers for execution the Investment Manager will satisfy itself that the broker or dealer has arrangements set up to enable the Investment Manager to act in accordance with its best execution obligations to its clients. Specific arrangements will be set up in order that brokers will confirm that they will treat the Investment Manager as a Professional Client and will therefore be required to provide best execution.

Schedule 4 - Fees:

Fee type	Charged to	Amount	How it works
Initial fee	Investee companies	Up to 5% of the amount invested into the company + VAT	<p>When buying shares in a portfolio company, the Investment Manager (Sapphire Capital) may charge the company a fee of up to 5% of the amount invested. The amount charged is at the discretion of the Investment Manager.</p> <p>Because this initial fee is charged to portfolio companies, it does not reduce the amount of the Investor's subscription that can be invested into shares.</p>
Annual management charge (AMC)	Investor	1.5% + VAT	<p>For the first three years after an Investor's Subscription is received, the Fund's AMC is calculated as 1.5% of the net Subscription amount. The net Subscription is the amount left after the deduction of any fee charged by the Investor's Independent Financial Adviser.</p> <p>A cash balance equal to 3.6% of the gross Subscription will be retained (i.e. set aside and not invested into shares, therefore also reducing the value of tax reliefs) on the Investor's account at the Fund's Custodian. This amount is to cover the cost of the AMC plus VAT at 20%, for the first two years. Sapphire Capital Partners LLP will draw down the AMC annually in advance over that period.</p> <p>In the fourth and fifth years, the AMC will be calculated as 1.5% of the lower of the acquisition cost or net value of the shares remaining in the Investor's portfolio. The fees in respect of years 3, 4 and 5 will accrue on the Investor's account, until such time as cash is returned from the sale of shares, at which point the amount accrued will be collected by Sapphire Capital Partners LLP. No AMC is charged after the fifth year.</p> <p>Annual Management Fees can be adjusted at the absolute discretion of the Investment Manager.</p>
Performance fee	Investor	20% of returns above 110% (on a company-by-company basis)	<p>In respect of each Investee Company, Vala Capital and the Investment Manager will earn a shared performance fee, equal to 20% of any return to the Investor from an investment in an Investee Company through Self-Select EIS that is in excess of 110% of the amount invested by the Investor into that Investee Company.</p> <p>In other words, before any performance fee becomes due in relation to an investment in an Investee Company, the Investor must have received cash payments equal to 110% of the acquisition cost of their shares in that Investee Company from the applicable investment through Self-Select EIS.</p> <p>80% of the performance fee will be paid to Vala Capital, 20% to the Investment Manager. VAT may be charged on the performance fee, if applicable.</p>



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