HARDMAN&CO.
TAX ENHANCED

# BETTER VENTURES EIS

## Sapphire Capital Partners/Vala Capital

| | Positives | Issues |
|---|---|---|
| Why invest | ▶ **Strategy:** A generalist that will focus on areas in which the investment team has particular expertise. | ▶ **Track record:** Given Vala's short history, the track record, so far, is limited, with no exits. |
| The investment manager | ▶ **Team:** The Investment Committee has a broad range of entrepreneurial experience and a successful track record, prior to Vala, of building and exiting companies. | ▶ **Key man risk:** Jasper Smith is the key person for Vala, although that risk is being reduced as the team grows. |

### Nuts & bolts

- **Duration:** The fund is evergreen, with two closings per year, and investors receive a proportionate share of the next tranche of investments.
- **Diversification:** The manager aims to provide eight to twelve investments for each investor, with no more than 20% in one company.
- **Valuation:** This is a mixture of last transaction and internal valuation.

### Fees

- **Fees:** The fee structure is straightforward, with an initial fee charged to investee companies, plus an annual fee and the performance fee charged to investors, with the aim of focusing Vala on exits.
- **Performance fee:** This is charged at 20% on aggregate returns over 110% of subscription.

### Risks

- **Target returns:** The target return of 2.5x capital after fees after seven years suggests a medium- to high-risk investment strategy.
- **Companies:** The fund supplies risk capital to early-stage companies, with a mix of pre- and post-revenue investments. There will be a spread of company returns, as the successful ones will do very well, but those who fail may do so completely.

| | Adviser information | Contact details |
|---|---|---|
| | | |

### Analyst

***Brian Moretta***

*+44 20 3693 7075*

*bm@hardmanandco.com*

- ***Scheme assets:*** *£9.3m*
- ***Scheme target:*** *£5m p.a.*
- ***EIS assets:*** *£10.7m*
- ***Total FUM:*** *£10.7m*
- ***Launch date:*** *2018*

***Vala owners:***
*Jasper Smith, James Faulkner*

***Contact:***
*John Oliver*
*+44 (0)7970 156 974*
*john@valacap.com*

# Table of contents

# Factsheet

| Better Ventures EIS | |
|---|---|
| Product name | Better Ventures EIS |
| Investment manager | Sapphire Capital Partners |
| Investment Adviser | Vala Capital |
| Tax eligibility | EIS |
| Target return | 2.5x after fees after seven years |
| Target income | None |
| Type of product | Discretionary portfolio service |
| Term | Evergreen |
| Sectors | Generalist |
| **Diversification:** | |
| Number of companies | 8-12 |
| (Expected) Gini coefficient | 0.08-0.12 |

| Fees | Amount | Paid by |
|---|---|---|
| **Initial fees:** | | |
| Initial fee | 5.0% (excl. VAT) | Investee company |
| **Annual fees:** | | |
| Ongoing fee | 1.5% (+VAT) | Investor – see *Fees* section |
| **Exit fees:** | | |
| Performance fee | 20% | Investor – aggregate proceeds over 110% of subscription |

| | |
|---|---|
| Advisor fee facilitation | Yes |
| Advisor fee amounts | As agreed with investor |
| HMRC Approved | No |
| Advance Assurance | Yes, for each investment |
| Reporting | Six-monthly with investor portal access |
| Minimum investment | £20,000 |
| Current funds raised | £9.3m |
| Fundraising target | £1m per close |
| Closing date(s) | Aim for two per year |
| Expected exit method | Mostly trade sale |

*Source: Vala Capital, Hardman & Co Research*

# Fund aims

The Better Ventures EIS is a discretionary portfolio service, which will provide a portfolio of investments across a range of sectors. The target is to return 2.5x capital after fees after seven years. Returns will be focused on capital gains, and investors are unlikely to receive any dividends. The fund is evergreen.

We note that there are two parties involved in the management of the fund:

- Vala Capital, the Investment Adviser; and
- Sapphire Capital Partners, the Fund Manager.

# Summary of risk areas

***Note:*** *There are generic risks from investing in EIS or unquoted companies, in addition to the specific ones commented on below. Comments on relative risk refer to other EIS investments and not to wider investments.*

## Investments

### *Portfolio risk*

Each investment will be providing risk capital to an unquoted early-stage company. Vala Capital aims to have eight to twelve companies in each tranche, with new investments typically getting smaller weights than those receiving follow-ons. Some sector diversification should be expected, although stock-specific risk should dominate market or sector risk.

The target of 2.5x capital over seven years suggests medium to high risk, and seems appropriate for the strategy.

### *Sourcing and external oversight*

Historically, Vala Capital has made investments into between seven and nine companies in each tranche, the majority of which are follow-ons to pre-existing investments. It appears to have a very good network, and the target of eight to twelve investments per tranche looks achievable. Of the four Investment Committee members, three are external to Vala. While they may be involved in sourcing too, decisions have to be unanimous.

### *Ongoing support and monitoring*

Support for investee companies comes through a combination of a member of the team being appointed to the board and support from the Vala network. This is tailored to individual companies' needs and requirements. Vala aims to develop a cluster investing strategy, which should help bring peer support too.

### *Exits*

With a short track record, Vala's expectations for exits are in line with industry norms, and trade sales are expected to dominate. The investment process includes the development of an exit map, with a plan to make appropriate contacts post-investment, but ahead of the company being ready to exit.

## Manager

### *Team*

The internal investment team is small, at two people, with the key supplement being the three very experienced, and successful, Investment Partners. This, together with the other staffing, seems more than adequate for the current scale of operations. We note that Vala has grown its staff ahead of requirements and plans for further additions.

### *Track record*

Since Vala began investing in early 2018, it has made 55 investments into 17 companies, with a total of £8.2m invested. Given that it is just over three years since the first of these investments, it is no surprise that Vala has not had any exits yet, and there have been limited valuation changes to date. Investment Committee members Jasper Smith and Arthur Hughes have a substantial track record, prior to Vala, of founding companies and achieving good returns on exits.

## Regulation

### *Product*

Advance Assurance is sought for each investment.

### *Manager*

The manager of the fund is Sapphire Capital Partners Limited. It is FCA-registered (number 565716), with fund management permissions. Vala Capital is an Authorised Representative of Sapphire. Submissions to Companies House appear to be up to date.

# Risk analysis/commentary

Although Vala has only been running EIS money for a short period of time, it has pulled together an interesting proposition. The team is highly experienced and, although not large, has capacity above its current level of activities. Sensible processes for sourcing investments and decision-making have been put in place, with a clear process for handling potential conflicts of interest.

Generalist funds have become rarer among EIS funds. Although Vala intends to focus on areas in which the team has experience, these are broad enough to retain the generalist label. Vala intends for its investments to have a lower-than-average spread of returns for EIS – with less chance of failure but lower expected multiples on exit. The track record, so far, does not allow any assessment of how well it is achieving this.

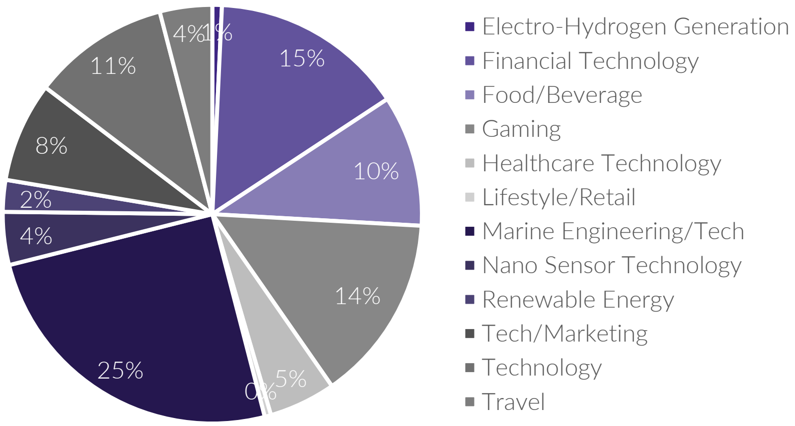
Diversification is an important consideration for any investor – while the companies that succeed are likely to produce exceedingly good returns, those who do not may return little. Diversification within the fund is limited, although typical for products in this area. One point for investors is the high proportion of follow-on investments relative to other managers. The achievement of performance metrics should give greater confidence and reduce risk. However, investors who invest in multiple tranches may not significantly expand their diversification by doing so. This EIS fund should be considered in the context of an investor's entire portfolio.

# Investment process

## Deeper dig into process

The Better Ventures EIS is a generalist fund, underpinned by the belief that the skills required to grow a business are largely independent of the sector. In practice, the fund will focus on investment areas based on two criteria: those in which the Investment Committee has greatest expertise and ability to leverage its networks; and sectors in which the UK is a leader and has particular strengths. These include engineering, fintech, media and entertainment, lifestyle brands, and food and beverage. Some of these are broad areas, and they cover a large proportion of the sectors that receive EIS investment.

**Historical investments by sector**




*Source: Vala Capital, Hardman & Co Research*

The model involves a degree of cluster or "spaghetti investing". Vala may invest in several companies in similar or related areas. At the time of investment, companies will agree to collaborate in an informal way, the aim being to produce reciprocal support, rather than add formal structures. This will require greater critical mass than Vala has currently, but it is expected to develop as it adds more investee companies.

For individual companies, Vala has two areas that it values above others:

- Management quality: there is a desire to establish strong trust – so the Vala team aims to spend a lot of time with company management teams, both formally and informally, to gain a deep understanding of them.
- Exit map: this is established during the diligence process. In conjunction with company founders, the Vala team will produce a list of potential acquirors. The map will help provide an idea of contacts to be developed over the next few years, and before the investee company is ready to sell itself.

These are not the exclusive focus, and the team also assesses typical venture capital factors such as market size, product/market fit, routes to market, operational capability and capital structure, albeit they get slightly less weight in the final decision.

Vala, to some extent, is agnostic about the stage of development. Investors may get exposure to companies that are both pre- and post-profit, with the latter more likely to be companies with which Vala already has a relationship or in which it has already invested. The overall aim is not to have the punchiest return targets for each company, but to offset this by having safer investments. Vala's own modelling assumes a one-in-three failure rate, which is below-average for the sector. It is too early in the development of the track record to assess whether it is being successful in this regard.

The Vala ethos is to have entrepreneurs supporting entrepreneurs, with a deeper involvement in businesses than some other managers. It also sees the need to be empathic about an entrepreneur's journey; it is a challenging path.

Overall, while Vala looks at similar factors to many managers, there is a clear emphasis on what is important to it and the philosophy for managing and supporting investee companies. As usual, much will depend on executing these successfully over the lifespan of the investments.

### *Sourcing deals*

Although it receives the usual range of unsolicited approaches, Vala's sourcing emphasis is very much on its network. The investment team has built up a global network, which it estimates at 50,000-60,000 people. This includes entrepreneurs, venture partners and accelerators.

Unusually, there is also potential deal flow from companies that the Investment Committee has previously been involved in funding or supporting. Paddy Willis runs Mission Ventures (formerly The Grocery Accelerator), but the other Investment Committee members are involved in similar activities on a less formal basis.

Vala also has a strategy of funding companies on an ongoing basis, subject to them performing sufficiently well, which leads to a higher proportion of follow-on funding rounds into companies that have previously been supported than other EIS managers. This approach has the usual pros and cons for investors: the ongoing relationship will allow great confidence in the diligence and progress that is being made, while there will be ongoing ownership dilution and possible tension between different holding times for EIS qualification.

As a generalist investor, Vala has no geographical preference and has invested in companies from all around the UK.

Overall, Vala's sourcing aim is to produce a pipeline that emphasises quality over quantity. Currently, the run rate of business plans arriving is equivalent to 200 a year. The aim is to give investors eight to twelve investments in each of the two tranches a year. With three quarters of historical investments being follow-ons into existing investments, this suggests that Vala has more than adequate dealflow to source the required number of new investments each year.

### *Decision-making*

In broad terms, Vala Capital's decision-making process is similar to that of most mainstream EIS managers, although there are a couple of areas worth highlighting.

The initial approaches are roughly halved, using a basic filtering process and a quick scan of the pitch materials. The former is based on straightforward factors, such as does the company bring a credible solution to a problem, is there a large-enough market, and is the company EIS-qualifying? There is also a consideration of where the Vala value-add will be.

Qualifying companies receive an initial call lasting around 30 minutes. Vala has a template for what it wants to get out of the call, which is a mixture of digging a bit deeper into the questions appraised at the previous stage, plus exploring whether the product makes sense and assessing the quality of the management.

This screening reduces the number of companies by around a quarter to ca.25 a year. These companies get a first pass by the Investment Committee before progressing to further, internal, diligence. A big part of this involves spending time with management teams, aiming to go as deep as possible into understanding their strengths, weaknesses and motivations. The Vala team wants to avoid management who simply present well and say the right things, but who do not have the substance to deliver.

In parallel to this business, further diligence is conducted, looking particularly at the product roadmap, the commercial pipeline and making customer reference calls. Following on from this process, about half of companies pass fuller Investment Committee consideration and get term sheets.

A fuller diligence involving legal, background, technology and other checks follows. Most of these involve external consultants, although the diligence process is run by Vala's COO. One unusual area of emphasis is company structuring, not only from an EIS perspective but also to ensure availability of funding from other sources such as grants.

Follow-on investments follow a broadly similar process, with existing diligence being updated as required. Vala expects to be close to companies, anyway, and will stop funding if a company fails to hit its KPIs. While, for new investments, the diligence process can take up to three months, for follow-ons it tends to be much shorter, at around a month.

Vala firmly believes that the prior involvement of members of the Investment Committee in potential investments is an advantage. The longer contact will certainly give deeper knowledge of the business and its management. While this is a positive, the potential for conflict of interest is handled by requiring all decisions by the Investment Committee to be unanimous. This means all the uninvolved members have to support the decision as well,

The latter is an important point for follow-ons, even when members of the Investment Committee are not previously involved.

The aim is for each tranche to give an investor exposure to eight to twelve companies. These are unlikely to be equal-sized: companies getting an initial investment will receive a smaller weighting. Follow-on companies, which will have given great investment conviction by achieving milestones, will typically get larger investments. Vala has co-invested with other parties too.

### *Exits*

With the track record not being long enough to have achieved exits yet, Vala expects them to be mostly through trade sales, in line with industry norms. As noted above, an exit map in which potential purchasers are identified is a key part of Vala's investment process.

## Governance and monitoring

Advance Assurance is sought from HMRC on all investments prior to completion.

All client assets, including shares and cash, will be held by Woodside Corporate Services, which is the Administrator for the fund.

The values of investments will be reported to investors every six months, although ongoing access is available through an investor portal. BVCA guidelines are used. Currently, most valuations use the latest transaction price, with a smaller number being internally calculated. These mostly use DCFs based on forecasts, possibly with robustness adjustments.

Usually, Vala will look to take a board seat, but, on occasions, it will be satisfied with an observer position. Vala makes an effort to ensure the board member is the right fit for the company, with an appointment not made until a couple of board meetings have taken place after the close of the investment. The appointment is not based simply on who has relevant sector experience, but also on the skills of the team members and the needs of the company. Even once appointed, the board member may be changed after a year or so if the appointment is not working well.

Vala stresses that it has a flexible support model, based around the needs of the investee company. The team cites an example where a company had an experienced founder and did not need much support immediately, but drew on support when a pivot was required. In other cases, the team is much more actively involved from the outset.

The whole of the Vala community is considered to be available to all the companies at any time. In most cases, the board member will be the conduit to finding the right person, but the investee company can contact any of the team directly.

Regardless of the amount of team involvement, investee companies are expected to report to Vala at least monthly. Companies have financial metrics and business objectives against which they are monitored. The metrics to be used will be included in the term sheet, but the targets are agreed between the Investment Committee and the management teams.

### *ESG*

Vala has adopted the FuturePlus Framework for its investments, which has been developed in conjunction with the sustainability group. This has over 250 indicators, which are from a mixture of international schemes and Vala's own metrics. Companies are scored across five themes: climate, diversity and inclusion, social, economic and environment. Companies get an actual score, as well as a target for where they intend to get to.

Vala has a Sustainability EIS, in addition to this fund. Investments in this fund are more likely to be characterised as ESG-compliant, as opposed to impact investments.

## Track record

Since Vala started investing in early 2018, it has made 55 investments into 17 companies, with a total of £8.2m invested. Given that it is just over three years since the first of these investments, it is no surprise that Vala has not had any exits yet.

Of the 17 companies, 7 have had valuation changes, based primarily on subsequent investment rounds, and Vala was involved in most of these. Five of these appreciated in value and two decreased, one of which was a liquidation. With most investments unchanged, the aggregate portfolio movement was a gain of 5%.

We have been supplied with exit data from investments made/companies founded by members of the Investment Committee, mostly Jasper Smith and Arthur Hughes. These show 39 achieved exits, of which 16 were writeoffs, 1 showed a loss and 22 gains. The team invested £22.9m, with another £33.5m from third parties into six of the companies. The aggregate return was 201% over an average of six years.

In summary, Vala has shown an ability to deploy capital, but it is too early to assess the performance of these investments. Jasper Smith and Arthur Hughes appear to have a very good track record prior to Vala, while data on the other two are limited.

# Fees

The fees for the fund are set out in the table on page 3, and are exceptionally simple. Custody fees are paid from Vala's charges.

### *Annual fees*

Two years' worth of the annual fee are deducted upfront. In years three to five, the fee is accrued and will be deducted from exits. This latter fee will be calculated on the lower of acquisition cost and portfolio value at the time. So, if the latter reduces, then the fee will too, but it will not increase.

### *Exit fees*

The performance fee is paid on returns over 110% of the initial subscription. The performance fee is based on the aggregate capital return over the investor subscription, and is charged after the other fees.

Overall, the fees are slightly better than average for the sector.

## Fundraising targets and deployment

Vala aims to have at least two closes a year, with a target for each of £2.5m and a minimum of ca.£750,000. The next close will be on 31 March 2022, with closes at least every six months afterwards.

The minimum subscription is £20,000.

Deployments are expected to take place in four to eight weeks from each close. The April close (which may, in practice, take place at the end of March) is an exception, and is intended to be deployed before the financial year-end of 5 April.

Currently, EIS3 Certificates take an average of three months from investment to be received, although this seems to be improving.

# Investment advisor

Founded in 2018, Vala Capital is a relatively new manager focused on EIS funding, although it does also have a small lending business. It currently manages two EIS funds. It has invested in growing its staffing, and adding finance and operational capabilities alongside its investment team.

There are currently 16 staff, with another member of staff being recruited at the time of writing. This is a 45% increase since our report a year ago. In addition to the staff, there are four Venture Partners for the two funds. Having recently brought in a new Head of Venture Investing, Vala seems to have more than adequate capacity for its current operations. Although its history is short, it has, so far, grown capacity ahead of requirements. Nevertheless, Jasper Smith remains a key person, although to a lesser extent than 12 months ago.

The Investment Committee consists of the members listed below, together with the CEO, with Boyd Carson from Sapphire being the designated Fund Manager.

## People

*Jasper Smith – CEO and Founder*
The first few years of his career were spent working in media and consumer electronics. Since then, he has co-founded and invested in a series of companies in similar areas (Static 2358, PlayJam, PlayStack) and engineering (Arksen). He co-founded Vala in 2018.

*Paddy Willis – Investment Committee*
Having started his career at Energis and gained senior experience at Equant, he co-founded Plum Baby in 2004. Exiting in 2010, he led a turnaround at the Juice Doctor before co-founding The Grocery Accelerator/Mission Ventures, supporting grocery and other food businesses.

*Arthur Hughes – Investment Committee*
His background is in finance, starting in the 1980s with the advisory firm of Babcock & Brown. He took over the broker Prebon Yamane in 1991, and was CEO until its sale to Collins Stewart Tullet in 2004. Described as a recluse, public information since then is limited.

*John Swingewood – Investment Committee*
Has an extensive background in media, with a decade in senior positions at BT and BskyB. Since 2002, he has founded or held board positions, notably at CentralNIC, which floated on AIM, and DITG and Emizon, which exited through trade sales. As well as his directorships, he also owns a farm in Sussex.

*Jonathon Spanos – Head of Venture Investing*
Started his career in biotech, spending a decade in product manager and business development roles at Miltenyi Biotech, Informa Healthcare, VivoPharm and the Australian Genome Research Facility. He was a founding member of Allbirds in 2013, before taking on senior roles at Virgin Startup. He joined Vala in 2021.

# Investment manager

Sapphire Capital was established in 2009, and is an independent fund manager that supplies services to small EIS and SEIS fund managers, particularly in their early days. It is currently fund manager for 17 advisors, and has over £100m under management in its funds.

### *Boyd Carson – Founder & Managing Partner, Sapphire Capital Partners LLP*

Previously worked as a Director of PwC LLP corporate finance in New York. Boyd is a Fellow of the Institute of Chartered Accountants. He also acts as a director for several companies in the UK, and is the honorary treasurer of a leading cancer charity.

### *Vasiliki Carson – Partner, Sapphire Capital Partners LLP*

Having started her career at JPMorgan Chase, Vasiliki moved to PwC LLP before joining Goldman Sachs, where she worked in both New York and Tokyo. She returned to PwC corporate finance, staying there until she left to become a partner in Sapphire Capital. She is a qualified accountant.

# Appendix 1 – due diligence summary

| Summary of core due diligence questions | | |
|---|---|---|
| **Manager** | | **Validated by** |
| Company | Sapphire Capital Partners LLP | |
| Founded | 2009 | Hardman & Co |
| Type | Limited Liability Partnership | Hardman & Co |
| Ownership | Two LLP designated members | Hardman & Co |
| FCA registration | 565716 | Hardman & Co |
| Solvency | Yes | Sapphire |
| EISA member | Yes | Hardman & Co |
| **Advisor** | | |
| Company | Vala Capital Limited | Information Memorandum |
| Founded | 2016 | Hardman & Co |
| Type | Private Limited Company | Hardman & Co |
| Ownership | Jasper Smith (92%) and James Faulkner (8%) | Hardman & Co |
| CRN | 10223525 | Hardman & Co |
| FCA registration | 827386 | Hardman & Co |
| Solvency | n/a | |
| EISA member | Yes | Hardman & Co |
| **Fund Custodian** | | |
| Company | Woodside Corporate Services Limited | Information Memorandum |
| FCA registration | 467652 | Hardman & Co |

*Source: Hardman & Co Research*

The Fund Manager is Sapphire Capital Partners LLP. It has two LLP-designated members: Mr Boyd Carson and Mrs Vasiliki Carson. It was created in 2009, and has its accounts made up to 31 December 2020. With £172,000 of members' capital, the partnership is comfortably solvent and has appropriate investment management permissions from the FCA.

The Investment Advisor is Vala Capital Limited. It is an Authorised Representative of Sapphire. Although the accounts show a weak balance sheet, it is adequately capitalised through a facility from the main shareholder. Ownership is indirect through Vala Group Holdings Limited.

# Appendix 2 – example fee calculations

These examples calculate the estimated total amount payable to the manager under certain assumptions.

| Basic assumptions | |
|---|---|
| Term | 5 years |
| Investor amount | £100,000 |
| Company investment | n/a |
| VAT on company fees is offset against revenue. No failures – these will reduce the balance of annual fees. | |

*Source: Hardman & Co Research*

**Calculations**

| | | Hardman & Co standard | | | Target |
|---|---|---|---|---|---|
| **Gross return** | | **-50%** | **0%** | **50%** | **211%** |
| **Amount (pre-tax relief)** | | **£100,000** | **£100,000** | **£100,000** | **£100,000** |
| **Initial fees** | **Rate** | | | | |
| Company | 5.00% | £4,820 | £4,820 | £4,820 | £4,820 |
| Annual fees up-front (investor, 2 years) | 1.5% + VAT | £3,600 | £3,600 | £3,600 | £3,600 |
| **Total** | | **£8,420** | **£8,420** | **£8,420** | **£8,420** |
| **Net investment** | | **£96,400** | **£96,400** | **£96,400** | **£96,400** |
| **Annual fees** | | | | | |
| None | | £0 | £0 | £0 | £0 |
| **Gross fund after investment return** | | £48,200 | £96,400 | £144,600 | £303,477 |
| **Exit fees** | | | | | |
| Balance of annual fees (investor, 3 years) | 1.5% + VAT | £5,400 | £5,400 | £5,400 | £5,400 |
| Performance | 20% | £0 | £0 | £7,008 | £44,211 |
| Net amount to investor | | £42,800 | £91,000 | £132,192 | £250,000 |
| Gain (pre-tax relief) | | -£57,200 | -£9,000 | £32,192 | £150,000 |
| Gain (post-tax relief) | | -£28,280 | £19,920 | £61,112 | £178,920 |
| Total fees to manager | | £13,820 | £13,820 | £20,828 | £58,031 |

*Notes: post-tax relief figures assume initial income tax relief only; other reliefs may be available to investors; Source: Hardman & Co Research*

# Disclaimer

*Hardman & Co provides professional independent research services and all information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. However, no guarantee, warranty or representation, express or implied, can be given by Hardman & Co as to the accuracy, adequacy or completeness of the information contained in this research and they are not responsible for any errors or omissions or results obtained from use of such information. Neither Hardman & Co, nor any affiliates, officers, directors or employees accept any liability or responsibility in respect of the information which is subject to change without notice and may only be correct at the stated date of their issue, except in the case of gross negligence, fraud or wilful misconduct. In no event will Hardman & Co, its affiliates or any such parties be liable to you for any direct, special, indirect, consequential, incidental damages or any other damages of any kind even if Hardman & Co has been advised of the possibility thereof.*

*This research has been prepared purely for information purposes, and nothing in this report should be construed as an offer, or the solicitation of an offer, to buy or sell any security, product, service or investment. The research reflects the objective views of the analyst(s) named on the front page and does not constitute investment advice. However, the companies or legal entities covered in this research may pay us a fixed fee in order for this research to be made available. A full list of companies or legal entities that have paid us for coverage within the past 12 months can be viewed at http://www.hardmanandco.com/legals/research-disclosures. Hardman may provide other investment banking services to the companies or legal entities mentioned in this report.*

*Hardman & Co has a personal dealing policy which restricts staff and consultants' dealing in shares, bonds or other related instruments of companies or legal entities which pay Hardman & Co for any services, including research. No Hardman & Co staff, consultants or officers are employed or engaged by the companies or legal entities covered by this document in any capacity other than through Hardman & Co.*

*Hardman & Co does not buy or sell shares, either for their own account or for other parties and neither do they undertake investment business. We may provide investment banking services to corporate clients. Hardman & Co does not make recommendations. Accordingly, they do not publish records of their past recommendations. Where a Fair Value price is given in a research note, such as a DCF or peer comparison, this is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. Hardman & Co may publish further notes on these securities, companies and legal entities but has no scheduled commitment and may cease to follow these securities, companies and legal entities without notice.*

*The information provided in this document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Hardman & Co or its affiliates to any registration requirement within such jurisdiction or country.*

*Some or all alternative investments may not be suitable for certain investors. Investments in small and mid-cap corporations and foreign entities are speculative and involve a high degree of risk. An investor could lose all or a substantial amount of his or her investment. Investments may be leveraged and performance may be volatile; they may have high fees and expenses that reduce returns. Securities or legal entities mentioned in this document may not be suitable or appropriate for all investors. Where this document refers to a particular tax treatment, the tax treatment will depend on each investor's particular circumstances and may be subject to future change. Each investor's particular needs, investment objectives and financial situation were not taken into account in the preparation of this document and the material contained herein. Each investor must make his or her own independent decisions and obtain their own independent advice regarding any information, projects, securities, tax treatment or financial instruments mentioned herein. The fact that Hardman & Co has made available through this document various information constitutes neither a recommendation to enter into a particular transaction nor a representation that any financial instrument is suitable or appropriate for you. Each investor should consider whether an investment strategy of the purchase or sale of any product or security is appropriate for them in the light of their investment needs, objectives and financial circumstances.*

*This document constitutes a 'financial promotion' for the purposes of section 21 Financial Services and Markets Act 2000 (United Kingdom) ('FSMA') and accordingly has been approved by Capital Markets Strategy Ltd which is authorised and regulated by the Financial Conduct Authority (FCA).*



*(Disclaimer Version 8 – Effective from August 2018)*

*Click here to read our status under MiFID II*

Member of eisa
enterprise investment scheme association

www.hardmanandco.com

1 Frederick's Place
London
EC2R 8AE

+44 20 3693 7075

taxenhancedservices@hardmanandco.com