

# Mercia Knowledge-intensive EIS Fund | A high-growth portfolio with income tax relief carry back to 2022/23

## The fund

Mercia's Knowledge-intensive EIS offers investors access to a fund of approximately 12 pioneering technology-driven businesses that Mercia has identified as high growth opportunities.

Beginning as a venture capital firm in 1982, Mercia is now one of the UK's most active and respected early-stage technology investors, investing over £250m each year across over 567 new and existing portfolio companies. Mercia began investing EIS Funds in 2013, and has managed the Northern VCTs since 2019.

This is Mercia's third HMRC approved Knowledge-intensive (KI) EIS fund. It should be noted that the majority of Mercia's EIS investments have always been KI qualifying.

## Key features

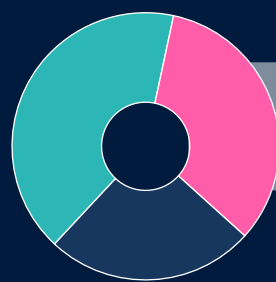
- **Minimum investment:** £10,000
- **Target performance:** 3x invested capital (including income tax relief and loss relief) over five to seven years
- **Target portfolio size:** Approximately 12 companies
- **Closing date:** 27th March 2024
- **Deployment timeline:** 6 months
- **Fund size:** £20m with additional capacity available
- **An online investor centre** where you can view your investment at any time

## Where we invest

Mercia is proud to invest in regions across the UK underserved by other venture capital investment firms.

The UK regions offer exciting deals with businesses in various sectors that are reasonably priced and have relatively modest capital requirements. These lower valuations often mean better returns on your investment.

- Software
- Healthcare
- Deep Tech



## Fund performance

Mercia EIS Funds' performance is among the strongest in the industry and is on target for 3x invested capital over five to seven years (including tax reliefs).

- EIS funds before April 2015 average **3.3x**
- EIS funds before April 2018 average **2.5x**
- EIS funds before April 2021 average **2.1x**

All the above valuations include tax reliefs and are as of September 2023.

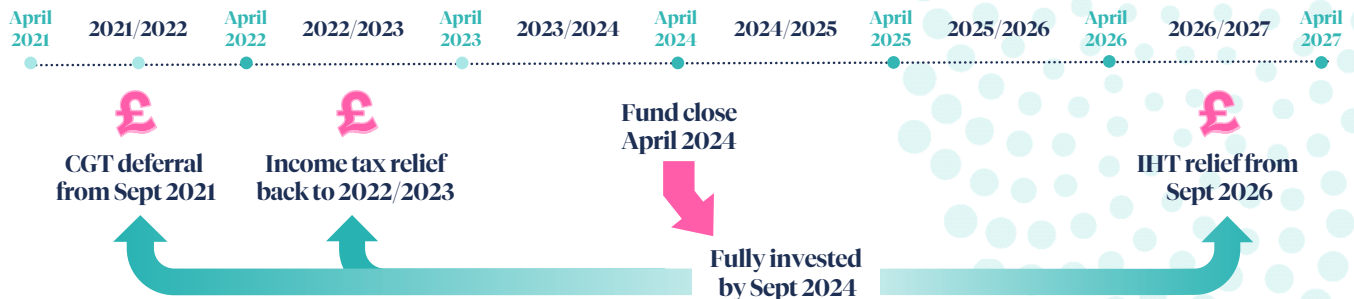
## Recent exits

- Oxgene sold in March 2021, a return of up to **20x**
- GENBA Digital sold in May 2021, a return of up to **8x** (including earn out)
- Snappy Shopper sold in July 2021, a circa **8x** return
- nDreams was sold in March 2022, a circa **7.8x** return for EIS investors
- C7 Health was sold in June 2022, a circa **14.1x** return for EIS investors

## Income tax relief carried back to 2022/2023

As an ‘approved’ fund, for tax purposes, the investment date of the Knowledge-intensive EIS fund is tied to the tax year in which the fund closes, not the tax year the funds are deployed. This allows tax relief carry back one year further back than would normally be possible.

At six months deployment, you may be able to receive tax relief much sooner than with other types of EIS funds. When it comes to claiming back the tax, the process is much more simplified with only a single EIS5 tax certificate issued soon after the completion of deployment, rather than individual certificates for each company.



Other Knowledge-intensive (KI) funds deploy in 18 months creating a cash drag, both on the availability of tax reliefs and to begin value creation. Most other KI funds are deploying 12 months more slowly than Mercia’s Knowledge-intensive EIS fund, delaying CGT deferral and IHT by 12 months.

## Example portfolio companies

### Axis Spine Technology

Axis develops next-generation spinal implants to provide surgeons with the technology to improve the success of spinal surgery and help patients in chronic pain.

The technology has attracted significant commercial interest and will soon be demonstrating its clinical benefits in the US’s £7.0 billion spinal implant market, with several top US spine surgeons ready to start using the device.

### Locate Bio

Locate has three powerful orthobiologic platform technologies from two leading academic research groups, from which we have created several late-stage products addressing the repair and regeneration of both bone and cartilage.

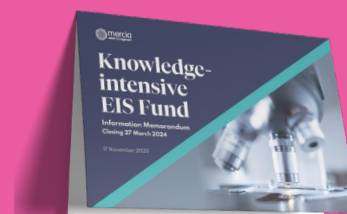
### MIP Diagnostics

A biotech company that develops molecularly imprinted polymers (MIPs) that can be used to replace antibodies in diagnostic tests and other

## How to invest

An online application may be completed by your adviser and sent to your email address for you to digitally sign.

Once received, we will contact you to confirm once the account has been opened, at which point you may send the subscription to us via bank transfer.



Download the IM



## Risk warnings

EIS investment is restricted by the FCA rules to persons who qualify as high net worth or sophisticated, or who are acting upon advice from a suitably qualified financial adviser. Investing in early-stage businesses involves risks, including illiquidity, lack of dividends, loss of investment and dilution, and it should be done only as part of a diversified portfolio. Past performance is not a reliable indicator of future performance. You should not rely on any past performance as a guarantee of future investment performance. Tax relief depends on an individual’s circumstances and may change in the future. In addition, the availability of tax relief depends on the company invested in maintaining its qualifying status. You may lose all the money that you invested; the investments are highly illiquid and have no ready market for disposal; there is a risk from future dilution of your shareholding.

