



Deepbridge

INNOVATION SEIS

The Deepbridge Innovation  
Seed Enterprise Investment Scheme

Product Overview

**INNOVATIVE<sup>™</sup>  
INVESTING**

Active investing for growth

**SEIS**

# WELCOME

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We believe that innovation generally refers to changing processes or creating more effective processes, products and ideas. In the modern world, innovation is often associated with technological advancement. This is what the Deepbridge Innovation SEIS is focused on providing investment into.

We also believe that technological innovation is often the process of translating an idea or invention into a good or service that creates additional economic value, addresses an identified or unarticulated market or consumer need and meets the expectations of end-users. Technological innovation can be linked to economic growth, and, in our opinion, is one of the most important sources of sustainable competitive advantage for businesses in the future.

The 21st century is expected to be a time of rapid innovation and technological change. The United Kingdom maintains its leading position in research and innovation. [Source: British Council]

Deepbridge perceives innovation as the marriage of research and entrepreneurship, with the potential to support sustained economic growth in the UK. On an individual scale, new digital technologies can have the ability to change how we live, work and how we interact with each other. On a global scale, population growth, particularly in developing countries, is placing great strain on finite resources.

Technological innovation continues to transform our world. This is most obvious in our latest modes of communication and consumption, such as social media and e-commerce. Other innovations, such as smartphones, have materially augmented these new modes of activity, for both businesses and consumers.

Less obvious, but still significant, innovations such as advanced manufacturing are entering a new era. We believe that artificial intelligence has the potential power to disrupt established production methods, offering cheaper goods that can be more easily customised to the consumers' needs and requirements. Such developments are challenging the historical model of labour and capital-intensive factories, with protracted and often complex supply chains. [Source: <https://www.theengineer.co.uk/issues/18-october-2010/roundtable-debate-what-is-advanced-manufacturing/>]

Deepbridge seeks to identify those seed-stage companies, in such fields as energy and resource innovation, life sciences and medical devices, advanced materials production and the emergence of machine learning and artificial intelligence. We believe these companies have the potential to either enhance existing technologies, or create new market and consumer demands.

Deepbridge asserts that there is a potentially compelling opportunity for investors to secure attractive entry terms to fund such start-ups. Therefore, now is potentially an advantageous time to invest in emerging technology opportunities via the Seed Enterprise Investment Scheme (SEIS). Welcome to the Deepbridge Innovation SEIS.

Yours faithfully,



**Ian Warwick**

Managing Partner, Deepbridge Capital



# OPPORTUNITY

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The Deepbridge Innovation SEIS is an opportunity to secure potentially attractive returns by investing in a diversified portfolio of early-stage technology companies, whilst taking advantage of the considerable income tax, capital gains tax, and inheritance tax benefits available under the Seed Enterprise Investment Scheme.

# INVESTMENT STRATEGY

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Providing seed investment to emerging technology focused companies, the Deepbridge Innovation SEIS seeks to fund companies with exciting new technologies that seek to satisfy the needs of large and growing markets. The overarching focus of the Deepbridge Innovation SEIS is to offer investors a diversified exposure to companies engaged in the development of technology innovation, including:

- Energy and resource innovation
- Technologies and diagnostics
- Business enterprise IT
- Data analytics
- Control technologies
- Instrumentation
- Advanced materials
- Robotics and artificial intelligences.

# KEY TAX BENEFITS

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The Deepbridge Innovation SEIS is structured to provide eligible investors who are tax resident in the UK, with the opportunity to obtain tax advantages available under the Seed Enterprise Investment Scheme (SEIS). SEIS relief is available to investors in respect of each investment in an Investee Company, made under the investment mandate of the Deepbridge Innovation SEIS, by reference to the date the investment is made. Under SEIS, the main tax advantages that may be claimed by a qualifying investor are as follows:

## **50% UPFRONT INCOME TAX RELIEF**

50% income tax relief may be claimed against income tax paid of up to £100,000 per tax year per investor. Alternatively, an Investor can opt to treat an investment as having been made in the previous tax year, in whole or in part, such that 50% tax relief is available against income tax paid or payable for that year.

## **SEIS REINVESTMENT RELIEF**

Reinvestment relief lets an individual treat 50% of a gain arising in a given tax year as exempt from CGT if you acquire SEIS shares. To get full SEIS reinvestment relief an individual must invest in SEIS shares an amount at least equal to the chargeable gain.

## **TAX FREE CAPITAL GAINS**

There is no capital gains tax liability on gains on the disposal of shares which have been held for at least three years in SEIS qualifying companies.

## **100% INHERITANCE TAX EXEMPTION**

Through the availability of Business Relief, there may be 100% inheritance tax exemption on the death of the investor for each individual investment that has been held for at least two years. Please note that HMRC will only assess whether your investment is Business Relief qualifying upon death and not at the time that the investment is made. Therefore, legislation at the time of death will be the basis for assessment for Business Relief eligibility.

## **LOSS RELIEF**

A loss on any qualifying investment in the portfolio, irrespective of the overall performance of the portfolio, can be offset by individuals against income of the tax year of the loss, or of the previous year, or against capital gains of the tax year of the loss and future years.

**Please note that tax benefits depend on personal circumstances, are not guaranteed, and rely on UK tax legislation which may change in the future. This is not an exhaustive list of SEIS tax rules and is only intended as guidance on SEIS. Nothing in this document shall be regarded as constituting tax advice and prospective subscribers should seek advice from a suitably qualified independent adviser before deciding whether or not to make an investment. No reliance should be placed upon the tax content herein.**

# INVESTMENT DETAILS



**MINIMUM INVESTMENT**  
£10,000



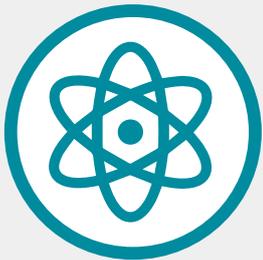
**COMPLIANCE STATUS**  
ALTERNATIVE INVESTMENT FUND



**CLIENT TYPE**  
RETAIL & PROFESSIONAL



**HMRC**  
ADVANCE ASSURANCE\*



**SECTOR**  
DISRUPTIVE TECHNOLOGY



**DEPLOYMENT**  
USUALLY 6 MONTHS



**CLOSING DATE**  
EVERGREEN



**MAXIMUM RAISE**  
UNCAPPED



**TARGET RETURN**  
200P FOR EVERY 100P INVESTED



**TARGET TIMESCALE**  
A MINIMUM OF 5-6 YEARS

# DEEPBRIDGE CHARGES

There are no management charges levied on the investor at the point of investment for advised subscriptions received by a financial adviser, resulting in up to 100% allocation of subscription. This ensures up to 100% tax efficiency for investors. Deepbridge fees are paid by the Investee Companies and are disclosed in the Information Memorandum.

**Performance fee:** an incentive fee of 20% of cash returned, in excess of 150% of the funds invested. Please see the Information Memorandum for full details.

# INVESTMENT CRITERIA

The investment strategy of the Deepbridge Innovation SEIS is for subscriptions to be invested in a diversified portfolio of a minimum of five investee companies (subject to minimum allocation per Investee Company) that exhibit some or all of the following qualities:

- Significant market potential with clear and demonstrable consumer or commercial need or demand
- Innovation-driven solutions that have the potential to create new market segments or displace current market offerings;
- Companies that utilise a technology-derived platform and/or an innovative approach to meet a newly-identified or existing market or consumer demand
- Technology-driven opportunities that possess a clear and realistic path to the delivery of a minimum viable product or prototype
- A clearly defined strategy aimed at preserving and protecting intellectual property
- Passionate, energetic and experienced founding team
- Clear exit strategy to be implemented within 4-5 years with alignment of founder interests with the shareholders.



## EXAMPLE PORTFOLIO COMPANIES

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**Touch Biometrix Ltd** is engaged in the design of a new range of fingerprint sensors to the consumer electronics industry: specifically, these products will be a range of conformal, ultra-thin fingerprint sensors manufactured on plastic that can be any shape or size.

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**Cheqs Ltd** intends to develop a web-based risk assessment and risk management platform that aims to be targeted for use by SMEs. It is envisaged that the platform will provide a resource-efficient and cost-effective way for SME users to demonstrate their adherence to health & safety principles, thereby reducing the reliance of consultants and potentially reducing insurance costs.

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**Irigait** will seek to address a clear market problem, by developing a web-based application that aides watering hole marketing automation. It allows its users to cleverly deploy content to their customers most frequently visited websites and forums ('watering holes').

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## IMPORTANT INFORMATION AND RISKS

The underlying investments are both illiquid and high risk, not suitable for all investors and investors should not consider investing unless they can afford the full loss of their investment.

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