

Venture Capital Trusts | A new target market?

Sheffield Life And Pensions
June 2024



Important information

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FEES AND EXPENSES

Prospective partners should be aware that there are fees and expenses in connection with the investment opportunities summarised in this presentation, which will be further set out in the relevant transaction documents.

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Risk factors

An investment in Puma VCTs, Puma Heritage Estate Planning Service (EPS), Puma AIM Inheritance Tax Service and Puma Alpha EIS (collectively, the “opportunities”) carries risk. Here are some of the key risks; however, you should read in full the relevant prospectus in the case of Puma VCTs and Investment Details in the case of Puma Alpha EIS, Puma AIM Inheritance Tax Service and Puma Heritage EPS, in particular the sections headed Risk factors.



CAPITAL AT RISK

The investment opportunities summarised in this presentation can be viewed as high risk and long term. Investors’ capital may be at risk.

TAX RELIEFS

The value of any tax reliefs, as well as levels and bases of tax, depend on investors’ personal circumstances and are based on current legislation which may be subject to change. There can be no guarantee of relief from tax or that the criteria to obtain reliefs will be fulfilled or that HMRC will not challenge entitlements to such relief.

LIQUIDITY

There may be poor market liquidity in the relevant underlying investments and it may prove difficult for investors to realise their investment immediately or in full.

PRIVATE COMPANIES

Puma VCTs, Puma Heritage EPS and Puma Alpha EIS may invest in unlisted shares. Such investments can be more risky than investments in listed shares. Unlisted shares may be subject to transfer restrictions and may be difficult to sell. It may be difficult to obtain information as to how much an investment is worth or how risky it is at any given time. The creditworthiness of any counterparties to whom loans are made by Puma VCTs or Puma Heritage EPS cannot be guaranteed. Counterparties may default on loans, which could affect the value of shares.

PAST PERFORMANCE

Past performance is not a reliable indicator of future results and any forecast is not a reliable indicator of future performance.

DIVIDENDS

The payment of any dividends is not guaranteed, and any such payments may erode the capital value of any underlying investment.

GENERAL

The value of shares can fluctuate. In respect of certain investment opportunities and offers, investors may be able to take action against Puma Investments and access the Financial Ombudsman Service and the Financial Services Compensation Scheme.

LIFE PROTECTION

Life Protection for Puma Heritage EPS is subject to certain conditions. If these conditions are not met in full then Puma Investments will not be paid out and so no payment will be made to beneficiaries.

This is intended as a high-level summary of the key risks. A full and detailed explanation of the risks pertaining to each offer is set out in the relevant Prospectus or investment details for the particular offer.



Welcome to Puma Investments



£1bn+

Assets under management

7,500+

Investors with Puma Investments

100+

Puma multi-disciplinary team

1985

Part of the Shore Capital Group, established since 1985



- Over £1.4 billion of lending
- Institutional grade lending platform
- Puma Heritage Ltd established 2013



- Scale-up investments
- Sector agnostic
- Puma VCTs established 2005



- Experienced management team
- Defensive growth focused
- Puma AIM IHT established 2014

AWARD WINNING



Learning objectives

AFTER ATTENDING THIS SESSION, YOU'LL BE ABLE TO:

1.

Appreciate how legislation & regulation enhances the need for understanding in the tax efficient investment space

2.

Understand the changing demographic of the VCT investor

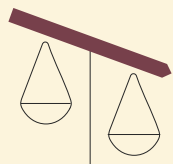
3.

Recognise opportunities and practicalities of investing in, exiting and recycling VCTs

Setting the scene

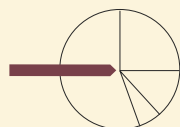
1.

Market
Environment



2.

Sunset
Clause



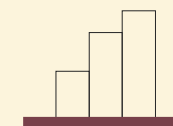
3.

Mature
Marketplace



4.

Consumer
Duty

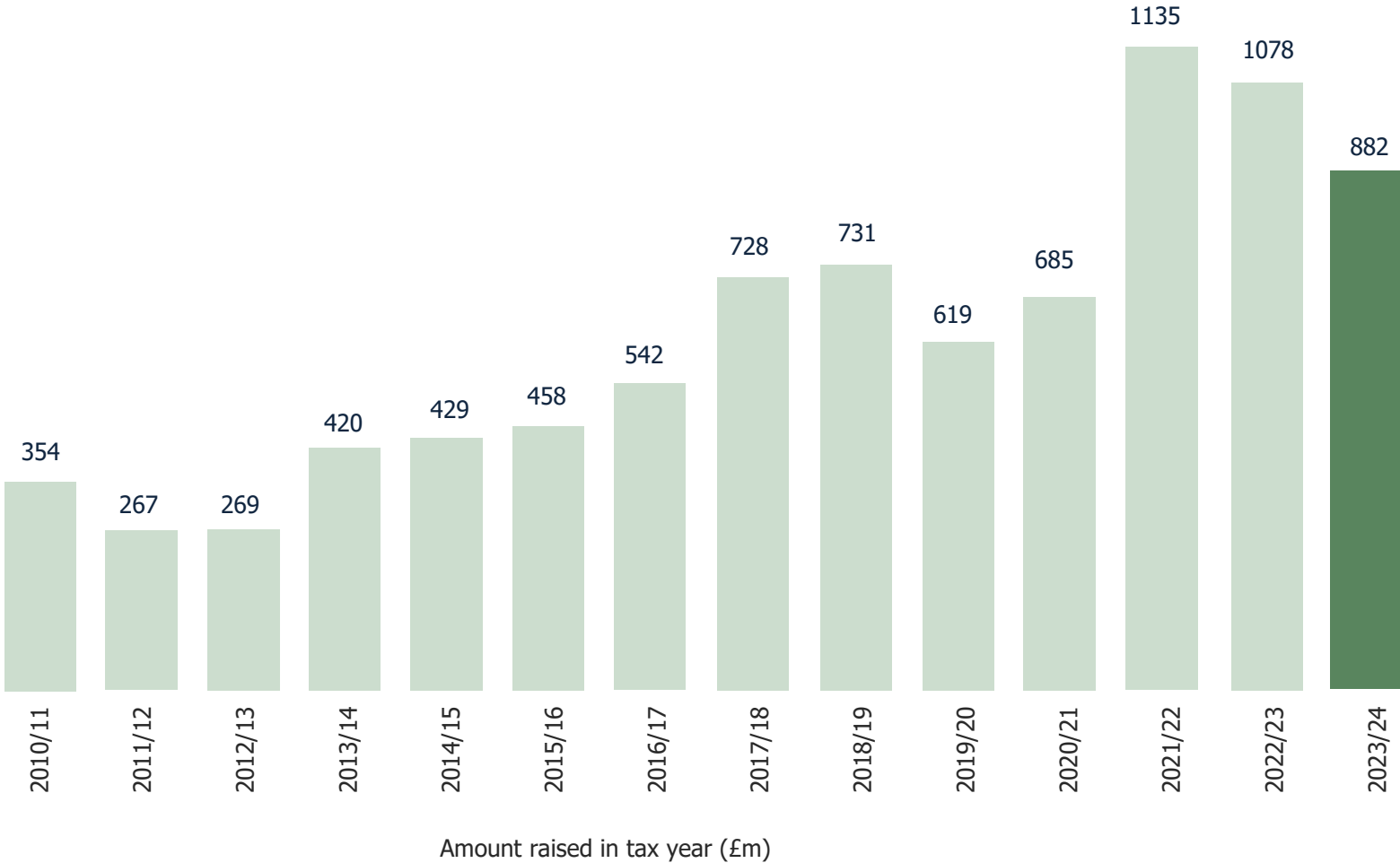


Allocation to VCTs is growing as the sector matures

- Growing relatively consistently over time
- Now established as a >£1bn per year investment segment

Source: AIC

Amount raised in tax year (£m, AIC)



“

The private equity and venture capital sector is incredibly important for fulfilling our mission to grow the economy. The work that you do ensuring that businesses can attract fast growing capital and the turning around businesses is vital for economic growth.”

Rachel Reeves at a British Private Equity & Venture Capital Association (BVCA) team that met with Labour's Shadow Chancellor Rachel Reeves in Leeds on Friday.
[Rachel Reeves meets the Rainmakers | TheBusinessDesk.com](#)

1. **Identify the problem.** The first step in the problem-solving process is to identify the problem. This involves recognizing the issue, gathering information, and defining the problem in clear, specific terms.

VCTs at a glance



Should not be read as advice. For illustrative purposes only and assumes no gains or losses on investments. Please remember VCTs are high risk and we always recommend investors seek independent investment and tax advice before considering investment. An adviser will need to consider client suitability and the eligibility and timings of tax reliefs and reclaims depicted, and the impact of charges, as relevant to the offering(s) represented and/or any specific offer chosen.

Tax reliefs depend on the individual investor's circumstances and may be subject to change.



£3,000 MINIMUM INVESTMENT



FIVE YEAR MINIMUM HOLDING PERIOD



UP TO 30% INCOME TAX RELIEF



TAX FREE GROWTH



TAX FREE DIVIDENDS

Signs of a new target market

Under £10,000

LARGEST GROUP OF VCT INVESTORS

Source: VCT's evolving client profile: take a look at your client bank. Intelligent Partnership VCT Report.

Evolving client profile



BELOW

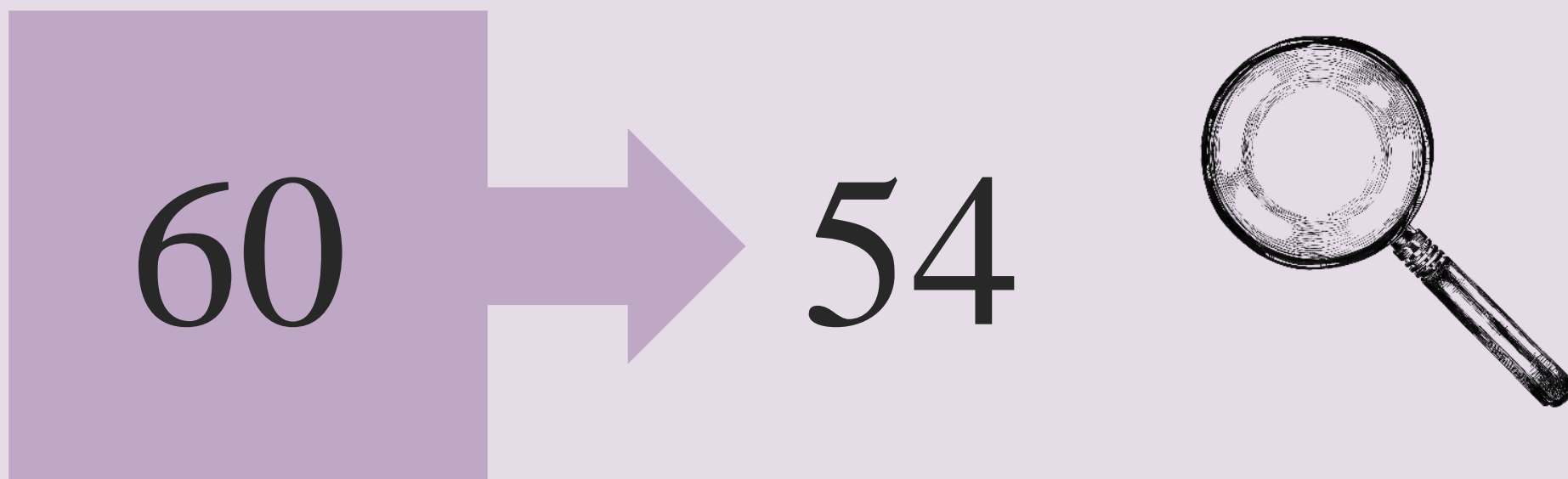
40 years old

2% to 10%

AVERAGE AGE OF INVESTOR FROM
2018/19 TO 2022/23

Source: VCT's evolving client profile:
take a look at your client bank.
Intelligent Partnership VCT Report

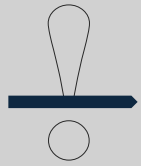
The changing face of VCT investors



AVERAGE AGE OF INVESTOR

Source: VCT's evolving client profile: take a look at your client bank. Intelligent Partnership VCT Report

Considerations



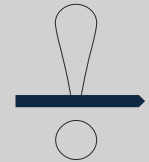
ATTITUDE TO RISK



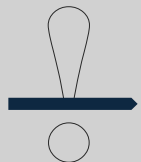
KNOWLEDGE & EXPERIENCE



CAPACITY FOR LOSS



PORTFOLIO BALANCE &
DIVERSIFICATION



LIQUIDITY & INVESTMENT
HORIZON



BUY BACK POLICY

Practicalities of investing



Mandi (68) wants to extract profits from a company tax efficiently

INVESTMENT GOALS

- Due to her business's success, the amount of surplus cash available allows Mandi to pay a dividend.
- She is in a position of being able to decide how to invest the dividend.

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Without VCT investment

£100,000
Paid to Mandi



£1,000
Annual dividend allowance¹



£38,956.50
Tax due on dividend



£61,043.50
net position

With VCT investment

£100,000
Paid to Mandi and
invested in a VCT



£1,000
Annual dividend allowance¹



£38,956.50
Tax due on dividend



£30,000
Tax rebate



£91,043.50
net position

1. Annual dividend allowance will decrease to £500 in April 2024.

Clients who would like to enhance their retirement funds



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
VCT investment	£25k	£25k	£25k	£25k	£25k	Reinvest sales proceeds from the original £25,000 VCT investment made in Year 1	The amount will vary depending on how much shares can sell for
30% income tax credit	£7.5k	£7.5k	£7.5k	£7.5k	£7.5k	30% income tax credit	30% income tax credit

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Claiming income tax relief



1.

COMPLETE AN ONLINE
SELF-ASSESSMENT FORM



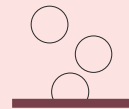
2.

ASK HMRC TO ADJUST YOUR TAX CODE



3.

SEND A PAPER TAX RETURN



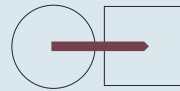
4.

REDUCE YOUR MONTHLY PAYMENTS IF
YOU ARE SELF-EMPLOYED

Access to VCT for reinvestment (or spending)



SHARE BUY BACK
AT A DISCOUNT
TO NAV



SALE ON
THE SECONDARY
MARKET



SELL SHARES VIA
BROKER AT A
DISCOUNT TO NAV



SIX MONTH RULE

Scenarios for Venture Capital Trusts (VCTs)



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BUSINESS OWNERS



DIVERSIFIED PORTFOLIO



PENSIONERS



LANDLORDS



SURRENDERING BONDS



EIS



The Enterprise Investment Scheme market

EIS is a long-standing UK Government scheme, introduced in 1994, that aims to encourage investments in smaller companies by providing valuable tax benefits to investors who subscribe to qualifying shares in EIS companies.

SIGNIFICANT INVESTMENT IN THE EIS MARKET

£27bn

In funds have been raised to date

4,480

Companies benefited from the scheme in 2021/22 tax year

£2,305m

Invested in 2021/22 tax year

Source: GOV.UK. Enterprise Investment Scheme, Seed Enterprise Investment Scheme and Social Investment Tax Relief statistics, May 2023

How do EIS investments work?

Invest through a specialist fund manager or directly into companies



Companies have to achieve EIS-qualifying criteria



WHAT QUALIFIES?

- Maximum number of employees: 250
- Maximum business age: seven years since first 'commercial sale'
- Company assets: £15m/£16m
- Total EIS/SEIS and VCT money: no more than £5m each year (£12m lifetime limit)
- Must trade in an approved sector
- No replacement capital
- Note - different criteria applies for Knowledge Intensive Companies

Do you have clients who could benefit from EIS this tax year?



Tax benefits of EIS

UP TO
30%

INCOME
TAX RELIEF

On EIS investments up to
£1 million each tax year and/or
previous tax years¹

100%

TAX-FREE
CAPITAL GAINS

On disposals of EIS-qualifying shares
where the investor also received income
tax relief

100%

INHERITENCE
TAX-FREE

After two years - shorter than the seven
years required by gifts, trusts and some
other asset classes

¹ Investments need to be held for at least three years to qualify for income tax relief.

Tax reliefs are not guaranteed and depend on the individual investor's circumstances and may be subject to change.

Tax benefits of EIS

Tax reliefs are not guaranteed and depend on the individual investor's circumstances and may be subject to change.



Capital gains deferral

Capital Gains Tax due on disposal of an asset will be deferred where the chargeable gain is instead invested in an EIS qualifying company.

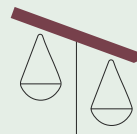
To qualify for deferral relief, the investment must be:

- Made no earlier than 12 months prior to, or 3 years after, the original gain was made.
- An amount at least equal to the chargeable gain.

Additional benefits

- As well as deferral relief, EIS income tax relief may also be claimed.
- The deferral relief is available for the life of the new investment.
- CGT liability is eliminated if the investment is held at death.
- There is no limit on CGT deferral using the EIS.

Tax benefits of EIS



Loss relief

Loss relief is available for EIS shares that are disposed of at any time at a loss. The loss can be set against the investor's capital gains, or their income in the year of disposal or the previous tax year (or both).

How loss relief works

- When exited, the value of an investment must have fallen below the amount invested (minus what was claimed in income tax relief).
- The percentage of the income tax relief is dependent on the rate at which the investor pays tax.

Example

An investor invests £50,000 in EIS qualifying shares and claimed income tax relief of £15,000. Subsequently the company exits at a complete loss.

The amount that could be claimed against income tax relief would be £35,000, at the rate at which the investor pays income tax.

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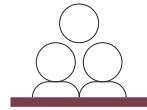
Tax reliefs depend on the individual investor's circumstances and may be subject to change.

Client planning scenarios for EIS

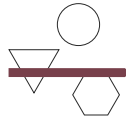


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Tax reliefs depend on the individual investor's circumstances and may be subject to change.



Business owners



Diversified portfolio



Pensioners



Landlords



Surrendering bonds

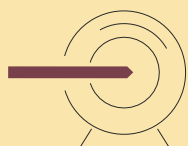


Property sale

Six features of VCT 13



Six features of Puma VCT 13



1

STRONG TRACK RECORD

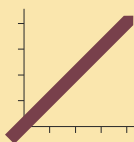
Puma VCT 13 has been recognised as the best-performing generalist VCT in the market on a four-year basis as at July 2023, with a total return (NAV growth plus dividends paid) of over 67%¹.



4

SCALE-UPS, NOT START-UPS

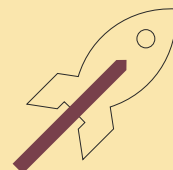
Puma VCT 13 is focused on investing in businesses that have already proved themselves in their market. By investing in scale-up, high-growth businesses, there is the potential to achieve attractive levels of return with lower risk and volatility.



2

ESTABLISHED VCT WITH OVER £100M OF NET ASSET VALUE

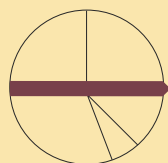
Puma VCT 13 is five years old and has assets of more than £100 million. It has already invested in 18 companies and has achieved successful exits.



5

ACTIVE APPROACH FOR TRANSFORMATIONAL GROWTH

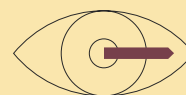
We work in partnership with the companies we invest in, to help them achieve their growth ambitions. We are a highly people-centric investor, and provide active and meaningful mentorship and support.



3

DIVERSIFIED PORTFOLIO

As a generalist, sector-agnostic investor we seek to build a diversified portfolio with exposure to different sectors, customers and operating models. This allows for growth, while reducing the risk of severe loss from exposure to sector-specific challenges.



6

RIGOROUS PROCESSES AND INDEPENDENT OVERSIGHT

Our Investment Committee is made up of staff from the Investment Manager and independent experts, and together they oversee all transactions. Our monthly monitoring cycle ensures a thorough level of oversight of our investee companies.

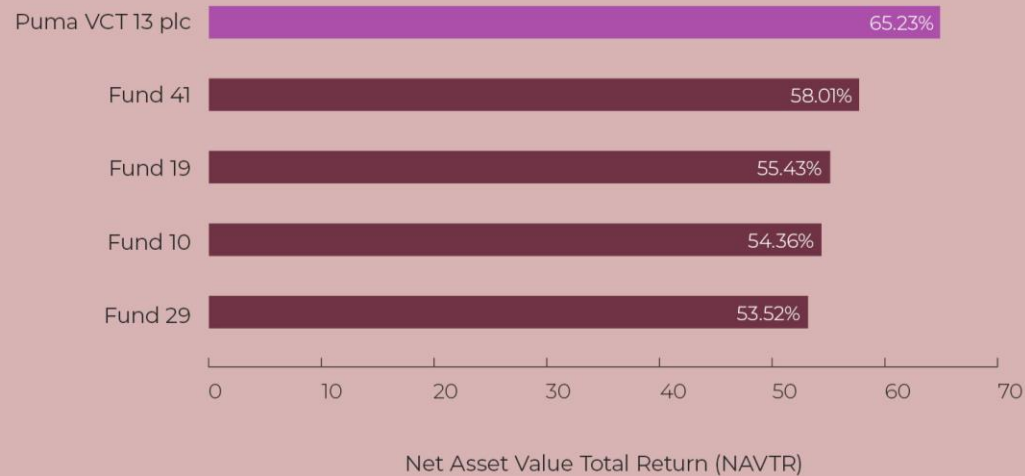
Past performance is no indication of future results and share prices and their values can go down as well as up.

1. MICAP, VCT performance public, period: four years as at 31 July 2023.

1

Strong track record

Best-performing generalist VCT



MICAP, VCT performance public, period: five years as at 31 December 2023.

Five-year performance

Year	1 Sep 2018 – 31 Aug 2019	1 Sep 2019 – 31 Aug 2020	1 Sep 2020 – 31 Aug 2021	1 Sep 2021 – 31 Aug 2022	1 Sep 2022 – 31 Aug 2023
NAV per share (at end of period)	87.73p	111.59p	129.84p	136.33p	131.18p
Dividends per share (during period)	0p	0p	0p	11p	5.5p
Dividends per share (total)	0p	0p	0p	11p	16.5p
NAV + total dividends per share	87.73p	111.59p	129.84p	146.33p	147.68p

Puma VCT 13 NAV and dividend data as of the latest published report (Interims 2023): 1 September to 31 August of the years shown
Source: Puma Investments

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Market-leading performance on a NAV growth basis

Three-year NAV growth (Citywire)

Ranking	Fund name	3 yrs	5 yrs
1/38	Puma VCT 13 plc (Ordinary Share)	38.3	47.3
2/38	Thames Ventures VCT 2 DP67 plc (Ordinary Share)	31.9	-50.4
3/38	British Smaller Companies VCT (Ordinary Share)	24.5	5.8
4/38	British Smaller Companies VCT 2 (Ordinary Share)	22.0	0.4
5/38	Mobius Income & Growth 4 VCT plc (Ordinary Share)	21.8	-5.4
6/38	Foresight VCT (Ordinary Share)	20.2	3.8
7/38	Octopus Apollo VCT plc (Ordinary Share)	18.5	11.4
8/38	Albion Development VCT plc (Ordinary Share)	18.4	16.1
9/38	Albion Enterprise VCT plc (Ordinary Share)	18.4	17.9
10/38	Molten Ventures VCT plc (Ordinary Share)	17.2	-7.0

Five-year NAV growth (Citywire)

Ranking	Fund name	3 yrs	5 yrs
1/36	Puma VCT 13 plc (Ordinary Share)	38.3	47.3
2/36	Albion Enterprise VCT plc (Ordinary Share)	18.4	17.9
3/36	Albion Development VCT (Ordinary Share)	18.4	16.1
4/36	Octopus Apollo VCT (Ordinary Share)	18.5	11.4
5/36	Pembroke VCT plc B (Ordinary Share)	2.8	5.9
6/36	British Smaller Companies VCT (Ordinary Share)	24.5	5.8
7/36	Foresight VCT (Ordinary Share)	20.2	3.8
8/36	Albion Technology & General VCT plc (Ordinary Share)	1.0	2.5
9/36	Crown Place VCT (Ordinary Share)	2.4	1.3
10/36	The Income & Growth VCT (Ordinary Share)	2.5	1.0

The table presented is subjected to monthly updates and is accurate as at 16/08/2023. For the most recent version of the table please access https://uk.citywire.com/investment_trust_insider/investment-trusts/best-investment-trusts-by-sector.aspx?citywireclassid=54#StateParam_CitywireClassID:54;StateParam_CalculationID:27;StateParam_TimePeriod:60, dates from 20/08/2018 to 20/08/2023.

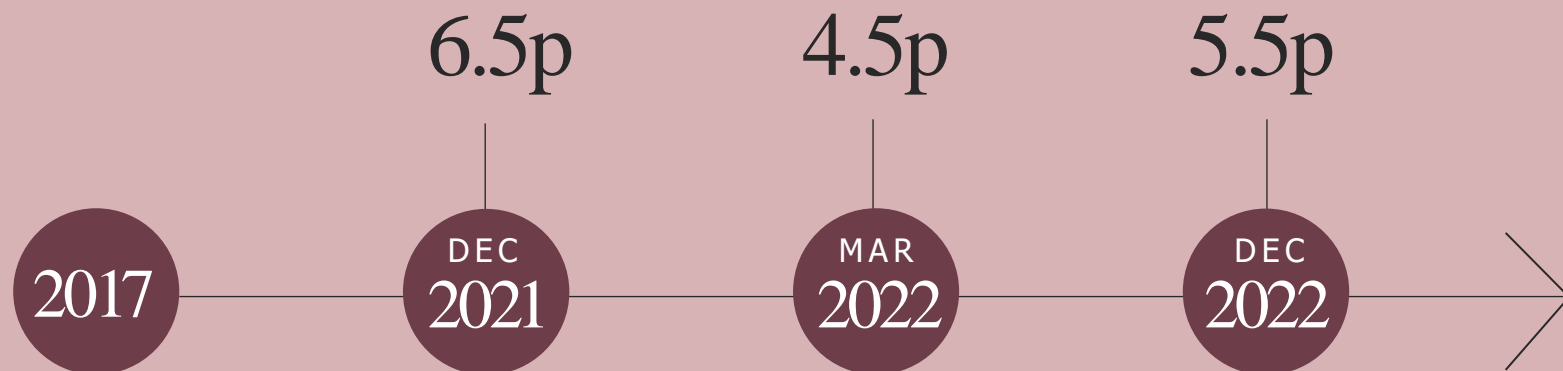
Note: Past performance is no indication of future results and share prices and their values can go down as well as up.

1

Strong track
record

16.5p

THREE DIVIDENDS PAID
IN THE LAST TWO TAX YEARS



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Over time it seeks to achieve an average dividend payment of 5p per Ordinary Share, per year, although this may vary significantly from year to year. Dividends will be generated over time when we exit portfolio companies.

1

Strong track record

Two successful exits including Tictrac, an award-winning tech provider.

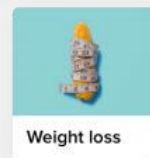
TICTRAC

Source: Puma Investments.

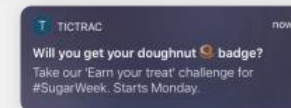
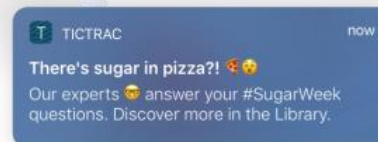
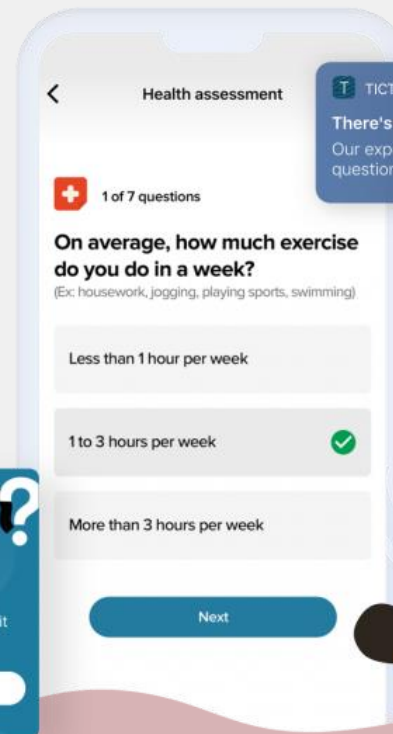
Note: Past performance is no indication of future results and share prices and their values can go down as well as up.



Mind & mood



Weight loss



2x

MONEY MULTIPLE
ON INVESTMENT

38%

INTERNAL RATE
OF RETURN

£5m

TOTAL INVESTMENT
FROM PUMA FUNDS



1

Strong track record

Two successful exits including Pure Cremation.



Source: Puma Investments.

Note: Past performance is no indication of future results and share prices and their values can go down as well as up.

4x

MONEY MULTIPLE
ON INVESTMENT

71%

INTERNAL RATE
OF RETURN

10x

REVENUE
GROWTH



2

Established VCT



OVER

£100m

OF NET ASSET VALUE

5

YEARS OLD

INVESTED IN

22

COMPANIES

3

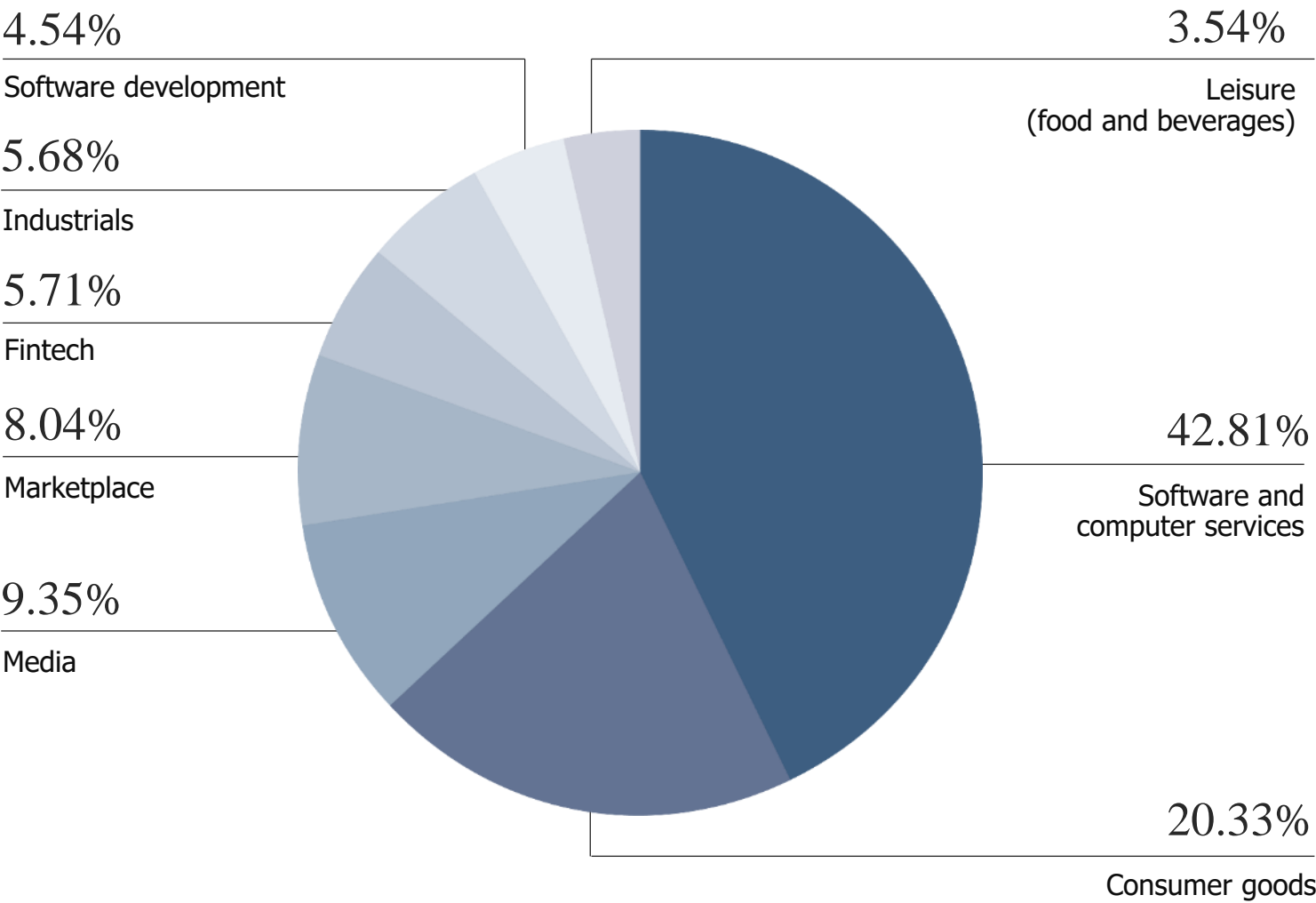
Diversified portfolio

Unlike a number of other VCTs, we specifically target sector diversification.

Source: Figures may be subject to rounding errors.
Puma Investments September 2023.



Diversification across eight sectors



4

Scale-ups, not start-ups

Puma VCT 13 is focused on investing in businesses that have already proved themselves in their market.

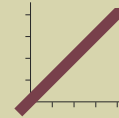
Why we fund scale-ups

Proven concept



Companies have undergone earlier exhaustive stages of research and development and overcome the associated hurdles.

Market traction



We try to back companies that have already established some market presence, and where the proposition has been commercially validated.

More data on which to build a robust business plan



Scale-ups have started to establish their sales channels and build up data on what does and does not work for the business, and associated costs.

Faster track to liquidity and potential exit



By investing in slightly later-stage businesses, there is the potential to achieve an exit after a shorter hold, and not to get trapped in very long positions.

The background of the slide is a close-up, low-angle shot of an open book. The pages are thick and layered, creating a sense of depth and texture. The lighting is soft, highlighting the edges of the pages. A solid maroon arrow points horizontally from the left edge of the slide towards the center, partially overlapping the book's pages.

Portfolio companies

PORTFOLIO COMPANY
SPOTLIGHT



A marketing platform for
brands and creators



£1.8m

PUMA VCT 13
PARTICIPATION

(Total investment from
Puma Funds £3m)



MARKET
Marketing technology



LOCATION
Europe



EXPANSION
US and Europe

Source: Puma Investments.

Note: Past performance is no indication of future results and share prices and their values can go down as well as up.



Data company providing
a view of global piracy
and unlicensed media
consumption

£3.2m

INVESTMENT FROM
PUMA FUNDS

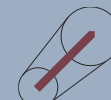
(Puma VCT 13
participation £2.4m)



MARKET
Software
development



LOCATION
London



EXPANSION
UK and US

Source: Puma Investments.

Note: Past performance is no indication of future results and share prices and their values can go down as well as up.

Charges and fee details

Initial Fees

PUMA INITIAL FEE

3%

(plus VAT if applicable)
of amount subscribed

Ongoing Fees

PERFORMANCE
FEE

20%

(plus VAT if applicable)
of the investment gain
within the portfolio
(net of costs)

MANAGEMENT
FEE PA

2%

(plus VAT if applicable)
of net asset value pa

ADMIN
FEE PA

0.35%

(plus VAT if applicable)
of net asset value pa

Other expenses

Puma VCT 13 is responsible for its normal operating costs. Puma Investments may be paid arrangement, structuring and/or monitoring fees for transactions, but these fees are not paid by the VCT.

Key details

MIN INVESTMENT
£3,000

MAX INVESTMENT
No maximum - income relief is available only on investments of up to £200k each tax year

LENGTH OF INVESTMENT
It may be possible to exit a VCT earlier, but tax reliefs only apply if shares are held for at least five years

Tax reliefs are not guaranteed and depend on the individual investor's circumstances and may be subject to change.

Get in touch

Please contact us on **020 7408 4070** or email us at **businessdevelopment@pumainvestments.co.uk**

For further information, please visit
www.pumainvestments.co.uk



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