DO NOT INVEST UNLESS YOU'RE PREPARED TO LOSE ALL YOUR MONEY. THIS IS A HIGH-RISK INVESTMENT AND YOU ARE UNLIKELY TO BE PROTECTED IF SOMETHING GOES WRONG. TAKE 2 MINUTES TO LEARN MORE (OR SEE THE TEXT ON PAGE 2).

Vala

Self-Select EIS

Information Memorandum

The tax treatment referred to in this Information Memorandum depends on the individual circumstances of each Investor and may be subject to change in the future. In addition, the availability of any tax reliefs depends on the Investee Companies maintaining their qualifying status.

THIS INVESTMENT IS NOT SUITABLE FOR ALL INVESTORS AS THE UNDERLYING INVESTMENTS ARE ILLIQUID.

Important notice

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the key risks?

1. **You could lose all the money you invest**

   If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

2. **You are unlikely to be protected if something goes wrong**

   Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker via https://www.fscs.org.uk/check/investment-protection-checker/

   If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection via https://www.financial-ombudsman.org.uk/consumers

3. **You won't get your money back quickly**

   Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early.

   The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.

   If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these.

4. **Don't put all your eggs in one basket**

   Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.

   A good rule of thumb is not to invest more than 10% of your money in high-risk investments. Read more via https://www.fca.org.uk/investsmart/5-questions-ask-you-invest

5. **The value of your investment can be reduced**

   The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares.

   These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

   If you are interested in learning more about how to protect yourself, visit the FCA's website via https://www.fca.org.uk/investsmart

The above is a summary of the material risk factors that we believe to be associated with an investment in this fund but does not necessarily include all the risks associated with such an investment. Your attention is drawn to the Risk section on page 28. You should seek your own independent advice by an independent financial advisor or other professional advisor authorised under the Financial Services and Markets Act 2000 who specialises in advising on investments of this type.

Investments made in investee companies via alternative investment funds may be covered by the Financial Services Compensation Scheme (FSCS). For more details, please contact us or refer to their website: https://www.fscs.org.uk

Contents

Important Information

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE IN REGARD TO THE CONTENTS OF THIS INFORMATION MEMORANDUM AND APPENDICES YOU SHOULD CONTACT AN INDEPENDENT FINANCIAL ADVISER OR OTHER PROFESSIONAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FSMA) WHO SPECIALISES IN ADVISING ON INVESTMENTS OF THIS TYPE. RELIANCE ON THIS INFORMATION MEMORANDUM FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OF THE PROPERTY OR OTHER ASSETS INVESTED. YOUR ATTENTION IS DRAWN TO PART SIX HEADED "RISK FACTORS". NOTHING IN THIS DOCUMENT CONSTITUTES INVESTMENT, TAX, FINANCIAL, LEGAL, REGULATORY OR OTHER ADVICE BY SAPPHIRE CAPITAL PARTNERS LLP OR BY VALA CAPITAL LIMITED.

This Information Memorandum constitutes a financial promotion pursuant to section 21 of FSMA. Its contents have been approved for the purposes of section 21 of FSMA by Sapphire Capital Partners LLP (the "Authorised Person"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom and whose registered office is at 28 Deramore Park, Malone, Belfast BT9 5JU.

The communication of this Information Memorandum and the contents thereof is made to and directed at persons reasonably believed to be such persons as are referred to below and must not be passed on, directly or indirectly, to any other person in the United Kingdom:

a) Professional Clients or eligible counterparties as defined in the Conduct of Business Sourcebook ("COBS") forming part of the FCA's Handbook of Rules and Guidance;

b) Retail Clients who confirm in writing that they will receive advice on the investments referred to in this Information Memorandum from a financial adviser authorised and regulated by the FCA subject to the conditions referred to below (the "Condition");

c) To the extent that the recipient is a Retail Client who does not fall within category (b) above, only clients falling within the following categories subject to the Conditions referred to below

   i) certified high net worth investors in terms of COBS 4.7.9R;
   ii) certified sophisticated investors in terms of COBS 4.7.9R;
   iii) self-certified sophisticated investors in terms of COBS 4.7.9R;
   iv) certified restricted investors in terms of COBS 4.7.10R; and

d) Any person to whom the communication may otherwise lawfully be made.

An investment in the Fund may only be made on the basis of this Information Memorandum and the Investment Management Agreement. Neither Sapphire Capital Partners LLP nor Vala Capital Limited or any of their respective directors, officers, employees, and agents accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any information or opinions contained herein or in any other communication in connection with an investment in the Fund, except where such liability arises under FSMA, regulations made under FSMA, the FCA Rules or any applicable law and may not be excluded.

All information and illustrations in this Information Memorandum are stated as at the date of its issue, unless otherwise stated. All statements of opinion or belief contained in this Information Memorandum and all views expressed and statements made represent the Authorised Person's own assessment and interpretation of information available to them as at the date of this Information Memorandum. No representation is made, or assurance given as to the accuracy, completeness, achievability or reasonableness of any views, statements, illustrations or forecasts or that the objectives of the Fund will be achieved. Prospective Investors are strongly advised to conduct their own due diligence including, without limitation, the legal and tax consequences to them of investing in the Fund and must determine for themselves what reliance (if any) they should place on such statements, views or forecasts. Prospective Investors' attention is drawn to the section titled 'Risks' on page 28.

The Authorised Person believes that the factual content set-out in this Information Memorandum is accurate and that statements of opinion herein are reasonably held. This Information Memorandum was prepared BY Vala Capital Limited and approved by the Authorised Person. Subject to the Authorised Person's overriding duty under the FCA Rules to ensure that the content of this Information Memorandum is presented in a manner which is fair, clear and not misleading with respect to the persons to whom the Fund is promoted by it, neither the Authorised Person nor Vala Capital Limited accept responsibility to any recipient of this Information Memorandum for inaccuracies in factual representation or for any consequences to such persons of placing reliance upon statements of the Authorised Person's opinion except to the extent required by law. Additionally, some material included in this Information Memorandum is derived from public or third-party sources, and each of the Authorised Person, Vala Capital Limited and the Investment Manager disclaims all liability for any errors or misrepresentations which any such inclusions may contain and do not take responsibility for the content contained therein. This Information Memorandum contains certain information that constitutes "forward-looking statements" which can be recognised by use of terminology such as "may", "will", "should", "anticipate", "estimate", "intend", "target", "continue", or "believe" or their respective negatives or other comparable terminology. Forward-looking statements are provided for illustrative purposes only. Due to various risks and uncertainties, actual events, results or performance may differ materially from those reflected or contemplated in such forward-looking statements.

No person has been authorised to give any information, or to make any representation concerning the Fund other than the information set out in this Information Memorandum, and if given or made, such information or representation must not be relied on. This Information Memorandum is only intended for release in the United Kingdom and does not constitute an offer, or the solicitation of an offer to buy or sell any security or share. It does not constitute a public offering in the United Kingdom.

In addition, this Information Memorandum does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is unlawful or unauthorised or in which the person making such offer is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. It is the responsibility of any person outside the United Kingdom wishing to make an application to invest in the Fund to satisfy himself as to full observance of the laws of any relevant territory in connection therewith.

Changes in legislation in respect of EIS in general, and qualifying investments and qualifying trades in particular, may affect the ability of the Fund to meet its objectives and/or reduce the level of returns which would otherwise have been achievable.

Prospective Investors should be aware that the arrangements described in this Information Memorandum represent a discretionary Fund management service subject to the terms of the Investment Management Agreement. Investors appoint the Investment Manager to act as their common discretionary investment manager to invest their Subscription monies on a discretionary basis into a Fund to be invested in EIS Qualifying Companies. The Fund will act as a group of individual bare trusts held separately in the name of the Nominee with each Investor being the sole beneficiary of each individual bare trust under a nominee arrangement. The Fund is not treated as an unregulated collective investment scheme (as defined in section 235 of FSMA). The Fund is an AIF.

The Fund has not been approved by HMRC under s.251 of the Income Tax Act 2007.

The Authorised Person reserves the right to update this Information Memorandum from time to time.

By submitting an Application Form, you agree to be bound by the terms and conditions.

Taxation Disclaimers

The information contained in this Information Memorandum makes reference to the current laws concerning EIS Income Tax Relief and Share Loss Relief (together, the EIS Reliefs), CGT Deferral Relief, and the CGT Exemption (together, the CGT Reliefs), and IHT Relief. These levels and bases of relief may be subject to change. The tax reliefs referred to in this Information Memorandum are those currently available and their value depends on individual circumstances.

It is the intention that the Fund will invest in companies which are Qualifying Companies for the purposes of the EIS regime set out in Part 5 of the Income Tax Act 2007 (ITA). Following each Qualifying Investment which the Fund makes it is envisaged that the appropriate EIS Compliance Certificates will be issued to Investors, which will enable them to claim EIS Reliefs in respect of that Qualifying Investment. There is no guarantee however that EIS Reliefs, CGT Reliefs or IHT Relief will be available on any Investment made by the Fund or that if it is initially available it will not be subsequently withdrawn. Any references to tax laws or rates in this Information Memorandum are based on current legislation and the proposed changes described in the next paragraph, all of which are subject to change and provided as a guide only. Prospective Investors are advised to take their own taxation advice and should consult their own professional advisers on the implications of investing in the Fund.

The Investment Manager intends to make Qualifying Investments and intends to ensure that the Investee Companies obtain provisional advance assurances from HMRC that they are Qualifying Companies.

Throughout this Information Memorandum, "us", "we" and "our" are used to refer to Vala Capital Limited.

Please note that any non-English speakers should ensure they obtain and read a translated copy of this Information Memorandum, the Investment Management Agreement, the Custody Agreement, the Key Information Document and the Application Form before deciding whether to invest.

The information and illustrations in this Information Memorandum are stated as 30th November 2022 (ref: 11/22-02).

All footnote citations referring to online resources were accessed in August 2021.

Welcome to the Self-Select EIS from Vala.

At Vala, we believe early-stage businesses in the UK are a vital engine of innovation, change and value creation. Through our EIS funds, you can access brilliant young companies that we believe will be the next generation of great British businesses.

Many investors find the lack of choice available through most investment funds to be too restrictive, giving you no say over the companies you invest in.

At the other end of the spectrum, alternatives such as crowdfunded investments place all the risks firmly on the heads of the investor. Without any professional selection and management of investments in the process, you're on your own.

We are now giving investors a refreshing alternative - a solution that lets you choose portfolio companies you wish to invest in from a group hand-picked by us, and leaves the management responsibilities to our team of investment professionals.

Through the Self-Select EIS, you can build your own portfolio of early-stage companies from a stable of companies managed by us. We carry out the necessary due diligence on the companies, and we use our skills, experience and resources to help them create value and deliver outstanding returns for investors.

The companies you can choose from are expected to qualify for the Enterprise Investment Scheme (EIS), which means your investment should also benefit from tax incentives designed to compensate for the risks associated with early stage investing.

I see so much opportunity today, and meet so many inspirational entrepreneurs with fantastic ideas and energy. My mission is to use our resources to back this exceptional talent to build the next generation of great British businesses. The investments you make through us can play an important role in helping to realise this mission. I hope you will join us on this journey.

Jasper Smith

Introducing Self-Select EIS from Vala

An innovative way for investors to hand-pick the companies they wish to back, while enjoying all the benefits of a professionally managed investment service.

We know that not all investors like to invest in funds, and many prefer to select companies to invest in themselves. However, investing directly in early-stage companies can be difficult and presents additional risks for investors. These risks can include how to carry out effective and accurate due diligence to select the right companies and how to protect your position as a small minority shareholder.

With this in mind, we built Self-Select EIS to offer investors the best of both worlds. It gives you greater control over how you allocate your investment funds[1], and lets you build your own portfolio of companies carefully selected by and subject to the approval of our investment committees. Invest in just one company or several, the choice is yours[2].

Once you've chosen your portfolio companies, we do the rest. We will facilitate completion of the investment process[3], manage the portfolio and work closely with your portfolio companies throughout the life of your investment. As well as managing your EIS investment, we'll also keep you updated when new companies are available for investment.

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1 Subject to the final approval of each investment by the Investment Manager, Sapphire Capital Partners

2 As above

3 As above

Overview

Minimum subscription	A minimum subscription of £10,000 per portfolio company selected. Lower amounts may be considered at the absolute discretion of the Investment Manager.
Investment timing	Your subscription will be fully invested as soon as practicable. However, various factors will influence the exact timing of investments, including when an investment round becomes available for each of the portfolio companies you wish to invest in.
Investment duration	You should expect to hold each of the investments in your portfolio for at least five years from the time the shares are purchased. Some portfolio companies may be held for significantly longer or shorter periods.
Closing date	Self-Select EIS has an evergreen structure, which means it can accept investments at any time while it remains open and companies are available for investment. The companies available to invest in through Self-Select EIS will vary from time to time. Companies currently available for investment through Self-Select EIS can be found on page 20 of the Application Form and on our website at www.valacap.com/invest.
Fees	An Annual Management Charge (AMC) of 1.5% of your subscription will be taken every year for the first three years. In years four and five, the AMC is 1.5% of the lower of the value or the acquisition cost of your remaining shareholdings. No annual charge is applied after the fifth year. Vala Self-Select EIS may also charge an initial fee of up to 5% of the amount invested into portfolio companies. This fee is invoiced to the companies it invests in, so it does not reduce the amount invested into shares. Vala Capital (the Investment Adviser) and Sapphire Capital (the Investment Manager) will be entitled to charge a performance fee, which is calculated as 20% of the cash returns that exceed 110% of the amount invested into companies. Performance fees are assessed on a company by company basis and VAT may be charged on the performance fee where applicable. The AMC reduces the amount of your subscription that can be invested into shares, which also reduces the EIS reliefs available on your investment. Please refer to page 23 for more information about how charges are applied. The fees described above are exclusive of VAT, which will be added where applicable.
EIS reliefs	Before investment is made into portfolio companies, advance assurance of EIS qualification will be obtained from HMRC. However, this does not guarantee that EIS reliefs will be available. Please refer to pages 24-27 for more information on the tax benefits.

Investment philosophy

At the heart of Self-Select EIS is a team of seasoned and successful venture builders. With decades of experience in industry and international finance, they have created, built and sold many innovative businesses around the world.

This hard work, and the lessons learned along the way, puts us in a strong position to select, support and help grow exciting companies, giving them the best possible chance of success. Our experience has also shaped a set of values and beliefs that underpin Vala.

Born to build

The best entrepreneurs were born to build businesses – they see it as their life's mission. They are people who think big and are determined and fearless in pursuit of their dreams.

At Vala Capital, our job is to empower these exceptional founders, and to make their ideas real and impactful. We work with many visionary and innovative entrepreneurs, and this experience makes us incredibly optimistic about the future.

An environment that helps businesses thrive

The UK offers a world-class environment for start-ups to flourish. Technology has transformed almost every industry, creating possibilities for start-ups to become significant players or major multinationals in record time. The UK has so far created 100 'unicorns' (start-up companies valued at more than $1 billion).[4] Tomorrow's global giants could be among the 500,000 new companies started in each year in the UK alone.[5]

Principles and purpose

Acting ethically isn't a cost to business or a barrier to success. On the contrary, an ethical core is a critical element of every great company. Responsible decision-making, practiced at all levels of a company, creates more sustainable business practices, better financial outcomes, and stronger organisations. We seek entrepreneurs who share our values and this vision of doing business.

Competitive edge

We like to win, and so do the entrepreneurs we work with. We do everything possible to give portfolio companies a competitive edge, drawing on our decades of experience of building businesses and our extensive professional networks. Some of the businesses that our Funds invest in are companies we have helped create, incubate and accelerate, putting us in the best possible position to help them achieve their growth ambitions.

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4 Source: Dealroom 2021.

5 InformDirect.co.uk, "2018 Review of UK Company Formations".

What this means for you

With these principles guiding our investments, what should you expect the companies that you select for your portfolio to look like?

Sector focus

Mentoring entrepreneurs through the lifecycle of their business is an important part of our investment approach. The individuals who act as mentors may also put their own money into the portfolio companies and, in some cases, they may themselves be founders. Because of this, we often invest in companies operating in sectors that we know well, or where we can bring in exceptional sector expertise from our wider network.

These sectors may include: technology, engineering, media and entertainment, fintech, lifestyle and wellness, and food and beverage.

Our funds target markets and approaches where we see the greatest prospects for creating and realising value for investors. Though each opportunity is unique, we typically target companies with some or all of the following characteristics:

- Early stage and EIS qualifying
- Capital efficient – doesn't spend more than it earns
- Highly scalable model – becomes more profitable as it grows
- Built around innovative or proprietary idea that's hard to imitate
- Fast monetisation models – capable of earning revenue quickly
- In a market primed for transformation – disrupting old and established business practices
- Technology driven or enabled – using tech to create efficiencies
- Outstanding talent – exceptional founders and leadership teams
- Seeking an active investment partner with our own skillset and approach

Development stage

The 'early-stage' companies the Fund invests in may be at different phases of their development. Some 'pre-revenue' companies need funding to cover the costs of launching products and services into their chosen markets. Others will be 'post-revenue', meaning they are already up and running, and need funding to accelerate their growth (for example, by investing in sales and marketing functions or expanding their product range).

Size and availability of investments

The size and timing of funding rounds that companies choose to undertake will vary. This means that for investors in Vala Self-Select EIS, investment capacity may be limited, and sometimes it may not be possible to satisfy your subscription instructions in full. If so, we will contact you to discuss alternative options.

What to expect

When you invest through the Self-Select EIS, your subscription will be committed to an investment round in each of the companies you have selected. Your capital will then be used to buy shares in your chosen companies at the close of those investment rounds.[6]

The companies available to invest in through Self-Select EIS will be updated regularly. The companies currently available for investment[6] on the Vala website at www.valacap.com/invest.

Your subscription will be invested as soon as practicable. If we cannot complete your subscription in line with your instructions, we will discuss alternative options with you, including the return of all or the balance of your funds.

After your shares have been purchased, HMRC will authorise each individual company to issue you with a separate EIS3 certificate. This certificate allows eligible investors to claim various tax reliefs, described on page 28.

Self-Select EIS is an 'evergreen' investment. This means there's no set closing date and you can make multiple subscriptions in each tax year up to the maximum available investment amount on which you can claim EIS tax reliefs in that year – currently £1 million.

Once your portfolio is built, as the Investment Adviser, Vala Capital will seek to give each company the capital and support they need to grow and become more valuable. While our ultimate goal is to ensure you can sell your shares in each portfolio company after the three-year EIS qualifying period, you should expect to hold your shares for at least five years, and this holding period may be considerably longer for some companies. You should also remember that an EIS investment is a high risk investment, and it is also likely some companies in the portfolio will fail or be sold at a loss.

6 Subject to the final approval of the Investment Manager, Sapphire Capital Partners

Understanding EIS 'funds'

An Enterprise Investment Scheme Fund is not an investment 'fund' in the conventional sense. Instead of buying the units of a pre-existing fund (like most managed funds and pensions), your subscription is used to buy shares in the companies you select. This means the portfolio of companies investors own is likely to be considerably different depending on when the subscription was made.

While many types of investment fund allow you to sell your holding when you choose, either to access the cash value or to transfer into a different fund, an EIS fund is different. As the companies the Fund invests in are not listed publicly, access to your EIS portfolio is restricted after the money is invested. When Vala Capital, as the Investment Adviser and Sapphire Capital, as the Investment Manager, consider the time is right to sell the shares of one of the companies in your portfolio, the Fund will seek to arrange the sale of the shares on your behalf. You will only be able to access your funds when such sales are successfully completed.

Legal structure and regulatory position

Self-Select EIS is unlike a conventional fund in key respects, and it is also not considered to be a 'collective investment scheme' (under section 235 of the Financial Services and Markets Act 2000). Instead, it is classified as an Alternative Investment Fund (AIF) under the Alternative Investment Fund Managers Directive (AIFMD).

This means Vala Self-Select EIS is not a legal entity, but a collection of bare trusts – one for each investor. As the sole beneficiary of the bare trust, a custodian arrangement will be used to hold your cash before it is invested, as well as to hold your portfolio of shares.

Financial Services Compensation Scheme

The Investment Manager participates in the Financial Services Compensation Scheme (FSCS), established under the Financial Services and Markets Act 2000. The scheme provides compensation to eligible investors in the event of a firm being unable to meet its customer liabilities. Payments under the scheme to an eligible investor for protected claims against a firm in respect of protected investment business are limited to a maximum of £85,000. Under the FSCS investment protection scheme there may be circumstances in which investors can claim compensation where the Investment Manager of the Vala Self-Select EIS is unable or unlikely to honour legally enforceable obligations against it. Availability of FSCS protection will be dependent on the eligibility of the claimant and the circumstances of the claim. Further information about the circumstances in which the FSCS cover is available can be found on the FSCS website at www.fscs.org.uk. The information in this brochure is based upon current taxation, other legislation, and HMRC practice. Any changes in the legislation or HMRC practice may affect the value of an investment.

Managing your investment

A few parties are involved in managing your investment – their roles are summarised here.

Vala Capital: Investment Adviser

Vala Capital identifies the companies that its funds invest in, some of which will be made available for investment through Self-Select EIS. We are closely involved with the investment process from start to finish, as well as providing partnership, support and advice to the entrepreneurs that receive funding for their businesses through our funds. Vala Capital acts as an 'appointed representative' of Sapphire Capital Partners LLP.[7]

Sapphire Capital Partners: Investment Manager

Sapphire Capital is an investment management firm authorised and regulated by the Financial Conduct Authority (FCA), with the reference number 565716.

It is permitted by the FCA to act as an Investment Manager for individual investors, and to manage Alternative Investment Funds.

Sapphire Capital is responsible for ensuring Vala Capital's activities are carried out in compliance with the relevant regulations. As Investment Manager, Sapphire Capital will independently review the opportunities selected for investment by Vala Capital, and must give its approval before an investment in a portfolio company is made.

Woodside Corporate Services: Custodian

We use a specialist custodian to keep the money and assets of the Fund's investors safe. Woodside Corporate Services will open a client account where your subscription will be deposited. After an investment is made, Woodside will use a nominee company, WCS Nominees Limited, as the legal owner of shares on your behalf, and the shares will be allocated to your client account. You will own the "beneficial title" to the shares in the companies in your portfolio, and any EIS tax relief you claim will then flow through the nominee to you personally.

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7 This arrangement may change in the future if, for example, Vala Capital applies for its own regulatory permissions from the FCA.

Our investment process

Sourcing deals	At Vala Capital, one of our key responsibilities is to find suitable companies for our EIS funds to invest in. Companies often approach us directly when raising money. We also learn about opportunities through our network of well-connected associates, business leaders and entrepreneurs. A key part of our strategy is to identify opportunities to develop and build ventures ourselves. As such, the Fund may invest in companies that have been started by members of our investment committees – or other entrepreneurs we know well – or start-ups that have been incubated in close collaboration with us, or have developed under our oversight.
Due diligence	We love a good sales pitch from an enthusiastic founder. But we also value the forensic research that helps us determine whether to invest. Due diligence is crucial. It helps us to manage risk exposure, and it lays the groundwork for supporting the businesses that we select for investment. To carry out the extensive due diligence that every early-stage investment requires, we work in close collaboration with professional advisers who are handpicked for their experience in the relevant sector. Together, we research market dynamics to assess whether the company's product or service is the right fit, and with the right route to market. We also drill down into the company's business plans, financial projections and budgets. We want to understand how they will use the investment, their prospects for growth and their potential to make an impact on their chosen market. Throughout this process, we spend time getting to know the company's founder and the team they have built around them. An early-stage company's leadership team is a key determinant of success, making this is one of the most important aspects of our due diligence.
Investment decision	After the detailed due diligence work is completed, the relevant Investment Committee will review the opportunity in detail before providing investment advice to Sapphire Capital (the Investment Manager). Our policy is that investments will only proceed if there is unanimous agreement across all members of the Investment Committee. Vala Self-Select EIS does not have a seperate, dedicated Investment Committee. Instead, each proposed investment in to a company shall be subject to approval by the Investment Committee for the Vala fund through which investments into that company are made, acting on behalf of the applicable Vala Self-Select EIS investors. Each portfolio company investment selected by an Investor will be subject to approval by the Investment Manager.
Mentoring	Where possible, we take a seat on the board of each company our EIS funds invest in. For us, this is not just about monitoring performance it's about becoming a trusted mentor to the founders, empowering them and providing whatever backing they might need to be successful. Because of the expertise and experience of both our team and the experts within our network, the support we provide can take many forms. It will often include commercial and strategic advice, connecting businesses with potential partners, helping them to recruit talented new staff members, and managing their cash flow and financing.
Exit	Our ultimate goal for each portfolio company is to achieve an exit event that delivers a profitable return to Investors. An exit occurs when a company is acquired by other parties (such as bigger company in the same industry or a private equity firm) or its shares are listed on a public stock exchange. At the time of the initial investment, it is impossible to know how long a company might take to reach an exit. However, we will work closely with the Investment Manager and our portfolio companies to ensure the exit process is in the best interests of our investors as well as the companies and their employees.

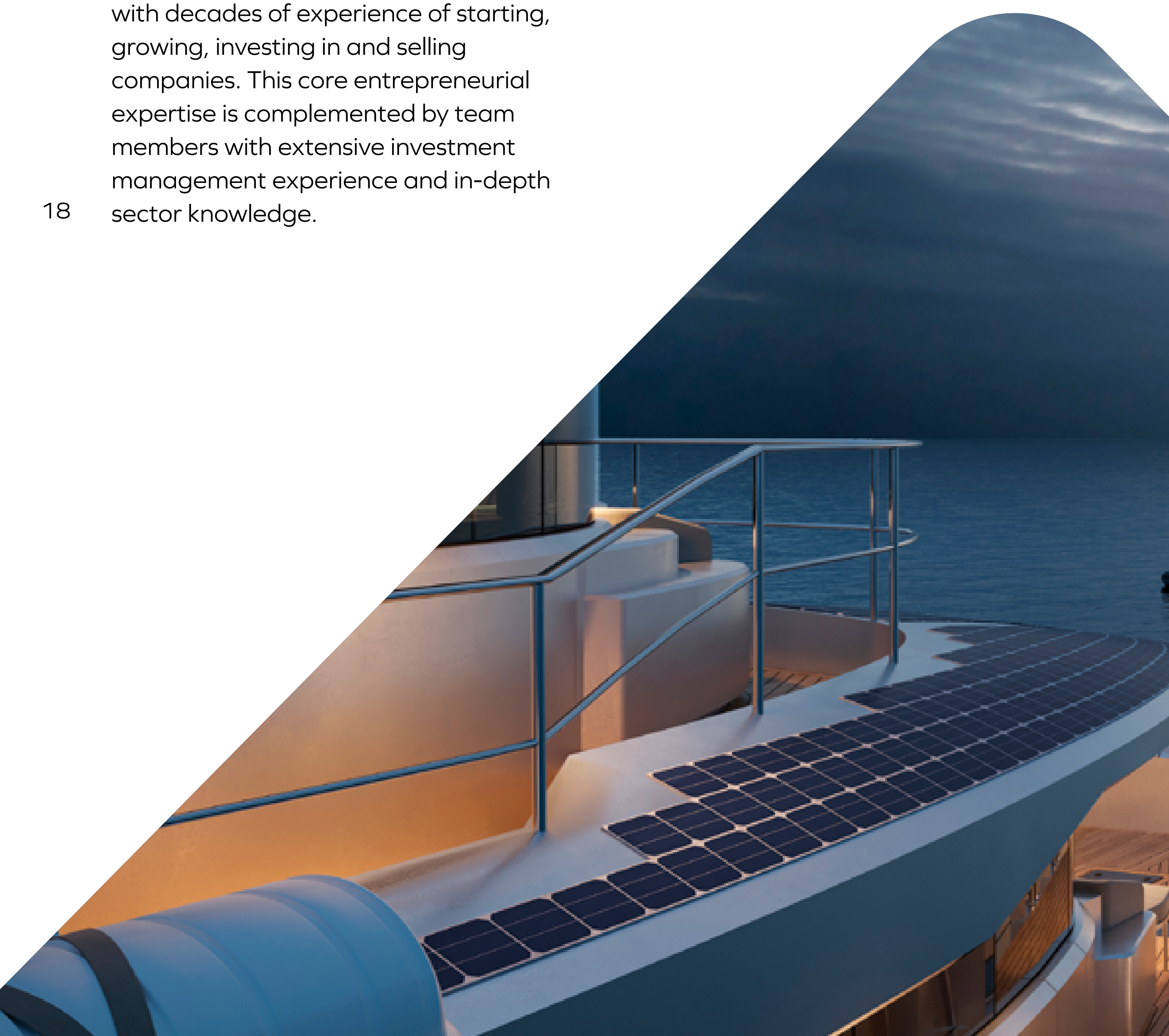
Our Investment Advisor team

Our investment approach is based on a belief that the best people to help young businesses become successful are those who have already "been there and done it".

That's why at the heart of our organisation is a team of seasoned entrepreneurs and venture builders with decades of experience of starting, growing, investing in and selling companies. This core entrepreneurial expertise is complemented by team members with extensive investment management experience and in-depth sector knowledge.

We have also built relationships with experts from outside Vala Capital. Their expertise and extensive networks within specific industry sub-sectors helps us to find companies to invest in and support as they grow.

In this section we introduce some key members of the team.



Jasper Smith
Founder

Jasper has overall responsibility for deal flow, venture building and mentoring services, and sits on the Investment Committee at Vala for our EIS funds. He is also an entrepreneur who has founded and invested in many companies in the media, technology and engineering sectors. His ventures include: PlayJam, one of the largest TV and mobile games networks; PlayStack a mobile games publisher; and Arksen, an engineering company focused on developing offshore explorer vessels and marine technology. Jasper has achieved a number of highly successful exits, creating significant shareholder value along the way. Jasper founded the World Ocean Trust in 1987 and is now a trustee at the Arksen Foundation.

Jonathon Spanos
Head of Venture Investment

Jonathon is responsible for venture capital investment activities across all Vala's funds. Jonathon has extensive experience in capital raising, investment advisory and venture building, having previously worked at Virgin StartUp, part of Sir Richard Branson's Family Office. While at Virgin, Jonathon launched a range of innovation accelerators (combined £50 million fund) and investment programmes supporting more than 100 scale-ups to receive over £25 million in venture funding. Before Virgin, Jonathon was part of the founding team that created Allbirds, a leading brand in sustainable fashion and innovative eco-material science.

Vala

Investment advisor team (continued)

James Faulkner
Co-Founder & Managing Director

James has responsibility for the day to day oversight of Vala. James has enjoyed a successful career in sales and marketing for over 30 years primarily within financial services with PwC, ABN Amro and Dun & Bradstreet but with spells in manufacturing and consulting too. James is a Chartered Member of the CISI and holds the Level 4 Investment Advice Diploma.

Lian Michelson
Investment Director

Lian has extensive technical, financial and operational experience. She has worked with funds including US-based Conscience VC as a Venture Partner focusing on the intersection of deep tech and consumer, and startup accelerator Antler as a Capital Advisor. Previously, Lian founded a fashion tech marketplace and ran the UK expansion of a European fintech company as their UK CEO. As an angel investor in 15+ companies, she utilises her experience to support founding teams with business development, strategy and fundraising. Lian started her career as a Fixed Income trader for Morgan Stanley where she managed $bn+ portfolio, and holds a Master's degree in Computer Science.

Our Investment Committees

Our EIS Investment Committees our comprised of a range of highly qualified investors and executives, including Jasper Smith and the following individuals:

John Swingewood

After senior leadership roles at BT and BSkyB, where he was instrumental in developing early internet strategies, both through organic development and strategic acquisitions, John has since led several companies through to exit. He was Chairman at CENTRALNIC, which floated on the Alternative Investment Market, and Chairman at DITG and Executive Chairman of Emizon, both of which were sold through significant trade sales. John continues to conceptualise, incubate, support and invest in growing businesses through specialising in media, technology and intellectual property.

Boyd Carson

Boyd is the Managing Partner of Sapphire Capital Partners, the Investment Manager for Self-Select EIS. He is a Fellow of the Institute of Chartered Accountants and a former director of PwC in New York.

Sapphire Capital specialises in the SEIS and EIS sectors, managing multiple funds and has helped more than 300 companies with the process of qualifying for tax reliefs. The firm has won multiple industry accolades, including the EIS Association's award for Best SEIS Fund Manager.

Investing in Self-Select EIS

How to invest

Investors first need an Application Pack, which includes our Investment Management Agreement and Application Form.

The Enterprise Investment Scheme is available to individual Investors only, which means you cannot make a joint application. If your spouse or civil partner wishes to invest, they should apply separately.

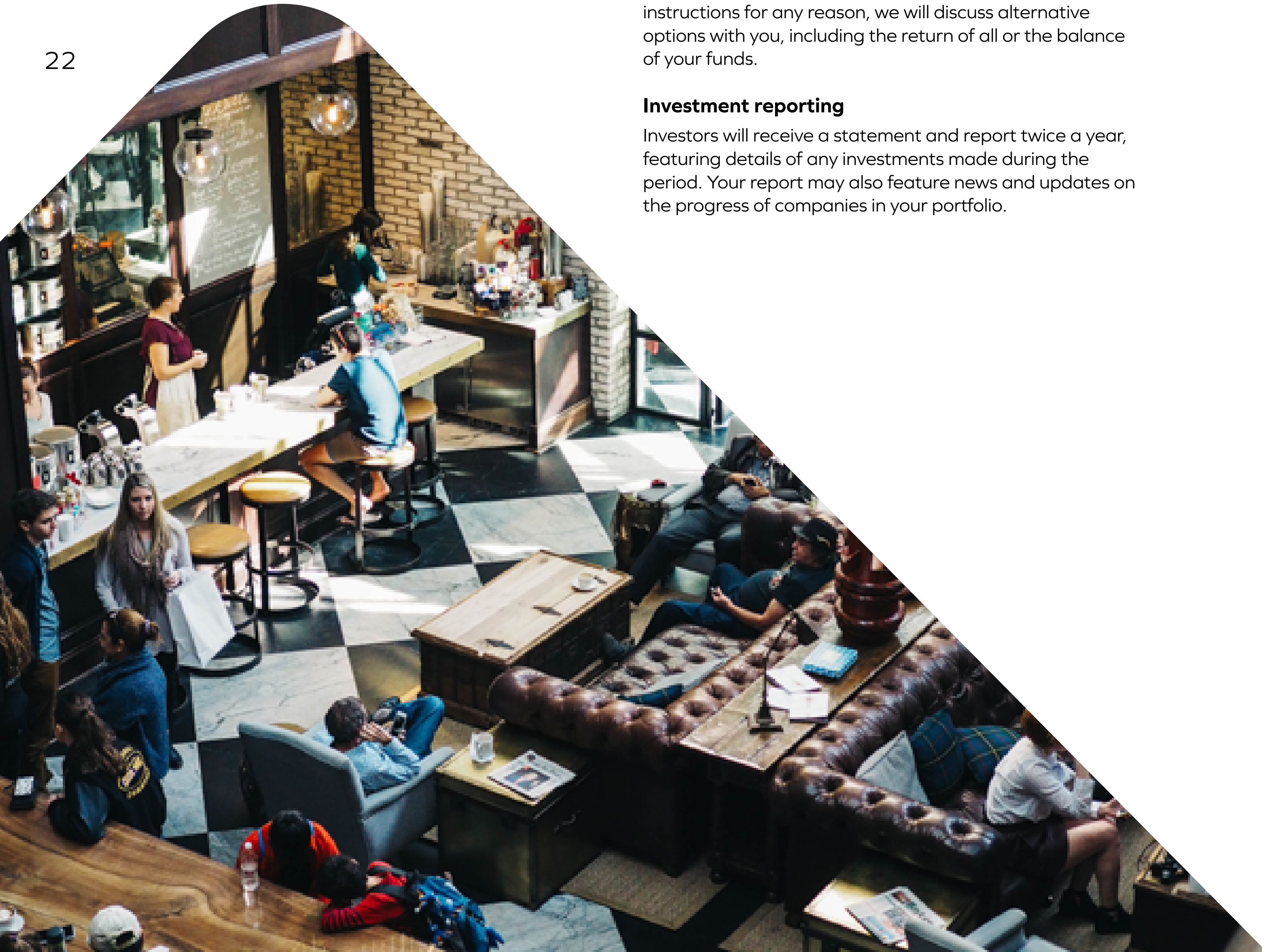
To make sure your investment is processed as quickly as possible, take care to read all the instructions and the specified anti-money laundering requirements, and that you submit all the requested documentation with your application.

Once ready, send your application to Woodside Corporate Services, the Custodian appointed to look after your money. Woodside's address and payment details are on the Application Form.

Your subscription will be invested as soon as practicable. If we cannot complete your subscription in line with your instructions for any reason, we will discuss alternative options with you, including the return of all or the balance of your funds.

Investment reporting

Investors will receive a statement and report twice a year, featuring details of any investments made during the period. Your report may also feature news and updates on the progress of companies in your portfolio.



Fee type	Charged to	Amount	How it works
Initial fee	Investee companies	Up to 5% of the amount invested into the company + VAT	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. 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.
Annual management charge (AMC)	Investor	1.5% + VAT	For the first three years of the investment period, after the subscription is received, the AMC is calculated as 1.5% of the net subscription amount. The net subscription amount is the amount left after deducting any fee charged by the Investor's financial adviser. A cash balance equal to 3.6% of the original subscription amount will be set aside in the Investor's client account. This amount will cover the cost of the AMC (plus VAT) for the first two years. The AMC will be paid in advance to Sapphire Capital over that period. In years 4 and 5, the AMC will be calculated as 1.5% of the lower of the acquisition cost or net value of the remaining shares in the Investor's portfolio. The fees in respect of years 3, 4 and 5 will accrue in the Investor's client account until after cash is returned from the sale of shares, at which point the fees will be paid to Sapphire Capital. No AMC is charged after the fifth year. Annual Management Fees can be adjusted at the absolute discretion of the Investment Manager.
Performance fee	Investor	20% of returns above 110% (on a company-by-company basis)	In respect of each portfolio company, Vala Capital and Sapphire Capital will earn a shared performance fee, equal to 20% of any return to an Investor from an investment in a portfolio company through Vala Self-Select EIS that is in excess of 110% of the amount invested by the investor into that company. In other words, before any performance fee becomes due in relation to the Investment in that portfolio company, the investor must have received cash payments equal to 110% of the acquisition cost of their shares in that portfolio company from the applicable investment through Self-Select EIS. Of this fee, 80% will be paid to Vala Capital, 20% to the Sapphire Capital. VAT may be charged on the performance fee, if applicable.

Tax reliefs

Each portfolio company available within the Self-Select EIS should qualify for the Enterprise Investment Scheme. This means you can potentially claim a number of tax reliefs after your investment is made.

These tax reliefs provide a significant incentive for Investors to support smaller UK companies, and also offer mitigation from losses should some of those companies fail. Please note that in the event of an Investee Company failure you will still incur losses.

For an individual who pays Income Tax at the additional rate of 45%, and who is eligible for all EIS reliefs, the tax reliefs mean that for every £1 invested, only 38.5p is at risk.

However, it is important to remember that EIS tax reliefs are only made available to Investors because of the higher risks associated with investing in early-stage companies. Your capital is at risk. Also, the availability of tax reliefs depends on your personal circumstances, and tax legislation can change in the future.

The main reliefs currently available are shown on page 25.

Income Tax relief	Of the amount invested into EIS qualifying companies, up to 30% can be claimed as a deduction from the Investor's Income Tax bill. This relief can be claimed either for the tax year in which the shares were purchased, or as a refund from Income Tax paid in the preceding tax year. Relief can be claimed on investments of up to £1 million per tax year (or £2 million if the companies invested in meet HMRC's definition of 'knowledge intensive'). If the shares are not held for the minimum holding period of three years, or the company ceases to be EIS qualifying, HMRC can instruct the investor to repay the Income Tax relief previously claimed.
Tax-free capital gains	There is no Capital Gains Tax (CGT) to pay on any capital gains made from selling EIS-qualifying shares, provided the Investor has claimed Income Tax relief. For CGT relief to apply, the Investor must have owned the shares for at least three years (the EIS qualifying period) before selling them, and the company must have maintained its EIS qualifying status.
Loss relief	Investors can claim loss relief on companies in their EIS portfolio that fail. Any losses can be offset against either their Income Tax bill or CGT bill – either in the current tax year or previous tax year (but not both). However, to qualify for loss relief the value of the investment when sold must have fallen below its 'effective cost' (the amount invested less what was claimed in Income Tax relief).
Inheritance Tax relief	If the investor owns the shares for at least two years, and still owns them when they die, the investment may qualify for Business Relief. This means there could be no Inheritance Tax to pay on the value of the shares. Business Relief is not an EIS relief, but EIS-qualifying companies often qualify for Business Relief too.
Deferral of CGT	Investments into EIS-qualifying shares can be used to defer part or all of the CGT due on gains from the disposal of an asset. Gains that arose up to 36 months before or 12 months after the purchase of the EIS shares can be deferred. If an Investor dies while in possession of the shares, the deferred CGT liability is eliminated entirely.

How tax reliefs could impact your investment

EIS tax reliefs are designed to encourage investment into an often-neglected part of the UK market. They also help to cushion the blow if an investment does not perform well, and enhance the return when a company is successful. The example opposite shows an investment into a single EIS-qualifying company.

In Scenario 1, the company does not perform well and the shares are eventually sold at a 50% loss on the acquisition price. In scenario 2, the value of the initial investment doubles over the holding period. Please note, the target portfolio for an Investor's Self-Select

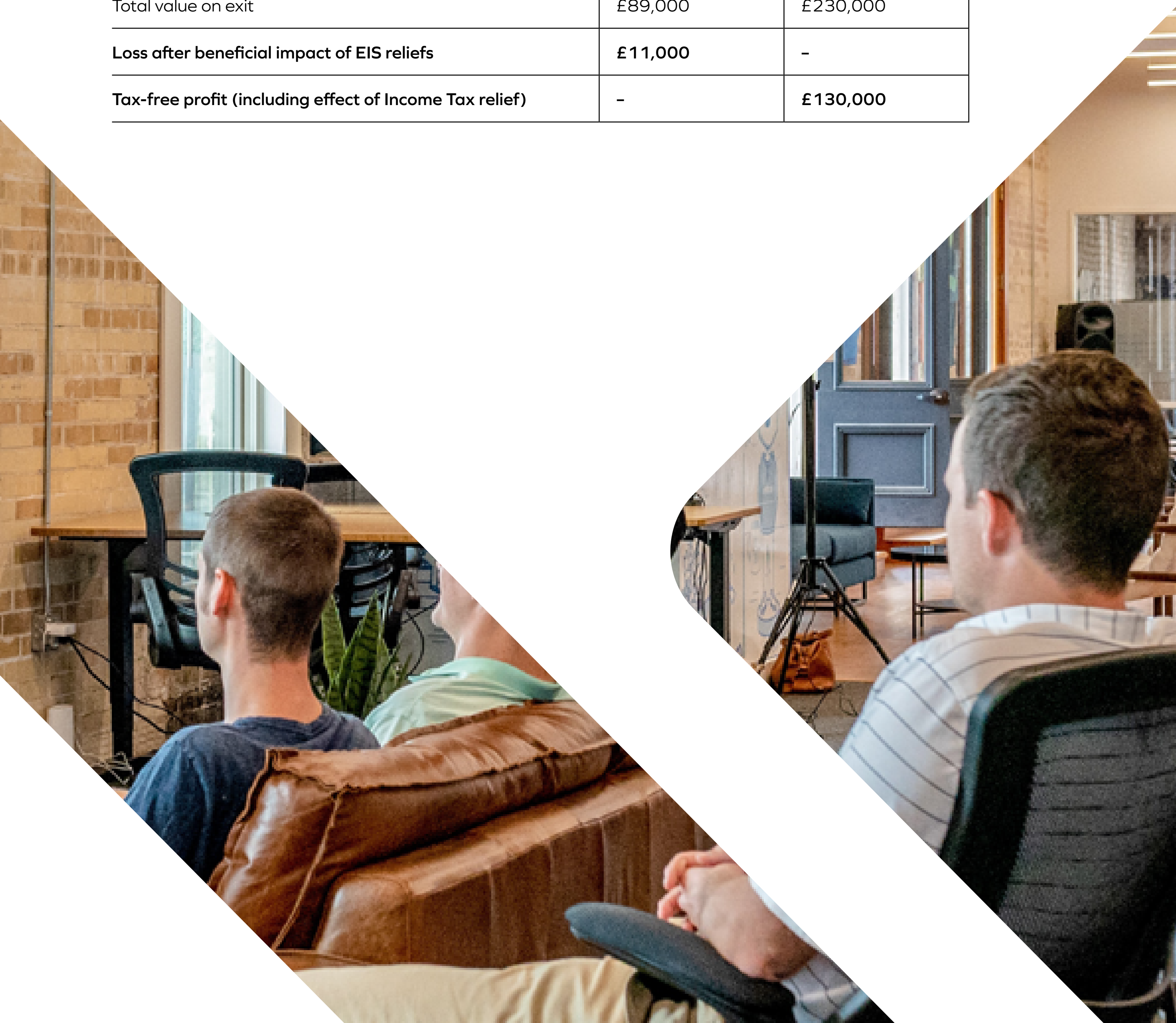
EIS portfolio is eight to twelve different companies.

Scenario 1 assumes the Investor is able to offset their loss (which, after Income Tax relief, is £20,000) against Income Tax at the 45% rate.

The example does not show the further potential beneficial impact of CGT or Inheritance Tax relief.

Please note that this is only a general overview and is not a description of all tax considerations which may be relevant. It should not be construed as investment or tax advice. We recommend you talk to a financial or tax adviser before applying to invest in Self-Select EIS.

	Scenario 1	Scenario 2
Initial investment	(£100,000)	(£100,000)
Sale proceeds on exit	£50,000	£200,000
Tax-free gain/(loss), if ignoring the impact of EIS reliefs	**(£50,000)**	**£100,000**
Income Tax relief on original investment	£30,000	£30,000
EIS loss relief	£9,000	–
Total value on exit	£89,000	£230,000
Loss after beneficial impact of EIS reliefs	**£11,000**	**–**
Tax-free profit (including effect of Income Tax relief)	**–**	**£130,000**



Risks

It is essential that you understand the main risks associated with investing in the Self-Select EIS. Please read this information carefully.

The most important thing to understand is that investing in small, early-stage companies is inherently high risk. You may not get back the amount you invest and you could lose your entire investment. As such, you should only invest what you can afford to lose.

Self-Select EIS will not be suitable for all Investors. We recommend you seek professional financial advice before making any investment decision.

Portfolio company risks

Company underperformance or failure

We always want to remind potential investors that investments made by Self-Select EIS are high risk in nature. Small companies often struggle to grow. Some never become profitable, and it is always possible they could go out of business altogether.

The companies the Fund invests in are also often heavily reliant on a small number of directors and employees. If a key team member resigns, or becomes unable to work for the company, it can have a significant detrimental impact on its chances of success.

'Force majeure' events, such as floods, fires, pandemics and terrorist attacks, could also result in the underperformance or failure of a company.

It's important to understand that one or more companies in your portfolio may reach a point where their shares are worth less than you paid for them, or have no market value at all. You should only invest in Vala Self-Select EIS if you can afford to lose your entire investment.

As an investor in Self-Select EIS, your subscription funds will be invested in their entirety into the company or companies you have self-selected. In practice, this means your subscription will not be invested into a portfolio of companies chosen by the Investment Manager on your behalf. As a result, your Self-Select EIS subscription may not be invested in a diverse portfolio of companies. This may result in you owning shares in companies in the same or similar sectors, or in a small number of companies. In these circumstances, your investment could suffer a higher fall in value because of its higher concentration in a smaller number of companies or sectors.

External factors

The performance of your portfolio companies, and therefore the value of your shares, may be affected by external factors, such as economic and political conditions, interest rate movements and fluctuations in foreign exchange rates.

The UK's departure from the European Union, and the Coronavirus pandemic, have both created economic uncertainty and increased the possibility of periods of slow or negative economic growth. Difficult economic conditions in the UK or in countries that trade with the UK could have an adverse impact on the performance of your portfolio companies, and the value of their shares.

Debt finance

Portfolio companies will often need to borrow finance from third-party lenders. This poses an additional risk. For example, if a company becomes insolvent and has to sell off its assets, lenders may be entitled to be repaid before shareholders receive any proceeds.

International risks

Some portfolio companies may have their headquarters, or another important part of their operations, in countries outside the UK. This may expose those companies to additional economic, political, regulatory and commercial risks.

Investments into portfolio companies will usually be made in sterling, but could occasionally be made in other currencies. Furthermore, some portfolio companies may generate revenues or incur expenses in other currencies. As such, your investment in Vala Self-Select EIS could be adversely affected by fluctuations in the value of sterling in relation to other currencies.

Valuations

Investments into unlisted private companies are harder to value than companies listed on a public stock exchange. We will carry out valuations of your shares using standard venture capital industry methods.

However, these valuations will be estimates and could vary significantly from the eventual sale value of the shares.

Investment risks

Past performance

The past performance of investments within Self-Select EIS (or of other investments connected to Vala Capital or the Investment Manager) is not an indication of the future performance of investments in Self-Select EIS.

Illiquidity

An investment in Self-Select EIS should be regarded as an illiquid investment. This means the shares of the companies the Fund invests in are not listed on a public market and cannot be easily sold. You cannot withdraw the money you invest after it has been used to buy shares.

You will receive a cash return from your investment only if Self-Select EIS is able to sell your shares. This may occur when a portfolio company is bought by another company or investment firm, or goes through an initial public offering (IPO) – when a company is listed on a stock exchange. In the case of an IPO the decision to sell your shares remains the responsibility of the Investment Manager. Your shares may not be sold as soon as the IPO is completed, if we think it is in your best interests to postpone the sale.

Investment time horizon

An investment in Self-Select EIS is intended to be held for the medium to long-term. The Investment Manager aims to sell the companies Self-Select EIS invests in within five years, but in some instances it could take significantly longer.

No FSCS coverage

The Investment Manager participates in the Financial Services Compensation Scheme (FSCS), established under the Financial Services and Markets Act 2000. The scheme provides compensation to eligible investors in the event of a firm being unable to meet its customer liabilities. Payments under the scheme to an eligible investor for protected claims against a firm in respect of protected investment business are limited to a maximum of £85,000.

Under the FSCS investment protection scheme there may be circumstances in which investors can claim compensation where the Investment Manager of the Self-Select EIS Fund is unable or unlikely to honour legally enforceable obligations against it. Availability of FSCS protection will be dependent on the eligibility of the claimant and the circumstances of the claim. Further information about the circumstances in which the FSCS cover is available can be found on the FSCS website at www.fscs.org.uk.

The information in this brochure is based upon current taxation, other legislation, and HMRC practice. Any changes in the legislation or HMRC practice may affect the value of an investment.

Minority stakes

Self-Select EIS will typically own a minority holding of each portfolio company's shares. This means we may only have a limited ability to influence the strategy and policies of portfolio companies, including decisions about selling the company to realise a return.

Follow-on investments

Self-Select EIS will sometimes use funds raised to make follow-on investments into companies that it has invested in previously.

Follow-on investments may take place at different share prices, so when an exit occurs the returns to investors may vary. It is also possible that portfolio companies may require follow-on investments which Vala Self Select EIS is unable to provide. In such situations, companies may secure follow-on funding from other investors on terms that are more favourable than to investors in Vala Self Select EIS.

Key individuals

Self-Select EIS relies heavily on the individuals who work for Vala Capital. If for any reason key individuals were to no longer be available to work for us, it could affect our ability to provide services to Self-Select EIS and could impact the performance of investments.

Custody

Before Investor subscriptions are invested into shares, your cash will be deposited by the Custodian (Woodside Corporate Services) into UK banks of their choosing. Cash deposits are held entirely at the Investors' risk. You can read more about these arrangements in the Investment Management Agreement.

Conflicts of interest

Self-Select EIS may invest in companies on more than one occasion, and Vala Capital or Sapphire Capital may use other investment products to purchase, invest in or provide different sources of finance to companies that have received investment through the Self-Select EIS. As such, situations may arise where the interests of different groups of investors are in conflict, or where the interests of Vala Capital or Sapphire Capital and their partners are in conflict with investors' interests. Self-Select EIS may also invest into companies in which members of Vala's investment committees own shares. Treating our investors fairly is a top priority for us, and any potential conflicts will be identified, managed and resolved with reference to our conflicts of interest policy and procedures.

Cybersecurity

Self-Select EIS, or any of the service providers – including Sapphire Capital as the Investment Manager and Vala Capital as the Investment Adviser – may be subject to risks resulting from cybersecurity incidents or technological malfunctions. Such incidents or malfunctions may have a negative impact on the repayment of your investment, interfere with the ability to calculate the value of your investment, disrupt the ability of investors to subscribe or make withdrawals, and other processes, all of which may have a negative impact on the returns generated for investors.

A cybersecurity incident may also have an impact on the security of your personal data held by the Investment Manager, Investment Adviser or Custodian and Nominee. Additionally, such cybersecurity incidents may negatively impact our reputations, which may affect the capacity of Self-Select EIS to achieve any targeted return. The Investment Manager and the Investment Adviser rely on third-party providers for many day-to-day operations, and will therefore also be subject to the risk that the protections and policies implemented by providers will be ineffective against such incidents or malfunctions.

Tax risks

No guarantees

We cannot guarantee portfolio companies will qualify for EIS tax reliefs at the time of investment, or that they will remain eligible for reliefs for the entire investment holding period. Changes in the circumstances of a company can result in reliefs being withdrawn. Tax legislation can also change, and HMRC may alter or withdraw EIS reliefs in the future.

Neither Sapphire Capital as the Investment Manager nor Vala Capital as the Investment Adviser will be liable for any losses that result due to the unavailability of EIS reliefs for any reason. This includes situations (however unlikely) where Self-Select EIS invests in a company to which you – the Investor – are 'connected' (broadly defined as holding, either directly or indirectly, more than 30% of the capital or voting rights).

Timing of EIS certificates

EIS-related tax reliefs can only be claimed after you have received an EIS3 certificate in relation to your investment. EIS3 certificates are issued after shares in qualifying companies have been purchased by Self-Select EIS. In other words, claiming tax reliefs is related to when the investment is made into a company, not when the subscription is made into Self-Select EIS.

EIS certificates are issued by HMRC, so we cannot accurately predict when you will receive them. But don't worry if there's a delay with your certificates – it's fairly standard for Investors to pay their Income Tax bill and then retrospectively claim tax reliefs when the EIS3 certificates become available.

Personal circumstances

EIS tax reliefs are generally available to individuals who are UK residents and pay tax here. But your ability to claim reliefs will depend on your personal circumstances. We recommend you talk to a financial adviser or tax planning professional who can give you independent advice on which EIS tax reliefs you can claim.

Complexity

Because of the complicated nature of EIS regulation, owning a portfolio of EIS-qualifying shares can sometimes result in tax consequences. Neither we nor Sapphire Capital are able to provide you with any tax advice or guidance and recommend you seek professional advice from a financial adviser, tax planning professional or accountant.

Early exits

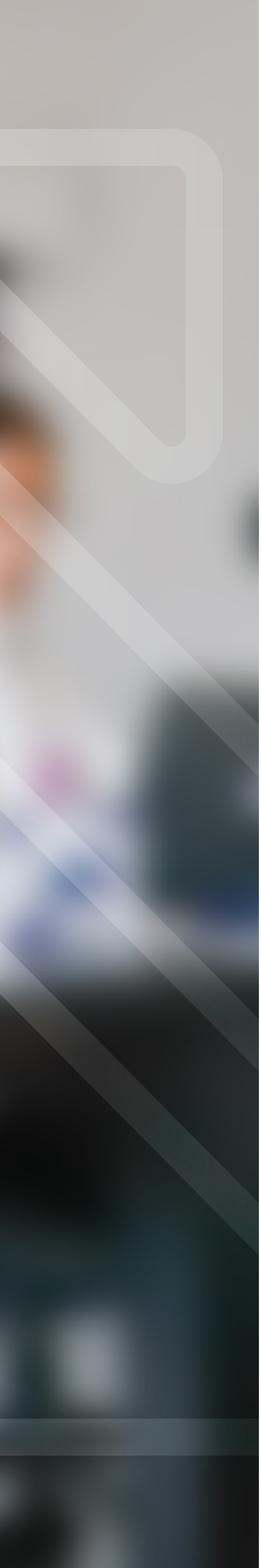
We may choose to sell some portfolio companies before you have owned your shares for three years. In these circumstances, some or all of the EIS reliefs relating to that portfolio company may be withdrawn by HMRC.

Business Relief

Business Relief is an Inheritance Tax relief that is only assessed by HMRC after the investor's death. As such, there is no guarantee that investments made through Self-Select EIS will qualify for 100% relief from Inheritance Tax.

Business Relief no longer applies after the company is sold from the portfolio or is listed on a stock exchange (although a company listed on the Alternative Investment Market may still qualify for Business Relief, subject to certain criteria).

We will, of course, keep you informed as soon as possible of any changes to your portfolio that could alter your tax position.



Next steps

To invest in Vala's Self-Select EIS please request an application pack or visit our website at www.valacap.com/invest.

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