2026 / 2027 TAX YEAR

A GUIDE TO

The Enterprise Investment Scheme (EIS)

& the Seed Enterprise Investment Scheme (SEIS)

A plain-English guide to two of the UK's most generous tax-advantaged investment schemes, the reliefs available to investors, and how a portfolio approach works in practice.

Sapphire

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What's inside

A quick note on wording. For simplicity, references to "EIS" in this guide can be taken to mean both EIS and SEIS, unless the context indicates otherwise.

A WORD FROM OUR CHAIRMAN

Understanding comes first

At Sapphire, we have spent more than fifteen years helping people launch and run venture capital funds, and backing the ambitious early-stage companies that the EIS and SEIS schemes were designed for. In that time we have seen how powerful these schemes can be, both for the investors who support young British businesses and for the founders building them.

We have also seen how easily the detail gets lost. The reliefs are generous, but they come with rules, conditions and real risk. This guide is our attempt to set all of that out plainly, so you can approach EIS and SEIS with genuine understanding rather than half a picture.

It is a starting point, not a substitute for advice. EIS and SEIS are high-risk investments and your own circumstances matter enormously, so anyone considering them should speak to a professional adviser first. We hope you find this guide a clear and useful explanation of how the schemes work.

Boyd Carson FCA

CHAIRMAN, SAPPHIRE CAPITAL PARTNERS LLP

ABOUT SAPPHIRE

What we do, and how we do it

What we actually do is straightforward, even if the execution isn't: we take experienced operators, sector specialists and recognised experts who want to deploy capital in their field, and we build the fund around them. **FCA-compliant. Properly structured. Ready to raise.**

We are also a Certified B Corporation, which means we hold ourselves to standards beyond return. That matters to us, and increasingly to the people we work with.

If you are thinking about launching a fund and want to talk to someone who has built this infrastructure from scratch, not just advised on it, I am happy to have that conversation.

BOYD CARSON FCA · CHAIRMAN

A BUSINESS MEASURED, NOT JUST STATED

Certified B Corporation

93.1
Our B Impact Score

50.9
Median for ordinary businesses

Independently verified by B Lab across how we treat our people, serve our clients, govern ourselves, and contribute to our community. Not self-reported. Not aspirational. We do not just say people come first: we measure it, we publish it, and every time we recertify, we raise the bar.

First certified in 2022 and recertified with an improved score in 2025, we are among fewer than 2,700 UK B Corps and one of only a handful of FCA-authorised investment managers. In a sector defined by financial returns, we believe how we operate matters just as much as what we deliver.

01 · AT A GLANCE

EIS & SEIS: key facts

Two government-backed schemes that have channelled billions into ambitious UK companies, while offering investors some of the most generous tax reliefs available anywhere.

£36bn+

Raised since inception

Fuelling thousands of ambitious UK companies since EIS launched in 1994.

2035

Government support extended

Backed by successive governments and confirmed to run until 2035.

60k+

Businesses supported

Helping start-ups and early-stage companies innovate, grow and create jobs.

50% / 30%

Generous tax reliefs

Up to 50% income tax relief (SEIS) and 30% (EIS), plus further benefits.

Global

Internationally envied

The UK's approach to early-stage investment is recognised and admired worldwide.

Growth

A catalyst for innovation

A proven record of nurturing groundbreaking ideas and economic dynamism.

Please note

This guide is for general information purposes only. EIS and SEIS are high-risk investments and professional advice should always be taken before investing.

02 · INTRODUCTION

An introduction to EIS & SEIS

The **Enterprise Investment Scheme (EIS)** is a long-established government scheme that encourages investment in smaller companies by giving valuable tax benefits to investors who subscribe for qualifying shares.

The **Seed Enterprise Investment Scheme (SEIS)**, launched in April 2012, runs alongside EIS. Both serve the same purpose. The main difference is that SEIS is aimed at companies that are generally at an earlier stage of their development than EIS companies.

Since their respective launches, EIS and SEIS have channelled tens of billions of pounds into roughly 60,000 businesses. By backing early-stage, often pre-profit companies, the schemes have helped maintain the UK's record of producing innovative and sometimes world-leading firms, creating jobs and spurring growth.

While EIS and SEIS are higher-risk investments, they offer the opportunity to back innovative, impactful young UK businesses with the potential to make a real difference. In exchange for providing capital, investors receive a range of generous tax reliefs designed to help mitigate risk and enhance returns.

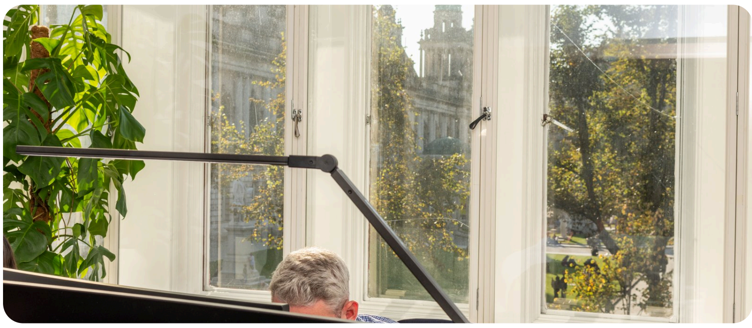
2026/2027 UPDATE

A bigger runway for scaling companies

From 6 April 2026, the company-level EIS limits were substantially expanded. The annual amount a company can raise doubled to **£10 million** (£20 million for knowledge intensive companies), and the lifetime limit rose to **£24 million** (£40 million for KICs). The gross assets threshold increased to **£30 million** before investment.

Investor income tax relief remains unchanged at 30% (EIS) and 50% (SEIS). Separately, VCT income tax relief reduced from 30% to 20%, making direct EIS investment a more prominent part of the UK venture landscape.

Government has confirmed EIS and the VCT scheme will run until 2035.



BELFAST-BASED, UK-FOCUSED

From its base overlooking Belfast City Hall, Sapphire works with fund managers and founders right across the UK, backing the kind of ambitious early-stage companies these schemes were designed for.

Cumulative funds-raised and businesses-supported figures are approximate and based on Enterprise Investment Scheme Association (EISA) commentary referencing HMRC National Statistics (published May 2026, covering data to the 2024/2025 tax year).

03 · THE RATIONALE

Why there are three winners

The schemes are deliberately designed so that everyone benefits: the investor, the company, and the wider UK economy. That alignment is why successive governments have kept backing them.

1 The investor

By backing small, promising companies and helping them grow, investors can share in the rewards.

Significant potential investment returns from backing high-growth companies.

Often a closer relationship to the company than with traditional listed investments.

A range of valuable tax reliefs that reduce risk and enhance overall returns.

2 The company

It has become harder for small businesses to obtain traditional finance, so EIS offers a vital alternative.

An alternative route to funding when bank lending criteria are tight.

Capital that can support product launches, new markets and expansion.

A proven track record of helping both small and well-known businesses succeed.

3 The country

The benefits to the UK economy are the main reason the government provides the tax incentives.

Income tax and National Insurance raised from employees of EIS companies.

Corporation tax, VAT and other duties flowing back to the Treasury.

Economic growth, new British businesses and new employment opportunities.

04 · COMPARISON

The difference between EIS & SEIS

EIS and SEIS share the same essential purpose: to channel early-stage investment into smaller, younger UK companies where there is a recognised "finance gap". The key difference is stage. SEIS is explicitly targeted at start-ups and very early-stage companies, while EIS can be used by larger and more mature, though still relatively small, businesses.

Company criteria	SEIS	EIS
Trading age	Less than 3 years.	First commercial sale less than 7 years ago (10 for knowledge intensive companies). Follow-on investment possible after this.
Employees	Fewer than 25.	A small company test applies (broadly fewer than 250, with a higher limit for knowledge intensive companies). The thresholds rose under the Finance Act 2026; confirm the current figure with an adviser.
Gross assets	No more than £350,000 before investment.	No more than £30m before investment and £35m after (from 6 April 2026).
Annual fundraising	Within the £250,000 SEIS lifetime cap.	Up to £10m per year (£20m for knowledge intensive companies), from 6 April 2026.
Lifetime fundraising	£250,000 maximum under SEIS.	£24m maximum across tax-advantaged schemes (£40m for KICs), from 6 April 2026.
Prior investment	No previous EIS or VCT investment.	SEIS may be raised first; EIS and SEIS cannot be raised on the same day.

EARLIER STAGE

SEIS is for the very start of a company's life, typically pre-revenue or pre-product-market-fit, and offers the higher 50% income tax relief to reflect the higher risk.

SCALING STAGE

EIS supports companies with a proven track record and growth potential. The 2026 expansion gives scaling companies far more room to raise capital.

05 · INVESTOR BENEFITS

Investor tax benefits

SEIS 50%

Initial income tax relief — an effective net cash outlay of 50p in the £1.

CGT freedom

No capital gains tax on any SEIS gains after three years.

CGT reinvestment relief

Potential exemption of an existing CGT bill on 50% of the reinvested gain.

Loss relief

Maximum exposure of 27.5p in the £1 for a 45% income tax payer (lower still if reinvestment relief is claimed).

Business relief

Potential inheritance tax saving after two years, subject to circumstances and the allowance.

EIS 30%

Initial income tax relief — an effective net cash outlay of 70p in the £1.

CGT freedom

No capital gains tax on any EIS gains after three years.

CGT deferral relief

Potential unlimited, indefinite deferral of an existing CGT bill.

Loss relief

Maximum exposure of 38.5p in the £1 for a 45% income tax payer.

Business relief

Potential inheritance tax saving after two years, subject to circumstances and the allowance.

This is a simple summary. Further detail on each relief is provided on the following pages. The value of any relief depends on individual circumstances and tax rules may change.

06 · THE RELIEFS

Tax summary

Although the reliefs are generous, EIS is a government scheme and is not regarded as aggressive tax avoidance. The benefits are provided under current legislation specifically to encourage investment.

1 **Income tax relief (EIS & SEIS)**

EIS reduces income tax by up to 30% of the amount invested (annual maximum £1m, or £2m where the excess goes into knowledge intensive companies). SEIS gives up to 50% (annual maximum £200,000). Shares must be held for at least three years. Relief can reduce a tax bill to nil.

2 **CGT freedom (EIS & SEIS)**

No capital gains tax is payable on the disposal of shares after three years (or three years from commencement of trade, if later), provided income tax relief was given and not withdrawn.

3 **CGT deferral relief (EIS)**

A gain on the disposal of another asset can be deferred for as long as the EIS shares are held. The disposal must fall within one year before or three years after the EIS share issue. Deferral is unlimited.

4 **CGT reinvestment relief (SEIS)**

Reinvestment relief of 50% of a gain reinvested is available, claimed in the same year as the income tax claim. The maximum gain exempted is £100,000, corresponding to a £200,000 SEIS investment.

5 **Loss relief (EIS & SEIS)**

If shares are disposed of at a loss, the loss (net of income tax relief) can be set against the investor's income or capital gains in the year of disposal or the previous year.

6 **Business relief — IHT**

Shares generally qualify for relief from inheritance tax after two years, subject to circumstances and to the £2.5m combined allowance effective from 6 April 2026. This can reduce or eliminate the IHT due on those shares.

Worth knowing. The relevant date for income tax relief is the date the fund invests into each underlying company, not the date you subscribe to the fund. A claim can be made up to five years after 31 January following the tax year to which it relates.

07 · WORKED EXAMPLES

Income tax relief & CGT freedom

Income tax relief

A higher-rate taxpayer invests £100,000 in an EIS and £100,000 in an SEIS.

	EIS	SEIS
Gross initial investment	£100,000	£100,000
Less income tax relief (30% / 50%)	(£30,000)	(£50,000)
Net cost of investment	**£70,000**	**£50,000**

CGT freedom

Each investment is later sold for £160,000 after three years.

	EIS	SEIS
Net cost of investment	£70,000	£50,000
Value after 3 years*	£160,000	£160,000
Tax-free gain	£60,000	£60,000
Total tax-free return	**£90,000**	**£110,000**

There is no minimum subscription per company. The maximum investment on which income tax relief can be claimed in a tax year is **£1m for EIS** (£2m where the excess is in knowledge intensive companies) and **£200,000 for SEIS**. Relief is given against your income tax liability for the year the shares are issued, unless you elect to carry it back one year.

How you receive it. Relief usually arrives as a tax rebate or a PAYE code adjustment. You can only claim once you have received Form EIS3 or SEIS3 from the company.

*Hypothetical values for illustration only. The total tax-free return combines the tax-free gain with the income tax relief already received. This page is general information, not tax advice. Tax reliefs depend on your circumstances and may change. Take professional advice before acting.

08 · WORKED EXAMPLE

CGT deferral & reinvestment relief

A higher-rate taxpayer has a £200,000 capital gain (from a second home) and has used their annual CGT allowance. They invest £100,000 in an EIS and £100,000 in an SEIS, and also claim income tax relief. CGT is assumed at 24%, the higher rate on residential property that is not a main residence.

	EIS	SEIS
Initial investment	£100,000	£100,000
Less income tax relief (30% / 50%)	(£30,000)	(£50,000)
Capital gains deferral relief (24%)	(£24,000)	—
Reinvestment relief (24% on 50% of gain)	—	(£12,000)
Net cost to investor	**£46,000**	**£38,000**
Shares later sold — hypothetical value*		
Hypothetical sale value	£160,000	£160,000
Capital gain (tax-free if held 3+ years)	£0	£0
Deferred gain becomes chargeable	£100,000	—
Tax on deferred gain (24%)	(£24,000)	Not payable
Net profit on the net cost to investor	**£90,000**	**£122,000**

EIS — deferral

The £24,000 of CGT is deferred, not removed. It becomes chargeable again when the EIS shares are sold, though it can be deferred once more into a new EIS. If the shares are held until death, the deferred gain falls away entirely.

SEIS — reinvestment

The 50% reinvestment relief is permanent, not deferred, provided the shares are held for three years and income tax relief is not withdrawn. The maximum gain exempted is £100,000.

*Hypothetical values for illustration only. When a deferred gain crystallises it is charged at the CGT rate then in force, which may differ from the rate when the gain first arose. This page is general information, not tax advice. Tax reliefs depend on your circumstances and may change. Take professional advice before acting.

09 · WORKED EXAMPLE

Loss relief

If an investment is disposed of at a loss, the loss (after taking account of income tax relief retained) can be set against income or capital gains. This is one of the most important features for managing downside risk.

Loss relief against income tax

Investment becomes worthless; 45% taxpayer offsets the loss against income.

	EIS	SEIS
Gross investment	£100,000	£100,000
Less income tax relief	(£30,000)	(£50,000)
Net cash outlay	**£70,000**	**£50,000**
Loss relief against income (45%)	£31,500	£22,500
Net loss	**(£38,500)**	**(£27,500)**
% of original outlay	**38.5%**	**27.5%**

Loss relief against capital gains

Loss instead offset against capital gains at 24%.

	EIS	SEIS
Gross investment	£100,000	£100,000
Less income tax relief	(£30,000)	(£50,000)
Net cash outlay	**£70,000**	**£50,000**
Loss relief against gains (24%)	£16,800	£12,000
Net loss	**(£53,200)**	**(£38,000)**
% of original outlay	**53.2%**	**38.0%**

The takeaway. A higher-rate taxpayer is usually better off offsetting a loss against income rather than gains. For SEIS, the combination of 50% relief and loss relief can limit a total loss to as little as 27.5p in the £1, and lower still where reinvestment relief was claimed.

Assumes a 45% marginal income tax rate, sufficient income or gains to absorb the loss, and that reinvestment relief is not claimed. CGT loss relief is at the prevailing rate (24% for UK residential property). This page is general information, not tax advice. Tax reliefs depend on your circumstances and may change. Take professional advice before acting.

10 · WORKED EXAMPLE

Business relief (IHT)

Shares in EIS and SEIS qualifying companies generally qualify for Business Relief (previously known as Business Property Relief) after two years of holding, meaning the inheritance tax on those shares can be reduced or eliminated. Following the 2024 Budget and subsequent revisions, this is subject to a £2.5m combined allowance effective from 6 April 2026.

A higher-rate taxpayer who has used their full IHT nil-rate band invests £100,000 in cash, in EIS, and in SEIS. It is assumed the investment falls within their £2.5m allowance. Zero growth is assumed for simplicity.

Position on death	Cash	EIS	SEIS
Total gross initial investment	£100,000	£100,000	£100,000
Less income tax relief (30% / 50%)	—	(£30,000)	(£50,000)
Net cash outlay	**£100,000**	**£70,000**	**£50,000**
Value of cash (incl. tax relief retained)*	£100,000	£30,000	£50,000
Value of EIS / SEIS holding*	—	£100,000	£100,000
Less IHT on the cash balance (40%)	(£40,000)	(£12,000)	(£20,000)
Total value left to the estate	**£60,000**	**£118,000**	**£130,000**

In this example the EIS and SEIS shares pass to beneficiaries free of inheritance tax, and the estate is also boosted by the income tax saved. There is no claw-back of income tax or deferral relief on death, and there is no CGT on death in any case.

*Hypothetical values for illustration only. From 6 April 2026, 100% relief is subject to a £2.5m combined allowance across Business Relief and Agricultural Property Relief; qualifying assets above the cap receive 50% relief. The treatment of shares in AIM-listed and certain EIS companies is changing and is an evolving area; HMRC guidance on Business Relief may develop further. This page is general information, not tax advice; it is complex and specific professional advice should always be sought.

Some different ways to invest

You can invest in EIS companies directly or through an EIS "fund". The right route depends on how much you know about EIS, your risk profile, your circumstances and the level of advice you want. The four most common routes are below.

1

Through an adviser

Best where you want professional advice on your finances as a whole, or specific tax advice and recommendations on EIS funds, portfolios or companies.

2

Directly with a fund manager

Common where you already have a relationship with a manager, or consider yourself sufficiently experienced not to need advice. Usually provides a diversified portfolio.

3

Crowdfunding or a platform

Increasingly popular for sophisticated investors wanting single-company EIS. Platforms make information and access easier than ever.

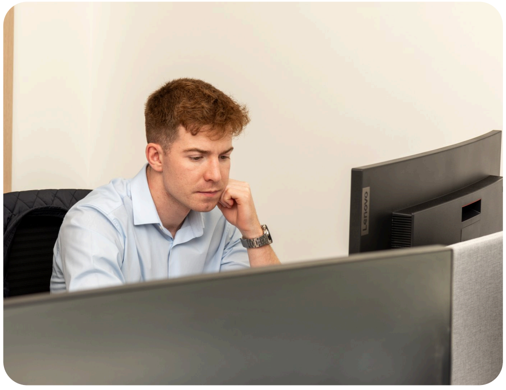
4

Direct subscription

Often taken by sophisticated investors and business angels, who may also provide expertise and contacts, and who like to know exactly where they are investing.

A note on the word "fund"

In a legal sense there is no such thing as an EIS "fund". The term is shorthand for a professionally managed portfolio of individual company investments, run on your behalf much like a discretionary managed portfolio. Crucially, you remain the direct owner of shares in each EIS qualifying company, which is what makes the tax relief available to you. This differs from a unit trust, where the fund itself owns the underlying shares.



12 · SPREADING RISK

The importance of diversification

Predicting which companies will succeed is extremely difficult, and harder still with early-stage companies where less information is available. Diversification is one of the best ways to reduce company-specific risk.

Portfolio versus a single company

A single EIS company has just two outcomes: it succeeds or it fails. Investing across a portfolio spreads risk and improves the chance of good overall returns.

Optimum levels

Diversification reduces risk, but over-diversification can pull returns towards the median, as strong performers get averaged out by weak ones. There are other ways to diversify beyond simply adding more companies.

Generalist versus specialist

Specialist funds draw on a manager's deep sector knowledge and contacts; generalist funds offer broader diversification. Neither is inherently better, it depends on your goals.

Across managers

Investing across different managers can reduce the systemic risk of any one manager's style, and gives access to more companies than a single manager can actively handle.

By maturity

A portfolio can blend earlier-stage companies (higher potential, higher risk) with later-stage ones (higher valuation, lower risk) to balance the overall risk profile.

A well-constructed portfolio is the single most important tool an investor has for managing the inherently high risk of early-stage investing. It cannot remove risk, but it materially improves the odds that the winners outweigh the losers.

13 · A SPECIAL CATEGORY

Knowledge intensive companies

Knowledge intensive companies (KICs) carry out significant research, development or innovation. Because of the valuable role they can play in the economy, they enjoy higher limits than ordinary EIS companies.

Higher limits for investors

The individual investment limit rises to **£2 million** per tax year, provided at least £1 million goes into knowledge intensive companies. You can also invest via dedicated KIC EIS funds.

Higher limits for companies

Limit	Standard	KIC
Lifetime funding	£24m	£40m
Annual fundraising	£10m	£20m
Trading age	<7 yrs	<10 yrs

Reflecting the company limits in force from 6 April 2026.

HOW A COMPANY QUALIFIES

Operating costs. If more than three years old, it must have spent at least 15% of operating costs on R&D or innovation in one of the last three years, or at least 10% in each of them (the test looks forward for younger companies).

Skilled employees or innovation. Either at least 20% of employees carry out research in roles needing a relevant master's or higher degree for at least three years, or the company is creating intellectual property expected to form the majority of its business within ten years.

A simple summary only. Professional advice should be taken.

14 · UNDERSTANDING RISK

The fundamentals of risk

EIS investments are higher risk by design. The "risk-to-capital" condition, introduced by the Finance Act 2018, requires that the company has genuine long-term growth objectives and that the investment carries a real risk of losing more capital than is gained, including any tax relief.

Systemic risk	The risk of a whole market or sector collapsing. EIS portfolios often carry reduced systemic risk because they are long-term and mostly unlisted, so they are less exposed to the daily swings of public markets.
Specific risk	The risk facing an individual company, such as its technology being overtaken or failing to find a market. EIS investments generally carry heightened specific risk, which is why diversification matters.
Liquidity	Tax benefits require a three-year hold, and in practice a successful exit can take much longer. Most EIS companies are unlisted, so it is usually impossible to sell quickly if you need cash. Consider this carefully before investing.
Eligibility	Before investing, a manager will want evidence the company is likely to be EIS qualifying. Advance Assurance from HMRC, described below, helps reduce this risk.

Advance Assurance

HMRC offers a free service whereby a company can apply for an opinion on whether its proposed share issue will qualify for EIS or SEIS relief. Advance Assurance gives investors greater confidence that their investment will qualify, and is something experienced investors look for before committing.

15 · PORTFOLIO ROLE

Risk & diversification in a portfolio

A central message of the schemes, reinforced by the Patient Capital Review, is that EIS and SEIS investors should be prepared to accept a meaningful level of risk. That is precisely why the tax incentives are so generous.

A means of diversification

Faced with volatile markets and modest yields elsewhere, investors increasingly seek returns that are higher than, and relatively uncorrelated with, mainstream stocks and bonds. As an alternative asset class with lower systemic risk, EIS can actually reduce the overall systemic risk of a diversified portfolio.

Managing the risk

Risk in any single company is hard to mitigate, but it can be spread across companies of different maturities. A single strong exit can sometimes more than cover an entire portfolio. The risk-to-capital condition should always be kept in mind when constructing a portfolio.

THREE THINGS TO REMEMBER

Illiquidity is real

There is no tradeable market for EIS shares and no objective way to value them. Planning a route to exit takes time, resource and expertise.

Exits drive returns

Good managers are exit-focused, aiming for return-driven outcomes rather than a "churn" approach geared only to claiming tax reliefs.

Political risk exists

Reliefs could change in future, though the long-standing cross-party support, and the extension to 2035, are reassuring.

Investment process & claiming relief

A typical timeline for a single-company investment is shown here. For a fund, the process is similar: you subscribe to the fund, the manager invests in the underlying companies, and then provides you with an EIS3 certificate for each company the fund invests in.

1. **The EIS / SEIS company is formed**
   Or is already trading.
2. **You subscribe for qualifying shares**
3. **Share certificates are issued**
4. **Company submits EIS1 / SEIS1 to HMRC**
   After 4 months of trading, or once 70% of SEIS funds are spent.
5. **HMRC issues EIS2 / SEIS2 to the company**
6. **EIS3 / SEIS3 form issued to you**
7. **You complete the form and claim relief**

How to claim

To claim, complete Form EIS3 or SEIS3 and send it to HMRC. You can receive the benefit through:

An adjustment to your PAYE code

A tax repayment

Offsetting against an outstanding tax liability

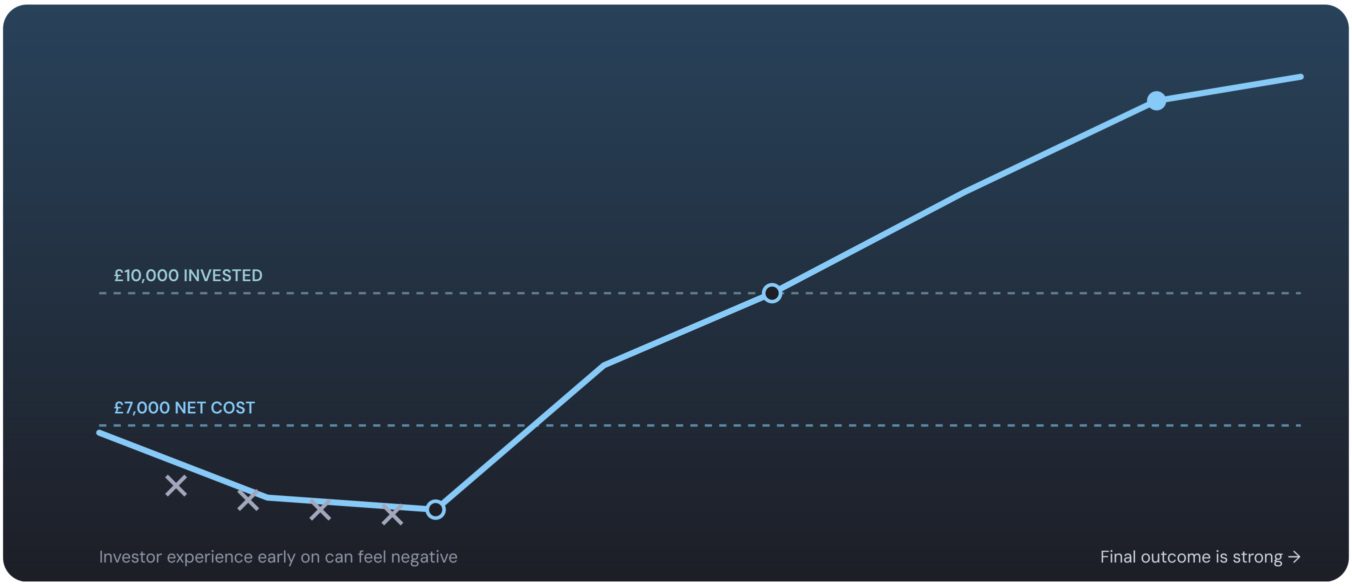
There are additional rules for capital gains tax. Take professional advice on the best way to claim for your circumstances.

Neither Sapphire nor the custodian controls the timing or issue of EIS/SEIS certificates by HMRC.

17 · ILLUSTRATION

An example investment journey

This fictional portfolio puts £10,000 equally across ten companies. It shows how, after initial tax relief, the net cost is £7,000, and how the journey can feel negative early on before the winners deliver. Some portfolios will do better, some worse.



4 fail
Net cost £2,800; further 45% loss relief of £1,260 can be claimed.

2 break even
Return the money invested: £2,000.

2 double
Perform reasonably well: £4,000.

2 quadruple
Perform very well: £8,000.

Hypothetical total return: around £15,260 on a £7,000 net cost. The lesson is patience: failures tend to surface early, while the strongest companies often take years to reach their full value.

Exit options

There is no liquid market for EIS and SEIS shares, so exits must be carefully planned. Good managers think about the most viable route to sale from the moment they invest. Note that relief is not available if there is a pre-arranged exit.

Trade sale

A sale to a company in a similar or complementary sector, a customer, a private equity firm or another institutional investor.

Share buyback

The company buys the shares back from shareholders at an agreed price.

IPO / flotation

Floating on a public market such as AIM, allowing shareholders to sell their shares after listing.

Voluntary liquidation

The company liquidates its assets and shareholders share in the return after liabilities are paid.

Follow-on funding

New investors or private equity coming in can provide existing investors with a route out.

Preparing for exit

Managers typically aim to exit once it is commercially sensible after the three-year minimum holding period. Timing depends on the return sought, the economic climate and the nature of the companies held.

Preparing a company for sale is one of the busiest, most resource-intensive phases. It is much like preparing a house for sale: tidying the accounts, completing legal paperwork and getting ready for the buyer's due diligence, all to protect the price and avoid the deal falling through.

A research-heavy tech start-up will usually take longer to exit than a more mature business, though it may ultimately deliver stronger returns.

19 · AFTER YOU INVEST

Staying on top of your investments

Once invested, you can expect regular communication from your manager about how the portfolio is progressing. The detail varies by route, but the principles are consistent.

With a fund

Expect an update each time a new investment is made, explaining the company and the rationale, plus periodic reports on how your committed capital is being deployed.

Regular reporting

Most managers provide six-monthly or annual progress reports on the underlying companies, usually with portfolio statements and valuations from the manager or administrator.

Major developments

If something significant happens at a portfolio company, you should expect a one-off communication explaining the event and its significance to your investment.

Events and queries

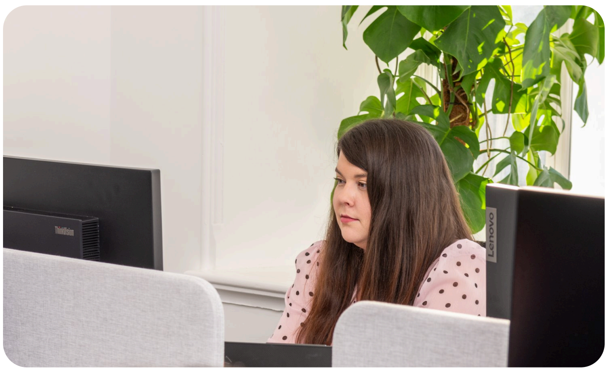
Some managers hold events where you can meet portfolio company representatives, and most are happy to respond to questions after you have invested.

Direct investments

Updates can be less frequent, but this is often offset by a more direct, ongoing dialogue with the company's management.

Through an adviser

Your adviser is usually your first point of contact and will typically report on your EIS holdings as part of a wider, holistic portfolio review.



A final word

EIS and SEIS can be a valuable part of a wider investment approach, but they are complex and high risk. The right next step for anyone considering them is to take independent professional advice suited to their own circumstances.

Sapphire

Sapphire Capital Partners LLP

A multi-award-winning venture capital firm with offices in London and Belfast, supporting fund managers and founders across the UK.

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