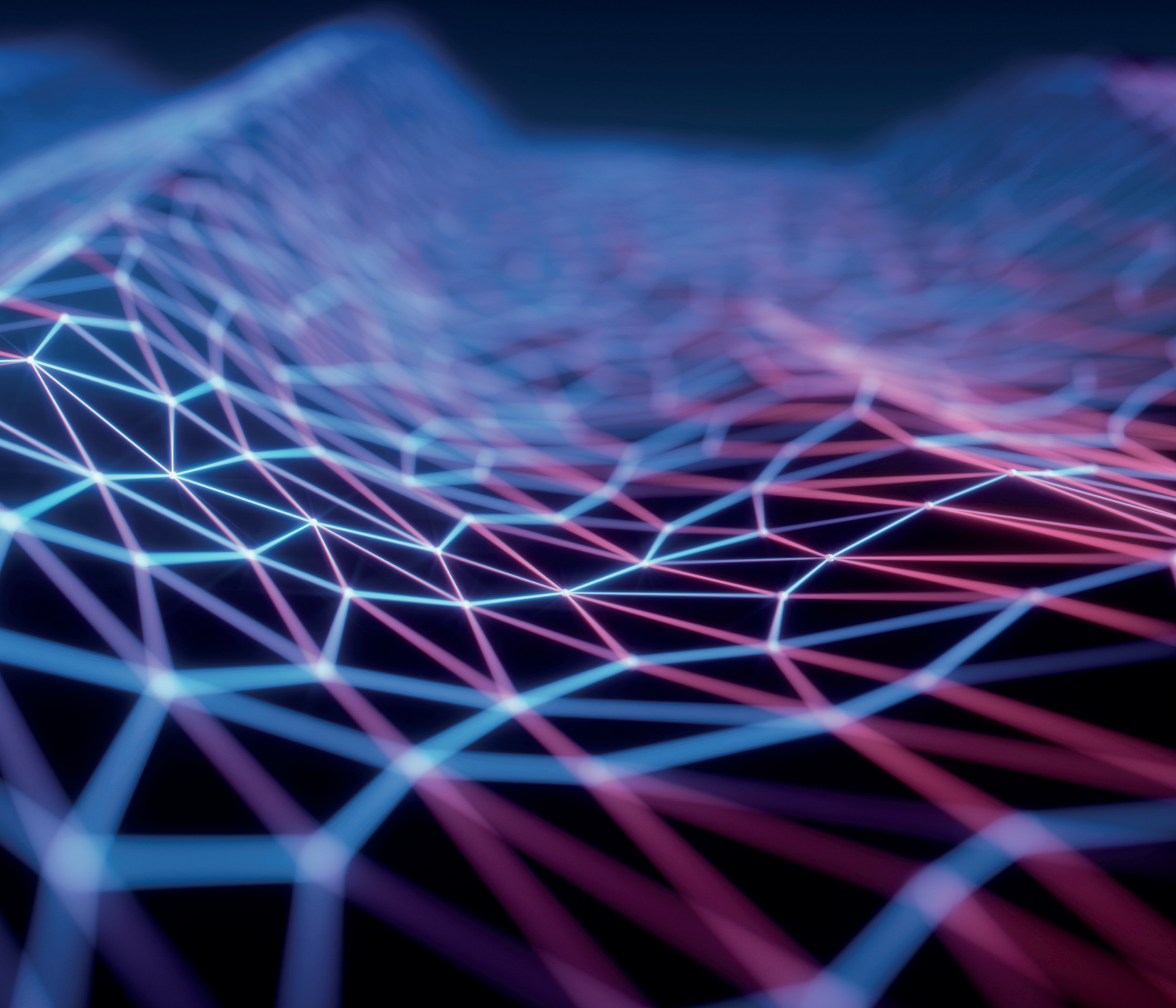
ENDEAVOUR
VENTURES

Managed EIS Portfolio Service
Information Memorandum



DEFINITIONS

AIM
The Alternative Investment Market.

Applicable Laws
Relevant UK laws and FCA Rules.

Associate
Any person or entity who is under the control of another person or entity.

Company Advisors
Endeavour Ventures Ltd. (supported by the Advisory Board of Endeavour)

CGT Deferral Relief
EIS reinvestment (deferral) relief for chargeable capital gains under section 150C and schedule 5B TCGA.

CGT
Capital Gains Tax.

Custodian
Mainspring Nominees Limited (registered in England and Wales with registration number 08255713 and with its registered address at 20-22 Bedford Row, London, WC1R 4EB), authorised and regulated by the Financial Conduct Authority (FRN: 591814) or such custodian as the manager shall determine.

Data Protection Legislation
This means the Data Protection Act 1998, the Data Protection Directive (95/46/EC), the Electronic Communications Data Protection Directive (2002/58/EC), the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003) (as amended), from the date it comes into force and for the period for which it is in force, the General Data Protection Regulation (Regulation (EU) 2016/679) and all other applicable laws and regulations relating to the processing of the personal data and privacy, including where applicable the guidance and codes of practice issued by the Information Commissioner or any other national data protection authority, and the equivalent of any of the foregoing in any relevant jurisdiction that come into force from time to time.

EIS or Enterprise Investment Scheme
Enterprise Investment Scheme as set out in Part 5 of ITA and sections 150A-D TCGA and schedule 5B TCGA.

EIS Carry Back Relief
EIS Income Tax Relief against an individual's income tax liability for the tax year preceding that in which shares in Qualifying Companies are issued pursuant to Section 158(4) ITA.

EIS Income Tax Relief
Relief from income tax pursuant to Section 158 ITA.

Endeavour Ventures
Endeavour Ventures EIS Portfolio Service Limited is a wholly owned subsidiary of Endeavour Ventures Ltd.

FCA
Financial Conduct Authority.

FCA Rules
The FCA Rules made under powers given to the FCA by the Financial Services and Markets Act 2000.

HMRC
Her Majesty's Revenue & Customs.

I.M. or Information Memorandum
This information Memorandum, excluding any accompanying document.

Investee Company
Companies in which the Endeavour Ventures EIS Portfolio Services invests.

Investment Amount
The amount an Investor invests after the deduction of Initial Fee, Custodian Fees (excluding those charged when selling a holding) and any advice fee agreed with their financial advisor.

Investment Committee
Comprises the Investment Team as set out on page 17 of this brochure, as advised by the Advisory Board as set out on pages 20-21.

Investment Management Agreement
The agreement entered into by an Investor and the Portfolio Manager (Rivers Capital Management Ltd.).

Investor
An individual who completes an Application Form which is accepted by the Portfolio Manager.

IPO
An initial public offering, or IPO, is the first sale of stock by a company to the public.

ITA
The Income Tax Act 2007.

Manager
The portfolio manager.

Mentoring Services
Services provided or procured by Endeavour (under the responsibility and through the guidance and supervision of the Advisory Board of Endeavour) to the Portfolio Manager and the Investee Companies including providing due diligence on potential Investee Companies as well as research, legal, taxation, marketing, accounting, public relations, information technology and other areas in which start up companies may need expert advice.

Nominee/Nominees
MNL Nominees Limited and is registered in England and Wales with registration number 09512864 and registered address at 20-22 Bedford Row, London, WC1R 4EB, or such nominee company that will hold Investments on behalf of the Investors as the Manager shall determine.

Portfolio
All investments and cash to which an Investor is beneficially entitled, and which is held in the Portfolio Service.

Portfolio Manager
Rivers Capital Management Ltd. (a company registered in England and Wales with CRN: 10169304 , FCA Authorised Representative No: 801238), whose registered office is at 27 Gloucester Place, London, England, W1U 8HU 12 being the party responsible for the management of each Investor's holdings.

Portfolio Service
The Endeavour Ventures EIS Portfolio Service.

Qualifying Company or Companies
Companies that qualify under EIS under s.180 ITA.

Qualifying Trade
A trade which is a qualifying trade within the meaning of Part 5, Chapter 4, ITA.

SMEs
Small to medium sized UK companies.

Subscription
The amount an Investor invests before the deduction of any fees or charges or the facilitation of any advice fee to their Financial Advisor.

TCGA
Taxation of Chargeable Gains Act 1992.

Three Year Period
The three years following the point at which the Portfolio Service invests in an Investee Company.

VAT
Value Added Tax.

Contents

Important Information

This Information Memorandum constitutes a financial promotion pursuant to section 21 of FSMA and is issued by Endeavour Ventures EIS Portfolio Service Limited, a wholly owned subsidiary of Endeavour Ventures Limited. Its contents have been approved for the purposes of section 21 of FSMA by Rivers Capital Management Limited, the Portfolio Manager of Endeavour Ventures Managed EIS Portfolio Service. Rivers Capital Management Limited is authorised and regulated by the Financial Conduct Authority (reference 801238).

The Endeavour Ventures Managed EIS Portfolio Service is a discretionary investment management service which will comprise of shares in a selection of companies that should qualify for EIS tax reliefs. The Portfolio Manager will be responsible for the discretionary management of each Investor's portfolio. Each Investor, for legal and tax purposes, will be the beneficial owner of a specific number of shares in each Investee Company. All shares and cash will be managed in accordance with the investment objectives and restrictions set out in the Investment Management Agreement. It is the responsibility of the Investor, and their advisor where appropriate, to ensure that this opportunity is a suitable investment in light of the contents of this Information Memorandum and their individual circumstances. If you are in any doubt about the content of this Information Memorandum, you are strongly recommended to seek advice immediately from an independent financial advisor authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on investments of this type. This Information Memorandum is only intended for release in the United Kingdom and is not for publication or distribution in any other jurisdiction. This Information Memorandum is intended exclusively for persons to include the following categories, as defined in legislation and by the FCA: Professional Clients and Eligible Counterparties, which broadly comprise regulated financial institutions, high net worth individuals, sophisticated investors and investment professionals. If you are not such a person and have this presentation, please return it to the address at the end of the document or destroy it.

Prospective Investors should not regard the contents of this Information Memorandum as constituting advice relating to legal, taxation or investment matters and are advised to consult their own professional advisors before contemplating any investment or transaction. Investors' money subscribed to the Portfolio Service will be committed to investments which may be of a long term and illiquid nature. The companies in which the Portfolio Service invests will often not be quoted on any regulated market and, accordingly, there will not be an established or ready market for any such shares and the Portfolio Manager may experience difficulty in realising them (for value or at all).

The Portfolio Manager believes that the factual content contained in this document is accurate and the statements of their opinions herein are reasonably held. Subject to the Portfolio Manager's overriding duty 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 Portfolio Service is promoted by them, the Portfolio Manager does not 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 their opinion. Additionally some material included in this Information Memorandum is derived from public or third party sources, and the Portfolio Manager disclaims all liability for any errors or misrepresentations which any such inclusions may contain. The investments envisaged may not be suitable for all potential Investors. Investments in unquoted companies generally carry a high degree of risk and you should consider the Risk Factors set out on pages 26-29 in this Information Memorandum carefully. Except where required by applicable laws, no responsibility or liability is accepted for any loss or damage howsoever arising that you may suffer as a result of this Information Memorandum and any and all responsibility and liability is expressly disclaimed by the Portfolio Manager and its subsidiaries, directors, shareholders, partners, officers, affiliates, employees, advisors or agents The Portfolio Manager reserves the right to update this Information Memorandum from time to time.

Summary

The Opportunity

The Endeavour Ventures Managed EIS Portfolio Service offers the chance to build a diverse portfolio of equity investments in small and medium sized enterprises (SMEs) in the UK, managed by one of the most successful and longest-established boutique investment firms in the country.

The Risks

- Tax rules and regulations are subject to change.
- The key risks associated with this service are explained on pages 26-29 of this document.
- All the figures and information provided within this document are correct as at end of January 2020.
- We recommend that Investors take independent advice before making an investment in the Endeavour Ventures Managed EIS Portfolio Service.
- Income tax relief and CGT exemption require each investment to be held for at least 3 years and inheritance tax relief requires at least 2 years' ownership.
- All the tax and other benefits listed are subject to numerous conditions.
- All tax reliefs and exemptions need to be claimed by the Investor – they are not automatic and we recommend you seek professional assistance to make the claims.
- There are situations where the interests of our Investors may conflict with other areas of our business and controls are in place to mitigate such issues should they arise. Further details can be found on page 30.

Tax Benefits

Investors in the Managed EIS Portfolio Service can benefit from:

- 30% income tax relief on the value of their investment;
- Capital Gains Tax deferral;
- 0% Capital Gains Tax on the realisation of their investments;
- 100% Inheritance Tax relief after two years; and
- Income tax relief on any holding that is sold (or crystallised) at a loss.

Why Endeavour?

Endeavour differentiates itself from many EIS specialists, because we have:

- **A proven track record**.
- **Low fees**.
- A culture that **understands entrepreneurs**, the issues they face, and what they are looking for from their funding partners – in part because our original investor syndicate included several exited technology entrepreneurs. This ensures we are often amongst the first investors that experienced entrepreneurs starting new businesses speak to.
- An **energetic team** that combines the right mix of youth and experience, who are in it for the long term and invest personally whenever possible alongside their clients.
- Robust systems, transparent management and **efficient administration**.
- Access to good deal flow, but without any pressure to invest come what may.
- A balanced approach to negotiation that makes sure we get a **good deal for investors** without losing the best quality entrepreneurs by demanding unrealistic or unfair terms.

Chairman's Letter

Dear Investor,

Investing in small and medium sized companies is complicated and time-consuming.
Investing in emerging and recently-developed technology involves detailed knowledge, experience and an instinct for markets.
Investing tax efficiently involves careful management and command of detail.

But hard work and the right skills, enabled by investors who understand the risk profiles and wide timeframes, can produce excellent rewards.

Endeavour Ventures

From the very start, Endeavour Ventures has championed growth technology investing. Since 2005 we have built one of the few dedicated investment teams that have consistently applied the EIS tax breaks as they were intended by government: investing in growth technology ventures that create new jobs and bring new technologies to the world.

The Endeavour team has raised and deployed over £150m to date, and our results compare very favourably to our growth investing peers. We understand the whole growth investment cycle and we know that better returns are made by those who are patient.

With the launch of the Portfolio Service, a discretionary investment management service specialising in EIS qualifying investments, we are making available the expertise and success we have demonstrated for the last 14 years.

A successful combination

EIS tax breaks have become a key factor in growth investing. They both protect the investor's downside and deliver tax free exits that enhance the upside. Equally important is backing a diversified portfolio of companies in order to spread risk. Endeavour typically favours businesses with models that have potential to deliver multiples of 10x to 50x if successful.

Endeavour has invested in enterprise software, fin-tech, med-tech, prop-tech, payment-tech, data management, cloud computing, fibre-optics and FX platforms. It has taken many years to develop a robust and broad-ranging deal flow in technology and technology-enabled sub-sectors in the unquoted and quoted EIS-qualifying venture capital market..

The origins

Our core investor group came together as a result of an exit. We did not market ourselves formally or attempt to scale up extensively, but carefully built a bespoke EIS offering for sophisticated investors in the knowledge that good quality EIS investments and management teams are in shorter supply than tax-driven investment money as a whole. We have built a distinguished and professional team with skills in investment selection, negotiation, finance, legal documentation, monitoring, compliance and administration to ensure that we deliver an efficient, responsive and transparent service.

How we do it

Many EIS investment managers still tend to focus on the three year qualifying holding period, concentrating on exiting as soon as possible after that. We know that the growth EIS timeframe is usually longer. This truth has three effects. First, it is important to keep annual management fees modest to prevent them from materially reducing investor returns. Second, the investment team must be likely to remain together throughout the entire growth cycle of your portfolio. Third, we must attract high quality investments – founders of businesses who are also in it for the long term.

Endeavour's fees are low, and our management incentives are weighted towards achieving successful exits. Wherever possible we invest through the Portfolio Service alongside our investors. We look for high quality, determined, energetic and resilient founders, often with successful exits behind them,

because we understand the challenges and obstacles that entrepreneurs face. We take our time, without the pressure to deploy funds that can exist within a larger managed fund.

Is this investment right for you?

Growth venture capital is not right for everyone. Investment in growth can be highly illiquid and therefore funds should not be deployed if they might be needed in the short or medium term for other purposes. Investors must also note that past performance is no guide to future performance. It is important that you read and fully understand the risk factors involved with the Managed EIS Portfolio Service so that you can decide whether it is right for you. These are outlined on pages 26–29.

The Endeavour journey

Endeavour's mission is to deploy intelligent capital at the optimum moments. Our investors are sophisticated, with a medium to long-term perspective. They understand the complex nature of the journeys that we undertake together, so as to enjoy the destination all the more. They, like us, show something of the spirit of Captain Cook's own journey on our namesake, HMS Endeavour.

Magnus Macintyre
Chairman
Endeavour Ventures Limited.

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EIS Portfolio Service

How It Works

The Portfolio Service is open for new investment all year round and will not close having raised a predetermined amount of investment. The Service offers investors the opportunity to build a managed portfolio of equity investments in UK-based SMEs that are seeking capital to fund their next phase of growth.

The Portfolio Manager

The Portfolio Manager is Rivers Capital Management Limited which is authorised and regulated by the FCA (reference no 801238).
The Portfolio Manager will accept or reject recommendations put forward by The Company Advisor's Investment Committee and act as Portfolio Manager. The Portfolio Manager will approve the structure and pricing of an investment. It will also oversee that the correct balance across stage and sector is achieved within any individual portfolio. It will ensure that all investments are EIS qualifying, that they fit within the investment criteria, and that no single holding, or early stage companies as a class of investment, is disproportionately large within any investor's portfolio. The Portfolio Manager will assess exit options once the three year period has ended on each investment, provided full value has been achieved.

The Company Advisor

The Portfolio Manager has appointed Endeavour Ventures EIS Portfolio Service Limited ("Endeavour") as the Company Advisor to the Portfolio Service. Endeavour will source and manage the pipeline of investments and run the rigorous investment selection process. It will undertake all investment filtering and preparation services and, depending upon the stage of development, will advise companies across a broad range of areas encompassing EIS process, market research, personnel, legal documentation, marketing and sales, accounting, public relations, technology and multiple other areas in which growth companies may need input and assistance. Endeavour will negotiate, structure, and conduct due diligence for all investments. It will then make investment recommendations through its Investment Committee. The decision to invest will remain at the sole discretion of the Portfolio Manager.
Over the past 14 years Endeavour has focused exclusively on entrepreneurial growth company investments and never employed the tax breaks to invest into low risk asset-backed portfolios. Now that the rules around EIS are tightening, and the tax breaks have been increasingly focused on growth companies that create jobs, technologies and IP, Endeavour's team is well positioned to build upon this growth technology expertise.
We are familiar with the growth company cycle and the many risks inherent in growth company investing. We recognise the need for robust legal protections, mature management teams, diversified portfolios, and consistent oversight and shareholder engagement throughout the investment cycle.
Endeavour has specific experience in a range of sectors and across all stages of investment, and is well placed to operate under the HMRC's "Risk to Capital" provisions. Our existing portfolio incorporates investments in enterprise software, cloud-related technologies, payment technologies, prop-tech, fin-tech platforms, and clean technology businesses among others.

The Initial Process

Once we have received your initial investment, we typically subscribe for shares in four to six EIS Qualifying Companies on your behalf in each tranche, to be held by the Nominee of the Service. We typically deploy funds within a month of receiving them. This means we can usually accommodate any personal tax deadline. To diversify more meaningfully, you are encouraged to make further investments in future years. But it is not a requirement to do so.

The investee companies will be unquoted private companies or companies quoted on the Alternative Investment Market "AIM", the market for smaller companies provided by the London Stock Exchange. A typical portfolio includes a mixture of holdings in more established companies seeking capital growth and some earlier stage businesses identified as having the potential to provide capital growth. Endeavour manages the pipeline, identifies suitable investment opportunities, and, in consultation with its advisory board, runs all phases of the investment preparation process up to the point where they are put forward to the Portfolio Manager for approval.

The Offer

The Portfolio Service is an evergreen discretionary investment management service.

The Portfolio Manager builds each Investor their own portfolio of shares in qualifying unquoted and/or AIM quoted companies typically over several years.

A typical portfolio will likely include a mixture of holdings in more established companies seeking capital growth and some earlier stage businesses identified as having the potential to provide capital growth.

Minimum investment per investor

£20,000 (for an initial investment)
£5,000 (for subsequent investments)

There is no maximum amount you may invest, but the current maximum amount available for EIS Income Tax Relief is £2,000,000 per year, provided that £1,000,000 is invested in Knowledge Intensive companies. This relief can apply to the current or the previous tax year or both.

Target Exit

We look to exit typically between five to eight years after each investment is made by the Portfolio Manager.

Target Return

15% IRR
(equivalent to 2x money after five years)

Investors receive 100% of any realisation proceeds up to £1.40 for every £1 invested, and 80p for every £1 of proceeds thereafter on each exit.

The target return is not guaranteed and you may get back less than you invest. Past performance is no guide to future performance. Projections and forecasts are also not a reliable indicator of future performance. The performance of an investment may rise or fall. Investors may receive back less than originally invested. An investment in smaller and unquoted companies carries a higher risk than many other forms of investment. Shares in unquoted companies are highly illiquid and as such there may not be a readily available market to sell such an investment. Tax treatment depends on the individual circumstances of each investor and may be subject to change. We do not provide investment, tax, financial or legal advice. Interested parties are strongly recommended to seek third party specialist financial, legal and tax advice before investing.

Other investment information

When you invest you will receive a welcome pack which details each individual investment completed on your behalf. EIS reclaim forms will follow as they are completed by HMRC.

We invest new subscriptions as they are received, and make them across the opportunities available at the time. Your initial subscription will likely be invested in a portfolio of four to six investee companies within the first four months. A statement and investment update report will be sent to you annually. Company updates are available as we receive them through the Investor portal.

Withdrawing your money

You may give notice to withdraw money at any time by writing to us at 41 Devonshire Street, London, W1G 7AJ. However, investments in unquoted companies are often illiquid, the timing of any sale cannot be predicted, and the terms of an early exit maybe unattractive. Those who exit early may also be bound by the terms of a shareholders' agreement they have not had a hand in formulating. As such, you should be prepared to retain these investments until an appropriate exit is achieved.

If any investments are exited before the three year period, you will be exposed to potential tax consequences such as the repayment of any EIS Income Tax Relief, payment of any previously deferred CGT and payment of CGT on any gain you make on the realisation of investments. In addition, if the exit is achieved via a company purchase of shares within five years of the investment, you will be taxed on any profit made at the same rate as would apply to dividends.

Fees & Charges

This part of the document details the fees and charges applicable to both Investors and Investee Companies.

Summary table of fees

Fee	%
Initial fee	£70, one-time only, onboarding fee (including AML checks)
Arrangement Fee	3% of amount invested plus costs, **payable by the Investee Company NOT BY THE INVESTOR**.
Annual Management Fee	1% of Subscription Monies per annum payable quarterly in arrears, or £5,000 p.a., whichever is the greater, **payable by the Investee Company NOT BY THE INVESTOR**.
Exit Dealing Fee	0.65% of disposal proceeds of any quoted Investee Company.
Performance Fee	20% of any Return once an Investor has received a Return of £1.40 for each £1 invested in each company.

Initial Fee

There are no further subscription fees following the one-time only, £70 onboarding and AML charge. **This ensures that 100% of an investor's subscription benefits from EIS relief**.

Advice Fees Payable To Your Financial Advisor

An initial advice fee and/or annual advice fees can be paid to your financial advisor, after an agreement has been reached between you and your advisor and you have instructed us to make payment in the application form for their advisory services. These amounts are deducted from your Subscription and therefore reduce the amount available for investment. Please note that the overall fees paid by an Investor are lower when they pay their advisor directly.

The amount left after deduction of the advice fees is available for investment. The amount actually invested (the Investment Amount) is the amount on which an Investor should be able to claim tax relief.

Arrangement Fee Payable by Investee Companies

A one time arrangement fee of 3% will be payable to Endeavour by the Investee Companies upon investment. This fee is to cover operational costs of Endeavour. Any third party legal, professional and due diligence costs of a transaction are capped and borne separately by the company.

Annual Fees Payable by Investee Companies

An annual fee will be payable by an Investee Company at a rate being the higher of £5,000 per year or 1% of the amount raised for that Investee Company (unless otherwise agreed). This fee will be collected by Endeavour and covers ongoing reporting, mentoring and monitoring of the portfolio.

The annual fees highlighted above can be paid by the Investee Companies in the form of either cash or the equivalent equity amount. The one time arrangement fee and the annual fees may be structured differently to those set out above but will not have a greater economic effect.

Performance Fee

Our standard Performance Fee is 20% + VAT of returns above £1.40 for every £1 invested. While we will try to have completed each exit within six years of having invested in each respective company, the Portfolio Manager will be actively seeking

appropriate exits as soon as the three year period is up. We choose a £1.40 hurdle as it represents double the 70 pence of cash of each £1.00 invested by a typical EIS investor who receives 30p of income tax relief. This hurdle is high compared to other EIS funds because carry is charged on a company by company basis.

Custodian and Admin Fee

Investee companies may be charged up to 0.5% p.a to cover third party custodian and administration costs.

Exit Dealing fee

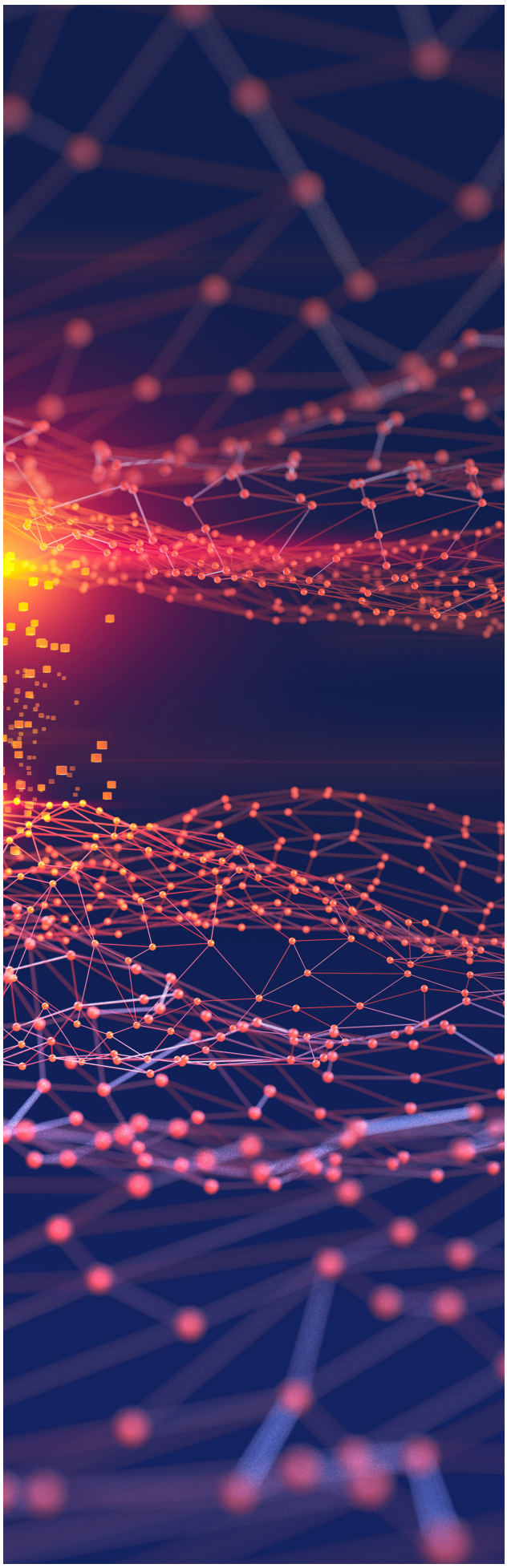
There is a dealing fee applied when exiting quoted investments of 0.65%.

Shareholdings and Warrants

Endeavour and its associates may hold shares or warrants in an investee as a result of converting fees to equity, corporate finance work or external fund-raising services provided. Any potential conflicts arising will be clearly flagged to the investment committee.

Other Fees

The Company Advisors reserve the right to charge corporate finance advice fees relating to specific work undertaken. This may be connected to fund-raising from third parties unconnected to the portfolio service, the production of documentation, or to work associated with exits. The costs of aborting any portfolio investments will be borne by Endeavour.



How we find and judge EIS Investments

Deal Flow

We have a regular flow of deals in a range of growth companies and technology-enabled sub-sectors. This deal flow has been developed over the many years we have operated in the EIS qualifying venture capital market.

This deal flow originates from:

- Our network of accountants, lawyers and other professionals;
- Existing investors, their own networks and portfolios; Chairman's Network
- Exited technology entrepreneurs;
- Non-exec director and advisor networks;
- Business School Syndicates and established corporate technology accelerators;
- EISA, BBAA, Chairman's Network and other professional organisations; and
- EIS managers and syndicates seeking co-investment.

Investment Criteria

All investments are introduced to the Portfolio Manager through Endeavour.

The application of strict investment criteria and extensive screening combined with detailed due diligence processes is designed to ensure that only those investment opportunities that Endeavour considers to be the most compelling are put forward for investment.

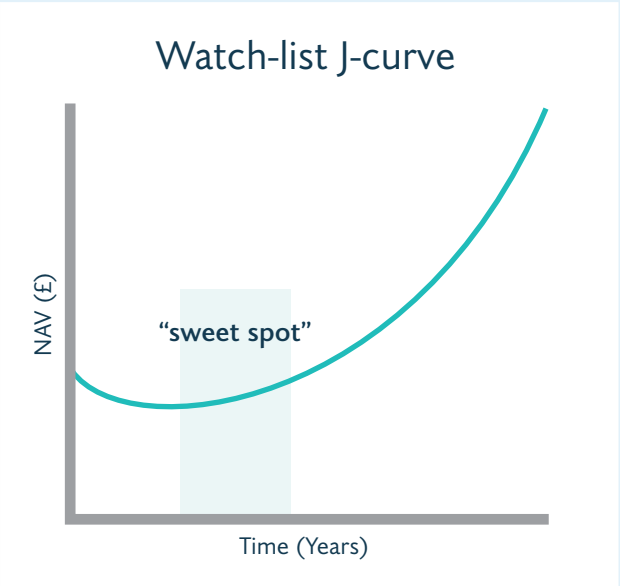
Key Investment Criteria

- Strong proven management
- Growth markets
- Innovation or Regulatory drivers
- Convincing routes to market
- Increasing sales and a clear path to break even Defensible competitive positioning
- Scalability
- An identified path to exit
- A sensible entry price
- The ability to deliver attractive returns

As we filter through the pipeline of investment opportunities, we request detailed information and meet with a small number that have the greatest merit. Of these some are not progressed – for example due to issues with the team, the market, unrealistic perceptions of pricing, investment timing, regulatory issues or the financial model and its perceived level of risk. Others do progress after detailed review of business plans and meetings with management, and are moved into review by the broader investment team.
In respect of the selected opportunities that we are interested in, we proceed as follows:

- Relevant detailed data rooms are created and made available across the investment team with full documentation.
- Attractive Investment terms are negotiated and agreed with investee companies.
- The advisory board is given early sight of prospects for initial reaction.
- Appropriate levels of due diligence undertaken on market, technology, legal, management and competition.
- Investment paper is written and circulated to the investment team and advisory board for revisions and suggestions.
- Investment Committee sign off sought.
- Any specialist due diligence reports commissioned if required.
- Recommendation put to Portfolio Manager for approval
- Legal documentation prepared with appropriate investor protections included.

Companies we like, but are not deemed ready for us to invest in, go on our "watch-list". We continually monitor these 40 or so companies as they progress, sometimes over several years, with a view to investing if and when we judge the time to be right.



We know from our experience with growth company portfolios that some companies struggle and some gain traction within the first couple of years of investing. Management often underestimates the amount of money and time required to get to market and reach profitability. Valuations can remain relatively flat over long periods or drop if companies don't deliver on their forecasts. By running a dynamic watch-list of investment prospects we seek to bypass some of the early risk, committing funds only when we think we identify the investment "sweet spot" where risk is reducing and/or market traction increasing, and ideally investing before the entry price has risen significantly. In this way we hope to achieve faster growth and optimum returns.

Exits

Investments will be realised in a number of ways including:

1. AIM Initial Public Offerings;
2. Sale to other trade buyers;
3. Management buy-out; and
4. Sale to another Fund Manager.

Endeavour Ventures
Track Record

Endeavour was established in 2005, and its previously experienced team began making EIS investments that year. By January 2020, it had introduced investors to 48 companies for which either advanced assurance for qualification under EIS had been obtained from HMRC, or HMRC had issued forms EIS 2 and EIS 3 to the companies ("EIS qualifying companies").

Portfolio returns

1. If a client put the round sum of £10,000 into each of the 48 companies when first circulated, (a total gross investment of £480,000), the gross value of the investment proceeds received, assuming a liquidation at 31 January 2020 of investments still held at that date at their carrying value, would be £2,321,168. The quarterly compounded IRR to end Q1 2020, before any tax reliefs or charges is 20.78%.
2. Including the effects of tax, including EIS relief, the quarterly compounded IRR for the same period is 25.6%.

Note on portfolio returns

The returns cited in (2) above are on the basis that all EIS qualifying companies have maintained their qualifying status throughout the necessary 3-year period. Endeavour is aware that one member of the portfolio was refused qualifying status by HMRC after advanced assurance had previously been obtained, due to a technical temporary breach concerning its ownership. If that entity is excluded from the portfolio altogether, the annual returns cited in (2) above are amended to 13.9%.

If the entity is included, but the gains are shown net of capital gains tax that would be payable if the investment were realised at its value at 31 January 2020, the quarterly compounded IRR to 31 January 2020, after allowing for tax reliefs for other investments, is amended to 24.0%.

Commentary on returns

These figures are all the more compelling as most performance is cash to cash – if we take AIM listed stocks to be akin to cash.

Gross proceeds (in normal circumstances no tax would apply)	£2,321,168
Multiple on gross investment	4.8
Multiple on net investment	6.7
Gross proceeds if ALL non-exits fail	£2,103,970
Total investments	48
Failed (35%)	17
Exited (21%)	10
Remaining (44%)	21

The sum invested of £480,000 pre-tax relief has delivered cash out of £2,321,168 to end of January 2020. This equates to a multiple of 4.8 excluding EIS relief and tax generally and 6.7x with (5.9x if tax on the gain of the member of the portfolio that no longer has qualifying status is taken into account).

These returns are positively influenced by two out-performing investments. AIM-listed Blue Prism Group PLC, where the price per share on 31 January 2020 was £17.44. Santander bank announced its partial purchase of Ebury Partners on 4 October 2019 for £272.22 per share. These represent RoI of 160x and 33x respectively.

We believe there to be considerable further value to be realised in the portfolio which has not been taken into account. We consider it unlikely that ALL remaining portfolio investments will fail, but were that to have happened at 31 January 2020, the returns would be adjusted to 4.4x.

This track record has been established over a diversified portfolio of mainly technology related growth EIS companies over 14 years.

Independent Assessment Report

A letter from accountants Beavis Morgan outlining the basis for their independent limited assurance conclusions on the track record is on page 31.

Track Record Methodology

In computing its track record for EIS investments, Endeavour has employed the following methodology:

1. Returns are calculated by reference to quarterly compounding;
2. Returns are calculated for the period 1 October 2005 to 31 January 2020;
3. It is assumed that an investment of £10,000 is made into each EIS qualifying company in the first investment round arranged by Endeavour, gross of tax relief provided to individual investors under the EIS scheme by HMRC; it is assumed that no further funds are invested in subsequent funding rounds;
4. It is assumed that tax relief of 30% (20% for investments made up to 5 April 2011) on the amount subscribed is received. It is assumed that tax relief is received in the quarter following subscription;
5. Where the investee company has failed, it is assumed that loss relief of 40% of the amount subscribed net of tax relief is given by HMRC in the quarter of the end of the tax year in which the loss occurs;
6. Where shares in EIS qualifying companies are sold before the expiry of the EIS three-year qualifying period, it is assumed that capital gains tax is paid at the prevailing rate on the gain and income tax relief is clawed back. It is assumed that tax is paid and income tax relief is clawed back in the quarter of the end of the tax year in which the disposal occurs;
7. Where investments in EIS qualifying companies have been held for less than three years at 31 January 2020 it is assumed that those shares will be held and the company will continue to qualify for the requisite period such that there will be no clawback of income tax relief claimed and capital gains tax relief will remain available on the subsequent disposal.
8. Where the shares of EIS qualifying companies are quoted or listed on an investment exchange, the value of the holding at 31 January 2020 is calculated by reference to the closing bid price at 31 January 2020;
9. Otherwise, investments are valued at 31 January 2020 based on the share price ruling at the date of the latest funding round, or at cost in the absence of further share issues.
10. Where investors have a choice on when to exit, it is assumed that investors will remain invested until such time as exit is effectively mandatory (because of company law provisions or requirements of the investee articles).

Proven Track Record

IRR of over 14 years 25.6% with EIS relief and 20.8% without.

EISA Best Exit Award Nominee 2020

Ebury Partners sold to Banco Santander S.A.

"FX Platform" 33x money

Winners of EISA Best Exit Award

AIM Listed Blue Prism Group Plc

"Robotic Process Automation"

160x money

Endeavour Ventures
Illustrative Portfolio

Endeavour has made investments into the following companies. The Managed EIS Portfolio Service will invest in companies of a similar nature:

Blue Prism Group Plc
Robotic process automation software
Liverpool
www.blueprism.com

Ebury Partners Ltd.
Corporate FX platform
Manchester plus 12
www.ebury.com

Gazeal Ltd.
Property Tech platform
London
www.gazeal.com

Numecent Ltd.
Cloud based software delivery
California and UK
www.numecent.com

Sales-i
Cloud-based sales performance software
Solihull and USA
www.sales-i.com

Roxi *by Magic Works Ltd.*

In-home entertainment platform

London

www.buyroxi.com

G-Volution Ltd.

World leading advanced multi-fuel tech

Newport, Gwent/USA

www.g-volution.co.uk

Workflow Management Ltd.

Remote workforce management software

Exeter (t/a Re-Flow)

www.re-flow.co.uk

Wejo Ltd.

Connected car data platform

Manchester and California

www.wejo.com

Microshare Inc

Big Data IoT platform

Reading and Philidelphia

www.microshare.io

Hyperion Growlights

Next generation LED lighting for farms

UK and The Netherlands

www.hyperiongrowlights.com

Traydstream

Trade finance fintech solutions
UK, India and Pakistan
www.traydstream.com

LivingLens Ltd.

Video content analytics
Liverpool
www.livinglens.tv

ID Co. Ltd.

Open banking identity software
Edinburgh
www.theidco.com

Crossflow

Wind and solar powered telecoms masts
Port Talbot, Wales
www.crossflowenergy.co.uk

FreemarketFX Limited

Peer-to-peer commercial spot FX
London
www.wearefreemarketcom

Under no circumstances should you take this information as a recommendation by Endeavour for you to invest in any of the companies above.

Past performance is no guide to future performance. Projections and forecasts are also not a reliable indicator of future performance. The performance of an investment may fall as well as rise. Investors may receive back less than originally invested. An investment in smaller and unquoted companies carries a higher risk than many other forms of investment. Shares in unquoted companies are highly illiquid and as such there may not be a readily available market to sell such an investment. Tax treatment depends on the individual circumstances of each investor and may be subject to change. We do not provide investment, tax, financial or legal advice. Interested parties are strongly recommended to seek third party specialist financial, legal and tax advice before investing.

Endeavour Ventures
Investment Team

Bill Cunningham

Chief Executive

Bill has worked in tax efficient investing since 1999 initially managing VCTs and subsequently exclusively using EIS tax breaks. As a co- Founder of Endeavour Ventures, and now CEO, he has raised and placed over £150 million directly into quoted and unquoted EIS Qualifying growth companies, which has resulted in its successful 15-year track record. Alongside selecting and structuring deals, Bill is also an active portfolio company director holding non-executive board positions on several portfolio companies. He also sits on the board of a venture debt vehicle, Float Capital Ltd., The Grays Group Ltd., Indigo People Ltd., and Omeira Studio Partners Ltd. Successful past investments include the www.JustGiving.com platform, Sit-Up TV (sold to Telewest), Blue Prism Group plc and Ebury Partners. He graduated from Edinburgh University with an MA (Hons), is an FCA Registered Representative, and has completed BVCA and LBS training courses.

Rivers Capital Management Ltd.

Rivers Capital Management was launched to provide Financial Advisors with risk-rated multi-asset investment solutions. These are built for long term capital growth or income generation. With many decades of experience in multi- and single-asset portfolio management and private investment, Rivers believes that individual client needs are best served by separating personalised financial planning and advice from investment management. Having individually managed model portfolios via platforms since 2011 and similar multi-asset solutions since 2000, Rivers has developed a robust investment process and an excellent track record for providing risk adjusted returns. Their principal investment process is comprised of independent fund selection, risk management and loss mitigation with the simple purpose of consistently meeting realistic and agreed objectives. Rivers is a dynamic company with common sense and integrity at its core.

Magnus Macintyre

Chairman

Magnus is a serial entrepreneur and a serial investor in fast-growing companies. He has a broad and deep knowledge of business, having run a publishing company, an early dotcom, New Statesman magazine, a film and TV company and a renewable energy business. He founded and ran a marketing and strategy consultancy. He brings an entrepreneurial perspective to the Endeavour team and draws on his experience of operations, marketing and team-building to aid our investment process. He has invested through Endeavour Ventures since 2008, before gradually taking a more active role in the company. He has a degree in Modern History from Jesus College, Cambridge, and is a published novelist.

Alex Ainley

Investment Manager

Alex has worked in an FCA regulated environment for 14 years, having started his career as a derivatives trader. At Endeavour, he coordinates funding rounds, raises funds, and manages client relations. Alex also conducts a large amount of due diligence on our investments. Before he worked in venture capital, Alex founded and ran M&P Partners, a systematic trading firm. He is particularly active assisting the UK operation of Microshare Inc.

Alexander Nicholson

Investment Manager

Alex has worked in venture capital since 2013 (initially at Sustainable Ventures). From 2015 to 2018 he supported and then led the finance functions of two technology companies, cumulatively raising more than £10m in new investment. Alex has hands-on experience in the commercialisation of data-intensive platform technologies (and associated machine learning), and has been successful in securing FTSE 100 pilot partners and strategic industry NEDs for investee companies. In 2018 Alex won Vodafone's global disruptive startup competition in Luxembourg, securing a €150k cash prize from Cisco Systems. He is a graduate of the University of St Andrews and Cambridge Judge Business School.

Gabrielle Darbyshire

US Advisor and Associate

After early career stints as a barrister and management consultant in London and Europe, Gaby moved to the US and became a serial entrepreneur, in Silicon Valley, New York and now Los Angeles - along the way founding a charity for death row inmates in the Commonwealth, a global wine company, and a local recommendation site. She was one of the founders of Gawker Media, where she was the COO for a decade.

Alongside being the West Coast partner at EndVen, she now runs an early stage technology venture fund, Framestore Ventures, and holds board positions with Global Witness, GOOD/Upworthy and The Daily Dot. She is an angel investor, mentor and advisor in the media, entertainment and fintech sectors.

Peter Kirby

Compliance and Finance Director

Peter began his career in insurance in the City. He acts as Endeavour's finance controller and compliance officer and handles many of the portfolio companies' administrative matters, including securing and distributing EIS certificates. Peter additionally acts as Company Secretary for several of the portfolio companies.

Russell Duckworth

Non-Executive Chair, Investment Committee

Russell has over 30 years experience in finance. He holds a BSc in Economics from City University and is qualified as a Chartered Accountant with PwC. After PwC, Russell worked in S.G. Warburg's Corporate Finance division in 1987, and spent five years advising companies in the UK, Europe and the US. Russell joined Deutsche Bank and started in 1995 as an Equity Analyst in the European markets. In 1997 he was promoted to Head of European Research and then Head of Global Equity Research in 2000. During this period Russell also served on the Global Equity Operating committee, as Deutsche emerged as a top 3 player in Global Equities. In 2006 he founded Hawkwood Capital, which is authorised by the FCA in the UK. He has spent the last decade investing in and advising small companies in the UK.

Endeavour Ventures
Advisory Board

Dr Richard Hargreaves

Richard co-founded Endeavour Ventures in 2005 and has been investing and advising smaller companies for over 30 years. He began his career at 3i plc where he spent ten years before starting Baronsmead and launched one of the first VCTs – Baronsmead VCT. He sold this to Friends Ivory & Sime plc in 1995 (later ISIS Equity Partners). Richard served as chairman of the British Venture Capital and Private Equity Association (BVCA) and has significant experience as a non-executive director in both public and private company boards. His last book, *How To Become A Business Angel* encapsulates his experience of angel investing in smaller growth companies. He is a board member of several technology companies including AIM-listed mobile payments business Boku Inc

Robert Jeens

Robert is an experienced growth company investor who has invested in Endeavour deals since 2005, successfully exiting on several occasions. He is a Non-Executive director of Chrysalis VCT plc, and is currently Chairman of Allianz Technology Trust plc, Remote Media Group Ltd., and a non-executive director of JPMorgan Russian Securities plc. Previous appointments include acting as chairman of nCipher plc and as a non-executive director of Henderson Group plc, TR European Growth Trust PLC and Dialight plc. During his executive career he was a partner in Touche Ross & Co (now Deloitte) and subsequently finance director of Kleinwort Benson Group plc and Woolwich plc. Rob was an investor in Protx which became SagePay, and in Blue Prism Group plc.

Al Chetwode

Al has spent his entire career working in early and mid stage software and tech companies. He is an experienced software company CEO with a proven track record of investing in and growing technology businesses, with well-developed skills in strategic planning, enterprise sales, marketing, management, corporate governance and mergers & acquisitions (deal origination, negotiation and execution). His particular strength is identifying the missing pieces of the jigsaw required to take software businesses through the stages of growth and, ultimately, positioning them for sale. Al started his career in Madrid working for a credit card transaction software company for three years, subsequently moving to London where he was a founder-director of Rave Technologies, which was subsequently sold to its largest client in 2002. Since then he has bought out and/or invested in and successfully exited three further software companies in a variety of diverse verticals. Al has a BSc Hons. in Computer Science from Exeter University.

Tessa Laws

EIS & Legal Advisor

Tessa provides hands on commercial legal advice and guidance to Endeavour Ventures.

An advisor since our inception, Tessa is a qualified lawyer, with 17 years' City legal experience, working on flotations, investments and mergers around the world.

Tessa's more recent area of focus is around renewable energy and media, advising management teams on share sales and acquisitions; public companies on their mergers; investment vehicles on their investments; and individuals on their business structure.

Tax Reliefs

The Endeavour Ventures Managed EIS Portfolio Service is a discretionary portfolio service rather than a fund, pooled investment or collective investment scheme.

Share Ownership and Claiming Reliefs

The investments are made on behalf of individual Investors, albeit that legal title to the shares in the investee company will be held by the Nominee. For tax purposes, however, individuals will be treated as having full direct ownership of the investments and therefore the tax benefits will still accrue to Investors personally.

Generally, EIS relief claims may be made each time an investment is completed. An EIS3 certificate is obtained from the Investee Company and is sent to Investors for the purpose of claiming tax reliefs. We aim to complete all investments within four months of receipt of cleared funds from Investors. If a larger number of investments are required this may stretch to 8 months (as per "The Initial Process" on page 8). Please note that for new companies there may be a requirement for four months of qualifying trade to have been completed following the investment before a claim for EIS relief can be made.

Claims for tax reliefs must be made within five years of the 31 January following the tax year in which the relevant investment is made (a tax year runs from 6 April to 5 April).

The principal tax benefits of EIS investments are set out below.

Up to 30% Income Tax Relief

Income tax relief equal to 30% of the amount invested in Qualifying Companies is available to individual Investors, up to a current maximum investment of £2,000,000 (with corresponding maximum relief of £600,000), providing that £1,000,000 is in a Knowledge Intensive Company as defined by HMRC. If no Knowledge Intensive Company holdings are invested, the maximum investment is £1,000,000 (with maximum relief of £300,000). This relief will be lost if the investments are not held for a minimum of three years. Relief may be carried back to the previous tax year if the investment limit for that tax year has not already been utilised. Full EIS income tax relief is subject to sufficient income tax being payable in the relevant tax year.

Unlimited Capital Gains Tax Deferral

CGT deferral is available to individuals and trusts. The maximum gain that can be deferred is not limited to the £1,000,000 applicable to EIS income tax relief. It is possible to invest more than that and get deferral relief on the total investment.
In addition, deferral relief is available where the investor does not meet the strict conditions of being unconnected with the EIS company. They can, for instance, be the sole shareholder. Deferral relief is not therefore dependent on income tax relief.
Any deferred gains will become taxable when the EIS shares are sold or disposed of and in a number of other circumstances, although deferred gains will not be taxed on death or if the shares are transferred to a spouse.

Advice should be sought in the event you wish to defer any gain on which Entrepreneurs' Relief is available, to ensure that all of the relevant conditions are met.

Relief	EIS
Income tax relief	30% of the amount invested in each Investee Company.
Capital gains tax relief	No CGT is payable on disposal.
Capital gains deferral	Gains can be deferred up to the amount of Subscription (reactivated on disposal).
Inheritance tax relief	Once held for two years, shares qualify for 100% business property relief from IHT.
Loss relief	Holdings realised at a loss can be set off against your taxable income.

CGT exemption on disposals of the investments is available after the end of the Three Year Period, subject to EIS Income Tax Relief conditions being satisfied throughout that period and EIS Income Tax Relief having been claimed.

100% Relief from Inheritance Tax

100% relief from Inheritance Tax is available under the Business Property Relief rules for shares which are held for at least two years providing that the shares are still held and the company is a trading company for Inheritance Tax purposes at the date of death (and qualifies for Business Property Relief).

Income Tax Relief on Losses

Relief is available against income at the Investor's marginal tax rate on losses made upon the sale or disposal of any particular EIS investment. Alternatively, a capital loss may be claimed and set off against chargeable gains. In both cases, relief is given after taking into account the benefit of any income tax relief.

Please Note

The availability of these tax reliefs is subject to an Investor being a Qualifying Person for the purposes of the EIS rules, tax status and personal circumstances. In particular, you should take further advice before investing in a Company if you have a previous involvement with that Company.
CGT Deferral Relief is only available once each EIS investment is made and the EIS3 certificate has been obtained.

EIS Statistics

- Since EIS was launched in 1993-94, over 31,365 individual companies have received investment through the scheme, and over £22 billion of funds have been raised.
- In 2018-2019, 3,905 companies raised a total of £1.824 billion of funding under EIS. 2,320 companies raised £189m through SEIS.
- This is a decrease from 2017-18, when 3,920 companies raised £2,001 million.
(From HMRC)

Examples of EIS tax reliefs at work

Example – Income Tax Relief	
Initial Investment	£100,000.00
Less EIS tax relief at 30%	(£30,000.00)
Net cost of investment	£70,000.00

Example – Loss Relief	
Initial Investment	£100,000.00
Less EIS tax relief at 30%	(£30,000.00)
Net Investment for loss purposes	£70,000.00
Loss Relief (45% on £70,000)	(£31,500.00)
Net cost of investment (post EIS Relief and Loss Relief)	£38,500.00

Example – Capital Gains Tax Deferral	
Initial Investment	£100,000.00
Less EIS tax relief at 30%	(£30,000.00)
CGT deferral (20% on £100,000)	(£20,000.00)
Net cost of investment	£50,000.00

Tax Status

Each Investor's initial portfolio will comprise of shares in four or more (typically four to six) investee companies whose shares should qualify for EIS tax reliefs. For legal and tax purposes, each Investor will be the beneficial owner of a specific number of Shares in each Investee Company. All Shares and cash will be managed together on behalf of each Investor by the Portfolio Manager. We will aim to build for each client an EIS portfolio of 10 or more companies over several tax years of repeated investment.

The Managed Endeavour EIS Portfolio Service is a discretionary investment management service and each Investor's portfolio will comprise of shares in a selection of companies. The Portfolio Manager is Rivers Capital Management Ltd. The Portfolio is not an unregulated collective investment scheme.

Mainspring Nominees Limited will act as the Custodian of the Portfolio. Mainspring Nominees Limited is a company registered in England and Wales with registration number 08255713 and with its registered address at 20-22 Bedford Row, London, WC1R 4EB), authorised and regulated by the Financial Conduct Authority (FRN: 591814). Its sister company MNL Nominees Limited registered in England and Wales with registration number 09512864 and registered address at 20-22 Bedford Row, London, WC1R 4EB, will act as the Nominee.

The Portfolio has not been approved by HMRC under section 251 of ITA 2007 and therefore Investors may only claim EIS income tax relief in the year in which each underlying investment is made, or the previous tax year if carried back, rather than in the tax year in which they pay their Subscription into the Service.

When an EIS Qualifying Company has been trading for four months, it can apply to HMRC for the issue of blank EIS 3 certificates. Once these have been received, the company will complete them and forward the certificates to the Portfolio Manager for checking. The Portfolio Manager will then issue these to Investors. Each EIS 3 certificate details the amount on which an Investor can claim tax relief for that particular investment.

The Enterprise Investment Scheme grants Investors generous tax benefits in return for providing equity funding to qualifying businesses. These benefits include the ability to offset income tax and defer CGT liabilities, together with CGT exemption on the investments themselves. Investments in trading companies which qualify for the EIS will also normally qualify for business property relief once held for 2 years, meaning that inheritance tax is not payable on the value of those investments.

The UK government created the Enterprise Investment Scheme in order to stimulate investment in the SME sector and the scheme received a further boost in the 2012 Finance Act when the available tax reliefs were enhanced and some investment restrictions eased.

The Endeavour Ventures EIS Portfolio Service reconciles the ambitions of Investors looking both for attractive potential returns and tax efficiencies. Our Investors see the opportunity for good investment returns from this sector across a diversified portfolio, whilst utilising the tax reliefs available to offset the risks often associated with investing in private companies.

Custodian and Administration Services

Mainspring Nominees Limited (the "Custodian") will serve as the Portfolio's custodian and will provide safeguarding and administering services to Investors. These services include opening and maintaining a client account, settling Portfolio Service transactions and collecting and distributing investment proceeds. Each Investor's subscription into the Portfolio Service and their investment proceeds, pending their distribution, will be deposited by the Custodian with an authorised and reputable banking institution in a client account, the details of which are set out in the application form, with cash balances belonging to other Investors in the Fund. The mandate for operation of the account shall be held by the Custodian who is only permitted to act on the instructions of the Manager.

The Nominee

Nominee services will be provided to Investors through MNL Nominees Limited (or such other

nominee company appointed by the Portfolio Manager) (the "Nominee"). Each time an investment is to be made by the Fund, the Manager will direct the Nominee to purchase and hold a specific number of Investee Company shares. The Nominee will then be the registered owner of the Investee Company shares, but for tax purposes individual Investors will be the beneficial owners of such shares. As most, if not all, investee companies
will already be trading, we anticipate that EIS3 certificates will be applied for at the point of investment.

Reporting and Valuation

Investors will receive an annual client statement electronically (unless otherwise requested) each year from the Custodian together with a report from the Company Advisor. In addition, Investors will be kept informed of any significant events concerning Investee Companies within their Portfolio, such as an upcoming sale. All investments in the Fund will be valued according to best practice as set out under the International Private Equity and Venture Capital (IPEVC) Valuation Guidelines. Prudence and fair value are central concepts to these valuation guidelines. All Investee Companies will be valued on an annual basis.

Risk Factors

This is a high risk investment. You should not invest in this service unless you have thought carefully about whether you can afford it, and whether it is right for you.

Potential Investors are recommended to seek independent financial and tax advice before investing. Please note that neither Endeavour nor the Portfolio Manager is able to provide you with advice about whether you should invest in the Portfolio Service.

The Portfolio Manager and the Company Advisor have taken all reasonable care to ensure that this document is fair, clear and not misleading, but the statements of opinion or belief contained herein regarding future events constitute their own assessment and interpretation of information available to them at the date of issue of this document and no representation is made that such statements are correct or that the objectives of the Fund will be achieved. Additionally, some information contained in this document has been obtained from published sources prepared by other parties and no responsibility is assumed for the accuracy or completeness of such information. Accordingly, each prospective Investor must determine for himself/herself what reliance (if any) he/she should place on such statements and information and no responsibility is accepted by the Portfolio Manager and the Company Advisor in respect thereof.

The information and illustrations in this document are stated as at 31st March 2019. The information contained in this Information Memorandum makes reference to the current laws of England and Wales concerning EIS Relief and associated tax benefits as at the date of the Information Memorandum. The levels and bases of relief may be subject to change. The Tax Reliefs referred to herein are those currently available and are of summary nature only. The application and value of such Tax Reliefs depends upon individual circumstances of each Investor. Accordingly, the Tax Reliefs may or may not apply to any specific individual depending on their circumstances, and may change or be withdrawn by the government or the taxation authorities. If you are in any doubt as to your position, you are strongly advised to consult your professional advisor before making an investment.

The Endeavour Portfolio Service is a high-risk investment and any capital invested may be entirely lost. Prospective Investors should consider carefully whether the Portfolio Service is suitable for them in the light of the information in this document and the financial resources available to them. Additional risks and uncertainties relating to the Investee Companies that are not currently known to the Portfolio Manager, or that the portfolio Manager currently deems immaterial, may also have an adverse effect on the Investee Companies' businesses, financial condition, operating results or share price. The value of the investments made by the Fund could be substantially reduced as a result of any of these risks and Investors may lose all or part of their investment in the Investee Companies. Past performance is not necessarily a guide to the future.

Investors should be aware that there is a risk that the Portfolio Manager may be unable to find a sufficient number of investment opportunities to meet its investment criteria. It may, therefore, be the case that an Investor's Subscription is not fully invested within 12 months. The level of returns from investments may be less than expected if there is such a delay insofar as all or part of an Investor's Subscription is held in cash or near cash investments for longer than expected, or if the returns obtained on investments are less than planned, or if investments cannot be realised at the expected time and values. There can be no guarantee that suitable investment opportunities will be identified in order to meet the Portfolio's objectives.

Furthermore an insufficient number of investments may lead to Investors' Subscriptions not being invested in the tax year envisaged and therefore EIS tax relief being deferred to later tax years or not materialising altogether.

The following lists of potential risks are not intended to be comprehensive.

General Risks

The companies in the sectors in which the Portfolio Manager will invest have the normal commercial risks, bad debts, bad marketplace etc as other trading

companies. The Portfolio Manager and Company Advisor will attempt to ensure that the Investee Companies in which the Fund invests have robust procedures in place, but there will always be a residual risk of commercial failure or other business interruption.

Investment in smaller, unquoted companies, by its nature, involves a high degree of risk and this is even more so the case with EIS companies which must meet a "risk to capital" test requiring that there be a significant risk that capital will be lost. Proper information for determining such companies' value or the risks to which they are exposed may also not be available.

Investment in such companies can offer good investment returns but the market for unquoted shares is often illiquid and uncertain by its nature. Consequently, such investment involves a higher degree of risk than a portfolio of quoted shares. In view of the nature of the proposed trading activities of the Investee Companies, an investment in the Fund should not be regarded as a short-term investment and interests in the Investee Companies will not be readily realisable. In addition, the EIS rules require minimum holding periods or the EIS Reliefs may be withdrawn. It is therefore very unlikely that any exit will occur during the statutory three-year minimum holding period of an investment. The Portfolio Manager may not be able to arrange liquidity in the underlying investments. There can be no guarantee that any appreciation in the value of any of the Investee Companies will occur or that the commercial objectives of the Investee Companies will be achieved.

Risk to Capital

Prospective Investors should be aware that the value of shares in each Investee Company can fluctuate. In addition, there is no guarantee that the valuation of shares will fully reflect the underlying net asset value of the Investee Companies. Your capital and the investment return are not guaranteed and you may not receive back all or any of the money you invest. You should consider the Endeavour Ventures EIS Portfolio Service to be a four to seven year investment, but every growth company journey is different and this period could be longer or shorter. Investments will be made in AIM stocks and unquoted companies. Investments in unquoted companies are likely to be more volatile and present a higher degree of risk to your capital than those on the London Stock Exchange official list. You should not invest in this service unless you have thought carefully about whether you can afford it, and whether it is right for you. If you are in any doubt, you are strongly recommended to seek advice immediately from an independent financial advisor authorised under the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on investments of this type.

Portfolio Manager

Rivers Capital Management Ltd. reserves the right to cease to manage the Service in certain circumstances set, in which event it will try to transfer their mandate to act as Portfolio Manager to another fund manager authorised by the FCA, or (with the consent of the Company Advisor) to Service in an expeditious way. The Portfolio Manager as advised by the company Advisor will seek to realise investments in an orderly fashion over a period of three to seven years from the date of investment but it cannot be guaranteed that the investments made can easily be realised within this period and, even where they can be realised, that this can be done on an advantageous basis. Generally, the Portfolio Manager reserves the right to return a small surplus of cash if it concludes that it cannot be properly invested. There can be no guarantee that market conditions will be propitious in respect of the sale of any shares at the time the Fund has targeted such a sale. This may significantly delay the targeted exit. It may be difficult to predict when an exit may take place and there can be no guarantee that an exit will ever take place. Accordingly, Investors may potentially lose the total amount of their Subscription.

It may be difficult and time-consuming for an Investor to dispose of his/her Investments made by the Portfolio Manager due to the illiquid nature of the Investments. It may not be possible to realise such Investments quickly, at a reasonable price or, in some circumstances, at any price.

Although the Portfolio Manager will aim to invest all Investors' funds in a target of four or more Investee Companies, special circumstances may apply to certain Investors which may mean that they hold investments in fewer Investee Companies than this. Such Investors will not benefit from the same diversification, and consequently, their investments in the Portfolio Service will carry a higher risk.

The timing of any realisation cannot be predicted and proper information for calculating the current value of an Investor's portfolio of investments or the degree of risk posed may not be available.
The Portfolio Service should be considered a captive investment and an Investor should assume that

investments through it will be managed by the Portfolio Manager until realised. Investee Companies may fail, as may the assets they own or operate, and investments in Investee Companies may be realised for substantially less than the acquisition cost or may be impossible to realise at all.

Liquidity Risk

Investments in unquoted companies are less liquid than those traded on the main stock exchanges. It is not intended that any income or capital will be returned to Investors during the three-year period. After holding the shares in the Investee Companies for the initial three-year period, it may still be difficult to realise the shares or obtain reliable information about their value. Consequently whilst we will always attempt to redeem your investment upon receipt of a withdrawal request, this may not always be possible. You should be prepared to leave your investment intact for the medium term, and at least for the minimum three year period.

Custody Risk

Your cash and assets deposited with, and held by the Custodian shall be held at Investors' risk and neither the Manager, the Custodian nor the Investment Advisor (including their respective directors, shareholders, partners, officers, employees, agents or advisors), will be liable to any Investor in the event of insolvency of the bank in which your cash and assets are held, nor in the event of any restriction on the Custodian and Manager's ability to withdraw funds from such bank for reasons beyond their reasonable control.

Sector Risk

At Portfolio level, the Portfolio Manager will endeavour to give Investors a spread of holdings across sector which should mitigate some of the risks associated with single companies or sectors. No more than 25% of an investor's EIS portfolio at cost will be in any one company. Individual investee companies will still be subject to the risks associated with the sector that they trade in and therefore the value and salability of their shares will be affected by events that affect their whole sector.

Pandemic Risk

All portfolio companies are at risk from the effects of the CoViD-19 coronavirus and the effects of government actions around the world to combat its spread and effects. The Portfolio Manager expects the effects of the virus, both direct and indirect, on the economy and on individual companies, will continue for some years. The virus may also return and require further measures to fight it, or return in a mutated form.

The Portfolio Manager does not claim foresight, but will try to focus investment on the companies that are comparatively well positioned to weather the pandemic. There may be adverse effects across the broader portfolio from the economic downturn. The Portfolio Manager will keep a close watch on any sectors that are unaffected or positively affected, such as in-home digital entertainment, online education, electronic payments, and contact tracking technology.

Current Legislation

Rates of tax, tax benefits and allowances described in this document are based on current legislation and HMRC practice and depend on personal circumstances.

These may change from time to time and are not guaranteed. Rivers Capital Management Ltd. does not provide advice and potential Investors are recommended to seek specialist independent tax and financial advice before investing. The Endeavour Ventures EIS Portfolio Service has been designed with UK resident taxpayers in mind. If you are not resident or ordinarily resident in the UK for tax purposes, it is generally not appropriate or advantageous for you to invest in the Endeavour Ventures EIS Portfolio Service. EIS relief can however, be used to offset Remittance Tax.

EIS Approval

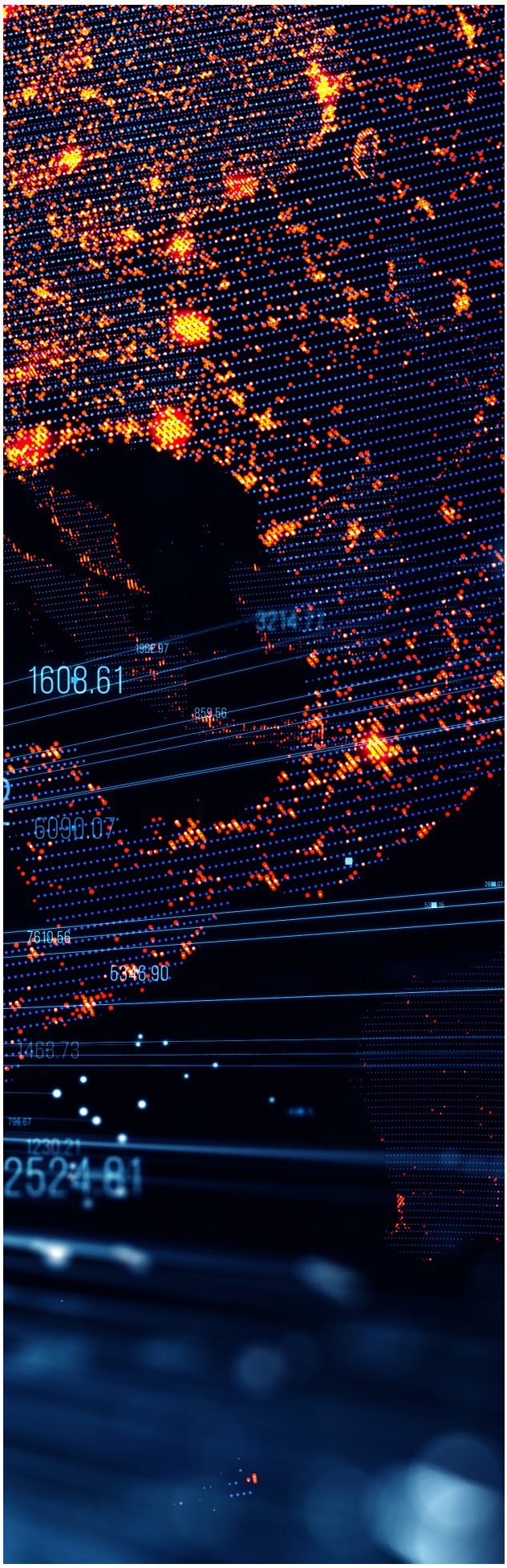
Rivers Capital Management Ltd. will invest in companies which we reasonably believe to be Qualifying Companies at the time of investment, but please be aware that there is no guarantee that such companies will remain Qualifying Companies at all times thereafter, or that EIS tax reliefs will be available to Investors. There are circumstances in which an Investor could cease to qualify for the taxation advantages offered by the EIS. If a Qualifying Company ceases to carry on a Qualifying Trade during the three year period, this could prejudice its qualifying status under the EIS. In addition, if a Qualifying Company does not employ the funds made available to it within the deadlines set out in the EIS rules, it would be in breach of those rules and the tax advantages would be withdrawn. The situation will be closely monitored with a view to preserving each Qualifying Company's EIS status, but this cannot be guaranteed. A failure of a Qualifying Company to meet the qualifying requirements for the EIS, or a change in

the individual's tax status could result in:

- Investors being required to repay the 30% Income Tax relief received on subscription plus interest on the same;
- a liability to CGT on a disposal of shares; and
- any deferred gain crystallising.

Early Exit

In certain circumstances, the Portfolio Manager may decide to dispose of a holding in an investee company that has been held for less than 3 years, where it is believed to be in line with the Investment Objective of maximising Investor returns. If the Portfolio Manager disposes of part or all of the shares held on behalf of an Investor in an investee company that have been held for less than 3 years, the tax reliefs and tax benefits of EIS investment applicable to the shares sold will be lost. This may impact on an Investors own tax position and therefore the impact of this risk should be carefully considered by an Investor prior to investing in the Service.



Conflicts of Interest

Treating customers fairly is central to our core values. It is in our culture to understand what is acceptable and right regarding conflicts of interest. The identification, management and mitigation of any conflicts are central to our philosophy. While undertaking our usual activities and services, an actual or potential conflict may arise when our interests and those of our clients are directly or indirectly in competition. We undertake to handle any conflicts in accordance with the FCA rules.

If any Member of the Company Advisor's team or the Company Advisor itself holds any shares or warrants in a proposed investment they should be declared in writing as part of the investment process. If an individual, they will then absent themselves from the decision making process. If a Company Holding, it will be declared in writing, and the non-executives of Endeavour Ventures in concert with the Portfolio Manager will take the conflict into account in their decision making process.

Conflicts typically arise from differential pricing of equity rounds where several tranches of investment are made over a period of years. If the Portfolio Manager perceives conflict from a pricing uplift or down-round that affects certain groupings of investors, it may be deemed appropriate in the circumstances to write to individual investors and request their approval for a particular course of action deemed to be in their best interests.

The Portfolio Manager has in place a conflict of interest policy (the "Conflicts Policy") pursuant to the FCA Rules which sets out how it identifies and manages conflicts of interest. Under the Conflicts Policy, the Portfolio Manager is required to take all reasonable steps to identify conflicts of interest between: (1) the Portfolio Manager, including its employees and contracted consultants, or any person directly or indirectly linked to them by control, and a client of the Portfolio Manager; or (2) one client of the Portfolio Manager and another client. The Portfolio Manager believes that it should identify any conflicts that may arise in other situations including between the Portfolio Manager and any of its shareholders. Where the Portfolio Manager owes a duty to such clients, it must maintain and operate arrangements to prevent any conflict from giving rise to a material risk of damage to the interests of its clients. A copy of the Conflicts Policy is available upon request.

Independent limited assurance report of Beavis Morgan Audit Ltd. to the directors of Endeavour Ventures Ltd. ("Endeavour")

We were engaged by Endeavour to report on the Endeavour Ventures Limited Track Record ('the track record') on page 12 of this Memorandum ('the Information Memorandum') in the form of a limited assurance conclusion about the proper preparation of the track record, in all material respects, in accordance with Endeavour's own methodology ('the Methodology').
This independent assurance report is made solely to Endeavour in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Endeavour those matters that we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than Endeavour for our work, for this independent assurance report, or for the conclusions we have reached.

Responsibilities of the directors
The directors of Endeavour are responsible for the fair presentation of the track record, in accordance with the Methodology.

The directors are responsible for developing the Methodology. The directors have summarised the Methodology on page 13 of the Investment Memorandum. That summary provides further information on: specific definitions; how data has been selected; and the calculation methodology.

It is the directors' responsibility to develop, operate and maintain internal systems and processes relevant to the proper preparation of the track record that are free from material misstatement, whether due to fraud or error.

Responsibilities of Beavis Morgan Audit Ltd.
Our responsibility is to express an independent limited assurance conclusion to Endeavour, based on the procedures performed and evidence obtained, as to the proper preparation of the track record, in all material respects, in accordance with the Methodology.
We conducted our work in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion. We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control (UK and Ireland) 1 Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Scope of work
A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to give a meaningful level of assurance over the track record as a basis for our limited assurance conclusion. The procedures selected depend on our judgement, on our understanding of the track record and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. The primary focus of our work was on the track record for the period ended 31 January 2020. The procedures performed included:

- examination of the basis of valuation of all extant members of the investee portfolio at 31 January 2020;
- reviewing the basis of the calculations of return and consistency with the Methodology;
- testing the arithmetic accuracy of the calculations of the track record; and
- reading the disclosure of the track record and a review of consistency of that disclosure with the work carried out above.

We have examined the Methodology and understood the key assumptions and inherent limitations therein. We have not examined, and we do not express a conclusion on, whether forms EIS2 were issued to the companies concerned or whether the extant members of the investee portfolio have continued to satisfy the requirements for eligibility under the Enterprise Investment Scheme from the date of issue of forms EIS2.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Emphasis of Matter
We draw attention to the paragraph entitled "Note on portfolio returns" included in the track record above concerning the continued qualifying EIS status of the investee entities. Our opinion is not modified in this respect.

Conclusion
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the track record in the Memorandum is not properly prepared, in all material respects, in accordance with the Methodology.

Richard Thacker
For and on behalf of Beavis Morgan Audit Limited
Chartered Accountants, London.
8th June 2020

BeavisMorgan.

FAQs

Who will legally own the shares in the Investee Companies?

The Nominee will be the registered owner of the Investee Company shares, but for tax purposes individual Investors will be the beneficial owners of such shares.

How many Investee Companies will be in my Portfolio?

Your Portfolio will contain at least 4 but ideally 10 or more companies.

How long will it take to invest my Subscription Monies?

We aim to acquire the shares in the Investee Companies within four months of receipt.

Will you facilitate my IFA's charges?

Yes, the Custodian will pay your IFA any charges that you specify on the Application Form out of the monies you deposit into the Custodian's bank account. These amounts will not count towards your Subscription.

How long will the shares in the Investee Companies be held?

In order to qualify for EIS relief, shares must be held for at least three years however the nature of these investments is such that it may take longer to realise them and an investment in this Fund should be considered medium to long-term.

There may also be occasions where the shares in the Investee Companies are sold prior to three years for commercial reasons and in such an event EIS relief will be lost.

Who will choose which Investee Companies to invest in?

The Manager will ultimately be responsible for making investment decisions on behalf of all Investors and it will seek advice from the Company Advisor before doing so. You will however be notified of any opportunities to make additional "top-up" co-investments in the Investee Companies if you so wish.

What's the minimum and maximum I can invest in the Portfolio Service?

The minimum investment into the Fund is £20,000 per application, with follow-on investments of £5,000 or more. While there is no maximum investment limit, the maximum amount on which you can claim EIS income tax relief in any tax year is £1,000,000 (unless "Knowledge Intensive", in which case £2,000,000).

Can I invest jointly with my spouse?

No, each spouse must apply separately.

Where will my uninvested cash be held?

Each Investor's subscription into the EIS portfolio and their investment proceeds, pending their distribution, will be deposited by the Custodian with an authorised and reputable banking institution in a designated client account, the details of which are set out in the application form, with cash balances belonging to other Investors in the Fund. The mandate for operation of the account shall be held by the Custodian who is only permitted to act on the instructions of the Manager.

What happens if I die during the life of the Portfolio?

As soon as the Manager is notified of your death, no additional investments will be made on your behalf. We will then act on the instructions of your executor to transfer the legal and beneficial ownership of your Portfolio to your beneficiaries less any unpaid fees.

Next Steps

Apply online at **endven.com**, or to speak to a member of the investment team.

Call: +44 (0) 207 637 4102
or
Email: enquiries@endven.com

Endeavour Ventures Limited, 41 Devonshire Street, London W1G 7AJ.

It is highly recommended that you seek independent financial, legal and taxation advice before making an investment.

Notes

ENDEAVOUR
VENTURES