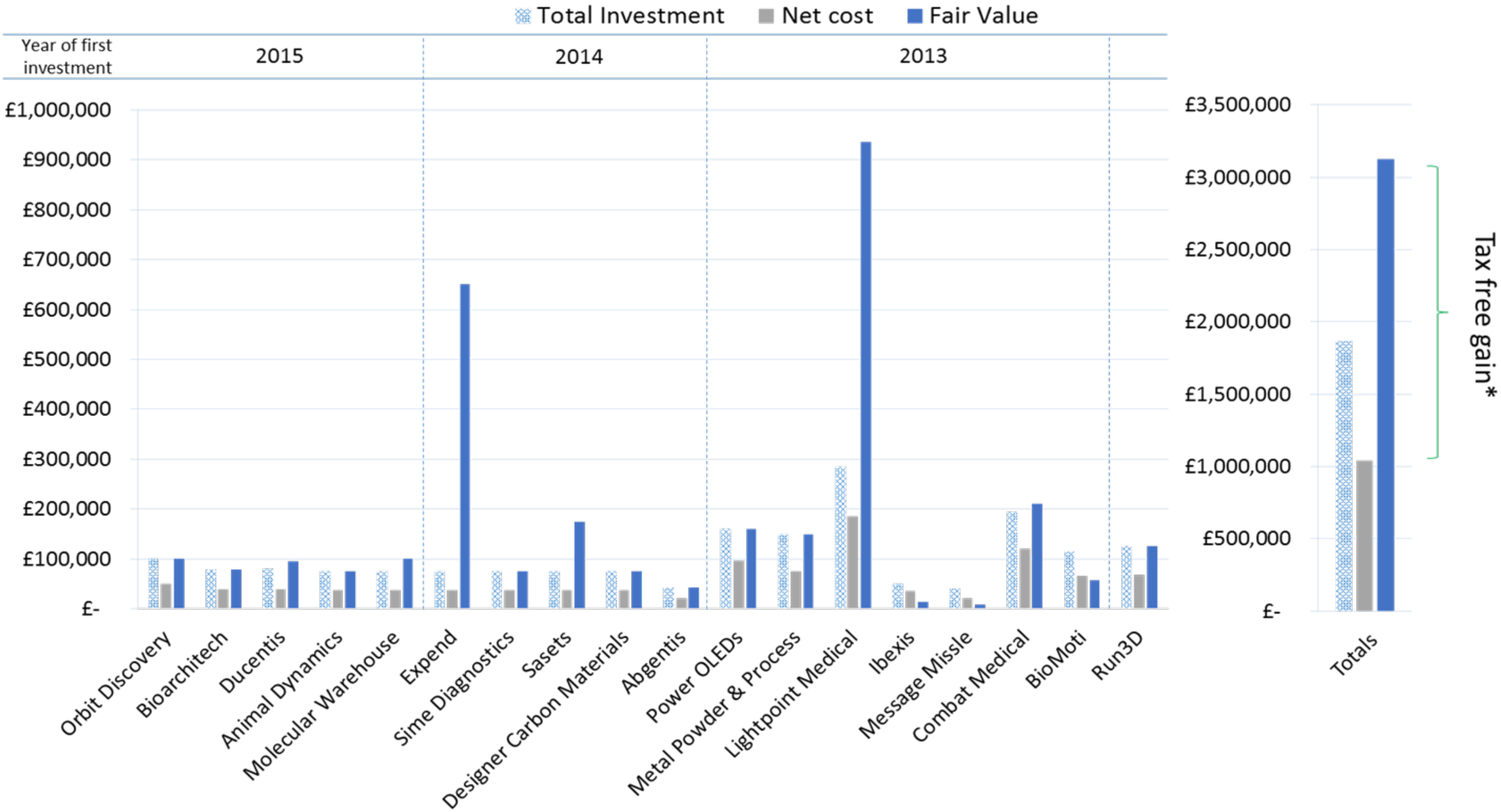
Oxford Technology OT(S)EIS Full Portfolio
31st December 2015



*Note: Multiple = Fair Value/Net Cost, where Net Cost takes into account only the tax relief against income tax and Fair Value includes loss relief where applicable (and assumes a 40% taxpayer)

For those investors who also have capital gains tax to pay, there are further CGT reliefs (SEIS) or CGT deferrals (EIS) available.

Oxford Technology Combined SEIS and EIS Fund

- OT(S)EIS -

Quarterly Report to 31st December 2015

Summary

By 31st December 2015, OT(S)EIS had completed 33 investments in 18 companies. Details of all the investments and how they are doing are given below.

In general things are going well and one can now see the overall results beginning to come through as the valuations of some of the early investments have increased. But we are well aware that nothing really counts until there are exits. Under the SEIS scheme investments have to be held for 3 years before they can be sold, so exits from the earliest investments will be possible from now on. The strategy will be to exit at a time which maximises the return to shareholders. This will normally be when a company floats or is acquired or maybe as part of a larger fundraising round. So from this point on we will be seeking exits where we can. But in most cases, it will be necessary to hold the investments for many more years. But it is hoped that the returns, when they come will be large, and because the investments are SEIS and EIS qualifying, all gains will be tax-free.

We receive a steady stream of entrepreneurs seeking funding for their start-ups. The fund remains open for investment and you may invest at any time.

In this quarter we made a £100,000 SEIS investment in Orbit, a spin-out from Oxford. On the day after we invested OSI, which has investment funds of £350m specifically for investing in Oxford, invested £1m at the same share price. It is useful for us to be able to make SEIS investments but also to have a co-investor with much deeper pockets investing alongside us. We are currently working on a second possible co-investment with OSI.

Our (possibly biased) advice is that it is sensible for investors to make at least some SEIS investments each year while the scheme endures. The scheme has been judged to be a success and has been made permanent, at least for the duration of this parliament. But history shows that new governments often change schemes, so it is possible that the SEIS scheme may change in future. It is the most generous scheme that there has ever been and it is sensible to take advantage of it while it endures. Of course there are risks, but there are also risks with other forms of investment, including investing in large companies on stock markets.

SEIS Tax Reliefs Summary

- Income Tax bill reduced by 50% of investment
- Income Tax bill reduced further if the business fails - up to 22.5%
- Capital Gains Tax bill reduced by 14% of investment
- No tax on Capital Gains from investments
- No inheritance tax on shares after 2 years
- Tax reliefs can be claimed as if the investment had been made in the previous financial year, if the investor wishes
- To maintain SEIS reliefs, investments must be held for 3 years

EIS Tax Reliefs Summary

- Income Tax bill reduced by 30% of investment
- Income Tax bill reduced further if the business fails - up to 31.5%
- Capital Gains Tax of up to 28% of investment is deferred. The Capital Gain to be deferred can be made three years before, or one year after the investment.
- No tax on Capital Gains from investments (after three years from the date of investment)
- No inheritance tax on shares after 2 years
- Tax reliefs can be claimed as if the investment had been made in the previous financial year, if the investor wishes
- To maintain EIS reliefs, investments must be held for 3 years

For more in depth details, please consult HMRC, or your financial advisor.

Example SEIS investment

An investor with income tax of £25,000 to pay and capital gains of £100,000 (on which £28,000 is due to be paid) invests £20,000 under the SEIS scheme.

Investment:...£20,000
Income tax bill reduced by 50% of this:......................-£10,000
Capital Gains tax bill reduced by 14% of this:..............-£2,800
Net cost of investment:...£7,200

Should the investee company fail, the remaining part of the investment on which income tax relief has not been claimed (£10,000 in this example), may be set against the investor's income tax liability.

For a 45% tax payer, this relief is worth £4,500
For a 40% tax payer, this relief is worth £4,000
For a 20% tax payer, this relief is worth £2,000

Therefore for a 45% tax payer, with Capital Gains to pay, the loss will be £2,700, so just 13.5% of the £20,000 cost. In the event that the investment fails. If the investments succeeds, and the shares are sold for £40,000 (so twice the purchase price) the £40,000 would be tax free, a multiple of more than 5 times the net cost, of £7,200.