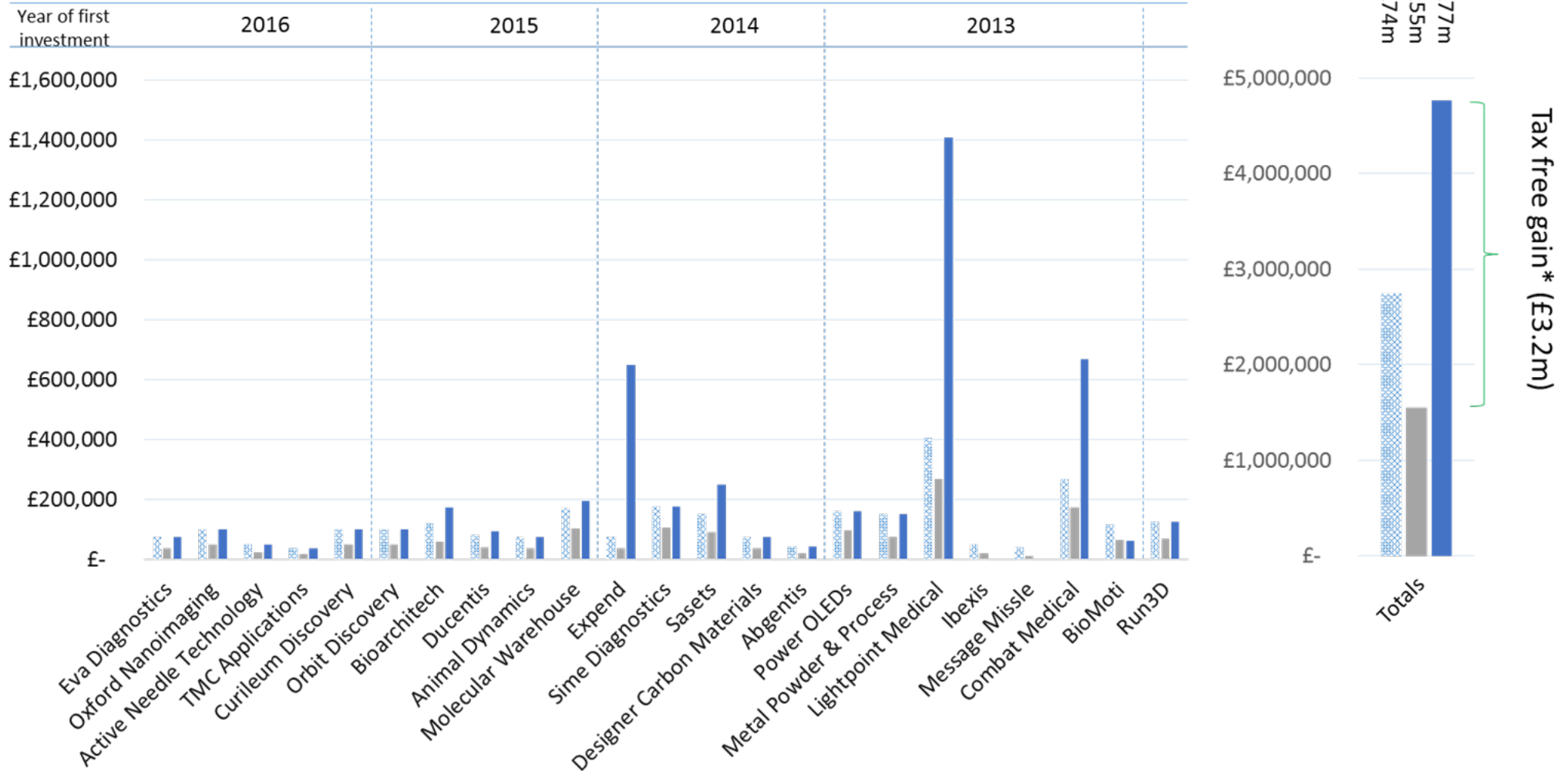


**oxford
technology**

**Oxford Technology OT(S)EIS Full Portfolio
Updated to 30th June 2016**

▨ Total Investment ■ Net cost ■ Fair Value



*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.



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Oxford Technology Combined SEIS and EIS Fund

- OT(S)EIS -

Quarterly Report to 30th June 2016

Summary

By 30 June 2016, OT(S)EIS had completed 46 investments in 23 companies. Details of all the investments and how they are doing are given below.

Things are going well, even very well, and the overall figures are as follows:

Gross amount invested by OT(S)EIS:	£2.74m
Net cost of these investments after tax reliefs (1):	£1.55m
Fair value (2):	£4.77m
Tax free gain (on paper only so far):	£3.22m

1. Assuming only income tax relief for a 40% taxpayer. The net cost will be even less for investors in the fund who also have capital gains tax to pay.

2. Valuations are all done by valuing the shares held by OT(S)EIS at the most recent price paid by investors in the company. If, following an investment, things have gone wrong, then the valuation is reduced. But if things have gone well, the valuation is not increased. To this extent the valuations are conservative. For example, by December 2015, it was clear that Combat Medical was making excellent progress with its improved treatment for bladder cancer. But the valuation of this investment was not increased until investment was received in March 2016 at a higher share price.

Obviously nothing really counts until there are exits. In a sense, the share price achieved at exit is the only one that matters apart from the original purchase price of the shares. And exits are typically expected in a 5-10 year timescale. But the most recent share price paid is a fair guide to a true valuation.

Another table which illustrates the beneficial effect of making SEIS & EIS investments is the following:

Number of companies invested in since 2012:	23
Total invested:	£2.74m
No of failures to date (there will likely be more):	2
Losses on these after tax reliefs:	£.033m (just £33,000)
Fair value of remaining investments:	£4.77m

Poïesis

On 4 April, we invested £100,000 in a new company Poïesis, and this featured in the quarterly report which we sent out on 6 April. However, before spending any of the money and before actually issuing the shares, the founders of Poïesis decided that it would be better for them to start the business in the US (the founder is a US citizen). This made the business ineligible for SEIS. So they simply returned the cash and the investment never proceeded.

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

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
- 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

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.