

# Eager beavers

Enhancing the UK's  
commercial ecosystem



---

## About the AIC

The Association of Investment Companies (AIC) represents closed-ended investment companies whose shares are traded on public stock markets. The AIC's members include 48 Venture Capital Trusts (VCTs), which manage some 96% of the sector's £6.3 billion of assets.

To discuss issues raised in this paper please contact:

**Guy Rainbird**

Public Affairs Director

[guy.rainbird@theaic.co.uk](mailto:guy.rainbird@theaic.co.uk)

## Contents

1	Eager beavers	2
2	Ecosystem enhancements	4
3	Reliable investment	6
4	Investing through the crisis	12
5	Nationally active	18
6	Providing early support	20
7	Disruptive thinking	24
8	About the survey	28
9	Acknowledgements	30



## 1 Eager beavers

Our last review of VCT investment was published just as the full, devastating implications of Covid-19 (Covid) were becoming clear. As well as the unprecedented personal and public health impact of this pandemic, it has also created huge difficulties for UK business. I am proud that Venture Capital Trusts (VCTs) have played their part in supporting smaller companies as they have sought to cope with the impact of this crisis.

As we move towards the end of the exceptional measures that have been imposed in response to the pandemic, attention is turning to how we can reverse its economic consequences and build a more stable, resilient, and competitive economy. One priority should be fostering the success of Small and Medium Sized Enterprises (SMEs). They are an essential part of the economy for millions of people who rely on them for employment and goods and services.

It strikes me that this agenda has parallels with the other great policy question of our time – how to respond to the climate emergency. Considering these twin challenges brings to mind the virtues and the values of ‘rewilding’.

Rewilding is an approach to conservation that uses nature itself to shape and support the environment. Its ambition is to make local ecosystems more diverse and better able to respond to climate change. One strategy involves reintroducing keystone species, whose absence from the landscape has had negative and surprisingly widespread effects. A great example of this approach has been the reintroduction of the European beaver into parts of England and Scotland. Hunted to extinction in the UK some 400 years ago, beavers are now being reintroduced as part of efforts to restore and enhance our natural heritage. The impact of this small creature is surprising and potentially substantial.

By building lodges, and occasionally damming rivers, beavers create more diverse habitats – pools, muddy patches and marshy areas. This allows a wider range of plants, insects, birds and other animals to thrive. The natural impact of beaver populations helps slow the current of moving water, changing the course of rivers with big benefits downstream as the capacity of the landscape to retain and regulate waterflows increases. This reduces flooding risks.

While not extinct in the UK, investors prepared to target smaller businesses and accept the risks involved, have become something of an endangered species. The costs of finding investment opportunities, doing the due diligence and making a long-term commitment to a company in the early stages of its life are not attractive to most investors. This has had a negative impact on the business environment, with smaller companies unable to secure funds to develop new products and services, create local employment and develop their potential.

The presence of VCTs in the business ecosystem addresses this problem. Like the busy European beaver, active on the riverbank, VCTs are making small but potentially significant interventions in the UK's economic life. As you will see from this overview of investment activity, they are supporting a wide range of SMEs – everything from healthcare to hospitality. They are creating new jobs in different parts of the UK. The products and services they are delivering may have significant downstream effects.

However, like the European beaver, VCTs also need some assistance to play their part. Retail investors receive tax incentives to channel their savings into more risky enterprises. This creates an additional pool of funds which otherwise would not be available to entrepreneurs seeking finance: a big change in their immediate ecosystem.

VCTs are already helping create a more resilient and responsive economy. Hopefully, in the not too distant future, more of us strolling down a quiet riverbank will be able to catch sight of an eager beaver doing its bit to transform the British countryside for the better.

**Richard Stone**  
Chief Executive

**Like the busy European beaver, active on the riverbank, VCTs are making small but potentially significant interventions in the UK's economic life.**

---



## 2 Ecosystem enhancements

**Providing investment  
in difficult times**

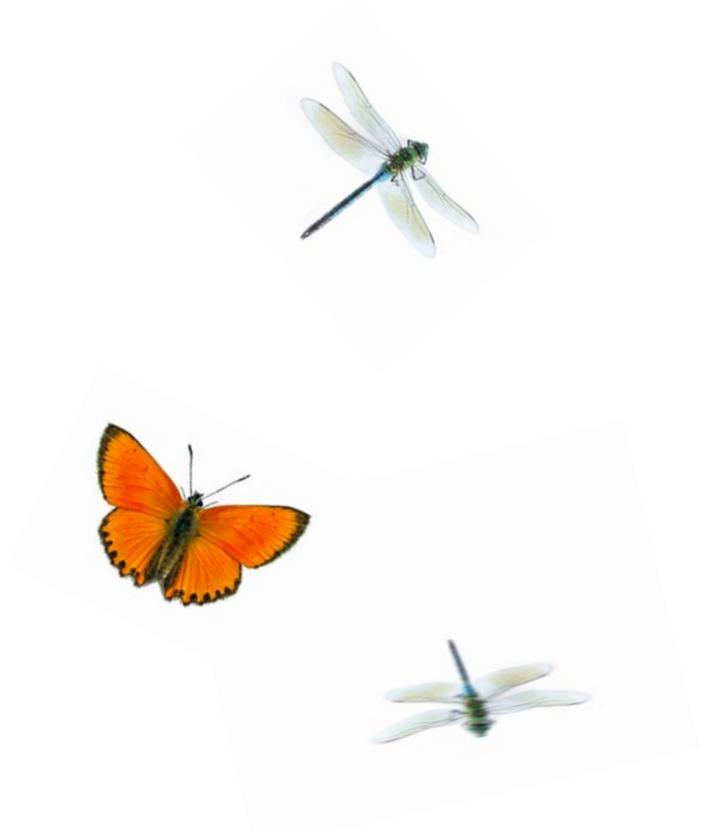
**Backing ambitious  
entrepreneurs**

**Creating jobs**

**Prioritising innovation**

**An additional  
source of funds**

**Investing in all parts  
of the UK**





**A reliable source  
of capital**

**A step towards  
traditional financing**

**Supplying business  
knowledge**

**Efficient allocation  
of funds**

**A public and private  
partnership**

**Taking risks to support  
higher growth**

### 3 Reliable investment

It is hard for smaller ambitious businesses to raise money even when the economy is prospering. Lenders and traditional equity investors seek to minimise their risks while maximising returns. As a result, they gravitate towards funding larger, more established businesses.

Even where investors are prepared to accept higher levels of risk, they tend to ignore the smallest companies as the costs of finding and evaluating their potential are similar to assessing bigger investment opportunities where they can deploy a greater amount of funds. Pound for pound, it is often more cost-effective to invest a larger amount if the due diligence costs and risk levels are similar. This bias creates a 'finance gap' for smaller businesses: they simply cannot get the money they need to grow.

It is this gap that VCTs have been created to bridge.



Arecor Therapeutics plc was backed by VCTs Oxford Technology, Downing and Seneca Growth Capital.

The Cambridge-based company uses its platform Arestat™ to develop proprietary products. It works with pharmaceutical and biotechnology companies to enhance product formats, find solutions to development challenges and create differentiated products offering the potential for significant improvements in patient safety and convenience.

This innovative process can be used for vaccine stabilisation. Arecor's products are designed to improve patient outcomes and enable healthier lives.



VCTs are able to support much smaller enterprises because the cost of investment, and the risks of targeting smaller companies, are alleviated by tax incentives for investors. The public purse is compensated over the longer term as VCTs support entrepreneurs likely to be the large employers and providers of innovative products and services in the future. As their businesses grow, they will support the UK's wider economic growth and be a source of future tax revenue.

**VCTs play an essential role in the UK's business ecosystem.**

VCTs play an essential role in the UK's business ecosystem at the best of times. During the huge economic disruption created by Covid their efforts have been even more important.

The government took exceptional steps to support employers and businesses during the pandemic. This action has been invaluable. At the same time, VCTs also used their national network and deep experience of investing in SMEs to support small companies facing unique challenges.



## **Force24™**

In November 2020, YFM Equity Partners invested to support the growth of Force24. This marketing automation platform allows companies to deliver personalised marketing campaigns to potential clients.

It is already being used by household brands including Michelin, Tarmac and BBC Children in Need to deliver over 900 million marketing emails. It also provides value to a number of small and medium sized businesses.

## **CARBICE**

Carbice produces Carbice® Carbon, a heat conducting material that lowers device temperatures to prevent overheating using a combination of nanotechnology and recycled aluminium. It can be found in mobile phones and satellites and was used in the International Space Station during a 14-month test of its thermal management technology.

Downing VCTs invested \$15 million in December 2020, which helped Carbice grow their sales and marketing functions and accelerate production to meet demand.

In return for taxpayer support, VCTs invest, generally speaking, in companies with less than £15 million of assets. These businesses are able to receive up to £5 million from one or more VCTs, or other tax assisted funding, each year (with a lifetime investment limit of £12 million). VCTs have continued to provide this funding to help SMEs trade through the challenges brought by social distancing and lockdowns.

VCTs are well suited to investing in times of uncertainty and heightened risk. The scheme was overhauled at the end of 2017 as the government wanted to enhance its focus on higher risk businesses and its ability to invest in so called 'knowledge intensive companies' (KICs). KICs are very specifically defined. They must employ a high proportion of employees with post-graduate qualifications or demonstrate a record of spending on innovation. As KICs tend to operate in commercial markets that have additional financing challenges, VCTs can invest greater amounts in these companies. The annual investment limit is £10 million and the lifetime investment a VCT can make in one KIC is £20 million.

**VCTs are well suited to investing in times of uncertainty and heightened risk.**

---



SolasCure is a wound care specialist that received support from Seneca Growth Capital. Its proprietary technology leverages biomimicry and evidence-based medicine to help health care professionals treat patients with chronic wounds.

This includes its Aurse® product which leverages existing maggot-theory techniques to efficiently and gently cleanse wounds, making the healing process much more straightforward.



Credit Kudos is a Credit Reference Agency that aims to help individuals access affordable credit. It uses financial data obtained via Open Banking technology to help lenders to make better and faster credit decisions. It is backed by Triple Point VCTs.

Credit Kudos was launched in the aftermath of the Covid-19 outbreak and has helped self-employed individuals obtain government financial assistance.



## ilika

Ilika Technologies was founded in 2004 as a spin-out from the University of Southampton. The company, which is quoted on AIM, designs solid state batteries for use in electric vehicles, pacemakers and other medical technology, and consumer appliances.

Investments from Hargreave Hale AIM VCT have contributed to the company's growth and support its Goliath project technology which it is using to develop a fast-charging, high energy density solid state battery for hybrid and electric vehicles.

## outpost

Outpost VFX is a film and TV visual effects company. Set up in 2013 with headquarters in Bournemouth, it works with global streaming platforms such as Netflix, Amazon, and Apple, and with major Hollywood studios including Universal.

Funding from YFM Equity Partners helped Outpost develop its infrastructure, company culture and proprietary platforms. It now has operations in Montréal and London and recently opened a new studio in Los Angeles.

The VCT sector has embraced these new rules, and has been well placed to respond to the changing circumstances created by Covid. VCTs have continued to channel funds to companies they had already backed as well as identifying new enterprises that have demonstrated their potential to thrive in these difficult times.

Drawing on research conducted for the AIC among leading VCT management groups, this report examines VCT investment since the 2017 changes were announced. It shows the valuable role VCTs have played, and will continue to play, as efforts to boost the UK's post-pandemic recovery start in earnest.

## **POLAREAN** BREATH TAKING IMAGES

Polarean Imaging supported by Hargreave Hale AIM and Seneca Growth Capital VCTs is a medical-imaging technology company. It has produced an investigational drug-device combination product which combines helium gas with magnetic resonance imaging (MRI) to create a non-invasive functional imaging platform. This technology can be used to visualise small airways and tissues in the lung. Uses of the system include early diagnoses of respiratory diseases and monitoring their progression and response to treatment. Polarean Imaging is quoted on AIM.

## **river lane**

Riverlane is a quantum computing start-up which received funding from Elderstreet VCTs. Riverlane has created Deltaflow, a universal operating system that converts advanced quantum computers into commercial products allowing people to use complicated quantum hardware more easily.

Quantum computers offer increased power capable of making complex calculations to drive innovation in chemicals, pharmaceuticals and healthcare. They also underpin other technologies such as machine learning and artificial intelligence.



### **FocalPoint**

Elderstreet VCTs supported FocalPoint a technology company based in Cambridge and Bristol. FocalPoint develops software that improves the accuracy and reliability of global navigation satellite systems (GNSS).

Supercorrelation, its patented software product, revolutionises the positioning ability in mobiles, watches, fitness trackers and vehicles in urban environments. Its technologies have received awards from the UK's Royal Institute of Navigation and it was named Europe's Hottest SpaceTech Start-up at the 2020 Europa Awards.

## 4 Investing through the crisis

Since January 2020, when Covid reached the UK, VCTs have invested £695 million in small UK businesses including £219 million in follow-on investment

This builds on the sector's investment record since the start of 2018 after the rules were retargeted to reflect the government's evolving priorities. In particular, the government sought to enhance VCTs' targeting of more risky business opportunities.

Since those reforms, VCTs have invested a total of £1.6 billion in SMEs.

**£1.6 billion**  
invested since 2018

**£219 million** was  
provided as a follow  
on investment  
during the pandemic  
to SMEs

---



Founded in 2003, Mologic develops lateral flow and rapid diagnostic technologies. Its co-founder, Paul Davis, was the originator of the Clearblue pregnancy test which (when launched in 1988) was the world's first commercial application of lateral flow technology. Its technologies have more recently been used in the fight against Covid.

The company is based in Bedford and has expanded into the United States. It is backed by Calculus Capital.



CameraMatics is the provider of an award-winning solution for risk management within large fleets of vehicles. Working across Ireland, the UK and US, the business is positioned at the forefront of fleet and vehicle safety technology. Its disruptive solution incorporates artificial intelligence, machine learning, camera technology, vision systems and telematics to help fleet operators reduce risks and drive new safety standards.

CameraMatics received funding from Puma VCTs.



These investments have supported some SMEs which have not previously received funding. Others have received further rounds of investment, so-called 'follow on' capital. The ability of VCTs to provide ongoing support is one of the sector's key advantages. A first injection of cash can help an entrepreneur start developing their plans, but additional resources are often required to take them further down their desired path.

The benefit of funding in stages is that the company and the VCT can set goals which must be met before the next injection of cash. This process helps the management of the investee company develop an effective plan for growth.

Working together in this way means that the taxpayer's support is cost-effective. The process imposes a robust commercial discipline. If, despite the best efforts of the VCT and the company, it cannot deliver on its early promise, further funds may be withheld and instead allocated to another SME in a better position to deliver growth.



Puma VCTs invested in Dymag, a designer and manufacturer of carbon hybrid wheels with a history of innovation and technology in motorsport.

Dymag aims to become the foremost producer in its market as the worldwide technology of choice. Its wheels have been used by Formula 1, IndyCar, Moto GP, Superbikes and Isle of Man TT champions and, recently, on an SSC Tuatara car to claim a new land-speed record for production cars in October 2020.



eConsult is a workflow management solution that facilitates online consultations between patients and their doctors. It is the most widely used online consultation service for NHS GPs, live in over 3,330 practices. It is also now in nine NHS urgent and emergency departments, helping triage patients and ensure that the most critical patients are seen first.

eConsult received backing from the Baronsmead VCTs, managed by Gresham House, and Calculus Capital.



Quit Genius combines healthcare and technology to provide an online digital therapeutics tool that helps users quit smoking and vaping. The Quit Genius app provides behaviour tracking, tips and encouragement to users. Alongside the app, users have online access to speak with a quit smoking therapist. They also have access to patches, gum and a digital quit smoking breathalyser.

Quit Genius received backing from Octopus Investments and Triple Point VCTs.



Adimo was backed by the Maven VCTs and serves a global business client base, with a presence in Glasgow, London, Singapore, New York and Dubai. Adimo's marketing technology platform facilitates the online equivalent to in-store impulse purchases.

It helps brands to turn their digital marketing campaigns into immediate shopping experiences by providing consumers with real-time information on price, promotions and stock availability so customers can make immediate purchases online. Adimo's clients include global brands such as Bacardi, Coca-Cola, Danone, Nestlé and The Edrington Group.

A diverse range of enterprises received investment and support during the pandemic. They include some offering medical products and healthcare services. Some of these were directly related to the Covid response.

Others are engaged with disruptive and emerging sectors, including software development and business services. Given the major challenges that social distancing and lockdowns created for traditional ways of reaching customers, it is no surprise that others were building businesses based on home delivery and online service provision.

The difficulties facing businesses clearly increased over 2020 and 2021. But it is clear that the ambition and ingenuity of entrepreneurs was not dampened and that VCTs remained on hand to support those with a drive to thrive.





Panthera supports clinical trials through the recruitment and management of patients. Patient recruitment and retention has been a major pain point in the development of novel drugs. Panthera's contribution to medical research aims to ensure that future generations receive the best in new treatments.

Its clinics operate across the UK, including London, Preston, Manchester, and Glasgow with more planned.

Gresham House Ventures (via the Baronsmead VCTs) provided funding to Panthera.



Manchester-based MirrorWeb received support from the Maven VCTs for its cloud-based social media and website archiving solution.

MirrorWeb's solution allows public and private sector organisations to preserve legally admissible records of online data in a secure digital archive, leading to reduced compliance costs and improved efficiency through automation. Its clients include Axa, Baillie Gifford, Zurich, HM Treasury, the BBC, the Library of Congress in the US and the UK's National Archives.



Healios, the UK's leading online therapy platform for children and young people with mental health and neurodiverse conditions, takes a family-centric approach to assessment, therapy and treatment plans.

Healios works with 65% of NHS Mental Health Trusts to expand provision and reach more young people in need. It has delivered over 70,000 clinical sessions. Albion Capital VCTs have helped the company bring accessible, personalised, and high-quality healthcare to the next generation.



IMMJ Systems aims to help deliver a paperless NHS. Its electronic document management solution MediViewer™ was built specifically for UK healthcare and allows healthcare providers to scan, index and archive patients' paper medical records.

Using MediViewer™, healthcare professionals can manage and access patient documentation quickly, thereby improving patient care.

Foresight Group VCTs supported IMMJ Systems.

## 5 Nationally active

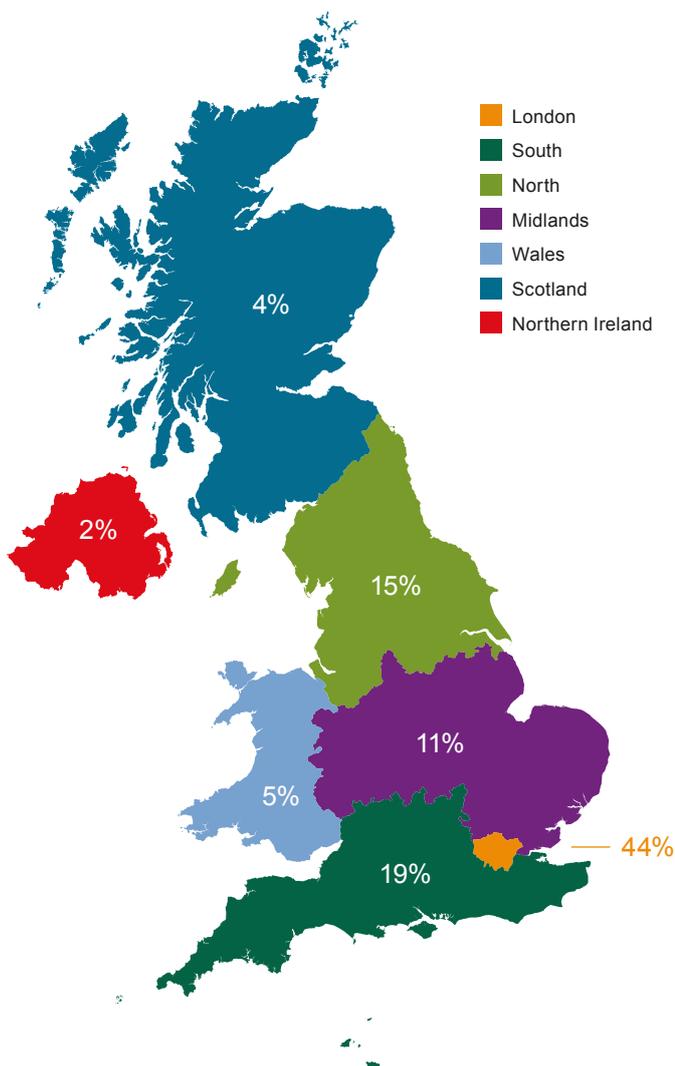
Supporters of the reintroduction of the European beaver envisage populations re-emerging across the UK. Today, the small wild population reaches from Cornwall into Scotland, with breeding groups naturally expanding the species' range.

VCTs have a head start in developing their national presence as they have been active for 25 years (rather than just over 10 years for beaver rewilding projects). Accordingly, they have already developed a strong country-wide network.

This network is based around VCT managers, but also links into other parts of the investment environment, including angel investors (very early stage investors), specialist advisors and serial entrepreneurs.

VCTs are an important mechanism to help the UK build back better as it recovers from the pandemic and as policymakers seek to secure a regionally balanced economy.

### Investee companies per region





Saietta Group is an engineering company based in Oxfordshire. It has developed a new design of electric axial flux motor for vehicles. It initially targeted low voltage motors optimised for motor bikes, but now also manufactures larger higher voltage motors suitable for larger vehicles.

Saietta motors combine a low build cost with higher torque density and power efficiency than has hitherto been available to vehicle manufacturers. Saietta received funding from Amati AIM VCT.



Puma VCTs invested in MyKindaFuture (MKF), which helps students and young people develop employability skills and succeed in the workplace, whilst also supporting employers with their recruitment needs. The company has expanded its offering to support the unemployed and returners to work.

Since February 2021, MKF has partnered with the Department for Work and Pensions to launch a mentoring programme to help unemployed 18-24 year olds find work through Jobcentre Plus.



The Maven VCTs supported Dundee-based Snappy Group, whose affordable technology solution for the convenience store sector helps local retailers across the UK meet the growing demand for home delivery. This allows them to compete in the on-demand market, increase revenue and be less reliant on passing trade.

Snappy offers a service that can be tailored to a store's neighbourhood, ensuring customers can access special offers that are most relevant to them.



Established in 2016, NorthWest EHealth Limited grew out of a collaboration between the University of Manchester, Salford Royal Foundation NHS Trust and Salford Clinical Commissioning Group. NWEH's technologies are used in the design and management of clinical trials to help the trials run more cost effectively.

Investment by Foresight Group VCTs will enable the company to deliver a larger number of trials at a global level, increase product development and expand the sales and marketing team.

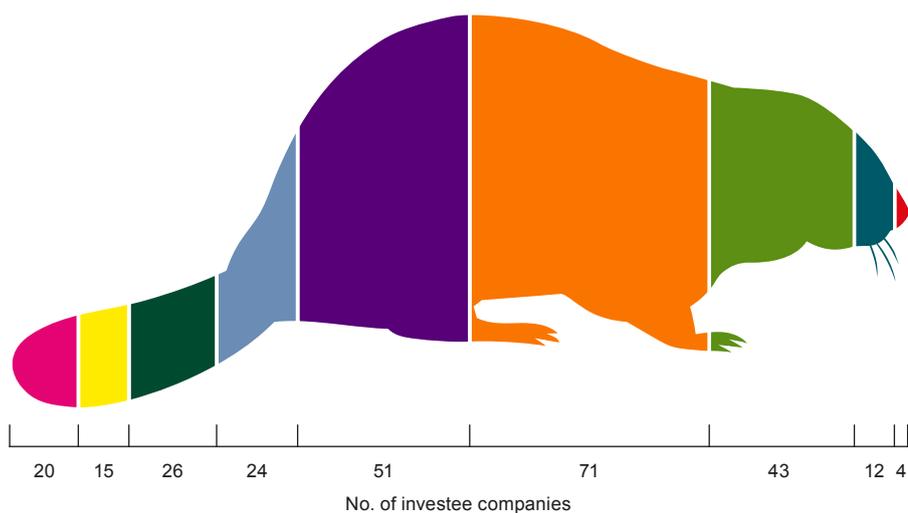
## 6 Providing early support

VCTs invest early on in the lifecycle of a small business. They are unlikely to be among the founder investors in an enterprise. This stage is often financed by the entrepreneur's own resources or with the support of business angels. VCTs tend to get involved once a company has got started and has shown the potential to achieve greater scale.

The targeting of VCT investment during the first stages in the lifecycle of an SME is one reason that, on some measures, they have relatively low turnover.

Companies with lower sales are inherently riskier than their more established counterparts. The data indicates that VCTs are embracing the type of risk that other investors are more wary of.

### Turnover of investee companies



- Zero
- Less than £100k
- Between £100k and £500k
- Between £500k and £1m
- Between £1m and £2m
- Between £2m and £5m
- Between £5m and £10m
- Between £10m and £20m
- Over £20m



That is not to say that there are not some impressive performers that have benefited significantly from VCT backing. At the time the survey data was collated, 16 VCT-backed companies had turnover greater than £10 million. Four of them had breached the £20 million barrier, a particularly significant success given the challenging trading situation they currently face.

At a time of economic turbulence, and when the UK's international trading relationships are changing, it is encouraging that just over a quarter of sales by VCT-backed companies were outside the UK. This shows the ambition of these SMEs and, even at this early stage, that they have the potential to have a broader, positive, impact on the UK's economic fortunes.

**60%** of VCT-backed companies had sales of less than **£5 million**

Some **6%** of companies within the sector's portfolio had no turnover at all

**30%** of investee company turnover was earned overseas

---



A similar positive story is told by the employment record of these SMEs. The total number employed by the 288 companies surveyed was approaching 14,000.

Thirty-five percent of VCT-backed businesses had fewer than 25 employees. Again, this is to be expected given where these companies are in their lifecycle. They are at the start of what will hopefully be a long and productive commercial journey. Investment by VCTs supports this growth, which should mean, over time, providing more jobs.

Some companies already use VCT support as a stepping-stone to growth. 31 (11%) have over 100 employees.

The hospitality industry has been under serious strain during the pandemic, but among the largest employers in the survey is Rockfish, a group of seafood restaurants in coastal towns serving sustainably sourced local seafood. It has over 300 staff, providing employment at a difficult time for many other local employers.



CreativeX uses data analytics to help businesses assess the impact of their creative output and marketing. For example, it can help companies understand why some ads work better than others and how businesses can choose the creative output that will always work for them.

Its system also helps businesses build and maintain their brand by showing them how to preserve brand consistency and identifying the brand features that connect with customers.

ProVen VCTs, managed by Beringea, backs CreativeX which operates in the UK and the US.



Matillion uses cloud-based data extraction and transformation tools to help companies manage, analyse and use their data to give insights and help with decision making.

YFM Equity Partner's investment in Matillion has helped to accelerate growth. Since 2016, the Manchester-based enterprise software business has grown from a team of 18 to over 270 employees with new offices in New York, Denver and Seattle.



Touchlight is a biotechnology company involved with the discovery and development of advanced therapies such as human DNA-based genetic medicines, vaccines, cell and gene therapies.

Established in 2008, its revolutionary platform enables production of medicines in substantial quantities on rapid timelines, but within appropriate safety parameters. Touchlight employs highly qualified scientists and has plans for further recruitment.

It is based in Hampton, but also has offices in Spain. Downing VCTs supports Touchlight.



Data management and preservation creates huge commercial, legal and regulatory challenges. Preservica offers secure data management services, allowing users to upload, store, access and search an online archive.

Preservica's systems use Artificial Intelligence and machine learning via an online platform to ensure reliability. During Covid it launched #ourcovid19story, to help capture the digital history of Covid-19. Users include major corporations, government bodies and cultural institutions.

Preservica is backed by Mobeus VCTs.

## 7 Disruptive thinking

One of the challenges of rewilding the natural environment is changing mindsets. Not all those affected by these efforts will be immediately supportive. Landowners or farmers, for example, may have legitimate fears about how changes to the local environment could affect their traditional way of doing things.

Change is not always easy.

Where small businesses are concerned, similar challenges arise. It can be particularly difficult for entrepreneurs to attract investors where they are seeking to develop new or disruptive products and services. VCTs and their managers take a different view from traditional providers of finance. For them, disruptive thinking provides an opportunity to support change and growth.

This appetite for disruption is shown in the level of research and development undertaken by investee companies. New companies find it hard to devote funds to research as they lack internal resources. Our survey nonetheless showed that a significant number of SMEs in VCT portfolios are undertaking this activity.

**£357 million**  
invested in  
R&D by **181**  
companies in the  
last financial year

**181 companies**  
reported R&D  
spend averaging  
**£1.97 million**  
per SME

---



Fusion Antibodies is a 20-year-old Belfast-based biotech company. It specialises in platform technologies to improve critical aspects of antibody development. Enhancements have been seen in speed of development, manufacturing yield and stability.

The company has started to develop its own antibodies against novel targets. Fusion's technologies have been used to develop Covid-19 antigens and antibodies that were being validated by partners.

Fusion Antibodies is supported by Amati Global Investors and Octopus Investments VCTs



WaveOptics operates in the field of augmented reality (AR) and develops components for use in AR wearable devices and smart glasses such as for use in gaming or other interactive experiences.

Their patented diffractive waveguide technology creates lenses that are light and thin and able to be scaled to an extent where the AR lenses are as thin as normal eyewear glasses.

Octopus Investments funded WaveOptics which has since been acquired by Snap Inc. for \$500 million.



Perhaps an even stronger guide to the potential of VCT-backed business to change markets is the number of them that are knowledge intensive companies (KICs).

As discussed earlier (see page 8) the VCT rules allow greater levels of investment into KICs. This is because their capital needs are likely to be larger, given the challenge of developing innovative products and services.

Although VCTs and their managers identify investee businesses as KICs (for example, because of the number of highly qualified staff they employ or their commitment to R&D) they may not be formally recognised as such. This is because of the significant compliance implications of investing on this basis. Nonetheless, informal assessments of the type of companies within the sector's portfolio indicates that a sizable proportion meet these criteria.

An estimated  
**112 (36%)** VCT  
backed SMEs  
are KICs

---



### synairgen plc

Synairgen is developing a novel anti-viral inhaled therapy, SNG-001. Since the pandemic began, Synairgen has developed SNG-001 as a treatment for mild to moderate Covid-19 infection.

Promising Phase II results in July 2020 led to a global Phase III trial, the results of which are expected before the end of 2021.

Synairgen is quoted on AIM and is supported by Amati Global Investors, Canaccord Genuity and Octopus Investment VCTs.

---

## TITANIA

Titania's software enables businesses to audit their network infrastructure. Its products, 'Nipper' and 'Paws' provide automated audits of businesses' technology systems and devices, helping firms to identify and address vulnerabilities and risks to their operations. Companies can ensure that they meet and maintain industry compliance standards.

Foresight Group VCT's support of Titania in 2021 enabled the company's expansion and launch of Titania Enterprise, an enterprise-scale solution designed to meet businesses' cybersecurity challenges.



## quantexa

Connecting Data | Empowering Decisions

Quantexa is a data and analytics software company pioneering Contextual Decision Intelligence. It is championing the use of data for good in areas such as tackling human trafficking.

Deployed across more than 70 countries, it has thousands of users including blue-chip banks, insurers and government organisations. To date the company has raised over \$240 million in funding.

Quantexa is supported by Albion Capital VCTs.

## VIVACITY

With traffic levels expected to increase by up to 51% by 2050, Vivacity is keeping roads moving. Using Artificial Intelligence, the company monitors and predicts traffic flows and pedestrian footfall. Its data helps ease congestion, improve safety and air quality and optimises the design of future traffic infrastructure.

Vivacity works with national government, regional bodies and local councils.

Mobius VCTs invests in Vivacity, which was recognised with the Queen's Award for Innovation.

## 8 About the survey

- 1 Industry and survey data records investments made by participating management groups. See acknowledgements for details.

The survey period covered investments made after 4 December 2017 up to June 2020. It does not capture all investments made as submission dates for data varied.

All financial data, including R&D and turnover, is based on the most recently available audited report and accounts. Exceptionally, some information may be provided from the most recent management accounts.

- 2 Regional data is by number and collected using the postcode of each investee company's head office.
- 3 Employee data is based on the submitted figures of 288 investee companies with a total of 13,900 employees. This is an average of 48 employees per SME.
- 4 The 35.78% figure represents 112 KICs out of 313 investee companies within the sample surveyed. The estimate of numbers of KICs is conservative. Industry practice may not identify a company as a KIC except in specific circumstances. For example, a company might be a KIC (because it meets the required tests) but not identified as such because the additional due diligence is not required for a qualifying investment to be made.

### SOSANDAR

Sosandar is an online fashion line created by Ali Hall and Julie Lavington who together have combined experience of 20 years in the fashion industry.

Sosandar creates quality clothes for women from its own in-house design studio and also offers its clients daily style news and outfit advice.

Octopus Investments VCTs backed Sosandar.

### BLEACH LONDON

Started at hairstylist Alex Brownsell's kitchen sink, Bleach London is a cruelty-free hair brand. Its dye-at-home hair colour and haircare kits are 100% vegan using only recycled/ recyclable packaging.

Its experiential 'virtual salon' delivers salon-grade, DIY hairstyles to its young community of over half a million followers worldwide. The business is accelerating expansion into the US with a new LA salon, and is currently recruiting to meet growing demand.

Mobius VCTs invested in Bleach London.



## **LUXURY PROMISE.**

In 2020, ProVen VCTs, managed by Beringea, invested in Luxury Promise which aims to provide a sustainable solution to society's throwaway culture.

Luxury Promise operates an online worldwide marketplace that allows people to buy and sell pre-owned luxury goods from top brands. Items range from hair accessories to shoes. All are carefully checked for authenticity before being resold with buyers able to secure savings of up to 80% on the original retail price.



Established in 2010 as a spin-out from the UK Science and Technology Research Council (STFC), Electrospinning Company develops synthetic polymers. The product is used in post-operative recovery, a key advantage being that the products degrade or reabsorb naturally once healing has been achieved.

Downing VCTs supports Electrospinning Company. Based in Oxford and led by Anne Kramer, CEO, its products are used in the USA and India. It is actively recruiting to expand its pool of scientists.

## 9 Acknowledgements

The survey data highlighted in this report includes material collated for the AIC by the Venture Capital Trust Association (VCTA). The AIC is grateful for this assistance.

Individual management groups that contributed were Albion Capital Group, Amati Global Investors, Beringea, Calculus Capital, Canaccord Genuity, Downing, Elderstreet, Foresight Group, Gresham House, Maven Capital Partners, Mobeus Equity Partners, Octopus Investments, Oxford Technology, Puma Private Equity, Seneca Growth Capital, Triple Point Investment Management and YFM Equity Partners.

The AIC accepts no responsibility for any errors or omissions in this document or for any loss occasioned to any person or organisation acting or refraining from action as a result of any of the material contained in this document or any omissions. This document is based on our current understanding of law and practice. This can change over time and information contained within this document is based on our understanding as at the time of print.



## Counting up

CountingUp is the business current account that also does SME accounting, tax estimates and invoicing. It aims to make it easier for business owners to stay on top of the administration involved in running a business, and for their accountants to work with them.

The Baronsmead VCTs, managed by Gresham House, participated in a £9.1 million funding round in March 2021.

## Social Value Portal

Social Value Portal is backed by ProVen VCTs, managed by Beringea. It helps businesses integrate social values into their operations to understand the economic, social and environmental effects of their actions.

Organisations can use the National Social Value Measurement Framework – or National TOMs for short – available through its online platform to report, measure and maximise their contribution to society in line with the principles set out in the Public Services (Social Value) Act 2012.

## ELLIPTIC

Elliptic is a leading anti-money laundering compliance solution for participants in the cryptocurrency ecosystem. It equips institutions with the information they need to detect financial crime and comply with emerging digital asset regulations.

As the popularity and adoption of cryptocurrency assets have soared globally so has the demand for Elliptic's compliance solution. Its pioneering work has led to recognition in the field of financial crime prevention and anti-money laundering. Albion Capital VCTs and Octopus Investments support Elliptic.

## K

Triple Point VCTs supports Kamma which began three years ago as a way to connect tenants, landlords and tradesmen.

Today, Kamma helps property companies manage their compliance with property licensing requirements. Its automated platform collates, analyses and provides information on the laws and regulations that apply, from individual properties to portfolios. The software can also be used to value properties and can help identify whether landlords are complying with their legal requirements.

## Beavers and their neighbours



European beaver  
(*Castor fiber*)



Otter  
(*Lutra lutra*)



Grey heron  
(*Ardea cinerea*)



Kingfisher  
(*Alcedo atthis*)



Brown dipper  
(*Cinclus pallasii*)



Coot  
(*Fulica atra*)



Red admiral  
(*Vanessa atalanta*)



Common blue  
(*Polyommatus icarus*)



Scarce copper  
(*Lycaena virgaureae*)



Small tortoiseshell  
(*Aglais urticae*)



Common clubtail dragonfly  
(*Gomphus vulgatissimus*)



Blue emperor dragonfly  
(*Anax imperator*)



Azure damselfly  
(*Coenagrion puella*)



Purple loosestrife  
(*Lythrum salicaria*)



Yellow flag  
(*Iris pseudacorus*)



Cattail  
(*Typha*)



Brown trout  
(*Salmo trutta*)



Salmon  
(*Salmo salar*)



Perch  
(*Perca fluviatilis*)



Smooth newt  
(*Lissotriton vulgaris*)





**aic**

**Association of  
Investment Companies**

24 Chiswell Street  
London EC1Y 4YY

[enquiries@theaic.co.uk](mailto:enquiries@theaic.co.uk)  
[www.theaic.co.uk](http://www.theaic.co.uk)

**October 2021**

Issued by the Association  
of Investment Companies.

A company limited by  
guarantee. Registered  
in England and Wales.  
Registration number: 4818187

---