

# Butterfly effect

The transformational  
potential of VCT investment



**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 50 Venture Capital Trusts (VCTs), which manage some 95% of the sector’s £4.7 billion of assets.

To discuss issues raised in this paper please contact:

**Guy Rainbird**  
Public Affairs Director  
guy.rainbird@theaic.co.uk  
020 7282 5553

**COVID-19**

Work on this report was largely complete when COVID-19 reached the UK. The pandemic has already had a devastating impact on people’s lives and businesses.

The AIC does not wish to ignore these issues but has decided to publish this report without amendment or any further comment on these events. Despite the current challenging circumstances, the UK will reap huge benefits if it fosters an environment where small businesses can grow and thrive. The VCT sector remains ready to play its part in transforming small, dynamic businesses which will deliver jobs and growth to the UK economy.

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## 1 Transformation in action

Every small child learns that a hungry caterpillar (perhaps after an upset stomach) will grow into something very different.

But how many of us can distinguish the commonplace larvae of, say, the cabbage white from the caterpillar of the rarer and more beautiful large blue?

Using skill and experience to sort the precious from the commonplace is what VCTs and their managers excel at.

VCTs invest in small businesses at a time when it is difficult to say which offer more or less promise. They consider opportunities presented by small businesses at an early stage of their development and focus on those with the greatest potential for exciting growth and commercial development.

As well as identifying potential, VCTs also seek to increase the chances of a successful process of change.

Their investment validates the faith that earlier investors have shown in the business. It shows confidence in the entrepreneurial team driving the business forward and sends a positive signal to the market.

The resources provided by VCTs also help a small business develop its commercial offer. They provide the basis for growing companies to overcome practical barriers to success.

Critical adjustments, such as helping management set performance objectives, organise internal systems or to recruit staff, each facilitate the process of transformation.

Investment by a VCT helps build a platform for further investment by other institutions in the future.

Looking at the range of VCT-backed businesses, the transformational potential of the sector is huge.

Each of the companies mentioned in this report are strikingly different in their own way. Each offers the tantalising possibility of disrupting an established market or creating a new one.

Many of the businesses highlighted are developing transformational technologies, from medicines to marketing. They will help the UK meet challenges such as climate change or the harm caused by life-changing disease.

Some will enable other businesses fulfil their own potential, creating further opportunities to increase future employment prospects and economic prosperity within the UK.

Actively transforming and growing small businesses is central to the VCT sector. I, for one, cannot wait to see how this spectacular potential will be realised in years to come.

**Ian Sayers**  
Chief Executive  
The Association of Investment Companies

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## 2 Helping businesses take flight

**Specialist investors supporting  
entrepreneurial potential**

**Mobilising additional funds  
provided by retail investors**

**A cost-effective combination  
of public and private capital**

**Supporting businesses  
facing funding challenges**

**Selecting those with  
ambitions to grow**

**Expert processes ensuring  
efficient capital allocation**

**Supplying skills  
as well as finance**

**Prioritising innovation**

**Utilising an established network**

**Investing nationwide**

**Preparing businesses  
for further growth**

### 3 Responding to small business needs

Changing technology, demographics and consumer preferences all influence what businesses do and how they do it.

Established players come and go. The changing face of the UK high street – for better or worse – is testament to the challenge of building and maintaining business success.

While some factors are always in flux, one thing does not change. That is the difficulty faced by entrepreneurs seeking finance to develop their business. In the very early stages of their quest, they may be able to fund their dream from their own resources or friends and family. As their business, and ambition, grows these resources are exhausted. At this point too many companies run out of options. They are too small, or not long enough established, to have built up enough collateral, or track record, to approach traditional sources of finance.

Banks may not have the risk appetite to invest in emerging companies. Conventional private equity firms commit amounts too large for these businesses to digest. It is not commercially worthwhile for these investors to undertake the due diligence required for smaller investment amounts. These institutions cannot make the cost-benefit equation work for them.



This leaves a structural ‘finance gap’ where otherwise promising businesses stagnate or fail because their funding needs cannot be met. Where this gap sits shifts over time, but its persistence is widely accepted.

This is where VCTs come in.

VCTs are designed to invest in smaller, growing businesses. Generally speaking, they invest up to £5 million a year into companies with under £15 million of assets. Their overall investment in any one company is capped at £12 million. This finance is intended to support a company’s growth until it is investable by a wider group of more traditional investors.

VCT investment rules explicitly target younger businesses. These ensure that VCTs are providing capital to those companies with the greatest need.

VCTs themselves are funded by retail investors. VCT investors receive various tax incentives to encourage them to provide capital. Investors receive an ‘up-front’ income tax relief of 30% (which is forfeited if they sell their shares within 5 years). They pay no capital gains tax when they sell their shares. They also receive dividends free of tax. These incentives are essential to ensure an adequate supply of capital for VCTs to deploy into higher-risk small businesses.

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The fact that VCT finance originates from ordinary savers is one of its key advantages. This capital would not be available without the government incentives provided.

The combination of private money and public resources makes VCTs a cost-effective policy, complementing other efforts to make the UK a better place to start and grow a business.

VCTs have been part of the ecosystem of small business funding since 1995. Over that time the scheme has evolved to reflect changing circumstances and policy priorities. The last major changes were announced in November 2017. These have ensured that funding is 100% focused on companies, particularly younger businesses, which are taking substantial risks with a view to delivering high growth. The rules ensure VCT funds are provided to companies most likely to face a finance gap in current market conditions.

The rules allow greater flexibility for investment in so-called 'knowledge intensive companies' (KICs). KICs must meet exacting requirements, for example, to have a high proportion of very highly qualified employees or demonstrate a history of spending on innovation. As the criteria for KICs are so demanding, and because they face unique financing challenges, VCTs can invest greater amounts in these companies. The annual investment limit is £10 million and the total lifetime investment they can receive is £20 million.

This report explores which companies have received VCT investment since the 2017 changes were announced.

The businesses showcased demonstrate how VCTs continue to support government policy and respond effectively to the needs of smaller UK businesses seeking investment.

**VCTs continue to support government policy and respond effectively to the needs of smaller UK businesses seeking investment.**

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## 4 Developing business

### Supporting small companies

Since November 2017, VCTs, representing some 90%<sup>1</sup> of the sector, have invested in 181<sup>2</sup> smaller and growing businesses.

In absolute terms, these companies make up a small proportion of the UK economy. Their total sales for last year were only £395 million.<sup>3</sup> Their contribution is modest on a national view. But this is exactly to be expected. The goal of the VCT scheme is to invest in companies yet to prove themselves commercially. After all, companies with a strong and sustained financial record are unlikely to face the finance gap that VCTs address.

The companies supported are overwhelmingly small enterprises that need development capital if they are to prosper. Many of them have yet to make any meaningful impact on the markets they hope to disrupt. They are very much in the early stages of developing their commercial proposition.

A key part of the skill of a VCT and its manager is looking past the headline financial position of a business and seeing its potential for future growth.

Many of these companies will be years away from making a profit. Instead they are building the business and developing their market presence.

Nearly **£1 billion**<sup>4</sup>  
invested by VCTs  
in 2018 and 2019

**16 (9%)** businesses  
had no turnover  
in their last  
financial year

**113 (62%)** SMEs  
achieved a turnover  
in the last financial  
year – each of less  
than **£5 million**



#### SPEECHMATICS

Based in Cambridge, Speechmatics is an advanced Automatic Speech Recognition (ASR) engine.

Speechmatics can deal with complex conversations in any linguistic context in over 30 languages, leveraging cutting-edge techniques in machine learning, enabling companies to innovate with speech data.

The technology has the capability to be deployed on the cloud, on premises and on-device, making it the leading solution for regulated industries as well as connected devices.

Speechmatics is backed by Albion VCTs.



Elucidat's cloud-hosted authoring platform is used by large corporations (with over 2,000 employees) and training organisations to produce their own tailored e-learning content. Customers include Tesco, Johnson & Johnson and The Open University.

YFM VCTs invested £3.5 million in May 2019. The funds will be used to accelerate product development and international expansion, with a new office opened in Raleigh, North Carolina, in December 2019 to complement its existing operations in Brighton. Elucidat employs 51 people.



## Businesses with ambition

An encouraging number of VCT-backed businesses have ambitions to expand internationally.

This export drive is indicative of VCTs' appetite to invest in companies with the most growth potential. After all, VCTs are supervised by boards of directors with duties to deliver the best possible returns for their shareholders. The incentive to seek out and back future winners is very strong.

To achieve the best outcome, VCTs work with specialist external investment managers who have expertise in identifying companies with growth potential. Companies which aspire to expand internationally are precisely the sort of businesses likely to be targeted by a VCT and its manager.

**59 (33%)** of investee companies reported export sales

Overall, this amounted to **£126 million (32%)** of the total revenues earned



## avora

Albion VCTs backed Avora, which helps companies collect, store and analyse information in order to gain critical business insights.

Avora's technology uses Artificial Intelligence to detect anomalies and provide root cause analysis of business performance – for example, finding the links between sales performance and marketing spend.

As a company with international ambitions, Avora has offices in London, and Romania and is expanding into the US.



Hummingbird is a remote sensing and Artificial Intelligence business supported by Downing VCTs. Its technology analyses satellite and other aerial imagery of arable fields to identify potential issues with crop growth. This process is used to identify the need to apply fertilisers or other inputs, map their application and ensure this is done at the right time.

Its service helps farmers cost-effectively improve yields and minimise overuse of chemicals.

Hummingbird operates in Australia, Ukraine, Brazil, as well as the UK.



Arctic Shores supports recruitment and career development processes. It uses neuroscience techniques, Artificial Intelligence and game technology to help companies increase diversity, speed up processes and reduce costs. This process also provides feedback to candidates and employees.

Central to its approach is gamified psychometric testing, which provides data on individuals' strengths and potential. This information helps companies make better and faster recruitment decisions and helps improve the performance of existing employees.

ProVen VCTs support Arctic Shores.

### Not just a financial contribution

Getting the best results is not just a matter of providing capital. Unlike many other investors, VCTs often mentor and encourage the management team running the business.

The most striking example of this is where a VCT representative joins the board of the investee company to add experience and insight. The aim is to help the business become better able to deal with the challenges it will inevitably face as it seeks to grow.

**95 (52%)** investee companies had a representative from the VCT or its manager join their board.

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### Future employment providers

As early-stage companies, most VCT-backed businesses do not yet have substantial workforces. Most have fewer than 25 employees.

The ambition of VCT-backed businesses will mean headcount may increase significantly as companies see their commercial ambitions realised and their market presence develop.

The importance of these jobs is not necessarily their number. Many of them are in high technology and other high value-added sectors (see Focus on innovation, page 22).

**73 (45%) VCT-backed businesses currently employ fewer than 25 employees**

**8 (5%) have seen their workforce grow to over 100**

**These businesses employ 6,235 staff – an average of 38 people per company**

#### **AISTEMOS**

Intellectual property is a valuable resource protected by over 100 million patents worldwide. Monitoring and managing patent issues is a growing challenge for businesses and investors.

Aistemos, invested in by ProVen VCTs, has developed the Cipher platform to deliver strategic patent intelligence. Working with the world's largest and most innovative companies, Cipher uses machine learning to automate time-consuming, repetitive tasks. It provides critical market intelligence in a cost-effective manner. This helps companies maximise the value of their patents and minimise risk.

#### **ROCKFISH**

Rockfish is a chain of seafood restaurants in coastal towns serving sustainably sourced local seafood. The business was founded in Dartmouth in 2008 and had grown to five Rockfish sites by 2018 as well as operating the Seahorse restaurant, which consistently ranks as one of the best restaurants in the country.

Gresham House Ventures, investing on behalf of the Baronsmead VCTs, invested in 2018 to support further expansion. Since then Rockfish has opened further sites in Exeter, Poole and Weymouth.

#### elvie

Elvie develops products to improve women's lives through smarter technology. Its products include an award-winning, app-connected Kegel trainer to strengthen the pelvic floor, and the world's first silent, wearable breast pump.

Octopus Titan VCT first invested in 2016 when the business had 17 employees. In April 2019, Elvie raised \$42 million of funding, the largest-ever femtech fundraising, to accelerate development and expand distribution across America, Europe and Asia. By December 2019, Elvie had grown to employ 87 people.

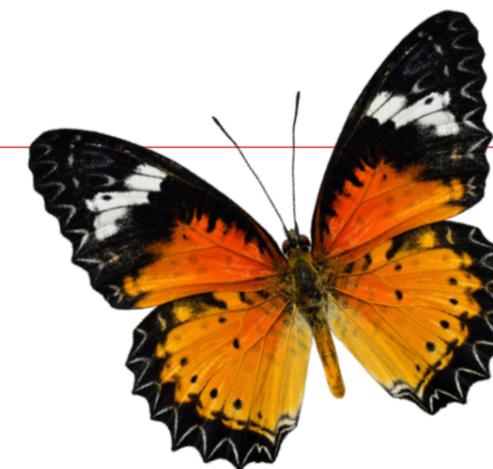


## Providing support for 'going public'

The overwhelming majority of VCT-backed companies, 145 (85%), are unquoted. Again, this is as to be expected because of their early stage of development.

VCTs also offer targeted assistance to help smaller companies seeking admission to the Alternative Investment Market (AIM) to raise capital. The ability of VCTs to invest in these companies recognises that funding challenges persist, even for enterprises otherwise ready to take a step up the funding ladder. Businesses with aspirations to raise capital on junior stock markets can still struggle to attract sufficient backing.

However, if the business meets the criteria (the size restrictions etc.) then a VCT can act as a cornerstone investor to attract additional capital. The VCT has the expertise and appetite to undertake due diligence, which gives other market participants confidence and makes an otherwise difficult public offer a realistic possibility.



Panintelligence (Pi) provides web-based reporting and predictive analytics software allowing businesses to access real-time data and present it in charts and tables. The Pi dashboard is fully embedded across a range of sectors including fintech, education, healthcare and retail.

YFM VCTs invested £3.5 million in November 2019. These funds will help accelerate its international growth through recruitment in sales, marketing, development support and establishing a new office in Boston. The business employs 40 staff in Leeds and is led by CEO, Zandra Moore.



AVID designs and manufactures components for off-highway, heavy duty and high-performance electric and hybrid vehicles. These include electric pumps and fans, battery systems and traction motors.

The business is responding to growing demands to reduce emissions and deliver cleaner, greener transport to enhance air quality.

Avid, which received investment from Maven VCTs in 2019, works with many large cars and truck manufacturers, but is also working on a project with a major industrial machinery company to develop low-emission construction machinery.



Founded in 2007, Spektrix is an enterprise software company for the arts industry. The technology provides ticketing, marketing, fundraising, analytics and a Customer Relationship Management system for organisations such as the Barbican Centre. Spektrix's Software as a Service (SaaS) offering saves customers time and money by replacing complex legacy systems with low-maintenance, browser-based software.

Foresight VCTs invested £5m in December 2018 and has helped the business to consolidate its position in the UK and accelerate plans to grow its US presence with further product development.



Parsley Box delivers wholesome ready meals directly to the UK's growing elderly population, helping them remain independent and in their own home.

Customers select meals online for delivery next day and which keep for six months without the need for freezing.

Meals are designed to offer value and are priced to meet a wide range of budgets. Parsley Box offers a wide range of options, from traditional British fare to global cuisine as well as puddings and an extensive range of drinks.

Mobeus VCTs invested in Parsley Box.

## 5 Active across the UK

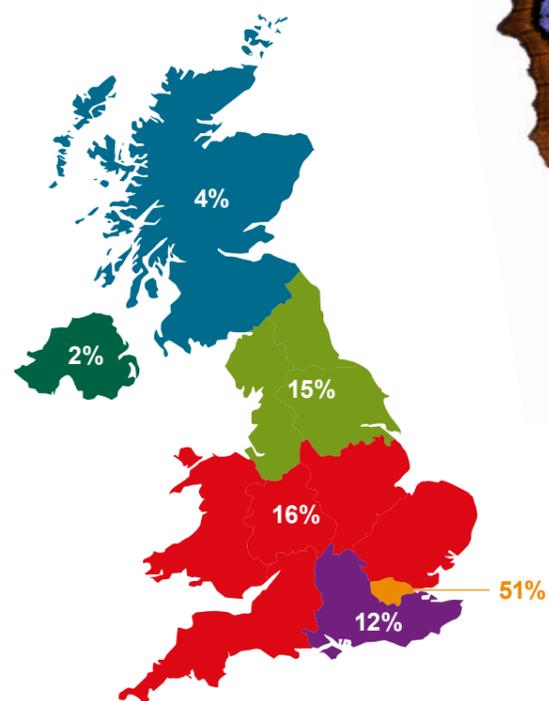
VCTs are just one part of a national network. They are plugged into a variety of relationships including the investment manager, individual angel investors and networks as well as other academic, commercial and adviser contacts.

This combination of relationships, insight and expertise helps VCTs identify and then facilitate investment into target businesses.

Inevitably, given the UK's current geographical orientation of commercial and research activities, much of this investment is in businesses located in London and the south east.

However, VCTs are not limited in their reach. The sector also makes the most of promising investment opportunities across the UK.

### Distribution of investments (by value)



VCTs' track record of investments since 2017 shows that they have a truly national reach. They are an important means to achieve the government's ambition to rebalance the UK economy.



### ROXY LEISURE LTD

Founded in 2013, Roxy is a social entertainment bar group, operating sites across the North and Midlands.

Roxy provides entertainment facilities including pool tables, ping-pong, bowling, shuffleboard, mini-golf, arcade gaming and karaoke. Operating in the rapidly growing 'competitive socialising' sector, Roxy's multi-experience formats have broad appeal and reflect a growing trend of increased demand for experiential activities when socialising.

Foresight VCTs invested £3m in December 2019 to fund the roll-out of further sites across the UK.

### veeqo

Based in Swansea, Veeqo is a retail automation platform that helps retailers sync their inventory across multiple sales channels and fulfil customer orders.

The platform powers over 31 million shipments, with hundreds of brands such as Brompton Bikes and Dove already using it.

Octopus VCTs invested in March 2019, allowing Veeqo to hire a large number of new employees, invest in further R&D and expand into the US.

### LIGNIA Wood made for life

Increasing the uses of sustainably sourced timber could reduce the environmental impact of many industries and enhance the potential for forestry to be an effective means of carbon capture.

Lignia has developed a process enabling softwoods to replace hardwoods (such as teak) in manufacturing. It modifies timber from managed forestry to be used in the yacht and housebuilding sectors. This creates additional demand for sustainable timber and reduces demand for tropical hardwoods.

Investment by Downing VCTs has helped Lignia build a manufacturing facility in Barry, Wales.

## 6 Focus on innovation

VCT-backed businesses are difficult to categorise. Some companies are trying to break the mould by creating new products or services. Others may be providing customers with similar things to established players but delivering them in a different way. A common theme is innovation.

Take a company selling products online. It could simply be identified as a retailer. More specifically it might be characterised as an e-retailer. But this may not be the end of the story. This company could be developing software. It might be using machine learning to improve the user experience. In parallel, it might be developing an online community to secure an audience and develop brand loyalty and awareness. Its customers might have the option of getting access to its products via a traditional website or a dedicated app the company has created. In time, it might develop logistics capabilities or even want to combine an online offering with bricks and mortar shops.

How then should this business be viewed? As a retailer? E-retailer? Software company? App developer? Social media platform? Some other formulation?

Often, categorising VCT-backed businesses against a traditional sector classification is not particularly helpful. A more impressionistic approach can be more instructive.

### bio:ascent

In 2018, Maven VCTs invested in BioAscent, an independent Contract Research Organisation (CRO) providing expert drug discovery and compound management services to biotechnology and pharmaceutical companies. BioAscent is capitalising on a growing trend for companies involved in the lengthy and challenging process of bringing new products to market to outsource certain activities to CROs.

BioAscent employs highly qualified scientists, with plans for further recruitment. Additional capital expenditure will be required in specialist equipment and robotics as it scales its offering.

### phrasee

Phrasee has developed an Artificial Intelligence powered copywriting system. It uses machine learning and natural language generation to produce marketing copy that sounds human and fits a brand's tone of voice.

The software is used in email, social media and other marketing channels to generate messages which are, on average, 30% more effective than human copywriters.

Phrasee's system is deployed in over 20 languages globally with brands such as eBay, Groupon, Domino's, Virgin and Lloyds Bank.

Backed by Albion VCTs, Phrasee has offices in the UK and USA.





Founded in 2007 by Joanne Matthews, Ten Health & Fitness provides health and fitness services to bridge the gap between hospital led healthcare and boutique studios. It offers an integrated care service that combines fitness and rehabilitation in a non-clinical setting. Services include physiotherapy, massage therapy and fitness classes; such as Reformer Pilates and yoga.

Foresight VCTs invested £4 million in June 2019 to fund the roll-out of further sites and develop the integrated care concept championed by Ten.



Backed by Mobeus VCTs, with a Mobeus representative joining its board, Active Navigation provides data privacy and governance software to the financial services, insurance and government sectors.

It helps reduce the amount of unstructured information companies hold, which is difficult to manage and creates legal risks, including data breaches. Its software helps businesses recover documents, minimise growth of unnecessary content and prevent data leakage.

Active's technology allows unwanted files to be deleted, or separated from the main archive, using a compliant, auditable process.

Many VCT-backed companies are providing services to other businesses. These activities cover a myriad of markets including helping organisations with critical functions related to financial management, compliance, marketing or data processing. A significant number use online platforms as part of the business model. They often develop software (including apps) to deliver services, but may not see themselves as 'software' companies. Some use machine learning or other Artificial Intelligence techniques. Others provide hardware as well as other ongoing services as part of the product mix. Categorising these businesses with certainty (business services or software or something else?) exemplifies the challenge of pigeon-holing VCT-backed businesses.

Another theme, perhaps one more amenable to traditional categorisation, is the VCT sector's focus on pharmaceutical and medical businesses.

Several companies receiving investment are developing drugs to tackle life-changing conditions, such as cancer. They include enterprises originating from university spin-outs. Some provide innovative services to more established companies to help bring new drugs to market. Others focus on clinical or other medical interventions, such as diagnostics.



Based in South Wales, One Team Logic is the vendor of the safeguarding software MyConcern, the Queen's-Award winning software as a service solution used by organisations around the world to help protect children and adults at risk.

The system provides powerful reports, highlighting risks and trends to prompt early intervention.

Octopus VCTs invested in August 2019 and are helping the management team to assess new market opportunities, further develop their market-leading product as well as capitalise on international expansion opportunities.



Arecor is developing superior biopharmaceuticals through its innovative formulation technology platform, Arestat. Through this platform they develop a portfolio of proprietary products for diabetes care and deliver superior reformulations of leading pharmaceutical and biotech companies' proprietary products.

Calculus invested £2 million, as part of a £6 million fundraise alongside Albion and Downing in September 2018. The funds are being used to develop the company's three lead proprietary diabetes products into phase 1 clinical trials; strengthen the management teams and drive growth in its technology partnering business.

### Knowledge intensive companies

VCTs support innovation in its many forms. Innovation is central to the industry's quest for growth potential.

This feature is demonstrated by the extent of investment in KICs. As discussed earlier (see page 9) the VCT rules provide some flexibility over the nature of the investment which can be made in KICs. For example, KICs can receive greater amounts of funds. The KIC definition is derived from EU rules (which continue to apply). There are various ways a company can qualify as a KIC. This can include, for example, spending a certain amount on research and development. Another option is to employ a sufficient proportion of employees with PhDs or similar high-level qualifications. Assessing these conditions can be complicated. The 'skilled employee' condition is made even more difficult as it must continue to apply for three years after the investment is made. That is, the company must continue to balance the qualification level across all its employees in the proportions required to continue to be a KIC.

Some companies that VCTs invest in could qualify as KICs but may not be identified as such if this is not required (for example, if the amount invested is within the standard limits). Nonetheless, even with a conservative assessment, a sizable proportion of companies are considered to meet the KIC criteria. The actual proportion may be higher than reported.

Conservative  
estimates identify  
28% of investee  
companies as KICs.<sup>5</sup>  
The true proportion  
is likely to be higher.



CloudTrade provides a solution to a problem faced by many enterprises – how to process invoices and other business documents received in different formats. Its patented software receives e-documents on behalf of the customer via a dedicated email address. Information is then automatically extracted with 100% accuracy from the email, with no manual intervention, and inputted into the client's accounting or other systems.

Calculus invested £2 million in 2018 to enable the company to build its client base and invest in sales, marketing and delivery.



In January 2019, Calculus invested £2.5 million in fintech company Essentia Analytics.

Essentia applies behavioural analytics to improve the performance of fund managers. Its proprietary software conducts a full algorithmic analysis, using machine learning of all past investment decisions, to identify each individual portfolio manager's behavioural biases. The software then continuously monitors their portfolio including individual stock performance and trading and creates proactive behavioural 'nudges' to help the fund manager improve his or her performance.



Established in 2010 as a spin-out from the UK Science and Technology Research Council (STFC), Electrospinning develops synthetic polymers for medical procedures. Typically, these aid post-surgery recovery. For example, one application improves the success of tendon surgery by helping a patient's own cells facilitate wound repair. A key advantage is that these products degrade or reabsorb naturally once healing has been achieved.

Supported by Downing VCTs, Electrospinning is already exporting to the USA and has ambitions to expand into other geographic markets and biomaterial products.



### Investing in research and development

The appetite for VCTs to support innovation is demonstrated by the impressive number of companies invested in activities that attract research and development (R&D) tax credits.

Also notable was the small but significant number of companies developing manufacturing facilities. This included several companies making electrical components and equipment, including computing hardware.

101 VCT-backed  
companies spent  
£131 million on  
activities eligible  
for R&D tax credits.<sup>6</sup>



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

Preservica's systems use Artificial Intelligence and machine learning to ensure reliability and high standards. They are offered via an online platform, which ensures data is accessible even as technology changes. Users include major corporations, government bodies and cultural institutions.

Preservica is backed by Mobeus VCTs.



## 7 Methodology

- 1 Survey data records investments made by participating management groups. See acknowledgements for details.
- 2 Survey period covered investments made after 4 December 2017 up to November 2019. It may not capture all investments made as submission dates for data varied.
- 3 All financial data based on the most recently available audited report and accounts. Exceptionally, some information may be provided from the most recent management accounts.
- 4 AIC data shows VCT investments in the year to 31 December 2018 amounted to £450.8 million. The year to 31 December 2019 amounted to £461.6 million.
- 5 The 28% figure represents 51 KICs out of 181 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.
- 6 Sum of the amount of investment on which the investee company received R&D tax credits as disclosed in its last annual report and accounts.

## A selection of butterflies shown in this report



Morpho  
(*Morpho didius*)



Monarch  
(*Danaus plexippus*)



Eastern Black Swallowtail  
(*Papilio polyxenes*)



Large Copper  
(*Lycaena dispar*)



Admiral  
(*Limenitis*)



Common Blue  
(*Polyommatus icarus*)



Blue Emperor  
(*Papilio ulysses*)



Leopard Lacewing  
(*Cethosia cyane*)



Peacock  
(*Aglais io*)



Red Admiral  
(*Vanessa atalanta*)



Painted Lady  
(*Vanessa cardui*)



Tree Nymph  
(*Idea lynceus*)



Plain Tiger  
(*Danaus chrysippus*)



Giant Owl  
(*Caligo eurilochus*)



Silver-washed Fritillary  
(*Argynnis paphia*)



Black Swallowtail Caterpillar  
(*Papilio polyxenes*)

## 8 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, Amati Global Investors, Beringea, Calculus Capital, Downing, Foresight Group, Gresham House, Maven Capital Partners, Mobeus Equity Partners and NVM Private Equity, Octopus, Seneca Partners, Triple Point and YFM Equity Partners.

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aic

**Association of  
Investment Companies**

24 Chiswell Street  
London EC1Y 4YY

Telephone 020 7282 5555  
[enquiries@theaic.co.uk](mailto:enquiries@theaic.co.uk)  
[www.theaic.co.uk](http://www.theaic.co.uk)

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