

Venture capital prospects 2014

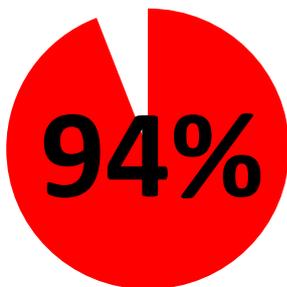


- 1000 +** ...number of SMEs supported by VCTs nationwide
- £2.8m** ...average VCT investment in each SME
- 52** ...new jobs created per SME following VCT investment
- £10.8m** ...new turnover created per SME after VCT investment

Venture Capital Trusts (VCTs) enable private investors to invest in small companies which need start-up, early stage or expansion capital. They target businesses that promote innovation, introduce efficient management and working practices and seek to exploit new markets. VCTs usually provide small businesses with between £100,000 and £5million: an amount beyond the means of most individual investors, but too small to be economic for traditional private equity firms to invest.

Prospects for job creation...

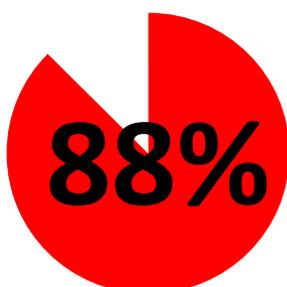
Businesses with VCT investors were net recruiters in 2013. The good news is that:



...of VCT managers envisage that the companies they invest in will also be net recruiters in 2014

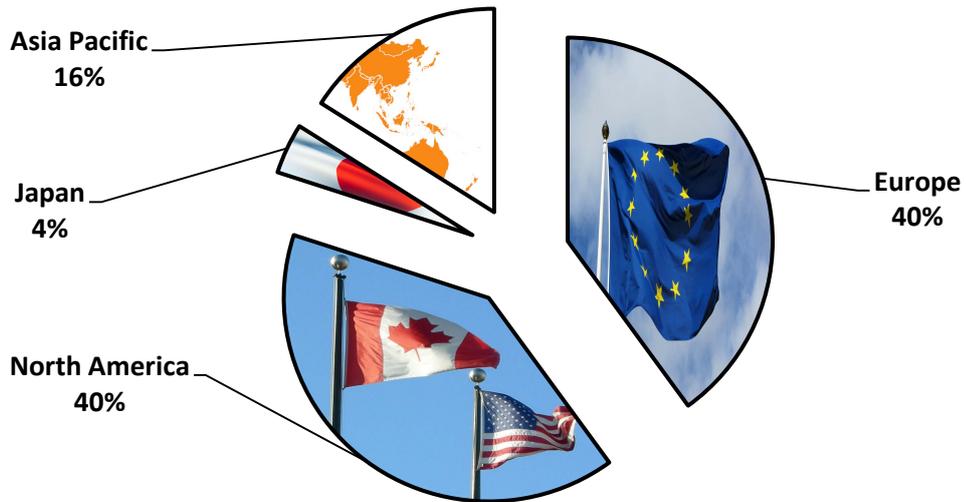
Prospects for exports...

VCTs invest in small businesses with big plans. Overwhelmingly VCT managers think that the level of exports achieved by their portfolio companies will grow in 2014.



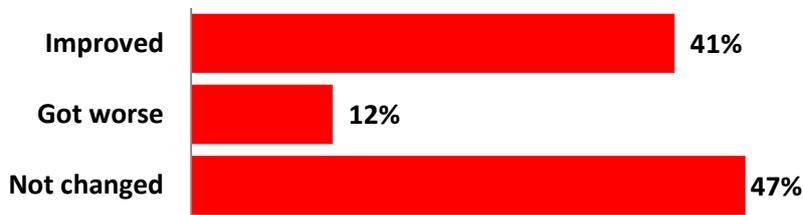
...of VCT managers expect exports to increase over the next 12 months

Developed markets are providing the greatest source of export opportunities

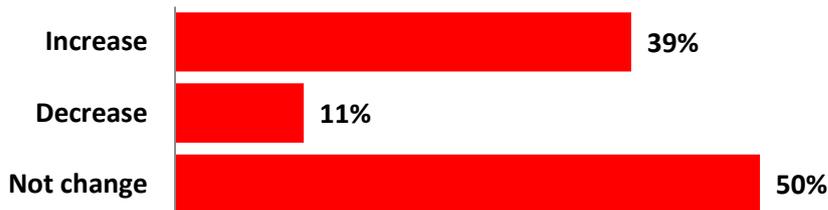


Prospects for access to bank finance...

The position for securing bank finance to support growth is more mixed. When asked how access to bank financing for their investee businesses had changed in 2013, VCT managers reported that it had:



Their view for 2014 is that these businesses' appetite for bank lending will:



Unfortunately, many fear that, where companies do want bank support, this might not be available. The expectation for access to bank finance for their investee companies in 2014 is that it will:



Businesses supported by VCTs...

VCTs support a wide variety of businesses in all sectors, up and down the country. Some you will have heard of, some you won't. Below are some examples...



Abcodia works in the field of early cancer diagnosis. This work is supported by its serum bio-bank, which is the largest of its kind in the world.



Pho is a leading Vietnamese café style restaurant. Pho currently has 9 restaurants, and plans to expand to 20 by 2016.



Antiques Trade Gazette is the 'Bible' of the fine art and antiques industry. It has recently launched an online auction site and expanded into overseas markets.



Radnor House is a new independent co-educational day school. When mature the school will offer 440 student places. Rated "outstanding" by Ofsted.



Dods provides political information, public affairs communications and training covering both the UK and the EU.



Secret Escapes negotiates exclusive rates for luxury, handpicked hotels and holidays in the UK and abroad.



Fat Face is a brand of active lifestyle wear. In 2013, the company announced plans to open 2-3 stores on America's East Coast.



SwiftKey software enables fast accurate touchscreen typing. The app is a global bestseller with over 15 million downloads.



GO Outdoors is a retailer of outdoor clothing and equipment. Based in Sheffield the company has 30 stores across the UK.



ZOO is a leading service provider to the creative media industries. Using cloud computing, clients can rapidly create media products for global distribution.

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About the AIC

The Association of Investment Companies (AIC) represents closed-ended investment companies whose shares are traded on public markets. AIC members include 77 Venture Capital Trusts which manage some 90% of the sector's £2.6bn of assets.

Copies of the AIC's annual research into the impact of VCT investment on UK employment and economic growth, as well as the data supporting this report, can be found at the following link: www.theaic.co.uk/vct-research



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