Mercia Growth Fund 8

Mercia Fund Management Limited

Summary

The fund's investment strategy is to invest in a diverse portfolio of EIS Qualifying companies, with an option to include SEIS, in selected technology areas in which they have specialist knowledge.

	Positives	Issues
Why Invest	**Strategy:** Exposure to a portfolio of technology companies across four sectors.	**Track record:** Only a small number of exits to date, but the unrealised figures so far look promising.
The Investment Manager	**Team:** A large, widely experienced team with clear strategy and sector specialisms.	**Managing growth:** Funds have been growing quickly and care will be needed to manage team and systems growth alongside this.

Nuts & Bolts

- **Duration:** The fund will close on 31 December 2017, with the aim of investing the funds before the end of the 2017/18 tax year.
- **Diversification**: The manager expects to provide 15 EIS investments in the fund spread across its four technology sectors with up to 5 SEIS investments (subject to capacity).
- **Valuation:** Reviewed every quarter. Investors will have ongoing access to information.

Specific Issues

- **Fees:** Combination of direct fees and company charges.
- **Performance fee:** Charged on a portfolio basis at 20% for returns between £1.05 and £1.30 for each £1 invested and 30% above £1.30.

Manager information	
Scheme assets	£0.2m
Scheme target	£10m
(S)EIS assets	£30m
Total FUM	£337m
Fund launch date	2017

Risks

- **Target returns:** The target return of tripling capital suggests a high-risk investment strategy.
- **Companies:** Supplying risk capital to early stage technology companies at the start of commercialisation. There will be a spread of company returns as the successful investments will do very well, but those who fail may do so completely.

Analyst

bm@hardmanandco.com

Important Note – Prohibition on marketing to retail clients in the UK

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Factsheet

Mercia Growth Fund 8		
Product name		Mercia Growth Fund 8
Product manager		Mercia Fund Management Limited
Tax eligibility		EIS or combined EIS & SEIS
Target return		3 times investment in 5-7 years including tax reliefs
Target income		None
Type of product		Discretionary portfolio service
Term		Limited life
Sectors		Technology
Diversification		
Number of companies		15 (EIS) / 20 (EIS & SEIS)
(Expected) Gini coefficient		0.07 / 0.05
Fees	**Amount**	**Paid by**
Initial fees		
Initial fee (may be waived – see notes)	1.5% (plus VAT), maximum £1,500	Investor
Arrangement fee	3%	Investee company
Annual fees		
Annual management fee	1.5%	Investor – 3 or 6 years deducted up front
Custodian admin fee	£140/investor	Investor, for 6 years
Directors fee	Up to 3%	Investee company
Exit fees		
Performance fee	20% / 30%	20% for returns between £1.05 and £1.30, 30% above £1.30
Advisor fee facilitation		Yes
Advisor fee amounts		As agreed with investor
HMRC Approved?		No
Advance Assurance		Yes for each investment
Reporting		Investor portal, quarterly valuation reviews
Minimum investment		£25,000
Current funds raised		£0.2m
Fundraising target		£10m
Closing date(s)		31 December 2017 (probably earlier for SEIS), with option to extend
Expected exit method		Mostly trade sale

Source: Mercia Fund Management, Hardman & Co research

Fund Aims

Mercia Growth Fund 8 is a discretionary portfolio service which will provide a portfolio of EIS or SEIS and EIS investments in unquoted technology companies. The target return is a three times return on capital after five to seven years including tax reliefs. Returns will be focussed on capital gains and investors are unlikely to receive any dividends. The fund aims to invest in the 2017/18 tax year, with carry back into the 2016/17 tax year.

Summary of Risk Areas

Note: There are generic risks from investing in EIS or unquoted companies in addition to the specific ones commented on below. Comments on relative risk refer to other EIS investments and not to wider investments.

Investments

Portfolio Risk

Each investment will be providing risk capital to an unquoted early stage technology company. Mercia aims to have fifteen EIS companies in the portfolio with a spread of position sizes, with up to 5 (smaller) SEIS investments. Although sector diversification is limited, stock-specific risk should dominate market risk.

The target return of three times capital suggests high risk and seems appropriate for the strategy.

Sourcing and External Oversight

Over the last 3 years, Mercia has made over 140 investments. It appears to have a good network and its strong links with Universities help to give it strong potential deal flow. The target of 15 /20 investments looks achievable. Unusually, the entire Investment Committee consists of external advisors and there are sector advisory panels too.

On-going Support and Monitoring

Support and monitoring of investee companies comes through Mercia being appointed to the board, with an Investment Manager attending each meeting. The aim is to provide strategic guidance, determine progress towards future funding needs and transfer good practice where possible. Investments are reviewed quarterly.

Exits

Limited track record, but expect mostly via trade sales. Return profile of individual investments is likely to be skewed, with successful investments probably giving very good returns while those that do not will give little or nothing back. The innovative Share Exchange scheme may allow earlier partial exits at a lower share price.

Manager

Team

Mercia has over 20 investment professionals. The team is diverse, with the senior members having decades of experience in the sector. They are growing the team, and are aware that as their portfolio of investments grows they will need a larger team to manage them.

Track Record

Since 2014, Mercia has made over 140 investments into 63 companies. There have been six full exits and two partial ones. Hardman & Co sees the track record as promising, though the small number of exits means it lacks some maturity. The improvement in a broad spread of the more mature current investments suggests that this may arrive in due course.

Regulation

Product

Advance Assurance is sought for each investment.

Manager

The manager of the fund is Mercia Fund Management Limited. It is FCA registered (number 524856) with fund management permissions. Submissions to Companies House appear to be up to date.

Risk Analysis / Commentary

Overall Mercia Fund Management gives the impression of being a well-run company with a credible investment process. The sizeable team brings a broad range of backgrounds with experiences in different areas. The age of the company does mean the track record lacks depth, particularly for exits, but its unrealised returns so far show promise.

Investors do need to be aware they will be investing risk capital into early stage technology companies. Mercia's biggest strength for supporting these companies is providing a pathway to the ongoing capital needs that success will bring for these companies, with the parent company's balance sheet giving a significant advantage in its ability to potentially provide funding beyond EIS.

Diversification is an important consideration for any investor – while the companies that succeed are likely to produce exceedingly good returns, those who do not may return little or nothing. Diversification within the fund is significant, and better than many products in this area. This EIS fund should be considered in the context of an investor's entire portfolio.

Investment Process

Mercia Growth Fund 8 is, as its name suggests, one of a series of funds that follow similar criteria but have raised funds in previous years.

Deeper dig into process

The Mercia Group can trace its roots back to 1982 when it started in Birmingham, with Mercia Fund Management being created to manage third party funds at the time of a management buyout in 2010. The group focuses on technology investments across four different areas:

- **Life Sciences and Bio-Sciences**: Mercia's investments here are focussed on capital-efficient areas such as digital healthcare, meditech services and diagnostics. They do not invest in drug development, where success depends on trials and requires significant ongoing capital support.
- **Digital and Digital Entertainment**: Investments in this area are mostly in video gaming, an industry in which the UK has a deservedly strong reputation.
- **Software and the Internet**: Application software and security solutions have been Mercia's main targets.
- **Materials and Manufacturing/Engineering**: The focus in this area is on generating IP and monetising it through licensing. Mercia is less keen to fund the building of manufacturing facilities.

Each sector has a team of Fund Managers and Associates dedicated to it and is headed by an Investment Director. Potential investments are assigned to a team. Three of the areas have an advisory board, each composed of four experienced industry people. These provide information on strategies and developments in the industries, as well as contacts and, very occasionally, deal flow. An advisory board is currently being put together for Materials and Manufacturing/Engineering, the fourth sector.

Investors in the fund should expect to get exposure across all four sectors, though there are no rigid guidelines on weightings as Mercia prefers to be guided by the quality of the deals that they access over the investment period. Aggregating across previous funds, about a third of funds have gone to each of Life Sciences and Software, with the balance to the other two areas. While not definitive for future investments, it does suggest a stronger ability to source deals in the two larger sectors and investors will probably have more exposure to these areas.

A distinctive feature of Mercia is its ability to provide what they describe as "The Complete Capital Solution". In short, the Mercia Group has access to different pools of capital that can be used to fund different stages of a company's development. Very few technology companies will reach any sort of maturity from a single round of funding and access to follow-ons is essential for success. The 'fail fast' model is followed by Mercia, where interest in providing future funding is determined by the progress of the company. This limits exposure when a company does not perform well.

The main pools of capital in the group can be split into three groups. Mercia Fund Management can provide early stage/ start-up capital at the SEIS level. It can also provide further development funding at the EIS level. Investors can access both of these through the fund. Beyond that the parent company, Mercia Technologies plc, also invests its balance sheet and provides capital for further stages of growth.

Currently it has around £337m of investments with cash resources of around £64m, adequate to fund 3-4 years of expected requirements.

The latter is particularly helpful. One of the issues in the UK venture capital market is a lack of capital for companies between EIS/VCT size and those large enough to attract private equity funding. That Mercia has ready access to capital at this stage is a distinct positive.

For all new investments, the Mercia process includes assessing what a company's future investment requirements are likely to be. They are looking for businesses that need less than £5m to become cash flow positive, which would allow the group to be the principle funder, though they are not dedicated to being so.

For a typical investment, Mercia expects to be the first professional funder, something which allows them to be the price setter. They may still be the sole funder for the next round or two, but they expect other sources to come in as a company grows. If the parent company invests, it is common for it to overlap with (S)EIS investors, though interests are mostly aligned at this stage.

Investors should note that under the Mercia structure, they will only get follow-on investments in a company if the fund they are invested in makes that investment. These opportunities are not made available to individual investors, which may have some consequences for dilution, though investors are often unable to follow on in sufficient amounts to maintain stakes anyway.

Sourcing Deals

Potential deals arise from two main sources. Mercia has agreements with 18 universities around the UK to fund potential spin-outs or IP related companies. This is a non-exclusive deal, which avoids any obligation to fund investments. The full range of universities is listed in Mercia's marketing material and are predominantly located in the Midlands, north of England and Scotland. Mercia's view, which Hardman & Co concurs with, is that institutions in London and Oxbridge are well supplied with capital, but those elsewhere have less support.

This gives Mercia a good opportunity as there is generally less (but still some) competition for deals and this makes it easier for Mercia to be the price setter. Mercia has a team of three people dedicated to maintaining relationships with the university partners and roughly a third of potential deal flow comes from this source.

Working with academics does have distinct challenges, which Mercia are aware of. While they are usually very intelligent, they are often lacking business experience. At the seed stage, funding is usually to bring in commercial support to build towards monetising IP or technology work from the academic side. Where an idea is at a very early stage then Mercia may use money from its regional incubator programme to explore whether something is potentially commercial – Mercia Growth Fund (MGF) investors will have exposure to companies beyond that stage.

The other main source of deal flow is the network of Mercia and its staff. With over 20 investment professionals, many of whom have been in the industry for some time and almost 20 other people on their various advisory panels, their network is extensive. They also do some marketing to incubators and have an NHS/Feeder Fund which also provides deal flow. Mercia estimates that they looked at approximately 1,700 potential investments in 2016.

The network is also focussed on the Midlands and north of England where most of Mercia's six offices are located, though there is also an office in Scotland. Having said that, they remain open to deals located in other areas though these will remain a small proportion of the total.

Overall, it is clear that Mercia has access to very strong deal flows and should be able to source the targeted investments for the fund in the expected timescales. They have exceeded the required over the last couple of years.

Mercia has some clear criteria for potential investments. Some of these are set by the (S)EIS legislation. For SEIS investments these include a clear path to being EBITDA positive within two years and a credible exit plan in 4-7 years. For EIS investments the company should be better developed, with additional criteria including a clear sales pipeline and a strong management team with a track record of success. These may not be original, but are very clearly set out.

Typically, the fund will look to take an equity position of 10-40%.

Decision Making

There are several stages to deciding whether to proceed with an investment for the fund. Potential investments are usually assigned to one of four sector teams. If it is sufficiently interesting, then an Investment Manager is assigned to the project. They prepare an initial briefing note and do some light due diligence, which are then presented to the Investment Committee, who also has an initial meeting with the potential investee management.

Assuming the Committee wishes for it to be pursued further, the Investment Manager will then negotiate a term sheet with the investee company management and prepare a full briefing note. Further due diligence will also be performed. This is also overseen by an Investment Director. Once all this is done, the Manager presents to the Investment Committee. The latter has a chance to do its own background research and also have an intensive meeting with the investee company management team to see how they respond under pressure.

In practice, very few opportunities are rejected outright at this stage, with those not being approved usually able to return to the committee subject to additional conditions. This may, for example, be further due diligence or a need for more information about the company.

Once accepted by the committee, there will be further legal diligence before the investment is made.

Governance and Monitoring

Advance assurance will be received from HMRC on all investments prior to completion. Mercia is currently working with HMRC to streamline the process.

All client cash assets are held Mercia Fund Management Ltd, with a separate account for each fund. Cash is held on short term deposit and earns interest for investors where possible, though the need to have it available means rates are limited in the current environment. The Fund's shares are held in the custody of Mercia Fund Management.

The Fund will invest in EIS companies, though there is an SEIS option for those who desire it. The fund size for the latter is limited to £0.6m and is expected to close earlier than the main fund. The expectation is that EIS investors will get exposure to 15 companies, with SEIS investors adding another 5 investments. Although the track record is immature (see below) the performance to date of their EIS investments has been significantly better than for SEIS, even allowing for the additional tax advantages of the latter.

Client reporting is provided via a proprietary portal accessible via the web or a mobile app, which allows investors to access the latest valuations and news updates.

Company valuations are revised quarterly and follow the IPEVC guidelines. Broadly the last transaction will usually be the price, with exceptions if the company is profitable, in which case an enterprise value multiple may be used or if there is a provision. For the latter, the company is benchmarked against its plan and, if it is behind, maybe subject to a provision of 25%, 50% or 75%. Full write off is used when they see failure as inevitable. Mercia stresses that it expects some failures and is pro-active about writing down investments as required (see track record below).

Mercia will take a board position in investee companies through Mercia Fund Management Nominees Ltd. Usually the attendee will be the Investment Manager who negotiated the investment, but an Investment Director may also attend quarterly to keep up to date.

Like most EIS investors, Mercia recognises that support for the investee companies goes beyond simply monitoring. Mercia sees their primary role in supporting and shaping the strategy and funding requirements. Broadly it will not get involved in running the company, but will provide support through transfer of good practice from elsewhere or support from elsewhere in Mercia's network. To help facilitate that, they bring together the CEOs of investee companies so they can share experiences and network.

Each quarter, Mercia does a full investment review of each investment for reports to their Advisory Boards or the board of Mercia Technologies plc, the manager's parent company. Performance is assessed against the expected milestones, usually sales or cashflow. Where a company has fallen short the Mercia team will discuss with the company management about whether mitigating actions are required and, if so, what form they will take. Usually they involve cost saving measures to help make the current funding last as expected.

If the underperformance continues, then the issues will come to a head when funding is next required. As referred to above, companies are usually not fully funded at initial investment. If adequate progress is not achieved, then the next round will not occur leading to the 'fail fast' model. Where necessary Mercia will take advice from an insolvency practitioner.

Exits

The expectation is that the majority of exits will come through trade sales and, as is common for technology managers, this is Mercia's preferred option as it is most likely to provide a cash return. They may not object to a listing, but observe that in their sectors it often is accompanied by a fund raising and does not necessarily provide liquidity for existing investors.

The multiple capital pools within the Mercia group allow the company to offer an interesting alternative exit method, albeit under specific circumstances. Called Share Exchange, under this scheme Mercia Technologies plc (the parent company) may offer to buy shares from investors, typically at a 25% discount to the share price. Normally this offer will be available when the parent company has made a follow-on investment and is willing to buy more shares. Investors should expect the offer to only be available for a limited time, the number of shares that will be purchased will be limited and available on a first come first served basis.

This is an interesting innovation in a sector that has lacked liquidity, though investors will need to decide if the discount represents good value for them.

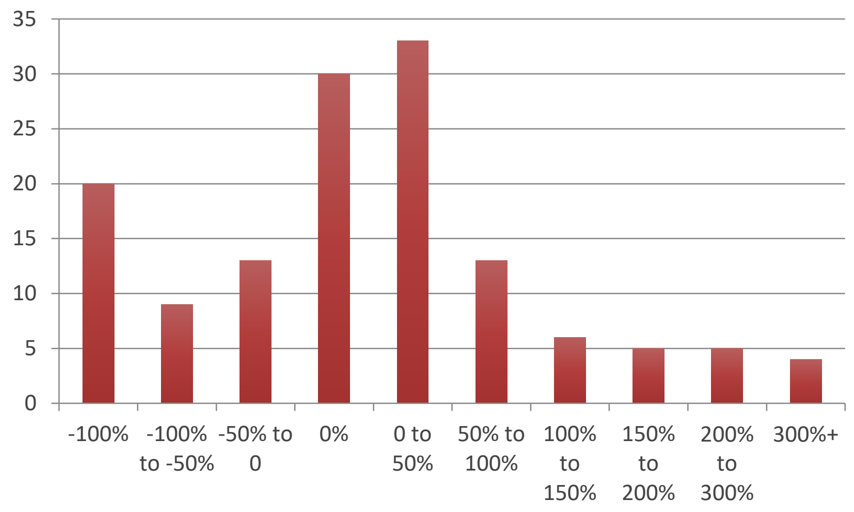
Track Record

Mercia has raised money for a total of nine funds, with the first funding closing in January 2014. Eight of these are fully invested. Given that the first fund was three years ago, investors will see that none of these have been able to complete a full investment cycle yet. The data that we have been supplied with is as of 31 March 2017.

The funds are showing good performance so far, with the caveat discussed below that much of this is based on unrealised investments. On a pre-tax, pre-performance fee basis the four funds that have been invested for more than 12 months are showing a 1.9x return for EIS investments and 1.1x return for SEIS, for a total of 1.9x. Mercia also does an IRR calculation on the basis of realised investments and assuming unrealised investments can be realised at current valuation (Mercia acknowledges this is more instructive than realistic) and get a result of 30% across the four funds.

To March 2017, across all the funds, 139 investments had been made into 63 companies. Across all the investments, the weighted average return on invested capital is 26% with a median of 0%. If we exclude figures for investments made in 2017 (which are immature and have not moved), these figures become a mean of 38% and median of 0%. These figures do not include tax relief or performance fees and are based on the current valuations.

Pattern of returns on individual investments



Source: Hardman & Co Research, Mercia Fund Management

As the chart shows, the pattern of returns on individual investments is somewhat skewed, as is normal for technology investments, with the largest return being 540%. Of those that have moved, 42 have been written down, 20 of which are complete losses, with 66 showing gains.

With only three years since the launch of the first fund, there have been very few exits to date. Reflecting the 'fail fast' model, five of the six full exits to date have been complete write downs. The other one was a sale at 0.93x the investment, though this was AIM listed and the price has been volatile. Most of these have been SEIS investments, with the sale and one of the write downs EIS funded. There has also been two partial exits, with sales through the Share Exchange. These have given much better returns, with one being valued at twice the total investment and the other six times.

The net effect of this activity is that the two funds that are more than 3 years old have started to distribute cash, with MGF1 having paid out 25p and MGF2 having paid 17p for each £1 gross invested. Mercia, through the Share Exchange, has over time offered to buy shares for at total of 86p (though these offers have now expired), with the residual valued at 34p. This suggests a potential value to date of c141p, including discretionary liquidity of 107p, before tax reliefs. Loss reliefs have added another 11p to the basic EIS tax relief of 30p. It should be noted that the discount on offers through the Share Exchange means that, if investors choose to sell shares through that route, they are unlikely to realise the full value of a portfolio. There is no guarantee that Mercia will make any future Share Exchange offers.

Mercia's experience to date is that their EIS investments have outperformed their SEIS investments. For pre-2017 investments, those made under EIS have a weighted average return of 34% compared to 21% for SEIS. The differential tax break would appear to balance this out. It is not clear yet to what extent this is a lack of maturity in the portfolio – as noted above the failures generally come before the successes – or whether this is something that may persist.

There have been some differences in sector performance, with digital entertainment having done very well and software lagging. Mercia tells us the latter is due to some slower than expected progress, and we note that most of the write-offs have been in this area. Again, the lack of portfolio maturity suggests that investors should not read too much into this difference yet.

Hardman & Co sees the track record as promising, though the small number of exits means it lacks some maturity. The improvement in a broad spread of the more mature current investments suggests that this may arrive in due course.

Fees

The fees for the Fund are set out in the table on page 3. Compared to many funds, these are reasonably straightforward, though investors should note the following points.

Initial Fee

The fee will be waived for investors who are advised or are existing investors in Mercia Growth Funds.

Annual Fees

The annual fee will be charged for six years. It can be charged entirely from the subscription, or investors can pay three years up front with subsequent years being invoiced if there are insufficient exits to cover the charges.

Exit Fees

The performance fee is tiered, with 20% paid on returns between £1.05 and £1.30 for each £1 invested and 30% on returns above that. It is charged on a portfolio basis.

Investee Company Fees

Mercia charges investee companies a 3% placement fee and annual directors fees of up to 3%. For the a latter we understand the charge is on a case-by-case basis with 2.5-3% being normal, though in later stage companies it may vary.

Fundraising targets

Mercia is aiming to raise £10m in with a closing date of 31 December 2017. This may be earlier if fundraising goes well, which is expected for the SEIS element. It may be extended at the manager's option, but any extension is likely to be small as that would inhibit getting funds invested in the current tax year. The minimum fund size is £3m, an amount that they have exceeded in the last couple of years. The commitment is to deploy the majority of the fund in the 2017/18 tax year, though Mercia is aiming to get fully deployed if possible.

The minimum subscription is £25,000, with higher amounts in multiples of £1,000.

Investment Manager

Company

Unusually, the Investment Committee consists entirely of people external to the manager, though they are incentivised with a share of performance fees. The team is substantial and its members have a variety of backgrounds, both in industry and venture capital, that contrasts well against some other EIS managers. The management acknowledges that as the funds grow, it will need to keep growing the team, suggesting that more staff will be required to manage the existing investments.

People

Dr Mark Payton – Managing Director

Whilst working at Oxford University and Isis Innovation he helped with the spin-outs of BioAnalab, Oxford Immunotec, Oxitec and Natural Motion. He was Vice President at Oxxon Therapeutics and was on Abzena plc's board (before its IPO).

Matt Mead – CIO

Formerly a Senior Manager at E&Y, he subsequently spent 14 years as a partner at 3i specialising in technology. He later became CIO for NESTA. He has held several non-executive directorships and has been Strategic Adviser for Finance Wales.

Jonathan Diggines – Executive Director - Funds

Initially a solicitor, he was a fund manager at Murray Johnstone Private Equity, subsequently Aberdeen Asset Management. He was also Managing Director of Enterprise Ventures. He has also held various roles in the BVCA and CBI.

Peter Gardner – Chairman, Investment Panel

Founder of Micro Technology Group and Micro Technology Limited, then CEO of Sintrom (LRT) and Cristie Electronics before becoming Communications and Technology Sector Head at 3i. Currently CEO of Gardner Innovations.

Nick Wheelwright – Investment Panel

A former Audit Manager at PwC, CEO of Codemasters and Monumental Games and Founder and Executive Chairman of Newslark. He is the founder of Playground Games Ltd and is Executive Chairman of Virttrade and Soccer Manager.

Jim Reid – Investment Panel

After gaining management experience at Axis-Shield plc, S.A Roche and others, he founded ChimaeraBio Investment Partnership in 2000. He was Chairman of Lumora at its sale in 2015.

Martyn Booth – Investment Panel

Previously a fund manager at The Midlands Growth Fund, he currently sits on the investment panel at North West Equity Fund and the South East Growth Fund. He is currently director of West Midlands Enterprise Ltd.

Appendix 1 – Due Diligence Summary

Summary of core due diligence questions

Manager		Validated by
Founded	2009	Hardman & Co
Type	Limited Company	Hardman & Co
Ownership	Mercia Technologies plc – listed on AIM	Hardman & Co
FCA Registration	Yes – 524856	Hardman & Co
Solvency	Confirmed	Hardman & Co
EISA member	Yes	Hardman & Co
PI arrangements	Yes	Hardman & Co
Administrator		
Company	With support from parent company	Information Memorandum
FCA Registration	NA	Hardman & Co
Fund Custodian		
Company	City Partnership (UK) Limited	
FCA Registration	Yes – 593293	Hardman & Co

Source: Hardman & Co research

The manager of the fund is Mercia Fund Management Limited. It is FCA registered with fund management permissions as a Small Authorised UK AIFM. It can control, but not handle, client money. The company is owned by Mercia Technologies plc, which has a substantial balance sheet and solvency is very comfortable. Its Company House filings appear to be up to date.

Appendix 2 – Example Fee Calculations

This calculates the estimated total amount payable to the manager under certain assumptions.

Basic Assumptions	
Term	5 years
Investor amount	£100,000

Source: Hardman & Co research

Calculations

		Hardman Standard			Target
Gross Return		-50%	0%	50%	263%
Amount (pre tax relief)		£100,000	£100,000	£100,000	£100,000
Initial Fees	**Rate**				
Manager	1.50% (waived)	£0	£0	£0	£0
Company	3.00%	£3,000	£3,000	£3,000	£3,000
Total		£3,000	£3,000	£3,000	£3,000
Annual Fees					
Manager	1.50%	£1,500	£1,500	£1,500	£1,500
- Deduction up front (3 years)		£4,500	£4,500	£4,500	£4,500
Custodian (6 years)	0.60%	£840	£840	£840	£840
Net investment		£94,660	£94,660	£94,660	£94,660
From company					
Directors fee	3.00% pa	£14,199	£14,199	£14,199	£14,199
Gross fund after investment return		£47,330	£94,660	£141,990	£343,717
Exit fees					
Performance	20%	£0	£0	£5,000	£5,000
Performance	30%	£0	£0	£3,597	£64,115
Net amount to investor		£44,330	£91,660	£139,393	£271,602
Gain (pre tax relief)		-£55,670	-£8,340	£30,393	£171,602
Gain (post tax relief)		-£27,272	£20,058	£58,791	£200,000
Total fees to manager		£25,539	£25,539	£34,136	£94,654

Source: Hardman & Co research

Notes: (1) Mercia tell us they expect most investors to have the initial fee waived. (2) Directors fees are expected to be payable for six years, but we have used five in line with our standard assumptions.

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(Disclaimer Version 2 – Effective from May 2017)

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