Investors Guide

What is Equity Crowdfunding?

A simple guide for new investors.

GrowthFunders®
Online Investment Platform

GrowthFunders is the first platform introduced by **GrowthCapitalVentures**

GrowthCapitalVentures develops and operates online investment and capital introduction platforms. Technology, implemented in the right way, can open doors.

This is where GrowthFunders comes in.
As an online equity-based crowdfunding and co-investment platform, we match entrepreneurs, who have great ideas and potential, with investors who are looking to build strong investment portfolios. We also have a team of professional partners who work alongside entrepreneurs to ensure that their businesses are investor-ready.

Raising capital is notoriously challenging and can be time-consuming for everyone involved. Taking the process online can speed up investment. For the entrepreneur, it means not having to conduct numerous face-to-face pitches. Instead, it's one pitch to a worldwide audience. For the investor, it means not having to sift through hundreds of investments, trying to sort the wheat from the chaff. We screen beforehand, only taking the businesses with high-growth potential, thereby increasing quality deal flow.

The aim? To facilitate growth in startup, early stage and established businesses.

> **"Invest in the next generation of great British businesses."**

Meet the Team

Browse Investments

Equity crowdfunding, put simply, **is an online version of Dragons' Den,** where you (and tens, hundreds, and thousands of other people) **get to be the Dragons!**

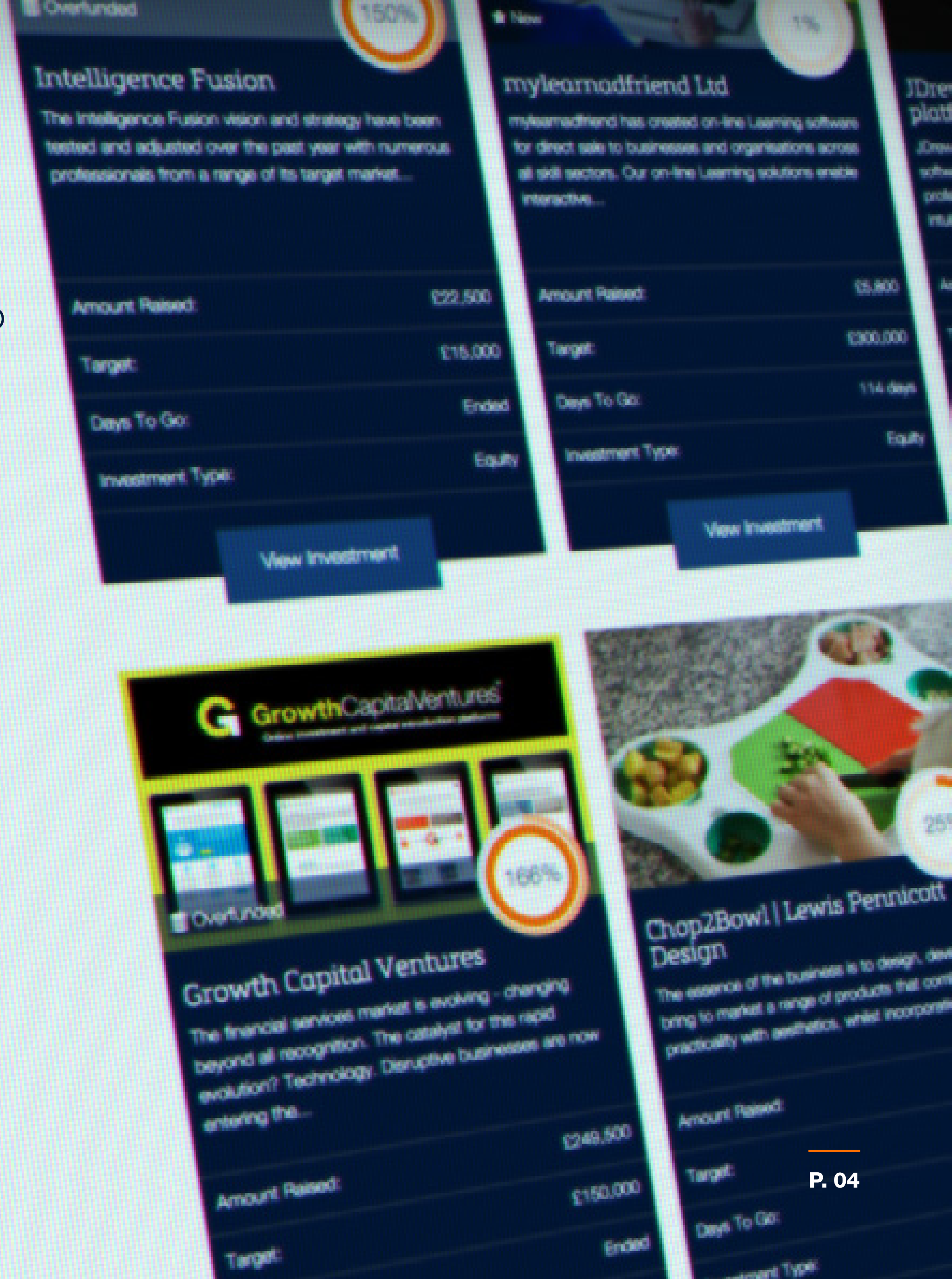
Traditionally, investing in start up business was reserved for high net worth individuals and experienced, professional, or institutional investors.

However, the introduction of the Digital Age, along with all of the technological and online capabilities that brings with it, means that anyone can get involved.

The Basics

Online platforms (such as **GrowthFunders**) enable new online angel investors to invest into businesses with high growth potential from as little as **£100!**

Investing means that you are purchasing shares in the start up business, thereby becoming a shareholder.



Each individual will have different reasons for wanting to invest:-

- **To support a friend or family member's business venture**
- **Support the next next generation of great British businesses and their entrepreneurially-minded owners**
- **The opportunity to generate a significant return on investments**

The Benefits

GrowthFunders serve to formalise the process, thereby ensuring that your rights as the investor are protected and you won't be **"swallowed up"** by larger investors.

The early stage investment marketplace is one of the best performing asset classes, if you do so **"properly"**.

One of the main benefits of investing through GrowthFunders is that it saves a lot of time.

Traditional forms of investing can be hugely time consuming for you as an investor, having to go through business plans, attending events, and listening to countless businesses pitching for investment.

Investing via an online platform means investors can look through the full pitch information (investor presentations, business plans, financial forecasts, etc.) at your leisure, and communicate via the forum or video calls if you require any additional information.

The Risks & Rewards

Investing in start up and early stage businesses can be one of the most rewarding investment strategies, when done correctly. However, it can also carry risks, which you should be aware of prior to making your investment decisions.

There are steps which you can take to mitigate risk, which you can read in the next section.

Some start ups can provide fantastic returns but you must also be aware that you could lose the money you put in and you should never invest more than you can afford to lose without having to alter your standard of living.

To find out more about the risks and rewards of equity crowdfunding, read our blog post.

Read our blog

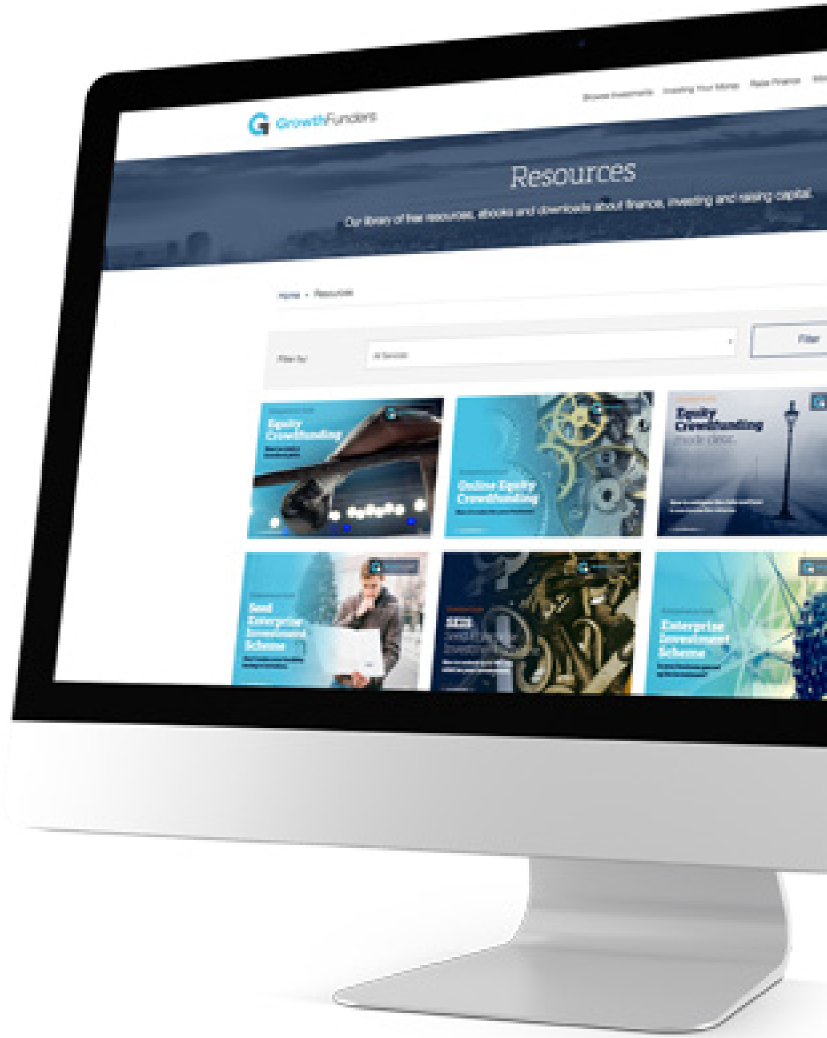
However, there are ways in which you can mitigate your investments:

1. **Invest in start up businesses** as part of a bigger diversified investment portfolio
2. **Take advantage** of tax efficient investment opportunities (SEIS & EIS) and receive up to 78% tax relief
3. **Carry out due diligence** on the team behind the start up business.
4. **Make multiple smaller investments.**
   Don't put all your eggs in one basket.
5. **Look for investments which offer early exit routes** to the investors in the form of a share buy-back.

Up to
78%
tax relief

Get Involved...

We hope we have made the often-confusing world of online investing as clear as possible, now that access to this asset class is no longer exclusive to high net worth individuals, it's your chance to get involved.



Join free today at **www.growthfunders.com**

Or get access to further tips and advice about angel investing by visiting our resource page.

Visit our resource page

Risk Warning / Disclaimer

This is an extract of the Risk Warning we provide to Investors. As an entrepreneur seeking investment it is important that you understand the risk profile of this type of investment. It is useful to take this into consideration when raising risk capital to grow your business. Investors are taking significant risks when investing in smaller private businesses, particularly if the business is a start-up or early stage company. The potential returns should therefore reflect the risk profile of your investment. Visit our blog for more information.

Investing money in unlisted companies (particularly startups and early stage businesses) can be very rewarding, however it also involves a number of risks.

The purpose of this risk warning is to ensure that you, as a potential investor, understand the risks involved. If you choose to invest through the GrowthFunders platform, there are five important considerations you need to understand and accept:

1. Loss of Capital
Startups, early stage and later stage may fail and if you invest in a business on the GrowthFunders platform, you accept that if a business fails you will lose all of your investment. You should not invest more money through the platform than you can afford to lose without having to alter your standard of living.

2. Liquidity
The investment opportunities on the GrowthFunders platform are private unlisted companies and will be of limited liquidity. Currently there is no secondary market for any investments made through the GrowthFunders platform. Investors in unlisted companies may normally expect to sell/realise their investment when and if the company floats on a publicly listed stock exchange, or is bought by another company, which often takes a number of years from initial investment.

3. Dividends
Unlisted companies, particularly startup and early stage businesses, rarely pay dividends. If they do pay dividends then the level will depend on the success of the investee company which may take some years to achieve, if at all. Companies have no obligation to pay shareholders dividends and generally investee companies will reinvest profits to grow and build shareholder value. This means that if you invest in an unlisted company through the platform, even if it is successful, you are unlikely to see any return of capital or profit until you are able to sell your shares in the investee company. Even for a successful company, this is unlikely to occur for a number of years from the time you make your investment.

4. Dilution
Any investment you make through the GrowthFunders platform may be subject to dilution. This means that if the company raises additional equity funding in the future, it will issue new shares to new investors and the percentage of the business you own will decline. Any new shares may also allow for certain preferential rights to dividends, sale proceeds and other matters. If such rights are exercised by new investors this may work to your disadvantage. If the investee company grants options (or similar rights to acquire shares) to connected employees, service providers or certain other parties/individuals then your investment may diluted as a result.

5. Diversification
Investing in unlisted companies (startups, early stage and established) should be done as part of a diversified investment portfolio. Not every type of investment will be appropriate for every investor. To spread and therefore alleviate risk you should invest smaller amounts in multiple businesses. Investing in unlisted companies, particularly startups and early stage, is a high risk/high reward investment strategy and you should invest the majority of your investment funds in safer, more liquid assets.

Disclaimer
By necessity, this eBook can only provide a short overview and you may wish to seek professional advice before applying the contents of this eBook. No responsibility can be taken for any loss arising from action taken, or refrained from, on the basis of this publication. Details correct at time of writing.

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