Don't invest unless you're prepared to lose all your money. These are high-risk investments and you are unlikely to be protected if something goes wrong. Take 2 mins to learn more here.

Sarah's EIS Journey

Background

Sarah, an operations manager at a growing software company, invested in several EIS funds 7–8 years ago. These investments were intended to provide tax relief and diversify her portfolio, but over time they became a small, overlooked part of her overall wealth strategy. Like many investors, Sarah assumed her EIS holdings were "set and forget".

The Challenge

Managing historic EIS investments outside of a consolidated platform proved frustrating for Sarah. Here are the key pain points she faced:

- Fragmented Communication: Each fund manager sent updates via email, often buried among hundreds of other messages, all with a separate portal. Important notices, such as exits or corporate actions, were easily missed.
- Lack of Visibility: Without a single dashboard, Sarah had no clear picture of her portfolio's performance and had to log in to multiple provider portals all with different log ins. She relied on outdated spreadsheets and occasional statements, making it difficult to track valuations or liquidity events.
- Missed Opportunities: Because she wasn't aware of an exit in one of her funds, £10,000 sat idle for months. This cash could have been reinvested to maintain tax efficiency and portfolio growth.
- Administrative Burden: Reconciling transactions across multiple providers was time-consuming and error prone. Sarah worried about compliance and whether she was still benefiting from EIS tax relief or if she needs to claim loss relief.

The Solution

Sarah transferred her historic EIS investments to the GrowthInvest platform, which transformed her experience:

- Full Transparency: A single, intuitive dashboard gave her granular visibility into every transaction and holding. Sarah was also able to access easy to understand reports on the sales, losses and negligible value and download all tax certificates alongside a tax report to provide to her accountant.
- Immediate Liquidity: GrowthInvest flagged the £10,000 sitting in an exited fund. Sarah moved it into her account instantly, reinvesting into new EIS opportunities.
- Tax Efficiency Maintained: By reinvesting promptly, Sarah continued to benefit from EIS tax relief on the new allocation.
- Peace of Mind: No more scattered emails or manual spreadsheets, Sarah was able to identify failed holdings and claim loss relief through the streamlined, digital solution that kept her informed and in control.

The Outcome

Sarah maximised her portfolio efficiency, accessed the reports and documents required for her accountant, unlocked dormant capital which she reinvested into another EIS, and regained confidence in her tax-efficient strategy, all through the help of GrowthInvest.

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Risk Summary (Equities)

Estimated reading time: 2 min

Risk Level: Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

1. You could lose all the money you invest

If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

2. You are unlikely to be protected if something goes wrong

The business offering this investment is not regulated by the FCA. Protection from the Financial Services Compensation Scheme (FSCS) only considers claims against failed regulated firms. Learn more about FSCS protection here.

Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection here.

3. You won't get your money back quickly

Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early. The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.

If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these.

4. Don't put all your eggs in one basket

Putting all your money into a single business or type of investment, for example, is risky. Spreading your money across different investments makes you less dependent on anyone to do well.

A good rule of thumb is not to invest more than 10% of your money in high-risk investments. Read more about it here or via the URL link https://www.fca.org.uk/investsmart/5-questions-ask-you-invest.

5. The value of your investment can be reduced

The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares. These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

More Information

If you are interested in learning more about how to protect yourself, visit the FCA's website here or via the URL link https://www.fca.org.uk/investsmart.

GrowthInvest Case Studies - EIS

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