

The British Innovation Fund

Investing in the Best of UK University Venturing

BRITISH INNOVATION FUND

EXECUTIVE SUMMARY



The British Innovation Fund (BIF) is an AIFMD-compliant patient capital venture capital fund investing in cutting edge spin-outs emanating from leading UK university research.

Key Areas of Specialty:

Agricultural
Technologies



Bio-
technology



Deep Tech



Life Sciences



Nano Tech



Alternative
Protein



The BIF is managed in partnership with **Milltrust International LLP** and **Milltrust Agricultural Investments**, and supported by an **Advisory team** of investment specialists and agricultural and scientific experts.

The BIF has been backed by some of the **leading local government pension schemes** in the United Kingdom



“Exploration is the engine that drives innovation. Innovation drives economic growth.”

- Edith Widder



A BRIEF HISTORY OF BRITISH INNOVATION



Sir Isaac Newton, PRS

25 December 1642 – 20 March 1726

English mathematician, physicist, astronomer, theologian, and author widely recognised as one of the most influential scientists of all time and as a key figure in the scientific revolution.



Edward Jenner, FRS FRCPE FLS

17 May 1749 – 26 January 1823

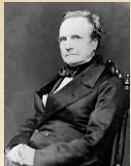
English physician who was a contributor to the development of the smallpox vaccine.



Michael Faraday, FRS

22 September 1791 – 25 August 1867

English scientist who contributed to the study of electromagnetism and electrochemistry. Main discoveries include the principles of underlying Electromagnetic induction, diamagnetism and electrolysis.



Charles Babbage, KH FRS

26 December 1791 – 18 October 1871

English polymath. A mathematician, philosopher, inventor and mechanical engineer, Babbage originated the concept of a digital programmable computer.



Charles Robert Darwin, FRS FRGS FLS FZS

12 February 1809 – 19 April 1882

English naturalist, geologist and biologist, best known for his contributions to the science of evolution.



Sir Alexander Fleming, FRS FRSE FRCS

6 August 1881 – 11 March 1955

Scottish biologist, physician, micro-biologist, and pharmacologist. Inventor of Penicillin.



John Logie Baird, FRSE

13 August 1888 – 14 June 1946

Scottish engineer and innovator. One of the inventors of the mechanical television.



John Adrian Shepherd-Barron, OBE

23 June 1925 – 15 May 2010

British inventor who led the team that installed the first ATM cash machine.



Stephen William Hawking

8 January 1942 – 14 March 2018

English theoretical physicist, cosmologist, and author who was director of research at the Centre for Theoretical Cosmology at the University of Cambridge.



Sir Timothy John Berners-Lee

8 June 1955 - Present

English engineer and computer scientist. Inventor of the World Wide Web.

Source: Wikipedia

MEET THE KEY MINDS BEHIND OUR PORTFOLIO



Partnering the UK's leading animal research institute to improve the food chain, enhance animal welfare and pioneer alternative proteins

Scott White, Founder & CEO of Pragmatic, invented and now mass-production of nano RFID communicators which track products through their life cycle



Andrew Shaw, Founder & CEO of Attomarker and Associate Professor of Physical Chemistry, University of Exeter, at the forefront of the UK's fight against COVID-19 with rapid antibody test

A world beating set of early stage investments from the top scientists at one of the world's greatest universities



Key statistics

4

UK universities in top 10 of global rankings (Oxford; Cambridge; UCL; and Imperial¹)

18

UK universities in top 100 of global rankings¹

4,052

Spin-out and staff start-ups created from universities in the UK²

Source: ¹QS World University Rankings 2020; and *Higher Education Business*;
²Community Interaction (HEBCI) surveys 2002/03 - 2017/18

THE KEY RATIONALE FOR THE BRITISH INNOVATION FUND (“BIF”)

UK universities struggle to raise capital to commercialise world class research versus US counterparts despite pioneering science and groundbreaking innovations

BIF provides capital to support early stage spin-out companies through investment via:

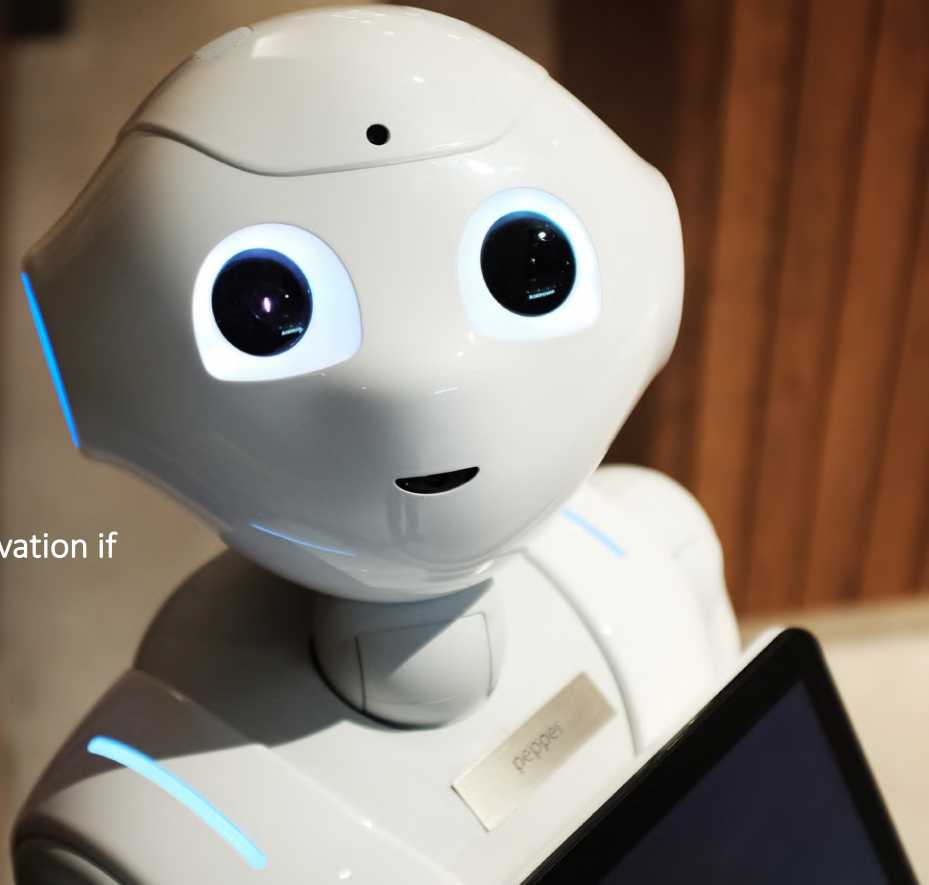
- University commercialisation companies and university incubators; or
- Directly into spin-outs.

Spin-outs must have a viable commercial business and generate revenue

Advanced ideas reside in academia – incubators search these out and come to us for acceleration funding once proven

“A dream will not become an innovation if there is no realization.”

- Ciputra



Milltrust is a UK and Singapore-based investment group founded in 2010 by an experienced team of institutional investors and focused on sustainable impact investing. The firm is regulated by the FCA (UK).



Milltrust is the provider and investment manager of a range of sustainable institutional investment solutions focused on **Global Emerging Markets, Agriculture Investments, Science, technology & innovation, and Climate Change investments.**

3,600+ Stocks held
across six continents

20 Industry awards

#1 Ranked
Global Emerging Markets
equity strategy

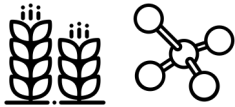
10,000+ Hectares of
diversified land
under cultivation

19 Investment manager
partnerships

Selection of
Recent Awards:



Milltrust Agricultural Investments (“MAI”) serves as the adviser to the **MAI Australia and New Zealand Buy & Lease Farmland Funds**, and to the **British Innovation Fund**



The Farmland funds are focused on **agricultural investments in the southern hemisphere**.

The funds aim to provide investors with an **income generating, inflation adjusted, long duration investment** that is **lowly correlated** with other asset classes

The British Innovation Fund (“BIF”) invests in **university commercialisation companies, incubators and spin-out companies** emanating from **UK universities**.

The fund has specific expertise within the areas of **agricultural technologies, biotechnology, nano tech, deep tech and life sciences**

The investment team has an average of **20 years’ investment management experience**.

The investment team is advised by **investment specialists and agricultural and scientific experts**.

Milltrust
mandated for
capital raising
and agricultural
acquisition
advice between
2011-2015



MAI founded in
2015, followed
by Australia and
New Zealand
farmland funds



Led to greater
focus on Agri-
science within
Milltrust and
MAI



Creation of BIF
in 2017; and
founding
investor in
Roslin
Technologies

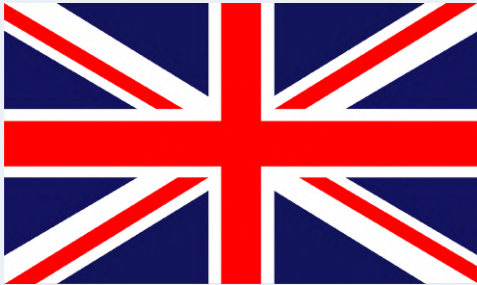
Recognition of wider opportunity to invest in science and technology
- British Innovation Fund created to pursue these opportunities

“The high number of research universities in the UK means it has a long history of scientific discoveries that have become commercial successes.”

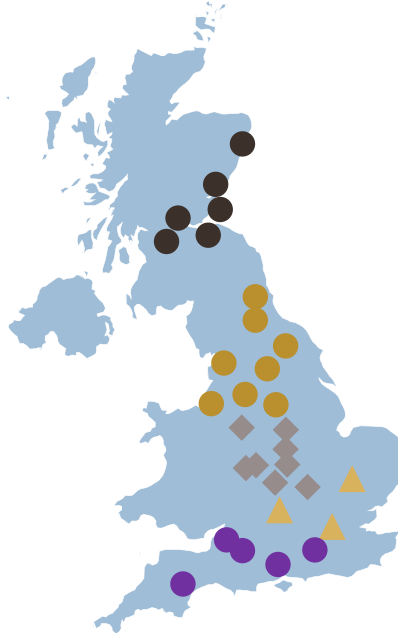
- Financial Times, 16 February 2020



- Scottish Universities
- N8 Research Partnership
- Midlands Innovation
- SETSquared Partnership
- ▲ Golden Triangle



UK University Clusters



Aberdeen, Dundee, Edinburgh, Glasgow, St Andrews & Stirling

Durham, Lancaster, Leeds, Liverpool, Manchester, Newcastle, Sheffield and York

Aston, Birmingham, Cranfield, Keele, Leicester, Loughborough, Nottingham and Warwick

Bath, Bristol, Exeter, Southampton and Surrey

Universities located in the cities of Cambridge, London and Oxford



Agricultural Technologies



Deep Tech



Biotechnology



Life Sciences



Nano-Technology



Alternative Protein



Incubators and University
Commercialisation
Companies ("UCCs")



University investment
networks



Investor network of angels
and VCs



Due Diligence:
Company visits,
research reports and
proprietary models.



Characteristics:
Targeted investment rounds: Seed; Series A & B
Target IRR of 20%,
including dividend
payments from portfolio
companies and significant
capital appreciation
Exit strategy: 5-8 years via
trade sale; sale to private
equity; or IPO

Research Output:
Identification of investment
case, valuations, and risks.



Impact Assessment
and alignment with
UN Sustainable
Development Goals



**Quarterly Investment
Advisory Committee
(IAC) Meetings:**

Presentation by short-listed companies to the IAC's industry specialists and other participating advisers. All investment proposals require final sign-off by the IAC

Investment Proposals:
Investment proposals and due diligence reports are submitted to the investment manager for further review, in consultation with the AIFM and the fund's Board of Directors, allowing numerous checks and balances throughout the investment process

**Portfolio and Risk
Management:**
Carried out on an ongoing basis by the investment manager and formally reviewed during the fund's quarterly Board meetings



**BIF Funding Post-
Initial Investment:**
Either supported by the BIF and / or marketed to our network of similar VC investors

“Venture capital funding for UK tech firms reached £10.1bn in 2019, rising 44 per cent year on year and breaking the all-time high set two years earlier.”

- City A.M., 15 January 2020

Top 10 Holdings¹

- #1 Attomarker
- #2 Pragmatic Printing
- #3 Evox Therapeutics²
- #4 Osler Diagnostics²
- #5 Oxford Nanoimaging²
- #6 Vaccitech²
- #7 Diffblue²
- #8 Ultromics²
- #9 YASA Motors²
- #10 Oxmet Technologies²

Note: ¹Ranked by value (31-Dec 2019); and ²Indirect holding through OSI

Direct Investments

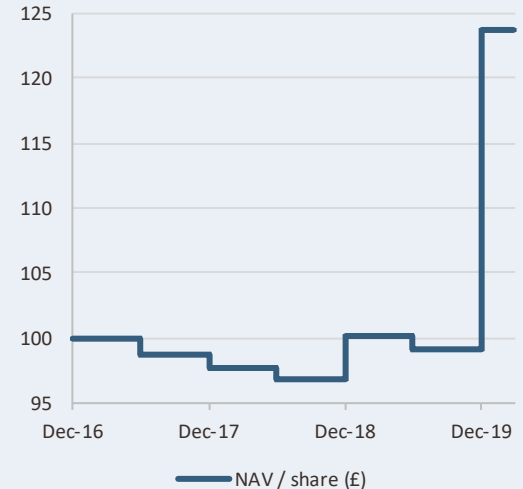
UCCs and Incubators:

		5 business units
		78 spin-outs

Spin-outs:

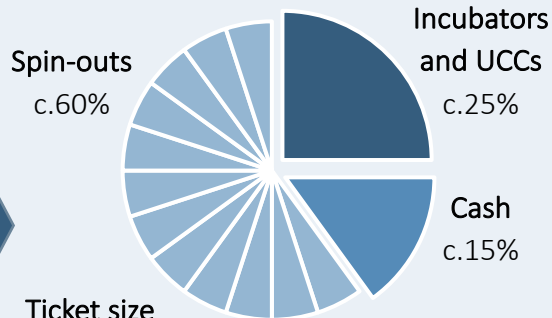
Performance to Date³



Source: ²OSI unaudited accounts as at 31 December 2019; and ³MUFG (BIF fund administrator)

Current Investments

- Current portfolio reflects current investor requirements
- £5m-£20m investment augments construction of targeted portfolio weighting of:
 - **c.60%** spin-outs, spread across 10-20 investments;
 - **c.25%** UCCs and incubators; and
 - **c.15%** cash for fund costs and follow on investment



Ticket size

Incubators	c.£2.0m per project
UCCs	Up to £2.0m
Initial spin-out	£1.0m-£2.5m
Follow-on	£2.5m-£4.0m

Customised Client Portfolio

- £20m+ institutional investment can be structured as bespoke stand-alone investment vehicle
- Opportunity to develop pro-forma portfolio to reflect institution's preferred sector and investment weighting

Bio-tech



- Surrey University spin-out
- Founder has 2017 **Women-in-Innovation** award
- **Patented device** accurately measures radiation levels in-body during radiation therapy, **reducing patient damage**
- Close to regulatory approval
- Due for commercialisation in late 2020 with **hospitals signed-up**
- Other uses beyond healthcare

Agri-tech



- Oxford University spin-out
- Agriculture technology company working to revolutionise the market for **animal feed protein**
- Developing cutting-edge growing systems to grow a **soybean meal replacement crop**
- Technology builds upon recent progress in vertical farming and horticulture systems, allowing **efficient, reliable production**

Life Sciences



- Edinburgh University spin-out
- **Patented technology** to develop protein to coat filter of dialysis machines
- Substantially **reduces risk of inflammatory response** in dialysis patients
- Straightforward to incorporate into existing filter production
- **Positive conversations** with existing filter manufacturers

Selected opportunities from exciting pipeline of near-term investment prospects

Longer Term Pipeline Construction

- BIF team visits and maintains regular contact with university teams and attends network events throughout the year
- Universities have longer term pipeline of potential spin-outs with funding rounds anticipated in 6-24 months
- BIF team observes these opportunities and monitors their progress to ensure investment in highest quality and best performing spin-outs

- Universities visited / contacted in Q120 include:



Impact of KEF

- Knowledge Exchange Framework (“KEF”) being implemented in 2020 – IP generation and commercialisation now assessed in allocation of university funding
- Led to significant recent investment by universities into commercialisation teams and development of spin-outs
- From our recent university conversations, we expect a number of high-class investment opportunities in next 6-18 months

CONCLUSION

WHY INVEST WITH US

Opportunity to invest in a diversified portfolio of exciting, entrepreneurial businesses with huge growth potential

Ability to support companies formed from world-class UK university research focusing on sustainability, agri-science, technology and health improvement

Strong pipeline of spin-outs currently looking for investment

Target IRR of 20% with 5-8 year exit strategy

Experienced investment team alongside highly knowledgeable, independent advisory committee

“Milltrust’s investment thesis, since establishment in 2010, has been built around sustainable investment and safeguarding the environment”

Simon Hopkins, CEO & Founder, Milltrust International Group

APPENDIX A

WHY SPIN-OUTS

Five year survival rates:

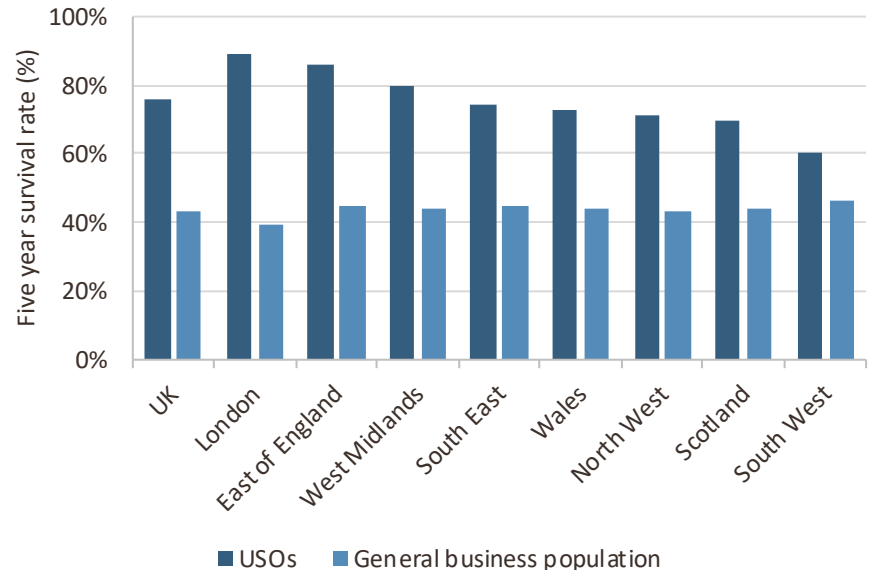
43% for general population of new enterprises in the UK versus 76% for university spin-outs¹

USO² survival rate data differs³, but remains ahead of the ONS survival rate for the general business population:

- Spinouts UK – 60%
- USO database – 61%
- Gateway to Research – 75%
- Beauhurst – 88%

Note: ¹Office for National Statistics; ²USO = University spin-out ; and ³Overall survival rates for USOs, incorporated up to 2015.

Spin-outs significantly outperform the broader start-up universe



Source: 'Developing University Spinouts in the UK': Technical Note for Research England, July 2019

Note: USOs incorporated in 2014, General business population incorporated in 2012



Griff Williams, CFA
CEO & CIO, Milltrust
Agricultural Investments

- Primarily responsible for advising Milltrust International, the investment manager, on the British Innovation Fund and the MAI Buy & Lease Funds
- Previously Head of Europe and interim CEO at Itaú Asset Management in London



Simon Hopkins, LLB
CEO & Founder, Milltrust
International Group

- Senior figure in the investment management industry for more than three decades
- Founded Fortune Group, a multi asset class advisory firm which was sold to Close Brothers Group plc in 2006, following senior roles at UBS, HSBC and Nomura



Alexander Kalis, MA
Managing Partner,
Milltrust International LLP

- Portfolio Manager for the British Innovation Fund and MAI Buy & Lease Funds
- Over two decades of experience at top-tier asset management firms including Edmond de Rothschild Asset Management and Santander Asset Management



Guy Pengelley, ACA
Investment Director,
British Innovation Fund

- Primarily responsible for developing the British Innovation Fund
- Previously worked in corporate finance at Peel Hunt, having completed the ACA qualification at Deloitte within Financial Advisory



Mark Ebert, CPA

Ag-Science Advisor

- Senior figure in the investment world with over 30 years' experience managing investment banking, equity brokerage, private equity and asset management businesses
- Currently completing a PhD at the Royal Agricultural University
- Most recently Chairman of the Fortune Group in London having previously been Global Head of M&A at UBS, co-Head of Panmure Gordon where he founded private equity firm Lyceum Capital and Head of Investment Banking at Lombard Odier



Dr Kenny Tang, CFA

Deep Tech Advisor

- Founder and CEO of Oxbridge Climate Capital, an investment and advisory house and thought leader in the environmental, low carbon, clean tech and climate change spaces
- Author of several books, including “Taking Research to Market: How to Build and Invest in Successful University Spin-outs”
- Earned his doctorate on International Business Strategy at Cambridge Judge Business School and subsequently a Masters from Oxford
- Christened “The Al Gore of Business” by Merrill Lynch Asia Pacific

Griff Williams and Simon Hopkins are also IAC members
Discussions are currently progressing in relation to the addition of further experts to the IAC

APPENDIX D

FUND INFORMATION

Platform: Milltrust International
Managed Investments ICAV

Domicile: Dublin, Ireland

Regulatory regime: QIAIF

AIFM: KB Associates

Investment Manager: Milltrust
International LLP

Investment Adviser: Milltrust
Agricultural Investments Ltd

Administrator: MUFG Alternative
Fund Services (Ireland) Ltd

Custodian: Mitsubishi UFJ Investor
Services & Banking (Lux)

Auditor: KPMG

Legal: William Fry

Fund Terms

Structure:	Open-ended Investment Company
Inception date:	25 November 2016
Currency:	GBP
Management fee:	2%
Performance fee:	20% over hurdle rate
Hurdle rate:	8%
Subscription terms:	10 years; and two trading days annually
Investor types:	For Professional & Accredited investors only; Registered for distribution in UK & Ireland
Reporting:	Bi-annual NAV calculation; quarterly portfolio commentary



Key shareholders

The University of Edinburgh

British Innovation Fund

JB Equity

Funding rounds

April 2017: £10 million Seed round

May 2019: £10 million second
tranche of Seed round

2020: Proposed £50m funding round



Roslin Technologies - Overview

- World-leading Animal Bioscience Research company established as the commercialisation arm of the renowned Roslin Institute and University of Edinburgh's Royal (Dick) School of Veterinary Studies
- Exists to deliver breakthrough commercial solutions in the Animal Health, Breeding/Genetics and Animal Nutrition space
- Offers opportunities for investors looking to capitalise on the growing demand for food and agricultural products
- No spin-outs currently; once key projects are more progressed the intention is to spin these out as individual companies
- BIF instrumental in setting up Roslin Technologies – both in advising on the project and investing as a founding shareholder

Now generating revenues of >£1m (FY19) across various projects,
with significant growth forecast

Source: Roslin Technologies management information as at 31 December 2019



Early-Stage Projects

DestiNa JV

Insect Project

Shrimp Project

Trout Project

New projects and opportunities are constantly assessed for viability – at present, there are almost 30 such prospects being looked at



Overview of Business Units

Roslin Pigs: Pathogen free facility to produce both Gene Edited and non-Gene Edited animals for animal modelling and for breeding

Frozen Aviary: Allows the extraction, cryopreservation and faithful recovery of male and female primordial cells for avian species

Animal Cells: Focused on the development of induced pluripotent stem cells (iPSCs), which have numerous applications across medicine

Eggcellent proteins: Develops four separate categories of purified proteins (protected by IP) for use in animal and human research

E-Coli Vaccination: Progressing the commercial development of an E. coli vaccination for cattle to prevent life-threatening illnesses

Source: Roslin Technologies management information as at 31 December 2019



Key Shareholders

Lansdowne Partners (UK) LLP

IP Group plc

Invesco Asset Management

Braavos Capital

OUEM

University of Oxford

The Wellcome Trust

Sequoia Heritage

Temasek

The British Innovation Fund

Oxford Sciences Innovation (“OSI”)

- Commercialisation partner of Oxford University
- Significant stake in every qualifying spin-out company emanating from any of the university science departments
- Current portfolio has grown to almost 80 spin-out companies since operations began in 2015, from seven at seed investment
- OSI has raised more than £600m from a diverse group brought together by a commitment to build thriving science and technology companies from Oxford
- First successful company exit in 2019 (Latent Logic acquired by Waymo, Google’s self-driving unit)
- A number of portfolio company B and C rounds planned for 2020

Portfolio developed from eight investments in 2015 to 78 at the end of 2019

Source: OSI management information as at 31 December 2019



Key Investment Segments

Deep Tech
Digital Health
Life Sciences
Software and AI



Selected OSI Spin-Outs

Evox Therapeutics

Biotechnology company focused on harnessing and engineering the natural delivery capabilities of exosomes to develop an entirely novel class of biotherapeutics

Osler Diagnostics

Creator of a portable device which can test a range of disease biomarkers in 10-15 minutes as accurately as a laboratory test

Oxford Nanoimaging

Commercialising the Nanoimager, a portable super resolution microscope, ONI now has customers using its products in leading laboratories across the globe

Vaccitech

Breakthrough vaccine delivery platform has proven in patient results developed by the world's top vaccine specialists. Pipeline of vaccines include universal influenza and prostate cancer

Source: OSI management information as at 31 December 2019



Key investment segments

Deep Tech
Digital Health
Life Sciences
Software and AI



Selected OSI Spin-Outs

Diffblue

Software creator using AI to write tests to catch errors and protect from regressions and bugs. Customers include Goldman Sachs and Amazon Web Services

YASA Motors

Supplies custom and off-the-shelf e-motors and controllers to automotive customers based on a unique patented motor technology

Ultromics

World's first outcomes-driven, AI-based ultrasonic diagnostic support solution for coronary artery disease. Partnerships with leading cardiology clinical centres in the US and the NHS

Oxmet Technologies

Develops, licenses, and manufactures proprietary alloys, alloy powders and alloy components for the aerospace, automotive, industrial and biomedical markets

Source: OSI management information as at 31 December 2019



Key Shareholders

University of Exeter

The British Innovation Fund

Merlin Investors (Individuals)

Funding rounds

June 2017: £0.5 million seeding

October 2017: £2.5 million Series A

2020: Proposed extended Series A for additional £5 million



Attomarker

- A spin-out from the University of Exeter, Attomarker has developed a small, simple-to-use blood testing device able to perform blood tests from a single pin-prick of blood, with results in c.5 minutes
- Multi-patented technology collects the blood sample on a disposable credit-card sized chip which slots into a mobile device, docked to an iPhone. The iPhone camera visualises the blood tests which are then interpreted by the iPhone.
- The device represents a major advance in global healthcare management, delivering mobile, low cost, fast and accurate results
- Short-listed as one of the top four global contenders for the prestigious Longitude Prize

At the forefront of the UK's fight against COVID-19 with rapid antibody test

Source: Attomarker management information as at 31 December 2019



Key Shareholders

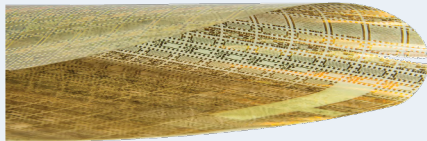
Cambridge Innovation Capital
ARM Technology Investments
Avery Dennison
The British Innovation Fund

Funding rounds

January 2015: £5.4 million Venture round

October 2016: £18 million Venture round

January 2019: £13.2 million funding round



PragmatIC Printing

- A spin-out from the University of Cambridge, PragmatIC Printing provides a unique technology platform to create innovative, ultra-low cost flexible integrated circuits (“FlexICs”)
- Delivers FlexICs which are thinner than a human hair and can be easily embedded into everyday objects
- FlexICs enable the potential for trillions of smart objects that can engage with consumers and their environments
- Several exciting projects planned for 2020, including scale-ups of existing projects with the NHS and UK Government and additional commercial trials with large consumer brands
- Proposed 2020 funding round has support of major shareholders

Rights issue in January 2019 completed at a 42% premium to the BIF's in-price

Source: Pragmatic management information as at 31 December 2019

For additional information please contact us:

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