



Generous fund for the future

By Margaret O'Brien

Davy, in association with BDO, has launched the Davy EII Tax Relief Fund. This is the 20th fund over the past 17 years to be raised by BES Management. The joint venture company set up by Davy and BDO is now the longest established BES/EII fund manager in Ireland.

The Employment and Investment Incentive Scheme (EII) replaced the Business Expansion Scheme (BES) in the 2011 Finance Act. "By investing in the Davy EII Tax Relief Fund 2012, investors can avail of an income tax deduction, offering up to 41 per cent tax relief," said Sinead Heaney, partner with BDO and managing director of BES Management.

"Furthermore, the EII scheme is one of the few sources of all income tax relief [including rental income and deposit income], and investors

in the Davy EII Tax Relief Fund 2012 can avail of income tax relief of up to €150,000 for the year ending December 31, 2012 or December 31, 2013," she said.

"The Davy EII Tax Relief Funds follow a defined investment strategy by investing in a range of established companies across a number of industry sectors, which spreads the risk and provides a more balanced portfolio. Furthermore, the Davy EII funds are managed and the investments monitored in a 'hands-on' way by a full-time and experienced management team, an approach that appeals to both companies and investors alike."

Companies can raise up to €10 million under the scheme and the amount that can be raised in any 12-month period is €2.5 million. "Following the introduction of the scheme last year, its wider remit and increased investment limits have resulted in an increase in the number of SMEs looking to EII funding as a means to finance their growth strategies.

However, because EII investments have a three-year investment term (as opposed to five years, as was the case with BES), the EII scheme tends to favour later-stage companies. "This makes an investment in the Davy EII Tax Relief Fund more attractive from an investor's perspective.

"Furthermore, as a result of both the changes to the scheme and the continuing difficult banking environment, we have noted a significant increase in the number of mid-sized and well-established businesses seeking EII funding – such funding is assisting them to finance their export growth opportunities," she said.

Heaney said that investment in a fund was an attractive proposition for investors. "Over the last 17 years, BES Management has invested €129 million in over 144 companies, including well-known companies like Irish Breeze, Green Farm Foods and Helix Health.

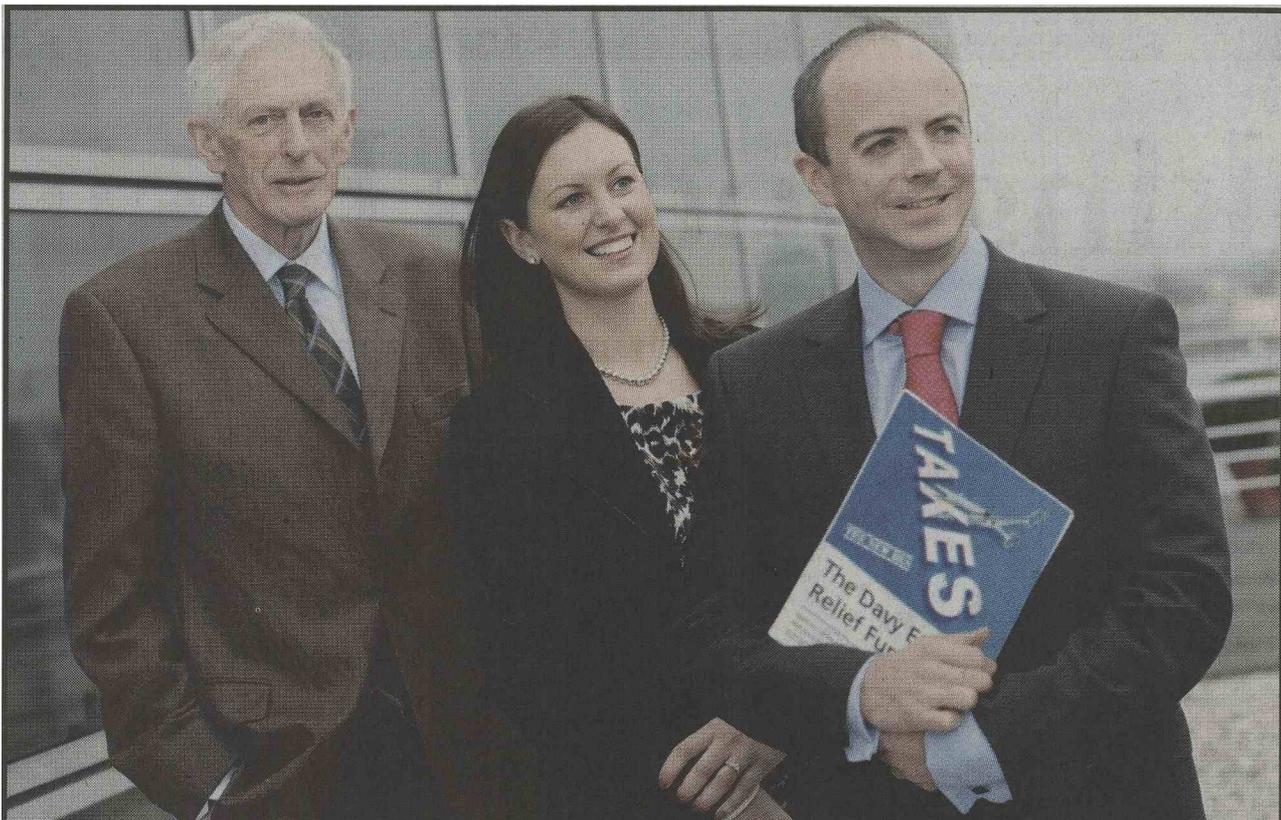
"You reduce your risk exposure by investing in a managed

fund because your investment is spread over a portfolio of strong and performing companies. Our focus is on established, indigenous Irish companies with future growth potential – and we will invest across a range of industries which will reduce exposure to any one sector," she said.

"Over the coming weeks we will be targeting companies to assess their suitability for funding, and would encourage any companies meeting the qualifying criteria to consider the benefits that equity funding of this nature could bring to their business."

Richard Kinsella, director, Davy Private Clients, said: "The new scheme offers eligible investors an attractive tax relief of up to 41 per cent. In addition, The Davy EII Tax Relief Fund offers investors the opportunity to invest in a managed and diversified fund."

For further details contact BDO on 01-4700455 or visit www.bes.ie



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