

Seismic Venture Partners - Income Disburse Fund

Opportunity – The Seismic Disburse Fund (The “Fund”)

Seismic Venture Partners is pleased to introduce a new investment opportunity aligned to the growing “Litigation Funding” market, focused on litigation disbursements. With capital ultimately underwritten by a panel of insurers, the Fund will yield 5.75% p.a. and offer investors an opportunity to diversify their investment portfolios into an uncorrelated asset class.

Disbursements within Litigation Funding

Disbursements are the costs, other than lawyers’ fees, that can arise during a legal case. A good example would be the fees payable to an expert witness.

Seeking legal redress for financial loss is beyond the means of a large section of society and most law firms do not have the borrowing capacity, or cash reserves, to fund disbursements, particularly as they are often taking on cases on a contingent fee basis so are already funding their own working capital requirements.

Investment Strategy

We will partner with FCA regulated Newley Financial Services Ltd (“Newley”), a provider of consumer credit for disbursement funding to claimants. Newley will source cases through its panel of law firms. It is planned that this panel will initially have the capacity to source 150, or more, new cases per month.

The Fund finances the insurable disbursement fees, (not legal fees) for the whole case. Insurance further covers both the capital deployed, and the 5.75% return on all cases lost. The Fund Manager makes loans against a range of criteria that provide both the returns to investors and required liquidity levels.

Each £1 million raised will allow around 50 new cases to be assessed and funded if they meet the criteria. The Fund will target cases with average disbursement costs of £20,000 and an estimated average duration of 18 to 24 months.

Risk Profile and Management

All disbursements funded will be fully underwritten by an insurance policy, in order to ensure that the security of the capital sum and return is maintained whether the litigant’s case is won or lost. Notwithstanding this capital protection, the ability for the fund to achieve the return of 5.75% is through making loans only within a stringent risk management process. A combination of judicious selection of best-suited underwriter, case-type and manager and case metrics will provide the return to investors. The Disbursement Lender (Newley) will actively select and manage their panel of law firms and provide ongoing due diligence on the market to track trends and the best combination of prevailing case demand.

By only funding disbursements, the fund exposes itself to less risk and gives a greater incentive to lawyers to win their cases, thereby aligning the interests of all involved. Consequently, the returns will be more predictable than funding a small number of large cases.

Capital invested remains at risk in the event of insurer default.

Structure

The Fund is a non-UCIS, Alternative Investment Fund (AIF), the Manager is Seismic Venture Partners. The investment is into a single company that issues fixed rate loan notes to investors; The minimum investment period is three years.



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Capacity in Litigation Funding

The civil litigation funding market is currently served by only a small number of litigation funds and they predominantly provide whole-case finance rather than just the disbursement costs. The weakness of this approach is that the lawyers in these cases get paid whether or not they win.

By combining disbursement funding with contingent-fee legal services, the fund will have access to an estimated 3,000 new cases each month in the UK, from which (depending on funds available) it will select some 150 cases.

The market leader in disbursement funding has capped their exposure, leaving unfunded capacity for experienced entrants.

Key Terms and Partners

Issue Size	An initial £10 million in 2019	
Status	Alternative Investment Fund (non-UCIS)	
Securities	Fixed rate debt securities	
Case Underwriter	Panel of Insurers	
Case Proceeds Underwritten	5.75% p.a. (for lost cases)	
Fixed Return	5.75% p.a.	
Fee Cashback	Available	
Payments Terms	Paid bi-annually in arrears, following a first-year roll up	
Investment Term	3-year minimum term, rolling term thereafter	
Listing	Unlisted securities	
Liquidity	Early redemption subject to Manager's discretion and liquidity	
Initial Closing Date	1 June 2019, monthly thereafter	
Fund Manager	Seismic Venture Partners Ltd	
First Disbursement Lender	Newley Financial Services Ltd	
Case Providers	Panel of Case Providers	
Custodian, Receiving Agent & Security Trustee	Woodside Corporate Services Ltd	
Legal Adviser	R W Bleas LLP	
Website	www.seismic.vc	
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Risk Warning

Invested capital is at risk. The value of your investment and the income derived from it can go down as well as up, and you may not get back the money you invested. You should regard your investment as medium to long term. Past performance is not a reliable guide to future performance and returns cannot be guaranteed.



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