

FIN(4)FW038  
Finance Wales Inquiry  
Response from Clarkslegal LLP

On behalf of Clarkslegal LLP, we have experience of working with Finance Wales and also xenos through our Forbury Investment Network.

Our opinion is that Finance Wales has performed well in terms of economic impact and in making equity investment more accessible for SMEs in Wales. This is demonstrated by the increasing number of investments Finance Wales has made in recent years.

We believe, however, that Finance Wales holds a dominant position in the Welsh investment community and increased competition, through more venture capitalists having a physical presence in Wales, would be helpful. Accessing London-based investors from Wales is difficult.

As long as Finance Wales is maintaining a profitable return then it represents good value for money for the Welsh Government. Finance Wales must be commercially focused, looking to make maximum returns from commercially viable businesses. This is because the businesses they invest in create local jobs and if they are not commercially viable these jobs will be lost. Profitable returns for Finance Wales also demonstrates to the public that they are investing public funds wisely.

Finance Wales' ownership of xenos is also highly beneficial to SMEs in Wales. Business angels are difficult to find for small businesses and so the model of business angel networks is particularly valuable. Xenos gives businesses and business angels in Wales opportunities to interact that they wouldn't have otherwise. We understand that the support from Finance Wales to xenos reduces the costs xenos passes on to its members. An independent xenos that needs to increase membership fees may prove prohibitive to the SME and business angel communities in Wales. Xenos also provides a fluid dealflow of growing businesses for Finance Wales to consider further investment rounds.

We do not have first-hand experience of the remaining areas this review is analysing so cannot comment on these.

Kind regards

Matthew

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Clarkslegal LLP