

Social Impact Report

31 March 2020



NEL Fund Managers is an employee owned fund management company, specialising in achieving blended returns and positive impact for our investors. The place-based economic generation funds that we have managed for over 30 years have varied in geography and although our main focus has been on the North East of England, we have partnered to invest funds across the UK. We have applied our fund management experience and expertise to areas as far reaching as the UAE.

Since NEL was founded in 1989, we have managed 13 investment funds with a combined value of over £95m.

We are currently responsible for managing the North East Small Loan Fund and the North East Growth Capital Fund which are supported by the European Regional Development Fund; both have a mission to increase

economic prosperity and environmental sustainability.

Strengthening our
local economy
by accelerating
the **potential**
of ambitious
North East
businesses.

We are actively seeking funding applications from businesses who apply innovative thinking to solve some of the

Region's main issues. The North East Local Enterprise Partnership recognises the major focus areas such as business growth and innovation as well as skills, employment, inclusion and progression.

This fits perfectly with NEL's drive to invest in ambitious, forward thinking businesses who can not only create opportunities for employment but create opportunities for better and higher paid positions in order to keep North East talent in the Region where they can contribute to the prosperity and economic health of the area.

In addition to the impact goals mentioned above, we are also looking to speak to businesses who have the ability to provide solutions to local and global environmental problems, and those innovatively working to provide solutions to the healthcare system.



Welcome to NEL Fund Managers' Social Impact 2020



Thank you for reading our 2020 Impact Report

The year so far had been a difficult one for all businesses as they adapt to a new way of working in response to the challenges presented by the Covid-19 pandemic. I would like to start by commending the businesses we work with for the resilience and creativity they have demonstrated to overcome these testing times.

Businesses all over the world have had to adapt in order to survive but what remains important is the need for businesses to continue to operate ethically and stay true to their overall mission. I am very proud to say that the NEL team's commitment to our mission has presented us the privilege of supporting our many portfolio businesses, investors and stakeholders in a way we hadn't thought necessary a few months back.

As impact investors we have continued our focus on strengthening the economy and supporting job creation by investing in and nurturing the growth of some

fantastic businesses. Our growing portfolio of businesses is blazing a trail and is an excellent representation of the ambition and drive necessary to emerge stronger from the impacts of this pandemic.

Through our two current funds under management, the North East Small Loan Fund and North East Growth Capital Fund, we are now looking to invest in yet more businesses who we can work with to help maintain the momentum of positive impact. Our focus this coming year will be on helping to rebuild our economy and invest in businesses that are creating opportunities for employment, supporting a healthier, safer and more resilient community, fostering innovation and creating a cleaner and greener place for us all to live.

If you would like to access investment funding to support the growth of your business, we would always welcome a conversation.

Yvonne Gale - Chief Executive's Statement

Within the year ending 31st March 2020

£76.1k

Average Investment
Size

125+

Job
Created

35+

Companies aim to
create new products

NEL invests its current funds with an overall goal of creating economic prosperity for the region. We do this by investing in a wide range of eligible sectors. We promote innovation by supporting the creation and implementation of new products, as well as investing in the growth of businesses which have the potential to create better jobs within the North East. County Durham, a transitional area, has in the past year received 22% of our total funds invested, and the investments made across the whole region have unlocked a further £2m of private fund leverage.

25+

Different Sectors
Supported

22%

Of investments are
in County Durham

(a transitional area)

£2m+

Funds
Levered



Current Investing Funds

A successful boutique bike brand run by a North East father and son team is hitting the road after securing its second investment from regional fund management firm NEL Fund Managers.

Ian and Trevor Hughes launched their first custom-built bike under the Vielo Sports brand in 2018 after securing a £250,000 Finance For Business North East Growth Fund investment through NEL two years earlier.

Having enjoyed significant success with the Vielo V+1 carbon-framed off-road gravel bike, the Gateshead-based firm is using a £50,000 investment from the North East Small Loan Fund (supported by the European Regional Development Fund) that NEL now manages to support the launch of its new R+1 road bike.

Two new North East jobs are being created through the launch of the carbon-framed R+1, which optimises the frame design around a unique 1x gearing system to provide significantly improved performance for the serious leisure rider.

Ian and Trevor Hughes have more than two decades' experience of working with leading British and European cycling brands, including bringing the Swiss-based Scott brand to the UK and acting as UK distributor for German road brand Lightweight Wheels.

Trevor Hughes says: "Vielo's are aimed at third or fourth-time buyers who know what they want out of a bike, and who value the type of high-end design, materials and detailing that goes into our products.

"The response to the V+1 has been extremely positive, with strong sales across the UK and Europe, and a growing market

in the US, and we're very confident that the R+1 is going to appeal to our target audience just as much.

"The R+1 has been specifically designed to turn heads among serious leisure cyclists, a community which is notoriously tough to impress, and the fantastic feedback we've had on it so far suggests we've done what we set out to do.

"We've had a really good relationship with the NEL team over the last few years, with the mentoring we've had around different parts of our commercial operations being especially valuable, and they were our first choice when it came to looking for an investor in our latest plans."

Case Study - Vielo Sports Limited

The Gosforth-based firm has worked on a wide range of projects across the UK and overseas and was recently called in to install the 90,000 litre water tank at the new Nightingale Hospital in Sunderland.

GWSS worked with regional fund management firm NEL Fund Managers to bring in the £30,000 investment, which will be used to help the business scale up and increase its capacity to take on more and bigger projects.

It will also assist with bringing in new equipment and implementing safety training for the new team members that will be recruited as the business grows, the first of whom is already now in post.

(Due to COVID-19, we have had to socially distance these vans for their photograph)



The business was founded in 2014 by experienced engineer Steven Walters, who has worked on major water tank projects as far afield as Tanzania, Qatar, Kazakhstan and the Falkland Islands. It predominantly works across the North East and North West but is looking to build its presence in Scotland as part of its expansion.

Steve Walters says: “We’ve grown steadily over the last five years and have built a healthy industry reputation for the professionalism of our team and the quality of the work that we do.

“The one million litre tank that we installed took a month to put in place and involved thousands of rivets being sealed, but we managed to get the job done without it springing a single leak.

“Our plan to work directly with more clients on bigger projects, rather than as a sub-contractor as we often do now, means having additional equipment and staff resources in place to ensure we can fulfil their requirements.

“We know that, even in the present challenging climate, there are still a lot of project opportunities out there and we’re confident that we’ll be able to keep growing the business as we’d planned.

“The investment option offered by NEL suited our business model and the team made the process of applying for it very straightforward.”

Mike Guellard, investment executive at NEL Fund Managers, adds: “GWSS has built an impressive track record in a very demanding and specialised sector and now has the resources in place it needs for the next stages of its growth plans.”

Case Study - GWSS Limited



District V opened in April last year in 700 sq ft premises at the Whitehouse Farm Business Centre near Morpeth, primarily to provide somewhere for a small number of residents of the nearby St Mary's Park in Stannington to exercise and keep fit.

The facility's 'functional fitness' training style quickly attracted dozens of members, with clients travelling from as far away as Ponteland and Throckley to attend classes – and now, to capitalise on the additional demand, District V has moved into neighbouring premises at Whitehouse Farm that are more than double the size.

The directors worked with regional fund management firm NEL Fund Managers to secure a £15,000 investment to support the move.

This additional investment has also allowed them to bring a range of new equipment into the gym, including new rowing machines, free-weights, dumbbells and a custom-built exercise rig, and they are now aiming to grow the gym's membership through the new year and beyond.

The gym currently offers more than 20 classes a week that include no more than twelve people at a time and has four fully qualified coaches on hand to run and supervise them.

Bastian White, one of District V's four directors, says: "We really only set up the gym for ourselves and a few friends and neighbours, and it's been great to see the number of users growing over the last few months, essentially just through word of mouth.

"We try to provide a friendly, welcoming atmosphere that encourages people to keep coming back and this close-knit environment will remain central to what we do in the new premises.



"Functional fitness is all about helping people live healthy and active everyday lives. It's an approach that's scalable to every age and ability, and the feedback we've had from users about the impact it's had on them has been terrific.

"Whitehouse Farm is an easily accessible location that gives us plenty of space for all sorts of different activities, inside and out. Moving into the bigger unit will allow us to welcome even more people along to try out what we have to offer.

"The NEL investment team were really friendly and helpful, the investment options they provided fit well with what we needed and we couldn't recommend them enough."



Case Study - District V Limited

NEL Fund Managers Limited

Employee Owned Trust since 2016

As NEL Fund Managers is an employee owned fund management company, our 16-strong team are even more committed to the success of the business and have more control over its future direction.

Within the period, two members of the NEL team took on additional responsibilities as Directors of our NEL Employee Owned Trust Board. Jane Heneghan, Finance and HR Coordinator, and Mike Guellard, Investment Executive, both chose to join the board. Their contributions are already having a tangible effect.

During the year, we also welcomed two new members to the team to further support the successful delivery of NEL's funds under management. Karen Bestry joined us in September 2019 as Portfolio Executive and Sam Clark joined us in November 2019 as Administrative Assistant.



About Us

Within our community we...

Welcomed Work Experience Students

Participated in Business Ethics Initiatives

Hosted Free Pilates Classes

Gave blood

Sat on Advisory panels

Volunteered at Scouts, Cricket & Rugby Clubs

Raised money for charity through...

The Whitley Womens Choir

Monthly Donations





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