



Former Hotbed directors launch new investment venture

Two of the co-founders of the UK's leading private investor syndicate have drawn on their combined decades of experience in the industry to launch Connection Capital, a new private client investment business that will allow individuals to build a broad portfolio of direct private equity investments.

Connection Capital has been formed by Claire Madden and Bernard Dale, the former Head of Client Services and Head of Private Equity respectively at Hotbed. Connection Capital aims to remove the barriers of time, effort and expertise that often prohibit individuals from investing directly in private companies by providing a fully managed service whereby clients invest as part of an organised syndicate.

Connection Capital will back ambitious management teams of established, profitable UK companies to help them realise their growth plans, providing equity investments of £1 million to £7 million in management buyout, growth capital and replacement capital transactions. Typically, investments will be held for three to five years.

Investments will be available to clients in tranches of £25,000, with each tranche usually acquiring a combination of ordinary shares and either preference shares or loan notes, often with a coupon or yield attached. Clients may choose to invest using a variety of vehicles, including corporates, trusts and pension schemes.

Madden and Dale are aiming to build the network to around 200 clients in Connection Capital's first year, the majority of whom are likely to be investors with an entrepreneurial, corporate or financial services background, and with

the appetite to add potentially high return private equity investments to their portfolios.

Whilst at Hotbed, Bernard was responsible for taking the company from an early stage venture capital firm to a business investing up to £5 million in a number of mid-market management buyouts. The Connection Capital team led over half of Hotbed's 32 investments and, of these, six had achieved successful exits at the time of Bernard's and Claire's departure, producing an average IRR in excess of 50%.

The pair are joined at Connection Capital by Sue Heard and Steve Wilson, both of whom were instrumental in building and managing the 700-strong member base at Hotbed. Active private company investor and chief executive of Towergate Financial, Ian Darby, has assumed the role of Chairman. Collectively, the team brings significant experience of successfully making, managing, monitoring and exiting investments on behalf of large and diverse private investor syndicates.

Commenting on the launch of Connection Capital, Claire Madden said: "It's clear that the UK economy is nearing the bottom of the cycle, making investing in private companies an attractive prospect.

"Our clients will benefit from a team with the experience and expertise to maximise returns. They will not be subject to the restrictions of a traditional fund structure and can therefore retain complete control over how, when and where their money is invested. Investee companies, meanwhile, will have access to a broad network of knowledgeable and capable investors, many of whom are looking to add value to management teams in an active advisory capacity, should they require this level of support.

"There is a very strong demand for this type of investment opportunity in the current market, and we are confident that Connection Capital can become the network of choice for experienced private investors."