



Reach out

A new online stock market aims to let companies access a global investor base.

Investors can be a sober and sceptical lot, according to Mike Downey. Many will have been subjected to exaggerated claims and forecasts in the past, says the managing director of Cavendish Management Resources, and these forecasts will often have been accompanied by statements suggesting that the figures and plans are conservative.

Raising capital from such jaded investors can be tough work. It calls for a solid business plan that explains the business opportunity at hand, and ticks all the right boxes in terms of what sceptical investors look for (see box).

As if this were not difficult enough, companies then have to face the costs that come with raising funds on the UK's capital markets. Here, Downey and the team at CMR believe they have an answer – FundEX, a new global online stock market.

FundEX aims to give companies and entrepreneurs unprecedented access to a global investor base. It is also the only stock market giving them the opportunity to present plans and ideas to investors via video.

The market operates through its Website, www.fundex.co.uk, and is open to all companies, entrepreneurs and investors. There is no cost to companies or investors for using FundEX apart from a success-only fee of 2% reducing to 0.25%.


In the UK, FundEX is positioned below Ofex and is geared to companies and investors who want to avoid the high costs normally associated with raising capital. Raising £2 million on Ofex costs around £200,000, of which some £70,000 is upfront. To raise £2 million on FundEX costs only £20,000 with nothing upfront.

The market's primary aim is to help companies raise finance. However, it already incorporates a matched-deal facility for investors to buy and sell shares, and plans are underway for a

facility showing the share price at which listed companies will accept further investment and a similar facility for investors wishing to sell shares.

Downey said the new market has an important role in helping smaller companies to access sources of capital without the excessive costs normally associated with raising money.

"It is a logical step to use the Internet in this way to increase the chances for good business and entrepreneurial opportunities to get the support they need," he said. "Also, the availability of video makes the communication of ideas and plans so much easier and more effective. We would like to think this is one of the most creative and useful developments to have happened in the capital markets for smaller companies."

Downey added that many countries outside of the UK and US lack a developed capital market for smaller companies. "FundEX fills that gap," he said. "We regularly get approached by overseas companies looking for funding help and I expect that to grow considerably in the future." 

How FundEX works

- 1) A company or its professional adviser inputs their proposition into FundEX at www.fundex.co.uk, uploading a video clip as appropriate. There is no charge for this.
- 2) Investors are notified whenever a suitable proposition meeting their specification is received, and can also search FundEX at any time. Professionally produced propositions are shown at the top of all listings with the firm's logo, to help investors who prefer to only review such opportunities.
- 3) When an investor is interested they click on the Website to send a confidential email to the company or adviser putting both in touch. If a deal results, the company pays a success fee. All parties are responsible for taking their own professional advice and due diligence, and FundEX makes no charge to investors. 