



# Blackfinch Adapt IHT Service

Brochure

# Where we live, where we invest, is where we **THRIVE**



Working for a positive environmental, social and governance (ESG) impact.



Our heritage dates back over 25 years, our philosophy is one of adaptation to market change and customer needs.



Our experienced team bring expertise on tax-efficient investment solutions, managed portfolio services, early-stage investing, property financing and energy infrastructure investing.



Our offerings are known for flexible designs and lower fees. And our focus is on capital protection, security and growth.

Benefits of tax-efficient investments are subject to change and personal circumstances.

# Welcome to Blackfinch

Blackfinch was founded on evolutionary principles, inspired by the work of Charles Darwin. Our ability to adapt and evolve, and our focus on helping others thrive, are core to how we work.

The Blackfinch Adapt IHT Service is a solution to the challenge of Inheritance Tax (IHT). Investors can also share in the strong prospects of firms working within multiple, diverse asset classes such as property development lending, asset-backed lending, renewable energy, forestry and more.

Within our group, we have in-house investment expertise across all of these markets, so we can draw on their deep insights to identify a wide range of opportunities for our clients. Together we are working to deliver a more sustainable future.



**Richard Cook**

*Founder and CEO*



# Alignment with Investors' Requirements

Our offering is aligned with investors' beliefs around sustainable outcomes, targets a return on their investment and keeps them in control, with the option to withdraw capital as needed.

## **Meeting The Need for Sustainable Investing**

We help create lasting legacies for businesses and investors. We work to protect environments, communities, assets and estates. Investee firms are focused on capital protection and reliable revenue streams. When we lend, it is against underlying assets.

Our portfolio offers access to a diverse range of asset classes such as forestry, renewable energy and the development of properties with improved energy efficiency.

All investment opportunities are carefully screened for positive outcomes against ESG criteria.

We have developed this investment service to help meet investors' needs around sustainable investing. In offering these options, we're providing broad choice, with an ESG focus.

# An Effective Route to IHT Relief



## Taking Shelter from IHT

After a lifetime of paying taxes and saving for the future, a 40% tax on an estate at death is hard to accept, but following decades of house price rises, it's what more people face. This is after considering the main residence nil-rate band of £175,000, alongside the £325,000 IHT nil-rate band available for individuals.

It doesn't help that traditional IHT solutions, like gifts and trusts, can be complex and expensive to run, with a long wait of seven years for 100% IHT relief to be achieved. They also often involve loss of control and access to funds. But there is another route, using Business Relief (BR). This can bring 100% IHT relief after just two years and if investments are still held at death.



## Growing the UK Economy

Unlike some IHT solutions, which can invest globally, here clients' money is only invested in UK-based BR-qualifying trades. This brings wider benefits to the country and also makes for a simpler and quicker process for claiming tax relief.

In doing so, the Blackfinch Adapt IHT Service is encouraging greater support for the UK economy.

# The Benefits of Business Relief

The portfolio investee firm can meet qualifications for BR. BR can deliver IHT relief after just two years and if the investment is still held at death.

## **Keeping Family Firms and Legacies Alive**

The Government introduced BR in 1976. It allows qualifying property, including shares in unquoted firms, to achieve up to 100% IHT relief after as little as two years. BR has always been about supporting UK businesses. It was put in place to ensure that family firms didn't have to be broken up to pay IHT bills.

There's also a generous replacement property rule. When an investor sells a BR-qualifying asset, they can reinvest the proceeds in a new BR investment within three years and it will immediately reinstate the BR qualification on the investment.

If an investor acquires shares on the death of their spouse or civil partner, the previous period of ownership will count towards the investor's. In other words, the investment only has to go through the two-year qualifying period once and the clock doesn't restart.

The benefits of BR are clear. So, we created an IHT service using BR to better meet investors' needs.

## The Blackfinch Adapt IHT Service offers:

A **swift route to BR** in as little as two years

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**Control** of and access to capital

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Focus on **preservation of capital**

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**Transparency** of underlying investments

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A **range** of investments across a variety of sectors

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A **simpler process** with no complex legal structures or medical underwriting

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A **cost-efficient** solution

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**Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.**

[Take 2 minutes to learn more on pages 17 & 18](#) →

# Key Benefits



## **Wealth Preservation**

An investment in the Blackfinch Adapt IHT Service could reduce the 40% tax payable on an investor's excess estate. This is if assets are worth more than the current IHT tax-free nil-rate band of £325,000, plus the residence nil-rate band of £175,000, if the estate includes a property. The nil-rate band and residence nil-rate band have been frozen at these thresholds until 5th April 2026.



## **Access to Capital**

Investors retain access to their capital. This includes being able to make full or partial withdrawals if circumstances change. Please note that any withdrawals made will no longer qualify for IHT relief and are subject to available liquidity.



## **Blackfinch ESG-Approved Portfolio**

We select investments based on the positive impact projects could have and the team's ESG commitment. We then work with businesses over time, including monitoring ESG-related performance.





### **Flexible Withdrawals**

Investors can take a regular payment from their investment (payable quarterly, semi-annually or annually). Or they can leave the capital invested to maximise growth.



### **Reassurance**

The trading activity of the investee company focuses on capital preservation and risk mitigation. We only invest in what we believe to be BR-qualifying companies where we either hold security over assets or secure revenue streams are available.



### **Swift IHT Mitigation**

Investments in the Blackfinch Adapt IHT Service can qualify for up to 100% relief from IHT in as little as two years, as long as they're still held at time of death. In contrast, gift and trust arrangements can take up to seven years to achieve full exemption.



### **A Simple Solution**

Unlike some other IHT solutions, the Blackfinch Adapt IHT Service has no complex or expensive legal structures, age restrictions or medical requirements, and just one application form to complete.

# Our Strategy

We're focused on protecting investors' capital and helping them mitigate their IHT tax bill. This is while working in alignment with their aims, including their principles around responsible and sustainable investing.

## **Diverse Opportunities**

Within Blackfinch Group, we have in-house expertise across multiple investment disciplines, so we can draw on their deep insights to identify a wide range of opportunities for our investors.

This includes Blackfinch Property which is active in the specialist short-term lending sector, and Blackfinch Energy, a leading investor in renewable energy.

## **Investment Criteria**

We only invest in companies that meet our quality benchmark and strict due diligence requirements. This includes alignment with our ESG policies. Our Investment Committee assesses all companies thoroughly, ensuring they will qualify for BR.

Once invested, we oversee companies' business operations. We also monitor the securities behind firm's underlying assets. We work to ensure that they continue to run in line with our business plan, investment strategies, and ESG factors.

# Investment Opportunities

We provide access to opportunities that meet the qualifications for BR, and have UK businesses at their core. We back projects that can make a positive difference.

Examples of investment opportunities include:



## Property Development Finance

We work closely with property developers around the UK, providing finance ranging from £1m-£25m. Loans are typically for new build projects, redevelopments and major renovation works. We invest across sectors and regions, in everything from eco-flats to care homes.



## Forestry

We will acquire a portfolio of woodland across the UK, which will vary in their degree of maturity. The woodlands will contain a mixture of tree varieties, all of which will fulfil the commercial demand for UK timber. The woodlands will be responsibly managed, to support regional biodiversity and compliance with Forestry Commission standards for sustainability.



## Renewables Investment

We invest in the proven technology of solar and wind energy, with over 53 sites nationwide. Investments can deliver stable predictable revenues. Many projects benefit from prior government subsidies. We also now invest in subsidy-free developments, acquire subsidised operational projects and use Power Purchase Agreements with strong counterparts.



## Asset-Backed Finance

We provide asset-backed finance for business and property deals of £0.5m-£25m. We focus on transactions in established sectors with reputable partners who share our ESG principles. Whatever the type of loan, a quantifiable asset always underpins lending. This would normally be a building, land or business holding.

# Potential IHT Savings from Investing

The example below illustrates how much a single investor (with no direct descendants) could potentially save in IHT using the Blackfinch Adapt IHT Service. It's based on an estate valued at £950,000 and three different investment amounts.

	No investment	Investment in Blackfinch Adapt IHT Service	Investment in Blackfinch Adapt IHT Service	Investment in Blackfinch Adapt IHT Service
Total value of estate	£950,000	£950,000	£950,000	£950,000
Less £325,000 nil-rate band allowance	£625,000	£625,000	£625,000	£625,000
Amount invested in the Blackfinch Adapt IHT Service	£0	<b>£200,000</b>	<b>£400,000</b>	<b>£600,000</b>
Amount liable for IHT	£625,000	£425,000	£225,000	£25,000
IHT payable on death (40%)	£250,000	£170,000	£90,000	£10,000
Amount saved	£0	<b>£80,000</b>	<b>£160,000</b>	<b>£240,000</b>

We know advisers are working with clients on their long-term financial plans, including estate planning. However, as many clients will not be in a position to completely remove the potential IHT due on their estate, this would either require large sums of cash to be invested, or other assets to be liquidated, which may not be appropriate or suitable for their circumstances. We always recommend that potential clients seek professional advice before any investment decision is made.

Please note that the examples above are based on current legislation. They're an illustration of tax liabilities only and no fees or charges are taken into account. Tax rules and regulations are also subject to change and depend on personal circumstances. The examples assume an unmarried individual, tax-free allowance of £325,000, which is frozen until 2026, and excludes any residence nil-rate band that may be available. Investments must have been held for a minimum of two years at time of death in order to qualify for BR. It's important to remember that the value of an investment may go down or up, and that an investor may not get back the full amount invested. There's no guarantee that the target return will be achieved.

# Safeguarding Investments

## **Investor Interests First**

We know how important it is that an investor's assets be left to their beneficiaries. Our primary aim is to safeguard each client's investment. Ahead of investing, we work with tax experts to seek confirmation that our investee firms' activities should qualify for BR.

## **Rigorous Processes**

Our team applies specialised knowledge and that of industry experts when considering which firms we work with. We follow rigorous selection and due diligence processes. We invest where firms show extensive experience, proven track records and ESG principles.

## **Value for Beneficiaries**

We will remove all dealing fees where an exit is as a result of a death. If an investor dies within 2 years of the BR-qualifying period start date, we will refund both the initial dealing fees and exit dealing fees. Please refer to page 15 of this brochure for further details.

# Application Process

## Application Process

1

**Send completed application form and investment payment to Blackfinch. Please make any cheques payable to 'Blackfinch Investments Ltd.'**

CHAPS/BACS/FastPay transfers should be remitted after we receive the application and after completion of verification of identity checks. We will acknowledge receipt of an application within 48 hours.

2

**Blackfinch will process the application form and place money in a bank account.**

Please note that no interest is paid on the client account. We manage it in line with Financial Conduct Authority (FCA) rules.

3

**When the payment has cleared, Blackfinch will invest money in the Buckley Trading Group Ltd company. Shares will be held by a nominee company on the client's behalf.**

We deduct initial fees and any agreed upfront intermediaries fees before making investments. Once we have completed an investment (usually within 30 days), we'll notify intermediaries and clients of the start date for the two-year qualifying period for BR.

## In the Event of Death

1

**Notify Blackfinch**

A financial adviser, or the executor of the estate, notifies Blackfinch and requests a valuation as at the date of death.

2

**Complete IHT 412 Form for HMRC**

As part of the probate process, the executor of the estate completes an IHT 412 form, which includes details of the investor's portfolio. They then send this to HMRC.

3

**HMRC Review**

HMRC will review the information and assess whether the investment qualifies for BR.

4

**BR Confirmed**

Once this is confirmed, the value of the investment at date of death is included as BR in the IHT calculations on the estate in order to reduce the IHT liability.

5

**Paying an IHT Bill (if required)**

If there is an IHT bill still outstanding, those acting for the deceased can use the investment in the portfolio to pay HMRC direct. This could enable them to get a Grant of Probate.

6

**Sell or Transfer Investment**

Blackfinch will then sell or transfer the investment into a beneficiary's name, according to the executor's instructions.

# Investment Levels and Fees

## Target Return

We target opportunities we believe should provide investors with their desired net return of 3.5% - 5% p.a. We look to mitigate risk wherever possible within each investment. We select leading sector specialists with access to some of the most attractive investments that meet our capital preservation mandate. Our fees are both competitive and complementary to investors' interests.

## Investment Levels

The minimum investment in the Blackfinch Adapt IHT Service is £25,000. Investors can make additional investments of £10,000 or more at any time. Remember, each additional investment takes two years to achieve BR. This is unless the additional investment is part of a rights issue, as they're deemed to have been held for the same period as the shares to which the rights attach.

## Services

Investors can invest on an Advised or Non-Advised basis.

- An Advised investor will engage a financial intermediary to advise on the suitability of investing in the Blackfinch Adapt IHT Service in light of the investor's investment experience, investment objectives and financial position and Blackfinch will select the specific investments to be purchased with their subscription.

- A Non-Advised investor will be introduced to Blackfinch by a financial intermediary and Blackfinch will assess the suitability of making investments through the Blackfinch Adapt IHT Service in light of the investor's investment experience, investment objectives and financial position.

Blackfinch never provides tax advice and any assessment of the investor's investment objectives will entail the investor confirming they have either received tax advice or have sufficient knowledge to assess their own eligibility for IHT relief available through the Blackfinch Adapt IHT Service.

## Service Fees

Blackfinch provides some secretarial, administration, management (non-independent) and corporate services to the underlying company within the portfolio. Blackfinch charges a fee of 1.5% (plus VAT) p.a. for these services. We determine the target returns specified in this brochure after taking account of this service fee.

Buckley Trading Group Ltd is responsible for the costs and expenses for all incidental services employed from third-party professionals including legal, accountancy, tax advice and other professionals.

## Dealing Fees

1% Dealing Fee on any initial purchases, ad-hoc withdrawals and sales of shares at exit.

0% fee on shares sold to pay adviser fees and regular client withdrawals up to 10% per annum.

We will remove all dealing fees where an exit is as a result of a death.

Dealing fees will be refunded should an investor die within two years of the BR-qualifying period start date. Note: This will apply to the initial, additional investments and exit dealing fee that fall within that two year investment period, not interim withdrawals.

## Maximise Growth

There is no Annual Management Charge (AMC) in order to maximise client outcomes.

## Initial Fees

We deduct an initial fee of 2% from the amount invested (after deduction of adviser fees), to cover the costs of establishing the portfolio.

## Adviser Fees

We can facilitate any upfront or ongoing advice fees that an investor has agreed with their FCA-authorized adviser. We deduct upfront advice fees from the amount invested, whereas we deduct ongoing advice fees from the portfolio every three months and then pay them to an adviser. Ongoing fees will reduce an investor's net return.

## Reporting

We will provide a quarterly valuation to investors.

## Liquidity

Investors have the option to withdraw some or all of their capital by selling their shares in the underlying business. This usually takes two to four weeks. However, there's no guarantee that investors can access their investment within this timescale. The minimum amount for partial withdrawals is £3,000. Please note that any withdrawal will reduce the amount sheltered from IHT.

## Regular Withdrawals

Investors have the option of taking up to 10% per annum as a regular withdrawal, that is facilitated by a sale of shares. Anything above 10% per annum will be classed as an adhoc withdrawal and will be subject to a 1% dealing fee. Regular withdrawals can be on a quarterly, half-yearly or annual basis. If investors don't need regular payments, they can choose for returns to remain invested for capital growth.

## Taxation on Withdrawals

We will always aim to sell investors' shares to a third party by matching withdrawal requests with new subscriptions. This will result in the tax treatment of any proceeds in excess of the cost of the shares being subject to Capital Gains Tax. If this is not possible, we will contact investors with the option to sell the shares back to the investment company. This will result in any gain becoming subject to Income Tax.

## Non-Advised Applications

An initial fee of up to 3% may be payable for non-advised applications submitted via introducing agents. An introducing agent may also receive an annual fee of 0.5% each year. We would pay this through a deduction from the investor's portfolio.



# Risks

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

## What are the FCA key risks?

### 1 - You could lose all the money you invest

If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

### 2 - You are unlikely to be protected if something goes wrong

Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker (<https://www.fscs.org.uk/check/investment-protection-checker>).

Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection (<https://www.financial-ombudsman.org.uk/consumers>).

### 3 - You won't get your money back quickly

Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early.

The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.

If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these (<https://www.financial-ombudsman.org.uk/consumers>).

### 4 - Don't put all your eggs in one basket

Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.

A good rule of thumb is not to invest more than 10% of your money in high-risk investments (<https://www.fca.org.uk/investsmart/5-questions-ask-you-invest>).

### 5 - The value of your investment can be reduced

The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares.

These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

If you are interested in learning more about how to protect yourself, visit the FCA's website (<https://www.fca.org.uk/investsmart>).

# Risks

This investment may not be suitable for all investors. We recommend that investors seek independent tax and financial advice before making a decision. Investors should carefully consider the following risk factors together with all other information contained in this brochure.

## Values and Returns

No representation is or can be made as to the future performance of the Blackfinch Adapt IHT Service or that the Blackfinch Adapt IHT Service will receive the level of returns contained in this brochure. The assumptions made are assumptions only and these may not be realised. The Blackfinch Adapt IHT Service invests in small, unquoted companies. Capital is at risk and the investment return is not guaranteed. The value of an investment and the returns received are dependent on the value of the assets in the company in which the Blackfinch Adapt IHT Service invest money, and any income they earn.

## Conflicts of Interest

The Blackfinch Adapt IHT Service investee company may acquire shares in, or assets from, other companies managed by Blackfinch Investments Limited. They may also make loans to other entities which are managed by Blackfinch Investments Limited or in which Blackfinch Investments Limited has a financial interest. All loans and transactions will be on an arm's length basis. They will be ratified by the independent non-executive directors of the Blackfinch Adapt IHT Service investee company.

## Taxation

Any changes to the taxation environment or HMRC practice may affect investment returns. Accordingly, investors will have their own tax position to consider and must take their own independent professional advice in this matter. Investors may be liable to make tax payments on any amounts they withdraw from the investment.

## Liquidity

The Blackfinch Adapt IHT Service represents a long-term investment (five years plus). Shares in the qualifying company have to have been held for at least two years at the date of death in order to benefit from IHT relief. Investments made by the Blackfinch Adapt IHT Service are in an unquoted company and therefore are not readily realisable, unlike companies listed on the London Stock Exchange. Any disposal of shares, whether regular or one-off, will reduce the value of a portfolio and erode future returns. Such disposals will cease to qualify for BR.

## Future Performance

Past performance does not imply that future trends will follow the same or a similar pattern. Forecasts made in this brochure may not be achieved. There is a risk that investors will not get back the full amount invested. The value of an investment may go down as well as up. There is no guarantee that the targeted return per annum will be achieved.

## Business Relief

We will only invest in companies which we reasonably believe qualify for BR. However, we can give no commitment that any such investment will remain a qualifying investment at all times in the future. The relief is assessed by HMRC on a case-by-case basis at the time of death of the investor, as part of the probate process. Therefore, it cannot be guaranteed.

The proportion of the investment that is deemed to qualify at that time, assuming it has been held for at least two years and is still held at time of death, can be passed to beneficiaries free of IHT. The two-year timeframe begins when HMRC deems the investment to have become BR qualifying. This may be later than the investment date.

# Important Information

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Any decision to invest in this service should not be made solely on the basis of the information contained in this brochure and the terms and conditions. Prospective investors must rely on their own examination of the legal, taxation, financial and other consequences of investing and the risk involved.

Prospective investors should not treat the contents of this brochure as advice relating to legal, taxation or other matters. If in any doubt about the proposal discussed in this brochure, its suitability, or what action should be taken, investors should consult their own professional advisers.

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The Blackfinch Adapt IHT Service may not be suitable for all investors and we would recommend that prospective investors seek independent advice before making a decision.

