BLACKFINCH
VENTURES

Ventures EIS Portfolios

Brochure

ESG
Committed

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

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

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

Our heritage dates back over 30 years, and our philosophy is one of adaptation to market change and customer needs.

Our experienced team bring a range of expertise including tax-efficient solutions and early stage investing.

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

Welcome to Blackfinch

At Blackfinch Ventures we invest in innovation, with a technology mandate. We support exciting new tech firms with great ideas, strong teams and a focus on ESG. We co-invest with clients, together contributing to a positive impact.

The Blackfinch Ventures EIS Portfolios invest in high-growth technology companies throughout the UK, which operate across industry sectors. We're focused on disruptive businesses, offering products that address real-world needs. These firms have the potential to change the way we live and work, and are set to transform global markets.

While higher risk investments, these firms offer higher return prospects. We target a return of 3x on investment. This is alongside providing access to Enterprise Investment Scheme (EIS) tax benefits. Our expert team supports firms from investment to development to exit. We're working towards successful outcomes for clients, businesses and the UK economy.

Richard Cook
Founder and CEO

About Blackfinch

Blackfinch constantly adapts to market change and customer needs.

Evolutionary Origins

We were 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. Our aim is to deliver outstanding service and provide the strongest possible solutions.

Rigorous Processes

We're committed to delivering high regulatory standards, robust controls, and strict procedures. ESG concerns are central to all that we do. Our evolutionary heritage ensures this, as we apply our values to working for a more sustainable future.

Transparent Approach

Our customers can expect straightforward processes, accessible staff, and funds managed by sector specialists with a transparent approach. We work closely with advisers to bring clients the solutions they need. This includes the Blackfinch Ventures EIS Portfolios.

An Early Stage Investor

We bring long-standing experience in early stage investing, and a technology focus.

Investing With Clients

We're passionate about supporting innovative firms as they grow, and co-invest with clients. In this way, we're helping to shape the future UK economy. We manage over £60 million across all of our EIS portfolios. This is split across industries including early stage technology.

Tech Expertise

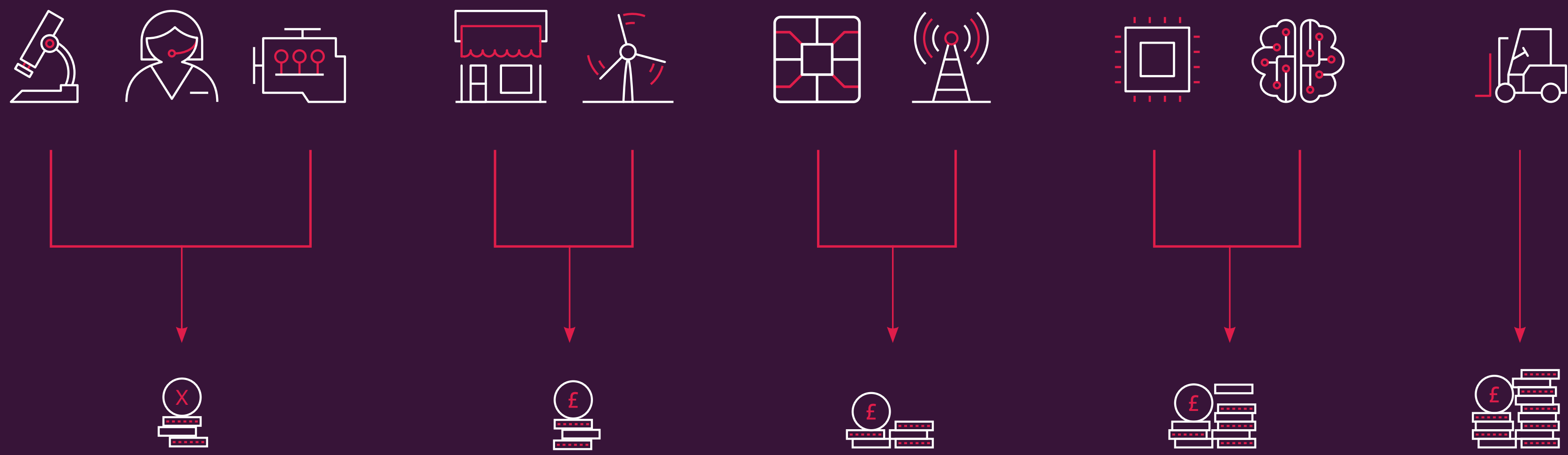
Blackfinch is a hub of tech expertise. The majority of the Blackfinch Ventures team are technology specialists and entrepreneurs with backgrounds as founders of tech firms. They include award-winners and academics with strong track records and extensive networks.

High-quality Deals

The team's experience and knowledge is a stand-out factor. It ensures access to deals not commonly circulated in the market. It also feeds into our rigorous investment process. The team then continues working closely with firms, to build businesses for the long term.

How We Invest

The diagram below is intended as a basic example of how we manage risk, spreading investments across a multi-sector portfolio, and factoring in success and failure. We don't offer any guarantee that this is the outcome of every portfolio. For a comprehensive illustration including fees, Income Tax relief and loss relief, see page 9.



Three companies **fail** and the investment loses its value. Investors can claim **loss relief**

Two companies return **two** times the money invested

Two companies return **three** times the money invested

Two companies return **five** times the money invested

One company returns **ten** times the money invested

Minimum Viable Product

Product-Market Fit

The Blackfinch Ventures EIS Portfolios invest in early-stage technology-focused companies on the cusp of their growth journey.

Growth

The Blackfinch Spring VCT invests in growth-stage technology-enabled companies that can show they're generating revenues and are building their customer base.

Risk Management

We primarily identify companies early in their life and invest before they take off. We aim to invest full capital within 12 months of receiving a client's application and funds. We know that the growth potential of investments is matched by the high risk of loss. We look to manage this risk through making a wide range of investments, with a minimum of ten investments per portfolio.

Multi-Sector Portfolio

Spreading investments across a multi-sector portfolio of ten or more firms helps to mitigate the effect of companies that under-perform or fail. We work closely with firms from early growth to profitability and exit. We know some will flourish while others may falter or fail. We make tough decisions as necessary, and keep our focus on firms bound for success.

Target Returns

We target a return of 3x on investment, excluding fees and tax reliefs. On page 6, we've provided an example of how this might work in a portfolio. Then, the table on page 9 shows the potential outcomes for our target return of 3x.

Important Information

The contents of the tables on page 9 are for illustrative purposes only. They're not a projection of actual expected future performance. The calculations shown above don't take into account all related charges or fees. No warranty as to future outcome is implied, or should be inferred. Advisers can draw clients' attention to the specific risk factors outlined in this brochure. These examples are based on current legislation. Tax rules and regulations are subject to change and depend on personal circumstances. Investments must be held for a minimum of three years to qualify for EIS tax reliefs. The value of an investment may go down as well as up and a client may not get back the full amount invested. There is no guarantee that the target return will be achieved.

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 31, 32 & 33 →

Target X3

Based on an initial investment of £100,000, investing £10,000 in each of ten companies, assuming various successes and failures.

Assumed Performance	Fail (3 companies)	x2 return (2 companies)	x3 return (2 companies)	x5 return (2 companies)	x10 return (1 company)
Cost of investment after fees	£29,100	£19,400	£19,400	£19,400	£9,700
Gross proceeds	£0	£38,800	£58,200	£97,000	£97,000
Performance fees	£0	£2,716	£6,596	£14,356	£16,878
Exit proceeds after performance fee	£0	£36,084	£51,604	£82,644	£80,122
Income tax relief at 30%	£8,730	£5,820	£5,820	£5,820	£2,910
Loss relief	£8,148				
Exit proceeds inc. tax reliefs	£16,878	£41,904	£57,424	£88,464	£83,032

Notes:

The investment amounts shown are after deduction of the portfolio establishment fee. *We have calculated loss relief assuming that the investor is a higher rate tax payer at 40%. **The figures for exit proceeds including tax reliefs assume growth without including the annual management charge (AMC) applied to the investee firms.

Total return based on net investment	**£287,702**
Value expressed as % of original investment	**288%**

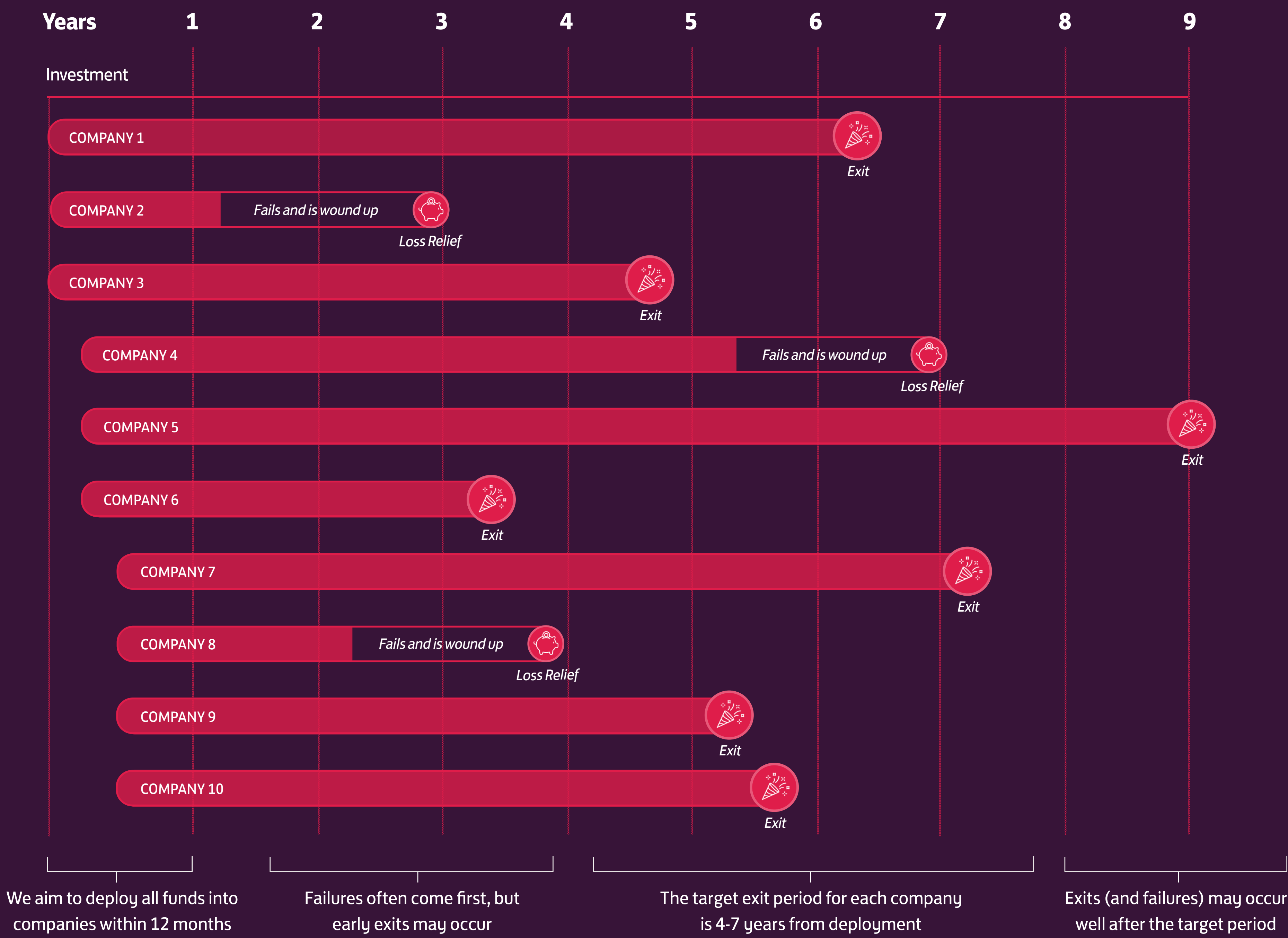
Investment Timeline

Page 11 illustrates the projected lifespan of a specific group of companies following your investment.

Due to varying exit periods for each company, returns are expected to occur sporadically over multiple years.

Please be aware that this illustration serves as a general representation, and each portfolio will differ, potentially resulting in returns occurring at significantly later stages.

It is not possible to control how long the investment is held. Once funds have been deployed into a company, they are locked in and there will only be a return if and when the company exits.


Years
1
2
3
4
5
6
7
8
9
Investment
COMPANY 1
Exit
COMPANY 2
Fails and is wound up
Loss Relief
COMPANY 3
Exit
COMPANY 4
Fails and is wound up
Loss Relief
COMPANY 5
Exit
COMPANY 6
Exit
COMPANY 7
Exit
COMPANY 8
Fails and is wound up
Loss Relief
COMPANY 9
Exit
COMPANY 10
Exit
We aim to deploy all funds into companies within 12 months
Failures often come first, but early exits may occur
The target exit period for each company is 4-7 years from deployment
Exits (and failures) may occur well after the target period

Blackfinch Team

Richard Cook
Founder and CEO

Richard founded Blackfinch and as CEO has driven the company's growth. He has over 15 years' experience in structuring products and services, managing investments and helping to grow underlying companies within Blackfinch.

Dr Reuben Wilcock
Head of Ventures

Entrepreneur Reuben Wilcock founded the award-winning smart home energy spinout, Joulo, then mentored over 250 entrepreneurs through his accelerator, Future Worlds. With a PhD in microelectronics, he has authored over 45 papers, holds five patents, and has led investments worth over £60m into early-stage companies as Head of Ventures at Blackfinch.

Dr Nic Pillow
Senior Ventures Manager

Nic co-founded investment-backed EdTech start-up and SaaS business Rhizome Live. Prior to that he held various positions at Nokia. Nic holds a first-class degree in Engineering & Computing and a PhD in Computer Vision, both from the University of Oxford.

Richard Harley
Ventures Director

Richard Harley, a career entrepreneur and investor, co-founded ScholarPack, an EdTech platform in 2,000+ schools. He's invested in and advised 20+ early-stage firms across MedTech, EdTech, marketplaces, and B2B software. Joining Blackfinch in 2022, Richard drives portfolio growth, management, and fundraising initiatives.

Kimberley Hay
Senior Ventures Manager

Kimberley brings a combination of corporate finance and investment experience to the team, having started her career in Investment Banking. She has spent the past 4 years investing in companies focused on disrupting the "Future of Work", completing deals across multiple sectors including HealthTech, HRTech & RegTech.

Hassaan Mehmood
Assistant Ventures Manager

Hassaan brings previous investment experience from M&G Investments, where he worked on its Small Cap fund and in its asset-backed securities team. He is a CFA charterholder, having completed all three levels in just 13 months and has a first-class degree in Economics from Aston Business School.

Winston Mathew

Assistant Ventures Manager

Winston graduated with a Masters in Mechanical Engineering from Imperial College London after which he joined Blackfinch in November 2018. Prior to this, he gained valuable experience as a Manufacturing Engineering Intern at Jaguar Land Rover and as a Mechanical Engineering Intern at Transport for London.

Cameron McGee

Ventures Analyst

Cam has previously worked as an intern at a high-performance UK start-up, MissionUK. Prior to this he studied Business & Finance, including Venture Capital, whilst at university before graduating with a Bachelor's in Management from the University of Warwick.

Corey Price

Assistant Ventures Manager

Corey started at Blackfinch as a summer intern in 2019. He became a full-time Ventures Analyst in 2020, showing a strong passion for start-ups. Corey observes multiple Ventures portfolio company boards and holds a Business Management degree from the University of Nottingham, specializing in economics, innovation, and entrepreneurship.

Ijaz Khan

Ventures Analyst

Ijaz has had a varied career in the technology and startup space. An ex-founder, he spent the last four years building a travel startup. Prior to that he worked in partnerships at an EdTech startup and organised innovation focused conferences in the UK, US and Australia. He holds a degree in Biomedical sciences from Newcastle University.

Venture Partners

We have grown a network of Venture Partners who are all experienced founders, industry leaders or technology experts. We appoint them to the boards of our portfolio companies as needed. They add meaningful value through their experience and contacts.

Andrew Hughes
Venture Partner

Andrew is an entrepreneur with a track record of success, having successfully established three high-performing digital start-ups from concept to exit. Additionally, he co-founded two internationally established industry associations, the Mobile Marketing Association (MMA) and the International Social Games Association (ISGA).

Elizabeth Chambers
Venture Partner

Libby Chambers, a board director and adviser, is an Operating Partner at Searchlight Capital Partners. Currently sitting on the boards of TSB Bank plc, Vanquis Banking Group and Wise Plc, her experience spans global financial institutions and professional services organizations. A Harvard MBA, she is also a Stanford graduate and started her professional life with Morgan Stanley & Co.

Steven Raffe
Venture Partner

Steve Raffe has a proven record of leading and growing B2B SaaS businesses with outstanding results. He has a Master's degree in Engineering from the University of Cambridge with First Class Honours and 13 years of experience in B2B Tech. He has expertise in sales, marketing, product, technical, strategy, and general management roles in both private and VC-backed companies.

Geraldine Osman
Venture Partner

Geraldine is an Independent Consultant, Advisor, NED, Mentor and exited entrepreneur . She was a cofounder and Chief Marketing Officer at StaffConnect Group an enterprise B2B SAAS solution that transformed the employee experience for large field and remote workforces – a business that she rapidly grew and took to a successful exit within 4 years.

Ashley Unitt
Venture Partner

Ashley has led technology innovation at his and others' firms for nearly 30 years. He has a track record in delivering brilliant solutions, reducing costs and building world-class companies. In 2000 he launched software as a service (SaaS) firm NewVoiceMedia, he was Chief Technology Officer (CTO) for 16 years before a highly successful exit in 2018 for $350 million.

A Growing Portfolio

The Blackfinch Ventures EIS Portfolios are growing rapidly and have invested in 41 high-potential companies in 5 years to April 2024.
We expect to add a further 5-15 new companies per annum.

An Early Exit: **Candidate.ID**

Ahead of its target 4–7 exit period, the EIS Portfolios achieved an early exit in 2022 with Candidate.ID, a recruitment-tech business with an innovative platform that applied the principles of digital marketing to recruitment. Despite the intense challenges facing the recruitment industry during the Covid lockdown, the business was able to grow its revenue by more than 3x in 2 years. It attracted widespread industry attention leading to an attractive acquisition offer that delivered a strong return to clients.

MAR TECH 3D

MARTECH3D

Physical Products in the Virtual World

MARTECH3D believes 3D technology can revolutionise the way that manufacturers of complex physical products engage with their customers. Developed by people with manufacturing and med-tech backgrounds, MARTECH3D offers an award-winning 3D product marketing and sales platform that, combined with its 3D design services, helps manufacturers transform how they demonstrate physical products in the virtual world. Its photo-realistic 3D virtual showroom helps businesses showcase their product lines in an entertaining and unique manner, while its interactive 3D experiences bring sales presentations to life, increase product engagement on company websites and ensure more sales leads at events. Its easy-to-use platform and next-level sales and marketing tools let companies without technical expertise incorporate 3D sales in their commercial strategy.

EIS Investment
£721k

EIS Shareholding
27.5%

Sector
Marketing Tech

currensea

Currensea

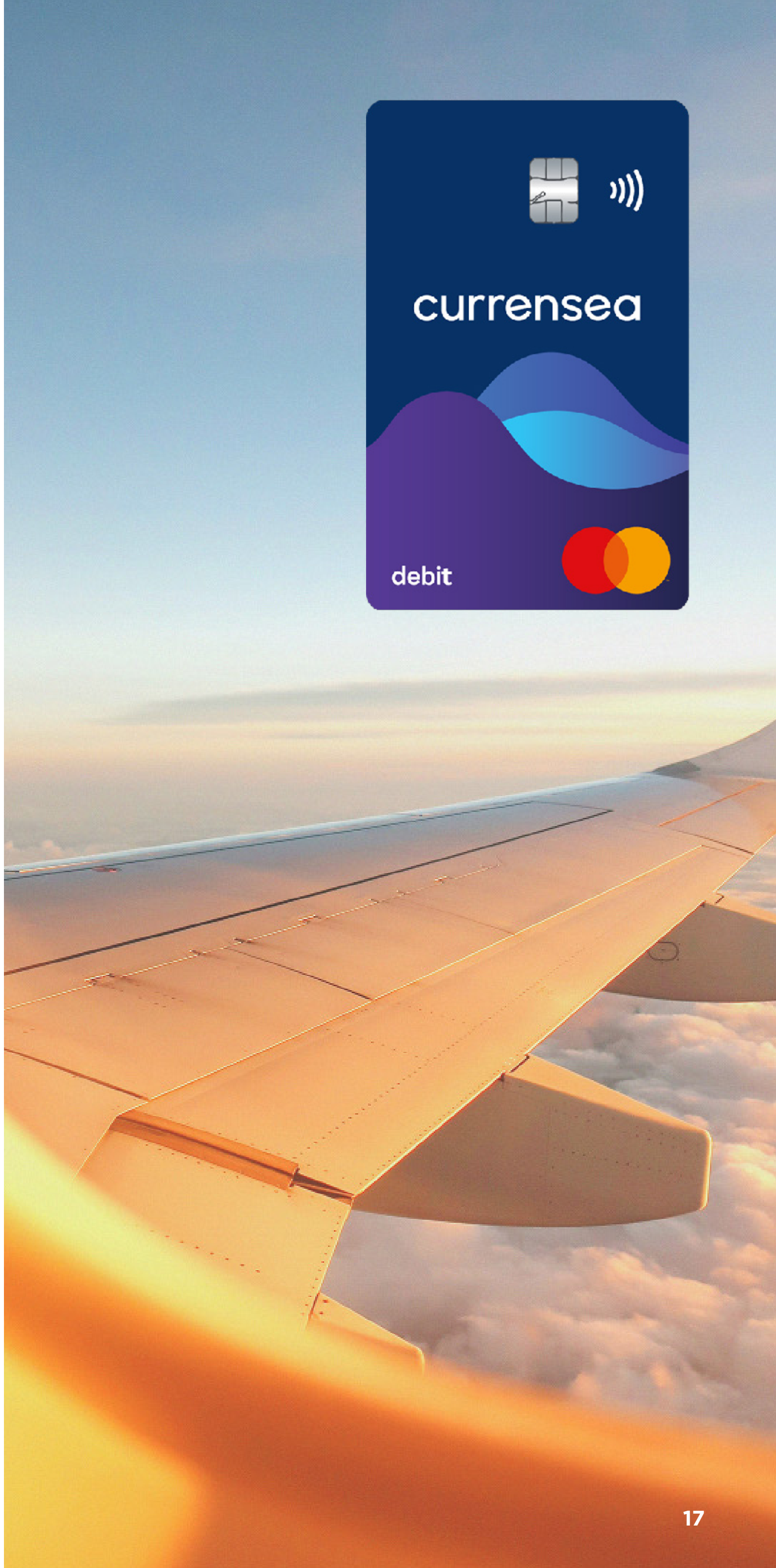
Seamless Spending

Currensea is the UK's first travel-focused direct debit card which connects directly with a consumer's traditional high street current account. The product allows customers to spend money abroad at the lowest exchange fees, while removing the need to top up or set up a new bank account. The company also operates corporate and affinity partnerships, where participating organisations and charities can provide free branded cards to their members for mutual benefits. Since investment, Currensea has already grown revenue over 2.5x, and is preparing the launch of another debit card product. Currensea is a registered carbon neutral business, and card users can also choose to donate a percentage of their savings to one of its charity partners such as Plastic Bank, which removes plastic from the oceans, or the Dogs Trust.

EIS Investment
£466k

EIS Shareholding
2.3%

Sector
Financial Technology



CULTURE SHIFT

Culture Shift

Improving Workplace Wellbeing

Culture Shift is a purpose-driven company that is on a mission to improve workplace mental health, equality and wellbeing. Its software-as-a-service platform allows the reporting and effective management of incidents of bullying and harassment, whilst analytics and insights help companies reduce the frequency of such incidents and improve their overall culture. Since investment, Culture Shift has grown its revenue almost 3x by strengthening its position in the higher education sector while making strong inroads into other verticals including the public sector and financial services. The core proposition brings with it strong social and governance benefits to its customers, which the company mirrors in its own employment practices.

EIS Investment
£846k

EIS Shareholding
9.6%

Sector
HR Technology

tended

Tended

Intelligent Safety

Tended designs intelligent personal safety wearables and monitoring systems. These wearables combine ‘geofencing’ technology with behavioural science to ensure on-site workers are kept out of harm’s way. The company saw considerable success during the pandemic with a reliable social distancing product, and it now utilises this centimetre-accuracy positioning technology to help keep workers on construction sites and around railway tracks within safe zones, without crossing a ‘virtual fence’ into potential danger. Its products have a clear social benefit in improving working safety and saving lives, and Tended has recently secured deals from major employers such as National Rail and AmcoGiffen.

EIS Investment
£2.8m

EIS Shareholding
35.8%

Sector
Safety Technology

Proprli

Real Estate Collaboration

Proprli is an early-stage business that transforms the way real estate owners and property managers collaborate. It eliminates manual reporting and Excel files, provides real-time insights to govern assets, and gives users unparalleled control and visibility over their real estate portfolios. The centralised platform also manages environmental, social, and governance (ESG) targets, allowing stakeholders to create and implement tangible plans to reach net zero carbon emissions targets.

EIS Investment
£662k

EIS Shareholding
19.6%

Sector
Property Technology

Up Learn

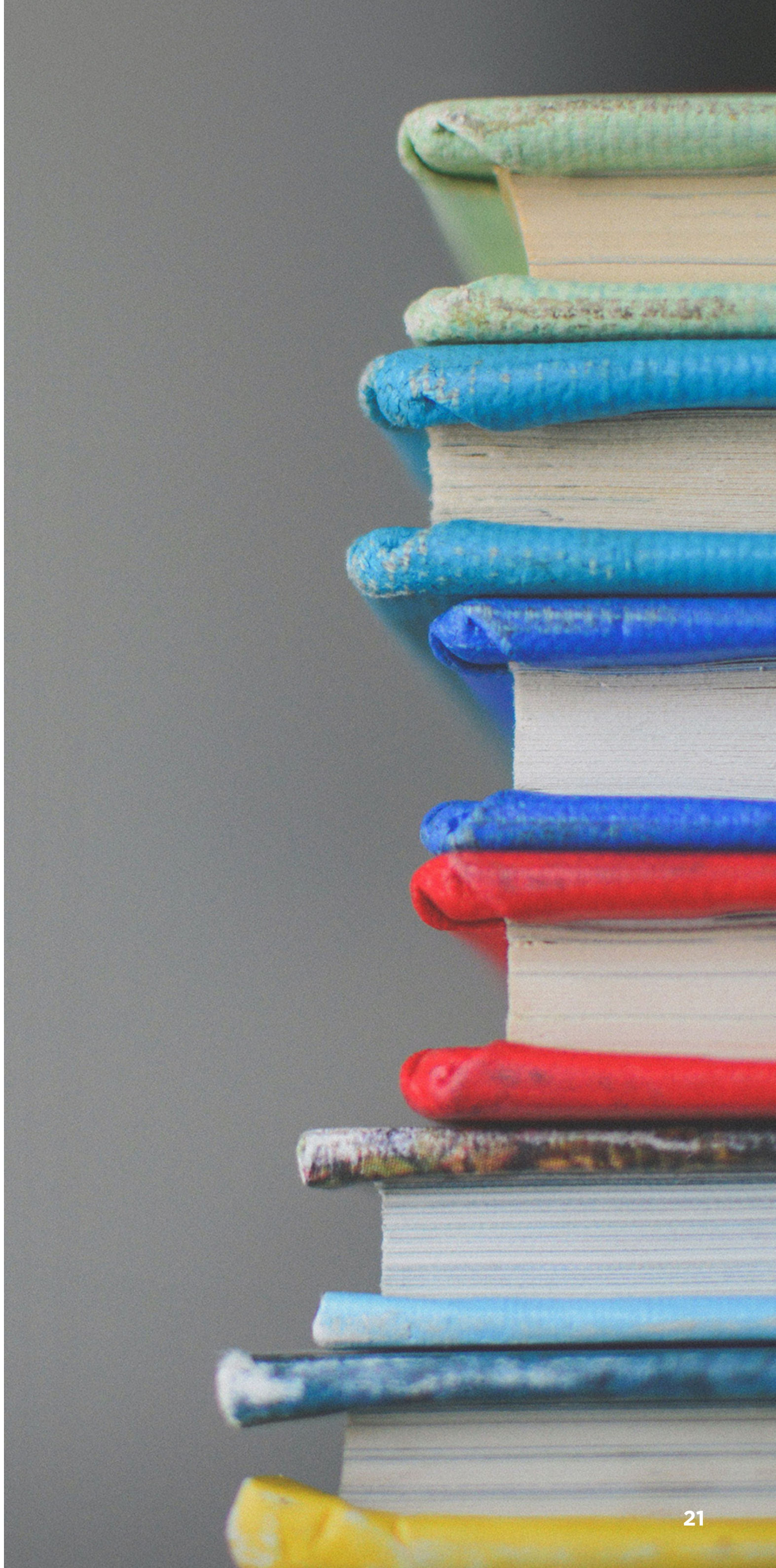
Next Generation Education

Up Learn is a science-backed education tech business that is driving up the exam success of school students regardless of their background. The comprehensive online platform uses Artificial Intelligence to tailor courses to the needs of individual students and keep them engaged. 97% of students who complete courses go on to achieve A*/A, despite many having started from a predicted D or lower. With a strong track record at A-levels, it is investing to expand to the larger GCSE market.

EIS Investment
£595k

EIS Shareholding
2.7%

Sector
Education Technology



EIS Benefits

Up to 30% **Income Tax relief** in the current or previous tax year, providing investments are held for a minimum of three years

Up to 100% **Inheritance Tax (IHT) exemption** on qualifying investments after two years (and if held at time of death)

Capital Gains Tax (CGT) deferral relief (up to three years prior to investment and up to one year in advance)

Growth free of CGT (if Income Tax relief has been claimed)

Offsetting of capital losses up to 45% (dependent on marginal rate of Income Tax at time of loss)

Carry back to previous tax year (for Income Tax relief)

Background

Since its introduction over 25 years ago, the EIS has become a valuable tax-planning tool. The UK Government launched it in 1994 to encourage investment in start-ups and early stage companies. The finance raised through EIS investment helps to support the UK economy. New unlisted businesses can use this capital to develop and grow.

Tax Reliefs

The EIS offers a range of valuable tax reliefs to encourage investment and reduce the risks involved. Investors must have a sufficient income tax liability to benefit from the tax reliefs available. For investments to qualify for income tax relief and tax-free growth, investors must hold them for a minimum of three years. With tax mitigation high on the client agenda, the EIS presents opportunities.

Claiming Tax Reliefs

EIS3 Certificate	To claim tax relief, clients will need an EIS3 certificate for each investee company. We apply to HMRC for these after making the investment in the company and when it has been trading for four months. We issue them to investors as soon as they're received. Please note, HMRC advance assurance is not a guarantee that an investee company will remain EIS qualifying at all times.
Relief Amounts	The amount clients will be eligible to claim depends on what they've invested in the EIS, and the amount of tax they've paid in current and previous tax years. Deductions of upfront and ongoing adviser fees, and our portfolio establishment fee, will also marginally reduce relief amounts.
EIS Carry Back Facility	When new share certificates are issued, clients will be eligible for Income Tax relief and the three-year minimum holding period will begin. Clients can claim Income Tax relief in the tax year the shares are issued, but can also choose to treat some or all of the shares as being issued in the previous tax year, claiming relief in that year if it is available.
Loss Relief	Clients can also claim EIS loss relief on companies in their portfolio that fail, choosing to apportion this to income or capital gains tax but not both simultaneously. If against income, losses can be set against income in the current or previous tax year, but again, not both. Any remainder can be treated as capital loss and applied to future capital gains. Or if clients focus on applying the relief to capital gains, they can complete this for the current tax year or carry it forward for future gains.

Investment Opportunities

We target tech companies full of ideas and originality, that can redefine their market. The firms we select operate across sectors, with offerings based on ground-breaking new concepts, using highly specialised technology.

UK-Wide Talent

In contrast to some other providers, we don't confine our investment focus to London. We seek out and identify the best technology talent from across the UK. Our expertise, networks and processes ensure that we unearth high-quality deals for clients across all regions.

Global Reach

We target firms that could become global businesses. Within the tech start-up ecosystem, barriers to launching are low and founders can get products to market quickly. This means they can often reach global markets early and that exit valuations and returns can hit highs.

Game-Changing Firms

Many fledgling tech firms have the potential to be game-changers, disrupting global markets with innovative solutions. We look to create significant upside potential for investors by working with high-calibre businesses led by brilliant people.

Investment Criteria

Tech Focus

We're aligned with the UK Government's focus on knowledge-based tech companies that have created intellectual capital. Backing these firms supports innovation, creates jobs and strengthens the economy. These firms can help to support the UK's future.

EIS Suitability

Each firm we consider must qualify for EIS funding. We only invest capital once advance assurance from HMRC is in place and we will also seek an opinion from an independent, professional-indemnity insurance backed tax specialist.

Product-Market Fit

We invest in technology firms on the cusp of their growth journey. We focus on companies that have developed a viable product and established that there's a market for it.

Strong Founding Teams

We look for strong teams led by exceptional founders. We work with those with a clear vision and the capability to deliver it. We seek founders with a convincing track record and an excellent understanding of their customers.

High-Growth Potential

Firms need to represent big opportunities. Companies must be capable of growth through disrupting large growing markets that are typically worth over £1billion. They must also offer the potential for high returns at exit.

ESG Principles

We consider the purpose of a business and invest in firms that share our views on ESG. We support young, entrepreneurial firms with strong ESG values, often offering solutions which have a positive social impact.

Investment Process

Deal Flow

Alongside our team connections, we use links to UK accelerators, incubators and start-up hubs. We also use a research platform that tracks high-growth UK start-ups. Referrals come from investee firm founders, our wider network and other Group teams. We typically see at least 1,000 deals each year, with plans to make 5-15 new investments annually

Pipeline Process

Each prospective investee firm needs to meet our requirements, including those around tech focus and EIS suitability. We hold discussions with founders to collect key information, and meet regularly as a team to assess and filter all prospects. We place suitable firms on a short list and continue focused discussions with their founders.

Pitch

We invite companies that have made it past the short list to pitch to us. The recorded pitch sessions often continue for many hours and involve deep dives into data, metrics, performance and financials. The aim of these sessions is to gain enough information to decide whether to progress to term-sheet stage.

Term Sheet

Term sheets include clauses motivating the core team to stay with the firm and giving us vetoes over key decisions. We also include further specific conditions or terms relevant to the company. We take input from our Investment Committee (IC) before moving beyond term sheet. This ensures strong governance ahead of incurring any legal costs.

Due Diligence

We use a due diligence questionnaire and work with an EIS tax specialist to ensure EIS qualification. We arrange for a sector expert to assess the firm's technology risk, and a senior team member from Blackfinch interviews the team. We also connect with existing investors in the company to gain further insights. The IC makes the final decision of whether to approve the company for investment.

Post Investment

We often appoint a value-add non-executive director from our external Venture Partner network to the firm's board. These individuals help in decision-making and founders often cite them as a key differentiator. One of our team also acts as a board observer. We document financial records monthly, along with performance. We look to support firms through our guidance and network.

Fees and Charges

We offer competitive fee structures and some of the best-value charges in the market.

AMC For First Four Years Only

Our Annual Management Charge (AMC) is calculated as 2% of capital invested for each of the first four years only. This adds value to investors where companies take over four years to exit. We charge the full 4 years upfront as an Arrangement Fee to the investee company, which brings the added benefit of qualifying for EIS tax relief.

Portfolio Establishment Fee

We charge a fee of 3% to establish a client's portfolio (after deduction of adviser fees). Please note, this fee sits outside the investment and investors won't benefit from EIS tax relief on it.

Ongoing Fees

As noted above, we only apply our AMC for the first four years.
All fees and costs are exclusive of VAT, charged where applicable.

Performance Fee

We only apply our performance fee of 20% on gains above a high hurdle of £1.30 for every £1 invested. We calculate this on each investment made into an individual company. Our internal team and external Venture Partners share in this Performance Fee, which aligns everyone towards maximising client returns.

Ancillary Fees

We can recover reasonable expenses (e.g. legal, due diligence, accounting, arrangement, company secretarial, audit) incurred by Blackfinch and affiliates in managing and administering the service and the investee companies. We also reserve the right to charge arrangement, monitoring, director and exit fees to each investee company.

Advice Fees

At a client's request, we can facilitate upfront and ongoing advice fees agreed with an adviser authorised by the Financial Conduct Authority. We will deduct upfront advice fees from the amount invested and pay them to the adviser.

We will also calculate and deduct a maximum of four years' worth of ongoing advice fees. We hold these in the Blackfinch Ventures Client Account and distribute them to an adviser each year. Please note, advice fees will reduce the amounts invested and eligible for tax relief.

Non-advised Applications

Clients will need to pay an agreed initial fee for any non-advised applications submitted via advisers or introducing agents that haven't provided advice or recommendation. An introducing agent may also receive an agreed annual fee for the first three years of investment.

We facilitate these initial and ongoing fees by making a deduction from the amount invested. We hold ongoing fees in the Blackfinch Ventures Client Account and distribute them annually.

Stage	Description
Product	Blackfinch Ventures EIS Portfolios
Focus	Early stage (Seed to Series A)
Investment Period	4 to 7 years+ (3 years+ to receive EIS relief)
Minimum Commitment	£10,000
Portfolio Establishment Fee	3%
Annual Management Charge	2% p.a. (only for the first four years)
Performance Fee	20%, after a minimum return of 130%
Geography	UK-focused

Supporting Clients

We work towards strong exits for investors, providing regular reporting along the way.

Strong Exits

Successful exits from investee firms allow clients to see returns. We aim to deliver the 3x return on investment over four to seven years. For each investee firm we look to build a business with strong market value, and ensure the best point at which to exit.

As we head towards exits, we draw on our extensive industry contacts spanning venture capital, private equity and deal brokers. We target high valuations for firms. In many cases our goal is for larger firms to buy the companies at or above these valuation points.

Reporting

We provide clear updates on portfolio and investee firm progress. Advisers and clients can access these in various formats as required. Advisers can also use the Blackfinch portal on the homepage of our website. We can provide more detail on a portfolio or firm on request.

Reporting includes:

- Annual reports
- Quarterly updates on each investee company
- Ad hoc updates on exciting developments within the 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 prospective investors seek independent tax and financial advice before making a decision. Prospective investors should carefully consider the following risk factors in relation to the Blackfinch Ventures EIS Portfolios, together with all other information contained in this brochure.

The information set out below is not an exhaustive summary of the risks affecting the Blackfinch Ventures EIS Portfolios. Prospective investors should carefully consider whether an investment in the Blackfinch Ventures EIS Portfolios is suitable for them in light of their personal circumstances. In particular, they should consider the following:

Values and Returns

The capital invested in the Blackfinch Ventures EIS Portfolios is at risk. The value of an investment may go down as well as up and an investor may not get back the full amount invested. There is no guarantee that the targeted return per annum will be achieved. No representation is made or can be made as to the future performance of the Blackfinch Ventures EIS Portfolios, or that they will receive the level of returns contained in this brochure. The assumptions are assumptions only and these may not be realised. The value of an investment and the returns an investor receives are dependent on the value of the assets in the investee companies in which the Blackfinch Ventures EIS Portfolios invest and any income they earn.

Taxation

Any changes to the taxation environment or HM Revenue & Customs (HMRC) practice may affect investment returns. Rates of tax, tax benefits and allowances described in this brochure are based on current legislation and HMRC practice and depend on personal circumstances. These may change from time to time and are not guaranteed. Investors may be liable to make tax payments as a result. Accordingly, each investor will have their own tax position to consider and must take their own independent professional advice in this matter.

Qualifying Investments

We will invest in an investee firm which we reasonably believe to be EIS qualifying at the time of investment and we will ensure it has advance assurance from HMRC and an opinion from an independent professional-indemnity insurance backed tax specialist. However, please note there is no guarantee that the investee company will remain EIS qualifying at all times thereafter, or that EIS tax reliefs will be available to investors.

A failure of the investee company to meet the qualifying requirements of EIS legislation could result in the withdrawal of EIS tax benefits that have already been obtained, and the requirement to repay any rebated tax. There is no guarantee as to the timing of the availability of the EIS3 certificates that are needed in order to claim EIS tax benefits. Obtaining the EIS tax benefits is subject to an investor making the appropriate filings with HMRC. Please note that an investor will need to hold the investment for at least three years to retain the benefit from the EIS tax reliefs.

Business Relief

The nature of the activities undertaken by the investee companies in which we invest is such that the companies should also qualify for Business Relief (BR). Unlike EIS tax benefits, it is not possible to obtain any assurance from HMRC that the investee companies will qualify for this relief. It is assessed by HMRC on a case-by-case basis at time of death of the investor, as part of the probate process.

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 Inheritance Tax. The two-year timeframe commences when HMRC deems the investment has become BR qualifying, which may be later than the investment date.

Future Performance

Past performance does not imply that future trends will follow the same or a similar pattern. Illustrations and targets included in this brochure may not be achieved. There is a risk that an investor will not get back the full amount invested.

Liquidity and Exit

To qualify for tax relief, investments made by the Blackfinch Ventures EIS Portfolios must be in unquoted companies. These investments are not readily realisable or easily resold, unlike companies listed on the London Stock Exchange. The minimum holding period for an EIS investment is three years, which starts from the date a client's money is invested or the date the company starts trading, whichever is later.

Blackfinch is unable to provide any guarantees that investors will be able to dispose of their shares after the three-year minimum holding period. The companies in which the Blackfinch Ventures EIS Portfolios invest either generate long-term revenues or should have completed their revenue cycle within four to seven years. We anticipate that this should make the companies an attractive proposition for sale or refinancing and give rise to exit opportunities for investors. Although no assurance of this being achieved can be made, Blackfinch is committed to working on EIS investors' behalf to procure a timely exit for them.

Diversification

Blackfinch Ventures currently invests across sectors, with a focus on early-stage companies with technological potential. We aim to spread investments over at least ten companies. However, the failure of any individual investment could have a significant impact on the overall value of the product. Investors should be aware of the concentrated nature of the portfolio.

Conflicts of Interest

The Blackfinch Ventures EIS Portfolios may be acquired by, or receive loans from, other companies managed by the Blackfinch Group. All loans and transactions will be on an arm's length basis and will be ratified by the non-executive directors of the Blackfinch Ventures EIS Portfolios investee company.

Important Information

This brochure is issued by Blackfinch Ventures. Blackfinch Ventures is a trading name of Blackfinch Investments Limited which is Blackfinch Investments Limited is authorised and regulated by the Financial Conduct Authority ("FCA") (FCA number: 153860). Registered Address: 1350-1360 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH. Registered in England and Wales company number 02705948.

Any decision to invest in this service should be made 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 they are in any doubt about the proposal discussed in this brochure, its suitability, or what action should be taken, they should consult their own professional advisers.

Blackfinch Investments Limited has taken all reasonable care to ensure that all the facts stated in this brochure are true and accurate in all material respects and that there are no other material facts or opinions which have been omitted where the omission of such would render this brochure misleading. However, no representation or warranty, expressed or implied, is given as to the accuracy or completeness of the information or opinions contained in this brochure. No liability is accepted by Blackfinch Investments Limited, or any of its directors, members, officers, employers, agents or advisers, for any such information or opinions.

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The Blackfinch Ventures EIS Portfolios may not be suitable for all investors and we would recommend that prospective investors seek independent advice before making an investment decision.

Visit our website **blackfinch.com/ventures** to view other literature.

For any queries please contact us on **01452 717070** or email **enquiries@blackfinch.com.**

ESG Committed

V6 04.2024