

# Spring Venture Capital Trust

Brochure

Signatory of:

 **PRI** Principles for  
Responsible  
Investment



# We're part of Blackfinch Group, an investment specialist working in partnership with advisers.



Working with leaders of positive change to enable individuals, businesses and communities to thrive.



Built on over 25 years' investment track record, with Blackfinch Investments being our first business to launch.



Our experienced team bring a range of expertise in tax-efficient solutions, alongside early stage 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

The Blackfinch Spring Venture Capital Trust (VCT) is part of our solutions for clients. We developed it to address their interest in supporting the UK's fledgling technology businesses.

Blackfinch Ventures, which manages the VCT, is part of Blackfinch Group, an investment specialist entrusted with over £806 million in assets under management and administration, built on over 25 years' track record. Blackfinch Group partners with advisers, and our businesses can provide solutions for almost any situation. Across businesses, we work to build long-term future prospects.

Our specialisms mean we're a long-time supporter of fast-growing firms. Our track record as a provider of Enterprise Investment Schemes (EIS) bears this out. We invest across sectors in new firms with great ideas and strong management teams. This includes technology and technology-enabled companies.

The opportunities in this space are broad, with chances to invest at different stages in a company's life. The Spring VCT invests in technology-enabled firms at growth stage. Clients can then look to benefit from high-performing companies that are on track for success.



**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. Our evolutionary heritage ensures this, as we apply our values to working for a better future.

## **Transparent Approach**

As a result, our customers can expect straightforward processes, accessible staff, and funds managed by sector specialists with a transparent approach. We continue working closely with advisers to bring clients the solutions they need, including the Blackfinch Spring VCT.

# An Early Stage Investor

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

We're passionate about supporting innovative firms as they grow and we also co-invest with clients. In this way, we're helping to shape the future UK economy. As experienced managers of EIS services we manage over £69.6 million in funds. This is split across a variety of sectors including early stage technology companies, media and leisure.

The Blackfinch Ventures EIS Portfolios achieved a successful exit in 2022 with Candidate.ID, a recruitment-tech business. In total the Portfolios have raised over £55.6 million and made investments in a wide range of sectors. These include Wearables, Education Technology and Software-as-a-Service (SaaS) powered by Artificial Intelligence (AI).

Many of the Blackfinch Ventures team are technology specialists and entrepreneurs who have experience founding technology companies. The team manages the Blackfinch Ventures EIS Portfolios as well as the Blackfinch Spring VCT. The EIS invests in technology-focused firms while the VCT invests in technology-enabled firms.

# How We Invest

This graph shows the growth phases of an early stage company and the points at which we typically become involved as an early-stage investor.

If investing through the EIS, we're focused on whether the company has a viable product (minimum viable product) and has demonstrated its fit in the market (product-market fit).

We're recognised for our commitment to regulatory standards, robust controls, and strict procedures. Our evolutionary heritage ensures this, as we apply our values to working for a better future.

### 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.

# What is a Venture Capital Trust?

The UK Government introduced VCTs in 1995 to encourage investment in new businesses and support UK entrepreneurs. VCTs themselves are companies that can be publicly traded on a stock exchange.

VCTs offer a range of tax benefits to offset the risk of investing in early stage firms. These currently are available on investments of up to £200,000 in a tax year. Investors must have a sufficient income tax liability to benefit from the tax reliefs offered by the product.

**30% income tax relief (minimum holding period five years)**

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**Gains exempt from capital gains tax when clients sell their shares**

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**No income tax on any dividends from a VCT**

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## Uses of VCTs

VCTs are well established and popular with investors. Over the last three years VCTs have raised over £3 billion – providing much needed support to the UK’s fast-growing companies. (Source: The Association of Investment Companies, 2024).

Alongside tax mitigation, VCTs have many other uses. They can help to create a more diversified portfolio through exposure to different firms and sectors for investors. They can provide an income stream through dividends. Whichever way a client chooses to use a VCT, they can be a helpful and useful feature of financial planning.



# Investment Focus

The Spring VCT invests in new tech-enabled firms with a strong focus on research, development and innovation.

We target firms at growth stage that have already raised funding, gained traction and are seeking to accelerate their progress. We aim for diversification, and broad opportunities. These stem from both new deal flow and from the Blackfinch Ventures EIS Portfolios.

## **New Investments**

We're focused on high-quality deal flow. The Ventures team itself is a great source of deals as they are connected to many promising new firms. We source firms using our extensive networks, cutting-edge research platform and also from referrals. We then advise on strongly vetted new opportunities.

## **Follow-On Investments**

Investee firms in the Blackfinch Ventures EIS Portfolios can often create an opportunity for follow-on co-investment by the VCT. We manage investments for both, bringing the advantage of deep knowledge, experience and data we have collected on firms. Due to this, each firm we select from our EIS for the VCT has a higher chance of success.

# Investment Criteria



Digital Disruption is a revolution that is caused by emerging digital technologies and business models. These innovative new technologies and models can make a fundamental change in their industry, which in turn impacts the value of existing products and services.

## High-Growth Potential

Companies must be capable of growth through disrupting large growing markets that are typically worth at least £1 billion. They must also offer the potential for significant returns at exit. We're focused on growth within the VCT's investment timeframe. Only in exceptional circumstances would we consider highly regulated industries that take a long time to get to market and exit.

## Existing Revenue and Customers

Companies will need to show evidence of having gained traction in the market, often in the form of revenue. They will also need to show that they can control customer acquisition. This would typically be through growth metrics. We know that firms with these characteristics have a higher chance of efficient, quantified growth, which is key to future success.

## Strong Teams

Potential investee companies must have teams that are highly motivated, driven, and have a track record of making excellent decisions under pressure. Team members must complement each other in their skills, to cover core operating areas. We constantly assess each team's work ethic, and how they handle challenges, to see if they're prepared for the next stage of company growth.

## Responsible Investing

We consider the purpose of a business and invest in firms that share our views on acting responsibly. We support young, entrepreneurial firms who can help build long-term future prospects. These often offer solutions which have a positive social impact. Investments are also aligned with the Government's focus on technology firms, supporting innovation, creating jobs and strengthening the economy.

# Investor Objectives

We know many VCT investors have a strong focus on dividends for income. We're targeting dividends of 5% of net asset value p.a., along with 'special dividends' from the proceeds of successful exits that are not reinvested or required elsewhere by the Company.

Our investee firms operate across industries, with offerings often based on ground-breaking new concepts, using highly specialised technology. Consumer Electronics, Software-as-a-Service, Educational Technology and Artificial Intelligence are just some of the areas where firms are innovating.

In this way, the VCT gives access to high-growth firms and reasonable exit timescales. As we support firms that we've sourced from new deal flow and our EIS Portfolios, this creates a range of exit opportunities. We're focused on strong exits for investors. This is also dependent on realised profits, related legislation and the VCT's available cash reserves.

# Investment Process



## Deal Flow

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



## Pipeline Process

Each prospective investee firm needs to meet our requirements around technology focus, correct stage and VCT suitability. We hold discussions with founders to collect key information, meet regularly to assess all prospects and have filtering meetings with our senior team. We place a suitable firm on a 'Long List' and continue focused discussions with its founder.



## Pitch

We invite companies that have made it through the pipeline stage to pitch to us. The recorded pitch sessions often continue for many hours and involve thorough assessments, '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 a tax specialist to ensure VCT 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

Where appropriate, we appoint a value-add non-executive director to the firm's board, drawn from our network of Venture Partners. 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.



# Blackfinch Team



**Richard Harley**  
*Ventures Director*

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Richard Harley, a career entrepreneur and investor, co-founded ScholarPack, an EdTech platform used in over 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 focuses on supporting and managing portfolio companies.



**Richard Cook**  
*Founder and CEO*

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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 Nic Pillow**  
*Senior Ventures Manager*

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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.



**Dr Reuben Wilcock**  
*Head of Ventures*

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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.



**Kimberley Hay**  
*Senior Ventures Manager*

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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 four years investing in companies focused on disrupting the "Future of Work", completing deals across multiple sectors including HealthTech, HRTech & RegTech.



**Rebecca Sumner**  
*Senior Operations Manager*

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Rebecca co-manages VCT projects including share offerings alongside Alice Bollen, Investment Operations Manager. She has over ten years' experience working in the operations side of financial services, holding the Level 6 Diploma in Investment Operations from the CISI, Agile Project Management Certificate from APMG International, and the PRI's Foundations in Responsible Investment.



**Hassaan Mehmood**  
*Assistant Ventures Manager*

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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 he has a first-class degree in Economics from Aston Business School.



**Hamish Masson**  
*Head of Legal*

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Hamish has over 15 years' experience as a Corporate Lawyer in London and internationally. Previously, he worked at the law firms Addleshaw Goddard, DLA Piper and Harneys, advising in areas ranging from early stage start-up funding to private equity deals covering small scale angel investments to multi-billion multi-jurisdictional acquisitions.



**Winston Mathew**  
*Assistant Ventures Manager*

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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.



**Alice Bollen**  
*Investment Operations Manager*

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Alice co-manages VCT projects including share offerings alongside Rebecca Sumner, Senior Operations Manager. She has over five years' experience working in the operations side of financial services, with particular focus on interactions with third party platforms, and is currently working towards the CISI Level 3 Investment Operations Certificate.



**Corey Price**  
*Assistant Ventures Manager*

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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.



**Cameron McGee**  
*Technical Ventures Analyst*

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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.



**Ijaz Khan**  
*Ventures Analyst*

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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.



**Katie Crook**  
*Product Manager*

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Katie brings a robust background in asset and wealth management; experienced at aligning investor goals with tailored investment products. She has previously utilised her analytical prowess to devise and launch main market investment products with an ESG focus. Katie is a Level 3 CFA candidate.



**Charles Horn**  
*Ventures Analyst*

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Charles began his career in equities, initially within prime brokerage at Morgan Stanley and later, equity derivatives sales at Commerzbank AG. Prior to joining Blackfinch, Charles founded a hyperlocal microblogging platform 'Loco'. He holds an economics degree from the University of Durham.

# 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. You can find information on all our Venture Partners in the Spring VCT Prospectus.



**Elizabeth Chambers**  
*Venture Partner*

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Libby Chambers, a board director and adviser, is an Operating Partner at Searchlight Capital Partners. Currently sitting on the boards of TSB Bank plc 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.



**Geraldine Osman**  
*Venture Partner*

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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.



**Andrew Hughes**  
*Venture Partner*

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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).



**Steven Raffé**  
*Venture Partner*

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Steve Raffé 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.



**Ashley Unitt**  
*Venture Partner*

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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 Spring VCT is investing steadily, with a portfolio that has grown from three high-potential companies at the end of 2020 to 30 by August 2024. We expect to add a further 5-15 new companies per annum.

It offers good diversification across a wide range of technology-enabled sectors. In comparison to much larger VCTs, a big exit from any one company would represent a much larger return per share. There is thus the potential for special dividends from early successful exits in addition to the regular dividends.



# Spotless Water

## Leading in Ultra-Pure Water

Spotless Water sells ultra-pure water from self-service dispensing units around the UK. The water is primarily used by window cleaners, who need 40m litres a day, as well as for car cleaning, dentistry, and even aquariums. It is a unique business with no national competitors; the alternative is for customers to produce their own pure water, which is time-consuming and requires expensive equipment. Since investment in 2020, Spotless has grown its monthly revenues by approximately 3.5x and it now has over 100 filling stations across the UK. In mid-2024 the company took in a £3.5m investment from a leading PE firm, enabling a continued nationwide rollout.

**VCT Investment**

£459k

**VCT Shareholding**

3.3%

**Sector**

Water Technology





# Transreport

## Improving the Journey

Transreport's innovative technology platform makes it easy for people with reduced mobility to book and receive the special assistance they need for journeys on public transport. As well as this 'Passenger Assist' app, the company has developed a suite of platforms targeting the rail industry's digital transformation. Beginning in the UK, where it has an exclusive, long-term contract with the entire rail network, it is now scaling into other verticals, including air travel, and across geographies, with Japan a key target. Since investment in 2020, Transreport has grown its annual revenue 5x, and a £10m investment from new UK investors at the end of 2023 is helping it scale further.

**VCT Investment**

£770k

**VCT Shareholding**

4.9%

**Sector**

Transport Technology





# Kelpi

## Turning the Tide on Plastic Packaging

Kelpi is creating sustainable packaging in an effort to remove plastic from supermarket products. Kelpi's patented seaweed-derived coating is applied to paper or cardboard to create a water-resistant barrier. The packaging enjoys the qualities of plastic but is fully recyclable, compostable and marine-safe, being exclusively sourced from sustainable materials. As well as being used to produce food packaging materials, Kelpi is also working with several large global brands in the cosmetic and personal care space to develop packaging products.

**VCT Investment**

£500k

**VCT Shareholding**

4.5%

**Sector**

Material Tech







# Tended

## Transforming Safety Across High-Risk Industries

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 secured deals from major employers such as Siemens National Rail, making its revenue growth rate amongst the strongest in the portfolio.

**VCT Investment**

£1.38m

**VCT Shareholding**

13.9%

**Sector**

Safety Technology



# Illuma

## Pioneering Contextual Solutions

Illuma is a digital advertising company that offers advanced technology designed to select the best websites on which to deploy adverts to generate the highest response rates. Its artificial intelligence learns in real-time, determining the optimum context in which to place any given advert. Illuma's product offers an alternative to traditional cookie-based targeting, which suffer from privacy concerns. Since investment in 2021, Illuma has grown its revenue sevenfold, expanded to the US, and has secured large global customers such as Procter & Gamble and Sky, who are ramping spend quickly.

**VCT Investment**

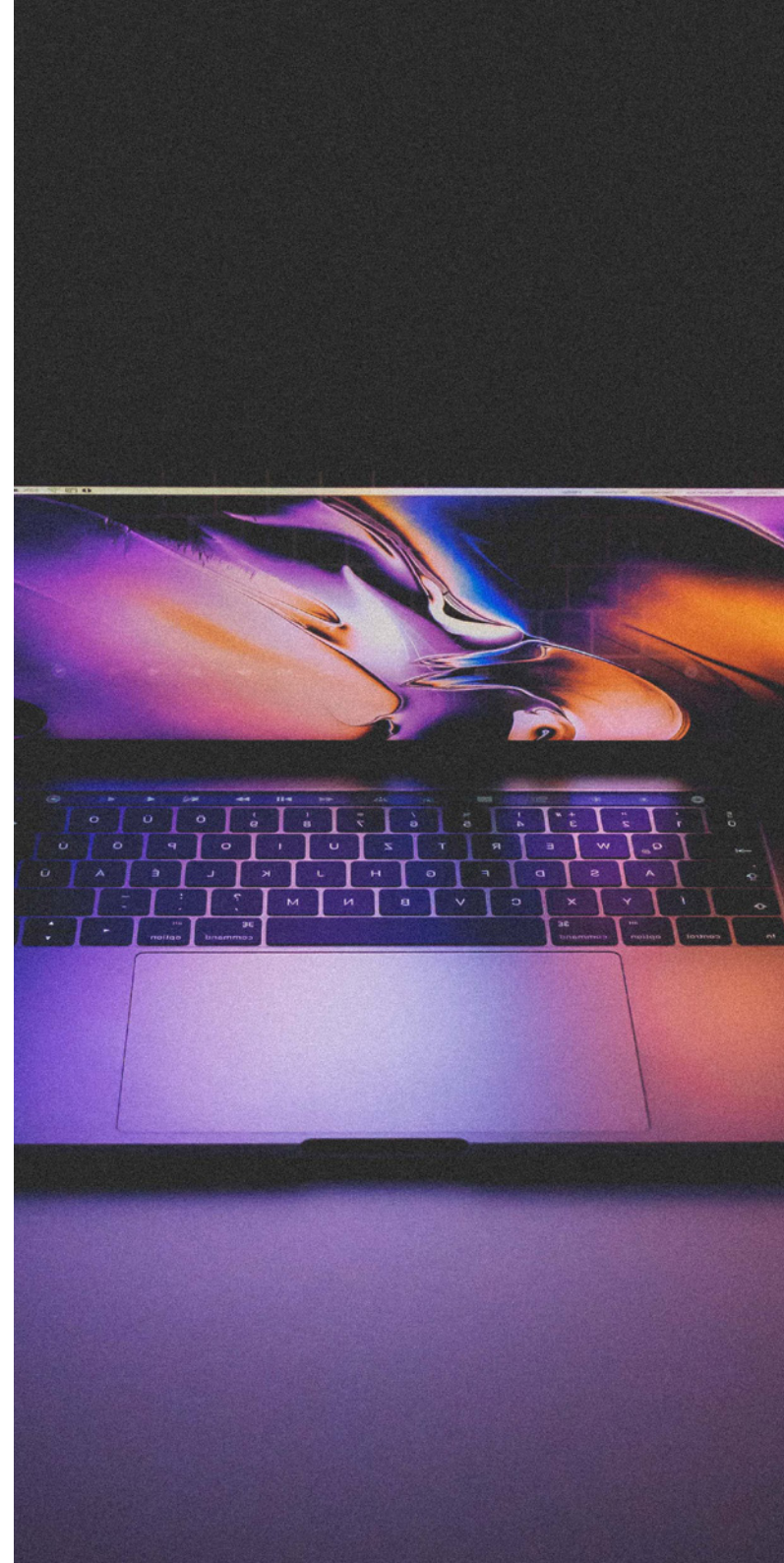
£1.22m

**VCT Shareholding**

10.5%

**Sector**

Advertising Technology





# Clientshare

## The World's Leading Business Reviews Platform

Clientshare specialises in increasing the strength of relationships between buyers and suppliers through its easy-to-use online technology platform. Its 'Service Governance' products help large organisations maintain strong relationships with their clients, and deliver the insights needed to tackle emerging problems. The effect is to increase customer retention and reduce churn. Having already secured enterprise customers such as HP and Compass Group prior to the Company's first investment in 2021, Clientshare has subsequently grown in revenue over 3.5x, and secured additional major customers such as EY. The business has also planted over 7,900 trees in the 'Clientshare Forest', based on customers' use of its platform.

**VCT Investment**

£858k

**VCT Shareholding**

9.7%

**Sector**

Service Governance Technology





# RideTandem

## Fully Managed Workplace Transport

RideTandem, transforms taxi, minibus, and coach fleets of transport operators into eco-friendly, shared shuttles for businesses to offer as an efficient commuting option to their workforce in regions underserved by public transport. The service tackles transport poverty, opening up employment opportunities in remote areas, whilst boosting talent attraction and retention for employers. Since investment in 2023, RideTandem has continued to make a tangible difference in the fight against climate change and pollution, by promoting shared shuttle services that reduce the number of vehicles on the road. The company has now delivered over two million passenger journeys, and is on track to grow its revenues 70% over 2024.

**VCT Investment**

£1.06m

**VCT Shareholding**

8.2%

**Sector**

Transport Technology





# 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 in 2022, Currensea has grown revenue 4x, and is developing a new loyalty proposition in partnership with a major multinational enterprise. 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 Eden Reforestation Project.

**VCT Investment**

£1.07m

**VCT Shareholding**

5.7%

**Sector**

Financial Technology



# VCT Investment Lifecycle

## Making the Initial Investment

After reading all the material provided on the VCT, and in many cases consulting with a financial adviser, clients or advisers can complete an application form. We will then write to clients to confirm receipt of their application and request any other information.

## Issuing Shares

Once we have received a client's application and funds, we will allot VCT shares in accordance with the prospectus document. When this is complete, a client and/or their adviser can check the share values at [blackfinch-spring.cityhub.uk.com](http://blackfinch-spring.cityhub.uk.com).

## Share and Income Tax Certificates

We will work to send clients share and Income Tax certificates within 10 working days of shares having been allotted. Please note that the client and/or their adviser should file these documents carefully.

## Lifecycle Overview

The VCT investment lifecycle starts with making the initial investment and holding it over the required five-year time period. During this time, investors can receive certification to claim 30% Income Tax relief. Clients can opt to reinvest some or all of their dividends via the Flexible Dividend Reinvestment Scheme.

### Shareholder Reporting

Shareholders will have access to a copy of the Company's annual report and accounts, expected to be published each April. This is alongside a copy of the Company's interim results, expected to be published each August. Both will be available on our website.

### Selling VCT shares directly in the market

VCT share prices are quoted on the London Stock Exchange. Investors can buy or sell shares using a stockbroker or a share dealing account. The shares' market price is usually less than the underlying net asset value (NAV) of the shares, and for this reason demand may be limited.

### Selling Shares Back to the VCT

We will offer a share buyback facility, allowing investors to sell their shares back to the VCT at a small discount to the NAV. Our current policy is to buy shares back at a 5% discount. Please note that as share buybacks are at the Board's discretion, and there are periodic regulatory restrictions on them, we can't guarantee we'll always accept shares for sale.

# Fees and Charges

We're focused on delivering value for investors and are known for our competitive fees. We are also well aware that investors have different ways of investing and using financial advice. As a result, we have developed the Blackfinch Spring VCT to accommodate a range of requirements.

Fee Type	Fee Arrangement	Advised	Execution Only	Direct Investor
Fees paid by the investor				
Paid by the investor (prior to subscription for shares)	Adviser Initial Charge	Up to 5%	-	-
Fees paid by VCT				
Upfront charges paid by VCT	Blackfinch Initial Fee <sup>1</sup>	2.5%	2.5%	2.5%
	Execution Only Intermediary Initial Commission <sup>1</sup>	-	Up to 3%	-
	Direct Investor Initial Premium <sup>2</sup>	-	-	3%
Ongoing Annual Charges	Effective Blackfinch Annual Management Charge (AMC) <sup>3</sup>	2%	2%	2%
	Ongoing Adviser Charge <sup>3</sup>	Up to 0.5%	-	-
	Execution-Only Intermediary Ongoing Commission <sup>3</sup>	-	Up to 0.5%	-
	Direct Investor Ongoing Fee <sup>3</sup>	-	-	0.5%
	Performance Fee <sup>4</sup>	20%	20%	20%

The footnotes on page 29 provide further insights on how we structure fees. Please read them carefully.



<sup>1</sup>As the promoter, Blackfinch Investments Limited (Blackfinch) will charge the Company – the Blackfinch Spring VCT Plc – a Blackfinch Initial Fee of 2.5% of the monies subscribed for shares. This doesn't include any adviser initial charges and is less any applicable discounts.

<sup>2</sup>Where investors have not invested through an adviser or execution-only intermediary, Blackfinch will charge the Company a direct investor initial premium of 3% of the subscription amount. This is in consideration for promoting the VCT.

<sup>3</sup>Blackfinch is also the investment manager for the VCT. In this capacity Blackfinch will charge an annual management fee of 2.5% of the NAV. However, Blackfinch will rebate 0.5% of the NAV p.a. to investors making the effective annual management fee 2% of the NAV. Blackfinch will calculate any Adviser Ongoing Charges, Execution-only Intermediary Ongoing Fees and Direct Investor Ongoing Fees on the NAV of the investor's shareholding. Blackfinch will then facilitate their payment on behalf of the Investor from the rebate.

If an investor is due to pay their adviser or execution-only Intermediary less than the maximum amount shown in the table, as the investment manager to the Company, Blackfinch will use any money left over from the rebate to buy additional VCT shares for the investor (issued at the last published NAV per Share (adjusted as appropriate for any dividends approved by shareholders at general meeting, subsequently paid or in respect of which the record date has passed)), meaning investors not paying Adviser Ongoing Charges, Execution-Only Intermediary Ongoing Fees and Direct Investor Ongoing Fees will benefit from an increased shareholding. Where investors have not invested through an adviser or execution-only Intermediary, the Company will pay Blackfinch, as the promoter, a Direct

Investor Ongoing Fee. This is in consideration for promoting the offering. Direct Investors will not receive any rebate from the Direct Investor Premium or Direct Investor Ongoing Fee. Execution-only Intermediary Ongoing Fees are payable for ten years only from the date of allotment.

<sup>4</sup>As a company the VCT will be charged a performance incentive fee. This will be payable to Blackfinch as the investment manager in relation to each accounting period. The amount of the fee will be equal to 20% of the amount by which the performance value per share at the end of an accounting period exceeds the high water mark. This is the higher of 130p and the highest performance value per share at the end of any previous accounting period. We will then multiply this figure by the number of shares in issue in the VCT on the relevant date.

In calculating the Performance Fee, the methodology for calculating the performance value is as follows:

- the total of:
  - i.** the Net Asset Value,
  - ii.** all Performance Fees previously paid or accrued by the Company to the Investment Manager for all previous accounting periods since inception of the Company, and
  - iii.** the cumulative amount of dividends or any other distributions paid (and declared but not yet paid) by the Company before the relevant accounting reference date. This includes the amount of those dividends in respect of which the ex-dividend date has passed as at that date,
- divided by the number of Shares in issue in the Company on the relevant date.

# Risks

Prospective investors should carefully consider the following material risk factors that are specific to the VCT's ordinary shares, as well as the other information in the prospectus, before investing. Prospective investors should read the whole prospectus and not rely solely on the information in the section entitled 'Risk Factors'. Please note that the business and financial conditions of the VCT as a company could be adversely affected if any of the following were to occur. Investors could lose part or all of their investment.

The value of ordinary shares can fluctuate and investors may not get back the full amount they invest. In addition, there is no certainty that the market price of ordinary shares will fully reflect the underlying NAV, that shareholders will be able to realise their shareholding or that any dividends will be paid. An investment in the VCT as a company should be viewed as a higher-risk, longer-term investment.

The VCT's directors draw the attention of potential investors to the following risk factors which may affect an investment, the VCT's performance and/or the availability of tax reliefs. The company and the directors consider the following risks to be material for prospective investors. However, the risks listed below do not necessarily comprise all those associated with an investment in the VCT. Additional risks and uncertainties currently unknown to the VCT and its directors (such as changes in legal, regulatory or tax requirements), or which the VCT and the directors currently believe are immaterial, may also have a materially

adverse effect on the financial condition or prospects of the VCT, or on the market price of ordinary shares.

## Issuer Risks

The Company will invest in unquoted companies in accordance with its investment policy and objectives. Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in listed companies. Small companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation, and other regulatory changes. All these factors could affect the financial performance of the Company, and the returns for Shareholders.

There can be no guarantee that suitable investment opportunities will be identified. This factor would affect the financial performance of the Company and the returns for Shareholders.

The current hostilities in the Middle East, Ukraine and, in respect of the latter, the resulting sanctions imposed on the Russian Federation by various countries around the world may have unforeseen, long term and far-reaching consequences for the global economy and the Company's portfolio of investments. In particular, the interruption and/or limitation in the supply of certain natural resources (such as oil and gas) could have a negative impact on the performance of the Company's portfolio of investments.

It is anticipated that interest rates could remain inflated over the near term, which may have an adverse effect on the Company's portfolio companies and, potentially, their value and have a negative impact on the NAV of the Company, which in turn may have an adverse effect on the future investment returns of the Company and the market value of the Shares.

The Company may be unable to maintain its VCT status, which could result in loss of certain tax reliefs. There can be no guarantee that the Company will fulfil the conditions to obtain, or to enable it to maintain full VCT status. If the Company loses its approval as a VCT before Investors have held their Shares for five years, the 30% income tax relief obtained in respect of those Shares will have to be repaid by such Investors. Following a loss of VCT status, an Investor will be taxed on dividends paid by the Company, and in addition, a liability to capital gains tax may arise on any subsequent disposal of Shares, and the Company may be subject to corporation tax on any capital gains it makes.

The market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing, and disposing of such stock.

There may also be constraints imposed on the realisation of investments to maintain the VCT tax status of the Company. All these factors could affect the financial performance of the Company, and the returns for Shareholders.

The Company's portfolio of Non-Qualifying Investments (e.g., money market funds) are subject to market fluctuations. Such investments are affected by the selection of funds and managers by the Manager and by investment decisions of such portfolio managers, and there can be no assurance that appreciation will occur or that losses will not be incurred.

The COVID-19 pandemic may continue to have an impact on the UK and global economy, affecting workers and businesses of all sizes. Despite the UK Government's fiscal measures and additional tax and other benefits to support small businesses, the Company's portfolio businesses may be adversely impacted by the pandemic and any future pandemic. These factors could affect the financial performance of the Company, and the financial returns for Shareholders.

The Finance Act introduced a "risk-to-capital" condition for Qualifying Investments, designed to focus investments towards earlier stage, growing businesses, and away from investments which could be regarded as lower risk and these factors could affect the financial performance of the Company, and the returns for Shareholders. The Company may not make any prohibited non-qualifying investments, including those which breach the "risk-to-capital" condition, and the potential penalty for contravention of these rules can include loss of VCT status with a resultant clawback of VCT tax reliefs from investors.

Whilst HMRC have stated that VCT status will not be withdrawn where an investment is ultimately found to be non-qualifying if, after taking reasonable steps including seeking advice, a VCT considers that an investment is qualifying, a breach of any of these conditions could result in the loss of VCT status by the Company or HMRC requiring rectification of the breach, which may mean that the Company is forced to dispose of the investment at a loss and this could adversely affect investor returns.

# Risks

The Investment Manager and its respective officers, employees and consultants are involved in other activities which may give rise to conflicts of interest with the Company and the Investment Manager may from time-to-time act for other clients or manage or advise other funds, which have similar investment mandates to that of the Company. In seeking to manage such conflicts, the Investment Manager may not offer the Company the opportunity to invest in all of its investment opportunities that fall within the Company's investment policy, for example, where the Investment Manager is bound to allocate a specific investment opportunity to the Blackfinch Adapt IHT Service, that might otherwise have been presented to the Company. This could have a material adverse effect on the Company's profitability, the Net Asset Value, and the price of the Ordinary Shares.

## Securities Risk

Although it is intended that the ordinary shares will be listed on the Official List and admitted to trading on the London Stock Exchange, shares in VCTs are inherently illiquid and there may be a limited market in the shares. This is primarily because the initial tax relief is only available to those subscribing for newly issued shares. In such circumstances, investors will find it difficult to realise their investment.

As a company, the VCT intends, but cannot guarantee, to pay a regular annual dividend equivalent to 5% of the VCT's NAV. The ability to pay the intended dividends may also be constrained by, in particular, the existence of realised profits, regulations and the available cash reserves of the VCT.

The value of an ordinary share depends on the performance of the VCT's underlying assets and that value and the income derived from those assets may go down as well as up and an investor may not get back the amount invested.

Levels, bases of, and reliefs from taxation are subject to change, which could be retrospective. This could affect the VCT status of the company and the VCT tax benefits available to shareholders. Any purchaser of existing Shares in the secondary market will not qualify for the then (if any) available upfront tax reliefs afforded only to subscribers of Ordinary Shares on the amount invested.

Investors who sell their Ordinary Shares within five years of allotment will have to repay some or all of their initial 30% income tax relief depending on the sale proceeds and it is, therefore, probable that the market in the Ordinary Shares will be illiquid for at least five years.

If the Company loses its approval as a VCT before Investors have held their shares for five years, the income tax relief obtained will have to be repaid by such Investors. Following a loss of VCT status, an Investor will be taxed on dividends paid by the Company and, in addition, a liability to capital gains tax may arise on any subsequent disposal of their Ordinary Shares.

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The Blackfinch Spring VCT may not be suitable for all investors. We would recommend that prospective investors seek independent advice before making an investment decision.

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Current Investors can now access all of their information using the Blackfinch Spring VCT Investor Hub.

Visit our website [blackfinch.com/ventures](https://blackfinch.com/ventures) and access the Investor Hub at the top of any page.

For any queries (other than investment advice) please contact us on 01452 717070 or email [enquiries@blackfinch.com](mailto:enquiries@blackfinch.com).

