



BLACKFINCH

Blackfinch Spring VCT
Target Market Assessment

Signatory of:



Our target market assessments are designed to ensure that you have all the information available to evaluate whether the product or service is suitable to meet your clients' needs.

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Target Market

Minimum Investment

£3,000.

Investor Type

Retail and professional advisers.

Investors' knowledge and experience

An understanding of the type of product being offered.

- Understand the risks involved in investing in illiquid shares.
- Awareness of other tax-efficient products such as EIS and ISAs.
- An understanding of the venture capital trust scheme (VCT) and the threshold of £200,000 for tax relief.
- An understanding that the amount of tax credit received cannot exceed the total income tax liability for the same tax year.
- An understanding of investments into tax advantaged products (e.g. VCTs, EISs) or direct investment into large quoted (e.g. FTSE 100 and FTSE 250), smaller quoted (e.g. FTSE 350) or AIM quoted or unquoted companies.
- An understanding that the movement of the VCT share price is dependent on the performance of underlying investments in unquoted companies.
- Understand the minimum qualifying period of 5 years for the income tax benefit.

Assessment of the investor's knowledge and understanding must be assessed by an FCA-regulated intermediary. Blackfinch do not assess appropriateness for Direct or execution only applications.

Investor financial situation and ability to bear losses

- The investor will need to ensure that they can bear the full loss if the VCT does not perform as intended.
- Investors should have no immediate need to access their investment and be comfortable with committing their capital for a minimum period of 5 years in order to keep the investment qualifying for income tax relief purposes.
- The investor likely has a total income tax liability that exceeds the amount of tax credit they are likely to receive.

Financial Advisers must assess their clients' financial situation and ability to bear loss.

Risk tolerance and compatibility of the risk/reward profile of the product with the target market

- Willingness to invest their capital for a minimum of 5 years understanding the risks involved.
- Willingness to put the entire capital invested at risk.
- High tolerance for risk/reward.
- Financial Advisers must assess their clients' risk tolerance.

Investors' objectives and needs

- Those who want exposure to small company investing.
- Those who want a regular tax-free income from their investment.
- Those who have large amounts of capital and are looking to achieve tax relief.
- Those who want diversification in their portfolio.
- Those who wish to accept a higher risk to their capital.
- Those who want to invest in a product that considers long-term outcomes and responsible values.

Financial Advisers must assess their clients' objectives and needs.

People who should not invest (the 'negative target market')

- Those who lack the requisite knowledge and experience
- Those who have an investment horizon shorter than 5 years
- Those with an insufficient income tax liability to fully benefit from the tax relief offered by a VCT
- Those who are looking to protect their capital
- Those who are risk averse
- Those who need the investment to pay a predictable income
- Those who are not happy to give up control of their capital
- Those investing a high proportion of their savings into one product

Risks

Risk to investors

- All marketing materials contain relevant risk warnings.
- Capital is at risk; the VCT invests into small unquoted companies and values may go down as well as up so investors may get back less than they originally invested.
- There is no guarantee that the target return will be achieved.
- Changes to the taxation environment or HMRC practice may affect investment returns. (Tax rates, benefits and allowances are personal to an investor and they depend on personal circumstances).
- The investment will be spread over a diverse range of companies. However, the failure of any individual company will have an impact on the overall value of the portfolio, and investors should be aware of the concentrated nature of the portfolio.
- Shares in VCTs are inherently illiquid and there may be a limited market in the Ordinary Shares primarily because the initial tax relief is only available to those subscribing for newly issued Ordinary Shares which may, therefore, adversely affect the market price of the Ordinary Shares and the ability to sell them. The assets that the VCT holds may be hard to sell so investors may not be able to retrieve the proceeds from the sale of the shares immediately or in full, due to the investment being in small unquoted companies.

Systems and controls to manage the risks

- We will only invest in companies that we expect will qualify for the VCT and we will always obtain professional opinions from our third-party tax advisers.
- We aim for diversification across sectors.

Risk/ reward profile

RISK

In order to qualify for income tax relief the investment must be held for a minimum of 5 years. This period has been set by HMRC. The shares may also be hard to sell when desired as they have a very limited secondary market.

The investment can go down as well as up, the product is aimed at those who are willing to take this risk in order to receive tax relief.

There may be insufficient distributable reserves to pay dividends as planned.

REWARD

Investors using the product will be those who wish to benefit from income tax relief, of 30% of the amount invested. This tax relief is available on an aggregate maximum of £200,000 of VCT investments that are made in any one tax year.

Investors using the product will be those who wish to benefit from capital gains tax relief. Capital gains on the sale of shares in the VCT are exempt from Capital Gains Tax, as are gains made by the VCT itself on its investments.

Investors using the product will be those who wish to benefit from tax-free dividends.

Potential for capital growth.

Potential for tax-free annual dividend payments.

Distribution

Distribution predominantly to registered Financial Advisers and professional intermediaries such as FCA-regulated Solicitors and Accountants.

For advised investors, the FCA-regulated intermediary must assess the suitability of investing in the VCT considering the investor's personal financial circumstances and attitude to risk and volatility.

For non-advised investors, the professional intermediary must assess the appropriateness of investing in the VCT considering the investor's investment knowledge and experience.

Blackfinch will also distribute direct to investors. In this case Blackfinch will not be responsible for assessing the investor's appropriateness of investing in the VCT.

Product Design

The Blackfinch Spring VCT is a Venture Capital Trust listed on the London Stock Exchange. It is managed and operated by its board of directors. It appointed Blackfinch Investments Ltd (Blackfinch) to originate and manage its investments, and to promote and advise the VCT. Blackfinch is authorised and regulated by the Financial Conduct Authority with firm reference number 153860.

Features designed to benefit the investor and reduce the likelihood of profit based on poor investor outcomes

The VCT is responsible for its normal third-party costs including (without limitation) listing fees, audit and taxation services, legal fees, sponsor fees, registrars' fees, receiving agent fees, Directors' fees and other incidental costs. Blackfinch has agreed to cap the total Annual Running Expenses (excluding any trail commission payments) to a maximum of 3.5% of Net Assets and any excess above this will be borne by Blackfinch.

The amount of the performance incentive 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 (being the higher of 130p and the highest Performance Value per Share at the end of any previous accounting period) and multiplied by the number of Shares in issue at the end of the relevant period.

An Adviser Ongoing Charge of up to 0.5% per annum of the net asset value of the investor's shareholding will be rebated from the Investment Management Fee. If the investor chooses to pay their Adviser less than the maximum amount, the Investment Adviser will apply the remaining funds from the rebate to purchase additional Shares for the investor. Alternatively, this can be paid out to the investor. This ensures that investors are treated fairly.

*For more details on the Performance Value per Share please refer to the Prospectus which can be found on the website at blackfinch.investments/vct

Compatibility of costs and charges with the needs, objectives and characteristics of the target market

The investors' return and tax reductions are expected to outweigh the costs and charges of entering the investment.

The Investment Management Fee is 2.5% whilst the income tax relief is 30% of the amount invested.

Due to the high amounts of tax relief the likelihood of the charges undermining the return expectations is unlikely, however the high risk factor could mean that the difference between the charges and the returns may alter.

Fees are clearly explained in the product prospectus and brochure which can be found on the website at blackfinch.investments/vct.

Product Testing

Please confirm that a scenario analysis has been carried out and takes into account the below factors:

- (1) the risks of poor outcomes for end investors posed by the financial instrument; and
- (2) in which circumstances those poor outcomes may occur.

In conducting the scenario analysis, manufacturers must assess their financial instruments under negative conditions covering what would happen if, for example:

- (1) the market environment deteriorated; or
- (2) the manufacturer or a third party involved in manufacturing and/or the functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises; or
- (3) the financial instrument fails to become commercially viable; or
- (4) demand for the financial instrument is much higher than anticipated, putting a strain on the firm's resources and/or on the market of the underlying financial instrument

The table shows the amount an advised investor could get back over the next 5 years, under different scenarios assuming that they invest £10,000. The scenarios shown illustrate how the investment could perform. The scenarios can be compared with the scenarios of other products.

The performance scenarios do not include the effect of any tax reliefs available.

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies and are not an exact indicator. What the investor gets will vary depending on how the market performs and how long they keep the investment. The stress scenario shows what they might get back in extreme market circumstances, and it does not take into account the situation where the VCT is not able to pay the investor.

The figures shown are the average yearly return, they are not the total cumulative return earned over that period. They include all the costs of the product itself but may not include all the costs that the investor pays to their advisor or distributor. The figures do not take into account the investor's personal tax situation, which may also affect how much they get back.

Scenarios		1 year	3 years	5 years <i>(recommended holding period)</i>
Stress	What you might get back after costs	£8,519.29 -14.81%	£6,116.93 -15.11%	£4,546.58 -14.58%
Unfavourable	What you might get back after costs	£9,174.80 -8.25%	£8,688.57 -4.58%	£8,274.99 -3.72%
Moderate	What you might get back after costs	£9,882.48 -1.18%	£12,429.71 7.52%	£15,408.09 9.03%
Favourable	What you might get back after costs	£10,322.26 3.22%	£15,366.40 15.40%	£22,413.02 17.52%

Conflicts of Interest

Please detail any potential conflicts of interest

The VCT investee companies may acquire shares in, or assets from, other companies managed by Blackfinch Group companies.

They may also make loans to other entities which are managed by Blackfinch Investments Ltd or in which Blackfinch Investments Ltd has a financial interest.

All loans and transactions will be on an arm's length basis and will be ratified by the non-executive directors of the Blackfinch VCT investee company.

Review of financial instrument completed: 31/07/2025
Next review to be completed by: 31/07/2026

IMPORTANT INFORMATION

This information is issued by Blackfinch Investments Limited (Blackfinch), which is authorised and regulated by the Financial Conduct Authority. Registered address: 1350-1360 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH. Registered in England and Wales company number 02705948.