Blackfinch Spring VCT Key Information Document
For Advised Applicants

BLACKFINCH

Purpose: This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product: Blackfinch Spring VCT plc ISIN: GB00BKV46W45. Sedol: BKV46W4

Website: www.blackfinch.com

Customer Enquiries: 01452 717070

This Key Information Document is issued and approved by Blackfinch Investments Limited, which is authorised and regulated by the Financial Conduct Authority ("FCA") (FCA number: 153860). Blackfinch Spring VCT plc is registered with the FCA as a small registered alternative investment fund manager with registration number 847441.

Registered Address: 1350-1360 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH

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YOU ARE ABOUT TO PURCHASE A PRODUCT THAT IS NOT SIMPLE AND MAY BE DIFFICULT TO UNDERSTAND

Type: New issue shares in Blackfinch Spring VCT (the VCT), which is a Venture Capital Trust (a type of public limited company) listed on the London Stock Exchange.

Objectives: The product aims to provide long-term returns where shares are invested for at least 5 years, whilst enabling investors to benefit from available VCT tax reliefs.

The objective of the VCT is to invest predominantly in innovative growth-stage technology-enabled companies which are on their scale-up journey, giving the potential for high growth alongside reasonable exit timescales. To be considered for investment, companies must be deemed capable of growth through disrupting large growing markets and of achieving significant exit multiples. Investments will be made across technology-enabled companies in many sectors to build a diverse portfolio. When assessing investment opportunities, strong emphasis is placed on the founding team who must be deemed to be highly motivated, driven, and have a track record of convincing delivery on milestones. Companies will need to show evidence of product-market-fit through traction, usually in the form of revenue growth. They will also need to demonstrate an ability to control the acquisition of new customers, typically verifying the success of campaigns through carefully monitored growth metrics. Qualifying investee companies and other investments must meet HMRC's VCT qualification rules.

Intended retail investor: The product is suitable for UK taxpayers who are at least 18 years old and who wish to invest up to £200,000 for at least 5 years. Investors need to be comfortable with having exposure to small, unquoted and illiquid companies and with the risks set out below and in the most recent prospectus. They must be able to bear the loss of all money they invest in the product. Investors who do not have investment experience and an understanding of how investment funds work should seek advice from an appropriately qualified investment adviser.

Term: It is necessary to hold shares for at least 5 years (which is the recommended holding period) in order to benefit from VCT tax reliefs. There is no maturity date for this product and you cannot be forced to redeem your shares unless the VCT is wound up.

What are the risks and what could I get in return?

Risk Indicator: This product offers potentially high risks and rewards.

The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less than you originally invested. You may not be able to sell the product easily or you may have to sell at a price that significantly impacts on how much you get back.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 6 out of 7, which is the second-highest risk class. This rates the potential losses from future performance at a high level, and poor market conditions are very likely to impact our capacity to pay you. This product does not include any protection from future market performance so you could lose some or all of your investment.

Tax benefits depend on your personal circumstances, and you may lose them if there are changes to the VCT tax rules, if the VCT loses its VCT status, or if you do not hold the shares for a minimum of 5 years.

Investment Performance Information

The VCT invests in growth-stage, private companies, many of which are not yet profitable. These companies have the potential for strong returns but they carry high risk and it is highly likely that some will fail. The VCT's investment performance is therefore ultimately governed by the rate of these failures relative to the number and size of returns delivered by companies that succeed.

Overall investor returns will be determined by this investment performance and by the valuations of investee companies that are yet to exit. Both valuations and exit proceeds depend on the size and growth rate of a company, and on the market pricing of public companies in the same sector. Valuations may also depend on factors such as the availability of additional funding.

There is no directly applicable index for private venture capital investments. The VCT's performance may be compared to the FTSE Small Cap Index, which comprises smaller UK listed companies that are closest to the small private companies within the VCT. However, the VCT comprises fewer companies that are less liquid and generally much smaller, and can consequently be expected to show greater volatility.

What could affect my return positively?

The growth-stage companies in which the VCT invests have the potential to grow rapidly to many times their initial size. Each portfolio company that does so increases the return to investors, and there is effectively no limit on the potential return available from a single company. Multiple successful exits would further enhance the overall return. A broad increase in the market pricing of tech companies would typically also increase the valuations and exit prices of many companies in the VCT's portfolio, and hence deliver a stronger return.

What could affect my return negatively?

The return would be lower if more investee companies fail, losing much or all of their initial value. Such an effect would be exacerbated if successful companies generate lower returns that are insufficient to offset the losses in others alongside ongoing running costs. Returns would be slower if the VCT does not quickly deploy its capital into growth companies. A broad decrease in the market pricing of tech companies would typically also reduce returns.

The VCT is a long-term investment with returns delivered both through dividends and from the eventual sale of the investor's shares in the VCT. Severe adverse market conditions at the time of the latter would reduce that part of the return through lower valuations of portfolio companies. Although innovative tech companies of the type invested in by the VCT can retain the potential to grow during challenging economic times, that growth may be slowed, and they may struggle to raise additional funds. An extended period of adverse conditions could therefore also lower the return from dividends, and may increase the number of portfolio companies that fail, further reducing the overall return.

What happens if Blackfinch Spring VCT is unable to pay out?

If the VCT is unable to buy back your shares then you may be able to sell them on the secondary market, but there is not likely to be much secondary market activity and even if you can find a buyer, such sales are normally at a much lower price than the net value of the VCT's assets.

Blackfinch Investments Limited (Blackfinch) is a participant in the Financial Services Compensation Scheme (FSCS). As a retail client you may be eligible to claim from the scheme if Blackfinch or its bank is in default. Your access to the FSCS would depend on the circumstances and it would not cover a fall in the value of your investment. As a shareholder in the VCT you would not be eligible to make a claim under the FSCS.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000. The figures are estimates and may change in the future. The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time. If you sell your shares within 5 years of purchase, you will have to repay the Income Tax Relief you obtained on investment.

Cost over time

Investment £10,000 Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years
Total costs	350.38	889.53	1495.25
Impact on return (RIY) per year	3.71%	3.02%	2.82%

Composition of costs

The table below shows

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- The meaning of the different cost categories.

The table shows the impact on return per year

One off costs	Entry costs	0.25%	*The impact of the costs you pay when entering your investment.*
	Exit costs	0%	*The impact of the costs of exiting your investment.*
Ongoing costs	Portfolio transaction costs	0%	*The impact of the costs of us buying and selling underlying investments for the product.*
	Other ongoing costs	2.57%	*The impact of the costs that we take each year for managing your investments.*
Incidental costs	Performance Fees	0.0%	*The impact of the performance fee. We take these from your investment when the product reaches a hurdle of £1.30.*
	Carried interests	0%	*The impact of the carried interests.*

How long should I hold it and can I take my money out early?

The minimum period to hold VCT shares in order to retain the upfront income tax relief is five years. Selling the shares more quickly would require you to repay the income tax to HMRC.

Where funds are available, the VCT will buy back shares at a planned 5% discount to the net asset value. Otherwise shares can be sold on the secondary market. However, shares bought in this way do not qualify for income tax relief: there is limited demand for them and the price paid is unlikely to match the underlying asset value.

How can I complain?

You can complain directly to the VCT by phone on 01452 717070, in writing to Blackfinch Investments Limited, 1350-1360 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH, or by emailing complaints@blackfinch.com. You may request a copy of the complaints-handling procedure at any time.

Other relevant information

Subscriptions for new shares in Blackfinch Spring VCT plc should attract income tax relief at the rate of 30% for eligible UK tax-payers. The VCT can also make tax-free distributions to shareholders, and gains made within the VCT are free from capital gains tax. Tax reliefs are dependent on individual circumstances and are subject to change.

This KID is written for the new issue of shares when using a professional investment adviser. If shares are bought on the secondary market, costs may differ and income tax relief would not be available. Further information is available in the Blackfinch Spring VCT prospectus which is available on the website at blackfinch.investments/vct.