## KEY INFORMATION DOCUMENT

**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.

## THAMES VENTURES VCT 1 PLC

**Product:** Ordinary Shares of 1 pence each nominal value issued by Thames Ventures VCT 1 plc ("**Shares**")

**ISIN:** GB00BFRSVQ41

**Names of PRIIP manufacturers:** Thames Ventures VCT 1 plc (reg. number 03150868) (the "**Company**")

**Website for the PRIIP manufacturer:** https://www.foresightgroup.eu/products/thames-ventures-vct-1-plc

**Call this telephone number for more information:** +44(0)207 3667 8100

**Competent Authority of the PRIIP Manufacturer in relation to the KID:** UK Financial Conduct Authority

**Date of production of this Key Information Document:** 18 April 2024

**Comprehension alert:** **You are about to purchase a product that is not simple and may be difficult to understand.**

## What is this product?

**Type:** Venture Capital Trust

**Objectives:** To provide private investors with attractive returns from a portfolio of investments in unquoted companies including existing AIM and AQSE Growth Market quoted companies in the United Kingdom. It is the intention to maximise tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sales or flotation. The Company also intends to pay an annual dividend of at least 4.0% per annum based on its NAV, subject to the availability of sufficient distributable profits, capital resources and compliance with the VCT regulations. There is no guarantee that this objective will be met.

**Bid-offer spread:** Shares are bought and sold via markets. Typically, at any given time on any given day, the price you pay for a Share will be higher than the price at which you could sell it.

**The recommended holding period:** is more than five years to allow for underlying investments to mature. The Company is intended to be evergreen and there are no relevant prescribed maturity dates but it is always open for a majority of shareholders to resolve that the Company should be liquidated. If you subscribe for Shares at issue and hold them for less than five years you will lose any tax reliefs for which you may have been eligible in respect of that subscription.

**Intended retail investor:** a typical investor in the Company will be a UK higher or additional rate income taxpayer, over 18 years of age and with an investment range of between £5,000 and £200,000 as a lump sum, who is capable of understanding and is comfortable with the risks of VCT investment.

### Risk Indicator

**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 market or because we are not able to pay you.**

| 1 | 2 | 3 | 4 | 5 | **6** | 7 |
|---|---|---|---|---|---|---|

Lower risk ← → Higher risk

**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 that are very likely to impact the amount you could get back.**

**This Product does not include any protection from future market performance, so you could lose some or all of your investment. If we are not able to pay what is owed, you could lose your entire investment. This investment offers no capital guarantee against credit risk. If the underlying companies in which the Company invests do not pay what they owe the Company, you could lose part of the capital you invest (but you do not bear the risk of incurring additional financial obligations or commitments). If you cash in at an early stage, you may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back. This liquidity risk is not contractual but is due to there being a limited secondary market for shares in venture capital trusts. This investment offers no capital protection against future market performance so you could lose all or part of your investment if you sell in a poor market.**

## Performance Information

The main factors that will affect the performance of the Company are the performance of the investments in quoted and unquoted companies held within the portfolio; the ability of the Manager to identify and make suitable investment decisions; the ability of the Manager to mitigate counterparty risks, realise investments; the ability of the Company to fulfill many of its operational requirements and duties; and broader macroeconomic factors that affect the UK market and the valuations of quoted investments in the portfolio.

**What could affect my return positively?** Specific factors that could affect returns positively would be strong growth of the underlying investments within the portfolio and the ability of the Board to continually identify and make promising new investments. General factors that affect positive returns for the Shares would be an extended period of UK economic growth and fiscal stability. Day to day, the Company has low correlations to UK markets, but we would expect larger upward market movements in the UK market to correlate with improvements in valuations in the Company's underlying investments.

**What could affect my return negatively?** Specific factors that affect returns negatively would be an underperforming portfolio of quoted and unquoted holdings, with some underlying holdings possibly defaulting, and a lack of liquidity within the Company to pursue new investments. A breach of the VCT regulations could result in a loss of VCT status and negatively impact returns through the loss of tax reliefs currently available to shareholders. A general factor that will affect returns negatively would be poor performance of the UK equity markets. In addition, a decrease in the valuations of the UK Software & Computer Services, Alternative Energy and Leisure sectors is also likely to impact on returns.

**What could happen under severely adverse market conditions?** Two objective examples of severe adverse market conditions, which occurred separately, were the dot-com crash and the credit crunch. During the dot-com crash the Company lost 73.9% and the proxy lost 79.3% of its value from March 2000 to June 2003. Then during the financial crises the Company lost 80.1% and the proxy lost 64.7% of its value from October 2007 to March 2009. Under severely adverse market conditions we would expect the value of the Shares to fall by similar amounts, however, the Company may experience a high proportion of defaults within the portfolio during such periods of stress, which could result in you losing all of your investment.

## What happens if Thames Ventures VCT 1 plc is unable to pay out?

The value of the Shares and the income derived from them is dependent on the performance of the Company's underlying investments and can fluctuate. Investors could lose all or part of their investment. Your capital is at risk. As a shareholder of the Company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company is unable to pay out.

## 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. The figures assume you invest £10,000. The figures are estimates and may change in the future.

### Costs over time

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.

| Investment Scenarios | If you cash in after 1 year* | If you cash in after 3 years* | If you cash in after 5 years |
|---|---|---|---|
| Total costs | £280 | £724 | £1,197 |
| Impact on return (RIY) per year | 2.80% | 2.47% | 2.39% |

*This product cannot be easily realised. This means it is difficult to estimate how much you would get back if you attempt to realise your investment early. You will either be unable to realise your investment early or you will have to pay high costs or make a large loss if you do so. You will also lose tax reliefs gained on subscription if you sell within five years.

### Composition of costs

The table below shows the compounding impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

| This table shows the impact on return per year | | | |
|---|---|---|---|
| One-off costs | Entry costs | 0.5% | Stamp Duty Reserve Tax of 0.5% is payable if the Shares are purchased on the secondary market. |
| | Exit costs | n/a | The impact of the costs of exiting your investment when it matures. |
| Ongoing costs | Portfolio transaction costs | n/a | The impact of the costs of us buying and selling underlying investments for the product. Please note transaction costs are borne by the underlying investment companies. |
| | Other ongoing costs | 2.3% | The impact of the costs of running the Company each year, including the fees paid to the Manager. The Company's direct annual running costs are capped at an amount equal to 2.6% of its net assets, including a management fee to Foresight Group LLP of 2.0%. |

| | | | |
|---|---|---|---|
| Incidental costs | Performance fees | 0.0% | A Performance Incentive arrangement is in place in respect of investments made on or after 1 April 2019. Based on historic performance, a fee is not expected to be paid at this time. |
| | Carried interests | n/a | There are no carried interest arrangements associated with this product. |

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

The recommended holding period is more than five years because investing in smaller companies involves a higher degree of risk and volatility. This holding period is also reflective of the long-term nature of the investment objective. Investments are likely to be realised by the sale of Shares back to the Company or in the market. The Company has a policy to buy back shares which its shareholders wish to sell, currently at a 5% discount to the most recently announced NAV, but its ability to do so may be limited by available cash, the rules of the UKLA, the Companies Act 2006 and the VCT Rules. Accordingly, it is unlikely there will be a liquid market as there is a limited secondary market for shares in VCTs and investors may find it difficult to realise their investments.

## How can I complain?

Complaints about the Company or the key information document should be sent to the Manager at Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG: T: +44 (0)20 3667 8100; Emails can be sent to investorrelations@foresightgroup.eu. www.foresightgroup.eu.

Where the investor is categorised by the Manager as an eligible complainant, if for any reason the investor is dissatisfied with the Manager's final response, the investor is entitled to refer its complaint against the Manager to the Financial Ombudsman Service. A leaflet detailing the procedure involved will be provided in the Manager's final response.

## Other relevant information:

The cost, performance and risk calculations included in this KID follow the methodology set out in Commission Delegated Regulation (EU) 2017/653 as adopted by the United Kingdom and amended by the FCA pursuant to the Packaged Retail and Insurance-based Investment Products (Scope Rules and Technical Standards) Instrument 2022.

Depending on how you buy these shares you may incur other costs, including broker commission, platform fees and stamp duty. The distributor will provide you with additional documents where necessary.

Certain tax reliefs are available to shareholders and new investors as below, provided shares are held for at least five years. A Shareholder who disposes of shares within five years of issue will be subject to clawback by HMRC of any income tax reliefs originally claimed on subscription.

**Tax reliefs available to Investors**

(a) Income tax

(i) Relief from income tax on investment

A qualifying investor subscribing for new Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 invested in VCTs in any tax year. The relief is given at the rate of 30% on the amount subscribed for VCT shares regardless of whether the qualifying investor is a higher rate, additional rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the qualifying investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

(ii) Dividend relief

A qualifying investor, who acquires shares in VCTs in any tax year costing up to a maximum of £200,000, will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

(iii) Purchases in the market

A qualifying investor who purchases existing shares in the market will be entitled to claim dividend relief (as described in paragraph (a)(ii) above) but not relief from income tax on investment (as described in paragraph (a)(i) above).

(iv) Withdrawal of relief

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses or on death) within five years of issue or if the VCT loses its approval within this period. Dividend relief ceases to be available if the VCT loses its approval within this period or if shares are no longer owned by a qualifying investor.

(b) Capital gains tax

(i) Relief from capital gains tax on the disposal of VCT shares. A disposal by a qualifying investor of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year and does not apply where VCT shares were issued after 5 April 2014 and are repurchased by the VCT directly from the shareholder within three years of issue.

(ii) Purchases in the market

An individual purchaser of existing VCT shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph b(i) above).

The latest annual report and accounts of the Company can be found at https://www.foresightgroup.eu/resources/documents
Please contact Foresight Group LLP for further information.