 Take 2 minutes to learn more on page 3

BLACKFINCH VENTURES

CASE STUDY

Investing for Higher Returns and Sustainable Positive Outcomes with the Blackfinch Ventures EIS Portfolios

Please note:

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

Scenario

Alongside risk appetite and financial plans, an investor's interests and concerns also influence their choices. Natasha is a successful entrepreneur who has exited an e-commerce business that she built over ten years.
She's passionate about business, technology, supporting the economy and working for a positive impact.

Natasha saw a return on the investment in her business and profited from its sale. With cash to invest, she'd like to deploy funds into high-growth investments aligned with her principles.

Solution

Natasha is clear on the risks of early-stage investment via an Enterprise Investment Scheme (EIS). She knows these are offset by EIS tax benefits, and that she can further mitigate risks by holding a diversified portfolio. She also has direct experience of the benefits from managing her own business.

Natasha outlines her plans to her adviser, who recommends the Blackfinch Ventures EIS Portfolios. Natasha researches the service and decides to invest based on the following about the team:

- Targets higher returns on investments over 4-7 years
- Invests in new and innovative technology firms
- Invests for a positive environmental, social and governance (ESG) outcomes
- Focuses on different sectors for a multi-sector portfolio of at least 10 firms
- Is made up of technology experts and entrepreneurs
- Supports firms from investment to development to exit

Steps

Invest:

Natasha invests £100,000 in view of the approach to risk management, including spreading investments across a multi-sector portfolio of at least 10 firms.

Target higher returns:

As funds are invested in high-growth firms, Natasha can target higher returns. The longer investment timeframe also supports stronger exits.

Ensure positive outcomes:

With investments made in young, entrepreneurial technology firms with ESG at their core, this is aligned with Natasha's own ESG focus.

Solutions for Investors and Support for Advisers

Blackfinch is a tax-efficient investment specialist working in partnership with advisers to meet clients' requirements.

To find out more please speak to one of our team on **01452 717070** or email **enquiries@blackfinch.com**.

IMPORTANT INFORMATION

Estimated reading time: 2 mins

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).