

Foresight VCT plc

Offer for Subscription

Investor Guide

November 2023

This Investor Guide is a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000 (as amended) and is issued by Foresight Group LLP which is authorised and regulated by the Financial Conduct Authority (FCA No. 198020). This Investor Guide should only be read in conjunction with the Foresight VCT plc prospectus relating to the offer for subscription dated 15 November 2023 (Prospectus). Your attention is drawn to the important risk warnings contained therein. Words and expressions defined in the Prospectus shall (unless the context otherwise permits) have the same meaning in this Investor Guide.

Foresight
FOR A SMARTER FUTURE



Introducing Foresight VCT

Foresight VCT plc (the Company) was launched in 1997. The Company has been approved by HMRC as a venture capital trust and its shares are admitted to the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange.

The VCT Scheme was introduced in 1995 to incentivise UK tax payers to invest in early-stage UK companies. Since that time, VCTs have raised over £11 billion.

VCTs offer Qualifying Investors (subject to annual investment limits) three attractive tax reliefs:

- up to 30% up-front income tax relief (on the amount subscribed for new shares and subject to the shares being held for a minimum of five years);
- tax-free dividends; and
- tax-free capital gains.

Since inception, Foresight Group LLP (the Manager) has been appointed by the Company to provide investment management services. Under its current terms of appointment, the Manager has discretion to make investment decisions on the Company's behalf, subject to certain exceptions.



£211.0 m

Unaudited NAV at
30 June 2023

55.8%

Three Year Total Return
Performance to
30 June 2023

Introducing Foresight VCT continued

Investment Objective¹

The Company seeks to provide investors with regular dividends and capital growth from a portfolio of investments in fast-growing unquoted companies in the UK.

Strategy²

The board of directors of the Company (the Board) believes that it is in the best interests of Shareholders to continue to pursue a strategy of:

- growth in net asset value total return per Share above a 5% target while continuing to grow the Company's assets;
- payment of annual ordinary dividends of at least 5% of the NAV per Share (based on the latest announced NAV per Share) while endeavouring, at a minimum, to maintain the NAV per Share on a year-on-year basis;
- implementation of a significant number of new and follow on qualifying investments every year, exceeding deployment requirements to maintain VCT status; and
- maintaining a programme of regular share buybacks at a discount of no less than 7.5% to the prevailing NAV per Share.

Central to the Company being able to achieve these objectives is the ability of the Manager to source and complete attractive new qualifying investment opportunities.

Recent Performance³

- During the six months to 30 June 2023, the unaudited net assets of the Company increased to £211.0 million (an increase of 10.1% during the period).
- The Total Return performance during this period (NAV movement plus the dividends of 4.4p per Share paid during the period) was 2.8p or 3.2%.

From 1 January 2022 to 31 October 2023, the Manager completed 10 new investments and 11 follow-on investments totalling £14.4 million and £9.6 million respectively.

The Company has recently achieved a number of successful exits. Highlights include the sale of the investment in Mowgli Street Food Group Limited in January 2023, which provided a cash-on-cash return of 3.5 times the original investment, the sale of the investment in Datapath Group Limited in March 2023, which provided a cash-on-cash return of 11.6 times the original investment, the sale of the investment in Innovation Consulting Group Limited in March 2023, which provided a cash-on-cash return of 4.4 times the original investment and the sale of the investment in Fresh Relevance Ltd in September 2023, which provided a cash-on-cash return of 3.8 times the original investment.

Further details of the Company's historic performance are set out in Part Thirteen on page 21 below.

1. There is no guarantee that the Company will meet its objectives or that suitable investment opportunities will be identified to enable the Company to meet its objectives. Investment in unquoted companies by its nature involves a higher degree of risk than investment in companies listed on the Official List.

2. The ability to achieve returns for Shareholders will be dependent on the investment opportunities sourced by the Manager and the performance of such investments.

3. The past performance of the Company should not be regarded as an indication of the future performance of the Company.

Who are Foresight Group?

The Manager is a leading private equity and infrastructure investment manager, with its parent company, Foresight Group Holdings Limited, listed on the London Stock Exchange.

Established in 1984, the Manager is proud of its near 40-year track record of investing in and growing small companies.

The Manager is one of the largest VCT management houses in the UK¹ and now has over £12 billion assets under management from a wide and varied investor base of private and institutional investors.

Strength of the Team

The Manager's private equity investment team comprises more than 50 investment professionals, making them one of the largest VCT investment teams in the industry, managing five VCTs (the Foresight VCTs).

Including the wider executive committee, they together have over 300 years of experience which includes venture capital at Inflexion, hands-on operational experience at Centrica, corporate finance at Rothschild and strategic consulting at Deloitte.

1. By funds under management.
2. All investments where there has been a full or partial exit (and, in the case of partial exits, taking into account the remaining investment at its carrying value as at 30 June 2023), but exclude environmental and debt investments from other funds for which the Manager's private equity team is responsible, as well as investments made by other fund managers before appointment of the Manager. The past performance of the Manager and/or other funds advised by the Manager should not be regarded as an indication of future performance.

Across the UK, the team sees in the region of 2,500 investment opportunities each year for its funds at various stages of the growth cycle, reflecting the benefits of a larger team with greater regional presence.

Strong deal flow combined with a very high degree of selectivity, helps the Manager invest in companies that can deliver attractive returns for investors, indeed, since 2010 average return on exits is 3.1 times² original cost.



Meet the Board

The Board is responsible to Shareholders for the proper management of the Company. The Board comprises five directors, all of whom are non-executive and independent of the Manager and have significant relevant experience of similar investment funds, regulatory organisations, corporate governance of listed companies, the private equity industry and investing in small companies.

The Board



Margaret Littlejohns
(Chair)

Margaret has 19 years of experience in both commercial and investment banking. Between 2004 and 2006 she co-founded two start-up ventures, providing self-storage facilities to domestic and business customers in the Midlands and acted as finance director until the businesses were successfully sold in 2016. Margaret is a non-executive director of UK Commercial Property REIT Limited.



Patty Dimond
(Non- Executive Director)

Patty's career spans over 30 years in the consumer, retail and financial sectors. As an executive or strategic advisor, she has worked with FTSE 100, private equity and owner managed companies. She is an alumna of McKinsey & Company, CFA Charter holder, Chartered Accountant and holds an MBA from IMD Switzerland. She currently serves as a non-executive director and Audit chair of Hilton Food Group plc and Aberforth Smaller Companies Trust plc.



David Ford
(Non- Executive Director)

David has experience as a former investment director in equities for Prudential Capital Group and in fixed income for Intermediate Capital Group. Since 2017 he has been investing on his own behalf as an angel investor and as an advisor to funds. David sits as a non-executive director on the boards of a number of small early-stage companies and was appointed to the Board on 1 January 2023.



Jocelin Harris
(Non- Executive Director)

Jocelin is a qualified solicitor and since 1986 has run Durrington Corporation, which provides finance and advice for small businesses. Before this he was a director of private bank Rea Brothers for 13 years. Jocelin is currently chair or non-executive director of a number of companies in the UK and the USA and, until recently, had been a non-executive director of Unicorn AIM VCT plc.



Dan Sandhu
(Non- Executive Director)

Dan has commercial experience in the UK, China and India, successfully growing start-up companies funded by private equity. Dan is currently the chief executive officer at Education Development Trust and was previously chief executive officer of Sparx Learning. He was a founding member of Indian Angel Network, New Delhi and was appointed to the Board on 1 January 2023.

Investment Team

This page shows the senior team and key members of the Manager's private equity team who spend a material amount of time on VCT related activities. The number of investment professionals in the team has more than doubled since 2016 and is now more than 50.

Partners



James Livingston

Partner and Co-Head of Private Equity

- 19 years' experience, including venture capital
- Three years' strategy consulting and commercial due diligence experience at Deloitte
- First class MA in Natural Sciences and Management Studies from the University of Cambridge



Matthew Smith

Partner and Co-Head of Private Equity

- 19 years' experience, including venture capital
- Six years' investment banking experience at Rothschilds
- MA in Biological Sciences and diploma with distinction in Physiology, both from the University of Oxford



Claire Alvarez

Partner

- 19 years' experience, including advising banks and company directors on returning value from distressed SMEs
- Five years of M&A and organisational change experience at KPMG
- Degree in Management from the University of Lancaster and MBA (distinction) from Manchester Business School

Investment Team

continued

In addition to the people detailed herein, members of the Manager's private equity team who are engaged on VCT portfolio matters include:

- five directors with collective transaction experience of more than 85 years across private equity, venture capital and corporate finance transactions; and
- two principals and six senior investment managers with collective transaction experience of more than 100 years across private equity, investment banking, consultancy, law and banking.

Managing Directors



Mike Quinn
Managing Director

- 23 years' experience, including SME corporate finance experience, latterly as Head of East Midlands Corporate Finance team at RSM
- Advised on many private equity transactions and spent a year on secondment with Catapult Venture Managers covering the UK from their Leicester base
- Fellow of the ICAEW and holds a degree in Business Economics and Finance from the University of Loughborough



Chris Wardle
Managing Director

- 13 years' experience, including private equity and venture capital
- Four years' M&A experience at Accenture
- Degree in Natural Sciences from University of Cambridge



Andrew Bloxam
Managing Director

- Over 20 years' experience, including private equity and venture capital
- 15 years at JP Morgan and Committed Capital
- MBA from Surrey Business School and Degree in Economics from University of Cambridge



Richard Lewis
Managing Director

- Over 20 years' experience, including private equity and venture capital including North West Equity, Mitsui & Co. Global Investment Venture and Development Capital and Growthdeck
- MBA from Alliance Manchester Business School

* The Company has a board of non-executive directors and no employees and is, therefore, dependent on the provision of investment management and administration services by the Manager. If the Manager ceases to provide such services to the Company or if key personnel cease to be employed by the Manager, there is no assurance that suitable replacements will be found. Such circumstances may have an adverse effect on the performance of the Company and the value of its Shares.

Responsible Investment

In order to deliver sustainable growth and long-term success, The Foresight Group believes it is critical to incorporate sustainability and environmental, social and governance factors (ESG) into its investment management processes. Often referred to as 'responsible investment', these principles provide not only a key basis for generating attractive returns for investors, but also to help build better quality businesses in the UK, creating jobs and making a positive contribution to society.

ESG values form an integral part of The Foresight Group's day-to-day decision making and investment management, which it formalises through its ESG policy. Central to The Foresight Group's investment approach are five ESG principles which it uses to evaluate investee companies throughout the life cycle of an investment.

Over 100 individual key performance indicators are considered under the five 'Principles' and weighted against a benchmark SME to show progress during the life of the investment. The evaluation is about both the company's existing position and its potential to improve and develop with support. The Foresight Group invests in a wide range of sectors and believes its approach covers the key tests that should be applied to assess an investee company's ESG performance, throughout the life cycle of an investment from selection to exit.

The evaluation of investee companies against each of the five Principles is supported by quantitative and qualitative data, starting at the initial review of an investment opportunity through to exit. This process helps identify both the risks and opportunities that exist within the portfolio and aims to ensure that investments support positive environmental and social outcomes. In conjunction with these are four outcome oriented themes, aligned with the UN's Sustainable Development Goals (SDGs), which allow for the measure of specific ESG contributions over time: (i) health, (ii) quality employment at scale, (iii) research and innovation and (iv) local infrastructure and the environment.

The SDGs also represent a key driver and an important lens through which corporate and investment activities are reviewed. Each portfolio company is subject to an annual assessment in which progress against each of the five Principles and SDGs is measured and an evaluation matrix updated to allow progress to be tracked and continuous improvement encouraged.



1. Strategy and Awareness

- Does the business demonstrate a good awareness of corporate social responsibility?
- Is this reflected in its processes and management structure?



2. Environmental

- Does the company follow good practice for limiting or mitigating its environmental impact, in the context of its industry?
- How does it encourage the responsible use of the world's resources?



3. Social

- What impact does the company have on its employees, customers and society as a whole?
- Is it taking steps to improve the lives of others, either directly, such as through job creation, or indirectly?



4. Governance

- Does the company and its leadership team demonstrate integrity?
- Are the correct policies and structures in place to ensure it meets its legislative and regulatory requirements?



5. Third Party Interactions

- Is the principle of corporate responsibility evidenced in the company's supply chain and customers?
- How does it promote ESG values and share best practice?

The Offer

The Company is seeking to raise an additional £20 million of capital with an over-allotment facility for up to a further £5 million (Offer) through the issue of new Shares in order to maintain and expand the Company's portfolio of investments in UK small and medium-sized enterprises (SMEs).

This Offer provides Shareholders and new investors with the opportunity to invest in the Company, gaining immediate access to a diversified portfolio of investments in over 40 trading companies, many of which are making good progress and generating considerable revenues.

The additional funds raised will allow the Company to maintain liquidity levels to take advantage of investment opportunities, maintain its dividend policy, make market purchases of its own shares and support its running costs.

Further details of the Offer are set out in Part Fourteen on page 22.



Four Key Reasons to Invest

1. —————→ Established VCT Recognition

In recent years, the Manager's reputation has been recognised with awards such as 'Best VCT Investment Manager' at the Growth Investor Awards 2022, 'UK Small-Cap House of the Year' at the Real Deals Private Equity Awards 2023 and 'Best EIS Investment Manager' at the Enterprise Investment Scheme Association Awards 2023, where it was also highly commended in the 'EISA Impact' category.

This year, the Manager also featured on the shortlist for 'UK Small-Cap Deal of the Year' at the 2023 Real Deals Private Equity Awards for its exit from Codeplay Software Limited. The Manager has also been shortlisted for several awards at the 2023 Growth Investor Awards, including 'Growth Investor of the Year', 'Best Investor Return' for Codeplay Software Limited, 'Exit of the Year' for TFC Europe Limited and 'Best VCT Investment Manager'.

This recognition reflects the investments made and the achievements of the Manager's private equity team members and the Manager as a whole.

2. —————→ Regional Presence

Unlike a number of VCT managers which are exclusively London-based, The Foresight Group has ten offices across the UK and the Republic of Ireland. This creates a large origination network which facilitates investment opportunities across the UK and the Republic of Ireland. It is the Manager's experience that companies of comparable quality to those in London and the South East, but which are found outside this region, may often attract less investor attention, leading to lower initial valuations due to such reduced competition. The Manager believes that its regional presence can benefit investors because acquiring investments at a lower price can result in better returns and higher conversion rates.



Four Key Reasons to Invest continued

3. —————→ Institutional Investor

Over the last seven years, the Manager's private equity investment team have won a number of institutional mandates from local authority pension funds, the British Business Bank and the Scottish Government. Institutional investors carry out extensive due diligence before making investments, so the Manager's success in winning these mandates evidences their credentials and track record. The flexibility of these institutional funds attracts a much broader range of investment opportunities than seen in the VCT market, including buyouts, which offers the Company a valuable additional source of deal flow for development capital investments.

4. Diversification

Other VCTs may follow strategies which are often similar to each other and may be more concentrated in certain sectors and geographies. From the Manager's experience, the restrictive nature of the VCT Rules can also lead to high competition for certain investments, particularly technology-related or leisure investments in London or the South East. The portfolios of these VCTs may, therefore, be closely correlated to each other.

To counteract this, the Manager's regional network and volume of dealflow enables the Company to invest across a broad range of sectors, geographies and company maturities, which can add real diversification for investors with an existing investment in such other VCTs. As at 30 June 2023, the Company's investments were spread across more than 6 sectors, and between 1 May 2022 and 30 June 2023, approximately 83% of the new investments made were into businesses headquartered outside London.



Investment Opportunity

The Manager has an established and proven investment process developed over 35 years of activity and continues to experience strong deal flow and achieve successful exits.

The Manager has a specialist focus on investment opportunities in growing UK-focused companies, with enterprise values typically between £5 million and £25 million.

Key requirements include strong management teams, attractive market characteristics and a defensible competitive position, with investments made in the most attractive opportunities without sector bias.

The Company aims to invest in businesses with realistic growth prospects that are either profitable or making manageable losses with a medium-term ambition and path to reach EBITDA profitability.



What Market Conditions Create this Investment Opportunity

Investment in the UK

The UK remains an excellent place to start, grow and sell a business, with broad pools of talent and an entrepreneurial culture.

Through the recently announced Mansion House Compact, the UK Government has demonstrated their commitment to increasing funding for the type of companies invested in by the Company.

The StartupBlink's Global Startup Ecosystem Index Report 2023 identified the UK as the second-best country globally to start up and scale a digital enterprise. This entrepreneurial ecosystem is not limited to London or the South East, with Manchester, Cambridge and Oxford featuring in the top 100 cities in the world and Bristol, Edinburgh, Leeds, Newcastle, Nottingham and Belfast featuring in the top 250.

This is in line with the Manager's experience of the wider UK SME market and is the reason the Manager's private equity team source deal flow from across the UK and the Republic of Ireland through its ten offices.

Timing within the Economic Cycle

Against a backdrop of high inflation, supply chain interruptions, increased energy prices and a potential period of recession, availability of finance to SMEs may become constrained. Availability of capital has been impacted by the Basel III regulations, implemented at the beginning of 2023. These are designed to mitigate risk within the banking sector by requiring banks to increase their capital reserves. The Board and the Manager believe that this lack of available investment finance will strengthen the VCT investment case as entrepreneurs will seek to fill the funding gap for working capital caused by economic uncertainty and to repair their companies' balance sheets to aid recovery.

It is imperative that SMEs across the UK have the required support, both financial and advisory, to adapt, recover, grow and find opportunities during this period of volatility.

To date, the Manager continues to see encouraging levels of activity from smaller UK companies seeking growth capital, as well as continued strong levels of interest from potential acquirers of portfolio companies.

Reduced Competition for Smaller Companies

While many private equity firms continue to concentrate on mid-market and larger transactions, the Manager has remained focused on generating attractive returns for investors by applying its expertise in finding and supporting smaller growth companies. According to the BVCA, 78% of all capital raised in 2022 in the UK was for buyout funds, with only 7% of all capital raised for growth capital investing. The Manager continues to see more investment firms focusing on larger transactions and investments, which results in relatively less competition for assets at the lower mid-market level where the Manager specialises. Reduced competition can increase the chance of the Manager winning deals at attractive valuations, which can improve returns for investors.










The Portfolio

The Company's current portfolio comprises investments in over 40 companies, diversified by sector and transaction type. Building a diversified portfolio of investments in VCTs can be challenging for investors as a number of VCTs may follow similar strategies and may be more concentrated in certain sectors and geographies. In contrast, the Company invests across a broad range of sectors, geographies and company maturities, which means the Company can add real diversification for investors with existing holdings of shares in other such VCTs.

Diversification by Sector

The sector exposure across the Company's venture capital investments as at 30 June 2023 is set out below¹.

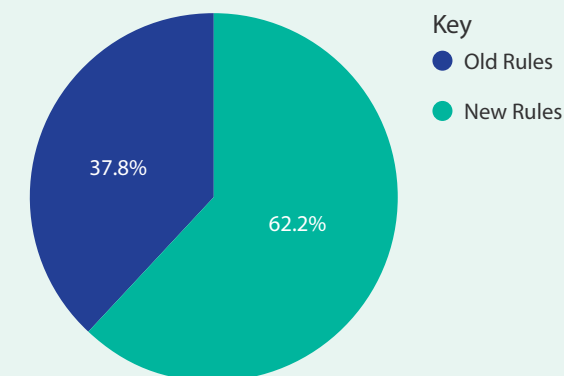
Sector	% of venture capital investments by value
 Technology, Media and Telecommunications	33.5%
 Healthcare	21.3%
 Industrials and Manufacturing	18.3%
 Consumer and Leisure	13.4%
 Business Services	9.8%
 Financial Planning	0.4%
 Other	3.3%
Total	100.0%

1. Investors should note that the net proceeds of the Offer will be invested in accordance with the Company's investment policy and sector exposure will vary over time.

Diversification by Maturity

The portfolio continues to include a significant portion of investments in companies where the initial investment was made prior to November 2015 and, therefore, under less restrictive rules (including supporting management buy-outs). This gives the portfolio a balance between investments in longer established companies and the more recent earlier stage development capital investments.

Old Rules vs New Rules at 30 June 2023 – By Value



The Portfolio continued

Top Ten Investments

As at 30 June 2023, the investments below represented the Company's largest ten investments (ignoring cash and money market investments), which represented 43.1% of the Company's net assets.

1. Hospital Services Group Limited

Distribution, installation and and maintenance of high-quality healthcare equipment and consumables.

Belfast	www.hsl.ie
Sector: Healthcare	
Year of investment	2015
Amount invested (£'000)	3,320
Accounting cost (£'000)	3,320
Valuation (£'000)	19,364
Valuation basis	Discounted earnings multiple
% of net assets of the Company	9.2%

2. Specac International Limited

A leading manufacturer of high specification sample analysis and preparation equipment, primarily infrared spectroscopy.

Kent	www.specac.com
Sector: Industrials & Manufacturing	
Year of investment	2015
Amount invested (£'000)	1,345
Accounting cost (£'000)	800
Valuation (£'000)	10,884
Valuation basis	Discounted earnings multiple
% of net assets of the Company	5.2%

3. Nano Interactive Group Limited

An advertising technology business specialising in search re-targeting campaigns for its global customer base.

London	www.nanointeractive.com
Sector: TMT	
Year of investment	2017
Amount invested (£'000)	4,434
Accounting cost (£'000)	4,434
Valuation (£'000)	10,824
Valuation basis	Discounted revenue multiple
% of net assets of the Company	5.1%

4. Spektrix Limited

An enterprise software company, providing ticketing, customer relationship management, marketing and fundraising software to companies in the performing arts sector.

London	www.spektrix.com
Sector: TMT	
Year of investment	2018
Amount invested (£'000)	6,910
Accounting cost (£'000)	5,468
Valuation (£'000)	9,851
Valuation basis	Price of last funding round
% of net assets of the Company	4.7%

5. Callen-Lenz Associates Limited

Development, design and manufacture of unmanned air vehicles (UAVs) and related components and software.

Salisbury	www.callenlenz.com
Sector: Industrials & Manufacturing	
Year of investment	2021
Amount invested (£'000)	2,351
Accounting cost (£'000)	2,351
Valuation (£'000)	9,164
Valuation basis	Discounted revenue multiple
% of net assets of the Company	4.3%

6. Fresh Relevance Limited

An email marketing and web personalisation platform providing online retailers with personalised customer experiences and marketing tools across desktop and mobile.

Hampshire	www.freshrelevance.com
Sector: TMT	
Year of investment	2017
Amount invested (£'000)	2,860
Accounting cost (£'000)	2,860
Valuation (£'000)	7,633
Valuation basis	Discounted offer received
% of net assets of the Company	3.6%

The Portfolio continued

7. Fourth Wall Creative Limited

Provider of fan engagement services to Premier League and Championship football clubs, and other sporting organisations via its technology platforms.

Wirral	www.fourthwallcreative.com
Sector: Consumer & Leisure	
Year of investment	2019
Amount invested (£'000)	4,292
Accounting cost (£'000)	4,292
Valuation (£'000)	6,481
Valuation basis	Discounted revenue multiple
% of net assets of the Company	3.1%

9. Roxy Leisure Holdings Limited

A games bar group with venues across the UK offering a range of entertainment facilities.

Leeds	www.roxyleisure.co.uk
Sector: Consumer & Leisure	
Year of investment	2019
Amount invested (£'000)	2,468
Accounting cost (£'000)	2,468
Valuation (£'000)	5,620
Valuation basis	Discounted earnings multiple
% of net assets of the Company	2.7%

8. Protean Software Limited

Development and sale of business management and field service management software.

Coventry	www.proteansoftware.com
Sector: TMT	
Year of investment	2015
Amount invested (£'000)	2,500
Accounting cost (£'000)	2,500
Valuation (£'000)	5,857
Valuation basis	Sale proceeds
% of net assets of the Company	2.8%

10. Clubspark Group Ltd

A sports club management and reporting platform for local organisations and national governing bodies.

London	www.clubspark.com
Sector: TMT	
Year of investment	2019
Amount invested (£'000)	2,756
Accounting cost (£'000)	2,756
Valuation (£'000)	5,303
Valuation basis	Discounted revenue multiple
% of net assets of the Company	2.5%



Case Studies

HomeLink Healthcare Limited



Company Key Facts

Sector	Healthcare
Investment type	Growth capital
Initial investment date	March 2022
Aggregate investment by all Foresight VCTs	£2.14m
Latest valuation of the aggregate investment by all Foresight VCTs	£4.42m

Company Background

Based in London, HomeLink has been providing “Hospital at Home” services since 2016. The company employs knowledgeable and experienced nurses and rehabilitation teams to support the NHS by providing services to patients in their own homes. These services deliver a range of clinical interventions, including wound care, intravenous therapies, physiotherapy and rehabilitation. HomeLink has also expanded into the rapidly growing remote monitoring practice and offers a virtual ward solution.

Bed-blocking is endemic across the NHS along with significant delays in the discharge of patients and increasing hospital admissions. HomeLink relieves these pressures by freeing up vital hospital bed space, providing a better experience for patients at home, reducing hospital admissions, and facilitating the efficient discharge of patients.

Investment

HomeLink presented the opportunity to invest in a rapidly growing business with a first mover advantage and differentiated premium service, led by an experienced senior management team. In March 2022, Foresight VCTs invested £2.14 million of growth capital in HomeLink. The funding was provided to consolidate the company’s leadership position and take advantage of the sizeable market opportunity. Demand for HomeLink’s services is forecast to grow significantly in light of recent UK Government and NHS England initiatives around efficiency and the current backlog of elective surgery patients which has resulted in a number of supportive measures being put in place.

Trading and Strategy

HomeLink has performed well since investment. With a strong senior management team and a proven business model, it has been growing rapidly, benefitting from clear directives in national NHS policy and a trend of patient care moving away from large-scale hospital settings. The business has been winning new contracts and is targeting further regional expansion.

* Case studies are for illustrative purposes only and are not investment recommendations.

Case Studies continued

Clubspark Group Ltd



Company Key Facts

Sector	Software
Investment type	Growth capital
Initial investment date	January 2019
Aggregate investment by all Foresight VCTs	£6.11m
Latest valuation of the aggregate investment by all Foresight VCTs	£8.93m

Company Background

Clubspark provides sports clubs and centres with a comprehensive software platform to manage all operational activities, including court and equipment booking, membership, CRM, competitions/tournaments, courses, coaching, reporting, compliance, safeguarding and website development, whilst giving National Governing Bodies insight into participation and activity levels.

The company was founded in 2012 by ex-Lawn Tennis Association (LTA) employees David Ward and Nathan Flood. As a consultant and a developer respectively, they recognised an opportunity to design and develop a platform to manage operations for the LTA member clubs to replace historically inefficient manual methods. Now working with over 7,000 venues and coaches across the world, Clubspark helps sports organisations expand their reach and increase engagement.

Investment

Since January 2019, the Foresight VCTs have invested £6.11 million of growth capital to help extend the company's international operations, consolidate its position as the de facto standard within tennis and explore new avenues for growth with clients in other sports such as the England and Wales Cricket Board and England Athletics and to complete the roll-out of its global tennis platform.

The number of user accounts has grown rapidly, more than doubling since the initial investment, which is expected to continue as tennis activities return to pre-COVID levels. The follow-on investment will continue supporting the product development and global roll-out of the Clubspark platform.

Through the course of the investment to date, the Manager has encouraged a strengthening of senior management with the appointment of a new chief technology officer, chief revenue officer and chief finance officer.

Trading and Strategy

The Manager believes that Clubspark continues to have the opportunity to lead the global tennis software market, capitalising on its relationships with the LTA, USTA, Tennis Australia and the ITF, which it continues to strengthen. Each provides a unique point of entry to its market, given the affiliation many of the underlying clubs have with these national or international governing bodies. The business will continue with product development and to invest in its UK and US offices.

Clubspark has won significant new business and renewals over the last six months, including English Football Association's Wildcats and Comets programmes. ClubSpark also recruited a new chief financial officer, appointed in June 2023, with SaaS experience who plays a key role driving its strategy to increase recurring revenue.

Case Studies continued

Roxy Leisure Holdings Limited



Company Key Facts

Sector	Consumer & Leisure
Investment type	Growth capital
Initial investment date	December 2019
Aggregate investment by all Foresight VCTs	£4.97m
Latest valuation of the aggregate investment by all Foresight VCTs	£11.41m

Company Background

Roxy is a competitive socialising business with 18 venues across eleven cities throughout the UK in Leeds, Manchester, Liverpool, Nottingham, Sheffield, Bristol, Edinburgh, Birmingham, Cheltenham, Cardiff and Leicester. The venues offer a range of entertainment facilities including pool tables, ping-pong, bowling, shuffleboard, mini golf, arcade games and karaoke.

The company was founded by two brothers, Matt and Ben Jones, who launched the first Roxy site in 2013 to capitalise on the trend towards in-bar entertainment, with the aim of combining several gaming offerings under one roof. Roxy operates in three formats: large flagship sites that typically include all games offerings, bowling-focused 'Roxy Lanes' sites and smaller late-night venues with select games. The venues attract a broad demographic mix of 20-45 year olds and are popular amongst high spending corporate customers. The company has also launched its first family focused bowling venue "King Pins", to further diversify its offering and customer base.

Investment

In December 2019, the Foresight VCTs invested £2.98 million of growth capital in Roxy to fund the opening of new sites and build the senior management team to drive further growth. Foresight Regional Investment LP invested £4.5 million in May 2020 to acquire equity from legacy shareholders.

In December 2020, the Foresight VCTs invested a further £1.99 million to enable the business to maintain its site roll-out plans notwithstanding the COVID-19 restrictions. Roxy is an attractive investment in a well-positioned, high growth entertainment bar group, with a strong brand and site metrics that is led by experienced industry professionals.

Since investment, to strengthen the senior management team, Mark McQuater joined as chair. Mark is a former chief executive of Revolution Bar Group, founder chief executive of Barracuda Group, and former managing director of JD Wetherspoon. He brings significant industry experience and will be key to realising the company's growth strategy.

Trading and Strategy

The Manager believes that Roxy has an attractive site format that maximises the use of available space and optimises profitability from each site. Revenue is generated from food and drinks sales and game hire that are considered to drive good site EBITDA margins. Roxy delivered significant revenue and profitability growth, doubling revenues between 2017 and 2019 with further growth being delivered in 2020 prior to the enforced closure of all sites due to COVID-19. Future organic growth will be supported by the maturing site profile and increased footprint with Roxy recently opening sites in Edinburgh in November 2022, Birmingham in February 2023 and Leicester in June 2023 bringing the total number to 18 across the UK.

* Case studies are for illustrative purposes only and are not investment recommendations.

Successful Exits

The Manager has achieved a number of full and partial realisations on behalf of the Company. Investments have been sold to domestic and international trade buyers as well as to mid-market private equity firms or refinanced. Here are some examples since 2022.

Innovation Consulting Group Limited

In March 2023, Innovation Consulting Group Limited (GovGrant), one of the UK's leading providers of R&D tax relief, patent box relief and other innovation services was sold to Source Advisors, a US corporate buyer backed by BV Investment Partners. The transaction generated proceeds of £6.8 million at completion. When added to £0.5 million of cash returned during the holding period, the total cash-on-cash return was 4.4 times the capital of £1.65 million invested in October 2015, an IRR of 24%.

Since the original investment in 2015, the Manager helped GovGrant through a period of material growth during which GovGrant supported the R&D activities of a growing number of customers. GovGrant's high levels of service and innovative products, such as the patent box offering, have contributed to driving innovation in the UK economy. The Manager took a proactive approach to supporting the exceptional senior management.



Initial investment:
October 2015

Sold: March 2023

Price: Not disclosed

Foresight VCT plc
return: £7.3m

Multiple: 4.4x

Datapath Group Limited

In March 2023, Datapath, a global leader in the provision of hardware and software solutions for multiscreen displays was sold to an undisclosed buyer. The transaction generated proceeds of £5.0 million at completion with an additional £1.2 million payable over the subsequent 24 months. When added to £5.4 million of cash returned during the holding period, this implies a total cash-on-cash return of 11.6 times the original investment, equivalent to an IRR of 37% since the initial investment in 2007.

Since the original investment, the Manager had supported Datapath through a period of material growth with Datapath's revenues growing from approximately £7 million to £25 million. In this time, Datapath has developed a market leading hardware and software product suite for the delivery of multi-screen displays and video walls, which are sold globally to a diverse customer base across a range of sectors.



Initial investment:
September 2007

Sold: March 2023

Price: Not disclosed

Foresight VCT plc
return: £11.6m

Multiple: 11.6x

Successful Exits continued

Mowgli Street Food Group Limited

In January 2023, the Company announced the successful exit of casual Indian food chain Mowgli to TriSpan, a global private equity firm with extensive restaurant expertise.

The Company invested in 2017, when the business had three restaurant sites and by the time of the sale it had grown to 15 sites nationally.

The Manager introduced Dame Karen Jones as chair, Matt Peck as finance director and helped recruit Lucy Worth as operations director and together with founder Nisha Katona, this team built a market-leading hospitality brand.

The business also shared the Manager's commitment to sustainability, creating approximately 500 jobs and ranking 25th best UK company to work for in 2023 owing to its focus on employee welfare, local charity support and sustainable sourcing.

The exit resulted in proceeds of £5.2 million, of which £1.6 million will be received over 12 months post the completion of the exit. Including £0.1 million of cash returned during the holding period, the exit represented a return of 3.5x cost, equivalent to an IRR of 25% since the initial investment in 2017.

Initial investment: July 2017
Sold: January 2023
Price: Not disclosed
Foresight VCT plc return: £5.3m
Multiple: 3.5x



Fresh Relevance Ltd

In September 2023, Fresh Relevance was sold to Dotdigital Group plc, returning £10.6 million to the Company. Including cash returned to date of £0.2 million, the sale implies a 3.8 times cash-on-cash return on the total investment made of £2.9 million; equivalent to an IRR of 27%.

Previously headquartered in Southampton, Fresh Relevance is an email marketing and e-commerce personalisation platform. It provides online retailers with flexible software tools to improve customer retention and acquisition.

Since the initial investment in March 2017, Fresh Relevance grew revenues nearly threefold and the number of employees increased by almost 50. Fresh Relevance created new highly-skilled jobs, created particularly within software engineering, with a number of the developers being graduates from the University of Southampton.

Initial investment: March 2017
Sold: September 2023
Price: Not disclosed
Foresight VCT plc return: £10.8m
Multiple: 3.8x



* Past performance is not necessarily a guide to future performance. The above are examples only and, as with any diversified portfolio, returns on other investments have been less and there have also been realised losses and/or permanent impairments over the same period. It should also be noted that some of these examples relate to investments made to support management buy-outs prior to the change in the VCT rules. The return multiple shown includes exit proceeds and income earned during the holding period and is based on original cash investment, not accounting cost. Cash-on-cash return is calculated by taking the total cash inflows (i.e. aggregate value of the returns received on the investment) and dividing by the total cash outflows (i.e. aggregate amount of money invested in respect of the investment).

** Opportunities to realise investments can be unpredictable and may be impacted by the current economic and market conditions. Investments made following the VCT rule changes in November 2015 are in earlier stage companies and, as a result, may take longer to achieve a successful exit.

Performance

The Company targets payment of annual dividends of at least 5% of the NAV per Share based on the latest announced NAV per Share. The aim of the Board and the Manager is for future investment performance to support this level of distribution, while endeavouring, at a minimum, to maintain the NAV per Share on a year-on-year basis. This level of dividend may be exceeded by the payment of additional 'special' dividends as and when particularly successful portfolio disposals are made.

Foresight VCT Performance History – Total Return

From 1 July 2018 to 30 June 2023

Year to 30 June 2023	2019	2020	2021	2022	2023
Annual Total Return	5.5%	(8.4)%	28.0%	15.5%	6.6%
Annual Dividend Yield	6.6%	5.0%	4.6%	5.1%	9.8%

Total Return Performance per Share	1 Year to 30 June 2023	3 Years to 30 June 2023	5 Years to 30 June 2023
NAV as at the start of the period	88.5	65.8	76.2
NAV as at the end of the period	85.9	85.9	85.9
Cumulative dividends paid during the period	8.4	16.6	24.9
Total Return as at end of period (NAV plus cumulative dividends)	94.3	102.5	110.8
Total Return performance over the period	6.6%	55.8%	45.4%

Five-year performance to the Company's most recently published unaudited NAV per Share.

Calculating Performance

Net Asset Value (NAV)

The combined value of all the assets owned by the Company minus the liabilities. This figure is then divided by the number of shares outstanding.

Total Return Performance

This is calculated by taking the current NAV (30 June 2023) then adding back in any dividends paid during the period. This figure (Total Return) is then divided by the NAV at the start of the period.

Cumulative Dividends

This is the sum of any tax-free dividends paid during the period.

* Past performance is not necessarily a guide to future performance. It should also be noted that the past performance to a material extent relates to investments made to support management buy-outs prior to the change in the VCT rules.

** The value of Shares, and the income from them, can fluctuate and Shareholders may not get back the amount they invested.

Details of the Offer

Company:	Foresight VCT plc
Fund launched:	1997
Offer size:	£20 million (with an over-allotment facility to raise up to a further £5 million)
Investment sectors:	General private equity
Minimum subscription:	£3,000
Maximum subscription:	£200,000 (in aggregate across all VCTs in each tax year for VCT tax relief)
Dividend policy:	Target of at least 5% of NAV per share per annum (based on the latest announced NAV per Share)
Share buyback policy:	Objective of maintaining a programme of regular share buybacks at a discount of no less than 7.5%
Shareholder loyalty bonus:	Investors who hold shares in any VCTs managed by The Foresight Group will qualify for a 0.5% discount on the Offer costs as a loyalty bonus

* The Offer will close earlier than the date stated if it is fully subscribed or otherwise at the Directors' discretion. The Board reserves the right to extend the Offer but not longer than 12 months following publication of the Prospectus.

Fees and Charges

	Retail Client Investors	Professional Client Investors and Execution-Only Investors	Direct Investors
Direct Offer Costs*	2.5%	2.5%	5.5%
Initial Commission*	n/a	3.0%	n/a

* Expressed as a percentage of an investor's subscription.

Annual Fees

Annual Management Fee	2.0%*
Administration Fee	£130,000

* Calculated as a % of net assets.

Performance Incentive

A performance incentive fee will be payable in respect of each financial period commencing on or after 1 January 2023 where the Company achieves an average annual NAV total return per Share, over a rolling five-year period, in excess of an average annual hurdle of 5% (simple not compounded). If this hurdle is met, the Manager would be entitled to an amount equal to 20% of the excess over the hurdle (on a per Share basis) subject to a cap of 1% of the closing net assets of the Company for the relevant financial period.

For full information on annual fees and the performance incentive fees, see page 65 of the Prospectus.

Investor Communications

In addition to the announcement and publication of the annual report and accounts and the half-yearly financial report, the Company also publishes fact sheets for the March and September quarters which are made available on the Company's website at www.foresightvct.com

Indicative Offer Timetable

Launch 15 November 2023	1st Key Date Deadline for applications 12 noon on 3 April 2024 (for tax year 2023/24)	Final Close Deadline for applications 12 noon on 30 April 2024
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What's Next

If you would like to discuss this investment opportunity with someone at Foresight Group please do not hesitate to contact us on 020 3667 8199 or sales@foresightgroup.eu

Important Information

This Investor Guide is a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000 (as amended) and is issued by Foresight Group LLP which is authorised and regulated by the Financial Conduct Authority (FCA No. 198020). This Investor Guide should only be read in conjunction with the Prospectus. This is not a prospectus but an advertisement and investors should not subscribe for any transferable securities referred to in this advertisement except on the basis of information in the Prospectus, which was published by Foresight VCT plc on 15 November 2023. An investment in Foresight VCT plc is subject to a number of risks, including partial or total loss of capital invested. Investors can obtain copies of the Prospectus from Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG and from www.foresightvct.com. VCT shares must be held for five years to retain the 30% upfront income tax relief. VCTs should be seen as longer term investments and may be higher risk and more difficult to realise than investment in other securities listed on the Official List of the FCA and admitted to trading on the London Stock Exchange. The secondary market for shares in VCTs is generally illiquid and are likely to trade at a discount to the net asset value. Past performance should not be seen as an indication of future performance. The value of shares in a VCT, and any income from them, may fall as well as rise and investors may not get back what they originally invested. There can be no guarantee that suitable investment opportunities will be identified in order to meet the objectives of the Company. This information does not constitute or form part of any offer for sale solicitation or any offer to buy or subscribe for any securities. Any decision in connection with an investment in the Company should be made only on the basis of information contained in the Prospectus. When considering what action to take you are recommended to seek your own personal financial advice from an appropriately authorised independent financial adviser. You should also seek advice about your own personal financial position in relation to entitlement to tax reliefs associated with an investment in the Company.

Foresight
FOR A SMARTER FUTURE

Foresight VCT plc

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