

Foresight Technology VCT plc

FWT Shares

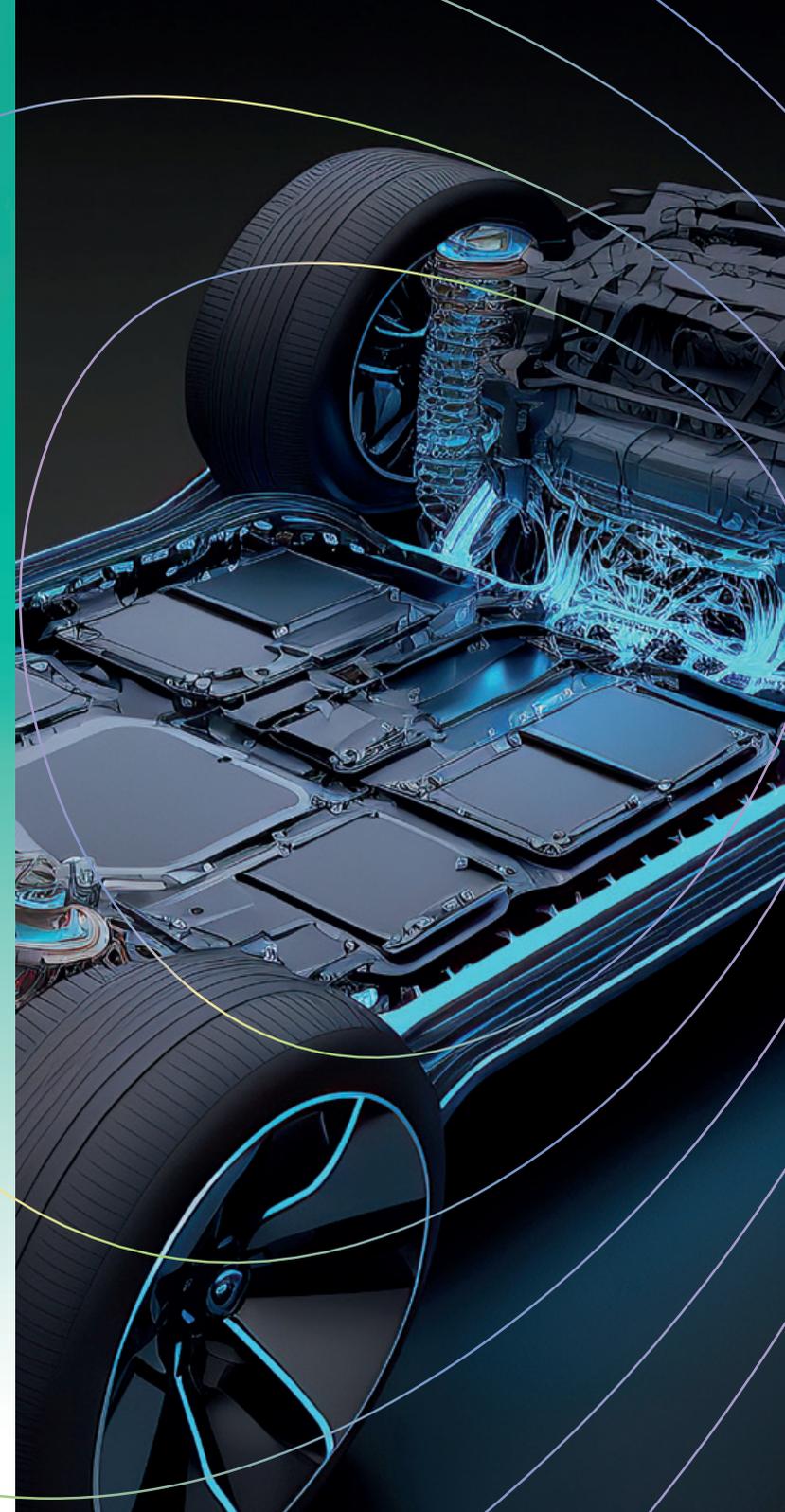
Investor Guide

September 2023

This Investor Guide is a Financial Promotion issued and approved by Foresight Group LLP (FCA No. 198020) pursuant to the Financial Services and Markets Act 2000 and should only be read in conjunction with the Foresight Technology VCT plc Prospectus dated on or around 6 September 2023 relating to an offer of FWT Shares. Your attention is drawn to the important risk warnings contained therein. Words and expressions defined in the Prospectus shall have the same meaning in this Investor Guide.

Foresight
FOR A SMARTER FUTURE

WAE
A Fortescue Company



Introducing the Foresight WAE Technology strategy

Investors in the FWT strategy benefit from the unique collaboration between Foresight Group, a leading infrastructure and private equity investment manager, and WAE Technologies Limited (WAE), a global engineering and zero emissions powertrain business.

The concept of the partnership between Foresight and WAE is that their complementary skillsets provide a sustainable competitive advantage when sourcing investment opportunities, carrying out due diligence and working with portfolio companies to maximise development and growth through the investment period. This should ultimately lead to more successful exits at higher multiples.

The FWT Shares provides investors with the opportunity to benefit from the combined expertise of Foresight Group and WAE, investing in a portfolio of early-stage, deep technology companies, with high growth potential.

The Company, which was launched in December 2019, has already raised c.£30 million and has made 36 investments (including nine follow-ons) (as at 30 June 2023). Investors benefit from a maturing fund strategy which across the EIS and VCT funds has invested over £67 million into 34 companies across 64 investments and recorded two exits to date, generating an average return of 6.7x.

Portfolio overview

£30m

raised since 2019

36

investments including
9 follow-ons

5.5%

12-month Total Return Performance
to 31 March 2023



Four key reasons to invest

1. An experienced deep technology investor

The FWT team has built a strong reputation in the UK early-stage ecosystem and is now seen as one of the top investors in deep technology.

Deep technology can be defined as the commercialisation of a scientific or engineering breakthrough. Often, these technologies seek to address challenges in large, valuable markets including green energy, robotics, aerospace and supercomputing, where innovation could transform the world we live in.

The sector is expanding rapidly, with investment into UK deep technology growing 33x in the ten years to 2021, reaching £6.8 billion. One reason for this growth is the potential for high returns, driven by two important characteristics:

1. Deep technology companies are intellectual property (IP) rich because they are born through ground-breaking scientific research or technical breakthroughs. This can make the technology highly defensible, reducing competition, allowing the company to capture a large market share.
2. Because deep technology companies tackle big, difficult to solve problems, if they succeed in finding a solution, they have the potential to disrupt existing markets or create entirely new ones.

Both these factors make deep technology companies attractive to investors seeking outsized returns.

2. An attractive UK market

The UK is fast becoming a leading jurisdiction for innovation in the deep technology sector, benefiting FWT Share class investors.

This is in part due to the strength of the university system, with the UK boasting 12 of the top 25 universities in Europe for technology spinouts.

Additionally, over the last 12 months the UK Government have made clear their ambition to become a leading technology hub, similar to Silicon Valley, focusing on science and innovation as a key pillar for economic growth.

The FWT Share class is well positioned to benefit from resulting policy tailwinds like the Science and Technology Framework, which outlines government support for UK startups developing new technologies.

Four key reasons to invest continued

3. Unique collaboration and competitive advantage

The collaboration between Foresight Group and WAE provides a unique advantage for investors wishing to access the opportunity presented by the UK deep technology sector.

Drawing on four decades of success in the highly competitive world of Formula One, WAE's industry-leading engineers are at the cutting edge of a broad range of technologies, allowing them to add value through every stage of the investment process.

Pre-investment:

- WAE attract an exciting pool of investment opportunities and carry out due diligence to assess the strength of new technologies.

Post-investment:

- WAE work with portfolio companies to improve their technology, providing access to their expert engineers, state-of-the-art facilities and specialist commercial, IP and marketing support.

4. Diversification

Despite VCT market inflows growing substantially, the number of VCT investment management teams has halved since 2006 from 44 to 22. This is driven by recent market consolidation coupled with very few new market entrants.

As such, building a diversified portfolio of VCTs can be challenging for investors, especially considering the majority of VCTs follow similar strategies, typically investing in later-stage companies that focus on the enterprise software and healthcare sectors.

In contrast, the FWT Share class invests at an earlier stage (pre-revenue to pre-profit) into deep technology companies, which, combined with the relative youth of the portfolio, provides investors access to a more traditional venture capital return profile with the potential for higher returns.

Combined, these factors make the FWT Share class an attractive diversifier for investors with an existing portfolio of VCTs.

The Investment Team

The core team that will be responsible for identifying investment opportunities and making investments for the FWT Share class, alongside the FWT EIS Fund.

Foresight Group



Andrew Bloxam
Managing Director,
Foresight Group

Andrew has over 15 years' experience advising and investing in fast growing UK technology SMEs. Andrew was previously a Director at Committed Capital, a technology-focused EIS investor, an Associate at Strata Partners, a technology-focused corporate finance adviser, and an Analyst at JP Morgan. Andrew holds an MA in Economics from Cambridge and an MBA from the University of Surrey.



Chris Wiles
Investment Director,
Foresight Group

Chris joined Foresight Group in 2019 and focuses on the FWT Funds. Having started his career with McLaren Automotive as a Project Engineer, he moved to PwC to work in Strategy Consulting. Chris holds a first class master's in mechanical engineering from the University of Southampton and an MBA with Distinction from Warwick Business School.



Anastasia Sagaidachna
Investment Manager,
Foresight Group

Anastasia is an Investment Manager who previously works at EBRD and a lower mid-market private equity fund focusing on B2B SaaS and generalist investments. Anastasia holds an MSc in Corporate Finance from Bayes Business School and a BSc in Business Administration from the University of Economics in Prague.



Gianmarco Del Bono
Investment Manager,
Foresight Group

Gianmarco is an Investment Manager focused on the FWT EIS and VCT funds. He has over six years' of investment experience, having previously worked at AtmosClear, Silverpeak and Atlantic Bridge. Gianmarco holds a Joint Masters degree in Micro and Nanotechnologies for ICT from the École polytechnique fédérale de Lausanne and a Bachelors degree in Physical Engineering and Information Technology from the Politecnico di Torino.

The Investment Team continued

WAE



Julian Peck
Investment Manager,
WAE

Julian joined WAE in 2022. Previously, he was Commercialisation Manager at Cambridge Enterprise and has led the spinout of numerous technologies from Cambridge. Julian holds a MEng in Manufacturing Engineering from the University of Cambridge and is a Chartered Engineer and Member of the IMechE.



Matthew Hicks
Senior Investment Associate,
WAE

Matthew's principal focus will be in scouting opportunities and working on the end-to-end investment process for the FWT Funds. Matt is a graduate of the University of Southampton with a BSc in Geography and an MSc in Sustainability.



Kusal Ranawaka
Investment Associate,
WAE

Kusal focuses on scouting and evaluating new opportunities and working across all stages of the investment process. He previously worked at the Creative Destruction Lab, a deep-tech accelerator at the University of Oxford and holds a MEng in Mechanical Engineering from University of Sussex.



Kirsten Spry
Senior Partnerships Associate,
WAE

Kirsten supports the provision of WAE value-add services to the FWT Funds portfolio companies. Prior to her current role, she successfully completed Williams' Business Graduate Scheme. Kirsten holds an MSci in Natural Sciences from the University of Cambridge.



Nithish Bhat Kunjar
Investment Analyst,
WAE

Nithish is focused on sourcing, origination, and evaluation of opportunities and execution support. He is a Civil Engineer with experience in project management, strategy and business development growing a scale up and holds an MBA from the University of Cambridge.



Sam Stephens
Investment Analyst,
WAE

Sam focuses primarily on sourcing and origination activities, evaluating opportunities and execution support. Ahead of joining WAE, he worked as a consultant in the Technology Strategy & Advisory practice at Accenture and holds a MEng in Mechanical Engineering with Industrial Placement from the University of Warwick.

Who is Foresight Group?

Established in 1984, Foresight is a leading infrastructure and private equity investment manager, listed on the London Stock Exchange. Having grown to over c.£12.0 billion of assets under management, Foresight has a wide and varied investor base of private and institutional investors. This includes Foresight-managed Venture Capital Trusts and Enterprise Investment Schemes, which currently have over 30,000 investors.

Foresight Group's founders, Bernard Fairman and Peter English, initially raised a £20 million venture capital fund which invested in unquoted technology companies and returned £80 million to investors.

Building on this success, in 1997 Foresight raised one of the first VCTs, the technology focused Foresight VCT plc. 25 years later this remains one of the best performing VCTs ever launched. The FWT Share class heralds a return to technology investing which is a core part of the firm's DNA.

Over the last seven years, Foresight Group's private equity investment team has 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 Foresight's success in winning these mandates evidences their credentials and track record.

Awards:



Who are WAE?

WAE is a global, specialist engineering business that was, until December 2019, part of the Williams Group which operates a world-famous Formula One racing team. Formed in 1977 by the late Sir Frank Williams and Sir Patrick Head, the Williams F1 Team has won 16 FIA Formula One World Championship titles.

In 2010, Williams Grand Prix Engineering Limited began diversifying its operations, leading to the establishment of the Williams Advanced Engineering division, which eventually became WAE.

Headquartered in Oxfordshire, WAE has grown from an embryonic business to a company employing more than 1,000 people with a broad range of expertise in technologies like batteries, materials and aerodynamics, originally from their time in motorsport.

How do investors benefit from WAE?

Since FWT Share class launched, the unique addition of WAE as a technical partner has brought multiple benefits across the full deal origination, investment and portfolio management process.

During deal origination, the reputation of, and commercial opportunities that WAE can offer, has helped gain access to highly competitive deals and secure investments on favourable terms.

During due diligence, WAE has leveraged its extensive expertise and network to validate the market opportunity targeted by the investee company and confirm market demand for the technology upon successful commercialisation. Importantly this extends to utilising their advanced engineering capabilities to carry out technical due diligence to assess the strength of the technology developed by the company looking for investment. This allows the FWT Share class to invest in companies at an earlier stage than other investors, who would typically have to wait until the business generates revenues to determine the viability of the technology. Investing at an earlier stage provides investors with the potential for higher returns.

Awards:

2021

MIA Business Excellence Award
Business of the Year 2021

2020

E&T Innovation Awards:
Winner - Sustainable Planet

The Engineer Collaborate to Innovate Awards
Finalist - Energy and Environment

2018

Queen's Award for Enterprise in Innovation

Royal Academy of Engineering
MacRobert Award Finalist

2017

MIA Business Excellence Award
Technology and Innovation

ISO 9001:2015 awarded
July 2017

Selected WAE customers:

BAE SYSTEMS

THALES
INFORMATION SYSTEMS

JAGUAR

BROMPTON

Sainsbury's



What market conditions create opportunity for FWT Share class investors?

Industry trends:

- FWT Share class's underlying investment thesis is that there remains a vast opportunity to improve the productivity, efficiency and environmental impact of nearly every industrial sector from manufacturing through to energy.
- To facilitate this transition, there will be an increasing need for enabling technologies including industrial machine learning software, novel sensors, low-cost robotics and 3D printers. Some of the most exciting investment opportunities will come from companies that combine technologies such as robotics, computer vision and machine learning, to deliver a solution that is greater than the sum of its parts.
- Another trend of particular interest is the application of cutting edge technologies into more traditional industries; for example, the application of augmented reality technology from the gaming sector into the industrial maintenance sector to enable remote collaboration.

Macroeconomic environment:

- While the recent macroeconomic environment has impacted the valuations of many venture-backed companies, we believe FWT Share class is positioned to perform well, compared to other VCTs which typically focus on software-based companies. This is because:
 - Rising interest rates and inflation negatively impact software companies with business models that require significant capital to grow and sustain market share.
 - Investors increasingly expect companies to generate a profit in the near term, rather than aiming to do so in the distant future, as is commonplace with software companies. This has led to a significant revaluation of companies with these business models, like Cazoo, a car buying platform, which IPO'd in August 2021 but has since lost 99% of its value.
 - There is growing demand for hardware and physical technologies to solve some of society's biggest problems including climate change, an ageing population, sustainable food and national security. Software alone can't solve these global issues, which has resulted in the FWT team seeing more interest in deep technology companies from VC funds. The FWT Share class is well positioned to benefit from this transition.



What market conditions create opportunity for FWT Share class investors? continued

Policy tailwinds:

- Despite current economic headwinds, over the last 12 months the UK Government has set out a series of initiatives to support growth in the type of companies invested in by the FWT Share class.
- In the Chancellor's 2022 Autumn Statement, science and innovation was identified as one of the three pillars for economic growth along with the government's desire to turn the UK into the "world's next Silicon Valley".¹
- To increase support for the science and technology sectors, the UK Government created the Department for Science, Innovation and Technology in February 2023², reinforcing the Government's ambition for the UK to build a stronger digital and technology-focused economy.
- In March 2023 the Department for Science, Innovation and Technology published a Science and Technology Framework³, setting out a strategic view of how the Government will support UK science and technology up to 2030. In addition to identifying five core technologies, four of which are in scope for the FWT funds, the framework identified four themes to support the development of these technologies.
- As part of this Framework, in May 2023 the Government announced a £1 billion semiconductor strategy⁴ which aims to expand the domestic market, remove supply chain issues and shield the country's security.
- In July 2023, the Chancellor Jeremy Hunt announced the Mansion House Compact⁵, an agreement between nine UK pension funds to invest at least 5% of their default funds into UK-based start-ups and fast growing companies by 2030. It is estimated that this scheme could unlock up to £50 billion by 2030, providing significant capital to companies which are in scope for FWT Share class.
- As of July 2023, the Labour Party has not issued a clear policy on science and technology, however the party's position claims to be ambitious and supportive of business growth⁶.
- It is likely further initiatives will be announced to stimulate growth within the UK start-up ecosystem, with a particular focus on the sectors the FWT Share class seeks to invest in. This government support provides an environment that gives FWT Share class companies a greater chance of success.

1. <https://www.digit.fyi/next-silicon-valley-jeremy-hunt/>

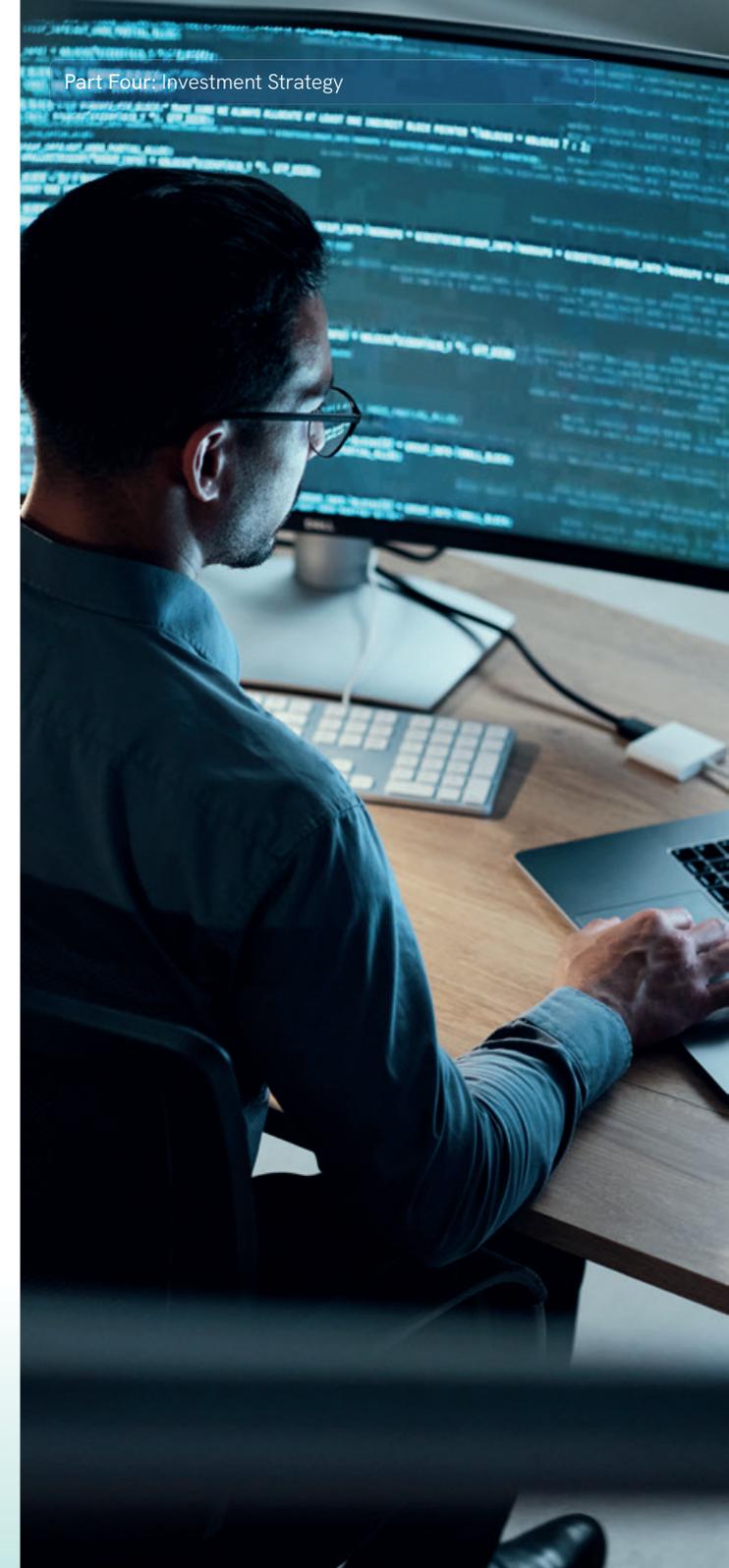
2. <https://www.techuk.org/resource/new-department-for-science-innovation-and-opportunity-could-see-tech-better-recognised-in-whitehall.html>

3. <https://www.techuk.org/resource/the-government-s-science-and-technology-framework-is-a-welcome-step-and-now-must-to-be-backed-by-action.html>

4. <https://www.uktech.news/news/government-and-policy/uk-semiconductor-strategy-20230519>

5. <https://sifted.eu/articles/uk-government-pension-funds-startups-jeremy-hunt-news>

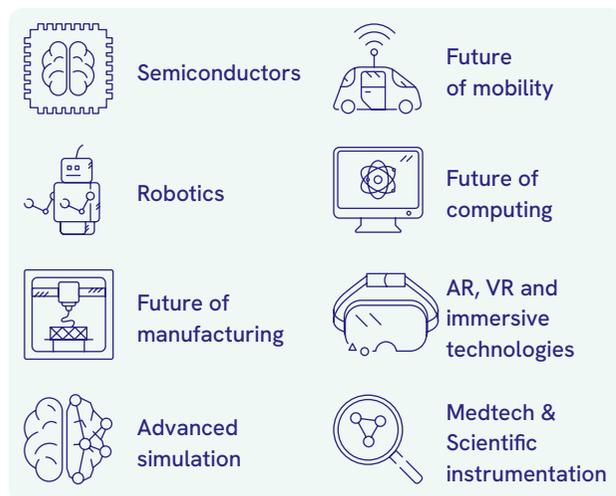
6. <https://techmonitor.ai/policy/digital-economy/so-what-are-labours-tech-policies-exactly>



How do we select companies with high growth potential?

Disruptive:

- FWT Share class aims to make investments into companies developing innovative and disruptive technologies.
- Therefore, a crucial criterion for potential investments will be the development of technologies that offer an order of magnitude improvement in terms of performance or cost compared to the status quo. In Foresight's experience, early-stage companies lacking an extensive track record or trading history need to provide a value proposition that is at least ten times better, faster, or cheaper to successfully displace industry incumbents.
- Many of the investments made are aligned with the eight core deep technology themes/sectors shown below:



Defensible technology:

- The technology developed by the investee companies will typically be protected through IP, which can include patents, know-how, software code or trade secrets. This helps to protect the technology from replication by a competitor, giving the investee company the opportunity to generate attractive commercial returns from its products or services.

Strong management team with a roadmap to commercialisation:

- In addition to world-class technologies, FWT Share class seeks to invest in outstanding entrepreneurs who have the technical, commercial and personal skills to successfully bring their technology to market and scale rapidly.
- Foresight can add significant value as the company grows, by leveraging their extensive network of Chairs and experienced industry executives, to help fill any personnel gaps.
- Investee companies must have a clear strategic vision and be able to articulate the market problem they are addressing, identify their target customers, and explain why these customers would be motivated to purchase the technology. This is a common weakness observed in early-stage technology companies, who do not sufficiently define their commercialisation plan.



Disruptive and defensible technology



Strong team with roadmap to commercialisation



Large obtainable market



Scalable business model



WAE value add

£0.5-2.5m

Initial investments targeting at least a 10x return potential

The Portfolio

The FWT Share class has made 36 investments (including nine follow-ons) as at 30 June 2023. Here are three we're very excited about:

Refeyn

Name:	Refeyn Ltd
Industry:	Mass photometry
FWT Share Class Commitment:	£360,000 (£3.3 million FWT Funds total, including £1.7 million FWT EIS Fund in this round and £1.2 million FWT EIS Fund in 2019)
FWT Share Class Ownership:	0.6% (9.0% FWT Funds total, including 8.4% FWT EIS Fund)
First FWT Investment:	November 2020

Who are Refeyn?

- Refeyn is commercialising a disruptive technology, originally invented and spun of the University of Oxford, that uses light to measure a molecule's mass (mass photometry).
- Their processes have the potential to completely disrupt the fast-growing protein analysis market.
- Refeyn's instruments are easy to use and allow users to characterise molecules, such as proteins, significantly faster and at a lower cost than existing techniques.

Why are we excited about Refeyn?

- Refeyn has established a rapidly growing presence in both the academic and biotech sectors. Since receiving investment, Refeyn has expanded its offering of mass photometry systems, dramatically improving performance across a broad range of applications.
- In April 2022, Refeyn's progress was recognised by the successful completion of its oversubscribed Series B funding round, which was led by Northpond Ventures and will be used to further expand its product range.
- Refeyn has been recognised with three prestigious science and innovation awards for its revolutionary mass photometry technology.

Audioscenic

Name:	Audioscenic Ltd
Industry:	3D Audio technology
FWT Share Class Commitment:	£360,000 (£1.05 million FWT Funds total including £690,000 FWT EIS Fund)
FWT Share Class Ownership:	8.8% (25.7% FWT Funds total including 16.9% FWT EIS Fund)
First FWT Investment:	October 2020

Who are Audioscenic?

- Audioscenic has developed a method of monitoring the location of a listener's head and beaming separate sound waves to their left and right ear from a single, compact soundbar, creating an immersive 3D audio experience.
- Such 3D sound formats are increasingly being adopted by content providers including Netflix, Amazon and BT Sport. However, replicating the immersive 3D sound experience in consumer hardware other than headphones has proven challenging.
- Audioscenic is commercialising technology to overcome these limitations, allowing 3D sound to be used in new applications such as in public space kiosks, streaming personalised content and in-car audio entertainment.

Why are we excited about Audioscenic?

- Audioscenic has signed a partnership with a leading Chinese integrated solutions provider, which is developing a range of gaming soundbars based on Audioscenic's revolutionary 3D Audio technology.
- Since investment Audioscenic has improved the core 3D audio experience, 'productised' the software for commercial adoption and designed a gaming soundbar with Razer, a leading computer and gaming peripherals company. This soundbar was launched at the Consumer Electronics Show in Las Vegas in January 2023 and collected 12 prestigious industry awards.
- The delivery of Razer's first gaming soundbar containing Audioscenic's technology represented a true value inflection point for the company. The targeted growth funding round, coupled with a clear growth strategy, should result in Audioscenic becoming an attractive acquisition target in the coming years.

The Portfolio continued

Previsico

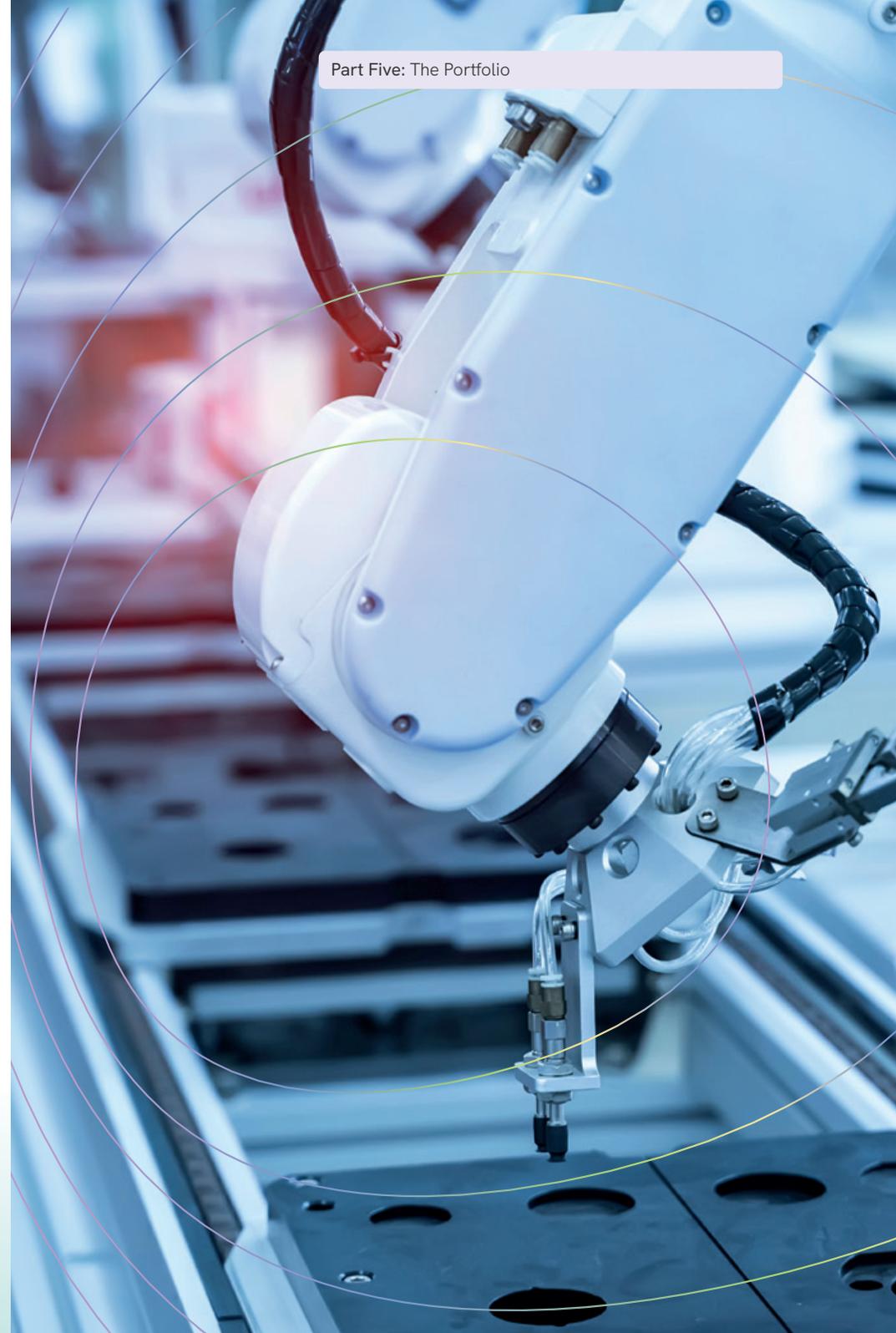
Name:	Previsico Ltd
Industry:	Insurtech
FWT Share Class Commitment:	£0.6 million (£1.75 million Foresight Funds total, including £0.6 million FWT EIS Fund and £0.5 million MEIF)
FWT Share Class Ownership:	10.7% (29.1% Foresight Funds total)
First FWT Investment:	August 2021

Who are Previsico?

- As climate change makes severe weather occurrences more common, there is an increased need for accurate predictions of flooding events in the UK and beyond.
- Previsico's system, FloodMap Live, combines data with proprietary algorithms to produce automated alerts that allow clients to minimise damage through a variety of tools.
- FloodMap live provides faster, more accurate data, with less false alarms than incumbent solutions, allowing customers more time to take preventative action.

Why are we excited about Previsico?

- Flood alerts are a subset of the global incident and emergency management market, which was estimated to be \$92 billion per annum in 2020 and is forecast to grow to \$123 billion per annum by 2025.
- Previsico has gained early traction and is now generating more than £1 million of annualised recurring revenue, following the roll out of a new sensor product with top tier insurers such as Liberty and Zurich Municipal.
- Strong customer satisfaction has quickly led to account growth and requests to expand into the US. As such, Previsico plans to scale their business in new territories, particularly the USA and South East Asia.



Successful Exits

Although the relative youth of the FWT Share class means it is yet to start exiting companies, the FWT EIS, which follows the same strategy, has made two successful exits.

Codeplay

Name:	Codeplay Software Ltd
Industry:	Software development

Initial £1.05 million FWT EIS investment in April 2018



Exited in June 2022 returning 16x cost

"It was an attractive investment opportunity and a competitive process to win the deal in the first place. I don't think we would have won without WAE's involvement."

Chris Wardle,
Investment Director, Foresight Group

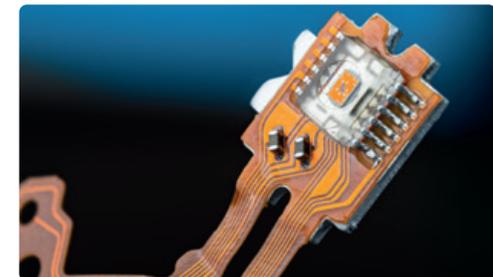
Flusso

Name:	Flusso Ltd
Industry:	Industrial sensors

Initial £1.5 million FWT EIS investment in April 2020



Exited in July 2022 returning 3x cost



Who are Codeplay?

- Codeplay developed some of the first software tools enabling AI to be accelerated using graphics processors (GPUs) hardware.
- The increasing use of sensors and associated AI models within road vehicles had been a clear trend over many years and was being exacerbated by the rise of autonomous and electric vehicles. Codeplay was well-placed to service this rapidly growing market, enabling AI developers to deploy algorithms more rapidly into vehicles.
- WAE worked with Codeplay to raise its profile which led to conversations with large automotive sector companies that were not previously possible.

Successful exit:

- Codeplay grew steadily to become a profitable business. It was establishing itself as a leader in its niche and was gaining momentum working with the world's largest chipmakers on increasingly high-profile projects.
- These factors made Codeplay an attractive acquisition target and it was acquired by Intel in June 2022 returning 16x on the investment made by FWT EIS in April 2018.

Who are Flusso?

- Flusso, a University of Cambridge spin-out, developed the world's smallest and best value flow sensor.
- Flow sensors are widely used in consumer, medical and industrial products where gas or liquid flows need to be monitored or controlled.
- Flusso's patent-protected technology was significantly smaller and lower cost than existing alternatives and offered reliable repeatability and accuracy. This made their products ideal for mass production and incorporating into a wider range of products than competing solutions.

Successful exit:

- Flusso released two ground-breaking products – FLS110, the world's smallest flow sensor, and FLS122, the world's smallest air velocity sensor. Target applications included data centres and gaming PCs that rely on efficient air cooling to maximise performance and energy-efficiency.
- Flusso was demonstrating the ability to unlock new applications with easy and low-cost integration which made it an attractive acquisition for a company targeting new sectors within high-volume industrial, medical and consumer markets.
- Whilst the company could have continued growing, further returns were not without considerable risk and would have required significant further funding. Flusso was acquired in July 2022 by a PE-backed business and returned 3x, which was an acceptable result for a short hold period.

Why is Environmental, Social and Governance (ESG) important?

Many early-stage companies face enough challenges in developing a new product and bringing it to market without also having to think about their environmental or social impact. The FWT Share class team believe there are at least three compelling reasons to do so:

1. —————→ Delivers Better Financial Returns:

Academic literature on ESG concludes that strong ESG propositions correlate with higher equity returns while also reducing downside risk¹. This is because a focus on ESG can help to facilitate top-line growth, reduce costs, increase employee productivity and optimise investment and capital expenditure². In short, companies with an ESG focus can deliver profit and purpose.

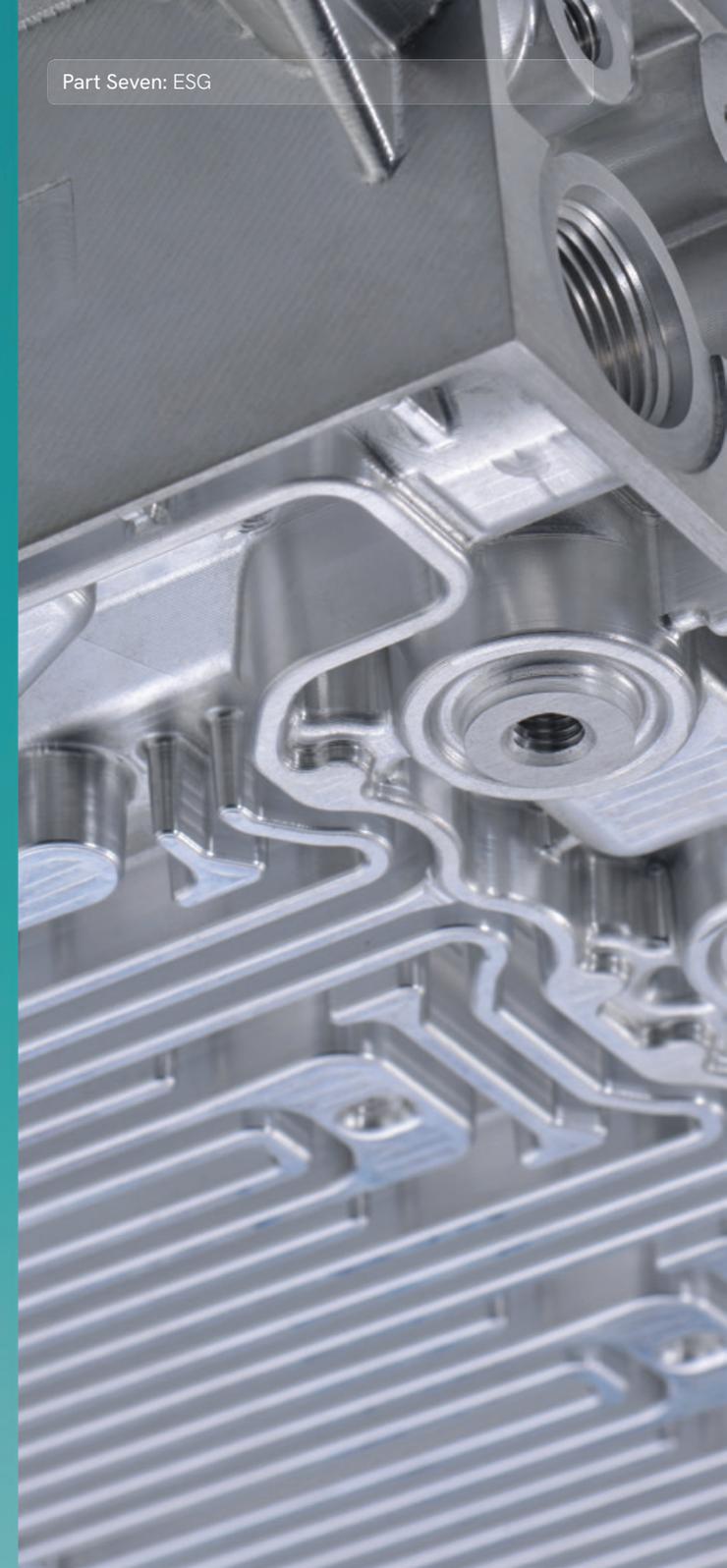
2. —————→ Motivates Employees:

There is greater awareness amongst society of the need to change consumption habits to reduce humans' impact on the environment. This awareness is strongest amongst millennials, of whom 85% say that environmental sustainability is extremely important to them³. As millennials now make up the largest single generation in the workforce, companies with a strong ESG proposition are more likely to attract and retain high performing employees, enhance employee motivation and increase productivity.

3. Attracts Investment:

In 2020, global sustainable investment exceeded \$35 trillion, up 55% since 2016. This growth has, in part, been driven by the realisation that a strong ESG proposition can safeguard a company's long-term success. Early-stage companies with a strong ESG culture are therefore more likely to have a wider range of funding options available to them as they grow.

1. Mozaffar Khan, George Serafeim, and Aaron Yoon, "Corporate sustainability: First evidence on materiality," *The Accounting Review*, November 2016, Volume 91, Number 6, pp. 1697-724, ssrn.com; Zoltán Nagy, Altaf Kassam, and Linda-Eling Lee, "Can ESG add alpha? An analysis of ESG tilt and momentum strategies," *Journal of Investing*, Summer 2015, Volume 25, Number 2, pp. 113-24, joi.pm-research.com.
2. <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value#>
3. <https://www.nielsen.com/eu/en/insights/article/2018/global-consumers-seek-companies-that-care-about-environmental-issues/>



Why is Environmental, Social and Governance (ESG) important? continued

We believe that companies in the FWT Funds' portfolio can have a positive ESG impact in one of two ways.

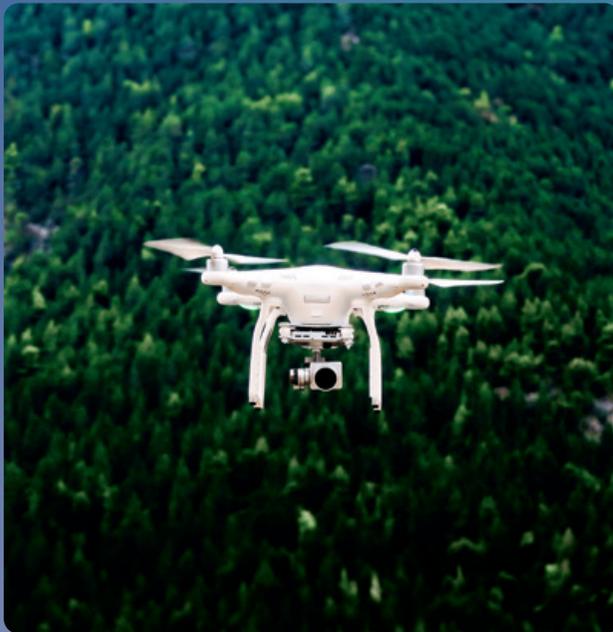
Firstly, FWT Funds may choose to invest in companies which have a direct positive ESG impact through their core business activities. For example, the companies on this page from the FWT EIS Fund are addressing large market opportunities which are forecast to grow as the world adapts to the energy, climate and social challenges it faces. Indeed, it is because these opportunities are large and growing which makes companies solving these challenges attractive investments.



Theme	Example investments	Impact
Resource efficiency Improving productivity and economic output while using fewer resources	 	Allows engineers and technicians to access detailed service records and online support when servicing large industrial equipment in the field. Result is a greater number of issues resolved on the first visit, reducing down-time and service costs Enables virtual collaboration on large 3D models, speeding up development time and reducing the requirement for engineers to co-locate
Decarbonisation of the energy system Enabling the transition to a low carbon energy system	  	Advanced hot water tank which enables the decarbonisation of domestic hot water while also acting as an energy load to balance the National Grid Advanced monitoring of sub-sea infrastructure, including wind farms, helping to improve operational availability while reducing maintenance costs Remote control and monitoring of gas grids, helping to reduce the leakage of methane and enabling the injection of bio-methane into the gas network
Direct impact on end users Improving the quality of life to end-users and local communities	  	3D printed bionic arms which help to overcome the social stigma of conventional prosthetics. Helping to turn disabilities into superpowers Innovative aerosol valve design for consumer and industrial products which allows hydrocarbon-based propellants to be replaced with inert gases Accurate, local advanced flood warning software, used by insurance companies and critical infrastructure operators. Allows asset owners to take precautionary actions ahead of a predicted flood, reducing damage and loss

Why is Environmental, Social and Governance (ESG) important? continued

Secondly, all companies within the FWT Funds Portfolio can have an ESG impact through the choices they make regarding their organisation and daily operations. To help new companies understand this, Foresight has developed a five-principle framework for ESG monitoring, illustrated on this page. The UN's Sustainable Development Goals are then overlaid to this framework to help determine outcomes that are measured and intentional.



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?

Details of the offer

Company:	Foresight Technology VCT plc
Share class:	FWT Shares
Offer size ¹ :	£15,000,000
Offer opens:	7 September 2023
Closing date tax year 2023/24:	3 April 2024
Final closing date tax year 2024/25:	30 April 2024
Investment sectors:	Early Stage Venture Capital
Minimum subscription:	£3,000
Maximum subscription:	>£200,000 (in each tax year for VCT tax relief)
Dividend policy:	Target average 5% per annum from year 4 onwards ²
Share buyback policy:	Discount of 10% to net asset value - with target reduction to 5% from 2025

- The Directors may increase the size of the Offer by up to an additional £10 million through an over-allotment facility. The Offer will close earlier than the date stated above if it is fully subscribed or otherwise at the Directors' discretion.
- NB this is an average target over a number of years and in any given year the 5% target may not be met (or may be exceeded).

Fees and Charges

	Where adviser charge agreed	Where commission is payable	Direct Investors
Promoter's Fee	2.5%	2.5%	5.5%
Initial Commission (% of amounts subscribed)	n/a	3.0%	n/a
Annual Commission (% of net asset base value)	n/a	0.5%	n/a
Adviser Charges	n/a	n/a	n/a

Discounts¹

Existing Foresight VCT Shareholder Loyalty Discount Discount to the Offer Costs	0.5%
Early Bird Discount ²	1%

- Expressed as a percentage of an Investor's subscription.
- Discount to the Offer costs in respect of applications received by 12 noon on 1 December 2023.

Annual Fees

Annual Management Fee	2.0% ¹
Administration Fee	0.3% ¹

- Calculated as a % of NAV.

Performance Fee

20% of distributions over 110p per share (subject to RPI adjustment).

For full information on Annual Fees and the Performance Fee see page 75 of the Foresight Technology VCT Securities Note dated on or around the date of this Investor Guide.

Foresight support

Investors and intermediaries will be sent investor portfolio reports every six months.

Performance

Because portfolio company valuations are typically held at cost for the first 12 months, the relative youth of the FWT Share class means portfolio performance remains largely unrealised.

Returns will be paid to investors in the form of tax-free dividends at a targeted average rate of 5% per annum of the NAV of the FWT shares.

Because of the early-stage nature of the companies, dividends are likely to be paid when exits occur, so may be irregular but have the potential to exceed the stated 5% target.

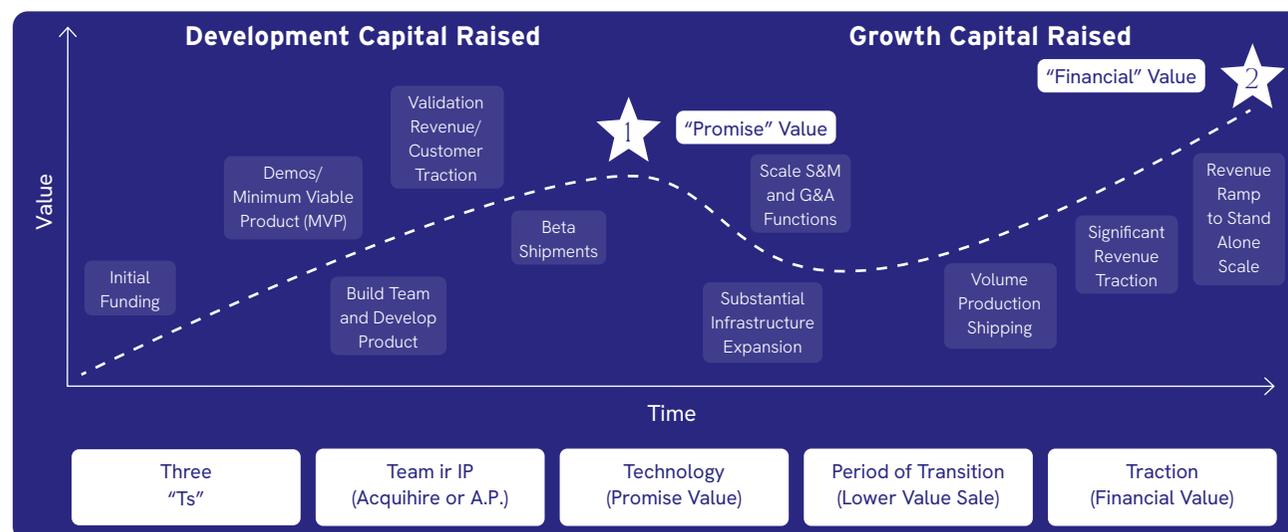
When will company exits take place?

As set out in the diagram below, the first company exit opportunity is based on the technology’s “Promise Value”, which for companies targeted by Foresight Technology VCT occurs approximately four to eight years after the initial investment. Typically, a trade buyer acquires a company to integrate the technology or neutralise the competitive threat. To generate returns within a four to eight year timeframe, FWT Share class will generally target “Promise Value” exits.

The second potential exit window - the “Financial Value” - occurs when the company has scaled its non-technical operations and achieved significant commercial growth. At this point, the company may seek to IPO or be acquired by a trade buyer or Private Equity fund, who will likely be motivated by a combination of the company’s technology and financial performance.

FWT Shares performance since launch:

Total Return Performance per Share	1 Year to 31 March 2023	3 Years to 31 March 2023
NAV as at the start of the period	97.4p	99.1p
NAV as at the end of the period	102.8p	102.8p
Cumulative dividends paid during the period	0.0p	0.0p
Total Return as at end of period (NAV plus cumulative dividends)	102.8p	102.8p
Total Return Performance over the period	5.5%	3.7%



Calculating performance:

Net Asset Value (NAV):

The combined value of all the assets owned by Foresight Technology VCT 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 (31 March 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.

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 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 Technology VCT plc on or around 6 September 2023. An investment in Foresight Technology 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, The Shard, 32 London Bridge Street, London SE1 9SG and from www.foresightgroup.eu. VCTs must invest 80% of funds raised in qualifying investments within three years (with 30% so invested within the 12 months of the end of the accounting period in which it was raised) and you must hold the investment for five years to retain the 30% income tax relief. VCTs should be seen as longer term investments and may be higher risk and more difficult to realise than investing 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 limited and as a result shares in the VCT usually trade at a discount to the net asset value. Past performance is not a reliable indicator 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, even taking into account the tax breaks. The VCT is designed to provide capital for small companies and the VCT will invest in a portfolio of companies. As such, there is a risk that these companies may not perform as hoped and in some circumstances may fail completely. Although Foresight is currently seeing a strong flow of opportunities, there can be no guarantee that suitable investment opportunities will be identified in order to meet the objectives of the VCT. 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 this security 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 VCT. Issued and approved by Foresight Group LLP, which is regulated in the conduct of investment business by the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN. FCA No. 198020.

Foresight
FOR A SMARTER FUTURE

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