POTENTIAL RISK OF VENTURE CAPITAL TRUSTS

- Investments that VCTs make are in small, unquoted companies and should be considered as high risk;

- An investment in a VCT should be viewed as a long-term investment and should only be considered if you can afford to tie up capital for long periods.

- Legislation, along with the nature and level of tax reliefs is subject to change. There can be no certainty that investments will be eligible or remain eligible for VCT Relief.

- Historic investment performance may not be a guide to future performance, and any given investment may fail completely causing you to lose the full amount invested;

- Many VCTs involve investment in a single sector and therefore should only be considered as a small part of an overall portfolio;

- Managers of VCTs will have inherent conflicts of interest as a result of inter alia existence of legacy holdings, investments in other funds managed by the same manager, the potential to earn performance related fees and the existence of different schemes with identical or very similar mandates;

- VCT investments should only be undertaken by sophisticated investors who understand, and have given careful consideration to, the underlying investment strategy and associated risks. For help in determining potential investment suitability, professional advice should be sought;

- There can be no certainty that VCTs will continue to pay out their current level of income or indeed any income;VCTs tend not to be very actively traded and can trade at a significant discount to net asset value; andInvestors will usually not be eligible for compensation if things go wrong.