



RISK FACTORS

Your capital is at risk if you invest in a Venture Capital Trust (“VCT”), Enterprise Investment Scheme (“EIS”) or Inheritance Tax (“IHT”) Scheme (together “Investments”) and you may lose some or all of your funds.

The Investments could be materially and adversely affected by any of the risk described below. In such cases, the market price of the Investments may decline as a result of any of these risks and you may lose all or part of your investment. Additional risks not listed may also have an adverse effect on the Investments. Please read the risk factors specific to each Investment set out in the relevant prospectus or documentation.

Limited secondary market: the secondary market for shares in the Investments is limited. As a result, VCT shares usually trade at a discount to their value and there could be a big relative difference between the buying and selling prices of the underlying investments held in the EIS Funds and IHT Funds.

Type of Company invested in: the underlying Investments are usually held in very small UK companies. As such, there is a risk that any of these investments may not perform as hoped and in some circumstances may fail completely.

Tax breaks: the generous tax breaks are one of the major attractions of the Investments. If the Investment is not held for the minimum holding period (IHT: 2 years; EIS: 3 years; VCT: 5 years) or if the Investments do not comply with all the regulations, the tax breaks can be withdrawn. In addition, the tax reliefs listed are those which currently apply; they may change in the future and their value to investors will depend on personal circumstances.

Long-term nature of the Investments: generally, the Investments are considered to be long term investments.

Diversification: if the Investments do not raise sufficient funds to reach critical mass then it may be difficult to achieve a spread of investments and diversity, thereby increasing risk.

Charges and performance fees: the levels of charges on the Investments may be greater than Unit Trusts and Open Ended Investment Companies.

Security of capital: as with most investments, the value will depend on the performance of the underlying assets. The value of the investment and the dividend stream can rise and fall. So the investor may get back less than they originally invested, even after taking into account the tax breaks.

Investors are urged to take independent advice before making any investments.