BLACKFINCH VENTURES EIS PORTFOLIOS

Blackfinch Investments Limited

	Positives	Issues
Why invest	▶ **Strategy:** Exposure to a portfolio of technology companies that have achieved product-market fit and are starting to scale up.	▶ **Track record:** Having been investing in this strategy since 2019, the track record is limited, although there is now a successful exit.
The investment manager	▶ **Team:** There is a diverse range of experience in the team, with a clear strategy and well-designed processes.	▶ **Team size:** The Ventures team in Blackfinch has expanded quickly, ahead of expected future growth.

Nuts & bolts

- **Duration:** The fund is evergreen, with investors participating in transactions on an ongoing basis, after investment with option for deployment in the current tax year.
- **Diversification:** The manager provides at least 10 investments to each investor.
- **Valuation:** The fund will follow IPEV guidelines and align with Blackfinch's VCT (which is audited).

Specific issues

- **Fees:** A combination of direct fees and company charges.
- **Performance fee:** This is charged at 20% on aggregate returns over 130% of the amount invested in companies, on a per-company basis.

Risks

- **Target returns:** The target return of 3x capital suggests a high-risk investment strategy.
- **Companies:** Supplying risk capital to early-stage technology companies at the start of commercialisation. There will be a spread of company returns, as the successful ones will do very well, but those who fail may do so completely.

	Manager information (Aug'25)	Contact details

Analyst

Brian Moretta

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- *Scheme assets:* £60m
- *Scheme target:* n/a
- *EIS and VCT assets:* £124m
- *Total FUM:* £923m
- *Scheme launch date:* 2018

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Important notice to readers

This report has been commissioned by our Client, Blackfinch Investments Limited, and is provided for informational purposes only. The contents should not be interpreted, in any respect, as offering investment advice, nor be viewed as a substitute for readers' own due diligence.

Our Client has confirmed that, to the best of their knowledge, this report contains factually correct information at the time of publication, and that the content is not misleadingly presented. Potential investors should seek updated information prior to any financial commitment, and acknowledge that future outcomes may differ materially from current expectations.

Investing in early-stage growth companies is a high-risk activity. Access to liquidity may be totally or highly restricted. Investors should seek appropriate professional advice before deciding whether to make a financial commitment.

For further information relating to the Client's activities, please contact management directly.

The attention of readers is drawn to important disclaimers printed at the end of this document.

Factsheet

Blackfinch Ventures EIS Portfolios	
Product name	Blackfinch Ventures EIS Portfolios
Product manager	Blackfinch Investments Limited
Tax eligibility	EIS
Target return	3x capital
Target income	None
Type of product	Discretionary portfolio service
Term	Evergreen
Sectors	Technology
Diversification:	
Number of companies	10+
(Expected) Gini coefficient	0.1

Fees	Amount	Paid by
Initial fees:		
Portfolio establishment fee	3.0% (VAT exempt)	Investor
Closing fee	1.0%	Investee company
Ancillary fees	ca.0.5%-1.0%	Investee company
Annual fees:		
Management fee	2% (VAT exempt)	Investee company – capped at 4 years
Monitoring fee	£12,000-£24,000	Investee company
Exit fees:		
Performance fee	20%	Investor – per-company basis, 130% threshold

Advisor fee facilitation	Yes
Advisor fee amounts	As agreed with investor
HMRC Approved	No
Advance Assurance	Yes, for each investment
Reporting	Quarterly
Minimum investment	£10,000 (advised), £50,000 (non-advised)
Current funds raised	£60m
Fundraising target	n/a
Closing date(s)	n/a
Expected exit method	Mostly trade sale

Source: Blackfinch, Hardman & Co Research

Fund aims

Blackfinch Ventures EIS Portfolios is a discretionary portfolio service, which will provide a portfolio of investments in unquoted technology companies. The target return is an average of 3x capital. Returns will be focused on capital gains, and investors are unlikely to receive any dividends. The service is evergreen.

Summary of risk areas

Note: *There are generic risks from investing in EIS or unquoted companies, in addition to the specific ones commented on below. Comments on relative risk refer to other EIS investments and not to wider investments.*

Investments

Portfolio risk

Each investment will be providing risk capital to an unquoted, early-stage technology company. Blackfinch provides at least 10 companies in each portfolio, with position sizes adjusted according to stage of development. Although all investments are technology companies, Blackfinch seeks a range of subsectors, and stock-specific risk should dominate market risk.

The target multiple of 3x capital suggests a high risk, and seems appropriate for the strategy.

Sourcing and external oversight

When Blackfinch Ventures was established, it worked on establishing a good decision-making process, with the clever use of technology. The run rate for potential investments looks adequate and has now been sustained for a while. Two thirds of the Investment Committee are external to Blackfinch, with the internal members being from outside the Ventures team, and bring a variety of backgrounds.

Ongoing support and monitoring

Blackfinch dedicates part of its investment team to supporting and monitoring companies after investment. As well as taking observer rights, typically, a Venture Partner is appointed to the board of each investee company. There is ongoing KPI monitoring too. While it is still a little early to assess how well this will work in practice, the signs are that investee companies believe that they are getting the right level of support.

Exits

With only one successful exit from the EIS Portfolios so far, there is limited data for the team as yet. As is normal for the sector, the primary focus is expected to be trade sales. Blackfinch has started to bring advance support to prepare companies for exit.

Manager

Team

The Blackfinch Ventures team is small but brings a range of experiences. Although we have seen some change in the past year, the earlier strong recruitment, including four senior team members, means it remains well resourced. The rest of the team has significant venture capital investing and entrepreneurial experience. Blackfinch has plans to grow the ventures business and is recruiting as it scales up.

Track record

As of June 2025, EIS Portfolios has invested £58.7m across 112 rounds into 46 companies. Additionally, Blackfinch has invested £42m into companies in its VCT, with a strong overlap with the EIS. Given the timescale, it is no surprise that there has only been one successful exit to date, with six companies that have failed. Given that we would expect failures before successes, we do not see this as a concern.

Regulation

Product

Advance Assurance is sought for each investment.

Manager

The manager of the fund is Blackfinch Investments Limited. It is FCA-registered (number 153860) with appropriate permissions. Submissions to Companies House appear to be up to date.

Risk analysis/commentary

Having established a presence over the past five years in this part of the EIS market, Blackfinch has made meaningful progress. Initially investing in developing its investment process, especially on the technology side, it has made ongoing improvements over time. While we cannot yet see the full results of how effective these processes are, in practice, it is doing the right things. The investments it has sourced to date look to be of the types promised. Unrealised performance, generally, is going in the right direction and several portfolio companies have made good progress in the past year.

Investors need to be aware that they will be investing risk capital into early-stage technology companies. The use of Venture Partners means the addition of a more specialist director to investee companies. This should take some of the pressure off the Blackfinch team, which should be good for the investee companies; although, again, it is too early to assess properly.

Blackfinch co-invests alongside EIS investors. Although the amounts are small relative to Blackfinch as a whole, this does add to the credibility of the processes being followed.

Diversification is an important consideration for any investor – while the companies that succeed are likely to produce exceedingly good returns, those who do not may return little. Diversification within the fund is limited, although typical for products in this area. This EIS portfolio service should be considered in the context of an investor's entire portfolio.

Investment process

Deeper dig into process

Blackfinch is looking to invest in technology-enabled businesses. It seeks companies that are focused on research and development and innovation, giving an emphasis to those where the technology is creating the value. The team looks for high growth with reasonable exit timescales and a large (greater than £1bn) market. There are two main criteria that Blackfinch uses:

- First, it looks for product-market fit, with a requirement for evidence of market traction. Blackfinch has some flexibility around this, with, for example, successful trials being acceptable in lieu of revenue. Investments in companies at an earlier stage are likely to be complemented by some with demonstrable revenue.
- Secondly, it looks for a strong management team. Motivation, alignment of interests and a strong work ethic are all seen as important. The decision-making process involves repeated contact with company management, much of which is recorded to allow other members of the team to review, as necessary.

There are no sector preferences, with the only desire being to avoid companies in regulated industries. This means, for example, that there will not be many medtech investments, which Blackfinch believes take longer to mature. In practice, it finds that B2B SaaS companies make up the largest part of the portfolios, with 70%-80% of historical investments being in this area, albeit the recent proportion has been lower.

The balance is made up of a mixture of B2C and transactional B2B companies. There is an intention to give investors exposure to a range of technology areas. Data from previous EIS and VCT investments indicates that Blackfinch has managed this, with the range of technology areas growing over time.

Typically, companies will be generating revenue, with an annual run rate of between £100k and £1.5m. Companies in the EIS will be seed to pre-series A. Often, the first investment will be at the early stages of product/market fit, with follow-ons from the EIS, or VCT, as it progresses.

Blackfinch has noted evolving preferences in its investments. Prior to 2020, it was more open to having some investments that were all or nothing in nature, while, since then, there has been more focus on companies with some downside protection. Nevertheless, it still looks for potential for a 10x return, if all goes well, and possible exit values of above £100m.

Blackfinch, as a whole, has moved towards responsible investments, and the Ventures team is no exception. It looks for investments to have clear responsible values, with a senior member of the team taking responsibility for assessing the credentials. While not as aggressive as impact funds, this strategy should reassure investors in a market that has been moving in that direction.

The targeted stage of development is common among EIS funds, particularly those with a technology focus. While the formal criteria are limited, the team gives a good understanding of what it is looking for in a potential investment.

Sourcing deals

The Blackfinch team is split, with part of the team having specific responsibility for sourcing potential investments. Assessments are made alongside candidates for the VCT, although Blackfinch expects the latter to evolve more distinct deal flow in due course. The EIS will invest in a mixture of companies that are new to Blackfinch and there will be follow-on investments into companies that have previously received EIS investment.

Although the team has a network that it uses for sourcing deals, Blackfinch also takes a very proactive approach to sourcing potential investments. In particular, it tracks accelerators and incubators, looking to approach interesting companies before they require funds, and hoping to gain preferential access as a consequence. A former team member previously ran an accelerator, which has helped build relationships in this area.

Blackfinch also makes use of a research platform, which gives some visibility across the whole market. The tool is used to generate companies that may be approached proactively. As the Venture Partner network has grown, it has become a more important source of referrals. Blackfinch also invites applications through its website, *LinkedIn* and other direct approaches, but notes that these tend to be of lower quality.

While there is no intention to bring a geographical focus, Blackfinch is finding that its location in Gloucester means that it tends to be more attractive to those outside the South East; it will invest across the whole country, however. Some members of the team are based in various locations around the country too, which makes accessing region-specific opportunities easier.

From a standing start in 2018, Blackfinch is now assessing more than 1,000 potential leads a year. It has noted that, as its networks have become more established, the quality of the deal flow has improved over the past couple of years. Increased portfolio maturity also means more options for follow-ons into the existing EIS and VCT companies, which should boost deal flow.

The aim is to make 5-15 new EIS investments a year. While the total potential deal flow covers both the VCT and EIS products, it has successfully managed this number to date. At the current rate of generation, it seems likely that Blackfinch can continue to source enough investments for both products.

Decision-making

Blackfinch has established a seven-stage investment process (including post-investment monitoring). When the Ventures team was new within Blackfinch, it spent significant time and investment on putting a well-thought-out process in place. A significant evolution took place in 2021 and this process is now well-established, albeit the team continues to seek improvements (we make changes every year in this section of our reviews). Underpinning the investment process is a technology platform that is used to manage all the stages of investment. This platform should help make the process scalable, which is becoming increasingly important.

Each stage is subject to a “pass”, “hold” or “progress” decision. Holds are for companies that may be of interest but need to make further progress before becoming suitable. They are tracked and later reviewed to see if they have reached the appropriate stage. Daily team meetings are held, at which the pipeline is discussed and decisions for the early stages made.

Prospects are subject to an initial filtering by a senior team member, before being added to a long list. The filtering looks at whether the business has a tech focus, is not too early- or late-stage, meets ESG criteria and is VCT-/EIS-eligible.

Companies on the long list are assigned to a member of the pipeline team. The team gathers standard information, which is collected under standard headings on the system. The team member also has a couple of half- to one-hour recorded video conference calls with the company management.

More recently. Blackfinch has added in a couple of reference calls at this stage, which it believes has improved its shortlist quality. It has also brought forward some elements of due diligence that were previously left until later in the process. While this generates extra work, Blackfinch believes that it enhances the earlier decision-making and speeds up the process overall, which it feels is necessary to execute competitive deals in the current environment.

Roughly half of the long-list companies progress onto a shortlist, often after providing more information, as required. Companies on this list receive a pitch session. The pitch is at the heart of the Blackfinch process. Founders are instructed to give a 15-minute pitch, which will be followed by a deep-dive discussion. The sessions are scheduled to allow them to run on for as long as necessary – usually they take more than three hours. The aim of these sessions is to acquire enough information to issue a term sheet.

When Blackfinch started, the whole investment team participated, but this has evolved to multiple people, with at least two senior team members present. With Blackfinch conducting around 120 of these sessions a year, this part of the process represents a significant commitment of resources. The sessions are recorded to allow for review by the team or the Investment Committee.

They are followed by further investigation of relevant metrics, company performance and financials. The team also seeks guidance from relevant sector specialists.

Investment Committee

The Investment Committee then has its first involvement. This stage is managed in an interesting way. The investment team presents to the Committee a range of deals in which it is happy to invest but that are of a greater amount than can be invested in. The input from the Committee forces the team to actively select, with the aim of getting to the very best deals. Selection is guided by a blind ranking of companies.

Until recently, Blackfinch held these batch selections three times a year, each combined for the EIS Portfolios and VCT. However, to quicken up the process for companies, it is now holding more frequent meetings with smaller numbers of candidates.

When issuing term sheets, Blackfinch usually uses standard documentation, which it has developed internally, based on BVCA guidelines. The exception is when there are earlier investors who may not like existing terms being changed. The team notes that this documentation is being reviewed and improved on an ongoing basis. The terms are largely normal for the sector, with one exception: founders are expected to re-vest their shares over the four years after investment is received. This is an interesting way of reaffirming their commitment to the company.

The due diligence stage covers the usual areas, including technical, team, financial, tax, market and competitor analysis. Blackfinch notes that this process has become deeper over time, with increased reference calls. It includes building relationships with other professional investors in the company who can offer additional insight, particularly when they have been invested for some time. A tax specialist is used to review VCT/EIS eligibility in case anything has changed or been missed in Advance Assurance.

Increasingly, the technical diligence is happening remotely, using a technical expert from Blackfinch's network. The investment team also speaks to the employees of the company. Where there are co-investors, they are usually engaged with at this stage.

A key part of the Blackfinch approach is the use of Venture Partners. These are highly experienced people, with significant sector, technical or business experience. Initially, Blackfinch looked to bring them in after the investment had been made, but it is now involving them at an earlier stage, so that they can assist in the diligence process. Final agreement from the Investment Committee is then required, before progressing to the next stage.

Full Form documentation includes any final negotiations, as well as signing papers and making the investment. Blackfinch estimates that it can go through the process in four to eight weeks, but this depends on the company and the diligence required.

Any follow-ons will undertake a slightly different process. The previous diligence and ongoing contact reduce the depth of investigation that is required. Depending on the length of time, some items, such as technology or disclosures, may be checked again. The Investment Committee paper tends to be much shorter than for brand-new investments, although it may reference other material, if required.

Overall, the decision-making process seems to be well-structured, with a systematic use of technology that is unusual in the industry, and it more than satisfies best practices within the sector. The addition of the Venture Partner is not unique but does complement more standard processes.

Investments

Generally, Blackfinch wishes to lead rounds and have control over the timetable. It also makes a small, direct co-investment into each investee company.

Blackfinch aims to be making investments of £0.5m-£1.5m into companies, although most are towards the lower end of that range. Pre-money valuations are usually less than £15m, although there may be investments into companies valued up to £20m.

The aim is for investors to get exposure to at least 10 companies, although this can be waived if investment within a tax year is required, or if an investor chooses a more concentrated portfolio. In practice, this number has been exceeded for most investors. Blackfinch aims to diversify by both sector and the stage of development of the company. A series of rules determines the weight of individual positions, with later-stage companies receiving higher weights. In practice, most individual weights will be in the 5%-15% range, although some smaller weights may arise in portfolios with larger numbers of investments.

To manage these, Blackfinch uses a Dealing Simulator Platform to help plan allocations of deals to investors and to allow it to execute quickly, particularly around financial year-end. This small, clever, application of technology is typical of Blackfinch’s approach to making its processes as efficient as it can.

While the VCT is aimed at a later stage of company development than the EIS Portfolios product, there is an overlap, and both may look to invest in the same round. This is particularly true for follow-ons into existing EIS investments. There is an allocation policy in place that balances the priorities of each. Generally, allocations will be *pro rata* to available funds, although there are exceptions for pre-existing investments and short-term timing requirements. Blackfinch expects this overlap to become rarer over time.

The fund may make follow-on investments in existing investee companies. For existing investors, some account will be taken of their pre-existing holding, and a smaller investment may be made to reflect the effect on diversification.

Exits

Exits are expected to be via the usual routes, with trade sales dominating. Blackfinch guides investors to expect a period of between four and seven years for realisations.

Governance and monitoring

Investors

Advance Assurance is required from HMRC on all investments prior to completion. All investments will be reviewed by a tax specialist, regardless of whether Advanced Assurance has been received. Currently, Blackfinch uses its panel of lawyers for this advice.

All custody and administration is handled internally by Blackfinch.

Blackfinch will issue a report, including a valuation and performance update, to investors on a quarterly basis. Since end-2021, valuations are updated using IPEV guidelines, and match the VCT. Under this policy, companies will usually be held at cost for three months after investment, unless there is another round. After three months, the valuation will be based on metric multiples from comparable companies or using a milestone approach. These are audited by BDO where they are within the VCT too.

Each quarter, investors will receive updates on company progress.

Investments

As indicated above, typically, Blackfinch will find a Venture Partner to take a board position with the company. It is expected that the Venture Partner will support the company through mentoring and guidance. The choice is made through working out where the company's gaps are – so that directors can add value to the investee company. In practice, some have been such a good fit that they have become further involved with the company. Blackfinch has started doing six-monthly reviews of the Venture Partners, with some being shuffled around, if appropriate.

Although the directors are clearly Blackfinch's representatives, it does not delegate its rights to them. Blackfinch also takes information and observer rights. It expects to receive monthly financial figures, which are compared against those forecast in the company's model. If there is significant deviation, there will be follow-up with the company with the aim of providing additional support, if required.

Typically, a member of the team attends all board meetings, usually remotely. These meetings are expected to be the main route of communication, although there is also *ad hoc* contact and direct support. Over the past couple of years, Blackfinch has beefed up its portfolio team to ensure adequate internal resources to provide this support.

Blackfinch aspires to be the first port of call for help. It has found that some investments have been sceptical on this at outset, but seem to have been converted, which suggests that the approach is working. It has also become more proactive about addressing problems, usually drawing upon its network for additional support, when required.

Recently, the Blackfinch team has been providing some sales support to companies and has been running workshops, where appropriate. It has also built a panel of corporate finance firms to help companies with advance preparation for exits, even if that is likely to be 3-4 years away.

An in-house, cloud-based dashboard system has been developed to support monitoring. At the time of investment, 5-10 KPIs are contractually agreed with each company, and these will be monitored, at least monthly, alongside the financial information.

Blackfinch has also negotiated a range of offers and discounts with relevant service companies, including for banking, SEO, CRM and recruitment.

Given the areas in which Blackfinch is investing, it seems likely that many investments will require follow-on funding. The intention is to carry out some of this follow-on funding within the VCT, where good progress has been made and the investment criteria are still being satisfied.

ESG

Since our first product review for the, then new, Ventures team in 2020, Blackfinch has positioned itself within a responsible investing framework. To a large extent, this was formalising what it was already doing. The Ventures team has built in a responsible investing aspect, almost from inception.

The Ventures team works on the basis that it wants everything to make a positive difference, although that could be an economic benefit. Diligence includes an ESG assessment on its criteria, which aim to allow all stakeholders to thrive. It includes identification of risks, with an acceptance that these may not always be mitigated. Blackfinch is aware that the companies it will invest in are unlikely to have fully fledged ESG policies, so it views the attitude of the founders as key.

Several companies have been rejected at later stages in the investment process, because they have not been able to live up to appropriate ESG criteria. After investment, Blackfinch continues to monitor companies. The team also works actively with companies to make sure that they have the right values. In 2024, it launched an Energy Transition EIS, which has now been merged into this product. It did manage to establish some deal flow, so we would expect more investments with strong environmental credentials in the future.

While we would characterise this process as being closer to compliant/ESG-neutral than impact, Blackfinch was relatively early in establishing a constructive policy.

Track record

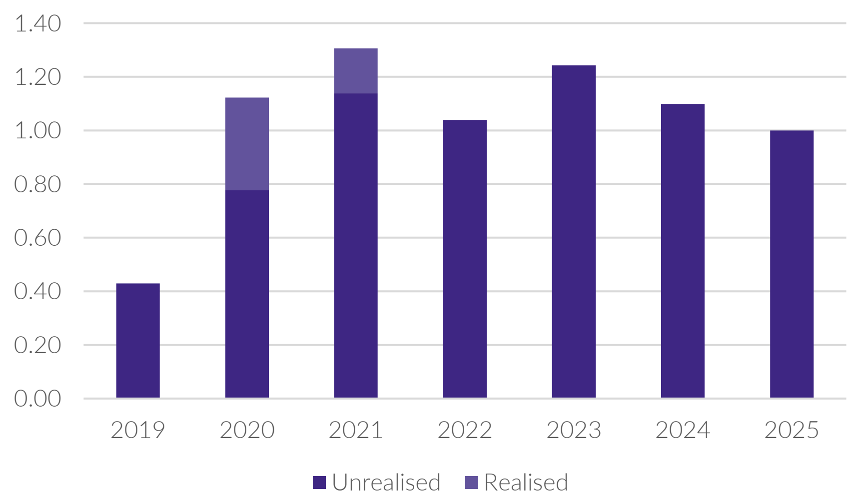
While Blackfinch has been raising EIS funds for some time, the Ventures team is newer and started investing in 2019. Its track record to date, therefore, is limited and is primarily one of investing. Hardman & Co has been supplied with data as of June 2025.

To date, the EIS Portfolios has invested £58.7m across 112 rounds into 46 companies. Additionally, Blackfinch has invested £42m into companies in its VCT, with a strong overlap with the EIS.

So far, these investments have generated seven exits, of which one was successful. This is typical in a venture capital portfolio where, unfortunately, the failures usually arrive before the successes. Of these, two liquidations were also in the VCT. The successful exit was for a 2.6x multiple. One of the liquidations returned a small amount. Given we would expect to see failures before successes, we do not see this return profile as a problem.

The remaining active investments account for £51m of invested capital. They show an MoIC of 1.2x, unchanged from our previous review. Across the 39 companies, 22 are showing uplifts, 10 unchanged and 7 reductions. Blackfinch believes that the underlying performance in several companies is stronger than the valuation movement to date. While we can see progress in some of the portfolio companies, a couple of previously good performers have slowed down too.

EIS performance by calendar year of investment (MoIC)



Source: Hardman & Co Research

In summary, the limited timeframe since investing commenced means that, at this point, we are able to say more about Blackfinch's ability to deploy funds than how they will perform. We have seen good sector diversification and an interesting range of companies, some in unusual areas. There are some green shoots in performance, with several companies progressing well, but we await further successful exits to give increased confidence.

Fees

The fees for the fund are set out in the table on page 3. Most of the fees are straightforward, other than as noted below.

Initial fees

The investee company will bear the external costs of investing, including external legal fees and tax costs. Blackfinch estimates that, typically, these will be around £10,000 but may vary on an individual basis.

Annual fees

The management fee is capped at four years – so nothing is payable from year five onwards.

Board fees are typical for the sector.

Exit fees

The performance fee has a threshold of 130% of the amount invested in each company. Investors should note that this is charged on a per-company basis. If any individual investments make a loss, then the effective performance fee on the portfolio as a whole may be higher than the stated rates, and a performance fee may be payable on some investments, even if the portfolio as a whole does not make a net gain. The higher threshold somewhat offsets this.

Fundraising targets

Blackfinch no longer sets a fundraising target for the year (it used to be £20m p.a.). There will be no closes, with investors participating in the subsequent flow of deals until fully invested. There is a target of investing funds within 12 months of receipt, although Blackfinch makes an extra effort at the financial year-end for those that require quicker deployment. Investors can ask for deployment in the current tax year but may get fewer than 10 companies if the subscription is close to the tax year-end. There is a cut-off date in mid-March. This is aided by IT systems, which automate allocation.

The minimum subscription is £10,000 for clients who are advised, rising to £50,000 for those who are not advised.

The average delivery time of EIS3 Certificates over the past two years is 1.5 months, with significant improvement since the early days of the fund and a further decrease compared with last year's figure.

Investment manager

Blackfinch Investments Limited started over 30 years ago as Neville James Limited – a market maker in the traded endowment market. For most of the past decade, it has focused on the tax-enhanced market, with a range of EIS, BR and property-related offerings. Having been based in Malvern for many years, it moved to Gloucester a few years ago.

Prior to 2017, Blackfinch's EIS offerings were focused on areas that are no longer eligible. Blackfinch Ventures started in 2019, looking to invest in companies that satisfy the risk-to-capital criteria. The Ventures team highlights the benefits of being part of a larger, well-established group, with good legal and IT support available. Apart from the VCT, the Ventures team also offers an EIS Portfolios service. It did trial an Energy Transition EIS in 2024, but this has been merged into the main EIS service.

The Investment Committee consists of the CEO and two independent members, indicated below. The members have a wide range of experience, are mostly relatively new to Blackfinch and bring independence to their oversight.

The Ventures team now consists of 12 people. There has been a little bit of turnover, notably with the Head of Ventures moving on. Blackfinch's CIO of Asset Management & Ventures now has overall oversight and additional recruitment has taken place within the team. There are plans for some further hiring, most likely in the portfolio team. The team is now split into operations, deal flow and portfolio support, with the pipeline team further dividing between generalist and specialist. Additionally, there are Venture Partners on the boards of all bar two investments, with a pool of well over 100.

The team has grown quickly in the past few years, and Blackfinch believes that, after the current recruitment, it will be the right size for its current scale of operations and expected near-term growth.

People

Dr Dan Appleby – CIO Asset Management & Ventures

Having gained a PhD in nanoelectronics, spent 17 months as an engineer at Intel. In 2016, he moved to asset management at Fidelity, working on various technical and quant projects. He has led research and analysis at Blackfinch since 2018.

www.linkedin.com/in/dan-appleby-phd/

Richard Harley – Ventures Director

Was a partner at Somecrazy, and co-founded Scholarpack, an edtech data and data analytics platform, in 2011, which he led to an exit in 2018. He started angel investing in 2019, and joined Blackfinch in 2022.

www.linkedin.com/in/richharley/

Dr Nic Pillow – Ventures Director

Has a technology background, having started as a software developer with Aethos Communication Systems, followed by roles at Logica, Portal Software and Apertio. In 2008, he became head of Product Management for a global team at Nokia. He co-founded and was CEO for three years at Rhizome Live, a SaaS company, before joining Blackfinch in 2019.

www.linkedin.com/in/nicpillow/

Kimberley Hay – Ventures Director

Started in investment banking with BNP Paribas in 2014, moving to RBC after two years, then joining Penfida. In 2019, she moved to NoBa capital, focusing on companies disrupting "The Future of Work". She joined Blackfinch in 2023.

www.linkedin.com/in/kimberley-hay-a3051862/

Dr Simon Porter – Principal

Started in equity analysis at Nils Taube Investments. After six years, he moved to Oakley in 2015, where he held various roles. He then had six years with Pembroke VCT, before becoming a principal at Active Partners. He joined Blackfinch in 2025.

www.linkedin.com/in/simon-porter-ph-d-459a6711/

Richard Cook – Founder and CEO

Had short spells in banking roles at Merrill Lynch and Bank of New York, before founding Blackfinch in 2004. He has been CEO since 2009, and chairs the Ventures Investment Committee.

www.linkedin.com/in/richard-cook-a011a610/

Steven Raffe – Investment Committee, Venture Partner

After two years as an engineer at Arcam, joined StarLeaf in 2009. Initially, he worked on hardware, before moving to software engineering and progressing to Vice-President of Strategy and Alliances. In 2022, he became Commercial Director of Cambridge Future Tech and is a director of two Blackfinch portfolio companies.

www.linkedin.com/in/stevenraffe/details/experience/

Joe Hartman – Investment Committee

Co-founded 118MOB, which exited in 2005. He worked in M&A at BDO UK, before joining Octopus Investments, where he had various investment roles. After six years, he left to co-found Arenaroom, followed by Gray Consultancy in 2020.

www.linkedin.com/in/joe-hartman/

Appendix 1 – due diligence summary

Summary of core due diligence questions		
Manager	**Blackfinch Investments Limited**	**Validated by**
Founded	1992	Hardman & Co
Type	Private limited company	Hardman & Co
Ownership	Blackfinch Group Limited	Hardman & Co
FCA registration	Yes – 153860	Hardman & Co
Solvency	Confirmed	Hardman & Co
EISA member	Yes	Hardman & Co
Administrator		
Company	Blackfinch Investments Limited	Information Memorandum
FCA registration	Yes – 153860	Hardman & Co
Fund custodian		
Company	Blackfinch Ventures Nominees Limited	
FCA registration	Yes – 153860	Hardman & Co

Source: Hardman & Co Research

Blackfinch Investments Limited was started as Neville James Limited. It has had two other name changes – AVD Wealth Limited (2010) and Blackfinch Investment Solutions (2013) – before taking its current name in 2015.

The manager of the fund is Blackfinch Investments Limited. It is FCA-authorised as Small Authorised UK AIFM (Sub-Threshold), with appropriate permissions for both investment management and custodian operations. The latest accounts (31 December 2024) had total equity of £5.55m, which is greatly in excess of its capital requirement. The company is very profitable, with earnings of £2.9m in 2024.

The ultimate parent of Blackfinch Investments Limited is BF Inter Limited, which is majority-owned by Richard Cook, with Richard Simmonds also holding a significant interest. There are an additional three smaller, related, shareholdings.

Appendix 2 – example fee calculations

This calculates the estimated total amount payable to the manager under certain assumptions.

Basic assumptions	
Term	5 years
Investor amount	£100,000
Company investment	£750,000
VAT on company fees is offset against revenue	

Source: Hardman & Co Research

Calculations					
		Hardman & Co standard			Target
Gross return		**-50%**	**0%**	**50%**	**200%**
Amount (pre-tax relief)		**£100,000**	**£100,000**	**£100,000**	**£100,000**
Initial fees – from investor	**Rate**				
Portfolio establishment fee	3.00%	£3,000	£3,000	£3,000	£3,000
Initial fees – from company					
Closing fee	1.00%	£970	£970	£970	£970
External legal and other costs	£10,000 per company	£1,293	£1,293	£1,293	£1,293
Total		**£5,263**	**£5,263**	**£5,263**	**£5,263**
Annual fees					
Net investment		**£97,000**	**£97,000**	**£97,000**	**£97,000**
Annual fees – from company					
Annual management fee	2% (max 4 years)	£7,760	£7,760	£7,760	£7,760
Directors' fees	£12,000 per company	£7,760	£7,760	£7,760	£7,760
Gross fund after investment return		**£48,500**	**£97,000**	**£145,500**	**£291,000**
Exit fees					
Performance	20% over 130%	£0	£0	£3,880	£32,980
Net amount to investor		£48,500	£97,000	£141,620	£258,020
Gain (pre-tax relief)		-£51,500	-£3,000	£41,620	£158,020
Gain (post-tax relief)		-£22,400	£26,100	£70,720	£187,120
Total fees to manager		£20,783	£20,783	£24,663	£53,763

Notes: post-tax relief figures assume initial income tax relief only; other reliefs may be available to investors
Source: Hardman & Co Research

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