



Foresight

FOR A SMARTER FUTURE

WILLIAMS | ADVANCED
ENGINEERING

Foresight Solar & Technology VCT PLC

FORESIGHT WILLIAMS TECHNOLOGY SHARES

Investor Guide

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 Solar & Technology VCT plc Prospectus relating to the Foresight Williams Technology Shares Offer dated 30 December 2020. 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.

DECEMBER 2020

Foresight Williams Technology Shares

The Foresight Williams Technology Share class (“FWT Share class”) represents an attractive investment opportunity made possible by the collaboration between Foresight Group, a leading independent infrastructure and private equity investment manager which has been managing investment funds on behalf of institutions and retail clients for more than 36 years; and Williams Advanced Engineering (“WAE”), a technology and engineering services business, originally spun out of the Williams Formula 1 business.

The concept of the collaboration is that by working together, Foresight and WAE can deliver better results for investors than would be the case if either company were working individually.

The Offer provides investors with the opportunity to invest in a portfolio of early-stage companies with high growth potential, developing innovative and occasionally transformational technologies across a range of industry sectors.

We believe there are seven key reasons why you might consider this an attractive investment opportunity.

1 Engineering and Technology Adviser

Combining cutting edge technology and highly experienced engineers with the precision and speed derived from four decades of success in the ultra-competitive environment of Formula One, WAE provides technical innovation, engineering, testing, manufacturing and operational consultancy services across numerous industries. Subject to their agreement, investee companies can benefit from this experience as well as commercial introductions and promotional support.

2 Foresight’s track record

Foresight has a 36-year track record of investing in and growing early-stage companies.

Foresight now has c.£6.7 billion of assets under management from 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 24,000 shareholders with some £420 million invested.

3 Foresight Williams Technology Reputation

Having now been in the market for over four years, the Foresight Williams Technology (“FWT”) investment strategy has developed a strong reputation amongst the investment and corporate adviser community.

This, in combination with Foresight’s widespread presence across the UK made possible by its network of six regional offices, means the FWT team enjoys visibility of high quality investment and co-investment opportunities. The FWT Funds have co-invested in opportunities with other established UK technology investors including IP Group, IQ Capital, Mercia, Oxford Sciences Innovation and Parkwalk Advisors.

4 The Effects of the Pandemic and the Economic Cycle

Through the new Share class, the Company only began to make investments in Q4 of 2020. We believe this to be a real competitive advantage in the current environment.

The global COVID-19 pandemic has had a significant impact on the UK economy, heavily impacting valuations and future outlook for early-stage companies, the core investment focus of many VCT funds. Right now, investment managers of mature VCTs will be focused on helping their portfolio companies through the economic downturn. Our investment managers can concentrate fully on picking the best opportunities to invest in as opposed to managing their existing portfolio companies. It is also typically the case that in economic downturns the pricing and competition for investment opportunities reduce because less capital is available for new investments.

5 Diversification

The FWT Share class invests primarily into deep-technology based companies at both pre-and post-revenue stages. This focus on engineering and technology, combined with the unique collaboration with WAE, means that the FWT Share class is differentiated from many of the VCTs in the market place and can add real diversification to investors’ portfolios.

6 VCT Qualifying Investments for Tax Relief

Investors in the FWT Share class, will qualify for three attractive tax reliefs subject to their personal circumstances:

- 30% income tax relief
- Tax free dividends
- Tax free capital growth

7 Environmental, Social & Governance (ESG) Impact

The primary aim of the FWT Funds is to invest in deep technology businesses with potentially game-changing technologies. Innovation within the hardware and advanced engineering sector can often lead to significant Environmental, Social and Governance (“ESG”) benefits. The FWT team strongly believes that these ESG benefits should be identified, monitored and celebrated. These companies are addressing large market opportunities which are forecast to grow as the World adapts to the energy, climate and social challenges it faces. It is because these opportunities are large and growing which makes companies solving these challenges attractive investments.

Investment Opportunity and Strategy

Technology and engineering innovation at its core

Internal expertise

The sector agnostic (albeit deep-technology focused) investment strategy of the FWT Share class focuses on early-stage companies with strong Intellectual Property (“IP”), operating in attractive, substantive markets where WAE’s technical, commercial and promotional added-value support offers an attractive proposition to Investee Companies. This means the FWT Share class will invest in opportunities which other funds may overlook due to the apparent complexity of the technology or the market. It also means the FWT Share class can avoid investing in opportunities where WAE’s unique insights identify potential technical, commercial, market or regulatory forces which are likely to prove challenging for the potential Investee Company to overcome.

Industry trends

The FWT Share class’ underlying investment thesis is that there remain vast opportunities to improve the productivity, efficiency and environmental impact of nearly every industrial sector from manufacturing through to energy via the intelligent application of automation and digitalisation. 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 from highly developed sectors 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.

External factors

The UK remains an excellent place to start, scale and sell a business, with broad pools of talent and an entrepreneurial culture. For example, the European Digital City Index report identified London as the best city in Europe to start up and scale a digital enterprise (source: www.digitalcityindex.eu/). This entrepreneurial ecosystem is not limited to London or the South East, with Glasgow, Edinburgh, Manchester, Birmingham, Bristol, Cardiff, Oxford and Cambridge all featuring in the top 60 European cities supporting digital entrepreneurship. This mirrors Foresight’s experience of the wider UK SME market and is the reason Foresight’s executives source deal flow from across the country through six regional offices and its London office. The UK’s decision to leave the EU, coupled with the economic challenges created by the COVID-19 pandemic has resulted in significant uncertainty in the UK economy, potentially limiting the availability of funding for early-stage, advanced technology companies. VCTs are therefore potentially an appealing source of funding for entrepreneurs and help to fill this investment funding gap.

Profile of companies

The FWT Share class is seeking to deploy capital into businesses that are both pre and post-revenue i.e. from technologies that have reached proof of concept up to technologies that, having proven commercial designs in test markets, are launched into their initial markets but have yet to reach full commercial deployment and scale. Crucially, the technology developed by the Investee Companies will be protected, usually in the form of IP such as patents, but also as know-how, computing code or trade secrets. This helps to protect the technology from being copied by a competitor giving the Investee Company a sustained competitive advantage and a strong opportunity to generate attractive commercial returns from its technology.

Furthermore, companies that have developed a defensible technology which has successfully proven market adoption are often attractive acquisition targets for strategic buyers or corporates. This is because strategic buyers and particularly corporates can struggle to replicate the same success with their resources quickly due to their larger size and corporate inertia, which leads to slow decision making and technical progress.

In addition to world-class technologies, the FWT Share class is also seeking to invest in outstanding entrepreneurs who have both the technical, commercial and emotional skills to successfully bring their technology to market and scale rapidly. However, no one individual can grow a successful company single-handedly, so the FWT team will often work with the Investee Company to appoint a non-executive chair, senior management hires and independent advisors to help support the founding team on their growth journey.

WAE Competencies



Aerodynamics and thermodynamics



Battery systems and energy storage



Composites, materials and nanomaterials



Data analytics and simulations



Electric machines and power systems



Electronics and control systems



Lightweight structures



Prototyping and batch manufacturing



Systems integration



Protecting intellectual property

Investment Criteria

FWT believes there are a number of elements that lead to a successful VCT investment and will focus on the following criteria when evaluating potential investment opportunities for the FWT Share class:



Innovative technology:

The Share class will seek businesses that have developed market leading and/or innovative technology that has clear commercial advantages to the end customer.



A roadmap to commercialisation:

Investee Companies will have a clear path to commercialisation in less than 24 months from the point of initial investment.



Market opportunity greater than £100 million:

The opportunity should have a minimum global addressable market size of £100 million per year.



WAE Value-Add:

The focus will be on early-stage companies where WAE's technical, commercial or promotional added value support may offer a distinct advantage.



High risk, high growth potential companies:

Targeting businesses with the potential to deliver 10x multiples of our initial investment at exit.



A strong and ambitious management team:

The Share class will focus on working with and building experienced teams with a track record of success in the sectors and markets in which their companies operate.

These criteria are indicative only and the VCT will have the discretion to invest in companies which may not exhibit all of these characteristics.

Risk Factors

Some of the key risks of investment are set out below. Please ensure you read the Risk Factors sections set out in the Prospectus in full.

- Investment in smaller, unquoted companies involves a high degree of risk
- Investors may not get back any or all of their investment
- Small, thinly capitalised companies in new markets are vulnerable to performance risk, counterparty credit risk, interest rate risk, market risk, supplier and customer concentration risk and other commercial risks which might impact their performance
- Past performance is not necessarily a guide to future performance and may not be repeated
- Investments in VCTs, and those made by VCTs in unquoted companies, are generally illiquid and should be considered long term in nature
- No guarantee investments can be realised
- VCT relief is dependent on Investee Companies continuing to meet strict qualifying criteria
- Tax reliefs depend on personal circumstances and government policy, both of which are subject to change

“ *Engineering represents the biggest single sector for UK exports and it is at the heart of Britain’s international competitiveness, its R&D and innovation* ”

The Institute for Engineering & Technology
- Boosting Finance for Engineering and Technology

THE BENEFITS WAE BRING TO THE FWT PORTFOLIO



CREDIBILITY

- WAE confirmation of core technology
- WAE confirmation of IP strategy and defensibility
- WAE confirmation of product development, manufacturing and supply chain plans



EXPERTISE

- Dedicated WAE portfolio management team
- Technical specialist feedback
- Guidance from WAE's business and leadership team
- WAE consultancy at preferential rates



NETWORK

- Intros to WAE's suppliers, customers and partners
- Marketing via WAE's news and social media
- Access to WAE's brand and journalist contacts
- Introduction to co-investor network

OUR SPECIALISMS



“ The FWT fund brings together the outstanding technical capabilities of WAE and the commercial acumen and investment experience of Foresight. Over the past four years, we have continued to refine our investment hypothesis through 20 new investments and 9 follow-ons, building a strong co-investor network and credible reputation along the way. The FWT VCT share class now offers a unique opportunity to build on this experience and to invest in some of the UK’s most exciting Deep Technology companies”

Andrew Bloxam
Director, Foresight Group

Details of the Offer

Company:	Foresight Solar & Technology VCT plc
Share class:	Foresight Williams Technology Shares
Offer size:	£20,000,000*
Offer opens:	30 December 2020
Closing date tax year 2020/21:	1 April 2021 (12 noon)
Final closing date tax year 2021/2022:	29 December 2021 (5pm)*
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**
Share buyback policy:	discount of 10% to net asset value - with target reduction to 5% from 2025
Shareholder loyalty bonus:	investors who hold shares in other VCTs managed by Foresight will qualify for a 0.5% discount on the offer costs as a loyalty bonus

* 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 NAV)*	n/a	0.5%	n/a
Adviser Charges **	Variable	n/a	n/a

Discounts*

Existing Foresight Shareholder Loyalty Discount

Discount to the Offer costs 0.5%

*Expressed as a percentage of an Investor's subscription

Annual Fees

2.0%* Annual Management Fee

0.3%* Administration Fee

*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 56 of the Foresight Solar & Technology VCT Securities Note dated 30 December 2020

Foresight Support

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



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 Solar & Technology VCT plc on 30 December 2020. An investment in Foresight Solar & 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.