Gresham House
Specialist investment

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Gresham House Asset Management Ltd

Annual Product Review – Retail Products

Legal Name of the Product	Baronsmead Venture Trust Plc
Target Market	Retail
Date Launched	2nd April 1998
Date of YE	30th September 2025
Date of Review	23rd February 2026
Next Review Date	February 2027

Product Summary

1. **Client Category**

Retail including High Net Worth Individuals	Professional	Eligible Counterparty
Y	Y	N

2. **Is the product considered complex (ie something other than stocks, bonds and cash)? Y / N**
   If yes, state the type;
   - Inverse or Leveraged ETF
   - Non-traded REIT
   - Structured Product
   - Options
   - Business Development Company (closed-end fund that that makes investments in distressed firms utilising high leverage)

3. **Target Market Knowledge and Experience**

Basic Investor	Informed Investor	Advanced Investor	Expert Investor (Germany only)
N	Y	Y	N

4. **Target Market Ability to Bear Losses**

No Losses	Limited Capital Loss	100% Capital at Risk	Loss Beyond Capital
N	N	Y	N

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5. Client Objective and Needs- Return Profile

Preservation	Growth (Capital)	Income	Hedging	Option or Leveraged return
N	Y	Y	N	N

6. Time Horizon

Very Short Term	Short Term	Medium Term	Long Term	Neutral
<1Y	<3Y	<5Y	>5Y	Y/N

7. Maturity Date:	8. Can Be Terminated Early?	9.Is the product compatible with someone who has been assessed and disclosed a vulnerability?	10. Is this classified as High Risk Investment? [compliance]
Minimum of 5 Years	Y (income tax clawback)	Y	Y

11. Sustainability Preferences

Climate Change	Nature Restoration/Protection	Article9 Requirements [SFDR]	Comments:
Neutral	Neutral	N	

12. Inherent product/asset class risk

High

13. Is the product regulated or unregulated by a National Competent Authority?

Unregulated, but subject to London Stock Exchange Listing rules governing public companies

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Consumer Duty Outcomes		
Outcome 1: Products and Services	**Investment Team**	**Risk/Compliance**
Where relevant, across the previous four quarters, the investment allocation has not changed the inherent risk profile of the product?	No	
Across the previous four quarters, was there ever a time where the product or company did not have sufficient cash to cover liabilities	No	
For listed Companies/Trusts across the previous four quarters, was there ever a time that there were liquidity issues in the secondary market?	No. Secondary market for listed VCT shares is limited. VCT board has a share buyback policy which provides liquidity for investors.	
Has the manager's risk tolerance/appetite changed?	No	
Has the risk profile of the product changed since launch or the last review period? If yes, is there a material, unexpected or undisclosed impact on the target market and their ability to bear losses?	No	
Is the product fulfilling its' sustainability objective?	N/A	
For the review period, are there new risks on the risk register?	No new risks in register. The economic, political and other factors risk has increased due to the recent changes to the VCT Scheme rules which come into effect April 2026.	
If yes to the new risks on the risk register, are they likely to prevent good outcomes for shareholders/investors or present foreseeable harms?	No	
For the review period, has model stress testing, where required to be conducted, identified any	No	

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material discrepancies? Is yes, please indicate what has been identified.		
If the product is regulated, has there been correspondence with the competent authority which poses a risk to the regulated status of the product?	No	
Outcome 2: Price and Value	**Investment Team**	**Risk/Compliance**
Are the target returns as quoted in the prospectus/IM still achievable in the current macroeconomic environment taking into account the recommended hold period and any significant loss events in the past 12 months? What are the key assumptions in the target returns model? Is it likely that any assumptions built into the model could be impacted in the current environment and so materially impact the price and value? If so please specify.	Yes- The target returns, which reflect a 5-year holding period, are considered achievable despite the challenging environment. The portfolio directors that monitor the investments are particularly conscious of interest rates and inflation and their impact on the portfolio companies.	
Has the fair value assessment identified unforeseen cost passed down to investors? If so what are they?	No.	
Has the product remained consistent with the investment objective(a) of the target market including income delivery where appropriate?	Yes	
Outcome 3: Consumer Understanding	**Investment Team**	**Risk/Compliance**
If new risks have been identified in the risk register, are they appropriately represented in marketing materials where relevant (e.g. KID/KIID/IM/factsheets/presentations)?	N/A	
Has every financial promotion for the product gone through a financial promotion asana checklist and has every checklist been signed off by compliance?	Yes as far as we are aware	

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Outside of periodic reporting, is the frequency of alternative communication with investors and shareholders appropriate to key happenings at product level e.g. have high levels of NAV volatility been accompanied by webinars, statements or other communication? Has any feedback been provided that might suggest to the contrary?	The Company provides regular updates/presentations with key Financial Advisers, IFA quarterly emails, published reports, IMS, RNS updates, website data. All comms contain website / contact details and risk warnings.	
The distribution strategy remains appropriate to the target market? Consider methods of delivery e.g. LinkedIn/Website/emails etc	Distribution pathways are mainly through wealth managers/IFAs (e.g SJP), and execution only brokers (e.g. Wealth Club).	
Outcome 4: Consumer Support	**Investment Team**	**Risk/Compliance**
Have there been complaints for this product that have not yet been recorded or reported? Have they been addressed?	None, all complaints have been reported, recorded via City Partnership and addressed when necessary.	
Has there been feedback for this product which has not yet been recorded or reported? Have they been addressed?	Log of all feedback is maintained. No significant concerns to date.	
Was there ever a point over the last 12 month period that an advisor or distributor raised concerns or negative feedback in relation to the product?	No	
If good outcomes metrics have been set at Final Product Approval [retail products launched post-July 2023] please detail if the good outcomes have been met?	N/A	

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General	Investment Team	Risk/Compliance
The product remains appropriate for the market to which it is targeted consistent with the investment objectives of the target market	Yes	
To the best of your knowledge, the product has not been distributed to the negative target market e.g. to a retail audience whereas it is a professional target market product?	No	

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Investment Team Fair Value Assessment Outcome Summary

(please attach full Fair Value Assessment as an Appendix or separate document)

Current

BVT has a well-funded, diverse portfolio. The VCT has sufficient liquidity for investment and portfolio support. The Company is supported by the Investment Manager, which has a specialist Talent function assisting recruitment within portfolio companies as well as the broader Gresham House infrastructure assisting with the navigation of the macroeconomic environment. There will always be the risk that the VCTs lose their tax status, or that the Government will withdraw the VCT scheme however the UK has recently passed into law an extension of the Sunset Clause from 2025 to 2035. The recent announcement of the reduction in VCT income tax relief from 30% to 20% in future tax years (2026/7) onwards could have an impact on VCT fundraising, although it is expected that Managers such as Gresham House which has a strong track record of performance and consistent dividend payments, the near-term impact on fundraising will be limited. The risk profile of portfolio investments is expected to be lower given the expanded investment limits which may improve returns for shareholders as larger, more economically stable companies can be targeted.

Past

The Baronsmead VCTs have a strong record of VCT fundraising over a number of years, with the most recent fundraisings achieving full capacity. .Around 44% of recent fundraises comes from existing investors.

Future

The strong adviser network amongst the investment team and robust investment assessment processes support the view that Gresham House believes, even in the current economic uncertainties, that it is a good time to invest with strong returns expected via investing at all stages during the cycle. While VCT investments continue to benefit from a supportive policy framework, the assessment incorporates stress-testing for announced policy changes, including the scheduled reduction in tax relief from the next tax year. Entry valuations are grounded in probability-weighted outcomes for each new and follow on investment, which will reflect updated assumptions on exit timing, exit multiples and the likelihood of realisations in the current economic climate compared with prior fundraising periods.

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Investment Team Fair Value Assessment Outcome Summary

Future (contd.)

Macroeconomic uncertainty, tighter capital markets and subdued exit conditions are considered in assessing portfolio resilience, including higher potential failure rates and increased correlation of losses during downturn scenarios, however investing through the cycle is typically where VCTs can make strong returns. The expanded investment limits are expected to moderate the risk profile of future VCT investments. Liquidity considerations have also been reviewed: As part of our liquidity stress testing, we have anticipated the continued elevated rate of share buybacks and the risk that dividend targets may not be met. Overall, the portfolio is considered to offer a reasonable value proposition, with diversification and manager oversight providing some mitigation against adverse economic conditions, while acknowledging heightened risks relative to more benign market environments

Conclusion

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Given the above past, present and future factors, it is believed that the management fee offers fair value to its investors.

Has the product or Company Shares been determined to be providing fair value? Y/N

NOTE: Please refer to the Terms of Reference Document for guidance as to what to include in the summary of Fair Value. For products for which this is the first review and where there are multiple fee structures (e.g. cornerstone vs others); please discuss the fair value and appropriateness of the different fee structures.

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Product Governance Team Conclusion

- Have there been thematic incidents/breaches for the product or division that would pose a risk to the investors or shareholders for the product or company?

- Have any identified conflicts of interest been appropriately managed over the review period?

- Have there been complaints for this product and have they been addressed appropriately?

Actions

Are there any new or key division-level risks identified that could prevent good outcomes and should be raised further to the New Product Development Committee?

Summary