Value Statement – Molten Ventures EIS

Product

Molten Ventures EIS (the "**Product**") is an enterprise investment scheme ("**EIS**") fund. The Product is an unauthorised Alternative Investment Fund (AIF) and consists of a collection of parallel discretionary managed portfolios. The Product is managed by Encore Ventures LLP (the "**Manager**").

The Product makes venture capital (VC) investments into unquoted companies in the technology and healthcare sectors, in a tax efficient manner (subject to EIS qualifying criteria being met).

Our Approach and Assumptions

In line with FCA's Final Non-Handbook Guidance for firms on the Consumer Duty (FG 22-5), our focus with respect to the price and value outcome rules is to ensure the cost an investor pays for the Product is reasonable compared to the benefits, taking into account the nature, quality and the benefits the investor will experience in aggregate when these factors are taken into consideration.

Many non-financial costs associated with the Product, as well as some of the benefits are subjective and difficult to quantify. However, it is appropriate that we recognise these in this document, so that an informed assessment may be made. We have assumed that the investor in this instance falls within the specified target market, and is able to avail themselves in full of the tax benefits available.

We are required to consider foreseeable harm when making investment decisions. It should be note that there is no certainty that these returns will be realised, and the ultimate returns will be impacted by our costs as well as the potential failure of some portfolio companies. In addition, realisation of the EIS portfolio may take longer (or shorter) than expected. Future investment returns will depend on the state of the economy, as well as the prevailing valuation environment.

This document is to be read in conjunction with the Product's latest Key Information Document and Information Memorandum which can be located at: https://investors.moltenventures.com/investor-relations/eis/documents.

Overall Value Assessment

The Manager has considered historic and forecasted returns, along with academic and research pieces which contemplate risk adjusted returns on similar assets. It is generally considered that EIS investments are capable of providing higher returns than listed large and small capitalisation equities in compensation for the long term commitment of capital, and early stage technology focus increases concentration risk and the likelihood of portfolio company failures. In addition, the tax benefits available should serve to enhance returns and mitigate against losses.

Having considered the historic and forecasted returns of the Product, its characteristics, as well as a number of other relevant factors, such as:

- the cost structure of the Product, the cost of comparable tax efficient products and potential distribution costs;
- whether any of the Manager's other products are priced significantly lower for a similar or better level of benefit;

- the potential benefits and other costs, both financial and non-financial; and
- the cost of providing the Product,

we consider that the product offers fair value as at the date of this assessment.

Cost Structure and Comparables

Having reviewed the costs associated with the Product, together with the quality of service provided and benefits generated by the wider Molten Ventures platform, the Manager has concluded that the Product is priced appropriately and that such costs are justified given the overall proposition delivered to investors. The industry acclaimed Tax Efficient Review published annually by Martin Churchill benchmarks the Product's performance and costs against other EIS products and confirms alignment with peers. The latest copy of the Tax Efficient Review can be located at: https://ramcapital.co.uk/#molten-eis.

An indicative summary of costs is included below for completeness:

		Worked Example £25k	Worked Example £100k	Worked Example £250k
Entry Costs (incl. VAT)	2.4% (one off)	£600	£2,400	£6,000
Dealing Costs	0.47% (0.2% per purchase or sale transaction)	£117.50 total lifetime*	£470 total lifetime*	£1,175 total lifetime*
Management Fee (incl. VAT)	2.4% (p.a. Years 1 – 5) 0.6%-2.16% (p.a. Years 6+)	£600 £150 - £540	£2,400 £600 - £2,160	£6,000 £1,500 - £5,400
Custody Fee	£80 (p.a.)	£80	£80	£80

* The figures are estimates and may change in the future. Performance has been calculated as per the Moderate Scenario in the Product's Key Information Document.

The Manager is entitled to a Performance Fee of 20% plus VAT on any Distributions which exceed your Net Subscription to the relevant fund Close. The Performance Fee is payable in cash when liquidity events occur.

Additionally, the Manager believes that the Product is comparable to other tax advantaged venture capital funds. We note that unlike many of its peers, the Manager does not seek to charge transaction fees to either investors or portfolio companies which could prove detrimental to the strength of portfolio composition and investor cash and returns. There is also a step down in management fees after year five to 2% of remaining portfolio cost to align with realisation targets.

The Manager offers two EIS products. They have identical charging structures and very similar investment strategies. The difference is in the timing and method of accessing tax relief. We therefore do not believe there is a difference in value between the two. Please refer to the 'Tax Advantaged Options' section of the latest Information Memorandum for a comparison of the Product's offering against other funds offered by Molten Ventures: https://investors.moltenventures.com/investor-relations/eis/documents .

The Manager, Encore Ventures LLP, is authorised and regulated by the Financial Conduct Authority (FRN: 510101). Capital is at risk. It should be noted that past performance is not an indication or guarantee of future performance.

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Potential Benefits

The Product offers access to early stage technology companies and the advantages offered by the Molten Ventures platform. The Product also benefits from preferential tax treatment which the Manager believes outweighs the financial and non-financial costs of the Product such as the Product's restrictions (e.g. minimum holding periods), the opportunity cost of holding the Product, and the risks associated with the Product.

The Product has an established track record of delivering capital returns to investors from a diversified EIS qualifying portfolio. Please refer to the Performance section of the latest Information Memorandum for further details: https://investors.moltenventures.com/investor-relations/eis/documents.

Whilst current macroeconomic events have impacted technology company valuations, the Product's medium- to long-term investment horizon means that we do not react to short-term market fluctuations when there is no change to underlying investment cases or fundamentals. The expectation is that investors could be rewarded for taking a longer term view than more liquid and shorter term investment products. The industry acclaimed Tax Efficient Review published annually by Martin Churchill benchmarks the Product's performance against other EIS products confirming the competitiveness of the Product's performance. The latest copy of the Tax Efficient Review can be located at: https://ramcapital.co.uk/#molten-eis.

Investors benefit from comprehensive bi-annual updates from the Manager as well as communications when investments are purchased or sold. The Manager utilises industry standard communication channels via use of its website and online portals for outbound communications, with options for hard copies on request and telephone / email for inbound communications.

With the exception of the annual custody fee, all other costs and charges are attributable to a percentage of commitment amount. Nonetheless, the co-investment approach with other entities within the Molten Ventures group enables the Product to benefit from the resourcing of the wider platform, associated administration efficiencies, and ESG framework through which to assess investments.

Other considerations

The Manager has tolerances around intermediary fees, and quantums are reviewed as part of the application process. Distributors must factor any fees or charges or other adviser / distributor remuneration related to the distribution chain of the Product into their own value assessments.

The Product often appeals to those who are later in life who wish to put disposable income and/or assets to work in a tax efficient manner. Age related health vulnerabilities may be present which distributors should consider carefully given the illiquid nature of the product.

Date of Publication: October 2026

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