

Don't invest unless you're prepared to lose all your money. These are high-risk investments and you are unlikely to be protected if something goes wrong. [Take 2 mins to learn more on the next page.](#)

James' VCT Journey

Background

James, a high-net-worth individual, invested in several Venture Capital Trusts (VCTs) years ago to offset a large income tax bill. Initially, the process seemed simple—invest, hold for five years, and enjoy tax benefits. But over time, managing these investments became increasingly complex.

The Challenge

Managing historic VCT investments without a consolidated platform created multiple pain points for James:

- **Manual Valuations:** James relied on spreadsheets, updating pricing information manually every time he wanted a valuation.
- **Dividend Tracking Issues:** Keeping track of dividend payments was difficult, leading to missed income opportunities.
- **Paper Certificate Risks:** His holdings were tied to physical share certificates, creating:
 - Risk of loss or damage.
 - Costly reissue fees if certificates were misplaced.
 - A cumbersome indemnity process for replacements.
 - Inability to sell after the five-year holding period without the original certificate.
- **Administrative Burden:** Corporate actions and portfolio updates were scattered across multiple sources, making compliance and record-keeping stressful.

The Solution

James transferred his VCT investments to the **GrowthInvest platform**, which delivered:

- **Centralised Visibility:** A single online portal showing all holdings with daily pricing updates and performance data that accounts for corporate actions.
- **Digitisation of Certificates:** All paper share certificates were digitised, eliminating physical storage and risk of loss.
- **Streamlined Management:** No more manual spreadsheets, just a secure, fully digital experience.
- **Liquidity Access:** When ready to sell, James can access the secondary buyback market, with proceeds flowing directly into his GrowthInvest account for reinvestment into another VCT or other private markets investments.
- **Tax Efficiency Maintained:** Reinvested proceeds can benefit from an additional 20% tax relief.

The Outcome

James now enjoys a simplified, secure, and efficient way to manage his VCT portfolio, unlocking future opportunities in the secondary market, while reducing risk and administrative hassle.



Risk Summary (Equities)

Estimated reading time: 2 min

Risk Level: Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

1. You could lose all the money you invest

If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

2. You are unlikely to be protected if something goes wrong

The business offering this investment is not regulated by the FCA. Protection from the Financial Services Compensation Scheme (FSCS) only considers claims against failed regulated firms. Learn more about [FSCS protection here](#).

Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about [FOS protection here](#).

3. You won't get your money back quickly

Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early. The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.

If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these.

4. Don't put all your eggs in one basket

Putting all your money into a single business or type of investment, for example, is risky. Spreading your money across different investments makes you less dependent on anyone to do well.

A good rule of thumb is not to invest more than 10% of your money in high-risk investments. Read more about it [here](#) or via the URL link <https://www.fca.org.uk/investsmart/5-questions-ask-you-invest>.

5. The value of your investment can be reduced

The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares. These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

More Information

If you are interested in learning more about how to protect yourself, visit the FCA's website [here](#) or via the URL link <https://www.fca.org.uk/investsmart>.