

KID Praetura EIS Growth Fund

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Name: The Praetura EIS Growth Fund
PRIIIPS Manufacturer: Praetura Ventures Limited
Contact details: 0161 6419475
praeturaventures.com

Competent authority: Authorised and regulated in the UK by the Financial Conduct Authority (FCA)

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 3rd February 2020

What is this product?

Type: Enterprise Investment Scheme ("EIS") Fund, which is a discretionary managed service structured as an Alternative investment Fund ("AIF"). There is no specified maturity date.

Objective: To generate capital gains and to provide investors with the tax advantages associated with EIS investments principally derived from investing in early stage technology led businesses. The Fund will have a geographical bias towards the North West of England. The value of return on an investor's portfolio will depend on the performance of the underlying investments.

Intended retail investor: Clients of financial advisers regulated by the FCA who have passed the suitability criteria for investors defined under the FCA Conduct of Business ("COBS") rule (COBS 9) or certified high net worth (COBS 4.7.9) or certified or self-certified sophisticated investors (COBS 4.7.9) or restricted investors (COBS 4.7.10) or professional investors (COBS 3.5)

What are the risks and what could I get in return?

RISK INDICATOR:



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 6 out of 7, which is the second highest risk class. This rates the potential losses from future performance at a high level.

Investments in unquoted equities involves a high degree of risk. By its nature, small companies rely on a few key individuals which may drive the value of the whole business. Realisations may be difficult and take significant time, depending on the appetite and interests of buyers. This product does not include any protection from future market performance so you could lose some or all of your investment. If the Fund's underlying investments fail, you could lose your entire investment.

PERFORMANCE SCENARIOS

Investment £10,000

Scenarios		4 years	7 years recommended holding period
Stress scenario	What you might get back after costs	£1,800	£2,000
	Average return each year	-34.9%	-20.5%
Unfavourable	What you might get back after costs	£6,300	£7,000
	Average return each year	-10.9%	-5.0%
Moderate	What you might get back after costs	£19,800	£22,000
	Average return each year	18.6%	11.9%
Favourable	What you might get back after costs	£27,000	£30,000
	Average return each year	28.2%	17.0%

The table shows the amount you could get back over the next 4 and 7 years, under different scenarios, assuming that you invest £10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The performance scenarios do not include the effect of any tax reliefs available, more information on this is provided in the Other Relevant Information section below. The scenarios presented are an estimate of future performance based on evidence from the past and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment.

This product cannot be easily cashed in. This means it is difficult to estimate how much you would get back if you cash in before the end of the recommended holding period. You will either be unable to cash in early or you will have to pay high costs or make a large loss if you do so. The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation which may also affect how much you get back.

What happens if Praetura EIS Fund is unable to pay out?

The Fund Manager is covered by the Financial Services Compensation Scheme. The Investor may be entitled to compensation from the scheme if the Fund Manager cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered up to a maximum of £50,000. Further information about compensation arrangements is available on request from the Fund Manager or from www.fscs.org.uk.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods. The figures assume you invest £10,000. The figures are estimates and may change over time.

Investment £10,000

Scenarios	4 years Recommended holding period	7 years recommended holding period
Total costs	£3,421	£4,722
Impact on return (RIY) per year	4.8%	3.2%

What are the costs?

The table below shows the impact each year of the different types of costs on the investment returns you might get at the end of the recommended holding period; and the meaning of the different cost categories. This table shows the impact on return per year;

One-off costs	Entry costs	2.5%	The impact of the costs you pay when entering your investment.
On-going costs	Management fee	2%	The impact of the costs that we take each year for managing your investments.
	Custody fee	0.9%	The impact of the costs that we take each year for providing administrative, custodian and nominee services to the fund.
	Carried interests 20%	5.29%	The potential impact of the performance fee after 10 years assuming a moderate scenario
	The numbers above are exclusive of VAT, where applicable.		

How long should I hold it and can I take money out early?

Recommended holding period: 7 years

Praetura EIS Growth Fund is a long-term investment with returns expected to be available from seven years from initial investment. The Investee Companies will be small, early-stage unquoted companies. Realisation of investments in unquoted companies can be difficult and may take considerable time. There is no market, nor is there intended to be a market, for Investments; as such, an Investment will not be readily realisable. It may be difficult to realise Investments or to obtain reliable information about their value as the market for shares in smaller companies is often less liquid than that for shares in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such shares. An EIS investment should, therefore, be seen as a longer-term investment.

How can I complain?

The Fund Manager has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available from it on request. Should an Investor have a complaint about the product or this KID, he should contact the Fund Manager by writing to the Compliance Officer, c/o Praetura Ventures, 8th Level, Bauhaus, Quay Street, Manchester M3 3GY or Email: investors@praetura.co.uk

Where the investor is categorised by the Fund Manager as an eligible complainant pursuant to FCA Dispute resolution rule 2.7.3. if for any reason the investor is dissatisfied with the Fund Manager's final response, the investor is entitled to refer its complaint to the Financial Ombudsman Service. A leaflet detailing the procedure involved will be provided in the Fund Manager's final response.

Other relevant information

The cost, performance and risk calculations included in this key information document follow the methodology prescribed by EU rules.

The Fund will invest into companies that should qualify under the Enterprise Investment Scheme (EIS), one of a very small number of tax-efficient schemes officially sanctioned by HM Revenue and Customs. Subject to your personal circumstances, investments should qualify for a number of tax reliefs summarised below, which will favourably impact the return on your investment. It is our intention that all of the monies invested will be into EIS qualifying companies.

(a) Income Tax Relief

Individuals can obtain income tax relief of 30% on the amount subscribed for Shares in EIS Qualifying Companies (up to £1,000,000 in each tax year for all EIS investments) provided they are not connected with any issuing company and the investment is held for at least 3 years.

(b) Carry Back Relief

Eligible Investors can claim income tax relief against their tax liability for the tax year preceding that in which Shares are issued to the extent that the eligible Investor has not used their annual limit in the previous tax year.

(c) Capital Gains Tax Deferral Relief

Eligible Investors can defer capital gains tax up to the amount invested in Investments made through the Fund. This applies to gains made in the 3 years before the shares are allocated and future gains made up to one year after the shares are allocated.

Gains are deferred until the EIS qualifying investments are realised. Capital gains tax will apply to the deferred gain at the rate in force when the Investments are sold.

(d) Capital Gains Tax Exemption

Any capital gains realised on a disposal of Shares in an EIS Qualifying Company after the Three-Year Period, and on which EIS Income Tax relief (see (a) above) has been given and not withdrawn, will be capital gains tax-free. Any capital gains realised on a disposal within the Three-Year Period will be subject to CGT, at 10% or 20% for individuals (depending on the individual's taxable income).

(e) Loss Relief

Any capital losses arising on a disposal of shares in EIS Qualifying Companies can be offset against the individual's capital gains in the tax year in which the disposal occurs, or, if not fully used, against capital gains of a subsequent year. Alternatively, on making a claim, the loss may, in certain circumstances, be offset against the individual's income in either the tax year in which the disposal occurs, or the previous tax year. Under the current tax regime, loss relief of up to 45% can be claimed depending on the Investor's marginal tax rate. Loss relief of up to 20% can be claimed against capital gains given the prevailing tax rate. The amount of loss relief that can be claimed is net of any income tax relief claimed on that Investment. Each Investee Company is assessed individually for losses, regardless of the overall performance of the portfolio. Loss relief is not subject to the Three-Year Period, it can be claimed on losses arising at any time.