

Key Information Document

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: Foresight Inheritance Tax Solution (part of the Foresight Inheritance Tax Fund)	ISIN: N/A
Manufacturer: Foresight Group LLP (“Foresight”, “Manager”)	Competent Authority: Financial Conduct Authority (FCA No. 198020)
Contact Details: Foresight Group LLP, The Shard, 32 London Bridge Street London SE1 9SG +44 (0)20 3667 8100 www.foresightgroup.eu	Date: This key information document (“KID”) has been approved by Foresight for publication on 15 October 2018

You are about to purchase a product that is not simple and may be difficult to understand

WHAT IS THIS PRODUCT?

Type	The fund is an Alternative Investment Fund (“AIF”) for the purposes of the Alternative Investment Fund Managers Directive. There is no specified maturity date or unilateral termination date.
Objectives	To offer potential for IHT exemption through Business Property Relief (“BPR”) on the net invested amount after two years by selecting investments with stable and predictable cashflows, low market correlation and relatively low default rates to deliver modest returns with low volatility. The value of the 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 professional investors (COBS 3.5) 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). Intended retail investors are those seeking inheritance tax relief, who are willing to invest for the long term, who understand the risks of investing in higher risk products and who have the ability to bear any losses that may result from such an investment.

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

Risk Indicator



The risk indicator assumes you keep the product for 5 years or until date of death. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to cash in early.

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. To qualify for IHT relief, the investment must be held for at least two years but a longer holding period is recommended. Capital may be at risk as the value of investments may go down as well as up and is not guaranteed and therefore investors may not get back the amount originally invested. Past performance is not a guide to future performance. This product does not include any protection from future market performance so you could lose some or all of your investment. The Foresight ITS targets a net investor return of 3.5% p.a. on the portfolio value. This is achieved through exposure to the cash flows of infrastructure, and infrastructure-like, assets which are minimally correlated to equities and have high levels of contracted revenues. Many of these exposures carry equity risk, where all your capital is at risk.

Performance Scenarios	Investment £10,000	Scenarios		
		1 year	3 years	5 years
Unfavourable	What you might get back after costs	£9,000	£8,574	£10,000
	<i>Average return each year</i>	-10.0%	-5.0%	0.0%
Moderate	What you might get back after costs	£10,300	£11,087	£12,021
	<i>Average return each year</i>	3.0%	3.5%	3.8%
Favourable	What you might get back after costs	£10,375	£11,249	£12,313
	<i>Average return each year</i>	3.8%	4.0%	4.3%

This table shows the capital that would be returned to you under a range of performance scenarios over a 1, 3 and 5 year holding period. The scenarios show how your investment could perform. You can compare them with the scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence of how the value of this investment varies and are not an exact indicator. What you get back will vary depending on how the market performs and how long you keep the investment. Your maximum loss would be that you lose all of your investment.

The figures shown include all the costs of the product itself but may not include all the costs that you pay to your adviser. The figures do not take into account your personal tax situation, which may also affect how much you get back. This does not include any of the tax benefits you may receive.

WHAT HAPPENS IF FORESIGHT GROUP LLP IS UNABLE TO PAY OUT?

Foresight Group LLP participates in the Financial Services Compensation Scheme (FSCS). The FSCS may provide compensation to eligible claimants in the event of the firm being unable to meet its liabilities. The FSCS does not cover losses in the event of the poor performance of a fund or failure of an investee company. Further information about the FSCS can be found at fscs.org.uk

WHAT ARE THE COSTS?

Costs over Time	Investment £10,000 Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years	
Total costs		£602	£1,418	£2,406	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.
Impact of return (RIY) per year		-4.81%	-3.89%	-3.70%	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 in the future.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Composition of Costs

This table shows the impact on returns per year

One off costs	Entry costs	2.5%	The impact of the costs you pay when entering your investment.
	Exit costs	n/a	This includes the costs of distribution of your product. The impact of the costs of exiting your investment when it matures.
Ongoing costs	Other ongoing costs		
	1. Annual administration fee	1.65% + VAT	Costs are charged to the investee company. The annual management charge is not payable if the investor's net return is below 3.5%. Payment of the annual management charge in any financial period is restricted to the extent it would reduce the investor's return to below 3.5% per annum (such restricted amount being carried forward and paid in subsequent financial periods when performance permits).
	2. Annual management charge	1.0% + VAT	
	3. Other costs not payable to Foresight	0.05% (including VAT)	Other costs are variable and include investee company tax, legal, director and audit costs.
Incidental costs	Performance fees	n/a	The product does not have any performance fee or incentive costs.
	Carried interests	n/a	The product does not have any carried interests costs.

HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

RECOMMENDED HOLDING PERIOD: 5 years

An investment in Foresight ITS should not be considered a short to medium term investment since investments in BPR qualifying companies must be held for at least two years in order to benefit from the IHT relief and a longer holding period is typically recommended. Our calculations above for the Summary Risk Indicator and Performance Scenarios are based on a recommended 5 year holding period.

If you withdraw any of your holdings after two years, you will lose the relief on the amount withdrawn and retain IHT exemption only on your remaining investment.

Investors may request regular withdrawals after the first anniversary of their investment on a monthly, quarterly, six-monthly or annual basis. The Fund invests in unquoted companies, which are illiquid, and withdrawals may take considerably longer than this. Withdrawals will generally be made through a disposal of holdings in shares. Foresight will endeavour to effect withdrawals in as tax efficient manner as possible at the time, typically with a capital gains tax treatment, but this cannot be guaranteed (in particular for full withdrawals). Foresight may from time to time effect withdrawals by way of dividends (which are subject to income tax). The IHT relief will be lost on the amount withdrawn and the value of the remaining investment will be reduced in respect of the amount withdrawn.

HOW CAN I COMPLAIN?

The 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 Manager. Where the investor is categorised by the Manager as a Retail Client, if for any reason the Investor is dissatisfied with the 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 Manager's final response.

Complaints should be addressed to Adam Taylor, Foresight Group LLP, The Shard, 32 London Bridge Street, SE1 9SG. t: 020 3667 8159.

OTHER RELEVANT INFORMATION

The cost, performance and risk calculations included in the KID follow the methodology prescribed by EU rules.

Current factsheets and other marketing documentation can be found at <http://www.foresightgroup.eu/retail-investors/inheritance-tax-solutions/inheritance-tax-solution/>

An investment in the Fund must only be made on the basis of the information set out in the Investor Guide and Customer Agreement, dated October 2018.

The depositary of the Fund is NCM Depositary Services Limited.

Inheritance Tax Relief of 40%

Inheritance Tax

Investors in the ITS will be allotted shares in a company that the Manager believes qualifies for Business Property Relief ("BPR"). Shares in BPR qualifying companies held for at least two years and held at the point of death should fall outside an individual's estate for the purposes of inheritance tax.

There is a risk that HMRC determines that shares in the Foresight ITS are not BPR qualifying. Foresight ITS receives ongoing legal advice on the qualifying status of the solution, is confident that this risk is sufficiently mitigated and has had no issues in this area since inception in 2012.

There is also a risk that BPR itself materially changed by government such that the inheritance tax benefit no longer applies. This is out of the control of Foresight, but we closely monitor the legislative environment and do not consider that this is a material risk in the medium term.