

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 Enterprise VCT plc ("the Company")

ISIN: GB00B07YBS95

Manufacturer: Foresight Enterprise VCT plc

Competent Authority: Financial Conduct Authority (FCA No. 198020)

Contact Details: The Company can be contacted through its company secretary Foresight Group LLP, The Shard, 32 London Bridge Street London SE1 9SG +44 (0)20 3667 8181
www.foresightgroup.eu

Date: This key information document (KID) has been produced by the board of directors of the Company for publication on 13 October 2023

Manager: Foresight Group LLP

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

WHAT IS THIS PRODUCT

Type: The ordinary shares of 1p each (Shares) of the Company, which is a venture capital trust (VCT) and a self-managed Alternative Investment Fund ("AIF"), are listed on the premium segment of the Official List of the UKLA and admitted for trading on the Main Market of the London Stock Exchange. There is no specified maturity date or unilateral termination date.

Objectives: To provide attractive returns from a portfolio of investments in unquoted UK companies and to optimise tax-free income from dividends and interest received on investments. The value of the Shares, and income therefrom, will depend on the performance of the underlying investments. It is also the Company's objective to continue to qualify as a Venture Capital Trust so that shareholders benefit from various available tax reliefs.

Intended retail investor: Retail investors, aged 18 or over, who are higher rate and additional rate tax-payers with a UK income tax liability. VCT investing is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from the investment.

Notes: Shares of the Company are bought and sold via London Stock Exchange. Typically, at any given time on any given day the price you pay for a share will be higher than the price at which you can sell it.

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

Risk Indicator



The risk indicator assumes you keep the product for 5 years. 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 sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

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 and suggests that adverse market conditions in future could lead to a significant loss in the value of your investment.

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. Qualifying investors are entitled to receive back up to 30% of their investment for new shares subscribed from the Company via income tax relief. Any amount over this, and any additional return, depends on future market performance and is uncertain. However, this tax relief will be repayable to HMRC if you cash-in before 5 years.

Investment Performance Information

What are the main factors likely to affect future returns?

The main factors likely to affect future returns include:

- Valuation - The NAV of the Shares and the return received by Shareholders will be dependent on the performance of the underlying investments.
- Underlying Investments - Investment in unquoted companies by its nature involves a higher degree of risk than investment in companies listed on the Official List. Small companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals.
- VCT and Taxation – Changes to the existing tax laws, regulations and legislations, specially VCT rules, may change during the life of the Company and such changes might affect investor returns.

How does the target compare with performance and volatility?

The Company targets the payment of an annual dividend of at least 5% of the NAV per share and at the same time endeavouring to maintain the NAV per Share on a year on year basis. The ability of the Company to achieve its target annual dividend and returns for the Company's Shareholders will be dependent on the investment opportunities sourced and the performance of the underlying investments.

What is the most relevant benchmark?

No relevant benchmark is available as there is no single benchmark that adequately measures the performance of small, unquoted companies.

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

What could affect my return positively?

A strong growing economy, a stable political environment, diverse portfolio, robust growth of investee companies could positively affect returns.

What could affect my return negatively?

Any change of governmental, economic, fiscal, monetary or political policy, including government spending reviews, levels of unemployment, stock market volatility, consumer confidence, inflation and changes to the current level of interest rates could negatively affect the operation and performance of the Company and/or investee companies.

What can be expected if Fund is encashed under severely adverse market conditions?

Although it is anticipated that the Shares will be admitted to the Official List of the FCA and traded on the London Stock Exchange's main market for listed securities, it is likely that there will not be a liquid market as there is a limited secondary market for VCT shares and investors may find it difficult to realise their investments under severely adverse market conditions.

WHAT HAPPENS IF FORESIGHT ENTERPRISE VCT PLC IS UNABLE TO PAY OUT?

The Company is not required to make any payment to you in respect of your investment. As a Shareholder you have no access to the Financial Services Compensation Scheme and would not be able to make a claim to the FSCS about Foresight Enterprise VCT plc. A default by the Company or any of the underlying holdings could affect the value of your investment. Should the Company be liquidated, the amount you receive for your holding will be based on the value of assets available for distribution after all other liabilities have been paid.

WHAT ARE THE COSTS?

Costs over Time

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. They include potential early exit penalties. 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.

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	£855	£1,449	£2,070
Impact of return (RIY) per year	8.55%	4.73%	3.94%

Composition of Costs

The table below shows:

- the impact each year of the different types of costs on the investment return 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	5.5%	The impact of the costs you pay when acquiring your investment. This is the most you will pay, and you could pay less. Not included are any adviser charges you may separately agree with your financial adviser.
	Exit Costs	n/a	The impact of the costs of exiting your investment.
Ongoing costs	Portfolio transaction costs	n/a	The impact of the costs of the Manager buying and selling underlying investments within the VCT i.e. investee companies.
	Other ongoing costs	2.30%	The impact of the costs that we take each year for managing your investment, including fees paid to the Manager. Please note that annual ongoing costs are capped at an amount equal to 2.35% of net assets of the Company.
Incidental costs	Performance fees	0.75%	The Manager is entitled to a performance incentive fee equal to 15% of dividends paid to Shareholders, subject to the total return (Net Asset Value plus cumulative dividends paid per share on or after 11 January 2011) exceeding a High Watermark, both immediately before and after the performance incentive fee is paid. As a result of performance incentive fee payments made (including a performance incentive fee of £734,233 which, as at the date of this document, is currently due and payable), the High Watermark as at 30 June 2023 was 110.3p and the total return as at 30 June 2023 was 111.0p.
	Carried interests	n/a	There are no carried interests.

Depending on how you buy these shares you may incur other costs, including broker commission platform fees and stamp duty. The distributor will provide you with additional documents where necessary. The Company aims, but is not committed, to offer liquidity to shareholders through ongoing buybacks, subject to cash availability, at a target discount of approximately 5% to net asset value. Distribution costs may arise.

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

RECOMMENDED MINIMUM HOLDING PERIOD: 5 YEARS

You should be prepared to hold your shares for a minimum of 5 years in order to retain your initial income tax relief. If you sell your shares earlier, you will be required to repay any initial income tax relief you claimed. It is recommended that you hold your shares for more than 5 years, as VCTs are intended to have a long investment horizon. An investment in the Company should be considered as a long-term investment.

The Company does not have a fixed winding up date and therefore, unless shareholders voted to wind-up the Company, Shareholders will only be able to realise their investment through the market. You may sell your investments within the recommended holding period without penalty fee.

The Company's share prices are quoted on the London Stock Exchange so, provided there is a willing buyer, you may realise your investment through a stockbroker or share dealing account. Previously owned VCT shares do not qualify for initial income tax relief and there is, therefore, a limited market for secondary VCT shares. The price you receive on the open market may therefore not reflect the underlying net asset value of the shares. The Company aims, but is not committed, to offer liquidity to shareholders through an ongoing share buyback policy, subject to cash availability, at a target discount of approximately 5% to net asset value, subject to market conditions. In line with regulation governing public companies, there are specific periods when buybacks are prohibited, such as when the Company is preparing its annual and half-yearly reports and accounts.

The secondary market for VCT shares is generally illiquid and Shareholders may find it difficult to realise their investment.

HOW CAN I COMPLAIN?

As a shareholder of Foresight Enterprise VCT plc you do not have the right to complain to the Financial Ombudsman Service (FOS) about the management of the Company. 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, the investor should contact the Investor Relations team at Foresight Group LLP, The Shard, 32 London Bridge Street London SE1 9SG; T: +44 (0)20 3667 8181, www.foresightgroup.eu; Emails can be sent to investorrelations@foresightgroup.eu.

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

OTHER RELEVANT INFORMATION?

The cost, performance and risk calculations included in this KID follow the methodology set out in Commission Delegated Regulation (EU) 2017/653 as adopted by the United Kingdom and amended by the FCA pursuant to the Packaged Retail and Insurance-based Investment Products (Scope Rules and Technical Standards) Instrument 2022.

Depending on how you buy these shares you may incur other costs, including broker commission platform fees and stamp duty. The distributor will provide you with additional documents where necessary.

Certain tax reliefs are available to shareholders and new investors as below, provided shares are held for at least five years. A Shareholder who disposes of shares within five years of issue will be subject to clawback by HMRC of any income tax reliefs originally claimed on subscription.

Tax relief

(a) Income tax

(i) Relief from income tax on investment

A qualifying investor subscribing for new Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 invested in VCTs in any tax year. The relief is given at the rate of 30% on the amount subscribed for VCT shares regardless of whether the qualifying investor is a higher rate, additional rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the qualifying investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

(ii) Dividend relief

A qualifying investor, who acquires shares in VCTs (including through dividend reinvestment schemes) in any tax year costing up to a maximum of £200,000, will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

(iii) Purchases in the market

A qualifying investor who purchases existing shares in the market will be entitled to claim dividend relief (as described in paragraph (a)(ii) above) but not relief from income tax on investment (as described in paragraph (a)(i) above).

(iv) Withdrawal of relief

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses or on death) within five years of issue or if the VCT loses its approval within this period. Dividend relief ceases to be available if the VCT loses its approval within this period or if shares are no longer owned by a qualifying investor.

(b) Capital gains tax

(i) Relief from capital gains tax on the disposal of VCT shares.

A disposal by a qualifying investor of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year and does not apply where VCT shares were issued after 5 April 2014 and are repurchased by the VCT directly from the shareholder within three years of issue.

(ii) Purchases in the market

An individual purchaser of existing VCT shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph b(i) above)

The latest annual report and accounts of the Company can be found at www.foresightenterprisevct.com. Please contact Foresight Group LLP for further information.