

# Baronsmead

## 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:** Baronsmead Second Venture Trust plc      **ISIN:** GB0002631934      **Contact number:** 020 7382 0999

**PRIIP Manufacturer:** Baronsmead Second Venture Trust plc (the "VCT" or the "Company")

**Competent authority:** The Company is not authorised or regulated by the Financial Conduct Authority ("FCA"). The FCA has supervisory powers in respect of the product and contents of this document.

This key information document is accurate as at **6 August 2021**.

### What is this product?

|                          |  |
|--------------------------|--|
| Type                     | This product is a Venture Capital Trust and public limited company, whose shares are traded on the London Stock Exchange as a Closed Ended Investment Fund and incorporated in the United Kingdom.   |
| Objectives               | The investment objective of the Company is to generate long term investment returns with tax free capital gains and regular dividend income for its shareholders, primarily through investment in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM. The VCT will manage its portfolio to comply with the requirements of the rules and regulations applicable to VCTs from time to time. |
| Intended retail investor | The VCT is intended for UK taxpayers aged 18 or over who are willing to invest in the longer term and be comfortable with higher risk investments in small, illiquid unquoted and quoted companies. It is intended for investors who already have a portfolio of VCT and non-VCT investments. Investors should read the risk factors set out in the most recent Prospectus or Annual report available for the VCT.     |
| Gearing                  | The Company has the ability to borrow for short term liquidity purposes up to a maximum of 25% of its gross assets. Currently there is no borrowing, however any future borrowing would magnify any gains or losses made by the VCT.   |
| Bid / Offer spread       | The Company's existing shares are bought and sold via the 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 could sell it.  |
| Maturity                 | There is no maturity date. The Company cannot unilaterally terminate this product and there are no circumstances under which it can be automatically terminated.   |

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

#### Risk indicator



Lower risk



Higher risk

The risk indicator assumes you keep the product for 5 years. If you sell your product earlier you may have to sell at a price that significantly impacts 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 4 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level, and poor market conditions could impact our capacity to pay you. This product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay what is owed, you could lose your entire investment.

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The required summary risk indicator only reflects historic share price volatility of the company's shares. It excludes other risks inherent in the product and, therefore, does not show the full risks to the investor. Investment in AIM traded and unquoted companies have a higher degree of risk than investments in companies traded on the main market of the London Stock Exchange. These risks include market, credit, liquidity and interest rate risks.

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

## Performance scenarios

This table shows the money you could get back over the next 5 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 scenarios presented are an estimate of future performance based on evidence from the past on 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 product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you. 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.

| Investment: £10,000   |   | 1 year  | 3 years | 5 years |
|-----------------------|---|---------|---------|---------|
| Stress scenario       | What you might get back after costs (£) | 4,488   | 4,856   | 4,331   |
|                       | Average return each year (%)            | -55.12% | -21.40% | -15.41% |
| Unfavourable scenario | What you might get back after costs (£) | 9,124   | 9,196   | 9,609   |
|                       | Average return each year (%)            | -8.76%  | -2.75%  | -0.79%  |
| Moderate scenario     | What you might get back after costs (£) | 10,614  | 12,001  | 13,569  |
|                       | Average return each year (%)            | 6.14%   | 6.27%   | 6.29%   |
| Favourable scenario   | What you might get back after costs (£) | 12,421  | 15,754  | 19,274  |
|                       | Average return each year (%)            | 24.21%  | 16.36%  | 14.02%  |

## What happens if Baronsmead Second Venture Trust plc is unable to pay out?

As a shareholder of the Company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company is unable to pay out.

## 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. They include potential early exit penalties. The figures assume you invest £10,000. The figures are estimates and may change in the future.

## Costs over time

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<br>If you cash in after... | 1 year | 3 years | 5 years |
|--|--------|---------|---------|
| Total Costs (£)                                | 765    | 1,487   | 2,417   |
| Impact on return (RIY) per year (%)            | 7.65%  | 4.22%   | 3.54%   |

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## 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 minimum holding period;
- the meaning of the different cost categories.

| This table shows the impact on return per year |                             |       |  |
|--|-----------------------------|-------|--|
| One – off costs                                | Entry costs                 | 1.01% | The impact of the costs you pay when entering your investment, for subscriptions for new shares. The entry cost assumed an initial charge of 4.5% and is the most you will pay. If you invest directly or through a financial adviser the initial charge could be less, as low as 2.25%. |
|  | Exit costs                  | 0.00% | This product does not have any exit costs.   |
| Ongoing costs                                  | Portfolio transaction costs | 0.00% | The impact of the costs of the fund buying and selling underlying investments for the product.   |
|  | Other ongoing costs         | 2.56% | The impact of the costs taken by the fund each year for managing your investments.   |
| Incidental costs                               | Performance fees            | 0.00% | The impact of the performance fee. The manager is paid from your investment when the total return on the net proceeds of the ordinary shares exceeds 8% per annum (on a simple basis). The manager is entitled to 10% of the excess.   |
|  | Carried interests           | 0.00% | This product does not charge any carried interest.   |

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

### Recommended required minimum holding period for subscriptions of new shares: 5 years

The recommended minimum holding period of 5 years has been selected, as VCTs are intended to have a long investment horizon and any divestment within the recommended minimum holding period could have implications with respect to tax advantages of investing in the Company.

Disinvestment is possible at any time. The Company's shares are quoted and traded on the London Stock Exchange, so, provided there is a willing buyer, you can realise your investment at any time through a stockbroker or a share dealing account. You should note that previously owned VCT shares do not qualify for initial income tax relief and there is, therefore, a very limited secondary market for the Company's existing shares. The price you receive on the open market may therefore not reflect the underlying NAV of the shares. As there is a limited market for its existing shares, the Company maintains a share buyback programme subject to the opinion of the board, concluding a repurchase of shares would be in the best interests of the shareholders as a whole. The aim is to buy back shares at 5% discount to net asset value, however there is no guarantee.

There are no additional fees or penalties incurred on exit, however the price you receive on the open market may not reflect the underlying NAV of the shares.

## How can I complain?

As a shareholder of the Company you do not have the right to complain to the Financial Ombudsman Service (FOS) about the management of the Company. Complaints about the Company or the key information document should be directed to the Company.

More information can be found at: <http://www.baronsmeadvcts.co.uk/enquiry.asp>.

You can submit your complaint via post to Baronsmead Second Venture Trust plc, Octagon Point, 5 Cheapside, London, EC2V 6AA or via telephone on 020 3837 6270.

## Other relevant information

The latest annual report and prospectus can be found at [www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk). The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules. Depending on how you buy these shares you may incur other costs, including broker commission, issue costs, platform fees and Stamp Duty. The distributor will provide you with additional documents where necessary. If you are in any doubt about the action you should take, you should seek independent financial advice.