

Guinness Asset Management Limited

Guinness Ventures is a trading name of Guinness Asset Management Limited

Target Market Assessment for Guinness EIS

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1. Introduction

Under Principle 12 (Consumer Duty), we must act to deliver good outcomes for retail customers, including product and services outcome. For Guinness Asset Management Limited (GAM), a retail customer is a customer who is not a professional client, as set out in the Conduct of Business Sourcebook (COBS).

GAM has been identified as the manufacturer and distributor of this product.

The Duty applies to all firms that have a material influence over, or determine the outcome for retail customers. Therefore, as a manufacturer, the consumer duty does apply to GAM..

As we are a product manufacturer, our product approval procedures must specify the target market for the product at a sufficiently granular level, taking into account the characteristics, risk profile, complexity and nature of the product according to the FCA Handbook PRIN 2A.3.4.

Therefore, we are required to conduct target market assessments, maintain proper documentation for the assessments and review them regularly.

2. Our approach

Our target market assessment will identify:

- **the positive market:** clients where their needs, characteristics and objectives fit with the product; and
- **the negative market:** clients where their needs, characteristics and objectives do not fit with the intended product.

The target market needs to be at a sufficiently granular level, which can be challenging if we are designing a product to meet a broad range of investors. If a client requests a tailor-made product, then the target market is that client, unless we foresee distributing the product to other clients.

The criteria we use includes both quantitative and qualitative data and covers five categories:

- the type of client to whom the product is targeted (retail or professional or ECP)
- the client's knowledge and experience
- the client's ability to bear losses
- the client's risk tolerance compared with the risk/reward profile of the product
- the client's objectives and needs

As product manufacturer and distributor, we only need to produce one target market assessment but for every product, or group of products we manufacture, or investment service we distribute, we should ensure that it falls within a current target market assessment or we complete a new one.

The Compliance team is responsible for producing our target market assessments and ensuring they are signed off by the Head of Compliance.

Our target market assessment template can be found in the [Annex](#).

Annex: Target market assessment (product specific)

Product / Group of products	Guinness EIS	
	Positive Target Market	Negative Target Market
Type of client	Retail and elective professional clients	Retail
Knowledge and experience	<p>This is an Enterprise Investment Scheme (“EIS”) product, which is a high-risk investment. The product is intended for investors with sufficient experience and knowledge with investment into tax advantaged products (e.g. VCTs, EISs) to make their own investment decisions and understand the risks involved in investing in the product.</p> <p>The target market is predominantly advised investors where financial advisers can explain and ensure the risks are understood and compatible with the investment goals of the investor. For direct or non-advised investors they need to confirm they are High Net Worth or Sophisticated Investors to demonstrate they understand and can accept the risks inherent in the product.</p>	<p>The product is deemed incompatible with investors who either do not have the required knowledge or experience to invest directly or who have not received appropriate advice from a financial advisor about the risks involved in investing in EIS products.</p>
Financial situation/loss capacity	<p>The value of an investment in this product may go down as well as up and investors could lose all or some of their investment.</p> <p>The product is deemed compatible with investors who can bear capital losses up to the amount invested. The product is intended for investors who do not require liquidity on their investment and who plan to stay invested for the duration of the product, which is likely to be at least 5 years.</p>	<p>The Product is deemed incompatible with investors who need liquidity within a short time frame, being less than five years, and/or do not have sufficient resources to bear any losses resulting from the investment, e.g. due to low/erratic income, low savings, over-indebtedness.</p>
Risk tolerance	<p>The product invests in early stage, unquoted companies which are inherently risky. Investment in the product is only for investors who can take on a high level of risk in order to get a higher potential return and who plan to</p>	<p>The product is incompatible with investors who are uncomfortable with the high risk of failure and the inherent instability associated with investing in small early-stage businesses The product is therefore deemed incompatible with investors who cannot</p>

	<p>stay invested for the duration of the product, which can be 5 years or more. We have classified this product as 6 out of 7, which is the second-highest risk class.</p>	<p>take on a high level of risk and do not understand the risks involved in investing in small early-stage businesses</p>
<p>Client objectives and specific needs</p>	<p>Those clients who seek capital growth over the medium term and who look to benefit from Enterprise Investment Scheme tax reliefs.</p> <p>The product is designed for medium-term investment and investors should be prepared to stay invested for at least 5 years.</p> <p>We have considered whether this product has features that could risk harm for any group of customers, including those with characteristics of vulnerability. We recognise that within the target market for this product, there may be groups of customers with characteristics of vulnerability, including older people. Characteristics of vulnerability for this group could include for example difficulty accessing documents online due to poor digital skills, hearing or visual impairment and/or cognitive impairment.</p> <p>In order to avoid causing foreseeable harm to customers in the target market, including groups with characteristics of vulnerability, we encourage customers to share information about their needs or circumstances, where relevant, and we have systems and processes in place that enable customers to disclose their needs, if they choose. We also support our staff to identify signs of vulnerability through training and resources and we seek relevant information from our distribution partners as appropriate. We may also engage with customers and other parties and organisations to further enhance our understanding of the needs of customers with characteristics of vulnerability in the target market.</p>	<p>This product is deemed incompatible with investors who:</p> <ul style="list-style-type: none"> (i) are not UK tax resident. (ii) are seeking full or partial capital protection. (iii) need liquidity within a short time frame, being less than five years. (iv) are fully risk averse or have low to medium tolerance for risk. (v) cannot stay invested for the medium term (have a short investment horizon) (vi) need the investment to pay a guaranteed income. (vii) do not have the requisite knowledge and experience.
<p>Our distribution approach</p>	<p>Our distribution channels are deemed compatible with the identified target market. They currently consist of</p>	<p>Due to the high-risk nature of the product, it is not compatible with distribution channels that lack the</p>

	<p>execution-only platforms, (financial advisers and IFAs.</p> <p>Third party platforms conduct appropriateness tests on self-directed investors, which are then reviewed by Guinness Asset Management.</p> <p>Many subscribers make an application through a financial intermediary. Where the intermediary has confirmed that they have advised the subscriber, and therefore conducted their own Know Your Customer (KYC) procedures as to the appropriateness of the subscription, Guinness relies on this assessment.</p> <p>Direct (non-advised) subscribers to the Guinness EIS are required to complete both the Appropriateness Questionnaire and Declaration sections contained in the Application Form. Guinness then scores each completed questionnaire numerically so as to assess the applicant's investment objectives, financial situation, knowledge and experience. If flags are raised for criteria not being met, we may need to contact the subscriber or request further information to ascertain whether the Service is indeed suitable for the investor. Where the subscriber is deemed not suitable, we will decline a subscription.</p>	<p>knowledge and experience required to advise and/or qualify whether the product is suitable for the client, e.g. by explaining and ensuring that the risks are understood and compatible with the investment goals of the investor and/or performing suitability or appropriateness testing on underlying clients.</p>
Target Market Assessment prepared by		
Caroline Posse	Date 14/03/2023	
Target Market Assessment reviewed and approved by		
Deepti Balloo and Giles Robinette	Date 14/03/2023	