Molten

# Target Market Statement – Molten Ventures EIS

## Product

Molten Ventures EIS (the "**Product**") is an enterprise investment scheme ("**EIS**") fund. The Product is an unauthorised Alternative Investment Fund (AIF) and consists of a collection of parallel discretionary managed portfolios.

The Product makes venture capital (VC) investments into unquoted companies in the technology and healthcare sectors, in a tax efficient manner (subject to EIS qualifying criteria being met).

## Target Market

Types of clients:

- The Product is categorised as a restricted mass market investment ("**RMMI**") under rules imposed by the Financial Conduct Authority (FCA) and therefore cannot be accessed by typical retail investors.
- The Product is designed for UK taxpayers who are either:
  1) retail investors who have been categorised as a:
     a. certified high net worth investors;
     b. certified sophisticated investors;
     c. self-certified sophisticated investors; and/ or
     d. certified restricted investors

     *each as defined in the FCA Rules (COBS 4 Annex 2),* or
  2) investors who have been advised on the suitability of the investment by an appropriately qualified and authorised investment adviser.

Clients' knowledge and experience:

- The Product is intended for individuals who are professionally advised or highly knowledgeable, and who understand and are capable of evaluating the risks and merits of an investment.
- Investors must understand the risks involved in investing in early stage, unquoted companies with illiquid shares and the qualifying criteria of EIS investment, including ongoing eligibility criteria and minimum holding periods.

Clients' financial situation with a focus on ability to bear losses:

- Investors must commit a minimum of £25,000 to be able to invest in the Product.
- Investors must be able to bear the total loss of their investment (if it were to be loss making), and should be prepared to hold for a minimum holding period of 3 years for the purposes of accessing EIS tax benefits and for the target holding period given there is unlikely to be any secondary market for their investment.
- The target holding period is 3-5 years for successful portfolio company investments but Investors must accept that that this is a target timeframe and exit timescales will vary and some exits will take longer or shorter than this to achieve. Not all investments will successfully exit.

Clients' risk and tolerance and compatibility of the risk/reward profile of the product with the target market:

- The Product has a category 6 risk rating as calculated in accordance with PRIIPs guidelines, meaning it is only compatible with clients who have a high risk tolerance and capacity for loss on the funds invested in the Product.

The Manager, Encore Ventures LLP, is authorised and regulated by the Financial Conduct Authority (FRN: 510101). Capital is at risk.

- The Product offers a high-risk/high-reward investment opportunity to investors which may offer large returns, but also the risk of large losses (including the loss of **all** invested capital).

Clients' objectives and needs:

- Investors must be looking for the possibility of capital growth over the medium-term (in accordance with the target holding periods specified above) in an investment that qualifies for the applicable tax advantages that are offered by qualifying EIS investments.

Clients who should not invest (the 'negative target market'):

- Investors who are not UK taxpayers;
- Investors who do not possess the requisite knowledge and experience;
- Investors who have a short term investment horizon or need to access invested capital;
- Investors who have a hard deadline about when their capital needs to be invested by;
- Investors who are looking for capital preservation or full repayment of the amount invested, and are unable to bear the losses of the whole or part of their investment;
- Investors who are risk averse or have a low tolerance to risk on the funds invested in the Product; or
- Investors who need the investment to pay an income or otherwise deliver consistent returns.

## Distribution Channel

The Product is generally distributed through financial advisers. Only eligible retail investors can access the Product by virtue of it qualifying as an RMMI.

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