



**Foresight**  
FOR A SMARTER FUTURE

**FORESIGHT  
INHERITANCE  
TAX SOLUTION**



Sustaining wealth for  
future generations

**INVESTOR GUIDE &  
CUSTOMER AGREEMENT**

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DECEMBER 2022

# Important

**Don't invest unless you're prepared to lose all the money you invest.**  
**This is a high-risk investment and you are unlikely to be protected if something goes wrong.**

**Estimated reading time: 2 min**

**Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.**

## **What are the key risks?**

### **1. You could lose all the money you invest**

- If the business you invest in fails, you are likely to lose 100% of the money you invested. Investment in smaller, unquoted companies by its nature involves a higher degree of risk than investments in listed and/or traded on regulated markets.

### **2. You are unlikely to be protected if something goes wrong**

- Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker here - <https://www.fscs.org.uk/check/investment-protection-checker/>.
- Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection here - <https://www.financial-ombudsman.org.uk/consumers>.

### **3. You won't get your money back**

- Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early.
- The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.
- If you are investing in a smaller, unquoted business, you should not expect to get your money back through dividends. Smaller, unquoted businesses rarely pay these.

### **4. Don't put all your eggs in one basket**

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments:  
<https://www.fca.org.uk/investsmart/5-questions-ask-you-invest>

### **5. The value of your investment can be reduced**

- The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Smaller unquoted businesses might issue multiple rounds of shares.
- These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

**If you are interested in learning more about how to protect yourself, visit the FCA's website - <https://www.fca.org.uk/investsmart>.**

## Important Information

This document constitutes a financial promotion pursuant to section 21 of the Financial Services and Markets Act 2000, as amended (**FSMA**) and is issued by Foresight Group LLP (**Foresight**) of The Shard, 32 London Bridge Street, London SE1 9SG. Foresight is authorised and regulated in the United Kingdom (**UK**) by the Financial Conduct Authority (**FCA**), under firm reference number 198020.

This document relates to the Foresight Inheritance Tax Solution (**Foresight ITS**), which is part of the Foresight Inheritance Tax Fund. The opportunity described in this document is NOT suitable for all investors. If you are in any doubt about the content of this document and/or any action that you should take, you should seek advice from a financial intermediary authorised under FSMA who specialises in advising on opportunities of this type.

This promotion is only suitable for, and should only be distributed to, individuals who are classified as being one of the following:

- a) an existing client of a financial intermediary regulated by the FCA;
- b) a person who meets the requirements for being a professional client in accordance with COBS rule 3.5;
- c) a person who qualifies as a certified high net worth individual in accordance with COBS 4.7.9;
- d) a person who qualifies as a certified sophisticated investor in accordance with COBS 4.7.9;
- e) a person who qualifies as a self-certified sophisticated investor in accordance with COBS 4.7.9; or
- f) a person certified as a restricted investor within the meaning of COBS 4.7.10.

**You should note that the Foresight Inheritance Tax Fund is an 'alternative investment fund' (or AIF) for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) (AIFMD).**

Foresight is the alternative investment fund manager (**AIFM**) in respect of the Foresight Inheritance Tax Fund and is authorised by the FCA to act as a full scope AIFM for the purposes of AIFMD.

Prospective investors will, therefore, benefit from any rights in the AIFMD in respect of which Foresight is obliged to comply. As an AIFM, Foresight is required to manage the Foresight Inheritance Tax Fund in accordance with AIFMD and must disclose certain prescribed information pursuant to Article 23 of AIFMD and the FCA Rules (FUND 3.2.2). Your attention is, therefore, drawn to the disclosures on pages 41 to 44.

**The Foresight Inheritance Tax Fund is classified as a retail investment product and does not constitute an unregulated collective investment scheme under FSMA.**

Your attention is drawn to the key risks set out on page 25 and the detailed risk factors set out on pages 27 and 28 which should be carefully considered. The value of your investment in the Foresight Inheritance Tax Fund could go down as well as up and should be considered a long-term investment. Investing in unquoted shares may expose you to a significant risk of losing all the money you invest. Furthermore, unquoted securities may be difficult to sell. You should consider carefully the suitability of an investment in small to medium-sized unquoted companies. Tax reliefs are dependent on individual circumstances and any reference to tax laws or levels in this document is subject to change. Past performance is not a guide to future performance and may not be repeated.

Your application will be subject to your financial intermediary certifying that your participation in the Foresight ITS meets your objectives, that you have the expertise, experience and knowledge to understand the risks and that you are able to bear the associated risk involved in participating in the Foresight Inheritance Tax Fund. Investors who do not have financial intermediaries who will provide this confirmation will not be able to participate in the Foresight ITS.

Nothing in this document should be regarded as constituting legal, taxation, investment or other advice and prospective investors are advised to consult their own professional advisers before contemplating any investment.

Any decision to invest in the Foresight Inheritance Tax Fund through the Foresight ITS should be made on the basis of the information contained in this document.

For further information on our terms of business, please see the Customer Agreement on pages 32 to 39 and the separate Application Form relating to this Investor Guide and Customer Agreement.

This document does not constitute and may not be used for the purposes of an offer or invitation to any person in any jurisdiction outside the UK.

This document and the information contained in it are not for publication or distribution to persons outside of the UK. This promotion does not constitute a public offering in the UK. Foresight has taken all reasonable care to ensure that all the facts stated in this document are true and accurate in all material respects and that there are no other material facts or opinions which have been omitted where the omission of such would render this document misleading. All statements of opinion or belief contained in this document and all views expressed and statements made represent Foresight's own assessment and interpretation of information available to them as at the date of this document. No representation is made, or assurance given, that any statements, views or forecasts are correct or that the objectives of the Foresight ITS will be achieved. The information in this document was produced in December 2022 and may not be current.

Foresight is covered by the Financial Services Compensation Scheme (**FSCS**). The FSCS may pay compensation to qualifying investors in the event that investors have a qualifying claim against Foresight, and Foresight is unable to meet its obligations. The maximum sum of compensation payable under the FSCS is currently £85,000 per investor.

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# Welcome to Foresight Group, one of the UK's most experienced managers of tax-efficient investments.

At Foresight, we understand that investors want simple solutions to their Inheritance Tax (**IHT**) problems. The Foresight Inheritance Tax Solution (**Foresight ITS**) has been designed to offer simplicity and flexibility, while investing sustainably to protect future generations.

Foresight Group is committed to investing for a smarter future. Established in 1984, we are a sustainability-led alternative assets and SME investment manager with £8.4 billion of assets under management. Foresight Group has attracted more than 28,000 private investors and over 200 institutional investors from around the world.

## Introduction

Foresight ITS uses the benefits of Business Relief (BR) to improve your chances of successful IHT mitigation.

**The Foresight Inheritance Tax Fund was established ten years ago to provide a stress-free approach to estate planning. Investments in the Foresight Inheritance Tax Fund can currently be made through the Foresight ITS and/or the Foresight Accelerated Inheritance Tax Solution (Foresight Accelerated ITS).**

The Foresight ITS is intended to provide IHT mitigation after two years of investment. We achieve this by investing in shares that should qualify for BR, which renders shares exempt from IHT after being held for two years.

We believe the Foresight ITS represents an attractive investment opportunity. The portfolio of underlying assets and trades consists of:

1. a diversified range of underlying investments focused on infrastructure businesses and other trades that benefit from some or all of the following characteristics:
  - contracted revenues;
  - managed risk; and
  - low correlation to equities; and
2. an attractive mix of asset classes that currently includes, but is not limited to, renewable energy, energy production and storage, forestry, fibre broadband and secured lending.



*Over the next few pages we hope to answer some of the questions you might have about IHT and we explain how the Foresight ITS works.*

**Or call 020 3667 8199  
Email: [sales@foresightgroup.eu](mailto:sales@foresightgroup.eu)**



*Diversification  
across sustainable  
infrastructure*



# Planning for Inheritance Tax



**£ 5.4 billion**

**in IHT receipts to HMRC in financial year 2020/2021**

Source: HMRC

**With the number of estates becoming liable to IHT increasing year-on-year, it is no surprise that more and more people are looking for a solution. In 2020/2021, HMRC receipts for IHT generated £5.4 billion for the Treasury. Projections are for receipts to increase in the future.**

Everyone has a tax-free allowance called the Nil Rate Band. The Nil Rate Band is currently £325,000 (or £650,000 for a married couple or civil partners when taken together) and will remain frozen at this level until 2026.

Alongside this Nil Rate Band, the Residence Nil Rate Band provides an additional tax-free allowance of £175,000 (or £350,000 for a married couple or civil partners when taken together) when the estate includes a family home that is being passed to lineal descendants.

Estates valued above these allowances could be liable for IHT at the rate of 40% on death. What is more, estates valued at more than £2 million will lose the Residence Nil Rate Band at a rate of £1 for every £2 above the £2 million threshold.

**“Your estate could become liable to a 40% IHT bill when you die.”**

## Solutions

There are several measures that you could consider to reduce the impact of IHT on your estate. Here are two popular solutions:

### 1 Gifting and trusts

Gifts typically take seven years before they are fully exempt from IHT. In general, you must survive seven years from the date of your gift to reduce the value of your estate for IHT purposes. In addition, setting up a trust or making a gift usually means losing access to, and a degree of control over, your money.

### 2 Investing in shares that qualify for Business Relief

Provided that you hold qualifying shares for two years after your investment, your shares become exempt from IHT. You keep access to, and remain in control of, your investment. Because you have to survive just two years, the chances of you mitigating IHT successfully are enhanced. This provides much greater peace of mind.



You have worked hard all your life. It's understandable that you'd like to pass on as much wealth as you can.

IHT can significantly reduce the estate that you leave to your beneficiaries. Planning for IHT is something everyone should consider, even those with modest estates. The larger the estate, the greater your need to plan.



# Introduction to Business Relief

## What is Business Relief?

Business Relief (BR) was introduced in 1976 by the UK Government. The tax relief provides an incentive to invest in certain types of trading businesses.

## What qualifies for BR?

BR is available on:

- unquoted and AIM listed shares;
- qualifying trading businesses;
- an interest in a business or a partnership; and
- land, buildings, plant and machinery when utilised in a qualifying trading business.

The Foresight ITS invests on your behalf in shares that are expected to qualify for BR. Provided that the shares continue to be held after a minimum of two years, they should not be subject to an IHT liability.

Your attention is drawn to the section headed 'How it Works' on page 11 and the risk factors on page 28 under the heading 'Tax Implications'.

## What are the benefits of BR?



**Access and Control:** you maintain access to and control of your investment.



**Speed:** a route to IHT exemption in just two years.



**Efficiency:** BR qualifying assets do not impact your Nil Rate Band, maximising your IHT shelter.



**Diversification:** can complement other forms of IHT planning.



**Succession:** in most circumstances, passing a qualifying BR asset to a beneficiary will mean this asset is free from IHT in their hands.



**Well-established:** BR legislation was introduced in 1976 and is now over 45 years old.

Case Study

Mrs Collins has £100,000 available for investment. We assume that the shares acquired for Mrs Collins remain valued at £100,000 at the time of death\*. The investment would be fully chargeable to IHT because all allowances are fully utilised by other assets within Mrs Collins' estate.

Current situation with  
*no BR planning*



With BR planning  
*after two years*



IHT SAVING  
=  
**NIL**



IHT SAVING  
=  
**£40,000**

\*The value of an investment can go up and down, and will be subject to product charges. The value of an investment being maintained or increasing is not guaranteed.

## How it Works

### The Foresight ITS invests in shares of unquoted trading companies that are expected to qualify for BR.

#### Your investment

When you subscribe to the Foresight ITS, we will use your subscription amount, less initial Foresight charges and any initial charges you have agreed with your adviser, to acquire shares in one or more trading companies on your behalf. The number of shares acquired will be rounded down to the nearest whole number of shares. The actual price paid for the number of shares capable of being acquired will be your 'Net Investment Amount'. To be clear, by 'investment' we mean the date shares are acquired, not the date of your signed application form nor the date we receive, process or accept your application. We invest across a range of underlying trades, including infrastructure and energy, to ensure you have a diversified portfolio of underlying investments. We make investments in shares that we expect to qualify for BR.

Once you have held your shares for two years, they should be exempt from IHT.

#### Making a withdrawal

As with any shareholding, should you wish to access your investment, you can request that some or all of your shares are sold, subject to liquidity. Any withdrawal reduces the value of your investment.

Withdrawals will generally be made through a disposal of shares. We will do our best to process withdrawals in as tax-efficient a manner as possible at the time, typically with a capital gains tax treatment, but withdrawals, and their tax treatment, cannot be guaranteed. In certain circumstances, withdrawals may be facilitated by share

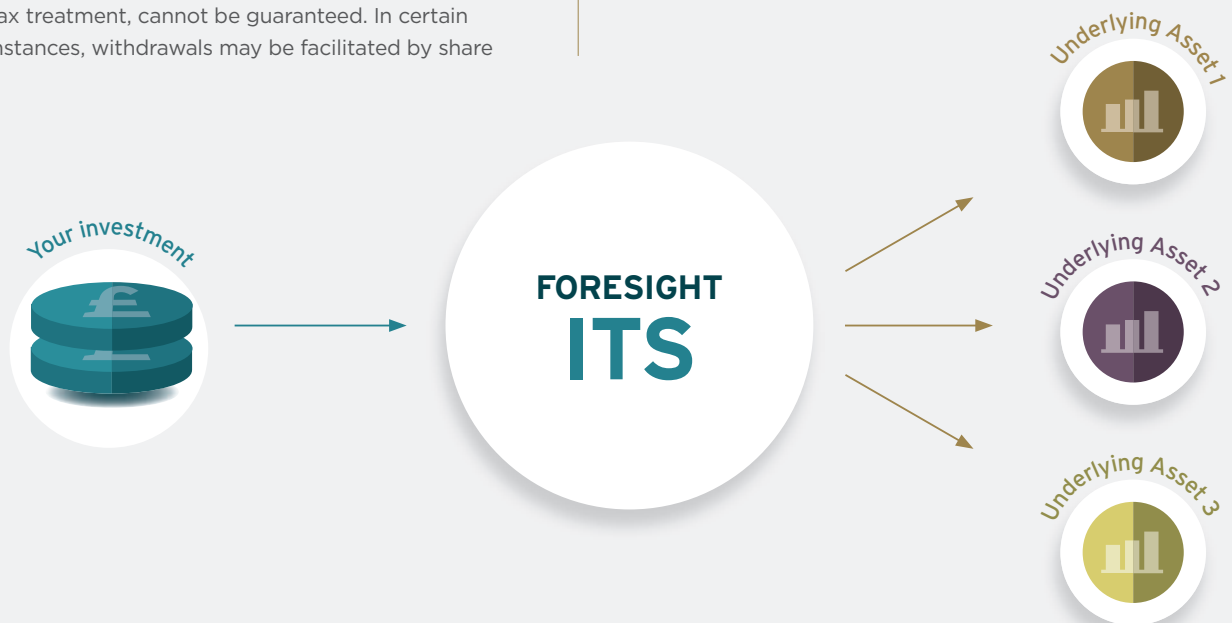
buy backs, in which case the growth will be subject to income tax. Remember that the IHT shelter will be lost on the amount withdrawn and the value of the investment will similarly be reduced.

#### Liquidity

Liquidity for withdrawals is targeted within one month from receipt of written instruction. Investments in unquoted companies, by their nature, have limited liquidity. There is, therefore, no guarantee that withdrawals can be paid when requested or within the targeted timescales.

#### HMRC probate period

If requested, Foresight can sell down the proceeds of a Foresight ITS investment and pay them directly to HMRC during probate as either a partial or a full settlement of any residual IHT liability.



## What happens after you invest?



### STEP 1

#### APPLICATION

You and your authorised financial intermediary consider whether an investment in the Foresight Inheritance Tax Fund through the Foresight ITS is suitable, complete the Application Form and Adviser Certificate and send it to the Receiving Agent with your cheque or confirmation that you have made a bank transfer.

**You and your authorised financial intermediary should be aware that failing to complete the Application Form fully and provide any information required for anti-money laundering checks could delay the application process.**

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### STEP 2

#### ACKNOWLEDGEMENT

Your Application Form will be processed and, provided it is accepted, we send you and/or your financial intermediary a letter confirming acceptance of your application. Due to the necessary anti-money laundering checks, under certain circumstances the acknowledgement period may extend beyond five days.

Your 14-day 'cooling-off' period starts on the date of acceptance.

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### STEP 3

#### INVESTMENT

We deduct any upfront charge you have asked us to pay to your financial intermediary and our own initial charges. We then invest the Net Investment Amount in shares.

We send you a Welcome Pack confirming the investment date, the Net Investment Amount and the date on which the investment should become IHT exempt. We will also send you an opening statement.

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### EVERY 6 MONTHS

#### REPORTING

We send you an update on the portfolio of underlying investments and a valuation statement.

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### 2 YEARS

#### SECOND ANNIVERSARY

On the second anniversary of your investment, your investment should become an exempt asset for IHT purposes\*.

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### ON DEATH

#### YOUR PERSONAL REPRESENTATIVES NOTIFY US OF YOUR DEATH

Your personal representatives will provide us with an original or certified copy of the death certificate in order for us to transfer the shares to your beneficiaries or, if possible, realise the investment.

\*Transfer of shares after two years may have adverse tax consequences. Please see paragraph 5 under the heading 'Tax Implications' on page 28.

# How it Works

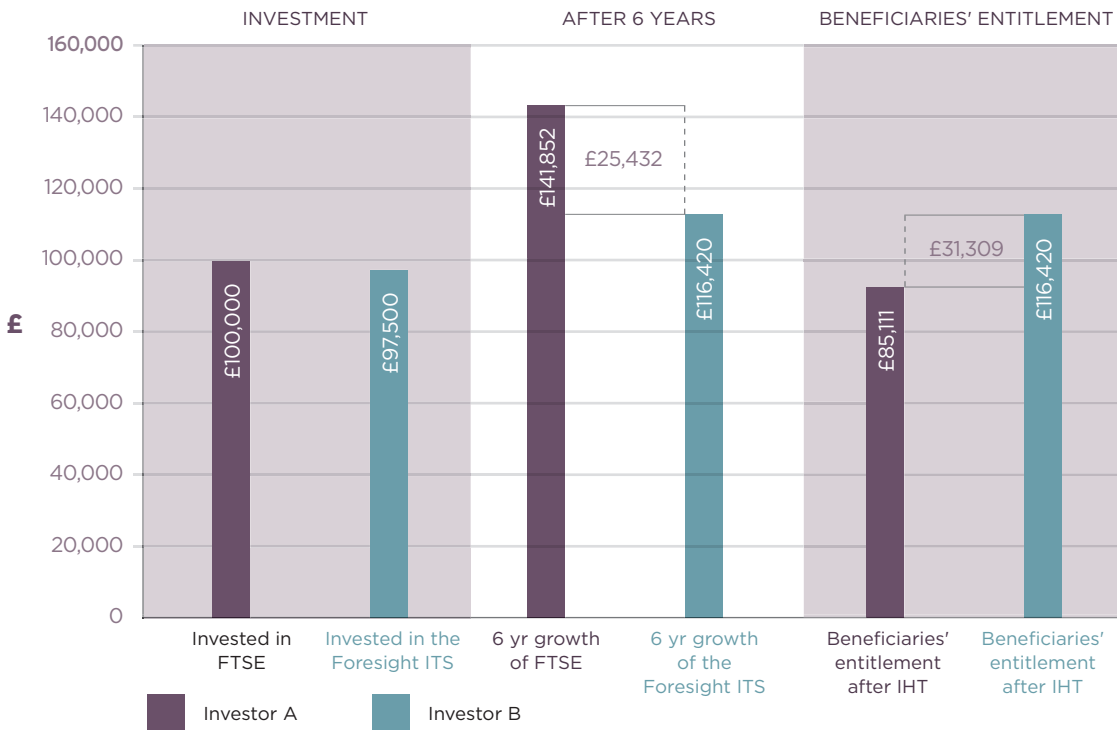
## Illustration of Business Relief

In the illustration below, Investor A is assumed to have invested £100,000 (after costs) in the FTSE All Share (FTSE) which does not qualify for BR and which for the purposes of this illustration delivers an average annual return of 6.0% (with the return represented by capital appreciation of the shares) while Investor B invests the same amount into Foresight ITS which becomes £97,500 after the deduction of the 2.5% initial charge, and which, again for the purposes of this illustration, delivers a return of 3.0% per annum (with the return similarly represented by capital appreciation of the shares) and which qualifies for BR.

After two years Investor B's investment in Foresight ITS qualifies for exemption from IHT, whilst Investor A's investment in the FTSE remains liable for IHT.

Hence, if death were to occur six years after the original investment of £100,000, although the beneficiaries of Investor A would have seen the investment in the FTSE grow to £141,852, they would receive just £85,111 after IHT at 40% is applied (assuming no other reliefs are available). Whereas for the beneficiaries of Investor B, the investment in the Foresight ITS would have grown to £116,420, which would be realisable in full since the investment qualified for BR after two years and, as such, is exempted from IHT liability. The beneficiaries of Investor B in this example, therefore, receive £31,309 more than the beneficiaries of Investor A despite the assumed lower return.

Note: The returns shown above and below are set out for illustrative purposes only to reflect the effect of BR qualification and no forecast or projection is implied or should be inferred. The value of an investment can go down as well as up.



### Assumptions

- The Foresight ITS investment assumes a return (after all costs and expenses including the Foresight initial charge of 2.5%) of 3.0% per annum (this being the lower end of the target return range); the FTSE All Share investment assumes an average 6.0% return per annum after all charges.
- No other reliefs are available for investors, such as the NRB; the FTSE All Share and the Foresight ITS investment assume that the NRB has already been fully utilised. The FTSE All Share investment is, therefore, subject to IHT at 40%. Investment in the Foresight ITS is not subject to IHT once held for two years.



## Underlying Investments

The Foresight Inheritance Tax Fund invests in infrastructure businesses and other trades that have a number of attractive characteristics for investors.

Foresight will invest your money in shares in one or more trading companies, each of which own a number of trading businesses, that are expected to qualify for BR.

Our principal objective is the long term stability of investors' capital value and returns. Investments are principally made in businesses that offer a combination of stable and predictable cash flows, low correlation to economic, business and market cycles and relatively low default rates. These companies tend to have significant real asset bases, limited technology risk and good operating margins, often trading in large markets with strong counterparties.

We place an emphasis on these areas to minimise the risk to capital and to deliver stable returns.

### Co-investment

We may co-invest funds from the Foresight ITS alongside other funds managed by Foresight Group and/or introduce other third-party co-investors to opportunities. The decision as to allocation and co-investment will be at our sole discretion, but subject to our internal conflicts and allocation policies.

### Typical Features of Underlying Investments

Trades that benefit from some or all of the following characteristics:

**Contracted revenues:** Long-term, often inflation-linked cash flows supported by government subsidies.

**Risk management:** Achieved by one or more of asset backing, regulation, counterparty strength, protected/monopolistic market or contracts.

**Low correlation to equity markets:** Returns not affected by stock market volatility.

### Target Return

The Foresight Inheritance Tax Fund targets an annual return of 3.0% – 4.5%, net of all Foresight charges.

This is delivered through a combination of income and capital growth from the underlying assets, and offers the potential for inflation-correlated returns, while allowing for the conservative risk mandate preferred by our investors.

### Foresight Inheritance Tax Fund Sustainability Statistics

**Underlying wind, bioenergy & solar assets produce 434 GWh of clean electricity annually**

**That's enough to power 149,575 UK households for a year**

**The carbon saved is equivalent to 57,284 people taking round-the-world flights**

The Foresight Inheritance Tax Fund portfolio has a range of underlying investments, which is diversified, UK focused and cash generative, currently including:



Wind



Reserve Power



Solar



Secured Lending



Forestry



Biomethane Refuelling



Fibre Broadband



Battery Storage



Private Finance Initiative (PFI)



Bioenergy



District Heating



Liquid Assets





# Why Foresight?

## Three reasons why you should consider sheltering your assets through the Foresight ITS.

### 1 Global Infrastructure and Real Asset Specialist

Since 2008, Foresight Group has completed c.340 energy and infrastructure investments and currently manages a global portfolio with a total generating capacity of 3.1 Gigawatts - enough to provide the electricity for nearly 1.6 million UK households for a year. Foresight Group's Infrastructure team's investment strategies primarily focus on investment in solar and onshore wind assets, bioenergy and waste, renewable energy enabling projects (such as flexible generation and battery storage), geothermal heat, energy efficiency management solutions, social infrastructure projects and sustainable forestry assets.

Foresight Group is one of the most experienced infrastructure real asset investment managers in the BR industry, having raised over £1 billion to date.

Foresight Group's award-winning investment teams are comprised of over 100 specialists who are based in the UK, Spain, Italy, Australia, Germany and Luxembourg, providing extensive networks and in-depth sector experience required to source, acquire and develop high quality energy infrastructure investments.

Foresight Group uses the same investment managers to deploy both its retail and institutional funds. This means that retail investors can benefit from the knowledge and expertise of Foresight Group's large and highly experienced investment teams which have met the stringent criteria set by institutional investors.

### 2 Institutional Investment Pedigree

**Foresight Group manages over £5 billion for more than 200 institutional investors to invest in the same sectors and strategies as its retail funds.**

To gain institutional investments, Foresight Group is subject to thorough and lengthy due diligence procedures, which can cost hundreds of thousands of pounds for those institutions. Institutions do not benefit from tax relief on their investments, so they select a manager based entirely on the returns the manager targets and the risks that it takes to achieve them. It is only by these measures that institutions choose Foresight Group.

### 3 Sustainable and ESG Focused Investment Management

**Foresight Group is committed to investing sustainably and delivering a net social and/or environmental benefit through its investment activities.**

Sustainability and ESG lie at the heart of Foresight Group's investment activities. In order to uphold its position in a global network of companies focused on addressing the sustainability challenge, Foresight Group measures itself against international initiatives and leading industry standards. The UN Sustainable Development Goals used are a universally accepted framework for the reporting of sustainable impact, while Foresight Group has been a signatory to the Principles for Responsible Investing since 2013 and the UN Global Compact since 2019.





“ *The Foresight Inheritance Tax Fund targets a diversified range of underlying assets with predictable return profiles that have low correlation with equity markets.* ”

**Nick Morgan**  
Partner

## About Foresight Group

Foresight Group was established in 1984 and now manages money for more than 28,000 private investors and over 200 institutional investors, including some of the world's leading financial institutions, government organisations, pension funds and insurance companies.

Foresight is a sustainability-led alternative assets and SME investment manager, whose parent company, Foresight Group Holdings Limited, is listed on the London Stock Exchange.

With 12 offices across six countries, Foresight Group is a global business with well established local connections.

Through three core investment strategies, Infrastructure, Private Equity and Foresight Group Capital Management, Foresight Group targets attractive returns from hard-to-access private markets for institutional and private investors. At the crux of Foresight Group's approach, is the alignment of its investment strategies to the key themes shaping societies and the planet for future generations.



**£8.4 billion**  
**Assets under Management**

on behalf of leading institutional and private investors



**200+**

institutional investors including Blackrock, the European Investment Bank and Legal & General

SHARES IN  
**FORESIGHT GROUP HOLDINGS LIMITED**

began trading on the Main Market of the London Stock Exchange in February 2021

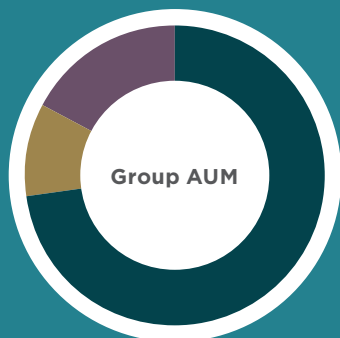
FORESIGHT GROUP HOLDINGS LIMITED WAS

**AWARDED THE GREEN ECONOMY MARK ON IPO**

This recognises companies that derive 50% or more of their revenues from environmental solutions



### FORESIGHT GROUP



**£8.4bn**

AUM  
31 December 2020: £6.8bn

#### INFRASTRUCTURE

**72.6%**

#### PRIVATE EQUITY

**9.5%**

#### FORESIGHT CAPITAL MANAGEMENT

**17.9%**

Source: Foresight Group as at 31 December 2021 (approximate figures)



## About Foresight Group

Sustainability lies at the heart of Foresight Group's business. We believe that investing responsibly, seeking to make a positive social and environmental impact, is critical to long-term success.



### What do we mean by sustainability?

Meeting the needs of the present without compromising the ability of future generations to meet their own needs.

### Foresight Group's commitment to sustainability

**Our mission, investing for a smarter future, requires us to develop and execute investment strategies that are underpinned by long-term thinking and analysis of the macro-trends shaping our world.**

Furthermore, it requires us to invest in a manner that supports long-term economic growth and social development, creating a sustainable legacy for future generations.

Environmental, social and governance (ESG) values form an integral part of Foresight Group's day-to-day decision making, investment management and asset management.

### Foresight Group sustainability statistics (for the 2021 year)

*c.340 infrastructure assets globally*

**3.1 GW**

*of total generating capacity*

*Which offset*

**over 3.5 million tonnes of CO<sub>2</sub> emissions**

*in 2021*

*That's enough to power*

**nearly 1.6 million UK households**

*for a year*



**As part of our commitment to sustainable and responsible investment, Foresight Group has long been an active supporter of the following global initiatives:**

## UN Global Compact

Founded in 2000, the UN Global Compact is the world's largest voluntary corporate sustainability initiative. The UN Global Compact advances transparency and accountability across all areas of business operations and has established Ten Principles on Human Rights, Labour Rights, the Environment and Anti-Corruption. As a member, Foresight Group is committed to investments that advance these objectives.

In 2021, Foresight Group published its inaugural Communication on Progress, describing its actions to advance the Ten Principles of the UN Global Compact and outlining how the Principles have been integrated into its business activities and day-to-day operations. The full report can be found at [www.foresightgroup.eu](http://www.foresightgroup.eu)






## Principles for Responsible Investment

Foresight has been a signatory to the Principles for Responsible Investment (PRI) since 2013. PRI is a globally recognised voluntary framework concerned with the incorporation of ESG considerations into the investment decision making process. It provides a basis for potential and existing investors to judge the quality of a company's ESG processes and positioning within an industry sector.

Foresight Group has committed to submitting an annual assessment that grades the business's performance across different modules. In 2020, Foresight Group scored A+ in Strategy and Governance, A+ in Infrastructure and A in Private Equity.

## UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are a set of 17 goals for sustainable development to be achieved by 2030. They recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection and job opportunities, while tackling climate change and environmental protection too. Foresight has considered the performance of the assets in which the Foresight Inheritance Tax Fund has invested against these SDGs and believes that they have directly contributed to the following targets:

Goal	SDG Target	Contribution <sup>1</sup>
	<b>3.9</b> Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	Foresight Inheritance Tax Fund assets enabled pollutant savings of: - <b>342,564 tonnes of CO<sub>2</sub>e saved</b> vs the equivalent <b>amount of coal-fired generation</b> - <b>234 tonnes of NOx</b> (Nitrous Oxide) - <b>172 tonnes of SOx</b> (Sulphur Dioxide) - <b>4 tonnes of PM10</b> (µm10 Particulate Matter) - <b>2 tonnes of PM2.5</b> (µm2.5 Particulate Matter)
	<b>7.2</b> Increase substantially the share of renewable energy in the global energy mix.	Foresight Inheritance Tax Fund assets produced: - <b>434 GWh</b> of renewable energy - Enough electricity <b>to power 149,575</b> homes for a year
	<b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	Foresight Inheritance Tax Fund assets added: - <b>299 MW</b> of renewable generation capacity to the grid
	<b>13.3</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Foresight Inheritance Tax Fund renewable generation assets raise awareness and improve human capacity for climate change mitigation
	<b>15.5</b> Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.	Contributing to the avoidance of fossil fuel use, Foresight Inheritance Tax Fund assets saved: - <b>37,297 tonnes of Oil Equivalent (TOE)</b> - <b>53,281 tonnes of Coal Equivalent (TCE)</b>

Data for 1 January 2021 – 31 December 2021. Calculation methodologies are available on request.





# Charges

## A simple charging structure

### Initial Charges

#### 1. Initial Adviser Charge

An investor can specify on the Application Form the amount of any up-front adviser charge agreed with a financial intermediary in connection with the Foresight ITS. We will deduct such charge from the amount subscribed and facilitate payment to the financial intermediary.

#### 2. Foresight Initial Charge

The Foresight ITS is subject to an initial charge of 2.50% payable to the Promoter which will be deducted from the amount subscribed. This charge will not apply to any amount deducted to facilitate payment of adviser charges.

### Ongoing Charges

#### 1. Administration Charges

We will charge an annual administration fee to the companies in which the Foresight Inheritance Tax Fund directly invests. In respect of each investee company, the annual administration fee will be an amount equal to 2.00% plus VAT per annum of the investee company's net asset value calculated quarterly (before the deduction of any administration and Foresight Accelerated ITS management charges) at the end of the investee company's relevant quarter.

The administration fee is an 'all inclusive' fee for the regular services that Foresight Group may provide to investee companies. It includes all company secretarial, administration, deal and arrangement services to an investee company, and related costs. It does not include the normal trading and operational costs of an investee company group, nor any fees and costs in relation to independent directors, audit, legal, stamp duty and exceptional items.

#### 2. Ongoing Adviser Charges

An investor can also specify in the Application Form the amount of any ongoing charges they have agreed with their financial intermediary in connection with the Foresight ITS. We will effect a withdrawal from the investor's investment and facilitate payment to the financial intermediary. The withdrawal will generally be effected through a disposal of part of the investor's holding in shares. See details on page 11 in relation to taxation consequences and other implications of withdrawals.

#### 3. VAT

All fees and charges are stated exclusive of value added tax, if applicable.

Fees and charges paid by the investee companies in which the Foresight Inheritance Tax Fund invests will be subject to applicable VAT and any irrecoverable VAT will reduce the value of an investor's Portfolio.

Amounts requested for facilitation in respect of initial or ongoing adviser charges will be assumed to include any applicable VAT.

### Further Details

Further details on how initial and ongoing charges are calculated and paid can be found in clause 6 of the Customer Agreement on pages 34 and 35.

## Key Risks

The Foresight ITS might not be suitable for all investors and we recommend that those considering making an investment through the Foresight ITS should seek independent tax and financial advice. Foresight is not able to provide advice about whether this investment opportunity is suitable for you.

Foresight believes that the following eight key risks apply to an investment in the Foresight Inheritance Tax Fund through the Foresight ITS. Further details of these and other risks are set out in pages 27 and 28.

It is important that you read and that you understand fully all the risks involved with an investment of this nature to decide whether it is right for you. You should not commit to invest any more than you can afford to lose.

1

### Performance

The value of an investment may fall as well as rise and you may lose some or all of your investment. Past performance is not a guide to future performance and there is no guarantee that a return will be achieved.

2

### Liquidity

The investment should be considered a long-term investment and, in the event of a withdrawal, it may be difficult or impossible to realise your investment in whole or part.

3

### Tax Relief

If your investment is not held for at least two years you will lose the IHT relief. If you sell or withdraw any of your holding after two years, you will lose the IHT relief on the amount withdrawn and retain IHT exemption only on your remaining investment. Tax regulations are also subject to change.

4

### Diversification

Your investment may only be in one or two companies whose activity is predominantly focused on limited sectors and, accordingly, the diversification of your Portfolio may be restricted.

5

### Conflicts of Interest

Companies in which the Foresight Inheritance Tax Fund invests might deal with funds managed by or connected with Foresight Group and the outcome of investment decisions may, on occasion, be more beneficial to one or more of such parties than others.

6

### BR Qualification

There is no guarantee that your investment will remain a BR qualifying investment and, if it ceased to be a qualifying investment, IHT relief would be lost.

7

### Economic Conditions

Economic and global political uncertainty, including the continuing impact of Brexit, the COVID-19 Pandemic and the Ukraine/Russia related geopolitical crisis, could impact on the level of economic growth and the business earning capability of companies in which the Foresight Inheritance Tax Fund has invested or may invest.

8

### Climate Change

Companies in which the Foresight Inheritance Tax Fund invests may be adversely affected by the effects of climate change (and change of UK and global policies in relation thereto).



# The Risks in Detail

The Foresight ITS might not be suitable for all investors and we recommend that anyone considering making an investment through the Foresight ITS seeks independent tax and financial advice before they commit. Foresight is not able to provide advice about whether this investment opportunity is suitable for you.

## THE RISKS IN DETAIL

The risks and uncertainties described below are not the only ones investors who participate in the Foresight ITS may face. Additional risks not currently known to Foresight, or which Foresight currently believes are not material, may also adversely affect the performance of investments made through the Foresight ITS.

## PERFORMANCE

1. Foresight cannot guarantee any targeted level of returns, since the level of returns that will be generated by your Portfolio will depend on the performance of the underlying assets. There is no guarantee that the assets will perform or that external factors will not hamper performance.
2. The value of an investment through the Foresight ITS may fall as well as rise and investors may not get back the full amount invested. In the event that the value of an underlying asset of a company in which investments through the Foresight ITS are made is adversely affected, it may not be possible for that company to recover all of the money that has been utilised and investors may therefore lose some or all of their investment. Investing in unquoted shares may expose you to a significant risk of losing all the money you invest. There is no guarantee that the valuation of an investment (from time to time) will fully reflect its underlying value or that it can be sold at that valuation.
3. The past performance of investments made by Foresight Group is not a guide to the future performance of the Foresight ITS.

4. Foresight has been appointed as the investment manager of the Foresight Inheritance Tax Fund and is dependent on certain key individuals and on their business and financial skills. The success of the Foresight ITS will depend upon the ability of Foresight to retain such individuals and to identify, source, select, complete, and monitor appropriate investments in respect of the Foresight Inheritance Tax Fund.

## QUALIFYING COMPANIES AND UNDERLYING INVESTMENTS

1. The Foresight Inheritance Tax Fund targets investments in companies which are reasonably believed to qualify for BR. However, Foresight cannot guarantee that any investment will remain a qualifying investment at all times. In the event that a company in which an investment through the Foresight ITS is made ceases to be a qualifying investment, BR would be lost.
2. Whilst investments through the Foresight ITS are sought to be made in companies which offer predictable cash flows and low correlation to equity markets, including infrastructure assets such as solar power plants, onshore wind and reserve power plants, investment in unquoted companies by its nature involves a higher degree of risk than investment in companies listed and/or traded on a regulated market. Infrastructure investments are particularly susceptible to fluctuations in energy prices and demand, as well as the availability and pricing of raw materials.
3. In certain circumstances, a company in which an investment through the Foresight ITS is made, directly or indirectly, might take out insurance to mitigate particular risks that they are exposed to but in the unlikely event that the insurer becomes bankrupt or for any other reason does not pay a claim, investors could lose some or all of their investment.
4. Companies in which investments through the Foresight ITS are made may have leverage that ranks in priority to the investor's investment in the company. This may increase the exposure to adverse economic factors such as rising interest rates and

downturns in the economy, which in turn will have an adverse impact on the investment. While such leverage may increase returns or the funds available to the investee company, if it defaults on any indebtedness, the entire investment in the company could be lost.

5. General market risks, including inflation rate increases, real or perceived unfavourable market conditions, market volatility, movements in interest rates, spending cuts, changes in domestic and international economic conditions, the continuing impact of Brexit, the COVID-19 Pandemic and the Ukraine/Russia related geopolitical crisis, and physical climate change risks may impact the level of economic growth and the business earning capability of companies in which the Foresight Inheritance Tax Fund has invested or may invest. This could result in changes to the availability of materials or services required by, or demand for products or services offered by, companies in which investments through the Foresight ITS may be made, as well as such companies being subject to onerous contracts, competition, litigation, political and natural events, changes in governments, economic, political, fiscal or monetary policies, taxation (particularly in relation to IHT and BR) and other laws and regulations (including in connection with Brexit) and acts of war and terrorism, any of which could have an adverse effect on the value of the investment and any follow-on investments.
6. Companies in which the Foresight Inheritance Tax Fund invests may be adversely affected by the effects of climate change (and change of UK and global policies in relation thereto).

## LIQUIDITY

1. Investments in unquoted companies, by their nature, have limited liquidity compared to companies that are listed and/or traded on a regulated market as there is no available public market for them. As a result, it may be difficult or impossible to realise your investments if you decide to terminate the Customer Agreement or make a withdrawal. You must, therefore, be able and willing to accept such risk and illiquidity.

2. Although we will endeavour to implement withdrawal requests, there is no guarantee that withdrawals will be paid when requested or that investment monies will be returned within any targeted timescales after receipt of the written request. Factors such as difficulties in realising underlying investments, a higher than anticipated volume of requests for withdrawal and changes in legislation could all result in there being insufficient liquidity to satisfy withdrawal requests and the process for returning monies could be much longer than anticipated. The same risks apply in relation to termination.

3. Any withdrawal, whether regular, one off or to facilitate adviser charges, will reduce the value of your Portfolio, reducing the IHT shelter and eroding future returns.

## TAX IMPLICATIONS

1. To obtain the tax reliefs set out in this Investor Guide, the personal representatives of an investor's estate will need to complete and file the necessary probate returns for assessment by HMRC and no guarantee is made that any such assessment will result in relief being granted.
2. Statements in this Investor Guide regarding taxation and tax reliefs are based on our interpretation of current UK legislation. This interpretation may not be correct. Tax legislation, rates of tax, tax benefits, reliefs and allowances are based on current legislation and HMRC practice which may change over time and are not guaranteed. A change in legislation, in addition to reducing the tax benefits provided by investments through the Foresight ITS, may also make the underlying investments difficult to sell, particularly in the short term.
3. Tax treatment also depends on individual circumstances and you should seek input from your professional advisers about whether investments through the Foresight ITS are suitable for your circumstances.
4. To qualify for BR the shares will need to be held for at least two years, and any withdrawal from a Portfolio, whether as a drawdown to the investor or payment of charges to the investor's authorised financial intermediary, will reduce the value of the investment qualifying for BR.

5. In addition to the requirement to hold the shares for a minimum of two years, if you transfer the shares during your lifetime, whether to an individual or to the trustees of a discretionary trust or to some other entity, there will be a retrospective clawback of BR claimed on the transfer if the transferee does not hold the shares for at least the shorter of (i) seven years and (ii) the remainder of your life.
6. The two-year holding period required for the investment potentially to qualify for BR starts when qualifying shares are purchased. Typically shares will be acquired under the Foresight ITS within two calendar months of applications being accepted. However, this cannot be guaranteed. Any delay in acquiring shares will, therefore, delay the date of potential IHT relief.
7. Foresight will assume that all investments are new investments (i.e. are not replacement property for other 'relevant business property' which qualifies for BR) requiring a full two year holding period for BR and will report to you on this basis. If your investment in the Foresight Inheritance Tax Fund through the Foresight ITS is replacement property, it will be your responsibility to assess your holding period for BR and whether any transfer prejudices any prior holding period, and no responsibility is taken by Foresight in this regard.

## DIVERSIFICATION

1. Foresight will aim to invest your money into BR qualifying shares. These shares may only be in one or two companies whose activity is likely to be predominantly focused on the infrastructure sector and related investments. As a result, diversification may be limited and you should consider whether this works in the context of your overall portfolio, seeking advice from your authorised financial intermediary as necessary.

## CONFLICTS OF INTEREST

1. Companies in which the Foresight Inheritance Tax Fund invests might deal with funds managed by Foresight Group or entities in which Foresight Group and funds managed by Foresight Group are interested, including as shareholders or lenders. Foresight Group may also receive arrangement fees and monitoring and similar fees in relation to such entities.

2. All decisions made by Foresight for investors in the Foresight Inheritance Tax Fund through the Foresight ITS will comply with the objectives of the Foresight Inheritance Tax Fund. However, the outcome of those decisions may, on occasion, be more beneficial to one or more affected persons than others. Foresight has protocols in place to manage such conflicts.

3. Effective management of conflicts of interest is required under the FCA Rules. Foresight Group manages over 38 separate funds, many of which invest in private companies. Some of these funds may co-invest alongside each other and therefore a fair and transparent allocation policy is required. To the extent that Foresight Group is conflicted in its management of individual or multiple funds it declares the issue and discusses it with the relevant boards or advisory committees of the relevant funds.

4. Foresight's policy on conflict management is one of transparency from an early stage. This is set out in Foresight's management contracts, limited partnership agreements and compliance manual, and demonstrates Foresight's experience in managing conflicts of interest.

5. Foresight provides the board or advisory committee of each fund with a formal submission when a potential conflict of interest arises and this is managed and documented alongside normal investment management procedures. This submission outlines all relevant facts and any resultant decisions are made by the relevant board or advisory committee and Foresight's Compliance Officer is informed of every conflict. Foresight takes comfort in the robustness of its applied controls and mechanisms which are verified by an independent auditor. In addition, an independent auditor performs an external financial statement audit of the company or companies in which the Foresight Inheritance Tax Fund directly invests.

# Definitions

In this Investor Guide the following defined words and phrases are used:

## **Affiliate**

Any Foresight Group corporate body or entity and any member or director of any such corporate bodies or entities.

## **AIF**

An alternative investment fund for the purposes of AIFMD.

## **AIFM**

An alternative investment fund manager for the purposes of AIFMD.

## **AIFMD**

The Alternative Investment Fund Managers Directive (2011/61/EU), as transposed into UK rules and law, principally in the Alternative Investment Fund Managers Regulations 2013 (as amended) and the Investment Funds Sourcebook in the FCA Rules.

## **Applicable Rules**

Relevant European and UK legislation and rules and guidance issued by the FCA.

## **Application Form**

The Application Form provided with this Investor Guide or as otherwise approved by Foresight as an application form for the Foresight ITS, together with any addendum thereto.

## **Approved Bank**

A bank in the UK nominated or agreed with Foresight.

## **BR**

Business property relief within the meaning of section 105 of the Inheritance Tax Act 1984.

## **Business Day**

Any day (other than a Saturday or Sunday) on which banks in London are open for business.

## **Cash Custodian**

Woodside, acting in its capacity as custodian and administrator of cash within an investor's Portfolio.

## **COBS**

The rules of the FCA for regulating the conduct of business of authorised persons carrying on designated investment business as set out in the Conduct of Business Sourcebook comprised in the FCA Rules.

## **CRS**

The Common Reporting Standard.

## **Customer Agreement**

The Foresight ITS customer agreement between an investor in the Foresight ITS and Foresight in the form provided with this Investor Guide (as amended and supplemented, including as may be set out in the Application Form, from time to time).

## **Depository**

Any entity (which may be an Affiliate or a third party) whom We appoint to provide depository services in relation to the Foresight Inheritance Tax Fund, the current depository being NCM Depository Services Limited.

## **Depository Agreement**

The depository agreement entered into by, inter alia, the Depository and Foresight dated 23 January 2020 (as amended).

## **FATCA**

The US Foreign Account Tax Compliance Act.

## **FCA**

Financial Conduct Authority.

## **FCA Rules**

The Financial Conduct Authority handbook of Rules and Guidance.

## **Foresight, Us, We or Our**

Foresight Group LLP, a limited liability partnership registered in England and Wales under registered number OC300878 and having its registered office at The Shard, 32 London Bridge Street, London SE1 9SG.

## **Foresight Accelerated ITS**

The Foresight Accelerated Inheritance Tax Solution (this being the insured solution variant), first made available to investors by Foresight pursuant to an investor guide dated June 2016 and any replacement investor guide thereto from time to time.

## **Foresight Inheritance Tax Fund**

The Foresight ITS, the Foresight Accelerated ITS and any other inheritance tax solution variant launched by Foresight which it intends to manage collectively with the Foresight ITS and the Foresight Accelerated ITS.

## **Foresight Group**

Foresight Group Holdings Limited and any body corporate or entity directly or indirectly controlled by Foresight Group Holdings Limited, of which Foresight is a subsidiary undertaking.

## **Foresight ITS**

The Foresight Inheritance Tax Solution (being the non-insured solution variant), first made available to investors by Foresight pursuant to an investor guide dated July 2013 and any replacement investor guide thereto from time to time (including this Investor Guide).

## **FSMA**

The Financial Services and Markets Act 2000, as amended.

## **HMRC**

Her Majesty's Revenue & Customs.

## **IHT**

Inheritance tax.

## **Investor Guide**

This document.

## **Money Laundering Regulations**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended, updated and supplemented) within the guidance for the UK Financial Sector issued by the Joint Money Laundering Steering Group.

**Net Investment Amount**

The amount of the monies used to acquire shares for an investor's Portfolio (this being the amount subscribed by an investor in the Foresight ITS, less initial Foresight and initial adviser charges and less any excess amount resulting from the number of shares capable of being acquired being rounded down to the nearest whole number).

**Nil Rate Band**

The upper limit on the aggregate of relevant transfers of value by an individual, in life or on death, that qualify for inheritance tax at 0%, currently £325,000.

**Nominee**

Any entity (which may be an Affiliate or a third party) whom We appoint to provide nominee services in relation to the Foresight Inheritance Tax Fund.

**Portfolio**

An investor's portfolio of investments (including any uninvested cash) within the Foresight ITS which is managed in accordance with the investment policy as described in the Investor Guide pursuant to the Customer Agreement.

**Promoter**

Foresight Group Promoter LLP, a limited liability partnership registered in England and Wales under registered number OC421343 and having its registered office at The Shard, 32 London Bridge Street, London SE1 9SG (or such other entity designated by Foresight as the promoter for the purposes of this Investor Guide).

**Qualifying Investment**

Shares which qualify as relevant business property for the purposes of section 105 of the Inheritance Tax Act 1984.

**Receiving Agent**

Woodside, acting in its capacity as receiving agent in connection with applications and application monies received from investors in relation to Foresight ITS.

**Residence Nil Rate Band**

The additional tax-free allowance in relation to family homes as described on page 7.

**UK**

The United Kingdom of Great Britain and Northern Ireland.

**US**

The United States of America.

**Woodside**

Woodside Corporate Services Limited, authorised and regulated by the FCA under firm reference number 467652, and whose registered office is at 4th Floor, 50 Mark Lane, London EC3R 7QR.

**You or Your**

References to 'You', 'Your' shall be in respect of the relevant investor, or their personal representatives, if applicable.

**References to statutes, Applicable Rules and any other rules or regulations shall be taken to include any amendment re-enactment or regulations made thereunder for the time being.**

**Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.**



“ Take control of who benefits from the estate you’ve worked so hard, all your life, to create.





## Customer Agreement

# Customer Agreement

**We recommend that you take independent advice on this Customer Agreement. This Customer Agreement relates to the Investor Guide issued by Foresight dated December 2022 in connection with the Foresight Inheritance Tax Solution.**

## 1. Legal Status and Definitions

**1.1** This Customer Agreement constitutes the contract between You and Us appointing Us to constitute and manage Your Portfolio in accordance with the Investor Guide. By signing the Application Form You agree and/or confirm that:

**1.1.1** You have received, read and understood the Investor Guide and this Customer Agreement;

**1.1.2** Your investment will be managed and operated in accordance with and on the terms and conditions of the Customer Agreement;

**1.1.3** You have not relied on any statement, representation or warranty made or given by Foresight Group, other than those expressly set out in this Customer Agreement;

**1.1.4** You have sought independent advice in respect of Your investment in the Foresight Inheritance Tax Fund through the Foresight ITS;

**1.1.5** all information that You have provided to Us (or authorised to be provided to Us), including the information in Your Application Form, is true, accurate and complete in all material respects and You have not omitted any information which may be material to the services to be provided to You and any changes to information You have provided shall be notified to Us in writing as soon as reasonably practicable; and

**1.1.6** where You comprise two persons as joint investors, We shall be entitled to act on the instructions and directions of any one of such persons.

**1.2** Save as otherwise provided, definitions in the Investor Guide shall apply to this Customer Agreement.

## 2. Regulatory Status

**2.1** Foresight is authorised and regulated in the United Kingdom by the Financial Conduct Authority (FCA number: 198020) for the provision of investment management and advisory services.

**2.2** We shall act as manager of the Foresight Inheritance Tax Fund. You will be an investor in the Foresight Inheritance Tax Fund through the Foresight ITS and Your investment and investment portfolio will be managed on the terms of this Customer Agreement. The Foresight Inheritance Tax Fund shall be Foresight's client for the purposes

of the FCA Rules and Foresight will not owe any obligations under the rules of the FCA to You, save for any applicable requirements in COBS 18.5A.

**2.3** We will comply with FCA rules on best execution, namely COBS 11.2, as more particularly detailed in the Schedule to this Customer Agreement.

**2.4** We will always comply with the Applicable Rules in relation to the Foresight Inheritance Tax Fund.

**2.5** The Foresight ITS is only suitable for persons who are likely to be subject to IHT. It is not addressed to, or being sent to, any non-UK residents.

**2.6** Foresight is covered by the Financial Services Compensation Scheme. If You qualify as a 'retail client', in the event that Foresight ceases trading, You may be eligible to claim compensation from the Financial Services Compensation Scheme in certain circumstances. However, professional clients and eligible counterparties will not qualify for recourse to the scheme. Most types of investment business are covered in full for the first £85,000 per investor, although certain investors may not be eligible to claim under this scheme. For further information please contact Us or the Financial Services Compensation Scheme directly at [www.fscs.org.uk](http://www.fscs.org.uk).

**2.7** Foresight is authorised by the FCA to act as a full scope AIFM for the purposes of AIFMD. Investors in the Foresight Inheritance Tax Fund benefit from the rights and obligations imposed on Foresight by AIFMD as the AIFM of the Foresight Inheritance Tax Fund.

## 3. Commencement Date, Identity Verification and Right of Cancellation

**3.1** This Customer Agreement will take effect on the date We accept Your duly completed and signed Application Form.

**3.2** All Our obligations under this Customer Agreement are subject to Our first being satisfied with any compliance procedures required of Us in accordance with all Money Laundering Regulations and receipt of cleared subscription funds. The compliance procedures include requiring proof of Your identity and of Your address, or that of any person with legal control over the investment. You authorise Foresight, its Affiliates and the Receiving Agent to undertake any electronic searches necessary for the purposes of verifying Your identity and address and to check the details You supply against Your particulars on any database (public or otherwise).

**3.3** We may pass on any information supplied by or on behalf of You as We consider necessary to comply with any legal or regulatory obligation to which We or any Affiliate are subject. Foresight may also use Your details in the future to assist other companies for verification

purposes. A record of this search will be retained. If Your identity cannot be verified, We may ask You to provide, among other things, a certified copy of a recent bank statement or utility bill and a certified copy of Your passport or driving licence.

**3.4** Following acceptance of an Application Form, We will write to You (or Your authorised financial intermediary if that is Your elected preference) confirming acceptance and enclosing a cancellation notice form. You may exercise a right to cancel the Customer Agreement by notification to Us within 14 days of the date of the cancellation notice. This should be done by notification sent to Us at the address given in clause 20.6 of this Customer Agreement.

**3.5** If You exercise Your cancellation rights, We shall arrange for the refund of any monies paid by You, less any charges We have already incurred for any services undertaken pursuant to the terms of this Customer Agreement or paid out in respect of agreed adviser charges and/or, if relevant, transferring into Your own name any shares acquired for You.

**3.6** We will endeavour to arrange the return of any monies pursuant to clause 3.5 of this Customer Agreement as soon as possible (but in any event not more than 30 days following cancellation). You will not be entitled to any interest on such monies. The Receiving Agent is obliged to hold Your subscription monies until the Receiving Agent has satisfactorily completed the requisite money laundering checks.

**3.7** The right to cancel set out in clause 3.4 of this Customer Agreement is without prejudice to the right under clause 16.1 of this Customer Agreement to terminate this Customer Agreement, which is a separate right.

**3.8** The right to cancel under the FCA Rules does not give You the right to cancel, terminate or reverse any particular investment transaction executed for Your account before such cancellation takes effect.

**3.9** We do not intend to acquire shares for You through the Foresight ITS until after the expiry of the 14 day cancellation period referred to in clause 3.4 of this Customer Agreement. If you cancel after shares in investee companies have been acquired for You, We will endeavour to realise any holding acquired, however, the proceeds may not reflect the value of such shares. Further, if we are unable to realise Your holdings You should note that:

**3.9.1** there will be no established market for those shares and, if You wished to sell them, You would be responsible for trying to do so, including finding a buyer;

**3.9.2** the shares may not be redeemable by the issuing company; and

**3.9.3** You will be responsible for recovering any facilitation fee that has been paid to Your authorised financial intermediary on Your behalf.

#### **4. Investment Management**

**4.1** The Foresight Inheritance Tax Fund is a managed service and an AIF for the purposes of AIFMD. By entering into this Customer Agreement, You grant to Us the right on Your behalf and on a discretionary basis to select and manage investments in accordance with the objectives and principles of the Foresight ITS, as set out in the Investor Guide. We will acquire appropriate investments to build Your Portfolio and when You wish to withdraw funds from Your Portfolio, sell down such holdings in Your Portfolio as We deem appropriate. The number of shares in any company which We acquire for Your Portfolio will be rounded down to the nearest whole number of shares and You agree that any remaining excess from the monies subscribed by you in the Foresight ITS may be released by Us to such company for it to use as it sees fit. Generally We shall act as We think appropriate in relation to the management of the Portfolio, but subject always to the provisions of this Customer Agreement and the Applicable Rules.

**4.2** By entering into this Customer Agreement, You acknowledge that Foresight Group has not provided You with advice about the Foresight ITS or the Foresight Inheritance Tax Fund. You further acknowledge that the Foresight Inheritance Tax Fund is not a collective investment scheme nor is it regulated and accordingly does not provide for protections typical of such schemes or regulated products.

**4.3** We will acquire for Your Portfolio, investments which We reasonably believe to be Qualifying Investments at the time of acquisition (but no commitment is given that any such investment will be a Qualifying Investment or remain a Qualifying Investment at all times thereafter). There shall be no restriction on the amount invested in any one investment, or on the proportion of Your Portfolio in any one investment, or any particular type of investment unless specified in the Investor Guide and Applicable Rules.

**4.4** It is likely that the trading activities of the entities in which Your Portfolio invests, directly or indirectly, will include dealings with companies and other entities in which Foresight and its Affiliates or funds advised by Foresight and its Affiliates have an interest. Such interests may include being a subsidiary undertaking or otherwise having equity investments and/or debt investments and/or the provision of

services. Such dealings may include the provision of credit facilities on preferred or subordinated terms. Accordingly, Foresight and its Affiliates may be entitled to gains, profits or fees from or in relation to such companies and entities. The conduct of Your Portfolio will always be in accordance with the objectives and principles set out in the Investor Guide.

**4.5** Any sale of investments by Us on Your behalf may trigger tax consequences about which You should speak to Your professional financial and/or tax adviser. A sale of Qualifying Investments will mean You lose the benefit of BR in relation to those Qualifying Investments. We are not responsible for the taxation consequences of any transaction. Except for BR, We are not required to take into account tax issues for You in the management of the Portfolio.

**4.6** We will not be responsible for any disclosures or notifications from time to time required of You by legislation or regulatory bodies such as the Panel on Takeovers and Mergers.

**4.7** We shall not, except as expressly provided in this Customer Agreement or unless otherwise authorised, have any authority to act on behalf of, or in respect of, You or to act as Your agent.

**4.8** We have appointed NCM Depository Services Limited to act as depository of the Foresight Inheritance Tax Fund pursuant to the Depository Agreement. The Depository will fulfil the duties and responsibilities of a depository provided for by AIFMD, and in particular will ensure that the Foresight Inheritance Tax Fund's cash flows are properly monitored and that all payments made by You or on Your behalf in respect of Your subscription funds have been received and that all cash of the Foresight Inheritance Tax Fund has been booked in accounts opened in the name of the Foresight Inheritance Tax Fund or as otherwise provided for by AIFMD. We will have the authority to enter into an agreement with the Depository (or any successor depository to the Depository) appointed in accordance with the provisions of AIFMD and to issue orders and instructions (including, without limitation to, the Depository) with respect to the making and disposition of investments in respect of Your Portfolio, the payment and/or the deposit of monies, securities and other assets of the Foresight Inheritance Tax Fund, in each case without Your consent.

**4.9** You hereby authorise Us or Our agents to act on Your behalf and in Your name to negotiate, agree, execute and do all such acts, transactions, agreements and deeds as We or Our agents may deem necessary or desirable in connection with the Foresight Inheritance Tax Fund for the purposes of making, managing and disposing of

investments and cash on Your behalf and generally fulfilling the objectives and purposes of the Foresight Inheritance Tax Fund (including facilitating the payment of adviser fees on Your behalf) and this authority shall be irrevocable and shall survive, and shall not be affected by, Your subsequent death, disability, incapacity, incompetence, termination, bankruptcy, insolvency or dissolution. This authority will terminate upon You ceasing to hold any cash or other assets in the Foresight Inheritance Tax Fund through the Foresight ITS.

#### **5. Financial Advice**

**5.1** Foresight and its Affiliates have provided no financial, legal, tax or investment advice in relation to the suitability of the Foresight ITS for You. It is Your responsibility (on the advice of Your authorised financial intermediary) to keep Your financial circumstances, objectives and risk profile under review, and to assess whether the Foresight ITS and other investments selected by (or on behalf of) You remain suitable for Your needs. We are not liable for any losses You suffer or incur as a result of Your investment in the Foresight Inheritance Tax Fund through the Foresight ITS (whether or not You have received advice from an authorised financial intermediary) and We cannot and do not make any representation that such investment is (and/or investments made on Your behalf through the Foresight Inheritance Tax Fund are) suitable or appropriate for Your specific needs and requirements.

**5.2** We will provide You with information on investments held within Your Portfolio from time to time. Any information on investments or markets such as market trends, investment analysis or commentary on the performance of selected investments or companies is for information purposes only and should not be viewed as a personal recommendation.

**5.3** We may, subject to Applicable Rules and unless You notify Us in writing, accept instructions and deal with any agent or other adviser notified to Us in writing rather than dealing with You directly and We may share with such person, details of Your investments with Us.

**5.4** Where Your Application Form has been submitted through an authorised financial intermediary, then You warrant and represent that such person is acting as Your agent.

#### **6. Fees and Charges**

**6.1** Fees and charges are summarised in the Investor Guide and are described in more detail in this clause 6 of this Customer Agreement.

# Customer Agreement

**6.2** The Promoter will be entitled to an initial charge of 2.50% of the monies subscribed by You in the Foresight ITS. This initial charge will be deducted from the monies subscribed before the balance, net of initial adviser charges, is invested on Your behalf. This charge will not be applied to any amount deducted to facilitate payment of initial adviser charges.

**6.3** We may make, or procure the making of, facilitation payments in respect of charges You have agreed with Your authorised financial intermediary on Your behalf as detailed in the Investor Guide. You confirm that any ongoing agreed charges payable to Your authorised financial intermediary are and will be for ongoing services to You in relation to the Foresight ITS. You have the right to cancel the facilitation of ongoing charges at any time by notice in writing to Us. You may also request that facilitation of ongoing charges be paid to a new authorised financial intermediary who is advising You in relation to the Foresight ITS in place of the previous authorised financial intermediary. Any such request must be by at least 30 days' notice in writing to Us. No facilitation of ongoing charges will be made unless these are exceeded by the value of Your Portfolio. Facilitation of ongoing charges will, in most cases, be facilitated through withdrawals from Your Portfolio and, if required, will be rounded down to the amount capable of being realised through the disposal of the nearest whole number of shares within Your Portfolio. For the avoidance of doubt, any balance of ongoing charges as a result of roundings will not be carried forward. We may decline to make, or procure the making of, facilitation payments, or alter the structure of such facilitation payments for legal, tax or regulatory reasons. All facilitation payments will be made in accordance with the Foresight Group terms of business for financial intermediaries from time to time.

**6.4** We will charge an annual administration fee to the companies in which the Foresight Inheritance Tax Fund directly invests of an amount equal to 2.00% of the investee company's net asset value. Such fee will be calculated quarterly as an amount equal to 0.5% of each investee company's net asset value as at the end of that investee company's relevant quarter but before the deduction of the administration fee and any Foresight Accelerated ITS annual management charges for that quarter. The annual administration fee is for the regular services that Foresight Group may provide to investee companies and includes all company secretarial, administration, deal and arrangement services to an investee company group, and related costs. It does not include the normal trading and operational costs of an investee company group nor any

fees and costs in relation to independent directors, audit, legal, stamp duty and exceptional items.

**6.5** The administration fees to which We are entitled from an investee company pursuant to clause 6.4 of this Customer Agreement shall be paid quarterly in advance based on Our estimates of the investee company's expected net asset value as at the end of that quarter.

**6.6** We shall, as soon as reasonably practicable following the end of the relevant investee company's quarter, calculate the actual administration fee in respect of the relevant quarter based on that investee company's books and records for that quarter. To the extent that:

**6.6.1** the administration fee payment paid to Us by the relevant investee company based upon Our estimate for a relevant quarter is less than the administration fee actually payable by that investee company for that quarter, then the balance shall be payable to Us by that investee company as soon as reasonably practicable; or

**6.6.2** the administration fee payment paid to Us by the relevant investee company based upon Our estimate for a relevant quarter is more than the administration fee actually payable by that investee company for that quarter, the excess amount shall be repaid by Us to that investee company as soon as reasonably practicable.

**6.7** We may fix the financial year of the Foresight Inheritance Tax Fund from time to time which may be a shorter or longer/period than a 12-month period as We in Our absolute discretion may decide.

**6.8** All fees and charges are stated exclusive of VAT, if applicable. Fees paid by the companies in which the Foresight Inheritance Tax Fund invests will be subject to applicable VAT and any irrecoverable VAT will reduce the value of Your Portfolio.

## 7. Delegation and Use of Agents

**7.1** Any of Our functions under this Customer Agreement may be delegated to an Affiliate or suitably qualified (and if relevant, appropriately regulated) third party of Our choice to perform such functions. This does not prevent the assignment by Us of any agreement pursuant to clause 20.1 of this Customer Agreement.

**7.2** In particular, We may at Our discretion, delegate the provision of administration, nominee and safe custody services to such professional entity or entities as We see fit. We may change such entity and amend the terms of the relationship with such entity from time to time and will negotiate such terms on an arms' length basis in good faith.

**7.3** We will act in good faith and with due diligence in the selection, use and monitoring of third party agents and delegates. Save as provided in this clause and clause 7.4 of this Customer Agreement We are not responsible or liable for the acts, omissions and errors of any agent or delegate.

**7.4** Where any functions have been delegated to an Affiliate, We will, save as otherwise set out in this Customer Agreement, accept responsibility for all acts and omissions of such Affiliate as if they were Our own.

## 8. Custody

**8.1** The Nominee or Depository will, subject to the Applicable Rules, hold all investments in Your Portfolio in safe custody on the following basis:

**8.1.1** any registrable investment acquired for Your Portfolio will normally be registered in the name of the Nominee. For legal and tax purposes, You will be the beneficial owner of such investments but the Nominee will be the legal owner;

**8.1.2** title documents (if any) to investments in respect of which such documents are issued will be physically held by the Depository; and

**8.1.3** any documents of title to investments in bearer form will be held by the Depository.

**8.2** Investments held by the Nominee for the account of Your Portfolio may be pooled with other holdings held by the Nominee and, as such, may not be readily identifiable by separate certificates, other physical documents of title or equivalent electronic record. As a result, should the Nominee default, You will share in any shortfall in proportion to Your original share of any investments in the Nominee's pool. In addition, where the Nominee holds the same investments for You and another investor in the Foresight Inheritance Tax Fund, Your investments may in effect be used to settle that other investor's transaction, which will not affect the Nominee's record of Your entitlements.

**8.3** We have discretion to exercise or decline to exercise any conversion, subscription, voting or other rights relating to investments held in Your Portfolio, and to give suitable instructions to the Nominee, without consulting with You beforehand. By entering into this Customer Agreement, You hereby authorise Foresight to act on Your behalf and exercise all rights attaching to the investments held in Your Portfolio as it shall deem fit and at its discretion.

## 9. Client Money

**9.1** Application monies received in connection with the Foresight ITS will be held by the Receiving Agent until invested with an Approved Bank in a client account, together with application monies of other investors. Interest will not accrue on Your application monies.

**9.2** Following processing of Your Application Form and Your application being accepted, cash within Your Portfolio prior to investment or otherwise realised in relation to realisations and withdrawals will be held by the Cash Custodian with an Approved Bank in one or more client accounts, together with cash balances belonging to other investors. Interest does not currently accrue on any such cash balances. Should this change, any interest earned on cash balances will be added to Your Portfolio.

**9.3** The client accounts referred to in clauses 9.1 and 9.2 will have trust status and will be kept separate from any money belonging to Us, the Receiving Agent, the Cash Custodian or to the Depository. The Receiving Agent and the Cash Custodian are subject to the FCA's client money rules and, therefore, any of Your monies held by the Receiving Agent and the Cash Custodian will receive the protections afforded by the FCA's client money rules.

**9.4** No responsibility is accepted for any acts or omissions of the Receiving Agent, the Cash Custodian or the Approved Bank. Should the Receiving Agent, the Cash Custodian or the Approved Bank become insolvent, We will claim on behalf of Our clients.

**9.5** After termination of this Customer Agreement, and subject to any Applicable Rules, We may direct Your money be used at Our own discretion if it remains unclaimed for a period of at least six years and provided that We have taken reasonable steps (or have procured that such reasonable steps have been taken) to trace You and return the balance.

## 10. Valuations and Reports

**10.1** You will receive statements twice a year confirming the value of Your Portfolio as at the last day of the period in question. All such reports will be provided within 90 days of the period end. On request We can provide You with a statement for an interim three-month period.

**10.2** All investments will be valued at close of business on the last day of the relevant period in accordance with clause 10.3 of this Customer Agreement. Periodic statements will also show the opening value of Your Portfolio, any withdrawals and/or other adjustments to Your Portfolio holdings and the closing value of Your Portfolio.

**10.3** Foresight will value the investments, incorporating capital and income returns, in Your Portfolio quarterly and on a basis consistent with the valuation principles issued by the British Private Equity and Venture Capital Association from time to time, but using discounted cashflows where appropriate. The company or companies in which investments are made are typically audited annually. In calculating the fees and charges of Foresight relevant to a withdrawal, or annual returns for any period, the applicable valuation statements issued by Foresight or Affiliates in relation to Your Portfolio shall be final and binding. The performance of the investments held within Your Portfolio will not be measured against any stock market or other index.

## 11. Conflicts of Interest

**11.1** We have implemented a conflicts of interest policy that identifies those circumstances that constitute, or may give rise to, conflicts of interest that pose a material risk of damage to Our customers. This policy also addresses the effective organisational and administrative arrangements that We maintain and operate to manage those conflicts. A copy of such policy is available on request.

**11.2** Your attention is drawn to clause 4.4 of this Customer Agreement.

## 12. Dealing

**12.1** In effecting transactions for the Foresight Inheritance Tax Fund, We will act in accordance with the FCA Rules.

**12.2** We will act in good faith and with due diligence in Our choice and use of counterparties. All transactions will be effected in accordance with the rules and regulations of the relevant market, exchange or trading facility (if relevant), and We may take all such steps as may be required or permitted by such rules and regulations and/or by appropriate market practice.

**12.3** We may aggregate transactions with those of other customers and employees of Us and Our Affiliates in accordance with the Applicable Rules. It is unlikely that the effect of such an allocation will work to Your disadvantage, however, occasionally, this may be the case. We will allocate aggregated transactions promptly on a fair basis in accordance with the requirements of the Applicable Rules (if applicable) so that:

(a) if there is any conflict between the provisions of this Customer Agreement and any such rules, customs or Applicable Rules, the latter shall prevail; and

(b) action may be taken as thought fit in order to ensure compliance with any such rules, customs or Applicable Rules. You should, however, be aware that Your Portfolio will be invested in a range of unlisted securities and there is generally no relevant market or exchange and consequent rules and customs and there will be varying practices for different securities.

Transactions in shares of such securities will be effected on the best commercial terms which can be secured.

**12.4** Save as detailed in clause 2.3 of this Customer Agreement, We shall take reasonable steps to obtain the best possible result when executing orders. This duty of best execution is owed by Us to the Foresight Inheritance Tax Fund, further details of which are set out in the Order Execution Policy, provided in the Schedule to this Customer Agreement.

## 13. Liability

**13.1** We will act in good faith and with due diligence in managing Your Portfolio in accordance with this Customer Agreement. We accept responsibility for loss to You only to the extent that such loss is due to negligence or wilful default by Us or Our Affiliates. We will not be responsible for any losses to the extent arising from any information provided by You and/or Your agent being untrue, inaccurate or incomplete.

**13.2** Should the Nominee, the Cash Custodian or the Depository fail to deliver any necessary documents or to account for any investments, We will take all reasonable steps on Your behalf to recover such documents or investments or any sums due or compensation in lieu thereof but save where the Nominee, the Cash Custodian and/or the Depository is Our Affiliate, and subject to Our general duty of good faith, no liability is accepted for such failure.

**13.3** Save as provided in the Applicable Rules if there is a total or partial failure, interruption or delay in the performance of Our obligations to the extent resulting from acts, events or circumstances not reasonably within Our control (including, but not limited to: acts or regulations of any governmental, regulatory or supranational bodies or authorities; breakdown, failure or malfunction of any telecommunications or computer service or services; acts of god and natural disasters; and acts of war, terrorism or civil unrest) We shall not be liable to You or in breach of this Customer Agreement.

**13.4** Subject to clause 13.1 of this Customer Agreement, We shall not be liable for any loss or damage of any direct or indirect nature caused by changes in revenue law or practice as determined by HMRC from time to time.

# Customer Agreement

**13.5** We will assume that all investments made on Your behalf under the Foresight Inheritance Tax Fund are new investments requiring a full two year holding period for BR and will report to You on this basis. If You are transferring an existing BR investment into the Foresight Inheritance Tax Fund it will be Your responsibility to assess Your holding period for BR and whether any transfer prejudices any prior holding period and We accept no responsibility in this regard.

**13.6** Nothing in clauses 13.1 to 13.4 of this Customer Agreement shall limit any liability We may have to You under the terms of the Applicable Rules.

**13.7** No responsibility is accepted for loss of an indirect or consequential nature such as loss of goodwill, profit or opportunity.

**13.8** Nothing in this Customer Agreement shall exclude or limit Our liability for fraud or fraudulent misrepresentation by Us or Our Affiliates or for death or personal injury.

## 14. Withdrawals

**14.1** Any request for, or other necessary, withdrawal from investments in Your Portfolio (including regular and ad hoc withdrawals) must be made in writing. Withdrawals will generally be made through a disposal of Your holding in shares which may be taxable to income tax or capital gains tax. Requests for partial withdrawals will, unless otherwise requested, be rounded down to the amount capable of being realised through the disposal of the nearest whole number of shares within Your Portfolio. We will endeavour to effect withdrawals in as tax efficient manner as possible at the time, typically with a capital gains tax treatment, but withdrawals, and their tax treatment, cannot be guaranteed (in particular for full withdrawals). As the underlying investments are illiquid, there is no guarantee that We can effect withdrawals in the targeted timescales, if at all, or that the proceeds will reflect the value of such holdings. Subject to availability of readily realisable funds, We will realise the cash sum required and pay the net sale proceeds to You upon receipt of such proceeds by Us into Your nominated bank account (net of any applicable charges or sums due). If We are required to effect a share buyback to generate realisable funds to enable a withdrawal request, or if there are a substantial number of withdrawal requests, there may be a considerable delay in paying the withdrawal request.

**14.2** We may deduct from funds payable to You (or at Your direction) any fees, charges or sums due or payable to Us or any Affiliates or any delegates.

**14.3** In exceptional circumstances such as a change in law or practice We may choose to satisfy withdrawal requests (including on termination) wholly or partly by the transfer of investments.

## 15. Amendments

We may amend the terms of this Customer Agreement or Our arrangements with You by sending You written notice. Such changes shall take effect on the date specified in the notice being not less than ten Business Days from the date of such notice unless the changes are for legal or regulatory reasons when such changes shall take effect on the date specified in the notice.

## 16. Termination

**16.1** You may terminate this Customer Agreement at any time by notice in writing to Us. Foresight may terminate this Customer Agreement by giving You 30 days' written notice. Where required to do so by applicable law or regulation or where it becomes impossible, impractical or unreasonable for Us to continue to manage Your Portfolio We may terminate this Customer Agreement immediately by notice in writing. Termination will not affect accrued rights or any contractual provision intended to survive termination, in particular in relation to the liquidation and/or distribution of Your Portfolio.

**16.2** Following termination of this Customer Agreement We will use Our reasonable endeavours to realise the investments in Your Portfolio in an orderly fashion (although there is no guarantee that the proceeds will reflect the value of such holdings) and this Customer Agreement will continue to apply from termination until Your Portfolio has been realised and/or transferred to You in full. The net proceeds of sale will be remitted to You after all deductions permitted by this Customer Agreement. If We are unable to liquidate some or all of the investments in Your Portfolio We may transfer investments to You to effect termination of this Customer Agreement. In such circumstances, you should note the potentially adverse consequences in clauses 3.9.1 and 3.9.2 of this Customer Agreement.

**16.3** We reserve the right to settle outstanding transactions for Your Portfolio at the effective date of termination.

**16.4** Where We endeavour to liquidate Your Portfolio, this may take place over an extended period of time as there may be limited liquidity for Your Portfolio's investments.

**16.5** Subject to clause 16.3 of this Customer Agreement, termination will take effect on the date stated in the

written notice of termination provided that date is no earlier than the date of receipt of the termination notice by Foresight or any later date agreed with You; and shall be without prejudice to the completion of transactions already initiated, which shall be completed in an orderly manner.

**16.6** On termination, You will be liable to pay (meaning that We may debit from Your Portfolio and/or any cash payable to you or, if there are insufficient funds, invoice You):

**16.6.1** all fees and other charges mentioned at clause 6 of this Customer Agreement, accrued and remaining outstanding at the date of termination;

**16.6.2** any additional expenses necessarily incurred by Us in terminating this Customer Agreement and winding up Your Portfolio; and

**16.6.3** Our charges (if any) in connection with liquidating Your investments or transferring Your investments into Your name.

**16.7** On termination, We may retain and/or realise such investments as may be required to settle transactions already initiated and to pay Your outstanding liabilities. If there is a dispute as to the payment of fees to Us, You may require the disputed amount to be held in an escrow account pending resolution of the dispute.

**16.8** Please note that if Qualifying Investments are sold You will lose any potential entitlement to BR unless the sale proceeds are reinvested into other relevant business property and HMRC accepts that the new Qualifying Investments have replaced the old Qualifying Investments within the meaning of section 107 Inheritance Tax Act 1984.

**16.9** We will endeavour to liquidate all investments comprising Your Portfolio within a reasonable time, but given the nature of the investments no liability is accepted in respect of any delays. You acknowledge that in the event of any material change to the legislation governing Qualifying Investments, the liquidation of investments may take a considerable period of time.

**16.10** We will provide You with a closing valuation of the Portfolio prepared in the manner described above once all outstanding transactions have been accounted for and from which point Our management responsibility for the Portfolio will cease entirely.

## 17. Data Protection and Consents

**17.1** We and the Receiving Agent respect Your privacy and are committed to protecting Your personal data. If You would like to find out more about how We and the Receiving Agent use and look after Your personal information, please refer to our respective privacy notices, which can be found at:

Us: [www.foresightgroup.eu/privacy-policy/](http://www.foresightgroup.eu/privacy-policy/)

Receiving Agent: [www.woodsidedcorporateservices.co.uk/WCSL\\_Privacy-Policy.pdf](http://www.woodsidedcorporateservices.co.uk/WCSL_Privacy-Policy.pdf)

**17.2** Certain information may be shared with Affiliates, Our delegates, the Promoter, the Nominee, the Depositary, the Receiving Agent, the Cash Custodian and/or any Approved Bank and/or any person appointed by Us for the purposes of processing Your Application Form and performing the obligations to You pursuant to this Customer Agreement and/or in order for Us, Our Affiliates, Our delegates, the Promoter, the Nominee, the Depositary, the Receiving Agent, the Cash Custodian and/or any Approved Bank to fulfil Our respective regulatory and contractual obligations. Information may also be shared with regulatory bodies to the extent any of the above entities are required, or consider obliged, to do so in accordance with any statute or regulation or if governmental, judicial and law enforcement bodies so require.

**17.3** We will at all times keep confidential all of Your information acquired in connection with the Foresight Inheritance Tax Fund, except for information which:

- (a) is in the public domain; or
- (b) We may be entitled or bound to disclose under the Applicable Rules; or
- (c) is requested by regulatory agencies; or
- (d) is given to professional advisers where reasonably necessary for the performance of their professional services; or
- (e) is authorised to be disclosed by You, and shall use reasonable endeavours to prevent any breach of this clause 17.3 of this Customer Agreement.

**17.4** We will procure that any agent or delegate that is an Affiliate appointed by Us will observe and comply with the provisions of clauses 17.2 and/or 17.3 of this Customer Agreement.

**17.5** You have certain rights in relation to Your personal information, including the right to receive a copy of the information that We and the Receiving Agent hold about You. For more details, please refer to our respective privacy notices referred to above.

**17.6** You authorise Us to provide any information as provided by You to Us

and by Us to You in connection with Your participation in the Foresight Inheritance Tax Fund to Your authorised financial intermediary detailed on Your Application Form or other financial intermediary notified to Us from time to time. You acknowledge that any such communication may be sent to Your authorised financial intermediary prior to, or where requested, in place of, being sent to You in such form as may be agreed with Your authorised financial intermediary. Information may also be provided more frequently where agreed. You also authorise Us to accept changes to Your personal details as provided by Your authorised financial intermediary (subject to such evidence and/or verification as We may request).

## 18. Risk Factors and Further Disclosures

**18.1** Your attention is drawn to the risk factors set out on pages 27 and 28 of the Investor Guide dated December 2022. The Foresight ITS will not be suitable for everybody and it is important that You consider these risks, and the nature of the investment, seeking advice from Your financial or tax adviser as required.

**18.2** The value of investments and the income derived from them may go down as well as up and You may not get back some or the entire amount invested. Due to the nature of tax reliefs available under the Foresight Inheritance Tax Fund, an investment in the Foresight Inheritance Tax Fund is not suitable as a short term investment and should be held for at least two years.

**18.3** No monies shall be borrowed nor securities (or similar transactions) granted or entered into for the account of Your Portfolio.

**18.4** Subject to clause 16.6 of this Customer Agreement, there is no requirement for additional monies to be called upon for addition to Your Portfolio.

**18.5** No investments in warrants, in units in collective investment schemes or in derivatives of any sort shall be made in any Portfolio.

## 19. Complaints Procedure and Compensation

**19.1** If You have a complaint, You can contact Us via phone, email or in writing as follows:

For the attention of

**Foresight Investor Relations  
Foresight Group LLP  
The Shard, 32 London Bridge Street  
London SE1 9SG**

**020 3667 8181**

**[investorrelations@foresightgroup.eu](mailto:investorrelations@foresightgroup.eu)**

We will investigate the circumstances and report back to You. A copy of Our complaints handling procedure is available on request. Complaints from eligible complainants will be dealt with in accordance with the FCA Rules.

**19.2** Complaints that We are unable to settle may be referred to the Financial Ombudsman Service, which is an independent service set up to resolve disputes between customers and businesses providing financial services. The Financial Ombudsman Service can be contacted at: Exchange Tower, Harbour Exchange, London E14 9SR. Further information can be found at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). Only complainants that are 'retail' clients or professional clients that are acting outside the course of their profession, trade or business will be eligible to refer their complaints to the Financial Ombudsman Service.

**19.3** Foresight is covered by the Financial Services Compensation Scheme as referred to in clause 2.6 of this Customer Agreement.

## 20. General

**20.1** We may assign the benefit of this Customer Agreement to any appropriately authorised and regulated person, such assignment being effective upon written notice to You. This Customer Agreement is personal to You and You may not assign it.

**20.2** This Customer Agreement constitutes the entire agreement between Us in respect of Your Portfolio and Your investment in the Foresight Inheritance Tax Fund through the Foresight ITS and supersedes any other or previous terms and conditions. Save as provided in clause 15 of this Customer Agreement, any amendment to this Customer Agreement shall be effective only if made in writing and agreed by both parties.

**20.3** It is not intended that any term contained in this Customer Agreement shall be enforceable, whether by virtue of the Contracts (Rights of Third Parties) Act 1999, common law or otherwise, by any person who is not a party to this Customer Agreement save that any Affiliate shall have the benefit of any provision of this Customer Agreement expressed to be for the benefit of Affiliates.

**20.4** If any part of the wording of this Customer Agreement shall become or is declared to be illegal, invalid or unenforceable for any reason, such part or wording shall be deleted and shall be divisible from the rest of the Customer Agreement, which will continue in force.

## Customer Agreement

**20.5** The failure of Foresight or its Affiliates to exercise or delay in exercising a right or remedy provided by this Customer Agreement or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies.

**20.6** Any notice under or relating to this Customer Agreement shall be in writing. We may send any communication to You at the address which You provide to Us in the Application Form (or to any provided postal address or email address). You must communicate with Us at Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG (or such other postal, fax or email address notified to You for this purpose). Notice sent by first class post to such address is deemed to have arrived on the second Business Day after posting. Notice sent by fax or email or hand-delivered is deemed to be delivered immediately (or on the next Business Day if sent after 5pm on a Business Day or on a non-Business Day). Our telephone numbers are 020 3667 8100 (general) and 020 3667 8181 (investor relations). Telephone calls may be recorded or monitored for our mutual protection.

**20.7** This Customer Agreement shall be governed by and construed in all respects in accordance with English law and You hereby submit to the exclusive jurisdiction of the English Courts in relation to any disputes arising out of or in connection with this Customer Agreement.

**20.8** This Customer Agreement is supplied in English, and We will only be required to communicate in English during the course of our relationship with You.

**20.9** Where You comprise more than one person at any time We may rely upon any notice from any one of such persons on behalf of You and any waiver or agreement with any one of such persons shall be binding upon You. On the death of a joint holder we shall be entitled to treat the survivor(s) as the only person(s) having title or ownership of the Portfolio of the joint holder.

**20.10** In respect of individual investors, on and following Your death. We may (acting in good faith) act on the directions of Your personal representatives or the persons holding themselves out as Your personal representatives pending grant of representation.

### **SCHEDULE – ORDER EXECUTION POLICY**

#### **Execution factors and execution criteria**

We have an obligation when executing orders for the Foresight Inheritance Tax Fund to obtain the best possible outcome.

The FCA requires various execution factors to be taken into account including price, cost, speed, market impact, likelihood of execution and settlement, size, or any other consideration meriting a high relative importance in obtaining the best possible result. However, in some circumstances, We may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result. We will determine the relative importance of the execution factors by using Our commercial judgement and experience in light of market information available and taking into account the execution criteria.

The execution criteria are defined as the characteristics of the client, order (orders placed in the market will indicate a price range that is suitable for the investment decision), type of financial instrument (some shares are more liquid than others, and illiquid shares will be less easily tradable in volume) and the execution venue.

The scope of activities undertaken by Us does not currently include placing orders with brokers or dealers. Should We place orders with brokers or dealers for execution We will satisfy ourselves that the broker or dealer has arrangements in place to enable Us to comply with Our best execution obligations to Our clients. Specific arrangements will be put in place such that brokers will confirm that they will treat Us as a professional client and will, therefore, be obliged to provide best execution.

#### **Special purpose vehicles (SPVs)**

We may establish special purpose vehicles for the purpose of investments. As shares in SPVs cannot be obtained from any other sources there is limited opportunity to apply some of the execution factors.

#### **Monitoring and review**

We will review the effectiveness of Our execution policy and order execution arrangements on an annual basis. Whenever a material change occurs that affects Our ability to continue to obtain the best possible result for You, We will notify You of any material changes to Our execution arrangements or Our execution policy by posting an updated version on Our website ([www.foresightgroup.eu](http://www.foresightgroup.eu)).





# Alternative Investment Fund Manager (AIFMD) Disclosures

**Alternative Investment Fund:** Foresight Inheritance Tax Fund

(AIF or Fund)

**AIF Manager:** Foresight Group LLP

(the Manager)

<p><b>AIFMD art 23 (1a)</b> <b>FUND 3.2.3R (1a)</b></p>	<p><b>A description of the investment strategy and objectives of the AIF</b> The strategy of the Fund is to invest in companies that qualify for Business Relief. The Fund invests in infrastructure businesses and other trades that have a number of attractive characteristics for investors, namely investments that offer a combination of stable and predictable cash flows, low correlation to economic, business and market cycles and relatively low default rates.</p>
<p><b>AIFMD art 23 (1a)</b> <b>FUND 3.2.2R (1b)</b></p>	<p><b>If the AIF is a feeder AIF, information on where the master AIF is established</b> Not applicable.</p>
<p><b>AIFMD art 23(1a)</b> <b>FUND art 3.2.2R (1c)</b></p>	<p><b>If the AIF is a fund of funds, information on where the underlying funds are established</b> Not applicable.</p>
<p><b>AIFMD art 23(1a)</b> <b>FUND 3.2.2R (1d)</b></p>	<p><b>A description of the types of assets in which the AIF may invest</b> Shares in companies that the Manager believes will qualify for Business Relief, as set out in this Investor Guide.</p>
<p><b>AIFMD art 23(1a)</b> <b>FUND 3.2.2R (1e)</b></p>	<p><b>The investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks</b> Please see the Underlying Investments section on page 15, the Key Risks section on page 25 and the Risks in detail section on pages 27 and 28 of this Investor Guide.</p>
<p><b>AIFMD art 23(1a)</b> <b>FUND 3.2.2R (1f)</b></p>	<p><b>Any applicable investment restrictions</b> The Fund aims to invest only in companies that qualify for Business Relief, as set out in this Investor Guide.</p>
<p><b>AIFMD art 23(1a)</b> <b>FUND 3.2.2R (1g)</b></p>	<p><b>The circumstances in which the AIF may use leverage</b> The Fund will not employ leverage. Companies in which the Fund invests may employ leverage, as set out on page 27 of this Investor Guide.</p>
<p><b>AIFMD art 23(1a)</b> <b>FUND 3.2.2R (1h)</b></p>	<p><b>The types and sources of leverage permitted and the associated risks</b> The Fund will not employ leverage. The risks associated with the investee companies employing leverage are set out on page 27 of this Investor Guide.</p>
<p><b>AIFMD art 23(1a)</b> <b>FUND 3.2.2R (1i)</b></p>	<p><b>Any restrictions on the use of leverage and any collateral and asset reuse arrangements</b> Not applicable as the Fund will not employ leverage.</p>
<p><b>AIFMD art 23(1a)</b> <b>FUND 3.2.2R (1j)</b></p>	<p><b>The maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF</b> Not applicable as the Fund will not employ leverage.</p>
<p><b>AIFMD art 23(1b)</b> <b>FUND 3.2.2R (2)</b></p>	<p><b>A description of the procedures by which the AIF may change its investment strategy or policy, or both</b> In the unlikely event that the Fund changes its strategy, all investors would be notified of the change by post with a minimum of ten days' notice.</p>

<p><b>AIFMD art 23(1c)</b> <b>FUND art 3.2.2R (3)</b></p>	<p><b>A description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established</b></p> <p>A Customer Agreement between each investor and the Manager will govern the management of their investment in the Fund. Customer Agreements shall be governed and construed in all respects in accordance with English law and the parties agree to submit to the exclusive jurisdiction of the English Courts.</p>
<p><b>AIFMD art 23(1d)</b> <b>FUND 3.2.2R (4)</b></p>	<p><b>The identity of the AIFM, the AIF's depositary, the auditor and any other service providers and a description of their duties and investors' rights</b></p> <p>AIFM: Foresight Group LLP – responsible for the management of the Fund.  Auditor: Menzies LLP – responsible for auditing the Fund's financial statements.  Cash Custodian: Woodside Corporate Services Limited – responsible for custody and administration of cash.  Depositary: NCM Depositary Services Limited – provides depositary services, including cash monitoring and asset verification.  Receiving Agent: Woodside Corporate Services Limited – responsible for holding investor funds and other receiving agent services.  Promoter: Foresight Group Promoter LLP – responsible for the promotion and marketing of the Fund to prospective investors.</p>
<p><b>AIFMD art 23(1e)</b> <b>FUND 3.2.2R (5)</b></p>	<p><b>A description of how the AIFM complies with the requirements (professional negligence) relating to professional liability risk</b></p> <p>Professional liability for risks of loss or damage through the negligent performance of activities for which the Manager is responsible is covered by the Manager holding additional funds of 0.100% above assets under management.</p>
<p><b>AIFMD art 23(1f)</b> <b>FUND 3.2.2R (6a)</b></p>	<p><b>A description of any AIFM management function delegated by the AIFM</b></p> <p>See clause 7 of the Customer Agreement on page 35 of this Investor Guide.</p>
<p><b>AIFMD art 23(1f)</b> <b>FUND 3.2.2R (6b)</b></p>	<p><b>A description of any safe-keeping function delegated by the depositary</b></p> <p>Not applicable.</p>

## Alternative Investment Fund Manager (AIFMD) Disclosures

<p><b>AIFMD art 23(1f) FUND 3.2.2R (6c)</b></p>	<p><b>A description of the identity of each delegate appointed in accordance with FUND 3.10 (Delegation)</b> The promotion of the Fund is delegated to Foresight Group Promoter LLP.</p>
<p><b>AIFMD art 23(1f) FUND 3.2.2R (6d)</b></p>	<p><b>A description of any conflicts that may arise from such delegations</b> Not applicable.</p>
<p><b>AIFMD art 23(1g) FUND 3.2.2R (7)</b></p>	<p><b>A description of the AIF's valuation procedure and the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets, in line with FUND 3.9 (Valuation)</b> See clause 10 of the Customer Agreement on page 36 of this Investor Guide.</p>
<p><b>AIFMD art 23(1h) FUND 3.2.2R (8)</b></p>	<p><b>A description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances and the existing redemption arrangements with investors</b> The Fund is closed-ended and investors have no redemption rights during the life of the Fund. However, the Manager will endeavour to implement withdrawal requests. See page 11 and pages 27 and 28 (under "Liquidity") of the Investor Guide for more information. Because there is no right to redemption, the Manager is not required to (and does not) maintain a liquidity risk management policy.</p>
<p><b>AIFMD art 23(1i) FUND 3.2.2R (9)</b></p>	<p><b>A description of all fees, charges and expenses and the maximum amounts directly or indirectly borne by investors</b> See the Charges section on page 24 of this Investor Guide.</p>
<p><b>AIFMD art 23(1j) FUND 3.2.2R (10)</b></p>	<p><b>A description of how the AIFM ensures a fair treatment of investors</b> All investors are treated in a fair and equal manner in accordance with the Manager's Treating Customers Fairly policy and FCA Rules.</p>
<p><b>AIFMD art 23(1j) FUND 3.2.2R (11a)</b></p>	<p><b>Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment</b> Not applicable.</p>
<p><b>AIFMD art 23(1j) FUND 3.2.2R (11b)</b></p>	<p><b>Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of the type of investors that obtain preferential treatment</b> Not applicable.</p>
<p><b>AIFMD art 23(1j) FUND 3.2.2R (11c)</b></p>	<p><b>Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of, where relevant, their legal or economic links with the AIF or AIFM</b> Not applicable.</p>
<p><b>AIFMD art 23(1k) FUND 3.2.2R (14)</b></p>	<p><b>The latest annual report, in line with FUND 3.3 (Annual report of an AIF)</b> The most recent annual report can be obtained by contacting the Foresight Investor Relations team on 020 3667 8181 or investorrelations@foresightgroup.eu.</p>

<p><b>AIFMD art 23(1l) FUND 3.2.2R (12)</b></p>	<p><b>The procedure and conditions for the issue and sale of units or shares</b> Please see pages 11 and 12 of this Investor Guide.</p>
<p><b>AIFMD art 23(1m) FUND 3.2.2R (13)</b></p>	<p><b>The latest net asset value of the AIF or the latest market price of the unit or share of the AIF, in line with FUND 3.9 (Valuation)</b> The historical performance of the Fund can be obtained by contacting the Foresight Investor Relations team on 020 3667 8181 or investorrelations@foresightgroup.eu.</p>
<p><b>AIFMD art 23(1n) FUND 3.2.2R (15)</b></p>	<p><b>Where available, the historical performance of the AIF</b> The historical performance of the Fund can be obtained by contacting the Foresight Investor Relations team on 020 3667 8181 or investorrelations@foresightgroup.eu.</p>
<p><b>AIFMD art 23(1o) FUND 3.2.2R (16a)</b></p>	<p><b>The identity of the prime brokerage firm</b> Not applicable.</p>
<p><b>AIFMD art 23(1o) FUND 3.2.2R (16b)</b></p>	<p><b>A description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed</b> Not applicable.</p>
<p><b>AIFMD art 23(1o) FUND 3.2.2R (16c)</b></p>	<p><b>The provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets</b> The Depositary may not transfer or reuse the Fund's assets.</p>
<p><b>AIFMD art 23(1o) FUND 3.2.2R (16d)</b></p>	<p><b>Information about any transfer of liability to the prime brokerage firm that may exist</b> Not applicable as there is no prime brokerage firm.</p>
<p><b>AIFMD art 23(1p) FUND 3.2.2R (17)</b></p>	<p><b>A description of how and when the information required under FUND 3.2.5 and FUND 3.2.6R will be disclosed</b> Any changes to the Fund's leverage, liquidity or risk profiles will be notified to investors as and when required.</p>





# Foresight

FOR A SMARTER FUTURE

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