

# Target Market Assessment

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## Product: Puma Alpha EIS

Puma Alpha EIS invests in UK SMEs that are EIS-qualifying companies with experienced management teams that operate in sectors providing structural support for growth. The primary objective of Puma Alpha EIS is to deliver appropriate risk-adjusted returns through capital growth with the full range of EIS tax reliefs.

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## Type of clients:

Retail and professional clients.

## Clients' knowledge and experience:

Clients have a high level of knowledge and experience of:

- EIS-qualifying investments and risks involved;
- Potential limitations of portfolio diversification undertaken by the fund manager;
- Potentially illiquid investments where access to capital is not guaranteed;
- Tax Reliefs, understanding that the full range of tax reliefs that come with EIS investing may vary as result of the Product being able maintain its EIS status, changing Tax Rules and personal circumstances; and
- The main assumptions behind the investment proposition, and understand the scenario analysis performed by the manufacturer

## Clients' financial situation and ability to bear losses:

Clients want access to the tax advantages associated with EIS products, and are willing and able to:

- Bear a full loss (100%) of funds invested;
- Invest for a minimum of 2 years to benefit from Inheritance Tax Relief and a minimum of 3 years to benefit from upfront Income Tax Relief, whilst understanding that although the recommended holding period for the investment is 7 years, the investment is a long-term investment intended to be held until death in order to specifically benefit from Inheritance tax Relief; and
- Access adequate alternative sources of income and capital to maintain their lifestyle needs given that they may not have easy access to their capital tied up in this investment.

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

The Client is willing to accept a higher degree of capital risk in order to obtain tax benefits and potential investment return from investing in EIS qualifying companies that may exhibit high growth. Due to the characteristics of the types of investments held by the Product, it has a high risk and reward profile and is therefore compatible with Clients that have a high-risk tolerance

**Clients' objectives and needs:**

The objective of the Client is to:

- Target capital growth;
- Invest over a long-term investment horizon; and
- Benefit from some of the following tax advantages with EIS products: Income Tax Relief, Capital Gains Tax Exemption, Capital Gains Deferral, Inheritance Tax Exemption, Loss Relief, and Business Investment Relief.

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

The Product is not intended for Clients that:

- Lack the requisite knowledge and experience of risks associated with high risk and potentially illiquid investments, or Clients that have not been suitably advised of these risks;
- Have less than a high tolerance towards risk and tend to be more risk averse;
- Require full capital protection;
- Require dividend income;
- Require guaranteed, and immediate, access to their investment; and
- Intend to invest over a horizon shorter than 3 years;

**Distribution channel:**

In respect of the target market analysis detailed above, the optimal retail distribution channel for the product is via advised sales.