

# KEY INFORMATION DOCUMENT ("KID")

UK MORTGAGES LIMITED (UKML)

## PURPOSE

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## PRODUCT

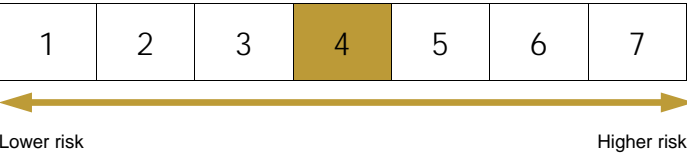
PRODUCT:	UK Mortgages Limited
ISSUER NAME:	UK Mortgages Limited
PRODUCT CODE:	GG00BXDZMK63
WEBSITE:	<a href="https://twentyfouram.com/funds/uk-mortgages-fund/">https://twentyfouram.com/funds/uk-mortgages-fund/</a>
CALL NUMBER:	+44(0) 1481 745001
REGULATOR:	Guernsey Financial Services Commission (GFSC)
DOCUMENT VALID AS AT:	01/01/2018

You are about to purchase a product that is not simple and may be difficult to understand.

## WHAT IS THIS PRODUCT?

TYPE:	This product is an Alternative Investment Fund (AIF). It is also a non-cellular company limited by shares incorporated in the Island of Guernsey under the Companies (Guernsey) Law 2008, as amended, with registered number 60440, and is a London listed closed-ended investment company.
OBJECTIVES:	UKML (the Fund) invests in portfolios of geographically and borrower diversified good quality UK residential mortgages. The investment objective is to provide stable and consistent income returns through the application of relatively conservative levels of leverage or borrowing to these portfolios of mortgages. The Fund's portfolio manager anticipates that income will constitute the vast majority of the return to investors, and that returns will demonstrate comparatively low volatility and a low level of correlation with broader markets. The fund may also utilise certain derivative instruments (contracts where value is linked to the value of an underlying investment) to try and reduce the risks of potential losses. The Fund will target an annual net total return of 7-10%. The value of an investment in the Fund depends on the value that its shares are traded at on the Specialist Fund Segment of the London Stock Exchange, which, in turn, depends on the value of the Fund's portfolio (Portfolio) which may be affected by the income the Fund generates, prevailing interest rates and global economic conditions. The Portfolio is valued by the Fund's administrator. Details on how the Fund's assets are valued are set out in the Fund's most recent prospectus..
INTENDED INVESTOR:	UKML is not intended for retail investors. It may be appropriate for professional investors or professionally advised investors seeking investment income. Typical investors should be capable themselves of evaluating the merits and risks of an investment in the Fund and have sufficient resources both to make investments that might not be easily sold, and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment. The Specialist Fund Segment of the London Stock Exchange is intended for investment products targeted at such investors. Most investors will hold this investment as part of a wider investment strategy and not as a single investment.

## WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?



The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less than your original investment. The underlying funds may include illiquid assets. These assets incur additional risks which are not considered in the indicator shown above when they do not represent a significant part of the underlying funds. These risks are that these assets could not be sold or not sold at the desired time and / or lead to significant losses. You may not be able to sell your product easily or may have to sell at a price that significantly impacts on how much you get back.

### RISK INDICATOR

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

This product is rated as 4 out of 7, which is a medium risk class.

The Fund invests in portfolios of residential mortgages. Defaults by the underlying borrowers in respect of these mortgages may result in losses to the Fund. The Fund intends to use borrowing which can exaggerate gains made or losses incurred by the Fund. This will likely affect the Fund's ability to perform well in poor market conditions. Full details of potential risks are set out in the Prospectus.

This product does not include any protection from future market performance so you could lose some or all of your investment. If the Fund is unable to pay you what you are owed, you could lose your entire investment.

## PERFORMANCE SCENARIOS

INVESTMENT GBP

		1 YEAR	3 YEARS	5 YEARS (RECOMMENDED HOLDING PERIOD)
STRESS SCENARIO	<b>What might you get back after costs</b>	7 341.81 GBP	7 269.87 GBP	<b>6 585.69 GBP</b>
	Average return each year	-26.58 %	-10.08 %	-8.01 %
UNFAVOURABLE SCENARIO	<b>What might you get back after costs</b>	9 424.34 GBP	9 318.05 GBP	<b>9 394.87 GBP</b>
	Average return each year	-5.76%	-2.33%	-1.24%
MODERATE SCENARIO	<b>What might you get back after costs</b>	10 263.16 GBP	10 802.03 GBP	<b>11 369.19 GBP</b>
	Average return each year	2.63%	2.6%	2.6%
FAVOURABLE SCENARIO	<b>What might you get back after costs</b>	11 162.37 GBP	12 506.36 GBP	<b>13 740.86 GBP</b>
	Average return each year	11.62%	7.74%	6.56%

This table shows the money you could get back over the recommended holding period, under different scenarios, assuming that you invest 10,000 GBP.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The performance figures are based on the share price of UKML and not the Net Asset Value (NAV).

The scenarios presented are an estimate of future performance based on evidence from the past, on how the value of this investment varies, and are not an exact indicator. What you get back will vary depending on how the market performs and how long you keep the investment.

The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Fund is not able to pay you.

The figures shown include all the costs of the product itself, where applicable, but may not include all the costs that you pay to your adviser or distributor. The figures also do not take into account your personal tax situation, which may also affect how much you get back.

## WHAT HAPPENS IF UK MORTGAGES LIMITED IS UNABLE TO PAY OUT?

An investment in UKML is not covered by an investor compensation (such as the Financial Services Compensation Scheme (FSCS)) or guarantee scheme, therefore should the Fund be unable to pay you any dividends or returns it may elect to pay from time-to-time, or if it were unable to pay any amounts due on a winding up, you would not be able to make any claims.

An investment in UKML therefore carries the risk of full capital loss.

## WHAT ARE THE COSTS?

### COSTS OVER TIME

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest 10,000 GBP. The figures are estimates and may change in the future. The figures are based on the Fund's NAV and not its share price.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

INVESTMENT GBP	IF YOU CASH IN AFTER 1 YEAR	IF YOU CASH IN AFTER 3 YEARS	IF YOU CASH IN AFTER 5 YEARS
<b>Total costs</b>	<b>94.25 GBP</b>	<b>300.35 GBP</b>	<b>531.73 GBP</b>
Impact on return (RIY) per year	0.94 %	0.94 %	0.94 %

### COMPOSITION OF COSTS

The table below shows:

\* The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period.

\* The meaning of the different cost categories.

THIS TABLE SHOWS THE IMPACT ON RETURN PER YEAR			
ONE-OFF COSTS	ENTRY COSTS	0.00 %	The impact of the costs you pay when entering your investment. This is the most you will pay, and you could pay less. The impact of costs are already included in the price. This includes the costs of distribution of your product.

	EXIT COSTS	0.00 %	The Impact of the costs of exiting your investment when it matures.
ONGOING COSTS	PORTFOLIO TRANSACTION COSTS	1.13 %	The impact of the costs of the buying and selling of the underlying investments for the product
	OTHER ONGOING COSTS	1.01 %	The impact of the costs that are taken each year for managing your investments.
INCIDENTAL COSTS	PERFORMANCE FEE	0.00 %	UKML does not charge a performance fee.
	CARRIED INTERESTS	0.00 %	UKML does not pay carried interest.

## HOW LONG SHOULD I HOLD IT AND CAN I TAKE MY MONEY OUT EARLY?

**RECOMMENDED MINIMUM HOLDING PERIOD:** 5 YEARS

The product is designed for long term investment, and therefore the Company would suggest a minimum holding period of 5 years. This assumes the continuation vote in 2020 is passed. To sell your investment before the end of the recommended minimum holding period of 5 years you will need to place an order with your broker to sell your investment on the Specialist Fund Segment of the London Stock Exchange and the broker may levy a fee for the service that it provides to you. No exit charges will be levied by the Fund. Investments may be sold on any day that the London Stock Exchange is open for business, provided there is demand in the market for investments. There is no guarantee that brokers will be able to sell investments at the quoted market price, at a price equal to the proportionate value of the Portfolio, or at all.

## HOW CAN I COMPLAIN?

In case of any unanticipated problems in the understanding, trading or handling of this product or this document, please feel free to directly contact the Company Secretary, Northern Trust International Fund Administration Services (Guernsey) Limited, either in writing to its registered office, by email, or by telephone. The Company will handle your complaint and endeavour to provide you with a response as soon as possible.

**POSTAL ADDRESS:** Northern Trust, PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

**E-MAIL:** [GSY\\_Board\\_Relationship\\_Team@ntrs.com](mailto:GSY_Board_Relationship_Team@ntrs.com)

**FAX:** +44(0) 1481 745051

**TELEPHONE:** +44(0) 1481 745001

## OTHER RELEVANT INFORMATION

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

The Fund makes available a number of additional documents both before and after you invest in accordance with EU and national law. Copies of these documents, and the latest copy of this document, are available at <https://ukmortgageslimited.com/>. These documents include: (i) UKML Investor Disclosure Document; (ii) Prospectus; and (iii) Annual Report and financial statements.