

## 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

### Funding Circle SME Income Fund Limited

GG00BYYJCZ96

<http://fcincomefund.com>

Call +44 (0)1481 739810 for more information

**Competent Authority: Guernsey Financial Services Commission, Guernsey**

29/12/2017

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

## What is this product?

### Type

This PRIIP is an ordinary share of no par value in the Funding Circle SME Income Fund Limited ("the Company"). The Company was incorporated with liability limited by shares in Guernsey under the Companies Law with registration number 60680 and is a Registered Closed-ended Collective Investment Scheme declared pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2015 issued by the Guernsey Financial Services Commission ("GFSC").

The PRIIP's investment objective is to provide shareholders with a sustainable and attractive level of dividend income. The Company endeavours to achieve its investment objective by investing directly or indirectly in a diversified portfolio of credit assets i.e. loans, debt or credit instruments of any type originated through any of the Funding Circle marketplaces (online peer-to-peer platforms operated by Funding Circle which facilitate the connection of lenders and borrowers).

Credit assets are held through to maturity (subject to the making of indirect investments).

The Company invests in credit assets originated through the various Funding Circle marketplaces. In each case (whether directly or indirectly), investments will be subject to allocation limits set by Funding Circle within various parameters set by the Board of Directors.

### Objectives

The PRIIP may borrow or use leverage for the acquisition (directly or indirectly) of credit assets or for the re-financing of credit assets previously acquired (such that the PRIIP will thereafter have an indirect exposure to such credit assets). Borrowing may be effected at the level of the PRIIP or any of its affiliates or near affiliates (i.e. the PRIIP may establish SPVs, whether as affiliates, near affiliates or otherwise in connection with obtaining leverage against any of its assets or in connection with the securitisation of its credit assets).

The aggregate leverage or borrowings of the PRIIP, its affiliates and any near affiliates and guarantees of such borrowing or leverage by such person(s), shall not exceed (at the time the relevant indebtedness is incurred or guarantee given) those limits set by the Board without the specific further approval of the Board.

As a result of the above objectives, the PRIIP's return is related to the underlying credit assets held directly or indirectly. The PRIIP is suitable for retail investors with an appropriate knowledge of the different risks linked to investment in credit asset and willing to accept an investment horizon of at least 5 years.

### Intended retail investor

Professionally-advised or financially sophisticated non-advised retail investors together with institutional investors seeking exposure to alternative finance investments and related instruments, who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment (which may equal the whole amount invested). Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in any such Shares.

# What are the risks and what could I get in return?

## Risk indicators

*Lower risk*

*Higher risk*



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.**

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.

Based on the methodology required by the regulations, this product is classified as 5 out of 7, which is a medium-high risk class.

This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact the value that it is possible to realise from the investment.

**Be aware of currency risk. You may receive payments in a different currency, so the final return you get will depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.**

Investors can realise their investment at any time by arranging a sale on the London Stock Exchange through an intermediary, the pricing of which will be based on the then prevailing share price which may differ from the net asset value per share.

This product does not include any protection from future market performance so you could lose some or all of your investment.

## Performance Scenarios

### Investment 10 000£

Scenarios		1 year	3 years	5 years
<b>Stress Scenario</b>	<b>What you might get back after costs</b>	4 592 £	4 724 £	3 686 £
	Average return each year	-54.08%	-22.12%	-18.10%
<b>Unfavourable Scenario</b>	<b>What you might get back after costs</b>	8 238 £	7 118 £	6 544 £
	Average return each year	-17.62%	-10.46%	-8.13%
<b>Moderate Scenario</b>	<b>What you might get back after costs</b>	10 043 £	10 110 £	10 177 £
	Average return each year	0.43%	0.37%	0.35 %
<b>Favourable Scenario</b>	<b>What you might get back after costs</b>	12 206 £	14 196 £	15 779 £
	Average return each year	22.06%	12.39%	9.55%

This table shows the money you could get back over the next 5 years, under different scenarios stipulated by the regulations and based on the product's historic share price performance, assuming that you invest £ 10 000.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

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 will vary depending on how the market performs and how long you keep the investment/product.

The stress scenario shows what you might get back in extreme market circumstances.

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

## What happens if Funding Circle SME Income Fund Limited is unable to pay out?

The investor may face a financial loss (equal to some or all of the investor's investments) based on the share price at the time of any realisation (or the net asset value attributable to shareholders on any liquidation), in both cases plus the value of any dividends received, being lower than the investor's entry price. Such a potential loss is not covered by any investor compensation or guarantee scheme.

## What are the costs?

### PRESENTATION OF COSTS

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 amount shown here are the cumulative costs of the product itself, for three different holding periods. The figures assume you invest £10 000. The figures are estimates and may change in the future.

### Cost over time

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 10 000£

Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years
Total costs	121.97 £	370.18 £	624.46 £
Impact on return (RIY) per year	1.22%	1.22%	1.22%

### 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	None	The impact of the costs you pay when entering your investment. This is the most you will pay, and you could pay less.
	Exit costs	None	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	None	The impact of the costs of us buying and selling the underlying investments for the product.
	Other ongoing costs	1.20%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	None	The impact of the performance fee. We take these from the investment if the product outperforms its benchmark.
	Carried interests	None	The impact of carried interests.

## How long should I hold it and can I take money out early?

### Recommended holding period : 5 years

Being a closed-ended collective investment scheme, investors' shares are not redeemable at their own request. However, investors have the right to disinvest at any time by lodging sale orders through the London Stock Exchange through an intermediary. For that purpose, investors are advised to contact their broker to be informed about the conditions of such sale orders and applicable fees and penalties if any. The attention of the investors is however drawn on the fact that realising their investment at any time may suffer risk of loss or lower return risk.

## How can I complain?

In order to make a complaint about the product or about the conduct of the PRIIP manufacturer or the person advising on, or selling, this product, please email [ir@fcincomefund.com](mailto:ir@fcincomefund.com) or send a letter to Funding Circle SME Income Fund Limited, Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey, GY1 1WG, Channel Islands. You should expect to receive a response within 2 working days.

## Other relevant information

Further information about the PRIIP can be obtained from the latest factsheet, annual accounts and half-yearly reports of Funding Circle SME Income Fund Limited. These documents are available free of charge in English and can be found, along with other information and materials on the Funding Circle SME Income Fund Limited website at <http://fcincomefund.com/>. Trading information is available on the London Stock Exchange's website under <http://www.londonstockexchange.com/exchange/prices-and-markets/stocks/summary/company-summary/GGo0BYJCZ96GGGBXSSMM.html?lang=en>. Investors should note that the tax legislation that applies to the PRIIP may have an impact on the personal tax position of their investments in the PRIIP.