Foresight

Key Information Document

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

Name: Foresight Solar Fund Limited (the Company, Foresight Solar) – Ordinary shares	ISIN: JE00BD3QJR55
PRIIP Manufacturer: Foresight Solar is a self-managed closed-ended investment company and is, therefore, the PRIIP manufacturer.	Competent Authority: The Company is regulated in Jersey as a listed fund. Foresight Solar is not regulated or authorised by the Financial Conduct Authority, but is subject to the Listing Rules, the Disclosure Guidance and Transparency Rules, and the Prospectus Rules as applicable to closed-ended investment companies.
Contact Details: The Company can be contacted through its company secretary, JTC, at 28 Esplanade, St Helier, Jersey JE2 3QA, or via telephone on +44 (0)1534 700000. Its website is fsfl.foresightgroup.eu.	Date: This key information document (KID) has been produced by Foresight Solar's board of directors for publication on 23 September 2024.

WHAT IS THIS PRODUCT

Type:	Foresight Solar is a closed-ended investment company whose shares are listed on the London Stock Exchange and an alternative investment fund under the Alternative Investment Fund Managers Directive. The Company's shares are, therefore, available to the general public.
Objectives:	The Company's objective is to provide investors with a sustainable, progressive quarterly dividend and enhanced capital value, whilst facilitating climate change mitigation and the transition to a lower carbon economy.
Intended retail investor:	The Company is suitable for all investors seeking a fund that aims to deliver income and growth with a long-term horizon as a core or a component of a portfolio of investments. The investor should be prepared to bear losses and accept the risk inherent in the Company's investment policy. The Company is compatible for mass market distribution.
Notes:	The Company has incurred gearing to acquire assets in accordance with its investment policy. The board of directors targets long-term borrowing below 40% of the Company's gross asset value at the time of drawdown, with a total gearing limit of 50% of GAV at the time of drawdown. This leverage magnifies any gains or losses the Company makes. Shares of Foresight Solar Fund Limited are bought and sold via markets. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you can sell it.

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

Risk indicator

The risk indicator assumes you keep the product for at least five years. The actual risk can vary significantly if you cash in at an early stage and you may get back less than you invested.

The summary risk indicator is a guide to this product's level of risk compared to other products. It shows how likely it is that this product will lose money because of movements in the markets or because we are not able to pay you. We have classified it as 4 out of 7, which indicates medium risk. Capital may be at risk as the value of investments may go down as well as up and therefore investors may not get back the amount originally invested. This product does not include any protection from future market performance, so you could lose some or all of your investment. This product has no required minimum holding period. However, five years has been used for the purposes of the calculations in this document.

PRODUCT

Investment performance information

What are the main factors likely to affect future returns?

The main factors likely to affect future returns include:

- Electricity production – The Company generates revenue from regulatory support mechanisms and from the sale of electricity. Occurrences that impact production may have a negative effect on financial performance.
- Adverse weather conditions – Hotter ambient temperatures and extreme weather may reduce the efficiency of solar energy generation. Natural disasters, such as floods, can damage assets and have a material adverse effect on the Company's business and financial position.
- Wholesale electricity prices – Whist the Company implements an active power price hedging strategy to secure dividend cover and minimise revenue volatility, it is still exposed to movements in wholesale electricity prices. Falls in prices may negatively impact turnover.
- Investments – NAV growth over the long term will be affected by the Company's underlying investment portfolio and its ability to reinvest capital and acquire additional assets.
- Development and construction – There is a likelihood some projects in the Company's proprietary pipeline will not secure all necessary rights to be built, leading to losses.
- Valuation - The shares may trade at a discount to their net asset value for a variety of reasons including market conditions, investors undervaluing the Investment Manager's activities or discounting its valuation methodology and judgments of value.
- Regulation and taxation – Changes to the existing legislation, tax laws, environmental regulations or policy may be burdensome for the Company to implement and may result in a negative impact on returns.

How does the target compare with performance volatility?

The Company targets returns to investors equivalent to an ungeared Internal Rates of Return (IRR) of 7% to 8% after fees and expenses. Performance volatility depends on the broad range of assumptions relating to inflation, solar energy yield, power price, discount rates and operating costs used in the valuation models.

What is the most relevant benchmark?

No relevant one is available since there is no single benchmark that adequately measures the performance of small, unquoted companies Foresight Solar holds in its portfolio.

What could affect my return positively?

The Company's ability to produce electricity, reinvest capital and acquire additional assets, falling costs of solar PV and battery storage equipment, growing economies, a stable political environment and increased wholesale electricity prices could all have positive impacts on returns. In addition, the evolution of the investment focus to include development- and construction-stage assets presents an opportunity for capital growth.

What could affect my return negatively?

A decline in the market price of electricity, technological advancement of electricity generators, changes in general economic and market conditions including, for example, interest rates, rates of inflation, the market/index against which the wholesale price of electricity is sold, competition, political events and trends, significant uncompensated delays in construction or failure of development-stage investments, national and international conflicts and other factors could substantially and adversely affect the Company's prospects and thereby the performance of its shares.

What can be expected if the fund is encashed under severely adverse market conditions?

Although the Company's shares are, and new shares will be, listed and traded on the London Stock Exchange, it is possible that there may not be a liquid market in the shares. Accordingly, shareholders may be unable to realise their shares at the quoted market price (or at the prevailing net asset value per share), or at all under severely adverse market conditions.

WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?

As a shareholder, you would not be able to make a claim to the Financial Services Compensation Scheme or the Jersey Depositors Compensation Scheme in the event the Company is unable to pay out. A default by the Company or any of the underlying holdings could affect the value of your investments.

WHAT ARE THE COSTS?

Costs over time

The Reduction in Yield (RIY) shows what impact the total costs you pay may have on your investment return. The total costs consider one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product for three different holding periods. The estimated figures assume you invest £10,000 and may change in the future.

WHAT ARE THE COSTS?

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 the end of the recommended holding period
Total costs	£0	£0	£0
Impact of return (RIY) per year	0%	0%	0%

Composition of costs

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

This table shows the impact on return per year			
One-off costs	Entry Costs	n/a	This product does not have any entry costs
	Exit Costs	n/a	This product does not have any exit costs
Ongoing costs	Portfolio transaction costs	0%	The costs of buying and selling underlying investments. The Company incurs expenses, as set out in the Annual Report and Accounts
	Other ongoing costs	0%	The costs of managing your investments, including third-party borrowing and the annual management fee. The Company incurs expenses, as set out in the Annual Report and Accounts
Incidental costs	Performance fees	n/a	This product does not have any performance fees
	Carried interests	n/a	This product does not have any carried interests

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

RECOMMENDED MINIMUM HOLDING PERIOD: 5 YEARS

The Company's ordinary shares are designed to be held over the long term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur, and investors may not get back the full value of their investments. The value of the ordinary shares and the income derived from them (if any) may go down as well as up. The Company does not have a fixed winding-up date and, therefore, unless shareholders vote to wind it up, shareholders will only able to realise their investments through the market. Although the ordinary shares are traded on the Main Market of the London Stock Exchange, it is possible that there may not be a liquid market in the shares and investors may have difficulty selling them. Accordingly, investors may be unable to realise their shares at the quoted market price (or at the prevailing net asset value per share), or at all. You may sell your investments within the recommended holding period without penalty.

HOW CAN I COMPLAIN?

As a shareholder, you do not have the right to complain to the Financial Ombudsman Service (FOS) about the management of the Company. Complaints about the Company or the KID should be sent to JTC (Jersey) Limited at 28 Esplanade, St Helier, Jersey JE2 3QAP. The Company's website contains further contact information at fsfl.foresightgroup.eu. Emails can be sent to fsflir@foresightgroup.eu.

OTHER RELEVANT INFORMATION?

The latest annual report and accounts of the Company can be found at fsfl.foresightgroup.eu. The cost (with exception of the ongoing costs), performance and risk calculations included in this KID follow the methodology set out in Commission Delegated Regulation (EU) 2017/653 as adopted by the United Kingdom and amended by the FCA pursuant to the Packaged Retail and Insurance-based Investment Products (Scope Rules and Technical Standards) Instrument 2022. The "what are the costs?" section utilises the FCA's statement of forbearance for closed-ended investment trusts dated 19 September 2024 and consequently excludes the ongoing costs data. Depending on how you buy these shares, you may incur other costs, including broker commission platform fees and stamp duty. The distributor will provide you with additional documents if necessary.