

## KEY INFORMATION DOCUMENT

Amedeo Air Four Plus Limited

### 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, cost, potential gains and losses of this product and help you compare it with other products.

### Product

The product is Redeemable Ordinary Shares (“Shares”) issued by Amedeo Air Four Plus Limited (“AA4P” or the “Company”). The Company is the manufacturer.

ISIN: GG00BNDVLS54

Please visit <http://www.aa4plus.gg> or contact either Liberum Capital Limited on +44 (0)2031 002000 or the Secretary, JTC Fund Solutions (Guernsey) Limited, on [AA4P.Cosec@jtcgroup.com](mailto:AA4P.Cosec@jtcgroup.com) for more information.

The Company is not supervised or authorised by any EU competent authority.

**Release Date:** 19 September 2023.

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

#### What is this product?

**Type:** Shares issued by the Company, which is a non-cellular company limited by shares, registered and incorporated in Guernsey, having its shares traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange (the “SFS”) since May 2015.

**Investment Objective:** Since launch the Company’s investment objective has been to obtain income returns and capital returns for its shareholders by acquiring, leasing and then selling aircraft. To pursue its investment objective, the Company sought to use the net proceeds of placings and/ or other equity capital raisings, together with debt facilities, to acquire aircraft that it leases to major airlines.

The Board considers it unlikely that in the near term there will be any further expansion of the Company, but rather all effort is concentrated on managing its portfolio with the aim of maximising the returns to investors.

The Company invests substantially all of its capital through a number of wholly owned subsidiaries. The Company therefore has an indirect exposure to the underlying aircraft assets. The investment returns of the Company are principally determined by the capital value of the aircraft and income from the lease payments from the airlines. The returns for investors are typically determined by reference to any distributions made, the price at which the shares can be sold on the market and/ or the value of the Company’s investments at the time of winding-up. The investment objective is intended to be achieved over the long term.

The Company has borrowed monies to purchase assets. This will magnify any gains or losses made by the Company.

**Bid-offer spread:** Shares of the Company 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 could sell it.

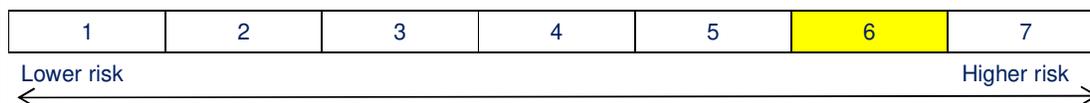
**Intended Retail Investor:** The Company is intended for sophisticated investors, investment professionals, high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts who wish to invest for the long term, have experience in investing in financial markets and collective investment undertakings, who understand the risks involved in investing in the Company (and/ or those who have received advice from their fund manager, adviser or broker regarding investment in the Company and who can bear the economic risk of a substantial or entire loss of their investment and who can accept that there may be limited liquidity in the Shares). Investors should familiarise themselves with the risks involved and must evaluate the Company’s objective and risks in terms of whether they are consistent with their own investment goals and risk tolerances. No investment in the Company is intended as a complete investment plan.

**Maturity Date:** The Company does not have a fixed life.

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

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 market or because we are not able to pay you.

#### Risk Indicator





The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an earlier stage and you may get back less. The summary risk indicator is a guide to the level of risk of the product compared to other products. It shows how likely it is that the product will lose money because of movements in the market or because we are not able to pay you. We have classified this product as 6 out of 7, which is the second-highest risk class. This rates the potential losses from future performance at a high level and poor market conditions are very likely to impact our capacity to pay you.

The following are some of the other types of risks materially relevant to the Shares that are not taken into account in the summary risk indicator:

Operational; key personnel; investment (related to the assets); residual value of assets on sale/ re-lease; airline industry; geographical; asset valuation; insurance, financing and regulatory.

For further information see the Annual Report for the Company as cited in the section "Other Relevant Information" below.

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

### **Performance Information**

The main factors that will affect the performance of the Shares are:

- The Board's ability to manage the Company and carry out the operational aspects of performance; including cash management, asset management and, legal and regulatory obligations.
- The condition and market demand for the aircraft and the ability of the Board to accurately assess the useful life and residual value of each aircraft on re-sale/ lease and,
- The global economic conditions impacting the airline industry: in particular, the Company may be exposed to fluctuations in market interest rates and foreign exchange rates due to the borrowings made to finance the asset purchases.

Since the Shares began trading in May 2015, they have had an annualised total return of 2.3% per annum with an annualised volatility of 24.7% up to the 19 September 2023.

The volatility of the Shares will vary, the average one-year rolling volatility of the Shares was 19.7%, however, during Covid-19 between 11 February 2020 and 11 February 2021, the volatility rose to 54.8%. For comparison over the same period, the broader UK equity market, the FTSE All Share, had an average rolling one-year volatility of 15.0% which rose to 28.8% during Covid-19.

To examine the potential longer-term characteristics of the Company, we backfilled the total return index of the Shares with a blend of the total return indexes of Doric Nimrod Air One, Two and Three Limited. This gave a representative daily performance history going back to 10 December 2010 (the "Proxy").

#### **What could affect my return positively?**

Specific factors that affect returns positively would be the efficient operation of the Company; an increase in the market valuations of the twelve aircraft and the ability of the Board to negotiate favourable sale prices for the assets once their leases expire. Broad factors that would be likely contribute to positive returns would be overall good trading conditions for the UK equity markets and stability within the airline industry. In addition, external factors such as improvements in the valuation of UK small cap, AIM, financial Services and Travel and Leisure equities are also likely to positively impact the market valuation of the Company. These factors have been positively correlated to the proxy's performance, with stronger correlation during larger market movements. The Shares' most favourable rolling one-year performance was 98.1%, between 1 December 2021 and 1 December 2022, and over the recommended holding period of five years, the most favourable five-year performance of the Proxy was 13.0% per annum, which occurred between 13 December 2010 and 13 December 2015.

#### **What could affect my return negatively?**

Specific factors that affect returns negatively would be poor operational and regulatory management of the Company; technical faults with the assets; default by either Emirates or Thai Airways, the lessees of the assets on their lease payment obligations; and the Company selling the assets at a lower-than-expected price after their leases expire, or a delay in the resale of the assets which could require the Company to utilise financial resources to cover storage costs, preservation of the aircraft whilst in storage and maintain insurance on the aircraft. In addition, external factors that would be likely to affect returns negatively would be a period of global recession, a decline in the airline industry and a decrease in the demand for second hand aircraft of the type owned by the Company, through either a reduction in the number of airlines operating the aircraft type or an increasing trend for airlines to operate newer generation aircraft that produce lower emissions; especially once the leases expire and the aircraft are on sale. The Shares' most unfavourable rolling one-year performance was -70.4%, between 22 May 2019 and 22 May 2020, and over the recommended holding period of five years, the Shares' most unfavourable five-year performance was -19.1% per annum, which occurred between 1 December 2016 and December 2021.

#### **What could happen in severely adverse market conditions?**

An example of severely adverse market conditions was Covid-19, where the Shares lost 63.1% of their value between 20 February 2020 and 19 March 2020. Throughout Covid-19, the Shares lost, at most, 72.5% of their value, between 25 January 2019 and 27 July 2021. Under severely adverse market conditions, there is a risk that the capital value of an investment in the Company's shares could reduce significantly, potentially down to zero

#### **What happens if the Company is unable to pay out?**

Investors may suffer loss if the Company is unable to pay out. Investors do not have protection from an investor compensation or guarantee scheme.

## What are the 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 amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential exit penalties. The figures assume you invest 10,000 GBP. The figures are estimates and may change in the future.

## Costs 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.

For the table below, we have assumed:

- In the first year, you would get back the amount that you invested (0 % annual return).
- For the other holding periods, we have assumed that the product performs in line with a moderate scenario shareholder return of -10.8% per annum, which was calculated as the median five-year return of the Product over the last ten years.

Investment 10,000 GBP Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in at the recommended holding period of 5 years
Total costs	1,318 GBP	3,745 GBP	5,795 GBP
Impact on return (RIY) per year	13.18 %	13.54 %	13.54 %

## Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment returns you might get at the end of the recommended holding period; and
- The meaning of the different cost categories.

This table shows the impact on return per year			
One-off costs	Entry costs	0.0 %	The impact of the costs you pay when entering your investment. (This is the most you could pay and could pay less).
	Exit costs	0.0 %	The impact of costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.0 %	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	13.2 %	The impact of the costs that we take each year for managing your investments and other ongoing costs. 1.44% is paid to the manager for managing the investments, including management fees and other administrative fees, and 11.74% is paid in interest on borrowing designed to enhance returns to investors.
Incidental costs	Performance fees	0.0 %	The impact of the performance fee. We take these from your investment if the product outperforms its benchmark.
	Carried interests	0.0 %	The impact of carried interests.

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

### Recommended holding period: 5 years

The Company's investment in aircraft and lease receivables is designed to be long term; you should be prepared to stay invested for at least 5 years. As the Shares are admitted to trading on the SFS, you should be able to sell your Shares through your bank, stockbroker or other similar adviser. If you choose to sell your Shares, you may be subject to dealing costs that your adviser charges for this service. The sale of Shares may be at a discount to the Company's net asset value.

## How can I complain?

As a shareholder of the Company you do not have a right to complain to the Financial Ombudsman Service about the management of the Company. Complaints about the Company or the key information document can be made via e-mail to the address given on the Company's website at <http://www.aa4plus.gg> or directed to the Board of directors via its Secretary, JTC Fund Solutions (Guernsey) Limited on +44 1481 702 400 and / or [AA4P.Cosec@jtcgroup.com](mailto:AA4P.Cosec@jtcgroup.com) at the Company's registered office address: Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 2HT.

## Other relevant information

The disclosures in this KID, including the cost, performance and risk calculations follow the methodology prescribed by EU rules. Performance figures have been calculated based on the Company's Share price total return with dividends reinvested. The Company's Share price and documents such as the Company's factsheets, half-yearly and annual financial reports, are available on the Company's website at <http://www.aa4plus.gg> or can be obtained on request from the Secretary at [AA4P.Cosec@jtcgroup.com](mailto:AA4P.Cosec@jtcgroup.com).