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

Acorn Income Fund Limited Zero Dividend Preference Shares (ISIN GG00BYMJ7X48) (Acorn Income Fund ZDPs or the Product). The manufacturer is Acorn Income Fund Limited. Its website is www.premiermiton.com. Call 01483 306090 for more information.

Regulator: Guernsey Financial Services Commission. This document was produced on 28 February 2020 and is based on information as at 31 December 2019.

What is this product?

Type

The Product is a zero dividend preference share issued by Acorn Income Fund Limited (the Company). Acorn Income Fund ZDPs are admitted to trading on the London Stock Exchange where they can be bought and sold. 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.

Objectives

Acorn Income Fund ZDPs have a fixed life and will be redeemed at a predetermined price on 28 February 2022. They offer the potential, subject to the Company's performance, for a predetermined payment of 167.2 pence per Acorn Income Fund ZDP share on the redemption date. The Acorn Income Fund ZDPs rank ahead of the ordinary shares of the Company for repayment on any winding up or liquidation of the Company. The Acorn Income Fund ZDPs do not pay a dividend.

The investment objective of the Company is to provide shareholders with a high income and also the opportunity for capital growth. The Company's investments are held in two portfolios. Its assets comprise investments in equities and fixed interest securities in order to achieve its investment objective.

Approximately 70% to 80% of its assets are invested in smaller capitalised United Kingdom companies, admitted to the Official List of the FCA and traded on the London Stock Exchange or traded on AIM at the time of investment. The Company also aims to enhance income for Ordinary Shareholders by investing approximately 20% to 30% of its assets in high yielding instruments which are predominantly fixed interest securities but may include up to 15% of the Company's overall portfolio (measured at the time of acquisition) in high yielding investment company shares.

The proportion of the overall portfolio held in the Smaller Companies Portfolio and the Income Portfolio varies from day to day as the market prices of investments move. The directors of the Company retain discretion to transfer funds from one portfolio to the other and generally expect between 70% to 80% of the investments to be held in the Smaller Companies Portfolio.

While the Company's investment policy is to spread risk by maintaining diversified portfolios, there are no restrictions on the proportions of either of the portfolios which may be invested in any one geographical area, asset class or industry sector. The Company's investments are actively managed but always within the boundaries outlined in the Company's objective and policy as set out in more detail in the prospectus.

Intended Retail Investor

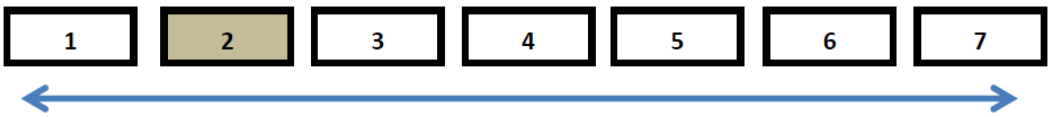
The Acorn Income Fund ZDPs have a fixed lifespan and the intended investor is one whose investment horizon is not past the redemption date of the Product, which is 28 February 2022. Acorn Income Fund ZDPs are intended for investors who can afford to invest until the redemption date and who understand that there are no guarantees on the return of their original investment either at redemption or if they sell their investment at an earlier date.

An investment in shares should constitute part of a diversified investment portfolio. Typical investors are expected to be institutional investors and individuals who have received advice from their financial adviser, fund manager or broker regarding investment in shares or individuals who have not taken advice but have previous experience of investing in this type of product and can make an informed investment decision based on their knowledge and understanding of the risks involved.

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 markets.

Risk Indicator





The risk indicator assumes you keep the product to its redemption date of 28 February 2022. The actual risk can vary if you sell your investment at an early stage and you may get back less. You may not be able to sell your shares easily or may have to sell at a price that impacts on how much you get back.

The Product is classified as 2 out of 7, which is a low risk class.

This rates the potential losses from future performance at a relatively low level. Poor market conditions are unlikely to impact

on the value of your investment to the degree they would impact on the Company's ordinary shares.
The value of your investment is driven by the price of the Product on the stock market. This means that the value of your investment may go up and down as the value of the Product's share price changes. Investing in smaller companies, including AIM companies, can carry greater risks than those usually associated with larger capitalised companies. Certain of the investments in the portfolios may therefore be illiquid. The Company may not be able to immediately dispose of such investments if it determines that such a sale would be in its best interests. The Company may use derivatives for investment purposes (though this is limited to 5% of the total assets of the Company) and also to hedge selected risks in the portfolio. Whilst their use is not necessarily expected to increase risk these instruments can be highly sensitive to changes in the value of the asset on which they are based and can increase the size of losses and gains, resulting in larger fluctuations in the value of a portfolio. A full description of the principal risks is contained in the Annual Report and Accounts which can be found on the Company's website.
The Product does not hold any guaranteed protection from future market performance however as the Product ranks ahead of the Company's ordinary shares for repayment investors are protected against future market performance to the extent that the final redemption value of the Product remains covered by the Company's total assets. Nevertheless, you could lose some or all of your investment.

Performance Scenarios

Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower. This table shows you the money you could get back if the Product is held to redemption 28 February 2022, under different scenarios, assuming that you invest £10,000. The tax legislation of the country/ies in which you are resident for tax purposes may have an impact on actual pay-out.

Investment £10,000			
Scenarios		**1 year**	**To Redemption date 28/02/2022 (Recommended holding period)**
Stress scenario	**What you might get back after costs**	£9,092	£9,471
	Average return each year	-9.08%	-2.48%
Unfavourable scenario*	**What you might get back after costs**	£10,149	£10,477
	Average return each year	1.49%	2.18%
Moderate scenario*	**What you might get back after costs**	£10,341	£10,753
	Average return each year	3.41%	3.41%
Favourable scenario*	**What you might get back after costs**	£10,341	£10,753
	Average return each year	3.41%	3.41%

The scenarios and return calculations included in the KID follow the methodology prescribed by EU rules amended to reflect the maximum potential pay-out of the Product. 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. Past performance is not an indicator of future results.
The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Company is not able to pay you.
The figures shown include all the costs of the Product itself, but may not include all the costs you pay to your provider or distributor. The figures do not take account of your personal tax situation, which may also affect how much you get back. Your maximum loss would be that you will lose all your investment.

* The Acorn Income Fund ZDPs will have a maximum redemption value on 28 February, 2022 of 167.2 pence.

What happens if the Company is unable to pay out?

As a shareholder of Acorn Income Fund ZDPs you would not be able to make a claim to the Financial Services Compensation Scheme about the Company or the Product in the event that the Company is unable to pay out on redemption.

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 amounts shown here are the cumulative costs of the Product itself, for two different holding periods. The figures assume you invest £10,000. The figures are based on the assumption that the Product will redeem in full on the redemption date as this is the projected outcome for all scenarios other than the stressed scenario.

Cost over time
The person selling you or advising you about the 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 on 28/02/2022
Total costs	£0	£0
Impact on return (RIY) per year	0.0%	0.0%

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.

The cost calculations included in the KID follow the methodology prescribed by EU rules.

This table shows the impact on return per year – this is on the assumption that the Acorn Income Fund ZDPs redeem in full on the redemption date.			
One-off costs	**Entry costs**	0%	The impact of the costs you pay when entering your investment.
	Exit costs	0%	The impact of the costs of exiting your investment by selling your shares on the stock market, or on redemption.
Ongoing costs	**Portfolio transaction costs**	0%	The impact of the costs of the Company buying and selling underlying investments.
	Other ongoing costs	0%	The impact of the costs that are taken each year for managing your investments.
Incidental costs	**Performance fees**	0%	The impact of the performance fee taken from your investment if the Product meets certain criteria set out in the prospectus (figure based on performance fees paid over the previous five years)
	Carried interests	N/A	The impact of carried interest charges. This is not applicable to the Product.

How long should I hold the Product and can I take my money out early?

The recommended holding period is until the Acorn Income Fund ZDPs redemption date on 28 February 2022. Investors holding the Product do not have a right for their shares to be redeemed before that date. If you seek to sell early, you may not be able to sell your shares easily or may have to sell at a price that significantly impacts on how much you get back. To sell your shares before the redemption date you will need to contact your authorised financial adviser, broker or a share dealing service.

How can I complain?

As a shareholder of Acorn Income Fund ZDPs you do not have the right to complain to the Channel Islands Financial Ombudsman, or any other financial ombudsman, about the management of the Company or Product. Complaints about the Company, Product or the Key Information Document should be sent to Premier Fund Managers Limited at Eastgate Court, High Street, Guildford, Surrey, GU1 3DE; telephone number 01483 456 1122 or by e-mail to investorservices@premiermiton.com. Information about how to complain is also available at www.premiermiton.com. Complaints about a person advising on or selling the Product should be pursued with that person.

Other relevant information

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules, amended to reflect the maximum potential pay-out of the Product, and are based on information as at 31 December 2019. As stated in the section "What are the risks and what could I get in return" the scenarios presented are an estimate of future performance based on evidence from the past and are not an indicator of future performance. The Acorn Income Fund ZDPs are due to redeem on 28 February 2022. Unicorn Asset Management Limited is retained as investment adviser on the Smaller Companies portfolio and Premier Fund Managers Limited on the Income Portfolio. A number of additional documents are available both before and after you invest in accordance with EU and national law.

- Prospectus
- Notice of Annual General Meetings
- Annual Report & Accounts
- Articles of Association
- Pre-investment Disclosure Document

Copies of these documents and the latest copy of this document are available at www.premiermiton.com