

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: Hargreave Hale AIM VCT plc

ISIN: GB00B02WHS05

PRIP Manufacturer: Hargreave Hale AIM VCT plc

Competent authority: The Financial Conduct Authority (FCA)

Contact number: 01253 376 622

Website: www.hargreaveaimvcts.co.uk

This key information document is accurate as of **15 January 2024**

What is this product?

| | |
|--------------------------|---|
| Type | This product is a Venture Capital Trust (VCT) and public limited company, listed on the London Stock Exchange and incorporated in the United Kingdom. |
| Objectives | The VCT's objectives are to generate capital gains and income from its portfolio and to make distributions from capital or income to shareholders whilst maintaining its status as a VCT. It will maintain a diversified portfolio of qualifying investments in small high-risk companies with a UK base or presence. Qualifying investments are primarily in companies listed on AIM but may also include private companies and companies listed on the AQSE Growth Market. The VCT will also make non-qualifying investments which may include equities and exchange traded funds listed on the main market of the London Stock Exchange, fixed income securities, bank deposits that are readily realisable and the Marlborough Special Situations Fund. |
| Intended retail investor | VCTs are not suitable for every category of investor. VCTs are designed for individuals over 18 years of age who: (1) pay UK income tax; (2) can invest between £5,000 and £200,000 per tax year; (3) can tolerate a high level of investment risk; (4) can accept a minimum holding period of five years. Before deciding whether to subscribe for new ordinary shares issued through a prospectus, investors are strongly encouraged to consult an independent adviser authorised under FSMA and to carefully consider the suitability of an investment into the VCT in light of their personal circumstances. |
| Gearing | The VCT has the ability to borrow an amount equal to 15% of its adjusted capital and reserves (more information is detailed in the Articles of Association of the VCT). The VCT has no borrowing and has no plans to borrow. Any future borrowing would magnify any gains or losses made by the VCT. |
| Bid / Offer spread | 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. |
| Maturity | This product has no maturity date. |
| Continuation | The VCT operates a continuation vote whereby investors can vote to continue or wind up the VCT every five years. The Articles currently state this will next be considered at the 2030 AGM. |

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

Risk Indicator



Lower risk Higher risk

The risk indicator assumes you keep the product for 5 years. The actual risk and returns can vary significantly if you sell your shares at an early stage and you may get back less. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

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. 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 the capacity of the VCT to pay you. However, the summary risk indicator only reflects historic share price volatility of the company's shares. **It excludes other risks inherent in the product and so does not show the full risk to the investor.**

The product invests in small high-risk companies, some of which have yet to achieve profitability and cash generation. These investments may have volatile share prices and may be difficult to realise. See other relevant information. This product does not include any protection from future market performance so you could lose some or all of your investment.

Performance information

The main factors that will affect the performance include the performance of the investment manager, access to a suitable number of investment opportunities, the allocation of capital across qualifying and non-qualifying investments, and the performance of those investments. Other factors include the UK economic performance, material changes to monetary or fiscal policy, and changes to the regulatory regime that governs the VCT scheme. Qualifying investments are primarily made in companies listed on AIM but may also include private companies. Typically, these companies are high risk and lack commercial maturity at the point of investment.

The VCT's shares are illiquid and do not trade every day. Typically, the shares trade on a discount of approximately 5% to the last published Net Asset Value (NAV) per share. Low levels of liquidity can reduce the correlation between movements in the NAV per share and the price of the VCT's shares, potentially depressing assessments of volatility and risk. To address this, references to performance, risk and volatility presented in this document are based on movements in the NAV per share. To aid comparison, these alternative performance measures are presented alongside a representative proxy portfolio, comprising an 70% weighting to the FTSE AIM Total Return Index, a 20% weighting to the FTSE 350 Index and a 10% weighting to cash. The VCT's performance and risk profile may be substantially different to the proxy due to HMRC derived investment restrictions, qualifying Investments in private companies and fixed income securities.

Over the last five years the VCT NAV Total Return to 31 Dec 2023 was -2.3% p.a. compared with 1.0% p.a. for the proxy, similarly the risk of the VCT NAV Total Return over the last five years was 15.8% p.a. compared with a risk of 17.0% p.a. for the proxy.

The ex-ante moderate performance scenario gives a return of -3.0% p.a. over a five-year projection. For the Reduction In Yield information presented in the 'What are the costs?' section below, we have assumed a shareholder return of 3% p.a.

What could affect my return positively?

Specific factors that are likely to affect returns positively include the successful development and commercialisation of new products and services by the qualifying companies, positive contributions from the non-qualifying investment into companies listed on the main market of the London Stock Exchange and the allocation of capital across different asset classes. General factors include an extended period of stable UK economic growth and, more broadly, positive performance of the UK equity markets. The VCT is heavily invested in technology and healthcare, whose valuations can be sensitive to monetary policy and investor sentiment. Within the last 10 years, the VCT's best performance over a rolling one-year period was 76.7%. Over longer periods, a favourable five-year rolling performance, in line with the minimum recommended holding period, was 14.1% p.a.

What could affect my returns negatively?

Specific factors that are likely to affect returns negatively include a limited numbers of suitable qualifying investment opportunities and poor decision making by the investment manager. General factors include recession, disruption to global supply chains, pandemic, high inflation, falling stock markets and changes to Government schemes and fiscal policies designed to promote innovation, investment, growth and development. The NAV per share can be strongly correlated to the FTSE AIM All-Share Index, particularly during periods of increased volatility. As a result, a large fall in the FTSE AIM index is likely to result in a large fall in the NAV per share. The correlation with other markets was lower. Increases in interest rates, both in the UK and US, can negatively impact the valuations of long duration assets/investments in pre-commercial companies, such as those found in technology and healthcare sectors. Since inception, the VCT's worst return over a rolling one-year period was a loss of 38.8%. Over longer periods, an unfavourable five-year rolling performance, in line with the minimum recommended holding period, was -7.6% p.a.

What could happen in severely adverse market conditions?

The past performance of the VCT and its underlying investments is no indicator of future performance. Investors may not get back the amount they originally invested. Under severely adverse market conditions, an investor could expect to realise a very significant loss on their investment. During the global financial crisis that started in 2007, the NAV total return per share fell by 44.0% peak to trough. Similarly, during the 2020 global pandemic, the NAV total return per share fell 21.4% peak to trough. The markets are currently experiencing adverse macroeconomic conditions and the NAV total return per share has fallen 49.8% peak to trough, from Sep 2021 to Oct 2023.

What happens if Hargreave Hale AIM VCT plc is unable to pay out?

As a shareholder of Hargreave Hale AIM VCT plc you would not be able to make a claim to the Financial Services Compensation Scheme about Hargreave Hale AIM VCT plc in the event that the Company is unable to pay out.

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 consider 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. 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.

| Investment: £10,000 If you cash in after... | 1 year | 3 years | 5 years |
|--|--------|---------|---------|
| Total Costs (£) | 602 | 1,058 | 1,476 |
| Impact on return (RIY) per year (%) | 6.02% | 3.51% | 3.02% |

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 | 0.74% | The impact of costs you pay when entering your investment. The figure assumes you will pay issue costs of 3.5% on your subscription. This is the most you will pay and you could pay less. |
| | Exit costs | 0.00% | This product does not have any exit costs contained within it but when selling shares investors are likely to receive a price below NAV; see the minimum holding period section below. |
| Ongoing costs | Portfolio transaction costs | 0.08% | The impact of the costs of the VCT buying and selling underlying investments for the product. |
| | Other ongoing costs | 2.20% | The impact of the costs taken by the VCT each year for managing your investments. |
| Incidental costs | Performance fees | 0.00% | This product does not charge any performance fees. |
| | Carried interests | 0.00% | This product does not charge any carried interest. |

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

Recommended required minimum holding period: 5 years

VCTs are a platform for long term investment in small companies. The recommended minimum holding period is 5 years, which is consistent with the minimum holding period required by HMRC for investors who claim income tax relief on shares issued through a subscription offer. Investors who sell their VCT shares before the fifth anniversary of the share issue are likely to have to repay their income tax relief.

VCT shares are quoted and traded on the London Stock Exchange, so, provided there is a willing buyer, you can realise the value of your VCT investment at any time through a stockbroker or a share dealing account. You should note that previously owned VCT shares do not qualify for initial income tax relief and there is, therefore, a very limited market for buying VCT shares. The Company aims to improve the liquidity in its ordinary shares and to maintain a discount of approximately 5% to the last published NAV per share (as measured against the mid-price of the shares) by making secondary market purchases in accordance with parameters set by the Board. In practice when a shareholder sells their shares to a market maker through a share dealing service, the price achieved in a sale is likely to be below the mid-price of the Company's shares and therefore the discount is likely to be more than 5% to the last published NAV per share. This policy is non-binding and at the discretion of the Board. Its operation depends on a range of factors including the Company's liquidity, shareholder permissions, market conditions and compliance with all laws and regulations. These factors may restrict the effective operation of the policy and prevent the Company from achieving its objectives. As a result, there is no guarantee you will be able to sell your shares on request or of the discount to NAV at which the shares will be sold.

There are no additional fees or penalties incurred on exit however the price you receive on the open market is unlikely to fully reflect the underlying net asset value of the shares.

How can I complain?

As a shareholder of Hargreave Hale AIM VCT plc you do not have the right to complain to the Financial Ombudsman Service (FOS) about the management of Hargreave Hale AIM VCT plc.

Complaints about the VCT or the key information document should be directed to Hargreave Hale AIM VCT plc.

If you have a complaint, you can contact the Company by email at aimvct@canaccord.com, in writing to Hargreave Hale AIM VCT plc, Talisman House, Boardmans way, Blackpool, FY4 5FY or through the contact us facility on the website at www.hargreaveaimvcts.co.uk.

Other relevant information

HMRC offers tax reliefs to encourage investment in small high-risk companies through VCTs. The tax reliefs are dependent on personal circumstances and on the VCT meeting various conditions on an ongoing basis. There can be no guarantee the VCT will do this. A failure to meet the VCT conditions may have adverse tax consequences, including a loss of income tax relief.

The performance scenarios above do not include any benefits from tax relief applicable to VCTs available to investors nor have they been adjusted to take account of the initial costs paid to purchase shares through an offer for subscription (up to 3.5%) or the likely discount to NAV (see minimum holding period section for more details) at which shares may be sold in the secondary market.

The 3.5% offer costs apply to subscription shares. It is the most you could pay and could be less. Shares bought on the secondary market will not incur any offer costs and will have a lower cost profile than outlined above. Shares acquired in the secondary market are exempt from capital gains tax and dividend tax; however, they do not benefit from the income tax relief.

The latest annual report, fact sheet and prospectus can be found at <https://www.hargreaveaimvcts.co.uk/document-library>. These documents include a more comprehensive list of the risks associated with this product. The cost, performance and risk calculations included in the KID follow the methodology prescribed by EU rules. Depending on how you buy or sell these shares you may incur other costs including broker commission, platform fees and stamp duty. The distributor will provide you with additional documents where necessary. VCTs carry substantial risk. Investors are encouraged to take professional advice and carefully consider their suitability before proceeding with an investment.