

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.

DOWNING ONE VCT PLC

Product: Ordinary Shares of 1 pence each nominal value issued by Downing ONE VCT plc (“Shares”)

ISIN: GB00BFRSVQ41

Names of PRIIP manufacturers: Downing ONE VCT PLC (registered number 03150868) (the “Company”)

Website for the PRIIP manufacturer: www.downing.co.uk

Call this telephone number for more information: +44(0) 207 416 7780

Competent Authority of the PRIIP Manufacturer in relation to the KID: UK Financial Conduct Authority

Date of production of this Key Information Document: 11 September 2020

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

What is this product?

Type: Venture Capital Trust

Objectives: To provide private investors with attractive returns from a portfolio of investments unquoted companies including existing AIM and NEX Exchange Growth Market quoted companies in the United Kingdom. It is the intention to maximise tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sales or flotation. The Company also intends to pay an annual dividend of at least 4.0% per annum based on its NAV, subject to the availability of sufficient distributable profits, capital resources and compliance with the VCT regulations. There is no guarantee that this objective will be met.

Bid-offer spread: Shares 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.

The recommended holding period: is in the range of five to ten years to allow for underlying investments to mature. The Company is intended to be evergreen and there are no relevant prescribed maturity dates but it is always open for a majority of Shareholders to resolve that the Company should be liquidated. If you subscribe for Shares at issue and hold them for less than five years you will lose any tax reliefs for which you may have been eligible in respect of that subscription.

Intended retail investor: a typical investor in the Company will be a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £5,000 (or such lower amount at the Board’s discretion) and £200,000 and will be capable of understanding and be comfortable with the risks of VCT investment.

Risk Indicator



The summary risk indicator is a guide to the level of risk of this product compared to other products. It is intended to show how likely it is that the product will lose money because of movements in the markets. This assessment is based on past share price performance which should not be taken as an indication of future performance.

We have classified this product as 3 out of 7 which is a low risk class. This has been calculated using the prescribed methodology based on historic proxy data. The actual risk can vary significantly if you cash in at an early stage and you may get back less. This investment offers no capital guarantee against credit risk. If the underlying companies in which the Company invests do not pay what they owe the Company you could lose part of the capital you invest (but you do not bear the risk of incurring additional financial obligations or commitments). If you cash in at an early stage 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. This liquidity risk is not contractual but is due to there being a limited secondary market for shares in venture capital trusts. This investment offers no capital protection against future market performance so you could lose all or part of your investment if you sell in a poor market.

Performance Scenarios

The table below shows the money you could get back over the next 10 years under different scenarios, 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. 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. This product cannot be easily cashed in. This means it is difficult to estimate how much you would get back if you cash in before the end of the recommended holding period. You will either be unable to cash in early or you will have to pay high costs or make a large loss if you do.

Investment Scenarios		1 year	5 years	10 years (recommended holding period)
Stress scenario	What you might get back after costs	£3,897	£6,779	£5,689
	Average return each year	-61.03%	-7.48%	-5.48%
Unfavourable scenario	What you might get back after costs	£8,780	£6,831	£5,314
	Average return each year	-12.20%	-7.34%	-6.13%
Moderate scenario	What you might get back after costs	£9,692	£8,539	£7,289
	Average return each year	-3.08%	-3.11%	-3.11%
Favourable scenario	What you might get back after costs	£10,685	£10,661	£9,984
	Average return each year	6.85%	1.29%	-0.02%

What happens if Downing ONE VCT plc is unable to pay out?

The value of the Shares and the income derived from them is dependent on the performance of the Company's underlying investments and can fluctuate. Investors could lose all or part of their investment. Your capital is at risk. As a shareholder of the Company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event that the Company is unable to pay out.

What are the costs?

The Reduction in Yield (RIY) in the table below 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 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 Scenarios	If you cash in after 1 year*	If you cash in after 5 years*	If you cash in after 10 years
Total costs	£809	£1,845	£2,951
Impact on return (RIY) per year	8.09%	3.87%	3.35%

*This product cannot be easily realised. This means it is difficult to estimate how much you would get back if you attempt to realise your investment early. You will either be unable to realise your investment early or you will have to pay high costs or make a large loss if you do so. You will also lose tax reliefs gained on subscription if you sell within five years.

Composition of costs

The table below shows the compounding impact each year of the different types of costs on the investment return 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	0.51%	Where the Company has an open Offer for Subscription, Downing LLP will charge a promoter's fee to the Company or either 2.5% or 4.5% of amounts invested depending on the category of investor. We have calculated the impact based on the maximum promoter fee of 4.5%. Stamp duty reserve tax of 0.5% is payable if the Shares are purchased on the secondary market.
On-going costs	Portfolio transaction costs	0.06%	The Company's costs of buying and selling underlying investments (including costs that borne by those companies). This is an estimate of the expected exposure to such costs. Downing LLP will receive arrangement fees up to a maximum of 3.0% of sums invested in any one investee company, subject to an average overall cap of 2.0% across all investee companies, of the sums invested at the time of investment.
	Other ongoing costs	2.79%	This represents impact of the costs of running the Company each year and includes the fees charged to investee companies by Downing LLP, as a result of ongoing monitoring work carried out. Investee company monitoring fees are capped at the higher of (a) £10,000 per annum or (b) 0.5% of the cost of the investment are ultimately borne by the investee company. To the extent an arrangement fee (outlined above) of less than 2.0% is charged to a particular investee company, Downing LLP will be entitled to an additional monitoring fee equal to 50% of the shortfall, up to a maximum of 0.5%. The Company's annual running costs are capped at 2.6% of its net assets, including a management fee to Downing LLP of 2.0%.
Incidental costs	Performance fees	0.00%	As outlined in the Prospectus dated 11 September 2020, a Performance Incentive scheme is proposed in respect of investments made on or after 1 April 2019. Based in historic performance, a fee is not expected to be paid at this time.
	Carried interests	0.00%	There are no carried interests associated with this product.

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

The recommended holding period is a minimum of five years because investing in smaller and unquoted companies involves a higher degree of risk and volatility and investments by the Company which prove to be successful may take longer to mature compared to those which prove to be less successful. Investments are likely to be realised by the sale of Shares back to the Company or in the market. The Company has a policy to buy back shares which its shareholders wish to sell, currently at a discount of 5% to the most recently announced NAV but its ability to do so may be limited by available cash, the rules of the UKLA, the Companies Act 2006 and the VCT Rules. Accordingly, it is unlikely there will be a liquid market as there is a limited secondary market for shares in VCTs and Investors may find it difficult to realise their investments.

How can I complain?

As a shareholder of Downing ONE VCT plc you do not have the right to complain to the Financial Ombudsman Service about the management of Downing ONE VCT plc. Complaints about the Company or the key information document should be sent to the company secretary: Mr. Grant Whitehouse, Downing LLP, St. Magnus House, 3 Lower Thames Street, London EC3R 6HD.

Other relevant information:

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules. Performance has been based on share price total return with dividends reinvested. Depending on how you buy Shares you may incur other costs, including broker commission, platform fees and Stamp Duty. The distributor will provide you with additional documents where necessary. Prospective investors should note that the value of an investment may not get back the amount originally invested. Therefore, you should only make investments in the fund that you can afford to lose without having any significant impact on your overall financial position or commitments. Taxation levels, bases and reliefs may change if the law changes and the tax benefits of products will vary according to your personal circumstances: independent advice should therefore be sought. Please note that it cannot be guaranteed that the companies invested in by the Company will be qualifying companies or that the Company will maintain its qualifying status as a venture capital trust.