



Earthworm



Earthworm EIS Fund

Key Information Document

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 investment products.

Unless otherwise stated or as the context shall otherwise require, defined terms and expressions used in this document have the meanings ascribed to them in the Information Memorandum issued on 1 August 2019 relating to the Earthworm EIS Fund.

You are about to purchase an Investment product that is not simple and may be difficult to understand. We always recommend you seek professional financial advice.

1 August 2019

This financial promotion is issued and approved by EW Cap Limited
(Financial Conduct Authority number 797051)

What is this product?

Type	<p>An Enterprise Investment Scheme (EIS) fund which consists of a number of investment management agreements between Investors and EW Cap Limited, managed in parallel. To the extent practicable, the Manager will make investments on behalf of each Investor that, subject to their personal circumstances and the other risk factors set out in the Information Memorandum, qualify for tax relief under the Income Tax Act 2007 (ITA).</p>
Objectives	<p>The objective is to identify and invest in companies which make a positive environmental or social impact. The focus of investment opportunities having the relevant features for the Fund are within the food, energy and waste sectors. Typically no more than 35% of an Investor's subscription will be invested in any one Investee Company in any one round.</p> <p>To the extent practicable, monies raised will be deployed into Investee Companies which qualify for the purposes of EIS within the parameters of the ITA, offer both commercial potential and sustainability and allow for tax free capital growth.</p> <p>Insofar as the circumstances permit, Investor's funds will be invested into a minimum of three Investee Companies. The majority of Investee Companies may be loss making initially or only marginally profitable, will most likely be unlisted and are not expected to pay any dividends. By investing in the Earthworm EIS Fund, UK taxpayers may be able to benefit from the reliefs provided by EIS, and loss relief should they realise a loss on any of the Investments (net of income tax relief received).</p>
Intended retail Investor	<p>The Earthworm EIS Fund is intended for individuals who have been professionally advised or are very knowledgeable and who fully understand and are capable of evaluating the merits and risks of an Investment in the Fund and who have sufficient resources to be able to bear any losses that may result from such an investment. It is also intended for individuals who are certified high-net-worth or self-certified Sophisticated Investors.</p>
Realisation	<p>The most common exit route for a successful investment is by way of a sale of shares, where Investors receive a distribution from the proceeds as they arise. The market for the shares in Investee Companies is, however, restricted and therefore it may be difficult to sell Investments or to obtain reliable information about the value of an Investee Company. The Manager will seek to realise investments in an orderly fashion over a period of three to five years from the date of investment but it cannot be guaranteed that the investments made can be easily realised within this period and, even where they can be so realised, that this can be done on an advantageous basis. Each investment will be realised separately.</p>
Term	<p>Our agreement with you will end on the earlier of the following events: (i) the withdrawal by you of all investments and cash to which you are entitled; (ii) the expiry of one month's written notice given by the Manager; (iii) the Manager ceases to be appropriately authorised by the FCA or becomes insolvent; (iv) the Manager is no longer able to categorise the Fund as being a suitable investment for you; (v) the Manager accepts your application in reliance of a certification given by your IFA that the Fund is suitable for you and either that certification is withdrawn or that IFA ceases to act for you.</p>

Risk Factors

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

The risk indicator below assumes you keep the Investment for at least five years. You may not be able to sell the Investment early or you may have to sell at a price that significantly impacts how much you get back:



This indicator is a guide to the level of risk of this compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or the economy or a material political event or because it cannot be paid out. The risk indicator assumes you keep the product for several years. The actual risk can vary materially if you cash in at an early stage and so you could receive less in return. You may not be able to sell your investments easily or you may have to sell at a price that materially reduces the amount you receive back. **We have classified this product as six out of seven which is the second highest risk class.**

EIS is one of the UK Government's tax advantaged venture capital schemes that is used by small or medium sized companies to raise funds, by providing tax reliefs for investors. This product does not include any protection from future market performance though, so you could lose some or all of your investment. These investments are normally viewed materially higher risk than listed equities. If all of the underlying investments fail, you could lose your entire investment. **We have therefore categorised this product as high risk.**

In certain circumstances you may benefit from a consumer protection scheme (see below). The indicator does not consider or otherwise take into account this protection.

This Investment offers no capital protection against market risk and therefore you can lose all the capital you invest (but you do not bear the risk of incurring additional financial obligations or commitments).

What happens if EW Cap Limited is unable to pay?

You may face a financial loss due to the default of the Manager and/or the Custodian. You may be entitled to compensation from the Financial Services Compensation Scheme if the Manager and/or Custodian cannot meet their obligations (as applicable). The Financial Services Compensation Scheme is only available to certain types of claim. Payments under the protected investment business scheme are limited to a maximum of £85,000 of any claim. Further information about compensation arrangements is available from www.fscs.org.uk.

The costs

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 in the moderate performance scenario (which does not include any performance fees or contingent annual management charge being paid to the Manager since they would only apply on a favourable scenario). 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	If you cash in after 1 year*	If you cash in after 3 years*	If you cash in after 5 years*
Total costs	£540	£780	£1,293
Impact on return (RIY) per year	5.40%	2.99%	6.58%

Composition of costs

The charges you pay go towards the costs of running the Fund, including the costs of managing, marketing and distributing it. These charges reduce the potential growth of your Investment. The variable cost component is the performance fee, the size of which depends on a very successful investment outcome.

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 five year period and the meaning of the different cost categories. The performance incentive and the contingent AMC are only likely to arise under a favourable scenario but have been included for completeness.

This table shows the impact on return per year

One-off costs	Entry costs	3%	The impact of the costs you pay in relation to the Net Subscription Amount that you pay.
Ongoing costs	Annual Management Charge (AMC)	4.8%	The AMC is 2% per annum (plus VAT) for five years and covers the costs of managing the Fund, including custodian and nominee fees, bank charges and reporting to investors. The AMC for years 1 and 2 is retained by the Manager in advance.
	Contingent AMC	Up to 7.2%	The AMC for years 3-5 is only paid to the Manager if you receive 120% or more of your Net Subscription.
Incidental costs	Performance incentive	30% of all returns received in excess of 120p per share	The impact of the performance fee. You will not pay any performance fee unless you have received back 120p or more per share. The performance fee is 30% of returns received above this threshold. The fee will only be payable under a favourable scenario and the amount will vary according to actual performance of each underlying asset. Plus VAT, as applicable.

This table shows the money you could get back over the next five years, under different scenarios, assuming you invest £10,000. This does not include tax reliefs.

Performance scenarios*	1 year*	3 years*	5 years (minimum recommended hold period)
Unfavourable scenario			
What you might get back after costs	£9,460	£9,636	£10,432
Average return each year	-5.40%	-1.23%	0.85%
Moderate scenario			
What you might get back after costs	£9,460	£10,925	£12,485
Average return each year	-5.40%	2.99%	4.54%
Favourable scenario			
What you might get back after costs	£9,460	£10,936	£13,032
Average return each year	-5.40%	3.03%	5.44%

* This product cannot be easily realised or cashed in. 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 material loss if you do so. 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 and are not an exact indicator. Past performance is not necessarily a guide for future performance. What you get will vary depending on how the market performs and how long you keep the Investment/product. The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your Adviser. They also do not include any tax reliefs that are available, subject to personal circumstances, under the EIS or otherwise. The figures do not take into account 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.

FAQs

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

The required minimum holding period is three years although the recommended minimum hold period is five years or more and 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.

How do I complain?

You can complain initially to EW Cap Limited by contacting the Compliance Officer using the details listed on the Financial Conduct Authority register or their website www.fca.org.uk. If you remain dissatisfied with our service and you are an eligible complainant, you may ask the Financial Ombudsman Service to consider your complaint. For more information see www.financial-ombudsman.org.uk.

Other relevant information

Please read the Information Memorandum for the Fund carefully, specifically the Risk Factors set out on pages 28 to 32, before making your Investment decision and confirm with your independent financial adviser that you have the expertise, experience and knowledge to properly understand the risks of participating in the Fund.

Prospective Investors should note that the value of an investment can fall as well as rise and Investors 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 it cannot be guaranteed that companies invested in by the Fund will achieve or retain EIS qualifying status or that Investors will qualify for the tax reliefs available under this scheme.

For IFA
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