

KEY INFORMATION DOCUMENT

PURPOSE

This document provides you with key information about this investment product (the “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

Product: SDCL Energy Efficiency Income Trust Plc (The “Company”) – Ordinary Shares

PRIP Manufacturer: Sustainable Development Capital LLP

ISIN: GB00BGHVZM47

Ticker: SEIT

Listing: London Stock Exchange

Website: www.seeitplc.com

Telephone number for more information: +44 (0) 20 7287 7700

Document valid as at: 06 October 2023

Competent Authority: Sustainable Development Capital LLP has been appointed as the Company’s investment Manager who is authorised & regulated by the Financial Conduct Authority.

You are about to purchase a product that is not simple and maybe difficult to understand.

WHAT IS THE PRODUCT?

Type

This is a closed-ended investment company incorporated in England and Wales and is listed on the London Stock Exchange. The Company has unlimited life and there is no maturity date for the ordinary shares.

Objectives

SDCL Energy Efficiency Income Trust Plc (“SEEIT” or the “Company”) seeks to provide investors with an attractive total return for investors comprising stable dividend income, capital preservation and the opportunity for capital growth. SEEIT achieves this through investment in a diversified portfolio of energy efficiency projects with high quality, private and public sector counterparties.

The contracts governing these energy efficiency projects will entitle the Company to receive stable, predictable cash flows in respect of predominantly operational energy efficiency equipment installed at counterparties' premises. The Company's returns will take the form of contractual payments by counterparties in respect of the relevant energy efficiency equipment used by them.

Intended retail investor

Typical investors in the Company are expected to be institutional and sophisticated investors, professional investors, high net worth investors and advised individual investors who understand the risks involved in investing in the Company and/or who have received advice from their fund manager, broker or an independent financial adviser regarding any investment in the Company.

The shares are only suitable for investors: (i) who understand the potential risk of capital loss and that the underlying investments of the Company are highly illiquid; (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio.

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

Risk Indicator



The risk indicator assumes you keep the Product for 5 years. The actual risk can vary significantly if you redeem at an early stage, and you may get back less than the amount invested.

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 4 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level, and poor market conditions are unlikely to impact our capacity to pay you. 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 SEEIT are the performance of energy efficiency themed investments within the Company's portfolio; the ability of the fund manager to mitigate counterparty credit risk; carbon regulations - mainly across Europe and the US; and the overall performance of the UK and Global small to mid-cap equity markets. SEEIT has a target net total return of 7.0 to 8.0 per cent. The Company's NAV has increased 4.9% over the year ending 31 March 2023.

SEEIT has delivered an annualised shareholder return of -2.2% and an annualised volatility of 19.2% since trading began, between 11th December 2018 and the 6th October 2023 – the date of this document.

To examine evidence for the longer-term performance of the Company, we backfilled SEEIT's performance with a blend of infrastructure and renewable energy funds¹ back to January 2013 and backfilled this further with Energy and Infrastructure equity indices² back to January 2005. The benchmark was dynamically reweighted based on data availability to give a full daily performance history with the Fund having all the weighting from its inception in December 2018.

Our ex-ante moderate performance scenario is an annualised return of 8.1% over the recommended holding period of five years. We have used this return in our reduction in yield calculations.

For an indication of risk, we examined rolling five-year windows of the backfilled proxy's performance. The average volatility over these rolling windows was 14.8% per annum. However, during periods of stress in the market, the volatility temporarily increased to an annualised rate of 40.3%.

What could affect my return positively?

Specific factors that affect returns positively are good performance of projects and investments within the portfolio, as well as good management of SEEIT's contracts and counterparty risks. A broad factor that would contribute to positive returns would be an increase in global demand for renewable and efficient energy through either carbon regulations or an increase in public perception of the value of SEEIT. In addition, improvements in the valuation of small to mid-cap equities, and UK Energy and Technology as well as the global infrastructure market, are also likely to benefit the Company too. These factors have been positively correlated to SEEIT's performance, with stronger correlation during large market movements. In terms of quantitative evidence, SEEIT's best performance over a rolling one-year period was 60.9% and, over the longer term, our proxy's best performance over a 5-year rolling period was 16.0% per annum.

What could affect my return negatively?

Specific factors that affect returns negatively are the underperformance of projects and investments within the portfolio through either inefficient operation, delayed construction of projects, or cyber risks, and poor assessment of counterparty risks. Falling valuations of small to mid-cap equities, world financials, and UK Energy and Technology markets would also be linked to lower returns. In downside events, SEEIT's performance has been strongly positively correlated to the performance of corporate bonds emphasising the risk of counterparty default. In terms of quantitative evidence, SEEIT's worst performance over a rolling one-year period was -37.9%; and over longer periods the proxy's worst five-year rolling performance was -4.2% per annum.

What could happen in severely adverse market conditions?

Under severely adverse market conditions, the investor could expect to lose some or all of their investment. The markets are currently experiencing adverse market conditions, and SEEIT has experienced a shareholder loss of 46.7% from July 2022 to the date of this document. This is comparable to our proxy which lost 38.0% from May 2008 to October 2008 before recovering two years later in December 2010. Persistent adverse market conditions could lead to further falls in value of SEEIT before recovery.

¹ The blend of funds used is as follows: 25% the Renewables Infrastructure Group, 25% HICL Infrastructure, 25% Next Energy Solar and 25% Foresight Solar.

² The blend of equity indices used is as follows: 75% FTSE Developed Energy and 25% FTSE Developed Core Infrastructure.

WHAT HAPPENS IF THE COMPANY IS UNABLE TO PAY OUT?

As a shareholder of the Company, you will not be entitled to compensation from the Financial Services Compensation Scheme or any other compensation scheme in the event that the Company were unable to pay any dividends or other returns it may elect to pay from time to time, or if it were unable to pay amounts due to you on a winding-up. No guarantee scheme applies to an investment in the Company.

WHAT ARE THE COSTS?

The Reduction in Yield (RIY) shows what the impact the total costs you pay may have on your investment return. 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.

We have assumed that the product performs in line with a moderate scenario shareholder return of 8.6% per annum, which was calculated as the average five-year return of the proxy over the last ten years.

Investment 10,000 GBP	if you cash in after 1 year	if you cash in after 5 years <i>Recommended holding period</i>
Total Costs	199 GBP	1,532 GBP
Annual cost impact (*)	2.0 %	2.2 %

Composition of Costs

The table shows the impact of each year of the different types of costs on the investment return that you might get at the end of the recommended holding period.

This table shows the impact on return per year over 5 years			
One-off costs	Entry costs	0.0 %	The impact of the costs you pay when entering your investment. The impact of costs already included in the price.
	Exit costs	0.0 %	The impact of costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	1.0 %	The impact of the costs of us buying and selling underlying investments for the Product.
	Other ongoing costs	1.2 %	The impact of the costs that we take each year for managing your investment.
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?

An investment in the Company should be regarded as a long-term investment. This product has no required minimum holding period, although five years have been used for the purposes of the calculations in the Key Information Document. The shares are traded on the London Stock Exchange and can be traded at any time that the market is open for business.

HOW CAN I COMPLAIN?

As a shareholder of the Company you do not have the right to complain to the Financial Ombudsman (FOS) about the management of the Company. Complaints about the Company or Sustainable Development Capital LLP, as investment manager of the Company, should be communicated to the company secretary using any of the contact details set out below:

Postal address: Sanne Group (UK) Limited, 6th Floor, 125 London Wall, Barbican, London EC2Y 5AS

Website: <https://www.sannegroup.com/>

Telephone: +44 (0) 20 3327 9720

Email: info@sannegroup.com

OTHER RELEVANT INFORMATION

The key information document is updated at least every 12 months. The disclosures in this KID, including the cost, performance and risk calculations follow the methodology prescribed by U.K. Financial Conduct Authority that came into force on the 25th of March 2022. Further material on this fund can be found at www.seeitplc.com including annual reports and accounts when issued.

The costs are not the maximum fees that you will pay as your broker, bank or financial institution may charge you fees for trading the Company's shares.