

# 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 of Product	Ordinary shares of £0.001 nominal value each in Literacy Capital plc (the "Company")
Name of PRIIP manufacturer	Literacy Capital plc
ISIN	GB00BMF1L080
Website for PRIIP manufacturer	www.literacycapital.com
Call telephone number for more information	+44 (0)20 3960 0280
Date of production of the KID	11 May 2022

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

## What is this product?

### Type

Ordinary shares in a public company incorporated in the United Kingdom. Save for payments of dividends made in accordance with its dividend policy from time to time or other returns (e.g. on a winding up), the Company is not expecting to pay you and you are expected to generate returns through selling your shares through a bank or stockbroker. The ordinary shares have no maturity date. Shares of the Company are bought and sold via the Specialist Fund Segment of the Main Market of the London Stock Exchange. 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

The Company's objectives are: (i) to achieve long term capital growth through making investments in accordance with its investment policy; and (ii) to provide a consistent donation to registered charities selected by the Investment Manager with the approval of the Board.

### Intended retail investor

The ordinary shares are admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange and as such are intended for institutional, professional and knowledgeable (including those who are professionally advised) investors.

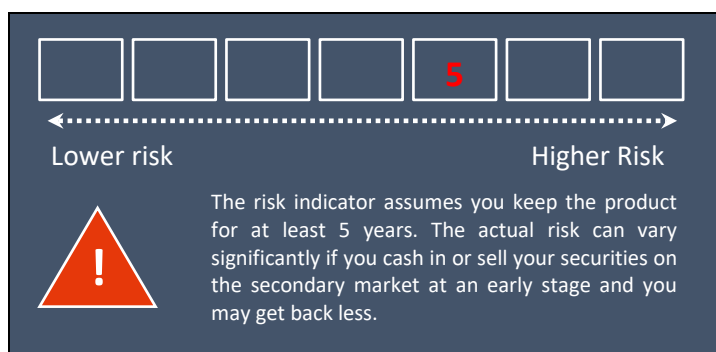
## What are the risks and what could I get in return?

### Risk indicator

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 5 out of 7 which is a medium-high risk class.

This rates the potential losses from future performance at a medium-high level, and poor market conditions are likely to impact your returns. The Company invests in unlisted equities which have valuation and performance uncertainties and liquidity risk. The 'Other relevant information' section gives more detail on the risks investors should consider. 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 you what is owed, you could lose your entire investment.



The whole amount of your invested capital in the Company is at risk and there can be no guarantee that you will get back any or all of the amount invested on a sale of shares in the Company. The price at which shares in the Company are sold in the market has not historically tracked the Company's net asset value per share. **REFERENCES TO THE COMPANY PAYING YOU MONEY ARE**

**REQUIRED, WHILE YOU MAY RECEIVE SOME DIVIDENDS FROM THE COMPANY DURING YOUR INVESTMENT THE MAJORITY OF YOUR RETURN FROM THE BUYER OF YOUR SHARES WHEN YOU SELL.**

### **Investment Performance information**

The main factors which are likely to affect your future returns are those: (i) which may directly affect the price at which you would be able to sell your shares in the Company, for example, if there is no liquid market in the shares or if members of the Board or other significant shareholders sold their shares in the Company; and (ii) which may indirectly affect the price at which you would be able to sell your shares in the Company by having a material impact on the Company's performance, for example, if one of the Company's investments could not be realised at the value attributed to that investment or if any of the Company's investments had to be written off.

The Company uses the FTSE All-Share Closed End Investment Trust Index (the "**Index**") as a comparator for the purpose of monitoring performance and risk but the composition of the Index has no influence on investment decisions. The Index represents the performance of Investment Trusts from the FTSE UK Index Series. Some of these investment trusts operate in a way and invest in similar types of companies to the Company, and as such the Investment Manager has deemed the Index to be the best comparator for the Company. Since the Index includes investment trusts from all sectors, and not just those with investment policies or objectives which are similar to those of the Company, factors which affect the performance or volatility of the Company's ordinary shares may not affect all of the companies included in the Index equally.

#### **What could affect my return positively?**

Your return will be positively affected if the Company's share price increases and you are able to sell your ordinary shares at a premium to the price you paid for such shares on acquisition. The Company's share price performance is likely to be improved if general market conditions are positive and the Company's overall performance (which will be set out in respect of each financial year in the Company's annual report and financial statements) is also positive, for example, if the Company's investments increase in value, it makes new investments, the announcement of which are received positively by the market or if it realises investments at an uplift to their carrying value.

#### **What could affect my return negatively?**

Conversely, your return will be negatively affected if the Company's share price decreases and you are not able to sell your ordinary shares for more than the price you paid for them on acquisition. The Company's share price is likely to be negatively affected if general market conditions are poor or if the Company's performance is not in line with expectations, for example, if one of the Company's investments could not be realised at the value attributed to that investment or if any of the Company's investments had to be written off.

In severely adverse market conditions, it is likely that the Company's ordinary shares would trade at a significant discount to the net asset value of the Company's underlying investments. It is also possible that the price at which investors could sell their ordinary shares would be less than the price at which investors originally acquired their ordinary shares. In such circumstances, investors would make a loss – which could be significant – in respect of their investment.

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## **What happens if Literacy Capital plc is unable to pay out?**

As a shareholder of Literacy Capital plc you would not be able to make a claim to the Financial Services Compensation Scheme nor any other compensation body about the Company in the event that the Company was unable to pay any dividends or other returns it may elect to pay from time to time, or if it were unable to pay any amounts due to you on a winding up at the end of its life. If you invest in the Company, you should be prepared to assume the risk that you could lose all of your investment. If you sell your shares on the Specialist Fund Segment of the Main Market of the London Stock Exchange, your bank or stockbroker will receive cash on delivery of your shares and should pass that to you.

The assets of the Company are under supervision of the Company's depositary, Indos Financial Limited. The assets of the Company are segregated by law from those of Literacy Capital Asset Management LLP and of the depositary bank.

**REFERENCES TO THE COMPANY PAYING YOU MONEY ARE REQUIRED, WHILE YOU MAY RECEIVE SOME DIVIDENDS FROM THE COMPANY DURING YOUR INVESTMENT THE MAJORITY OF YOUR RETURN WILL LIKELY BE FROM THE BUYER OF YOUR SHARES WHEN YOU SELL.**

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## **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 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.

The Company is required by law to include the information above and below without any changes. That law was drafted for investment products which pay returns directly to investors, not those for which a return is expected to be delivered by the investor selling shares

on a market. The Performance Scenarios above are shown based on share price returns together with returns from dividends or other distributions net of estimated costs. The costs shown below, all of which are borne by the Company, will have an impact on the Company's net asset value but may or may not have a direct impact on share price performance of the Company's ordinary shares.

If you chose to sell your shares, you would pay your bank's or stockbroker's dealing charges and be selling at the then available market offer price. That is likely to be lower than the bid price at which other investors could buy shares at that time. Prices quoted for shares in the media are typically the mid-price, being halfway between the offer price and the bid price.

### 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 £10,000	If you cash in after 1 year	If you cash in after 3 years	If you cash in at the end of the recommended holding period
Total costs	£224.66	£1,753.57	£7,592.94
Impact on return (RIY) per year	2.25%	2.25%	2.25%

The above figures take into account the application of the entry and exist costs detailed in the following section, for which the application is subject to the sole discretion of the Board. These charges could be applied when portfolio company shares are sold through intermediaries.

### 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 impact on return per year			
One-off costs	Entry costs	None	The impact of the costs you pay when entering your investment.
	Exit costs	None	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.04%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	2.21%	The impact of the costs that we take each year for managing your investments and the costs associated with running the Company.
Incidental costs	Performance fees	None	The impact of the performance fee. We take these from your investment if the adjusted NAV of Company outperforms.
	Carried interests	None	The impact of carried interests.

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

### Recommended holding period: 5 years

Listed funds are designed to be long term investments and the returns from them can be volatile during their life.

You should plan to hold your shares for at least a five-year investment horizon.

As the Company's ordinary shares are listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange, you can expect to sell them at any time through your bank or stockbroker, provided that there is a buyer for the shares.

## How can I complain?

As a shareholder of the Company, you do not have the right to complain to the Financial Ombudsman Service (FOS) about the management of the Company. If you have any complaints about the Company, you may lodge your complaint:

- via our website [www.literacycapital.com](http://www.literacycapital.com)
- in writing to The Directors, Literacy Capital plc, Third Floor, Charles House, 5-11 Regent Street St James's, London, United Kingdom, SW1Y 4LR.

## Other relevant information

We are required to provide you with further documentation, such as the Company's latest prospectus, annual and semi-annual reports. In particular, investors should have regard to the risk factors set out in the prospectus. These documents and other information relating to the Company are available online at [www.literacycapital.com](http://www.literacycapital.com). Past performance is not indicative of future performance.