GUINNESS
ASSET MANAGEMENT

INVEST FOR YOUR

# FAMILY'S FUTURE

SUSTAINABLE ESTATE
PLANNING SERVICE

BROCHURE

**Don’t invest unless you’re prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.**

**Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.**

## What are the key risks?

**1. You could lose all the money you invest**

- If the businesses that this product invests in fail, the value of your investment will fall and it will take longer and may be harder to access funds from your investment.
- Advertised target rates of return aren't guaranteed. This is not a savings account. If the businesses held within this product do not perform well, your investment may return less money than expected or nothing at all.

**2. You are unlikely to be protected if something goes wrong**

Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker at www.fscs.org.uk/check/investment-protection-checker

Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection at www.financial-ombudsman.org.uk/consumers

**3. You are unlikely to get your money back quickly**

- Even if the businesses that this product invests in are successful, in some scenarios it may take several years to sell your investments and for you to be able to access your money.
- You will have to pay exit fees or additional charges to take any money out of your investment.
- You should not expect to get your money back through dividends. The businesses that this product invests in rarely pay these.

**4. Don't put all your eggs in one basket**

- Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.
- A good rule of thumb is not to invest more than 10% of your money in high-risk investments. www.fca.org.uk/investsmart/5-questions-ask-you-invest

**5. This is a complex investment**

- This kind of investment has a complex structure based on other risky investments, which makes it difficult for the investor to know where their money is going.
- This makes it difficult to predict how risky the investment is.
- You may wish to get financial advice before deciding to invest.

**6. The value of your investment can be reduced**

- The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows.

**If you are interested in learning more about how to protect yourself, visit the FCA's website at www.fca.org.uk/investsmart**

# IMPORTANT INFORMATION

We strongly recommended that you seek advice on the contents of this document and whether you should invest from your financial adviser, stockbroker, solicitor, accountant, tax adviser or other person authorised under the Financial Services and Markets Act 2000 (also known as the "FSMA") who specialises in advising on opportunities of this type. Investment in the Guinness Sustainable Estate Planning Service ("GSEPS") is not suitable for all investors.

This document is classed as a "financial promotion" under Section 21 of the FSMA issued by Guinness Asset Management Limited, also referred to herein as the "Investment Manager" or "Guinness". The Investment Manager is authorised and regulated by the Financial Conduct Authority ("FCA") with permission reference number 223077, details of which can be found on the FCA's website https://register.fca.org.uk. Further, this document is approved only for the Investment Manager's own use and for communication by intermediaries who are authorised and regulated by the FCA to communicate to clients (including retail clients) falling within the categories below and for whom those intermediaries consider an investment could be suitable in accordance with the FCA rules.

This promotion is only suitable for, and should only be distributed to, individuals who are classified as being one of the following as set out in the FCA Conduct of Business Sourcebook ("COBS"):

a) an existing client of a financial intermediary regulated by the FCA;

b) a person who meets the requirements for being a professional client in accordance with COBS rule 3.5;

c) a person who qualifies as a certified high net worth individual in accordance with COBS 4.7.9;

d) a person who qualifies as a certified sophisticated investor in accordance with COBS 4.7.9;

e) a person who qualifies as a self-certified sophisticated investor in accordance with COBS 4.7.9; or

f) a person certified as a restricted investor within the meaning of COBS 4.7.10.

This document is an offer to engage in investment activity and is not an offer to sell or a solicitation of an offer to buy securities. This document, and participation in GSEPS, is suitable for UK resident investors only. This document is not being addressed to, or being sent to, any non-UK residents.

## IMPORTANT INFORMATION
continued

The Investment Manager has taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects and that there are no other material facts whose omission would make any statement of fact or opinion in this document misleading.

All statements of opinion or belief contained in this document and all views expressed and statements made about future events are based on an assessment and interpretation of information available as at the date this document was prepared. No representation is made or assurance given that such statements or views are correct or that the investment objectives of the product will be achieved. Prospective investors must determine for themselves whether they should rely on such statements, views or forecasts, and the Investment Manager takes no responsibility regarding those determinations.

Both the Investment Manager and Mainspring Nominees Limited ("Custodian") participate in the Financial Services Compensation Scheme ("FSCS"), established under the FSMA, which provides compensation to eligible investors in the event of a firm being unable to meet its customer liabilities. The maximum amount of compensation payable under the FSCS is currently £85,000 per investor.

**This is important information you need to be aware of before you decide whether to invest your money in this product:**

- The value of your investment in this product may go up or down. This means you may not get back the full amount you invest.
- The Investment Manager makes no guarantee or promise that target returns will be achieved. Target returns should not be relied upon to predict actual returns and are not an indication of future performance.
- Past performance of the Investment Manager, our investment specialists, this product and other products we manage are not reliable indicators of future performance.
- Read page 32 where we explain the key risks of investing in this product.
- We describe the UK tax rules on page 30. These tax rules can change from time to time and changes may have retrospective effect. You should get advice on how your personal circumstances affect your tax position.

**This document does not constitute legal, financial, investment, tax or other advice. You should speak to your qualified professional advisers before deciding to invest.**

Any data or factual information in this document is correct as at September 2022.

# WELCOME

Guinness Asset Management was founded in 2003 as an independent fund manager specialising in long-only equity funds and unlisted private investments.

Our focus is purely on investment management and we have built up a team of experts who actively manage investments for a range of customers including individuals, companies and institutional investors. We strive to provide our investors with the very best levels of service and solutions that address their investment needs.

We are proud of our long track record in the renewable energy sector, and our ability to spot investment opportunities across the sustainable infrastructure market. We are committed to providing investment solutions that deliver attractive financial returns and positive environmental impact. Responsible Investment is core to our business and we integrate ESG principles throughout the investment process.

I am pleased to present the Guinness Sustainable Estate Planning Service ("GSEPS") – a service that we have been running since 2015. It has been designed with future generations in mind, with a dual aim of providing a solution to your inheritance tax planning needs as well as supporting the acceleration of the energy transition we need to create a cleaner, greener environment.

**Edward Guinness**
**Chief Executive**

The Guinness Group manages **over £5.4 billion** for investors

We have **offices in the UK and the USA**

We have been investing in **renewable energy generation businesses since 2011**

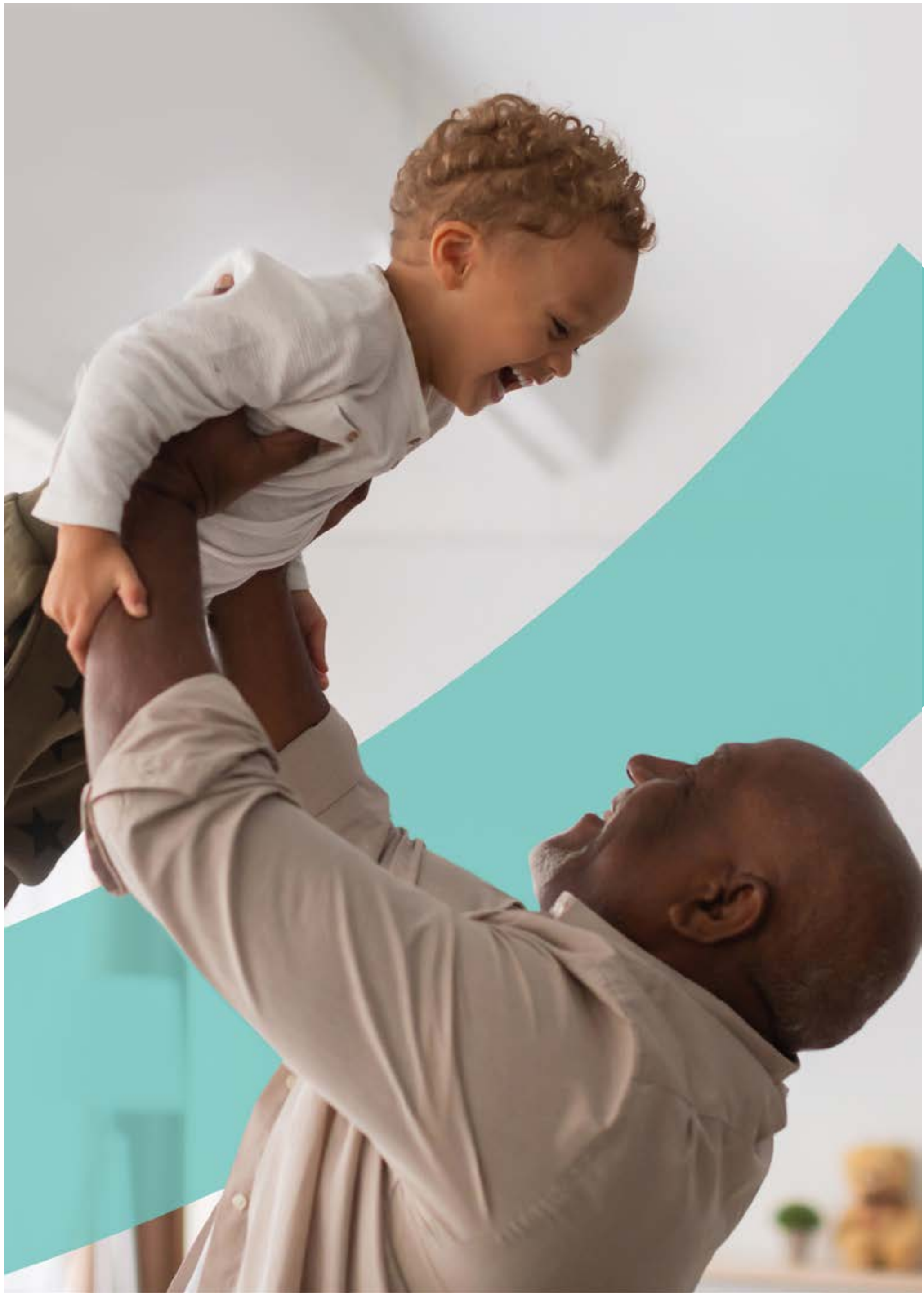
## TABLE OF CONTENTS



**CONTACT US WITH YOUR QUESTIONS**

After reading this brochure, should you have any queries you can call us on 020 7222 3475, email us at gseps@guinnessfunds.com or speak to your financial adviser.

Phone calls are recorded for your protection.



## PLANNING FOR THE FUTURE

Financial planning for your future is important and you may be looking for investment products that allow you to pass on more of your wealth to your family.

You may also share the desire to ensure your investments are making a positive contribution to society, by addressing climate change or improving our environment.

We put sustainability at the heart of our strategy and adopt an investment approach that seeks to preserve your capital, and deliver predictable and stable returns over the long-term.

> Business Relief was introduced by the UK government in 1976. It encourages investment and growth into qualifying trading businesses by offering up to 100% relief from inheritance tax, at death, if your investments were held for at least two years.

## STRAIGHTFORWARD SOLUTIONS

The Guinness Sustainable Estate Planning Service is designed to help you manage potential inheritance tax liabilities and pass a greater proportion of your wealth to your loved ones. It has an exclusive investment focus on sustainable infrastructure businesses that play a part in addressing climate change and contribute to the growth of the UK economy.

**Growth target of 3%-5% per year**

We aim to deliver returns to investors of 3% - 5% per annum which can be held for growth, or accessed through regular realisations.

Our team of investment specialists make investments on your behalf, in one or more unlisted UK trading companies, providing access to a portfolio of underlying assets and trades.

The shares you hold in these companies are expected to qualify for Business Relief, provided that you have held them for at least two years upon your death. This allows your beneficiaries to reduce the amount of inheritance tax they pay on your inherited estate. Read page 30 for more detail on Business Relief.

Target returns should not be relied upon to predict actual returns and are not an indication of future performance.

**Leave more of your wealth to your family by reducing inheritance tax**

**Focus on capital preservation and risk management**

**Invest for your family's future with a positive financial and environmental impact**

**Competitive fees and transparent structure**

**Regular opportunities to access your funds through realisations**

We are trusted by our investors to preserve and grow their capital.

Since 2011 Guinness has invested over £267 million in trading businesses that qualify for Business Relief, including those focused on sustainable infrastructure, like solar, wind and hydropower generation.

## SUSTAINABLE INFRASTRUCTURE

Individuals, companies and governments alike now generally accept that emissions released from the burning of fossil fuels and overuse of the earth's natural resources are leading contributors to global warming, extreme weather events and the loss of biodiversity.

There has been progress in the deployment of renewable energy generation globally which has helped to displace fossil fuel generated electricity. However, we remain in the early stages of a multi-decade transition to a world in which we generate cleaner electricity and heat, consume resources within our means and create more sustainable ways to support the needs of the population.

Sustainable infrastructure, in its widest sense, consists of infrastructure designed to meet our everyday essential needs while helping countries to meet their national social, economic and environmental targets. It can be considered sustainable infrastructure if it improves our quality of life or the environment, reduces or avoids pollution or waste, or improves financial outcomes for society. It can span sectors including energy, water and waste management, transport, food production and construction. The sector also includes firms providing technology, products or services to increase energy efficiency, storage and flexibility.

In June 2019, the UK became the first major economy to set a legally binding commitment to reach net zero emissions by 2050 and it has been estimated that up to £40bn p.a. of investment is required in sustainable infrastructure to achieve this.* Private capital has an important role to play in funding this, making an important contribution to:

- reduce the impact on the environment
- bring greenhouse gas emissions to net zero by 2050
- mitigate the impacts of climate change

As well as additional renewable energy generation capacity, infrastructure investment will be required in the electricity grid, energy storage, energy efficiency and in projects that de-carbonise heat and transport, amongst others.

> Guinness has been an active investor in sustainable infrastructure in the UK for over ten years. Sustainable infrastructure will play an important part in the transition to a low-carbon economy and can also deliver long-term value for shareholders. We believe the sector continues to present attractive opportunities for growth and investment and that certain parts of the market align well with the investment objectives of GSEPS.

* Source: PwC

https://www.great.gov.uk/international/content/investment/sectors/sustainable-infrastructure/

# OUR FEES

Our simple charging structure is set out below and GSEPS target returns are stated after these fees have been charged.

Guinness will not charge any fees other than those explicitly disclosed to you.

## Paid by investors

**Initial fee** – 2.0%* on the amount invested** - this is the cost of setting up your investment and administering the purchase of shares on your behalf.

**Exit fee** – 1.0% on the amount realised.

## Paid by portfolio companies

**Annual fee** – 2.2% per annum of an investee company's net asset value - covering the cost of managing and monitoring the investee companies and their assets as well as custodian and reporting costs.

Although the fees paid by investee companies are not charged explicitly to you as an investor, they will have an effect on the growth of your investment as the fee will reduce the amount available as a return on your investment.

All fees and charges are presented exclusive of VAT.
VAT will be charged where applicable.

* We can facilitate direct investor subscriptions at an initial fee of 5.0%.
** The amount subscribed to GSEPS net of any initial adviser fees to be facilitated.

*"We aim to be competitive and transparent on our fees so that you have clarity when making your investment allocation decisions."*

**Shane Gallwey**
Head of Ventures

### A note on taxes

When an investor wants to make a full or partial realisation, it is likely that the shares will be bought back by an investee company.  In this instance, any stamp duty payable or other applicable taxes will be recharged to the investor at cost. You should consult your financial or tax adviser to find out more about your tax position.

## CREATING A FAMILY PLAN

Sandra is a widowed mother and grandmother. She has always been good at managing her finances and has worked hard to save during her life.  She wants to make sure she is able to pass on as much of her money as possible to her family.

Sandra owns a home and assets which she knows will use up her available nil-rate tax band and residence nil-rate tax band.  Among her portfolio of investments she has £200,000 cash on deposit, which is earning interest of 1.0% per annum*. Her children and grandchildren are socially and environmentally aware and she has been thinking about how she can invest her money in a way that is good for the environment as well as her family.

Sandra consults her financial adviser and they discuss how she could reduce the inheritance tax bill her estate would have to bear, if she invested with GSEPS as one part of her portfolio.

Sandra's GSEPS investment could save her over £87,000 of inheritance tax when compared to the cash alternative.

* FCA guidance suggests not to invest more than 10% of your money in high-risk investments

## LEAVE MORE OF YOUR WEALTH

| | Cash on deposit at 1.0% p.a. | Invest in GSEPS with 4.0% p.a.† growth |
|---|---|---|
| Amount invested | £200,000 | £200,000 |
| Less: initial fee | - | £(4,000) |
| **Net investment** | **£200,000** | **£196,000** |
| Value of investment after two years* | £204,020 | £211,993 |
| Amount liable to inheritance tax** | £204,020 | - |
| Less: inheritance tax at 40% | £(81,608) | - |
| Less: exit fee | – | £(2,120) |
| Amount left to beneficiaries | £122,412 | £209,873 |
| **IHT saving** | – | **£87,461** |

This is an illustration only and is based on current tax legislation which is subject to change. How tax rules are applied depends on personal circumstances. The value of investments may go up or down and there is no guarantee that the target return will be met. We always recommend getting advice from your financial adviser before investing.

* Returns compounded
**Assuming no nil-rate band or residential nil-rate band available
† Average growth rate of 4.0% p.a. applied. Target returns not guaranteed.

Sandra knows she will have to have held the shares for at least two years at death for the investment to qualify for Business Relief. Subject to liquidity, she can access some, or all, of her investment should she need it. She is also pleased to know that her family have the option to continue the investment after she dies.

## OUR INVESTMENT APPROACH

Our principal goal is to deploy your capital in trading companies that secure Business Relief on your investment, and balance risk and reward to deliver the targeted returns.

The companies must also be able to demonstrate a tangible contribution to the UK's transition to a low-carbon, sustainable future.

## OUR INVESTMENT STRATEGY

In order to achieve this, GSEPS targets investment in UK-based businesses that own and operate a portfolio of physical infrastructure assets and adopt established technology. They will operate in markets where there is long-term demand or pricing visibility for the goods or services and relatively predictable levels of income.

The existing portfolio of underlying assets and trades will be further diversified in order to spread risk by targeting businesses across different locations, technologies and income streams.

The companies in which GSEPS invests may undertake construction activities or acquire companies that are already trading with operational projects. They may also undertake some project development as part of the investment approach.

GSEPS aims to provide you with access to a portfolio of underlying assets and trades that exhibit some or all of the following characteristics:

- Consistent / predictable revenue streams (often index-linked)
- Tangible, physical assets that retain a level of value over time
- Diversified pool of established technologies
- Long-term agreements with customers and other key supply chain partners
- Access to a mature portfolio of operational solar power projects that have previously secured and benefit from government subsidies
- Low correlation to wider economic cycles

## INVESTMENT PROFILE

GSEPS is a discretionary managed portfolio service. This means Guinness selects companies in which to invest on your behalf. The aim is to provide access to a diversified portfolio of underlying trades and assets that meet the investment objectives of the service and give you access to Business Relief.

*"GSEPS is run by a highly experienced team of professionals with a background in renewable energy, private equity, investment management and corporate finance.*

*We are committed to investing in businesses that deliver the targeted financial returns and a positive environmental impact."*

**David Freeder**
Head of Sustainable Infrastructure

Examples of the sectors we may invest in:

- Solar power
- Wind power
- Hydro power
- Energy efficiency
- Electric vehicle charging
- Energy from waste
- Heating infrastructure
- Other energy infrastructure

Guinness takes a hands-on approach to managing the investments across its portfolio, with the objective of protecting the value of investments while pursuing enhancement opportunities.

## OUR INVESTMENT PROCESS

Each of the underlying investments within the portfolio go through a rigorous investment process. This includes a detailed financial and technical appraisal and an assessment of the investment's contribution to the UK's energy transition.

Our investment committee provides an additional layer of scrutiny across potential risk areas of the target businesses and considers Business Relief qualification characteristics. It also signs off on the reporting metrics used, to monitor the financial and environmental performance targets of the underlying businesses, and provides final approval for new investments opportunities.

Guinness became a signatory of the United Nations Principles of Responsible Investment in 2019.

As a result, we commit to its principles throughout our investment process.

PRI

1

### Sourcing

Proactive origination initiatives into target sectors and approaches from companies seeking funding deliver investment leads.

2

### Investment appraisal

Initial screening and assessment of the opportunities, risks, financial and environmental returns.

3

### Due diligence

Detailed diligence led by the investment team and supported by specialist third-parties, as required.

4

### Investment

Presentation of the investment opportunity to the Guinness investment committee and, if approved, progression to legal completion.

5

### Portfolio management

A proactive, hands-on approach to managing the underlying investments helps investee companies to deliver an optimal risk/reward outcome over the long-term.

## OUR GUIDING ESG PRINCIPLES

At Guinness our investment decisions go above and beyond strong financial returns.

That is why we take environmental, social and governance ("ESG") principles into account in our investment decisions and how we manage Guinness as a company.

*"We know that our investments help shape the future of our society. Therefore, we focus on ensuring our portfolio and future investments have a positive social and environmental impact and are governed to the highest standards."*

**Francesca Wheble**
Responsible Investment Analyst

In practice, this means that we look at these areas when deciding whether to invest in businesses and in our ongoing management of them:

**ENVIRONMENTAL**

Consider the direct and indirect **environmental** impact of the businesses we invest in.

**SOCIAL**

From a **social** perspective, we look for diverse, equitable and inclusive practices across the businesses we invest in and promote these values across our supply chains.

**GOVERNANCE**

Ensure the latest laws and regulations are complied with and overseen with appropriate **governance** structures being enforced, including robust systems and practices around data privacy and security.

## AN IN-DEPTH LOOK AT SOLAR

Guinness has been funding rooftop solar photovoltaic ("PV") installations since 2011. Rooftop solar is an example of a sector which GSEPS targets since it uses well-established technology to generate a steady return, and can also manage technical and operational risk to help preserve capital.

The Guinness investment team has extensive experience sourcing, assessing, investing in and managing roof-mounted solar businesses in the UK. This experience and relationship with market participants gives the team ongoing access to new investment opportunities.

The businesses which Guinness has backed have constructed and operated solar PV systems installed on the rooftops of both commercial and residential properties.

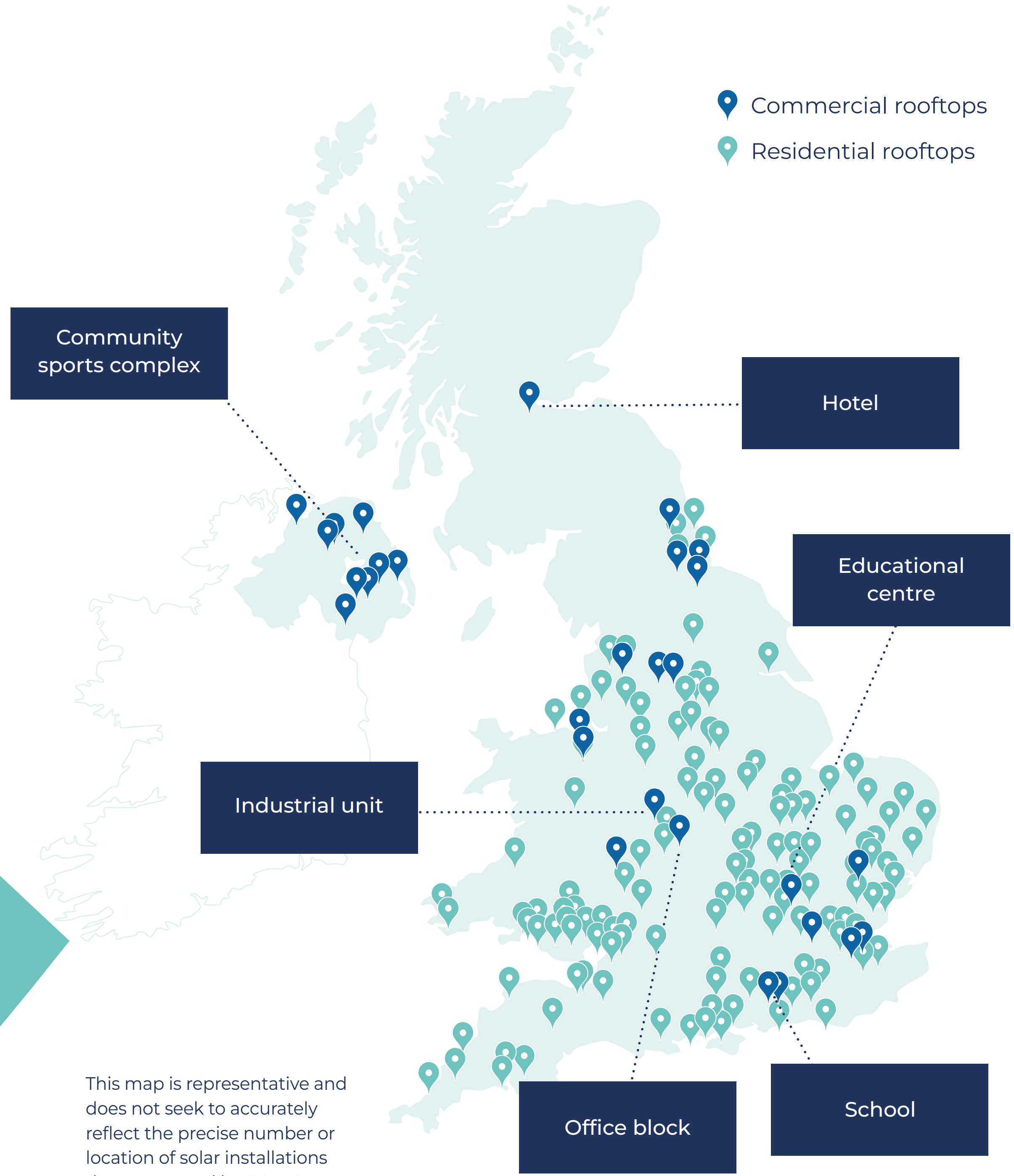
### Why roof-mounted solar?

- Relatively predictable sunshine levels in the UK means that power generation volume and associated revenues can be forecast with a reasonable degree of accuracy over the longer term.
- The ability to secure long-term electricity sales contracts, which are often inflation-linked, provide price visibility and support steady annual revenues.
- A mature supply chain allows installations to be constructed and serviced professionally throughout their lifetimes.
- Market demand remains high as corporates and other energy consumers seek to reduce cost and their carbon footprints.
- Owning a large portfolio of systems across the UK with different end customers and technology helps to spread and reduce risk.

## Existing GSEPS portfolio of residential and commercial solar installations

GSEPS owns and operates solar panel installations on the rooftops of homes and business in locations around the UK. In some cases, the systems benefit from a government-backed subsidy or sells the power it produces to customers via long-term contracts or to electricity suppliers.

The existing solar portfolio is mature and some assets have been operational for over ten years. The company has created a positive impact on the environment and created benefits for employment across its supply chain.




This map is representative and does not seek to accurately reflect the precise number or location of solar installations that are owned by GSEPS.

## HOW TO INVEST

1. Discuss with your financial adviser.
2. You complete our application form.
3. Application accepted after identity and suitability checks.

14 day right to cancel

4. The Custodian opens an account for you.

You receive a welcome letter, and an invitation to join our investor portal.

5. We invest your funds after initial fees have been deducted.
6. We send you details of the investments made and the start date for the two-year qualifying period for Business Relief.

You will receive updates every six months via our investor portal

## To get an application form or ask a question:

Call: 020 7222 3475

Email: gseps@guinnessfunds.com

Visit: www.guinnessgi.com/gseps

Phone calls are recorded for your protection.
We do not give advice on whether it's suitable for you to invest in our service. Please speak to your financial and tax advisers before investing.

## HOW TO REALISE YOUR INVESTMENT

You can realise your investment during your lifetime should you wish to, however you should check your tax position as any return on your investment will likely be subject to income tax.

**1**

You request a partial or full realisation.

**2**

We arrange for the sale of shares as a share buyback by investee companies or, possibly, a sale to an incoming new investor.*

(Each quarter subject to liquidity)

**3**

We transfer your funds (net of the exit fee) to you.

* Please see tax implications on realisations on page 31.

## HOW TO REALISE THE INVESTMENT AS INHERITANCE

The shares acquired for you through GSEPS are expected to have qualified for Business Relief, as long as they have been held by you for two years after the date shares were issued.

**1**

Your financial adviser or your executors notify us and request a Date of Death valuation.

**2**

The executor completes an IHT412 form and includes the valuation of the GSEPS holdings.

**3**

The executor applies for probate.

**4**

Once probate has been granted, we can transfer the shares to your beneficiaries free of IHT, or sell the investment if required.

IHT412 form sent to HMRC

### What happens if I die before the two-year Business Relief qualifying period has passed?

The shares need to be held in your name for the full two-year Business Relief qualifying period* to be exempt from Inheritance Tax. Should you die before the end of this period, the value of the shares may be subject to Inheritance Tax.

* If you have reinvested funds that have previously qualified for Business Relief, the two year period may not apply.

# YOUR QUESTIONS ANSWERED

### How do I invest in the Guinness Sustainable Estate Planning Service?

Please refer to page 24 for a step-by-step guide to how to apply. Find our application form and suitability questionnaire on our website at www.guinnessgi.com/gseps or by calling us on 020 7222 3475. The application form gives instructions about how to send us your funds when your application has been accepted. You should speak to your financial and tax advisers about whether the service is suitable for you and read through the Investor Agreement with them. A copy of the Investor Agreement can also be found on our website or requested by calling us on the number above.

### What happens once I have invested?

Within a week of accepting your application, we will send you a welcome letter and offer you access to our investor portal, which will give you details of your account and return any identification documents you may have sent us. When an investment in shares has been made, we will send you details of the investment.

### Is there a minimum subscription amount?

Yes, the minimum investment is £25,000. There is no maximum subscription amount.

### Do I have to keep a minimum amount invested during the life of my investment with you?

Yes. In order to access your money, you can realise part of your investment each calendar quarter. However, if the value of your investment falls below £10,000 then we may decide to terminate our service to you and return your funds to you. We will discuss this with you/your financial adviser before taking action.

### How do I know how much my investment is worth?

Every six months we prepare a valuation statement and we will send this to you so you can keep up to date with how your investment is doing. You can check our online investor portal at any time to see the latest valuation. Go to https://www.guinnessgi.com/gseps#tab-investor-portal to access the investor portal.

### Where is my money held?

Until the funds are invested into shares, our custodian, Mainspring Nominees Limited, holds investors' money in a client money account which is separate from their own bank accounts. The custodian complies with all FCA rules relating to holding client money.

### What if I want to realise some or all of my investment and take my money out?

Each calendar quarter, we can process realisations for investors and return money to you provided there is sufficient liquidity within the investee companies. Please refer to the Risks section on page 32 for more detail on the downside of the realisation process. Do not forget that there may be tax to pay on any realisation you make. You should discuss this with your financial and tax advisers before deciding to apply to take money out of the service. You can get some high-level information about taxes on page 30.

### What fees are payable?

Please see page 12 for information on the fees payable.

### How do I cancel my subscription to the service?

You have the right to cancel your subscription for 14 days from the date we accept your application. We will then return your money as soon as possible. After that 14 day period, you can apply to realise your investment by contacting us.

### How do you decide what to invest my money in?

Our team only invest in sustainable infrastructure businesses which we believe will qualify for Business Relief. We look to invest in a wide range of underlying trades and assets which our team believes have the potential to deliver the level of growth we are looking for. Our investment committee reviews all investment opportunities carefully and balances the interests of all our clients across all the services we manage to make sure no conflicts between different clients' interests arises. Please refer to page 16 which describes our investment strategy in more detail.

### What happens when my executors come to pass my estate to my beneficiaries?

When the time comes for your executors to distribute your assets to your beneficiaries under your will, your executors should get in touch with us and we will work with them to carry out their instructions. They will need to complete the IHT412 form as part of the government's probate process, giving details of your investment in the service. Once probate is granted, we will either transfer your shares to your beneficiaries or realise the shares and pass the proceeds to your beneficiaries, depending on what your executors instruct us to do. Provided you have held the shares for at least two years, there should be no inheritance tax payable on the shares by your estate. Please refer to the Risks section on page 32 for details of how realisations work.

## BRIEF GUIDE TO UK INHERITANCE TAX AND BUSINESS RELIEF

Inheritance tax or “IHT” is charged by the UK government on the value of the assets in someone’s estate when they die. The current rate is 40% of the value of the assets. There is a “nil rate band” allowance which means that no IHT is payable on the first £325,000* of assets of an unmarried person. If you are married (or in a civil partnership) and leave your assets to your spouse (or civil partner), you can add your nil-rate bands together so the first £650,000* of your joint assets will not attract the tax. There is also an additional tax-free allowance for up to £175,000 per person of the value of your main residence (the Residence nil rate band). Restrictions apply so you should consult with your financial advisor on these. Adding all this together means that a married (or civil partnership) couple could pass on to their chosen beneficiaries up to £1,000,000 of their joint estate without paying IHT on that amount.

For estates worth more than this, there are ways of reducing the amount of IHT payable by planning ahead. One option is to invest in assets which are not subject to IHT, such as investing in shares in companies which qualify for Business Relief.

* These are the current rates and are expected to remain frozen at this level until 2026. Tax rules may change.

As with all tax rules, there are various detailed conditions which apply. Some important ones to note are:

- You cannot hold the shares through an employee share option scheme;
- You must hold the shares for at least two years to get the benefit of the relief from IHT;
- The companies you invest in must not be listed on a stock exchange (AIM quoted companies are an exception); and
- The company must carry out a qualifying trade and cannot be businesses that just hold shares, make investments or are not-for-profit organisations.

The companies we invest your funds into are expected to qualify for Business Relief. However, this can only be confirmed once a claim is made to HMRC.

## Other tax considerations

### Dividend tax

You should seek advice from your tax adviser on the amount of tax you will pay on dividends you receive from the shares we invest in. Currently, you may pay dividend tax if you earn more than £2,000 in dividends each year. The rate of dividend tax is 33.75% for higher-rate taxpayers and 39.35% for additional rate taxpayers. It is not, however, expected that the investee companies will pay any dividends.

### Income tax and capital gains tax on realisations

If you want to request a full or partial realisation during your lifetime then a buyback of shares is the expected method of liquidity (where the investee company buys your shares back from you). In this case yo.u will need to pay income tax on any gains, not capital gains tax.

In the rare case that shares are bought by a new investor, capital gains tax may be payable by you or your beneficiaries.

You should consult your tax adviser about this.

> This is a summary of just some of the UK tax rules which could apply. It is accurate as at the date this document was prepared. Tax rules may change and changes may apply retroactively. You should consult your own tax and financial advisers before investing in GSEPS to check what is appropriate for your individual circumstances.

# KEY RISKS TO CONSIDER BEFORE INVESTING

As with all investments, there are risks you must consider with your financial adviser before you decide to invest. Here are a few of the main things you need to consider.

### No guarantee of return or target growth being achieved

We aim to grow your investment by 3%-5% per year on average but this is not guaranteed and is not a forecast. You may not get back the full amount you invest and the value of your investment can go down as well as up. Changes in the UK and world economy and energy markets may also adversely affect the performance of the companies we invest in which can reduce the returns to investors. Past performance of the Investment Manager is not a guide to future performance.

### Unlisted shares

We invest your money in shares in small companies which are not listed on a stock exchange. This carries a higher risk than investing in listed companies. The value of unlisted companies can fall more sharply than those in listed companies and they can be harder to value accurately. If any of the companies we invest in has its shares admitted to certain stock markets, the shares will no longer be eligible for Business Relief from inheritance tax.

### Investment concentration

Your investment may be in only one or two companies targeting sustainable infrastructure, although those companies are expected to have a portfolio of underlying trades and assets. This means that your investment is less diversified than where investments are spread across lots of sectors or companies. We may also be unable to find enough underlying trades and assets in our target sectors to invest in which meet our investment standards so the level of return may be lower than we expect.

### Realisation requests

Your investments should be considered a long-term investment. The companies we invest in are not listed on a stock market and so there is no available market in which we can readily sell those shares. This means that we may not be able to give you your money back immediately if you want to stop investing with us. If you want to realise some, or all of your investment, it is likely that the companies we invest in will buy the shares back from you, although in rare cases new investors may be able to buy your shares. However, sometimes an investee company may be unable to buy your shares back immediately and there may be no new investors available. If the investee company buys your shares from you rather than a new investor buying your shares, you may need to pay income tax on any gains not capital gains tax. You should consult your tax adviser about this.

### What if Guinness Asset Management Limited stops providing GSEPS?

If Guinness decides to stop providing GSEPS, it will try to transfer the investments to another suitably qualified and regulated manager or terminate the service and transfer the investments to you or in line with your instructions. You may lose the benefit of Business Relief if the service is terminated.

### Key personnel

The performance of the portfolio in part depends on their skill and expertise of the Guinness team, so if any of the individuals in the team were to leave, it could have a negative effect on returns.

### Counterparty risks

The businesses in which we invest often engage third-party contractors for the design, sourcing and construction of the projects. If any of these contractors fail to deliver a suitable service, it may cost these businesses more to build the projects than they initially expected, which will impact the returns and timing of completion.

### Project risks

When the projects are up and running, if there are technical, geographical or climate-related issues which reduce the amount of energy generated this may impact the income of the underlying trades and assets, and the value of your investment.

### Your tax position

We describe the current UK tax rules on page 30. These tax rules can change from time to time and changes may have retrospective effect. You should get advice on how your personal circumstances affect your tax position.

### Business relief qualification

The Investment Manager targets investments in companies which it reasonably believes to qualify for Business Relief. However, the Investment Manager cannot guarantee that your investment is or will remain qualifying for Business Relief. If it ceases to qualify, inheritance tax relief will be lost.

### Two-year holding period

If you hold the shares in an investee company for less than two years, they will not attract Business Relief from inheritance tax.

Guinness Asset Management
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Guinness Asset Management is authorised and regulated by the Financial Conduct Authority.

**To get an application form or ask a question:**

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Phone calls are recorded for your protection.