

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

Albion Enterprise VCT plc (the Company)

The Company is a public limited company registered in England with registered number 05990732.

Albion Capital Group LLP (The Manager) is the alternative investment fund manager of the Company and is authorised and regulated by the Financial Conduct Authority, firm reference number 492536.

ISIN: GB00B1G3LR35

SEDOL: B1G3LR3

London Stock Exchange code: AAEV

www.albion.capital

Telephone: 020 7601 1850

Competent Authority: Financial Conduct Authority

Date of this document: 11 July 2024

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

What is this product?

The Company is a venture capital trust (VCT) with ordinary shares listed on the London Stock Exchange. The Company aims to invest primarily in a diverse portfolio of VCT-qualifying, unquoted UK growth businesses. It is, in general, the Company's policy for these companies to have no external borrowings. The Company intends to maintain its status as a venture capital trust enabling investors to benefit from the connected tax advantages.

Purchases of new Ordinary shares (rather than secondary market purchases) attract an upfront 30 per cent. income tax relief on the initial investment amount provided you are a UK taxpayer who has paid the requisite amount of tax. If you sell your shares before 5 years then you will be required to repay to HM Revenue & Customs any upfront income tax relief you have claimed. The VCT tax benefits and tax rules can change over time and the tax benefits available to you depend on your own personal circumstances. HM Treasury can also change the definition of a VCT-qualifying investment in the future which could impact the nature of new investments that the Company can make over time. There is no guarantee that the Company can maintain its VCT qualifying status and any loss of status will result in the loss of tax advantages and you may be asked to repay any upfront income tax relief that you have already claimed.

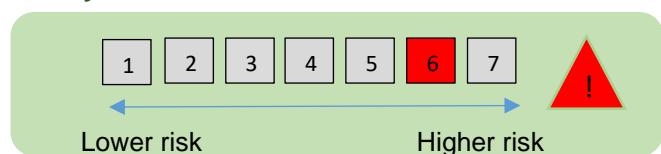
Ordinary shareholders have the right to receive dividends, and are entitled to one vote per share at all General Meetings of the Company. There is no maturity date for this investment and no entitlement to terminate the product unilaterally. The articles of The Company provide that a continuation vote to extend the life of the Company for a further ten years is to be proposed at the 2027 AGM and every tenth AGM after.

Shares of the Company are premium listed on 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.

This is a long-term investment, with an investment time horizon of at least ten years. A typical investor is a UK taxpayer over 18 years of age with an investment range of between £6,000 and £200,000, who is comfortable with the risks (as outlined over the page) of investing in smaller, unquoted VCT-qualifying companies, and is able to bear a loss.

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

Summary risk indicator



The risk indicator assumes you keep the product for 10 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less than you invested. You may not be able to sell your shares easily or you may have to sell at a price that significantly impacts how much you get back.

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.

We have classified this product as 6 out of 7, which is the second highest risk class, and is consistent with the FCA requirement that all VCTs must be assigned a minimum risk score of 6.

The Company predominantly invests in unlisted equities which have valuation, performance and liquidity risk. Other material risks are investment, VCT approval, compliance, operational, economic and political risk. For more information, please see the Financial Report and Annual Accounts. If you are in any doubt about the action you should take, you should seek independent financial advice.

This product does not include any protection from future market performance so you could lose some or all your investment.

Investment performance information

The ability of the Company to pay dividends (tax-free for eligible VCT investors) and the value of the Company's shares depends on the performance of the underlying portfolio companies and the ability of the Manager to find, acquire, manage and dispose of investments in smaller unquoted and quoted companies which are less liquid than investments in larger companies. The Company's portfolio concentration will also affect returns as the value of an individual investment can increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. It is possible that individual holdings may grow in value to a point where they represent a higher proportion of total assets prior to a realisation opportunity being available. The performance of individual portfolio companies will be affected by the broader economic and market conditions.

The investment policy is designed to ensure that the Company continues to qualify, and is approved as a VCT, by HMRC. In order to maintain its status under Venture Capital Trust legislation, a VCT must comply on a continuing basis with the provisions of Section 274 of the Income Tax Act 2007, and any changes to those rules may impact future returns of the Company.

The level of costs and charges will also affect the net returns and these are discussed in the costs section below.

The Directors consider the FTSE All-Share Index to be the most appropriate indicative benchmark for the Company as it contains a large range of sectors within the UK economy similar to a generalist VCT. The Company's Financial Report and Annual Accounts contain a graph which shows the performance of share price return to the shareholder, assuming dividends are re-invested, against the FTSE all share index for the previous 10 financial reporting years. Over the past 10 years, the share price return has been less volatile than the FTSE All-share index, with the returns being higher than the FTSE index since 2018.

Shares in VCTs generally trade at a discount to the actual net asset value ("NAV") of the Company. The market value of an Ordinary share, as well as being affected by its NAV and prospective NAV, also takes into account its dividend yield, prevailing interest rates and general investor sentiment. As such, the market value of an Ordinary share may vary considerably from its underlying NAV.

What could affect my return positively?

The NAV of the Company is largely driven by the valuations of the portfolio companies. In a growing economy, the underlying portfolio companies have more opportunities and more cash runway which positively affects their valuations, as well as presenting more realisation opportunities. Market multiples are also generally higher.

A healthy cash balance ensures that the Company's is able to make future potential investments, meet running costs and have available cash for payment of dividends and to facilitate share buy-backs (which helps minimise volatility in the share price).

What could affect my return negatively?

Events such as an economic recession, fluctuation in inflation and interest rates, or significant political events and economic sanctions could adversely affect the individual portfolio companies. Additionally these conditions typically result in decreases in market multiples which would lower valuations and consequently the Company's NAV. The Company aims to minimise the impact of this by investing in a diversified portfolio of companies providing mission critical services which the Company believes are more resilient than consumer facing businesses.

Low cash balances may mean the Company is unable to make new and follow on investments to support portfolio companies growth and is unable to pay dividends or buy-back shares. This directly impacts shareholder returns and could make it difficult for you to sell your shares at an optimum price.

The value of shares can go down as well as up and if you sell your shares in severely adverse market conditions you may not get back any of the amount you invested. Historically, the Company's worst performing year was a loss of 4.43%. However, this is a long-term investment, with an investment time horizon of at least ten years. In addition, if you sell your shares sooner than five years, you will be required to repay to HM Revenue & Customs any upfront income tax relief you have claimed. You should not consider past performance as a guide to future returns.

What happens if Albion Enterprise VCT plc is unable to pay out?

Investment in the Company is not covered by the Financial Services Compensation Scheme and 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) 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. The figures assume you invest £10,000. The figures are estimates and may change in the future. The figures do not take into account your personal tax situation and therefore do not include the loss of any upfront tax relief.

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 £10,000			
Scenarios	If you cash in after 1 year	If you cash in after 5 years	If you cash in after 10 years
Total costs	£634.70	£2,220.19	£4,917.92
Impact on return (RIY) per year	6.58%	4.04%	3.81%

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 and the meaning of the different cost categories.

This table shows the impact on return per year			
One-off costs	Entry costs	0.40%	The impact of the costs you pay when entering your investment. This is the maximum you could pay. The figure includes subscription fees of a maximum of 3.0%; this is only payable on the issue of new shares. SDRT of 0.5% is payable if the shares are purchased on the secondary market.
	Exit costs	0.00%	The impact of the costs of exiting your investment.
Ongoing costs	Portfolio transaction costs	0.19%	The impact of the costs of us buying and selling underlying investments for the Company. These costs are payable by the underlying portfolio companies rather than by the Company itself.
	Other ongoing costs	2.90%	The impact of costs that we take each year for managing your investments and other running costs associated with the Company.
Incidental costs	Performance fees	0.32%	The impact of the performance fee. We take these from your investment if the product outperforms its benchmark. The Company will pay an incentive fee of an amount equal to 20 per cent. of such excess return that is calculated for each financial year. The minimum target level, comprising dividends and net asset value, will be equivalent to the higher of (i) an annualised rate of return of the average base rate of the Royal Bank of Scotland plc plus 2 per cent. per annum or (ii) an annualised rate of return of RPI plus 2 per cent. on the original subscription price of £1. Any shortfall of the target return will be carried forward into subsequent periods.
	Carried interests	0.00%	There are no carried interests.

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

Recommended holding period: 10 years

You should be prepared to hold your shares for a minimum of ten years. Although there is no required period for holding the shares, if you sell your shares sooner than five years, you will be required to repay to HM Revenue & Customs any upfront income tax relief you have claimed.

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. Complaints about the Company or this Key Information Document should be sent by post to Albion Capital Group LLP, 1 Benjamin Street, London, EC1M 5QL, by email to regulatory@albion.capital or by calling 020 7601 1850. Website www.albion.capital.

Other relevant information

The cost figures shown include all the costs of the product itself, but may not include all the costs you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back. These figures are not inclusive of any upfront income tax relief you may have claimed.

This document is updated at least annually or more frequently as necessary. Depending on how you buy these shares you may incur other costs, including broker commission, platform fees and stamp duty. The distributor will provide you with additional documents where necessary.

This document is not a prospectus. Further information on the Company is available at www.albion.capital/funds/AAEV.

The Company offers a share buy-back facility for investors provided there are funds available. Its current intention is to buy back shares in the region of a 5% discount to NAV. Share buy-backs are discretionary and there can be no guarantee that shares will always be bought on request.