For professional advisers, their clients and high net worth investors only

Kuber

The Alternative Investment Platform

Guide to investing in BR

2019

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Introduction

This guide relates to the Kuber Ventures Alternative Investment Platform for BR investments and must be read in conjunction with the Platform Guide

Capitalised terms have their meaning described in the Glossary in the accompanying Platform Guide which should be read in conjunction with this document. This guide is a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000. It is issued by Kuber Ventures Limited, which is an appointed representative of Sturgeon Ventures Limited, which is authorised and regulated by the Financial Conduct Authority. It is accordingly an exempt financial promotion for the purposes of article 16 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Please read this document and all related documentation in their entirety before making any investment decision, and please also carefully consider whether you should take independent financial, professional, legal or tax advice. You are strongly recommended to consider the initial risk warnings commencing on page 8 as well as the additional warnings set out in the accompanying Platform Guide.

Business Relief

Inheritance Tax Relief

When an individual dies, the property, money and other assets less any debts which constitutes their estate are subject to Inheritance Tax (IHT). This can also apply to some gifts that are made before someone dies.

An increasing number of people are having to consider IHT planning and given that the tax free threshold is frozen until 2018 at just £325,000 and in view of continually rising property values, alternative investment opportunities such as Business Property Relief (BR) are becoming increasingly popular.

Business Relief – What does it mean?

BR (formally known as Business Property Relief) was introduced in 1976 as part of the Finance Act. It was created to allow small businesses to be passed down through generations without incurring an IHT liability.

However, over the years the scope of BR has been widened, making it an option for individuals looking to invest in companies in order to remove a potential IHT burden.

Companies that qualify for BR

– Smaller companies that are not listed on the main London Stock Exchange

– Some companies listed on the Alternative Investment Market (AIM) or Plus stock exchanges

– Businesses considered to be 'actively trading'

N.B Some businesses do not qualify for BR, primarily those that deal in stocks and shares, land or buildings and some specific industries (including resources and mining companies and also not-for-profit organisations)

Business Relief – How it works

Investments are made into one or more unquoted companies that qualify under the government rules relating to BR. After 2 years all qualifying investments that are held become exempt from IHT, provided they continue to be held at the time of death.

There is some additional flexibility which enables money to be taken out of a BR qualifying investment after the two year qualifying period and reinvested into another BR qualifying investment. HMRC has a generous replacement property rule which allows an investor to sell an asset that qualifies for BR and, if they reinvest the proceeds of that sale in a new BR investment within three years, they will qualify for relief immediately.

This provides flexibility for all investors in BR qualifying investments. It is particularly valuable for business owners who may decide to sell their company, or their stake in it, but are concerned they will lose the IHT exemption their ownership would have brought. They have three years to invest the money from the sale in a new BR qualifying business or product.

This is also important if someone dies before they have had their BR investment for two years; they can leave it to their spouse without interrupting the countdown to BR – in effect the surviving spouse doesn't have to go back to the beginning and wait another 2 years.

The following table shows how much you could save through investing in the Kuber self select BR strategy based on an estate valued at £900,000 and three different investment amounts.

	No Investment	Investment in Kuber BR Portfolio	Investment in Kuber BR Portfolio	Investment in Kuber BR Portfolio
Total value of estate	£900,000	£900,000	£900,000	£900,000
Less £325,000 tax free allowance	£575,000	£575,000	£575,000	£575,000
Amount invested	£0	£50,000	£200,000	£500,000
Amount liable to IHT	£575,000	£525,000	£375,000	£75,000
IHT payable on death (40%)	£230,000	£210,000	£150,000	£30,000
Amount saved	£0	£20,000	£80,000	£200,000

Key Benefits of BR through Kuber

Kuber is an Alternative Investment platform that enables investment in BR. We believe that there are strong and compelling reasons for using platforms.

- Access to a wide range of BR portfolios
- Diversification of investments across BR managers which helps to mitigate risk
- Diversification of investments across asset class which helps to mitigate risk
- Flexibility of income with ad hoc withdrawals available sensitive to year on year client tax positions
- Simplicity – one application form and one payment
- Half-yearly valuations – providing a clear view of all BR investments
- Ease of monitoring – track an extensive investment portfolio through one platform
- All of our managers must provide clear and fair charges
- By negotiating minimum investments per manager then we can offer your clients a wide diversification for lower investment amounts
- Our own charges are clear and transparent - reinvestments do not have another initial charge

More choice, more ways to invest

Providers available through Kuber

The Providers have been selected to provide a diverse range of strategies covering a wide range of underlying investment opportunities.
The following pages describe the current opportunities available through Kuber.
The following Schemes are currently available through Kuber:

Blackfinch

– Blackfinch IHT Portfolios

Deepbridge

– Deepbridge IHT Service

Great Point Investments

– Great Point Estate Planning

Guinness Asset Management

– Guinness Sustainable Inheritance Planning

Par Fund Management Limited

– Par Forestry LP

We continually seek to offer new opportunities through Kuber, so please check our website for the latest list of available Providers and Schemes.

Selection of Providers & Schemes

All Providers available through the Platform have been subject to a thorough due diligence process

Based on parameters agreed with its investment committee, Kuber will identify a shortlist of potential Managers and Schemes from a market wide analysis. These parameters have been established following a selection criteria which are based on a set of criteria widely used by other independent bodies from across the wealth advisory industry.

The following are examples of the key areas typically considered:

– A record of investment in BR

– FCA permissions

– In-house investment protocol

– Key personnel of high standing,

– Quality levels of service

– Fair costs

Kuber will, through their internal investment committee, proceed to make the final selection and negotiate terms with the selected Providers.

Risks

This section details material risk factors that could adversely impact an investment through Kuber. It does not represent an exhaustive list of risk factors nor has it been set out in any particular order of priority.

Investors must carefully consider all of the information contained in this Investment Guide and decide whether an investment through Kuber is suitable for them in light of their personal circumstances, tax position and financial resources.

Potential investors are strongly recommended to seek independent financial and tax advice from suitably qualified professional advisers.

Investment risks

The Managers will be investing in unquoted companies that are not suitable for all types of investor.

– There is generally no external market for the Qualifying Shares

– This means it could be difficult or even impossible to realise the investment or obtain accurate performance information

– The return on any Scheme will depend greatly on the Manager's investment performance. Past performance of any Manager is no guide to future performance

– The Qualifying Shares will not be listed on the London Stock Exchange. An investment in a Scheme should be regarded as a longer term investment (a minimum of three years) to retain the tax reliefs. Realisation will generally depend on the exit route secured by the Managers

– Investments in small or medium unquoted companies by their nature involve a high degree of risk and there is a strong possibility of companies failing. Your capital is at risk and you may not receive back the amount invested or any return

– The market value of the shares in an Investee Company may be more or less than the valuation determined by the Manager. You should be aware that the value of an investment in a Scheme and the income (if any) derived from it may go down as well as up

– The expected life of each investment is three to five years or more; we can't guarantee the availability or suitability of a new investment at the end of this time

– The returns accruing from cash deposits or money market funds will principally be affected by movements in interest rates

– There is a risk that individual managers do not raise sufficient funds to match some or all of your investments in which case your investment may be delayed or have to be reallocated to an alternative manager.

Tax and regulatory risks

Tax reliefs are subject to approval by HM Revenue & Customs in accordance with their qualifying rules which are subject to change from time to time.

– It may take considerable time from the date the Qualifying Shares are issued to obtain the income tax relief

– Business Relief (formally known as Business Property Relief) only applies on death and as such Qualifying Shares must be held at this time and must still meet the qualifying requirements

– You should be aware that the various tax benefits described in this Investment Guide are based on Kuber's understanding of the existing tax legislation and HMRC practice. This interpretation may not be correct and it is possible that tax legislation may change in the future, which could adversely affect the performance of any EIS Portfolio and/or your position

– The amount of tax relief you may gain from subscription to a Scheme depends on your personal circumstances. You are strongly advised to seek independent professional advice in relation to the tax implications of your investment

– The Managers will seek to secure tax relief on all relevant investments made. Tax relief could be withdrawn or modified in certain circumstances and neither Kuber, nor the Managers, nor the Administrator accepts any liability for any loss or damages suffered by you or any other person as a consequence of such relief being denied, withdrawn or reduced

– You may lose some or all of the tax benefits derived under the Scheme if you fail to comply with the relevant legislation. Such a situation might arise, for example, if you cease to be a UK tax resident during the Relevant Period or you receive value from an Investee Company, other than by way of an ordinary dividend, in the period commencing one year prior to the issue of EIS Qualifying Shares to the end of the Relevant Period

– There is a risk that the Manager may take longer than expected to match investments on your behalf resulting in you qualifying for income tax relief in a later tax year or missing deadlines for CGT deferral relief

– Where an Investee Company ceases to carry on a Qualifying Trade during the Relevant Period, its EIS qualifying status may be adversely affected. No guarantee can be given that all investments made by the Managers will carry on a Qualifying Trade, or continue doing so, for the purpose of claiming EIS Relief. The Managers will, implement measures to protect against this risk such as seeking Advanced Assurance approval from HMRC that each company in which the Manager intends to invest is an EIS Qualifying Company

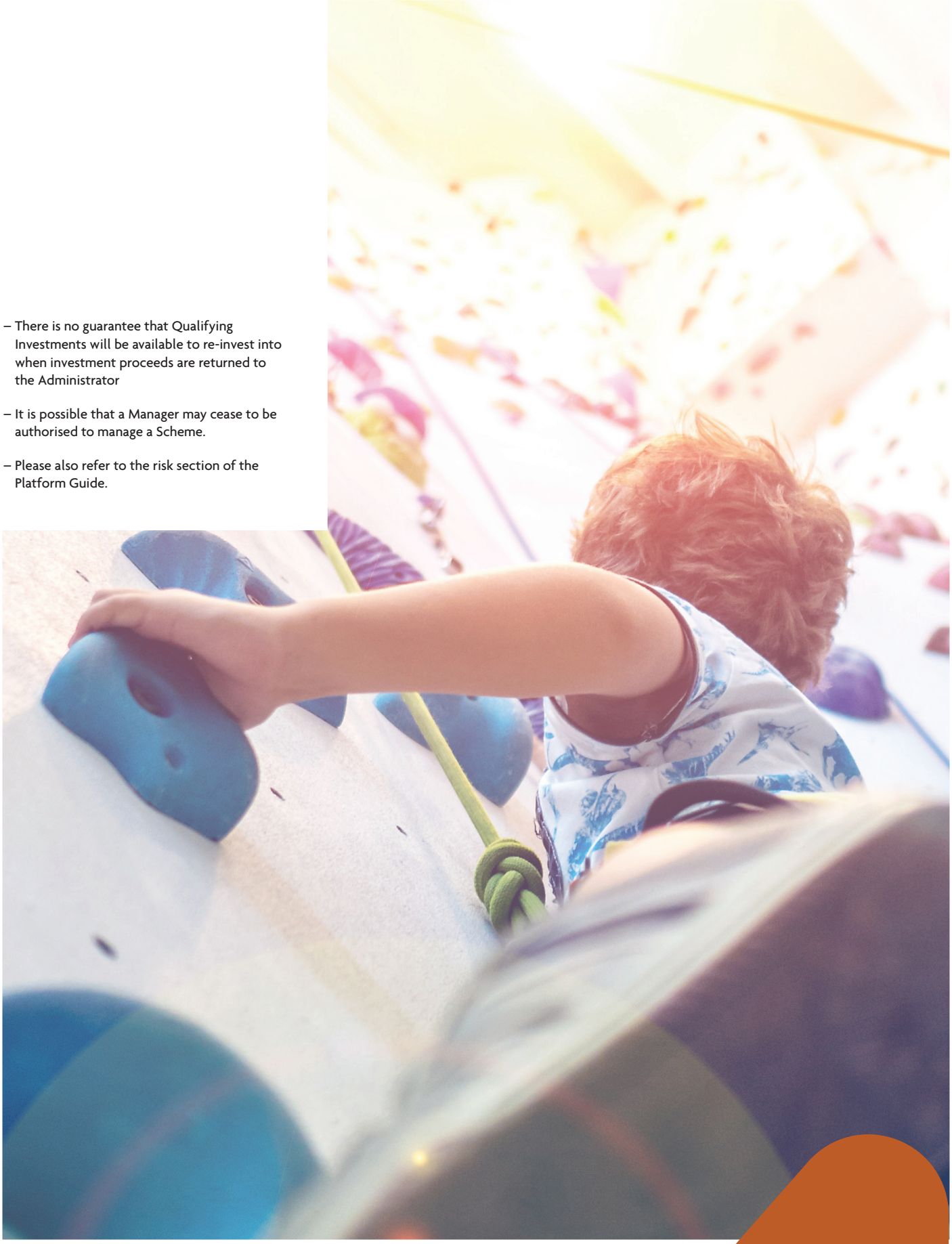
– Any disposal of EIS Qualifying Shares during the Relevant Period will crystallise an obligation to repay the income tax relief claimed in respect of those shares and profits from the sale of shares will be subject to CGT.

Other risks

– It is possible that Investee Companies may be exposed to exchange rate fluctuations which may affect both the profits of the company and the value of the Qualifying Shares

– Qualifying Companies typically have small management teams and are highly dependent on the skills and experience of a small number of individuals

- There is no guarantee that Qualifying Investments will be available to re-invest into when investment proceeds are returned to the Administrator
- It is possible that a Manager may cease to be authorised to manage a Scheme.
- Please also refer to the risk section of the Platform Guide.



Key information

Subscriptions

If you wish to invest in the Kuber BR self select strategy the minimum investment is £50,000 with a minimum investment of £12,500 per scheme – unless otherwise indicates on the application form.

Charges

An investment in BR via Kuber will incur the following charges:

- An initial fee of 1.5% of your subscription, which is deducted from your investment (in the case of applications received requesting to be treated on an elective professional basis, an initial fee of 3% of your subscription amount will be charged)
- An annual fee of 0.2% (+ VAT) is charged and annual fees totalling 4 years' worth are taken from your initial subscription amount
- An administration fee £100 (+ VAT) for single contributions
- A transaction fee of £7.50 (+ VAT) per investment made
- Kuber charges Managers an annual fee of up to 0.5% (+ VAT) per annum of funds invested in Schemes for services it provides to the manager
- Kuber has, where possible, negotiated reduced fees with Managers to offset the costs associated with investing through Kuber. Generally, this will mean that there is minimal difference in cost between investing through Kuber and investing directly with the Manager
- No additional Initial Kuber platform charges upon reinvestment
- Dividend payments: where you have selected a fund/funds that pay out dividends, a bank transfer fee of £10.00 + VAT will apply and is subject to a £500.00 minimum threshold.

Managers Rebates and Reductions

Investment Fund	Rebate	Reduction
Blackfinch Adapt IHT Portfolios	n/a	1.00%
Deepbridge IHT Service	1.50%	n/a
Great Point Estate Planning	n/a	1.00%
Guinness Sustainable Inheritance Planning	n/a	n/a
Par Forestry LP	n/a	n/a

Sectors & Strategies

Scheme	Strategy	Sector
Blackfinch IHT Portfolios	BR	Generalist
Deepbridge IHT Service	BR	Renewable Energy
Great Point Estate Planning	BR	Media & entertainment
Guinness Sustainable Inheritance Planning	BR	Infrastructure
Par Forestry LP	BR	Renewable Energy

Par Forestry Partners LP is an unregulated collective investment scheme whose promotion in restricted by law only to certain specified types of investor. The Fund is classified as a Non-Mainstream Pooled Investment ("NMPI") by the Financial Conduct Authority, which imposes similar restrictions on its promotion. This summary is not intended for distribution to members of the public. Promotion of the fund is made by way of an information memorandum (see www.Kuberventures.com) available only to investors eligible to receive it. Interests in the Fund are illiquid and any money invested in it is at risk. Past performance is no guide to the future.

Parties involved

The organisation's latest regulatory status can be checked on the website- for the FCA register at www.fca.gov.uk/register

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Company Number; 06171085 Authorised and regulated by the Financial Conduct Authority (FRN; 467652).

Nominee

WCS Nominees Limited, 50 Mark Lane, London EC3R 7QR

Company Number; 06002307.

EIS Managers/Providers

Blackfinch Investment Solutions Ltd
Blackfinch House, Chequers Cls Malvern, Worcs. WR14 1GP

Company number; 2705948.
Authorised and regulated by the Financial Conduct Authority (FRN; 153860).

Deepbridge Advisers Limited
Herons Way Chester Business Park, Chester CH4 9QR

Authorised and regulated by the Financial Conduct Authority (FRN; 563366).

Great Point Investments Limited
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Authorised and regulated by the Financial Conduct Authority (FRN; 606798).

Guinness Asset Management Limited
14 Queen Anne's Gate, London SW1H 9AA

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Par Equity LLP
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For more information

This notice is important and needs your immediate attention.

Reliance on this promotion for the purpose of buying the investments to which this promotion relates may expose you to a significant risk of losing all of the assets invested.

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Important Notice/Terms and Conditions

Please read the following information carefully as a professional adviser.

The information contained in this brochure is for discussion purposes only for professional advisers and their clients.

BR Portfolios are not suitable for all investors as the underlying investments are often illiquid and therefore high risk. Advice should always be sought from a professional adviser prior to investing.
By proceeding through this brochure you are agreeing to the terms and conditions. For purposes of compliance with the UK Financial Services and Markets ACT 2000 (FSMA), this material is communicated by Kuber Ventures; and the contents of this financial promotion have been approved for the purposes of section 21 of the FSMA by Sturgeon Ventures LLP which is authorised and regulated by the Financial Conduct Authority (FCA) and it has its trading office at Linstead House, 9 Disraeli Road, London SW15 2DR.

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