Important information and risks

This presentation has been issued and approved as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) by Foresight Group LLP, which is authorised and regulated by the Financial Conduct Authority (“FCA”), under reference number 198020. Foresight’s registered office is at The Shard, 32 London Bridge Street, London, SE1 9SG.

This presentation relates to the Foresight Inheritance Tax Solution. The opportunities described in this document are NOT suitable for all investors. Key risks are explained in the Information Memoranda/Investor Guides and should be carefully considered before submitting an application to invest.

Your capital is at risk and you may lose all the money you invest.

Investments will be made in small unquoted companies, which carry a higher risk that many other forms of investment. The Fund’s investments are likely to be illiquid and difficult to realise. The value of shares and income from them may go down as well as up, and past performance is not a reliable indicator of future performance and may not be repeated. Prospective investors should regard an investment in the Funds as a long term investment. Tax reliefs are dependent upon an investor’s individual circumstances and are subject to change.

IHT: There can be no guarantee that the Funds’ investments will continue to qualify for Business Relief (“BR”). A failure to meet the BR qualifying requirements could result in the investments losing their inheritance tax exempt status, resulting in adverse tax consequences for investors.

Prospective investors should seek their own independent advice and then rely on their own independent assessment of the Funds. Foresight Group LLP is unable to provide tax, financial, legal or investment advice.

If you are in any doubt about the content of this presentation and/or what action you should take, you should seek advice from an independent financial adviser authorised under FSMA who specialises in advising on opportunities of this type.
| 1 | Overview of Foresight Group |
| 2 | Inheritance Tax and Business Relief |
| 3 | FCA Guidance on providers and risk |
| 4 | Target Market |
| 5 | Foresight Inheritance Tax Solution & Accelerated Inheritance Tax Solution |
SECTION ONE

Introduction to Foresight Group

Foresight IHT Workshop
Foresight Group Overview
A leading sustainability-driven global infrastructure manager

- £8.1bn assets under management
- 24 infrastructure funds
- ESG sustainability-led investments
- 115 infrastructure professionals
- 277 clean energy investments
- 2.7GW renewable energy generation

As at October 2021, numbers are provisional and subject to audit
Shares in Foresight Group Holdings Limited
Begin trading on the Main Market of the London Stock Exchange

9 February 2021
- Achieves **Premium Main Market** Listing
- Awarded the **Green Economy Mark** at IPO, which recognises listed companies and funds which derive 50% or more of their revenues from environmental solutions
- Less than 5% of all companies on the LSE qualify
115 Infrastructure specialists looking after your clients money...
Institutional Investment Grade

12 UK Government Pension Schemes
SECTION TWO

Inheritance Tax and Business Relief
HMRC Receipts (IHT)

Source: HMRC, June 2020
Reasons why investors don’t start IHT Planning

- Concern about losing access/control: 36.72%
- Inertia - putting off the decision: 30.67%
- Feeling that the value of the estate is too low: 19.88%
- Not aware of the problem/tax liabilities: 17.31%
- Belief that someone else will pay for things: 14.6%
- Don't want to leave anything to dependents: 4.08%
A Brief History of BR

Established in 1976
Introduced by the 1976 Finance Act, with the aim of promoting investments in unquoted businesses by allowing a family-owned company to be bequeathed free of inheritance tax (IHT) implications.

Extended in 1996
Since 1996, Business Property Relief (BPR) has been available on up to 100% of the value of unquoted shares held in qualifying business assets.

Expanded in 2013
In 2013, the Government made it possible for investors to hold AIM-listed shares in an ISA. Therefore, an ISA that invests specifically in AIM-listed companies expected to qualify for BPR can offer inheritance tax exemption.
Benefits of BR

- Speed
- Access
- Control
- Simplicity
- POA
Typically, AIM shares target growth.

AIM market is considerably more volatile.

AIM fund managers have no control over the underlying holdings' business plans.

Unquoted BR funds generally invest into capital preservation mandates.

Unquoted funds are valued quarterly and due to the assets they invest into, don’t hold the same level as volatility.

Unquoted funds are set up with the express purpose of IHT liability.
SECTION THREE

FCA Guidance:

• How to choose a BR Provider
• BR Investment & Risk
Where to start?

- Product Intervention and product guidance
- PROD Manual of the FCA – 3.3.11
- https://www.handbook.fca.org.uk/handbook/PROD/3/?view=chapter

Consider:

- Fund Manager experience
- Risk
- Past Performance
- Diversification
FCA Guidelines
Choosing a BR Provider

In identifying the target market and creating a distribution strategy, advisers should consider:

1. The nature of the investments to be offered or recommended and how they fit with clients' needs and risk appetite;
2. The impact of charges on the client;
3. The financial strength of the provider; and
4. Liquidity.
Key Considerations

- Can clients achieve their stated objective (IHT Mitigation whilst retaining access and control of capital), at their chosen ATR?

- Are clients willing to take more risk with this proportion of their investable wealth, to meet said objectives

- Is their chosen risk level maintained on a weighted average basis even with a proportion in BR.

- High risk structure but low risk strategy and assets

- Independent Research and Due Diligence
Tax Planning Ideas

Tax reliefs are dependent upon an investor’s individual circumstances and are subject to change.
Mr Callaghan sells his business for £3m. After settling his mortgage and other expenses, he has £1m in cash with no immediate plans for it.

Capital investment is at risk. Investments in unquoted companies, by their nature, have limited liquidity and are high risk. Tax treatment is subject to change and depends on individual circumstances. Individuals should seek advice from a regulated financial advisor on whether the product mentioned in this case study is suitable for them. Tax year 2021/2022.
Example of how Business Relief can help mitigate inheritance tax

Mr Callaghan sells his business for £3m and, after paying off his mortgage and other expenses, is left with £3m - £1m = £2m.

Mr Callaghan has several options with his money:

- One option would be to reinvest into a BR qualifying asset. Using the Replacement Property Provision, Mr Callaghan would benefit from immediate IHT exemption on the proceeds of sale, meaning the net value to his beneficiaries would be £1,000,000.

Or, Mr Callaghan can remain invested in cash. In the event of his death, his beneficiaries would receive £600,000 after IHT at 40\%.

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1. Assumes Residence/Nil Rate Band is fully utilised by other assets
Don’t forget the inheritance tax implications!

Ian Maston provides some tips for avoiding inheritance tax bear-traps

All tax consequences

The recent professional negligence case of Mason and others v Mills and Reeves (a firm) [2011] EWCHC 410 (Ch) offers a reminder to tax practitioners that their clients will expect them to advise on all the tax consequences of a particular transaction.

The Mason case concerned a claim for professional negligence by Claire Swain Mason and her three sisters – daughters of the late Christopher Swain against solicitors, Mills & Reeves.

Mills & Reeves had been engaged to provide advice in connection with the sale of Mr Swain’s shares in the family trading company as part of a management buy-out (‘MBO’). The MBO was completed on 31 January 2007 and on 17 February 2007 Mr Swain died unexpectedly following an investigation carried out in preparation for a planned heart procedure.

Mr Swain’s four daughters were the beneficiaries of his estate and, given that Mr Swain died after the MBO had been completed, no inheritance tax business property relief was available in respect of shares, which some three weeks earlier would have qualified for 100% relief from inheritance tax. Further, the MBO had triggered capital gains tax liabilities for Mr Swain whereas there would have been a capital gains tax ‘uplift’ to market value had he retained the shares until death.

It was common ground that Mills & Reeves had not advised Mr Swain or his daughters of these tax consequences. The daughters’ claim was that the advice of Mills & Reeves was therefore deficient and that, had the correct advice been given, Mr Swain would have deferred completion of the MBO until after the heart procedure.

The decision

The judgement of Arnold J in this case runs to 209 paragraphs and examines in detail the terms of Mills & Reeves’ retainer and the circumstances in which the firm came to hear - on 16 January 2007 – about Mr Swain’s impending operation. One of the unfortunate facts about the case is that it was those within Mills & Reeves’ corporate finance team who got to hear of the operation and this information was not shared with those in the firm’s private client team, who might perhaps have been more instinctively attuned to the business property relief downside if Mr Swain had not sold the shares but not having reinvested the proceeds in other qualifying property.

Nevertheless, Arnold J found that:

‘Even on that hypothesis, I do not accept that the receipt by Mills & Reeves of the information about the heart procedure gave rise to any duty on the part of Mills & Reeves to advise Mr Swain and his daughters as to the inheritance tax and capital gains tax consequences on Mr Swain’s death, still less a duty to advise them to defer the MBO.’

And he ultimately concluded that:

‘It would be entirely understandable if, at the end of this case [Mr Swain’s daughters] were left with a strong feeling...’
Rules designed to protect investors under POA can make it difficult to complete effective Inheritance Tax ("IHT") Planning.

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Miss Isaac may be able to mitigate IHT for the investor over which she has power of attorney using BR qualifying assets

**DO NOTHING**

£200,000
No issues with the court of protection as assets remain in the name of the original owner*

£80,000
Due in IHT

£120,000
Available to beneficiaries

**INVEST INTO BR**

£200,000
Invested into the Foresight Inheritance Tax Solution. No issues with the court of protection as assets remain in the name of the original owner*

£0
IHT due to subject to settlor surviving to the second anniversary of investment.

£200,000
Available to beneficiaries

*Normal rules apply re: conflicts of interest and appropriateness of the investment for the owner
A couple wish to transfer £1m into a discretionary trust in as tax efficient manner as possible

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Discretionary Trust

**DIRECT**

£1,000,000

Discretionary Trust

£70,000 ENTRY CHARGE

EXIT CHARGE

PERIODIC CHARGE UP TO 6%

**BR**

£1,000,000

BR held for 2 years

DISCRETIONARY TRUST

NIL ENTRY CHARGE
NIL EXIT CHARGE
NIL PERIODIC CHARGE

**Key Points**

- Entry charge of 20% limits the scale of investment
- Periodic and Exit charges increase the tax burden of the solution
- Offers great flexibility
Under the rules of the new RNRB, married couples with wealth in excess of £2m will have their RNRB tapered away at the rate of £1 of RNRB for every £2 of wealth they have above £2m.

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How to reduce IHT bill with Residential Nil Rate Band (RNRB)

Married Couple  £2.7M Taxable estate

£650K Nil Rate Band (NRB) (£325K tax free/person)

+ £0 RNRB (as RNRB has tapered down to zero)

= £820k IHT Bill

Invest £700k into BR qualifying assets

Settlor/donor dies

Estate value at death/after 7 years:

£2M

£140k of IHT saving

£280k IHT liability saved on BR assets

= £400k IHT Bill

2 Years Later

Gift assets to beneficiary/settle into Trust

EFFECTIVE 60% IHT SAVING

SAVING OF £420K

Married Couple £2.7M Taxable estate

1. Beneficiary/Trust maintains ownership of BR shares for 7 years OR until donor/settlor dies
Mr. Reilly holds a large ISA portfolio but is questioning whether this is still appropriate.

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As an investor’s priorities change, the suitability of an ISA portfolio will also evolve

<table>
<thead>
<tr>
<th>INVESTOR’S PRIORITY</th>
<th>SUITABILITY</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulation</td>
<td>✔</td>
<td>ISA investments grow free of Income and Capital Gains Tax making them tax efficient when accumulating wealth</td>
</tr>
<tr>
<td>Decumulation</td>
<td>✗</td>
<td>As gains and income can be drawn tax-free, ISAs are tax efficient when decumulating wealth</td>
</tr>
<tr>
<td>Wealth Transfer</td>
<td>✗</td>
<td>ISA investments will be subject to Inheritance Tax* meaning that they may not be tax efficient when the investor’s priority is transferring wealth at death *with the exception of some AIM stocks</td>
</tr>
</tbody>
</table>

Foresight Inheritance Tax Solution offers investors the chance to pass on their wealth free from Inheritance Tax after just two years, provided that the shares are held at the time of death.
Ms. Skelton invested £500k in an investment bond 10 years ago. The investment is now worth £700k and no withdrawals have been taken.

All of the investment is subject to IHT*
*Assuming NRB has been used elsewhere

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Investment bond Tax deferred income encashment

£500,000
ORIGINAL INVESTMENT

£700,000
VALUE TODAY

£250,000 Tax deferred income
FORMS PART OF THE ESTATE

Encash Tax deferred income

£250,000

Re-invest in the Foresight Inheritance Tax Solution

£250,000 BPR
2 YEAR EXEMPT ASSET

ACCESS TO INCOME* OR FULL INVESTMENT AT ANY TIME**

£450,000
LEFT IN BOND

*After 12 months of holding FITS shares
** Subject to liquidity
Investment bond annual advice strategy

£450,000 LEFT IN BOND

£25,000 ANNUAL TAX DEFERRED INCOME FOR A FURTHER 10 YEARS

Re-invest in the Foresight Inheritance Tax Solution

ACCESS TO INCOME* OR FULL INVESTMENT AT ANY TIME**

*After 12 months of holding FITS shares
**Subject to liquidity

Any balance remaining in the Investment Bond will be taxable on encashment or death
SECTION FIVE

Foresight Inheritance Tax Solution & Accelerated ITS
Summary

- Diversification: £750m+ AUM
- Strategy: risk managed with a modest return – 3% - 4.5% return target
- Governance: Independent Board
- Performance characteristics: Natural Defensive Contracted Revenue Streams
- Transparent: 2.5% Initial Fee and 2% Annual Admin Fee
- Liquidity: Target 20-working days
- Top Rated: Martin Churchill Tax-Efficient Review and Best Unlisted BR Investment Manager at the recent Growth Investor Awards 2020
Investment Strategy
Stable, trading businesses

Predictable Cash Flows
- Contracted revenue streams
- Minimal merchant price risk
- Inflation linkage

Stable Businesses
- Simple, focused businesses
- Appropriate capital structuring
- Active secondary markets with clear routes to exit
- Underlying asset quality

Low Correlation to Equities
- Diversification
- Diverse real asset base
- Uncorrelated to listed markets
The graph shows the performance of an investment in Foresight ITS of £100,000 (net of all initial charges) made in September 2013 (the first month shares in Averon Park, the trading business whose shares investors hold, were allocated). The performance is net of all fees and charges and assumes no additional withdrawals or top up contributions.
Diversifying into New Asset Classes
Increased diversification through investment into 4 new sectors across 2020.

Forestry
Attractive risk-adjusted returns, strong capital preservation characteristics, sustainability and carbon sequestration opportunities.

Fibre Broadband
Asset-backed businesses with long operational lives, stable cashflows from a utility-type service.

Compressed Natural Gas
Asset-backed businesses supplying renewable certified natural gas to logistics sector, policy support for gas powered vehicles until 2032.

District Heating
Attractive returns with strong capital preservation characteristics, long-term contracted revenues, decarbonizing UK heat energy sources
Foresight Inheritance Tax Fund sustainability statistics

Underlying Wind, Bio & Solar assets produce

506,754 MWh of electricity yearly

That’s enough to power

174,743 UK households

The carbon saved is the equivalent to

66,552 people taking round-the-world flights
## ITS Charges

A transparent charging structure.

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Charge</td>
<td>2.5%</td>
</tr>
<tr>
<td>Dealing in, out and performance fee</td>
<td>0%</td>
</tr>
<tr>
<td>AMC</td>
<td>0%</td>
</tr>
<tr>
<td>Admin charge</td>
<td>2%</td>
</tr>
</tbody>
</table>
Foresight Accelerated ITS

Investors can immediately mitigate IHT by combining the benefits of BR and Life Insurance.

**Immediate IHT relief**
- Delivers immediate IHT relief by combining BR qualifying investments with a two-year life insurance policy.
- Group life cover will pay out 40% of net investment amount if the investor dies within the initial period of two years.

**Life Insurance Cover**
- Foresight offers both Single Life Cover and Joint Life Second Death Cover.
- Crystal clear policy wording with no exclusions.
- Cover provided without medical underwriting.
- Cover begins immediately (as soon as shares are first acquired).
- Terminal illness declaration required.

**Suitability**
- **Suitable for direct investors only, no POA Clients**
- Exclusive and unique to Foresight.
# Single Life Cover AMC

## Charges

<table>
<thead>
<tr>
<th>Category</th>
<th>Single Life Cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A investor</td>
<td></td>
</tr>
<tr>
<td>Category B investor</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Annual Management Charge During Two-year Initial Period</th>
<th>Annual Management Charge Post Two-year Initial Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Life Cover</td>
<td>3.30%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Single Life Cover</td>
<td>5.36%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
Joint Life Second Death Cover AMC
As of March 2020 Joint Life Second Death Cover is available to eligible joint investors.

<table>
<thead>
<tr>
<th></th>
<th>Both Category A investors</th>
<th>Both Category B investors</th>
<th>One Category A investor and one Category B investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Life Second Death Cover</td>
<td>1.22%</td>
<td>3.59%</td>
<td>2.49%</td>
</tr>
<tr>
<td>Annual Management Charge During Two-year Initial Period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Management Charge Post Two-year Initial Period</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
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