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This document is not to be circulated to or relied upon by retail clients.



Zenzic Estate Planning Service: Consumer Duty product pack for distributors

April 2024



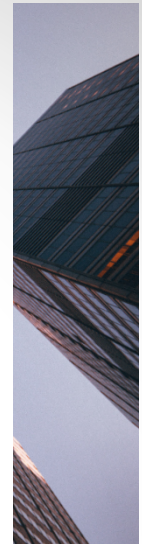
SAPPHIRE

Zenzic Estate Planning Service

Product reviewed: April 2024

Previous review: April 2023

Product launched: January 2020



Don't invest unless you're prepared to lose all your money invested. This is a high risk investment. You could lose all the money you invest and are unlikely to be protected if something goes wrong. Take 2 mins to learn more overleaf.

Zenzic Estate Planning Service

Investing in shares which offer business relief from inheritance tax
An Asset-Backed portfolio underpinned by UK real estate

IMPORTANT INFORMATION
Reliance on this promotion for the purpose of engaging in any subscription for shares and/or investment activity may expose an individual to a significant risk of losing all the subscription monies invested. If you are in any doubt about the actions you should take or the contents of this document, you should contact your stockbroker, solicitor, accountant, bank manager or other professional adviser authorised under the financial services and markets act 2000, who specialises in advising on investment in and/or subscriptions for shares and other securities.

THIS INVESTMENT IS NOT SUITABLE FOR ALL INVESTORS AS THE UNDERLYING INVESTMENTS ARE ILLIQUID.

STRICTLY PRIVATE AND CONFIDENTIAL



Product: Zenzic Estate Planning Service

Key Documents	Information Memorandum.
Nature of Security	Unquoted shares in business relief qualifying companies.
Nature of Product	Discretionary client-by-client portfolio management service.
Length of hold	Evergreen, IHT-driven so long term.
Tax Advantages	Business relief from inheritance tax.
Nature of Risk	The risk score is 6 out of 7, because the Fund invests in early-stage companies which provide loans to real estate businesses, which are hard to value and where it may not be possible to sell the investment. This rates the potential losses from future performance at a high level, and poor market conditions are likely to impact the capacity of the Product.
Target Investor	Designed for private investors who understand the risks of investing in unlisted investments, typically a UK higher-rate taxpayer, over 18 years of age, advised by an FCA authorised adviser. They may also be a professional client or an eligible counterparty. Investors should be able to lose all funds invested.
Target Sector	The Product's objective is to invest in lending companies to provide loans within the property sector.

Zenzic Estate Planning Service

Product Objectives	Target return of 6% annually. Note that targeted returns are not a reliable indicator of future performance. The target return may not take into account all commissions, fees or other charges.
Distribution Strategy	IFA distribution.
Withdrawal/ liquidity	The ZEPS DFM will normally, although no guarantee, fulfil withdrawal requests by selling shares to a third party within 30 days which may be a Zenzic Capital subsidiary or to the Direct Lending Company which has issued the shares. Refer to the IM for more details.
Transferability	Once probate has been arranged, the investment manager will transfer the investment as instructed by the consumers personal representatives. For further information please refer to the Information Memorandum.
Financial Services Compensation Scheme	Deposit protection of up to £85,000 per person per eligible claim for investors' money held on client account at the custodian. Please review the Fund information memorandum to understand the full details in relation to eligibility to claim under the Financial Services Compensation Scheme or contact the FSCS directly at www.fscs.org.uk .
Insurance Benefits	The Product does not have any insurance benefits.

Zenzic Estate Planning Service

Fees	Initial fee	1% (+VAT)	This fee is payable to Zenzic Capital to cover the costs of administration at a rate of 1% (+VAT) of the net subscription amount (less any advisor fees).
	Annual administration fee	2% (+VAT)	Zenzic Capital will charge 2% of Net Asset Value per annum in consideration for their services to the Direct Lending Companies. The AMC is payable at the end of each financial year, and only provided the annual target returns have been met.
	Performance fees	20% (+VAT)	A Performance Fee will become due for payment by a Direct Lending Company to Zenzic Capital and the ZEPS DFM if the Target Annual Return of 6% on a Client's holding of Shares in a Direct Lending Company for the financial year has been achieved and all other fees and charges have been paid.

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Fees	Exit Fee	1% (+VAT)	This fee is charged an exit fee of 1% if instructed to have the DFM to sell the shares. The exit fee will be deducted from the net disposal proceeds. Consumers will not be charged an exit fee where the shares are sold in order to distribute the achieved target return under the Income Strategy, nor will it be charged on withdrawal via probate.
	Direct Lending Company Costs	0% (+VAT)	Zenzic Capital will arrange for all running costs and expenses, such as costs associated with the ZEPS Administrator and ZEPS Nominee, to be borne by the Direct Lending Companies unless otherwise agreed by Zenzic Capital, the ZEPS DFM and the Board of Directors.
	IFA		Zenzic Capital can facilitate agreed initial and ongoing adviser charges. Ongoing adviser charges may be paid either from funds held in cash by the ZEPS DFM on Consumers behalf or by selling an appropriate number of shares provided the ZEPS DFM is instructed by the Consumer to do so. Such a sale of shares will be subject to stamp duty and may give rise to an income tax or capital gains tax liability if the shares are sold at profit. Any amount withdrawn will also lose Business Relief qualifying status

Target Market Analysis



Analysis

Requirement	Target Market Criteria	Compatibility
Client type	Retail	Compatible
	Professional	Compatible
	Eligible counterparty	Compatible
Sub-type of Retail	Unrestricted	Not compatible
	Restricted/ HNW/Sophisticated	Not compatible
	Suitability/Appropriateness Test	Compatible
Notes	Based on the Product details and target market analysis it is deduced that the Product is most suitable for high net worth retail clients and not for ordinary retail investors.	
Knowledge and experience	Low	Not compatible
	Medium	Compatible
	High	Compatible

Analysis

Requirement	Target Market Criteria	Compatibility
Financial situation, with a focus on ability to bear losses	No tolerance for loss in their investment	Not compatible
	Tolerance of moderate loss	Not compatible
	Tolerance of entire loss	Compatible
	Tolerance of loss exceeding investment	N/A
Characteristics of vulnerability	Poor health	Not compatible
	Experiencing a negative life event	Not compatible
	Having low financial resilience	Not compatible
	Having low capability	Not compatible
Notes	<p>This Product is not targeted at consumers with characteristics of vulnerability; however, when onboarding and/or communicating with a consumer, staff will be on the lookout for signs of vulnerability that can lead to the individual concerned making poor decisions. Sapphire will act in line with the Sapphire Vulnerable Persons Policy, and may seek additional information from the IFA in relation to the consumer's potential vulnerability. Under Consumer Duty, Sapphire and IFAs must seek to avoid causing foreseeable harm to retail customers.</p>	

Analysis

Requirement		Target Market Criteria	Compatibility
Client's objectives and needs	Investment Tenor	Short	Not compatible
		Medium	Not compatible
		Long	Compatible
	Investment Objective	Capital protection	Compatible
		Appreciation	Compatible
		Future income stream	Compatible
		Tax advantages	Compatible
	Liquidity	Requires the possibility to exit investment early	Not compatible
		Willing to hold the investment long term/until maturity	Compatible
	Additional criteria	Preservation of tax relief	Compatible
		Portfolio diversification	Compatible
		Hedging	Not compatible
		Ethical/green	Not compatible
		Sharia compliant	Not compatible

Analysis

Requirement	Target Market Criteria	Compatibility
Distribution Strategy	Advised	Compatible
	Non-advised	Not compatible
	Execution only	N/A
	Discretionary	N/A
Notes	The Product is only to be distributed via suitable channels such as Zenziq, IFAs and wealth manager networks who have an expertise in high risk investments in venture capital. It is for advised investors only.	

The Investment Manager



SAPPHIRE

How Sapphire prioritises good outcomes for customers

More than just profits

- Certified B Corporation: Achieving the most stringent criteria for verified social and environmental performance, public transparency, and legal accountability.
- Striving to redefine business success by evaluating it beyond mere profit.

Established

- Over 50 funds managed.
- £400+ million AUM.
- 6,000+ Investors onboarded.
- Immeasurable support of innovation.



Personable

- An experienced team of investment professionals.
- Diverse backgrounds in accountancy, corporate finance and more.



Products & Services

Annually, we conduct a thorough evaluation of this product to ensure it consistently delivers good outcomes for customers.

Target Outcome	Outcome Achieved	
	Yes	No
	Last 12 months	Since inception (2020)
Diversification Target: Mix of residential, commercial and PBSA loans to developers	✓	✓
Deployment target: all funds deployed within two months	✓	✓
Tax Relief - There have been no IHT claims via the product to date	N/A	N/A
Target Exit	N/A	N/A
Feedback requested to understand processes in place to ensure product is sold within the target market	✓	✓
Product sold only via the defined distribution channels	✓	✓
Product passed annual review and testing	✓	✓

Conclusion: A good outcome for customers has been achieved over the review period, despite not meeting all targets. Over the period, we successfully allocated shares to investors within a two month period of subscribing. There remains to be an IHT exemption via the product.

Price and Value

Ensuring customers receive essential product services, attain all features, and exceptional value for their investment is crucial for a favourable outcome.

Target for a good outcome	Relevant contributors	Last 12 months	Since inception (Jan 2020)
Each investor receives the product as offered	Every investor is assigned a portfolio comprising shares in the relevant companies as detailed by their investment mandate, each with the potential to achieve a 6% return p.a.	Yes - All investors have been allocated portfolios within their chosen mandate with the potential to grow by 6% p.a. over the long term.	Yes - All investors have been allocated portfolios within their chosen mandate to date with the potential to grow by 6% p.a. over the long term.
Product outcomes are attained for each investor	Companies are expected to qualify for BR at the time of investment.	All investments would be expected to qualify for BR.	All investments would be expected to qualify for BR to date.
	Portfolio Performance	Too early to evidence. No exits to date.	
	Full deployment within two months.	ZEPs have a substantial deal-flow of investments, and as such, all investors have been fully deployed within two months.	On average, it takes a month to be invested with share allocated at the end of each month. To date, one investor took three months to be deployed.
Successful exits achieved.		No exits to date – this is a long-term investment with an 5-7 year expected exit horizon.	
An investor cannot obtain a comparable product or service for a lower fee.	IHT portfolios with similar overall pricing have been identified, but none of them provide customers with the same proposition.	The AMC and performance fee will only be charged in the event that investors have achieved their target return of 6% p.a. – ZEPs is assisted by an expert investment team with a wide range of experience from all aspects of property and financing.	

Conclusion: A good outcome for customers has been achieved over the review period, despite not meeting all targets.

Consumer Understanding

Our customers should be able to understand all of our communications and be able to make informed decisions.

How we define a good outcome	How we assess it	Reviewed in most recent assessment
All customer communications and financial promotions have gone through a defined process.	Comprehensive sign-off of all documents and communications.	Yes
Benefits & risks are clearly outlined and in no way unclear, misleading, unfair.	Thorough analysis of the promotional materials and risk warnings completed at launch or if there was a material change.	Yes
Tax reliefs offered by the product are clearly communicated.	All reliefs and documents available are clearly communicated to investors, and understanding is assessed on multiple levels.	Yes
Documents and communications provide clear information to consumers to make informed investment decisions.		

Conclusion: A good outcome for customers was achieved over the review period, as no complaints or communications were received linked to consumer understanding.

Consumer Support

A good outcome for customers is when they have been supported throughout their journey.

Divison	We have defined a good outcome as:	Reviewed last 12 months:
Customer service team	Dedicated service team with significant knowledge and experience.	Yes
Customer journey from onboarding to exit	All customers recieve regular communications throughout their journey.	Yes
Methods for feedback	Email, mail, phone, in person and anonymous feedback form.	Yes
Feedback received	Customer Feedback reviewed monthly, and action taken where appropriate.	Yes
Complaints - responsiveness	All complaints are responded to within within 3 days and conducted within 8 weeks.	Yes
Complaints - FOS	No complaints upheld by FOS.	Yes
Provisions for vulnerable clients	Vulnerability training completed by the service team, and actions taken where appropriate.	Yes
Service team	Low turnover and excellent employee satisfaction.	Yes
Abandoned calls	None occurred.	Yes
3rd Party Suppliers	Feedback reviewed when received and acted on where appropriate.	Yes

Conclusion: A good outcome for customers was achieved over the review period, as no complaints or communications were received linked to consumer understanding.

SUMMARY

Characteristics of the Product

Summary Disclosure to Distributors

Characteristics of the Product

Based on the Product details and target market analysis, we conclude that the Product is most suitable for clients advised by a suitably qualified IFA.

If you are unsure of whether the product is suitable for you, please discuss any concerns with your IFA.

Product will be distributed in accordance with the needs, characteristics and objectives of the target market

The onus is on the distributor to ensure they act within accordance with the needs, characteristics and objectives of the Target Market. Consumers must be able to make informed investment decisions supported by information and documentation from Sapphire and, if applicable, a financial adviser. In the event a distributor believes they do not have the necessary information required to act within their capacity, the distributor is recommended to contact Sapphire and request the missing information.

Identify the intended distribution strategy for the Product

The Product is intended to be distributed via IFAs and wealth manager's distribution networks.

Summary Disclosure to Distributors

Understand the identified target market

The Product is designed for private investors who understand the risks of investing in unlisted investments, typically a UK higher-rate taxpayer, over 18 years of age, normally advised by an FCA authorised adviser. They may also be a professional client (as per COBS 3.5). Investors should be able to lose all funds invested. An investor should:

- be aged at least 18;
- need to diversify investment portfolios across asset classes;
- not need income from or access to the capital invested during the anticipated holding period;
- not be under any pressure to invest or secure a certain income from investing;
- understand investing will expose you to capital losses;
- understand that there is no guarantee that the tax-efficient status of the investment will be obtained or remain;
- understand that the investment may not be able to be realised early, at market value, or at all;
- understand that there is no secondary market for this investment;
- understand that this is a high risk, illiquid, speculative investment and that there is the potential to lose all capital invested;
- not be aware of any health issues or events which would impact their ability to make decisions for financial matters or day to day capability (see FCA guidance FG21/1);
- be seeking to shelter assets from inheritance tax.

It is recommended that all investors are advised by an IFA, to reduce vulnerable customers accessing an unsuitable product and ensure the suitability of the Product for the investor as well as ensuring the Product meets the investor's financial requirements.

Summary Disclosure to Distributors

Understand the identified target market (continued):

The Product is not suitable for clients who:

- under the age of 18;
- have limited to no investment experience;
- are under pressure to invest or secure a certain income from investing;
- can not be exposed to capital losses;
- whose lifestyle would be impacted by the loss of 100% of their investment;
- seek a short to medium term investment product, or need their money back quickly (most funds can be a duration of at least ten years or more);
- whose decision-making is impacted by health issues or life events;
- aren't willing to hold their investment for at least the expected life of the Product;
- have a low- to medium- risk appetite;
- don't seek to shelter assets from inheritance tax; or
- investors who have not been assessed for suitability by a suitably qualified IFA.

Subject to Sapphire's approval, corporate and professional investors can invest in this product; however, the application route involves manual intervention and more documentation.

Issued by Sapphire Capital Partners LLP (FRN:565716), which is authorised and regulated by the Financial Conduct Authority. Registered office: 28 Deramore Park, Belfast, Antrim, BT9 5JU. Issued April 2024.

Investing in start-ups and early-stage companies involves risks, including illiquidity, lack of dividends, loss of investment and dilution. It should be done only as part of a diversified portfolio. There is no assurance that the investment objectives of any investment opportunity will be achieved or that the strategies and methods described by the product will be successful. Past performance is not necessarily a guide to future performance and the value of an investment may go down as well as up.

Tax reliefs available on these investments depend on individual circumstances. Tax treatment is assumed as per current legislation and interpretation, which may change in the future. Tax reliefs also depend on the portfolio companies maintaining qualifying status, which is not guaranteed.


The investments discussed are not suitable for everyone. This document does not constitute advice on investments, legal matters, taxation or any other matters. Any recommendation should be based on a holistic review of a client's financial situation, objectives and needs.

Investors should read the product Information Memorandum before deciding to invest.



You've heard from us.

If you need
anything
further, we want
to hear from
you.

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