

# Key Information Document

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.

## Rights & Issues Investment Trust

ISIN: GB0007392078

The Company is not regulated or authorised by the Financial Conduct Authority but is subject to the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Prospectus Rules as applicable to closed-ended investment companies. The Company is subject to the oversight of the Financial Conduct Authority in relation to the content and preparation of this document.

Date of Publication 06/01/2023

## What is this product?

The information contained in this document and the methodologies for calculating risks, costs and potential returns are prescribed by EU rules.

The Company is a closed-ended investment company whose shares are listed on the London Stock Exchange and an alternative investment fund under the Alternative Investment Fund Managers Directive ("AIFMD"). The Company's shares are therefore available to the general public.

The objective of the Company is to exceed the benchmark index over the long-term whilst managing risk. The Company invests in equities with an emphasis on smaller companies. UK smaller companies will normally constitute at least 80% of the investment portfolio. The investment portfolio will normally lie in the range of 80% to 100% of shareholders' funds and therefore gearing will normally be between -20% and 0%. As a result of the Alternative Investment Fund Managers Regulations 2013 it has been decided that the Company will not use gearing.

The target investors are institutions and individual retail investors.

There is no fixed maturity date. There is no ability for the Company to terminate shareholdings of investors in the Company unilaterally or automatically.

The shares of the Company are bought and sold via markets. 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.

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

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 or because we are not able to pay you.



**The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you sell your shares at an early stage and you may get back less than you invested. You may not be able to sell your shares or you may have to sell at a price that significantly impacts on how much you get back. You will incur costs in buying and selling your shares.**



In accordance with legislation, we have classified this product as 4, which is a medium risk class. Please note that even the lowest risk class can lose you money and that extreme adverse market circumstances can mean you suffer severe losses in all cases.

The summary risk indicator only reflects historical share price volatility of the Company's shares.

## Investment performance information

The Investment Trust's [the Trust] Benchmark is the FTSE All Share Index. In reality the Trust will be invested in companies that will typically have market capitalisations significantly lower than the average levels for this index. Therefore in the event that there is a market preference for larger companies relative to smaller companies, the Trust may under-perform its Benchmark (and vice versa). The higher levels of volatility typically exhibited by smaller companies also means that the Trust may be likely have a higher level of volatility than its Benchmark. The main factors likely to affect future Trust's returns are overall sentiment towards risk/equities, sentiment towards smaller companies, concentrations and idiosyncratic risk and sentiment towards style factors which are described in more detail in subsequent sections.

The Trust's bias towards concentrated positions in smaller capitalisation companies means that the Trust may have lower levels of asset side liquidity compared to its Benchmark. While its closed-end structure means that it will not encounter redemption risk, in the event that the Trust were to be liquidated, unwinding of portfolio positions may entail significant amount of time or transaction costs.

What could affect my return positively?

### Global Risk Sentiment

The Trust is invested in equities and therefore is likely to experience higher returns when risk asset markets are generating positive returns and equity markets specifically are rallying more broadly.

### Country Risk Sentiment

The Trust is invested in UK-based companies and is therefore likely to generate positive returns when domestic UK asset markets are performing well. Nevertheless, even though companies are UK-based they may derive a portion of their earnings from outside the UK and may therefore potentially benefit from a weaker GBP in certain circumstances.

### Sentiment towards smaller companies

The Trust is invested in smaller capitalisation companies and therefore is likely to perform well when smaller capitalisation companies are out-performing relative to larger capitalisation companies. This would typically occur when the outlook for UK GDP growth is positive, leading to favourable earnings expectations for such companies and their ability to grow them.

### Portfolio Concentration and specific risks

The Trust is relatively concentrated in its positioning. This can in turn lead to concentrations in a particular sector and exposure to themes which may positively impact the particular sector, but not the broader market. Moreover, the concentrated nature of the portfolio means that it may benefit disproportionately (relative to the broader market) from positive company specific news. Where the companies perform better than the broader market (for instance due to announcing better-than-expected earnings results), the Trust will enjoy positive returns as a result of this idiosyncratic risk.

### Sentiment towards style factors

The Trust is likely to benefit when market sentiment favours companies that are likely to grow earnings into the future, rather than companies that screen as being relatively cheap on a valuations basis but with lower capacity to grow earnings.

What could affect my return negatively?

### Global Risk Sentiment

The Trust is invested in equities and therefore is likely to experience lower returns when risk sentiment is adverse and asset markets are generating negative returns and equity markets specifically are selling off more broadly. For example, periods like the Global Financial Crisis or the peak of the Covid pandemic saw negative returns for risk assets across the Board. Such a scenario would likely generate negative returns for the Trust.

### Country Risk Sentiment

The Trust is invested in UK-based companies and is therefore likely to perform adversely when domestic UK asset markets are performing poorly and suffering from negative sentiment. For example during the period leading up to and following the UK Brexit Referendum vote in 2016, UK domestic stocks significantly under-performed their peers globally due to increased levels of pessimism around the UK economic outlook. Such a period of sustained under-performance of UK domestic-focused assets would likely lead to negative returns for the PRIIP.

### Sentiment towards smaller companies

The Trust is invested in smaller capitalisation companies and therefore is likely to perform adversely when smaller capitalisation companies are under-performing relative to larger capitalisation companies. This would typically occur when the outlook for UK GDP growth is less favourable and investors prefer more defensive companies with a larger portion of their revenues derived outside the UK.

### Portfolio Concentration

The Trust is relatively concentrated. This can in turn lead to concentrations in a particular sector and exposure to themes which may adversely impact the particular sector, but not the broader market. Moreover, the concentrated nature of the portfolio means that it may suffer disproportionately (relative to the broader market) from negative company specific news. Where the companies perform poorly relative to the broader market (for instance due to announcing worse-than-expected earnings), the Trust will likely see negative returns as a result of this idiosyncratic risk.

### Sentiment towards style factors

The Trust is likely to under-perform when the market favours companies that trade on relatively cheaper valuations but are less likely to grow their earnings into the future. For example when sentiment towards 'growth' stocks deteriorates and the market focuses more on earnings outlooks over the nearer term, the Trust will be likely to under-perform.

## What happens if the company is unable to pay out?

As a shareholder of a listed company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event the Company becomes insolvent. A default by the Company or any of the underlying holdings could affect the value of your investment.

## 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. They include potential early exit penalties. The figures assume you invest £10,000 each year. The figures are estimates and may change in the future.

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 £10000.00			
Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in at 5 years
Total costs	£29.39	£85.96	£139.75
Impact on return (RIY) per year	0.30%	0.30%	0.30%

## What are the costs? (Continued)

<b>One-off costs</b>	<b>Entry costs</b>	0.00%	The impact of the costs you pay when entering your investment.
	<b>Exit costs</b>	0.00%	The impact of the costs of exiting your investment when it matures.
<b>Ongoing costs</b>	<b>Portfolio transaction costs</b>	0.00%	The impact of the costs of us buying and selling underlying investments for the product.
	<b>Other ongoing costs</b>	0.30%	The impact of the costs that are incurred each year for managing your investments and running the Company.
<b>Incidental costs</b>	<b>Performance fees</b>	-	The impact of performance fees on your investment.
	<b>Carried interests</b>	-	The impact of carried interests on your investment.

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

The recommended minimum holding period of 5 years has been selected for illustrative purposes only and reflects the long-term nature of the Company's investment objectives, but investors may elect to sell their shares on the market at any time without penalty by the Company. The value of shares and the income derived from them (if any) may go down as well as up, and investors may not get back the full value of their investments. Whilst the shares are traded on the London Stock Exchange's Main Market, it is possible that there may not be a liquid market in the shares and investors may have difficulty selling them.

## How can I complain?

If you have a complaint this should be directed to the Company Secretary, Maitland Administration Services Limited, Hamilton Centre, Rodney Way, Chelmsford, Essex, CM1 3BY, tel: 01245 398 950, email: [cosec@maitlandgroup.com](mailto:cosec@maitlandgroup.com).

## Other relevant information

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules. Depending on how you buy these shares you may incur other costs, including broker commission, platform fees and Stamp Duty.

Other relevant information on the Company can be obtained from the Company's web pages: <https://www.maitlandgroup.com/investment-trusts/rights-and-issues-investment-trust-plc/>