

# PXN Inheritance Tax Planning Service

## Key Information Document (KID)

### 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

**Name:** PXN Inheritance Tax Planning Service ("PITPS")

**PRIP Manufacturer:** PXN Asset Management Ltd ("PXN")

**Phone:** 0161 641 9475

**Website:** pxninvestments.com

#### Competent authority:

Financial Conduct Authority (FCA No. 817345)

#### Date of production of this document:

This key information document ("KID") has been approved by PXN for publication in January 2024.

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

### What is this product?

The product is an Alternative Investment Fund ("AIF") investing in private trading companies. The product has no specified maturity date or unilateral termination date.

### Objectives

PITPS targets stable returns with low volatility by selecting investments in private trading companies that undertake a secured lending trade. PITPS aims to offer IHT exemption as a result of the private trading companies qualifying for Business Relief ("BR") on the net amount invested after two years and if the investment is held at the point of death.

### Intended Retail Investor

Individuals who are advised by a financial adviser, who are seeking to mitigate inheritance tax liabilities, who are willing to invest for the long term, who understand the risks of investing in higher risk products and who have the ability to bear losses that may result from such an investment.

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

Lower Risk

Higher Risk



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.

We have classified this product as 6 out of 7, which is the second-highest risk category.

This product is classified as a non-readily realisable security. PITPS invests in private trading companies that intend to qualify for Business Relief ("BR"). Such investments are considered higher risk than investments in listed equities.

The risk indicator suggests that potential losses from future performance are high.

The PXN Inheritance Tax Planning Service invests in private trading companies, including Quay Street Trading Ltd ("QST"), that undertake a secured lending trade.

The performance of the private trading companies will be driven by interest income they generate from their lending activities. The primary risk associated with this product is the risk of default on the underlying lending contracts.

There is a risk that HMRC determines that shares in a private trading company such as Quay Street Trading Ltd are not BR qualifying. There is also a risk that BR itself is materially changed by government such that the inheritance tax relief no longer applies. PITPS does not include any protection from future market performance so you could lose some or all of your investment.

If PITPS is not able to pay you what is owed, you could lose your entire investment.

However, you may benefit from a consumer protection scheme (see the section "what happens if we are unable to pay you"). The indicator shown above does not take into account this protection nor any potential tax reliefs.

## Performance scenarios

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

The performance of PITPS is dependent on the outcome of investments in private trading companies. The performance of the private trading companies undertaking secured lending is dependent upon the underlying quality of the loans made and the level of loan default within the loan book. There is no relevant index or benchmark for Business Relief qualifying investments. It is possible you could lose your entire investment.

### What could affect my return positively?

A low default rate, across the recommended holding period of your investment (which is a suggested minimum of 5 years) should result in the target return being achieved.

### What could affect my return negatively?

In a challenging macro-economic environment of rising interest rates and high inflation, the probability of default on lending contracts will increase. A significant rise in loan defaults could impact a borrower's ability to repay loans which would in turn impact returns of PITPS.

For a more detailed explanation of the risks relating to your investment please read the 'Risk Factors' section in the PXN Inheritance Tax Planning Service Product Brochure.



### What happens if PITPS is unable to pay out?

PXN participates in the Financial Services Compensation Scheme (FSCS). The FSCS may provide compensation to eligible claimants in the event of the firm being unable to meet its liabilities. The FSCS does not cover losses in the event of the poor performance of a fund or failure of an investee company. Further information about the FSCS can be found at [fscs.org.uk](https://www.fscs.org.uk)

## This table shows the impact on returns per year

Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years
Initial Fee	£450	£549	£648
Annual Management Charge	4.5%	1.8%	1.2%

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 two different holding periods. The figures assume you invest £10,000. The figures are estimates and may change in the future.

The table below shows the impact each year of the different types of costs on the investment returns you might get at the end of the recommended holding period; and the meaning of the different cost categories.

The person advising you about this product may charge you other costs. If so, the adviser will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

## What are the costs?

One-off costs	Entry costs	2%	The impact of the costs you pay when entering your investment.
	Dealing fee	1.0%	The impact of the costs that we take on entry and exit from the service
On-going costs	Annual administration fee	2% + VAT	Costs are charged to the investee company.
	Annual management charge	0.5% + VAT	The annual management charge is not payable if the investor's net return is below 4.5%, prior to the deduction of any adviser charge.
Incidental costs	Performance Fee	-	The product does not have any performance fee or incentive costs.

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

### Recommended holding period: 5 years

An investment in PITPS should not be considered a short to medium term investment since investments in BR qualifying companies must be held for at least two years and at the point of death in order to benefit from Business Relief. A holding period of at least 5 years is recommended.

If you withdraw any of your holdings after two years, you will lose the Business Relief on the amount withdrawn. Investors can withdraw funds from the service on an ad-hoc basis. Normally, we would expect to process a withdrawal within 30 days from the end of the month in which we receive a valid written instruction. However, if there are substantial withdrawals then it may take longer. There is no guarantee that it will always be possible to meet the above target timeframe. The minimum balance in PITPS after making a withdrawal is £25,000, unless an Investor wishes to withdraw all of their funds.

### How can I complain?

PXN has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available on request. Should an investor have a complaint about the product or this KID, they should contact PXN. Where the investor is categorised by PXN as a Retail Client, if for any reason the Investor is dissatisfied with PXN's final response, the investor is entitled to refer her/his complaint to the Financial Ombudsman Service. A leaflet detailing the procedure involved will be provided in PXN's final response.

Complaints should be addressed to Jon Prescott,  
PXN Investments, Bauhaus, Quay St, Manchester,  
M3 3GY t: 0161 250 3838.

### Other relevant information

The cost, performance and risk calculations included in the KID follow the methodology prescribed by EU rules. Current factsheets and other marketing documentation can be found at [www.pxninvestments.co.uk](http://www.pxninvestments.co.uk)

An investment in PITPS must only be made on the basis of the information set out in the Product Brochure and Investor Agreement.

Registered in England and Wales  
Company Registration Number is 11439791

PXN Investments is a trading name of PXN Asset Management Limited which is authorised and regulated by the Financial Conduct Authority (817345)

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