

Par EIS Fund

Product Governance Document

For Investment Advisers

November 2025
Confidential

Par EIS Fund and Par Knowledge Intensive EIS Fund

Introduction

Par Fund Management Limited ("Par Equity", "Par", the "Manager" or "We") is an FCA authorised investment manager. It is the manufacturer of the Par EIS Fund ("the EIS Fund") and the Par Knowledge Intensive EIS Fund ("the KI EIS Fund") (together, "the Funds"). The Funds are Restricted Mass-Market Investments promoted under COBS4.12A and are Alternative Investment Funds ("AIFs") for the purposes of the Alternative Investment Fund Managers Directive.

The Funds have a common investment thesis and pricing structure, so differ only in respect of how investors access tax reliefs made available through the Enterprise Investment Scheme ("EIS").

The Funds' principal route to market is via investment advisers who, for the most part, are MiFID Firms. Par Equity is committed to delivering high levels of customer service, and accordingly this document is intended to assist investment advisers in relation to their regulatory obligations and, in particular, in complying with FCA Rules applicable to MiFID Firms.

As provided for in PROD 3.2.17, and given the high-risk nature of this fund, this document is not intended for end client use. The Funds are promoted solely on the basis of the relevant Information Memoranda.

The directors of Par Equity take responsibility for this document, including statements of opinion contained within it. Par Equity welcomes the opportunity to discuss the Funds with financial advisers and aims to be responsive to requests for face-to-face meetings, telephone or video conferences or more structured training (PROD 3.2.18).

The directors of Par Equity review and approve all marketing documents relating to the Funds, in addition to the definition of the target market and the value proposition of the Funds.

Sustainability Disclosure

The FCA's Environmental, Social and Governance Sourcebook ("ESG Sourcebook") requires that the Manager prepares and publishes certain disclosures in relation to the sustainability characteristics of the Fund. This requirement arises because the Manager has used certain of the terms set out in ESG4.3.2(2)R in connection with the Fund, but has chosen not to use a sustainability label for the Fund.

Sustainable investment labels help investors find products that have a specific sustainability goal. The Fund does not have a UK sustainable investment label because, although the Fund's Investment Strategy contains certain restrictions in accordance with the Manager's ESG Policy

and the Fund's Investment Restrictions, the delivery of specific sustainability objectives is not a goal of the Investment Strategy, and the restrictions set are not expected to have a measurable effect on the Fund's risk or return profile.

In undertaking due diligence in respect of prospective investments in Investee Companies, the Manager seeks to establish whether certain legally required or best-practice standards are met by the companies concerned, such as compliance with the Modern Slavery Act (2015) or maintaining a policy of ensuring that no employees are paid less than the Living Wage. Ongoing monitoring of the activities and interests of the underlying Investee Companies is carried out with a view to (amongst other things) obtaining assurance that these standards continue to be met. Similarly, the Manager has a limited number of excluded activities that, on ethical grounds, would if carried out by a prospective Investee Company be grounds for not investing in that company. Such activities include, for example, the design or manufacture of offensive weapons technologies.

The investment restrictions are binary in nature and so the Manager makes use of checklists to ensure that the restrictions are complied with during the investment process and, post-investment, that Investee Companies remain compliant. It relies on reserved matters set out in the investment documentation which are intended to allow the Manager to require compliance in the event that an Investee Company becomes non-compliant, although ultimately it may not be possible either to enforce compliance or to sell shares held in a non-compliant Investee Company.

Product Governance Overview

Offer Details

FCA authorised manager	Par Fund Management Limited
Offer type	EIS Funds
Minimum subscription	£25,000
Closing date (EIS Fund)	Closing dates are held from time to time during the tax year
Closing date (KI EIS Fund)	N/A
Target raise	£10m – £25m per annum across the Funds. The KI EIS Fund has a minimum raise of £250,000. The EIS Fund has no minimum.
Analyst reviews	Tax Efficient Review, Allenbridge, MICAP, Hardman
Regulatory classification	Restricted Mass Market Investment

Investment Details

Benchmark return	15% annualised rate of return (equivalent to approximately 2x after three years or 3x after five years)
Legal structure	Individual investment mandates managed collectively, deemed to be an AIF by the FCA
Target portfolio size	8 – 12 companies
Investee company type	Innovative, internationally scalable companies with proven demand
Investment focus	Business-to-business technology – including enterprise software, health care & medical devices, industrials & space, energy & resources, food security and digital media & entertainment sub-sectors
Geographic focus	North of UK – Scotland, Northern Ireland and Northern England
Investment objective	Venture capital focused, typically investing in Seed to Series A investment rounds
Sector	Broad-based technology
Exit strategy	Trade sale, Private Equity, IPO, MBO
Minimum expected duration	6 – 8 years

Tax Details

HMRC approved fund (EIS funds only)	Two Funds are available. The EIS Fund is unapproved and evergreen. The KI EIS Fund is an approved Knowledge Intensive EIS Fund
HMRC advance assurance status	Yes – advance assurance is sought for all new investments
EIS certificates	<ul style="list-style-type: none"> EIS Fund: EIS3 certificates are issued to investors following completion of investment in individual portfolio companies. KI EIS Fund: EIS5 certificates are issued to investors once the fund is fully deployed.
% of investor subscription available for income tax relief	Estimated to be in the range of 93-95% after all manager initial and retained fees for the first four years.
Tax advantaged investment?	Yes. Primarily, EIS reliefs, although Business Relief and, consequently, IHT exemptions are typically available

Product KPIs

RAG Status	The Par EIS Fund has been investing since 2012 and performance in the form of realised returns is consistent with achieving the benchmark of 15% annualised return.	
	Performance Since Inception	Annualised Return Benchmark of 15%
	Par EIS Fund Investments	
<p>*The above data excludes KI EIS Fund I and KI EIS Fund II, inceptioned on 5th April 2023 and 5th April 2024 respectively, and accordingly, no realisations have occurred to date, and we would not expect track record to become clear for a few years yet. Detailed performance data is available on request.</p>		

Deployment timescales:

Fund Type	Time to Deploy	Notes
Par EIS Fund		100% within 12 months
Par KI EIS Fund		50% deployment within 12 months; 90% deployment within 24 months

EIS claim form timescales:

Fund Type	Time to EIS3/5 Production	Notes
Par EIS Fund		While no target has been set in the information memoranda, we believe that our current performance (92 days) in terms of securing EIS3 certificates could be improved
Par KI EIS Fund I		5th April 2023 inception date. Data submitted to HMRC in April 2024. EIS5 certificate issued in June 2024

- All investments through the EIS Fund have been EIS qualifying and no companies have had their EIS qualifying status revoked
- All investments have been made into technology companies, with high growth potential based in the UK

Definition of the target market

Client Type	<p>Retail Clients:</p> <ul style="list-style-type: none"> • Retail Clients in receipt of a personal recommendation as to suitability • Non-advised Retail Clients who are High Net Worth or Sophisticated Investors <p>Elective Professional Clients</p>
Client's financial needs and objectives	<p>Client needs and return profile:</p> <ul style="list-style-type: none"> • Clients looking for medium to long term capital growth rather than additional income • Clients look for tax efficient investments to mitigate tax liabilities • Clients looking for a well-diversified portfolio across alternative investments <p>Time Horizon:</p> <ul style="list-style-type: none"> • Clients interested in building up capital over the long term (5 – 10 years) <p>Clients with specific tax objectives¹, such as:</p> <ul style="list-style-type: none"> • Minimise income tax liabilities; and/or • Mitigate capital gains tax liabilities; and/or • Manage potential inheritance tax liabilities; and/or • Diversification across a range of tax-efficient savings and investment strategies.
Product's risk/reward profile	<ul style="list-style-type: none"> • Venture capital investing carries a high risk of capital loss but has the potential for high returns • As subscriptions are invested in unlisted shares issued by individual companies, they are highly illiquid. Investors are dependent on realisations of individual portfolio companies to provide liquidity • Tax relief, through EIS qualifying investments, helps an investor's risk/reward position, both at an individual investment level but also on a portfolio basis

¹ Tax should not be the primary driver of an investment decision

	<ul style="list-style-type: none"> • EIS reliefs are complex and can interact with each other. Clients should be encouraged to seek specialist tax advice to ensure that they are able to take full advantage of these reliefs • Information on EIS reliefs, including numerical illustrations, is contained in the information memoranda relating to the Funds
Client's ability to withstand loss	Clients should be able to withstand losses within their portfolio (but obviously with a reasonable expectation of net gains). Clients should have a reasonable expectation of continuing to be a taxpayer for at least 5 years to benefit from the full range of EIS tax reliefs (including loss relief – see below)
Product is not suitable for	<ul style="list-style-type: none"> • Liquidity: Clients requiring investments to be readily realisable • Risk Appetite: Clients with a low or medium risk appetite at a specific investment level or low risk appetite at an overall portfolio level • Income: Clients requiring income from their investments • Investment Horizon: Clients with a short- or medium-term investment horizon (e.g. wants to see returns within 5 years) • Understanding of investment risk/reward: Client lacks necessary sophistication to understand the nature of investment in unlisted shares • Vulnerability: Clients exhibiting characteristics of vulnerability in relation to capacity to understand product or advice pertaining to it, financial stress or life events

Regulatory history

Any material events or breaches	None
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Fees & Charges

The Manager undertakes regular reviews of the Funds' pricing in the context of value delivered and has concluded that both Funds offer acceptable value for money in the context of fees and charges borne by investors. A copy of the most recent detailed assessment is available on request.

Entity fees charged to Initial charge	Investor	Investee Company
Initial charge	1.0% (inc. VAT) for Advised Investors	n/a
Initial deal fee	n/a	Up to 5.0% (no VAT)
Annual management charge	1.0% (inc. VAT)	n/a
How are annual management charges applied	Applied against the subscription amount, initially. After 4 years, it's then applied against the live investment cost to reflect exits and/or write offs	n/a
Board monitoring fee	n/a	Minimum of £6,000 (plus VAT) per annum
Annual performance fee	n/a	n/a
Annual performance hurdle	n/a	n/a
Exit deal fee	n/a	n/a
Exit performance fee	20% (inc. VAT) of returns in excess of the hurdle	n/a
Exit performance hurdle	120% of subscription	n/a
Other fee information	<ul style="list-style-type: none"> Par retains 5.0% of the initial subscription to cover management fees: 1.0% initial fee and four years of the 1.0% AMC. Thereafter the AMC will be deducted from investors' exit proceeds (subject to available funds). Par has the option to charge director fees to investee companies. 	

No fees or charges other than the initial charge, annual management charges and performance fees are charged to investors. No fees other than arrangement fees and board monitoring fees are charged to investee companies. In some cases, the Manager may be allocated warrants or options over shares in investee companies. Off-set mechanisms will apply to performance fees in such cases.