

Gore Street Energy Storage Fund

Key Information Document

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

Product: Gore Street Energy Storage Fund plc (the "Company") – Ordinary Shares

Issuer: Gore Street Energy Storage Fund plc

ISIN: GB00BG0P0V73

Website: www.gseenergystoragefund.com

Telephone number for more information: +44 (0) 207 409 0181

Document valid as at: 05/08/2024

Gore Street Energy Storage Fund plc is considered the manufacturer for the purposes of this document. Gore Street Capital Limited is the Alternative Investment Fund Manager of the Company. Gore Street Capital Limited is authorised and regulated by the Financial Conduct Authority.

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

What is this product?

Type

This is a closed-ended investment company incorporated in England and Wales.

Objective

Investment objective

The Company seeks to provide investors with a sustainable and attractive dividend over the long term by investing in a diversified portfolio of utility scale energy storage projects. In addition, the Company seeks to provide investors with an element of capital growth through the re-investment of net cash generated in excess of the target dividend in accordance with the Company's investment policy.

Investment policy

Individual projects will be held within special purpose vehicles into which the Company will invest through equity and/or debt instruments. Typically, each special purpose vehicle will hold one project but there may be opportunities where a special purpose vehicle owns more than one project. The Company will typically seek legal and operational control through direct or indirect stakes of up to 100 per cent. in such special purpose vehicles, but may participate in joint ventures or acquire minority interests where this approach enables the Company to gain exposure to assets within the Company's investment policy which the Company would not otherwise be able to acquire on a wholly owned basis. In such circumstances the Company will seek to secure its shareholder rights through the usual protective provisions in shareholders' agreements and other transactional documents.

The Company currently intends to invest primarily in energy storage projects using lithium-ion battery technology as such technology is considered by the Company to offer the best risk/return profile. However, the Company is ultimately agnostic as to which energy storage technology is used by its projects and will monitor projects with alternative battery technologies.

The Company may invest cash held for working capital purposes and pending investment or distribution in cash or near-cash equivalents, including money market funds. The Company may enter into hedging arrangements in relation to currency, interest rates and/or power prices. The Company will not enter into derivative transactions for speculative purposes.

The Company intends to hold its investments until the end of their useful life. However, assets may be disposed of or otherwise realised where it is determined by the Company's Investment Manager, that such realisation is in the interests of the Company.

Investment restrictions

The Board's gearing policy will firmly limit borrowings to no more than 30 per cent. of gross assets at any time. If in the future the Directors views on this policy were to change, they will revert to shareholders for further approval.

Intended retail investor

The product is intended for institutional investors, professionally-advised retail investors and non-advised retail investors with at least basic market knowledge and experience of investing in shares, who are seeking access to a diversified portfolio of utility scale energy storage products in Great Britain, Ireland, Texas, California and mainland Europe. This product is not intended for investors who are unable to accept the risk of losing some or all of their investment or who do not wish to hold their investment for at least five years.

Maturity

Subject to the continuation vote arrangements described below, this product does not have a maturity date.

There are no provisions entitling the manufacturer of this product to terminate the product unilaterally, nor for the automatic termination of the product.

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

Risk Indicator



The risk indicator assumes you keep the product for 5 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

We have classified this Product as 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact the Company's capacity to pay you. This Product does not include any protection from future market performance so you could lose some or all of your investment. If we are not able to pay what is owed, you could lose your entire investment.

Performance Information

The main factors that will affect the performance of the Company are the ability of the Investment Manager to source potential acquisitions; and construct, manage, maintain, and operate the Company's battery storage assets; and the ability of the Investment Manager to successfully develop energy storage assets in new geographies; and the trading conditions for energy storage during unpredictable grid loads and generation cycles.

The Company has generated a shareholder total return of -1.9% per annum with an annualised risk of 19.0%. For reference, over the same period, the broader UK equity market, the FTSE All Share, returned 4.2% per annum, with an annualised risk of 16.2%.

Our forward-looking moderate performance scenario is an annualised return of 9.6% over the recommended holding period of five years. We have used this return in our reduction in yield calculations below.

To examine objective evidence for the longer-term performance characteristics of the Company, we backfilled the Company's returns with proxies to give a daily performance dating back to 1 Jan 1998. During periods of stress in the energy markets, the one-year rolling volatility of the proxy temporarily increased from 17.8% to 36.6%.

What could affect my return positively?

Specific factors that positively affect returns would be the good development and operation of energy storage in the Investment Manager's geographic markets; good contractual and trading conditions for balancing, peak shifting, and trading of electricity within the Company's electricity markets. In addition, growth in the development of renewable energy and a shift towards decarbonisation within the Company's geographic markets is likely to affect performance positively. Overall improvements in broader equity market valuations are also likely to correlate to improvements in the Company's valuation, with improving Company valuations most likely during positive broader equity market movements. Over the recommended holding period of five years, a favourable rolling five-year performance of the proxy was 21.7% per annum.

What could affect my return negatively?

Specific factors that affect returns negatively would be the poor performance of the underlying battery assets, poor trading conditions for energy storage systems and poor execution in the development in new geographical markets, such as the United States and Germany. In addition, external factors, such as adverse market dynamics and unfavourable regulator directions, could negatively impact performance. The proxy's least favourable performance over a rolling five-year period was of -2.84% per annum.

What could happen in severely adverse market conditions?

The markets are currently experiencing adverse market conditions and from September 2022 to November 2023, the Company experienced a shareholder loss of 45.6%. Under severely adverse market conditions, there is a risk that the capital value of an investment in the Company's shares could reduce significantly, potentially down to zero.

What happens if Gore Street Energy Storage Fund plc is unable to pay out?

As a shareholder of the Company, you will not be entitled to compensation from the Financial Services Compensation Scheme or any other compensation scheme in the event that the Company were unable to pay any dividends or other returns it may elect to pay from time to time, or if it were unable to pay amounts due to you on a winding-up. No guarantee scheme applies to an investment in the Company.

What are the costs?

The Reduction in Yield (RIY) shows what the impact the total costs you pay may have on your investment return. 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 are estimates and may change in the future.

Costs over time 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 Scenarios £10,000	If you cash in after 1 year	If you cash in after 3 years	If you cash in at the end of the recommended holding period
Total Costs	£173	£694	£1,412
Impact on return (RIY) per year	1.73%	1.89%	1.89%

Composition of costs The table shows the impact of each year of the different types of costs on the investment return that you might get at the end of the recommended holding period.

This table shows the impact on return per year

One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment. (This is the maximum you could pay, and you could pay less). The impact of costs is already included in the price (this is the most you will pay and you could pay less).
	Exit costs	0.00%	The impact of costs of exiting your investment when it matures.
Ongoing costs	Transaction costs	0.00%	The impact of the costs of buying and selling underlying investments for the product.
	Other on-going costs	1.58%	1.58% of the value of your investment per year. This is an estimate based on actual costs over the last year.
Incidental costs	Performance fees	0.31%	The impact of the performance fee. The Investment Manager is entitled to a performance fee of 10% of any outperformance of the NAV over an annual hurdle of 7%, provided that the closing NAV per share exceeds the high water mark NAV at the date the last performance fee was paid. The performance fee payable to the Investment Manager shall never exceed an amount equal to 50% of the Advisory Fee in respect of that period.
	Carried interest	0.00%	The impact of carried interests.

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

An investment in the Company should be regarded as a long-term investment. As such, there is no required minimum holding period for the shares in the Company (although a holding period of 5 years has been used for the purposes of the calculations in this document).

The Company's articles include provisions for a five-yearly continuation vote. At the Annual General Meeting held on 21 September 2023, shareholders voted in favour (96.93%) of continuation. The next vote will be held in 2028.

Shareholders wishing to realise their investment may also do so by selling their shares in the market.

How can I complain?

As a shareholder of the Company you do not have the right to complain to the Financial Ombudsman (FOS) about the management of the Company. Complaints about the Company or Gore Street Capital Limited, as investment manager of the Company, should be communicated to the company secretary using any of the contact details set out below:

Postal address: 16-17 Little Portland Street, First Floor, London, W1W 8BP.

Website: www.gsenenergystoragefund.com **Telephone:** +44 (0) 207 409 0181 **Email:** cosec@gorestreetcap.com

Other relevant information

You can obtain further information about the Company, such as details of the Company's net asset value, its shares and copies of the financial reports, investor reports and other documents published by the Company, as well as information on the Directors and governance arrangements, from the Company's website: www.gsenenergystoragefund.com. Hard copies of these documents are available free of charge upon request. You can also refer to this website for additional information such as announcements made by the Company to the market.

This key information document is updated at least every 12 months.