

Appropriateness Test: Understanding the Risks of Investing in Unlisted Companies

Appropriateness Test Process for UK Investors

As part of our client on boarding process and prior to enabling investors to commit to any investment opportunity, ColInvestor is required to undertake an Appropriateness Test in accordance with Financial Conduct Authority ("FCA") guidelines to determine that investors have sufficient knowledge and experience to understand the risks of investing as per COBS 10.

ColInvestor uses the Appropriateness Test shown in schedule 1 which was prepared for ColInvestor by Bovill Ltd in their capacity as regulatory advisers to the firm.

To be deemed 'Appropriate' investors must correctly answer the five questions listed in schedule 1. On successful completion of the test this fact will be date and time stamped for audit purposes and shown on the admin dashboard.

Should they answer any question incorrectly then they will be shown the following information:

We're sorry, but the answers that you have provided suggest that you don't yet have sufficient and experience to understand the risks inherent in investing into the sort of opportunities available via ColInvestor.

As an investment platform, we are regulated by the Financial Conduct Authority (FCA) and it is important that we act responsibly in ensuring that only suitably experienced investors are permitted to invest via our site.

Please think carefully about this and if necessary learn more about investing in unlisted businesses, the inherent risks and the likely investment outcomes.

All investors must retake, and pass, the Appropriateness Test annually in order to be able to continue to be able to make investment commitments via the ColInvestor platform.

For more information:

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Schedule 1 - Appropriateness Test Queries & Answer Options

Investors must select one answer to each query:

Most unlisted companies...

- A - Fail
- B - Succeed
- C - Perform spectacularly

If an investment and the company fails I can reclaim the investment from....

- A - CoInvestor
- B - The Fund Manager I am co-investing alongside
- C - No-one

If I decide I want my money back, I...

- A - May not be able to sell my shares until the company is bought by another company or floats on a stock exchange.
- B - Will be able to get my money back but may lose any tax reliefs
- C - Will be able to recoup my investment without any impact

In terms of any income I may receive, unlisted companies generally...

- A - Provide dividends on a regular basis
- B - Provide periodic dividends
- C - Do not pay dividends

If the company issues additional shares...

- A - I will have a right to sell mine
- B - There will be no impact on my shareholding
- C - My interest in the company will be diluted