

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

Name of product:	A-shares in Propagator Ventures Fund 2 AS (the "Product") Org. no. 927425653
Name of PRIIP manufacturer:	Propagator Ventures AS (the "Manager") Org. no. 921215134
Website for PRIIP manufacturer:	www.propagator.vc
Contact information:	Call +47 22 64 20 48 for more information
Name of Competent Authority:	The Financial Supervisory Authority of Norway (Finanstilsynet).
Last production date:	13 January 2025

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

WHAT IS THIS PRODUCT?

Type

The Product is a venture capital fund registered as an alternative investment fund (AIF) under Norwegian law and under the European Venture Capital Funds (EuVECA) regulation, with a primary focus on equity and quasi-equity investments in early-stage technology companies.

The Manager shall give written notice to each investor ("Capital Call Notice") prior to any capital call. Upon receipt of a Capital Call Notice, each investor shall contribute the relevant amount set out in the Capital Call Notice by no later than the Due Date.

The Product is an Article 6 fund in accordance with the SFDR regulation, which means that the Product does not promote environmental or social characteristics (as defined for Article 8 funds), nor does it have sustainable investment as its objective (as defined for Article 9 funds).

Term

The Product has a duration of 10 years, with the possibility of two additional one-year extensions, subject to investor approval.

As a closed-end fund, investments in the Product cannot be redeemed on demand during its term.

Objectives

The Product seeks long-term capital appreciation through targeted investments in 20-30 deep tech startups. These companies operate in sectors where technological innovation is a key factor, often drawing on intellectual property from scientific research. The Product's portfolio will focus on companies in fields including the **future of compute** (novel industrial artificial intelligence and machine learning, quantum computing, encryption and privacy, hardware/semiconductor advancements, and more), **novel materials science** (accelerated discovery, development and manufacturing of novel substances with desired properties), **computational medical innovations** (data-driven deciphering of complex chemical and biological systems advancing innovation in drug development, and more), and **robotics and autonomous systems** (mechanical systems that augment human capabilities, driven by rapidly progressing compute capacity and advancements within artificial intelligence and machine learning). The investment strategy is global, with a geographical emphasis on Europe and North America.

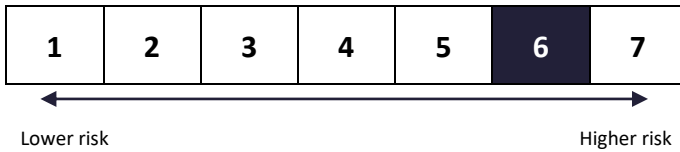
Intended retail investor


The Product is offered exclusively to professional investors and semi-professional investors who make a minimum investment of 100,000 EUR and sign a separate declaration acknowledging the risks associated with the investment. A semi-professional investor is considered a retail investor under the MiFID II regulations.

The Product is intended for investors who can withstand a high level of risk, including the possibility of a total loss of capital, given the risks associated with early-stage venture capital investments. The Product is not designed for, nor suitable for, other retail investors than such semi-professional investors as mentioned above.

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

Risk Indicator



 In relation to the risk indicator, it is assumed that you will hold the product for 10 years. The actual risk may vary significantly if you redeem early, and you may receive a lower amount back. Early redemption is not possible.

The summary risk indicator reflects the level of risk associated with this Product compared to other financial products. It illustrates the likelihood of the Product losing value due to market fluctuations or our inability to meet payment obligations.

The Manager have classified this Product as a 6 out of 7, indicating the second-highest risk category. This classification implies a high probability of significant losses based on potential future performance. Please note that the risk classification may change over time and should not be considered a reliable indicator of the Product's future risk profile. Risks are monitored on an ongoing basis, and the risk classification and related disclosures will be updated if and when new risk elements become known.

The risk indicator reflects the level of risk associated with investing in a typical venture fund, which involves high-risk investments in companies with limited operational history. This higher risk is also due to the limited number of investments made, resulting in greater exposure compared to a more diversified portfolio.

Additionally, the Product is subject to several risks that may not be fully captured by the risk classification:

Liquidity Risks: The Product's assets may be difficult to sell at the desired time or at an appropriate price.

Operational Risks: Returns may be impacted by factors such as human error, system failures, or external events.

Sustainability Risks: Environmental, social, and governance (ESG) factors could affect the return.

Currency Risks: Investments in assets denominated in various currencies may expose the Product to fluctuations in exchange rates, affecting overall returns.

The Product does not provide any protection against future market developments, meaning that you could lose some or all of your investment.

Performance Scenarios

This table shows the money you could get back over the next 10 years under different scenarios, assuming that you invest 10,000 EUR per year.

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.

Recommendation holding period:		At least 10 years		
Example investment:		10,000 EUR		
<i>Scenarios</i>		<i>1 year</i>	<i>5 years</i>	<i>10 years</i>
Stress	What you might get back after costs (EUR)	8,640	5,190	2,700
	Average return each year	-13.6%	-12.3%	-12.3%
Unfavourable	What you might get back after costs (EUR)	9,090	6,840	4,980
	Average return each year	-9.1%	-7.3%	-6.7%
Moderate	What you might get back after costs (EUR)	10,500	14,990	28,010
	Average return each year	5.0%	8.4%	10.8%
Favourable	What you might get back after costs (EUR)	10,880	34,800	161,610
	Average return each year	8.8%	28.3%	32.1%

The figures shown include all costs associated with the product itself but may not cover any fees paid to your advisor or distributor. Additionally, your personal tax situation is not considered in these figures, which could influence the amount you receive.

The stress scenario illustrates potential returns under extreme market conditions but does not account for situations in which the Product may be unable to make payments.

The scenarios presented are estimates of future performance, calculated based on historical fluctuations in the value of similar investment products. They are not precise indicators, and your actual returns will vary depending on market performance and the duration of your investment.

WHAT HAPPENS IF PROPAGATOR VENTURES AS IS UNABLE TO MAKE PAYMENTS?

The potential illiquidity of Propagator Ventures AS, the Manager, will not result in a financial loss for investors in the Product. However, investments in the Product are not protected by any investor compensation or guarantee schemes.

WHAT ARE THE COSTS?

The person selling or advising you on this Product may charge additional fees. If so, they will inform you of these costs and explain how they impact your investment over time.

Costs over Time

The tables illustrate the amounts deducted from your investment to cover various costs. These amounts depend on your investment size, the duration you hold the Product, and the Product's performance.

The figures shown represent the cumulative costs of the Product over the recommended investment period of 10 years, assuming an investment of 10,000 EUR and that the Product performs as shown in the moderate scenario.

Example investment:	10,000 EUR
<i>Upon exit after 10 years</i>	
Total costs	8,887 EUR
Annual cost impact (*)	4.3 %

(*) This illustrates how costs reduce your return each year over the holding period. For example, it shows that if you exit at the end of the recommended investment period, your average return per year is projected to be 15.1 % before costs and 10.8 % after costs.

Composition of Costs

The table below shows:

- How different types of costs impact the investment return you may receive at the end of the recommended investment period, expressed annually, and
- The significance of each cost category in terms of its effect on your overall returns.

One-off costs		<i>Upon exit after 10 years</i>
Establishment cost	The share of the setup fees for Propagator Ventures Fund 2 AS you incur, which is already included in the Product's price.	200 EUR
Entry cost	No entry fee is charged for the Product.	0 EUR
Exit cost	No exit fee is charged for the Product.	0 EUR
Ongoing costs		
Transaction costs	The costs incurred when we buy and sell underlying investments for the Product.	0 EUR
Management fees and other ongoing costs	The annual fees charged for managing your investments and other ongoing administrative expenses.	2,500 EUR
Incidental costs taken under specific conditions		
Performance fees and carried interest	You may indirectly pay a carried interest element in the form of a profit split between A-shares and B-shares. Holders of B-shares are entitled to 20% of any profits remaining after (i) you receive your invested capital with an addition of a 5.0% p.a and (ii) holders of B-Shares receive an amount equal to their paid-in capital and 20% of the distributions made to A-Shares as referred to in (i).	6,187 EUR

HOW LONG SHOULD I HOLD IT, AND CAN I TAKE MONEY OUT EARLY?

Recommended investment period: 10 years, with the possibility of two additional one-year extensions.

Early redemption is not allowed, and investors are expected to remain committed for the entire term. Any request for early redemption would require board approval and is unlikely to be granted. If approved, it may involve penalties or a reduction in the redemption value.

HOW CAN I COMPLAIN?

If you wish to file a complaint, contact Propagator Ventures AS via email at: info@propagator.vc, or by phone at: +47 22 64 20 48.

OTHER RELEVANT INFORMATION

For a comprehensive understanding of the Product, including tax implications and legal rights, investors are encouraged to review the full Articles of Association, Shareholders' Agreement, and Investment Agreement. These documents are available upon request.