Key Information Document

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.

CIP Merchant Capital Limited

ISIN: GG00BF8NW879
LSE Symbol: CIP

CIP Merchant Capital Limited (the "Company" or "CIP") is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Schemes Rules 2018 issued by the Guernsey Financial Services Commission and its ordinary shares are admitted to trading on the AIM market of the London Stock Exchange. It is not therefore regulated or authorised by the Financial Conduct Authority but instead it is subject to the AIM Rules for Companies, the Market Abuse Regulation and the rules of the London Stock Exchange. As an AIM quoted company it is required to provide a great deal of information to shareholders in the form of reports and accounts, stock exchange announcements and factsheets, all of which can be accessed via its website www.cipmerchantcapital.com where it also publishes its admission document which was drawn up for the purposes of the AIM Rules for Companies. The Company is nevertheless subject to the oversight of the Financial Conduct Authority in relation to the content and preparation of this document.

As the Company has only been in operation since December 2017, the information provided on this KID is based in part on peer comparables and therefore the Company may not perform in line with these peers.

Please do not rely on the information detailed in the Key Information Document to make investment decisions.

Call 0044 1481 749360 for more information.

The PRIIP Manufacturer is Merchant Capital Manager Limited (the "Investment Manager").

Date of Production: 01/07/2020

What is this Product?

The information contained in this document and the methodologies for calculating risks, costs and potential returns are prescribed by EU rules.
CIP is a registered closed-ended investment scheme governed by a board of directors, with an allotted number of shares of 55,000,000. CIP's shares were admitted to trading on AIM on 22 December 2017 and its shares were issued and subscribed for at 100 pence each. It is categorised by EU rules as an alternative investment fund under the Alternative Investment Fund Managers Directive.

The Company's Investment Manager is Merchant Capital Manager Limited, which is licensed and regulated in Guernsey under the Protection of Investors (Bailiwick of Guernsey) Law, 1987.
The Company invests primarily in equity and equity-linked securities (and related instruments), as well as debt, convertible debt and other financial instruments with equity characteristics, of companies that the Board (as advised by the Investment Manager) believes typically have at least two or more of the following characteristics: ability to achieve a superior risk adjusted return with a medium/long term target IRR of 20 per cent; cash generative (or expected to generate cash within a reasonable investment horizon); attractive management track records; strong fundamentals; potential for liquidity or exit within an identified time frame; and/or potential for the relevant company to have a competitive advantage.
Investments may either be active, being investments made directly by the Company, or passive, being indirect investments made by the Company through similar funds or investment vehicles. The Company may set up (and potentially co-invest in) funds (including cornerstone investments in specialist funds on preferred terms (which may include lower management fees)).

The Company will consider investments in a number of industries and sectors, particularly those in which the Directors and the Investment Manager have the necessary expertise and experience to be able to identify and manage the opportunity. It is expected that investments will predominantly be in the following industries: oil and gas; healthcare; pharmaceutical; and real estate.

The Company will observe the following investment restrictions:
- maximum investment in or exposure to any single investee company will be no more than 20 per cent. of the net asset value at the time of investment;
- investments in or exposure to unlisted/unquoted companies will be limited to, in aggregate, 30 per cent. of the net asset value at the time of investment;
- maximum investment in or exposure to any investee company or fund that itself invests in a portfolio of investments will not exceed 10 per cent. of the net asset value at the time of investment; and
- investments concentrated in any one sector or industry shall not exceed 50 per cent. of the net asset value at the time of investment.

The Board expects the portfolio to be relatively concentrated, typically consisting of exposure to five to ten companies once fully invested.
Intended retail investor: individuals who are professionally advised or highly knowledgeable and who understand (and are capable of evaluating) the risks and merits of an investment in the Company and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from an investment in the Company.
Term: this product has no maturity date.

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

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.

1	2	3	4	**5**	6	7

← **Lower risk** **Higher risk** →

This risk indicator assumes you keep the product five years. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.
We have classified this product as 5, 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 amount you could get back.

What are the risks and what could I get in return? (continued)
Performance scenarios

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest £10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past and are not an exact indicator of what your returns will be. Your returns will depend on how the market performs and how long you keep the investment. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

Investment £10,000				
Scenarios		**1 year**	**3 years**	**5 years (Recommended holding period)**
Stress scenario	What you might get back after costs	£862	£1,381	£653
	Average return each year	-91.38%	-48.31%	-42.05%
Unfavourable scenario	What you might get back after costs	£4,925	£1,913	£811
	Average return each year	-50.75%	-42.38%	-39.49%
Moderate scenario	What you might get back after costs	£7,134	£3,671	£1,889
	Average return each year	-28.66%	-28.40%	-28.35%
Favourable scenario	What you might get back after costs	£10,520	£7,171	£4,476
	Average return each year	5.20%	-10.49%	-14.85%

The figures shown include all the costs of the product itself, where applicable, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if the Company is unable to pay out?

As a shareholder of a company whose shares are admitted to AIM you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event the Company becomes insolvent. A default by the Company or any of the underlying holdings could affect the value of your investment.

What are the costs?

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

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 £10,000			
Scenarios	**If you cash in after 1 year**	**If you cash in after 3 years**	**If you cash in at 5 years**
Total costs	£1,577	£2,958	£3,391
Impact on return (RIY) per year	22.64%	22.64%	22.64%

What are the costs? (continued)

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

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.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	**Portfolio transaction costs**	0.12%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	2.52%	The impact of the costs that are incurred each year for managing your investments and running the Company.
Incidental costs	**Performance fees**	0.00%	The impact of performance fees on your investment.
	Carried interests	20.00%	The impact of carried interests on your investment. The Company operates a carried interest plan in order to incentivise the Investment Manager. Once the Company has received an aggregate annualised 5 per cent. realised return on investments, the Investment Manager will receive 20 per cent. of the net realised cash profits from such investments.

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

The recommended minimum holding period of 5 years has been selected for illustrative purposes only and reflects the long-term nature of the Company's investment objectives, but investors may elect to sell their shares on the market at any time without penalty by the Company. The value of shares and the income derived from them (if any) may go down as well as up, and investors may not get back the full value of their investments. Whilst the shares are traded on the AIM market of the London Stock Exchange, it is possible that there may not be a liquid market in the shares and investors may have difficulty selling them.

How can I complain?

If you have a complaint this should be directed to the Company Secretary, Maitland Administration (Guernsey) Limited, 3rd Floor, 1 Le Truchot, St Peter Port, Guernsey, GY1 1WD, tel: 0044 1481 749360, email: Guernsey.office@maitlandgroup.com.

Other relevant information

The cost, performance and risk calculations included in this document follow the methodology prescribed by EU rules. Depending on how you buy these shares you may incur other costs, including broker commission, platform fees and Stamp Duty.

Other relevant information on the Company's style and objectives and the management team's track record can be obtained from CIP 's web pages: www cipmerchantcapital com.