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9 April 2015

Dear Investor

**Note: This letter is about internal changes to the way Capricorn Investment Partners Limited (CIPL) manages Merchant Opportunities Fund (MOF). No action is required from you, if you agree with its contents.**

#### **Merchant Opportunities Fund - Appointment of new Scheme Responsible Entity**

I write to you on behalf of Capricorn Investment Partners Limited (ACN 095 998 771), the responsible entity of Merchant Opportunities Fund ARSN 111 456 387. For clarity, a responsible entity provides the financial services licencing and other functions that support the operation of a managed fund like Merchant Opportunities Fund (MOF).

#### **Purchase of Capricorn Investment Partners Limited from ILH Group Limited**

As you may be aware, on 24 December 2014, CIPL (Holding) Limited entered into an agreement to buy Capricorn Investment Partners Limited (CIPL) from former owner ILH Group Limited after ILH got into financial difficulty. The sale was successfully completed on 27th February 2015, leaving CIPL (Holding) as a profitable standalone business, owned by many of the people that owned the original CIPL. Implementing the new arrangements involved making some structural changes so that CIPL could be separated from ILH Group. One such structural change involved setting up a company that specifically undertakes our financial services licensing activities. This company is called CIP Licensing Limited.

#### **Proposed change of Responsible Entity**

To fully implement the internal restructure, Capricorn Investment Partners Limited proposes to retire as responsible entity of MoF and appoint CIP Licensing Limited ACN 603 558 658 in its place. CIP Licensing Limited is a 100% owned subsidiary of CIPL (Holding) Limited. The company currently has a board of two independent directors and one executive director.

#### **ASIC relief granted for the change**

The Australian Securities & Investments Commission (ASIC) has agreed to allow the proposed responsible entity change without the requirement for an Investor meeting. However, as is normal practice, it is a standard condition of this ASIC relief that the enclosed notice is provided to Investors and that Investors then have an opportunity to request a vote on the appointment of CIP Licensing Limited as the replacement responsible entity.



**Important — No Action is Required if Investors are Satisfied the change in Responsible Entity Should Occur**

The change in responsible entity will not adversely affect the operation of MOF in any way, because the same key personnel, systems and resources will be used to continue to manage MOF. The change will also have no affect on the nature of your legal rights as an Investor.

Therefore, it is recommended that Investors take **NO ACTION** with regard to the enclosed Notice and therefore **DO NOT COMPLETE** the enclosed **VOTE REQUEST FORM**.

This will then allow the change of responsible entity to occur efficiently and cost effectively without the need for an Investor meeting (in line with the ASIC relief).

**Investor Communication**

Please do not hesitate to contact our Investor Services team if you have any queries or require further clarification of the above. Details of our Investor Services Team are set out at the end of the enclosed explanatory memorandum.

Yours sincerely

David French  
**Managing Director**  
**Capricorn Investment Partners Limited**