

KEY INFORMATION DOCUMENT “KID”



Backing Better Business

DISCLAIMER

Capital for Colleagues PLC (“C4C” or “the company”) is required to produce and publish this document by Regulation (EU) 1286/2014 of the European Parliament and the Council on key information documents for packaged retail and insurance-based investment products (the “Regulation”). C4C is required to follow the Regulation’s prescribed methodology in preparing the document, including for the determination of the Summary Risk Indicator and calculation of Performance Scenarios. C4C believes that the methodology prescribed by the Regulation for the preparation of the information in this document and, in particular, the Performance Scenarios, is primarily designed for packaged retail investment products rather than shares in a listed company such as C4C and, in C4C’s case, produces results which, in C4C’s view, could be misleading.

Shares in the Company are suitable only for investors who are capable of evaluating the merits and risks of such an investment, who understand the potential risk of capital loss, for whom an investment in the Company constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company, who understand the limitations of the scenarios set out in the Summary Risk Indicator and Performance Scenarios and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that could result from such an investment in the Company’s shares. Past performance is not a guide to future performance.

PURPOSE

This document provides you with key information about C4C. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of the Company and to help you compare it with other products.

Capital for Colleagues PLC
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PRIP manufacturer (for the purposes of this document only): <ul style="list-style-type: none">• Capital for Colleagues PLC Competent Authority of the PRIP Manufacturer in relation to the KID: <ul style="list-style-type: none">• UK Financial Conduct Authority This key information document was updated on 31 st August 2018

WHAT IS THIS PRODUCT?

Type	Ordinary shares of Capital for Colleagues plc, a closed -ended investment company incorporated in England and Wales (“C4C” or the “Company”). The ordinary shares are traded on the NEX Exchange. The Company has an unlimited life and there is no maturity date for the ordinary shares. There is no recommended holding period for the ordinary shares (although a holding period of 5 years has been used for the purposes of the calculations in this document). The return from an investment in the ordinary shares will be driven by the price at which the ordinary shares are sold compared to the original purchase price, and by any dividends paid by the Company to the investors in its ordinary shares during the holding period. The Company may, but is under no obligation to, repurchase ordinary shares and investors should expect that the primary means of disposing of ordinary shares will be by sales on the secondary market. The price at which an investor may dispose of ordinary shares will depend on the prevailing secondary market price, which may, or may not, reflect the prevailing net asset value per ordinary share.
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<p>Objectives</p>	<p>Capital for Colleagues plc (C4C) is focused on investing in mainly UK businesses, which are believed to demonstrate a genuine commitment to employee ownership in order to generate an attractive return for shareholders.</p> <p>Patient capital is provided to enable the transition to an employee owned business (EOB) and to existing EOBs for growth using equity, equity-related investment capital (such as convertible loans) and/or debt financing.</p> <p>Investments made by C4C will normally take the form of minority shareholdings, with the Company investing alongside employees and assuming an active interest in the investee company. All investments will need to have an eventual opportunity to exit or be expected to return capital and provide an attractive dividend or profit stream.</p> <p>Potential investee companies will be assessed using investment criteria including, but not limited to:</p> <ul style="list-style-type: none"> • An ability to enhance the prospects and future value of that company via the injection of our patient capital. • An ability to benefit from C4C Directors' and managers' experience and network of contacts • The prospect of long-term, sustainable growth • The potential to deliver significant returns for C4C. <p>Investee companies will be considered irrespective of their current situation, be they profitable, temporarily loss-making or requiring re-financing, but all must show a clear commitment to delivering these attributes:</p> <ul style="list-style-type: none"> • A clear commitment to employee ownership • The ability for all employees to own shares in the business • The opportunity for employees to be meaningfully engaged and involved in the operation of the business • For employees to influence corporate strategy • A fair distribution of profits amongst shareholders. <p>Investments are generally funded with a mixture of debt and shareholders' funds with a view to maximising returns to shareholders, whilst maintaining a strong capital base. In addition, the Company's portfolio investments may also incur borrowings.</p>
<p>Intended investor</p>	<p>An investment in the Company is suitable only for investors who are capable of evaluating the merits and risks of such an investment, who understand the potential risk of capital loss, for whom an investment in the ordinary shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. Accordingly, typical investors in the Company are expected to be experienced investors, institutional investors, high net worth investors and other investors who have taken appropriate professional advice and understand the risks involved in investing in the Company.</p>

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

Risk indicator

1 2 3 4 5 **6** 7
 Lower risk Higher risk

WARNING:

There is no specific recommended holding period for shares in the Company. You may not be able to sell shares in the Company easily or you may have to sell at a price below the price that you paid or below the prevailing net asset value. As for all investments with exposure to the equity of companies, investors should expect at the time of investment to be able to remain invested for a period of at least five years.

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 the Company is not able to pay you.

We have classified this product as 6 out of 7, which is the second highest risk class. This rates the potential losses from future performance at a high level, and poor market conditions are very likely to impact the capacity of the company to pay you. This is because the Company invests in securities issued by unquoted private companies.

Other risks materially relevant to the ordinary shares that are not included in the summary risk indicator include:

- The Company is exposed to the risk that its portfolio fails to perform in line with the Company's objectives if it is inappropriately invested or markets move adversely.
- The Company is exposed to the risks arising from any failure of its systems and controls or of those of its service providers.
- While there are a number of methods by which the Company could seek to manage any discount to net asset value at which the Company's shares may trade in the secondary market, there is no guarantee that the Company can or will utilise any or all of these methods or, if it does, that it will be successful.

This product does not include any protection from future market performance so you could lose some or all of your investment.

Performance scenarios

INVESTMENT OF £10,000

SCENARIOS		1 YEAR	3 YEARS	5 YEARS
Unfavourable scenario	What you might get back after costs	£10,115	£10,348	£10,588
	Average return each year	1.15%	1.15%	1.15%
Moderate scenario	What you might get back after costs	£10,575	£11,826	£13,225
	Average return each year	5.75%	5.75%	5.75%
Favourable scenario	What you might get back after costs	£11,035	£13,437.45	£16,362
	Average return each year	10.35%	10.35%	10.35%

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 targeted future performance of the company, adjusted for costs, based on evidence from the past of known returns from managers employing similar strategies. What you get will vary depending on how the Company's underlying investments perform, how the overall 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 the Company is not able to pay you on its liquidation.

This product cannot be cashed in. The figures shown include all the costs of the Company itself but do not include all the costs that you may 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?

The Company is not required to make any payment to you in respect of your investment. If the Company were liquidated, you would be entitled to receive a distribution equal to your share of the Company's assets, after payment of all of its creditors. There is no compensation or guarantee scheme in place that applies to the Company and, if you invest in the Company, you should be prepared to assume the risk that you could lose all of your investment.

WHAT ARE THE COSTS?

The Reduction in Yield ("RIY") shows what impact the total costs incurred by the Company will have on the investment return you might get. Ongoing costs exclude costs incurred by the Company's portfolio investments. 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. You should note that these costs are paid by the Company whereas the return that you may receive will depend on the Company's share price performance. There is no direct link between the Company's share price and the costs that it pays and the share price already takes into account the costs borne by the Company.

If you sell your shares, you would pay your bank or stockbroker's dealing charges and be selling at the then available market offer price. That is likely to be lower than the bid price at which others could buy shares at that time. In addition, the cost information below does not reflect any stamp duty payable by the retail investor.

Table 1: Costs over time

The person 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 of £10,000			
SCENARIOS	IF YOU CASH IN AFTER 1 YEAR	IF YOU CASH IN AFTER 3 YEARS	IF YOU CASH IN AFTER 5 YEARS
Total costs	£854	£2,787	£5,064
Impact on return (RIY) per year	8.54%	8.54%	8.54%

Table 2: Composition of costs

The table below shows:

- the impact each year of the different types of costs on the investment return that you might get;
- the meaning of the different cost categories.

One-off costs	Entry costs	N/A	No entry costs are payable when you acquire ordinary shares, although you may be required to pay brokerage fees or commissions, or stamp duty.
	Exit costs	N/A	No exit costs are payable when you dispose of ordinary shares, although you may be required to pay brokerage fees or commissions.
Ongoing costs	Portfolio transaction costs	N/A	The impact of the costs of buying and selling underlying investments for the Company.
	Other ongoing costs	8.54%	The impact of the Company's operating costs, which include, among others, staff costs, borrowing costs and the fees and expenses of its service providers.
Incidental costs	Performance fees	N/A	The Company does not pay a performance fee.
	Carried interest	N/A	The net impact of the carried interest payable to the Company's investment executives.

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

There is no required minimum holding period for the shares in the Company, with investors being able to sell their investment in the Company's shares at will on the NEX Exchange. The recommended holding period in

this document is for illustrative purposes only. The Company is not obliged to acquire any of the Company's shares. You may sell your shares in the Company on any day which is a dealing day on the NEX Exchange. No fees or penalties are payable to the Company on sale of your investment but you may be required to pay fees or commissions to any person arranging the sale on your behalf.

HOW CAN I COMPLAIN?

As a shareholder in the Company you do not have the right to complain to the Financial Ombudsman Service about the way it is managed. If you have any complaints about the Company, you may lodge your complaint by writing an email to info@capitalforcolleagues.com OR by sending a letter to: The Chief Executive, Capital for Colleagues PLC, 8th Floor, 111 Piccadilly, Manchester M1 2HY. If you have a complaint about a person who is advising on, or selling, an investment in the Company's shares you should pursue that complaint with the relevant person in the first instance.

OTHER RELEVANT INFORMATION

Further documentation, including the Company's annual and semi-annual reports, regulatory disclosures and disclaimers, is available on the Company's website at www.capitalforcolleagues.com. This documentation is made available in accordance with the Listing Rules and the Disclosure Guidance and Transparency Rules of the United Kingdom Listing Authority and the Alternative Investment Fund Managers Directive (2011/61/EU). The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules.

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