

MERIAN CHRYSALIS

INVESTMENT COMPANY LIMITED

AS AT 31 DECEMBER 2019



INVESTMENT OPPORTUNITY

Aims to provide access to returns available from investing in later stage private companies with long-term growth potential, an investment class that has traditionally been difficult to access for individual investors.

KEY FACTS (AS AT 31 DECEMBER 2019)

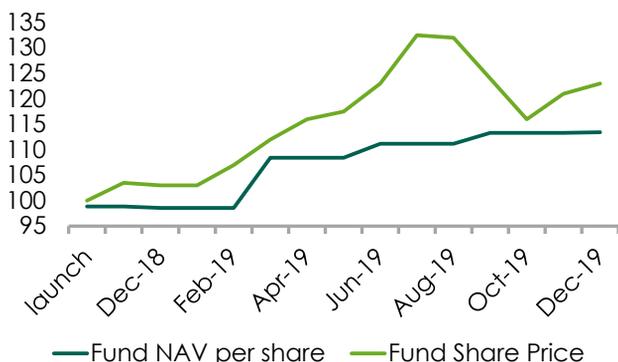
Shares in Issue	336,742,424
Share Price	123.00p
NAV per share	113.45p
Market Cap	£414m
Total Net Assets	£382m
Share Price Premium/(Discount)	8.4%
Listing	Premium Segment Main Market LSE
Ticker	MERI
LEI	213800F9SQ753JQHSW24
ISIN	GG00BGJYPP46
Incorporation	Guernsey

PORTFOLIO MANAGERS



RICHARD WATTS, NICK WILLIAMSON
PORTFOLIO MANAGERS

NAV AND SHARE PRICE



CUMULATIVE PERFORMANCE (%)

	3 month	6 month	SI
Fund NAV	0.1	2.1	14.8
Fund Share Price	-0.8	0.0	23.0

Past performance is not a guide to future performance. The Company NAV per share is calculated on a quarterly basis. The Share Price is available daily, source London Stock Exchange. Since inception (SI) is from 6 Nov 2018.



Utilising permanent capital to invest in crossover opportunities to help de-risk future IPOs. Merian Global Investors (MGI) has the scale, expertise and relevance to be a crossover investor.



To generate long-term capital growth through investing in a portfolio consisting primarily of equity or equity-related investments in unquoted companies.



The company is advised by MGI's award-winning UK small- and mid-cap desk, which manages £6.1bn.

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OVERVIEW

The Investment Adviser is encouraged by the performance of the portfolio companies through the period, albeit NAV progression in the quarter was slight. During the quarter, a total of £116m was invested with one new addition to the portfolio and the completion of several follow-on investments. There were no realisations.

We are pleased that we have been able to maintain our exposure to a number of notable performers as we have scaled the fund including TransferWise, Starling Bank and Graphcore. NAV of 113.45p per share is up marginally over the prior quarter and was driven by completion of the transfer of certain units from other Merian funds, which we acquired at a modest discount to NAV, and a primary raise by The Hut Group, led by Blackrock and Sofina. To our disappointment, a decision was made to walk away from a material deal during the latter stages of due diligence in November, where we felt the likely future growth did not support the valuation being sought.

PORTFOLIO COMMENTARY

Following the successful placing in September 2019, which raised gross proceeds of £175m, the Company began the period with c£210m of cash and cash equivalents. A total of £116m was invested over the quarter implying a closing cash position of £94m. An investment of €14.4m was made in wefox Group, which is a new addition to the portfolio, c£32m was invested in Starling Bank and Embark Group, and c£72m of assets were acquired via the Transfer, as guided to at the time of the fundraise. A follow on investment of \$25m was also made in Graphcore post the period end. These transactions have allowed us to maintain the balance of the portfolio. Highlights include:

- Starling Bank passed 1m accounts and £1bn in deposits, representing growth of c180% and c395% respectively year-on-year and also launched its first TV advertising campaign.
- TransferWise announced direct debit capability in the UK and Europe, as well as API integrations with GoCardless and Xero. Over 2019, the company added 1,100 staff, more than doubling total headcount to over 2,000.
- The Hut Group raised in excess of £1bn through new and existing debt investors. This comprised a significantly oversubscribed €600m Term Loan B debt issuance and a £66m primary equity raise from Blackrock and Sofina.
- Franklin Templeton acquired a material stake in Embark Group on 19 November 2019 which broadens and improves the institutional shareholder base.

OUTLOOK

We are optimistic over the outlook for Merian Chrysalis. Several assets are yet to be revalued, given the proximity of the initial investment, and we are extremely pleased with how each of the top holdings is performing to date. While we walked away from a large potential investment at a late stage of due diligence in the period, the team has identified several assets outside of a formal process that would contribute to the overall quality of the portfolio. We therefore enter 2020 with increased confidence in our ability to source and exit top-tier deal flow and generate attractive returns for our shareholders.

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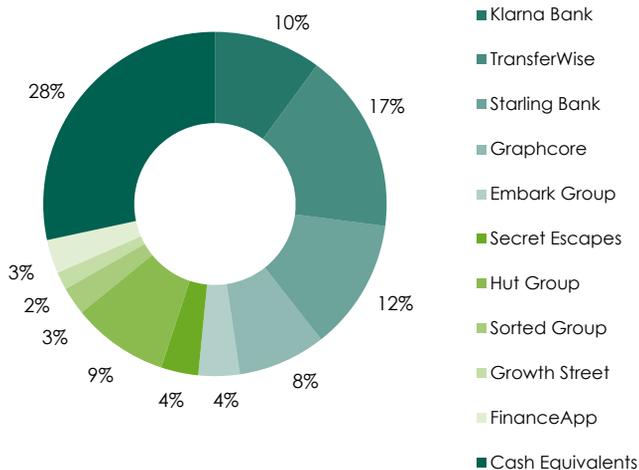
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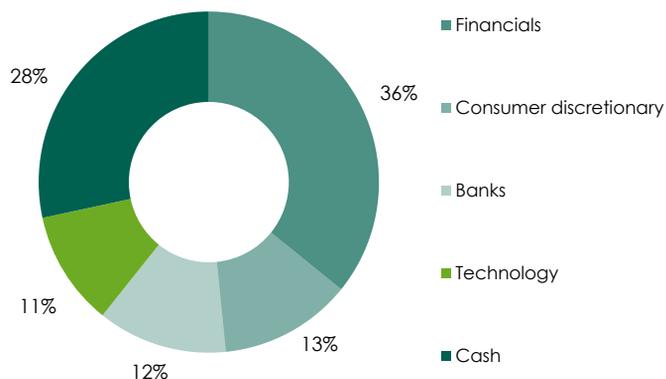
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TOP HOLDINGS



SECTOR EXPOSURE



HOLDINGS DETAILS (AS AT 31 DECEMBER 2019)

Name	Description
TransferWise	Platform payments business that aims to reduce fees associated with FX
Secret Escapes	Travel company that helps hotels minimise unsold inventory
The Hut Group	E-commerce business with proprietary technology platform powering sales of its own and third-party brands online
Graphcore	Leading artificial intelligence processor business, which has developed the Intelligent Processing Unit and the related software toolchain
Growth Street	Innovative P2P lending product targeted at SMEs, replacing overdrafts and invoice factoring
Starling Bank	Digital challenger bank that delivers financial services to retail and SMEs
Embark Group	Full-scale retirement solutions provider, with platform, investment wrap, e-SIPP, SIPP, SSAS, fund research and employee benefits consulting capabilities
Klarna Bank	A leading global payments company that provides direct payments, pay after delivery options and instalment plans for customers online
Sorted Group	A global Software as a Service (SaaS) company that has developed a Delivery Management Platform which allows retailers (both digital and physical) to effectively manage their delivery and returns
FinanceApp (wefox Group)	Europe's largest digital insurance platform with significant existing scale in Germany, Austria and Switzerland

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COMPANY AND FUND INFORMATION

Listing Date	06-Nov-18
AIFM	Maitland Institutional Services Limited
Administrator & Company Secretary	Maitland Administration (Guernsey) Limited Computershare Investor Services (Guernsey) Limited
Registrar	Travers Smith LLP
Legal Adviser	KPMG LLP
Auditor	Liberum Capital Limited
Corporate Broker	Merian Global Investors (UK) Limited
Investment Adviser	

Merian Chrysalis Investment Company
3rd Floor, 1 Le Truchot, St Peter Port
Guernsey, GY1 1WD

FOR FURTHER INFORMATION
ClientServices@merian.com
www.merian.com/chrysalis

DIRECTORS

Andrew Haining (Chairperson)
Stephen Coe Simon Holden
Anne Ewing Tim Cruttenden

IMPORTANT INFORMATION

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