

OCTOBER 2020

## Alternative Credit Investments plc


**ALTERNATIVE  
CREDIT  
INVESTMENTS plc**
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## Alternative Credit Investments plc


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**BACKGROUND AND INVESTMENT OBJECTIVE**

Alternative Credit Investments plc is a UK listed investment trust whose investment objective is to provide shareholders with an attractive level of dividend income through exposure to investments in alternative finance and related instruments.

The Company specializes in investing in small size private credit assets across SME, consumer (secured and unsecured), real estate and trade finance asset classes through strategic partnerships which encompass marketplace lending platforms, balance sheet lenders and other non-bank loan originators. The Company invests in the USA, Europe and Australasia and actively seeks opportunities in other markets.

**MANAGER COMMENTARY**

The Company produced a 0.78% NAV return in the month, which equates to 9.7% on an annualized basis. Portfolio performance remained stable with no significant deviations from manager's expectations. The Company funded a number of utilization requests from borrowers with committed senior lending facilities, whilst the whole loan portfolios continued to repay. As previously announced, the cash position reduced significantly due to the repayment of the PLC debt, which also contributed to a reduction of the leverage ratio to 23%.

The portfolio mix remained relatively stable month-on-month. Consumer exposures saw higher scheduled and unscheduled repayments than average, whilst SME lenders continued to originate government guaranteed loans. Additionally, the portfolio has naturally migrated away from first-loss and mezzanine exposures and more towards senior exposures that typically experience a lower volatility in returns.

Credit markets remained stable in October with the impacts of tightening lockdowns being modest. Reliance on government and central bank funding remains an important risk to a recovery and stable macro in early 2021. Whilst positive news on vaccines provide a viable exit from government constraints on businesses, the economy remains fragile. With that in mind, the Manager continues to focus on asset management and capital preservation. Optimizing investment returns through existing lending relationships and reinvestment into stable profiles is a key priority over expansion into new opportunities.

**FUND FACTS**

|                             |                              |
|-----------------------------|------------------------------|
| AIFM                        | Mirabella                    |
| Delegated Portfolio Manager | Waterfall Asset Management   |
| Type of Fund                | Closed Ended Investment Fund |
| ISIN                        | GB00BLP57Y95                 |
| Inception Date              | 30 May 2014                  |
| Dividend                    | Quarterly                    |
| Factsheet Publication Date  | 15 December 2020             |

**FINANCIAL INFORMATION**

|  |            |
|--|------------|
| Monthly NAV Return                     | 0.78%      |
| YTD NAV Return                         | -1.66%     |
| ITD NAV Return                         | 27.17%     |
| NAV Cum. Income                        | £ 671.5m   |
| NAV Ex. Income                         | £ 684.1m   |
| Market Capitalisation                  | £ 637.7m   |
| Investment Assets                      | £ 578.7m   |
| Debt to NAV Ratio                      | 23.0%      |
| 12m Trailing Div. Yield on Share Price | 5.53%      |
| Shares in Issue                        | 73,472,261 |
| Share Price                            | 868p       |
| NAV Cum. Income per Share              | 914p       |
| NAV Ex. Income per Share               | 931p       |
| Discount to NAV Cum. Income            | -5.03%     |

**PORTFOLIO METRICS**

|                           |          |
|---------------------------|----------|
| Total Credit Assets       | £ 523.6m |
| • Consumer                | £ 195.0m |
| • SME                     | £ 139.1m |
| • Property                | £ 189.5m |
| Equity Assets             | £ 17.6m  |
| Liquid Bonds / Notes      | £ 37.6m  |
| Total Borrowings          | £ 154.4m |
| European Exposure         | 65.6%    |
| US Exposure               | 32.3%    |
| Other Geographic Exposure | 2.1%     |
| Whole Loan Exposure       | 42.7%    |
| First-Loss Exposure       | 5.1%     |
| Mezzanine Exposure        | 0.3%     |
| Senior Note Exposure      | 39.6%    |
| Corporate Exposure        | 12.3%    |

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## PERFORMANCE AND DIVIDEND HISTORY

|                             | JAN  | FEB    | MAR    | APR     | MAY     | JUN    | JUL    | AUG    | SEP    | OCT    | NOV    | DEC    | YTD     | ITD     |
|-----------------------------|------|--------|--------|---------|---------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| TOTAL NAV RETURN (%)        | 2014 |        |        |         |         | 0.16%  | 0.17%  | 0.22%  | 0.23%  | 0.48%  | 0.54%  | 0.50%  | 2.32%   |         |
|                             | 2015 | 0.54%  | 0.59%  | 0.65%   | 0.41%   | 0.71%  | 1.31%  | 0.50%  | 0.49%  | 0.43%  | 0.56%  | 0.52%  | 0.20%   | 7.13%   |
|                             | 2016 | 0.41%  | 0.38%  | 0.48%   | 0.43%   | 0.48%  | 0.17%  | 0.37%  | 0.43%  | 0.23%  | 0.27%  | 0.27%  | 0.12%   | 4.11%   |
|                             | 2017 | 0.24%  | 0.38%  | 0.55%   | 0.45%   | 0.41%  | 0.29%  | 0.44%  | 0.14%  | 0.19%  | -1.03% | 0.40%  | 0.55%   | 3.04%   |
|                             | 2018 | 0.36%  | 0.43%  | 0.12%   | 0.41%   | 0.42%  | -0.14% | 0.52%  | 0.50%  | 0.44%  | 0.52%  | 0.57%  | 0.78%   | 5.04%   |
|                             | 2019 | 0.45%  | 0.31%  | 0.56%   | 0.44%   | 0.28%  | 0.48%  | 0.33%  | 0.82%  | 0.51%  | 0.50%  | -0.07% | 0.52%   | 5.25%   |
|                             | 2020 | 0.49%  | 0.43%  | 0.04%   | 0.09%   | 0.25%  | -0.58% | 0.39%  | 0.37%  | -3.85% | 0.78%  |        | -1.66%  |         |
| SHARE PRICE PERFORMANCE (%) | 2014 |        |        |         |         | 7.25%  | 0.37%  | -0.19% | 0.05%  | -0.93% | 1.41%  | 9.26%  | 18.00%  |         |
|                             | 2015 | -0.93% | 0.09%  | -1.79%  | -0.17%  | -5.41% | -2.03% | -5.99% | 3.24%  | -6.46% | 1.52%  | 0.70%  | -14.66% |         |
|                             | 2016 | -6.85% | -7.57% | 0.35%   | 6.03%   | -5.69% | -2.30% | -2.94% | 1.52%  | 0.30%  | -3.21% | -8.79% | 7.75%   | -20.66% |
|                             | 2017 | -2.13% | 1.66%  | -3.14%  | 11.36%  | 2.74%  | 0.74%  | -0.34% | -4.47% | -4.73% | -3.11% | 1.03%  | 3.43%   | 2.00%   |
|                             | 2018 | 1.23%  | -3.88% | -3.78%  | 4.59%   | 0.13%  | 0.75%  | -      | -3.73% | 0.65%  | -0.38% | 3.60%  | -0.37%  | -1.60%  |
|                             | 2019 | 3.12%  | -1.57% | -0.37%  | 4.07%   | 1.42%  | -1.40% | 0.47%  | -1.18% | -3.34% | 3.46%  | -1.19% | 0.24%   | 3.49%   |
|                             | 2020 | 0.48%  | 3.84%  | -19.17% | -14.57% | 13.71% | 7.35%  | 2.74%  | 13.60% | -0.94% | 2.84%  |        | 4.57%   |         |
| DIVIDEND PER SHARE (PENCE)  | 2014 |        |        |         |         | -      | -      | -      | -      | -      | 6      | -      | 6       |         |
|                             | 2015 | -      | 12.5   | -       | -       | 16.5   | 10.5   | -      | -      | -      | 18.5   | -      | 58      |         |
|                             | 2016 | 13.7   | -      | -       | 11.5    | -      | -      | 11     | -      | -      | 11     | -      | 47.2    |         |
|                             | 2017 | 11     | -      | -       | 12      | -      | -      | 12     | -      | -      | 12     | -      | 47      | 290.20  |
|                             | 2018 | 12     | -      | -       | 12      | -      | -      | -      | 12     | -      | -      | 12     | -       | 48      |
|                             | 2019 | -      | 12     | -       | -       | 12     | -      | -      | 12     | -      | -      | 12     | -       | 48      |
|                             | 2020 | -      | -      | 12      | -       | 12     | -      | -      | -      | 12     | -      |        | 36      |         |