

HONEYCOMB INVESTMENT TRUST PLC

31 August 2021

INVESTMENT MANAGER'S COMMENTARY

Honeycomb Investment Trust plc (the "Company" or "HONY") delivered a NAV return of 0.71% for the month of August, or 8.4% annualised.

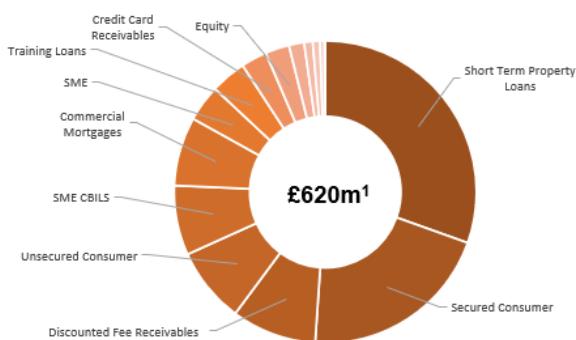
NAV return was driven by risk adjusted returns on underlying Credit Assets of 9.03%. Investment Assets remained relatively flat in the month, totalling £619.5m at the end of August from £620.0m at end July.

Our pipeline of European credit opportunities is currently at c.£850m, enabling a high degree of selectivity when progressing deals to execution. The pipeline includes a number of transactions expected to complete by the end of the quarter.

Key Details

Monthly NAV Return (Annualised)	8.4%
Monthly NAV Return	0.71%
YTD NAV Return	5.77%
ITD* NAV Return	47.1%
NAV Cum. Income	£363.7m
NAV Ex. Income	£358.9m
Market Capitalisation	£342.0m
Net Investment Assets	£619.5m
Net Debt to Equity	69.8%
Debt to Equity	75.6%
Shares in Issue	35,259,741
Share Price	955.0p
NAV Cum. Income per Share	1,031.6p
NAV Ex. Income per Share	1,017.8p
Premium (Discount) to NAV Cum Income	(7.4)%

Figure 2 - Composition of Investment Assets



¹ Net Investment Assets

Figure 3 Investment Assets

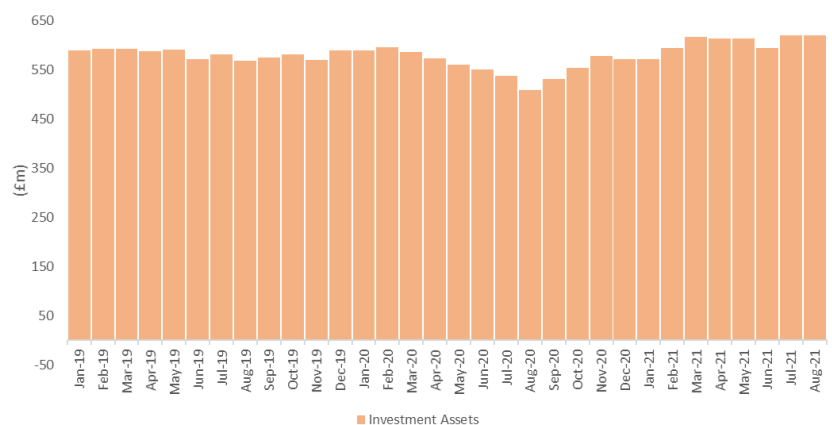
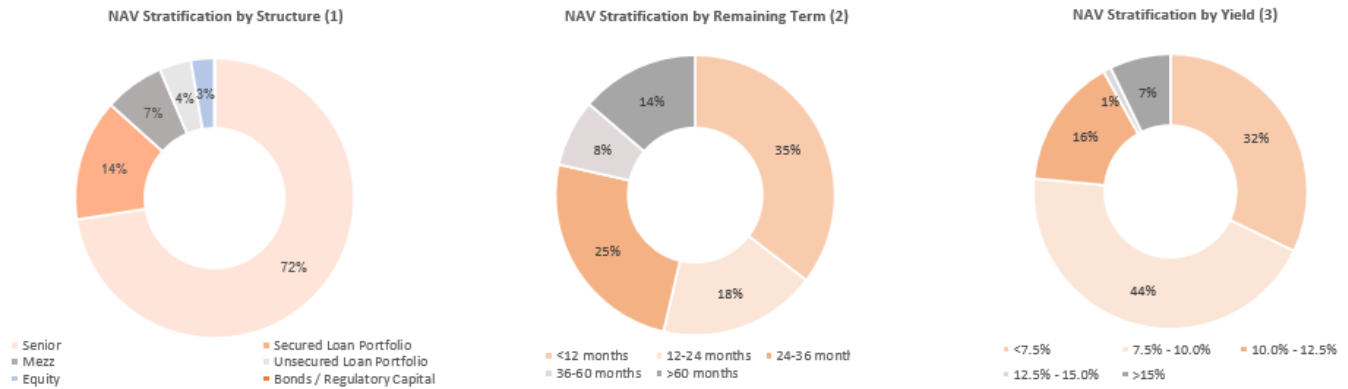


Figure 4 – NAV Stratification


¹ NAV excluding working capital and debt, stratified by investment structure

² NAV excluding working capital and recourse debt, stratified by expected remaining term of each asset

³ NAV excluding working capital and debt, stratified by average yield of each platform

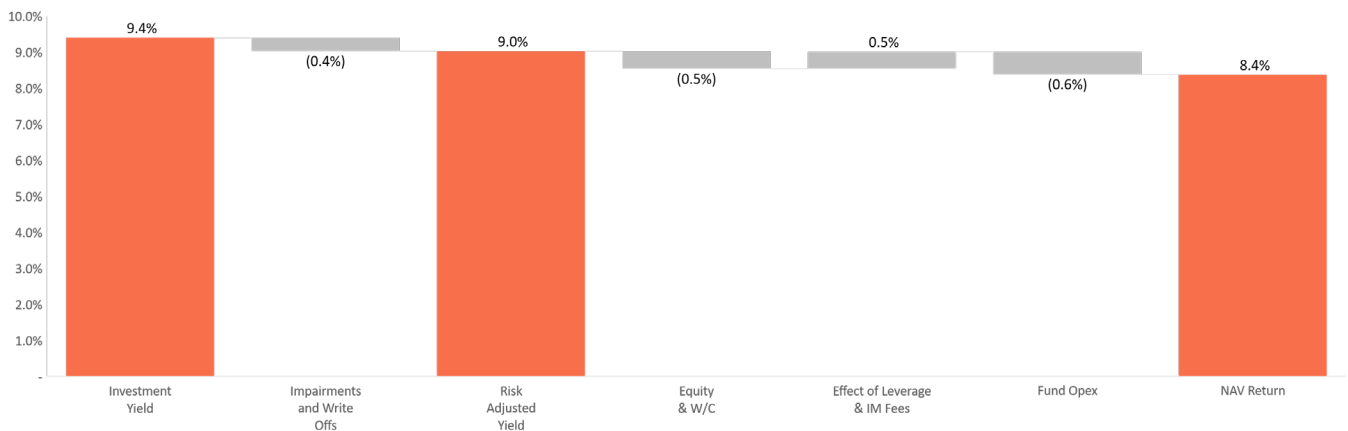
Figure 5 – August 2021 Returns Bridge


Figure 6– Top 10 Holdings

		Deal Type ⁽¹⁾	Structure	Sector	Value of Holding at 31-Aug-21 (£m)	LTV ⁽²⁾	Percentage of Portfolio ⁽³⁾
1	UK Agricultural Finance	Direct Portfolio	Senior	Property	54.4	50%	8.8%
2	Creditfix Limited	Structured	Senior	Discounted fee receivables	54.1	39%	8.7%
3	Sancus Loans Limited	Structured	Senior	Property	47.8	54%	7.7%
4	Nucleus Cash Flow Finance Limited	Structured	Senior	SME CBILS	45.2	96%	7.4%
5	Oplo Direct Portfolio	Direct Portfolio	Loan Portfolio	Secured Consumer	45.2	81%	7.0%
6	Oplo Structured	Structured	Mezzanine	Secured Consumer	40.3	95%	6.5%
7	GE Portfolio	Direct Portfolio	Loan Portfolio	Secured Consumer	34.5	61%	5.6%
8	Downing Development Loans	Direct Portfolio	Senior	Property	29.1	63%	4.4%
9	118118 Loans	Structured	Senior	Unsecured Consumer	26.7	75%	4.3%
10	Amicus Commercial Mortgages	Direct Portfolio	Senior	Property	18.8	60%	3.1%

Statistics as at 31 August 2021

1. Direct Portfolios labelled as Senior in structure refer to portfolios of loans that are individually senior secured

2. In the case of Direct Portfolios, the LTV is against latest underlying collateral values (typically at origination for directly originated assets or at purchase for acquired seasoned portfolios). For structured facilities the LTV reflects the maximum advance rate against eligible assets for Oplo Structured and 118118 Loans, and in the case of structured property-backed facilities, the LTV reflects the look through LTV against the underlying property collateral. Development finance loan LTVs are quoted as the maximum LTGDV at origination.

3. Net Investment Assets

Background and Investment Objective

Honeycomb Investment Trust plc (the “Company”) operates an asset backed credit strategy that delivers stable income alongside strong downside protection through providing predominantly senior lending to non-bank lenders secured on their underlying loan portfolios. The investment strategy is supported by the ongoing structural changes in the financial services industry that create a significant opportunity for non-bank lenders to reach customers who are underserved by mainstream banks with bespoke and appropriate products. The investment objective is to provide shareholders with an attractive level of dividend income with capital preservation.

The strategy aims to generate positive impact around key areas where Honeycomb Investment Trust can make a meaningful difference; Financial Inclusion, Affordable Housing, Regional Growth & Green Housing.

Investment Features

- 8% targeted dividend on issue price when fully invested and leverage applied, payable quarterly.
- Investments secured on loan portfolios of non bank lenders
- Over 40 different investments - a diverse and granular portfolio, no single asset / single sector risk
- Short duration - Average life 2 to 3 years with underlying portfolio typically amortising removing refinancing/ exit risk
- Investments benefit from tight Covenants and Corporate security
- Conservative Leverage

Fund Facts

Type of Fund	Closed – Ended Fund
Listing	Main Market of the London Stock Exchange
Ticker	HONY
ISIN	GB00BYZV3G25
Inception Date	23 December 2015
Dividend	Quarterly
NAV Calculation	As of last day, of each month
Management Fee*	1%
Performance Fee**	10%

* applicable to gross assets

** subject to 5% preferred return hurdle and high watermark

Performance & Dividend History

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD*
NAV Return IAS 39 2016	0.04%	0.13%	0.19%	0.92%	0.60%	0.79%	0.68%	0.70%	0.88%	0.89%	0.92%	0.94%	7.85%	7.83%
NAV Return IAS 39 2017	0.69%	0.69%	0.78%	0.62%	1.80% ⁽¹⁾	0.55%	0.65%	0.62%	0.63%	0.61%	0.61%	0.79%	9.11%	17.24%
NAV Return IFRS 9 2018	0.66%	0.59%	0.72%	1.36% ⁽³⁾	0.56%	0.60%	0.63%	0.67%	0.67%	0.67%	0.65%	0.60%	8.43%	25.12% ⁽²⁾
NAV Return IFRS 9 2019	0.58%	0.54%	0.67%	0.67%	0.64%	0.65%	0.67%	0.66%	0.66%	0.67%	0.67%	0.67%	7.79%	33.17% ⁽²⁾
NAV Return IFRS 9 2020	1.62% ⁽⁴⁾	0.65%	0.25%	0.42%	0.42%	0.75%	0.61%	0.87%	0.28%	0.58%	0.62%	0.67%	7.71%	41.15% ⁽²⁾
NAV Return IFRS 9 2021	0.67%	0.64%	0.75%	0.73%	0.77%	0.75%	0.72%	0.71%					5.77%	47.10% ⁽²⁾
Share Price Performance** 2016	1.50%	-	-	-	-	-	-	-	-	-	-	0.54%	2.05%	2.05%
Share Price Performance** 2017	3.92%	3.72%	0.45%	1.81%	(0.89%)	4.93%	2.78%	0.42%	(1.24%)	(0.84%)	(0.63%)	(1.49%)	13.42%	15.75%
Share Price Performance** 2018	(1.94%)	-	-	(1.76%)	-	-	0.90%	-	0.89%	(0.44%)	-	-	(2.38%)	13.00%
Share Price Performance** 2019	-	-	-	-	(1.33%)	(0.45%)	-	(0.45%)	(6.33%)	(3.86%)	(1.51%)	(0.77%)	(13.94%)	(2.75%)
Share Price Performance** 2020	(2.13%)	(2.13%)	(18.48%)	(1.33%)	-	1.69%	1.33%	7.21%	12.54%	1.63%	-	0.80%	(3.08%)	(5.75%)
Share Price Performance** 2021	2.92%	(1.03%)	(2.08%)	2.66%	(0.52%)	1.04%	-	(1.55%)					1.33%	(4.50%)
Dividend Per Share (Pence)*** 2016	-	-	-	-	2.11	-	-	-	19.66	-	23.13	-	44.90	44.90
Dividend Per Share (Pence)*** 2017	-	-	23.5	-	24.50****	-	-	-	20.00	-	-	20.00	88.00	132.90
Dividend Per Share (Pence)*** 2018	-	-	20.00	20.00	-	-	-	-	20.00	-	-	20.00	80.00	212.90
Dividend Per Share (Pence)*** 2019	-	-	20.00	-	-	20.00	-	-	20.00	-	-	20.00	80.00	292.90
Dividend Per Share (Pence)*** 2020	-	20.00	-	-	-	20.00	-	-	20.00	-	20.00	-	80.00	372.90
Dividend Per Share (Pence)*** 2021	-	-	20.00	-	-	20.00	-	-					40.00	412.90

* ITD: Inception to Date – excludes IPO Issue Costs

** Based on IPO Issue Price of 1000p

*** Recognised in the month when marked ex-dividend

**** Based upon the number of shares at the ex-dividend date

⁽¹⁾ NAV return excluding effect of capital raise and issuance at a premium would have been 0.77%

⁽²⁾ Inception to date NAV return affected by IFRS 9 initial recognition on 2018 brought forward retained earnings

⁽³⁾ NAV return excluding effect of capital raise and issuance at a premium would have been 0.63%

⁽⁴⁾ NAV return excluding effect of buy backs would have been 0.60%

Important Disclosures

This newsletter is issued in the United Kingdom by Pollen Street Capital Limited. It is provided for the purpose of information only and should not be construed as constituting an offer, solicitation, invitation or inducement to buy or sell shares in Honeycomb Investment Trust plc ("the Company"). If you are unsure of the suitability of this investment you should take independent advice. All data in this factsheet is as at or to the final day of the calendar month identified in the heading of the factsheet's front page unless otherwise stated. Investors should read the prospectus or offering memorandum before investing in the Company.

Net Asset Value performance is not linked to share price performance and shareholders may realise returns that are lower or higher in performance. Past performance should not be seen as an indication of future performance. The value of investments and any income may fluctuate and investors may not get back the full amount invested. The views expressed are those of the Company's Investment Manager, Pollen Street Capital Limited, as at the time of writing. These are subject to change without notice and do not constitute investment advice. Although the Company and Pollen Street Capital Limited have used reasonable efforts to ensure the accuracy of the information contained in this newsletter, neither the Company nor Pollen Street Capital Limited make any warranties or representations with respect to the completeness or accuracy of the information set forth herein and the full impact of Covid-19 on markets and investments may not be foreseeable for some time. Examples of investment process, risk management, due diligence, position sizes, diversification, leverage, assessment of risk and similar information (together, the "Investment Programme") are presented as general guidelines used for illustration purposes only and are subject to change without notice to investors at any time at the sole discretion of Pollen Street Capital Limited. In addition, the composition and size of, and risks associated with, current or future investments of the Company may differ substantially from examples set forth in this newsletter. Accordingly, actual implementation of the Investment Program may vary from the examples presented herein.

This newsletter may not be distributed or transmitted in any jurisdiction outside the United Kingdom where such distribution may lead to a breach of law or regulatory requirements, or transmitted, distributed or sent to or by any national, resident, or citizen of any nation other than the United Kingdom. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any such distribution could result in a violation of the law of such jurisdiction.

Pollen Street Capital Limited is authorised and regulated by the Financial Conduct Authority and is registered in England (reg. no. 08741640) with its registered office at 11/12 Hanover Street, London, England, W1S 1JJ.

Glossary

NAV (Cum Income) is the value of investments, other assets and cash, including current year revenue, less liabilities.

NAV (Ex Income) is the value of investments, other assets and cash, excluding current year revenue, less liabilities

NAV Return is calculated as NAV Cum. Income at the end of the period, plus dividends declared during the period, divided by NAV Cum. Income at the start of the period, calculated on a per share basis.

Share Price closing mid-market share price at month end (excluding dividends reinvested).

Premium / (Discount) the amount by which the price per share is either higher (at a premium) or lower (at a discount) than the NAV Cum. Income, expressed as a percentage of the NAV Cum. Income per share.

Net Assets total assets minus any liabilities.

Market Capitalisation the closing mid-market share price multiplied by the number of shares outstanding at month end.

Debt to Equity the value of total leverage including any accrued interest and fees divided by the NAV

Annualisation Methodology Monthly returns have been calculated by multiplying the actual number of days in the year divided by the actual number of days in the month.