

# Honeycomb Investment Trust plc

## Background and Investment Objective

Honeycomb Investment Trust plc (the “Company”) is a specialist lending fund whose investment objective is to provide shareholders with an attractive level of dividend income and capital growth through the acquisition of interests in loans made to consumers and small business as well as other counterparties.

The Company may also make selected equity investments that aligned with the Company’s strategy, and that present opportunities to enhance the Company’s returns from its investments.

The Company believes that consumer, property and SME loans are asset classes that has the potential to provide attractive returns for investors on a risk-adjusted basis. Changes in the focus of mainstream lenders together with the implementation of new models that utilise data, analytics and technology more effectively, provide an opportunity to deliver better products to borrowers while generating attractive returns for the Company.

The Company and the Investment Manager seek to acquire credit assets which meet the specified underwriting criteria through three routes; (1) organically originate and acquire through referral partners which source opportunities; (2) acquiring seasoned portfolios; and (3) providing senior and mezzanine structured loans secured on portfolios of consumer, property and SME loans.

## Investment Features

- Investment team has a combined 100+ years credit underwriting and consumer lending experience.
- Highly granular and well diversified portfolio.
- Majority of portfolio benefiting from downside protection or seasoning.
- 8% targeted dividend on issue price when fully invested and leverage applied, payable quarterly.
- UK Investment Trust tax treatment.

## Key Details

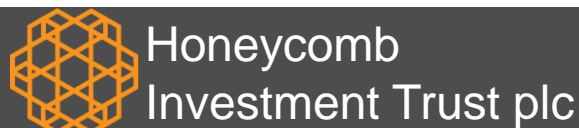
	IAS 39	IFRS 9
Net Assets (Cum Income)	£405.94m	£403.38m
Net Assets (Ex Income)	£396.74m	£394.42m
Monthly Total NAV Return	0.64%	0.63%
YTD Total NAV Return	4.97%	5.14%
ITD* Total NAV Return	22.39%	21.73%
Debt to Equity	30.75%	30.75%
Shares in Issue	39,449,919	39,449,919
Share Price	1,125.0p	1,125.0p
Market Capitalisation	£443.81m	£443.81m
NAV per Share (Cum Income)	1,029.0p	1,022.5p
NAV per Share (Ex Income)	1,005.7p	999.8p
Premium / (Discount) to NAV (Cum Income)	9.33%	10.02%

\*ITD: Inception to Date – excludes IPO Issue Costs

## Fund Facts

Type of Fund	Closed – Ended Fund
Listing	Specialist Fund Segment 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%

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



### Investment Manager's Commentary

The Company generated 0.63% NAV return per share under IFRS 9 and 0.64% under IAS 39 in July 2018. The Company has delivered 21.73% since inception on an IFRS 9 basis of accounting (effect of initial recognition on 2018 bought forward retained earnings impacts inception to date) and 22.39% on an IAS 39 basis. IFRS 9 has had a 0.67% impact on NAV since inception.

The Company's gross investment assets increased to £528m in the month, an increase of £31m on June driven by continued strong originations across all three sectors (Consumer, Property and SME). Growth in investment assets has been funded through an increase in debt drawings to 30.7% debt equity ratio or £122m.

### Performance and Dividend History

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	ITD*
Total 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%
Total NAV Return IAS 39	2017	0.69%	0.69%	0.78%	0.62%	1.80% <sup>(1)</sup>	0.55%	0.65%	0.62%	0.63%	0.61%	0.61%	0.79%	9.11%	17.24%
Total NAV Return IAS 39	2018	0.66%	0.63%	0.79%	1.15%	0.54%	0.55%	0.64%						4.97%	22.39%
Total NAV Return IFRS 9	2018	0.66%	0.59%	0.72%	1.36% <sup>(3)</sup>	0.56%	0.60%	0.63%						5.14%	21.73% <sup>(2)</sup>
Share Price Performance**	2016	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	2.05%	2.05%	2.05%
Share Price Performance**	2017	6.05%	10.00%	10.50%	12.50%	11.50%	17.00%	20.25%	20.75%	19.25%	18.25%	17.50%	15.75%	15.75%	15.75%
Share Price Performance**	2018	13.50%	13.50%	13.50%	11.50%	11.50%	11.50%	12.50%						12.50%	12.50%
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	-	-	-						40.00	172.90

\* 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

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

<sup>(2)</sup> Inception to date NAV return affected by IFRS 9 initial recognition on 2018 bought forward retained earnings

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



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## Important Disclosures

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Net Asset Value performance is not linked to share price performance and shareholders may realise returns that are lower or higher in performance.

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## Honeycomb Investment Trust plc

Registered in England and Wales number 09888024.

Registered office address: 6<sup>th</sup> Floor, 140 London Wall, London, EC2Y 5DN.

Registered as an investment company in England under section 833 of the Companies Act 2006.

Website: [www.honeycombplc.com](http://www.honeycombplc.com)

For enquiries please email [ir@honeycombplc.com](mailto:ir@honeycombplc.com)

## Glossary

**"NAV (Cum Income)"** will include all income not yet moved to reserves (both revenue and capital income), less the value of (i) any dividends paid in respect of that income and (ii) any dividends in respect of that income which have been declared and marked ex dividend but not yet paid.

**"NAV (Ex Income)"** will be the NAV (Cum-Income) excluding net income (both revenue and capital income) that is yet to be transferred to reserves as described below. For this purpose net income will comprise all income not yet moved to reserves (both revenue and capital income), less the value of (i) any dividends paid in respect of that income and (ii) any dividends in respect of that income which have been declared and marked ex dividend but not yet paid.

Any income in respect of a financial year, which is intended to remain undistributed will be moved to reserves on the first business day of the immediately following year, meaning that each figure for NAV (Ex-Income) reported during a financial year will equate to the NAV (Cum-Income) less undistributed income which has not been moved to reserves.

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

**"Premium / (Discount)"** the amount by which the price per share of an investment trust is either higher (at a premium) or lower (at a discount) than the net asset value per share (cum income), expressed as a percentage of the net asset value 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.

**"Total 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) calculated on a per share basis at the start of the period.

## Service Providers

Investment Manager: Pollen Street Capital Limited

Fund Administrator: Apex Fund Services (UK) Limited

Corporate Broker: Liberum Capital Limited

Depositary: INDOS Financial Limited <sup>(1)</sup>

Custodian: Sparkasse Bank Malta plc

Statutory Auditor: PricewaterhouseCoopers LLP

Registrar: Computershare Investor Services plc

Company Secretary: Apex Fund Services (UK) Limited

## Pollen Street Capital Limited

Registered in England and Wales number 08741640.

Registered office and trading address: 8 Hanover Street, London, United Kingdom, W1S 1YQ.

Authorised and regulated by the Financial Conduct Authority (611337).

Website: [www.pollencap.com](http://www.pollencap.com)

For enquiries please email [enquiries@pollencap.com](mailto:enquiries@pollencap.com) or telephone +44 20 3728 6750.

<sup>(1)</sup> On 17 November 2017, the Company entered into an amended Depositary Agreement enabling it to delegate certain custody functions to the Custodian. The Depositary is primarily liable to the Company and investors for losses of financial instruments by the Custodian, however, the Company and Investment Manager have permitted the transfer of that obligation to the Custodian in compliance with articles 21(13) or 21(14) of the AIFMD. The Depositary has confirmed its intention to transfer such obligation and therefore the Custodian, and not the Depositary, will be liable to the Company for a loss of financial instruments held in custody, but the Depositary will take reasonable steps to pursue and enforce any associated claim on behalf of the Company.