

Honeycomb Investment Trust plc

Investment Manager's Commentary

Honeycomb Investment Trust plc (the "Company") had another strong month in May generating 7.7% NAV return per share on an annualised basis, which is 0.64% for the month. This brings the year to date return to 3.11% or 28.34% since inception.

The pipeline remains strong and the Investment Manager remains highly selective in the opportunities it pursues. Investment assets remain broadly stable at £610m (£606m as at 30th April 2018).

Background and Investment Objective

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 align 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 have 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: firstly organically originating and acquiring through referral partners, which source opportunities; secondly acquiring seasoned portfolios; and thirdly 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.

Financial Information


| | |
|--------------------------------------|------------|
| Monthly NAV Return (Annualised) | 7.7% |
| Monthly NAV Return | 0.64% |
| YTD NAV Return | 3.11% |
| ITD* NAV Return | 28.34% |
| NAV Cum. Income | £405.3m |
| NAV Ex. Income | £393.8m |
| Market Capitalisation | £439.9m |
| Investment Assets | £609.7m |
| Debt to Equity | 47% |
| Shares in Issue | 39,449,919 |
| Share Price | 1,115.0p |
| NAV Cum. Income per Share | 1,027.4p |
| NAV Ex. Income per Share | 998.2p |
| Premium (Discount) to NAV Cum Income | 8.5% |

*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

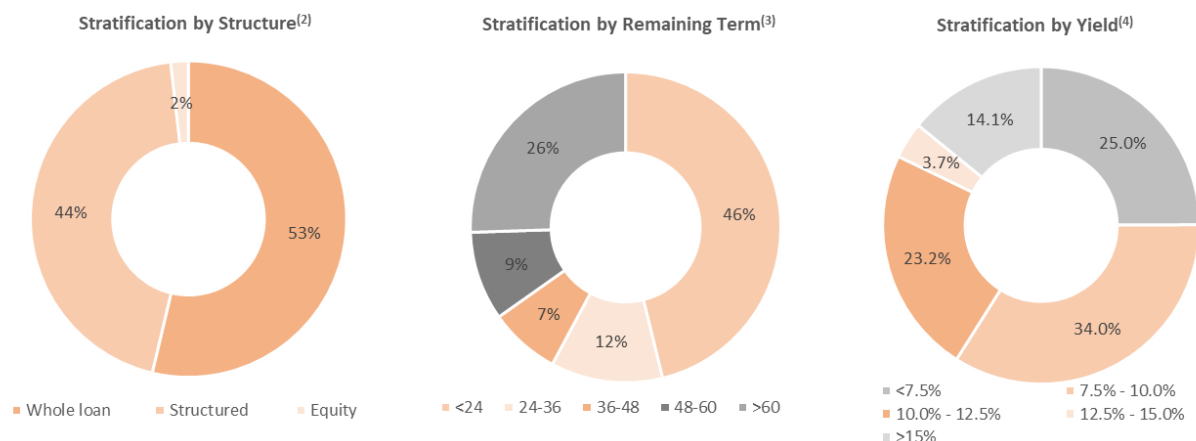


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Portfolio Statistics

| Interest Rate ⁽¹⁾ | Average Remaining Contractual Term (months) | Structural or Seasoning Protection |
|------------------------------|---|------------------------------------|
| 11.3% | 51 | 80.3% |

Stratification of Gross Outstanding Balances



(1) Excludes equity positions

(2) Gross outstanding balance, stratified by the remaining balance of each loan

(3) Gross outstanding balance, excluding Equity Assets, stratified by the remaining term of each loan

(4) Gross outstanding balance, excluding Equity Assets, stratified by the headline interest rate of each loan

Performance and 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% | 180% ⁽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% | 136% ⁽³⁾ | 0.56% | 0.60% | 0.63% | 0.67% | 0.67% | 0.67% | 0.65% | 0.60% | 8.43% | 25.12% |
| NAV Return IFRS 9 | 2019 | 0.58% | 0.54% | 0.67% | 0.67% | 0.64% | | | | | | | | 3.11% | 28.34%⁽²⁾ |
| Share Price Performance** | 2016 | 150% | - | - | - | - | - | - | - | - | - | - | 0.54% | 2.05% | 2.05% |
| Share Price Performance** | 2017 | 3.92% | 3.72% | 0.45% | 181% | (0.89%) | 4.93% | 2.78% | 0.42% | (124%) | (0.84%) | (0.63%) | (149%) | 13.42% | 15.75% |
| Share Price Performance** | 2018 | (194%) | - | - | (176%) | - | - | 0.90% | - | 0.89% | (0.44%) | - | - | (2.38%) | 13.00% |
| Share Price Performance** | 2019 | - | - | - | - | (133%) | | | | | | | | (1.33%) | 11.50% |
| 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 | 232.90 |

* 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 bought forward retained earnings

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



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Glossary

“**NAV Cum. Income**” is the value of investments and cash, including current year revenue, less liabilities.

“**NAV Ex. Income**” is the value of investments 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**” is the 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.

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