

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 investments in selected equity securities that are aligned with the Company’s strategy and that present opportunities to enhance the Company’s returns from its investments.

The Company believes that consumer and SME loans are an asset class that has the potential to provide active returns for investors on a risk-adjusted basis, and that changes in the focus of mainstream lenders together with the implementation of new models that make the best use of data, analytics and technology, provide an opportunity to deliver attractive 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 and SME loans. Partners include the UK’s largest unsecured loan broker; a UK retail point of sale finance broker; and a number of financial institutions.

Investment Features

- Investment team has a combined 100+ years credit underwriting and consumer lending experience.
- 10% + targeted annual returns (after accrual for loan write-offs) on loan investments to the fund.
- 8% targeted dividend on issue price when fully invested and leverage applied, payable quarterly.
- 85%+ of net income distributed as dividend.
- UK Investment Trust tax treatment.

Key Details

	IAS 39**	IFRS 9**
Net Assets (Cum Income)	£399.03m	£396.21m
Net Assets (Ex Income)	£396.74m	£394.41m
Monthly Total NAV Return	1.15%	1.36%
YTD Total NAV Return	3.25%	3.34%
ITD* Total NAV Return	20.61%	19.88%
Debt to Equity	22.08%	22.08%
Shares in Issue	39,449,919	39,449,919
Share Price	1,115.0p	1,115.0p
Market Capitalisation	£439.87m	£439.87m
NAV per Share (Cum Income)	1,011.5p	1,004.3p
NAV per Share (Ex Income)	1,005.7p	999.8p
Premium / (Discount) to NAV (Cum Income)	10.23%	11.02%

*ITD: Inception to Date – excludes IPO Issue Costs

** Figures included based on NAV announcement from 25 May 2018 and replaces previously published newsletter.

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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Investment Manager's Commentary

The Company continued to perform well in April generating a 1.36% NAV return per share under IFRS 9 and 1.15% under IAS 39. The Company has delivered 19.88% since inception on an IFRS 9 basis of accounting (effect of initial recognition on 2018 bought forward retained earnings impacts inception to date) and 20.61% on an IAS 39 basis. IFRS 9 has had a 0.73% impact on NAV since inception.

On 19th April, the Company concluded its fourth capital raise with £100m gross proceeds raised at 1,050p per share a 39.4p premium to NAV at the end of March (IFRS 9). The underlying return in month before the impact of the capital raise was 0.63% NAV return per share under IFRS 9 and 0.65% under IAS 39.

The portfolio continues to perform well with strong cash collections and above target net income yield. The Company finished the month with circa £60m of cash and £87.6m of debt after repaying £43.7m following the capital raise resulting in a debt to equity ratio of 22%. The focus for the coming months will be to execute on the pipeline of opportunities and deploy the raised capital.

The Investment Manager continues to see significant opportunities across its three market sectors (Property, Consumer and SME) and currently has a pipeline of £750m. Originations will be continue to be concentrated on assets with either downside protection or seasoning which the Manager believes will deliver lower volatility through the economic cycle.

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% ⁽¹⁾	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%									3.25%	20.61%
Total NAV Return IFRS 9	2018	0.66%	0.59%	0.72%	1.36% ⁽³⁾									3.34%	19.88% ⁽²⁾
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%
Dividend Per Share (Pence)***	2016	-	-	-	-	2.11	-	-	-	19.66	-	23.13	-	44.90	44.90
Dividend Per Share (Pence)***	2017	-	-	23.50	-	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

⁽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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Important Disclosures

This newsletter is published in the United Kingdom by Honeycomb Investment Trust plc (the "Company"). It is provided for the purpose of information only, and if you are unsure of the suitability of this investment you should take independent advice. All data in this factsheet is at or to the final day of the calendar month identified in the heading of the factsheet's front page unless otherwise stated.

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. 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.

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Honeycomb Investment Trust plc

Registered in England and Wales number 09888024.

Registered office address: 6th 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

For enquiries please email 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

Depository: INDOS Financial Limited ⁽¹⁾

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).

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⁽¹⁾ On 17 November 2017, the Company entered into an amended Depository Agreement enabling it to delegate certain custody functions to the Custodian. The Depository 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 Depository has confirmed its intention to transfer such obligation and therefore the Custodian, and not the Depository, will be liable to the Company for a loss of financial instruments held in custody, but the Depository will take reasonable steps to pursue and enforce any associated claim on behalf of the Company.