

HONEYCOMB INVESTMENT TRUST PLC

30 April 2022

INVESTMENT MANAGER'S COMMENTARY

Honeycomb Investment Trust plc (the "Company") delivered a NAV return of 0.64% for the month, which is equivalent to 7.8% per annum. NAV return was driven by strong risk adjusted yield of 9.0%.

Net Investment Assets increased in the month to £592m, from £586m at the end of March, as two full redemptions were redeployed into existing structured facilities. These were well diversified across the Manager's core sub-sectors.

In addition the pipeline of opportunities remains strong with c.£400m of well progressed transactions and the broader European pipeline standing at over £1bn. This gives us confidence that the Company will continue to remain highly invested.

There are a number of macroeconomic risks and concerns in the market currently with the potential impact of inflation and the resulting squeeze on consumers and businesses the most immediate threat. We are watching the performance of the underlying assets very closely and we are seeing very consistent and good performance. We have also seen our borrowers take proactive action for the new customer originations where additional non-discretionary spending and costs is factored into the underwriting decision when calculating debt service capability. As ever we are in constant dialogue with all our lending partners to ensure we are receiving regular updates and underlying live performance data to enable us to be both forward looking and proactive. We are also factoring in the impact of higher prices when underwriting and structuring new opportunities.

Further, our credit facilities benefit from significant levels of overcollateralization and are structured to withstand significant levels of deterioration in collateral value before being at risk of loss of interest or capital. Worth noting that higher inflation also has positive, de-risking effects if it translates to higher wages for consumers and higher asset prices that form part of our security (e.g. higher house prices and car prices increase the value of our collateral for the same level of debt outstanding, therefore de-risking our position).

We believe the combination of asset backing via large diverse pools of financial and hard assets along with bespoke structuring means our asset backed credit strategy is well positioned to perform through a more uncertain and volatile macro environment.

Key Details

Monthly NAV Return (Annualised)	7.8%
Monthly NAV Return	0.64%
YTD NAV Return	2.59%
ITD* NAV Return	52.6%
NAV Cum. Income	£360.1m
NAV Ex. Income	£357.6m
Market Capitalisation	£326.6m
Net Investment Assets	£591.8m
Net Debt to Equity	64.0%
Debt to Equity	67.7%
Shares in Issue	35,118,434
Share Price	930.0p
NAV Cum. Income per Share	1,025.5p
NAV Ex. Income per Share	1,018.2p
Premium (Discount) to NAV Cum Income	(9.3)%

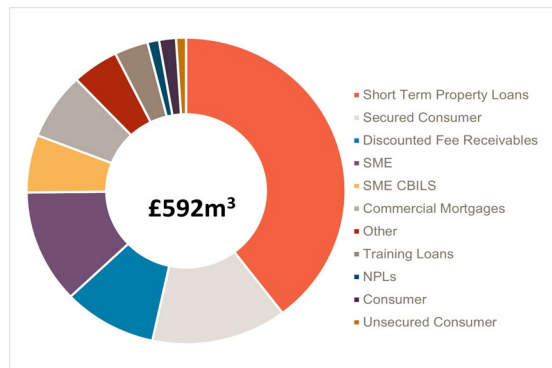
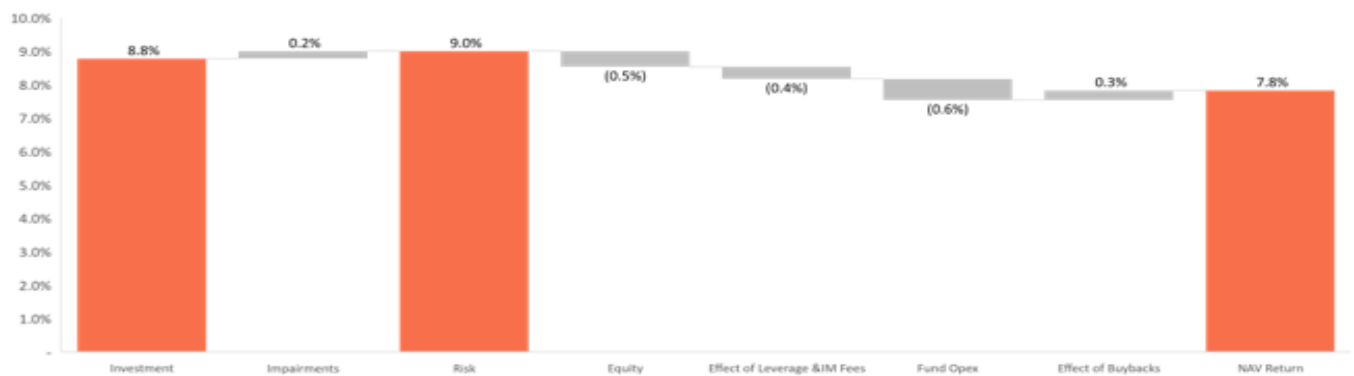
Figure 1 - Composition of Investment Assets

³ Net Investment Assets

Figure 2 - Investment Assets

Figure 3 – April 2022 Returns Bridge

Figure 4 – Top 10 Holdings

		Deal Type ⁽¹⁾	Structure	Sector	Value of Holding at 30 Apr-22 (£m)	LTV ⁽²⁾	Percentage of Portfolio ⁽³⁾
1	Sancus Loans Limited	Structured	Senior	Short Term Property Loans	52.8	50%	8.9%
2	UK Agricultural Finance	Direct Portfolio	Senior	Short Term Property Loans	51.1	49%	8.6%
3	Creditfix Limited	Structured	Senior	Discounted Fee Receivables	51.0	52%	8.6%
4	Oplo Direct Portfolio	Direct Portfolio	Secured	Secured Consumer	43.8	82%	7.4%
5	Downing Development Loans	Structured	Senior	Short Term Property Loans	42.8	65%	7.2%
6	Nucleus Cash Flow Finance Limited	Structured	Senior	CBILS SME	34.9	96%	5.9%
7	Duke Royalty	Structured	Senior	SME	33.9	40%	5.7%
8	Queen Street	Direct Portfolio	Senior	Short Term Property Loans	31.1	65%	5.3%
9	Beaufort	Direct Portfolio	Senior	Short Term Property Loans	30.3	70%	5.1%
10	GE Portfolio	Direct Portfolio	Secured	Secured Consumer	27.8	62%	4.7%

Statistics as at 30 April 2022

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
- 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%	0.32%	0.60%	0.73%	0.68%	0.70%	0.88%	0.83%	0.32%	0.34%	7.85%	7.83%
NAV Return IAS 39	2017	0.63%	0.63%	0.78%	0.62%	1.80% ⁽¹⁾	0.55%	0.65%	0.62%	0.63%	0.61%	0.61%	0.73%	9.11%	17.24%
NAV Return IFRS 9	2018	0.66%	0.53%	0.72%	1.36% ⁽¹⁾	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% ⁽¹⁾	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%	0.66%	0.68%	0.66%	0.63%	8.49%	49.90%⁽²⁾
NAV Return IFRS 9	2022	0.63%	0.53%	0.66%	0.64%									2.59%	52.59%⁽²⁾
Share Price Performance**	2016	1.50%	-	-	-	-	-	-	-	-	-	-	0.54%	2.05%	2.05%
Share Price Performance**	2017	3.32%	3.72%	0.45%	1.81%	(0.89%)	4.33%	2.78%	0.42%	(1.24%)	(0.84%)	(0.63%)	(1.43%)	13.42%	15.75%
Share Price Performance**	2018	(1.34%)	-	-	(1.76%)	-	-	0.30%	-	0.83%	(0.44%)	-	-	(2.38%)	13.00%
Share Price Performance**	2019	-	-	-	-	(1.33%)	(0.45%)	-	(0.45%)	(6.33%)	(3.86%)	(151%)	(0.77%)	(13.34%)	(2.75%)
Share Price Performance**	2020	(2.13%)	(2.13%)	(18.48%)	(1.33%)	-	1.63%	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%)	1.57%	-	(0.52%)	(2.07%)	0.27%	(5.50%)
Share Price Performance**	2022	1.53%	(11.46%)	10.00%	(0.53%)									(1.33%)	(6.50%)
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	-	-	20.00	-	-	20.00	80.00	452.90
Dividend Per Share (Pence)***	2022	-	-	20.00	-									20.00	472.90

* 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 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.