

OCTOBER 2020

Alternative Credit Investments plc


**ALTERNATIVE
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INVESTMENTS plc**
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No statement in this document is, or is intended as, a profit forecast, profit estimate, quantified benefits statement or other estimate subject to reporting under the City Code on Takeovers and Mergers in respect of ACI for any period. No statement in this document should be interpreted to mean that performance, earnings and/or value per ACI share for the current or future financial years would necessarily match or exceed the historical published performance, earnings and/or value per ACI share.

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BACKGROUND AND INVESTMENT OBJECTIVE

Alternative Credit Investments plc is a UK listed investment trust whose investment objective is to provide shareholders with an attractive level of dividend income through exposure to investments in alternative finance and related instruments.

The Company specializes in investing in small size private credit assets across SME, consumer (secured and unsecured), real estate and trade finance asset classes through strategic partnerships which encompass marketplace lending platforms, balance sheet lenders and other non-bank loan originators. The Company invests in the USA, Europe and Australasia and actively seeks opportunities in other markets.

MANAGER COMMENTARY

The Company produced a 0.78% NAV return in the month, which equates to 9.7% on an annualized basis. Portfolio performance remained stable with no significant deviations from manager's expectations. The Company funded a number of utilization requests from borrowers with committed senior lending facilities, whilst the whole loan portfolios continued to repay. As previously announced, the cash position reduced significantly due to the repayment of the PLC debt, which also contributed to a reduction of the leverage ratio to 23%.

The portfolio mix remained relatively stable month-on-month. Consumer exposures saw higher scheduled and unscheduled repayments than average, whilst SME lenders continued to originate government guaranteed loans. Additionally, the portfolio has naturally migrated away from first-loss and mezzanine exposures and more towards senior exposures that typically experience a lower volatility in returns.

Credit markets remained stable in October with the impacts of tightening lockdowns being modest. Reliance on government and central bank funding remains an important risk to a recovery and stable macro in early 2021. Whilst positive news on vaccines provide a viable exit from government constraints on businesses, the economy remains fragile. With that in mind, the Manager continues to focus on asset management and capital preservation. Optimizing investment returns through existing lending relationships and reinvestment into stable profiles is a key priority over expansion into new opportunities.

FUND FACTS

AIFM	Mirabella
Delegated Portfolio Manager	Waterfall Asset Management
Type of Fund	Closed Ended Investment Fund
ISIN	GB00BLP57Y95
Inception Date	30 May 2014
Dividend	Quarterly
Factsheet Publication Date	15 December 2020

FINANCIAL INFORMATION

Monthly NAV Return	0.78%
YTD NAV Return	-1.66%
ITD NAV Return	27.17%
NAV Cum. Income	£ 671.5m
NAV Ex. Income	£ 684.1m
Market Capitalisation	£ 637.7m
Investment Assets	£ 578.7m
Debt to NAV Ratio	23.0%
12m Trailing Div. Yield on Share Price	5.53%
Shares in Issue	73,472,261
Share Price	868p
NAV Cum. Income per Share	914p
NAV Ex. Income per Share	931p
Discount to NAV Cum. Income	-5.03%

PORTFOLIO METRICS

Total Credit Assets	£ 523.6m
• Consumer	£ 195.0m
• SME	£ 139.1m
• Property	£ 189.5m
Equity Assets	£ 17.6m
Liquid Bonds / Notes	£ 37.6m
Total Borrowings	£ 154.4m
European Exposure	65.6%
US Exposure	32.3%
Other Geographic Exposure	2.1%
Whole Loan Exposure	42.7%
First-Loss Exposure	5.1%
Mezzanine Exposure	0.3%
Senior Note Exposure	39.6%
Corporate Exposure	12.3%

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PERFORMANCE AND DIVIDEND HISTORY

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD	ITD
TOTAL NAV RETURN (%)	2014					0.16%	0.17%	0.22%	0.23%	0.48%	0.54%	0.50%	2.32%	
	2015	0.54%	0.59%	0.65%	0.41%	0.71%	1.31%	0.50%	0.49%	0.43%	0.56%	0.52%	0.20%	7.13%
	2016	0.41%	0.38%	0.48%	0.43%	0.48%	0.17%	0.37%	0.43%	0.23%	0.27%	0.27%	0.12%	4.11%
	2017	0.24%	0.38%	0.55%	0.45%	0.41%	0.29%	0.44%	0.14%	0.19%	-1.03%	0.40%	0.55%	3.04%
	2018	0.36%	0.43%	0.12%	0.41%	0.42%	-0.14%	0.52%	0.50%	0.44%	0.52%	0.57%	0.78%	5.04%
	2019	0.45%	0.31%	0.56%	0.44%	0.28%	0.48%	0.33%	0.82%	0.51%	0.50%	-0.07%	0.52%	5.25%
	2020	0.49%	0.43%	0.04%	0.09%	0.25%	-0.58%	0.39%	0.37%	-3.85%	0.78%		-1.66%	
SHARE PRICE PERFORMANCE (%)	2014					7.25%	0.37%	-0.19%	0.05%	-0.93%	1.41%	9.26%	18.00%	
	2015	-0.93%	0.09%	-1.79%	-0.17%	-5.41%	-2.03%	2.07%	-5.99%	3.24%	-6.46%	1.52%	0.70%	-14.66%
	2016	-6.85%	-7.57%	0.35%	6.03%	-5.69%	-2.30%	-2.94%	1.52%	0.30%	-3.21%	-8.79%	7.75%	-20.66%
	2017	-2.13%	1.66%	-3.14%	11.36%	2.74%	0.74%	-0.34%	-4.47%	-4.73%	-3.11%	1.03%	3.43%	2.00%
	2018	1.23%	-3.88%	-3.78%	4.59%	0.13%	0.75%	-	-3.73%	0.65%	-0.38%	3.60%	-0.37%	-1.60%
	2019	3.12%	-1.57%	-0.37%	4.07%	1.42%	-1.40%	0.47%	-1.18%	-3.34%	3.46%	-1.19%	0.24%	3.49%
	2020	0.48%	3.84%	-19.17%	-14.57%	13.71%	7.35%	2.74%	13.60%	-0.94%	2.84%		4.57%	
DIVIDEND PER SHARE (PENCE)	2014					-	-	-	-	-	6	-	6	
	2015	-	12.5	-	-	16.5	10.5	-	-	-	18.5	-	58	
	2016	13.7	-	-	11.5	-	-	11	-	-	11	-	47.2	
	2017	11	-	-	12	-	-	12	-	-	12	-	47	290.20
	2018	12	-	-	12	-	-	-	12	-	-	12	-	48
	2019	-	12	-	-	12	-	-	12	-	-	12	-	48
	2020	-	-	12	-	12	-	-	-	12	-		36	