

# Pollen Street Secured Lending plc

## AN ALTERNATIVE CREDIT INVESTMENT TRUST



### Investment Manager's Commentary

Pollen Street Secured Lending plc (the "Company") delivered 6.04% NAV return on an annualised basis in October, which was 0.50% for the month. This brings the year to date return to 4.77% or 26.19% since inception.

This is the third consecutive month that the annualised NAV return exceeded 6.0% pa. The Company closed four new structured facilities in the month, increasing investment assets by £50m. The pipeline of new deals remains strong.

The Company was promoted to the FTSE 250 Index on 6 November 2019.

### Background & Investment Objective

Pollen Street Secured Lending 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 specialises 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.

The Company believes that this specialism 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.

### Financial Information

Monthly NAV Return (Annualised)	6.04%
Monthly NAV Return	0.50%
YTD <sup>(1)</sup> NAV Return	4.77%
ITD <sup>(2)</sup> NAV Return	26.19%
NAV Cum. Income	£725.8m
NAV Ex. Income	£709.7m
Market Capitalisation	£625.1m
Investment Assets	£961.0m
Maximum Allowable Leverage <sup>(3)</sup>	150%
Total Net Debt to Equity Ratio	0.42x
12m Trailing Div.	48p
12m Trailing Div. Yield on Share Price	5.73%
Shares in Issue	74,596,190
Share Price	838p
NAV Cum. Income per Share	973p
NAV Ex. Income per Share	951p
Discount to NAV Cum. Income	(13.87%)

### Fund Facts

Investment Manager	PSC Credit Holdings LLP
Sub Manager	Pollen Street Capital (US), LLC
Type of Fund	Closed Ended Investment Fund
ISIN	GB00BLP57Y95
Inception Date	30 May 2014
Dividend	Quarterly

<sup>(1)</sup> YTD: Year to Date

<sup>(2)</sup> ITD: Inception to Date – Excludes Issue Costs

<sup>(3)</sup> Leverage multiplies both gains and losses and may increase the risk of loss of investment during a downturn.

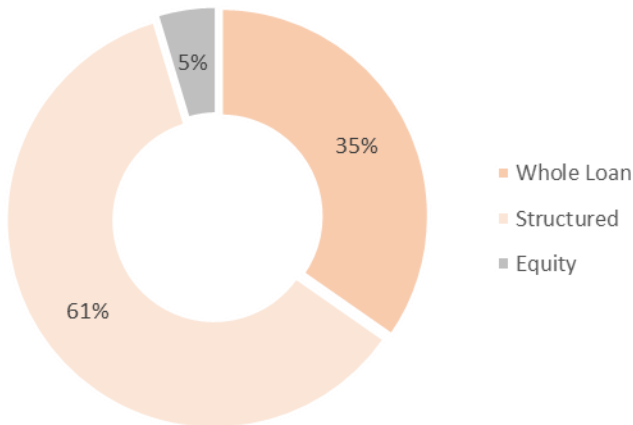
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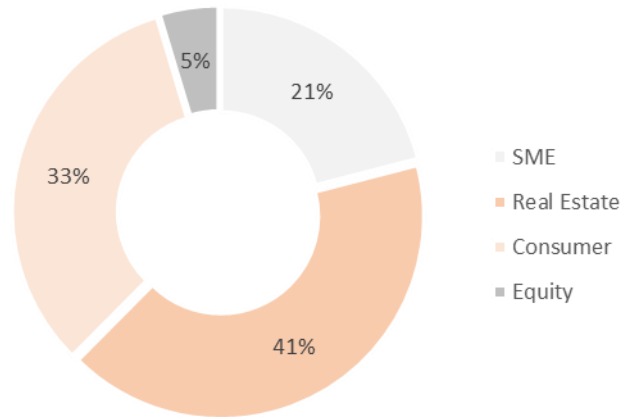


## Continuing Portfolio

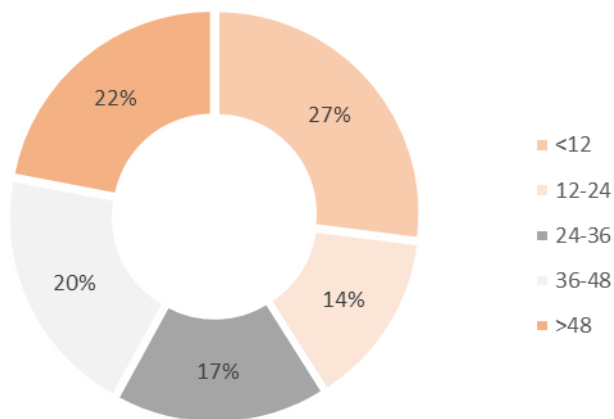
NAV Stratification by Investment Structure<sup>(1)</sup>



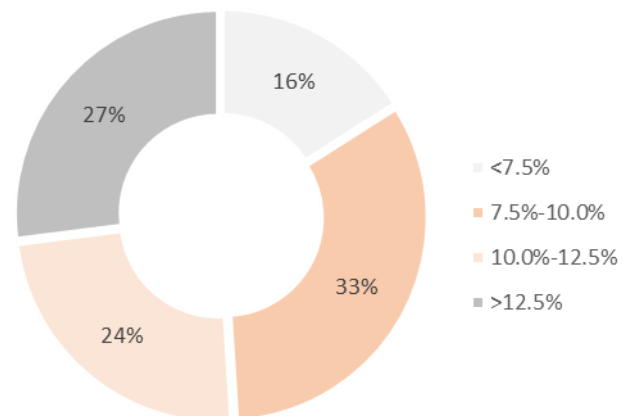
NAV Stratification by Sector<sup>(2)</sup>



Loan Book Stratification by Remaining Term<sup>(3)</sup>



Loan Book Stratification by Yield<sup>(4)</sup>



<sup>(1)</sup> Continuing NAV excluding working capital, debt and receivable from Avenue Capital, stratified by structure

<sup>(2)</sup> Continuing NAV excluding working capital, debt and receivable from Avenue Capital, stratified by sector

<sup>(3)</sup> Gross outstanding loan balance, excluding Equity Assets and bonds stratified by the remaining term of each loan and bond

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

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## Performance and Dividend History

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Inception to Date <sup>1</sup>	
<b>Total NAV Return</b>	2014					0.16%	0.17%	0.22%	0.23%	0.48%	0.54%	0.50%	<b>2.32%</b>	26.19%	
	2015	0.54%	0.59%	0.65%	0.41%	0.71%	13.1%	0.50%	0.49%	0.43%	0.56%	0.52%	0.20%		<b>7.14%</b>
	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%		<b>4.10%</b>
	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%		<b>3.03%</b>
	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%		<b>5.21%</b>
	2019	0.45%	0.31%	0.56%	0.44%	0.28%	0.48%	0.33%	0.82%	0.51%	0.50%				<b>4.77%</b>
<b>Share Price Performance<sup>2</sup></b>	2014					7.25%	0.37%	(0.19%)	0.05%	(0.93%)	14.1%	9.26%	<b>18.00%</b>	(16.20%)	
	2015	(0.93%)	0.09%	(1.79%)	(0.17%)	(5.41%)	(2.03%)	2.07%	(5.99%)	3.24%	(6.46%)	15.2%	0.70%		<b>(14.66%)</b>
	2016	(6.85%)	(7.57%)	0.35%	6.03%	(5.69%)	(2.30%)	(2.94%)	15.2%	0.30%	(3.21%)	(8.79%)	7.75%		<b>(20.66%)</b>
	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%		<b>2.00%</b>
	2018	1.23%	(3.88%)	(3.78%)	4.59%	0.13%	0.75%	-	(3.73%)	0.65%	(0.38%)	3.60%	(0.37%)		<b>(1.60%)</b>
	2019	3.12%	(1.57%)	(0.37%)	4.07%	14.2%	(14.0%)	0.47%	(1.18%)	(3.34%)	3.46%				<b>4.49%</b>
<b>Dividend Per Share (Pence)</b>	2014					-	-	-	-	-	6.00	-	<b>6.00</b>	242.20	
	2015	-	12.50	-	-	16.50	10.5 <sup>3</sup>	-	-	-	-	18.50	-		<b>58.00</b>
	2016	13.7 <sup>4</sup>	-	-	11.50	-	-	11.00	-	-	11.00	-	-		<b>47.20</b>
	2017	11.00	-	-	12.00	-	-	12.00	-	-	12.00	-	-		<b>47.00</b>
	2018	12.00	-	-	12.00	-	-	-	12.00	-	-	12.00	-		<b>48.00</b>
	2019	-	12.00	-	-	12.00	-	-	12.00	-	-	-	-		<b>36.00</b>

<sup>1</sup> Inception to Date – Excludes Issue Costs but in June 2015 NAV return includes a 0.55% premium from a TAP issue. Until May 2017 this was reported as 0.77%, which did not include the TAP issue

<sup>2</sup> Based on issue price of 1000p

<sup>3</sup> 8.5p per share was declared to the original C Shareholders prior to conversion

<sup>4</sup> The July 2015 C Share was 9.5p

## Glossary

**NAV Cum. Income** - The value of investments, cash and other assets, including current year revenue, less liabilities.

**NAV Ex. Income** - The value of investments and cash and other assets, excluding current year revenue, less liabilities.

**NAV Return** - The theoretical total return on shareholders' funds per share reflecting the change in Net Asset Value (NAV) per share.

**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 lower (at a discount) or higher (at a premium) than the NAV Cum. Income per share, expressed as a percentage of the NAV Cum. Income per share.

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

**Total Net Debt to Equity** – The total debt of the Company, whether incurred directly or indirectly through a subsidiary or an SPV established by the Company, and any investment fund which is managed by the Investment Manager, the Sub-Manager or their affiliates and in which the Company invests (on a look-through basis, proportionate to the percentage interest the Company retains in the most junior tranche of such investment fund), net of total cash held by the Company, divided by the Company's Net Asset Value.

**Maximum Allowable Leverage** - The maximum value of the total net debt to equity is 1.5 times.

## Important Information

Data in this newsletter is at or to the final day of the calendar month identified in the heading of the newsletter's front page unless otherwise stated. In addition to this quarterly newsletter, the Investment Manager also produces a monthly

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