

HONEYCOMB INVESTMENT TRUST PLC

31 July 2022

INVESTMENT MANAGER'S COMMENTARY

Honeycomb Investment Trust plc (the "Company") delivered a NAV return of 0.66% for the month, which is equivalent to 7.7% per annum. NAV return was driven by strong risk adjusted yield of 9.1%.

Net Investment Assets remained broadly stable in the month at £580m with cash collected deployed into existing senior facilities. Performance remains strong with minimal impairments and bad debts and underlying asset performance remaining consistent.

The pipeline is strong at over £2bn with a number of new investment opportunities which are uncorrelated to the macro environment including senior financing for insurance run off and VAT financing whilst also providing strong returns.

Key Details

Monthly NAV Return (Annualised)	7.7%
Monthly NAV Return	0.66%
YTD NAV Return	4.64%
ITD* NAV Return	54.7%
NAV Cum. Income	£356.5m
NAV Ex. Income	£354.1m
Market Capitalisation	£312.6m
Net Investment Assets	£580.0m
Net Debt to Equity	62.1%
Debt to Equity	67.8%
Shares in Issue	34,736,934
Share Price	900.0p
NAV Cum. Income per Share	1,026.4p
NAV Ex. Income per Share	1,019.3p
Premium (Discount) to NAV Cum Income	(12.3)%

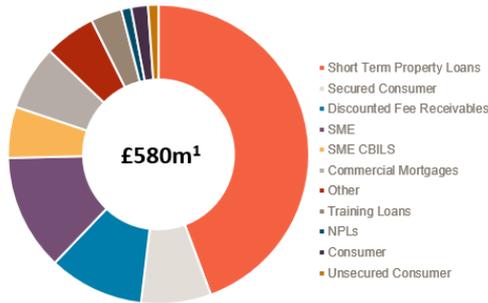
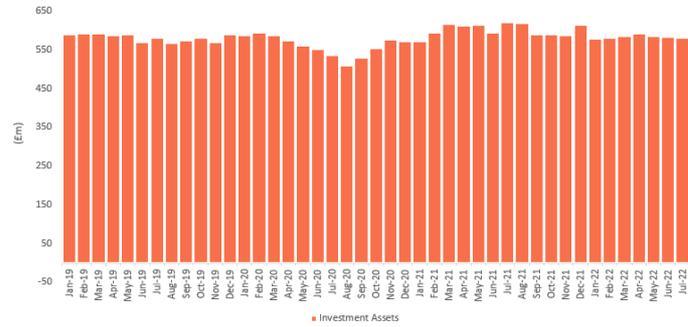
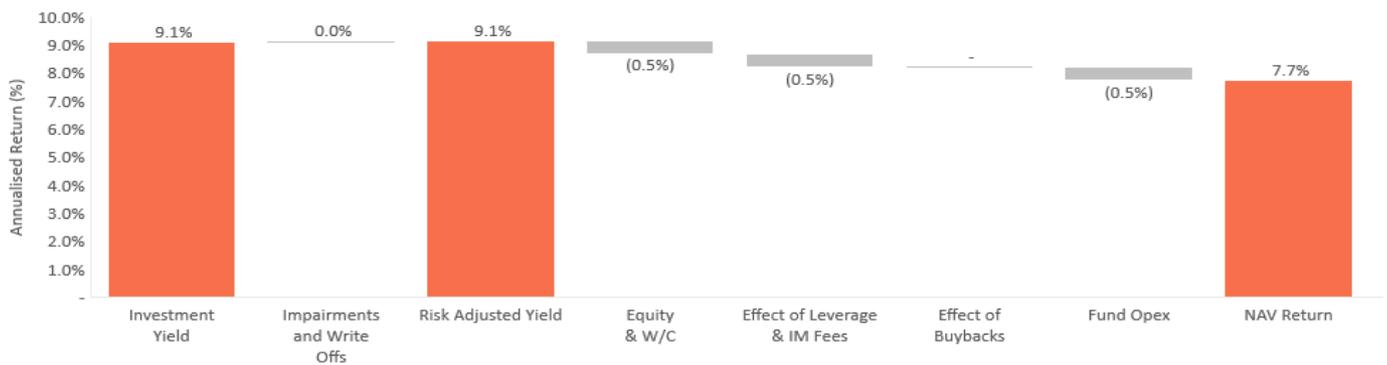
Figure 1 - Composition of Investment Assets

¹ Net Investment Assets

Figure 2 - Investment Assets

Figure 3 – July 2022 Returns Bridge

Figure 4 – Top 10 Holdings

		Deal Type ⁽¹⁾	Structure	Sector	Value of Holding at 31-July 22 (£m)	LTV ⁽²⁾	Percentage of Portfolio ⁽³⁾
1	Sancus Loans Limited	Structured	Senior	Short Term Property Loans	60.4	54%	10.7%
2	Creditfix Limited	Structured	Senior	Discounted Fee Receivables	53.4	39%	9.5%
3	UK Agricultural Finance	Direct Portfolio	Senior	Short Term Property Loans	50.8	50%	9.0%
4	Downing Development Loans	Structured	Senior	Short Term Property Loans	41.3	63%	7.3%
5	Beaufort	Direct Portfolio	Senior	Short Term Property Loans	34.3	70%	6.1%
6	Queen Street	Direct Portfolio	Senior	Short Term Property Loans	32.6	75%	5.8%
7	Nucleus Cash Flow Finance Limited	Structured	Senior	CBILS SME	31.1	96%	5.5%
8	GE Portfolio	Direct Portfolio	Secured	Secured Consumer	26.2	61%	4.6%
9	iWoca Revolving	Structured	Senior	SME	18.7	90%	3.3%
10	Ancius Commercial Mortgages	Direct Portfolio	Senior	Property	17.0	60%	3.0%

Statistics as at 31 July 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%	8.43%	49.30% ⁽²⁾
NAV Return IFRS 9	2022	0.63%	0.53%	0.66%	0.64%	0.63%	0.63%	0.66%						4.64%	54.70% ⁽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%)	(1.51%)	(0.77%)	(13.94%)	(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	2.32%	(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%)	-	(4.30%)	1.12%						(5.57%)	(10.00%)
Dividend Per Share (Pence)***	2016	-	-	-	-	2.11	-	-	-	13.66	-	23.13	-	44.30	44.30
Dividend Per Share (Pence)***	2017	-	-	23.5	-	24.50****	-	-	-	20.00	-	-	20.00	88.00	132.30
Dividend Per Share (Pence)***	2018	-	-	20.00	20.00	-	-	-	-	20.00	-	-	20.00	80.00	212.30
Dividend Per Share (Pence)***	2019	-	-	20.00	-	-	20.00	-	-	20.00	-	-	20.00	80.00	292.30
Dividend Per Share (Pence)***	2020	-	20.00	-	-	-	20.00	-	-	20.00	-	20.00	-	80.00	372.30
Dividend Per Share (Pence)***	2021	-	-	20.00	-	-	20.00	-	-	20.00	-	-	20.00	80.00	452.30
Dividend Per Share (Pence)***	2022	-	-	20.00	-	-	20.00	-						40.00	492.30

* 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%

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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.