



PRESTIGE ALTERNATIVE FINANCE FUND

Prestige Alternative Finance Fund (PALTF) has operated for more than 13 years (since 12/2008) primarily delivering consistent, positive returns for investors that are uncorrelated to traditional bonds and equities. PALTF operates without leverage or performance fees.

As you will be aware, PALTF is not a daily dealing / market based / UCIT / ETF bond or equity fund. Liquidity can often be quite 'variable' from time to time and cannot be guaranteed. Below is a status update of the Funds' non-GBP (base currency) foreign exchange hedging.

CURRENCY SHARE CLASSES

PALTF's base currency is GBP, however, approximately 80% of investors are currently subscribed in non-GBP currencies which usually requires a foreign exchange 'forward' hedge. To maintain this hedge margin, a variation margin must be constantly placed with PALTF's bankers and brokers.

In the short-term, GBP (base currency) has risen significantly against USD, EUR and CHF and as GBP rises, it consumes hedge cash therefore reducing 'excess' liquidity. GBP / USD hit a low of approximately 1.15 in Q1/2020 but subsequently has risen to 1.41 in Q1/2021, resulting in the hedge position being stopped out because PALTF did not have enough liquidity to sustain this position. Therefore, since February 2021, the USD / EUR / CHF / SEK share classes remain unhedged.

From February 2021 until September 2021 the unhedged currency share class results remained relatively stable and positive since the bias has been on the upside. September 2021 onwards saw a significant reversal of USD against GBP and therefore a small 'mark to market' loss for the USD currency share classes. GBP (base currency) and EUR / CHF / SEK share classes remained positive for these months.

It is recognised that since the beginning of 2020 the situation has and remains challenging. However, when PALTF is able to generate 'excess' liquidity it will endeavour to reinstate hedges for non-GBP currency share classes.

We recognise that this situation is frustrating for some investors, but we remain committed to producing positive, consistent, uncorrelated returns for investors. We believe passionately in the space in which we operate and the significant opportunities that exist to provide positive yields and an impact positive investment.

As always, we are more than happy to host individual update calls with interested parties. We thank our investors, clients and stakeholders for their continued support, trust and patience.

Regards,

Prestige



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Cayman Island Company registration number: SH-2 2 5 9 9 9

Cayman Island Monetary Authority (CIMA) registration number: 1 5 9 6 2 7 6



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Authorised and regulated by the Financial Conduct Authority (FCA)

Member of the Alternative Investment Management Association (AIMA)

Member of the Chartered Institute for Securities & Investment (CISI)

FCA Registration Number: 4 8 6 2 3 9

Company Registration Number: 6 2 7 7 5 3 0

VAT Registration Number: 9 2 8 7 8 6 2 6 8

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