

**COMMERCIAL FINANCE OPPORTUNITIES FUND**

December 2022

CURRENCY SHARE CLASSES - FX HEDGING UPDATE

The Fund is writing to provide registered investors with an update with respect to the FX hedging situation. Due to the ongoing liquidity constraints, the Fund needs to continue to prioritise the liquidity demands of its investor base over the ability to apply hedging of non-GBP base currency share classes.

The Fund has historically used an FX hedging process to provide a more stable return to its investors on its non-GBP base currency share classes. This inevitably requires an element of cash to sustain potential positions and associated margin calls from the FX providers.

The Fund's share classes consist of GBP, EUR, SEK, CHF, USD and ILS which are directly invested in assets denominated in GBP (and a limited exposure to USD and EUR). It is important to note that the non-GBP currency portfolio assets affect all the share classes equally. In other words, all share classes are invested pro rata in these assets as indicated below.

The base currency (GBP) performance of these strategies continues to produce consistent, positive returns which are predominantly less volatile than many traditional bond investments and with low correlation.

Monthly FX % gains/losses of GBP vs EUR/USD/CHF/SEK

GBP / USD

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
-0.9%	0.0%	-1.9%	-4.7%	0.4%	-3.7%	0.2%	-4.4%	-4.1%	3.2%	3.4%	-

GBP / EUR

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
0.60%	-0.06%	-0.80%	0.40%	-1.60%	-1.00%	2.50%	-3.00%	-1.50%	1.90%	-0.12%	-

GBP / CHF

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1.2%	-1.4%	-1.5%	0.5%	-0.9%	-3.8%	-0.3%	-2.0%	-3.2%	4.9%	-1.5%	-

GBP / SEK

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2.1%	1.1%	-3.1%	0.2%	0.3%	0.9%	-0.3%	-0.3%	0.1%	2.7%	-0.2%	-

NOTE: All figures are approximate and subject to change without notice, performance is based on our executed rates.

SOURCE: Prestige Capital Management Limited

**Premium Alternative S.A. (SICAV-SIF)**  
**Commercial Finance Opportunities**

**Registered Office:**  
287-289 route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg  
E: [info@prestigefunds.com](mailto:info@prestigefunds.com)  
[www.prestigecapitalmanagement.com.mt](http://www.prestigecapitalmanagement.com.mt)  
[www.prestigefunds.com](http://www.prestigefunds.com)

**Directors:**  
Mr Luc Sunnen (Luxembourg), Mr Christophe Fender (Luxembourg), Mr Jonathan Scott (UK) and Mr Craig Reeves (UK)

**Luxembourg Trade and Companies Register Number:**  
B 162681

Since November it was agreed to hedge only 25% of the investor share classes excluding USD and ILS class. The Fund's investment portfolio holds some USD denominated assets. During the month of November, the Investment Manager recommended that non-GBP denominated portfolio assets should be fully hedged.

The Fund holds some USD denominated portfolio assets which exceed the agreed 25% hedge liabilities, the Fund Manager decided to hedge the full amount of both the USD investment portfolio with the USD share classes. This allows the Fund to eliminate any cash inflow or outflow in relation to USD FX movements.

This meant that approximately 69% of the USD share class was hedged (representing an approximate market value of the assets GBP 21.7 million) as a proportion of the total USD share classes (GBP 31.2 million). As the market value of the EUR investments does not exceed the agreed 25% hedge, no additional hedge was required on these currency share classes.

#### DECEMBER 2022 SHARE CLASS & PORTFOLIO HEDGE OFFSETS

Share Classes:		Share Class Hedge:		Portfolio Assets:		*Effective Hedge: Portfolio Asset / Share Class Exposure
<b>GBP</b>	2,737,487	Not Required	0%	<b>GBP</b>	84,118,201	Not Required
<b>USD</b>	29,997,361	7,499,340	67.9%	<b>USD</b>	20,381,261	67.9%
<b>EUR</b>	53,918,065	13,479,516	25%	<b>EUR</b>	1,297,350	2.4%
<b>CHF</b>	17,161,452	4,290,363	25%			
<b>SEK</b>	1,438,208	359,552	25%			
<b>ILS</b>	544,240	Hedging too expensive	0%			
<b>TOTAL</b>	<b>105,796,813</b>			<b>TOTAL</b>	<b>105,796,813</b>	

NOTE: All figures are approximate and subject to change without notice.

SOURCE: Prestige Capital Management Limited

The Fund remains committed to improving this situation and working towards a more normalised hedging approach, but this will be determined by the amount of liquidity available.

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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