



PRESTIGE ALTERNATIVE FINANCE FUND

Non-base currency (GBP) Share Class - Foreign Exchange Hedging Update H1/2023

Prestige Alternative Finance Fund (PALTF) has operated for more than 14 years (since 12/2008) historically 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 currency share classes 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.

When GBP (base currency) rises against USD, EUR and CHF it consumes cash to sustain the hedge for these share classes therefore reducing 'excess' liquidity. However, since February 2021, the USD / EUR / CHF / SEK share classes remain unhedged as the Fund does not currently have enough free cash to successfully sustain this.

EXCESS LIQUIDITY

The Fund's overall liquidity situation remains challenging, although the Investment Manager and Finance Arranger are working hard on several initiatives that it expects to generate considerable liquidity during 2023. This is expected to come from both a combination of actual portfolio asset maturities, portfolio asset trade sales to infrastructure groups and private equity groups as well as a wholesale refinancing facility with a large infrastructure group.

Core portfolio asset maturities during H1 2023 are forecast to be in the range of GBP 15-25 / USD 18-30 million but could be significantly higher. However, rather than simply wait for a financing project to mature (which can often be delayed), the Fund's Finance Arranger is actively trying to sell some of these assets (at NAV wherever possible) but despite an overall increase in appetite from such groups the decision-making process of larger, cheaper, longer-term alternative funders remains frustratingly slow given the complexity of some of these projects.

Prestige Alternative Finance Fund Limited

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Ms Ebony Myles-Berry (Cayman), Mr Iain Fulton (UK) and Mr Craig Reeves (UK)

Cayman Islands Monetary Authority (CIMA) Registration Number:
16040

Company Registration Number:
SH-220502

Core portfolio asset trade sales are expected to be in the range of GBP 25-30 / USD 30-36 million but could be significantly higher. The Fund's Finance Arranger is also working with a large infrastructure group on a wholesale refinancing facility which is expected to refinance up to 50% of between 6-8 different core portfolio assets (completed renewable energy / waste to energy projects) which could generate up to GBP 90 / USD 110 million of liquidity across the group, a significant amount of which will flow into this Fund although exact dates for specific asset transaction completions vary widely.

Therefore, 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, we believe passionately in the space in which we operate and the 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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PALTF is an experienced investor fund, and potential investors should seek professional independent financial advice prior to making any decision to invest. Please also refer to the Information Memorandum of PALTF before making any final investment decisions.

This collective investment scheme may only be offered in Switzerland to qualified investors in accordance with Art. 10 of the Collective Investment Schemes Act (CISA) and Art. 4 para. 3-5, Art. 5 para. 1, Federal Act on Financial Services (FinSA). The representative in Switzerland is OpenFunds Investment Services AG, Seefeldstrasse 35, 8008 Zurich. The paying agent in Switzerland is Società Bancaria Ticinese SA, Piazza Collegiata, 6501 Bellinzona. The prospectus and the Key Information Document (KID), the fund contract as well as the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland. In respect of units offered in Switzerland, the place of performance is at the registered office of the representative. The place of jurisdiction is at the registered office of the representative or at the registered office or place of residence of the investor.

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