

## Commercial Finance Opportunities

### Alternative Fixed Income Opportunities

December 2023

Dear Valued Investor,

Further to our last communication in September 2023, we would like to take the opportunity to provide important updates and developments relating to: Premium Alternative S.A. (SICAV-SIF) – Commercial Finance Opportunities Sub-Fund (“CFO” or “the Fund”).

The Fund recognises that recent performance and liquidity constraints have frustrated some Registered Shareholders. We wish to make further updates regarding future plans that have been decided by the Directors, for which updates have been duly provided to the regulator to the Fund, the Commission de Surveillance du Secteur Financier (“CSSF”).

In early Q4 2023, the Fund was advised by Nucleus of discussions with one of the largest UK business and commercial banks to sell some existing performing loans (from several funders) into a new GBP 200m wholesale senior funding facility. We are now able to confirm that Nucleus recently concluded the transaction securing the facility which will be deployed in tranches; the first tranche of GBP 45m at a 77% attachment point. The structure of this transaction is similar to a prior external refinancing funding deal concluded in April 2023 with a significant UK based Private Equity group whereby Nucleus secured GBP 20m at an 85% attachment point. Nucleus will continue to underwrite similar Small Business Enterprise loans. CFO will be a junior lender for these loans and the Investment Manager has negotiated a higher interest rate from 12% to 14%. The intention is to replace CFO entirely with a larger and longer term funder during Q1/2024 which, should again generate additional Fund liquidity.

Nucleus continues conversations with other senior and junior funding partners that may enable the sale or transfer of additional performing loan assets to enable further liquidity to be generated. Performing loans that are in scope will generate additional liquidity into CFO into 2024. Nucleus continues to explore other funding opportunities with larger groups.

We also wish to update you with respect to the non-core holding namely – Business Finance Opportunities Fund LP (“BFO”), and developments since the communication sent to Registered Shareholders in March 2023. This letter summarized the decisions leading to a write-off of 39.85% of the current loan balance of BFO. In October 2023, following the notification of the suspension and subsequent placing of BFO into a liquidation process handled by Alvarez & Marsal Cayman Islands Limited, the Investment Manager received a letter with additional updates that has required a revaluation of the remaining investment.

Primarily, the letter confirms that BFO was placed into a Cayman Court supervised official liquidation and two members from Alvarez & Marsal were appointed as Joint Official Liquidators (or “JOL”). This was done on the basis that a) the Partnership is seen as insolvent and b) the supervision of the Partnership’s liquidation by the Court will facilitate a more effective, economic and expeditious liquidation.

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However, from the JOL's assessment, given the complexity, potential time and cost involved it is expected that only USD 4.29 million is initially recoverable and the JOL's are confirming the understanding that BFO should be considered as insolvent. Therefore, only the creditors owed the interest due of circa USD 10.8 million (of which CFO is one) and USD 1 million of outstanding service provider fees are entitled to have an economic interest in the liquidation. Following this communication, the Investment Manager of the Fund has taken a conservative approach and agreed to impair the remaining capital invested in BFO in full and 63.65% of the outstanding interest due considering that the JOL's are only forecasting to recover USD 4.29m excluding their fees. Any recoveries will take an extended length of time to realise due to the litigation likely to be required in the US; this was another factor in our decision to impair.

Regretfully, this loss will be reflected fully in the July 2023 NAV for CFO, corresponding to its gross exposure in BFO (excluding X share classes). The exposure of the Fund in BFO as of June 2023 amounts to GBP 11.2 million which represents 12.83% of the GBP 87.34 million main share class exposure of CFO. The expected loss coming from the capital write-off will amount to approximately 12.83% on the July 2023 NAV. In relation to the interest, the Investment Manager will be utilising the existing provision that has been accrued to write-off circa GBP 2.4 million from a total of GBP 3.8 million in the Fund following the anticipated 36.35% recovery.

Due to the volume of redemptions received and the liquidity / performance issues that have been experienced, the Directors recognise it would be in the best interest of all shareholders if the Fund was placed into a managed sell down. Accordingly, the Fund's investment objective will be amended to focus solely on generating liquidity to repay current pending redemptions and distribute proceeds back to investors until the assets in the Fund come to full maturity. After this, the Fund would be wound-up. This means that subscriptions and redemptions will be formally suspended along with dividend distributions as of 01 January 2024. (NOTE: This would not affect redeemed registered shareholders awaiting post NAV cash settlements from February 2023 to December 2023 NAV cycles).

The Fund proposes to final all NAVs up to and including the 31 December 2023, thereafter the Fund will amend the NAV calculation frequency to bi-annual (June 30 and December 31 NAV calculation dates). Seniority will be given to redemptions submitted prior to 01 January 2024 for distributions as proceeds become available. All remaining Shareholders will receive equitable pro-rata distributions of available proceeds subject to incoming liquidity calculated on a biannual basis, once redemptions are honoured. The bi-annual NAV reduces running costs, and the Fund would also look to review and minimise the annual management fees.

The Fund will not commit to any new financing of projects, although a limited amount of existing forward funding commitments remain. The investment mandate will be amended and limited to generating liquidity by a combination of secondary sales, re-financing and active management of the existing loan book until its scheduled maturity.

Taking into account the developments above, the Directors recommend that a managed sell down (via the amends described above) will produce the best outcome for all shareholders. Having the process remain within the remit of the Fund and its Investment Manager will maintain the current relationship with the Finance Arranger and retain the considerable knowledge the Fund has of the assets and will therefore assist with achieving the maximum return for shareholders.

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A possible alternative to this would be to place the Fund into the hands of a formal liquidator who would need to complete the process of liquidating the assets within a short set timeframe (typically one year). If this process was pursued shareholders would be in the position of receiving distributions equally as cash was received, but only after payment of outstanding liabilities (and/or after booking adequate provisions to that effect). Further, it is anticipated that investors would get a far smaller return on their holdings, due to the quick nature of the sale of the assets and process and with larger anticipated fees being charged by a liquidator.

In the coming weeks the Fund will be in contact with you again regarding this matter, including the proposed Issuing Document amendments for your consideration. Any investor objecting to the Issuing Document amendments will be offered the ability to redeem at no cost and the processing of such redemptions (and payment of related proceeds) will be subordinated to the redemptions submitted prior to 01 January 2024. Per applicable legal requirements, the revised Issuing Document reflecting the above changes will be subject to prior approval from the CSSF.

Should you have any questions, please do not hesitate to contact us:

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## INTERNATIONAL FUND REFERENCE CODES:

### Accumulation M Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU2430038732	BNYF294	PRCFOBG LX	116278164	F00001DDJS	L76483 327	PRAAYC
EUR	LU2430038658	BNYF2B6	PRCFOAG LX	116278166	F00001DDJT	L76483 335	PRAAYB
GBP	LU2430038815	BNYF2C7	PRCFOCG LX	116278168	F00001DDJU	L76483 343	PRAAYA
CHF	LU2430038906	BNYF2D8	PRCFODP LX	116051273	F00001DDJV	L76483 350	PRAAXZ
ILS	LU2430039037	BNYF2F0	PRCFOFG LX	116315926	F00001DDJW	L76483 368	PRAAXY

### Accumulation IM Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU2430039201	BNYF2G1	PRCFOIB LX	116048617	F00001DDJX	L76483 376	PRAAXX
EUR	LU2430039110	BNYF2H2	PRCFIAM LX	116316024	F00001DDJY	L76483 384	PRAAXW
GBP	LU2430039383	BNYF2J4	PRCFOIA LX	116316025	F00001DDJZ	L76483 392	PRAAXV
CHF	LU2430039466	BNYF2K5	PRCFOIM LX	116308027	F00001DDK0	L76483 400	PRAAXU
ILS	LU2430039540	BNYF2L6	PRCFIFM LX	116308041	F00001DDK1	L76483 418	PRAAXT

### Distribution M Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU2430039896	BNYF2M7	PRCFODB LX	116308072	F00001DDK2	L76483 426	PRAAXS
EUR	LU2430039623	BNYF2N8	PRCFDAM LX	116308078	F00001DDK3	L76483 434	PRAAXR
GBP	LU2430039979	BNYF2P0	PRCFDCM LX	116278244	F00001DDK4	L76483 442	PRAAXQ
CHF	LU2430040126	BNYF2Q1	PRCFDDM LX	116278378	F00001DDK5	L76483 459	PRAAXP
ILS	LU2430040399	BNYF2R2	PRCFODF LX	116279380	F00001DDK6	L76483 467	PRAAXO

### Institutional Distribution M Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU2430040555	BNYF2S3	PRCFOIP LX	116279957	F00001DDK7	L76483 475	PRAAXN
EUR	LU2430040472	BNYF2T4	PRCFIDA LX	116316005	F00001DDK8	L76483 483	PRAAXM
GBP	LU2430040639	BNYF2V6	PRCFIDM LX	116316006	F00001DDK9	L76483 491	PRAAXL
CHF	LU2430040712	BNYF2W7	PRCFIDD LX	116316007	F00001DDKA	L76483 509	PRAAXK
ILS	LU2430040803	BNYF2X8	PRCFOIG LX	116316008	F00001DDKB	L76483 517	PRAAXJ

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## INTERNATIONAL FUND REFERENCE CODES:

### Accumulation Share Classes

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU0960650512	BCRYBR2	COMFOUS LX	22043791	F00000QIAU	L8176P 102	0AAAUG
EUR	LU0960650439	BCRYBQ1	COMFOEU LX	22043761	F00000QHSD	L8176P 110	0AAAUH
GBP	LU0960650603	BCRYBS3	COMFOBP LX	22043792	F00000QIAV	L8176P 128	0AAAUI
CHF	LU0960650785	BCRYBT4	COMFOCH LX	22043799	F00000QICS	L8176P 136	0AAAUI
SEK	LU0960650868	BCRYBV6	COMFOSK LX	22043801	F00000QICR	L8176P 169	0AAAUK

### Accumulation Institutional Share Classes

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU1350417850	BZ4BY34	COMFOIB LX	30561374	F00000X15Z	L8176P 201	0AYXF
EUR	LU1350417777	BZ4BY23	COMFOIA LX	30561373	F00000X15Y	L8176P 300	0AYXB
GBP	LU1350417934	BZ4BY45	COMFOIC LX	30561375	F00000X160	L8176P 409	0AYXC
CHF	LU1350418072	BZ4BY56	COMFOID LX	30562680	F00000X161	L8176P 508	0AYXD
SEK	LU1350418239	BZ4BY67	COMFOIE LX	30562681	F00000X162	L8176P 607	0AYXE

### Distribution Share Classes

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU1808945783						
EUR	LU2050438295						
GBP	LU2152321662						
CHF	LU2152321746						
SEK	LU2152321829						

### Institutional Distribution Share Classes

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU1974409705						
EUR	LU2050440606						
GBP	LU2152322041						
CHF	LU2152322124						
SEK	LU2152322397						

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NOTE: This document is issued and approved by the Premium Alternative S.A. (SICAV-SIF) (PREM ALT) - Sub Fund Commercial Finance Opportunities Fund (CFO). It is not a solicitation or invitation to invest or financial advice. Investors should only rely on the Issuing Document of PREM ALT in respect of CFO and always seek independent professional financial advice when considering an investment. CFO is a Sub Fund of PREM ALT which is a Luxembourg-registered SICAV. It is classified as an Alternative Investment Fund (AIF) licenced by the Commission de Surveillance du Secteur Financier (CSSF) and is subject to the scope of the Alternative Investment Fund Managers Directive (AIFMD), under which it is actively managed by Prestige Capital Management Limited (PCM), a full scope AIFM authorised and regulated by the Malta Financial Services Authority. This document has also been approved by PCM.

CFO 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 Issuing Document of PREM ALT in respect of CFO 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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