Market Update

September 2015

Enhanced opportunity as spreads widen further

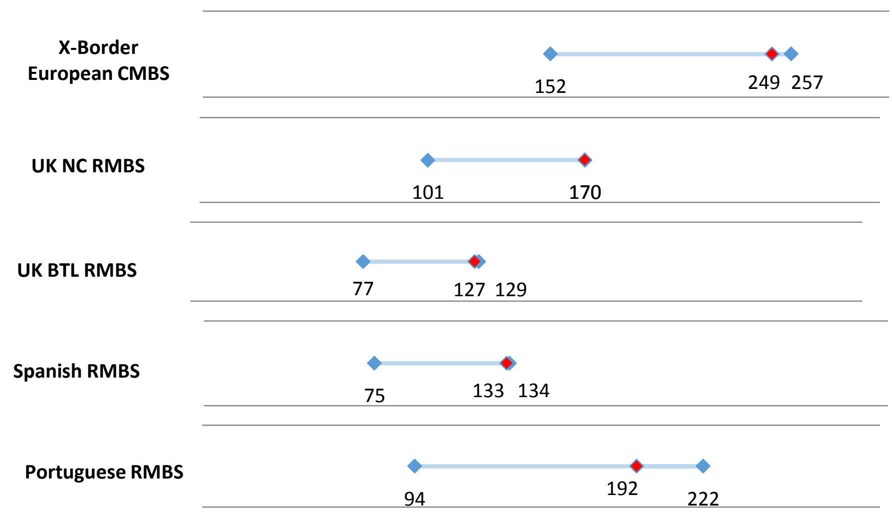
European and UK ABS spreads have widened significantly over the past few months - for different reasons – although their credit performance has remained broadly unchanged or has actually improved. Minimum and maximum spreads can be seen in the chart below (in blue), as well as current levels (in red) which can be clearly seen close to their wides.

UK RMBS have widened mostly for technical reasons as a large amount of supply came to the market and a number of originators announced that they are planning to do so in the near future. This situation might also be a "new normal", where issuers accept to pay wider spreads to investors as they originate and finance more mortgages.

In Europe, on the other hand, the widening has taken place in reaction to both the increase of long core countries bond yields (e.g. tge 10 year Bund, OAT etc.) and the widening of the additional spread paid by peripheral issuers rate following the recent Greek crisis. The positive aspect for the short-term price evolution is that the two causes for the widening, combined with a persistently low inflation and volatility outside the Eurozone, create a "perfect storm" for the ECB to announce further easing of monetary policy. Although direct buying of ABS has had limited impact (as discussed below), lower long-term European rates - including peripherals - amidst expectations of further policy stimulus should be positive for the ABS price movements too.

European ABS DM Ranges & Current Levels over 12 months

Source: Prytania Investment Advisors, September 2015



ECB buying: 1 year on

The market's long-standing hopes of ECB QE and direct buying of ABS and Covered Bonds was finally met a year ago but the euphoria generated from that speech from President Draghi has long since faded. After an initial rally in many structured debt assets, there has been a long retracement through 2015 to the point that ABS prices in many sectors are lower than a year ago despite the direct buying from Frankfurt. The latest data showed that the total ABS purchases stand at €11.5bn, which has consistently disappointed the market. To put these figures into context, even when compared to just the primary market supply, this figure is material but not huge. Year to date structured finance issuance excluding USA, according to JPM, stands at €58.8bn versus €47.4bn over the same time period last year, a rise of 24%. The main driver has been auto deals, but CMBS has seen a particularly notable resurrection with €3.5bn issued YTD versus €1.7bn in 2014 over the same time period. We continue to expect a steady rate of new deals will be brought to the market this autumn despite the recent sell off in global markets pushing ABS spreads wider.

Athena

An actively managed global opportunities fund, exploiting exceptional value across the structured credit universe, targeting future returns of 8-10% p.a. over 3 years.

August 2015	- 0.92%
2015 YTD	+ 3.42%
2014	+ 3.01%
2013	+ 18.64%
2012	+ 32.34%

Galene

Actively managed global fund focusing on investment-grade structured credit assets, targeting returns in excess of 1M EURIBOR+300bps p.a.

GBP Share Class

August 2015	+ 1.62%
2015 YTD	- 1.37%
2014	+ 7.26%
2013	+ 5.32%
2012, from June launch	+ 5.55%

USD Share Class

August 2015	+ 0.72%
2015 YTD	- 2.40%
2014	+ 2.20%
2013, from April launch	+ 7.15%

EUR Share Class

August 2015	- 2.55%
2015 YTD	+ 4.81%
2014, from April launch	+ 7.04%

Metreta

Senior structured credit assets, seeking stable returns of EURIBOR+100bps p.a.

August 2015	+ 0.15%
2015 YTD	- 0.15%
2014	+ 1.69%
2013	+ 0.95%
2012, from March launch	+ 4.60%

Marketing Contacts

Shaun Curry: +44 (0) 207 002 1527

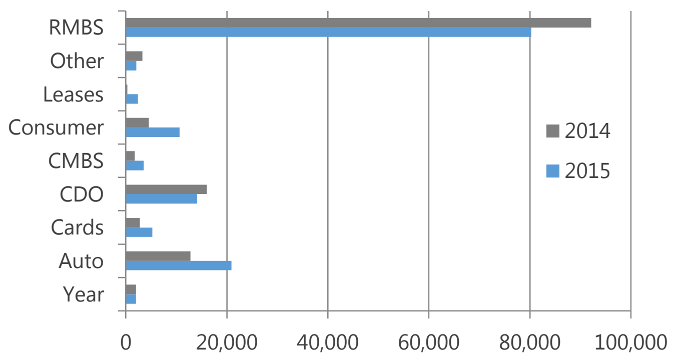
Julie Lohrmann: +1 312 303 0244

investorrelations@prytaniagroup.com

PRYTANIA
INVESTMENT ADVISORS LLP

The turmoil in markets, sharp fall in commodity prices, rise in the euro and fears over the Chinese economy have raised expectations of the ECB being more aggressive in its pace, range and methods of buying in bonds under the QE programmes. We still feel that policy initiatives to improve the impact of the ABS buying remain likely.

Total Issuance YTD (€ million)
Source: JPM, September 2015

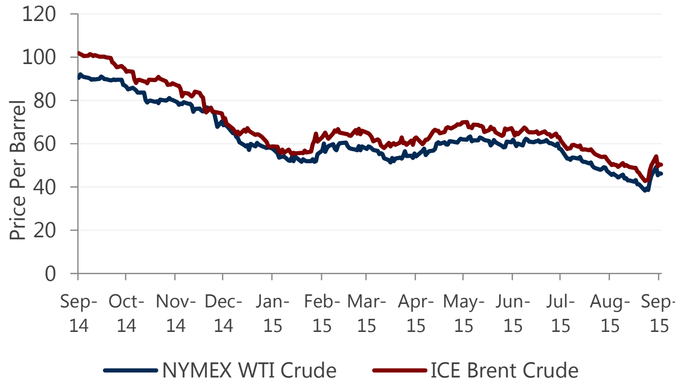


A red wave of concern for China

The normally quiet summer markets were rocked in August by a wave of concerns as Chinese stock markets plummeted and spread fear and volatility through global capital markets. Securitised credit did not entirely escape the broader market correction but, given the already low levels of trading volumes, bid-offer levels widened as the market awaited September and a return to more normal market fluidity.

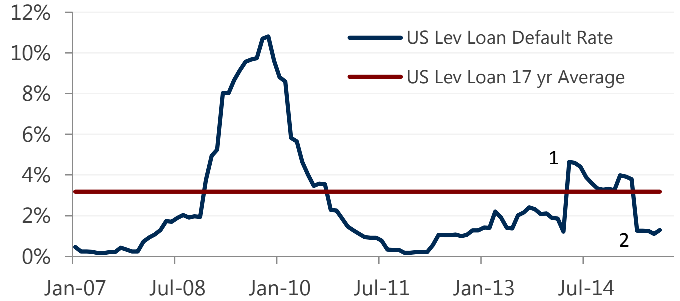
Deeply entwined in China's economic activity has been its consumption of industrial commodities. As the world's largest consumer of steel, iron ore and coal and the second largest consumer, behind the US, of oil, the concern that the world does not have another country, or even continent, that can take over this degree of demand has been a prominent reason for continued weakness within commodities. Current oil prices have been swinging wildly and are at their most volatile in 24 years. Prices surged 25% on the last day of August reflecting a wave of optimism from OPEC (Organization of the Petroleum Exporting Countries) that longstanding oversupply might be about to ease. This was followed however with Brent crude ending 9% down the next day, on the back of weak Chinese manufacturing data and higher US oil stockpiles than forecast. The US benchmark, WTI (West Texas Intermediate) swung by more than 6% for 4 straight trading days, its most volatile run since 1991.

WTI & Brent Oil Price
Source: Bloomberg, Prytania Investment Advisors, September 2015



Alpha Natural Resources, once a powerhouse of the American coal industry, defaulted in August 2015 due to plummeting coal prices and weakened demand as we had long feared. Natural gas driller Samson Resources also filed for bankruptcy in August with natural gas prices stuck below the cost of production. US default activity through 2015 has been dominated by companies in the Energy and Coal sectors of the leveraged loan universe. 11 Energy (oil and gas) companies and 4 Coal companies have defaulted so far (or put another way, they represent over 75% of this year's default volume). The leveraged loan default rate, however, remains low overall due to the small overall weighting Energy and Metals & Mining sectors have within the universe, and we continue to forecast below average overall default rates for 2016. We still expect, however, to see a continued uptick in default rates affecting Energy and Metals & Mining sectors and the biggest factor determining the extent of these will be the length of time energy prices stay low.

US Leveraged Loan Default Rates ($ amount)
Source: Prytania Investment Advisors, September 2015



1 - TXU defaulted which was the largest ever loan default in the US

2 - TXU removed from the trailing 12-month default index