

Athena

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

November 2015	- 1.09%
2015 YTD	- 4.54%
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+450bps p.a.

GBP Share Class

November 2015	- 0.56%
2015 YTD	- 3.20%
2014	+ 7.26%
2013	+ 5.32%
2012, from June launch	+ 5.55%

USD Share Class

November 2015	- 1.98%
2015 YTD	- 6.64%
2014	+ 2.20%
2013, from April launch	+ 7.15%

EUR Share Class

November 2015	+ 2.26%
2015 YTD	+ 7.59%
2014, from April launch	+ 7.04%

Metreta

Senior structured credit assets, seeking stable returns of EURIBOR+175bps p.a.

November 2015	+ 0.11%
2015 YTD	- 0.57%
2014	+ 1.69%
2013	+ 0.95%
2012, from March launch	+ 4.63%

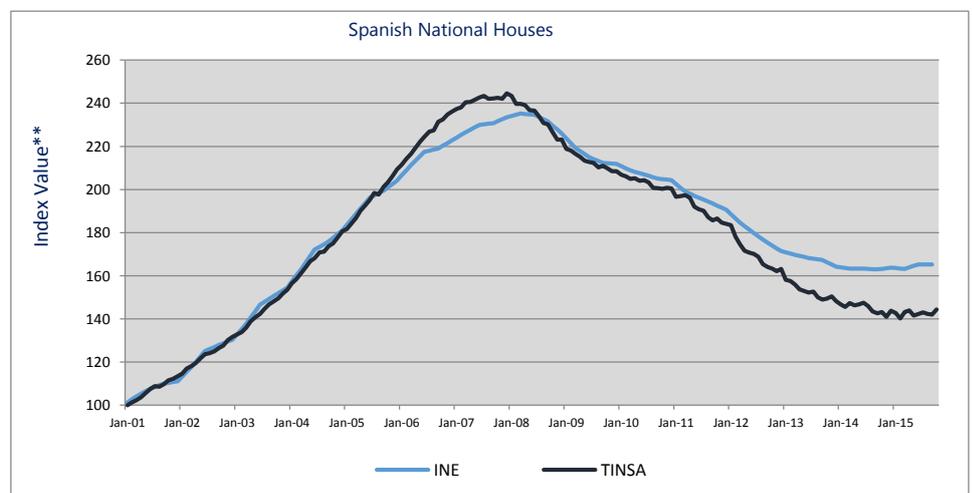
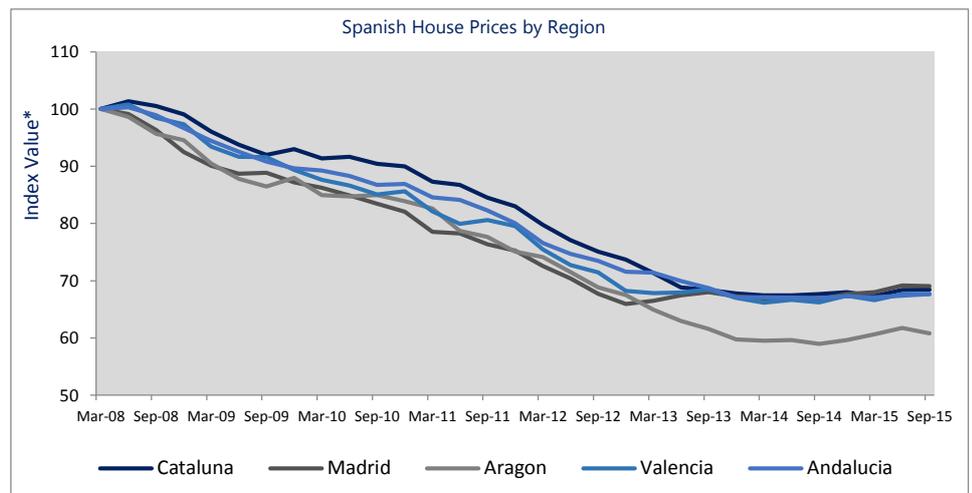
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Spanish Bonds: Political Fiasco or Fundamental Fiesta?

Political change is looming in Spain with national elections due on 20th December. The opinion polls continue to suggest that the ruling PP party will lose their absolute majority while remaining the strongest party. The new government might have to join forces with the left-wing Podemos or the centre-right Ciudadanos. With the past Spanish governments typically ruling with a majority vote, forming a coalition and creating a policy consensus will be a difficult task in the next legislative period. Fewer structural reforms are to be expected and the pace of fundamental improvement may slacken. The Catalan secession vote will stir additional unrest but we think the likely result will be more devolution rather than an outright separation.

Fundamentals continue their positive trend, by contrast, with economic growth as a whole and employment expansion in particular, supporting credit performance of our Spanish assets. Spanish house prices have also maintained their recovery: 16 out of 18 regions saw positive house price appreciation in the last quarter. The national house price index provided by the state (INE) reached a bottom in September 2014 and has increased by 1.4% since. The top five areas by population have all seen house price increases of around 1% to 5%. Since June 2015, there have been significantly more regions with positive house price movements than with negative. The best performing region are the Balearic Islands with 8.7% house price increases since finding their bottom late 2012. Spanish mortgage rates according to the ECB website are now at 2%.



* regional house price indexes indexed as the peak was reached in 2008

** national house price indexes indexed as of 2001

Source: Prytania Investment Advisors, December 2015

While pre-crisis mezzanine RMBS prices have fallen significantly since June across most jurisdictions, our seasoned Spanish second pay RMBS bonds have been less volatile. Pro-rata principal payments and the potential of a call have supported prices despite the ECB not purchasing mezzanine bonds so far.

Improving house prices and decreasing mortgage rates to Euribor + 1.3% for low LTV loans, should support a continued pull towards par despite the political headwinds.

An Unhappy New Year for UK Buy-to-Let RMBS?

The UK Chancellor used his Autumn Statement to again target the private rental sector, this time adding 3% to the Stamp Duty Land Tax (SDLT), the tax charged on transfer of property, for second properties and investment flats or houses.

Unlike the recent change in mortgage interest tax relief, the change to SDLT is more imminent, coming into force from April 2016. Critically for existing RMBS deals with investment asset underlyings, however, changes to SDLT only affects new private landlords or those adding to their existing portfolio; SDLT can't be applied retrospectively. This is an important point to note as it means the change will not directly affect the economics of existing Buy-to-Let ("BTL") loans. Indeed, one can argue that the higher SDLT will actually improve the outlook for existing landlords, highlighted by the two points made below:

The aim of the higher SDLT is to dissuade "marginal" would-be landlords from entering the private rental sector. If effective, existing landlords should still be able to pass on their additional tax burden through increased rents given high ongoing demand.

Many of the new BTL lenders built their business models on sectoral growth assumptions which may now be challenged. To meet lending targets they are likely to refocus on refinancing the existing borrower base. With the Financial Policy Committee overseeing debt service and loan to value ratios, the only real way to compete will be via cheaper loan rates rather than looser underwriting standards.

One final thought is based on the impact of the increased SDLT on property prices. Typically BTL properties are those that rent easily, often flats and smaller 1-3 bed houses. These are also the same properties first time buyers ("FTB") are looking for, so BTL

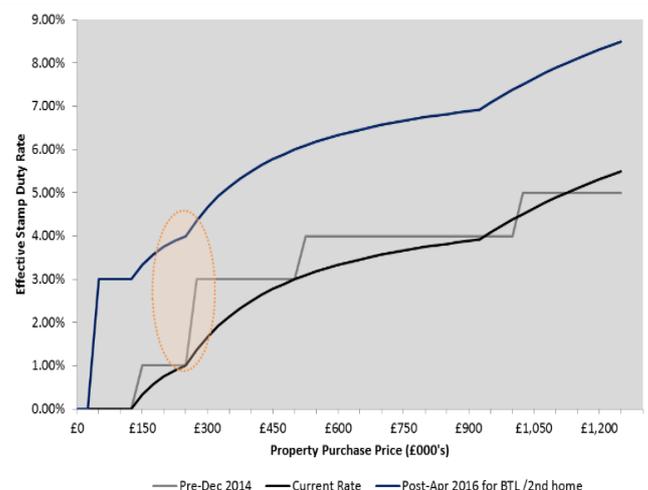
landlords and FTB usually compete, with BTL usually having the advantage due to greater financial resources.

Whilst adding 3% to SDLT for the BTL buyer clearly moves the advantage back to the FTB it does not address the current lack of suitable housing stock available or materially reduce demand from those looking to own their first property. These issues will need to be addressed by other policies which are likely to have much longer lead times.

Whilst headlines suggest the UK Chancellor is being hard on BTL, the figures suggest that the real impact is less material when compared to the pre-2015 SDLT regime. The Nationwide Building Society reported in October that the average UK house price hit £196,807. At this price, the impact of the new second property SDLT band is around the full 3%. However, it falls rapidly to 1% as prices move towards £250,000, or the average sales price of a flat in the East and South East of England (Source: Rightmove), where the largest concentration of BTL lending seems to have taken place (Source: Paragon deal stats).

The Impact of new Stamp Duty Tax Changes on Property Purchase

Source: Prytania Investment Advisors, December 2015



Given the strong growth in BTL lending in previous years and a still accommodatory monetary policy, it seems likely that competition between FTB and BTL may not be dampened sufficiently to take all the heat out of the smaller property market. Rising real wages and an ever tightening labour market should also be supportive for prices.

This document provides information about the Prytania Athena Fund ('Athena'), Galene Fund ('Galene'), Metreta Fund ('Metreta') and the services provided by Prytania Investment Advisors LLP ('the manager') as well as a general market update. Opinions, forward looking statements and projections expressed represent the views of the contributor at the time of preparation. The Manager does not accept any liability whether direct or indirect arising from the use of the information contained in this newsletter, which, to the knowledge of the Manager is reliable and accurate but cannot be guaranteed. The Manager is authorised and regulated by the Financial Conduct Authority ("FCA"). The Manager is not currently registered as an investment advisor with the United States Securities and Exchange Commission. This document must not be construed as investment advice or offer to invest in any Prytania fund and has been provided to you solely for your information and may not be copied, reproduced, further distributed to any other person or published, in whole or in part for any purpose. Any other person receiving this document should not rely upon its content. This document is intended for use by Professional Clients, Eligible Counterparties and accredited investors, as defined under Regulation D of the United States Securities Act of 1933, as amended (the "Securities Act") only. Past performance is not necessarily indicative of future results and nothing contained herein shall constitute any representation or warranty as to the future performance of the fund, any financial instrument or other market or economic measure. All returns are net of fees. Only year-end returns are audited. The representative of the Athena and Galene in Switzerland is Hugo Fund Services SA, 6 Cours de Rive, 1204 Geneva. The Paying Agent in Switzerland is Banque Cantonale de Genève, BCGE. The distribution of Shares in Switzerland must exclusively be made to qualified investors. The place of performance and jurisdiction for Shares in the Fund distributed in Switzerland are at the registered office of the Representative.