

Key Note Characteristics

Launch date	07/11/2016	Listing	TISE
Launch price	100.00p	Ticker	SANCUSLN
Senior notes	£10,050,000	Domicile	Guernsey
Senior coupon frequency	Quarterly	Impairment rate	0.00%
Senior coupon yield	8.00%	NAV	£17,750,443
Maturity	08/11/2018	Number of direct loans	29
Denomination	GBP	Equity value	£7,700,443
Average loan size (ex.cash)	£571,447	Weighted average days to maturity	318

All data as at 07/08/2017 *Source Amberton Asset Management Limited

Investment Objective

Sancus Loan Notes limited is a special purpose vehicle listed on The International Stock Exchange. £10,050,000 of Senior Notes were issued and attract an annual interest rate of 8%; 2% is distributed on quarterly basis. The underlying assets are secured loans and loans to SMEs originated within the Sancus BMS Group Limited. Sancus BMS Group Limited own 7,500,000 preference shares in the structure which rank junior to the Senior Note Holders.

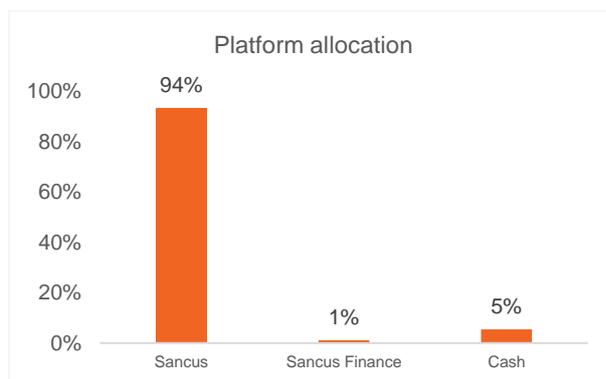
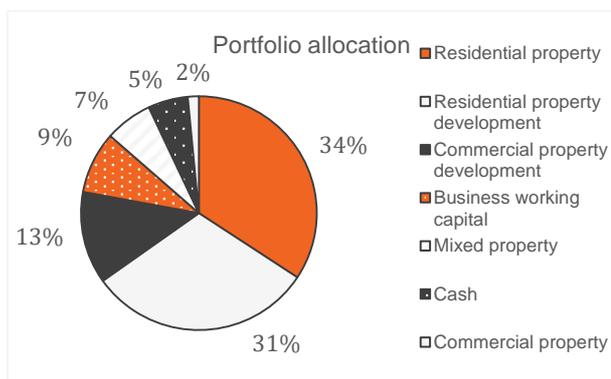
Market Commentary

Brexit wrangling continued through the reporting period as negotiations with the Union stepped up a gear; this came against a backdrop of a dramatic weakening in economic fundamentals in both the U.K. and the U.S. CPI in the U.S. has weakened steadily from its peak in February of 2.7% to a low of 1.6% in June, whilst the velocity of money continues its slump; M2 at 1.43%. On a positive note, unemployment is falling across major regions and the U.S. is no exception; 4.3% is the lowest level since early 2001. Inflation in the U.K. remains on an upwards trend – almost certainly due to the currency effect but during May “topped out” at an annualised rate of 3.7%. Bank of England Governor Carney has dismissed this as a temporary measure and has verbally downplayed the increase, citing uncertain times ahead due to Brexit. The Monetary Policy Committee didn’t feel quite as bearish and the votes to maintain the Bank Lending Rate at its historically low level of 0.25% are now split; with 6 in favour of keeping the rate at 0.25% and 2 members, McCafferty and Saunders voting for a 0.25% increase. The Bank of England have reduced their GDP growth forecast from 1.9% to 1.7% on an annualised basis, again citing Brexit fears and the apparent lack of pace in negotiations.

World investment markets provided little cheers towards the end of the reporting period as the jump in sabre rattling between Kim Jong-un and Donald Trump notched up a gear. A renewed series of inter-continental ballistic missile launches from North Korea, apparently with better success than in previous efforts, has Mr. Trump issuing a number of inflammatory tweets. With China as a next-door neighbor, North Korea and the U.S. are being urged to reconcile their differences via a diplomatic route. The main impact on the deteriorating geopolitical environment, coupled with macro-economic weakening has been seen in government bonds which have resumed a downwards yield trend; the U.S. Ten-Year Note yielded 2.20% on 10th August.

Marketplace lending continues to power ahead with strong demand from borrowers. Two development loans in Scotland were approved during June with yields of 8.5% and 9%. LTV’s are low with one loan at 55% and the other at 48%. Other notable commitments during the period include development loans in Ireland and in Liverpool. The cash levels at the end of the month stood at 5.5% and the gross yield on the portfolio of loans at 8.6% including cash. As always within the structure the balance of maintaining an adequate cash balance sometimes leads to a slight increase in liquidity. The available cash has been earmarked for investment with loans approved, taking the structure close to being fully invested.

We are delighted to announce that Matt Watson has been appointed as Managing Director of Sancus Guernsey Limited. We can confirm that Amberton Asset Management has the appropriate policies and procedures in place to comply with strict corporate governance standards to allow for this dual role.



Top-Ten Single-Issuer Loan Exposure

Asset	Coupon	Maturity	Weighting	Platform
Loan 1	10.00%	Jun-18	9.01%	Sancus
Loan 2	9.00%	Aug-17	7.32%	Sancus
Loan 3	9.00%	Dec-17	7.18%	Sancus
Loan 4	10.00%	Apr-19	5.73%	Sancus
Loan 5	9.00%	Sep-18	5.63%	Sancus
Loan 6	8.50%	Jul-18	5.63%	Sancus
Loan 7	7.50%	Sep-18	4.96%	Sancus
Loan 8	9.00%	Jan-18	4.93%	Sancus
Loan 9	9.00%	Jun-19	4.79%	Sancus
Loan 10	8.00%	Sep-18	4.54%	Sancus

Source: Amberton Asset Management Limited

Full underlying portfolio loan analytics are available from Amberton Asset Management upon request.

For more information, please contact:

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TERMS AND
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