Real assets growth and income

September 2024

momentum

global investment management

Signatory of:

PRI Principles for Responsible Investment

Summary features

- Luxembourg registered fund
- Targeted real return of 3-4% per annum; i.e. a circa 7-8% nominal return over a 5 year cycle
- Income nominal yield c.4-5%, but not a specific target. Current observed portfolio yield is c. 5% (July 2024)
- Diversified across 500+ individual assets; largest look through asset @80bp; invested across different asset types and a defensive cushion
- C. 50% of underlying operating assets are internationally located
- Accessed via London listed Investment Trusts
- Timing of launch particularly attractive

Why use investment trusts

Reasons to consider investment trusts

01

Interesting private investment access not accessible in open ended structures

02

Closed ended – fixed capital

03

Share structure can boost returns with moderate leverage

Net Asset Value structure can go to discount & premium

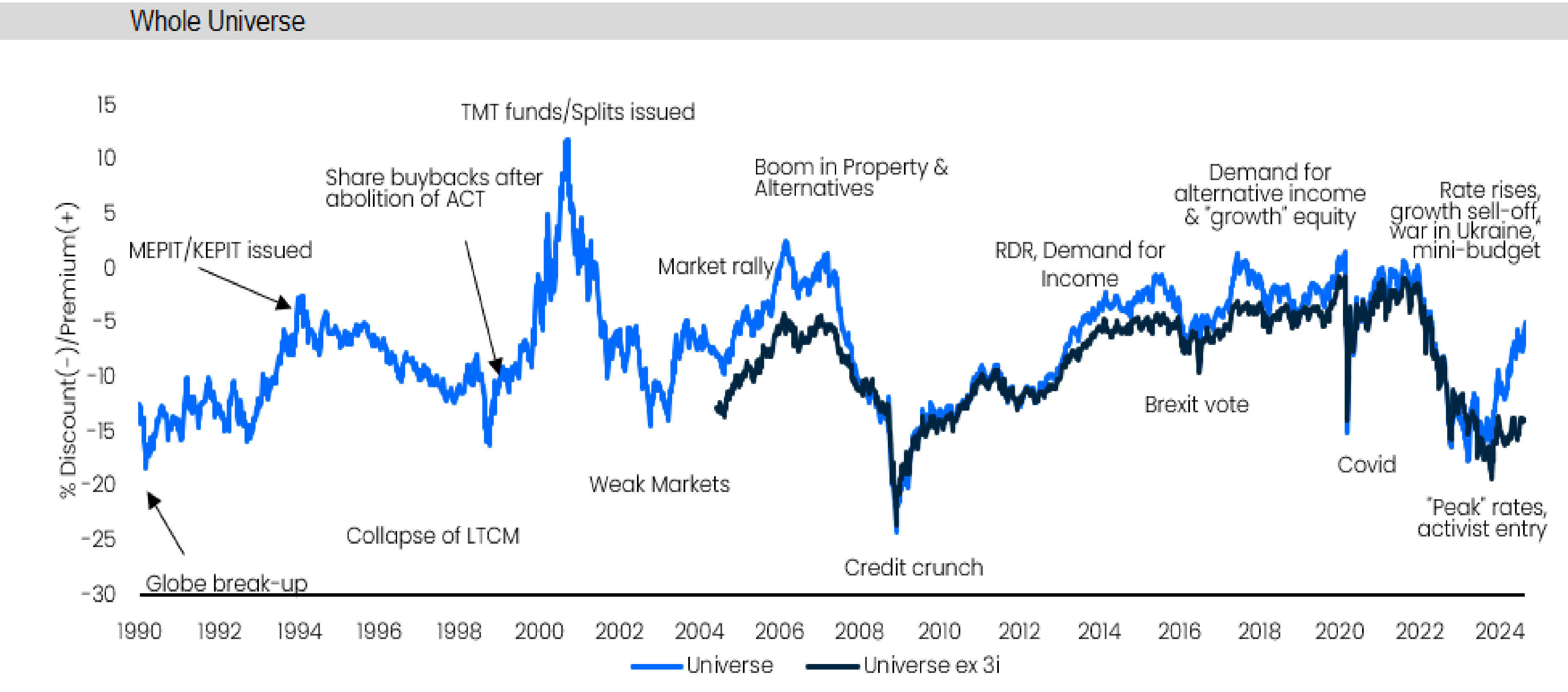
04

Illiquid assets held via a liquid traded vehicle not relying on asset sales

05

Independent board above investment manager gives increased oversight allowing for shareholder engagement & influence.

Why now?



Whole Universe
15
10
5
0
-5
-10
-15
-20
-25
-30
% Discount(-)/Premium(+)
TMT funds/Splits issued
Share buybacks after abolition of ACT
Boom in Property & Alternatives
Demand for alternative income & "growth" equity
Rate rises, growth sell-off, war in Ukraine, mini-budget
MEPIT/KEPIT issued
Market rally
RDR, Demand for Income
Brexit vote
Covid
"Peak" rates, activist entry
Weak Markets
Collapse of LTCM
Credit crunch
Globe break-up
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
Universe
Universe ex 3i

Why now?

- Investment Trusts on multi-year wide discounts with individual sectors showing (Numis 04.09.24):-
  - Infrastructure 19% discount
  - Property 13% discount
  - Private Equity (ex 3i) 23% discount
  - Debt 12% discount

- Headwinds that drove discount widening will reverse e.g. bond yields to fall and punitive cost disclosure rules to be changed

- Investor scepticism towards the validity of NAVs is unwarranted as evidenced by managers selling assets above carried value to fund share buy backs.

What are the benefits?

- Low correlation to financial markets
- Sustainable and diversified Income streams
- Inflation linked income and asset values

What challenges may I face?

- Niche / due diligence heavy assets
- Often no track record on public markets
- Liquidity risk
- Discounts and Premium to Net Asset Value

Holdings at launch

	SAA	Range
Property (REITS)	22.5%	10%-30%
Specialist Financial	20%	10%-30%
Infrastructure	22.5%	10%-30%
Private Equity	15%	5%-25%
Defensive Assets	15%	5%-20%
Cash / short dated gilts	5%	2.5%-10%

Individual positions to range 1-4% depending on their own idiosyncratic risk profiles. Positions are predominantly listed investment trusts.
Open-ended Funds limited to max 10% of Fund. Source: Momentum Global Investment Management, as at May 2024.

UK Listed but internationally invested

Location of assets within the listed vehicle as a % of RAGI's Investment Trust holdings (excluding the defensive assets)

	Weighted Combined Geography of ITs	REITs	Infrastructure	Private Equity	Specialised Finance
United Kingdom	53%	93%	52%	39%	21%
N. America	19%	0%	14%	21%	45%
Europe	24%	8%	32%	37%	19%
Other	4%	0%	2%	3%	15%

Inaugural holdings

Infrastructure

- bluefield Solar Income Fund
- Cordiant
- GREENCOAT UK WIND
- Gore Street Energy Storage Fund
- JLEN
- INTERNATIONAL PUBLIC PARTNERSHIPS
- SEQI
- 3i Infrastructure plc

Specialist Property

- AEW UK REIT plc
- assura
- LONDONMETRIC PROPERTY PLC
- LIFE SCIENCE REIT
- NEW RIVER
- The PRS REIT plc™
- SEGRO

Specialist Financial

- BIOPHARMA CREDIT PLC
- DP Aircraft
- FAIR OAKS CAPITAL
- NIMROD CAPITAL
- RECI REAL ESTATE CREDIT INVESTMENTS
- RMFunds

Private Equity

- chrysalis investments
- Molten
- Oakley Capital Investments
- PARTNERS GROUP
- Schroders
- Syncona

Engagement and governance is key

We constantly engage with Investment Trust managements and, if necessary, with Boards; to ensure the investment process is being adhered to and to provide investor input when we see the need for specific action on issues.

Stock example: Assura

assura

1.1 A market in need of investment

Healthcare system pressures

- Ageing population
- Under invested estate
- Budgetary pressures
- Workforce challenges

Implications

- Growing waiting lists
- Increasing health inequalities
- Increasing calls for more services in a community setting
- Growing demand for services from private providers
- Growing demand for modern, net zero carbon facilities

Assura's role

Our sustainable buildings increase capacity in the communities that they serve.

This allows a greater number and range of health practitioners, including private providers, to deliver services

All of which:

- Eases pressure on the local hospital and health system;
- Delivers a better experience for patients
- Is cheaper for the NHS

4 in 10
GPs are seeing patients in practice premises that are "unfit for purpose"

7.5m
NHS waiting list as at February 2024

1.2 A market with highly attractive characteristics

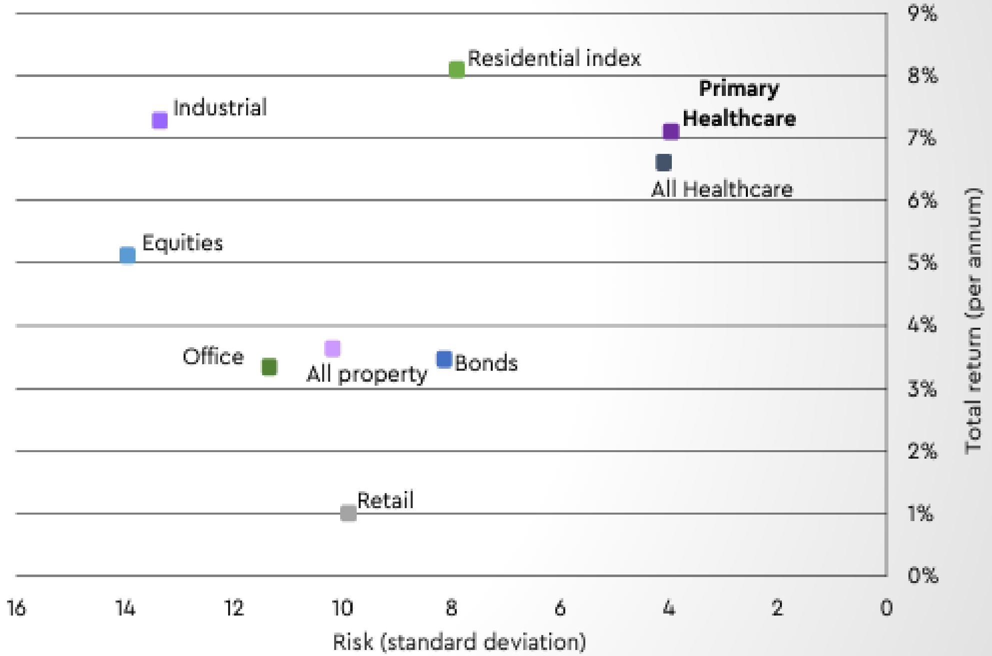
Attractive leases

- Long term income with 21+ year leases
- NHS backed tenant covenant and no rent-free periods
- Low default risk
- 3 yearly rent review cycle with linkage to cost of new developments

Market with barriers to entry

- No speculative development
- Pace of new development approvals gathering momentum
- Specialist market requiring deep sector experience & strong reputation with GPs and NHS

Risk-adjusted returns



Source: MSCI (Total return versus volatility over 16 years since inception of index)

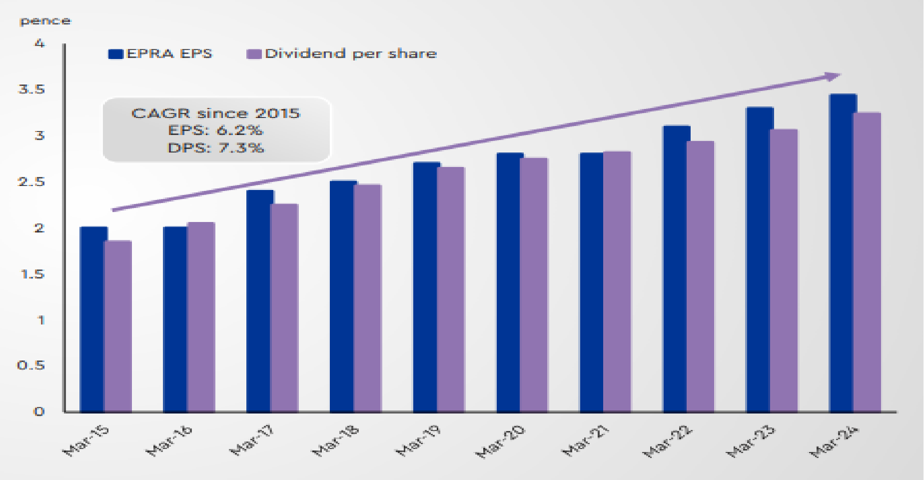
Sector comparison

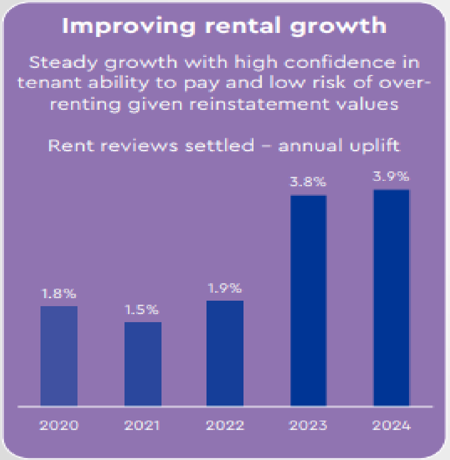
	GP	NHS Trusts	Private	Mental health	Ireland
Initial lease length	21+ years	25-30 years	25-30 years	20-30 years	25 years
Typical rent review basis	OMR, 3 yearly	Indexed, 1-5 yearly	Indexed, 5 yearly	Indexed, 5 yearly	Irish CPI, 5 yearly
Tenant covenant	Rent reimbursed	Direct from NHS	Established operators, underpinned by growing demand	Direct from NHS or established operators underpinned by growing demand	Direct from HSE
Need for investment	Growing demand and ageing estate	Shift of services out of hospital	Growing demand across NHS referred, PMI and self-pay	Significantly underinvested estate	Central program for enhanced community care centres
Potential for developments	Significant, when higher rents agreed	Growing demand	Growing demand	Growing demand	Growing demand
Potential for acquisitions	Single assets	Limited, single assets	Some portfolios	Some portfolios	Limited opportunities

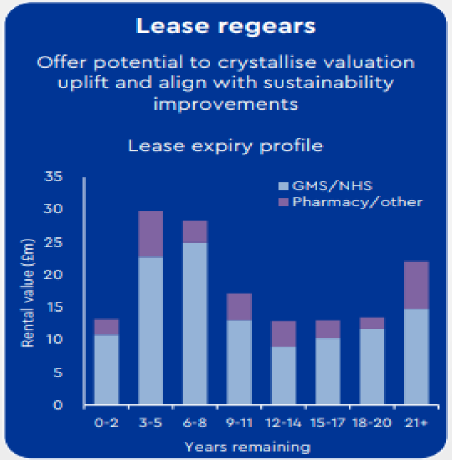
Assura's unique approach to social impact and sustainability leaves us well-positioned to capture long-term opportunities across all of these areas

Current prospects

- Current discount to NAV of 14%
- Sustainable and growing dividend
- Depressed NAV caused by higher interest rates
- Inflation linked rent reviews will result in strong rent growth over coming years
- Falling interest rates will provide tailwind to property valuations
- Debt facility secured at 2.3%



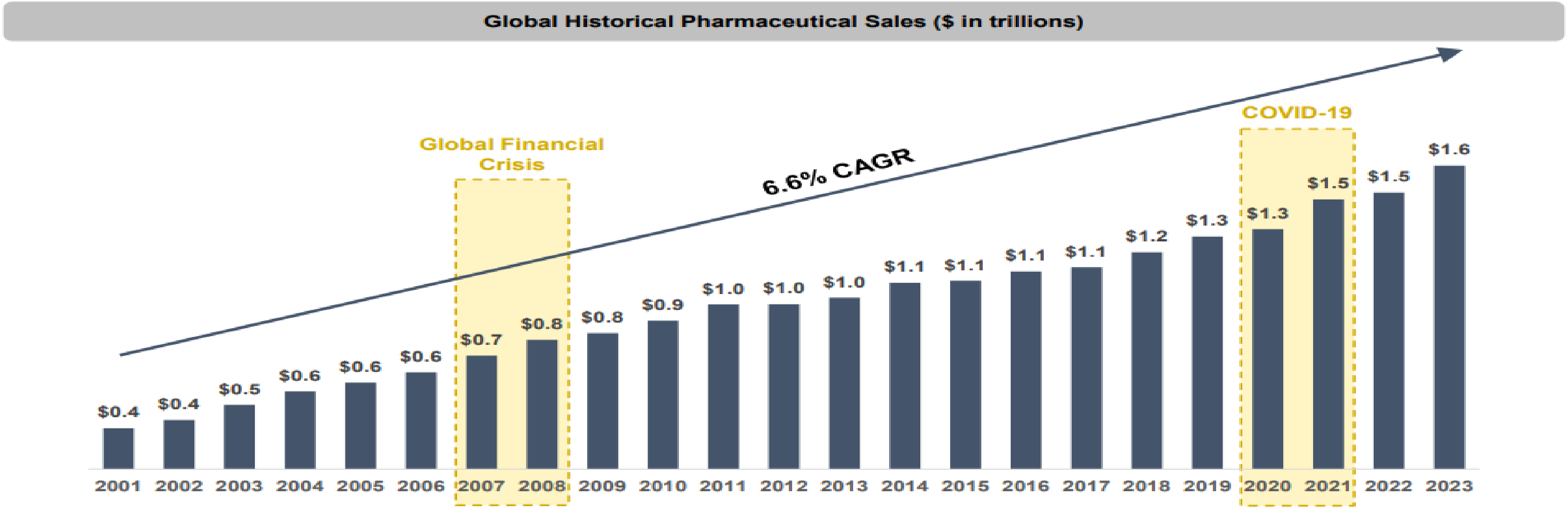




Source : Assura, Bloomberg data as at Aug 24

Stock example: Biopharma Credit

Life Sciences is a $1 Trillion+ Vital Industry with Sales that are Uncorrelated and Unaffected by Economic Cycles



Growth Drivers
1 Growing Population
2 Aging Population
3 Growing Demand From Countries in Transition

4 R/D/Innovation Create Large New Markets

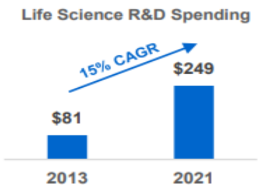
Known Diseases:		Existing Treatments:
~30,000	▷	~6,000 (only ~20%)

Investment Opportunity - Summary

EUROPEAN MEDICINES AGENCY

Investments in Approved Life Sciences Products – No Clinical Trial or Approval Risk

- Debt investments backed by life sciences products (drugs, devices and diagnostics)
- Collateral value assigned only to approved products in their approved indications and territories



The Life Sciences Debt Market is an Underserved, Large and Growing Opportunity

- Large capital needs, private sector companies spent ~$250bn in R&D during 2021[1]
- Worldwide $1.6tn industry, having grown at a 7% CAGR for the past 20 years[2]
- Industry dynamics create new debt investment opportunities

Pharmakon Advisors, LP

An Experienced Investment Manager with a Strong Track Record

- $7.6bn committed across 50 investments supported by life sciences products
- Four private funds are fully realized and generated a 10.3% unlevered weighted average annualized net IRR[3]
- Currently manages a private fund with $1.8 billion in commitments

BioPharma Credit PLC

BioPharma Credit Targets Strong Risk-Adjusted Returns

- Invests in loans, predominantly secured, in companies with approved, commercial stage products
- Target total net return on NAV of 8-9% per annum over the medium term[4]
- Currently paying and will continue to target US$0.07 annual dividend plus a variable special dividend paid annually[4]

1. *Source: Visible Alpha*
2. *Source: IQVIA*
3. *Weighted average net IRR represents the average net IRRs of the closed private funds, determined in accordance with the methodology described in the legend on page 1 and weighted by the total amount of invested capital for each fund. Past performance is not an indication of future performance.*
4. *These are targets and not profit forecasts. They are based on estimates of Pharmakon and are subject to change depending on the material risks and market changes. There can be no assurance that these targets will be met. Past performance is not an indication of future performance.*

Loan Examples

Investment:	Insmed	IMMUNOCORE	BioCryst	Tarsus	Novocure
Original Inv. Date:	October 19, 2022	November 8, 2022	April 17, 2023	April 19, 2024	May 1, 2024
Structure:	Secured Loan	Secured Loan	Secured Loan	Secured Loan	Secured Loan
Total Commitment:	$350m	$100m	$450m	$200m	$400m
Current Balance:	$384m	$50m	$319m	$75m	$100m
UK Trust / BP-V Share:	40% / 60%	50% / 50%	40% / 60%	50% / 50%	50% / 50%
Cash Balance (1Q24):	$596m	$833m	$338m	$299m	$870m
LTM 1Q24 Sales:	$316m	$257m	$346m	$39m	$526m
Maturity:	October 2027	November 2028	April 2028	April 2029	May 2029
Coupon:	S + 7.75% (2.5% SOFR floor)	Tranche A: 9.75% Tranche B: S + 8.75% (1.0% SOFR floor)	S + 7.00% (1.75% SOFR floor)	S + 6.75% (3.75% SOFR floor)	S + 6.25% (3.25% SOFR floor)
Amortization:	36 - 48 months interest only	48 months interest only	Bullet	Bullet	36 months interest only
Fees:	2.00% of commitment	2.50% of commitment	1.75% of commitment	Not publicly disclosed[5]	2.50% of commitment
Prepayment Terms:	3 year make whole plus 3%, 2% or 1% if prepaid before 3rd, 4th or 5th anniversary	2 year make whole plus 3% or 1% if prepaid before 3rd anniversary or after	2 year make whole plus 3%, 2% or 1% if prepaid before 3rd, 4th or 5th anniversary	Subject to customary make whole and prepayment premiums[5]	3 year make whole plus 3%, 2% or 1% if prepaid before 3rd, 4th or 5th anniversary

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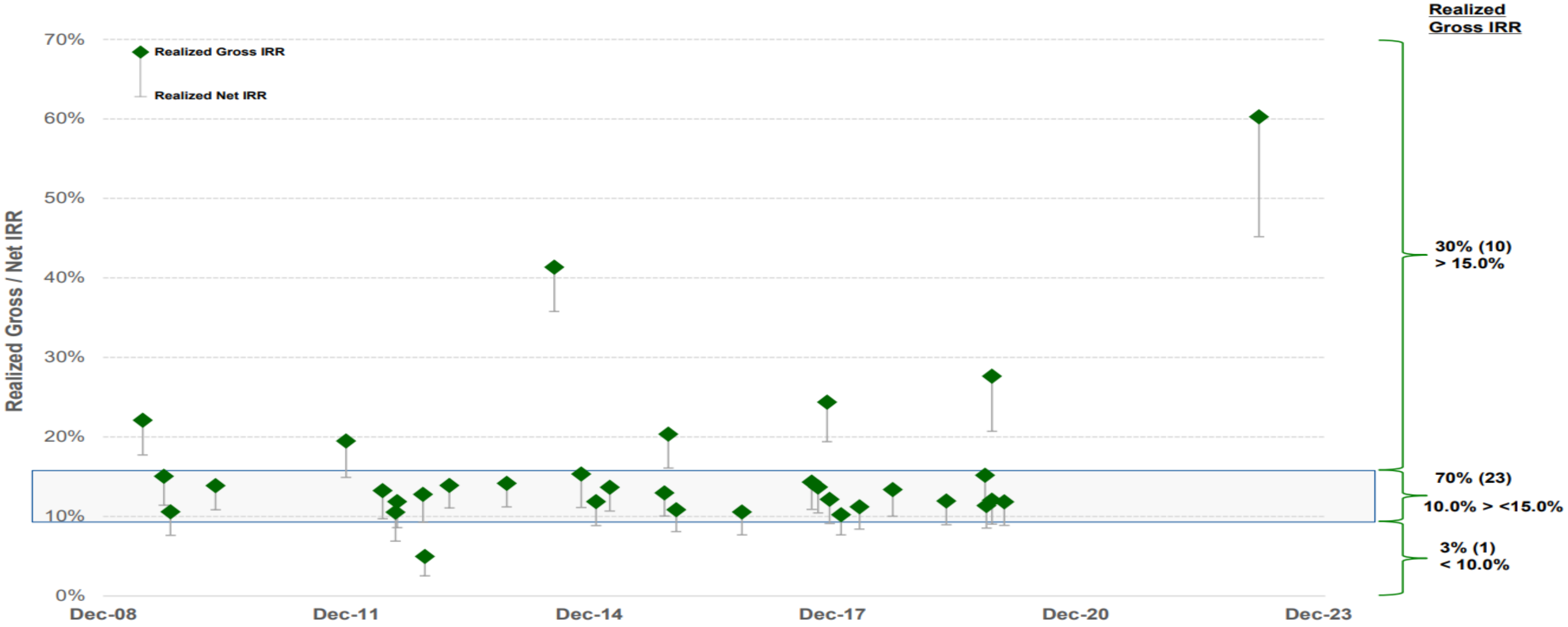
Investment Track Record

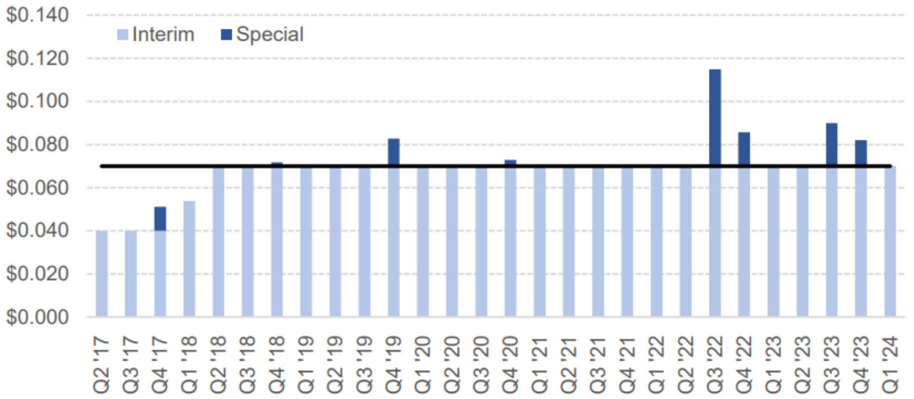
Unlevered Returns have been consistent over the years (34 Realized Transactions)[1]



As at 26 March 2024. Past performance is not an indication of future performance. Please refer to page 32 for additional information. As set forth herein the Realized Gross and Net IRR for each individual investment is determined in accordance with the methodology described in the legend on page 1. The Realized Net IRR for each realized investment in an active fund is calculated by applying a percentage reduction to the respective Realized Gross IRR based on the average percentage reduction from the realized gross IRR and realized net IRR from all previously realized investments from prior closed private funds, in each case in accordance with the methodology described in the legend on page 1. Pharmakon believes this methodology is the appropriate approach to derive an approximate realized net IRR for realized investments in currently active funds. Excludes equity and convertible investments.

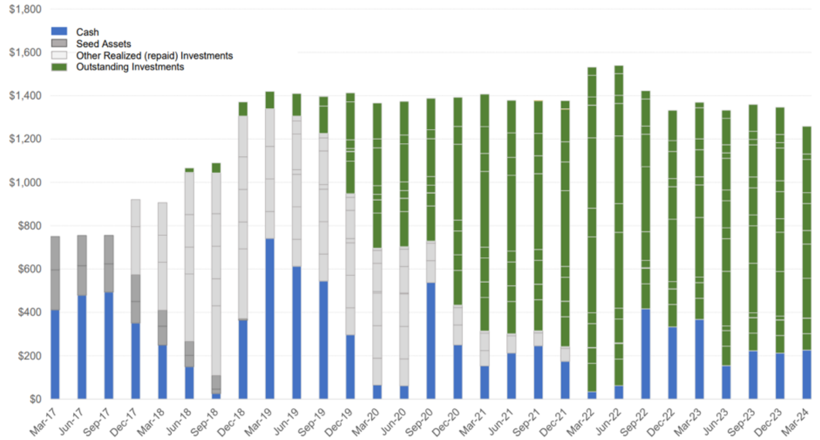
Current Prospects

- Current discount to NAV of 9%
- Strong track record of loan underwriting
- 7-year track record with only one loan default which ended with a 96% recovery rate (83% if you exclude interest payments).
- Cash is almost fully deployed which will reduce cash drag and increase income generation
- Life sciences equity values are low resulting in more demand for credit rather than equity issuance
- Low equity values increases M&A resulting in higher loan IRR’s



Annual Dividend:	¢4.1	¢6.8	¢8.3	¢7.3	¢7.0	¢13.1	¢10.2

Evolution of BPCR Portfolio since IPO[1] (US$m)



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Important information