

RM Secured Direct Lending PLC

Quarterly Fact Sheet

30 September 2018

Company Overview

ISIN - Ord's	GB00BYMTBG55
ISIN - ZDP's	GB00BG1TSQ91
Ticker Ord's	RMDL
Dividend	Quarterly
Listing	Main Market LSE Premium Listing
Target Dividend Yield	6.5% p.a. ¹
Management Fee	0.875% ^{2*} : 50% reinvested in shares
Discount Management Strategy	Share buy-backs if 6% discount or more ³
Shares in Issue Ord's	98,724,581
Shares in issue ZDP's	10,869,950
Share Price Ord's mid	102.5p
Gross Assets	£106.9m
Net Assets Ord's	£96,099,357
Acc Cap Entitle ZDP's	£11,060,016
NAV per Share Ord's	97.34p
Accrued Capital Entitlement per ZDP	101.75p
Share Price Premium	+ 5.3% Ord's

Overview

RM Secured Direct Lending Plc ("RMDL" or the "Company") is a closed-ended investment trust established to invest in a portfolio of secured debt instruments. The Company aims to generate attractive and regular dividends through loans sourced or originated by RM Capital Markets Limited, (the "Investment Manager") with a degree of inflation protection through index-linked returns where appropriate. Loans in which the Company invests are predominantly secured against assets such as real estate or plant and machinery and/or income streams such as account receivables.

Market Update

Mixed global equity markets characterised the third quarter. Broadly this can be summarised as strength within the US market, broadly flat (although volatile through the quarter) within Europe/UK and emerging markets were dominated by weakness. Trade wars continued to drive the market sentiment with US Dollar (USD) strength affecting emerging markets as a negative feedback loop occurring of weaker local currency increasing debt costs denominated in USD swapped back into local currency. Rising global bond yields have negatively affected both bond prices and equity prices as a consequence of higher discount rates.

Credit markets have been mixed with fixed rate corporate issuers generally seeing price declines given they closely track government bonds and leveraged loan prices have remained firmer through the period as such loans are linked to Libor which is correlated to rising global yields.

Looking forwards our expectation for Q4 2018 is that volatility will remain elevated both in the US and within the UK, which is in the final stages of the Brexit negotiations. As we move into the later stages of the business cycle within a rate-tightening environment, RM Funds anticipate a reduction in business confidence and increased pressure on consumer finances. The primary areas affected will be the housing sector (including construction), consumer finance and consumer discretionary (retail, leisure etc.).

NAV

The Ordinary Shares NAV as at 30th September was 97.34 pence which is 0.33 points higher than the end of August and is made up of interest income net of expenses of 0.49 pence and a decrease in portfolio valuations of 0.16 pence.

Fund Performance – 2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p	-	-	-	-	-	0.20	-	0.20	-	-	1.80	-	2.20p
NAV (Cum income) p	97.70	97.40	97.31	97.51	98.23	97.57	98.11	99.11	99.51	100.24	98.36	98.59	-
NAV Total Return %	(0.31)	(0.31)	(0.09)	0.21	0.74	(0.47)	0.55	1.22	0.40	0.73	(0.08)	0.23	3.18%
Net Interest Income p	(0.20)	(0.13)	(0.03)	0.02	0.33	0.35	0.52	1.25	0.38	0.64	0.47	0.46	4.06p

Fund Performance – 2018

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends (pence)	-	2.00	-	-	-	1.625	-	1.625	-	-	-	-	5.25p
NAV (Cum Income) p	99.26	97.76	98.17	98.66	99.14	97.85	98.11	97.01	97.34	-	-	-	-
NAV Total Return %	0.68	0.50	0.41	0.50	0.49	0.34	0.26	0.53	0.34	-	-	-	4.12%
Net Interest Income p	0.85	0.64	0.47	0.48	0.52	0.55	0.56	0.50	0.49	-	-	-	5.06p



Non-Executive Directors

Norman Crighton (Chairman)
Guy Heald
Marlene Wood

Advisory & Administration

AIFM

International Fund Management Limited

Administrator & Company Secretary

PraxisIFM Fund Services (UK) Ltd

Valuation Agent

Mazars LLP

Legal Advisers

Gowling WLG (UK) LLP

Auditor

Ernst & Young LLP

Corporate Broker

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Company Update

During July the C shares converted into ordinary shares; the Company now has a market capitalisation of circa £100m and if one includes the ZDP proceeds and undrawn RCF the Company has investible capital of circa £117m.

Portfolio Investment Performance

Portfolio credit quality and borrower performance are currently in-line with the Investment Managers expectations. A number of our syndicated investments were marked down (circa 0.45bp) in-line with the broader market, however this was predominately sentiment driven rather than driven by underlying borrower performance.

Key investments over the period were additional drawdowns for L'Oscar hotel and Satcom and a new investment in Mehilainen, a Finish private health and social care provider. The Company participated in a private debt syndicate to support the acquisition of the borrower by CVC. The Company's investment is denominated in Euro's and was fully hedged back to GBP, providing an all-in yield in excess of 8%.

There was a repayment of a property bridge loan and also the divestment of the Ardonagh insurance investment and the reduction in the forecourt operator exposure.

Liquidity

Currently the company has £98m of investments with £6m of investable cash and an undrawn RCF. The cash level is higher than anticipated during the period, as two healthcare transactions totalling £13m were delayed and subsequently did not reach financial close. The principal reason for the failure to reach financial close was the borrower could not offer the original agreed security package. It is estimated the cash drag impacted returns by circa 14bps during the period.

Capital Markets Day

The Investment Manager and the Company broker were delighted to be able to welcome and meet with a number of institutional investors at the investment trust's inaugural Capital Markets day during September. The slides are available on the Company's website or via the Company's broker. It is anticipated that such an event will take place annually going forward.

Pipeline

The Investment Manager continues to originate and evaluate a considerable number of prospective transactions, with visibility on circa £30m+ of near term opportunities. The Investment Manager will not compromise credit quality, but does expect to be fully invested through Q4.

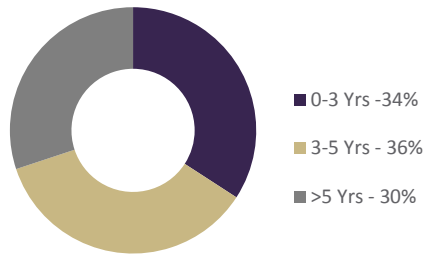


Portfolio Analysis

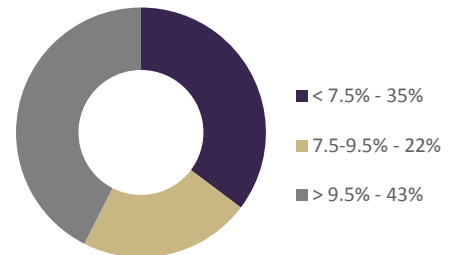
Company Portfolio

Number of Loans **29**
 Total Investments **£98.2m**
 Average Gross Portfolio Yield **8.44%**
 Loan Average Life **3.80 years**

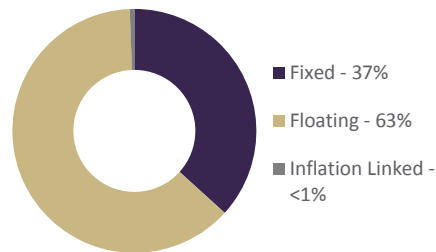
WAL of Loan Book



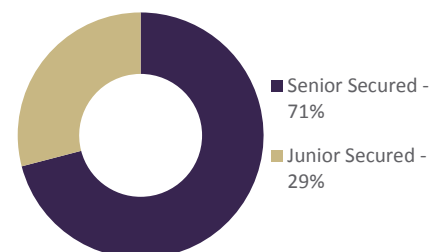
Annualised Yield



Coupon Type



Investment Type



Largest 10 loans by drawn amounts across the entire portfolio

Business Activity	Loan Value (£m)	Expected Yield %	WAL
Asset Finance	10.00	8.00%	3.26
Advertising	8.50	9.54%	3.97
Business Services	7.00	6.21%	6.16
Healthcare	6.56	5.84%	0.79
Automotive Parts Manufacturing	6.53	12.00%	4.25
Healthcare	6.00	6.15%	5.17
Telecommunications	5.30	11.50%	1.98
Childcare	5.08	9.80%	4.42
Forecourt Operator	4.46	8.77%	7.49
Student Accommodation	4.42	9.50%	1.28



Notes

1. Dividend Yield based on IPO issue price. The target dividend should not be taken as an indication of the Company's expected future performance or results. The target dividend is a target only and there is no guarantee that it can or will be achieved and should not be seen as an indication of the Company's expected or actual return. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Actual events and conditions may differ materially from the assumptions used to establish the target dividend.
2. Management fee on Net Assets including ZDP issue.
3. Discount control mechanism triggers if shares trading at an average discount of more than six percent over previous 6 month trading period.
4. NAV total return % is calculated as NAV (cum income) at the end of the period, plus dividends declared during the period, divided by NAV (cum income) calculated on a per share basis at the start of the period.
5. YTD NAV Total Return assumes dividends are reinvested at NAV and includes compounding.
6. YTD Net Interest Income per share is the aggregate of the monthly net interest income per share figures based on the number of Ordinary shares in issue at the end of each respective month which can be diluted over the year by new Ordinary Shares being issued and therefore does not necessarily reflect the year end position for the Ordinary shareholders.

Disclaimer

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