## Athena

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

| | |
|---|---|
| February 2017 | + 2.49% |
| 2017 YTD | +8.53% |
| 2016 | + 5.71% |
| 2015 | - 6.46% |
| 2014 | + 3.01% |
| 2013 | + 18.64% |
| 2012 | + 32.34% |
| Last 12 months Distribution (net) | + 3.06% |

Inception Date: May 2008 Currency: USD

## Galene

An actively managed global fund focusing on investment-grade structured credit assets, targeting returns in excess of 1M LIBOR+400 bps p.a.

GBP Share Class

| | |
|---|---|
| February 2017 | +0.78% |
| 2017 YTD | +1.37% |
| 2016 | + 12.37% |
| 2015 | - 1.02% |
| 2014 | + 7.26% |
| 2013 | + 5.32% |
| 2012 (June launch) | + 5.55% |

USD Share Class

| | |
|---|---|
| February 2017 | +0.69% |
| 2017 YTD | +2.95% |
| 2016 | - 5.27% |
| 2015 | - 6.17% |
| 2014 | + 2.20% |
| 2013 (April launch) | + 7.15% |

EUR Share Class

| | |
|---|---|
| February 2017 | + 0.57% |
| 2017 YTD | +0.52% |
| 2016 | - 1.08% |
| 2015 | + 5.18% |
| 2014 (April launch) | + 7.04% |

## Metreta

Senior structured credit assets, seeking stable returns of 7-Day LIBOR+125bps p.a.

| | |
|---|---|
| February 2017 | + 0.48% |
| 2017 YTD | + 0.86% |
| 2016 | + 1.43% |
| 2015 | - 0.03% |
| 2014 | + 1.69% |
| 2013 | + 0.95% |
| 2012, from April launch | + 4.63% |

Currency: GBP

## Marketing Contacts

London Office: +44 (0)20 7796 8715
U.S. Office: +1 312 303 0244

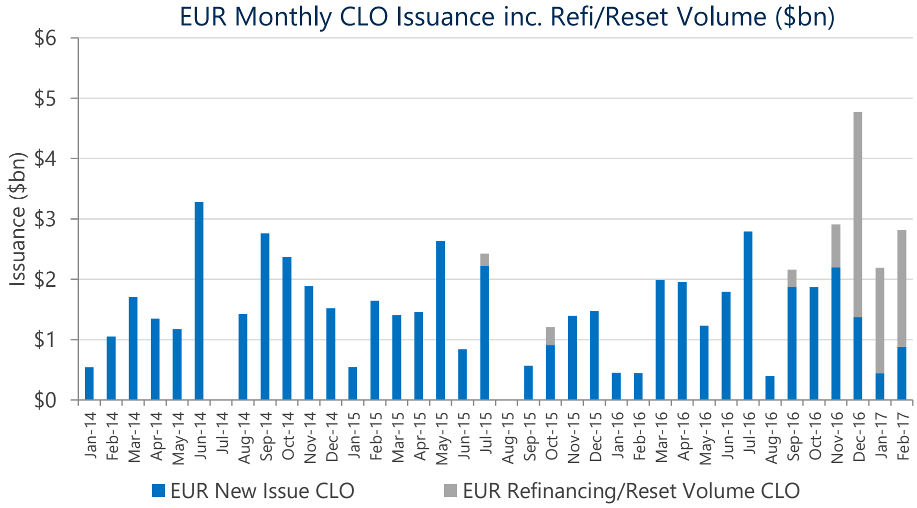
investorrelations@prytaniagroup.com
www.prytaniagroup.com

## Does the maths add up for European CLOs?

Scarcity in supply in both primary and secondary European CLO markets amidst improving fundamentals continues to drive spreads tighter throughout the capital structure. With credit conditions expected to remain favourable for the next two years, yet collateral availability remaining subdued, CLO equity investors and CLO managers have jumped on the opportunity to refinance or reset a gathering wave of CLOs. Whilst the new issue market saw just 2 EUR CLOs print for €830m in February (versus 1 in Feb-16 for €410m), there were 5 refinancing/resets, for €1.8bn, which compares with zero in Feb-16.

Leveraged loan yields are at post-crisis tights putting pressure on weighted average spreads (WAS) and the CLO arbitrage for many deals. Whilst CLO equity investors see a tightening in forward-looking returns at the current WAS, they have been taking some solace in the surge in values as NAVs are a levered play on rising loan prices. It is also worth noting that collateral spreads can easily gap out again with any uptick in defaults or increase in macro uncertainty. With CLO liability spreads also at post-crisis tights, new issue CLO equity can be seen as attractive now on the perspective that investors can lock in a low cost of funding over the longer term and benefit from that collateral spread widening as and when it happens. We see country specific risks increasing from such events as the upcoming elections in France and Germany or the triggering of Article 50 by the UK to leave the EU. Whilst the corporate default environment is expected to remain benign over the next few years, investors need to be mindful that the market can be influenced by the major political events in the short-term and be poised to take advantage of any such opportunities.

EUR Monthly CLO Issuance inc. Refi/Reset Volume ($bn)




Source: Prytania Investment Advisors, March 2017

## Will 2017 be a turning point for US CRE markets?

In 2016, US CRE Property prices continued to climb with the Moody's/RCA CPPI national all property type index and the NCREIF Property Index (NPI) posting gains of 9.1% and 4.8%, respectively. Those figures compare with increases of 10.9% and 10.2% for CPPI and NPI in 2015. Cap rates widened marginally in Q4, with the exception of multifamily, placing retail and industrial cap rates above year-end 2015. Notably, the Federal Reserve's Senior Loan Officer Opinion Survey showed another net tightening of loan standards across the board in 4Q16, while loan demand for multifamily and construction turned negative for the first time post the Global Financial Crisis. According to Real Capital Analytics, the total CRE annual transaction volume growth was down 11 % YoY for 2016 which is the first negative annual reading since 2009.

In addition to that, preliminary data shows volumes in January 2017 are down 48% YoY, which is the sharpest monthly drop since 2009.

Thanks to the technical drivers of the US CMBS market, there continues to be strong demand across the capital structure which result in strong pricing levels (over the swap curve). Since November, there has been a 100 bps tightening in BBB- CMBS, which is roughly in line with the 95 bps rally in high yield swap spreads for the same time period. That said, we remain sceptical of the relative value in the sub-IG part of the CMBS cap stack and have kept a zero allocation to this asset class across our funds.

### New issuers on offer in European ABS

European issuance has been off to a slow start with cumulative year-to-date issuance below the levels seen for past 4 years. The most exciting news has been the announcement of the £4bn UK student loan securitisation. The transaction has been announced well in advance ahead of the likely placement in April 2017. The structure also contains some unusual features which need to be fully digested by investors.

BNP Paribas brought out for the first time a £570m UK consumer loan transaction (LaSer ABS 2017). The originator is Creation Consumer Finance, a BNP subsidiary. Only the senior Class A tranche was offered to the market and priced at +63bps, while all junior notes were retained. Beside the more usual UK NC RMBS and UK BTL transactions brought to the market in February (TPMF 2017-AU11 and Stanlington No.1), for March we are looking at some more unusual opportunities such as an Irish RMBS transaction (EARLS 207-1) and a new Australian credit card issuer (Latitude) coming to the market.

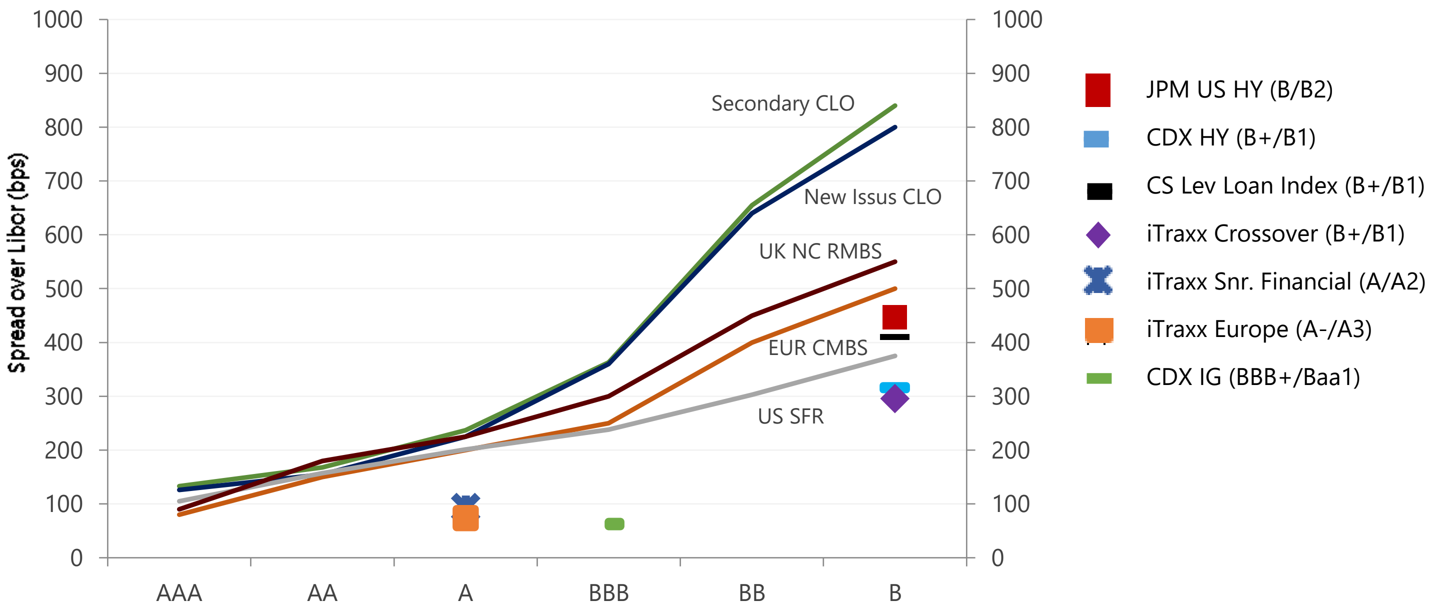
### Prytania divests it's valuation services activity

We are pleased to confirm that shareholder approval has now been received for the proposed demerger of the valuations business from our core asset management business.

Please click here for full press statement and background to PIA. For any enquires, please contact us:

info@prytaniagroup.com
+44 (0)20 7796 8715

### Structured Credit offers strong Relative Value




Source: JPM, Bloomberg, Prytania Investment Advisors, data as the date of 28 February 2017