

Capital Four European Loan & Bond Fund

October 2016

Performance

Returns & Risk	1 Month (%)	YTD (%)	3 Year ¹ (%)	Since Inception ² (%)	Sharpe Ratio ²	Volatility ² (%)	Max Draw-down ² (%)
European Loan & Bond Fund	0.63	5.93	N/A	5.48	2.96	1.89	-0.65
European Loan & Bond Composite³	0.64	5.82	5.87	7.92	2.78	2.84	-1.39
CS West Eur Leveraged Loan Index ³	0.43	4.86	4.55	4.78	3.65	1.49	-1.02
Euribor (3M) + 300 bps ³	0.22	2.26	3.00	3.09	N/A	N/A	N/A

Referenced indices are CS Inst. Western Europe Leveraged Loan Non USD Hedged EUR and Euribor 3-m. + 300bps. ¹Annualized. ²Since inception, annualized. Inception date of the European Loan & Bond Fund is 1 December 2014. ³Composite and referenced indices risk and performance figures are since inception of the strategy, May 2012.

Monthly Returns (Gross NAV, %)⁴

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	11.76	-	-	-	-	-1.32	1.20	2.78	2.35	1.41	2.27	1.00	1.57
2013	7.84	-0.48	-0.10	0.56	2.40	-0.20	-1.19	1.96	0.74	0.93	1.53	0.61	0.87
2014	4.54	0.82	0.72	1.10	0.41	0.08	0.66	0.17	0.52	-0.16	-0.06	0.41	-0.20
2015	4.77	0.57	1.02	0.21	0.71	0.53	-0.39	0.67	0.04	-0.00	0.69	0.54	0.10
2016	5.93	0.09	-0.65	1.45	1.06	0.85	-0.36	1.39	0.90	0.44	0.63		

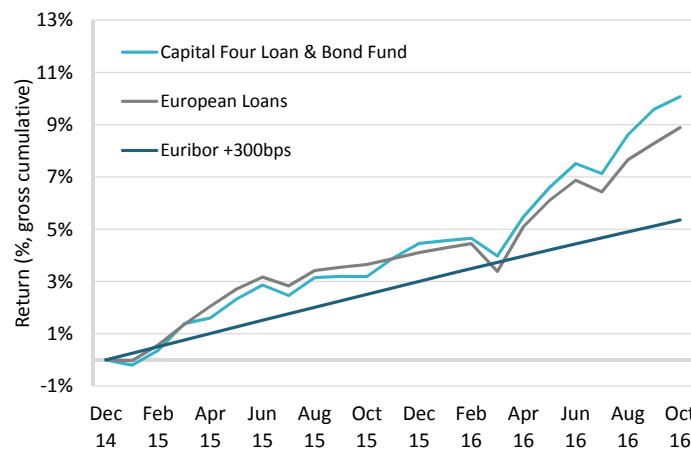
Notes: ⁴All numbers are gross of management fees and administrative expenses. The performance shown is for the European Loan & Bond Fund share class A, before the launch of the fund in 1 December 2014, performance is shown from the composite. Before December 2013 the composite consists of senior secured High Yield Bonds & FRN carve-out of a segregated mandate. Past performance does not guarantee future performance.

Comments and Activities

The demand for loans continues to be strong and able to absorb the large increase in supply of new issuance that we have seen in the loan market in September and October (September being the busiest month in terms of new issuance in over two years). Year-to-date new issuance volumes in the European loan market are now at the same level as last year (around EUR 40bn).

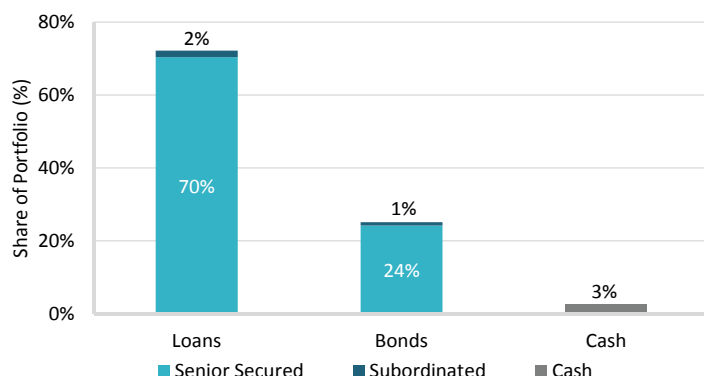
We continue to see a number of repricing in the market but also LBO-driven deals such as the €690m, 1st lien deal (which the Fund participated in) done by BC Partners financing the acquisition of Keter Plastics, a home and outdoor provider of plastic furniture etc. In addition, we continue to see a number of refinancing deals while dividend recaps continue to be less common. Similarly, high yield new issuance has really picked up in September and October. In September alone we saw around EUR 13bn of new high yield issuance with over 80% of that being refinancings as many companies has used the constructive market environment to secure new financing.

Fund Performance Since Inception



Reference indices are CS Inst. Western Europe Leveraged Loan Non USD Hedged EUR and Euribor 3-m. (beg. of period) + 300bps. Past performance does not guarantee future performance.

Portfolio Breakdown



Investment Objectives

Invest in attractive yielding credits in the European Leveraged Finance Market with a strong downside protection against both credit and interest rate risk due to:

- 1) Seniority in the borrower's capital structure and first-priority pledge over the borrowers' assets
- 2) Diversified credit exposure to a growing investment universe with loan and bond issues
- 3) Low duration and low correlation to other asset classes.

Investment Target

Total return of Euribor 3-m +300bps. over the cycle (+450 bps. currently).

Investment Universe

Senior Secured Bank Loans and Senior Secured High Yield Bonds of corporate obligors with focus on Core Europe (with flexibility between the two asset classes).

Fund Facts

Yield to Worst	4.5%
Spread/DM to Worst ⁵	465 bps
Interest Rate Duration to Worst	0.6
Spread Duration	2.6
# of Holdings	101
Average Price	101.1
Average Coupon ⁶	5.0%
Average Quality ⁷	B
Fund Size (EUR)	303m

Note: Fund statistics is the combination of investments and cash.

⁵Discount Margin (DM) assumes 3-year life.

⁶Average Coupon is the average of nominal coupon for fixed-rate instruments and spread plus latest re-fix base rate for floating-rate instruments.

⁷Cash rated AA-, equivalent to the rating of the Depository. Shadow ratings may apply to loan instruments.

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Share Classes	Class A – EUR	Class B – CHF	Class D – EUR	Class E – NOK	Class F – GBP
NAV	109.27	104.59	104.58	100.61	100.00
ISIN (Bloomberg)	LU1121114414 (CFEHIAE LX)	LU1324926622 (CFELBHC LX)	LU1389075463 (CFELBDE LX)	LU1499703715	LU1499703988
Min. Investment*	EUR 50,000	CHF 50,000	EUR 50,000	EUR 50,000	GBP 50,000
Currency*	EUR	CHF	EUR	NOK	GBP

Fund Terms

Management Fee	0.50% fixed per annum.
Concentration Limit	Max. 6% per obligor; Max. 30% per industry; Min. 80% of the invested assets invested in European High Yield or Loans.
Payout Structure	Share Classes A, B, E and F are accumulating all income and capital gains and are not intended to pay any dividends or make other distributions. Share Class D pay out dividends annually (during the start of the year.)
Subscription	Monthly, last business day of the preceding month end.
Subscription Fee	0.50% fee is paid into the Fund to compensate for trading costs of establishing initial exposure.
Redemptions	Monthly, deadline is 10 business days before month end of redemption month.
Fund Structure	Capital Four Invest (the 'Fund') is a Luxembourg SICAV–SIF. The Fund is a public limited liability company with variable share capital (SICAV), established as a specialized investment fund (SIF). The Fund is one single legal entity and has an umbrella structure consisting of several sub-funds, including the European Loan & Bond Fund ('Sub-Fund C' or the 'Sub-Fund').

Launch Date 1 December 2014 (Sub-Fund C, class A).

*Investors will need to certify that they meet the criteria of a 'well informed investor' before subscribing (see prospectus for further details). *All currencies are hedged.

About Capital Four

The founding members of Capital Four are among the pioneers in European Credit and High Yield markets. The foundation of our investment process was established in 1999 and has produced an award-winning track record within European High Yield management. The value creation in our investment portfolios is driven by a rigorous bottom-up investment process, which has been proven during bull and bear markets. We believe that fundamental research and a well designed investment process can lead to superior long-term financial performance. Our investment philosophy is driven by:

Bottom-up credit analysis and selection

Mid-term investment horizon

Structured and disciplined investment process

Capital Four Portfolio Management Team



Sandro Näf
Partner, CEO
Since 2007
21 years of experience



Henrik Østergaard
Partner
Since 2007
21 years of experience



Torben Skødeberg
Partner
Since 2007
18 years of experience



Rene Kallestrup
Partner
Since 2012
10 years of experience



Mikkel Sckerl
Partner
Since 2013
14 years of experience

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DISTRIBUTION IN THE EUROPEAN ECONOMIC AREA

The Fund has been notified, registered or approved (as the case may be and howsoever described) in accordance with the local law/regulations implementing the Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) (the "AIFMD") for marketing to professional investors into the following member state(s) of the EEA (each a "Member State"): Luxembourg, Sweden, Norway, United Kingdom, Italy, the Netherlands, France, Finland, Ireland, Switzerland, Austria, Belgium, Spain and Denmark. **United Kingdom:** This document is being issued in the United Kingdom by Northill Capital LLP which is authorised and regulated by the Financial Conduct Authority (the "FCA") to and/or is directed only at persons who are professional clients or eligible counterparties for the purposes of the FCA's Conduct of Business Sourcebook. Northill Capital LLP is an affiliate of Capital Four Management and Capital Four AIFM.

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The Fund and its sub-funds* are compliant with Swiss law for distribution to qualified investors in Switzerland. The Swiss representative is Carnegie Fund Services S.A., 11, rue du General-Dufour, 1204 Geneva. The Swiss paying agent is Banque Cantonale de Geneve, 17, quai de l'le, 1204 Geneva, Switzerland. Investors in Switzerland can obtain the documents of the Fund, such as the Offering Document, the Articles of Incorporation and the financial reports free of charge from the Swiss representative. This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss representative. Investors will need to prove that they meet the criteria of a 'well informed investor'. *Only Capital Four Invest - Credit Opportunities Fund and Capital Four Invest - European Loan & Bond Fund are compliant with Swiss law for distribution to qualified investors in Switzerland.