

ESMA List of Securitisations for SME Loans

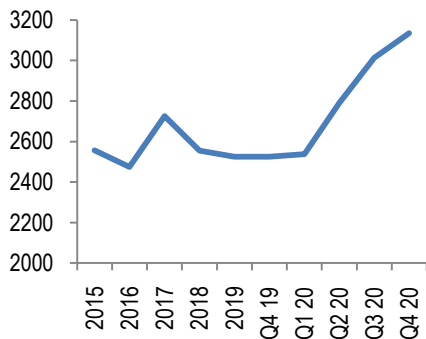
Underlying assets	Securitisation Name	Originator Country	ISIN code
SME loans	FCT Bpifrance SME 2020-1	FR	FR0014000GV7
Leases	abc SME Lease Germany SA , acting in respect of its Compartment 7	DE	XS2231779302, XS2231781464, XS2231782355
SME loans	Lanterna Finance S.r.l.	IT	IT0005415218, IT0005415226, IT0005415234
Leases	Alba 11 SPV S.r.l.	IT	IT0005413205, IT0005413239, IT0005413247, IT0005413254, IT0005413262
SME loans	Small Business Origination Loan Trust 2019-3 Designated Activity Company	GB, IE	XS2057896420, XS2057898392, XS2057898475, XS2057898806, XS2057898988, XS2057899366, XS2057899283
Leases	abc SME Lease Germany SA , acting in respect of its Compartment 6	DE	XS2050524458, XS2050535736, XS2050536627
SME loans	FCT Bpifrance SME 2019-1	FR	FR0013452117, FR0013454212
SME loans	Civitas SPV S.r.l. - Series 2019-1	IT	IT0005388316, IT0005388324, IT0005388332
Leases	Limes 2019-1	DE	XS2004795568
SME loans	Valsabbina SME SPV	IT	IT0005380115, IT0005380123

Source Midlincoln

Fund Strategy - Private Debt Funds, Loan Funds, Securitisation and SME Lending in Germany and in Europe

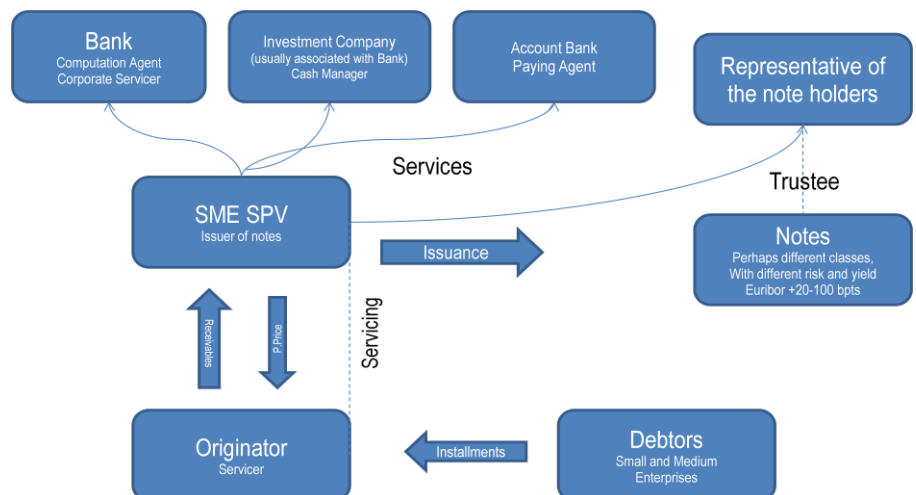
- Mortgages, consumer loans and senior loans have been in fixed income funds investor's portfolios for a while; SME loans have been less available.
- There is an indication that SME sector overall is more risk averse than individuals while the latter were always more risk averse than corporations.
- SME sector in many countries including Europe and Germany specifically remains the laggard in loading their balance sheet with liabilities and for SMEs "debt is a difficult asset" despite Henry Kravis in Barbarians at the Gate.
- While total debt to Germany non financial corporations stands at 3.13bn Eur, SME fraction of that corresponds to a figure around 464bn Eur or 15% despite that the VAD that small and medium SME generate corresponds to 36% of total VAD in German non financial business economy and if large SME are also included the fraction of VAD that they generate rises above 50%.
- Banks have been for a long time sole lenders to SME in Germany and in Europe but recently the funding for European SME and SMEs globally became available from public and private mutual funds and securitisation vehicles.
- **Securitisations** are the biggest public investment vehicles supporting SME lending. Normally they are large size vehicles (500-2000 mn Eur) originated by banks and hold portfolios of SME loans. Most frequently they are offered to investors as notes more rarely bonds paying 3m Euribor rate plus some margin 20-100 bpts. As 3m Euribor is in the negative territory the yield to investors is tiny.

Germany total credit to non-financial corporations (core debt) Eur bn



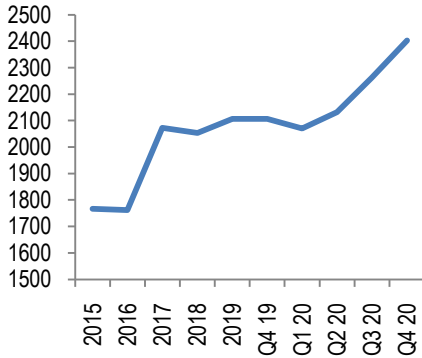
Source: BIS

Example of European SME Note structure



Source: Midlincoln

Germany Total credit to households (core debt) Eur bn



Source: BIS

GEOGRAPHICAL BREAKDOWN OF SIGNED FINANCE CONTRACTS of European Investment Bank

	2019	2015-2019
	Amount	Amount
	(€ million)	(€ million)
Austria	1 554	7 241
Belgium	1 730	9 184
Bulgaria	210	1 095
Croatia	466	2 335
Cyprus	230	1 206
Czech Republic	1 308	3 763
Denmark	839	3 247
Estonia	237	813
Finland	1 713	8 654
France	6 929	36 383
Germany	5 339	30 922
Greece	2 031	8 648
Hungary	702	4 257
Ireland	960	4 265
Italy	9 696	48 952
Latvia	246	576
Lithuania	47	1 147
Luxembourg	215	614
Malta	78	239
Netherlands	2 477	11 333
Poland	4 394	23 344
Portugal	1 379	7 263
Regional - EU countries	996	4 176
Romania	766	4 310
Slovakia	204	3 242
Slovenia	184	1 231
Spain	8 093	47 443
Sweden	1 871	8 918
United Kingdom	456	18 033
European Union	55 350	302 838
<i>of which third-party resources</i>	<i>444</i>	<i>1 134</i>
EFTA countries ⁽⁹⁾	113	1 187
Candidate countries	551	7 713
Potential candidate countries	98	602
Eastern Europe, Southern Caucasus	1 300	5 768
Mediterranean countries	2 261	9 325
ACP / OCT States	1 300	6 062
South Africa	100	436
Asia, Central Asia	1 349	4 644
Latin America	829	3 255
Outside EU	7 900	38 991
<i>of which third-party resources</i>	<i>913</i>	<i>3 819</i>
Total	63 250	341 829

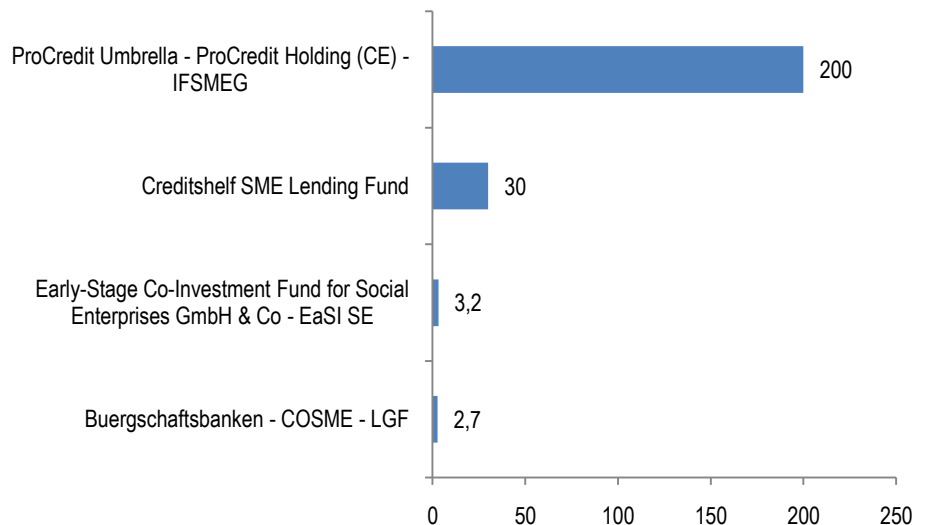
The European Investment Bank (EIB) is a key player in providing additional guarantees, participating in SME securitisations notes and bonds or providing direct credit support Germany SME funds .

EIB Lending By Sector from 2015-2019

		mn Eur	EP	RE-EE	ST	OE	TD	TECH	INNOV	SM&E	U
COMMERZBANK ENHANCED SME AND MIDCAP SUPPORT	EUROPEAN INVESTMENT FUND	99.8									
HELABA ENERGIE UMWELT UND MIDCAP GLOBALDARLEHEN	LANDESBANK HESSEN-THUERINGEN GIROZENTRALE	100.0									
RLB VORARLBERG MULTI-OBJECTIVE MBIL	RAIFFEISENLANDESBANK VORARLBERG WAREN-UND REVISIONSVERBAND RGM&H	5.3									
UNICREDIT LEASING SME AND MIDCAP LOAN	UNICREDIT LEASING GMBH	100.0									
FUNDING CIRCLE P2P FACILITY	ONCILLA FUNDING DAC	87.5									
ILB LOAN FOR SME AND MID-CAPS INNOVATION	INVESTITIONSBANK DES LANDES BRANDENBURG	50.0									
SAARLB CLIMATE ACTION MBIL	LANDESBANK SAAR	70.0									
RIVERROCK SENIOR LOAN FUND I	RIVERROCK MASTER FUND VI SCA SICAV-RAIF - SENIOR LOAN FEEDER FUND I	10.0									
COMMERZBANK LOAN FOR SMES AND MIDCAPS VII	COMMERZBANK AG	120.0									
SAB KOMMUNALE INVESTITIONEN SACHSEN MBIL	SAECHSISCHE AUFBAUBANK - FOERDERBANK	50.0									
	DEUTSCHE LEASING FUNDING BV	31.5									
DEUTSCHE LEASING LOAN FOR SMES & MIDCAPS III	DEUTSCHE SPARKASSEN LEASING AG & CO KG, DEUTSCHE LEASING FUNDING BV	13.5									
BRANDENBURG REGIONALENTWICKLUNG MBIL	INVESTITIONSBANK DES LANDES BRANDENBURG	150.0									

Source: EIB Statistical Report

Select Funding for Germany SME Vehicles from EIB mn Eur 2015-2019



Source: EIB

Public Funds Providing Exposure to SME sector are rare

Here is a list of some funds that provide or provided that exposure from various countries

Ticker	Type	Asset Class	Profile
150114: CH	CLOSED-END FUND	Fixed Income	Zhong Hai Huiyu Pure Classification Bond Fund - B Class is a closed-end fund incorporated in China. The Fund's objective is long-term stable appreciation. The Fund invests at least 80% of its assets in debt securities and at least 20% in SME private placement bonds.

Fund Flows YTD 2021

Objective	Asset Class	Flow USD mn
LARGE-CAP	Equity	34021.62
EMERGING MARKETS	Equity	27652.58
ASIAN PACIFIC REGION	Equity	25087.52
INFLATION PROTECTED	Fixed Income	21264.45
SMALL-CAP	Equity	19397.31
MID-CAP	Equity	15200.54
GOVERNMENT BOND	Fixed Income	13707.81
DEVELOPED MARKETS	Equity	11284.09
CONSUMER DISCRETIONARY	Equity	7388.77
HEALTH CARE SECTOR	Equity	6892.83
ASIAN PACIFIC REGION EX JAPAN	Fixed Income	6190.01
CHINA	Equity	6108.59
BASIC MATERIALS SECTOR	Equity	6093.79
EUROPEAN REGION	Equity	5191.60
ASIAN PACIFIC REGION EX JAPAN	Equity	5127.27
ASIAN PACIFIC REGION	Fixed Income	4253.04
UNITED KINGDOM	Equity	3293.49
COMMUNICATIONS SECTOR	Equity	2823.76
FINANCIAL SECTOR	Equity	2582.27
LONG SHORT	Equity	2188.03
EUROPEAN REGION	Mixed Allocation	2023.34
JAPAN	Equity	1262.22
CHINA	Fixed Income	1259.50

150132: CH CLOSED-END FUND Fixed Income

163112: CH OPEN-END FUND Fixed Income

BNYWSZ C:CH OPEN-END FUND Fixed Income

CHINSM E:CH OPEN-END FUND Equity

GUOMZ BA:CH OPEN-END FUND Fixed Income

LISMES E:CH OPEN-END FUND Equity

PEMHAU S:GU CLOSED-END FUND Equity

Golden Eagle Yuansheng Classification Bond Fund is a closed-end fund incorporated in China. The Fund targets to achieve stable appreciation and to exceed the return of its benchmark under proper risk control. The Fund is required to invest at least 80% of its assets in fixed-income securities and at least 20% of its assets in SME private bonds.

SWS Lingxin Bond Fund is an open-end fund incorporated in China. The Fund targets to achieve long-term capital appreciation and to outperform the benchmark index. The Fund is required to invest at least 80% of its total assets in fixed-income securities and not more than 10% of its total asset in SME private debt.

BNY Mellon - Western Stable Zengli Bond Fund is an open-end fund incorporated in China. The Fund seeks to achieve long-term stable return via risk control. The Fund is required to invest at least 80% of its assets in fixed-income securities, and at most 20% in SME private placement bonds.

China Merchants SME Selected Equity Fund is an open-end fund incorporated in China. The aim of the Fund is to achieve long-term capital appreciation. The Fund invests in liquid financial instruments, including 60-95% of listed Small to Medium sized companies that are trading on the mainboard and 5-40% in bonds.

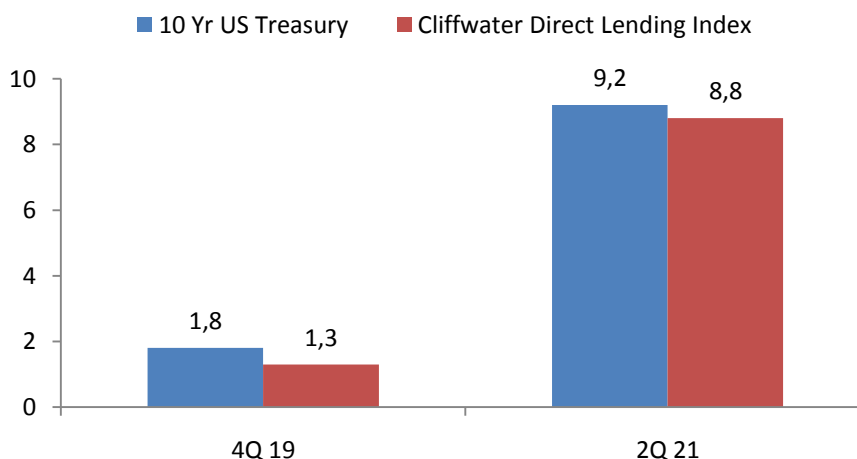
Guotai Minan Zengli Bond Fund is an open-end fund incorporated in China. The Fund's objective is to achieve long-term stable income. The Fund invests in at least 80% of its total asset in fixed income securities and not more than 20% of its total asset in SME private bond.

Lion SME Selected Equity Fund is an open-end fund incorporated in China. The Fund's objective is to achieve long-term capital appreciation. The Fund invests in liquid financial instruments, including 60-95% of listed equities of small to medium sized companies, and 5%-40% fixed incomes.

Pembroke Heritage Fund Limited - is a closed-end investment fund incorporated in Guernsey. The Fund's objective is to take advantage of the value creating potential of the SME sector in North America to generate attractive returns over the long term. The fund invests in equities issued by corporations which the Investment Manager has identified as suitable for the portfolio.

Senior Loan Funds have been more abundant instruments, but they provide exposure to bigger companies and little SME exposure.

US Direct Lending Yields vs. Treasuries



Source: Blackstone, CDLI, Midlincoln

TAIWAN	Equity	936.36
LATIN AMERICAN REGION	Equity	911.88
INDIA	Equity	818.69
KOREA	Equity	790.85
TECHNOLOGY SECTOR	Equity	610.59
NORTH AMERICAN REGION	Fixed Income	594.69
JAPAN	Fixed Income	420.93
INDUSTRIAL METALS	Commodity	353.06
SPAIN	Equity	315.68
EMEA	Fixed Income	248.14
LONG SHORT	Alternative	219.79
BRAZIL	Fixed Income	203.62
NATURAL RESOURCES SECTOR	Equity	190.03
GCC	Fixed Income	133.10
TURKEY	Equity	112.15
RUSSIA	Fixed Income	64.21
LONG SHORT	Mixed Allocation	47.92
GCC	Mixed Allocation	44.04
MIDDLE EAST REGION	Fixed Income	36.01
LONG SHORT	Fixed Income	34.96
EASTERN EUROPEAN REGION	Fixed Income	26.16
MENA	Fixed Income	15.90
AGRICULTURE	Commodity	12.95
ISRAEL	Equity	12.54
MULTIPLE SECTOR	Equity	11.91
GOVERNMENT BOND	Mixed Allocation	9.15

We anticipate that participation of public investors in SME credits is likely to follow the path of Senior Loan Funds. Development of digitisation and fintech initiative are likely to facilitate development of the sector of SME credit funds

Ticker	Type	Asset Class	Profile
AFRAX :US	OPEN-END FUND	Fixed Income	Invesco Floating Rate Fund is an open-end fund incorporated in the USA. The Fund aims to provide a high level of current income and, secondarily, preservation of capital. The Fund invests in senior secured floating rate loans made by banks and other financial institutions and in senior secured floating rate debt instruments.
CFER X:US	OPEN-END FUND	Fixed Income	Columbia Floating Rate Fund is an open-end fund incorporated in the USA. The Fund's objective is to provide shareholders with a high level of current income and, as a secondary objective, preservation of capital. The Fund invests at least 80% of the Fund's net assets will be invested in floating rate loans and other floating rate debt securities.
EFF:U S	CLOSED- END FUND	Fixed Income	Eaton Vance Floating-Rate Income Plus Fund is a diversified, closed-end management investment company. The Fund's objective is total return. The Fund will invest at least 80% of its total assets in senior loans of domestic and foreign borrowers that are denominated in U.S. dollars and foreign currencies.
EFT:U S	CLOSED- END FUND	Fixed Income	Eaton Vance Floating-Rate Income Trust is a newly organized, diversified, closed-end management investment company. The Fund's objective is to provide a high level of current income. The Fund will invest primarily in senior, secured floating rate loans that are below investment grade quality.
FAFRX :US	OPEN-END FUND	Fixed Income	Franklin Floating Rate Daily Access Fund is an open-end fund incorporated in the USA. The Fund's objective is to provide a high level of current income. The Fund invests primarily in income-producing floating interest rate corporate loans and corporate debt securities made to or issued by U.S. companies, foreign entities and U.S. subsidiaries of foreign
FLARX :US	OPEN-END FUND	Fixed Income	Pioneer Floating Rate Fund is an open-end fund incorporated in the USA. The Fund's objective is to achieve a high level of current income. The Fund invests at least 80% of its net assets in floating rate loans and other floating rate instruments.
FRFAX :US	OPEN-END FUND	Fixed Income	Prudential Floating Rate Income Fund is an open-end fund incorporated in the USA. The Fund aims to maximize current income. The Fund will invest at least 80% of its investable assets in floating-rate loans and other floating-rate debt securities.
GFRA X:US	OPEN-END FUND	Fixed Income	Goldman Sachs High Yield Floating Rate Fund is an open-end fund incorporated in the USA. The Fund's objective is to seek a high level of current income. The Fund invests at least 80% of its net assets in domestic or foreign floating rate loans and other floating or variable rate obligations rated below investment grade.
GSFR X:US	OPEN-END FUND	Fixed Income	Goldman Sachs High Yield Floating Rate Fund is an open-end fund incorporated in the USA. The Fund's objective is to seek a high level of current income. The Fund invests at least 80% of its net assets in domestic or foreign floating rate loans and other floating or variable rate obligations rated below investment grade.

POLAND	Equity	4.59
EGYPT	Equity	1.79
JAPAN	Mixed Allocation	1.00
AUSTRALIA	Mixed Allocation	0.24
ENERGY SECTOR	Mixed Allocation	0.21
AGRICULTURE	Equity	0.00
GCC	Equity	-1.03
GOVERNMENT BOND	Alternative	-7.12
MID-CAP	Commodity	-29.43
MENA	Equity	-29.95
AFRICAN REGION	Equity	-40.94
AUSTRALIA	Fixed Income	-43.02
MIDDLE EAST REGION	Equity	-50.53
BRIC	Fixed Income	-60.96
EMEA	Equity	-83.10
AUSTRALIA	Equity	-101.07
INDIA	Fixed Income	-142.85
RUSSIA	Equity	-143.84
SOUTH AFRICA	Equity	-178.79
LATIN AMERICAN REGION	Fixed Income	-189.20
BRIC	Equity	-230.51
NORDIC REGION	Equity	-316.41
EASTERN EUROPEAN REGION	Equity	-338.36
ASIAN PACIFIC REGION EX JAPAN	Mixed Allocation	-436.75
NORTH AMERICAN REGION	Equity	-729.63
INDUSTRIAL SECTOR	Equity	-1141.68
REAL ESTATE SECTOR	Equity	-1254.69
EUROPEAN REGION	Fixed Income	-1368.13

HFHA X:US	OPEN-END FUND	Fixed Income	Hartford Floating Rate High Income Fund is an open-end fund incorporated in the USA. The Fund's objective is to provide high current income, and long-term total return. The Fund will invest in floating rate loans and floating rate debt securities to achieve a floating rate of income. The Fund will also invest in high yield fixed-rate bonds to generate a higher current income.
HFLAX :US	OPEN-END FUND	Fixed Income	Hartford Floating Rate Fund is an open-end fund registered in the USA. The Fund's objective is to seek a high level of current income. It invests in below-investment-grade variable or floating rate loans and floating rate securities.
HFRA X:US	OPEN-END FUND	Fixed Income	Highland Floating Rate Opportunities Fund is an open-end fund incorporated in the USA. The Fund's objective is to provide a high level of current income, consistent with preservation of capital. The Fund invests directly and indirectly in floating rate loans and other floating rate investments.
JFR:U S	CLOSED- END FUND	Fixed Income	Nuveen Floating Rate Income Fund is a newly organized, diversified, closed-end management investment company incorporated in the USA. The Fund's objective is to achieve a high level of current income. The Fund will invest 80% of its assets in adjustable rate secured senior loans and adjustable rate unsecured senior loans.
LARCX :US	OPEN-END FUND	Fixed Income	Lord Abbett Floating Rate Fund is an open-end fund incorporated in the USA. The Fund seeks a high level of current income. The Fund invests in floating or adjustable rate senior loans. The Fund may invest in senior loans of any maturity or credit quality, but invests primarily in senior loans that are rated below investment grade.
NBLS: BQ	CLOSED- END FUND	Fixed Income	NB Global Floating Rate Income Fund Ltd is a closed-end investment company incorporated in Guernsey. The objective is to provide investors with regular dividends, at levels that are sustainable, whilst growing the capital value of its portfolio. The Fund will invest mainly in floating rate senior secured loans issued in USD, GBP and EUR by North American and European Union corporations.
OOSA X:US	OPEN-END FUND	Fixed Income	Oppenheimer Senior Floating Rate Fund is an open-end Fund incorporated in the United States. The Fund's objective is a high level of current income and preservation of capital. The Fund invests primarily in collateralized floating or adjustable rate senior loans that are made to U.S. and foreign borrowers.
OSFA X:US	OPEN-END FUND	Fixed Income	Oppenheimer Senior Floating Rate Plus Fund is an open-end fund incorporated in the USA. The Fund's objective is to seek income. The Fund invests mainly in floating rate loans that hold a senior position in the capital structure of U.S. and foreign corporations, partnerships or other business entities.
OSL- U:CN	CLOSED- END FUND	Fixed Income	OCP Senior Credit Fund is an investment fund incorporated in Canada. The Fund has been established to provide a stable source of tax-advantaged income through exposure to the performance of an actively managed, diversified portfolio comprised of senior secured loans and other senior debt obligations of non-investment grade North American issuers.
PAFRX :US	OPEN-END FUND	Fixed Income	T Rowe Price Floating Rate Fund is an open-end fund incorporated in the USA. The Fund seeks high current income and, secondarily, capital appreciation. The Fund invests at least 80% of its net assets in floating rate loans and floating rate debt securities.
PCBEI HE:KY	OPEN-END FUND	Fixed Income	PIMCO Cayman Trust - PIMCO Cayman Bank Loan Fund is an open-end fund incorporated in the Cayman Islands. The Fund seeks long-term growth and a stable return consistent with preservation of capital and prudent investment management. The Fund invests in secured and unsecured loans and other fixed-income instruments of varying maturities or related derivatives.

BRAZIL	Equity	-1588.53
ASIAN PACIFIC REGION	Mixed Allocation	-1688.47
PRECIOUS METAL SECTOR	Equity	-1874.68
CONSUMER STAPLES	Equity	-1894.75
ENERGY SECTOR	Equity	-2045.95
PRECIOUS METALS	Mixed Allocation	-2208.86
UTILITIES SECTOR	Equity	-3710.37
PRECIOUS METALS	Commodity	-17238.76

Source: Midlincoln

PFFRX :US	OPEN-END FUND	Fixed Income	T Rowe Price Institutional Floating Rate Fund is an open-end fund incorporated in the USA. The Fund's objective is current income, with capital appreciation as a secondary objective. The Fund invests at least 80% of its net assets in floating rate loans and floating rate debt securities.
PLBCX :US	OPEN-END FUND	Fixed Income	Pacific Funds Floating Rate Income is an open-end fund incorporated in the USA. The Fund's objective is to seek a high level of current income. The Fund invests at least 80% of its assets principally in income producing floating rate loans and floating rate securities.
PRFR X:US	OPEN-END FUND	Fixed Income	T Rowe Price Floting Rate Fund is an open-end fund incorporated in the USA. The Fund seeks high current income and, secondarily, capital appreciation. The Fund invests at least 80% of its net assets in floating rate loans and floating rate debt securities.
PYFAX :US	OPEN-END FUND	Fixed Income	Payden Floating Rate Fund is an open-end fund incorporated in the USA. The Fund's objective is to seek a high level of current income. The Fund invests at least 80% of its total assets in income producing floating rate loans and other floating rate debt instruments.
RFRA X:US	OPEN-END FUND	Fixed Income	Columbia Floating Rate Fund is an open-end fund incorporated in the USA. The Fund's objective is to provide shareholders with a high level of current income and, as a secondary objective, preservation of capital. The Fund invests at least 80% of the Fund's net assets will be invested in floating rate loans and other floating rate debt securities.
BCRE D:US	BDC	Fixed Income	BCRED expects to invest a majority of its portfolio in privately originated and privately negotiated U.S. senior secured floating rate loans and other private debt nvestments to focus on: Current income generation and, to a lesser-extent, long-term capital appreciation and Deal structures with senior positions and meaningful covenants

Source for the above tables: Midlincoln

SME Lending Funds Opportunities

Private Credit for SMEs
Predominantly direct lending through
secured and unsecured loans

- Investment flexibility across wide range of private credit
- High current income potential given increased demand from Germany SME companies
- Opportunities for enhanced returns, access to diligence through Fintech
- Potential for beneficial structures with favorable terms to target attractive risk-adjusted returns
- Expansive sourcing and due diligence supported by Fintech

The document was prepared in collaboration with Midlincoln Research

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