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360 Capital

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360 Capital Enhanced Income Fund (ASX:TCF) - HY2021 Results **26 February 2021**

Executing on new investment strategy

360 Capital FM Limited as Responsible Entity for the 360 Capital Enhanced Income Fund (“TCF” or “Fund”) is pleased to announce its financial results for the half year ended 31 December 2020.

HY21 Key Highlights

On 9 September 2020, the Fund’s responsible entity changed from Elstree Investment Management Pty Ltd to 360 Capital FM Limited with 99.84% of unitholders voting in favour of the change.

As part of 360 Capital Group proposal, Unitholders at the time were provided the option to redeem at NTA. The Fund retained $10.2m in cash following the outgoing managers sale of the hybrid securities held in the Fund (net of redemptions received).

On 28 September 2020, the Fund announced a change of name from the Australian Enhanced Income Fund to 360 Capital Enhanced Income Fund with a change of the ASX code from AYF to TCF.

360 Capital Group made a special payment of $0.15 per unit to all remaining unitholders in the Fund as at the Record Date and who continued to hold units in the Fund as at the Special Payment Condition Date. This payment was made by 360 Capital Group and not out of the assets of the Fund.

Investment Strategy

Under the previous responsible entity, the Fund was predominantly invested in hybrid securities and other fixed income instruments.

As part of 360 Capital Group’s proposal to unitholders, the Fund has pivoted its investment focus from listed fixed income securities to the growing private credit asset class. The Fund now will invest in a diverse range of senior and subordinated loans in both listed and unlisted middle market borrowers. The Fund defines middle market corporates as those that typically have revenues of above $50m and EBITDA of greater than $5m.

The Fund, under this strategy, has a target return of 6% net of fees and costs with income to be paid monthly to investors.

Capital Raise

Under the revised investment strategy, the Fund received unitholder support on 27 October 2020 to issue new units in the Fund to raise up to $70m.

The offer opened on 11 November 2020 and was distributed by Cambridge Investment Partners (Lead Arranger and Joint Lead Manager), Shaw and Partners (Joint Lead Manager) and Bell Potter (Co-Manager). The capital raised closed with a total of $12,133,418 through the issue of 2,042,663 new units at $5.94 per unit (the NTA of the Fund). Allotment of units occurred on 17 December 2020 and the new units commenced trading on the ASX on 21 December 2020.

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Outlook and guidance

The Fund is in advanced discussions with a number of prospective borrowers to deploy the capital it holds into new corporate loans. The planned investments are within the strategy and are expected to generate greater than 6% distributions to investors (net of fees and costs on an annualised basis).

The first investment by the Fund is expected to be made in early March with distributions expected to commence on 31 March 2021, in line with prior guidance under the product disclosure statement dated 11 November 2020.

The Responsible Entity extends its thanks to all unitholders for their support as part of the change of responsible entity and capital raising and looks forward to providing further updates as investments and distributions commence in the near term.

Authorised for release by, Kimberley Child, Company Secretary, 360 Capital FM Limited.

More information on the Group can be found on the ASX's website at www.asx.com.au using the Group's ASX code "TGP", on the Group's website www.360capital.com.au, by calling the 360 Capital investor enquiry line on 1300 082 130 or by emailing investor.relations@360capital.com.au.

Alternatively, TCF investors can contact:

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About 360 Capital Enhanced Income Fund (ASX: TCF)

The 360 Capital Enhanced Income Fund (previously the Australian Enhanced Income Fund) was established in 2006 and provides investors access to fixed income and private credit investment opportunities across listed and unlisted issuers. TCF aims to deliver regular monthly income to investors through disciplined asset selection and risk analysis.

About 360 Capital Group (ASX: TGP)

360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets. Led by a highly experienced team, the Group operates in Australian and global markets investing across real estate, public and private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.