Half-Yearly Report & Financial Statements

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GCP Asset Backed Income Fund Ltd
19 September 2024

GCP Asset Backed Income Fund Limited

(the "Company" or "GCP Asset Backed")

LEI: 213800FBBZCQMP73A815

Half-yearly report and unaudited interim condensed financial statements
for the period ended 30 June 2024

19 September 2024

GCP Asset Backed, which invests in asset backed loans, is pleased to announce the publication of its unaudited half-yearly report and financial statements for the period ended 30 June 2024 ("**Interim Financial Statements**") which are now available on the Company website at: Gravis | Literature (graviscapital.com).

Highlights for the period include:

- Dividends of 3.16[1] pence per share declared for the period. Aggregate dividend payments over the last twelve months represent a 9.2% yield on the Company's closing share price at 30 June 2024.
- All resolutions put to the AGM and EGM held in May 2024 were duly passed, which resulted in a change in the Company's investment objective to undertake a managed wind-down and realise all existing portfolio assets.
- Strong progress was made on the Company's managed wind-down with a total of 159.6 million shares redeemed, representing 37.5% of the Company's issued share capital at a price of 89.67[2] pence per share.
- Total NAV return[3] for the period of 1.0% (30 June 2023: 2.7%) and total NAV return[3] since IPO of 56.5%.
- Profit for the period of £1.7 million (30 June 2023: £8.0 million). The reduction primarily reflects net unrealised valuation losses on the portfolio. Further information on financial performance is included on pages 18 to 21 of the Interim Financial Statement.
- NAV per share of 90.92[4] pence at 30 June 2024, a decrease of 2.5% from the year end, primarily reflecting valuation losses as detailed above. Further information is included in the Investment Manager's report on pages 8 to 17 of the Interim Financial Statements.
- Repayments of £122.3 million received in the period. Interest amounts of £2.6 million were capitalised in accordance with contractual terms.
- Exposure to a diversified, partially inflation and/or interest rate protected portfolio of 31 asset backed loans with a third-party valuation of £232.9 million[5] at 30 June 2024.
- Post period end, the Company received repayments totalling £25.1 million.

1. Total dividends of 3.1625 pence per share includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2024, which was declared post period end.
2. The shares were redeemed at 89.66875 pence per share.
3. Alternative performance measure - refer to pages 52 to 54 for definitions and calculation methodology.
4. Does not include a provision for the dividend in respect of the quarter to 30 June 2024, which was declared and paid post period end.
5. Valuation of the loan portfolio held by the Subsidiary. The Company makes its investments through its wholly owned Subsidiary. Refer to note 1 for further information.

On the release of the Interim Financial Statements, Alex Ohlsson, Chairman of GCP Asset Backed, commented:

The Company has historically offered investors an attractive alternative to fixed income during a period of enduring low interest rates. However, rising yields from traditional income sources have led to a flight of capital away from alternative assets, reducing demand for the Company's shares and contributing to the persistent discount to NAV at which the shares have been trading.

In May 2024, the Board was pleased that all resolutions put forward at the AGM and EGM were successfully passed. These resolutions mark a significant shift for the Company, as it embarks on a managed wind-down of the portfolio. I want to thank shareholders for their active engagement in this process. As part of the wind-down, an initial capital distribution was made in June 2024, redeeming 159.6 million ordinary shares, representing 37.5% of the Company's issued share capital.

Despite market challenges, the portfolio generated £13.8 million in interest income and £1.7 million in profit. The Company declared dividends of 3.16[1] pence per share for the period, and it remains the Board's intention to sustain the current annual dividend target of 6.235 pence[2] for as long as practicable, while the Company remains substantially invested.

As we move forward, no new investment activity is planned, and the focus remains firmly on the orderly wind-down of the portfolio. The Investment Manager continues to actively manage the portfolio with the aim of accelerating redemptions and disposals in line with the realisation plan.

Thank you to our stakeholders for their ongoing support during this transitional period. We remain committed to delivering value as we move through the managed wind-down process.

1. Total dividends of 3.1625 pence per share includes a quarterly dividend of 1.58125 pence per share for the quarter to 30 June 2024, which was declared post period end.
2. This is a target only and does not constitute a profit forecast.

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Notes to editors

GCP Asset Backed Income Fund Limited is a closed-ended investment company. Its shares are traded on the Main Market of the London Stock Exchange. Its investment objective is to undertake a managed wind-down of the Company and realise all existing assets in the Company's portfolio in an orderly manner.

The Company's portfolio comprises a diversified portfolio of predominantly UK based asset back loans which have contracted, predictable medium to long term cash flows and/or physical assets.

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