

KATCH FACTORING FUND

Fund Registered Address:

Aerogolf Center • 1A Heienhaff
L-2633, Senningerberg
Luxembourg



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Portfolio Summary – As of March 31st 2022

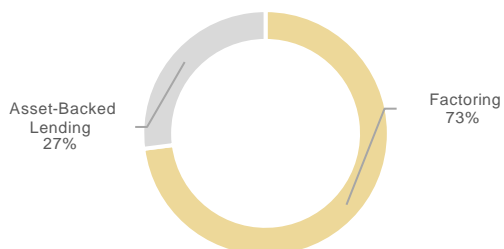
Fund Objective

The Fund aims to provide short-term funding for Brazilian small and mid-sized companies by buying receivables at a discount, a practice commonly known as Factoring. To a lesser degree, the fund also provides asset-backed loans that are fully backed by real assets. The objective of the Fund is to deliver 10% in USD per annum, with no negative months and high level of liquidity.

Typical Investments

- Factoring:
 - ✓ \$5K to \$200K invoice size
 - ✓ 15 to 200 days duration
 - ✓ Diversified portfolio across sectors and company's sizes
 - ✓ Recourse against seller and additional guarantees
 - ✓ No use of leverage
- Asset-backed lending:
 - ✓ \$500K to \$5M loan size
 - ✓ 1 to 3 years duration
 - ✓ Real Estate collateral with 70% LTV
 - ✓ No use of leverage

Weighted Asset Class Exposure



Portfolio Key terms

Fund AuM	43.3\$M
Targeted Return	10%*
Counterparties in Portfolio	+45
Average Invoice size	\$13,800.00
Average Invoice Duration	113 days
Gross Interest Rate in BRL	23.7%
Default Rate	< 1%

*Institutional USD share class, 8% per annum preferred, plus up to 8% profit participation on realized profits

Why Brazil factoring investing?

The highly concentrated banking sector is not providing sufficient funding to small and medium-sized enterprises, the backbone of the Brazilian economy. Therefore, factoring has become an indispensable source of funding for many companies to meet their working capital needs. Typically, companies are paying attractive interest rates and offer strong guarantees to secure funding from the private market.

In contrast to the lack of transparency in many countries, factoring is highly regulated in Brazil with a high level of transparency and accountability. Katch's experienced local executive and operations teams that are based in Sao Paulo manage the factoring business through FIDCs (Fundo de Investimento em Direitos Creditórios), a structure that offers several layers of protection for investors, such as independent fund administration, risk management and audit.



Geographical Exposure

The Katch Factoring Fund focuses on the Southeast region of Brazil, which is the richest region of the country, responsible for 60% of the Brazilian GDP.



Regions where capital is deployed

The regions where the capital is invested are carefully selected according to the market demand.



Key Metrics – Credit Analysis

- Balance Sheet and Income Statement of the last 3 fiscal years
- Current year month by month sales report
- Credit Operation Proposal (POC)
- ABC curve of customers
- Other relevant documents: website, presentation, catalog etc.



Key Metrics – Risk

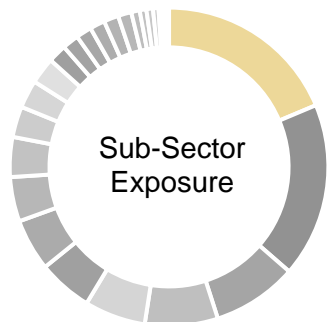
- Avg duration: 113 days
- Limit per Counterparty: 5% of NAV
- Limit per 5 holdings: 20% of NAV
- Limit per 10 holdings: 40% of NAV
- Company profile: Minimum annual sales of R\$50M
- Company track record: Minimum 2 years of operations



Sectorial Exposure



- Agribusiness - 19.9%
- Real Estate - 17.7%
- Industrial - 9.6%
- Textile - 4.0%
- Transportation - 2.7%
- Packaging - 1.4%
- Oil and Gas - 19.0%
- Consumer Goods - 11.9%
- Construction - 8.6%
- Food & Beverage - 3.2%
- Energy - 1.9%



- Fuel Distributor - 18.7%
- Construction - 8.6%
- Agrobusiness Biotech - 6.2%
- Chemicals - 5.3%
- Women Clothing - 4.0%
- Home Appliances (Distributor) - 2.8%
- Energy Efficiency/Storage - 1.9%
- Metallurgical - 1.6%
- Electric Motors - 1.5%
- Car parts - 0.9%
- Dairy Food - 0.7%
- Lubricating Oils - 0.3%
- Laminated Steel - 0.2%
- Bakery - 0.1%
- Real Estate - 17.7%
- Beauty and Fashion - 7.4%
- Fertilizer - 5.5%
- Soybean Meal and Oil - 4.5%
- Grains - 3.1%
- Transportation - 2.7%
- Shoes - 1.7%
- Cookie, Cracker & Pasta - 1.5%
- Packaging - 1.4%
- Chicken - 0.7%
- Fertilizer (Distributor) - 0.6%
- Fruit Juices - 0.3%
- Auto Battery Recycling - 0.2%
- Industrial Applications - 0.1%

Factoring Client Profile – As of March 31st 2022

Client's Key Characteristics

Our factoring client is the national leader in constructive solutions, operating with the most innovative design, fabrication and assembly of steel structures for the most diverse types of projects. With 50 years of activity, it operates throughout Brazil and in more than 30 countries in Latin America, Europe and Africa.

It has one of the most modern industrial complexes in the world for the production of steel structures, formed by 3 manufacturing units, having a production capacity of 150,000 tons per year. All materials produced passes through strict quality control from the receipt of the raw material to the dimensional inspection of the production process.

- Annual gross revenue: R\$550,000,000.00
- Sector: Constructive Solutions
- Audited by Big 04



Client's History with Katch

- Established relationship since May 2020
- Current exposure: R\$17,500,000.00
 - Receivables: R\$10,800,000.00
 - Receivable average term: 35-day
 - Asset-backed Loans: R\$6,700,000.00
 - Asset-backed Loans average duration: 3-year
- Liquidation track record since inception:
 - Receivables: R\$68,000,000.00
 - Asset Back Loans: R\$8,000,000.00



■ Receivables - 62% ■ Asset Backed Loans - 38%



■ Region of activity



■ Client - 9% ■ Other Clients - 91%

Portfolio Manager



Pascal Rohner, CFA CIO at Katch Investment Group

Pascal has more than 20 years of experience in financial market research, portfolio management, and investment advisory. He worked several years as a financial analyst, strategist and investment advisor for Credit Suisse in Zurich, New York and Panama. Before joining Katch Investment Group in April 2019, he was the chief investment officer of Credit Andorra and its Multi Family Office, Private Investment Management in Panama.

Pascal has a master's degree in Management and Economics from the University of Zurich and is a CFA charterholder.

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