GLI Alternative Finance

Monthly Fact Sheet as at 30th June 2016

Ordinary Shares Issued	52,660,350
Launch price	100.00p
Launch date	23-09-2015
Ticker	GLAF:LN
ISIN	GB00BYMK5S87
Target fund net yield	8.0%
Current gross yield	9.3%
Dividend frequency	Monthly
Ann. dividend yield	7.48%
Gearing	None
NAV as at 30/06/16	53,400,692 GBp
NAV per ordinary share 30/06/16	101.31p
Mid-price 30/06/16	89.75p
Premium / discount	-11.41%

INVESTMENT OBJECTIVE

GLI Alternative Finance PLC is a UK Investment Trust with the investment objective of providing shareholders with attractive risk adjusted returns through investment, principally via online finance platforms, in a range of SME loan assets, diversified by way of asset class, geography and duration.

The company may invest directly or indirectly into available opportunities, including making investments in, or acquiring interests held by, third party alternative lending platforms and other lending related opportunities. The Fund pays a monthly dividend and over a rolling twelve-month period, is targeting an outright income level of 8%.

MARKET COMMENTARY

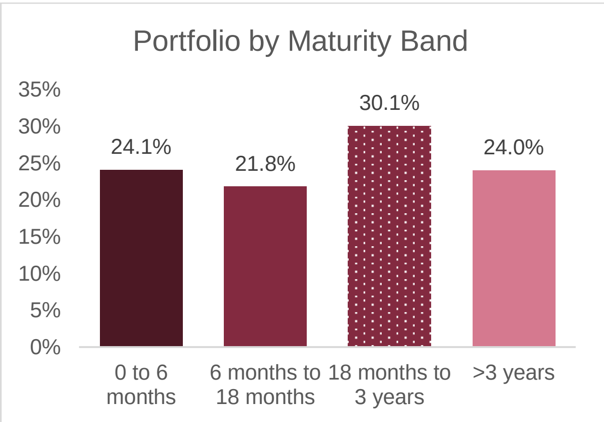
The month of June will go down in history for one main event – Brexit. The word has been used so many times in the past few months that "Brexhaustion" is setting in. The impact of the referendum vote on the 23rd June will reverberate throughout not just the UK economy, but globally for many years to come. Within twenty-four hours of the result, Prime Minister Cameron tendered his resignation and all eyes turned to Boris Johnson as his likely successor. Almost unbelievably, "BoJo" announced that he would not enter the race to become the 54th Prime Minister and so the Conservative party has chosen their new leader with Teresa May due to be appointed as Prime Minister on 13th July 2016. A similar change in leadership of the Labour party is likely as Jeremy Corbyn teeters on the brink of (r)ejection from his role as leader of the opposition.

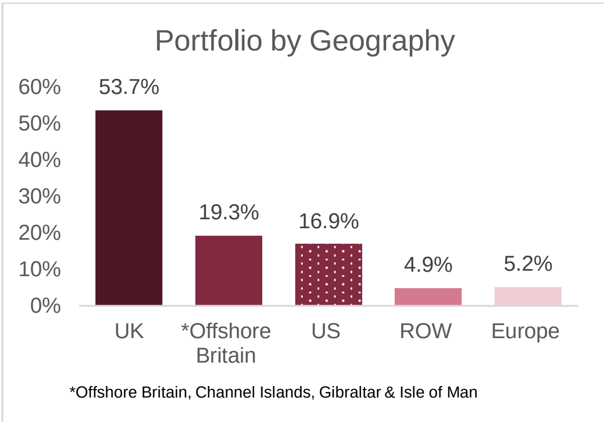
The impact on investment markets was severe with the main casualty, the Pound, falling in excess of 11% over a two-day period to a low print vs. the US Dollar of 1.3121, itself a thirty-year low. Equity markets also slumped on the news with Asian markets having the first opportunity to react – the Nikkei 225 fell nearly 8.5% whilst the UK midcap equity market registered an eye watering drop in excess of 13%. It has since regained a healthy portion of the fall and is now only 10% off its long-term highs of May 2015.

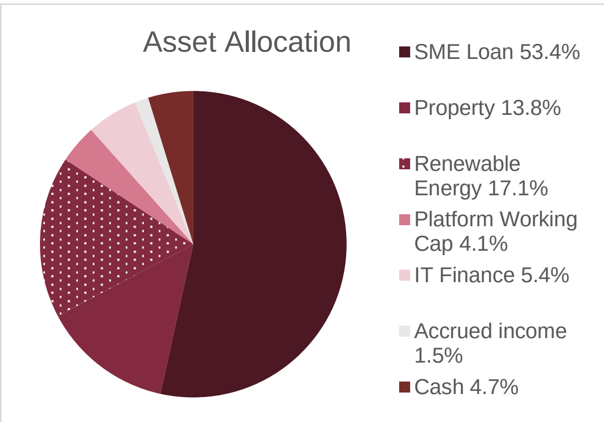
Macro data released during the month broadly pointed to a continued recovery with business confidence rising in the UK and retail sales jumping to 6.0% year on year. BoE Chairman, Mark Carney has expressed concern following the Brexit vote and stands ready to inject liquidity into the market should it be deemed necessary. Indeed, as at the end of June, 75% of economists were forecasting a reduction in the Official Bank Rate to 0.25%. The eagerly awaited Non-Farm Payrolls data in the US disappointed with the smallest increase in five years, +38,000, however the unemployment rate continued its downtrend standing now at just 4.7%, a level last seen in November 2007. The Euro-Zone also showed impressive gains with a quarter on quarter increase in GDP of 0.6%.

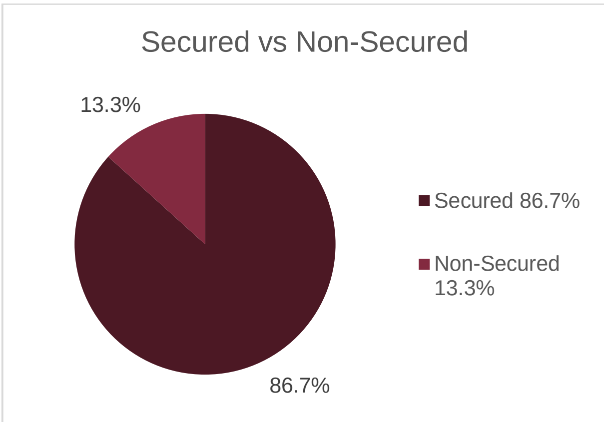
Investment companies within the Alternative Finance sector were not immune from the market volatility. P2P Global and VPC Specialty Lending fell in excess of 7% whilst GLI Alternative Finance also suffered, falling 7% during the same period. GLI Alternative Finance is now trading on a discount in excess of 10%, representing excellent value for investors. The NAV performance (as seen in the graph below) has been in line with expectations, rising in excess of 5.5% from 30th September 2015 (source Bloomberg).

New loan origination throughout June provided an increase to exposure in European SME loans with BMS Ireland drawing down capital and MyTripleA also showing strong origination with GLI Alternative Finance supporting 6 new deals. Exposure to Renewable Energy also increased via a 1% of NAV purchase in a construction project yielding a gross interest rate of 9%.









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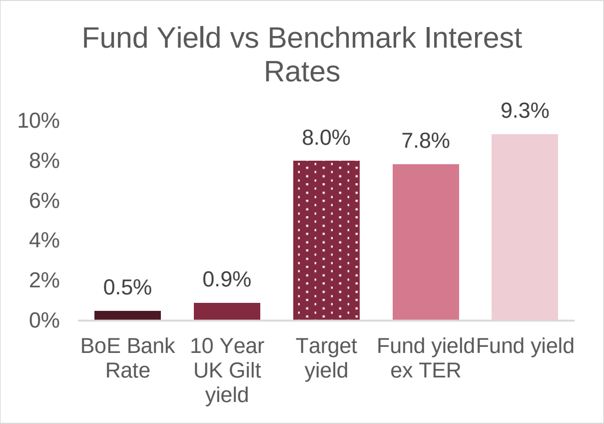

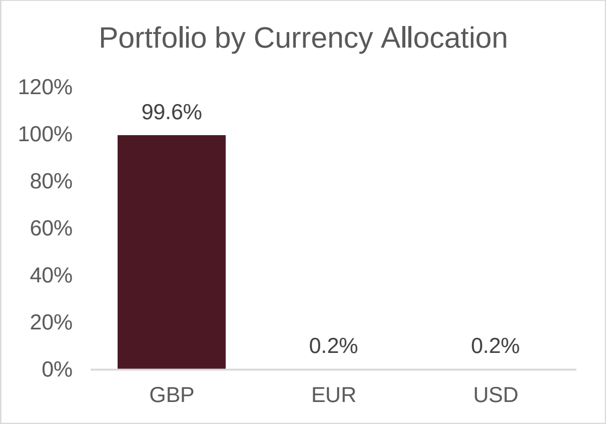

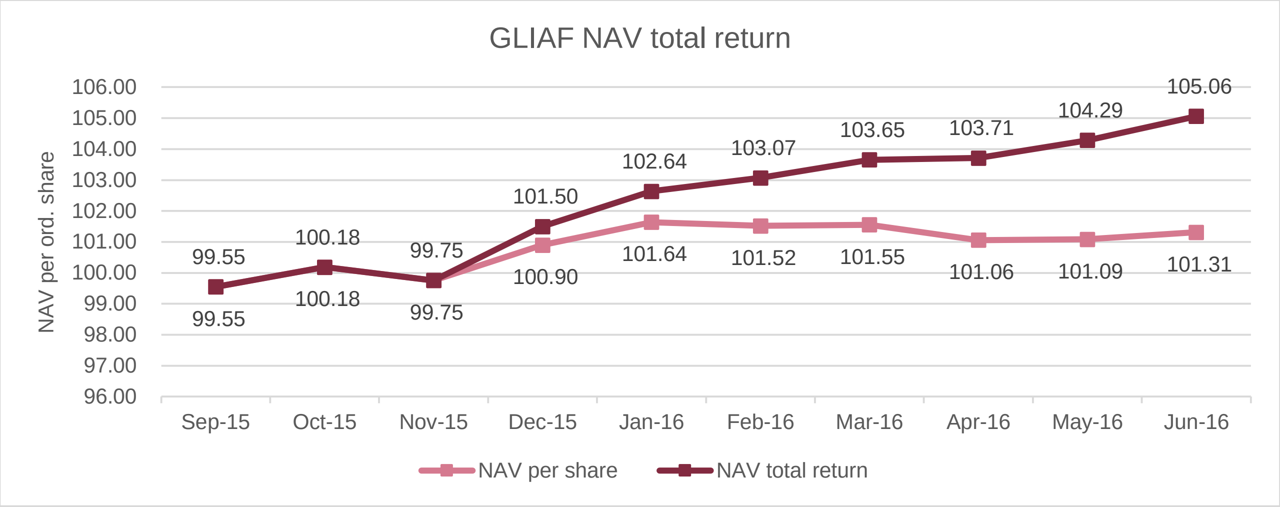

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
NAV*	100.18p	99.75p	100.90p	101.64p	101.52p	101.55p	101.06p	101.09p	101.31p
Mid-price**	102.25p	102.25p	101.50p	99.50p	96.50p	95.75p	96.50p	96.00p	89.75p
Dividend*			0.60p	0.40p	0.55p	0.55p	0.55p	0.55p	0.55p

* Per Ordinary Share paid from income reserves to date

** Source Bloomberg

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TOP TEN SINGLE ISSUER HOLDINGS

Asset	Coupon	Maturity	Currency	Geographic region	Weighting
Loan 1	8.00%	MAR 2017	GBP	OFFSHORE*	2.33%
Loan 2	9.00%	OCT 2019	GBP	UK	2.23%
Loan 3	9.50%	MAY 2018	GBP	UK	2.15%
Loan 4	9.75%	SEP 2018	GBP	UK	1.97%
Loan 5	9.50%	MAR 2018	GBP	UK	1.86%
Loan 6	8.00%	DEC 2016	GBP	OFFSHORE*	1.86%
Loan 7	9.95%	MAR 2017	GBP	OFFSHORE*	1.86%
Loan 8	9.75%	JUL 2018	GBP	UK	1.86%
Loan 9	7.50%	SEP 2018	GBP	UK	1.78%
Loan 10	8.73%	JUL 2016	GBP	UK	1.72%

*Offshore includes Channel Islands, Gibraltar and the Isle of Man

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