

### Company Overview

VPC Specialty Lending Investments PLC (“VSL” or the “Company”) invests in opportunities within the specialty lending market primarily through online lending Platforms. The Company completed its IPO on 17 March 2015 with a premium listing on the Official List of the U.K. Listing Authority and trading on the Main Market of the London Stock Exchange. The Company’s trading symbol is VSL for the Ordinary Shares.

The Company’s investment manager is Victory Park Capital Advisors, LLC (“VPC” or the “Investment Manager”). VPC is an SEC-registered investment adviser and acts as the AIFM of the Company.

Since 2010, the Investment Manager has been actively involved in the specialty lending marketplace and has made more than \$4.6 billion of investments and commitments across various financial technology Platforms, spanning multiple geographies, products and structures, and is continuing to deploy capital into existing and new Platforms.

### The Company’s Investment Objective

Increased banking regulation (particularly in Europe and the US) is imposing restrictions on certain types of lending by banks to both consumers and small businesses, leading to a growing market for specialty lending Platforms. The online lending market continues to expand rapidly as both borrowers and investors recognise the advantages relative to the traditional bank lending model.

The Company seeks to generate an attractive total return for shareholders consisting of dividend income and capital growth via investments across a diverse portfolio of various online lending platforms (each a “Platform”), asset classes, geographies (primarily US, UK, Europe and Australia) and credit bands.

The Company generates investment income from exposure to Platform-originated consumer and small business loans, including corporate and trade receivables, in accordance with certain investment limits and restrictions to ensure diversification of the Company’s portfolio is maintained and that concentration risk and credit exposure is mitigated. In addition, the Company may also make direct equity investments, or receive warrants to purchase equity stakes, in such Platforms.

### The Company’s Performance (As at 30 November 2016)<sup>1</sup>

NAV (Cum Income)	£364,326,367
NAV (Ex Income)	£357,692,473
Monthly NAV (Cum Income) Return	-0.28%
Monthly Income Return	0.48%
Monthly NAV (Ex Income) Return	-0.76%
ITD Total NAV Return <sup>2</sup>	6.64%
NAV per Share (Cum Income) <sup>3</sup>	95.22p
NAV per Share (Ex Income) <sup>3</sup>	93.49p
Share Price (30 November 2016 Close)	71.75p
Issue Price	100.00p
Shares in Issue <sup>3</sup>	382,615,665
Market Capitalisation	£274,526,740
Premium / (Discount) to NAV (Cum Income)	-24.65%
Look-through Gearing Ratio	0.84x

### Investment Highlights

- Significant market opportunity with rapid and continued expansion.
- Experienced management team that has been involved in the sector since 2010.
- Access to scalable online lending Platforms utilizing VPC’s existing loan and forward flow contractual agreements.
- Exposure to geographic, product and structural diversity.

<sup>1</sup>Please refer to the Glossary of Terms on page 4.

<sup>2</sup>Net of issue costs.

<sup>3</sup>Based on total shares outstanding.

### Portfolio Statistics<sup>1,5</sup>

	Overall Portfolio	Marketplace Loans Only	Balance Sheet Loans Only
Weighted Average Coupon	15.64%	18.30%	12.91%
Weighted Average Life (months)	18	18	17
Number of Underlying Loans	671,200	134,861	536,339
Weighted Average Loan Size (\$USD)	3,366	8,298	2,126

### Ordinary Share Performance and Dividend Summary (As at 30 November 2016)<sup>1</sup>

NAV (Cum Income) Return <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD <sup>4</sup>
2015	-	-	-0.12%	0.63%	0.33%	0.81%	0.77%	0.51%	0.63%	0.68%	0.69%	0.77%	5.80%	6.64%
2016	0.33%	0.41%	0.41%	0.37%	-0.62%	0.58%	0.60%	0.10%	0.16%	-1.25%	-0.28%		0.81%	

Income Return <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD <sup>4</sup>
2015	-	-	-0.10%	0.09%	0.29%	0.65%	0.74%	0.43%	0.72%	0.44%	0.62%	0.35%	4.31%	9.96%
2016	0.63%	0.47%	0.23%	0.36%	0.38%	0.27%	1.22%	0.42%	0.40%	0.78%	0.48%		5.55%	

NAV (Ex Income) Return <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD <sup>4</sup>
2015	-	-	-0.02%	0.54%	0.04%	0.16%	0.03%	0.08%	-0.09%	0.24%	0.07%	0.42%	1.49%	-3.32%
2016	-0.30%	-0.06%	0.18%	0.01%	-1.00%	0.31%	-0.62%	-0.32%	-0.24%	-2.03%	-0.76%		-4.74%	

Share Price Performance <sup>3</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD <sup>4</sup>
2015	-	-	0.50%	0.25%	1.24%	0.00%	1.96%	-2.88%	1.98%	-4.37%	-2.54%	-1.56%	-5.50%	-28.25%
2016	0.00%	-3.44%	-4.66%	5.46%	-5.45%	-3.17%	-4.76%	1.25%	-1.23%	-0.31%	-10.03%		-24.07%	

Dividend Per Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	ITD <sup>4</sup>
2015	-	-	-	-	-	-	-	0.90p	-	-	1.89p	-	2.79p	9.29p
2016	2.00p	-	-	-	1.50p	-	-	1.50p	-	-	1.50p	-	6.50p	

<sup>1</sup>Please refer to the Glossary of Terms on page 4.

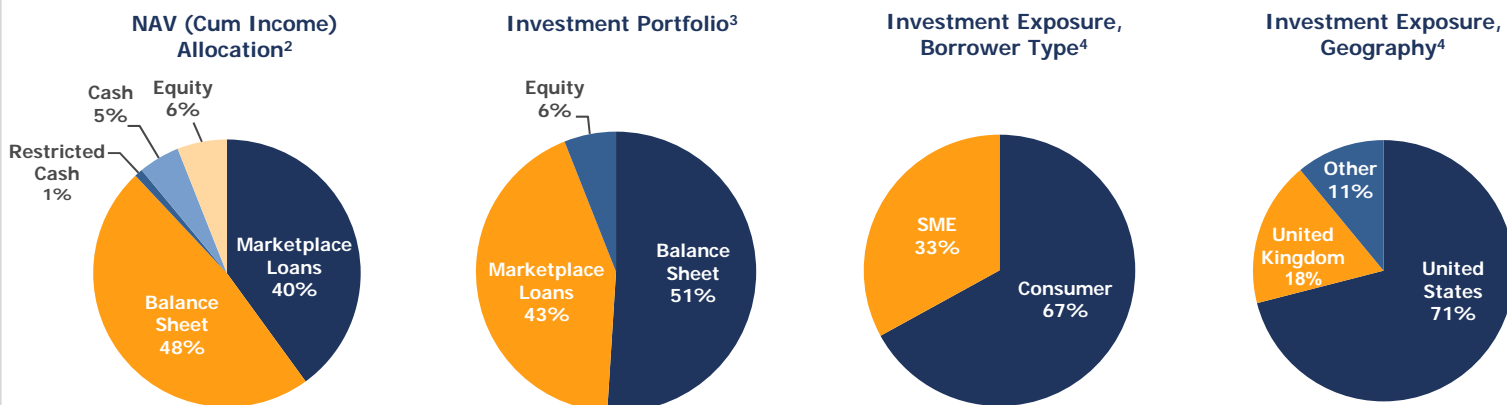
<sup>2</sup>Net of issue costs.

<sup>3</sup>Based on issue price of 100p.

<sup>4</sup>Inception to Date ("ITD"). Inception date is 17 March 2015 for the Ordinary Shares.

<sup>5</sup>Underlying portfolio data as of most recent available reporting period.

## Ordinary Share Portfolio Composition (As at 30 November 2016)<sup>1</sup>



## Monthly Commentary

During November, the Company's revenue return was 48 bps, which was offset by a capital return of -76 bps, for a net return of -28 bps. Revenue during the month was predominantly from the balance sheet investments which continued to perform in line with expectations. By contrast, revenue and capital returns from the marketplace investments remained subdued.

The capital losses during November were due to three notable factors. Firstly, while the Company fully hedges its exposure to the U.S. Dollar, it does leave smaller FX positions unhedged where it is uneconomic to do so, such as its Australian Dollar (AUD) exposure. AUD depreciated by 4.9% versus GBP during November, resulting in a 31 bps loss. Overall, the impact of the AUD exposure to the capital return of the Company has been minimally positive. The AUD exposure as at 30 November 2016 was 7.5% of Net Asset Value (NAV). Secondly, fair value write-downs of the Avant securitization residuals contributed -10 bps. The balance of the capital loss during the month was related to the Company's marketplace portfolio, including certain write downs and various transaction and other costs related to the December sale of the Funding Circle UK portfolio (see below).

As at 30 November 2016, the Company had investments in debt instruments from 22 platforms, 16 of which were balance sheet investments, and had equity stakes in 18 platforms.

The Investment Manager continues to allocate capital into balance sheet investments, which account for 48% of NAV versus 40% for marketplace loans at 30 November 2016. Adjusted for the 21 December 2016 sale of the Funding Circle UK loan portfolio (see below), on a pro forma basis, marketplace loans would have accounted for 32% of NAV at 30 November 2016.

The Company's investments are geographically diversified with investments in the U.K., Europe, Latin America and Australia, in addition to the U.S.

## Events Subsequent to 30 November 2016

On 6 December 2016, the Company made its initial investment into a leading consumer lending platform with data-driven analytics, offering medium term amortising installment and title loans, revolving lines of credit, and short-term single payment loans across the U.S., U.K. and Canada.

On 21 December 2016, the Company sold a portfolio of marketplace loans originated via Funding Circle UK. This sale helped accelerate the Company's strategy of reallocating capital away from market place lending investments into balance sheet investments that have consistently generated higher returns with less volatility. The Company expects to re-invest substantially all of the proceeds from the sale, net of any cash used in the buyback programme (see below), into balance sheet investments in the first quarter of 2017.

On 23 December 2016 the Company commenced a share buyback programme in light of the significant disparity between the Company's share price and NAV.

<sup>1</sup>Please refer to the Glossary of Terms on page 4.

<sup>2</sup>Restricted Cash reflects cash held in underlying private fund investments that is not available for direct investment by VSL.

<sup>3</sup>Investment portfolio is defined as the net asset value of the investments made by the Company, excluding cash and restricted cash at the Company.

<sup>4</sup>Calculations using gross asset exposure and not reduced for gearing. Excludes cash.

### Glossary of Terms

**Income Return** – Represents the difference between the **NAV (Cum Income) Return** and the **NAV (Ex Income) Return** as defined below.

**Look-through Gearing Ratio** – The aggregate leverage of the Company and any investee entity, on a look-through basis, including borrowing through securitization using SPVs.

**Market Capitalisation** – Month-end closing share price multiplied by the number of shares outstanding at month end.

**NAV (Cum Income) or NAV or Net Asset Value** – The value of assets of the Company less liabilities determined in accordance with the accounting principles adopted by the Company.

**NAV (Cum Income) Return** – The total return on shareholders' funds per share reflecting the change in NAV assuming that dividends paid to shareholders were reinvested at NAV at the time dividend was announced.

**NAV (Ex Income) Return** – The NAV of the Company, including current year capital returns and excluding current year revenue returns and unadjusted for dividends relating to revenue returns.

**NAV per Share (Cum Income)** – The NAV (Cum Income) divided by the number of shares in issue.

**NAV per Share (Ex Income)** – The NAV (Ex Income) divided by the number of shares in issue.

**Number of Underlying Loans** – The number of marketplace loans owned by the Company or held as collateral for balance sheet loans.

**Premium / (Discount) to NAV (Cum Income)** – The amount by which the share price of the Company is either higher or lower than the NAV per Share (Cum Income), expressed as a percentage of the NAV per share.

**Share Price** – Closing share price at month end, excluding dividends reinvested.

**Weighted Average Coupon** – The weighted average gross interest rates charged on the underlying marketplace loans or balance sheet loans owned by the Company.

**Weighted Averaged Life (months)** – The weighted average duration in months the underlying marketplace loans or balance sheet loans owned by the Company.

**Weighted Average Loan Size (\$USD)** – The weighted average size in USD of loans invested by the Company or held as collateral.

### Important Information

All data in this monthly report (the "report") is at or to the final day of the calendar month identified in the heading of the report's front page unless otherwise stated.

Past performance should not be seen as an indication of future performance. The value of investments and any income may fluctuate and investors may not get back the full amount invested. The views expressed are those of VPC at the time of writing, are subject to change without notice and do not constitute investment advice. Whilst VPC has used all reasonable efforts to ensure the accuracy of the information contained in this report, we cannot guarantee the reliability, completeness or accuracy of the content.

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The Company is authorised and regulated by the Financial Conduct Authority and is registered in England (registered number 9385218) with its registered office at 40 Dukes Place, London EC3A 7NH.

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