

### Company Overview

VPC Specialty Lending Investments PLC (“VSL” or the “Company”) invests in opportunities within the specialty lending market primarily through balance sheet or marketplace lending models (“Portfolio Companies”). 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 Portfolio Companies, spanning multiple geographies, products and structures, and is continuing to deploy capital into existing and new Portfolio Companies.

### The Company’s Investment Objective

Increased banking regulation (particularly in Europe and the U.S.) is imposing restrictions on certain types of lending by banks to both consumers and small businesses, leading to a growing market for specialty lending Portfolio Companies. 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 providers, asset classes, geographies (primarily U.S., U.K., Europe and Australia) and credit bands.

The Company generates investment income from exposure to Portfolio Company-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 Portfolio Companies.

### The Company’s Performance (As at 31 May 2017)<sup>1</sup>

NAV (Cum Income)	£357,068,868
NAV (Ex Income)	£344,690,314
Monthly NAV (Cum Income) Return	-0.68%
Monthly Income Return	0.62%
Monthly NAV (Ex Income) Return	-1.30%
ITD Total NAV Return <sup>2</sup>	7.44%
NAV per Share (Cum Income) <sup>3</sup>	94.50p
NAV per Share (Ex Income) <sup>3</sup>	91.23p
Share Price (31 May 2017 Close)	82.00p
Issue Price	100.00p
Shares in Issue <sup>3</sup>	377,832,126
Market Capitalisation	£309,822,343
Premium / (Discount) to NAV (Cum Income)	-13.23%
Look-through Gearing Ratio	0.41x

### 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 Portfolio Companies 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 5.

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

<sup>3</sup>Based on total shares outstanding, less shares held in treasury.

#### Monthly Commentary

In May, the Company's income return of 0.62% increased for the fifth consecutive month. At the same time, the capital return was -1.30%, for a net total return of -0.68%. Further details on the returns are as follows:

- As in recent months, income was derived predominantly from the Company's balance sheet loans, which continued to perform strongly; incurring no credit losses and contributing a gross monthly income of 0.70%.
- Gross capital returns were -1.31%. Of this, the Avant securitisation residuals, which are held at fair value, accounted for -0.66%, as the underlying expected default targets were increased. At month end, these positions accounted for 3.8% of NAV. The Investment Manager believes that the majority of the potential total cumulative loss on these positions has already been incurred. The equity portfolio returned -0.32% primarily due to a decline in the public share price of Elevate. While the Elevate share price has since rebounded, short term market movements will create volatility in the capital returns of the Company. The remainder of the marketplace portfolio (mainly Avant, Prosper and Funding Circle Europe loans) returned -0.27%.

At the end of May, the Company had investments in debt instruments of 25 Portfolio Companies, 20 of which were structured as balance sheet investments. In addition, the Company had equity stakes in 20 Portfolio Companies. Balance sheet investments accounted for 56% of NAV at the end of May. The decrease from April (59%) was due to a partial repayment of the zipMoney investment, equivalent to approximately 5% of NAV.

During May, the Company announced the sale of the majority of its Funding Circle US and Upstart marketplace loans. At month-end, marketplace loans accounted for 15% of NAV compared to 21% at the end of April.

The Company held substantial liquidity due to the Upstart and Funding Circle US portfolio sales as well as the partial repayment of zipMoney, as previously mentioned, with cash representing 19% of NAV as at 31 May 2017. The balance sheet investment pipeline remains strong and nearly half of the available cash was reinvested in new and existing balance sheet investments during June. We expect that the remainder will be deployed in the coming months.

The Company announced an interim dividend of 1.50 pence per share for the three-month period to 31 March 2017.

During May, the Company purchased a total of 464,480 shares at an average price of 81.09p under the share buyback program. In addition, the Investment Manager used 20% of its management fee to purchase 73,817 shares at an average price of 81.25p.

The Company announced a performance fee hurdle in respect of the performance fees payable to the Investment Manager. With effect from 1 May 2017, the payment of any performance fees to the investment manager will be conditional on the Company achieving at least a 5.0% per annum total return for shareholders relative to a 30 April 2017 High Water Mark.

#### Events Subsequent to 31 May 2017

From 1 June 2017 to 30 June 2017, the Company repurchased an additional 322,765 shares at an average price of 81.91p under the share buyback programme, bringing the cumulative total to 5,106,294 shares (1.33% of gross share issuance).

In June, the Company made its initial balance sheet investments in two new companies. The first company provides online point-of-sale, private label financing solutions for retailers and the second is a leading provider of alternative financial services to underbanked consumers across the United States.

# VPC Specialty Lending Investments PLC

## VICTORY PARK CAPITAL

Monthly Report – May 2017

### Ordinary Share Performance and Dividend Summary (As at 31 May 2017)<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%	
2016	0.33%	0.41%	0.41%	0.37%	-0.62%	0.58%	0.60%	0.10%	0.16%	-1.25%	-0.28%	0.04%	0.85%	7.44%
2017	0.51%	0.31%	0.57%	0.06%	-0.68%								0.78%	

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%	
2016	0.63%	0.47%	0.23%	0.36%	0.38%	0.27%	1.22%	0.42%	0.40%	0.78%	0.48%	0.49%	6.01%	13.07%
2017	0.48%	0.51%	0.56%	0.58%	0.62%								2.76%	

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%	
2016	-0.30%	-0.06%	0.18%	0.01%	-1.00%	0.31%	-0.62%	-0.32%	-0.24%	-2.03%	-0.76%	-0.45%	-5.15%	-5.62%
2017	0.03%	-0.20%	0.01%	-0.52%	-1.30%								-1.98%	

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%	
2016	0.00%	-3.44%	-4.66%	5.46%	-5.45%	-3.17%	-4.76%	1.25%	-1.23%	-0.31%	-10.03%	9.76%	-16.67%	-18.00%
2017	-1.27%	-1.93%	-1.31%	6.64%	2.18%								4.13%	

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	
2016	2.00p	-	-	-	1.50p	-	-	1.50p	-	-	1.50p	-	6.50p	10.79p
2017	-	-	1.50p	-	-								1.50p	

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

	Overall Portfolio	Marketplace Loans Only	Balance Sheet Loans Only
Weighted Average Coupon	16.84%	22.08%	14.40%
Weighted Average Life at Origination (months)	N/A	26	N/A
Weighted Average Remaining Life (months)	22.5	16.1	25.6
Number of Underlying Loans	1,400,875	104,675	1,296,200
Weighted Average Loan Size (\$USD)	116,359	38,300	153,540

<sup>1</sup>Please refer to the Glossary of Terms on page 5.

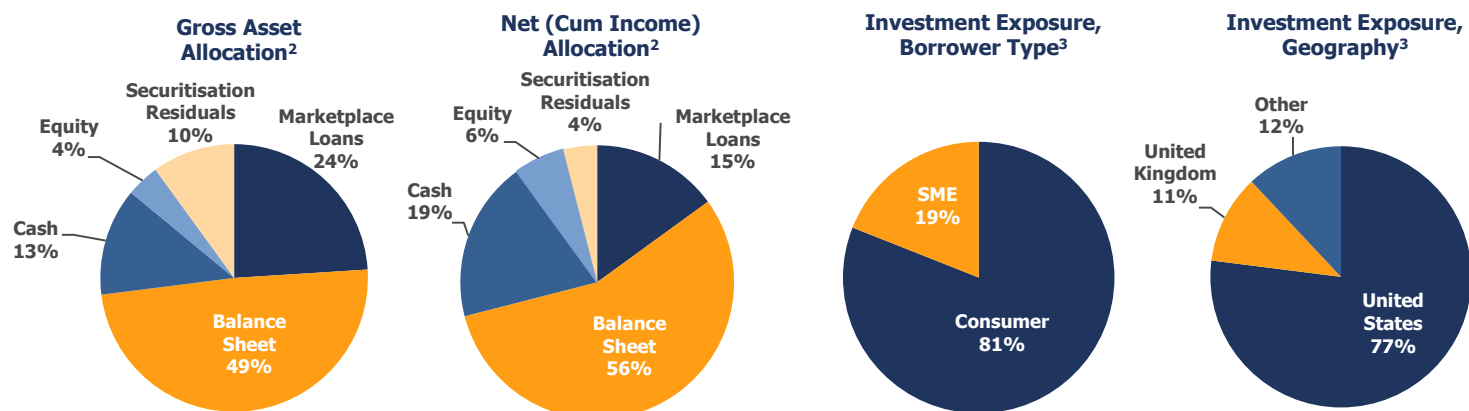
<sup>2</sup>Net of issue costs.

<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 31 May 2017)<sup>1</sup>



### Ordinary Share Gross Return Statistics (As at 31 May 2017)<sup>1</sup>

Gross NAV (Cum Income) Returns (Total Returns)	Month To Date	Last Three Months	Last Twelve Months
Balance Sheet Loans	0.70%	2.06%	6.87%
Marketplace Loans	-0.25%	-0.80%	-2.53%
Securitisations Residuals	-0.66%	-0.97%	-3.24%
Equity	-0.32%	0.36%	1.04%
F/X	-0.06%	-0.29%	0.20%
<b>Total Gross NAV (Cum Income) Returns</b>	<b>-0.59%</b>	<b>0.36%</b>	<b>2.34%</b>

Gross Income Returns (Gross Revenue Returns)	Month To Date	Last Three Months	Last Twelve Months
Balance Sheet Loans	0.70%	2.06%	6.87%
Marketplace Loans	0.02%	0.11%	1.57%
Securitisations Residuals	N/A	N/A	N/A
Equity	N/A	N/A	N/A
F/X	N/A	N/A	N/A
<b>Total Gross Income Returns</b>	<b>0.72%</b>	<b>2.17%</b>	<b>8.44%</b>

Gross NAV (Ex Income) Returns (Gross Capital Returns)	Month To Date	Last Three Months	Last Twelve Months
Balance Sheet Loans	N/A	N/A	N/A
Marketplace Loans	-0.27%	-0.91%	-4.10%
Securitisations Residuals	-0.66%	-0.97%	-3.24%
Equity	-0.32%	0.36%	1.04%
F/X	-0.06%	-0.29%	0.20%
<b>Total Gross NAV (Ex Income) Returns<sup>4</sup></b>	<b>-1.31%</b>	<b>-1.81%</b>	<b>-6.10%</b>

<sup>1</sup>Please refer to the Glossary of Terms on page 5.

<sup>2</sup>Percentages calculated on a look-through basis to the Company's investee entities and SPVs.

<sup>3</sup>Calculations using gross asset exposure and not reduced for gearing. Excludes cash.

<sup>4</sup>The Gross and Net NAV (Ex Income) Returns disclosed in this report are the same, excluding the impact of share buybacks on the return, as there are no operating and other expenses of the Company allocated to the NAV (Ex Income) Return as defined within the Glossary of Terms on page 5.

### Glossary of Terms

**Gross Assets** – The value of the assets of the Company including **Look-through Gearing**.

**Gross Returns** – Represents the return on shareholder's funds per share on investments of the Company before operating and other expenses of the Company.

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

**Last Three Months Return** – Represents the return on shareholder's funds per share reflecting the change in NAV for the trailing three months, including the current month.

**Last Twelve Months Return** – Represents the return on shareholder's funds per share reflecting the change in NAV for the trailing twelve months, including the current month.

**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.

**Month To Date Return** – Represents the return on shareholder's funds per share reflecting the change in NAV for the current month.

**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 Average Life at Origination** – The weighted average duration of the underlying marketplace loans owned by the Company at the time they were originated.

**Weighted Averaged Remaining Life** – The current weighted average duration of 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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London-based personnel of VPC operate as appointed representatives of Lawson Conner, a firm authorised and regulated by the U.K. Financial Conduct Authority.

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