VICTORY PARK

CAPITAL

VPC Specialty Lending Investments PLC

Quarterly Letter – Third Quarter 2019

Quarterly Review

VPC Specialty Lending Investments PLC ("VSL" or the "Company") completed the third quarter with a quarterly NAV (Cum Income) return of 2.87%. Gross revenue returns were a record 3.99%, driven by strong credit performance and being fully invested throughout the quarter, resulting in net revenue returns of 2.63%. Capital returns were 0.24%, including positive equity returns that were offset by the cost of hedging, with September hedging costs being our lowest of the year as US interest-rate cuts helped moderate the impact. Overall, we are pleased with the results for the quarter, and we remain optimistic about both credit performance and investment returns heading into year end and over the near term.

Top Ten Positions

Below is a summary of the top ten positions, excluding equity exposure, held by the Company as at 30 September 2019.[1]

Investment	Country	% of NAV	Gearing
Elevate Credit, Inc.	United States	15.34%	YES
Applied Data Finance, LLC	United States	12.79%	NO
Caribbean Financial Group	Caribbean	12.39%	NO
West Creek Financial LLC	United States	5.12%	NO
Konfio Ltd.	Mexico	4.36%	NO
Keller Lenkner LLC	United States	4.17%	NO
NCP Holdings, LP	United States	3.93%	NO
Counsel Financial Holdings LLC	United States	3.89%	NO
Oakam Ltd.	United Kingdom	3.02%	NO
Bread Financial	United States	2.97%	NO

Position Updates

Below is a summary of key position updates within the Company's investment portfolio:

- Applied Data Finance, LLC ("ADF"): After closing a large equity round at the end of 2018, ADF has significantly scaled up its business while maintaining charge-off rates and delinquencies in line with historical averages. In September 2019, we increased the ADF credit facility from $200 million to $350 million and extended that maturity through 2023 across all our funds, continuing to demonstrate the benefit to the Company's shareholders of investing alongside other Victory Park funds and gaining the benefits of scale.

[1] The summary includes a look-through of the Company's investment in VPC Offshore Unleveraged Private Debt Fund Feeder, L.P.

- Caribbean Financial Group ("CFG"): Our investment in CFG has generated strong performance since closing in November 2018. CFG completed Q3 2019 with a record total ending receivables balance of $457.6 million. The company continues to grow loan originations with year-to-date receivables growth of $25.9 million, compared with $16.8 million of growth during the same period last year. Credit performance has also outperformed with year-to-date annualised net charge-offs at 4.4%, versus 5.2% during the same period last year.

- Borro Ltd. ("Borro"): Throughout the year, our investment in Borro continued to run-off as we received paydowns that reduced the size of the position to 2.73% of NAV. In addition to the paydowns during the quarter, we also increased our IFRS reserve against the position by 0.27%, specifically due to one of the pieces of art that failed to auction at the estimate provided to the Company. We expect additional paydowns from this investment before year end.

- Branch International, Ltd. ("Branch"): VPC received a full repayment of the Company's balance sheet investment in Branch in October. The investment in Branch comprised 1.56% of the Company's NAV as at 30 September 2019 and generated a gross deal IRR of 21.06% on the debt investment. This was one of VPC's first investments in the partnership with the International Finance Corporation when it was funded in December 2017. The Company still holds an equity investment in Branch of 0.10% of NAV.

- Oakam Ltd. ("Oakam"): During the quarter, Oakam exited administration, supported by an equity investment of £6 million, which serves as collateral for our balance sheet investment. The maturity date for the investment was reset to March 2020 and Oakam is looking to refinance the position.

- Upstart Network, Inc. ("Upstart"): During the quarter, VPC completed a sale of the Company's equity investment in Upstart for a realised gain of $3.1 million, and a cash-on-cash return of 3.5x for the Company. VPC continues to look for opportunities to exit the Company's equity investments where appropriate.

Shareholder Outreach and Marketing

Our focus as the Investment Manager of the Company will, first and foremost, always be to deliver strong risk-adjusted returns and build a portfolio that will perform in all economic environments. We also recognise that for the Company to succeed we also need to deliver strong share-price performance to our shareholders. The Board and the Investment Manager have continued to focus on the trading discount to our NAV and have made efforts to reduce it. The discount remains frustrating to us as we have delivered strong performance over the past two years and believe our current investment portfolio is as strong as it has ever been. While it may take some time for the discount to narrow, the Company has taken significant steps, through both capital markets and marketing efforts, to attract new long-term shareholders. A few key aspects of our plan include the following:

- Buybacks: Last quarter, we discussed the large and consistent buyback programme we will continue to execute while the discount remains wide. Up to the date of this letter, we have purchased a total of 67,605,438 shares since December 2016, as part of the buyback programme, including 4,046,256 during the quarter.

- New Shareholders: There has been high turnover in our shareholder register this year for reasons we have previously discussed, and which we believe are largely unrelated to the Company. We have significantly increased our outreach to potential shareholders to broaden and diversify our register. We have had success on this front as we have several new high-quality shareholders, and will continue to focus on this initiative in the coming year. Another positive is that our shareholder register is already significantly less concentrated among the top five shareholders, which has improved liquidity and, overall, we feel this is healthy for the long-term success of the Company.

- Winterflood: During the quarter, the Company onboarded Winterflood as a joint broker alongside Jefferies, our existing broker, to help bring in additional shareholders. Thus far, Winterflood has been an excellent addition and we are extremely impressed with the team, who have been fully engaged in helping to broaden our distribution reach, and we appreciate their efforts.

- Roadshows: We have worked with both of our brokers to organise numerous roadshows during the year, mainly focusing on both potential and existing shareholders. We remain dedicated to meeting with shareholders to share the Company's story and its compelling investment opportunity. Our next roadshow is scheduled for December 2019, please reach out if you would like to schedule a meeting.

- Third-Party Research: To reach more retail shareholders, the Company has also engaged Kepler Partners to produce third-party research for potential and existing shareholders who are not able to access broker-produced research. Kepler's initiation report was released in October 2019 and is available on the Company's website.

- Redesigned Website: We recently redesigned the Company's website, which we believe is more user friendly for both new and existing shareholders. The website provides access to all our monthly reports and quarterly letters as well the published Kepler research report.

Conclusion

Overall, credit performance has remained strong across the entire portfolio, and we are pleased with the results for the quarter. We continue to monitor for any negative changes in the US economic environment by examining the granular data we receive from each of the Company's portfolio companies. With unemployment at near-record lows, we believe the consumer is in a healthy position. The structure and tight covenant packages in our balance sheet deals provide an additional layer of protection to our investment in the event of a deteriorating credit environment. In addition to our balance sheet investments, the equity portfolio continues to produce good returns for our shareholders, generating a positive contribution of 0.59% during the quarter. We have continued to reduce exposure in the equity book in certain circumstances but, overall, we remain bullish and believe we have backed best-in-class businesses within the financial technology lending market. As always, please reach out with any questions, and thank you for your investment in VSL.

Kind Regards,
The VPC Team
12 November 2019

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Important Information

All data in this quarterly letter (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.

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The Company is registered in England (registered number 9385218) with its registered office at 6th Floor, 65 Gresham Street, London, EC2V 7NQ.