VPC Specialty Lending Investments PLC

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2023

VPC SPECIALTY LENDING INVESTMENTS PLC

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Company Number 9385218

INTRODUCTION

FINANCIAL HIGHLIGHTS

RETURN SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2023

Inception to Date NAV (Cum Income) Return
47.44%
(2022: 56.91%)

Inception to Date Total Shareholder Return
(based on share price)
29.79%
(2022: 38.69%)

Net Asset Value per Ordinary Share
80.91p
(2022: 98.19p)

Ordinary Share Price at 31 December 2023
66.20p
(2022: 83.10p)

2023 NAV (Cum Income) Return
–9.45%
(2022: –6.97%)

Discount to NAV at 31 December 2023
18.18%
(2022: 15.37%)

Total Shareholder Return at 31 December 2023
(based on share price)
–10.71%
(2022: –1.19%)

Dividends per Ordinary Share
8.00p
(2022: 8.00p)

Revenue Return
£25.62 million
(2022: £28.02 million)

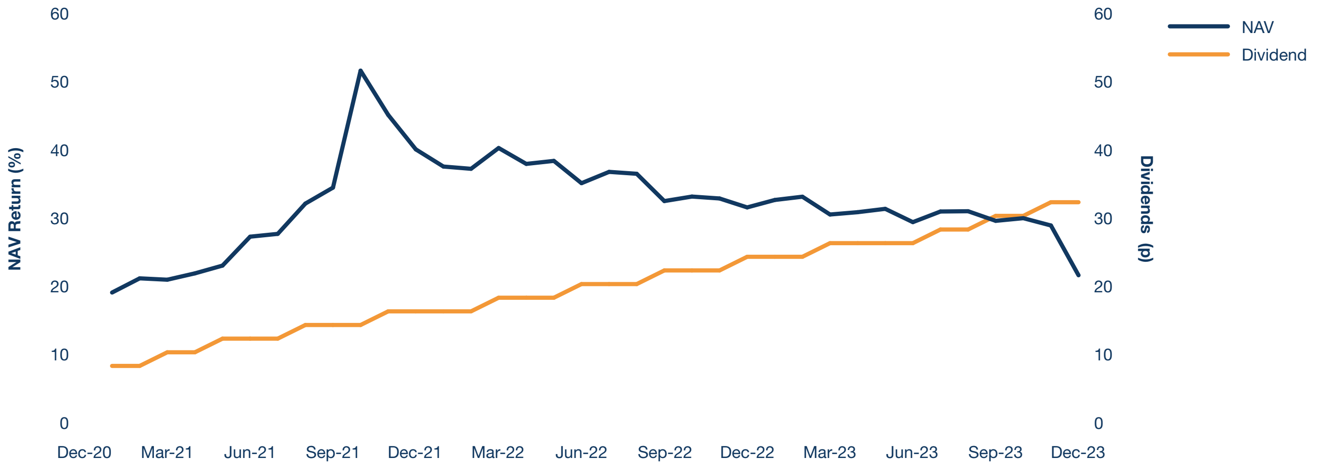
Total Net Return
–£25.83 million
(2022: –£22.11 million)

All the terms and alternative performance measures above are defined on page 128.

INTRODUCTION continued

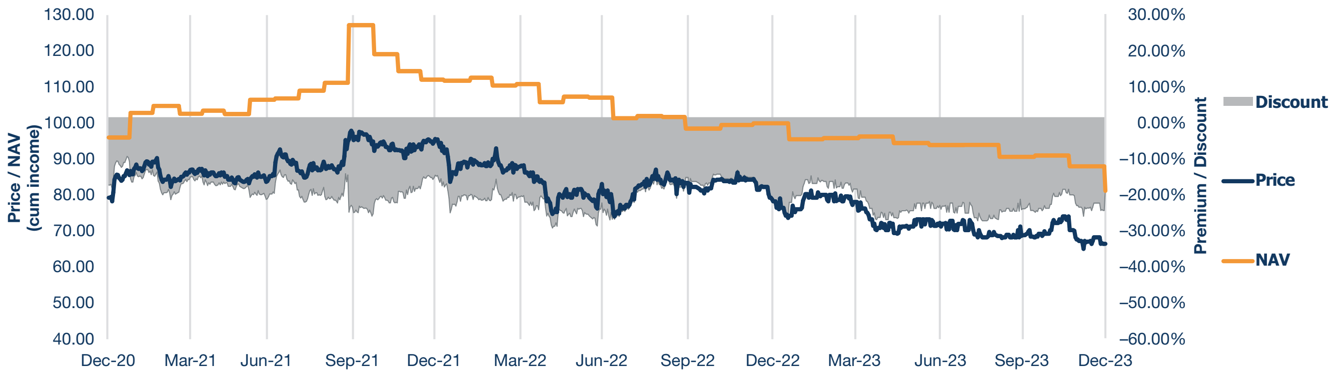
COMPANY PERFORMANCE

The table below illustrates the Company's Cumulative NAV return and dividend per share for the last three years from 1 January 2021 to 31 December 2023.[1]



ORDINARY SHARE PERFORMANCE

The table below illustrates the Company's Ordinary Share performance over the past three years. The Company's discount to its Ordinary Share NAV remained relatively consistent since the start of 2022 with the discount increasing to 20.45% from 15.37% at the end of 2023 when compared to 2022. The largest discount during the year was 27.40% (2022: 29.39%) while the smallest discount was 13.32% (2022: 14.63%). The graph below illustrates the movement between the trading price of the Ordinary Shares and the announced NAV adjusted for dividends declared. Further information on the share price discount management policy can be found on page 16.



TOP TEN POSITIONS

The tables below provide a summary of the top ten exposures of the Group, net of gearing, as at 31 December 2023 by both asset backed lending and equity investment. The summary includes a look-through of the Group's investments in VPC Synthesis, L.P. and VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. to illustrate the exposure to underlying Portfolio Companies as it is a requirement of the investment policy (set out on pages 125 and 126) to consider the application of the restrictions in this policy on a look-through basis.

ASSET BACKED LENDING INVESTMENT	COUNTRY	EXPOSURE (£)
Deinde Group, LLC	United States	38,087,857
Razor Group GMBH	Germany	21,602,947
Perch HQ, LLC	United States	19,069,470
FinAccel Pte Ltd	Singapore	17,642,647
Heyday Technologies, Inc.	United States	13,017,276
Elevate Credit, Inc.	United States	9,376,011
Counsel Financial Holdings, LLC	United States	8,486,624
Juvo Solutions, LLC	United States	8,747,121
Dave, Inc.	United States	3,769,775
Moonshot Brands Inc.	Latin America	3,593,763

EQUITY INVESTMENT	COUNTRY	EXPOSURE (£)
WeFox Holding AG	Switzerland	19,917,885
Caribbean Financial Group Holdings, L.P.	Latin America	11,339,755
L&F Acquisition Holding Fund, L.P.	United States	5,737,743
Sunbit, Inc.	United States	3,456,842
FinAccel Pte Ltd	Singapore	3,194,149
Keller Lenker, LLC	United States	2,602,177
West Creek Financial, Inc.	United States	2,545,402
VPC Impact Acquisition Holdings	United States	2,380,476
Pattern Brands	United States	2,012,320
Calumet Capital	United States	1,982,177

INTRODUCTION continued

INTRODUCTION TO THE COMPANY AND THE GROUP

VPC Specialty Lending Investments PLC (the "Company" or "VSL") provides asset-backed lending solutions to emerging and established businesses ("Portfolio Companies") with the goal of building long-term, sustainable income generation. VSL focuses on providing capital to vital segments of the economy, which for regulatory and structural reasons are underserved by the traditional banking industry. Among others, these segments include small business lending, working capital products, consumer finance and real estate. VSL offers shareholders access to a diversified portfolio of opportunistic credit investments originated by non-bank lenders with a focus on the rapidly developing technology-enabled lending sector.

The Company's investing activities are undertaken by Victory Park Capital Advisors, LLC (the "Investment Manager" or "VPC"). VPC is an established private capital manager headquartered in the United States with a global presence. VPC identifies and finances emerging and established businesses globally and seeks to provide the Company with attractive yields on its portfolio of credit investments. VPC offers a differentiated private lending approach by financing Portfolio Companies through asset-backed delayed draw term loans, which is referred to as "Asset Backed Lending," designed to limit downside risk while providing shareholders with strong income returns. Through rigorous due diligence and credit monitoring by the Investment Manager, the Company generates stable income with significant downside protection.

A summary of the principal terms of the Investment Manager's appointment and a statement relating to their continuing appointment can be found on page 113. The investment policy can be found beginning on page 125 of this Annual Report. Founded in 2007 and headquartered in Chicago, VPC is an SEC-registered investment adviser that has been actively involved in the financial services marketplace since 2010.

This annual report for the year to 31 December 2023 (the "Annual Report") includes the results of the Company (also referred to as the "Parent Company") and its consolidated subsidiaries (together the "Group"). The Company (No. 9385218) was admitted to the premium listing segment of the Official List of the Financial Conduct Authority ("FCA") (the "Official List") and to trading on the London Stock Exchange's main market for listed securities (the "Main Market") on 17 March 2015, raising £200 million by completing a placing and offer for subscription (the "Issue"). The Company raised a further £183 million via a C Share issue on 2 October 2015. The C Shares were converted into Ordinary Shares and were admitted to the Official List and to trading on the Main Market on 4 March 2016.

INVESTMENT OBJECTIVE

The Company's investment objective is to conduct an orderly realisation of the assets of the Company, to be effected in a manner that seeks to achieve a balance between returning cash to Shareholders promptly and maximising value.

INVESTMENT POLICY

The Company's investments will be realised in an orderly manner, that is, with a view to achieving a balance between returning cash to Shareholders promptly and maximising value.

Until 30 June 2023, the Company could make new investments directly (in aggregate) up to 5%. of its Gross Assets (at the time of the investment) in consumer loans, SME loans, advances against corporate trade receivables and/or purchases of corporate trade receivables originated by portfolio companies ("Debt Instruments").

Following this period, the Company may not make any new investments save that: (a) investments may be made to honour existing documented contractual commitments to existing portfolio companies as a majority of the Company's investments are delayed draw term loans; (b) further investment may be made into the Company's existing investments without redemption rights in order to preserve the value of such investments; and (c) realised cash may be invested in cash or cash equivalents, government or public securities (as defined in the rules of the UK Financial Conduct Authority), money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" (or equivalent) or higher credit rating as determined by any internationally recognized rating agency selected by the directors of the Company (which may or may not be registered in the European Union) ("Cash Instruments") pending its return to Shareholders in accordance with the Company's investment objective.

Any return of proceeds to the Shareholders will be subject to compliance with existing gearing facilities and hedging arrangements, payment of expenses and reserves for potential liabilities.

The Company will continue to comply with the restrictions imposed by the Listing Rules.

STRATEGIC REPORT

The Strategic Report comprises a review of the Company's performance for the year ended 31 December 2023, the Chairman's Statement, and Strategy and Business Model, including principal and emerging risks and disclosures on environmental matters, human rights, employee, social and community issues.

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed in their duty to promote the success of the Company in accordance with section 172 of the Companies Act 2006 (the "Act") by:

- analysing development and performance using appropriate Key Performance Indicators ("KPIs");
- providing a fair and balanced review of the Company and Group's business;
- outlining the principal risks and uncertainties affecting the Company and the Group;
- describing how the Company manages these risks;
- setting out the Company's environmental, social and ethical policy;
- outlining the main trends and factors likely to affect the future development, performance and position of the Company's business; and
- setting out the direction in which the Company and the Group is heading.

STRATEGIC REPORT continued

CHAIRMAN'S STATEMENT

The Company faced multiple challenges during 2023. With inflation remaining high in many advanced economies, a major theme throughout the year was the continued tightening of monetary policy through the raising of interest rates, which constrained spending by business and consumers. This made for a difficult environment for the Company's equity portfolio, which continued to experience setbacks. Additionally, the eCommerce industry experienced various challenges in 2023, including competition growth, supply-chain interruptions, and increased regulation. The Company's eCommerce portfolio was negatively affected by these industry changes, which also detracted from the Company's performance.

A further challenge was the stubbornly wide discount to net asset value ("NAV") at which the Company's shares traded. In its review of 2023, the Association of Investment Companies ("AIC") reported that, on average, UK investment trusts traded at a double-digit discount to NAV for the entire year – the first time that this has happened since 2008.[1] Discounts have been especially steep for investment trusts that invest in illiquid assets. Although discounts have narrowed from their widest point of October 2023, they remain in the double digits. The high discount is one of the reasons the Directors recommended the managed wind-down, which shareholders approved in June.

Despite the unfavourable and uncertain environment, the Company's core asset-backed lending business continued to perform well in 2023. This component of the portfolio benefitted from rising short-term interest rates for most of the year because most of its loans have variable rates. Meanwhile, the negative unrealised capital returns from the equity portfolio were driven by three main factors: (i) depressed revenues and margin; (ii) marking the equity investments to current exit values; and (iii) reflecting the impact of terms of mergers within the portfolio as of year-end and reflecting the general downward trend in comparable multiples. Here, we should note that Victory Park Capital Advisors, LLC (the "Investment Manager" or "VPC") have a stated policy of taking a rigorous and conservative approach to valuations. For more information on this, see the Investment Manager's Report.

2023 HIGHLIGHTS

- Gross revenue return of +13.93% offset by a gross capital unrealised loss of –18.34%;
- NAV total return of –9.45% for the year and +47.44% from inception to date;
- Total Shareholder return of –10.71% for the year and a cumulative return of +29.79% from inception to date;
- Robust performance of the asset-backed loan investments;
- In December 2023 and January 2024, the Company received full repayment of the debt investments in Applied Data Finance, LLC, Elevate Credit, Inc., and Koalafi (formerly known as West Creek Financial, LLC). These three investments returned $38.0 million of gross proceeds to the Company, before required repayments of the Company's gearing facility; and
- A 24th consecutive quarterly dividend of 2.00p per share for the three-month period to December 2023 in February 2024.

THE COMPANY'S BUSINESS

As in the previous year, the Company experienced divergent performances from the asset-backed lending and equity portfolios. For the twelve months to the end of December 2023, the NAV per share of the Company decreased by –7.45% on a total return basis. This return consists of a NAV per share reduction from 98.19p to 80.91p, including 8.00p of dividends paid in 2023 (in line with the target dividend of 8.00p per year set out in the IPO Prospectus), which were fully covered by the revenue returns during the year. During the year, the Company's share price fell from 83.10p to 66.20p.

At the year-end, the Company's core asset-backed lending business represented 73.0% (67.0% at 31 December 2022) of the total portfolio. This component of the portfolio has continued to benefit from a secure lending position, targeting minimal capital losses and a high level of income generation that supports regular dividend payments. Most of the Company's asset-backed investments are delayed-draw, floating-rate senior secured loans that may have equity subordination. These investments are secured by underlying collateral, which consists of consumer loans, small business loans, and alternative assets. The weighted average coupon on the Company's asset-backed investments increased from 14.65% as at 31 December 2022 to 16.41% as at 31 December 2023, boosted by the sustained rise in short-term interest rates for most of the year. At the year-end, the expected credit loss ("ECL") reserve was £6.4 million (£16.4 million at 31 December 2022) on all of the Company's debt investments.

Although there were significant unrealised losses in the investment portfolio during the year, these occurred as a result of taking account of market information as it arose, in accordance with the Investment Manager's strict valuation methodology. The Investment Manager continues to work with underlying Portfolio Companies (primarily in the FinTech and eCommerce sectors) as they restructure their balance sheets and evaluate strategic combinations to maximise shareholder value.

[1] Investment company 2023 review (updated) | The AIC

CAPITAL RETURN TO SHAREHOLDERS

At the General Meeting on 12 June 2023, Shareholders approved the following proposed amendments:

- To the Company's investment policy with a view to realising the Company's assets in an orderly manner that achieves a balance between maximising the value received from investments and making timely returns of cash to the Company's Shareholders; and
- To the investment management agreement between the Company and VPC as a consequence of the modification of the Company's investment policy (the "Investment Policy") so as to better align the interests of the Shareholders and the Investment Manager.

Since then, the Investment Manager has been working, and will continue to work, to exit the Company's investments in a manner that maximises Shareholder value in a timely and cost-effective manner.

We are also conscious that our Shareholder register features both institutional and retail investors. The Board therefore explored mechanisms for structuring the return of capital so that neither investor group is disadvantaged. The option that the Company decided to pursue is the distribution of capital on a strict pro rata basis. On 15 March 2024, the Company published a Notice of General Meeting for the proposed adoption of a B Share Scheme to facilitate the return of capital to Shareholders. The General Meeting was held on 5 April 2024, and the B Share Scheme was approved by Shareholders.

THE COMPANY'S ESG IMPACT

Following the June 2023 General Meeting, the Investment Manager has focused on the realisation of the Company's assets in an orderly manner. The Investment Manager continues to operate under its environmental, social and governance ("ESG") policy and monitors any ESG risks that it identifies and presents them to their Investment Committee for review. The Investment Manager is then responsible for developing an action plan to address these risks as required. In addition, the Investment Manager continues to be a signatory of the United Nations Principles for Responsible Investment, the leading global network for investors committed to integrating ESG considerations into long-term investment decision-making.

Throughout the realisation process, the Investment Manager continues to ensure ESG considerations remain embedded in its approach. The Investment Manager continues to emphasise the fair, responsible and ethical treatment of Portfolio Companies. In some cases, this may require a degree of flexibility. Although most borrowers intend to repay their asset-backed investments at the stated maturity dates, some have sought renegotiation. In some cases, this best serves the interests of the Company and its Shareholders by increasing the likelihood of recovering the full value of the investments. Accordingly, the Investment Manager extended certain debt maturities over the course of 2023. In addition, throughout the realisation process, the Company continues to have policies and procedures in place to maintain a culture of good governance. These include policies and procedures relating to all aspects of diversity, equity and inclusion.

OPERATIONAL RESILIENCE

Over the year, eCommerce companies had to contend with a slower growth environment and the effects of the cost-of-living crisis in many countries. As high interest rates and elevated inflation constrained consumers, companies also had to cope with strained supply chains. These came under further pressure towards the end of the year, with attacks on shipping in the Red Sea and drought affecting transit through the Panama Canal. In this environment, many Portfolio Companies continued to engage in cost-cutting activity and reassess their strategic combinations.

Risk management remains a critical function throughout the realisation process. The Investment Manager maintains comprehensive operational processes and procedures that support a culture of compliance and institutional best practices. A team of more than 25 risk and operations professionals proactively assess and monitor Portfolio Companies and related activities on a daily, weekly or monthly basis using proprietary analytic tools. Technology systems and best-in-class service providers are used to supplement internal capabilities. The Investment Manager's expertise and experience in credit and structuring, ability to navigate uncertain market conditions and emphasis on stringent risk management should facilitate a disciplined and orderly realisation of the Company's assets.

BOARD COMPOSITION

During 2023, two directors, Elizabeth Passey and Clive Peggram, retired from the Board. Both had served since the Company was established in early 2015. As I commented at the time of the 2023 AGM, my fellow directors and I found Elizabeth and Clive's wise counsel and experience of the Company hugely valuable, and we thank them again for their contributions on our own behalf and on the Company's. The Board has taken the decision to recruit an additional director and the process has started.

STRATEGIC REPORT continued

OUTLOOK

As interest rates remain elevated and geopolitical uncertainty is likely to persist in the months ahead, we draw some encouragement from the resilience that the Company has demonstrated over the past two years. In particular in the core investments in asset-backed securities, the Investment Manager's credit expertise and the implementation of judicious risk-management measures have all helped the Company to weather a challenging period while maintaining a high and stable level of income. The volatility of the unrealised equity portfolio is a challenge, and we are disappointed by its performance. Realising good value will take some time, but we are also concerned that, as the debt portfolio matures, the equity holdings will likely constitute a larger portion of total NAV and consequently impact the overall volatility of the portfolio, a risk the Board will seek to mitigate.

With the realisation process now underway, the Board meets regularly to review the liquidity of unrealised holdings and progress towards the Company's revised investment objective. In this, we recognise that flexibility and patience are vital to get value from individual investments and that arrangements may need to be altered to reflect changing circumstances and market conditions, including the greater volatility that might arise from a higher proportion of equities. The Board and the Investment Manager will proceed on a case-by-case and cost-conscious basis. In doing so, we must balance the need to maximise Shareholder value with the time-sensitive requirements of many of our Shareholders. Throughout this process, we will strive to keep Shareholders informed of progress and developments as they arise. We are also mindful that where markets are less conducive to liquidity, the management of risk is crucial.

In recent weeks Shareholders approved the B share scheme for the efficient return of capital to Shareholders and we were pleased to announce the first such distribution. Meantime, your Board and I would like to thank you for your continued support as we work towards the successful realisation of the Company's assets.

Graeme Proudfoot
Chair
23 April 2024

INVESTMENT MANAGER'S REPORT

ABOUT VPC

The Company's investment manager is Victory Park Capital Advisors, LLC (the "Investment Manager" or "VPC"), an SEC-registered and established credit manager. The Investment Manager was founded in 2007 and is headquartered in Chicago, Illinois, with additional resources in New York, Los Angeles, San Francisco and London. VPC provides custom financing solutions across the private-capital spectrum, focusing on asset-rich companies with significant corporate governance and strong growth trajectories. VPC invests in both emerging and established businesses, across various industries in the US and abroad, that often cannot access traditional sources of capital.

The Investment Manager seeks to partner with businesses that have strong corporate governance structures, compelling growth trajectories and defensible market positions. As at 29 February 2024, VPC had invested approximately $10.0 billion across more than 220 investments since inception. The Investment Manager believes that strong return and risk metrics result from a combination of deep credit and structuring expertise, the ability to navigate uncertain market conditions and a significant adherence to risk management.

The Investment Manager was founded by Richard Levy and Brendan Carroll, who have worked together for nearly two decades across multiple credit cycles and market environments. As at 29 February 2024, VPC employed over 55 professionals across its Investment, Risk and Operations, Legal and Investor Relations teams. For more information, please visit www.victoryparkcapital.com.

STRATEGY AND BUSINESS MODEL

Protective Deal Structuring

The Company's asset-backed investments lend against liquidation value and are resilient to significant amounts of macroeconomic stress. These investments are structured as senior secured, delayed-draw term notes supporting a diversified pool of collateral where the Portfolio Company contributes first-loss equity capital and VPC advances up to a specified funding level against collateral that meets strict eligibility criteria. In many cases but not all, VPC has a secured interest in the operating company and parent.

The Company's asset-backed investments lend against a narrowly defined and dynamic collateral pool, which reduces adverse selection risk. Collateral is evaluated regularly to help avoid deterioration of the collateralised assets. If needed, VPC can foreclose on collateral and control the liquidation of assets to protect its investments. Furthermore, VPC requires the ability to "control cash" in a blocked account or special-purpose vehicle and underwrites with strong structural protections that ring-fence the assets.

Typical credit enhancements include first-loss equity subordination, robust covenant packages, extensive reporting requirements and monitoring, corporate guarantees, first-lien priority, and transparency and control over cash. Additionally, VPC is predominantly the agent and sole lender in its transactions, which maximises value for the Company.

Through this disciplined approach, VPC aims to align incentives between the Company and its Portfolio Companies, structure resilient investments to minimise the impact of macroeconomic stress, hold its Portfolio Companies accountable and prepare exit strategies.

Risk Management

The Investment Manager's proactive risk management and its culture of compliance are the backbone of its investing ethos. VPC has over 25 dedicated Risk and Operations professionals who proactively monitor investments daily, weekly or monthly, utilising sophisticated, technology-driven analytics tools. VPC supplements traditional risk management with highly customised and advanced portfolio analytics tools for risk management and reporting. Tools leveraged include iLevel, a cloud-based data storage and analytics platform, and Tableau, a data-visualisation software. VPC's proprietary Data Analytics and Risk Technology System (DARTS) aggregates its exposure at the most granular level, which allows for real-time data analysis on an asset, deal and fund-level basis.

The Investment Manager has a dedicated risk management team ("Risk Team") that operates independently of the investment team throughout the investment lifecycle. The Risk Team reports directly to the Investment Committee and is overseen by the Chief Operating Officer. The Risk Team will often travel on-site to meet with Portfolio Companies throughout the duration of the investment to ensure key metrics are being met and collateral performance is in line with expectations. The Risk Team meets twice weekly with the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Counsel, Senior Partner and

STRATEGIC REPORT continued

Senior Operations Professionals to discuss any material risk issues and key initiatives. The meetings cover both investment-level and firm-wide matters. More broadly, the Investment Committee meets two to three times a week to collectively address and manage potential risks as appropriate. Lastly, the Investment Manager may engage reputable third-party consultants to assess specific industry-related risks.

REVIEW OF 2023 PERFORMANCE

Last year was another year of economic uncertainty and geopolitical turmoil with the war in Ukraine, tensions between China and the US, and conflict that erupted once more in the Middle East. Supply chains remained under pressure, and consumers in many countries had to contend with a continued cost-of-living crisis, in large part precipitated by persistently high inflation. In response to inflationary pressures, key central banks continued to raise interest rates. The US Federal Reserve increased the federal funds rate four times over the year, from 4.25%-4.5% to 5.25%-5.5%, although it refrained from further rate hikes after July. This pause in further rate hikes gave rise to hopes that rates might be cut in 2024, although statements from Federal Reserve officials have somewhat dampened optimism.

With financing options harder to come by in an environment of higher interest rates, venture capital ("VC") markets have been subdued, and VC investors have been cautious. The excitement over generative artificial intelligence meant that other technology-focused companies struggled to secure funding. Moreover, the collapse of Silicon Valley Bank and the poor post-flotation performance of several high-profile technology companies added to VC investors' wariness. Crunchbase reports that VC funding fell to its lowest level for five years in 2023, with a 38% decline from the previous year. Meanwhile, mergers and acquisitions ("M&A") fell to their lowest level for a decade.

Similar to 2022, VPC's strong performance of its asset-backed lending investments was outweighed by weakness in the equity portion of the portfolio in 2023. By year-end, the Company's asset-backed lending investments represented approximately 73.0% of the total investment portfolio. Here, the Company benefitted from continued increases in short-term interest rates during the year, which underscore the power of variable-rate loans. The remainder of the investment portfolio comprises the Company's equity interests.

The Company completed the year with a NAV total return of –9.45%, a gross revenue return of +13.93% and a gross capital return of –18.34%. The Company's revenue return remained in line with expectations, providing a full cash coverage of the 8.00p per share dividend for Shareholders during the year as set out in the IPO Prospectus (the "Target Dividend"). In February 2024, the Company declared its 24th consecutive quarterly dividend payment of 2.00p per share for the three months to 31 December 2023, and the dividend was paid to Shareholders in March 2024. The table below outlines the gross revenue and capital returns by sector (FinTech, eCommerce, Legal Finance and special-purpose acquisition companies ("SPACs")).

Sector	Investment Exposure	2023 Revenue Return % of NAV	2023 Revenue Return Pence per Share	2023 Capital Return % of NAV	2023 Capital Return Pence per Share
FinTech	65%	10.05%	9.87p	–10.60%	–10.40p
eCommerce	25%	3.35%	3.29p	–9.02%	–8.85p
Legal Finance	6%	0.53%	0.52p	0.17%	0.17p
SPAC	4%	0.00%	0.00p	1.10%	1.08p
		13.93%	**13.68p**	**–18.34%**	**–18.01p**

Although capital returns were negative, the FinTech portfolio continued to produce consistently positive revenue returns. Since the agreement to realise the Company's assets at the General Meeting held in June 2023, the Investment Manager has achieved the repayment of several asset-backed FinTech investments. These include the positions in Applied Data Finance, LLC, and, after the year-end, Elevate Credit, Inc., and Koalafi (formerly known as West Creek Financial, LLC). In the FinTech equity portfolio, the reduction in unrealised capital returns generally stemmed from marking these investments to year-end exit values, in light of near-to-medium-term exit opportunities and the depressed VC and M&A environment.

For the Company's eCommerce assets, the ongoing depression of revenue growth and margins in the overall industry played a significant role in the adjustment of the fair market value of equity holdings. This arose as consumers came under pressure from the cost-of-living crisis, and companies had to cope with further disruptions to their supply chains. In certain cases, individual portfolio holdings underperformed expectations, leading to additional adjustments. The Investment Manager is actively working to mitigate the risks associated with this sector of the portfolio, including exploring strategic combinations, among other options. Please see the Subsequent Events section below for additional details on specific strategic combinations. VPC continues to work with its eCommerce Portfolio Companies as they strengthen their balance sheets and evaluate additional strategic combinations in an effort to maximise Shareholder value.

The Company's positions in legal finance have continued to perform well, and the Investment Manager continues to evaluate exit opportunities for these investments.

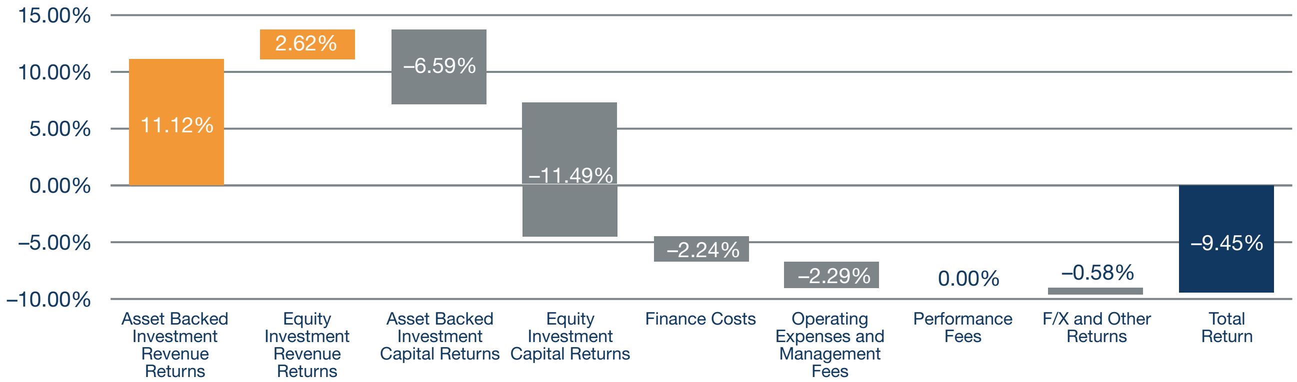
At the year-end, the Company accrued ECL reserves of £6.4 million (£16.4 million at 31 December 2022). During the year, certain asset-backed lending investment maturities were extended to reflect changes in the circumstances of the particular investment or the prevailing market conditions. In each case, these extensions were made to preserve value for the Shareholders, as disclosed in the General Meeting Circular.

During the realisation process, VPC will continue to draw on its longstanding reputation and relationships with management teams, industry professionals and experts to determine the most cost-effective distribution mechanisms for maximising Shareholder value.

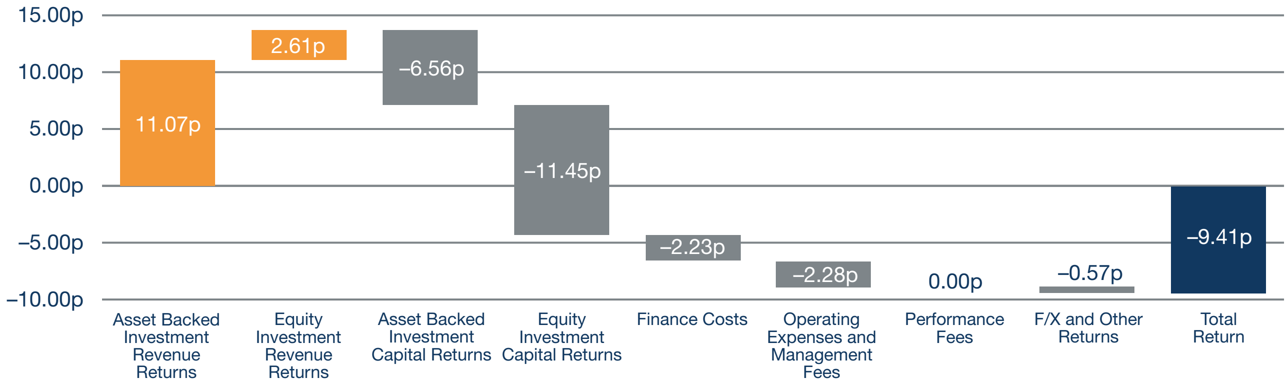
COMPANY PERFORMANCE

Below are details of the Company's Total Returns as a percentage of NAV and pence per share relative to the weighted average shares outstanding in 2023.

1 January 2023 to 31 December 2023 Total Return (% of NAV)



1 January 2023 to 31 December 2023 Total Return (pence per share)



STRATEGIC REPORT continued

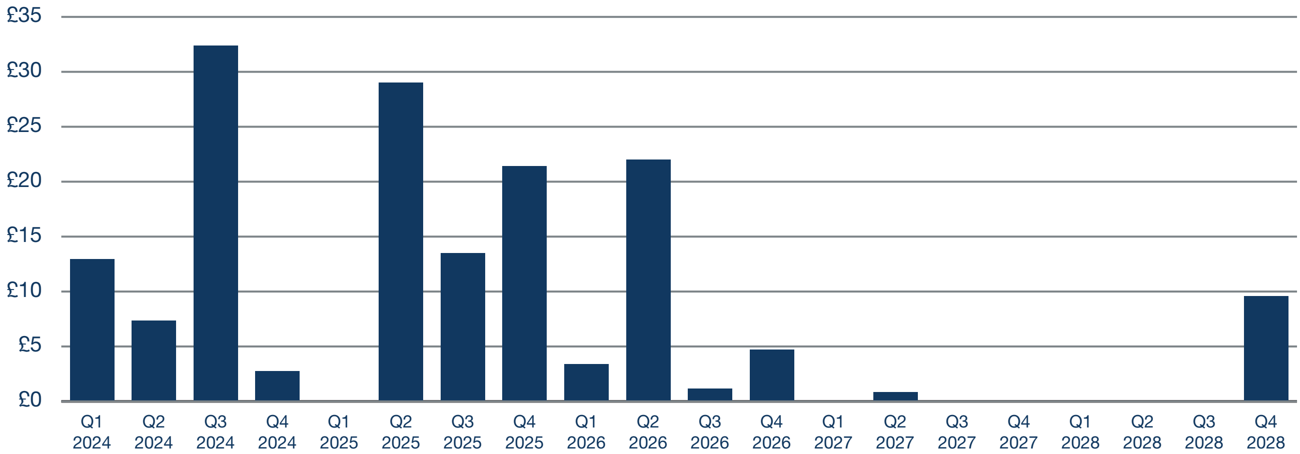
INVESTMENTS

During the year, the investment objective of the Company was amended following Shareholder approval at the General Meeting in June 2023. Until 30 June 2023, the Company could make new asset-backed lending investments directly (in aggregate) up to 5.0% of its Gross Assets (at the time of the investment) in consumer loans, small-and-medium-sized business loans, advances against corporate trade receivables and/or purchases of corporate trade receivables originated by Portfolio Companies. During this period, the Company made new investments of a nominal £3.1 million.

Under the terms agreed for the wind-down, the Investment Manager is not permitted to make any new investments save that: (i) investments may be made to honour existing documented contractual commitments to existing Portfolio Companies (as a majority of the Company's investments are delayed-draw term loans); (ii) further investment may be made into the Company's existing investments without redemption rights in order to preserve the value of such investments; and (iii) realised cash may be invested in cash or cash equivalents, government or public securities (as defined in the rules of the UK Financial Conduct Authority), money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" (or equivalent) or higher credit rating as determined by any internationally recognised rating agency selected by the Directors of the Company (which may or may not be registered in the European Union) pending its return to Shareholders in accordance with the Company's investment objective. During the second half of the year, the Company made follow-on investments totalling £0.7 million in aggregate and will continue to honour existing documented contractual commitments to Portfolio Companies as they arise.

The table below reflects the stated maturities of the underlying asset-backed lending investment facilities, as at 31 December 2023, and the amounts shown (in millions) reflect the carrying value of the investments, less the projected paydowns on the Company's gearing facility as at the same date. These investments may be held for a longer period than the current stated maturities with a view to enabling their inherent value to be realised successfully. The strategy for realising individual investments and repaying the Company's gearing facility will be flexible and may need to be altered to reflect changes in the circumstances of a particular investment or in the prevailing market conditions. Subsequent to year end, the Company has received cash flows as detailed further on page 13 from the company's asset backed lending investments as they have matured. The Company will continue to provide this information through the newsletters published on the Company's website.

Asset-Backed Lending Investments: Profile of Contractual Maturities less Projected Borrowing Paydowns (£ millions) As at 31 December 2023



GEARING FACILITY

During the year, the "look-through" gearing ratio decreased as investments were repaid and payments required by the facility provider were made on the Company-level gearing facility. Having started the year at 0.35x, the look-through gearing ratio ended the year at 0.17x, which reflects VPC's conservative approach to liquidity and risk management with the gearing facilities. After the year-end, the non-recourse gearing facility was repaid following the successful exit of Elevate Credit, Inc.

As the realisation of the Company's assets progresses, the Company's level of gearing may increase as a result of further drawdowns to honour commitments to funds under existing contractual arrangements or revaluations of the portfolio, as well as the realisation of assets at less than their carrying value. An increased level of gearing would increase Shareholders' exposure to realisation values.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") INVESTMENT CONSIDERATIONS

The Investment Manager has a long history of commitment to ESG considerations as part of its investment process and firm-wide operations. VPC believes that integrating ESG principles and prudently identifying and managing ESG-related risks is integral to its investment process.

As part of its standard risk management process, VPC actively monitors its Portfolio Companies across all dimensions of risk and performance, including ESG. There is frequent communication with Portfolio Companies, and VPC receives extensive reporting to identify potential issues. Further, the Investment and Risk teams meet with the Investment Committee at least weekly to discuss potential ESG concerns and how to address or remediate them.

Concerning any follow-on investments in existing Portfolio Companies or material restructurings of existing investments, VPC will re-evaluate the ESG risks and communicate any potential incremental ESG risks to the formally designated "ESG Officer" and "ESG Coordinator", as well as the Investment Committee, before any such follow-on investment or restructuring.

As it relates to the realisation process, the Investment Manager believes that there are minimal ESG implications of exiting an asset-backed lending investment. While ESG considerations may not specifically apply to an exit, the ESG Policy prescribes a process for managing ESG risk throughout the life of an investment.

SUMMARY AND HIGHLIGHTS FOR THE YEAR

The financial and business highlights for the year ended 31 December 2023 are as follows:

- **February 2023:** The Company declared its 20th consecutive dividend of 2.00 pence per share for the three months to 31 December 2022.
- **May 2023:** The General Meeting Circular was announced and published on the Company's website, inclusive of two proposals for the managed realisation of the Company's assets.
- **June 2023:** At the General Meeting, the resolutions put to the meeting, inclusive of two proposals for the Company's managed realisation that were approved by Shareholders. The Company announced that at its Annual General Meeting ("AGM"), all resolutions set out in the Notice of AGM were passed by the requisite majority.
- **June 2023:** The Company declared its 21st consecutive dividend of 2.00 pence per share for the three-month period to 31 March 2023.
- **July 2023:** The Company sold 932,968 shares of Bakkt (NYSE: BKKT) for US$1.6 million, including a realised gain of US$0.1 million.
- **August 2023:** The Company sold a portion of its remaining equity in Kueski, Inc., for US$0.8 million, including a gain of US$0.7 million. Additionally, the Company received a paydown of US$5.3 million on CFG Partners Holdings, L.P., which was used to reduce the outstanding gearing facility.
- **August 2023:** The Company declared its 22nd consecutive dividend of 2.00p per share for the three months to 30 June 2023.
- **September 2023:** The Company received cash inflows totalling US$14.0 million from its asset-backed lending and equity investments. The proceeds were used to partially reduce the outstanding gearing facility.
- **November 2023:** The Company declared its 23rd consecutive dividend of 2.00p per share for the three months to 30 September 2023.
- **December 2023:** The Company exited its debt investment in Applied Data Finance, LLC. Additionally, the Company exited a majority of the remaining equity investment in VPC Impact Acquisition Holdings (NYSE: BKKT).

SUBSEQUENT EVENTS

Since the year ended 31 December 2023:

- **January 2024:** The Company exited its debt investments in Elevate Credit, Inc., and Koalafi (formerly known as West Creek Financial, LLC).
- **February 2024:** The Company declared its 24th consecutive dividend of 2.00p per share for the three months to 31 December 2023.
- **March 2024:** On 4 March 2024, two of the Company's eCommerce investments, Razor Group ("Razor") and PerchHQ, LLC ("Perch"), closed a transaction in which Razor will acquire Perch in an all-stock deal. This acquisition paves the way for Razor to reach over $1.0 billion in topline revenue in the medium term and adds significant scale to its operations.

STRATEGIC REPORT continued

- **April 2024:** On 5 April 2024, the Company held a General Meeting at which shareholders approved the Capital Return Mechanism. On 9 April 2024, the Board decided to make an initial distribution to shareholders of $15 million, equivalent to approximately £11.9 million as at the date of release, through the issue and redemption of B Shares.

OUTLOOK

Although interest rates remain at elevated levels, rate cuts may occur in the medium term. The Company's Portfolio Companies are typically high-growth businesses that have historically raised their funding through venture capital or private equity, so a loosening of monetary policy would be positive for improving fundraising opportunities. Much economic and geopolitical uncertainty remains, however, and market expectations may well meet with disappointment as to the timing and extent of any rate cuts.

The Investment Manager will take full account of market circumstances in working towards the continued realisation of the Company's assets, along with any situations specific to individual Portfolio Companies. In some cases, providing Portfolio Companies additional time to repay asset-backed lending investments in full will be in the best interests of Portfolio Companies and Shareholders alike. Though maturity dates may be extended on certain investments, VPC and the Company will look for ways to potentially exit the investments before the stated maturity date, where possible. VPC will remain focused on mitigating exogenous credit risks and managing downside protection in the investment portfolio to ensure a timely return of capital to Shareholders and manage an orderly realisation process.

Victory Park Capital Advisors, LLC
Investment Manager
23 April 2024

BUSINESS MODEL

COMPANY STATUS

The Company is registered as a public limited company under the Companies Act 2006 and is an investment company under Section 833 of the Companies Act 2006. It is a member of the Association of Investment Companies ("AIC").

The Company was incorporated on 12 January 2015 and commenced its operations on 17 March 2015.

The Company has been approved as an investment trust under Sections 1158/1159 of the Corporation Tax Act 2010. The Directors are of the opinion, under advice, that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company) (Tax) Regulations 2011.

Under the Investment Management Agreement ("IMA") dated 26 February 2015 between the Company and the Investment Manager, the Investment Manager is appointed to act as investment manager and Alternative Investment Fund Manager ("AIFM") of the Company with responsibility for portfolio management and risk management of the Company's investments.

INVESTMENT OBJECTIVE

The Company's investment objective is to conduct an orderly realisation of the assets of the Company, to be effected in a manner that seeks to achieve a balance between returning cash to Shareholders promptly and maximising value.

INVESTMENT POLICY

The Company's investments will be realised in an orderly manner, that is, with a view to achieving a balance between returning cash to Shareholders promptly and maximising value.

Until 30 June 2023, the Company was able to make new make new investments directly (in aggregate) up to 5 per cent. of its Gross Assets (at the time of the investment) in consumer loans, SME loans, advances against corporate trade receivables and/or purchases of corporate trade receivables originated by portfolio companies ("Debt Instruments").

Following this period, the Company has not been able to make any new investments save that: (a) investments may be made to honour existing documented contractual commitments to existing portfolio companies as a majority of the Company's investments are delayed draw term loans; (b) further investment may be made into the Company's existing investments without redemption rights in order to preserve the value of such investments; and (c) realised cash may be invested in cash or cash equivalents, government or public securities (as defined in the rules of the UK Financial Conduct Authority), money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" (or equivalent) or higher credit rating as determined by any internationally recognized rating agency selected by the directors of the Company (which may or may not be registered in the European Union) ("Cash Instruments") pending its return to Shareholders in accordance with the Company's investment objective.

Any return of proceeds to the Shareholders will be subject to compliance with existing gearing facilities and hedging arrangements, payment of expenses and reserves for potential liabilities.

The Company will continue to comply with the restrictions imposed by the Listing Rules.

MANAGEMENT ARRANGEMENTS

The Company has an independent Board of Directors which has appointed Victory Park Capital Advisors, LLC ("VPC" or the "Investment Manager"), the Company's Investment Manager, as Alternative Investment Fund Manager ("AIFM") under the terms of an Investment Management Agreement ("IMA") dated 26 February 2015. The IMA is reviewed annually by the Board and may be terminated by six-months' notice from either party subject to the provisions for earlier termination as stipulated therein.

Details of the Investment Management fee and performance fees payable to VPC during the period are set out in Note 10 on pages 83 and 84.

STRATEGIC REPORT continued

PERFORMANCE MANAGEMENT

The Board uses the following KPIs to help assess progress against the Company's objectives. Further comments on these KPIs are contained in the Chairman's Statement and Investment Manager's Report sections, respectively.

A full description of performance is contained in the Investment Manager's Report, commencing on page 9.

NAV AND TOTAL RETURN

The Directors regard the Company's NAV return as a key component to delivering value to shareholders as the Company manages the wind-down of its remaining assets. Furthermore, the Board believes that in accordance with the Company's objective, total return (which includes dividends) is the best measure of the expected value for realisation of the Company's investments.

At each meeting, the Board receives reports detailing the Company's NAV and total return performance, portfolio composition and related analyses.

DIVIDEND YIELD

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of dividends.

GEARING RATIO

The aggregate gearing of the Company and any investee entity (on a look-through basis, including borrowing through securitisation using SPVs) shall not exceed 1.5 times its NAV (1.5x). The Board and Investment Manager monitor the look-through gearing ratio to ensure it is in line with the investment policy.

SHARE PRICE PREMIUM/DISCOUNT

As a closed-ended listed investment trust, the Company's share price can and does deviate from its NAV. This results in either a premium or a discount to NAV. This is another component of the long-term shareholder return. The Board continually monitors the Company's premium or discount to NAV and has the ability to issue or buy back shares to limit the volatility of the share price discount or premium. For more information on the Company's authorities in relation to its share capital, see page 97.

EXPENSES

The Board is conscious of the impact of expenses on returns and seeks to minimise expenses while ensuring that the Company receives good service from its suppliers. The industry-wide measure for investment trusts is the ongoing charges ratio. This seeks to quantify the on-going costs of running the Company. The ongoing charges ratio for 2023 was 2.04%, compared to 1.99% for 2022. This measures the annual normal on-going costs of an investment trust, excluding performance fees, one-off expenses and dealing costs, as a percentage of the average shareholders' funds.

PRINCIPAL RISKS

The Company is exposed to risks that are monitored and actively managed to meet its investment objectives. These include market risks related to interest rates, currencies and general availability of financing as well as credit and liquidity risks given the nature of the instruments in which the Company invests. In addition, the underlying Portfolio Companies are exposed to operational and regulatory risks as this part of the financial services sector remains relatively nascent.

The Directors are ultimately responsible for identifying and controlling risks. Day-to-day management of the risks arising from the financial instruments held by the Group has been delegated to the Investment Manager of the Company.

The Investment Manager regularly reviews the investment portfolio and industry developments to make sure that any events impacting the Group are identified and considered. This also ensures that any risks affecting the investment portfolio are identified and mitigated to the fullest extent possible.

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks. The matrix is monitored by the Audit and Valuation Committee quarterly.

This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. Both the principal and emerging risks and the monitoring system are subject to a robust assessment at least annually. The last review by the Board took place in April 2024 . Although the Board believes that it has a robust framework of internal controls in place, it can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

Below is a summary of the principal and emerging risks and uncertainties faced by the Company and the Group and actions taken by the Board and, where appropriate, its Committees, to manage and mitigate these risks and uncertainties. Principal risks include liquidity risk, credit risk, financing risk, portfolio company risk, regulatory risk and market risk. Business continuity risk, climate risk and geopolitical risk are all considered to be emerging risks. The non-financial risks comprise of regulatory risk, business continuity risk and geopolitical risk and the financial risks comprise of liquidity risk, credit risk, financing risk, market risk and portfolio company risk. These are set out below:

RISK	MITIGATION
LIQUIDITY RISK	
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. A majority of the Company's investments are in debt and unlisted equity investments. Investments in unlisted equity, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and therefore may be more difficult to realise in a timely manner. In the event of adverse economic conditions in which it would be preferable for the Group to sell certain of its assets, the Group may not be able to sell a sufficient proportion of its portfolio because of liquidity constraints. In such circumstances, the overall returns to the Group from its investments may be adversely affected. Additionally, the risk exists that upon a maturity date of the debt investments that the portfolio company may not be able to refinance the Company and as a result, the maturity date may need to be extended to allow for a refinance.	The Investment Manager manages the Group's liquidity risk by investing primarily in a diverse portfolio of assets. As at 31 December 2023, 53% of the loans had a stated maturity date of less than a year compared to 65% as at 31 December 2022. In general, the weighted average maturity profile of the Group's assets was lower than or equal to the term of the Group's corresponding debt facilities which thereby reduced liquidity risk. Refer to Note 6 of the financial statements for the maturity profile of the Group's assets and liabilities. The Board and the Investment Manager review the investment portfolio to ensure it is in line with the investment policy, including restrictions, as outlined on pages 125 and 126. The Board reviews cash flow forecasts to ensure the group can meet its liabilities as they fall due. The Group continuously monitors fluctuations in currency rates. The Group performs stress tests and liquidity projections to determine how much cash should be held back to meet potential future obligations to settle margin calls arising from foreign exchange hedging.

STRATEGIC REPORT continued

RISK	MITIGATION
***LIQUIDITY RISK** continued*	
The Group is also exposed to liquidity risk with respect to the requirement to pay margin cash to collateralise forward foreign exchange contracts used for currency hedging purposes.	The gearing facility has helped the Group reduce cash drag associated with the currency hedging portfolio, while also allowing the Group to meet its liabilities as they fall due. The Investment Manager monitors the cash balances of the Group daily to ensure that all ongoing expenses can be paid as they come due.
CREDIT RISK	
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risks arise principally through exposures to loans acquired by the Group, which are subject to risk of borrower default. The ability of the Group to earn revenue is completely dependent upon payments being made by the borrower, such as adverse movements in financial markets.	There is inherent credit risk in the Group's investments in credit assets. However, this is typically mitigated by the significant first loss protection provided by the Portfolio Company under the Asset Backed Lending Model and the excess spread generated by the underlying assets under both models. The Investment Manager performs a robust analysis during the underwriting process for all new investments of the Group and monitors the eligibility of the collateral at least monthly of the current assets in the Group's portfolio. This process also includes due diligence performed by a third-party reviewer during the underwriting process and subsequent reviews at least once per year for the Group's Portfolio Companies. The Group continuously monitors its existing Portfolio Companies which span across several asset classes, geographies (primarily US, UK, Europe, Australia, Asia and Latin America) and credit bands to ensure diversification and to mitigate concentration risks. The Board and the Investment Manager review the investment portfolio to ensure it is in line with the investment policy, including restrictions, as outlined on pages 125 and 126. The Investment Manager monitors performance and underwriting on an ongoing basis.
FINANCING RISK	
Financing risk is the risk that, whilst the use of borrowings by the Group should enhance the net asset value of an investment when the value of an investment's underlying assets is rising, it will, however, have the opposite effect when the underlying asset value is falling. In addition, if an investment's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Group's investment and accordingly will have an adverse effect on the ability of the investment to make distributions to the Group.	This risk is mitigated by limiting borrowings to ring-fenced SPVs without recourse to the Group and employing gearing in a disciplined manner. The Group has maintained a level of gearing throughout the year significantly below the limit stipulated in the Prospectus as the Group is primarily invested in the Asset Backed Lending Model. The Board and the Investment Manager review the investment portfolio to ensure it is in line with the investment policy, including investment restrictions, as outlined on pages 125 and 126.

RISK	MITIGATION
MARKET RISK Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, equity prices and interest rates. The Group is exposed to market risk primarily through its Financial Instruments. The Group is exposed to price risk arising from the investments held by the Group for which prices in the future are uncertain. The investments in funds are exposed to market price risk. Refer to Note 3 in the Financial Statements for further details on the sensitivity of the Group's Level 3 investments to price risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Currency risk is the risk that the value of net assets will fluctuate due to changes in foreign exchange rates. Relevant risk variables are generally movements in the exchange rates of non-functional currencies in which the Group holds financial assets and liabilities.	The Group has a diversified investment portfolio which significantly reduces the exposure to individual asset price risk. Detailed portfolio valuations and exposure analysis are prepared monthly and form the basis for the on-going risk management and investment decisions. In addition, regular scenario analysis is undertaken to assess likely downside risks and sensitivity to broad market changes, as well as assessing the underlying correlations amongst the separate asset classes. Exposure to interest rate risk is limited as the underlying credit assets are typically fully amortising with a maximum maturity of five years. Furthermore, generally the Group's Credit Facilities include a floating interest rate component to the Portfolio Companies to account for an increase in interest rate risk and they also have a set floor in the instance that interest rates were to drop. The Group mitigates its exposure to currency risk by hedging exposure between Pound Sterling and any other currencies in which a significant portion of the Group's assets may be denominated. The Board reviews the price, interest rate and currency risk with the Investment Manager to ensure that exposure to these risks are appropriately mitigated but during the wind down, the Group will not have the same ability to mitigate these risks.
REGULATORY RISK As an investment trust, the Company's operations are subject to wide-ranging regulations. The financial services sector continues to experience significant regulatory change at national and international levels. Failure to act in accordance with these regulations could cause fines, censure or other losses including taxation or reputational loss. The Association of Investment Companies (AIC) is becoming increasingly focused on ensuring ESG measures are implemented within investment companies. In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 1158 of the Corporation Tax Act 2010.	As the Company executes the new investment objective of an orderly wind-down of the Company, the Board and Investment Manager are both focused on retaining investment trust status and distributing at least 85% of the income earned. The Company continues to review its ESG stance to ensure that it promotes the values and commitment of the Company. All decisions taken are made with due consideration to the long-term sustainability and impact on stakeholders. The Company has procedures to monitor the status of its compliance with the relevant requirements to maintain its Investment Trust status, including receiving and reviewing information and reporting from the Company Secretary and other service providers as appropriate.
CLIMATE RISK The world is facing unprecedented challenges in the face of climate change and growing inequality. The FSB Task Force on Climate-related Financial Disclosures (TCFD) has developed climate-related financial risk disclosures for companies to provide information to investors, lenders, insurers, and other stakeholders.	The Investment Manager has performed an initial high-level materiality assessment of climate risk across its investment portfolio as part of its evaluation of overall evaluation of ESG risks. No material impact on the financial statements has been identified from the risks arising from climate change through the work performed by the Investment Manager from this initial assessment. As an investment trust, the Company is not required to provide information in compliance with TCFD.

STRATEGIC REPORT continued

RISK	MITIGATION
GEOPOLITICAL RISK The Group is subject to risks associated with unforeseen geopolitical events, including war, terrorist attacks, natural disasters, and ongoing pandemics, which could create economic, financial, and business disruptions.	The Investment Manager has a dedicated risk committee comprised of senior leadership and key principals. This committee works with each individual portfolio investment team to develop a coordinated risk response across the entire portfolio.

Discussion on the Group's risk management and internal controls is on page 115.

DIRECTORS' DUTIES

Overview

The Directors' overarching duty is to act in good faith and in a way that is most likely to promote the success of the Company as set out in Section 172 of the Companies Act 2006. The Company also considers the principles and guidance of the AIC and in doing so, directors take into consideration the interests of the various stakeholders of the Company. All decisions made by the Directors are taken with a long-term view and with the intention of minimising the potential harmful impact on communities and the environment. The Company seeks to maintain its reputation for high standards of business conduct and fair treatment of the members of the Company.

Fulfilling this duty naturally supports the Company in achieving its Investment Objective and helps to ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Company explains how the Directors have discharged their duty under Section 172 below.

To ensure that the Directors are aware of, and understand, their duties they are provided with pertinent information when they first join the Board as well as receiving regular and ongoing updates and training on the relevant matters. They also have continued access to the advice and services of the Company Secretary, and when deemed necessary, the Directors can seek independent professional advice. The schedule of Matters Reserved for the Board, as well as the Terms of Reference of its Committees are reviewed on an annual basis and further describe Directors' responsibilities and obligations and include any statutory and regulatory duties. The Audit and Valuation Committee has responsibility for the ongoing review of the Company's risk management systems and internal controls and, to the extent that they are applicable, risks related to the matters set out in Section 172 are included in the Company's risk register and are subject to periodic and regular reviews and monitoring. All Terms of Reference are located on the Company website.

Decision-making

The importance of stakeholder considerations, particularly in the context of decision-making, is considered at every Board meeting. All discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders.

Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all its discussions and as part of its decision-making. During the period under review, the Board has continued to discuss and monitor which parties should be considered as stakeholders of the Company. Following thorough review, it was concluded that, as the Company is an externally managed investment company and does not have any employees or customers, its key stakeholders continue to comprise its Shareholders, Investment Manager, portfolio companies and service providers. The section below discusses why these stakeholders are considered of importance to the Company and the actions taken to ensure that their interests are taken into account.

IMPORTANCE	BOARD ENGAGEMENT
SHAREHOLDERS	
Continued shareholder support and engagement are critical to the existence of the business and the delivery of the long-term strategy of the Company.	The Company has over 113 shareholders, including institutional investors. The Board is committed to maintaining open channels of communication and to engage with shareholders in a manner which they find most meaningful, in order to gain an understanding of the views of shareholders. These include: ❖ **Annual General Meeting** – The Company welcomes and encourages attendance and participation from shareholders at the AGM, either in person when able to or virtually. Shareholders have the opportunity to meet the Directors and Investment Manager and to address questions to them directly. Each year, the Investment Manager attends the AGM and provides a presentation on the Company's performance and the future outlook. The Company values any feedback and questions it may receive from shareholders ahead of and during the AGM, and will take action or make changes as and when appropriate;

STRATEGIC REPORT continued

IMPORTANCE	BOARD ENGAGEMENT

***SHAREHOLDERS** continued*

- **Publications** – The Annual Report and Half-Year results are made available on the Company's website and the Annual Report is circulated to shareholders. These reports provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by a monthly factsheet and quarterly reports which are available on the website and the publication of which is announced via the stock exchange. Feedback and/or questions the Company receives from the shareholders help the Company evolve its reporting, aiming to render the reports and updates transparent and understandable;
- **Shareholder meetings** – Unlike trading companies, shareholder meetings often take the form of meeting with the Investment Manager rather than members of the Board. Shareholders are able to meet with the Investment Manager throughout the year and the Investment Manager provides information on the Company. Feedback from all meetings between the Investment Manager and shareholders is shared with the Board. The Chair, the Chair of the Audit and Valuation Committee and other members of the Board are available to meet with shareholders to understand their views on governance and the Company's performance where they wish to do so. With assistance from the Investment Manager, the Company's brothers, and the Chair seeks meetings with shareholders who might wish to meet with him;
- **Shareholder concerns** – In the event shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by writing to the Chair at the registered office. Other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels; and
- **Investor Relations updates** – At every Board meeting, the Directors receive updates from the Company's brokers on the share trading activity, share price performance and any shareholders' feedback, as well as an update from the Investment Manager on any publications. To gain a deeper understanding of the views of its shareholders and potential investors, the Investment Manager also meets regularly with shareholders. Any pertinent feedback is taken into account when Directors discuss the share capital or the dividend policy and actioned as and when appropriate. The willingness of the shareholders, including the partners and staff of the Investment Manager, to maintain their holdings over the long-term period is another way for the Board to gauge how the Company is meeting its objectives and suggests a presence of a healthy corporate culture.

IMPORTANCE	BOARD ENGAGEMENT
OTHER STAKEHOLDERS ***The Investment Manager*** Holding the Company's shares offers investors a liquid investment vehicle through which they can obtain exposure to VPC's diversified portfolio of investment opportunities in the specialty lending market. The Investment Manager's performance is critical for the Company to successfully deliver its investment strategy and meet its objective to provide shareholders with consistent long-term returns.	Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and the Investment Manager both aim to continue to achieve consistent, long-term returns in line with its investment objective. Important components in the collaboration with the Investment Manager, representative of the Company's culture are: ❖ Encouraging open discussion with the Investment Manager, to ensure continuous feedback and innovative thinking; ❖ Recognising that the interests of shareholders and the Investment Manager are for the most part well aligned, adopting a tone of constructive challenge, balanced with robust negotiation of the Investment Manager's terms of engagement if those interests should not be fully united; ❖ Encouraging the Investment Manager to meet with stakeholders to ensure that salient matters are thoroughly discussed and, overall, ensure adequate communication channels; and ❖ Willingness to make the Board Members' experience available to support the Investment Manager in the sound long-term development of its business and resources, recognising that the long-term health of the Investment Manager is in the interests of shareholders in the Company.
Portfolio Companies The Company invests directly and/or indirectly into available opportunities, including investments in funds managed by the Investment Manager. Capital is allocated across different Portfolio Companies to meet the Company's investment objectives within the pre-defined portfolio limits and with a focus on portfolio level diversification.	The relationship with the Investment Manager is fundamental to ensuring the Company meets its purpose. Day-to-day engagement with Portfolio Companies is undertaken by the Investment Manager. Details of how the Investment Manager carries out portfolio management, as well as information of the differentiated investment proposition and the proprietary sourcing and structuring of investments can be found in the Strategic Report on page 9. The Board receives updates at each scheduled Board meeting from the Investment Manager on specific investments including regular valuation reports and detailed portfolio and returns analyses. The Investment Manager's engagement with Portfolio Companies incorporates recurring due diligence reviews and on-site visits to supplement regular reporting and management discussion cycles.

STRATEGIC REPORT continued

IMPORTANCE	BOARD ENGAGEMENT
The Administrator, the Company Secretary, the Registrar, the Custodians and the Brokers In order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relies on a diverse range of reputable advisors for support in meeting all relevant obligations.	The Board maintains regular contact with its key external providers and receives regular reporting from them, both through the Board and Committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views are routinely taken into account. The Board, through the Management Engagement Committee, formally assesses their performance, fees and continuing appointment annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. Where relevant the Audit and Valuation Committee reviews and evaluates the financial reporting control environments in place for each service provider.
Institutional investors and proxy advisors The evolving practice and support (or lack thereof) of proxy adviser agencies are important to the Directors, as the Company aims to build a good reputation and maintain high standards of corporate governance, which contribute to the long-term sustainable success of the Company.	The Board recognises that the views, questions from, and recommendations of many proxy adviser agencies provide a valuable feedback mechanism and play a part in highlighting evolving shareholders' expectations and concerns. When deemed relevant, the Company will engage with proxy advisers regarding resolutions that will be proposed to the Company's shareholders at AGMs and, based on feedback received, incorporate appropriate changes to future Annual Reports and Financial Statements to enhance disclosures.
Regulators The Company can only operate with the approval of its regulators who have a legitimate interest in how the Company operates in the market and treats its shareholders.	The Company regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best-practice guidance, and how any governance decisions it makes can have an impact on its stakeholders, both in the shorter and in the longer-term.

The above mechanisms for engaging with stakeholders are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective.

CULTURE

The Directors agree that establishing and maintaining a healthy corporate culture among the Board and in its interaction with the Investment Manager, shareholders and other stakeholders will support the delivery on its purpose, values, and strategy. The Board is encouraged to lead by example and exemplify the Company's culture of openness, debate and integrity through ongoing dialogue and engagement with its service providers, principally the Investment Manager.

The Board strives to ensure that its culture is in line with the Company's purpose, values, and strategy. The Company has several policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board through Board meetings and during the annual evaluation process which is undertaken by each Director (for more information see the performance evaluation section on page 105).

The Board seeks to appoint the best possible service providers and evaluates their remit, performance, and cost effectiveness on a regular basis as described on page 104. The Board considers the culture of the Investment Manager and other service providers, including their policies, practices, and behaviour, through regular reporting from these stakeholders and during the annual review of the performance and continuing appointment of all service providers to ensure there is an alignment in the long-term objectives. The Investment Manager and other service providers appointment are reviewed annually to ensure these objectives are met.

EMPLOYEES, HUMAN RIGHTS, SOCIAL AND COMMUNITY ISSUES

The Board recognises the requirement under the Companies Act 2006 to detail information about human rights, employees, and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. These requirements do not apply to the Company as it has no employees, all the Directors are non-executive, and it has outsourced all its functions to third party service providers. The Company has therefore not reported further in respect of these provisions but does expect its service providers and portfolio companies to respect these requirements.

BOARD DIVERSITY

As at 31 December 2023, the Board of Directors of the Company comprised three male Directors. As at the date of this report the Board composition remains unchanged. The Board acknowledges the benefits of diversity and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives. Further details of the Company's diversity policy are set out on page 110.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ISSUES

The Company has no employees, property or activities other than investments, so its direct environmental impact is minimal. In carrying out its activities, and in its relationships, the Company aims to conduct itself responsibly, ethically and fairly. Directors are mindful of their own carbon footprints if they are required to travel on Company business.

The Board is comprised entirely of non-executive Directors and the day-to-day management of the Company's business is delegated to the Investment Manager. The Investment Manager aims to be a responsible investor and believes it is important to invest in companies that act responsibly in respect of environmental, ethical and social issues.

The Company has no internal operations and therefore no greenhouse gas emissions to report, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio. However, the AIC is encouraging all member companies to demonstrate how they are factoring ESG issues into their business practices. The company continues to monitor the guidance published by the AIC and works towards the drafting of its ESG policy. The business remains conscious of its business decisions and the Board, supported by its service providers and Investment Manager consider the long-term impact of all decisions and challenge appropriately.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The Company has no employees or property, and it does not combust any fuel or operate any facility and is therefor exempt from reporting. It does not, therefore, have any greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying investment portfolio. Additionally, there are no annual emissions from the purchase of electricity, heat, steam or cooling by the Company for its own use.

APPROVAL

This Strategic Report has been approved by the Board of Directors and signed on its behalf by:

Graeme Proudfoot
Chair
23 April 2024

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VPC SPECIALTY LENDING INVESTMENTS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, VPC Specialty Lending Investments PLC's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the Consolidated and Parent Company Statements of Financial Position as at 31 December 2023; the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Cash Flows, and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Valuation Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined based on our risk assessment, taking into account changes from the prior year, the financial significance of subsidiaries and other qualitative factors. We executed the planned approach and concluded based on the results of our testing, ensuring that sufficient audit evidence had been obtained to support our opinion.

Key audit matters

- Valuation of investment assets designated as held at fair value through profit or loss (group and company).
- Valuation of loans at amortised cost (group).

Materiality

- Overall group materiality: £2,300,000 (2022: £2,700,000) based on 1% of Net Asset Value.
- Overall company materiality: £2,300,000 (2022: £2,700,000) based on 1% of Net Asset Value.
- Performance materiality: £1,720,000 (2022: £2,000,000) (group) and £1,720,000 (2022: £2,000,000) (company).

INDEPENDENT AUDITORS' REPORT continued

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of investment assets designated as held at fair value through profit or loss (group and company) Refer to the Audit and Valuation Committee Report 'Significant issues considered by the Audit and Valuation Committee'; Note 2 Significant Accounting Policies 'Financial assets and financial liabilities' and 'Critical accounting estimates – valuation of unquoted investments'; and Note 3 'Fair value measurement'. Investment assets held at fair value by the Group include investments that are not traded on active markets and for which valuation requires the use of inputs which are not readily observable in the market. These are classified as level 3 under the IFRS 13 fair value hierarchy and comprise investments in funds of £15.9 million (company £15.9 million) and equity securities of £58.8 million (company: nil). Fair value of the investments in funds is estimated using commonly accepted valuation methodologies, which are set out in the International Private Equity and Venture Capital Valuation Guidelines. The fair value of fund investments held at 31 December 2023 are based on the net asset value ("NAV") disclosed in the fund audited financial statements. Fair value of equity securities classified as level 3 is determined using a variety of techniques including earnings multiples, discounted cash flow analysis and comparison to recent transactions. Determining unobservable inputs in fair value measurement of level 3 investments involves judgement and is subject to a high degree of estimation uncertainty such that changes to estimates, assumptions and/or the judgements made can result, either on an individual investment or in aggregate, in a material change to the valuation.	We understood and evaluated the design of controls overestimating the fair value of level 3 investments. We understood and evaluated the valuation methodology applied, by reference to accounting standards and industry practice, and tested the techniques used to determine the fair value of investment assets designated as held at fair value through profit or loss. With respect to investment in funds, we performed the following substantive testing on a sample basis: ❖ We agreed the NAV used to calculate the fair value to audited financial statements and inspected those financial statements to assess whether the use of NAV as a basis for fair value was appropriate; and ❖ We obtained the fund partnership agreements and recalculated the Group's interest in the funds' fair value. With respect to the level 3 equity securities (comprising common stock, preferred stock, warrants and convertible debt), with the assistance of our valuation experts, we performed the following: ❖ On a sample basis, we corroborated the accuracy and reasonableness of inputs and assumptions used in valuations, including comparison to recent transaction prices, underlying investment company financial information and other market performance information. ❖ For certain investments, we determined a reasonable range for individual assumptions to arrive at a range of acceptable valuations and we compared the group's valuations to our independently derived valuation range. We further considered whether the judgements made in selecting the significant assumptions would give rise to indicators of possible bias. We evaluated and tested the disclosures over investments made in the financial statements. We found that the fair value of investments designated as held at fair value through profit or loss were consistent with the group's accounting policies and supported by the audit evidence we obtained.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of loans at amortised cost (group) Refer to the Audit and Valuation Committee Report 'Significant issues considered by the Audit and Valuation Committee'; Note 2 Significant Accounting Policies 'Financial assets and financial liabilities' and 'Critical accounting estimates - measurement of the expected credit loss allowance'; and Note 9 'Impairment of financial assets at amortised cost'. Loans reported at amortised cost amounted to £161.2 million for the group as at 31 December 2023 (company: nil). The amount is net of the expected credit loss ("ECL") allowance of £6.5 million. The determination of ECL is subject to a high degree of estimation uncertainty such that changes to key inputs to the estimates made can result, either on an individual loan or in aggregate, in a material change to the valuation. In the context of the current economic outlook, considerable uncertainty remains around the measurement of ECL, including, the impact of recent increases in interest rates and inflation. The significant inputs and assumptions that we focused on in our audit included those with greater levels of judgement and for which variations had the most significant impact on ECL. These were the following: ❖ The application of portfolio company cumulative loss rates to portfolio exposures; ❖ The application of forward looking economic assumptions used in the models, including the Investment Managers' assumptions and judgements relating to a global downside scenario based on 2008 financial crisis data; and ❖ The probability of default applied to the portfolio exposures.	We understood and evaluated the design of controls over the estimation of ECLs over loans at amortised cost. We understood and evaluated the ECL methodology applied, by reference to accounting standards and industry practice, and tested the techniques used in estimating the ECL. We performed substantive testing over the following, with the assistance of our credit specialists: ❖ We tested the compliance of the ECL methodologies applied by the group with the requirements of IFRS 9, taking into account our understanding of the portfolio. ❖ We assessed the appropriateness of the significant assumptions and methodologies used for models on a sample basis, including the selection of macroeconomic scenarios, probabilities assigned to the scenarios and the severity of the downside macroeconomic scenarios. Our analysis included assessing the 'breakeven' cumulative loss rates, the impact of a change in severity of the scenarios, comparison of the scenario assumptions used to actual experience and the impact of applying alternative independent data and assumptions, where relevant. ❖ On a sample basis, we tested the appropriateness of cumulative loss rates relative to historical experience. ❖ On a sample basis, we tested the integrity of the data used in the models to supporting documentation and tested the accuracy of the ECL calculations applied in the models by independently replicating the calculations in the models. We further considered whether the judgements made in selecting the significant assumptions would give rise to indicators of possible bias. We evaluated and tested the disclosures over loans at amortised cost less ECL made in the financial statements. We found that the calculations and assumptions used to estimate the ECL on loans at amortised cost were supported by the audit evidence we obtained.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. We performed a risk assessment, giving consideration to relevant external and internal factors, including climate change, economic risks and the Group's strategy. We also considered our knowledge and experience obtained in the prior year audits. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In establishing the overall approach to the audit, we scoped using the balances included in the financial statements consolidation pack. We determined the type of work that needed to be performed over the company and subsidiaries (the 'components') by us or auditors from PricewaterhouseCoopers LLP Chicago, USA ('PwC US') operating under our instruction. Our interactions with the PwC US auditors included regular communication throughout the audit, including the issuance of instructions, a review of working papers and formal clearance meetings.

INDEPENDENT AUDITORS' REPORT continued

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£2,300,000 (2022: £2,700,000).	£2,300,000 (2022: £2,700,000).
How we determined it	1% of Net Asset Value (rounded up to the nearest hundred thousand)	1% of Net Asset Value (rounded up to the nearest hundred thousand)
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust company audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate basis for our audit.	We have applied this benchmark, a generally accepted auditing practice for investment trust company audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate basis for our audit.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £2,180,000 and £2,300,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £1,720,000 (2022: £2,000,000) for the group financial statements and £1,720,000 (2022: £2,000,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Valuation Committee that we would report to them misstatements identified during our audit above £230,000 (group audit) (2022: £270,000) and £230,000 (company audit) (2022: £270,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting;
- Obtaining and evaluating management's going concern assessment;
- Reviewing the basis on which the directors have made their assessment of the group and company's ability to continue as a going concern taking into consideration the impact of the shareholders approval to amend the Company's investment objective and investment policy required for an orderly realisation of the assets of the Company;
- Understanding and evaluating the group's financial forecasts and stress testing of those forecasts, including the severity of the stress scenarios that were used;
- Validation of year end financial resources such as cash and interest rate borrowings;

- Obtaining and evaluating debt compliance certificates and covenants testing; and
- Evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

INDEPENDENT AUDITORS' REPORT continued

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Valuation Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation including the Company's qualification as an investment trust under the Corporation Tax Act 2010. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase income and bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Investment Manager and the Audit and Valuation Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing Board meeting and other relevant committee minutes to identify any significant or unusual transactions or other matters that could require further investigation;
- Challenging assumptions and judgements made by the Directors in their significant accounting estimates and judgements, in particular in relation to the valuation of investments reported at fair value through profit or loss and valuation of loans reported at amortised cost;
- Identifying and testing journal entries meeting specific fraud criteria, including those posted to certain account combinations.
- Obtaining confirmations from third parties to confirm the existence of a sample of balances; and
- Incorporating unpredictability in the selection of the nature, timing and extent of audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT continued

Appointment

Following the recommendation of the Audit and Valuation Committee, we were appointed by the members on 24 July 2015 to audit the financial statements for the period commencing 12 January 2015 and ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is nine years, covering the years ended 31 December 2015 to 31 December 2023.

OTHER MATTER

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Claire Sandford *(Senior Statutory Auditor)*
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

23 April 2024

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTES	31 DECEMBER 2023 £	31 DECEMBER 2022 £
Assets			
Cash and cash equivalents	7	6,562,491	15,538,602
Cash posted as collateral	7	699,081	2,222,734
Derivative financial assets	3,4	1,870,615	1,081,849
Interest receivable		13,382,356	5,848,979
Dividend and distribution receivable		4,891	4,735
Management fee receivable	10	31,146	–
Other assets and prepaid expenses		2,955,319	2,190,718
Loans at amortised cost	3,9	161,235,424	220,225,329
Investment assets designated as held at fair value through profit or loss	3	77,482,356	130,870,709
Total assets		**264,223,679**	**377,983,655**
Liabilities			
Management fee payable	10	–	97,785
Derivative financial liabilities	3,4	–	3,283,142
Deferred income		–	41,201
Other liabilities and accrued expenses		1,066,097	1,815,268
Due to broker		–	4,848,569
Notes payable	8	38,017,431	94,669,284
Total liabilities		**39,083,528**	**104,755,249**
Total assets less total liabilities		**225,140,151**	**273,228,406**

See Notes to the consolidated financial statements set out on pages 48 to 93.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTES	31 DECEMBER 2023 £	31 DECEMBER 2022 £
Capital and reserves			
Called–up share capital		20,300,000	20,300,000
Share premium account		161,040,000	161,040,000
Other distributable reserve	14	112,779,146	112,779,146
Capital reserve		(99,921,140)	(48,473,649)
Revenue reserve		29,728,900	26,369,664
Currency translation reserve		1,213,245	1,213,245
Total equity attributable to shareholders of the Parent Company		**225,140,151**	**273,228,406**
Non–controlling interests	18	–	–
Total equity		**225,140,151**	**273,228,406**
Net Asset Value per Ordinary Share	12	80.91p	98.19p

The financial statements on pages 36 to 93 were approved by the Board of Directors on 23 April 2024 and signed on its behalf by:

Graeme Proudfoot
Chair

23 April 2024

See Notes to the consolidated financial statements set out on pages 48 to 93.

FINANCIAL STATEMENTS continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	REVENUE £	CAPITAL £	TOTAL £
Revenue				
Net loss on investments	5	–	(48,294,713)	(48,294,713)
Foreign exchange loss		–	(996,450)	(996,450)
Interest income	5	30,313,088	–	30,313,088
Other income	5	8,796,257	–	8,796,257
Total return		**39,109,345**	**(49,291,163)**	**(10,181,818)**
Expenses				
Management fee	10	3,188,512	–	3,188,512
Credit impairment losses	9	–	2,156,328	2,156,328
Other expenses	10	3,198,116	–	3,198,116
Total operating expenses		**6,386,628**	**2,156,328**	**8,542,956**
Finance costs		**7,101,370**	**–**	**7,101,370**
Net return on ordinary activities before taxation		25,621,347	(51,447,491)	(25,826,144)
Taxation on ordinary activities	11	–	–	–
Net return on ordinary activities after taxation		**25,621,347**	**(51,447,491)**	**(25,826,144)**
Attributable to:				
Equity shareholders		25,621,347	(51,447,491)	(25,826,144)
Non–controlling interests	18	–	–	–
Return per Ordinary Share (basic and diluted)	13	**9.21**	**(18.49)**	**(9.28)**
Other comprehensive income				
Currency translation differences		–	–	–
Total comprehensive income (expense)		**25,621,347**	**(51,447,491)**	**(25,826,144)**
Attributable to:				
Equity shareholders		25,621,347	(51,447,491)	(25,826,144)
Non–controlling interests	18	–	–	–

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations. Amounts in Other comprehensive income may be reclassified to profit or loss in future periods.

See Notes to the consolidated financial statements set out on pages 48 to 93.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	REVENUE £	CAPITAL £	TOTAL £
Revenue				
Net loss on investments	5	–	(42,614,991)	(42,614,991)
Foreign exchange loss		–	(1,552,676)	(1,552,676)
Interest income	5	33,917,279	–	33,917,279
Other income	5	7,418,009	–	7,418,009
Total return		**41,335,288**	**(44,167,667)**	**(2,832,379)**
Expenses				
Management fee	10	3,840,270	–	3,840,270
Credit impairment losses	9	–	5,956,807	5,956,807
Other expenses	10	2,432,132	–	2,432,132
Total operating expenses		**6,272,402**	**5,956,807**	**12,229,209**
Finance costs		**7,046,478**	**–**	**7,046,478**
Net return on ordinary activities before taxation		28,016,408	(50,124,474)	(22,108,066)
Taxation on ordinary activities	11	–	–	–
Net return on ordinary activities after taxation		**28,016,408**	**(50,124,474)**	**(22,108,066)**
Attributable to:				
Equity shareholders		28,016,408	(50,140,675)	(22,124,267)
Non–controlling interests	18	–	16,201	16,201
Return per Ordinary Share (basic and diluted)	13	**10.07**	**(18.02)**	**(7.95)**
Other comprehensive income				
Currency translation differences		–	–	–
Total comprehensive income (expense)		**28,016,408**	**(50,124,474)**	**(22,108,066)**
Attributable to:				
Equity shareholders		28,016,408	(50,140,675)	(22,124,267)
Non–controlling interests	18	–	16,201	16,201

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations. Amounts in Other comprehensive income may be reclassified to profit or loss in future periods.

See Notes to the consolidated financial statements set out on pages 48 to 93.

FINANCIAL STATEMENTS continued

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	CALLED UP SHARE CAPITAL £	SHARE PREMIUM ACCOUNT £	OTHER DISTRIBUTABLE RESERVE £	CAPITAL RESERVE £	REVENUE RESERVE £	CURRENCY TRANSLATION RESERVE £	TOTAL SHARE-HOLDERS' EQUITY £	NON-CONTROLLING INTERESTS £	TOTAL EQUITY £
Opening balance at 1 January 2022	**20,300,000**	**161,040,000**	**112,779,146**	**(48,473,649)**	**26,369,664**	**1,213,245**	**273,228,406**	**–**	**273,228,406**
Return on ordinary activities after taxation	–	–	–	(51,447,491)	25,621,347	–	(25,826,144)	–	(25,826,144)
Dividends declared and paid	–	–	–	–	(22,262,111)	–	(22,262,111)	–	(22,262,111)
Other comprehensive income									
Currency translation differences	–	–	–	–	–	–	–	–	–
Closing balance at 31 December 2023	**20,300,000**	**161,040,000**	**112,779,146**	**(99,921,140)**	**29,728,900**	**1,213,245**	**225,140,151**	**–**	**225,140,151**

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC").

See Notes to the consolidated financial statements set out on pages 48 to 93.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	CALLED UP SHARE CAPITAL £	SHARE PREMIUM ACCOUNT £	OTHER DISTRIBUTABLE RESERVE £	CAPITAL RESERVE £	REVENUE RESERVE £	CURRENCY TRANSLATION RESERVE £	TOTAL SHARE-HOLDERS' EQUITY £	NON-CONTROLLING INTERESTS £	TOTAL EQUITY £
Opening balance at 1 January 2022	**20,300,000**	**161,040,000**	**112,779,146**	**1,667,026**	**20,615,367**	**1,213,245**	**317,614,784**	**45,958**	**317,660,742**
Distributions to non–controlling interests	–	–	–	–	–	–	–	(62,159)	(62,159)
Return on ordinary activities after taxation	–	–	–	(50,140,675)	28,016,408	–	(22,124,267)	16,201	(22,108,066)
Dividends declared and paid	–	–	–	–	(22,262,111)	–	(22,262,111)	–	(22,262,111)
Other comprehensive income									
Currency translation differences	–	–	–	–	–	–	–	–	–
Closing balance at 31 December 2022	**20,300,000**	**161,040,000**	**112,779,146**	**(48,473,649)**	**26,369,664**	**1,213,245**	**273,228,406**	**–**	**273,228,406**

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC").

See Notes to the consolidated financial statements set out on pages 48 to 93.

FINANCIAL STATEMENTS continued

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	31 DECEMBER 2023 £	RESTATED 31 DECEMBER 2022 £
Cash flows from operating activities:			
Total comprehensive income (expense)		(25,826,144)	(22,108,066)
Adjustments for:			
– Interest income		(30,313,088)	(33,917,279)
– Dividend and distribution income	5	(8,796,257)	(7,418,009)
– Finance costs		7,101,370	7,046,478
– Exchange losses		996,450	1,552,676
Total		**(56,837,669)**	**(54,844,200)**
Loss on investment assets designated as held at fair value through profit or loss		46,759,406	20,298,529
Loss (gain) on derivative financial instruments		(4,071,908)	(35,736,991)
Increase in management fee receivable		(31,146)	–
(Increase) decrease in other assets and prepaid expenses		(764,601)	687,097
Decrease in performance fee payable		–	(12,913,280)
Decrease in management fee payable		(97,785)	(57,614)
Decrease in deferred income		(41,201)	(133,402)
(Decrease) increase in due to broker		(4,848,569)	4,848,569
(Decrease) increase in other liabilities and accrued expenses		(384,155)	58,599
Interest received		22,779,711	32,776,781
Purchase of loans		(52,101,176)	(33,762,745)
Redemption or sale of loans		111,258,368	123,524,905
Impairment of loans		2,156,328	5,956,807
Net cash inflow from operating activities		**63,775,603**	**50,703,055**
Cash flows from investing activities:			
Investment income received		8,796,101	7,417,270
Purchase of investment assets designated as held at fair value through profit or loss		(19,765,279)	(30,034,376)
Sale of investment assets designated as held at fair value through profit or loss		26,394,226	20,662,359
Decrease of cash posted as collateral		1,523,653	1,910,854
Net cash inflow (outflow) from investing activities		**16,948,701**	**(43,893)**

See Notes to the consolidated financial statements set out on pages 48 to 93.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	31 DECEMBER 2023 £	RESTATED 31 DECEMBER 2022 £
Cash flows from financing activities:			
Dividends distributed		(22,262,111)	(22,262,111)
Proceeds from note payable		–	11,874,530
Repayment of note payable		(53,124,442)	(37,295,732)
Finance costs paid		(7,466,386)	(6,840,222)
Distributions to non–controlling interests		–	(62,159)
Net cash outflow from financing activities		**(82,852,939)**	**(54,585,694)**
Net change in cash and cash equivalents		(2,128,635)	(3,926,531)
Exchange (losses) gains on cash and cash equivalents		(6,847,476)	13,164,561
Cash and cash equivalents at the beginning of the year		15,538,602	6,300,572
Cash and cash equivalents at the end of the year	7	**6,562,491**	**15,538,602**

See Notes to the consolidated financial statements set out on pages 48 to 93.

FINANCIAL STATEMENTS continued

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTES	31 DECEMBER 2023 £	31 DECEMBER 2022 £
Assets			
Cash and cash equivalents	7	6,562,491	14,640,647
Cash posted as collateral	7	699,081	2,222,734
Derivative financial assets	3,4	1,870,615	1,081,849
Interest receivable		13,382,356	5,848,979
Management fee receivable	10	31,146	–
Other current assets and prepaid expenses		2,960,210	3,015,560
Investments in subsidiaries	17	184,812,034	233,951,844
Investment assets designated as held at fair value through profit or loss	3	15,888,315	22,474,910
Total assets		**226,206,248**	**283,236,523**
Liabilities			
Management fee payable	10	–	97,785
Due to broker		–	4,848,569
Derivative financial liabilities	3,4	–	3,283,142
Deferred income		–	41,201
Other liabilities and accrued expenses		1,066,097	1,737,420
Total liabilities		**1,066,097**	**10,008,117**
Total assets less total liabilities		**225,140,151**	**273,228,406**
Equity attributable to Shareholders of the Company			
Called-up share capital		20,300,000	20,300,000
Share premium account		161,040,000	161,040,000
Other distributable reserve	14	112,779,146	112,779,146
Capital reserve		(98,707,895)	(47,260,404)
Revenue reserve		29,728,900	26,369,664
Total equity		**225,140,151**	**273,228,406**
Net return for the year ended on ordinary activities after taxation		**(25,826,144)**	**(22,124,267)**

The financial statements on pages 44 to 93 were approved by the Board of Directors on 23 April 2024 and signed on its behalf by:

Graeme Proudfoot
Chair
23 April 2024

See Notes to the consolidated financial statements set out on pages 48 to 93.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	CALLED-UP SHARE CAPITAL £	SHARE PREMIUM £	OTHER DISTRIBUTABLE RESERVE £	CAPITAL RESERVE £	REVENUE RESERVE £	TOTAL £
Opening balance at 1 January 2023	**20,300,000**	**161,040,000**	**112,779,146**	**(47,260,404)**	**26,369,664**	**273,228,406**
Amounts paid on repurchase of Ordinary Shares	–	–	–	–	–	–
Return on ordinary activities after taxation	–	–	–	(51,447,491)	25,621,347	(25,826,144)
Dividends declared and paid	–	–	–	–	(22,262,111)	(22,262,111)
Closing balance at 31 December 2023	**20,300,000**	**161,040,000**	**112,779,146**	**(98,707,895)**	**29,728,900**	**225,140,151**

See Notes to the financial statements set out on pages 48 to 93.

FINANCIAL STATEMENTS continued

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	CALLED-UP SHARE CAPITAL £	SHARE PREMIUM £	OTHER DISTRIBUTABLE RESERVE £	CAPITAL RESERVE £	REVENUE RESERVE £	TOTAL £
Opening balance at 1 January 2022	**20,300,000**	**161,040,000**	**112,779,146**	**2,880,271**	**20,615,367**	**317,614,784**
Amounts paid on repurchase of Ordinary Shares	–	–	–	–	–	–
Return on ordinary activities after taxation	–	–	–	(50,140,675)	28,016,408	(22,124,267)
Dividends declared and paid	–	–	–	–	(22,262,111)	(22,262,111)
Closing balance at 31 December 2022	**20,300,000**	**161,040,000**	**112,779,146**	**(47,260,404)**	**26,369,664**	**273,228,406**

See Notes to the financial statements set out on pages 48 to 93.

PARENT COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	31 DECEMBER 2023 £	31 DECEMBER 2022 £
Cash flows from operating activities:			
Net return for the year ended on ordinary activities after taxation		(25,826,144)	(22,124,267)
Adjustments for:			
– Interest income		(32,007,975)	(34,288,810)
– Exchange losses		996,450	1,552,676
Total		**(56,837,669)**	**(54,860,401)**
Unrealised loss (gain) on investment assets designated as held at fair value through profit or loss		7,511,217	(6,815,010)
Unrealised loss on investments in subsidiaries		38,940,772	47,763,004
Loss (gain) on derivative financial instruments		(4,071,908)	(35,736,991)
Increase in management fee receivable		(31,146)	–
Decrease (increase) in other assets and prepaid expenses		55,506	(133,010)
Decrease in performance fee payable		–	(12,913,280)
Decrease in management fee payable		(97,785)	(57,614)
(Decrease) increase in due to broker		(4,848,569)	4,848,569
Decrease in deferred income		(41,201)	(133,402)
(Decrease) increase in other liabilities and accrued expenses		(306,307)	96,684
Net cash outflow from operating activities		**(19,727,090)**	**(57,941,451)**
Cash flows from investing activities:			
Interest received		24,109,426	33,353,829
Purchase of investment assets designated as held at fair value through profit or loss		(955,922)	(3,556,974)
Sale of investment assets designated as held at fair value through profit or loss		31,300	428,164
Purchase of investments in subsidiaries		(92,780,274)	(48,397,941)
Sales of investment in subsidiaries		105,302,927	106,463,368
Cash posted as collateral		1,523,653	1,910,854
Net cash inflow from investing activities		**37,231,110**	**90,201,300**
Cash flows from financing activities			
Dividends paid		(22,262,111)	(22,262,111)
Net cash outflow from financing activities		**(22,262,111)**	**(22,262,111)**
Net change in cash and cash equivalents		(4,758,091)	9,997,738
Exchange (losses) gains on cash and cash equivalents		(3,320,065)	341,335
Cash and cash equivalents at the beginning of the year		14,640,647	4,301,574
Cash and cash equivalents at the end of the year	7	**6,562,491**	**14,640,647**

See Notes to the financial statements set out on pages 48 to 93.

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

VPC Specialty Lending Investments PLC (the "Parent Company") with its subsidiaries (together "the Group") is primarily focused on an orderly realisation of the assets of the Company, to be effected in a manner that seeks to achieve a balance between returning cash to Shareholders promptly and maximising value. The Parent Company, which is limited by shares, was incorporated and domiciled in England and Wales on 12 January 2015 with registered number 9385218. The Parent Company commenced its operations on 17 March 2015 and intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Group's investment manager is Victory Park Capital Advisors, LLC (the "Investment Manager"), a US Securities and Exchange Commission registered investment adviser. The Investment Manager also acts as the Alternative Investment Fund Manager of the Group under the Alternative Investment Fund Managers Directive ("AIFMD"). The Parent Company is defined as an Alternative Investment Fund and is subject to the relevant articles of the AIFMD.

The Group's investments will be realised in an orderly manner, that is, with a view to achieving a balance between returning cash to Shareholders promptly and maximising value. Until 30 June 2023, per the investment policy, the Group could make new investments directly (in aggregate) up to five percent of its Gross Assets (at the time of the investment) in consumer loans, SME loans, advances against corporate trade receivables and/or purchases of corporate trade receivables originated by portfolio companies ("Debt Instruments"). Following this period, the Group may not make any new investments save that: (a) investments may be made to honour existing documented contractual commitments to existing portfolio companies as a majority of the Group's investments are delayed draw term loans; (b) further investment may be made into the Group's existing investments without redemption rights in order to preserve the value of such investments; and (c) realised cash may be invested in cash or cash equivalents, government or public securities (as defined in the rules of the UK Financial Conduct Authority), money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" (or equivalent) or higher credit rating as determined by any internationally recognized rating agency selected by the directors of the Group (which may or may not be registered in the European Union) ("Cash Instruments") pending its return to Shareholders in accordance with the Group's investment objective. Any return of proceeds to the Shareholders will be subject to compliance with existing gearing facilities and hedging arrangements, payment of expenses and reserves for potential liabilities.

As at 31 December 2023, the Parent Company had equity in the form of 382,615,665 Ordinary Shares, 278,276,392 Ordinary Shares in issue and 104,339,273 Ordinary Shares in Treasury (31 December 2022: 382,615,665 Ordinary Shares, 278,276,392 Ordinary Shares in issue and 104,339,273 Ordinary Shares in Treasury). The Ordinary Shares are listed on the premium segment of the Official List of the UK Listing Authority and trade on the London Stock Exchange's main market for listed securities.

Citco Fund Administration (Cayman Islands) Limited (the "Administrator") is the administrator of the Group. The Administrator is responsible for the Group's general administrative functions, such as the calculation and publication of the Net Asset Value ("NAV") and maintenance of the Group's accounting records.

For any terms not herein defined, refer to Part X of the IPO Prospectus. The Parent Company's IPO Prospectus dated 26 February 2015 is available on the Parent Company's website, www.vpcspecialtylending.com.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies followed by the Group are set out below and have been applied consistently in both the current and prior year.

Basis of preparation

The consolidated financial statements present the financial performance of the Group and Company for the year ended 31 December 2023. These statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies under those standards. They comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Financial Reporting Committee as adopted in the United Kingdom, including interpretations issued by the IFRS Interpretations Committee and interpretations issued by the International Accounting Standard Committee ("IASC") that remain in effect. The financial statements have been prepared on a going concern basis and under the historical cost convention modified by the revaluation to a fair value basis for certain financial instruments as specified in the accounting policies below.

The Directors have reviewed the financial projections of the Group and Company from the date of this report, which shows that the Group and Company will be able to generate sufficient cash flows in order to meet its liabilities as they fall due. In assessing the Group's and Company's ability to continue as a going concern, the Directors have considered the Company's investment objective, risk management policies, capital management, the nature of its portfolio and expenditure projections.

Additionally, the Directors have considered the risks arising of reduced asset values and have considered the impact of the wind-down. The Investment Manager has also performed a range of stress tests and demonstrated to the Directors that even in an adverse scenario of depressed markets that the Group could still generate sufficient funds to meet its liabilities over the next twelve months. The Directors believe that the Group has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future being a period of at least twelve months from the date of this report.

Based on their assessment and considerations above, the Directors have concluded that the financial statements of the Group and Company should continue to be prepared on a going concern basis and the financial statements have been prepared accordingly.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in November 2014 and updated in October 2019 with consequential amendments is consistent with the requirements of IFRS, the Directors have sought to prepare the consolidated financial statements on a basis compliant with the recommendations of the SORP.

The Parent Company and Group's presentational currency is Pound Sterling (£). Pound Sterling is also the functional currency because it is the currency of the Parent Company's share capital and the currency which is most relevant to the majority of the Parent Company's shareholders. The Group enters into forward currency Pound Sterling hedges where operating activity is transacted in a currency other than the functional currency.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Parent Company controls an entity when the Parent Company is exposed to, or has rights to, variable returns from its investment and has the ability to affect those returns through its power over the entity. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The accounting policies of the subsidiaries have been applied on a consistent basis to ensure consistency with the policies adopted by the Parent Company. The period ends for the subsidiaries are consistent with the Parent Company.

Subsidiaries of the Parent Company, where applicable, have been consolidated on a line-by-line bases as the Parent Company does not meet the definition of an investment entity under IFRS 10 because it does not measure and evaluate the performance of all its investments on the fair value basis of accounting.

Investments in subsidiaries

The Parent Company's investments in its subsidiaries are measured at fair value which is determined with reference to the underlying NAV of the subsidiary. The NAV of the subsidiaries are used as a best estimate of fair value through profit or loss. The NAV is the value of all the assets of the subsidiary less its liabilities to creditors (including provisions for such liabilities) determined in accordance with applicable accounting standards, which represents fair value based on the Company's assessment.

Presentation of Consolidated Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income.

The Directors have taken advantage of the exemption under Section 408 of the Companies Act 2006 and accordingly have not presented a separate Parent Company statement of comprehensive income. The net loss on ordinary activities after taxation of the Parent Company was £(25,826,144) (31 December 2022: £(22,124,267)).

Income

For financial instruments measured at amortised cost, the effective interest rate method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense in the revenue account over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

In calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees received and paid, costs borne that are an integral part of the effective interest rate and all other premiums or discounts above or below market rates.

Dividend income from investments is taken to the revenue account on an ex-dividend basis. Bank interest and other income receivable is accounted for on an effective interest basis. Dividend income from investments is reflected in Other income on the Statement of Comprehensive Income. Further disclosure can be found in Note 5.

Distributions from investments in funds are accounted for on an accrual basis as of the date the Group is entitled to the distribution. The income is treated as revenue return provided that the underlying assets of the investments comprise solely income generating loans, or investments in lending platforms which themselves generate net interest income. Distributions from investments in funds is reflected in Other income on the Statement of Comprehensive Income. Further disclosure can be found in Note 5.

Interest income from Investment assets designated as held at fair value through profit or loss are reflected in other income on the Statement of Comprehensive Income. Further disclosure can be found in Note 5.

In the instance where the retained earnings of the Parent Company's investment in a subsidiary are negative, all income from that investment is allocated to the capital reserve for both the Group and the Parent Company.

Finance costs

Finance costs are recognised using the effective interest rate method. The Group currently charges all finance costs to either revenue or capital based on retained earnings of the investment that generates the fees from the perspective of the Parent Company.

Expenses

Expenses not directly attributable to generating a financial instrument are recognised as services are received, or on the performance of a significant act which means the Group has become contractually obligated to settle those amounts.

The Group currently charges all expenses, including investment management fees and performance fees, to either revenue or capital based on the retained earnings of the investment that generates the fees from the perspective of the Parent Company.

At 31 December 2023, no management fees (31 December 2022: £nil) have been charged to the capital return of the Group or the Parent Company. At 31 December 2023, no performance fees (31 December 2022: £nil) have been charged to the capital return of the Group and Parent Company relating to the net return on ordinary activities after taxation allocated to the capital return. Refer to Note 10 for further details of the management and performance fees.

All expenses are accounted for on an accruals basis.

Dividends payable to Shareholders

Dividends payable to Shareholders are recognised in the Consolidated Statement of Changes in Equity when they are paid or have been approved by Shareholders in the case of a final dividend and become a liability to the Parent Company.

Taxation

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

In line with the recommendations of SORP for investment trusts issued by the AIC, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Statement of Comprehensive Income is the "marginal basis".

Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Consolidated Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Investment trusts which have approval as such under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

Financial assets and financial liabilities

The Group classifies its financial assets and financial liabilities in one of the following categories below. The classification depends on the purpose for which the financial assets and liabilities were acquired. The classification of financial assets and liabilities are determined at initial recognition.

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains a principal-based approach and applies one classification approach for all types of financial assets. For Debt Instruments, two criteria are used to determine how financial assets should be classified and measured:

- The entity's business model (i.e., how an entity manages its financial assets in order to generate cash flows by collecting contractual cash flows, selling financial assets or both); and
- The contractual cash flow characteristics of the financial asset (i.e., whether the contractual cash flows are solely payments of principal and interest).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"):

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described further in this note.

A financial asset is measured at fair value through other comprehensive income ("FVOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through the Other Comprehensive Income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the investments amortised cost which is recognised in the Consolidated Statement of Comprehensive Income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Consolidated Statement of Comprehensive Income and recognised in Income. Interest income from these financial assets in included in Income using the effective interest rate method ("ERIM").

Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to the Consolidated Statement of Comprehensive Income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. Financial assets measured at FVTPL are recognised in the Consolidated Statement of Financial Position at their fair value. Fair value gains and losses, together with interest coupons and dividend income, are recognised in the Consolidated Statement of Comprehensive Income within net trading income in the period in which they occur. The fair values of assets and liabilities traded in active markets are based on current bid and offer prices respectively. If the market is not active, the Group establishes a fair value by using valuation techniques. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

There are no positions measured at FVOCI in the current or prior year.

Business model assessment

The Group will assess the objective of the business model in which a financial asset is held at a portfolio level in order to generate cash flows because this best reflects the way the business is managed, and information is provided to the Investment Manager. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable, then the financial assets are classified as part of the other business model and measured at FVTPL.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The information that will be considered by the Group in determining the business model includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, including whether the strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- Past experience on how the cash flows for these assets were collected;
- How the performance of the portfolio is evaluated and reported to the Investment Manager;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Investment Manager's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a reasonable profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the contractual terms of the instrument will be considered to see if the contractual cash flows are consistent with a basic lending arrangement. In making the assessment, the following features will be considered:

- Contingent events that would change the amount and timing of cash flows;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets, e.g., non-recourse asset arrangements; and
- Features that modify consideration for the time value of money, e.g., periodic reset of interest rates.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification that has taken place forms the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Expected credit loss allowance for financial assets measured at amortised cost

The Credit impairment losses in the Consolidated Statement of Comprehensive Income includes the change in expected credit losses which are recognised for loans and advances to customers, other financial assets held at amortised cost and certain loan commitments.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance (or provision) is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

The measurement of expected credit losses will primarily be based on the product of the instrument's probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD"), taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the effective interest rate ("EIR").

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ("Lifetime PD") of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months ("12M EAD") or over the remaining lifetime ("Lifetime EAD"). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The estimated credit loss ("ECL") is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure. Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly relative to the date it was initially recognised. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1.

General expectations with regards to expected losses on loans are assessed based on an analysis of loan collateral and credit enhancement. Impairments are recognised once a loan is deemed to have a non-trivial likelihood of facing a material loss. The expected credit loss allowance reflects the increasing likelihood of loss as collateral and credit enhancement become diminished or impaired. The adequacy of credit enhancement is typically based on the actual contractual terms of the investment, including such provisions as collateral eligibility, advance rate and/or loan to value ratio. The value and cash flows of the collateral are determined based on all available historical performance data on the specific asset pool being assessed, including historical loss performance data and forward-looking information, supplemented by additional sources as needed. Unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. The Group does not rebut the presumption in IFRS 9 that all financial assets that are more than 30 days past due have experienced a significant increase in credit risk. The assessment as to when a financial asset has experienced a significant increase in the probability of default requires the application of management judgement.

In addition, the Group typically considers a financial instrument to have experienced a significant increase in credit risk when one of the following have occurred:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value which is expected to increase the risk of default; or
- Early signs of cashflow or liquidity problems.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit impaired as at the reporting date. Assets can move in both directions through the stages of the impairment model.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due which the Group does not rebut. A loan is normally written off, either partially or in full, when there is no realistic prospect of recovery (as a result of the customer's insolvency, ceasing to trade or other reason) and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded. The Company assesses at each reporting date whether there is objective evidence that a loan or group of loans is impaired. In performing such analysis, the Company assesses the probability of default based on the level of collateral and credit enhancement and on the number of days past due, using recent historical rates of default on loan portfolios with credit risk characteristics similar to those of the Company or past history if sufficient data is available to demonstrate a reliable loss profile.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Under IFRS 9, when determining whether the credit risk (i.e. the risk of default) on a financial instrument has increased significantly since initial recognition, reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on historical experience, credit assessment and forward-looking information is used.

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The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forward-looking information, including a "base case" view of the future direction of relevant economic variables and a representative range of other possible forecasts scenarios. The process will involve developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case will represent a most likely outcome and be aligned with information used for other purposes, such as strategic planning and budgeting. The number of scenarios used and their attributes are reassessed at each reporting date by investment. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. These scenarios are informed by data from the Federal Reserve regarding the probability of a recession in the US over the subsequent 12-month period.

The estimation and application of forward-looking information requires significant judgement. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances, are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Collateral and other credit enhancements

The Group employs a range of policies to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies of the acceptability of specific classes of collateral or credit risk mitigation.

Modification of financial assets

The Group sometimes modifies the terms or loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practice are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original assets. The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2.

Modification of terms is not an indicator of a change in risk.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affect the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining if a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amounts are also recognised in the Consolidated Statement of Comprehensive Income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the Consolidated Statement of Comprehensive Income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

During the year and the prior year, no investments were modified per the Group's policy.

Derecognition other than a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either: (i) the Group transfers substantially all the risks and rewards of ownership; or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial assets and financial liabilities designated as held at fair value through profit or loss

This category consists of forward foreign exchange contracts, common equity, preferred stock, warrants and investments in funds.

Assets and liabilities in this category are carried at fair value. The fair values of derivative instruments are estimated using discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties.

Investments in funds are carried at fair value through profit or loss and designated as such at inception. This is valued for the units at the balance sheet date based on the NAV where it is assessed that NAV equates to fair value.

Common equity, preferred stock and warrants are valued using a variety of techniques. These techniques include market comparables, discounted cash flows, yield analysis, and transaction prices. Refer to Note 3.

Gains and losses arising from the changes in the fair values are recognised in the Consolidated Statement of Comprehensive Income.

Loans at amortised cost

Loans at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are recognised when the funds are advanced to borrowers and are carried at amortised cost using the effective interest rate method less provisions for impairment.

Purchases and sales of financial assets

Purchases and sales of financial assets are accounted for at trade date. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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Fair value estimation

The determination of fair value of investments requires the use of accounting estimates and assumptions that could cause material adjustment to the carrying value of those investments.

Financial liabilities

Borrowings, deposits, debt securities in issue and subordinated liabilities, if any, are recognised initially at fair value, being the issue proceeds net of premiums, discounts and transaction costs incurred.

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is adjusted for the amortisation of any premiums, discounts and transaction costs. The amortisation is recognised in interest expense and similar charges using the effective interest rate method.

Financial liabilities are derecognised when the obligation is discharged, cancelled or has expired.

Derivatives

Derivatives are entered into to reduce exposures to fluctuations in interest rates, exchange rates, market indices and credit risks and are not used for speculative purposes. The Parent Company entered into forward foreign currency exchange contracts as a hedge against exchange rate fluctuations for investments in Portfolio Companies denominated in foreign currencies. A forward foreign currency exchange contract is an agreement between two parties to purchase or sell a specified quantity of a currency at or before a specified date in the future. Forward contracts are typically traded in the OTC markets and all details of the contract are negotiated between the counterparties to the agreement. Accordingly, the forward contracts are valued at the forward rate by reference to the contracts traded in the OTC markets and are classified as Level 2 in the fair value hierarchy.

Derivatives are carried at fair value with movements in fair values recorded in the Consolidated Statement of Comprehensive Income. Derivative financial instruments are valued using discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties.

Gains and losses arising from derivative instruments are credited or charged to the Consolidated Statement of Comprehensive Income. Gains and losses of a revenue nature are reflected in the revenue column and gains and losses of a capital nature are reflected in the capital column. Gains and losses on forward foreign exchange contracts are reflected in Foreign exchange gain/(loss) in the Consolidated Statement of Comprehensive Income.

All derivatives are classified as assets where the fair value is positive and liabilities where the fair value is negative. Where there is the legal ability and intention to settle net, then offsetting is applied and the derivative is classified as a net asset or liability, as appropriate.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

Investments in funds

Investments in funds are measured at fair value through profit or loss. The NAV of the fund is used as a best estimate of fair value through profit or loss. The NAV is the value of all the assets of the fund less its liabilities to creditors (including provisions for such liabilities) determined in accordance with applicable accounting standards, which represents fair value based on the Company's assessment. Refer to Note 3 and Note 19 for further information.

Equity securities

Equity securities are measured at fair value. These securities are considered either Level 1, 2, or 3 investments. Further details of the valuation of equity securities are included in Note 3. Equity securities consist of common and preferred stock, warrants and convertible note investments.

Other receivables

Other receivables do not carry interest and are short-term in nature and are accordingly recognised at fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with a maturity of 90 days or less that are readily convertible to known amounts of cash.

Deferred income

The Group and Parent Company defer draw fees received from investments and the deferred fees amortise into income on a straight-line basis over the life of the loan, which approximates the effective interest rate method.

Other liabilities

Other liabilities and accrued expenses are not interest-bearing and are stated at their nominal values. Due to their short-term nature this is determined to be equivalent to their fair value.

Share Capital

The Ordinary Shares are classified as equity. The costs of issuing or acquiring equity are recognised in equity (net of any related income tax benefit), as a reduction of equity on the condition that these are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

The costs of an equity transaction that is abandoned are recognised as an expense. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties.

The Group's equity NAV per share is calculated by dividing the equity – net assets attributable to the holder of Ordinary Shares by the total number of outstanding Ordinary Shares.

Treasury Shares have no entitlements to vote and are held by the Company.

Foreign exchange

Transactions in foreign currencies are translated into Pound Sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, liabilities and equity investments in foreign currencies at the Consolidated Statement of Financial Position date are translated into Pound Sterling at the rates of exchange ruling on that date. Profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Consolidated Statement of Comprehensive Income. Foreign exchange gains and losses arising on investment assets including loans are included within Net gain/(loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

The assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the reporting date. Income and expense items are translated using the average exchange rates during the period. Exchange differences arising from the translation of foreign operations are taken directly as currency translation differences through the Consolidated Statement of Comprehensive Income.

Capital reserves

Capital reserve – arising on investments sold includes:

- gains/losses on disposal of investments and the related foreign exchange differences;
- exchange differences on currency balances;
- cost of own shares bought back; and
- other capital charges and credits charged to this account in accordance with the accounting policies above.

Capital reserve – arising on investments held includes:

- increases and decreases in the valuation of investments held at the year-end;
- increases and decreases in the IFRS 9 reserve of investments held at the year-end; and
- investments in subsidiaries by the Parent Company where retained earnings is negative.

In the instance where the retained earnings of the Parent Company's investment in a subsidiary are negative, all income and expenses from that investment are allocated to the capital reserve for both the Group and the Parent Company.

All the above are accounted for in the Consolidated Statement of Comprehensive Income except the cost of own shares bought back, if applicable, which would be accounted for in the Consolidated Statement of Changes in Equity.

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Revenue reserves

The revenue reserve represents the accumulated revenue profits retained by the Group. The Group makes interest distributions from the revenue reserve to Shareholders.

Segmental reporting

The chief operating decision maker is the Board of Directors. The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment of the Group's capital in financial assets comprising consumer loans, SME loans, corporate trade receivables and/or advances thereon. The Board focuses on the overall return from these assets irrespective of the structure through which the investment is made.

Critical accounting estimates

The preparation of financial statements in conformity with international accounting standards requires the Group to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amount, actual results may differ ultimately from those estimates.

The areas requiring a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the financial statements, are in relation to expected credit losses and investments at fair value through profit or loss. These are detailed below.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of the expected credit loss allowance

The calculation of the Group's ECL allowances and provisions against loan commitments and guarantees under IFRS 9 is highly complex and involves the use of significant judgement and estimation. The investment manager proactively monitors and reviews the Company's investments monthly related to expected credit losses and IFRS 9. Specific models are developed for each underlying investment and the results are discussed on an ongoing basis as new information is received. A review is first performed to identify what stage the Company's investments are in and the appropriate analysis is then performed. This includes the formulation and incorporation of multiple forward-looking economic conditions into ECL to meet the measurement objective of IFRS 9. The most significant estimates that are discussed below are considered to be the effect of potential future economic scenarios, collateral cash flows, and probability of default. These estimates vary on an investment-by-investment basis and may not be applicable to all investments held in the portfolio.

Base case and stress case cash flow methodology under IFRS 9

Each loan in the Group's investment portfolio is analysed to assess the likelihood of the Group incurring any loss either: (i) in the normal course of events; or (ii) in a stress scenario. Given that these positions are typically secured by specific collateral and often further secured by guarantees from the operating business, the analysis looks at the impacts on both the specific collateral, as well as any obligations of the operating business to understand how the Group's investment would fare in each scenario. The collateral performance assumptions for each transaction are established using all available historical performance data on the specific asset pool being assessed, including historical loss performance data and forward-looking information, supplemented by additional sources as needed.

Base case

To establish the base case model, a representative portfolio is established based on the specific nature of the underlying collateral. The expected cash flows are assessed based on the relevant collateral parameters which will vary based on the specific asset class being assessed. In certain instances the collateral cash flows may entail the presumed sale of collateral assets to third parties based on expected market values. Cash flow and market assumptions are based on a combination of: (1) historical collateral data; (2) management forecasts; (3) proxy data from comparable assets or businesses; and (4) judgement from the investment professionals based on general research and knowledge.

The model is then burdened with the following costs: (1) servicing costs which broadly reflect the expected costs of either (i) engaging a backup servicer to wind down the portfolio, or (ii) of operating the business through a liquidation; (2) upfront liquidation costs to reflect potential expenses associated with moving into liquidation; and (3) ongoing liquidation costs to reflect incremental costs born to oversee the liquidation.

The last input component is the terms of the Group's investment, which includes the applicable advance rate and interest rate which are based on the prevailing terms and circumstances of the facility.

The representative portfolio is deemed to reflect the most reliable and relevant information available about the portfolio attributes and expected performance. As part of the ongoing investment monitoring and risk management process, the Investment Manager is monitoring performance on the underlying collateral on a monthly basis to identify whether performance indicators are trending positively or negatively, and how much cushion exists compared to contractual covenant trigger levels. Any such changes would be reviewed to determine whether an adjustment is required to the model assumptions.

Stress case

Once the Base Case scenario is established, one or more "Stress Case" scenarios are created for each transaction. The Stress Case is established by stressing the inputs that are most directly tied to outcomes to an extent consistent with a severe recession or comparably severe deterioration in the investment position. The primary driver of collateral value for many asset classes is the loss rates on the underlying receivables as these have the most direct impact on liquidation outcomes. For other asset classes it may include revenue yields, market values, or other economic variables. Certain variables with less significant impacts on the cash flow outcomes may be held constant to enhance model explanatory power. Stress variables may be adjusted to reflect the fact that stress will emerge (and dissipate) over a period of time rather than having an immediate and constant impact.

2008 Recession Loss Scalars
by Asset and Population

	SUBPRIME & DEEP SUBPRIME VINTAGE SCORE BELOW 601	NEAR PRIME VINTAGE SCORE 601-660	PRIME VINTAGE SCORE ABOVE 660
Student Loan	0%	10%	8%
Retail	17%	10%	3%
Personal Loan	16%	41%	108%
Auto	24%	54%	88%
Credit Card	43%	71%	132%

Source: Assessing Performance of Consumer Lending Assets through Macroeconomic Shocks, Second Order Solutions (June 2019).

Among the most heavily represented populations in the Group's borrower portfolios are personal loans (or amortising instalment loans). As seen in the above table, default rates on these loans increased by 1.16x-2.08x. Each portfolio was assessed based on the applicable stress factor range based on the product and borrower population.

IFRS 9 calls for an assessment of the probability of default over the upcoming 12 months, and thus the Investment Manager provides a view of the probability of such a severe scenario occurring in the next 12 months for each of the investments which are at risk of incurring a loss (as some of the variables will vary between investments). Typically, the Investment Manager reviews macroeconomic data to assess the probability of a recession or stress scenario over a forward looking 12-month horizon. Such information may be supplemented with additional investment level or macroeconomic information to determine the appropriate probabilities of stress (most commonly any such adjustments would be to apply additional likelihood of stress). In certain instances, the assessed impairment reserves are constant across all scenarios, this most commonly occurs when the assessed impairment reserves are zero. In these instances, there shall be no need to assess probability weightings as it would not impact the overall analysis. Once the model has been run at the stressed scenario, if the cash flows continue to support the payment of an investment's principal and interest, the portfolio is deemed to have adequate coverage. If there is a shortfall in principal payments, a further assessment is done to note whether there are any excluded variables that need to be considered in determining the need for reserves on the position, including taking into account other additional credit enhancements provided in each deal (i.e., corporate guarantees, etc.). Such assessment would consider the likelihood of a scenario that could pose a loss and the expected magnitude of such loss in order to determine the appropriate reserve level.

For asset backed investments, two of the primary drivers of the impairment analysis are the underlying collateral cash flows and the probability of default which is defined as the likelihood of an economic recession in the upcoming 12-month period. Regarding the underlying collateral cash flows, these may vary based on various underlying drivers depending on

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asset class (such as loss rates for financial assets and asset revenue and margin for ecommerce assets). For financial assets, loss rates are stressed to 110%-210% of base case as part of the impairment analysis and the impacts of those stresses are reflected in the impairment amounts on a probability weighted basis. For ecommerce assets, revenue and margins are stressed, on average, by 17% and 11%, respectively, over the forecast period.

Establishing Impairment Reserves

Once the model has been run at the stressed scenario, if the cash flows continue to support the payment of all principal and interest after the burdens of servicing and liquidation costs, the portfolio is deemed to have adequate coverage based solely on direct collateral. If there is a shortfall in principal payments, a further assessment is done to note whether there are any excluded variables that need to be considered in determining the need for reserves on the position, including other additional credit enhancements provided in each deal (i.e., corporate guarantees, boot collateral, etc.). Such assessment would consider the likelihood of a scenario that could pose a loss or impairment and the expected magnitude of such loss in order to determine the appropriate reserve level.

IFRS 9 calls for an assessment of the probability of default over the upcoming 12 months, and thus the Investment Manager will also provide a view of the probability of such a severe scenario occurring in the next 12 months for each of the investments which are at risk of incurring a loss (as some of the variables will vary between investments). The Investment Manager reviews macroeconomic data and central bank indicators to assess the probability of a recession or stress scenario over a forward looking 12-month horizon. Such information may be supplemented with additional investment level or macroeconomic information to determine the appropriate probabilities of stress (most commonly any such adjustments would be to apply additional likelihood of stress). In certain instances, the assessed impairment reserves are constant across all scenarios, this most commonly occurs when the assessed impairment reserves are zero. In these instances there shall be no need to assess probability weightings as it would not impact the overall analysis.

The Group has established impairment reserves by applying a weighting of 33% to the base case scenario and 67% to the stress case scenario as at 31 December 2023. An increase in the likelihood of an economic recession of 10% would increase the stress case weighting to 77%. The resulting expected credit losses as at 31 December 2023 would be an increase of £154,564. In 2022, the weighting was 54% to the stress scenario.

The cumulative loss rates for cash flowing investments ranged from 1% to 48%. If the cumulative loss rates in the stress scenario were increased by 10%, the impact to expected credit losses as at 31 December 2023 would be an increase of £3,265,317. The impact to expected credit losses as at 31 December 2022 was not material.

The Group has recognized the probability of default in the upcoming 12-month period for E-commerce investments ranged from 0% to 42% as at 31 December 2023. If the probability of default were increased by 10%, the impact to expected credit losses as at 31 December 2023 would be an increase of £474,107. The impact on the estimated credit losses as of 31 December 2022 was £460,209.

Valuation of unquoted investments

The valuation of unquoted investments and investments for which there is an inactive market is a key area of judgement and may cause material adjustment to the carrying value of those assets and liabilities. The unquoted equity assets are valued on periodic basis using techniques including a market approach, costs approach and/or income approach. The valuation process is collaborative, involving the finance and investment functions within the Investment Manager with the final valuations being reviewed by the Board's Audit and Valuation Committee. The specific techniques used typically include earnings multiples, discounted cash flow analysis, the value of recent transactions, and, where appropriate, industry rules of thumb. The valuations often reflect a synthesis of a number of different approaches in determining the final fair value estimate. The individual approach for each investment will vary depending on relevant factors that a market participant would take into account in pricing the asset. Changes in fair value of all investments held at fair value are recognised in the Consolidated Statement of Comprehensive Income as a capital item. On disposal, realised gains and losses are also recognised in the Consolidated Statement of Comprehensive Income as a capital item. Transaction costs are included within gains or losses on investments held at fair value, although any related interest income, dividend income and finance costs are disclosed separately in the Consolidated Financial Statements. The ultimate sale price of investments may not be the same as fair value. Refer to Note 3.

Critical accounting judgments

Judgement is required to determine whether the Parent Company exercises control over its investee entities and whether they should be consolidated. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Parent Company controls an investee entity when the Parent Company is exposed to, or has rights to, variable returns from its investment and has the ability to affect those returns through its power over the entity. At each reporting date, an assessment is undertaken of investee entities to determine control. In the intervening period, assessments are undertaken where circumstances change that may give rise to a change in the control assessment. These include when an investment is made into a new entity, or an amendment to existing entity documentation or processes. When assessing whether the Parent Company has the power to affect its variable returns, and therefore control investee entities, an assessment is undertaken of the Parent Company's ability to influence the relevant activities of the investee entity. These activities include considering the ability to appoint or remove key management or the manager, which party has decision making powers over the entity and whether the manager of an entity is acting as principal or agent. The assessment undertaken for entities considers the Parent Company's level of investment into the entity and its intended long-term holding in the entity and there may be instances where the Parent Company owns less than 51% of an investee entity but that entity is consolidated. Further details of the Parent Company's subsidiaries are included in Note 17.

The Group's investments in associates all consist of limited partner interest in funds. There are no significant restrictions between investors with joint control or significant influence over the associates listed above on the ability of the associates to transfer funds to any party in the form of cash dividends or to repay loans or advances made by the Group. Further details of the Parent Company's associates are included in Note 19.

Accounting standards issued but not yet effective or not material to the Group

At the date of authorisation of these financial statements, there were no standards and interpretations issued that were not adopted by the Group for annual periods beginning on or after 1 January 2023.

Accounting standards effective during the year

At the date of authorisation of these financial statements, the following standards and interpretations were adopted by the Group which are effective for annual periods beginning on or after 1 January 2023.

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. These amendments had no impact on the Group's financial statements of, nor is there expected to be any future impact.

IFRS 17 'Insurance Contracts' establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. These amendments had no impact on the Group's financial statements of, nor is there expected to be any future impact.

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. These amendments had no impact on the Group's financial statements of, nor is there expected to be any future impact.

The IASB issued amendments to IAS 12 Income Taxes which give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. These amendments had no impact on the Group's financial statements of, nor is there expected to be any future impact.

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. These amendments had no impact on the Group's financial statements of, nor is there expected to be any future impact.

Other future developments include the IASB undertaking a comprehensive review of existing IFRSs. The Group will consider the financial impact of these new standards as they are finalised.

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3. FAIR VALUE MEASUREMENT

Financial instruments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3 – Pricing inputs for the asset or liability that are not based on observable market data (unobservable inputs).

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

Valuation of investments in funds

The Group's investments in funds are subject to the terms and conditions of the respective fund's offering documentation. The investments in funds are primarily valued based on the latest available financial information. The Investment Manager reviews the details of the reported information obtained from the funds and considers: (i) the valuation of the fund's underlying investments; (ii) the value date of the NAV provided; (iii) cash flows (calls/distributions) since the latest value date; and (iv) the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the funds. If necessary, adjustments to the NAV are made to the funds to obtain the best estimate of fair value. The funds in which the Group invests are close-ended and unquoted. No adjustments have been determined to be necessary to the NAV as provided as at 31 December 2023 as this reflects fair value under the relevant valuation methodology. The NAV is provided to investors only and is not made publicly available.

Valuation of equity securities

Fair value is determined based on the Group's valuation methodology, which is either determined using market comparables, discounted cash flow models or recent transactions.

Under the Enterprise Valuation Waterfall Analysis, the Group estimates the fair value of a portfolio company using traditional valuation methodologies including market, income, and cost approaches, as well as other applicable industry-specific approaches and then waterfall the enterprise value over the portfolio company's securities in order of their preference relative to one another. Some or all the traditional valuation methodologies are weighted based on the individual circumstances of the portfolio company to determine an estimate of the enterprise value. The traditional valuation methodologies consist of valuation estimates based on: valuations of comparable public companies, recent sales of private and public comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company's assets, third-party valuations of the portfolio company or its assets, considering offers from third-parties to buy the portfolio company, estimating the value to potential strategic buyers and considering the value of recent investments in the equity securities of the portfolio company. To determine the enterprise value of a portfolio company, its historical and projected financial results, as well as other factors that may impact value, such as exposure to litigation, loss of significant customers or other contingencies are considered. This financial and other information is generally obtained from the Group's portfolio companies, and in most cases represents unaudited, projected, or pro-forma financial information.

In using a valuation methodology based on the discounting of forecasted cash flows of the portfolio company, significant judgment is required in the development of an appropriate discount rate to be applied to the forecasted cash flows. When applicable, a weighted average cost of capital approach is used to derive a discount rate that takes into account: i) the risk-free rate; ii) the cost of debt for creditworthiness; and iii) the cost of equity for performance risk. The three inputs to the discount rate are based on third-party market studies, portfolio company interest rates, and an overall understanding of the inherent risk in the cash flows. The remaining assumptions incorporated in the valuation methodologies used to estimate the enterprise value consist primarily of unobservable Level 3 inputs, including management assumptions based on judgment. For example, from time to time, a portfolio company has exposure to potential or actual litigation. In evaluating the impact on the valuation for such items, the amount that a market participant would consider in estimating fair value is considered. These estimates are highly subjective, based on the Group's assessment of the potential outcome(s) and the related impact on the fair value of such potential outcome(s). A change in these assumptions could have a material impact on the determination of fair value.

In using a valuation methodology based on comparable public companies or sales of private or public comparable companies, significant judgment is required in the application of discounts or premiums to the prices of comparable companies for factors such as size, marketability and relative performance. Related to the use of private company transactions, when a portfolio company closes on new equity, the new round's implied valuation is used in valuing the equity investment. The use of an equity round includes gaining an understanding of the resulting rights between equity classes, and when applicable, a discount related to rights and preference differences is applied to the implied valuation. In addition, when a portfolio company has significant reason to believe an equity round is closing in the near future, a weighted-probability approach with the applicable discounts may be used. Under the yield analysis approach, expected future cash flows are discounted back using a discount rate. The discount rate used incorporates market-based yields for similar credits to the public market and the underlying risk of the individual credit.

Due to the inherent uncertainty of determining the fair value of Level 3 assets that do not have a readily available market value, the fair value of the assets may differ significantly from the values that would have been used had a ready market existed for such assets and may differ materially from the values that may ultimately be received or settled. Further, such assets are generally subject to legal and other restrictions or otherwise are less liquid than publicly traded instruments. If the Group were required to liquidate a portfolio investment in a forced or liquidation sale, the Group may realise significantly less than the value at which such investment had previously been recorded.

The selection of appropriate valuation techniques may be affected by the availability of relevant inputs as well as the relative reliability of the inputs. In some cases, one valuation technique may provide the best indication of fair value while in other circumstances, multiple valuation techniques may be appropriate. The results of the application of the various techniques may not be equally representative of fair value, due to factors such as assumptions made in the valuation.

In some situations, the Group may determine it appropriate to evaluate and weigh the results to develop a range of possible values, with the fair value based on the Group's assessment of the most representative point within the range.

Investments may be classified as Level 2 when market information becomes available, yet the investment is not traded in an active market and/or the investment is subject to transfer restrictions, or the valuation is adjusted to reflect illiquidity and/or non-transferability.

The Group, at times, may hold Level 1 investments and will use the available market quotes to value the investments. As noted above, these investments may include an illiquid period in which the investment does not have the ability to trade and will be classified as Level 2.

Valuation of derivative instruments

Forward contracts are typically traded in the over-the-counter ("OTC") markets and all details of the contract are negotiated between the counterparties to the agreement. Accordingly, the forward contracts are valued at the forward rate by reference to the contracts traded in the OTC markets and are classified as Level 2 in the fair value hierarchy. The change in the value of the forward contracts during the year is recognised as foreign exchange gain/(loss) on the Consolidated Statement of Comprehensive Income. When the contract is closed, the Group recognises the difference between the value of the contract at the time it was entered and the value at the time it was closed as foreign exchange gain/(loss).

Fair value disclosures

The following table analyses the fair value hierarchy of the Group's assets and liabilities measured at fair value at 31 December 2023:

INVESTMENT ASSETS DESIGNATED AS HELD AT FAIR VALUE	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Investments in funds	15,888,315	–	–	15,888,315
Common stock	17,892,172	2,656,978	167,066	15,068,128
Preferred stock	31,426,617	–	–	31,426,617
Warrant	1,968,884	12,409	–	1,956,475
Convertible debt	10,306,368	–	–	10,306,368
Total	77,482,356	2,669,387	167,066	74,645,903

DERIVATIVE FINANCIAL LIABILITIES	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Forward foreign exchange contracts	1,870,615	–	1,870,615	–
Total	1,870,615	–	1,870,615	–

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The following table analyses the fair value hierarchy of the Group's assets and liabilities measured at fair value at 31 December 2022:

INVESTMENT ASSETS DESIGNATED AS HELD AT FAIR VALUE	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Investments in funds	22,474,910	–	–	22,474,910
Common stock	17,661,510	4,080,425	491,852	13,089,233
Preferred stock	52,310,062	–	–	52,310,062
Warrant	13,902,427	–	–	13,902,427
Convertible debt	24,521,800	–	–	24,521,800
Total	130,870,709	4,080,425	491,852	126,298,432

DERIVATIVE FINANCIAL ASSETS	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Forward foreign exchange contracts	1,081,849	–	1,081,849	–
Total	1,081,849	–	1,081,849	–

DERIVATIVE FINANCIAL LIABILITIES	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Forward foreign exchange contracts	3,283,142	–	3,283,142	–
Total	3,283,142	–	3,283,142	–

The following table analyses the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value at 31 December 2023:

INVESTMENT ASSETS DESIGNATED AS HELD AT FAIR VALUE	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Investments in funds	15,888,315	–	–	15,888,315
Total	15,888,315	–	–	15,888,315

DERIVATIVE FINANCIAL ASSETS	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Forward foreign exchange contracts	1,870,615	–	1,870,615	–
Total	1,870,615	–	1,870,615	–

The following table analyses the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value at 31 December 2022:

INVESTMENT ASSETS DESIGNATED AS HELD AT FAIR VALUE	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Investments in funds	22,474,910	–	–	22,474,910
Total	22,474,910	–	–	22,474,910

DERIVATIVE FINANCIAL ASSETS	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Forward foreign exchange contracts	1,081,849	–	1,081,849	–
Total	1,081,849	–	1,081,849	–

DERIVATIVE FINANCIAL LIABILITIES	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Forward foreign exchange contracts	3,283,142	–	3,283,142	–
Total	3,283,142	–	3,283,142	–

There were £252,724 transfer out of Level 3 fair value measurement for the Group during the year ended 31 December 2023 (31 December 2022: Transfers into Level 3 £4,485,316). There were no transfers into and out of Level 3 fair value measurements for the Parent Company during the years ended 31 December 2023 and 31 December 2022.

The following table presents the movement in Level 3 positions for the year ended 31 December 2023 for the Group:

	TOTAL £	INVESTMENTS IN FUNDS £	COMMON STOCK £	PREFERRED STOCK £	WARRANT £	CONVERTIBLE DEBT £
Beginning balance, 1 January 2023	126,298,432	22,474,910	13,089,233	52,310,062	13,902,427	24,521,800
Purchases	15,814,999	955,922	7,828,658	244,219	1,920,153	4,866,047
Sales	(20,389,976)	(31,300)	(7,840,028)	(867,079)	(3,307,706)	(8,343,863)
Transfer In (Out)	(252,724)	–	(209,162)	–	(43,562)	–
Net change in unrealised gains (losses)	(46,824,828)	(7,511,217)	2,199,427	(20,260,585)	(10,514,837)	(10,737,616)
Ending balance, 31 December 2023	74,645,903	15,888,315	15,068,128	31,426,617	1,956,475	10,306,368

The net change in unrealised gains (losses) is recognised within gains (losses) on investments in the Consolidated Statement of Comprehensive Income.

The following table presents the movement in Level 3 positions for the year ended 31 December 2022 for the Group:

	TOTAL £	INVESTMENTS IN FUNDS £	COMMON STOCK £	PREFERRED STOCK £	WARRANT £	CONVERTIBLE DEBT £
Beginning balance, 1 January 2022	107,483,401	12,531,090	16,308,485	38,090,065	19,864,610	20,689,151
Purchases	30,030,596	3,556,974	6,607,765	6,511,747	2,602,645	10,751,465
Sales	(18,624,490)	(428,164)	(10,801,119)	(687,454)	(1,124,097)	(5,583,656)
Transfer In (Out)	4,485,316	–	4,485,316	–	–	–
Net change in unrealised gains (losses)	2,923,609	6,815,010	(3,511,214)	8,395,704	(7,440,731)	(1,335,160)
Ending balance, 31 December 2022	126,298,432	22,474,910	13,089,233	52,310,062	13,902,427	24,521,800

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The following table presents the movement in Level 3 positions for the period ended 31 December 2023 for the Parent Company:

	INVESTMENTS IN FUNDS £
Beginning balance, 1 January 2023	22,474,910
Purchases	955,922
Sales	(31,300)
Net change in unrealised foreign exchange gains (losses)	(1,099,952)
Net change in unrealised losses	(6,411,265)
Ending balance, 31 December 2023	15,888,315

The following table presents the movement in Level 3 positions for the period ended 31 December 2022 for the Parent Company:

	INVESTMENTS IN FUNDS £
Beginning balance, 1 January 2022	12,531,090
Purchases	3,556,974
Sales	(428,164)
Net change in unrealised gains (losses)	6,815,010
Ending balance, 31 December 2022	22,474,910

The net change in unrealised gains (losses) is recognised within gains (losses) on investments and foreign exchange gain(loss) in the Consolidated Statement of Comprehensive Income.

Quantitative information regarding the unobservable inputs for Level 3 positions as at 31 December 2023 is given below:

DESCRIPTION	FAIR VALUE AT 31 DECEMBER 2023 £	VALUATION TECHNIQUE	UNOBSERVABLE INPUT	RANGE
Common stock	5,923,589	Discounted Cash Flows & Multiples	DCF	20.0%
			Price to Book	1.6x
			Price to Earnings)	9.1x
			Private Company Discount	15.0%
	4,409,310	Transaction Price/Recent Round Price	Deal Execution Risk Discount	30.0%
			Recent Round Price per Share	$0.05 - $105.14
			Illiquidity Discount	20.0% - 30.0%
	1,007,700	Net Asset Value	Preferred Return	12.5%
	1,982,177	Net Asset Value of SPV	N/A	N/A
	974,493	Transaction Price	Cost Basis of Investment	N/A
	770,859	Face Amount	N/A	N/A

DESCRIPTION	FAIR VALUE AT 31 DECEMBER 2023 £	VALUATION TECHNIQUE	UNOBSERVABLE INPUT	RANGE
Convertible debt	1,096,632	Transaction Price/Recent Round Price	Recent Round Price per Share	$5.56
			Rights & Preferences Discount	20.0%
	9,209,736	Yield Analysis	Market Yield	7.0% - 9.0%
Preferred stock	31,225,285	Transaction Price/Recent Round Price	Discount Rate	19.0%
			Recent Round Price per Share	$0.30 - €92.17
			Revenue Multiple	9.0x
			Rights and Preferences Discount	0.0% - 30.0%
			Recent Round Transaction Value	$16.00
	201,332	Cost	N/A	N/A
Investments in funds	15,888,315	Net Asset Value	N/A	N/A
Warrants	556,048	Black Scholes	Price Per Share	$0.50 - $10.70
			Rights and Preferences Discount	20.0%
			Market Risk Discount	40.0%
			Risk Free Rate	4.2%
			Term	0.4 - 2.7 years
			Volatility	20.6% - 43.1%
	79,207	Market Comparables	Average Price/Book Value Multiple	4.0x
			Private Company Discount	10.0%
			Price Per Share	$0.96
			Risk Free Rate	4.2%
			Term	1 year
			Volatility	60.0%
	1,321,220	Transaction Price/Recent Round Price	Deal Execution Risk Discount	30.0%
			Recent Round Price per Share	$38.77
			Price per Share	$0.90 - $3.54
			Rights & Preferences Discount	20.0%
			Risk Free Rate	4.2%
			Term	0.4 years
			Volatility	40.0%
Total	**74,645,903**			

The investments in funds consist of investments in VPC Synthesis, L.P. and VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. These are valued based on the NAV as calculated at the balance sheet date. No adjustments have been deemed necessary to the NAV as it reflects the fair value of the underlying investments, as such no specific unobservable inputs have been identified. The NAVs are sensitive to movements in interest rates due to the funds' underlying investment in loans.

If the illiquidity discount of the preferred stock and common stock valued based on discounted cash flows increased/decreased by 10% it would have resulted in an increase/decrease to the total value of those securities of £4,263,417 which would affect the Net gain/(loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

If the volatility rate used for the warrants valued based on a Black Scholes increased/decreased by 10% it would have resulted in an increase/decrease to the total value of those equity securities of £134,202 which would affect the Net gain/(loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

If the price of all the investment assets held at period end, including individually those mentioned above, had increased/decreased by 10% it would have resulted in an increase/decrease in the total value the investments in funds and equity securities of £7,464,590 (31 December 2022: £12,526,169) which would affect the Net gain/(loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

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Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table presents the fair value of the Group's assets and liabilities not measured at fair value through profit and loss at 31 December 2023 but for which fair value is disclosed. In using a valuation methodology based on the discounting of forecasted cash flows of the Portfolio Company, significant judgment is required in the development of an appropriate discount rate to be applied to the forecasted cash flows. In determining the fair value of loans and advances to customers, the expected future cash flows are discounted back using a discount rate. The discount rate used incorporates market-based yields for similar credits in the public market and the underlying risk of the individual credit.

	CARRYING VALUE £	FAIR MARKET VALUE £
Assets		
Loans at amortised cost	161,235,424	161,588,873
Total	161,235,424	161,588,873

For all other assets and liabilities not carried at fair value, the carrying value is a reasonable approximation of fair value.

The following table presents the fair value of the Group's assets and liabilities not measured at fair value through profit and loss at 31 December 2022 but for which fair value is disclosed. The carrying value has been used where it is a reasonable approximation of fair value:

	CARRYING VALUE £	FAIR MARKET VALUE £
Assets		
Loans at amortised cost	220,225,329	224,705,680
Total	220,225,329	224,705,680

For all other assets and liabilities not carried at fair value, the carrying value is a reasonable approximation of fair value.

4. DERIVATIVES

Typically, derivative contracts serve as components of the Group's investment strategy and are utilised primarily to structure and hedge investments to enhance performance and reduce risk to the Group. In 2023 and 2022, the Group did not designate any derivatives as hedges for hedge accounting purposes as described under IFRS 9. Derivative instruments are also used for trading purposes where the Investment Manager believes this would be more effective than investing directly in the underlying financial instruments. The only derivative contracts that the Group currently holds or issues are forward foreign exchange contracts.

The Group measures its derivative instruments on a fair value basis. See Note 2 for the valuation policy for financial instruments.

Forward contracts

Forward contracts entered into represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date/year end date and is included in the Consolidated Statement of Comprehensive Income. Notional contract amounts of derivatives indicate the nominal value of transactions outstanding as of the balance sheet date and do not represent the amounts at risk.

As at 31 December 2023, the following forward foreign exchange contracts were included in the Group's Consolidated Statement of Financial Position at fair value through profit or loss and the Parent Company's Statement of Financial Position at fair value through profit or loss and all have a maturity of less than three months from 31 December 2023:

AS AT 31 DECEMBER 2023	NOTIONAL (£)	FAIR VALUE ASSETS (£)	FAIR VALUE LIABILITIES (£)
Foreign Exchange Rate Contracts	224,709,065	1,870,615	–

As at 31 December 2022, the following forward foreign exchange contracts were included in the Group's Consolidated Statement of Financial Position at fair value through profit or loss and the Parent Company's Statement of Financial Position at fair value through profit or loss and all have a maturity of less than three months from 31 December 2022:

AS AT 31 DECEMBER 2022	NOTIONAL (£)	FAIR VALUE ASSETS (£)	FAIR VALUE LIABILITIES (£)
Foreign Exchange Rate Contracts	267,319,004	1,081,849	(3,283,142)

The outstanding notional value as at 31 December 2022 was updated from £693,888,170 to reflect the correct notional value.

The Parent and Group only held derivative contracts under financial assets as at 31 December 2023. As a result, there were no offsetting of derivative assets and liabilities in the financial statements.

The following tables provide information on the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement at 31 December 2022 for both the Parent Company and the Group:

AS AT 31 DECEMBER 2022	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS £	GROSS AMOUNTS OF FINANCIAL LIABILITIES TO BE SET-OFF IN THE STATEMENT OF FINANCIAL POSITION £	NET AMOUNTS OF RECOGNISED ASSETS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION £	RELATED AMOUNTS NOT ELIGIBLE TO BE SET-OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNT £
				FINANCIAL INSTRUMENTS £	COLLATERAL RECEIVED £	
Foreign Exchange Rate Contracts	12,068,610	(10,986,761)	1,081,849	–	–	1,081,849
Total	12,068,610	(10,986,761)	1,081,849	–	–	1,081,849

AS AT 31 DECEMBER 2022	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES £	GROSS AMOUNTS OF FINANCIAL ASSETS TO BE SET-OFF IN THE STATEMENT OF FINANCIAL POSITION £	NET AMOUNTS OF RECOGNISED LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION £	RELATED AMOUNTS NOT ELIGIBLE TO BE SET-OFF IN THE STATEMENT OF FINANCIAL POSITION		NET AMOUNT £
				FINANCIAL INSTRUMENTS £	COLLATERAL RECEIVED £	
Foreign Exchange Rate Contracts	14,269,903	(10,986,761)	3,283,142	–	–	3,283,142
Total	14,269,903	(10,986,761)	3,283,142	–	–	3,283,142

5. INCOME AND GAINS ON INVESTMENTS AND LOANS

Interest income in the amount of £30,313,088 (31 December 2022: £33,917,279) has been allocated to revenue and £nil (31 December 2022: £nil) has been allocated to capital in line with the Group's policy as set out in Note 2.

	31 DECEMBER 2023 £	31 DECEMBER 2022 £
Other Income		
Distributable income from investments in funds	6,638,087	6,294,501
Interest income from investment assets designated as held at fair value through profit or loss	649,981	288,503
Other income	1,508,189	835,005
Total	8,796,257	7,418,009

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	31 DECEMBER 2023 £	31 DECEMBER 2022 £
Net gains (losses) on investments		
Realised losses on sale of investments	(58,985)	(1,924,340)
Unrealised losses on investment in funds	(13,049,352)	(377,775)
Unrealised losses on equity securities	(35,186,376)	(40,312,876)
Total	(48,294,713)	(42,614,991)

The Group received £26,394,226 from investments held at fair market value sold during the year. The cost of these investments sold were £26,453,211. These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Introduction
Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk arising from the financial instruments held by the Group.

Risk management structure
The Directors are ultimately responsible for identifying and controlling risks. Day to day management of the risks arising from the financial instruments held by the Group has been delegated to Victory Park Capital Advisors, LLC as Investment Manager to the Parent Company and the Group.

The Investment Manager regularly reviews the investment portfolio and industry developments to ensure that any events which impact the Group are identified and considered. This also ensures that any risks affecting the investment portfolio are identified and mitigated to the fullest extent possible.

The Group has no employees, and the Directors have all been appointed on a Non-Executive basis. Whilst the Group has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Group is reliant upon the performance of third-party service providers for its executive function. In particular, the Investment Manager, the Custodian, the Administrator, the Corporate Secretary and the Registrar will be performing services which are integral to the operation of the Group. Failure by any service provider to carry out its obligations to the Group in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Group.

In seeking to implement the investment objectives of the Parent Company while limiting risk, the Parent Company and the Group are subject to the investment limits restrictions set out in the Credit Risk section of this note.

Market risk (incorporating price, interest rate and currency risks)
Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, equity prices and interest rates. The Group is exposed to market risk primarily through its Financial Instruments.

Market price risk
The Group is exposed to price risk arising from the investments held by the Group for which prices in the future are uncertain. The investment in funds and equity investments are exposed to market price risk. Refer to Note 3 for further details on the sensitivity of the Group's Level 3 investments to price risk.

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Due to the nature of the investments at 31 December 2023, the Group has limited exposure to variations in interest rates as the key components of interest rates are fixed and determinable or variable based on the size of the loan.

While the Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, the downside exposure of the Group is limited at 31 December 2023 due to the fixed rate nature of the investments or interest rate floors that are in place on most of the Group's variable interest rate loans. The interest rate floors that are in place on most of the Group's variable interest rate loans reduces the potential impact that a decrease in rates would have on the Group's investments.

As at 31 December 2023, if interest rates had increased by 1%, with all other variables held constant, the change in 12 months of future cash flows on the current investment portfolio, including both interest income and expense, would have been £1,203,814 (31 December 2022: £814,989). As at 31 December 2023, if interest rates had decreased by 1%, with all other variables held constant, the change in 12 months of future cash flows on the current investment portfolio, including both interest income and expense, would be £(1,063,254) (31 December 2022: £(814,989)) due to the floors in place on the Group's investments.

The Group does not intend to hedge interest rate risk on a regular basis. However, where it enters floating rate liabilities against fixed-rate loans, it may at its sole discretion seek to hedge out the interest rate exposure, taking into consideration amongst other things the cost of hedging and the general interest rate environment.

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs') had become a priority for global regulators. The effect of a discontinuation of the above has had no impact to the Group as the underlying financial instruments have no exposure to any reference rates that are yet to transition at the portfolio company level.

The following table contains details of all of the financial instruments that the Group held at 31 December 2022 which reference LIBOR and have not yet transitioned to an alternative interest rate benchmark.

AS AT 31 DECEMBER 2022 **Assets and liabilities exposed to USD LIBOR**	**ASSETS** **£**	**LIABILITIES** **£**
Loans at amortised cost	168,736,615	–
Notes Payable	–	94,669,284
Total exposure	168,736,615	94,669,284

Currency risk

Currency risk is the risk that the value of net assets will fluctuate due to changes in foreign exchange rates. Relevant risk variables are generally movements in the exchange rates of non-functional currencies in which the Group holds financial assets and liabilities.

The assets of the Group as at 31 December 2023 were invested in assets which were denominated in US Dollar, Euro, Australian Dollar, Pound Sterling and other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Group hedges currency exposure between Pound Sterling and any other currency in which the Group's assets may be denominated, in particular US Dollars, Australian Dollars, and Euros.

The Group continuously monitors for fluctuations in currency rates. The Group performs stress tests and liquidity projections to determine how much cash should be held back to meet potential future obligations to settle margin calls arising from foreign exchange hedging.

Micro and small cap company investing risk

The Group will generally invest with companies that are small, not widely known and not widely held. Small companies tend to be more vulnerable to adverse developments than larger companies and may have little or no track records. Small companies may have limited product lines, markets, or financial resources, and may depend on less seasoned management. Their securities may trade infrequently and in limited volumes. It may take a relatively long period of time to accumulate an investment in a particular issue in order to minimise the effect of purchases on market price. Similarly, it could be difficult to dispose of such investments on a timely basis without adversely affecting market prices. As a result, the prices of these securities may fluctuate more than the prices of larger, more widely traded companies. Also, there may be less publicly available information about small companies or less market interest in their securities compared to larger companies, and it may take longer for the prices of these securities to reflect the full value of their issuers' earnings potential or assets.

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Gearing and borrowing risk

Whilst the use of borrowings by the Group should enhance the net asset value of an investment when the value of an investment's underlying assets is rising, it will, however, have the opposite effect where the underlying asset value is falling. In addition, in the event that an investment's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Group's investment and accordingly will have an adverse effect on the ability of the investment to make distributions to the Group. This risk is mitigated by limiting borrowings to ring-fenced Special-Purpose Vehicles ("SPVs") without recourse to the Group and employing gearing in a disciplined manner.

Concentration of foreign currency exposure

The Investment Manager monitors the fluctuations in foreign currency exchange rates and may use forward foreign exchange contracts to hedge the currency exposure of the Parent Company and Group's non-Pound Sterling denominated investments. The Investment Manager re-examines the currency exposure on a regular basis in each currency and manages the Parent Company's currency exposure in accordance with market expectations.

The below table presents the net exposure to foreign currency at 31 December 2023. The table includes forward foreign exchange contracts at their notional exposure value and excludes all GBP assets and liabilities recorded on the Group's Consolidated Statement of Financial Position. If the GBP exchange rate simultaneously increased/decreased by 10% against the below currencies, the impact on profit would be an increase/decrease of £3,190,348. 10% is considered to be a reasonably possible movement in foreign exchange rates. The table below includes the exposure of the non-consolidated interest investment in the Group.

	ASSETS 31 DECEMBER 2023 £	LIABILITIES 31 DECEMBER 2023 £	FORWARD CONTRACTS 31 DECEMBER 2023 £	NET EXPOSURE 31 DECEMBER 2023 £
Euro	6,490,645	–	–	6,490,645
US Dollar	221,571,287	(38,017,431)	232,514,866	(48,961,010)
Swiss Francs	10,428,804	–	–	10,428,804
Australian Dollars	138,083	–	–	138,083

The below table presents the net exposure to foreign currency at 31 December 2022. The table includes forward foreign exchange contracts at their notional exposure value and excludes all GBP assets and liabilities recorded on the Group's Consolidated Statement of Financial Position.

	ASSETS 31 DECEMBER 2022 £	LIABILITIES 31 DECEMBER 2022 £	FORWARD CONTRACTS 31 DECEMBER 2022 £	NET EXPOSURE 31 DECEMBER 2022 £
Euro	9,456,293	–	15,395,790	(5,939,497)
US Dollar	341,615,281	(94,669,284)	239,923,214	7,022,783
Swiss Francs	10,649,047	–	–	10,649,047
Australian Dollars	167,266	–	–	167,266

The table below presents the net exposure to foreign currency at 31 December 2023. The table includes forward foreign exchange contracts at their notional exposure value and excludes all GBP assets and liabilities recorded on the Parent Company's Statement of Financial Position.

	ASSETS 31 DECEMBER 2023 £	LIABILITIES 31 DECEMBER 2023 £	FORWARD CONTRACTS 31 DECEMBER 2023 £	NET EXPOSURE 31 DECEMBER 2023 £
Euro	6,490,645	–	–	6,490,645
US Dollar	183,553,856	–	232,514,866	(48,961,010)
Swiss Francs	10,428,804	–	–	10,428,804
Australian Dollars	138,083	–	–	138,083

If the GBP exchange rate simultaneously increased/decreased by 10% against the above currencies, the impact on profit would be an increase/decrease of £3,190,348. 10% is considered to be a reasonably possible movement in foreign exchange rates.

The table below presents the net exposure to foreign currency at 31 December 2022. The table includes forward foreign exchange contracts at their notional exposure value and excludes all GBP assets and liabilities recorded on the Parent Company's Statement of Financial Position.

	ASSETS 31 DECEMBER 2022 £	LIABILITIES 31 DECEMBER 2022 £	FORWARD CONTRACTS 31 DECEMBER 2022 £	NET EXPOSURE 31 DECEMBER 2022 £
Euro	9,456,293	–	15,395,790	(5,939,497)
US Dollar	246,945,997	–	239,923,214	7,022,783
Swiss Francs	10,649,047	–	–	10,649,047
Australian Dollars	167,266	–	–	167,266

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. Ordinary Shares are not redeemable at the holder's option.

The maturities of the non-current financial liabilities are disclosed in Note 8. The following tables show the contractual maturity of the financial assets and financial liabilities of the Group as at 31 December 2023:

	WITHIN ONE YEAR £	ONE TO FIVE YEARS £	OVER FIVE YEARS £	TOTAL £
Assets				
Loans	85,151,431	76,083,993	–	161,235,424
Cash and cash equivalents	6,562,491	–	–	6,562,491
Cash posted as collateral	699,081	–	–	699,081
Interest receivable	13,382,356	–	–	13,382,356
Dividend receivable	4,891	–	–	4,891
Management fee receivable	31,146	–	–	31,146
Other assets and prepaid expenses	2,955,319	–	–	2,955,319
Total	108,786,715	76,083,993	–	184,870,708

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	WITHIN ONE YEAR £	ONE TO FIVE YEARS £	OVER FIVE YEARS £	TOTAL £
Liabilities				
Notes payable	14,064,016	23,953,415	–	38,017,431
Other liabilities and accrued expenses	1,066,097	–	–	1,066,097
Total	15,130,113	23,953,415	–	39,083,528

The following tables show the contractual maturity of the financial assets and financial liabilities of the Group as at 31 December 2022:

	WITHIN ONE YEAR £	ONE TO FIVE YEARS £	OVER FIVE YEARS £	TOTAL £
Assets				
Loans	142,426,534	77,798,795	–	220,225,329
Cash and cash equivalents	15,538,602	–	–	15,538,602
Cash posted as collateral	2,222,734	–	–	2,222,734
Interest receivable	5,848,979	–	–	5,848,979
Dividend receivable	4,735	–	–	4,735
Other assets and prepaid expenses	2,190,718	–	–	2,190,718
Total	168,232,302	77,798,795	–	246,031,097

	WITHIN ONE YEAR £	ONE TO FIVE YEARS £	OVER FIVE YEARS £	TOTAL £
Liabilities				
Notes payable	–	94,669,284	–	94,669,284
Management fee payable	97,785	–	–	97,785
Performance fee payable	–	–	–	–
Deferred income	41,201	–	–	41,201
Due to broker	4,848,569	–	–	4,848,569
Other liabilities and accrued expenses	1,753,109	–	–	1,753,109
Total	6,740,664	94,669,284	–	101,409,948

The Investment Manager manages the Group's liquidity risk by investing primarily in a diverse portfolio of assets. At 31 December 2023, the Group had investments in 42 Portfolio Companies (31 December 2022: 48 Portfolio Companies). At 31 December 2023, 52% of the loans had a stated maturity date of less than a year (31 December 2022: 65%).

The Group and Parent Company continuously monitor for fluctuation in currency rates. The Parent Company performs stress tests and liquidity projections to determine how much cash should be held back to meet potential future obligations to settle margin calls arising from foreign exchange hedging.

As at 31 December 2023, £14.1 million (31 December 2022: £15.7 million) of the Group's liabilities relating to principal and interest payments are tied directly to the performance of investment assets that mature on or near the same date as the investment liability. The amounts above represent the values as at 31 December 2023 and do not project cash flows until maturity of the investment liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risks arise principally through exposures to loans acquired by the Group, which are subject to risk of borrower default. The ability of the Group to earn revenue is completely dependent upon payments being made by the borrower, such as adverse movements in investment markets.

The Group will invest across various Portfolio Companies, asset classes, geographies (primarily United States, United Kingdom, Europe and Latin America) and credit bands in order to ensure diversification and to seek to mitigate concentration risks.

Under the Asset Backed Lending Model, the Group provides a floating rate credit facility to the portfolio company via an SPV, which retains Debt Instruments that are originated by the portfolio company. The debt financing is typically arranged in the form of a senior secured facility and the portfolio company injects junior capital in the SPV, which provides significant first loss protection to the Group and excess spread. The Group's asset backed investments are loans to SPVs that are capitalised and actively managed by the portfolio companies in their capacity as both the owner and managing partner of the SPVs and the SPVs are not considered structured entities under IFRS 12. Refer to page 11 for further details on the structuring of the lending investments of the Group.

There are no loans past due which are not impaired. Refer to Note 9.

Credit quality

The credit quality of loans is assessed through the evaluation of various factors, including (but not limited to) credit scores, payment data, collateral and other information. Set out below is the analysis of the Group's loan investments by grade, geography, and sector:

INTERNAL GRADE	FINTECH £	eCOMMERCE £	LEGAL FINANCE £	TOTAL 31 DECEMBER 2023 £
Stage 1				
A – 1	38,428,086	311,653	–	38,739,739
A – 2	8,429,104	742,198	–	9,171,302
B	12,122,674	37,797,202	8,695,311	58,615,187
C	–	–	–	–
Total	58,979,864	38,851,053	8,695,311	106,526,228
Stage 2				
A – 1	–	–	–	–
A – 2	–	–	–	–
B	38,087,858	–	–	38,087,858
C	–	23,075,734	–	23,075,734
Total	38,087,858	23,075,734	–	61,163,592
Stage 3				
A – 1	–	–	–	–
A – 2	–	–	–	–
B	–	–	–	–
C	–	–	–	–
Total	–	–	–	–

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INTERNAL GRADE	UNITED STATES £	LATIN AMERICA £	EUROPE £	ASIA £	TOTAL 31 DECEMBER 2023 £
Stage 1					
A – 1	30,988,259	833,715	–	6,917,765	38,739,739
A – 2	3,755,136	5,416,166	–	–	9,171,302
B	29,359,059	–	18,531,246	10,724,882	58,615,187
C	–	–	–	–	–
Total	64,102,454	6,249,881	18,531,246	17,642,647	106,526,228
Stage 2					
A – 1	–	–	–	–	–
A – 2	–	–	–	–	–
B	38,087,858	–	–	–	38,087,858
C	21,102,131	–	1,973,603	–	23,075,734
Total	59,189,989	–	1,973,603	–	61,163,592
Stage 3					
A – 1	–	–	–	–	–
A – 2	–	–	–	–	–
B	–	–	–	–	–
C	–	–	–	–	–
Total	–	–	–	–	–

INTERNAL GRADE	FINTECH £	eCOMMERCE £	LEGAL FINANCE £	TOTAL 31 DECEMBER 2022 £
Stage 1				
A – 1	35,552,643	12,444,752	–	47,997,395
A – 2	101,982,526	23,312,077	–	125,294,603
B	19,550,356	4,058,917	9,148,556	32,757,829
C	–	–	–	–
Total	157,085,525	39,815,746	9,148,556	206,049,827
Stage 2				
A – 1	–	–	–	–
A – 2	–	18,607,769	–	18,607,769
B	–	–	–	–
C	–	–	–	–
Total	–	18,607,769	–	18,607,769

INTERNAL GRADE	UNITED STATES £	LATIN AMERICA £	EUROPE £	ASIA £	TOTAL 31 DECEMBER 2022 £
Stage 3					
A – 1		–	–	–	–
A – 2		–	–	–	–
B		–	–	–	–
C		11,952,754	–	–	11,952,754
Total		11,952,754	–	–	11,952,754

INTERNAL GRADE	UNITED STATES £	LATIN AMERICA £	EUROPE £	ASIA £	TOTAL 31 DECEMBER 2022 £
Stage 1					
A – 1	47,997,395	–	–	–	47,997,395
A – 2	72,452,114	30,513,572	15,049,798	7,279,119	125,294,603
B	17,413,809	–	4,058,917	11,285,103	32,757,829
C	–	–	–	–	–
Total	137,863,318	30,513,572	19,108,715	18,564,222	206,049,827
Stage 2					
A – 1	–	–	–	–	–
A – 2	18,607,769	–	–	–	18,607,769
B	–	–	–	–	–
C	–	–	–	–	–
Total	18,607,769	–	–	–	18,607,769
Stage 3					
A – 1	–	–	–	–	–
A – 2	–	–	–	–	–
B	–	–	–	–	–
C	–	–	11,952,754	–	11,952,754
Total	–	–	11,952,754	–	11,952,754

INTERNAL GRADE	DEFINITION
A – 1	Asset backed loans structured with credit enhancement and strong operating liquidity positions
A – 2	High credit quality borrowers or asset backed loans structured with credit enhancement
B	High credit quality borrowers with some indicators of credit risk or asset backed loans with limited structural credit enhancement
C	Borrowers with elevated levels of credit risk

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The following investment limits and restrictions shall apply to the Group, to ensure that the diversification of the Group's portfolio is maintained, and that concentration risk is limited:

Portfolio Company restrictions

The Group does not intend to invest more than 20% of its Gross Assets in Debt Instruments (net of any gearing ring-fenced within any special purpose vehicle which would be without recourse to the Group), originated by, and/or Credit Facilities and equity instruments in, any single Portfolio Company, calculated at the time of investment. All such aggregate exposure to any single Portfolio Company (including investments via a special purpose vehicle) will always be subject to an absolute maximum, calculated at the time of investment, of 25% of the Group's Gross Assets.

Asset class restrictions

The Group does not intend to acquire Debt Instruments for a term longer than five years. The Group will not invest more than 20% of its Gross Assets, at the time of investment, via any single investment fund investing in Debt Instruments and Credit Facilities. In any event, the Group will not invest, in aggregate, more than 60% of its Gross Assets, at the time of investment, in investment funds that invest in Debt Instruments and Credit Facilities.

The Group will not invest more than 10% of its Gross Assets, at the time of investment, in other listed closed-ended investment funds, whether managed by the Investment Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

The following restrictions apply, in each case at the time of investment by the Group, to both Debt Instruments acquired by the Group via wholly owned special purpose vehicles or partially-owned special purpose vehicles, as well as on a look-through basis under the Asset Backed Lending Model and to any Debt Instruments held by another investment fund in which the Group invests:

- No single consumer loan acquired by the Group shall exceed 0.25% of its Gross Assets.
- No single SME loan acquired by the Group shall exceed 5.0% of its Gross Assets. For the avoidance of doubt, Credit Facilities entered into directly with Platforms are not considered SME loans.
- No single trade receivable asset acquired by the Group shall exceed 5.0% of its Gross Assets.

Other restrictions

The Group's un-invested or surplus capital or assets may be invested in Cash Instruments for cash management purposes and with a view to enhancing returns to Shareholders or mitigating credit exposure.

Maximum credit exposure

The carrying value of the Group's loan investments represents the maximum credit exposure of the Group.

7. CASH AND CASH EQUIVALENTS

	GROUP 31 DECEMBER 2023 £	GROUP 31 DECEMBER 2022 £	PARENT COMPANY 31 DECEMBER 2023 £	PARENT COMPANY 31 DECEMBER 2022 £
Cash held at bank	6,562,491	15,538,602	6,562,491	14,640,647
Total	6,562,491	15,538,602	6,562,491	14,640,647

Cash held at bank includes cash held on deposit with a bank and money market funds. The carrying amount approximates fair value for cash held on deposit with a bank, and cash equivalents in money market funds are recorded at fair value and categorized as Level 1. Money market funds are valued at the reported net asset value.

The Parent Company has posted cash collateral of £nil as at 31 December 2023 (31 December 2022: £1,140,000) with Goldman Sachs and cash of £699,081 (31 December 2022: £1,082,734) with Morgan Stanley in relation to the outstanding derivatives. A portion of the Cash and cash equivalents balance is held as collateral for an underlying loan and the balance is also reflected as a liability under Due to broker on the Consolidated and Parent Company Statement of Financial Position.

Below are the credit ratings of the banks where the Parent Company and Group hold cash as at 31 December 2023 from Moody's:

BANK	RATING 2023	RATING 2022
Northern Trust	A2	A2
Goldman Sachs	A2	A2
Morgan Stanley	A1	A1
Keybank	A2	A1
Bank of America	A1	A2

8. NOTES PAYABLE

The Group entered into contractual obligations with a third party to structurally subordinate a portion of the principal directly attributable to existing investments. The cash flows received by the Group from the underlying investments are used to pay the lender principal, interest, and draw fees based upon the stated terms of the Credit Facility. Unless due to a fraudulent act, as defined by the Credit Facilities, none of the Group's other investment assets can be used to satisfy the obligations of the Credit Facilities in the event that those obligations cannot be met by the subsidiaries. Each subsidiary with a Credit Facility is a bankruptcy remote entity.

Notes payable is inclusive of unrealised foreign exchange gains (losses) of £(3,527,411) and £12,823,226 as of 31 December 2023 and 2022, respectively. Due to cash settlements that occurred during the period in a foreign currency and translated into GBP, these previously unrealised losses have been realised in cash in the period during which the purchase/sale had occurred.

The table below provides details of the outstanding debt of the Group at 31 December 2023:

31 DECEMBER 2023	INTEREST RATE	OUTSTANDING PRINCIPAL £	MATURITY
Credit Facility 03-2021	3.95% + 1M SOFR	23,953,415	1 March 2027
Total		23,953,415	

The table below provides details of the outstanding debt of the Group at 31 December 2022:

31 DECEMBER 2022	INTEREST RATE	OUTSTANDING PRINCIPAL £	MATURITY
Credit Facility 03-2021	3.95% + 1M LIBOR	79,010,738	1 March 2027
Total		79,010,738	

The Group entered into contractual obligations with a third party to structurally subordinate a portion of principal directly attributable to an existing loan facility. The Group is obligated to pay a commitment fee and interest to the third party on the obligation as interest is paid on the underlying loan facility. In the event of a default on the loan facility, the third party has first-out participation rights on the accrued and unpaid interest as well as the principal balance of the note.

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The table below provides details of the outstanding first-out participation liabilities of the Group at 31 December 2023 which were fully repaid upon the stated maturity date:

31 DECEMBER 2023	OUTSTANDING PRINCIPAL £	MATURITY
First-Out Participation 04-2019	14,064,016	1 January 2024
Total	14,064,016	

The table below provides details of the outstanding first-out participation liabilities of the Group at 31 December 2023 which were fully repaid upon the stated maturity date:

31 DECEMBER 2022	OUTSTANDING PRINCIPAL £	MATURITY
First-Out Participation 04-2019	15,658,546	1 January 2024
Total	15,658,546	

The table below provides the movement of the notes payable and securities sold under agreements to repurchase for the year ended 31 December 2023 for the Group.

	NOTES PAYABLE £
Beginning balance, 1 January 2023	94,669,284
Purchases	–
Sales	(53,124,442)
Net change in unrealised foreign exchange gains	(3,527,411)
Ending balance, 31 December 2023	38,017,431

The table below provides the movement of the notes payable and securities sold under agreements to repurchase for the year ended 31 December 2022 for the Group.

	NOTES PAYABLE £
Beginning balance, 1 January 2022	107,267,260
Purchases	11,874,530
Sales	(37,295,732)
Net change in unrealised foreign exchange gains	12,823,226
Ending balance, 31 December 2022	94,669,284

9. IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

The table below provides details of the investments at amortised cost held by the Group as at 31 December 2023 under IFRS 9:

	COST BEFORE ECL £	ECL £	CARRYING VALUE £
Loans at amortised cost	167,689,820	6,454,396	161,235,424
Total	167,689,820	6,454,396	161,235,424

During the year ended 31 December 2023, £11,952,754 of loans were written off, all of which were previously fully reserved.

The table below provides details of the investments at amortised cost held by the Group as at 31 December 2022 under IFRS 9:

	COST BEFORE ECL £	ECL £	CARRYING VALUE £
Loans at amortised cost	236,610,350	16,385,021	220,225,329
Total	236,610,350	16,385,021	220,225,329

During the year ended 31 December 2022, £2,035,759 of loans were written off, all of which were previously fully reserved.

The Parent Company does not hold any loans (2022: none).

Credit impairment losses

The credit impairment losses of the Group for the year ended 31 December 2023 comprises of the following under IFRS 9:

	CREDIT IMPAIRMENT LOSSES 31 DECEMBER 2023 £
Change in expected credit losses	2,022,129
Currency translation on expected credit losses	134,199
Credit impairment losses	2,156,328

The credit impairment losses of the Group for the year ended 31 December 2022 comprises of the following under IFRS 9:

	CREDIT IMPAIRMENT LOSSES 31 DECEMBER 2022 £
Change in expected credit losses	5,956,807
Currency translation on expected credit losses	–
Credit impairment losses	5,956,807

Impairment of loans written off

Impairment charges of loans written off of £11,952,754 (31 December 2022: £2,035,759) have been recorded in the Group's Consolidated Statement of Financial Position and are included in credit impairment losses on the Consolidated Statement of Comprehensive Income. All loans written off in 2023 were previously fully reserved.

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Provision for expected credit losses

As at 31 December 2023, the Group has created a reserve provision on the outstanding principal of the Group's loans of £6,454,396 (31 December 2022: £16,385,021), which have been recorded in the Group's Consolidated Statement of Financial Position and are included in Credit impairment losses on the Consolidated Statement of Comprehensive Income.

The allowance for expected credit losses comprised the following during 2023:

	31 DECEMBER 2023 £
Beginning balance 1 January 2023	16,385,021
Change in expected credit losses or equivalent	2,022,129
Loans written off	(11,952,754)
Ending balance 31 December 2023	6,454,396

The allowance for expected credit losses comprised the following during 2022:

	31 DECEMBER 2022 £
Beginning balance 1 January 2022	12,463,973
Change in expected credit losses or equivalent	5,956,807
Loans written off	(2,035,759)
Ending balance 31 December 2022	16,385,021

Below is a breakout of the provision for expected credit losses by stage of the ECL model as at 31 December 2023:

INTERNAL GRADE	FINTECH £	eCOMMERCE £	LEGAL FINANCE £	31 DECEMBER 2023 £
Stage 1	58,597	1,069,211	208,687	1,336,495
Stage 2	1,397,792	3,720,109	–	5,117,901
Stage 3	–	–	–	–
Expected credit losses	1,456,389	4,789,320	208,687	6,454,396

INTERNAL GRADE	UNITED STATES £	LATIN AMERICA £	EUROPE £	ASIA £	31 DECEMBER 2023 £
Stage 1	323,076	–	1,013,419	–	1,336,495
Stage 2	4,868,323	–	249,578	–	5,117,901
Stage 3	–	–	–	–	–
Expected credit losses	5,191,399	–	1,262,997	–	6,454,396

Below is a breakout of the provision for expected credit losses by stage of the ECL model as at 31 December 2022:

INTERNAL GRADE	FINTECH £	eCOMMERCE £	LEGAL FINANCE £	31 DECEMBER 2022 £
Stage 1	2,917,873	802,799	149,505	3,870,177
Stage 2	–	562,090	–	562,090
Stage 3	11,952,754	–	–	11,952,754
Expected credit losses	14,870,627	1,364,889	149,505	16,385,021

INTERNAL GRADE	UNITED STATES £	LATIN AMERICA £	EUROPE £	ASIA £	31 DECEMBER 2022 £
Stage 1	3,870,177	–	–	–	3,870,177
Stage 2	562,090	–	–	–	562,090
Stage 3	–	–	11,952,754	–	11,952,754
Expected credit losses	4,432,267	–	11,952,754	–	16,385,021

The breakout of the gross value of loans by stage of the ECL model as at 31 December 2023 and 31 December 2022 can be found in note 6. During the year, two investments were moved from Stage 1 to Stage 2 and during the prior year, one investment was moved from Stage 1 to Stage 2. All write-offs during the current and prior year were on assets that were considered Stage 3.

10. FEES AND EXPENSES

Investment management fees

Under the terms of the Management Agreement, the Investment Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

The management fee is payable in Pound Sterling monthly in arrears and is at the rate of 1/12 of 1.0% per month of NAV (the "Management Fee"), except that, once the NAV is reduced to less than £50 million, the monthly management fee shall be subject to a minimum amount, therefore, the monthly management fee shall be the higher of 1/12 of 1.0%. per month of the NAV and:

(i) for the first year (the first to 12th month) following the NAV first being reduced to less than £50 million: 1/12 of £500,000 per month;

(ii) for the second year (the 13th to 24th month) following the NAV first being reduced to less than £50 million: 1/12 of £350,000 per month; and

(iii) for the third year (the 25th to 36th month) following the NAV first being reduced to less than £50 million: 1/12 of £200,000 per month.

For the fourth year and beyond (37th month and beyond) following the NAV first being reduced to less than £50 million, the monthly management fee shall again be as it is currently (without any minimum amount requirement), which is 1/12 of 1.0% per month of the NAV.

The management fee expense of the Group for the period is £3,188,512 (31 December 2022: £3,840,270), of which £31,146 was paid in advance as at 31 December 2023 (31 December 2022: £97,785 payable).

The Investment Manager shall not charge a management fee twice. Accordingly, if at any time the Group invests in or through any other investment fund or special purpose vehicle and a management fee or advisory fee is charged to such investment fund or special purpose vehicle by the Investment Manager or any of its affiliates, the Investment Manager agrees to either (at the option of the Investment Manager): (i) waive such management fee or advisory fee due to the Investment Manager or any of its affiliates in respect of such investment fund or special purpose vehicle, other than the fees charged by the Investment Manager under the Management Agreement; or (ii) charge the relevant fee to the relevant investment fund or special purpose vehicle, subject to the cap set out in the paragraph below, and ensure that the value of such investment shall be excluded from the calculation of the NAV for the purposes of determining the Management Fee payable pursuant to the above.

Notwithstanding the above, where such investment fund or special purpose vehicle employs gearing from third parties and the Investment Manager or any of its affiliates is entitled to charge it a fee based on gross assets in respect of such investment, the Investment Manager may not charge a fee greater than 1.0% per annum of gross assets in respect of any investment made by the Parent Company or any member of the Group.

Performance fees

Provided that the cumulative aggregate cash returned to Shareholders pursuant to one or more Distribution Event(s) totals an amount which is at least the High Water Mark NAV Amount (the "High Water Mark Condition"), upon each Distribution Event, the Manager shall, subject to the Investment Hurdle Condition as set out below, be entitled to receive 20% of the Excess being returned to Shareholders at that Distribution Event (the "Performance Fee"), provided that the Adjusted Net Asset Value as at the date of such Distribution Event exceeds the Adjusted Hurdle Value (the "Investment Hurdle Condition").

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The "High Water Mark Condition" starting value is £317,614,783, which reflects the high watermark of the Company when the last performance fee was calculated on 31 December 2021. The calculation of the performance fee as at 31 December 2023 is as follows:

(A)	High Water Mark Condition	£317,614,783
(B)	Cumulative Distributions from 1 January 2022	£50,089,750
(C)	NAV before Performance Fee at 31 December 2023	£225,140,151
Accrued Performance Fee = (B+C) – A *20%		£0

"Adjusted Net Asset Value" means the Net Asset Value plus (a) the aggregate amount of any dividends paid or distributions made in respect of any Ordinary Shares and (b) the aggregate amount of any dividends or distributions accrued but unpaid in respect of any Ordinary Shares, plus the amount of any Performance Fees both paid and accrued but unpaid, in each case after the Effective Date and without duplication. "Adjusted Hurdle Value" means the Net Asset Value as at 30 April 2017 adjusted for any increases or decreases in the Net Asset Value attributable to the issue or repurchase of any Ordinary Shares increasing at an uncompounded rate equal to the Hurdle. The "Hurdle" means a 5% per annum total return for shareholders.

The Performance Fee shall be payable to the Manager at the relevant Distribution Event or as soon as possible thereafter, within 30 calendar days thereof.

The performance fee expense for the period is £Nil (31 December 2022: £Nil) and no payable outstanding as at 31 December 2023 (31 December 2022: £Nil).

Administration

The Group has entered into an administration agreement with Citco Fund Administration (Cayman Islands) Limited. The Group pays to the Administrator an annual administration fee based on the Parent Company's net assets subject to a monthly minimum charge.

The Administrator shall also be entitled to be repaid all its reasonable out-of-pocket expenses incurred on behalf of the Group. All Administrator fees are included in other expenses on the Consolidated Statement of Comprehensive Income.

Secretary

Under the terms of the Company Secretarial Agreement, Link Group is entitled to an annual fee of £80,000 (exclusive of VAT and disbursements). All Secretary fees are included in other expenses on the Consolidated Statement of Comprehensive Income.

Registrar

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.25 per Shareholder account per annum, subject to a minimum fee of £2,500 per annum (exclusive of VAT). All Registrar fees are included in other expenses on the Consolidated Statement of Comprehensive Income.

Custodian

Under the terms of the Custodian Agreement, Merrill Lynch, Pierce, Fenner & Smith Incorporated is entitled to be paid a fee of between US$180 and US$500 per annum per holding of securities in an entity. In addition, the Custodian is entitled to be paid fees up to US$300 per account per annum and other incidental fees. All Custodian fees are included in other expenses on the Consolidated Statement of Comprehensive Income.

Auditors' remuneration

For the year ended 31 December 2023, the remuneration for work carried out by PricewaterhouseCoopers LLP, the statutory auditors, was as follows:

	31 DECEMBER 2023 £	31 DECEMBER 2022 £
Fees charged by PricewaterhouseCoopers LLP:		
❖ the audit of the Parent Company and Consolidated Financial Statements	385,000	375,000

Amounts are included in other expenses on the Consolidated Statement of Comprehensive Income and are exclusive of VAT. There were no non-audit services provided by PricewaterhouseCoopers LLP during the year.

11. TAXATION ON ORDINARY ACTIVITIES

Investment trust status

It is the intention of the Directors to conduct the affairs of the Group so as to satisfy the conditions for approval as an investment trust under section 1158 of the Corporation Taxes Act 2010. As an investment trust the Parent Company is exempt from corporation tax on capital gains made on investments. Although interest income received would ordinarily be subject to corporation tax, the Parent Company will receive relief from corporation tax relief to the extent that interest distributions are made to shareholders. It is the intention of the Parent Company to make sufficient interest distributions so that no corporation tax liability will arise in the Parent Company.

Any change in the Group's tax status or in taxation legislation generally could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders, lead to the loss of investment trust status or alter the post-tax returns to Shareholders.

The following table presents the tax chargeable on the Group for the period ended 31 December 2023:

	REVENUE £	CAPITAL £	TOTAL £
Net return on ordinary activities before taxation	25,621,347	(51,447,491)	(25,826,144)
Tax at the standard UK corporation tax rate of 19.00%	4,868,056	–	4,868,056
Effects of:			
Non-taxable income	(4,868,056)	–	(4,868,056)
Capital items exempt from corporation tax	–	–	–
Total tax charge	–	–	–

The following table presents the tax chargeable on the Group for the period ended 31 December 2022:

	REVENUE £	CAPITAL £	TOTAL £
Net return on ordinary activities before taxation	28,016,408	(50,124,474)	(22,108,066)
Tax at the standard UK corporation tax rate of 19.00%	5,323,118	–	5,323,118
Effects of:			
Non-taxable income	(5,323,118)	–	(5,323,118)
Capital items exempt from corporation tax	–	–	–
Total tax charge	–	–	–

Overseas taxation

The Parent Company and Group may be subject to taxation under the tax rules of the jurisdictions in which they invest, including by way of withholding of tax from interest and other income receipts. Although the Parent Company and Group will endeavour to minimise any such taxes this may affect the level of returns to Shareholders of the Parent Company.

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12. NET ASSET VALUE PER ORDINARY SHARE

	AS AT 31 DECEMBER 2023 £	AS AT 31 DECEMBER 2022 £
Net assets attributable to Shareholders of the Parent Company	225,140,151	273,228,406
Ordinary Shares in issue (excluding Treasury Shares)	278,276,392	278,276,392
Net asset value per Ordinary Share	80.91p	98.19p

13. RETURN PER ORDINARY SHARE

Basic and diluted earnings per share is calculated using the weighted average number of shares in issue during the year, excluding the average number of Ordinary Shares purchased by the Parent Company and held as Treasury Shares.

	FOR THE YEAR ENDED 31 DECEMBER 2023	FOR THE YEAR ENDED 31 DECEMBER 2022
Loss for the year	£(25,826,144)	£(22,124,267)
Average number of Ordinary Shares in issue during the year (excluding Treasury Shares)	278,276,392	278,276,392
Earnings per Share (basic and diluted)	(9.28)p	(7.95)p

The Parent Company has not issued any shares or other instruments that are considered to have dilutive potential.

14. SHAREHOLDERS' CAPITAL

Set out below is the issued share capital of the Company as at 31 December 2023. All shares issued are fully paid with none not fully paid:

	NOMINAL VALUE £	NUMBER OF SHARES
Ordinary Shares in issue (excluding Treasury Shares)	0.01	278,276,392

Set out below is the issued share capital of the Company as at 31 December 2022. All shares issued are fully paid with none not fully paid:

	NOMINAL VALUE £	NUMBER OF SHARES
Ordinary Shares in issue (excluding Treasury Shares)	0.01	278,276,392

Rights attaching to the Ordinary Shares

The holders of the Ordinary Shares are entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares. The holders of the Ordinary Shares shall be entitled to all the Parent Company's remaining net assets after taking into account any net assets attributable to other share classes in issue. The Shares shall carry the right to receive notice of, attend and vote at general meetings of the Parent Company. The consent of the holders of Shares will be required for the variation of any rights attached to the Ordinary Shares. The net return per Ordinary Share is calculated by dividing the net return on ordinary activities after taxation by the number of shares in issue.

Voting rights

Subject to any rights or restrictions attached to any shares, on a show of hands every shareholder present in person has one vote and every proxy present who has been duly appointed by a shareholder entitled to vote has one vote, and on a poll, every shareholder (whether present in person or by proxy) has one vote for every share of which he is the holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.

Variation of Rights & Distribution on Winding Up

Subject to the provisions of the Act as amended and every other statute for the time being in force concerning companies and affecting the Parent Company (the "Statutes"), if at any time the share capital of the Parent Company is divided into different classes of shares, the rights attached to any class may be varied either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied either whilst the Parent Company is a going concern or during or in contemplation of a winding-up.

At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (but at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum), any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions apply as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

The Parent Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Parent Company will be proposed at the annual general meeting of the Parent Company to be held in 2025 and, if passed, every five years thereafter. Upon any such resolution, not being passed, proposals will be put forward within three months after the date of the resolution to the effect that the Parent Company be wound up, liquidated, reconstructed or unitised.

If the Parent Company is wound up, the liquidator may divide among the shareholders in specie the whole or any part of the assets of the Parent Company and for that purpose may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.

The table below shows the movement in shares through 31 December 2023:

FOR THE YEAR FROM 1 JANUARY 2023 TO 31 DECEMBER 2023	SHARES IN ISSUE AT THE BEGINNING OF THE PERIOD	SHARES REPURCHASED	SHARES IN ISSUE AT THE END OF THE PERIOD
Ordinary Shares	278,276,392	–	278,276,392

The table below shows the movement in shares through 31 December 2022:

FOR THE YEAR FROM 1 JANUARY 2022 TO 31 DECEMBER 2022	SHARES IN ISSUE AT THE BEGINNING OF THE PERIOD	SHARES REPURCHASED	SHARES IN ISSUE AT THE END OF THE PERIOD
Ordinary Shares	278,276,392	–	278,276,392

Share buyback programme

All Ordinary Shares bought back through the share buyback programme are held in treasury as at 31 December 2023. There were no share buybacks in 2023 and 2022.

Other distributable reserve

During 2023, the Company declared and paid dividends of £nil (2022: £nil) from the other distributable reserve. The closing balance in the other distributable reserve remains at £112,779,146 (31 December 2022: £112,779,146).

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15. DIVIDENDS PER SHARE

The following table summarises the amounts recognised as distributions to equity shareholders in the period:

	31 DECEMBER 2023 £	31 DECEMBER 2022 £
2021 interim dividend of 2.00 pence per Ordinary Share paid on 31 March 2022	–	5,565,527
2022 interim dividend of 2.00 pence per Ordinary Share paid on 21 July 2022	–	5,565,528
2022 interim dividend of 2.00 pence per Ordinary Share paid on 6 October 2022	–	5,565,528
2022 interim dividend of 2.00 pence per Ordinary Share paid on 29 December 2022	–	5,565,528
2022 interim dividend of 2.00 pence per Ordinary Share paid on 23 March 2023	5,565,528	–
2023 interim dividend of 2.00 pence per Ordinary Share paid on 20 July 2023	5,565,527	–
2023 interim dividend of 2.00 pence per Ordinary Share paid on 21 September 2023	5,565,528	–
2023 interim dividend of 2.00 pence per Ordinary Share paid on 14 December 2023	5,565,528	–
Total	22,262,111	22,262,111

An interim dividend of 2.00 pence per Ordinary Share, equalling £5,565,528, was declared by the Board on 22 February 2024 in respect of the period to 31 December 2023, was paid to shareholders on 21 March 2024. The interim dividend has not been included as a liability in these financial statements in accordance with International Accounting Standard 10: Events After the Balance Sheet Date.

16. RELATED PARTY TRANSACTIONS

Each of the Directors is entitled to receive a fee from the Parent Company at such rate as may be determined in accordance with the Articles. Save for the Chair of the Board, the fees are £33,000 for each Director per annum. The Chair's fee is £55,000 per annum. The chair of the Audit and Valuation Committee may also receive additional fees for acting as the chairman of such a committee. The current fee for serving as the chair of the Audit and Valuation Committee is £5,500 per annum.

All the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Parent Company.

At 31 December 2023, £176,439 (31 December 2022: £269,183) was paid to the Directors and £29,982 (31 December 2022: £13,042) was owed for services performed.

As at 31 December 2023 and 31 December 2022, the Directors' interests in the Parent Company's Shares were as follows:

		31 DECEMBER 2023	31 DECEMBER 2022
Oliver Grundy	Number of Ordinary Shares	30,000	30,000
Mark Katzenellenbogen	Number of Ordinary Shares	215,000	215,000
Elizabeth Passey	Number of Ordinary Shares	N/A*	10,000
Clive Peggram	Number of Ordinary Shares	N/A*	333,240
Graeme Proudfoot	Number of Ordinary Shares	130,000	130,000

*Resigned from the Board of Directors on 23 June 2023.

Investment management fees for the year ended 31 December 2023 are payable by the Parent Company to the Investment Manager and these are presented on the Consolidated Statement of Comprehensive Income. Details of investment management fees and performance fees payable during the year are disclosed in Note 10.

During 2022, as part of an amendment to its management agreement, the Investment Manager continued to purchase Ordinary Shares of the Parent Company with 20% of its monthly management fee. The Ordinary Shares were purchased at the prevailing market price. As at 31 December 2023, the Investment Manager has purchased 59,836 (31 December 2022: 706,659) Ordinary Shares.

As at 31 December 2023, Partners and Principals of the Investment Manager held 510,000 (31 December 2022: 510,000) Shares in the Parent Company.

The Group has invested in VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. The Investment Manager of the Parent Company also acts as manager to VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. The principal activity of VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. is to invest in alternative finance investments and related instruments with a view to achieving the Parent Company's investment objective. As at 31 December 2023 the Group owned 26% (31 December 2022: 26%) of VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. and the value of the Group's investment in VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. was £972,548 (31 December 2022: £1,231,984).

The Group has invested in VPC Synthesis, L.P. The Investment Manager of the Parent Company also acts as manager to VPC Synthesis, L.P. The principal activity of VPC Synthesis, L.P. is to invest in alternative finance investments and related instruments with a view to achieving the Parent Company's investment objective. As at 31 December 2023 the Group owned 4% (31 December 2022: 4%) of VPC Synthesis, L.P. and the value of the Group's investment in VPC Synthesis, L.P. was £14,915,767 (31 December 2022: £21,242,926).

The Investment Manager may pay directly various expenses that are attributable to the Group. These expenses are allocated to and reimbursed by the Group to the Investment Manager as outlined in the Management Agreement. Any excess expense previously allocated to and paid by the Group to the Investment Manager will be reimbursed to the Group by the Investment Manager. At 31 December 2023, none (31 December 2022: £nil) was due to the Investment Manager and is included in the Accrued expenses and other liabilities balance on the Consolidated Statement of Financial Position.

17. SUBSIDIARIES

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	NATURE OF INVESTMENT	PERCENTAGE OWNERSHIP AS AT 31 DECEMBER 2023	PERCENTAGE OWNERSHIP AS AT 31 DECEMBER 2022
VPC Specialty Lending Investments Intermediate, L.P.	Investment vehicle	USA	Limited partner interest	Sole limited partner	Sole limited partner
VPC Specialty Lending Investments Intermediate Holdings, L.P.	Investment vehicle	USA	Limited partner interest	Sole limited partner	Sole limited partner
VPC Specialty Lending Investments Intermediate GP, LLC	General partner	USA	Membership interest	Sole member	Sole member
Fore London, L.P.	Investment vehicle	UK	Limited partner interest	Sole limited partner	Sole limited partner
Fore London GP, LLC	General partner	USA	Membership interest	Sole member	Sole member
Duxbury Court I, L.P. (until January 2023)	Investment vehicle	USA	Limited partner interest	0%	95%
Duxbury Court I GP, LLC (until January 2023)	General partner	USA	Membership interest	0%	95%
Drexel I, L.P. (until January 2023)	Investment vehicle	USA	Limited partner interest	0%	52%
Drexel I GP, LLC (until January 2023)	General partner	USA	Membership interest	0%	52%

The subsidiaries listed above as investment vehicles are consolidated by the Group and there is no activity to consolidate within the subsidiaries listed as general partners.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

NAME	REGISTERED ADDRESS
VPC Specialty Lending Investments Intermediate, L.P.	150 North Riverside Plaza, Suite 5200, Chicago, IL 60606
VPC Specialty Lending Investments Intermediate Holdings, L.P.	150 North Riverside Plaza, Suite 5200, Chicago, IL 60606
VPC Specialty Lending Investments Intermediate GP, LLC	150 North Riverside Plaza, Suite 5200, Chicago, IL 60606
Fore London, L.P.	6th Floor, 65 Gresham Street, London, EC2V 7NQ United Kingdom
Fore London GP, LLC	150 North Riverside Plaza, Suite 5200, Chicago, IL 60606
Duxbury Court I, L.P.	150 North Riverside Plaza, Suite 5200, Chicago, IL 60606
Duxbury Court I GP, LLC	150 North Riverside Plaza, Suite 5200, Chicago, IL 60606
Drexel I, L.P.	150 North Riverside Plaza, Suite 5200, Chicago, IL 60606
Drexel I GP, LLC	150 North Riverside Plaza, Suite 5200, Chicago, IL 60606

The table below illustrates the movement of the investment in subsidiaries of the Parent Company in 2023:

	INVESTMENTS IN SUBSIDIARIES £
Beginning balance, 1 January 2023	233,951,844
Purchases	92,780,274
Sales	(105,302,927)
Change in fair value of investments in subsidiaries	(36,617,157)
Ending balance, 31 December 2023	184,812,034

The table below illustrates the movement of the investment in subsidiaries of the Parent Company in 2022:

	INVESTMENTS IN SUBSIDIARIES £
Beginning balance, 1 January 2022	303,174,979
Purchases	48,397,941
Sales	(106,463,368)
Change in fair value of investments in subsidiaries	(11,157,708)
Ending balance, 31 December 2022	233,951,844

18. NON-CONTROLLING INTERESTS

The non-controlling interests arises from investments in limited partnerships considered to be controlled subsidiaries into which there are other investors. The value of the non-controlling interests represents the portion of the NAV of the controlled subsidiaries attributable to the other investors. All non-controlling interests were liquidated during 2022, as at 31, December 2023, all non-controlling interest investments totalled £nil (31 December 2022: £nil). In the Consolidated Statement of Comprehensive Income, the amount attributable to non-controlling interests represents the increase in the fair value of the investment in the period and totaled £nil as at 31 December 2023 (31 December 2022: £16,201).

The following entities have been consolidated which have non-controlling interests as at 31 December 2023:

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	PROPORTION OF OWNERSHIP INTERESTS HELD BY NON-CONTROLLING INTERESTS AS AT 31 DECEMBER 2023	PROFIT OR LOSS OF SUBSIDIARY ALLOCATED TO NON-CONTROLLING INTERESTS DURING THE PERIOD ENDED 31 DECEMBER 2023 £	ACCUMULATED NON-CONTROLLING INTERESTS IN SUBSIDIARY AS AT 31 DECEMBER 2023 £
Drexel I, L.P.	USA	0%	–	–
Duxbury Court I, L.P.	USA	0%	–	–
Totals			–	–

NAME OF SUBSIDIARY	SUMMARISED FINANCIAL INFORMATION FOR SUBSIDIARY	31 DECEMBER 2023 £
Drexel I, L.P.	Distributions to non-controlling interests	–
	Profit/(loss) of subsidiary for period ended 31 December 2023	–
	Assets as at 31 December 2023	–
	Liabilities as at 31 December 2023	–
Duxbury Court I, L.P.	Distributions to non-controlling interests	–
	Profit/(loss) of subsidiary for period ended 31 December 2023	–
	Assets as at 31 December 2023	–
	Liabilities as at 31 December 2023	–

The following entities have been consolidated which have non-controlling interests as at 31 December 2022:

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	PROPORTION OF OWNERSHIP INTERESTS HELD BY NON-CONTROLLING INTERESTS AS AT 31 DECEMBER 2022	PROFIT OR LOSS OF SUBSIDIARY ALLOCATED TO NON-CONTROLLING INTERESTS DURING THE PERIOD ENDED 31 DECEMBER 2022 £	ACCUMULATED NON-CONTROLLING INTERESTS IN SUBSIDIARY AS AT 31 DECEMBER 2022 £
Drexel I, L.P.	USA	47%	21,809	–
Duxbury Court I, L.P.	USA	5%	(5,608)	–
Totals			16,201	–

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NAME OF SUBSIDIARY	SUMMARISED FINANCIAL INFORMATION FOR SUBSIDIARY	31 DECEMBER 2022 £
Drexel I, L.P.	Distributions to non-controlling interests	42,315
	Profit/(loss) of subsidiary for period ended 31 December 2022	41,681
	Assets as at 31 December 2022	104,584
	Liabilities as at 31 December 2022	104,584
Duxbury Court I, L.P.	Distributions to non-controlling interests	19,844
	Profit/(loss) of subsidiary for period ended 31 December 2022	80,558
	Assets as at 31 December 2022	630,907
	Liabilities as at 31 December 2022	630,907

19. INVESTMENTS IN FUNDS

The Group has been determined to exercise significant influence in relation to certain of its in funds and other entities, as such these investments are considered to be associates for accounting purposes and represent interests in unconsolidated structured entities. The following additional information is therefore provided as required by IFRS 12, Disclosure of Interests in Other Entities:

NAME OF ASSOCIATE	PRINCIPAL PLACE OF BUSINESS	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTERESTS HELD	BASIS OF VALUATION	FAIR VALUE OF INTEREST AS AT 31 DECEMBER 2023 £	MAXIMUM EXPOSURE TO LOSS AS AT 31 DECEMBER 2023 £
VPC Offshore Unleveraged Private Debt Fund Feeder, L.P.	Cayman Islands	Investment fund	26%	Designated as held at fair value through profit or loss – using NAV	972,548	972,548
VPC Synthesis, L.P.	USA	Investment vehicle	4%	Designated as held at fair value through profit or loss – using NAV	14,915,767	14,915,767

NAME OF ASSOCIATE	SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATE	31 DECEMBER 2023 £
VPC Offshore Unleveraged Private Debt Fund Feeder, L.P.	Profit/(loss) of associate for period ended 31 December 2023	(1,308,284)
	Assets as at 31 December 2023	1,024,118
	Liabilities at 31 December 2023	105,220
VPC Synthesis, L.P.	Profit/(loss) of associate for period ended 31 December 2023	(26,157,235)
	Assets as at 31 December 2023	360,898,684
	Liabilities at 31 December 2023	299,195,379

NAME OF ASSOCIATE	PRINCIPAL PLACE OF BUSINESS	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTERESTS HELD	BASIS OF VALUATION	FAIR VALUE OF INTEREST AS AT 31 DECEMBER 2022 £	MAXIMUM EXPOSURE TO LOSS AS AT 31 DECEMBER 2022 £
VPC Offshore Unleveraged Private Debt Fund Feeder, L.P.	Cayman Islands	Investment fund	26%	Designated as held at fair value through profit or loss – using NAV	1,231,984	1,231,984
VPC Synthesis, L.P.	USA	Investment vehicle	4%	Designated as held at fair value through profit or loss – using NAV	21,242,926	21,242,926

NAME OF ASSOCIATE	SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATE	31 DECEMBER 2022 £
VPC Offshore Unleveraged	Profit/(loss) of associate for period ended 31 December 2022	(436,363)
Private Debt Fund Feeder, L.P.	Assets as at 31 December 2022	3,115,627
	Liabilities at 31 December 2022	110,043
VPC Synthesis, L.P.	Profit/(loss) of associate for period ended 31 December 2022	23,848,843
	Assets as at 31 December 2022	430,198,842
	Liabilities at 31 December 2022	340,919,367

The Group's investments in associates all consist of limited partner interest in funds. There are no significant restrictions between investors with joint control or significant influence over the associates listed above on the ability of the associates to transfer funds to any party in the form of cash dividends or to repay loans or advances made by the Group.

20. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

The Company declared a dividend of 2.00 pence per Ordinary Share, equalling £5,565,528 for the three-month period ended 31 December 2023 and paid the dividend on 21 March 2024. On 5 April 2024, the Company held a General Meeting at which shareholders approved the Capital Return Mechanism. On 9 April 2024, the Board decided to make an initial distribution to shareholders of $15 million, equivalent to approximately £11.9 million as at the date of release, through the issue and redemption of B Shares.

There were no other significant events subsequent to the year end.

GOVERNANCE

BOARD OF DIRECTORS

This section forms part of the Directors' Report.

All Directors are Non-Executive and are independent of the Investment Manager.

GRAEME PROUDFOOT, CHAIR

Appointed 1 December 2020[1,2,3,4]
Appointed Chairman 24 June 2021
Independent Non-Executive Director

Graeme Proudfoot spent his executive career at Invesco, latterly as Managing Director, EMEA and CEO of Invesco Pensions. Graeme joined Invesco in 1992 as a legal advisor and held various roles within the Invesco Group, including General Counsel of Invesco Global, before moving to take responsibility for several of Invesco's UK functions, including its investment trust business, which he led from 1999 until his retirement in 2019. Graeme began his career at Wilde Sapte Solicitors, practising in London and New York.

MARK KATZENELLENBOGEN

Appointed 1 May 2019[1,2,3*,4*]
Independent Non-Executive Director

Mark Katzenellenbogen has been involved in financial services for more than 40 years. He began his career in credit and banking with S.G Warburg before working for the bank's mergers and acquisitions department in the UK, US and South Africa. Mark served as CEO of Auden Capital LLP, a London-based corporate finance advisory firm specialising in the investment and wealth management sector from 2007 to 2023. Mark was a non-executive Director of Oldfield, a long-only value equity manager, from 2005 to 2022. He was appointed as a Trustee of the Conran Foundation in 2022 and serves as Deputy Chair.

OLIVER GRUNDY

Appointed 12 March 2021[1,2*,3,4]
Independent Non-Executive Director

Oliver Grundy was an audit partner at Deloitte LLP for 28 years until his retirement in November 2019. He worked both in London and New York in various roles, including leading Deloitte's Banking Group team of 35 partners and 500 professionals, before becoming the audit and advisory partner to significant funds. From 2017 to 2019, Oliver was the Deloitte UK ethics partner, with responsibility for all whistleblowing and conduct matters as well as the firm's Public Interest Review Group. During his Deloitte career, Oliver also held several roles at the Institute of Chartered Accountants of England & Wales (ICAEW), including as Council member, Disciplinary Committee Tribunal Chairman and serving on the Practice, Risk & Regulation and the Ethics Standards Committees. Oliver is currently a member of the Red Cross International Medical Fundraising Board.

1 = Management Engagement Committee *Chair of Committee.
2 = Audit & Valuation Committee *Chair of Committee.
3 = Nomination Committee *Chair of Committee.
4 = Disclosure Committee *Chair of Committee.

GOVERNANCE continued

DIRECTORS' REPORT

The Directors of the Company are pleased to present the Annual Report for the Company and its subsidiaries (the "Group") for the year ended 31 December 2023.

The Corporate Governance Statement, Audit and Valuation Committee Report and the Directors' Remuneration Report are included in this Directors' Report. The Board seeks to understand the needs and priorities of the Company's stakeholders. The report can be found within the Strategic Report on pages 21 to 24.

RESULTS AND DIVIDENDS

The interim dividends paid by the Company are set out in Note 15 of the financial statements. A summary of the Company's performance during the year is set out in the Strategic Report on pages 6 to 25.

INVESTMENT TRUST STATUS

The Company has received written approval from HM Revenue & Customs ("HMRC") as an authorised investment trust under Sections 1158/1159 of the Corporation Tax Act 2010. The Directors are of the opinion that the Company has conducted its affairs in compliance with such approval and intends to continue doing so.

DIRECTORS

Directors' Appointments

As at the date of this report, the Board consists of three Non-Executive Directors, all of whom are considered by the Board to be independent. Biographies of the Directors are set out on page 95 and demonstrate the range of skills and experience each Director brings to the Board.

The appointment and replacement of Directors is governed by the Company's Articles of Association (the "Articles"), the Companies Act 2006, related legislation and Listing Rules. The Articles may be amended by a special resolution of the Shareholders.

Directors' Interests

None of the current Directors, or any persons connected with them, had a material interest in the transactions and arrangements of, or an agreement with, the Investment Manager during the period. The remuneration of the Directors and their beneficial interests in the Company's securities are set out in the Directors' Remuneration Report on pages 117 to 121.

Directors' Indemnity and Compensation for Loss of Office

Save for such indemnity provisions in the Articles and in Directors' letters of appointment, there are no qualifying third-party indemnity provisions in force. The Board has agreed to a procedure by which Directors may seek independent professional advice if necessary and at the Company's expense. The Company has also arranged for the appropriate provision of Directors' and Officers' Liability Insurance. The Company does not have any arrangements in place with any Director that would provide compensation for loss of office.

Conflicts of Interest

The Articles provide that the Directors may authorise any actual or potential conflict of interest that may arise, with or without imposing any conditions that they consider appropriate on the Director. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and in such circumstances, they are not counted in the quorum. A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each Board meeting. The Directors are satisfied that this procedure is adequate.

Board Changes

During the year, Elizabeth Passey and Clive Peggram reached their ninth year as Directors, having been Directors since the launch of the Company. In line with best practice in corporate governance, they did not stand for re-election at the AGM held on 23 June 2023.

The Board has expressed its gratitude for their valuable counsel and thanked them for their contributions.

Following these changes, Mark Katzenellenbogen was appointed as Chair of the Disclosure Committee, and Oliver Grundy was appointed as Chair of the Management Engagement Committee.

SHARES AND SHAREHOLDERS

Share Capital

The share capital as at 31 December 2023, and rights attaching to the Shares are set out in Note 14 to the financial statements. As at the date of this report, the Company's issued share capital consisted of 278,276,392 Ordinary Shares of £0.01 each with voting rights. In addition, 104,339,273 shares were held in Treasury.

At the Company's Annual General Meeting ("AGM") on 23 June 2023. the Shareholders of the Company passed certain resolutions in relation to the allotment and buyback of its equity securities which remained valid as at 31 December 2023. In summary, these resolutions were:

- An ordinary resolution to issue shares up to an aggregate nominal amount of £278,276, representing approximately 10% of the issued Ordinary Share capital at the date of the Notice of AGM, excluding shares held in treasury. The Board has authority to continue to allot shares up until the conclusion of the Company's next AGM in 2024.
- A special resolution authorising the Directors to dis-apply the pre-emption rights of existing Shareholders in relation to issues of Ordinary Shares (being in respect of Ordinary Shares up to an aggregate nominal amount of £278,276 representing up to 10% of the Company's issued Ordinary Share capital as at the date of the Notice, excluding shares held in treasury). This authority shall expire at the conclusion of the Company's next AGM in 2024.
- A special resolution authorising market purchases of Ordinary Shares, provided that the maximum number of Ordinary Shares authorised to be purchased is up to 41,713,631 ordinary shares, representing 14.99% of the issued Ordinary Shares at the date of the Notice of AGM, excluding shares held in treasury. This authority shall expire at the conclusion of the Company's next AGM in 2024.

No shares were allotted by the Company during the year. Since the year end, no Ordinary Shares have been bought back, and as at the date of this report, there were 382,615,665 Ordinary Shares in issue, of which 104,339,273 were held in treasury.

At the Company's AGM in 2024, the Board will seek authority to issue Shares and to renew its authority to purchase Ordinary Shares.

Shares bought back and held in Treasury will not be sold out of Treasury at a discount wider than the discount at which the Shares were initially bought back by the Company. The authority to allot new Ordinary Shares, dis-apply pre-emption rights or for the Company to purchase its own Shares will only be used if the Directors believe it is in the best interests of the Company. Proposals for these and other authorities sought at the AGM, including their restrictions, will be set out in the Notice of the 2024 AGM.

Except as set out in the Company's Articles, there are no restrictions concerning the transfer of securities in the Company or on voting rights; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

B Share Scheme

After careful consideration, the Board has determined that the adoption of a B Share Scheme is one of the fairest and most efficient ways of returning capital to Shareholders. The B Share Scheme would allow the Company to return capital on a strict pro rata basis which would ensure as far as possible that no Shareholder or Shareholder group is disadvantaged. The adoption of the B Share Scheme would involve the Company issuing redeemable B Shares to Shareholders and redeeming them on the Redemption Date applicable to that issue of B Shares without further action being required by Shareholders.

The Board believes that returning capital via the B Share Scheme rather than via a tender offer, offers the following significant benefits to Shareholders:

- It reduces costs for the Company, as there should be no need to prepare further circulars to give effect to a future Return of Capital, which would not be the case with tender offers. Details of each Return of Capital notified to Shareholders will be by an announcement through the Regulatory Information Service and, subject to any change in existing United Kingdom tax law (and in contrast to a tender offer where stamp duty at the rate of 0.5 per cent. of the tender price is payable), no stamp duty would be payable by the Company.
- All Shareholders would participate in the redemption process and they would be treated equally. It is likely to be particularly beneficial for smaller retail Shareholders who may miss the opportunity to participate in a tender offer simply as a result of failing to make an election to participate.

GOVERNANCE continued

- The proportionate holdings of Shareholders will remain unchanged as a result of the B Share Scheme.
- Subject to the Resolutions being passed at the General Meeting, Shareholders will not be required to take any further action to give effect to a future Return of Capital under the B Share Scheme.
- There would be greater certainty for the Company regarding the amount of capital that is able to be returned to Shareholders, given that unlike tender offers, capital returns under the B Share Scheme would be made to all Shareholders on a pro rata basis, without the need for an election.

Returns of Capital

The quantum and timing of a Return of Capital to Shareholders following receipt by the Company of the net proceeds of realisations of investments will be dependent on the repayment and cancellation of the Company's bank facilities, further drawdowns to honour commitments to fund under existing contractual arrangements, the Company's liabilities and general working capital requirements and sufficient distributable reserves and amounts standing to the credit of the Company's share premium account. Accordingly, the quantum and timing of any Return of Capital will be at the discretion of the Board, and details of each Return of Capital, including the relevant Record Date, Redemption Price and Redemption Date, will be notified to Shareholders by an announcement through the Regulatory Information Service. Subject to the passing of the Resolutions at the General meeting, the Board intends to announce the details of an initial Return of Capital under the B Share Scheme shortly after the General Meeting.

The adoption of a B Share Scheme will not limit the ability of the Company to return cash to Shareholders by using other mechanisms and, if the B Share Scheme is adopted, the Board will continue to review its efficacy over time. Details of the Board's intention to implement the B Share Scheme are set out in the Circular (as defined below).

The Board's proposal to adopt a B Share Scheme now should not be taken as any indication as to the likely timing or quantum of any future returns of cash to Shareholders.

Substantial Shareholdings

The Company has been informed of the following notifiable interests as at 31 December 2023 in the Company's voting rights under DTR 5. This information was correct at the date of notification. It should be noted that these holdings may have changed since notified to the Company and may not therefore be wholly accurate statements of actual holdings as at 31 December 2023. However, notification of any change is not required until the next applicable threshold is crossed.

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE OF VOTING RIGHTS*
SVS Opportunity Fund GP, L.P.	56,256,107	20.22%
Schroders plc	22,400,000	8.05%
Premier Fund Managers Limited	22,165,000	7.97%
Newton Investment Management Limited	12,870,021	4.62%
Metage Funds Limited	8,565,079	3.08%
AXA Investment Managers S.A.	8,250,000	2.96%

* Percentage of voting rights as at 31 December 2023.

The Company has not been notified of the following changes in notifiable interests since 31 December 2023 and up until the date of this report.

Articles of Association

Any amendments to the Articles of Association must be made by special resolution at a general meeting of the Shareholders. The Articles of Association were last amended following approval by shareholders at the General Meeting held on 5 April 2024. The amendments will enable the Company to return capital to shareholders by way of B-share mechanism. See pages 97 and 98 for more information on the return of capital to shareholders.

The Annual General Meeting

The Company's AGM will be held in June 2024, and explanations of the business proposed at the AGM will be contained in the Notice of that Meeting.

AUDITORS AND FINANCIAL STATEMENTS

Independent Auditors

The auditors to the Company, PricewaterhouseCoopers LLP ("PwC" or the "Auditors"), were appointed in July 2015. They have indicated their willingness to continue in office as Auditors of the Company.

The Audit and Valuation Committee has the responsibility for making a recommendation to the Board on the reappointment of the external auditor. After careful consideration and a review of their effectiveness as external auditor, the Audit and Valuation Committee has recommended that PwC be reappointed as the Company's Auditors. Resolutions will, therefore, be proposed at the forthcoming AGM to re-appoint PwC as Auditors and for the Audit and Valuation Committee to determine PwC's remuneration. For more information, refer to the Audit and Valuation Committee Report on pages 114 to 116.

Audit Information

The Directors who held office at the date of this Annual Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware, and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information. This confirmation is given in accordance with the provisions of Section 418 of the Companies Act 2006.

Financial Risk Management

The principal financial risks and the Group's policies for managing these risks are set out on pages 17 to 20.

Subsequent Events

The important subsequent events since 31 December 2023 are included on page 93.

Responsibility for Financial Statements and Going Concern Statement

The Directors have reviewed the financial projections of the Group and Company from the date of this report, which shows that the Group and Company will be able to generate sufficient cash flows in order to meet its liabilities as they fall due. In assessing the Group's and Company's ability to continue as a going concern, the Directors have considered the Company's investment objective, risk management policies, capital management, the monthly NAV and the nature of its portfolio and expenditure projections.

Additionally, the Directors have considered the risks arising of reduced asset values, adverse economic conditions and the impact of the managed wind down. The Investment Manager has performed a range of stress tests and demonstrated to the Directors that even in an adverse scenario of depressed markets, the Group could still generate sufficient funds to meet its liabilities over the next 12 months. The Directors believe that the Group has adequate resources, an appropriate financial structure, and suitable management arrangements in place to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of this report.

Based on their assessment and considerations above, the Directors have concluded that the financial statements of the Group and Company should continue to be prepared on a going concern basis.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, published by the Financial Reporting Council in July 2018, and as part of an ongoing programme of risk assessment, the Directors have assessed the prospects of the Company to the extent that they are able, over a three-year period from 31 December 2023. The Directors have chosen a three-year period as this is viewed as sufficiently long-term to provide Shareholders with a meaningful view without extending the period so far into the future as to undermine the exercise.

Additionally, as disclosed in the General Meeting circular, the Directors believe that a substantial amount of the Company's assets will be realised in three to five years, with the proceeds returned to Shareholders over that expected timeframe. Certain of the asset-backed investments held by the Group have maturities that extend beyond three years, allowing for the investment cash flows and expenditures of the Group to be reasonably forecasted as met over this timeframe.

The three-year review considers the Group's cash flow, cash distributions, including return of proceeds to Shareholders, and other key financial ratios over the period. The three-year review also makes certain assumptions about the normal level of expenditure likely to occur and considers the impact on the financing facilities of the Group.

GOVERNANCE continued

Furthermore, the three-year review period to 31 December 2026 was modelled considering the impact of the approved change of the Company's investment policy to conduct an orderly realisation of the assets of the Company, to be effected in a manner that seeks to achieve a balance between returning cash to Shareholders promptly and maximising value.

As a part of this review, the Directors reviewed a series of stress test scenarios carried out by the Investment Manager, which assumed a significant fall in income and asset levels, delay in repayment of the asset-backed lending facilities, and various assumptions on the equity investment portfolio, including the impacts to the Group's financing facilities and were satisfied with the result of this analysis.

In making this assessment on the viability of the Group, the Directors have also taken into consideration each of the principal risks and uncertainties on pages 17 to 20, their mitigants and the impact these might have on the orderly realisation of the portfolio, future performance, solvency and liquidity. Both the principal risks and the monitoring system are subject to a robust assessment at least annually.

In addition, the Directors considered the Company's current financial position and prospects, the composition of the investment portfolio, the level of outstanding capital commitments, the term structure and availability of borrowings and the ongoing costs of the business. As part of the approach, due consideration has been given to the uncertainty inherent in financial forecasts, and, where applicable, as described above, reasonable sensitivities have been applied to the investment portfolio in stress situations.

All the analysis above indicates that due to the anticipated stability and cash-generating nature of the investment portfolio during most of the realisation period, the asset-backed lending investments should enable the Group to withstand the impacts outlined above. Based on the assessment of the principal risks, prospects and viability of the Group, the Board confirms that they have reasonable expectations that the Group will be able to continue operation and meet its liabilities as they fall due over the three-year period to 31 December 2026.

ADDITIONAL DISCLOSURES

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross-reference table indicating where the information is set out.

The Directors confirm that there are no disclosures to be made in relation to Listing Rule 9.8.4.

Political Donations

The Company made no political donations during the period to organisations either within or outside of the EU. (Period to 31 December 2022: £nil).

Modern Slavery Act

As an investment trust, the Company does not provide goods or services in the normal course of business and does not have employees nor customers or turnover, so it is therefore not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. However, the Company has a zero-tolerance approach to modern slavery and regularly reviews its investment portfolio to ensure there are no breaches to the Modern Slavery Act.

This Report was approved by the Board of Directors on 23 April 2024 and signed on its behalf by

Link Company Matters Limited
Company Secretary

23 April 2024

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement forms part of the Directors' Report and includes the Audit and Valuation Committee Report and Directors' Remuneration Report.

APPLICABLE CORPORATE GOVERNANCE CODE

The Company is committed to high standards of corporate governance. This statement, together with the Statement of Directors' Responsibilities in Respect of the Financial Statements on page 122, indicates how the Company has applied the principles of recommended governance of the Financial Reporting Council ("FRC") 2018 UK Corporate Governance Code (the "UK Code") and the AIC's Code of Corporate Governance issued in 2019, (the "AIC Code"), which complements the UK Corporate Governance Code and provides a framework of best practice for investment trusts.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to both Shareholders and stakeholders and that by reporting against the AIC Code, the Company has met its obligations in relation to the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

The UK Code is available on the FRC website (https://www.frc.org.uk). The AIC Code is available on the AIC website (https://www.theaic.co.uk) and includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

STATEMENT OF COMPLIANCE

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company has complied with the principles and provisions of the AIC Code except as disclosed below:

- Provision 14: No senior independent Director has been appointed. All the Directors have different qualities and areas of expertise on which they lead, and concerns can be conveyed to another Director if Shareholders do not wish to raise concerns with the Chair of the Board or the Chair of the Audit and Valuation Committee. Any other Director will chair the Board or Nomination Committee meeting when the annual evaluation of the Chair's performance, their re-election, or the recruitment of their successor is discussed;
- Provision 23: Directors are not appointed for a specified term, as all Directors are non-executive and the Board believes that a Director's performance and their continued contribution to the running of the Company is of greater importance and relevance to Shareholders than the length of time for which they have served as a Director of the Company. Each Director is subject to the election and re-election provisions set out in the Articles, which provide that a Director appointed during the year is required to retire and seek election by Shareholders at the next Annual General Meeting ("AGM") following their appointment. Thereafter, the Directors intend to offer themselves for re-election annually; and
- Provision 37: As all the Directors are non-executive, the Board is of the view that there is no requirement for a separate remuneration committee. Directors' fees will be considered by the Board as a whole within the limits approved by Shareholders.

THE PRINCIPLES OF THE AIC CODE

The AIC Code is made up of 17 principles split into five sections covering:

- Board leadership and purpose;
- Division of responsibilities;
- Composition, succession and evaluation;
- Audit, risk and internal control; and
- Remuneration.

GOVERNANCE continued

BOARD LEADERSHIP AND PURPOSE

A. A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for Shareholders and contributing to wider society.

The Board considers the long-term sustainable success of the Company, within the context of the wind down, to be their main focus and all decisions are considered from this point of view. As outlined below, the Company has a set of core values and a corporate culture which are embedded into everything the Company does. VPC takes an interest in how the Portfolio Companies manage environmental, social, and governance ("ESG") issues, and the Board and VPC agree that responsible business practices help generate long-term sustainable returns. VPC and the Board continue to work on implementing an ESG policy.

As part of this, the opportunities and risks faced by the business are considered, monitored and assessed on a regular basis, both in terms of potential and emerging risks that the business may face. More detail regarding the principal risks and uncertainties and the sustainability of the business model can be found in the Strategic Report on pages 17 to 20.

B. The board should establish the company's purpose, values and strategy and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.

The purpose of the Company is the investment objective as set out on page 4. The strategy that the Board follows in order to achieve this objective is outlined in the Strategic Report on pages 6 to 25.

The Board adopts some key values which are embedded into the culture of the business and are key to any investment decision made by the Company. These values and culture also drive how the Board and the relationship with the Investment Manager proceed. These are:

- Ensure all business decisions are made once all potential impacts on stakeholders are fully understood
- Encourage open, honest and collaborative discussions at all levels in Board meetings, with Shareholders and stakeholders and with third party service providers
- To avoid any potential conflicts of interest.

The values and culture of the business are considered as part of the annual board evaluation process to ensure that they remain a key focus on which all decisions are based.

C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

The Board regularly considers the Company's position, including the balance sheet, cash flow projections, the availability of funding and the Company's contractual commitments. The Company's objective is to conduct an orderly realisation of the Company's assets in a manner that seeks to achieve a balance between returning cash to Shareholders promptly and maximising value; therefore, one of the measures the Board considers is the total return per share.

The Board and the Management Engagement Committee assess the performance of the Investment Manager in a number of different ways, including through the KPIs set out on page 16.

The Audit and Valuation Committee is responsible for assessing and managing risks, and further information about how this is done can be found in the Audit and Valuation Committee Report on pages 114 to 116.

BOARD LEADERSHIP AND PURPOSE

D. In order for the company to meet its responsibilities to Shareholders and stakeholders, the board should ensure effective engagement with and encourage participation from these parties.

The Board understands its responsibilities to Shareholders and stakeholders and considers the opinions of all such parties when making decisions. The Board considers that other than Shareholders, their other key stakeholders are their Portfolio Companies, their third-party providers and the Investment Manager in particular. The Management Engagement Committee considers the relationship with all third-party providers on at least an annual basis, and there is an ongoing dialogue with the Investment Manager to ensure views are aligned.

The Board considers the impact any decision will have on all stakeholders to ensure that they are making a decision that promotes the success of the Company.

In addition, the Directors welcome the views of all Shareholders and place considerable importance on communications with them. In addition, the Directors are available to meet Shareholders in person when able to do so or virtually. Shareholders wishing to communicate with the Chairman or any other member of the Board may do so by writing to the Company for the attention of the Company Secretary at the Registered Office.

In accordance with the guidance issued by the Investment Association in the cases where Shareholder votes against a resolution exceed 20%, the Board must consult with Shareholders to understand the reasons for their votes. Further information on the Board's engagement with Shareholders following the significant votes received against certain resolutions at the AGM and General Meeting held in 2023 can be found on page 108.

Representatives of the Investment Manager regularly meet institutional Shareholders to discuss historical performance to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting. Regular reports on investor sentiment and industry issues from the Company's broker are submitted to the Board.

Any substantive communications regarding any major corporate issues would be discussed by the Board, taking into account representations from the Investment Manager, the Auditor, legal advisers, brokers and the Company Secretary.

Further details of the Board's engagement with Shareholders during the year can be found in the Strategic Report on pages 21 to 24 and the Chairman's Statement on pages 6 to 8.

GOVERNANCE continued

DIVISION OF RESPONSIBILITIES

E. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive Directors and ensures that Directors receive accurate, timely and clear information.	There is a clear division of responsibility between the Chair, the Directors, the Investment Manager and the Company's other third-party service providers. The Chair is responsible for leading the Board, ensuring its effectiveness in all aspects of its role, and ensuring that all Directors receive accurate, timely, and clear information. The responsibilities of the Chair are set out in writing and are available on the Company's website. The Board meets regularly throughout the year, and representatives of the Investment Manager are in attendance, when appropriate, at each meeting and most Committee meetings. The Board has agreed on a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the level of permitted gearing and borrowings, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's treasury and share buyback policies. The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, gearing, marketing and Shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues. The review of each Director's performance was undertaken by the Chair, and the review of the Chair's performance was carried out during the period under review by the Directors. This concluded that the Directors believed the Chair encouraged good debate, ensured all Directors were involved in discussions, and that the Board as a whole was working well. Additional efficiencies and improvements were identified. The Board conducted a further such exercise in early 2024 under the direction of Mark Katzenellenbogen.
F. The board should consist of an appropriate combination of Directors (and, in particular, independent non-executive Directors) such that no one individual or small group of individuals dominates the board's decision making.	All of the Directors are non-executive and are independent of the Investment Manager and the other service providers. The Chair, Graeme Proudfoot, was independent of the Investment Manager at the time of his appointment and remains so. The Board is aware of the AIC's guidance on this issue and regards Graeme Proudfoot as independent. Each Director is not a Director of another investment company managed by the Company's Investment Manager, nor has any Board member been an employee of the Company or any of its service providers. The Board evaluation concluded that each Director provides a valuable contribution to Board meeting discussions and exercises appropriate levels of challenge and debate.
G. Non-executive Directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge and strategic guidance, offer specialist advice, and hold third party service providers to account.	As part of the Board evaluation process, the contributions of each Director, as well as the time commitments made by each board member, are considered and reviewed. As explained above, it was concluded that each Director provided appropriate levels of challenge and provided the Company and the Investment Manager with guidance and advice when required. The Management Engagement Committee reviews the performance and cost of the Company's third-party service providers on an annual basis. More information regarding the work of the Management Engagement Committee can be found on page 111.

DIVISION OF RESPONSIBILITIES

H. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Directors have access to the advice and services of the Company Secretary through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

COMPOSITION, SUCCESSION AND EVALUATION

I. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths.	The Nomination Committee will lead the appointment process of new Directors as and when vacancies arise and review the Board's ongoing succession plans. More information regarding the work of the Nomination Committee can be found on page 111. The Board has adopted a diversity policy, which acknowledges the benefits of greater diversity and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. While the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established: ❖ all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and ❖ long lists and, ideally, short lists of potential should include diverse candidates of appropriate merit. A statement on Chair succession is included on page 111.
J. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	Directors' biographical details are set out on page 95 of this Report. These demonstrate the wide range of skills and experience that they bring to the Board. Each Director was appointed with a view to having a Board with a good combination of skills, experience and knowledge. This is reviewed as part of the annual evaluation process. In the future, when considering new appointments, the Board will review the skills of the Directors and seek to add persons with complementary skills or who possess skills and experience which contribute to the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively. Details of the policies on tenure of the Directors and the Chairman can be found below on page 109 of this Report.

GOVERNANCE continued

COMPOSITION, SUCCESSION AND EVALUATION

K. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.	The Board evaluates its own performance and that of its Committees, Chair and Directors on an annual basis against consistent criteria provided by the Company Secretary. For the period under review, this was carried out by way of a questionnaire. The results were reviewed by the Board, including performance against focus areas and action points; additional areas of focus were identified. The Chair of the Nomination Committee led the assessment, which covered the functioning of the Board as a whole, the effectiveness of the Board Committees and the independence of and contribution made by each Director. As necessary, the Company Chair discussed the responses with each Director individually. The Chair absented himself from the Board's review of his effectiveness as the Company Chair, and this review was led by the Chair of the Nomination Committee. Following this review, the Board is satisfied that the structure, mix of skills and operation of the Board is effective and relevant for the Company. It is noted that after the Shareholder vote on the proposed wind down of the Company, a review of the Board composition took place to ensure that the Board continues to have the correct mixture of skills, experience, and knowledge to manage the Company's affairs. After consultation with Shareholders as well as Board discussions, the Board decided in late February 2024 to initiate a process to recruit an additional Director. The individual performance of each Director standing for election and re-election has been evaluated, and a recommendation is being made that Shareholders vote in favour of their election or re-election at the AGM. All Directors will be subject to annual re-election by Shareholders. More information regarding the proposed election or re-election of each Director at the 2024 AGM can be found in the separate AGM circular.

AUDIT, RISK AND INTERNAL CONTROL

L. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Audit and Valuation Committee has put in place a non-audit services policy, which ensures that any work outside the scope of the standard audit work requires prior approval by the Audit and Valuation Committee. This enables the Committee to ensure that the external auditor remain fully independent. In addition, the Audit and Valuation Committee carries out a review of the performance of the external auditor on an annual basis. Feedback from other third parties, including the Investment Manager, is included as part of this assessment to ensure the Audit and Valuation Committee takes into account the views of different parties who have a close working relationship with the external auditor. Further information regarding the work of the Audit and Valuation Committee can be found on pages 114 to 116.
M. The board should present a fair, balanced and understandable assessment of the company's position and prospects.	The Board and Audit and Valuation Committee have considered the Annual Report and Financial Statements as a whole and agreed that they believe that the document presents a fair, balanced and understandable assessment of the Company's position and prospects. In particular, they have considered the language used in the document to ensure unnecessary jargon is avoided. They have also considered, in particular, the content of the Strategic Report, which provides a clear outline of the Company's position and prospects.

AUDIT, RISK AND INTERNAL CONTROL

N. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal and emerging risks the company is willing to take in order to achieve its long-term strategic objectives.

The Audit and Valuation Committee reviews reports from the principal service providers on compliance, and the internal and financial control systems in operation and relevant independent audit reports thereon.

The Directors have carried out a review of the effectiveness of the Company's systems of internal control as they have operated over the year and up to the date of approval of the Annual Report. Given the nature of the business, the Company is reliant on its service providers and their internal controls. The Audit and Valuation Committee reviews the Investment Manager's compliance and control systems in operation insofar as they relate to the affairs of the Company.

As set out in more detail in the Report of the Audit Committee on pages 114 to 116 the Company has in place a system for assessing the adequacy of those controls.

There were no material matters arising from the review of the Company's controls that required further investigation, and no significant failings or weaknesses were identified.

REMUNERATION

O. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.

As outlined in the Remuneration Report on page 117, the Company follows the recommendation of the AIC Code that non-executive Directors' remuneration should reflect the time commitment and the duties and responsibilities of the role.

All Directors own shares in the Company, all of which were purchased in the open market and using the Directors' own resources.

At the Company's AGM in 2024, Shareholders will be asked to approve changes to the remuneration policy. The changes will propose that in addition to time commitment, the duties of Directors and their responsibility, remuneration will also be compared with the Company's AIC peer group. The Board believes that it is appropriate to review against the AIC peer group rather than the wider investment trust group because it more accurately reflects the nature and complexity of the Company and its operations.

The Board considers that this revised approach will also ensure that the Company remains well positioned to attract and retain individuals of a calibre appropriate to the future development of the Company. All Directors will continue to be ineligible for bonuses, share options, long-term incentive schemes or other performance-related benefits as the Board does not believe that this is appropriate for non-executive Directors.

More information regarding the work of the Remuneration Committee can be found in the Remuneration Report on pages 117 and 118.

P. A formal and transparent procedure for developing a remuneration policy should be established. No Director should be involved in deciding their own remuneration outcome.

As outlined by the AIC guidance, no Director should be involved in deciding his or her own remuneration. The remuneration policy outlines that while Directors are not permitted to decide their own remuneration on an individual basis, Directors are permitted to discuss their remuneration as there is no separate remuneration committee.

Changes to Directors' remuneration will continue to be considered by the Board as a whole with a review of a range of factors, including a comparison against the AIC peer group and independent advice obtained from the Company's service providers.

There is an agreed fee that all non-executive Directors receive (irrespective of experience or tenure) and an additional fee for the role of Audit and Valuation Committee Chair. There is also an agreed fee for the role of Chair of the Board. When discussing the remuneration of the Chair of the Board and the Audit and Valuation Committee, Directors will not decide their own remuneration.

GOVERNANCE continued

REMUNERATION

Q. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance and wider circumstances.	Independent judgement on remuneration shall be maintained by requesting approval for remuneration in comparison to the Company's AIC peer group. Other factors, such as the performance of the Company, time commitments and market conditions, shall also be factored into any decision-making process.

2023 GENERAL MEETING AND ANNUAL GENERAL MEETING

On 12 June 2023, the Board announced that the resolutions put to the General Meeting of the Company (the "GM") were approved by Shareholders and on 23 June 2023, the Board announced that all resolutions proposed at the 2023 Annual General Meeting of the Company (the "AGM") had been passed. The AIC Code outlines that investment trusts should consult with Shareholders if any resolutions receive votes against exceeding 20%.

In the case of the GM, Resolution 2 reached the threshold:

- Resolution 2: To amend the terms of the Investment Management Agreement (44.36% against votes received).

And in the case of the AGM, three resolutions reached the threshold:

- Resolution 5: Re-election of Graeme Proudfoot as a Director (21.82% against votes received);
- Resolution 10: To authorise Directors to allot shares (23.22% against votes received); and
- Resolution 11: To authorise the disapplication of pre-emption rights generally (23.39% against votes received).

In line with the AIC Code, the Board provided an update on the engagement the Board had with Shareholders following the meetings in its Half Year Report released on 29 September 2023. The Board acknowledged the outcome of the votes in its communications after the meetings and was subsequently in contact with a number of Shareholders to establish the reasons for their votes against those Resolutions and to assure them that their concerns had been acknowledged. The Board continues to consult Shareholders regularly and has put in place many suggestions made by Shareholders.

ROLE OF THE BOARD

A management agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager has authority. This includes management of the Company's assets and some marketing services. The Board is collectively responsible for the success of the Company, and a formal schedule of matters reserved to the Board for decision has been approved, which is available on the Company's website (https://vpcspecialtylending.com). This includes strategy and management, Board and committee membership and other appointments, appointment and oversight of delegates, corporate structure and share capital, remuneration, financial reporting and controls, company contracts, internal controls, corporate governance and policies.

The Board is responsible for the approval of annual and half-year results and other public documents. It is also responsible for ensuring that such documents provide a fair, balanced and understandable assessment of the Group's position and prospects.

The Board's role is to provide leadership within a framework of prudent and effective controls that enable risk to be assessed and managed. It is responsible for setting the Company's standards and values and for ensuring that its obligations to its Shareholders and other stakeholders are understood and met. The Board sets the Company's strategic aims (subject to the Company's Articles of Association and to such approval of the Shareholders in General Meeting as may be required from time to time) and ensures that the necessary resources are in place to enable the Company's objectives to be met.

The Board meets formally at least seven times a year, with additional ad hoc Board or Committee meetings arranged when required. The Directors have regular contact with the Investment Manager and Company Secretary between formal meetings.

Full and timely information is provided to the Board to enable it to function effectively and to allow Directors to discharge their responsibilities.

At each meeting, the Directors follow a formal agenda, which includes a review of the Company's NAV, share price, discount, financial position, gearing levels, peer group performance, investment performance, asset allocation and transactions and any other relevant business matters to ensure that control is maintained over the affairs of the Company. The Board monitors compliance with the investment restrictions required by the FCA and s1158 of the Corporation Tax Act 2010, the Company's objectives, investment, borrowing and hedging policies and reviews the investment strategy. The Board regularly receives reports from the Investment Manager on marketing and investor relations. The proceedings at all Board and Committee meetings are recorded by the Company Secretary through a process that allows any Director's concerns to be recorded in the minutes.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every Director has to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

BOARD COMPOSITION

The Board is chaired by Graeme Proudfoot, who was appointed with effect from 24 June 2021. The Board consists of three non-executive Directors who have all served throughout the period. All current members of the Board are regarded as independent of the Company's Investment Manager.

The Directors have a breadth of investment, financial and professional experience relevant to the Company's business and brief biographical details of each Director are set out on page 95.

During the period, the Board satisfied itself that all Directors were and remain able to commit sufficient time to discharge their responsibilities to the Company's affairs effectively, having given due consideration to their other commitments.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which may be found below.

TENURE

Directors are generally initially appointed by the Board until the following AGM when, as required by the Company's Articles of Association, they will stand for election by Shareholders. Thereafter, a Director's appointment is subject to an annual performance evaluation and the approval of Shareholders at each AGM, in accordance with corporate governance best practice.

Under the Articles of Association, Shareholders may remove a Director before the end of his or her term by passing a special resolution at a meeting and may, by ordinary resolution, appoint another person who is willing to act as a Director in his or her place. A special resolution is passed if more than 75% and an ordinary resolution if more than 50% of the votes cast, in person or by proxy, are in favour of the resolution. In addition, as set out in the Company's Articles of Association, a person ceases to be a Director as soon as that person has for more than six consecutive months been absent, without permission of the Directors, from meetings of Directors held during that period and Directors make a decision to vacate that person's office. During the period of review, no Director has missed six consecutive meetings.

In accordance with the above and the AIC Code, all Directors will stand for election or re-election at the 2024 AGM. The contribution and performance of the Directors seeking election or re-election was reviewed by the Nomination Committee at its meeting in February 2024, which recommended to the Board their continuing appointment. Biographies of each Director are available on page 95. It is the Board's view that the Directors' biographies illustrate why each Director's contribution is and continues to be, important to the Company's long-term sustainable success.

The Board has adopted a formal tenure policy for Directors based on a continual review of performance. The Board does not believe that length of service in itself necessarily disqualifies a Director from seeking reappointment but, when making a recommendation, the Board takes into account the on-going requirements of the UK Corporate Governance Code (the "Code"), including the need to refresh the Board and its Committees. It is not anticipated that any of the Directors would normally serve in excess of nine years. In exceptional circumstances, which would be fully explained to Shareholders at the time, a short extension might be appropriate.

Directors' tenure is reviewed by the Nomination Committee with the objective of ensuring that the Board complies with the Code and has the correct mixture of skills, experience and abilities to support the Company's affairs.

Similarly, it is not anticipated that the Chair will normally serve in excess of nine years. However, given the entirely non-executive nature of the Board and as the Chair may not be appointed as such at the time of their initial appointment as a Director, in exceptional circumstances, which would be fully explained at the time, a short extension might be appropriate. As with all Directors, the continuing appointment of the Chair is subject to on-going review of performance, including a satisfactory annual evaluation, annual re-election by Shareholders and may be further subject to the particular circumstances of the Company at the time he or she intends to retire from the Board.

GOVERNANCE continued

DIVERSITY

The Directors acknowledge the benefits of Board diversity and continual review of the Board's and individual Directors' effectiveness while seeking to retain a balance of knowledge of the Company, diversity and continuity in the relationship with the Investment Manager. The Board has adopted a Diversity Policy in line with its commitment to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board.

The Board is aware of the new Listing Rule, which incorporates the recommendations of the Parker Hampton-Alexander Reviews, which considered how ethnic, cultural and gender diversity could be improved on UK boards. The Board has discussed the new ethnic diversity disclosures required, namely, that from accounting periods starting on or after 1 April 2022:

- at least 40% of individuals on the Board to be women;
- at least one senior Board position to be held by a woman; and
- at least one individual on the Board to be from a minority ethnic background.

In accordance with Listing Rule 9 Annex 2.1, the below table, in prescribed format, shows the gender of the Directors at the year end. The data below was collected through self-reporting by the Directors.

Gender identity or sex	Number of Board members	Percentage on the Board (%)	Number of senior positions on the Board
Men	3	100	1
Women	–	–	–
Not specified/prefer not to say	–	–	–

Ethnic background	Number of Board members	Percentage on the Board (%)	Number of senior positions on the Board
White British or other White (including minority white groups)	2	66	1
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	1	33	–
Not specified/prefer not to say	–	–	–

The Board is mindful that, at present, it does not comply with the new ethnic and gender representation requirements, and the Board, via the Nomination Committee, is taking appropriate steps to ensure that Board succession planning takes these diversity requirements into consideration.

INDUCTION AND TRAINING

On appointment, the Investment Manager and Company Secretary provide new Directors with induction training as appropriate. The training covers the Company's investment strategy, policies and practices. The Directors are also given regular briefings on changes in law and regulatory requirements that affect the Company and the Directors. It is the Chair's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role, and Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies. Regular reviews of Directors' training needs are carried out by the Chair by means of the evaluation process described below.

The Directors have access to the advice and services of the Company Secretary through its appointed representative, who is responsible for general secretarial functions and for assisting the Company with compliance with its continuing obligations as a company listed on the premium segment of the Official List. The Company Secretary is also responsible for ensuring good information flows between all parties.

BOARD COMMITTEES

Directors are members of each of the Committees, as this was deemed appropriate given the size and nature of the Board. Each of the Committees has formal terms of reference established by the Board, which are available on the Company's website (https://vpcspecialtylending.com).

Unless invited to attend by the Committee's Chair or members, only members of the Committees are entitled to be present at Committee meetings. An outline of the remit of each of the Committees and their activities during the period are set out below.

Audit and Valuation Committee

The Company's Audit and Valuation Committee meets at least twice during the year and is chaired by Oliver Grundy.

The main responsibilities of the Audit and Valuation Committee are set out below. The Company's Audit and Valuation Committee Report is on pages 114 to 116.

The Audit and Valuation Committee is responsible for monitoring the integrity of the financial statements of the Group and any other formal announcements in relation to its financial performance. On an annual basis, it reviews the adequacy and effectiveness of the Group's financial reporting and internal control policies. The Committee reviews the scope, results, cost effectiveness, independence and objectivity of the external auditor and makes recommendations to the Board in relation to the appointment, re-appointment and removal of the Company's Auditor.

Management Engagement Committee

The Management Engagement Committee is chaired by Oliver Grundy and meets at least once a year or more often if required.

The Management Engagement Committee is principally responsible for reasonably satisfying itself that the IMA is fair and its terms remain appropriate, relevant, competitive and sensible.

It also reviews the systems put in place by the Investment Manager, including those relating to compliance. It annually reviews the performance and fees of the Investment Manager in order to make a recommendation to the Board regarding its continued appointment. In addition, it reviews and considers the appointment and remuneration of providers of services to the Company.

During the year, the Management Engagement Committee met once to consider the performance of the service providers and Investment Manager. Following the recommendation from the Management Engagement Committee, the Board agreed that the continuing appointment of the Investment Manager on the current terms (as summarised on pages 112 and 113 was in the interest of the Shareholders as a whole. This is primarily driven by the Investment Manager's extensive experience and impressive track record in the asset-backed lending sector.

Nomination Committee

The Nomination Committee is chaired by Mark Katzenellenbogen and meets at least once a year or more often if required. The Nomination Committee is responsible for considering the structure, size and composition of the Board. It considers recommendations to Shareholders concerning the (re)election of the Directors and is also responsible for considering succession planning.

The Nomination Committee is also responsible for conducting an annual performance evaluation of the Board, the Board's Committees, and individual Directors. The results of the annual performance review are reviewed by the Committee, and appropriate recommendations are made to the Board.

During the period, the Nomination Committee met four times.

Disclosure Committee

In response to the Market Abuse Regulation, the Board has established a Disclosure Committee. The principal role of the Committee is to monitor the implementation of procedures for identifying inside information when it arises and ensuring the Company complies with its disclosure and other obligations in respect of such inside information.

The Disclosure Committee is chaired by Mark Katzenellenbogen. The other members are any one of the other independent non-executive Directors and a senior executive of the investment manager. The performance of the Investment Manager in its submissions to the Disclosure Committee forms part of the overall review of the performance of the Investment Manager by the Management Engagement Committee. Since the last Annual Report, the Disclosure Committee has not met as a separate entity, but disclosure issues are regularly discussed at Board Meetings, and related decisions are taken in relation to dealing with restrictions and non-public material information. The Investment Manager regularly provided papers and updated the Board on items as they related to the Market Abuse Regulation as a part of the Board meetings.

The need for a Disclosure Committee meeting is assessed at the end of each Board meeting.

GOVERNANCE continued

BOARD AND COMMITTEE MEETING ATTENDANCE

The Board has at least seven scheduled meetings a year and meets more often if required. Directors' attendance at Board and Committee meetings held during the year to 31 December 2023 is set out in the below table:

DIRECTOR	BOARD[1]	AUDIT AND VALUATION COMMITTEE[1]	MANAGEMENT ENGAGEMENT COMMITTEE[1]	NOMINATION COMMITTEE[1]
Oliver Grundy	11 (11)	6 (6)	1 (1)	2 (2)
Mark Katzenellenbogen	10 (11)	6 (6)	1 (1)	2 (2)
Elizabeth Passey	6 (7)	3 (3)	Nil	1 (1)
Clive Peggram	7 (7)	3 (3)	Nil	1 (1)
Graeme Proudfoot	11 (11)	6 (6)	1 (1)	2 (2)

BOARD RESPONSIBILITIES AND RELATIONSHIP WITH INVESTMENT MANAGER

The Board has overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of all suppliers of services to the Company, including the Investment Manager. It is also responsible for the determination of the Company's investment policy and strategy and the Company's system of internal and financial controls, including ensuring that commercial risks and financing needs are properly considered and that the obligations of a public limited company are adhered to.

To assist the Board in the day-to-day operations of the Company, arrangements have been put in place to delegate authority for the performance of day-to-day operations of the Company to the Investment Manager and other third-party service providers. The Board has appointed the Investment Manager to manage the Company's investment portfolio within guidelines set by the Board. The Investment Manager has been actively involved in the asset-backed lending marketplace and has made investments and commitments across multiple Portfolio Companies, geographies (US, UK, Europe and Caribbean), products (consumer and business) and structures (senior credit facilities).

The Investment Manager is in frequent contact with the Board and supplies the Directors with regular updates on the Company's activities and detailed reports at each Board meeting.

Summary of Investment Management Agreement

Under the IMA dated 26 February 2015 between the Company and the Investment Manager, the Investment Manager is appointed to act as investment manager and Alternative Investment Fund Manager ("AIFM") of the Company with responsibility for portfolio management and risk management of the Company's investments.

Under the terms of the IMA, the Investment Manager is entitled to a management fee together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties. The Investment Manager is also entitled to a performance fee in certain circumstances (see further below). Further documentation of the fees is included in Note 10 of the financial statements on pages 83 and 84.

The IMA shall continue in force until and unless terminated by any party giving to the other not less than six months' notice in writing to terminate the same. The Management Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or material breach of agreement. The Company has given an indemnity in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the IMA.

In 2016, the Company and the Investment Manager agreed on an amendment to the IMA. Under the revised agreement, the Investment Manager agreed to invest 20% of its monthly management fee received from the Company into shares in the Company at the prevailing market price on an on-going basis, provided that the shares are trading at a discount to the prevailing net asset value and the Investment Manager does not hold more than 10% of the voting rights of the Company. Since 2016, the Investment Manager has acquired 4,496,991 Ordinary Shares in the Company through this mechanism.

[1] The number in brackets denotes the number of meetings each Director was entitled to attend. In addition, during the course of the year the Board delegated to a sub-committee specific remit for consideration and recommendation but with the final responsibility in these areas remaining with the Board.

In 2017, the Company and Investment Manager agreed to the introduction of a performance 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 is 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.

In 2023, the Company and Investment Manager agreed on an amendment to the IMA, making changes to both the performance fee and management fee. The performance fee was restructured so that a fee will only be earned after the High Water Mark NAV Amount is returned to the Shareholders through the orderly realisation of the Company's assets with effect from 1 January 2023. The management fee was restructured to remove the requirement from 2016 to invest 20% of the management fee to purchase shares in the Company at the prevailing market price and that the management fee would be subject to a minimum amount once the Net Asset Value is reduced to less than £50 million over a three-year period. These amendments to the IMA were approved by Shareholders at the General Meeting on 12 June 2023 date.

Continuing appointment of the Investment Manager

It is considered that the Investment Manager has executed the Company's investment strategy according to the Board's expectations. Accordingly, the Directors believe that the continuing appointment of Victory Park Capital Advisors, LLC as the Investment Manager of the Company, on the terms agreed, is in the best interests of the Company and its Shareholders as a whole.

This statement was approved by the Board of Directors and signed on its behalf by:

Link Company Matters Limited
Company Secretary

23 April 2024

GOVERNANCE continued

AUDIT AND VALUATION COMMITTEE REPORT

MEMBERSHIP OF THE COMMITTEE

The Audit and Valuation Committee (the "Committee") meets at least two times a year and met six times during 2023. All the Directors are members of the Committee, and Oliver Grundy is the Chair. At least one member of the Committee has recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector within which the Company operates. Representatives of the Auditors also attend and present at meetings of the Committee. The other Directors considered that it was appropriate for Graeme Proudfoot as Chair of the Board to be a member of, but not chair, the Committee due to the Board's small size, the lack of perceived conflict of interest, and because the other Directors believe that Graeme Proudfoot continues to be independent. The Investment Manager's management team also attends meetings of the Committee by invitation.

THE ROLE OF THE AUDIT AND VALUATION COMMITTEE

The responsibilities of the Committee are set out in the AIC Code, Disclosure Guidance and Transparency Rule 7.1 and the Committee's terms of reference. These include that it shall:

- monitor the integrity of the financial statements of the Group and any other formal announcements relating to its financial performance;
- review and challenge, where necessary, the Group's financial statements;
- review annually the adequacy and effectiveness of the Group's financial reporting and internal control policies and procedures, including related reporting;
- review the Investment Manager's whistleblowing procedures, adequacy and effectiveness of the compliance function and its financial viability when required;
- review the adequacy and security of the Group's arrangements for its contractors to raise concerns, the Group's service providers' procedures for detecting fraud, the Group's systems and controls for the prevention of bribery and receive reports on non-compliance;
- review all reports on the Group from the Investment Manager's operational control function and consider annually whether there is a need for an internal audit function;
- oversee the relationship with the external auditor, including considering and making recommendations to the Board in relation to their appointment, reappointment and removal, including in relation to any tender for the audit service, including approval of audit fees and non-audit services and fees;
- recommend valuations of the Group's investments to the Board and monitor the integrity of the recommended valuations made by the Investment Manager;
- review the content of the annual report and financial statements and advise the Board on whether taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's performance, business model and strategy;
- report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities; and
- review and recommend to the Board for approval the Company's dividend.

MATTERS CONSIDERED IN THE YEAR

The principal matters considered by the Committee were as follows:

- the internal controls, including cyber security and risk management of the Group and Investment Manager;
- the Auditors' fees;
- the timetable for the approval, announcement and distribution of dividends;
- the valuation of loans and equity, including valuation policy;
- the plan for the audit of the Group's Annual Financial Statements;
- the Group's half-year financial statements and Annual Financial Statements;
- making recommendations to the Board regarding interim dividend payments;
- key risks in relation to the Group's financial statements (see page 116 for more details);
- the Group's expected credit loss reserving policy;
- the Group's non-audit services policy;
- the Viability and Going Concern statements, particularly in the light of the managed wind down of the company;
- its own performance as a Committee and its terms of reference; and
- the review of investee companies and their association to Russia.

INTERNAL AUDIT

The Board has considered the need for an internal audit function, and it has decided that the systems and procedures employed by the Investment Manager and the other third-party providers in relation to the Group give sufficient assurance that a sound system of internal control, which safeguards the Group's assets, is maintained. An internal audit function specific to the Group is therefore considered unnecessary. The requirement, however, will be re-visited on an annual basis in accordance with the Committee's terms of reference.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Committee is responsible for satisfying itself that the accounting and internal control systems of the Company, the Investment Manager and other service providers are appropriate and adequate. The Committee has received reports from the Investment Manager for the purpose of reviewing the control mechanisms in place, and the Committee is satisfied that the relevant legal and regulatory requirements have been met. The Committee is also responsible for ensuring that compliance is under proper review and is provided with an update and reports from the Investment Manager at regular Committee meetings.

Risk is inherent in the Group's activities, and accordingly, the Company has established a risk map consisting of the key risks and controls in place to mitigate those risks. The risk map provides a basis for the Committee and the Board to monitor the effective operation of the controls and to update the matrix when new risks are identified.

The Investment Manager is responsible for operating the Group's internal system of control and for initially reviewing its effectiveness. Such systems are, however, designed to minimise risk rather than eliminate risk; they can provide only reasonable and not absolute assurance against material misstatement of loss. The Management Engagement Committee carries out reviews at least annually of the performance of the Investment Manager as well as the other service providers appointed by the Group.

The following are the key components which the Group has in place to provide effective internal control:

- The Board has agreed to clearly defined investment criteria and platform restrictions, which specify levels of authority and exposure limits. The Investment Manager regularly reports to the Audit and Valuation Committee on compliance with these criteria.
- The Board has a procedure to ensure that the Company can continue to be approved as an investment company by complying with sections 1158/1159 of the Corporation Tax Act 2010.
- The Investment Manager and Administrator prepare forecasts and management accounts covering investment activities and financial matters, which allow the Committee to assess the Group's activities and review its performance.
- Contractual arrangements with the Investment Manager and other third-party service providers are in place, which specifically define their roles and responsibilities to the Group.
- The services and controls of the Investment Manager and other third-party service providers are subject to review by the Management Engagement Committee on an on-going basis. Regular reports are provided to the Board by the Administrator and the Depositary.

The Investment Manager's operations and compliance departments continually review the Investment Manager's operations and report to the Committee. The Investment Manager works with the Committee to comply in all material respects with rules and requirements of governmental authorities (as modified or re-enacted from time to time) applicable to it and obtain appropriate advice with a view to assisting the Company in its compliance with the laws, rules and regulations (including, without limit, those relating to environmental matters) prevailing in each jurisdiction in which the Group may invest.

The Committee recognises that these control systems can only be designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Discussion of the Group's principal risks is on pages 17 to 20.

EXTERNAL AUDIT

The Company's Auditors, PricewaterhouseCoopers LLP ("PwC"), were appointed in 2015. The Committee monitors the Company's relationship with the Auditors and has discussed and considered their independence and objectivity. The Auditors also provide confirmation that they are independent within the meaning of all regulatory and professional requirements and that objectivity of the audit is not impaired. The Committee is, therefore, satisfied that PwC was independent, especially considering the term of appointment to date, and will continue to monitor this position. Under the Financial Reporting Council's regulations, the Company is required to re-tender, at the latest, by 2025. The Committee intends to retender within this timeframe. Ethical standards generally require the rotation of the lead audit partner every five years for a listed client. Claire Sandford has acted as lead audit partner since 2020.

GOVERNANCE continued

The Auditors are invited to attend Committee meetings and meet with the Committee and its Chair without the presence of the Investment Manager. After the external audit has been completed, the Committee obtains feedback on the conduct of the audit.

Following the completion of the audit, the Committee reviewed PwC's effectiveness by:

- discussing the overall risk-based audit process and the audit procedures taken to address the identified significant risks;
- considering feedback on the audit provided by the Investment Manager and the Administrator; and
- considering the experience, involvement of specialists and continuity of the audit team, including the audit partner.

The Audit and Valuation Committee has considered the significant risks identified by the audit team during the audit of the financial statements for the year. The feedback provided by the Investment Manager and by the Administrator regarding the audit team's performance on the audit is positive. The Committee acknowledged that the audit team, including the audit partner, comprised staff with appropriate levels of knowledge and experience of the investment trust sector. Accordingly, the Committee has recommended to the Board that PwC be re-appointed as Auditors at the forthcoming AGM. PwC has confirmed its willingness to continue in office.

AUDIT FEES AND NON-AUDIT SERVICES

The breakdown of fees between audit services and non-audit services for the period is provided in Note 10 of the financial statements. There were no non-audit services rendered during the year.

The Committee reviews and approves in advance the provision of non-audit services during the year by the Auditors, taking into account the recommendations of the Financial Reporting Council. There were no non-audit services provided during the year, and the Committee does not believe there was any impediment to the Auditors' objectivity and independence from doing this work during the period.

SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT AND VALUATION COMMITTEE

After discussion with the Investment Manager and the Auditors, the Committee determined that the significant issues considered by the Committee in the context of the Group's financial statements were:

SIGNIFICANT AREA	HOW ADDRESSED
Valuation of unquoted investments reported at fair value through profit or loss.	Investments that are unlisted or not actively traded are valued using a variety of techniques to determine a fair value, as set out in the accounting policies note on beginning on page 48, and all such valuations are carefully reviewed by the Investment Manager's valuation committee as well as the Committee. Actively traded listed investments are valued using stock exchange prices provided by third party pricing vendors.
Expected credit losses on loans reported at amortised cost	The Investment Manager values the loans at amortised cost and monitors the performance and repayment of the loans to assess whether any expected credit losses exist, as set out in the accounting policies note beginning on page 48. The valuation approach has been reviewed by the Investment Manager's valuation committee as well as the Committee.
Fraud in income recognition	The Investment Manager recognises income as revenue return provided that the underlying assets of the investments comprise solely income generating loans, or investments in lending Portfolio Companies which themselves generate net interest income. The Committee has reviewed income recognition with the Investment Manager and has inquired with the Auditors regarding the testing performed over income recognition and the conclusions reached.

These issues were discussed with the Investment Manager and the Auditors at the time the Committee reviewed and agreed to the Audit plan for the year. After full consideration, the Committee was also content with the judgements made by the Investment Manager in respect of the key risks.

For and on behalf of the Audit and Valuation Committee

Oliver Grundy
Audit and Valuation Committee, Chair

23 April 2024

DIRECTORS' REMUNERATION REPORT

ANNUAL STATEMENT FROM THE CHAIR

This Directors' Remuneration Report for the year ended 31 December 2023 has been prepared in accordance with Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and, alongside this Annual Statement, comprises two separate parts: the Annual Report on Remuneration and the Directors' Remuneration Report.

The Annual Report on Remuneration sets out payments made to the Directors during the period. This report, including this Annual Statement, is subject to an advisory vote by Ordinary Resolution at the Company's forthcoming AGM. The Directors' Remuneration Report is forward-looking and was approved by Shareholders at the Company's last AGM in June 2022. The resolution at the 2022 AGM to approve the Directors' Remuneration Report was passed with 99.95% of the votes 'for'. The current Shareholder approved policy governs the remuneration of the Directors for a period of three years, expiring at the AGM in 2023 (and was passed with 99.95% of the votes 'for'). Any views expressed by Shareholders on the remuneration being paid to Directors will be taken into consideration by the Board.

At the 2023 AGM, Shareholders approved some procedural changes to the Directors' Remuneration Policy set out below. A resolution to approve the policy must be put to Shareholders at least every three years, the current policy having been approved by Shareholders at the 2023 AGM.

During the year, the Directors reviewed the need for the Company to have a separate Remuneration Committee. Due to the nature and structure of the Company, it was agreed that the role and duties of a Remuneration Committee can continue to be fulfilled by the Board.

The Directors of the Company are all Non-Executive and receive a fee per annum, which for the year ended 31 December 2023 was £55,000 for the Chair and £33,000 for the other Directors. The Chair is entitled to a higher fee to reflect the additional work required to carry out the role. The Chair of the Audit and Valuation Committee receives an additional fee of £5,500 per annum for taking on this responsibility. Throughout 2023, no Director received any additional fees in addition to the salary.

DIRECTORS' REMUNERATION POLICY

The components of the remuneration package for the Company's Non-Executive Directors, which comprise the Directors' Remuneration Policy, are set out below:

REMUNERATION TYPE	DESCRIPTION AND APPROACH TO DETERMINATION
Fixed fees	The Directors are permitted to discuss but not to decide their own remuneration fee. Directors' decisions on remuneration are guided by a number of factors and with guidance from the Company's brokers, and Company Secretary. Directors' remuneration is also considered with regard to time commitment, the Company's AIC peer group and other economic factors impacting the Company. These fees shall not exceed £500,000 per annum, divided between the Directors as they may determine.
Additional fees	If any Director, being willing and having been called upon to do so, shall render or perform extra or special services of any kind, including services on any Committee of the Board, or shall travel or reside abroad for any business or purposes of the Company, he or she shall be entitled to receive such sum as the Board may think fit for expenses, and also such remuneration as the Board may think fit, either as a fixed sum or as a percentage of profits or otherwise, and such remuneration may, as the Board shall determine, be either in addition to or in substitution for any other remuneration he or she may be entitled to receive.

GOVERNANCE continued

REMUNERATION TYPE	DESCRIPTION AND APPROACH TO DETERMINATION
Expenses	The Directors shall be entitled to be paid all expenses properly incurred by them in connection with their attendance at Director or Shareholder meetings or otherwise in connection with the discharge of their duties as Directors of the Company.
Other	Directors are not eligible for bonuses, share options, long-term incentives schemes or other performance-related benefits. There are no pension arrangements in place for the Directors of the Company.

Directors' fee levels

COMPONENT	ROLE	RATE AS AT 31 DECEMBER 2023	PURPOSE OF REMUNERATION
Annual fee	Chair of the Board	£55,000	Commitment as Chair of the Board[1]
Annual fee	Non-executive Director	£33,000	Commitment as non-executive Director[2]
Additional fee	Chair of the Audit & Valuation Committee	£5,500	For additional responsibilities and time commitments[3]
Additional fee	All Directors	Nil	No additional payments were made in 2023[4]

The Board's policy is that the remuneration of all non-executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments. The level of remuneration reflects the specific circumstances of the Company, the duties and responsibilities of the Directors, and the value and amount of time committed to the Company's affairs. The Board notes that the remuneration of the non-executive Directors may be subject to review in the future to ensure that the future needs and development of the Company are met.

The Directors hold their office in accordance with the Company's Articles of Association and their appointment letters. No Director has a service contract with the Company, and there are no notice periods. On termination of their appointment, Directors should only be entitled to accrued fees as at the date of termination, together with reimbursement of any expenses properly incurred to that date.

Fees of any new Director appointed will be on the above basis and are likely to be in-line with the fees of existing Directors. Fees payable in respect of subsequent periods will be determined following an annual review. The Company has no employees other than its Directors, who are all Non-Executive. When considering the level of fees, the Board will evaluate the contribution and responsibilities of each Director and the time spent on the Company's affairs. Following approval of the Directors' Remuneration Policy by Shareholders at the AGM in June 2023, the Company believes the remuneration of Directors to be appropriate given the nature of the Company. The remuneration of Directors will be reviewed against its AIC peer group organisations with reference to the specific circumstances of the Company and the time committed by the Directors to the Company's affairs. The current fees are also within the limits set out in the Company's Articles of Association, which prohibit the total aggregate annual fees payable to the Directors in respect of any financial period to exceed £500,000 per annum. Any views expressed by Shareholders on the fees being paid to Directors would be taken into consideration by the Board.

[1] The Chair of the Board is paid a higher fee than the other Directors to reflect the more onerous role.
[2] The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to £500,000 per annum.
[3] The Chair of the Audit & Valuation Committee is paid a higher fee than the other Directors to reflect the more onerous role.
[4] Additional fees would only be paid in exceptional circumstances in relation to the performance of extra or special services.

ANNUAL REPORT ON REMUNERATION

Service Contracts Obligations and Payment on Loss of Office

No Director has a service contract with the Company and, as such, is not entitled to compensation payments upon termination of their appointment or loss of office.

Total Remuneration Paid to Each Director (Audited)

DIRECTORS' REMUNERATION	31 DECEMBER 2023 £	31 DECEMBER 2022 £
Oliver Grundy[1]	38,500	38,500
Mark Katzenellenbogen	33,000	33,000
Clive Peggram[2]	8,250	33,000
Elizabeth Passey[3]	8,250	33,000
Graeme Proudfoot[4]	55,000	55,000
Total	143,000	192,500

The annual percentage change in remuneration paid to the Directors is set out in the table below:

DIRECTORS' REMUNERATION	31 DECEMBER 2023 £	31 DECEMBER 2022 £	% CHANGE FROM 2022 TO 2023	% CHANGE FROM 2021 TO 2022	% CHANGE OVER 5 YEARS ROLLING TO 2023[5]
Oliver Grundy[6]	38,500	38,500	0	27	0
Mark Katzenellenbogen[7]	33,000	33,000	0	–11	0
Clive Peggram[8]	8,250	33,000	–75	–5	10
Elizabeth Passey	8,250	33,000	–75	0	10
Graeme Proudfoot	55,000	55,000	0	24	67

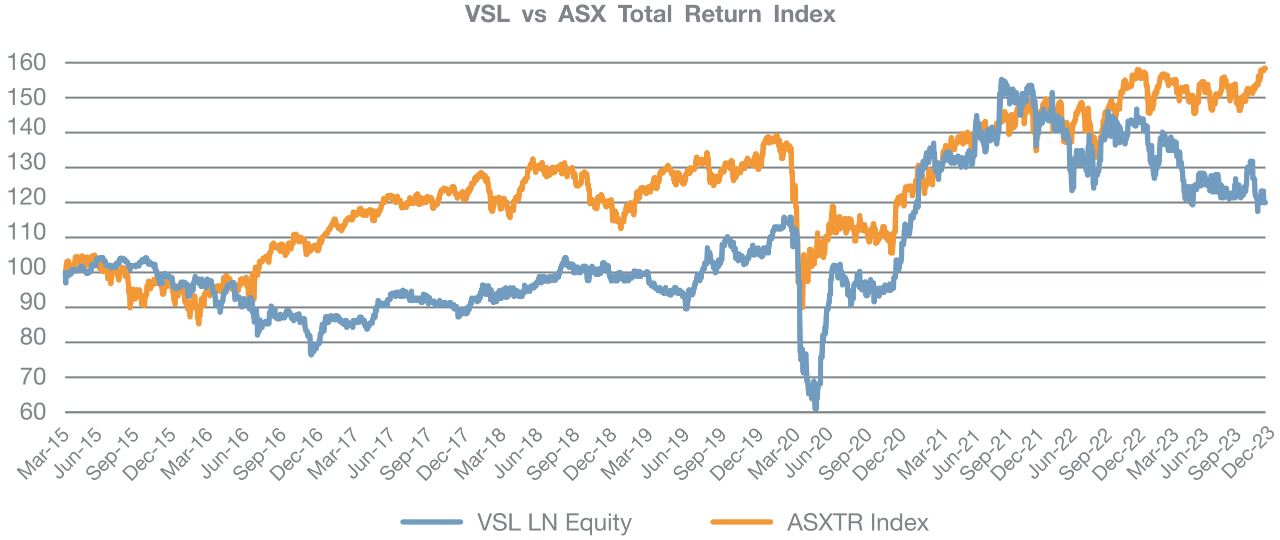
No Director is eligible for any pension entitlements.

[1] Oliver Grundy was appointed as a Director on 12 March 2021.
[2] Clive Peggram resigned as a Director on 23 June 2023.
[3] Elizabeth Passey resigned as a Director on 23 June 2023.
[4] Graeme Proudfoot was appointed as Chair of the Board at the Company's AGM in 2021.
[5] Based on full year adjusted figures.
[6] Oliver Grundy was appointed as a Director on 12 March 2021.
[7] Mark Katzenellenbogen was paid an additional fee for work done in 2021.
[8] Clive Peggram was paid an additional fee for work done in 2021.

GOVERNANCE continued

Share Price Total Return

The graph below compares the Shareholder return on the Company's Shares compared to that of the FTSE All-Share Total Return Index ("ASX Total Return Index") from 16 March 2015 to 31 December 2023. The Board has adopted this measure for the Company's performance as there is no widely used comparative benchmark for the underlying credit assets that the Company invests in.



Source: Bloomberg.

This graph assumes that on the respective placing dates, £100 was invested in the Ordinary Shares and the FTSE All-Share Total Return Index. The graphs also assume the reinvestment of all cash dividends received prior to any tax effect at the closing share price on the day the dividend was paid.

Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on pay.

	2023 £	2022 £
Total Directors' Remuneration	143,000	192,500
Total Share Buyback	Nil	Nil
Total Dividend Payments	22,262,111	22,262,111

The 2023 total dividend payments above include the fourth quarter dividend to be paid in the first quarter of 2024. Refer to Note 15 in the financial statements for further disclosures on the total dividend payments.

Remuneration Advisors

The Board has not sought the advice or service by any outside person in respect of its consideration of the Directors' remuneration.

Directors' Interests (Audited)

There is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold shares in the Company.

The interests of the Directors in the shares of the Company at the end of the period under review were as follows:

DIRECTOR		31 DECEMBER 2023	31 DECEMBER 2022
Oliver Grundy	Number of Ordinary Shares	30,000	30,000
Mark Katzenellenbogen	Number of Ordinary Shares	215,000	215,000
Graeme Proudfoot	Number of Ordinary Shares	130,000	130,000

Implementation of Policy in the Next Year

There are no changes proposed to the remuneration policy in the next year.

Amendments to the remuneration policy will be proposed to Shareholders at the 2024 AGM. The changes to the remuneration policy will seek approval for:

- Directors will be permitted to discuss but not decide their own remuneration; and
- Any discussions on Directors' remuneration shall take into consideration comparative data retrieved and reviewed against the Company's AIC peer group.

The Directors believe that the changes proposed to the remuneration policy will continue to enable the Company to attract and retain individuals of a calibre appropriate to the future development of the Company. It shall also promote increased transparency with remuneration supported by factual data obtained from the industry peer group.

Approval

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Implementation summarises, as applicable, for the year to 31 December 2023:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes, if any, occurred and decisions have been taken.

This report was approved by the Board of Directors on 23 April 2024 and signed on its behalf by

Graeme Proudfoot
Chair

23 April 2024

GOVERNANCE continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The Directors are responsible for safeguarding the assets of the group and company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report and the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Strategic Report and Directors' Report, confirm that, to the best of their knowledge:

- the group and company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the group and company and of the loss of the group; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board:

Graeme Proudfoot
Chair

23 April 2024

REGULATORY DISCLOSURES

AIFMD DISCLOSURES

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), the Company is an Alternative Investment Fund ("AIF") and has appointed Victory Park Capital Advisors, LLC as its Alternative Investment Fund Manager (the "AIFM") to provide portfolio management and risk management services to the Company in accordance with the IMA.

The Company is categorised as an externally managed European Economic Area ("EEA") domiciled AIF for the purposes of the AIFMD. Since the Investment Manager is a non-EEA AIFM, the Investment Manager is only subject to the AIFMD to the extent that it markets an EEA AIF in the EEA. Accordingly, the Investment Manager is required to make only certain financial and non-financial disclosures.

REPORT ON REMUNERATION

AIFMs are obliged to publish certain information for investors and prospective investors, and that information may be found either in this annual report or on the Company's website. Any information on remuneration not already disclosed in the remuneration report will be provided to investors on request.

RISK DISCLOSURES

The financial risk disclosures relating to risk framework, gearing and liquidity risk, as required in accordance with the AIFMD, are set out on pages 17 to 20 and in Note 6 of the financial statements.

PRE-INVESTMENT DISCLOSURES

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. The Company's prospectus, which sets out information on the Company's investment strategy and policies, gearing, risk, liquidity, administration, management, fees, conflicts of interest and other Shareholder information, is available on the Company's website. There have been no material changes to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

INFORMATION TO BE DISCLOSED IN ACCORDANCE WITH LISTING RULE 9.8.4R

The following table provides cross-references to where the relevant required information by Listing Rule 9.8.4R for the Period is disclosed.

SECTION	LISTING RULE REQUIREMENT	LOCATION
9.8.4 (1)	A statement of the amount of interest capitalised during the period under review and details of any related tax relief.	Not applicable
9.8.4 (2)	Information required in relation to the publication of unaudited financial information.	Not applicable
9.8.4 (4)	Details of any long-term incentive schemes.	Not applicable
9.8.4 (5), (6)	Details of any arrangements under which a Director has waived emoluments or agreed to waive any future emoluments from the company.	Not applicable
9.8.4 (7)	Details of any non-pre-emptive issues of equity for cash.	Not applicable
9.8.4 (8)	Details of any non-pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking.	Not applicable
9.8.4 (9)	Details of parent participation in a placing by a listed subsidiary.	Not applicable
9.8.4 (10)	Details of any contract of significance with the Company (or one of its subsidiaries) with respect to which a Director or controlling Shareholder is material interested.	Not applicable
9.8.4 (11)	Details of any contract of significance for the provision of services to the Company (or one of its subsidiaries) by a controlling Shareholder.	Not applicable
9.8.4 (12), (13)	Details of waiver of dividends by a Shareholder.	Not applicable
9.8.4 (14)	Board statement in respect of relationship agreement with the controlling Shareholder.	Not applicable

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

INVESTMENT OBJECTIVE

The Company's investment objective is to conduct an orderly realisation of the assets of the Company, to be effected in a manner that seeks to achieve a balance between returning cash to Shareholders promptly and maximising value.

INVESTMENT POLICY

The Company's investments will be realised in an orderly manner, that is, with a view to achieving a balance between returning cash to Shareholders promptly and maximising value.

Until 30 June 2023, the Company was able to make new investments directly (in aggregate) up to 5 percent of its Gross Assets (at the time of the investment) in consumer loans, SME loans, advances against corporate trade receivables and/or purchases of corporate trade receivables originated by portfolio companies ("Debt Instruments").

Following this period, the Company may not make any new investments save that: (a) investments may be made to honour existing documented contractual commitments to existing Portfolio Companies as a majority of the Company's investments are delayed draw term loans; (b) further investment may be made into the Company's existing investments without redemption rights in order to preserve the value of such investments; and (c) realised cash may be invested in cash or cash equivalents, government or public securities (as defined in the rules of the UK Financial Conduct Authority), money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" (or equivalent) or higher credit rating as determined by any internationally recognized rating agency selected by the Directors of the Company (which may or may not be registered in the European Union) ("Cash Instruments") pending its return to Shareholders in accordance with the Company's investment objective.

Any return of proceeds to the Shareholders will be subject to compliance with existing gearing facilities and hedging arrangements, payment of expenses and reserves for potential liabilities.

The Company will continue to comply with the restrictions imposed by the Listing Rules.

INVESTMENT RESTRICTIONS

The following investment limits and restrictions apply to the Company, to ensure that the diversification of the Company's portfolio is maintained, and that concentration risk is limited.

PLATFORM RESTRICTIONS

Subject to the following, the Company generally does not intend to invest more than 20% of its Gross Assets in Debt Instruments (net of any gearing ring-fenced within any SPV which would be without recourse to the Company), originated by, and/or Credit Facilities and equity instruments in, any single Portfolio Company, calculated at the time of investment. All such aggregate exposure to any single Portfolio Company (including investments via an SPV) will always be subject to an absolute maximum, calculated at the time of investment, of 25% of the Company's Gross Assets.

ASSET CLASS RESTRICTIONS

Single loans acquired by the Company will typically be for a term no longer than five years.

The Company will not invest more than 20% of its Gross Assets, at the time of investment, via any single investment fund investing in Debt Instruments and Credit Facilities. In any event, the Company will not invest, in aggregate, more than 60% of its Gross Assets, at the time of investment, in investment funds that invest in Debt Instruments and Credit Facilities.

The Company will not invest more than 10% of its Gross Assets, at the time of investment, in other listed closed-ended investment funds, whether managed by the Investment Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

SHAREHOLDER INFORMATION continued

The following restrictions apply, in each case at the time of investment by the Company, to both Debt Instruments acquired by the Company via wholly-owned SPVs or partially-owned SPVs on a proportionate basis under the Marketplace Model, on a look-through basis under the Asset Backed Lending Model and to any Debt Instruments held by another investment fund in which the Company invests:

- No single consumer loan acquired by the Company shall exceed 0.25% of its Gross Assets.
- No single SME loan acquired by the Company shall exceed 5.0% of its Gross Assets. For the avoidance of doubt, Credit Facilities entered into directly with Portfolio Companies are not considered SME loans.
- No single trade receivable asset acquired by the Company shall exceed 5.0% of its Gross Assets.

OTHER RESTRICTIONS

The Company's un-invested or surplus capital or assets may be invested in Cash Instruments for cash management purposes and with a view to enhancing returns to Shareholders or mitigating credit exposure.

Where appropriate, the Company will ensure that any SPV used by it to acquire or receive (by way of assignment or otherwise) any loans to UK consumers shall first obtain the appropriate authorisation from the FCA for consumer credit business.

BORROWING POLICY

Borrowings may be employed at the level of the Company and at the level of any investee entity (including any other investment fund in which the Company invests or any SPV that may be established by the Company in connection with obtaining gearing against any of its assets).

The Company may, in connection with seeking such gearing or securitising its loans, seek to assign existing assets to one or more SPVs and/or seek to acquire loans using an SPV.

The Company may establish SPVs in connection with obtaining gearing against any of its assets or in connection with the securitisation of its loans (as set out further below). It intends to use SPVs for these purposes to seek to protect the geared portfolio from group level bankruptcy or financing risks.

The aggregate leverage of the Company and any investee entity (on a look-through basis, including borrowing through securitisation using SPVs) shall not exceed 1.5 times its NAV (1.5x).

As is customary in financing transactions of this nature, the particular SPV will be the borrower and the Company may from time to time be required to guarantee or indemnify a third-party lender for losses incurred as a result of certain "bad boy" acts of the SPV or the Company, typically including fraud or wilful misrepresentation or causing the SPV voluntarily to file for bankruptcy protection. Any such arrangement will be treated as 'non-recourse' with respect to the Company provided that any such obligation of the Company shall not extend to guaranteeing or indemnifying Ordinary portfolio losses or the value of the collateral provided by the SPV.

SHARE REGISTER ENQUIRIES

For Shareholder enquiries, please contact the Company's registrar, Link Group on +44 (0) 371 664 0391.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday (excluding public holidays in England and Wales).

SHARE CAPITAL AND NET ASSET VALUE INFORMATION

Ordinary £0.01 Shares	278,276,392
SEDOL Number	BVG6X43
ISIN Number	GB00BVG6X439

SHARE PRICES

The Company's shares are listed on the London Stock Exchange.

ANNUAL AND HALF-YEARLY REPORTS

Copies of the Annual and Half-Yearly Reports are available from the Investment Manager on and are available on the Company's website http://vpcspecialtylending.com.

PROVISIONAL FINANCIAL CALENDAR

June 2024	Annual General Meeting
July 2024	Payment of interim dividend to 31 March 2023
30 June 2024	Half-year End
September 2024	Announcement of half-yearly results
October 2024	Payment of interim dividend to 30 June 2023
December 2024	Payment of interim dividend to 30 September 2023
31 December 2024	Year End

DIVIDENDS

The following table summarises the amounts recognised as distributions to equity Shareholders relating to 2023:

	£
2023 interim dividend of 2.00 pence per Ordinary Share paid on 27 July 2023	5,565,527
2023 interim dividend of 2.00 pence per Ordinary Share paid on 28 September 2023	5,565,528
2023 interim dividend of 2.00 pence per Ordinary Share paid on 21 December 2023	5,565,528
2023 interim dividend of 2.00 pence per Ordinary Share paid on 29 March 2024	5,565,528
Total	**22,262,111**

SHAREHOLDER INFORMATION continued

DEFINITIONS OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

The Group uses the terms and alternative performance measures below to present a measure of profitability which is aligned with the requirements of our investors and potential investors, to draw out meaningful subtotals of revenues and earnings and to provide additional information not required for disclosure under accounting standards to assist users of the financial statements in gauging the profit levels of the Group. Alternative performance measures are used to improve the comparability of information between reporting periods, either by adjusting for uncontrollable or one-off factors which that impact IFRS measures or, by aggregating measures, to aid the user in understanding the activity taking place. The Strategic Report includes both statutory and adjusted measures, the latter of which, reflects the underlying performance of the business and provides a more meaningful comparison of how the business is managed. APMs are not considered to be a substitute for IFRS measures but provide additional insight on the performance of the business. All terms and performance measures relate to past performance:

Discount to NAV – Calculated as the difference in the NAV (Cum Income) per Ordinary Share and the Ordinary Share price divided by the NAV Cum (Income) per Ordinary Share.

Dividend Yield on Average NAV – Calculated as the dividends declared during 2023 divided by the average Net Asset Value (Cum Income) of the Company for the year.

Gross Returns – The gross revenue and gross capital returns represent the return on Shareholder's funds per share on investments of the Company before operating and other expenses of the Company.

Look-Through Gearing Ratio – The aggregate gearing of the Company and any investee entity (on a look through basis, including borrowing through securitisations using SPVs) shall not exceed 1.50 times its NAV (1.5x).

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 theoretical 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.

	2023 Calculation	2022 Calculation	Inception to Date Calculation
(A) Closing NAV (Cum Income) per share	80.91p	98.19p	80.91p
(B) Opening NAV (Cum Income) per share	98.19p	114.14p	98.00p
(C) Dividends declared and paid	8.00p	8.00p	63.59p
D = (A – B + C) / B	–9.45%	–6.97%	47.44%

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

Net Returns – Represents the return on Shareholder's funds per share on investments of the Company after operating and other expenses of the Company.

Ongoing Charges Ratio – Ongoing charges represent the management fee and all other operating expenses, excluding finance costs, transaction costs and any performance fee payable, expressed as a percentage of the average net asset values during the year.

	2023 Calculation	2022 Calculation
(A) Ongoing Charges	£5,286,800	£5,911,749
(B) Average Net Asset Value	£258,982,620	£296,360,140
C = A / B	2.04%	1.99%

Premium/(Discount) to NAV (Cum Income) – The amount by which the share price of the Company is either higher (at a premium) or lower (at a discount) 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).

Total Shareholder Return – Calculated as the change in the traded share price from 31 December 2023 to 31 December 2022 plus the dividends declared in 2023 divided by the traded share price as at 31 December 2022.

	2023 Calculation	2022 Calculation	Inception to Date Calculation
(A) Closing Ordinary Share price	66.20p	83.10p	66.20p
(B) Opening Ordinary Share price	83.10p	92.20p	100.00p
(C) Dividends declared and paid	8.00p	8.00p	63.59p
D = (A – B + C) / B	–10.71%	–1.19%	29.79%

Trailing Twelve Month Dividend Yield – Calculated as the total dividends declared over the last 12 months as at 31 December 2023 divided by the 31 December 2023 closing share price.

CONTACT DETAILS OF THE ADVISERS

Directors	Oliver Grundy Mark Katzenellenbogen Graeme Proudfoot *all of the registered office below*
Registered Office	Central Square 29 Wellington Street Leeds LS1 4DU United Kingdom
Company Number	9385218
Website Address	https://vpcspecialtylending.com
Corporate Brokers	Jefferies International Limited 100 Bishpsgate London EC2N 4JL United Kingdom Winterflood Securities Limited Cannon Bridge House 25 Dowgate Hill London EC4R 2GA
Investment Manager and AIFM	Victory Park Capital Advisors, LLC 150 North Riverside Plaza, Suite 5200 Chicago IL 60606 United States
Company Secretary	Link Company Matters Limited 6th Floor 65 Gresham Street London EC2V 7NQ United Kingdom
Administrator	Citco Fund Administration (Cayman Islands) Limited 3 Second Street, Harborside Plaza 10, 6th Floor Jersey City NJ 07302 United States

SHAREHOLDER INFORMATION continued

Registrar	Link Group Central Square 29 Wellington Street Leeds LS1 4DL United Kingdom
PR Advisor	Montfort Communications Chelsea Harbour 109 Harbour Yard London SW10 0XD United Kingdom
Custodians	Merrill Lynch, Pierce, Fenner & Smith Incorporated 101 California Street San Francisco CA 94111 United States
English Legal Adviser to the Company	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT United Kingdom

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