

Monthly Fact Sheet as at 31st May 2016

| | |
|------------------------------------|----------------|
| Ordinary Shares Issued | 52,660,350 |
| Launch price | 100.00p |
| Launch date | 23-09-2015 |
| Ticker | GLAF:LN |
| ISIN | GB00BYMK5S87 |
| Target fund net yield | 8.0% |
| Current gross yield | 9.1% |
| Dividend frequency | Monthly |
| Ann. dividend yield | 6.9% |
| Gearing | None |
| NAV as at 31/05/16 | 53,282,254 GBp |
| NAV per ordinary share 31/05/16 | 101.09p |
| Market cap 31/05/16 | 50,553,936 GBp |
| Mid-price 31/05/16 | 96.00p |

INVESTMENT OBJECTIVE

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

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

MARKET COMMENTARY

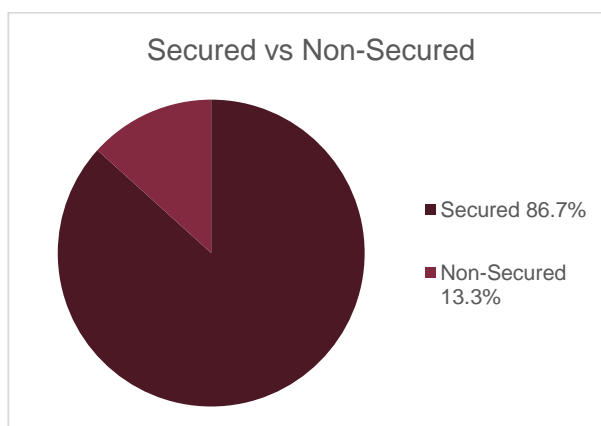
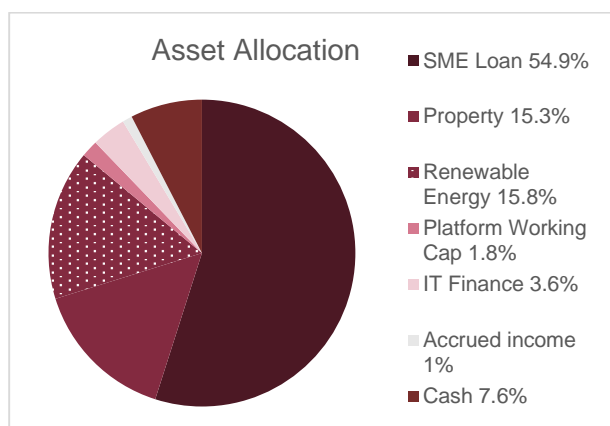
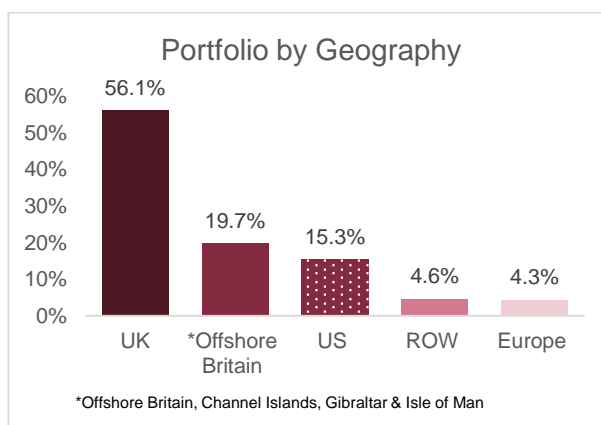
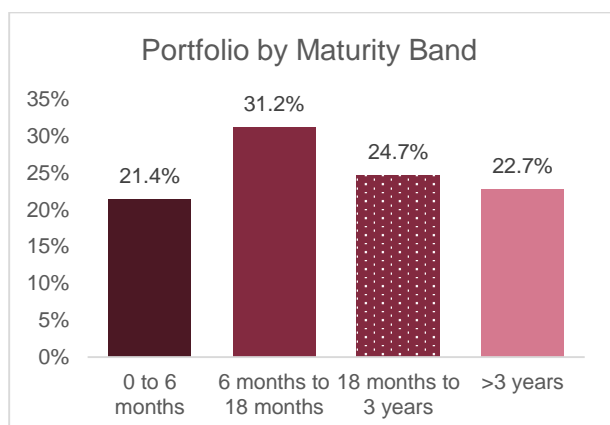
Two seemingly unthinkable events occurred during the month. The first was the fact that Donald Trump overtook Hilary Clinton in the US Election polls and the prospect of a wall being built between Mexico and the United States came a step closer. In fact, the polls were slightly misleading. Yes, "Dangerous Donald" did creep ahead of the potential Democrat nominee, however this is likely to be down to the fact that Clinton still had to fend off Bernie Sanders to secure her nomination. The second major event took place in the Alternative Finance market and was significant in the sector. Lending Club is the largest online Alternative Finance platform in the world and one would expect it to be governed internally by strict policies and procedures. The fact that (now ex) CEO Renaud LaPlanche managed to violate the company's own internal procedures on loans totaling \$20 Million sent the stock into complete meltdown. During December 2014 Lending Club equity touched \$14.40 per share; by mid-May 2016 it had slumped to \$3.50 per share. Whilst Donald caused shockwaves in US politics, Lending Club caused widespread reverberations across the global Alternative Finance sector. Details are still emerging but a Grand Jury subpoena filed on 16th May will undoubtedly drag more skeletons out of their closet. Whilst the Lending Club IPO only took place in December 2014, it has been developing its business in excess of 9 years. The quantum of the "bad origination" is a mere fraction of their total loan book (in excess of \$2.75 Billion was originated during Q1 2016) however, the fact that internal procedures failed to immediately capture this indiscretion has led to many questions. The manager to GLI Alternative Finance PLC, Amberton Asset Management, undertakes a significant platform due diligence program to mitigate the risks involved within the sector. During the month of May, physical site platform visits took place in Madrid and Paris and the rolling program of updating platform due diligence continues apace.

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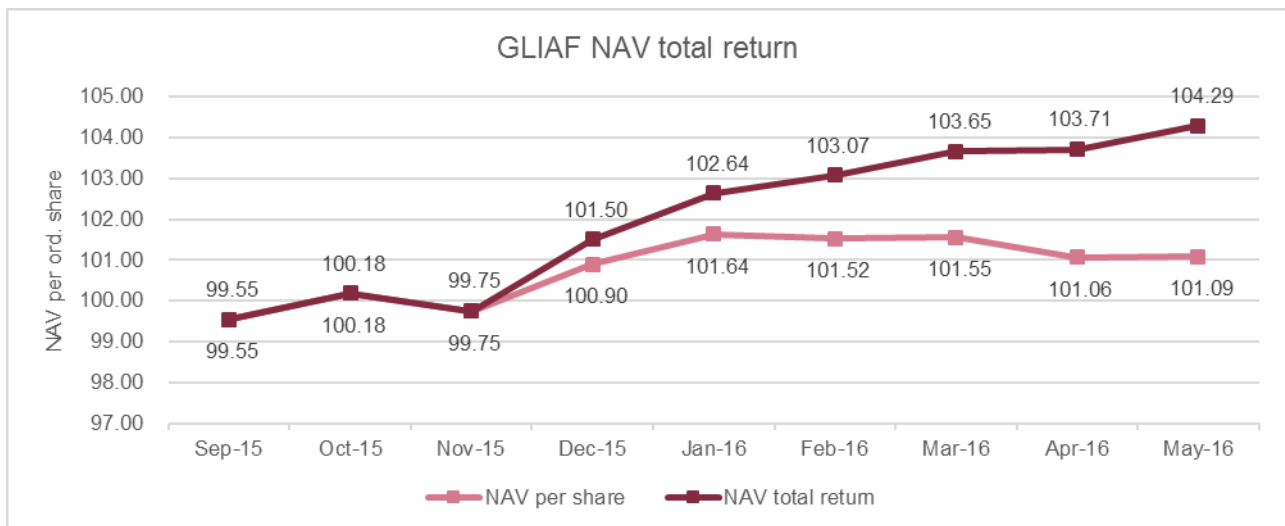
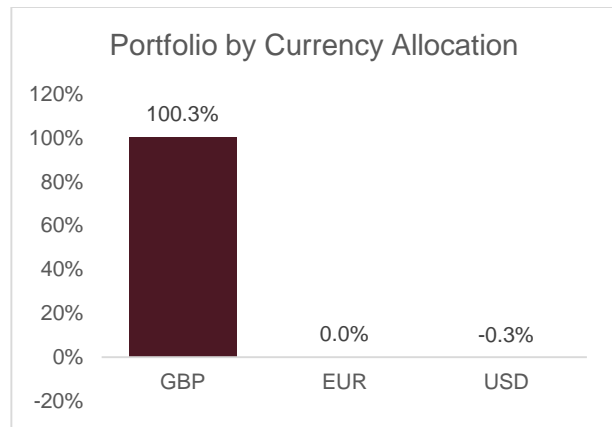
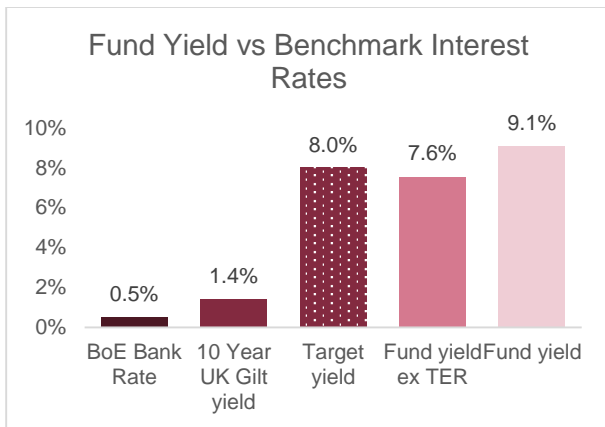
In macro news, the Brexit debate is also continuing with the referendum taking place on 23rd June. A clear upwards trend in the “Leave” camp has seen heightened volatility, particular in currency markets, with GBP vs US Dollar trading in a 3% range and GBP vs Euro starting the month at 1.2600 and closing at 1.3141. With the potential for an economic downturn, fixed income investments fared well with the ten-year reference Gilt yield dropping from 1.60% to close the month at 1.40%, whilst equity markets were broadly flat.

A number of new loans were considered and accepted by the Credit Committee including further investment into the Solar Energy market in the United States. Commitment was also made to a new funding structure within the Finexkap platform earning Euribor +9%. As forecast, the outright cash level fell throughout the month to close at 7.6% from 11.7%. Further deployment is expected during June, via the Finexkap structure and two separate UK Bond Network originated deals for which underwriting fees are also being earned.

May proved to be an extremely difficult month for some investments trusts within the Alternative Finance sector with many seeing share prices falling in excess of 5%. GLI Alternative Finance plc registered a modest fall of 0.52% during the period (source Bloomberg). The Net Asset Value of the company rose slightly to 101.09p leaving the fund on a discount of 5.04% (Mid price to NAV, source Bloomberg).



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

* Per Ordinary Share paid from income reserves to date

** Source Bloomberg

Monthly Fact Sheet as at 31st May 2016**TOP TEN SINGLE ISSUER HOLDINGS**

| Asset | Coupon | Maturity | Currency | Geographic region | Weighting |
|---------|--------|----------|----------|-------------------|-----------|
| Loan 1 | 9.00% | OCT 2019 | GBP | UK | 2.34% |
| Loan 2 | 8.00% | MAR 2017 | GBP | UK | 2.33% |
| Loan 3 | 9.50% | MAY 2018 | GBP | UK | 2.16% |
| Loan 4 | 9.75% | SEP 2018 | GBP | UK | 1.98% |
| Loan 5 | 9.5% | MAR 2018 | GBP | UK | 1.88% |
| Loan 6 | 9.95% | MAR 2017 | GBP | OFFSHORE* | 1.86% |
| Loan 7 | 8.00% | DEC 2016 | GBP | OFFSHORE* | 1.86% |
| Loan 8 | 9.75% | JUL 2018 | GBP | UK | 1.86% |
| Loan 9 | 7.50% | SEP 2018 | GBP | UK | 1.81% |
| Loan 10 | 8.73% | JUL 2016 | GBP | UK | 1.73% |

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

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