

Monthly Fact Sheet as at 31st July 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	9.3%
Dividend frequency	Monthly
Ann. dividend yield	7.8%
Gearing	None
NAV as at 31/07/16	53,372,131 GBp
NAV per ordinary share 31/07/16	101.26p
Mid-price 31/07/16	92.25p
Premium / discount	-8.89%

INVESTMENT OBJECTIVE

GLI Alternative Finance PLC is a UK Investment Trust with the investment objective of providing 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

The calm after the storm is a succinct way of describing July as investment markets recovered from their horrendous period of volatility following the UK electorate voting "leave". Politically, the Conservative party have elected a new leader and therefore the 54th Prime Minister, with Teresa May picking up the mantle. The seemingly rudderless Labour party has yet to even decide upon the legality of electing a (potential) new leader and the process is likely to drag on for some considerable time.

Equity markets and fixed income markets enjoyed decent gains with the Blue Chip equity index rising in excess of 3%, whilst the UK Gilt >1-year maturity index rose 1.5% in the same period. Of particular note, the 10 year UK Gilt yield touched a low of 0.70%; since month end this has fallen further to 0.60%. Bank of England Governor Carney carried out his "threat" of reducing the official short-term Bank Rate from 0.50% to 0.25% on 4th August, leaving savers with the very real possibility of having negative interest rates on their deposit accounts, whilst borrowers were cheered by the prospect of "lower for longer".

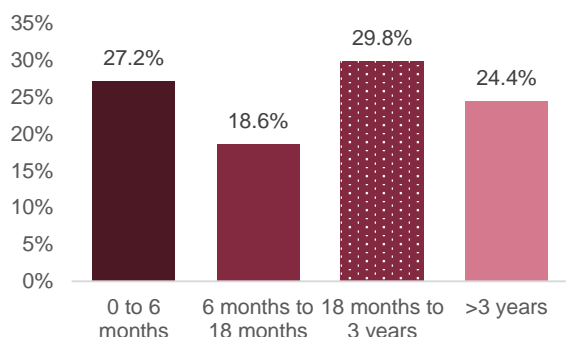
Participation in the Alternative Finance markets continues to grow impressively with the Liberum AltFi UK Volume index climbing from £7.28 Billion at the start of July, to £7.6 Billion at month-end. During the course of 2016, the total volume has increased by a substantial 38%. The disintermediation of the banking sector continues apace providing relief for borrowers thwarted from drawing down loans written by "mainstream" banks.

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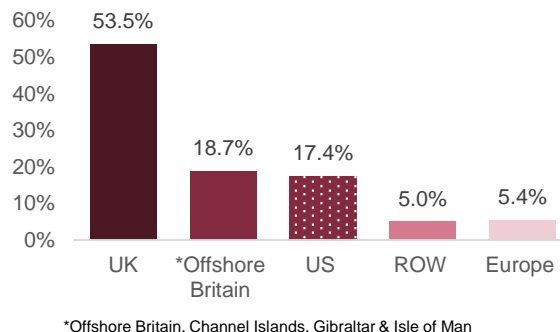
The Company saw a busy month in terms of origination with loans being proposed from five different platforms. European loan exposure increased marginally during the month with new facilities being taken up by a logistics company and also a computer consultancy firm in Spain. The Company also benefitted from underwriting fees via UK Bond Network originated loans, one to a media company, the other to a local authority supported training agency. The maturity of property loans saw exposure to this sector drop from 13.8% as at the end of June, to its current level of 12.6% whilst cash levels have increased from 4.7% to 6.3%. The gross yield of the portfolio remains unchanged at 9.3%, with this being achieved with no leverage.

The Board of Directors approved a change in name of the Company from “GLI Alternative Finance Plc” to “The SME Loan Fund” better reflecting the core focus of the Company. This will become effective as at 31st August 2016 as will a new ticker, SMEF:LN. An EGM was held on the 3rd of August with shareholders being asked to vote on changes to the investment restrictions. These were passed, allowing the manager to invest up to 2% of the Net Asset Value into individual issuer exposure loans, providing the Manager with more flexibility without materially increasing the risk. Focusing on preservation of capital, along with the investment objective of providing a dividend yield of 8%, a further change to the investment restrictions was also approved – the increase in minimum weighting to assets with a maturity of less than six months from 10% to 20%, and also the removal of the requirement to maintain a minimum of 10% exposure to all other maturity allocations.

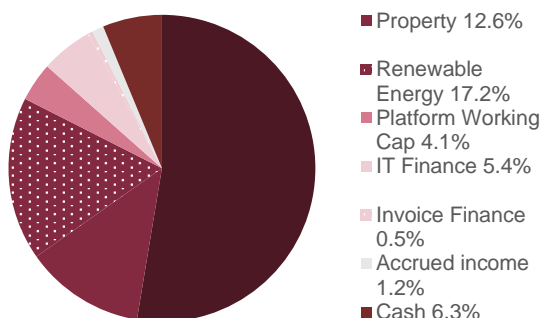
Portfolio by Maturity Band



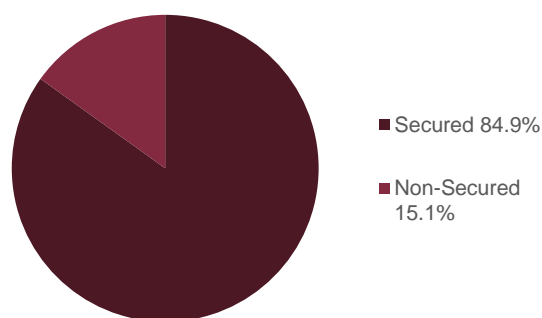
Portfolio by Geography



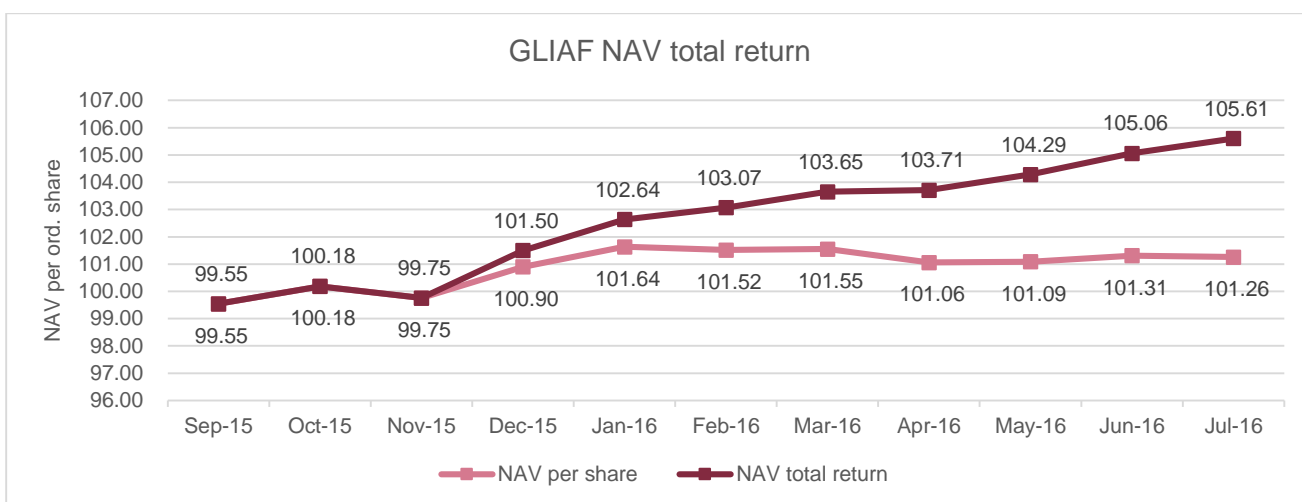
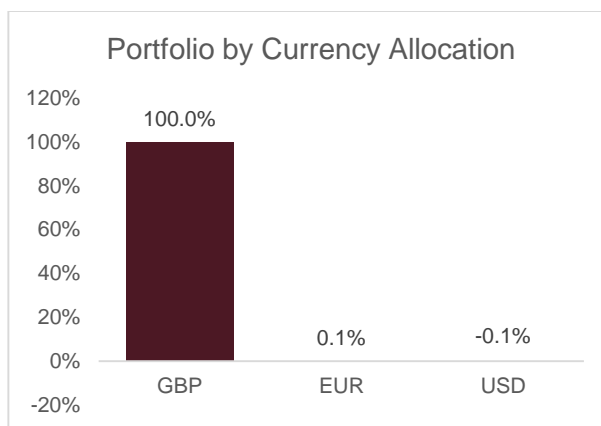
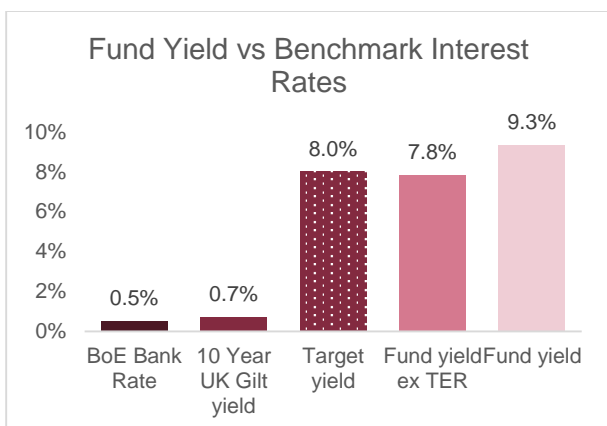
Asset Allocation



Secured vs Non-Secured



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	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
NAV	100.18p	99.75p	100.90p	101.64p	101.52p	101.55p	101.06p	101.09p	101.31p	101.26p
Mid-price**	102.25p	102.25p	101.50p	99.50p	96.50p	95.75p	96.5p	96.00p	89.75p	92.25p
Dividend*			0.60p	0.40p	0.55p	0.55p	0.55p	0.55p	0.55p	0.55p

* Per Ordinary Share

** Source Bloomberg

*** Per Ordinary Share paid from income reserves to date

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

Asset	Coupon	Maturity	Currency	Geographic region	Weighting
Loan 1	8.00%	MAR 2017	GBP	OFFSHORE*	2.34%
Loan 2	9.00%	OCT 2019	GBP	UK	2.24%
Loan 3	9.50%	MAY 2018	GBP	UK	2.14%
Loan 4	9.75%	SEP 2018	GBP	UK	1.98%
Loan 5	9.95%	MAR 2017	GBP	OFFSHORE*	1.87%
Loan 6	8.00%	DEC 2016	GBP	OFFSHORE*	1.87%
Loan 7	9.75%	JUL 2018	GBP	UK	1.87%
Loan 8	9.50%	MAR 2018	GBP	UK	1.86%
Loan 9	7.50%	SEP 2018	GBP	UK	1.78%
Loan 10	4.88%	JUN 2018	GBP	UK	1.65%

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

FOR MORE INFORMATION, PLEASE CONTACT:

Manager: Amberton Asset Management Limited, PO Box 296 Suite W5, Sarnia House, Le Truchot, St Peter Port, GY1 4NA

Email info@glialternativefinance.com

Web www.glialternativefinance.com

Phone +44 14 8170 8240

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