

Monthly Fact Sheet as at 29TH February 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	9.6%
Dividend frequency	Monthly
Gearing	None
NAV as at 29/02/16	53,510,585 GBp
NAV per ordinary share 29/02/16	101.52p
Market cap 29/02/16	50,817,238 GBp
Mid-price 29/02/16	96.50p

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 is targeting a monthly dividend equivalent to an annualised net yield of 8% p.a.

MARKET COMMENTARY

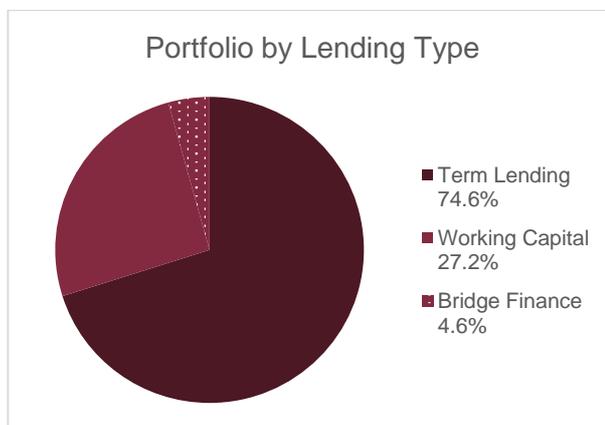
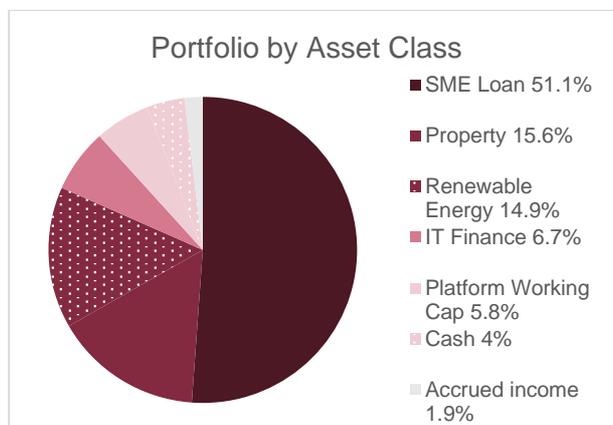
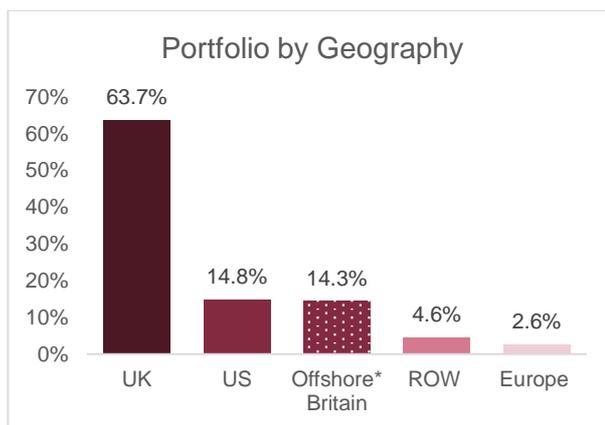
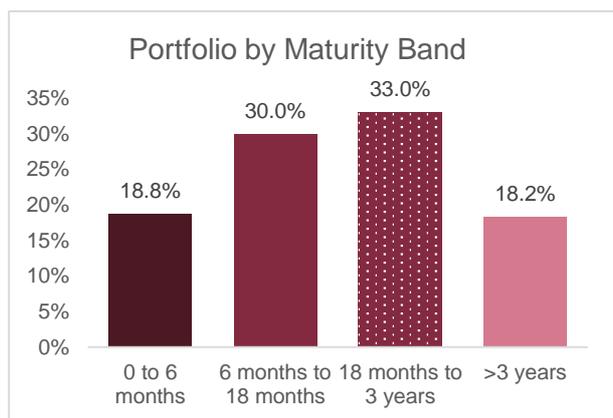
February saw global investment markets roiled again by concerns regarding a global economic slowdown. The UK leading company equity index fell steadily but sharply, completing a return of -8% before a rally then pushed UK equities higher, to close up 0.6% on the month. With such a gloomy outlook for growth, combined with plunging crude oil prices, which achieved a thirteen-year low, inevitably inflation expectations receded causing developed market government bond yields to slump. The 10 year UK government bond yield touched 1.23% on 29th February, its lowest level ever whilst the ten-year corresponding yield in Japan and Euro hit -0.8% and 0.10% respectively. There appears to be little doubt that short-term official bank rates will be “lower for longer” and we are living in a non-inflationary environment where real assets are likely to underperform.

Interest in lending to the Alternative Finance sector continues to grow almost exponentially. The downside to this is that with more lenders joining the market, a clear downwards trend on rates is being seen. Within GLI Alternative Finance PLC the manager continues to seek out loans that, on a risk adjusted basis, offer extremely attractive returns. The gross yield on the Fund remains close to 10% and defaults which are to be expected in an SME loan fund, are not at a level which would cause any concern (and are accounted for on a monthly basis). The volatility of the traded share price remains very low climbing from a mid-price of 96.25p to close the month at 96.50p. The NAV of the Fund as calculated at 29th February fell marginally to 101.52p as it became apparent that one of the SME borrowers was experiencing difficulties; the expected difference between recovery rate and face value was provisioned for within the NAV calculation.

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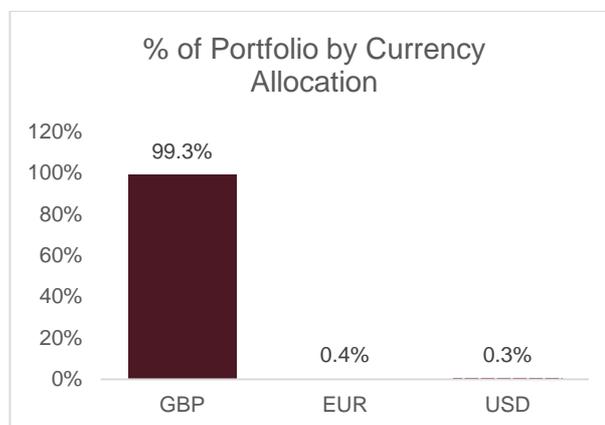
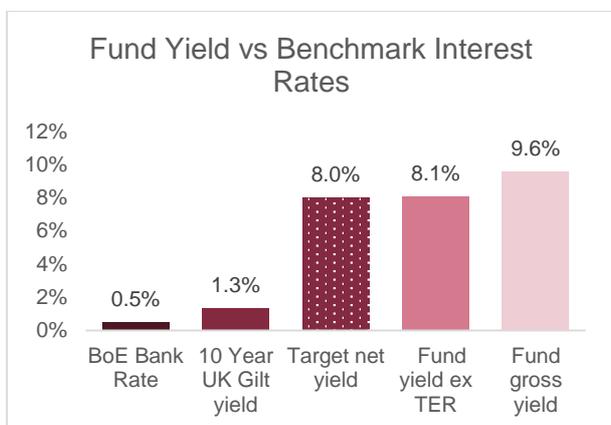
New loan activity was robust with exposure to the Spanish platform, MyTripleA extended with three loans. The first was a loan to an engineering company in Spain that has an eleven year trading record with positive net profits over the past four years. A personal guarantee was also given, providing eight times cover for the loan value. The second loan via MyTripleA was to a company in existence for 36 years within the agriculture industry; net revenue of €15.6 million in 2014 and a profitability of €249,000 ensured that this loan was also approved by the credit committee. Finally, for MyTripleA, a €250,000 loan was approved to a Spanish technology and software development company with an equally impressive financial record. The current default rate at MyTripleA is 0% and entirely due to their extremely robust credit process; this is the main rationale behind the Fund's increased exposure to this platform.

A new loan associated with property development was entered into via a Sancus introduction. This short-term loan for 6 weeks yields 14%, whilst another loan was rolled over until 31st July at a yield of 13%. One loan presented to the committee was refused due to loan security issues.



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

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TOP TEN SINGLE ISSUER HOLDINGS

Asset	Coupon	Maturity	Currency	Geographic region	Weighting
Loan 1	10.00%	MAR 2017	GBP	OFFSHORE*	2.32%
Loan 2	9.00%	OCT 2019	GBP	UK	2.23%
Loan 3	9.50%	MAY 2018	GBP	UK	2.16%
Loan 4	9.75%	SEP 2018	GBP	UK	1.97%
Loan 5	9.50%	MAR 2018	GBP	UK	1.90%
Loan 6	7.50%	SEP 2018	GBP	UK	1.88%
Loan 7	9.95%	MAR 2018	GBP	OFFSHORE*	1.86%
Loan 8	8.00%	DEC 2016	GBP	OFFSHORE*	1.86%
Loan 9	9.75%	JUL 2016	GBP	UK	1.86%
Loan 10	8.73%	JUL 2016	GBP	UK	1.72%

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