# P2P Global Investments PLC (“P2PGI” or the “Company”)

A Diversified Peer-to-Peer Lending Fund

GLOBAL INVESTMENTS

### Background and Investment Objective

P2P Global Investments PLC is the first UK listed company dedicated to investing in credit assets originated via marketplace lending platforms (“Platforms”) globally.

The Company’s investment objective is to provide shareholders with an attractive level of dividend income and capital growth through exposure to investments in alternative finance and related instruments. These may include, directly and indirectly, exposure to consumer and SME loans and to corporate trade receivables that have been originated through Platforms in Europe, US and Australasia.

P2PGI will typically seek to invest in P2P loans with targeted annualised returns of 5-15% (net) across multiple P2P platforms, asset classes, geographies and credit risk bands in order to achieve portfolio diversification and mitigate concentration risks.

The Company may also seek to invest in equity stakes in P2P platforms themselves via direct equity investments or through the acquisition of warrants or other convertible securities.

### Investment Highlights

- First UK listed permanent capital fund dedicated to P2P/direct lending
- Multiple agreements with leading Platforms
- Specialist investment management team
- 85%+ of net income distributed as dividend
- UK Investment Trust tax treatment

### Capital Structure as at 30 September 2016

| | |
|---|---|
| Net Assets (Ex Income) | £854,749,068 |
| Net Assets (Cum Income) | £862,362,211 |
| Monthly Total NAV Return | 0.23% |
| 12 Month Rolling NAV Return | 4.74% |
| ITD Total NAV Return* | 12.76% |
| Look-through Debt | £658,094,217 |
| Debt to Equity | 76% |
| Shares in Issue | 85,311,278 |
| Issue Price | 1000p |
| Share Price (30 September 2016 Close) | 840p |
| Market Capitalisation | £716,614,735 |
| NAV per Share (Ex Income) | 1001.92p |
| NAV per Share (Cum Income) | 1010.84p |
| Premium / (Discount) to NAV (Cum Income) | -16.90% |
| Total ITD Shareholder return* | -5.98% |

## Fund Management and Service Providers

| | |
|---|---|
| Investment Manager | MW Eaglewood Europe LLP |
| Sub Manager | MW Eaglewood Americas LLC |
| Administrator | Citco Fund Services (Ireland) Limited |
| Depositary | Deutsche Bank Luxembourg S.A. |

## Performance and Dividend History

| | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD | Inception to Date* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total NAV Return | 2014 | - | - | - | - | - | 0.16% | 0.17% | 0.22% | 0.23% | 0.48% | 0.54% | 0.50% | 2.32% | 12.76% |
| | 2015 | 0.54% | 0.59% | 0.65% | 0.41% | 0.71% | 0.77% | 0.50% | 0.49% | 0.43% | 0.56% | 0.52% | 0.20% | 6.56% | |
| | 2016 | 0.41% | 0.38% | 0.48% | 0.43% | 0.48% | 0.17% | 0.37% | 0.43% | 0.23% | - | - | - | 3.41% | |
| Share Price Performance** | 2014 | - | - | - | - | - | 7.25% | 0.37% | -0.19% | 0.05% | -0.93% | 1.41% | 9.26% | 18.00% | -16.00% |
| | 2015 | -0.93% | 0.09% | -1.79% | -0.17% | -5.41% | -2.03% | 2.07% | -5.99% | 3.24% | -6.46% | 1.52% | 0.70% | -14.66% | |
| | 2016 | -6.85% | -7.57% | 0.35% | 6.03% | -5.69% | -2.30% | -2.94% | 1.52% | 0.30% | - | - | - | -16.58% | |
| Dividend Per Share (Pence) | 2014 | - | - | - | - | - | - | - | - | - | - | 6.0 | - | 6.0 | 100.2 |
| | 2015 | - | 12.5 | - | - | 16.5 | 10.5+ | - | - | - | - | 18.5 | - | 58.0 | |
| | 2016 | 13.7++ | - | - | 11.5 | - | - | 11.0 | - | - | - | - | - | 36.2 | |

* ITD: Inception to Date – Excludes Issue Costs
** Based on issue price of 1000p
\+ 8.5p per share was declared to the original C Shareholders prior to conversion.
++The July 2015 C Share was 9.5p

Source: MW Eaglewood Europe LLP
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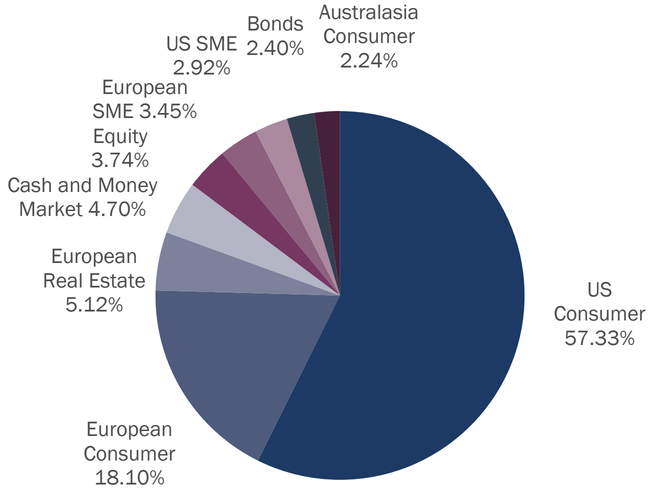
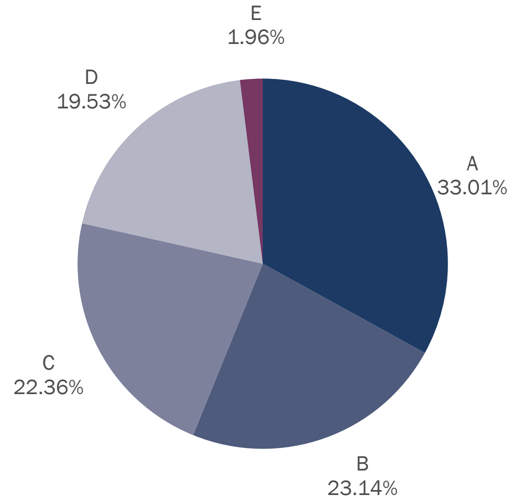
## Portfolio Composition September 2016

### By Asset Class

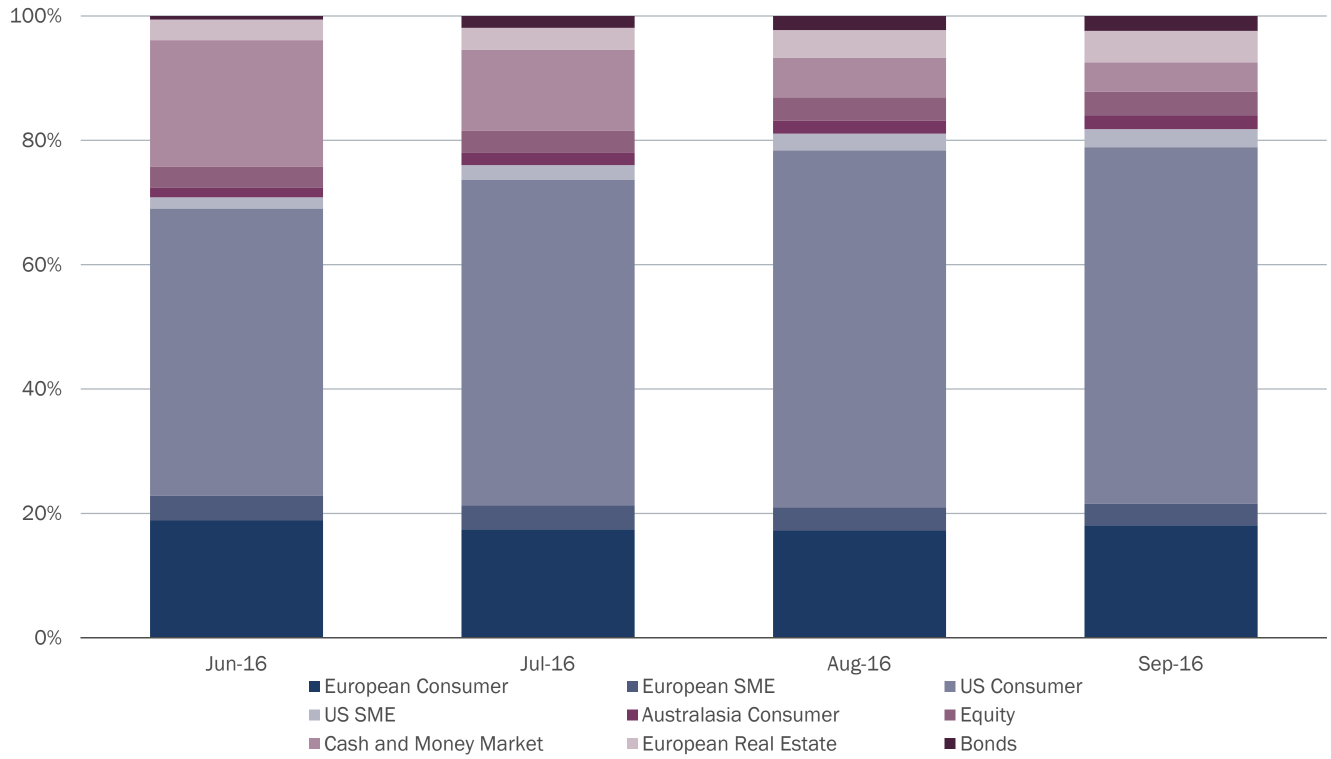



### By Internal Credit Grade




*The manager classifies its loan into five internal credit grades as previously published in the financial statements.

## Quarterly Change in Total Portfolio Composition monthly





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## Portfolio Highlights – Selected Metrics

| | P2PGI |
|---|---|
| | |
| Number of Loans | 140,500 |
| Average loan Size | £9,808 |
| Weighted Average Term (months) | 43.27 |
| Weighted Average Life (years) | 1.58 |
| Weighted Average Coupon | 10.94% |
| Current Target Average Delinquency | 2-4% |
| Look-through Debt | £658,094,217 |
| Debt to Equity | 76% |

## Macro Update

The third quarter of 2016 saw modest gains in equity and fixed income indices. Investors continued to assess potential outcomes of major events such as monetary policies of central banks, the US presidential election and the timing of an Article 50 trigger in the UK. Macroeconomic indicators continued to look strong in the US and Europe. UK macroeconomic data proved resilient in the first two months post-referendum, giving sterling support against other major currencies until mid-September. With the UK government hinting towards a 'hard Brexit', sterling depreciated significantly against the US dollar, reaching a more than 30 year low.

*United States*

In the US, the timing of a 25bps rate increase has been pushed out to later in the year with more than 50% probability assigned to a mid-December rate hike, whilst the implied probability for a November hike has dropped to 15%. At the expectation of the rate hike, 3 month Libor has reached 0.86%, a year-to-date high.

US consumer confidence rose in September as relatively subdued gasoline costs and moderate wage increases are keeping Americans optimistic. According to the U.S. Census Bureau, median household income increased in real terms by 5.2% in 2015. This is the first annual increase in median household income since 2007.

*United Kingdom*

Whilst the FTSE All-Share index continued to post gains in Q3 2016, uncertainty over the repercussions of Brexit on the UK economy continue to dominate the news. Concerns around inflationary pressures arising from a weaker sterling have also affected the yield curve with markets now viewing another rate cut as being less likely. With consumer confidence bouncing back and house prices showing post-referendum resilience, markets are placing more focus in the medium term on the consequences of UK's exit from the European Union.

## Portfolio Commentary

During Q3 2016, the Company delivered NAV growth of 1.03%. September delivered 0.23%, the 28th consecutive positive monthly return since inception. The quarter was characterised by generally satisfactory credit performance. As the portfolio becomes more seasoned, monthly delinquency will naturally increase and subsequently stabilise around average levels. In its early period of operations, the Company added an increasing amount of new loans every month, and consequently it benefitted from lower than average delinquencies. As the percentage of new loans reduce, the monthly impairment levels have predictably increased. The total impairment on the loan book as well as on a vintage by vintage basis, since inception, remains, on the whole, within the Investment Manager's original expectations. The Investment Manager believes that the current weighted average seasoning of the portfolio is around the peak level of monthly delinquency across the loan book's life cycle. Therefore, based on historical performance data, monthly delinquency levels are expected to stabilise and potentially improve as parts of the loan book enter the later stages of their life cycle.

As described in the previous newsletter, the Company finished the quarter with a prudent amount of cash on its balance sheet, having maintained meaningful reserves for its FX hedging positions. The Investment Manager has started to reduce the cash balances from their peak and intends to continue expanding its debt facilities for the purpose of bringing net debt to equity levels to about 100% over the next two quarters.


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*Portfolio Composition*

The Company continued to diversify the portfolio across its geographies and asset classes and is currently reviewing further opportunities in new geographies including Ireland, Germany, Canada and Australia to further reduce idiosyncratic risk.

*Cash and Leverage*

Notwithstanding the challenges of late Q2 / early Q3, primarily stemming from market turmoil around the UK referendum, the Investment Manager was able to:

1) Re-deploy cash drawn in Q2 for liquidity management, into attractive investment opportunities reducing its cash balances from a peak of around 20% of NAV.
2) Successfully securitise part of its Zopa portfolio via the placing of notes to institutional investors with the most senior notes rated Aa3/AA- by Moody's and Fitch, the highest rating for a marketplace originated pool of loans. The most senior notes priced at 1-month Libor + 145bps whilst the weighted average cost of all placed notes was 1-month Libor + 168bps. This watershed securitisation is likely to pave the way for future securitisations, thus enabling the Company to further reduce the cost and diversify its funding sources.
3) Close a $750m facility with one of the largest US banks, backed by US consumer loans which will provide stability of funding as the term of the leverage is matched to the duration of the assets.

*Share Buyback*

In line with the Company's stated discount management policy, the Investment Manager has continued to purchase shares during Q3 2016 to manage the share price discount and create NAV accretion for shareholders. In Q3, the Investment Manager bought back 758,320 shares at an average price of 835.85p. The Investment Manager will continue to assess repurchasing the Company's shares on an ongoing basis whilst at the same time maintaining its liquidity position for the purposes of FX hedging and entering into long term loan purchase agreements.

## Outlook

The Company remains confident that the asset class offers attractive risk-adjusted returns relative to other fixed income products in the market. On a relative value basis, with local base rates at 25bps and credit spreads at their tightest levels for the year, the Company continues to believe it can generate healthy returns with lower duration, lower volatility of returns than other alternatives, without excessive credit risk.

Reducing its cost of debt as a means to improving investor returns, is one the Investment Manager's key long-term targets. The Zopa securitisation was a significant milestone for the Investment Manager in that regard. The savings from this transaction are expected to have a positive impact on the Company's returns in the next quarters.

Additionally, the Investment Manager has been evaluating a number of transactions in recent months that offer attractive risk-adjusted returns investing with an adequate first loss protection. These transactions are backed by real estate, SME, consumer loans and trade receivables from new jurisdictions which the Company does not yet have exposure to. The Investment Manager believes that adding such exposures to the fund will diversify its portfolio and over time, reduce the performance volatility driven by the level of seasoning of the loan book in each reporting period.


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## Glossary

**NAV (Cum Income)** - The value of investments and cash, including current year revenue, less liabilities.

**NAV (Ex Income)** - The value of investments and cash, excluding current year revenue, less liabilities.

**Share price** - Closing mid-market share price at month end (excluding dividends reinvested).

**Discount/premium** - The amount by which the price per share of an investment trust is either lower (at a discount) or higher (at a premium) than the net asset value per share (cum income), expressed as a percentage of the net asset value per share.

**Market capitalisation** - Month end closing mid-market share price multiplied by the number of shares outstanding at month end.

**Total NAV Return** - The theoretical total return on shareholders' funds per share reflecting the change in Net Asset Value (NAV) assuming that dividends paid to shareholders were reinvested at NAV at the time dividend was announced.

**Dividend** – Reflecting the ex-dividend date during the month.

## Important Information

All data in this factsheet is at or to the final day of the calendar month identified in the heading of the factsheet's front page unless otherwise stated. In addition to this monthly factsheet, the manager also produces a quarterly newsletter. Issued in the United Kingdom by MW Eaglewood Europe LLP.

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