

# RANGER

DIRECT LENDING FUND<sup>1</sup>



## AUGUST 2015

|  |                   |
|--|-------------------|
| Net Assets                             | \$205,506,023     |
| Monthly NAV Return Before Loss Reserve | 0.29%             |
| Monthly Loss Reserve                   | -0.04%            |
| Monthly NAV Net Return                 | 0.25%             |
| YTD Loss Reserve                       | -0.08%            |
| YTD NAV Return                         | 0.52%             |
| Shares in Issue                        | 13,500,000        |
| Current Price Per Share <sup>2</sup>   | \$16.16 / £ 10.53 |
| Issue Price                            | \$15.39 / £ 10.00 |
| NAV Per Share                          | \$15.22 / £ 9.92  |
| Premium/(Discount) to NAV              | 6.15%             |

YTD: Year to date - excludes issue costs of 1.63% of the initial capital raise.

## FUND FACTS

|                 |  |
|-----------------|--|
| Type of Fund    | Closed – End Fund  |
| Listing         | London Stock Exchange<br>(Main Market – Premium Segment) |
| Ticker          | RDL  |
| Date Launched   | 1 May 2015   |
| Dividend        | Quarterly <sup>3</sup>                                   |
| NAV Calculation | As of last business day of each month                    |
| Management Fee  | 1%   |
| Performance Fee | 10%  |
| ISIN            | GB00BW4NPD65   |

## SERVICE PROVIDERS

|                     |                                      |
|---------------------|--------------------------------------|
| Investment Advisor  | Ranger Alternative Management II, LP |
| Administrator       | Sanne Fiduciary Services Limited     |
| Corporate Broker    | Liberum Capital Limited              |
| US Corporate Broker | Sandler O'Neill + Partners           |
| Auditor             | Deloitte LLP                         |
| Custodian           | Merrill Lynch                        |

## BACKGROUND AND INVESTMENT OBJECTIVE

The investment objective of the Ranger Direct Lending Fund plc (the “Company”) is to generate attractive returns, principally in the form of quarterly income distributions, by acquiring a portfolio of debt obligations, including without limitation, loans, invoice receivables and asset financing arrangements (the “Debt Instruments”). Debt Instruments are generally originated or issued by direct lending platforms, are primarily secured against assets and/or personal guarantees and have relatively short maturities (average 2 years).

Direct lending platforms are an increasing source of liquidity, in particular for small and medium sized enterprises and consumers. Opportunities are presenting themselves as banks continue to retreat from SME lending as a result of new regulatory requirements. Direct lending platforms will typically focus on a particular category of borrower and/or underlying industry asset class. By investing in Debt Instruments originated or issued by a number of different direct lending platforms, the Company seeks to reduce concentration and interest rate risk by constructing a diversified portfolio comprised of loans with differing industries, geographic areas and loan maturities.

## INVESTMENT HIGHLIGHTS

- Anticipated loan portfolio 75+% secured and diversified across multiple platforms.
- 12%-13% targeted unlevered annual net returns on loan investments to the fund.
- 10% targeted dividend on issue price when fully invested and leverage applied, payable quarterly.<sup>3</sup>
- Investment team has 20+ years of combined credit underwriting and direct lending experience.
- Sophisticated credit analysis software has track record of enhancing returns with applicable investments.
- Equity opportunities via experienced and connected team.

<sup>1</sup> Please refer to important disclosures on Page 3.

<sup>2</sup> Share price as at 31 August 2015.

<sup>3</sup> The Company intends the first dividend to be paid in December 2015 for the quarter ended 30 September 2015.

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## FUND PERFORMANCE

| 2015        | JAN | FEB | MAR | APR | MAY    | JUN   | JUL    | AUG   | SEP | OCT | NOV | DEC | YTD   |
|-------------|-----|-----|-----|-----|--------|-------|--------|-------|-----|-----|-----|-----|-------|
| %NAV        |     |     |     |     | -0.17% | 0.26% | 0.18%  | 0.25% |     |     |     |     | 0.52% |
| Share Price |     |     |     |     | 4.30%  | 1.63% | -0.71% | 0.05% |     |     |     |     | 5.30% |

## MONTHLY COMMENTARY

In the months since the IPO, the Company has continued to invest in Debt Instruments within a diverse group of asset classes including real estate loans, invoice receivables, equipment finance and SME loans. In working with its existing lending platforms and the addition of new lending platforms, the Company continues to be on target with its 6-9 month deployment plan.

As at 31 August 2015, the Company has deployed over \$85 million (42%) of its capital, with over \$30 million invested in August. The Company is pleased to report that it has been able to weight the allocation of its investments to loans via platforms with strong security coverage, including one of its platform partners offering loan investments with attractive expected net returns.

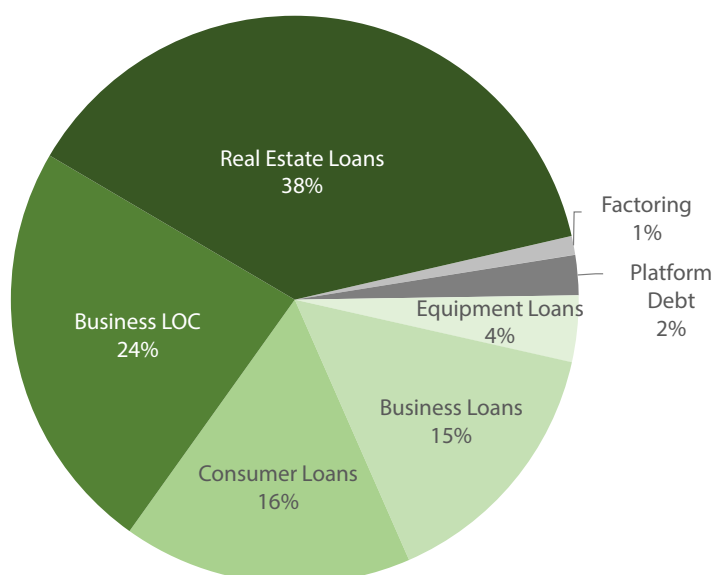
Secured lending exposure grew as well, accounting for approximately 84% of the invested portfolio while unsecured consumer lending accounted for approximately 16%.

In August the Company invested with a new secured lending partner in the U.S. auto industry. The Company continues to see a strong pipeline of opportunities within the direct lending sector. With its investment objective to further diversify the portfolio both geographically and by asset class, the Company anticipates investing in additional direct lending platforms within the next 30-60 days including international lending partners. The rate of deployment opportunities should continue to grow month-on-month.

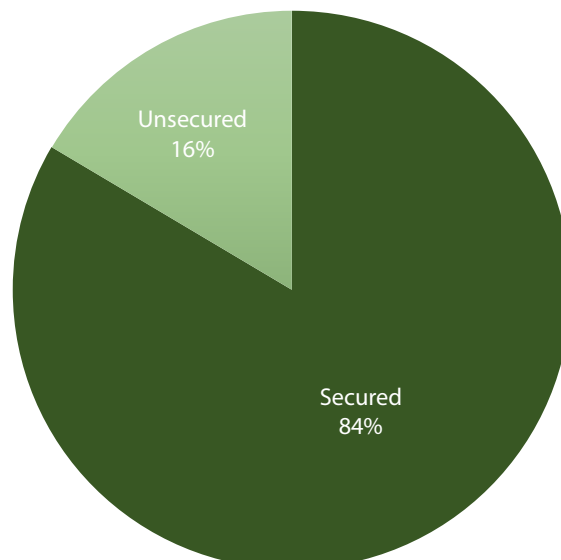
Upon the commencement of each investment, the Company assigns a loss reserve that will be accrued over the term of such investment which would offset future write-offs, if any, that may be realised with respect to such investment. On the first page of this report, the Monthly and YTD Loss Reserve reflect the total of such accruals.

## PORTFOLIO COMPOSITION (EX CASH) AS AT 31 AUGUST 2015

*Investments by Lending Category*



*Secured Versus Unsecured Loans*





## IMPORTANT DISCLOSURES

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### **Ranger Direct Lending Fund plc**

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