RANGER
DIRECT LENDING[1]

MAY 2018	
Net Assets (Cum Income)	$212,172,795
Net Assets (Ex Income)	$210,467,852
Monthly NAV Return Before Loss Reserve	0.32%
Monthly Loss Reserve	-0.39%
Monthly NAV Net Return	-0.07%
Loan Loss Reserve Balance as % of NAV	-6.39%
YTD NAV Return[2]	0.85%
Shares in Issue	16,122,931
Current Price Per Share[3]	$10.55 / £7.94
Issue Price	$15.42 / £10.02
NAV Per Share (Cum Income)	$13.16 / £9.90
NAV Per Share (Ex Income)	$13.05 / £9.82
Premium/(Discount) to NAV (Cum Income)	-19.80%

FUND FACTS	
Type of Fund	Closed End Fund
Listing	London Stock Exchange (Main Market – Premium Segment)
Dividend	Quarterly
NAV Calculation	As of last 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
Auditor	Deloitte LLP
Custodian	Merrill Lynch
Registrar	Link Asset Services
Company Secretary	Link Company Matters Limited

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. A majority of the Debt Instruments in the portfolio are 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

- Loan portfolio approximately 88% secured and diversified across multiple platforms[4].
- 12%-13% targeted unlevered annual returns (after accrual for loan loss reserves or write-offs and gross of fees and expenses to the fund) with respect to portfolio investments within the fund.
- 7%-10% targeted dividend on issue price, payable quarterly.
- AI software used in the selection of applicable investments.
- VC equity opportunities available for investment by the Company.

[1]Please refer to important disclosures on Page 5.
[2]As the fund in denominated in US dollars, all references to performance and balances are also in US dollars unless specifically noted otherwise.
[3]Share price as at 31 May 2018.
[4]A secured Debt Instrument is defined by the Company as a payment obligation in which property, revenue (including receivables), or a payment guaranty has been pledged, mortgaged or sold to the Company as partial or full security with respect to such obligation. However, investors are cautioned that the term "secured" does not imply that a debt instrument is not potentially subject to default or loss of principal; and the value of applicable collateral may either fluctuate, depreciate, or otherwise fail to provide the protection anticipated at the time of investment.

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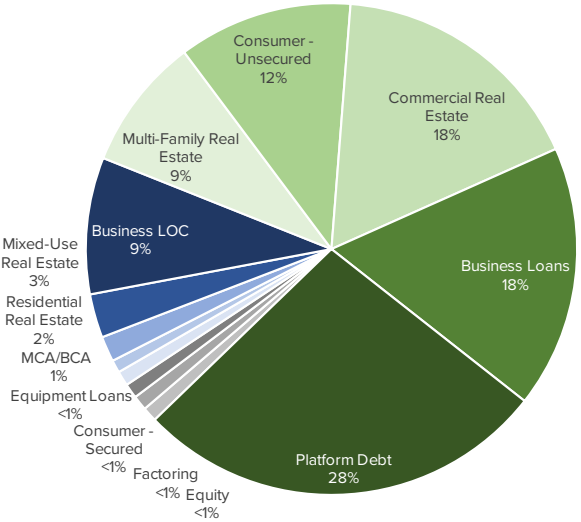
FUND PERFORMANCE[1]

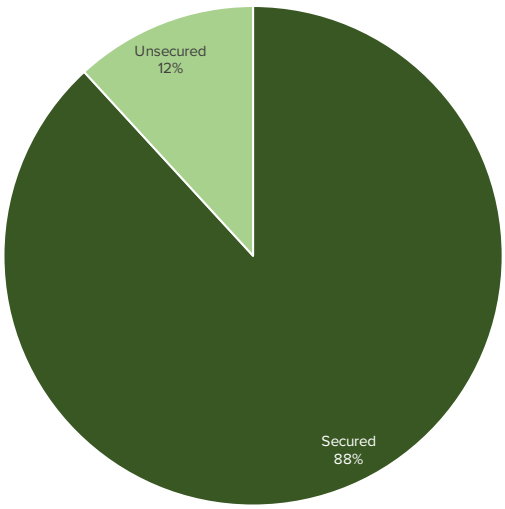
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
%NAV (Ordinary Share)	2015					-0.17%	0.26%	0.18%	0.25%	0.40%	0.52%	0.45%	0.53%	2.45%
	2016	0.48%	0.75%	0.77%	0.78%	0.82%	0.74%	0.79%	0.72%	0.75%	0.82%	0.83%	-2.80%	5.54%
	2017	0.87%	0.66%	0.74%	0.60%	0.58%	0.54%	0.41%	0.42%	0.22%	-8.32%	0.20%	0.48%	-2.95%
	2018	0.43%	0.31%	0.01%	0.17%	-0.07%								0.85%
Share Price (Ordinary Share)	2015					4.30%	1.63%	-0.71%	0.05%	0.66%	-0.66%	-1.23%	-1.44%	2.50%
	2016	-6.15%	-0.31%	-2.50%	2.14%	2.62%	-1.02%	6.19%	3.69%	3.56%	5.97%	-3.50%	-6.72%	2.93%
	2017	-0.19%	1.61%	3.27%	-17.90%	-5.46%	-4.61%	-0.58%	-5.84%	4.96%	-4.23%	-5.91%	-0.76%	-31.85%
	2018	5.70%	-3.95%	-0.82%	10.64%	-0.87%								10.43%
Dividend Per Share (Ordinary Share)	2015											8.36p		8.36p
	2016		14.62p			20.45p			26.87p			27.67p		89.61p
	2017		28.51p				26.93p		24.62p			21.70p		101.76p
	2018			24.14p			19.79p							43.93p

PORTFOLIO COMPOSITION (EX CASH) AS AT 31 MAY 2018

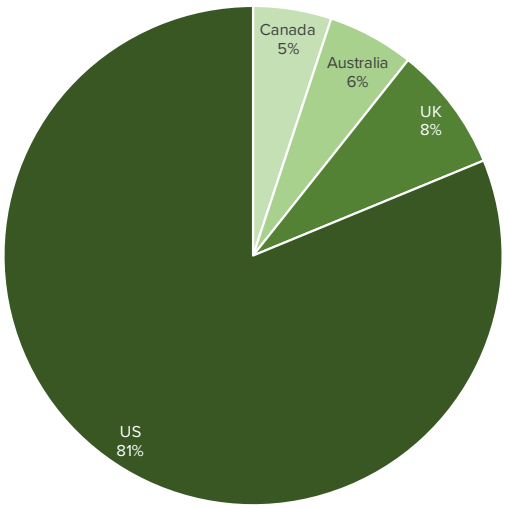
Investments by Lending Category



Secured Versus Unsecured Loans[2]



Geographic Breakdown



[1]*Performance is presented cum income.*
[2]*A secured Debt Instrument is defined by the Company as a payment obligation in which property, revenue (including receivables), or a payment guaranty has been pledged, mortgaged or sold to the Company as partial or full security with respect to such obligation. However, investors are cautioned that the term "secured" does not imply that a debt instrument is not potentially subject to default or loss of principal; and the value of applicable collateral may either fluctuate, depreciate, or otherwise fail to provide the protection anticipated at the time of investment.*

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MONTHLY COMMENTARY

Following Ranger Direct Lending Fund plc's (the "Company") AGM on 19 June 2018, the following four directors were added to the Company's Board:

Dominik Dolenec is Managing Partner and Founder of Emona Capital LLP, a London-based investment and advisory firm focusing on special situation and disruptive technology investments. Mr. Dolenec has over 20 years of investment and advisory experience, including assisting principals in complex restructurings, turnarounds, financings and other corporate events.

Brendan Hawthorne has more than 20 years experience as a specialist in financial investigations and asset recovery. He has extensive multi-jurisdictional experience including acting as an independent director of substantial onshore and offshore investment funds. He is a Chartered Accountant and Certified Fraud Examiner. His forensic accounting, asset recovery and litigation experience will be especially helpful in supervising the Princeton assets and recovery process.

Brett Miller currently serves as a non-executive director of a number of listed investment companies and previously served as an executive director of Damille Investments Ltd and Damille Investments II Ltd (both closed end funds listed on the specialist funds segment of the London Stock Exchange). Mr. Miller has considerable experience in corporate finance, corporate governance issues, corporate restructurings and optimising financial capital structures, and has been instrumental in a number of fund realisations in recent years for closed end funds listed on the London Stock Exchange and AIM.

Greg Share is Managing Partner and Co-Founder of Ambina Partners, LLC, an investment firm focused on investing in software and financial services companies. Mr. Share also has over twenty years of private equity experience in the U.S. and Europe, which included leadership positions at Moelis Capital Partners LLC, Fortress Investment Group LLC and Madison Dearborn Partners, LLC where he focused on the software and financial services sectors.

As announced on 6 July 2018, the four new Board members, along with Jonathan Schneider, the only remaining existing Board member, have established two new committees that both aim to quickly and efficiently wind down the Company. These committees will focus on the Princeton proceedings and the associated strategic decisions and the wind-down and realisation of the Company's existing portfolio (excluding Princeton) with the specific aim of maximizing returns for stakeholders.

The Company announces that in May 2018, the NAV for the Company's ordinary shares fell by -0.07%[1]. Without the Princeton legal expenses (-17 bps), the Princeton income not accrued/reserved (-17 bps) and expenses related to the management review process (-33 bps), the Company's May NAV increase would have been 0.60%. The management review expenses consisted of legal expenses (-17 bps) and consulting expenses paid to Kinmont Advisory (-16 bps; This is in addition to the -12 bps which was previously linked to workstreams deemed completed by the Board prior to this final payment made before the AGM on 19 June 2018). As at 31 May 2018, the cash and net platform receivables were $9.52M or approximately 4.5% of NAV. A breakdown of May's NAV calculation is as follows:

RDL NAV Return Before Legal / Reserve / Princeton / Management Review		0.99%
Management Review Process Expenses	-0.33%	
Monthly Loss Reserve	-0.39%	
NAV Appreciation Before Princeton		0.27%
Princeton Legal Expenses	-0.17%	
Princeton Net Income Not Accrued / Reserved – May 2018	-0.17%	
Monthly NAV Net Return		-0.07%

As announced on 28 June 2018, the Company declared an interim dividend of 19.79 pence per ordinary share (USD equivalent 25.93 cents per ordinary share) for the three-month period to 31 March 2018. The dividend will be paid on 10 August 2018 to shareholders on the register as of 6 July 2018. The ex-dividend date is 5 July 2018. Furthermore, the Company has elected to designate all of the interim dividend for the period 31 March 2018 as an interest distribution to its shareholders. In doing so, the Company is taking advantage of UK tax treatment by "streaming" income from interest-bearing investments into dividends that will be taxed in the hands of shareholders as interest income.

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MONTHLY COMMENTARY CONTINUED

Portfolio Update

International SME Lending Platform

The President of the Company's International SME lending platform departed unexpectedly in early 2018. As a result, the Company placed new investments on hold while an operational review was conducted. The onsite review of the platform's operations after the President's departure revealed that the platform had not been adequately servicing the loans sold to the Company. This necessitated the write-off taken in the March 2018 NAV of $1.2 million for two loans that were in default status. To prevent further deterioration of this portfolio, actions are now underway to temporarily transfer the servicing of the investments to the Company; and the Company is currently reviewing the information and status of each loan originated and serviced by the International SME lending platform. The Company will continue to re-assess its valuation of this portfolio as it assumes control and further evaluates applicable information being provided by the International SME lending platform. The Company believes there is risk of further write down on the International SME lending platform portfolio, the extent of which is currently being evaluated. In the future, the servicing might be contracted out to an external servicing company.

International LOC Partner

The Company provides a credit facility and serves as the primary lender with respect to the International LOC Partner, whereby it allows the International LOC Partner to draw down notes, each term of which is generally for a two-year period. The Company has provided the International LOC Partner with guidance that, pursuant to potential changes in its long-term investment objectives, the Company may seek to amend or unwind its credit facility within the foreseeable future; and until such date would only renew notes for successive one-month periods. As a result, the International LOC Partner is currently in discussions with alternative credit providers. It is noted that other than with respect to the Company's refusal to renew notes for two-year periods, as would generally be expected pursuant to the terms of the credit facility, the International LOC Partner is in compliance with the terms of the credit facility, including its payment obligations therein. In addition, based on the representations of the International LOC Partner, its cash flow and operations have not deteriorated. However, if the manager is instructed to unwind the credit facility, the International LOC Partner's ability to immediately pay maturing notes as they come due would be dependent on its ability to secure replacement financing under terms which are acceptable to the Company.

The Company is invested in debt instruments from multiple direct lending platforms within a diverse group of asset classes, including but not limited to real estate loans, SME loans, invoice receivables, and equipment finance[2]. The Company has continued its geographic diversification by allocating capital to non-US lending platforms, which include investments in the UK, Australia and Canada, in total equal to approximately 19% of the outstanding principal of the portfolio as at 31 May 2018. Nevertheless, the Company has recently suspended all new investments except for two existing platforms where the Company is the sole capital provider.

Princeton Update

The Company announced on 12th March 2018 that Princeton Alternative Income Fund, LP ("Princeton") and its former general partner Princeton Alternative Funding, LLC (the "General Partner") filed voluntary chapter 11 bankruptcy petitions on 9 March 2018 in the United States Bankruptcy Court for the District of New Jersey.

Through its legal representatives, the Company has been actively participating in the bankruptcy cases with a particular focus on, to the extent possible in the circumstances, seeking to protect its capital invested.

As previously announced, the bankruptcy court ruled that substantial portions of the Company's claims against Princeton and the General Partner in pending arbitration proceedings could proceed to judgment. The arbitration proceedings resumed on 16 May 2018; and the evidentiary portion of the proceedings concluded on 4 June 2018. The parties filed post-hearing briefs in June and presented closing arguments to the arbitration panel on 28 June 2018. The arbitration panel will likely render its decision within 30 days.

The decision of the arbitration panel cannot be enforced or implemented without a further Order of the bankruptcy court. Additionally, pursuant to a ruling by the bankruptcy court, the decision of the arbitration panel will be deemed confidential for at least 72 hours after its issuance to allow for the filing of a potential motion to seal the decision from public disclosure.

After the arbitration panel has delivered its decision, the Company will evaluate its options regarding the bankruptcy cases.

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MONTHLY COMMENTARY CONTINUED

Presently pending before the bankruptcy court are motions filed by the Company to appoint an examiner to investigate the affairs of Princeton and to appoint a trustee to displace the current management of Princeton. The bankruptcy court is awaiting the decision of the arbitration panel before substantively addressing these motions. Princeton requested the bankruptcy court to extend the time period in which Princeton has the exclusive right to file a chapter 11 plan in the bankruptcy cases into November 2018. In response to an objection by the Company, the bankruptcy court entered an order terminating Princeton's plan exclusive period as of 24 September 2018.

The Company and its newly constituted Board are committed to aggressively pursuing all legal avenues to recover the capital investment in Princeton and will continue to work with the manager and its legal counsel in order to do so.

ZDP Update (as at 31 May 2018)

Ticker	RDLZ
Shares in Issue	53,000,000
Accrued Capital Entitlement	£1.09
Share Price	£1.08
Prior Ranking Debt	Nil
Yield to Redemption (Based off initial issue price)	5%

	Including Princeton ($m)	Excluding Princeton ($m)
May 2018 Cum-Income NAV	$212.2	$182.9
Estimated ZDP Liability 31 May 2018	$76.5	$76.5
Gross Assets	$292.9	$263.6
ZDP Final Capital entitlement[3]	$89.9	$89.9
Estimated ZDP Cover	3.3x	2.9x

[1]Upon the commencement of each investment, the Company may assign a loss reserve that will be accrued over the term of such investment, or pool of investments, for the purpose of offsetting potential future write-offs that may be realised with respect to such investment. On the first page of this report, the Monthly and Cumulative Loss Reserve reflects the total of such accruals. With the portfolio maturing and anticipated write-offs being realised, the Investment Manager continues to actively manage the reserves.
[2]As at 31 May 2018, debt instruments secured by real estate represented approximately 32% of the Company's investment portfolio.
[3]The ZDP share final capital entitlement is not a guaranteed repayment amount.

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IMPORTANT DISCLOSURES

This newsletter is published in the United Kingdom by Ranger Direct Lending Fund plc (the "Company"). It is provided for the purpose of information only, and if you are unsure of the suitability of this investment you should take independent advice. Net Asset Value (NAV) performance is not linked to share price performance and shareholders may realise returns that are lower or higher in performance.

Past performance should not be seen as an indication of future performance. The value of investments and any income may fluctuate and investors may not get back the full amount invested. The views expressed are those of the Company's investment manager, Ranger Alternative Management II, LP as at the time of writing. These are subject to change without notice and do not constitute investment advice. Although the Company and Ranger Alternative Management II, LP have used reasonable efforts to ensure the accuracy of the information contained in this newsletter, neither the Company nor Ranger Alternative Management II, LP make any warranties or representations with respect to the completeness or accuracy of the information set forth herein. Examples of investment process, risk management, due diligence, position sizes, diversification, leverage, assessment of risk and similar information (together, the "Investment Programme") are presented as general guidelines used for illustration purposes only and are subject to change without notice to investors at any time at the sole discretion of the Ranger Alternative Management II, LP. In addition, the composition and size of, and risks associated with, current or future investments of the Company may differ substantially from examples set forth in this newsletter. Accordingly, actual implementation of the Investment Programme may vary from the examples presented herein.

All data in this newsletter is at or to the final day of the calendar month identified in the heading of the newsletter's front page unless otherwise stated.

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Ranger Direct Lending Fund plc

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