



WiseAlpha Presentation

WiseAlpha Senior management team



Rezaah Ahmad – Founder & CEO

- M&A and Leveraged finance teams at **Deutsche Bank** helping to structure some of the largest European corporate loans such as Virgin Media
 - **Alpstar**, a multi-billion euro hedge fund investing in senior secured loans, high yield bonds, credit derivatives, structured credit, equity and distressed debt
 - Board director and strategic advisor to **Tele Columbus**, a EUR1bn Cable TV business
 - BA in Economics from Queens' College **University of Cambridge** and Part II in Management from the Judge Institute at Cambridge University
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Aidan Hamade – CTO

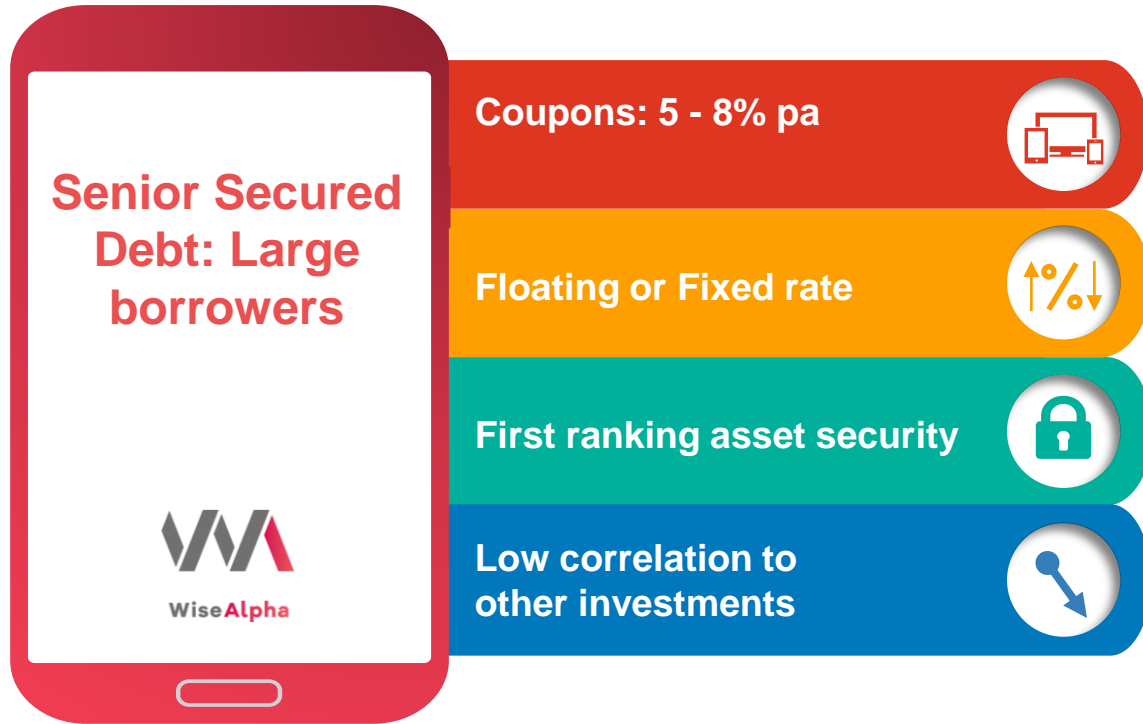
- Aidan spent 6 years building custom applications for multinationals including **HSBC**, **Deutsche Bank** and **ANZ**.
- In 2012 he founded a digital agency with Andrew Barrett working alongside **Google Ideas** and **Shine Group** and building numerous web platforms using open source technologies
- Aidan studied Mathematics with Artificial Intelligence and graduated from The **University of Edinburgh** 2002.

WiseAlpha and the Marketplace lending Industry

- WiseAlpha is a unique and the only regulated online marketplace for senior secured loans and bonds providing access to private investors to individual investments
- Current investors in senior secured debt are large banks, pension funds, insurance companies and specialist debt funds, with limited private investor presence
- 99.9% of people or the mass market can't access these loans and bonds unless via a specialist fund or pooled vehicle
- Marketplace lending has seen exponential growth over the last 5 years in lower quality segments such as peer to peer and enormous potential exists to liberalize the senior secured debt asset class to a new set of market participants and build wealth manager involvement

Our mission: To use financial technology to cut cost and provide access to the senior secured debt markets to all types of investor

Product overview: Senior Secured Debt



Structure

Typical Structure and sample portfolio names

Senior Secured Debt
Pricing: L+350-600bps
floating or 5-8% fixed
LTV:<50%



HY bonds/Mezzanine



Equity



Market response to WiseAlpha

CITY A.M.

"A slice of the major players: WiseAlpha enables you to invest in big firms for as little as £100"

Bloomberg

"Online UK lender starts marketing big bonds to small investors"

MONEYWEEK
The UK's best-selling financial magazine

"The DIY approach to lending - the wiseAlpha platform is a cracking idea... could be a good home for say 10-20% of your portfolio"

 **CROWDFUND
INSIDER**

"These secured corporate bonds are expected to appeal to a broad demographic of investors in the DIY lending movement looking for quality corporate income."

ANGEL  NEWS

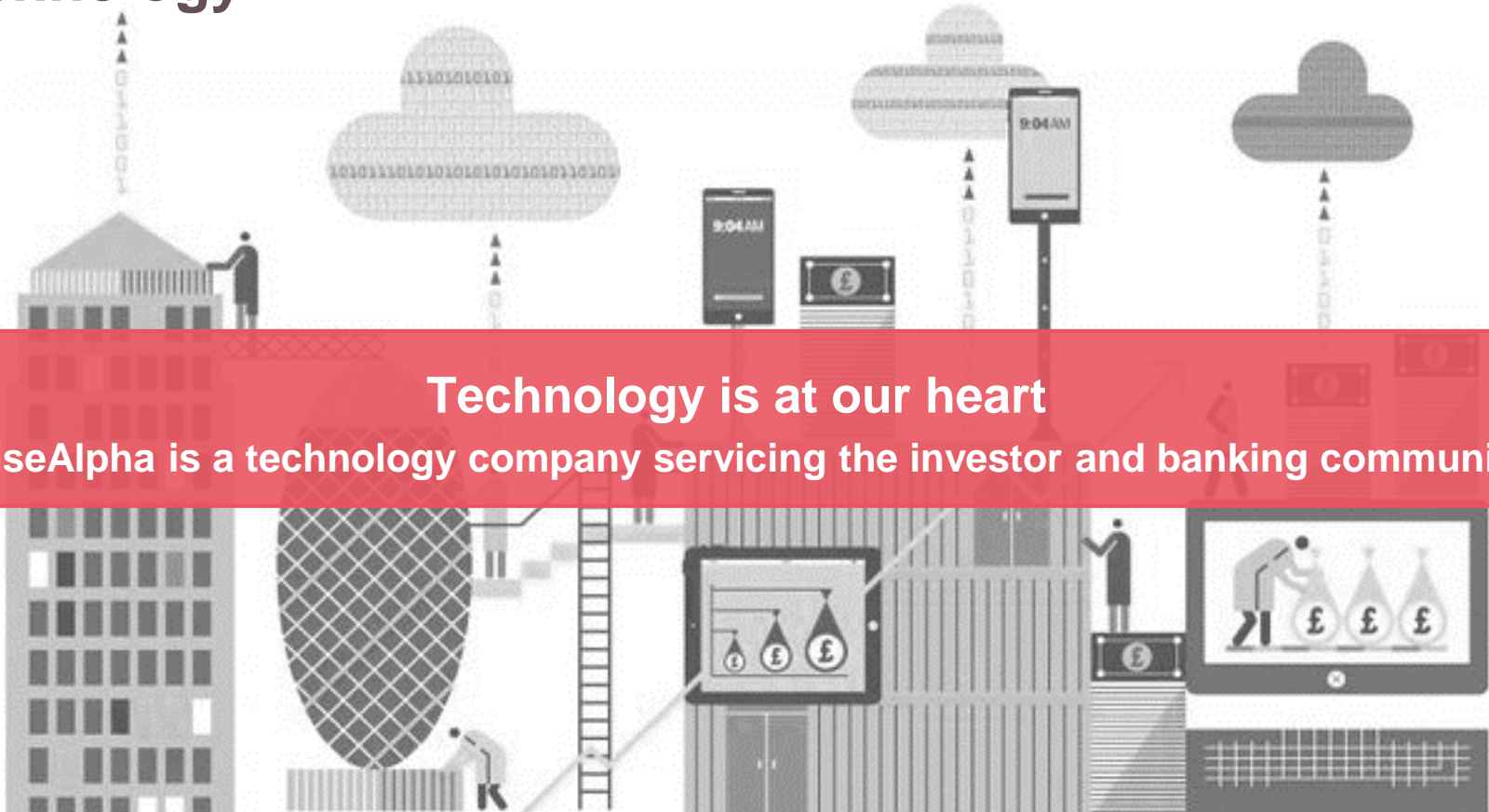
"Where wise angels can counter balance the risk of their portfolio"

MailOnline

"WiseAlpha lets investors tap into loans issued by some of Britain's biggest firms, such as telecoms giant Virgin Media"

Fantastic reviews by financial journalists

Technology



Technology is at our heart

WiseAlpha is a technology company servicing the investor and banking community

WiseAlpha collaborates with banks and funds

WiseAlpha has a symbiotic relationship with arrangers of senior secured debt

Collaborative approach with arranging banks and funds

Can link their systems to our platform

Arrangers free up more capital

A wider spread of risk assets to potentially longer-term income driven investors

Reduces reliance on the '*shadow*'¹ banking system

Greater liquidity in the asset class stimulates issuance benefiting issuers

1 - The term 'shadow banking' was coined in 2007 by Paul McCulley, PIMCO's former chief economist referring to the "the whole alphabet soup of levered up non-bank investment conduits, vehicles, and structures" that contributed to the lending boom from 2005-2007.

Upcoming products and investments

- **Current product suite weighted to brand name secured fixed rate bonds**
- **Floating rate loans and bonds (i.e. L+ 6% interest coupons) to gradually expand through the year for those interested in a variable interest rate that partially protects against inflation and Bank of England rate rises**
- **1,3, and 5 year WiseAlpha Investment bonds for those who want to fix their investment periods and want WiseAlpha to choose the underlying investments but still get exposure to senior secured debt**
- **SIPP and ISA based products later this year**
- **High yield or unsecured investments will gradually be added for 'qualified investors' to access. This segment has higher returns than secured debt but can lead to larger capital losses**
- **Real Estate, Structured Credit, Private Equity and other forms of illiquid investment**



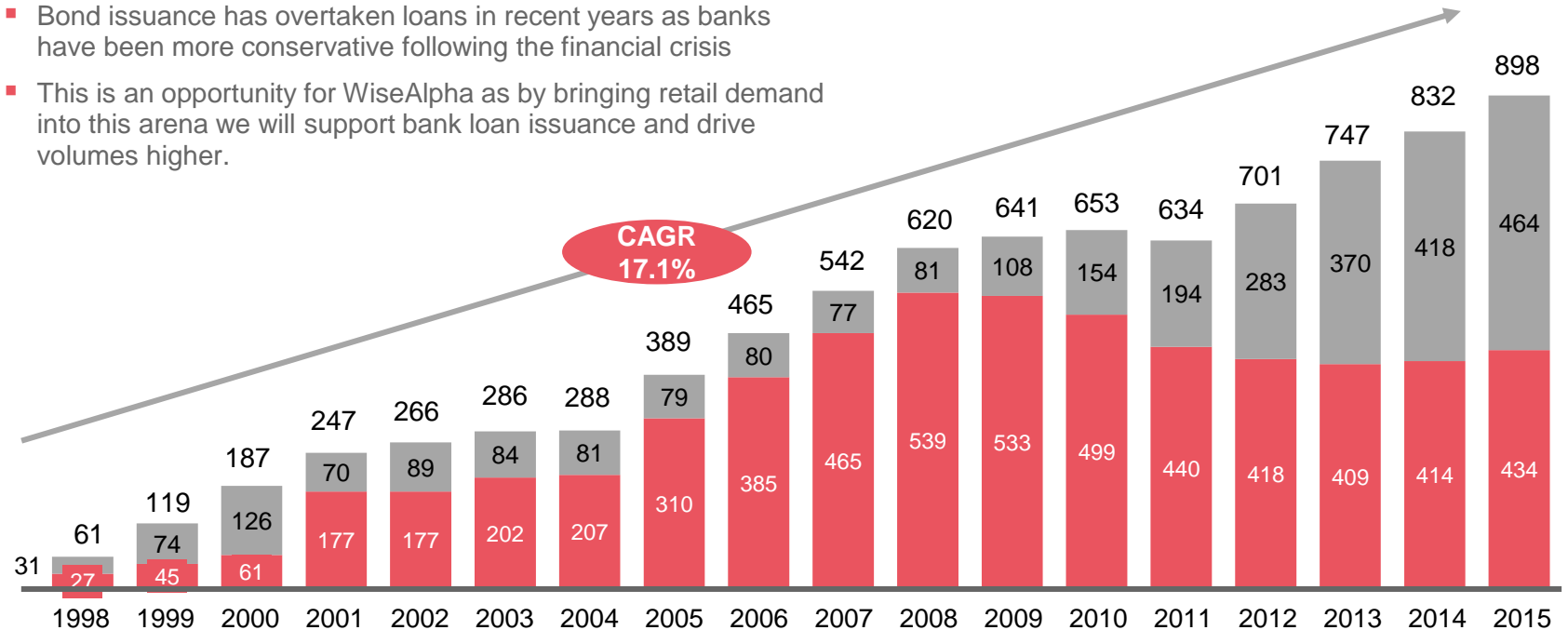
Appendix – The Senior Secured debt market

European secured loan and bond market

Loans Bonds

European secured loan and high yield bond market evolution, €bn

- Bond issuance has overtaken loans in recent years as banks have been more conservative following the financial crisis
- This is an opportunity for WiseAlpha as by bringing retail demand into this arena we will support bank loan issuance and drive volumes higher.

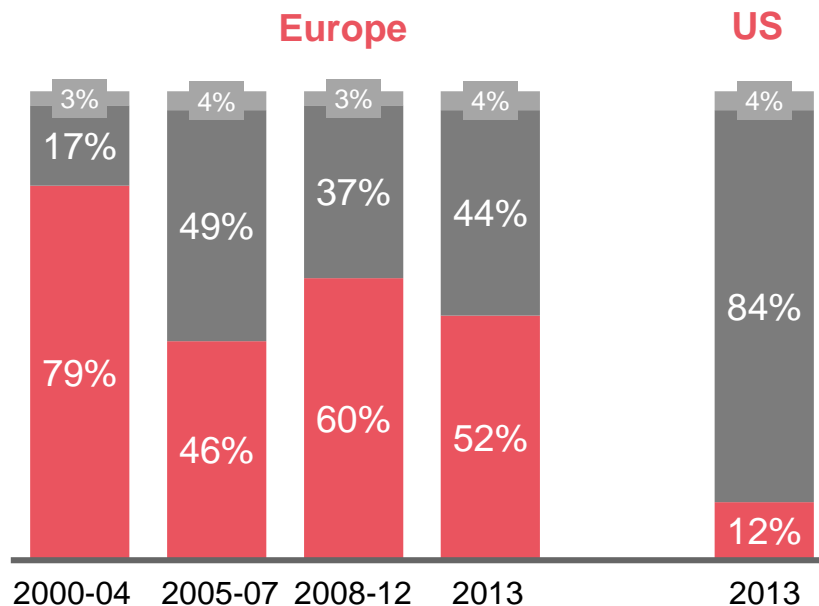


Source: Credit Suisse Leveraged Finance Strategy Weekly Report 03 Sept 2015, loan data as of 30 Aug 2015. Measured by proportion of institutional tranche loans as a proportion of the total market.

Current Investor base in Europe

Investor base in corporate loans by type

■ Banks ■ Institutions ■ Other/retail



Drivers

- Over the last 10 years institutional (fund-based) investor demand has increased and taken share from banks in the corporate arena
- In the US institutional investors are now the predominant buyers of corporate loans
- Until now retail and other investors have been limited buyers given the large denomination sizes of corporate loans and the financial and structural complexity in setting up platforms to allow retail investors to buy these investments directly
- WiseAlpha provides a solution for retail investors to access the market

European secured loan yields are attractive

Lending spreads have expanded since the financial crisis

bps

E+500

E+450

E+400

E+350

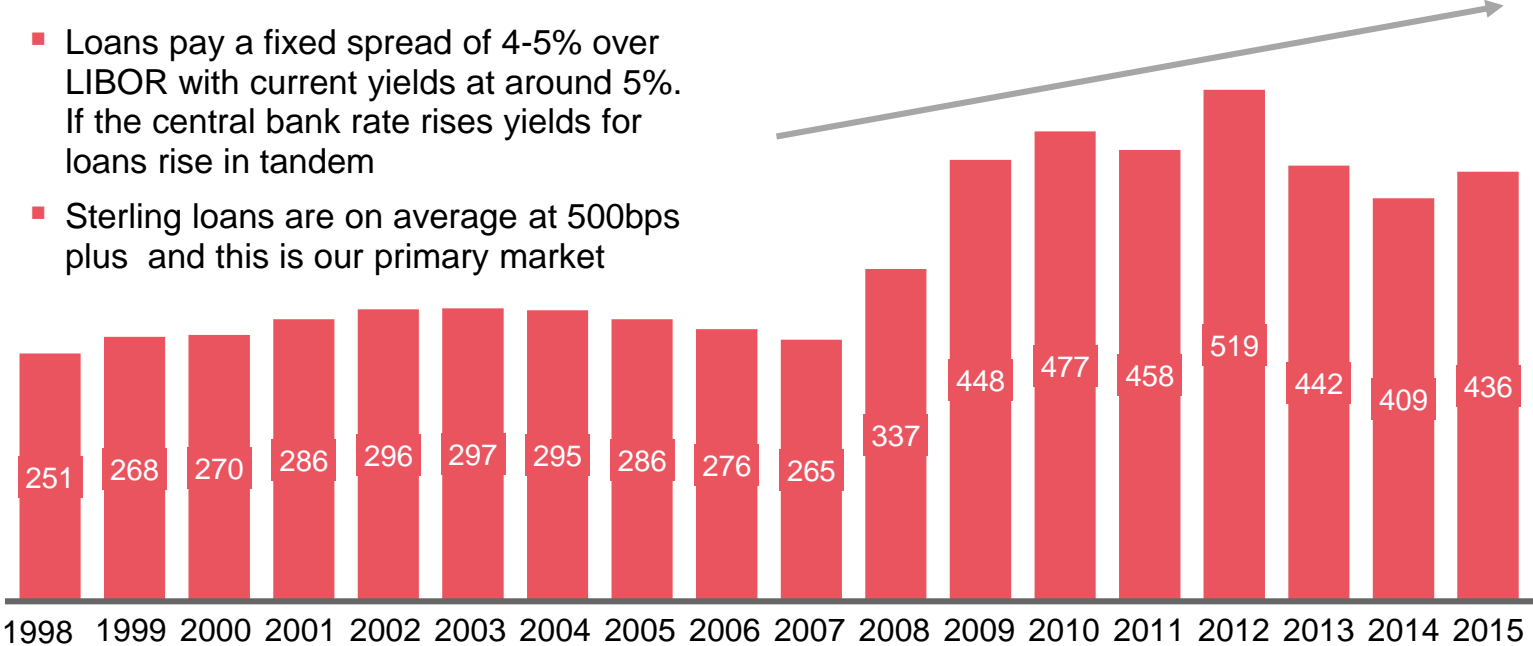
E+300

E+250

E+200

E+150

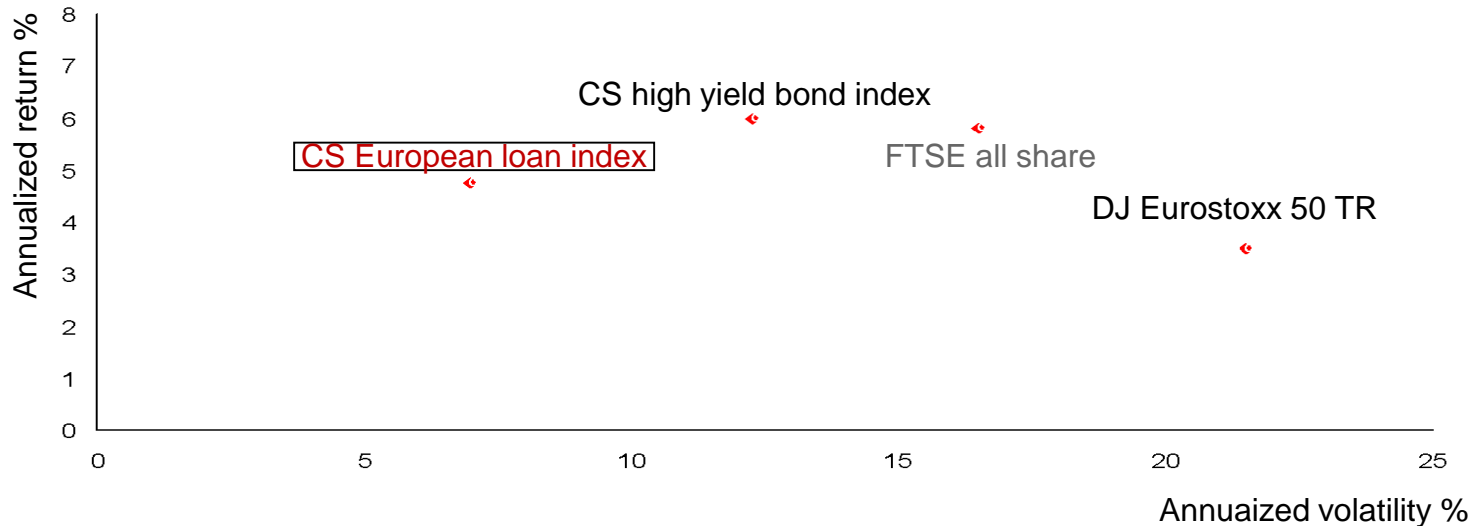
- Loans pay a fixed spread of 4-5% over LIBOR with current yields at around 5%. If the central bank rate rises yields for loans rise in tandem
- Sterling loans are on average at 500bps plus and this is our primary market



Source: Credit Suisse Leveraged Finance Strategy Weekly Report 03 Sept 2015, loan spread data as of 30 Aug 2015.

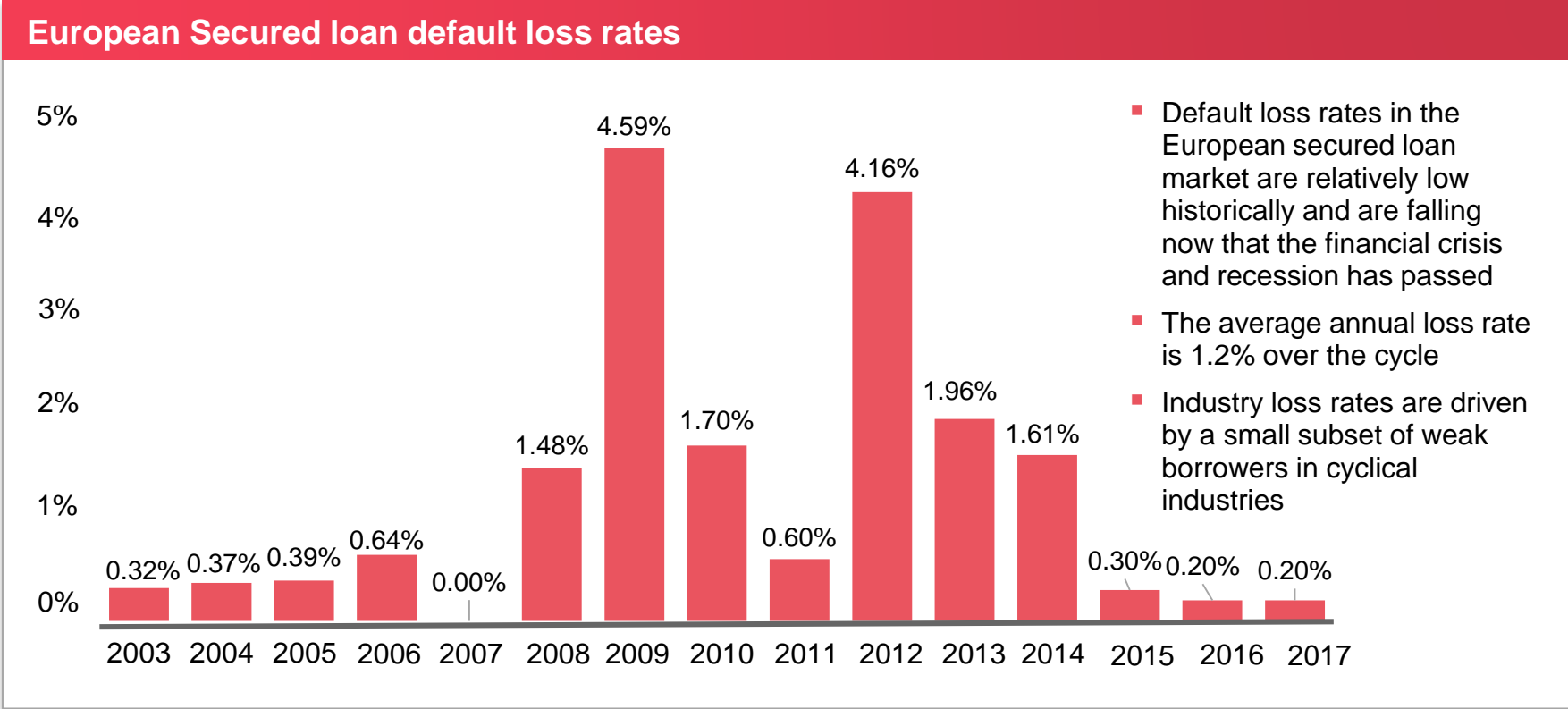
Secured loans are attractive on a risk-adjusted basis versus equities

Europe – risk reward characteristics of various asset classes (1998-2013)



- Secured loans have demonstrated attractive risk/return compared to equities and are an attractive alternative for blue-chip dividend stock investors looking for steady income
- Buyers of equities during the 15 year date period have not been compensated for the increased risk

European secured loan default loss rates are low



Source: Credit Suisse Loan default review 15th Jan 2015, Default report