

Invest in a diversified loan portfolio

RateSetter offers you the opportunity to invest in a diversified portfolio of loans to individuals (mainly lower risk but some higher risk), businesses, property developers and other lending businesses (specialist financial businesses who lend onwards to individuals and businesses – discontinued in December 2016 as a source of new lending). We no longer write new loans via other lending businesses. Existing loans are running down as they repay over time in accordance with their existing loan schedule. However new lender money may still be matched to existing loans when other lenders have exited early.

Your capital and interest are at risk if the Provision Fund is depleted by increased borrower defaults. There is no recourse to FSCS. Instant access to your money is not guaranteed.

Your Investment

Your investment and any reinvestments could be matched with new loans or existing loans. Your investments could be matched with:

- Rolling Market: loans ranging from 3 months to 5 years, which repay over life of the loan
- 1 Year Market: 1 year loans which are scheduled to repay at the end of the loan term
- 5 Year Market: loans up to 5 years, which repay over the life of the loan

You are appointing RateSetter as your exclusive agent to act in all matters relating to the origination, negotiation, administration and management of your matched loans.

We take a careful approach to lending and only lend to borrowers who are creditworthy when the loan is granted and who can demonstrate that they are able to pay back the loan. Borrowers' creditworthiness may change over time and cannot be guaranteed. You can track default metrics in the KEY INFORMATION section of the RateSetter Members Area.

You can request what happens to your investment when your matched loans repay by setting your own re-investment options. If you instruct us to reinvest it, we will reinvest it in new or existing loans when suitable loans become available. Borrowers are matched to the lowest rate available when their loan is available for matching. If you choose to place your funds in a Holding account, these can then be withdrawn or reinvested at a later time.

Interest rates

The rate you receive is a function of supply and demand on the market; supply of money from investors and the demand for money from borrowers).

For new investments, you can choose the 'Lend It Now Rate', which will match your investment to the next available loan. This will result in your money being matched faster but may result in you receiving a lower rate.

For reinvestments, you can choose the daily 'Market Rate', which will match your investment with available loans on the day of reinvestment. The daily 'Market Rate' is set based on an average of matches over the previous 24 hours.

Fees

There are no initial investment fees or annual management fees when investing with RateSetter. If you invest in the 1 Year Market or the 5 Year Market and you want to access your money before the end of your term, you will pay a Transfer fee as your loans will need to be transferred to new investors. You can access a personalised quote for these fees in the Member Area on ratesetter.com.

There are no fees when you release your investment from the Rolling Market.

Release your investment

You can access money invested in the Rolling Market at any time without fees, provided there's another investor available to take your place in your matched loan contracts.

For 1, 3* and 5 year investments, you have the option to transfer your matched loan contracts to an available investor and release your investment. A Transfer fee is payable, as you're exiting your matched loan contracts before their term.

We will always provide you with an estimate of how much money you'll release, including any earned interest and any Transfer fees payable.

*Please note: the 3 year market was closed to new investment in August 2016.

The Provision Fund

The Provision Fund is made up of payments received from every borrower, based on RateSetter's assessment of their creditworthiness when the loan is granted. RateSetter aims to maintain the Provision Fund at a level intended to cover all expected future defaults. The Provision Fund has a 100% track record to date; every individual investor has received the returns they expected. This is not a guarantee for the future and your capital and interest are at risk if the Provision Fund is depleted by increased borrower defaults.

Each investor is directly matched with one or more borrowers, but as the Provision Fund effectively spreads risk across the whole loan book, investors are exposed to the performance of the RateSetter loan book as a whole - not the performance of the specific loans they are matched to.

More information about the Provision Fund can be found in section 3 of this page. Please read this information as it indicates the extent to which the Provision Fund can be expected to cover loan defaults.

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Interventions

In the past, RateSetter intervened with the restructuring of one of its major borrowers. As a result of this, RateSetter now controls three businesses.

All three businesses have outstanding loans with our investors. These loans are secured on the underlying loan portfolios of these businesses. New investments and any reinvestments may be matched with one or more of these loans.

In one exceptional case, RateSetter intervened to cover the debt repayments of a borrower from its own company funds that would otherwise have been defaulted to the Provision Fund. Such an intervention will not happen again.

Any conflict of interest is mitigated by ensuring appropriate separation of the relevant operational teams from the companies in which RateSetter has a stake. Any credit and/or lending decisions made by RateSetter in connection with companies that are part of the RMM group are made independently from the management of RMM's equity interests in those companies.

RateSetter details

You can contact RateSetter at contactus@ratesetter.com or by calling **020 3142 6226**. RateSetter is a trading name for Retail Money Market Limited (company no. 7075792) and our offices are at 55 Bishopsgate, London, EC2N 3AS. RateSetter is authorised and regulated by the Financial Conduct Authority (Ref. 722768).