IPARTNERS INVESTMENT FUND

AUGUST 2022

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SUMMARY & CONCLUSION

The iPartners founders, Travis Miller and Rob Nankivell, have reimagined investment banking, creating a balance sheet light, corporate lender that targets non-traditional credits or smaller emerging businesses. They have done this by simultaneously developing a platform for pre-qualifying wholesale and sophisticated investors, keeping the funding inhouse by internalising distribution with an innovative master fund/sub-fund structure that carves these debt instruments into smaller parcel sizes. The product, or deal origination, team have developed iPartners expertise in Asset Backed Securities (ABS), Commercial Real Estate (CRE) and private lending to corporate borrowers.

RATING

COMMENDED

*Refer to the final page for a description of the Ratings scale.

The iPartners Investment Fund (iPIF or Fund) sits alongside the now 7,000 generally yield-seeking investors on the platform, co-investing with them as transactions are funded. The iPIF is constructed as a pre-mixed, diversified portfolio of internally generated private credit opportunities, which targets a net yield of between 8% to 10% p.a.

Evergreen views the product as having desirable reward for the overall level of risk, with the unique feature of monthly liquidity when the underlying investments are for contractually fixed terms. After due consideration of the inherent risks, we have assigned the fund a Commended rating.

For more background information on the iPartners group, investors may wish to read the Evergreen research on the sibling Core Income Fund, as they have much in common.

STRENGTHS

The entire iPartners team has demonstrated, since the Fund was launched more than two years ago, that the product concept works, giving smaller parcel-sized investors access to a niche credit market that would otherwise be for the larger institutions. The favourable credit conditions, origination and allocations processes are robust, with the product meeting its investors' expectations.

The unitisation of the underlying exposures has the added benefit of allowing the Fund's portfolio managers to diversify individual borrower and sector concentration risks. This can be slightly constrained, however, by the available opportunities the origination team is able to generate, and this has been addressed with the hiring of extra specialist debt-originating lenders.

The technology and legal structuring are something of a game changer for fee-conscious, smaller investors. With the ability to self-service their portfolio's credit allocation and transact in retail parcel sizes, investors can elect to avoid the additional fees otherwise payable to third-party platform providers. Subject to the net available cash, investors also have a far greater degree of freedom than some competitors' offerings, should they wish to redeem their investment.

WEAKNESSES

As the whole iPartners business has grown, the governance model has not evolved to better represent the potential disparate interests of all the relevant stakeholders. With key players wearing many hats, in terms of business decisions, lending criteria (including origination fees payable), and in allocation of unitholders' monies to an individual risk, it generates a reliance on the integrity of the sum of the parts and in those select people. This reputational risk is partially mitigated by the iPartners conflicts of interests register. However, it is untested in a time of potential crisis (such as a significant credit default).

Although the fund could comfortably double in size before reaching any perceived capacity constraint, we believe the available universe of potential investments could be limited. If so, the significant risk parameters of the iPIF could alter, or management could be faced with the prospect of soft closing this investment vehicle or altering the fundamental investment risks of the vehicle. These factors could play out over the medium term and should therefore be a consideration for future investors.

DIFFERING FACTORS

Unlike funds that invest in the broadest universe of traded market credit instruments, the Fund's narrower range of opportunities in the Australian and New Zealand private credits provides investors with the benefit of a significant illiquidity premium or margin over otherwise comparable credits. However, as the Fund's investments are not market to market, all credit risk is on the downside. This means that in the event of a default event, some investors' capital could be lost. It also means the portfolio is not generally traded, with most positions held to maturity.

ISSUES TO NOTE

In managing the growth of the iPartners business, there appears to have been some astute strategic hires of specialised staff, adding their expertise to the larger team, specifically in property lending and product administration technology. This expansion may require extra oversight, necessitate adjustment to reporting lines, and present additional opportunities or distractions. In this respect, iPartners has grown from a 'fin-tech disruptor' to an emergent player in both the domestic capital raising market and investor platform administration arena. Evergreen sees iPartners as a successful proposition but would express some caution about possible 'growing pains'.

The iPIF has a sibling fund, the Core Income Fund, which targets an overall lower yielding portfolio. It is notable that roughly half the named exposures in both portfolios are in common across the two funds. Investors should be aware this is the case if they believe there is fundamental differentiation between the two investment vehicles.

ABOUT THE PRODUCT

FUND PARTICULARS	
Fund name	iPartners Investment Fund
APIR Code	IPN0768AU
Dominant strategy	Australian private debt, in the form of Asset Backed Securities, Commercial Property debt and Corporate Credit
Fund structure	Unregistered managed investment scheme structured as a unit trust
Investment Manager	iPartners Funds Management Pty Ltd ABN 97 616 310 555 AFSL 502791
Trustee	iPartners Nominees Pty Ltd ABN 98 619 036 663
Fund Administrator	iPlatforms Pty Ltd

KEY ELEMENTS	DESCRIPTION
Fund inception	6 March 2020
Domicile	Australia
Legal form	Unregistered Managed Investment Scheme

KEY ELEMENTS	DESCRIPTION
Geographic mandate	Australia and New Zealand
Open	Yes
Investment timeframe	Investors should consider 12 months as a minimum investment timeframe
Management fee	0.50% p.a. (ex-GST) of fund NAV calculated and paid monthly
Trustee fee	0.10% p.a.
Performance fee	None
High water mark	N/A
Distributions	Quarterly
Funds under management	$70 million as at 30 June 2022
Investment source	Wholesale investors
Platform availability	Netwealth and Powerwrap
Minimum investment	$10,000
Minimum redemption	$10,000
Reinvestments	At the investor's discretion
Current unit price	$1.03712 as at 30 June 2022
Entry and exit fees	N/A
Applications	Monthly, three business days before the last business day of each month end
Redemptions	Monthly, with three business days' notice before the last business day of each month end
Website	www.ipartners.com.au

BACKGROUND

iPartners was established in 2017 by Travis Miller and Rob Nankivell, who saw an opportunity to provide a concurrent solution to providing debt or equity capital to Australian emergent businesses, and place it with willing, wholesale and sophisticated investors. Without the large balance sheets of their previous employers, their innovation was to internalise the distribution of the capital raisings they arranged, utilising a co-investment platform designed specifically for wholesale and sophisticated investors. The benefit to these investors is a more direct means to access transactions that were previously only available to the bigger end of town.

Both the scale of the capital raisings undertaken by the Group and the distribution footprint across their investor base have grown in parallel, allowing iPartner's progress to be fuelled by its profitability, targeted reinvestment in its platform development and some third-party 'white labelling' opportunities. Consequently, their complete transactional solution means they are without the constraints of some of their competitors in the creation of private credit funds.

It is against this background that the range of four pre-mixed investment vehicles were launched by iPartners Funds Management (iPFM), over the last year or two. These four funds are envisaged to sit across the risk spectrum, from the nearer cash Conservative Income Fund, mid-risk Core Income Fund, the higher-risk Investment Fund (iPIF or the Fund) and the highest expected return of the Growth Fund. Recognising the common disclosure elements of these funds, the latter three have been recently combined into a single Information Memorandum, rather than their previously used Term Sheets of individual product conditions.

Across the iPartners platform, there is currently more than $2 billion in assets held on behalf of its investors, of which more than $180 million are in the pre-mixed funds or the single institutional mandate. Of this, the iPartners Investment Fund is the largest at over $70 million. The platform allows the efficient administrative functions of an automated process for the obligatory accountant sign-off of an investor's net worth, KYC and AML checks, where this information is kept and able to be recycled. It also offers the ability for its investors to trade their holdings, providing some liquidity in essentially illiquid investments (being private credit instruments or unlisted equity securities).

To understand the Fund, it is important to understand the iPartners group of businesses, how they are interwoven, the functions of each of its components and the extraction of income at each part of the investments' value chain. These elements are addressed below.

The vast bulk of the organisation revolves around the investment banking functions of capital origination of transactions and their eventual placement of each deal to willing investors. As the fees these transactions generate are the main source of revenue across the group of businesses, this is their focus. The team is experienced, well networked into the Australian financial services community and soundly resourced.

Most of the origination fees are able to be retained within the Group, and not paid away to third party distributors, by the use of the iPlatform's network of over 7,000 pre-registered wholesale investors. With previously written, mostly debt transactions maturing and a steady stream of new signatories, these captive clients provide significant firepower for iPartners to undertake progressively larger, or more frequent opportunities. In dollar terms, these investors are roughly equally split between high-net-worth individuals, self-managed super funds and family offices or trustee intermediaries.

As investors' money on the platform doubled over the last twelve months to $2 billion, the amount traded under the secondary market provisions was only $150 million. This augurs well in terms of providing additional liquidity across the platform, however, demand for this facility is likely to be far greater, should general market conditions alleviate, or a specific credit default, create a run on retained funds.

Of the $2 billion held across the platform of investments, the amounts placed into the four premixed funds are a relatively modest percentage, being less than 10% of holdings. Although a smaller contributor to the overall iPartners business, the funds management operation appears both profitably self-sustaining and entirely scalable.

The iPartners group is well resourced with more than 60 staff, with their headcount all but doubling over the last twelve months, in line with the increased fund holdings. These additional human resources appear to have been applied evenly across the origination/distribution functions, as well as to the platforms business.

Within the former division, a property lending specialist has been added to the roster, as well as the opening of satellite, distribution-orientated offices, in both Singapore and Melbourne. The additional sales operatives have been employed to increase iPartners' local investor coverage in those regions. The hiring of four individuals from Avaloq, the Swiss-based wealth technology business, is a significant step in the progression of the platform's business. Pleasingly, one of these individuals will be undertaking the role of CEO for iPlatforms and is charged with unravelling some of the conflicts that exist across the relationships within the Group, by making them more arms-length, commercial arrangements.

The funds management team consists of the two co-portfolio managers (PMs), and an investment analyst. There is a dedicated fund accountant sitting separately within the CFO group function. Evergreen would consider this to be adequate resourcing, given the access to the wider resources across the rest of the Group (including loans administration, etc.).

PRODUCT OVERVIEW

iPartners' strategy is to access private credit and fixed income streams generated from borrowers who, for whatever reason, are problematic for the larger lenders. These borrowers have tended to be either sub-scale in size, in non-traditional sectors or effectively start-ups, with inherent risk from potentially relatively untested, disruptive business models, or have more complex financing requirements.

OBJECTIVE

The Fund has an absolute return target, being a net return to investors of 8% to 10% p.a. This goes to the illiquid nature of the underlying investments, and the ongoing expectations of the origination team to find suitable transactions and relative risk-premia relative to traded market debt securities. In an overarching economic environment of increasing cash rates, this objective should be easier to achieve.

INVESTMENT UNIVERSE

The iPIF targets a well-diversified portfolio of mostly internally generated iPartners co-investments, across a range of otherwise, non-tradable debt instruments. Fund investors sit alongside smaller institutional portfolios, corporate trustee aggregators, and wholesale and sophisticated investors. However, it is likely that the in-house Funds are the largest single investors in each individual debt transaction.

The Investment Fund provides exposure to four private debt sub-asset classes, being Asset Backed Securities (ABS), Commercial Real Estate, private credit and hybrid bank debt, as well as Other Assets and Funds and cash account(s). Expanding on these definitions of allowable investments, under the fund's Information Memorandum, the individual holdings have these additional characteristics.

The iPartners deep expertise with asset-backed lending means that all ABS transactions are sourced internally and arranged by the product team. Such loans are typically structured on a Senior and Junior tranche basis, with the iPIF investing in either type (dependent on portfolio impact). Loan size is generally from $2m to $5m, with terms typically 12 to 24-months.

Commercial real estate (CRE) lending is almost always secured by a first mortgage, with LVRs ranging between 55% to 65%, and for residential, commercial, industrial, or buy-to-rent projects. These debt obligations may provide bridging finance for either land and/or property development projects, but are only undertaken on a co-investment, pari-passu basis with other lenders through a SPV or Trust structure. Exit is by way of refinancing, often by more traditional bank lenders, once the project has achieved certain milestones.

Private business loans, or corporate lending, is targeted at small-to-medium-sized enterprises (SMEs) as senior secured loans over cashflow and receivables (where the latter often provides a degree of collateral exceeding the loan size). Such loans will amortise the principal over their term, thereby decreasing the entity's leverage (being total debt to EBITDA of about 2.5 to 3.0 times).

The manager currently holds about 2% of the portfolio in securities that it would categorise as 'Other Assets and Funds', which are all managed funds. However, as a very broad, catch-all definition, it is not specific about what types of securities may fall within the Fund's mandate. Evergreen would prefer a tighter explanation of what exposures these potential investments could hold and the investment thesis for their inclusion within the portfolio, as up to 30% of the Fund can be deployed into these otherwise unspecified assets.

RECOMMENDED INVESTMENT TERM

As the Fund contains higher yielding securities, as a proxy for the overall level of investment risk, Evergreen would recommend that investors consider a one-to-three-year timeframe.

FUND PARAMETERS

When considering the allowable allocation parameters of the Investment Fund with its sibling Core Income Fund, on a side-by-side basis, there appears to be little to delineate between the two investment vehicles, in terms of their potential asset allocation.

ASSET TYPE	DESCRIPTION	TARGET ASSET ALLOCATION*	TARGET ASSET ALLOCATION**
Cash		Up to 20%	Up to 20%
Asset Backed Debt (ABS)	Secured Loans against a portfolio of loans or cashflows	Up to 80%	Up to 80%
Property Loans (CRE)	Senior Secured Loans	Up to 50%	Up to 50%
Private Credit	Senior Secured Loans to operating businesses, singularly or in a portfolio	Up to 50%	Up to 50%
Other Alternative Assets, including managed funds		Up to 20%	Up to 30%
Bank Capital	Hybrids, bank debt, term deposits	-	Up to 15%

*Core Income Fund
**Investment Fund

As all the assets held by either fund are initially priced on an appraisal basis, albeit by a highly experienced debt capital markets team, the actual differences in terms of overall sector and 'name' risks between the two funds is relatively marginal. The assets allocation could be very similar (as shown above), the individual borrowers or 'names' exposures have some commonality (as at the end of May 2022, roughly half the names in the CIP also appear the iPIF, being about one third of those held by that larger product), and both have an average maturity of about 12 months. It is possible, however, that the level of subordination within those sector and names may differ, which could alter the prospects for the recovery of a capital loss for each portfolio, should a default occur.

It is self-evident that investors should choose one product over the other, simply on the basis that the expected return is a proxy for the inherent credit risk of the overall portfolio, not necessarily its composition.

Neither fund product has any restrictions on the average tenure of its portfolio.

INVESTMENT PROCESS

Although not explicitly stated in the disclosure documentation, the iPIF's philosophy could be paraphrased as 'diversification provides essential cross-insurance to the portfolio'. Comparatively small allocations, in percentages of Funds Under Management (FUM) terms, are made to create a sufficiently robust basket of similar credit risks.

STOCK SELECTION

With the Fund mostly utilising debt securities created inhouse by the suitably experienced iPartners team, it is somewhat constrained by their appraisal-based pricing (being not observable in an otherwise open market) and the hold-to-maturity nature of those credit instruments. After consideration of a transactions reward for risk parameters, the PMs elect to participate in the deal or not, driven by both the demand by the Fund and the available supply.

Unlike some high-yield credit funds, which may own tradable securities, they are unable to wait to see if the price payable decreases, and the only validation of their selection is full repayment at maturity. In most cases, holdings are less liquid than tradable securities and are intended to be held to maturity, placing the emphasis on getting the original credit assessment correct. This judgement is more the responsibility of the origination team, with some oversight by the fund's portfolio managers. Once written, the borrower's credit performance is closely monitored, with regular reporting to the iPartners team, as is standard practice for private credit transactions.

Once the PMs have elected to participate, the additional security's impact on the broader portfolio is considered, to ensure the fund remains within its risk allocation parameters.

ALLOCATIONS

As transactions are arranged by iPartners, pricing is fixed, meaning there is no need to conduct a bookbuild for price discovery. With multiple clients, of which iPFM is one, there may be occasions where an issue is effectively oversubscribed and allocation across those potential investors may be required. If so, any allocation is made by the Head of Syndicate, in consultation with Compliance and Management, requiring the consideration of a range of factors (including the values of the business).

Specific considerations of the firm's allocation policy can include:

- The preferences of the issuer (including potential co-investments by iPartners' staff)
- Preferences of investors, including comfort provided by co-investment by the issuer, a cornerstone investor(s) and the iPartners funds
- The size of the orders and level of support shown by the investors for that issuer
- Prior participation in transactions
- Diversification or concentration of the investor base
- Potential secondary market liquidity required by the investor
- Potential liquidity offered by that investor
- Brokerage payable, if any, to financial intermediaries.

Allocations can be made, and scale-backs can be applied to the iPartners funds, taking into account the considerations listed above. The early involvement of the iPartners funds in transactions is permitted and, in many cases, is an important factor in obtaining mandates from issuers, which may effectively underwrite the transaction.

PORTFOLIO CONSTRUCTION

Given the specific nature of the iPIF, the portfolio is an outworking of its previous positions, the current and expected total FUM, and the availability of further investments. In this respect, the PM team doesn't have many levers to pull in terms of its ability to rapidly alter the basic portfolio characteristics (being the yield, average tenor and sector allocations). A relatively short weighted average life of 1 year provides some flexibility in this regard.

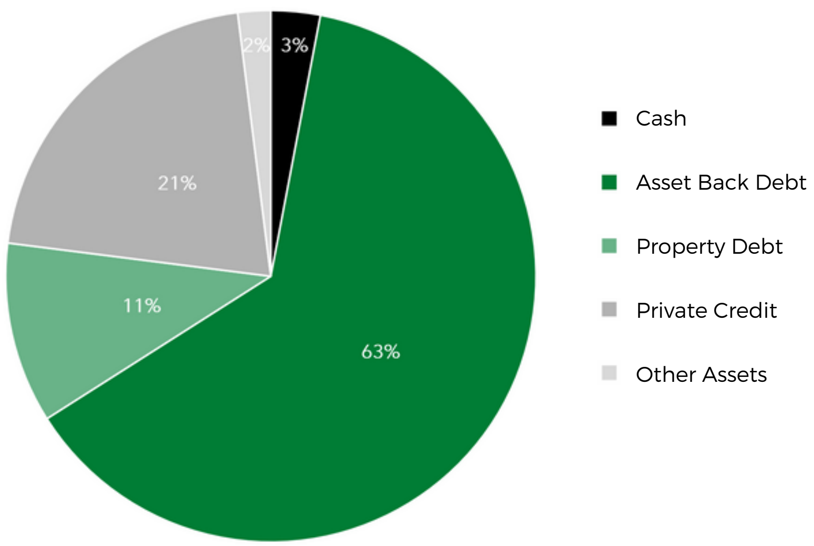
It is specified within the Information Memorandum that no single investment will be weighted beyond a maximum of 10% of the overall fund. This is a target to reduce concentration risk and increase the portfolio's diversification. As it is two years since the Fund's launch, Evergreen is concerned that two of the Fund's current holdings exceed this targeted maximum allocation.

PORTFOLIO RISK CHARACTERISTICS

With any higher yielding portfolio of debt instruments, the greatest risk is a total loss of invested capital, although there may be some opportunity to seek redress with the security provided or via the appointed liquidator. With iPIF, this risk is mitigated by the origination team's credit assessment processes and their ability to avoid a total loss on any individual credit risk by way of fraud.

Within the Fund, however, any potential loss can only be minimised to a tolerable level. They can do this with a broad spread of borrowers (in the lender's jargon, 'names'), by not being the largest single lender to those names and by reducing sector concentration, to avoid any systemic issues that may occur within a market segment (eg. property construction).

IPIF ASSET ALLOCATION - 30 JUNE 2022



Looking deeper into the Fund's forty positions within its current portfolio, around two thirds of the deployable funds have been allocated to one quarter of the debt instruments, and one in five of the positions are more than half the total deal size. As attractive a credit segment as ABS is, at roughly two thirds the portfolio size, we believe that these apparent concentration risks could be better diversified away, without necessarily lowering the overall return to investors.

The secondary form of risk for investors is that there are a number of simultaneous fund redemptions necessitating a 'fire sale' of the fund's assets. In the case of iPIF, however, this is in our view well mitigated. The average tenure has slightly less than one year, which means that it is 50% self-liquidating each year, and with coupons being on average nearly 10%, the internally generated fund liquidity is considerable, should it face a wall of redemption requests.

In the current climate of rising interest, the overall targeted fund return should be easier to obtain. This gives the portfolio management team the scope to possibly lower the overall credit exposure and still stay within the Fund's return objective. Higher base rates may also allow greater overall FUM growth, with more opportunities to find willing borrowers, within the targeted rates of return, whereas previously they may have been issued at a lower nominal yield.

FUNDS UNDER MANAGEMENT

At its present size of over $70m, the product is comfortably manageable within the context of the available credit opportunities the iPartners origination team can currently generate from its targeted borrower types. In discussions with management, however, it is reasonable to expect that this product, in its current form, would reach a capacity constraint of around $150m.

CURRENCY EXPOSURE

The Fund can invest in the debt of issuers with offshore operations. Of its current investments, they are all locally originated and denominated in Australian dollars. There is one underlying exposure to New Zealand assets, which has been fully into Australian dollars.

HOW THE PRODUCT IS MANAGED

The iPartners Investment Committee is responsible for the oversight and monitoring of the investment management framework, which encompasses the placement of new debt issuance (generated internally or by the Group's partners), the deployment of iPartners funds' monies and the take up of third-party investment offerings.

A typical transaction will involve multiple stages, including:

- Deal sourcing by origination team and introducers of opportunities for the iPlatform
- Initial review by the Investment Committee for in-principal approval to proceed
- Transaction assessment, structuring, negotiation and documentation
- Detailed due diligence, which addresses the reliability of the deal source, key operational personnel within the borrower, layers of equity default protection, loan contract provisions, etc.
- Formal approval by the Investment Committee
- Placement to the funds and/or through the Sales channel and the Platform.

The Investment Committee (IC) typically sits weekly, although special meetings may be called as required or requested by the Chair of the Committee, and it reviews all major transactions for the platform and the iPartners funds. The Portfolio Managers of the funds review the investments of the funds periodically and updates are reported to the Investment Committee.

The committee members are:

- Dan Steen – Chair and Head of Capital Markets Product
- Chris Reade – COO and Head of Risk Committee
- Travis Miller – CEO
- Rob Nankivell – Managing Director
- William Wong - Portfolio Manager and Head of Funds Management

There is also a Funds sub-committee that meets once a month to review all major transactions for the iPartners funds not already reviewed by the main committee. It comprises a sub-set of the IC Committee members being Dan Steen, Travis Miller and William Wong.

In reviewing the decision-making processes for the product, in the form of the governance model, it is immediately apparent that any form of external challenge is lacking (there is, however, an Independent Director on the Board of the internal Trustee iPartners Nominees Pty Ltd). There is also no apparent segregation between the compliance function and portfolio management, as the Fund's co-PM is also the CEO of the business.

Evergreen would prefer that as the fund manager evolves, additional external oversight is functionally introduced to the operations of the Investment Fund.

KEY PERSONNEL

NAME	POSITION	RELEVANT EXPERIENCE	YEARS WITH FIRM	EDUCATION
Travis Miller	CEO & Co-Founder	20+	5	Master of Business (Finance), Victoria University Master of Business Administration (MBA), Victoria University Master of Business (Law), University of Sydney CFA Charterholder, CAIA Charterholder
Rob Nankivell	MD & Co-Founder	25+	5	Bachelor of Economics, Monash University Graduate DIploma in Financial Services, Securities Institute of Australia

NAME	POSITION	RELEVANT EXPERIENCE	YEARS WITH FIRM	EDUCATION
Chris Reade	Chief Operating Officer	20+	5	Bachelor of Commerce, University of Adelaide Graduate Diploma in Applied Finance and Investment, Securities Institute of Australia
Dan Steen	Head of Capital Markets Product	20+	2	Bachelor of Commerce (Hons), University of Melbourne Graduate Diploma in Applied Finance and Investment, Securities Institute of Australia
Will Wong	Head of Portfolio Management	20+	1	Bachelor of Economics (Actuarial Studies), Macquarie University
Alex Thompson	Head of Capital Markets Sales	15+	1	Bachelor of Commerce (Accounting and Finance), University of Queensland Master of Business (Finance), University Technology Sydney

The iPartners principals are currently co-investors in the Fund.

The collegiate nature of the three founding individuals, with long interposed careers at previous employers (such as UBS and Deutsche Bank), along with significant equity ownership, suggests that the risks to team stability are minimal. Even so, in the advent of a sudden departure by one of these three key people, it would be reasonably expected that the remainder of the broader team would fulfil their functional roles.

Travis Miller, Managing Director & Co-Founder
Prior to iPartners, he worked in financial markets for more than 20 years, most recently as Managing Director at UBS Investment Bank, and previously as a Director at Deutsche and ANZ Bank, where he traded in alternative investments and products, including credit instruments, interest rates, equities, foreign exchange, derivatives, ETF's, managed funds, direct property, infrastructure and agricultural assets.

Rob Nankivell, Managing Director & Co-Founder
He has had a 25-year career in financial markets before his current role, working in Melbourne, Sydney and London, with Macquarie Bank, CBA and JPMorgan, before holding senior roles at Longreach Global Capital and Venture Crowd.

Chris Reade, Chief Operating Officer
Chris has more than 20 years of experience in Australian financial markets, having worked at UBS Investment Bank, Commonwealth Bank and Nikko Asset Management in senior product structuring and transaction execution roles.

Dan Steen, Director, Capital Markets & Head of Product
He has nearly 20 years of experience in financial markets, working in sales and business development roles across interest rate, FX, and credit/debt markets. Dan was most recently a Director at Deutsche Bank and has previously worked for a number of other organisations, including Bankers Trust, Goldman Sachs JB Were, AIG Financial Products and RBS, with a significant part of his career based in Asia.

William Wong, Head of Portfolio Management
Will is a corporate finance and investments specialist who has worked in capital markets across Sydney, London, Hong Kong and Manila. Prior to joining iPartners, he was the VP Finance responsible for Finance and Capital Markets at an online fintech lender in Southeast Asia, and was formerly an Executive Director at Goldman Sachs in Sydney and London. Will commenced his career at PricewaterhouseCoopers, where he qualified as an actuary.

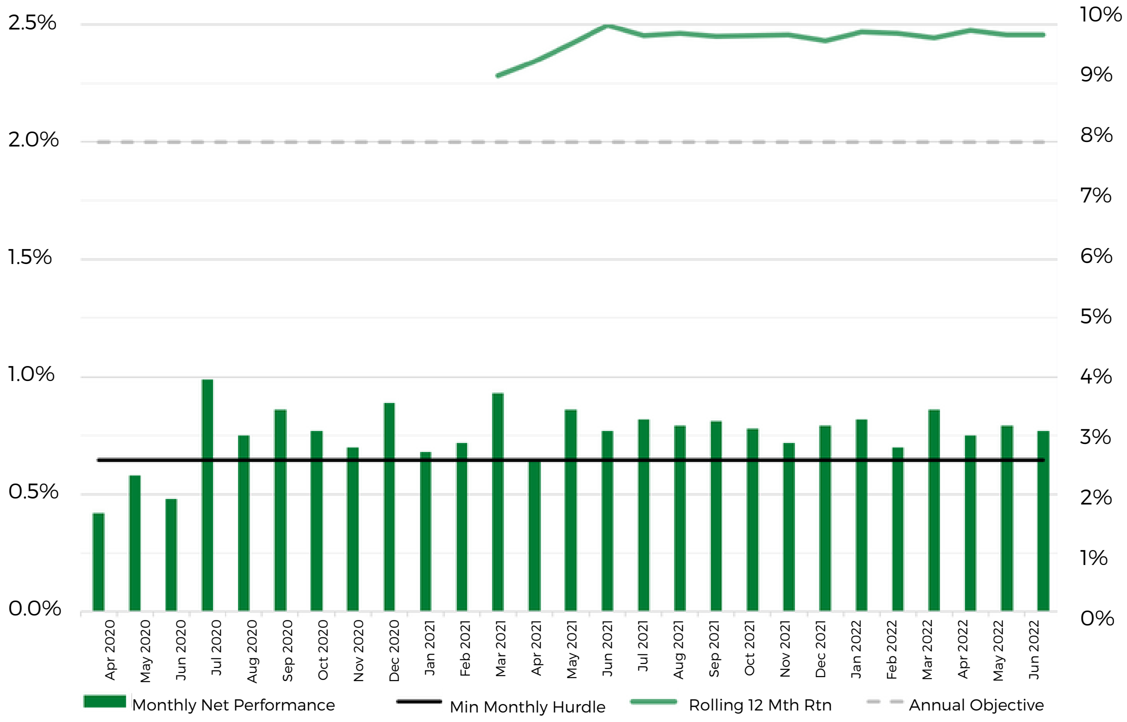
Alex Thompson, Director, Capital Markets & Head of Sales
Prior to iPartners, Alex has been Managing Director of the funds management firm, WoodPoint Capital, and has more than 15 years' experience in asset management, global markets and wealth management, across North America, Europe and Australia. Alex has held investment management and business development roles with Navigator Global Investments, MLC and National Australia Bank.

TRACK RECORD ANALYSIS

PERFORMANCE ANALYSIS

In a period of stable official cash rates and unusually lower long-term expectations for bond yields, the iPIF has generated relatively dependable returns, with little apparent volatility. Both of these characteristics are entirely consistent with the private credit sector, albeit in periods without credit duress.

IPIF ASSET ALLOCATION - 30 JUNE 2022



FEES

At the first instance, the 60 basis points payable to the fund manager and the trustee would appear to be favourably at the lower end of similar, sector specialist funds. It should be noted, however, that some of these competitors have any origination fees payable by the borrowers as part of their overall investment returns.

That said, Evergreen believes the level of investor fees is reasonable, given the returns expectations.

RISK MANAGEMENT & COMPLIANCE

RISK MANAGEMENT

Given the breadth of the iPartners/iPlatforms business, the risk controls for the portfolio's assets lie in the intellectual capital within the loans' contractual documentation and the shared responsibilities across those other businesses. Firstly, the monitoring of a debt issuer's ability to meet its obligations mostly vests with the product origination team, on behalf of the Fund and the other co-investing, wholesale investors. Secondly, the operational risks of the Fund sit within the responsibilities of the platform developers, in that they are charged with ensuring the proprietary systems are accurate and fully functional at all times.

COMPLIANCE

The Fund's compliance is overseen by iPartners Nominees, as its Trustee. They oversee the management of the fund, and their mandate with iPFM is documented within the Investment Management Agreement with the Manager.

The team at iPartners espouses a belief that better value investment opportunities occur where stakeholders have significant 'skin in the game', be they investors, staff or borrower clients. They believe it ensures that interests are aligned and helps to improve the depth of due diligence between all parties.

The upshot of this approach, along with 'nose to tail' participation in the value chain from the borrowers to the ultimate investors, is that management is conflicted at every step. Evergreen has been furnished with the iPartners conflicts register and we note the crossholdings of borrower equity by the portfolio manager and other key staff. It was pleasing to see that when this occurs, it is previously disclosed on the term-sheets for that borrower's debt issue. However, investors via the Information Memorandum are not given such notice, and we would recommend that to ensure full transparency, iPartners does so in the future.

In our view, investors in the Investment Fund need to be fully cognisant that the nature of the decision making within the iPartners ecosystem will not always prioritise their interests at all times. The management team must balance the needs and interests of all its stakeholders, being guided by the firm's code of conduct. As various transactions are not necessarily able to be conducted with a great deal of transparency, there is a degree of trust in the individuals involved that is required of investors. We believe that this level of trust can be earned as the iPIF Fund inevitably faces its challenges. However, investors should be aware of the significant reputation risk that iPartners has created within its business and its brand.

FUND LIQUIDITY

The Fund is to be priced monthly and investors can redeem each month, subject to the available liquidity and the Trustee's approval. Distributions of interest earned are quarterly and the manager can distribute capital to top up the payment.

The functionality to reinvest distributions back into the managed funds has only recently been delivered by the platform development team.

OPERATIONAL DUE DILIGENCE

While the scope of this does not cover operation due-diligence matters, it is our observation that the iPartners platform provided a high level of functionality for its wholesale investors. The portfolio management is effectively maintained in the same manner, on the same platform.

Given the business' reliance on cloud-based technology and a highly customised systems architecture, in Evergreen's opinion, it would be preferable that the IT platform was independently accessed regularly, under the GS007 template, by one of the larger accounting firms. We have been informed by management that such an external review is currently being undertaken by EY.

TRANSPARENCY & REPORTING

The Manager has provided Evergreen Ratings with the required information in a transparent fashion. Investors receive monthly performance reports and annual audited financial statements.

THIRD PARTY ADVISORS & SERVICE PROVIDERS

SERVICE	COMPANY
Compliance	Integrated Audit Services
Fund auditor	Pitcher Partners
Legal adviser	Baker & McKenzie
Fund administrator	iPlatforms
Trustee and Custodian	iPartners Nominees Pty Ltd (ABN 98 619 036 663) A corporate authorised representative of the Arranger, Corporate Authorised Representative Number 001263857

RATINGS SCALE

HIGHLY COMMENDED

We have **high confidence** in this investment product.

This is a Fund or Investment Product that has scored consistently very well across all areas of Evergreen Ratings' research and analysis framework. As a result, we believe the Fund has a very high probability of meeting its objectives.

It is appropriately designed, with appropriate fees and has sufficient, high quality systems and resources, including risk management and corporate governance, to manage an appropriate outcome.

COMMENDED

We have **confidence** in this fund manager or investment product.

This is a Fund or Investment Product that has scored consistently well across most areas of Evergreen Ratings' research and analysis framework. As a result, we believe the Fund has a high probability of meeting its objectives.

It is reasonably well designed, with fees more or less in line with the nature of the product and its peers. The Manager has sufficient, quality systems and resources, including risk management and corporate governance, to manage an appropriate outcome.

SATISFACTORY

We have **some confidence** in this investment product.

While this is a Fund or Investment Product that has scored well in some areas of Evergreen Ratings' research and analysis framework, it did not score as well in other areas important to achieving a good investment outcome.

As a result, Evergreen Ratings believes it has a reasonable chance of meeting its investment objectives.

NOT APPROVED

We have **little confidence** in the investment product

This is a Fund or Investment product that did not score well across most areas of Evergreen Ratings' research and analysis framework. There is a lack of identifiable strengths across some or all of product design, fees, systems and governance, therefore placing doubt on the likelihood of the fund or product achieving its investment objectives.

NOT RATED

This fund manager or investment product has been **screened out**. Evergreen Ratings has either (i) conducted a preliminary review of the investment product and has identified material or structural flaws or (ii) the Manager has elected to not confirm some elements of the research process requisite in the ratings protocol to release the research report.

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