IPARTNERS INVESTMENT FUND

evergreenratings

MAY 2021

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RECOMMENDATION & CONCLUSION

The iPartners Investment Fund ("the Fund") was established as a wholesale unit trust on 6 March 2020 and managed by iPartners Funds Management Pty Ltd ("iPartners'" or "the Manager"). The Fund provides exposure to a diversified portfolio of asset-backed (ABS) debt, property (CRE) debt, corporate debt, and private credit funds. All loans are secured against either a portfolio of loans, receivables (both in relation to ABS), property (CRE debt) or cashflows (corporate debt). The target portfolio allocation is ABS: 0-40%; CRE: 0-40%; Corporate debt: 0-40%;. As at 31 March 2021, the portfolio split was 42%, 29%, and 15% respectively with a residual 13% and 1% in 'other assets' and cash respectively. The weighted average loan maturity is 1.14 years. ABS is the Manager's speciality, with CRE and corporate debt investments undertaken on a co-investment basis with select Australian domiciled private debt managers all of which are considered best-of-breed in their respective private lending subcategories. The Fund aims to pay distributions quarterly and equivalent to an annualised yield of between 8% to 10% (net of fees and costs). To date, the Fund has delivered a 9.71% annualised return since its inception, net of all fees. The Manager levies a particularly 'skinny' all-in fee of 0.6% p.a. The FUM of the Fund has grown steadily since inception, and sits at $13.70m as at March 2021, and represents a component of the $650m across the iPartners platform.

Evergreen Ratings ascribes a "**COMMENDED"** rating to the Fund. The Fund sits at the high level of Commended.

RATING

COMMENDED

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

Assessed as strong return for risk. Noted, track record is short, but we take conviction from strong debt management processes. Merits and point of differentiation are exceptional. The Fund excels in the Australian private debt peer group both in relation risk-adjusted returns and, related to this, collateral protections, particularly with respect to ABS lending. Returns, at 9.7% p.a. since inception, are strong due to a high degree of crystallisation of two of the three private debt premia components, specifically a complexity and supply/demand premium. Interestingly, while the illiquidity premium is often mistakenly conflated with the entire private debt premia (it's the least significant of the three components), iPartners is the only manager Evergreen Ratings is aware of with a structure that (appropriately) provides liquidity to an inherently illiquid asset class. That is, investors earn an illiquidity premium, but the illiquidity is not incurred (given the monthly redemption feature). Of course, a premium is not earned in private debt until a loan is repaid, so these prior statements are implicitly tied to an assessment regarding the Manager's risk management processes to mitigate defaults and loss-given-defaults (LGDs). The Fund, nor the Manager over its three year track-record, has not recorded a default.

Over and above the standard investment essentials in a private debt mandate, we believe there are three themes that distinguish excellent investment managers in the sector, and all of which apply to the Manager. Specifically, they invest on the basis of the following principles: 1) like the assets you lend against (understand the underlying market dynamics that the borrower operates in and ideally grow or refi debt participation in line with borrower growth); 2) lend where the money is genuinely needed (identify where regulation (namely, bank disintermediation) and other impediments have diminished credit availability – the most attractive risk-adjusted returns are likely found where these forces are most extreme and the supply and demand of capital are unbalanced); and, 3) the easier it is to scale, the less attractive it is likely to be (institutional investor demand is often heavily influenced by visibility and those debt managers seeking such FUM flow often target a private debt opportunity set that focuses on ideas that are simple to raise capital, meaning they tend to crowd toward similar opportunities). Keeping these principles in mind, we are of the strong view that investors that are selective in private debt investment manager choice will be well served from a risk and return perspective. And we have a high degree of conviction that iPartners is one such manager and investment opportunity.

STRENGTHS & WEAKNESSES PROFILE

STRENGTHS

The three-way sub-sector composition of the portfolio is constructed and managed by a combination of a highly experienced ABS securitisation team at iPartners (in the context of a market where post GFC there has been a dearth of experience in Australia in ABS securitisation) and strong long-standing relationships with best-of-breed private debt lenders in Australian commercial real estate (CRE) and corporate lending. Team stability is deemed very high.

In ABS and indirectly in corporate lending, the Manager intentionally plays in the smaller end of the private debt market. Tied with the Manager's ABS skillset (strong collateral protections), this enables the Manager to capitalise on an attractive complexity and supply/demand premium, generating strong returns for risk 'buck'. While it is reasonable to expect a higher return from lending to smaller borrowers, what stands out to Evergreen Ratings is the exceptionally strong waterfall of collateral protections in the Manager's ABS lending, in addition to low leverage levels in the corporate lending part of the portfolio.

To date, the Fund has performed slightly above the upper end of the target return, generating an annualised return of 9.7% to 31 March 2021. While the track record is short, the Manager has a 3-year track record in originating deals, recording no defaults and, hence, zero LGDs. Given the team's experience, process, portfolio construction and risk management, Evergreen Ratings has a high degree of conviction the Fund can continue to track the performance to date. ABS lends are structured according to a waterfall of very solid collateral protections, some of which are not present in public securitisation. These include senior security overall assets of the borrower; ring-fencing of borrower operational risk through the establishment of a Special Purpose Vehicle (SPV) to house all collateral; material first loss provision provided by the borrower; a 25% 'charge' over the profit before tax (PBT) or Net Interest Margin (NIM); and various arrears/default provisions.

Strong lending partner selection in both CRE and corporate debt significantly mitigates property sector and company-specific idiosyncratic risk. It also reflects a recognition by the Manager of its relative strengths and weaknesses by private debt asset class sub-segment. The three-part portfolio by private debt sub-segment serves to further diversify the portfolio by sector, borrower, and collateral and feeds into the 'set-and-forget' philosophy of the Fund.

Structurally, the Fund encompasses a number of standout features, including a prudently constructed monthly liquidity feature, very low fees, and an ability for the Manager to be highly selective and cut and dice portfolio inclusions in-line with the target risk-return objectives of the Fund.

WEAKNESSES

Relative to originating a private debt lend, being a co-investor (potentially up to two-thirds of the Fund portfolio) can be disadvantageous. Specifically, it can risk less control over pricing and collateral terms, lower borrower transparency, and generally less 'ball control'. However, in the Manager's case, given its choice of lending partners, process, pari-passu status on lends, etc., we do not believe this to be the case at all.

All debt strategies face the threat of loan impairments adversely impacting capital and income returns. With "an abundance of caution", we note that the myriad of Covid-19 risks on the real economy have not necessarily fully washed through yet, notwithstanding the generally upbeat assessment from many Australian and global debt managers with respect to the default outlook. Over and above this, we refer investors to the processes and protections that are specific to this Fund as providing specific risk mitigants to general sector risks.

ABOUT THE PRODUCT

FUND PARTICULARS	
Fund Name	iPartners Investment Fund
Dominant Strategy	Australian private debt (ABS, Property debt, Corporate debt)
Fund Structure	Unregistered managed investment scheme structured as a unit trust
Trustee/Investment Manager	iPartners Funds Management Pty Ltd (ABN 97 616 310 555)
Fund Administrator	iPartners Funds Management Pty Ltd (AFSL 502791)

KEY ELEMENTS	DESCRIPTION
Fund Inception	6 March 2020
Domicile	Australia
Legal Form	Unregistered Managed Investment Scheme
Geographic Mandate	Australia
Open	Yes
Target Distribution	8 – 10% p.a. (after fees)
Current Unit Price	$1.0464 (as at 13 April 2021)
Investment Timeframe	Investors should consider 12-months as a minimum investment time frame.
Management Fee	0.5% p.a. (ex-GST) of fund NAV calculated and paid monthly
Performance Fee	None

KEY ELEMENTS	DESCRIPTION
Hurdle Rate	N/A
Fund Expenses Recovery	Usual expenses incurred by iPartners on behalf of the Fund including legal, tax, audit, fund admin, registry. Trustee fee 0.1% p.a.
Distributions	Quarterly
Target Size	Not Specified
Investment Source	Wholesale investors
Minimum Investment	$10,000
Minimum Redemption	$10,000
Reinvestments	At discretion of investor
Applications	Monthly, by 5 pm on the last business day of each month-end
Redemptions	Monthly, with three business days' notice
Website	https://www.ipartners.com.au

PRODUCT OVERVIEW

The Fund provides exposure to three private debt sub-asset classes, specifically asset-backed securities (ABS securitisation) and typically with account receivables serving as collateral, commercial real estate (CRE) lending (almost invariably secured by a first mortgage lien), and private business loans (corporate lending) typically to SMEs and secured by cashflows.

All ABS lends are originated by the Manager. CRE and corporate lends are conducted on a co-investor basis with a select number of partners (five in total currently) considered best-of-breed in their respective segments. CRE loans typically represent bridging finance loans (generally a term of less than 12-months). In CRE and larger corporate lends, the Fund will typically make a 10-20% contribution to co-investment deals executed by its partner lenders. Part of the rationale for the three-way portfolio structure is to create greater diversification by borrower, sector, security type, and geography.

The Manager's real in-house expertise is ABS securitisation and such loans are typically structured on a Senior and Junior tranche basis. The Fund may invest in either tranche type, with selection determined by suitability for inclusion in the Fund from both a specific and broader portfolio risk-return perspective. In the case of ABS securitisation, loan size is in the lower range of the private debt market, generally from $2-$5m. Loan duration is typically 12 to 24-months, although repeat refinancing deals with existing borrowers on the ABS and business segments has been strong, which speaks well to the prudent manner in which the Manager executes its private debt strategy in addition to serving to augment risk-adjusted returns over time effectively (less internal DD work is required on a refinance).

CRE debt typically represents shorter duration bridging finance transactions for either land and/or property development projects. These lends are almost invariably senior secured loans, 18-month maturity, 10%+ p.a., monthly pay, and relate to residential, commercial, industrial, or buy to rent projects. Co-investment is on a pari-passu basis with other lenders through a SPV or Trust structure. LVRs typically range from 55%-65%, with the Manager having a perfect look through to the underlying borrower by way of the information transparency accorded by the originating lender. As per bridging finance in general, exit is by way of refinancing, often by ADI lenders, once the project has achieved certain milestones.

Corporate debt lends are typically structured as senior secured loans over cashflow and receivables (the latter often providing a degree of collateral exceeding the loan) with a 2-year maturity and amortising over the term (such that leverage declines over time) and typically pay 12%+ p.a. Leverage, as defined as total debt to EBITDA, typically starts at 2.5 to 3.0x, declining over time by way of principal amortisation.

The Fund is underpinned by a solid investment philosophy that supports a solid risk-adjusted returns profile. Australian investors familiar with the domestic private debt market are likely well familiar with the growth opportunity for non-ADI lenders - the banks are in retreat due to both regulatory/capital requirement reasons, slower, less nimble processes, and internal classification that deem many (otherwise eligible potential borrowers) as 'non-conforming'. Suffice to say, pipeline and attractive opportunities for the Fund are highly unlikely to be an issue, which also serves to mitigate potential cash dilution risk in relation to net FUM inflows (see below).

Fund Inflows Management

By way of the over 4,500 registered wholesale investors on the iPartners platform, the Fund is in a unique position to manage fund inflows and outflows, and prudently provide a monthly liquidity facility in what is traditionally an illiquid asset class. Evergreen Ratings is not aware of any such comparable facility in the domestic private debt market.

Through having a significant allocation to non-bank lenders in the growth phase, the deployment of capital is well aligned as the Fund can take on new investors and deploy capital in line with the non-banks constant growing funding requirements. Combined with the flexibility to invest in third party private credit funds means cash drag performance risk and is expected to continue to be minimised.

Finally, the Manager also seeks to mitigate cash drag risk by a monthly new applications process (smaller inflows more frequently).

Redemptions / Liquidity

Like any private debt fund, the Manager seeks to manage its maturities to create liquidity, creating a diversified portfolio by 'maturity wall' over time. Nevertheless, there is still an inherent risk that redemptions could be restricted in the case of a run on the Fund.

What is unique about the iPartners' platform is the second way in which it can create liquidity. This process is facilitated in two steps:

1) Facilitating the interaction of buyers and sellers of trust units on the Manager's platform ($10,000 minimum investment size and over 4,500 direct investors); and
2) Partial liquidation of underlying units or loans to a third party. Given a number of credit funds invest in iPartners deals, the Manager can create liquidity by 'chopping' up the underlying assets and on-selling to investors should the Manager need to be proactive.

To facilitate the second step, the Manager interposes a wholesale unit trust between the underlying assets to allow more seamless partial sales to create liquidity. This is a unique feature, as a partial transfer of a lender of record often requires approval of the borrower and can be time and documentation intensive. Transfer of an iPartners underlying unit trust can be facilitated intra-day if required.

MANAGEMENT GROUP PROFILE

iPartners was established in 2017 as a direct, online co-investment platform that provides wholesale investors with direct access to transactions previously limited to family offices and institutional investors. iPartners was founded by experienced investment professionals Travis Miller and Rob Nankivell. iPartners has raised over $650 million, leveraging their significant capital raising experience in the structured finance ABS segment and partnerships with best-of-breed CRE and corporate lending investment managers.

iPartners' principals are co-investors in the Fund with a large amount of their personal capital invested, which adds to an alignment of interest. However, the alignment is not limited to personal capital. When the Manager structures an ABS deal it: 1) ensures the Fund is 'senior' to the borrower servicing the loan; and 2) that the borrower has a large part of its capital exposed and that the capital remains at risk for the duration of the loan.

HOW IS THE PRODUCT MANAGED

INVESTMENT TEAM

The Investment Committee (the direct investment team) is made up of Travis Miller, Portfolio Manager, Rob Nankivell, Managing Director and Chris Reade, Chief Operating

Officer. All three members have known each other for a number of years, partly in case of Travis and Chris working together at UBS. Given this, equity ownership, etc, team stability risk would be perceived as very low.

The biography of each member is presented below, the common themes regarding experience are: institutional investment banking experience; significant structured finance expertise; a complementarity of skillset across origination, due diligence, structuring, ongoing loan monitoring; and, a complementarity of experience between client facing and analytical due diligence and loan structuring.

While the Manager's co-investment private debt partners are not part of the team, investors should effectively think of them as such. Importantly, these partners are deemed best-of-breed and have effectively undergone 'internal DD' by the Manager through engagement of time. They can also be a good source of 'IP build" for the Manager in CRE and corporate lending given these partners' expertise.

The key members of the investment team are detailed below.

Rob Nankivell, Managing Director & Co-Founder

Rob has been active in financial markets for more than 25 years with a primary focus on building investments across a range of asset classes. He has worked in Melbourne, Sydney and London with Macquarie Bank, CBA and JPMorgan before holding senior roles at Longreach Global Capital and Venture Crowd. Rob has first hand experience across equity, credit and property markets and has a passion for originating and completing successful transactions for investors.

Travis Miller, Managing Director & Co-Founder

Travis is co-founder and joint Managing Director of iPartners, and through the early years of the business has primarily led the evolution of the iPartners private credit, private securitisations and funds management businesses, with a constant eye to the broader strategic direction and emerging bolt on opportunities. Prior to iPartners he had worked in financial markets for the last 20 years, most recently as Managing Director at UBS Investment Bank, previously as a Director at Deutsche and ANZ Bank.

He has been a pioneer in the evolution of alternative investments and products in Australia. Having priced, structured and offered assets giving investors exposure to credit, rates, equities, FX, derivatives, ETF's, funds, property, infrastructure and agriculture.

Dan Steen, Director, Capital Markets – Head of Product

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

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. Chris is an expert in designing, building and operating best of breed investment products, services and transactions. He has experience across a very broad range of asset classes and product types including derivatives, structured products, investment lending, unlisted funds, exchange traded funds and property syndicates.

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

INVESTMENT PROCESS

Investment Philosophy

Australian private debt has become an increasingly 'hot' asset class for one simple reason – an excellent (private debt) premia. While many investors conflate the premia solely with the illiquidity premium, it is actually the complexity and supply/demand premia that can constitute the real 'juice' in risk-adjusted private debt returns. While Australian private debt invariably generates a superior supply/demand premium to the European and North American markets (less institutional money flows), the latter two components are far from earned on any given private debt strategy. In actual fact, Evergreen Ratings would contend that the majority of such strategies either do not, or earn very little in the way of a complexity and supply/demand premia.

And investors should bear in mind that the illiquidity premium in itself equates to only circa 100 basis points in uplift (this figure can be deduced from the premium earned by Broadly Syndicated Loans (BSLs) over and above buying such instruments on the secondary public market, the bank loans market.

Focusing on iPartners' focus, ABS lending, we believe the solid risk-adjusted returns profile of the Fund is partly generated by several key aspects.

The complexity premium. As a consequence of the GFC and the subsequent dearth in Australian ABS activity, the depth of experience in the segment declined materially. In contrast, within iPartners all three principals have either directly structured, originated or distributed these investment products. Where many private debt lenders may look at an opportunity and say "too hard", the Manager seeks to address risks through a waterfall of structural protections. These structural provisions are examined in the Investment Process section of the report.

As an example, the Manager has undertaken a number of what in effect are warehouse finance lends to non-bank lenders, having worked with eight pre scale non-bank lenders to offer them warehouse facilities to facilitate the growth of their books. This segment of the market is not closely followed because it requires an in-depth understanding of legal/risk structuring and securitisations, has smaller loan sizes and requires a longer-term partnership with the client.

The supply and demand premium. The Manager is lending in a segment too small for many larger players, notwithstanding co-investing with two larger managers in CRE lending. And this goes back to two of the three key success factors raised in the Recommendation section of this report.

Firstly, lend where the money is genuinely needed (identify where regulation (namely, bank disintermediation) and other impediments have diminished credit availability – the most attractive risk-adjusted returns are likely found where these forces are most extreme and the supply and demand of capital are unbalanced).

And secondly, the easier it is to scale, the less attractive it is likely to be (institutional investor demand is often heavily influenced by visibility and those debt managers seeking such FUM flow often target a private debt opportunity set that focuses on ideas that are simple to raise capital, meaning they tend to crowd toward similar opportunities).

Partnerships

The underlying philosophy with respect to co-investing with select best-of-breed CRE and corporate debt lenders is that it facilitates scale, diversifies collateral, sector, borrower exposures, and can mitigate idiosyncratic property developer/company specific risk (by the investment selection and workout expertise these lending partners have).

The selection criteria for co-investing partnerships are implicitly lenders that have strong processes, teams, track-records, and have a high degree of alignment of interest with investors, being equity owners and co-investors (as per the Manager).

Co-investing, as opposed to sole direct lending, is extremely common in private debt strategies. In fact, there are many investment managers in Europe and North America that only participate on a co-, club or syndication lending basis. The key is all about lead lender (or private equity sponsor) selection and having preferential access to potential deals.

ABS Structuring

As noted, for any given ABS lend, the Manager will issue either a Senior only ‘tranche’ or a Senior and Junior tranche. How the Fund participates (either Senior or Junior or both) is discussed in the Portfolio Construction section. Pricing on Junior units typically ranges from 9.5% p.a. to 12% p.a. and from 6.5% p.a. to 10% p.a. on Senior units.

Given the limited number of experienced players in this segment, and where a prospective borrower is dependent on the debt capital to grow, the Manager has significant control from a legal documentation and pricing perspective. We note that a number of protections used by the Manager do not exist in the larger public ABS securitisation deals.

This is evident in the key aspects of its collateral structuring, which represents a waterfall of capital and interest income defence. Specifically: 1) Registered senior secured charge over funding vehicle & all assets; 2) 100% of first loss provision funded by the servicer upfront; 3) 25% of servicer net interest margin (NIM) retained by funding vehicle (deferred profitability); 4) 100% of NIM retained for servicer portfolio underperformance; 5) Revolver stopper & book roll off for servicer portfolio underperformance; and 6) Interest support from servicer holding company if NIM does not satisfy interest obligations. These protections are discussed in greater detail below.

1) Registered senior secured charge over funding vehicle & all assets. As a starting point the Manager invariably executes a registered senior secured charge over the funding vehicle and all assets of that vehicle. Furthermore, the collateral is placed in an SPV to negate any operational risk associated with the borrower.

2) 100% of first loss provision funded by the servicer upfront. The borrower, or operating entity, is subject to a 100% first loss provision and the specified amount must be funded by the borrower (into the SPV) prior to the loan being drawn. In the case of a senior and junior tranche, the Junior subordination typically ranges from 5% up to 20%. On Senior, it typically ranges from 25% up to 50%. Evergreen Ratings notes these first loss provision amounts exceed the ranges typically found in public securitisation deals (3.5% to 7% on Junior and 15% to 40% on Senior). I.e., the protection is greater in the case of deals executed by the Manager.

3) 25% of servicer net interest margin (NIM) retained by funding vehicle (deferred profitability). Under this structure, 25% of the borrower's profit before tax (or NIM) is retained in the SPV structure. This structure increases the subordination over time, as the cumulative retained PBT over time grows, as well as effectively 'back ending' the borrower's profit. It also provides for an alignment of interest between the borrower and the Fund, as it incentivises the borrower to 'work hard' to get back its first loss provision. This structure does not typically exist in traditional (public) securitisation.

4) 100% of NIM retained for servicer portfolio underperformance. Under this structure, if the borrower is in arrears by an amount equal to typically 3% of the loan value the Manager proceed to capture 100% of the borrower's NIM until the level of arrears falls back below the trigger threshold of 3%.

5) Revolver stopper & book roll off for servicer portfolio underperformance. Should a borrower breach a certain amount of arrears the Manager will progressively roll off the loan (pay down the Senior tranche) through periodic principal and interest payments, rather than re-lending as a loan amortises until the legal maturity.

6) Interest support from servicer holding company if NIM does not satisfy interest obligations. Under this structure, which again does not exist in public securitisations, if the total outstanding interest bill exceeds 100% of the NIM, the borrower is required to fund the shortfall by way of an injection of capital or cash reserve.

INVESTING

The loan assessment and management process within any private debt strategy is based on a relatively stock standard approach, and so much so that many managers refer to it as the 'boring part'. This of course not to understate the importance of the process – it is critical.

To summarise the key aspects of the loan assessment process:

The first piece is which party (3rd-party originator) is introducing the underlying borrower to the Manager. The Manager needs to know and trust the originator. Many prospects operate businesses that any manager would not initially be across, hence the need to trust the quality of work undertaken by an originator.

The second piece is who owns the equity. The Manager has a strong preference for transactions where there is an entrepreneur or a founder, and who has a significant portion of their personal wealth tied up in the business; they tend to work a lot harder than a borrower who does not own the equity to ensure the business succeeds.

The third step is assessing the key personnel in the borrowing entity: track-record, longevity, reputation, etc. The Manager is well networked across the Australian market, stating that it is rare that it comes across a potential lend where it cannot link back to the key personnel.

The final step is the standard due diligence and legal structuring. In respect to the latter, the Manager seeks to structure a deal in its favour. If things go bad, the Manager wants to be able to take control, turn off the tap, take more of the borrowers P&L.

PORTFOLIO CONSTRUCTION

The portfolio is guided by single asset limits, typically being 2.5%-5% with a preference to be at the 2.5% level. Investors should note that over the first 24 months, or so, single asset levels will exceed these amounts in some cases as the FUM ramps up.

With respect to ABS holdings, as noted, the Manager typically has a Junior and Senior tranche for investors. The Fund will either make an allocation to both to create a blended return or an allocation to a single tranche on the basis of a better risk vs return. At times the Manager will do only a single tranche.

On the allocation process, an investment is assessed by the investment committee for approval prior to launch. The next step is to size the minimum and maximum investment given the portfolio rules. The Fund is then scaled pari-passu with other investors. This ensures the Fund is not the last investor in, and is thus treated in line with other investors (no conflict of interest).

Over recent months the allocation to ABS has increased to a current 42%, a level we see as broadly consistent with the outlook for the foreseeable future. Evergreen Research is pleased to see this increased exposure to ABS, primarily because this is iPartners' and the Fund's real point of differentiation in the Australian private debt market.
The portfolio as at 31 March 2021 is detailed below.

ABS	SUBORDINATION	MATURITY	COUPON
Broad Consumer Junior Loan	7.00%	30/08/2021	12.00%
Secured Receivables Loan	NA	30/08/2021	12.50%
BNPL Senior Secured loan	20.00%	31/03/2022	10.00%
Medium Business Junior Secured Loan	5.00%	15/09/2021	12.00%
Broad Consumer Junior Loan	3.50%	12/09/2021	12.00%
Education Junior Secured Loan	5.00%	15/10/2021	9.50%
Education Junior Secured Loan	3.50%	15/10/2021	12.00%
Medium Business Junior Secured Loan	5.00%	15/10/2021	12.00%
Broad Consumer Junior Loan	6.00%	15/10/2021	9.50%
Broad Consumer Senior Loan	40.00%	15/10/2021	10.00%
BNPL Senior Secured loan	20.00%	15/10/2021	10.00%
BNPL Senior Secured loan	20.00%	26/08/2022	9.65%
Medium Business Junior Secured Loan	10.00%	18/09/2022	12.00%
Broad Consumer Junior Loan	3.25%	15/12/2022	9.50%
Medium Business Junior Secured Loan	10.00%	18/09/2022	12.00%

PROPERTY	LVR	MATURITY	EXPECTED IRR
Adelaide Senior Secured Loan	65.00%	3/06/2021	15.50%
Castle Hill Senior Secured Loan	60.00%	10/03/2022	15.50%
Penrith Senior Secured Loan	60.00%	15/11/2021	8.75%
North Melbourne Senior Secured Loan	50.00%	24/10/2021	10.50%
Dural Senior Secured Loan	60.00%	31/08/2021	10.00%
RCSM2 Pty Ltd	55.00%	9/10/2021	9.00%
Trio Land Unit Trust	60.00%	29/09/2021	10.00%
Northern Beaches Senior Secured Loan	50.00%	10/02/2022	12.50%
Parramatta Senior Secured Loan	60.00%	5/08/2021	12.50%
Sunshine Coast Senior Secured Loan	21.00%	12/03/2022	9.00%

PRIVATE CREDIT	GEARING	MATURITY	COUPON
Flooring Senior Secured Loan	1.4	27/12/2021	12.00%
Non-Bank Lender Senior Secured Loan	1.5	24/03/2022	12.00%
Energy Senior Secured Loan	2	15/12/2022	11.50%

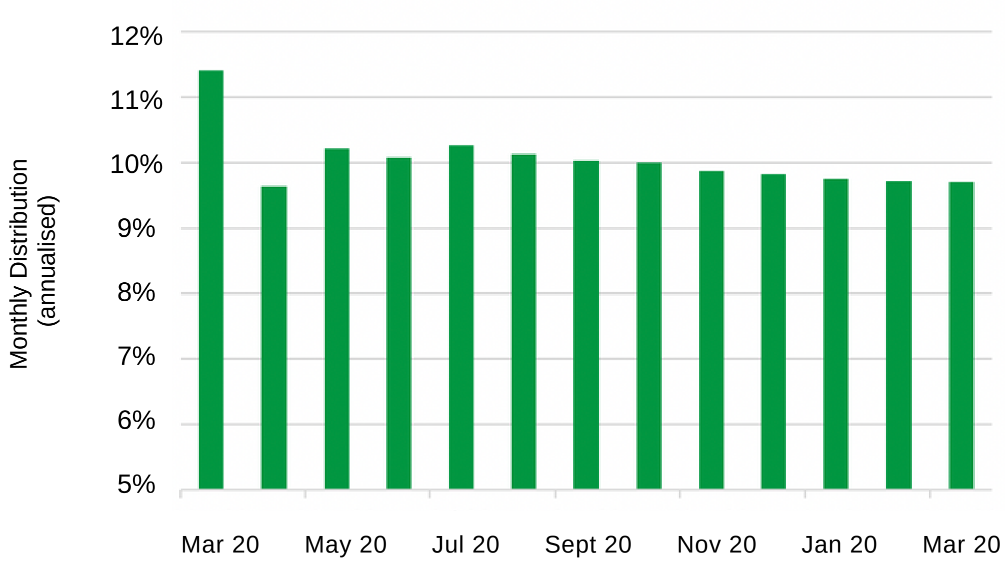
FUNDS	MATURITY	DISTRIBUTION
Diversified Real Estate Fund	1/02/2025	9.00%

TRACK RECORD ANALYSIS

Like all private debt mandates, income paid to investors is a function of gross interest less manager fees less any loss-given-defaults. We note: the has been zero losses/no arrears, with all loans performing; no loan losses or arrears across the platform &/or while co-investing in loans. Again, all loans are performing.

Monthly performance is tabled below, with the Fund having recorded annualised performance since inception of 9.71%, being at the upper end of the Manager's 8%-10% p.a. target range. Over time, assuming the continued ongoing FUM growth, we would expect to see an even higher level of monthly distribution consistency as each individual loan occupies a smaller percentage of the overall portfolio.

PERFORMANCE	1MTH	3MTH	6MTH	SINCE INCEPT (PA)	UNIT PRICE
March 2021	0.961%	2.392%	4.809%	9.709%	$1.04640



Source: Data Request

Given the absence of LGD, quality of process, etc, the floor that sits under risk-free (government bonds) rates, and our comfort level with the competitive lending environment, Evergreen Ratings has a high degree of conviction the Manager can track its annualised performance to date.

RISK MANAGEMENT & COMPLIANCE

iPlatforms, the fund administrator, produce daily cash and position reports. An entity related to the Manager is the Trustee of the Fund.

A disaster recovery plan is in place and is regularly tested.

TRANSPARENCY & REPORTING

The Manager has provided Evergreen Rating 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 Auditor	Integrated Audit Services
Fund Auditor	Pitcher Partners
Fund Administrator	iPlatforms
Custodian	iPartners Nominees Pty Ltd
Trustee	iPartners Nominees Pty Ltd

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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