MA FIXED INCOME FUNDS

Lower-risk vehicle
Monthly cash income
Priority return features
Access to the credit market
Overview

The MA Fixed Income Funds¹ (Funds) provides investors (Investors) exposure to a diversified portfolio of credit investments in a unique fund structure designed to provide stable monthly cash distributions and a strong risk-adjusted return.

Investors have the choice of investing in:

1. The MA Fixed Income Fund, which is targeting an ASX listing in the first quarter of 2021;
2. The MA Fixed Income Fund II, which will remain unlisted.

Together the Funds are underpinned by a material co-investment by Moelis Australia, which is used to prioritise Investor returns and significantly reduce Investor risk.

The firm invests, alongside the Funds, an amount equal to 10% of the Funds’ capital, on terms that provide Fund Investors with the benefit of a capital buffer and income priority.

The terms of Moelis Australia’s co-investment mean:

(i) Moelis Australia’s capital will first absorb any realised losses, providing a buffer to protect Investor capital (Capital Buffer);
(ii) Investors benefit from prioritisation of income and capital; and
(iii) There is strong alignment of interest between Investors and Moelis Australia. Moelis Australia will only ever receive a return on its co-investment if Investors have been paid the Target Return and Moelis Australia’s Capital Buffer is equal to 10% of the Fund’s capital.

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¹ Funds refer collectively to MA Fixed Income Fund and MA Fixed Income Fund II.
² Refer to Information Memorandum for further information.
About the Funds
The Funds aims to diversify their exposure across a range of commercial, accounts receivable and consumer lending products.

Current portfolio and pipeline assets

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<th>Credit Segment</th>
<th>Description</th>
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| Commercial     | - The Commercial lending strategy encompasses financing to small to medium sized enterprises and is focused on asset-backed or specialised lending  
- Examples of commercial lending include, debtor and trade finance, legal disbursement funding, insurance premium funding, fleet and equipment finance and supply chain / inventory finance |
| Consumer       | - The Consumer lending strategy involves financing individual and household consumers  
- Consumer lending can either be secured or unsecured loans  
- Examples of consumer lending includes personal loans and strata finance |
| Real Estate    | - The Real Estate lending strategy involves financing backed by either residential or commercial real estate.  
- The Fund will have limited Real Estate exposure for liquidity and short term allocation purposes  
- Examples of real estate lending include RMBS and first lien mortgages |
| Cash           | - The portfolio is expected to maintain a small allocation towards cash and other liquid assets.  
- Cash will be held for liquidity and portfolio risk management purposes and to allow the Fund to take advantage of investment opportunities as and when they arise |

Long-term target portfolio allocation

- Commercial: 30% - 60%
- Consumer: 20% - 40%
- Real Estate: -% - 20%
- Cash: 1% - 10%
About the Funds

The Funds have a unique structure that prioritises investor income and capital.

Investors receive all realised profit up to the Target Return in priority to any income distribution to Moelis Australia.

If, in any period, Investors receive less than the Target Return, the income shortfall will carry forward to future periods to be paid in priority to any income distribution to Moelis Australia.

Moelis Australia’s co-investment provides Investors with a Capital Buffer which will first absorb any realised losses with Investors receiving their capital back in priority to Moelis Australia in the event of a capital return.

If the Capital Buffer ever falls below 10% of the Fund’s capital, any Moelis Australia entitlement to distributions must be retained at the portfolio level until the Capital Buffer is replenished in full.

If realised profit exceeds the Target Return, then subject to any amounts payable under the income shortfall top-up and Capital Buffer top-up mechanisms outlined above, any excess realised profit will be paid as a distribution on Moelis Australia’s co-investment.

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1. Based on a total fund size of $100m and $10m co-investment from Moelis Australia

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1. Capital loss protection illustration

Total invested capital $110m

2. Fund Investors $100m

Illustrated capital loss

3. Moelis Australia $10m

4. Fund Investors $100m

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1. Income priority illustration

1. Portfolio generates a return

2. Modest fees & expenses are paid

3. Realised profit available for distribution

4. Investor distribution

5. Residual distribution to Moelis Australia

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MOE cannot receive any distributions unless:
- Investors have received their priority return (current and prior periods)
- 10% Capital Buffer is in place
MA Asset Management

MA Asset Management originates and manages investment opportunities for sophisticated and institutional investors in real estate, credit, private equity and venture capital. We are a principal investor in many of our funds on the same terms as clients ensuring strong partnerships and aligned objectives with our growing base of domestic and international wholesale investors. MA Asset Management has $5bn in assets under management including $900 million in credit and fixed income (as at April 2020).

For more information and to express your interest: moelisaustralia.com/asset-management/funds

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DISCLAIMER MA Asset Management Ltd (ACN 142 008 535) (AFSL 427515) is the trustee of the MA Fixed Income Fund and MA Fixed Income Fund II (the Funds) and has appointed MA Investment Management Pty Ltd (ACN 621 552 896) as investment manager of the Funds (Manager). Investors should refer to the Information Memorandum relevant to the Funds and consider seeking professional financial and taxation advice before deciding whether to invest in the Fund. Neither MA Asset Management Ltd, the Manager or any of their respective related parties guarantees any performance or the return of capital invested in either MA Fixed Income Fund or MA Fixed Income Fund II as applicable. Past performance is not a reliable indicator of future performance. Investments are subject to risks, including, but not limited to, possible delays in payments and loss of income or capital invested. Opinions contained herein may be subject to change without notice and do not constitute investment advice or recommendation. Offers of interests in the Fund are contained in the relevant Information Memorandum for that Fund dated June 2020 which is available from James McCurley on (02) 8288 5595.