

# MA Priority Income Fund

MA Asset Management

Designed for investors seeking stable monthly income and capital preservation.



The MA Priority Income Fund (the Fund) aims to provide investors with stable monthly cash distributions while preserving their capital, via exposure to a diversified portfolio of defensive credit investments.



## Stable monthly income

The Fund seeks to provide stable and consistent monthly income of 4.00% p.a. + the RBA Cash Rate (net of fees and costs), across all market conditions.



## A focus on capital preservation

Recognising the Fund sits in the defensive part of an investor's portfolio, it comprises a diversified pool of defensive credit investments.



## Prioritising income and capital preservation

A co-investment by MA Financial Group acts as a buffer to prioritise investors' monthly income and capital.

## BondAdviser

The Fund has been awarded a 'Recommended' rating by Bond Adviser.

### Important Information

This flyer has been prepared by MA Investment Management Pty Ltd the appointed Manager of the MA Priority Income Fund (**Fund**) and is subject to the disclaimer at the end of this document. MAAM RE LTD (ACN 135 855 186) (AFSL 335783) is the responsible entity of the Fund (**Responsible Entity**).



## Stable monthly income

The Fund seeks to bridge the gap between traditional fixed interest investments and higher yielding – therefore typically higher risk – opportunities.

Actively managed by a dedicated team of investment professionals, the Fund seeks to deliver investors stable and consistent monthly income of 4.00% p.a. + the RBA Cash Rate (net of fees and costs) (Target Return), across all market conditions, and in exchange for controlled and low levels of risk.

Along with monthly income, the Fund also offers investors the flexibility for monthly liquidity.<sup>1</sup>



The Fund has an unbroken history of meeting its Target Return since inception<sup>2</sup> – including during COVID-19



## A focus on capital preservation

The investment team recognise the Fund sits in the defensive part of an investor's portfolio, and that's why the uncompromising first priority is to preserve investor capital.

The Fund seeks to achieve this in two ways – via a defensive strategy and a unique structure.

### Defensive Fund strategy

The Fund strategy is focussed on creating a diversified portfolio of investments spanning different credit market segments, borrowers and industries.

The investment team are actively focused on investing in very particular Australian credit assets that:

- are **asset-backed** – they are connected to or protected by an underlying pool of assets
- have **defensive characteristics** – they possess an ability to hold their value, particularly during periods of economic stress
- benefit from **diversification** – each asset has exposure to many underlying borrowers, meaning there is low individual borrower concentration.

1. While the Fund is liquid, a 30-day notice period is required for withdrawals but requests may be processed and paid sooner at our discretion. Note that up to 18 months is allowed under the constitution. Refer to the Product Disclosure Statement for details on withdrawals from the Fund.

2. The Fund was established in November 2018.

The defensive and high-quality nature of these assets helps to mitigate risks.

The strategy additionally seeks to minimise risk by spreading or 'diversifying' investments across a range of credit market segments including commercial, consumer, and real estate, as well as investing in cash.

The investment team's rigorous and disciplined investment process, expertise in structuring credit investments and analysing loan portfolios, further helps to mitigate risks and preserve investor capital.

### Fund structure

MA Financial Group co-invests in the Fund alongside investors an amount equal to 10% of the Fund's total capital (Capital Buffer).

The primary reason for this unique structure is to provide investors with a barrier, up to the level of the Capital Buffer, against any potential capital loss.

The co-investment means should the Fund experience any losses, these losses will first be absorbed by MA Financial Group up to the Capital Buffer – not by investors.



The capital Buffer has remained **fully intact** since inception<sup>2</sup>



## Prioritising income and capital preservation

The Fund's co-investment and Capital Buffer structure prioritises investors.

Not only does it act as a barrier to prioritise the preservation of capital up to the Capital Buffer, but equally prioritises monthly income distributions.

If, in any period, the Fund does not meet its Target Return and the income distributions fall short, the shortfall will carry forward.

This means investors will receive the right to higher income distributions in the future to make-up the difference, with any shortfall amount paid in priority to MA Financial Group's distributions.

# A portfolio diversified across market segments



## Consumer

Loans to individuals and households

- Personal loans
- Strata finance



## Commercial

Specialised loans to support small and medium sized companies

- Fleet
- Debtor finance
- Legal disbursement
- Insurance premium funding
- Trade finance



## Real Estate

Loans for the purchase of residential or commercial real estate

- Residential mortgage-backed securities
- Commercial mortgage-backed securities

**Note:** the Fund holds a small allocation to cash to capitalise on opportunities as they arise, and to assist with risk management and liquidity.

## Risks

All investments carry risk. Different investments carry different levels of risk, depending on the investment strategy and the underlying assets. Generally, the higher the potential return of an investment, the greater the risk. The risks of investing in this Fund include (this list is not exhaustive and you should refer to the Product Disclosure Statement (PDS) for further risks):

- **Construction and management of the Portfolio.** The investment strategy to be used by the Manager includes inherent risks. These include, but are not limited to, the ability of the Manager to build and maintain a Portfolio that achieves the Fund's investment objective, and which is consistent with the investment strategy and investment guidelines set out in the PDS and as permitted under the law
- **Credit risk.** Credit risk is the risk that one or more assets in the Portfolio may decline in price or fail to pay interest or principal when due because the credit counterparty or borrower experiences a decline in its financial status

- **Investment sourcing.** The success of the Fund depends on the ability of the Manager to identify suitable investment opportunities. The availability of investment opportunities will be subject to market conditions and other factors outside the control of the Manager.

More information on the risks of investing in the Fund is contained in the PDS, which should be considered before deciding to invest in the Fund. You should read the whole of this PDS in order to fully appreciate the risks of an investment in the Fund before any decision is made. You are also strongly advised to consider your personal investment objectives and financial circumstances.

## KEY FUND FACTS

<b>Portfolio Managers</b>	Steve Bennett – Managing Director John Sheffield – Managing Director
<b>Inception date</b>	12 November 2018
<b>Management fee</b>	0.50% p.a. of the net asset value of the Master Trust <sup>1</sup>
<b>Performance fee</b>	Nil
<b>Minimum investment</b>	\$10,000
<b>Minimum additional investment</b>	\$1,000
<b>Distribution frequency</b>	Monthly
<b>APIR</b>	MAA8010AU
<b>Liquidity</b>	Monthly <sup>2</sup>
<b>Platform availability</b>	Hub 24, Masons Stevens, Netwealth, Powerwrap

Before making an investment decision, always read and understand the PDS which is available at the Fund's website, [MAFinancial.com/asset-management](http://MAFinancial.com/asset-management) along with all other relevant or updated information regarding the Fund.

1. Refer to the PDS for details of all fees and costs associated with this product.

2. Where the Fund is liquid, a 30-day notice period is required for withdrawals but requests may be processed and paid sooner at the Responsible Entity's discretion. Withdrawal requests are subject to the Product Disclosure Statement and may be delayed or suspended in accordance with the procedures set out in the Product Disclosure Statement and the Fund Constitution. Note that up to 18 months is allowed under the constitution to satisfy withdrawal requests. Refer to the Product Disclosure Statement for details on withdrawals from the Fund.

3. As at 31 December 2020.

## MORE INFORMATION

For more information speak to your financial adviser, call us on **02 8288 5594**, email [MAclientservices@MAFinancial.com](mailto:MAclientservices@MAFinancial.com), or visit [MAFinancial.com/asset-management](http://MAFinancial.com/asset-management).



MAAM RE Ltd (ACN 135 855 186) (AFSL 335783) is the responsible entity (**Responsible Entity**) of the MA Priority Income Fund 648 809 849 (Fund) and the issuer of the units in the Fund. The information contained in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Before making any investment decision you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current product disclosure statement (**PDS**) of the Fund. The PDS for the Fund is available at [MAFinancial.com/asset-management](http://MAFinancial.com/asset-management). Neither the Responsible Entity nor MA Financial Group or any member in its group guarantees repayment of capital or any particular rate of return from the Fund. All opinions and estimates included in this document constitute judgments of the Responsible Entity as at the date of this document and are subject to change without notice. **Past performance is not a reliable indicator of future performance.** The value or return of an investment will fluctuate and an investor may lose some or all of their investment. Whilst the Responsible Entity believes the information contained in these materials are based on reliable information, no warranty is given to its accuracy and persons relying on this information do so at their own risk. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Statements contained in this flyer that are not historical facts are based on expectations, estimates, projections, opinions and beliefs of the Responsible Entity as at the date of this document. Such statements involve known and unknown risks, uncertainties and other factors, and should not be relied upon in making an investment decision. These views may not necessarily reflect the views of MA Financial Group or any member in its group. Any references in this document to targeted or projected returns of the Fund are targets only and may not be achieved. Investment in the Fund is subject to risk including possible delays in payment or loss of income and principal invested. This information is intended for recipients in Australia only.

The Responsible Entity's address is Level 27, Governor Phillip Tower, Sydney NSW 2000. The Responsible Entity, its related bodies corporate, the Responsible Entity's directors and employees and associates of each may receive remuneration in respect of advice and other financial services provided by the Responsible Entity. The Responsible Entity has entered into various arrangements with MA Investment Management Pty Ltd in connection with the management of the Fund. In connection with these arrangements MA Investment Management Pty Ltd may receive remuneration or other benefits in respect of the financial services it provides.

This flyer is issued by the Responsible Entity on a confidential basis and no part of this material may be reproduced or disclosed, in whole or in part without the prior written consent of the Responsible Entity.

## About MA Financial Group

We are an ASX-listed financial services group specialising in asset management, lending, corporate advisory and equities.

Our asset management division, MA Asset Management, originates and manages investment opportunities for wholesale, retail and institutional investors across credit, real estate, equities, hospitality, private equity and venture capital. Today, we have \$5.4 billion in assets under management.<sup>3</sup>

We are active managers focusing on asset classes where we have deep experience and expertise. Our convictions run deep and testament to this we invest in many of our strategies alongside our clients.

We are credit specialists with over \$1.1 billion in credit assets under management, market-leading analytics capabilities and expertise in non-bank lending and specialty finance.<sup>3</sup>

The Fund is actively managed by a dedicated team of investment professionals who abide by a clear and distinct three-pillar investment philosophy:

- **Low risk:** build high quality portfolios that deliver consistent returns with low impairment rates
- **Resilient returns:** employ rigorous analysis to ensure returns are resilient through different cycles and market conditions
- **Capital preservation:** above all, preserve and protect capital.