



ASX Announcement

2 May 2023

## MA Financial Group buys US credit asset manager Blue Elephant Capital Management

### Key highlights

- MA Financial Group has acquired 100% of Blue Elephant Capital Management (“BECM”) for US\$5 million<sup>1</sup>
- Founded in 2013, BECM is a US credit asset manager with US\$184m (A\$275m) AUM focused on specialty finance, which has been a highly successful investment strategy for MA Financial
- Transaction provides a scalable entry into management of US credit. The initial focus will be on the estimated US\$5 trillion US specialty finance market
- MA Financial and BECM have been successfully working together through a loan funding partnership over the past two years. MA Financial became aware of BECM following an introduction from Moelis & Company
- Acquisition coincides with launch of the MA Global Private Credit Fund which is expected to be available to investors from 1 July 2023

MA Financial Group Limited (“MA Financial”; ASX:MAF) announces it has acquired Blue Elephant Capital Management LLC and its affiliated entities (“BECM”) for US\$5 million.

### Overview of Blue Elephant Capital Management

BECM is a New York based, SEC-registered specialty credit asset manager established in 2013 by J.P. Marra and Ashees Jain. BECM manages US\$184 million (c.A\$275 million<sup>2</sup>) of private credit investments across a range of specialty finance verticals, such as direct loans, asset backed lending and receivables financing.

BECM is led by an experienced management team with a strong track record. It has deployed US\$500 million in US specialty lending since inception, while its core fund has outperformed high-yield credit benchmarks by 2.3x<sup>3</sup> since inception. The team is well known to MA Financial after being introduced by senior management at

<sup>1</sup> Initial consideration of US\$5.0m, with additional consideration payable subject to an incentivisation model with term in excess of 10 years.

<sup>2</sup> Based on USD:AUD exchange rate of 1.51 as at 1 May 2023.

<sup>3</sup> Benchmarked to the US iShares iBoxx \$ High Yield Corporate Bond ETF as at Dec-22.

Moelis & Company in early 2021. Since then, BECM and MA Financial have worked together to evaluate and co-invest in US specialty credit through a loan funding partnership.

## Strategic rationale for the acquisition

The acquisition of BECM is highly complementary to MA Financial. There is substantial cultural alignment and shared investment philosophies between the MA Financial and BECM credit investing teams, which has been validated over the past two years co-investing together.

The acquisition of BECM provides MA Financial with a platform for growth in the over US\$50 trillion<sup>4</sup> US fixed income market. MA Financial estimates there are approximately US\$5 trillion of addressable opportunities in the alternative and specialty finance segment in the US, and over \$8 trillion globally<sup>5</sup>. The BECM platform therefore represents a strategically valuable launching pad for MA Financial to build scale in the world's largest and deepest credit market.

BECM will complement MA Financial's Global Credit Solutions platform within Asset Management. The Global Credit Solutions platform manages several funds investing in specialty finance, asset backed lending, corporate debt and credit opportunities, representing \$1.4 billion of MA Financial's A\$2.5 billion in credit AUM (as at December 2022).

BECM's founders J.P. Marra and Ashees Jain will assume the roles of Co-Head of MA Financial US Credit Investments, while senior BECM executive Kent MacWilliams will become Head of MA Financial US Specialty Finance, collectively leading our efforts in credit investing in the United States. In due course, MA Financial will also seek to establish expanded fund distribution capabilities in the US.

BECM senior management are committed to remaining with MA Financial post-acquisition. The transaction is structured to support long-term alignment for senior management through certain deferred consideration components, subject to performance hurdles, with a term in excess of 10 years.

The transaction is expected to be earnings neutral in this financial year.

Further details regarding BECM can be found at [www.bluelep.com](http://www.bluelep.com)

**MA Financial's Joint CEO Chris Wyke** said regarding the acquisition, "The acquisition is strategically important to launch MA Financial into the world's largest credit and capital market. It is an exciting evolution of our relationship with the Blue Elephant Capital Management team following our successful loan funding partnership over the past few years. The combined capabilities of our credit investing groups, our shared investing philosophies, aligned cultures and proven track records will position our collective Global Credit

---

<sup>4</sup> Source: SIFMA US Fixed Income Securities Statistics as at 3Q22 (except ABS/MBS latest data as at 4Q21).

<sup>5</sup> Source: Integer Advisers and MA Financial estimates.

Solutions platform to continue to capitalise on the favourable thematic for credit investing globally.”

## **Global credit fund launch**

Alongside the acquisition of BECM, MA Financial will launch the MA Global Private Credit Fund. This fund will provide our domestic and offshore investor base with access to a differentiated strategy focused on specialist, proprietary lending opportunities in the deep US credit markets. The fund will focus on specialty finance, asset backed lending, corporate debt and capital solutions investments, leveraging the combined sourcing, underwriting and portfolio management capabilities of the MA Financial and BECM credit teams.

**Authorised for release by Chris Wyke, Joint CEO of MA Financial Group Limited**

For further information, please contact:

**Investors:**

Michael Leonard  
+61 466 77 093  
michael.leonard@mafinancial.com

**Media:**

Jane Clapcott  
+61 409 837 484  
jane.clapcott@mafinancial.com