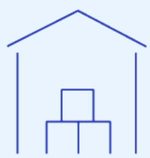
MA Asset Management

Inventory Finance

What is Inventory Finance?

Inventory finance is an asset-based lending strategy that provides businesses with capital secured by inventory. This structure enables companies—particularly in retail, manufacturing, and distribution—to meet working capital needs while maintaining sufficient stock levels. Financing terms are typically aligned with inventory turnover cycles, and loans are secured by the underlying goods, offering investors a self-liquidating and collateralized credit exposure.



Why invest?

- **Asset-Backed Security:** Loans are secured by physical inventory, reducing downside risk in default scenarios.
- **Short-Duration and Self-Liquidating:** Loan terms often mirror the inventory turnover cycle, enhancing liquidity.
- **Attractive Yield Potential:** Offers higher yields than traditional fixed income due to collateral complexity and specialized underwriting.
- **Diversified Exposure:** Underlying assets span multiple industries, from consumer goods to industrial equipment.

Risks to consider

- **Inventory valuation risk:** Inventory may decline in market value, affecting recovery.
  - **Mitigation:** Conservative advance rates, frequent revaluation, and focus on goods with stable secondary markets.
- **Operational and logistics risk:** Inventory may be mismanaged, damaged, or poorly tracked.
  - **Mitigation:** Use of warehouse monitoring, borrower reporting, insurance, and third-party verification.
- **Macroeconomic sensitivity:** Demand fluctuations can impact inventory turnover and borrower cash flow.
  - **Mitigation:** Diversification across sectors, borrower types, and seasonal demand profiles reduces exposure to any one trend.

Conclusion

Inventory finance provides investors with a secured, short-term credit opportunity that offers stable returns and low correlation to traditional markets. By leveraging inventory as collateral, it enhances supply chain resilience while delivering attractive risk-adjusted returns. This makes it a valuable component within private credit and alternative fixed-income portfolios.

Common sectors or products in Inventory Finance
Retail and E-commerce: Funding stock purchases to meet consumer demand
Manufacturing and Industrial Goods: Financing raw materials and finished goods inventory
Consumer Goods and Food Supply: Ensuring continuous production and distribution
Automotive and Electronics: Funding high-value inventory across supply chains

About MA Asset Management

We have a 10+ year track record of investing in directly originated private asset-backed credit across differentiated lending strategies.

The team are focused on income generating assets that provide investors with a steady stream of monthly income. Beyond traditional private credit, we also negotiate both long-term loan flow agreements and credit facilities with originators.

MA Asset Management, LLC is a wholly owned subsidiary of MA Financial Group, a publicly listed company on the Australian Securities Exchange (ASX).

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