Asset Management

Receivables Finance

What is Receivables Finance?

Receivables finance is an asset-backed credit strategy that provides liquidity to businesses by advancing capital against unpaid invoices or future receivables. These short-term facilities are typically secured by the receivables themselves, offering investors access to self-liquidating, secured credit exposure. This strategy supports business cash flow management while generating yield from short-duration assets.

Why invest?

- **Secured and collateralized:** Backed by commercial receivables from creditworthy counterparties, reducing downside risk.
- **Short-duration and self-liquidating:** Repayment cycles of 30–90 days improve liquidity and reduce interest rate sensitivity.
- **Attractive yield potential:** Offers enhanced returns relative to traditional fixed income with lower volatility.
- **Non-correlated returns:** Performance is tied to business-to-business transactions rather than public markets.

Risks to consider

- **Counterparty risk:** The risk that an obligor fails to pay the receivable.
  - **Mitigation:** Underwriting includes credit assessment of obligors, concentration limits, and counterparty diversification.
- **Dilution and disputes:** Receivables may be reduced, offset, or contested.
  - **Mitigation:** Legal enforceability supported by verified invoices, purchase confirmations, and structured recourse provisions.
- **Macroeconomic sensitivity:** Broad downturns may impact invoice volumes or collection cycles.
  - **Mitigation:** Short loan durations and diversified portfolios reduce prolonged exposure.

Conclusion

Receivables finance provides investors with secured, short-duration credit exposure that offers attractive risk-adjusted returns and stable cash flows. Its self-liquidating nature and applicability across industries make it a valuable addition to private credit and alternative fixed income portfolios.

Common sectors or products in Receivables Finance
Trade finance: Short-term funding for global supply chain transactions
Invoice discounting and factoring: Advances against outstanding B2B invoices
Healthcare and insurance receivables: Financing tied to medical billing and insurance claims
E-commerce and consumer receivables: Financing for digital purchases and Buy Now, Pay Later (BNPL) models

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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