

Supply Chain Finance

What is Supply Chain Finance?

Supply chain finance (SCF) is an asset-backed credit strategy that provides early payment solutions to suppliers based on invoices approved by buyers. This structure improves working capital efficiency across the supply chain by allowing suppliers to receive accelerated payments while buyers can extend their payment terms. Financing is typically short-term and secured by trade receivables or purchase obligations, offering predictable credit exposure to established corporates.



Why invest?

- **Secured and collateralized:** Backed by tangible assets, reducing downside risk.
- **Attractive yield potential:** Offers higher risk-adjusted returns compared to traditional fixed income.
- **Diversified exposure:** Supports mission-critical assets across industries with consistent demand.
- **Predictable cash flows:** Short to medium-term loan durations (3-7 years) enhance portfolio stability.

Risks to consider

- **Buyer credit risk:** The corporate buyer may delay or default on payment.
 - **Mitigation:** Focus on approved payables from investment-grade or high-quality buyers, combined with transaction-level diversification.
- **Operational and legal risks:** Documentation or procedural errors may affect enforceability.
 - **Mitigation:** Structured programs include clear payment obligations, invoice validation, and legal enforceability under applicable jurisdictions.
- **Macroeconomic sensitivity:** Supply chain disruptions or downturns can impact invoice flow and settlement.
 - **Mitigation:** Short duration, diversified buyer exposure, and real-time monitoring of counterparty performance help manage volatility.

Conclusion

Supply chain finance offers a secured, short-duration credit opportunity that supports global commerce while generating stable returns. With strong collateral backing and exposure to high-quality corporates, it serves as an attractive allocation within private credit and alternative fixed income portfolios.

Common sectors or products in Supply Chain Finance



Transportation: Financing for trucks, aircraft, and rail assets



Healthcare: Leasing for imaging, diagnostic, and surgical equipment



Manufacturing and Construction: Loans for heavy machinery, automation, and robotics



Technology and Infrastructure: Financing for IT systems, data centers, and telecom equipment

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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