

# Alternative Finance Fund

*Investing in a professionally managed, diversified portfolio of senior and structured finance*

## Investment Summary

### Investment Features

- 9%+ Target Returns.
- Quarterly Distributions.
- Secured Loans.
- Diversified Portfolio.
- Regular Withdrawal Options.
- Experienced Management.
- External Oversight.

## The Opportunity.

The Alternative Finance Fund has been established in response to the changes to Australian banking regulations, which are limiting the availability of commercial finance to quality property owners and developers.

These new requirements are not temporary; they represent a permanent change to bank lending policies, and mean that major Australian banks have begun operating with a significantly reduced lending appetite – and much tighter lending parameters. The Australian commercial real estate market is now starting to follow the trends of many overseas markets, with an increased focus on private financing.

The shortage of finance is also driving up the returns available to lenders – and as a result, the Alternative Finance Fund is able to target a return in excess of 9% per annum (after fees and expenses) whilst investing in loans that are predominantly secured by first mortgages.

## About the Fund.

The Fund is an open, pooled investment vehicle. Amounts raised from investors are jointly invested in a portfolio of loans that have undergone a rigorous process of due diligence and credit analysis.

As individuals, investors are generally limited to making modest investments in individual opportunities. By pooling the resources of many investors, the Fund offers Investors a diversified and balanced portfolio generally out of the reach of any individual investor.

Pooling also provides improved investment liquidity. Rather than being locked in to a single financing opportunity with a fixed termination date, Investors generally have an opportunity to redeem their investment (in full or in part). Withdrawal requests will be processed whenever any one of the Fund's many underlying Financing Facilities matures (subject to a minimum initial investment term of 18 months).

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## Investor Benefits.

**Attractive returns:** The Fund targets an annual return over the long-term in excess of 9% per annum (post all fees and expenses)<sup>1</sup>.

**Regular income:** Distributions are paid quarterly.

**Access to exclusive opportunities:** as a professional fund manager, we have access to a continual pipeline of wholesale and institutional investment opportunities.

**Participation in larger investment opportunities:** by pooling the resources of many Investors, the Fund can participate in larger projects and therefore has a greater variety of opportunities from which to choose, many of which are out of the reach of individual investors.

**Diversification:** the Fund invests in a portfolio of many loans, providing diversification by asset type, class, borrower, market location and entry timing.

**Experienced management:** the Manager has a depth of experience gained in all property sectors, including small and large development, structured finance, investment origination and funds management.

**External Oversight:** the Fund utilises the skills and experience of its Investment Review Committee, which includes a number of members with extensive experience at CEO and MD level in banking and development.

**Improved Liquidity:** investors will generally have an opportunity to redeem their investment whenever any one of the Fund's many underlying loans mature.

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**Shareholders of the Investment Manager have invested in excess of \$4 million in the Fund on the same terms as other Investors.**

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<sup>1</sup> Note that all stated returns are management targets, not guarantees of investment returns.

## Key Features.

<b>Investment Structure</b>	Open ended wholesale unit trust.
<b>Investment Strategy</b>	The Fund provides fully secured financing facilities to property industry participants.
<b>Investment Objective</b>	To provide investors with a professionally managed exposure to a diversified portfolio of secured debt opportunities.
<b>Nature of Investment Return</b>	The Fund receives income in the form of interest, establishment fees, and in some cases, performance payments.
<b>Target Investment Return</b>	A long-term return on investment units (post all fees and expenses) in excess of 9% per annum.
<b>Investment Security</b>	All loans are fully secured against property, with between 60% and 100% of the loans secured by first mortgage (senior loans).
<b>Financing Facilities</b>	The Fund targets Facilities between \$5 million and \$10 million.
<b>Sector Spread</b>	Loans are available for term loans on commercial property, commercial and residential development, and projects related to residential aged care and healthcare.
<b>Geographic Spread</b>	Loans are generally limited to assets located in major cities and towns with strong economic fundamentals.
<b>Eligible Investors</b>	Investment in the Fund is available to wholesale and professional investors only.
<b>Minimum Investment</b>	The minimum Application Amount is \$200,000, and thereafter in \$50,000 multiples, although the Trustee may accept lesser amounts in its absolute discretion.
<b>Initial Investment Term</b>	New investors are initially issued cash units, pending the identification of an investment opportunity, at which point they are converted to investment units.
<b>Investment Term</b>	Minimum of 18 months.
<b>Investment Liquidity</b>	You may request to withdraw from the Fund at any time after 18 months. Requests are processed (in full or in part) when underlying loans made by the Fund are repaid, subject to available funds.
<b>Target Fund Size</b>	In excess of \$100 million.
<b>Fees</b>	Competitive fees apply to the Fund, which vary based on the complexity of the lending arrangements.
<b>Risks</b>	Although the Fund provides fully secured loans, there are risks associated with the investment.

**The information in this presentation is of a general nature only. Further details on the Fund are provided in the Information Memorandum issued by Alternative Finance Custodians Pty Ltd ACN 625 475 818, which is an Authorised Representative of PrivateInvest Securities Pty Ltd ACN 160 148 078, the holder of Australian Financial Services Licence no. 427 666.**

## The Manager.

Both the Trustee and the Investment Manager of the Fund are members of the PrivateInvest Group.

PrivateInvest is a Fund Manager and corporate finance advisor, specialising in the operation of alternative asset investment vehicles.

PrivateInvest's principals have the property development, tax and financing experience necessary to undertake detailed due diligence, structure contractual documentation, and manage the Fund for the benefit of its investors.

To further manage risk, avoid conflicts and improve oversight, the Fund utilises the skills and experience of its Investment Review Committee. The committee includes a number of external and independent members with extensive experience at senior levels in banking, property and development.

### Your Advisor's Contact Details:

## How to Invest.

Investment in the Alternative Finance Fund is now available for wholesale investors. For more information, or to obtain a copy of the Information Memorandum, please contact us as detailed below.

This brochure contains only an indicative summary of the key investment features of this opportunity. You must obtain a copy of, and read the entire Information Memorandum before making any investment decision. Applications for units in the Alternative Finance Fund may only be made by completing the application form accompanying the Information Memorandum.



## Important Information.

This brochure has been prepared and issued by Alternative Finance Custodians Pty Ltd (ACN 625 475 818) ("AFC") as the corporate authorised representative of PrivateInvest Securities Pty Ltd (ACN 160 148 078, AFSL No. 427 666 ("PIS"). The Investment Manager of the Fund is Alternative Finance Management Pty Ltd (ACN 625 468 215) (AFM). All of AFC, AFM and PIS are members of the PrivateInvest group of companies. AFC in its capacity as Trustee for the Alternative Finance Fund ("Fund") has issued an Information Memorandum dated 2 July 2018 ("IM") which sets out the offer to apply for units in the Fund. A copy of the IM may be obtained by contacting AFC. The Fund is an unregistered managed investment scheme. If you are considering an investment in the Fund you must read the IM in its entirety.

The information in this brochure has been made available to the recipient for information purposes only. It is not intended to be, and does not constitute a PDS, prospectus, short form prospectus or profile statement as those terms are defined in the Corporations Act 2001 (Cth). It does not constitute an offer for the issue, sale or purchase of any securities, or any recommendation in relation to investing in any asset.

This document has been prepared without taking account of any particular investor's objectives, financial situation or needs. For this reason, it is important that you obtain and consider the IM for the offer and seek appropriate independent professional advice before making any investment decision. This investment opportunity is only available for 'wholesale clients' as defined in the Corporations Act 2001 (Cth).

AFC does not receive fees in respect of the general financial product advice it provides, however both AFC and AFM will receive fees for operating the Fund in accordance with the Fund's Constitution and Investment Management Agreement. AFC and its related entities may also receive fees for managing the assets of, and providing resources to the Fund. For more detail on fees, refer to the IM.

Any investment is subject to risk, including possible delays in payment and loss of income and principal invested. Neither AFC nor any of its associates, related entities or directors guarantee the performance of any investment or the repayment of monies invested.

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