

ANGAS
prime

INVESTOR NEWS

AUTUMN 2024

Private Credit is Emerging as a Strategic Income Class

NEW 6.5% P.A.*
TARGET RATE

Private credit is providing solid returns attracting an explosion of investor interest according to reports in the national press.

Private credit means investing in loans made by non-bank lenders that can cover a range of purposes and borrowers. A fund manager such as Angas Prime raises money from investors and doesn't use debt, so there is zero gearing. That is very different to a commercial bank, where the loan book will be dozens of times bigger than the bank's equity. The flip side is that taking out a private credit loan is almost invariably much more expensive than borrowing from a commercial bank.

So why are borrowers flocking to private credit lenders like Angas Prime?

After the global financial crisis, banking regulators forced commercial banks to beef up their balance sheets, requiring them to back their loans with more equity. Consequently, it became **far more profitable for Australian banks to lend for residential property** because they didn't have to set aside as much equity on their balance sheets. Many banks all but abandoned some parts of the commercial lending market.

Spotting a huge, and growing, opportunity, private credit groups have filled the gap. Often staffed by the same experienced credit teams from the big banks who were then twiddling their thumbs, they got backing from investors with the prospect of outsized returns relative to the risk. The result: EY estimates the Australian private credit market grew from \$35 billion in 2016 to \$109 billion by the end of 2022. Foresight Analytics estimates non-bank lenders control

about 50 per cent of the US market for commercial real estate loans. In Europe it's about 25 per cent, whilst in Australia it's around 10 per cent, but growing strongly.

So, what's the attraction for investors like you?

Exposure to first mortgage lending plays two roles in an investor's portfolio. First, to provide income. Second, to minimize any correlation to variable assets like shares. In other words, to be a defensive asset. In terms of low correlation to shares, the word "private" is the critical part. Unlike corporate or government bonds, private loans are not normally traded on public markets, which makes them far less volatile because there is no day-to-day repricing, the fancy name for which is "mark-to-market risk".

In 2022, when bonds and shares both fell heavily, well managed private credit funds like Angas Prime continued to pay their interest and the unit price never changed.

The other attraction is loan security. For example, when Angas Prime lends to a property developer, a mortgage will be taken over the project, including the land. Angas Prime requires a loan-to-valuation ratio between 60 per cent and 70 per cent. That means if the deal goes pear-shaped and the property is repossessed, there is normally a good buffer before investors lose any money. In addition, Angas Prime will also normally take a charge over other company assets as well as get a directors' guarantee, meaning their personal assets are on the line as well.

There's a lot to like about investing in private credit, but it pays to do your homework. But remember, **YOU'RE BETTER OFF WITH ANGAS.**



John Fairley, Non Executive Director. See page 2.



Angas Prime offers investors the convenience of using BPay to make additional investments. To make additional deposits using BPAY simply use your BPAY Reference Number which can be easily located on your Unit Holding Certificate.

If you cannot locate your Reference Number, please contact our Investor Relations Team on 1800 010 800.

John Fairley Appointed as Non-Executive Director

John Fairley was appointed to the Board of Angas Securities on 1 March 2024 to fill a casual vacancy arising from the retirement of Randal Williams. John has been operating in banking and finance for over 40 years. His industry experience includes product, relationship and credit management in a range of markets.

Initially, John worked for ANZ Bank rising to executive level. During this period, he obtained qualifications appropriate to executive levels of management in a major bank, being Master of Business Administration from Monash University with a Graduate Diploma from Mt Eliza Business School. Later, John worked in capital markets and structured finance, providing treasury trading and transactional credit facilities to the insurance sector. He was also the responsible manager for the data processing centre that delivered centralised and specialised payment processing services to St George Building Society.

The second part of John's banking career involved operating in the international banking offshore market, gaining exposure to the Pacific Islands, some countries in Asia as well as European Private Banking. During this period, he worked on some significant corporate funding transactions. In the third part of his career, John was State Manager of Esanda Finance in QLD & NSW. He managed 350 staff and was responsible for motor vehicle finance, dealer finance, commercial finance, and retail finance operations –through a branch network and also through intermediaries.

John left banking in 2001 when he co-founded CrediFlex which he built into a broking house that operates nationally in Australia and in New Zealand. At its peak pre-GFC, CrediFlex had over 100 representatives and a large back office, with divisions in home loan mortgages,



John Fairley and Randal Williams

commercial and property finance and equipment finance. John has been involved in many aspects of the lending market in Australia and has a sound knowledge of the various market opportunities that are offered.

Since passing the CrediFlex Managing Director role to Brian Preston, John has concentrated on business consulting and advisory work. His client base is national, however mostly east coast based. John is excited about the opportunity to join the Board of Angas Securities which he has known and dealt with over many years, starting with former director Bob Morton, who John has known since his ANZ Bank and ESANDA Finance days.

Chairman, Andrew Luckhurst-Smith, stated that the Company was very sad to lose the contribution of Randal Williams, who for five years had faithfully travelled from Melbourne or dialed into Board meetings during COVID – 19 restrictions. Randal is a polymath who is highly regarded by Angas Securities directors, management and staff. All stakeholders, including Angas Prime investors, are indeed fortunate to welcome a finance industry professional as well credentialed as John Fairley to fill the position left vacant by the retirement of Randal Williams.

Cyber Safety






If you have a mobile phone or an email account (like practically everybody!) chances are you would have received a text, email or phone call that turns out to be from someone trying to trick you into disclosing your personal and/or financial information.







These fake messages will use corporate logos or official looking websites. They can even appear in a text message thread that you have initiated with a legitimate company! Things have gotten so bad that almost every website providing any sort of retail, delivery or banking service that you visit will have a banner heading or a pop-up screen warning you of the increase in scams and to be vigilant.



So what can you do to reduce the chances of becoming a victim to scammers and hackers?

Here are a few tips:

-  Install anti-virus protection on your computer from a reputable provider.
-  Limit what you access on free public wi-fi and be careful how you connect to it. Never do banking, shopping or send confidential emails over these networks. Be aware that cybercriminals can set up rogue wi-fi hotspots that look legitimate.
-  If an email or text message looks suspicious and is unsolicited, delete it.
-  **Do not click on any links** in a suspicious email or open any attached files. Be aware that even if the sender is known to you, their account may have been hacked so always exercise caution. This is probably the single most important thing to remember.
-  Check for incorrect spelling in the website or email address, the name of the company or in the message itself. In the movie *Billion Dollar Heist*, a true story, the hackers would have got away with far more, except that they misspelt the word "foundation" as "fandation" triggering a block on a transaction of \$20m.

-  When transferring money to a business' bank account, take the time to telephone the business on its listed phone number and check that the bank details you are using are correct.
-  Similarly, if you get an apparent request from a friend or family member asking you to urgently transfer funds, do not take action until you have called them to find out if the request is genuine.
-  Don't react to any unsolicited message urging you to "act now" otherwise you will miss out on some alleged benefit.
-  Only "unsubscribe" from websites/newsletters you know to be from a genuine source. Otherwise simply delete them. The "unsubscribe" button can be used to validate your email address, resulting in even more unwanted spam.
-  When you do need help, use only reputable computer technicians and companies and, where possible, deal with them in person. Take your computer in, rather than give remote access.
-  Educate yourself on cyber safety. A good place to start is the Australian Government's helpful websites found at www.cyber.gov.au/protect-yourself or www.scamwatch.gov.au

ADELAIDE

Level 14, 26 Flinders Street,
Adelaide SA 5000

Phone 08 8410 4343

PERTH

Suite 12, 448 Roberts Road,
Subiaco WA 6008

Phone 08 9380 4983

LAUNCESTON

46-48 George Street,
Launceston TAS 7250

Phone 1800 010 800

REGULATORY ADVICE

APPLICABLE TO ALL INVESTMENTS OF THIS NATURE:

The investment offer is contained in the current Product Disclosure Statement (PDS) which should be read carefully before investing. The Target Market Determination is available under the "For You" section on angasprime.com.au. An investment in Angas Prime is not a bank deposit. There is a risk you could lose some or all of your principal and that you may receive lower than expected returns.

* Based on a Target Rate of 6.5% p.a. The Target Rate for your investment is not fixed and may fluctuate up or down during the term of your investment

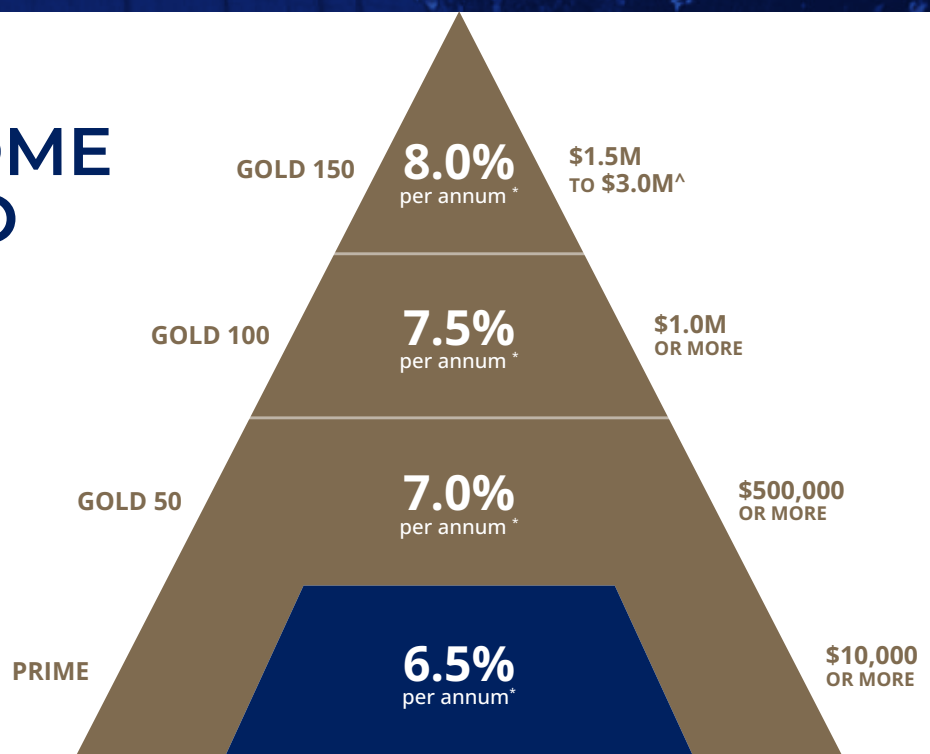
** There may be certain limitations on your ability to withdraw from the Fund at the end of the term and withdrawal requests may take up to 12 months to process

^ Other terms and conditions apply

EARN AN INCOME RATE OF UP TO

8.0% p.a.*

Contact us to find out
if you qualify for
ANGAS GOLD



INVESTOR SERVICE LINE

1800 010 800

Angas Securities Limited
ACN 091 942 728
Australian Financial Services
Licence No 232 479