

# THE AIOFP ANNIVERSARY CONFERENCE BANGKOK & LONDON



25 YEARS OF SERVICE  
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THE WAY FORWARD  
20-24 JULY 2023





# Why invest with Millbrook Group?

Peter Mill  
Head of Distribution  
July 2023

**MILLBROOK**  
GROUP



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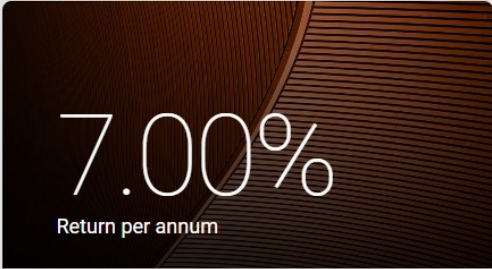
# Millbrook Group Overview

Established in 2005, Millbrook Group has a proven track record of delivering attractive returns for investors and co-investing in investment opportunities. With a genuine focus on building personal relationships, we consistently deliver on our core values of trust, integrity, innovation and teamwork. We have never lost any of our investor funds, because we treat them as carefully as we would our own.

- Millbrook Credit Fund (MCF) - secured by real estate 1<sup>st</sup> Mortgages (PDS) est 2007
- Millbrook Income Fund (MIF) – secured by real estate 1<sup>st</sup> or 2<sup>nd</sup> Mortgages (IM) est 2011
- Combined Funds Under Management - \$337m (as of 30 June 2023)
- Millbrook co-invest and currently have \$10m of shareholder investment
- Robust credit assessment processes to assess borrowers' ability to meet registered mortgage loan repayments
- Millbrook Income Fund investors can choose to invest in a Select variable rate loan which can go up or down but never below the initial rate of the loan
- Experiencing substantial demand and growth

# Millbrook Group Fund Options

## Millbrook Credit Fund



7.00%

Return per annum

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Millbrook Diversified

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Term  
Minimum 12 Months

Minimum Investment  
\$10,000

Investment Type  
1st Mortgages

The graphic for the Millbrook Credit Fund features a dark brown background with a subtle, curved, wood-grain-like texture. The return rate '7.00%' is prominently displayed in large white font, with 'Return per annum' in smaller white text below it. The fund name 'Millbrook Diversified' is separated from the details by a thin white horizontal line.

## Millbrook Income Fund



7.5-20%

Return per annum

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Millbrook High Yield

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Term  
6,12 & 24 Months

Minimum Investment  
\$100,000

Investment Type  
1st & 2nd Mortgages

The graphic for the Millbrook Income Fund features a dark brown background with a subtle, curved, wood-grain-like texture. The return rate '7.5-20%' is prominently displayed in large white font, with 'Return per annum' in smaller white text below it. The fund name 'Millbrook High Yield' is separated from the details by a thin white horizontal line.



# Millbrook Credit Fund (Diversified)



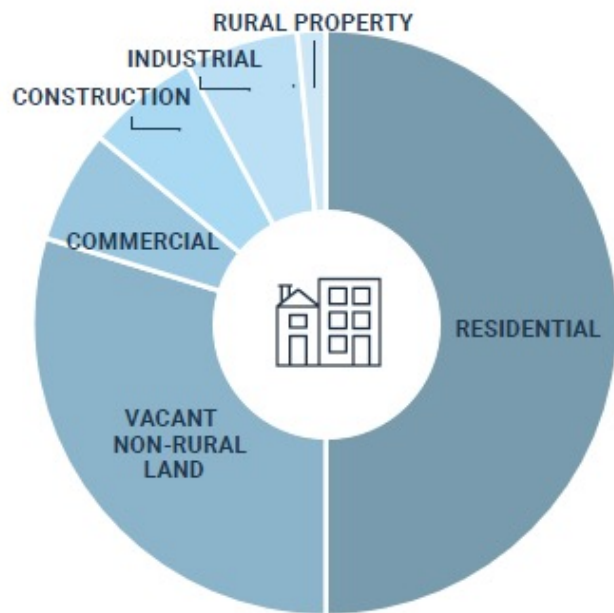
Investments	Senior Secured (1 <sup>st</sup> Mortgage) Loans over Australian Residential and Commercial Real Estate	
Min Investment	\$10,000	
Distributions	Monthly (10 <sup>th</sup> business day)	
Asset Allocation	Diversified Real Estate Sectors (refer Security Type next slide)	
Fees	1.53% pa Management Fee. No Application / Withdrawal Fees. No Performance Fee.	
Millbrook Credit Fund FUM	\$134.3m*	
Loan to Valuation Ratio	53.4%* weighted average	
Investment Options	PDS issue date 11 July 2023	Platforms
Term	min 12 months	Suited to investment horizon > 12 months
Liquidity	60 days' notice	Monthly (discretionary cap)
No. of Mortgages	64*	
Risk Classification	3. Low - Medium	
Investment Return (net of fees)	7.0% pa** variable rate paid monthly (plus 0.5% pa management fee rebate for Adviser intermediated and platform investors)	

\* as of 30 June 2023

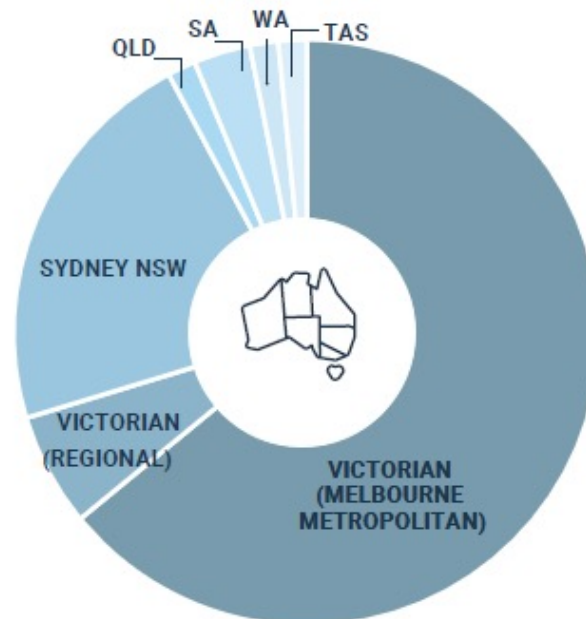
\*\* as of 1 July 2023

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# Millbrook Credit Fund Diversified Loan Book Analysis



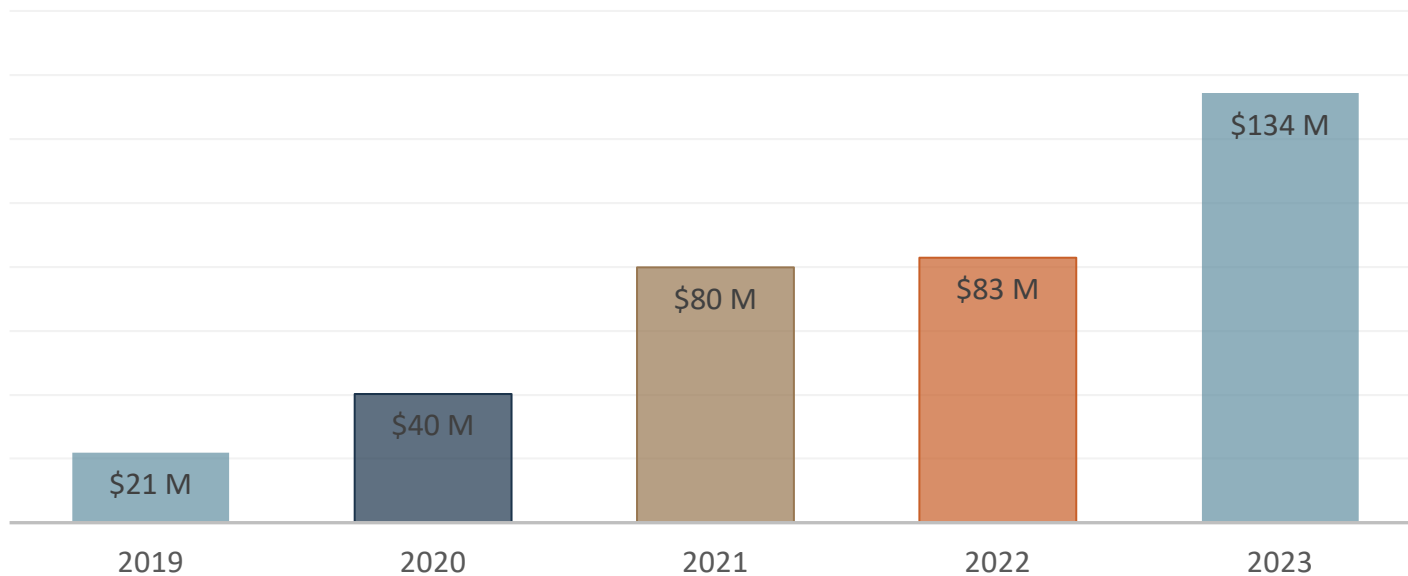
Analysis of Security by Type



Analysis of Security by Location

as of 30<sup>th</sup> June 2023

# Millbrook Credit Fund - FUM Growth



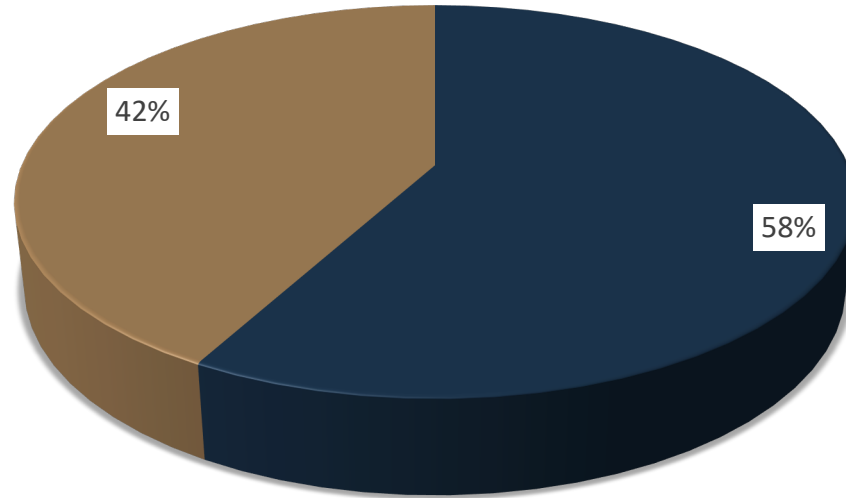
as of 30<sup>th</sup> June 2023



# Highlights

- Strong growth in the fund - \$134m as of 30/06/2023
- Fund loan book is pivoting to mostly variable rate loans (see next slide) providing investors > hedge against inflation
- Investor returns are increasing as loan rates increase
- Diversified rate increased to 7.0% pa as of 1<sup>st</sup> July 2023
- 0.5% pa investor rebate for Adviser intermediated and platform investors
- Fund objective is to return cash rate plus 3.5% pa
- Millbrook continue to co-invest in loans
- Perpetual Corporate Trust appointed Custodian
- No losses

# Millbrook Credit Fund Diversified fixed vs variable



■ Variable Loans ■ Fixed Loans

as of 30 June 2023

# Millbrook Credit Fund Diversified vs Benchmark

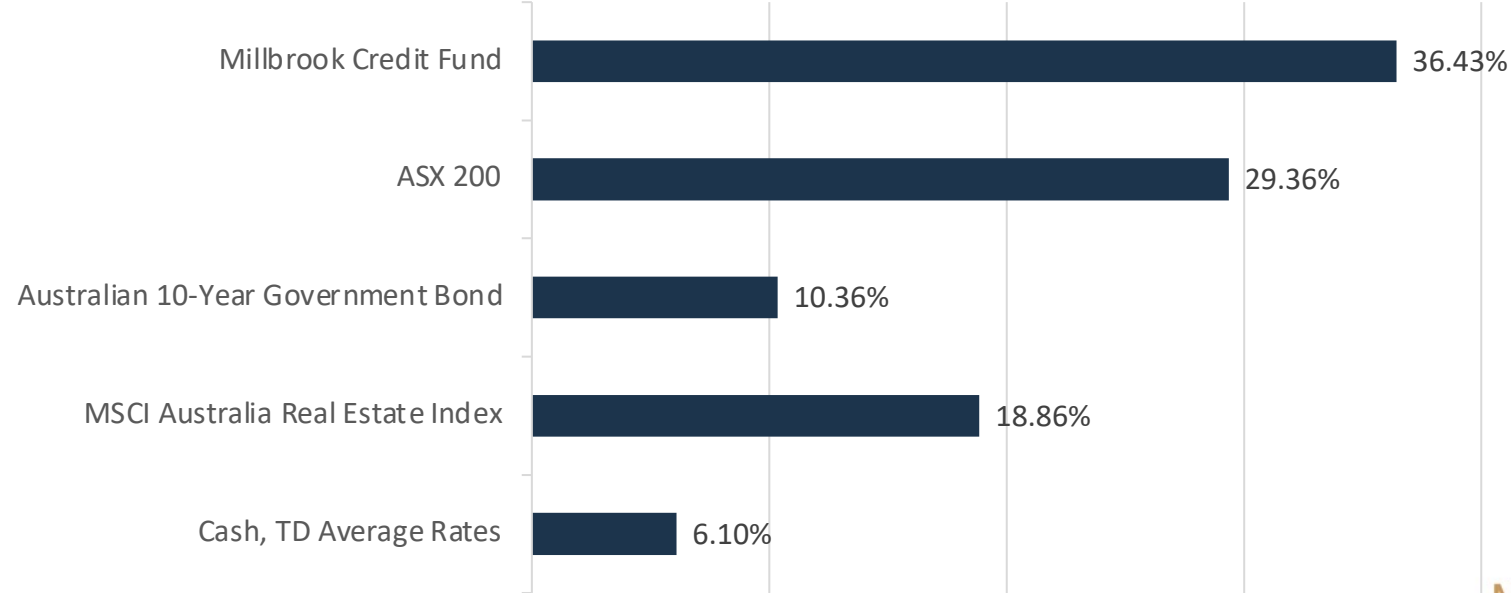
Period	Millbrook Credit Fund Diversified	Bloomberg Ausbond BBI + 1.5%	Performance
1 month	0.56%	0.43%	+ 0.13%
6 months	3.21%	2.45%	+ 0.76%
1 year	6.50% pa	4.39% pa	+ 2.11% pa
3 years	6.70% pa	2.52% pa	+ 4.18% pa
Since inception Feb 2020	6.68% pa	2.49% pa	+ 4.19% pa

as of 30 June 2023



# Millbrook Credit Fund Performance History

## 5-Year Cumulative Return Comparison (2019-2023)



# Millbrook Credit Fund Research



## Favourable



Star Rating	<b>3.75 stars</b>
Description	<b>Favourable</b>
Definition	<b>Consider for APL inclusion</b>
Investment Grading	<b>Approved</b>

# Recent Investment for Millbrook Credit Fund Diversified



## MILLBROOK CREDIT FUND MORTGAGE SUMMARY

**SUB SCHEME: MCF00186**

8.75% p.a. (Variable) Interest Rate (for 6 months)	37.74% LVR	\$5,000,000.00 Total Loan Amount
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## Highlights

- Low LVR of 37.74%
- Security property leased to a long-term tenant since 2001, generating over \$725k annual income.
- Borrower's director has demonstrated net personal income of \$1.03 million annually.
- Borrower's director is traditionally a client of the major banks.

Loan Term:	12 months
Minimum Interest:	6 months
Servicing:	Monthly in arrears on daily balance
Exit Strategy:	Refinance to major bank

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# Competitors

Criteria	Latrobe	Millbrook	Trilogy
LVR	63.3%	53.4%	62.7%
Loan duration	70.2% loans mature in > 5yrs	Ave. 12 mths	<12 mths
NCCPA regulated loans	Yes	No	?
Variable / fixed	87 / 13	58 / 42	?
Construction loans	?	Low / cap 20%	75%
Monthly distribution	6.25% (+0.5%) pa	7.0% (+0.5%) pa	7.75% pa

as of 30<sup>th</sup> June 2023

# Millbrook Income Fund

Investment via	Information Memorandum - limited to wholesale and sophisticated investors
Investment Type	Senior Secured (1 <sup>st</sup> Mortgage) and Subordinated (2 <sup>nd</sup> Mortgage) Loans over Australian Residential and Commercial Real Estate
Min Investment	\$100,000
Distributions	Monthly (10 <sup>th</sup> business day)
Asset Allocation	Diversified Real Estate Sectors
Fees	No Management Fee. No Application / Withdrawal Fees. No Performance Fee.
Millbrook Income Fund FUM	\$202.5m*
Loan to Valuation Ratio	57.93%* weighted average
Investment Options	Select Option
Term	Fixed term usually 6 to 24 months
Liquidity	On loan repayment 6 to 24 months
No. of Mortgages	65
Investment Returns (net of fees)	7.5%-12% on 1 <sup>st</sup> mortgages & 10%-20% on 2 <sup>nd</sup> mortgages. Average return 12% pa

\* as of 30 June 2023

# Millbrook Income Fund– Performance History



# Recent example loan limited to wholesale investors



## MILLBROOK CREDIT FUND MORTGAGE SUMMARY

### SUB SCHEME: MCF179

**8.25% p.a.**  
Interest Rate (for 12 months)

**65.00%**  
LVR

**\$3,315,000.00**  
Total Loan Amount

## Highlights

- High combined annual income for the two directors, exceeding \$1.1mil.
- Security is currently tenanted and is generating around \$121k p.a. in rental income.
- Valuer has noted an undersupply in the Toorak market for apartments and units.

Loan Term:	12 months
Minimum interest:	6 months
Servicing:	12 months' prepaid interest to be retained from funds advanced.
Exit Strategy:	Refinance into construction facility (once Development Approval gained.)

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## Current Insights

- Rates and returns expected to increase with some easing on the horizon
- Borrower financial strength is currently a big focus
- Banks still slow to act – up to 3 months+ for approvals
- Experiencing strong demand from borrowers and brokers – speed a big factor. Can settle within a week
- Competition strong particularly from wholesale funds
- Property values will generally not be increasing so taking a more cautious approach to LVR's

# Millbrook Leadership



**David Lyall**  
**Managing Director**

Founder and Managing Director of Millbrook Group, David Lyall is highly experienced and respected in the non-bank lending industry. Since 2007, Millbrook Group has been providing a fixed income to its investors, with a key focus on building long term relationships, founded by a mutual trust.

David holds a Bachelor of Law from the University of Canterbury in New Zealand and is a Responsible officer for both the Millbrook Income Fund and the Millbrook Credit Fund.



**Colin Robinson**  
**Head of Credit**

Colin has in excess of 30 years' senior leadership experience in the Australian property finance sector, both from a major bank and a mortgage fund background. He has been the National head of a major Bank's Commercial property lending division, and General Manager of a Mezzanine Mortgage Fund business in addition to direct property roles.

Colin holds a Bachelor of Economics, is a Fellow of Finsia, and is a Graduate of the Australian Institute of Company Directors.



## Millbrook Leadership (cont.)



**Andrew Slattery**  
**Head of Investments**

Andrew Slattery has over 15 years of experience in the financial services sector with expertise in private banking, relationship management, credit structuring and investment management. He has held senior roles at leading firms NAB Private Wealth and ANZ Private. Andrew started his banking career at Citigroup in their Global Transactions business.

Andrew holds a Bachelor of Commerce (Accounting & Finance), Graduate Diploma of Banking & Finance, Diploma in Financial Planning and Chartered Banker status.



**Peter Mill**  
**Head of Distribution**

With over 20 years professional experience in distribution and strategic management roles at APN, AXA, ING and boutique Managers, Peter has a deep understanding of the Australian and APAC wealth management markets. He has developed extensive relationships with key market participants, including private wealth advisory groups, researchers, asset consultants, platforms, advisers and investors.

Peter holds an Executive Master of Business Administration from UNSW.

## Millbrook Leadership (cont.)



**Andrew Christensen**  
**Credit Analyst**

Andrew Christensen has over 15 years' experience in financial services. He joined Millbrook Group in 2022 as a Credit Analyst, bringing with him extensive experience in commercial and development finance. By nature, Andrew is a problem solver with a strength for identifying risk and structuring credit solutions. Prior to joining Millbrook Group, Andrew held roles at La Trobe Financial and Marsh.

Andrew holds a Bachelor of Arts (Hons) in Politics and Government.



**Geoffrey Werner**  
**Compliance Officer**

Geoffrey has been with the Fund since 2010 and is the Chairperson of the external Compliance Committee. He has previously been a non-executive Director and an external member of the Compliance Committee.

With over 35 years' experience in the Banking and Finance industry with two major Banks where he held many senior management positions Geoffrey, has a wealth of knowledge and experience in loan and security management, processes, and compliance.

# Key Contacts



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Head of Investments

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# Investor Disclaimers

An investment in the Millbrook Credit Fund is not a bank deposit.

Past performance is not necessarily an indicator of future performance and the rate of return of an investment in the Select Option will depend on the mortgage invested in. Different Select Option mortgages may have different rates of return which will be fixed for the term of the investment. Select Option investments are not repayable until the mortgage loan in which the investment is made is repaid in full. If the mortgage debt is not fully recovered investors in the Select Option risk losing all or part of their capital and interest.

The rates of return on Diversified Option investments are reviewed and determined monthly and may increase or decrease each month. The rate of return applicable for any given month is paid at the start of the following month. The rates of return are not guaranteed (other than for your initial term for 12 months) and, being determined by the future performance of the Diversified Option, they may be lower than expected.

Diversified Options investments have a minimum term of 12 months. Applications to withdraw Investments requires 60 days written notice to us. We will make every endeavour to release an investor's funds after receiving their withdrawal request. We, however, have 12 months under the Fund's constitution to honour that request. In determining whether to honour your withdrawal request we need to have regard to the Diversified Option interests of all investors. There is a risk that a redemption request will not be honoured within 60 days. However, we have never not honoured a redemption request on time due to a lack of liquidity.

When considering whether to acquire or to continue to hold an interest in the Fund, you should remember that an investment in the Fund is not a bank deposit or a term deposit and is not covered by the Australian Government's deposit guarantee scheme. Investing in the Fund has a higher level of risk compared to investing in a term deposit issued by a bank and there are other risks associated with an investment in the Fund. The key risks of investing in the Fund are explained in Section 10 (Page 15) of the PDS.

Millbrook Asset Management Limited ACN 123 219 732 Australian Financial Services Licence and Australian Credit Licence 335001 is the responsible entity of the Millbrook Credit Fund ARSN 125 042 480 (the Fund). It is important for you to consider the Product Disclosure Statement for the Fund in deciding whether to invest, or to continue to invest, in the Millbrook Credit Fund. You can read the PDS on our website above or ask for a copy by telephoning or emailing a member of our team.

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# Questions



# FAMILY SUCCESSION CONSIDERATIONS

ARWED TURON  
TURON LEGAL



# 1. WILL

**a) Competency – (get a Will done sooner rather than later)**

**b) Testamentary Trusts**

- Life Interests
- Capital Reserve
- Education
- Disability

**c) Super Fund death benefits**

- Binding Nomination
- Estate or nominated beneficiary
- Who are 'dependants'
- Close out Super Fund & when

**d) Blended Families**

- Family Law issues pre & post
- Pre-nuptial Agreement or Discretionary Trust &/or Testamentary Trust
- Secured or unsecured loans to children
- Unequal distributions to 'children'
- Separate advice for husband & wife or de facto

## 2. POWER OF ATTORNEY

- a) Competency – (get POA done sooner rather than later)
- b) Pre or post incapacity/disability? – When POA comes into force
- c) Simple or Detailed terms of the power
- d) Who to appoint to what – simple assets v complex – trust issues
- e) Overseas assets – jurisdictional considerations & Notary requirements

### 3. ADVANCED CARE DIRECTIVES

- a) Lawyers not required!
- b) On-line form which can be ‘folksy’ in its terms of the individuals wishes...and which can present problems for the ultimate executor and trustee of the estate, depending on the wishes outlined
- c) Medical wishes – no resuscitation or euthanasia (depending on the jurisdiction), cremation and disposal of ashes etc.

## 4. OVERSEAS ASSETS

- a) Jurisdictional issues
- b) What are the 'Probate' rules of the jurisdiction
- c) Wills for assets in each jurisdiction
- d) Appointment of Executors in each jurisdiction
- e) Appointment of POAs in each jurisdiction in event of incapacity/disability
- f) Notary requirements in each jurisdiction

## 4. BUSINESS SUCCESSION

**a) CONSIDER ALL OF THE ABOVE**



**COOLABAH CAPITAL INVESTMENTS™**  
**THE INTELLECTUAL EDGE: MAKING EVERY BASIS POINT COUNT**

# How to Prepare Portfolios for the Mother of All Default Cycles ...



July 2023

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# Important Information

## Investment Disclaimer

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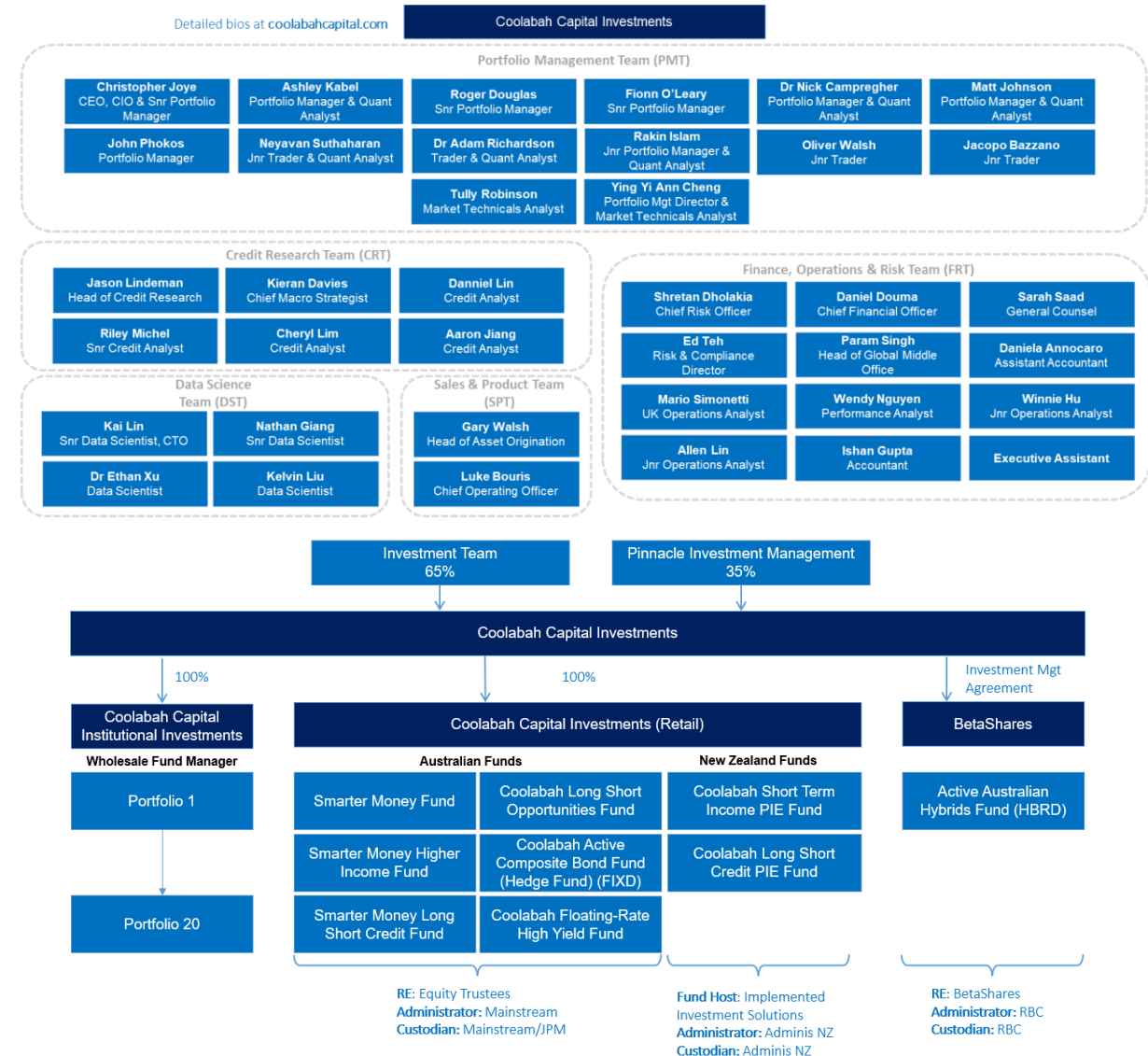
## Forward-Looking Disclaimer

This presentation contains some forward-looking information. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements. Although forward-looking statements contained in this presentation are based upon what Coolabah Capital Investments Pty Ltd believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Coolabah Capital Investments Pty Ltd undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.



# Large Active Fixed-Income Team

- Established in 2011, first fund launched in Feb. 2012
  - FUM is ~\$8bn\*
  - Currently running 30 portfolios, including 10x public funds
  - Run Australia's fastest growing active ETF (HBRD) for BetaShares with ~A\$2bn in FUM\*
- Widely recognised as a leading investor
  - Smarter Money Higher Income Fund (SMHI) – Direct Investor Class ranked #1 in FE fundinfo's cash enhanced universe over 5 years (FE Analytics 4/7/23)
  - Selected by FE Analytics as one of Australia's Top 11 Alpha Managers across all asset-classes in 2019
  - Strong ratings from Zenith, FE fundinfo (quant), Morningstar (quant), Mercer, Lonsec, Atchison, and Australia Ratings
- 38x full-time execs, 12x portfolio managers and 12x analysts
  - 6x traders based in London within 9x person UK team
  - Staff own 65% of the business
- Offices in Sydney, Melbourne, London

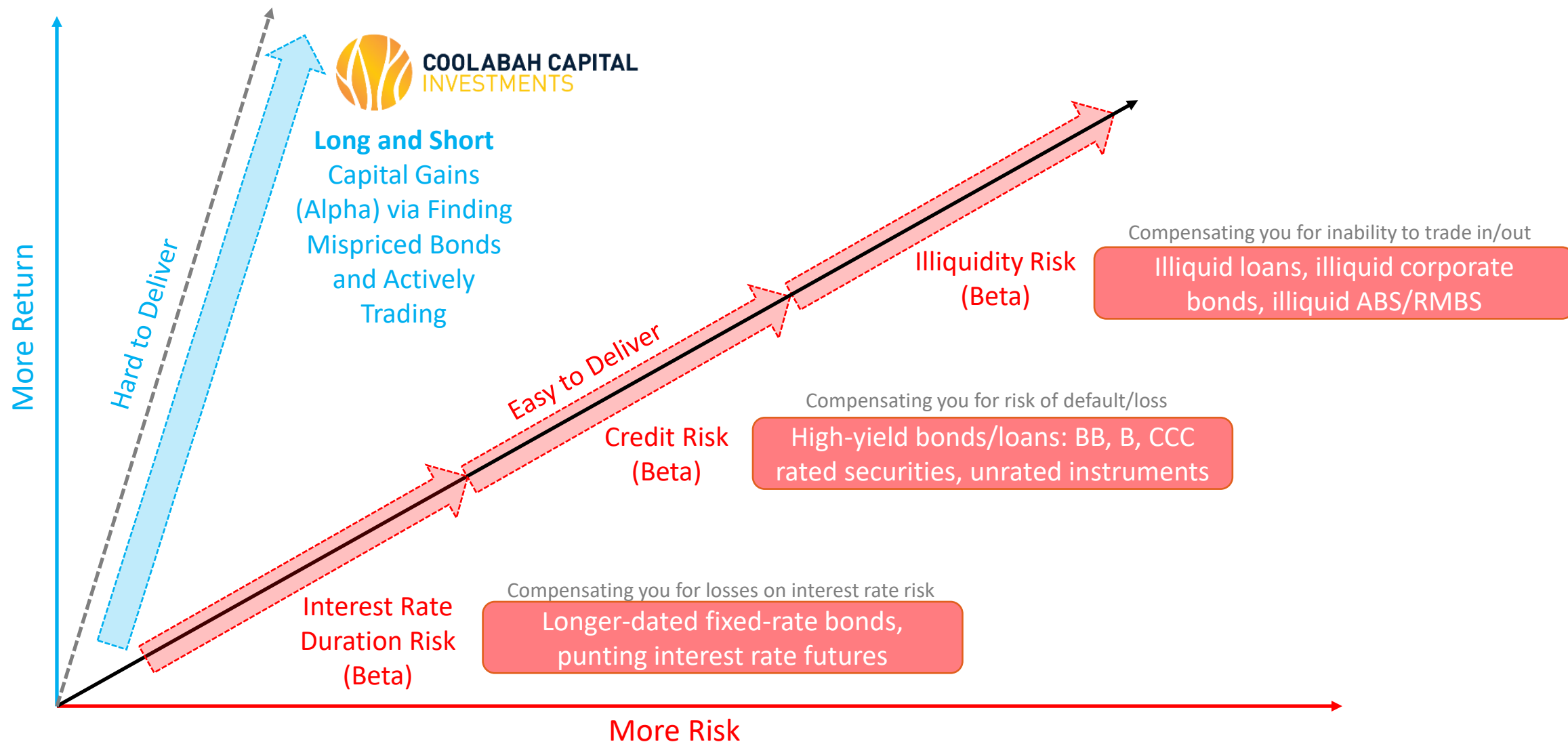


\* Source: Coolabah Capital Investments (July 2023)



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# The Existential Choice: Add-Value or Add Risk?



# Quantamental Investment Process

Phase  
1

## Investment & Governance Mandate (IGM) or Investment Management Agreement (IMA) Rules

- Detailed portfolio limits/targets • Approved/reviewed by Investment Committee

### Relentless Iteration and Surveillance

Phase  
2

#### Top-Down Quant Valuation Models (DST)

- Use current and historical market data on every bond/FRN in fund's universe
- Run numerous multi-factor regressions cross-sectionally and over time
- Provide market-based "fair value" yield/spread estimate
- Assumes market valuation process is efficient

#### Bottom-Up Quant Valuation Models (DST)

- Use issuer financial data
- Account for bond terms + capital structure position
- Predict probability of default and loss given default
- Provides "fair value" estimate of spread/yield using multiple custom in-house Merton models

#### Quant Credit Rating Models (DST)

- Machine-learning based predictions of real-time ratings based on relationships b/w issuers' financial data and credit ratings
- Provides quant credit rating for any given issuer/security based on objective financials
- Outperforms S&P's quant rating model

#### Traditional Credit Analysis & ESG (CRT)

- Bottom-up cash-flow modelling of individual target companies
- Assessment of profitability, liquidity, leverage, equity, assets, liabilities, arrears etc
- Heavy-duty commercial due diligence of issuer/security
- Extensive commercial and operational due diligence

#### Market Technicals Analysis (PMT/DST)

- Modelling supply and demand of individual bonds
- Understanding street and investor preferences for individual securities
- Understanding flow data
- Shaping expectations regarding valuations and events that influence them

#### Macroeconomic Research (CRT)

- Detailed macro research led by dedicated Chief Macro Strategist Kieran Davies and Christopher Joye (ex RBA)
- Quant models forecasting different macro variables
- Macro research provides insights on sizing, timing, mispricings, and also duration environment

#### Environment, Social & Governance (CRT/DST)

- Deep proprietary internal quant and qual ESG analysis
- Reports carbon intensity automatically each day for all portfolios
- CCI evaluates ESG research prepared by MSCI, Sustainalytics, S&P and Bloomberg
- CCI is a UN PRI signatory
- CCI targets minimum MSCI ESG rating of 'A'

Phase  
3

## Independent Credit Research Team Approval/Rejection of Investment

- Summarised in formal research report

## Pre-Trade Quantitative Compliance and DST Analysis of Investment

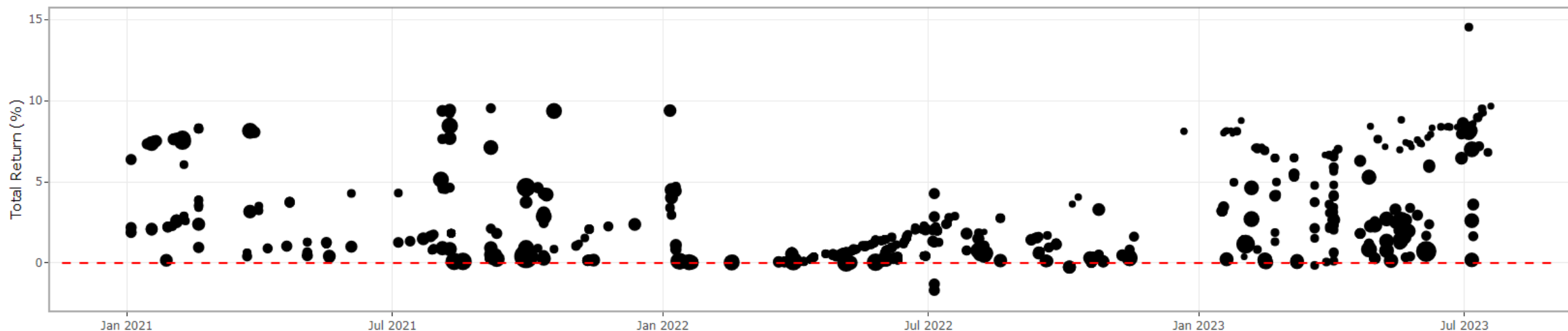
- Bloomberg AIM System incorporates IGM/IMA rules

## Portfolio Manager Approval/Rejection of Investment

- Final decision on pricing/sizing • Additional qual/quant DD

# AUD Primary Since '21: \$4bn; >30% IRR; 99% Win Rate; 8 Day Hold

Screenshot from CCI's quant lab – AUD Primary Credit Trades ex Hybrids from 1-Jan-2021



vwavg Sell Rating	vwavg Sell Tenor	vwavg Spread (bps)	Median Holding Period (days)	Median Trade Size (SMM)	Mean Trade Size (SMM)	Median Cap Gain Per Sell (%)	vwavg Cap Gain Per Sell (%)	vwavg Cpn Return Per Sell (%)	vwavg Margin Change Per Sell (bps)	vwavg Winner Cap Gain (% pa)	vwavg Loser Cap Gain (% pa)	vwavg Cap Gain (% pa)	vwavg Cpn Return (% pa)	vwavg Total Ret (% pa)	Num Sells	Num Cap Wins/Losses	Num Total Ret Wins/Losses	Cap Gain Win % by Trades	Total Ret Win % by Trades	Cap Gain Win % by vwavg Days	Sum Face Value Sell (SMM)
A	4.23	138.2	8	0.7	1.06	0.21	0.64	0.84	-15.5	26.08	-5.31	25.59	3.17	28.75	1817	1703/114	1802/15	93.7	99.2	91.0	1927
vwavg Sell Rating	vwavg Sell Tenor	vwavg Spread (bps)	Median Holding Period (days)	Median Trade Size (SMM)	Mean Trade Size (SMM)	Median Cap Gain Per Sell (%)	vwavg Cap Gain Per Sell (%)	vwavg Cpn Return Per Sell (%)	vwavg Margin Change Per Sell (bps)	vwavg Winner Cap Gain (% pa) Via median Holding Period	vwavg Loser Cap Gain (% pa) Via median Holding Period	vwavg Cap Gain (% pa) Via median Holding Period	vwavg Cpn Return (% pa)	vwavg Total Ret (% pa) Via median Holding Period	Num Sells	Num Cap Wins/Losses	Num Total Ret Wins/Losses	Cap Gain Win % by Trades	Total Ret Win % by Trades	Cap Gain Win % by vwavg Days	Sum Face Value Sell (SMM)
A	4.23	138.2	8	0.7	1.06	0.21	0.64	0.84	-15.5	49.59	-0.57	33.72	3.17	36.88	1817	1703/114	1802/15	93.7	99.2	91.0	1927

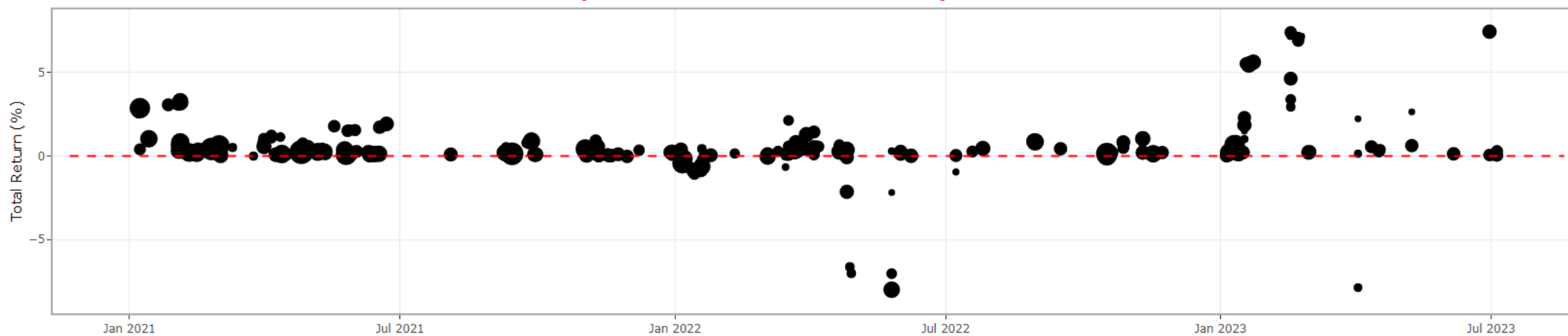
Source: Coolabah Capital Investments



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# USD/EUR Primary: \$4.8bn; >30% IRR; 90% Win Rate; 3 Day Hold

Screenshot from CCI's quant lab – EUR & USD Primary Credit Trades from 1-Jan-2021



vwavg Sell Rating	vwavg Sell Tenor	vwavg Spread (bps)	Median Holding Period (days)	Median Trade Size (SMM)	Mean Trade Size (SMM)	Median Cap Gain Per Sell (%)	vwavg Cap Gain Per Sell (%)	vwavg Cpn Return Per Sell (%)	vwavg Margin Change Per Sell (bps)	vwavg Winner Cap Gain (% pa)	vwavg Loser Cap Gain (% pa)	vwavg Cap Gain (% pa)	vwavg Cpn Return (% pa)	vwavg Total Ret (% pa)	Num Sells	Num Cap Wins/Losses	Num Total Ret Wins/Losses	Cap Gain Win % by Trades	Total Ret Win % by Trades	Cap Gain Win % by vwavg Days	Sum Face Value Sell (SMM)
A	6.88	65.7	3	0.3	0.597	0.14	0.22	0.27	-4.02	52.13	-9.77	42.91	2.71	45.62	4096	3452/644	3679/417	84.3	89.8	84.2	2444
vwavg Sell Rating	vwavg Sell Tenor	vwavg Spread (bps)	Median Holding Period (days)	Median Trade Size (SMM)	Mean Trade Size (SMM)	Median Cap Gain Per Sell (%)	vwavg Cap Gain Per Sell (%)	vwavg Cpn Return Per Sell (%)	vwavg Margin Change Per Sell (bps)	vwavg Winner Cap Gain (% pa) Via median Holding Period	vwavg Loser Cap Gain (% pa) Via median Holding Period	vwavg Cap Gain (% pa) Via median Holding Period	vwavg Cpn Return (% pa)	vwavg Total Ret (% pa) Via median Holding Period	Num Sells	Num Cap Wins/Losses	Num Total Ret Wins/Losses	Cap Gain Win % by Trades	Total Ret Win % by Trades	Cap Gain Win % by vwavg Days	Sum Face Value Sell (SMM)
A	6.88	65.7	3	0.3	0.597	0.14	0.22	0.27	-4.02	56.65	-43.57	30.90	2.71	33.61	4096	3452/644	3679/417	84.3	89.8	84.2	2444

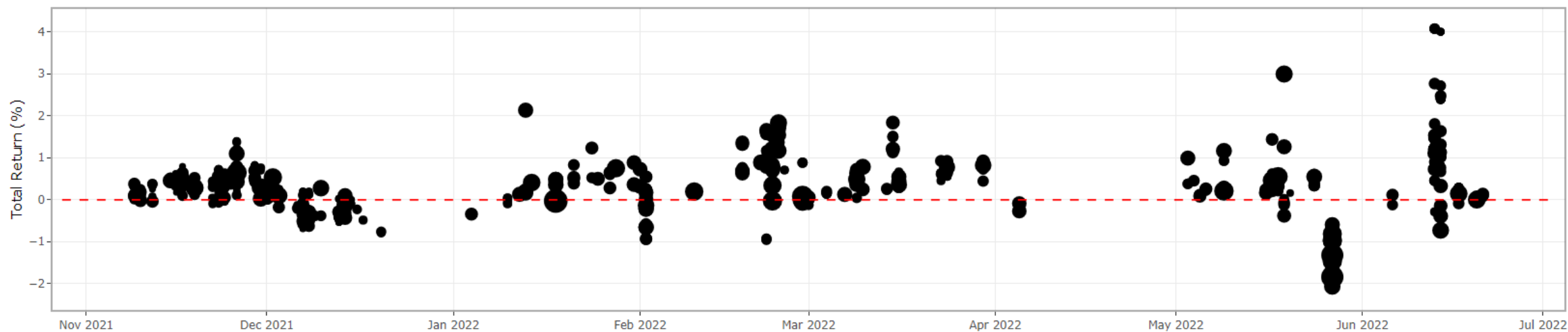
Source: Coolabah Capital Investments



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# Global Bond Shorts: \$4.3bn; 83% Gain; IRR > 6%; 21 Day Hold

Screenshot from CCI's quant lab – from 1-July-2021



vwavg Sell Rating	vwavg Sell Tenor	vwavg Spread (bps)	Median Holding Period (days)	Median Trade Size (SMM)	Mean Trade Size (SMM)	Median Cap Gain Per Sell (%)	vwavg Cap Gain Per Sell (%)	vwavg Cpn Return Per Sell (%)	vwavg Margin Change Per Sell (bps)	vwavg Winner Cap Gain (% pa)	vwavg Loser Cap Gain (% pa)	vwavg Cap Gain (% pa)	vwavg Cpn Return (% pa)	vwavg Total Ret (% pa)	Num Sells	Num Cap Wins/Losses	Num Total Ret Wins/Losses	Cap Gain Win % by Trades	Total Ret Win % by Trades	Cap Gain Win % by vwavg Days	Sum Face Value Sell (SMM)
A	6.7	76.3	21	0.4	0.749	0.49	0.44	-0.17	6.94	19.29	-10.68	13.55	-1.90	11.65	2891	2408/483	2167/724	83.3	75.0	90.1	2166
vwavg Sell Rating	vwavg Sell Tenor	vwavg Spread (bps)	Median Holding Period (days)	Median Trade Size (SMM)	Mean Trade Size (SMM)	Median Cap Gain Per Sell (%)	vwavg Cap Gain Per Sell (%)	vwavg Cpn Return Per Sell (%)	vwavg Margin Change Per Sell (bps)	vwavg Winner Cap Gain (% pa) Via median Holding Period	vwavg Loser Cap Gain (% pa) Via median Holding Period	vwavg Cap Gain (% pa) Via median Holding Period	vwavg Cpn Return (% pa)	vwavg Total Ret (% pa) Via median Holding Period	Num Sells	Num Cap Wins/Losses	Num Total Ret Wins/Losses	Cap Gain Win % by Trades	Total Ret Win % by Trades	Cap Gain Win % by vwavg Days	Sum Face Value Sell (SMM)
A	6.7	76.3	21	0.4	0.749	0.49	0.44	-0.17	6.94	14.24	-9.89	7.97	-1.90	6.07	2891	2408/483	2167/724	83.3	75.0	90.1	2166

Source: Coolabah Capital Investments

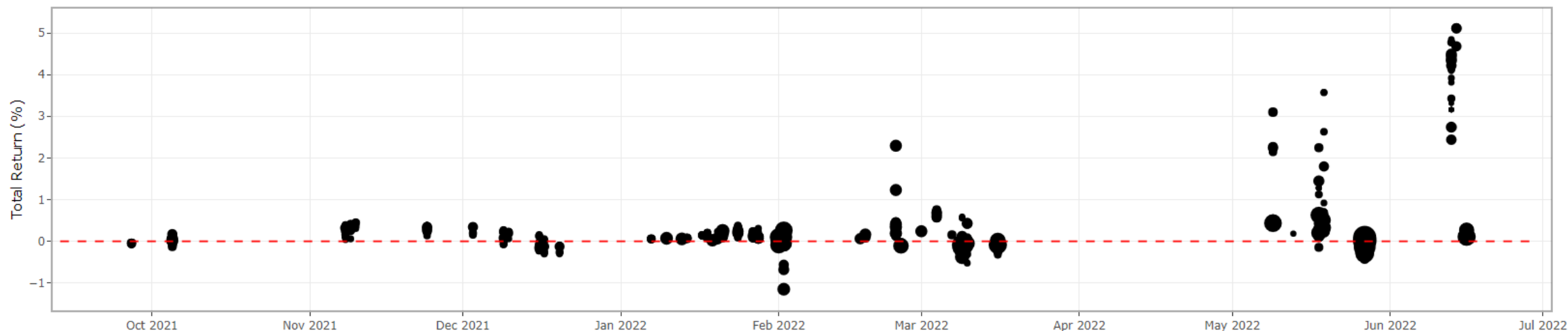


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# Global CDS Shorts: \$12bn; 80% Gain; IRR > 8%; 11 Day Hold

Screenshot from CCI's quant lab



vwavg Sell Rating	vwavg Sell Tenor	vwavg Spread (bps)	Median Holding Period (days)	Median Trade Size (SMM)	Mean Trade Size (SMM)	Median Cap Gain Per Sell (%)	vwavg Cap Gain Per Sell (%)	vwavg Cpn Return Per Sell (%)	vwavg Margin Change Per Sell (bps)	vwavg Winner Cap Gain (% pa)	vwavg Loser Cap Gain (% pa)	vwavg Cap Gain (% pa)	vwavg Cpn Return (% pa)	vwavg Total Ret (% pa)	Num Sells	Num Cap Wins/Losses	Num Total Ret Wins/Losses	Cap Gain Win % by Trades	Total Ret Win % by Trades	Cap Gain Win % by vwavg Days	Sum Face Value Sell (\$MM)
NA	NA	0	10.7	1.8	4.56	0.17	0.25	-0.04	5.76	17.47	-12.03	8.84	-0.95	7.89	1320	1057/263	1016/304	80.1	77.0	84.1	6015
vwavg Sell Rating	vwavg Sell Tenor	vwavg Spread (bps)	Median Holding Period (days)	Median Trade Size (SMM)	Mean Trade Size (SMM)	Median Cap Gain Per Sell (%)	vwavg Cap Gain Per Sell (%)	vwavg Cpn Return Per Sell (%)	vwavg Margin Change Per Sell (bps)	vwavg Winner Cap Gain (% pa) Via median Holding Period	vwavg Loser Cap Gain (% pa) Via median Holding Period	vwavg Cap Gain (% pa) Via median Holding Period	vwavg Cpn Return (% pa)	vwavg Total Ret (% pa) Via median Holding Period	Num Sells	Num Cap Wins/Losses	Num Total Ret Wins/Losses	Cap Gain Win % by Trades	Total Ret Win % by Trades	Cap Gain Win % by vwavg Days	Sum Face Value Sell (\$MM)
NA	NA	0	10.7	1.8	4.56	0.17	0.25	-0.04	5.76	13.51	-7.58	8.99	-0.95	8.04	1320	1057/263	1016/304	80.1	77.0	84.1	6015

Source: Coolabah Capital Investments

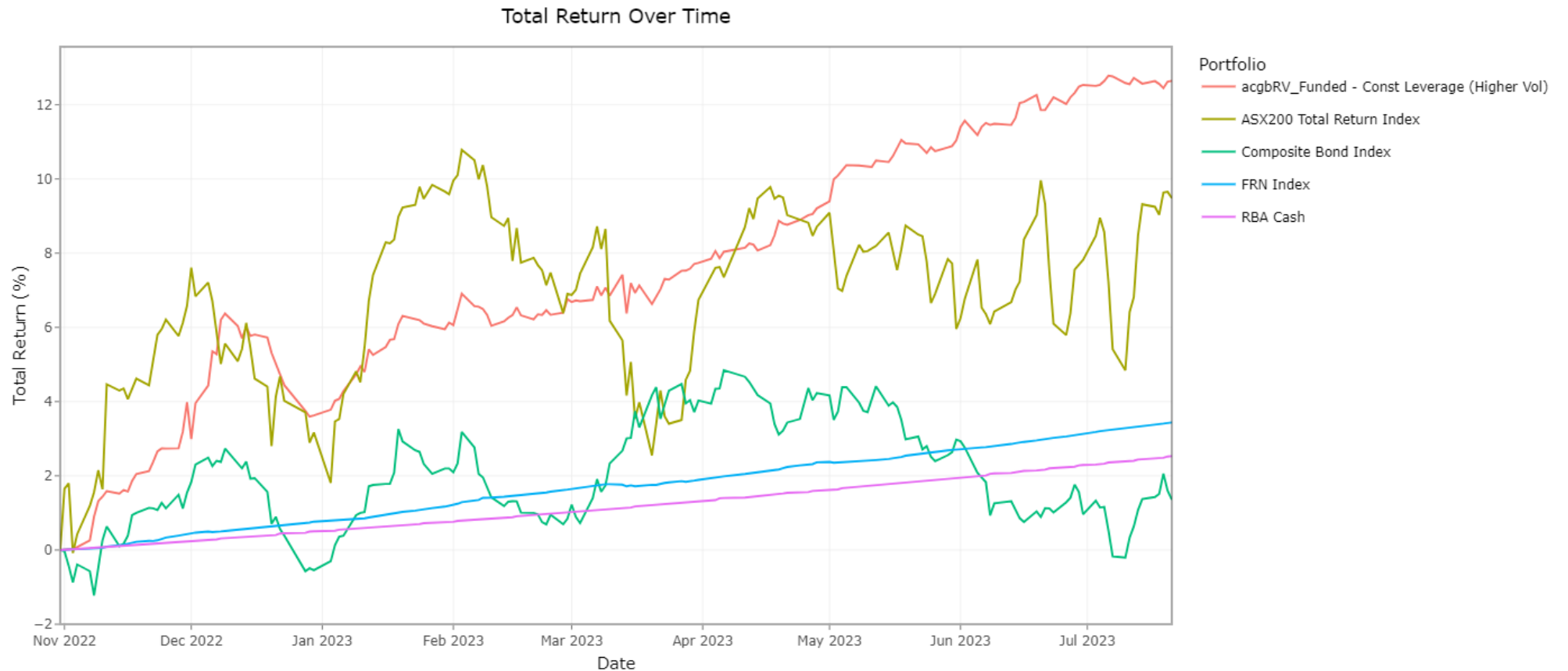


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# Long Short AAA Rated Sovereign Since 1 Nov '22 Launch

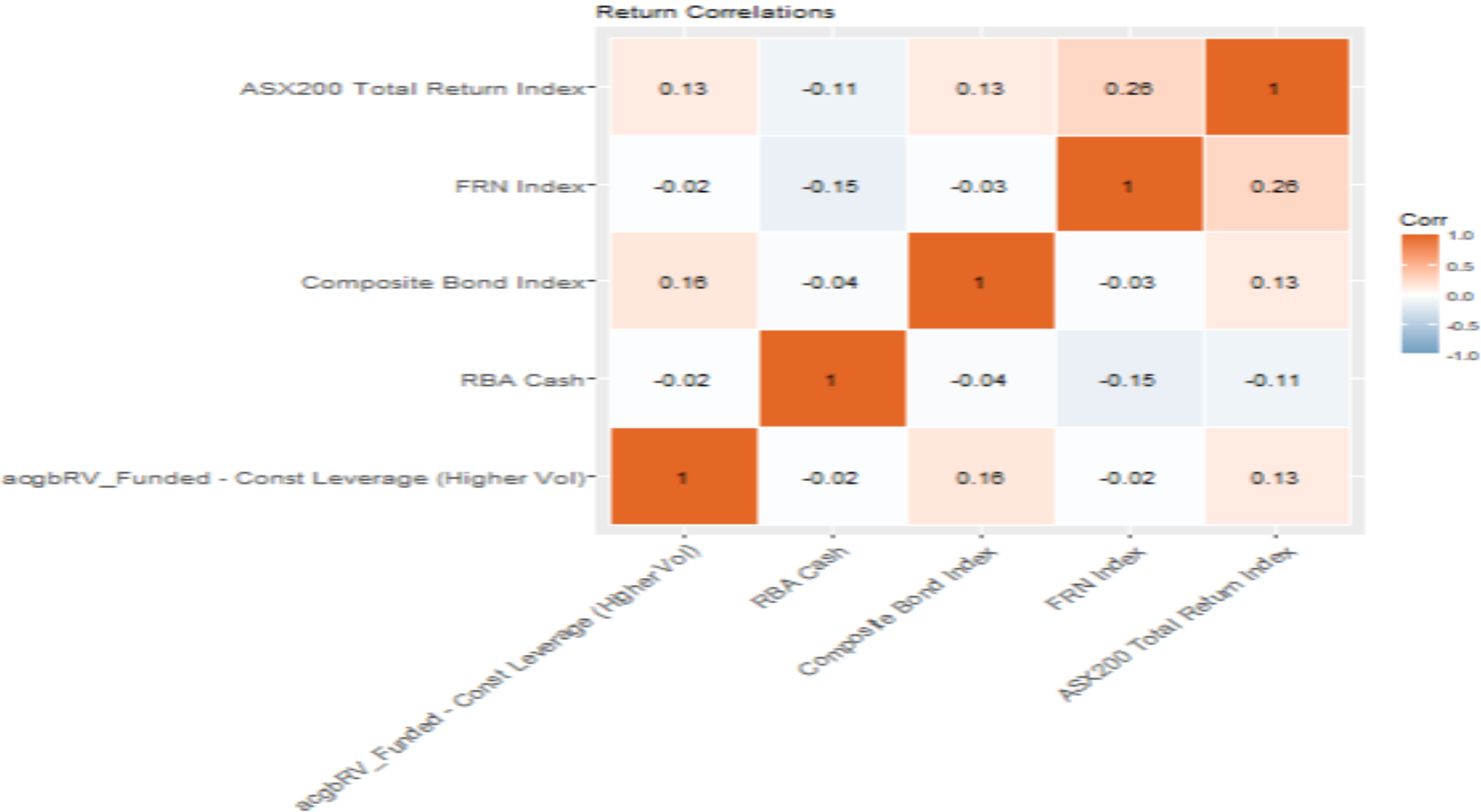
- **Strategy returns (red line and green line) since 1 November 2022 launch**
  - All duration is hedged out and strategy is only AAA rated govies – no credit or equity beta – so “leverage” is a more complex concept
- **Compared to RBA cash rate, ASX200 and Composite Bond Index total returns**



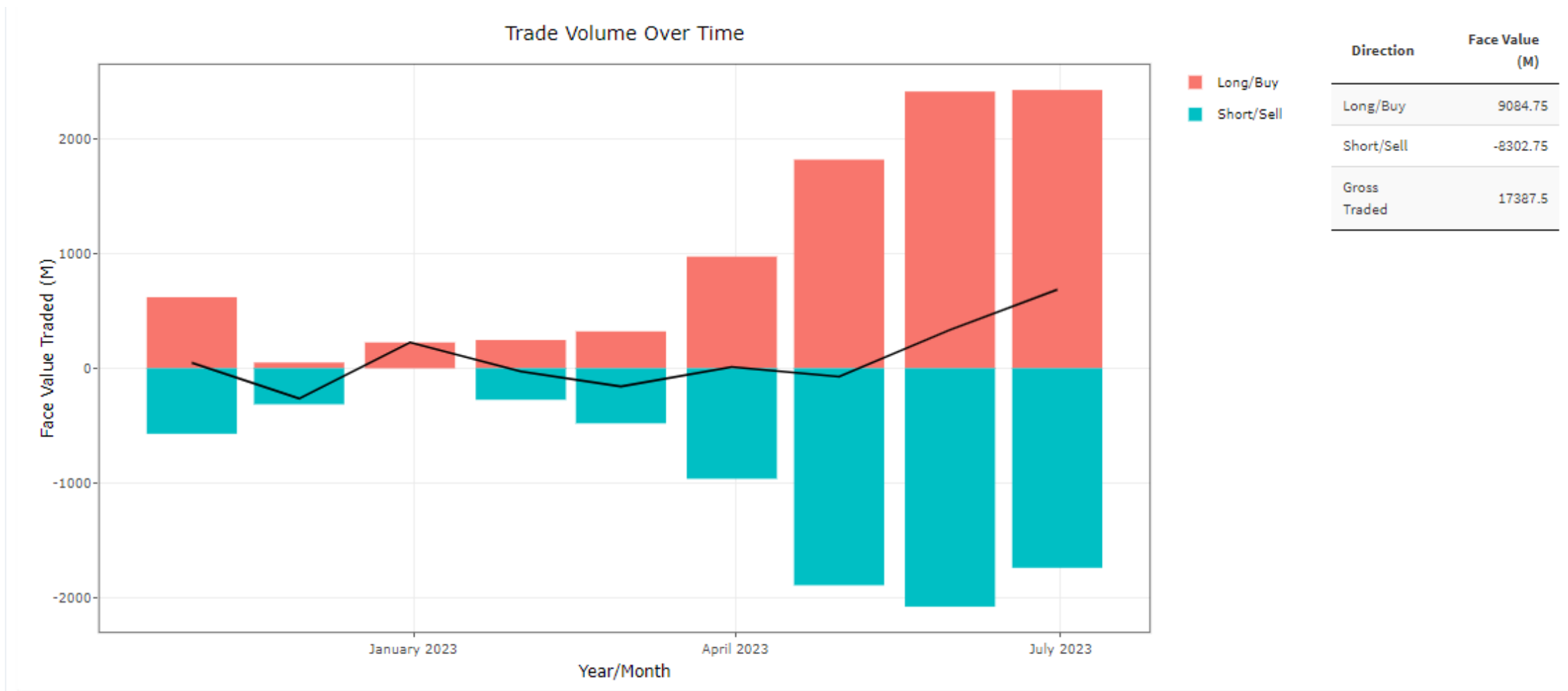
# Long Short AAA Rated Sovereign: 18% Annualised with 4.1% Vol

Portfolio	Period Return (%)	Annualised Return (% Pa)	Annualised Volatility (% Pa)	Sharpe Ratio	Sortino Ratio	Max Drawdown (%)
Long/Short Govvies	12.64	17.98	4.08	3.54	5.07	-2.61
ASX200 Total Return Index	9.48	13.41	11.55	0.85	1.16	-7.43
Composite Bond Index	1.35	1.89	5.79	-0.28	-0.41	-4.82
FRN Index	3.44	4.81	0.24	5.32	5.95	-0.06
RBA Cash	2.53	3.53	0.14	0	0	0

# Close to Zero Correlation with Bonds, Equities, FRNs



# \$17.4bn of Trades with 77% Win Rate



# Not a Typical Tightening Cycle

Figure 1: Policy rates at the start of rate hike cycles in the USA, euro area and Australia

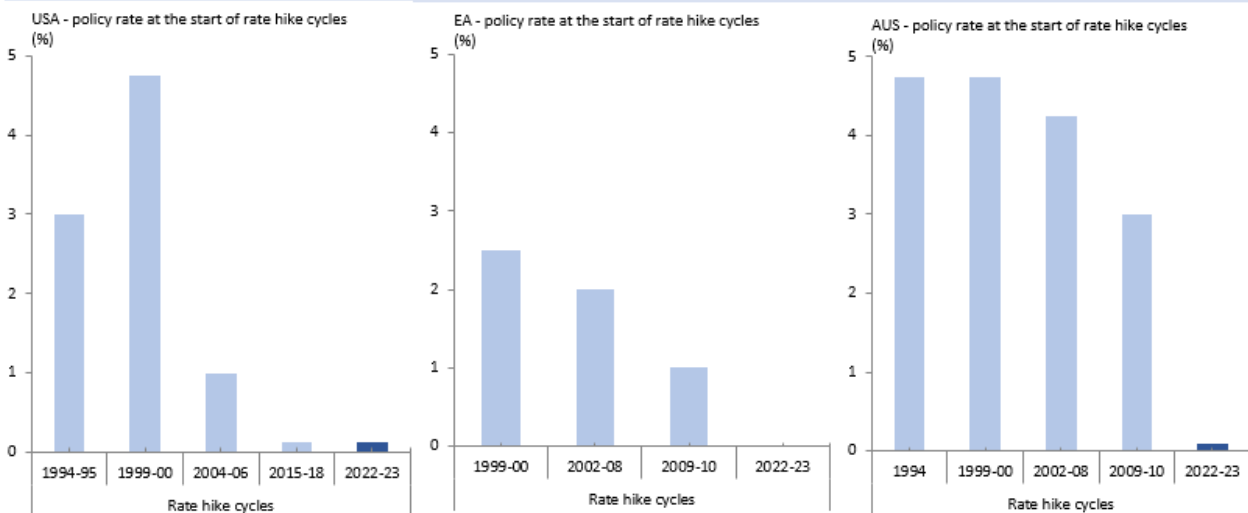
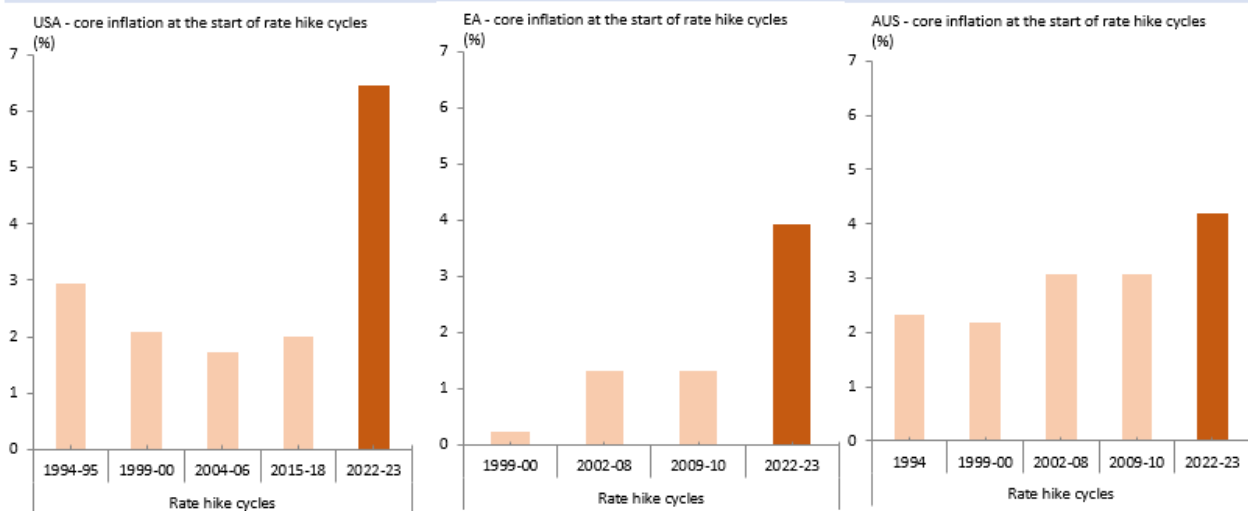
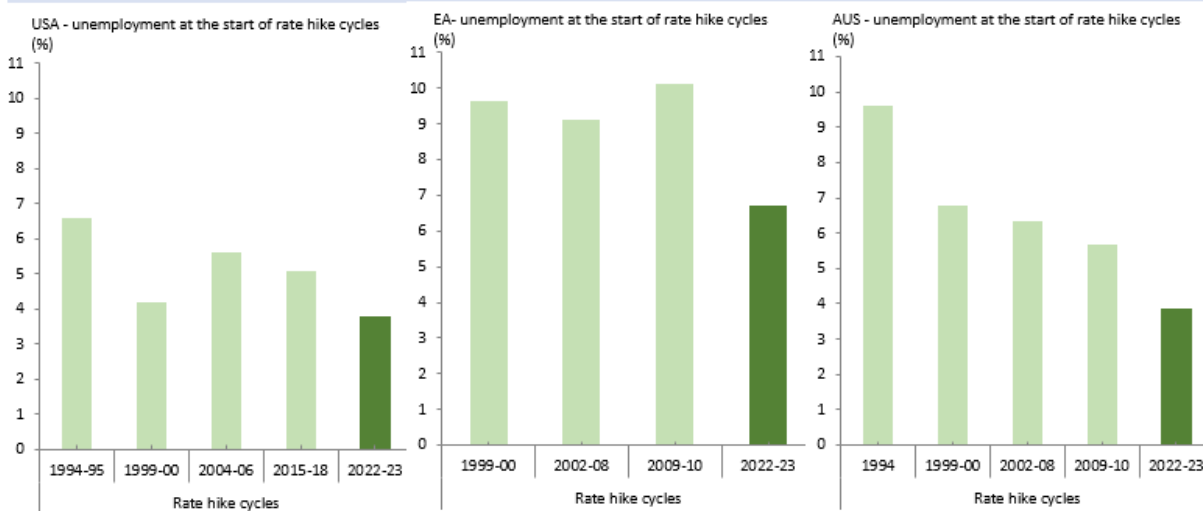


Figure 2: Core inflation at the start of rate hike cycles in the USA, euro area and Australia



- Investors have found it hard not to treat this as similar to the rate hike cycles prior to the pandemic, but it has been very different with extreme starting points across the advanced economies in terms of:
  - Near-zero interest rates that are well below any estimate of the neutral policy rate;
  - The highest core inflation since the 1980s, well above central bank targets; and
  - The lowest unemployment rate since the 1970s, well below any estimate of the NAIRU.

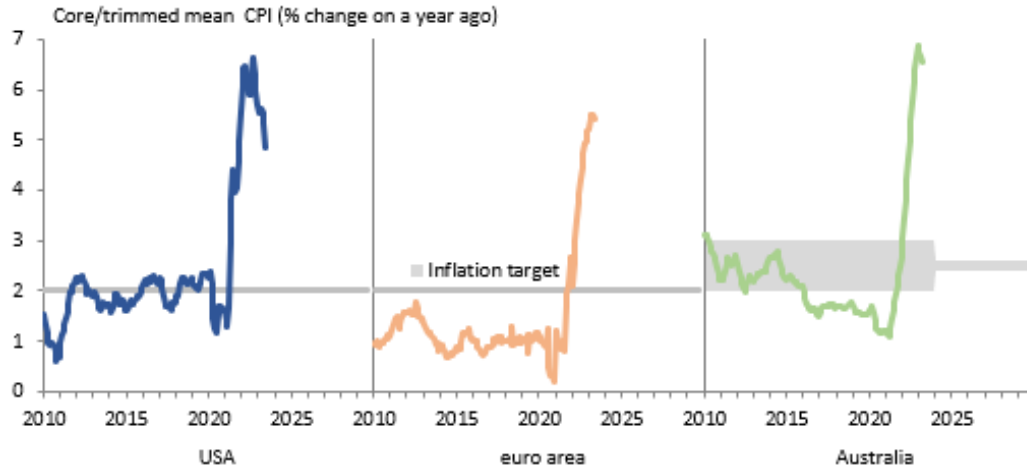
Figure 3: Unemployment at the start of rate hike cycles in the USA, euro area and Australia



Source: Eurostat, Federal Reserve Bank of St Louis, Reserve Bank of Australia, CCI, as at July 2023

# Goods Inflation will Subside, Services Inflation could be Sticky

Figure 1: Core CPI inflation in the US, euro area and Australia



- Core inflation has peaked in most advanced economies and should fall sharply given goods inflation has subsided as global supply-chain disruptions have been resolved and the surge in shipping costs has dissipated.
- However, there is the risk that inflation takes longer to sustainably return to central bank targets in a timely fashion given services inflation is high and relatively sticky.

Figure 2: Core goods inflation in the US, euro area and Australia

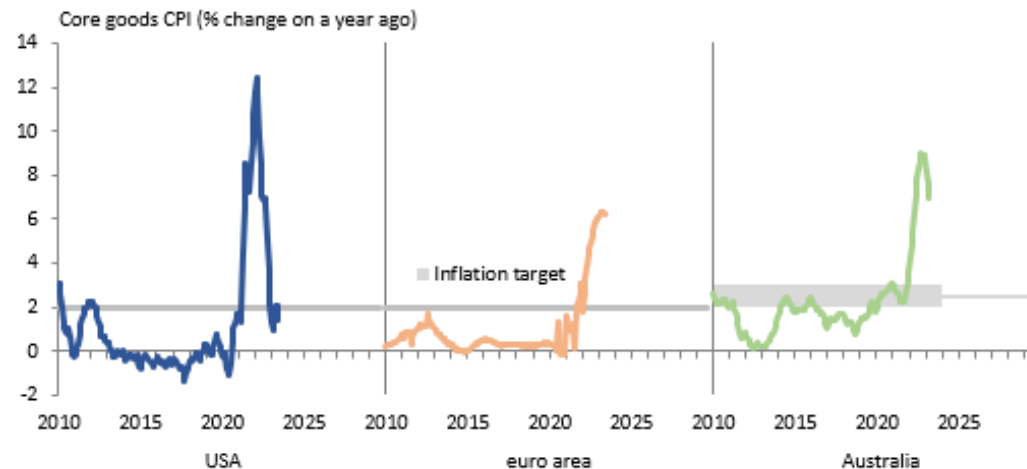
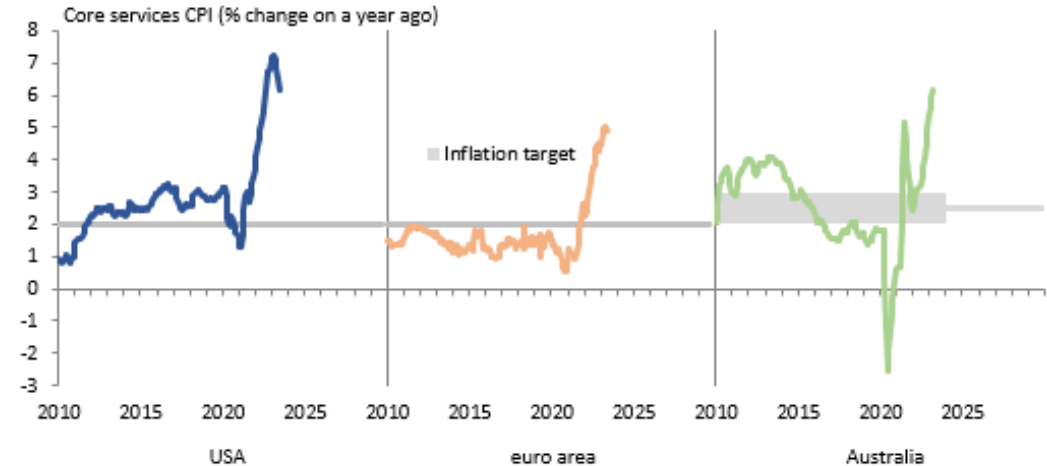


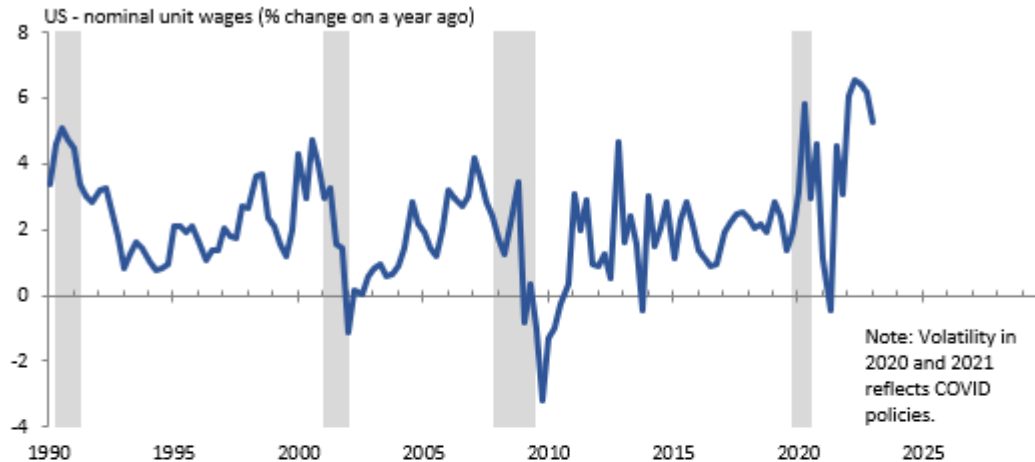
Figure 3: Core services inflation in the US, euro area and Australia



Source: Eurostat, Federal Reserve Bank of St Louis, Reserve Bank of Australia, CCI, as at July 2023

# Services Inflation Reflects Strong Growth in Unit Labour Costs

Figure 1: Unit labour costs are growing strongly in the US ...



- Services inflation, excluding rents, reflects strong growth in unit labour costs (labour costs adjusted for labour productivity).
  - US unit wages (5.3%) have grown at fastest rate since early 1980s.
  - Euro area unit wages (6.4%) have grown at their fastest rate since the global financial crisis (excluding COVID policy distortions).
  - Australian unit labour costs (7.9%) have grown at fastest rate since late 1980s due to poor productivity (ex COVID policy distortions).

Figure 2: ... and in the euro area ...



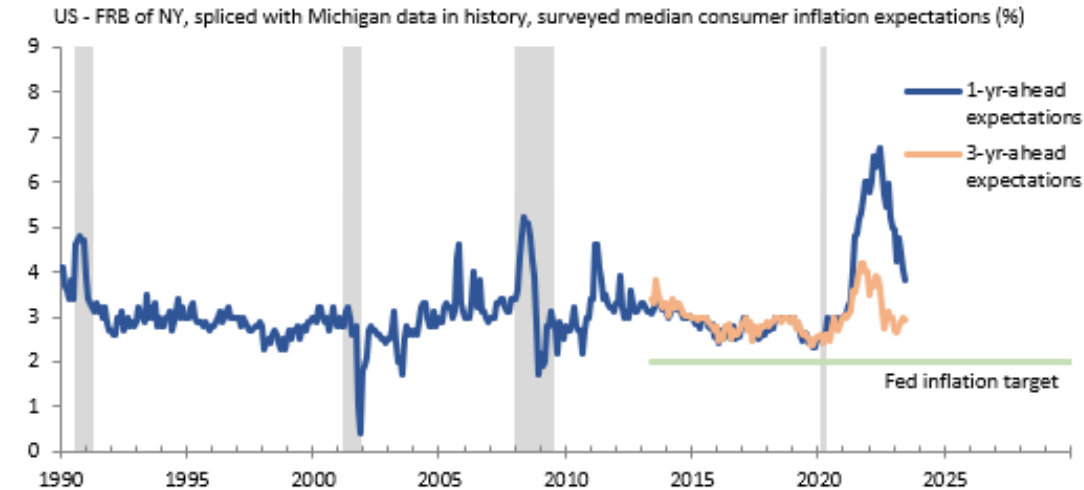
Figure 3: ... and Australia



Source: Eurostat, Federal Reserve Bank of St Louis, Australian Bureau of Statistics, CCI, as at July 2023

# There are Lingering Risks around Inflation Expectations

Figure 1: Consumer inflation expectations are still high in the US ...

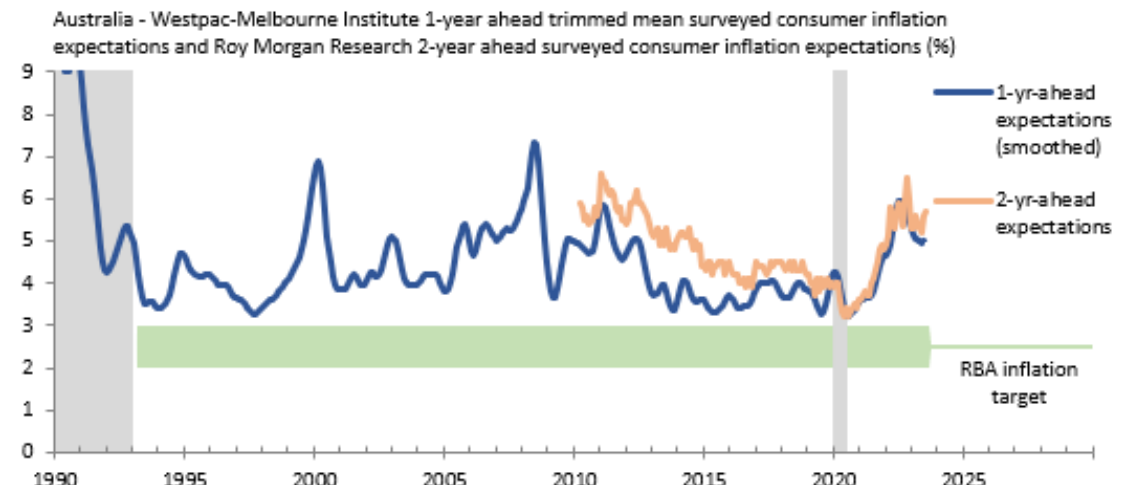


- Central banks are alert to the risk that persistently high inflation might feed into higher inflation expectations, as was the case in the 1970s.
- If that happened, higher inflation expectations would cement high inflation, leading to much higher interest rates and much higher unemployment, as was the case in the 1980s/1990s across the advanced economies.

Figure 2: ... and in the euro area ...



Figure 3: ... and Australia

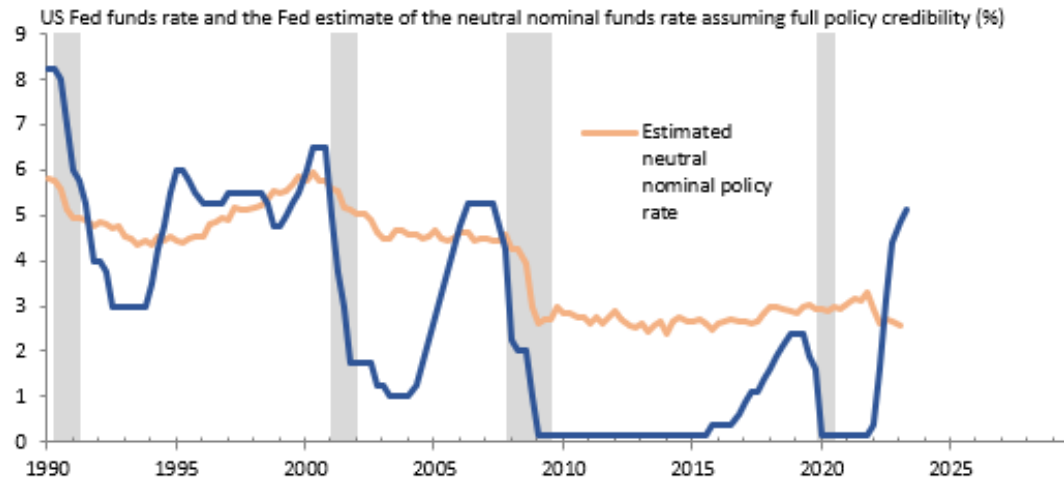


Source: European Central Bank, European Commission, Federal Reserve Bank of New York, Federal Reserve Bank of St Louis, Reserve Bank of Australia, Roy Morgan Research, CCI, as at July 2023



# Most, but Not All, Central Banks are Near Peak in Interest Rates

Figure 1: Monetary policy is tight in the US ...



- Some central banks are either near or fast approaching a peak in interest rates, with Australia a likely exception.
  - The Fed has significantly restrictive monetary policy in that the funds rate of 5.1% is well above the neutral nominal rate of about 2½%.
  - The ECB has restrictive policy, with the policy rate of 4% above the neutral nominal rate of about 3%.
  - The RBA has slightly restrictive policy, with the cash rate of 4.1% slightly above the neutral nominal rate of 3¾%.

Figure 2: ... and in the euro area ...

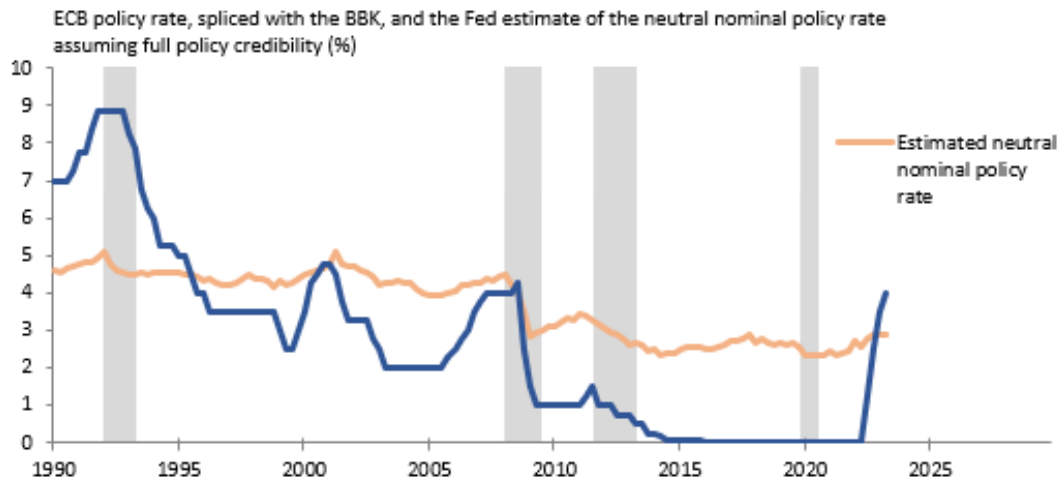
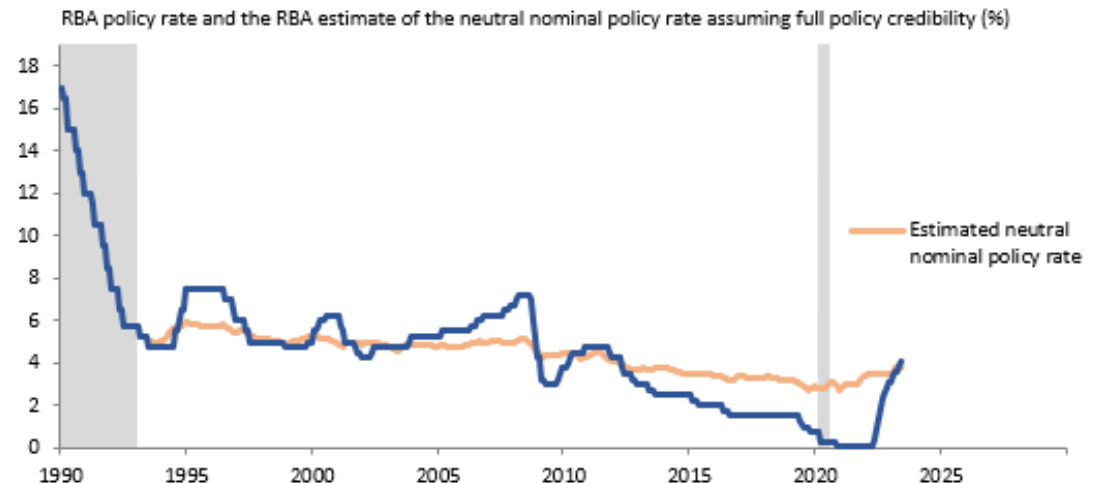


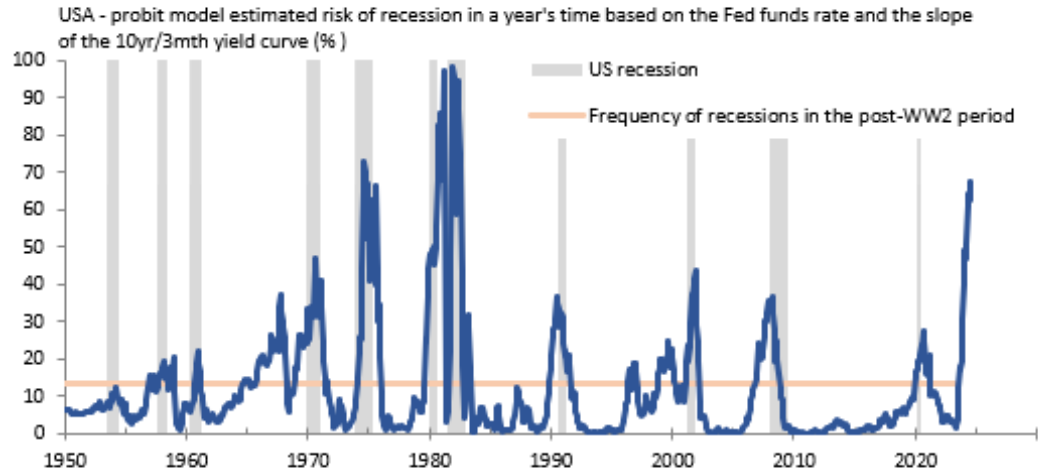
Figure 3: ... but only slightly restrictive in Australia



Source: Board of Governors of the Federal Reserve, Eurostat, Federal Reserve Bank of New York, Federal Reserve Bank of St Louis, Reserve Bank of Australia, CCI, as at July 2023

# Market Pricing Points to a Global Recession in Late 2023/2024

Figure 1: An inverted yield curve points to a heightened risk of US recession ...



- Bond market pricing is signalling a high risk of recession in the US and euro area in late 2023/H1 2024 based on probit models incorporating the inversion of yield curves at relatively high levels of policy rates.
- The yield curve is not a perfect indicator of recession, but it outperforms other financial and economic indicators. Unfortunately, there is no reliable indicator of recession in Australia. The probability of a recession in Australia will hinge on whether companies reduce hours worked – like they did during the global financial crisis – or cut staff.

Figure 2: ... and the same holds in the euro area

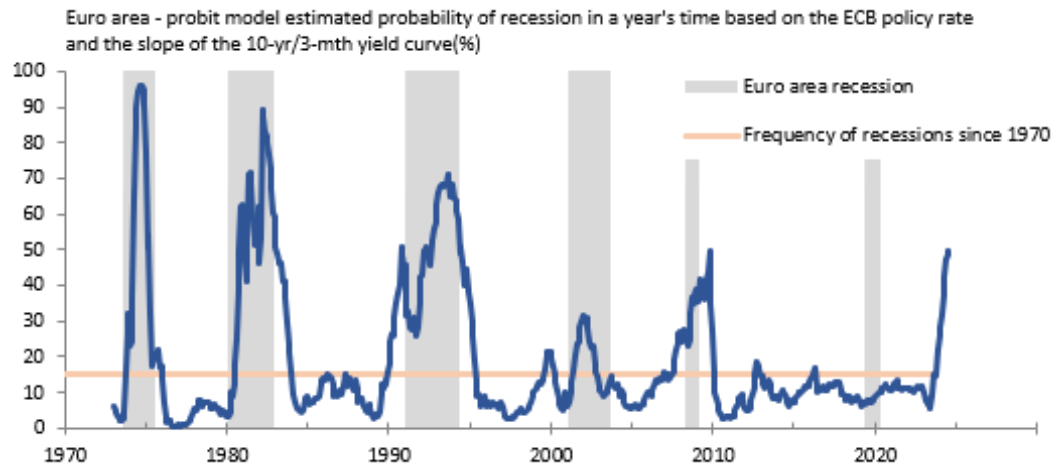
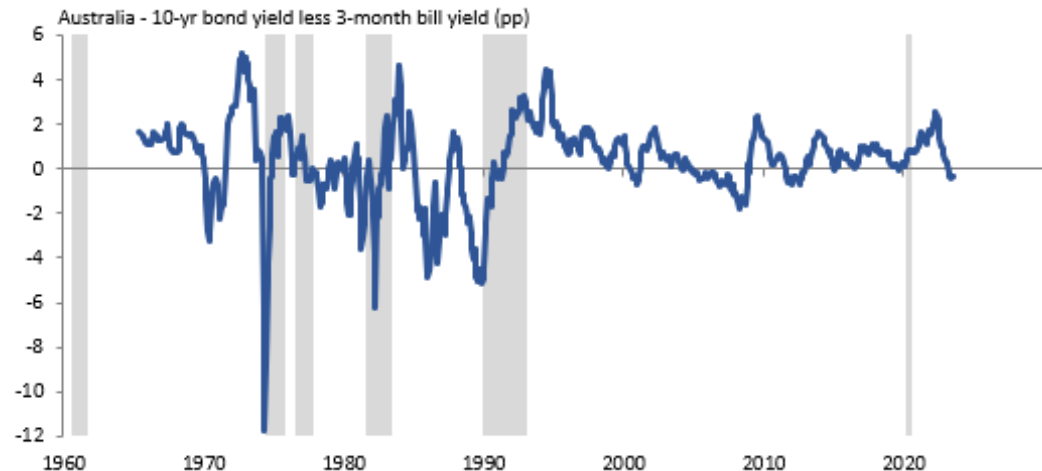


Figure 3: The yield curve is not a reliable indicator of recession in Australia



Source: Melbourne Institute, National Bureau of Economic Research, Federal Reserve Bank of St Louis, Reserve Bank of Australia, CCI, as at July 2023

# Economic Resilience Driven by Huge Excess Consumer Savings

Figure 1: Consumers saved a massive amount of money during the pandemic ...



- Consumer spending could hold up if households:
  - Push for pay rises;
  - Spend all they earn; and/or
  - Tap the excess savings built up during the pandemic thanks to government handouts and lockdowns.
- There is tentative evidence that Australians are following their American counterparts by drawing on their excess savings to support spending, where excess savings have started to edge lower from the peak of about 20% of annual household income.

Figure 2: ... across the age and income distribution ...

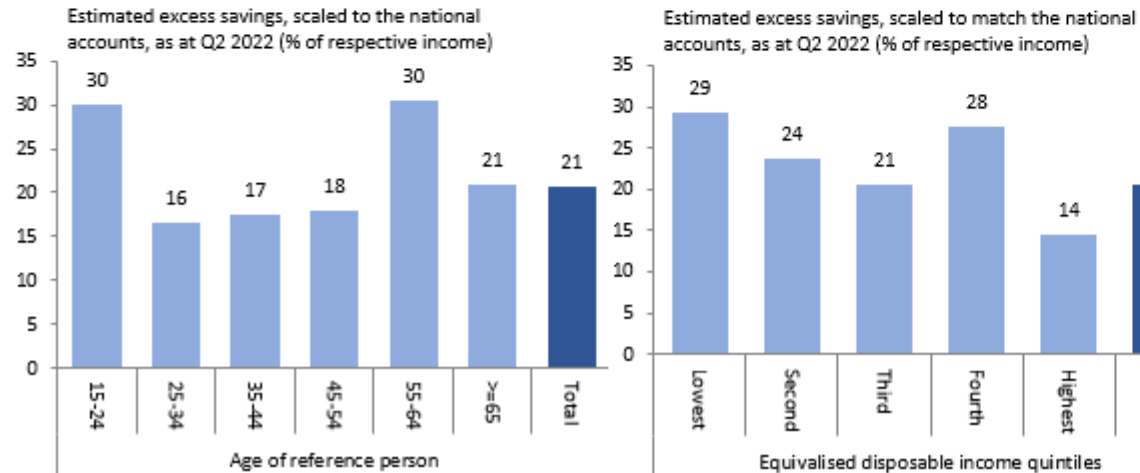
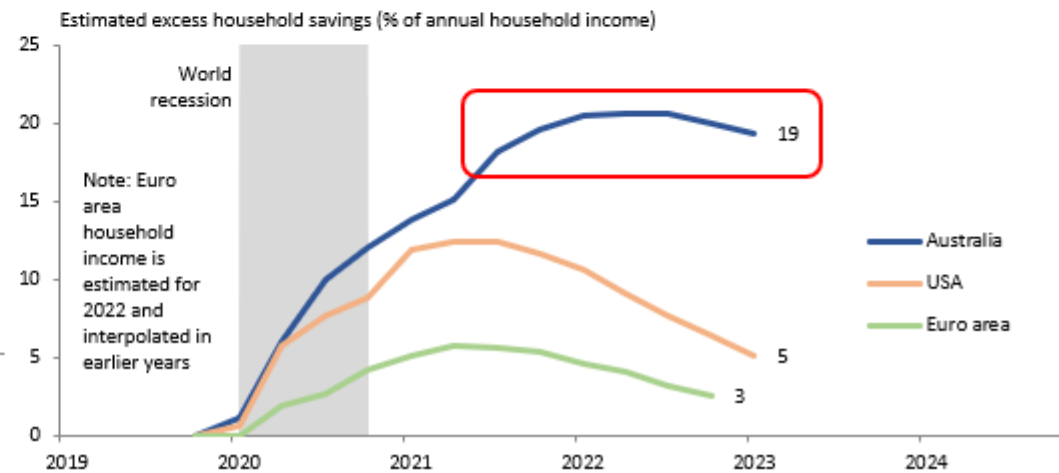


Figure 3: ... and look to be starting to draw on these excess savings



Source: ABS, BLS, Eurostat, RBA, CCI, as at July 2023.

# US Equities are Expensive and Should Underperform

Figure 1: History suggests equities trough after a recession is under way ...

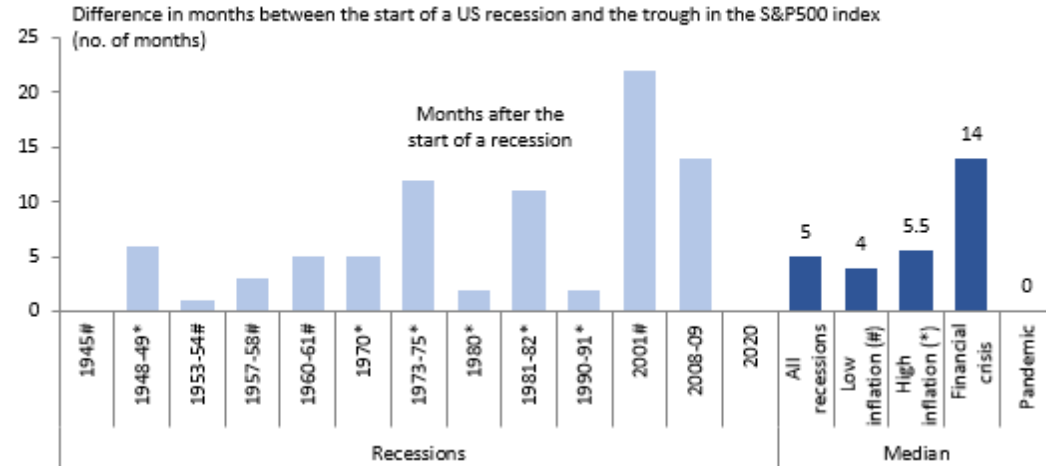


Figure 2: ... while the starting point for long-term valuations this time around was extreme ...



Figure 3: ... which historically has led to poor long-term returns ...

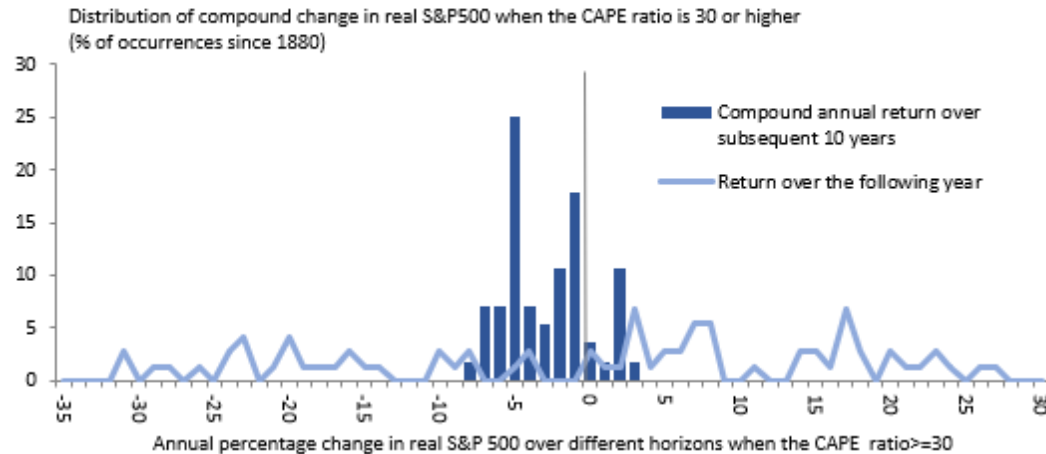
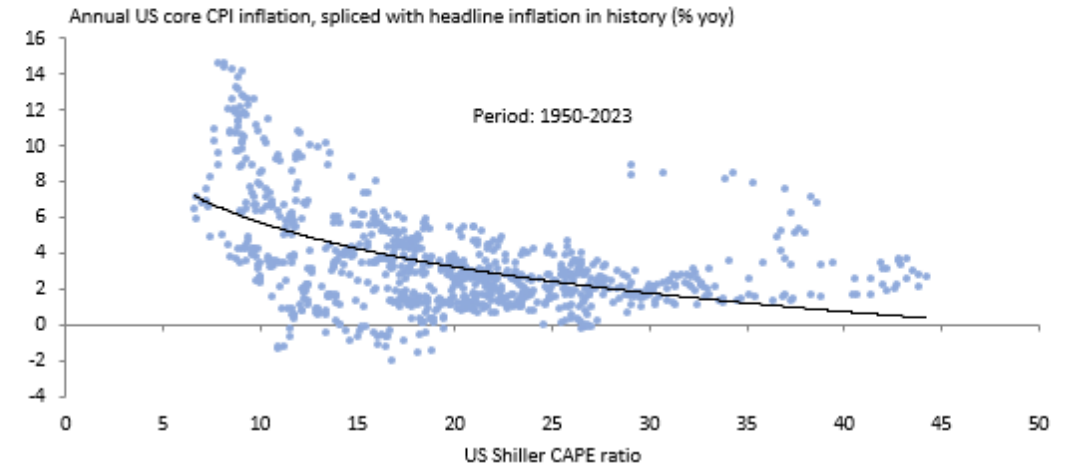


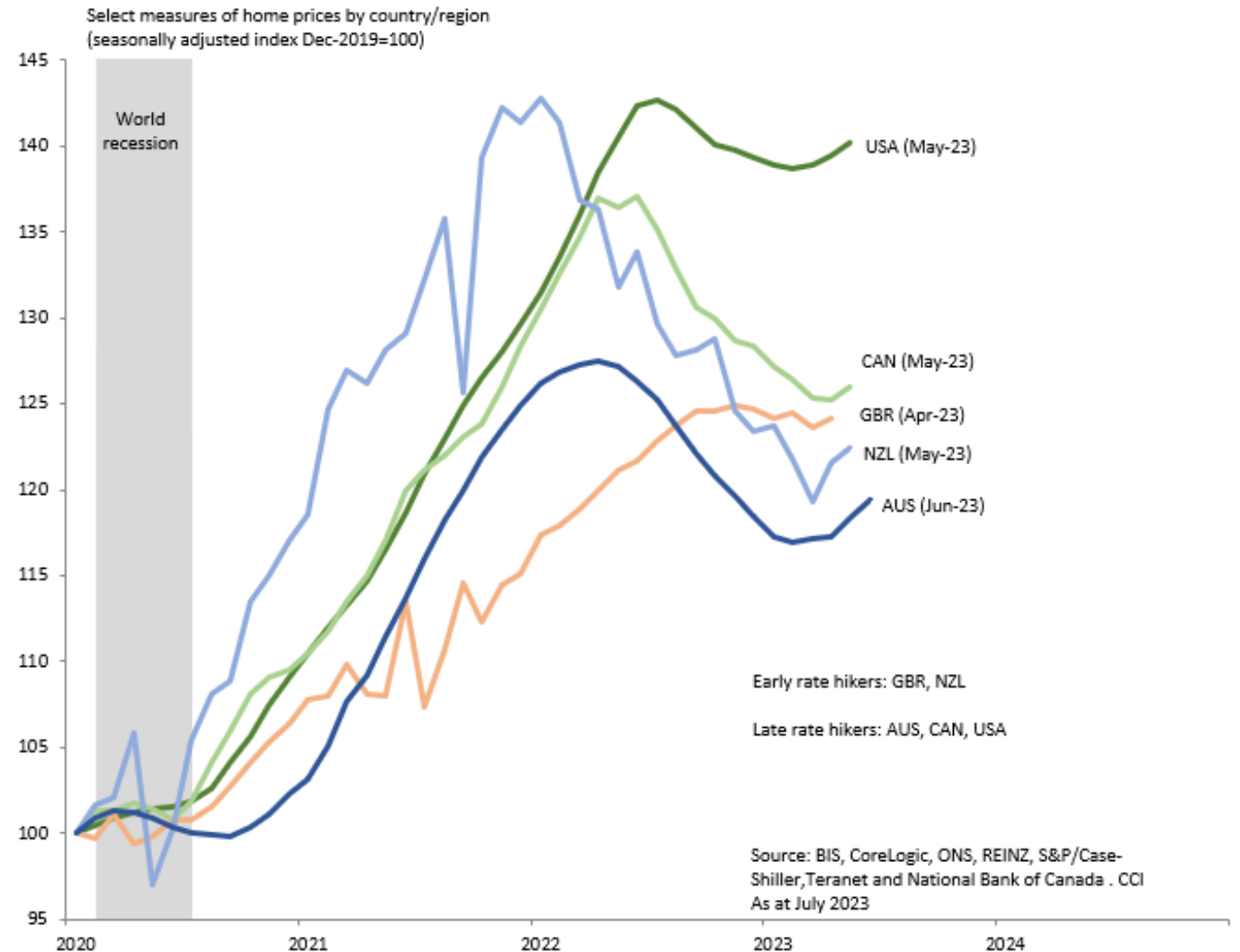
Figure 4: ... particularly in high inflation periods



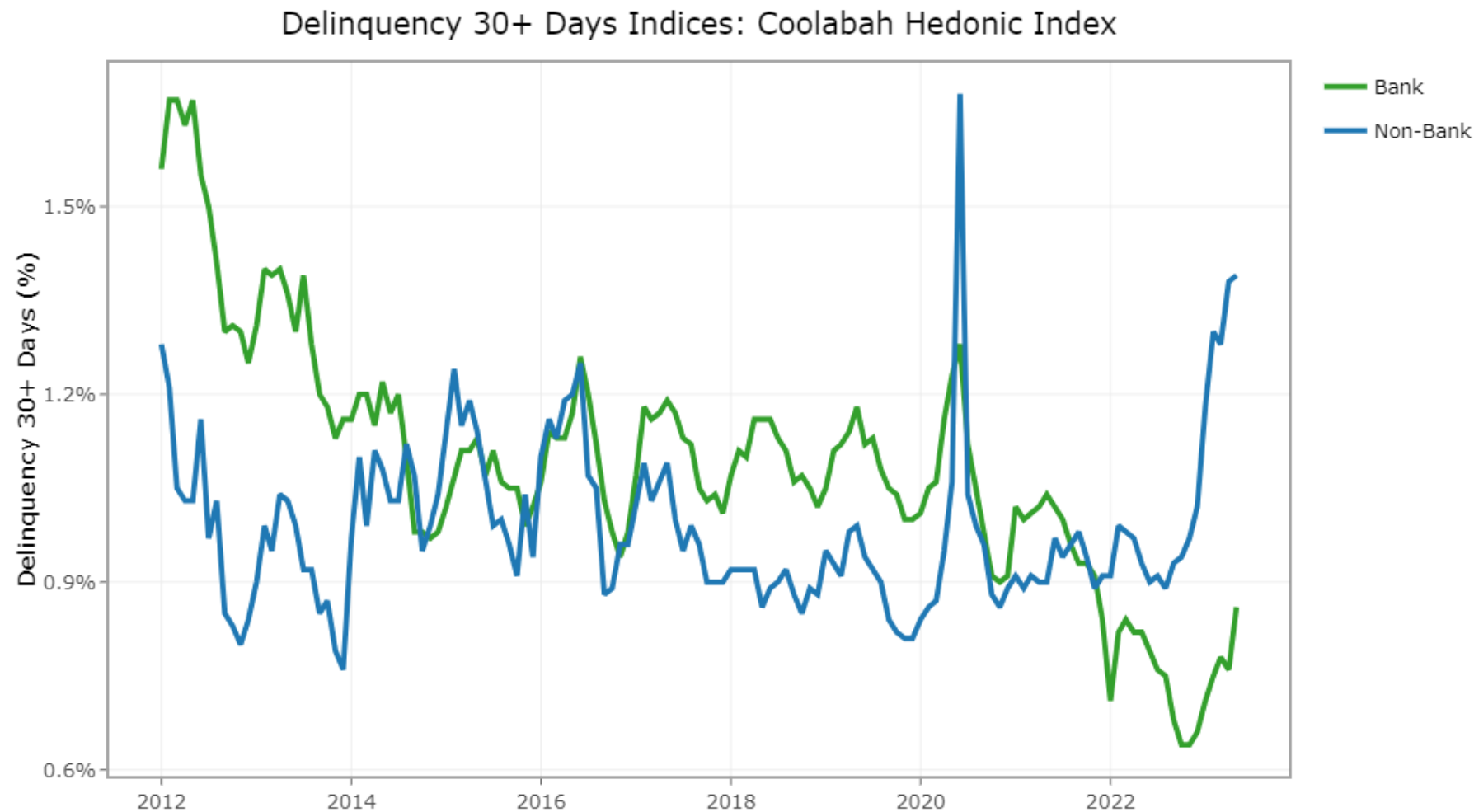
Source: FRB of St Louis, Shiller, CCI, as at July 2023.

# Modest House Price Rebound a Global Dynamic

- Most countries have experienced a recent modest rebound in house prices, including Australia.
- Coincided with risk rally generally as markets focussed on the end of the tightening cycle in early 2023.
- Lower asset prices are one of the ways in which tight monetary policy works.
- This rebound - along with very low unemployment - indicates that monetary policy is not tight for all households.
- Raises the question of whether some households thought tightening cycles were nearly over and rate cuts were not far off.



# The Global Default Cycle Has Arrived



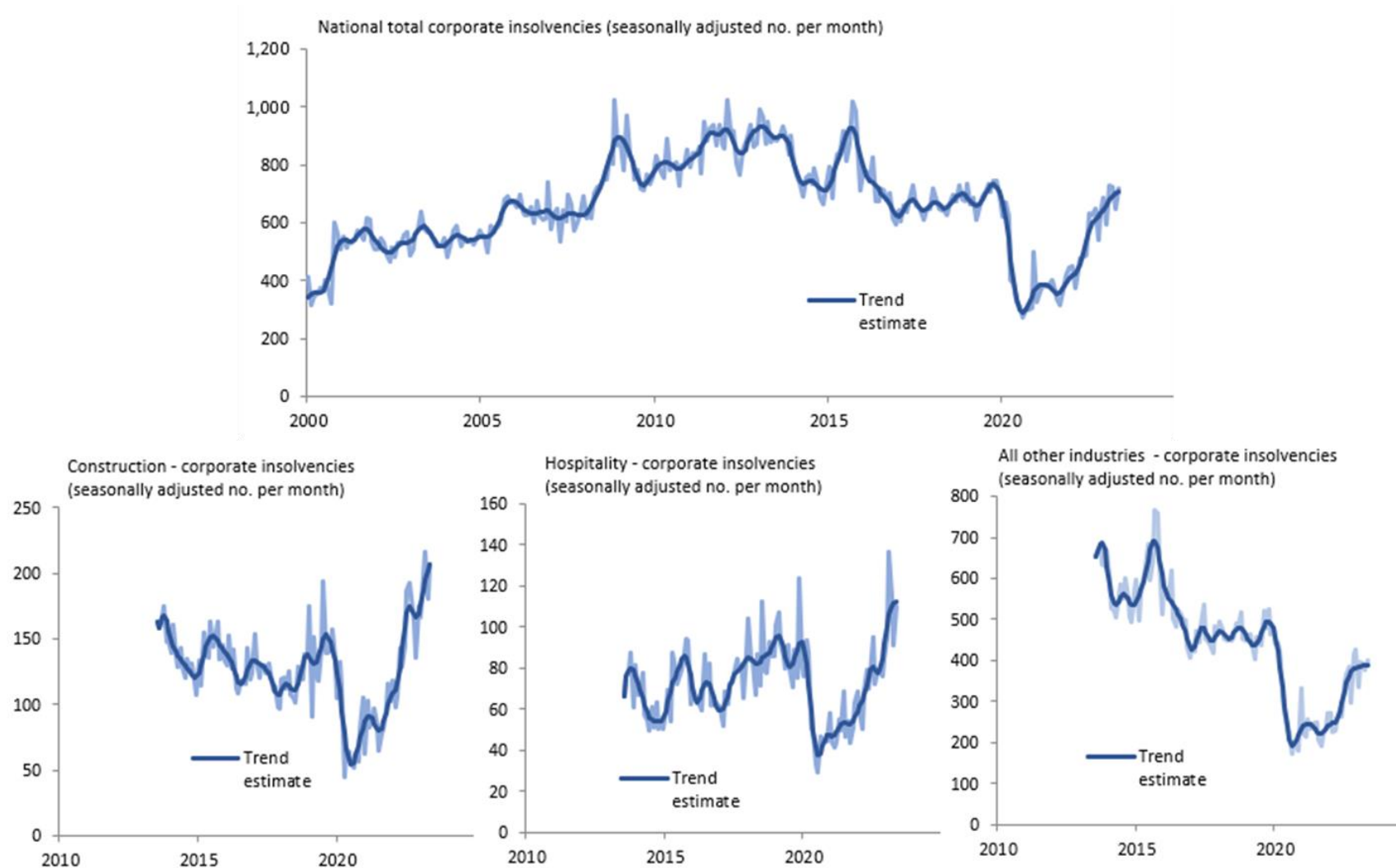
Source: Coolabah Capital Investments 9 May 2023



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# The Global Default Cycle Has Arrived



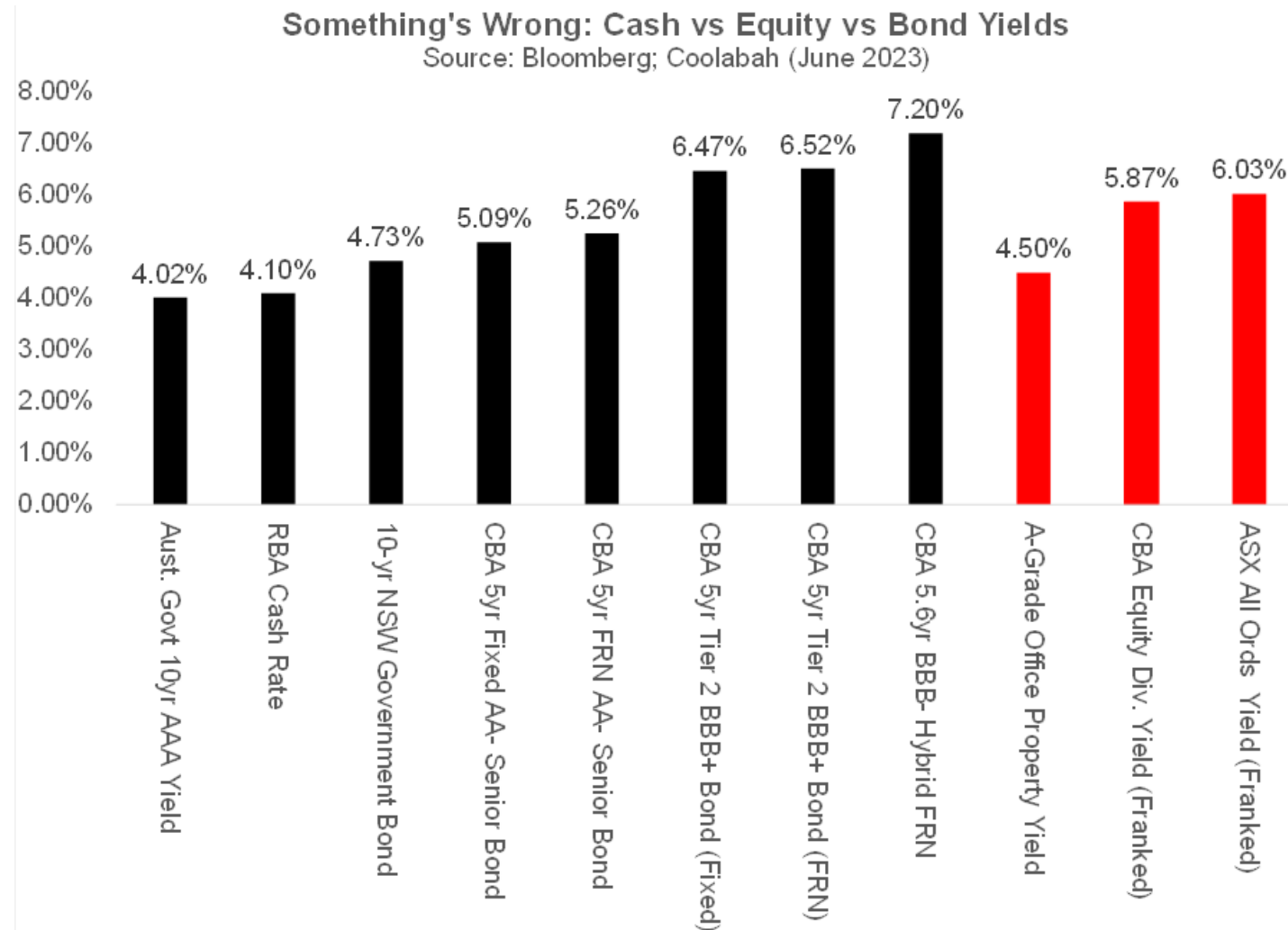
Source: ASIC 30 Apr 2023



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# Rise of Risk-Free Yield Creates Opportunities & Threats

- Near riskless government and bank bonds are paying similar/higher yields to equities and commercial property...



Source: Coolabah Capital Investments 30/6/2023



# Huge Increase in Major Bank Bond Yields Since 2013

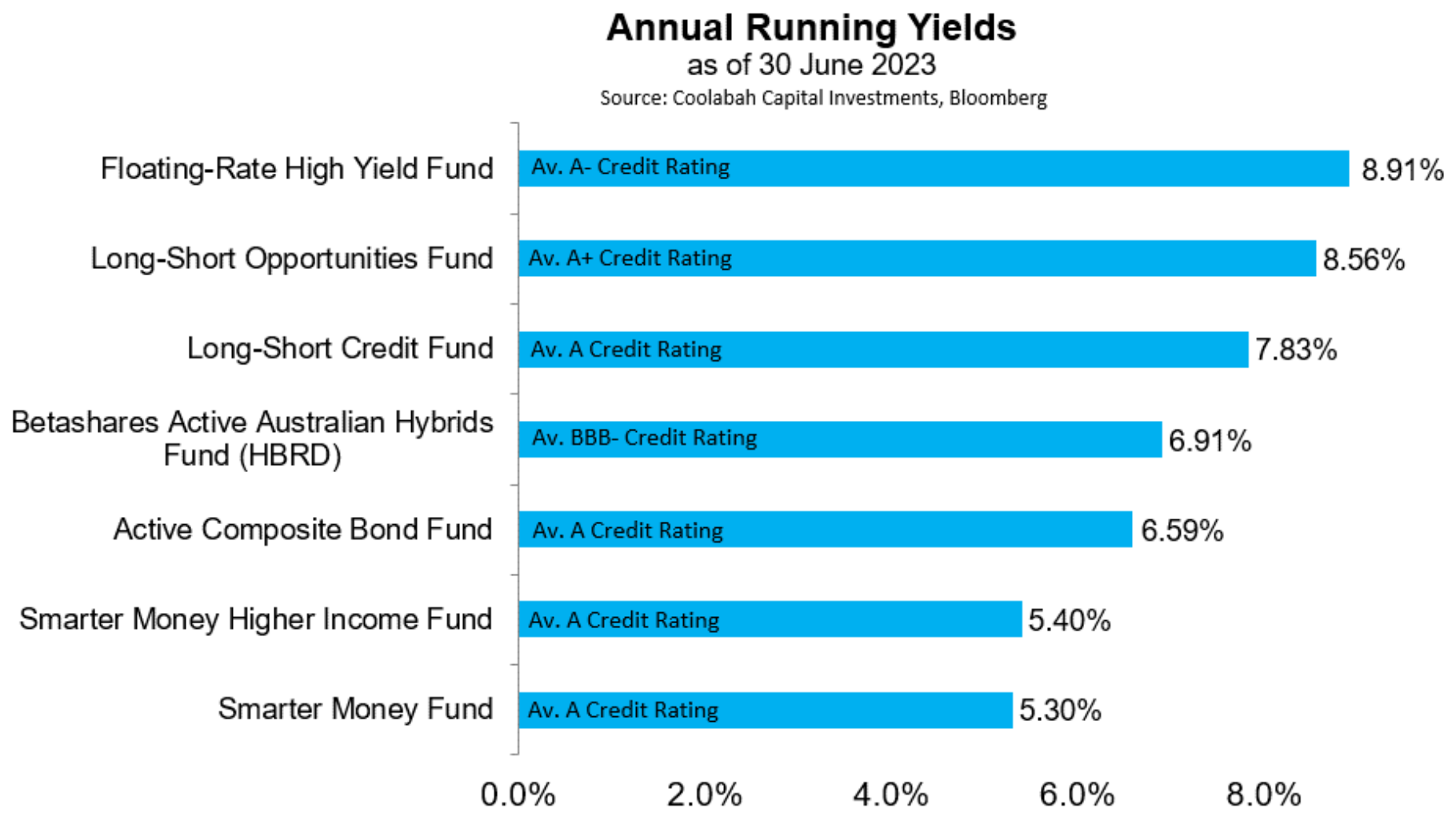
## 5 yr Major Senior Bank Bond Running Yields



## 5 yr Major Subordinated Bank Bond Running Yields



# June Update: Running Yields

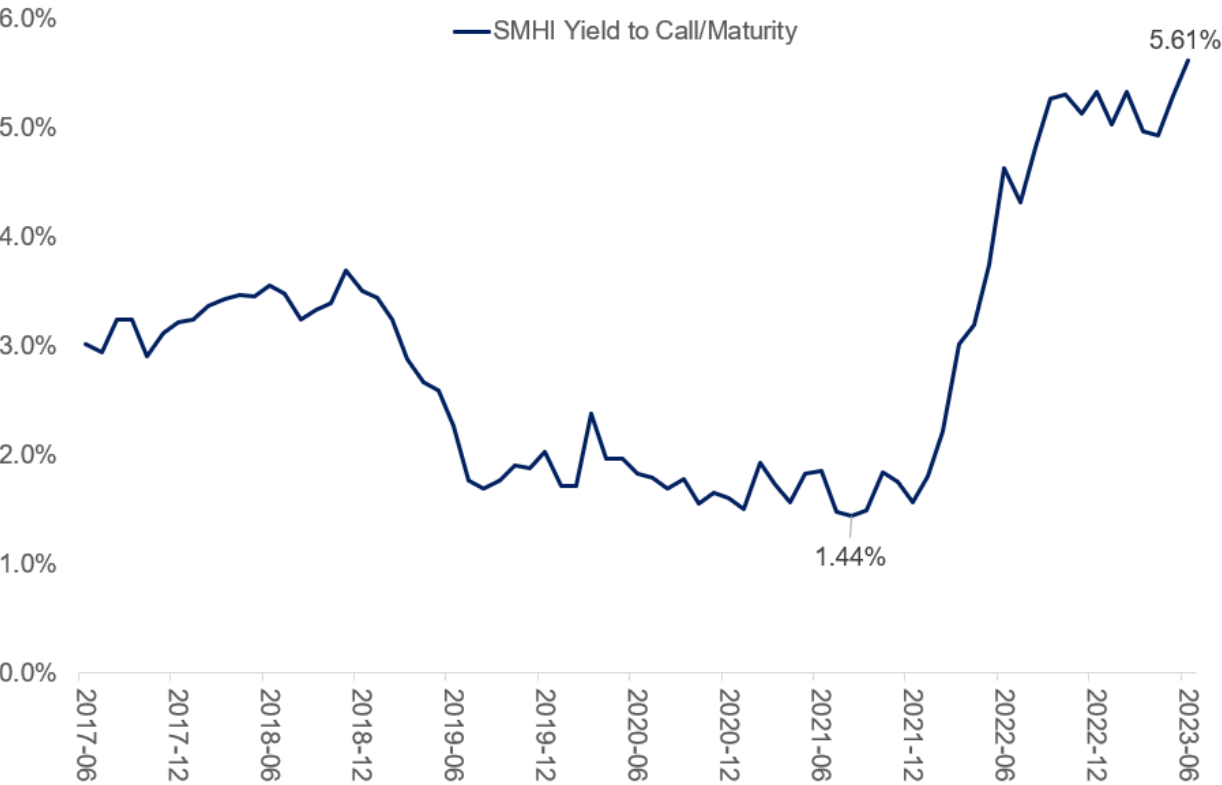


Source: Coolabah Capital Investments

# Huge Improvement in CCI Yields

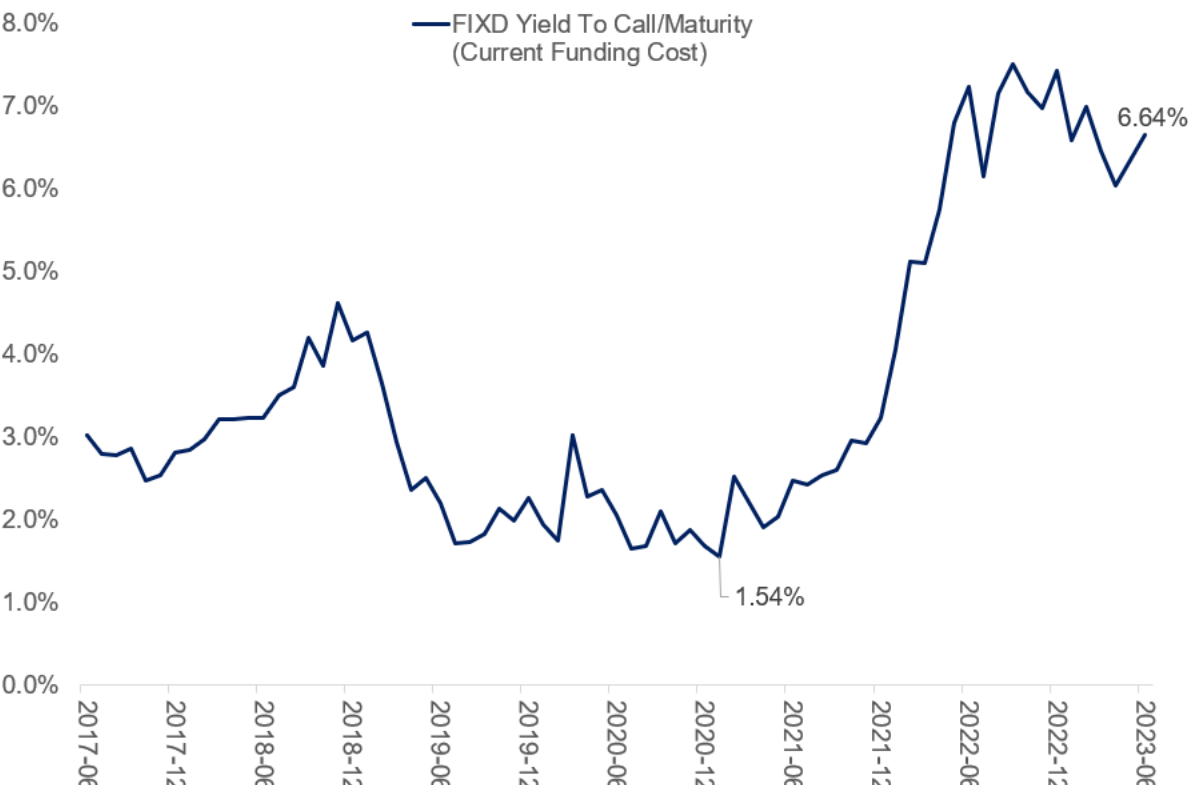
## Zero Interest Rate Duration

Smarter Money Higher Income Annual Yield to Maturity  
May 2017 to June 2023



## Long Interest Rate Duration

Coolabah Active Composite Bond Fund Annual Yield to Maturity  
May 2017 to June 2023



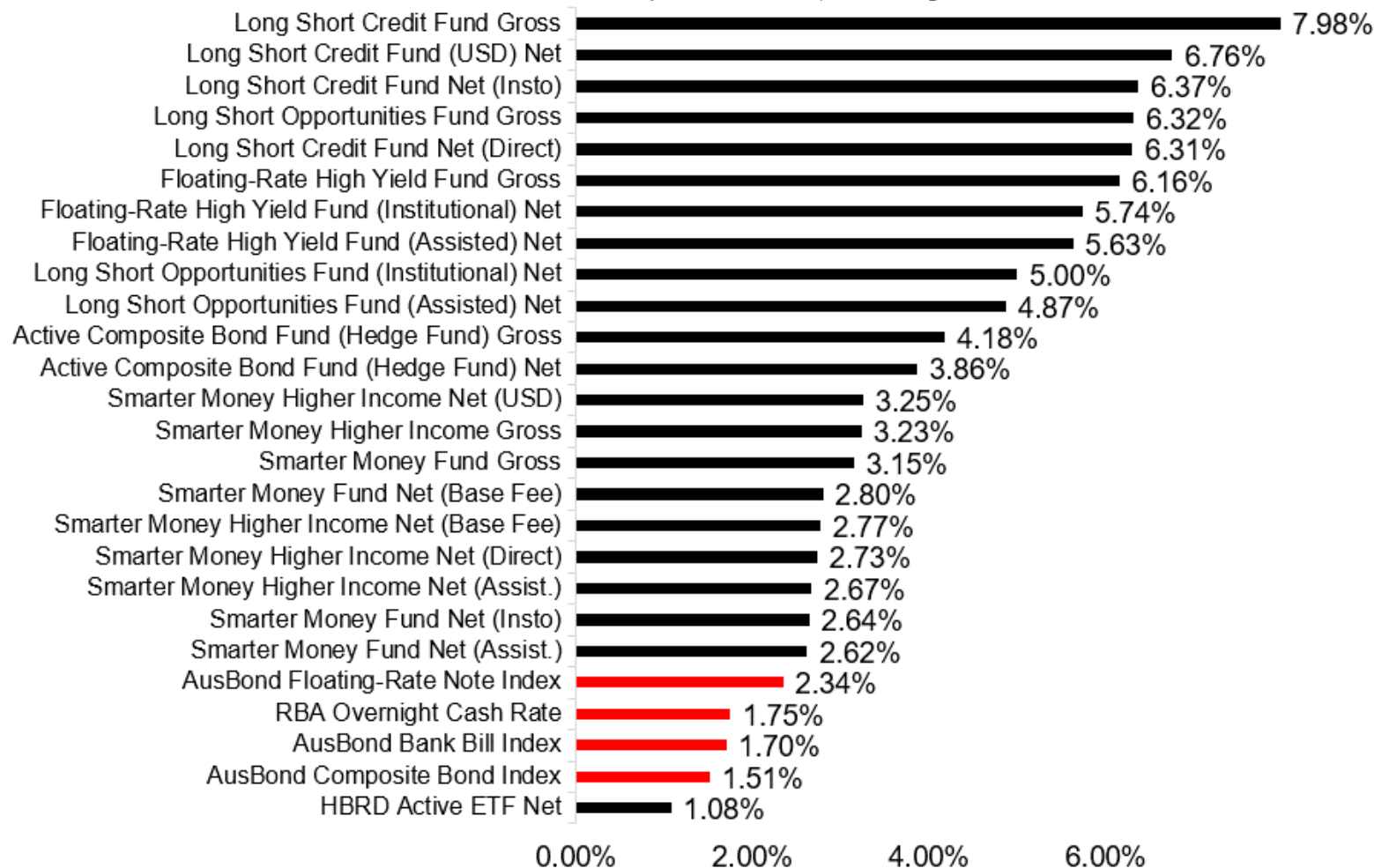
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# June Performance Update: 6 Month Returns

## Semi-Annual Returns: Gross and Net

6 Months To 30 June 2023

Source: Coolabah Capital Investments, Bloomberg



Source: Coolabah Capital Investments



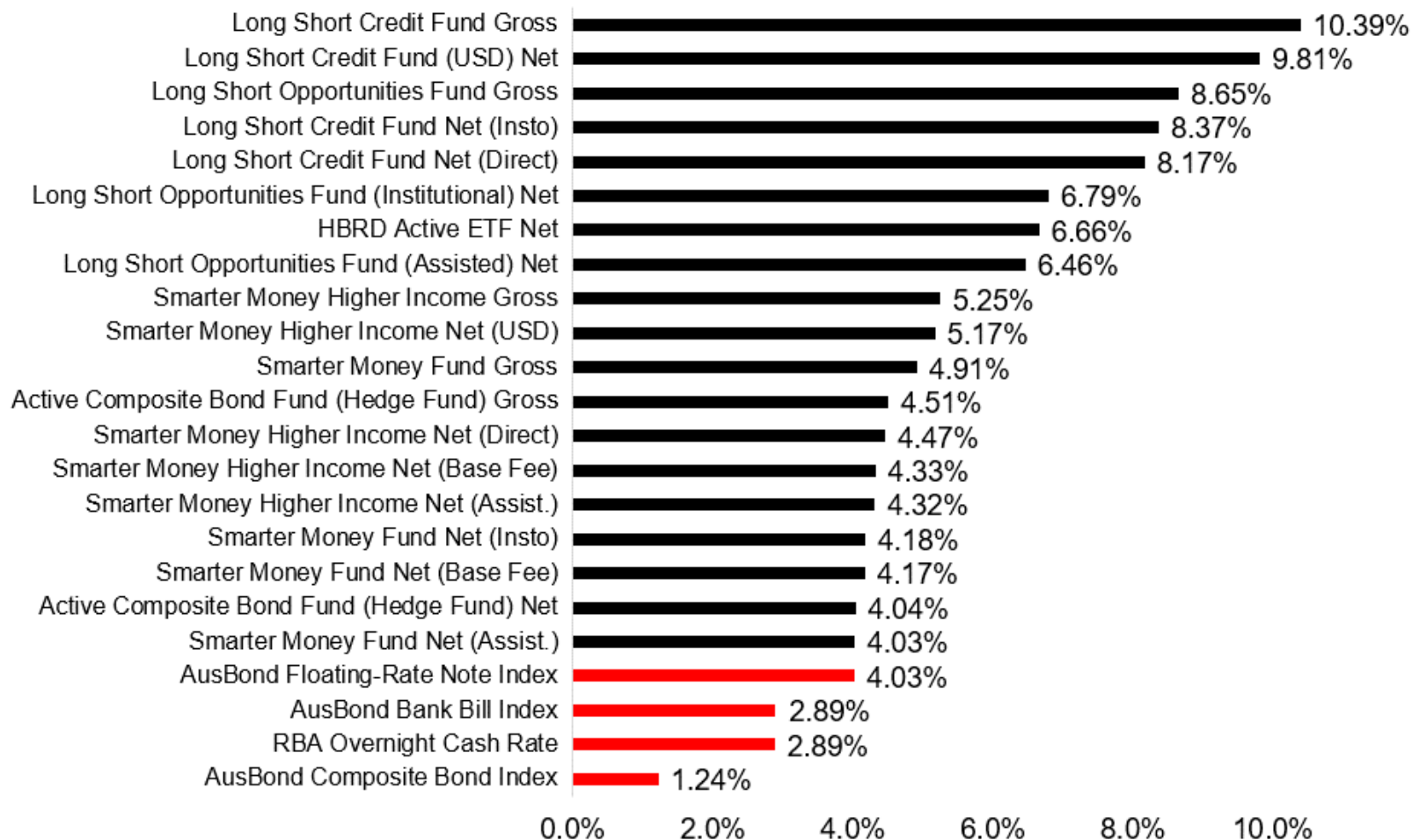
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# June Performance Update: 12 Months Returns

## Yearly Returns: Gross and Net

12 Months to 30 June 2023

Source: Coolabah Capital Investments, Bloomberg



Source: Coolabah Capital Investments



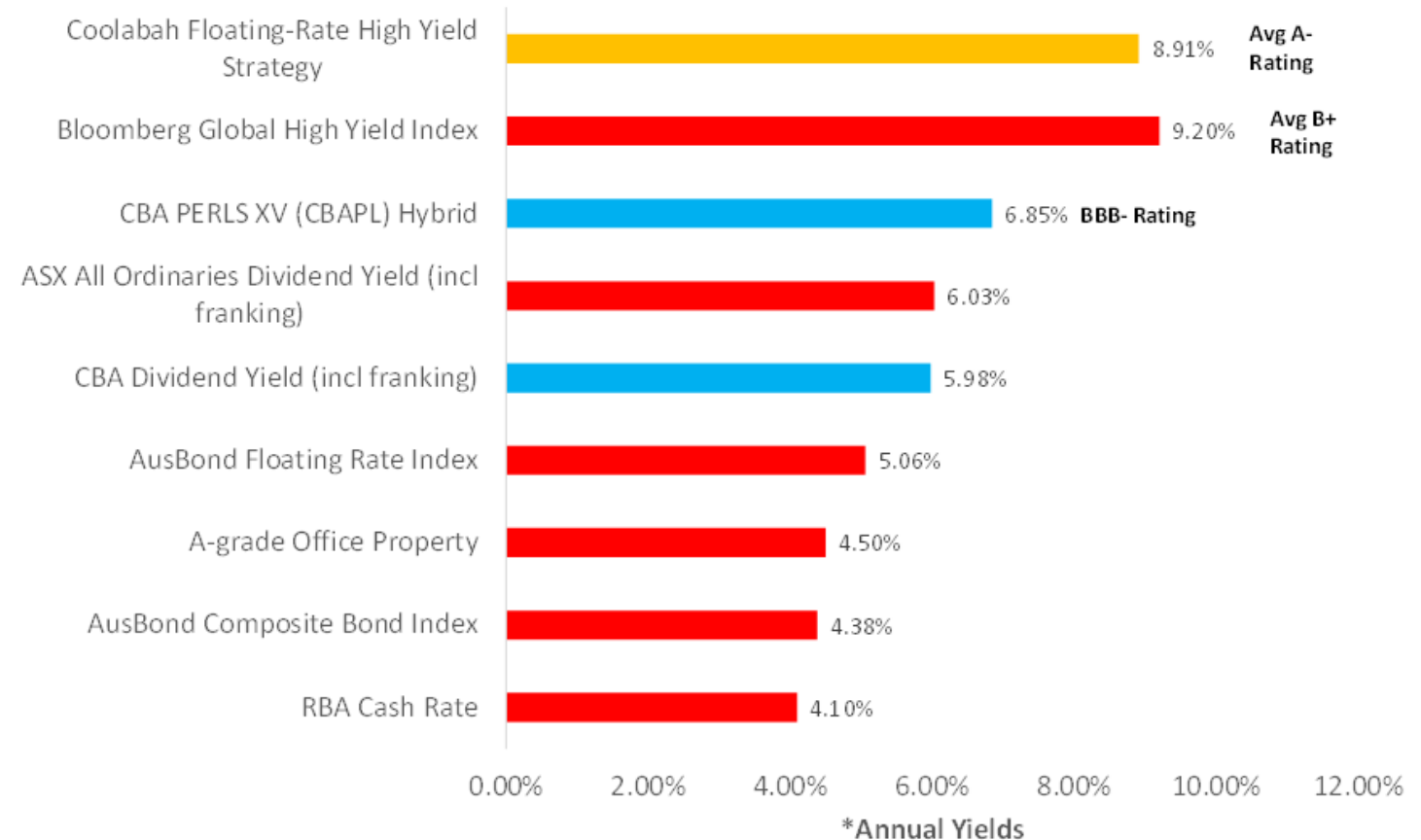
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# Coolabah Floating-Rate High Yield Fund

- **Coolabah Floating-Rate High Yield Fund comprises only**
  - Running Yield of 8.9% pa (gross)
  - Weighted-average credit rating of “A-”
  - 100% floating-rate Australian bank and insurer bonds
  - 100% Australian dollars
  - Zero years interest rate duration risk
  - Daily liquidity
  - No performance fee
- **Rated “Recommended” by Zenith**
- **Superior yields currently to Australian equities, Australian bank stocks, Australian hybrids, and high yield bonds**
- **The interest rates on these bonds are enhanced via gearing via a number of highly rated Australian banks at very low cost**

## Coolabah Floating-Rate High Yield Fund Yield vs Other Asset Classes

Source: Bloomberg, Coolabah Capital Investments



\* As at June 2023. Fund yield is the annual running yield on the portfolio before fees.

Coolabah Capital, Bloomberg (30 June 2023)



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# Asset-Class Performance

- **Geared Aussie bank bonds that are floating-rate currently provide much higher yields than other asset classes because**
  - ❑ Credit spreads are historically wide
  - ❑ Yields curves are flattening/inverting (the cash rate is near or above long-term yields)

Returns and Risks of Different Asset-Classes between January 2013 and 30 June 2023								
Source: Bloomberg; Coolabah Capital Investments								
	RBA Cash	Ungear Aussie Bank Bonds	75% Geared Aussie Bank Bonds	ASX Hybrids	ASX All Ordinaries	Bloomberg Global High Yield Index Hedged to AUD	AusBond FRN Index	AusBond Composite Bond Index 0+
Total Return	17.94%	37.52%	106.48%	75.65%	139.87%	52.76%	32.13%	28.42%
Return p.a.	1.58%	3.08%	7.15%	5.51%	8.69%	4.12%	2.69%	2.41%
Average Credit Rating	NA	A	A	BB to BBB-	NA	B+	AA	AA
Excess over RBA Cash Rate		1.50%	5.57%	3.93%	7.11%	2.53%	1.11%	0.83%
Volatility p.a.	0.09%	1.31%	5.22%	3.83%	14.87%	5.04%	0.24%	3.88%
Sharpe Ratio		1.14	1.07	1.03	0.48	0.50	4.59	0.21
Sortino Ratio		0.95	0.94	0.87	0.58	0.48	3.91	0.30
Annual Yield to Maturity	4.1%	5.7%	8.9%	7.2%	6.0%	9.2%	5.1%	4.4%

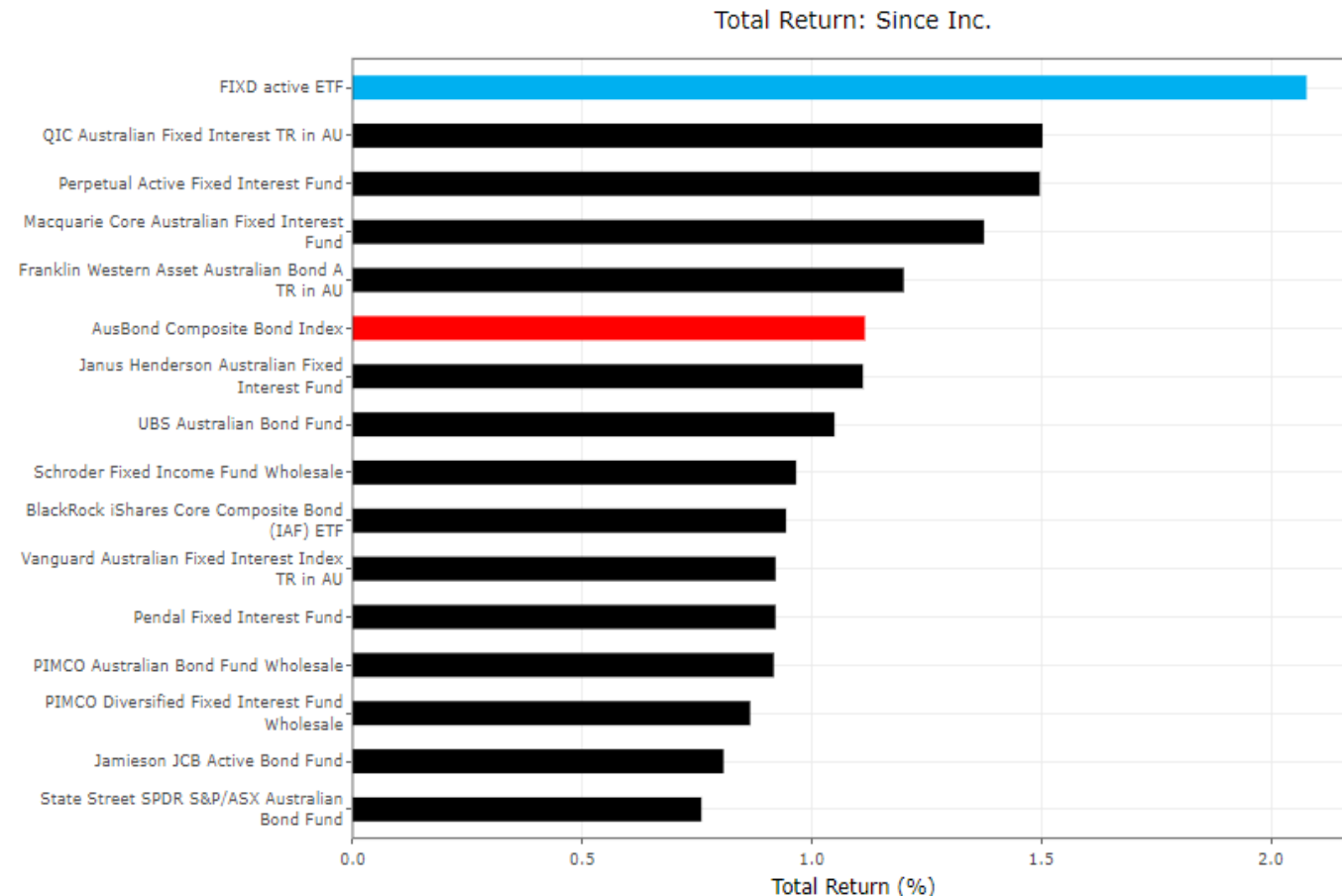
\* YTM Source: Coolabah Capital, Bloomberg – 30 June 2023



Past performance does not assure future returns. All investments carry risks, including that the value of investments may vary, future returns may differ from past returns, and that your capital is not guaranteed. The above figures are shown in Australian Dollars (AUD) unless otherwise shown and could be reduced, or losses incurred due to currency fluctuations. Refer to investment disclaimer at start of presentation.

# Coolabah Active Composite Bond Fund (Hedge Fund; CBOE:FIXD)

- **Coolabah's market-leading Active Composite Bond Fund**
  - No.1 performer net of fees since inception and over the last 1 year, 3 years and 5 years
  - Beaten the Composite Bond Index by 0.96% pa after fees since inception
  - Delivered superior risk-adjusted returns to both the index and all peers since inception
  - Should outperform floating-rate bonds in a recession as the RBA cuts rates and government bond yields decline
  - Provides fixed-rate exposure to a bond portfolio with an average maturity of approx. 5.5 yrs
  - Current Running Yield of 6.9% pa net of fees\*
  - Weighted-average credit rating of "A"
  - 100% investment-grade bonds predominately issued by banks, insurers and Australian governments
  - Total management/admin fees capped at 30bps pa
  - Daily liquidity
- **Rated "Recommended" by Lonsec**



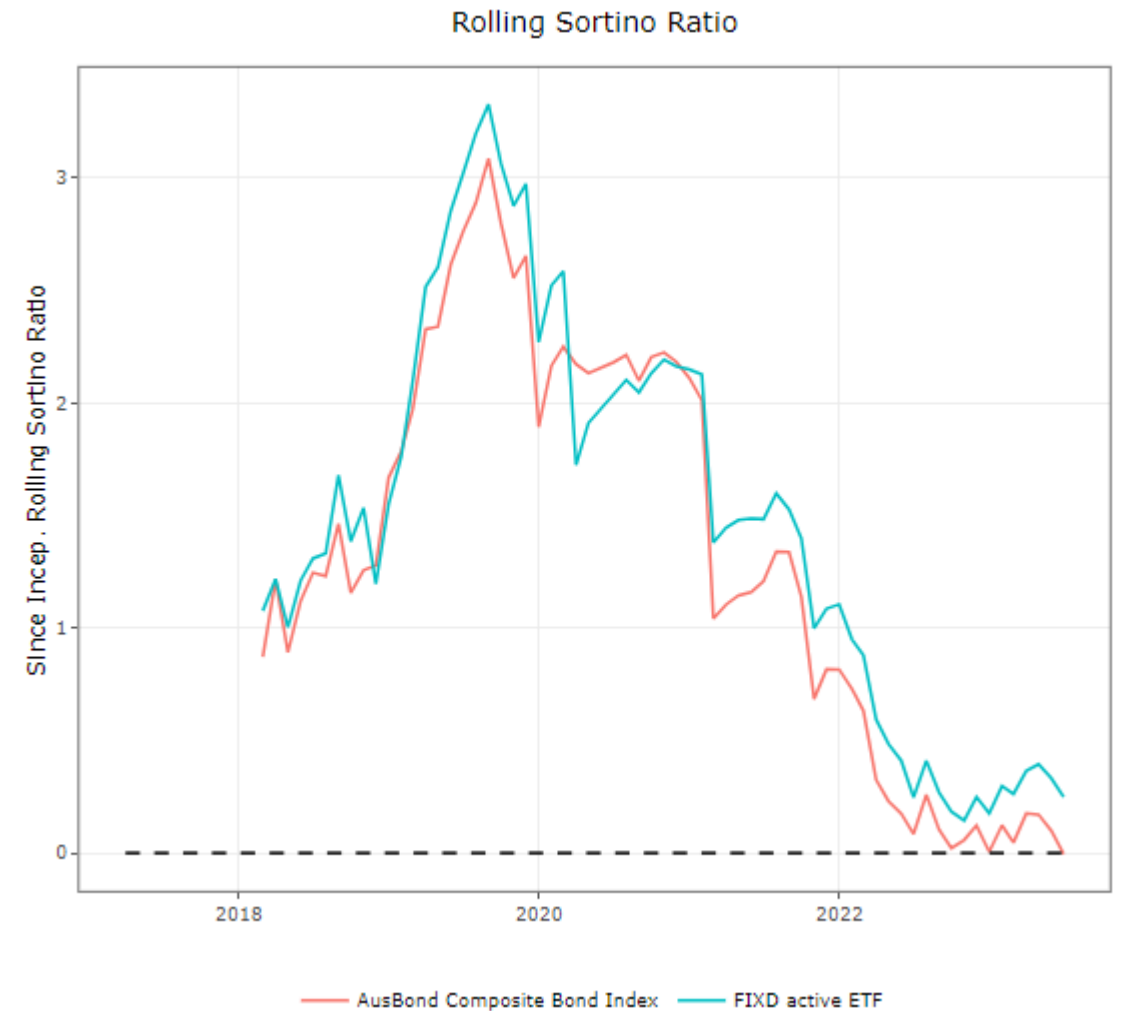
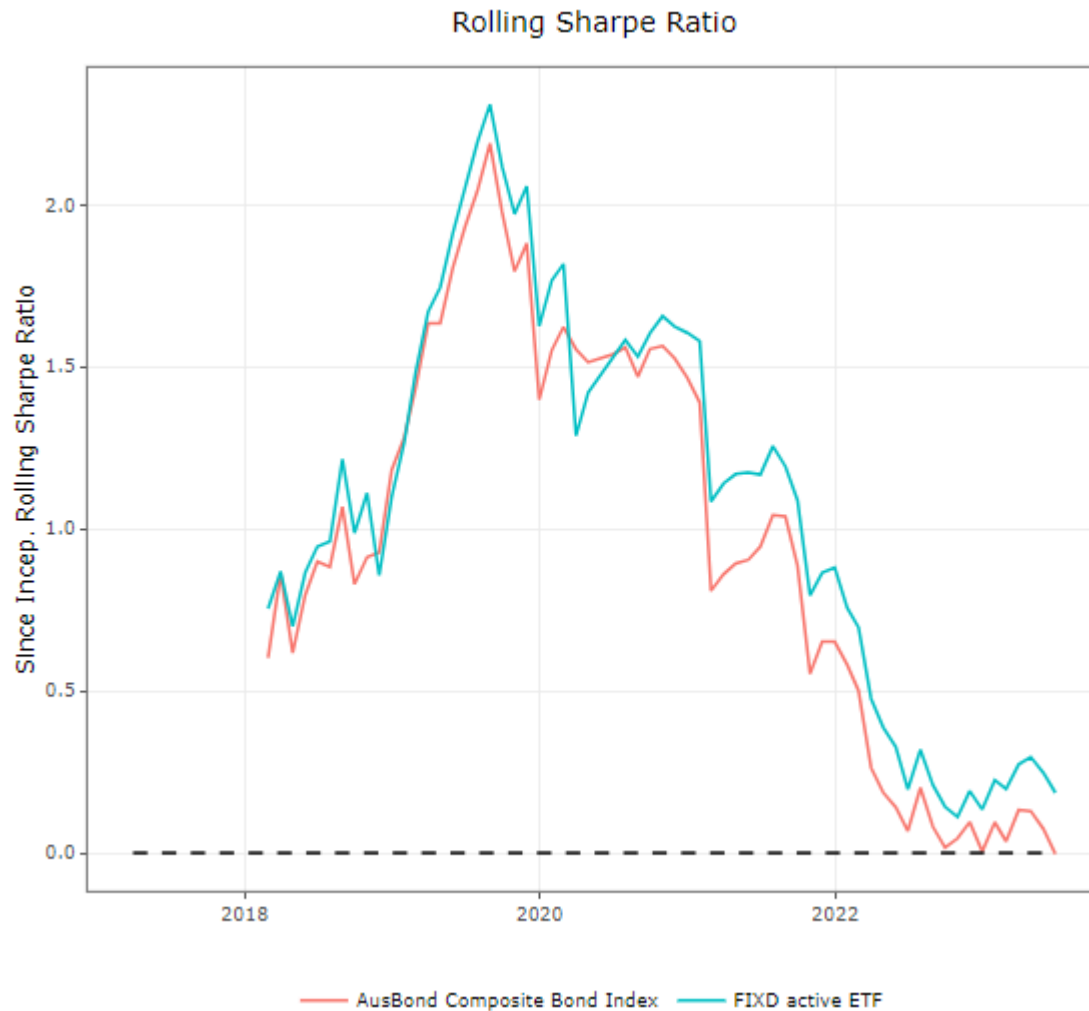
Source: Coolabah Capital Investments, FE (Inception to 30/6/2023)



Past performance does not assure future returns. All investments carry risks, including that the value of investments may vary, future returns may differ from past returns, and that your capital is not guaranteed. The above figures are shown in Australian Dollars (AUD) unless otherwise shown and could be reduced, or losses incurred due to currency fluctuations. Refer to investment disclaimer at start of presentation.



# Peer Comparison - Active Composite Bond Fund



Source: Coolabah Capital Investments, FE 30/6/2023



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Debt and other syndication opportunities

The material in this presentation has been prepared by Aligned Disability Investments (ADI) Pty Ltd ACN 663 744 143 AFSL 519447 AFS Representative 1301975. This presentation is only by way of general background information about ADI activities. The information given is in summary form and ADI does not warrant the accuracy, currency or completeness of any information contained in the presentation.

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You should obtain the Product Disclosure Statement relating to the relevant financial product mentioned on this presentation (which contains full details of the terms and conditions of the relevant financial product) and consider it before making any decision about whether to acquire the financial product.

- Hybrid/SDA Development Loan Syndications
- SDA Hold Loan Syndications
- Walcha Dairy
- Secure Seniors Living

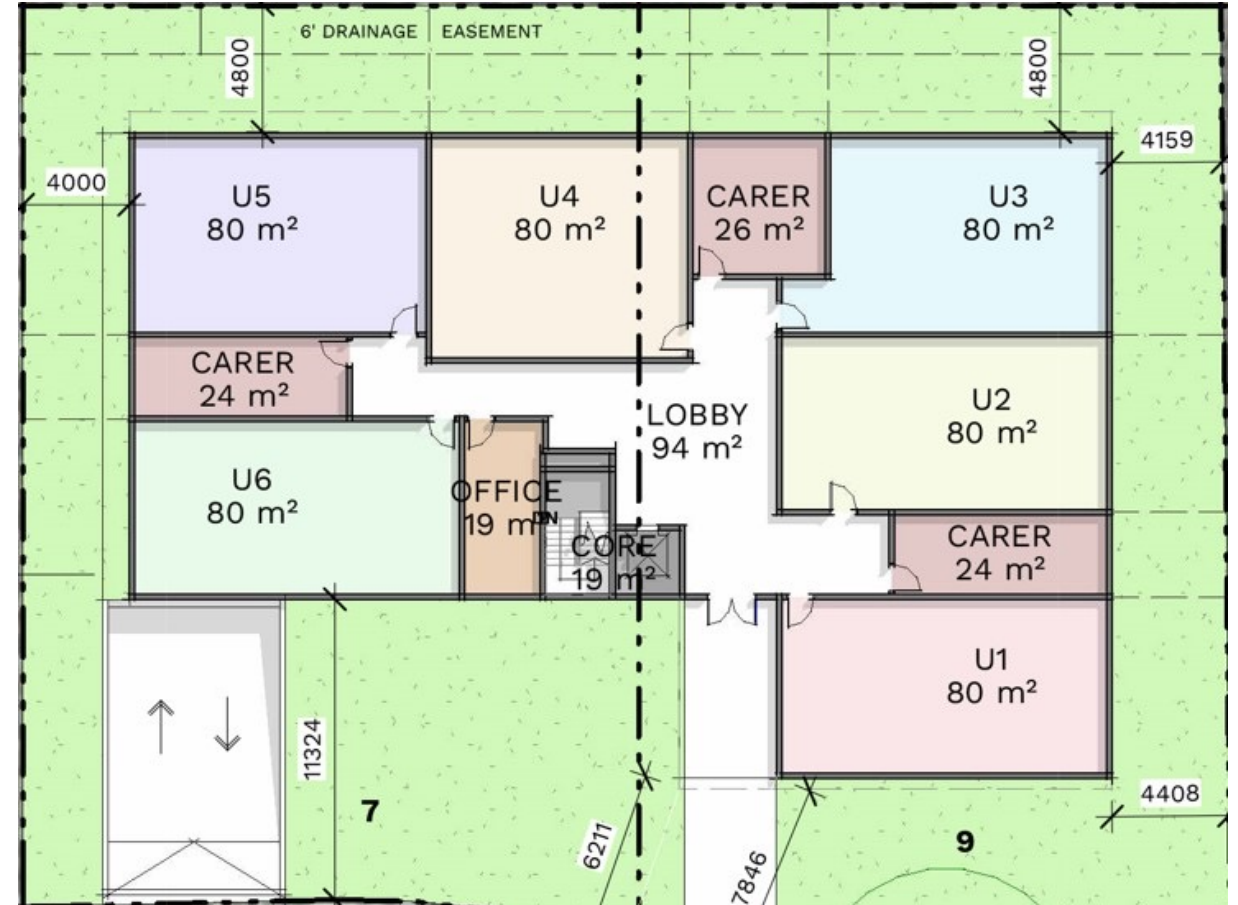


- Current Transaction – 7-9 Melva Court Frankston
  - \$9.3 Million hybrid SDA/Residential property
  - \$4.8 Million Fund Investment
  - **\$4.5 Million development loan**
- \$4.5 million development loan
  - 18-month term
  - 9% Loan rate
  - 8% net to investors
- Conservative leverage
  - 48% Loan to Cost Ratio (“LCR”)
  - 41% Loan to Value Ratio (“LVR”)





- Residual 6 x SDA units
  - \$3.5 Million attributed cost base
    - \$1.8 million attributed equity
    - **\$1.7 million loan**
- \$1.7 million hold loan
  - 7% interest rate
  - 6% net to investors
  - \$426K income @ 85% occupancy
  - 3-year term
- Conservative leverage
  - 40% LVR @ 10% “Cap Rate”
  - 3.5 x interest cover





- DFS 1stMortgage Fund is a DomaCom pooled sub-fund
- Invests in discrete 1<sup>st</sup> mortgage-backed loans
- 5 - year track, generating a return of 7.75%pa to investors, net of fees
- Currently \$30 million in FUM
- Maximum LVR is 65% - Average LVR is 59.1%
- Maximum loan term is 2 years - Average Period to Maturity (days) is 157 days
- Liquidity provided by relatively short loan maturity
- diversification across the defensive holdings of portfolios, with substantial yield enhancement



# Partner Syndications

- Targeting Seniors in NSW

- Over 55's gated community
- Small scale ~10 villa developments under the NSW Community Scheme
- Each villa under it's own title
- Community amenities such as a communal garden, covered TV, BBQ eating areas

- House & Land - separate contracts

- SSL is developer of land and enters land sale contract
- Separate builder for construction contract
- SSL to settle land purchase before construction starts
- Selling into growing Brisbane market

- Attractive return targets

- ~14% return if 18 months
- Expectation is to sell “off the plan” with settlement to be earlier



- **First Syndication – St Clair Penrith NSW**

- 10 x 2 bed , 1 bathroom & carport
- Ageing population <sup>1</sup>
- Established suburb close to transport, shops, hospital and Blue Mountains
- \$750K per villa sale price - \$7.5 million development

- **\$3.8 Million land development**

- SSL Fund is only undertaking the land development
- Total Cost is \$3.1 million
  - Land purchase price is \$2.2 million
  - Land development costs are \$900K
- Estimated land sales is \$3.8 million



Note 1: A stark reality: Part one in a thought leadership series on housing choice and affordability for a growing Australia, Feb 2023, Property Council of Australia

- Attractive return profile

- \$2.6 million equity
- \$500K Loan
- ~\$500K net returns
- ~14% annual return if duration is 18 months
- Pre-sales prior to development to manage risk

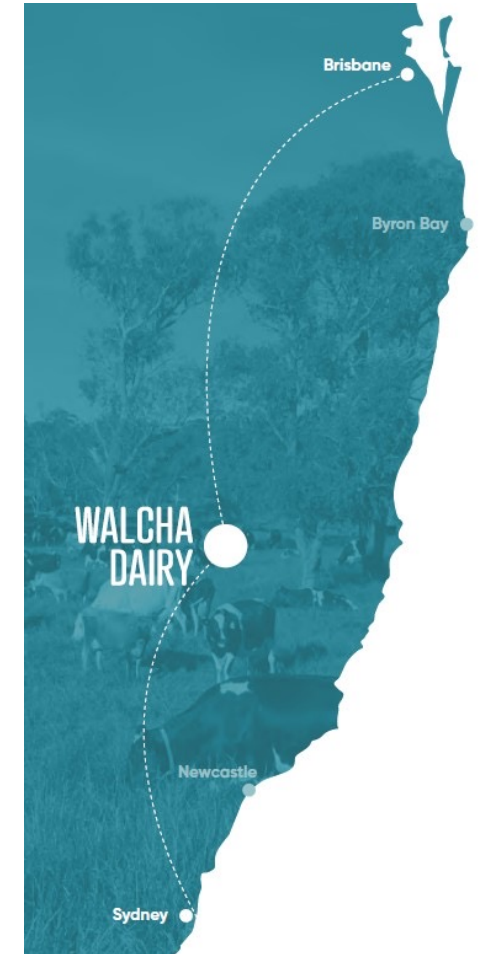


- St Clair SSL Syndication

- \$2.6 million equity
- BrickX sub-trust



- **Established Northern Tablelands NSW Dairy**
  - 626 Hectares
  - Greenfield established in 2008 – modern plant and design
  - Currently milking circa 1,000 cows
  - Producing ~8 million litres of milk/year & 550 tonnes of milk solids/year
  - Walcha in top 25% quartile of NSW dairy farms (benchmarked against NSW Dairy Farm Monitor Project)
- **Location Attributes**
  - Reliable rainfall
  - Limited location competition – nearest dairy is 100kms away
  - Selling into growing Brisbane market
- **Attractive financial performance**
  - Solid historic EBIT - \$2 million in 20/21 , \$2.9 million in 21/22 and ~\$4.7 million 22/23.
  - 2020 – 2023 historic milk price is \$9 - \$12 Kg of Milk Solids (KgMS)

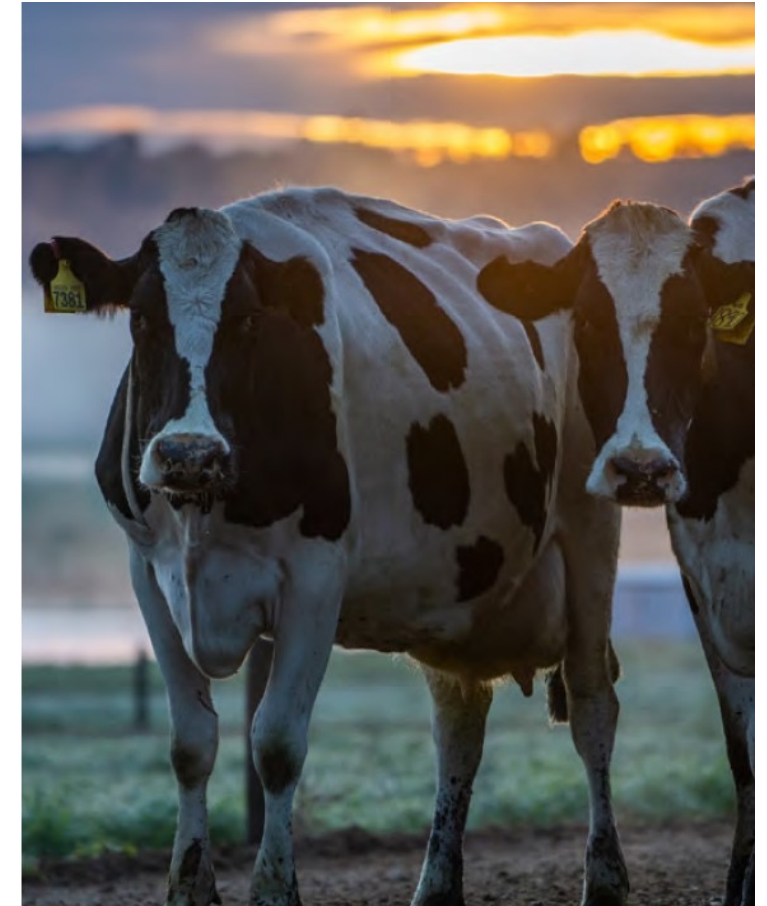


- **Attractive Purchase**

- Circa \$32 million acquisition
  - \$16 million equity
  - \$16 million debt
- ~6 x 2023 EBIT projected using new \$13 KgMS contracted price to FY2026
- Current owners oversaw operations remotely
  - Farm operated by farm manager & 4 x permanent assistant farm managers
  - Suits fund ownership
- Current owners retiring

- **Attractive financial outlook**

- Estimated \$5 - \$5.4 million EBIT
- Target 14% annual return
  - 8% income
  - 6% estimated annual capital growth





- **Upside opportunities**

- Current 80-unit dairy currently servicing 1,000 cows
- Can expand to 3,000 without significant capital investment being needed
- Will add 250 cows as part of acquisition which should increase EBIT by \$750K
  - ~15% EBIT uplift
- Investigate expansion by acquiring some neighbouring land
- Targeting lifting value to \$50 million to reach institutional scale
- Exit target is 5-7 years in institutional sale

- **Wholesale Investor Syndication Opportunity**

- Syndicated by Thundering Herd Funds Management (owner of BrickX)
- Investment target \$16 million
- Sophisticated & wholesale investors only
- Potential interim liquidity by BrickX secondary market
- Information Memorandum available



**ThunderingHerd**

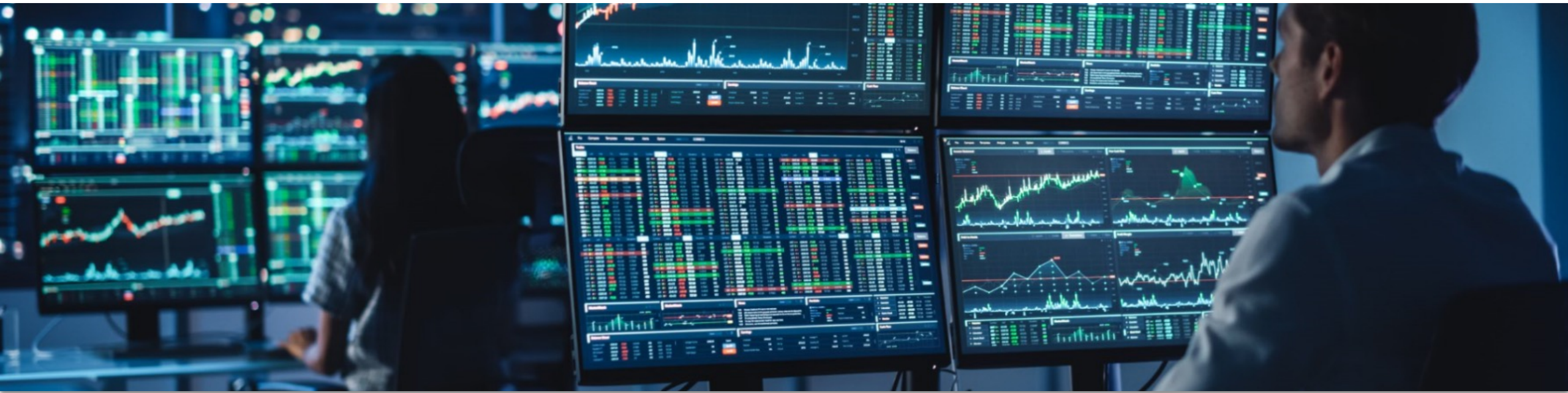




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Why consider investing into commodities

# Disclaimer

- ▶ Sequoia Specialist Investments Pty Ltd (ACN 145 459 936) ("the Issuer") issues structured investments which are arranged by Sequoia Asset Management Pty Ltd (ACN 135 907 550, AFSL 341506) ("the Arranger") pursuant to Section 911A(2)(b) of the Corporations Act.
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# Who we are at Sequoia Specialist Investments Pty Ltd

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Sequoia Specialist Investments Pty Ltd was founded in 2010

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Blair Kirkhope, Director and Head of Sequoia Specialist Investments Pty Ltd

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One of Australia's leading, independent issuers of structured investments

---

Vision of delivering the highest quality product innovation to our clients

---

100% owned subsidiary of Sequoia Financial Group (ASX: SEQ), we have the sound backing of an ASX Listed company.

---

125 investments in the last 12 years with a total notional raised exceeding \$400M





Goldman  
Sachs



BNP PARIBAS

Consolidate  
Research  
across a Panel  
of investment  
banks

The Socrates Platform



Rely on the world's leading  
Artificial Intelligence System in  
Financial Markets.

250,000 virtual attendees at  
conference last December 2022

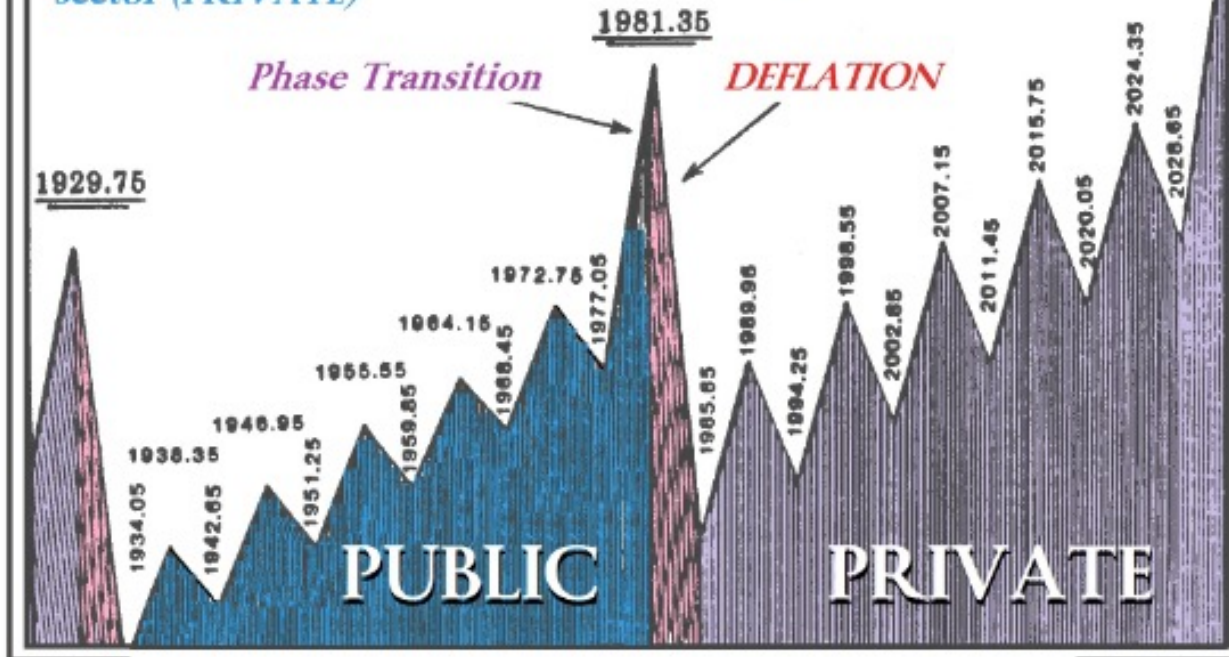


## Economic Confidence Model

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*The flight to quality alternates depending who is in trouble - government (PUBLIC) or the private sector (PRIVATE)*



Famous for his Economic Confidence Model (ECM) which is a 51.6 year cycle mapping the global business cycle (Adam Smith's invincible hand)

Capital alternates between Public and Private Assets every 51.6 years

Next peak in Private Assets is 2032



## Socrates Forecast



Huge volatility and  
panic cycle 2024-2026

Inflation to  
peak in 2026  
with panic  
cycle and  
huge  
volatility  
2024-2026

## Socrates Forecast



**High Volatility  
2026-2028**

US rates to  
peak in 2025  
followed by  
huge  
volatility  
2026-2027





Possible test of 7.5% by 2025 (next major turning point cyclically and technical resistance on a yearly basis)

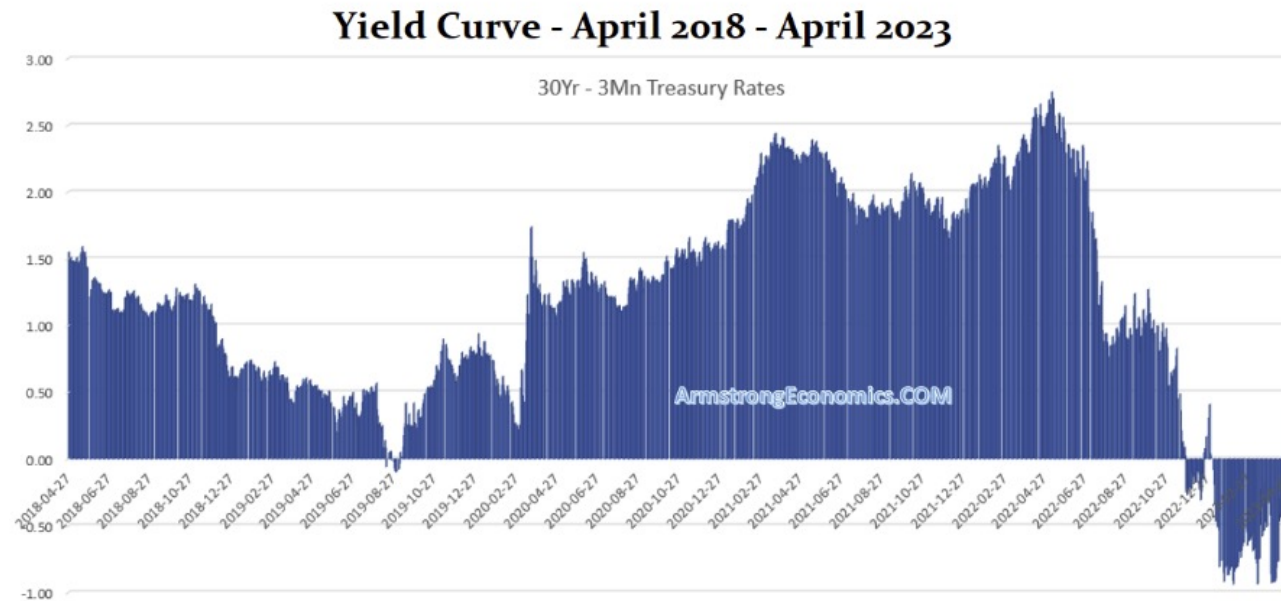


# US 30-Year Treasuries

## Complete technical breakdown



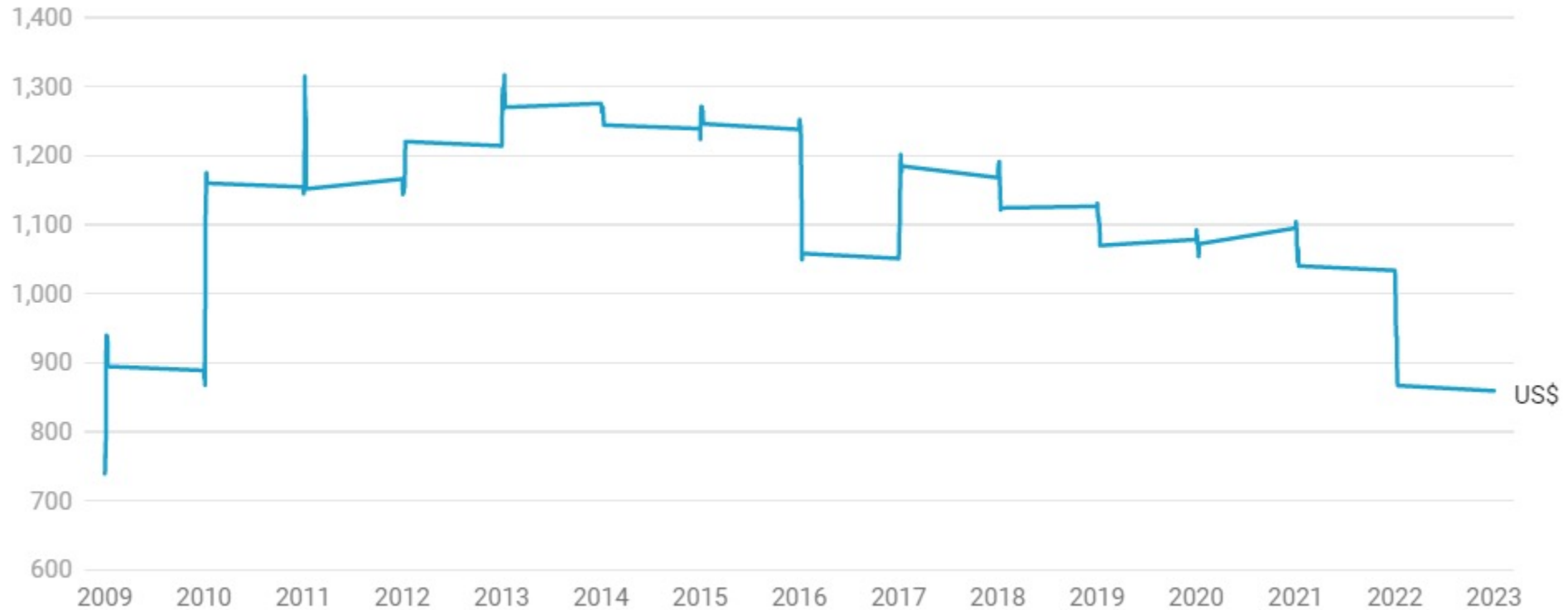




Yield curve  
inversion is  
reflecting  
capital flows  
moving into  
the short end

## China's holdings of US Treasury Securities

(in billions of US dollars)

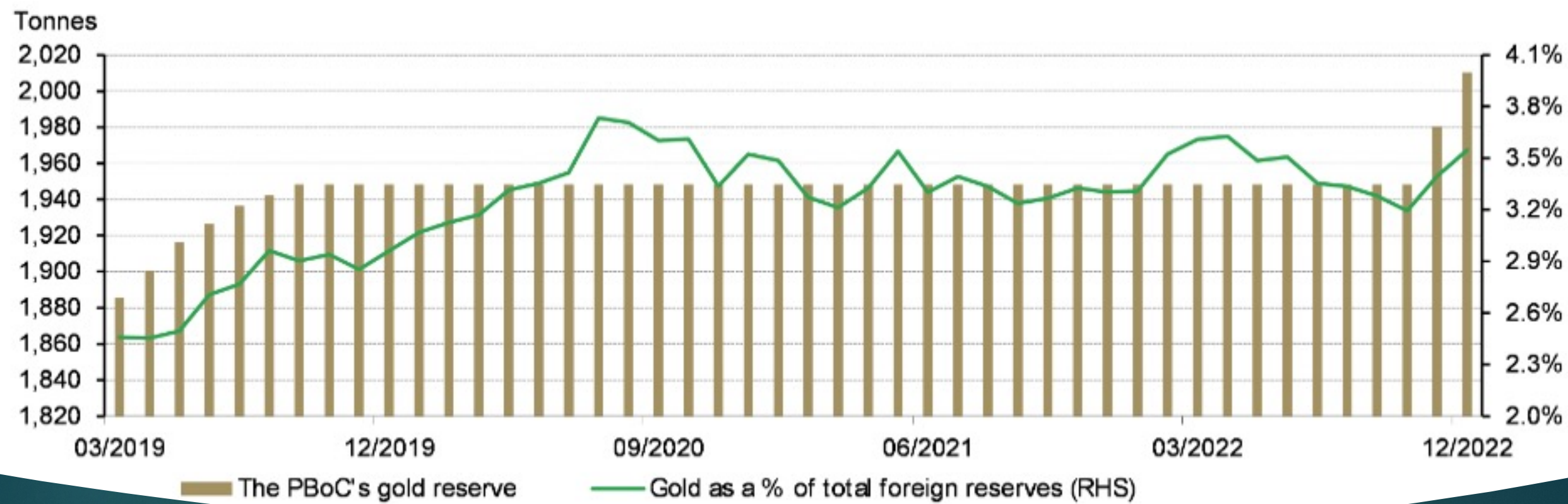


Source: US Department of the Treasury • [Get the data](#)

China has been selling US treasuries



Chart 6: The PBoC announced another gold reserve increase in January



China's Central Bank is Buying Gold instead





# Fed raises rates a quarter point, expects 'ongoing' increases

PUBLISHED WED, FEB 1 2023 2:00 PM EST | UPDATED 4 HOURS AGO



Jeff Cox  
@JEFF.COX.7528  
@JEFFCOXCNBCOM

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Interest rates are rising to combat inflation but is it working?





18 March 2022

The Fed did nothing between 2020 and 2022. It begun raising rates a few weeks after the Ukraine war began. We believe this indicates that the Fed knows the major factor behind serious inflation is war. Note the Fed will never mention the war and its impact on inflation

## Socrates Forecast

Cycle is expected to  
peak in 2026 with a panic  
cycle in the same year

### Yearly U.S. International War



Current cycle in international war will not peak until 2026.

This interestingly matches the inflation cycle also expected to peak in 2026



# Supply Shortages are also driving inflation in 2022-2026

It started with Covid lockdowns / Supply chain disruption

Climate Change Policies, fossil fuel divestment

Ukraine / Russian war

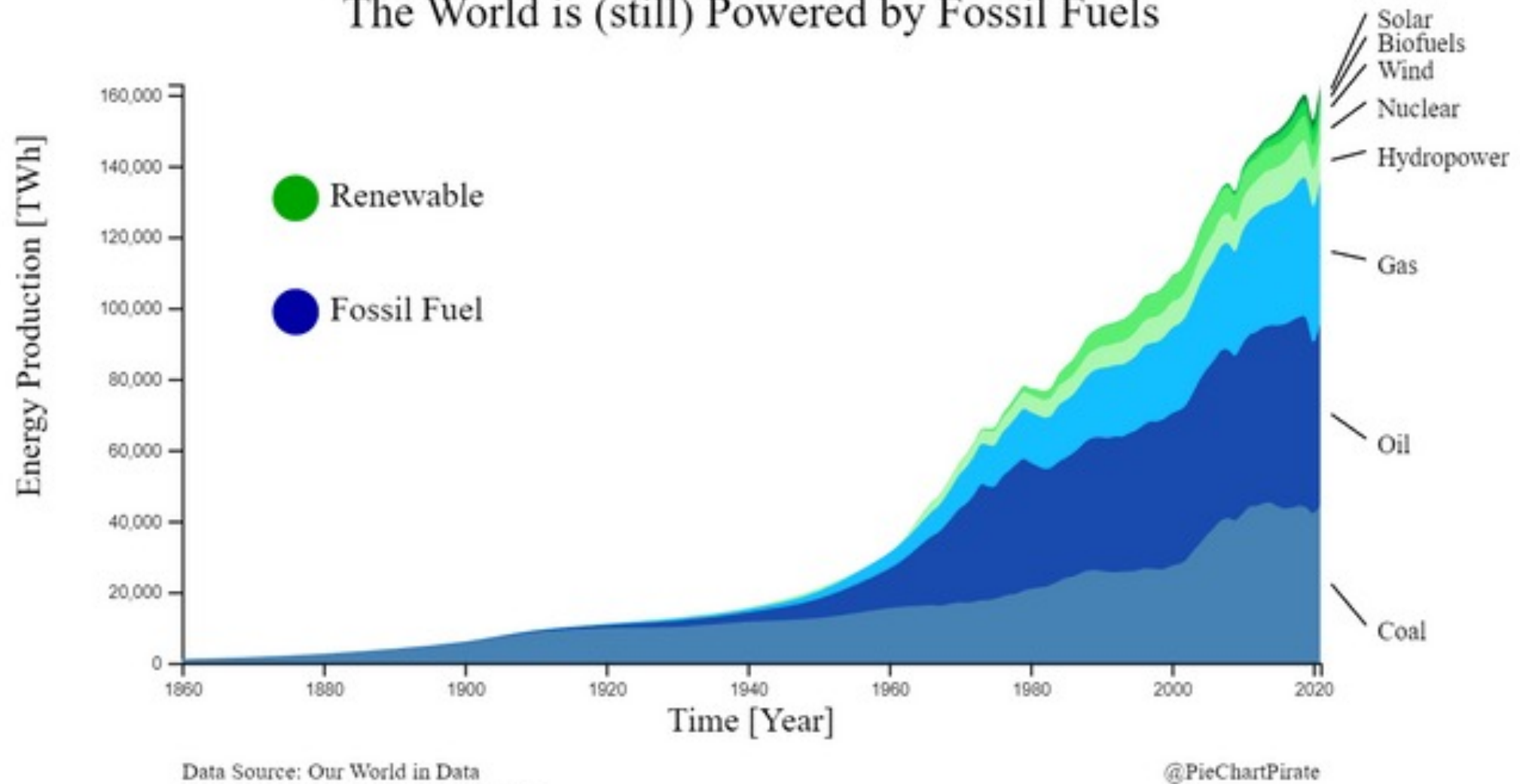
Russian sanctions, EU oil embargo

Extreme weather

Increasing protectionism

OPEC cuts

## The World is (still) Powered by Fossil Fuels



Especially since the world is still largely  
Powered by Fossil Fuels

## Exhibit 14: Bloomberg Commodity Index Forecast

BCOM Index	Dollar Weight	Historical Performance			Forecast		
		2020	2021	2022	3m	6m	12m
<b>BCOM</b>	<b>100.0</b>	<b>-3.1</b>	<b>27.1</b>	<b>16.1</b>	<b>6.5</b>	<b>8.9</b>	<b>15.3</b>
Energy	28.6	-42.7	52.1	36.2	18.6	20.0	58.2
Industrial Metals	14.3	16.3	30.3	-2.4	5.3	15.2	24.4
Precious Metals	21.7	25.6	-6.1	0.1	0.2	2.8	6.1
Grains	20.8	19.3	21.0	18.0	0.7	0.2	2.8
Softs	9.0	2.9	44.0	-3.5	0.5	0.9	1.2
Livestock	5.6	-23.4	8.6	7.4	3.6	5.5	9.0

Source: Goldman Sachs Global Investment Research

Goldman's very bullish on Energy and Industrial Metals

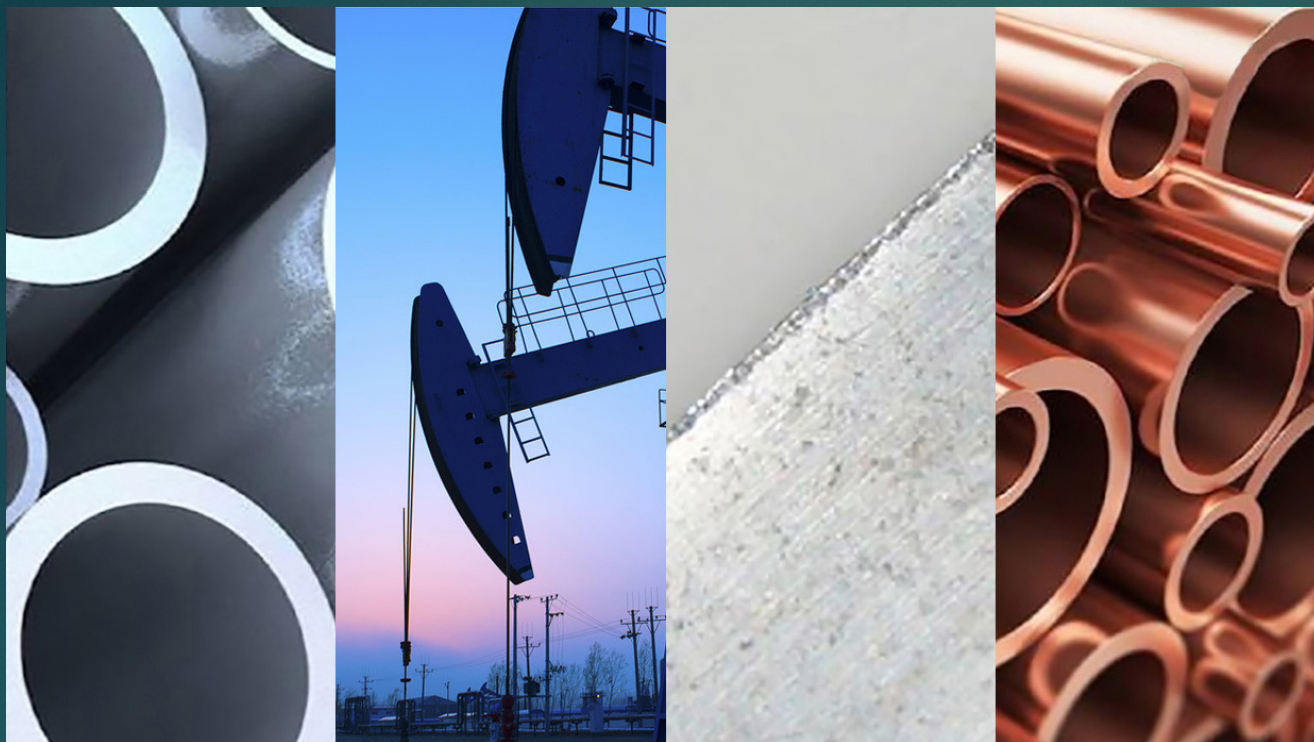


# Bloomberg Commodity Index



Commodity prices have only just started to break out – BCOM Index would have to more than double to reach the 2008 high.





# Sequoia Commodities Series 18


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Series 18 tracks the performance of the BNP Paribas Strategy C52 10% Index.

The objective of this Index is to provide a long only, diversified exposure to the commodity asset class, excluding Agriculture and Livestock, with a targeted volatility of 10%.







1.5 Year Term

100% Limited recourse  
Loan

5.9% p.a. Prepaid Interest  
payable upfront

1.1% Application Fee

9.95% Total Investment  
Cost

BNP Paribas Strategy C52  
10% Index

Uncapped Performance  
Coupon at Maturity  
based on Index  
Performance adjusted for  
changes in AUD/USD  
exchange rate

# Key Investment Terms

	Example 1	Example 2	Example 3
Investment Amount	\$100,000	\$500,000	\$1,000,000
Loan	(\$100,000)	(\$500,00)	(\$1,000,000)
Prepaid Interest for 1.5 year Investment Term (5.90% p.a.)	(\$8,850)	(\$44,250)	(\$88,500)
Application Fee including GST (1.1%)	(\$1,100)	(\$5,500)	(\$11,000)
<b>Total Investment Cost*</b>	<b>(\$9,950)</b>	<b>(\$49,750)</b>	<b>(\$99,500)</b>

\*This excludes any Upfront Adviser Fee

## Examples of Total Investment Cost



# BNP Paribas Strategy C52 10% Index

The objective of this Index is to provide a long only, diversified exposure to the commodity asset class, excluding Agriculture and Livestock, with a targeted volatility of 10%

- 1) Copper;
- 2) Zinc;
- 3) Aluminium;
- 4) Nickel;
- 5) Lead;
- 6) Gold;
- 7) Silver;
- 8) WTI Crude Oil;
- 9) Brent Crude Oil;
- 10) Gasoline;
- 11) Low Sulphur Gas Oil;
- 12) ULS Diesel;
- 13) Natural Gas; and
- 14) Cash

# Good Entry Point?





# RISKS

Risk of 100% loss in relation to the Total Investment Cost and Upfront Adviser Fee.

Risk of partial loss (i.e. less than 100% loss) in relation to the Total Investment Cost and Upfront Adviser Fee.

Timing risks. The timing risk is significant. This is because the Investment Term is fixed and the Performance Coupon received at the end of the Investment Term needs to exceed the Total Investment Cost by the time the Maturity Date arrives in order for the investor to generate a profit from their investment (ignoring any Upfront Adviser Fee and any external costs). If this does not occur by the Maturity Date then Investors will generate a loss;

There is no guarantee that the Units will generate returns in excess of the Prepaid Interest and Fees, during the Investment Term;

Volatility and exposure risk – the volatility control mechanism used by the Index means that if there is high volatility in the relevant underlying portfolio during the Investment Term there is a risk the Index will have little to no exposure to this portfolio during some or all of the Investment Term, which may provide some protection against decreases in the prices of the portfolio comprising the Index however it may also limit the Index's (and the Units') exposure to increases in the prices of the relevant portfolio comprising the Index. To the extent the Index has an exposure primarily to cash as a result of the volatility control mechanism, the Index will be unlikely to generate the Index Performance required for investors to generate a profit;



# RISKS CONT'D

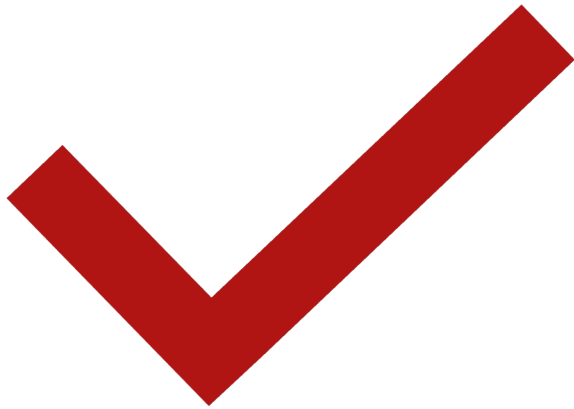
- Additionally, in the event of an Investor requested Issuer Buy-Back or Early Maturity Event, you will not receive a refund of your Prepaid Interest or Fees. The amount received will depend on the market value of the Units which will be determined by many factors before the Maturity Date including prevailing interest rates in Australia and internationally, foreign exchange rates, the remaining time to Maturity, and general market risks and movements including the volatility of the Index. Investors should be aware the Units are designed to be held to Maturity and are not designed to be held as a trading instrument;

Gains (and losses) may be magnified by the use of a 100% Loan. However, note that the Loan is a limited recourse Loan, so you can never lose more than your Prepaid Interest Amount and Fees paid at Commencement.

Investors are subject to counterparty credit risk with respect to the Issuer and the Hedge Counterparty; and

the Units may mature early following an Early Maturity Event, including an Adjustment Event, Market Disruption Event or if the Issuer accepts your request for an Issuer Buy-Back. Please refer to Section 2 “Risks” of the Master PDS for more information.





Sequoia Commodities Series 18 has been reviewed by **KK Asset Consulting**

4 Rating

“Confident in the product’s structure and its ability to meet its stated commitments”

# Offer Closes 8 September 2023

Please contact myself, **Suzanne Harding and Paul Turner** for more information





Thank you for your attention

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# FROM A START-UP IN 1998 TO THE 2<sup>ND</sup> LARGEST LICENSEE IN THE COUNTRY

Don't be in the "Sea of Same"

Jordan Hawke

---



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# ARE YOU ANY DIFFERENT FROM . . . . .

“Don’t run your business like  
it’s your business, but rather  
like it is a part of your life”.

---

# 32 ways we differentiated ourselves

1. **Daily Payments**
  2. Grow organically
  3. Celebrate being Privately Owned
  4. Directors were practicing advisers (we had to be)
  5. Directors fully approachable
  6. **Five Reasons**
  7. **Brand awareness**
-

---

# 32 ways we differentiated ourselves

- 8. Press position – 12 mentions a month
- 9. Take a contrarian view – eg ASCL phone tapping – SOA size
- 10. DT known as Champion for the Adviser
- 11. Adviser Participation Trust
- 12. Never backing away from a fight – SRO and ASIC
- 13. Political connection –breakfast, boardroom lunches & hosted breakfasts
- 14. State Managers nationally



---

# 32 ways we differentiated ourselves

- 15. Very selective recruitment
  - 16. Staff culture – longevity, dedicated and committed
  - 17. Following Trowbridge – highly publicised investigations in UK and NZ
  - 18. Be outlandish – iPad NextGen – Red Tommy Hilfiger Jackets, Nerf Breakins, Christmas Cards, Melbourne Cup, Special guests at PD Days, Max Walker & Michael Pascoe
  - 19. Thank you cards
  - 20. Award Pins – 5 – 10 & 15 years
  - 21. Awards ... 10 years – Glass ... 15 years - Clock
-



---

# 32 ways we differentiated ourselves

- 22. Synchron Medical
- 23. Getting to Know you functions with industry executives
- 24. Masterclass and Masterminds
- 25. Next Gen our signature conference for Under 40's only X3
- 26. Family centric National Conferences
- 27. Synchron App for conferences and PD Days
- 28. Compliance support to advisers – Advice Quality Coaches

---

# 32 ways we differentiated ourselves

- 29. Video Messaging [Show!!](#)
  - 30. National PD Days x 3 times pa Up to 700 attendees nationally over 2 weeks
  - 31. Virtual catch up – fortnightly
  - 32. Symposium during COVID – production in HO Promote with Videos
-

---

# ARE YOU ANY DIFFERENT FROM . . . . .

“Don’t run your business like  
it’s your business, but rather  
like it is a part of your life”.