

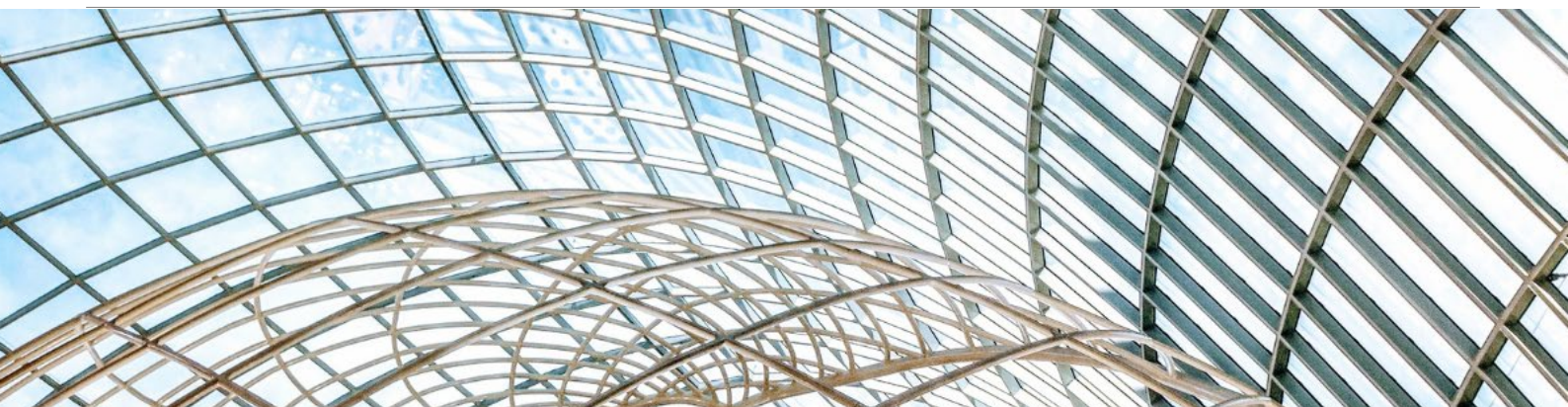
# Causeway

## Corporate Credit Fund



### Fund Summary

<b>Asset Class</b>	Private Debt
<b>Sub-Asset Class</b>	Corporate Credit
<b>Strategy Description</b>	Providing loans to the small-to-medium sized enterprise (SME) and middle market corporate sector in Australia.
<b>Distribution Frequency</b>	Quarterly
<b>Target Return</b>	9-10% p.a. with a focus on capital preservation and quarterly distributions.
<b>Fund Terms</b>	Open-ended. Monthly applications. Initial 18-month lock up applies to redemption.
<b>Redemptions and notice period</b>	Once invested, you will not be permitted to withdraw your investment until liquidity becomes available following expiry of the Term (18 months from the date of first issue of Units in the Fund). Thereafter redemptions will be available on a quarterly basis, subject to liquidity available. Investors must provide written redemption applications by the first business day of each quarter for redemption the following quarter (i.e. with 90 days' notice).
<b>Drawdown Profile</b>	Full drawdown
<b>Minimum Investment</b>	\$100,000
<b>Key Dates</b>	March intake: Intent to invest form due COB 16 February 2024; Cash due COB Monday 26 February 2024.
<b>Offer Documents</b>	Information Memorandum



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### The Fund Manager

Since its foundation in 2003, Causeway Financial has built a strong track record in alternative asset management and private debt. Over twenty years ago, the two Principals, Mike Davis & Tim Martin, left their senior roles working in debt markets and asset management at Merrill Lynch. They began a joint venture with a Canadian bank, Maple Financial, which invested in private debt. In 2004, Maple made its first senior secured private debt loans to qualifying SMEs in Australia. It also built an origination, credit and operations team and writes more than \$105 million of debt across 20 loans.

During the period since 2004, including during the Global Financial Crisis, the management team developed its credit focus on capital stability in lending strategies. This drives their focus on the benefits of legally effective security structures, strong covenants and proactive recovery actions, where necessary. The team will also seek to be the sole or primary/lead lender to the underlying borrowers so that it can control loan structuring, monitoring and any remedial actions, if needed. The credit team apply an active credit analysis process developed through in excess of 25 years of credit and loan operations experience. The credit due diligence process combines extensive internal credit research with the use of external specialist advisors to inform underlying collateral valuation and analysis.

Causeway now offers access to a suite of direct control lending strategies across the Australian SME & middle market sector via funds and loan note programs. This includes senior secured and opportunistic strategies with attractive risk reward profiles.

### Fund Structure & Investment Overview

The Corporate Credit Fund ("CCF" or the "Fund") is a private unit trust, offered as an unregistered managed investment scheme. The Corporate Credit Fund will obtain the majority of its investment exposure by investing into P Class units in the Causeway Private Debt Income Master Fund ('Master Fund') managed by Causeway. The Master Fund will provide loans to the small-to-medium sized enterprise (SME) and middle market corporate lending sector in Australia. As sole or lead lender, the Master Fund will seek to obtain exposure primarily to a diversified portfolio of senior secured loans to growing companies with diversified collateral pools and cash flow support, typically from two to five-year maturity, and subordinated or unsecured loans up to 15% of the total portfolio. The Master Fund commenced lending activities in December 2021.

CCF seeks to obtain exposure primarily to a diversified portfolio of senior secured loans to growing companies with collateral pools and revenues ranging from \$5m upwards to \$300m. Target loan sizes for the CCF range between \$2.5m to \$25m and the loans will generally be for between one year and five years but may be for a longer or shorter periods. The purposes of the loans will generally be used for equipment finance, inventory finance, vendor finance, working capital, real estate loans or other varieties of finance. The interest rates charged on Loans may be fixed rate, variable rate, or may also include a rate determined by reference to improvement in the business valuation of the borrower. The manager will seek to achieve a blended LVR across the portfolio of senior secured loans of between 65 and 75%.



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### Potential Benefits of the Strategy

The Corporate Credit Fund is designed to provide investors with access to a diversified portfolio of corporate loans actively selected and managed by a highly experienced team. The investment will provide a fixed quarterly income of 2% and a relatively low risk of capital loss. The strategy will have a low correlation to public markets and lower volatility than that experienced across listed shares.

### Expected Returns

The CCF's investment strategy is expected to generate a target portfolio return, net of fees and expenses, of 9% or above per annum, with low correlation to publicly traded asset classes and a focus on preservation of capital. The objective of the strategy is providing investors with regular quarterly distributions.

### Distributions

Distributions will be paid quarterly in arrears at a fixed rate of 2% subject to availability of income plus an annual final distribution using any excess performance over 8% p.a by the Fund during the previous financial year. The first distribution following year end (30 June) may include an additional variable amount calculated using any excess performance over 8% during the previous financial year.

### Fund terms

The Fund will be open to monthly subscriptions and quarterly distributions, subject to initial lock up period of 18 months, before redemption may be approved at the discretion of the fund manager. Thereafter, redemptions will be available on a quarterly basis. Investors must provide written redemption applications by the first business day of each quarter for redemption the following quarter (i.e. with 90 days' notice). Liquidity is assessed as loans are repaid. When a loan is repaid, manager will advise investors who have applied to redeem their respective proportion of the relevant funds (or reinvest the relevant amount). The manager will continue to write loans which meet the risk adjusted return requirements as new investments are received into the Fund. The manager will review this position on a weekly basis. The Fund will generally offer loans ranging from one to five-year terms, with an average expected duration of two to three years.

### How are loans originated?

Loan origination is conducted by the manager through an established network of advisors. These advisors include accounting firms, boutique corporate advisors, private equity groups, debt advisory groups and other financial services entities including investment banks, and stockbrokers. The initial credit review focuses on whether the potential transaction meets the credit, security and pricing criteria required by the Fund. Subject to meeting these criteria, the Master Fund's credit personnel will prepare a preliminary review document for the Credit and Investment Committee ("CIC") for approval to provide a non-binding loan offer letter to the potential borrower pursuant to the terms proposed to the CIC.

	Capital Stack	Portfolio Construction
<p>Lowest Risk</p> <p>Highest Risk</p>	Secured Specific Asset Debt	Senior Secured Loans
	Senior Secured Debt	
	Subordinated Secured Debt	
	Unsecured Debt	
	Convertible Notes	
	Equity	Subordinated Secured or Unsecured Senior Loans

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### Risks and risk management

As any investment, the strategy will be exposed to a number of investment risks, which are listed and described in Section 8 of the Investment Memorandum. Main risks to be aware of include borrower default risk, interest rate risk, security specific risks, loan recovery and counterparty risk. As part of their investment process, Causeway developed a comprehensive and ongoing risk management and monitoring process. As part of that, credit and collateral risk management is performed on an ongoing basis by credit management to monitor portfolio performance. This process occurs at an overall portfolio level and individual position level and may also be supported by use of external review consultants and auditors to ensure that any deterioration in the underlying loan facilities is identified, addressed and rectified when necessary. In the event of a breach of loan covenant or other default event, the team will determine appropriate rectification and recovery action strategies. Where appropriate, external advisors may be appointed to commence business remediation or asset recovery actions as considered appropriate to preserve investor capital.

### The Partners Private view

Private credit is a bilateral lending arrangement by a credit provider directly to borrowers (as distinct from public bond markets or bank lending) with tailored terms and covenants negotiated between a non-bank financier and a borrower. Private credit offers investors the potential to preserve capital and generate regular income. It provides an opportunity to lend against assets with some equity-like return upside and has low correlation to other asset classes. Australian SME and middle market corporate loan sector is an attractive segment of the market to originate, structure and invest in. The segment comprises a variety of industry and diversity of their underlying collateral pools. These characteristics allow to build a diversified portfolio that mitigates individual borrower and industry risks. The middle market segment also tends to have lower competition from traditional lenders, like Banks, often providing enhanced return profile to investors.

Partners Private view the Fund as an attractive income-generating opportunity and like Causeway's deep experience in private credit and loan structuring, as well as their risk management and capital preservation focus.

