## EPSILON DIRECT LENDING

## EPSILON DIRECT LENDING SENIOR LOAN FUND Australian Middle Market Corporate Direct Lending

### Structure:

Single Australian-domiciled open-ended unregistered unit trust; unlevered fund

### Manager:

Epsilon Direct Lending Pty Ltd

Trustee & Custodian: Guildfords Funds Management Pty Ltd

### Key Investment Restrictions:

(i) No investments may be made in subordinated loan instruments; (ii) No investments to be made in any senior loans where any Epsilon managed fund holds a subordinated loan instrument or equity warrants for the same borrower

### Target Total Return:

8.9% based on a Total Target Return of BBSW + 4.5% p.a. (net) and assuming a 3-month BBSW of 4.4% at 30 June 2023^1

Inception Target Date: 18 May 2023

Subscriptions: Monthly applications

**Distributions:** Quarterly

Eligibility: Wholesale Investors

Minimum initial investment: \$250,000 (unless otherwise approved)

### Management Fee:

0.75% p.a. (ex GST) on NTV with upfront loan fees and other ancillary fees paid to the Fund

### Performance Fee:

20% of returns above the hurdle of BBSW + 2.75% p.a. with no catch up

### Liquidity<sup>2</sup>:

The Manager will undertake to maintain a cash (or equivalent liquid investments) holding of at least 10% of NTV at all times (Liquidity Buffer) to meet limited redemptions. Redemption Requests to be made on 30 days written notice to the Trustee prior to calendar month end. The Trustee may accept or reject a Redemption Request in its absolute discretion. Where a Redemption Request has been accepted by the Trustee, redemption proceeds must be paid within 30 days. Redemptions will bear an exit fee of 0.5% of the redemption price

## **Fund Description**

The Epsilon Direct Lending Senior Loan Fund ("Fund") provides individually structured and documented, senior secured floating rate loans to high quality, resilient middle market companies domiciled in Australia and New Zealand, requiring capital for growth and event-driven purposes such as leveraged buyouts, acquisitions and expansions. The Fund seeks to capitalise on the demand / supply market imbalance, resulting from the retrenchment of traditional bank lenders providing flexible funding to middle market companies, due to tightening regulatory, capital and cost pressures. The Fund is domiciled in Australia and managed by Epsilon Direct Lending Pty Ltd ("Epsilon"), a specialist, Australian based, private credit asset management firm.

## Fund Objectives<sup>3</sup>

The Fund aims to deliver investors attractive absolute and risk-adjusted returns, recurring income, capital preservation, low volatility and monthly liquidity<sup>2</sup>.

## **Investment Highlights**





Direct origination of hard to access, quality corporate lending opportunities

Reliable, defensive income, with attractive yield premium, capital stability & low correlation



A highly experienced, cohesive & aligned investment team with a strong track record

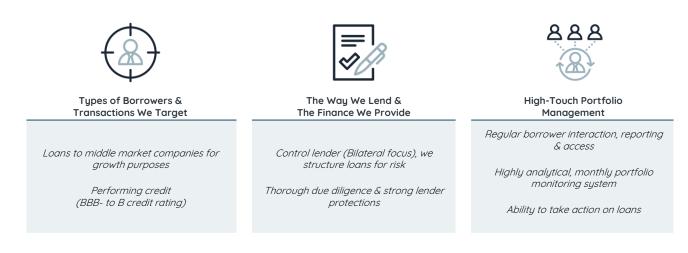
Proven investment & risk management processes with a focus on downside protection



Control lender with a quality bias on borrowers, loan structures & portfolio management

# Investment Strategy & Focus

Disciplined and opportunistic, and focused on compelling corporate lending opportunities incorporating the key tenets:



## Investment Team Attributes & Differentiation<sup>4</sup>

Epsilon's key point of differentiation is the Investment Team's ability to originate and structure privately negotiated loans directly with PE sponsors and owner/operators of middle market companies, rather than simply participating in the broadly syndicated loan markets. In Epsilon's view, this provides Fund investors with the potential for higher returns, greater influence over loan structure, terms and conditions, and ongoing loan portfolio management.

## **Contact Details**

### Epsilon Direct Lending Pty Ltd

ACN: 636 861 464 AFS representative number: 001281871 www.epsilondl.com.au For all enquiries, fund research and further information, please contact: P: +61 2 8067 8566 E: investors@epsilondl.com.au

Registered Office: Level 40 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 Melbourne Office: Level 31, 120 Collins Street, Melbourne VIC 3000 Sydney Office: Level 24, Three International Towers, 300 Barangaroo Avenue, Sydney NSW 2000

### IMPORTANT INFORMATION

Disclaimer: The information contained in this document has been prepared by Epsilon Direct Lending Pty Ltd (ACN 636 861 464) (Epsilon) a corporate authorised representative (representative number 001281871) of Guildfords Funds Management Pty Limited (ACN 602 779 993) the holder of Australian Financial Services licence number 471379 and is given to only 'wholesale clients' (as defined in the Corporations Act 2001 (Cth)). By accepting this document, you are representing that you are a 'wholesale client' and that you will keep this document and the information therein confidential including not to provide it to retail clients. No financial product advice is provided in this document and nothing in it should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a financial product decision. Any advice given by Epsilon, its associates or related parties in connection with this presentation is general advice only.

This information in this document is intended to provide a general outline in relation to the Epsilon Direct Lending Senior Loan Fund (Fund) only and is not intended to be a definitive statement on the subject matter. This document is not intended to be relied upon by recipients. The recipient must make its own independent assessment and investigation of the Fund and Epsilon and obtain independent financial, legal and taxation advice, consider all risks and consider whether an investment in the Fund is appropriate in light of personal circumstances. Neither Epsilon, Epsilon Direct Lending Holdings Pty Ltd nor their founders, directors, employees or agents accept any liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from, or for any omissions from, the information provided to the recipient or its advisers, except liability under statute that cannot be excluded. This document includes certain statements, estimates, forecasts and projections that reflect various assumptions that may or may not prove to be correct. The forecasts and projections in this document are illustrative only and should not be taken as a certain indication of possible future returns. Epsilon and its directors, founders, employees or agents may at their absolute discretion, but without being under any obligation to do so, update, amend or supplement this document or any other information provided to the recipient. Fees and costs stated in this document are exclusive of any applicable GST. All dollar amounts are in respect of Australian dollars (unless specified otherwise).

This communication is current as at 30 June 2023. Notes: (1) This is a target only. The Fund may not achieve this return; (2) The Liquidity Buffer has been designed to meet a limited number of small redemptions in any given month. The Fund's ability to maintain the Liquidity Buffer is reliant on new applications and loan repayments; (3) These are targets only. The Fund may not achieve these objectives; (4) Past performance of the Manager is no guarantee of future performance.