

Structure:

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

Manager:

Epsilon Direct Lending Pty Ltd

Trustee:

The Trust Company (Australia) Limited

Custodian:

Perpetual Corporate Trust Limited

Target Total Return:

10.4% based on a Total Target Return of BBSW + 6% p.a. (net) and assuming a 3-month BBSW of 4.4% at 30 June 2023¹

Inception Date:

1 June 2021

Subscriptions:

Monthly applications

Distributions:

Quarterly

Eligibility:

Wholesale Investors

Minimum initial investment:

\$250,000 (unless otherwise approved)

Management Fee:

Two fee options provided:

Class A: Zero management fee and Epsilon retains all upfront loan fees; or

Class B: 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 + 3.25% p.a. with no catch up

Liquidity:

3 year initial lock up followed by two liquidity options (a) Redemption on 60-days notice, at the Trustee's absolute discretion; and (b) Run-off with proceeds paid as and when investments are realised or repaid

Platform Availability:

Macquarie Wrap, Netwealth, Powerwrap, Hub24

Fund Research:

BondAdviser (Approved Rating)

APIR Codes:

PTC6784AU (Class A units)
PTC2791AU (Class B units)

Fund Description

The Epsilon Direct Lending Fund ("Fund") provides individually structured and documented, primarily 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 banks 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 Objectives²

The Fund aims to deliver investors attractive absolute and risk-adjusted returns, recurring income, capital preservation and low volatility.

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:



Types of Borrowers & Transactions We Target

Loans to middle market companies for growth purposes

*Performing credit
(BBB- to B credit rating)*



The Way We Lend & The Finance We Provide

Control lender (Bilateral focus), we structure loans for risk

Thorough due diligence & strong lender protections



High-Touch Portfolio Management

Regular borrower interaction, reporting & access

Highly analytical, monthly portfolio monitoring system

Ability to take action on loans

Investment Team Attributes & Differentiation³

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.epsilonldl.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

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This communication is current as at 30 June 2023. Notes: (1) This is a target only. The Fund may not achieve this return; (2) These are targets only. The Fund may not achieve these objectives; (3) Past performance of the Manager is no guarantee of future performance.