

# Rixon Credit Opportunities Fund

Australian SME Private Credit | Investor Presentation

February 2025

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## 1. Fund Highlights

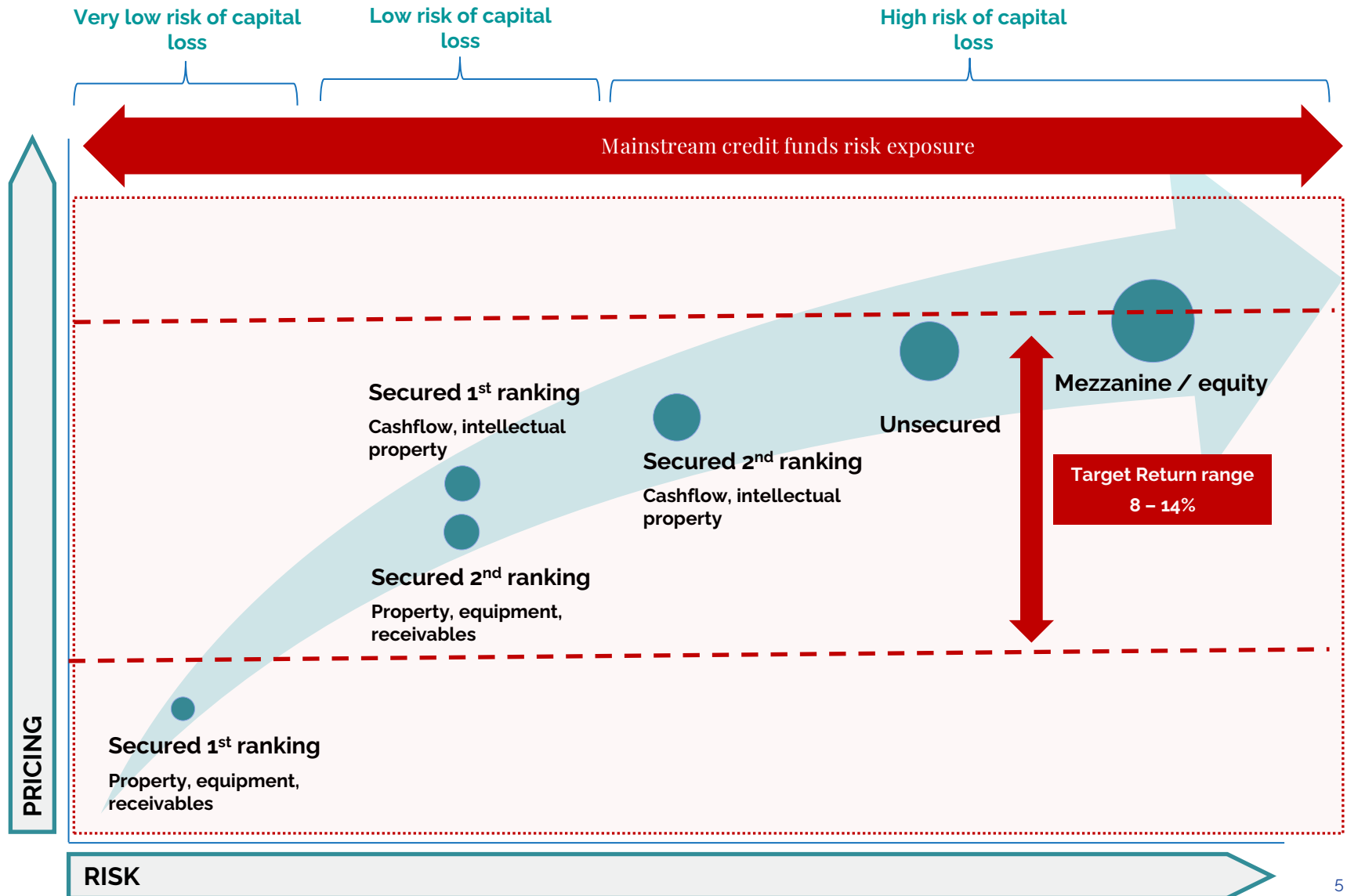
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The **Rixon Credit Opportunities Fund** is a high-yield credit strategy focused on delivering an attractive risk-adjusted return

	Capital & Income
✓ <b>Attractive Return Profile</b>	Target Return (Total)   RBA Cash Rate + 10.0%
	Target Return (Income)   10.0%
✓ <b>Regular income</b>	Quarterly cash distributions
✓ <b>Pure debt strategy</b>	Non-dilutionary debt of up to \$20m, no equity warrant exposure
✓ <b>Security</b>	All loans to have registered security
✓ <b>Prescriptive risk</b>	Clearly articulated risk parameters
✓ <b>Transparency</b>	Market leading fee and portfolio disclosure

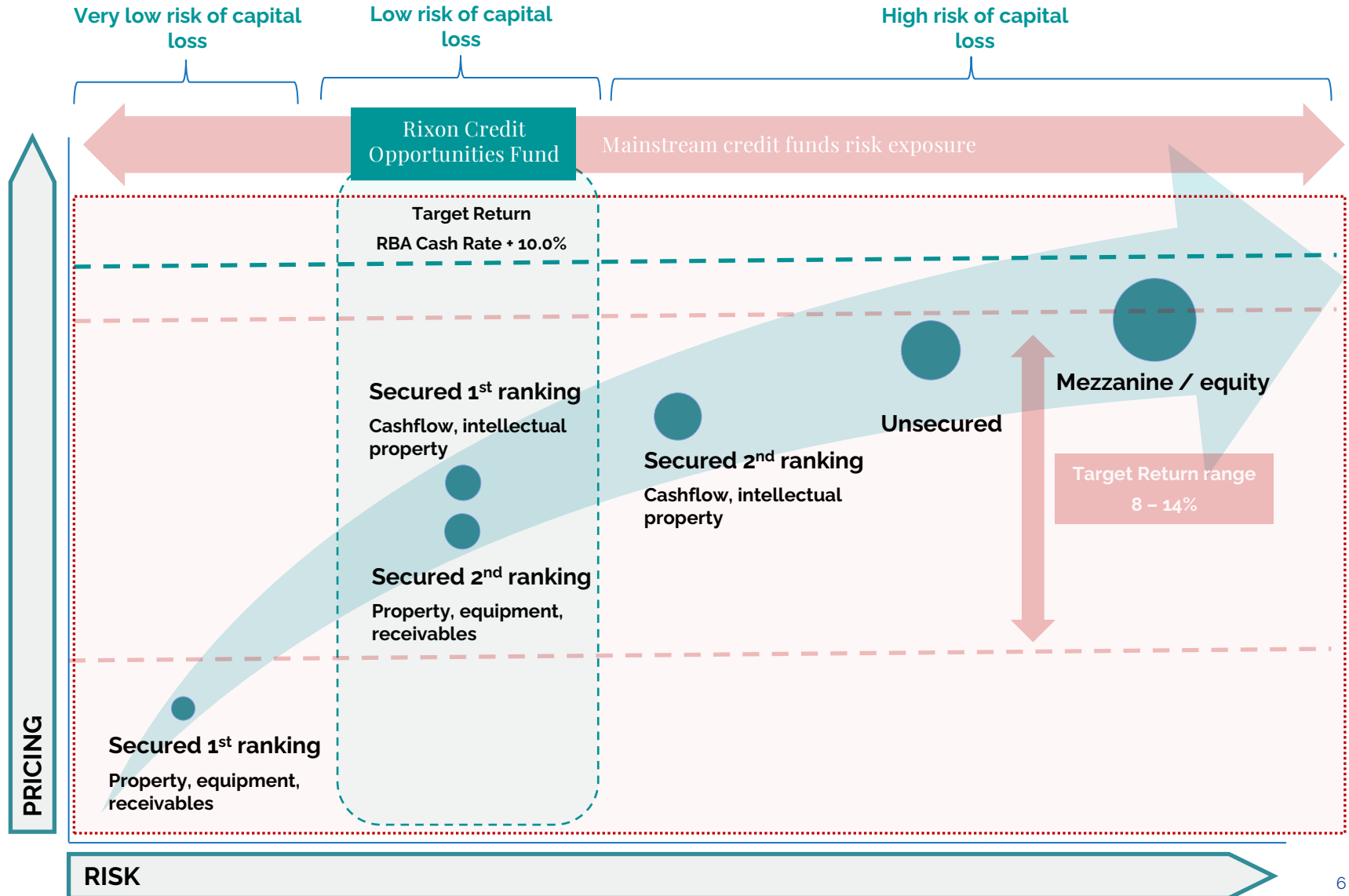
# The SME private credit market landscape

Mainstream credit funds lend across the risk spectrum to deliver target returns, exposing investors to potential capital loss



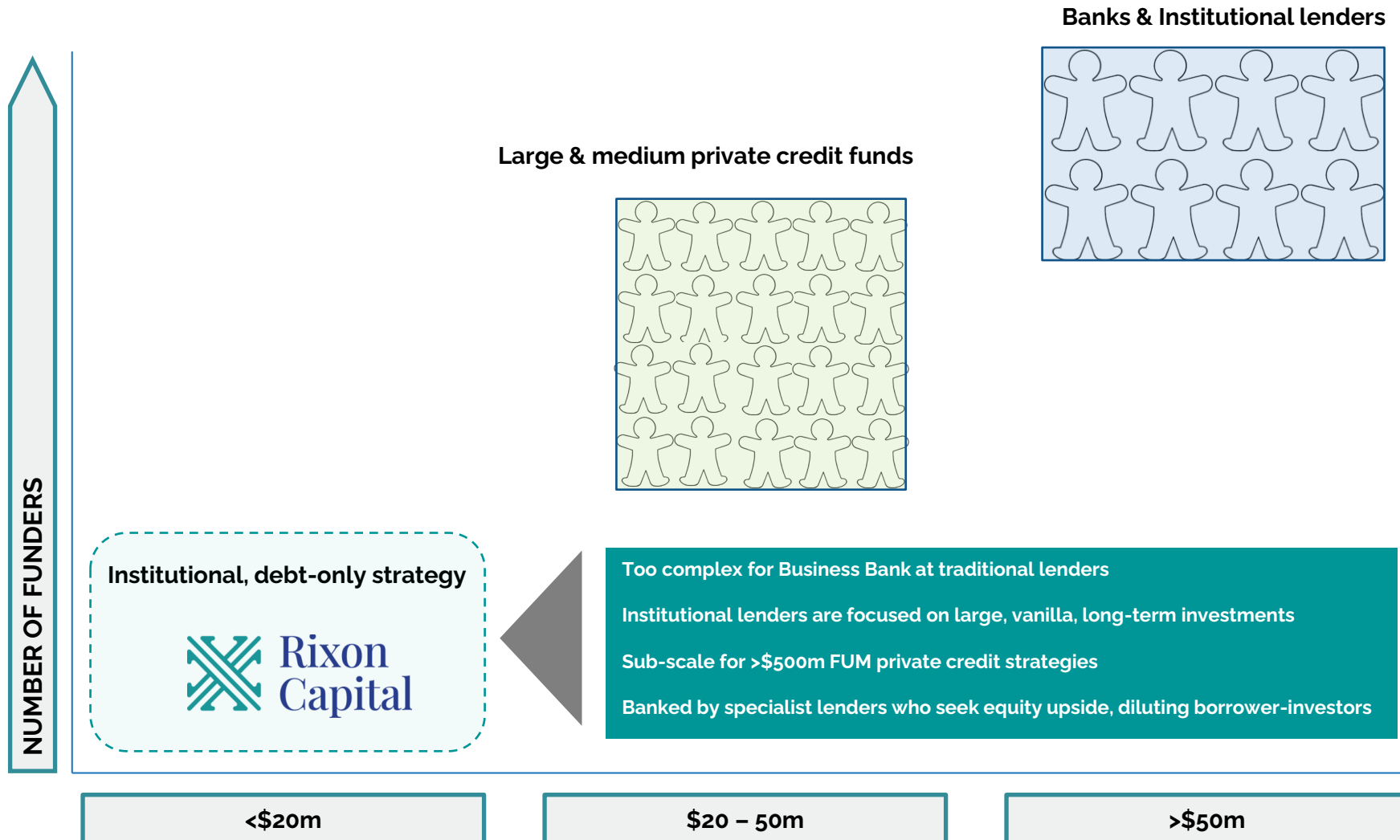
# The Rixon Credit Opportunities Fund

The **Fund** will focus on prescriptive lending, offering investors certainty of risk exposure and a superior risk-adjusted return



# How do we deliver a return premium without excess risk?

Focus on the underbanked sub-\$20m niche allows investors to access a higher return via a scarcity vs risk premium



# Fund summary

<b>The Fund</b>	Rixon Credit Opportunities Fund, an unregistered wholesale Australian unit trust. The Fund is open-ended.
<b>Investment Manager</b>	Rixon Capital Pty Ltd (ACN 655 776 533) (AFS Authorised Representative No. 001298795)
<b>Trustee &amp; Custodian</b>	AMAL Trustees Pty Limited ACN 609 737 064, AFSL no. 483459
<b>Fund Administrator</b>	ASCENT Fund Services Australia Pty Ltd ACN 649 470 253
<b>Fund Auditor</b>	Ernst & Young
<b>Fund Accountant</b>	PPNSW Services Pty Ltd ACN 608 418 828
<b>The Investment</b>	Units in the Fund
<b>Investment Strategy</b>	The Fund provides access to a diversified portfolio of secured credit investments in the Australian SME sector, focusing on the sub-\$20m loan size segment which traditional lenders have underserved. The Fund will invest in a variety of secured credit structures, including first ranking senior loans secured over cashflows, intangible assets, and equity; and second ranking senior loans secured over tangible assets including property, equipment, inventory, and receivables. The Fund will primarily target loans that pay cash interest.
<b>Investor Class</b>	Wholesale Clients as defined in the Corporations Act 2001 (Cth) only
<b>Minimum Investment</b>	\$50,000
<b>Target Return</b>	RBA Cash Rate + 10.0% p.a. total return (net of fees and costs), with a cash income component of 10.0% p.a. (net of fees and costs)
<b>Fund Type</b>	Open-ended unit trust
<b>Distribution</b>	Distributions are paid quarterly
<b>Investment Objective</b>	To preserve capital and achieve returns in the medium-term in line with the Target Return
<b>Leverage</b>	The Fund will be ungeared, and will not utilise debt in seeking to achieve the Target Return
<b>Investment Horizon</b>	3 – 5 years
<b>Redemptions</b>	Quarterly redemption requests with 90-days' notice
<b>Management Fee</b>	1.50% p.a. (excl GST) of the Net Asset Value of the Fund
<b>Performance Fee</b>	15.00% of the Fund returns in excess of the benchmark being the RBA Cash Rate + 3.00%
<b>Reporting</b>	Monthly reporting on portfolio performance, underlying assets held, net asset valuation, and distribution paid



## 2. Rixon Credit Opportunities Fund Overview

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- **Rixon Capital** established its flagship **Rixon Income Fund** in 2022 to focus on 1<sup>st</sup> ranking senior loans secured over tangible assets
  - Targeted non-dilutionary debt funding to the underbanked <\$20m SME niche
  - Offered investors a Target Return of 10% - 12% p.a. (net) with monthly cash distributions
  - Delivered an 11.9% (net) cash return since inception with nil arrears or credit loss
  - Awarded Best Emerging Debt Manager at the 2024 Australian Alternative Investment Awards
- During this time, **Rixon Capital** observed opportunities to generate attractive risk-adjusted returns from funding borrowers offering:
  - *High quality cashflows* and valuable *intangible assets*; or
  - Substantial *tangible asset cover ranking behind an existing senior lender*
- The **Rixon Credit Opportunities Fund** has been established as a specialist SME private credit fund to target this niche

## Niche loan parameters

## Why?

<p><b>Size</b></p> <ul style="list-style-type: none"> <li>• \$2m - \$20m</li> </ul>	<ul style="list-style-type: none"> <li>▪ Too large for providers of short-term debt funding solutions</li> <li>▪ Too small for larger mainstream private credit funds and bank lenders</li> <li>▪ Specialist funds and family offices target these borrowers, seeking equity warrants</li> <li>▪ Scarcity of non-dilutionary capital allows the extraction of a scarcity premium for investors</li> </ul>
<p><b>Collateral &amp; ranking</b></p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> ranking senior secured over cashflows, intangible assets, and equity</li> <li>• 2<sup>nd</sup> ranking senior secured over tangible assets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Funds that lend against quality cashflows and valuable intangibles focus on &gt;\$20m loans                             <ul style="list-style-type: none"> <li>• An institutional &lt;\$20m debt solution can deliver an enhanced risk-adjusted return</li> </ul> </li> <li>▪ Asset-backed lenders are focused on 1<sup>st</sup> ranking security                             <ul style="list-style-type: none"> <li>• Attractive risk-adjusted returns for 2<sup>nd</sup> ranking lender where there is tangible asset cover</li> </ul> </li> </ul>

- The **Fund** seeks to deliver an attractive risk-adjusted **Target Return** of **RBA Cash Rate + 10% p.a. (net)** by issuing SME loans underpinned by:
  - Attractive credit characteristics
  - Scarcity of capital

# Clearly defined target market & loan parameters

Rixon Credit Opportunities Fund loans will reflect a prescribed risk profile, offering investor certainty around risk exposure

## Target loan metrics

<b>Loan Size</b>	Up to \$20.0 million
<b>Term</b>	1 to 5 years
<b>Geography / Currency</b>	Australia / Australian dollar
<b>Loan Ranking</b>	Targeting a portfolio comprising no less than 60% first ranking senior loans
<b>Security Type</b>	Cashflows, contracts, intellectual property, property, equipment, inventory, receivables, and equity
<b>Security Criteria</b>	1 <sup>st</sup> ranking loans secured over cashflows, intangible assets, and equity 2 <sup>nd</sup> ranking loans secured over tangible assets (property, equipment, inventory, or receivables)
<b>Security Cover</b>	No less than 1.2x security (or 85% Loan-to-Value ratio)
<b>Excluded Borrowers</b>	Residential property, property development
<b>Equity Exposure</b>	<u>No exposure</u> to equity inducements such as equity warrants or options

Below are examples of illustrative loans with parameters that would meet the **Rixon Credit Opportunities Fund** mandate

## First ranking senior | Secured over cashflows & IP

### Borrower Profile

- Established software business with Tier-1 enterprise customers
- Recurring subscription revenue and valuable IP
- 3 – 5-year contracts with multiple customers and low churn
- Institutional and / or UHNW shareholders
- \$2m EBITDA with double-digit growth
- \$4m (or 2x EBITDA) in non-dilutionary debt sought for growth

### Illustrative Pricing

- 17% p.a. all-in cost
  - 14% p.a. cash paid quarterly
  - 3% p.a. capitalised interest
- Capitalised interest
  - Reduces borrower cashflow burden; and
  - Enhances investor return through compounding

### Downside Protection / Capital Recovery

- Recurring revenue and low leverage offer material headroom
- Intellectual property valuable to a long-term equity investor
- Equity cure from sophisticated, long-term equity investor(s)

## Second ranking senior | Secured over tangible assets

### Borrower Profile

- Well-managed consumer lending business (<5% write-off rate)
- Lending book delivering >25% gross rate of return
- Seek funding to capitalise a \$40m Receivable Book
  - 1<sup>st</sup> ranking debt at 70% LVR (\$28m) priced at single digits
- Funding sought for residual value of 30% (\$12m)
  - \$6m in second ranking senior debt sought (15%)
  - \$6m funded through mezzanine debt and equity (15%)
- Institutional and / or UHNW shareholders

### Illustrative Pricing

- 17% p.a. all-in cost (Year 1)
  - 16% p.a. cash paid quarterly
  - 1% p.a. Establishment Fee (distributed to Fund investors)

### Downside Protection / Capital Recovery

- Material 15% first-loss buffer funded by mezzanine and equity
  - 3x rise in write-off rate required to deplete 15% buffer
- Average 1-year consumer loan term will allow managed run-down

The **Rixon Capital** team have deep experience in identifying, underwriting, and managing SME private credit



**Patrick William**  
Managing Director & Co-Founder

- Patrick is an experienced SME private credit professional and investment banker
- Prior to founding Rixon, he was an Executive Director at alternative asset manager FC Capital where he led execution of their SME private credit strategy and corporate development initiatives
- Previously, Patrick worked at independent M&A advisor Aquasia where he was a founding member of their SME private credit fund
- Patrick commenced his career at Macquarie Capital's Technology, Media, Entertainment, and Telecommunications investment banking team in Sydney & Singapore
- Patrick has a Bachelor of Commerce and a Bachelor of Economics from the University of Queensland



**Daniel Nielson**  
Director & Head of Private Credit

- Daniel is a seasoned private credit professional with over 10 years' experience across funds management and corporate finance.
- Prior to joining Rixon, Daniel led the growth credit strategy at Marshall Investments, a Sydney-based family office and fund manager, where he executed over \$150m of senior loans to high-growth companies in Australia
- Earlier in his career, Daniel worked with Ernst & Young in both Sydney and London, specialising in M&A and debt advisory within the financial services sector
- Daniel has a Bachelor of Applied Finance from Macquarie University and is a Chartered Accountant



**Shrikaanth Balasubramaniam**  
Director of Credit & Co-Founder

- Shrikaanth has over 10 years' experience across SME private credit and equity research
- He was most recently an Associate Director at alternative asset manager FC Capital where he managed the structuring, diligence, and execution of lends in their SME private credit strategy
- Prior to this, Shrikaanth spent 5 years supporting the Deutsche Bank equity research team covering global listed equities
- He has executed over \$200m in secured, high-yield Australian SME private credit lends
- Shrikaanth has a Bachelor of Commerce and is a qualified Chartered Accountant and CFA Charterholder



**Hessian Shah**  
Credit Manager

- Hessian has over 7 years' experience in corporate advisory and private credit
- Prior to Rixon, he was a senior analyst at Tractor Ventures where he managed their credit portfolio and performed diligence on all credit opportunities
- Prior to this, he was vice president at a boutique sell-side corporate advisor covering engineering, mining, and mining services.
- He started his career as an Associate at PwC within their banking & capital markets division
- He has executed over \$1bn in capital and corporate transactions
- Hessian has a Bachelor of Science and a Bachelor of Commerce from the University of Tasmania, and a Master of Commerce from the University of Sydney.

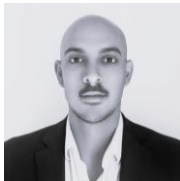
## All capital deployment subject to unanimous approval of the Investment Committee led by 2 independents

- The investment team are required to present all investments to the Investment Committee in the form of a Credit Paper summarising:
  - Borrower profile
  - Assessed value and quality of underlying security
  - Evidence of satisfactory due diligence
  - Key terms (e.g., pricing, loan term)
  - Risk factors and loan exit strategies & scenarios
- The Investment Committee are independent, with strong commercial backgrounds in the investment industry
- Unanimous approval is required for any potential loan to progress



**Alan Butterfield**  
Lead Independent Investment  
Committee Member

- Alan has had a prominent career in credit across Australia and the UK
- Alan was most recently Head of the Credit Opportunities Fund at FC Capital, responsible for originating and executing the SME private credit strategy
- Prior to this, Alan was Head of Leveraged Finance for GE Capital (ANZ) and country head for Bank of Scotland International (BOSI) Australia
- Alan has a Bachelor of Science in Engineering from Newcastle University, and is a Chartered Accountant

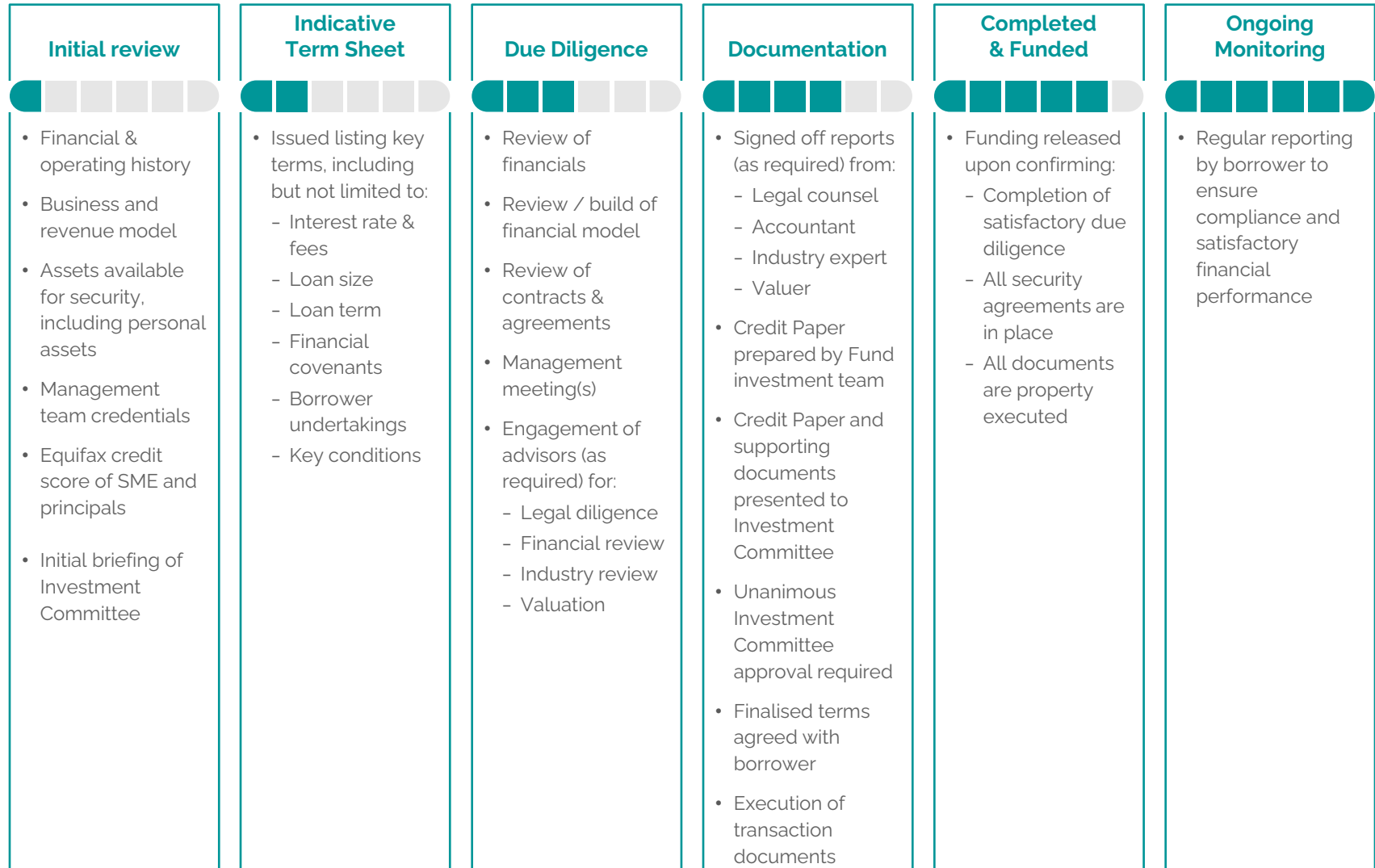


**Justin Roberts**  
Independent Investment  
Committee Member

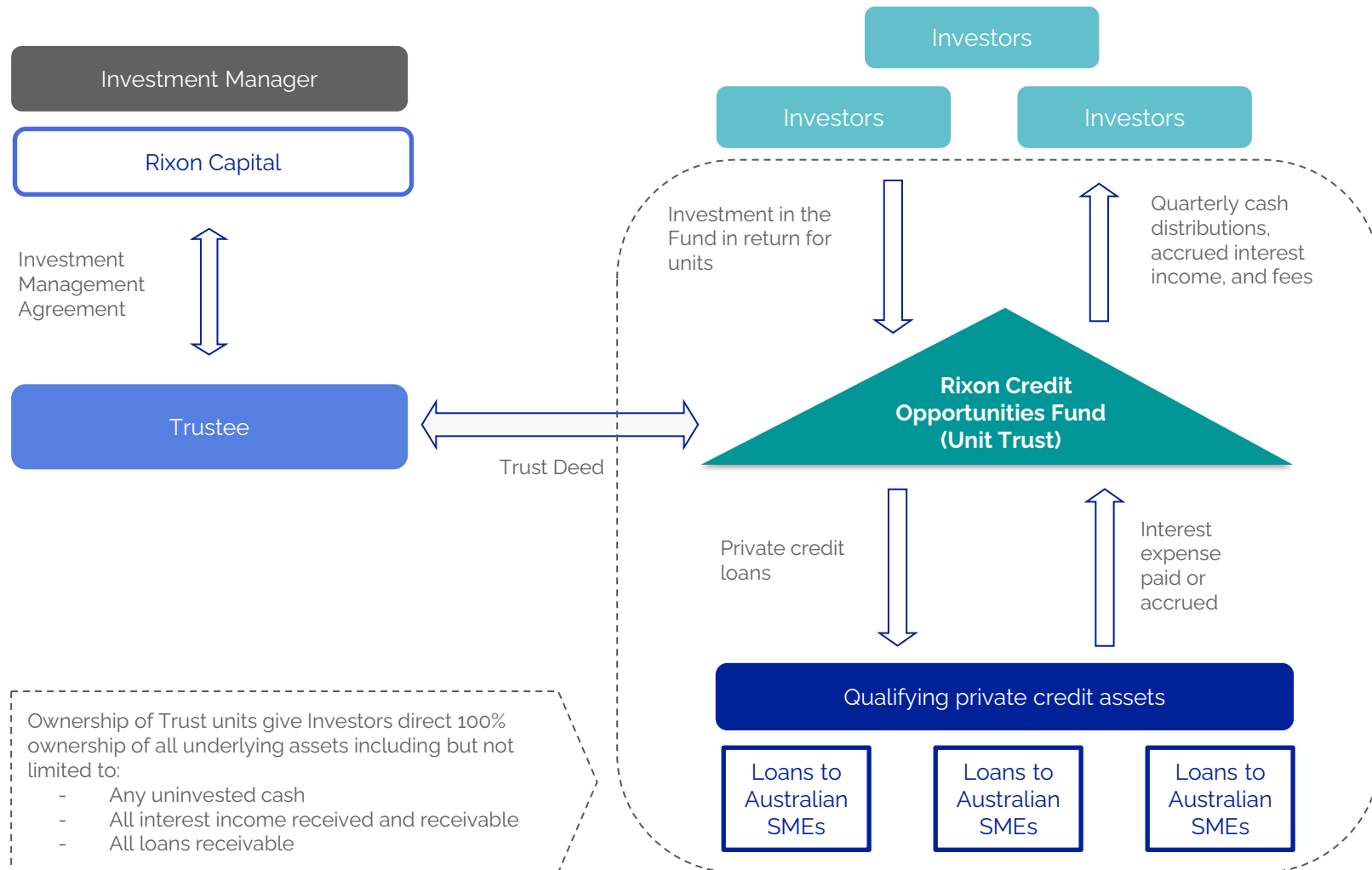
- Justin currently leads the Autonomous Freight program at ASX-listed Transurban
- He was previously CEO of Billsmoov, a venture-backed consumer fintech disrupting the bill payment industry
- Justin most recently held roles in Strategy and Digital Partnerships with NAB and Uber
- Prior to this, Justin worked in venture capital with Starfish Ventures
- Justin began his career with Macquarie Capital's technology, media, and telco investment banking team
- Justin holds Bachelors of Commerce and Business Systems from Monash University, and an MBA from the University of Chicago Booth School of Business

# Formal, structured credit assessment policies

A formal, established, and proven credit assessment policy ensures potential loans are appropriately vetted to ensure the protection of investor capital



The **Rixon Credit Opportunities Fund** is structured as an open-ended unit trust managed by a third-party trustee, offering investors direct ownership of underlying loans and arms-length protections





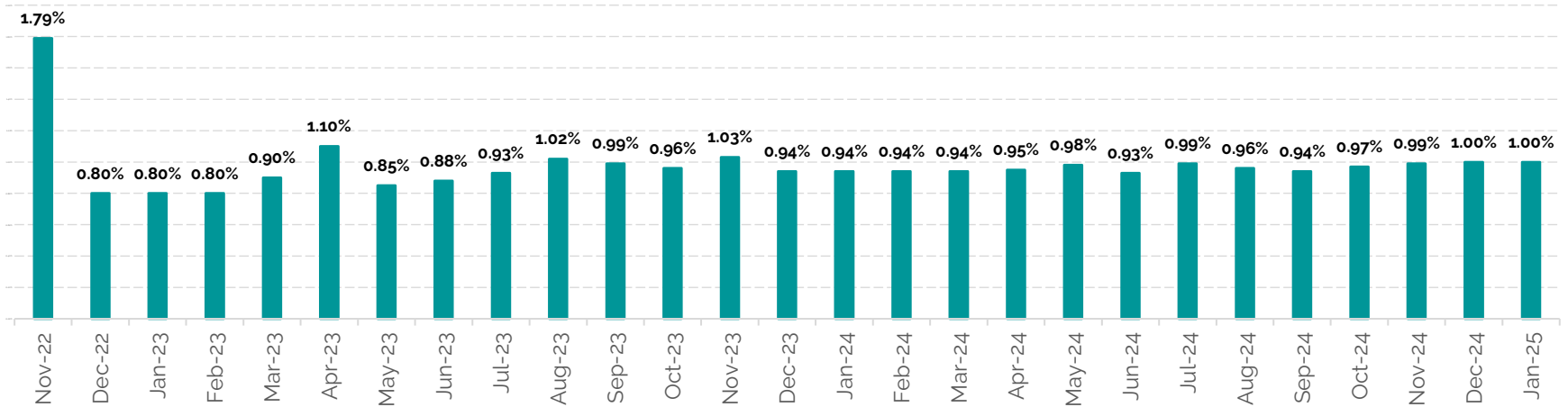
### 3. Track Record

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## Rixon Capital has demonstrated a track record of delivering consistent monthly cash returns in its flagship fund

- The flagship **Rixon Income Fund** strategy was launched in 2022 and has delivered returns in line with its mandate, generating strong investor support
- Delivering regular monthly distributions, the **Rixon Income Fund** has provided investors a **11.9% p.a. net cash return since inception**

Monthly investor distributions | Inception to January 2025



- The flagship **Rixon Income Fund** holds an investment grade research rating and has been recognised by its industry peers



The **Rixon Capital** investment team has deep experience in the domestic SME private credit space

- The investment team executed private credit lends in this niche for two SME private credit strategies prior to launching the **Rixon Income Fund**
- **Rixon Credit Opportunities Fund** investors will benefit from this expertise in credit underwriting and loan structuring

## Benchmarking the Rixon Credit Opportunities Fund to investment team track record

	Rixon Capital		Prior experience / track record	
	Rixon Credit Opportunities Fund	Rixon Income Fund	Track record (Private credit strategy 1)	Track record (Private credit strategy #2)
Investor return	RBA Cash Rate + 10.0% p.a. (net of costs)	11.9% p.a. (net of costs)	15.6% p.a. (before costs)	11.8% p.a. (before costs)
Investor return type	Income & capital	Income only	Income only	Income & capital
Frequency of distributions	Quarterly	Monthly	Monthly	Quarterly
Focus on security	Capital preservation	Capital preservation	Capital preservation	Capital preservation
Loan size	\$2m - \$20m	\$2m - \$20m	\$3m - \$23m	\$3m - \$28m
Loan-to-Value ratio	No more than 85.0%	<60%	47.2%	51.4%
Security taken	Property, equipment, receivables, intangibles, equity	Property, equipment, receivables, business equity	Property, equipment, receivables, business equity	Property, equipment, receivables, business equity
Security ranking	First & second senior	First senior only	First & second senior	First & second senior
Borrower sector exposure	Opportunistic ex. property development	Opportunistic ex. property development	Transport, health, property, finance, eCommerce	Tourism, finance, property
Capital deployed	Pre-launch	>\$100m as at Jan-25	\$67m deployed	\$96m deployed
Investor type	Wholesale	Wholesale	Primarily institutional	Wholesale



## 4. Contact Us

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If you would like to invest in the [Rixon Credit Opportunities Fund](#) or have further questions, please contact us for a copy of the Information Memorandum or a confidential discussion

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Patrick William  
Managing Director

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