

EFA Group Reveals First Close for its New Asset-Based Direct Lending Vehicle

SINGAPORE. 24 February 2016 – EFA Group, an independent asset manager specializing in credit strategies, is pleased to announce the first close of its latest direct lending vehicle, the EFA Real Economy Income Trust (EFA RET). EFA RET will provide structured, senior secured loans to mid-market companies operating along the value chains of real economy sectors, and targets net total returns to investors in excess of 10% per annum, which will be distributed semi-annually.

“We are delighted to share the achievement of this milestone, which puts us on track to achieve our final close target. There is increasing demand and unique market opportunities for this product, which enables us to address our investors’ search for superior risk-adjusted returns and uncorrelated yield,” said Francois Dotta, CEO of EFA Group.

Established in 2003, EFA currently provides close to US\$ 2 billion of short-term, revolving trade finance loans to over 100 mid-market companies annually through its established trade finance funds. Over the years, these firms have built exhaustive track records, credit histories and relationships with EFA, providing the Group with a substantial flow of information and market intelligence, as well as a captive stream of quality, mid-term asset-financing opportunities. EFA has historically capitalized on this proprietary deal flow on an ad hoc and opportunistic basis, placing deals internally and externally. After a successful track record, the Group decided to consolidate the deals into an investable vehicle.

“As banks continue to shrink their balance sheets, we see an increasing withdrawal of credit availability. Companies in the mid-market segment are most impacted with fewer new deals being financed. All of these companies are banked, but an increasing number of their mid-term financing needs tend to fall below banks’ radars. We enjoy a close relationship with the banks, and work together to best service our borrowers,” said Xavier de Nazelle, Portfolio Manager of EFA RET.

The trust is now 100% committed, with a ready pipeline of deals that it will underwrite over the first half of the year.

“We expect to start deploying the capital next month, and will begin the second round of fundraising once we are fully deployed. The demand and support from our borrowers is strong, especially since we have been providing short-term trade financing for many years. As they grow their business, we want to continue supporting them in the next stage of their growth,” Nazelle added.

Not only is the demand for mid-term alternative financing high, the firm also sees a strong interest from investors, judging by the steady inflows of capital it received in the past few months.

The firm’s flexible structuring approach, speed and ability to do smaller deals enable it to charge a premium for its financing services and capital, generating a steady income stream for investors. To



manage the investment risks and maintain low volatility on its financings, EFA's experienced and dedicated multi-disciplinary team employs a rigorous, multi-faceted underwriting approach, looking to asset values, cash streams and enterprise value, as well as cross border securities.

"EFA RET is a natural progression from the offering of our trade finance funds, extending from short term financing to mid-term lending. We have the expertise, the infrastructure and a ready pool of good quality companies that have a need that we can meet. At the same time, this product offers a sustained and income-generating opportunity for our investors," said Dotta.

About EFA Group

EFA Group is an independent asset manager providing alternative investment solutions in credit strategies, with a focus on real economy businesses. Its flagship fund, the LH Asian Trade Finance Fund has won multiple awards including the Most Consistent Asia-based fund at the Eurekahedge's Asian Hedge Fund Awards 2015. The firm is regulated by the Monetary Authority of Singapore and holds a Capital Markets License under Eurofin Investments Pte Ltd. Established in 2003 in Singapore, the Group has since expanded in size and capabilities, and now employs over 50 personnel between its offices in Singapore, Geneva, Dubai, London, Istanbul and Jakarta.

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