

## **Mariner launches first CDO fund with capital protection**

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Unique new fund offers CDO returns with capital protection guaranteed

Emerging financial services group Mariner Financial Limited [ASX: MFI] today announced the launch of a Collateralised Debt Obligation (CDO) fund that combines the enhanced returns of a CDO investment with the benefits of capital protection and liquidity.

The Mariner Enhanced Income Fund No.5 will be targeted at wholesale investors and provides an alternative source of low-risk fixed income return through accessing alternative asset class debt investments.

The Fund will invest in a structured investment in 5-year floating rate notes (FRNs) but, unlike similar vehicles, will be capital protected by being collateralised with a portfolio of Australian bank or semi-Government securities rated AA- or better.

The FRNs will provide enhanced returns of up to 7.92 per cent by carrying a coupon on issue of 237 bps over 90 day BBSW (currently 5.55 per cent).

The new Fund will be managed and marketed by Mr David Sheldon, who has been appointed Executive Director, Mariner Enhanced Income Funds. Mr Sheldon is an Australian-based specialist in structured finance.

Mr Sheldon said the product was exciting as it effectively represented an "enhanced yield Aussie Bank FRN exposure".

"The combination of enhanced yield plus the capital protection gives wholesale investors a much sought-after source of high yield at very low risk - at a time when all investors are struggling to find new ways to squeeze returns out of their fixed interest portfolios," Mr Sheldon said.

He said the Fund would fit into wholesale investors' alternative fixed income asset allocations.

Mariner has developed the Fund in conjunction with a major international bank, which will issue the FRNs and act as arranger to the Special Purpose Vehicle.

The Fund will not be listed, though investors will be able to redeem their units during the 5-year term.

## How it works

The Mariner Enhanced Income Fund No.5 has a unique structure that allows it to provide better returns at low risk:

- The Fund will invest in a structured investment in 5-year floating rate notes (FRNs).
- The FRNs will be collateralised with a portfolio of Australian bank or semi-Government securities rated AA- or better – providing the Fund with bank risk on the capital invested in the FRNs and capital protection at maturity on 100 per cent of the capital invested.
- The coupon on the FRNs will be referenced to a portfolio of 120 investment grade credits (rated by S&P), through portfolio credit default swaps with a major international bank as the Swap Provider. This provides the enhanced coupon.
- The FRNs will provide enhanced returns of up to 7.92 per cent by carrying the coupon on issue of 237 bps over 90 day BBSW (currently 5.55 per cent).

Mr Bill Ireland, founder and Managing Director of the Mariner group, said the Fund represented yet another example of Mariner's mission to do things differently.

"Mariner aims to provide the Australian market with innovative investment vehicles that are truly differentiated from the existing product offerings. Across the spectrum of superannuation, property and retirement vehicles, we're bringing together some of the best structured finance capabilities in Australia to develop new opportunities for investors across the risk/return spectrum," Mr Ireland said.

Units in the Fund will be issued by Mariner Securities Limited, a wholly owned subsidiary of Mariner Financial Limited, an ASX listed company that is part of the Mariner Financial Group.

The minimum investment amount is \$500,000.

### **MARINER ENHANCED INCOME FUND NO.5**

#### **UNPROTECTED vs CAPITAL PROTECTED**

Tranched CDO Fund (Unprotected)*	Mariner No. 5 Fund (Capital Protected)**
Coupon up to 9.00% p.a. floating	Coupon up to 7.92% p.a. floating rate
Can lose 100% of your capital	100% capital-protected
Coupon can reduce during term	Coupon can reduce during term
Capital can reduce	Capital protected
First 5 defaults – no effect on coupon	First 5 defaults - coupon reduces by 20% for each default
6th default – lose 1/3 of your capital	6th default – capital protected (further defaults have no effect)
9 defaults – capital write-off – lost 100% of your capital	9 defaults – capital protected (no effect)
Can lose both coupon and capital	Can lose only the coupon
5-year capital-at-risk investment	5-year capital protected investment
Earn up to 9.00% p.a. - for risking 100% of your capital	Earn up to 7.92% p.a. - without risking your capital

\* Typical fund currently on the market.

\*\* Attributes of new Mariner Enhanced Income Fund No.5.

Source: Mariner Financial

### **Note to the editors**

Established in 2003, Mariner Financial Limited is an Australian-owned financial services company listed on the Australian Stock Exchange [ASX: MFI]. Mariner's primary focus is servicing Australia's growing superannuation market by providing uniquely structured investment and retirement income solutions. It also provides strong branding and marketing, education and technical support, and a dedicated distribution capability to its subsidiary company, Mariner Retirement Solutions [ASX: MRT].

For further information, please visit the Mariner website at <[www.marinerfunds.com.au](http://www.marinerfunds.com.au)>.

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