

## PRESS RELEASE

**Sydney, 9<sup>th</sup> May 2023 – Foresight Analytics' & Ratings reaffirms a 'VERY STRONG' investment rating to the SocietyOne Personal Loans Trust.**

Foresight Analytics & Ratings has recently completed a reassessment of the SocietyOne Personal Loans Trust. The fund rating has been reassigned as VERY STRONG, indicating a very strong level of confidence that the trust can deliver a risk-adjusted return in line with its investment objectives at this stage of growth of online lending in Australia. The investment manager deploys a conservative lending policy that is executed by an experienced and well-resourced team.

A Foresight Product Complexity Indicator (PCI) for the Trust is COMPLEX, indicating that the investment manager will seek to outperform their chosen specialist market sector, in this case, the Australian personal loan market. A key risk is the ability of SocietyOne to ensure the currency and integrity of its automated proprietary scoring system (algorithm) for loan applications.

SocietyOne specialises in offering unsecured and secured personal loans. The loans are primarily funded by broad range of institutional and high-net-worth investors. The Trust is an open-ended unlisted fund that invests in a diversified pool of loans to consumers and small-to-medium businesses (SMEs) in Australia. The Trust is an unregistered MIS, open to investment for wholesale clients. The Trust seeks to deliver a stable and consistent return on its portfolio of personal loans (after fees, expenses, and losses, but before taxes), with distributions made monthly. Moreover, it is designed to offer investors a stable and consistent income stream, despite volatility in the portfolio of loans. It also targets a pre-tax return of 4.0% to 6.0% p.a., after investment fees, costs, and losses. Returns are not guaranteed.

SocietyOne Australia Pty. Ltd. (SocietyOne) launched its peer-to-peer digital lending platform in 2012, the first of its kind in Australia and the first to offer risk-based pricing. In March 2022, SocietyOne was acquired by MoneyMe, a listed, similar-sized company, via a Merger Implementation Agreement and using shares plus cash. Under this agreement, MoneyMe has acquired 100% of the shares in SocietyOne, with former shareholders of SocietyOne holding approximately 28% of MoneyMe at completion. The integration of the two businesses is expected to be completed by the end of the 2-23 financial year. The combined entity has a total of approximately 250 employees as of February 2023.

Foresight Analytics' analyst, Rodney Lay, commented "The acquisition/merger has not affected the SocietyOne branding or product. In particular, SocietyOne has maintained its credit settings, which have been agreed by its warehouse investors (90% of funding) and which are applicable to the Trust. Synergies have been implemented mainly through financial administration, operating leverage through the adoption of MoneyMe's technology platform, Horizon, by SocietyOne, and through cross-selling of products."

He also added, "Investors should note that return from the Trust is not guaranteed and may not achieve the targeted return. The Trust will generally hold a proportion of its investment in cash. The Trust endeavors to keep liquidity to a minimum as cash dilutes the Trust earnings. However, new fund flows and principal repayments may not immediately be invested in new loans."

The full report can be accessed through our F360 platform at [www.foresight-analoytics.com](http://www.foresight-analoytics.com)

## About Foresight Analytics' Investment Due Diligence Rating (IDD Rating)

The objective of Foresight Analytics' Investment Due Diligence Rating (IDD Rating) is to identify the best funds and opportunities for future investment. We assess the fund's historical risk-adjusted performance - compared to its peers - to form a holistic view of the manager's ability to deliver future returns. The IDD rating indicates the quality of the investment option within the context of a diversified portfolio and full investment cycle.

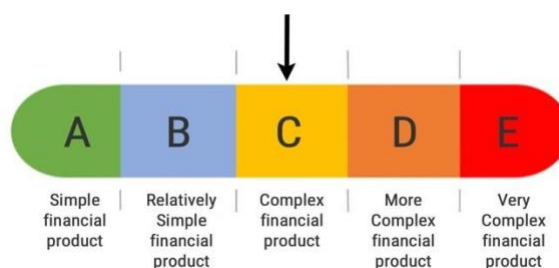
Foresight's analysts use a 5-point scale to determine how the fund will perform against a range of risk factors.

- SUPERIOR indicates the highest level of confidence that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is highly suitable for inclusion on APLs.
- VERY STRONG indicates a very strong conviction that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is suitable for inclusion on most APLs.
- STRONG indicates a strong likelihood that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is suitable for inclusion on most APLs.
- COMPETENT indicates the fund may deliver a risk-adjusted return in line with its relevant benchmark and that it may be suitable for APLs.
- WEAK indicates the fund is unlikely to deliver a risk-adjusted return in line with its investment objective and that it is not suitable for most APLs.

A 'Hold' designation is applied to a fund's rating if a material change impacts the fund manager, and we need to review the rating. A 'Sell' designation indicates the Foresight Investment Ratings Committee considers risk factors to be elevated enough that maintaining an investment in the fund as part of their diversified portfolio is questionable.

## Foresight Complexity Indicator

A Foresight Product Complexity Indicator (PCI) highlights the complexity of an investment product based on a range of indicators. These typically include its terms and conditions, performance-based fees, liquidity structure, financial leverage, use of derivatives, rare and niche asset class/opportunity set, currency exposure and the level of transparency offered for investors. Foresight believes these factors can disproportionately affect risk-adjusted return outcomes for investors even if a manager is very skilled. Investors can use FCI as a guide to portfolio position sizing within a diversified portfolio context.



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## **About Foresight Analytics**

Foresight Analytics, an independent Sydney-based firm, provides investment diligence, data analytics, and advisory solutions to leading investment management companies, superannuation funds and wealth groups across Asia Pacific. Foresight's innovative, evidence-based approach blends both human and forensic insights to provide a range of analytical, predictive and market intelligence solutions to investors. Foresight Analytics was founded in 2015 by Jay Kumar, a former executive of Morningstar, Optimix Investment Management, ANZ Wealth & Private Bank and the Reserve Bank of Fiji.

Foresight's fiduciary solutions include Diligence Services (Investment, Operational, ESG & Risk Diligence), Data Analytics and Asset Consulting. Foresight's fund strategy solutions include Data Analytics for asset managers, Fund Strategy Benchmarking Solutions and Strategic Research.

For more information on our capabilities, please visit our website at [www.foresight-analytics.com](http://www.foresight-analytics.com) and social media platforms via LinkedIn, Facebook, or Twitter.

For additional analyst insights, thematic research, and market commentaries, please visit our website at [www.foresightanalytics.com](http://www.foresightanalytics.com) and streaming channels YouTube and Podcast.