

## INVESTOR UPDATE

# IPO Wealth Fund

29 May 2020

Dear Unitholder

We are writing to you as the trustee of the IPO Wealth Fund (**Fund**).

This update follows our Investor Updates of 7 April 2020, 5 May 2020 and 22 May 2020.

Our prior updates outlined all the steps we have taken to deal with the borrower of the Fund, IPO Wealth Holdings Pty Ltd (**Borrower**), since they went into arrears including applying to the Supreme Court of Victoria (**Court**) to have Hamish MacKinnon and Nicholas Giasoumi of Dye & Co appointed as receivers and managers (**Receivers and Managers**) to the Borrower and to all of its wholly owned subsidiaries (**SPVs**).

As outlined in our Investor Update of 22 May 2020, the Court was to return today to:

- Receive an interim report by the Receivers and Managers addressing the issues we had previously raised with the Court (**Report**).
- Give Mr. James Mawhinney or any Unitholders in the Fund an opportunity to make submissions in respect our application to appoint the Receivers and Managers.

Each of these above points were heard today.

### Report

The Receivers and Managers finalised their Report yesterday and filed the Report with the Court today.

Justice Robson of the Court asked for this Report to be published on the Receivers and Managers website and made accessible to Unitholders. Our email to Unitholders attaching this Investor Update will include the access details to this Report. Unitholders are welcome to contact us directly for these access details.

On our reading, the Report appears to affirm many of the concerns raised previously by Vasco as well as identifying further points of concern following the initial enquiries made by the Receivers and Managers.

The issues raised in the Report and in particular the questions of conduct relating to the movement of equity and monies to related parties of the Borrower other than its wholly owned subsidiaries, were obviously of concern to the Court.

Counsel for Mr. Mawhinney made the point that Mr. Mawhinney had yet to be afforded an opportunity to respond adequately to the Report or the issues raised previously by Vasco.

### **Unitholder submissions**

We thank those Unitholders who made submissions, either through Vasco or directly to the Court itself.

While Unitholders expressed a range of views through their submissions, we welcomed the opportunity afforded by the Court for Unitholders to be heard, as ultimately our application was made with a view to ensuring their interests were protected.

### **Liquidators and next steps**

Justice Robson adjourned the further hearing of the proceedings to 24 June 2020 (**Return Date**) in order to:

- Receive a report from the Receivers and Managers into the solvency of the Borrower and SPVs and to consider submissions regarding the appointment of the Receivers and Managers as provisional liquidators over the Borrower and SPVs
- Give Mr. Mawhinney and his counsel an opportunity to formally respond to the Report and our earlier submissions

The Court appeared minded to ensure that the Receivers and Managers could look to apply to be appointed provisional liquidators in order to give them more powers to hold public examinations and pursue recovery actions against other parties including related entities of Mr. Mawhinney so to ensure Unitholders have the best chance to obtain recovery of their investments.

Vasco intends to support, or as required facilitate through its own application, the appointment of the Receivers and Managers to the Borrower and SPVs as provisional liquidators.

### **Media releases by Mayfair 101 Group**

'Mayfair 101 Group' has issued various media releases raising issue with the appointment of receivers by Vasco and the lack of consultation with the Borrower and or IPO Wealth Pty Ltd, the Fund's Investment Manager.

While the terms of the Information Memorandum provide that monies raised through the Fund and lent to the Borrower are invested according to the Borrower's investment criteria, once the loan goes into

arrears, it is entirely Vasco's responsibility as the Fund's independent trustee to step in at that point to manage the interests of the Fund's investors and to ensure that their interests are protected to the full extent available.

As outlined by Vasco in our previous Fund Updates, we had attempted to work with the Borrower initially to institute a payment plan which was not adhered to.

As borne out in our submissions to the court today and previously, at the same time attempting to work with the Borrower on a suitable payment plan, we were also working behind the scenes to qualify some of the information that came recently to light which gave us additional cause for concern regarding the Borrowers use of monies loaned to it by the Fund.

We consider the Report finalised yesterday by the Receivers and Managers an affirmation of these concerns.

That the Borrower is a related party of the Investment Manager left Vasco, in its opinion and based on its legal advice, with little choice other than to enforce our rights against the Borrower to the full extent available.

We maintain that the decisions made to enforce our rights against the Borrower, and on behalf of Unitholders, by seeking to appoint Receivers and Manager was the appropriate decision in the circumstances, with a view to ensuring the best outcome for all Unitholders.

### **Further Information and Updates**

We have published on our website a copy of the submissions our legal counsel made today to the Court on our behalf. We welcome Unitholders to read these submissions to gain a fuller understanding of the steps we have taken on their behalf and especially since the Borrower first went into arrears.

Over the last two weeks we have received a broad range of questions from Unitholders. We intend to provide a Q&A Update early next week addressing those questions for the benefit of all Unitholders.

We will also endeavor to continue to keep investors informed of the receivership process as it progresses and will look to provide further Investor Updates to you in due course.

Yours faithfully

**Vasco Trustees Limited**  
**as trustee for the IPO Wealth Fund**