



Media Release

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## **Investors and Indigenous businesses set to be big winners from new \$25m (up to \$100m) fund**

### **Key Points**

- **Experienced fund manager and business acceleration consultancy join forces to launch new national Aboriginal and Torres Strait Islander Business Advancement Fund**
- **Fund seeks to raise an initial \$25m and ultimately up to \$100m from major investors**
- **Fund poised to capitalise on new Federal Government procurement rules requiring hundreds of millions of dollars a year in Commonwealth contracts to be awarded to Indigenous businesses**
- **Money will be used to underpin the growth and development strategies of indigenous business which stand to win a share of these Commonwealth contracts**
- **Structure designed to be a win-win for investors and indigenous businesses**

A new trust fund which will invest exclusively in Aboriginal and Torres Strait Islander businesses and qualifying joint ventures was launched in Perth today, with an initial target of raising \$25 million but with ambitions of growing to \$100 million, and even more, within a few years.

The fund – which will be managed by respected Perth-based fund manager Primary Securities Ltd in conjunction with business acceleration consultancy GCM Advisory Pty Ltd, which has significant Indigenous business expertise – will invest in a carefully selected range of established Indigenous businesses.

The fund is designed in part to benefit from the Federal Government's new procurement rules. These will ultimately require 3 per cent of the number of all Federal Government and Department contracts to be awarded to Indigenous businesses.

Given that the Commonwealth's annual expenditure is running at about \$40 billion, the new rules are set to see significant contracts awarded to Indigenous businesses.

The target began at half a per cent from July 1 this year and, if successful, will see the number of contracts being awarded to Indigenous businesses rising from 250 domestic contracts to over 1500 by 2020. The targets are similar to precedents established in the US and Canada.

The fund will seek to invest in a range of Indigenous businesses, including those involved in tourism, art, science and food, mining, construction and transport and those servicing the Indigenous community by providing health and medical services and supplies, as well as emerging technologies such as digital media and communications.

Primary Securities Chairman Ian Murchison said the fund would target investments in a wide range of strongly performing and rapidly growing Indigenous businesses in Australia.

*“We are following the strong precedent which has been set by countries such as the USA, which has made determined efforts over the past 15 years to maximise opportunities for native American businesses, leading to substantial growth in these businesses,”* Mr Murchison said.

*“We envisage that the fund will also be of interest to corporations and funds which hold money for indigenous people and are looking for opportunities to channel those funds to indigenous businesses in a professional and well-organised manner, as well as funds and investors seeking alternative ethical investment opportunities,”* he said.

GCM Advisory Managing Director Simon Haigh said the launch of the fund was ideally timed to benefit from new Federal procurement rules.

*“This will drive major change in indigenous development by channelling a fixed proportion of the total number of contracts awarded by the Commonwealth to indigenous businesses,”* he said. *“This has been widely acknowledged to be a game-changer for Commonwealth procurement and indigenous development.*

*“The establishment of mandatory targets follows the US precedent, where it has had a significant positive impact in sustaining economic development for indigenous communities.”*

The new fund has been established as a Wholesale Unit Trust. It is initially seeking to raise \$25 million from the issue of 25,000 units in the fund, with the right to take oversubscriptions. The minimum investment is \$250,000 and the fund will target a running annual yield of above 5 per cent plus franking credits after its third year plus potential capital gains.

Primary Securities will manage the fund with key roles sub-managed by GCM Advisory.

Mr Murchison said Primary Securities was ideally suited to the role as its board members were familiar with private equity and investments in medium sized businesses.

*“Investing with indigenous businesses is a very specialised business and could not be done without the assistance of experts in this field, which is where GCM Advisory comes in,”* he added.

**ENDS**

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