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25 March 2024

RE: Parliamentary Inquiry Into Wholesale Investor Definition

Dear Sir/Madam

[REDACTED] is a real estate fund manager with \$1bn in assets under management, we have been in business for 10yrs and we employ 23 people. We have our own AFSL and are licensed to work with Wholesale Investors only. We believe changing the rules around wholesale investors is not a good idea mainly due to limiting the growth of new funds and extra costs of retail funds.

The wholesale license regime has allowed our business to grow for the past 10yrs into a profitable business with multiple funds and investment strategies, this would not have been possible if the wholesale test was to move to \$4.5m net assets. The simple fact is that retail funds are considerably more expensive to operate and starting a funds management business from scratch in the retail space is very difficult. A change to the wholesale laws will stifle growth of new funds management businesses and further entrench larger existing players.

Our business is at a stage where we can afford to offer retail funds which we will do if the laws change, however this extra cost will simply be passed on to investors, resulting in worse investment returns. We have never had a single complaint from an investor, from following financial new very closely, it does not seem many other funds have had issues either.

The current wholesale laws allow for a vibrant funds management system that is the envy of the world, we do not believe the system requires any changes and should be maintained. We would welcome and further questions or discussion.

Sincerely

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