

CASL targets Australian investors in launch of new \$150m litigation fund

Sydney, 1 July 2024 – Leading Australian litigation funder CASL today launched a \$150 million fund giving local investors the opportunity to participate in funding of selected new class actions including product liability and other mass consumer claims, commercial litigation and insolvency claims.

CASL Fund 2 is expected to appeal to Australian sophisticated investors seeking exposure to a truly alternative asset class with attractive risk-adjusted returns and a capital-protected option. The fund is well suited to high-net worth individuals, family offices and foundations seeking to diversify into uncorrelated ESG assets.

Co-founded in 2020 by two of Australia’s most experienced litigation funders, John Walker and Stuart Price, CASL has quickly established a reputation as an astute backer of legal claims in the competitive Australian market. The two completed actions filed with the backing of CASL’s inaugural \$156 million fund since 2022 have returned 165% to investors; another 11 actions are in progress.

Considered a pioneer of litigation funding in Australia, CASL Executive Chair John Walker co-founded IMF Bentham, now Omni Bridgeway, in 1998 while CASL CEO Mr Price was CEO of Litigation Lending Services for six years prior to co-founding CASL.

Mr Price said litigation funding had an important role to play in levelling the legal playing field for victims of corporate or government misconduct, and investors were important partners in this process.

“In global terms Australia is a receptive jurisdiction for the filing of group claims and funded actions but there is increasingly a premium on funders with proven expertise in sourcing and qualifying claims, and managing them to a successful resolution,” Mr Price said.

“CASL brings that – our team has a proven record for deploying funds efficiently in support of worthy claims and generating strong financial outcomes for both claimants and investors.

“We see a healthy pipeline of potential new actions in Australia with good prospects and considerable upside for investors willing to fund them. This fund will be a rare opportunity for investors to participate in a purely domestic litigation funding play backed by an experienced local team with a proven record for generating returns for investors. Early indications are we have \$30 million in investor pre-commitments so there is clearly an appetite for litigation funding as an alternative asset class.”

The combined success rate of 183 funded claims involving Mr Walker or Mr Price since 1996 is 92%. These cases have delivered settlement proceeds of \$2.6 billion with an average duration of two and half years.

The launch of CASL Fund 2 comes amid a changing landscape for class actions in Australia, with consumer actions overtaking securities actions as the leading type of funded claim, reflecting the development of effective legislation to hold large corporates to account.

An innovative feature of the CASL Fund 2 offer is the ability of investors to elect a capital-protected allocation option with a discounted target return.

Key features of the offer include:

	CASL Fund 2: Up to \$150m, Class A and Class B Units	
	Class A	Class B
Capital protection	Yes	No
Fund term	5 years (2 years investment, 3 years harvest)	
Hurdle rate per annum	10%	12%
Performance fee (after hurdle, fees and costs)	40%	25%
Management fee (% of capital commitment) per annum	2%	2%

Funds raised will be deployed only into new actions, with all existing funded matters funded by CASL Fund 1. No distinction will be made between Class A and B funds for the purposes of funding actions.

An estimated \$200m to \$300m is deployed by litigation funders supporting legal claims in Australia, excluding law firms' funding of actions from their own balance sheets. The most active sources of funding for Australian actions are based offshore and include hedge funds and specialist asset managers, many domiciled in tax-friendly jurisdictions such as the Cayman Islands and Channel Islands, attracted to Australia's relatively receptive environment for group claims.

CASL's Fund 2 will be an Australian-domiciled unit trust. Bell Potter is lead manager for the CASL Fund 2 capital raise.

Mr Price said: "Agility and responsiveness are important in selecting claims and bringing litigation – being based locally, CASL has the advantage of being able to move and make decisions quickly when required."

To coincide with the fundraise CASL announced that Ian Stone, former Group Managing Director and CEO of RAA, would join the Board of CASL's Trustee entity CASL Funder Pty Limited. Tania Sulan, former Managing Director and Chief Investment Officer - Australia for Omni Bridgeway will also join the CASL Investment Committee.

Visit www.casl.com.au for more information about CASL Fund 2.

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About CASL

CASL is a leading Australian litigation funder, established in 2020 by two of Australia's experienced litigation funders, John Walker and Stuart Price. CASL completed its inaugural capital raise in 2022, raising \$156 million, one of the largest pools of capital dedicated to the market. CASL's team has delivered a collective 92% success rate in funded actions and has generated almost \$3 billion in claim settlements. Active cases funded by CASL include the South Coast First Nations people Cultural Fishing Class Action, NT Remote Housing Class Action, IC Markets Class Action, Qantas Travel Credits Class Action and Downer EDI Shareholder Class Action.