

25 January 2024

The Hon Dr Jim Chalmers MP  
Treasurer of Australia

**Subject: Concerns Regarding the Proposed Changes to the Sophisticated Investor Threshold**

Dear Honorable Treasurer,

I am a sophisticated investor based in Adelaide and am writing to express my concerns regarding the proposed changes to the sophisticated investor threshold, as outlined in the recent consultation paper and various media reports. I should declare that I am a Board member of Southern Angels and that our Chairperson, David Saint, has also made a submission on this topic on our Board's behalf. I fully support the content of that letter but wish to emphasise that the thresholds as they currently stand are reasonable and that the most effective way to improve the scheme is to focus on education rather than raising entry barriers. Wealth does not provide protection against unscrupulous operators.

The current \$2.5 million requirement is consistent with sound business finance principles. Most of the companies that make an investment pitch to our Group accept a minimum investment of \$20,000 to \$25,000, so it is possible for our members to invest in 10 different companies for a total outlay of \$250,000, representing 10% of the personal investment pool threshold currently needed to be a sophisticated investor. Someone following this strategy has not materially reduced their capability to support themselves in the future and has significantly reduced the risk profile of their Angel investment through diversification.

Any modification to the current system should not exclude a well informed Angel investor with personal assets of at least \$2.5 million from participating in investing in early stage companies. If the general thresholds are raised, perhaps the current limits could be retained for members of bona fide Angel Investment groups, where continuing education and effective due diligence are provided.

I'm personally heartened by the expanding company start-up activity in Australia and South Australia in particular and I trust your review focuses on supporting this growth rather than stifling it.

Yours Sincerely,

Peter Coldrey FTSE  
Aldgate, SA