

Fund overview

Fund Objective

Fund strategy targets a return of 4.00% (net of fees) above the RBA cash rate. The Fund may suit investors seeking a higher yield return with a low to moderate risk tolerance.

Fund Withdrawal Windows

The next fund withdrawal window will be closing at 5pm AEDT on 31st August 2023, with redemptions payments made 16th October 2023. The fund currently holds 21% of its asset base in cash or short dated credit contracts. Redemption requests can be made via our investor portal or via the online form located at www.remara.com.au

Applications

Online application portal at www.remara.com.au/applications



Fund Strategy

Remara has established direct lending platforms within the SME and Real Estate finance sectors. Remara used its vertical integration model to generate credit assets for Fund and other institutional investors. The Fund invests into a series of securitised warehouses and direct loans originated and serviced via Remara portfolio companies. Through our direct ownership, Remara has the ability to actively manage and control the generation of credit assets and respond to macro and micro changes quickly.

Remara via its equity investments into its portfolio companies invests a minimum of 5% into the first loss of each and every loan generated across the platform, Remara believes this creates superior alignment with investors as our money is at risk ahead of Fund investors.

Fund Update

The Fund is currently invested across 4 major asset classes, with strong diversification across contract type, geography and obligors. The Fund focuses on Prime commercial borrowers, we have seen a continuation of the strength of these borrowers with arrears across the portfolio at 0.50% and underlying net losses maintaining at 0.45%.

Fund details

Particulars			
Distributions	Monthly	Benchmark	RBA Cash Rate
Applications	Monthly	Buy/Sell Spread	N/a
Withdrawals	Quarterly	Distribution Reinvestment	Yes
Next Redemption Window	31 August	APIR Code	Pending
Pricing & Reporting	Monthly	Management Fees	0.85% <\$250K 0.50% >\$250K
Inception Date	1 August 2022		

Performance overview

Period	Total Return	RBA Cash Rate	Active Gain
1 Month	1.00%	0.32%	0.68%
3 Month	2.99%	0.92%	2.07%
6 Month	5.93%	1.72%	4.21%
Since Inception	9.18%	2.52%	6.66%

Market overview

Market Update

Global markets continued to hold tight over the month of May with major central banks choosing to keep policies tight. Developed market short-term bonds yields jumped after central banks signalled more rate hikes are to come, we see rates staying higher for longer. Global labour shortages are continuing to fuel wage growth, keeping core inflation elevated. This has led the Fed to double down on a "whatever it takes" approach to fighting inflation.

Short-term bond yields jumped in the euro area and UK on market expectations for further rate hikes after the ECB's signal and UK data showed surprisingly strong wages. Two-year Treasury yields also rose as the Fed signalled more rate hikes even after a pause. These events confirm the ongoing tightening bias of central banks facing sticky inflation. DM stocks hit new 14-month highs, with gains broadening beyond the mega cap tech shares that have been the big winners this year. Global manufacturing and services data will be in focus to gauge how much rate hikes have cooled activity. The U.S. has entered a mild recession based on an income measure. So has the euro area, after two consecutive quarters of contracting growth. We think central banks will keep rates higher for longer to fight stubborn inflation even as activity slows.

Closer to home, the RBA hiked rates a further 25bps in their June meeting, bringing the base rate up to 4.10%, a level not previously seen since April 2021. The RBA confirmed that inflation has peaked, however, at a running 7%, it is still too high and it will be some time yet before it is back within the target range. Growth in the Australian economy has slowed and conditions in the labour market have eased, although they remain very tight.

The unemployment rate increased slightly to 3.7 per cent in April and employment growth has moderated. Firms report that labour shortages have eased, although job vacancies and advertisements are still at very high levels, pushing out to 900bps over swaps.

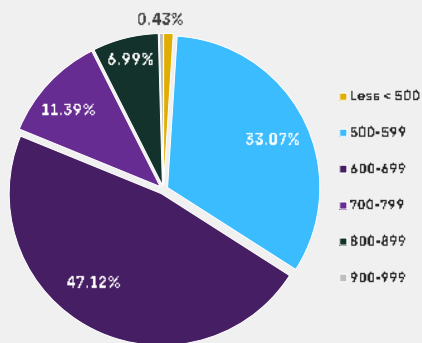
We have seen credit products perform well over the last month (and exceptionally well on a year-to-date basis with Aust Itraxx tighter by 6bp to 82.8bps, Xover tighter by 31bps for the month at 416bps). This strong credit performance is a continuation of the improving credit markets, however, we still get the feeling that investors are still taking shelter than seeing the opportunity.

The Remara Private Credit fund portfolio has performed favourably to the market with S&P Prime SPIN at 1.00% as at Apr-23 (fund 0.50%). The S&P arrears SPIN data for non-conforming [otherwise known as subprime] was recorded at 3.73% for Apr-23 (compared to 1.00% for Prime borrowers). The Fund doesn't have any material exposure to subprime borrowers and expects to be insulated from these potential arrears and defaults. The Fund is currently achieving a running yield of 12.0% post fees against its benchmark return hurdle of 8.10% (RBA 4.10% + Active Return 4.00%).

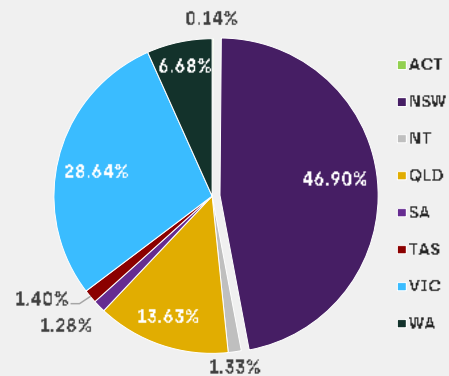
2023 Monthly performance

Month	Total Return	RBA Cash Rate	Active Gain
January	1.01%	0.26%	0.75%
February	0.96%	0.28%	0.68%
March	1.00%	0.30%	0.70%
April	0.99%	0.30%	0.69%
May	1.00%	0.32%	0.68%

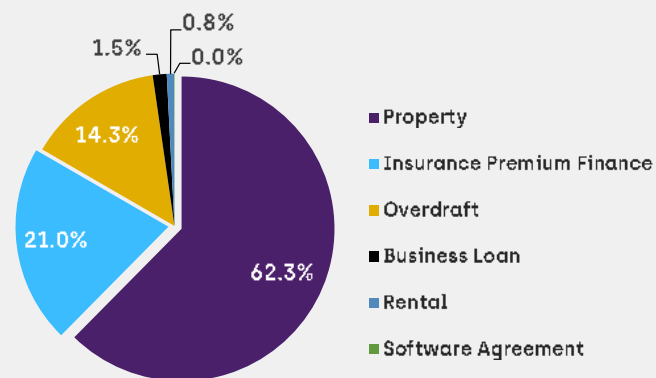
Credit Score



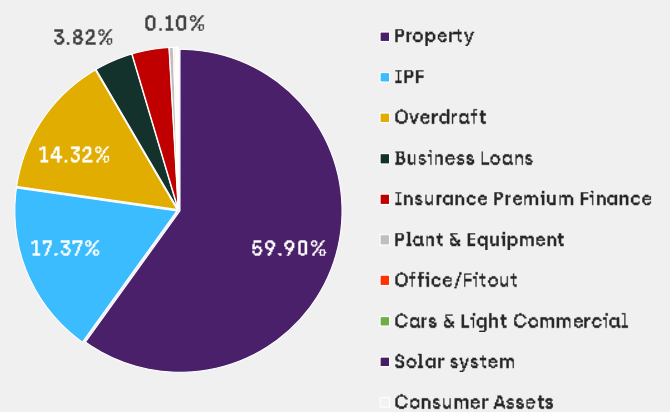
Geographic Distribution



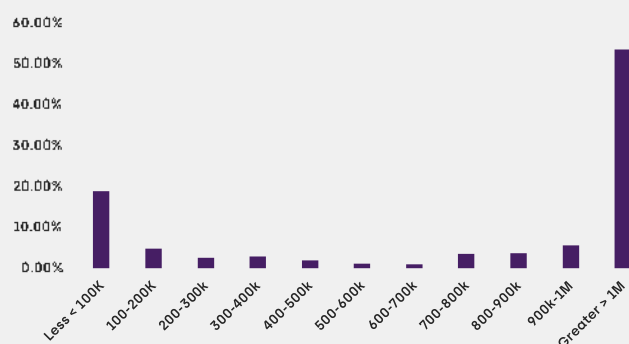
Contract Type



Collateral Types



Contract Value Exposure



Fund Statistics

Metrics	
Running Yield	12.00% p.a.
Volatility* [Calculated since inception of the fund on monthly returns]	0.16%
Credit Duration	16 months
Look Through Obligor Exposures	390
Average position exposure	139,585

Disclaimer

Units in the Remara Private Credit Fund ["Fund"] are issued by Melbourne Securities Corporation Ltd (ABN 57 160 326 545, AFSL 428289) ["Issuer"]. Remara Investment Management Pty Limited (ABN 26 644 751 815, AFSL Authorised Representative number 001283760) ["Remara"] is the investment manager of the Fund. This document is issued by Remara. Offers of units in the Fund will only be made in, or accompanied by, a Product Disclosure Statement ("PDS") which is available at www.remara.com.au. A Target Market Determination ("TMD") has been prepared which describes the type of customers who the Fund is likely to be appropriate for. The TMD is available at www.remara.com.au.

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