

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 19.5% 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 <https://remara.com.au/funds/private-credit-fund/>



Signatory of:



Fund Strategy

Remara has established direct lending platforms within the SME and Real Estate finance sectors. Remara uses its vertical integration model to generate credit assets for the Fund & 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 underlying portfolio + 30 days arrears of 0.41% and underlying net losses maintaining at 0.15% p.a.

The Remara Private Credit Fund held ~15% excess liquidity into the July RBA meeting. The cash positioning was pending portfolio review of the potential impact of further rises on the Real Estate market. Post the determination to hold rates, the Fund has now deployed excess cash from mid-July, boosting returns for July Vs June. The funds will have been fully invested for August, which will boost returns to an estimate of 0.98% to 1.01% (post fees) for the month.

Fund details

Particulars			
Distributions	Monthly	Benchmark	RBA Cash Rate
Applications	Monthly	Buy/Sell Spread	N/A
Withdrawals	Quarterly	Distribution Reinvestment	Yes
Next Redemption Window	30 September	APIR Code	MSC8502AU
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	0.93%	0.35%	0.58%
3 Month	2.77%	1.01%	1.76%
6 Month	5.72%	1.89%	3.83%
Since Inception	10.95%	3.21%	7.73%

Market overview

Market Update

Global shares advanced in July. In contrast to much of the year so far, emerging markets outperformed developed market equities. Smaller companies also performed well. Gains were supported by lower inflation in several developed markets, including the US. Corporate bonds outperformed governments bonds in the month.

Inflation, as measured by the consumer price index (CPI), rose 0.2% (month-on-month) in June, following a 0.1% increase in May. The increase was below market forecasts and lowered the annual rate to 3.0%. The US economy expanded at an annualised 2.4% (quarter-on-quarter) in Q2, above economists' forecasts of a 1.8% expansion.

The RBA has again left interest rates unchanged, with the RBA specifically noting that the higher rates are being pursued to establish a more sustainable balance between supply and demand. It was noted that growth in the Australian economy has slowed and conditions in the labour market have eased, although they remain very tight. Firms have reported shortages have lessened, yet job vacancies and advertisements are still at very high levels. The labour market will be a window in the next set of moves undertaken by the RBA.

The 10-year Aust Government bond traded widely in July, however, closed up on June at ~405bps (up from ~402bps at 30 June). While the 3-year swap rate rally during July from ~429 bps at June to ~412bps as at the end of July. While the market was mixed across these instruments the markets expectation of both a short-term retention of rates and a persistent structural increase in rates over the long term indicates the market is expecting a higher for longer outcome.

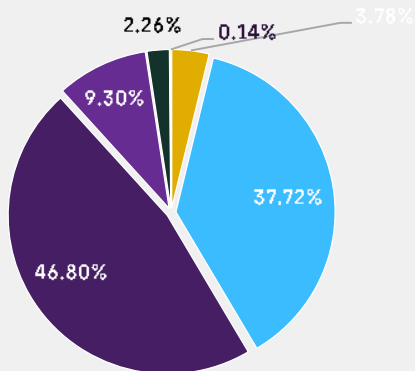
We have seen credit products continue to perform well over the last month with the Aust Itraxx tightened by ~3bps to 76bps as at July month end, with the global index Xover tighter by ~20bps to 380bps as at the end of July. The tightening of credit spreads is a positive sign for the resilience of the global credit markets and broad market performance against higher interest rates.

The Remara Private credit fund is well positioned to face the current market environment. The fund's underlying obligor profile is a Prime borrower, meaning credit quality is strong and should be resilient in the face of market or liquidity shocks. The nature of the contracts are either floating or shorter dated, allowing for the Fund to capture any rate increases and ensure investors are compensated for changes to rates as and when they occur. The Fund is currently achieving a running yield of 11.2% (post fees) against a benchmark of 8.15% (RBA Rate 4.15% + Active Gain of 4.0%).

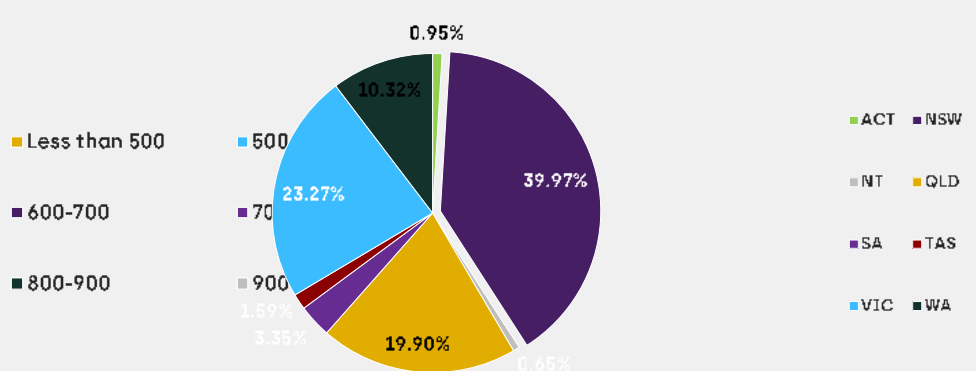
2023 Monthly performance

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%
June	0.84%	0.35%	0.49%
July	0.93%	0.35%	0.58%

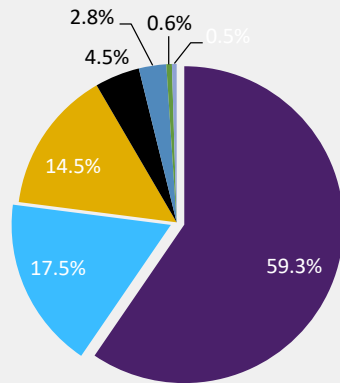
Credit Score



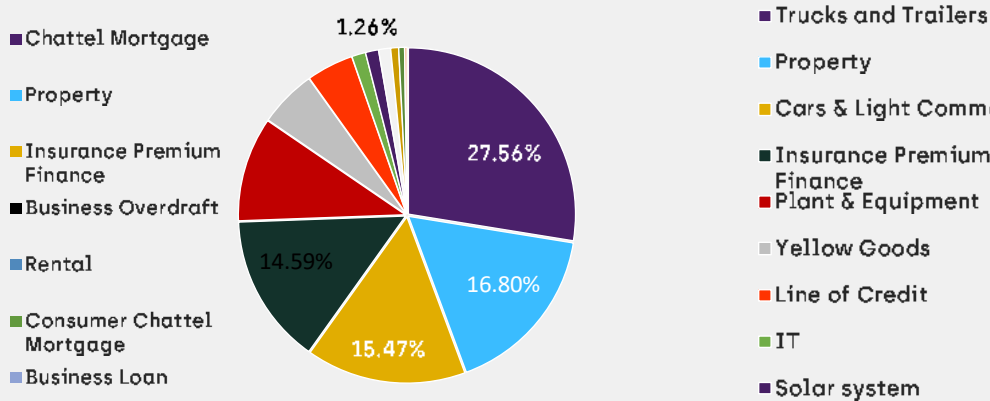
Geographic Distribution



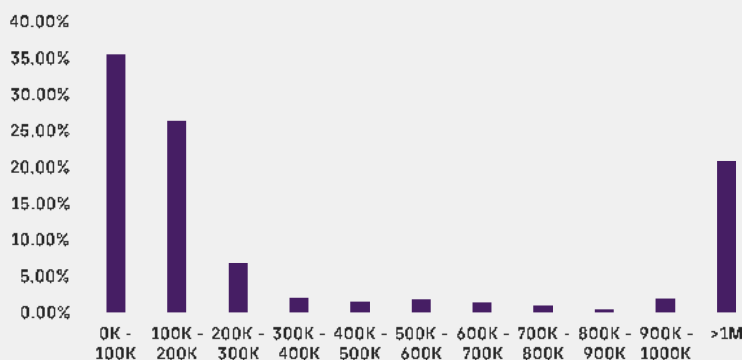
Contract Type



Collateral Types



Contract Value Exposure



Fund Statistics

Metrics	
Running Yield	11.84% p.a.
Volatility* [Calculated since inception of the fund on monthly returns]	0.15%
Credit Duration	16 months
Look Through Obligor Exposures	4,335
Average position exposure	60,288

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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