

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 30th November 2023, with redemptions payments made 15th January 2024. The fund currently holds 12% 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 0.37% and underlying net losses maintaining at 0.15% p.a.

Fund details

Particulars			
Distributions	Monthly	Benchmark	RBA / BBSW1m
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	1.09%	0.35%	0.74%
3 Month	2.86%	1.04%	1.82%
6 Month	5.85%	1.96%	3.89%
Since Inception	12.04%	3.56%	8.48%

Market overview

Market Update

Global shares fell in August amid worries over renewed weakness in the Chinese real estate sector. Economic data from China also continued to be worse than expected and emerging markets underperformed their developed peers. Government bond yields rose.

U.S. equities finished lower in August as the S&P 500 and Nasdaq-100 Indices posted their first monthly declines since February. The “Magnificent Seven,” responsible for over 75% of the Nasdaq 100 gains in 2023 through July, saw mixed results for the month. While AI is still a major growth topic here, the Nasdaq 100 (heavily weighted in the tech space and thus the AI discussion) declined 1.5% for the month yet is still up over 42% YTD.

The U.S. government’s credit rating was downgraded one notch (AAA to AA+) at the beginning of the month by Fitch Ratings, citing rising debt at the federal, state, and local levels and a “steady deterioration in standards of governance” over the past two decades. Minutes from the Fed’s July meeting showed that while most members had agreed that a 25-basis point hike was appropriate, a minority preferred to keep rates unchanged.

The RBA has again left interest rates unchanged, however noted that Inflation in Australia is declining but is still too high at 6%. Goods price inflation has eased, but the prices of many services are rising briskly. Rent inflation is also elevated. The central forecast is for CPI inflation to continue to decline, to be around 3.25% by the end of 2024 and to be back within the 2-3% target range in late 2025. Conditions in the labour market remain very tight, although they have eased a little. Job vacancies and advertisements are still at very high levels, although firms report that labour shortages have lessened.

The 10-year Aust Government bond traded flat through August opening at 4.01% and closing August at 3.99%. The 2-year Aust Government bond traded lower during August, opening at 4.00% and closing at 3.78%. While the market was mixed across these instruments, the markets are viewing the potential for short term rate declines with the divergence in the 2-year rates through August.

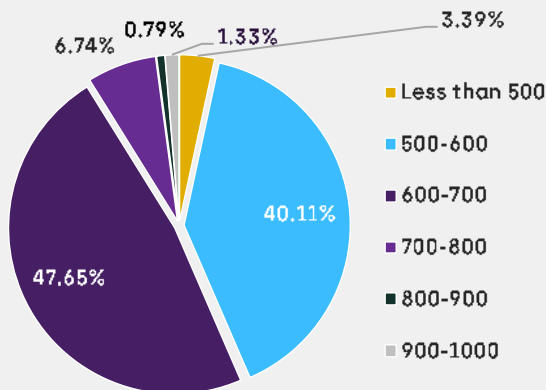
Over the month we saw global credit indices broadly tighter (EUR main 6 tighter and Aust credit 13bps tighter) we saw decent demand from fixed income investors move strongly into more yielding assets. This is starting to reduce prices on private credit assets with yields lower by around 20bps across the board but probably not enough to impact performance on our fund strategy.

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 is 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 13.09% [post fees] against a benchmark of 8.1% (BBSW1m 4.1% + Active Gain of 4.0%).

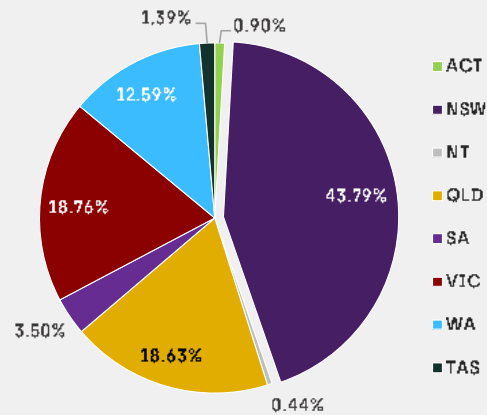
2023 Monthly performance

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%
August	1.09%	0.35%	0.74%

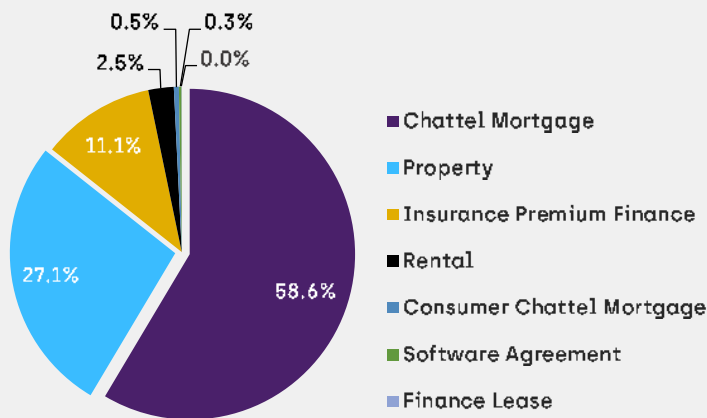
Credit Score



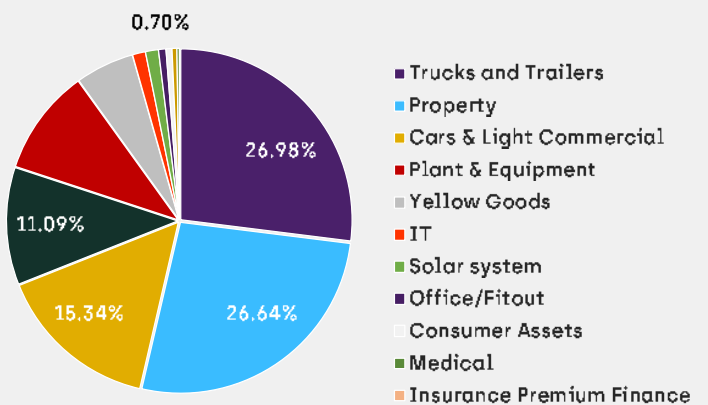
Geographic Distribution



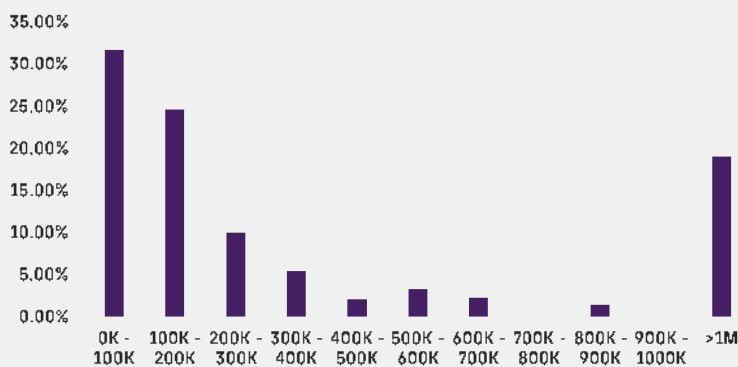
Contract Type



Collateral Types



Contract Value Exposure



Fund Statistics

Metrics	
Running Yield	13.08% p.a.
Volatility* [Calculated since inception of the fund on monthly returns]	0.15%
Credit Duration	16 months
Look Through Obligor Exposures	4,160
Average position exposure	60,663

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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