

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 34% 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 0.42% 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 December	APIR Code	MSC8502AU
Pricing & Reporting	Monthly	Management Fees	0.50%
Inception Date	1 August 2022		

Performance overview*

Period	Total Return	RBA / BBSW1m	Active Gain
1 Month	1.11%	0.35%	0.76%
3 Month	3.13%	1.04%	2.09%
6 Month	5.96%	2.00%	3.96%
Since Inception	13.15%	3.90%	9.24%

+ Target returns are not guaranteed.

* Past performance is not an indicator of future performance.

Market overview

Market Update

The S&P 500 continued its downward trend in September, as the Fed's "higher for longer" theme started to sink in, with equities readjusting to the new perceived environment. Housing data continued to show low demand but lower supply, as prices mostly held their high levels, even as mortgage rates continued to increase. Consumer spending concerns also increased, as "excess" savings (from the pandemic) were depleted, with consumers having to turn to increased charge card balances if they wished to continue their spending spree.

The S&P 500 posted its second month of broad declines (-4.87% in September and -1.77% in August) after five consecutive months of gains (cumulatively 15.59%). For the month, the index posted losses for 11 of its 20 trading days, with 10 of the 11 sectors down. We are concerned about significantly reduced trading volumes as investors are more worried about where to invest cash.

In Australia the RBA has again left interest rates unchanged with the release of the Financial Stability Review early October outlining that home borrowers have been surprisingly resilient in the face of rising interest rates and their ability to increase their nominal and real income to combat the sharp rise in rates. This commentary leads Remara to believe we are in for a longer period of higher rates and rates are likely to further increase to allow the RBA the confidence to claim they have dealt with inflation.

As the impact of higher rates starts to bite we expect to see a decline in credit quality in other lenders with some arrears appearing through portfolios. Although the RBA might add a couple more rate hikes we think this cycle is done even if we are expecting to see rates higher for longer.

The 10-year Aust Government bond rallied through September opening at 3.99% and closing September at 4.49%. The 2-year Aust Government bond also traded higher during September, opening at 3.78% and closing at 4.07%. The market was definitive across these instruments with a view of a continued raising rate environment. This is consistent with our view of rates higher for longer with fewer if any more rate hikes.

During the month with credit indices (Itraxx Australia) we saw spreads moving sharply higher from mid September 2023 to reach 2023 highs in early October (97.37). Levels have abated since then (12 October 90.1). This shift is quite dramatic in our opinion. The recent decrease in spread however, were primarily led by financials and it is our view high grade corporates are still very expensive vs financials and particular Australian banks who are still amongst the strongest globally.

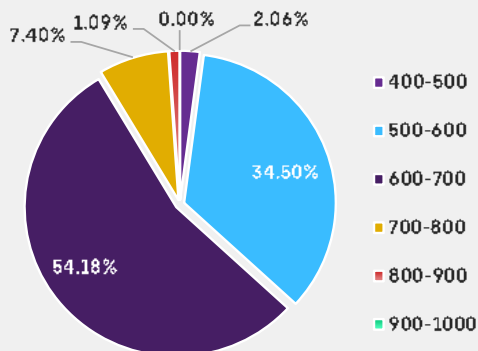
The Remara Private Credit Fund is well positioned to face the current market environment. The fund's underlying obligor profile is a Prime borrower, meaning credit quality is strong and should be resilient in the face of market or liquidity shocks. This risk profile is similar to the top tier Australian banks. The nature of the contracts is either floating or shorter dated, allowing for our 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 13.30% (post fees)* against a benchmark of 8.1% (BBSW1m 4.1% + Active Gain of 4.0%).

2023 Monthly performance*

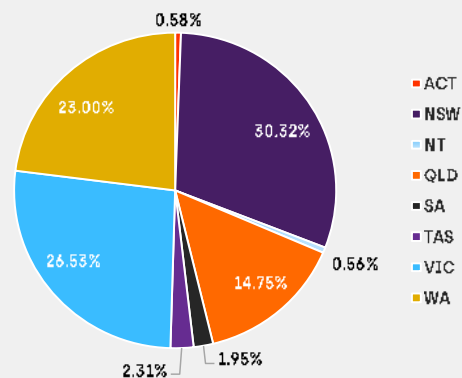
Month	Total Return	RBA Cash Rate	Active Gain
January	1.01%	0.26%	0.75%
February	0.96%	0.28%	0.68%
March	1.00%	0.30%	0.70%
April	0.99%	0.30%	0.69%
May	1.00%	0.32%	0.68%
June	0.84%	0.35%	0.49%
July	0.93%	0.35%	0.58%
August	1.09%	0.35%	0.74%
September	1.11%	0.35%	0.76%

* Past performance is not an indicator of future performance.

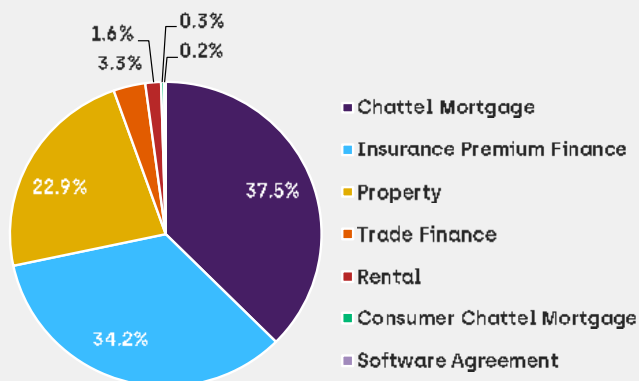
Credit Score¹



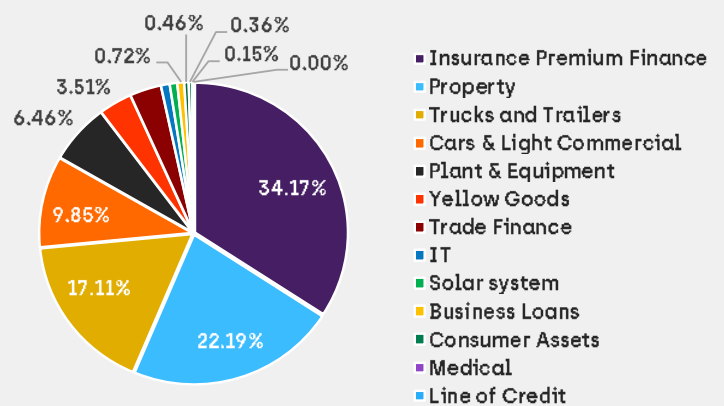
Geographic Distribution¹



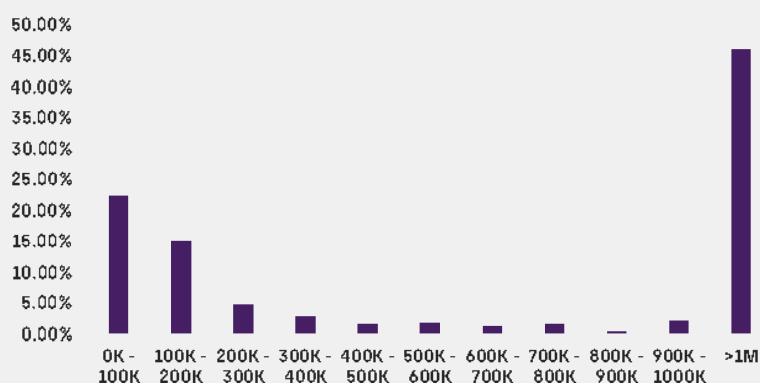
Contract Type¹



Collateral Types¹



Contract Value Exposure¹



Fund Statistics*

Metrics	
Running Yield	13.30% p.a.
Volatility [#] [Calculated since inception of the fund on monthly returns]	0.15%
Credit Duration	16 months
Look Through Obligor Exposures	4,238
Average position exposure	69,252

* Past performance is not an indicator of future performance.

¹ Source: Remara Private Credit Income Fund – Portfolio Statistics as at 30 September 2023.

Disclaimer

Units in the Remara Private Credit Fund ["Fund"] are issued by Melbourne Securities Corporation Ltd (ACN 160 326 545, AFSL 428289) ["Issuer"]. Remara Investment Management Pty Limited (ABN 26 644 751 815, AFSL Authorised Representative number 546046) ["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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