

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/>



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	3.31%	1.04%	2.27%
6 Month	6.08%	2.05%	4.03%
Since Inception	14.26%	4.25%	10.01%

* Target returns are not guaranteed.

* Past performance is not an indicator of future performance.

Market overview

Market Update

October economic data kept central banks hawkish adding fuel to the budding higher for longer narrative. The shocking events in the middle east added to market concern given the unknown market impact & implications for energy prices. Government bond yields traded higher, and the U.S. 10-year Treasury yield breached 5% as investors priced out recession and potentially higher interest rates. The MSCI World index fell 2.6% on the month, while the EM index was down 2.9%. The Global Aggregate Bond Index fell 1.2% on the month [total returns in local currency].

In a case of good news being bad news, the better 3Q GDP report for the U.S. [+4.9% quarter-over-quarter (q/q) annualized] suggested that the U.S. Federal Reserve (Fed) may have to leave rates higher to curb growth and inflation. However, the tightening in financial conditions, as government bonds yields have risen, could see the Fed stand pat on further rate hikes if the market does the tightening for them. However, the U.S. economy is likely to slow markedly in the months ahead as both business investment and household spending starts to wane.

The RBA has increased rates a further 25bps, taking the RBA cash rate to 4.35%. The RBA has noted a few key items, noting that high inflation is weakening and the elevated rates are weighing on peoples incomes and household consumption, growth is weak and so is dwelling investment, however, the persistence in Services inflation and jobs is creating uncertainties around the outlook. It is clear from the commentary that the persistent areas of high inflation are the target areas of the RBA and they are willing to take the required actions to ensure inflation is tamed.

The RBA noted "Whether further tightening of monetary policy is required to ensure that inflation returns to target in a reasonable timeframe will depend upon the data and the evolving assessment of risks".

This commentary leads Remara to believe we are in for a longer period of higher rates and rates could further increase to allow the RBA the confidence to claim they have dealt with inflation if the employment rate remains stubbornly low and Services inflation remains high in the near term.

The 10-year Aust Government bond rallied through October opening at 4.47% and closing October at 4.95% reflecting the anticipated rate rise in early November. The 2-year Aust Government bond also traded higher during October, opening at 4.1% and closing at 4.46%. 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) saw spreads moving sharply higher from October opening of 87 to reach 2023 highs of [99.20] in late October with the closing October value slightly off the peak [97.37]. Levels have abated since early November with a sharp reversal as at mid-November [81.55]. The improved conditions witnessed in October has been reversed in Nov post the recent rate rise, the market was starting to anticipate a potential softer landing, however, has now priced in a slightly harder landing, albeit marginally.

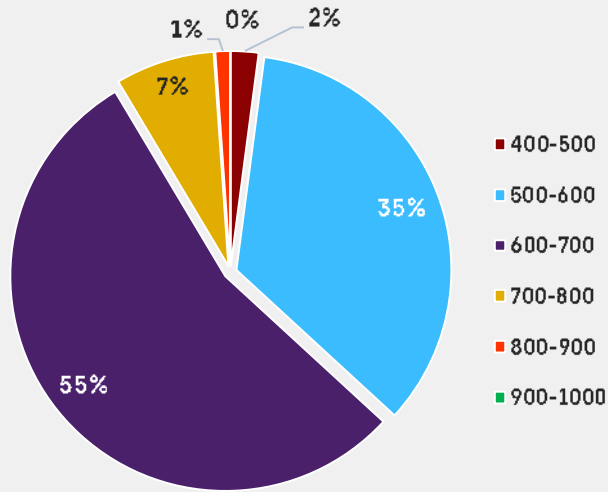
The Remara Private credit fund is well positioned to face the current market environment. The fund's underlying obligor profile is a Prime borrower, meaning credit quality is strong and should be resilient in the face of market or liquidity shocks. This risk profile is similar to the top tier Australian 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 13.3% (post fees) against a benchmark of 8.1% (BBSW1m 4.1% + Active Gain of 4.0%).

2023 Monthly performance*

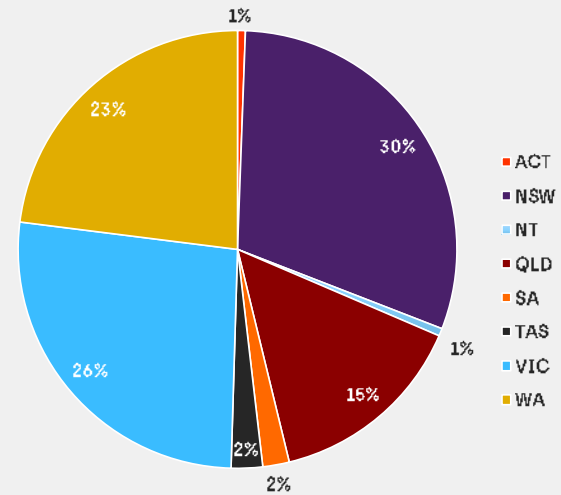
Month	Total Return	RBA Cash Rate	Active Gain
January	1.01%	0.26%	0.75%
February	0.96%	0.28%	0.68%
March	1.00%	0.30%	0.70%
April	0.99%	0.30%	0.69%
May	1.00%	0.32%	0.68%
June	0.84%	0.35%	0.49%
July	0.93%	0.35%	0.58%
August	1.09%	0.35%	0.74%
September	1.11%	0.35%	0.76%
October	1.11%	0.35%	0.76%

* Past performance is not an indicator of future performance.

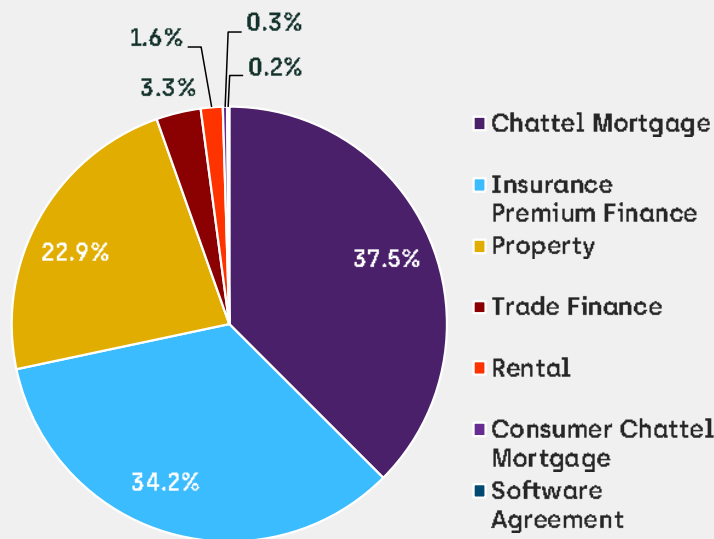
Credit Score¹



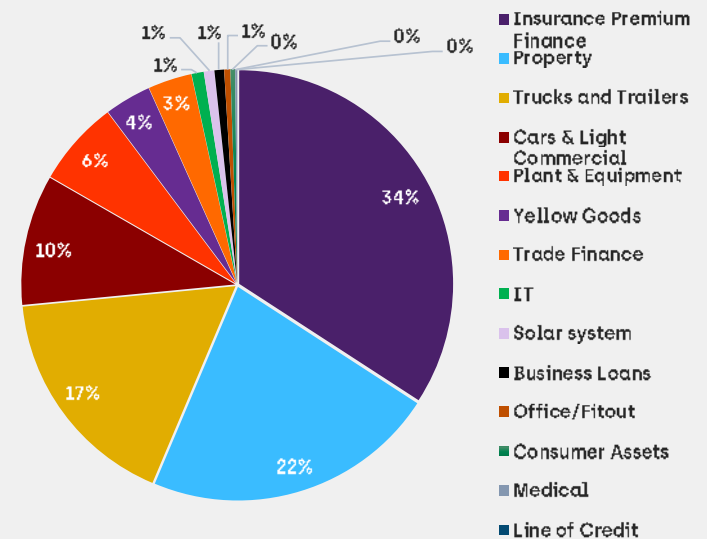
Geographic Distribution¹



Contract Type¹



Collateral Types¹



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 31 October 2023.

Disclaimer

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