

The Monark Prime Credit Fund invests only in senior debt facilities provided by Monark Property Partners. These facilities are secured by first-ranking registered mortgages over Australian property.

Our overriding priority is to safeguard capital and then to maximise returns.

## Key Information

Fund size	\$211M
Unit price	\$1.0163
Unit price – 1 Aug entry	\$1.0082
Number of facilities	38
Portfolio Weighted Average LVR	61%
Average Portfolio Deployment	98%

## Current Performance

Current Yield\* 9.58%

\* Most recent quarterly distribution annualised.

## Historical Performance

1 month	0.82%
3 months	2.42%
12 months	9.33%
12 months (DRP)**	9.66%

\*\* Performance where each quarterly distribution is reinvested under the Fund's Distribution Reinvestment Program.



Superior



The Monark Prime Credit Fund has been awarded a Superior 4-star rating by independent research house SQM. This rating qualifies as a High Investment Grade

# Monark Prime Credit Fund

Investor Update | August 2024

## IT'S ALWAYS EASIER TO WRITE A CHEQUE

All projects in the Monark Prime Credit Fund's (Fund) portfolio are performing as expected. The Fund delivered a return of 0.82% for the month ended 31 August 2024 and now provides investors with a current cash yield, based on its most recent quarterly distribution annualised, of 9.58% per annum.

The recent attack by Treasurer Jim Chalmers (and former Treasurer Wayne Swan) on Reserve Bank Governor Michelle Bullock was unseemly and displayed a fundamental lack of understanding of macroeconomics.

But it opened a line of discussion long absent from the mainstream political narrative.

Chalmers accused Bullock of "smashing the economy" by maintaining what he considers to be punitive interest rates. Swan went further suggesting the RBA was "punching itself in the face" and "putting economic dogma over rational economic decision making".

Words such as these, from high-profile and influential individuals, can easily upset investor confidence affecting market stability, exchange rates, interest rates, and foreign investment. Luckily with so much global noise, the barbed exchange seems to have passed without attracting much attention.

Of greater concern is the Treasurer's apparent lack of insight (or candour) for the role fiscal policy is playing in placing upward pressure on interest rates.

Bullock apparently felt it necessary to explain the impact Chalmers' high-spending government (aided and abetted by the states) was having on aggregate demand. Simply, that pumping up demand without increased supply-side capacity is inflationary. Too much money chasing too few goods.

And this is where we feel Bullock did her finest work in this fiery exchange.

And where we feel more of the mainstream political (and media) attention should focus.

We believe that over the last few decades, whether intentional or not, there has been a growing tendency for government – and other authorities - to hamstring Australian business. The objectives have often been laudable – worker protection, consumer protection, environmental protection... and so on. But each broad initiative has introduced complexity, costs, growing compliance obligations, additional risks, and lower margins. Australia's entrepreneurial, give-it-a-go, culture has slowly been throttled.

Whilst it's easy for government to write cheques and hand out rebates (fuelling aggregate demand), it is much more difficult for the economy to respond (providing the necessary growth in aggregate supply).

Unless Australian political leadership takes heed of Bullock's message and undergoes a significant strategic shift (which seems unlikely for the foreseeable future), we seem destined for long periods of slow growth, higher inflation and higher interest rates.

This scenario has significant implications for wealth creation and asset allocation.

Should interest rates settle at levels higher than those of the decade following the GFC (which seems likely), the returns we've come to expect from growth assets such as property and equity may disappoint, whilst high-quality debt (especially prime private debt with its often material illiquidity premium), will benefit.

With a portfolio of senior secured private debt facilities, we see the Monark Prime Credit Fund becoming the cornerstone of more and more investment portfolios.

Portfolio note: In the Fund's previous update, we reported that we had placed a developer associated with one of the Fund's facilities into default and that the Fund would now receive the higher interest rate until the facility is repaid. To ensure the continued smooth progress of the project, we have decided to take control and have appointed a Receiver. Construction is well advanced, the development is well presold, the facility's fundamentals are sound, and we expect this loan will perform as originally projected. We communicate this in the interests of transparency, not because we have any concerns with our position.

## Historical Performance (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUALISED RETURN
2021									0.54	0.59	0.59	0.62	7.31%
2022	0.64	0.57	0.64	0.59	0.61	0.60	0.66	0.65	0.64	0.70	0.68	0.71	7.77%
2023	0.74	0.66	0.73	0.73	0.75	0.73	0.78	0.80	0.76	0.78	0.75	0.77	8.98%
2024	0.77	0.71	0.76	0.77	0.80	0.79	0.83	0.82					9.39%

An opportunity to co-invest alongside one of Australia's largest family offices, Monark is recognised by both the character of its people and the calibre of its investments.



### Culture of partnership

We see our investors as partners. A relationship defined by trust, closeness, fairness, and a commitment to transparency. We invest your money alongside ours, ensuring an alignment of interests and a pursuit of mutual success.



### Benefit of focus

We focus on the Australian middle property market, a sector underpinned by significant demand and price stability. This means robust loan security, lower risks and stronger investment fundamentals.



### Power of expertise

We are an experienced, multidisciplinary team with property development, construction, credit risk and financial structuring expertise. Above all, we are property specialists who provide entrepreneurial capital, not simply a source of finance.



### Discipline of patience

We recognise that superior investment opportunities are rare. Our opportunity-led strategy means we pursue quality, exercise patience, and only invest when we see value.

## Monark Property Partners Pty Ltd

### Melbourne Office

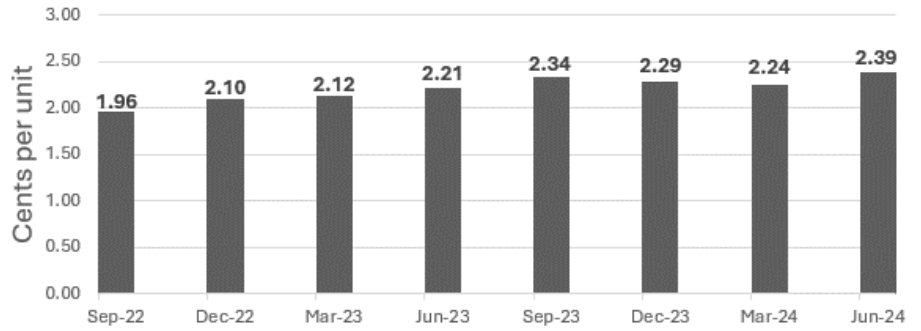
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## Distributions over last two years (cents per unit)



## Portfolio details as at 31 August 2024

	Fund Weighting	Loan to Value Ratio (LVR)	Expected Return
<b>Top Five Facilities</b>			
Term Debt Commercial Perth (WA)	8%	57%	10.2%
Land Subdivision Mount Duneed (VIC)	8%	58%	10.8%
Residential Construction Brighton (VIC)	7%	67%	10.0%
Residential Construction Hampton (VIC)	5%	69%	9.8%
Land Acquisition Deepdene (VIC)	5%	63%	10.4%
<b>Other Facilities</b>	61%	63%	10.4%
<b>Cash</b>	6%	0%	3.2%

### Information contained in this investor update

This investor update relates to the Monark Prime Credit Fund (Fund). Monark Securities Pty Ltd ACN 635 529 412 AFSL no. 519884 is the trustee of, and issuer of units in, the Fund. Monark Secured Debt Management Pty Ltd ACN 620 206 911 is the investment manager of the Fund and an authorised representative of Monark Securities Pty Ltd. This investor update contains general financial product advice only. The information contained in this investor update, whether express or implied, are published or made by Monark Securities Pty Ltd and Monark Secured Debt Management Pty Ltd, and by its officers and employees (collectively Monark) in good faith in relation to the facts known to it at the time of preparation. Monark has prepared this investor update without consideration of the investment objectives, financial situation, or particular needs of any individual investor, and you should not rely on the opinions, advice, recommendations and other information contained in this investor update alone. This investor update does not constitute an offer for the issue of units in the Fund. Investors should read the information memorandum for the Fund before applying for units in the Fund.

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