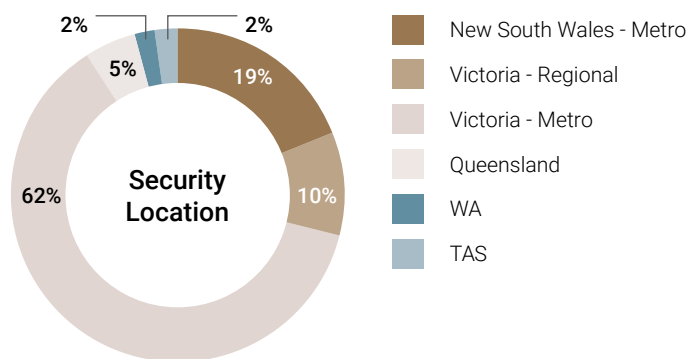


# Millbrook Credit Fund – Quarterly Insights 30 June 2023

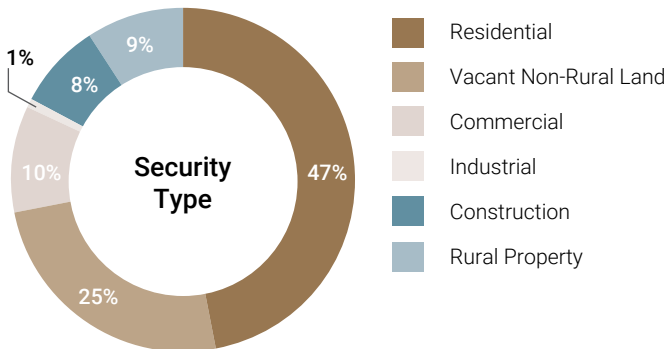
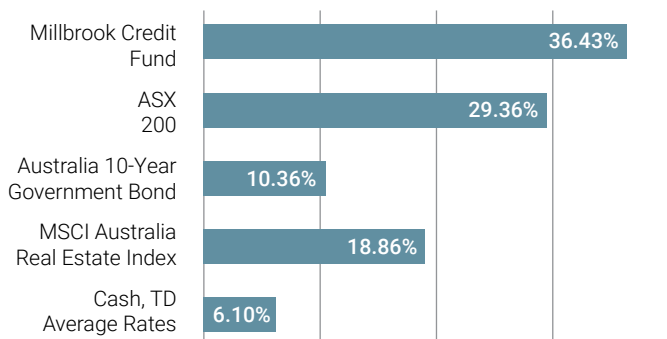
**Millbrook Credit Fund – Invest your way.** The Fund targets monthly income payments 3.5% p.a. above the RBA Cash Rate (net of fees and costs) together with a focus on preservation of capital for investors. The fund is actively managed and uses strict loan criteria to build a quality portfolio of diversified loans secured by Senior Secured (1st Mortgage) over real property assets in Australia. **We treat your money like it is our own.**

## Fund Reporting & Performance

Millbrook Credit Fund - Key Metrics as at 30/06/23	
Current Avg Return	7.67% p.a.
Diversified Rate of Return	7.00% p.a.
Average weighted LVR	56.82%
Loan Terms	6-24 months
Average loan size	\$1,658,659
Current Fund Size	\$134,351,425



## 5-Year Cumulative Return Compared (2019-2023)



## Highlights

- Growth** Strong quarter with funds under management now \$134.4m. Overall group FUM \$337m.
- Types of Loans** Majority of loans written in the last 6-12 months have been variable. Over 50% of the loan book is now variable.
- Demand** Strong growth across the business. Speed driving this with our ability to settle transactions quickly (within 2 weeks) a big factor. We don't see this changing in the short-term with bank turnaround times slowing (often > 3 months). These slow turnaround times are also impacting refinance timelines across the industry which has at times impacted our loan repayments.
- Arrears** Currently sitting at 2.83%. Our Credit team continues to closely monitor and manage any loan arrears.
- Market insight** Remain cautious on LVRs as generally of the view property prices have plateaued. However, recent sales data shows the luxury property segment in Melbourne and Sydney is very strong. We have first-hand evidence of this with recent property valuations we've had completed in Toorak (VIC) and Bellevue Hill (NSW) showing considerable growth over a 12-month period.

## Millbrook Perspective

### *The importance of private debt in an investment portfolio*

Private debt has been around for a long time but has become globally recognised as a separate asset class in the past decade. In Australia this has been driven by HNW's and family offices but has become more widespread in recent years and is growing strongly. Investors across the spectrum now continue to look to private debt to gain reliable and stable returns that exceed returns from fixed-income alternatives.

At Millbrook we believe private debt can play an important role in a well diversified investment portfolio. Some of the key benefits are the enhanced yield available and the reliability of this income. Another major benefit is that private debt is largely uncorrelated to other major asset classes such as equities and bonds. The ASX200, S&P500 and other major domestic & global market indices have experienced plenty of ups and downs in recent years leading to uncertain outcomes for investors. The low volatility and capital stability of private debt is what makes the asset class ever-more attractive. Moreover, given investor rates are often variable and rising in line with cash rate increases, the asset class provides a hedge against rising inflation, which is critically important given current market conditions.

At Millbrook we like to think of private debt as the "attacking defender" of an investment portfolio, providing defensive characteristics with an enhanced yield. An experienced fund manager such as Millbrook is well placed to navigate credit and market cycles to deliver on this.

## Market Forecasts

Bank	RBA cash rate forecast
CBA	Peak of 4.35%
ANZ	Peak of 4.60%
WBC	Peak of 4.60%
NAB	Peak of 4.60%

Economic Forecasts	2022	2023	2024
GDP	3.7	1.5	0.9
Household consumption	6.5	1.8	0.3
Residential construction	-3.4	-0.9	-4.7
CPI Headline (y/y%)	6.6	5.6	3.2
Wages growth	3	3.9	3.8
Unemployment	3.7	3.8	4.6

Source: NAB Market Research 12 July 2023

## Looking for further investment opportunities?

Consider the Millbrook Diversified Option, offering a current variable rate of **7.00% p.a.**

If you would like to discuss anything in more detail, please don't hesitate to contact us directly.



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Past performance is not necessarily an indicator of future performance. Any information is of a general nature only. We have not taken into account your objectives, financial situation, or needs when preparing it. Before acting on this information you should consider if it is appropriate for your situation.

Intending investors must obtain a copy of the Fund's Product Disclosure Statement (PDS). Millbrook Asset Management Ltd ABN 81 123 219 732 AFSL / Australian Credit License 335001, Responsible Entity for the Millbrook Credit Fund ARSN 125 042 480.