

# Millbrook Credit Fund Diversified

Millbrook Credit Fund Diversified provides investors with the ability to invest in a diversified range of registered 1st mortgages with different security types & location, terms and LVR's. The minimum investment term is 12 months, with distributions paid monthly. *We treat your money like it is our own.*

## Fund Reporting & Performance

### MILLBROOK CREDIT FUND DIVERSIFIED – KEY METRICS AS AT 30/06/24

Current Return	7.35% pa
Benchmark	Bloomberg AusBond Bank Bill Index + 1.50%
Average weighted LVR	52.49%
No. of loans invested in	71
Loan terms	13.4 months
Current Diversified Fund Size	\$31,204,200
Overall Credit Fund Size	\$136,639,713

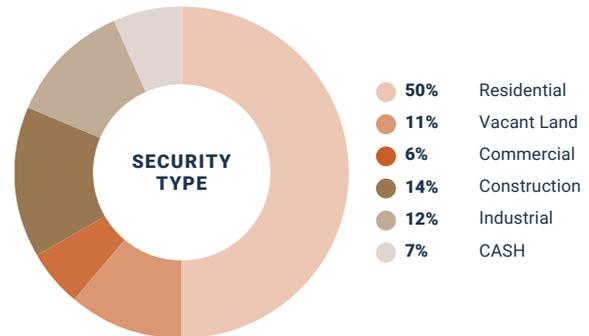
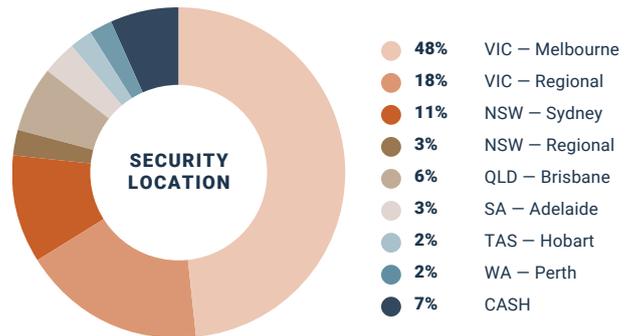
HISTORICAL PERFORMANCE	ACTUAL RETURN	BAUBIL + 1.5%*	PERFORMANCE
1 month	0.62%	0.50%	0.12%
6 months	3.65%	2.91%	0.75%
1 year	7.21%	5.79%	1.42%
3 years	6.72%	3.92%	2.80%
Since inception	6.82%	3.20%	3.62%

\* Bloomberg Ausbond BBI + 1.5% (1 Year)

**PLATFORM AVAILABILITY** Netwealth, AMP North, Australian Money Market, Mason Stevens

## Portfolio Analysis

### MILLBROOK CREDIT FUND DIVERSIFIED – KEY METRICS AS AT 30/06/24



## Highlights

### Growth

MCF Diversified FUM has increased to \$31.2m (12.2% increase for the quarter).

### Demand

Competition for quality transactions continues to remain high, particularly for loans with conservative LVR's.

### Types of Loans

All new loans continue to be written on variable rates. 96% of the loan book is now variable.

### Arrears

Arrears remained stable for the quarter and continue to be managed closely by the Credit team.

April > 90 days 2.96% | May > 90 days 0.00% | June > 90 days 0.00%

### Market Insight

We remain of the view that rates and returns have peaked. There are varying views in the market, but we are not expecting any rates cuts until early 2025. Our loan book remains well positioned to take advantage of rate movements given the short duration of the portfolio (average duration remains ~12 months).

## Looking for further investment opportunities?

If you would like to discuss investment opportunities in any of our property credit funds, please contact us directly.



**Andrew Slattery**  
Head of Investments  
[andrews@millbrookgroup.com.au](mailto:andrews@millbrookgroup.com.au)



**Peter Mill**  
Head of Distribution  
[peterm@millbrookgroup.com.au](mailto:peterm@millbrookgroup.com.au)



**Beatriz Marchueta**  
National Investment Manager  
[beatrizm@millbrookgroup.com.au](mailto:beatrizm@millbrookgroup.com.au)



## Millbrook Perspective

In these insights we have a brief Q&A with David Bird, one of Millbrook's new independent directors. David has extensive experience in property credit investments from his time managing the Gas & Fuel Super Fund (now Equip Super), as Chairman of La Trobe Financial for some 9 years, plus 15 years in legal practice.

### How has the property credit market grown/changed over the last 10–15 years?

We've seen a shift in the last decade and particularly last 5 years. Property Credit and private credit more broadly was once a hidden asset class but has now rightly become a legitimate and recognised investment asset class. Most prudent investment managers now have an allocation to private credit, whether directly or indirectly—10 years ago this would not have been the case. There has also been a surge in managers in this space which has led to increased competition. I suspect the numbers will reduce over the coming years as compliance requirements increase and the sector matures, with those not able to obtain consistent inflows/projects exiting.

### Do you think the sector is still misunderstood?

Yes, but I believe this is improving as investors gain a better understanding of investments backed by 1st & 2nd mortgage security and the associated risk/return outcomes. People also still remember the demise of businesses such as Pyramid, Estate Mortgage, Westpoint and Banksia, and this has created negative connotations for the asset class.

### What do you consider to be the major obstacles & risks?

The often-quoted Warren Buffet "Noah Rule" is critical — "predicting rain does not count, building the ark does". Managers need to ensure their portfolio has high quality assets, diversified by sector, location and borrower type.

Investors need to ensure their manager has transparent, robust and proven structures with experienced management. They need to ask questions about any losses for investors, that the advertised distribution is paid at that rate and on time and of course that maturity redemptions are paid in full, on time.

### What opportunities do you see?

I strongly believe now is a great time to be investing in property credit and growth opportunities abound. The major banks continue to retreat with their overall market share falling. As such, there is going to be an increasing need for private capital which will benefit property credit funds and investors. There will also be opportunities for Funds to expand their investor base into areas such as not-for-profits and clubs.

However, investors and fund managers need to exercise caution and manager skill will be key to strong risk adjusted returns. As specialists in property credit, I believe Millbrook is well placed to take advantage of the growth opportunities available.

## Market Forecasts

ECONOMIC FORECASTS	2024	2025	2026
Real GDP (y/y%)	1.30	2.40	2.40
CPI Headline (y/y%)	3.00	3.00	2.50
Wage Price Index (WPI)	3.80	3.40	3.20
Unemployment (%)	4.50	4.40	4.30
RBA Cash Rate	4.10	3.10	3.10
\$/US cents	0.69	0.75	-

As at 18/06/24

Source: NAB Economics

BANK	RBA CASH RATE FORECAST
CBA	First rate cut Nov 2024
ANZ	First rate cut Feb 2025
WBC	First rate cut Nov 2024
NAB	First rate cut May 2025

(03) 8663 1800

info@millbrookgroup.com.au

Level 7, 1 Collins St, Melbourne VIC 3000

millbrookgroup.com.au

**MILLBROOK**  
GROUP

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 Target Market Determination and Product Disclosure Statement (PDS). Millbrook Asset Management Ltd ABN 81 123 219 732 AFSL /ACL 335001, Responsible Entity for the Millbrook Credit Fund ARSN 125 042 480.