

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	\$164M
Unit price	\$1.0147
Unit price – 1 Feb entry	\$1.0071
Number of facilities	32
Portfolio Weighted Average LVR	60%
Average Portfolio Deployment	95%

Current Performance

Current Yield*	9.1%
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* Most recent quarterly distribution annualised.

Historical Performance

1 month	0.71%
3 months	2.24%
12 months	9.05%
12 months (DRP)**	9.36%

** 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 | February 2024

THE MOST GOLDEN NUGGET

All transactions in the Monark Prime Credit Fund's (Fund) portfolio are performing as expected. The Fund delivered a return of 0.71% for the month ended 29 February 2024 and now provides investors with a current cash yield, based on its most recent quarterly distribution annualised, of 9.1% per annum.

"Price is what you pay, value is what you get", probably the most golden of Warren Buffett's many golden nuggets.

In his bestselling book, *Influence: The Psychology of Persuasion*, social scientist Professor Robert Cialdini shares a remarkable experience.

Struggling to sell a particular item, the owner of an upmarket jewellery store instructed their assistant to mark down the piece. Due to a misunderstanding the assistant inserted a *much higher price*. And the item sold shortly thereafter.

How could this be, pondered Cialdini? He concluded – and his explanation is now accepted in mainstream social science – that where uncertainty exists, buyers rely on price for guidance on value and quality. The purchaser, in this case, was looking for something substantial and the (incorrect) price suggested that it was.

This thinking permeates financial markets – an arena where uncertainty is a constant feature. A basic tenet of traditional economics holds that as the price of a given good or service increases, demand falls. And vice versa. Not so financial markets. As price increases, so does demand.

This is the psychology behind meme stocks, behind crypto assets (are they still called currencies?), and indeed, behind bull markets themselves.

Today's narrative fixates on price. New highs are celebrated. Glamour stocks are born. Financial commentators fan the animal spirits.

Absent is any consideration of value. And herein lies the danger for each investor.

Unlike price, determining value is complex and requires a cool head. In (too) many of today's markets, record prices are far easier to find than cool heads. Measures such as the VIX index and CNN's Greed Fear Index track the investor mood, which can currently be described as exuberant (hat tip Alan Greenspan).

Value, on the other hand, is scarce. One can refer to any number of metrics. Comparing current price-earnings (PE) ratios to the historical average is a simple, yet effective measure.

Using the more sophisticated Shiller PE ratio, we see that the current PE of the world's bellwether equity index, the S&P 500, is 35. The twenty-year average is 26. A return to average would require a loss of almost 26%.

Value is scarce and future performance will no doubt reflect this.

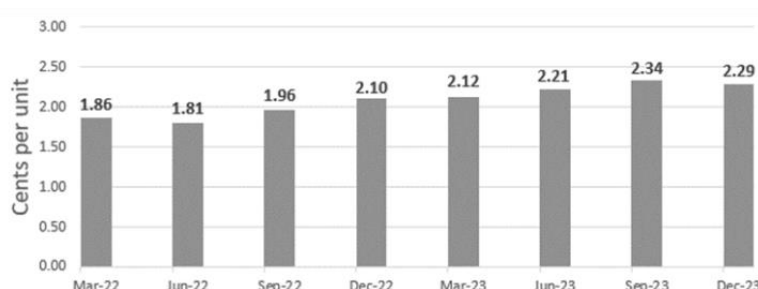
In this scenario, Prime Credit offers our investors two important qualities: As a portfolio of private assets, its unit price is not subject to the prevailing market mood. This is important because it removes the danger of extreme confidence inflating prices. The portfolio itself is comprised solely of senior debt, secured with strong collateral, and at modest loan-to-value ratios. This is important because its value can be both easily understood and determined.

We expect to pay the Fund's distribution for the quarter ending 31 March 2024 on or before Friday, 19 April. Should you wish to take advantage of the Fund's Distribution Reinvestment Program, please select this option on Registry Direct (or simply contact us) before month end.

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											9.07%

Distributions over last two years (cents per unit)



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.

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Monark Prime Credit Fund

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Portfolio details as at 29 February 2024

	Fund Weighting	Loan to Value Ratio (LVR)	Expected Return
Top Five Facilities			
Term Debt Commercial Perth (WA)	11%	57%	10.1%
Land Subdivision Mount Duneed (VIC)	8%	65%	9.8%
Land Subdivision Bacchus Marsh (VIC)	7%	48%	10.3%
Term Debt Commercial Cremorne (VIC)	7%	68%	9.6%
Land Acquisition Deepdene VIC	7%	63%	10.3%
Other Facilities	56%	65%	10.1%
Cash	4%	0%	3.3%

Fund snapshot

Availability	Generally open. Occasionally closed should the Fund have excess liquidity.
Portfolio mandate	Senior debt secured against Australian property
Distributions	Quarterly
Fees	0.5% per annum administration fee
Inception date	1 September 2021
Minimum investment	\$250,000
Redemptions	90 days' notice, subject to Trustee discretion

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.

Who this investor update is provided to

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