

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	\$240M
Unit price	\$1.00
Number of facilities	31
Portfolio Weighted Average LVR*	63%
Average Portfolio Deployment	97%

\* Excludes all cash held by the Fund.

## Current Performance

Current Yield**	9.45%
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\*\* Last three months annualised.

## Historical Performance

1 month	0.79%
3 months	2.38%
12 months	9.51%
12 months (DRP)***	9.86%

\*\*\* Performance where monthly distributions are 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 | May 2025

## MORAL HAZARD

All facilities in the Monark Prime Credit Fund's (Fund) portfolio are secure and performing. The Fund delivered a return of 0.79% for the month ended 31 May 2025 and now provides investors with a current cash yield, calculated by annualising the returns of the last three months, of 9.45% per annum.

In a world seemingly solely focussed on return, its counterpart, risk, is now almost ignored. Indeed, many believe it no longer exists in the form it once took.

The origin of this mind shift is easily, but not widely, understood. We suggest that it had its origins back in the mid-nineties when then Fed governor, Alan Greenspan, uttered the words "irrational exuberance", an expression of alarm at what he believed to be the strongly appreciating US stock market ignoring prevailing fundamentals.

On hearing Greenspan's words markets dropped. Strangely, Greenspan seemed to panic and dialled back his position, taking no action to contain what he clearly believed to be runaway pricing.

His conversion from hawk to dove was cemented when he later sought to protect investor gains - threatened by the collapse of Long Term Capital Management, the Asian debt crisis, and the Dotcom boom-bust - with fresh liquidity and interest rate cuts. This gave rise to the "Greenspan put" - a now widely held perception that central banks will do whatever they can to prevent severe market corrections.

The Great Financial Crisis saw central banks come to the rescue once again with an innovation called "quantitative easing" - flooding the system with liquidity by getting the Fed to buy US treasuries. We were told that those businesses who lent recklessly, and institutions who invested in this toxic debt, were "too big to fail".

And again, in Europe, when (then) President of the European Central Bank, Mario Draghi, declared that he would "do whatever it takes" to rescue the common market and reverse significant market losses.

And again, when markets went into freefall after the World Health Organisation confirmed COVID's status as a global pandemic.

This ongoing intervention by state bureaucracy in free markets has been given its own descriptor - "moral hazard". The notion that investors had come to expect the state would rescue them from their own lack of caution.

This is where we stand today. Gains are expected to remain private, whilst losses ameliorated by authorities, ultimately at the public's expense.

And losses there most certainly are - even if these are not blindingly obvious. Each rescue requires substantial new liquidity. This new liquidity is inflationary. More so, the new liquidity is often provided by fiscal borrowings which have contributed to the enormous sovereign debt build up this century, a topic we comment on often. Both sides of the coin - liquidity and debt - also put upward pressure on interest rates ensuring that whatever cuts take place this year, we are destined for higher lows and higher highs.

It's clear that this tacit deal between the state and investor is still working its magic in the minds of many. "The Fed's got your back". But for how long? As described above, this protection comes at a steep cost. The deadweight of too much debt on economic growth has become more apparent. When the next pin pricks, will central banks have both the necessary ammunition and moral authority to conduct yet another rescue?

We'd suggest that many thoughtful investors are arriving at the conclusion that the central bank put has just about expired. This realisation is likely to be one of the key drivers behind the increasing popularity of private credit as an asset class in general, and senior-secured debt funds such as the Prime Credit Fund in particular.

Others holding riskier assets should start paying more attention to their risk. Because, next time, the cavalry may not come to the rescue.

## Three Year Historical Performance (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUALISED RETURN
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	0.79	0.82	0.78	0.81	9.47%
2025	0.81	0.71	0.79	0.80	0.79								9.41%

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

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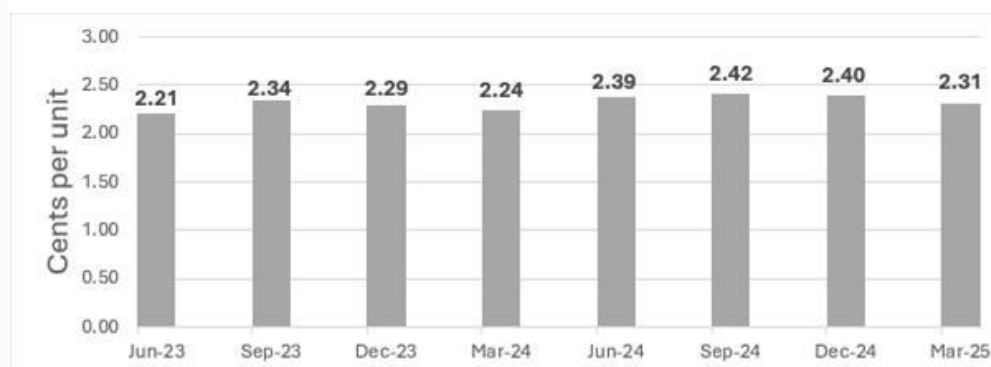
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# Monark Prime Credit Fund

Investor Update | May 2025

## Total distributions paid each quarter (over last two years / cents per unit)



## Portfolio details as at 31 May 2025

	Fund Weighting	Loan to Value Ratio (LVR)	Expected Return
<b>Top Five Facilities</b>			
Land Acquisition Greenvale (VIC)	10%	64%	10.8%
Residential Construction Parkdale (VIC)	7%	65%	10.8%
Term Debt Commercial Perth (WA)	7%	57%	10.2%
Land Acquisition Surry Hills (NSW)	5%	32%	9.8%
Residual Stock Hampton (VIC)	5%	70%	11.3%
<b>Other Facilities</b>	63%	65%	10.7%
<b>Cash</b>	3%	N/A	2.7%

## 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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