

MA Secured Real Estate Income Fund

MA Asset Management

A defensive strategy designed for investors seeking monthly income.



The MA Secured Real Estate Income Fund (the Fund) aims to provide investors monthly cash distributions while adopting a defensive strategy by investing in first ranking mortgages secured against Australian residential and commercial property.



Monthly income

The Fund seeks to provide monthly income of the RBA Cash Rate + 5.00% p.a. (net of fees and costs).



Competitive risk-adjusted return

A high-quality portfolio delivering competitive returns in exchange for low to medium levels of risk.



A focus on capital preservation

A defensive strategy employing a conservative approach to preserving investor capital.

Important Information

This flyer has been prepared by MA Investment Management Pty Ltd the appointed Manager of the MA Secured Real Estate Income Fund (**Fund**) and is subject to the disclaimer at the end of this document. MAAM RE LTD (ACN 135 855 186) (AFSL 335783) is the responsible entity of the Fund (**Responsible Entity**).



Monthly income

There is a growing pool of borrowers seeking mortgage loans from lenders outside of the big banks.

The Fund capitalises on this growing segment of the market and uses investor capital to selectively lend money to borrowers for the financing of Australian residential and commercial property.

Just like a real estate mortgage from a bank, the properties are used as collateral or security and the loans made by the Fund are contractual in nature. This provides fixed payment dates of borrowers' interest and return of capital, and allows the Fund to target monthly income payments of 5.00% p.a. over the RBA Cash Rate (net of fees and costs).



Competitive risk-adjusted return

The Fund is actively managed by a team of investment professionals with specialist expertise in analysing real estate opportunities and loan portfolios, and who currently manage over \$470 million across real estate credit.¹

A key objective of the team is to help ensure the Fund delivers competitive returns in exchange for low to medium levels of risk.

This is achieved by building a high-quality portfolio of loans centred around strict loan criteria, diversified investments, and low-to-moderate target loan to value (LVR) ratios.

Strict loan criteria

The team use strict criteria to define the types of loans the Fund will make, as well as how each individual loan will fit into the overall portfolio. This includes:

- loans must be short in duration, with a maximum of 24 months
- target a weighted average loan duration of approximately 12 months
- target that no single loan accounts for more than 25% of the portfolio.

1. Current as at 30 June 2021.

Diversified investments

The Fund seeks to invest across a diversified or broad spectrum of loans that vary by:

- **Borrower** – the Fund lends money to a spectrum of borrowers
- **Location** – the Fund is able to invest nation-wide across Australia, and only selectively lends outside major metropolitan areas
- **Property type** – either residential or commercial property.

Low-to-moderate target LVR ratios

The Fund targets a weighted average low-to-moderate LVR of under 60% and a maximum individual LVR limit of 65%.

This LVR provides a significant 'buffer' to protect Fund investors against fluctuation in security property values.



A focus on capital preservation

The investment team recognise the Fund sits in the defensive part of an investor's portfolio, and that's why there is a focus on preserving investor capital.

The aforementioned criteria used to build a high-quality portfolio of loans – strict loan criteria, diversified investments with low-to-moderate target LVRs – not only help to generate competitive risk-adjusted returns, but their defensive nature means they are equally important in helping the Fund achieve the objective of preserving investor capital.

Additionally, the investment team invest only in registered first mortgages – which further helps to preserve capital and ensures the interests of investors ranks ahead of any other interest in the real estate security.

Finally, the investment team capitalise on their deep knowledge of the Australian real estate market to invest only in borrowers with quality underlying assets. As such, the portfolio is focused on properties based in metro and key regional locations or areas considered to have sufficient liquidity for an orderly sale, if required.



What is a registered first mortgage ?

A registered first mortgage refers to the priority position the first registered mortgage has over others' interests in the property. This includes priority over the owner's equity in the property or other lenders that will be considered junior or subordinated to the first mortgagee (also called 'senior lender').

This means that upon sale or refinance of the property, as registered first mortgagee the Fund receives money before the borrower and subordinate lenders. It also means if a borrower defaults on their obligations, the Fund may take control over the property, including appointing receivers in any enforcement proceedings.



Risks

Risk rating: Low to medium risk classification¹

All investments carry risk. Different investments carry different levels of risk, depending on the investment strategy and the underlying assets. Generally, the higher the potential return of an investment, the greater the risk. The risks of investing in this Fund include (this list is not exhaustive and you should refer to the Product Disclosure Statement (PDS) for further risks):

- **Credit risk.** Credit risk is the risk that one or more assets in the Portfolio may decline in value or fail to pay interest or principal when due because the borrower experiences a decline in its financial status.
- **Utilisation risk.** The Portfolio may include investments in drawn and undrawn loans. Undrawn loans include revolving loans and facilities where the borrower can draw down and repay the facility over time, subject to an overall facility limit. For these investments, returns will vary depending on the level of utilisation of the loan facility by the borrower.
- **Liquidity risk.** The objective of the Fund is to invest in loans secured by mortgages over Australian real property. The loans will have maturities of up to 24 months. Investors will only be able to redeem Units if there is sufficient cash available at the time of redemption.

More information on the risks of investing in the Fund is contained in the PDS, which should be considered before deciding to invest in the Fund. You should read the whole of the PDS in order to fully appreciate the risks of an investment in the Fund before any decision is made. You are also strongly advised to consider your personal investment objectives and financial circumstances.

KEY FUND FACTS

Portfolio Manager	Drew Bowie – Managing Director FAPI, B. Commerce (Business Law), Associate Diploma Business (Property Valuation)
Inception date	1 April 2021
Management fees and costs	1.03% p.a. of the Fund's net asset value (including GST, net of Reduced Input Tax Credits) ²
Performance fee	Nil
Minimum investment	\$10,000
Minimum additional investment	\$1,000
Distribution frequency	Monthly
APIR	MAA6243AU
Liquidity	Monthly ³
Platform availability	HUB 24, Mason Stevens, Netwealth (IDPS)

The Target Market Determination for Units in the Fund is available free of charge on the Fund website: <https://MAFinancial.com/asset-management/retail-funds/ma-secured-real-estate-income-fund/>.

Before making an investment decision, always read and understand the PDS which is available on the Fund website: <https://MAFinancial.com/asset-management/retail-funds/ma-secured-real-estate-income-fund/> along with all other relevant or updated information regarding the Fund.

1. This risk classification is provided as a guide. In assessing the relative risks of this product we have had reference to the categories of risk described in the Standard Risk Measure Guidance Paper for Trustees issued jointly by the Financial Services Council (of which MA Financial Group is a member) and the Association of Superannuation Funds of Australia dated July 2011.

2. Refer to the PDS for details of all fees and costs associated with this product.

3. Where the Fund is liquid, a 30-day notice period is required for withdrawals but requests may be processed and paid sooner at the Responsible Entity's discretion. Withdrawal requests are subject to the Product Disclosure Statement and may be delayed or suspended in accordance with the procedures set out in the Product Disclosure Statement and the Fund Constitution. Note that up to 18 months is allowed under the constitution to satisfy withdrawal requests. Refer to the Product Disclosure Statement for details on withdrawals from the Fund.

About MA Financial Group

We are an ASX-listed financial services group specialising in asset management, lending, corporate advisory and equities.

Our asset management division, MA Asset Management, originates and manages investment opportunities for wholesale, retail and institutional investors across credit, real estate, equities, hospitality, private equity and venture capital. Today, we have \$6.1 billion in assets under management.¹

We are active managers focusing on asset classes where we have deep experience and expertise. Our convictions run deep and testament to this we invest in many of our strategies alongside our clients.

We are credit specialists with \$1.3 billion in credit assets under management, market-leading analytics capabilities and expertise in non-bank lending and specialty finance.¹

We are also real estate specialists managing approximately \$2.3 billion across a range of residential commercial assets.¹

The Fund is actively managed by a dedicated team of investment professionals who abide by a clear and distinct three-pillar investment philosophy:

- **Low risk:** build high quality portfolios that deliver consistent returns with low impairment rates
- **Resilient returns:** employ rigorous analysis to ensure returns are resilient through different cycles and market conditions
- **Capital preservation:** above all, preserve and protect capital.

MORE INFORMATION

For more information speak to your financial adviser, call us on **02 8288 5594**, email MAclientservices@MAFinancial.com, or visit MAFinancial.com/asset-management.

1. As at 30 June 2021.

MAAM RE Ltd (ACN 135 855 186) (AFSL 335783) is the responsible entity (**Responsible Entity**) of the MA Secured Real Estate Income 648 810 904 (**Fund**) and the issuer of the units in the Fund. The information contained in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Before making any investment decision you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current product disclosure statement (**PDS**) of the Fund. The PDS for the Fund is available at MAFinancial.com/asset-management. Neither the Responsible Entity nor MA Financial Group or any member in its group guarantees repayment of capital or any particular rate of return from the Fund. All opinions and estimates included in this document constitute judgments of the Responsible Entity as at the date of this document and are subject to change without notice. **Past performance is not a reliable indicator of future performance.** The value or return of an investment will fluctuate and an investor may lose some or all of their investment. Whilst the Responsible Entity believes the information contained in these materials are based on reliable information, no warranty is given to its accuracy and persons relying on this information do so at their own risk. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Statements contained in this flyer that are not historical facts are based on expectations, estimates, projections,

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The Responsible Entity's address is Level 27, Governor Phillip Tower, Sydney NSW 2000. The Responsible Entity, its related bodies corporate, the Responsible Entity's directors and employees and associates of each may receive remuneration in respect of advice and other financial services provided by the Responsible Entity. The Responsible Entity has entered into various arrangements with MA Investment Management Pty Ltd in connection with the management of the Fund. In connection with these arrangements MA Investment Management Pty Ltd may receive remuneration or other benefits in respect of the financial services it provides.

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