

MA Secured Real Estate Income Fund

MA Asset Management

31 October 2021



MA Financial Group

Trust

MA Secured Real Estate Income Fund
ARSN 648 810 904

Responsible Entity

MAAM RE Ltd
ACN 135 855 186; AFSL 335 783

Manager

MA Investment Management Pty Ltd
ACN 621 552 896

The Manager and Responsible Entity are wholly owned subsidiaries of MA Financial Group Limited. MA Financial Group is an ASX-listed financial services firm specialising in asset management, lending, corporate advisory and equities.

Investment Strategy

The Fund seeks to provide investors with exposure to a range of first mortgage loans secured by Australian residential and commercial property by investing directly or indirectly via third party originated special purpose trusts. The Fund may co-invest in loans with other MA Financial Group related trusts and entities. The Manager seeks investment opportunities that it considers offer an attractive risk adjusted return after application of its investment process. The Manager will seek to construct the portfolio with the following features:

- diversified lending base, with low underlying individual obligor exposure;
- predictable and resilient through the cycle returns;
- bias towards capital preservation and on minimising losses; and
- portfolio driven analysis that supports strong serviceability prospects.

Available Platforms (APIR: MAA6243AU)

HUB24, Mason Stevens, Netwealth

Research

IIR – ‘Recommended’, SQM (please speak to your advisor for more information).

ASIC RG 45 Disclosure Benchmarks

There have been no changes to either the ASIC RG 45 Disclosure Benchmarks or Disclosure Principles subsequent to the issue of the Product Disclosure Statement (PDS) dated 1 October 2021. An update against the Portfolio ‘target’ levels (Disclosure Principle 3) is included in the Appendix to this Report.

Monthly Commentary

- The Fund has investments in ten loans, nine of which are a co-investment with other funds managed by the Manager. Having regard to the size of the Fund, this was considered the most appropriate option to maximise portfolio diversification during the portfolio ramp-up phase.
- The Fund’s 5.2% annualised return¹ since inception is in line with the target return disclosed in the PDS.
- During this ramp-up phase, as previously disclosed in the PDS, the portfolio may not meet all of the Fund’s Portfolio Targets. The Manager expects to meet all of the Fund’s Portfolio Targets post ramp-up.
- The Fund’s largest exposure, representing 30% of Funds Under Management (FUM), is a 60% Loan to Value Ratio (LVR) loan secured by a site in North Narrabeen. The site has development approval for 20 apartments, with shops nearby and is a walk to Narrabeen Lagoon.

FUND OVERVIEW (AS AT 31 OCTOBER 2021)

Investment Type	Unlisted pooled mortgage trust
Fund size (\$m)	\$9.51m
Fund inception date	April 2021
Fund term	Open-ended
Unit price	\$1.00
Target LVR	60% (max 65%)
Weighted Average LVR	52%
Target return	RBA Cash Rate + 5.00% p.a.
Net return over the month	4.91% p.a.

Since 31 October 2021

The Fund issued units on 1 November 2021 taking total FUM to \$10.16m.

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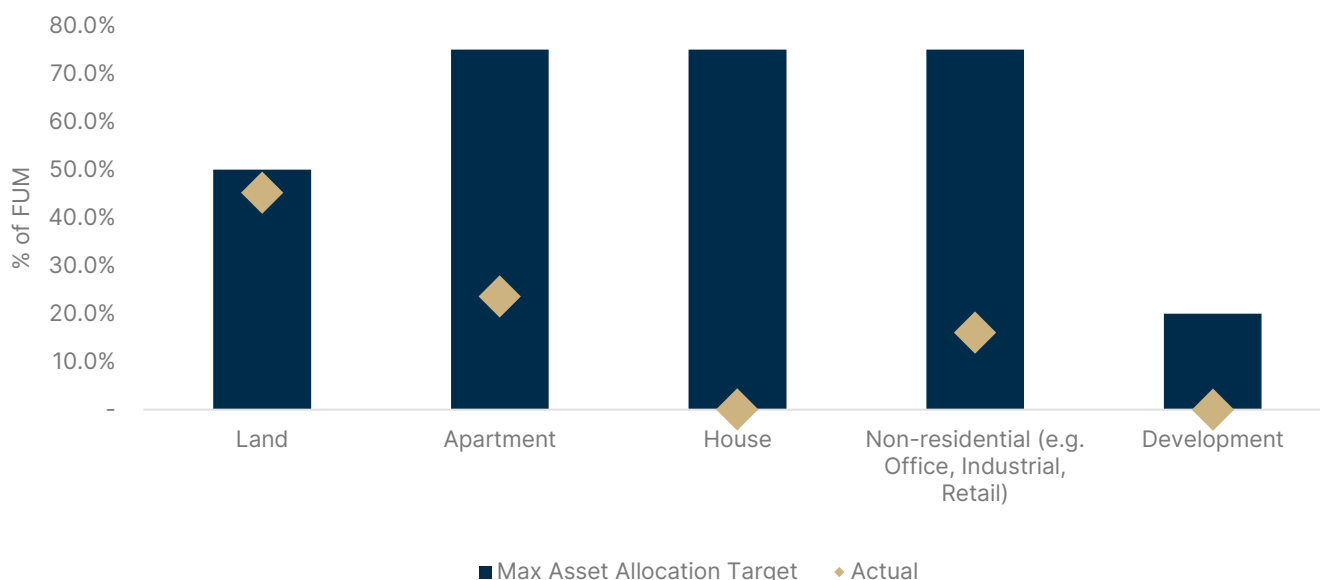
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Fund Performance¹

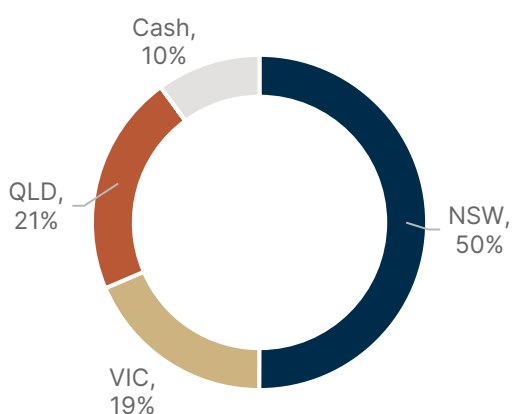
	1 month	3 months	6 months	1 year	Since Inception
Return to investor (\$/unit)	0.0042	0.0135	0.0263	NA	0.0263

¹ Fund returns assumes no compounding because distributions are paid out monthly. This month's annualised return is 4.9% p.a. and the since inception annualised return is 5.2% p.a. The calculation methodology used and presented in this table (including the return calculation) is not in accordance with the guidelines provided by the Financial Services Council (FSC). The FSC, of which MA Financial Group is a member, recommend that returns of investment options over periods less than one year should not be annualised to ensure that short term returns are not used to compare lower risk and higher risk investment options and unrealistic expectations are not generated through the annualising of unusually high or low short-term returns. The Manager considers that due to the nature of the mortgage backed investments of the Fund, showing an annualised return is appropriate. **Please refer to the PDS for details on the valuation methodology.**

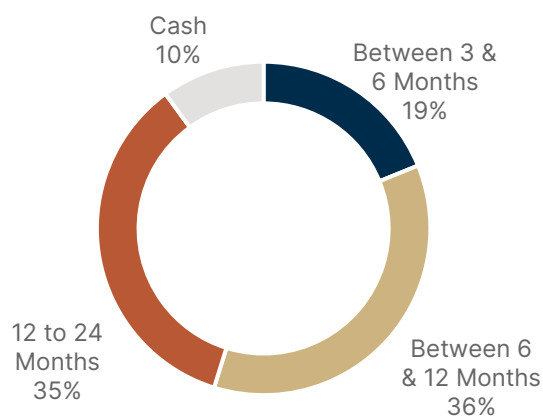
Collateral Type



Borrower State Concentration²



Maturity Profile of Loans²



² Shown as % of FUM.

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Additional Portfolio Targets

Portfolio Targets as percentage of FUM	Target Met	Result
Max LVR<=65%	Y	65%
Land <50%	Y	45%
Apartment <75%	Y	24%
House <75%	Y	5%
Non-residential (e.g. Office, Industrial, Retail) <75%	Y	16%
Development <20%	Y	0%
VIC <50%	Y	19%
NSW <75%	Y	50%
QLD <50%	Y	21%
Other <25%	Y	0%
Regional <25%	Y	0%
Median Loan Investment <5%	Y	2%
Borrower Concentration <25%	N	30%
Single Loan Concentration <25%	N	30%
Weighted Average Loan to Value Ratio <60%	Y	52%
Maximum Loan to Cost Ratio <75%		N/A

Liquidity

At least 80% of the portfolio can be liquidated within 545 days.

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Appendix: Loan book and Portfolio Targets

Security Property	Location	Total Loan Limit	Total Loan Outstanding	SREIF Investment	%FUM	Maturity	Interest Rate Bands	LVR
Land – residential	Brisbane South East	\$0.69m	\$0.69m	\$0.03m	0.3%	Nov-21	7–8%	41%
Commercial	Sydney Northern Suburbs	\$3.32m	\$3.32m	\$0.01m	0.1%	Mar-22	7–8%	55%
Apartment	Brisbane South	\$0.57m	\$0.57m	\$0.20m	2.2%	Dec-21	6–7%	63%
Industrial	West Melbourne	\$2.37m	\$2.37m	\$0.11m	1.2%	Oct-21	8–9%	34%
Apartment	Inner West Melbourne	\$0.69m	\$0.69m	\$0.24m	2.5%	Jan-22	7–8%	65%
Land – residential	West Melbourne	\$6.78m	\$6.78m	\$1.42m	14.9%	Mar-22	7–8%	7%
Land – commercial	Northern Beaches Sydney	\$4.50m	\$4.30m	\$2.85m	30.0%	Jul-22	7–8%	60%
Retail	South West Sydney	\$3.60m	\$3.49m	\$1.41m	14.8%	Jul-22	7–8%	60%
House	South West Sydney	\$0.53m	\$0.49m	\$0.49m	5.2%	Jul-22	7–8%	56%
Apartments	Gold Coast	\$6.50m	\$6.28m	\$1.80m	18.9%	Jul-22	7–8%	65%
Invested Portfolio				\$8.56m	90.0%			
Cash				\$0.95m	10.0%			
Total Funds Under Management (FUM)				\$9.51m	100.0%			

Investments under Watch

A 34% Loan to Value Ratio with a Fund exposure of \$0.11m (1.2% of FUM), residual stock loan secured over industrial units in Truganina, VIC. A dispute between the former business partners and the borrower resulted in a caveat being registered on the secured property by the former business partner, which resulted in a breach of a loan condition pursuant to the loan documents. Sales of the residual stock secured by this loan continue to take place. Since 31 October 2021 a further two lots have settled. The Manager has no current concern regarding recoverability. Notwithstanding, the Manager has engaged an agent to act as Mortgagee in Possession.

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MORE INFORMATION

The Target Market Determination for Units in the Fund is available free of charge on the Fund webpage: [MAfinancial.com/asset-management/retail-funds/ma-secured-real-estate-income-fund/](https://www.mafinancial.com/asset-management/retail-funds/ma-secured-real-estate-income-fund/)

For more information, please speak to your financial adviser or the MA Client Services team at MAclientservices@MAFinancial.com, or on +61 2 8288 5594. Otherwise visit [MAFinancial.com/asset-management](https://www.mafinancial.com/asset-management).

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