

MA Priority Income Fund

MA Asset Management



31 July 2024

Investment strategy

The MA Priority Income Fund (the Fund)¹ seeks to achieve its Target Return by investing in Class A units of the MA Master Credit Trust (Master Trust).²

The investment strategy of the Master Trust is to create a credit investment portfolio diversified across credit market segments, borrowers, industries, credit qualities and origination channels.

The investment strategy is primarily focused on Australian private debt that is secured, asset-backed or otherwise has defensive characteristics.

Monthly commentary

The macroeconomic environment points to the Australian economy slowing, signified by weak GDP growth and interest rates considered to be in restrictive territory. The inflation rate of 3.8% (Q2 2024) continues to moderate towards the 2%–3% target range, albeit with subsistence in inflation making the future direction of interest rates more uncertain. The rate of unemployment was reported as 4.1% in the latest data release.

In the context of the current macroeconomic environment, the Manager remains satisfied with the performance and resilience of the investment portfolio, with continued low levels of term arrears and losses.

The Manager fully exited one RMBS bond investment by way of secondary market sale to support fund liquidity and in anticipation of expected private market capital deployment over the remainder of Q3 2024.

The Manager had further loan drawdowns across residential mortgage, fleet finance, auto finance, supply chain finance, legal disbursement funding and specialty funding private market warehouses. The Manager also reduced two ABS bond positions by way of secondary market sale.

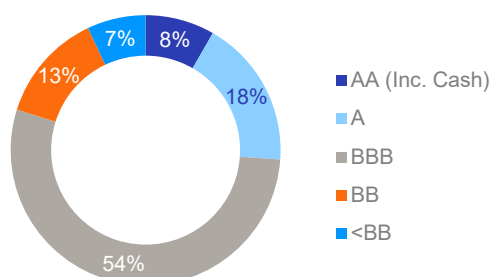
The Manager is in advanced investment and due diligence processes on two new warehouse opportunities for asset finance and auto loans, as well as facility upsizes.

The RBA Cash Rate remains at 4.35% at the time of this report, with the next RBA board meeting scheduled for 24 September 2024. The Target Return for the Fund remains at 8.35% p.a.

Portfolio summary	
Number of investments	60
Number of underlying loans ³	359,756
Exited investment in July 2024	1
Portfolio credit duration (months to maturity)	10.7
Average weekly cash holding during the month	3.6%

Fund overview	
Fund size	\$1,399m
Master Trust size	\$1,539m
Unit Price	\$2.00
Capital Buffer	10%
Target Return	RBA Cash Rate + 4.00% p.a. (net of fees and costs)
Available Platforms (APIR: MAA8010AU)	Australian Money Market, BT Panorama, CFS Edge, CFS FirstWrap, DASH, HUB24, Macquarie Wrap, Masons Stevens, Netwealth, North, OneVue, Powerwrap, Praemium
Research ⁴	Lonsec – ‘Recommended’ BondAdviser – ‘Recommended’

Credit quality⁵



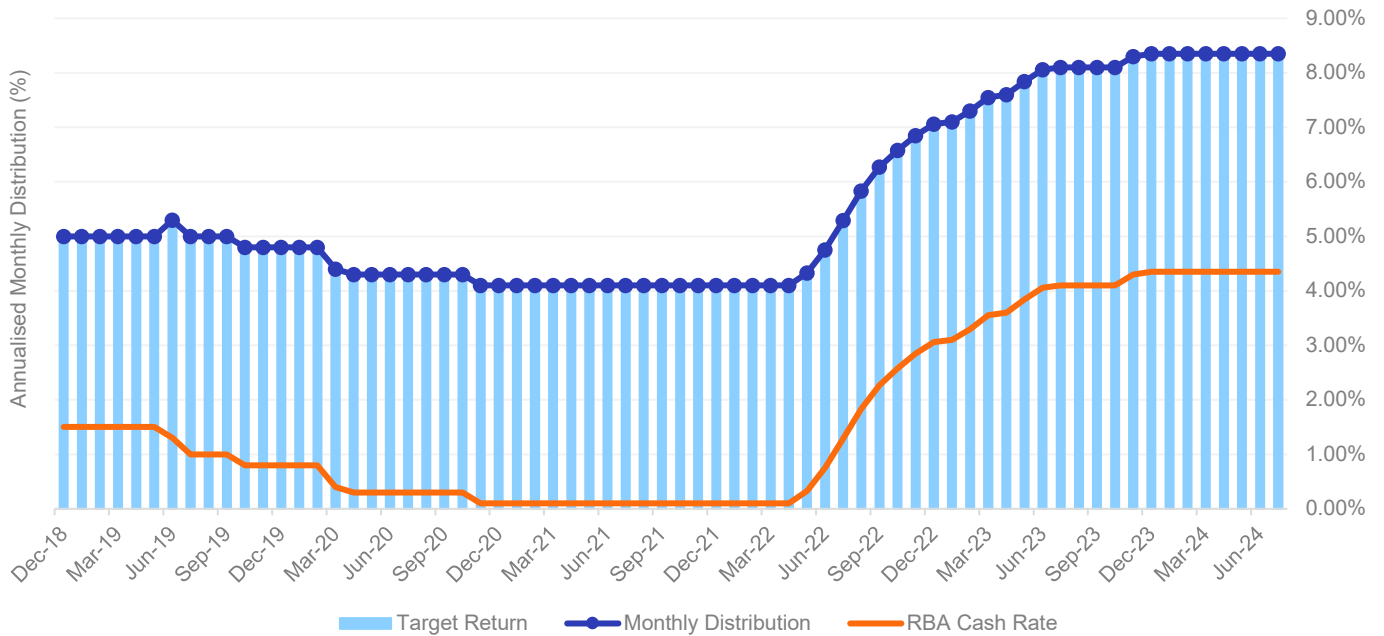
1. The inception date of the Fund was 12 November 2018.
2. The Master Trust is an unregistered wholesale Australian unit trust which invests in a portfolio of credit investments.
3. Underlying loans as at prior month end.
4. SQM – please speak to your financial adviser for more information.
5. Rated by MA Asset Management including where not rated by public ratings agencies. Total may not sum to 100% due to rounding.

This update has been prepared by MA Investment Management Pty Ltd (ACN 621 552 896) (AFSRN 001 258 449) (Manager), the appointed Fund Manager of the MA Priority Income Fund ARSN 648 809 849 (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 (Responsible Entity) of the Fund. The Manager and Responsible Entity are wholly owned subsidiaries of MA Financial Group Limited (MA Financial Group).

Fund performance⁶

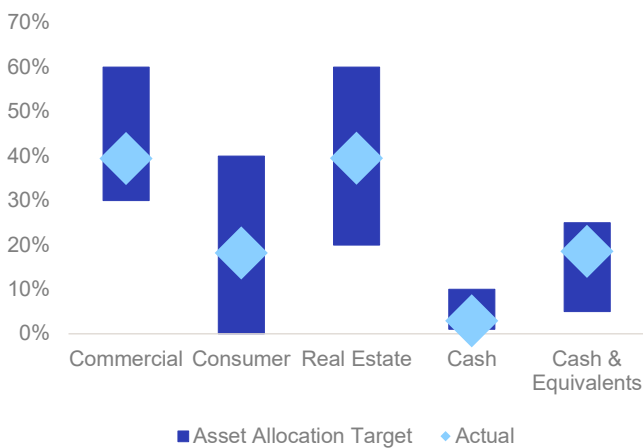
	1 month	3 months	6 months	1 year	2 years (p.a.)	3 years (p.a.)	Inception ⁷
Total return (%)	0.71%	2.12%	4.23%	8.61%	8.01%	6.78%	5.76%
Average Capital Buffer (%)	10%	10%	10%	10%	10%	10%	10%

Distribution history⁸

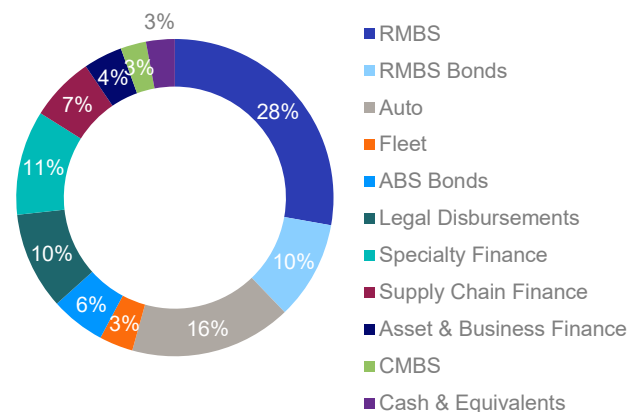


Portfolio construction

Portfolio Asset Allocation⁹



Sub sector breakdown¹⁰



6. Returns reflect the value of a continuing investor's investment assuming the reinvestment of all distributions and is calculated in accordance with investment performance reporting guidelines of the Financial Services Council (FSC) of which MA Financial Group is a member. Past performance is not a reliable indicator of future performance.

7. Annualised from inception date of 12 November 2018 (with first distribution paid in December 2018).

8. Actual distributions paid in that month assuming they were annualised for the respective financial year. Past performance is not a reliable indicator of future performance.

9. Asset target allocations per the PDS. Cash & Equivalents includes cash, RMBS bonds and ABS bonds.

10. Sub sector classification as defined by MA Asset Management. Total may not sum to 100% due to rounding.

All data as at 31 July 2024 except where referenced otherwise.

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We are a global alternative asset manager specialising in private credit, core and operating real estate, hospitality, private equity and venture capital as well as traditional asset classes. We lend to property, corporate and specialty finance sectors and provide corporate advice.

Our investment teams have diverse skill sets and experience across a range of strategies and market conditions and are focused on delivering long-term growth. Our conviction runs deep and as testament to this we co-invest in many of our strategies alongside our clients, aligning our interests with theirs.

More information

The Target Market Determination for Units in the Fund is available free of charge on the Fund webpage mafinancial.com/invest/private-credit/ma-priority-income-fund.

For more information, please speak to your financial adviser or the MA Client Services team at:

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T: +61 2 8288 5594
MAFinancial.com/invest

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