

Fund Details

Fund:
Ark Bedrock Mortgage Fund

Trustee:
Ark Capital Funds Ltd
ACN 604 775 573
AFSL 476209

Fund Manager:
Ark Capital Funds Ltd

Fund Commenced:
December 2023

Fund Type:
Pooled mortgage fund
for wholesale investors

Distributions Paid:
Monthly

Distribution Reinvestment Available:
Yes

Minimum Subscription:
\$50,000

Minimum Investment Term:
6 months

Redemption:
Quarterly

Target Return:
RBA cash rate + 5%

Investor share of origination fees:
Minimum 1% of investment size

Management Fee:
0.75% of FUM

Direct Costs:
Capped at 0.25% of FUM

Performance Fees:
Nil

Application Fees:
Nil

Redemption Fees:
Nil

Investor Contacts:
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0409 985 986

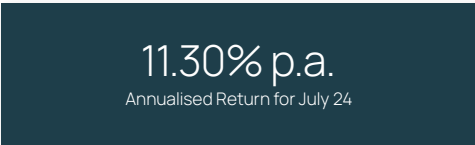
Ark Capital Funds Ltd is the trustee for Ark Bedrock Mortgage Fund (the Fund), an unregistered unit trust, which is only available to wholesale investors (as defined under the Corporations Act 2001). The investment manager for the Fund is Coinlot Pty Ltd atf Nambawan Management Trust (ABN 48 745 786 335).

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Key Metrics

Fund Performance	May24	Jun24	Jul24
Mth Return (net of fees)	0.96%	0.93%	0.96%
Annualised	11.36%	11.30%	11.30%

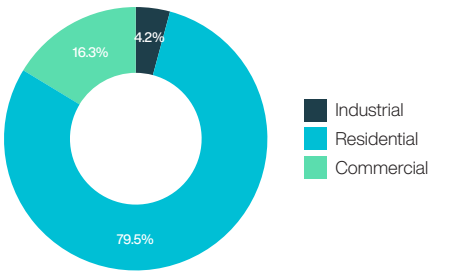
Periodic Performance	Raw	Annl
1 Mth	0.96%	11.30%
3 Mths	2.85%	11.35%
Fin YTD	7.54%	11.35%
Since Inception	7.54%	11.35%



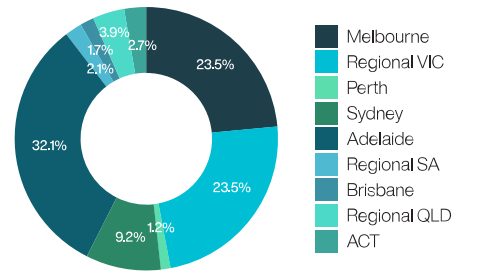
Fund Details	May24	Jun24	Jul24
Funds under Management	\$28.9 m	\$40.2 m	\$41.0 m
Number of Unitholders	68	110	114
Number of Borrowers	15	14	13
Number of Loans	16	18	19
Average Loan Size	\$1.8 m	\$2.0m	\$2.0m
Average LVR	63.7%	62.8%	61.9%
Average Interest Rate	11.44%	10.98%	11.44%
Average Fee Income	1.31%	1.29%	1.43%
Average Loan Maturity	10 mths	11 mths	11 mths
Loans in Arrears	nil	nil	nil
Loans with Prepaid Interest	100%	100%	100%

Portfolio Diversity

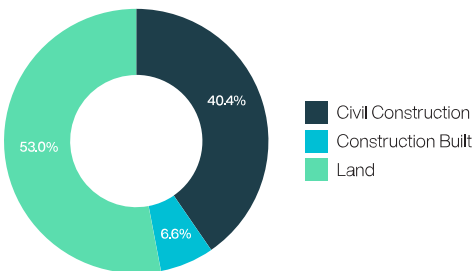
Investment Sectors - July 24



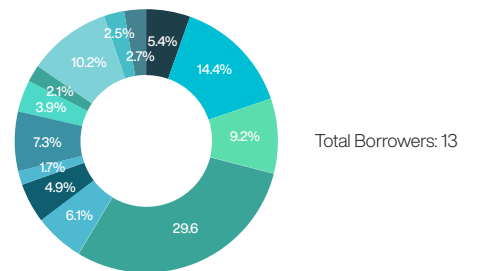
Geographic Location - July 24



Loan Type / Purpose - July 24

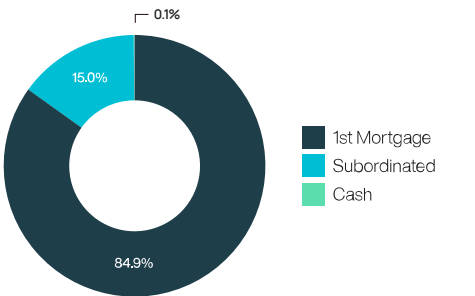


Borrower Mix - July 24

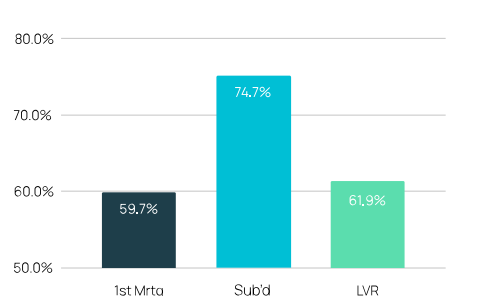


Total Borrowers: 13

Portfolio Investment Mix - July 24



LVR Profile - July 24



Bedrock Mortgage Fund

Fact Sheet - July 2024



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Fund Manager Commentary

Recognising the Development Sector Risk: Built-Form and Civil Construction across geographies

Ark is acutely conscious of the pressures currently faced by property developers and building contractors resulting from input cost inflation, labour shortages, high interest rates, and in certain property sectors a dampened demand for finished product. We note however that the pressures are not uniformly distributed across development sectors, sub-sectors or geographies.

We see the pressures as particularly apparent in residential built-form construction in Victoria and NSW, whilst Queensland, SA and WA appear less troubled in this sector, with relatively stable demand for residential property likely due to interstate migration inflows. It is apparent to us that industrial, and certain commercial built-form construction sub-sectors are less impacted by the current pressures, whilst land and civil construction (sub division) developments appear the most resilient.

Notwithstanding the pressures, we do continue to see borrower demand for quality land and civil construction projects across all sectors, even in the more "troubled" states, with sound lending opportunities still presenting. Ark has nevertheless deliberately refocused its lending attention toward these type of loans, with a strong eye on Queensland, SA and WA, and a more wary approach to opportunities in Victoria and NSW, particularly in the residential sector.

So what does this mean for the Bedrock Fund?

Ark Capital and Ark Bedrock's primary focus is delivering quality, risk adjusted returns to investors whilst observing our guiding principle: "The Protection of investor capital is paramount". Given the preceding commentary, it follows that Bedrock is heavily weighted toward land and civil construction loans, which we absolutely see as being at the lower end of the risk spectrum, and where we are most comfortable lending. At the end of July, the Bedrock fund holds 93.4% of its investments in land and land civil construction loans, with just 6.6% invested in high-quality commercial and industrial built-form loans. Bedrock holds legacy investments in a number of well-performed loans in Victoria, where much of Ark's previous lending was focussed, however given Ark's refocus toward other states, this will be reflected in the Bedrock Fund progressively as current loans are repaid and new loans are made.

July 2024 Fund Performance and Composition

The July '24 month saw another strong return, at 0.96% (11.30% annualised). FUM rose by \$0.7m during the month and ended July at \$41m, with new applications and pledges of approximately \$4.5m received for unit issue in August.

The portfolio diversity metrics were maintained during the month, with the Manager's clear determination to maintain a fully diversified portfolio reflected in the fact that at the end of July Bedrock was invested in 19 separate loans with 13 borrowers, across 9 different geographies in 6 states/territories, in 3 different development sectors and in 3 different loan types. The weighted average LVR of 61.9% is 90 basis points lower than in June, 180 bps below May, and remains comfortably within the Manager's risk settings.

Platforms

We are pleased to report that in July the Ark Bedrock Mortgage Fund was added to, and became available for investment on the Mason Stevens investment platform, and are advancing same with the Netwealth platform, where we are currently available to Advisors who request Bedrock's addition to their APL's.

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About the Fund

What does Bedrock invest in?

Bedrock invests in multiple Ark Wholesale loan deals alongside other syndicate investors, currently holding investments in 10 individual loans to 9 individual borrowers. This means Bedrock investors aren't entirely exposed to a single loan, rather a portfolio of loans. This diversity of course reduces an investor's concentration risk. Bedrock investors still get the benefit of the same, specialist property & development due diligence undertaken for all of Ark Wholesale's loans.

How are Bedrock's returns determined?

Bedrock investors receive the same % interest rate from the loans as other syndicate investors, plus the Bedrock Manager rebates to Bedrock a minimum 1% loan management fee on each investment.

Ark Capital does this because it believes we should not double dip on fees (ie, we shouldn't take a loan management fee from the borrower AND take a fund management fee from Bedrock investors).

To Bedrock investors, the 1% loan management fee rebate effectively offsets the Bedrock 0.75% Fund Manager's fee and the (up to) 0.25% direct costs of the fund.

Distribution reinvestment

Distribution reinvestment is offered to all investors in Ark Bedrock by the fund manager, and we are pleased to see investors beginning to take up this opportunity to compound their returns. Units are issued for reinvested distributions immediately - ie, on the first day of the month following that which the distribution relates to.

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