Bedrock Mortgage Fund

Fact Sheet - June 2024

Fund Details

Fund:
Ark Bedrock Mortgage Fund

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

Fund Manager:
Ark Capital Funds Management Pty 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:
Stephan DeSilva
stephan.desilva@arkcapitalfunds.com.au
0455 554 120

Shane Wakelin
shane.wakelin@arkcapitalfunds.com.au
0409 985 986

Fund Manager:
David Charles
david.charles@arkcapitalfunds.com.au
0417 557 783

Key Metrics

Fund Performance	Apr24	May24	Jun24
Mth Return (net of fees)	0.93%	0.96%	0.93%
Annualised	11.27%	11.36%	11.30%

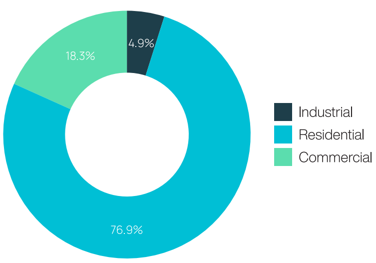
Periodic Performance	Raw	Annl'd
3 Mths	2.82%	11.34%
Fin YTD	5.65%	11.32%
Since Inception	5.65%	11.32%

11.30% p.a.
Annualised Return for June 24

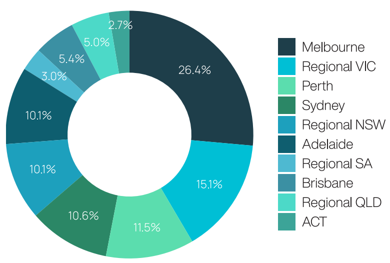
Fund Details	Apr24	May24	Jun24
Funds under Management	$22.4 m	$28.9 m	$40.2 m
Number of Unitholders	49	68	110
Number of Borrowers	9	15	14
Number of Loans	10	16	18
Average Loan Size	$2.2 m	$1.8 m	$2.0 m
Average LVR	63.0%	63.7%	62.8%
Average Interest Rate	11.15%	11.44%	10.98%
Average Fee Income	1.23%	1.31%	1.29%
Average Loan Maturity	9 mths	10 mths	11 mths
Loans in Arrears	nil	nil	nil
Loans with Prepaid Interest	100%	100%	100%

Portfolio Mix and Diversity

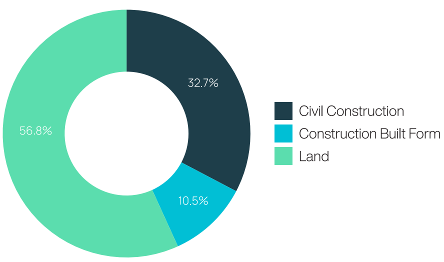
Investment Sectors - June 24



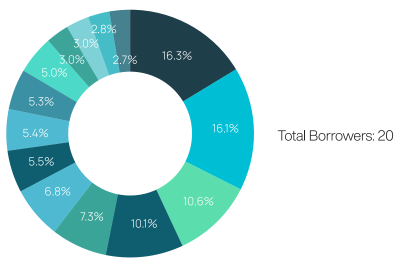
Geographic Location - June 24



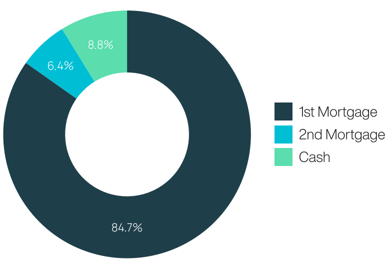
Loan Type / Purpose - June 24



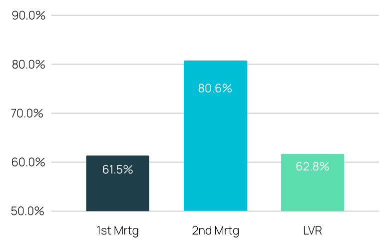
Borrower Mix - June 24



Portfolio Investment Mix - June 24



LVR Profile - June 24



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Fund Manager Commentary

June '24 marks Bedrock's 7th month since launch and the end of the 2024 financial year. June saw a return to investors (net of fees) of 0.93% or 11.30% annualised, and a cumulative annualised return of 11.32%. At the end of June, FUM was $40.3m reflecting a material inflow of $11.4m in the month. Approximately $5m has been received or pledged for unit issue in July which will see FUM exceed $45m by the end of July. We are pleased to again report that approximately 50% of the Bedrock FUM is from existing Ark investors, with long experience in Ark investments, our returns and diligent investment management, and who are prepared to increase their investments with Ark.

Given the Funds inflow in the month, June saw the Manager actively investing in available Ark Wholesale Fund originated loans, with investments made in 5 new loans, including:

- a $2.1m and a $3.8m investment in two syndicated Residential Land bank loans in Melbourne (1st mortgage, 60% and 63% LVR respectively)
- a $4.2m investment in a syndicated Commercial Land loan in Perth (1st mortgage, 60% LVR, proposed Student Accommodation project adjacent to Edith Cowan University, jointly funded by ECU and both the Commonwealth and WA State Governments)
- a $1m investment in a syndicated Residential Land subdivision in Sellicks Beach, Adelaide (1st mortgage, 65% LVR).
- a 1.1m investment in a syndicated Residential Land subdivision in Bracken Ridge, Brisbane (1st mortgage, 55% LVR)

Additional amounts were invested in several existing loans during June, whilst one loan matured and one loan was exited near the end of June, resulting in a cash holding of $3.6m at month end, which is planned for deployment in new investments in early July.

The Trustee's clear determination to maintain a fully diversified portfolio is reflected in the fact that at the end of June the Bedrock fund was invested in 18 separate loans with 14 different borrowers, across 10 different geographic regions in 5 states/territories, in 3 different development sectors and in 3 different loan types. The weighted average LVR of 62.8% is 90 basis points lower than in May and remains comfortably within the Manager's risk settings.

Consistent with recent months, nearly 90% of the fund's investments are in Land or Land and Civil Construction loans, with only 10% in Built-Form Construction loans. This is important when comparing Mortgage funds and considering relative risk. Our leadership team continually re-evaluates Ark's lending settings and we presently maintain a heavy weighting toward investments in mid-market sized loans in Land and Civil Construction. This is where we see the lowest risk at this time in our industry, and where we are focussing the majority of our lending. Our settings are informed by our proprietary research, market observations and feedback, and critically, through our team's long experience through numerous economic, development and credit cycles.

As we commence the new financial year we look forward to continuing to deliver our existing investors, and investors new to Ark with excellent risk-weighted returns on the capital they entrust to us.

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About Bedrock

What does Bedrock invest in?

Bedrock invests in multiple Ark Wholesale loan deals alongside other syndicate investors. This means Bedrock investors aren't entirely exposed to a single loan, rather a diverse portfolio of loans, reducing investors' 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 of 1% of it's loan line fee income 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.