

Bedrock Mortgage Fund

Fact Sheet - May 2024



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:
Stephan DeSilva
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0455 554 120

Shane Wakelin
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0409 985 986

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

Key Metrics

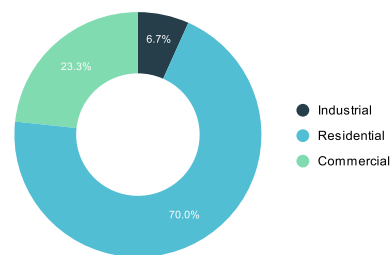
Fund Performance	Mar24	Apr24	May24
Mth Return (net of fees)	0.95%	0.93%	0.96%
Annualised	11.24%	11.27%	11.36%
Periodic Performance	Raw	Ann'd	
1 Mth	0.96%	11.36%	
3 Mths	2.85%	11.32%	
Fin YTD	5.65%	11.34%	
Since Inception	5.65%	11.34%	

11.36% p.a.
Annualised Return for May 24

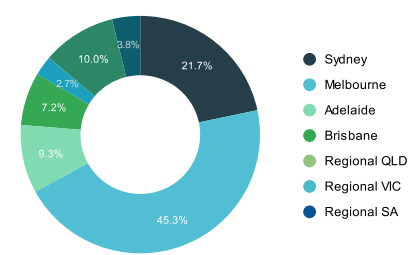
Fund Details	Mar24	Apr24	May24
Funds under Management	\$20.6 m	\$22.4 m	\$28.9 m
Number of Unitholders	46	49	68
Number of Borrowers	8	9	15
Number of Loans	9	10	16
Average Loan Size	\$2.3 m	\$2.2 m	\$1.8 m
Average LVR	63.1%	63.0%	63.7%
Average Interest Rate	11.13%	11.15%	11.44%
Average Fee Income	1.23%	1.23%	1.31%
Average Loan Maturity	9 mths	9 mths	10 mths
Loans in Arrears	nil	nil	nil
Loans with Prepaid Interest	100%	100%	100%

Portfolio Mix and Diversity

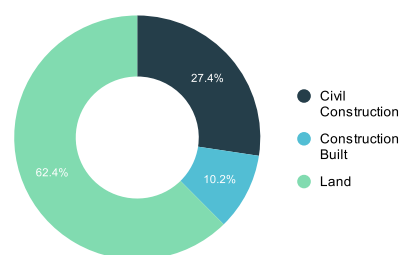
Investment Sectors - May 24



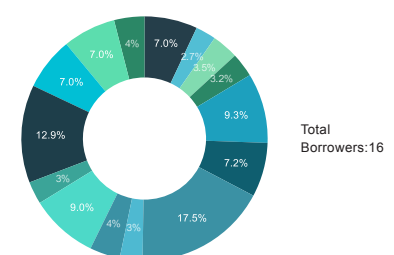
Geographic Location - May 24



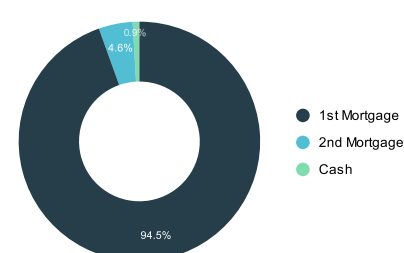
Loan Type / Purpose - May 24



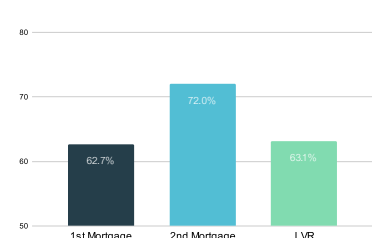
Borrower Mix - May 24



Portfolio Investment Mix - May 24



LVR Profile - May 24



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Fund Manager Commentary

May '24 marks Bedrock's 6th month since launch and saw a return of 0.96% (11.36% annualised) and a cumulative annualised return of 11.34%. At the end of May, the FUM was \$29.9m with a further \$5.7m received or pledged for unit issue in June, bringing FUM to \$34.6m. This is a pleasing result for the Manager as we strive to grow the scale of the fund whilst continuing to deliver excellent risk weighted returns to our investors.

May saw Bedrock make 8 new investments and reduce the size of one previous investment to better balance the Fund. At month end Bedrock was invested in 16 separate loans with 15 discreet borrowers, across 7 different geographic regions in 4 states, in 3 different development sectors and in 3 different loan types. All current Ark Bedrock loans are performing with nil arrears, since all Bedrock's investments are in "prepaid interest" loans, substantially eliminating the risk of loan arrears which may otherwise have impacted monthly distributions.

At 63.7% the portfolio average LVR is comfortably within the Manager's risk settings, particularly given that approximately 90% of the fund's investments are in Land or Land and Civil Construction loans. This is important when comparing Mortgage funds and especially when considering relative risk. At Ark Capital it is mid-market sized loans in Land and Civil Construction where we are currently most comfortable placing our investors capital, and the place we see as the "lower end" of the risk curve in the current development environment. Ark is fortunate to have developed enduring relationships with excellent repeat borrowers in this space, who in turn have enduring relationships with excellent builder/contractors. It is our deep understanding of the borrowers we lend to, their development projects and the strength and capability of their contractors which is key to our track record of 100% capital and interest recovery through Ark's history.

During the month we were again able to deploy over 99% of our Bedrock investors' funds, contributing meaningfully to the return levels being generated. We will continue to maintain vigilant cash management practices, utilising Bedrock's relationship with the Ark Wholesale Mortgage Fund to make tactical, temporary investments within a month where the opportunity arises.

We are pleased to again report that nearly 50% of the Bedrock FUM is from existing Ark investors with long experience of our investments, returns and diligent investment management processes.

About Bedrock

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.

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).

This material has been prepared for general information only and does not constitute financial advice nor an offer of any financial product. An Information Memorandum including an Application Form for the Fund is available upon request for wholesale investors and contains among other things a description of the risks associated with an investment in the Fund.