

Millbrook Credit Fund Diversified

Millbrook Credit Fund Diversified provides investors with the ability to invest in a diversified range of registered 1st mortgages with different security types & location, terms and LVR's. The minimum investment term is 12 months, with distributions paid monthly. *We treat your money like it is our own.*

Fund Reporting & Performance

MILLBROOK CREDIT FUND DIVERSIFIED – KEY METRICS AS AT 31/12/24

Current return	7.50% pa (variable)
Benchmark	Bloomberg AusBond Bank Bill Index + 1.50%
Weighted average LVR	53.70%
No. of loans invested in	76
Weighted average loan duration	13.35 months
Current Diversified fund size	\$33,268,502
APIR	MMM8312AU

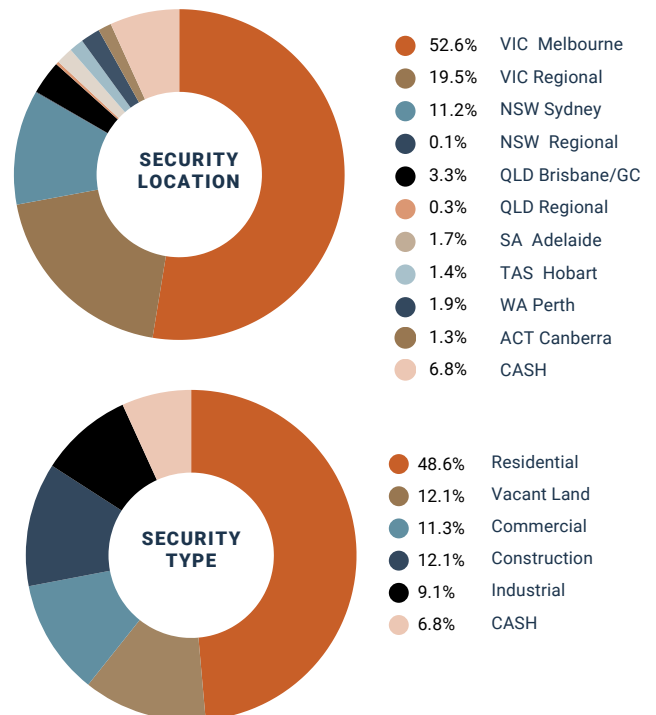
HISTORICAL PERFORMANCE	ACTUAL RETURN	BAUBIL + 1.5%*	PERFORMANCE (+/-)
1 month	0.64%	0.51%	+0.13%
6 months	3.75%	2.98%	+0.76%
1 year	7.40%	5.89%	+1.51%
3 years	6.78%	4.66%	+2.13%
Since inception	6.88%	3.50%	+3.38%

* Bloomberg Ausbond BBI + 1.5% (1 Year)

PLATFORM AVAILABILITY Netwealth, Hub24, AMP North, Australian Money Market, Mason Stevens

Portfolio Analysis

MILLBROOK CREDIT FUND DIVERSIFIED – KEY METRICS AS AT 31/12/24



Highlights

Growth

MCF Diversified FUM has increased to \$33.27m (4% increase for the quarter). Overall group FUM \$389m.

Demand

Strong end to the year but competition for quality transactions continues to remain elevated, particularly for residual stock loans with conservative LVR's.

Types of Loans

95% of the loan book is variable, however given rate expectations we may look to pivot to more fixed rate loans in 2025.

Looking for further investment opportunities?

If you would like to discuss investment opportunities in any of our property credit funds, please contact us directly.

Arrears

Arrears remained stable for the quarter and continue to be managed closely by the Credit team. Oct > 90 days 0.00% | Nov > 90 days 0.98% | Dec > 90 days 0.94%

Market Insight

We remain of the view that rates and returns have peaked in the CRE debt sector. There are varying views in the market, but we are not expecting any rates cuts until Feb 2025 at the earliest. Our loan book remains well positioned to take advantage of rate movements given the short duration of the portfolio (average duration remains ~13 months).



Peter Mill
Head of Distribution
peterm@millbrookgroup.com.au
0409 209 036



Raegan Williams
Senior Investment Manager
raeganw@millbrookgroup.com.au
0435 161 435



Millbrook Perspective

After another strong year of growth (8.61%) for Millbrook in 2024, we look ahead to 2025 in this quarter's Millbrook Perspective.

Interest rates will again be a hot topic with divergent views on when the RBA will cut rates. The consensus is for a rate cut somewhere between February and May with ANZ recently revising their call from May back to February.

In the December RBA Minutes, the RBA Board advised "...if the future flow of data continued to evolve in line with, or weaker than, their expectations, it would further increase their confidence that inflation was declining sustainably towards target". The Board also noted "If that were to occur, members concluded that it would, in due course, be appropriate to begin relaxing the degree of monetary policy tightness".

This suggests a cut to rates in 1H 2025 is probable. The recent set of quarterly inflation figures will be critical in influencing the RBA Board.

May is likely to be when the Federal Election rolls around. This could bring further uncertainty to the market particularly if there is a minority government elected - recent polling suggests a tight contest with most polls showing Labor and the Coalition neck and neck on a 2-party preferred basis.

In terms of returns in the property credit sector, we see borrower rates reducing over the next 12 months not only due to likely rate cuts but also due to increased competition in the sector. With rate cuts likely in 2025 we will potentially pivot and offer more fixed rate returns to investors, providing downside protection.

Overall, our expectation is that investor returns are likely to pull back, however we still believe investors will be rewarded with good risk-adjusted returns that stack up well against other fixed income investments.

We are looking forward to a strong and positive year ahead.

Market Forecasts

ECONOMIC FORECASTS	2024	2025	2026
Real GDP (y/y%)	1.00	2.20	2.30
CPI Headline (y/y%)	2.70	2.90	2.40
Wage Price Index (WPI)	3.30	3.40	3.20
Unemployment (%)	4.00	4.20	4.20
RBA Cash Rate	4.35	3.60	3.10
\$/US cents	0.66	0.67	0.73

Source: NAB Economics, as at 17/12/24

BANK	RBA CASH RATE FORECAST
CBA	First rate cut Feb 2025
ANZ	First rate cut Feb 2025
WBC	First rate cut Feb 2025
NAB	First rate cut Feb 2025

(03) 8663 1800

info@millbrookgroup.com.au

Level 7, 1 Collins St, Melbourne VIC 3000

millbrookgroup.com.au

MILLBROOK
GROUP

Past performance is not necessarily an indicator of future performance. Any information is of a general nature only. We have not taken into account your objectives, financial situation, or needs when preparing it. Before acting on this information you should consider if it is appropriate for your situation. Intending investors must obtain a copy of the Fund's Target Market Determination and Product Disclosure Statement (PDS). Millbrook Asset Management Ltd ABN 81 123 219 732 AFSL /ACL 335001, Responsible Entity for the Millbrook Credit Fund ARSN 125 042 480.