



SQM
RESEARCH

Millbrook Credit Fund

This report has been prepared for financial advisers
and wholesale clients only



High Investment Grade

May 2026

INTRODUCTION

Key Principles

SQM Research considers (but is not restricted to) the following key review elements within its assessment:

1. Business profile - product strategies and future direction
2. Marketing strategies and capabilities, market access
3. Executive Management / Oversight of the investment management firm
4. Corporate Governance / fund compliance / risk management
5. Investment team and investment process
6. Fund performance, investment style, market conditions, investment market outlook
7. Recent material portfolio changes
8. Investment liquidity
9. Investment risks
10. Fund/Trust fees and expenses

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Report Date: 6 May 2026

Star Rating**	Description	Definition
4.5 stars and above	Highest Investment Grade	<i>In SQM Research's view, the Fund has substantial potential to meet its investment objectives (over the medium-to-long term). Most funds with this rating score highly for a significant majority of SQM's key areas of assessment.</i>
4.25 stars	High Investment Grade	<i>In SQM Research's view, the Fund has considerable potential to meet its investment objectives (over the medium-to-long term). Most funds with this rating score highly for a majority of SQM's key areas of assessment.</i>
4 stars	High Investment Grade	<i>In SQM Research's view, the Fund has considerable potential to meet its investment objectives (over the medium-to-long term). Most funds with this rating score highly for a majority of SQM's key areas of assessment.</i>
3.75 stars*	Investment Grade	<i>In SQM Research's view, the Fund has the potential to meet its investment objectives (over the medium-to-long term). Most funds with this rating score reasonably well in some of SQM's key areas of assessment, although SQM has identified some areas for improvement.</i>
3.5 stars*	Low Investment Grade	<i>In SQM Research's view, the potential of meeting its investment objectives (over the medium-to-long term) is uncertain. Most funds with this rating score reasonably well across a minority of SQM's key areas of assessment, and SQM has identified some areas for improvement.</i>
3.25 stars	Non-Investment Grade	<i>In SQM Research's view, the potential of meeting its investment objectives (over the medium-to-long term) is very uncertain. Most funds with this rating do not score well across a majority of SQM's key areas of assessment, and SQM has identified several areas for improvement.</i>
3 stars	Non-Investment Grade	<i>In SQM Research's view, the potential of meeting its investment objectives (over the medium-to-long term) is very uncertain. Most funds with this rating do not score well across a majority of SQM's key areas of assessment, and SQM has identified several areas for improvement.</i>
Below 3 stars	Avoid	<i>In SQM Research's view, the potential of meeting its investment objectives (over the medium-to-long term) is highly unlikely. SQM Research has multiple material concerns surrounding the Fund.</i>
Event-driven Rating	Definition	
Withdrawn	<i>The rating is withdrawn and no longer applicable. Significant issues have arisen since the last report was issued, and investors should avoid or redeem units in the fund.</i>	
Discontinued – Withdrawn	<i>The manager, after agreeing to be reviewed, has pulled out of the process and/or has not responded.</i>	
Hold	<i>Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks. Dealer groups should not be making further investments into this fund until SQM has completed its additional investigations.</i>	

* It is strongly recommended advisers conduct additional due diligence over and above base requirements when considering such rated funds.

** The definitions in the table above are not all encompassing and not all individual items mentioned will necessarily be relevant to the rated Fund. Users should read the current rating report for a comprehensive assessment.

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SQM Rating ★★★★★

High Investment Grade.

Fund Description	
Fund Name	Millbrook Credit Fund
APIR code	Select Option - APIR codes are created as and when required at the individual loan level Diversified Option - MMM8312AU
Asset Class	Mortgage Fund
Management and Service Providers	
Fund Manager	Millbrook Asset Management Ltd
Responsible Entity	Millbrook Asset Management Ltd
Custodian	Perpetual Corporate Trust
Fund Information	
Fund Inception Date	2007 [†]
Fund Size	Select Option: \$160.1 m at Dec 2025 Diversified Option: \$46 m at Dec 2025
Return Objective (per PDS)	To exceed the benchmark (Bloomberg AusBond Bank Bill Index plus 1.50%) through the economic cycles and have a target return objective of 3% - 3.5% (net of fees) above the Reserve Bank of Australia cash rate
Internal Return Objective	RBA Cash Rate + 3 - 3.5% (net of fees)
Risk Level (per PDS)	The PDS notes that "investments in the Fund are subject to investment and other risks". The PDS also notes there are "risk management strategies, policies and procedures to manage (risk)".
Internal Risk Objective	No capital loss
Benchmark	Bloomberg AusBond Bank Bill Index plus 1.50%
Number of stocks/positions	Select Option: 72 Diversified Option: 66
Fund Leverage	Nil
Portfolio Turnover	Select Option: 62.74% 4-year average at Dec 2025 Diversified Option: 31.28% 4-year average at Dec 2025
Top 10 Holdings Weight	Select Option: 34% at Dec-2025 (50% maximum) Diversified Option: 36% at Dec-2025 (50% maximum)
Investor Information	
Management Fee*	Select Option: Estimated 0.75% to 3% of the loan amount Diversified Option: Estimated to be 1.23% per annum
TCR (Total Cost Ratio)	Select Option: 1.58% Diversified Option: 1.23% & 0.73% for Platforms
Buy Spread	0.00%
Sell Spread	0.00%
Performance Fee Rate	0.00%
Minimum Application	\$10,000
Redemption Policy	Varies by investment option. Conditions apply. See PDS
Distribution Frequency	Monthly
Investment Horizon	Select Option: 3 months to 3 years Diversified Option: 12 months
Currency Hedging Policy	Not applicable

[†] The Fund was first established in 2007, though it was acquired by its current owner in 2017. This report considers the Fund's track record from November 2017.

* The Manager charges establishment and other fees to borrowers and also typically earns a direct interest margin of 1% to 2% on each loan
The return data presented in this report is the weighted average of returns for Select Option loans, as it has a longer track record and higher FUM.

Fund Summary

Description

The **Millbrook Credit Fund (the "Fund")** invests in loans backed by **registered 1st mortgages** over real property, e.g., **residential, commercial, and industrial property** in Australia for **investment or construction** purposes.

The Fund aims to preserve investor capital and provide strong risk-adjusted income returns to investors. The objective is to outperform the RBA Cash Rate through the cycle by 3% - 3.5% p.a. The Fund is income-focused, with no specific capital growth objective.

The Fund seeks to preserve investor capital through disciplined credit assessment and risk management processes. Investor returns are generated primarily from monthly interest payments received from borrowers and are distributed to investors as monthly income.

The Fund takes a bottom-up approach, with each individual loan analysed and assessed on its own merits and in line with the Fund's Credit and Lending Policy.

The Fund prefers:

- Shorter duration loans (6-24 months)
- Loans backed by residential properties, but can be lent against broader property security types
- Conservative loan-to-value ratios (max 67% on any single loan)

Millbrook offers two investment options:

- **Select Option:** Investors select the specific loans in which they invest. Each loan has its specific risk, rate of return, and terms and conditions. This is a **contributory** or peer-to-peer mortgage investment where one or more investors invest in a specific mortgage loan, and each is allocated a fractional economic interest in the loan. The principal invested is returned to investors on the maturity of the selected loan (maximum three years).

The Manager notes it may, at its discretion, compensate investors for a defaulting loan by continuing distributions as if there were no default, paid from the Manager's own funds (separate from scheme assets).

- **Diversified Option:** This is a **pooled** option that combines funds from different investors and invests in underlying loans that are similar to the loans that are offered in the Select Option. The Millbrook management team makes investment decisions. New loans are added to the pool as existing loans mature and investor funds flow into the pool. The minimum investment period for this option is 12 months, and withdrawal applications require 60 days' written notice.

The Manager states that where borrower receipts fall short of the distribution due, it undertakes to meet the shortfall from its own equity. However, returns are not guaranteed, and the rate is set by the Manager from time to time.

The Fund is an **open-ended, unlisted, registered managed** investment scheme.

Fund Rating

The following rating does not apply to individual loans of the Select option, but the Product as a whole, including the Diversified Option.

The Fund has achieved the following rating:

Star Rating	Description
4.00 stars	High Investment Grade

Previous Rating: 4.00 stars (Issued May 2025)

SQM Research's Review & Key Observations

About the Manager

Millbrook Asset Management Ltd ("Millbrook", the "Manager") is 100% owned by **David Lyall Holdings Ltd (DLH)**, which itself is predominantly owned by its **Managing Director, David Lyall**.

Millbrook Asset Management Ltd is the Investment Manager and Responsible Entity for the Fund.

The Fund was established in 2007 and operated under a different name until it was purchased by DLH in 2017. DLH combined the Fund with its existing real estate finance operations. They comprise three distinct but similar businesses with combined assets under management of around \$400m.

The Manager and its related entities (the “**Millbrook Group**”) are based in Melbourne. The total number of staff is 20, 18 of whom are based in Melbourne, with 1 each in Sydney and Brisbane. The investment team comprises 6 staff. It also engages a handful of independent directors and external members of its Credit Committee.

Millbrook Group is a private company and is a specialist property credit manager. It primarily invests in 1st mortgage loans, which originate through a broker network and direct borrowers. No other asset classes are covered. The firm has a strong 17-year track record. Since 2017, it has advanced more than \$1.3 bn in loans and repaid investors \$1 bn.

The total group FUM is ~\$390m, split across the Millbrook Credit Fund (~\$160m) and the wholesale Millbrook Income Fund (~\$230m).

Millbrook have a philosophy to **co-invest** in funds to ensure alignment with fund investors. With respect to the Millbrook Credit Fund, Millbrook Group shareholders and staff currently have a co-investment of ~\$8.2m. Overall co-investment in both funds stands at ~\$20m.

Millbrook Credit Fund clients are typically adviser-intermediated retail investors, direct retail investors or other investment/managed funds.

Responsible entity/Trustee

The Board of Directors of the Responsible Entity (**Millbrook Asset Management Ltd**) consists of **4** directors, **3** of whom are independent. SQM Research prefers the inclusion of independent members on the Board of Directors – it is a meaningful way to enhance governance and oversight. Board members have an average of **28.4** years of industry experience.

The Responsible Entity's **Compliance Committee** is composed of **3** members, **2** of whom are independent. The Chair **is** independent. SQM Research views independence in a RE oversight body, such as the Compliance Committee, as a strong and favourable factor in Fund governance. Compliance Committee members have an average of **39.3** years of industry experience.

Investment Team

The investment and lending team is comprised of six members. The team interacts dynamically and on a continuous basis to ensure Credit and Lending Policy and risk management processes are adhered to.

David Lyall is responsible for day-to-day operations and overall fund/business strategy with additional responsibilities, e.g. credit analysis and decisions, portfolio management and defaults.

The Credit Committee includes Colin Robinson, David Lyall and George Lyall and Andrew Slattery (and independent board members. It is mainly involved in loan approval.

Colin Robinson oversees research and analysis of loan proposals. Additionally, assists with portfolio management with the MD and is responsible for credit decisioning.

George Lyall is primarily responsible for the origination of loan transactions and initial credit analysis.

Andrew Christensen looks after the research and analysis of loan proposals and the preparation of credit memorandums for approval.

Andrew Slattery is responsible for portfolio management of pooled funds. Also, the key responsibility for the Diversified Fund is determining which loans are excluded or included, and the portfolio weighting.

In 2025, a new role of **Asset Recovery manager** was created and forms part of the broader Investment Team. Jamie Westlake has been appointed in this role and is responsible for the overall asset recovery management process, which includes arrears & default management and monitoring of watchlist loans. The role was created to further bolster portfolio management capability as the fund continues to grow.

Some **key person risk** exists in David Lyall. However, his significant ongoing investment suggests he is highly committed to the Millbrook Group for the foreseeable future.

1. Investment Philosophy and Process

Investable Universe

The Millbrook Credit Fund focuses on non-NCCP loans backed by registered 1st mortgages over real property in Australia. No other asset classes are invested in.

Loan Security types invested in are:

- Residential properties
- Vacant land

SUMMARY

- Industrial properties
- Commercial properties
- Development/Construction projects
- Cash

From a geographical perspective, security properties must be located within Australia and either major capital cities or major regional centres.

The Fund does not lend against specialised assets such as petrol stations, primary producing land, childcare centres or aged care facilities. All loans must be secured by a first mortgage.

Philosophy / Process / Style

The Fund's aim is to preserve investor capital whilst delivering investors with strong risk-adjusted income distributions, paid monthly. Capital preservation is a key focus of the Fund, supported by disciplined credit assessment and risk management processes.

The Fund provides investors with the opportunity to invest in first mortgages via 2 options – Pooled Diversified and Select.

Millbrook Credit Fund Diversified

For Diversified, investors currently receive a variable rate of return of 6.75% pa (as of 31 Jan 2026). Diversified provides investors with the ability to invest in a diversified range of registered 1st mortgages with varying security types and locations, terms and LVRs.

The Fund is actively managed and uses strict loan criteria to build what the manager considers to be a quality portfolio of diversified loans secured by Registered 1st mortgages over real property assets in Australia.

Furthermore, shorter-duration loans assist in managing liquidity and allow the fund to pivot between security types depending on the market conditions and outlook.

Millbrook Credit Fund Select

The rate of return depends on the assessment of the risk and the related borrower interest rate. The risk objectives are to avoid loss of capital and to ensure borrower repayments and thus maintain monthly income distributions.

Portfolio Biases/Preferences

Millbrook's current preference is for residential properties as security.

The Fund also has a strong preference for properties located in or close to major metropolitan city centres, with a preference for properties located in Melbourne, Sydney and Brisbane.

Within the Millbrook Credit Fund Diversified, strict maximum cap limits are imposed on:

- Construction/Development loans (0-20%)
- Vacant land loans (0-20%)
- Maximum exposure to a single loan 5%
- Maximum exposure to a single borrower 5%

Within the Millbrook Credit Fund Select, strict maximum cap limits are imposed on:

- Construction/Development loans (0-30%)
- Maximum exposure to a single loan = 10%
- Maximum exposure to a single borrower = 10%

Liquidity

Millbrook prefers shorter duration loan terms of 6-24 months.

The **Diversified Fund** has a weighted average loan duration objective of ~12 months.

Investments in this Option have a minimum term of 12 months, after which an application to withdraw can be made. Withdrawals can be made by giving 60 days' notice prior to their investment expiring.

The Diversified Fund aims to retain a cash balance of 5-10% to assist with liquidity management.

For **Select** investors, once monies in a Select Option are committed to loans, this sub-scheme will be illiquid. Withdrawal from the Select Option will generally be available in line with the initial term of the loan. However, this depends on individual borrowers meeting their

repayment schedule and thus may not be available for a period of three years or longer.

The ITD (Investment Trust Deposit) will be liquid. While monies are held in the ITD that have not been allocated to a Sub-scheme and there is sufficient cash on hand available, the withdrawal will be permitted on giving 48 hours' notice.

Leverage

This Fund does not employ direct leverage (through borrowing by the Fund) **or** economic leverage (through the use of derivatives).

2. Performance & Risk

Return Objective

The return objective stated in the PDS is: "The Fund aims to exceed the benchmark (Bloomberg AusBond Bank Bill Index plus 1.50%) through the economic cycles and has a target return objective of 3 - 3.5% (net of fees) above the Reserve Bank of Australia cash rate."

The Fund's benchmark, as stated in the PDS, is the "Bloomberg AusBond Bank Bill Index plus 1.50%".

Material Risks

Advisers and Investors should refer to the 'Risks' section of the PDS. Risks other than those mentioned in this section (or the PDS) may also have a material adverse impact on the Portfolio's performance or value.

Material risks which are associated with the Fund include:

An investment in the Fund is not a bank deposit, and investments in the Fund are not guaranteed by any entity. Withdrawal rights are subject to liquidity and may be delayed or suspended.

Key risks include Borrower default and a decline in the value of the Security, which could result in loss of income or capital.

Risk Objective

The Fund's PDS notes that "investments in the Fund are subject to investment and other risks". The PDS also notes there are "risk management strategies, policies and procedures to manage (risk)".

The true overall risk level in Mortgage Funds is determined by a range of risks, including (but not limited to): default/capital loss, liquidity, concentration, and interest rate risk. Advisers/Investors should read the PDS to understand those risks.

The Fund offers Select Option investors exposure to mortgages with differing loan characteristics. As such, investors can select mortgages most suited to their risk and liquidity profile.

SQM Research holds the view that the low volatility of returns often displayed by Mortgage Funds should not be interpreted as implying that these funds have a low level of risk. The low volatility of returns (in this sector) is an artificial construct caused by an absence of frequent mark-to-market valuation of a Mortgage Fund's assets and the accrual nature of these products.

Therefore, fund metrics such as Volatility, Tracking Error, Information Ratio and Sharpe Ratio add little statistical value within the Mortgage Funds sector.

Fund Performance to 31 March 2026 (% p.a.)							
Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	0.69	2.09	4.26	8.81	8.55	7.74	7.70
Benchmark	0.44	1.28	2.58	5.36	5.71	4.43	3.73
Peer Average	0.65	1.95	4.09	8.33	8.42	6.83	6.14
Alpha	0.25	0.81	1.68	3.45	2.84	3.31	3.97

With distributions reinvested. Returns beyond one year are annualised. Return history starts Nov-2017

Benchmark: Bloomberg AusBond Bank Bill Index plus 1.50%

Note: Weighted average for Select Option loans

Length of Track Record

The Fund was established in 2007, though it has changed hands several times. The most recent change of ownership was in 2017, when DLH acquired it.

This report considers the Fund's track record from this time. As such, the Fund has a history of 8.4 years (or 101 months) since being acquired by its current owner.

Observations and analysis of returns will have a material statistical meaning as a result of the sample size of observations.

Strengths

- The rate of return to investors on each Select Option loan is established in advance. Transaction-specific interest rates recognise the individual risk inherent in each loan
- A first mortgage secures each loan. Therefore, individual investors are secured for their fractional interest in the Fund
- The weighted average LVR of the Fund is low for Select and Diversified, which have a target range of 50-60% and currently 60.87% for Select and 56.5% for Diversified
- The Fund is exposed to smaller loans on average. Loans are typically shorter-term, averaging 12-18 months
- The Manager's access to lending opportunities from a wider broker network enables it to be more selective when funding individual loans and introduce greater geographical diversity into the portfolio
- The Fund has materially outperformed its benchmark and peers in all periods
- As mentioned in the PDS, the Fund does not and will not lend to any of the related parties
- The custodian is independent, and the RE Board is majority independent, strengthening the overall governance

Weaknesses

- Investors do not enjoy the protections afforded to investors in term deposits and government-guaranteed holdings in Approved Deposit-taking Institutions (ADIs)
- The management fee is materially higher than that of its peers
- The Fund is highly concentrated in VIC (above 70%). SQM Research prefers more geographical diversification
- Repayment of capital to Select Option investors depends on individual borrowers meeting their repayment schedule to the Fund
- An investor may not be able to protect their capital in a timely manner, given the illiquidity of the investment
- The Parent Company Board is not majority independent. It has 2 directors with one independent

Other Considerations

- The Fund's benchmark mentioned in the PDS is the Bloomberg AusBond Bank Bill Index plus 1.50%. SQM Research views that the benchmark hurdle is relatively low compared to the other peers in the asset class
- The FUM has been steady in the last 3 years
- The Fund is available for retail and wholesale investors by PDS, which can provide investors with additional protection compared to IM wholesale funds
- The Fund offers Select and Diversified options
- The limits on construction loans in both options (Select < 30% and Diversified < 20%) mitigate the overall risks of the Fund
- The Fund was first established in 2007, though it was acquired by its current owner in 2017. This report considers the Fund's track record from November 2017

- The Select Option offers investors exposure to mortgages with differing loan characteristics. As such, investors can select mortgages most suited to their risk and liquidity profile
- Having the same entity as the Investment Manager and Responsible Entity raises the potential for a conflict of interest. However, the Manager's Board and Compliance Committee have a majority of independent Directors
- The returns on the Fund are largely dependent on the supply and demand for loans. Demand will be influenced by broader economic conditions and the requirement to fund loans
- Having previously mostly written fixed-rate loans, almost all loans written since September 2022 have been at a variable interest rate
- The maximum allowable term for loans is three years, though none currently have terms greater than 24 months
- There are currently two loans that are mortgagee in possession. Details as follows:
 - Diversified (1.13% weight) and Select (3.21% weight)– The security property has been sold with settlement due in late 2026. The Manager has advised that all capital will be recouped
 - Only Select (3.88% weight) - 5 townhouse construction projects that are complete, with 1 townhouse sold. The remaining 4 are being put to market progressively. The Manager has advised that all capital is expected to be recouped
- Loan maturity profile: 0-1 year: 65.25%; 1-3 years: 34.75%
- No. of loans: 72

Key Changes Since the Last Review

- There has been a change to the Board structure:
 - Independent director Mathew Bush retired after close to 5 years' service
 - Independent director David Bird was part of the compliance committee of another fund that ASIC took legal action against. Millbrook deemed this to be a serious conflict of interest, and as a result, Mr Bird resigned as a director
 - 2 new independent directors have been appointed, Mr Greg Fagan and Mr Gregory Anderson
- The Fund targets monthly income payments 3-3.5% p.a. above the RBA Cash Rate (net of fees and costs). Previously was 3.5% above the RBA Cash Rate
- An Asset Recovery Manager role was created to manage any defaults and watchlist loans. This role sits independently of the wider credit team to ensure separation of duties. Mr Jamie Westlake joined in Apr 2025 in the role
- In response to ASIC's recent report on Private Credit in Australia, Millbrook has made some changes to further improve transparency and disclosure:
 - The TMD questionnaire has been introduced and is now part of the application process for direct investors
 - Portfolio report has been further enhanced to include additional data for transparency, which the Manager believes is institutional-grade quality
 - PDS has been reviewed and updated as of March 2026. Fees section (direct+indirect) has been updated to provide further clarity to investors

Fund Metrics for the Select Option

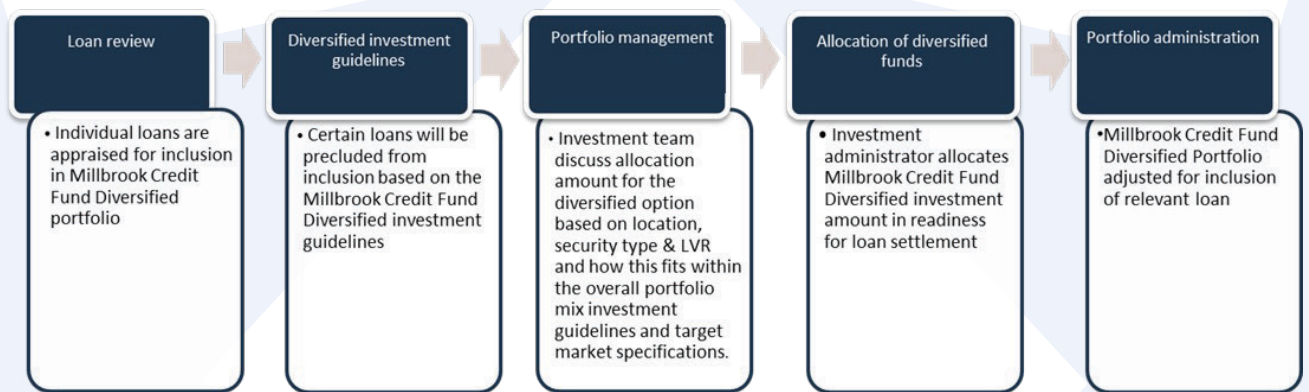
- 100% of the book is invested in First mortgages
- Weighted Average LVR is about 60.87% on an "as is" basis for the Fund
- Interest rate type: 96.10% Variable and 3.90% Fixed
- The weighted Avg Borrower Rate is 9.99%
- Arrears: 31-60 days: 1.24%; 61-90 days: 3.57%; 90 days: 6.97%

Investment Process Diagram

Millbrook Credit Fund Diversified Portfolio Management



Millbrook Credit Fund Loan Assessment



Process Description

Investment Process

Screening/ Idea Generation

Approximately **80% of loans** are sourced via the **broker channel**, with the remaining 20% sourced via repeat borrowers and direct referrals.

The origination capacity has been enhanced with Millbrook, which is on aggregator panels, including the VOW lending panel and Viking lending panel. Both groups are commercial broker aggregators, which gives Millbrook access to hundreds of brokers throughout Australia. This has significantly increased the flow of enquiries.

Millbrook is currently in discussions with additional aggregators, including Connective, one of the largest aggregators in Australia. Gaining access to additional panels is a priority.

In terms of geography, Millbrook is mainly focused on **Melbourne, Sydney and SE QLD metropolitan locations**. Millbrook is conscious of the importance of geographic diversification and, to that end, has consciously originated more transactions from Sydney and will continue to do so if the transactions meet strict loan criteria. Millbrook believes the current Brisbane Metro market is favourable and is actively looking to procure loan transactions in this market.

Millbrook will also consider other major metro capital cities (Adelaide, Perth, Canberra & Hobart) but tends to be more conservative in these markets. Moreover, Millbrook will not originate transactions just for the sake of geographic diversification. First and foremost, the transaction must meet the strict loan criteria and be deemed suitable for the fund.

Investment guidelines stipulate a Maximum LVR of 67% for Diversified and 70% for Select.

There are also caps on Construction and Vacant Land loans at 0-20% for the Diversified.

The group limits the risk to any one borrower by restricting the loan amount to a maximum of 10% of FUM (MCF as a whole) and 5% of FUM in Diversified.

Millbrook **does not** fund specialised assets such as **petrol stations, boarding houses/hostels, primary producing land, childcare centres, aged care facilities, NDIS, car parks, mining assets or heritage listed assets.**

Research/Investment Selection

The team reads broadly, including daily publications plus items of interest from brokers, banks, other financial institutions and fund managers. The team attend presentations related to Credit & Lending, Property and Funds Management. Millbrook is a property owner and investor in their own right and takes an active interest in all property-related matters.

The management team meets monthly to discuss the state of the market and potential red flags from a property, client, and investor perspective.

Industry specialists are incorporated into credit committee meetings to provide insights into their area of expertise (i.e. Credit, construction, QS, building surveyors, land subdivision, etc). This has been implemented to further improve the skill set of the credit team.

Millbrook uses professional Property Valuers from its internal panel valuers register for most of its property assessments. Millbrook also uses approved licensed Real Estate agents and online source Cotality when required.

Other research utilised by the team to assist with loan/investment analysis includes, but is not limited to:

- Economic research from major banks, NAB and Westpac
- Property research from firms such as JLL, SQM, Knight Frank, Preston Rowe Patterson, Domain, realestate.com.au
- Sector/asset class research from Foresight Analytics

Millbrook has a large network of property professionals with whom it has close relationships and can rely on these for various opinions on the property market and industry more broadly. These connections include valuers, buyers' advocates, developers, investors and other industry professionals.

Portfolio Construction

Millbrook's primary focus for loans is registered first mortgages on established properties in Australia. Millbrook prefers residential property as security, but also lends against industrial, commercial & vacant land. Millbrook provides a small amount of funding for construction/development projects. These projects are typically for residential properties, but funding is also provided for the construction of industrial and commercial properties.

Millbrook's Credit and Lending Policy document was updated in Feb 2026 and, along with the group's Investment Guidelines, underpins the credit decision-making process. Some minor changes have been made to target allocations for security location & security type. Policy is reviewed and updated annually.

Whilst Millbrook also has a Credit Licence, the group **does not participate in NCCPA-regulated loans** as these loans tend to be longer terms, higher LVRs, lower interest rates and less protection for lenders.

The group limits the risk to any one borrower by restricting the loan amount to a maximum of 10% of FUM (MCF as a whole) and 5% of FUM in Diversified. Millbrook **does not fund specialised assets such as petrol stations, boarding houses/hostels, primary producing land, childcare centres, aged care facilities, NDIS, car parks, mining assets or heritage-listed assets.**

When constructing the Diversified portfolio, the objective is to create a diverse & conservative portfolio of loans by security type, locality and LVR.

The Credit team are responsible for assessing and approving loans based on Millbrook's Lending and Credit Policy and investment guidelines. The Head of Investments then has responsibility for determining which loans are included in the Diversified portfolio (if at all) and what percentage of each loan is included.

The portfolio is actively managed utilising in-house software tools daily. Impacts on hypothetical portfolio changes are also actively modelled to assist with forward planning.

Market updates are received regularly from property research outlets (Cotality, Westpac, NAB, PRP, WBP, etc.), and insights are incorporated into the management of the portfolio. As an example, the portfolio may be pivoted to a certain security type (ie, Industrial) if data indicates growth outlook.

Loan weightings are determined with reference to Millbrook's Investment guidelines (as below).

Key criteria considered are LVR, security type and security location.

Millbrook Credit Fund Diversified	Allocation Range
Residential	0-60%
Commercial	0-30%
Industrial	0-30%
Construction	0-20%
Vacant land	0-20%
Rural	0-10%
Office	0-10%
Cash	0-10%

Millbrook Credit Fund Diversified	Allocation Range
VIC - Metro	0-80%
NSW - Metro	0-80%
QLD - Metro	0-50%
SA - Metro	0-30%
TAS - Metro	0-20%
WA - Metro	0-20%
ACT	0-15%
NT	0-10%
Major Regional	0-30%

LVR:

- 67% maximum on any one loan
- Target range of 50-60% (weighted average basis)

Millbrook Credit Fund Select	Allocation Range
Residential	0-100%
Commercial	0-50%
Industrial	0-50%
Vacant land	0-50%
Construction	0-30%
Rural	0-10%
Office	0-10%

Millbrook Credit Fund Select	Allocation Range
VIC - Metro	0-80%
NSW - Metro	0-80%
QLD - Metro	0-50%
SA - Metro	0-30%
TAS - Metro	0-20%
WA - Metro	0-20%
ACT	0-15%
NT	0-10%
Major Regional	0-30%

Other limits:

- Maximum exposure to a single loan = 10%
- Maximum exposure to a single borrower = 10%

Millbrook Credit Fund Select	31-Dec-25
Key Metrics	Fund
Market Value (\$m)	\$ 160,410,900.00
No. Positions/Loans	72
Avg Borrower Rate	9.99
Weighted Average LVR	60.87
Interest Type	Weight
Fixed	3.90%
Variable	96.10%
Maturity Profile - years	Weight
0-2	100.00%

Millbrook Credit Fund Select	31-Dec-25
Sector Profile	Weight
Residential - Investment	41.68%
Construction	9.15%
Commercial	3.68%
Industrial	17.26%
Vacant Land	22.36%
Rural	0.22%
Cash	5.66%

Geography Profile	Weight
NSW	13.83%
QLD	4.31%
VIC	58.56%
WA	1.35%
TAS	2.15%
ACT	1.24%
VIC - Regional	12.92%

Borrower Credit Strength	Weight
Acceptable	100.00%

Loan Type	Weight
First Mortgage	100.00%

Loan Purpose	Weight
Construction/Development	21.10%
Line of credit	0.55%
Equity release	27.41%
Purchase	31.07%
Refinance	14.22%

LVR	Weight
10-20	2.96%
20-30	0.44%
30-40	0.76%
40-50	6.02%
50-60	8.35%
60-70	75.40%

Arrears	Weight
0-30 days	1.24%
>90 days	6.97%

Millbrook Credit Fund Diversified	31-Dec-25
Key Metrics	Fund
Market Value (\$m)	\$ 46,841,273.01
No. Positions/Loans	66
Avg Borrower Rate	9.82
Weighted Average LVR	56.50
Interest Type	Weight
Fixed	1.80%
Variable	98.20%

Maturity Profile - years	Weight
0-2	100.00%

Sector Profile	Weight
Residential - Investment	42.63%
Construction	7.93%
Commercial	7.12%
Industrial	19.21%
Vacant Land	16.76%
Rural	0.75%
Cash	5.60%

Geography Profile	Weight
NSW	13.27%
QLD	6.47%
VIC	53.59%
WA	0.89%
TAS	1.01%
ACT	0.93%
VIC - Regional	18.23%

Borrower Credit Strength	Weight
Acceptable	100.00%

Loan Type	Weight
First Mortgage	100.00%

Loan Purpose	Weight
Equity for development	26.87%
Equity release	30.48%
Purchase	25.88%
Refinance	11.15%

Millbrook Credit Fund Diversified	31-Dec-25
LVR	Weight
10-20	8.71%
20-30	1.49%
30-40	1.15%
40-50	7.16%
50-60	14.27%
60-70	61.61%

Arrears	Weight
0-30 days	4.06%
>90 days	1.13%

Top 5 Holdings* (* As reported to SQM on the return of the RFI – holdings will change over time)

Top 5 Loans by Weight (% of Fund)		
Name	Weight	Industry
Franze Developments (Kew) Pty Ltd	6.01%	Land - Residential
1190 DOHERTY RD PTY LTD	4.19%	Land - Residential
LAND DOWN UNDER INVESTMENT GROUP PTY LTD	3.90%	Residential
Morrboal Property Group Pty Ltd	3.43%	Residential
OAKMAN PRUDENTIAL PTY LTD	3.21%	Land - Residential

Top 5 Loans by Weight (% of Fund)		
Name	Weight	Industry
BELSIZE NOMINEES PTY LTD	4.63%	Residential
MORRBOAL PROPERTY GROUP PTY LTD	4.11%	Industrial
ZEROP DEVELOPMENTS	3.92%	Industrial
FRANZE DEVELOPMENTS (KEW) PTY LTD	3.50%	Residential
ROSANNA CAPITAL PTY LTD	3.25%	Residential

Sell Discipline

Reducing or selling down loan positions in the Diversified portfolio is the decision of the Head of Investments. Typically, this would occur if the sell-down would improve the overall portfolio mix.

If an entire Select loan were to be sold, the decision would rest with the management team, with the final decision made by the Managing Director.

Risk Management

The risk management framework is as follows:

- *Lending Policy:* A formal credit and lending policy governs approvals, with exceptions requiring approval and an annual review cycle
- *Borrower Quality:* Borrowers/guarantors undergo Equifax and bankruptcy checks plus Google/ASIC searches, and must evidence net assets and serviceability. Interviews and an internal risk grading tool support qualitative assessment

- *Ongoing Credit Quality of Assets:* Loans are generally 6–24 months and supported by independent valuations, with revaluations as needed (including where valuations exceed 15 months). For construction, independent quantity surveyors review progress claims and inform drawdowns on a cost-to-complete basis
- *Cash Flows:* Serviceability is assessed upfront and revisited if circumstances change or default occurs. Interest may be retained from loan funds at settlement for construction and residual stock loans
- *Interest Rate Risk:* Pricing reflects borrower strength, security characteristics and LVR, with fixed/variable rates used depending on market conditions. The Diversified investor rate is set monthly, and short loan terms support quicker repricing
- *Leverage:* LVR limits sit within the credit policy. Diversified: max 67% and target weighted average 50–60%; Select: gearing up to 70% and target weighted average 50–60%
- *Concentration Risk:* Portfolio guidelines and limits are applied to ensure loans remain suitable and within concentration parameters
- *Operational Risk:* Internal settlement checks are undertaken, with an Independent Compliance Manager also reviewing loans for compliance
- *Regulatory Risk:* The Manager operates under an AFSL and applies internal policies and procedures to each loan
- *Early Repayment Risk:* Early repayments typically attract a one-month interest penalty and minimum interest periods, with proceeds reinvested into new loans

Arrears Management

Responsible	Timeframe	Action
Finance team	Day 1	Following the completion of the borrower interest payment run, borrowers will be notified via email if their interest repayments have declined. A 7-day grace period will be given for borrowers to rectify any missed interest payments
Mortgage Management team	7 days	Following the 7 days and the interest payment has not been received, the borrower will be contacted to seek payment of the missed interest payment plus the accrued default interest. Additionally, if requested by an originating broker, contact will be made at this time
Credit team	7-30 days	If the borrower has not paid the arrears after the 30-day period, the Credit team will request a meeting with the borrower. The Credit team will then decide on how much time to allow the borrower to pay the arrears. Factors impacting the decision include repayment history, individual circumstance and the degree to which the borrower has communicated to date.
Asset Recovery	30+ days	The Asset Recovery Manager will take over responsibility for the management of the loan once in default. If a decision is made to initiate default proceedings, Millbrook panel Lawyers will be engaged to send out an initial default letter. The default letter is a final warning advising of a strict 14-day period to pay arrears, including interest and default interest
Asset Recovery	60+ days	Following the expiration of the 14-day period and arrears have not been paid, Millbrook will proceed with mortgagee sale proceedings, and a real estate agent will be appointed. The Asset Recovery Manager will continue to manage the file until the monies are recovered

A **loss provision** reserve was implemented in April 2024. The Millbrook Credit Fund has placed funds into this reserve each month from April 2024 to cover any future potential loan losses.

As of 31st Jan 2026, the loan-loss provision balance was ~\$450k. The Fund will add to the loan-loss provision with an additional 0.25% of all new loans issued going forward.

The reserve has not been utilised at any point since its inception.

Millbrook stress tests the overall portfolio to monitor risk. Two main factors are tested:

- Impact of property values declining (eg. 20% fall, 30% fall, & 50% fall) on the weighted average LVR of the portfolio
- Impact of arrears/defaults on the Fund's ability to maintain distributions

The table below outlines limits on the Fund's asset allocation and other risk parameters: -

Fund Constraints and Risk Limits - SELECT	Permitted Range or Limit
Property Type	
Residential	No limit set
Commercial	0-50%
Industrial	0-50%
Retail	0-50%
Construction / Development	< 30% of FUM
Rural	< 10% of FUM
Vacant Land	0-50%
Interest-bearing securities	No limit set
State/Region	
NSW	0-80%
QLD	0-50%
VIC	0-80%
WA	0-20%
Other	0-30%
Loan Type	
Conforming	Yes
Non-conforming	No
Low-doc	No
Full-doc	Yes
First Mortgage	Yes
Second Mortgage	No
Loan Value	
Size for a single loan	<=5% of total Diversified FUM
LVR for a single loan	capped at 67%
Other	
Maximum exposure to any single borrower	Limit of 10% FUM for a single borrower
Maximum exposure to any single asset	Limit of 10% of FUM in a single loan
Excluded security type	Asset classes excluded include petrol stations, boarding houses/hostels, primary producing land, childcare centres, aged care facilities, NDIS, car parks, and mining assets
Max LVR	70%
Maximum exposure to a single country	Australia Only

Fund Constraints and Risk Limits - DIVERSIFIED	Permitted Range or Limit
Property Type	
Residential	Target 0-60%
Commercial	Target 0-30%
Industrial	Target 0-30%
Retail	N/A
Construction / Development	Max 20%
Rural	Max 10%
Vacant Land	Max 20%
Cash	Target 0-10%
State/Region	
NSW	0-80%
QLD	0-50%
VIC	0-80%
WA	0-20%
Other	0-30%
Loan Type	
Conforming	Yes
Non-conforming	No
Low-doc	No
Full-doc	Yes
First Mortgage	Yes
Second Mortgage	No
Loan Value	
Size for a single loan	<=5% of total Diversified FUM
LVR for a single loan	capped at 67%
Other	
Maximum exposure to any single borrower	5% of Diversified's total FUM
Maximum exposure to any single asset	5% of Diversified's total FUM
Excluded security type	Asset classes excluded include petrol stations, boarding houses/hostels, primary producing land, childcare centres, aged care facilities, NDIS, car parks, and mining assets
Max LVR	Target weighted average 50-60%
Maximum exposure to a single country	Australia Only

Key Counterparties



Governance

Management Risk

Funds management businesses rely on the operational capabilities of key counterparties. A critical element is the ability of the Responsible Entity to monitor operational performance and to meet the regulatory and statutory responsibilities required. For any investment fund, there is a risk that a weak financial position or management

performance deterioration of key counterparties could temporarily or permanently compromise their performance and competency. This can adversely affect financial or regulatory outcomes for the Fund or associated entities.

Based on the materials reviewed, SQM Research believes that the Manager and associated key counterparties are well-qualified to carry out their assigned responsibilities. Management risk is rated as modest.

Management & People

Name	Responsibility / Position	Location	Years at Firm	Years in Industry
Colin Robinson	Head of Credit	Melbourne	4.0	33.0
David Lyall	Managing Director	Melbourne	8.0	32.0
Andrew Christensen	Senior Credit Analyst	Melbourne	4.0	17.0
Andrew Slattery	Head of Investments	Melbourne	3.0	20.0
George Lyall	Head of Origination	Melbourne	6.0	13.0
Jamie Westlake	Asset Recovery	Melbourne	1.0	32.0

Staffing Changes

Departures (Investment Team & senior management only)		
Date	Name	Responsibility
	No Departure	

Additions / Hires (Investment Team and Senior management)		
Date	Name	Responsibility
06-Jun-22	Andrew Christensen	Senior Credit Analyst
27-Mar-23	Andrew Slattery	Head of Investments
30-Apr-25	Jamie Westlake	Asset Recovery Manager

SQM Research observes that the levels of investment experience and company tenure are strong across the investment team. The size and nature of staff turnover are not an issue of concern, in SQM's view.

Fees and Costs	Fund	Peer Avg**
Management Fee % p.a. (excludes GST)	Select: 0.75% to 3%. As of Mar 2025, 1.58% (Variable spread) Diversified: Direct - 1.23%, Platform - 0.73%	0.92%
Expense Recovery/Other Costs % p.a.	-	-
Performance Fee %	-	1.37%
Total Cost Ratio TCR % p.a.	1.58%	0.97%
Buy Spread %*	0.00%	0.00%
Sell Spread %*	0.00%	0.00%

* This spread is the difference between the Fund's application price and withdrawal price and reflects transaction costs relating to the underlying assets.
 ** Peer average is based on data provided by SQM's data provider. SQM is not responsible for any errors or omissions. The peer group average Performance Fee includes those that do not charge a performance fee (i.e. 0%). SQM observes that funds that charge a performance fee tend to charge a lower management fee than those that do not.

Management Fee

Select Option: With a Select investment, the range of fees is quoted as a percentage and can vary from 0.75% to 3% of the loan amount + GST.

The actual fee varies for each Select Mortgage Investment and is stated in the applicable SPDS and is usually in the range of 1.0% - 2.0%. As of Mar 2025, the average fee is 1.23% p.a. + GST.

Diversified Option: For Direct Investors, this fee is estimated to be 1.23% per annum of the total investor balances of the Investor Account + GST.

For Platform Investors, this fee is estimated to be 0.73% (after 0.50% management fee rebate) per annum of the total investor balances of the Investor Account + GST.

Early withdrawal or transfer fee:

Diversified Option - 1.5% of the balance of funds withdrawn

Select Option - \$100

Performance Fee

The Fund does not charge a performance fee.

Borrower Fees

Mortgage Fund Fees / Costs for Borrowers*	Fund
Loan Establishment Fee	The greater of \$1,000 or 0.75%-1.5% of the loan amount
Loan Renewal / Extension Fee	Renewal fee: 1%-1.5% of the loan amount Extension fee: 0.5%-1% of the loan amount
Default interest for late payments	Will not exceed 6% of the principal sum for the period of default
Defaulting Mortgage Fee	No more than 6% per annum of the default loan amount
Early Repayment Fee	<p>For loans that are not regulated by the NCCPA:</p> <ul style="list-style-type: none"> • Full early repayment: This fee is calculated as an amount equivalent to 1-3 months' interest on the original loan amount, applied at the higher rate of interest specified in the loan agreement • Partial early repayment: This fee is calculated as an amount equivalent to 1-3 months' interest on the amount repaid early, applied at the higher rate of interest specified in the loan agreement <p>In the case of a loan regulated by the NCCPA, either in accordance with the NCCPA and, if applicable, the National Credit Code contained in Schedule 1 of the NCCPA, or</p> <ul style="list-style-type: none"> • Full early repayment: This fee is calculated as an amount equivalent to 1-3 months' interest on the original loan amount, applied at the interest rate specified in the loan agreement, plus any early termination fee set out in the loan agreement • Partial early repayment: This fee is calculated as an amount equivalent to 1-3 months' interest on the amount repaid early, applied at the interest rate specified in the loan agreement, plus any early termination fee set out in the loan agreement

* See the glossary at the back of the report for descriptions of the fees listed

SQM Research observes that:

- *The Fund management fee varies for both options. For Select, it is 1.58% (variable spread). For the Diversified option (direct investors), it is 1.23% p.a., which is 31 basis points higher than the peer group average of 0.92% p.a.*
- *The Total Cost Ratio (TCR) is 1.58% p.a., which is 61 basis points higher than the peer group average of 0.97% p.a.*

Note: all return data presented below, including relative return data, is the weighted average of returns on individual investments/loans in the Select Option. The actual returns on individual loans in the Select Option have likely differed from the returns presented below.

Risk/Return Data to 31 March 2026							
Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	0.69	2.09	4.26	8.81	8.55	7.74	7.70
Benchmark	0.44	1.28	2.58	5.36	5.71	4.43	3.73
Peer Average	0.65	1.95	4.09	8.33	8.42	6.83	6.14
Alpha	0.25	0.81	1.68	3.45	2.84	3.31	3.97
Metrics				1-Year	3-Year	5-Year	Inception
Tracking Error (% p.a.) - Fund				0.06	0.16	0.31	0.34
Tracking Error (% p.a.) - Peer Average				0.32	0.43	0.61	0.56
Volatility - Fund (% p.a.)				0.04	0.14	0.29	0.24
Volatility - Peer Average (% p.a.)				0.33	0.44	0.55	0.45
Volatility - Benchmark (% p.a.)				0.07	0.11	0.50	0.48
Beta based on stated Benchmark				0.23	0.17	0.48	0.37

Distributions reinvested. Returns beyond one year are annualised. Return history starts Nov-2017

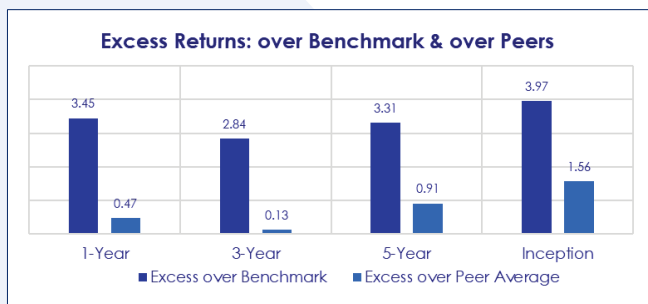
Benchmark: Bloomberg AusBond Bank Bill Index plus 1.50%

Note: Weighted average for Select Option loans

Quantitative Insight¹

Note: Unless otherwise stated, all return and risk data reported in this section are **after-fees** and for **periods ending Mar-2026**.

Excess Returns (Alpha)



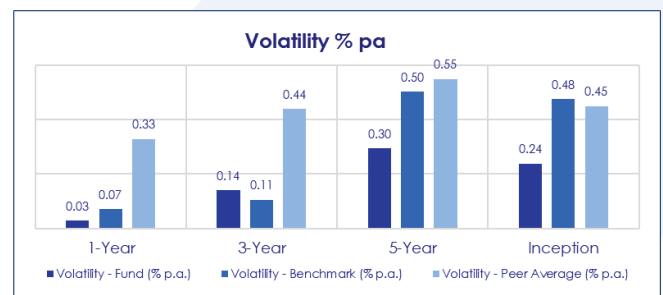
The Fund has displayed strong performance across all periods when compared with the benchmark and peers.

The **return outcomes**, as described above, are consistent with the PDS objective and SQM's expectations for the Fund relative to its fee level and volatility.

SQM Research notes that during the period of significantly lower cash-based returns, until the earlier stages of the rate-raising cycle, the degree of mortgage funds outperformance was high compared to earlier periods.

The Fund's benchmark mentioned in the PDS is the Bloomberg AusBond Bank Bill Index plus 1.50%. SQM Research views that the benchmark hurdle is relatively low compared to the other peers in the asset class.

Risk



The Fund's **volatility** (annualised standard deviation of monthly returns) has tended to be lower than the benchmark and peers, except in the 3-year period, where it is modestly higher than the benchmark.

¹ Note: Sharpe and Information Ratios are not reliable comparison tools in periods where both the Fund and its peers/benchmark record a negative result

The true overall risk level in Mortgage Funds is determined by a range of risks, including (but not limited to) default/capital loss, liquidity, concentration, and interest rate risk. Advisers/Investors should read the PDS/SPDS to understand those risks.

SQM Research holds the view that the low volatility of returns often displayed by Mortgage Funds should not be interpreted as implying that these Funds have a low level of risk. Low volatility of returns (in this sector) is an artificial construct caused by an absence of frequent mark-to-market valuation of a Mortgage Fund's assets and the accrual nature of these products.

Therefore, Fund metrics such as Volatility, Tracking Error, Information Ratio, and Sharpe Ratio add little statistical value (within the Mortgage Funds sector).

Correlation of Fund to Asset Classes

Market	3 years	Inception	Market Indexes
Aust Bonds	+21.8%	+23.4%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	+1.0%	+2.0%	S&P/ASX 300 TR
Global Bonds	+15.4%	+28.1%	Bloomberg Global Aggregate Hdg AUD
Global Equity	-12.6%	+7.8%	MSCI World Ex Australia NR AUD

Correlation Key

Low	High	Description
0%	20%	low, weak
20%	40%	modest, moderate
40%	70%	significant, material
70%	90%	strong, high
90%	100%	substantial

Tail Risk

(The analysis in the table below looks at the tail risk performance relationship of the Fund to the ASX300, a practice that SQM has set as common across asset classes in Fund reviews. This approach recognises that for the large bulk of financial planner clients, their key traditional asset class risk regarding size and volatility is to Australian equities. Exploring that relationship is useful regardless of the asset class of the Fund itself, as it is helpful to understand how a Fund has acted in times of Australian equity market stress in terms of softening or exaggerating the negative performance experienced at such times.)

The table below details the largest negative monthly returns for the ASX 300 since the inception of the Fund. This is compared to the Fund's performance over the same months.

Extreme Market Returns vs Fund Return Same Month

Index: S&P/ASX 300 TR		From Nov-17 to Mar-26		
Rank	Date	Market	Fund	Difference
1	Mar-20	-20.83%	+0.60%	+21.43%
2	Jun-22	-8.97%	+0.54%	+9.51%
3	Feb-20	-7.76%	+0.58%	+8.35%
4	Mar-26	-7.30%	+0.70%	+8.00%
5	Jan-22	-6.45%	+0.51%	+6.96%
6	Sep-22	-6.29%	+0.52%	+6.82%
7	Oct-18	-6.16%	+0.62%	+6.78%
8	Oct-23	-3.80%	+0.67%	+4.48%
9	Feb-25	-3.79%	+0.74%	+4.53%
10	Mar-18	-3.73%	+0.63%	+4.35%
Totals		-75.08%	+6.12%	+81.20%

	No. of Months		
Correlation	+25.4%	Positive Return	10
Capture	-8.1%	Outperform	10

Tail Risk Observations:

The data in the table above indicate that the Fund displays significant defensive characteristics in the face of extreme Australian equity tail risk.

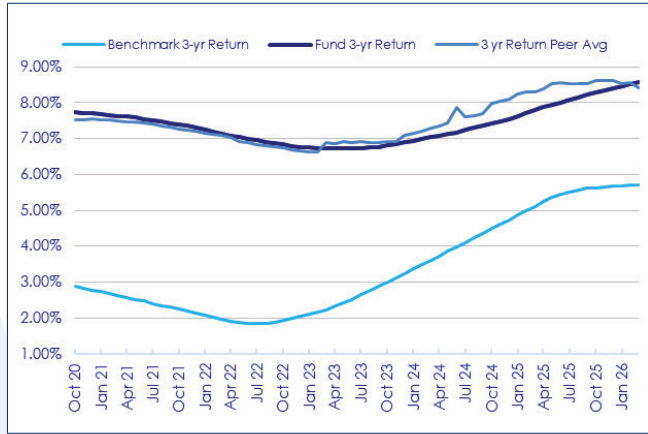
Annual Returns

Year	Fund	Benchmark	Peer Avg	vs. Bench	vs. Peers
2018	+7.91	+3.45	+7.51	+4.45	+0.39
2019	+7.95	+3.02	+7.86	+4.93	+0.09
2020	+7.23	+1.87	+7.47	+5.35	-0.25
2021	+6.71	+1.53	+6.61	+5.18	+0.10
2022	+6.37	+2.77	+7.42	+3.60	-1.05
2023	+7.59	+5.45	+8.29	+2.15	-0.69
2024	+8.69	+6.04	+8.92	+2.65	-0.23
2025	+8.94	+5.53	+8.04	+3.41	+0.91
Mar-26	+2.11	+1.28	+1.95	+0.83	+0.16

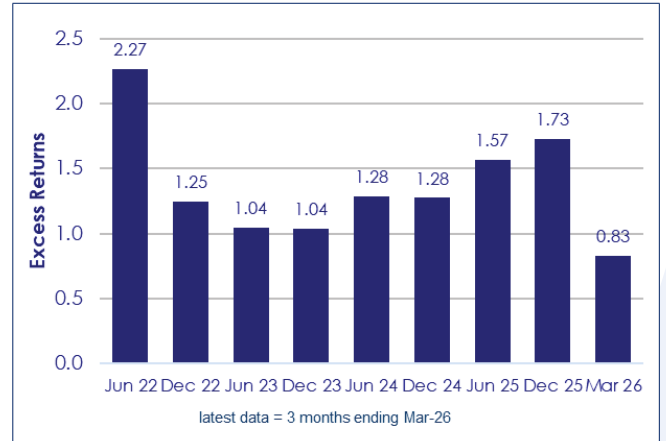
2026 data = 3 months ending Mar-26

Return and Risk

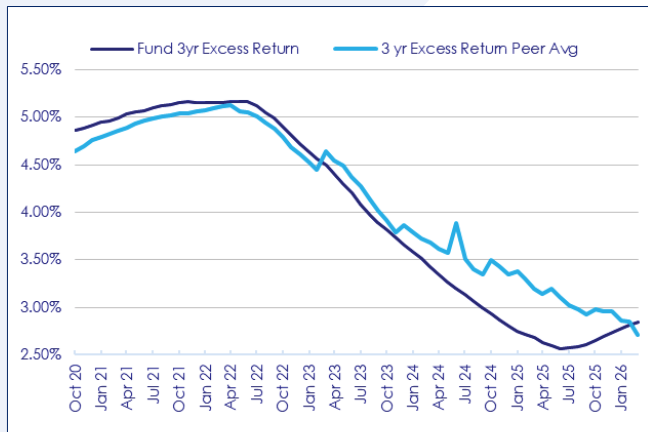
Rolling Returns



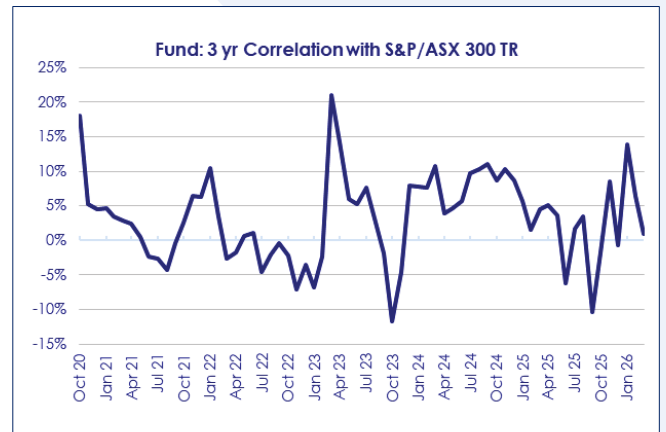
Fund Excess Return Half Yearly



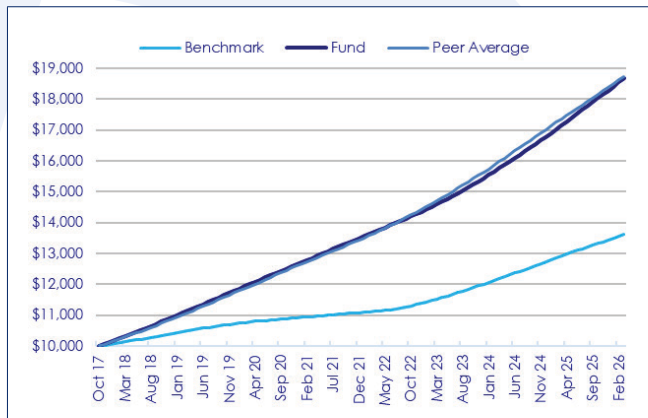
Rolling Excess Returns



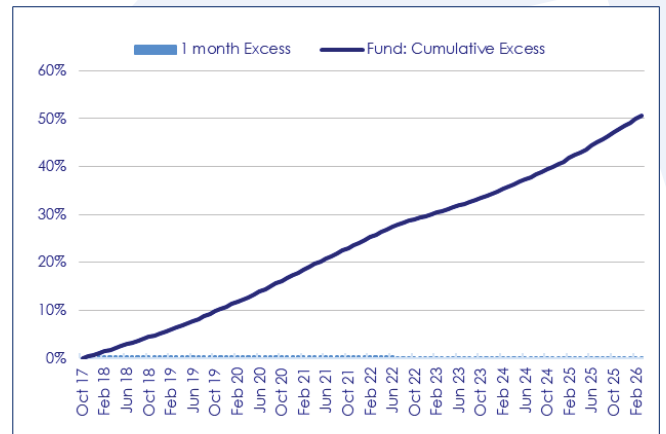
Rolling Correlation



Growth of \$10,000

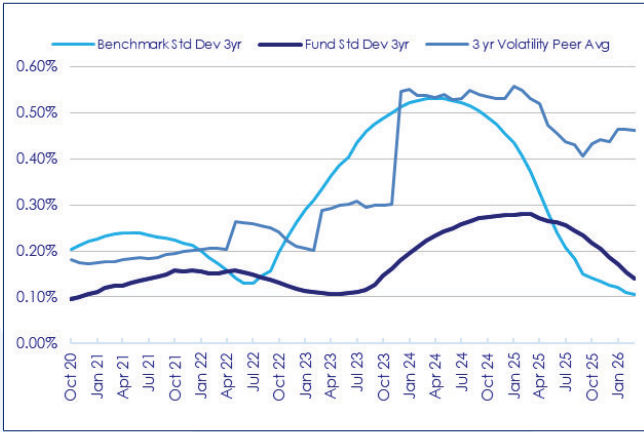


Cumulative Excess Returns



Return and Risk

Rolling Volatility



Drawdown

A drawdown tracks the path of the Fund's accumulated NAV (with dividends reinvested). It is measured over the period of a peak-to-trough decline and the subsequent recovery back to that previous peak level. The total return over that entire period is, of course, zero. The metric of interest, the drawdown itself, is quoted as the percentage change between the peak and the trough over that period. Funds typically have multiple drawdowns of varying size and length over their lifetime. The table above shows how many drawdowns have occurred and their average peak-to-trough size.

Alpha

SQM defines **Alpha** as the excess return compared to the Benchmark and is calculated as

$$\text{Alpha} = \text{Fund Return} - \text{Benchmark Return}$$

A General Note on Distributions for Managed Funds

The Responsible Entity of a Managed Fund will provide for a regular schedule of distributions, such as monthly/quarterly/semi-annual or annual. This is subject to the Fund having a sufficient distributable income. The official total distributable income available to pay to investors is determined for the period of that Fund's financial year. By distributing the net taxable income of the Fund to investors each year, the Fund itself should not be liable for tax on its net earnings.

If a Fund makes distributions more frequently than once over the financial year, those distributions will be based on estimates of the distributable income for that distribution period. The final total amount of distributable income available for passing on to investors can only be calculated after the close of the financial year, based on the Fund's taxable income for that year.

If the total distributions a Fund pays out exceed total taxable income for that particular financial year, the excess amount may be treated as a return of capital rather than income. This will possibly have tax implications for the investor.

Due to the considerations outlined above, there may be periods in which no distributions are made, or a Fund may make additional distributions.

A Fund's ability to distribute income is determined by the performance of the Fund and general market conditions. Accordingly, there is no guarantee that a Fund will make a distribution in any distribution period.

Total Cost Ratio (TCR)

Managed Investment Schemes: The TCR for Managed Investment Schemes, Exchange Traded Products, and Investment Bond funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, and the impact of dollar-based fees.

Superannuation funds: The TCR for Superannuation and Pension funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, Administration Fees and Costs, the impact of dollar-based fees and a deduction of Super OTC Derivative Costs.

Glossary of Borrower Fees for Millbrook Credit Fund

Administration Fee

A flat fee is charged monthly.

Loan Establishment Fee

Fee charged on commencement of the loan, usually as a percentage of the loan amount.

Loan Discharge Fee

Fee charged when the Borrower repays the loan in full.

Loan Renewal / Extension Fee

Akin to the Loan Establishment Fee on renewal or extension of the loan.

Default Realisation Fee

Fee charged if the Borrower defaults and the Lender sells any secured property (as Mortgagee in Possession). Charged as a percentage of the sale price of the property sold.

Pre-Settlement Arrangement Fee

Fee charged for organising funding to settle the Borrower's real estate purchase.

Default Correspondence

Charged for each letter sent to Borrower by Millbrook and the Lender.

Default Enforcement

Charged by the hour for enforcement action taken when a loan is in default.

Dishonour Fee

Charged when scheduled payments are not made on the due date.

Capital Reduction Cost

Charged when the Borrower elects to repay part of the loan amount in advance.

Payout Calculation and Preparation

Charged when Millbrook provides a payout figure (amount required to be paid to the Lender to discharge the loan) at the request of the Borrower.

Security Review

Charged annually to review the file.

Urgent Settlement Fee

Charged where the loan settlement occurs within a specific period at the Borrower's request.

Insurance Default Fee

Charged when the Borrower fails to renew the insurance required to be held on the security property as a loan condition.

Early Repayment Fee

Charged if the Borrower elects to repay the entire loan before the completion of the loan term.

Line Fee

Applies only to construction loans. Charged depending on the specific circumstances of each loan.

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