



ASCF

Australian Secure Capital Fund

MONTHLY

INVESTMENT UPDATE

February 2022



Invest better.™

CONTENTS

Latest News	1
Trading Activity.....	2
Market Update.....	4
Auctions	4
Clearance Rates.....	5
Property Values	6
Key Fund Information.....	8

LATEST NEWS

Since inception in 2016 ASCF has always strived to pay our investors the highest possible returns on funds invested and will always do so. Our performance during this time speaks for itself with no investor losses across any of our funds, all monthly distributions paid on time at the rate invested and all investor redemption requests paid in full and on time.

However in the current era of ultra low-interest rates and with the country awash with money seeking a return we are finding that the lending landscape has become increasingly more competitive, particularly over the last several months. As a consequence, we are currently in the process of lowering our lending rates to borrowers to ensure that we do not compromise on the quality of the loans we originate and are able to adequately deploy funds as they become available in a conservative manner in accordance with our historical performance.

We had hoped that our last investor interest rate reduction would have been sufficient to get us through the current interest rate cycle, however with interest rates in Australia likely to continue to remain at these levels for some time yet and lending rates remaining extremely competitive in our sector we believe it prudent to lower our lending rates to borrowers and as a consequence our investor rates. The rate reduction will also ensure we are able to continue to maintain an adequate buffer against any future macroeconomic shocks such as we have seen over the last two years and as such we consider it to be in the best interests of all our investors. Effective 1st April 2022 our investor interest rates on new investments across our funds will be as follows:

Targeted Distribution Rates as of 01/04/2022

ASCF High Yield Fund			ASCF Select Income Fund			ASCF Premium Capital Fund		
3 Months	6 Months	12 Months	3 Months	6 Months	12 Months	6 Months	12 Months	24 Months
4.85%	5.15%	5.50%	4.50%	4.75%	5.00%	4.50%	4.75%	5.00%

Distribution rates are an investment objective and not a forecast.

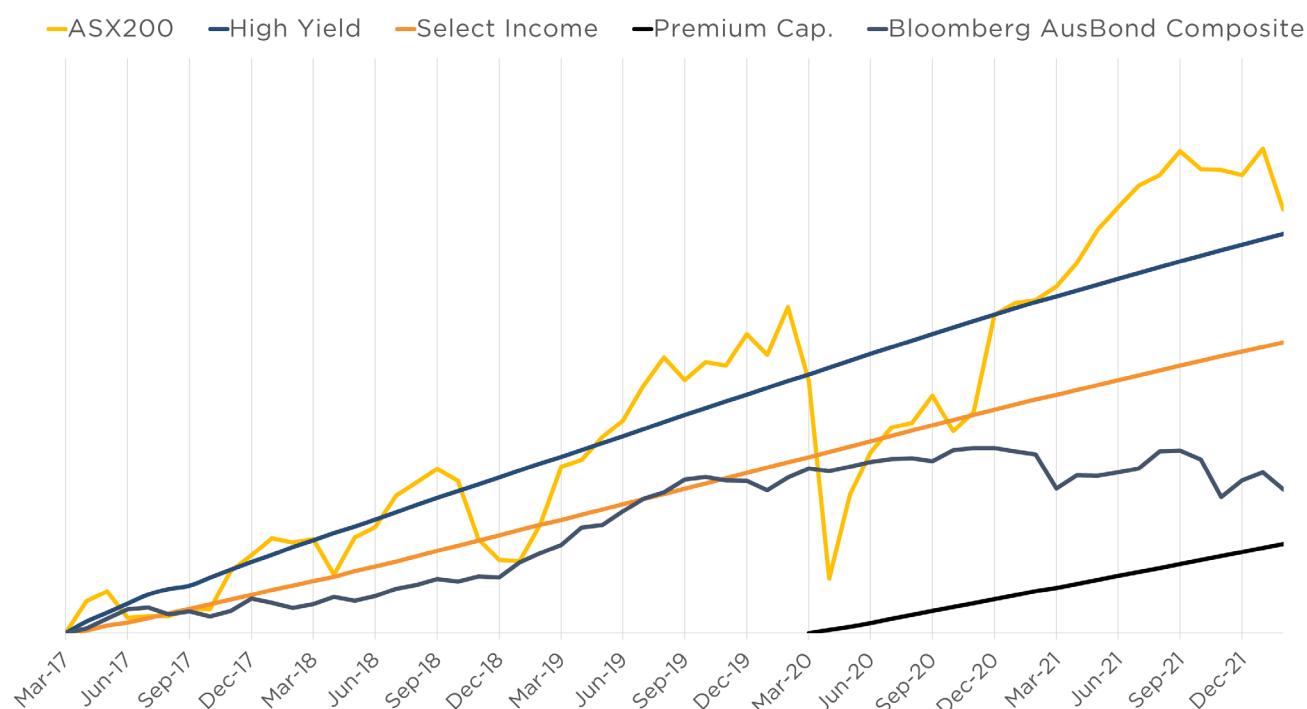
Rates paid are net of all fund costs and management fees.

All current investments will continue to be paid at the same rates offered at the time funds were invested but will renew at the new investment rates on maturity. We are also starting to fund longer-dated loans within the ASCF Premium Capital Fund and as such the Premium Capital Fund three-month investment term will no longer be offered. Those investors who invested in Premium Capital with a three-month term will be contacted prior to their maturity and invited to invest in Select Income or High Yield for the same term or a longer-term within the same fund.

TRADING ACTIVITY

MONTHLY FUND GROWTH & PERFORMANCE

Our pooled investments have increased to \$204,949,605.92 as of the 28th of February and new investments across all our retail funds continue to grow.



Source: [Australian Fund Monitors](#), [Bloomberg](#), [Investing.com](#)

Note 1: ASCF Premium Capital Fund began in February of 2020
 Note 2: Past performance is not indicative of future performance.

Funds Under Management

	Dec-21	Jan-22	Feb-22
High Yield Fund	\$110,591,202.44	\$111,883,316.37	\$119,451,226.37
Select Income Fund	\$54,721,913.73	\$55,349,903.73	\$55,892,903.73
Premium Capital Fund	\$24,735,746.31	\$25,930,475.82	\$29,605,475.82
Combined FUM	\$190,048,862.48	\$193,163,695.92	\$204,949,605.92

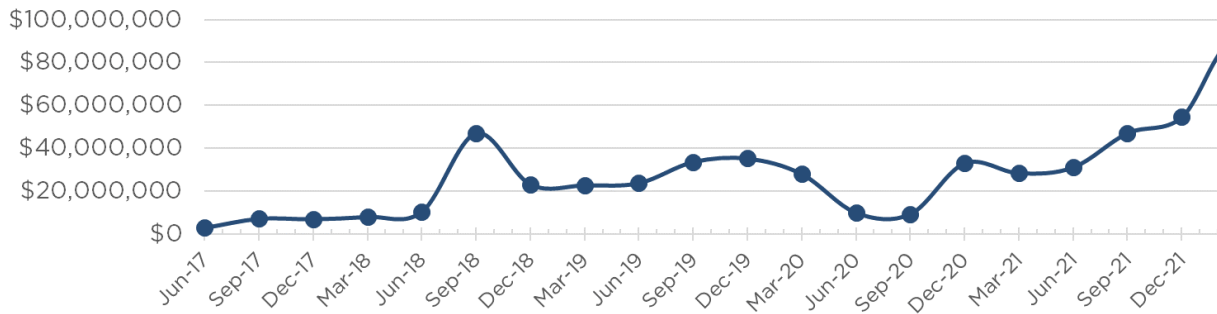
The unit price across all three of our retail funds remains stable at \$1.00.

All monthly distributions have been paid in full for the month of February.

LENDING ACTIVITY

Loan originations this month were \$7,471,000, above expectations when compared to February last year \$3,810,500 in loans (+96.06%).

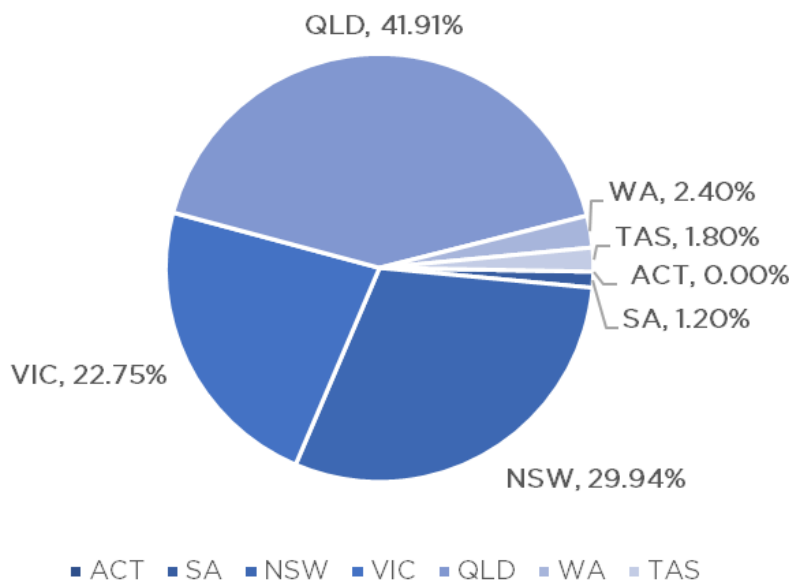
Quarterly Loan Settlements



Current Loans by Fund Source

	High Yield Fund	Select Income Fund	Premium Capital Fund
1st Mortgage Loans	75.32%	Select Income & Premium Capital Funds only provide financing for 1st mortgage securities.	
2nd Mortgage Loans	11.76%		
1st & 2nd Mortgages	12.92%		
Avg. Weighted LVR	66.32%	64.36%	38.13%
Avg. Loan Size	\$1,025,954.28	\$967,901.33	\$835,255.74

Geography of Current Loans



MARKET UPDATE

QUICK INSIGHTS

Rental Crisis?

The national shortage of rental property continues to increase as more real estate investors remove their property from the rental market and sell to take advantage of rising prices. This will likely result in significant increases in rents as tenants compete for available properties.

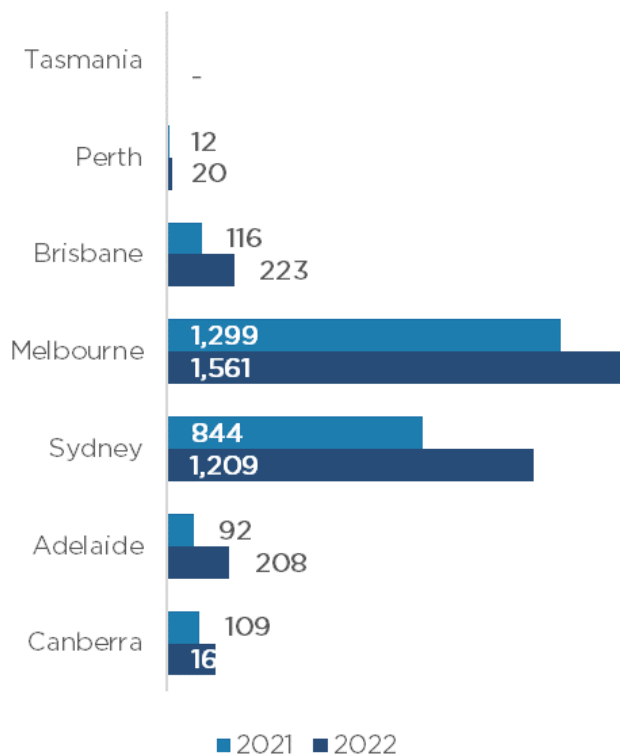
Discouraging Market Movements

Despite a shortage of rental property nationally, motivated by market movement, some property owners are opting to stay put. This comes as the stamp duty rates across Australia have continued to increase over the last several years, slashing the number of properties sold each year based on historical averages.

Source: Australian Financial Review, [Article 1](#), [Article 2](#)

AUCTIONS

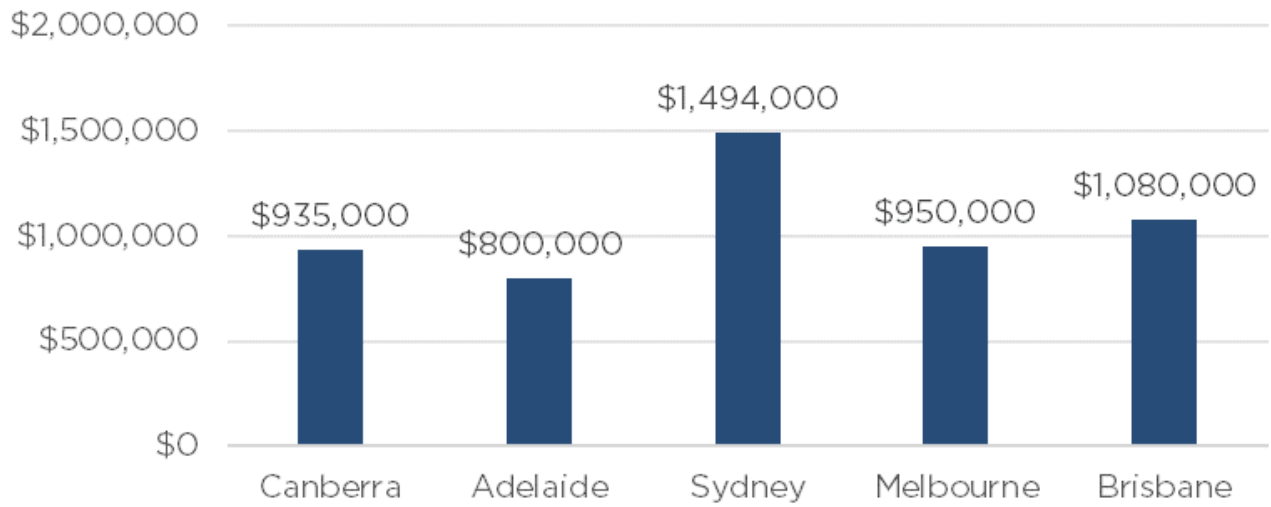
21st-28th February



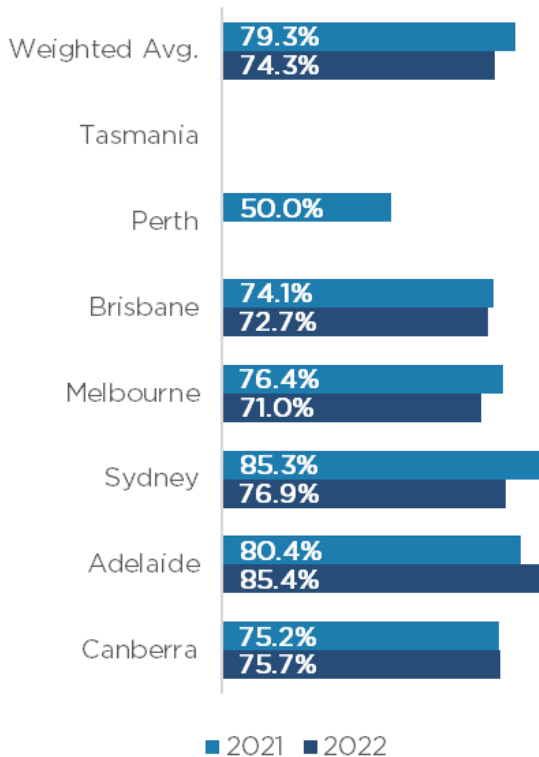
The number of auctions across Australia’s eight capitals rose from 2,473 to 3,384 (+36.84%) this week compared to last year, with Melbourne conducting 262 more auctions (+20.17%), Sydney with 365 (+43.25%), Brisbane with 107 (+92.24%), and the remainder of the country at 178 more auctions than the same period in 2021. Brisbane and Adelaide in particular presented the market with 102 (+204%), and 109 (+128%) more auctions respectively.

Source: [CoreLogic](#)

Median Auction Sale Prices



CLEARANCE RATES 21st-28th February

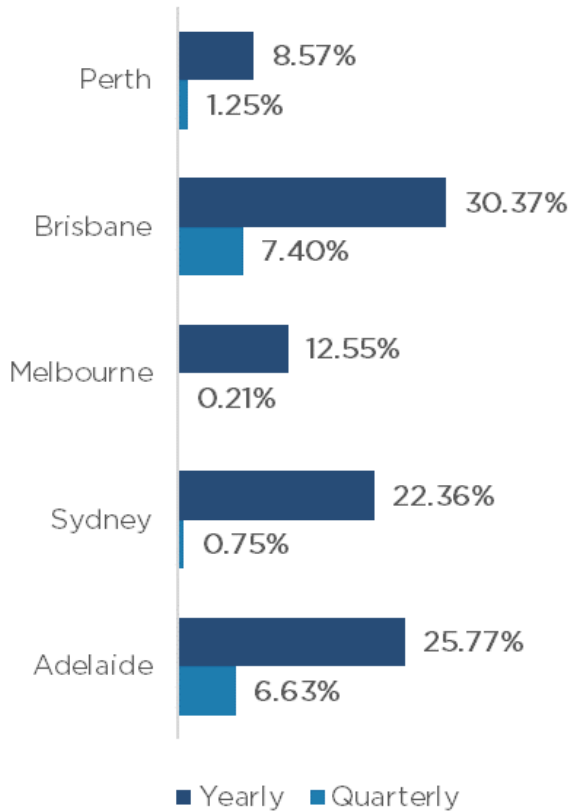


The weighted average clearance rate across the country is slightly lower than last year at 74.3% compared to 2021's 79.3% clearance rate (-5%).

Other cities achieved rates reasonably similar, if marginally lower to last year, with the exception of Perth and Adelaide. Adelaide increased by (+5%) compared to previous years, with Sydney down marginally (-8.4%).

Source: **CoreLogic**

PROPERTY VALUES as at 28th February



Aggregated property values across the country on a year on year basis have grown strongly (+19.03%), with the highest performer being Brisbane (+30.37%) followed by Adelaide (+25.77%).

Source: **CoreLogic**

Despite near-constant predictions that property values will fall over the next three years, property clearance rates, auction sale prices, and by extension, property values have risen considerably.

The market appears to be relatively robust in the face of such opposition by economists. However, we would expect that after a period of such growth any future growth would be considerably subdued and possibly flat.

AN INTERESTING TRANSACTION



Joe Bennett
- Lending

PROBLEM:

A broker approached ASCF on behalf of their client, who required funds to refinance an existing reverse mortgage and provide additional funding for the subdivision of their property in Yarramalong, NSW. The retired couple had received Development Approval to subdivide their large block and required a further \$150,000 to complete the works. The couple intends to sell the subdivided block upon completion, allowing them to repay the loan.

SOLUTION:

After assessment, ASCF was able to approve a loan of \$475,000 at 9.85% pa for an 8-month term at an LVR of 39.58%.

This provided them sufficient funds to refinance their existing loan and complete the works, and allowed them ample time for the subdivided block to be sold upon completion of the subdivision.

WHY INVEST WITH US?

Anastasia Woolmer
- Investing



At ASCF, we like transparency and believe you should know what security backs up your investment.

That is why we publish our fully audited **financial statements** and a list of our current loan portfolio. The loan portfolio includes active loans and every loan we have ever written in the ASCF retail funds.

From this summary, investors can view how we invest the capital and what security we take. It demonstrates how we manage the funds and achieve the net monthly incomes paid to investors.

You can view the fund the loan is in, the term, the LVR, the type of mortgage security and the interest rate charged to the borrower, along with the geographical spread of the mortgages.

Mortgages over Australian property secure all the loans and you can see for yourself precisely what you are invested in.

KEY FUND INFORMATION

Targeted Distribution Rates

ASCF High Yield Fund			ASCF Select Income Fund			ASCF Premium Capital Fund			
3 Months	6 Months	12 Months	3 Months	6 Months	12 Months	3 Months	6 Months	12 Months	24 Months
5.55%	5.85%	6.25%	5.05%	5.30%	5.60%	4.50%	4.75%	5.00%	5.20%

Distribution rates are an investment objective and not a forecast.

*Distribution rates are not guaranteed nor a forecast. Lower than expected returns may not be achieved. Targeted distribution rates are paid net of all fund costs and management fees. Investment in the mortgage Funds is not a bank deposit and investors risk losing some or all of their capital. Read the [PDS](#) and [TMDs](#), available from our website for more information.

Invest better.TM

Are you looking to invest in ASCF or increase your investment in the funds?

Book a time for a call back at your convenience.

TO VIEW THE LATEST SUMMARY OF OUR LOANS.

CLICK HERE

CALL US TODAY ON

1300 269 419

OR

CLICK HERE TO LEARN MORE

DISCLAIMER

This newsletter and the information contained in it has been issued by Australian Secure Capital Fund Ltd ACN 613 497 635 AFSL and ACL number 491201 (ASCF). ASCF is the responsible entity for the ASCF Premium Capital Fund ARSN 637 973 409, the ASCF Select Income Fund ARSN 616 367 410 and the ASCF High Yield Fund ARSN 616 367 330 (Funds).

As with all investments, each Fund is subject to risks which are set out in the [Product Disclosure Statement \(PDS\)](#). There is a risk that you may lose some or all of your capital and/or a reduction or cessation of distributions. An investment in a Fund is not a bank deposit. Withdrawal rights are subject to liquidity and may be delayed or suspended. The performance of the Funds, the repayment of capital or of any particular rate of return is not guaranteed and unless expressly stated, performance information contained in this newsletter is not intended to constitute forecasting of future performance. Any information about returns should be considered only as part of a balanced review of the features, benefits and risks associated with an investment in the Funds. Past performance is not indicative of future performance.

This newsletter contains general information only and should not be considered as giving financial product advice or any recommendation by ASCF. It does not purport to be complete, nor does it take into account your investment objectives, financial situation or needs. Prospective investors should consider those matters, read the [PDS & target market determinations \(TMDs\)](#) for the Funds in their entirety and obtain independent expert advice before making an investment decision.

Copyright © 2022 Australian Secure Capital Fund Ltd. All rights reserved.

Responsible Entity

Australian Secure Capital Fund Ltd

ACN 613 497 635

AFSL and ACL 491201