



MONTHLY INVESTMENT UPDATE

MAY 2020 // PREPARED BY

LATEST NEWS & INFORMATION

| TRADING UPDATE

On the 8th of May, the Australian Government announced the *3-step Framework for a COVIDSafe Australia*, outlining the easing of restrictions in a three-phased approach. In recent weeks, State Governments have adhered to these recommendations with many businesses, particularly in the hospitality sector, returning to work.

Since our [last update](#), the number of active cases within Australia has continued to fall, with less than 500 active cases across the country. This demonstrates the effectiveness of the Australian Government's response to COVID-19 and indicates that the further easing of restrictions will likely continue throughout June as planned.

Throughout this period, loan arrears across our funds have been at the lower end of historical averages which is encouraging and we continue to monitor arrears closely. We have also had over \$9.5m of loans either repaid in full or partially over the last 3 months indicating that credit markets and property transactions continue to operate within normal parameters.

Data from CoreLogic shows continued improvement in auction clearance rates across capital cities with continued growth for the month. The week ending 24th May saw weighted clearance rates reach 62.7%, the highest since the week ending 15th March. Interestingly, the CoreLogic RP Data Home Value Index across 5 capital cities in Australia for the month of April showed an increase of 0.19% month on month albeit on lower transaction volumes than usual. We are monitoring property prices across the country but at this stage, there appears to have been little change.

We continue to receive a number of high-quality loan applications, with borrowers seeking short-term financing, predominantly driven by continued long processing lead times by the banks as borrowers scramble to take advantage of historically low lending interest rates.

The unit prices across all of our funds remain stable at \$1.00 per unit and the average weighted loan to valuation ratio in each fund remains low.

We intend to maintain a strong cash position and a conservative approach to lending with a view to deploying the funds as the economic recovery from the easing of restrictions becomes more evident.

| WHY ARE ASCF POOLED MORTGAGE FUNDS A BETTER INVESTMENT CHOICE?

The Australian mortgage fund sector continues to grow, with over \$10 billion dollars in funds under management. At ASCF, there are three key aspects of what we do that make us a better investment choice and distinguish us from other pooled mortgage funds:

1. No Construction Lending

ASCF does not provide construction lending based on the anticipated end value of the security property. That is, our valuations are only based on the current 'as-is' value of the security property at the time the loan is advanced. This means our loans are not exposed to construction risk or settlement risk on pre-sales from buyers who have purchased in the development off the plan. We believe this significantly reduces the risk on investments made in an ASCF Fund.

LATEST NEWS & INFORMATION

2. Short Term Loans

Traditionally, mortgages over property are long-term loans with borrowers paying them off over a period of twenty to thirty years. At ASCF, we secure our loans by taking registered mortgages over property, and our loan terms are much shorter than traditional mortgages with terms from as little as 1 month to a maximum of 24 months. This means our loans are less likely to be susceptible to medium-term property market fluctuations.

3. Short Investment Terms

Our average loan term on any given loan is usually 6-8 months in duration. Given the short-term nature of our loans, we are able to offer our investors investment terms of 3, 6 and 12 months across all three of our funds. This means our funds are more liquid than most other pooled mortgage funds due to the unique nature of our mortgage investments. This provides investors with the flexibility of finding the most appropriate investment term, without the need for a long-term commitment.

Should you wish to learn more about our funds, please contact us on 1300 269 419 and speak with Josh or Rob from our Investor Relations team.

Invest **better.**TM



| AN INTERESTING TRANSACTION

In early May we were approached by an existing client for a short term loan to assist with additional cash flow for his company. The client had recently completed a strata commercial development in Truganina, Victoria for 39 warehouse units valued at \$18,595,560. The client required an additional loan of \$300,000 to help assist in partially repaying an existing loan on another development.

The valuation on the commercial property was confirmed and the loan funded via a 2nd mortgage at an LVR of 64.59% including the existing 1st mortgage.

The term of the loan was 6 months and the interest rate was 24% per annum.

The loan will be repaid from the sale of the warehouse strata units which were pre-sold prior to completion of construction.

ASCF CURRENT NET INTEREST RATES PAID TO INVESTORS



ASCF Premium Capital Fund First Mortgage Fund		ASCF Select Income Fund First Mortgage Fund		ASCF High Yield Fund First and Second Mortgage Fund	
Accepting Applications		Accepting Applications		Accepting Applications	
Investment Term	Rate	Investment Term	Rate	Investment Term	Rate
3 months	5.00% pa	3 months	6.25% pa	3 months	7.49% pa
6 months	5.25% pa	6 months	6.50% pa	6 months	7.79% pa
12 months	5.50% pa	12 months	6.75% pa	12 months	8.09% pa

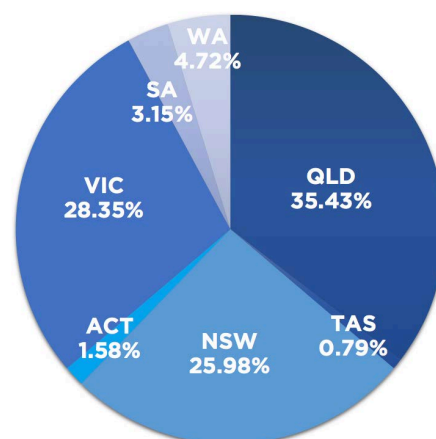
Rates paid are net of all fund costs and management fees.

KEY FUND INFORMATION

Australian Secure Capital Funds		
Australian Financial Service Licence (AFSL) and Australian Credit Licence (ACL) No.		491 201
Unit Price for ASCF Select Income Fund (previously ASCF #1 Fund)	as at 29 May 2020	\$1.00
Unit Price for ASCF High Yield Fund (previously ASCF #2 Fund)	as at 29 May 2020	\$1.00
Unit Price for ASCF Premium Capital Fund	as at 29 May 2020	\$1.00
Income Distribution	for April 2020	Paid
Total Funds Under Management for: ASCF Select Income Fund + ASCF High Yield Fund + ASCF Premium Capital Fund	as at 29 May 2020	\$110,522,738.10
Average Weighted Loan to Valuation Ratio (LVR) for ASCF Premium Capital Fund	as at 29 May 2020	64.44%
Average Loan Size for ASCF Premium Capital Fund	as at 29 May 2020	\$609,000.00
Average Weighted Loan to Valuation Ratio (LVR) for ASCF Select Income Fund	as at 29 May 2020	55.29%
Average Loan Size for ASCF Select Income Fund	as at 29 May 2020	\$1,032,305.55
Average Weighted Loan to Valuation Ratio (LVR) for ASCF High Yield Fund	as at 29 May 2020	57.19%
Average Loan Size ASCF High Yield Fund	as at 29 May 2020	\$710,583.98
Percentage of ASCF High Yield Fund 1st Mortgage Loans on a Weighted Basis	as at 29 May 2020	67.64%
Percentage of ASCF High Yield Fund 2nd Mortgage Loans on a Weighted Basis	as at 29 May 2020	32.36%

| ASCF CURRENT LOANS BY STATE

To view a current summary of our loans as at 29th May 2020, please [click here](#).



SINCE COMMENCEMENT IN 2016

- ✓ All investors have received their interest distribution every month
- ✓ All investors have had their request to redeem funds paid on time
- ✓ The value of investors initial investment has remained stable at \$1.00 per unit



BENEFITS OF THE FUND

- * Monthly interest payments to investors
- * High liquidity fund due to the short-term nature of our loans
- * No construction loans to developers
- * Capital stability
- * Low loan to valuation ratios with a maximum 80% loan of property valuation
- * Low risk profile to property market fluctuations with maximum loan term to borrowers of 24 months

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

CALL US TODAY ON 1300 269 419

Or
[click here](#)



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