

Trilogy Monthly Income Trust

8.05% P.A^{1,2}

Investment Report: August 2024

Fund Overview

Key Metrics	
Inception	February 2007
Funds under management	\$792.95m ⁴
Total number of loans	125 ⁴
Average loan value	\$7.05m ⁴
Weighted average LVR	64.30% (as-if-complete) ⁴
Weighted average expiry	4.02 months ⁴
Fund Information	
Unit price	\$1.00 ⁵
Minimum initial investment	\$10,000
Distribution frequency	Monthly
Minimum initial holding period	
Ordinary units	2 months ⁶
Platform units	See PDS & TMD for details
Withdrawal notice period	
Ordinary units	4 months ⁶
Platform units	See PDS & TMD for details
Responsible entity management fee	0.96% p.a. (including GST) of total funds under management. Additional fees are charged to Trilogy Monthly Income Trust (Trust) relating to the assets ⁶ .
APIR	Ordinary units – TGY0003AU Platform units – TGY9172AU

Independent research ratings⁷



Investment Strategy and Performance

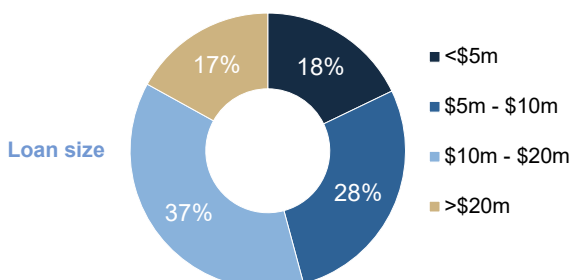
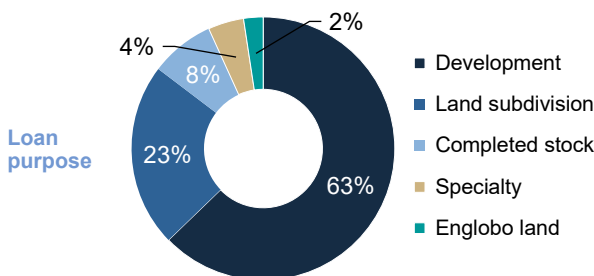
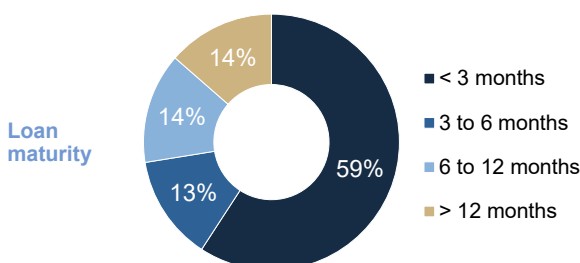
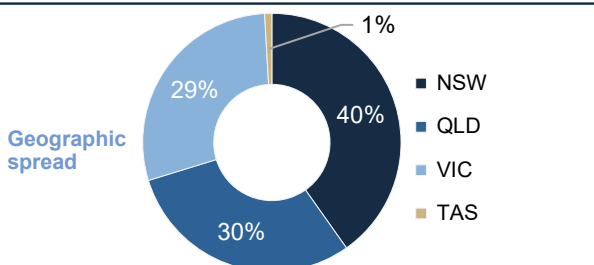
The investment strategy of the Trust is to source loans secured by registered first mortgages held over property, geographically spread across Australia's states and territories. Other assets may be held.

Historical Performance^{2,3}

1 month	3 month	6 month	1 year	3 year	5 year	Inception
0.68%	2.03%	4.06%	8.05%	6.78%	6.63%	7.48%

Note: 3-year, 5-year and inception data are reported on a per annum basis

Fund Snapshot⁹



The Trilogy Monthly Income Trust ARSN 121 846 722 is a registered pooled mortgage fund and investments can only be made on the application form accompanying the Product Disclosure Statement (PDS) dated 3 May 2024 issued by Trilogy Funds Management Limited (Trilogy Funds) ABN 59 080 383 679 AFSL 261425 and available from www.trilogyfunds.com.au. Please also consider the Target Market Determination (TMD) dated 3 May 2024 which is available at www.trilogyfunds.com.au. This product carries capital, distribution and other risks. You should consider Section 7 of the PDS before investing. Information included in this communication about investment yield and returns should be considered only as part of a balanced review of all the features, benefits and risks associated with the product. Please read the PDS and the TMD in full. All investments, including those with Trilogy Funds, involve risk which can lead to no or lower than expected returns, or a loss of part or all of your capital. Investments in Trilogy Funds' products are not bank deposits and are not government guaranteed.

Fund and Market Update

The Trust delivered a return of 8.05% p.a. for the month ending 31 August 2024. The Trust settled 6 new loans, totaling \$34.2m in August. Among these were loans for the construction of an industrial development in Toowoomba QLD and funding for three residential land sub-division projects in South East Queensland. The Trust continues to gain momentum in what is a highly competitive market with 7 loans totaling \$40.0m being approved in August and awaiting settlement over the coming months.

Similar to July 2024, the consumer price index (CPI) data released by Australian Bureau of Statistics (ABS) was not high enough to compel the Reserve Bank of Australia (RBA) to raise rates. The RBA observed that economic activity continues to be sluggish, as indicated by slow gross domestic product (GDP) growth and an increasing unemployment rate. A short-term interest rate cut is not currently being considered, however ongoing uncertainty about the international economic outlook keeps the RBA vigilant⁹. In the United States (US), the labour market slowed significantly in July 2024, with the unemployment rate rising above expectations. The rise in the unemployment rate is expected to accelerate the Fed's easing cycle¹⁰. New Zealand's 25 basis points rate cut in the month also influenced market sentiment¹¹.

In August 2024, Australian capital city housing markets delivered generally positive results for both houses and units. Perth, Adelaide, and Brisbane continued to lead the way with robust price growth, showing no significant signs of slowing. Meanwhile, Melbourne and Sydney have experienced a continued slowdown in the month, following periods of solid to moderate growth¹².

Loan in the Spotlight



Lowood, QLD

LVR 56.94% (excl. GST)

Loan Amount \$7,050,000

Loan Term 10 Months

Loan Type Construction Loan

Details Funding was providing for a residential land sub-division.

Outlook

Following the release of CPI data in August, CBA are forecasting an easing by December 2024 whilst ANZ and Westpac are forecasting an easing in February 2025 and NAB in May 2025¹³. Australian major banks have also trimmed term deposit rates in advance of expected cash rate changes¹⁴. In the US, market reactions were swift following the release of unemployment data, with expectations for multiple rate cuts by year-end¹⁰.

Looking ahead, key factors are expected to sustain demand in the housing market. High rental prices and low vacancy rates in capital city rental markets will likely worsen the ongoing housing undersupply. ABS data released in the month revealed residential construction fell by 0.1% in the three months to June 2024 while engineering construction saw a robust 10% year-on-year increase, driven by a booming infrastructure sector that is diverting resources from other areas of the building economy¹⁵. Altus Group noted that a slight upward trend persists in construction costs outlook despite a slowing pipeline of housing construction. While most material prices have remained steady, copper has increased due to demand from energy transition initiatives. Conversely, steel prices have fallen to their lowest level since 2016, driven by weak demand, particularly from China¹⁶.

Product Disclosure Statement (PDS) is available on the Fund webpage [here](#).

The Target Market Determination (TMD) for Units in the Fund is available free of charge on the Fund webpage [here](#).

1. Equivalent net distribution rate annualised paid to investors for the month ended 31 August 2024.
2. All distribution rates quoted are variable, net of fees, costs and taxes and assume no distribution reinvestment. Past performance is not a reliable indicator of future performance.
3. 3-year, 5-year and inception data are reported on a per annum basis.
4. Based on unaudited figures as at 31 August 2024 and may be subject to change. Loan to valuation ratio (LVR) is based on valuation (for development and construction loans, the "as-if complete" valuation) inclusive of GST. Some figures have been rounded to the nearest percent.
5. The unit price is fixed, however, capital losses can occur in circumstances where the Trust incurs a capital loss.
6. See PDS & TMD for details.
7. The information contained in the Foresight Analytics report and encapsulated in the investment rating is of a general nature only. The report and rating reflect the opinion of Foresight Analytics and Ratings Pty Limited (AFSL 494552). It does not take into account an individual's objectives, financial situation or needs. Professional advice should be sought before making an investment decision. A fee has been paid by the fund manager for the production of the report and investment rating.
8. Calculated on approved loan limit.
9. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/monthly-consumer-price-index-indicator/jul-2024>
10. <https://www.reuters.com/markets/us/fed-policy-makers-agree-need-rate-cuts-their-reasons-vary-2024-09-03/>
11. <https://www.cnbc.com/2024/08/14/reserve-bank-of-new-zealand-cuts-cash-rate-by-25-basis-points.html>
12. https://sqmresearch.com.au/uploads/03_09_24_Total_property_listings_August_2024.pdf
13. <https://www.afr.com/policy/economy/hopes-for-2024-cuts-weaken-as-data-signals-rba-stuck-on-hold-20240827-p5k5tu>
14. <https://www.afr.com/companies/financial-services/big-banks-pre-empt-rba-move-by-cutting-rates-on-term-deposits-20240816-p5k2yv>
15. <https://www.abs.gov.au/statistics/industry/building-and-construction/construction-work-done-australia-preliminary/latest-release>
16. <https://www.altusgroup.com/insights/australian-construction-material-price-outlook/>