

Trilogy Monthly Income Trust

8.05% P.A^{1,2}

Investment report: March 2024

Fund Overview

Key Metrics	
Inception	February 2007
Funds under management	\$720.20m ⁴
Total number of loans	120 ⁴
Average loan value	\$6.80m ⁴
Weighted average LVR	63.56% (as-if-complete) ⁴
Weighted average expiry	4.25 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

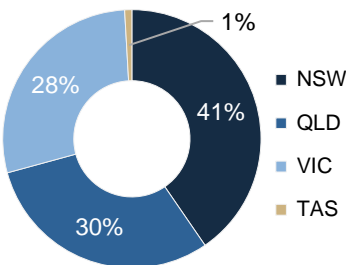
The investment strategy of the Trust is to source loans secured by registered first mortgages held over property, geographically spread across Australia's states and territories. Other assets may be held.

Historical Performance^{2,3}

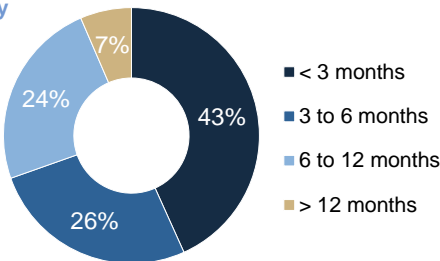
1 month	3 month	6 month	1 year	3 year	5 year	Inception
0.68%	2.01%	4.04%	7.97%	6.43%	6.59%	7.47%

Fund Snapshot⁸

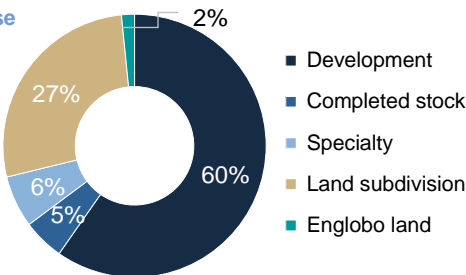
Geographic spread



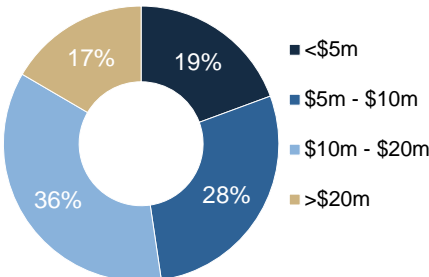
Loan maturity



Loan purpose



Loan size



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 30 September 2022 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 30 September 2022 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 March 2024. During the month, 3 new construction loans were settled with a combined loan value of \$18.4m. These new loans will provide funding for the construction of a childcare centre in Charlestown (NSW) a land sub-division in South-West Rocks (NSW) and a small-scale apartment development in Mount Hutton (NSW). We saw \$9.4m in repayments received in the month.

The Reserve Bank of Australia (RBA) held the cash rate steady at 4.35% in March 2024. The RBA Governor Michele Bullock asserted that data suggested the central bank was “on the right track” in its battle against inflation but stressed that the outlook for the cash rate remained uncertain^{9,10}.

CoreLogic's national Home Value Index (HVI) rose 0.6% in March 2024, on par with the February 2024 increase, representing a 14th consecutive increase in housing values¹¹. Decrease in dwelling approvals in January 2024 to their lowest level in 10 years signals further falls in actual housing supply in the period ahead¹².

While rate hikes, cost of living pressures and worsening housing affordability are all factors that have contributed to softer housing conditions since December 2023, an undersupply of housing relative to demand continues to fuel rise in home values despite these headwinds¹³.

Loan in the Spotlight



Bayview, NSW	
LVR	~65% (incl. GST)
Size	\$14,480,000
Loan Term	18 months
Loan Type	Construction residential loan
Details	To fund the development of four luxury apartments in Sydney's Northern Beaches. Target purchasers: seniors and downsizers

Outlook

In a shift that economists widely viewed as dovish, the RBA Board's post-meeting statement shifted towards a more neutral policy stance whilst keeping an eye on price pressures in the labour-intensive services sector, where costs were increasing rapidly due to a rise in nominal wages growth^{9,10}.

Investors scaled back expectations of rate cuts in the United States (US) after stronger than expected consumer and producer price figures fueled concerns that inflation in the world's largest economy was proving stickier than expected. The US policymakers anticipate three rate cuts in 2024 while financial markets expect the first rate cut to commence as early as June 2024. In the 12 months through February 2024, the US personal consumption expenditures (PCE) inflation advanced 2.5% after increasing 2.4% in January 2024. While this does not materially shift the US Federal Reserve expectations of cutting rates (as many as 3 this calendar year), expectations in the market have now aligned¹³.

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 March 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 March 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. Monetary Policy Decision <https://www.rba.gov.au/speeches/2024/mc-gov-2024-03-19.html>
10. RBA keeps rate rise in reserve <https://www.afr.com/policy/economy/rba-not-ruling-anything-in-or-out-as-it-leaves-cash-rate-at-4-35pc-20240319-p5fdha>
11. CoreLogic Home Value Index rises 1.6% in March quarter, adding around \$12k to dwelling values [https://www.corelogic.com.au/news-research/news/2024/corelogic-home-value-index-rises-1-6-in-march-quarter-adding-around-\\$12k-to-dwelling-values](https://www.corelogic.com.au/news-research/news/2024/corelogic-home-value-index-rises-1-6-in-march-quarter-adding-around-$12k-to-dwelling-values)
12. RBA (Building Approvals, Australia) <https://www.abs.gov.au/statistics/industry/building-and-construction/building-approvals-australia/latest-release>
13. US inflation moderating; consumer spending underpinning economy <https://www.reuters.com/markets/us/us-inflation-increases-moderately-february-consumer-spending-surges-2024-03-29/>