SQM RESEARCH

Trilogy Monthly Income Trust

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

Superior

August 2025

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

Reliance of information

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Report Date: 12 August 2025

Star Rating**	Description	Definition	
4½ stars and above	*Outstanding*	***Highly suitable for inclusion on APLs*** *SQM Research believes the Fund has substantial potential to outperform over the medium-to-long term. Past returns have typically been very strong. Product disclosure statement (PDS) compliance processes are high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.*	*Highest Investment Grade*
4¼ stars	*Superior*	***Suitable for inclusion on most APLs*** *SQM Research considers the Fund has considerable potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.*	*High Investment Grade*
4 stars	*Superior*	***Suitable for inclusion on most APLs*** *In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no material governance concerns. Management is of a high calibre.*	*High Investment Grade*
*3¾ stars**	*Favourable*	***Consider for APL inclusion*** *SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality, however they may not be yet fully tested. As a result the manager/product may have higher risks attached compared to peers.*	*Investment Grade*
*3½ stars**	*Acceptable*	***Consider for APL inclusion*** *In SQM Research's view, the potential for future outperformance in the medium-to-long term is uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and displays investment-grade quality, however they may not be yet fully tested. As a result the manager/product may have higher risks attached compared to peers. SQM Research has identified material weaknesses which need addressing in order to improve confidence in the Manager. There might be some corporate governance concerns.*	*Low Investment Grade*
3¼ stars	*Caution Required*	***Not suitable for most APLs*** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have tended to be disappointing or materially below expectations. PDS compliance processes are potentially substandard. There might be material corporate governance concerns. Management quality is not of investment-grade standard.*	
3 stars	*Strong Caution Required*	***Not suitable for APL inclusion*** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There could be material corporate governance concerns. SQM Research has a number of concerns regarding management.*	
Below 3 stars	*Avoid or Redeem*	***Not suitable for APL inclusion*** *SQM Research has multiple material concerns surrounding the Fund.*	

Event-driven Rating	Definition
Withdrawn	*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.*
Discontinued - Withdrawn	*The manager, after agreeing to be reviewed, has pulled out of the process and/or has not responded.*
Hold	*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.*

* *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

Superior. Suitable for inclusion on most APLs.

Fund Description	
Fund Name	Trilogy Monthly Income Trust
APIR code	TGY0003AU – Ordinary Units TGY9172AU – Platform Units
Asset Class	Mortgage Trusts (Pooled)
Management and Service Providers	
Fund Manager	Trilogy Funds Management Limited
Responsible Entity	Trilogy Funds Management Limited
Fund Information	
Fund Inception Date	Feb 2007 – Ordinary Units September 2022 – Platform Units
Fund Size	$881.15 million (as of March 2025)
Return Objective (per PDS/IM)	Not Specified in the PDS
Internal Return Objective	N/A
Risk Level (per PDS)	Not Stated in the PDS
Internal Risk Objective	N/A
Benchmark	N/A. (SQM Research has used Bank Bill Index + 4% as a 'Reference Index')
Number of stocks/positions	Approximately 132 Loans
Fund Leverage	N/A (Currently)
Portfolio Turnover	-
Top 10 Holdings Weight	21.80%
Investor Information	
Management Fee	0.96% Ordinary/0.46% Platform
TCR (Total Cost Ratio)	3.41% Ordinary/3.41% Platform (Jun 25)
Buy Spread	N/A
Sell Spread	N/A
Performance Fee Rate	N/A
Minimum Application	$10,000 initial, $1,000 subsequent
Redemption Policy	Refer to the PDS for details. N.B. The policy for 'Ordinary Units' differs from the 'Platform Units'. A minimum holding period applies to 'Ordinary Units'.
Distribution Frequency	Paid monthly in arrears at a variable rate
Investment Horizon	+6 months (as per the 3 May 2024 TMD)
Currency Hedging Policy	N/A

Note: This Report focuses on the 'Ordinary Units' but also applies to the 'Platform Units' and refers to them where needed.

Fund Summary

Description

The **Trilogy Monthly Income Trust** (the **"Trust"**) the Trust invests in first mortgages over a mix of improved and unimproved properties. Its portfolio is nationally diversified across Australia, covering construction, development, and land subdivision funding across residential, commercial, industrial, and retail sectors. The Trust's exposure to construction and land subdivision funding places it higher on the risk spectrum compared to mortgage funds without such exposure. It diversifies across loan types and geographies, with policies in place to manage risks, such as LVR guidelines and loan assessment criteria.

Mortgage loans are for a maximum of two and a half years, with most loans initially written for 12 months and extended with Lending Committee approval. The Trust aims to provide secure investments and regular monthly income distributions from loans, cash, and other assets held. Since its inception in February 2007, the Trust has consistently paid monthly distributions and honoured all withdrawal requests.

The Trust is structured as an open-ended, unlisted managed investment scheme.

Fund Rating

The Fund has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
4.00 stars	Superior	Suitable for inclusion on most APLs	High Investment Grade

Previous Rating: 4.00 stars (Issued July 2024)

SQM Research's Review & Key Observations

About the Manager

Trilogy Funds Management Limited was founded in 1998 and holds an Australian Financial Services Licence (261425) that authorises it to operate the Trust. Its principal business is to act as the responsible entity and manager of various registered schemes. The investments consist of mortgages, direct real property, and financial assets (which include cash assets). As of March 2025, Trilogy Funds Group (and its underlying entities, including Trilogy Funds Management Limited) had an AUM of over $1.6 billion with over 6000 active investors. Trilogy Funds Group has approximately 80 employees, with offices in Brisbane (Head Office), Sydney, Melbourne and a capital raising and distribution presence in Perth. Trilogy Funds Group serves a broad range of investors including retail investors, financial advisers, and high-net-worth individuals.

Responsible Entity

The Board of Directors of the Responsible Entity (Trilogy Funds Management Ltd or "TFM") consists of **5** 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 **30** years of industry experience.

Investment Team

Executive Director (Trilogy Funds Group) & Managing Director (Trilogy Financing)– Mr Clinton Arentz has significant experience in facilities management, property finance, property development and project delivery. 11 Portfolio Managers report to Mr. Arentz. They are spread across Brisbane, Sydney and Melbourne and are supported by a team of analysts and operations staff to assist with the day-to-day management of the loan portfolio. The investment team is further supported by the broader resources of Trilogy Funds Group and related Committees. The Lending Committee (LC) comprises seven experienced individuals, including three independent members. The LC meets fortnightly and has considerable experience in related areas, including lending, quantity surveying, construction, law, accounting and valuations. The LC operates under a charter that outlines the obligations of its members, voting rights, and associated processes, as well as delineates roles and responsibilities. In addition, the LC consults with several external experts who advise on the feasibility of all transactions that are assessed, with strong advice pertaining to the viability of contractors used to develop projects financed.

Key person risk is actively managed through team-based decision-making, clear delegation of responsibilities, and documentation of investment processes. All material investment decisions are subject to committee-based review and oversight, with no single individual solely responsible for execution. Credit decisions are formally documented and require collective input from the portfolio managers and the LC. ***Considering the investment/lending process and the size of the team, SQM Research is of the opinion that the key person risk is 'Low'.***

1. Investment Philosophy and Process

Investable Universe

The Trust provides funding to a diverse range of property developments in the residential, commercial, industrial, and retail property sectors across Australia. Mortgage loans are only made or acquired where a first mortgage security is held, with a maximum LVR of 70% of the property value on the basis of the latest 'as if complete' valuation.

Excess capital not immediately deployed into first mortgage lending may be invested in a combination of short-dated, income-generating assets to preserve capital and maintain liquidity. These may include high-quality asset-backed securities (ABS), floating rate notes (FRNs), and term deposits. The Trust may also allocate to the Trilogy Enhanced Income Fund (TEIF), which provides diversified exposure to a portfolio of ABS and FRNs. In addition, the Trust may invest in select ASX-listed securities, i.e. listed credit funds that invest in asset-backed and secured loan portfolios.

Philosophy / Process / Style

As the Investment Manager, Trilogy Funds aims to have an investment process that is stringent, compliance-driven and strictly adhered to from end-to-end. The Trust finances a diverse range of property developments in the residential, commercial, industrial, and retail property sectors in Australia. The Trust follows a capital preservation-focused investment philosophy, underpinned by disciplined credit assessment and active loan monitoring. Trilogy Funds does not engage in "no-doc" or "low-doc" lending. The Trust seeks to exploit inefficiencies in the traditional lending market by offering tailored solutions with quick turnaround times.

Portfolio Biases/Preferences

The portfolio is biased towards residential property projects, typically accounting for between 80 and 90 percent of total loans. There is also a strong preference for construction lending, which aligns with the Trust's core expertise and sits within the 50 to 90 percent range of total loans. Geographically, the portfolio is concentrated towards the East Coast of Australia, reflecting borrower demand, population growth, and established networks in these regions.

Liquidity

Liquidity is actively managed through weekly reporting to the Treasury Committee, balancing loan maturities against expected redemptions, repayments, drawdowns, and inflows. Stress testing is conducted, including platform redemption scenarios. Asset and liability maturity alignment is a core guideline underpinning portfolio liquidity management. As reported by the Manager, the securities portfolio, comprising non-mortgage assets (including cash, ASX securities, FRNs, and ABS), could be liquidated completely within **15 days**. The loan portfolio would expect to take **2 years** to liquidate fully, based on the maturity dates.

Ordinary Units: *A* ***four-month notice period*** *is required, in addition to the* ***minimum two-month holding period****. Withdrawals may be processed and paid in a shorter time at the discretion of Trilogy Funds.*

Platform Units: *Request for withdrawal must be received on the day that is at least 7 business days prior to the last calendar day of the month. Withdrawals will be processed as of the 1st calendar day of the following month and then paid within 20 calendar days after that.*

Leverage

This Trust does not employ direct leverage (through borrowing by the Fund) **or** economic leverage (through the use of derivatives). Since inception the Trust has not engaged in any borrowings. Trilogy Funds may, in the future, borrow on behalf of the Trust up to **15%** of the total value of the assets to fund short-term liquidity needs.

2. Performance & Risk

Return Objective

The Trust aims to provide investors with competitive monthly income based on the net returns from the loans, cash, and any other investments held by the Trust. The Trust does not specify a formal performance benchmark in the PDS.

In the past, the Trust has used the Ausbond Bank Bill Index + 2% p.a. as the benchmark and later moved to a target range of 7% to 8

% from January 2015. This was done to adequately reflect the risk profile of the Trust.

SQM Research notes that there should be a performance hurdle in addition to the Bank Bill Index in order to reflect the risk-return profile of the Trust, which is riskier than the traditional Bank Bill Index. An outperformance hurdle of 4%-5% p.a. has been deemed reasonable.

Therefore, SQM Research has used the Ausbond Bank Bill Index + 4% p.a. as a 'Reference Index' for performance comparison purposes only.

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:

Market Risk: This risk arises from fluctuations in market conditions, which can be influenced by various factors, including economic, technological, social, political, legal, and regulatory factors.

Liquidity Risk: Liquidity risk arises when processing an investor's withdrawal request is delayed due to a significant number of simultaneous withdrawals, depleting the Trust's cash reserves.

Construction Risk: Construction risks related to building and property development. These include cost increases during the project, delays caused by contractors, and risks associated with latent conditions or abnormal weather events.

Borrower Default Risk: The Trust faces default risk from the borrowers due to their changed circumstances, general economic and market conditions, where the borrowers have their business interests, and ultimately, the property market conditions. This could negatively affect the Trust in terms of non-repayment of the loan amount and interest payment by the borrowers.

Property Market Risk: This risk arises from negative movements in the property market, potentially affecting the Trust's ability to recover mortgage amounts.

(*Please see PDS for Manager's ASIC RG 45 Risks).*

Risk Objective

The Fund's PDS does not state a specific risk level of the Fund.

As a general comment on the sector, 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 'Risks' section of the PDS and the TMD 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).

Fund Performance to 30 June 2025 (% p.a.)							
Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	0.59	1.83	3.80	7.98	7.75	6.94	7.71
Reference Index	0.65	2.01	4.12	8.55	8.02	6.43	7.24
Peer Average	0.69	2.12	4.30	8.87	8.53	7.24	8.55
Alpha	-0.06	-0.18	-0.32	-0.57	-0.28	0.52	0.47

With distributions reinvested. Returns beyond one year are annualised. Return history starts Mar-2007

Reference Index: Ausbond Bank Bill Index + 4% p.a.

Length of Track Record

The Trust has a history of **18.3** years (or 219 months).

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

Strengths

- Trilogy Funds Group has a very long track record of over 25 years in the Private Credit and Property industry.
- The Trust is managed by an experienced, knowledgeable, and professional team that is well-versed in managing registered managed investment schemes and has particular expertise in cash flow, investment and liquidity management in the context of mortgage/managed funds. Several key staff members are from the banking and financial services sector.
- The credit assessment process includes a lending feasibility study in addition to the existing valuation, stress testing and project analysis on the proposed development.
- FUM growth has been very strong. Liquidity has also improved with the growing FUM.
- The Fund only takes first mortgages over loans and has maintained a conservative LVR profile and a short average loan term historically, supporting active turnover and repricing flexibility.
- Even though the Trust's maximum LVR threshold is 70%, its weighted average LVR is lower (and measured on an 'as if complete' basis), which provides an increased safety buffer to investors.

Weaknesses

- The Trust provides for funding to construction and land subdivision/development, which puts it at the higher end of the Mortgage Funds risk spectrum. The Trust diversifies across loan types and geographies, and has developed policy guidelines relating to LVRs and loan assessment criteria to manage associated risks.
- The Manager is both the Investment Manager and the Responsible Entity. For Governance purposes, SQM prefers to see a segregation of duties in this area.

Other Considerations

- Over the long history of the Trust, it has been delivering close to its long-term objective and consistently paid out monthly income.
- While the Trust does not have any current borrowings, the constitution permits borrowings up to 15% of assets.
- The Trust's management fee is 0.96% p.a. which is competitive, but the total costs in the operation of the Trust is 4.66%.
- In FY2024, the Trust adopted a more risk-sensitive impairment approach, introducing specific provisions for credit-impaired loans. The $5.7 million charge, up from a recovery in FY2023, reflects emerging risk within lower-grade exposures, albeit modest given the size of the overall loan book.
- These are not daily liquid funds and investors should read the PDS for timelines.

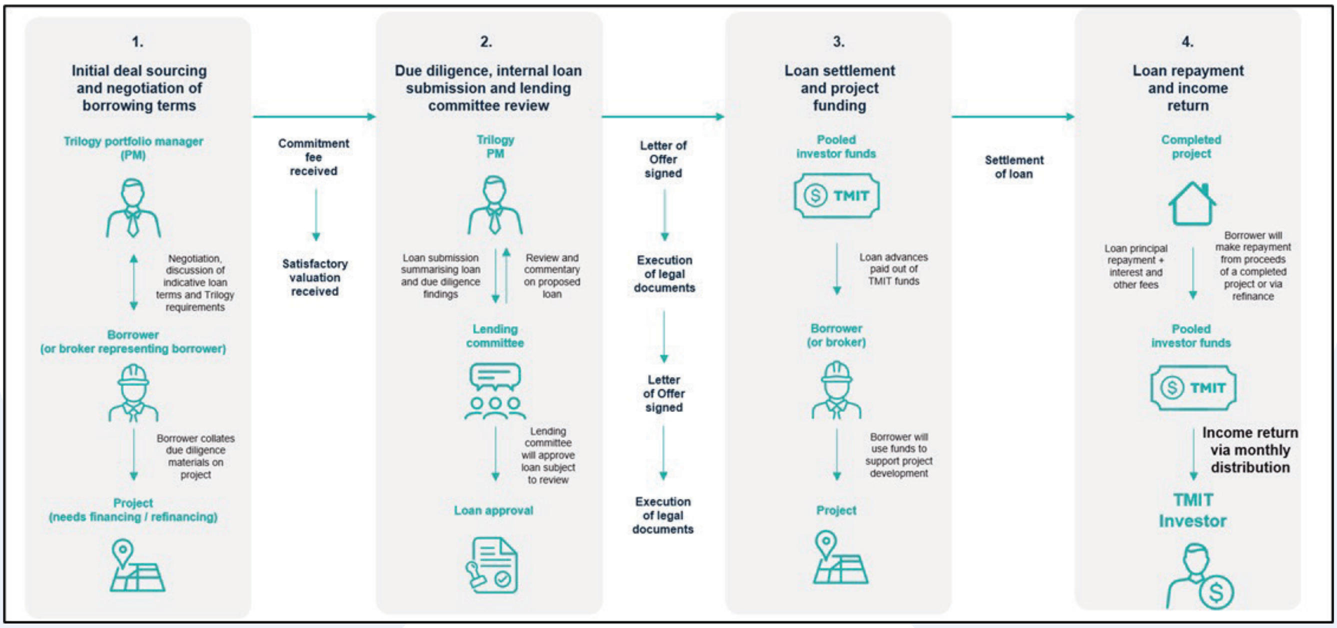
Fund Metrics (As of March 2025)

- 100% of the loan book is invested in First Mortgages.
- 100% of the loan book is business loans (via Special Purpose Vehicles for building/construction), none of the book is loans to individuals.
- Weighted Average LVR is about 65%, on an 'as if complete' basis.
- Loan Maturity: 100% of the performing loans in the loan book have a loan maturity of <2 years.
- Interest rate type is typically 100% variable.
- Non-performing loans (NPL) are about 2.78% of the book.

Key Changes Since the Last Review

- Change in Portfolio Guidelines or Limits – Maximum loan amount in any one loan has changed from $40 million to $50 million, and the maximum loan term has changed from 24 months to 30 months.
- Clinton Arentz will focus solely on lending (given TMIT's growth), and another senior, Laurence Parisi, will become Head of Direct Property (likely overseeing Trilogy's property assets outside the Trust).
- There are no material changes to the investment process since the last review.

Investment Process Diagram



Process Description

Investment Process

Screening/ Idea Generation

Loan opportunities are sourced by Portfolio Managers either directly, often through repeat borrowers, or via an established network of mortgage brokers. The screening process begins with a preliminary review of the loan enquiry, which includes a high-level assessment of the project's feasibility, funding requirements, borrower background, and alignment with the Trust's lending parameters (e.g., maximum 70% LVR, first mortgage security).

Trilogy Funds applies additional filters to exclude speculative transactions, loans lacking a defined exit strategy, or proposals without adequate security or legal protection. Suitable opportunities are presented to the Lending Committee for initial consideration. If endorsed, they proceed to full due diligence and formal credit assessment.

This multi-stage screening process is designed to ensure that only high-quality, risk-aligned transactions progress, supporting the Trust's capital preservation and income-generation objectives.

Research/Investment Selection

Lending (Primary Activity)

Credit selection focuses on project fundamentals, borrower strength, and the quality of security. Borrowers are typically private developers with demonstrated experience and financial capacity. All loans are supported by a first-ranking mortgage and capped at a maximum LVR of 70%. Projects span residential, commercial, industrial, and retail sectors across metro and regional locations. Trilogy Funds targets short-duration loans, with the option to refinance after certain milestones, providing the opportunity to adjust loan terms as conditions evolve. This enables more accurate pricing of risk, closer alignment with current market conditions, and faster capital recycling. Shorter maturity loans also support active portfolio rebalancing and help reduce exposure to long-dated construction risks.

Credit assessment is comprehensive and multi-layered, incorporating an evaluation of the borrower's financial position, experience, analysis on project feasibility and costings, and scrutiny of the security property, including its locations, valuation, and marketability. Additional legal, planning, and builder due diligence is undertaken, supported by external experts as required. Each loan is stress tested using internal cash flow modelling to assess repayment buffers, development risk, and downside protection.

While each transaction is assessed on its individual merit, sector and market tilts are reviewed at the Board and Lending Committee level, ensuring portfolio-level diversification and alignment with broader strategic goals. Trilogy Funds considers macro conditions such as official cash rate movements and construction sector dynamics when evaluating opportunities. The Lending Committee collectively reviews and approves all loans. This ensures alignment with the Trust's risk profile and capital preservation focus.

Fixed Income Mandates (Secondary Activity)

To support liquidity and reduce cash drag, the Trust allocates surplus capital to fixed income mandates managed by FIIG. The portfolios consist of FRNs and ABSs, and rates are floating in both portfolios, meaning interest rate risk is near negligible, as coupons reset in line with short-term benchmark rates (BBSW).

The strategy prioritises capital preservation and income stability, with a strong bias toward investment-grade credit. In the FRN and ABS portfolios, the average credit spread duration (CSD) is 2.24 and 2.98 years, respectively, reducing valuation sensitivity to market movements.

Portfolio Construction

The Trust's Lending Committee, Lending teams, and Treasury teams consider the structure and nature of the Trust's loan portfolio and all aspects of risk when allocating funds to mortgages. This includes analysing the sector and geographical exposures, liquidity requirements, maturity profiles and current LVRs. The Lending and Treasury Committees also consider the impact of any new loan proposal on the liquidity of the Trust. This requires the loan to be reviewed within the Treasury documents, presented to the Treasury Committee on a weekly basis. The portfolio has loan sector, loan type and geographic target ranges which are disclosed in the RG45 Report. The non-mortgage portion of the portfolio is managed to maintain liquidity and support capital availability. Concentration risk is monitored across the overall portfolio, and regular Treasury Meetings are held to review redemptions, inflows and deployment capacity.

Sector Allocation – Securities Portfolio (as of March 2025)

Rating Profile	Weight
AAA	0.00%
AA	32.01%
A	22.73%
BBB	4.46%
BB	3.17%
B	0.00%
CCC	0.00%
Unrated	37.64%

Maturity Profile	Weight
Cash	18.13%
0-1 Yr	3.22%
1-3 Yrs	38.63%
3-5 Yrs	40.02%
5-10 Yrs	0.00%
10 Yrs +	0.00%

Sector Profile	Weight
Sov / Govt	0.00%
IG Corp	0.00%
High Yield	0.00%
Loans	75.10%
Emerg. Mkts	0.00%
Hybrids	12.79%
MBS	0.00%
Structured	3.83%
Cash	3.68%
Other	4.60%

Top 5 Holdings* (Securities Portfolio)

Name	Weight	Currency	Mat (yrs)	Rate Duration
ANZ Banking Group Ltd	1.02%	AUD	2.5	10.00%
National Australia Bank Ltd	1.02%	AUD	3.6	12.00%
Westpac Banking Corporation	1.02%	AUD	3.7	4.00%
Suncorp Bank	0.91%	AUD	2.1	15.00%
National Australia Bank Ltd	0.79%	AUD	3.1	11.00%

* As reported to SQM on the return of the RFI – holdings will change over time.

Sector Allocation – Loan Portfolio (as of March 2025)

Sector Profile	Weight
Residential - Investment	85.26%
Residential - Owner Occupied	0.00%
Construction	0.00%
Commercial	5.81%
Industrial	8.08%
Vacant Land	0.85%
Geography Profile	**Weight**
NSW	49.98%
QLD	27.68%
VIC	21.43%
WA	-
SA	-
NT	-
TAS	0.57%
ACT	0.33%
Loan Purpose	**Weight**
Bridging facility	12.31%
Equity for development	81.62%
Equity for investment	6.07%

Risk Management

The Trust is 100% AUD-domiciled and does not engage in FX hedging or use derivatives. Key risks are managed through a layered governance structure. Loan management risks are assessed and mitigated through consistent dialogue with the Board. Portfolio and liquidity are overseen by the Treasury Committee, which meets regularly. Broader oversight is provided by the Audit and Risk Committee (ARC), chaired by independent director Patrice Sherrie, and the Executive Risk Committee (ERC), chaired by Mason Clarke (Senior Manager – Legal, Compliance and Risk). Trilogy Funds' risk management framework is maintained by the Legal & Compliance Department, which is led by Andrew Kim (General Counsel) and Mason Clarke (Senior Manager – Legal, Compliance and Risk).

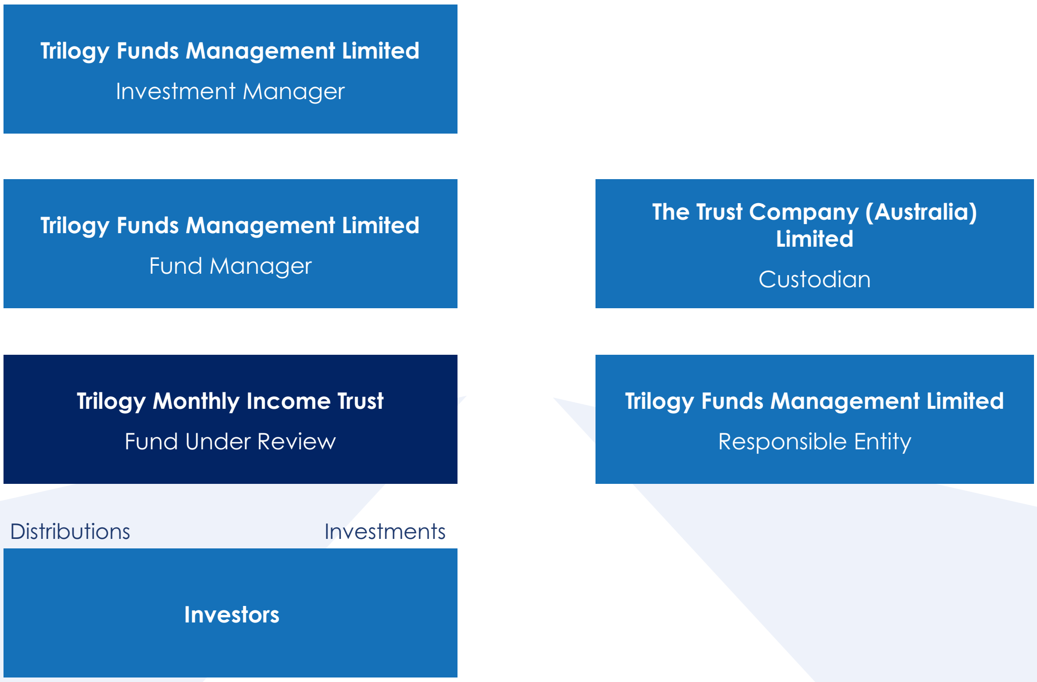
Trilogy Funds is in the process of implementing Protecht, which is an enterprise grade risk management (ERM) software solution which will be used to administer Trilogy Funds' risk management program, providing greater automation and enhancing the assessment and management of risks and controls, KRIs and incidents with real-time insights, allowing for enhanced reporting, oversight and monitoring of enterprise risks.

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

Fund Constraints and Risk Limits	Permitted Range or Limit
Property Type	
Residential	20-90%
Commercial	5-30%
Industrial	5-30
Retail	-
Construction / Development	50-90%
Rural	-
Vacant Land	0-20%
Cash	No firm limit - target is 5-20%

Interest-bearing securities	-
State/Region	
NSW	No firm limit - target is 10-60%
QLD	No firm limit - target is 10-50%
VIC	No firm limit - target is 10-60%
WA	No firm limit - target is 0-20%
Other	No firm limit - target is 0-20%
Loan Type	
Conforming	97%
Non-conforming	3%
Low-doc	0%
Full-doc	100%
First Mortgage	100%
Second Mortgage	0%
Loan Value	
Maximum size for single loan	$50,000,000
LVR for single loan	70% on an 'as is' or 'as-if-complete' basis

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 low.

Management & People

Name	Responsibility / Position	Location	Years at Firm	Years in Industry
John Barry	Executive Director (Trilogy Funds Group)	Sydney	26.0	50.0
Philip Ryan	Executive Chairman (Trilogy Funds Group)	Brisbane	26.0	37.0
Justin Smart	Co-Managing Director	Brisbane	18.0	26.0
Clinton Arentz	Managing Director (Trilogy Financing)	Brisbane	7.0	32.0
Henry Elgood	Co-Managing Director	Brisbane	9.0	11.0
Andrew Kim	General Counsel	Brisbane	1.8	28.0
Hugh Greenwood	Lending Manager	Brisbane	3.3	3.3
Jack Mihajlovic	Senior Portfolio Manager	Brisbane	7.5	32.0
Greg Turner	Senior Portfolio Manager	Brisbane	5.5	11.0
Adam Hartard	Senior Portfolio Manager	Sydney	1.0	8.0
Matthew Silvester	Senior Portfolio Manager	Sydney	5.0	36.0

Name	Responsibility / Position	Location	Years at Firm	Years in Industry
Genevieve Naughton	Senior Portfolio Manager	Sydney	3.2	9.0
Craig Jamieson	Senior Portfolio Manager	Melbourne	2.3	7.0
Joel Grimmond	Portfolio Manager	Melbourne	2.0	8.0
Henri Hines	Senior Portfolio Manager	Sydney	0.8	8.0
Mark Riach	Senior Portfolio Manager	Sydney	0.1	20.0
Mark Gilmour	Senior Portfolio Manager	Brisbane	0.1	30.0
Daniel Trist	Senior Portfolio Manager	Melbourne	0.1	5.0

Staffing Changes

Departures (Investment Team & senior management only)

Date	Name	Responsibility	Reason for Departure
06-May-22	Sonia Harding	Portfolio Manager	Other opportunities
25-Aug-22	Miguel Dennis	Senior Portfolio Manager	Other opportunities
01-Nov-22	Andrew Gillespie	Senior Portfolio Manager	Other opportunities
18-Nov-22	Darren Martin	Senior Portfolio Manager	Other opportunities
04-Aug-23	Ross Perkins	Executive - Property & Lending	Other opportunities
22-Mar-24	Scott Morgan	Senior Portfolio Manager	Other opportunities
16-Jul-24	Ralph Cullen	Senior Portfolio Manager	Other opportunities

Additions / Hires (Investment Team and Senior management)

Date	Name	Responsibility	Previous Position / Employer
14-Feb-22	Genevieve Naughton	Senior Portfolio Manager	Transaction Manager - Dealt
28-Mar-22	Hugh Greenwood	Lending Manager	Assistant Portfolio Manager - Trilogy Funds
26-Jun-23	Joel Grimmond	Portfolio Manager	Credit Analyst - Liberty Financial
16-Oct-23	Andrew (Hee Ju) Kim	General Counsel	General Counsel Treasury - Treasury Corporation Of Victoria
10-Jan-24	Grant Whittaker	Lending & Workout Committee Member	Director - Whittaker Property Group
26-Feb-24	Patrice Sherrie	Non-Executive Director - TFM, Non-Executive Director - Trilogy Operations Trust	Non-Executive Director - Millovate Pty Ltd
08-Apr-24	Adam Hartard	Senior Portfolio Manager	Finance Consultant - HoldenCAPITAL
15-Apr-24	Henri Hines	Senior Portfolio Manager – Development & Restructuring	Development Manager - Blare Management
26-May-25	Mark Riach	Senior Portfolio Manager	Business Development Manager - CAPSPACE
16-Jun-25	Mark Gilmour	Senior Portfolio Manager	Relationship Manager, Development Finance – Suncorp Bank
23-Jun-25	Daniel Trist	Senior Portfolio Manager	Executive General Manager – Acting Head of Platinum Partnerships – La Trobe Financial

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.)	0.96%	0.94%
Expense Recovery / Other Costs (% p.a.)	–	–
Performance Fee (%)	–	2.35%
Total Cost Ratio TCR (% p.a.)	4.66%	1.23%
Buy Spread (%)*	0.00%	0.00%
Sell Spread (%)*	0.00%	0.00%

* This spread is the difference between the Trust'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

The Trust has a management fee of 0.96%. The management fee includes GST and is net of any applicable Reduced Input Tax Credits (RITC). The Management Fee includes the Responsible Entity fees as well as the investment manager fees.

Other Fees

Trilogy Funds Management Limited or a related party can retain fees that are charged to the borrower. Included in these fees are loan application fees, loan administration fees, early repayment fees, performance-based fees, loan extension fees and security release fees.

SQM Research observes that:

- ***The Fund management fee is 02 basis points higher than the peer group average.***
- ***The Total Cost Ratio (TCR) is 343 basis points higher than the peer group average.***

Risk/Return Data to 30 June 2025							
Total Return	**1-Month**	**3-Month**	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Inception**
Fund	0.59	1.83	3.80	7.98	7.75	6.94	7.71
Reference Index	0.65	2.01	4.12	8.55	8.02	6.43	7.24
Peer Average	0.69	2.12	4.30	8.87	8.53	7.24	8.55
Alpha	-0.06	-0.18	-0.32	-0.57	-0.28	0.52	0.47
Metrics				**1-Year**	**3-Year**	**5-Year**	**Inception**
Tracking Error (% p.a.) - Fund				0.05	0.10	0.30	0.50
Tracking Error (% p.a.) - Peer Average				0.18	0.38	0.97	0.43
Information Ratio - Fund				-11.08	-2.71	1.70	0.95
Information Ratio - Peer Average				1.49	2.55	2.01	0.16
Sharpe Ratio - Fund				40.92	18.27	13.65	14.24
Sharpe Ratio - Peer Average				54.67	15.30	13.10	27.66
Volatility - Fund (% p.a.)				0.09	0.21	0.34	0.32
Volatility - Peer Average (% p.a.)				0.19	0.43	0.88	0.20
Volatility - Reference Index (% p.a.)				0.07	0.24	0.56	0.56
Beta based on stated Reference Index				1.05	0.80	0.53	0.28

Distributions reinvested. Returns beyond one year are annualised. Return history starts Mar-2007

Reference Index: Ausbond Bank Bill Index + 4% p.a.

Note: There may be very minor differences in the returns data based on the rounding of numbers and the start date used.

Note: The returns data is for the 'Ordinary Units'. For 'Platform Units' (launched Sept 2022), Investors should refer to the Fund's website.

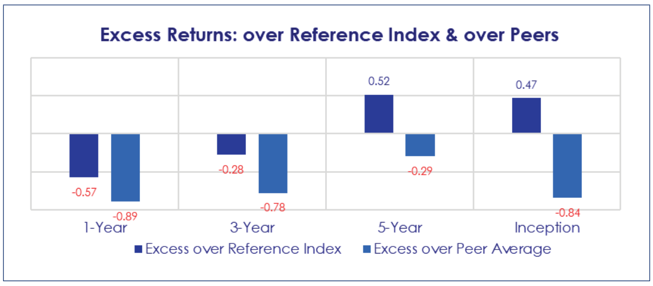
The Trust does not specify a formal performance benchmark (in the PDS). In the past, the Trust has used the Ausbond Bank Bill Index + 2% p.a. as the benchmark and later moved to a target range of 7% to 8% from January 2015. This was done to adequately reflect the risk profile of the Trust.

SQM Research notes that there should be a performance hurdle in addition to the Bank Bill Index in order to reflect the risk-return profile of the Trust, which is riskier than traditional bank bill markets. An outperformance hurdle of **4%-5%** p.a. has been deemed reasonable. ***Therefore, SQM Research has used the Ausbond Bank Bill Index + 4% p.a. as a 'Reference Index' for performance comparison purposes only.***

Quantitative Insight[1]

Note: Unless otherwise stated, all return and risk data reported in this section are **after-fees** and for **periods ending Jun-2025.**

Excess Returns (Alpha)



The Trust has displayed mixed performance when compared to the Reference Index and peer average. While it has generated positive excess returns over the Reference Index on both a five-year and since-inception basis, performance has lagged over the more recent one- and three-year periods. Relative to peers, the Trust has slightly underperformed across most timeframes, including since inception.

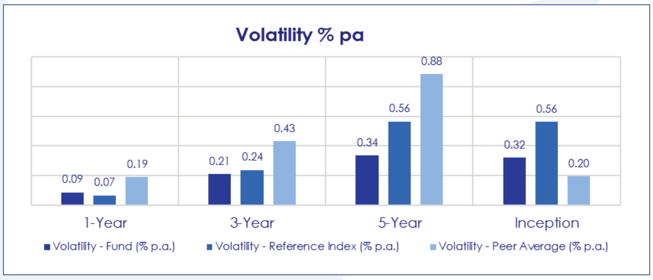
SQM Research notes *that the Trust's performance (on an absolute return basis), like most other Mortgage Funds, had been very resilient during the* ***COVID-19 pandemic***

[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

(since March 2020). The Mortgage/Property construction & development sector did see some challenges during that period, but the Australian government's stimulus and the loan repayment deferrals by the Banks/Non-Banks helped the sector to remain resilient during this challenging period. Also, the performance has been very resilient since the volatility (across asset classes) caused by ***Russia's invasion of Ukraine*** *in February 2022.*

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

Risk



The Fund's **volatility** (annualised standard deviation of monthly returns) has been lower than the Reference Index and much lower than peers for all time periods, including since inception.

The **risk outcomes** as described above regarding volatility are consistent with the PDS statements about risk and also SQM's expectations for this Fund.

As a general comment on the sector, the true overall risk level in Mortgage Funds is determined by a range of risks. Advisers/Investors should read the 'Risks' section of the PDS 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 the Mortgage Trust 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 do not add a great deal of statistical value when compared to many other asset classes.

Correlation of Fund to Asset Classes

Market	3 years	Inception	Market Indexes
Aust Bonds	-5.7%	+23.9%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	-11.9%	-7.8%	S&P/ASX 300 TR
Global Bonds	+11.3%	+20.3%	Bloomberg Global Aggregate Hdg AUD
Global Equity	+2.2%	+1.1%	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 Mar-07 to May-25**

Rank	Date	Market	Fund	Difference
1	Mar-20	-20.83%	+0.51%	+21.34%
2	Oct-08	-12.88%	+0.70%	+13.59%
3	Jan-08	-11.00%	+0.69%	+11.69%
4	Sep-08	-9.94%	+0.67%	+10.61%
5	Jun-22	-8.97%	+0.42%	+9.38%
6	Feb-20	-7.76%	+0.57%	+8.34%
7	Aug-15	-7.70%	+0.67%	+8.37%
8	Jun-08	-7.57%	+0.70%	+8.26%
9	May-10	-7.54%	+0.59%	+8.13%
10	May-12	-6.74%	+0.75%	+7.49%
Totals		**-100.92%**	**+6.27%**	**+107.19%**

			No. of Months
Correlation	+31.3%	Positive Return	10
Capture	-6.2%	Outperform	10

Tail Risk Observations:

The data in the table above indicate that the Trust displays material **defensive characteristics** in the face of extreme Australian equity tail risk.

Annual Returns

Year	Fund	Reference Index	Peer Avg	vs. Ref. Index	vs. Peers
2013	+7.73	+6.97	+6.30	**+0.76**	**+1.44**
2014	+8.41	+6.78	+5.78	**+1.63**	**+2.63**
2015	+8.31	+6.43	+5.32	**+1.88**	**+2.99**
2016	+8.30	+6.14	+5.11	**+2.16**	**+3.19**
2017	+8.29	+5.81	+6.75	**+2.47**	**+1.54**
2018	+7.98	+5.99	+7.17	**+1.99**	**+0.81**
2019	+7.73	+5.55	+6.73	**+2.17**	**+0.99**
2020	+6.73	+4.38	+6.55	**+2.35**	**+0.17**
2021	+5.66	+4.03	+7.37	**+1.63**	**-1.71**
2022	+5.63	+5.30	+7.31	**+0.33**	**-1.68**
2023	+7.95	+8.03	+8.20	**-0.08**	**-0.25**
2024	+8.28	+8.63	+9.02	**-0.35**	**-0.74**
Jun-25	+3.80	+4.12	+4.30	**-0.32**	**-0.50**

2025 data = 6 months ending Jun-25

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

Alpha = Fund Return – 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, a 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.

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