

# Bedrock Mortgage Fund

Fact Sheet - July 2024



## Fund Details

**Fund:**  
Ark Bedrock Mortgage Fund

**Trustee:**  
Ark Capital Funds Ltd  
ACN 604 775 573  
AFSL 476209

**Fund Manager:**  
Ark Capital Funds Ltd

**Fund Commenced:**  
December 2023

**Fund Type:**  
Pooled mortgage fund  
for wholesale investors

**Distributions Paid:**  
Monthly

**Distribution Reinvestment Available:**  
Yes

**Minimum Subscription:**  
\$50,000

**Minimum Investment Term:**  
6 months

**Redemption:**  
Quarterly

**Target Return:**  
RBA cash rate + 5%

**Investor share of origination fees:**  
Minimum 1% of investment size

**Management Fee:**  
0.75% of FUM

**Direct Costs:**  
Capped at 0.25% of FUM

**Performance Fees:**  
Nil

**Application Fees:**  
Nil

**Redemption Fees:**  
Nil

**Investor Contacts:**  
Stephan DeSilva  
stephan.desilva@arkcapitalfunds.com.au  
0455 554 120

Shane Wakelin  
shane.wakelin@arkcapitalfunds.com.au  
0409 985 986

Ark Capital Funds Ltd is the trustee for Ark Bedrock Mortgage Fund (the Fund), an unregistered unit trust, which is only available to wholesale investors (as defined under the Corporations Act 2001). The investment manager for the Fund is Coinlot Pty Ltd atf Nambawan Management Trust (ABN 48 745 786 335).

This material has been prepared for general information only and does not constitute financial advice nor an offer of any financial product. An Information Memorandum including an Application Form for the Fund is available upon request for wholesale investors and contains among other things a description of the risks associated with an investment in the Fund.

## Key Metrics

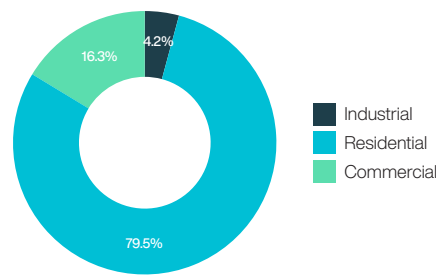
Fund Performance	May24	Jun24	Jul24
Mth Return (net of fees)	0.96%	0.93%	0.96%
Annualised	11.36%	11.30%	11.30%
Periodic Performance	Raw	Annl	
1 Mth	0.96%	11.30%	
3 Mths	2.85%	11.35%	
Fin YTD	7.54%	11.35%	
Since Inception	7.54%	11.35%	

**11.30% p.a.**  
Annualised Return for July 24

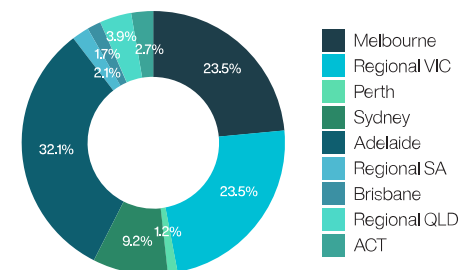
Fund Details	May24	Jun24	Jul24
Funds under Management	\$28.9 m	\$40.2 m	\$41.0 m
Number of Unitholders	68	110	114
Number of Borrowers	15	14	13
Number of Loans	16	18	19
Average Loan Size	\$1.8 m	\$2.0 m	\$2.0 m
Average LVR	63.7%	62.8%	61.9%
Average Interest Rate	11.44%	10.98%	11.44%
Average Fee Income	1.31%	1.29%	1.43%
Average Loan Maturity	10 mths	11 mths	11 mths
Loans in Arrears	nil	nil	nil
Loans with Prepaid Interest	100%	100%	100%

## Portfolio Diversity

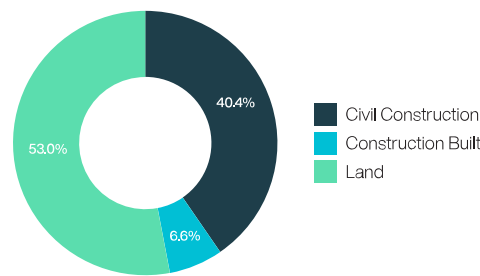
Investment Sectors - July 24



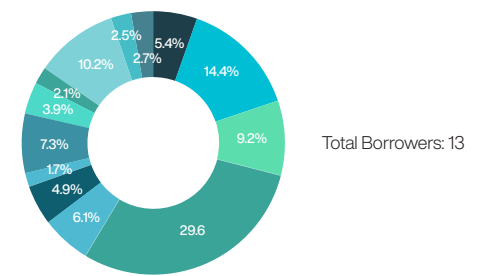
Geographic Location - July 24



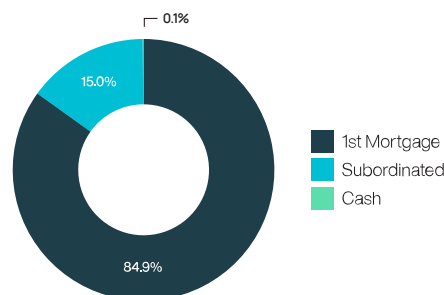
Loan Type / Purpose - July 24



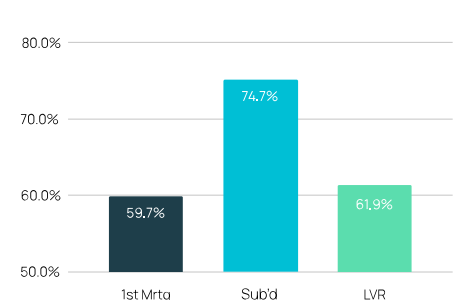
Borrower Mix - July 24



Portfolio Investment Mix - July 24



LVR Profile - July 24



## Fund Details

**Fund:**

Ark Bedrock Mortgage Fund

**Trustee:**

Ark Capital Funds Ltd  
ACN 604 775 573  
AFSL 476209

**Fund Manager:**

Ark Capital Funds Ltd

**Fund Commenced:**

December 2023

**Fund Type:**

Pooled mortgage fund  
for wholesale investors

**Distributions Paid:**

Monthly

**Distribution Reinvestment Available:**

Yes

**Minimum Subscription:**

\$50,000

**Minimum Investment Term:**

6 months

**Redemption:**

Quarterly

**Target Return:**

RBA cash rate + 5%

**Investor share of origination fees:**

Minimum 1% of investment size

**Management Fee:**

0.75% of FUM

**Direct Costs:**

Capped at 0.25% of FUM

**Performance Fees:**

Nil

**Application Fees:**

Nil

**Redemption Fees:**

Nil

**Investor Contacts:**

Stephan DeSilva  
stephan.desilva@arkcapitalfunds.com.au  
0455 554 120

Shane Wakelin

shane.wakelin@arkcapitalfunds.com.au  
0409 985 986

Ark Capital Funds Ltd is the trustee for Ark Bedrock Mortgage Fund (the Fund), an unregistered unit trust, which is only available to wholesale investors (as defined under the Corporations Act 2001). The investment manager for the Fund is Coinlot Pty Ltd atf Nambawan Management Trust (ABN 48 745 786 335).

This material has been prepared for general information only and does not constitute financial advice nor an offer of any financial product. An Information Memorandum including an Application Form for the Fund is available upon request for wholesale investors and contains among other things a description of the risks associated with an investment in the Fund.

## Fund Manager Commentary

### Recognising the Development Sector Risk: Built-Form and Civil Construction across geographies

Ark is acutely conscious of the pressures currently faced by property developers and building contractors resulting from input cost inflation, labour shortages, high interest rates, and in certain property sectors a dampened demand for finished product. We note however that the pressures are not uniformly distributed across development sectors, sub-sectors or geographies.

We see the pressures as particularly apparent in residential built-form construction in Victoria and NSW, whilst Queensland, SA and WA appear less troubled in this sector, with relatively stable demand for residential property likely due to interstate migration inflows. It is apparent to us that industrial, and certain commercial built-form construction sub-sectors are less impacted by the current pressures, whilst land and civil construction (sub division) developments appear the most resilient.

Notwithstanding the pressures, we do continue to see borrower demand for quality land and civil construction projects across all sectors, even in the more "troubled" states, with sound lending opportunities still presenting. Ark has nevertheless deliberately refocused its lending attention toward these type of loans, with a strong eye on Queensland, SA and WA, and a more wary approach to opportunities in Victoria and NSW, particularly in the residential sector.

### So what does this mean for the Bedrock Fund?

Ark Capital and Ark Bedrock's primary focus is delivering quality, risk adjusted returns to investors whilst observing our guiding principle: "The Protection of investor capital is paramount". Given the preceding commentary, it follows that Bedrock is heavily weighted toward land and civil construction loans, which we absolutely see as being at the lower end of the risk spectrum, and where we are most comfortable lending. At the end of July, the Bedrock fund holds 93.4% of its investments in land and land civil construction loans, with just 6.6% invested in high-quality commercial and industrial built-form loans. Bedrock holds legacy investments in a number of well-performed loans in Victoria, where much of Ark's previous lending was focussed, however given Ark's refocus toward other states, this will be reflected in the Bedrock Fund progressively as current loans are repaid and new loans are made.

### July 2024 Fund Performance and Composition

The July '24 month saw another strong return, at 0.96% (11.30% annualised). FUM rose by \$0.7m during the month and ended July at \$41m, with new applications and pledges of approximately \$4.5m received for unit issue in August.

The portfolio diversity metrics were maintained during the month, with the Manager's clear determination to maintain a fully diversified portfolio reflected in the fact that at the end of July Bedrock was invested in 19 separate loans with 13 borrowers, across 9 different geographies in 6 states/territories, in 3 different development sectors and in 3 different loan types. The weighted average LVR of 61.9% is 90 basis points lower than in June, 180 bps below May, and remains comfortably within the Manager's risk settings.

### Platforms

We are pleased to report that in July the Ark Bedrock Mortgage Fund was added to, and became available for investment on the Mason Stevens investment platform, and are advancing same with the Netwealth platform, where we are currently available to Advisors who request Bedrock's addition to their APL's.

## Fund Details

**Fund:**

Ark Bedrock Mortgage Fund

**Trustee:**

Ark Capital Funds Ltd  
ACN 604 775 573  
AFSL 476209

**Fund Manager:**

Ark Capital Funds Ltd

**Fund Commenced:**

December 2023

**Fund Type:**

Pooled mortgage fund  
for wholesale investors

**Distributions Paid:**

Monthly

**Distribution Reinvestment Available:**

Yes

**Minimum Subscription:**

\$50,000

**Minimum Investment Term:**

6 months

**Redemption:**

Quarterly

**Target Return:**

RBA cash rate + 5%

**Investor share of origination fees:**

Minimum 1% of investment size

**Management Fee:**

0.75% of FUM

**Direct Costs:**

Capped at 0.25% of FUM

**Performance Fees:**

Nil

**Application Fees:**

Nil

**Redemption Fees:**

Nil

**Investor Contacts:**

Stephan DeSilva  
stephan.desilva@arkcapitalfunds.com.au  
0455 554 120

Shane Wakelin

shane.wakelin@arkcapitalfunds.com.au  
0409 985 986

Ark Capital Funds Ltd is the trustee for Ark Bedrock Mortgage Fund (the Fund), an unregistered unit trust, which is only available to wholesale investors (as defined under the Corporations Act 2001). The investment manager for the Fund is Coinlot Pty Ltd atf Nambawan Management Trust (ABN 48 745 786 335).

This material has been prepared for general information only and does not constitute financial advice nor an offer of any financial product. An Information Memorandum including an Application Form for the Fund is available upon request for wholesale investors and contains among other things a description of the risks associated with an investment in the Fund.

## About the Fund

**What does Bedrock invest in?**

Bedrock invests in multiple Ark Wholesale loan deals alongside other syndicate investors, currently holding investments in 10 individual loans to 9 individual borrowers. This means Bedrock investors aren't entirely exposed to a single loan, rather a portfolio of loans. This diversity of course reduces an investor's concentration risk. Bedrock investors still get the benefit of the same, specialist property & development due diligence undertaken for all of Ark Wholesale's loans.

**How are Bedrock's returns determined?**

Bedrock investors receive the same % interest rate from the loans as other syndicate investors, plus the Bedrock Manager rebates to Bedrock a minimum 1% loan management fee on each investment.

Ark Capital does this because it believes we should not double dip on fees (ie, we shouldn't take a loan management fee from the borrower AND take a fund management fee from Bedrock investors).

To Bedrock investors, the 1% loan management fee rebate effectively offsets the Bedrock 0.75% Fund Manager's fee and the (up to) 0.25% direct costs of the fund.

**Distribution reinvestment**

Distribution reinvestment is offered to all investors in Ark Bedrock by the fund manager, and we are pleased to see investors beginning to take up this opportunity to compound their returns. Units are issued for reinvested distributions immediately - ie, on the first day of the month following that which the distribution relates to.