

Trilogy Monthly Income Trust

8.05% P.A^{1,2}

Retail Investment Report: May 2024

Fund Overview

Key Metrics	
Inception	February 2007
Funds under management	\$741.81m ⁴
Total number of loans	127 ⁴
Average loan value	\$6.45m ⁴
Weighted average LVR	63.77% (as-if-complete) ⁴
Weighted average expiry	3.61 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

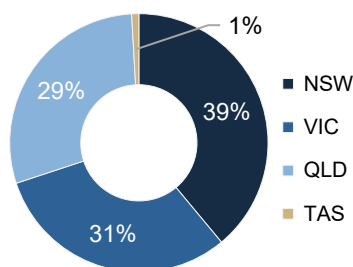
The investment strategy of the Trust is to source loans secured by registered first mortgages held over property, geographically spread across Australia's states and territories. Other assets may be held.

Historical Performance^{2,3}

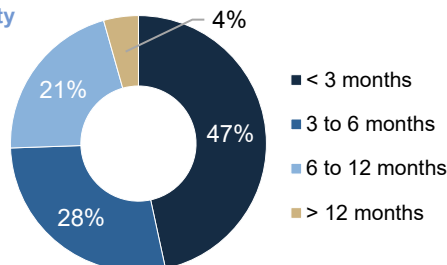
1 month	3 month	6 month	1 year	3 year	5 year	Inception
0.68%	2.03%	4.04%	8.04%	6.56%	6.60%	7.47%

Fund Snapshot⁸

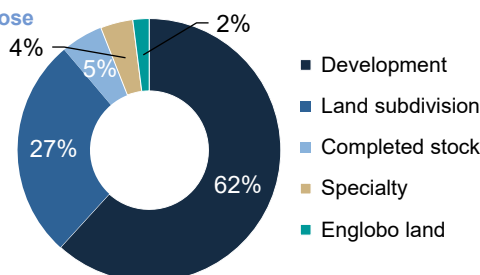
Geographic spread



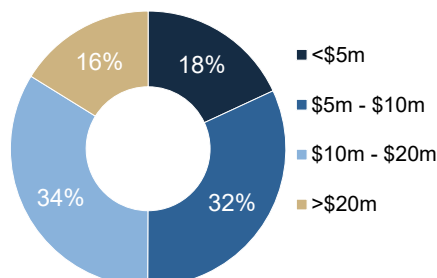
Loan maturity



Loan purpose



Loan size



Fund and Market Update

The Trust delivered a return of 8.05% p.a. for the month ending 31 May 2024. During the month, funds continued to see steady deployment with 7 new loans being settled with a combined loan value of \$35.8m. Notable new loans include construction funding for a specialist disability accommodation project in East Brisbane, QLD (\$6.8m) and a residual stock loan for a townhouse development in Rowville, VIC (\$6.6m). During the month, total repayments received was \$23.4m.

The Reserve Bank of Australia (RBA) held the cash rate steady for the month. The Australian Bureau of Statistics (ABS) Consumer Price Index (CPI) indicator rose 3.6% in the 12 months to April 2024 from 3.5% in March 2024⁹. While inflation has been relatively stable over the past five months, this is the second month in a row where annual inflation has had a small increase. Michelle Marquardt (ABS head of prices statistics) highlighted that the sectors contributing most significantly to the annual increase were housing (+4.9%), food and non-alcoholic beverages (+3.8%), alcohol and tobacco (+6.5%), and transport (+4.2%).

According to seasonally adjusted data released by ABS, the total number of dwellings approved fell by 0.3% in April 2024, following a 2.7% rise in March 2024¹⁰. The state-by-state rollout of the National Construction Code 2022 may provide some temporary upside in coming months, with a push to beat the implementation of these higher build standards in Queensland and Victoria, with 240,000 new homes expected to be built each year¹¹.

Loan in the Spotlight



Elystan New Farm, Brisbane

LVR ~68% (incl. GST)

Size \$6,140,000

Loan Term 7 months

Loan Type Investment Loan

Details To provide a residual stock loan for 4 completed townhouses.

Outlook

Following the inflation data, interest rate markets have priced in a 50% chance of a rate increase before the end of 2024. Economists are of the view that the market pricing looked “misplaced” with the expectation that RBA will keep rates steady. Commonwealth Bank Australia’s head of Australian economics, Gareth Aird has pushed his rate cut forecast back to November 2024^{12,13}. While inflation is higher than expected, the rate cut at the end of year is supported by the unexpected drop in March 2024 retail sales (-0.4%) reversing a 0.2% rise in February 2024¹³. In the latest budget released in May 2024, the government agreed to deliver 1.2 million new, well-located homes in the five years to 30 June 2029 through the National Housing Accord which is expected to moderate inflation in the longer term¹⁴.

Expectations of rate cuts in the United States (US) have been scaled back with the US Federal Reserve signaling that any decision to cut interest rates should be put on hold until there is more certainty that inflation is back on track to its 2% target. Economists at Goldman Sachs have now pushed their forecast for the first of two cuts to commence in September 2024 (from July 2024 in previous forecast) while Bank of America is forecasting just one rate cut this year, in December 2024¹⁵.

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 May 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 May 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/media/centre/media-releases/monthly-cpi-indicator-rose-35-year-april-2024>
10. <https://www.abs.gov.au/statistics/industry/buildingandconstruction/buildingapprovalsaustralia/apr-2024>
11. <https://www.thurbandev.com/articles/abs-home-approvals-april-2024>
12. <https://www.dfr.com/markets/dbt-markets/rba-next-move-will-still-be-a-rate-cut-say-investors-2024029-p5frfc>
13. <https://www.dfr.com/markets/dbt-markets/cbafips-on-rate-cut-this-year-as-retail-sales-temp-hike-fears-2024030-p5frfm>
14. https://budget.gov.au/content/tp1/cb/vload/tp1_ls-4.pdf
15. <https://www.bnparis.com/business/news/inflation-pressure-lingers-pandemic-keeping-fed-rate-cuts-pause-on-a-15465>