SQM RESEARCH

La Trobe Australian Credit Fund – Select Investment Account

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

Outstanding

June 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

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Report Date: 10 June 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.*

CONTENTS

SQM Rating ★★★★½ *Outstanding. Highly suitable for inclusion on APLs.*

Fund Description	
Fund Name	La Trobe Australian Credit Fund - Select Investment Account
APIR code	MFL0002AU
Asset Class	Mortgage Trust (Contributory / Peer to Peer)
Management and Service Providers	
Fund Manager	La Trobe Financial Services Pty Limited
Responsible Entity	La Trobe Financial Asset Management Limited
Fund Information	
Fund Inception Date	14-Jul-99 (return data from Jan-06)
Fund Size	$321.9m (Mar-25)
Return Objective (per PDS)	Provide a reasonably stable and predictable income
Internal Return Objective	As above
Risk Level (per PDS)	Medium to High (indicative). Being a peer to peer mortgage product, the risk varies according to each investor's selection of investments (loans). Advisers/Investors should refer to the PDS/SPDS for details
Internal Risk Objective	Not applicable
Benchmark	No official benchmark
Number of stocks/positions	Varies. 396 as of Mar 2025
Fund Leverage	Nil
Portfolio Turnover	Not applicable
Top 10 Holdings Weight	19.9%
Investor Information	
Management Fee	Varies by individual investment. The average is 1.61%
TCR (Total Cost Ratio)	Varies by individual investment. The average is 1.61%
Buy Spread	Nil
Sell Spread	Nil
Performance Fee Rate	Nil
Minimum Application	$1,000
Redemption Policy	Generally not available until the maturity of individual investment
Distribution Frequency	Varies by individual investment - generally monthly
Investment Horizon	Varies by individual investment – usually 12-24 months
Currency Hedging Policy	Not applicable

Fund Summary

Description

The **La Trobe Australian Credit Fund – Select Investment Account (the "Fund")** is an open-ended unlisted Mortgage Fund.

The La Trobe Australian Credit Fund offers investments in **seven** structured Investment Accounts, with exposure almost entirely to loans secured by registered first-ranking mortgages over real property in Australia. In this report, SQM Research reviews one of the seven, the La Trobe Australian Credit Fund – Select Investment Account (the Fund). **All key Fund statistics in this report refer to the 'Select Investment Account'**.

The Fund is a contributory / peer to peer (P2P) structured mortgage scheme (as opposed to a pooled mortgage scheme), offering direct exposure to investor-selected mortgage loans. Underlying loans in the Fund are mostly secured by registered **first mortgages** (over 90% of the Fund by value as of May 2025) spread across the major property sectors, with most exposure to residential and development finance. Loans not secured by a first mortgage will be secured by lower-ranking mortgages or have other arrangements. Most underlying loans are **short-term** (around **95%** have a maturity of one or two years).

All key characteristics of individual loans are spelled out in a Supplementary Product Disclosure Statement (SPDS) issued for each loan offered to investors. **Investors take responsibility for investment decisions and choose the specific mortgages they invest in**. This flexible P2P structure allows investors to maintain total control over their risk allocation and investment decisions. The trade-off to investor control over investment decisions is a potential lack of diversification. Numerous investments must be made to achieve diversification. The minimum investment for each mortgage is $1,000.

The Fund is the single largest and longest operating secured P2P offering in Australia. La Trobe Financial commenced retail funds management in 1992, and the Fund in its current form commenced in 1999, following the introduction of the Managed Investments Act.

Unlike traditional mortgage trusts, investors with an interest in the Fund hold their interest as 'tenants in common.' Instead of a unitised structure, an investor's interest is simply recorded as a dollar amount and not as units at a par value of $1.00. Investors invest for the selected loan term, generally between 12 months and five years, although shorter terms are also available.

The investment objective of the Fund is to provide investors with a choice of loans that will enable them to achieve reasonably stable and predictable income over a set period, generally monthly. A majority of loans are assessed on an **alternative income verification (AIV)** basis. The Fund **does not** have a benchmark, given the dispersion of returns of the individual mortgages offered. **SQM Research has chosen to use the RBA Cash Rate plus 5% as a 'Reference Index' for performance comparison** in this report.

Fund Rating

The Fund has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
4.50 stars	Outstanding	Highly suitable for inclusion on APLs	Highest Investment Grade

Previous Rating: 4.50 stars (Issued June 2024)

SQM Research's Review & Key Observations

About the Manager

La Trobe Financial Services Pty Limited is a wholly-owned subsidiary of La Trobe Financial Pty Ltd (collectively "La Trobe Financial Group", "La Trobe", the "Group", the "Manager"). La Trobe was founded in 1952 and has since focused on asset management, specialising in mortgage credit. La Trobe was acquired in 2022 by Brookfield Corporation, a leading global alternative asset manager with around USD925 billion in assets under management (AUM). SQM Research notes that there was no material change in La Trobe's business due to this change in ownership.

La Trobe manages over $20 billion in AUM and employs more than 540 staff members spread across its head office in Melbourne and offices in Sydney. Around 65% of La Trobe's total funding needs are met by the La Trobe Australian Credit Fund, with the rest provided by institutional investors via warehouse mandates and a residential mortgage-backed securities (RMBS) program. Approximately 50% of funds in the La Trobe Australian Credit Fund as a whole are sourced directly from retail investors, with the remaining 50% coming through financial advisers (including via investment platforms).

Responsible Entity

The Responsible Entity for the Fund is La Trobe Financial Asset Management Limited, also a wholly-owned subsidiary of La Trobe Financial Pty Ltd. The Board of Directors of the Responsible Entity consists of **6** directors, **2** 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 **24** years of industry experience.

The Responsible Entity's **Compliance Committee** is composed of **3** members, **2** of whom are independent. The Chair **is** independent. SQM Research views independence in a RE oversight body such as the Compliance Committee as a strong and favourable factor in Fund governance. Compliance Committee members have an average of **37** years of industry experience.

Investment Team

La Trobe has a governance and management committee structure comprised of senior officers and executives who oversee all of the Group's operations. This structure has been operating for more than 30 years, creating benefits identified by La Trobe that include a strong governance framework and an embedded succession plan for each business unit within the Group. The structure has six committees, each of which meets quarterly (with additional meetings as required), and three sub-committees.

Among La Trobe's key executives are CEO Chris Andrews and CIO Chris Paton. Chris Andrews became CEO three years ago following the departure of long-time CEO Greg O'Neill, who retired after Brookfield acquired his 20% stake in the business. Chris Andrews has spent 18 years with La Trobe, including 13 years as CIO. Chris Paton became CIO when Chris Andrews was promoted, having held several senior roles since joining the business in 2017, including General Counsel. Before joining La Trobe, he spent 10 years in the legal profession, specialising in banking and finance.

The investment processes employed by the Manager are designed to encourage team-based decision-making, effectively reducing the reliance on any one key individual. Considering the investment/lending process and the size of the team, ***SQM Research is of the opinion that key person risk is 'low'***. While there has been some turnover among senior employees in recent years, SQM Research believes this is normal for an organisation of La Trobe's size and is of no concern.

1. Investment Philosophy and Process

Investable Universe

The Fund provides loans in Australia to all major property sectors, including residential, commercial, vacant land, industrial, development finance, and rural property. Loans are mostly secured by a first mortgage and generally have a maximum loan-to-valuation ratio (LVR) of 80%, though LVR may be greater than this. Most underlying loans are short-term (around 95% have a maturity of one or two years). As previously noted, Fund investors choose to invest in individual loans, the characteristics of which are disclosed in the specific SPDS created for each loan offered.

Philosophy / Process / Style

The Fund aims to provide investors with a range of quality investment-grade property credit assets from which to choose to meet their specific investment objectives. La Trobe offers investors a choice of diversified loans across several levels, including sector, interest type, geographic location, and size.

Around 99% of loan applications come through independent mortgage originators and finance brokers. La Trobe's loan approval processes are governed by its Credit Risk Policy. A majority of loans are assessed on an AIV basis.

All loans are approved in-house by the credit teams on a minimum 'dual sign-off' basis. Loans will generally be granted for personal or investment purposes, including the purchase or construction of a residential property or unit for owner-occupancy or rental investment; purchase or construction of select industrial, rural and commercial properties; purchase of land; alteration or extension of a dwelling or unit; and refinancing, including equity release.

The general terms and characteristics of the Fund are detailed in the PDS for the La Trobe Australian Credit Fund, which covers all investment options, including the Select Investment Account. As a P2P fund in which investors choose individual loans, an SPDS is also issued for each loan, disclosing information such as the borrower, the location and other details of the security property, the interest rate, and the investment term. Investors should, therefore, read both the PDS and the SPDS before investing in a mortgage loan.

Portfolio Biases/Preferences

The Fund offers a range of loan investments diversified across various categories, including (but not limited to) geographic location, loan type, and borrower type. The vast majority of loans are typically secured by a first mortgage over real property. Fund investments may otherwise consist of 'Special Mandates,' which include, among others, loans secured by second or subsequent mortgages, and specific investment mandates agreed with individual investors. Such details are provided in the SPDSs accompanying individual loans offered to investors.

Liquidity

As per the PDS: "In relation to the Select Investment Account, liquidity is dependent on the borrowers repaying the loans on the due date, and Investors are only entitled to withdraw from the Fund once the loans have been repaid in full by the borrowers."

Redemptions are not available during the agreed term of each selected investment. Request for early withdrawal may be considered given exceptional circumstances, and only if a substitute investor is available. Fees will apply for early withdrawal. Advisers/Investors should refer to the PDS/SPDS for details.

Leverage

This Fund does <u>not</u> employ direct leverage (through borrowing by the Fund) **or** economic leverage (through the use of derivatives).

2. Performance & Risk

Return Objective

The return objective stated in the PDS is: the Fund "aims to provide Investors with reasonably stable and predictable income over a set period on a monthly basis, investing in loans".

The Fund **does not** have a benchmark, given the dispersion of returns of the individual mortgages offered. **SQM Research has chosen to use the RBA Cash Rate plus 5% as a 'Reference Index' for performance comparison only** in this report.

Readers should note that **all returns and related analyses shown in this report are representative**. Actual Fund returns vary by the individual investment(s) / loan(s) selected.

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:

Credit risk: the risk that borrowers may not meet their obligations in full.

Documentation risk: the risk that a deficiency in documentation could, in certain circumstances, adversely affect both the return on an investment and the recovery of the investment.

Concentration risk: the risk that the portfolio may lack diversification of assets.

Regulatory risk: the risk that the value of some investments may be adversely affected by changes in government policies, regulations or taxation laws.

Economic risk: the risk that a downturn in general economic conditions either inside or outside Australia may adversely affect investments.

Market Risk: the risk that fluctuations in interest rates or property market conditions may impact returns and capital value.

Liquidity Risk: the risk that the Fund is unable to pay withdrawal requests within the stated time frames.

Risk Objective

The Fund's PDS states that the risk level of the Fund is "Medium to High". Being a P2P mortgage product, the risk varies according to each investor's selection of investments (loans).

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 IM 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. The 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 April 2025 (% p.a.)							
Total Return	**1-Month**	**3-Month**	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Dec'08**
Fund*	0.73	2.20	4.43	9.02	8.62	8.18	8.43
Reference Index	0.75	2.27	4.67	9.66	8.91	7.39	7.66
Peer Average	0.71	2.10	4.32	9.03	8.20	7.00	3.10
Alpha	-0.02	-0.07	-0.24	-0.64	-0.29	0.80	0.77

With distributions reinvested. Returns beyond one year are annualised. The Fund was established in 1999. The return history used in this report starts Dec-2008

Reference Index: RBA Cash Rate plus 5.00%

* Representative returns. Actual Fund returns vary by the individual investment(s) / loan(s) selected

Length of Track Record

The Fund has a history of 26 years (from 1999). The return data used in this report is from December 2008.

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

Strengths

- La Trobe Financial Group has built a strong network and niche market in the mortgage industry since 1952, particularly in the lite-documentation (AIV) sector since 1990. The Group now has AUM of over **$20 billion**. It is amongst the largest players in this sector and one of the largest in the non-bank residential property lending space.

- The Fund is run by very knowledgeable and experienced staff, with access to various resources in the Real Estate Credit and Asset Management teams. The Group has over **540** staff members.

- The Fund is diversified across geographical regions and borrowers. That said, the level of diversification for individual investors is dependent on their selection of loans.

- Arrears are managed effectively by working with the borrower and taking the required steps to bring them back in line with the payment schedule.

- The representative returns (at the Fund level) have been solid.

Weaknesses

- The Fund is primarily involved in AIV documentation loans, which can be negatively perceived regarding the quality of a borrower. However, the Fund's experience, track record and stringent criteria for such AIV borrowers since 1990, mitigate this risk.

- The Responsible Entity Board of Directors (La Trobe Financial Asset Management Limited) has a minority of independent directors. However, the Compliance Committee is majority independent.

Other Considerations

- The Fund is a contributory/peer to peer structured mortgage scheme (as opposed to a pooled mortgage scheme) aimed at investors seeking direct exposure to investor-selected mortgage loans. Advisers/Investors should refer to the PDS/ SPDS for details.

- The portfolio metrics/risk-return depend on the loans each investor selects. Some of the key portfolio metrics (at the overall notional Fund level) as of 31 March 2025 are:

    - Weighted average LVR is about 60%

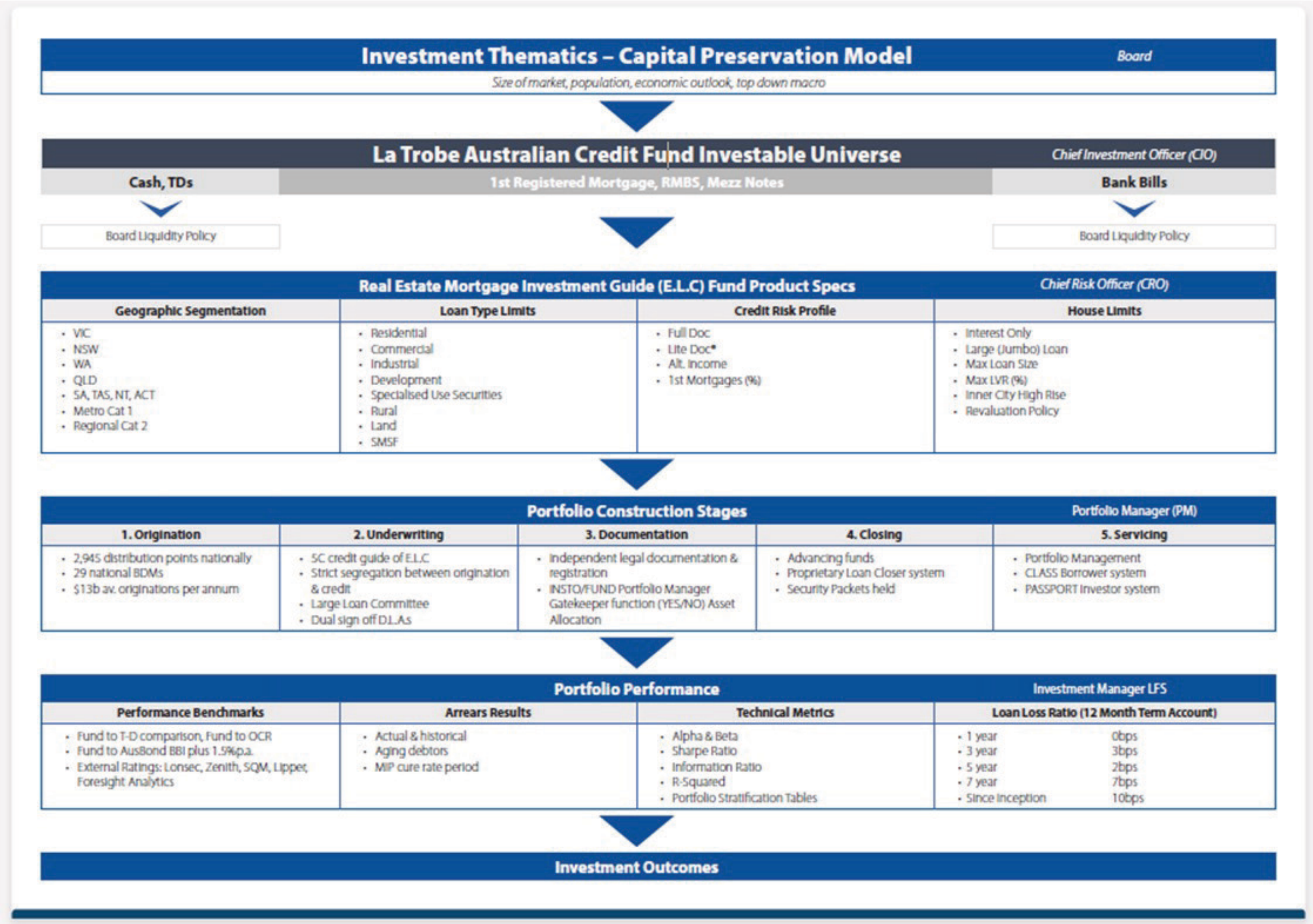
  - About 95% of the loans have a maturity of one or two years
  - Interest rate type split is 25% variable and 75% fixed
  - Non-performing loans > 30 days in arrears are at 4.5% of the book or $14.6m (12 loans)
  - Residential, vacant land and construction sub-sectors represent a large part of the book, at about 89%
  - AIV/Low-doc loans are about 56% of the book (entire La Trobe Australian Credit Fund)

- All returns and related analyses shown in this report are representative. Actual Fund returns vary by the individual investment(s) / loan(s) selected.
- The minimum investment period depends on the individual loan(s) the investor selects. The investor is not entitled to withdraw their funds before the borrower repays the loan, though early withdrawal may be requested, which La Trobe may, at its discretion, try to accommodate. A fee may apply.
- The strength of the mortgage funds sector depends to a degree on outcomes in key macroeconomic areas such as economic growth, unemployment, and interest rates. Any significant deterioration in any of these areas can impact the property market and the borrower's ability to repay a loan.

Key Changes Since the Last Review

- No changes to the investment process since the previous review

Investment Process Diagram



Process Description

Investment Process

Research/ Idea Generation

La Trobe conducts regular research into topics such as the economy, the real estate sector, and the mortgage lending industry. It especially monitors economic factors relevant to its business including the level of housing formation and debt demand, projections for official interest rates, and unemployment and other labour force statistics. This research helps La Trobe to adjust limits around loan and portfolio parameters such as maximum LVRs, geographic and sector exposure limits and loan size.

La Trobe also closely monitors the regulatory landscape, aiming to respond quickly to restrictions imposed on banks by the Australian Prudential Regulation Authority (APRA), the national banking regulator. These restrictions have led to new business opportunities for non-bank lenders, as has growing consumer awareness and acceptance of mortgage lending alternatives. La Trobe continues to invest in these opportunities where appropriate.

Loan Origination

Around 99% of loan applications come through independent mortgage originators and finance brokers, a channel La Trobe has been utilising since its establishment. It works with Australia's largest finance brokers, including AFG, Plan Australia, Fast, Connective, Mortgage Choice and Smartline, and currently has around 3,700 active finance broker referral sources.

La Trobe Financial Group actively monitors the performance of its finance brokers. All must be appropriately licensed and hold membership accreditation with one of the key industry bodies. While finance brokers do not approve loans, new brokers and their representatives must undertake an accreditation process to determine their understanding of La Trobe's credit policies and procedures.

Loan Approval

La Trobe's loan approval processes are governed by its Credit Risk Policy, which is overseen by the Manager's Origination and Credit Committee (OCC). All loan applications are assessed by a credit analyst in the relevant credit team following a uniform approach. The Manager describes this as a 'full deep dive' assessment. It covers a broad range of metrics, encompassing, among other things, the 'five Cs of credit' (character, capital, conditions, capacity and collateral), and includes the following key steps. Verification of all documentation and information relied on in the loan approval process. Assessment of serviceability, character, and credit issues in accordance with the relevant product assessment and approval policy. This typically involves a credit check of the borrower using an Equifax credit report. A valuation of the security property is requested from a La Trobe Financial Panel Valuer.

A majority of loans are assessed on an AIV basis. This allows borrowers to provide alternative income verification, principally accountant certificates and six-month trading statements, which are acceptable under responsible lending guidelines issued by ASIC (the national credit regulator). This avenue is typically accessed by the self-employed (not standard PAYG employees). Loans based on self-verification alone are outside the Fund's investment mandate.

All loans are approved in-house by the credit teams on a minimum 'dual sign-off' basis. This applies to the Delegated Lending Authority (DLA) Matrix that La Trobe maintains. This matrix reflects the Approval Sign-off limits allocated to each credit analyst depending on their loan approval experience.

Final approval requires the completion of a credit approval request form and a recommendation for approval. All loans must be recommended by one credit analyst and signed off by at least one approval officer in accordance with La Trobe's DLA Matrix. The OCC's Large Loan Subcommittee reviews large loans that do not fit within La Trobe's mainstream lending limits. These loans are assessed and priced on a case-by-case basis.

Valuation Standards

La Trobe has extensive policies governing the valuation of property offered as security for a loan, covering areas such as how and by whom a valuation should be conducted, and in what circumstances it is required. For example, all valuations must conform to La Trobe Financial's Standing Instructions and be no more than three months old at the time of settlement.

La Trobe has outsourced management of valuations for residential properties to ValEx, a CoreLogic company. It provides valuation management and compliance services, which include maintaining La Trobe's selected valuer panel. Most commercial valuations are similarly outsourced to Valocity, a commercial property valuation platform. Larger commercial valuations are generally managed in-house.

Loans can only be advanced where the security property has been valued by a member of La Trobe's Panel of Valuers. Membership of this panel is restricted to those who meet La Trobe's requirements. These include that they are a professional person currently registered with the Australian Property Institute from a widely recognised valuation firm, have specialised in their chosen field for at least five years, and are included on the panels of other major lenders.

Loan Selection and Portfolio Construction

La Trobe will generally grant loans for owner-occupied or investment purposes secured over real property to enable the following activities and loan purposes:

- the purchase of an existing property or unit, or construction of new, for owner-occupancy or rental investment;
- the purchase of land;
- the alteration or extension of an existing owner-occupied or investment dwelling or unit;
- the purchase or construction of select industrial, rural and commercial properties;
- refinance of existing mortgages with other financiers, including equity release;
- business or investment; and
- equity release.

Investors are otherwise in charge of selecting individual loans for investment. La Trobe aims to provide them with a range of quality investment-grade property credit assets from which to choose to meet their specific investment objectives. La Trobe looks to ensure the offerings are diversified across several levels, including sector, interest type, geographic location, and size.

At the end of March 2025, the Fund's loan investments, in aggregate, included development finance loans (43%, by value), residential loans (33%) and vacant land loans (13%). NSW was the destination for 47% (by value) of loans, Victoria 35%, and Queensland 11%.

Portfolio Characteristics

Loan Maturity Profile	Weight
0 - 6 months	47.7%
7 - 12 months	40.1%
13 - 24 months	6.9%
25 - 36 months	2.8%
37 - 60 months	2.4%
61+ months	0.1%

LVR Profile	Weight
< 50%	12.7%
50% - <60%	23.4%
60% - <70%	50.3%
70% - <80%	12.9%
= 80%	0.6%
> 80%	0.0%

Rate Type	Weight
Fixed Rate	75.5%
Variable Rate	24.5%

Risk Management

Management of risk is a key objective across all aspects of La Trobe's lending practices. La Trobe does not manage risk for this Fund at a portfolio level. Investors in the Fund are exposed to the specific risks of the loans they select. These risks are generally reflected in the loan characteristics disclosed in the SPDS for each specific loan.

Other than special mandates (around 7% of the portfolio), at the end of March 2025, in aggregate, 100% (by value) of the Fund's loans were secured by a first mortgage. The weighted average LVR of these loans was 60%. Variable rate loans comprised 25% (by value) of total Fund loans, with interest rates on the remainder being fixed. All but a small portion of Fund loans are written with terms that do not exceed two years. At the end of March 2025 48% of loans were due to mature within six months, and 95% within two years.

Arrears Management

La Trobe has detailed, proactive, and well-resourced processes for identifying and managing loans in arrears. It has around 50 people in its Mortgage Help team, which is responsible for delinquent loan management and takes what it labels a 'Firm, Friendly and Fair' approach. Mortgage Help operates independently from the loan origination department, keeping credit staff separate from efforts to rehabilitate problem loans.

The longer a loan remains delinquent, the more people become involved in trying to resolve the situation. When a loan initially becomes delinquent it is assigned to a Mortgage Help Case Officer, who will manage the account, including through regular contact with the borrowers and guarantors. If the situation remains unresolved after 60 days, more forceful steps are taken, including issuing default notices and possibly commencing legal action. These steps are coordinated by Mortgage Help's Legal Action team who engage external solicitors or advisory firms as required. If La Trobe takes possession of a security property, perhaps after a further 90 days, Mortgage Help's MIP (mortgagee in possession) and Loss Recovery team will manage the process. It will typically engage a dedicated property in possession consultant to coordinate key steps, including the property's marketing and sale. It will also take action to recover any shortfall where this is considered feasible. As of March 2025, 3.5% of Fund loans (by value) were past due by at least 90 days.

Key Counterparties

La Trobe Financial Pty Limited
Group Holding Company

La Trobe Financial Services Pty Limited
Investment Manager

Perpetual Corporate Trust Ltd
Custodian

La Trobe Australian Credit Fund - Select Investment Account
Fund Under Review

La Trobe Financial Asset Management Limited
Responsible Entity

Distributions
Investments

Investors

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 highly 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
Chris Andrews	Chief Executive Officer	Melbourne	19	28
Chris Paton	SVP - Chief Investment Officer	Melbourne	9	17
Martin Barry	SVP - Chief Financial Officer	Sydney	11	29
Cory Bannister	Chief Lending Officer	Melbourne	24	26
Paul Brown	Treasurer	Melbourne	5	24
Rowan Donohoue	Chief Operating & Risk Officer	Melbourne	15	22
Michelle Dai	Head of Group Portfolio Management	Sydney	9	9
David Tagg	Head of Investments	Sydney	1	31
Richard Anstey	Head of Credit	Melbourne	17	25
Jacqueline Giuliani	Director of Customer Assistance, Servicing & Operations	Melbourne	4	20
Catherine Donatiello	Head of Product Support	Sydney	2	26

Name	Responsibility / Position	Location	Years at Firm	Years in Industry
Amy Hallihan	Director – Head of Operations	Melbourne	2	25
Trevor Cloete	Chief Technology Officer	Melbourne	6	23

Staffing Changes

While there has been some turnover among senior employees in recent years, SQM Research believes this is normal for an organisation of La Trobe's size and is of no concern.

Departures			
Date	**Name**	**Responsibility**	**Reason for Departure**
09-May-25	Gary Bell	Chief Liquidity Officer	Retired
05-Jan-25	Sandy Singh	Head of Fund Portfolio Management	Resignation
19-Nov-24	Ron Prasad	Head of Fund	Resignation
23-Feb-24	Trish Cavallo	Head of Transformation and Strategy	Resignation
16-Feb-24	Tanya Hoshek	National Manager - Sales	Resignation
01-Sep-23	Richard Parry	Director of Finance	Resignation
28-Oct-22	Caterina Nesci	Director of ESG & International Partnerships	Resignation
31-May-22	Greg O'Neill	President & CEO	Retired
20-May-22	Troy Stratton	Deputy Chief Investment Officer	Resignation

Additions			
Date	**Name**	**Position / Responsibility**	**Previous Position / Employer**
14 Jul 25	James Waterworth	Head of Distribution	
01-08-24	Tim Wood	Head of Listed Equities	
01-Apr-24	Catherine Donatiello	Head of Product Support	
05-Feb-24	David Tagg	Head of Investments	
20-Nov-23	Ron Prasad	Head of Fund	
28-Aug-23	Mark Aggarwal	Financial Controller - Fund	
28-Aug-23	Amy Hallihan	Head of Fund Operations	
12-Sep-22	Trish Cavallo	Head of Transformation and Strategy	
15-Jun-22	Tanya Hoshek	National Manager - Sales	

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.	1.61%	1.07%
Expense Recovery/Other Costs % p.a.	–	–
Performance Fee %	0.00%	1.33%
Total Cost Ratio TCR % p.a.	1.61%	1.28%
Buy Spread %*	0.00%	0.00%
Sell Spread %*	0.00%	0.00%

‡ Representative. Varies per individual investment / loan selected. See SPDS for specific details.

* This spread is the difference between the Fund'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 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.

Performance Fee

The Fund does not charge a performance fee

SQM Research observes that:

- ***The Fund management fee is 54 basis points higher than the peer group average.***
- ***The Total Cost Ratio (TCR) is 33 basis points higher than the peer group average.***
- ***Based on the data provided by the manager, the estimated effective total cost is at least 1.61% based on the underlying interest earned on funds lent out, including bank deposits and the return to investors. We consider this to be lower than/comparable to/ higher than other funds focused on mortgages/ loans after any interest rate margins are considered.***

Risk/Return Data to 30 April 2025							
Total Return	**1-Month**	**3-Month**	**6-Month**	**1-Year**	**3-Year**	**5-Year**	**Dec'08**
Fund*	0.73	2.20	4.43	9.02	8.62	8.18	8.43
Reference Index	0.75	2.27	4.67	9.66	8.91	7.39	7.66
Peer Average	0.71	2.10	4.32	9.03	8.20	7.00	3.10
Alpha	-0.02	-0.07	-0.24	-0.64	-0.29	0.80	0.77
Metrics				**1-Year**	**3-Year**	**5-Year**	**Dec'08**
Tracking Error (% p.a.) - Fund				0.06	0.14	0.38	0.27
Tracking Error (% p.a.) - Peer Average				0.19	0.36	0.50	0.10
Volatility - Fund (% p.a.)				0.02	0.19	0.21	0.20
Volatility - Peer Average (% p.a.)				0.19	0.43	0.45	0.44
Volatility - Reference Index (% p.a.)				0.05	0.32	0.56	0.43
Beta based on stated Reference Index				-0.17	0.57	0.34	0.41

Distributions reinvested. Returns beyond one year are annualised. The Fund was established in 1999. The return history used in this report starts Dec-2008

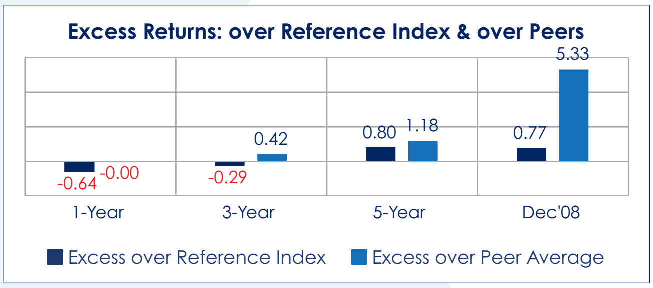
Reference Index: RBA Cash Rate plus 5.00%

* Representative returns. Actual Fund returns vary by the individual investment(s) / loan(s) selected

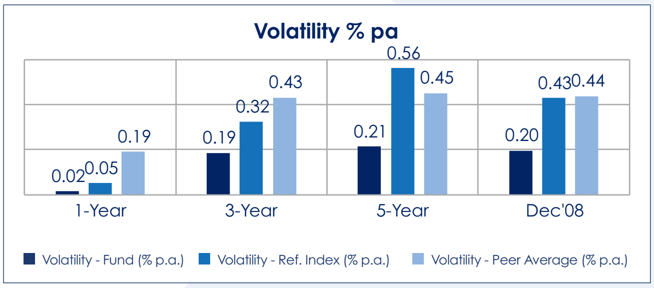
Quantitative Insight[1]

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

Excess Returns (Alpha)



Risk



The Fund has displayed strong performance across all periods when compared with peers. Performance against the reference index has been strong for periods of five years and longer, and weaker in recent years during a period of heightened RBA Cash Rates.

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.

The Fund's **volatility** (annualised standard deviation of monthly returns) has tended to be lower than the reference index and peers.

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 IM 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

[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

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).

Correlation of Fund to Asset Classes

Market	3 years	Inception	Market Indexes
Aust Bonds	+13.7%	+22.8%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	+16.9%	-1.0%	S&P/ASX 300 TR
Global Bonds	+21.1%	+30.1%	Bloomberg Global Aggregate Hdg AUD
Global Equity	+15.8%	-2.5%	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 Dec-08 to Apr-25**

Rank	Date	Market	Fund	Difference
1	Mar-20	-20.83%	+0.66%	+21.49%
2	Jun-22	-8.97%	+0.56%	+9.52%
3	Feb-20	-7.76%	+0.65%	+8.42%
4	Aug-15	-7.70%	+0.64%	+8.34%
5	May-10	-7.54%	+0.74%	+8.28%
6	May-12	-6.74%	+0.77%	+7.50%
7	Jan-22	-6.45%	+0.57%	+7.03%
8	Sep-22	-6.29%	+0.61%	+6.91%
9	Sep-11	-6.28%	+0.77%	+7.05%
10	Jan-10	-6.17%	+0.71%	+6.87%
Totals		**-84.73%**	**+6.68%**	**+91.41%**

			No. of Months
Correlation	+13.7%	Positive Return	10
Capture	-7.9%	Outperform	10

Tail Risk Observations:

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

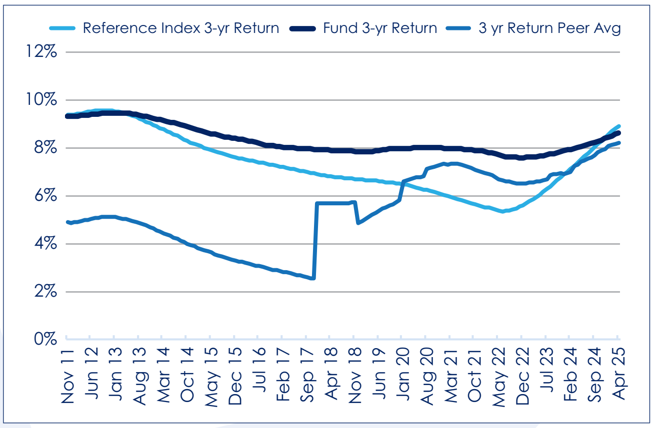
Annual Returns

Year	Fund	Ref. Index	Peer Avg	vs. Ref. Ind.	vs. Peers
2013	+8.72	+7.90	+3.69	**+0.82**	**+5.03**
2014	+8.35	+7.65	+3.34	**+0.70**	**+5.02**
2015	+8.08	+7.23	+5.65	**+0.85**	**+2.43**
2016	+7.72	+6.83	+4.18	**+0.89**	**+3.54**
2017	+7.97	+6.60	+5.19	**+1.36**	**+2.78**
2018	+7.83	+6.60	+7.08	**+1.23**	**+0.75**
2019	+8.09	+6.25	+7.78	**+1.85**	**+0.31**
2020	+8.02	+5.34	+7.01	**+2.67**	**+1.01**
2021	+7.45	+5.11	+6.57	**+2.35**	**+0.88**
2022	+7.29	+6.36	+7.02	**+0.92**	**+0.27**
2023	+8.84	+9.19	+8.20	**-0.35**	**+0.64**
2024	+9.01	+9.73	+9.11	**-0.71**	**-0.10**
Apr-25	+2.94	+3.07	+2.84	**-0.12**	**+0.10**

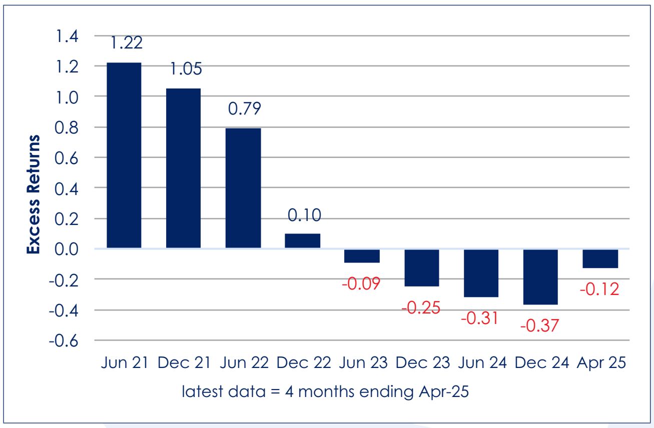
2025 data = 4 months ending Apr-25

Return and Risk

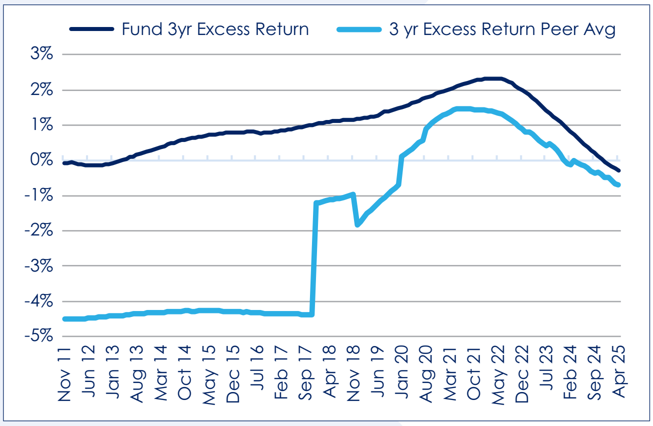
Rolling Returns



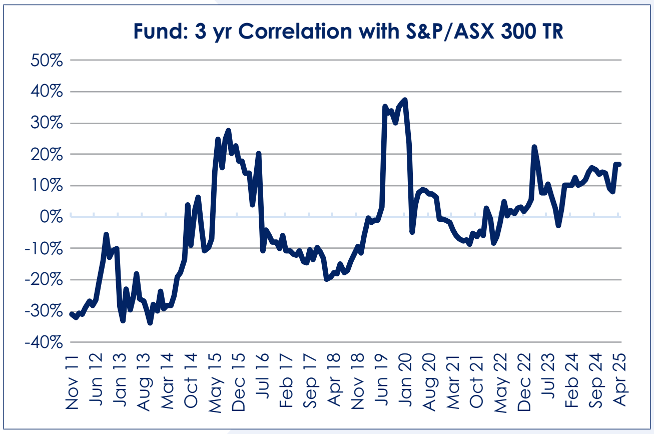
Fund Excess Return Half Yearly



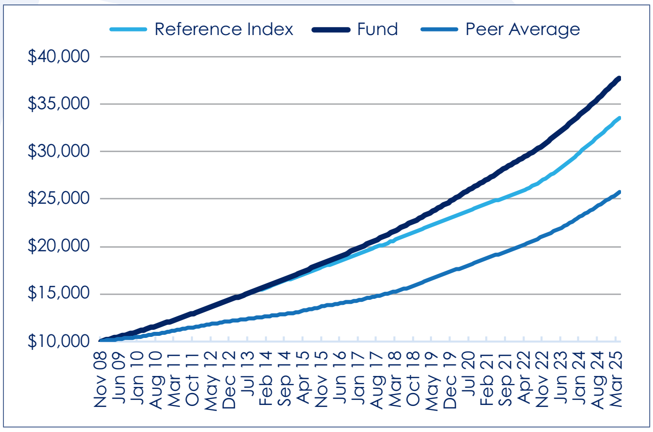
Rolling Excess Returns



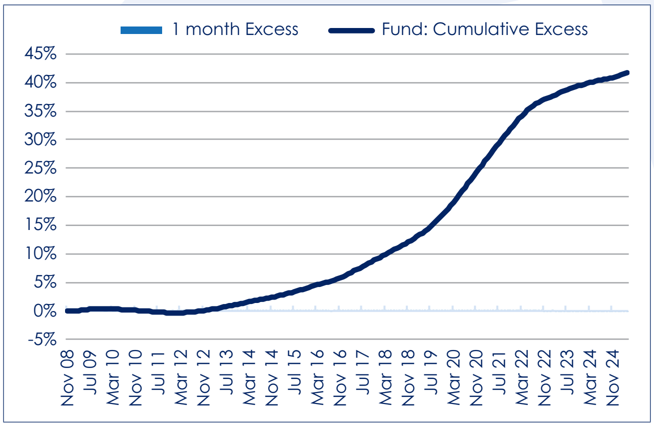
Rolling Correlation



Growth of $10,000

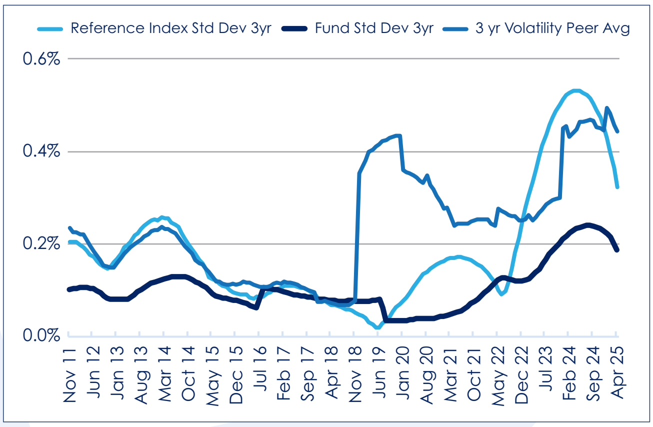


Cumulative Excess Returns



Return and Risk

Rolling Volatility



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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