Aura Core Income Fund

INVESTMENT RATING REPORT

May 2025

INVESTMENT RATING: **VERY STRONG**

PRODUCT COMPLEXITY: **COMPLEX**

Fund Details

Investment Manager: Aura Credit Holdings Pty. Ltd.

Investment Structure: Australian Unit Trust

Wholesale/Retail: Retail & Wholesale

Category: Australian Private Credit

Investment Style: Active SME Credit

Inception: 4 October 2022

Management Fee: 0.69% p.a. (incl. GST & net of RITC)

Performance Fee: Nil

Distribution Fee (external brokers): Nil

Responsible Entity: One Managed Investments Funds Ltd.

Investment Objective: Provide a stable monthly income of 3.5% to 5.5% p.a. above the RBA Cash Rate.

Performance – February 2025

Period	ACIF	Benchmark*	Excess
1 month	0.56%	0.33%	**+0.23%**
1 year	7.88%	4.44%	**+3.44%**
Since Inception (p.a.)	7.41%	4.07%	**+3.34%**

Source: Aura Credit Holdings. Returns are net of fees. Benchmark is the 'RBA Cash Rate'

Review Summary

The Aura Core Income Fund ('ACIF' or 'the Fund') was launched in September 2022 and is managed by Aura Credit Holdings Pty. Ltd. ('the Manager'). The Fund provides funding to niche non-bank lenders that specialise in providing finance to small-to-medium businesses (SMEs) in Australia by way of warehouse financing structures. Within these facilities, which are tranched structures, the Fund will typically rank the highest and lowest risks, and it will have a lesser portion of the total portfolio in the second rank, subordinated level of credit. In line with this lower risk position, the Fund aims to offer a target monthly income of 3.5% to 5.5% p.a. above the RBA Cash Rate with a low level of expected capital loss.

At the current RBA Cash Rate of 3.85%, this equates to an annualised return of 7.35% to 9.35%. The Fund provides funding to 3 warehouse financing structures that support 3 niche SME lenders and a portfolio of over 10,000 loans. This rapid investment was achieved by leveraging the due diligence the Manager had previously undertaken for the higher-risk Aura Private Credit Income Fund ('the APCIF'). The latter was launched in August 2017 and has an excellent track record to date.

The Fund is a relatively unique offering, and more so for retail investors. Through the experience and expertise of the Manager in the provision of warehouse financing, it enables investors to capitalise on an increasingly important source of private credit to SME borrowers.

Warehouse financing, managed by a competent manager like Aura, offers investors protections and benefits over other forms of private credit, as listed below:

1. At least 2 layers of protection at the loan level
2. Collateral protections, including the lender's first loss capital (Equity Note) **plus** any retained interest margin and origination fees in the first loss buffer
3. The Manager's ability to mitigate lending segment risk by tailoring strict portfolio parameters and credit enhancement (first loss) levels
4. The ability to select best-of-breed niche non-bank lenders
5. A floating-rate structure, which minimises interest rate risk
6. Short loan durations that mitigate economic cycle risks
7. The Manager is able to make tactical tilts in relation to segment/economic exposures
8. Harvests key private premia: illiquidity, scarcity and complexity

Investment Rating and Foresight Complexity Indicator

A VERY STRONG rating indicates a very strong level of confidence that the Fund can deliver a risk-adjusted return in line with its investment objectives at this stage of the growth of online lending in Australia. The investment manager's support for this strategy is experienced and well-resourced.

Designation as a COMPLEX product indicates that the investment manager will seek to outperform their chosen specialist market sector, in this case, the Australian SME loan market. A key risk is Aura's ability to identify and validate superior loan underwriting and servicing standards of non-bank lenders with experience in the SME sector. superior loan underwriting and servicing standards of non-bank lenders with experience in the SME sector.

Fund Details

Dominant Strategy	Investment in asset-backed notes secured by pools of direct loans to SME businesses. The loans are originated by approved online lenders. The strategy provides an opportunity to take advantage of the banks' restricted lending to the SME sector.
Fund Type	Registered Australian Unit Trust
Investment Manager	Aura Credit Holdings Pty. Ltd.
Trustee/RE	One Managed Investment Funds Ltd.
KEY FEATURES	
Fund Inception	4 October 2022
Domicile	Australia
Legal Form	Registered Australian Unit Trust
Geographic Mandate	Australia
Open/Closed	Open
Management Costs	0.69% p.a. incl. GST & net of RITC
Performance Fee	Nil
Distribution Fee	Nils
Benchmark	RBA Cash Rate
Distributions	Monthly. Reinvestment available.
Funds Under Management	ACIF $50M, APCIF $400M, Aura Group $1.8BN
Minimum Subscription	$25,000
Minimum Balance	$5,000
Entry Fee	Nil
Fund Term	Open-ended
Reporting	Investors receive monthly performance reports and annual audited financial statements.
Redemptions	Monthly, as described in the PDS.
PRIMARY CONTACT	
Name and Title	Brett Craig
Email Address	brett.craig@aura.co
Telephone Number	+61 417 463 405
Website	www.aura.co

Investment Profile

BACKGROUND

Aura Credit Holdings Pty. Ltd. (ACN 656 261 200) is part of the Aura Group. The Aura Group has offices in Sydney and Singapore. The business lines of the Aura Group include corporate and capital market advisory, private credit, venture capital, private equity, funds management and wealth management services. Aura Group provides a range of investments for high-net-worth and private clients. It launched its first unlisted unit trust in August 2017, the Aura Private Credit Income Fund (APCIF) (formerly known as the Aura High Yield SME Fund). The Fund invests in wholesale SME lending via warehouse financing structures.

Drawing and leveraging on the experience of APCIF, which has a strong track record, the Manager launched the retail-investor-eligible Aura Core Income Fund in October 2022.

The Fund was developed specifically to be a retail version of the strategy utilised in the APCIF. As such, the ACIF has lower risk and lower returns than the APCIF. The lower risk profile is achieved by the Fund generally sitting senior in the tranche capital stack of the warehouse financing structures that are utilised to fund select third-party SME financiers.

Similar to the APCIF, the Fund indirectly invests in loans to Australian small-to-medium businesses (SMEs) and does so via tranche-based warehouse finance funding structures. The loans are primarily sourced through online lending platforms, which fund those loans via the warehouse facilities. The Fund is currently invested in 4 such lending platforms, and this will increase over time, further diversifying its loan portfolio. Aura has screened over 200 such platforms since 2017. Growth in lending through these platforms is expected to increase rapidly in the coming years, given an ongoing lack of competitiveness for SME lending from Australian banks, a supportive government and maturity in the self-regulatory efforts of the industry.

If we consider the Manager's experience with the APCIF (which is integrally related to the strategy of this Fund) over the last 7.5 years, Aura has expanded the number of lender platforms approved for investment and the lender platforms themselves have grown. The APCIF now invests through 7 lender platforms, 4 of which have been added since 2020. The Fund itself is invested in 3 of the same platforms as the APCIF. The difference, however, is in those common warehouse vehicles, where the Fund will either rank pari passu or senior to the APCIF. If the Manager sees a reasonable risk profile opportunity that fits both funds, it has the scope to have both funds invested in a single tranche. But at no point will the Fund be subordinate to the APCIF.

While only recently launched, the Fund is already relatively diversified, with over 10,000 loans across the lending platforms. The lending platforms are niche lending providers to different market segments, adding to the geographic, industry and borrower segment diversification of the overall loan book.

On 31 May 2022, Aura announced a distribution partnership with Montgomery Investment Management Pty. Ltd. (Montgomery). Montgomery has a strong existing retail distribution base, and at the time, Aura was solely wholesale. The Fund was a natural evolution that leveraged both parties' respective strengths, creating a lower risk-return profile warehouse financing strategy with enhanced liquidity suitable to a retail investor base.

Under the distribution partnership, as Montgomery achieves certain FUM raising hurdles, equity will be struck in the new entity – Aura Credit Holdings ('ACH'). The first tranche of equity has vested and, as per the agreement, the employment contracts rolled into ACH. ACH, which previously sat as a subsidiary of the Aura Group, has now rolled into a stand-alone credit entity. The equity structure of the partnership is clearly designed to incentivise Montgomery's capital-raising efforts, which is an alignment of interest with investors, facilitating greater portfolio diversification.

As a general risk disclosure, we note that the online lenders and the Fund have relatively high exposure to emerging companies and other direct lending. This means that the Aura fund portfolio is significantly riskier than a traditional credit portfolio made up of investment-grade debt, which is relatively liquid and rated by credit agencies. The Fund is intended to provide increased yield while mitigating risk by conducting due diligence on lenders and diversifying exposure.

OBJECTIVE

The Fund aims to provide stable monthly income returns from a diversified portfolio of debt securities, including asset-backed SME loans, director-guaranteed SME loans, and senior and subordinated loans to non-bank lenders secured against a loan portfolio that provides regular income and capital stability. The Fund may offer some protection against inflation as returns are earned from the interest generally charged at a floating rate above the RBA Cash Rate. The Fund targets a return of 3.5% to 5.5% p.a. above the RBA Cash Rate net of fees paid to the Manager and Fund expenses. Currently, the RBA Cash Rate is 3.85%, equating to a target return of 7.35% to 9.35% p.a.

FUNDS UNDER MANAGEMENT

The Fund had approximately $50M in FUM as of February 2025. Taking the Fund and the APCIF into account, Aura manages approximately $450M through its SME lending warehouse vehicles. The Aura Group collectively managed and advised on approximately $1.8BN as of February 2025.

INVESTMENT UNIVERSE

The Fund's investment universe is made up of Australian-originated SME loans through either special purpose vehicles (SPV) or units in managed investment schemes that hold the underlying loans originated by non-bank lenders. The Manager will also consider other investment methods as the market matures, specifically direct lending. Accordingly, the Fund will invest in structured notes backed by pools of eligible assets, primarily focused on debt issued by SME non-bank lenders and other forms of debt, including senior and subordinated debt, asset-backed securities, and loans via non-bank lenders. For investor redemption purposes, the Fund will maintain a minimum cash position equal to 10% of the total portfolio at all times. This cash position is expected to be allocated to term deposits or at-call cash accounts issued by an Australian bank.

NOTE: NON-BANK LENDING

The Australian non-bank lending (NBL) market continues to experience strong growth for a variety of reasons, including the following:

- Changes to bank regulations after the GFC have made it harder for traditional banks to lend to certain market sectors, either due to increased capital requirements or outright limitations. Driving the banks' reluctance to lend to certain sectors are the new Basel III capital rules, which penalise business loans over home loans.
- The non-bank lenders' ability to implement efficient and sophisticated loan assessment and monitoring software applications, unencumbered by large legacy systems. Furthermore, improvements in machine learning have sped up loan processing and made it easier to assess creditworthiness.

Essentially, without the old technology systems of a big bank holding them back, new non-bank lenders have been able to make a name for themselves across Australia's lending market by giving their customers more efficient service.

A prime example of a lending sector that has been targeted by the non-bank space is SME/Mid-Market Corporate lending. In recent years, banks have shifted away from SME/Mid-Market Corporate lending as they have deemed it too difficult, and the returns do not meet the required cost-benefit hurdles for the banks.

Given that non-bank lenders do not have access to a deposit base and often have limited access to capital markets, their primary source of funding is via the process of securitisation. Securitisation can be used to create securities that are readily tradeable in a public debt market (i.e. RMBS or ABS) or in bespoke, privately negotiated vehicles (warehouse structures).

Warehouse Financing – An Overview

There is nothing new about warehouse finance structures – they are the very basis of structured finance products, i.e. RMBS and ABS.

ABS are largely based on auto loan books, SME lending books and consumer lending books. Both asset classes largely exist in the 'public market' space, but there are also unlisted versions, which are generally referred to as 'pre-term-out' vehicles. These vehicles have largely been used to 'season' a loan book portfolio (typically for a 2-year period) before 'terming out' the investment vehicle and taking the seasoned part of the loan book into a public-market ABS/RMBS tradeable securities offering.

However, the ability of **non-institutional** investors to directly invest in unlisted ABS/RMBS products is still evolving. This is precisely what the Fund provides – an evergreen, unlisted, ABS-structured warehouse facility open to non-institutional investors.

Warehouse financing investment vehicles are one of 3 investment vehicle types where investors can gain access to the burgeoning Australian private debt sector. The other 2 are unlisted managed funds (non-warehouse strategies) and listed investment trusts (LITs). The benefits of warehouse finance over the other vehicles are significant and include the following:

- Substantially greater diversification by the number of loans in a private credit lending strategy.
- The ability for a warehouse manager to curate or 'cherry-pick' the most prospective private credit originators/lenders.
- Multiple layers of collateral protections, by way of the segmented/tranched securitisation structure of each warehouse facility.
- Additional investor protections over and above the original third-party loan book, with the warehouse investment manager tightening lending guidelines and providing another layer of lending oversight (risk management).

- Investment occurs via a series of bankruptcy remote trusts (the loan assets are transferred to a trust and do not reside with the third-party originator, and a separate trust exists for each individual lender – i.e. no cross-collateralisation). Investors have direct recourse to collateral-backed loan exposures. An independent trustee holds the assets (collateral) on behalf of the investors and acts in the best interests of the trust (investors), not the originator. As the note holder in this trust, the investment manager has the economic benefit, but the legal title sits with the trustee (which also ensures portfolio parameters are adhered to, that incoming payments are enough to cover outgoing costs, and that the trust has enough collateral).
- Warehouse loan books almost invariably have short durations and are floating-rate investments, thereby mitigating economic cycle risk and providing very limited interest rate risk. The short duration and revolving nature of a warehouse facility provide the investment manager 'ball control' over tactical tilts in the lending book both by lender and by sector exposures, in contrast to the static nature (and longer duration) of RMBS and ABS.
- A strong alignment of interest between the originator (via the first loss Equity Note) and the fund manager.

For investors, the choice comes down to the quality of the investment manager and its ability to selectively pick its third-party lenders and price risk appropriately. Investors should familiarise themselves with the benefits noted above. In Foresight's view, the multiple layers of collateral protection are of particular importance, given that the single most important factor in managing debt is downside protection (debt has an asymmetrical payoff profile – limited upside, complete downside). Only RMBS/ABS offers comparable collateral protections. However, **outside** of the ability to trade in secondary markets, one of the key differences between RMBS/ABS and warehouse structures is the former contains a fixed pool of loans, while a warehouse acts as a revolving facility. By virtue of this and its shorter loan book duration, warehouse facilities arguably have a lower degree of inherent economic cycle risk. This is something of an offset to the lack of tradability.

Warehouses are structured with tranches of varying degrees of subordination (protection from losses) and typically include the following:

- A senior lender that is relatively protected against credit risk
- Subordinated mezzanine investors
- A third-party loan originator holding a specified percentage of equity in the facility (the Equity Note, sometimes known as the 'first loss piece') that bears the first risk of any losses and is therefore incentivised to originate high-quality loans, as they have 'skin' in the game

KEY FEATURES

- <u>Unrated</u> – The originator/servicer is able to make rating agency standard data available to facilitate a rating and to embed 'best practice' should public securitisation be the ultimate aim while also encouraging investors to participate. The process of providing information on the assets to investors and related reporting requirements may be new to the originator, and a private transaction may provide a flexible environment to perfect reporting requirements and processes through discussion with a small number of investors.
- <u>Unlisted</u> – Unlisted but capable of listing. This will depend on the requirements of the investors and how liquid their investment is required to be. Equally, the location of the listing may not be one of the core markets but perhaps one with a less onerous listing regime.
- <u>Preplaced</u> – The transaction will be structured and written with certain investors and counterparties (such as trustees and swap providers) engaged at the outset, enabling mutually agreeable terms and minimising costly execution risk.
- <u>Revolving</u> – 'Revolving' in the context of private revolving securitisations means that the revenue generated by speciality finance assets in the portfolio that repay during a pre-determined period (the Revolving Period) may be used to finance the origination of or purchase of new assets (as opposed to being used to repay the funding).
- <u>Speciality Finance granularity</u> – Given the nature of speciality finance assets, these are often assets for which no developed securitisation market exists, and there are no established eligibility criteria or asset warranties. A private revolving securitisation allows for eligibility criteria, underwriting criteria and asset representations and undertakings to be negotiated in a bespoke format that suits the relevant originator's operational standards and the investor's desired credit profile.

WAREHOUSE SME FINANCE – RAPID GROWTH IN A GROWTH SECTOR

In understanding the drivers of growth in the Australian private warehouse segment, we need to look at the motivations of the 3 key participant groups: originators, fund managers and investors.

<u>Originators:</u> For a non-bank lender, the main benefit of entering into a warehouse funding agreement is that it provides the ability to facilitate a *step change in lending volumes* rather than simply depending on organic growth in its traditional investor base. In reality, most non-bank lenders that do not use warehouse funding are unlikely to achieve sufficient FUM scale. Furthermore, and as discussed below in the 'Warehouse Investor Economics' section, the return to the originator on warehouse-related FUM *can be highly profitable*. Consider the following stylised example. Under a warehouse structure, the originator has extended $100M in FUM. The Equity Note is 10%, i.e. the originator has $10M in equity at risk. Under the warehouse structure, it earns an average of 4% p.a. on all loans, and after all noteholders are paid the structurally contracted note interest rates (this is known as the NIM – **net interest margin**). So, in Year 1, the originator earns $4M on $10M of capital at risk – a 40% one-year return. In effect, warehouse structures are highly leveraged plays for the originator (but not for investors in the warehouse), aligning its interest with the investors and motivating the originator to fund quality borrowers. There are opposing incentives that should be paid close attention – investors generally want the Equity Note to be as large as possible (it protects their position from losses), while originators want the Equity Note to be as small as possible to minimise dilution of their returns.

Fund Managers: Adept fund managers in the private warehouse space invariably have backgrounds in structured finance (RMBS/ABS). They bring a level of expertise in loan book portfolio risk mitigation, legal structuring and broad portfolio construction at the overall warehouse level. They also come with an investor base and distribution resources. They are not only in the position to cherry-pick best-of-breed originators in lending verticals, but they will further enhance the quality of the eligible portfolio through strict portfolio parameters. They are the essential nexus for providing a win-win for the originator and risk-adjusted returns to investors. For the fund manager, a warehouse structure enables exposure to origination, which it otherwise does not have the resources, ability, nor generally the desire to expand into – origination is not its business. Should the fund manager do an exemplary job, FUM growth is sure to follow. Given the evergreen nature of a private warehouse, it also allows the fund manager to add additional speciality finance originators over time, which may further improve the overall diversification of the warehouse portfolio, improve risk-adjusted returns and provide investors exposure to lending verticals otherwise not available (e.g., strata lending, legal disbursements, livestock agri-lending and royalty finance).

Investors: In short, a well-managed warehouse facility provides a compelling risk-adjusted returns proposition. We have previously noted the manifold collateral protections in such structures. For this reason, Foresight suggests investors gain exposure to the SME lending segment via a warehouse or structured note vehicle. We know that a private warehouse returns approximately 200 basis points more than the equivalent publicly-listed ABS vehicle of the same asset class exposure and equivalent credit rating. Though this may appear to be an illiquidity premium, the truth is private warehouse funds provide redemptions monthly or quarterly, and they do so on a well-matched basis with the short-weighted average loan expiry (WALE) of the underlying portfolio. The segment is liquid and has exhibited minimal loss-given-defaults over the last 2 years, while listed fixed-income markets experienced extreme volatility and historically large drawdowns.

The Australian SME private warehouse segment presents a win-win-win dynamic for all 3 key participants. Foresight believes that the segment will be a relatively high-growth vertical within the absolute high-growth Australian private debt market.

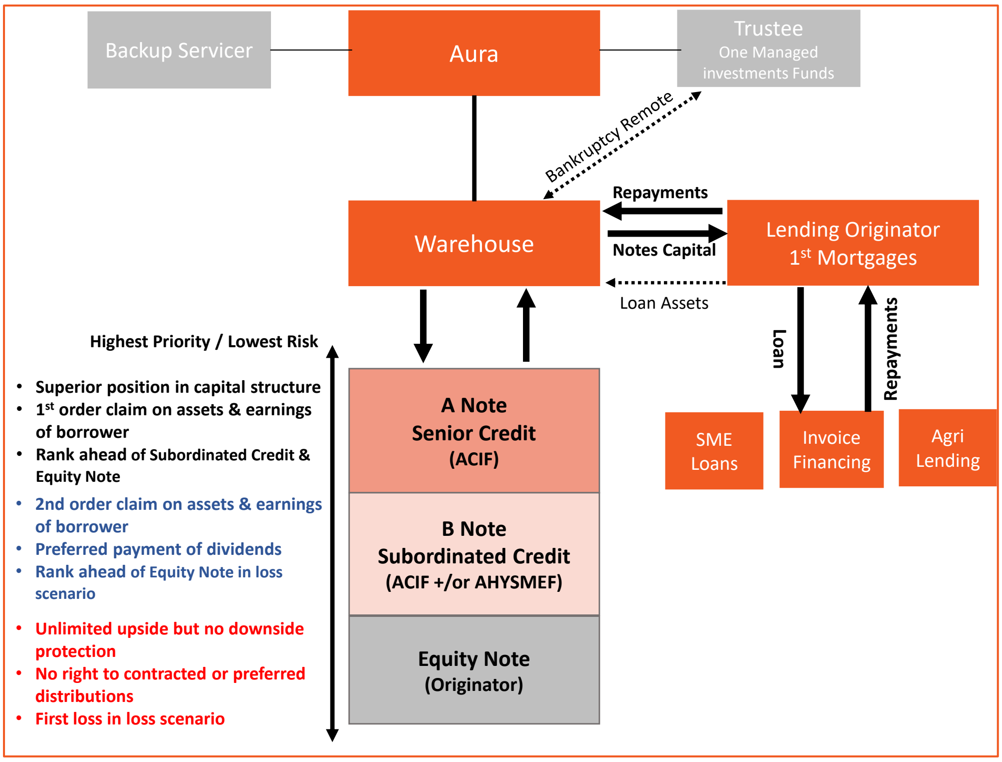
WAREHOUSE STRUCTURES

The diagram below illustrates the basic warehouse financing structure. The non-bank lender ('originator') will send loans into the warehouse that meet a set of agreed-upon criteria, and the investor ('noteholders') will send money into the warehouse to pay for these loans. Importantly, the warehouse is bankruptcy remote, meaning that the originator is separated from the noteholders.

The warehouse, which is a separate entity, then becomes the legal owner of those loans. So, if the originator goes out of business, the loans still belong to the trust, and a backup servicer will take over to make sure the borrowers keep repaying their loans and making the necessary interest payments.

Each individual warehouse will be specific to one non-bank lender. The specific details of each warehouse will be the result of commercial negotiation between the non-bank lender and the warehouse's noteholders.

Exhibit 1: Warehouse Structure



Once an agreement is reached, an investment into a warehouse will result in a legal commitment to fund that warehouse up to an agreed amount. Key commercial parameters in any warehouse negotiation include the following:

- **Portfolio Parameters:** Key conditions for the loan portfolio that must be consistently met, including type of loan, geography of loans, industry profile of loans, arrears performance, maximum individual loan size and average return of the loan portfolio
- **Subordination/Credit Enhancement:** warehouses have at least 1 layer but typically 2 layers of notes available for investment. With 2 layers, for example, there is an A Note, a B Note (both investible) and an Equity Note. The Equity Note is the first loss provision provided by the lender. For example, a 45%, 45% and 10% capital allocation between the 3 respective notes equates to the Equity Note holder taking the first 10% loss, the B-Note investors taking losses from between 10% and 55%, and the A Note investor only incurring a loss should total loss-given-defaults (LGDs) across the entire loan pool exceed 55%. Clearly, notes with lower credit enhancement are riskier but pay a higher rate of return.
- **Performance Triggers:** Investors in a warehouse will make their decision based on expectations of loan book performance. Any deviation away from that performance will often be covered by performance triggers. These triggers can support the warehouse investor in several ways, including diverting cash away from the non-bank lender, stopping any funding of new lending and, in extreme circumstances, changing operational control of the loan pool.

Investors are compensated for investing in a warehouse with a regular interest coupon. The yields of these coupons are generally floating in nature and based on a spread over a benchmark rate like the 30-day or 90-day Bank Bill Swap Rate (BBSW). The spread is relative to the risk of the note, while the BBSW rate is a proxy for the official cash rate. The benefit of a floating-rate note is that the investment has no interest rate risk, meaning that if rates increase, so will the coupon payments.

COLLATERAL PROTECTIONS & RISK MITIGANTS – MULTIPLE LAYERS

In a warehouse investment vehicle, multiple collateral protections exist at the loan and warehouse levels. When combined, warehouse investment strategies provide a degree of collateral protection that is only arguably matched by RMBS and ABS. While loan-specific protections may vary from warehouse to warehouse, in Aura's case, they generally include the following layers:

- **First Layer – Prudent LVRs:** LVR guidelines are applied over the collateral backing of a loan. Aura is involved in determining these during the warehouse negotiation/setup stage. This is the first line of protection if a loan defaults and it becomes necessary to sell the loan collateral to recover the principal and any outstanding interest payments.

- **Second Layer** – **General Security Agreements (GSAs) and Directors' Guarantees**: A GSA gives the lender the right to register their security interest on the Personal Property Securities Register (PPSR) and make a claim over the secured property in the event the borrower defaults on the loan. Directors' guarantees are personal guarantees, placing liability in the hands of the directors rather than the company (should the company not have the ability to repay a loan, the directors will need to do so). This is the second line of protection and is utilised in the event of a default, should the sale of the loan collateral not fully cover the repayment of the loan principal and outstanding interest.
- **Third Layer** – **Credit Enhancement:** Occurs within the warehouse facility where the Equity Note component is assessed by Aura to be at least **2 times** the historical probability of default of the appropriate credit risk (e.g. using the S&P Australian corporate default data) and assuming a very conservative 100% loss-give-default (LGD). These are exceptionally cautious assumptions. In addition to the initial equity contribution, the Equity Note will be bolstered by the retention of the net interest margin (NIM) the originator earns on any given loan until a loan is repaid. Origination fees may also be retained on the same basis. The retention of NIM and, potentially, fees materially increase the Equity Note buffer that provides first-loss protection to note investors.
- **Bankruptcy Remote Structure:** With the legal titles of the loan assets residing with an independent trustee, the assets are separated from the originator's financial viability.
- **Backup Loan Originator:** Should the loan originator become bankrupt or engage in impermissible behaviour, the investment manager can appoint a backup loan originator.
- **Portfolio Lending Covenants:** The warehouse's governing documentation includes a comprehensive set of borrowing base controls, with strict portfolio concentration limits and eligibility criteria in place to maintain portfolio quality and protect investors.
- **Uncommitted Lending Facility:** warehouses are typically structured to last between 1 and 2 years. This feature limits an investor's ongoing risk exposure and gives them a way out or a chance to renegotiate if needed. On the other hand, if both parties are happy to continue, the facility can be extended.
- **Diversification and Tactical Tilts:** An added benefit of accessing warehouse investments via a managed fund is diversification, with many of these investments having exposure to multiple warehouses at any given time. The revolving and dynamic nature of the loan pool enables a proactive and prudent investment manager to tilt a loan book away from business segments at economic cycle risk. Aura, in discussions with the lender, implemented such a tilt in relation to the tourism sector during the East Coast fires and COVID-19 period.
- **Amortising Loan Profiles Reduce LVRs:** In the case of Aura, all underlying loans (with the exception of livestock lending, which has a declining LVR profile anyway) follow an annuity structure with principal and interest paid over the life of the loan. The principal component is important (versus an interest-only loan), as it means the LVR inherently declines over the life of a loan.

  Invoice Financing – the Insurance Wrapper: In Aura's case, the loan originator must have invoice insurance and only invoices approved by the insurer from part of the eligible lending pool (yet the warehouse can claim the entire invoice book, reducing the effective LVR).

WAREHOUSE INVESTOR ECONOMICS

The diagram below provides an illustrative example of the subordination structure of a warehouse facility. In this case, the warehouse originated by Aura for a particular lender is a $100M facility, with ACIF participating in a $50M Senior Note, the APCIF in a $40M Subordinated Note, and the lender in a $10M first loss Equity Note.

Of particular interest is that the lender's Net Interest Margin (NIM) and Origination Fees are retained in the warehouse as an additional component of the first loss buffer. The NIM is equal to the difference between what the lender charges its borrowers, in this case 12% p.a., and what the 2 note holders charge on their component of the capital (5% ACIF and 10% APCIF). This amount will increase from Day 1 and hit a steady state (on a relative basis) once the loan book has been in play for a period equal to the weighted average loan expiry (WALE) of the lending book. In this case, upon the 12-month anniversary.

So, what started as a $10M first loss buffer has, over time, more than doubled to $24.75M. In doing so, the collateral protection for both note-holding parties has been markedly increased (and the effective LVR materially reduced for both). While the absolute amount of this variable first loss buffer component will move in line with the size of the loan book, the relative amount (which is the more important factor) will effectively remain in an approximate steady state once the warehouse has been in play for a period greater than the average duration of the particular loan book.

Coupon payments to note investors are typically floating rate in nature and based on a principal and interest loan amortisation profile. The floating rate is generally tied to the 90-day Bank Bill Swap Rate (BBSW), which in turn is based on future expectations of the RBA Cash Rate (it is ahead of the curve). Where a lender applies a fixed rate (in bridging finance property and mortgage lending strategies), then interest rate changes take effect in the loan book with a lagged effect. Foresight notes that the lending platforms currently in the Fund are all floating-rate lending platforms. The correlation between the BBSW (or RBA Cash Rate) is evident in the historic monthly distribution profile of the APCIF (see the Performance section).

Exhibit 2: ACIF Warehouse Investor Economics – Worked Example

ACIF Principal	$50m	ACIF Capital
ACIF Interest	$2.5m	ACIF Interest: $50m x 5%
AHYSMEF Principal	$40m	AYHSMEF Capital
AHYSMEF Interest	$4m	AHYSMEF Interest: $40m x 10%
Lender Principal	$10m	Lender Capital
Lender Net Interest	$6.26M + $8.5m	Lender Net Interest: ($10m x 12%) + ($50m x 7%) + ($40m x 2%) + Origination Fee ($100m x 3%)

(Note: AHYSMEF is now APCIF – the Aura Private Credit Income Fund)

Investment Philosophy

Aura's focus is firstly on mitigating downside risks and preserving capital and, secondly, on achieving at least the target return. It is one thing to make that claim; it is another to achieve it. Foresight notes that to date, the ACIF has performed remarkably well in both regards (see the Performance section). When considering a longer time horizon, the performance of the APCIF is a useful indicator since the team and the investment process are essentially identical to the Fund.

This report has already detailed the general collateral protections that apply at the loan level and in the warehouse structures established by the Manager for the Fund (specific details for individual warehouses are detailed in the Portfolio section). Over and above this, the selection of third-party lenders is of critical importance. The Manager exhibits an acute focus on the quality of a loan book when assessing prospective lending originators. It seeks to understand the particular pockets of risk in a loan book, and structure the agreed-upon portfolio parameters (where not to take on risk, for example) and the degree of collateral enhancement accordingly.

When establishing a warehouse, the Manager essentially seeks to engineer a risk-parity outcome from one warehouse to another, such that all warehouses are structured on the basis of the same perceived risk. This can be achieved both through the negotiation of portfolio parameters with the originator and the degree of first-loss collateral enhancement the originator is required to inject into the Equity Note. In effect, rather than establishing markedly different pricing across warehouses to reflect inherently different lending segment risk, the Manager is focused on modifying this inherent risk.

From Foresight's view, it is clear the Manager is not only firm on originator quality but also on pricing appropriately for risk. If a competing warehouse financier offer comes in at a sharper level, the Manager is happy to walk. It is also apparent that the Manager is seeking to be a long-term participant in any given warehouse and to have a long-term relationship with the originator. For this to occur, the originator must have an inherent competitive strength. Amongst other factors, there is a distinct economic benefit to the Manager of maintaining a successful long-term relationship, given the significant costs it incurs during the initial establishment of a warehouse (initial due diligence, legal structuring, etc.).

The Manager adopted a view in early 2022 that the Australian economy would enter a recession at some point in 2023. Given the asymmetric payoff profile of debt (limited upside, complete downside risk), this is a prudent working assumption for managing the portfolio. Over the course of 2022, the Manager tightened the portfolio parameters and increased the weighted average Credit Enhancement (CE) in the portfolio by increasing the Equity Note (first loss) exposure. The Manager is adopting the view that there is a tail risk (not a central case risk) of recession. It is striking a balance between yield margin and CE protection and tilting prudently towards the latter. With higher lending rates, the NIM levels have generally increased, enabling a higher CE level. With the various layers of collateral protection at the borrower level plus the portfolio parameters applicable to each particular originator, it is safe to assume that an awful lot would need to go wrong for a material LGD to arise.

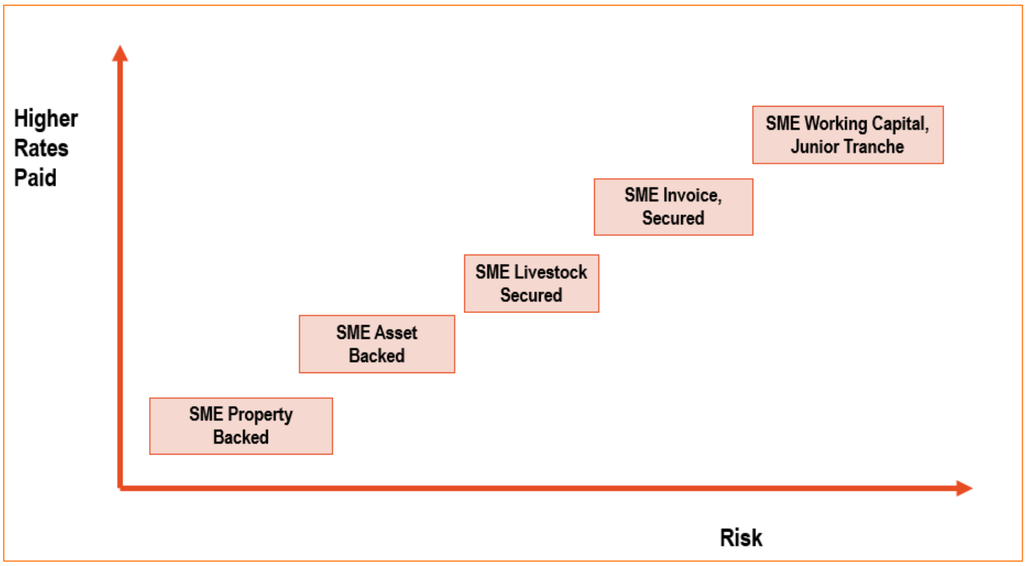
Investment Strategy

The strategy of the Fund is to provide high monthly yields to investors by channelling their funds into an optimised portfolio of business loans through investment into online lenders. They do this in 2 ways:

- First, Aura carries out extensive due diligence on any potential online loan originator before it becomes an allowable platform to invest through. As an example, a key part of this due diligence is scrutinising the loan originator's credit skills to make sure that they are lending to credit-worthy borrowers. As of March 2025, Aura has a total of 7 'accepted' platforms with a diversity of underlying target markets. 3 of these platforms have been adopted by the Fund, with the other 4 being part of the APCIF. Aura is well advanced on a further platform for inclusion in the Fund.
- Secondly, Aura diversifies the portfolio with respect to business sector exposure and originator. The Fund will not allocate more than 30% of the Fund's assets in debt exposures to any one SME non-banking lender once the Fund size reaches $100 million. Aura is ultimately aiming for the Fund to broadly represent the Australian SME economy.

The Fund's lending universe (not comprehensive) is presented below by general risk spectrum. While the inherent risk profile of any type of lend may vary, the Manager undertakes a risk-parity exercise across different lend types. The Manager has a lot of levers to mitigate and tailor any given inherent risk profile: portfolio parameters, credit enhancement levels and structures, its own investment selection process and various layers of collateral protections.

Exhibit 3: Aura SME Lending Current Landscape



Investment Process

Aura is selectively investing in the universe of Australian online SME lenders using rigorous due diligence, which can take up to a year to complete, and providing detailed investment mandates to the lenders as a condition of investment. This is a typical 'multi-manager' fund process, with the objective of providing substantially greater diversification and lower risk/volatility than investing in a single online lender.

Online lending is a newer and rapidly growing group compared to traditional bank lending. According to the Australian Institute of Credit Management (December 2019), borrowers in the SME space are now more likely to turn to a non-bank over a major bank.

The Manager is looking to provide funding for SME non-bank online lenders in the early expansion stage of their lifecycle and also to lenders in the later stages of their lifecycles. The funding provided by the Fund will bring forward the lenders' revenue and the break-even points for these businesses. However, it must be stressed that the funding will be for lending purposes only and will be quarantined from the online lending business.

The Fund will purchase notes from Special Purpose Vehicles (SPVs) or units in managed investment schemes that hold the underlying loans originated by online lenders. The Manager will also consider other investment methods as the market matures. Accordingly, the Fund will invest in a pool of eligible assets, primarily focused on debt issued by SME non-bank lenders and other forms of debt, including senior subordinated debt, asset-backed securities and loans via peer-to-peer lending platforms.

As loans are repaid and cash is realised, the Manager will determine what amount to make available for redemptions and otherwise will re-invest cash available in the Fund in accordance with the investment objective.

ORIGINATION

The origination process is very thorough and tailored to online lenders. The Manager benefits from being part of a larger organisation that has venture capital capabilities. The Manager is looking for the following:

- A strong credit assessment process for lending to SMEs
- Strong performance of the historic originations by the SME lender
- Innovative companies requiring capital to embark on a period of high growth and profitability
- Passionate owners committed to their businesses, backed up by experienced and capable management teams
- Scalable business models that can be utilised to generate strong returns and margin efficiencies
- Disruptive technologies with the ability to affect industry structure
- Value creation opportunities for the Manager within the business, either strategically or operationally

The following business characteristics and credit processes are assessed:

Exhibit 4: Business Characteristics & Credit Risk Factors

Business Characteristics	Credit & Underwriting
Key staff	Risk management framework
Regulatory position	Historic portfolio performance
Financial performance and position	Procurement process
Board composition	Lending authorities
Funding strategy	Loan portfolio management and systems
Organisational strategy	Servicing model
Corporate governance	Oversight
Management reporting	Arrears management
IT infrastructure and systems	Reporting

That is, the Manager undertakes due diligence of the originator, which includes rigorous due diligence of the online lender's credit, financial, tax, legal and accounting due diligence procedures. It also requires technical and commercial due diligence.

The process and steps through Investment Committee feedback/approvals are shown below:

Exhibit 5: Origination Process

Origination

Initial Screening, Analysis & Due Diligence

1. **Initial Originator Assessment**
   - Review of loan originator against set criteria
   - Review of other relevant industry & macroeconomic factors
   - Collaborative discussion with senior team

2. **Portfolio & Credit Feasibility**
   - Discussions with portfolio management company and strategic networks in relation to synergies
   - Detailed analysis of underwriting process of the originator and historic pools
   - Strategic network co-investment or partnership discussions

3. **Preliminary Due Diligence & IC**
   - Preliminary due diligence procedures
   - Detailed company & underwriting analysis
   - Consideration of potential investment terms
   - Formulation of detailed transaction schedule
   - **Preliminary Investment Committee (IC) presentation**

4. **Negotiations & IC approval**
   - Negotiation of key investment terms
   - Legal, accounting & operational due diligence
   - Site visits
   - **Formal presentation to IC**

Investment & Monitoring

5. **Final Due Diligence & IV Signoff**
   - Final due diligence & analysis required to address IC questions
   - **Final IC approval required to sign off on investment terms, quantum& timing**
   - Execution of transaction documents

6. **Transaction Monitoring**
   - Transaction monitored to ensure adherence to transaction parameters
   - Assistance with formation and execution of long-term strategy with the originator.

DIVERSITY OF UNDERLYING ORIGINATORS

The Aura team looks to achieve diversification for the Fund and a spectrum of risk/return exposure through the types of loans offered by the originator. At the date of this review, the Manager is investing in multiple online lenders, as summarised in the table below. These lenders are also included in the APCIF, albeit at a higher risk position in the relevant warehouse capital stack.

Exhibit 6: Underlying Originators

	Property-Backed SME Lending	Invoice Financing	SME Lending
The Story	The Fund invests in short-term SME loans originated by the lender through an ASIC-regulated contributory mortgage scheme	Manufacturer sold goods to large construction company on 90-day payment terms but wishes to be paid upfront for cash flow purposes	Professional Service business looking for working capital in a timely fashion
Reason for Loan	Maximum 70% LVR against metropolitan residential property	Maximum 80% LVR against the invoice in addition to credit insurance over the invoice	Working capital loans
Capital Provided by Aura (Senior)	100%	Class A notes	95%
Capital Provided by Lender	Co-invested	Class B and Class C notes	5%
Maximum Loan Duration	24 months	24months	24 months
Assets Backing the Loan	▪ First or second mortgage registered against metropolitan residential property ▪ Directors' Guarantees	▪ Invoice payable by construction company ▪ Credit insurance from AA- rated insurer ▪ GSA over business	▪ General Security Agreement ▪ Director's Guarantees

DEAL STRUCTURING

The mandates for online lenders are structured to prioritise capital preservation. The mandates include detailed specifications for industry risk, geographic risk, probability of default, level of security at the borrower level and level of credit enhancement at the borrower level. The order of priority in the investments is capital preservation, followed by income and then the longevity of the investments.

Deal structuring is led by the team and is done in conjunction with an external legal counsel and the custodians of the Fund.

ONGOING PORTFOLIO MANAGEMENT

Ongoing monitoring is performed. Importantly, this includes full transparency of the loans, their maturity, delinquency, and processes to manage defaults within the portfolio of loans invested into by the Manager. Aura reviews and analyses their exposure on a monthly basis. Over the course of the last 12 months, the Manager has gone live with the S&P iLevel portfolio management software application. The system can automatically ingest all files from all originators and collate total portfolio exposures.

LIQUIDITY MANAGEMENT

Should there be a net outflow of funds in any given period, ongoing liquidity management is controlled in 2 key ways: using a cash holding and the relatively large proportion of the portfolio with a WALE of less than 3 months. Foresight notes that in February 2025, the Fund had a cash position equal to 27.9% of the portfolio, and the total portfolio had an average WALE of 5 months.

ESG

The Fund is not an impact fund. That said, from an ESG perspective, there are 2 aspects that come into play. Firstly, there is a general shortfall in SME funding in the Australian market. This has been identified by the Australian Government, and in response, it established the ABS Fund specifically to facilitate non-bank lending to the Australian SME sector. Clearly, the ACIF Fund is an element in the SME non-bank lending landscape in Australia, facilitating the growth of the largest employee/business ownership segment in Australia. Secondly, the Manager, as part of its parameters in any given warehouse, does not permit lending to business segments that are often precluded in ESG mandates. It also does not fund predatory lenders.

Investment Team

The investment process of the Fund is carried out by a team of 5, who frequently interact with the Investment Committee (IC). Aura Group has a long history of investing via venture capital in the alternative finance space, including online lenders. In August 2023, Brian Ho was appointed Associate Director and is now, in effect, second in command after Brett Craig. This appointment has not only expanded resourcing and experience in the team but also mitigated key person risk.

Foresight notes that the board has approved an Employee Share Option Purchase program for up to 10% of Aura Credit Holdings. This serves to attract and retain quality staff and align their interests with the Fund's investors.

The Investment Team is supported by internal credit resources and external legal expertise. The IC, which comprises Alan Savins and Calvin Ng, meets on an ad-hoc basis in relation to lending platforms that have passed the internal due diligence process. Additionally, the IC will meet if there are any proposed changes to the risk/portfolio parameters of a particular warehouse.

Exhibit 7: Team Profile

Name	Role/Responsibility	Location	Years with Company	Years with Industry
Brett Craig	Portofolio Manager, Director	Sydney	7.0	20.0
Brian Ho	Associate Director	Sydney	2.0	19.0
Mina Rafla	Associate Director	Sydney	0.5	9.0
Natalie Kolenda	Investment Associate	Sydney	7.0	7.0
Jack Remond	Analyst	Sydney	1.0	7.0
		Average	**3.5**	**12.4**

BRETT CRAIG

Brett Craig is the Director of Private Credit at Aura Group, where he oversees the portfolio management and asset origination for the Aura Private Credit strategies.

Brett joined Aura Group in 2016 as a Managing Director and the Portfolio Manager for Private Credit. Since then, he has been instrumental in assessing non-bank lenders and developing the infrastructure for the private credit business. During his tenure, he has built the team to 6 members, including himself. His expertise and strategic insights have been crucial in shaping the firm's private credit offerings.

Before joining Aura, Brett spent over 11 years at the Macquarie Group in a number of roles, including Vice President within the Debt Markets business.

Brett holds a Bachelor of Commerce from The University of Wollongong and is a Chartered Accountant. He is also a member of the Investment Committee of the Private Credit strategies, dedicating a considerable amount of time to assessing transactions and potential investment opportunities.

BRIAN HO

Brian is highly experienced in financial modelling and financial analysis, which gives him a unique ability to provide specialist financial and strategic advice to clients in the infrastructure, real estate and financial services sectors.

As Associate Director, Brian is responsible for structuring and negotiating lending transactions, including securitisations, managing loan portfolios and recommending strategies to mitigate risk and enhance returns for investors.

Brian brings a wealth of experience in developing new investment products for high-net-worth investors. He has also successfully designed and developed business cases and financial models for significant infrastructure projects for government, public and private clients, as well as managing billion-dollar infrastructure assets.

Brian holds a Bachelor of Commerce and a Bachelor of Engineering from the University of Melbourne. He has also completed a Master of Applied Finance from Macquarie University.

MINA RAFLA

Mina Rafla is an Associate Director specialising in private credit, working with Australian fintechs and non-bank lenders to provide bespoke funding solutions. Mina focuses on structuring complex transactions and enabling businesses to scale their operations sustainably.

Mina's professional journey began at the Macquarie Group, where he held various roles in structured lending and credit risk. His responsibilities included leading major transactions, such as securitisations and senior debt facilities. Mina has also contributed to structured lending and relationship management at the Commonwealth Bank and Greensill Capital.

He holds a Bachelor of Business & Commerce (Applied Finance) and a Bachelor of Laws from Western Sydney University, where his dual expertise in finance and law shaped his ability to deliver innovative solutions in the financial services industry.

NATALIE KOLENDA

Natalie worked across Aura Group in various parts of the business, including Compliance, Corporate Advisory and Operations, before joining the Aura Private Credit team in 2021. In 2019, Natalie was awarded a Fellowship with New York-based Linden Global Strategies. Natalie holds a Bachelor of Agricultural Economics from the University of Sydney.

JACK REMOND

Jack Remond joined Aura Group in 2024 as a private credit analyst. In his role, Jack is responsible for managing monthly investor reporting, assisting in ongoing portfolio analysis, and conducting deal due diligence for Aura's private credit funds. Before joining Aura Group, Jack worked as a senior securitisation trust analyst at Perpetual Limited. There, he facilitated monthly distributions and manager reporting for a portfolio of securitisation trusts across various asset classes, including ABS and RMBS.

Jack holds a Bachelor of Commerce (Finance) and a Bachelor of Science (Environmental Science) from the University of Sydney.

Compliance and Operations

NATHAN HARRIS

Nathan Harris joined Aura in December 2020 and is now Global Head of Risk and Compliance. He has over 25 years of experience in compliance and risk. Nathan's previous roles were Head of Risk and Compliance at Xplore Wealth, a listed financial planning solution company, and Head of Compliance Australia for Nikko Asset Management (formally Tyndall AM). His experience encompasses all aspects of fund management and regulatory compliance.

IRENE SETIOKUSUMO

Irene joined Aura Group as the Global Head of Operations in July 2022. As Global Head of Operations, Irene is responsible for managing the operations team of 3 members located in Australia and Singapore. Irene is responsible for the full financial accounting function for Aura's suite of unit trusts, credit and hedge funds and venture capital structures. In addition, Irene's role encompasses capital adequacy, transitions and the oversight and management of Aura's external service providers. Irene has over 17 years of experience in the investment operations space. Prior to joining Aura, Irene worked as the Head of Operations at Nikko Asset Management Australia and held various tax accounting roles at Investa Property Group, BNP Paribas and State Street Australia.

All movements of money to and from a warehouse are managed and authorised by the Responsible Entity/Custodian of the Fund.

Aura Credit Holdings Pty. Ltd. is the Manager. One Managed Investment Funds Ltd. (ACN 117 400 987; AFSL 297042) is the Responsible Entity/Custodian of this Fund. The Manager is an Authorised Representative of Aura Capital Pty. Ltd. and holder of an Australian Financial Services Licence (366230).

Management Structure

Exhibit 8: Management Structure

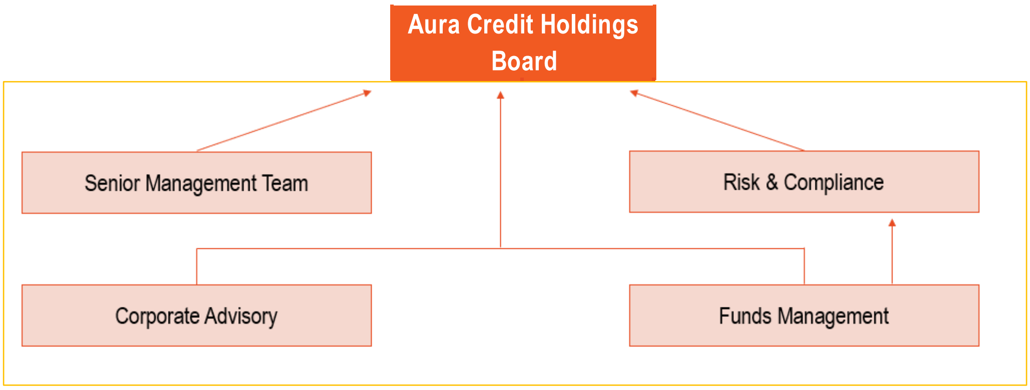


Exhibit 9: Board Member Details

Name	Role	Status
Brett Craig	Portfolio Manager, Director	Executive
Eric Chan	Managing Director	Executive
Calvin Ng	Managing Director	Executive

Risk Management

The Trustee/RE of the Fund is responsible for monitoring the terms of the Product Disclosure Statement and ensuring that all trades are appropriately recorded and accounted for.

The compliance of the Fund with its Constitution and Investment Mandate is overseen by Aura Group's Head of Risk and Compliance, Nathan Harris and the Trustee/RE.

Unit pricing is delegated to the Fund Administrator, following the valuation guidelines contained in the Fund Trust Deed.

In 2021, Aura implemented a new risk management system to assist with portfolio management and monitoring.

Performance

The performance of the Fund is detailed below. We have also included the historical performance of the APCIF, which has a substantially longer track record of over 5 years. While the APCIF has a different risk-return profile, its past performance is relevant in 2 key regards: the performance in relation to downside risk mitigation, specifically LGDs and general arrears, and the ability to achieve the stated returns objective. We note the following:

- The Fund has been generating returns at the lower end of its target range (7.35% to 9.35%). For the last 3 months, the annualised performance equates to approximately 7.3% on an annualised basis. We note the Manager has intentionally reduced the risk profile of the Fund over the last 12 months.
- We note the zero LGD track record and 30+ day arrears running at comfortable levels. Over the last 12 months, the Manager has increased the level of subordination in the loan book and has tightened the portfolio parameters applicable to the 4 originators. The Manager is prudently prioritising downside preservation over the search for yield.

Exhibit 10: ACIF Performance (Feb 2025)

Period**	ACIF	Benchmark*	Excess
1 month	0.56%	0.33%	**+0.23%**
1 year	7.88%	4.44%	**+3.44%**
3 years	n.a.	n.a.	**n.a.**
5 years	n.a.	n.a.	**n.a.**
Since Inception	7.41%	4.07%	**+3.34%**

*** returns greater than 1 year are annualised*

**Fund Benchmark is 'RBA Cash Rate'*

Exhibit 11: APCIF Performance (Feb 2025)

Period**	APCIF	Benchmark*	Excess
1 month	0.65%	0.72%	**-0.07%**
1 year	9.52%	9.76%	**-0.24%**
3 years	9.21%	8.82%	**+0.39%**
5 years	9.14%	7.39%	**+1.75%**
Since Inception	9.61%	7.09%	**+2.52%**

***returns greater than 1 year are annualised*

**Fund Benchmark is 'RBA Cash Rate + 5.0%'*

Source: Aura Credit Holdings

Exhibit 12: ACIF – Monthly & Annualised Monthly Returns

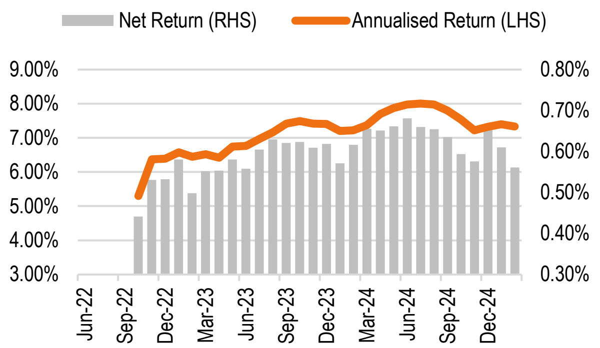
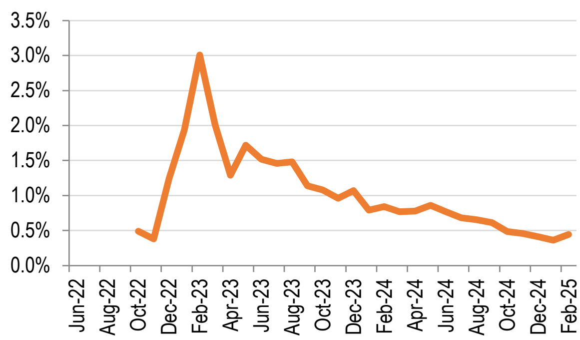


Exhibit 13: ACIF – Over 30 Days Arrears



Source: Aura Credit Holdings

PORTFOLIO CHARACTERISTICS

The Fund's portfolio is presented below in varying aspects. Note that the portfolio is diversified by the number of loans, geographic exposure and industry exposure. This is consistent with the Manager's longer-term objective of creating a highly diversified SME relation loan book. The average duration is a very short 5 months, which mitigates economic cycle risks in addition to the Manager's ability to make tactical tilts. The cash position has been 19% to 28% over the last 6 months or so. Given the short WALE, this figure does vary month to month, but generally speaking, this is quite high and somewhat lower levels would better mitigate cash drag risk.

Exhibit 10: Portfolio by Geography

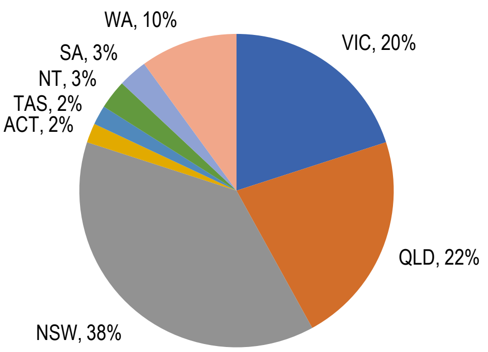
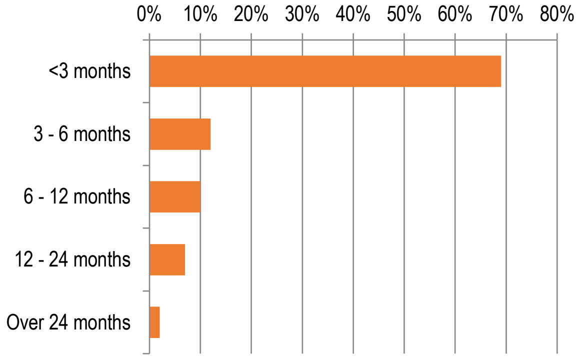
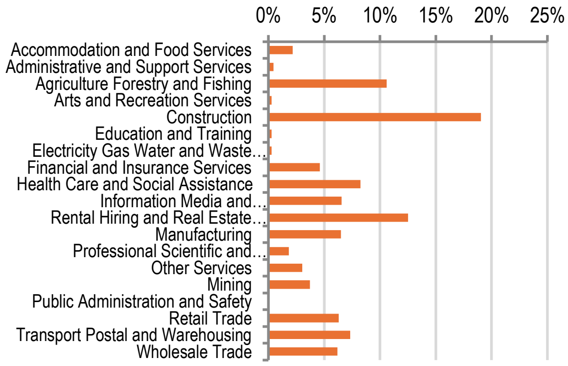


Exhibit 11: Portfolio by Duration



Source: Aura Credit Holdings

Exhibit 12: Portfolio by Industry

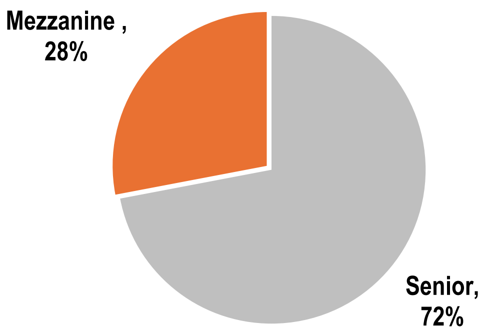


Source: Aura Credit Holdings

Exhibit 13: Portfolio Key Statistics

Fund Profile	Feb-25
Number of Loans	10,377
Number of Platforms	4
Average Loan Size	$135,305
Maximum Loan Size	2.60%
Cash	27.66%
Arrears over 30 Days	0.45%
Weighted Average Life	5 months

Exhibit 14: Portfolio by Note Position



Source: Aura Credit Holdings

Foresight notes that the ACIF has a considerably more conservative positioning in Mezzanine debt (28%) than the APCIF (71%), reflecting the lower-risk nature of the Fund.

Transparency & Reporting

The Manager has provided Foresight Analytics and Ratings with the required information in a transparent fashion. Investors receive monthly performance reports and annual audited financial statements.

Valuation Policy

The Aura Valuation Policy outlines the process for determining the asset valuations that comprise the Fund's NAV.

The valuation techniques adopted by Aura are based on one or more of the following valuation methods:

1. **Amortised Cost**

Loans purchased are transacted and recorded at the outstanding loan principal amount, which is termed the Cost. Amortised Cost reflects the outstanding loan principal amount as the loan principal is paid down over the life of the loan exposure.

2. Fair Value when an asset is Impaired

The objective of Fair Value is to estimate the price at which an Orderly Transaction would take place between Market Participants at the Measurement Date, where an asset is impaired, i.e. the value of the loan asset is below the Amortised Cost. Fair Value is the hypothetical exchange price taking into account current market conditions for buying and selling assets. Fair Value is not the amount that an entity would receive or pay in a forced transaction, involuntary liquidation, or distressed sale.

Liquidity or illiquidity is taken into account by market participants and therefore should be a factor used in assessing Fair Value.

All Funds require Net Asset Value ('NAV') calculations to be conducted monthly by Fund Administrators using Asset Values provided by Aura.

Third-Party and Service Advisors

Fund Administrator	One Registry Services Pty. Ltd. (Registry) and Unity Fund Services Limited (Fund Administrator)
AFSL Licensee	Aura Capital Pty Limited. (ACN 143 700 887) AFSL # 366230
Trustee	One Managed Investment Funds Ltd. (ACN 117 400 987)
Custodians	One Managed Investment Funds Ltd. (ACN 117 400 987)
Accounting	Unity Fund Services Limited (part of the One Investment Group)
Taxation Advisor	Unity Tax Services Pty. Ltd. (part of the One Investment Group)
Auditor	Crowe Ltd.
Insurance Provider	Chubb Ltd.
IT network Provider	Comwire IT Pty Ltd

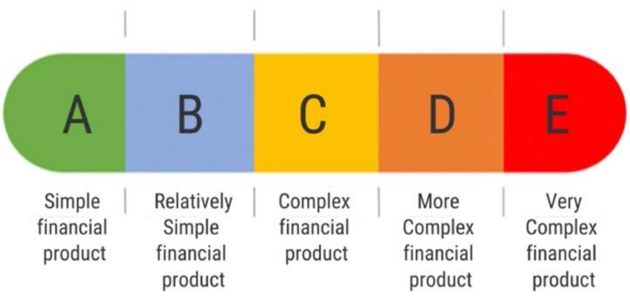
Investment Rating Scale

The Foresight Analytics' investment rating is an opinion on how well we believe a fund will perform against a range of risks.

Rating	Definition
Superior	Indicates the highest level of confidence that the fund can deliver a risk-adjusted return in line with the investment objectives of the fund.
Very Strong	Indicates a very strong conviction that the fund can deliver a risk-adjusted return line with the investment objective of the fund.
Strong	Indicates a strong conviction that the fund can deliver a risk-adjusted return in line with the investment objective of the fund.
Competent	Indicates that the fund may deliver a return in line with the fund's relevant benchmark.
Weak	Indicates a view that the fund is unlikely to deliver a return in line with the investment objective of the fund and or meet the return of its benchmark.

Foresight Complexity Indicator

Foresight's Complexity Indicator (PCI) highlights the complexity of an investment by its terms and conditions' structure and transparency that may affect the investor's return.



Investment Rating and Foresight Complexity Methodology

Foresight Analytics and Ratings' methodology for its investment rating and research can be downloaded from its website.

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Financial Services Guide

A copy of the Foresight Analytics' Financial Services Guide can be provided by calling 02 8883 1369.