

# INVESTMENT UPDATE

April 2024

## Mountain Monthly Income Fund Ordinary Class

The primary aim of the Mountain Monthly Income Fund Ordinary Class is to generate consistent income streams with the objective of safeguarding investor capital. We target a return of 4% p.a. above the RBA cash rate. To achieve this, our Investment Manager employs a diversified investment approach whilst adopting a dynamic asset allocation strategy within the fund portfolio Strategic Asset Allocation (SAA) benchmarks.

- **Bonds & Fixed Income Securities:** The Fund invests in a blend of corporate and government bonds to provide a strategic balance between providing stable returns and to mitigate portfolio volatility.
- **Cash & Money Market Instruments:** The Fund maintains liquidity and provide access to immediate income through investing in at-call deposits, term deposits, and other short-term money market products.
- **Secured Loans:** By focusing on loans backed by first registered mortgages or other forms of security, the Fund aims to provide an attractive risk-adjusted yield.
- **Securitized Debt Instruments:** The Fund invests in residential, commercial, and asset-backed securities leveraging detailed analysis of the underlying assets to derive income.

In execution, our Investment Manager constantly monitors market conditions and adjusts the portfolio's composition in accord with the portfolio Strategic Asset Allocation. This proactive approach is underpinned by rigorous credit assessments, macroeconomic analysis, and a keen understanding of the interest rate environment.

# TARGET ANNUAL RETURN\*

# 8.35% p.a.

(net of Fees, excluding tax)



\* The Target Annual Return is calculated by RBA Cash Rate plus 4% p.a. as at 15 September 2023 and to be determined by the Trustee and the Investment Manager based on the current official interest rates and market conditions for non-bank lending. The Trustee and the Investment Manager may change the Target Return from time to time by giving prior 30 days notice to investors. Target Returns are not guaranteed as the actual returns of the Fund and will depend on the performance of the assets of the Fund.

**FUND FACT SHEET - MARCH**

## FUND PERFORMANCE #

**MARCH 2024**

<b>Monthly Target Return</b>	0.71%
<b>Net Return</b>	0.61%
<b>RBA Cash Rate</b>	0.36%
<b>Net Excess Return</b>	0.25%

# all return is net of fees, excluding tax

# Q1 2024 CoreLogic Cordell Construction Cost (CCCI) REPORT HIGHLIGHTS

In January, approvals for detached dwellings hit a 12-year low. However, the latest data from CoreLogic's Cordell Construction Cost Index (CCCI) for the first quarter of 2024 indicates a stabilization in national construction costs. The index rose by 0.8%, similar to the previous quarter, leading to a smaller annual increase of 2.8%, the lowest since March 2007. CoreLogic Economist Kaytlin Ezzy noted that while construction costs have eased from pandemic highs, they remain elevated, with building material prices returning to normal levels. However, costs are still 27.6% higher than pre-pandemic levels, putting pressure on builder's profit margins.

Looking forward, CoreLogic Economist Kaytlin Ezzy anticipates that construction costs will likely stay stable in the upcoming year, thanks to persistently low national dwelling approvals. Despite falling to their lowest level since June 2012 in January and remaining well below the decade average in February, monthly approvals for detached dwellings are dampening the growth in construction costs. However, Ezzy notes that the construction pipeline remains robust, with approximately 255,000 dwellings approved but not yet completed, indicating sustained activity for builders throughout 2024.

Summary of Key Findings from Q1 2024 CCCI Report by State:

## New South Wales (NSW)

The CCCI rose by 0.9%, aligning with the pre-COVID decade average. Annually, there was a 3.1% increase, consistent with the previous reading.

## Victoria

Construction costs increased by 0.9% over the quarter, with an annual rise of 3.1%, slightly higher than the previous year.

## Western Australia (WA)

Saw a 0.7% rise in construction costs over the quarter, with an annual increase of 2.1%, the lowest in nearly seven years.

## Queensland (QLD)

Recorded a 0.7% increase in construction costs over the quarter, resulting in a 2.3% annual increase, the lowest in nearly 14 years.

## South Australia (SA)

Experienced a 0.7% increase in the CCCI, bringing the annual change to 2.6%.

Source: [https://www.corelogic.com.au/news-research/news/2024/construction-sector-on-road-towards-normalisation-of-costs?utm\\_medium=email&utm\\_source=newsletter&utm\\_campaign=au-rea-property-pulse-2024-apr&sid=%7B%7BRecipient.ID%7D%7D](https://www.corelogic.com.au/news-research/news/2024/construction-sector-on-road-towards-normalisation-of-costs?utm_medium=email&utm_source=newsletter&utm_campaign=au-rea-property-pulse-2024-apr&sid=%7B%7BRecipient.ID%7D%7D)

## MARKET INSIGHT (Fitzroy)



In February 2024, the housing market in Fitzroy remained relatively stable, with a **2.9% stock on the market** indicating a balanced supply and demand scenario. Despite the **limited number of listings at 60**, the market appears active.



Similarly, the unit market in Fitzroy also maintained a **stock on the market at 2.9%**, with a **higher number of listings at 114**. This indicates a slightly higher inventory of units available for sale compared to houses.

\* Stock on market refers to the portion of properties that has been listed for sale over the 12 months ending February 2024.

\*\*Listings is the number of properties advertised for sale over the month of February 2024.

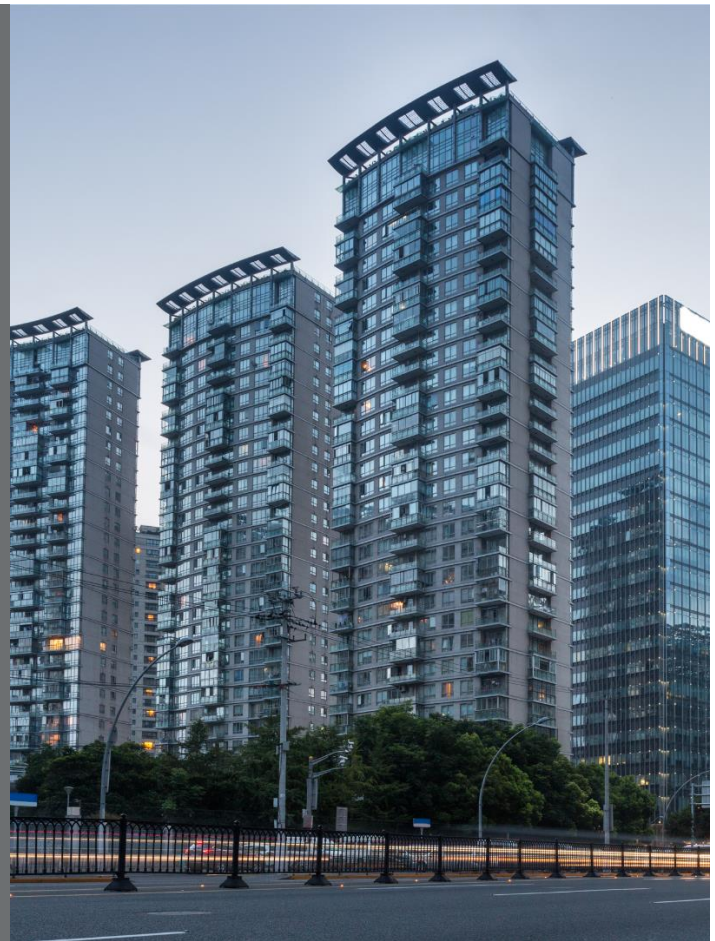
Source: <https://www.corelogic.com.au/our-data/recent-sales?postcode=3142>

# WHAT ARE ABS (Asset-backed securities)?

**Asset-backed securities** play a vital role in our investment philosophy at MAM. By leveraging the stability, income generation, and risk diversification offered by ABS, we aim to protect and grow our investors' capital effectively.

Interested in learning more about our investment strategies or exploring ABS opportunities with the Mountain Monthly Income Fund? Contact our team today for further information.

[KNOW MORE ABOUT ABS](#)



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You must read further information in its entirety about the Fund and the Ordinary Class of the Fund contained in the information Memorandum before making a decision to invest. No investment can be made based on the information contained in this summary. The Trustee and Investment Manager do not guarantee the performance of the Fund or the capital of your investment in the Fund. For more information, please contact us.

Only applications from wholesale investors under Section 761G of the Corporations Act 2001 (Cth) of Australia will be considered. Submissions that do not meet the qualifying criteria will not be processed. Applicants are responsible for ensuring their compliance with the relevant provisions of Section 761G and for providing all required documentation.