Aura Private Credit Income Fund

AURA | PRIVATE CREDIT

MONTGOMERY

Wholesale Investors Only

APIR: ARF3849AU
ISIN: AU60ARF38497

Reliable Monthly Income from an Alternative Asset Class	The target return for the fund is 9% - 12% net of all fees and expenses	Fund inception 1 August 2017	Monthly distributions and liquidity

The Aura Private Credit Income Fund Objective

The Aura Private Credit Income Fund (previously known as the Aura High Yield SME Fund) is a credit income fund offering attractive and reliable monthly income from a well-diversified portfolio of business borrowers. It is an open-ended fund that provides diversification with a low correlation to equity and property markets. The Fund provides loan finance to platforms that lend small amounts, typically over the short term to thousands of Australian businesses.

The primary objective of the Fund is to provide investors monthly income returns with a solid premium to cash from a diversified portfolio of debt securities, including high-quality asset-backed business loans, director guaranteed business loans, senior loans to non-bank lenders secured against a loan portfolio that provide regular income and NAV stability. The Fund target is to deliver between 9%-12% p.a. paid as monthly distributions.

Investor Benefits

The Fund benefits include:

- The Fund has generated attractive compound returns since inception (1 August 2017), and there has been no loss of capital in the Fund.
- Aims to provide attractive income through the economic cycle and protection against inflation through a widely diversified portfolio of borrowers with an average loan duration of typically between 3-6 months.
- The business loan asset class continued to deliver reliable income to investors through volatile economic conditions during 2020, 2021, 2022 and 2023.
- The business loan asset class has a low correlation to equities and property and complements existing portfolios invested in these asset classes.
- A well-diversified portfolio of business loans. The Fund lends against the income, working capital or assets of a business.
- Traditional lenders (e.g., banks) are increasingly focused on lending to large business customers, leaving a niche opportunity for individuals, their families and family entities to provide funding to businesses and generate returns previously earned by traditional lenders.

Investment Terms

Fund Type	:	Open-ended
Eligible Investors	:	Wholesale and sophisticated clients only as defined by the Corporations Act 2001.
Minimum Investment	:	A$100,000 Alternatively, you qualify and won't need an accountant's certificate if you invest $500,000 or more.
Distribution Frequency	:	Monthly.
Non-Redemption Period	:	Monthly redemptions, each Unit must be on issue for one month before it is eligible for redemption with at least 30 days notice.
Management Fees (excl GST)	:	1.25% p.a. plus ordinary expenses up to 0.5% p.a.
Performance Fees (excl GST)	:	20% of returns in excess of the benchmark.
Benchmark	:	RBA Cash Rate + 5.0% p.a.
Recommended Investment Timeframe	:	2-5 years.

About the Aura Private Credit Income Fund

The portfolio invests across a select group of non-bank lenders that provide small, short-term loans to businesses across various industries. The Fund invests in high-quality asset-backed business loans, director guaranteed business loans, senior loans to non-bank lenders. The Fund invests in non-bank lenders that satisfy the following criteria:

1. There is an underlying exposure to businesses;
2. There are processes for robust credit assessments of the underlying business borrowers;
3. The lender has a scalable business model with a robust medium-term outlook to ensure the debts will be serviced to a high standard to maturity; and
4. The lender's management team has a proven track record.

By carefully analysing the merits of businesses requiring short term loans, deep due diligence can reduce risk while offering an attractive income yield. Credit income funds lend against the income, working capital or assets of a business. The Fund may invest in senior loan debt securities that are asset-backed businesses, director guaranteed business loans, and senior loans to non-bank lenders.

Investment Team Members

Aura Group's income team is led by Brett Craig as Portfolio Manager and Director. Since joining Aura, Brett has been instrumental in assessing non-bank lenders and developing the infrastructure for the Fund and the private credit business. Before joining Aura Group in 2016, Brett spent 11 years in Macquarie Bank's debt markets business, where he originated, structured and distributed debt products. Brett is supported by Associate Director Brian Ho, two Investment Associates, James Chapman and Natalie Kolenda as well as an Analyst, Jack Remond.

How the Fund Works

The Fund is offered under an Information Memorandum and is an open-ended unit trust that is not registered with ASIC as a managed investment scheme.

Applications are accepted on a monthly basis and are processed effective the first day of each month (provided a complete application is made before 5 pm on the last business day of the preceding month and the application monies are received by the issue date). Aura Funds Management determines the net asset value of the Fund on the last business day of the preceding month before an application is processed.

Fund Ratings

Foresight Analytics

The Aura Private Credit Income Fund has been graded by Foresight Analytics as **Very Strong.**

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 on-line 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.'

This is a current rating and was issued in April 2024.

Evergreen Rating

The Aura Private Credit Income Fund has received a **Commended** rating from Evergreen Ratings.

This is a Fund or Investment Product that has scored well across all areas of Evergreen Ratings' research and analysis framework. As a result, Evergreen believes it has a high probability of achieving its investment objectives. It is likely to be appropriately designed, with appropriate fees and have sufficient, high-quality systems and resources, including risk management and corporate governance, to ensure that it provides investors with an appropriate experience.'

This is a current rating and was issued in June 2023.

Frequently Asked Questions

How can I invest in The Fund?

To invest in the Fund, please read and consider the Information memorandum (IM). When you are ready to invest, fill in the Application Form accompanying the IM, or you can apply online.

Is there a distribution reinvestment plan?

You can select the Distribution Reinvestment Plan 'DRP' on your application form at the time you make your first investment. If no election is made, then distributions will be reinvested in the DRP.

How often is income paid?

Since its inception, the Fund has paid distributions monthly. View distribution history. It is intended that the Fund will continue to make monthly income distributions to investors. The distribution payments are generally made to investors in around 10 - 15 business days from the start of each month.

How often do you report on the Fund?

A monthly report with key Fund performance information will be provided to investors. Audited annual accounts and annual tax reporting will also be provided by One Registry Services.

Where can I view the Funds unit price?

Historic monthly unit prices are available to view here.

What is the frequency of pricing?

The Fund's assets are valued monthly using a mark to market accounting methodology.

How do I make a redemption?

To redeem your holding, fill out the Redemption Request Form and have it signed by the authorised signatories on the account. Please download the Redemption Request Form here.

An investor may make a redemption request for any Units held by the investor which have been on issue for at least one month. Provided there is available cash for Aura Funds Management Pty Ltd to do so. Valid redemption requests will be processed at the redemption date in each month and will generally be paid on the date which is ten days after the relevant redemption date. There is no guarantee that there will be any available cash for redemption.

A valid redemption request is one received by Aura Funds Management Pty Ltd between 30 and 45 days before the relevant redemption date. There will typically be a redemption date on the first business day of each month.

What reports can I expect to receive?

Transaction confirmations, holding statements, distribution and annual tax statements which will be sent by One Registry Services Pty Ltd.

What has been the Fund's default rate?

The Fund has had a very low rate of late underlying loan repayments or underlying loan defaults. No defaults of underlying loans have led to capital losses within the Fund.

Disclaimer: Units in the Aura Private Credit Income Fund (Fund) are issued by Aura Funds Management Pty Ltd (ABN 96 607 158 814, Authorised Representative No. 1233893 of Aura Capital Pty Ltd (ABN 48 143 700 887, AFSL No. 366 230)) (Aura). Aura is the trustee of the Fund and a subsidiary of Aura Group Pty Ltd. This information is for wholesale or sophisticated investors only and is provided by Montgomery Investment Management Pty Ltd (ABN 73 139 161 701, AFSL No. 354 564) as the authorised distributor of the Fund. An investment in the Fund must be through a valid paper or online application form accompanying the Information Memorandum. The information provided is general in nature and does not take into account your investment objectives, financial situation or particular needs. Before making an investment decision **you should read the Information Memorandum and (if appropriate) seek professional advice** from a licensed financial advisor to determine whether the investment is suitable for you. The investment returns or repayment of capital of the Fund are not guaranteed. The value of an investment may rise or fall and you may risk losing some or all of your capital. Past performance is not a reliable indicator of future performance.

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Custodian

One Managed Investment Funds Limited ACN 117 400987

Administrator

One Registry Services Pty Ltd ACN 141 757 360 or its agent and Unity Fund Services Pty Ltd ACN 146 747 122 the Fund Accountant.

Auditor

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About Aura Group

Aura Group is a financial services business providing tailored wealth, funds management and corporate advisory solutions to clients.
Founded in Australia in 2009, our head office is in Singapore with a significant footprint across the Asia Pacific region including Sydney, Melbourne and Ho Chi Minh City.