

PRESS RELEASE

Sydney, 21st March 2023 – Foresight Analytics’ assigns a ‘VERY STRONG’ investment rating to the Remara Private Credit Fund

Foresight Analytics & Ratings has recently completed a ratings assessment of the newly launched Remara Private Credit (RPC) Fund. The fund rating has been assigned as VERY STRONG, indicating a very strong conviction that the management team can deliver a risk-adjusted return in line with its investment objectives at this stage of the growth of SME and real estate lending in Australia.

A Foresight Product Complexity Indicator (PCI) for the RPC Fund is COMPLEX, predominantly relating to the multiplicity of the warehouse structured, and in turn, the multiplicity of lending verticals. However, at the heart of this complexity is what, in our view, provides opportunities to benefit from various risk-return attractions for investors. Specifically, while the vertical integration of the origination process does add an additional level of complexity, importantly we believe it serves to mitigate margin compression risk for investors over the foreseeable future.

The RPC Fund is an open-ended unlisted fund that invests in a diversified pool of loans to consumers and small-to-medium businesses (SMEs) in Australia. It is managed by Remara Investment Management Pty. Ltd. (the Manager), a part of the Remara Group. The Fund seeks to provide stable monthly income with a high degree of capital preservation. The Fund is targeting a return of 4% p.a over the 30-day bank bill swap rate (30-day BBSW), currently equating to a target return of 7.36% per annum (net of management fees).

The Fund provides exposure to the SME and real estate finance sectors. Unique in its sector, the Remara Group (Remara) pursues a vertical integration model with respect to the loan origination parties. Potential conflict of interest risks are appropriately addressed. Remara has ownership stakes in 2 originators, Grow Finance (SME lending) and Remara Credit Pty. Ltd. (real estate finance).

The Remara Group was founded in January 2019 by its Managing Partners, Andrew McVeigh and David Verschoor. The Fund is managed by Remara Investment Management Pty. Ltd. The Manager holds a CAR agreement with Mantis Funds Services Pty. Ltd. The Remara Group owns controlling stakes in 2 originators, which is a critical aspect of the longer-term strategy of the Remara Group. The first, Grow Finance Ltd., focuses on the Australian SME lending market. By way of its 2 common shareholders, the Remara Group controls 30% of the common equity in Grow Finance.

Remara has also established the property-oriented originator, Remara Credit Pty. Ltd., to develop a platform for real estate bridging finance across construction, development, land banking and completed properties. Remara Credit Pty. Ltd acts as the core vertical to complement SME exposure, is 100% owned by the Remara Group and was founded in 2022.

Foresight Analytics’ analyst, Rodney Iay, commented “The integrated private credit platform created by Remara, by way of its ownership in the lending originators is, to our knowledge, unique in the Australian SME lending private debt segment as well as real estate finance (as opposed to long-term residential mortgage lending). While this is only one of a number of philosophical tenets that underpin the Fund, in our view, it will have a significant bearing on the longer-term performance of the Fund”.

He also added that “The warehouse structure also services to provide unparalleled collateral protections for investors in the Fund. Like all SME warehouse facilities, investor capital is supported by multiple layers of collateral protections.”

The full report can be accessed through our F360 platform at www.foresight-analoytics.com

About Foresight Analytics' Investment Due Diligence Rating (IDD Rating)

The objective of Foresight Analytics' Investment Due Diligence Rating (IDD Rating) is to identify the best funds and opportunities for future investment. We assess the fund's historical risk-adjusted performance - compared to its peers - to form a holistic view of the manager's ability to deliver future returns. The IDD rating indicates the quality of the investment option within the context of a diversified portfolio and full investment cycle.

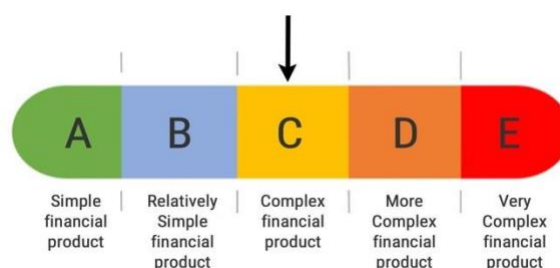
Foresight's analysts use a 5-point scale to determine how the fund will perform against a range of risk factors.

- SUPERIOR indicates the highest level of confidence that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is highly suitable for inclusion on APLs.
- VERY STRONG indicates a very strong conviction that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is suitable for inclusion on most APLs.
- STRONG indicates a strong likelihood that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is suitable for inclusion on most APLs.
- COMPETENT indicates the fund may deliver a risk-adjusted return in line with its relevant benchmark and that it may be suitable for APLs.
- WEAK indicates the fund is unlikely to deliver a risk-adjusted return in line with its investment objective and that it is not suitable for most APLs.

A 'Hold' designation is applied to a fund's rating if a material change impacts the fund manager, and we need to review the rating. A 'Sell' designation indicates the Foresight Investment Ratings Committee considers risk factors to be elevated enough that maintaining an investment in the fund as part of their diversified portfolio is questionable.

Foresight Complexity Indicator

A Foresight Product Complexity Indicator (PCI) highlights the complexity of an investment product based on a range of indicators. These typically include its terms and conditions, performance-based fees, liquidity structure, financial leverage, use of derivatives, rare and niche asset class/opportunity set, currency exposure and the level of transparency offered for investors. Foresight believes these factors can disproportionately affect risk-adjusted return outcomes for investors even if a manager is very skilled. Investors can use FCI as a guide to portfolio position sizing within a diversified portfolio context.



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About Foresight Analytics

Foresight Analytics, an independent Sydney-based firm, provides investment diligence, data analytics, and advisory solutions to leading investment management companies, superannuation funds and wealth groups across the Asia Pacific. Foresight's innovative, evidence-based approach blends both human and forensic insights to provide a range of analytical, predictive and market intelligence solutions to investors. Foresight Analytics was founded in 2015 by Jay Kumar, a former executive of Morningstar, Optimix Investment Management, ANZ Wealth & Private Bank and the Reserve Bank of Fiji.

Foresight's fiduciary solutions include Diligence Services (Investment, Operational, ESG & Risk Diligence), Data Analytics and Asset Consulting. Foresight's fund strategy solutions include Data Analytics for asset managers, Fund Strategy Benchmarking Solutions and Strategic Research.

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