



CFMG  
Capital

# Benchmark Disclosure Report Monthly Income Fund

As at 30 June 2024



# CFMG Monthly Income Fund

## Ongoing Benchmark Disclosures as at 30 June 2024

The Australian Securities and Investments Commission (ASIC) has developed a range of benchmarks for unlisted mortgage schemes (such as the CFMG Monthly Income Fund) to enable investors to understand the risks and assess the suitability of the investments. The following table summarises how CFMG Equity and Income Funds Limited ACN 112 753 876 AFSL 291390 (Responsible Entity) manages each benchmark. Further information can also be found within the Fund's Product Disclosure Statement (PDS). Please see [cfmgcapital.com.au](http://cfmgcapital.com.au) for updated benchmark disclosure on a six monthly basis as the benchmark disclosure is subject to change.

Benchmark	Statement	Explanation	Reference
<b>Benchmark 1: Liquidity</b>  For a pooled mortgage scheme, the responsible entity has cash flow estimates for the scheme that: <ul style="list-style-type: none"> <li>(a) demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;</li> <li>(b) are updated at least every three months and reflect any material changes; and</li> <li>(c) are approved by the directors of the responsible entity at least every three months.</li> </ul>	The benchmark is met	The Responsible Entity monitors the CFMG Monthly Income Fund's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months and updates that forecast at least every three months to reflect material changes.  The Board formally approves the cash flow forecast at least every three months.	For additional disclosure on this benchmark, refer to the section 3.2 of the CFMG Monthly Income Fund PDS.
<b>Benchmark 2: Scheme Borrowing</b>  The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.	The benchmark is met	CFMG Monthly Income Fund will not borrow any amounts and does not intend to enter into any borrowing arrangements on behalf of the CFMG Monthly Income Fund.	For additional disclosure on this benchmark, refer to the section 3.3 of the CFMG Monthly Income Fund PDS.
<b>Benchmark 3: Loan Portfolio and Diversification</b>  For a pooled mortgage scheme: <ul style="list-style-type: none"> <li>(a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region;</li> <li>(b) the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets;</li> <li>(c) the scheme has no single borrower who exceeds 5% of the scheme assets; and</li> <li>(d) all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title).</li> </ul>	The benchmark is not met	As CFMG Monthly Income Fund is newly established, it does not have a diversified portfolio of assets until it has received sufficient capital from investors and its portfolio has been fully invested in Loans. However, even once fully invested, CFMG Monthly Income Fund may not meet item (a) as its Loans will be for the same property development class of borrower activity and South East Queensland and Melbourne geographic region.  Item (d) will be met.	For additional disclosure on this benchmark, refer to section 3.4 of the CFMG Monthly Income Fund PDS.

Benchmark	Statement	Explanation	Reference
<p><b>Benchmark 4: Related party transactions</b></p> <p>The responsible entity does not lend to related parties of the responsible entity or to the scheme's investment manager.</p>	The benchmark is not met	<p>The Borrowers are wholly owned subsidiaries of CFMG Land. CFMG Land is a related party of the Responsible Entity.</p> <p>The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest (Conflict Policy).</p> <p>Our Conflict Policy sets out strict terms that apply if we enter into transactions with related parties, which require us to ensure these transactions are entered into on commercial arm's length terms and the details of these transactions are disclosed to investors appropriately, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.</p>	For additional disclosure on this benchmark, refer section 3.5 of the CFMG Monthly Income Fund PDS as well as sections 11.16 and 11.17.
<p><b>Benchmark 5: Valuation Policy</b></p> <p>In relation to valuations for the scheme's mortgage assets and their security property, the board of the responsible entity requires:</p> <ul style="list-style-type: none"> <li>(a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;</li> <li>(b) a valuer to be independent;</li> <li>(c) procedures to be followed for dealing with any conflict of interest;</li> <li>(d) the rotation and diversity of valuers;</li> <li>(e) in relation to security property for a loan, an independent valuation to be obtained: <ul style="list-style-type: none"> <li>(i) before the issue of a loan and on renewal: <ul style="list-style-type: none"> <li>(A) for development property, on both an 'as is' and 'as if complete' basis; and</li> <li>(B) for all other property, on an 'as is' basis; and</li> </ul> </li> <li>(ii) within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.</li> </ul> </li> </ul>	The benchmark is met	The Responsible Entity maintains and complies with a written valuation policy consistent with this benchmark.	For additional disclosure on this benchmark, refer to the section 3.6 of the CFMG Monthly Income Fund PDS.



Benchmark	Statement	Explanation	Reference
<b>Benchmark 6: Lending Principles – Loan-to-Valuation Ratios</b>  If the scheme directly holds mortgage assets: <ul style="list-style-type: none"> <li>(a) where the loan relates to property development – funds are provided to the borrower in stages based on independent evidence of the progress of the development;</li> <li>(b) where the loan relates to property development – the scheme does not lend more than 70% on the basis of the latest ‘as if complete’ valuation of property over which security is provided; and</li> <li>(c) in all other cases – the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.</li> </ul>	The benchmark is met	The Trust's Lending and Internal Controls Policy is consistent with this benchmark.	For additional disclosure on this benchmark, refer to Section 3.7 of the CFMG Monthly Income Fund PDS.
<b>Benchmark 7: Distribution Practices</b>  The responsible entity will not pay current distributions from scheme borrowings.	The benchmark is not met	<ul style="list-style-type: none"> <li>(a) The maximum period allowed for in the Constitution for the payment of withdrawal requests is more than 90 days.</li> <li>(b) The CFMG Monthly Income Fund is newly established, however it is the intention to pay withdrawal requests within the period allowed for in the Constitution.</li> <li>(c) The CFMG Monthly Income permits investors to withdraw at times other than those stated in the benchmark. Certain assets of the CFMG Monthly Income Fund provide liquidity as set out in the benchmark, however the majority of the CFMG Monthly Income Fund's assets are Loans and not assets that the Responsible can reasonably expect to realise for their market value within 10 business days. The Responsible Entity only permits investors to withdraw when CFMG Monthly Income Fund is 'liquid' within the meaning of the Corporations Act.</li> </ul>	For additional disclosure on this benchmark, refer to section 3.9.  Refer also to Sections 4, 9, 10.1 and 11.8.

## CFMG Monthly Income Fund Product Disclosure Statement

The CFMG Monthly Income Fund Product Disclosure Statement (PDS) is available online at [cfmgcapital.com.au](http://cfmgcapital.com.au). The PDS can also be emailed on request. Contact us on 1800 155 526.





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