



Investor Update

The RAW Mortgage Fund

July 2025

☎ +44 20 4524 2073

✉ info@rawcapitalpartners.com

🌐 www.rawcapitalpartners.com

RAW Capital Partners Limited is licensed and regulated by the Guernsey Financial Services Commission

Contents

Executive summary	4
Competitive industry challenges	5
Positioning in today's uncertain market	6
Fund performance	7
Investment objectives	7
Consistent Fund performance and growth	8
Portfolio	10
Credit decisions and borrower characteristics	12
Market Update	14
Mortgage lending statistics – Q1 2025	14
UK house price update	15
UK private rental prices	17
Regulatory information and risk warnings	18



Executive summary

The investment landscape in 2025 has been defined by heightened uncertainty, driving many investors to reassess traditional strategies and seek opportunities in new markets and asset classes.

Amid this volatility, the RAW Mortgage Fund has remained a model of consistency. Celebrating its 10-year anniversary this year, the Fund has delivered positive monthly returns throughout its entire history, maintaining low volatility and consistent risk-adjusted performance. In an environment where stability is increasingly rare, we believe this track record of reliability is not only reassuring, but it also stands as a meaningful competitive advantage.

Key Highlights for the RAW Mortgage Fund halfway through 2025:

- Positive returns every month, with an average loan to value ratio of 47% with no bad debt.
- Won a substantial new investment mandate in 2025, after an extensive diligence process by a highly respected independent investment consultant.
- The market we operate in has grown more competitive, bringing with it a new set of challenges.
- Over the past 12 months, net returns were 7.39% for Institutional investors, 6.85% for Quarterly dealing shareholders, and 5.99% for Monthly dealing shareholders.
- The Fund has grown to more than £190m in investor assets.
- The portfolio has grown to 746 mortgage loans with an average size of c.£248,000.
- Strong pipelines of mortgage lending and committed investor interest as we move further into 2025.

As we progress through 2025, RAW continues to identify attractive mortgage lending opportunities alongside steady investor demand. We remain confident in our ability to deliver consistent, risk-adjusted returns with a strong emphasis on capital security. We are excited about the opportunities the remainder of 2025 holds as we maintain our momentum and grow.



Tim Parkes

Chief Executive Officer,
RAW Capital Partners

Competitive industry challenges

Over the past two years, the specialist lending landscape, particularly the non-UK resident mortgage market in which we operate, has undergone significant change. During 2023, the Bank of England's (BoE) aggressive rate hikes pushed the Bank Rate to elevated levels which prompted many borrowers to reassess the cost of servicing their debt versus early repayment. This shift led to a contraction in new business opportunities, an increase in capital repayments, and a smaller mortgage market in 2024. The team had to work harder to maintain the size and quality of the mortgage book.

As we moved into 2025, interest rates began to fall, while swap rates, a key driver to pricing fixed-rate lending, continued to decline faster (*Figure 1*).

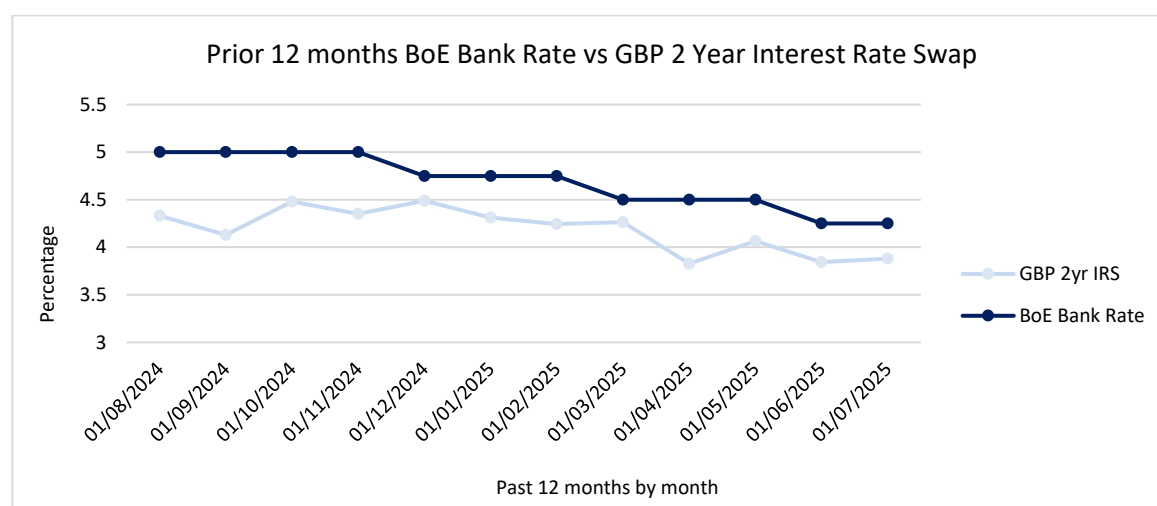


Figure 1: Sources: Investing.com (GBP 2 Years IRS Interest Rate Swap (GBPIRSB5Y=)), Bank of England Monetary Policy Interest Rate <https://uk.investing.com/rates-bonds/gbp-2-years-irs-interest-rate-swap-historical-data>

This divergence has introduced a new set of challenges. Many competitors, particularly those with less reliance on current Bank Rate-linked cost of capital, have been able to take advantage of lower swap rates to offer more competitive pricing. As a result, we have seen intensified competition and downward pressure on borrower pricing across our industry.

To remain competitive in this evolving environment, and win quality business, we have had to reduce lending margins on new business. While this has naturally placed pressure on overall returns, it has allowed us to maintain a strong, good quality loan book, deploy investor capital, and positioned us for sustainable growth. Interest rates are expected to stabilise around 3.5% in 2026¹. This should help normalise our position in the market and allow us to improve margins again. Our focus remains on disciplined margin management, ensuring we remain responsive to market conditions while continuing to deliver consistent risk-adjusted returns to our investors.

¹ Average of 12 sources including Oxford Economics, Capital Economics, OECD, Morgan Stanley, Deutsche Bank, Goldman Sachs, and UBS.

Positioning in today's uncertain market

The current global economic environment is shaped by a complex mix of factors that continue to weigh heavily on investor sentiment. The U.S. Federal Reserve's conservative approach to interest rate cuts and President Trump's strong opinions have created more uncertainty, especially as U.S. inflation stubbornly remains above the 2% target. Meanwhile, ongoing geopolitical instability, from the prolonged Russia-Ukraine conflict to rising tensions in the Middle East, adds layers of volatility to global investment markets.

This has created a mixed set of opinions across the equity markets which continued to show signs of volatility, with uneven earnings results notably in technology and consumer sectors. Bond markets, too, are turbulent as investors continuously reassess inflationary concerns and tariffs. Market research published by the Financial Times (FT)² reported that they have seen many investors shift into defensive assets such as gold and real estate, reflecting the uncertainty in allocators in the current macroeconomic environment.

We believe, in this environment, the balance between caution and risk has become more crucial than ever. For instance, geopolitical tensions continue to disrupt energy prices and supply chains, adding to unpredictability. At the same time, rapid technological advancements, particularly in artificial intelligence, present exciting growth opportunities alongside strategic risks for market incumbents. Although certain investments, still offer relative certainty, investors must acknowledge that uncertainty is unavoidable. The key lies in managing risk thoughtfully.

As mentioned, the FT has suggested that institutional investors, family offices, and asset managers have been slowly allocating away from highly volatile investments and uncertain equity markets. They are refocusing on investments that are grounded by strong fundamentals, income-generating assets, clearly defined risk controls, and managers with proven track records of consistent performance across market cycles. Recognising that consistency is a critical driver of long-term success.

We believe that the RAW Mortgage Fund aligns with this philosophy. Having recently celebrated its 10-year milestone, the Fund has delivered positive monthly returns with low volatility throughout its history. It has provided consistent risk-adjusted returns anchored by a strong emphasis on capital preservation. This is achieved through conservative lending practices secured against quality UK residential properties at conservative loan-to-value ratios.

The Fund targets mortgage lending opportunities in major towns and cities across the British Isles, avoiding higher-risk lending on development projects, or land. It aims to maintain rigorous credit assessments alongside ongoing portfolio monitoring. Our strategy has continued to build trust, which is reflected in continued capital commitments from both new and existing investors. We believe that the RAW Mortgage Fund offers a compelling option for investors seeking long-term capital security without sacrificing the potential for robust risk-adjusted returns.

² Financial Times, Asset Management, Big investors shift away from US markets, <https://www.ft.com/content/2e33c8e9-2447-40f5-98ab-4de6911d772c>

Fund performance

Investment objectives

The Fund is designed to capture a distinct risk premium unique to our asset class. RAW underwrites loans that are priced at a premium over the Bank of England (BoE) base rate. The Fund aims to provide a consistent level of dividend income or capital growth along with a high level of capital security.

The Fund provided investors with consistent monthly returns in the first half of 2025. Despite the challenging market conditions, including increased competition and pressure on lending rates, the Fund has maintained a positive premium for its investors and continues to originate quality loans.



Past performance is not necessarily a guide to future performance and may not be repeated. The Fund is only available to Professional Investors, Experienced Investors or Knowledgeable Employees

Accumulation share classes:

Year-to-Date (YTD) 2025	Net Return
Institutional A share class	3.47%
Quarterly dealing A share class	3.22%
Monthly dealing share A class	2.81%
Institutional A share class return since inception (2015)	66.27%

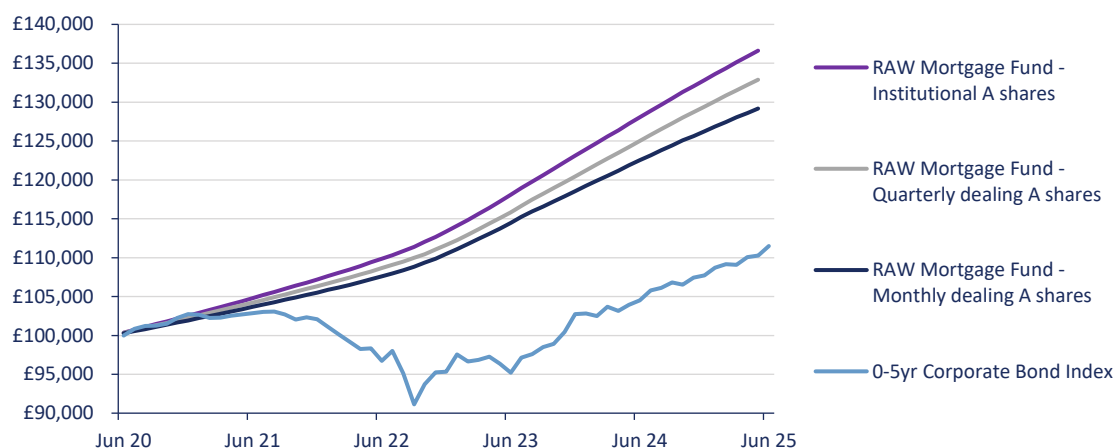
The Fund's performance has been supported by our focus on consistent capital deployment into quality mortgage loans. We have continued to offer some fixed-rate mortgages which are aimed at strengthening the Fund's market position without compromising on disciplined risk management. This strategic decision is underpinned by forward-looking projections on future Bank Rate movements and broader market trends. Currently, the portfolio's average gross premium stands at 3.74% above the current Bank Rate of 4.25%. Although anticipated future declines in the Bank Rate may reduce gross returns due to the predominantly variable-rate structure of our loan book, we expect the Fund's portfolio to continue delivering stable and positive premiums.

Please note the regulatory information and risk warnings provided at the end of this document.

Consistent Fund performance and growth

Historical 5-year cumulative net return

Share class	Net Return
Institutional A share class	37%
Quarterly dealing A share class	33%
Monthly dealing A share class	29%
0–5-year Corporate Bond Index	11%



The Fund successfully won a substantial new investment mandate in 2025, after an extensive diligence process through a highly respected independent investment consultant acting on behalf of a pension fund client. This marks a significant milestone for the Fund and reinforces the manager's strong track record and capabilities built over the past decade. In addition, the current lending pipeline remains robust, with the team actively increasing monthly mortgage commitments, a positive trend helped build momentum throughout 2025.

Furthermore, the Fund recently adjusted its loan-to-value (LTV) parameters, now allowing lending to an average maximum of 60% LTV across the portfolio, and up to 70% LTV on individual properties. We believe these changes will enhance our ability to compete for high-quality lending opportunities and strengthen our ability to effectively balance attractive return generation and risk management.



Portfolio

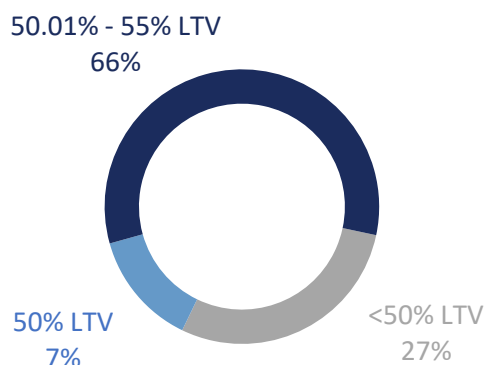
The Fund lends against UK and Channel Island residential property predominately at the lower to mid-range of the market.

The typical properties lent against are modern apartments in Southeast England and in major towns and cities like Manchester and Birmingham. Average loan value is c.£250,000 and typical property values are c.£500,000. In the Southeast, property values range typically from £400,000 to £800,000, whereas outside of the Southeast they typically range from £200,000 to £400,000. We expect properties like these to be more easily sold in a property downturn and to maintain good annual rental demand.

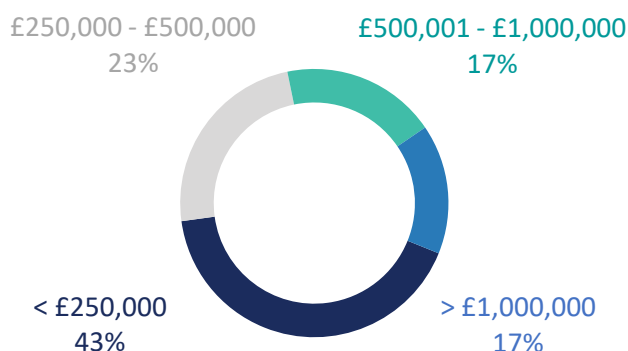
Assets Under Management	£193m
Number of loans	746
Value of loans funded	£185m
Value of security held	£391m
Average LTV ratio	47%
Average loan value	£248k
Average loan term	5 years
Losses (Bad debt)	0

Most of our mortgages by value are secured against properties in London and Southeast England. London remains a thriving city with a growing population. Rental demand is consistent, and rental yields have increased in recent years. Beyond London, our focus is on loans secured by quality properties in major cities, popular commuter towns, or premium residential areas. We expect continued increased demand for loans on properties in cities like Manchester and Birmingham, where rental yields surpass those in London. Additionally, we undertake a small amount of lending in the Channel Islands where residential property prices remain stable.

Portfolio breakdown: Loan-to-Value

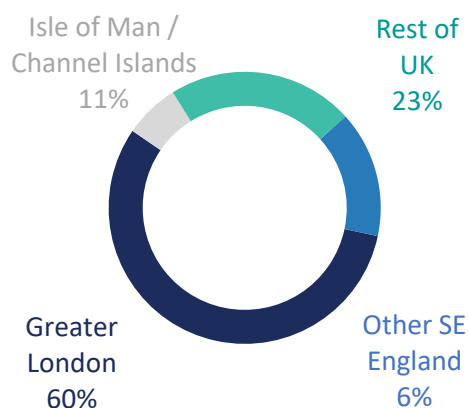


Asset allocation by Loan Value

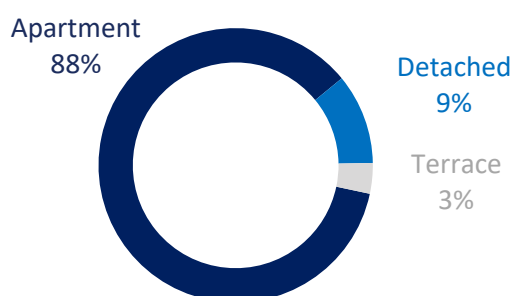


Our aim is to have a diversified pool of borrowers and properties. The Fund lends to a maximum average of 60% of property valuation across the portfolio and 70% of the property valuation on any one property, maximum of 5% to a single borrower, and a 10% limit against related properties. Asset allocation limits include a minimum concentration limit of 50% in London and Southeast England. The current average loan to valuation ratio is 47%.

Asset allocation by geography



Asset allocation by property



Despite ongoing global economic uncertainty and increased industry competition, the performance of our underlying mortgage loan book remains resilient, with arrears levels remaining modest and early repayments stabilising as Bank Rate continues to decrease. In the current interest rate environment, new lending margins over Bank Rate have tightened as borrowers have become more rate sensitive and new competitors have emerged.

Credit decisions and borrower characteristics

We continue to put a strong emphasis on specific factors of each property on which we are asked to lend. Our Credit Committee consider each loan application on its own merits, and analyse factors including property characteristics such as:

- location and proximity to local amenities, public transport, and places of work
- quality and condition of the subject property and those around it
- value relative to wages and to other properties in the area
- relative marketability in a property market downturn

The security portfolio remains focused on modern one- and two-bedroom apartments, mostly newly completed by one of the major developers. Borrowers remain largely non-UK residents. They tend to be moderately wealthy individuals who are professionals or business owners, seeking to invest in property in a more politically stable jurisdiction than their residence with a stronger record in the stability of property values and legal title.

The Credit Committee focuses on borrower circumstances, including consideration of income, outgoings and net assets. Our typical borrowers have strong income, often from multiple sources and a range of other investment assets. Our conservative strategy has served investors well to date, we believe it will continue to do so.



Market Update

Mortgage lending statistics – Q1 2025

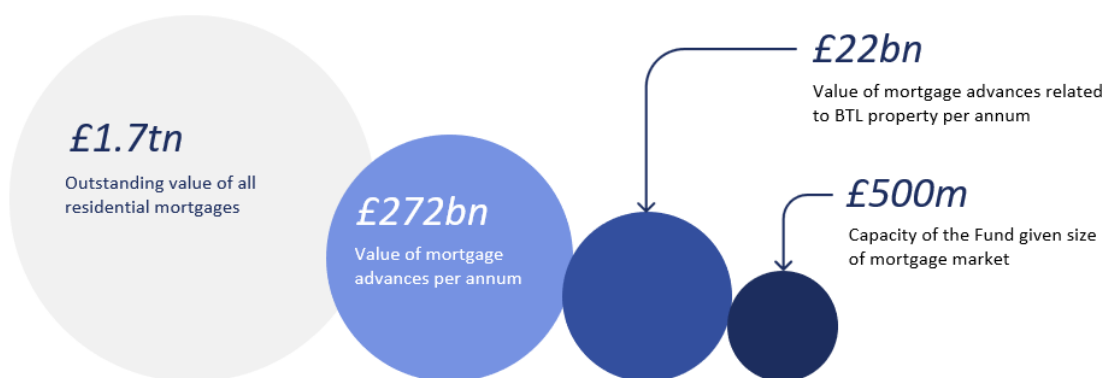
The UK Financial Conduct Authority (FCA) collect mortgage lending data via the Mortgage Lending and Administration Return (MLAR) which is submitted to the FCA by most firms carrying out mortgage lending and mortgage administration³.

The outstanding value of all residential mortgage loans in the UK increased by 1.2% from the previous quarter to £1,698.5 billion and was 2.6% higher than a year earlier.

The value of gross mortgage advances increased by 12.8% from the previous quarter to £77.6 billion, the highest new advances since 2022 Q4, and was 50.4% higher than a year earlier. Lastly, the value of new mortgage commitments (lending agreed to be advanced in the coming months) decreased by 1.5% from the previous quarter to £68.2 billion but, remained 13.5% higher than a year earlier.

The share of gross mortgage advances for buy-to-let purposes decreased by 0.2% from the previous quarter to 8.0%. The share of advances to owner occupiers was 92.0%.

Competition in the mortgage lending sector that we target has increased, particularly with fixed rate lending as interest rates have begun to fall, where a fixed rate may look cheaper than a variable rate to begin with.



Source: FCA, mortgage lending statistics, Q1 2025

³ Financial Conduct Authority, Mortgage lending statistics, June 2025, <https://www.fca.org.uk/data/mortgage-lending-statistics>

UK house price update

The UK property market has long been a stronghold for both domestic and international investors. In 2025, it continues to demonstrate resilience amid ongoing economic uncertainty. However, the market presents a blend of encouraging and challenging trends. Although annual house price growth remains positive, monthly variations and affordability concerns are key factors for both buyers and sellers to consider.

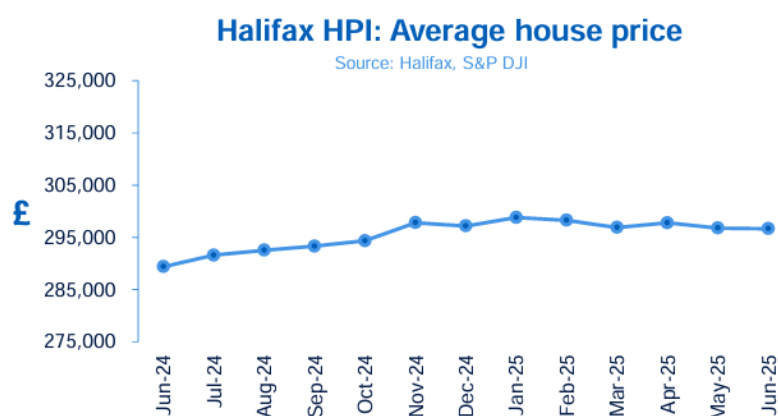
Halifax's findings

According to the Halifax House Price Index⁴ the UK average house price had an annual growth rate of +2.5% to July 2025. Their findings are as follows:

- The year-on-year annual growth rate to July 2025 was 2.5%.
- The average house price growth remained flat in June at 0%.
- The average UK home price is now to £296,665

The Head of Mortgages, Amanda Brydan, at Halifax said that “The market’s resilience continues to stand out and, after a brief slowdown following the spring stamp duty changes, mortgage approvals and property transactions have both picked up, with more buyers returning to the market. That’s being helped by a few key factors: wages are still rising, which is easing some of the pressure on affordability, and interest rates have stabilised in recent months, giving people more confidence to plan ahead”

Furthermore, with market is pricing in two more rate cuts from the BoE by the end of year, buyer demand should remain relatively strong, with modest house price growth expected throughout the year.











⁴ Halifax House Price index, June 2025, <https://www.halifax.co.uk/media-centre/house-price-index.html>

Savill's forecast

Savill's found that price growth has been weaker than anticipated July 2025, even as housing affordability improves, with house prices falling by 0.8% on a seasonally adjusted basis. Declining mortgage rates have made purchasing a home more accessible. However, confidence in the overall UK market remains uncertain just like the rest of the world. Although the Monetary Policy Committee kept the base rate at 4.25% in June, there is an expectation, supported by Oxford Economics, that rates will fall further, with two additional cuts projected by the end of the year. However, the overall long-term trend remains positive for the UK with the 5-year growth rate being 23.4% to 2029⁵.

Mainstream house price forecasts

	5 YEARS TO DEC 2024	2025	2026	2027	2028	2029	5 YEARS TO 2029
Prime Central London	-0.3%	 -4.0%	 1.0%	 3.5%	 5.0%	 4.0%	9.6%
Outer Prime London	7.3%	 0.0%	 3.0%	 4.0%	 4.0%	 3.0%	14.7%
Prime Regional	10.3%	 2.0%	 4.0%	 5.0%	 3.5%	 2.5%	18.2%
UK Mainstream	24.4%	4.0%	5.5%	5.0%	4.0%	3.0%	23.4%
London Mainstream	14.7%	3.0%	4.0%	3.5%	3.0%	2.5%	17.1%
All Prime Regional	10.3%	2.0%	4.0%	5.0%	3.5%	2.5%	18.2%
Suburbs	10.7%	1.5%	3.0%	4.0%	3.0%	2.0%	14.2%
Inner Commute	10.2%	2.0%	3.0%	4.0%	3.0%	2.0%	14.8%
Outer Commute	5.8%	2.0%	3.5%	4.0%	3.5%	2.0%	15.9%
Wider South	11.0%	2.0%	3.5%	4.5%	3.5%	2.0%	16.5%
Midlands and North	12.4%	2.5%	5.0%	5.0%	3.5%	2.5%	19.9%
Wales	5.9%	2.5%	4.5%	5.5%	4.0%	2.5%	20.5%
Scotland	16.1%	2.5%	4.5%	5.5%	4.0%	3.0%	21.0%

⁵ Savills, Residential property market forecasts 2025,
<https://www.savills.co.uk/insight-and-opinion/research-consultancy/residential-market-forecasts.aspx>

UK private rental prices

Zoopla rental report findings

According to Zoopla's June 2025 Rental Market Report⁶, the four-year surge in rents for new tenancies has come to an end, as demand begins to cool and affordability pressures mount. While demand for rental homes has fallen by 16% over the past year, it remains more than 60% above pre-pandemic levels.

Over the last 12 months, rents have increased by just 2.8%, the slowest annual growth rate in four years. Despite this moderation, the rental market is still expected to see rental inflation of 3 to 4% over the course of 2025.

Rents are likely to continue rising at an above-average pace in more affordable areas near major cities, where demand remains strong. In contrast, improved access to mortgage lending will enable some higher-income renters to transition into homeownership, particularly in urban centres. This shift is expected to ease demand in the upper end of the rental market, leading to slower rent growth in higher-priced segments.

The reality is that rental supply remains 20% below pre-pandemic levels. Although rent increases have slowed, competition for available homes remains intense, particularly for lower-income renters, many of whom have little prospect of entering the housing market.

The demand for privately rented homes will remain stable due to several factors:

1. The continued unaffordability of homeownership for first-time buyers
2. Migration for work and study opportunities
3. Slow growth in the size of social rented sector. While pandemic-related factors that fuelled the rental boom in 2022 are now over, tighter visa regulations are beginning to alleviate some of the pressure from increased migration.

RAW has continued to see demand for lending focused on London and Manchester, the latter providing considerably stronger rental yields. There is also demand for borrowing on property in other cities, principally Birmingham, Liverpool, Leeds and Bristol and occasionally other locations.

⁶ Zoopla, Rental Market Report, June 2025,
<https://www.zoopla.co.uk/discover/property-news/rental-market-report/>

Regulatory information and risk warnings

RAW Capital Partners Limited is licensed and regulated by the Guernsey Financial Services Commission - 2101792 - under the Protection of Investors Law and Lending, Credit & Finance Law. RAW Capital Partners Limited is an Alternative Investment Fund Manager, Financial Conduct Authority registration number (FRN) 814939.

The RAW Mortgage Fund is a cell of RAW Alpha PCC Limited. A protected cell company registered with limited liability in Guernsey on the 10th of December 2012 having the registration number 2103625. The Fund is authorised as an open-ended Class B Scheme by the Guernsey Financial Services Commission. The Fund is invested in mortgage loans, secured with a first legal charge (or equivalent) on residential property in the UK and Channel Islands, and a portfolio of more liquid assets restricted to cash or “near cash” investments and Money Market Funds. Notice is required for redemption, depending on share class and date of notice, from a minimum of one month. The Fund lends to a maximum average of 60% of property valuation and 70% of the property valuation on any one property.

Net annualised returns are quoted throughout for the GBP Institutional Accumulation Share Class (unless otherwise stated), which has six months minimum notice. The GBP Quarterly Accumulation Share Class has a 3 month notice period and the GBP Monthly Accumulation Share Class has a month notice period for redemptions.

Capital is at risk. Past performance is not necessarily a guide to future performance and may not be repeated. Target or expected returns are not fixed and cannot be guaranteed. The value of an investment may go down as well as up. Neither RAW Capital Partners, or the RAW Mortgage Fund are deposit taking institutions or offer a capital guarantee. Any investment in the RAW Mortgage Fund is not covered by the Guernsey Banking Deposit Compensation Scheme.

The information contained in this document does not constitute an offer to sell or a solicitation to buy an investment, nor should it be construed as investment advice. It is recommended that potential investors take appropriate tax and/or investment advice before making any investment.

Registered office address: Carinthia House, 9-12 The Grange, St Peter Port, Guernsey, GY1 2QJ.