



Thinktank

August 2020

Thinktank High Yield Trust

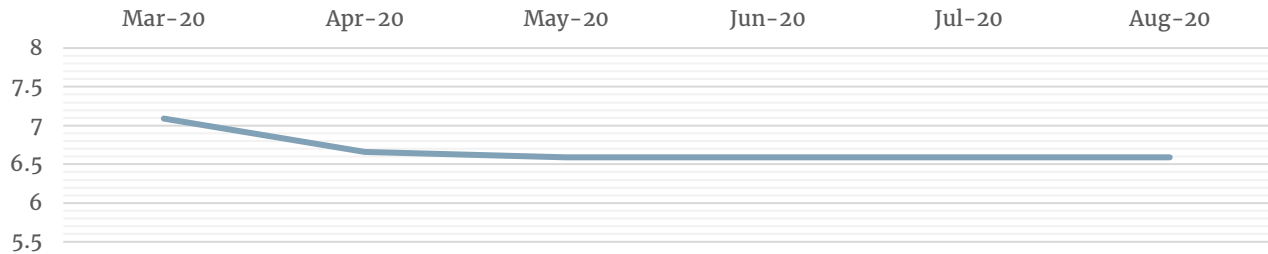
# Monthly Performance Report



# Thinktank High Yield Trust Monthly Performance Report

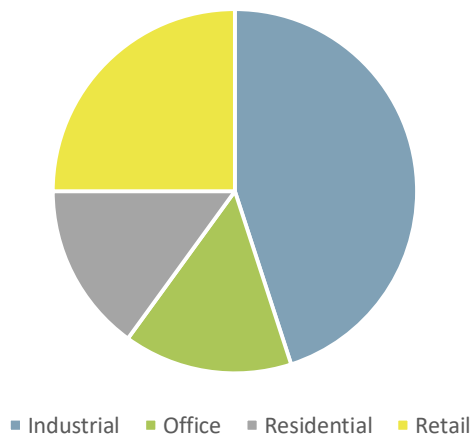
Return as at 31<sup>st</sup> August 2020

## Annualised Return %

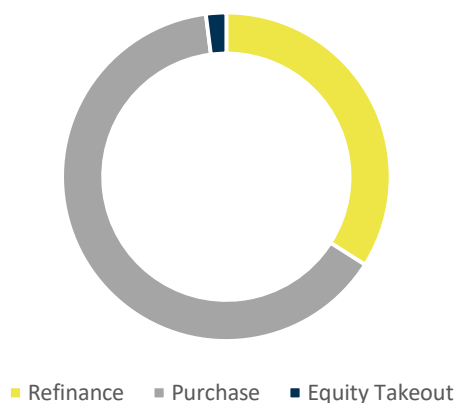


## Thinktank Loan Book Metrics

### Loan by Security Type\*



### Loan Purpose\*



## Investment Overview

### Performance and Activity

In August the High Yield Trust has remained stable. Since inception in August 2017 the High Yield Trust has experienced zero losses and as at 31<sup>st</sup> August 2020 the High Yield Trust has one loan in arrears.

### Investment strategy

Origination of loans secured by registered second mortgages (where Thinktank holds the first mortgage) held over Australian commercial & residential real estate to generate monthly income returns

### Distributions

Paid on the 10<sup>th</sup> of each month (or following business day) in arrears.

### Minimum investment

\$10,000

### Minimum term

12 months

### Average life of loan

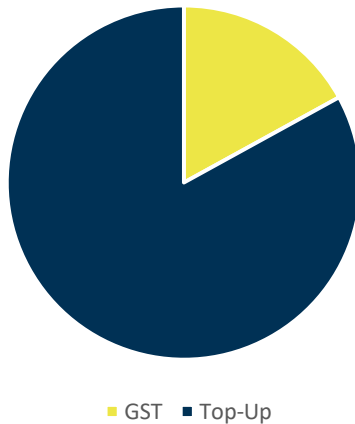
18 months as at 31-Aug-2020

\*Data as at 31<sup>st</sup> August 2020

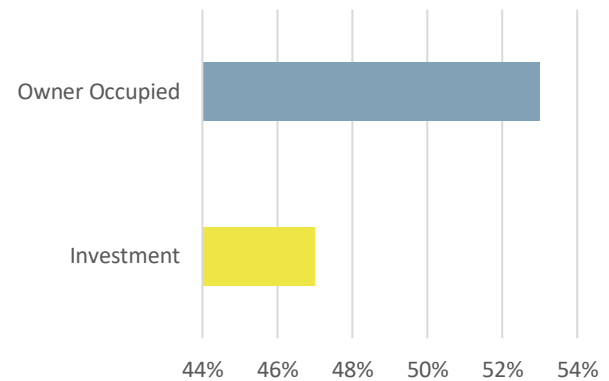


## Thinktank Loan Book Metrics

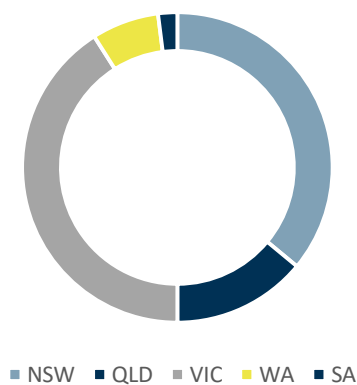
Loan by Verification Type\*



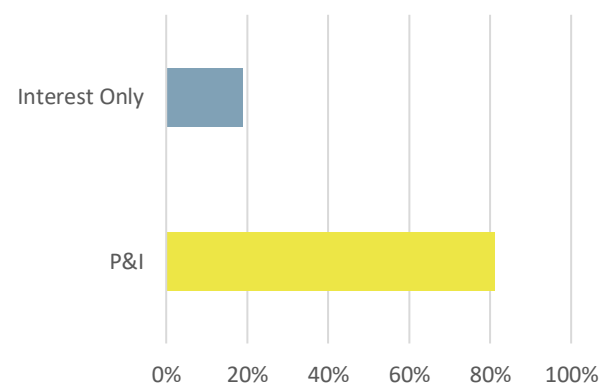
Loan by Occupancy\*



Loans by State\*



Repayment Type\*



## Market Ratings

	Sydney		Melbourne		Adelaide		Brisbane (SEQ)		Perth	
<b>Resi-Houses</b>	Fair	Softening	Fair	Softening	Fair	Softening	Fair	Softening	Fair	Softening
<b>Resi-Units</b>	Fair	Softening	Fair	Softening	Fair	Softening	Fair	Softening	Weak	Softening
<b>Office</b>	Fair	Stable	Fair	Stable	Fair	Stable	Fair	Stable	Fair	Stable
<b>Retail</b>	Weak	Deteriorating	Weak	Deteriorating	Weak	Deteriorating	Weak	Deteriorating	Weak	Deteriorating
<b>Industrial</b>	Good	Stable	Good	Stable	Weak	Stable	Fair	Stable	Weak	Stable





# Market Commentary

by **Per Amundsen, Head of Research**



The Westpac-MI Consumer Sentiment Index collapsed by 9.5% in August to 79.5 extending last month's fall as consumers reacted to the reimposition of restrictions. The AiG PMI Manufacturing Index fell by 4.2 points to 49.3 moving slightly into contraction below 50. The Services Index was also down 1.5 to 42.5 and the Construction Index was down 4.8 to 37.9 with falls in all sectors nationally but especially in Victoria while NSW was flat. AiG noted last month that the surveys in July had been completed ahead of the Victorian shutdown. At its September meeting, the RBA Board held the Cash Rate at its record low of 0.25% as expected and once again confirmed its ongoing Quantitative Easing (QE) in maintaining 3 year Treasury yields at that same level of 0.25%. It did however add a comment that it was prepared to consider other stimulatory measures. This was completely understandable when the next day second quarter GDP figures showed a 7.0% decline and with unemployment at 7.4% and forecast to rise to 10% this year. The surprisingly positive data released were the Retail Sales for July which rose by a very strong 3.2%. The US Fed has said the same but in a statement coming from the August Jackson Hole meetings has said it will be flexible even in the face of rising inflation. CoreLogic housing prices for August as expected showed a fall for national dwelling of 0.5%, In Sydney, houses were down 0.5% and in Melbourne off 1.4%. Units were also down in both capitals, by 0.3% and 0.8% respectively. There is more ongoing comment on unit rents with Sydney down 4.2% from March to August and Melbourne 4.4%. There have been no changes in our ratings and trends to those of last month. This month in our Monthly Market Focus we are featuring a special double edition of our News and Views to cover both the Property Council of Australia's Office Market Report (OMR) and MSCI's Australian Property Index.

# Market Commentary

by **Lauren Ryan, Investor Relations**



On Thursday 27<sup>th</sup> August I presented at my first virtual webinar for SMSF Trustee's run by the SMSF Association. It was great to see hundreds of trustee's tuning in to the event and it is very clear this style of presentation is here to stay. It is also very promising to see investors coming back into the market as businesses continue to open up around the country, except unfortunately Victoria. The hardships currently in Thinktank's portfolio decreased as at 4<sup>th</sup> September. We remain conservative and very conscious of the fact that the business environment can change rapidly. The MSCI released the MSCI All Property Index which shows total return dropping by 1.4%, a decline was expected. When looking at each sector in this report the Office, Industrial and Healthcare sector remains solid and whilst they have seen capital growth declines the income returns have hardly moved over the last 12 months. As at 31<sup>st</sup> August 2020 Thinktank's portfolio is comprised 36.5% Industrial property and 12% Office property i.e. 48.5% of the portfolio. There is still value in Retail property and Thinktank holds 16% of the portfolio in Retail, as always comprehensive due diligence is required when securing any property asset. In August the High Yield Trust returned 6.59%.

A downloadable copy of Thinktank's September Monthly Market Focus can be found at the link below:  
<https://www.thinktank.net.au/news/>

For more information about Thinktank's Investment Trusts, please contact Lauren Ryan on [lryan@thinktank.net.au](mailto:lryan@thinktank.net.au) or +61 401 974 839