



Thinktank

July 2019

Thinktank High Yield Trust

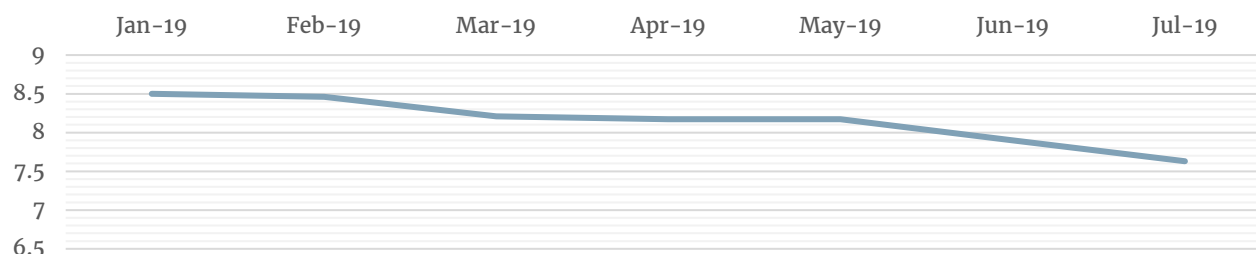
Monthly Performance Report



Thinktank High Yield Trust Monthly Performance Report

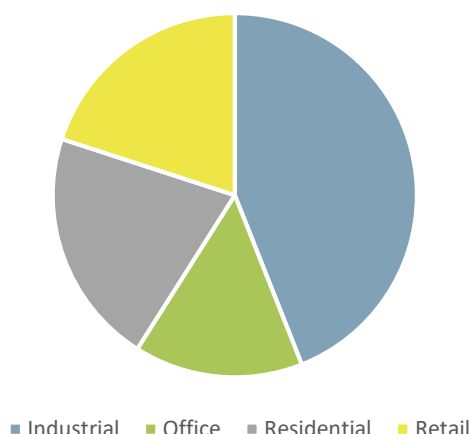
Return as at 31st July 2019

Annualised Return %

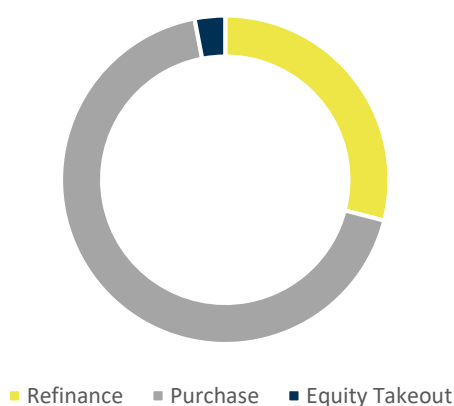


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In July the High Yield Trust increased its portfolio. Since inception in August 2017 the High Yield Trust has experienced zero losses and as at 31st July 2019 the High Yield Trust has 1 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 10th of each month (or following business day) in arrears.

Minimum investment

\$10,000

Minimum term

12 months

Average life of loan

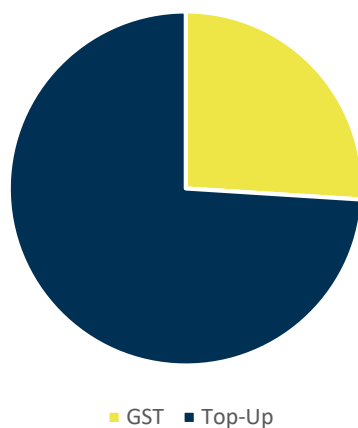
18 months as at 31-July-2019

*Data as at 31st July 2019

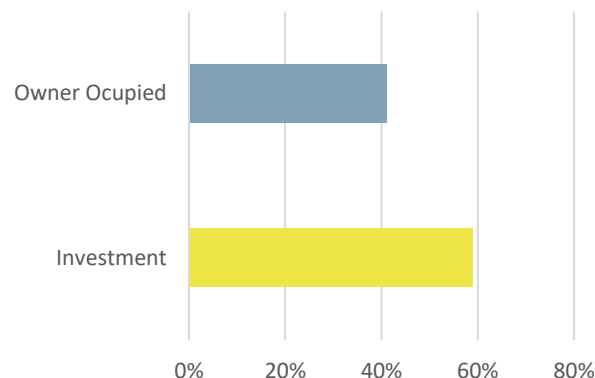


Thinktank Loan Book Metrics

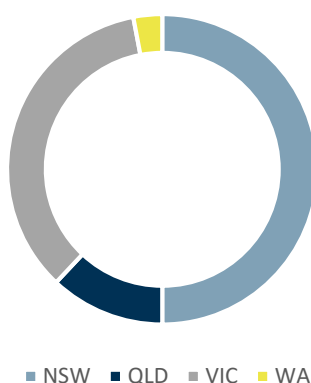
Loan by Verification Type*



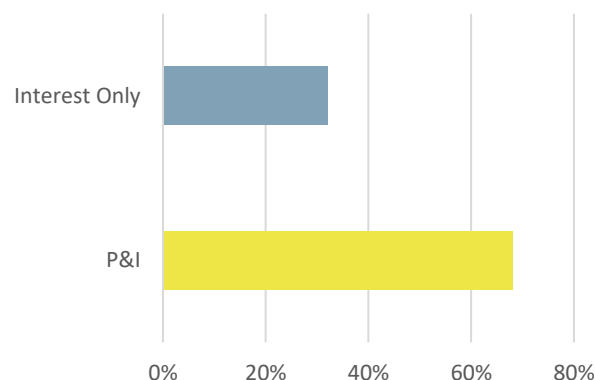
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

	Sydney		Melbourne		Adelaide		Brisbane (SEQ)		Perth	
Resi-Houses	Fair	Stable	Fair	Stable	Fair	Improving	Fair	Stable	Weak	Stable
Resi-Units	Fair	Stable	Fair	Stable	Fair	Improving	Fair	Stable	Weak	Deteriorating
Office	Strong	Improving	Strong	Improving	Fair	Improving	Fair	Improving	Weak	Stable
Retail	Fair	Stable	Fair	Stable	Weak	Stable	Fair	Stable	Fair	Stable
Industrial	Strong	Improving	Strong	Improving	Weak	Stable	Fair	Improving	Weak	Stable



Market Commentary

by Per Amundsen, Head of Research

At its August meeting, the RBA Board held the Cash Rate steady at a record low of 1% following two consecutive 25 basis points cuts in May and June and Governor Lowe re-affirmed the prospect of further easing. Inflation continues to remain well below 2% at 1.6% in Q2 and Retail Sales for June also remained low at 0.4% for the month and 2.5% year over year. The US Fed made its much anticipated cut to rates at their July meeting but Chairman Powell's remarks appeared to signal some doubt about more cuts by the end of the year. The AUD dropped sharply after the FOMC action to USD 0.68. Our News and Views section of our Monthly Market Focus covers the semi-annual PCA Office Market Report and the various capital cities continue to perform in line with our ratings and trends shown opposite. You can find this and our July Quarterly Update on our website. Melbourne and Sydney Residential are confirmed as Fair for Houses and Units and the trend has remained Stable however we remain concerned about the supply of newly completed construction. Retail trends are also of concern with respect to trading performance with Department Store sales down 0.6% for the month of June and 0.9% for the year.



Market Commentary

by Lauren Ryan, Investor Relations

by Lauren Ryan, Investor Relations

While the lending environment has improved post the Royal Commission many barriers remain for borrowers seeking to obtain credit through traditional lenders. This has seen an increase in finance brokers and borrowers turning to non-banks who provide equivalent loan products and consistently more timely credit decisions. Thinktank has been at the centre of this consumer shift originating over \$400 million in lending FY19. With the low interest rate environment seemingly here to stay and a still under developed Australian debt market, investors continue to be drawn to equities for income. For investors seeking capital stable investment choices capable of producing sustainable income returns, the volatility caused by trade war and Brexit uncertainty is cause for concern. Back on home soil, the RBA August Statement on Monetary Policy is generally positive but betrays concerns over the Australian economy, in particular wage growth and unemployment. Infrastructure investment however remains strong which we see in the growth of industrial property financing activity and low vacancy rates in both the Industrial and Office sectors. Thinktank's Income Trust returned 4.73% p.a. in the month of July as benchmark interest rates continued their decline.

A downloadable copy of Thinktank's August 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 or (02) 8669 5532.