



Thinktank..

High Yield Trust

Monthly
Performance
Report

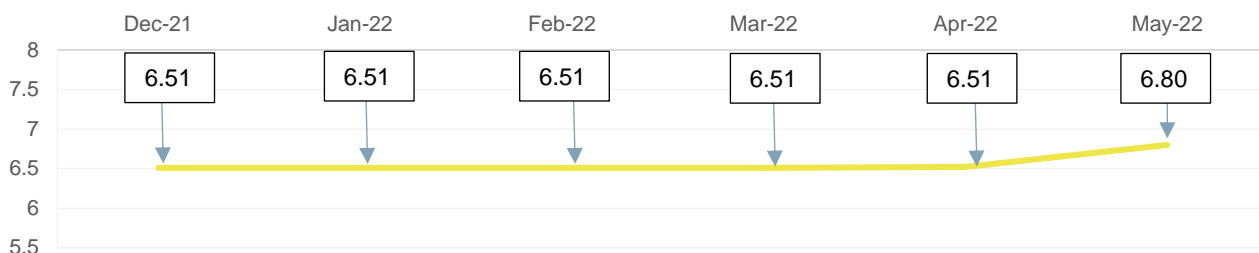
MAY 2022



High Yield Trust Monthly Performance Report

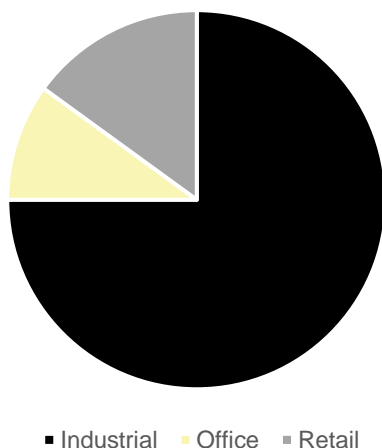
RETURN AS AT MAY 31, 2022

Annualised Return %



Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In May the High Yield Trust return to investors has remained stable. Since inception in August 2017 the High Yield Trust has experienced zero losses and as at 31st May 2022 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 10th of each month (or following business day) in arrears.

Minimum investment

\$10,000

Minimum term

12 months

Average loan-to-value ratio

78.86% as at 31-May-2022

Average life of loan

14 months as at 31-May-2022

*Data as at 31st May 2022

Disclaimer: This document is not intended to be read by anyone other than a Wholesale Client or Eligible Investor (as defined in Section 761G of the Corporations Act 2001) and should be read in conjunction with the Information Memorandum for Thinktank Group Pty Ltd dated 2nd May 2017. A copy of the Information Memorandum can be obtained by contacting Lauren Ryan on (02) 8669 5532 or at lryan@thinktank.net.au Thinktank Nominees Pty Ltd (AFSL No. 333 163).

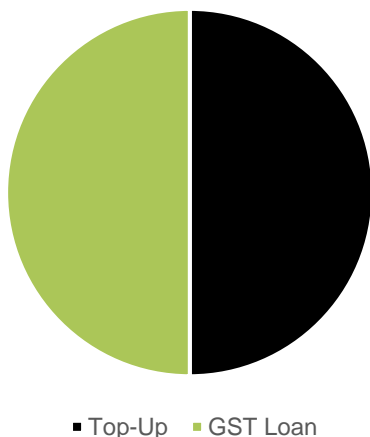
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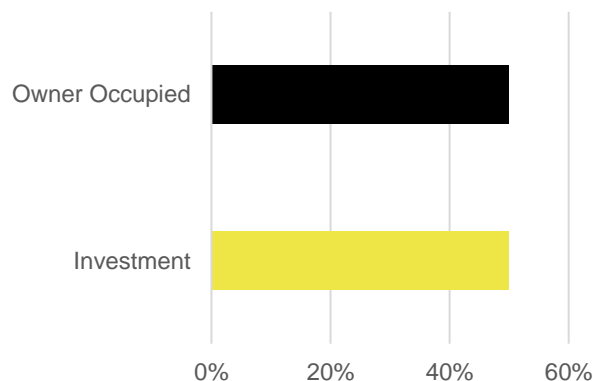


Thinktank Loan Book Metrics

Loan by Product Type*



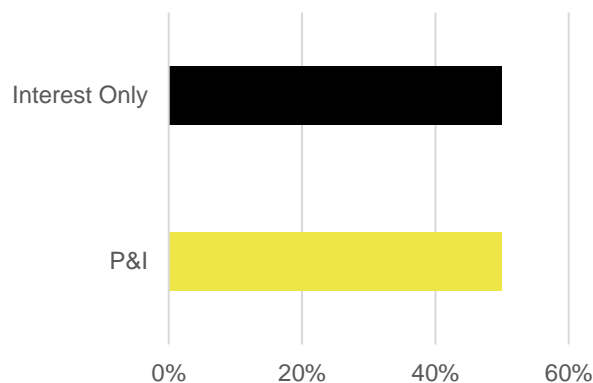
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

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

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RETURN AS AT MAY 31, 2022



MARKET COMMENTARY

by **Per Amundsen, Head of Research**

The Westpac-MI Consumer Sentiment Index fell sharply in May by 5.6% from 95.8 to 90.4 remaining well below the 100 level impacted by the interest rate increases. The Westpac Melbourne Institute Leading Index fell to 0.88% in April from 1.69% in March. May's result for the AiG Manufacturing Index was also negative breaking 3 months of gains falling by 6.1 points to 52.4 but staying in positive territory above 50. Both of the other AiG indices fell with the PCI construction index down in May by 5.5 points to 50.4, just in expansion but the PSI covering services and retail was down by a significant 8.6 points to 49.2, slipping into contraction below 50. At its closely watched June meeting the RBA Board raised the Cash Rate as expected and choosing to do so by 0.50% from 0.35% to 0.85%, in only its second increase since November 2010. Further increases are expected this year over the next few months. This was a surprisingly large increase and Governor Lowe's remarks after the Board meeting specifically mentioned high inflation particularly as a key factor.

CoreLogic dwelling prices for May began the long expected start of a decline. National Housing values posted a 0.1% fall for the month, its first since September 2020 but was still up 1.1% for the quarter despite falls in Sydney and Melbourne. Our ratings have been updated and we will be keeping a close watch on trends as interest rate increases continue to hit the market. We have reflected the initial decline of Residential in some capitals and have slightly modified our ratings and trends for some but with many remaining stable for the near term. Sydney and Melbourne houses have both been re-rated as Fair and Declining.



MARKET COMMENTARY

by **Lauren Ryan, Investor Relations**

May was prepped to be a big month with a federal election and key economic data to be released which confirmed what many consumers were already seeing at the grocery store and petrol pump. For the first time in almost a decade Australia saw a change in government and a sea of teal entered the parliamentary ranks. Regardless of your personal view on the result we should take a moment and be grateful that every eligible Australian had the chance to cast their vote in a safe, democratic environment. Arguably the bigger news of May was the RBA Governor Lowe increasing the official cash rate by 0.25% on Tuesday 3rd May, with likely more rate rises to come throughout the year. As the official cash rate rises BBSW30 will also rise and investors will see the benefits of higher returns in their monthly income distribution. The impact of these rate rises will take time to flow through to the economy with many commentators predicting property prices in Sydney and Melbourne in particular declining. At Thinktank, we see residential rents rising and housing supply shortages all around the country helping to underpin prices, though as always time will tell. May was the second largest month of originations at Thinktank settling \$236 million while during May Thinktank also surpassed \$4 billion of loans under management which is an amazing effort by the team. As at 31st May Thinktank's portfolio arrears stood at 0.8% and the High Yield Trust returned 6.80%.

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

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

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