



# Thinktank..

High Yield Trust

## Monthly Performance Report

MARCH 2023



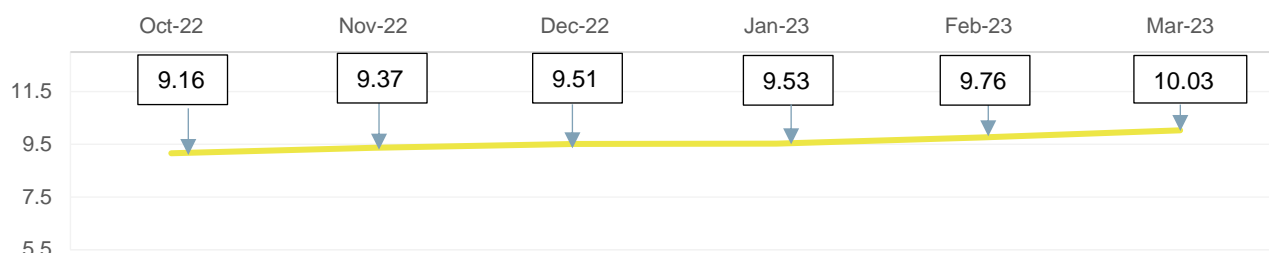


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RETURN AS AT MARCH 31, 2023

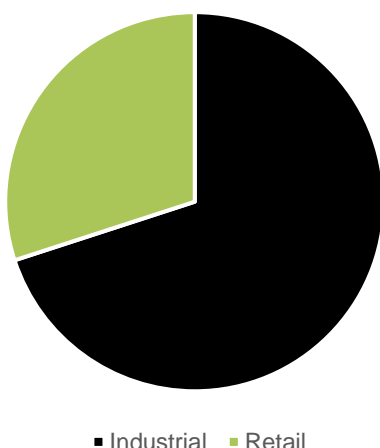
# Thinktank..

## Annualised Return %

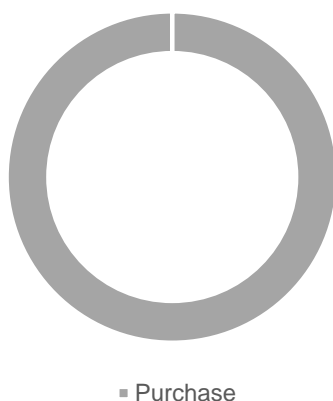


## Thinktank Loan Book Metrics

### Loan by Security Type\*



### Loan Purpose\*



## Investment Overview

### Performance and Activity

In March the High Yield Trust return to investors increased for another month. Since inception in August 2017 the High Yield Trust has experienced zero losses and as at 31<sup>st</sup> March 2023 the High Yield Trust has zero loans 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 loan-to-value ratio

85.33% as at 31-March-2023

### Average life of loan

11 months as at 31-March-2023

*\*Data as at 31<sup>st</sup> March 2023*

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](mailto:lryan@thinktank.net.au) Thinktank Nominees Pty Ltd (AFSL No. 333 163).

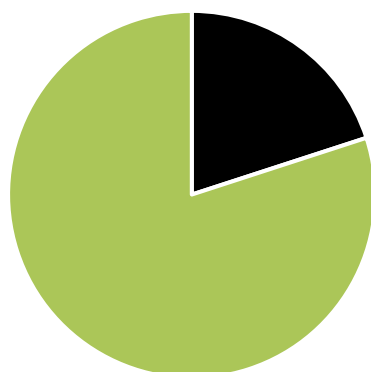
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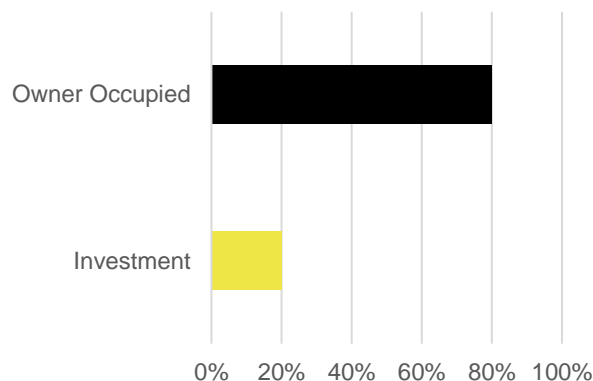
## Thinktank Loan Book Metrics

Loan by Product Type\*



■ Top-Up ■ GST Loan

Loan by Occupancy\*

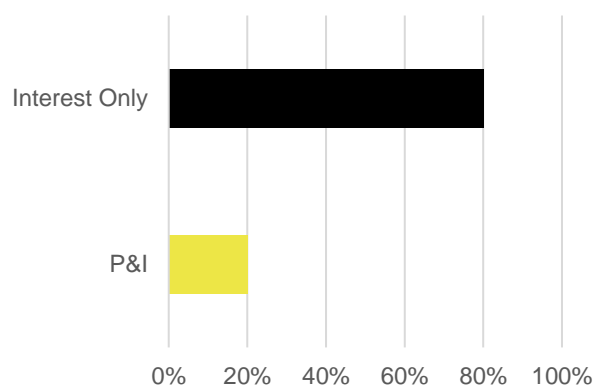


Loans by State\*



■ NSW ■ QLD ■ VIC

Repayment Type\*



## Market Ratings

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

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## MARKET COMMENTARY

by Per Amundsen, Head of Research

The Westpac-MI Consumer Sentiment Index fell in February by 6.9% to 78.5 reversing its unexpected January gain and falling to near historic lows well below the 100 (neutral) level of confidence, described as “deep pessimism” impacted by inflation and interest rate increases. The Westpac Leading Index for February saw the index move just slightly lower to -1.08 from -0.96 pointing to below trend growth for most of 2023. At its March meeting the RBA Board raised the Cash Rate 0.25% as widely expected. This increases the rate from 3.35% to 3.60% taking the rate from its low of 0.10% less than a year ago. While further increases were expected as we entered 2023, the slowing of the pace of increase over the past few months is viewed positively but there is still plenty of debate about the terminal rate we will see and if rates will flatten by mid-2023. Retail sales for January were up 1.9% for the month and 7.5% yoy. CPI for the 4th quarter was up 1.9% and 7.8% for the year which is still hoped to be the high point in this cycle. The unemployment rate of 3.7% in January was up slightly but little changed in months. CoreLogic dwelling prices for February continued their decline but only just and several markets have flattened out or risen slightly. National Housing values posted a 0.1% fall for the month compared to -1.0% in January. The improvement was based on Sydney’s 0.3% increase for the month. This has been seen as “a false dawn” by some but we find it very welcome and a true reflection of the Sydney market with some segments performing very well. For the quarter nationally Housing was down by just 2.3% from 3.5% last month. We have reflected the slower decline of Residential in almost all areas and have adjusted our ratings and trends for Sydney but maintained them across other Capitals. Melbourne houses and units remain Weak and Declining as does Brisbane. Retail continues to be showing some recovery as sales continue to improve as noted above. Office continues its slow recovery from the pandemic lockdowns but is just Fair with some changes reflected in the PCA report featured last month. Industrial remains very strong and we are maintaining our Ratings and Trends which are either Strong or Good with an Improving or Stable Trend in each of the capitals.



## Investment Commentary

by Lauren Ryan, Investor Relations

Not long after the RBA increased the Official Cash Rate to 3.6% on 7<sup>th</sup> March, capital markets and global banking world felt the effects of the collapse of Silicon Valley Bank, and to a lesser degree Signature Bank in the United States and Credit Suisse being bailed out by the Swiss National Bank and subsequently acquired by UBS. This sparked much discussion domestically around the liquidity, security and balance sheet stability of Australian banks and financial sector more broadly. I would like to take this opportunity to advise investors that Thinktank has not been affected by the events in the US & Europe and has strong, committed funding lines supporting uninterrupted loan origination. Christopher Kent, the RBA Assistance Governor – Financial Markets, at the KangaNews Debt Capital Markets Summit on 13<sup>th</sup> March confirmed the strength of the Australian banking sector to the comfort of many investors and market participants. On Tuesday 4<sup>th</sup> April the RBA held interest rates steady at 3.6% which was a relief to borrowers, however many believe that further rises will still occur in 2023. Thinktank saw another month of increased loan settlements in March of \$228 million. As at 31<sup>st</sup> March, Thinktank’s portfolio arrears were 1.3% while the High Yield Trust returned 10.03%.

A downloadable copy of Thinktank’s Monthly Market Focus can be found [here](#).

For more information about Thinktank’s Investment Trusts, please contact Lauren Ryan on [lryan@thinktank.net.au](mailto:lryan@thinktank.net.au) or 0401 974 839.

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