



Thinktank..

High Yield Trust

Monthly  
Performance  
Report

APRIL 2023



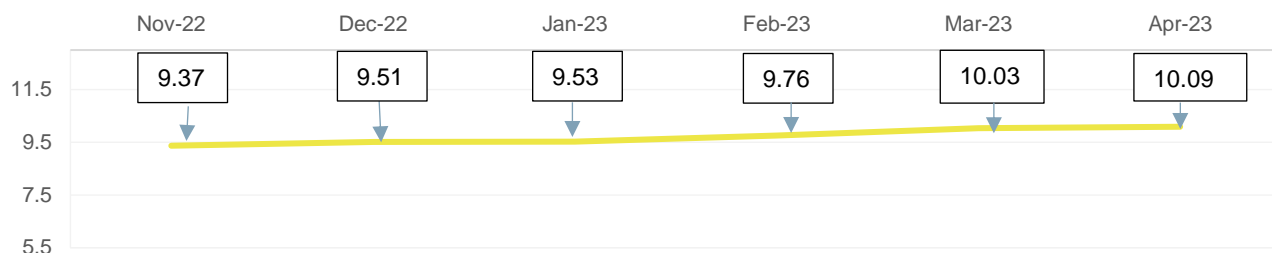


# High Yield Trust Monthly Performance Report



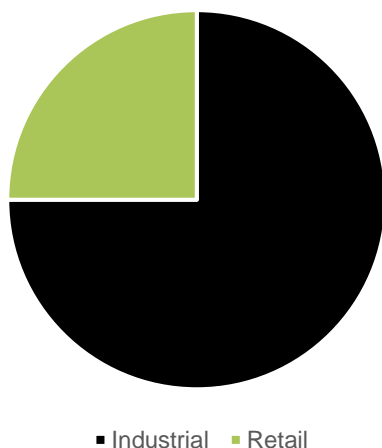
RETURN AS AT APRIL 30, 2023

## Annualised Return %

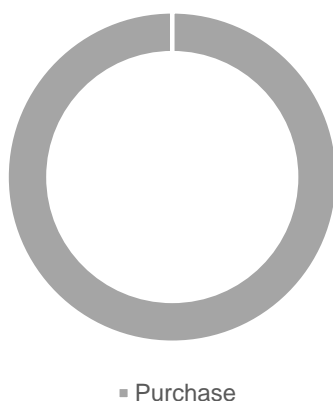


## Thinktank Loan Book Metrics

### Loan by Security Type\*



### Loan Purpose\*



## Investment Overview

### Performance and Activity

In April 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 30<sup>th</sup> April 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 30-April-2023

### Average life of loan

11 months as at 30-April-2023

*\*Data as at 30<sup>th</sup> April 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 Thinktank Nominees Pty Ltd (AFSL No. 333 163).

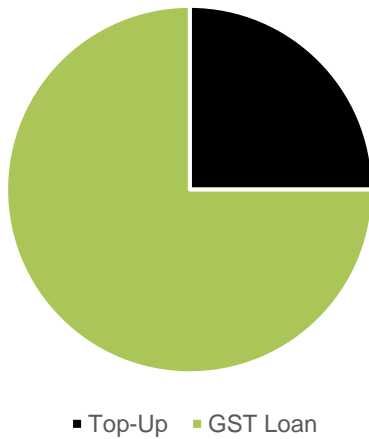
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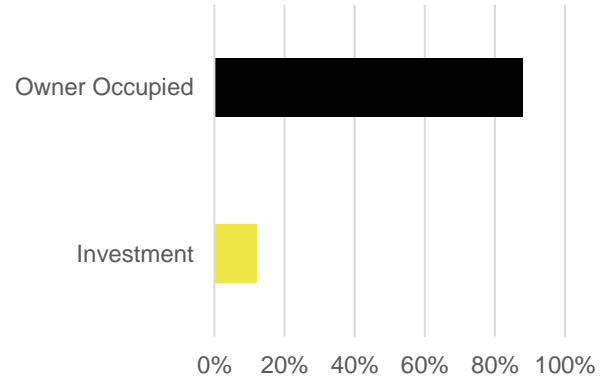


## Thinktank Loan Book Metrics

Loan by Product Type\*



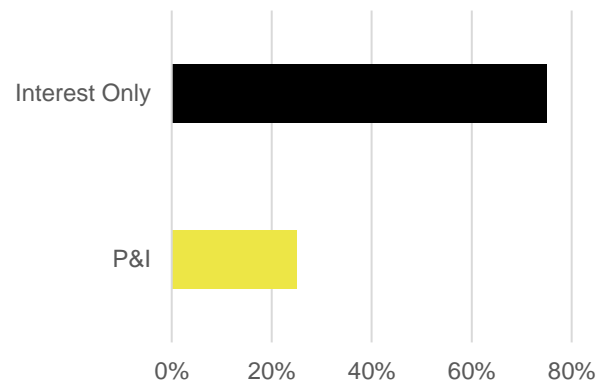
Loan by Occupancy\*



Loans by State\*



Repayment Type\*



## Market Ratings

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

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RETURN AS AT APRIL 30, 2023



## Market Commentary

by Per Amundsen, Head of Research

The Westpac-MI Consumer Sentiment Index was up 9.4% in April at 85.8 after reversing its unexpected January gain in February. This however was after the April RBA “pause” in interest rate increases and before this month’s increase. At its May meeting, the RBA Board surprised most commentators and raised the Cash Rate by 0.25% to 3.85% after having paused at its April meeting. While the pause had not been forecast by all it was seen as a welcome relief and a signal adopted by many even though further increases had been suggested by quite a few market economists. The May Statement on Monetary Policy (SoMP) released by the RBA later that same week had amended forecasts; importantly CPI for the 1st half of 2023 was reduced by ¼% to 6.25% and to 4.5% for the year. The unemployment rate of 3.5% in March was steady and forecast to be little changed during 2023 rising slightly by the end of the year to 4%. The AUD is up a bit to now sit above USD 0.67. CoreLogic dwelling prices for April continued their modest recovery but across a broader spread of Capitals. National Housing values posted a 0.5% gain for the month following a 0.6% rise in March. They are now up 1.0% for the past quarter. We see this as a continuation of last month’s initial recovery and don’t believe it will be overly impacted by this month’s RBA decision on interest rates. We continue to reflect the improvement of Residential in almost all areas and have maintained our Ratings and Trends across all Capitals with none showing a negative CoreLogic Housing result for the month. Retail continues to be showing some recovery especially secondary. 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. Office continues its slow recovery from the pandemic lockdowns but is just Fair with changes reflected in the comments in our recent Quarterly Market Update noting weakness in Secondary CBD properties and the very different levels of vacancies and rentals depending upon which Capital you are in.



## Investment Commentary

by Lauren Ryan, Investor Relations

April saw the first pause of the Official Cash Rate by the RBA since May 2022. This pause didn’t last long with the RBA raising the Official Cash Rate by another 0.25% to 3.85% on 2<sup>nd</sup> May as they continue to battle higher than target inflation. Many believe the RBA is at, or very close to, the top of the interest rate cycle and rates will remain around this level for months to come. Despite higher interest rates, property buyers were out in force in Sydney and Melbourne last weekend with auction clearance rates above 75%. While the cost of holding property has risen significantly over the past 12 months, limited supply of rental properties and properties on the market have counteracted the more pessimistic commentators who predicted 20%+ price declines and investors offloading their investment properties *en masse*. The market, and the RBA, will have a much better idea of how the increase in interest rates has impacted consumer spending and the broader economy once the low fixed rate mortgages roll onto much higher variable rates throughout this year and next. Thinktank saw a slowdown of new loan originations in April, which is often a disrupted month, to \$151 million. As at 30<sup>th</sup> April, Thinktank’s portfolio arrears were 2.2% while the High Yield Trust returned 10.09%.

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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