



Thinktank.

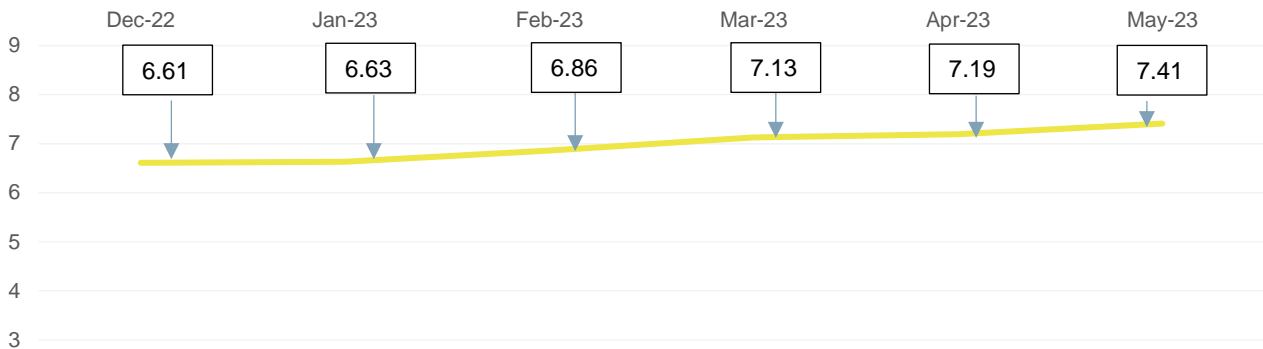
Income Trust
Monthly
Performance
Report

MAY 2023

Income Trust Monthly Performance Report

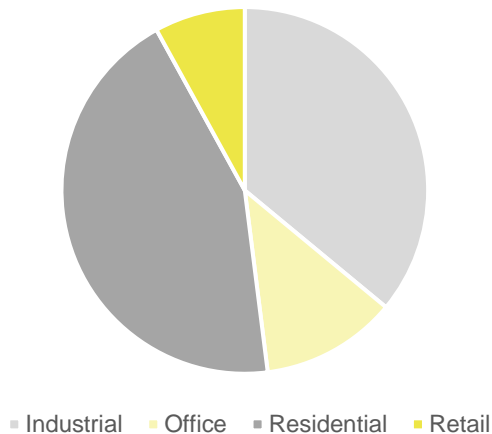
RETURN AS AT MAY 31, 2023

Annualised Return %

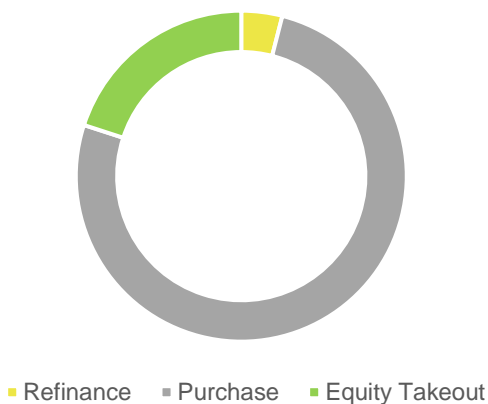


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In May the Income Trust returns to investors increased for another month. Since inception in August 2017 the Income Trust has experienced zero losses and as at 31st May 2023 the Income Trust has zero loans in arrears.

Investment strategy

Originate loans secured by registered first mortgages held over Australian commercial & residential real estate to generate monthly income returns.

Distributions

Paid on the 10th of each month or the following business day in arrears.

Minimum investment

\$10,000

Minimum term

12 months

Average loan-to-value ratio

66.13% as at 31-May-2023

*Data as at 31st May 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).

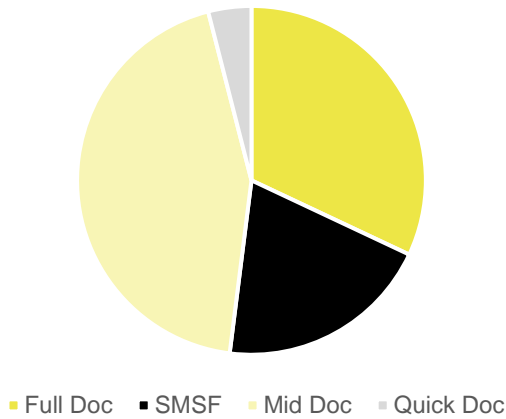
Income Trust Monthly Performance Report

RETURN AS AT MAY 31, 2023

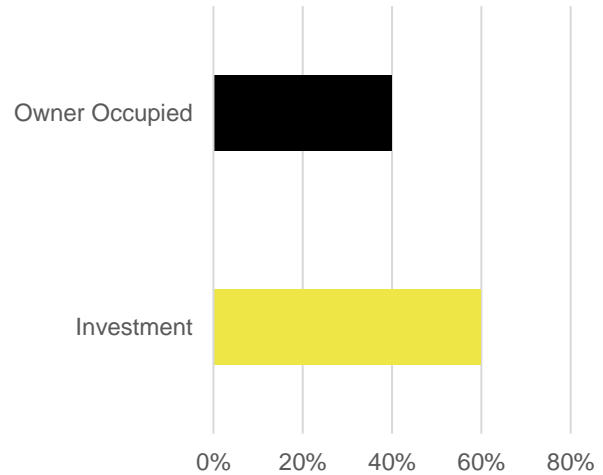


Thinktank Loan Book Metrics

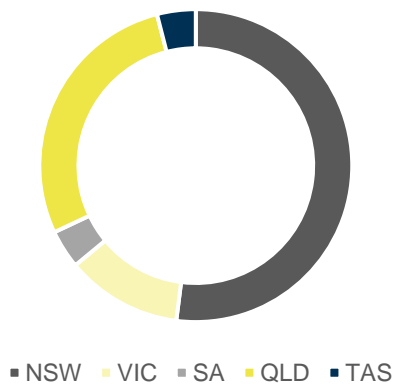
Loan by Product Type*



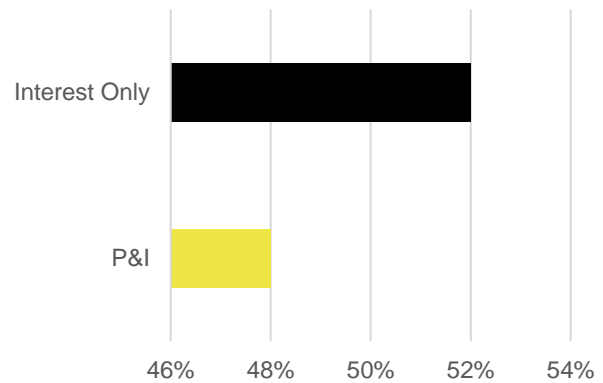
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

	Sydney		Melbourne		Adelaide		Brisbane (SEQ)		Perth	
Resi-Houses	Fair	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	Strong	Improving	Good	Stable

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Market Commentary

by Per Amundsen, Head of Research

The Westpac-MI Consumer Sentiment Index was down 7.9% in May at 79.0 reversing last month's gain as consumers react to the RBA's interest rate decisions. The Westpac Leading Index was also down to -0.78 in April from -0.69 in March which was its ninth consecutive negative print. At its June meeting, the RBA Board surprised some commentators and raised the Cash Rate by another 0.25% to 4.10% after having raised by the same amount in May following the pause at its April meeting. While the April pause had not been forecast by all commentators 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 and the Governor himself. While further increases are now expected by many; basically there is a great deal of uncertainty over what the terminal OCR may be. The following day, the ABS released the 1st quarter GDP result of a disappointing 0.2% for the 3 months to March and 2.3% year over year. The unemployment rate of 3.7% in April was up slightly from 3.5% and forecast to be little changed during 2023 rising slightly by the end of the year to 4%. The Bank of Canada also raised rates by the same 25 basis points after having paused for some time and the US FOMC will likely do the same. CoreLogic dwelling prices for May continued their recovery across the broad spread of Capitals. National Housing values posted a 1.2% gain for the month following a 0.5% rise in April. They are now up 2.3% for the past quarter. Rental growth slowed slightly to 0.8% for May but still at a high 3.9% National gross rental yield. 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. We will wait with cautious optimism for further steady results.



Investment Commentary

by Lauren Ryan, Investor Relations

Will we or won't we have further rate rises to come and/or a recession? A question as old as economics itself... and no doubt the biggest talking point amongst businesses, investors and households for the past 13 months, and perhaps never more the case than now. The challenge for the RBA however is complex with some businesses, consumers and investors thriving, while many struggle. So how does the RBA, and government, slow down those that are doing well regardless of tighter monetary policy without inflicting excessive hardship on those that are suffering? It must be challenging for those experiencing mortgage stress to walk past busy restaurants month after month with seemingly little change in the situation of others. One issue, of course, is that Official Cash Rate rises don't impact all consumers equally and there are plenty of consumers who still have cash to spend on holidays, dining and other discretionary items following the Covid restrictions of 2020 & 2021. On the property front, and its corresponding wealth effect, there are many factors presently indicating house prices may have reached the bottom or have found a floor, including the significant increase in rents being reported, low supply of property and high immigration. At S&P's "A Resilient APAC" presentation in May, their Chief Economist forecast the Australian economy would slow, yet avoid recession in 2023 and inflation to return to the 2-3% target range in 2024. This view appears consistent amongst many other economists and market commentators, provided the economy can sustain another rate rise, or two. Thinktank saw a rebound in May with new loan originations increasing to \$266 million. As at 31st May, Thinktank's portfolio arrears were 1.5% while the Income Trust returned 7.41%.

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 or 0401 974 839.

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