



Thinktank..

High Yield Trust

Monthly
Performance
Report

JUNE 2023

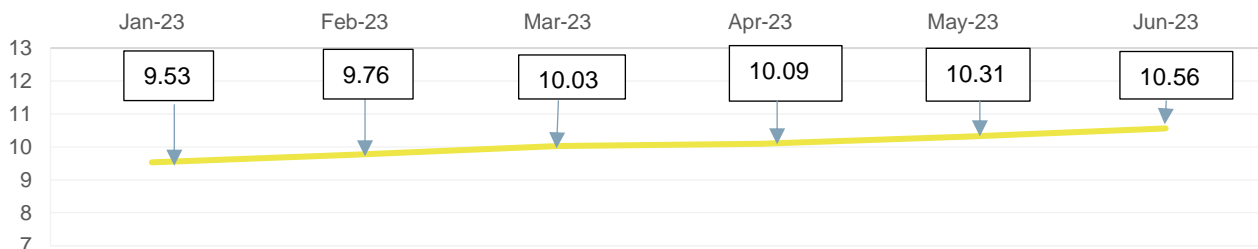


High Yield Trust Monthly Performance Report



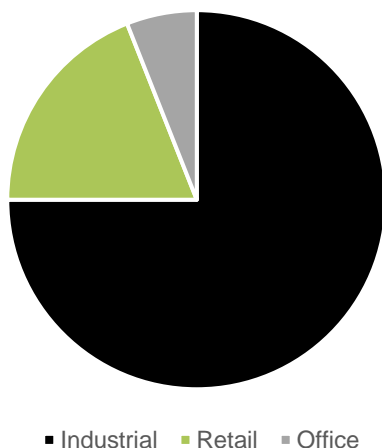
RETURN AS AT JUNE 30, 2023

Annualised Return %

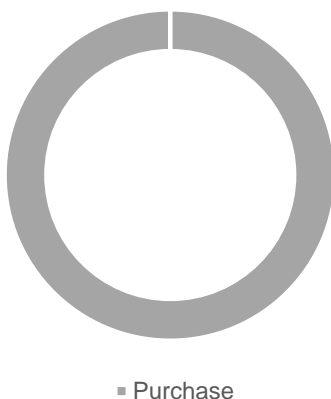


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In June 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 30th June 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 10th of each month (or following business day) in arrears.

Minimum investment

\$10,000

Minimum term

12 months

Average loan-to-value ratio

79.21% as at 30-June-2023

Average life of loan

11 months as at 30-June-2023

**Data as at 30th June 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).

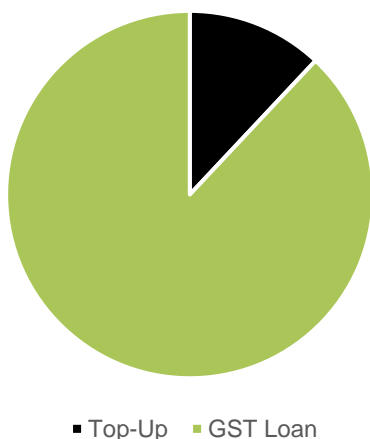
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RETURN AS AT JUNE 30, 2023

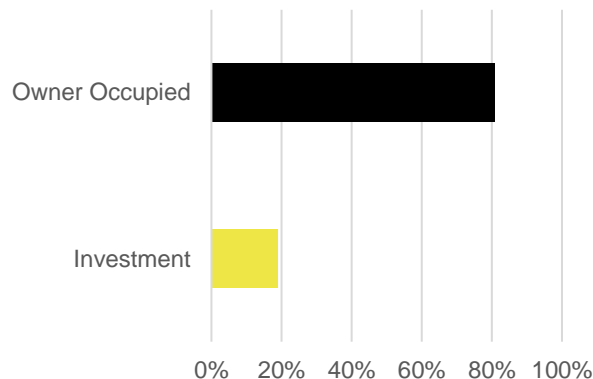


Thinktank Loan Book Metrics

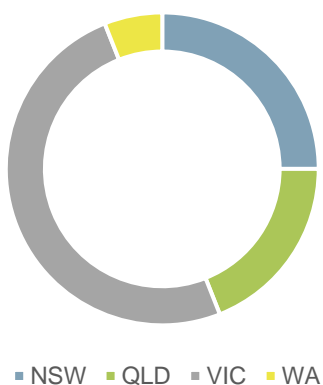
Loan by Product Type*



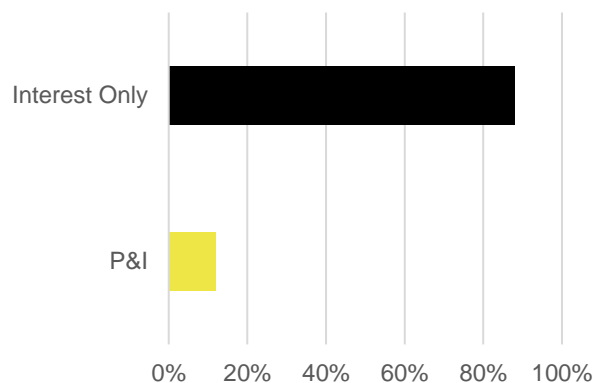
Loan by Occupancy*



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	Good	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	Good	Stable	Strong	Improving	Good	Stable

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RETURN AS AT JUNE 30, 2023



Market Commentary

by Per Amundsen, Head of Research

The Westpac-MI Consumer Sentiment Index was up slightly by 0.2 points to 79.2 but remains near recession level lows recorded for the last year. The ACCI-Westpac Survey of Industrial Trends fell in June to 50.7 stepping down from a robust 53.9 in the March quarter and close to the break-even point of 50. The AiG Australian Industry Index now well into its new format launched back in February fell

slightly in June by 1.1 points to -11.9 after having gained 9.3 points in May and remains in contraction where it has been for the past fourteen months. At its July meeting, the RBA Board again surprised some commentators this time by pausing on raising the Cash Rate and keeping it at 4.10%. This came after having raised by 0.25% in May and June following the pause at its April meeting. This pause had not been forecast by all commentators but was seen as a welcome relief even though further increases have been forecast by many market economists and the Governor himself. With at least one further increase expected the terminal OCR would be 4.35%. The 1st quarter GDP result of a disappointing 0.2% for the 3 months to March and 2.3% year over year has raised the spectre of recession. The unemployment rate of 3.6% in May was down slightly from 3.7% and forecast to be little changed during 2023 but monthly CPI was down to 5.6%. CoreLogic dwelling prices for June continued their recovery across the broad spread of Capitals. National Housing values posted a 1.1% gain for the month following a 1.2% rise in May. They are now up 2.8% for the past quarter. The improvement was based on gains in Sydney and Brisbane of 1.7% and 1.3% respectively for the month with Adelaide and Perth both up 0.9% and Melbourne 0.7%. 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 maintain our cautious optimism.



Investment Commentary

by Lauren Ryan, Investor Relations

June 30th marks the conclusion of yet another financial year and a time when many reflect on the year that was and look ahead to establish goals for the 12 months ahead. Looking back at FY23, Thinktank originated \$2.66 billion in new lending, reflecting an increase from \$2.59 billion in FY22. The year presented numerous challenges, as we witnessed unprecedented interest rate hikes, heightened

geopolitical risks, persistently high inflation, concerns regarding recession in advanced economies, as well as notable banking failures in the United States and Europe. Pleasingly, Thinktank's borrowers have been effectively navigating the difficulties arising from escalating debt costs and a rapidly evolving economic climate. Notably, loan portfolio arrears remained low and manageable, which can be attributed to the creditworthiness of Australian borrowers and the robust internal credit underwriting and collections capabilities applied by Thinktank. The final RBA meeting of the year resulted in a temporary halt to rate increases, thereby maintaining the Official Cash Rate at 4.1%. It is widely speculated in the market that the RBA will implement 1-2 additional near term rate hikes! Shortly after the RBA's latest decision, tickets for Taylor Swift's Australian tour went on sale and sold out within a day. While it is important to note that a single isolated spending event does not necessarily influence future official rate adjustments, it provided an intriguing glimpse into current consumer spending behaviour. At Thinktank, we're proud of the achievements of the business in FY23 and acknowledge the important role our valued investors continue to play. Thank you for your ongoing support. We concluded the year on a positive note, with new loan originations in June amounting to \$229 million. As at June 30th, our portfolio arrears stood at 2.0% and the High Yield Trust yielded a return of 10.56%.

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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