



Thinktank..

High Yield Trust

Monthly
Performance
Report

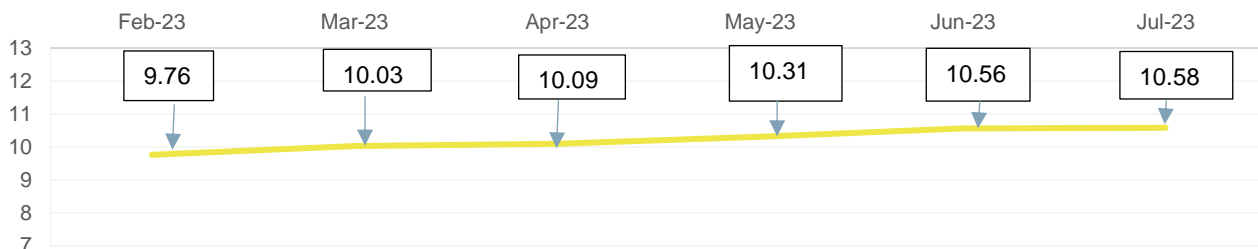
JULY 2023



High Yield Trust Monthly Performance Report

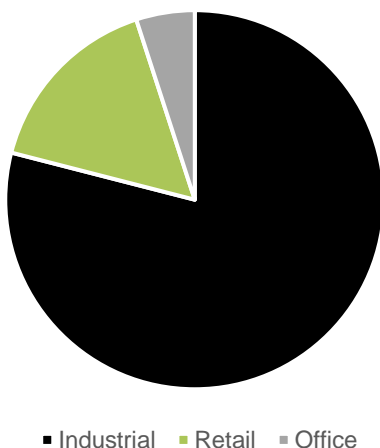
RETURN AS AT JULY 31, 2023

Annualised Return %

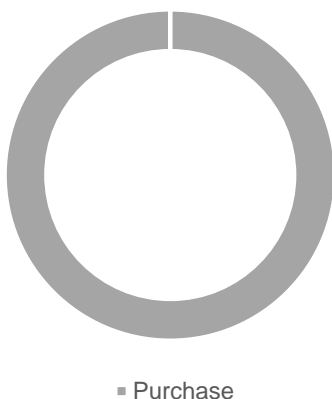


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In July the High Yield Trust delivered increased returns to investors for another month. Since inception in August 2017 the High Yield Trust has maintained zero losses and as at 31st July 2023, there are zero loans within the High Yield Trust currently in arrears.

Investment strategy

Generate monthly income returns by originating loans secured by registered first and second mortgages held on Australian commercial and residential real estate.

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

81.42% as at 31-Jul-2023

Average life of loan

11 months as at 31-Jul-2023

**Data as at 31st Jul 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).

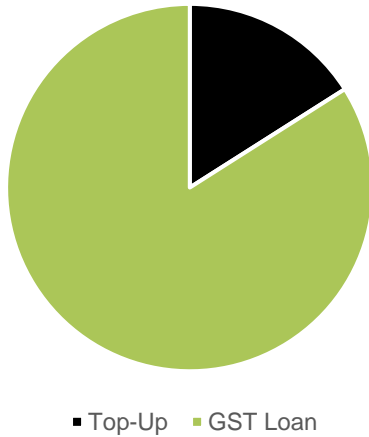
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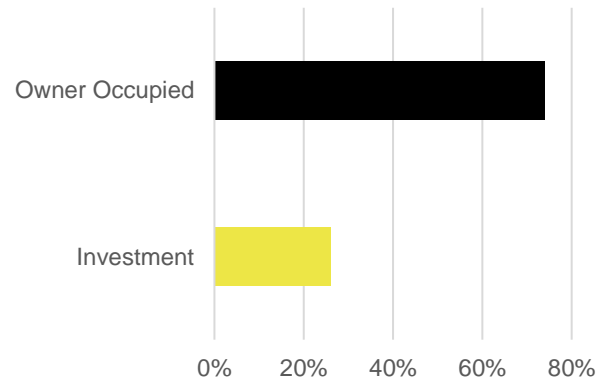


Thinktank Loan Book Metrics

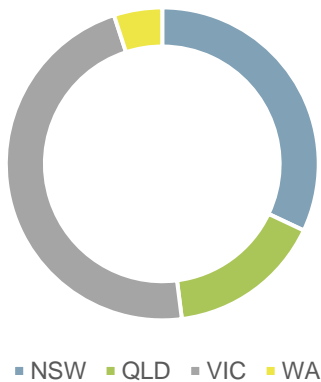
Loan by Product Type*



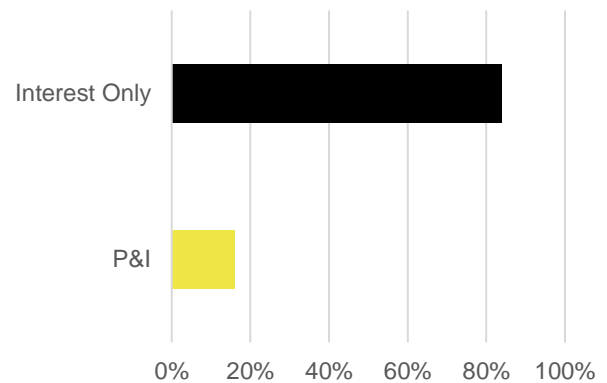
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

| | Sydney | | Melbourne | | Adelaide | | Brisbane (SEQ) | | Perth | |
|--------------------|--------|--------|-----------|--------|----------|--------|----------------|-----------|-------|--------|
| 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 JULY 31, 2023



Market Commentary

by Per Amundsen, Head of Research

The Westpac-MI Consumer Sentiment Index was up by 2.7% to 81.3 points in July but remains deeply pessimistic and near recession level lows recorded for the last year. The AiG Australian Industry Index now well into its new format launched back in February fell again in July by 1.1 points to -11.9 after having gained 9.3 points in June and remains in contraction where it has been for the past fourteen

months. At its August meeting, the RBA Board again surprised some commentators this time by pausing on raising the Cash Rate and keeping it at 4.10%. This pause had not been forecast by all commentators and further increases are considered possible by some including the outgoing Governor himself dependent upon future data releases. The September RBA Board meeting will be his last before Michele Bullock succeeds him as RBA Governor. The unemployment rate of 3.5% in June was unchanged and remains very low and forecast to be little changed during 2023; Retail Trade fell in the June quarter 0.5% and down 1.4% for the year. The Bank of Canada raised rates by 25 basis points to 5.00% in July and the US FOMC did the same at its meeting on 25-26 July. 10 year US Treasury Yields are trading at 4.12% and AUS 10 year Gov't bonds were at 4.07% with the US yield still inverted from the 2 year at 4.88% by 76 bps with AUD 3 year Gov't bonds at 3.07%. Markets were volatile after the Fitch Rating downgrade of the USA and the AUD is down to below USD 0.66. CoreLogic dwelling prices for July continued their recovery across the broad spread of Capitals but at a slower rate. National Housing values posted a 0.7% gain for the month following a 1.1% rise in June. They are now up 2.9% for the past quarter. 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. There are a few changes in various sectors reflecting our Quarterly Market Update completed late last month and available on our website.



Investment Commentary

by Lauren Ryan, Investor Relations

In July, the RBA kicked off the new financial year by maintaining the Official Cash Rate at 4.1%, to the delight of borrowers. The consecutive pauses in August suggest the Australian economy is nearing, if not has already reached, the top of this particular interest rate cycle and yet it is expected that inflation will not return to the target range of 2-3% until the end of 2025. The RBA's official rate

doesn't necessarily impact all consumers adversely however, and while the labour market remains strong the decline in retail sales and slowing goods inflation have clearly been positive factors in the central bank's latest decision. Not all consumers and businesses are experiencing the same financial pressure with many Australians recently swooshing down the ski fields of NSW, VIC, and NZ or vacationing in Europe. Additionally, the FIFA Women's World Cup in Australia and New Zealand has broken records for ticket sales and viewership with 1.7 million tickets sold so far. As consumers appear to be shifting their spending in response to changing economic conditions, time will tell whether these altered spending habits in part result in higher savings rates or reserves built up through Covid will be whittled away. Over the past 14 months, consumers, borrowers, and businesses have shown tremendous resilience, with economists predicting elevated rates to remain for the next 12+ months, which will continue to test this resilience. At the end of July Thinktank sponsored the SMSF Association Tech Summit on the Gold Coast. It was fantastic to see so many professional friends and colleagues discussing all things SMSF. In the first month of the new financial year originations were down slightly with new loan originations in July amounting to \$185 million. As at 31st July, our portfolio arrears stood at 1.6% and the High Yield Trust was yielding a return of 10.58%.

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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