



Thinktank..

High Yield Trust

Monthly
Performance
Report

SEPTEMBER 2023

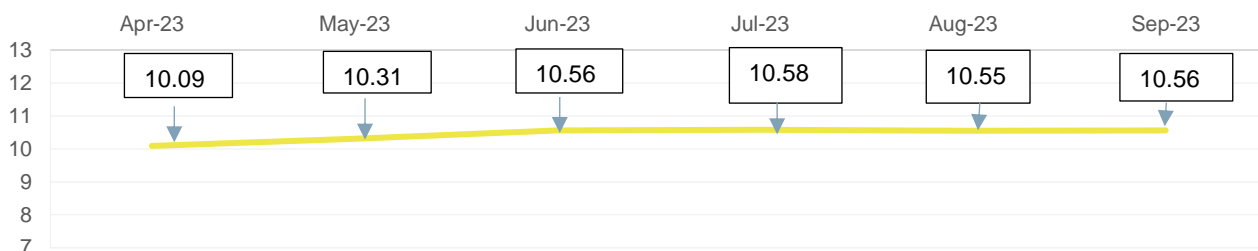


High Yield Trust Monthly Performance Report

RETURN AS AT SEPTEMBER 30, 2023

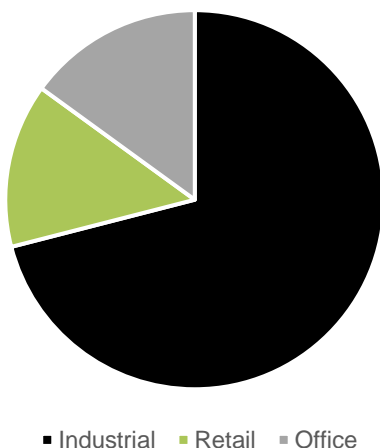


Annualised Return %

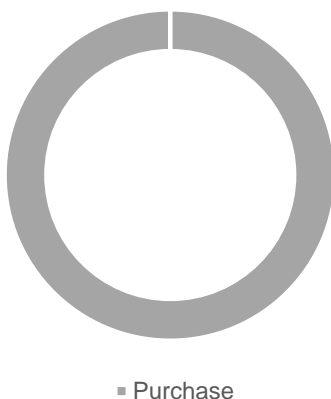


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In September the High Yield Trust return to investors remained stable for another month. Since inception in August 2017 the High Yield Trust has maintained zero losses and as at 30th September 2023, there are one loan 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

76.30% as at 30-Sep-2023

Average life of loan

11 months as at 30-Sep-2023

*Data as at 30th Sep 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).

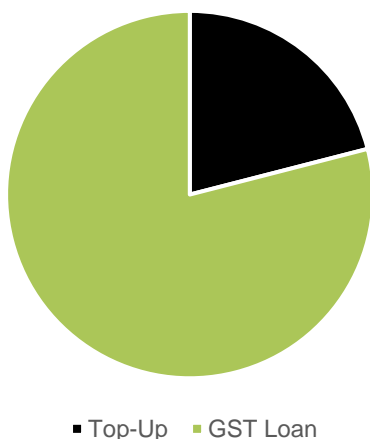
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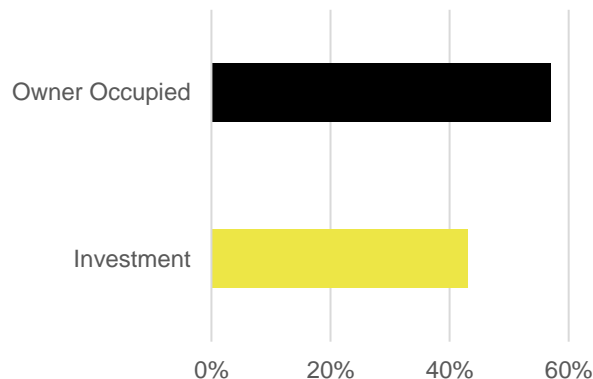


Thinktank Loan Book Metrics

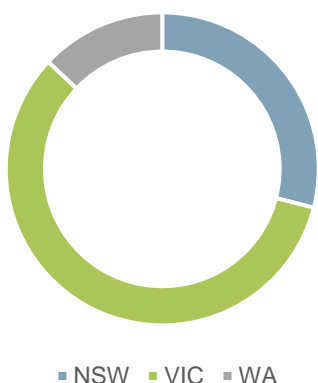
Loan by Product Type*



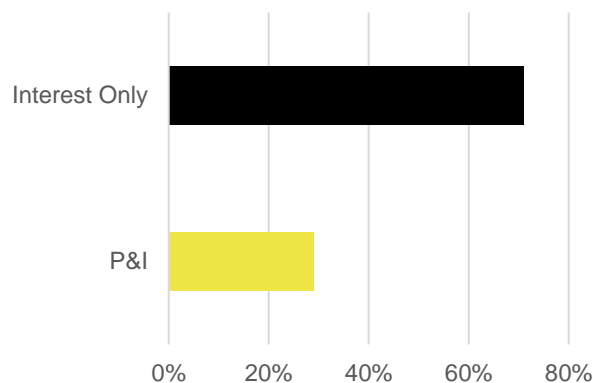
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

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

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Market Commentary

by Per Amundsen, Head of Research

The Westpac-MI Consumer Sentiment Index slipped again by 1.5% to 79.7 points in September. Sentiment has languished at deeply pessimistic levels for more than a year now. The Westpac Leading Index however was up slightly at -0.50 in August from -0.56 in July continuing its string of negative reads since August '22 and Westpac expects it to continue for another year. At its October

meeting, the first for Michele Bullock as the new Governor, the RBA Board surprised hardly anyone by again pausing on raising the Cash Rate and keeping it at 4.10% for a fourth month in a row. This latest pause had been forecast by just about all commentators and was seen as continued welcome relief for consumers and the economy in general even though further increases are still considered possible by many market economists and was reflected in the minutes of the meeting which contained numerous updates. The RBA's six-monthly Financial Stability Review also had comments about the possibility of further rate increases but was broadly positive. The International Monetary Fund meets next week and delivers their World Economic Outlook on the 10th of October. The Bank of Canada held rates steady at 5.00% in September and meets again later this month. The US FOMC also held rates steady when it met in September and meets again for 2 days at the end of this month and the 1st of November. CoreLogic dwelling prices for September continued their recovery across almost all Capitals but again at different paces. National Housing values posted a 0.8% gain for the month following a 1.1% rise in August. They are now up 2.2% for the past quarter. The improvement was based on gains in Adelaide of 1.7% and 1.3% in both Brisbane and Perth. For the month Sydney was up 1.0% and Melbourne 0.4%. 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 although volatile, especially secondary although sales are flat. Industrial remains very strong across the country and while Office is doing better in some Capitals, a real recovery remains some time into the future.



Investment Commentary

by Lauren Ryan, Investor Relations

September saw the RBA hold the Official Cash rate at 4.1% whilst leaving the door open for another rate rise in the future if needed to drive the rate of inflation down. The RBA Financial Stability Review notes that most households and business have been able to navigate the change in economic conditions of the last 15 months and are likely to continue to do so into the future. However, there

are global factors that continue to challenge this outlook, including volatile oil price and the inflationary impacts that may ensue, and property stress in China to name two. Domestically, the RBA is endeavouring to manage monetary policy whilst considering a generation of older Australians, who have no debt and cash to spend, and younger Australians and business owners with rising interest costs attempting to build their wealth. At times it appears as though many have forgotten that the RBA only has this one lever to pull while it's essential not to overlook the countervailing significance of government fiscal policy which can undermine the RBA's efforts in addressing inflation, especially as economies struggle to navigate this changing environment. In September I presented at the SMSF Trustee Empowerment Day and Australian Investors Association, speaking to self-directed investors about generating income through the debt capital options available and mortgage funds. It was fantastic to speak with multiple groups of engaged investors, some with experience investing in debt and others who wanted to learn more about the opportunities available to them. Rising interest rates can offer investors quite attractive returns when investing in debt. The primary focus of many investors is capital protection, especially during times of economic contraction. None of us can be sure of what the future holds and the best way to manage this uncertainty is to have a diversified portfolio, invest in assets you are comfortable with and work with trusted specialists who have experience operating during multiple economic cycles. In September Thinktank new loan originations remained steady amounting to \$195 million. As at 30th September, our portfolio arrears stood at 2.5% and the High Yield Trust was yielding a return of 10.56%.

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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