



Thinktank..

High Yield Trust

Monthly
Performance
Report

OCTOBER 2023

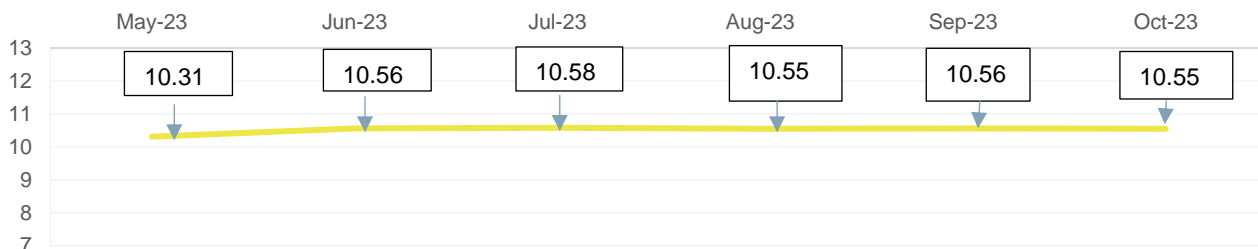


High Yield Trust Monthly Performance Report

RETURN AS AT OCTOBER 31, 2023

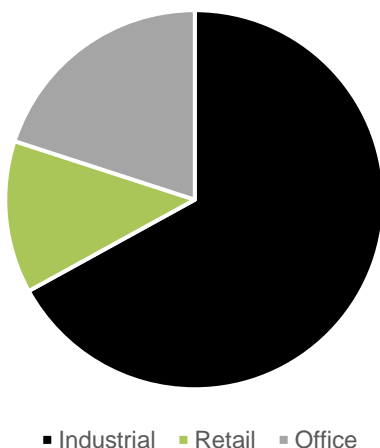


Annualised Return %

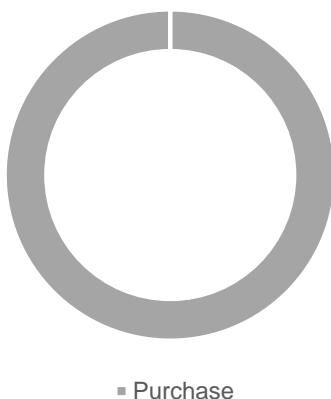


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In October 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 31st October 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 31-Oct-2023

Average life of loan

11 months as at 31-Oct-2023

**Data as at 31st October 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).

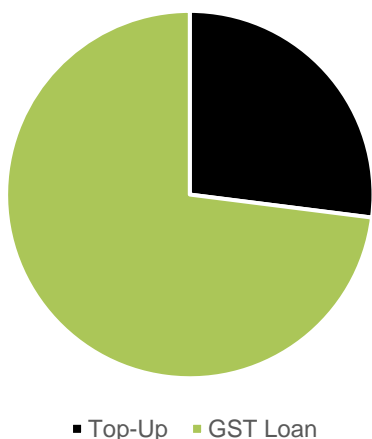
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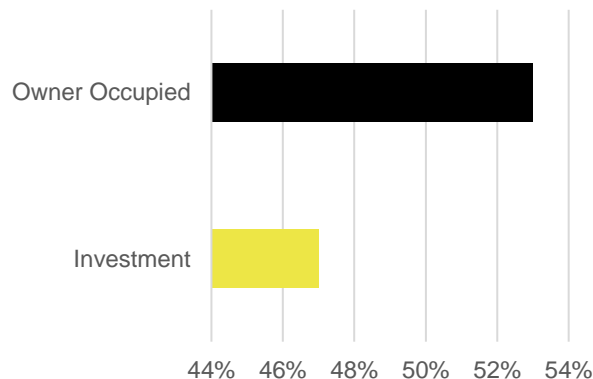


Thinktank Loan Book Metrics

Loan by Product Type*



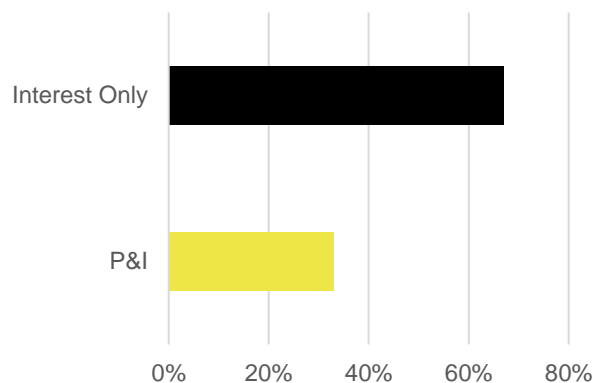
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

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

When the RBA met in October, they maintained the status quo with the cash rate while highlighting the possibility of future rate increases. A surprising degree of resilience in the September quarter inflation data, coupled with persistent low unemployment, led to an Official Cash Rate hike on Tuesday, November 7th, from 4.1% to 4.35%. The RBA acknowledged that, in their opinion, inflation has peaked and emphasised the need for additional measures to steer inflation back within the 2-3% target range by 2025. As previously mentioned, the RBA has a limited toolkit at its disposal, and fiscal policy additionally plays a pivotal role in

curbing inflation. This importance has been underscored by the IMF, which has recommended that both state and federal governments consider reducing inefficient infrastructure expenditure. In October, Thinktank sponsored the SMSF Tech Strategy Day in Sydney, Brisbane, and Melbourne. While certain segments of the market may be slowing down, the demand for borrowing and investment within SMSFs remains robust. This was reflected in Thinktank's origination activities in October, with a record number of applications and settlements. This demonstrates that there is still a strong appetite for credit in the market. Thinktank does not seek to be a price-leading lender, however our SME and SMSF borrowers consistently choose to partner with us. This decision is driven by the robust relationships we have nurtured over the years with our broker and aggregator partners, as well as our deep understanding of the SMSF sector and lending products, which prioritise cash flow optimisation. Thinktank settled a \$750 million Residential Mortgaged Backed Securitisation (RMBS) which was upsized from \$500 million as a result of strong support and investment from our domestic and global institutional partners. Stress in various parts of the market is undeniable, with many borrowers, families, and businesses experiencing challenging times. Thinktank's collections team continues to do an excellent job assisting borrowers who fall behind on payments or require hardship support. This need is likely to increase as the economy contracts. In October Thinktank new loan originations increased to \$212 million. As at 31st October, our portfolio arrears stood at 2.8% and the High Yield Trust was yielding a return of 7.65%. 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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