



Thinktank..

High Yield Trust

Monthly
Performance
Report

JANUARY 2024

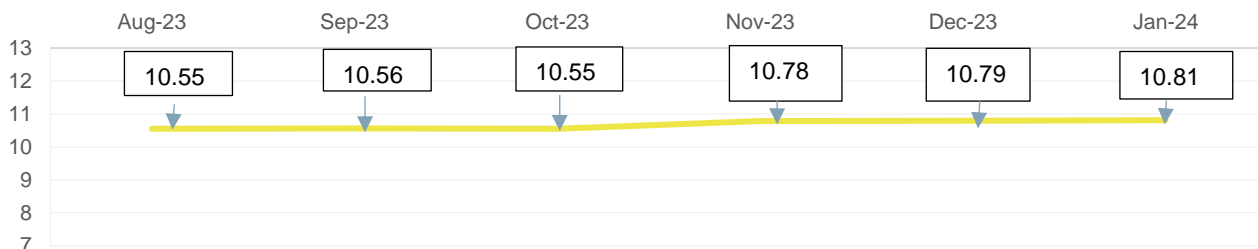


High Yield Trust Monthly Performance Report



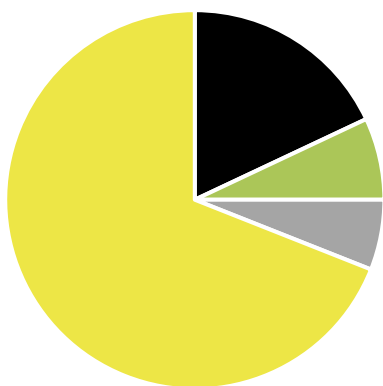
RETURN AS AT JANUARY 31, 2024

Annualised Return %



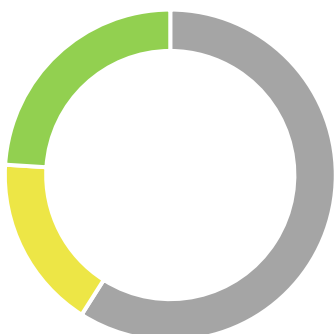
Thinktank Loan Book Metrics

Loan by Security Type*



■ Industrial ■ Retail ■ Office ■ Residential

Loan Purpose*



■ Purchase ■ Refinance ■ Equity Takeout

Investment Overview

Performance and Activity

In January 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 as at 31st January 2024.

Investment strategy

Generate monthly income returns by investing in mortgage-backed securities secured by registered first 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

66.1% as at 31-Jan-2024

Average life of loan

20.6 months as at 31-Jan-2024

**Data as at 31st Jan 2024*

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).

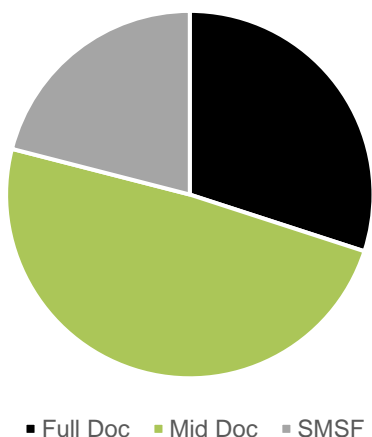
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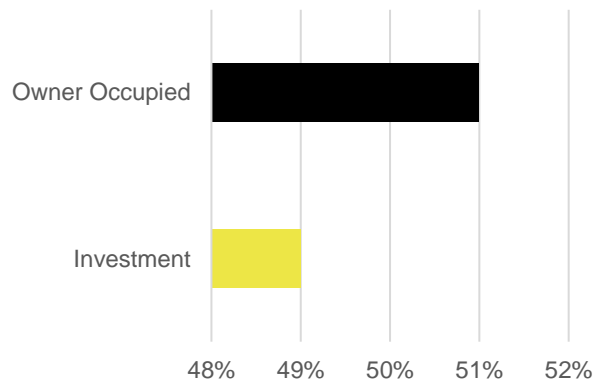


Thinktank Loan Book Metrics

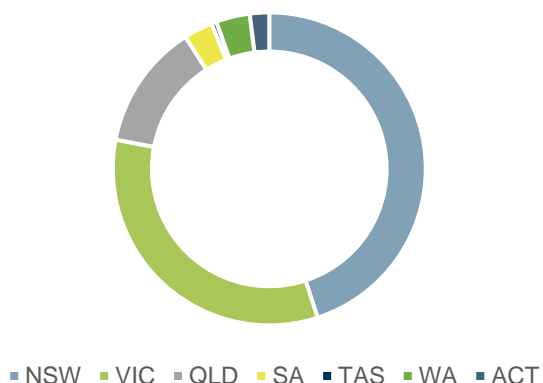
Loan by Product Type*



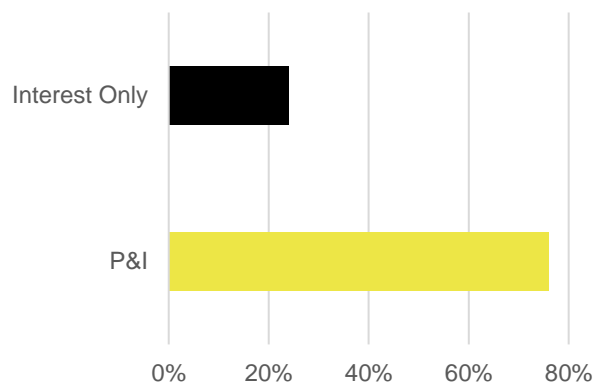
Loan by Occupancy*



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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RETURN AS AT JANUARY 31, 2024



Market Commentary

by Per Amundsen, Head of Research

The Westpac-MI Consumer Sentiment Index fell in January by 1.3% to 81.0, in what was the weakest January read outside of the early 1990s recession. The Westpac Leading Index eased back to +0.01% in December from +0.18 in November. The Reserve Bank of Australia (RBA) held their first Board meeting of 2024 on 5 & 6 February under their new structure which we discussed in last month's

News and Views. The Cash Rate was left unchanged as expected by most commentators with indications that rates will be paused for a while as supported by the projections included in the quarterly Statement on Monetary Policy (SoMP) also released on 6 February under the new structure. Key recent statistical releases in late January were very weak with Retail Sales down 2.7% month on month for December and up only 0.8% for the year. The seasonally adjusted unemployment rate stayed at 3.9% in December unchanged from November and is forecast to be little changed in the near term. The December CPI was released on 31 January and as expected eased to 4.1% for the year from 5.4% in the September quarter; the quarterly increase was 0.6%. CoreLogic dwelling prices for January continued their recovery across almost all Major Capitals but again at very different paces with only Melbourne down slightly at -0.1% and Perth again leading the way at +1.6% for the month. National Housing values posted a 0.4% gain for the second month in a row. For the month houses in Sydney were up just 0.2% and Melbourne fell by -0.4%. Unit prices were up 0.1% for the month in Sydney and down -0.3% in Melbourne. Adelaide, Perth and Brisbane all did very well once again this month leading the Capitals with all three up in both Houses and Units for both the month and the quarter. With the New Year starting, momentum in the last quarter remains with the smaller Capital Cities and expectations of lower interest rates should be positive for ongoing trends. We continue to reflect the improvement of Residential in almost all areas and have held our Ratings and Trends for each of the five Capitals for all other sectors as well.

Investment Commentary

by Lauren Ryan, Investor Relations

Led by Governor Michelle Bullock, the RBA held its first meeting of the year on Tuesday 6 February and with it, a new schedule for the central bank seeing the cadence of meetings winding back from eleven a year to just eight. As part of the overhaul, each meeting is set to be followed by a press conference which should serve to increase transparency and the effectiveness of public communications on monetary policy. Ms. Bullock's performance received wide positive feedback, particularly as the RBA decided to maintain the Official Cash Rate at 4.35%, thereby validating market speculation that further rate increases are

unlikely. While discussions among market commentators in January primarily centred around potential rate cuts by the RBA later in the year, we have observed minimal discourse regarding the likelihood of any further rate hikes in this cycle. Despite witnessing thirteen rate rises since May 2022, instances of borrower arrears across both banking and non-banking sectors have remained relatively low. Property values around the nation have continued to demonstrate strength, if not growth, which has assisted those borrowers unable to meet increased repayments and instead chosen to sell their properties. Additionally, during January, the Federal Government announced modifications to stage 3 tax cuts, slated to commence on 1 July, 2024. Treasury has advised that these adjustments would not further fuel inflation, though only time will verify this assertion. We're optimistic about the year ahead, with Thinktank beginning 2024 on a robust note, recording \$211 million in new loan originations in January. As of 31 January, portfolio arrears stood at 3.8%, with the seasonal increase in 30-day arrears being a common though temporary occurrence. The High Yield Trust yielded a return of 10.81%.

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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