



Thinktank..

High Yield Trust

Monthly
Performance
Report

FEBRUARY 2024

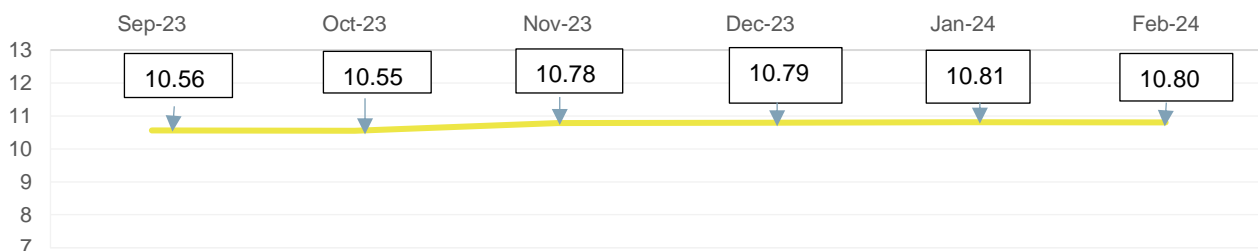


High Yield Trust Monthly Performance Report



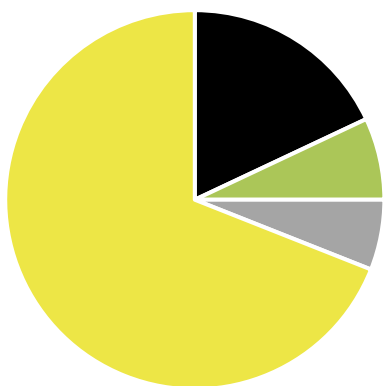
RETURN AS AT FEBRUARY 29, 2024

Annualised Return %



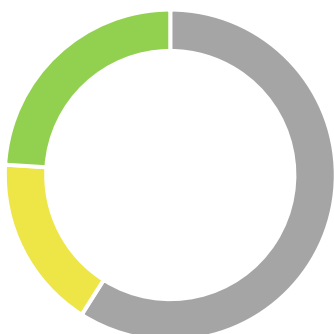
Thinktank Loan Book Metrics

Loan by Security Type*



■ Industrial ■ Retail ■ Office ■ Residential

Loan Purpose*



■ Purchase ■ Refinance ■ Equity Takeout

Investment Overview

Performance and Activity

In February 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 29th February 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

66.3% as at 29-Feb-2024

Average life of loan

22.7 months as at 29-Feb-2024

**Data as at 29th February 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).

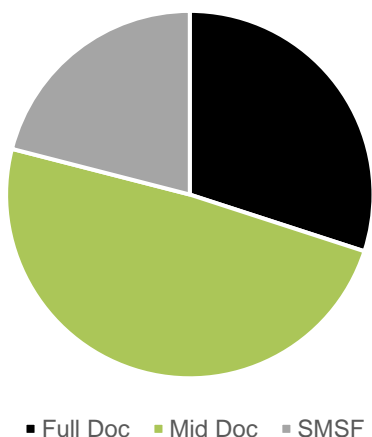
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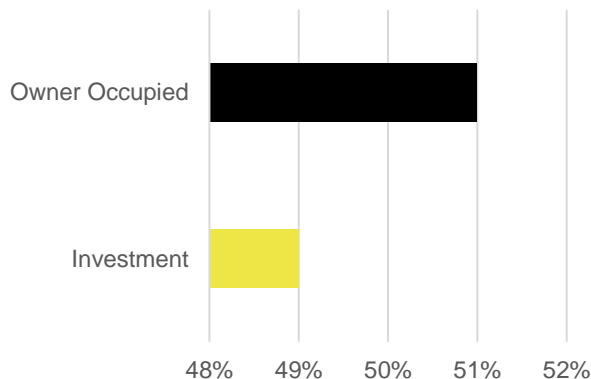


Thinktank Loan Book Metrics

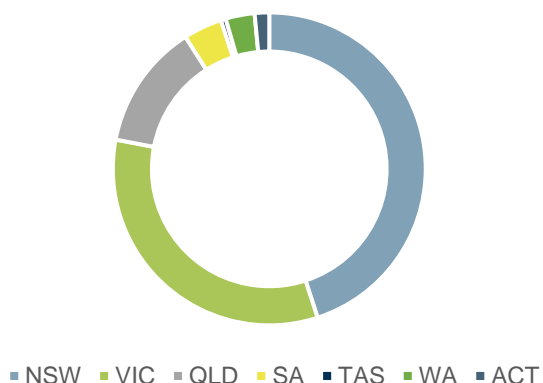
Loan by Product Type*



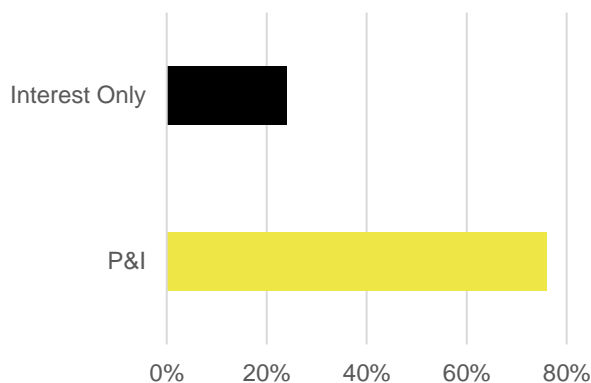
Loan by Occupancy*



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 FEBRUARY 29, 2024



Market Commentary

by Per Amundsen, Head of Research

In positive news, the Westpac-MI Consumer Sentiment Index rose 6.2% in February to 86.0, from 81.0 in January taking it to its highest level since June 2022. The rise was driven by year ahead expectations with underlying factors being cooling inflation and the improving outlook for interest rates. The Westpac Leading Index eased back to -0.25% in January from -0.01 in December with brief

improvement late last year giving way to renewed weakness. The Reserve Bank of Australia (RBA) under their new structure and Board meeting schedule does not meet until 19 and 20 March and then not again until 6 and 7 May. The Cash Rate was left unchanged as expected in February and is very likely to be the case at the next meeting. Very importantly, the December quarter GDP results were released on 6 March showing just 0.2% increase in the last quarter and 1.5% for the year; both considered weak but not yet reaching a negative quarterly result. Internationally the US Federal Reserve held rates steady as did the Bank of Canada at their latest meetings. More recently though the Chairman of the US Federal Reserve Bank, Jerome Powell hinted at earlier rate cuts than had been forecast previously which led to considerable market movement. CoreLogic dwelling prices for February continued their recovery across almost all Major Capitals but again at very different paces but with the five major capitals all up for the month with only Melbourne down slightly at -0.6% for the quarter. National Housing values posted a 0.6% gain for the month and up 1.3% for the quarter. 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 with all of them showing positive CoreLogic Housing results for the month and quarter. We maintain our optimism that interest rate cuts can be expected later this year. Industrial remains very strong across the country as reflected in a number of national research reports. While Office is doing better in some Capitals, a real recovery remains some time into the future. This results in no change to our Rating and Trends but with close attention continuing to be paid as we end the first quarter of 2024.

Investment Commentary

by Lauren Ryan, Investor Relations

The RBA kept Official Interest Rates on hold at 4.35% on February 6th and with the new RBA structure they next meet on March 19th. The big talking point this year will be when will Official Interest Rates decline, how many rate cuts will occur and what will happen to the economy between now and the first one. Returning inflation to target remains the top priority for the RBA. Borrowers and consumer of all kinds have been very resilient to date which has largely been helped by low unemployment, a surprising stable property market and large increase in migration throughout 2023. Whilst spending and inflation have come down in certain

areas, predominantly discretionary retail, essentials such as groceries, rent and mortgage repayments as well as energy remain at elevated levels. These are not items that consumers can easily cut back on or replace with cheaper alternatives in helping to bring inflation back to target. Not all consumers are cutting back on spending though, with many consumers with excess savings and retirees without debt generating strong income returns from their investments and enjoying an unrestricted lifestyle. Graham Turner, CEO of Flight Centre, believes 2024 is going to be a watershed year for the travel agent business with many consumers forgoing other pleasures for travel and retirees making the most of their investment income. In February I was in Brisbane for the SMSF National Conference which for many is the first conference of the year. It is always a fantastic few days and this year was no different with many discussions around the potential \$3m super balance tax or div 296. Since Federal Labor came into power in May 2022 there have been whispers of revisiting changes to negative gearing, franking credits and potentially the capital gains tax concessions on the primary place of residence along with the proposed tax on super balances of \$3m. Whilst SMSF professionals of course won't be advising clients on a course of action until legislated, it sparked very interesting discussion and debate about the multitude of ways that clients and professionals can structure their finances to achieve their goals in the most effective ways. Settlements remain strong in February with Thinktank recording \$199 million in new loan originations. As of 29th February, portfolio arrears stood at 3.2% and the High Yield Trust yielded a return of 10.80%.

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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