



Thinktank..

High Yield Trust

Monthly
Performance
Report

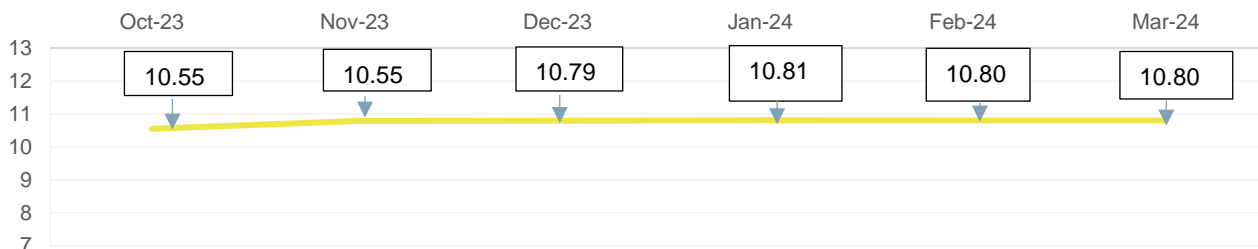
MARCH 2024



High Yield Trust Monthly Performance Report

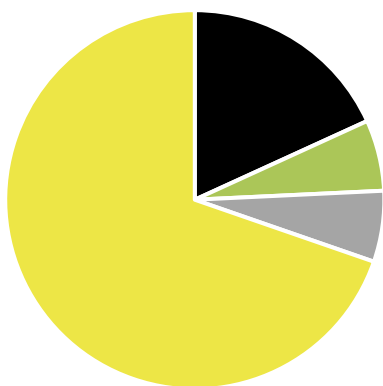
RETURN AS AT MARCH 31, 2024

Annualised Return %



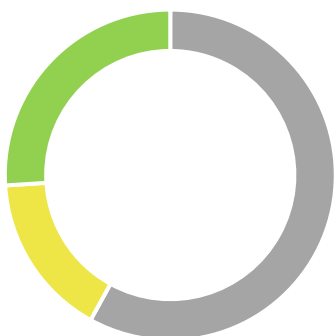
Thinktank Loan Book Metrics

Loan by Security Type*



■ Industrial ■ Retail ■ Office ■ Residential

Loan Purpose*



■ Purchase ■ Refinance ■ Equity Takeout

Investment Overview

Performance and Activity

In March 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 March 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

65.1% as at 31-Mar-2024

Average life of loan

20 months as at 31-Mar-2024

**Data as at 31st March 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).

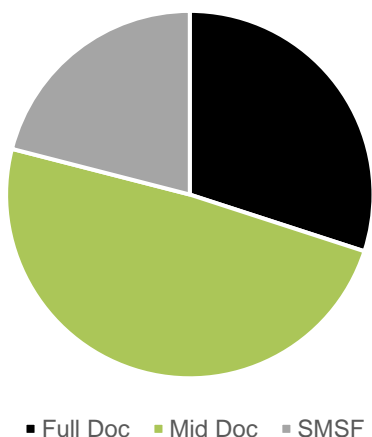
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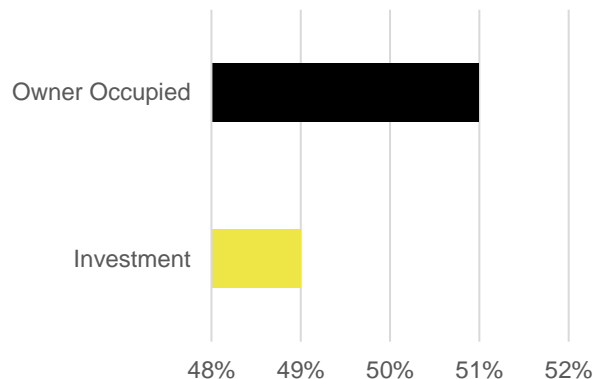


Thinktank Loan Book Metrics

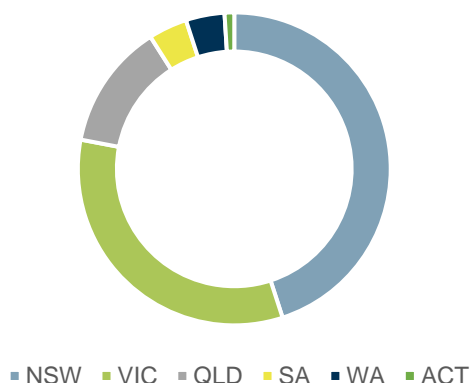
Loan by Product Type*



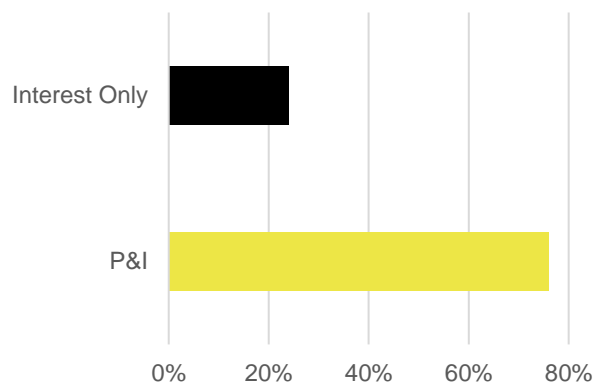
Loan by Occupancy*



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 MARCH 31, 2024



Market Commentary

by Per Amundsen, Head of Research

The Westpac-MI Consumer Sentiment Index fell slightly by 1.8% in March to 84.4 after recovering in February to 86.0, which had taken it to its highest level since June 2022. The fall was attributed to consumers reaction to the RBA holding rates steady at their March meetings which did not appear to come as a surprise to most economists. In contrast to this small setback, the Westpac Leading Index

rose to +0.3% in February from -0.25% in January returning to the improving trend of late last year. The Reserve Bank of Australia (RBA) under their new structure and Board meeting schedule met last month on 18 and 19 March but will not meet again until 6 and 7 May. The Cash Rate was left unchanged as it was in February. The next quarterly Statement on Monetary Policy (SoMP) will be released after the May meeting under the new structure but the semi-annual Financial Stability Review (FSR) was tabled on the Friday following the March meeting and contained interesting comments on how Australia was coping with the stress in the housing markets that is getting a lot of attention in the press as well as positive remarks on the resilience of the Australian financial system overall. As noted previously, key recent statistical releases have been weak. 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. Unemployment for February 2024 seasonally adjusted was down significantly to 3.7% compared to January's 4.1% which has caused concern this may increase inflationary pressures. National Housing values posted another 0.6% gain for the month and up 1.6% for the quarter with only Melbourne being flat for the month and down -0.2% for the quarter. Momentum continues to be with the smaller Capital Cities and growing expectations of lower interest rates are positive for ongoing trends at levels that are starting to surprise some commentators after 14 months of increases in National Housing values. We continue to reflect the improvement of Residential in almost all areas and we maintain our optimism that interest rates are on hold and will fall later this year. Our Ratings and Trends remain unchanged for the time being

Investment Commentary

by Lauren Ryan, Investor Relations

Aligning with market expectations, the RBA maintained the Official Cash Rate at 4.35% at its March 19th meeting. Widespread consumer speculation about potential rate cuts later in the year prompted Michelle Bullock's post-decision press release to address and temper this sentiment. Bullock even hinted at the possibility of a rate increase in future, contingent on supporting data, despite its perceived unlikelihood. This communication underscores the importance of managing expectations as the RBA pursues its goal of achieving 2-3% inflation by 2025/26. During March, I attended the KangaNews Debt Capital Market Summit

where experts from various fields discussed market trends. A speaker representing one of Australia's major banks expressed confidence in the short-term manageability of their mortgage book, even though it's expected to weaken. Notably, they commented that present-day mortgages exhibit superior quality compared to those written during the GFC. Despite some mortgage holders struggling with higher debt costs and living expenses, mortgage arrears across banks and many non-banks have remained relatively low. Overall, consumers, borrowers and businesses appear to be adapting to higher costs, further evidenced by strong equity market rallies and resilient business sentiment, with some notable exceptions in certain retail sectors. The property market was quite active towards the end of March with the clearance rates on March 23rd at 70% and 62% on March 31st which was the Easter long weekend. The percentage of cash buyers appears to be increasing in prime locations which continues the challenge for first home buyers or younger buyers looking to secure their first property. Settlements slowed a little in March with Thinktank recording \$187 million in new loan originations. As of 31st March, portfolio arrears stood at 3.1% 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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