Thinktank

October 2019

Thinktank High Yield Trust

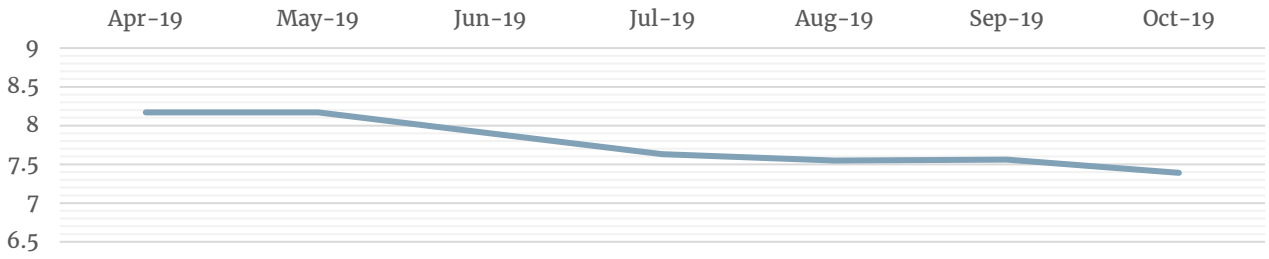
Monthly Performance Report

thinktank.net.au

Thinktank High Yield Trust Monthly Performance Report

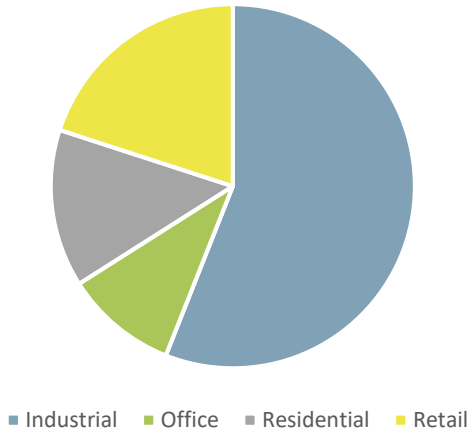
Return as at 31st October 2019

Annualised Return %

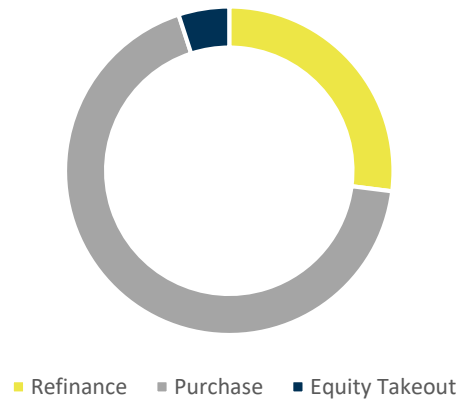


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In October the High Yield Trust increased in size once again. Since inception in August 2017 the High Yield Trust has experienced zero losses and as at 31st October 2019 the High Yield Trust has one loans in arrears.

Investment strategy

Origination of loans secured by registered second mortgages (where Thinktank holds the first mortgage) held over Australian commercial & residential real estate to generate monthly income returns

Distributions

Paid on the 10th of each month (or following business day) in arrears.

Minimum investment

$10,000

Minimum term

12 months

Average life of loan

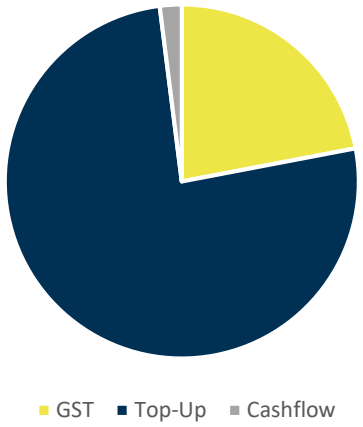
18 months as at 31-October-2019

*Data as at 31st October 2019

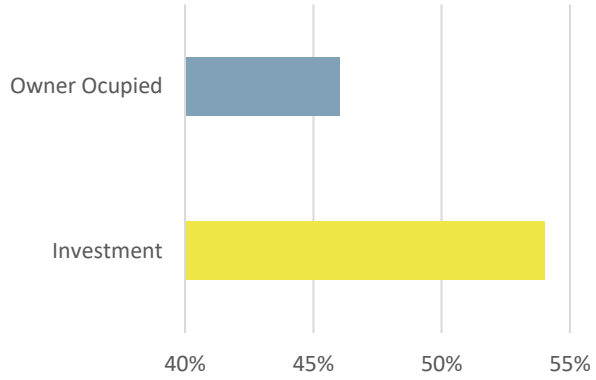
Disclaimer: This document is not intended to be read by anyone other than a Wholesale Client or Eligible Investor (as defined in Section 761G of the Corporations Act 2001) and should be read in conjunction with the Information Memorandum for Thinktank Group Pty Ltd dated 2nd May 2017. A copy of the Information 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).

Thinktank Loan Book Metrics

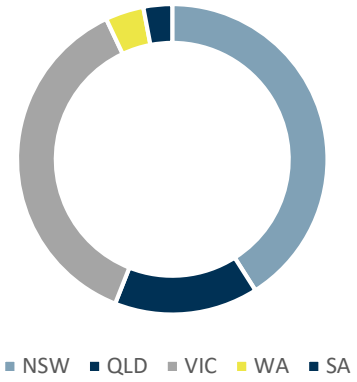
Loan by Verification Type*



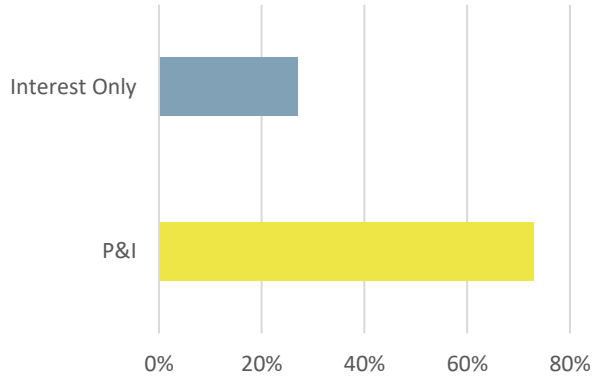
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

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

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Market Commentary

by Per Amundsen, Head of Research

At its November meeting on Melbourne Cup Day, the RBA Board held the Cash Rate steady for the time being at the record low of 0.75%. Governor Lowe had already spoken of the prospect of further easing but the quarterly SoMP will be important when it is released. The Q3 CPI came in at 0.5% with the annualised rate rising to 1.7% and Retail sales for September were weak at +0.2% and 2.5% for the year; the third quarter was actually down -0.1%. The US Fed made its widely anticipated change to rates at their October meeting but Chairman Powell's remarks appeared to signal some doubt about more cuts despite urgings from President Trump. With markets unsure about further cuts to rates by the RBA the AUD rose in late October to above USD 0.68 and is staying there for now. Our News and Views section covers the RLB Crane Index which has recently been updated and shows continued strong activity levels for residential development in Sydney and Melbourne and expanding infrastructure work. There have been a couple of changes in our ratings and trends this month. Melbourne and Sydney Residential are confirmed as Fair for Houses but with an Improving trend. Units remain Fair and Stable, in both cities, despite comments above. Retail trends remain a concern and we discussed that in more detail in our recent Quarterly Update as we do all sectors.

Market Commentary

by Lauren Ryan, Investor Relations

While the nation delivered a temporary economic stimulus with Melbourne Cup festivities in full swing, the RBA met and decided to hold the cash rate at 0.75% as we begin to close in on Christmas. With the seasonally extended holiday season approaching and many among us having the benefit of the Coalition government's tax cut payments under the belt, economists and officials will be closely watching year end consumption numbers. These figures will inevitably be a factor in the RBA's decision on monetary policy calibrations coming into the first meetings of 2020 commencing in February. On a separate but related note, Governor Lowe has made mention on more than one occasion of the need for continued strength in infrastructure spending as an important catalyst in working towards brighter economic conditions. Last week I attended an industry event and was speaking with the head of a global engineering firm, discussing their current and upcoming projects, all of which are associated with state government programs. Their perspective and outlook was very positive, supported by a sizeable pipeline of work lying ahead over the next 5 years, both for their company and their peers. This ongoing advance in infrastructure spending has also been mirrored in Thinktank's year to date originations with October registering $52 million in new loans, 40% of which were for the purchase or refinance of industrial properties. Investors continue to seek sound, risk weighted yields to meet their income needs. Thinktank's High Yield Trust returned 7.39% p.a. in the month of October.

A downloadable copy of Thinktank's November Monthly Market Focus can be found at the link below:
https://www.thinktank.net.au/news/

For more information about Thinktank's Investment Trusts, please contact Lauren Ryan on lryan@thinktank.net.au or (02) 8669 5532.

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