



Thinktank

September 2019

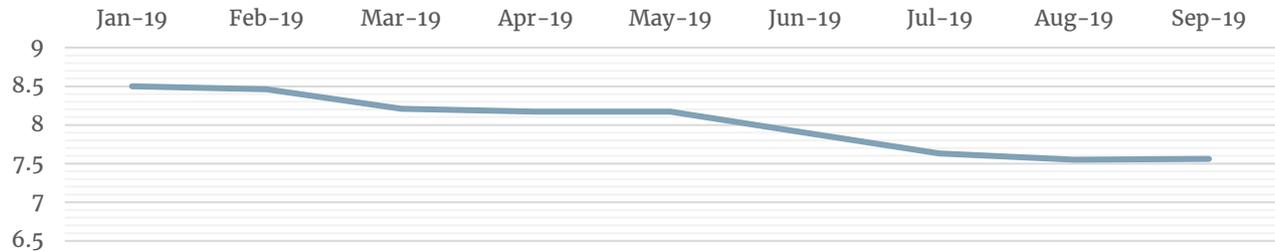
Thinktank High Yield Trust

Monthly Performance Report

Thinktank High Yield Trust Monthly Performance Report

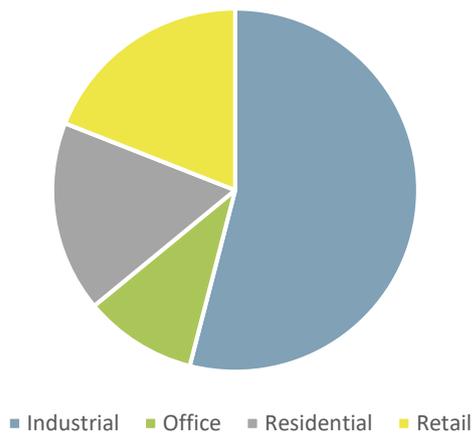
Return as at 30th September 2019

Annualised Return %

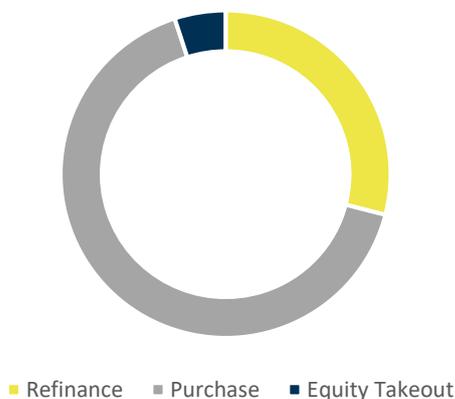


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In September 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 30th September 2019 the High Yield Trust has zero 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

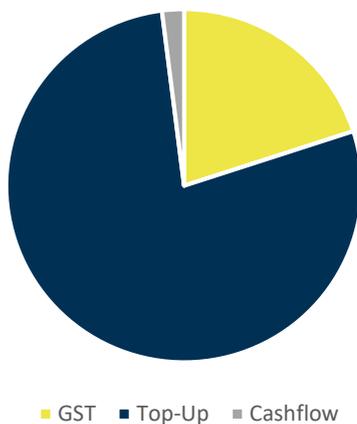
18 months as at 30-September-2019

*Data as at 30th September 2019

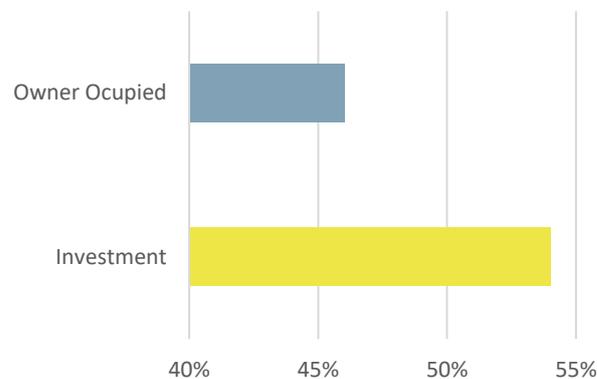


Thinktank Loan Book Metrics

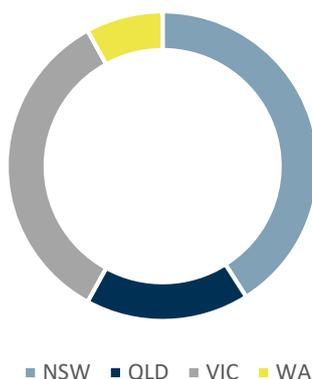
Loan by Verification Type*



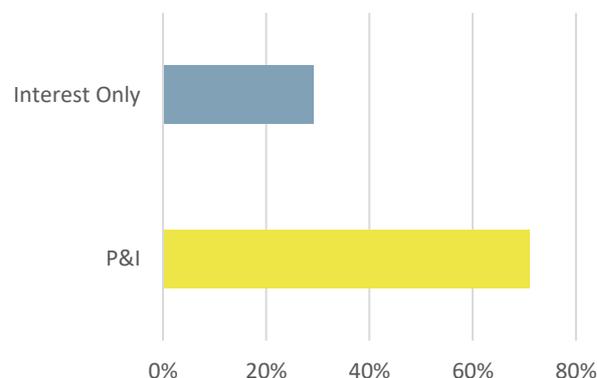
Loan by Occupancy*



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	Weak	Stable
Retail	Fair	Stable	Fair	Stable	Weak	Stable	Fair	Stable	Fair	Stable
Industrial	Strong	Improving	Strong	Improving	Weak	Stable	Fair	Improving	Weak	Stable



Market Commentary

by Per Amundsen, Head of Research

At its October meeting, the RBA Board cut the Cash Rate for the third time this year to a new record low of 0.75% with a further cut considered likely. Governor Lowe has already re-affirmed the prospect of further easing and the key was the pressure from higher unemployment. The Q2 GDP came in at 0.5% with annual growth slipping to 1.4%. The US Fed made its much anticipated change to rates at their September meeting but Chairman Powell's remarks appeared to signal some doubt about more cuts despite urgings from President Trump. With markets still pricing in further cuts to rates by the RBA the AUD dropped sharply after the FOMC action to below USD 0.68 and has stayed there for now. Our News and Views section covers SMSF lending which has been topical recently as the regulator, the ATO has queried Trustees about portfolio diversification and the Federal Government has announced an inquiry into Superannuation. 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. Industrial ratings in both cities were upgraded to Strong earlier last quarter matching the Office sector there making four markets rated as Strong and Improving with all in Sydney and Melbourne.



Market Commentary

by Lauren Ryan, Investor Relations

Another month has passed with minimal progress on the geo-political front however on a positive note, the RBA is still signalling a reasonable global economy outlook. As the Coalition government edges into budget surplus, and with it, a greater ability to stimulate the economy if needed, many Australian wonder whether the RBA will resort to some form of quantitative easing having cut the official cash rate by 0.25% for the third time this year. It is clear from an investor's point of view the notion of rising interest rates is a distant prospect and investing in cash or term deposit bank products will not deliver returns above inflation. Governor Lowe's statement on October 1st speaks to ongoing infrastructure spending. I recently spent some time in Kingscliff where the NSW government is building a new hospital with an intensive care unit. Speaking to locals this new hospital is greatly needed as Tweed Heads is overpopulated and many patients needing intensive care are transported to Brisbane. This new hospital will generate new jobs, increase the demand of housing and for small business goods and services. Thinktank originated \$20 million of loans in September just for industrial property, an indirect impact of government investing in infrastructure which generates jobs and encourages further, longer term economic activity in locations such as Kingscliff. Thinktank's High Yield Trust returned 7.56% p.a. in the month of September.

A downloadable copy of Thinktank's October 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

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