



Thinktank

September 2020

Thinktank High Yield Trust

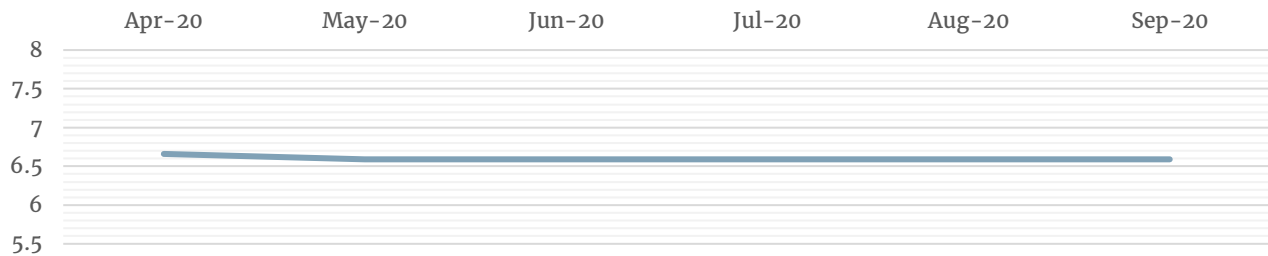
Monthly Performance Report



Thinktank High Yield Trust Monthly Performance Report

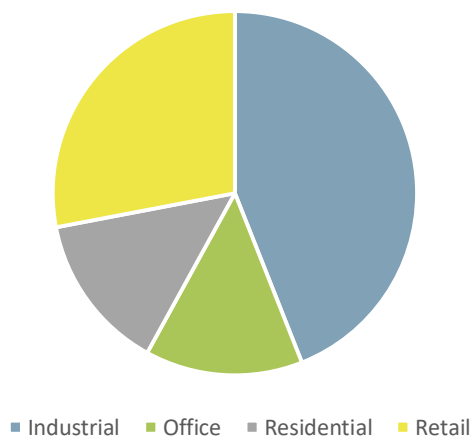
Return as at 30th September 2020

Annualised Return %

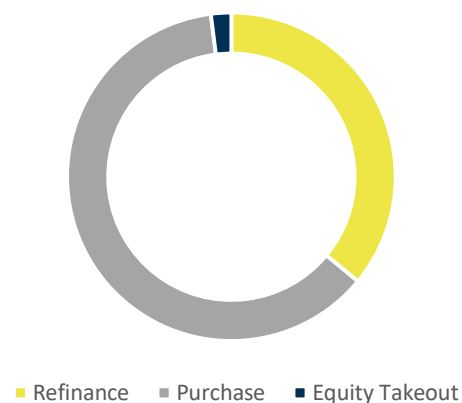


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In September the High Yield Trust has remained stable. Since inception in August 2017 the High Yield Trust has experienced zero losses and as at 30th September 2020 the High Yield Trust has one loan 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

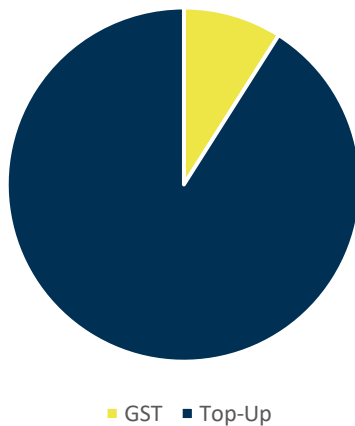
18 months as at 30-Sep-2020

*Data as at 30th September 2020

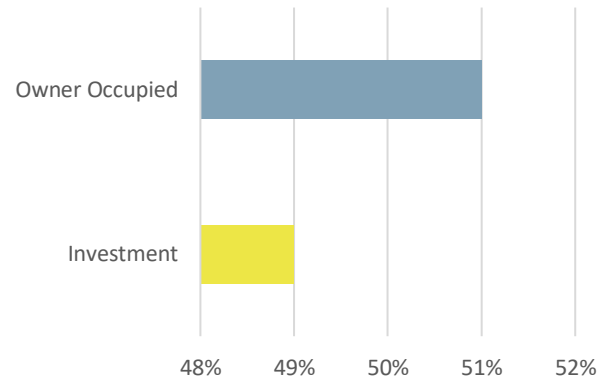


Thinktank Loan Book Metrics

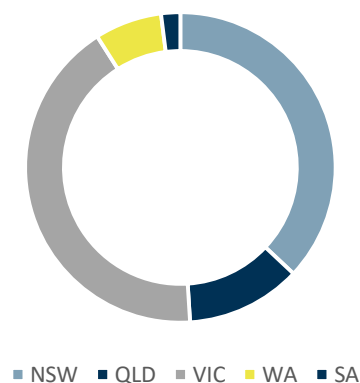
Loan by Verification Type*



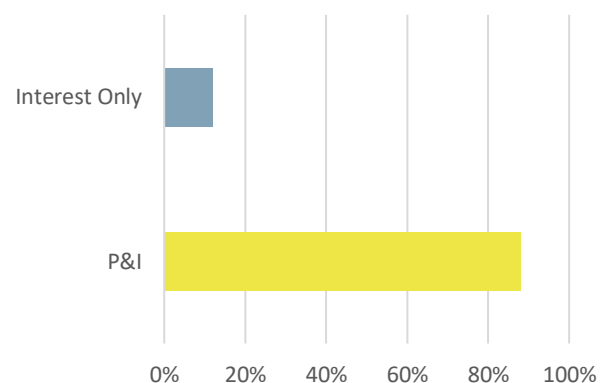
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

| | Sydney | | Melbourne | | Adelaide | | Brisbane (SEQ) | | Perth | |
|--------------------|--------|---------------|-----------|---------------|----------|--------|----------------|---------------|-------|---------------|
| Resi-Houses | Good | Stable | Fair | Softening | Good | Stable | Good | Stable | Fair | Stable |
| Resi-Units | Fair | Softening | Fair | Softening | Good | Stable | Good | Stable | Fair | Stable |
| Office | Good | Stable | Good | Stable | Fair | Stable | Fair | Stable | Fair | Stable |
| Retail | Weak | Deteriorating | Weak | Deteriorating | Fair | Stable | Weak | Deteriorating | Weak | Deteriorating |
| Industrial | Good | Stable | Good | Stable | Good | Stable | Fair | Stable | Weak | Stable |



Market Commentary

by **Per Amundsen, Head of Research**



The Westpac-MI Consumer Sentiment Index surged 18% from 79.5 in August to 93.8 in September driven by recovery outside of Victoria. The AiG Manufacturing Index fell by 2.6 points to 46.7 moving slightly further into contraction below 50. The Services Index was down heavily by 6.3 points to 36.2 however the Construction Index was up by 7.3 points to 45.2 switching places with the PSI with rises in all States except Victoria. At its October meeting, the RBA Board held the Cash Rate at its record low of 0.25% but it looks very much as if this will end next month with many forecasting a drop to 10 basis points. In fact some were originally forecasting this would happen in October but it seems the Federal Budget delivered on the same day as the RBA Board met took precedence. The Treasurer certainly delivered a lot of extremely important fiscal stimulus in what has been described as the most important federal budget of a lifetime. CoreLogic housing prices for September as expected showed a fall for national dwelling but far lower at 0.1%. In Sydney prices were down 0.3% while in Melbourne the drop was still 0.9%. However the rest of the capital cities were up ranging from Adelaide which rose by 0.8%. We have changed from our single Fair rating and Softening trend for all capitals in order to reflect quite different markets we are seeing across the country. We have taken the opportunity of preparing our Quarterly Market Update to make some changes in our ratings and trends to those of last month. While the onset of COVID-19 made it tempting to adopt broader classifications than usual for us, we can now differentiate a bit more in some sectors. The Quarterly contains plenty of detail on our thinking in this regard and will be available from mid-October right after the release of the IMF Global Economic Outlook.

Market Commentary

by **Lauren Ryan, Investor Relations**



It has been another eventful month which included the Federal Budget, differing opinions regarding whether the RBA will cut the cash rate further, a selection of domestic borders have re-opened and President Trump contracted Covid-19. As has been widely discussed, the Federal Budget announced large scale spending, employment and tax cuts to encourage job creation and consumer spending. I went to Chiswick in Woollahra for a lovely Saturday afternoon lunch with my family over the weekend and the environment felt wonderfully familiar whilst remaining Covid safe. I continue to assist our hardship assistance team and we are seeing an increase in borrowers no longer requiring hardship and resuming regular repayments which is a fantastic result for these businesses and families. We remain cautious however as we saw new cases in Sydney during the week and it would appear the clock has reset regarding QLD opening its borders to NSW. Victorians were also looking forward to moving out of stage 4 over the weekend yet it would appear that deadline has also been pushed back. Thinktank settled \$84.5 million in new loans in September. In September the High Yield Trust returned 6.59%.

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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