



Thinktank

July 2020

Thinktank High Yield Trust

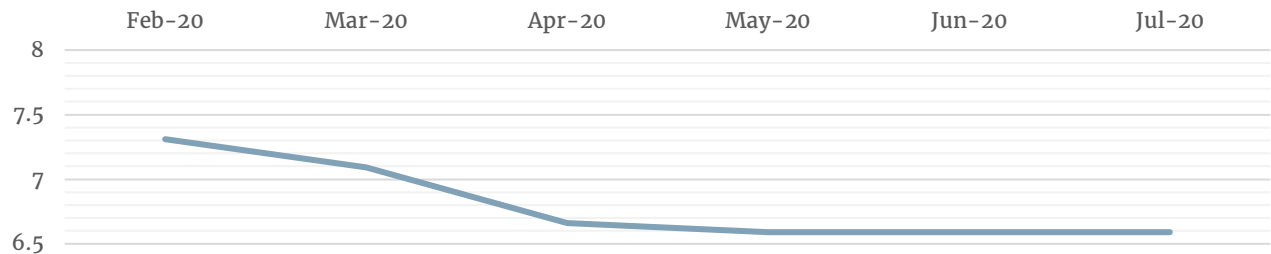
Monthly Performance Report



Thinktank High Yield Trust Monthly Performance Report

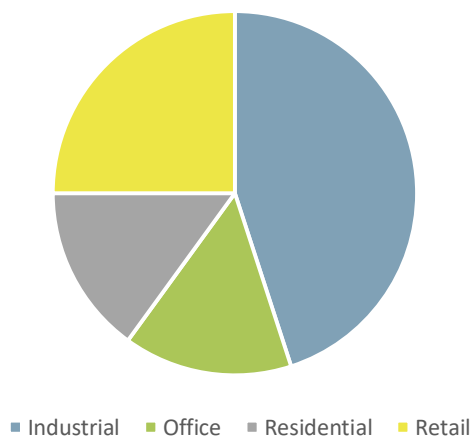
Return as at 31st July 2020

Annualised Return %

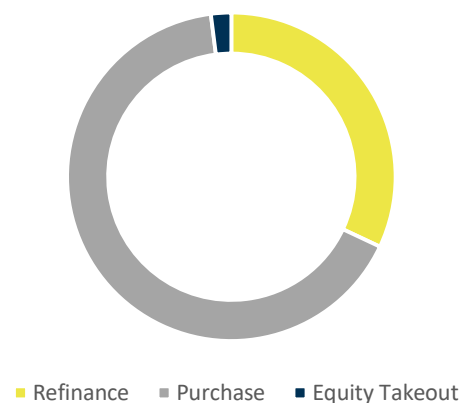


Thinktank Loan Book Metrics

Loan by Security Type*



Loan Purpose*



Investment Overview

Performance and Activity

In July the High Yield Trust has remained stable. Since inception in August 2017 the High Yield Trust has experienced zero losses and as at 31st July 2020 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

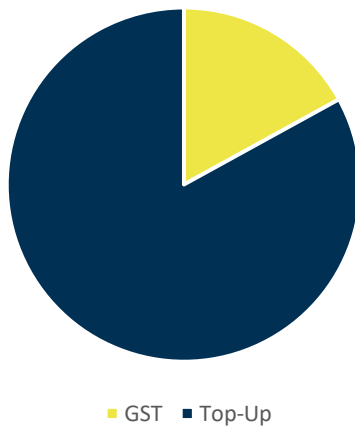
18 months as at 31-Jul-2020

*Data as at 31st July 2020

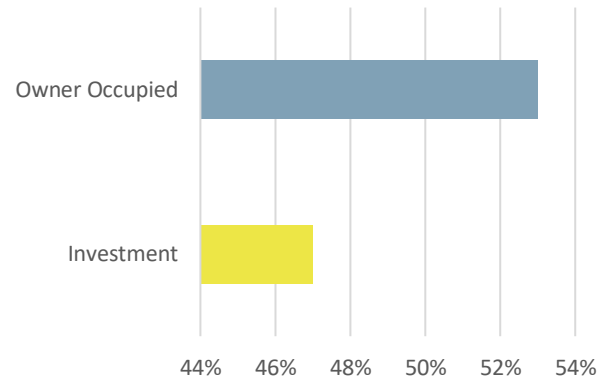


Thinktank Loan Book Metrics

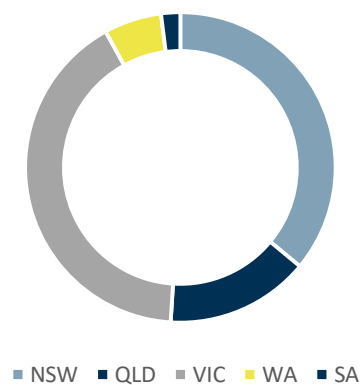
Loan by Verification Type*



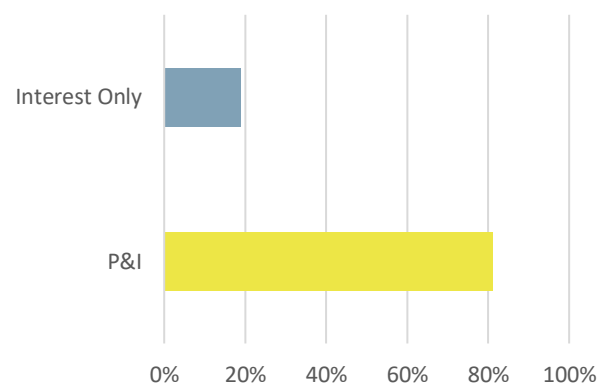
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Ratings

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



Market Commentary

by **Per Amundsen, Head of Research**



The Westpac-MI Consumer Sentiment Index fell sharply by 6.1% in July to 87.9 reversing last month's gain as consumers reacted to the reimposition of restrictions and it is quite likely that the volatility experienced will be repeated as the current situation in Victoria plays out. At its August meeting, the RBA Board held the Cash Rate at its record low of 0.25% as expected and confirmed its ongoing Quantitative Easing (QE) in maintaining 3 year Treasury yields at that same level of 0.25%. The RBA with various speeches confirmed its current stance of maintaining ultra-low interest rates for the foreseeable future with unemployment now forecast to rise to 10% this year. Since last month the AUD has risen to USD 0.72 on continued weakness of the US dollar. CoreLogic housing prices for July once again as expected showed a fall for Houses in Sydney of 1.0% and Melbourne down 1.4%. Units were also down in both capitals, by the same 0.7%. We note more comment on unit rents with Sydney down 3.2% from March to July and Melbourne 3.1%. These figures will no doubt continue to be under pressure as the impact of COVID-19 is felt and we have continued our Fair rating and Softening trend for the Residential sector in all capitals. We mentioned last month that we were cautious about other sectors after having downgraded Retail which had already been struggling and is now headed for even more difficult times ahead. While there are changes taking place in all property sectors, they are certainly different from other downturns and Industrial continues to appear quite resilient. We noted that Office was awaiting the response of businesses to work from home attitudes and the new Victorian Stage 4 restrictions have caused us to downgrade ratings in Melbourne and Sydney to Fair but we are maintaining a Stable trend despite some ominous signs in locations such as the Docklands in Melbourne. We take a closer look at the Office sector in the News and Views section of our Monthly Market Focus

Market Commentary

by **Lauren Ryan, Investor Relations**



Last Wednesday August 5th Michael Bleby of the AFR wrote a story stating that there had been \$1 billion worth of new residential mortgages written across the country in June prior to Victoria's second lockdown. This article reinforces strong origination numbers that Thinktank has experienced over that period being \$71 million in June and \$72 million in July. It isn't unexpected that 66% of originations in June and 63% in July were to purchase or refinance residential property considering the uncertainty surrounding commercial property, specifically office and retail. As I have previously mentioned I am still speaking with our borrowers in hardship discussing whether they will be seeking further hardship or not. It is promising to see 40% of those borrowers no longer require hardship and despite the situation in Victoria many of our borrowers in the southern state are able to commit to paying a small portion of their mortgage until the situation improves. Thinktank remains committed to supporting borrowers and investors during this challenging time. In the month of July the High Yield Trust returned 6.59% to investors.

A downloadable copy of Thinktank's August 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 +61 401 974 839