



Thinktank

February 2020

Thinktank High Yield Trust

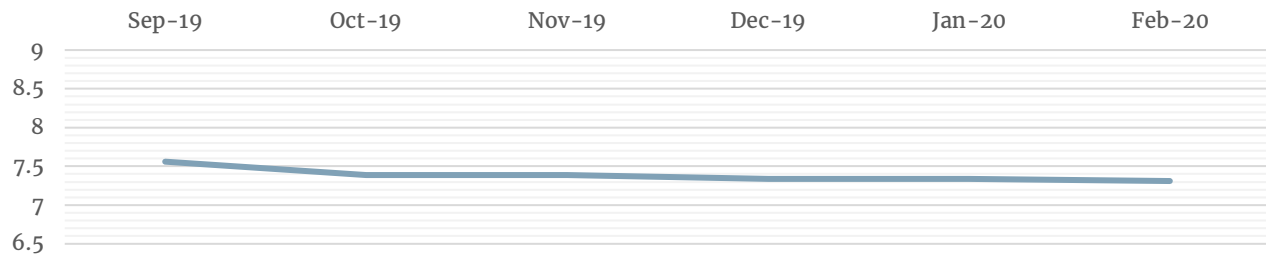
# Monthly Performance Report



# Thinktank High Yield Trust Monthly Performance Report

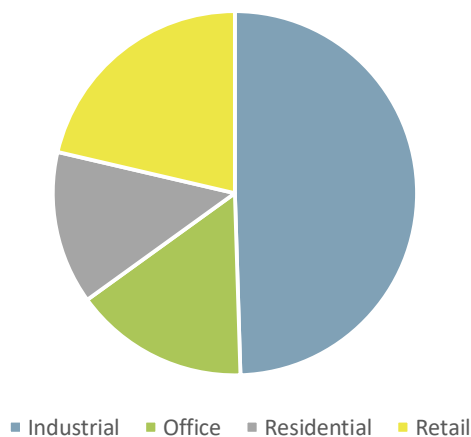
Return as at 29<sup>th</sup> February 2019

## Annualised Return %

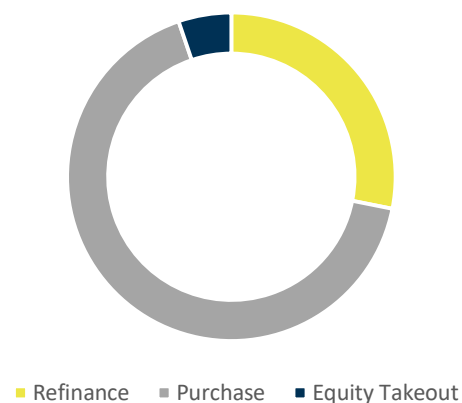


## Thinktank Loan Book Metrics

### Loan by Security Type\*



### Loan Purpose\*



## Investment Overview

### Performance and Activity

In February 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 29<sup>th</sup> February 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 10<sup>th</sup> of each month (or following business day) in arrears.

### Minimum investment

\$10,000

### Minimum term

12 months

### Average life of loan

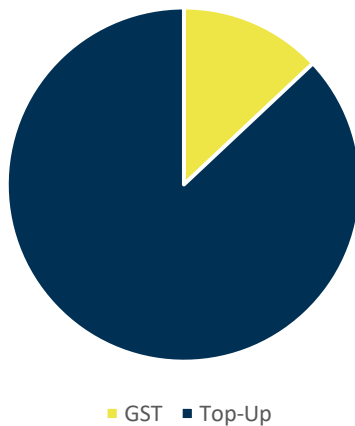
18 months as at 29-February-2020

\*Data as at 29<sup>th</sup> February 2020

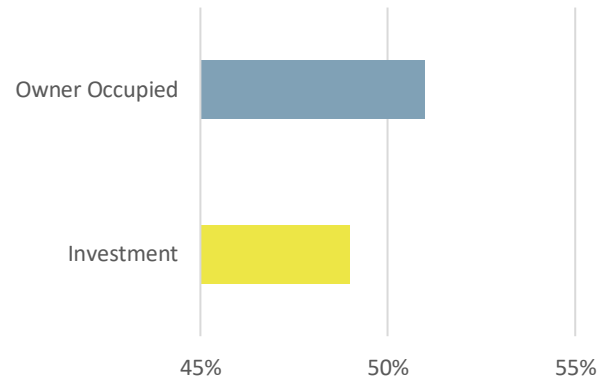


## Thinktank Loan Book Metrics

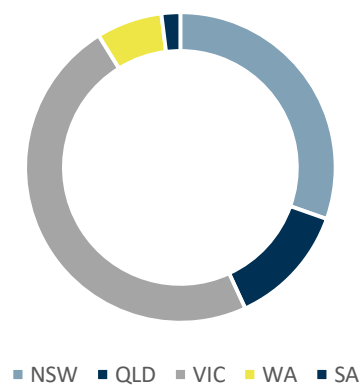
Loan by Verification Type\*



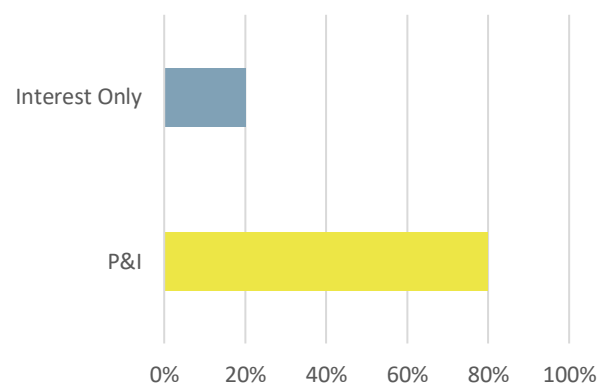
Loan by Occupancy\*



Loans by State\*



Repayment Type\*



## Market Ratings

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



## Market Commentary



**by Per Amundsen, Head of Research**

At its March meeting the RBA Board cut the Cash Rate to a new record low of 0.50%. Governor Lowe spoke of the possibility of further easing almost solely on the basis of the coronavirus. The Q4 CPI came in at a slightly improved 0.7% with the annualised rate rising to 1.8% but the prospect of a negative GDP figure for the current quarter is very real and a negative second quarter would signal a technical recession. The Unemployment Rate for January had risen to 5.3% and will now likely go higher. 4<sup>th</sup> quarter GDP was as expected at 0.5%, 2.2% annual but the major factor influencing future performance is the COVID-19 outbreak and the potential damaging short-term impact on Australia's economy. The US Fed which was expected to cut rates at its March meeting went early and cut by 50bps. The AUD has now fallen to USD 0.65 with many senior economists now looking to another cut within a month or two bringing the Cash Rate to only slightly above zero at 0.25%. This prospect appears to already be reflected in the AUD/USD exchange rate. CoreLogic housing prices for February showed further strong gains in Sydney and Melbourne with houses up 1.8% and 1.3% respectively. Units were up as well, 1.5% for the month in Sydney and 1.0% in Melbourne but we remain concerned about the ongoing supply of newly completed apartments. Retail trends remain a growing concern and already weak consumer sentiment will only suffer further with negative coverage of COVID-19 and associated declining tourism and ultimately increased unemployment. Our News and Views section covers the MSCI Property Index report to 31 December 2019 with further comments on the Retail sector.

## Market Commentary

**by Lauren Ryan, Investor Relations**

Well wasn't February a rollercoaster of a month? Much has been said regarding COVID-19, the numerous country-specific travel bans and major events that are at risk and/or have been cancelled which, as a sport enthusiast, is disappointing yet entirely understandable. Nevertheless, with International Women's Day taking place last Sunday, 86,000+ people still swarmed the MCG to watch the Southern Stars take home the T20 Cricket World Cup trophy. Having grown up playing with and against the senior members of the team, I was so proud of our country getting behind them despite the anxiety and in some cases irrational behaviour we have seen these past few weeks. At present Thinktank's investment trusts have not been impacted by COVID-19 in contrast to the way equities markets have been. Investor returns have decreased slightly due to yet another RBA rate cut, but aside from this Thinktank's loan book remains sound with a continuation of low arrears. Please do not hesitate to contact me via email or mobile if you wish to discuss your investment with Thinktank. We appreciate these volatile times can be challenging and we welcome investors reaching out should they have questions or concerns. Thinktank's High Yield Trust returned 7.31% p.a. in the month of February.

A downloadable copy of Thinktank's March 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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