



High Yield Trust

Monthly Performance Report

A monthly snapshot of our **High Yield Trust** performance.

January 2025

Thinktank.

Investment Overview

Performance and Activity

In January the High Yield Trust return to investors remained stable for another month. Since inception in August 2017 the High Yield Trust has maintained zero losses as at 31st January 2025.

Investment strategy

Generate monthly income returns by investing in mortgage-backed securities secured by registered first mortgages held on Australian commercial and residential real estate.

Distributions

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

Minimum investment

\$10,000

Minimum term

12 months

Average loan-to-value ratio

66.03% as at 31-Jan-2025

Average life of loan

21.15 months as at 31-Jan-2025

APIR Code

TTG2419AU

*Data as at 31st January 2025

Market Ratings

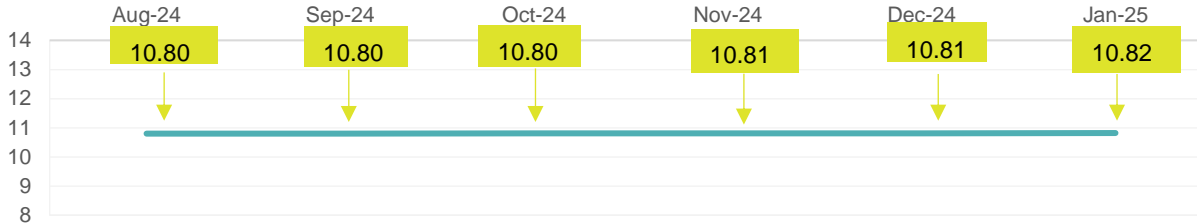
▶ Stable
 ▲ Improving
▼ Deteriorating

	Sydney	Melbourne	Adelaide	Brisbane	Perth
Residential Homes	Weak ▼	Weak ▼	Good ▲	Good ▲	Strong ▲
Residential Units	Weak ▼	Weak ▼	Good ▲	Good ▲	Strong ▲
Office	Fair ▶	Weak ▶	Fair ▶	Fair ▶	Good ▲
Retail	Fair ▶	Weak ▼	Weak ▼	Fair ▲	Fair ▶
Industrial	Good ▶	Good ▶	Strong ▶	Strong ▶	Strong ▲

High Yield Trust Monthly Performance Report

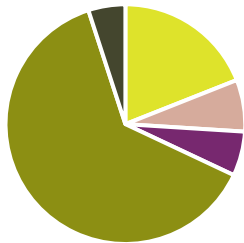
RETURN AS AT JANUARY 31, 2025

Annualised Return %



Thinktank Loan Book Metrics*

Loan by Security Type*

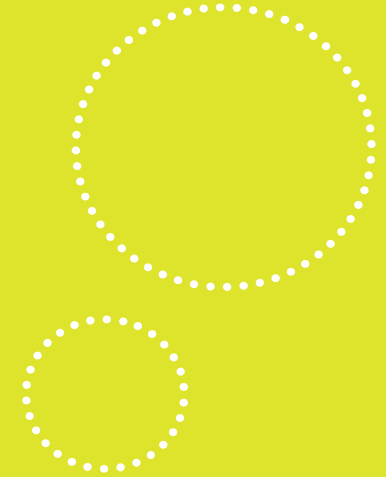


- Industrial
- Office
- Commercial Other
- Retail
- Residential

Loan by Occupancy*

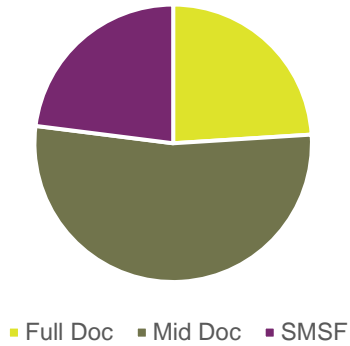


- Purchase
- Refinance
- Equity Takeout

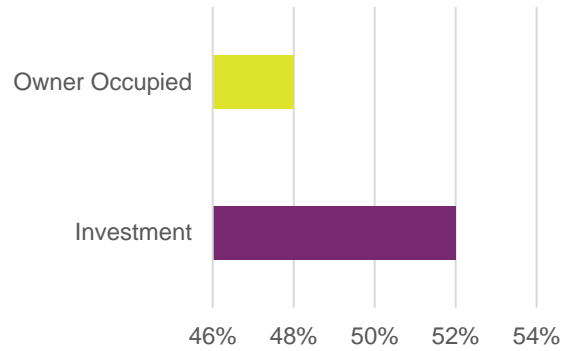


Thinktank Loan Book Metrics

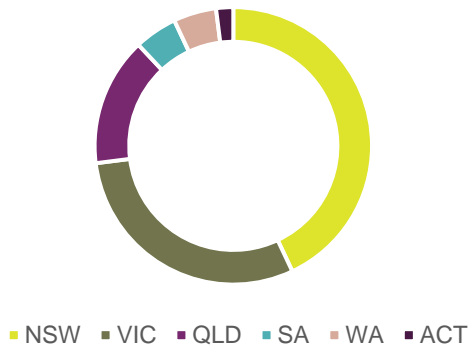
Loan by Product Type*



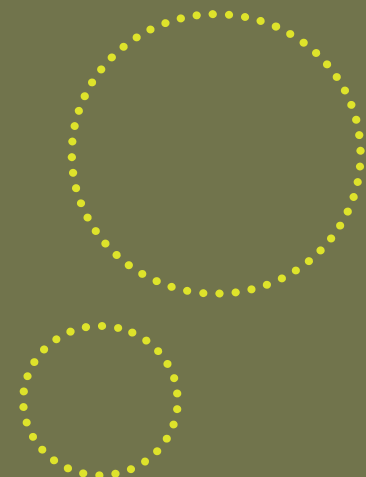
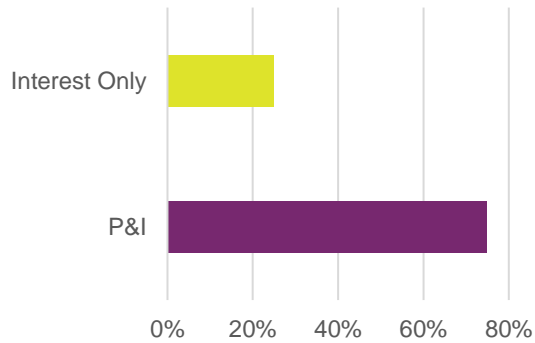
Loan by Occupancy*



Loans by State*



Repayment Type*



Market Commentary

by Per Amundsen, Head of Research

The Westpac–MI Consumer Sentiment Index fell by -0.72 points in January to 92.1 remaining on the pessimistic side on the current economic outlook but less so than a year ago. The Westpac Melbourne Institute Leading Index also slipped back slightly by 0.07 points to +0.25 but still remained slightly positive which is a clear improvement on the persistently negative below trend reads recorded over the previous two years.

The Reserve Bank of Australia (RBA) will meet again on 17, 18 February after having left the Cash Rate unchanged for all of 2024. The December Quarterly and Monthly CPI statistics released on 29 January were favourable at 2.8% for the quarter so there is a real chance of a reduction in interest rates at the February meeting and indeed now all four the major Banks are predicting a cut of 0.25%. Retail sales were up 1.0% for the fourth quarter continuing a slow rise.

The Federal Reserve Bank in the United States held rates unchanged in January but the Bank of Canada cut its rates in January but only by 25 basis points down to 3.00% after cutting by 50 basis points in December. The

AUD continued its steady fall from near 0.69 early last year recently dropping below 0.62 on unsettling global news on tariffs but has since recovered to just below 0.63. CoreLogic dwelling prices for January once again recorded a small National negative result for the quarter down -0.3% but flat for the month. Sydney and Melbourne once again both showed monthly and quarterly declines.

Melbourne remains in fifth place in median home value amongst the other major Capital Cities and was down 3.3% for the year. Adelaide, Perth and Brisbane all did very well once again this month leading the Capitals with all three up strongly in Houses and Units for the month, the quarter and for the year with all showing double digit annual growth while Nationally growth was 8.3% for the past 12 months.

We continue to reflect mostly stable Residential markets in almost all areas except Melbourne and Sydney and we maintain our optimistic view that interest rates will fall early this year having a positive impact on real estate values with recovery to be seen in those two Capitals.

Thinktank..



Thinktank's Monthly Market Focus can be downloaded from our website.

[Access it here](#)



Investment Commentary

by Lauren Ryan, National Manager, Investments

The Reserve Bank of Australia (RBA) is scheduled to convene for its first meeting of 2025 on 17 and 18 February, with market expectations factoring in the first interest rate reduction since May 2022. The December quarter Consumer Price Index (CPI) report revealed a softer than anticipated increase of 0.2%, bringing the annual rate of headline inflation to 2.4%, which is within the RBA's target inflation band of 2–3%.

As a result, economists at all of the major domestic banks have adjusted their forecasts, and are now anticipating a 0.25% rate cut next week. Confirming their confidence in this forecast several of these banks have started reducing their fixed rate mortgage offerings. While some market commentators are arguing against a rate cut in February, the prevailing sentiment remains in favour of such a move. January marked the inauguration of U.S. President Donald Trump for his second term.

Shortly after assuming office, President Trump announced the imposition of a 25% tariff on designated imports from Canada and Mexico, as well as a 10% tariff on selected imports from China. Negotiations swiftly commenced with Canada and Mexico concerning stricter border control measures in exchange for suspended or reduced tariffs. On the domestic front, Australians are preparing for a Federal Election, which current polls suggest will be a closely contested race. Prime Minister Anthony Albanese is expected to call the election either in early April or early May, following the Federal Budget at the end of March.

Recent news has highlighted challenges faced by several domestic nonbank lenders in the private credit and corporate lending space, including reports of large, underperforming assets and frozen or unmet redemptions. In light of this, it is important to remind investors that Thinktank's High Yield Trust invests in mortgage backed securities which are secured by a diversified portfolio of small ticket, income generating residential and commercial properties domestically.

The High Yield Trust is not exposed to construction or development assets and the mortgaged backed securities portfolio has an average loan size of \$604,590. Since its inception in 2006, Thinktank has originated over \$12.6 billion in loans, maintaining a loss rate of 0.03%, all of which has been absorbed by Thinktank's excess spread within the associated funding trust. Notably, Thinktank has never missed an interest payment nor failed to meet a redemption request since the opening of the High Yield Trust for private investment in 2017.

In January, Thinktank recorded \$310 million in new loan originations. As of 31 January, the portfolio's 30 day plus arrears rate increased slightly to 3.5%. Seasonal increases in arrears around the New Year are common, and Thinktank expects many of these loans to return to order in the coming months. Meanwhile, the High Yield Trust delivered an annualized return of 10.82% for the month.



Contact Us

For more information about Thinktank's Investment Trusts, please contact **Lauren Ryan**.



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