

# Credit Unit Class TAMIM Fund

At 30 April 2019

## PROJECTED YIELD: 8.1% p.a.

Another election, another surprise result. Add this to Trump, Brexit and no doubt there are more to come. Whilst there is significant uncertainty globally as a result of the US-China trade negotiations and the never-ending Brexit saga (now exacerbated by Friday's resignation of Theresa May), the local story has been given a boost (short term perhaps) by a trio of good news pieces. Firstly, the Coalition's victory in the Federal Election, secondly recently released minutes by the RBA are seemingly pointing towards a cut in the official interest rate and lastly APRA's recent announcement on revisions to the serviceability assessments that authorised deposit-taking institutions perform on residential mortgage loan applications. These factors should support credit markets and the housing market, with many pundits suggesting the housing market correction is bottoming out. It seems that people have deferred important decisions pending the outcome of the election. But a bit more on inflation and resulting impact on interest rate decisions below.

- Australian consumer inflation expectations hit the lowest level on record in April, according to Roy Morgan Research.
- In the past decade, when inflation expectations have declined, the RBA has typically cut official interest rates.
- Financial markets and almost every economist surveyed by Bloomberg expect the RBA will cut Australia's cash rate next week.

Australian consumer inflation expectations hit the lowest level on record in April, likely contributing to the recent shift from the RBA to adopt an easing bias, implying that Australia's cash rate is likely to be reduced in the months ahead.

Over the next two years, annual inflation is expected to average 3.7%, according to Australians surveyed by Roy Morgan Research, surpassing the previous record low of 3.9% set in late 2016.

The chart below from Roy Morgan Research shows the change in average annual consumer inflation expectations since the start of the decade, including the reaction from the RBA to changes in those expectations.

### Monthly Return Stream

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2018	-	-	-	-	-	-	-	-	-	0.46%	0.38%	1.02%	1.87%
2019	0.60%	0.54%	0.84%	0.62%									2.63%

Note: Returns are quoted net of fees and assuming quarterly distributions are not reinvested. Past performance is no guarantee of future performance.

The information provided should not be considered financial or investment advice and is general information intended only for wholesale clients (as defined in the Corporations Act). The information presented does not take into account the investment objectives, financial situation and advisory needs of any particular person nor does the information provided constitute investment advice. Under no circumstances should investments be based solely on the information herein. You should seek personal financial advice before making any financial or investment decisions. The value of an investment may rise or fall with the changes in the market. Past performance is no guarantee of future returns. Investment returns are not guaranteed as all investments carry risk. This statement relates to any claims made regarding past performance of any Tamim (or associated companies) products. Tamim does not guarantee the accuracy of any information in this document, including information provided by third parties. Information can change without notice and Tamim will endeavour to update this document as soon as practicable after changes. Tamim Funds Management Pty Limited and CTSP Funds Management Pty Ltd trading as Tamim Asset Management and its related entities do not accept responsibility for any inaccuracy or any actions taken in reliance upon this advice. All information provided in this document is correct at the time of writing and is subject to change due to changes in legislation. Please contact Tamim if you wish to confirm the currency of any information in the document.

### Key Facts

<b>Investment Structure:</b>	Unlisted unit trust
<b>Minimum investment:</b>	A\$100,000
<b>Applications:</b>	Processed monthly
<b>Redemptions:</b>	Quarterly, with 30 days notice
<b>Unit pricing frequency:</b>	Monthly
<b>Distribution frequency:</b>	Quarterly
<b>Management fee:</b>	1.25% p.a.
<b>Performance fee:</b>	Nil
<b>Lock up period:</b>	18 months
<b>Buy/Sell Spread:</b>	+0.20%/-0.20%
<b>Exit fee:</b>	Nil
<b>Administration &amp; expense recovery fee:</b>	Up to 0.35%
<b>Unsecured debt limit:</b>	5% of Fund assets

### NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$1.0082	\$1.0062	\$1.0042

### Contact

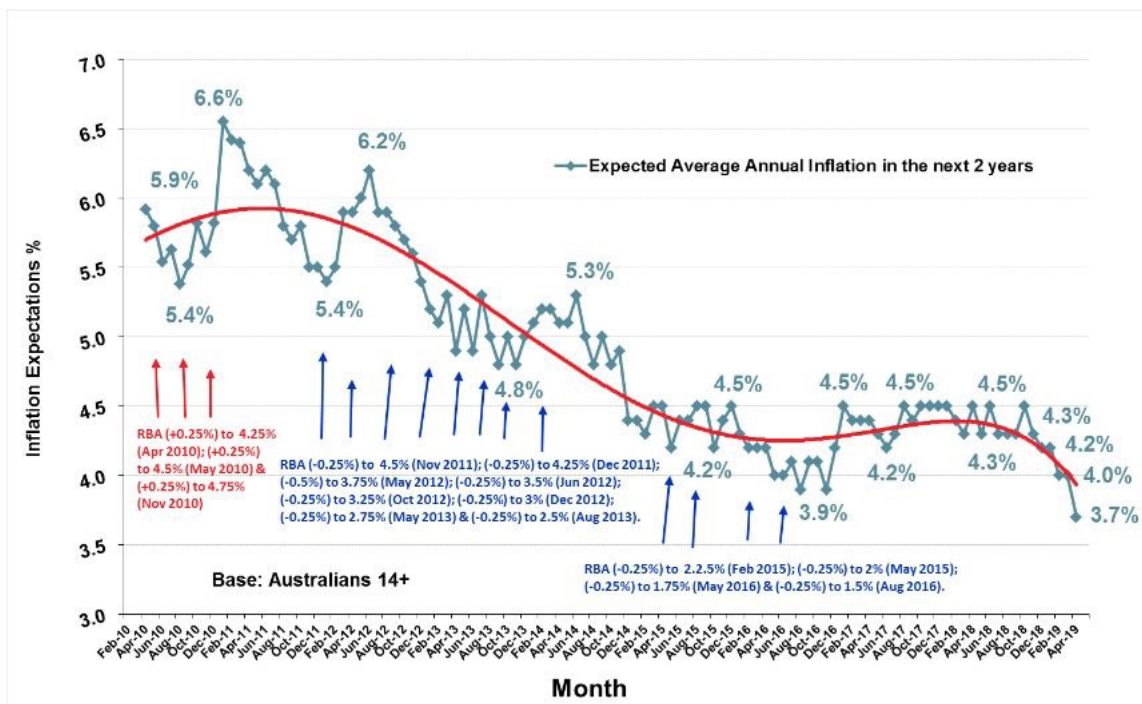
<b>Bradley Hill</b>	bradley@tamim.com.au	0424 333 790
<b>Darren Katz</b>	darren@tamim.com.au	0405 147 230

# Credit Unit Class TAMIM Fund

At 30 April 2019

## PROJECTED YIELD: 8.1% p.a.

Roy Morgan Inflation Expectations Index – Expected Annual Inflation in next 2 years



Source: Roy Morgan Single Source: Interviews an average of 4,000 Australians per month aged 14+ (Apr. 2010 – Apr. 2019).

While Australia’s March quarter consumer price inflation (CPI) report was very weak, coming in below the RBA’s expectations, it’s been the recent lift in Australia’s unemployment rate from 4.9% to 5.2% that has seen the bank adopt an explicit easing bias, reflecting that softer labour market conditions, particularly if sustained, will make it more difficult to boost wages and economic growth and return underlying inflation to the bank’s 2-3% medium-term target.

With inflation expectations also falling to record lows, there’s an increased risk that consumers will see the weak inflation outlook as becoming entrenched, potentially weighing on investment and spending decisions in the period ahead, especially if views on future wage increases are also lowered.

In a speech last week, RBA Governor Philip Lowe said the bank will “consider the case for lower interest rates” when it next meets on June 4, paving the way for a likely reduction in Australia’s cash rate to 1.25%, the lowest level on record.

Financial markets, and all economists bar one surveyed by Bloomberg, expect the RBA will cut the cash rate by 25 basis points next week. Another 25 basis point rate cut is also expected before the year is out, with another possible reduction – taking the cash rate to just 0.75% – seen as a line-ball call by the second half of next year.

Note: Returns are quoted net of fees and assuming quarterly distributions are not reinvested. Past performance is no guarantee of future performance. The information provided should not be considered financial or investment advice and is general information intended only for wholesale clients (as defined in the Corporations Act). The information presented does not take into account the investment objectives, financial situation and advisory needs of any particular person nor does the information provided constitute investment advice. Under no circumstances should investments be based solely on the information herein. You should seek personal financial advice before making any financial or investment decisions. The value of an investment may rise or fall with the changes in the market. Past performance is no guarantee of future returns. Investment returns are not guaranteed as all investments carry risk. This statement relates to any claims made regarding past performance of any Tamim (or associated companies) products. Tamim does not guarantee the accuracy of any information in this document, including information provided by third parties. Information can change without notice and Tamim will endeavour to update this document as soon as practicable after changes. Tamim Funds Management Pty Limited and CTSP Funds Management Pty Ltd trading as Tamim Asset Management and its related entities do not accept responsibility for any inaccuracy or any actions taken in reliance upon this advice. All information provided in this document is correct at the time of writing and is subject to change due to changes in legislation. Please contact Tamim if you wish to confirm the currency of any information in the document.