Credit Unit Class
TAMIM Fund

At 28 February 2019

PROJECTED YIELD: 8.2% p.a.

On the domestic front, the dust seems to have settled following the release of the report on the Hayne Royal Commission. We assume that all those entities affected are working ferociously behind the scenes to implement the reforms suggested in the report and for many, reshaping their businesses to meet the requirements of the new regulatory environment. The focus now seems to have shifted towards the Federal Election in a few months' time and a continued focus on the property market correction, the impact of this on the broader economy and interest rate moves for the rest of this year. Internationally and as we write this piece, the UK Parliament will vote on an extension of the date for Brexit to take place and potentially opening the door to a radical re-write of the terms of its divorce from the EU. What is not clear, is what sort of solution would be voted through by the parliament. A lengthy extension may even lead to a second referendum on whether to exit or not. Nobody really knows how all of this will play out. Elsewhere, US-China trade tariff negotiations continue, recent industrial output data out of China showed weakness with growth falling to a 17-year low in the first two months of the year. This weakness was offset to some extent by a pick up in investment as the government fast-tracked more road and rail projects. Beijing has already pledged support to the slowing economy with tax cuts and infrastructure spending.

We continue dialogue with interesting credit managers and are conducting due diligence on funds providing corporate and property debt. Given the tightness in bank lending, the emergence of non-banker lenders continues with many new offerings.

Turning to credit markets in Australia, we note the following:

- Australian private sector credit growth remains anaemic, especially for housing and personal purposes.
- In January, housing credit grew by the smallest amount since 1984. Over the year, growth was the weakest on record.
- The weakness in housing credit reflects a steep slowdown in both investor and owner-occupier categories.
- Tighter lending standards, reduced demand and more borrowers servicing amortising loans explains the sharp slowdown.
- Personal credit demand plunged by 0.6% last month. Over the year, it fell by the most since the GFC.

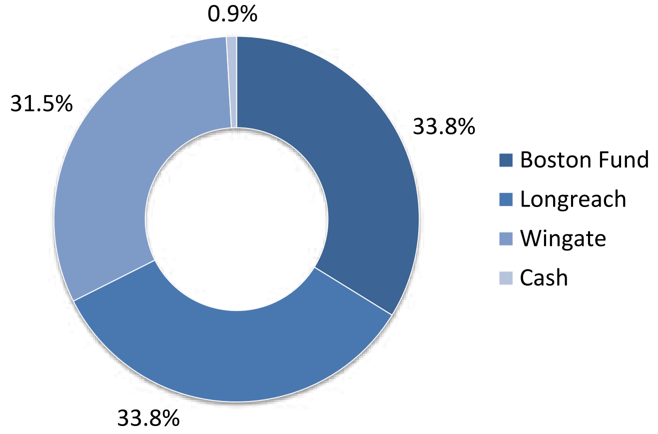
Key Facts

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

NAV

	Buy Price	Mid Price	Redemption Price
AU$	$1.0138	$1.0117	$1.0097

Portfolio Allocation



Contact

Bradley Hill bradley@tamim.com.au 0424 333 790

Darren Katz darren@tamim.com.au 0405 147 230

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%	0.55%											1.15%

Note: Returns are quoted net of fees. Past performance is no guarantee of future performance.

Credit Unit Class
TAMIM Fund

At 28 February 2019

PROJECTED YIELD: 8.2% p.a.

- Business credit growth remained firm, both over the month and the year.

Credit growth to Australia's private sector remains weak, driven by ongoing weakness in housing and personal categories. According to the Reserve Bank of Australia, credit grew by 0.2% in January after seasonal adjustments, undershooting expectations for a slightly larger increase of 0.3%. The monthly result, identical to that seen in December, saw credit growth from 12 months earlier slow to 4.3%, the weakest expansion since February 2014.

Housing credit

Credit to purchase housing grew by just 0.2% from December, the smallest monthly increase since July 1984. From a year earlier, housing credit increased by 4.4%, the equal-weakest result on record. Housing credit was expanding at an annual pace of 6.6% back in late 2017. Credit for owner-occupier home purchases rose by 0.3% from December, the smallest increase in five years. For investors, credit grew by 0.1%, maintaining the glacial result seen in recent months. Over the year, credit growth to owner-occupiers grew by 6.2%, the smallest expansion since September 2015. The decline for investors was even sharper over the same period, slowing to just 1%, again the lowest level on record. The moderation in housing credit over the past year reflects the impact of tighter lending standards and, partially as a result, falling home prices, helping to curb demand for finance. The ongoing switch from interest-only to amortising loans has also been a factor, seeing outstanding loan balances paid down by an increasing number of borrowers.

Business credit

For businesses, credit grew by 0.3%, seeing the annual increase accelerate to 5.2%, the fastest pace since the end of 2016. The result is consistent with the strong lift in business investment recorded in the final three months of last year, along with expectations for increased investment in the next financial year.

Personal credit

In contrast, personal credit plunged by 0.6%, the largest monthly contraction since August 2011. From a year earlier, personal credit fell by 2.8%, the steepest fall since late 2009 during the aftermath of the GFC. Persistent weakness in personal credit demand may reflect factors such as the increased prevalence of buy now, pay later services, along with the impact of tighter lending standards for items such as car purchases and holidays. However, the decline may also reflect growing concern among households about falling property values, seeing spending deferred in favour of paying down debt despite continued strength in labour market conditions.

Retail and new car sales were both very weak in the final three months of last year, coinciding with an acceleration in property price declines in Sydney and Melbourne.