

Credit Unit Class TAMIM Fund

At 31 May 2020

YIELD: 7.30% p.a.

Manager Allocations:

Manager A	Property/SME	11.5%
Manager B	1st Mortgages	23.0%
Manager C	SME	24.7%
Manager D	Property	36.5%
Other		5.3%

Debt Structure Allocations:

Senior Secured	71.6%
Mezzanine	7.6%
Unsecured	3.6%
Cash	17.2%

Quarterly Distribution Stream:

31 December 2018	1.87%
31 March 2019	2.01%
30 June 2019	2.00%
30 September 2019	1.90%
31 December 2019	1.80%
31 March 2020	1.71%

Market Commentary

The Fund generated a 0.53% return in May, resulting in a twelve-month net return to investors of 6.90% with all underlying allocations performing as expected. When asked, we tend to describe the unit class as being conservative in nature, this comment deserves further examination. Some might say that private debt is risky and has a higher risk of defaults than other fixed income strategies. We respectfully disagree. The focus of all of our underlying managers, from those running first mortgage strategies to those making loans backed by property or real assets, to the loans backed by business assets and cash flows, is on ensuring portfolios do not suffer capital loss.

While we cannot guarantee portfolios will not suffer capital losses, there is a clear focus on risk management from all lending teams. This risk management is borne out through exceptional credit assessment prior to loans being offered, strong documentation to protect exposures and diligent

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%	0.61%	1.25%	0.60%	0.58%	0.70%	-0.46%	0.59%	0.70%	7.41%
2020	0.60%	0.59%	0.52%	0.49%	0.53%								2.76%

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

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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
Target yield:	RBA Cash Rate + 6.75%

NAV

	Buy Price	Mid Price	Redemption Price
AU\$	\$1.0075	\$1.0055	\$1.0035

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ongoing monitoring of the loans to ensure borrowers are not getting into difficulties. The TAMIM Fund: Credit unit class focuses on investing with managers that have long standing track records or exceptional experience in managing their chosen loan strategies. While we obviously never want to see loans becoming difficult, we want to know that our managers have experienced these difficulties historically and are capable of managing them if they occur.

Finally, as we pointed out last month, we have seen all managers increase cash weightings over the last few months. This has been done for two reasons. Firstly, this is a defensive mechanism to ensure that they are able to defend existing loan positions. Secondly, to ensure they are able to allocate to new opportunities at appropriate yields when they arise. The cash weighting does create a short term drag on the portfolio but, in this environment, we believe this is a wise position to take.

Manager A

The manager's portfolio was invested across fifteen assets with approximately 19% of the portfolio being held in cash. During May the portfolio made additional investments into existing loans where there were existing exposures. The manager took the opportunity to increase exposure to loans that are already seasoned and are performing well. Overall, the loans within the portfolio have performed in line with the manager's expectations and are medium term in their investment horizon. The manager is in regular communication with borrowers and all of the assets are in compliance with their lending covenants. The weighted LVR of the portfolio is 61% with a term weighted life of 1.30 years.

Manager B

The portfolio continues to perform well and all loans are within their covenants. The portfolio is 76% invested across first mortgage opportunities with the balance being held in cash. During May the manager's pipeline of suitable investments remained strong and the manager continued to hold relatively high cash balances in anticipation of additional lending opportunities over the coming months.

Manager C

As at the end of May 2020 the loan portfolio stood at 82.6% invested, representing 30 loans. No new loans were settled during the month. The average loan maturity is 20.4 months. All loans within the portfolio are performing. By design, the manager selects and lends to borrowers with recession resistant business models and, while it remains challenging to predict short and medium-term financial conditions, the loan portfolio is in a healthy condition. The underlying portfolio continues to hold higher levels of cash to enable both the support of

of existing borrowers and the allocation to new opportunities as they emerge.

Manager D

The manager made one new property senior debt investment and provided further mezzanine funding secured against the Consumer Finance loan book. Deployment remains within the target range, as at 31 May the manager held 62 non-cash investments.

The Ralan asset realisation strategy continues to make progress. With construction on the Arncliffe development nearing completion a retail sales campaign has commenced with appointed agents CBRE. The manager believes that the balance of the portfolio continues to perform as expected in all material respects.

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