Credit Unit Class
TAMIM Fund

At 30 November 2018

PROJECTED YIELD: 8.2% p.a.

Since writing to you last month, the global headlines continue to be dominated by equity market volatility, trade wars and uncertainty around the nature of the Brexit deal. Locally, economic news continues to focus on the Royal Commission into the financial services industry and the slowdown (some believe impending crash) in the housing market, predominantly in the eastern states of the country. Latest comments from certain representatives of the Reserve Bank of Australia has introduced statements alluding to interest rate decreases and quantitative easing. Whilst these comments were subsequently explained as being a description of the policy measures available to the RBA should they be required, we believe it gives some sense of the concerns in the economy emanating from the house price declines and consequences of this particularly to consumer spending and consumption. This is in contrast to views that the next move in interest rates in Australia would be an increase, however globally, the belief is that the tightening cycle, particularly in the US may be coming to an end or at least slowing as 2020 recession predictions emerge.

There is also concern by financial regulators that the reduction in bank lending in response to the Royal Commission and tougher regulations will cut the flow of credit required to help the economy grow. An inaugural quarterly meeting statement very recently published by the Council of Financial Regulators (consisting of APRA, ASIC, RBA and Treasury) also observed that as banks pulled back, lending by lightly regulated non-banks had picked up significantly. This same council vowed to more closely scrutinise lending by the so-called shadow banking system.

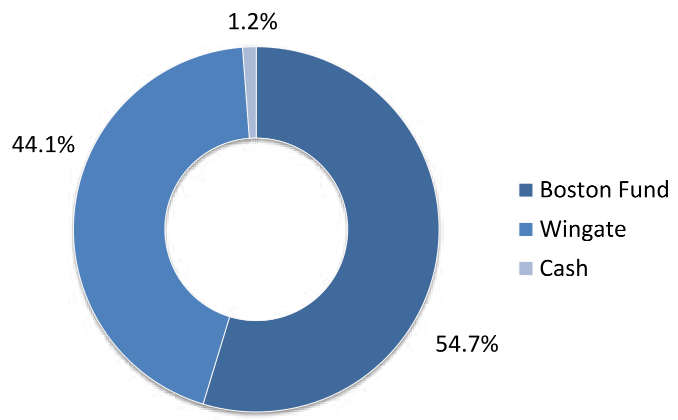
Enterprise Value Lending Fund

We recently held a presentation in our Sydney offices where we spoke about the credit environment in Australia and the private debt market. One of the presenters was the CIO of a credit fund that focuses on cashflow/enterprise value lending to he SME market. We have been busy conducting due diligence on this fund and hope to allocate funds to them in December. We are attracted to their offering given the sustained declined in lending to SMEs by the large banks and the opportunities this is providing for lending to good quality counterparties at attractive risk-adjusted returns. Below is some further information on this fund. Australia being a deeply underserved

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

Portfolio Allocation



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Monthly Return Stream

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2018	-	-	-	-	-	-	-	-	-	0.46%	0.38%		0.84%
2019													

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

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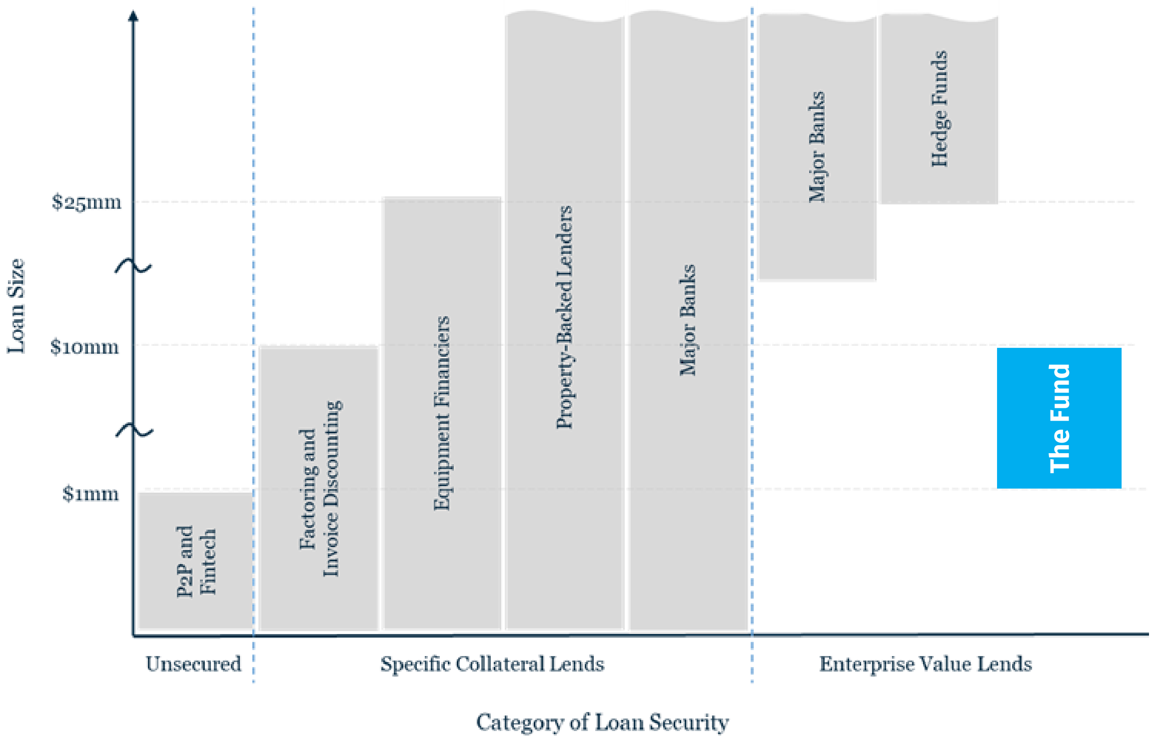
market enables the team to be highly selective in originating and executing on only the most attractive deals.

The fund provides growth or transition debt capital to Australian businesses seeking between $1m and $10m in funding. Focusing on senior secured opportunities, the fund structures loans to companies typically seeking capital to expand or refinance and face limited options with reduced bank activity. The strategy aims to deliver strong and stable risk adjusted income for investors by originating a diversified portfolio of senior secured corporate loans.

- High quality borrowers are sourced from a deep established network. The team conducts institutional credit due diligence (team are ex Macquarie Bank) and directly negotiates loan structure and loan terms with borrowers.
- All loans are senior secured enabling total financial and functional control in the event of insolvency, to ensure proceeds from the ongoing operation and or the sale of the business (or its assets) are used to repay the loan. The Fund's security will always rank ahead of any other secured claim.
- Typically loans will be used by borrowers to grow their businesses: M&A, investment in staff, new equipment or plant.
- The Fund makes no equity investments either directly through stock ownership, warrants or other derivative equity linked instruments. The strategy is credit centric and requires credit analysis and discipline to develop investment conviction.
- Healthy yield premium for illiquidity, lack of finance alternatives and relative complexity to originate, analyse and structure.
- Bespoke loan structuring enhance the return potential of direct loans. Return potential is demonstrably higher relative to other fixed income investments for the same level of risk. Targeted distribution yield of 9%-11% p.a.
- Active monitoring and management of loan portfolio.



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