

Credit Unit Class TAMIM Fund

At 31 October 2020

YIELD: 7.21% p.a.

Manager Allocations:

Manager A	Property/SME	15.2%
Manager B	1st Mortgages	20.7%
Manager C	SME	26.8%
Manager D	Property	32.5%
Other		4.8%

Debt Structure Allocations:

Senior Secured	66.4%
Mezzanine	12.8%
Unsecured	3.7%
Cash	17.1%

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%
30 June 2020	1.42%
30 September 2020	1.45%

Fund Commentary

The Fund generated a 0.65% return in October, resulting in a twelve-month net return to investors of 7.02% with all underlying allocations performing as expected. Since inception the portfolio has delivered an annualised return of 7.21% p.a. net of all fees. The fund has initiated adjustments to the underlying portfolio, with additional investments into new managers alongside a reduction in investments into existing managers. We remain committed to investing with larger, more established managers and avoiding those that are unproven especially in the current environment. We also continue to focus on senior secured exposure, secured by real assets or business cash flows.

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\$	\$1.0068	\$1.0048	\$1.0028

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%	0.77%	0.45%	0.61%	0.30%	0.65%			5.65%

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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Manager A

The manager's portfolio was invested across twenty assets with approximately 15% of the portfolio being held in cash. October was a busy month for the underlying fund, with a number of transactions being undertaken. During the month, final contracted sales were settled for a property construction loan in Broadbeach, resulting in repayment in full and on time. The portfolio also added slightly to its real estate holdings with three new loans. These loans all provide upfront fees for investors and are secured against underlying assets. Returns for the month were positively impacted by the upfront fees mentioned above, the underlying fund's securities, and from the performance of investments made over the last quarter within the opportunistic credit portfolio. During the earlier part of the month, cash was around 5% of the underlying portfolio but finished the month at 15% as repayment of loans occurred. The manager has a number of opportunities which they are pursuing and are seeking to make new investments in the short term. There are also some loans that are maturing as part of the portfolio. In summary, the portfolio continues to recycle capital. In previous communications we have noted that the underlying fund has provided accommodation for three loans by way of capitalisation of interest due to Covid impacting their business. Each borrower is continuing with their business plans to improve operational performance and reduce leverage.

No assets have been impaired. The weighted average LVR across the manager's portfolio is 64% with a term weighted average life of 0.88 years.

Manager B

The portfolio continues to perform well and all loans are within their covenants. The portfolio is 83% invested across first mortgage opportunities with the balance being held in cash. A strong period of origination over the last few weeks has seen the underlying manager's portfolio return to a reasonable cash level. As indicated last month, the Credit unit class investment committee has made the decision to reduce allocations to Manager B, this will be reflected over the November and December months. We will continue to look for other suitable first mortgage opportunities.

Manager C

As at the end of October 2020 the loan portfolio stood at 65% invested, representing 25 loans. No new loans were settled during the quarter and three loans were repaid. The average loan maturity is 17.95 months. All loans within the portfolio are performing.

The manager remains pleased with the performance of the underlying loan portfolio however remain cautious of the economic impact the pandemic and withdrawal of government support from the financial system will have.

Manager D

During the month, the manager realised two property debt investments, 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 the end of October the manager held 59 non-cash investments.

The underlying portfolio's risk-first approach to co-investment selection has been fortified through this recent period of economic uncertainty. The current climate calls for the prioritisation of capital preservation, disciplined due diligence and the patience not to proceed where they cannot gain comfort. During October, the underlying fund settled a facility for residual apartment and townhouse stock across three projects located in Canberra. The facility is for an existing borrower partner who have a track-record of successful sales and settlements, with this facility secured by first-ranking mortgages over the properties. The residential property market in Canberra has been resilient during the COVID-19 pandemic, with less downward pressure on prices compared to other markets. The underlying portfolio also approved a senior construction facility for a new 103 lot residential subdivision project in Melbourne's south east, with 64 of these lots unconditionally presold. The land subdivision market has been supported by government incentives for home buyers and this project is well-located, close to existing amenities. While this market continues to perform, the manager remains focused on projects near existing schools and shopping centres, with planning in place and proven market acceptance through presales. Both of these investments are secured by first mortgages geared to approximately 65%.

As previously communicated by the underlying manager, 1 November sees the creation of a new unit class for the underlying fund. This separates the Ralan Group transactions from the rest of the loan portfolio. The manager has indicated that this decision was motivated by the recognition that the impact of COVID-19 means that the realisation of the remaining assets that secure the underlying fund's Ralan positions are expected to take longer than would have been the case in 'market normal' conditions. The Credit unit class investment committee has taken the decision to lower the allocation to Manager D and, as the Ralan positions are realised, take the proceeds in cash.