Credit Unit Class
TAMIM Fund

At 30 October 2019

YIELD: 7.52% p.a.

Manager Allocations:

Manager A	Property/SME	4.5%
Manager B	1st Mortgages	27.0%
Manager C	1st Mortgages	6.3%
Manager D	SME	27.4%
Manager E	Property	34.8%

Debt Structure Allocations:

Senior Secured	78.0%
Mezzanine	6.3%
Unsecured	0.4%
Cash	15.3%

Quarterly Distribution Stream:

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

Underlying Portfolio Commentary

You may be excused for believing that a resurgence in Australian property prices was a certainty given the three recent rate cuts, stability at a federal government level and the easing of lending restrictions by APRA. What would have surprised most is the speed of the recovery, certainly in Sydney and Melbourne. October saw Melbourne prices rise 2.3% while Sydney was up 1.7% (Corelogic). Over the last quarter prices are up 5.5% in Melbourne and 5.0% in Sydney. Interestingly, part of the shift in prices can be attributed to a lack of supply, in Sydney we saw 20% less homes listed for sale compared to a year ago. There is not enough residential developement to fill this gap and the RLB Crane Index showed that the number of cranes operating in Melbourne declined over the September quarter while Sydney only added one extra crane over the same period. While the population of both cities continues to grow it is likely that the lending environment for residential development will remain extremely positive.

Specific to the fund, in particular the allocation to Manager E, at their October valuation meeting, giving due regard to the uncertainties associated with the Ralan recovery process and as a matter of

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$	$1.0023	$1.0003	$0.9983

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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%	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%			6.04%

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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prudence, the manager recommended the creation of a 3c per unit general provision within the underlying fund. Given the 34.8% allocation to the manager, this will have an approximate 1% impact on the unit price of the Credit unit class. It is important to note that this is a general provision and not an impairment or permanent reduction in asset value. Importantly, the current and future distributions to investors have not been materially affected and will continue to be made as usual.

Manager A

A key focus of the portfolio since the mid-year point has been managing its cash position in addition to the ongoing monitoring of existing assets and origination of new deals. This focus has seen the cash position reduce by almost 65% since that time. During the month one of the portfolios emerging corporate lends drew down the remainder of their facility. Given the opportunities that exist for this borrower in their industry and its overall performance, it is likely they will request an increase to their facility limit. Should this happen the lender is likely to look favourably at increasing their exposure. This highlights their successful strategy of backing borrowers where there is a developing track record. The weighted LVR of the portfolio is 58% with a term weighted life of 1.7 years.

Manager B

The portfolio continues to perform well and all loans are within their covenants. The portfolio is 71% invested across first mortgage opportunities with the balance being held in cash. While cash balances are high, they are starting to track towards the managers targeted range of 15 to 20%.

Manager C

We continue to invest in special opportunity first mortgage loans with Manager C.

Manager D

As at the end of October 2019 the loan portfolio stood at 76.6% invested representing 19 loans with an average weighted loan yield of 13.05%. One new loan was settled through the month and the average loan size was $4.9m. The average loan maturity has increased slightly to 19 months.

Manager E

During the month the Fund realised four property debt investments, made one new corporate debt investment and provided further mezzanine funding secured against the Consumer Finance loan book. At 96.4%, fund deployment remains above the target range. As at 31 October, the Fund held 62 non-cash investments.

Since our last update the manager has made further progress in relation to the Ralan assets including the sale of the Paradise Resort. The sale of this asset provides for a substantial reduction in the mezzanine facility, with the balance of the facility secured by a second mortgage over the Budds Beach site. Considerable progress has been made with the sales campaigns for both the Budds Beach site and Ruby management rights, while construction continues well and on program at the Arncliffe site.