Credit Unit Class
TAMIM Fund

At 30 September 2020

YIELD: 7.18% p.a.

Manager Allocations:

Manager A	Property/SME	15.1%
Manager B	1st Mortgages	20.8%
Manager C	SME	26.7%
Manager D	Property	32.4%
Other		5.0%

Debt Structure Allocations:

Senior Secured	65.1%
Mezzanine	11.6%
Unsecured	3.8%
Cash	19.5%

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%

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$	$1.0003	$0.9983	$0.9963

Fund Commentary

The Fund generated a 0.30% return in September, resulting in a twelve-month net return to investors of 5.84% with all underlying allocations performing as expected. Since inception the portfolio has delivered an annualised return of 7.18% p.a. net of all fees. As flagged last month, the Fund will be making adjustments to the underlying portfolio over the next few months. This will take the form of both additional investments into new managers and a reduction in investments to managers that are struggling to deploy cash held in their portfolios. 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 underlying exposure, secured against real assets or business cash flows.

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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%	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%				4.97%

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 19 assets with approximately 17% of the portfolio being held in cash. Work continues in relation the manager's pipeline of new opportunities, ranging across four strategies: real estate, specialty lending, opportunistic credit and convertibles. The manager continues to expect to be able to make additional investments in the near term. As indicated last month, one of the key highlights for the manager was the return of a large portion of capital from a real estate construction loan as settlements commenced this past month. This is a high-end apartment development in Broadbeach and is the second real estate transaction in 2020 where the manager has been repaid investor capital. It highlights a general philosophy of the strategy – a preference to recycle capital into new current deals. The manager also used some of those proceeds along with existing cash to deploy into an opportunistic credit transaction. This is an initial loan which provides the opportunity to participate in a larger refinancing. In addition, regular drawdowns occurred in relation to selected loan positions and in line with forecasts. The overall result of these activities has seen their real estate weighting reduce by 12.6% while opportunistic credit and cash increased by 6.6% and 5.1% respectively.

In previous communication we noted that the manager has provided accommodation for three loans by way of capitalisation of interest. The operational performance and leverage position of these loans has allowed for the interest capitalisation. In addition, each of these borrowers is continuing with their business plans which will see further reductions in leverage and operational performance improvements. The underlying portfolio's assets are medium to long term loans and are supported by sponsor equity and other collateral. This provides protection for investors in periods of market uncertainty. Given the market and economic impacts as a result of Covid-19, the manager continues to monitor the market conditions closely and is in regular contact with borrowers. No assets have been impaired. The weighted average LVR across the portfolio is 62% with a term weighted average life of 1.04 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 September, the manager's pipeline of suitable investments remained strong and they continued to hold relatively high cash balances in anticipation of additional lending opportunities over the coming months. The TAMIM Credit investment committee has made the decision to reduce allocations to Manager B as their cash balance has remained stubborn since inception and there does not appear to be an immediate incentive for the manager to reduce this. We will continue to look for other suitable first mortgage opportunities.

Manager C

As at the end of September 2020, Manager C's loan portfolio stood at 71.6% invested, representing 28 loans. One new loan settled during the quarter and three loans were repaid. The average loan maturity is eighteen months. All loans within the portfolio are performing as expected.

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. They continue to note that the range of COVID-19 impacts has been wildly divergent across subsectors of the Australian economy. From online retailers who have experienced extraordinary growth in earnings, to Melburnian cafes that have been entirely locked down, the importance of specific and highly detailed credit analysis when assessing loans is reinforced. The manager received a record value of repayments for the September 2020 quarter, increasing the cash position to 28.4%. This reflected the strength of private equity investors' demand for companies that have performed well during the pandemic, as well as the strong profit performance of a number of borrowers who elected to make repayments or refinance with an authorised deposit-taking institution. Manager C's investment team has received investment committee approval for one new loan and are undertaking due diligence on additional loans for review in the coming weeks. This is expected to result in stronger loan settlement volumes in the December 2020 quarter.

Manager D

The manager realised three property debt investments in September, made one new corporate debt investment and provided further mezzanine funding secured against the consumer finance loan book. Deployment remains within the target range and, as at 30 September, the manager held sixty non-cash investments.

As previously communicated by the underlying manager, 1 November sees the creation of a new unit class for the underlying fund which 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 Ralan positions are expected to take longer than would have been the case in 'market normal' conditions. The TAMIM Credit investment committee has accordingly made the decision to lower the allocation to Manager D and, as the Ralan positions are realised, to take the proceeds in cash.