

Credit Unit Class TAMIM Fund

At 30 September 2019

YIELD: 8.57% p.a.

Manager Allocations:

Manager A	Property/SME	4.6%
Manager B	1st Mortgages	28.2%
Manager C	1st Mortgages	6.6%
Manager D	SME	28.6%
Manager E	Property	32.0%

Debt Structure Allocations:

Senior Secured	77.9%
Mezzanine	5.8%
Unsecured	1.3%
Cash	15.0%

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

Manager A

Since the last quarter, \$13.9m of cash has been utilised covering a top-up on a property transaction, scheduled drawdowns on existing assets and a purchase of a marketable security to mop-up some liquidity. As at end of September the cash balance was 9.2% and this will continue to drift lower to meet on-going drawdowns from existing assets. We also highlight this activity has resulted in the portfolios mix of senior deals increasing from 43% to now 59%.

In terms of pipeline, a noteworthy observation over the quarter has been a couple of deals declined historically due to credit features the investment committee was not comfortable with have been reincarnated on improved terms. While this is promising, it does reflect the disciplined credit approval process. Reasons for turning down assets range from return/risk hurdle, uncertainty over cashflows and too equity like.

Weighted average LVR across portfolio is 59%.
Term weighted average life 1.9-years.

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%				6.52%

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\$	\$1.0260	\$1.0240	\$1.0219

Contact

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Manager B

The portfolio continues to perform well and all loans are within their covenants. The portfolio is 68% invested across first mortgage opportunities with the balance being held in cash.

Manager C

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

Manager D

As at 30 September, 2019 the loan portfolio stood at 78% invested, representing 19 loans with interest rates between 12.00% and 15.00% per annum. Five new loans were settled during the quarter. The average maturity in the portfolio is 18 months, which is in line with expectations, with interest rates in the loan portfolio remaining consistent with the Investment Manager's stated objectives. Diversification of the loan portfolio continues to improve as the number of loans increases. All loans within the portfolio are performing.

Following the federal election in May 2019, inquiry from creditworthy borrowers has increased, with a considerable increase in activity occurring over the last 3 months. The average loan size within the portfolio is \$4.84m. Despite the increase in loan size, this has not impacted the interest rate terms that the Investment Manager has achieved, reflecting the continued absence of tailored lending solutions for Australian corporate borrowers in this segment.

Manager E

During September the underlying Fund realised one property debt investment, made five new property senior debt investments, one new property mezzanine debt investment, two new corporate debt investments and provided further mezzanine funding secured against the Consumer Finance loan book. Fund deployment remains above the target range with the excess above 100% reflecting the use of the Fund's line of credit.

Since our last update we have made further progress in relation to the Ralan assets including the appointment of sales agents and advisors. With respect to the Arncliffe development, construction progress is ramping up well and settlement of the replacement senior construction funding is imminent. The sale of Ruby management rights is progressing with the Expression of Interest campaign having been well-contested. The Paradise Resort is currently on the market and experiencing strong interest from prospective purchasers.

As at 30 September, the Fund held 66 non-cash investments.

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