



TAMIM

# WHY PRIVATE DEBT?

TAMIM CREDIT FUND – FIXED INCOME

December 2024



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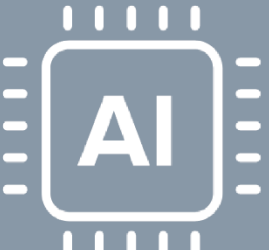



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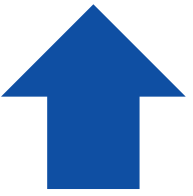
# Disclaimer





# Our Investment Platform

EQUITIES				OTHER ASSET CLASSES		
AUSTRALIAN		GLOBAL		PROPERTY		PRIVATE DEBT
 AUSTRALIA ALL CAP	 SMALL CAP INCOME	 GLOBAL HIGH CONVICTION	 GLOBAL TECH AND INNOVATION	 TAMIM PROPERTY	 LISTED PROPERTY	 TAMIM CREDIT FUND





OPEN FOR INVESTMENT

# TAMIM Property Fund – Springvale

Year 1 Distribution Forecast: 7.25%  
Average Distribution Forecast: 7.50% p.a.  
Distribution Frequency: Quarterly  
Projected IRR: 13.25 to 13.5%\*  
Min. Investment: \$250,000



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1. Current Macro Environment
  2. What is Private Debt?
  3. The Rationale for Private Debt
  4. The TAMIM Credit Fund

# Discussion Points



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# Current Macro Environment

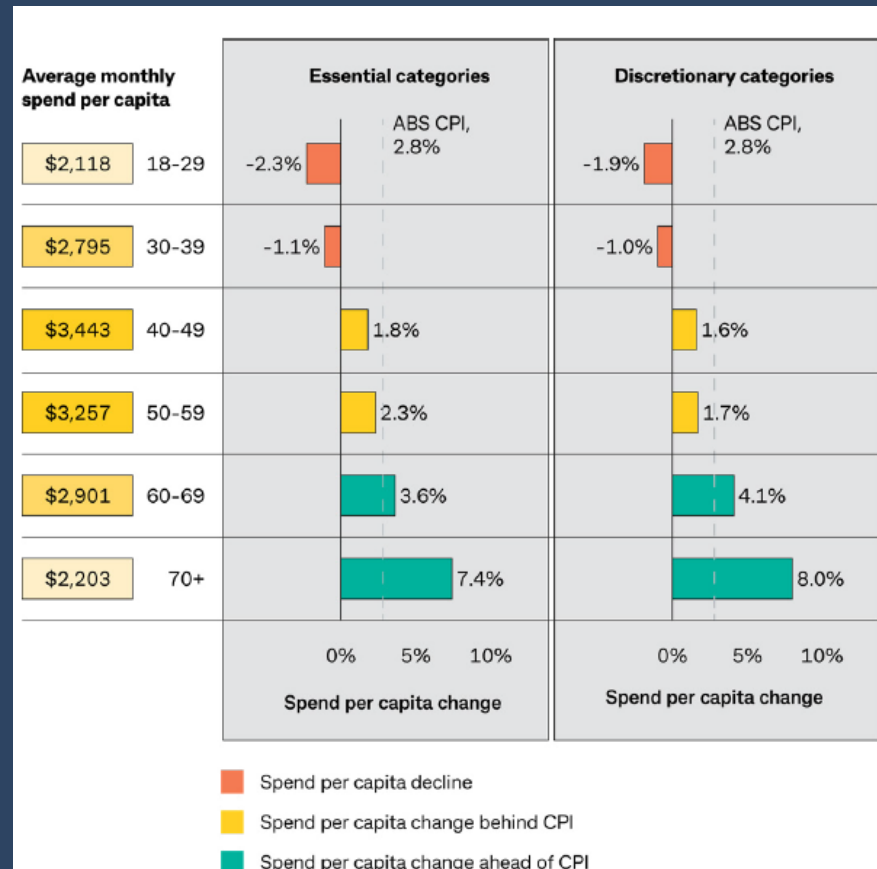
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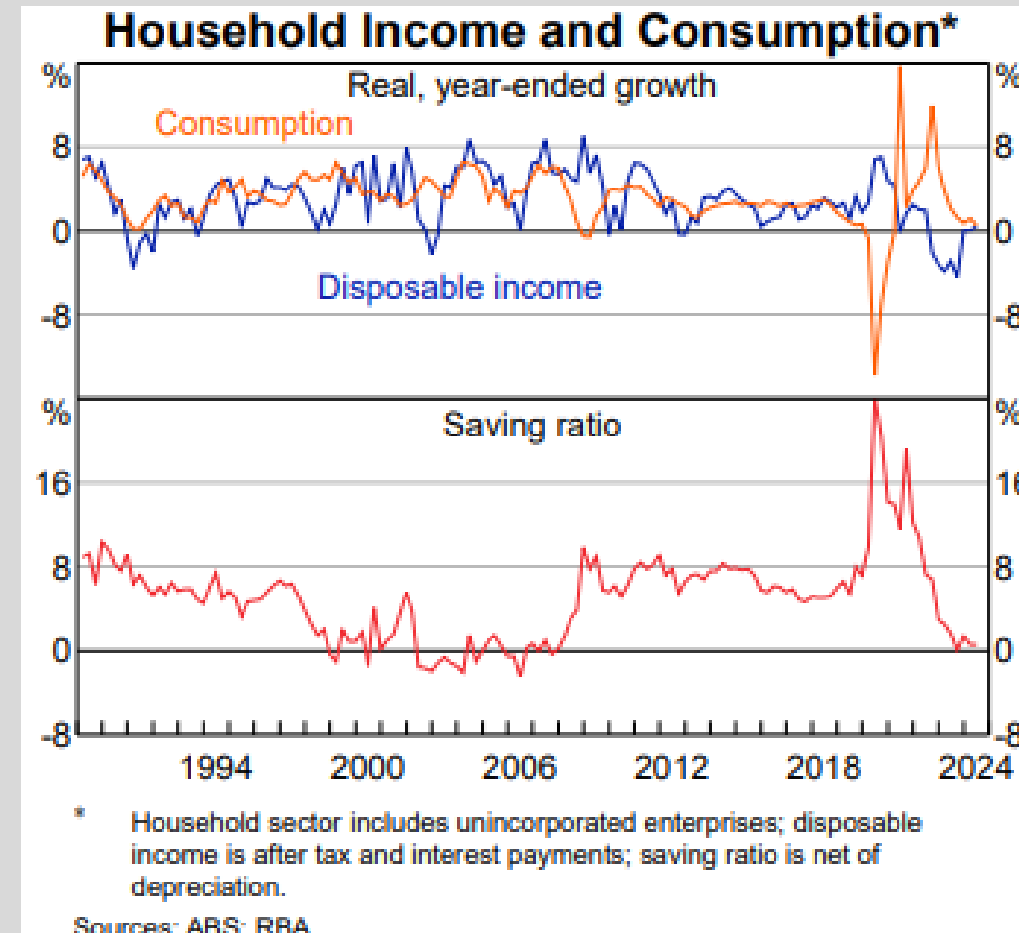
# Current Macro Environment

The Australian economy remains in an “okay” position as it navigates the crosscurrents of higher interest rates against moderating inflation and a labour force now starting to come under pressure.

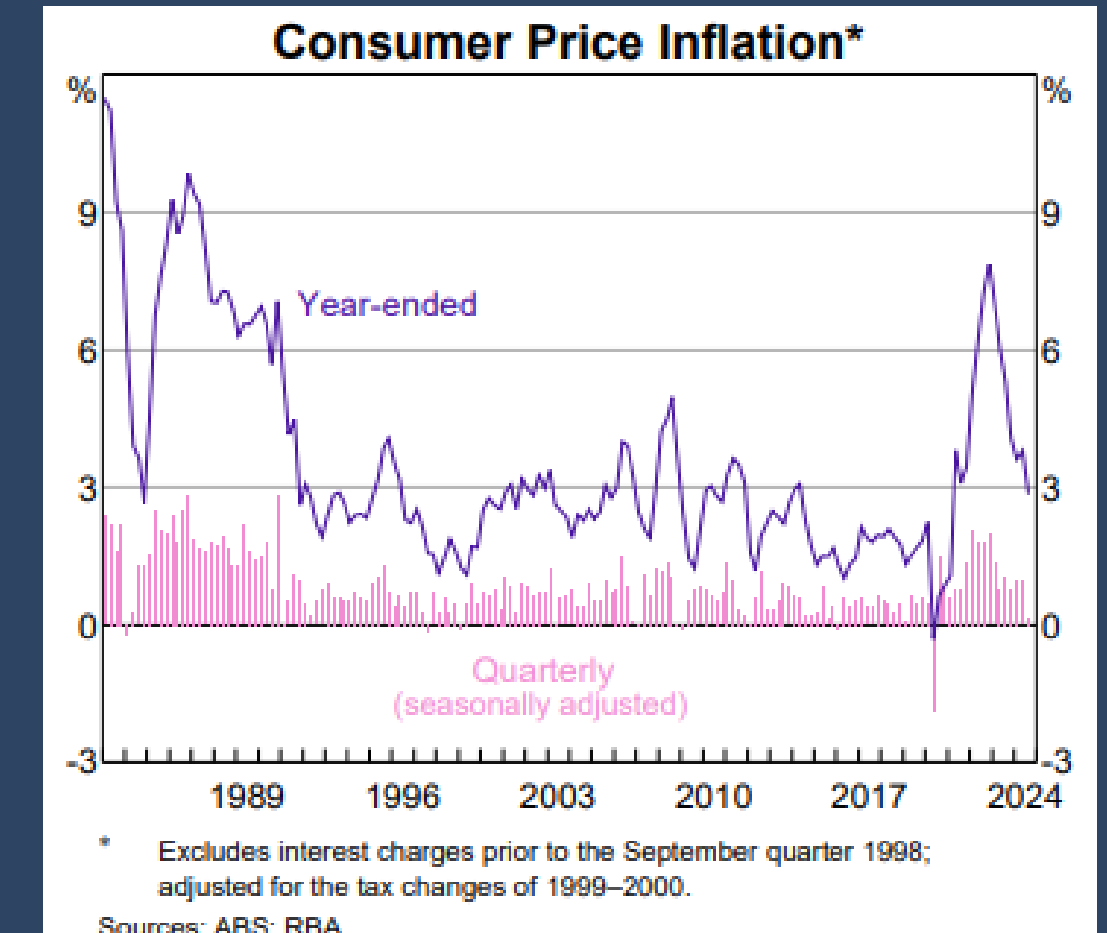


Source: CBA

The effects of higher interest rates are being experienced unevenly across different segments of the population.



Real disposable income and savings rates are down



Inflation has reduced but is now behaving in a sticky manner above the RBA’s target band of 2–3%. The next move in the RBA cash rate will still be down.

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# Current Macro Environment

## INFLATION DOWN

Inflation has moved from 3.6% earlier in the year to 2.1% current but core is being stubborn

## THE SHERIFF SETTLES IN

The honeymoon is over, Bullock is still focused on ensuring her inflation fighting credentials, will this cause an issue?

## GROWTH IS CONCERNING

Decline in per capita GDP for 7 quarters now – a historic downturn. Governments do not survive that kind of result.





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# What is Private Debt?

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# 2. What is Private Debt?

- **PRIVATE DEBT** – something, usually money, owed by one particular person or group to another particular person or group
- Lender providing a loan to a borrower
- Non-bank lending

## Key Characteristics:

- Tailored
- Security, safeguards and covenants
- Not widely held making it illiquid in nature
- Non-bank senior loans or subordinated/mezzanine loans

# 2. What is Private Debt?



**Unsecured** Consumer or business loans generally smaller in size and lending is done against no security.

**Factoring / discounting of invoices** Business sells its accounts receivable to a third party at a discount. Security is the cash flow of the invoice.

**Equipment Finance** Loans to purchase equipment. Secured is assets purchased.

**Property backed lending** Business or consumer loans backed against property. Generally used for residential property purchases and dominated by the big banks. More private loans are being made with property as security for other uses of the funding.

**Enterprise value lending** Loans made against businesses or the cash flows of businesses. These loans can also be secured by property and personal guarantees from the owners of the business.



# The Rationale for Private Debt

There is now a significant opportunity in the Australian private debt market, where the banks have been forced to retreat and institutional investors have emerged to fill the void.

## LOWER VOLATILITY

Private debt, characterised by its floating rate and limited liquidity, offers the advantage of lower volatility and consistent returns.

## STABLE INCOME

Portfolios can benefit from regular income streams through quarterly or monthly coupons.

## SAFEGUARD AGAINST INFLATION

The nature of floating rates offers safeguard against inflation and rising interest rates, providing protection and stability.

## LINE OF SIGHT

Debt covenants and information rights provide lenders with useful 'line of sight' which allows proactive management.

# A discussion on:

## Due Diligence

- Financial Due Diligence
  1. Profitability Ratios
  2. Liquidity Ratios
  3. Leverage Ratios
  4. Coverage Ratios
- Business and Operational Due Diligence
  1. Business Model
  2. Operations
  3. Competitive Advantage
  4. Management Quality
  5. Corporate Governance
- Legal Due Diligence
- Asset Due Diligence
- Credit History and Reputation check

# A discussion on:

## Due Diligence

- Tools and Techniques
  1. Financial modelling
  2. Benchmarking
  3. Site visits
  4. Document Verification
  5. Background checks
- Red Flags
  1. Weak financial statements
  2. Questionable collateral
  3. Legal Issues
  4. Poor credit history
  5. Unclear business model
  6. Management turnover

# The TAMIM Credit Fund

The TAMIM Credit Fund remains well-placed to continue returning monthly income distributions to investors. Over 80% of the portfolio is in senior loans, which are at the top of the capital stack and therefore have first claim over collateral in the event of default. Senior secured loans are also backed by either cash flows or real assets providing insurance against adverse economic conditions.

The remainder of the portfolio is in cash and a small allocation to mezzanine financing. The fund does not lend to unsecured creditors.



ASSET  
Management

# The TAMIM Credit Fund

## INVESTMENT STRATEGY

- The TAMIM Credit Fund focuses on funding loan books for various funds/platforms in Australia that source secured private loans and credit opportunities.
- Prior to allocation, we conduct meticulous due diligence (details below) on the investment team's credentials, corporate governance practices, thoroughness of credit procedures, and ongoing monitoring and communication with the managers.
- Our objective is to generate a sustainable income stream.



# The TAMIM Credit Fund

## PROCESS

- We seek to invest in loan portfolios managed by top private credit investment managers and loan platforms.
- Our aim is to achieve diversification across various lending types, underlying securities, counterparties, and industry concentrations. This approach ensures a well-rounded and balanced investment strategy.
- An Investment Committee exists to consider and approve all investment decisions. 100% approval is required before any capital is deployed.

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# The TAMIM Credit Fund

**The 4P's** – When assessing a new manager/loan platform, The Four P's are all important:



## People

- A team that displays strong levels of integrity;
- Strong specific credit knowledge;
- Experience including origination, execution and portfolio monitoring capability.

## Process

- Understand the complete credit and lending process;
- Evaluate the completeness and quality of the investment managers' credit policies and procedures;
- Assess loan structures, security arrangements, default rates, geographic and industry concentration.

## Pedigree

- Strong corporate governance is essential;
- Security of business and overall team experience;
- Infrastructure and compliance review;
- Operational due diligence.

## Performance

- Have the team or business been able to generate a return historically utilising their lending process;
- Assess and understand the underlying performance of investment managers / loan platforms.

# The TAMIM Credit Fund

**Business Cash Flow Lending  
Manager**

- Strategy – private debt strategy that invests across a range of sectors, leveraging deep in-house credit analysis capabilities supported by a well-established origination network. This allows the manager to access unique private credit deals not available in the broader market.
- Performance – 5 year track record – targeting 10% net which they have achieved
- Key Benefits – strong performers, no capital impairments
- Investment Details – business cash flow lending

**450+** Number of Loans

**11** Number of Underlying Investments

**2** Investments in DD

**1.8%**

Last Quarterly Distribution

**97.6%**

Senior Secured and Cash

**6**

Years

Length of Operation

**3%**

Largest Loan

**64.4%**

Weighted Average LVR

**12**

Months

Weighted Average Duration

# TAMIM CREDIT PORTFOLIO – Key Facts

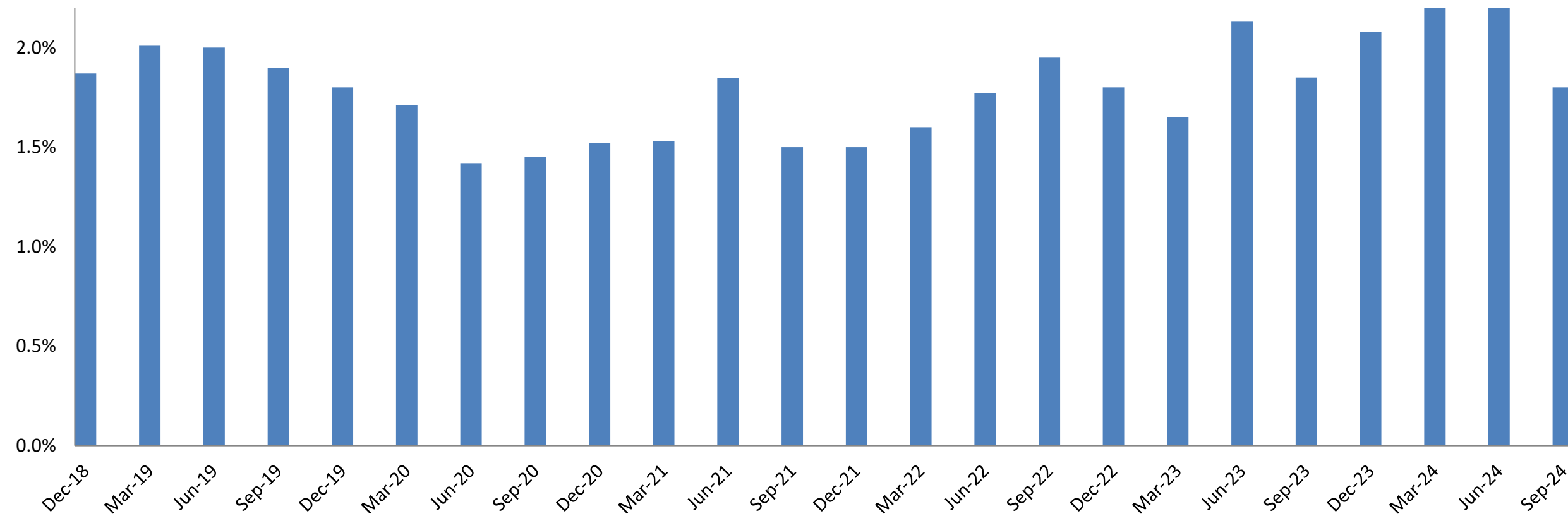
**TAMIM Fund: Credit**  
**Monthly Returns Since Inception**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2018</b>	-	-	-	-	-	-	-	-	-	0.46%	0.38%	1.02%	<b>1.87%</b>
<b>2019</b>	0.60%	0.54%	0.84%	0.62%	0.61%	1.25%	0.60%	0.58%	0.70%	-0.46%	0.59%	0.70%	<b>7.41%</b>
<b>2020</b>	0.60%	0.59%	0.52%	0.49%	0.53%	0.77%	0.45%	0.61%	0.30%	0.65%	0.51%	0.52%	<b>6.75%</b>
<b>2021</b>	0.43%	0.52%	0.58%	0.52%	0.51%	0.61%	0.47%	0.52%	0.58%	0.57%	0.48%	0.62%	<b>6.61%</b>
<b>2022</b>	0.51%	0.36%	0.62%	0.57%	0.61%	0.90%	0.48%	0.58%	0.78%	0.52%	0.48%	0.75%	<b>7.43%</b>
<b>2023</b>	0.61%	0.11%	0.75%	0.70%	0.56%	0.86%	0.52%	0.61%	0.71%	0.65%	0.76%	0.66%	<b>7.75%</b>
<b>2024</b>	0.80%	0.77%	0.65%	0.73%	0.67%	0.80%	0.69%	0.57%	0.57%				<b>6.41%</b>

Over the five years and seven months since inception, the Fund has only had one negative month and has paid a quarterly distribution of between 1.4 and 2.2% every quarter.

# TAMIM CREDIT PORTFOLIO – Returns

## Quarterly Distributions



Over the five years and seven months since inception, the Fund has only had one negative month and has paid a quarterly distribution of between 1.4 and 2.2% every quarter.

# TAMIM CREDIT PORTFOLIO – Distributions

<b>Investment Structure:</b>	Unlisted unit trust
<b>Minimum investment:</b>	A\$100,000
<b>Applications:</b>	Monthly
<b>Redemptions:</b>	Quarterly, with 30 days' notice
<b>Unit pricing frequency:</b>	Monthly
<b>Distribution frequency:</b>	Quarterly
<b>Management fee:</b>	1.25% p.a.
<b>Investment Horizon:</b>	3-5+ years
<b>Buy/Sell Spread:</b>	+0.20% / -0.20%
<b>Exit fee:</b>	Nil
<b>Administration &amp; expense recovery fee:</b>	Up to 0.15%
<b>APIR code:</b>	CTS6709AU

## TAMIM CREDIT PORTFOLIO – Key Facts

# The TAMIM Credit Fund

## Why invest in the Credit Fund?

- Strong risk adjusted returns – 12 month 8.63%
- 1 negative month out of 73
- We find managers/investments that most investors not able to source
- Provide access to a diversified portfolio that most investors would not be able to afford to do
- We are able to do a stronger DD then most investors – avoiding weaker hands important
- Ongoing Due Diligence program – monitoring underlying investments
- Ongoing fund – does not close after 6 to 9 months forcing you to find a new investment
- No equity market risk such as that seen with lic's
- We do not add extra leverage to enhance returns like some do
- Easy entry and exit
- Regular quarterly income stream



# TAMIM Property Webinar Series

Springvale

- **Property Webinar with Jeff Taitz and Darren Katz**
- **New Property Fund – Springvale**

11 December 2024 – 2:30pm – [Register now](#)



# TAMIM

[www.tamim.com.au](http://www.tamim.com.au)

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**Q&A**