Credit Unit Class
TAMIM Fund

At 31 December 2022

YIELD: 7.09% p.a.

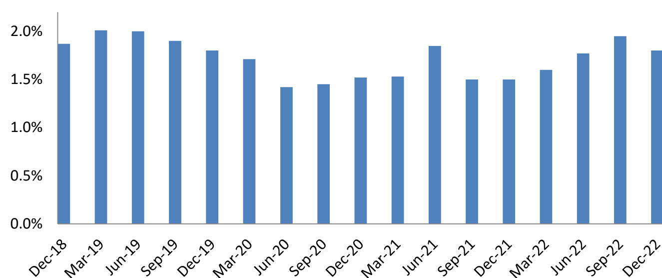
Manager Allocations:

Manager A	Property/SME	20.1%
Manager B	1st Mortgages	13.8%
Manager C	SME	17.6%
Manager E	Property/Assets	17.0%
Manager F	Property/Assets	14.4%
Other		17.1%

Debt Structure Allocations:

Senior Secured	82.1%
Mezzanine	8.2%
Unsecured	0.0%
Cash	9.7%

Quarterly Distributions:



TAMIM Fund: Credit generated a 0.75% return in December, resulting in a twelve-month net return to investors of 7.43% with all underlying allocations performing as expected. Since inception, the portfolio has delivered an annualised return of 7.09% p.a. net of all fees. Over the four years and 3 months since inception, the Fund has only had one negative month and has paid a quarterly distribution of between 1.4 and 2.1% every quarter. The next quarterly distribution is scheduled to be paid on 16 May 2023. TAMIM remains 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 through deals 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
Buy/Sell Spread:	+0.20%/-0.20%
Exit fee:	Nil
Administration & expense recovery fee:	0.15%
Unsecured debt limit:	5% of Fund assets
Target yield:	RBA Cash Rate + 6.75%
APIR code:	CTS6709AU

NAV (ex distribution)

	Buy Price	Mid Price	Redemption Price
AU$	$1.0038	$1.0018	$0.9998

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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%	0.65%	0.51%	0.52%	6.75%
2021	0.43%	0.52%	0.58%	0.52%	0.51%	0.61%	0.47%	0.52%	0.58%	0.57%	0.48%	0.62%	6.61%
2022	0.51%	0.36%	0.62%	0.57%	0.61%	0.90%	0.48%	0.58%	0.78%	0.52%	0.48%	0.75%	7.43%

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

During the December quarter the underlying fund undertook a number of new transactions which have continued the growth of the portfolio. Regular funding of the underlying fund's committed facilities occurred in line with loan schedules and the manager continues to work on their pipeline of potential new investments. The underlying fund is invested across 30 loans and since inception, 31 loans have been repaid. This capital has been progressively reinvested, consistent with the manager's philosophy of recycling capital. In terms of the wider portfolio, the underlying loans performed generally as expected and the manager continues to see opportunities for new positions in line with investment parameters. These opportunities are spread across Specialty Lending, Real Estate and Opportunistic Credit - with a continued focus on increasing the average loan term of the underlying fund.

Portfolio weighted average initial LVR is 69% (excluding cash). Term weighted average loan life is 1.19 years.

Manager B

The manager's portfolio continues to perform well and all loans are within their covenants. The portfolio is 92% invested across first mortgage opportunities with the balance being held in cash.

Manager C

As at 31 December 2022 the underlying loan portfolio was invested in 28 loans. The December quarter saw a lower level of lending activity in the pipeline. The average loan maturity of the underlying portfolio is 20 months. Interest rates remain consistent with the underlying manager's stated objectives and all loans within the portfolio are performing.

Attractive conditions persist for private business lenders, with private and public market conditions remaining challenging for companies seeking growth capital. The underlying manager continues to access attractive loan opportunities, which generally offer more attractive interest rates for equivalent credit risk compared to recent periods. Challenging capital market conditions have enabled additional returns to be generated in the form of amendment fees. While current market conditions are advantageous for originating new loans with attractive pricing and strong lender protections, the underlying manager remains cautious and highly selective. The underlying credit team continues to seek companies with robust gross profit margins, sound competitive industry positions and a high-quality management team.

Manager E

October
Underlying loan income performed strongly for the month with floating rate loans (representing 62% of investment) benefiting from interest rate rises in Australia and New Zealand and additional minimum interest from early repayment on one specialised infrastructure loan. The underlying fund's macro credit hedge saw Credit Default Swaps widen (0.10%) on increased credit market pessimism after the US Federal Reserve's guidance that the Fed would rather overcorrect on rate rises to curb inflation than under correct over the next 12 months.

During the month, three loans were repaid in full, being two residential loans and a specialised industrial loan. Two new loans settled in October, one to fund a site acquisition for a strategic residential development in Auckland, New Zealand and another farmland-backed loan to a Northern NSW cattle station business. Both loans reflect the underlying managers continued commitment to fund strategic hard assets that have multiple paths to loan repayment at expiry.
As uncertainty remains around the terminal value of interest rates in Australia and New Zealand, the manager continues to closely monitor asset markets to understand the potential impact of any changes to underlying loan security. A key area of focus for October was the residential apartment market, where the following was noted:

• Responsiveness to Net Overseas Migration (NOM) is a key driver of demand in this market and recent ABS data shows NOM is on track to reach pre-COVID pandemic levels by the end of 2022/23 financial year, which will result in population growth anticipated to increase by 1.4% over the next two fiscal years.

• Limited new stock pipeline. Apartment commencements and launches are the lowest in over a decade across Australia. Potentially, higher interest rates could push prospective purchasers into the apartment market as they are priced out of the detached dwelling market.

• Low domestic vacancy rates, rising rents and limited stock will also appeal to the investor market. Rising rental yields should offset softening asset prices from a gross rental yield perspective. According to CoreLogic, capital city gross yields (3.4%) are now at the highest level since November 2020.

The underlying managers assessment of opportunities in the existing apartment market both residual stock and construction is predicated on the borrower's equity acting as a first-loss piece (usually 40% of the asset value). This remains an attractive risk-return investment and focus for the pipeline. Whilst the underlying manager has experienced an increase in active loan management over the past six months as property owners and developers navigate rising capital costs and tighter credit liquidity they have not observed significant extensions in loan maturity profiles, primarily as a result of proactive steps taken to ensure repayment occurs via refinance or asset sales.

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November

Underlying loan income performed strongly for the month, with floating rate loans passing through rising interest rates in Australia and New Zealand. The macro credit hedge which consists of a basket of long Credit Default Swap (CDS) detracted for the month as credit spreads significantly tightened on the back of market optimism around China reopening and initial signs of softening global inflation. The CDS portfolio is expected to continue providing cost-effective credit protection for the fund at a time when global recession risk remains high.

Three loans were repaid during November and two new loans settled. As part of portfolio monitoring and optimal portfolio construction during the month the manager examined the following investment trends:

• Office: In the post-COVID environment, tenants are demanding high-grade amenities and convenient commuter locations. Developer appetite to deliver new stock in Sydney and Melbourne CBD locations is present but debt funding options have tightened and some projects that didn't have sufficient developer equity are no longer feasible in a higher interest rate environment. The manager anticipates lower-grade offices to continue to be difficult to tenant and are observing whether this creates opportunities around alternate use / repurposing for residential.

• Residual Stock: Dislocation caused by rising replacement costs resulting in fewer developers commencing residential developments, lack of housing supply in key capital cities, and the rebound in net overseas migration is expected to contribute to further supply shortages. The attractiveness of Residual Stock Facility (RSF) investments is security against existing, completed commercial real estate that have clear exit strategies (sale of units). The manager is now seeing increased RSF opportunities with wider pricing, IRRs between 9-10%, in an environment where there continues to be lower lending capacity by retail banks and non-banks.

• Agriculture: Flooding in the Murray Darling Basin is expected to peak in Mildura early December with much of the north-east coast already returning to normal. Investment exposure to the impacts of floods remains minimal.

December

Underlying loan income performed strongly for the month. The manager has transitioned to floating rate loans over the past year. Approx. 70% of underlying loans now incorporate floating rates, up from approx. 26% at the start of 2022.

Rising interest rates in 2022 pushed Australian and New Zealand residential property prices down, with CoreLogic reporting a 5.3% fall nationally across Australian housing in 2022 and further declines expected until central bank rates peak. Within the underlying fund, 9 of 55 loans have exposure to residential real estate assets, representing approximately 15% of funds. Borrower equity represents approx. 36% of the asset value on residential loans with a weighted LVR of 64%. Commercial Real Estate (CRE) asset prices are also demonstrating weaker market demand, with buyers waiting to see if yields increase to match higher interest rate levels. In the managers view, in early 2022, CRE asset values across Australia and New Zealand would decline 20-25% from January 2022 peaks.

Two new loans settled in December, a 12-month residual stock facility in Box Hill, Melbourne, and a allocation financing a residential property project on the Gold Coast. One agricultural loan repaid in full during December. Two years of high-yielding cotton crops and strong commodity prices for cotton and beef allowed the borrower to refinance 12 months ahead of loan maturity to a retail bank.

Manager F

The underlying fund's investment strategy is to invest in a diversified portfolio of investments across private credit, structured finance and real estate asset-backed credit. The investment philosophy has a bias towards downside protection and is focused on unlocking attractive returns relative to reasonable or controlled levels of risk.

During the quarter, the underlying manager made seven new floating rate investment. These included three new structured finance investments, three new real estate credit investments, and a corporate loan. These new investments were funded from the repayment of a private credit investment and the sale of two existing structured finance investments. The sale of the two structured finance investments and replacement with new structured finance investments was opportunistic and undertaken to increase portfolio diversification and yield. Two additional existing structured finance investments are being considered for divestment, if required, to fund investments that further improve the Fund's diversification or risk/return profile. The underlying manager also committed the Fund for investments in Q1 (calendar) and Q2 2023.

The underlying manager continues to see substantial deal flow sourced through its proprietary origination channels, as well as deep relationships in credit markets. They executed on seven new investments, received a full repayment on one investment and sold interests in two investments during the quarter. The underlying manager continues to be highly selective in reviewing opportunities.

As at 31 December 2022, the Fund had made 35 investments, exited 12 investments and has 23 active investments. The underlying fund's diversification improved during the quarter, with the full repayment of the private credit/corporate loan that accounted for 28% of funds and the investment in loans secured by auto and office property.