# Credit Unit Class
# TAMIM Fund

At 30 June 2022

## YIELD: 7.05% p.a.

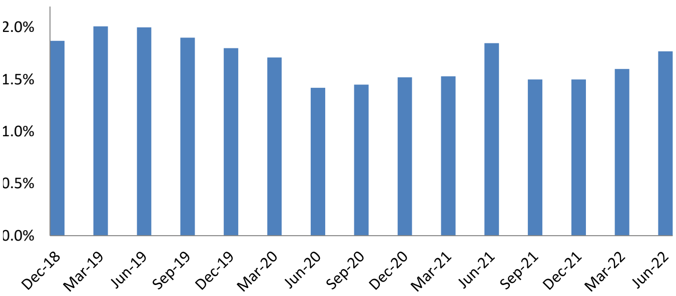
**Manager Allocations:**

| | | |
|---|---|---|
| Manager A | Property/SME | 19.5% |
| Manager B | 1st Mortgages | 16.1% |
| Manager C | SME | 17.0% |
| Manager E | Property/Assets | 18.2% |
| Manager F | Property/Assets | 13.8% |
| Other | | 15.4% |

**Debt Structure Allocations:**

| | |
|---|---|
| Senior Secured | 83.5% |
| Mezzanine | 6.7% |
| Unsecured | 0.2% |
| Cash | 9.6% |

**Quarterly Distributions:**




TAMIM Fund: Credit generated a 0.90% return in June, resulting in a twelve-month net return to investors of 7.08% with all underlying allocations performing as expected. Since inception, the portfolio has delivered an annualised return of 7.05% p.a. net of all fees. Over the three years and nine months since inception, the Fund has only had one negative month and has paid a distribution of between 1.4% and 2.0% every quarter. The next quarterly distribution will be 1.77% is scheduled to be paid on the 16 August 2022. 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 |
| **Lock up period:** | 18 months |
| **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$** | $1.0053 | $1.0033 | $1.0012 |

## Contact



| | | |
|---|---|---|
| **Bradley Hill** | bradley@tamim.com.au | 0424 333 790 |
| **Darren Katz** | darren@tamim.com.au | 0405 147 230 |



## 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% | | | | | | | 3.67% |

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 June quarter the underlying portfolio funded a number of new transactions which have continued the growth of the portfolio. The underlying manager continues to see companies seeking financing opportunities and expects that over the coming months there will be continued scope for new opportunities.

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. One loan was fully repaid, one was partially repaid during the quarter and two new loans were funded. Since inception of the underlying fund, 27 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 68% (excluding cash). Term weighted average loan life is 1.7 years.

**Manager B**

The underlying 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 the 30th of June 2022 the underlying loan portfolio was invested in 27 loans. The June quarter saw significant activity in the pipeline. The average loan maturity of the underlying portfolio is 21 months. Interest rates remain consistent with the underlying manager's stated objectives and all loans within the portfolio are performing.

Despite capital market and economic volatility, trading conditions in many sectors remain sound. Recent weakness in equity markets has resulted in increased demand from businesses for non-dilutive debt to fund growth, resulting in several high-quality lending opportunities. The June quarter saw strong settlements although loan repayments saw cash balances in the underlying fund remain higher than desired. The manager is however, now seeing a large volume of loans move into due diligence which is expected to result in ongoing new loan settlements in the September 2022 quarter.

An ongoing effort to marginally increase average yield is having some positive impact on the underlying portfolio. This coupled with lower forecast cash balances is expected to enhance returns through Q3 2022. The underlying manager continues to monitor the portfolio and assess new lending opportunities with strong consideration for supply chain, inflationary and geopolitical risks. They are especially focused on investing in loans to companies that have robust gross and net margins, insulating them from supply chain or input cost volatility.

**Manager E**

The underlying loan portfolio settled 10 transactions during the quarter. The underlying manager has been expecting interest rates to 'normalise' since early 2019 and have constructed their portfolio on the basis that this was highly likely to occur. As rates rise, they expect to see the following impacts on the underlying portfolio:

- Portfolio performance increase. With the investment loans predominantly using a floating rate (BBSY), the rate increases from the RBA and RBNZ will pass from borrowers to investors;
- Asset valuations to be tested and fall in certain sub-sectors. Portfolio protection against falling asset prices comprises (a) a diversified portfolio allocated across 14 sub-sectors and 47 individual loans, (b) the borrowers' equity that ranks as a first loss piece on our senior secured portfolio, with a portfolio LVR of approximately 58% and (c) the short-term liquidity of the underlying loan portfolio (on average, less than 2 years);
- Increased risk premiums available to lenders. As macro uncertainty tightens general credit liquidity, the manager expects to see opportunities to lend on similar risk terms (i.e. similar LVR, project size, etc.) but at a higher rate of return; and
- Portfolio hedge behaving as expected. With credit default swap (CDS) spreads widening as interest rates rise and the potential for a lower growth rate or recessionary environment increases.

A final macro point is that the manager has observed from April's events is that there will be a negative real return from holding cash over the next 18-24 months as inflation leads and rates play catch up, the manager expects this to be at least a 3-5% negative return on the purchasing power of cash.

The portfolio comprises 52 senior secured loans diversified across three primary asset classes and fourteen sub-sectors and is additionally diversified by geographic spread and borrowers. The outlook for private credit into 2022/23 remains positive. The pipeline reflects strong risk-adjusted senior debt opportunities, and the manager plans to remain highly prudent on new loan selection, loan structuring and new loan due diligence hurdles. As they deploy capital in a more volatile economic climate, their credit risk mitigation strategy will continue to focus on ensuring that the portfolio's loans have multiple paths to repayment at expiry. The weighted average time to expiry of portfolio loans is 12 months.

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**Manager F**

During the quarter, the underlying manager made five new real estate credit investments worth $6.9m. The underlying manager also funded a $0.5m drawdown on an existing corporate loan, a $0.4m drawdown on an existing structured finance investment, $2.1m of drawdowns on four existing real estate credit investments and a partial repayment of $0.1m on an existing real estate investment.

As at the end of the quarter the underlying fund had a cash balance of 9.3%. There is a strong pipeline for the underlying fund split between private credit, real estate investments and structured finance. The underlying portfolio is invested into 19 active positions and has a weighted average remaining term of 2.51 years.