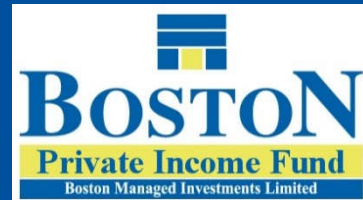


BOSTON PRIVATE INCOME FUND

QUARTERLY INVESTMENT REPORT
PERIOD ENDED: 31 DECEMBER 2018



7.9593% ANNUALISED RETURN

Quarter Ending	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Actual Return for Period	1.99%	1.95%	1.94%	1.90%	1.94%	1.95%	2.01%
Annualised Return	7.99%	7.72%	7.69%	7.72%	7.77%	7.75%	7.96%
Targeted Return	6.02%	6.00%	6.11%	6.23%	6.32%	6.27%	6.45%
BBSW30 at end of Quarter	1.62%	1.60%	1.71%	1.83%	1.92%	1.87%	2.05%
Margin Over BBSW30¹	6.37%	6.12%	5.98%	5.89%	5.85%	5.88%	5.91%
Return since Inception	8.09%	8.05%	8.02%	8.00%	8.00%	7.99%	8.01%
Achievement Against Target	▲	▲	▲	▲	▲	▲	▲

1. Margin over BBSW30: Calculated by subtracting the BBSW30 rate in the December 2018 quarter from the Annualised Return for the Quarter

Investment Strategy

The strategy of the Boston Private Income Fund (BPIF) is to invest at both the senior and subordinated finance levels of commercial lending platforms that feature in the Non-Bank Financial Institution (NBFI) sector. BPIF will invest primarily through trust structures in a carefully selected portfolio of high yielding, income producing assets providing returns commensurate with the underlying level of risk. These assets may be in rated and non-rated structures. It is expected that BPIF will generate quarterly returns without capital uplift.



Objectives

The primary objective of BPIF is to build a portfolio of notes at the senior and subordinated level within the debt capital structure of targeted NBFI's. In addition to meeting the stringent risk weighting criteria of senior funders, a strict approach to performance benchmarking and risk management supports the preservation of investor capital and strong returns. The evolution and growth of BPIF has come about through careful identification of assets that demonstrate long term serviceability and appropriate risk/reward characteristics.

Net Targeted Return as at 31 December 2018 is 6.45%

Boston Managed Investments Limited (BMIL) is targeting a minimum annualised return for BPIF of 6.45%, being 4.40% or 440 basis points above the Bank Bill Swap Rate (BBSW30), after fees. Bank Bill Swap Rate reported for 31 December 2018 is 2.05% or 205 basis points. The current outperformance of the BPIF is welcomed by both BMIL and investors alike. The BMIL investment committee reiterates its continuing advice that it expects the ongoing returns to revert towards the Net Targeted Return over time.

Fund Manager's Investment Report —Mr. Paul Jones

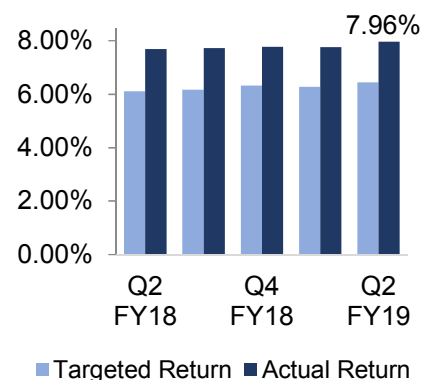
The Boston Private Income Fund (BPIF) is reporting an official quarterly return of 2.0062% for the December 2018 quarter, equivalent to an annualised return of 7.9593% which, once again, exceeds our Targeted Return for the period.

Think Tank Group Pty Ltd (Think Tank), a Sydney based NBFI commercial mortgage lender is the Manager, Originator and Servicer of each of the commercial mortgage trusts that form the basis of BPIF's investment strategy. BMIL is pleased to report Think Tank has again produced another strong performance over the recently completed December 2018 quarter.

At the completion of the December 2018 quarter Think Tank recorded total loans under management of \$951.9 million across 1,443 loan accounts. In comparative terms the value of the loan book has grown since the December 2017 quarter by \$253.9 million, an annual overall growth rate of 36.1%. The quantum of loans under management has shifted upwards by 383 loan accounts, an annual growth rate of 36.4%.

Deeper loan book metrics taken from the Think Tank commercial property loan portfolio at the end of the December 2018 quarter are equally impressive. The Weighted Average Loan to Value Ratio (LVR) across the portfolio at the end of the December 2018 quarter is 62.85%, a 110-basis point reduction on the same ratio reported in the December 2017 quarter, and an indication that Think Tank is focused on maintaining prime - bank quality - credit at the core of its lending policy. The downward trending progress in LVR contrasts against the growth in monthly new loan volumes and total

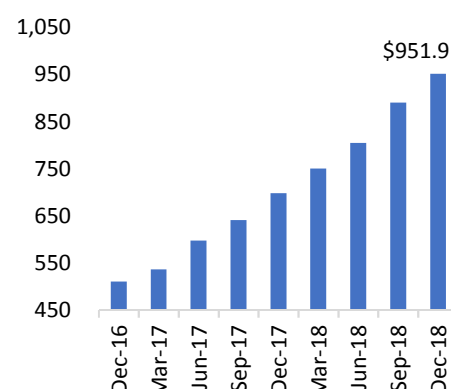
Target vs Actual Returns



Think Tank Loan Book Metrics*

No. of Loans	1,443
Book Balance	\$951,859,733
Avg. Loan Bal.	\$659,639
WA LVR	62.85%

Loan Book Balance* (\$m)



*Data as at 31 December 2018

loans under management, both of which have increased at the same time monthly LVR figures have been continuously declining.

Loan arrears, of greater than 30 days, have recorded an increase during the December 2018 quarter. As at 31 December 2018 the quantum of loan accounts with repayment arrears of greater than 30 days, as a percentage of total loan book volume, is 1.12%. This metric is greater than previous arrears levels that we have observed and reported to investors. It is important for investors to be aware that this level of arrears is still considered a safe and prudent result for a commercial mortgage portfolio and below that of Think Tank's industry peers. Our team have maintained close and regular contact with the management of Think Tank over the December 2018 quarter and we are satisfied that this increase is being proactively managed.

Fund Manager's Comment —Mr. Paul Jones

The Reserve Bank of Australia (RBA) Board kept the Official Cash Rate at 1.50% over the December 2018 quarter, marking 28 months since this rate was first set in August 2016. Whilst the official rate remained stable, the Bank Bill Swap Rate, or BBSW30, surged strongly over the December 2018 quarter and finished at 2.05%, the highest recorded level since April 2016. Investors will be aware, from previous reports, that BBSW influences BPIF's annualised return and we have indeed noticed a corresponding up-tick for this quarter.

Think Tank Group Pty Ltd completed its fourth successful Commercial Mortgage Backed Securitisation (CMBS) transaction during the December 2018 quarter. This latest CMBS transaction, which was capped at A\$315 million, was very well received by the market, and after a relatively short period of seeking expressions of interest from the market, ended almost 2 times over-subscribed – a remarkable result. As manager of the fund, we are pleased to advise investors that the Boston Private Income Fund successfully subscribed to this CMBS transaction. Such a high level of market interest, both domestically and internationally (19% of successful subscribers were off-shore) provides a very firm indication of Think Tank's growing strength within the Australian commercial mortgage sector.

BPIF - Open to New Investments and Further Participation

The Boston Private Income Fund remains **OPEN** to new investments. Existing BPIF investors can easily increase their current allocation with very little paperwork required. All referrals are welcome, in fact, this is our main source of new investors. We host regular presentations at our offices. Existing investors are always welcome to attend our presentations for an update on fund performance. To arrange an investor presentation date please call Fund Manager Paul Jones on (02) 8920 8886.

Our Team

Director and Chairman	Mr. Derryn Harrison
Director	Mr. Bradford Gower
Director	Mr. Paul Jones
Non-Executive Director	Mr. Tim Power
BPIF Fund Manager	Mr. Paul Jones
BPIF Deputy Fund Manager	Mr. Daniel Hoang

Fund Structure

Registry	Boardroom Pty Limited
Trustee	BMIL Nominees Pty Limited
Manager	Boston Managed Investments Limited
Auditor of the Fund	Thomas Hopper & Partners
Custodian	Sargon CT Pty Limited

Fund Metrics

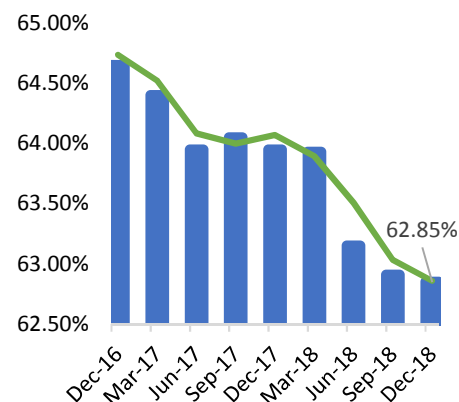
Inception Date	September 2016
IM Version & Date	Version 5 - 1 December 2018
Number of Investors	80
Investor Type	Wholesale and Sophisticated (<i>refer conditions below</i>)
Target Return	4.40% above BBSW30 (after fees)
DRP Available	Yes

Disclaimer: This document is not intended to be read by anyone other than a Wholesale Client or Eligible Investor (as defined in Section 761G of the Corporations Act 2001) and should be read in conjunction with the Information Memorandum for Boston Private Income Fund dated **1 December 2018**. A copy of the Information Memorandum can be obtained by contacting Paul Jones on (02) 8920 8886 or at paul@bmilimited.com.au. Boston Managed Investments Ltd (AFSL No. 469808).

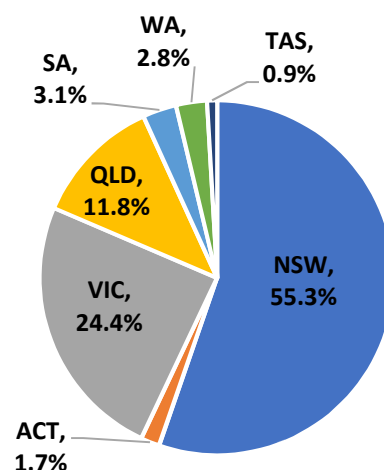
Contact Us

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Weighted Average LVR*



Geographic Distribution*



*Data as at 31 December 2018

Quarterly Report Video

Click link below to view online –



<https://youtu.be/LN9OSQrTUPM>

