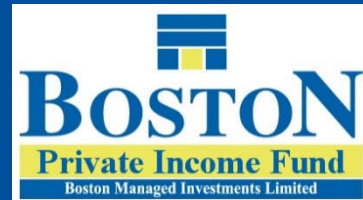


BOSTON PRIVATE INCOME FUND

QUARTERLY INVESTMENT REPORT
PERIOD ENDED: 30 JUNE 2018



7.7674% ANNUALISED RETURN

Quarter Ending	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Actual Return for Period	1.97%	1.99%	1.95%	1.94%	1.90%	1.94%
Annualised Return	7.97%	7.99%	7.72%	7.69%	7.72%	7.77%
Targeted Return	6.03%	6.02%	6.00%	6.11%	6.23%	6.32%
BBSW30 at end of Quarter	1.63%	1.62%	1.60%	1.71%	1.83%	1.92%
Margin Over BBSW30 ¹	6.35%	6.37%	6.12%	5.98%	5.89%	5.85%
Return since Inception	8.03%	8.09%	8.05%	8.02%	8.00%	8.00%
Achievement Against Target	▲	▲	▲	▲	▲	▲

1. **Margin over BBSW30:** Calculated by subtracting the BBSW30 rate in the June 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 NBFIs. 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 30 June 2018 is 6.32%

Boston Managed Investments Limited (BMIL) is targeting a minimum annualised return for BPIF of 6.32%, being 4.40% or 440 basis points above the Bank Bill Swap Rate (BBSW30), after fees. Bank Bill Swap Rate reported for June 2018 is 1.92% or 192 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 is reporting an official quarterly return of 1.9365% for the June 2018 quarter, equivalent to an annualised return of 7.7674% which, once again, exceeds our Targeted Return for the period.

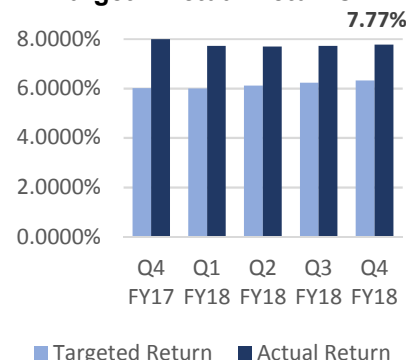
Think Tank Group Pty Ltd (Think Tank), a Sydney based NBFI commercial mortgage lender is the Manager, Originator and Servicer of each of the commercial mortgage trusts that form the basis of BPIF's investment strategy. BMIL is pleased to report Think Tank has again produced another strong performance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

At the completion of the June 2018 quarter Think Tank broke new ground and recorded total loans under management of \$805.3 million across 1,218 loan accounts. In comparative terms the value of the loan book has grown since the June 2017 quarter by \$208.2 million, an annual overall growth rate of 34.9%. The quantum of loans under management has shifted upwards by 302 loan accounts, an annual growth rate of 32.9%.

Deeper loan book metrics taken from the Think Tank commercial property loan portfolio at the conclusion of the June 2018 quarter are equally impressive. The Weighted Average Loan to Value Ratio (LVR) across the portfolio at the end of the June 2018 quarter is 63.15%, a 78-basis point reduction on the ratio reported last quarter, and the lowest reading in the history of the Think Tank loan book. The loan

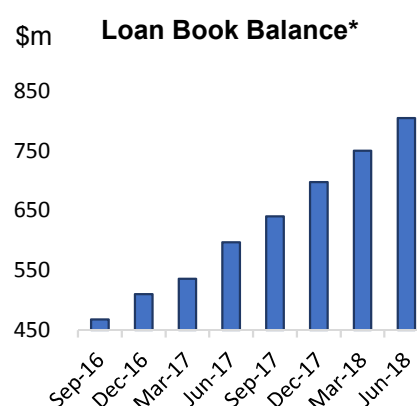


Target v Actual Returns



Think Tank Loan Book Metrics*

No. of Loans	1,218
Book Balance	\$805,297,858
Avg. Loan Bal.	\$661,164
WA LVR	63.15%



*Data as at 30 June 2018

book LVR has managed to track within a very minor percentage deviation on each side of this figure for several years. Due to careful management during the June 2018 quarter the 12-month rolling average of loan accounts classified as being in arrears is being maintained at 1% of the overall loan book, an impressive metric for a commercial mortgage portfolio.

Fund Manager's Comment —Mr. Paul Jones

The Australian interest rate environment remained mostly stable during the June 2018 Quarter. Whilst the Official Cash Rate has remained unchanged, there was some upward movement in the Bank Bill Swap Rate towards the end of the quarter. This trend is expected to continue over the short term.

On 19 April 2018 Australian Finance Group Limited (ASX: AFG) acquired a significant shareholding in Think Tank Group Pty Ltd. AFG's investment recognises Think Tank as a viable alternative in the commercial property finance sector. Think Tank will become a white label provider of Commercial Mortgage Loans, under the name "AFG Commercial, Powered by Thinktank", to AFG's network of over 2,900 brokers. The contribution of this arrangement to the growth and continued success of the BPIF will be closely monitored by your Investment Committee. It is anticipated that the AFG arrangement will allow for an **increase in origination activity from Think Tank which will in turn allow for a larger volume in available investments with BPIF.**

BMIL is also very pleased to announce that our updated website is now available at www.bmilimited.com.au. BPIF investors can access past and current quarterly reports, videos and news updates from the website. In addition, there is an easy to use login portal for our registry, Boardroom Pty Ltd, where investors can access their quarterly and annual tax statements.

Should you wish to discuss your investment in the Boston Private Income Fund, or have any questions about accessing documents or information on our updated website, please contact the Fund Manager, Paul Jones, on (02) 8920 8886.

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	Australian Executor Trustees Limited

Fund Metrics

Inception Date	September 2016
IM Version & Date	Version 3 - 1 February 2018
Number of Investors	61
Investor Type	Wholesale and Sophisticated (<i>refer conditions below</i>)
Target Return	4.40% above BBSW30 (after fees)
DRP Available	Yes

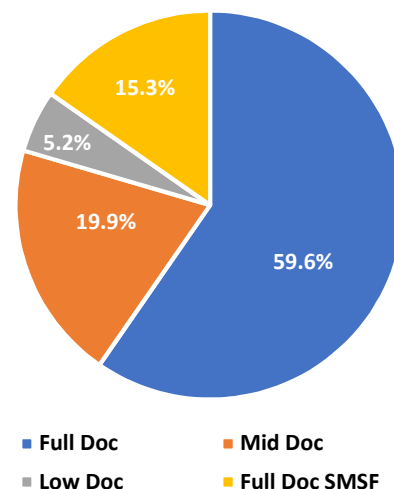
Important Information

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 February 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).

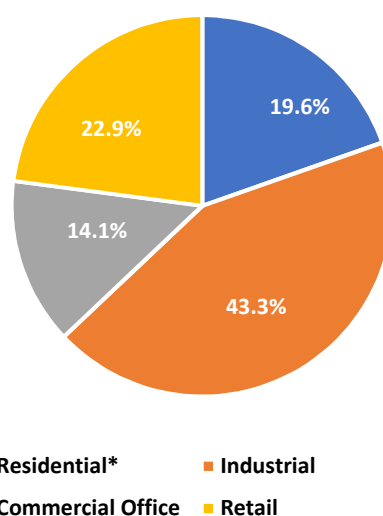
Contact Us

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Loan by Income Verification*



Loan by Securities Type*



Includes Student Accom, Boarding Houses, Multi Title, Mixed Use etc

*Data as at 30 June 2018

Quarterly Report Video



<https://youtu.be/ft-OoYqox5I>

