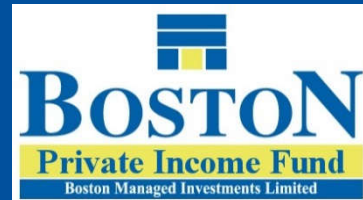


BOSTON PRIVATE INCOME FUND

QUARTERLY INVESTMENT REPORT
PERIOD ENDED: 31 MARCH 2018



7.7226% ANNUALISED RETURN

Quarter Ending	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Actual Return for Period	1.95%	1.97%	1.99%	1.95%	1.94%	1.90%
Annualised Return	7.73%	7.97%	7.99%	7.72%	7.69%	7.72%
Targeted Return	6.04%	6.03%	6.02%	6.00%	6.11%	6.23%
BBSW30 at end of Quarter	1.64%	1.63%	1.62%	1.60%	1.71%	1.83%
Margin Over BBSW30 ¹	6.09%	6.35%	6.37%	6.12%	5.98%	5.89%
Return since Inception	7.89%	8.03%	8.09%	8.05%	8.02%	8.00%
Achievement Against Target	▲	▲	▲	▲	▲	▲

1. **Margin over BBSW30:** Calculated by subtracting the BBSW30 rate at the end of the 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 31 March 2018 is 6.23%

Boston Managed Investments Limited (BMIL) is targeting a minimum annualised return for BPIF of 6.23%, being 4.40% or 440 basis points above the Bank Bill Swap Rate (BBSW30), after fees. Bank Bill Swap Rate is 1.83% or 183 basis points as at 31 March 2018. 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 1.9042% for the March 2018 quarter, equivalent to an annualised return of 7.7226% which, once again, exceeds our Targeted Return for the period.

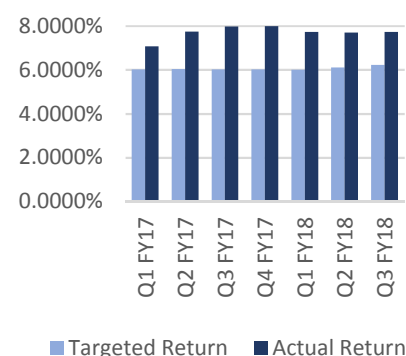
Think Tank Group Pty Ltd (Think Tank), a Sydney based NBFI commercial mortgage lender is the Manager, Originator and Servicer of each of the commercial mortgage trusts that form the basis of BPIF's investment strategy. BMIL is pleased to report Think Tank has again produced another a strong performance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

As at the completion of the March 2018 quarter Think Tank had loans under management of \$750.3 million across 1,125 loan accounts. In comparative terms the value of the loan book has grown since the March 2017 quarter by \$214.5 million, an annual overall growth rate of 39.4%. The quantum of loans under management has shifted upwards by 284 loan accounts, an annual growth rate of 34.6%.

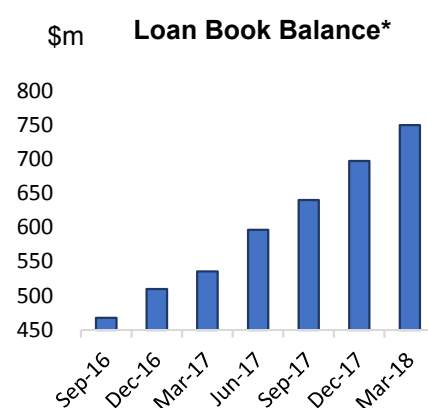
Deeper loan book metrics taken from the Think Tank commercial property loan portfolio at the conclusion of the March 2018 quarter are equally impressive. The Weighted Average Loan to Value Ratio (LVR) across the portfolio at the end of the March 2018 quarter is 63.93%. The loan book LVR has managed to track within a very minor percentage deviation on each side of this figure for several years. Due to careful management during the March 2018 quarter the 12-month rolling average of loan



Target v Actual Returns



Think Tank Loan Book Metrics*	
No. of Loans	1,125
Book Balance	\$750,323,258
Avg. Loan Bal.	\$666,954
WA LVR	63.93%



*Data as at 31 March 2018

accounts classified as being in arrears has again been maintained at 1% of the overall loan book, an impressive metric for a commercial mortgage portfolio.

Fund Manager's Comment —Mr. Paul Jones

In the final weeks of this quarter there was wide coverage in the media about the Australian Labor Party's (ALP) proposed amendments to Dividend Imputation Credits should the party win the next Federal election. Whilst these planned changes have created widespread backlash amongst various areas of society, ALP leader Bill Shorten has thus far rejected calls to abandon the planned revisions. Some limited exemptions have been outlined, but these seem incomplete and far from settled at this time.

So, if implemented as announced, what change will this have on the returns to investors in the Boston Private Income Fund? **The answer is no change.** The Boston Private Income Fund pays a gross income to investors and has done so since inception. The annualised returns listed in this report are exactly as described, and after fees.

Over the March 2018 quarter the Boston Private Income Fund underwent a rigorous assessment procedure by independent Sydney based property advisory and research house SQM Research. Following this assessment SQM Research issued the Boston Private Income Fund with a rating of 3.5 out of 5 stars. This is an exceptional and very pleasing result for our first external rating, and now places the Boston Private Income Fund in line with some of the country's largest investment organisations.

If you wish to discuss your investment in the Boston Private Income Fund, or to obtain your own copy of the SQM Report noted above 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. We host regular presentations at our offices. Of course, existing investors are always welcome to attend our presentations by way of update. 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	53
Investor Type	Wholesale and Sophisticated (<i>refer conditions below</i>)
Target Return	4.40% above BBSW30 (after fees)
DRP Available	Yes

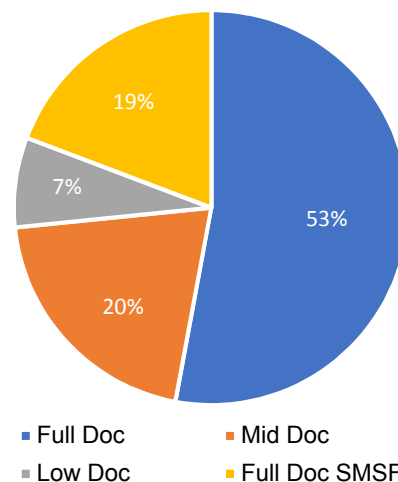
Important Information

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.jones@thebostongroup.com.au. Boston Managed Investments Ltd (AFSL No. 469808).

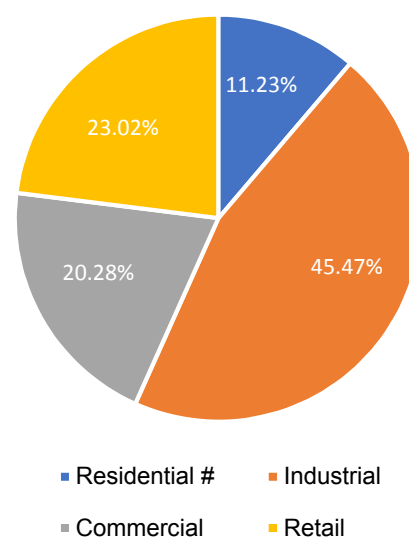
Contact Us

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 Phone: +61 2 8920 8886 | Email: info@bmilimited.com.au | www.bmilimited.com.au

Loan by Income Verification*



Loan by Securities Type*



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

*Data as at 31 March 2018

Quarterly Report Video



<https://youtu.be/nqOod3LI76M>

