

BOSTON PRIVATE INCOME FUND

QUARTERLY INVESTMENT REPORT
PERIOD ENDED: 31 MARCH 2019



7.868% ANNUALISED RETURN

Quarter Ending	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Actual Return for Period	1.95%	1.94%	1.90%	1.94%	1.95%	2.01%	1.94%
Annualised Return	7.72%	7.69%	7.72%	7.77%	7.75%	7.96%	7.87%
Targeted Return	6.00%	6.11%	6.23%	6.32%	6.27%	6.45%	6.19%
BBSW30 at end of Quarter	1.60%	1.71%	1.83%	1.92%	1.87%	2.05%	1.79%
Margin Over BBSW30 ¹	6.12%	5.98%	5.89%	5.85%	5.88%	5.91%	6.08%
Return since Inception	8.05%	8.02%	8.00%	8.00%	7.99%	8.01%	8.02%
Achievement Against Target	▲	▲	▲	▲	▲	▲	▲

1. Margin over BBSW30: Calculated by subtracting the BBSW30 rate in the March 2019 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 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 March 2019 is 6.19%

Boston Managed Investments Limited (BMIL) is targeting a minimum annualised return for BPIF of 6.19%, being 4.40% or 440 basis points above the Bank Bill Swap Rate (BBSW30), after fees. Bank Bill Swap Rate reported for 31 March 2019 is 1.79% or 179 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 1.9401% for the March 2019 quarter, equivalent to an annualised return of 7.8676% 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 March 2019 quarter. At the completion of the March 2019 quarter Think Tank recorded total loans under management of \$1.02 billion across 1,525 loan accounts. In comparative terms the dollar value of the loans under management has grown since the March 2018 quarter by \$269 million, an annual overall growth rate of 35.9%. The quantum of loans accounts under management has shifted upwards by 400 loan accounts, an annual growth rate of 35.6%.

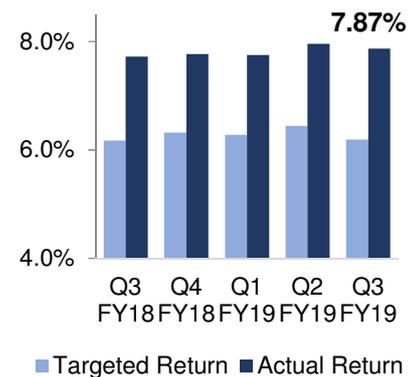
Deeper loan book metrics taken from the Think Tank commercial property loan portfolio at the end of the March 2019 quarter are equally impressive. The Weighted Average Loan to Value Ratio (LVR) across the portfolio at the end of the March 2019 quarter is 62.52%, a 141-basis point reduction on the same ratio reported in the March 2018 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 loans under



Boston Private Income Fund
Rated 3.75 Stars

Latest Rating by SQM Research
Published in February 2019

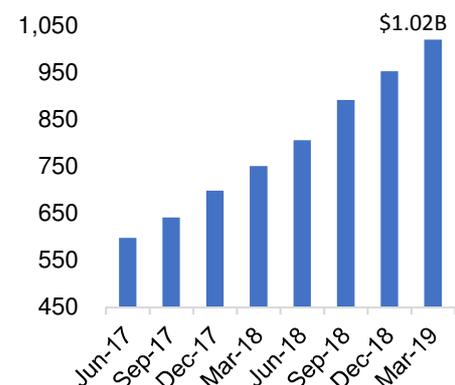
Target vs Actual Returns



Think Tank Loan Book Metrics*

No. of Loans	1,525
Book Balance	\$1,019,352,198
Avg. Loan Bal.	\$668,428
WA LVR	62.52%

Loan Book Balance* (\$m)



*Data as at 31 March 2019

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

Think Tank loan arrears, of greater than 30 days, reported at the end of the March 2019 quarter, have declined against the elevated rate reported in the December 2018 quarterly report. As at 31 March 2019, the quantum of loan accounts with repayment arrears of greater than 30 days, as a percentage of total loan book volume, is 0.97%. A closer analysis of the reported loan arrears over the March 2019 quarter confirms that there are no significant clusters amongst geographic or industry sectors and BMIL is satisfied that loan arrears are carefully and responsibly managed by Think Tank.

Fund Manager's Comment —Mr. Paul Jones

Over the March 2019 quarter, there has been consistent downward movement in Australian short-term interest rates, particularly the 30-Day Bank Bill Swap Rate, or BBSW30, which declined by 26 basis points, or quarter of a percent, in that period. BBSW30 is relevant for BPIF investors as changes in this rate have a material impact on the target and annualised return of the BPIF. Whilst BPIF's March 2019 return has fallen by 7 basis points, in comparison to last quarter, the actual return does not reflect the full reduction in BBSW30. Given current market conditions and a consensus outlook for reductions in the Official Cash Rate possibly occurring in late 2019 and/or early 2020, BMIL is expecting short term rates to remain at low levels for the next few quarters.

As you will have noted from the details in the Investment Report above, plus associated tables and charts, Think Tank achieved a significant milestone during the March 2019 quarter. The total value of Think Tank's current loans under management now exceeds 1 billion dollars. This is a significant achievement for a specialised commercial property lender in the Australian market.

I can confirm that in December 2018, SQM Research conducted an in-depth analysis of the BPIF and its investment program over the period from December 2018 to January 2019. As a result, of this in-depth research, SQM has awarded the BPIF 3.75 out of 5 stars. This rating is a recognition that the BPIF is an investment vehicle suitable for Advisor platforms. The final ratings report was published in the March 2019 quarter. Our Fund Manager, Paul Jones, will be happy to provide a copy of the final report, or a link for online access. Please contact Paul Jones on (02) 8920 8886.

BPIF - Open to New Investments and Further Participation

The BPIF is **OPEN** to new and existing investors, and we continue to host regular presentations. We also advise that the BPIF investment program has now matured to a milestone point where by BMIL is reviewing its ability to remain open to new investments indefinitely. Investors should be aware that your investment committee is presently assessing new opportunities to ensure the ongoing success of the BMIL investment program. To arrange an investor presentation date, or to confirm how you can increase your current investment, 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

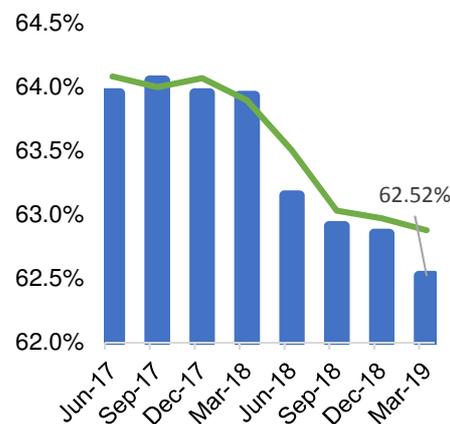
Inception Date	September 2016
IM Version & Date	Version 5 - 1 December 2018
Number of Investors	101
Investor Type	Wholesale and Sophisticated (<i>refer conditions below</i>)
Target Return	4.40% above BBSW30 (after fees)
DRP Available	Yes

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).

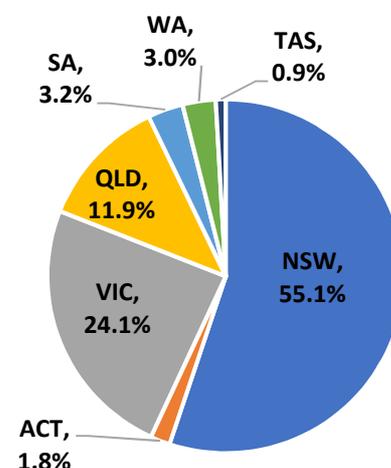
Contact Us

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Weighted Average LVR*



Geographic Distribution*



*Data as at 31 March 2019

Quarterly Report Video

Click link below to view online –



<https://youtu.be/SE4BBtcgGtg>

