



La Trobe Financial

Property Market Update

Looking out for **you**[®]

Agenda

1. Corporate Update
2. Property Market
3. Credit Fund Update

Andrew Evans

Senior Account Manager Private Wealth Management

Andrew Evans joined La Trobe Financial in June 2016 and is a Senior Account Manager for the Private Wealth Management Division and is based in South East Queensland. Andrew is responsible for servicing and managing existing financial adviser relationships in Queensland and Western Australia.

Prior to joining La Trobe Financial, Andrew was Principal Consultant for his own innovative consulting business.

Andrew has over 25 years' experience in financial services. Over this time, he has held a variety of state based and national distribution roles in such areas as funds management, investment platforms, investment banking, life insurance, retail banking, practice development, commercial and residential property.

Due to Andrew's extensive industry experience, he is always looking to add value to the advisers he services. Consequently, Andrew is regarded as a 'trusted adviser' to many of his clients, where he assists them to grow strong, successful businesses. Andrew's passion and energy for financial planning and investing, make him a popular and highly regarded business development professional amongst many of the leading financial planning practices.

He also holds Diplomas in Financial Planning and Financial Markets.



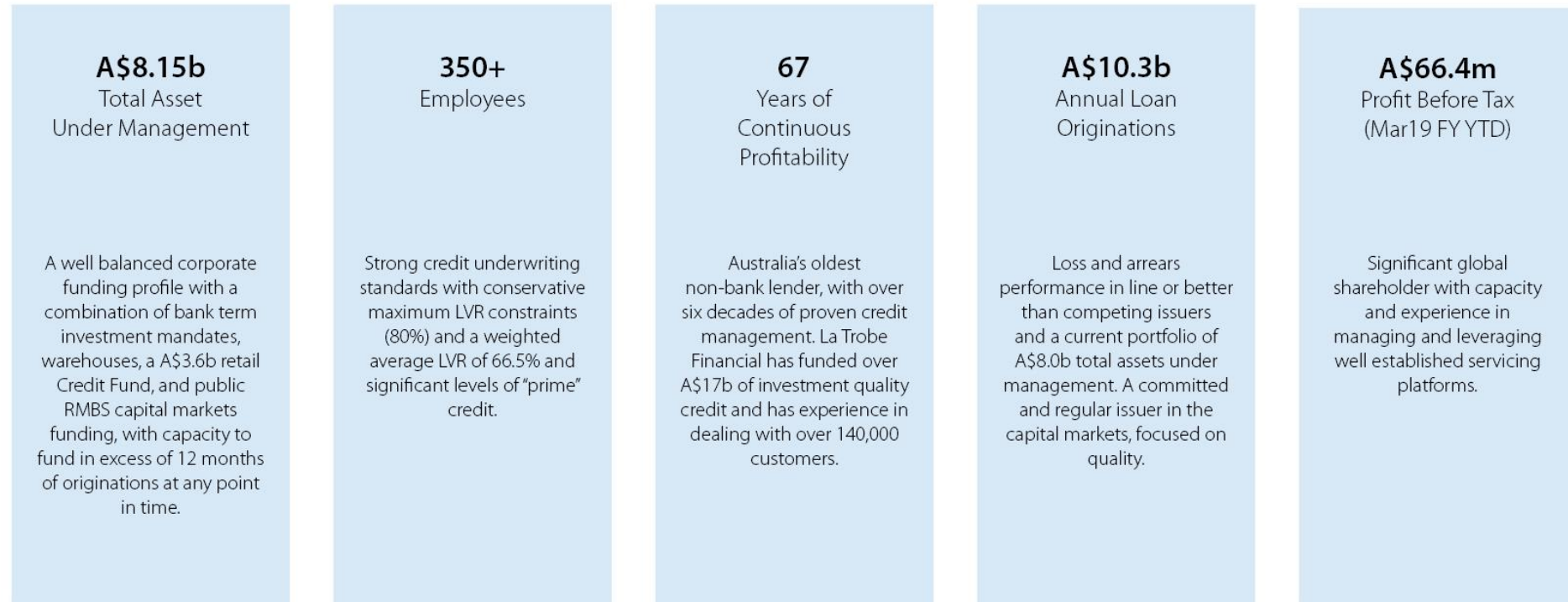
Corporate Update

La Trobe Financial is Australia's premium non-bank wealth manager and credit specialist. Founded in 1952, La Trobe Financial has over 67 years' experience in its chosen markets. Its strength lies in its robust credit and underwriting processes which have performed over numerous credit cycles.

In recent years, Australian banks have faced higher levels of macro-prudential regulation and direction, and increased capital pressures that has impacted on their ability to service Australian borrowers. La Trobe Financial's honed manual credit processes and customer-first focus has enabled it to provide borrowers with consistency and certainty in relation to its product, pricing and application of its credit policy. This has resulted in increased volumes of high quality assets being originated as third party finance brokers who represent 55% of total national residential mortgage originations have recognised La Trobe Financial as a reliable and consistent alternative to Australian banks.

In December 2017, La Trobe Financial announced a strategic partnership with the Blackstone Group. Blackstone acquired an 80% interest in the La Trobe Financial Group, with entities associated with Mr Greg O'Neill retaining a 20% interest. The strategic partnership does not involve any changes to the La Trobe Financial Group's executive management team.

La Trobe Financial by Numbers



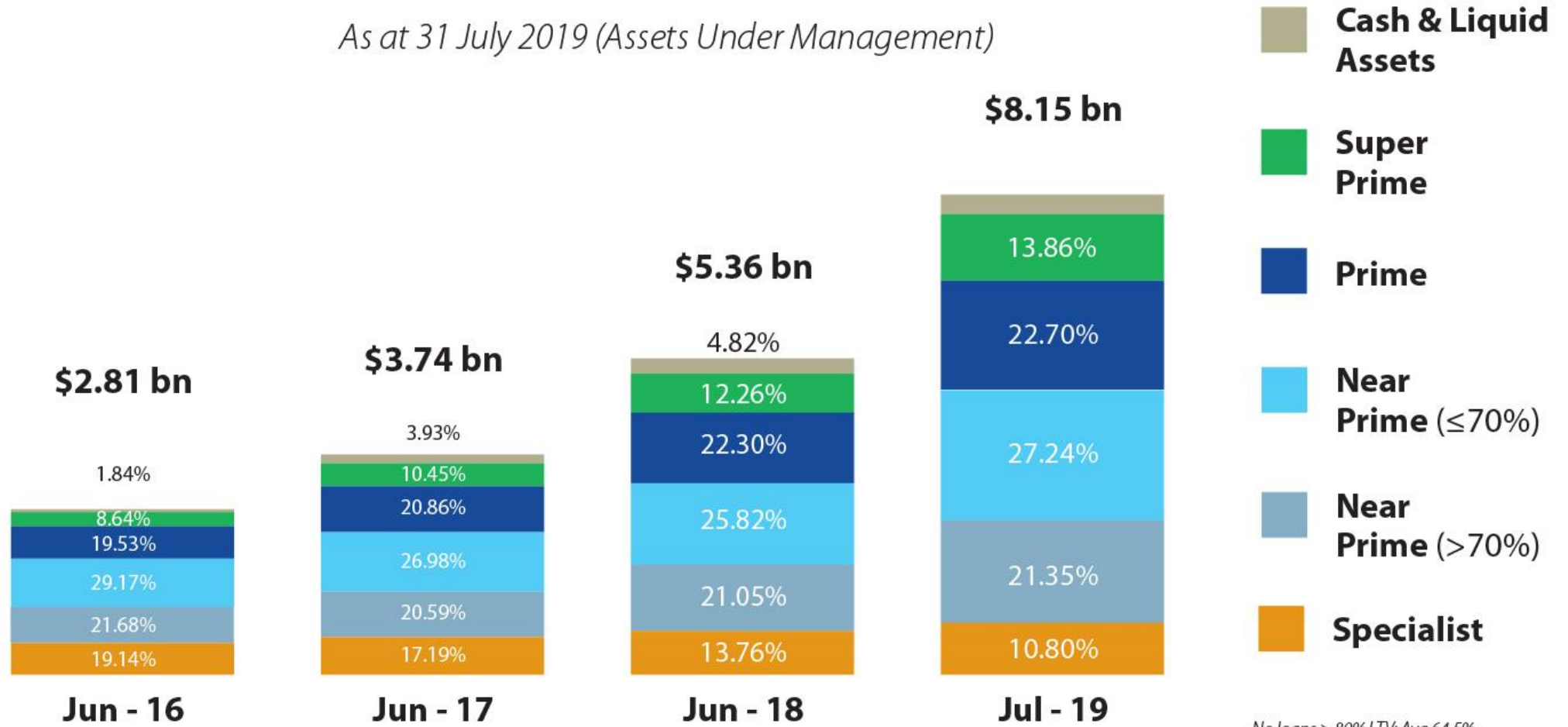
Funding Sources

- La Trobe Financial builds strong and diversified funding sources to meet growth prospects.
- Substantial wholesale funding lines from the largest banks in Australia and international banks combine with capital market securitisation transactions, its A\$3.0b retail Credit Fund, and corporate debt facilities and cash to provide necessary debt finance.
- A diversified range of funding sources gives support to lending growth and maintains liquidity during times of cyclical liquidity distress in particular markets.
- Current capacity across group funding lines is approximately A\$2.0b - monthly settlements average c\$350m resulting in 12 months headroom.
- La Trobe Financial expects to be a regular RMBS issuer with approximate current RMBS outstanding A\$2.0b.
- Adequate head room is maintained across all funding lines commensurate with current expected loan settlement run rates.



Quality of AUM

As at 31 July 2019 (Assets Under Management)



No loans > 80% LTV: Avg 64.5%

Property Market

Index results as at August 31, 2019

	Change in dwelling values			Total return	Median value
	Month	Quarter	Annual		
Sydney	1.6%	1.9%	-6.9%	-3.6%	\$790,072
Melbourne	1.4%	1.8%	-6.2%	-3.2%	\$626,703
Brisbane	0.2%	-0.1%	-2.1%	2.3%	\$485,493
Adelaide	-0.2%	-1.0%	-1.1%	3.4%	\$428,203
Perth	-0.5%	-1.8%	-8.8%	-4.9%	\$437,558
Hobart	0.5%	1.0%	3.1%	8.2%	\$465,535
Darwin	-1.2%	-1.7%	-9.7%	-3.4%	\$388,232
Canberra	0.8%	-0.4%	1.2%	5.8%	\$592,870
Combined capitals	1.0%	1.0%	-5.9%	-2.4%	\$597,072
Combined regional	-0.1%	-0.6%	-2.9%	1.8%	\$376,076
National	0.8%	0.6%	-5.2%	-1.5%	\$521,157

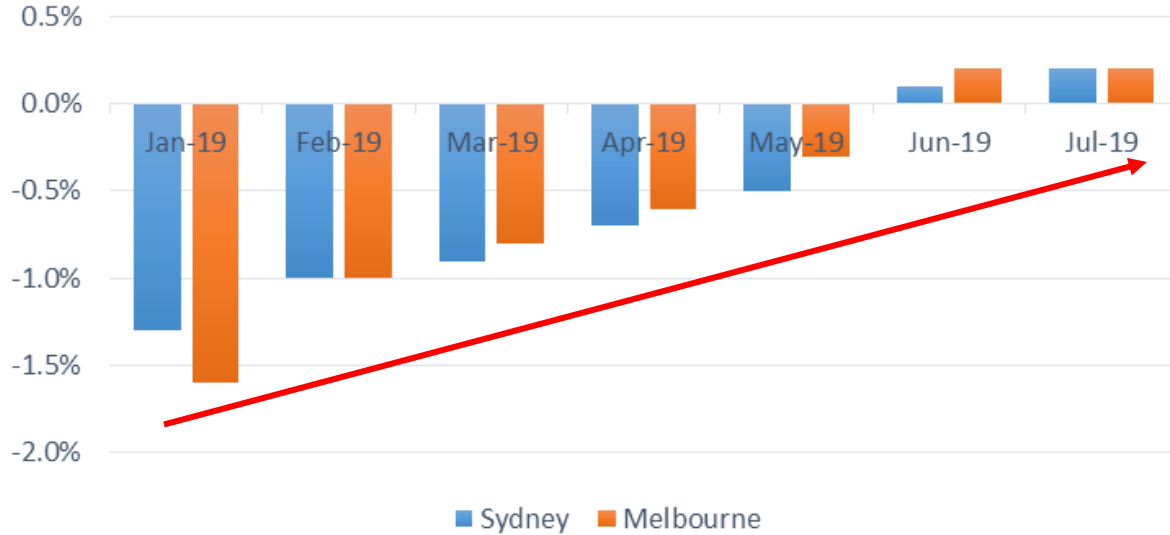
- \$6.4 trillion dollar residential real estate asset class (\$993 bn commercial real estate)
- Sydney and Melbourne markets have returned to MOM house price value growth = no housing crash but orderly correction
- Perth and Darwin continue to disappoint –some early indicators that Perth is improving
- ROA remains flat
- Overall demand / supply dynamics strong – supportive of long-term property market performance

Source: Corelogic, La Trobe Financial

... a clear and consistent trend ...

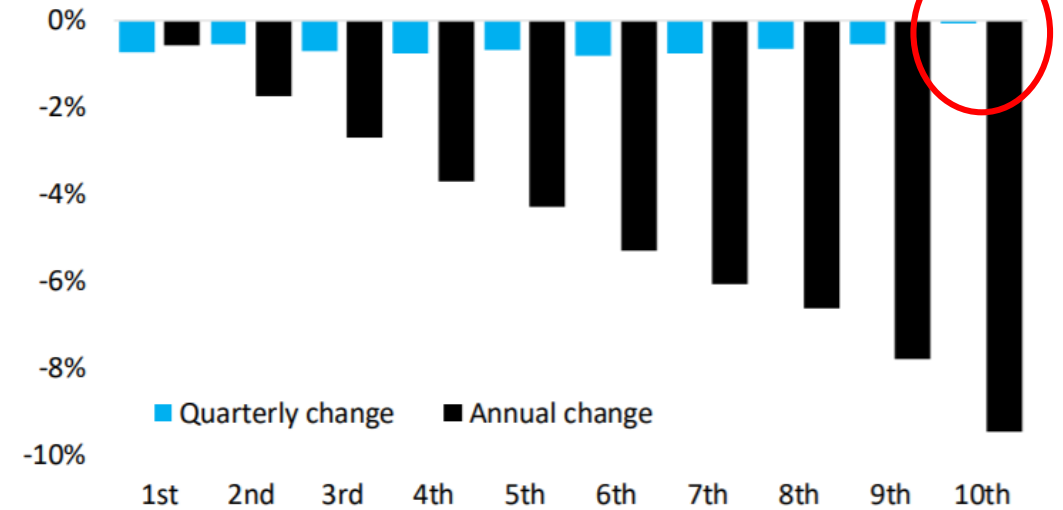
Whilst supported by the Federal Election Result in April, the return to MoM house price growth is a continuation of a trend that has been in play since start 2019 and is reversing across key markets (e.g: premium housing) that led the decline.

A Continuing Trend... House Prices MoM



Source: Corelogic, La Trobe Financial

Quarterly and annual change in dwelling values by deciles, National as at Jul 2019



Source: Corelogic, La Trobe Financial

... supported by key activity indicators...

Capital City Auction Statistics (preliminary)

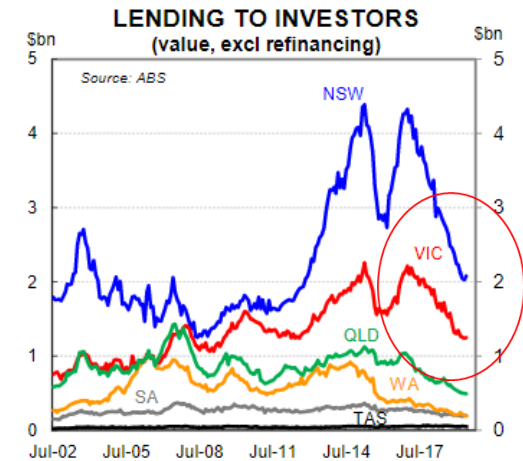
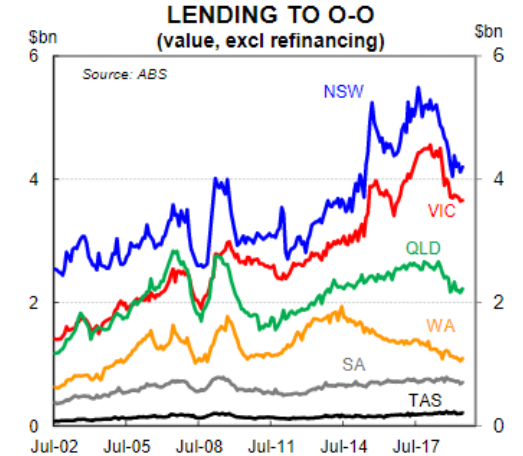
City	Clearance rate	Total auctions	CoreLogic auction results	Cleared auctions	Uncleared auctions	Clearance rate (last year)	Total auctions (last year)
Sydney	81.2%	365	277	225	52	53.8%	458
Melbourne	73.2%	501	411	301	110	58.0%	721
Brisbane	39.6%	88	53	21	32	41.0%	88
Adelaide	58.6%	55	29	17	12	59.7%	67
Perth	23.5%	38	17	4	13	29.2%	29
Tasmania	n.a.	4	1	1	0	n.a.	3
Canberra	63.8%	56	47	30	17	56.3%	36
Weighted Average	70.4%	1,107	835	599	236	54.9%	1,402

Weekly Clearance Rate, Combined Capital Cities



Source: Corelogic, La Trobe Financial

- Auction clearance rates have rebounded strongly but note lower auction numbers (down 21% YoY).
- Syd/Mel are key drivers and are both up WoW, MoM and YoY.
- Early signs of housing credit hitting bottom (SYD: inv +2.4%; OO +2.1%) but wait for forward months



Source: Corelogic, La Trobe Financial



Summary of the change in dwelling values across key time periods, to end of July 2019

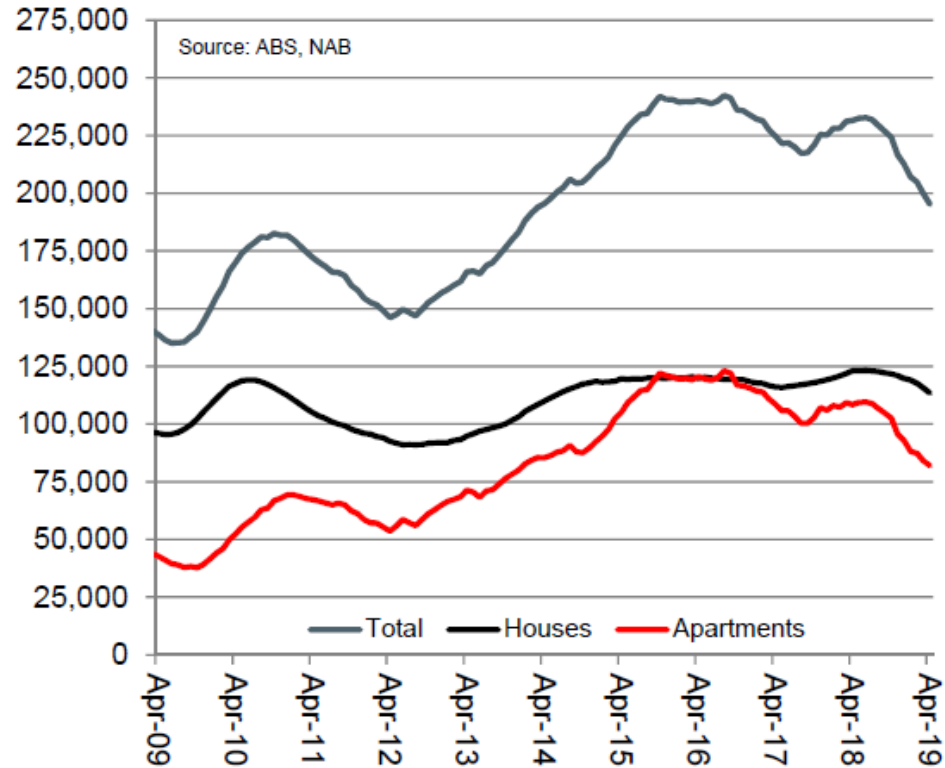
Geography	Monthly	3 months	Year to date	Annual	5yr annual	10yr annual	15yr annual	20yr annual	5yr total	10yr total	15yr total	20yr total	From peak	Peak date
Sydney	0.2%	-0.2%	-4.0%	-9.0%	3.5%	5.0%	3.6%	5.2%	18.4%	62.6%	70.5%	174.8%	-14.7%	Jul 17
Melbourne	0.2%	0.1%	-3.8%	-8.2%	4.4%	4.5%	5.1%	6.2%	23.5%	56.0%	111.5%	235.1%	-10.8%	Nov 17
Brisbane	0.2%	-0.8%	-2.3%	-2.4%	1.4%	1.0%	2.5%	5.1%	7.2%	10.1%	43.9%	172.7%	-2.7%	Apr 18
Adelaide	-0.3%	-0.6%	-1.3%	-0.8%	2.0%	1.9%	3.0%	5.3%	10.3%	20.7%	55.3%	180.9%	-1.3%	Dec 18
Perth	-0.5%	-2.2%	-5.4%	-8.9%	-4.4%	-0.8%	2.5%	4.2%	-20.0%	-7.5%	44.1%	126.5%	-20.2%	Jun 14
Hobart	0.3%	0.1%	0.4%	2.8%	6.2%	3.6%	3.5%	6.2%	35.9%	41.8%	68.4%	230.3%	-0.8%	Mar 19
Darwin	0.4%	-2.1%	-7.0%	-8.7%	-6.6%	-2.2%	1.7%	2.6%	-29.3%	-20.0%	27.9%	67.3%	-29.8%	May 14
Canberra	-0.3%	-1.5%	-1.0%	1.1%	4.1%	2.4%	3.3%	6.1%	22.3%	27.4%	61.9%	226.5%	-1.5%	Apr 19
Regional NSW	-0.1%	-0.6%	-2.6%	-4.6%	4.2%	2.9%	2.1%	5.2%	22.6%	32.9%	36.1%	175.7%	-5.3%	May 18
Regional Vic	-0.4%	-1.5%	-1.9%	-0.9%	3.8%	3.3%	2.8%	4.9%	20.6%	37.8%	50.9%	162.7%	-2.1%	Jan 19
Regional Qld	0.0%	-0.3%	-1.2%	-1.7%	0.8%	0.1%	1.3%	4.0%	4.4%	0.7%	21.7%	118.9%	-5.6%	Feb 08
Regional SA	0.6%	1.1%	1.4%	0.7%	0.1%	1.0%	1.9%	3.9%	0.7%	10.0%	31.8%	116.4%	-2.3%	Apr 15
Regional WA	-1.5%	-4.2%	-7.5%	-10.6%	-6.6%	-3.1%	1.4%	2.6%	-28.4%	-26.8%	22.8%	65.9%	-34.6%	Jan 08
Regional Tas	0.3%	0.2%	2.3%	5.4%	4.3%	2.1%	2.7%	5.2%	23.6%	23.4%	48.9%	177.7%	<at peak>	Jul 19
Regional NT	1.1%	2.5%	3.1%	3.4%	-1.1%	1.0%	3.4%	3.8%	-6.3%	10.4%	65.1%	110.5%	-6.9%	Aug 13
Combined capitals	0.1%	-0.4%	-3.7%	-7.3%	2.6%	3.4%	3.8%	5.4%	13.2%	40.1%	74.1%	187.6%	-10.1%	Sep 17
Combined regionals	-0.2%	-0.8%	-2.0%	-3.0%	2.1%	1.4%	2.0%	4.5%	11.0%	14.7%	33.8%	142.4%	-3.5%	May 18
Australia	0.0%	-0.5%	-3.3%	-6.4%	2.5%	3.0%	3.4%	5.2%	12.8%	34.0%	64.1%	176.7%	-8.3%	Oct 17

Source: CoreLogic hedonic home value index, July 2019

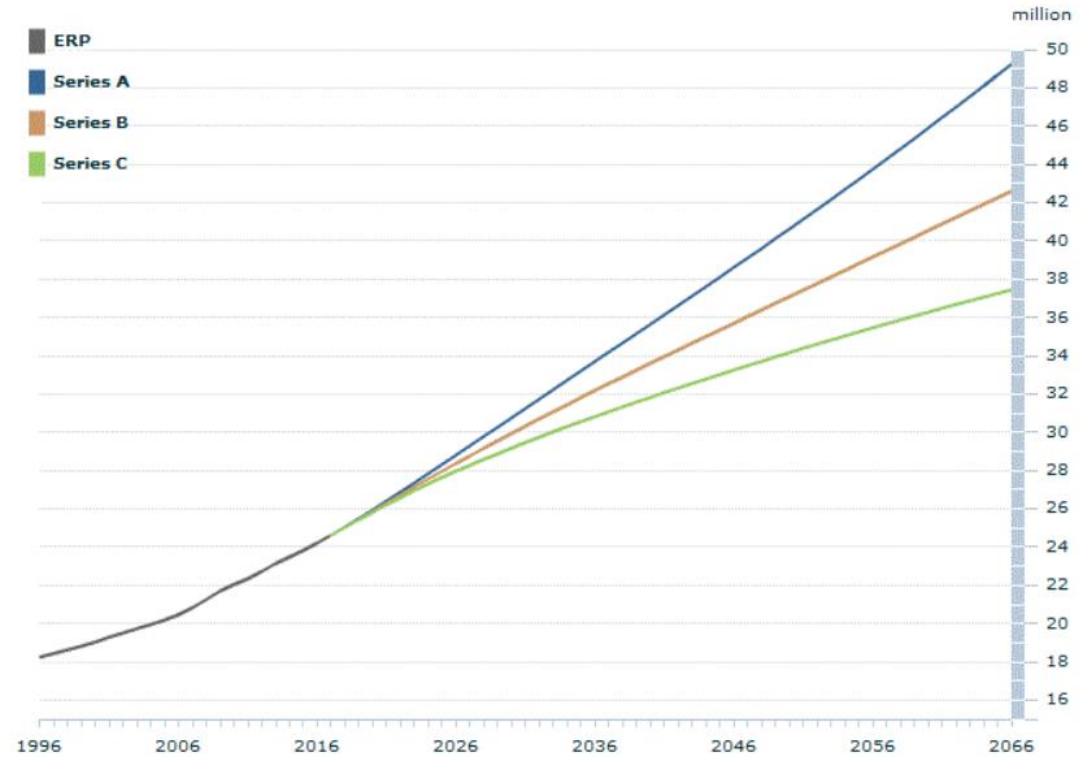
Source: Corelogic, La Trobe Financial

Looming supply shortfall will put upward pressure

Dwelling Approvals (Rolling 12-Months)



Projected Population - Australia



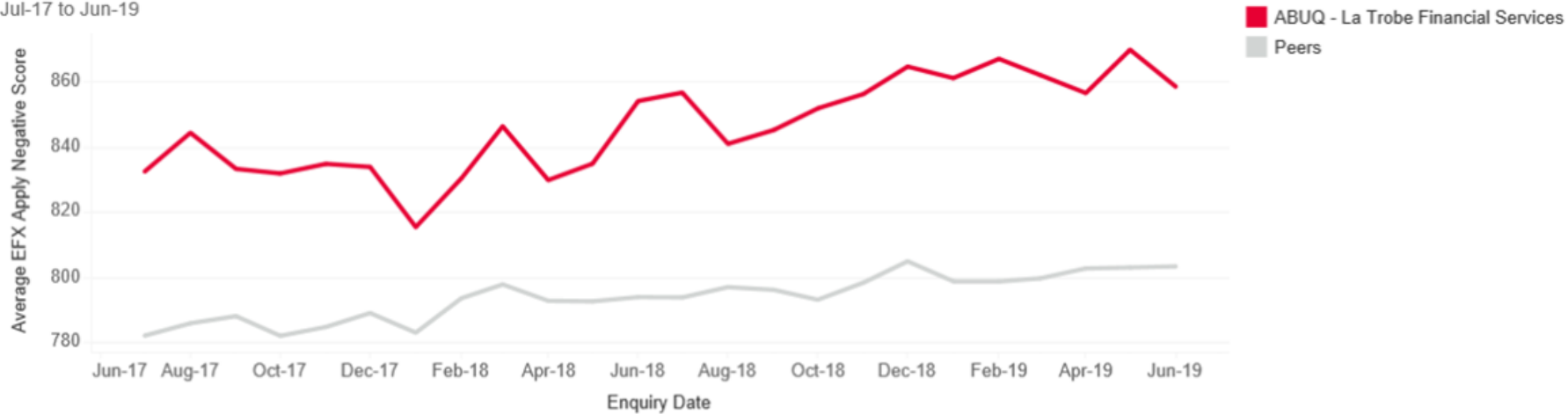
Source: ABS, La Trobe Financial

ABS population projections predict population growth of 400k+ p.a – implying a need for c200k dwellings – a supply shortfall is re-emerging

Industry credit profile strong and strengthening

Average Score

Jul-17 to Jun-19

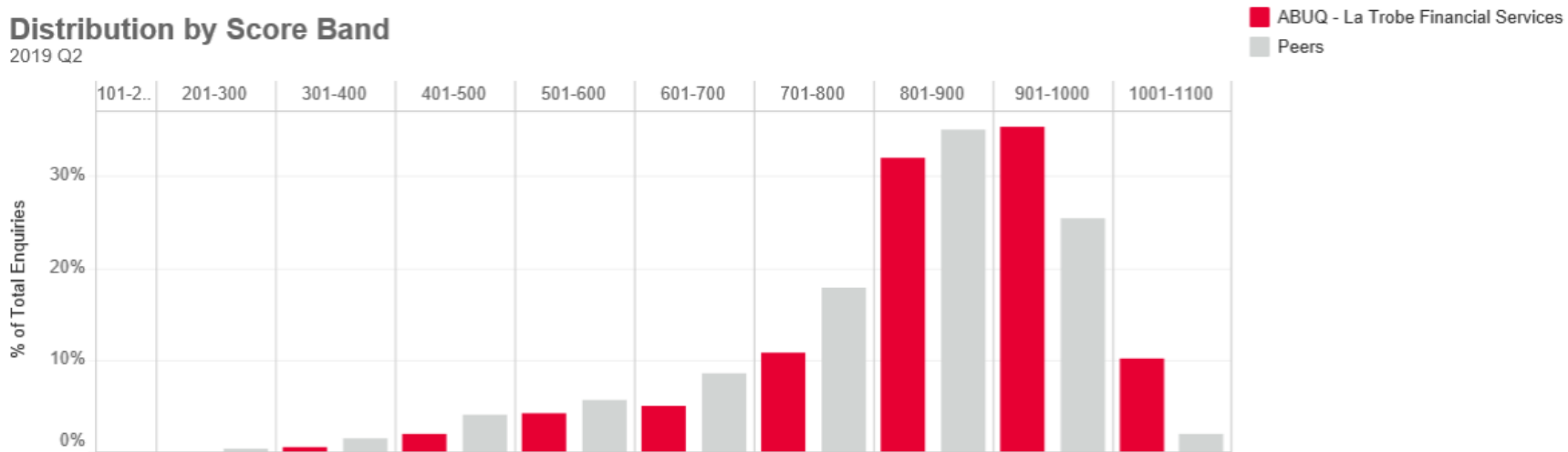


- Equifax comment:**

“Applicant credit quality is generally better than peers.”

Distribution by Score Band

2019 Q2



- Equifax score rankings:**

622+ = Good

726+ = Very Good

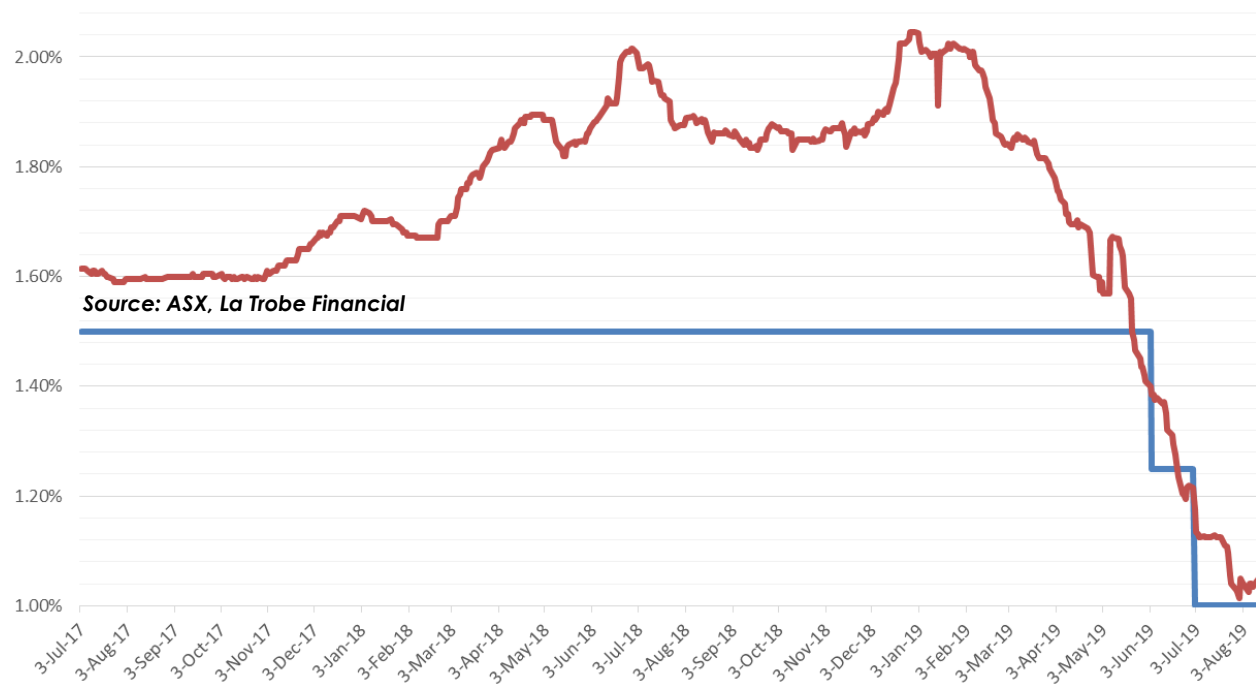
833+ = Excellent

Lower for longer

From November 2017 until mid 2019, the OCR – BBSW spread widened under pressure from technical factors (US tax repatriation, bank levy etc). More recently, spread has normalised, reducing funding cost pressures on banks. Cash Rate Futures are predicting at least two further OCR cuts.

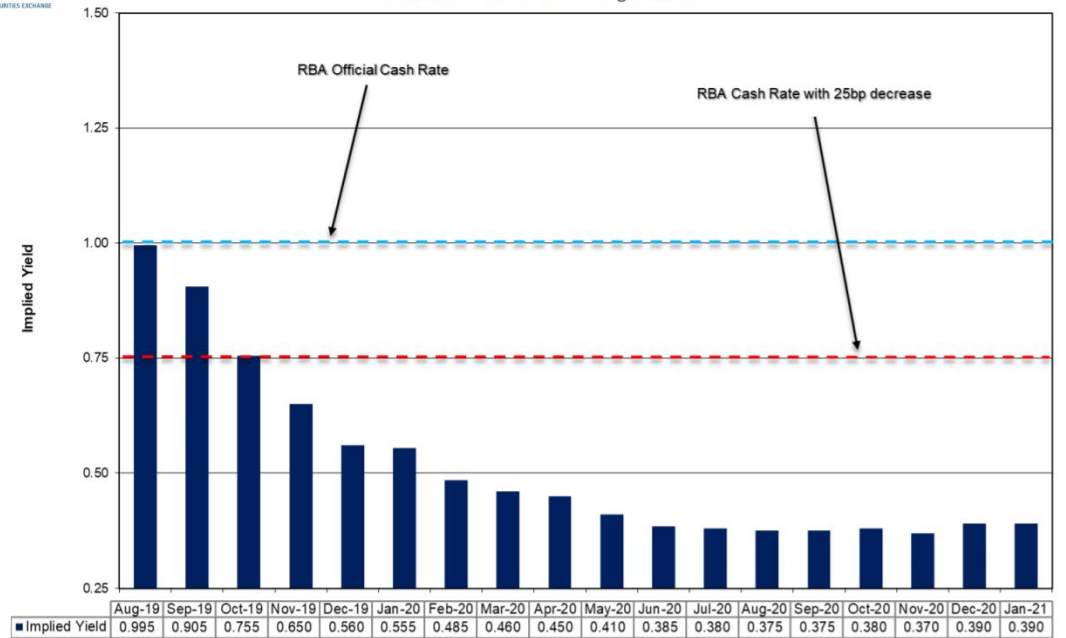
Fund Cost Pressures Abating

— OCR — 30DBBSW



ASX 30 Day Interbank Cash Rate Futures Implied Yield Curve

As at market close on 14th August 2019



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Credit Fund Update

La Trobe Financial Credit Fund

Five investment options

Pooled options

Peer-to-Peer(P2P) option

Classic 48 hour Account

Access to funds generally available within 2 business days

2.40%^{*#+}
p.a. var

Segregated pool of assets

90 Day Notice Account

Access to funds generally available within 90 days

3.00%^{*#+}
p.a. var

Segregated pool of assets

12 Month Term Account

12 month term investment

5.05%^{*+}
p.a. var

Segregated pool of assets

High Yield Credit Account

Investing for 4 year term investment

6.50%^{*+}
p.a. var

Segregated pool of assets

Select Investment Account

Investing for term Peer-to-Peer

from
6.00%^{*}
p.a. var

Investment in specified asset(s)

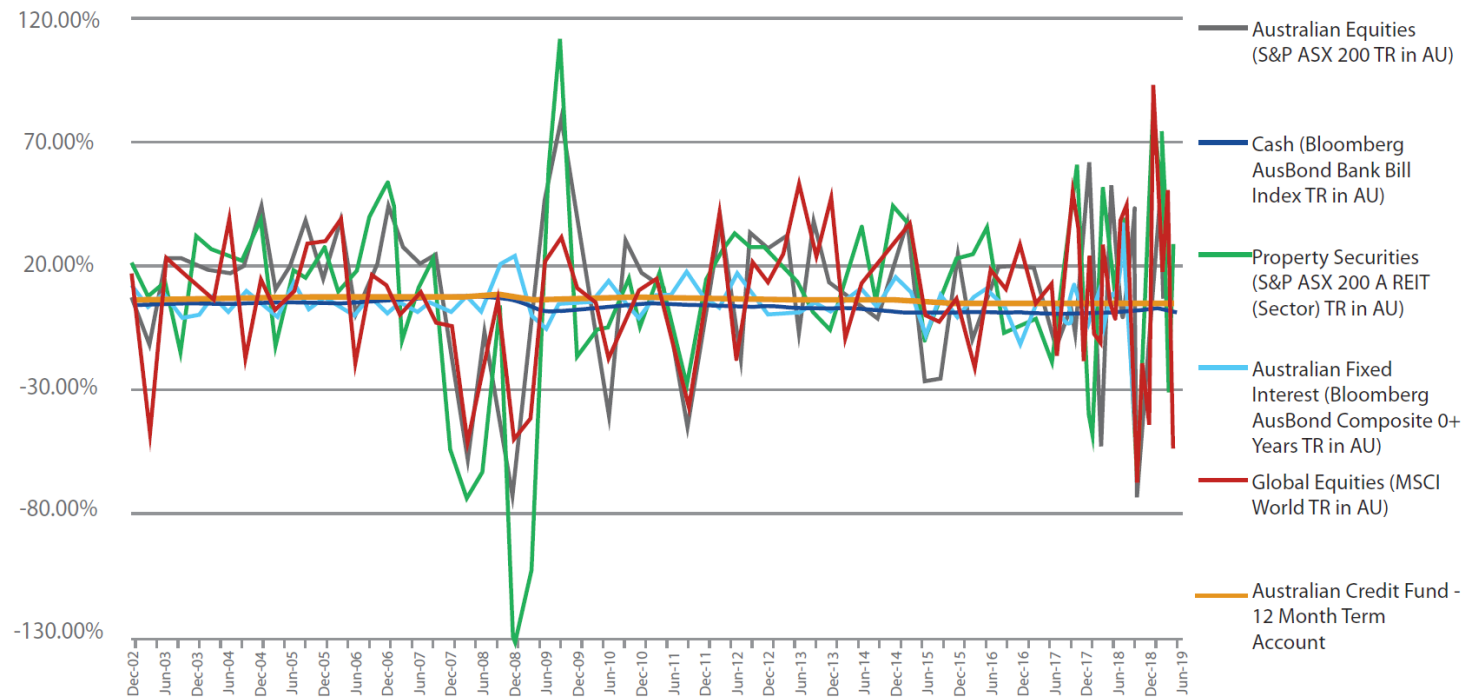
Credit Fund

- Total FUM: \$3.7 bn
- # investors: 38,000

12 Month Term Account

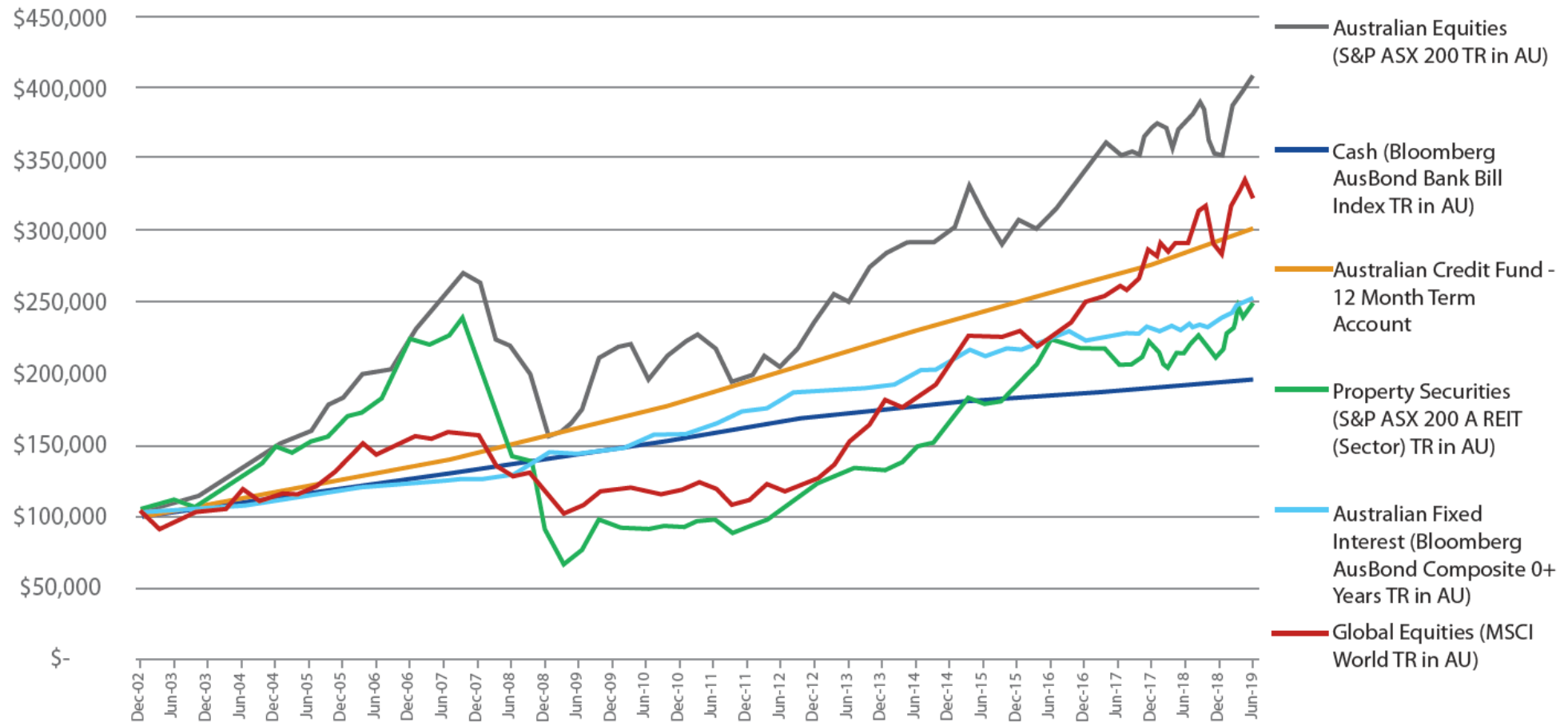
- 12 Month Term FUM: \$2.3 bn
- Inception: October 2002
- WAV LVR: 62.0%
- Current yield: 5.05% p.a. var (monthly)

12 Month Term Account Annual Performance Comparison since inception



12 Month Term Account Performance

12 Month Term Account Accumulation Performance Comparison since inception



Awards & Ratings



1



2



3



4



5



2014 – 2019



2013 - 2019



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Concluding notes:

1. Fundamentals remain strong – credit quality improving across industry, housing market has bottomed: all tailwinds for asset quality and portfolio performance
2. Investor demand for resilient, capital-stable and income-generative assets has seen secular increase; will remain elevated for generations (demographic driver)

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* Returns on our investments are variable and paid monthly. Past performance is not a reliable indicator of future performance. The rates of return from the Credit Fund are not guaranteed and are determined by the future revenue of the Credit Fund and may be lower than expected. Investors risk losing some or all of their principal investment. An investment in the Credit Fund is not a bank deposit. Withdrawal rights are subject to liquidity and may be delayed or suspended. Visit our website for further information.

While we have 12 months under the Credit Fund's Constitution within which to honour your redemption request if there is insufficient liquidity in this Account at the time of your request, we will make every endeavour to honour your redemption request from your Classic 48 hour Account within 2 business days, and your 90 Day Notice Account within 90 days. At the time of this document, there has never been a case in the history of the Fund when we have not honoured a redemption request on time due to a lack of liquidity.

+ Rate of return effective as at 1 August 2019.