

SKYRING FIXED INCOME FUND

FROM THE MANAGER

Spring has officially arrived, which usually marks the start of the busiest time of year for the property market but this year has been like no other. Australia's housing is slowly emerging from its COVID-induced slumber as the spring property market gains momentum. New industry data shows a clear shift towards increased interest in regional areas which indicates many individuals are considering a lifestyle change amid the health crisis.

In September, the Reserve Bank of Australia (RBA) decided to increase the size of the Term Funding Facility and make it available for longer to help keep interest rates low for borrowers and support the provision of credit. The RBA also reiterated that it will not increase the cash rate until Australia is on its way back towards full employment and inflation is sustainably within the 2-3 percent target band.

At that time, the RBA governor Philip Lowe said that the global economy is gradually recovering after a severe contraction due to the pandemic, but the recovery is uneven and its continuation is dependent on containment of the virus. "The board views addressing the high rate of unemployment as an important national priority," Mr Lowe added.

With that said, just last week in the Australian Financial Review, Reserve Bank deputy governor Guy Debelle declared Australia appears to be technically out of recession, telling a Senate estimates hearing that the September quarter would show the economy growing and the drag on the economy from Victoria would be less than first thought.

Further to this, all the big four banks also anticipate that the technical recession could now be over. At Skyring, we understand that there is always a lag time with financial data and we are adopting a cautious approach to our investment strategy and reluctant with overestimating the recovery. This further empathises our June 2020 theme to our investors, that moving forward and until the end of 2021, our view is to remain cautious and increasingly vigilant with their investments and retirement savings.

Finally, as the country tunes in for the Melbourne Cup yesterday, the RBA announced it has decided (again) to further reduce the official cash rate to a new record low of just 0.10% pa. The Board's decision appears to be more weighted towards stimulating the economy and further encouraging businesses to rehire/reopen in the bid to further absorb and reduce the unemployment figures.

CURRENT INCOME DISTRIBUTION RATE

From the 1st of September 2020, the indicative income distribution rate for the Skyring Fixed Income Fund is 5.85% pa for all new investors and any new additional contributions received from existing investors.

In our September Board meeting, our Board has maintained our 12 month forecast on distribution income for our investors. Notwithstanding that, we are ever vigilant to analyzing current and future market conditions in order to maintain and maximize our investor's income for their portfolios.

We are proud to advise that over the past 6 months the Skyring Fixed Income Fund has grown by 90% over this period. This is now affording investors with attractive monthly income from their cash holdings and assisting them to meet their lifestyle needs.

DISTRIBUTION REINVESTMENTS AND ADDITIONAL CONTRIBUTIONS

As an existing investor in the Skyring Fixed Income Fund, you are now able to reinvest your monthly distributions and also make additional contributions to your account.

If you would like to participate please contact Lisa at investor@skyring.com.au and we will send out the required form for signature.

NATIONAL PROPERTY MARKET ACTIVITY (AS AT OCTOBER 2020)

All dwellings	Auctions / Clearance Rate	Private Sale	Monthly home value change
VIC	17/82%	818	-0.90%
NSW	236/76%	1621	-0.31%
ACT	37/81%	65	0.39%
QLD	65/48%	996	0.45%
WA	8/50%	402	0.25%
NT	0/0%	18	1.60%
TAS	0/0%	173	0.43%
SA	25/76%	312	0.84%

*Monthly Home Values figures as of 30 September, 2020 *Australian auction results, clearance rates and recent sales for the week ending 4 October, 2020. The clearance rate is preliminary and current as at 10:00 am ADST, 5 October, 2020.

AUSTRALIAN BUREAU OF STATISTICS – BUSINESS LENDING

From a macro level, Australia saw a positive increase in new loan commitments from borrowers for business purposes. This would have been further assisted with the support of the Government's 6th October Federal Budget incentives as well as positive consumer sentiment within the majority of the states (excluding Victoria).

We have however seen a slow down on construction as the sector retools to cater for demand in different sectors within the asset class. For example, land as opposed to apartments due to the Federal Government's \$25,000 Home Builder scheme.

INVESTMENT
PERFORMANCE

Net Returns

Previous Month's Net Rate

Skyring Fixed Income Fund

5.85% p.a

Skyring Fixed Income Fund
Investors Prior to 31st August 2020

6.5% p.a

Skyring Fixed Income Fund Bonus
Investors Prior to 31st August 2020

6.72% p.a

T24

8%p.a

T18

8%p.a

T12

7.05% p.a

SKYRING FIXED
INCOME FUND (OPEN)

5.85% p.a[#]

First Mortgage Income Fund

Min 3 month investment term

Fixed distribution rate for
first 12 months

Monthly income

Reinvestments available

OFF MARKET INVESTOR REGISTER

From time to time, some of our investor's financial situations can change due to divorce and unfortunate family estates. This can trigger a request to Skyring to redeem their investments early from some of our "closed ended" funds.

Currently we have requests of approx. \$350,000 of available units in our Highgate Hill T24 Offer that is currently earning investors 8%pa.

If you would like to register your interest and receive a copy of the PDS and current 2020 Financials please email investor@skyring.com.au or call 1300 73 72 74