



Hello Investor

This is the 91st Newsletter since the establishment of the Balmain Opportunity Trust (**BOT**).

SEPTEMBER 2025 DISTRIBUTIONS*

Class A Units returns, **net of all fees**, for the period ending 30 September 2025 are as follows:

	THIS MONTH (SEP 25)	LAST MONTH (AUG 25)
Monthly	9.05%	9.05%
Monthly Annualised	9.46%	9.46%
Last 12 Months	9.67%	9.68%
Since Inception	8.67%	8.66%

**calculated on a 'distribution re-invested' basis*

GENERAL UPDATE

The RBA, in its infinite wisdom, decided to leave the cash rate on hold at their last meeting. I feel like a broken watch constantly saying that they are taking too long to get us down to a normalised level (~2.85%) but there is nothing else that I can say. Hurry up, guys!

In other news, ASIC issued a report on Private Credit in Australia ([Report](#)) written for them by Nigel Williams and Richard Timbs. It's worth a read, hence the link I have included, but some of assumptions upon which the report relies are, to say the least, arguable. In section 8, the authors argue that 'private credit' will do 'riskier' deals than the 'banks' who collectively had their risk appetite strangled by APRA's rule tightening for the ADI's in Australia post the GFC.

This implicitly assumes that APRA's rule tightening (largely through changing the ADI's capital adequacy ratios) was well-conceived and perfectly reduced the bank's ability to make higher risk investments. This is far from the case. Whilst certainly this was part of the environment that pervaded markets post the GFC, other significant factors were in play that directed bank lending to a much smaller group of assets. These factors included low profit-to-staff ratios (the banks don't like that so they shied away from high-HR categories)), the rich pickings from post-GFC prime residential lending and the fact loans to SME's (generally much higher quality), loans for non-prime commercial assets and loans for residential construction were practically outlawed by APRA's (RBA assisted) desire to restrict non-prime residential lending.

The report also, with respect to the authors, did not draw sufficient distinction between retail (regulated) and wholesale (unregulated) investment trusts. One of the most significant issues facing the private credit sector in Australia is the ease with which new 'managers' can set up investment funds with little or no regulation provided their funds only attract 'sophisticated investors'.

A sophisticated investor must have net assets of at least \$2.5m or income of \$250,000 for 2 years or invest more than \$500,000 in a single investment. These thresholds have not been adjusted for inflation in over 20 years. The proportion of Australians qualifying as wholesale investors has grown significantly from 1.9% in 2002 to a projected 43.6% by 2041. As a result, many investors currently classified as 'sophisticated' are nothing like the 1.90% of the population deemed sophisticated 20 years ago and yet they are not protected as retail investors.

Balmain is *profoundly* in favour of amending the thresholds and tests used to determine whether or not an investor is sophisticated. For Balmain, it would mean that BOT's Information Memorandum becomes a Product Disclosure Statement, we need to produce a Target Market Determination statement and our continuous disclosure obligations would begin. It's no major deal for us. What this would do, however, is make it harder for less mature/ compliant businesses to satisfy the more onerous retail obligations which (hopefully) would bring a much improved level of accountability to the private credit industry.

So ASIC, the retail market regulations do need some tinkering to better protect investors, but let's start with broadening the group of investors that are entitled to the protections that already exist for the retail market.

For clarity, if BOT were to become a regulated scheme, it would not change your eligibility to invest in BOT.

For our part, in the coming weeks we will be providing an elevated level of reporting for BOT investors (such as in Figure 1 below) to ensure that your investment decisioning remains well informed.



Figure 1

TRUST UPDATE

Both loan origination and investment inflows remain strong. Investor inflows have been particularly buoyant during FYE2025 and Balmain Group assets under management now exceed \$10bn. This includes significant contributions totalling \$4.00bn from BOT (@ \$2.46bn) and Balmain Private (@\$1.54bn). We continue to maintain liquidity at optimal levels.

As I mentioned last month, the impact on Investor returns from lower lending rates will take some time to filter through. At this stage it looks like distribution rates will hold steady until into the new calendar year, hopefully a little beyond that.

You are now able to see performance matrix for the Balmain Opportunity Trust at <https://www.balmainopportunitytrust.com.au/history>. We have also emailed all investors with the login details for the investor portal which I encourage you to use.

If you have any difficulty in accessing the portal, please give the Balmain Investments Team a call on 02 9232 8888.

ACMC Control Account- Class A: Monthly Distributions

We confirm that the amount of \$74.38 in respect of income referable to September 2025 was paid to you / reinvested in your account in accordance with your nominated Distribution Method election on 09 October 2025.

ACMC Control Account- Class A: Status of Investment

We also confirm that as at 30 September 2025, ACMC Control Account- Class A's investment in Class A Units in the Balmain Opportunity Trust stood at \$10,000.00 (you will receive multiple emails if you have multiple investment entities).

Please note that this balance does not include:

- any investment or redemption made after that date; or
- the September 2025 distribution re-investment (if applicable).

Should you have any questions or queries please do not hesitate to contact the writer or Tom Sherston.

Warmest regards,

Andrew Griffin



02 9232 8888
[balmainopportunitytrust.com.au](https://www.balmainopportunitytrust.com.au)

This email has been sent by Australian Commercial Mortgage Corporation Limited ACN 109 865 590 as trustee of the Balmain Opportunity Trust ABN 36 679 393 508 (Trustee) and issuer of the Balmain Opportunity Trust information memorandum dated 1 November 2020 (IM).

The information contained in this email is of a general nature only and does not constitute financial advice. This email has been prepared without taking into account any person's objectives, financial situation or needs. Each person should therefore consider its appropriateness before acting on this email, having regard to their own objectives, financial situation and needs.

Each person should obtain a copy of the IM and read and consider the IM in full before making any investment decision. A copy of the IM can be obtained from the Trustee by contacting our Balmain Investments Team on 02 9232 8888.

Investment in the Balmain Opportunity Trust is subject to investment risk, including possible delays in payment and loss of income and principal invested. Refer to sections 8, 9 and 10 of the IM for more information on the key risks associated with an investment in the Balmain Opportunity Trust. The Trustee and its respective associates, officers, related entities and directors do not give any guarantee as to the performance of the Balmain Opportunity Trust or the repayment of monies invested. Past performance is not a reliable indicator of future performance.

You should obtain your own personal financial advice from a qualified financial advisor before making any investment decision in relation to the Balmain Opportunity Trust.