

Yarra Enhanced Income Fund

Gross returns as at 31 January 2026

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception [^] % p.a.
Yarra Enhanced Income Fund	0.79	1.09	6.61	8.17	6.35	6.40	6.30
Yarra Enhanced Income Fund (incl. franking)	0.81	1.11	6.70	8.29	6.46	6.67	6.86
RBA Cash Rate [#]	0.30	0.90	3.82	4.05	2.74	1.97	3.32
Excess return [‡]	0.51	0.22	2.88	4.24	3.72	4.70	3.54

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are gross of all fees, meaning they do not reflect the deduction of any investment management fees which would reduce returns and assume reinvestment of all distributions. Investment in the fund is not available on a fee free basis and this should be factored into any analysis of past performance. Returns inclusive of franking credits are calculated by attributing a cash value to each franking credit, and assuming that amount is re-invested, along with all other distributions. Figures including franking credits should not be relied upon as an exact indication of performance or be compared to returns of other managed funds which do not include amounts for franking credits. The level of franking of distributions may vary.

Net returns as at 31 January 2026

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception [^] % p.a.
Yarra Enhanced Income Fund	0.75	0.95	6.02	7.58	5.77	5.71	5.53
Yarra Enhanced Income Fund (incl. franking)	0.76	0.97	6.12	7.70	5.88	5.98	6.09
Growth return [†]	0.38	-0.19	0.40	1.84	0.93	1.42	0.14
Distribution return [†]	0.38	1.16	5.72	5.86	4.95	4.55	5.94
RBA Cash Rate [#]	0.30	0.90	3.82	4.05	2.74	1.97	3.32
Excess return [‡]	0.46	0.08	2.30	3.65	3.13	4.00	2.77

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are prepared on an exit to exit basis – they include all ongoing fees and expenses and assume reinvestment of all distributions. Returns inclusive of franking credits are calculated by attributing a cash value to each franking credit, and assuming that amount is re-invested, along with all other distributions. Figures including franking credits should not be relied upon as an exact indication of performance or be compared to returns of other managed funds which do not include amounts for franking credits. The level of franking of distributions may vary.

[^] Inception date Yarra Enhanced Income Fund: June 2003.

[†] Growth returns are measured by the movement in the Yarra Enhanced Income Fund's unit price, ex-distribution. Distribution return is the proportion of the total return which is paid to unitholders by way of distribution. It does not include distribution amounts deemed as capital distributions. Returns inclusive of franking credits are calculated by attributing a cash value to each franking credit, and assuming that amount is re-invested, along with all other distributions. Figures including franking credits should not be relied upon as an exact indication of performance or be compared to returns of other managed funds which do not include amounts for franking credits. The level of franking of distributions may vary.

[#] The RBA Cash Rate is being used for comparative purposes only. The underlying assets of the Fund are of a higher risk profile than cash assets. When comparing performance of the Fund against the RBA Cash Rate, investors should take this into account.

[‡] The excess return figures shown represent the difference between the Fund's return including franking and the RBA Cash Rate.

Portfolio review

The Yarra Enhanced Income Fund returned 0.76% (net basis, including franking) over the month, outperforming its benchmark by 46 bps. On a 12-month view the Fund returned 6.12% (net basis, including franking), outperforming the RBA Cash Rate by 230 bps.

Portfolio performance was positive for the month, supported by both carry and a broad tightening in credit spreads, while our duration exposure detracted marginally. Although the broader bond market sell-off extended into January, the fact that the February rate hike was largely priced in meant that, compared to previous months, the impact on our portfolio was far more muted. As a result, our price return was positive. This

positive price performance was driven by the continued contraction in spreads, with the strongest performers being longer dated subordinated debt.

During the month, we participated in the AusNet and Aroundtown deals, both of which enhanced the portfolio's healthy running yield. We remain active in managing portfolio positioning, selectively rotating across issuers and securities to attain the best risk-adjusted returns.

Market review

On the final business day of January, President Trump nominated Kevin Warsh as the next Chair of the Federal Reserve, with the appointment now pending Senate

confirmation. The Federal Open Market Committee (FOMC) opted to keep the policy rate unchanged, noting inflation remains somewhat elevated and job gains continue to moderate. The US treasury curve steepened over the month, with 10-year yields rising 12.4 bps to close at 4.24%.

Elsewhere, the Bank of Canada held its policy rate unchanged at 2.25%, citing inflation is near its 2% target and expectations for modest economic growth. In the Asia-Pacific region, the Bank of Japan also kept its cash rate unchanged following last year's historic rate hike. The New Zealand economy showed early signs of recovery, although inflation moved above the Reserve Bank of New Zealand's target range, reaching 3.1% in December 2025.

The Reserve Bank of Australia (RBA) met on 2-3 February and unanimously decided to raise the cash rate 25 bps to 3.85%. The 4Q25 CPI print surprised to the upside, with headline inflation rising 0.4% to 3.8%. In contrast, the quarterly trimmed mean, the RBA's preferred measure, printed in line with market expectations at 0.9%. Labour market conditions improved, with the unemployment rate declining to 4.1%. Bond markets continued to sell off through January as markets priced in the likelihood of a February rate hike. This drove a sharp move at the short end of the curve: 3-year bond futures rose 13 bps to 4.27%, while the 10-year increased 6.5 bps to close at 4.81%.

Credit spreads continued to grind in over the month supported by strong demand for Australian credit, particularly from Asia. Despite elevated primary issuance in January, orderbooks remained consistently oversubscribed, leading to significant spread compression during book builds. The Australian iTraxx closed 1.5 bps wider for the month, ending at 65.9 bps.

Outlook

RBA Governor Bullock has continued to avoid providing explicit forward guidance, reiterating the heightened uncertainty surrounding the domestic and global economic outlook. Given this backdrop, we expect the RBA to move cautiously, placing significant emphasis on incoming data before further adjusting policy.

Credit spreads compressed through the first month of 2026 on the back of strong investor demand for Australian credit. With the RBA lifting rates, we expect outright yields to remain elevated and for Australian credit to remain attractive to both domestic and offshore investors. In this context, we expect spreads to continue to compress.

For the upcoming reporting season, we expect investment grade issuers to illustrate the benefits of the 2025 rate easing cycle, with balance sheets remaining resilient. Issuance is expected to remain solid in the near term, supported by ongoing funding requirements and constructive capital market conditions.

Portfolio profile

Portfolio characteristics

	Portfolio
Running yield (incl franking credits) (%)	5.79
Option Adjusted Spread	152
Average weighted issue credit rating	BBB
Average weighted ESG Rating*	BBB+
Estimated yield to maturity (%)	5.67
Fund duration (yrs)	1.79
Spread duration (yrs)	3.53
Number of securities	223
Listed	38
Unlisted	185

* Please note that the ESG ratings are YCM internal ratings.

Sector allocation

	Portfolio %
Asset Backed	-
Banks	46.31
Communication Services	-
Consumer Discretionary	1.34
Consumer Staples	-
Diversified Finance	8.29
Energy	6.08
Health Care	0.72
Industrials	9.72
Information Technology	0.12
Insurance	9.57
Materials	0.35
Mortgage Backed	-
Real Estate	7.99
Utilities	3.33
Cash & Other	6.18

Top 10 holdings

Issuer	ISIN	Portfolio %
ANZ Banking	AU3FN0091583	1.75
BNP Paribas	AU3FN0094280	1.48
Credit Agricole	AU3FN0094819	1.36
Tabcorp Holdings	AU3CB0328789	1.34
National Australia Bank	AU3CB0328235	1.34
Ampol Limited	AU3FN0094520	1.32
Westpac Banking	AU3CB0322337	1.31
UBS Group	CH1485827070	1.28
Aurizon Finance	AU3FN0098372	1.23
HSBC Holdings	AU3FN0096483	1.23

Portfolio holdings may not be representative of current or future investments. The securities discussed may not represent all of the portfolio's holdings and may represent only a small percentage of the strategy's portfolio holdings. Future portfolio holdings may not be profitable.

Maturity profile

	Portfolio %
Perpetual/Callable	10.60
Callable	66.43
At Maturity	16.79

Security profile

	Portfolio %
Floating rate	47.09
Fixed rate	46.73
Cash & Other	6.18

Credit rating profile

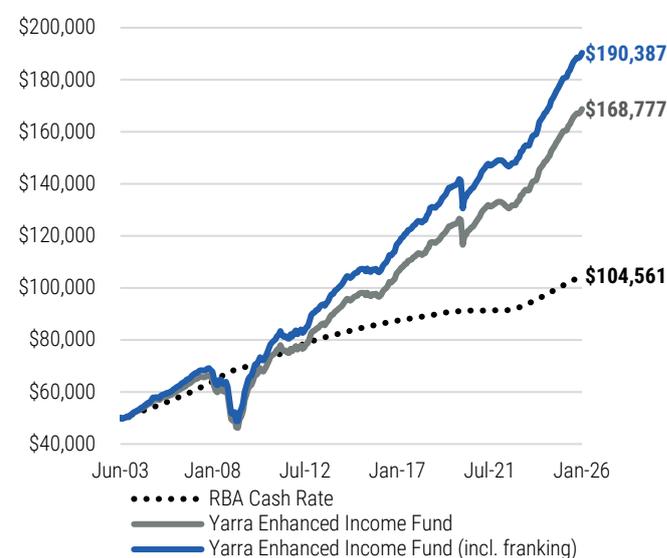
	Portfolio %
AA-	1.16
A+	0.15
A	0.28
A-	17.75
BBB+	14.07
BBB	37.60
BBB-	13.52
BB+	2.84
BB	4.02
BB-	1.87
B+	0.08
B	0.47
B-	-
Not rated or below	-
Cash & Other	6.18

Features

Investment objective	To earn higher returns than traditional cash management and fixed income investments (over the medium-to-long term) by investing in a diversified portfolio of fixed income and hybrid (debt/equity) securities.	
Recommended investment time frame	3 – 5+ years	
Fund inception	June 2003	
Fund size	Pooled Fund A\$3,115.8 mn as at 31 January 2026	
APIR code	JBW0018AU	
Estimated management cost	0.55% p.a.	
Buy/sell spread	+/- 0.10%	
Platform availability	AMP North Asgard BT Panorama CFS First Choice Hub24 IOOF Wrap Macquarie Wrap Mason Stevens	MLC Wrap MLC Navigator Netwealth Praemium Powerwrap uXchange (DASH) Xplore Wealth

Investment performance comparison of \$50,000

After fees, since inception of the Yarra Enhanced Income Fund, June 2003 to January 2026.



For illustrative purposes only. Past performance does not guarantee future results, which may vary. The total net fund returns shown are prepared on an exit-to-exit basis (i.e. they include all ongoing fees and expenses and assume reinvestment of all distributions). They do not take personal taxation into account. The comparison with the RBA Cash Rate is for comparative purposes only. Note that the minimum initial investment amount for the Yarra Enhanced Income Fund is \$10,000.

Applications and contacts

Investment into the Yarra Enhanced Income Fund can be made by Australian resident investors only.

Website www.yarracm.com

Investor Services Team 1800 034 494 (Australia) +61 3 9002 1980 (Overseas) IST@yarracm.com

Disclaimers

The Yarra Enhanced Income Fund is substantially invested in the Yarra Enhanced Income Pooled Fund ("Pooled Fund"). References in this document to the underlying assets or investments of the Fund generally relate to the assets held in the Pooled Fund.

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