

Yarra Income Plus Fund

Gross returns as at 30 November 2023

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Income Plus Fund	2.20	0.39	4.25	2.69	3.37	4.17	6.03
Bloomberg AusBond Bank Bill Index	0.35	1.03	3.76	1.59	1.35	1.76	3.83
Excess return [†]	1.85	-0.63	0.49	1.10	2.02	2.41	2.20

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.

Net returns as at 30 November 2023

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Income Plus Fund	2.14	0.22	3.55	1.99	2.68	3.47	5.28
Growth return [†]	2.14	-0.54	0.25	-0.74	0.13	0.12	0.57
Distribution return [†]	0.00	0.76	3.30	2.74	2.55	3.35	4.71
Bloomberg AusBond Bank Bill Index	0.35	1.03	3.76	1.59	1.35	1.76	3.83
Excess return [‡]	1.79	-0.80	-0.22	0.41	1.32	1.71	1.44

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* Inception date of Yarra Income Plus Fund: May 1998.

† The Growth Return is measured by the movement in the Fund's unit price, ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders by way of income distribution in a 12-month period. It does not include distribution amounts deemed as capital distributions.

‡ Excess Return: The excess return figures shown represent the difference between the Fund's return and the benchmark return.

Portfolio review

The Yarra Income Plus Fund returned 2.14% (net basis) over November, outperforming the Bloomberg AusBond Bank Bill Index by 179 bps.

During the month all sleeves provided a positive return. The broader market rally saw the REITs and Infrastructure sleeve contribute most meaningfully to return. Given the rally in bonds as well the fixed income sleeve also returned strong performance. The Hybrid and Diversified credit sleeves did not see the same growth in price performance, however, were significantly contributed to by carry.

During the month there were no changes to the weighting of the portfolio. However, we actively monitor each sleeve looking for opportunities to secure the best risk adjusted returns.

Market review

Fixed income markets enjoyed a positive month, following tentative signs of economic moderation and falling inflation across developed markets. Broadly negative data, in conjunction with easing geopolitical tensions, supported the view that central banks have reached their peak in this tightening cycle, with markets now pricing in rate cuts earlier

than previously expected. As a result, the US 10-year yield tightened significantly following the highs of October, closing the month at 4.33%.

The Reserve Bank of Australia raised rates to 4.35% in early November following stronger than expected domestic data. However, post this rate hike, data released suggested the Australian economy has slowed and that rate hikes have been effective. The unemployment rate rose to 3.7% in line with expectations, while CPI data released came in well below expectations at 4.9%. In line with global peers, the Australian market is beginning to price in cuts for next year. The Australian 10-year yield movement tightened 51bps to close the month at 4.41%.

Corporate credit and hybrid spreads traded tighter over the month as the appetite for risk picked up again. Given the rally and a favourable rate outlook, fixed rate securities saw the best price movement. Senior and Tier 2 spreads tightened substantially from the prior month, contributing heavily to strong performance.

Primary deal flow was still strong, with Judo Bank coming to market with its inaugural Tier 1 deal. Westpac also came to market with a Tier 1 deal that was three-times oversubscribed, confirming there is still a strong appetite for new issuance. We

also saw Australian Unity come to the market with a Senior deal that was well received. The Australian iTraxx index tightened significantly, ending the month at 76 bps.

Australian Infrastructure and Utilities stocks rose 3.4% during November, reversing the prior month's decline. Nevertheless, the sector still lagged wider the S&P/ASX 200 Index which rose 5.0% over the month. Higher rates have fostered an environment where we are seeing very attractive running yield across the sleeves at our disposal. Income continues to provide significant downside protection in the event we were to see underperformance in other parts of the market.

Asset allocation

	Target %*	Neutral position %§	Strategy
A-REITs, Infrastructure & Utilities	16.5	15.0	Overweight
Hybrid and FRNs	13.5	15.0	Underweight
Diversified Credit†	16.0	10.0	Overweight
Fixed interest	22.5	20.0	Overweight
Cash	31.5	40.0	Underweight

Source: Yarra Capital Management. 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.

§ Neutral position is calculated by Yarra Capital Management and is believed to be the optimal asset allocation for this portfolio over the long term.

* Projected estimation as at the date of this commentary.

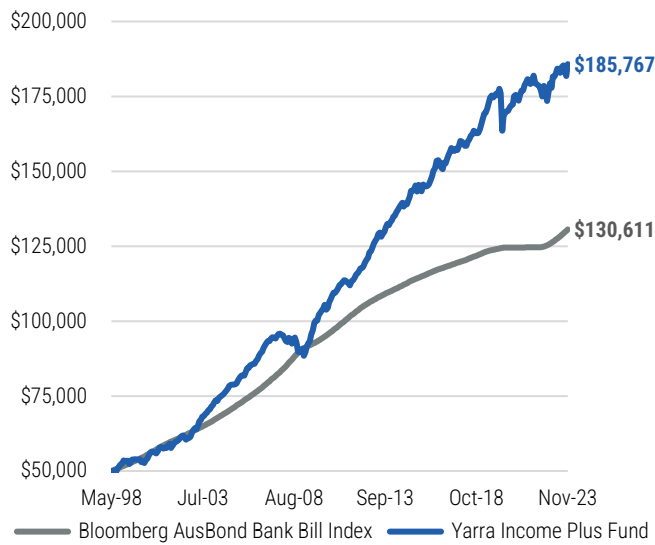
† Effective 25 October 2018 the Fund's asset allocation was modified, with Diversified Credit replacing Global High Yield. Further information in relation to this change can be found [here](#).

Features

Investment objective	To provide regular income and to achieve medium term capital growth through exposure to cash, money market products, domestic fixed interest and a range of high yielding investments, including domestic hybrid investments, property, infrastructure and utilities securities and international fixed interest assets. In doing so, the aim is to outperform the Bloomberg AusBond Bank Bill Index over rolling 3-year periods.	
Benchmark	Bloomberg AusBond Bank Bill Index	
Fund inception	May 1998	
Fund size	A\$78.5 mn as at 30 November 2023	
APIR code	JBW0016AU	
Estimated management cost	0.68% p.a.	
Buy/sell spread	+/- 0.10%	
Distribution frequency	Quarterly	
Platform availability	Asgard BT Wrap BT Panorama Colonial FirstWrap Hub24 Macquarie Wrap Consolidator MLC Wrap	Netwealth Oasis OnePath PortfolioOne PowerWrap SmartWrap Wealthtrac

Investment performance comparison of \$50,000

After fees, since inception of the Yarra Income Plus Fund, May 1998 to November 2023.



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 Bloomberg AusBond Bank Bill Index is for comparative purposes only.

Applications and contacts

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

Website www.yarracm.com

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