

Yarra Enhanced Income Fund

Gross returns as at 30 April 2025

	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	0.22	1.06	8.52	7.44	6.63	5.75	6.27
Yarra Enhanced Income Fund (incl. franking)	0.23	1.07	8.63	7.59	6.72	6.05	6.84
RBA Cash Rate [#]	0.33	1.00	4.30	3.61	2.21	1.84	3.31
Excess return [‡]	-0.10	0.08	4.33	3.98	4.51	4.21	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 30 April 2025

	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	0.18	0.92	7.92	6.85	6.03	5.05	5.49
Yarra Enhanced Income Fund (incl. franking)	0.19	0.94	8.04	7.00	6.12	5.34	6.06
Growth return [†]	-0.37	-0.81	1.92	1.38	1.45	0.83	0.09
Distribution return [†]	0.56	1.75	6.12	5.63	4.67	4.52	5.97
RBA Cash Rate [#]	0.33	1.00	4.30	3.61	2.21	1.84	3.31
Excess return [‡]	-0.14	-0.06	3.74	3.39	3.91	3.50	2.75

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[^] 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 0.19% (net basis, including franking) over the month, underperforming its benchmark by 14 bps. On a 12-month view the Fund returned 8.04% (net basis, including franking), outperforming the RBA Cash Rate by 374 bps.

Despite a challenging outset at the start of the month, the Fund continues to provide investors with positive returns. Our high running yields and carry continues to provide meaningful downside protection alongside our duration position as we navigate volatile markets. From a performance attribution perspective, Corporate Credit and Tier 2 debt were the clear highlights, offset in part by our future/hedging positions.

The primary market was mostly closed over the period, however the fund continued to be active in the secondary market, taking advantage of some very good pricing opportunities. We continue to actively trade positions to achieve the best risk adjusted returns.

Market review

Market volatility spiked in April following the US "Liberation Day" tariff announcements, with the scale and breadth of the policies surprising markets. Equities sold off, fixed income spreads widened, and the VIX measure of implied market volatility increased to 60, the highest level since the COVID pandemic.

Following a sharp rise in the US 10-year yield, peaking at 4.5%, US tariffs were paused for 90 days and a softer approach was announced. Markets responded positively, recovering much of their losses over subsequent weeks, with the US 10-year yield closing the month at 4.2%.

In Australia, the Reserve Bank of Australia (RBA) kept policy rates on hold at its April meeting. Although the Board acknowledged inflation is cooling, it continued to re-iterate the central bank's resolve in ensuring inflation is moving sustainably towards the mid-point of the target band. Domestic Q1 CPI showed a slight uptick in headline inflation, however trimmed mean inflation fell within the 2-3% target band and is in-line with the RBA's forecasts in February. Over the month, 3-year government bond yields fell 38 bps to 3.32%, and 10-year bond yields fell 22 bps to 4.16%. The yield curve steepened significantly over the month, from 64 bps to 84 bps.

Across primary issuance, all previously announced transactions were either halted or delayed. Corporate credit spreads widened significantly in the secondary market, particularly in the high-yield segment. Additionally, iTraxx jumped to approximately 108 bps – an increase of 30 bps over the week – reflecting the heightened uncertainty. A possible market revival was hinted at, with Sydney Airport managing to print a \$600 million note during the month. This was short lived, however, with no new subsequent corporate issuance.

Outlook

Global factors will continue to play a significant role in shaping the domestic market, and the RBA is likely to remain cautious in its decision-making. However, recent data indicates ongoing progress on inflation, with quarterly trimmed mean inflation now within the 2-3% target range at approximately 2.9% (y/y), and headline inflation at 2.4%. This suggests we are moving into a less restrictive interest rate environment.

The pace and extent of future rate cuts will likely depend on a range of domestic and global factors. We remain cautious about the potential for volatile credit conditions. Credit spreads had begun tightening toward the end of April, but any deterioration in global stability—such as a tariff war or geopolitical tensions—could reintroduce risk and lead to a pullback in credit demand.

Portfolio profile

Portfolio characteristics

	Portfolio
Running yield (incl franking credits) (%)	6.15
Option Adjusted Spread	208
Average weighted issue credit rating	BBB
Average weighted ESG Rating*	BBB+
Estimated yield to maturity (%)	5.54
Fund duration (yrs)	0.80
Spread duration (yrs)	3.44
Number of securities	182
Listed	33
Unlisted	149

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

Sector allocation

	Portfolio %
Asset Backed	-
Banks	46.88
Communication Services	-
Consumer Discretionary	-
Consumer Staples	-
Diversified Finance	8.47
Energy	5.46
Health Care	1.01
Industrials	9.33
Information Technology	0.19
Insurance	13.49
Materials	0.12
Mortgage Backed	-
Real Estate	5.08
Utilities	3.50
Cash & Other	6.46

Top 10 holdings

Issuer	ISIN	Portfolio %
ANZ Banking	AU3FN0091583	2.43
BNP Paribas	AU3FN0094280	2.06
Macquarie Bank	AU3FN0085171	1.72
Challenger Life	AU3CB0292324	1.71
BNP Paribas	AU3FN0090353	1.49
Origin Energy	AU3CB0313625	1.47
Insurance Australia Group	AU3FN0082640	1.46
Credit Agricole	AU3FN0094819	1.38
Westpac Banking	AU3FN0095626	1.37
HSBC Holdings	AU3FN0096483	1.36

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	8.69
Callable	72.55
At Maturity	12.30

Security profile

	Portfolio %
Floating rate	58.21
Fixed rate	35.33
Cash & Other	6.46

Credit rating profile

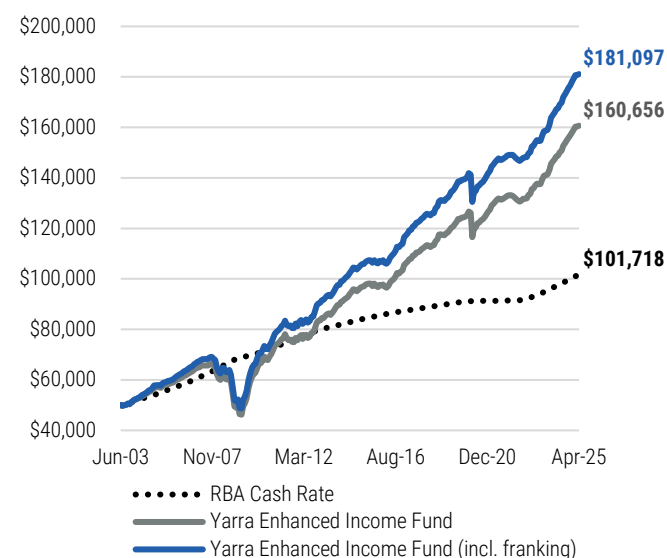
	Portfolio %
A+	0.24
A	0.42
A-	17.33
BBB+	17.72
BBB	38.56
BBB-	10.24
BB+	2.97
BB	3.82
BB-	1.02
B+	0.78
B	0.45
B-	-
Not rated or below	-
Cash and Derivatives	6.46

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\$2,189.4 mn as at 30 April 2025	
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 April 2025.



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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