

# Yarra Income Plus Fund

## Gross returns as at 30 June 2025

	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	0.63	2.54	7.60	6.92	4.97	4.58	6.18
Bloomberg AusBond Bank Bill Index	0.32	1.02	4.39	3.88	2.34	2.04	3.87
Excess return <sup>‡</sup>	0.31	1.52	3.21	3.05	2.63	2.55	2.32

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 June 2025

	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	0.57	2.36	6.87	6.20	4.26	3.87	5.43
Growth return <sup>†</sup>	-0.65	1.12	2.72	2.51	1.11	0.49	0.73
Distribution return <sup>‡</sup>	1.23	1.25	4.16	3.70	3.16	3.38	4.71
Bloomberg AusBond Bank Bill Index	0.32	1.02	4.39	3.88	2.34	2.04	3.87
Excess return <sup>‡</sup>	0.25	1.35	2.48	2.32	1.92	1.84	1.56

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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 2.36% (net basis) over the quarter, outperforming its benchmark by 135 bps. On a 12-month view the Fund returned 6.87% (net basis), outperforming the Bloomberg AusBond Bank Bill Index by 248 bps.

Positive performance for the quarter was primarily driven by the REIT and Infrastructure sleeve which benefitted from the broader equity market rally. All other sleeves contributed well to the overall portfolio. The Fixed Income sleeve saw strong returns off the back of long duration assets performing well. Elevated base rates and strong outright yields saw Cash, Hybrid and Diversified Credit sleeves all continue to add to performance for the quarter.

No TAA changes were made during the quarter.

### Market review

A volatile quarter for markets saw further escalation of geopolitical tensions and US involvement in the Middle East.

Further to this, trade tensions increased as tariff discussions continued to make headlines, with the market uncertain about President Trump's next move. At the time of writing, Trump's tax bill has been passed before the July 4th holiday significantly increasing the US debt. With so much uncertainty, the US Federal Open Market Committee (FOMC) has been reluctant to reduce interest rates with unknown inflation impacts from tariffs. Unemployment in the US has remained at moderate levels during the quarter at 4.2%. In this context, the FOMC has kept the lower bound of the cash rate at 4.25% for the quarter. The US curve steepened during the quarter with the 10-year yield closing at 4.26%.

Across other developed economies we saw the Bank of England cut rates to 4.25%, with the European Central Bank also cutting rates to 2% in response to weakening data. The People's Bank of China has also lowered their policy rate to 3%.

Domestically, the Reserve Bank of Australia (RBA) lowered the cash rate to 3.85% with the market pricing in a number of cuts for the remainder of 2025. With the last quarterly CPI read coming in at 2.4% (y/y) and the most recent monthly at 2.1% (y/y) the RBA board is now focused on ensuring that

unemployment numbers do not weaken dramatically. With sluggish GDP growth and domestic consumption lagging RBA expectations, downside risks appear to be the clear focus for the RBA. During the quarter the curve continued to steepen with 3-year yields closing at 3.27% and 10-year yields moving to 4.2%

Issuance throughout the quarter was strong, however, there was the occasional pause as markets reacted to tariffs and speculation that the Middle Eastern conflict would escalate. In this context, we did see some volatility in credit spreads. This has largely abated with spreads closing marginally tighter for the quarter. Australian credit continues to attract strong domestic and international flows as our robust credit environment remains attractive. De-dollarisation has presented opportunities for new names to enter the market with Kangaroo deals. As the base cash rate begins to reduce, investors have chased fixed rate credit. A number of notable deals came to market during the quarter with subordinated debt issuance continuing to be a feature. The Australian iTraxx index closed at 73.5 bps.

## Sector review

### Listed Property, Infrastructure and Utilities

The S&P/ASX 200 A-REIT index rose during the quarter, returning 13.72% for the period while the broader S&P/ASX 200 returned 9.50%. The S&P/ASX 300 Custom Infrastructure and Utilities index rose 4.79%.

### Hybrids

Hybrids did see some spread volatility during the quarter. However, strong running yields provided downside protection against any widening of spreads.

### Diversified Credit

Diversified credit was a solid performer during the quarter. The allocation to illiquids alongside strong running yields granted the fund protection from volatile markets.

### Fixed Income

With the RBA beginning its rate cutting cycle, long duration assets performed well. Within the backdrop of global uncertainty we expect bonds may continue to rally.

### Cash

With the cash rate sitting at 3.85% after two interest rate cuts, the yield on the cash sleeve remains an attractive allocation during periods of high volatility.

## Asset allocation

	Target %*	Neutral position %§	Strategy
A-REITs, Infrastructure & Utilities	9.5%	15.0%	Underweight
Hybrid and FRNs	9.5%	15.0%	Underweight
Diversified Credit†	13.0%	10.0%	Overweight
Fixed interest	26.0%	20.0%	Overweight
Cash	42.0%	40.0%	Overweight

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.

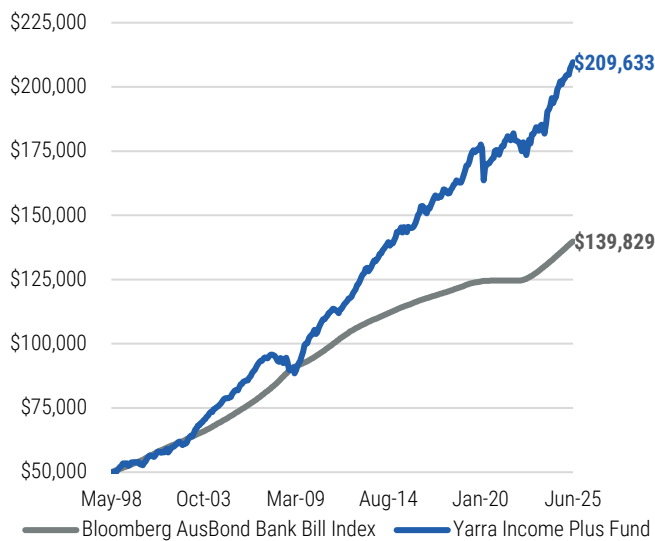
† Effective 25 October 2018 the Fund's asset allocation was modified, with Diversified Credit replacing Global High Yield. Further information in relation to this change can be found [here](#).

## 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\$ 63.5 mn as at 30 June 2025	
APIR code	JBW0016AU	
Estimated management cost	0.68% p.a.	
Buy/sell spread	+/- 0.10%	
Distribution frequency	Quarterly	
Platform availability	Hub24 IOOF Wrap Macquarie Wrap Mason Stevens	MLC Navigator Netwealth Praemium Xplore Wealth

### Investment performance comparison of \$50,000

After fees, since inception of the Yarra Income Plus Fund, May 1998 to June 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 Bloomberg AusBond Bank Bill Index is for comparative purposes only.

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## Applications and contacts

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

**Website** [www.yarracm.com](http://www.yarracm.com)

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