

Yarra Enhanced Income Fund

Gross returns as at 31 August 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	0.75	2.32	8.36	8.52	6.68	6.18	6.33
Yarra Enhanced Income Fund (incl. franking)	0.75	2.33	8.47	8.65	6.78	6.47	6.89
RBA Cash Rate [#]	0.31	0.94	4.13	3.93	2.45	1.91	3.31
Excess return [‡]	0.44	1.39	4.34	4.72	4.33	4.56	3.58

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 August 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	0.70	2.18	7.77	7.93	6.10	5.48	5.55
Yarra Enhanced Income Fund (incl. franking)	0.70	2.19	7.88	8.06	6.20	5.77	6.11
Growth return [†]	0.34	0.85	1.65	2.32	1.32	1.16	0.14
Distribution return [†]	0.36	1.35	6.23	5.73	4.88	4.61	5.97
RBA Cash Rate [#]	0.31	0.94	4.13	3.93	2.45	1.91	3.31
Excess return [‡]	0.39	1.25	3.74	4.13	3.74	3.86	2.80

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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 0.70% (net basis, including franking) over the month, outperforming its benchmark by 39 bps. On a 12-month view the Fund returned 7.88% (net basis, including franking), outperforming the RBA Cash Rate by 374 bps.

In August we saw strong positive performance, primarily driven by the tightening of credit spreads and strong income returns. With the RBA cutting rates in August, we saw strong performance from our fixed rate bond exposure. During the month we took part in GC Leasing Senior and ANZ Tier 2 primary deals. We were also active in adding positions in secondary markets as our cash position allows us to take

advantage of opportunities.

Market review

Global markets continued to see heightened volatility as uncertainty remains around President Trump's tariffs. The Trump administration continues to place pressure on the Federal Reserve Chairman Jerome Powell and the board to lower rates from their current 4.25% level. However, with persistent upside risk to inflation and an unemployment rate at 4.2% (y/y), the Federal Open Market Committee (FOMC) continues to display a level of caution with regards to reducing interest rates. During the month, the US 10-year yield lowered by 15 bps. Elsewhere, we saw the Reserve Bank of New

Zealand (RBNZ) cut interest rates further in response to the continued weakening of economic conditions. We also saw the Bank of England (BoE) further lower their cash rate to 4%.

Domestically the Reserve Bank of Australia (RBA) cut interest rates to 3.6%. This was the result of headline CPI remaining in the band for the 12th consecutive month with the latest quarterly read coming in at 2.1%. Additionally, we note that trimmed mean inflation has remained in the 2-3% band for the past 8 months. As a result of some weakening in the labour market, the unemployment rate rose to 4.3% in late July, this acted as the catalyst for the RBA to cut rates. The curve steepened slightly by 3 bps during the month with the Australian 3-year bond yield moving to 3.4% and the yield on the 10-year bond selling off to 4.27%.

Corporate credit spreads continue to be well supported, with credit curves flattening on the back of better long end buying. Credit spreads also tightened following positive August reporting results, with most corporates providing evidence of stronger or stable balance sheets. In terms of primary issuance, the month saw mammoth book sizes, multiple inaugural issuances from offshore, and the first 20-year deal in the AUD public market (ANZ Tier 2 20yr bullet, followed by unprecedented interest in EDF 20-year deal). The Australian iTraxx tightened 1 bp over the month to 67 bps.

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. The unemployment rate will be a key factor in determining how many further rates cuts we see.

Credit conditions in Australia remain robust with the domestic reporting season showing stable balance sheets. If stable employment and moderating inflation persist, we expect the economy to remain supportive of credit growth. We expect demand for Australian credit to remain attractive for both domestic and international investors given the uncertain global backdrop.

Portfolio profile

Portfolio characteristics

	Portfolio
Running yield (incl franking credits) (%)	5.63
Option Adjusted Spread	172
Average weighted issue credit rating	BBB+
Average weighted ESG Rating*	BBB+
Estimated yield to maturity (%)	5.08
Fund duration (yrs)	1.28
Spread duration (yrs)	3.60
Number of securities	192
Listed	34
Unlisted	158

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

Sector allocation

	Portfolio %
Asset Backed	-
Banks	44.54
Communication Services	-
Consumer Discretionary	-
Consumer Staples	-
Diversified Finance	9.49
Energy	5.97
Health Care	0.86
Industrials	11.24
Information Technology	0.16
Insurance	11.22
Materials	0.43
Mortgage Backed	-
Real Estate	4.58
Utilities	2.64
Cash & Other	8.88

Top 10 holdings

Issuer	ISIN	Portfolio %
ANZ Banking	AU3FN0091583	2.14
BNP Paribas	AU3FN0094280	1.86
National Australia Bank	AU3CB0324226	1.73
Westpac Banking	AU3CB0322337	1.63
Ampol Limited	AU3FN0094520	1.58
Westpac Banking	AU3CB0304376	1.51
Aurizon Finance	AU3FN0098372	1.41
Challenger Life	AU3CB0292324	1.40
Insurance Australia Group	AU3FN0082640	1.34
Worley Financial Services	AU3CB0320471	1.32

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	6.44
Callable	71.56
At Maturity	13.12

Security profile

	Portfolio %
Floating rate	52.73
Fixed rate	38.39
Cash & Other	8.88

Credit rating profile

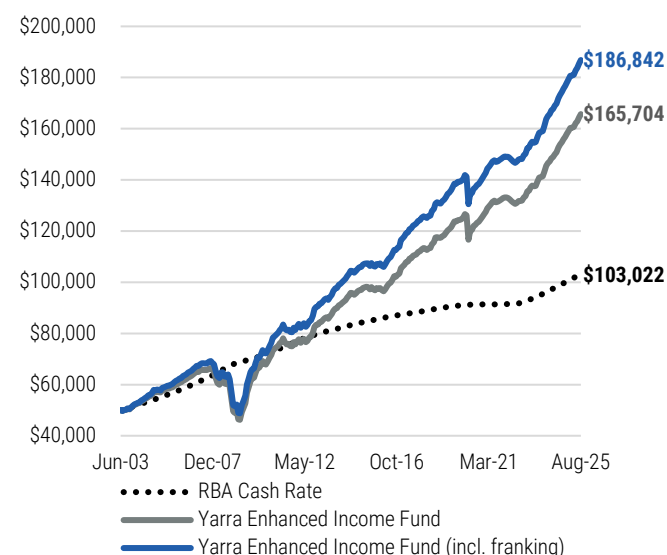
	Portfolio %
A+	0.19
A	0.34
A-	18.05
BBB+	15.20
BBB	39.11
BBB-	9.41
BB+	3.18
BB	3.68
BB-	1.31
B+	0.18
B	0.46
B-	-
Not rated or below	-
Cash and Derivatives	8.88

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\$2,730.5 mn as at 31 August 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 August 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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