



Yarra Higher Income Fund

JBW4379AU Author: Sam Worthington Published: 07 Oct 2025

Data is provided by the manager at 31 Dec 2024, and currency in AUD, unless otherwise stated

Refer to glossary for definition of the rating

Product Review

About this Product

|                    |                                |
|--------------------|--------------------------------|
| Investment manager | Yarra Funds Management Limited |
| Benchmark          | RBA Cash Rate                  |
| Product structure  | Managed Fund                   |
| Product Size       | \$192m (June 2025)             |
| Inception date     | Oct 2018                       |
| Asset class        | Fixed Interest                 |
| Sector             | Specialised High Income        |
| Peer group         | Specialised High Income        |
| Rated peers        | 42                             |

Product Characteristics

|                              |                     |
|------------------------------|---------------------|
| Business Life Cycle          | Mature              |
| Product Wind-Up Risk         | Medium              |
| Key Person Risk              | Medium              |
| Tenure of Decision Makers    | High                |
| Complex (RG240)              | No                  |
| Strategy Remaining Capacity  | Not Specified       |
| ESG Approach                 | Minimum Standards   |
| Peer Relative Fees and Costs | In line with median |

Annual Fees and Costs (% p.a.)

|                         |           |
|-------------------------|-----------|
| Management fees & costs | 0.65      |
| Performance fee costs   | 0.00      |
| Net Transaction Costs   | 0.01      |
| Buy/Sell Spread         | 0.10/0.10 |
| Annual fees and costs   | 0.66      |

Source: FE fundinfo, PDS Date: 30/Sep/2022

Product Opinion

The Fund has maintained its 'Recommended' rating at its latest review. The rating reflects conviction in the team's ability to implement the investment process, which is similar to the Manager's other rated products but allows for exposure to illiquid and higher yielding securities. Lead Portfolio Manager for the Fund Phil Strano and Portfolio Manager Roy Keenan are held in high regard due to their firm tenure and experience within the asset class. The recent team expansion has further improved resourcing, skillsets and experience of the overall team. It is noted that the Fund's exposure to illiquid and higher yielding securities may be susceptible to larger drawdowns during periods of stressed market conditions.

Lonsec Rating Model

Rating key: ●●● Above ●●● In-line ●●● Below

| Factor      | Peer Rating | YoY Score Change |
|-------------|-------------|------------------|
| Business    | ●●●         | —                |
| Team        | ●●●         | ↑                |
| Process     | ●●●         | —                |
| ESG         | ●●●         | —                |
| Product     | ●●●         | —                |
| Fees        | ●●●         | —                |
| Performance | ●●●         | —                |

Allocation Profile

|           |                |                 |
|-----------|----------------|-----------------|
| Core      |                |                 |
| Satellite |                |                 |
|           | Low Complexity | High Complexity |

Return Profile

|         |           |        |
|---------|-----------|--------|
| Income  |           |        |
| Capital |           |        |
|         | Defensive | Growth |

Strengths

- Experienced senior Portfolio Managers with substantial credit and fixed income experience and proprietary relative value tools.
- Conservatively managed with tight risk constraints. Risk is integral to portfolio management and investment philosophy.
- The Fund is competitively priced versus the relevant peer group.

Weaknesses

- The Fund can exhibit deep drawdowns and bouts of illiquidity in stressed market conditions.
- Co-tenure of the broader team is developing, however senior investors are well established.
- The Fund has a shorter track record in managing a higher asset base, however it is meeting its return objectives.

## Key Facts

### Key Objectives

|                           |                                                                                                                                                                                                                         |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment objective      | Over the medium-to-long term, the Fund seeks to earn higher returns than traditional fixed income by investing in a highly diversified Floating Rate portfolio of predominantly Australian domiciled credit securities. |
| Internal return objective | RBA Cash + 4% (gross of fees)                                                                                                                                                                                           |
| Internal risk objective   | Generate returns with realised volatility below equity market volatility.                                                                                                                                               |
| Non-financial objective   | None                                                                                                                                                                                                                    |

### Asset Allocation (%) (as at 30/06/2025)

|                           |        |
|---------------------------|--------|
| Australian Equities       | 2.66   |
| Australian Fixed Interest | 71.08  |
| Global Fixed Interest     | 2.07   |
| Alternative Assets        | 16.23  |
| Cash                      | 7.96   |
| Total                     | 100.00 |

Source: FE fundinfo

### Rating History

|             |             |
|-------------|-------------|
| 21-Nov-2024 | Recommended |
|-------------|-------------|

### Product Distribution Profile

|                                                    |         |
|----------------------------------------------------|---------|
| Frequency                                          | Monthly |
| Last Missed Distribution                           | None    |
| Number of Missed Distributions in the last 5 years | 0       |
| AMIT Election                                      | Yes     |
| TOFA Election                                      | No      |

### Portfolio Profile as at 31/12/2024

|                        |       |
|------------------------|-------|
| Yield to maturity      | 6.41  |
| Interest rate duration | 0.12  |
| Credit spread duration | 3.43  |
| Average credit rating  | BBB   |
| Sector allocation:     |       |
| - Government           | 0.00  |
| - Government Related   | 0.00  |
| - Non-government       | 75.01 |
| - High yield           | 16.28 |
| - Emerging market debt | 0.00  |
| - Cash                 | 8.70  |
| - Non AUD exposure     | 0.00  |
| Number of issuers      | 83    |

### Target Market Determination

|                    |     |
|--------------------|-----|
| Produced by issuer | Yes |
| Provided to Lonsec | Yes |

### Performance Analysis - annualised after fees at 30/06/2025

|                              | 1 Year | Median | 2 Year | Median | 3 Year | Median | 5 Year | Median |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Performance (% p.a)          | 8.61   | 7.29   | 9.10   | 7.96   | 8.13   | 6.96   | 6.40   | 4.40   |
| Standard deviation           | 0.79   | 2.77   | 0.80   | 2.76   | 1.06   | 4.63   | 1.33   | 3.45   |
| Excess return (% p.a)        | 4.39   | 2.57   | 4.86   | 3.16   | 4.33   | 2.94   | 4.07   | 2.63   |
| Outperformance ratio (% p.a) | 91.67  | 66.67  | 95.83  | 66.67  | 86.11  | 65.28  | 83.33  | 66.67  |
| Worst drawdown (%)           | 0.00   | -1.08  | 0.00   | -1.52  | 0.00   | -4.93  | -1.04  | -5.49  |
| Time to recovery (mths)      | -      | 1      | -      | -      | -      | -      | 5      | 9      |
| Sharpe ratio                 | 5.34   | 1.16   | 5.88   | 1.53   | 3.99   | 0.87   | 3.04   | 0.98   |
| Information ratio            | 5.67   | 1.10   | 6.11   | 1.53   | 4.40   | 0.92   | 3.48   | 1.14   |
| Tracking error (% p.a)       | 0.77   | 2.13   | 0.80   | 1.78   | 0.98   | 2.27   | 1.17   | 2.09   |

**Lonsec Peer Group:** Fixed Interest - Specialised High Income -

**Product Benchmark:** RBA Cash Rate

**Cash Benchmark:** Bloomberg AusBond Bank Bill Index AUD

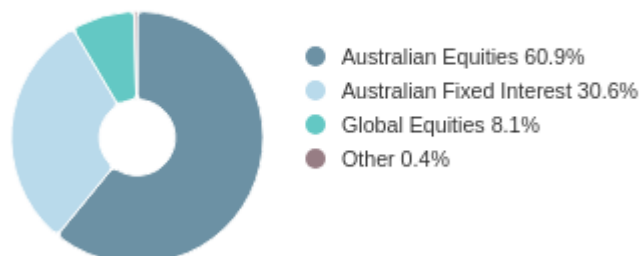
**Time to recovery:** NR - Not recovered, dash - No drawdown during period

### Business ●●●

#### Facts

|                         |                                  |
|-------------------------|----------------------------------|
| Investment Manager      | Yarra Funds Management Limited   |
| Ultimate Parent Company | Yarra Capital Management Limited |
| Headquarters            | Australia                        |
| Inception Date          | Apr 2017                         |
| % Staff Ownership       | 20-50%                           |

#### AUM



#### Governance

|                             |     |
|-----------------------------|-----|
| % Independent board members | 60  |
| % Female board members      | 60  |
| Independent chair           | Yes |
| CEO as Chair                | No  |
| Separate Audit Committee    | Yes |

#### Metrics

|                                 |          |
|---------------------------------|----------|
| Total AUM                       | \$21.3b  |
| Investment Management Headcount | 85       |
| Investment Professionals        | 40       |
| Sales & Service                 | 11       |
| Distributor                     | Internal |

#### Who is the Manager?

Yarra Capital Management ('Yarra') was established in 2017, following the management buyout of Goldman Sachs Asset Management Australia's domestically focused investment capabilities and operating platform, with the backing of TA Associates ('TA'). On 12 April 2021, Yarra completed the acquisition of Nikko Asset Management's (Nikko AM) Australia business, where Nikko AM retains a 20% stake in the combined business. The total assets under management for the combined business was approximately \$21.3b. Yarra is now 40% owned by TA, 40% owned by staff, with the remaining 20% owned by Nikko AM.

### Lonsec Opinion

#### Profitability

With over \$7.2b in AUM, the Fixed Interest business is profitable and stable. Across the Fixed Income Funds flows have been mostly positive over the past 12 months. The broader Yarra business has is noted as being sufficiently profitable.

#### Business Track record

Yarra or its underlying prior ownership/teams (Goldman Sachs and Nikko) have a long track record with the business being created in 2017 but stretching back over 21 years. TA Associates (PE) backed the management buyout in 2017. With \$21.3b in AUM, the firm is stable and growing at a moderate pace in terms of asset growth.

#### Business Ownership

Yarra and its underlying prior ownership/teams (Goldman Sachs and Nikko) founded the business in its current form in 2017, with private equity group TA Associates backing the management buyout. Positively, staff still owns 40% of the business.

#### Business Governance

The Responsible Entity is Yarra Funds Management Ltd, a related entity, however there have been no major regulatory investigations cited. Yarra has a number of independent directors with appropriate qualifications and experience.

### Team ●●●

#### Key Decision Makers (KDM)

|             | Primary function     | Dedicated to strategy | Appointed to strategy | Industry/Mgr exp. (yrs) | Exp. in PM roles (yrs) |
|-------------|----------------------|-----------------------|-----------------------|-------------------------|------------------------|
| Roy Keenan  | Portfolio management | No                    | 2002                  | 39/33                   | 38                     |
| Phil Strano | Portfolio management | Yes                   | 2017                  | 30/8                    | 29                     |

#### KDM Change\*

No changes.

\* Last 3 years

#### Profile

|           |               |
|-----------|---------------|
| Size      | 12            |
| Structure | Decentralised |
| Turnover  | Medium        |

#### Alignment

|                               |     |
|-------------------------------|-----|
| KDM equity held in manager    | Yes |
| KDM co-investment in strategy | No  |
| Performance-Based bonus       | Yes |
| Long term incentive plan      | Yes |

#### Resources

|                                    | Number | Average Years Experience |
|------------------------------------|--------|--------------------------|
| Key decision makers                | 2      | 32.5                     |
| Portfolio Managers                 |        |                          |
| Hybrid portfolio manager/ analysts | 4      | 36                       |
| Dedicated analysts                 | 5      | 7                        |
| Dedicated dealers                  | 1      | 17                       |
| Quantitative                       |        |                          |
| ESG/Sustainability                 | 1      | 19                       |
| Macro                              | 1      | 30                       |
| Investment Specialists             |        |                          |

#### Who is the Team?

The team is led by Co-Head of Fixed Income Darren Langer and Roy Keenan, who have over 31 years of investment experience each.

Langer manages core government sectors and Keenan manages the larger credit team. Both are located in Sydney and Melbourne respectively. Phil Strano and Leo Leslie are also notable senior portfolio managers who focus on the credit segments. Strano is also the Head of Credit Research and leads the credit research effort. The remainder of the team are largely analysts with varying levels of experience.

There was some historical turnover, with two Deputy Portfolio Managers and two Analysts departing, but have since been replaced with five Analysts, reflecting a desire to grow the team. The debt team are supported by the broader group with Tim Toohey, Head of Macro Strategy and Dr Erin Kuo, Chief Sustainability Officer, are notable resources.

### Team (continued) ●●●

#### Lonsec Opinion

##### Team Size

A team of 12 investment professionals managing the firm's \$7b of fixed income AUM. The team size is sufficient for the AUM and Manager's process, and is not considered too large relative to some peers, which aids in the efficacy of decision making.

##### Skill

The Lead Portfolio Managers possess strong skills and experience. The private structure and underlying tenure ensures both Lead Portfolio Manager are likely to be stable. Their skill lie mainly in credit analysis and portfolio structure, which are considered solid.

##### Track Record/Co-Tenure

The team possess a very long underlying track record, however, historical turnover and consolidation lowers the level of co-tenure amongst the entire team.

##### Key Person Risk

Key person risk rests with Langer, Keenan and Strano, albeit mitigated somewhat by their alignment.

##### Alignment

There is good alignment with end investors, particularly amongst senior members of the team. Remuneration follows that of a boutique structure (i.e. base and variable remuneration, with deferred bonus paid in stock and co-investment), but there are some concerns of alignment for other members of the team given historical departures.

### Process ●●●

#### What is the Investment Process?

Investment ideas may be generated from top-down economic and market analysis, as well as bottom-up fundamental credit research. The fundamental macroeconomic analysis helps to set the Fund's top-down strategic positioning. This involves an assessment of economic indicators that tend to lead aggregate economic activity, which provides insights into the movements in monetary policy, inflation expected, international capital flows and the risk appetite of capital markets. This analysis is complemented by quantitative research of economic and market factors, as well as an understanding of local near-term market supply and demand dynamics.

Fundamental credit research aims to screen out investments that present unacceptable credit, sector or liquidity risks. This process is focused on identifying three to five key factors that are expected to determine whether a bond/sector will outperform or underperform, which involves analysing specific credit fundamentals, scenario analysis and synthesising company news. Typically, the team will interact with company management, external sell-side analysts as well as Yarra's own equity analysts to assist in identifying trends and the outlook for individual issues. These findings are further supplemented by the research of external rating agencies, as well as the internal credit risk model. Security valuations are determined using a range of proprietary models.

### Lonsec Opinion & Supporting Facts

#### Philosophy and Universe

|                     |                                                                                                                                       |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Investment Type     | Active                                                                                                                                |
| Investment Approach | Top-Down and Bottom-Up                                                                                                                |
| Investment Style    | Relative value                                                                                                                        |
| Region              | Australia                                                                                                                             |
| Universe            | Australian Government, Investment Grade Credit, High Yield Credit, Money Market, Securitised Assets, Loans, Private Debt, Derivatives |

The Fund is a higher risk profile variant of the Manager's 'Enhanced Income' strategy, with the ability to own larger allocations of higher yielding, less liquid securities. An income and relative valuation approach is the main philosophy with the team focusing on secured, subordinated corporate securities, including Hybrids.

The universe includes corporate debt, both investment grade and high yield, capital structure and asset backed securities. The Fund can buy offshore securities but need to be fully hedged back to the local currency. The Fund also participates in the 'private' or 'bilateral warehouse' loans that can offer attractive yields above the public markets.

The security universe supports the general 'high income' philosophy of the Fund.

#### Research Process

|                                      |                                                                                                                    |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Key screens                          | Credit Quality, Maturity, Liquidity                                                                                |
| Idea generation - macro/top down     | Market Forecasts, Internal Economic Resources                                                                      |
| Idea generation - security selection | Benchmark Constituents, Primary Issuance                                                                           |
| Issuers researched per analyst       | 20                                                                                                                 |
| Key research inputs                  | Rating Agencies, Company Financial Statements, Internal Economic Forecasts, Valuation Analysis, Technical Analysis |
| Valuation Approach                   | Relative Value                                                                                                     |

Investment ideas may be generated from top-down economic and market analysis, as well as bottom-up fundamental credit research. The fundamental macroeconomic analysis helps to set the Fund's top-down strategic risk posture and sector exposures. This involves an assessment of economic indicators that tend to lead aggregate economic activity, which provides insights into the movements in monetary policy, inflation, international capital flows and the risk appetite of capital markets.

Strong fundamental credit research aims to screen out investments that present unacceptable credit, sector or liquidity risks. This process is focused on identifying three to five key factors that are expected to determine whether a bond/sector will outperform or underperform, which involves analysing specific credit fundamentals, scenario analysis and synthesising company news. Typically, the team will interact with company management, external sell-side analysts as well as Yarra's own equity analysts to assist in identifying trends and the outlook for individual issues. These findings are further supplemented by the research of external rating agencies, as well as the internal credit risk model. Security valuations are determined using a range of proprietary models.

### Process (continued) ●●●

#### Portfolio Construction

|                                |                            |
|--------------------------------|----------------------------|
| Portfolio management structure | Portfolio Manager          |
| Approach to benchmark          | Benchmark Agnostic         |
| Typical number of issuers      | 80-120+                    |
| Key alpha sources              | Credit Spread, Yield Curve |
| Currency management            | Yes                        |
| Use of derivatives             | Yes                        |

The Fund typically holds at least 100 securities, with weights concentrated towards better credits and preferred relative value names. Specifically, position sizes are determined by an individual security's contribution to portfolio risk. That is, smaller positions are held in riskier securities, and vice versa. Further, no single security, issuer, sector or industry is expected to have a material impact on the relative performance of the Fund. Allocations to illiquid but diversified 'private bi-lateral warehouse' mortgage loans are used to enhance portfolio returns but not used excessively. Such loans are short duration with a 'laddered' maturity profile which helps to manage liquidity risk. Portfolio construction also takes into account the team's macro views and taxation considerations; such as franking credits.

#### Capacity Management

|                              |               |
|------------------------------|---------------|
| Capacity guidance            | Not Specified |
| Portfolio liquidity (1 week) | 82.10%        |

No capacity limits have been cited by the Manager, there are no immediate capacity concerns based on the size of the credit markets the Fund invests in. The Fund can allocate marginally to high yield and hybrid securities, which may be more constrained.

#### Investment Risk Management

|                                        |                                                       |
|----------------------------------------|-------------------------------------------------------|
| Monitoring external to investment team | Yes                                                   |
| Frequency of monitoring                | Daily                                                 |
| Primary risk management system         | FactSet                                               |
| Portfolio Interest Rate Duration Range | 0-3 years                                             |
| Credit Duration Range                  | 0-5 years                                             |
| Min Credit Rating (At Purchase)        | Hard Floor of BB but Aim to Maintain an IG Average    |
| Maximum sub-investment grade/unrated   | 50%                                                   |
| Single Issuer Limits (Max)             | 5%                                                    |
| Sector Limits (Min./Max.)              | Banks (50%), Insurance (30%), All Other Sectors (25%) |
| Leverage permitted                     | No                                                    |
| Gearing/economic leverage              | No                                                    |

The Fund's risk limits are sufficiently broad and managed without reference to a credit benchmark. As such, risk management is largely the role of the Portfolio Manager. A 50% limit to sub-investment grade securities is present, although the portfolio's exposures are well within this limit with the team targeting a portfolio credit quality of investment grade. Sector, industry limits are broad but sensibly set given the nature of the domestic market. Illiquid allocations to 'private warehouse' loans are moderately set to be no greater than 20%. Any offshore securities purchased need to be fully hedged to AUD.



Manager Positioning - Product

|                              |                   |
|------------------------------|-------------------|
| Responsible investment style | ESG Integration   |
| ESG approach                 | Minimum Standards |
| Sustainability thematic      | N/A               |
| Non-financial objective      | None              |

What is the Manager's ESG approach for this product?

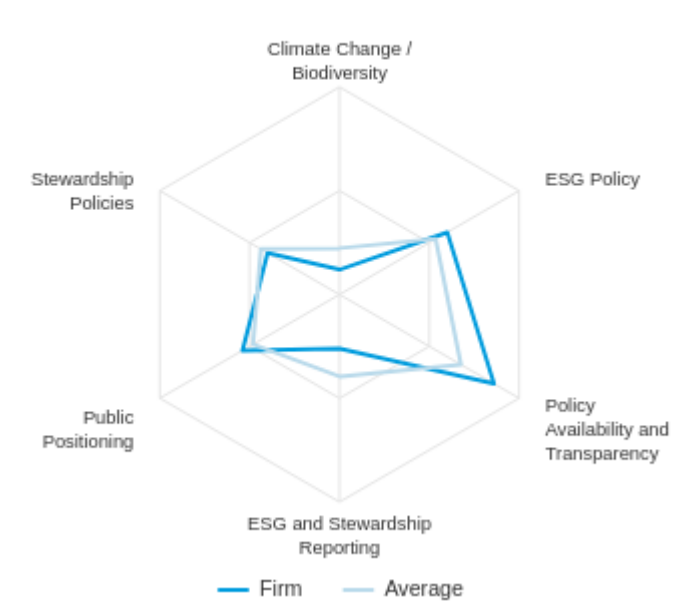
The Manager has indicated that their Responsible Investment style is 'ESG Integration' and as such they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. With a primary ESG style of 'Filters or Screens' the Manager is likely using predetermined rules (usually based on the industry a firm operates in) to either include or exclude companies from their investable universe. They may undertake further ESG analysis or use these screens as the sole ESG measure.

Lonsec Opinion & Supporting Facts

Overview

|                                                                          |     |
|--------------------------------------------------------------------------|-----|
| ESG Process Score                                                        | Mod |
| Responsible Investment strategy risk: Clarity, measurability & reporting | N/A |

ESG Snapshot



Product Level Approach

While the Manager is sourcing data from an external ESG data provider, it is less comprehensive than some peers. The Manager performs both internal ESG research for this Fund and relies upon external sources for assessment/ratings. The process does, however, deliver a clear proprietary score. There are clear links from the Manager's research to the issuer selection process through adjusting internal credit ratings. This adjustment is applied in a standardised and consistent manner. While ESG risks are reflected at the point of investment, there is no clear portfolio level ESG monitoring or management, with all activity focused on individual issuers. While the Manager has systems in place to track and record engagements, there is no clear system for prioritising engagements or for measuring success.

Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required thus the product's risk of misalignment has been assessed as not applicable.

Manager Level Approach

The Manager's ESG policy framework and disclosure are almost in line with peers, with improvements in ESG policy and commitment, though climate change commitment reporting remains a key weakness. They have committed to integrating ESG within their investment process with evidence in their public positioning. Their voting policy is publicly available but lacks depth compared to peers, which is reflected in the Stewardship Policies score. Reporting on voting outcomes is publicly available and aligned with peers, although rationales for dissenting votes are not provided. There is no reporting on engagement activities.



Product ●●●

Product Details

|                         |                                                 |
|-------------------------|-------------------------------------------------|
| Product size            | \$154.00m                                       |
| Fund 12-month net flows | Positive                                        |
| Distribution model      | External                                        |
| Buy/sell spreads        | 0.10%/0.10%                                     |
| Investment structure    | Direct                                          |
| Product type            | Registered Managed Investment Scheme (Unitised) |
| Currency hedged         | Fully                                           |

Service Providers

|                        |                                |
|------------------------|--------------------------------|
| Responsible entity     | Yarra Funds Management Limited |
| Investment manager     | Yarra Funds Management Limited |
| Sub-investment manager | N/A                            |
| Custodian              | Citibank                       |
| Administrator          | Citibank                       |
| Fund Auditor           | Deloitte                       |

What is the Product Structure?

The Fund is a long-only Australian fixed income strategy that predominantly invests in investment-grade rated, Australian dollar denominated debt securities issued by Australian and foreign corporate entities. The Fund may also invest in mortgage-backed and asset-backed securities, syndicated loans and hybrid securities. The Fund is an Australian registered managed investment scheme ('MIS').

Lonsec Opinion

Service Providers

The Manager uses high quality service providers, including its counterparties. The Fund uses a related-party Responsible Entity ('RE') which may lead to potential conflicts of interest. While the use of external RE is the preferred operating model, the RE has built experience in operating and managing a number of registered managed investment schemes over an extended period and is expected to have a structured governance framework in place.

Operational 'Red Flags'

The Fund is a diversified debt strategy investing across a range of relatively liquid securities across a range of credit sectors and is not considered operationally challenging to implement.

Wind-up Risks

There is moderately low wind-up risk given the fund size of \$192m. However, the positive flows and the overall strategy being larger provides comfort, that there is no immediate risks.

### Fees ●●●●

#### Annual Fees and Costs (% p.a.)

|                         |           |
|-------------------------|-----------|
| Management fees & costs | 0.65      |
| Performance fee costs   | 0.00      |
| Net Transaction Costs   | 0.01      |
| Buy/Sell Spread         | 0.10/0.10 |
| Annual fees and costs   | 0.66      |

Source: FE fundinfo, PDS Date: 30/Sep/2022

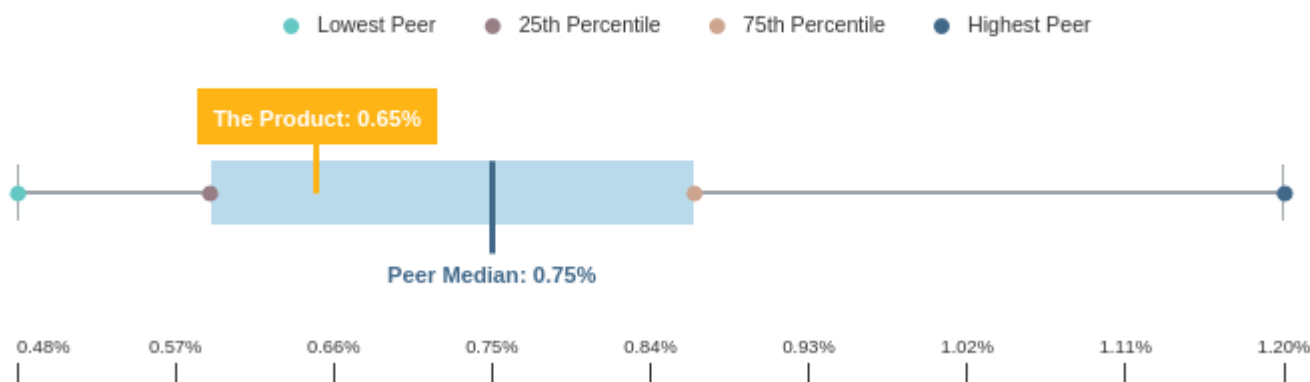
#### Performance Fees

|            |    |
|------------|----|
| Applicable | No |
|------------|----|

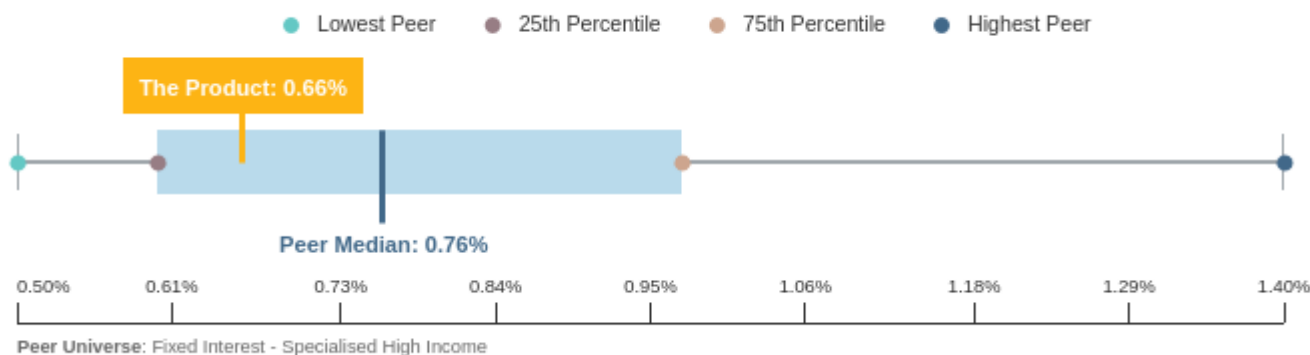
#### Fees Explained

The Fund's disclosed Annual Fees and Costs ('AFC') totaling 0.66% p.a., comprises (1) Management Fees and Costs of 0.65% p.a., and (2) 0.01% Net Transaction Costs. In-line with RG97, some fees and costs have been estimated by the issuer on a reasonable basis. Actual fees and costs may vary to these estimates. The Fund does not charge a performance fee.

#### Management Fees and Costs Peer Comparison



#### Annual Fees and Costs Peer Comparison



### Lonsec Opinion

#### Annual Fees and Costs

The Fund's annual fees and costs ('AFC') are considered broadly in line with the peer median.

#### Fairness

The Fund's AFC are considered fair relative to other active peers.

Performance data is as at 30 June 2025

Performance ●●●

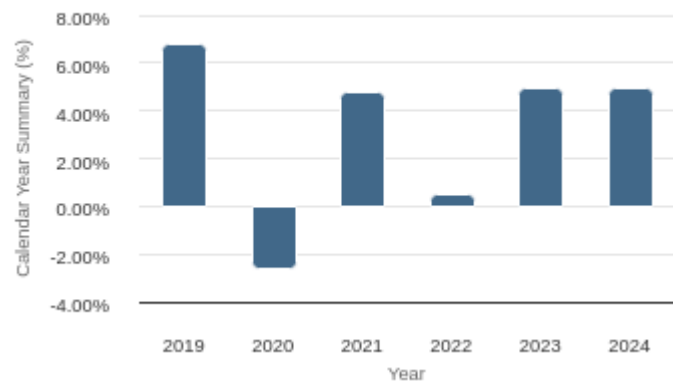
Performance Summary

|                           |                                                                                                                                                                            |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PDS return objective      | To earn higher returns than traditional fixed income by investing in a highly diversified Floating Rate portfolio of predominantly Australian domiciled credit securities. |
| Internal return objective | RBA Cash + 4.00% (gross of fees)                                                                                                                                           |
| Internal risk objective   | Generate returns with realised volatility below equity market volatility.                                                                                                  |
| Product benchmark         | RBA Cash Rate                                                                                                                                                              |
| Lonsec peer group         | Specialised High Income                                                                                                                                                    |

Alpha Generation

The Fund's medium-term returns, from a total, excess and income perspective, are above the peer median. The Fund has also met its internal return objective, achieving excess returns over the benchmark over time periods. Risk and return profile is also relatively attractive versus peers.

Calendar Year Excess Return



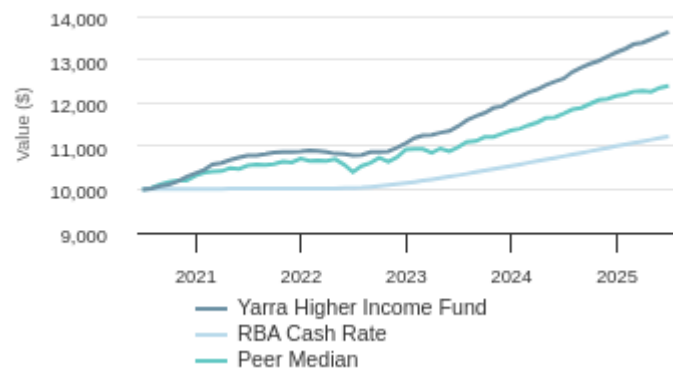
3 Year Risk and Return



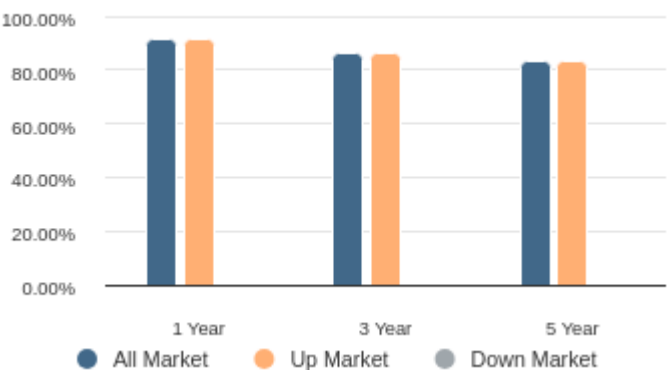
Alpha Consistency

The Fund has exhibited moderate consistency in its alpha generation over most periods, which has cumulatively risen above the peer median. Return consistency in down markets has been low over the medium term.

Growth of \$10,000 Over 5 Years



Returns Consistency



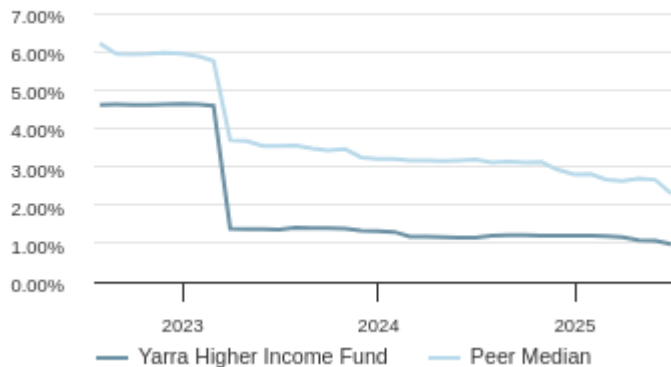
Performance data is as at 30 June 2025

### Performance (continued) ●●●

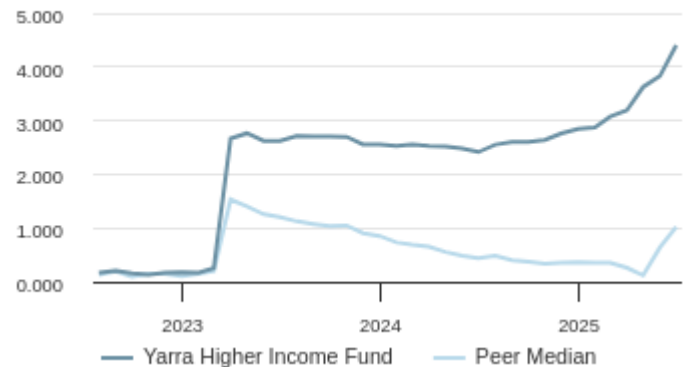
#### Benchmark Relativity

The Fund is considered moderately active, with a tracking error, above peer median albeit in line with its risk objective. Security selection has been the main contributor to performance. The Fund's information ratio has been relatively high across most timeframes, relative to the peer median, suggesting a positive reward for the risk taken. Funds' exposure to less liquid securities is supporting these measures versus peers.

3 Year Rolling Tracking Error Over 3 Years



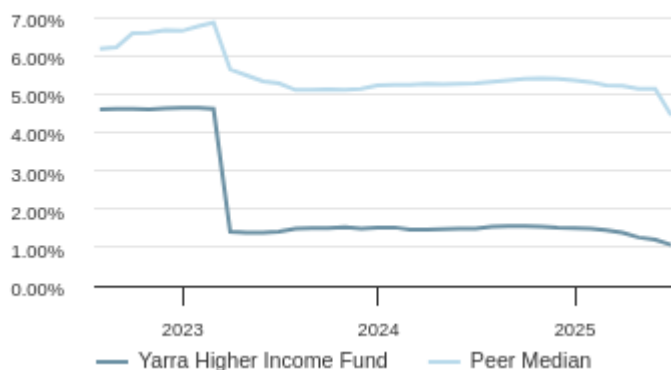
3 Year Rolling Information Ratio Over 3 Years



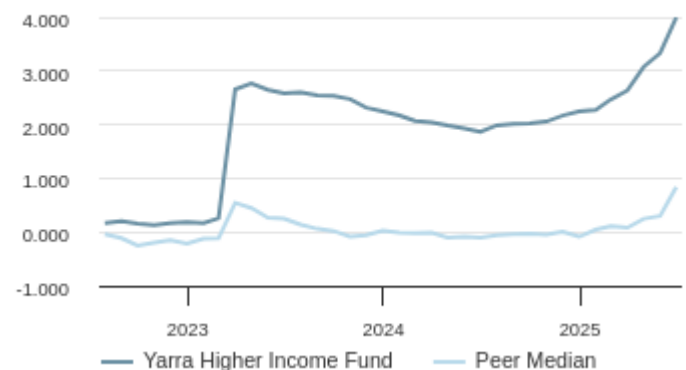
#### Return Volatility

The Fund's absolute rolling volatility has been below the peer median over the past year. The Fund's risk-adjusted returns have been higher than peers, with the Fund exhibiting higher Sharpe ratios.

3 Year Rolling Standard Deviation Over 3 Years



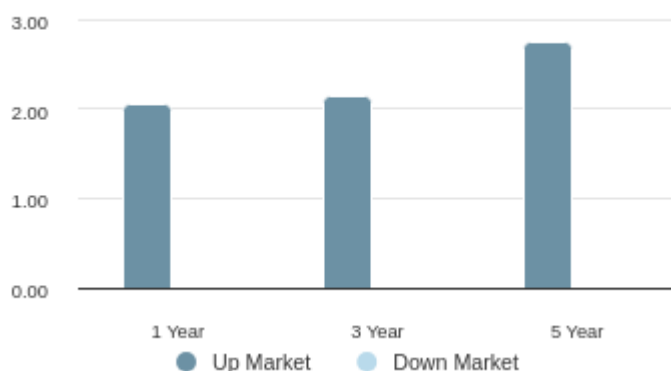
3 Year Rolling Sharpe Over 3 Years



#### Product Defensiveness

The Fund exhibits materially lower drawdowns than the peer median in recent years, but is expected to be high during periods of market stress, such as in 2020/21.

Market Capture Ratio



Drawdowns



## Ratings

**'Highly Recommended'** rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.

**'Recommended'** rating indicates that Lonsec has strong conviction the product can meet its investment objectives.

**'Investment Grade'** rating indicates that Lonsec has conviction the product can meet its investment objectives.

**'Approved'** rating indicates that Lonsec believes the product can meet its investment objectives.

**'Not -Approved'** rating indicates that Lonsec does not believe the product can meet its investment objectives.

**'Closed / Wind Up'** status is applied when the product has been closed.

**'Fund Watch'** status is applied when a rating is under review due to the occurrence of a significant event relating to the product.

The **'Redeem'** rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.

The **'Screened Out'** rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.

**'Discontinued Review'** status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.

The **'Ceased Coverage'** status is applied when a rated product is withdrawn from the research process by the product issuer.

## General

**Climate Change / Biodiversity:** the extent to which a manager has a leading climate and biodiversity policies.

**ESG and Stewardship Reporting:** the transparency, accessibility and usefulness of a manager's reporting.

**ESG Policy:** the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.

**Excess return:** Return in excess of the benchmark return.

**Information ratio:** Relative reward for relative risk taken (Excess Returns / Tracking Error).

**Key decision maker (KDM):** A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.

**Market capture ratio:** A product's performance during either 'up' or 'down' market trends relative to an index.

**Policy Availability / Transparency:** the ease of public access to, and transparency of, a manager's overall ESG policy suite.

**Public Positioning:** the resolve of a manager's commitment to ESG as ascertained by their public positioning.

**Returns consistency:** The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.

**Sharpe ratio:** Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.

**Standard deviation:** Volatility of monthly Absolute Returns.

**Stewardship Policies:** the strength of a manager's proxy voting and engagement policies with respect to ESG.

**Time to recovery:** The number of months taken to recover the Worst Drawdown.

**Total return:** 'Top line' actual return, after fees.

**Tracking error:** Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).

**Worst drawdown:** The worst cumulative loss ('peak to trough') experienced over the period assessed.

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## Lonsec Research FSG Financial Services Guide

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### 1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and

- how we deal with complaints

### 1.2 About Lonsec Research and its related parties

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments. Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

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Email: [info@lonsec.com.au](mailto:info@lonsec.com.au)  
[www.lonsec.com.au](http://www.lonsec.com.au)

### 1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
  - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
  - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose the above types of products for or by retail and wholesale clients.

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## Lonsec Research FSG (continued)

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### 1.6 How do we manage our compensation arrangements?

Lonsec Research has Professional Indemnity insurance arrangements in place to compensate clients for loss or damage because of breaches of any relevant legislative obligations by Lonsec Research or its representatives which satisfy section 912B of the Corporations Act 2001.

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#### Complaints Manager

Level 39, 25 Martin Place  
Sydney NSW 2000

**Tel:** 1300 826 395

**Email:** [complaints@lonsec.com.au](mailto:complaints@lonsec.com.au)

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:

**Online:** [www.afca.org.au](http://www.afca.org.au)

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Phone:** 1800 931 678

**Mail:**

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne, Victoria, 3001.

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This FSG was prepared on 1 August 2024.