

# Yarra Higher Income Fund

## Gross returns as at 30 November 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Since inception <sup>^</sup> % p.a.
Yarra Higher Income Fund*	0.06	1.19	7.81	9.19	7.03	5.74
RBA Cash Rate <sup>#</sup>	0.29	0.89	3.95	4.02	2.62	2.09
Excess return <sup>†</sup>	-0.23	0.31	3.86	5.17	4.40	3.65

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 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	Since inception <sup>^</sup> % p.a.
Yarra Higher Income Fund*	0.01	1.03	7.11	8.48	6.34	5.06
Growth return <sup>†</sup>	-0.39	-0.18	0.91	2.67	0.56	-0.13
Distribution return <sup>†</sup>	0.40	1.21	6.20	5.81	5.77	5.19
RBA Cash Rate <sup>#</sup>	0.29	0.89	3.95	4.02	2.62	2.09
Excess return <sup>†</sup>	-0.28	0.15	3.16	4.46	3.71	2.96

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 prepared on an exit to exit basis – they include all ongoing fees and expenses and assume reinvestment of all distributions.

\* Effective 15 March 2022, the Fund's name was changed to the Yarra Higher Income Fund. There was no change to the Fund's investment strategy.

<sup>^</sup> Inception date: October 2018.

<sup>†</sup> Growth returns are measured by the movement in the Yarra Higher 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.

<sup>#</sup> 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.

<sup>‡</sup> The excess return figures shown represent the difference between the Fund's return and the RBA Cash Rate.

### Portfolio review

The Yarra Higher Income Fund returned 0.01% (net basis) over the month, underperforming the RBA Cash Rate by 28 bps. On a 12-month view the Fund returned 7.11% (net basis), outperforming the RBA Cash Rate by 316 bps.

Positive performance for the month was driven primarily by income returns. Our allocation to Syndicated Loans and Warehousing continues to contribute meaningfully to overall performance. The main detractor from our performance was our duration exposure. The bond market sell-off drove higher yields across the curve resulting in negative price returns. Credit spreads widened slightly across the portfolio, as markets moved away from expectations of another rate cut. During the month we took part in both the Transgrid subordinated debt and Tabcorp senior debt deals which priced in at attractive levels. We closed out our CDS position, which provided marginal positive returns.

### Market review

The longest US government shutdown in history ended on November 12, leaving a trail of delayed economic data and heightened uncertainty. Additional pressure came from the US labour market data, with the unemployment rate rising 10bps to 4.4%. Market sentiment initially shifted quickly, but reversed course following a moderating inflation print, which increased expectations that the Federal Reserve (Fed) would cut interest rates in December. US Treasury yields fell across the board, outperforming all other major government bonds. Elsewhere, Europe focused much of its attention on global markets, and the Reserve Bank of New Zealand (RBNZ) lowered its cash rate by 25 bps to 2.25%, citing significant spare capacity and subdued inflationary pressures.

The Reserve Bank of Australia (RBA) kept the cash rate unchanged in November. Inflation surprised to the upside, with the headline CPI rising 20 bps to 3.8% (y/y), while trimmed mean inflation ticked up to 3.3%. This was the first full monthly CPI release, marking the transition from quarterly reporting.

The stronger inflation print prompted a shift in market expectations, with some economists now forecasting a potential rate hike as the next move. As a result, the sovereign yield curve flattened slightly as short-term rates repriced higher, reflecting renewed inflation concerns and expectations of tighter monetary policy ahead. The 3-year increased 29 bps to 3.91% while the 10-year rose 21.5 bps to 4.53%, the highest since May 2025.

Throughout the month spreads widened as risk off sentiment heightened after rate cut bets were tempered. However, offshore investment, particularly from Asia, remained strong as primary markets remained active. This was underpinned by several new deals from first-time and returning issuers. Deals worthy of a mention include Transgrid which issued 30-year callable subordinated notes with floating and fixed to floating rate structures and Airservices Australia which issued 12-year senior unsecured bonds. New deals continue to see spread compression during the bookbuild process and remain well oversubscribed. The Australian iTraxx closed 0.5 bps higher than October at 66.4 bps.

The RMBS/ABS market has continued to see strong levels of demand for deals in primary; however, spreads did widen marginally. Deal flow has remained strong as market conditions are issuer friendly. Private debt markets are beginning to show more attractive risk adjusted returns as illiquidity premiums return.

## Outlook

The higher-than-expected inflation print during the month shifted market pricing expectations away from the view that the RBA's next move would be a rate cut. While CPI was elevated, the RBA has noted that several items will have a one-off impact on the number. We expect that the RBA will likely wait for more data before making any significant adjustments to their forecast.

The recent spread widening reflects a repricing of monetary policy expectations rather than any deterioration in credit fundamentals. Underlying demand for Australian credit remains intact and offshore investors continue to view Australian credit as offering attractive relative value. Provided global and domestic risk sentiment hold steady, we would expect spreads to re-compress. As the Australian credit market continues to expand, we anticipate strong issuance activity to continue for 2026, supported by well-capitalised borrowers and a robust primary market. Under these circumstances, liquidity conditions should remain strong.

## Portfolio profile

### Portfolio characteristics

	Portfolio
Current yield (%)	6.16
Credit spread (bps)	232
Average weighted issue credit rating	BBB
Average weighted ESG rating*	BBB+
Yield to expected maturity (%)	6.11
Effective duration (years)	1.50
Spread duration (years)	3.33
Number of securities	182

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

### Sector allocation

	Portfolio %
Asset Backed Securities	0.72
Banks	30.64
Communication Services	-
Consumer Discretionary	1.20
Consumer Staples	-
Diversified Financials	7.12
Energy	6.81
Health Care	0.09
Industrials	10.59
Information Technology	-
Insurance	5.87
Materials	0.52
Mortgage-Backed Securities	4.60
Private Debt	7.96
Real Estate	3.48
Syndicated Loan	9.87
Utilities	2.09
Cash and Other	8.43

## Security allocation

	Portfolio %
Tier 1	5.71
Tier 2	28.73
Subordinated	16.28
Mortgage Backed	4.60
Asset Backed	0.72
Senior	17.70
Private Debt	7.96
Syndicated Loan	9.87
Cash and Other (incl. derivatives)	8.43

## Top 10 holdings

Issuer	ISIN	Portfolio%
Nextera Energy Capital	AU3CB0322691	2.47
UBS Group	CH1485827070	2.06
ANZ Banking	AU3FN0091583	1.85
ATI Global	XXAU0ATIF012	1.71
National Australia Bank	AU3CB0328235	1.69
Weir Group	AU3CB0327369	1.68
BNP Paribas	FR0014014MD4	1.47
National Australia Bank	AU3FN0084828	1.40
Insurance Australia Group	AU3FN0102158	1.40
Auswide Warehouse	XXAU00ABA144	1.26

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.

## Credit rating profile

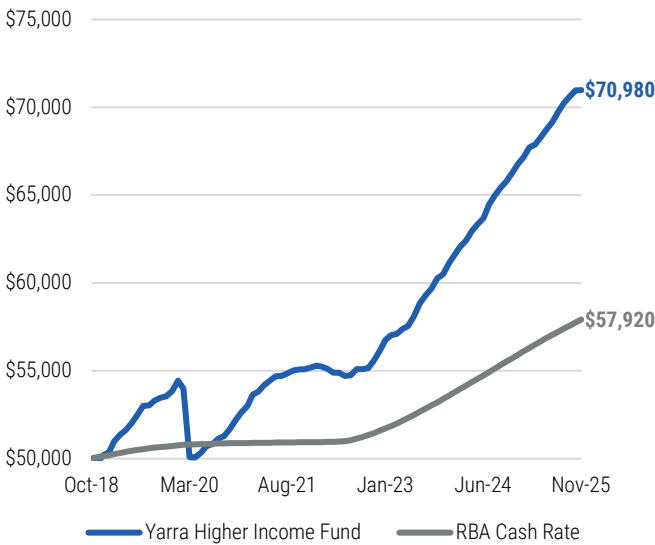
	Portfolio %
AA+	0.15
AA	3.27
AA-	9.91
A+	0.11
A	1.47
A-	11.33
BBB+	8.78
BBB	24.23
BBB-	14.04
BB+	5.32
BB	10.05
BB-	5.26
B+	1.76
B	4.13
B-	0.17
NR or Below	-

## Features

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.	
Fund inception	October 2018	
Fund size	A\$293.5 mn as at 30 November 2025	
APIR code	JBW4379AU	
Estimated management cost	0.65% p.a.	
Buy/sell spread	+/- 0.10%	
Distribution frequency	Monthly	
Platform availability	CFS First Wrap/Edge Hub24 Macquarie Wrap	Netwealth Praemium Powerwrap

Investment performance comparison of \$50,000

After fees, since inception of the Yarra Higher Income Fund, October 2018 to November 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 Higher Income Fund is \$10,000.

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## Applications and contacts

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

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

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