

Yarra Income Plus Fund

Gross returns as at 31 May 2026

	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	1.12	0.87	3.99	6.19	4.70	4.37	6.10
Bloomberg AusBond Bank Bill Index	0.34	1.00	3.78	4.17	3.03	2.17	3.86
Excess return [‡]	0.78	-0.13	0.20	2.02	1.67	2.20	2.24

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 31 May 2026

	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	1.06	0.70	3.28	5.48	4.00	3.66	5.35
Growth return [†]	1.06	0.40	-0.45	1.64	0.71	0.40	0.71
Distribution return [‡]	0.00	0.30	3.73	3.84	3.28	3.26	4.64
Bloomberg AusBond Bank Bill Index	0.34	1.00	3.78	4.17	3.03	2.17	3.86
Excess return [‡]	0.73	-0.30	-0.50	1.30	0.97	1.49	1.48

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.

* 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 1.06% (net basis) over the month, outperforming its benchmark by 73 bps. On a 12-month view the Fund returned 3.28% (net basis), underperforming the Bloomberg AusBond Bank Bill Index by 50 bps.

The Fund delivered strong performance over the month, led by the Fixed Income and REIT and Infrastructure sleeves.

Following the interest rate hike, which had largely been priced in by markets, bonds rallied over the period amid weaker labour market data and tighter financial conditions, supporting returns within the Fixed Income sleeve.

The Hybrid and Diversified Credit sleeves also performed well, benefiting from the broader bond rally and continued strength in income generation.

The Cash sleeve delivered positive returns, supported by the higher interest rate environment.

The REIT and Infrastructure sleeve contributed meaningfully,

supported by an improvement in investor risk sentiment, with both sectors continuing to recover from the sell-off experienced in March.

There was no TAA change to the portfolio during the month.

Market review

During the month, US President Trump met with Chinese President Xi Jinping in Beijing, with discussions spanning trade, developments in the Middle East and Taiwan. Both parties characterised the talks as constructive and a positive step in ongoing engagement.

In the Middle East, hostilities resumed, as the United States and Iran continued negotiations towards a potential peace agreement. A resolution is yet to be reached. Global markets have become increasingly desensitised to swings in oil prices and the continuous news stream from the Gulf region.

In the United States, Kevin Warsh was sworn in as Chair of the Federal Reserve (Fed) on 22 May, replacing Jerome Powell who, unlike previous chairs, remains on the Fed board for now. Inflationary pressures remain evident, with the Personal

Consumption Expenditures (PCE) Price Index rising 3.8% over the 12 months to April 2026, up 0.4% from the previous month. This was driven by higher consumer spending on gasoline and other energy-related products, alongside increases in housing and utility costs. Economic growth moderated, with real GDP rising 1.6% in the first quarter of 2026, revised down from initial estimates. Labour market conditions remain relatively stable, with unemployment unchanged at 4.3% in April 2026. Treasury yields moved higher over the month, with the 10-year yield increasing by 8 bps to 4.45%, as markets priced in the expectation of higher inflation if the conflict in the Middle East persists.

Elsewhere, the Reserve Bank of New Zealand (RBNZ) left its official cash rate (OCR) unchanged (at 2.25%) at its May meeting, noting the uncertain global economic backdrop. The RBNZ indicated that the OCR may need to rise sooner and by more than previously anticipated at its February meeting. New Zealand's inflation remained elevated, with CPI rising 3.1% (y/y) to March 2026, above the RBNZ's target range.

The Australian Federal Budget was announced on May 12. The budget focused on cost-of-living relief and fiscal repair headlined by major property and tax reform and changes to the National Disability Insurance Scheme (NDIS). Key measures include changes to the capital gains tax, removal of negative gearing on investment property for existing dwellings and the introduction of a 30% tax rate on discretionary trust distributions. The legislation remains subject to parliamentary approval, which typically occurs by the end of June.

The Reserve Bank of Australia (RBA) met on May 4-5 and decided – in an 8 to 1 majority – to increase the cash rate by 25 bps to 4.35%. This marked the third consecutive meeting in which the RBA raised rates. While acknowledging softer consumer confidence and some concerns around the growth outlook, the decision was primarily driven by the RBA's concern over capacity constraints in the economy along with elevated energy prices potentially leading to higher future inflation expectations.

The RBA believes monetary policy is restrictive, however to which extent remains uncertain. Inflation moderated slightly over the month, with the Consumer Price Index (CPI) rising 4.2% over the 12 months to April 2026, 0.4% lower than the 12 months to March. Transport and housing remained the largest contributors to inflation.

The labour market began to show the first signs of deterioration, with the unemployment rate rising to 4.5% in April after having held steady at 4.3% for the past couple of months. This is 18 months earlier than the RBA's forecast.

Following the three consecutive cash rate increases, yields on Australian government bond futures declined over the month, with the yields on 10-year Australian Treasury bond futures (down 24 bps to 4.85%) and 3-year futures (down 30 bps to 4.48%) both falling. This resulted in a modest steepening of the yield curve. Despite a relatively hawkish RBA, markets are beginning to temper their bets on further hikes as financial conditions have tightened, and domestic demand shows signs of moderating.

Australian credit markets experienced a modest widening in credit spreads over the month, keeping outright yields at elevated levels. The modest widening reflected softer risk appetite, with concerns that higher energy costs may weigh on corporate earnings. May primary issuance was strong, with several domestic and international issuers coming to the market despite ongoing volatility. Australian credit continues to offer attractive outright yields with deals often oversubscribed. Participation from Asian investors remained solid, particularly in senior issuance. Notable transactions during the month included Qantas Senior, Barclays AT1, BPCE Senior and Tier 2 bonds, as well as a number of domestic bank Senior and Tier 2 transactions. The Australian iTraxx index closed the month 5 bps tighter at 72 bps.

The S&P/ASX 200 A-REIT Index rose in May, returning +2.97% for the month while the broader S&P/ASX 200 returned +1.15%. The S&P/ASX 300 Custom Infrastructure and Utilities Index returned +0.28%.

While an increasing Cash Rate makes the Cash sleeve more attractive, we continue to identify stronger opportunities to allocate capital to other sleeves that offer better risk-adjusted returns.

Asset allocation

	Target %*	Neutral position % [§]	Strategy
A-REITs, Infrastructure & Utilities	15.0%	15.0%	Neutral
Hybrid and FRNs	9.5%	15.0%	Underweight
Diversified Credit [†]	13.0%	10.0%	Overweight
Fixed interest	35.0%	20.0%	Overweight
Cash	27.5%	40.0%	Underweight

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.

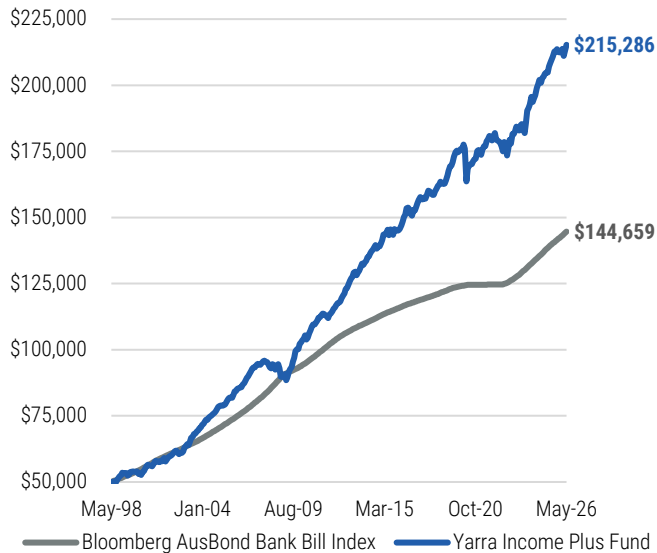
[†] Effective 25 October 2018 the Fund's asset allocation was modified, with Diversified Credit replacing Global High Yield. Further information in relation to this change can be found [here](#).

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\$53.2mn as at 31 May 2026	
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 May 2026.



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.

Applications and contacts

Investment into the Yarra Income Plus 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

Yarra Funds Management Limited (ABN 63 005 885 567, AFSL 230 251) ('YFM') is the issuer and responsible entity of a range of registered managed investment schemes, which includes those named in this document ('Funds'). YFM is not licensed to provide personal financial product advice to retail clients. The information provided contains general financial product advice only. The advice has been prepared without taking into account your personal objectives, financial situation or particular needs. Therefore, before acting on any advice, you should consider the appropriateness of the advice in light of your own or your client's objectives, financial situation or needs. Prior to investing in any of the Funds, you should obtain and consider the product disclosure statement ('PDS') and target market determination ('TMD') for the relevant Fund by contacting our Investor Services team on 1800 034 494 or from our website at www.yarracm.com/pdsupdates/. The information set out has been prepared in good faith and while Yarra Funds Management Limited and its related bodies corporate (together, the "Yarra Capital Management Group") reasonably believe the information and opinions to be current, accurate, or reasonably held at the time of publication, to the maximum extent permitted by law, the Yarra Capital Management Group: (a) makes no warranty as to the content's accuracy or reliability; and (b) accepts no liability for any direct or indirect loss or damage arising from any errors, omissions, or information that is not up to date. No part of this material may, without the Yarra Capital Management Group's prior written consent be copied, photocopied, duplicated, adapted, linked to or used to create derivative works in any form by any means.

YFM manages each of the Funds and will receive fees as set out in each PDS. To the extent that any content set out in this document discusses market activity, macroeconomic views, industry or sector trends, such statements should be construed as general advice only. Any references to specific securities are not intended to be a recommendation to buy, sell, or hold such securities. Past performance is not an indication of, and does not guarantee, future performance. Information about the Funds, including the relevant PDSs, should not be construed as an offer to any jurisdiction other than in Australia. With the exception of some Funds that may be offered in New Zealand from time to time (as disclosed in the relevant PDS), we will not accept applications from any person who is not resident in Australia or New Zealand. The Funds are not intended to be sold to any US Persons as defined in Regulation S of the US federal securities laws and have not been registered under the U.S. Securities Act of 1933, as amended.

References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only and do not imply that the portfolio will achieve similar results. Holdings may change by the time you receive this report. Future portfolio holdings may not be profitable. The information should not be deemed representative of future characteristics for the strategy. There can be no assurance that any targets stated in this document can be achieved. Please be advised that any targets shown are subject to change at any time and are current as of the date of this document only. Targets are objectives and should not be construed as providing any assurance or guarantee as to the results that may be realized in the future from investments in any asset or asset class described herein. If any of the assumptions used do not prove to be true, results may vary substantially. These targets are being shown for informational purposes only.

© Yarra Capital Management, 2026.