

Yarra Australian Bond Fund

Rating issued on 30 Jun 2026 | APIR: TYN0104AU

Investment objective

To generate returns that exceed the Bloomberg AusBond Composite Bond Index, by 0.50% p.a. to 0.75% p.a. (gross of fees), over rolling three-year periods.

Manager	Yarra Capital Management Group
Distributor	Yarra Capital Management Group
Sector	Australian Fixed Interest \ Bonds
Investment Style	Core
RI Classification	Aware
Absolute Risk	Low
Relative Risk	Active - Benchmark Aware
Investment Timeframe	3-4 Years
Zenith Benchmark	Bloomberg AusBond Composite Index
Min Investment Amount	\$10,000
Redemption Frequency	Daily
Income Distribution	Quarterly
Fund Size (29 May 2026)	\$475.72M
Management Cost	0.30% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	0.05% / 0.05%
Inception Date	30 Jun 2000

Fund facts

- A conservatively managed Australian fixed interest strategy
- Target returns through active strategies spanning duration, sector rotation and credit
- Managed by an experienced portfolio management team

Viewpoint

The Fund, managed by Yarra Capital Management (Yarra), provides exposure to a conservative portfolio of Australian fixed interest (AFI) securities. Implementing a range of strategies spanning duration, yield curve positioning, sector rotation and security selection, the Fund seeks to produce competitive returns, whilst placing considerable emphasis on downside capital protection. Zenith has high regard for lead Portfolio Manager Darren Langer, alongside Yarra's established investment process and specialist resourcing, which has proven durable across a range of market conditions.

Responsibility for the management of the Fund rests with Langer, who is strongly supported by a further ten fixed interest professionals, who collectively have experience across macro credit, sector rotation and bottom-up fundamental analysis. In addition, top-down insights are provided by Group Strategist Tim Toohey, which we believe are beneficial in the formation of forward interest rate views. In our opinion, Langer is a highly experienced investor, who has demonstrated strong skill particularly in duration and yield curve management over a long time period.

Yarra implements an active approach to fixed interest management, combining top-down macroeconomic inputs with bottom-up analysis. The process is based on the identification of relative value opportunities which is achieved through fundamental analysis and quantitative models that produce outputs that aid with decision making. The process is further enriched through Yarra's proprietary Macro Spread Analysis and Correlation System (MoSAiC), an interactive database that aggregates large amounts of market data, and uses sophisticated quantitative techniques to propose relative-value trade ideas.

Duration and yield curve strategies are derived taking into consideration the team's cash rate forecast, outputs from proprietary models, and market implied yields. A key element of this process involves the critical assessment of the commonwealth government bond (CGB) yield curve, and the establishment of a fair value trading range around the three and ten-year tenors. To aid with this, the local team assess historical data in an attempt to ascertain how the shape of the CGB curve responded in similar past environments.

Portfolio construction is a team-based effort, with Langer sizing trades on the basis of the Fund's mandate constraints, its outperformance objective and targeted sources of value add. The final portfolio is expected to comprise 70 to 150 positions, with the team preferring to invest via physical bonds as opposed to derivatives such as futures and swaps. Derivatives may however, be used to enact rate, curve and spread strategies. The Fund is also permitted to invest in securitised credit.

Yarra's credit research process involves fundamental analysis on a sector, issuer and issue level. Zenith notes that the team's credit process emphasises relative value positioning as opposed to directional views, consistent with Yarra's broader fixed interest philosophy.

Overall, Zenith views Yarra's portfolio construction process positively, noting the strong contribution to longer term performance from Langer's interest rate related strategies.



Fund analysis

Fund characteristics

Constraint	Value
Duration	-1.5 Yrs to 1.5 Yrs
Credit quality - securities	Min: BBB-
Credit quality - portfolio	Target min: A-
Global corporate exposure	Max: 5%

Investment objective and philosophy

The Fund seeks to outperform the Bloomberg AusBond Composite Bond Index, by 0.5% p.a. to 0.75% p.a. (gross of fees and taxes) over rolling three-year periods. Yarra does not target a volatility or Tracking Error range, however places considerable emphasis on capital stability and the avoidance of sustained and material drawdowns.

To deliver upon the Fund's investment objective, Yarra adheres to an active approach to fixed interest management, one that incorporates a combination of top-down macroeconomic inputs with bottom-up analysis. The process is based on the identification of relative value opportunities as opposed to generating large, directional interest rate views which tend to be lower in terms of efficiency. This is achieved through fundamental analysis, the use of quantitative models and technology. Consistent with this approach, the team seek outperformance across a broad set of strategies and place significant emphasis on risk management and investing over the long-term.

The investment process comprises a number of discrete steps and commences with the team forming a view on the domestic economy and future cash rates. Here the team will take into consideration a range of factors including existing monetary policy (and supporting rhetoric), macroeconomic variables, forward bond rates (as implied by the market) and US Federal Reserve monetary statements. These factors are then considered together with the outputs from a range of proprietary models (including a policy bias and event risk indicator) and natural language processing, which seek to aid the team in determining the future direction of real interest rates, term structure, liquidity and credit markets.

Once the team has formed an assessment of Australia's macroeconomic prospects, it will seek to generate a range of active strategies from across three key excess return sources including rates/curve, sector rotation and credit (including macro credit and security selection).

Duration and yield curve strategies are derived taking into consideration the team's cash rate forecast and the outputs from proprietary models. A key element of this process involves the critical assessment of the CGB yield curve, and the establishment of a fair value trading range around the three-year and ten-year tenors. To aid with this, the local team assess historical data in an attempt to ascertain how the shape of the CGB curve responded in similar past environments.

Where abnormalities in the forward shape of the yield curve are identified, these are investigated in detail, with the team seeking to reconcile differences taking into consideration issues

including offshore influences, the impact of climate change and demographic trends. Where a reconciliation cannot be achieved, this is the catalyst for the team to implement relative-value trades, targeting segments of the yield curve representing the greatest value in terms of steepness and flatness. Directional strategies may also be implemented, however these tend to be favoured at key market inflection points, or where the team have a high-conviction view on the future direction of cash rates.

Taking into consideration the insights gained through its macroeconomic analysis, the team assess the relative standing of CGBs to other market segments including semi-government, inflation-linked, sovereign/supras, swaps and corporates. Here the team will seek to identify mispricings between market segments based on different maturity buckets (i.e. 0 to 3 years, 3 to 5 years, 5 to 10 years and 10+ years) with the aid of proprietary models that take into consideration factors including credit quality, issuance levels, historical spreads and the propensity of sectors to mean revert.

Aiding with this assessment is Yarra's proprietary system MoSAiC, which uses sophisticated quantitative techniques to propose relative-value trades, taking into consideration a large quantum of historical data. These are subsequently combined with the team's fundamental views with the goal of determining which market segments are cheap (overweight) and which are expensive (underweight).

Assessments are made on a relative basis and do more than simply provide a blanket view on a market segment. Rather, the team seeks to isolate those segments across the yield curve that offer the greatest value (i.e. semi-government bonds within the two to four-year segment of the implied yield curve are deemed to be significantly overvalued).

The Fund can take positions in AAA-rated RMBS/ABS as a diversifying income source, benchmarking it against major bank senior FRNs. While this adds structural complexity, in our opinion, positioning this sleeve defensively avoids this being a credit risk trade.

Overall, in Zenith's opinion, Yarra's process represents an appropriate blend of fundamental and model-based inputs. Regarding the latter, Zenith views favourably the ongoing development and refinement of MoSAiC which aids the team in aggregating market data, honing research efforts, and identifying investment opportunities.

Portfolio applications

Bonds are longer-dated fixed income securities that seek to provide investors with a regular income stream and the return of capital at a predefined future date. Bonds can form a key component of an investor's portfolio and more specifically their exposure to the fixed interest asset class, owing to the defensive characteristics that they often exhibit.

An inverse relationship exists between the price of bonds and interest rates, the extent of which is not linear and varies according to existing market conditions and the perception of risk. Bonds generally (but not always) exhibit a negative correlation with equities and will rise in price when growth assets are falling (and vice versa). Bonds are more likely to be favoured during times of heightened risk aversion and typically dampen investment portfolios against capital drawdowns.



The Fund provides investors with exposure to a conservatively managed portfolio that targets excess return from duration (10%), yield-curve positioning (15%), sector rotation (35%) and bottom-up security selection (40%). With a focus on capital stability and retaining high levels of liquidity, the Fund favours exposure to higher grade bonds, and unlike a growing number of competitors, limits off-benchmark positions to strategies such as cross market, currency and global credit.

The Fund is considered appropriate as a core exposure to domestic fixed interest and for blending with international fixed interest strategies to produce a more balanced set of investment outcomes. With low to moderate anticipated levels of volatility, Zenith believes the Fund is suitable for those with an investment horizon of three or more years.

Due to the anticipated moderate levels of volatility, with the potential for capital loss, Zenith recommends taking a medium term investment time frame. We caution against the Fund being used by investors with short term liquidity needs.

Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Aware
Has Responsible Investment Policy	Yes
Negative screens**	Full/Partial
Alcohol	Partial
Armaments	Full
Fossil fuels	Partial
Gaming	Full
Adult Entertainment	Full
Tobacco	Partial
Nuclear Power	Full
Human rights abuse	Full
Other Measures	Palm Oil (F), Drift net or trawl fishing (F), Detention or Incarceration (F), Conflict Zone investing (F), Predatory Lending (F)
PRI Status	
PRI Signatory	Yes

*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact

**Data has been supplied by third parties. While such information is believed to be accurate, we do not accept responsibility for any inaccuracy in such data.



Absolute performance

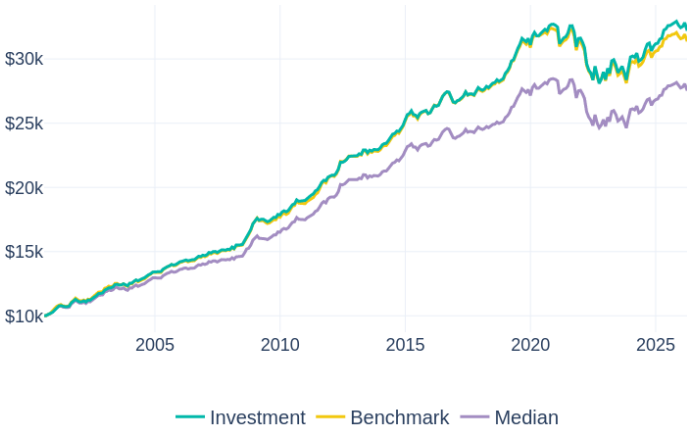
Performance as at 31 May 2026

Monthly performance history (% , net of fees)

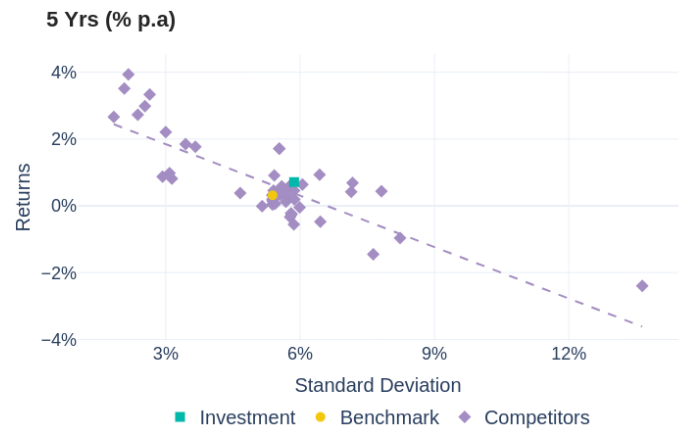
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*
2026	0.31%	0.89%	-1.58%	0.17%	1.57%								1.34%	1.32%
2025	0.12%	1.01%	0.28%	1.97%	0.30%	0.79%	0.02%	0.37%	0.24%	0.37%	-0.91%	-0.59%	4.02%	3.17%
2024	0.25%	-0.33%	1.09%	-2.07%	0.36%	0.68%	1.91%	1.44%	0.28%	-1.96%	1.16%	0.64%	3.41%	2.93%
2023	3.10%	-1.38%	3.40%	0.29%	-1.30%	-2.10%	0.76%	0.95%	-1.56%	-2.07%	3.25%	2.95%	6.20%	5.06%
2022	-1.07%	-1.30%	-4.05%	-1.64%	-0.80%	-1.91%	3.82%	-2.78%	-1.85%	1.22%	1.95%	-2.04%	-10.21%	-9.71%

*Bloomberg AusBond Composite Index

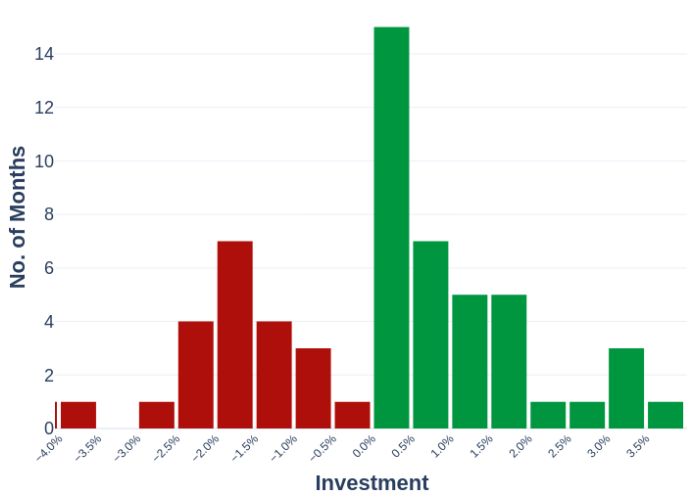
Growth of \$10,000



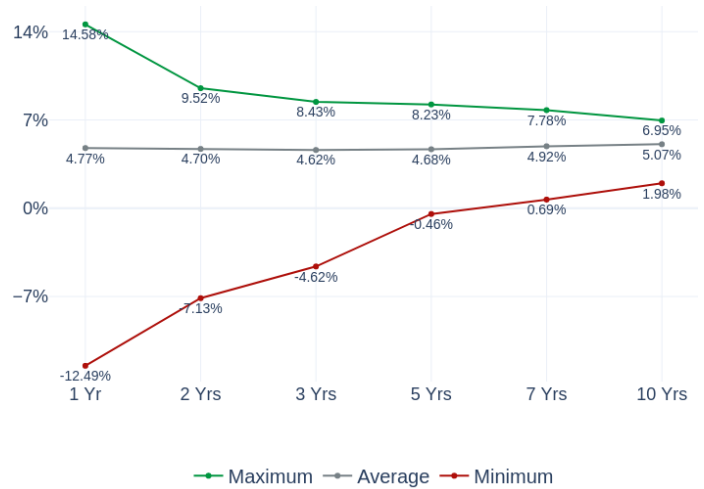
Risk / return



Monthly histogram



Minimum and maximum returns (% p.a.)





Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	1.62%	3.61%	0.71%	2.08%	4.71%
Income	3.54%	2.84%	1.76%	3.16%	4.83%
Growth	-1.92%	0.77%	-1.05%	-1.07%	-0.12%
Benchmark	1.31%	2.97%	0.32%	1.81%	4.60%
Median	1.47%	3.06%	0.29%	1.58%	4.08%
Cash	3.78%	4.18%	3.03%	2.17%	3.74%

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	25 / 55	11 / 52	15 / 50	10 / 46
Quartile	2nd	1st	2nd	1st

Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	2.79%	4.44%	5.87%	4.77%	3.61%
Benchmark	2.70%	4.10%	5.39%	4.44%	3.60%
Median	2.79%	4.16%	5.47%	4.47%	3.49%
Downside Deviation (% p.a.)					
Investment	1.91%	2.77%	4.08%	3.29%	2.16%
Benchmark	1.78%	2.60%	3.81%	3.08%	2.08%
Median	1.89%	2.65%	3.89%	3.13%	2.10%

Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	-0.78	-0.13	-0.40	-0.02	0.27
Benchmark	-0.92	-0.29	-0.50	-0.08	0.24
Median	-0.83	-0.27	-0.50	-0.13	0.10
Sortino Ratio (p.a.)					
Investment	-1.13	-0.20	-0.57	-0.03	0.45
Benchmark	-1.39	-0.46	-0.71	-0.12	0.41
Median	-1.23	-0.42	-0.70	-0.19	0.16

Zenith benchmarks funds in the "Australian Fixed Interest - Bonds" peer group against the Bloomberg Ausbond Composite Bond (All Maturities) Index. While this benchmark may not be consistent with the one adhered to by all rated participants, it has been adopted to provide investors with a common reference point against which similarly structured strategies may be assessed.

The Fund seeks to outperform the Bloomberg AusBond Composite Bond Index, by 0.5% p.a. to 0.75% p.a. (gross of fees and taxes) over rolling three-year periods. Yarra does not target a stated volatility or Tracking Error range, however places considerable emphasis on capital stability and the avoidance of sustained and material drawdowns.

The following commentary is current as at 31 May 2026.

The Fund has delivered mixed results in achieving its stated objective across multiple time periods. However, when assessed in a relative context, the Fund has produced returns above the median manager over the medium to long-term, placing in the upper quartiles of peers.

In terms of volatility (as measured by Standard Deviation), the Fund has displayed a higher volatility relative to the Zenith assigned benchmark and consistent with the median manager. *Zenith notes that Fund performance prior to March 2017 is less representative of the current team and process.*



Relative performance

Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Excess Return	0.31%	0.64%	0.39%	0.28%	0.11%
Monthly Excess (All Mkts)	75.00%	61.11%	56.67%	60.00%	57.10%
Monthly Excess (Up Mkts)	87.50%	76.92%	78.38%	75.00%	55.50%
Monthly Excess (Down Mkts)	50.00%	20.00%	21.74%	34.09%	60.87%

Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Downside Capture	103.35%	105.60%	107.06%	106.38%	96.51%
Upside Capture	109.48%	112.09%	112.08%	108.77%	100.08%

Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	0.27%	0.48%	0.64%	0.54%	0.61%
Median	0.17%	0.14%	0.18%	0.34%	0.42%

Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	1.15	1.33	0.61	0.52	0.18
Median	0.92	0.61	-0.16	-0.68	-1.26

Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Beta	1.03	1.08	1.09	1.07	0.99
R-Squared	0.99	0.99	0.99	0.99	0.97
Correlation	1.00	1.00	1.00	1.00	0.99

The following commentary is effective as at 31 May 2026.

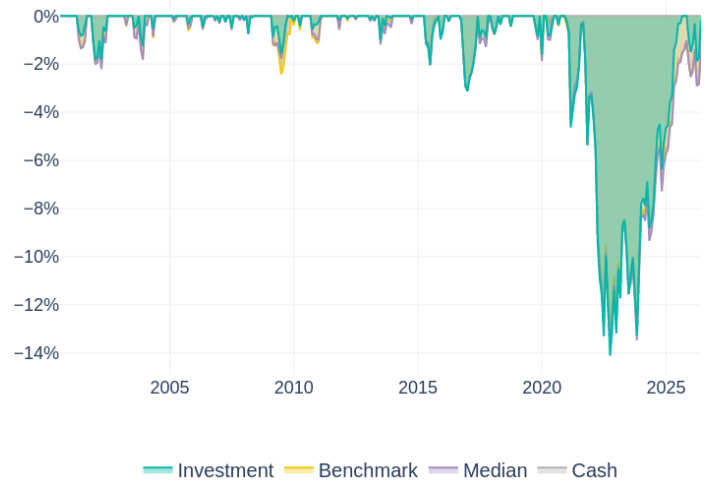
Zenith seeks to identify funds that can outperform in over 50% of months in all market conditions, as we believe this represents consistency of manager skill.

Yarra has shown success in producing net excess returns in “all market” conditions over the medium to long-term, with consistent outperformance in “up markets”.

Zenith notes that Fund performance prior to March 2017 is less representative of the current team and process.

Drawdown analysis (since inception)

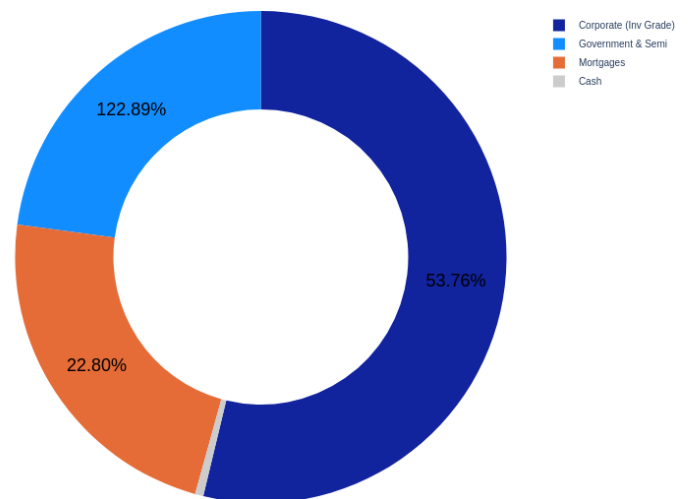
Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



The following commentary is current as at 31 May 2026.

The Fund has consistently displayed a tendency to incur drawdowns of similar magnitude to that of the benchmark.

Fixed interest sector holdings





Fund commentary

Fund risks

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

Key person risk: Zenith believes a high degree of key person risk exists with respect to Darren Langer. As the team's most senior local representative and longest standing member, Zenith would deem Langer's departure as material.

Mandate risk: The Fund is managed to a core set of investment constraints and does not implement off benchmark strategies prevalent in competitor capabilities (including cross market, global credit, currency) or more sophisticated derivative-based trades. As a result, there is a risk the Fund's performance lags that of competitors with wider mandates.

Security/asset selection

Yarra's Credit and Loans team have responsibility for the Fund's bottom-up credit research. The credit research process involves fundamental analysis on a sector, issuer and issue level. At an issuer level Yarra applies its proprietary credit risk model, that can be broken down into four discrete components:

- Financial (20-40%): Earnings estimates, cash flow estimates, credit ratios
- Business (20-40%): Industry analysis, competitive position, liquidity, management
- ESG (20-100%): Environmental, Social, Governance
- Market (10-20%): Relative Size, Market to book value, probability of default, other solvency measures.

From a financial assessment perspective, credit analysts focus primarily on the key drivers within each sector, typically identifying three to five critical factors that are most likely to determine whether a security or sector will outperform or underperform. While equity analysts provide an additional source of forward-looking insights on companies, credit analysts generally apply their own overlay of analysis and views, which tend to be more conservative in nature.

Each of the above components are then aggregated to arrive at an internal rating. Zenith notes that each component does not receive an equal weighting, rather these vary across industries, reflecting the idiosyncrasies of various market segments. Importantly however, the assigned weights are agreed at a team level rather than individually, thus ensuring consistency in application.

Zenith notes the potential for a 100% weighting to be applied to the ESG component, effectively resulting in potential exclusions of securities on grounds of poor ESG performance. In terms of an internal credit rating, any security below an ESG rating of investment grade (BB) will not be considered for inclusion in the portfolio, as the team deems the risk associated with this rating to be prohibitively excessive. In Zenith's opinion, this element of the investment process is a differentiating aspect within the peer group. However, while intuitively appealing, Zenith is keen to observe the additive value of ESG metrics over the long-term.

All credit research is discussed at the daily Fixed Income Credit and weekly Portfolio Management meetings for inclusion on the approved issue list. Attended by all investment team members, the meetings are also a forum to discuss market developments, trading and performance updates, company results, issuance pipeline and portfolio liquidity.

Zenith believes Yarra's credit research is well structured and fit for purpose given the underlying investment strategy.

Responsible investment approach

Yarra has an established Responsible Investment Policy (RIP) that was last updated in September 2025. The RIP describes how ESG factors are integrated into Yarra's investment approach and is publicly available for viewing. In its current form, the RIP has yet to be independently assessed or ratified. Zenith believes that given developments in Responsible Investment over recent times, the Policy would likely benefit a contemporary review.

Yarra has been a signatory to the United Nations Principles of Responsible Investment (UN PRI) since the organisation's formation in January 2017.

Dr Erin Kuo, Chief Sustainability Officer, is responsible for further strengthening Yarra's ESG framework, which will extend toward bottom-up research, third party relationships and reporting. Regarding the latter, Yarra produces half-yearly client ESG updates and engages with an external consultant to aid with the measurement and reporting of carbon emissions.

Yarra use Institutional Shareholder Services Inc. (ISS) for proxy voting and attendance at industry forums. The business is also currently testing the use of Calibre as an engagement monitoring tool.

In terms of fundamental research, credit analysts take into consideration ESG matters as part of their bottom up due diligence process. Internally derived ESG ratings are also assigned to issuers and for those which receive a rating of BB (or below) are expressly excluded from investment.

Portfolio construction

The final portfolio represents an aggregation of each of the team's excess return sleeves being rates/yield-curve, sector rotation and credit. Portfolio construction is a team-based effort, with Yarra's most senior members leading the discussion with regard to portfolio positioning and active trade ideas.

The portfolio managers size trades taking into consideration the Fund's mandate constraints, its outperformance objective and targeted sources of value add including duration (10%), yield-curve positioning (15%), sector rotation (35%) and bottom-up security selection (40%). All trades are monitored through MoSAiC, with their efficacy assessed daily relative to assigned 'take profit' and 'stop loss' levels as well as any holding period constraints.



Notwithstanding Yarra's significant spend on portfolio management and risk monitoring systems, Zenith believes that the identification of correlated strategies across excess return sleeves and factor risks remains a largely qualitative assessment. To this end, we believe Langer is integral, acting in an oversight capability and as a facilitator of discussion between Yarra's designated excess return sleeves (i.e. rates/curve and credit).

Aiding the team with position sizing and overall risk appetite is a proprietary Event Risk Indicator which seeks to provide an early warning of when credit spreads might come under pressure. The model takes into consideration a broad range of market volatilities (including US treasuries, equity, currency), yield curve slope and funding spreads.

Portfolio exposures are commonly gained on a physical basis with the team permitted to use derivatives to enact rate, curve and spread strategies. They are not used for the purposes of implicit leverage however can act as a mechanism through which the Fund's exposure to credit market beta is adjusted.

Zenith considers Yarra's portfolio construction process to be a natural extension of its macroeconomic and bottom-up assessments. Furthermore, we view favourably the team-based approach to decision making and focus on producing a balanced set of trade ideas comparable with the Fund's targeted objectives as opposed to larger directional trades.

Risk management

Risk management is the core focus of the Yarra investment process. Importantly, Yarra not only considers risk from an individual security viewpoint but also from the risk to their macroeconomic views and how this may impact the overall portfolio. The portfolio is constructed with a view to capital stability and the avoidance of large and sustained drawdowns.

Credit securities within the portfolio are constantly monitored by the credit team ensuring negative credit events such as downgrades are actioned immediately. All derivative trades are supervised by Langer, although importantly derivatives cannot be employed as a form of leverage. Traditionally, Yarra has used derivatives to manage duration, curve and swap exposures. However, the investment team can also adjust credit market beta through the use of iTraxx and CDS.

In terms of specific risk controls, Yarra has formal constraints that act as absolute limits. These focus on avoiding counterparty risk and include targeting an average portfolio credit rating of A- or better, a maximum 5% allocation to global credits (on a fully hedged basis), and a prohibition from investing in securities below BBB-. For securities issued by non-government issuers, there are restrictions on maximum position sizes which varies by credit rating and whether or not the issuer is an Australian bank.

With respect to portfolio composition, the Fund will typically comprise 70 to 150 securities, with the team preferring diversification and at the same time, minimising security specific risk. Other formal risk controls include limits for duration and credit spread duration (benchmark +/-1.5 years), albeit Zenith notes that the team has seldom tested these outer bounds.

Yarra uses a range of tools to monitor the portfolio. All trades are screened via Thinkfolio for pre-trade compliance and attribution is monitored via FactSet. All trades are executed in accordance with Yarra's trade policy, with execution solely permitted via approved counterparties.

From a portfolio perspective, the team use MoSAiC to view the fund's key characteristics relative to its stated benchmark, with the team investigating any anomalies. The team has a quarterly portfolio review meeting where each Portfolio is reviewed by the team and performance peer assessed. Additionally, Yarra has an independent Risk and Compliance team that monitors pre- and post-trade issues and maintains Yarra risk and compliance framework.

Zenith believes that Yarra operate a risk management framework that is appropriate given the objectives of the Fund and its relatively narrow investment mandate. That said, we believe further progress could be made with respect to understanding the correlations across alpha sleeves.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	0.33% p.a.	0.40% p.a.
Management Fees and Costs	0.30% p.a.	0.37% p.a.
Transaction Costs	0.03% p.a.	0.01% p.a.
Performance fees	N/A	0.03%
Performance fees description	N/A	
Management Cost	0.30% p.a.	0.37% p.a.
Buy / Sell spread	0.05% / 0.05%	0.04% / 0.06%

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

The sector average cost (in the table below) is based on the average management cost of all flagship "Australian Fixed Interest - Bond" funds surveyed by Zenith.

The management cost for the Fund is 0.30% p.a. and is considered competitive for this market segment. The Fund also charges a buy/sell spread of 0.05% on applications and redemptions.

(The fees mentioned above are reflective of the flagship version only, fees may differ when the product is accessed through an alternate investment vehicle such as a platform).

About the fund manager

Organisation

Yarra Capital Management (Yarra) is a Melbourne-based fund manager offering a range of active investment strategies across Australian equities, global equities, and fixed income.

Yarra was established in 2017 following the management buyout of Goldman Sachs Asset Management's Australian-focused investment capabilities and operating platform, backed by TA Associates, a global private equity firm with a strong track record of investing in funds management businesses.

In April 2021, Yarra completed the acquisition of Nikko Asset Management, which included Tyndall Asset Management



(Tyndall). In early December 2025, Yarra announced the closure of Tyndall's large-cap business and the transition of its investment management responsibilities to Yarra, effective January 2026.

Amova Asset Management retains a minority equity stake in the combined business.

As at 31 May 2026, Yarra managed approximately \$A 19 billion in assets across its investment strategies.

As at 31 May 2026, Yarra managed approximately \$A 1.4 billion in the strategy and \$A 450 million in the Fund. The Fund continues to gain positive inflows and on a regular basis.

Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Darren Langer	Co-Head of Australian Fixed Income, Portfolio Manager	38	18	Sydney, Australia
Roy Keenan	Co-Head of Australian Fixed Income, Portfolio Manager	37	33	Melbourne, Australia
Phil Strano	Head of Australian Credit Research	28	9	Melbourne, Australia
Jessica Ren	Deputy Portfolio Manager	7	3	Sydney, Australia

Responsibility for the management of the Fund rests with Yarra's fixed income team which comprises eleven investment personnel. Sydney-based Darren Langer, Co-Head of Australian Fixed Income is the lead Portfolio Manager for the Fund, having joined the Yarra team via its predecessor firm Nikko AM (formerly Tyndall Asset Management) in 2008 with responsibility for the team's Insurance and Customised solutions. He subsequently assumed local leadership and responsibility for the Fund in 2017. Zenith considers Langer to be an experienced investor, with the requisite skills to manage the Fund. In particular, we note his strength with respect to the formation of sector rotation strategies, a key targeted source of excess return.

Following the Yarra and Nikko integration, the fixed income team has been further strengthened with the addition of a dedicated team of six Melbourne-based professionals that have responsibilities spanning portfolio management and credit research. Included amongst these is Roy Keenan who shares the co-Head of Australian Fixed Income role with Langer.

Zenith holds Keenan in high regard, believing he is an experienced investment professional with deep knowledge of the domestic credit market. In Zenith's opinion, Keenan provides a good sounding board with regard to security selection, capital allocation and the setting of risk tolerance. Prior to Yarra, Keenan was a long-standing member of GSAM's Fixed Income team. Both Keenan and Langer are senior members of the team, and as such, Zenith considers succession planning to be an important consideration in business continuity. In light of this, the recent promotions within the team i.e. four analysts promoted to Deputy Portfolio Manager, are viewed positively.

Responsibility for the local team's credit process and strategy rests with the Credits and Loans team, which includes Head of Australian Credit Research Phil Strano, with further support from four Investment Managers.

Zenith notes that the investment team has remained stable over the past 12 months. Langer is supported by Deputy Portfolio Manager Jessica Ren, who contributes to high-grade issuer research and brings prior experience as a rates strategist at Westpac. The broader analyst team continues to demonstrate professional development under Strano's tutelage, with each analyst maintaining dedicated sector and sub-asset class coverage, and responsibilities rotated periodically to broaden expertise.

In Zenith's opinion, Yarra's team compares favourably to competitors when considered in terms of skillsets, experience and overall size. The integration of Nikko AM fixed interest resources has permitted the credit team to expand its coverage, whilst also promoting further specialisation.

Yarra's fixed interest remuneration package consists of a base salary and discretionary bonus. Bonuses are paid annually and take into consideration factors including an individual's performance, team involvement and broader group outcomes. Bonuses do not vest, rather are paid wholly in cash, a structure which Zenith views less favourably.

In Zenith's opinion, Yarra's local team is appropriately sized, with a complementary set of skills to manage a core set of fixed interest strategies.

About the sector

Sector characteristics

The Zenith 'Australian Fixed Interest – Bonds' sector consists of all long-only funds investing in the Australian fixed interest market. The sector incorporates both benchmark aware and benchmark unaware strategies. Despite being a fairly competitive sector, the median active Australian fixed interest manager has historically struggled to outperform a passive index over the longer term. This can be attributed to the lack of opportunity to add value from active management in the fixed interest market, particularly in the very efficient Australian market. Managers typically add value through duration, sector positioning and security selection.

Zenith benchmarks all funds in this space against the Bloomberg AusBond Composite Index, which is reflective of the underlying benchmark used by the majority of managers in this category. The index is market-capitalisation weighted, resulting in those entities with the most issuance receiving the heaviest weightings. Owing to the lack of longer-dated securities, the index has a relatively short duration of approximately 4.8 years (as at 31 March 2026).

The Australian fixed interest market, as represented by the Bloomberg AusBond Composite Index, consists of over 850 investment grade securities (rated BBB or higher) issued by the commonwealth government of Australia, state government authorities and treasury corporations (semi-government), corporations and asset-backed securities. Owing to the increased issuance by governments in recent years, the market is dominated by government and government-related securities, which account for approximately 91% of the market.



Furthermore, given the high credit rating afforded to the commonwealth government, the market is also dominated by AAA rated securities (approximately 68%).

Sector risks

Funds within the 'Australian Fixed Interest – Bonds' sector are exposed to the following broad risks:

Market risk: Changes in economic, technological, environmental or political conditions and market sentiment may lead to a decline in general security prices and overall market volatility. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

Interest rate risk: Fixed interest securities are generally sensitive to changes in interest rates. An increase in interest rates may result in a fall in the value of these securities, while a decrease in interest rates can result in an increase in value.

Credit spread risk: In addition to being sensitive to general interest rate changes, non-government securities are also sensitive to changes in credit spreads (commonly the difference in yield between a government bond and a corporate bond). A widening of spreads results in a fall in the value of these securities.

Default risk: Given fixed interest securities represent loans to borrowers (including governments, banks and companies), there is a risk that these borrowers may default on interest or principal repayments. Default risk is often reflected in credit ratings assigned by various credit agencies, which are subject to change.

Liquidity risk: Fixed interest markets can experience periods of illiquidity, which can result in difficulties in buying or selling securities without adversely impacting the price.

Derivative risk: Derivatives are commonly employed by fixed interest managers to hedge currency and other risks, and/or as an alternative to direct purchases or sales of underlying assets. There are multiple risks associated with the use of derivatives. For example, the value of the derivative may not move in line with the underlying asset, counterparties to the derivative may not be able to meet payment obligations or a particular derivative may be difficult or costly to trade.

Administration and operations

Responsible Entity	Yarra Funds Management Limited
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Zenith rating

Report certification

Date of issue: 30 Jun 2026

Role	Analyst	Title
Analyst	Shruti Yadav	Senior Research Analyst
Sector Lead	Pelin Gurses	Senior Investment Analyst

Association & relationship

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Rating history

As At	Rating
30 Jun 2026	Recommended
30 Jun 2025	Recommended
13 Jun 2024	Recommended
06 Jun 2023	Recommended
31 May 2022	Recommended
10 Jun 2021	Recommended
15 Mar 2021	Recommended

Last 5 years only displayed. Longer histories available on request.

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.



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This report refers to the Australian unit trust for the fund, and the fund and benchmark returns are all in AUD.

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