Product Assessment

Report as at 30 Jun 2026

RECOMMENDED

Yarra Enhanced Income Fund

Rating issued on 30 Jun 2026 | APIR: JBW0018AU

Investment objective

To outperform the RBA Cash Rate by 2.3% p.a. to 2.8% p.a. (gross of fees and including franking credits) over rolling three-year periods.

Manager	Yarra Capital Management Group
Distributor	Yarra Capital Management Group
Sector	Australian Fixed Interest \ Corporate Debt
Investment Style	Active
RI Classification	Aware
Absolute Risk	Moderate
Relative Risk	Active - Benchmark Aware
Investment Timeframe	5-6 Years
Zenith Benchmark	Bloomberg AusBond Bank Bill Index
Min Investment Amount	$10,000
Redemption Frequency	Daily
Income Distribution	Monthly
Fund Size (29 May 2026)	$3.20B
Management Cost	0.55% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	0.10% / 0.10%
Inception Date	31 Jul 2003

Fund facts

- Exposure to higher yielding credit and hybrid securities
- Experienced portfolio management team
- Structured process incorporating top-down and fundamental bottom-up analysis

Viewpoint

The Fund, managed by Yarra Capital Management (Yarra), provides investors with exposure to an actively managed portfolio comprising higher yielding credit and hybrids securities. In Zenith's opinion, the Fund represents a competitive and unique proposition within our Australian fixed interest - corporate debt category. Our conviction is underpinned by our high regard for the portfolio managers, their in-depth experience and performance track record.

The Fund is managed by co-Head of Australian Fixed Income, Roy Keenan whom Zenith holds in high regard. An experienced investment professional with deep knowledge of the domestic credit market, Keenan has managed the underlying strategy since its inception and has a demonstrated track record in the achievement of its objectives. In Zenith's opinion, Keenan is a key contributor to security selection, capital allocation and the setting of risk tolerance. This is particularly the case with respect to the assessment of hybrid structures and the identification of relative-value opportunities.

Supporting Keenan in the day-to-day management of the Fund is Head of Australian Credit, Phil Strano. Joining Yarra in May 2017, Strano previously managed credit portfolios at Victorian Funds Management Corporation, and has broad-based experience across the Australian corporate, securitised and subordinated credit spectrum. Zenith believes Strano's experience is complementary to that of Keenan, providing a sounding board against which high conviction views may be discussed and challenged.

Yarra implements a multi-step fixed income process that commences with an assessment of the macroeconomic landscape to identify long-term industry trends and the outlook for credit, with the investment themes directing its research efforts. The 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.

In terms of credit research, Yarra segments its process into four discrete areas of assessment; financial, business, environmental, social and governance (ESG), and market factors. Each segment is assigned an individual score by analysts which culminates into an internal credit rating which subsequently aids in the identification of investment opportunities and relative-value assessments. Zenith has a positive view of Yarra's credit process, believing it to be well structured and fit for purpose given the underlying investment strategy.

The final portfolio typically consists of 125+ securities with weightings concentrated towards those companies exhibiting superior risk/return properties. While the majority of the portfolio consists of credit securities, government bonds may also be used as a risk mitigation tool, with Yarra also permitted to hold equities in the event of a debt security converting to common stock.

Overall, Zenith considers Yarra's investment process to be well-developed, repeatable, and grounded in rigorous bottom-up research and high-conviction positioning. The team is highly specialised, evidenced by its depth of knowledge across portfolio companies, with proficiency in complex fixed income instruments, and ongoing refinement of the tools and systems used to translate ideas into portfolio outcomes.

Fund analysis

Fund characteristics

Constraint	Value
Securities	125+
Exposure: AAA to A-	No limit
Exposure: BBB+ to BBB-	Max: 85%
Exposure: BB+ to BB-	Max: 50%
Exposure: B+ to B-	Max: 10%
Banking and finance exposure	Max: 50%
Insurance exposure	Max: 30%
Duration	-2 years to 3.5 years
Credit quality - portfolio	Min: BBB-
Equity	Max: 3%
Illiquid securities	Max: 30% (soft limit)
Security weight limits	AAA to AA-: 25%; A+ to A-: 20%; BBB+ to BBB-: 15%; BB+ to BB-: 10%; B+ to B-: 2%

Investment objective and philosophy

The Fund aims to earn higher returns than traditional cash management and fixed income investments (over the medium to long-term) through exposure to hybrid and other debt securities, while offering modest capital growth and franking credits. Zenith notes that the Fund is internally managed to outperform the RBA Cash Rate by 2.3% p.a. to 2.8% p.a. (gross of fees and including franking credits) over rolling three-year periods. In addition, Yarra aims to generate returns with realised volatility below that of equity markets (as measured by Standard Deviation).

Yarra adheres to an active approach to fixed interest management, which incorporates top-down macroeconomic insights coupled with bottom-up fundamental analysis. Through the implementation of a research-intensive process, Yarra believes it is best positioned to identify a range of investment opportunities owing to mispricing and other market anomalies.

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 indicator, event risk indicator and yield forecast models) 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.

Regarding the formation of macro strategy, Zenith believes Yarra has made further progress on this front, coinciding with the ongoing development of its proprietary Macro Spread Analysis and Correlation System (MoSAiC), an interactive database that aggregates large amounts of market information, and uses sophisticated quantitative techniques to propose relative-value trade ideas. The outputs of MoSAiC are further enriched through the top-down insights of Langer which we believe complement those of investment strategist Tim Toohey. Through these channels, we believe the team has strengthened its process with respect to the derivation of duration, sector rotation and credit spread strategies.

Taking into consideration the insights gained through its macroeconomic analysis, the team assess the relative standing of the various hybrid and debt security market segments. Here the team will seek to identify mispricings between market segments and securities 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. 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.

Portfolio applications

The term 'corporate debt' refers to debt securities issued by non-government entities. These may include short term money market instruments and longer dated bonds, issued on fixed or variable terms. Corporate debt traditionally offers a yield premium to equivalently tenured (and structured) government or agency issued securities, the extent of which will reflect the market's perception of an issuer's risk of default.

The Fund provides exposure to a portfolio that is expected to be dominated by hybrid securities and supplemented with other debt instruments including floating-rate notes, corporate bonds, convertibles, structured/subordinated debt and perpetual securities. The Fund will retain a domestic focus, however exposure to global credits is also permitted. That said, these are not envisaged to be a permanent or dominant feature of the Fund. Rather, such exposures may be considered where there exists a lack of local issuance or reduced opportunities, providing the team with added flexibility to trade the portfolio.

In times of heighted volatility, the Fund is permitted to trade government and semi-government securities. While we acknowledge that the latter may be considered a spread product, the former represents a more unusual product feature. The team is also permitted to implement active rates strategies, and allows a duration range of -2 years/+3.5 years. With the team also able to incorporate derivative exposures for risk management purposes, investors should note that these mandate tolerances have the potential to materially alter the Fund's exposure to credit market beta.

The Fund is considered a higher-risk investment proposition within the fixed interest asset class. It is most likely to be suitable for yield-conscious investors owing to its emphasis on paying a regular distribution stream which is at a premium to cash (including franking credits). Zenith notes however that return dispersion and capital losses may be experienced when assessed over shorter periods. This may be attributable to the Fund's exposure to hybrids and other listed high-yielding securities which can be subject to reduced liquidity and heightened price volatility, factors that can have a negative impact on Fund performance. Notwithstanding the Fund's income focus, it is not deemed appropriate as a liquidity vehicle, rather is suitable for those with a longer-term investment horizon.

Given the specialist nature of the Fund, it is believed to be suitable as a satellite exposure, and may blend well with traditional fixed interest strategies to produce a more balanced set of investment outcomes.

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

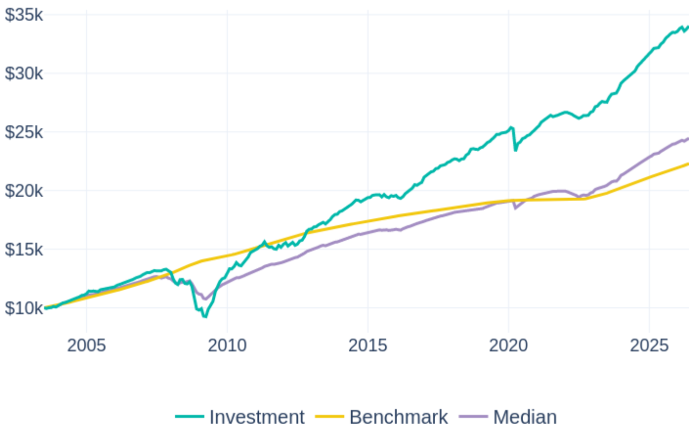
Monthly performance history (%, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*	BM2 YTD**
2026	0.75%	0.35%	-0.99%	0.57%	0.72%								1.38%	1.60%	1.65%
2025	0.64%	0.72%	0.03%	0.17%	0.95%	0.49%	0.97%	0.70%	0.44%	0.45%	-0.09%	0.29%	5.92%	3.97%	3.85%
2024	0.68%	0.53%	0.78%	0.29%	0.82%	0.45%	1.28%	0.70%	0.68%	0.73%	0.55%	0.89%	8.70%	4.47%	4.35%
2023	1.47%	0.21%	0.90%	0.53%	-0.21%	-0.03%	1.54%	0.96%	0.15%	0.18%	1.26%	1.68%	8.95%	3.89%	3.89%
2022	-0.03%	-0.19%	-0.37%	-0.51%	-0.41%	-0.41%	0.33%	0.57%	0.02%	0.03%	1.00%	0.32%	0.33%	1.25%	1.30%

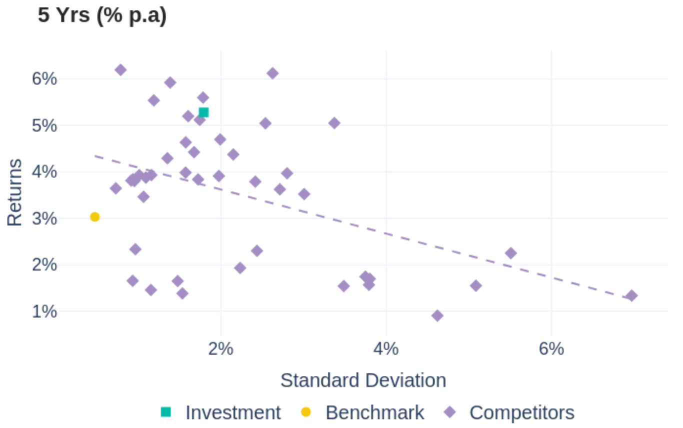
**Bloomberg AusBond Bank Bill Index*

***RBA Cash Rate*

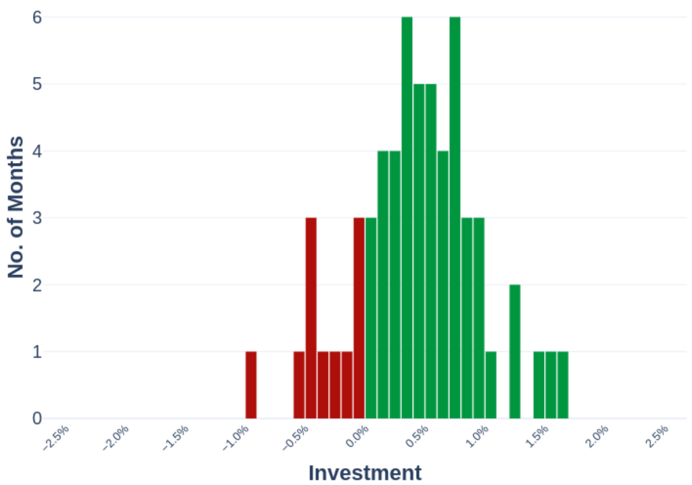
Growth of $10,000



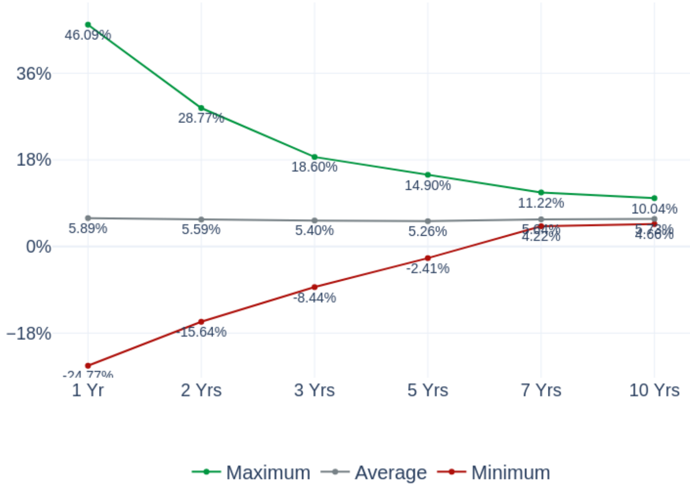
Risk / return



Monthly histogram



Minimum and maximum returns (% p.a.)



Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	**4.73%**	**7.31%**	**5.28%**	**5.51%**	**5.49%**
Income	5.15%	5.78%	4.87%	4.31%	5.38%
Growth	-0.42%	1.52%	0.41%	1.21%	0.11%
Benchmark	**3.78%**	**4.18%**	**3.03%**	**2.17%**	**3.56%**
Median	**4.80%**	**6.32%**	**4.26%**	**3.77%**	**3.98%**
Cash	**3.78%**	**4.18%**	**3.03%**	**2.17%**	**3.56%**

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	25 / 45	9 / 41	8 / 38	5 / 37
Quartile	3rd	1st	1st	1st

Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	1.69%	1.66%	1.79%	3.18%	5.24%
Benchmark	0.06%	0.10%	0.48%	0.44%	0.57%
Median	0.84%	0.98%	1.41%	1.61%	2.15%
Downside Deviation (% p.a.)					
Investment	1.00%	0.58%	0.63%	2.46%	3.71%
Benchmark	0.00%	0.00%	0.01%	0.01%	0.00%
Median	0.32%	0.18%	0.57%	1.12%	1.54%

Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	0.56	1.89	1.25	1.05	0.37
Benchmark	0.00	0.00	0.00	0.00	0.00
Median	1.21	2.19	0.87	0.99	0.20
Sortino Ratio (p.a.)					
Investment	0.95	5.43	3.54	1.36	0.52
Benchmark	NaN	NaN	0.00	0.00	0.00
Median	3.22	11.78	2.15	1.43	0.27

Zenith benchmarks funds in the Australian Fixed Interest - Corporate Debt peer group against the Bloomberg AusBond Bank Bill 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 following commentary is current as at 31 May 2026.

The Fund is internally managed to outperform the RBA Cash Rate by 2.3% p.a. to 2.8% p.a. (gross of fees and including franking credits) over rolling three-year periods. In addition, Yarra aims to generate returns with realised volatility below equity market volatility (as measured by Standard Deviation).

In addition to meeting its stated investment objective, the Fund has also outperformed the sector median manager and Zenith's assigned benchmark over the long-term. This has translated into a consistent first quartile rank relative to peers.

Volatility (as measured by Standard Deviation) has typically been higher than that of the median manager, an outcome Zenith considers reflective of the underlying investment universe (i.e. hybrid and corporate debt securities).

Zenith notes that performance of the Fund prior to January 2017 is reflective of the Fund's strategy under the GSAM branding (APIR: JBW0018AU).

Relative performance

Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Excess Return	0.95%	3.13%	2.25%	3.34%	1.93%
Monthly Excess (All Mkts)	75.00%	75.00%	66.67%	75.00%	66.91%
Monthly Excess (Up Mkts)	75.00%	75.00%	67.24%	75.21%	66.91%
Monthly Excess (Down Mkts)	0.00%	0.00%	50.00%	66.67%	66.67%

Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Downside Capture	0.00%	0.00%	1039.76%	-5544.55%	-5544.55%
Upside Capture	124.46%	172.57%	173.48%	245.03%	151.63%

Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	1.69%	1.61%	1.59%	3.15%	5.34%
Median	0.84%	0.95%	1.14%	1.51%	2.24%

Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	0.56	1.94	1.41	1.06	0.36
Median	1.21	2.27	1.08	1.05	0.19

Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Beta	1.75	7.94	2.01	1.01	-1.06
R-Squared	0.00	0.23	0.29	0.02	0.01
Correlation	0.06	0.48	0.53	0.14	-0.12

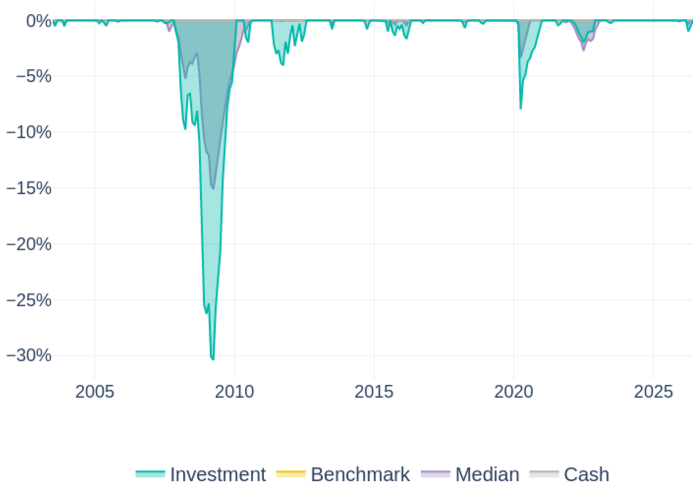
All commentary below is at 31 May 2026.

Zenith seeks to identify funds which can outperform their index in greater than 50% of months, as we believe this represents a persistence of manager skill. Pleasingly, the Fund has managed to consistently outperform the market over all periods of assessment.

Given the benchmark, Tracking Error and Information Ratio statistics are not relevant in the assessment of the Fund's performance.

Drawdown analysis (since inception)

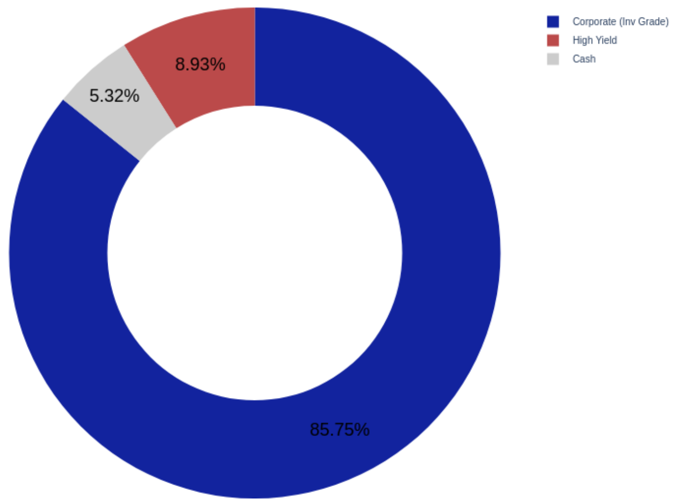
Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing 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.

An assessment of drawdown analytics shows that the Fund has experienced periods of material drawdown. Given the underlying asset mix, Zenith notes that the quantum of drawdowns can be significant in market extremes and more material than peers, as demonstrated by the Fund's performance history.

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: Given his historical perspective and significant experience,there is a high level of key person risk attributable to Keenan. While Keenan is supported by Strano, his departure would be a significant loss to Yarra and the Fund. Zenith notes that this risk is partially mitigated by Keenan having part ownership of the business.

Capacity risk: Given the relatively small size and liquidity of the domestic hybrid market, capacity is an issue that needs prudent monitoring. Yarra has suggested the Fund has capacity for an additional $A 1 billion within the strategy. Based on current funds under management (FUM), Zenith considers this risk to be low, however we will continue to monitor FUM growth.

Interest rate risk: The Fund is permitted to engage in active rates strategies with a duration range of -2 years/+3.5 years. Where these outer limits are tested, the Fund may be more exposed to interest rate risk, while a negative duration position may impact its distribution profile.

Hybrid risk: Investors should be aware that hybrids may at times exhibit risk/return characteristics similar to that of listed equities, and this may in turn increase the overall volatility of the Fund.

Credit risk: The Fund is permitted to invest in lower grade investment credits and may commonly gain exposure to securities trading at a heavy discount to their face value. There is a risk these securities/credits become exposed to extreme price volatility, illiquidity and become distressed in nature.

Equity risk: The Fund may be exposed to equity-type risk owing to its holding of hybrids that may have embedded optionality. Furthermore, the investment team may take positions in derivative instruments including SPI futures in an effort to manage the Fund's equity-like risks. Such exposures are less common amongst competitor offerings and can result in the Fund being more correlated with equity market beta.

Security/asset selection

Investment themes generated through the initial macro assessment aids the team in directing its research efforts, while also acting as a mechanism through which it seeks to avoid sectors or industries deemed to be at risk of underperforming. Utilising industry relationships, Keenan identifies potential opportunities across public and private, primary and secondary markets. Together with Strano, he then performs an initial assessment on securities that are deemed suitable for further analysis, taking into consideration issue structure and valuation. These preliminary investigations will be passed on to Strano and the credit analysts who conduct more detailed bottom-up analysis.

Yarra's 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, Government
- 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 Meeting for inclusion on the approved issue list. Attended by all investment team members, the meeting is 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 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 firm is also currently testing the use of Calibre as an engagement monitoring tool.

In terms of fundamental research, Strano and the 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 those which receive a rating of BB (or below) are expressly excluded from investment.

Portfolio construction

Portfolio construction is the responsibility of Keenan, based on his assessment of the relative merits of approved securities, his forward-looking view of credit markets and macroeconomic themes. The top-down views are underpinned by leading economic indicators, informing the views on monetary policy, inflationary expectations, and capital flows.

The final portfolio typically consists of 80 to 125 securities, with portfolio weights concentrated towards those securities that are assessed as attractive on a fundamental basis while also offering a superior relative value opportunity. While the majority of the portfolio consists of listed securities, the Fund can also invest in unlisted securities. Portfolio turnover is typically low, which reduces tax payable on realised capital gains.

Investors should be aware that Yarra can hold equities up to a maximum of 3% of the value of the Fund. This is to enable equity conversion of securities for risk purposes, with equity positions always hedged to remove their beta exposure. The team is also permitted to invest (without constraint) in foreign currency issues hedged into Australian dollars.

Zenith notes that the Fund is permitted to gain exposure to government bonds and may trade equity-like instruments in an effort to manage the Fund’s exposure to interest rates and equity. Government bonds will primarily be used as a risk mitigation tool, and the allowance for equity like instruments is designed to assist in the managing of equity risk from conversion. The Fund's duration is permitted to be within -2 years to +3.5 years.

Overall, Zenith considers Yarra's investment process to be well-developed, repeatable, and grounded in rigorous bottom-up research and high-conviction positioning. The team is highly specialised, evidenced by its depth of knowledge across portfolio companies, proficiency in complex fixed income instruments, and ongoing refinement of the tools and systems used to translate ideas into portfolio outcomes.

Risk management

Risk management is an integral part of the portfolio construction process and encompasses a range of portfolio constraints. Additionally, risk is measured and monitored both at the security and portfolio levels. Key risks that are assessed include interest rate, spread, default and illiquidity risk, as they have the potential to significantly impact the income profile of the Fund.

The local team continuously monitor the Fund's credit exposure and key characteristics with the aid of various portfolio management tools. In this process Yarra utilise Factset, a risk model deemed to be 'fit for purpose', providing the portfolio managers with a high level of granularity.

From a portfolio management perspective, the investment team has several tools that it can use to manage overall portfolio risk. In times of heightened volatility, the team is permitted to trade government/semi-government bonds and also use traded securities such as futures and options. While the team has the ability to identify proxy instruments, Zenith firmly believes that given Yarra's size and scale, operational constraints should not govern the range of instruments available for hedging.

Given the potential illiquidity of underlying investments, the fixed income team closely monitor transacted volumes to ensure they remain within the targeted liquidity profile of the Fund. Internal guidelines stipulate that in addition to having a soft maximum exposure of 30% to unlisted securities, the team cannot buy more than 10% of any issue. Also, it must be able to liquidate 80% of the Fund within 10 days, albeit these assessments tend to be made based on more orderly market conditions.

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

While Zenith believes having appropriate risk systems is important, given the unique and individual properties of hybrid issues, we understand that certain risks can be difficult to capture. Accordingly, Zenith believes the extensive experience of Keenan and his knowledge of the market remains integral in the effective management of the Fund.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	0.55% p.a.	0.47% p.a.
Management Fees and Costs	0.55% p.a.	0.46% p.a.
Transaction Costs	0.00% p.a.	0.00% p.a.
Performance fees	N/A	0.02%
Performance fees description	N/A	
Management Cost	0.55% p.a.	0.47% p.a.
Buy / Sell spread	0.10% / 0.10%	0.06% / 0.07%

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 - Corporate Debt funds surveyed by Zenith.

The Fund has a management cost of 0.55% p.a. with no performance fee. We believe this is comparable to sector peers.

A buy/sell spread of 0.10% applies to 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 19billion in assets across its investment strategies.

As at 31 May 2026, Yarra managed approximately $A 3.4 billion in the strategy, including $A 3.2 billion in the Fund, representing a net positive inflow over the preceding 12 months.

Investment personnel

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

The Fund is managed Keenan, whom Zenith holds in high regard. An experienced investment professional with deep knowledge of the domestic hybrids market, Keenan has managed the underlying strategy since its inception and has a demonstrated track record in the achievement of its objectives. In Zenith's opinion, Keenan is integral to security selection, capital allocation and the setting of risk tolerance. This is particularly the case with respect to the assessment of hybrid structures and the identification of relative-value opportunities. Prior to Yarra, Keenan was a long-standing member of GSAM's Fixed Income team.

Supporting Keenan in the day-to-day management of the Fund is Head of Credit Research, Phil Strano. Joining in May 2017, Strano previously managed credit portfolios at Victorian Funds Management Corporation, and has broad-based experience across both traditional and idiosyncratic spread sectors. Zenith believes Strano's experience is complementary to that of Keenan, providing a sounding board against which high conviction views may be discussed and challenged.

Following the Yarra and Nikko integration, the fixed income team has been further strengthened with the addition of Sydney-based professionals that have responsibilities spanning portfolio management and research. Included amongst these is Darren Langer and Leo Leslie. Langer shares the co-Head of Australian Fixed Income role with Keenan and joined Nikko AM (formerly Tyndall Asset Management) in 2008 with responsibility for the team's Insurance and Customised solutions. Zenith considers Langer to be an experienced investor, with a strong skillset with respect to the formation of sector rotation strategies.

Leslie has over 30 years' experience across asset management and wholesale banking, both locally and offshore. Joining Tyndall in 2012, Leslie is responsible for managing high-yield and loan portfolios. Zenith believes Leslie's skillset further strengthens Yarra's bottom-up and specialist capability.

Providing further input into the Fixed Income team's deliberations are Yarra's equity analysts, with interaction achieved through a number of forums including a daily meeting, shared company reviews and research. Furthermore, the Fixed Income team also leverage the insights of Tim Toohey, Head of Macro & Strategy. Toohey, previously Chief Economist at Ellerston Capital, is an experienced investor and produces research that aids the Fixed Income team in the derivation of investment strategy, most notably with respect to sector rotation, industry preference, duration positioning and tolerance for credit risk.

The team has recently had a number of internal promotions, with four analysts promoted to Deputy Portfolio Manager; this is viewed positively from a succession planning standpoint. In Zenith's opinion, Yarra's expanded team compares favourably to competitors when considered in terms of skillsets, experience and overall size.

Yarra's remuneration structure comprises a base salary and performance bonus. Bonuses are discretionary in nature and are determined primarily following an assessment of Fund performance, analyst calls and broader team contribution.

Overall, Zenith believes Yarra's Fixed Income team is well resourced, comprising an appropriate mix of portfolio managers, bottom-up analysts and specialist resources. That said, our overall conviction in terms of meeting the Fund's stated objectives continues to be underpinned by our regard for Keenan, noting his experience and track record in managing strategies within this more nuanced market segment.

About the sector

Sector characteristics

The Zenith 'Australian Fixed Interest – Corporate Debt' sector comprises long-only funds that primarily invest in investment grade corporate bonds, including kangaroo issues (bonds issued in Australia by foreign entities in AUD). Corporate bonds may be issued with both short and long-term maturities and can carry either fixed or floating interest rates. These bonds typically offer a yield premium (or spread) over government bonds of comparable maturity, reflecting the market's assessment of the issuer's credit and liquidity-related risk.

Within this market segment, fund mandates will often permit exposure to government issued debt, for the purpose of risk management. These exposures can be accessed through physical holdings or synthetic instruments, such as bond futures contracts. Additionally, managers may invest in securities issued by government agencies (e.g. state and local governments) and supranational organisations, particularly when such bonds offer an attractive yield pickup relative to government bonds.

The sector includes both benchmark-aware and benchmark-unaware strategies, with managers typically seeking to add value through sector allocation and bottom-up security selection.

Zenith benchmarks all funds in this category against the Bloomberg AusBond Bank Bill Index, which is also used by most managers in this segment. However, it is worth noting that this index is more commonly applied to passively managed, short-term cash portfolios. The Index consists of 13 equally weighted bank bills, each maturing at seven-day intervals, resulting in an average term to maturity of approximately 45 days.

Sector risks

Funds within the 'Australian Fixed Interest – Corporate Debt' 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.

Leverage risk: Many derivatives have a leverage component. While leverage offers the opportunity to magnify gains, it may additionally magnify losses. An associated risk with leverage and magnification of gains/losses is that the portfolio volatility may increase as a result. Investors need to be cognisant that the Fund may exhibit more volatility than one that is unlevered.

Administration and operations

Responsible Entity	Yarra Funds Management Limited

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.

Zenith has charged Yarra Capital Management Group a fee to produce this report.