

Yarra Higher Income Fund

Rating issued on 30 Jun 2026 | APIR: JBW4379AU

Investment objective

To outperform the RBA Cash Rate by 4.0% p.a. (gross of fees) over rolling three-year periods.

Manager	Yarra Funds Management Limited
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)	\$418.89M
Management Cost	0.65% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	0.10% / 0.10%
Inception Date	25 Oct 2018

Fund facts

- Multi-sector credit strategy providing exposure to corporate bonds, high-yield, RMBS, syndicated loans, and private debt
- Structured process incorporating both top-down and fundamental bottom-up analysis
- Limited liquidity window

Viewpoint

The Fund, managed by Yarra Capital Management (Yarra), is a multi-sector credit strategy that provides exposure to a portfolio comprising a broad range of debt instruments including allocations to private credit. In Zenith's opinion, the Fund represents a differentiated proposition within our 'Australian Fixed Interest - Corporate Debt' category with our conviction corresponding with our high regard for Yarra's senior members, and breadth of experience.

The Fund is managed by Head of Australian Credit Research, Phil Strano, an experienced professional that has broad-based skills. Prior to joining Yarra in May 2017, Strano managed credit portfolios at Victorian Funds Management Corporation. Zenith believes Strano's credit expertise is well-aligned to the management of a multi-sector credit strategy that operates within a relatively broad mandate.

Supporting Strano in the day-to-day management of the Fund is co-Head of Australian Fixed Income, Keenan, who is held in regard by Zenith, and recently promoted Deputy Portfolio Manager Tina Everist. Keenan is an experienced investment professional with deep knowledge of the domestic hybrids market and Everist has nine years of tenure with the business, having previously worked at Goldman Sachs.

Yarra implements a multi-step fixed income process that commences with an assessment of the macroeconomic landscape in an effort to identify long-term industry trends and the outlook for credit. The investment themes generated through the initial macro assessment aid the team in 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 areas of assessment - financial, business, environmental, social and governance (ESG), and market factors. Each segment is assigned an individual score which culminates into an internal credit rating which subsequently aids in the identification of investment opportunities and relative-value assessments.

The targeted portfolio is expected to consist of 50 to 100 securities, with portfolio weights concentrated towards those corporates exhibiting superior risk and return properties. The Fund provides exposure to a range of debt instruments including structured credit (i.e. asset or mortgage backed securities) and private debt (up to a maximum of 20% of investable funds), including warehouse facilities.

Zenith notes Yarra's success in growing investable funds within the Fund, most notably through the established wholesale pooled vehicles. The scale, in Zenith's opinion, has enabled Strano to diversify portfolio holdings, participate in increased issuances and opportunistically allocate capital to idiosyncratic market segments, translating into a more efficient portfolio with monthly income stream that is at a considerable margin to cash rates.



Fund analysis

Fund characteristics

Constraint	Value
Duration	-2 to 3 years
Credit spread duration	1 to 7 years
Illiquid securities	Max: 20%
Targeted number of exposures	100+
Bank exposure	Max: 50%
Insurance exposure	Max: 40%
Other sectors exposure	Max: 30%

Investment objective and philosophy

The Fund seeks to earn higher returns than traditional fixed income by investing in a highly diversified portfolio of predominantly floating rate Australian domiciled credit securities. Zenith notes that the Fund is internally managed to outperform the RBA Cash Rate by 4% p.a. (gross of fees) over rolling three-year periods. In addition, Yarra aims to generate returns with realised volatility below equity market volatility (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.

Yarra's fixed income process comprises a number of distinct steps and commences with an assessment of the macroeconomic landscape in an effort to identify long-term industry trends and credit market outlook. Strano is responsible for this aspect of the process, with input from Keenan. 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 is a multi-sector credit fund that provides exposure to a portfolio comprising a broad range of debt instruments. Included amongst these are corporate bonds (both investment grade and high yield), syndicated loans, asset or mortgage-backed securities, covered bonds, hybrid securities, convertibles and perpetual securities. Exposure may be gained on a fixed or floating basis, with the Fund's mandate also permitting exposure to less liquid assets (up to a maximum of 20% of investable FUM).

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 superior relative-value opportunities or there is a lack of local opportunities, providing the team with added flexibility to trade the portfolio.

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 unlisted securities as well as 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.

The Fund is considered appropriate for those investors with a longer-term investment horizon. It is not suitable for those with shorter-term liquidity needs. Whilst Yarra will seek to pay redemption proceeds within 7 business days from the date of request, this redemption term may be extended to 90 business days in exceptional circumstances.

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

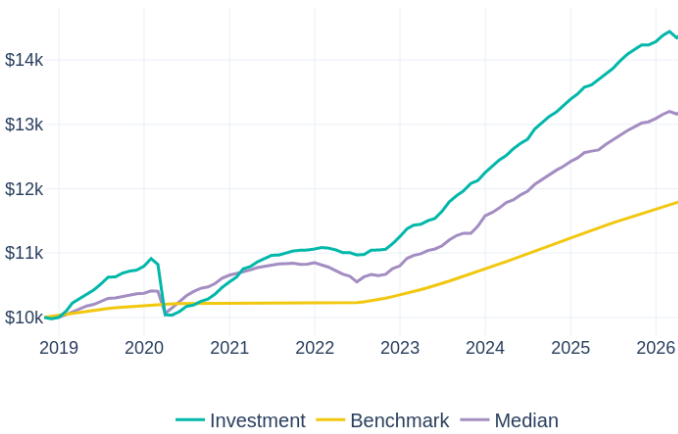
Monthly performance history (% , net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*	BM2 YTD**
2026	0.70%	0.41%	-0.69%	0.65%	0.80%								1.89%	1.60%	1.65%
2025	0.63%	0.76%	0.26%	0.60%	0.67%	0.58%	0.85%	0.74%	0.52%	0.50%	0.01%	0.35%	6.68%	3.97%	3.85%
2024	0.82%	0.75%	0.60%	0.82%	0.66%	0.51%	1.25%	0.81%	0.67%	0.54%	0.74%	0.77%	9.31%	4.47%	4.35%
2023	1.10%	0.49%	0.13%	0.48%	0.32%	0.97%	1.25%	0.81%	0.63%	0.97%	0.37%	1.02%	8.85%	3.89%	3.89%
2022	0.21%	-0.08%	-0.24%	-0.38%	-0.02%	-0.33%	0.07%	0.62%	0.00%	0.11%	0.79%	0.98%	1.73%	1.25%	1.30%

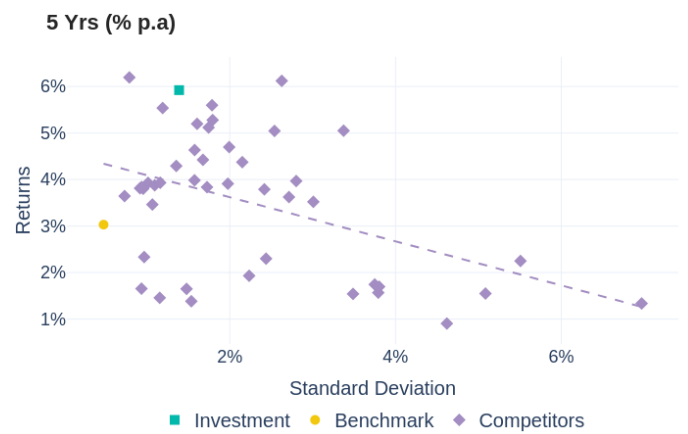
*Bloomberg AusBond Bank Bill Index

**RBA Cash Rate

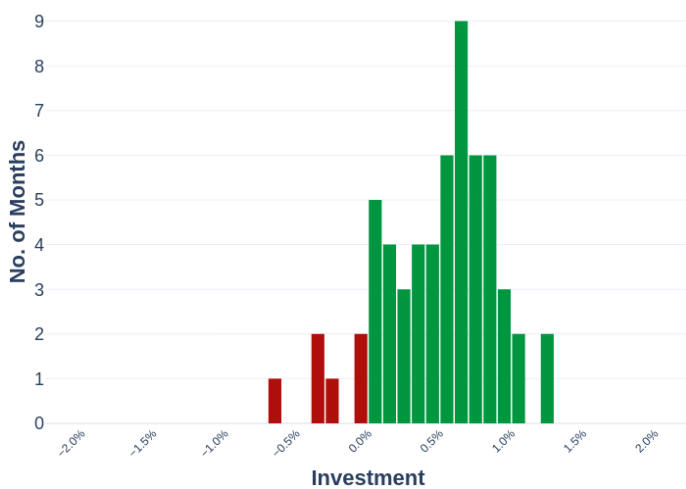
Growth of \$10,000



Risk / return



Monthly histogram



Minimum and maximum returns (% p.a.)





Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	5.56%	8.04%	5.92%	4.88%	5.07%
Income	5.40%	5.94%	5.76%	5.27%	5.14%
Growth	0.16%	2.11%	0.17%	-0.39%	-0.07%
Benchmark	3.78%	4.18%	3.03%	2.31%	2.28%
Median	4.80%	6.32%	4.26%	3.86%	3.83%
Cash	3.78%	4.18%	3.03%	2.31%	2.28%

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	12 / 45	2 / 41	2 / 38	3 / 37
Quartile	1st	1st	1st	1st

Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	1.41%	1.15%	1.39%	3.23%	3.14%
Benchmark	0.06%	0.10%	0.48%	0.52%	0.50%
Median	0.84%	0.98%	1.41%	1.88%	1.82%
Downside Deviation (% p.a.)					
Investment	0.69%	0.40%	0.40%	2.77%	2.66%
Benchmark	0.00%	0.00%	0.01%	0.01%	0.01%
Median	0.32%	0.18%	0.57%	1.33%	1.28%

Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	1.26	3.38	2.08	0.80	0.89
Benchmark	0.00	0.00	0.00	0.00	0.00
Median	1.21	2.19	0.87	0.83	0.85
Sortino Ratio (p.a.)					
Investment	2.59	9.76	7.28	0.93	1.05
Benchmark	NaN	NaN	0.00	0.00	0.00
Median	3.22	11.78	2.15	1.16	1.21

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 4% p.a. (gross of fees) over rolling three-year periods. In addition, Yarra aims to generate returns with realised volatility below equity market volatility (as measured by Standard Deviation).

The Fund has met its objective over a three-year period, but has fallen shorter over longer assessment periods. When assessed over the sector median manager and Zenith's assigned benchmark over all periods of assessment, the Fund has outperformed. This has translated into a consistent first-quartile rank relative to peers.

Volatility (as measured by Standard Deviation) has typically been commensurate to that of the median manager. Volatility comparisons to the cash benchmark are not considered relevant given the investment strategy.



Relative performance

Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Excess Return	1.78%	3.87%	2.89%	2.57%	2.79%
Monthly Excess (All Mkts)	83.33%	91.67%	80.00%	80.95%	81.32%
Monthly Excess (Up Mkts)	83.33%	91.67%	81.03%	81.48%	81.82%
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	7 Yrs	Inception
Downside Capture	0.00%	0.00%	1654.97%	-5172.43%	-5172.43%
Upside Capture	145.88%	189.40%	194.63%	203.28%	214.28%

Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	1.40%	1.11%	1.14%	3.16%	3.07%
Median	0.84%	0.95%	1.14%	1.77%	1.71%

Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	1.27	3.48	2.54	0.82	0.91
Median	1.21	2.27	1.08	0.88	0.91

Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Beta	3.25	4.44	1.88	1.37	1.36
R-Squared	0.02	0.15	0.42	0.05	0.05
Correlation	0.14	0.38	0.65	0.22	0.22

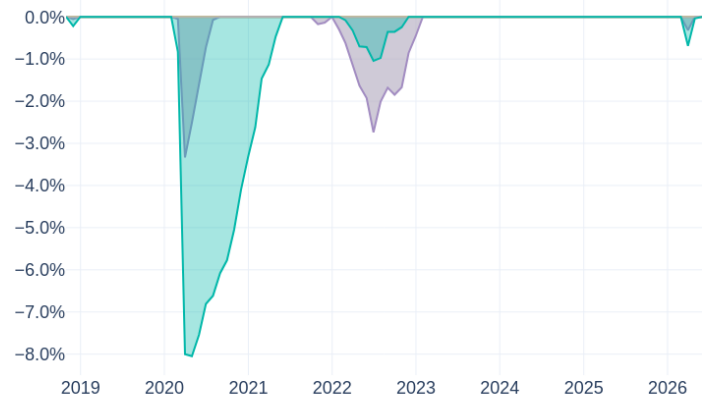
All commentary below is at 31 May 2026.

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.

Yarra has achieved this objective in “all market” conditions over all timeframes.

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.



Investment Benchmark Median Cash

The following commentary is current as at 31 May 2026.

The Fund incurred its most significant drawdown of -8.04% during the COVID-19 market extreme, significantly higher than Zenith's median manager. Pleasingly, the drawdown in 2022 was less significant than peers.



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 the breadth and nuanced nature of the Fund's mandate, there is a high level of key person risk attributable to Keenan and Strano. Given their experience and respective skillsets, Zenith would consider the loss of either investor significant.

Credit risk: The Fund is permitted to invest in sub-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.

Illiquidity risk: The Fund is permitted to invest in private debt. As an over-the-counter market, liquidity in private debt securities can vary significantly through different market conditions. This can have an effect on market pricing and the mark-to-market of specific assets.

Hybrid risk: The Fund may invest in hybrids. These securities 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.

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, Strano identifies potential opportunities across public and private, primary and secondary markets. Together with Keenan, he then performs an initial assessment on securities that are deemed suitable for further analysis, taking into consideration issue structure and valuation.

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 into a score which is then used to derive an internal credit 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.

Yarra has made strong progress in their structured credit (i.e. asset or mortgage-backed securities) and private debt capabilities, idiosyncratic market segments where scale and expertise are deemed integral to the success in security selection. In terms of private credit, Yarra's increased scale has benefited the team with respect to market access and its ability to negotiate more favourable debt terms and pricing.

All credit research is discussed at a 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.

Overall, Zenith considers Yarra's credit research function to be 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 uses 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 Strano, based on his assessment of the relative merits of approved securities, his forward-looking view of credit markets and macroeconomic themes.

The portfolio managers size trades taking into consideration the Fund's mandate constraints, its outperformance objective and targeted sources of value add including income (75%), yield-curve positioning (5%), term (5%) and credit spread (15%). Upon completion of credit research, investment attractiveness is assessed through a relative value framework, incorporating market pricing, supply and demand dynamics, and broader market risk parameters. The Fund has maintained an average credit quality of BBB-.

As the Fund has grown, the portfolio has expanded to typically hold over 100 securities, with portfolio weights concentrated towards those securities that are assessed as attractive on a fundamental basis and also offering a superior relative value opportunity. While the majority of the portfolio consists of listed securities, the Fund may also gain exposure to private debt securities. Such exposures are however expected to be opportunistic and will only be considered where the spread on offer is at a sufficient premium to comparable listed opportunities (taking into consideration factors such as illiquidity and complexity).

Zenith considers the Fund's ability to invest in private debt to be a differentiating feature relative to rated corporate debt peers. That said, Zenith notes that investing in this market segment involves a minimum investment requirement in order to ensure a sufficient level of diversity. By consequence, it is feasible that the Fund's composition evolves through time, corresponding with further growth in FUM.

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 its beta exposure. The team is also permitted to invest (without constraint) in foreign currency issues hedged back to generate an Australian dollar floating rate portfolio.

The Fund's credit spread duration (CSD) is actively managed within a permitted range of one to seven years. That said, Yarra expects the outer limits of this range to be seldom tested, and only in extreme market conditions. Accordingly, a more common spread range is expected to be within two to six years through time.

Overall, Zenith believes the portfolio construction process is intuitive and well-suited to the Fund's broad portfolio constraints.

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 liquidity 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 utilises the Factset based model. Zenith considers the Factset based model 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.

With respect to the Fund's illiquid exposures, pricing is closely monitored by the Board Audit Risk Compliance Committee (BARCC) chaired by Michael Gordon, Non-Executive Director. Private securities are marked based on a lower of cost / net realisable value methodology, with such assessments based on a hold to maturity basis. Where a security is deemed to be impaired (i.e. unlikely to be realisable for its face value), the team will prepare a paper detailing the issues, along with a recommendation with respect to its realisable value. This paper is presented to the Risk Oversight Committee who will in turn make an assessment with respect to the securities impaired value.

Given the potential illiquidity of underlying investments, the local team closely monitor transacted volumes to ensure they remain within the targeted liquidity profile of the Fund. Internal guidelines stipulate the above in addition to having a maximum exposure of 20% to illiquid securities. Independent asset valuations are obtained from Intercontinental Exchange (ICE) to supplement internal valuations, providing a basis for identifying assets that may require impairment.

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 corporate debt issues, we understand that certain risks can be difficult to capture and mitigate. Accordingly, Zenith believes the extensive market experience of Strano 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)	0.65% p.a.	0.47% p.a.
Management Fees and Costs	0.65% 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	0.65% 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 0.65% p.a. with no performance fee. We believe this is competitive within the sector, particularly given the differentiated nature of the Fund.

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 19 billion in assets across its investment strategies.

As at 31 May 2026, Yarra managed approximately \$A 690 million in the strategy, including \$A 413 million in the Fund, representing strong net capital inflows over the past 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
Philip Strano	Head of Australian Credit Research	31	9	Melbourne, Australia
Tina Everist	Deputy Portfolio Manager	20	20	Melbourne, Australia

The Fund is managed by Senior Portfolio Manager, Phil Strano, an experienced professional that has broad-based fixed interest sector skills. Prior to joining Yarra in May 2017, Strano managed credit portfolios at Victorian Funds Management Corporation. Zenith believes Strano's credit expertise is well-aligned to the management of a multi-sector credit strategy that operates within a relatively broad mandate.

Supporting Strano in the day-to-day management of the Fund is co-Head of Australian Fixed Income, Keenan, who is held in regard by Zenith, and recently promoted Deputy Portfolio Manager Tina Everist. Keenan is an experienced investment professional with deep knowledge of the domestic hybrids market and Everist has nine years of tenure with the business, having previously worked at Goldman Sachs.

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 believe's 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 and Strano, who effectively leverage the broader resources available across Yarra.

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.

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

ASIC Regulatory Guide RG79.164 requires Research Houses to disclose certain associations or relationships that they may have with a product issuer. We may receive remuneration from an issuer or investment manager for subscription to our other research/ data services or the research/ data services of our



related entities. Conflict management arrangements are in place where we or our related entities provide research services to the product issuer or financial advisory businesses who provide financial planning services to investors and are also associated entities of product issuers. This is in accordance with the Zenith Group's Conflict of Interests Policy. Further details in relation to our relationships and associations are available on request.

Rating history

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

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.



Disclaimer and disclosure

Zenith Investment Partners (ABN 27 103 132 672) is the holder of Australian Financial Services Licence 226872 and is authorised to provide general financial product advice. This Product Assessment Report (report) has been prepared by Zenith exclusively for Zenith clients and should not be relied on by any other person. Any advice or rating contained in this report is limited to General Advice for Wholesale clients only, based solely on the assessment of the investment merits of the financial product. This report is current as at the date of issue until it is updated, replaced or withdrawn and is subject to change at any time without notice in line with Zenith's regulatory guidelines. Zenith clients are advised to check the currency of reports and ratings via Zenith's website for updates and should also verify information in relation to the fund with the relevant Fund Manager. Any advice contained in this report has been prepared without taking into account the objectives, financial situation or needs of any specific person who may read it, including target markets of financial products, where applicable. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek their own independent financial or tax advice, obtain a copy of, and consider any relevant PDS or offer document and consider the appropriateness of this advice in light of their own objectives prior to making any investment decision. Zenith charges an upfront flat fee to the Product Issuer, Fund Manager or other related party to produce research on funds that conform to Zenith's Research Methodology. Zenith's fee and Analyst remuneration are not linked to the rating outcome in any way. Views expressed in Zenith reports accurately reflect the personal, professional, reasonable opinion of the Analyst who has prepared the report. Zenith may also receive a fee for other non-research related services such as subscription fees for Zenith's research services and/or for the provision of investment consultancy services. Conflicts management arrangements are in place where Zenith provides research services to financial advisory businesses who provide financial planning services to investors and are also associated entities of the product issuers, with any such conflicts of interest disclosed within reports as appropriate. Full details regarding such arrangements are outlined in [Zenith's Conflicts of Interest Policy](#).

Zenith's research process seeks to identify investment managers considered to be the 'best of breed' through a comprehensive, multi-dimensional selection process. Zenith utilises both quantitative and qualitative factors in its ratings models. Models maximise commonality across different asset classes while retaining flexibility for specialist asset classes and strategies. The selection process is rigorous in both its qualitative and quantitative analysis and each component is equally weighted. Zenith does not manage any proprietary assets and as such Zenith is able to choose investment managers with absolute independence and objectivity. More detailed information regarding Zenith's fund research methodology and Zenith's traditional index research methodology, coverage and ratings is available on Zenith's website at [Fund Research Methodology](#) and [Traditional Index Research Methodology](#).

This report is subject to copyright and may not be reproduced, modified or distributed without the consent of the copyright owner. The information contained in this report has been prepared in good faith and is believed to be reliable at the time it was prepared, however, no representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this report. Except for any liability which cannot be excluded, Zenith does not accept any liability, whether direct or indirect arising from the use of information contained in this report. Past performance is not an indication of future performance.

Third Party data may be sourced from Financial Express, Refinitiv, Bloomberg and/or MSCI. Third party data and content used in this document has not been independently verified by Zenith and Zenith provides no warranty, representation or responsibility to update this document. Third Party data is the intellectual property of that third party and must not be reproduced, stored or transmitted without their consent.

Full details regarding the methodology, ratings definitions and regulatory compliance are available at [Fund Research Regulatory Guidelines](#).

Zenith is not required to be licensed under New Zealand law or be registered on the FSPR. Zenith has not engaged or authorised any party to provide financial advice on its behalf to New Zealand investors.

Zenith ratings and research are prepared by Zenith and are not connected in any way to research and ratings prepared by any of our related entities.

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

© 2026 Zenith Investment Partners. All rights reserved.

Zenith has charged Yarra Funds Management Limited a fee to produce this report.